

Insurance claim settlements nosedive in Jan-Mar

Only four insurers settled all claims, shows Idra data

SUKANTA HALDER

Insurance claim settlements in the country took a nosedive in the first quarter of 2025, exposing the fragile state of insurers marred by cash shortages, irregularities and corruption.

Only 27.12 percent of insurance claims were settled by the end of the first quarter (Q1) on March 31, according to data released by the Insurance Development and Regulatory Authority (Idra).

The rate was 31 percent during the same period last year, data shows.

In monetary terms, insurers paid out Tk 2,663 crore in the first quarter of this year against total claims amounting to Tk 9,820 crore.

According to Idra data, in the first quarter of 2025, life insurance fared slightly better than its non-life counterpart.

During the period, the claim settlement rate in life insurance stood at 37.16 percent, down from 40.56 percent at the same time in 2024, Idra data show.

The settlement rate was 8.65 percent in the non-life insurance sector, compared to 11.10 percent in the corresponding period of 2024.

These figures mark a stark gap with global settlement rates, which usually hover around 97-98 percent. For instance, in neighbouring India, it stood at around 98 percent in the fiscal year 2022-23, according to media reports.

At present, Bangladesh has 36 life insurance companies and 46 non-life insurers. One firm, Golden Life Insurance, has yet to submit its data to the regulator.

Under the Insurance Act 2010, insurers must settle claims within 90 days of receiving all necessary documents after a policy has matured.

Insurers paid out Tk 2,663 crore in the first quarter of this year against total claims amounting to Tk 9,820 crore. Life insurance companies fared slightly better than its non-life counterparts

Only four insurers settled all claims

Idra data show that only four life insurers – Alpha Islami Life Insurance Ltd, the Life Insurance Corporation of Bangladesh Ltd, Mercantile Islami Life Insurance Ltd, and Shanta Life Insurance PLC – settled 100 percent of insurance claims up to March 31 of this year.

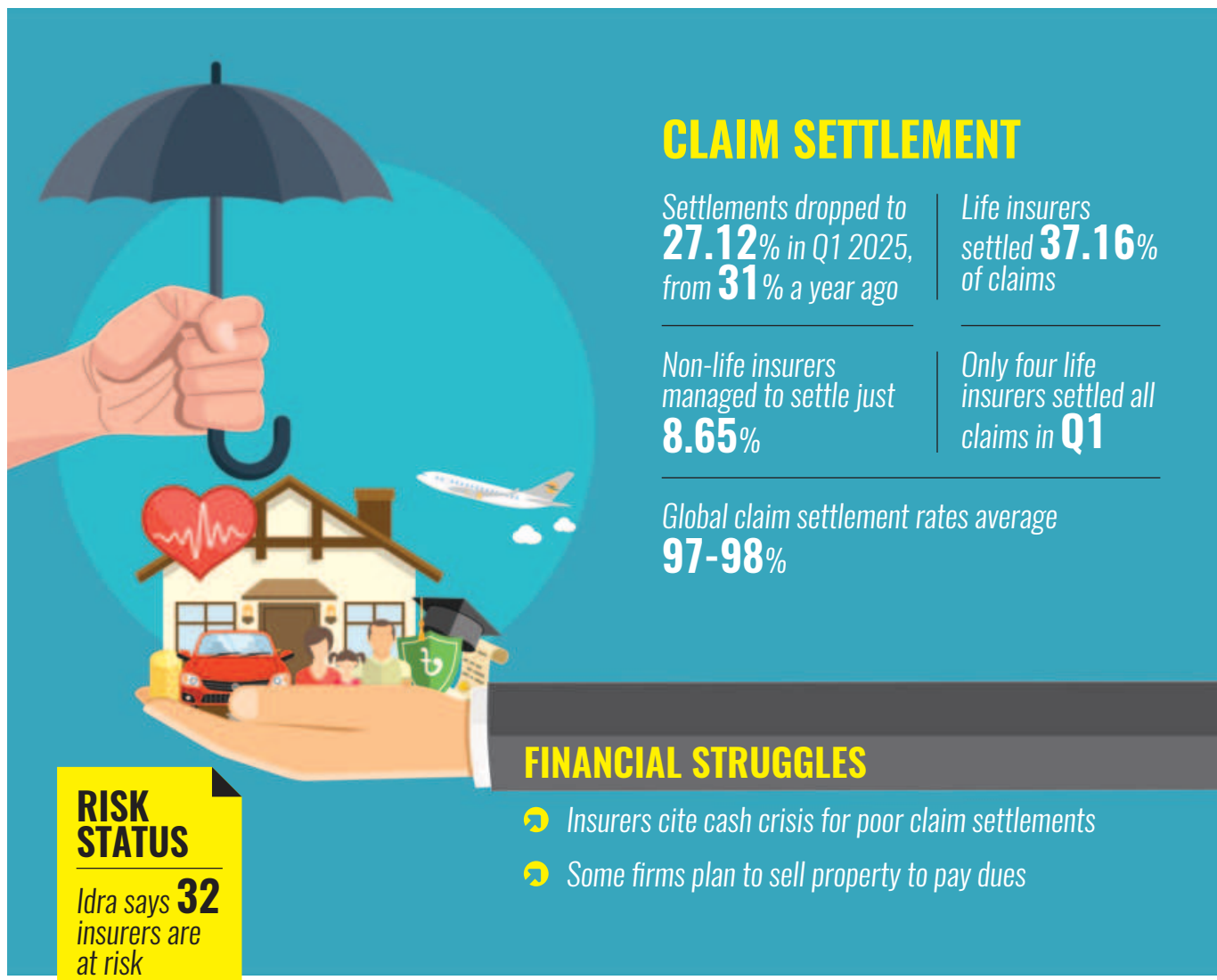
Among other insurers, Rupali Life, Trust Life, Sonali Life, Meghna Life, Popular Life, Pragati Life, Guardian Life, Sandhani Life, and MetLife Bangladesh showed settlement ratios above 90 percent.

