

SHAPING the Future of Financial Protection



MD. AHSAN-UZ ZAMAN
Managing Director & CEO, Midland Bank

The Daily Star (TDS): What is the rationale behind your bank's interest in entering the bancassurance sector alongside its existing financial services?

Md. Ahsan-uz Zaman (MAZ): Bancassurance, an arrangement between a bank and an insurance company, allows the insurance company to sell its products to the bank's customers. Insurance penetration in Bangladesh is low despite the high number of insurance companies. Given the importance of protection through insurance in one's financial planning, we felt it

The future of bancassurance in Bangladesh looks promising, particularly as the sector grows with strong compliance and proper governance. Besides, being a commission-based model, it will provide a valuable opportunity for non-funded income for the Bank, which aligns well with a long-term sustainable growth strategy.

necessary to enter into collaboration with insurance companies to help our customers gain income protection in the event of death and also protection from accidents related to motor cars, travel, and crop failure. At the same time, since we shall earn additional revenue by selling insurance products—and insurance companies shall be able to expand their customer bases through bancassurance without increasing their sales force—we felt this was an important initiative for us.

As a relatively new concept in our banking landscape, and within our institution in particular, it has required a significant mindset shift and adaptation across our organisation to offer bancassurance. One of the primary challenges we experience is the limited familiarity and experience among bankers regarding insurance products.

Furthermore, unlike traditional banking products, insurance is inherently a product that people are generally not willing to avail. The additional challenge for our staff is positioning and promoting life insurance offerings alongside our core banking services. Further, non-life insurance products—such as motor, travel, agricultural, and crop insurance—tend to be infrequent in nature, which might add another layer of complexity in terms of sales consistency and planning.

That said, life insurance products have shown relatively encouraging traction. Their dual benefit of risk coverage and long-term savings aligns well with our customers' needs, making them more acceptable, which is a promising sign as we continue to develop our bancassurance capabilities.

TDS: What types of insurance products do you plan to offer through bancassurance partnerships?

MAZ: In compliance with the regulatory guidelines of Bangladesh Bank and the Insurance Development and Regulatory Authority (IDRA), Midland Bank (MDB) has strategically planned to offer a comprehensive range of insurance products under its bancassurance partnerships, covering both life and non-life insurance segments. In the life

insurance category, we have introduced short-term money-back plans and long-term life policies that combine financial protection, savings, and attractive bonus benefits—ensuring both security and future planning for our customers and their families. In non-life insurance, we are authorised to provide motor, travel, agricultural, and crop insurance. Initially, motor and travel insurance are being offered through our partnered companies, and we will introduce the others gradually.

To support these services, we have established a dedicated Bancassurance Department at our Head Office, in line with regulatory requirements. Ensuring our officials are well-equipped, we conduct regular training sessions in collaboration with our insurance partners. Additionally, around 102 of our officers have received professional certification from the Bangladesh Insurance Academy (BIA). We also utilise internal training programmes to continually educate our staff. Through these continuous efforts, we prioritise transparency and customer understanding by ensuring that all product features, terms, and exclusions are clearly communicated—enabling informed decision-making and fostering trust in our bancassurance services.

Moreover, to facilitate informed decision-making, we have arranged for support from the respective insurance companies. Their representatives will provide proposal forms, brochures, and other product literature to help customers fully understand the features, terms, conditions, and exclusions of each product before purchase.

TDS: What systems or processes will be implemented to handle insurance-related complaints? How will you ensure compliance with the regulatory frameworks of both Bangladesh Bank and the Insurance Development and Regulatory Authority (IDRA)?

MAZ: Midland Bank has established a structured process for its bancassurance services, in compliance with the guidelines established by Bangladesh Bank and the Insurance Development & Regulatory Authority.

Customers can lodge complaints through numerous channels, ensuring both accessibility and convenience. The available methods for submitting complaints include branch complaint boxes, the Contact Centre (by dialling 16596), email communication, and our official website.

Upon receiving a complaint, the MDB Bancassurance Head Office Team will promptly acknowledge it and initiate a thorough investigation. The team will communicate with the customer to collect any necessary information or clarification. This process is designed to uphold transparency and fairness, ensuring timely resolution.

Throughout the complaint handling process, customers are kept informed of the status of their complaints until final resolution. After resolving the issue, we actively seek feedback to evaluate customer satisfaction and conduct follow-ups to ensure the customer is fully satisfied with the resolution.

TDS: How do you view the future of bancassurance in Bangladesh, and what role do you foresee your bank playing in its development?

MAZ: The future of bancassurance

in Bangladesh looks promising, particularly as the sector grows with strong compliance and proper governance. Besides, being a commission-based model, it will provide a valuable opportunity for non-funded income for the Bank, which aligns well with a long-term sustainable growth strategy. Given the relative lack of awareness regarding insurance products, there remains a risk of mis-selling. However, with appropriate training, transparency, and a customer-centric approach, we have taken steps towards mitigating these risks through ongoing staff training, monitoring, and customer feedback to build long-term trust.

As banking platforms are among the most trustworthy, there is the possibility of increasing the penetration rate of insurance through bancassurance. In countries like Singapore, insurance penetration exceeds 7%, while in India it stands at 3.7%. Nepal has achieved 44.64% life insurance coverage. In contrast, Bangladesh has one of the lowest insurance penetration rates in the region—just 0.40%.