However, several large insurers performed poorly.

Fareast Islami Life Insurance, which had the highest total claims of Tk 2,976 crore, settled only Tk 58.35 crore, reflecting a settlement ratio of just 1.96 percent.

Similarly, Sunflower Life Insurance and Baira Life Insurance settled less than 1 percent of their claim obligations.

Among the 46 non-life insurers listed, Janata Insurance led the sector with a settlement rate of 85.81 percent, followed by Prime Insurance Company



(68.28 percent), Eastland Insurance (67.17 percent), Meghna Insurance (66.28 percent), and Takaful Insurance Company (61.05 percent).

At the other end, Sikder Insurance posted the lowest settlement rate at just 0.12 percent, while Sena Kalyan settled only 0.16 percent, Northern Islami Insurance 1.06 percent, Standard Insurance 1.44 percent, and Dhaka Insurance 1.59 percent.

Adeeba Rahman, first vice-president of the Bangladesh Insurance Association and sponsor director of Delta Life Insurance Company Limited, said many life insurance policies mature in December, which leads to their settlement in the first quarter.

"However, there are many companies that do not provide accurate information to the regulator, which is a problem. This prevents a complete picture from emerging," she added.

What insurers say

Md Shahidul Islam, acting chief executive officer of Fareast Islami Life Insurance Company Limited, said, "Our claim settlement situation is in dire straits due to a cash crisis in the company."

Although steps have been taken to sell assets to settle customer claims, no buyers have been found yet, he said.

An initiative has been taken to hand over three spaces to three developer companies, and this will be presented at the upcoming board meeting slated for July 12, he added.

"If we give it to a developer company, we'll receive a good amount as signing money. Then we'll sell our allocated flats to the developer company, and the

proceeds will be used to settle customer claims," he added.

Md Mamun Khan, acting chief executive officer of Baira Life Insurance Company Limited, said they have taken the initiative to sell one of their properties for Tk 50 crore.

"We hope to receive the money by October. Once the payment is received, it will be used to settle customer claims," he said.

Amzad Hossain Khan Chowdhury, acting chief executive officer of Golden Life Insurance, admitted the severity of the situation.

He said that irregularities between 2011 and 2014, including unreported policies and unsubmitted money receipts by field-level employees, have created a backlog of liabilities.

The reporter also tried to contact officials of Progressive Life and Homeland Life Insurance, but no one responded.

Brig Gen (ret'd) Shafique Shamim, managing director of Sena Kalyan Insurance Company Limited, said the Idra report doesn't reflect the whole picture properly.

Explaining the matter, he said Sena Kalyan Insurance's number of primary claims is often very high. But after receiving the final report, it turns out to be less than one percent.

"Idra included the primary claims data, but not the final report. That's why the claim settlement rate appears so low," he stated.

"The real picture is not reflected in Idra's data. We have discussed the matter and urged them to publish only the final settlement figures in the future," he

added.

The Daily Star reporter also tried to contact officials of Sikder Insurance but received no response.

Irregularities abound

According to industry insiders, corruption and irregularity are two of the key reasons behind the glaringly low settlement rate.

On July 2, Idra, the regulatory body for the insurance sector, revealed that it has placed 32 companies in the "risk" category, and 15 in "medium risk".

Speaking at a press conference that day, Idra Chairman M Aslam Alam admitted that the insurance industry is facing a crisis.

"The failure to settle claims on time has eroded public trust in the industry. Without transparency and accountability, confidence will not return," he said.

He also acknowledged that Idra itself shares some of the blame and said proposals are underway to amend laws and regulations to help restore trust.

A draft ordinance has been finalised allowing for the restructuring, merger, change in ownership, or even liquidation of troubled insurers.

In June, Idra also launched special audits against 15 life insurance companies for the 2022-2024 period to uncover possible irregularities as claim settlements continued to mount.

Speaking to The Daily Star yesterday, Saifunnahar Sumi, Idra spokesperson, said that to address the issue of claim settlements, each insurance company has been instructed to provide accurate information on their assets and investments.

Barriers to embracing AI

MAHTAB UDDIN AHMED

In Bangladesh, numerous negative stories exist aimed at discrediting AI and discouraging its adoption. One school introduced AI to grade Bangla essays. A student wrote, "My cow is my best friend." The AI flagged it as an inappropriate relationship and gave zero. The student cried, the teacher protested, and the AI resigned via email: "Cows confuse me emotionally." Meanwhile, a matchmaking agency used AI to pair brides and grooms. It matched a 22-year-old MBA graduate with a 65-year-old retired politician, citing "shared leadership qualities and love for microphones." The AI is now reportedly applying for jobs abroad.

According to a 2023 Gartner survey, 79 percent of corporate strategists stated that the use of AI, automation, and analytics would be crucial to their success over the next two years. But only 20 percent of them reported using AI in their daily activities. In the Bangladesh context, these numbers would be much lower.

Despite the global buzz, AI remains more of a boardroom aspiration than an operational reality in Bangladesh. While policymakers speak of "Smart Bangladesh" and the private sector toys with AI-led marketing or customer service, actual implementation faces resistance. Not just technical or financial resistance, but human resistance rooted in perception, culture, and fear. To unlock AI's potential, we must first address why people, whether garment workers or C-level executives, are hesitant.

Julian De Freitas, assistant professor at Harvard Business School, explores this very dilemma in his Harvard Business Review article, "Why People Resist Embracing AI." While his analysis focuses on psychological barriers, these insights apply strikingly well to Bangladesh, with some added layers of local complexity. Drawing from his work and extending it with regional realities, we can identify four major roadblocks.

First, there is the issue of trust and transparency. AI tools often produce results without explaining the rationale. In Bangladesh, where institutions already suffer from a trust deficit, opaque algorithms worsen suspicion. Imagine a farmer denied a digital loan or a student scored by AI with no explanation, confidence quickly erodes.

The study suggests comparative explanations can increase trust. For Bangladesh, simplifying the logic behind AI decisions in Bangla and offering side-by-side reasoning is essential.

Second, AI is often perceived as culturally detached. Many AI tools are trained on Western datasets. As a result, they frequently misinterpret local dialects, customs, or user behaviour. A rural user from

Jashore might abandon an AI-powered agricultural assistant that fails to understand her spoken queries. Localising data, training models on Bengali and regional variations, and incorporating cultural norms into design are non-negotiables for widespread adoption.

Third, the fear of job loss remains a dominant concern. In an economy reliant on labour-intensive sectors like RMG, logistics, and retail, automation can be viewed as a direct threat to livelihoods. But as De Freitas notes, this fear is often amplified when AI is portrayed as entirely replacing humans rather than supporting them. Bangladesh must reframe AI as a co-worker, helping RMG workers improve quality, aiding teachers in customising lessons, or assisting doctors with faster diagnostics. Reskilling initiatives and transparent deployment strategies will be crucial to calm anxieties.

Lastly, there's a significant emotional disconnect. Bangladeshis value personal warmth and familiarity in their day-to-day interactions. Emotionless chatbots or robotic interfaces can feel alienating. De Freitas argues that people are more open to AI when it mirrors human reasoning and empathy. Giving AI tools familiar names, incorporating polite and relatable language, and allowing seamless handovers to human support where needed can make all the difference.