At MDB, with the passage of time, we are committed to developing our bancassurance business with a clear focus on becoming one of the leading banks in this category, ensuring successful claim settlements for our clientele, as we always prioritise 'quality over quantity'. Selection and engagement of suitable customers plays a vital role in the present circumstances to recognise that early policy discontinuation—something common in the market—can be avoided, to create long-term viability of an insurance policy.

Why it's wise to start INSURANCE AT AN EARLY AGE

ZARIF FAIAZ

Starting insurance early is one of the smartest financial decisions a person can make—especially in Bangladesh, where insurance penetration remains low while the need for financial protection is rising. Early adoption not only safeguards against unforeseen risks but also brings long-term financial advantages that grow in value over time.

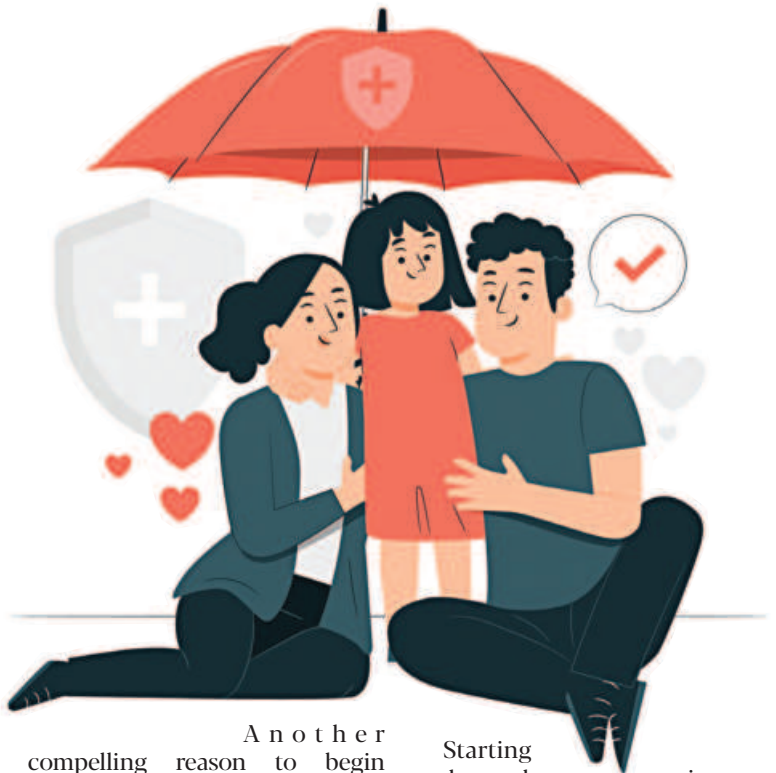
One major benefit of starting young is the cost advantage. Premiums for life and health insurance are typically much lower for younger individuals, as they pose lower health risks to insurers. Locking in these low premiums early results in significantly lower costs over the policy's lifetime compared to starting coverage later, when premiums rise due to age and health issues. This is particularly important for young professionals in Bangladesh, many of whom are just beginning to build their financial foundations.

Early insurance also allows more time to build cash value in policies like whole life or endowment plans, which combine protection with savings. These products grow in value over time, offering maturity benefits or bonuses. For example, MetLife Bangladesh's "My Child's Education Protection

Plan" enables parents to save for future education while ensuring financial protection in case of an untimely event. Starting early helps policyholders maximise compound interest and long-term bonuses—an essential advantage in a developing economy.

Health insurance is another key area where early enrolment pays off. Younger applicants are more likely to be accepted without medical exclusions or waiting periods. They also avoid costly out-of-pocket healthcare expenses later in life. Many insurers offer no-claim bonuses, providing discounts or increased coverage for those who remain claim-free. Accumulating these benefits over time makes insurance more affordable and comprehensive with age.

In a country like Bangladesh, where medical costs are rising and quality care can be expensive, early health insurance ensures peace of mind. For students and young professionals, affordable plans—such as the one offered at the Institute of Health Economics—cover both inpatient and outpatient services at modest premiums. Starting early means protection is in place before any health shocks occur, reducing financial strain on individuals and their families.



Another compelling reason to begin insurance early is the financial security it provides to dependents. Life insurance ensures that in the event of the policyholder's death, the family receives support for ongoing expenses, debts, or long-term goals such as children's education. Many education protection plans in Bangladesh guarantee uninterrupted schooling even if the main breadwinner passes away. Getting insured before these responsibilities arise builds a strong safety net as family and financial obligations increase.

Beyond protection, early insurance fosters disciplined financial habits. Regular premium payments encourage saving and budgeting. Policies with investment elements complement other financial tools, helping build a diversified portfolio. This is crucial in Bangladesh's changing financial environment, where long-term planning is needed to cope with rising education, healthcare, and retirement costs.

Starting early also gives policyholders more flexibility and choice. Younger people often have access to a wider range of products, including policies with better terms and optional riders for enhanced coverage. As people age, health issues may limit options or raise costs. Enrolling early enables adjustments over time, such as increasing coverage or adding benefits as circumstances change.

As Bangladesh's insurance sector continues to evolve, young adults who secure coverage early are positioning themselves for a more secure and financially stable future. Early action leads to lower costs, better coverage, and long-term peace of mind. Delaying insurance, on the other hand, often means higher premiums and increased vulnerability to financial risks that could have been avoided with timely protection.

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