AI in Bangladesh doesn't face a technological problem; it faces a human one. By understanding these psychological and cultural frictions and designing systems that inform, include, and empower users, we can turn cautious curiosity into confident adoption. AI, when made familiar, fair, and friendly, has the potential to become a true ally in our national journey toward a brighter, more inclusive future.

The writer is the president of the Institute of Cost and Management Accountants of Bangladesh and founder of BuildCon Consultancies Ltd.



Unifa Accessories to invest \$48.66m in Bepza economic zone

STAR BUSINESS REPORT

Unifa Accessories (BD) Co Ltd, a China-British Virgin Islands-owned company, will invest \$48.66 million to set up a bag and fashion accessories manufacturing plant in the Bepza economic zone (Bepza EZ) in Mirsharai, Chattogram.

An agreement was signed yesterday at the Bepza Complex in Dhaka between the Bangladesh Export Processing Zones Authority (Bepza) and Unifa Accessories, according to a press release.

The foreign-owned venture plans to manufacture 28 million pieces of fashion items annually, including bags, belts, caps, hats, scarves, mufflers, eyewear, and eyeglass frames. The project is expected to create 2,830 jobs for Bangladeshi nationals.

In the presence of Bepza Executive Chairman Major General Abul Kalam Mohammad Ziaur Rahman, the deal was signed by Md Ashrafal Kabir, member (investment promotion) of Bepza, and Qian Danchu, chairman of Unifa Accessories (BD).

Welcoming the investment, the Bepza executive chairman assured the investor of full support for smooth business operations. The project will play a significant role in Bangladesh's socio-economic development, he said.

So far, 42 companies have signed agreements to invest a total of \$942.15 million in the Bepza EZ, with four already in commercial operation.

Senior Bepza officials, including Member (engineering) Md Intiaz Hossain, Member (finance) ANM Foyzul Haque, Executive Director (investment promotion) Md Tanvir Hossain, Executive Director (enterprise services) Md Khorshid Alam, and Executive Director (public relations) ASM Anwar Parvez attended the signing along with representatives from Unifa.

AFP, New York

Nvidia became the first company to touch \$4 trillion in market value on Wednesday, a new milestone in Wall Street's bet that artificial intelligence will transform the economy.

Shortly after the stock market opened, Nvidia vaulted as high as \$164.42, giving it a valuation above \$4 trillion. The stock subsequently edged lower, ending just under the record threshold.

"The market has an incredible certainty that AI is the future," said Steve Sosnick of Interactive Brokers. "Nvidia is certainly the company most positioned to benefit from that gold rush."

Nvidia, led by electrical engineer Jensen Huang, now has a market value greater than the GDP of France, Britain or India, a testament to investor confidence that AI will spur a new era of robotics and automation. The California chip company's latest surge is helping drive a recovery in the broader stock market, as Nvidia itself outperforms major indices.

Part of this is due to relief that President Donald Trump has walked back his most draconian tariffs, which pummeled global markets in early April.

Even as Trump announced new tariff

actions in recent days, US stocks have stayed at lofty levels, with the tech-centered Nasdaq ending at a fresh record on Wednesday.

"You've seen the markets walk us back from a worst-case scenario in terms of tariffs," said Angelo Zino, technology

analyst at CFRA Research.

While Nvidia still faces US export controls to China as well as broader tariff uncertainty, the company's deal to build AI infrastructure in Saudi Arabia during a Trump state visit in May showed a potential upside in the US president's

trade policy.

"We've seen the administration using Nvidia chips as a bargaining chip," Zino said. Nvidia's surge to \$4 trillion marks a new benchmark in a fairly consistent rise over the last two years as AI enthusiasm has built.

In 2025 so far, the company's shares have risen more than 21 percent, whereas the Nasdaq has gained 6.7 percent.

Taiwan-born Huang has wowed investors with a series of advances, including its core product: graphics processing units (GPUs), key to many of the generative AI programs behind autonomous driving, robotics and other cutting-edge domains.

The company has also unveiled its Blackwell next-generation technology allowing more super processing capacity. One of its advances is "real-time digital twins," significantly speeding production development time in manufacturing, aerospace and myriad other sectors.

However, Nvidia's winning streak was challenged early in 2025 when China-based DeepSeek shook up the world of generative AI with a low-cost, high-performance model that challenged the hegemony of OpenAI and other big-spending behemoths.

AI giant Nvidia becomes first company to reach \$4tn in value



Nvidia founder, President and CEO Jensen Huang speaks about the future of artificial intelligence and its effect on energy consumption and production at the Bipartisan Policy Centre in Washington, DC.

PHOTO: AFP/FILE

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