



## Bangladesh Insurance Sector Development Project (P156823)

SOUTH ASIA | Bangladesh | Finance, Competitiveness and Innovation Global Practice |  
IBRD/IDA | Investment Project Financing | FY 2017 | Seq No: 9 | ARCHIVED on 24-Feb-2021 | ISR45296 |

Implementing Agencies: PEOPLE'S REPUBLIC OF BANGLADESH, Insurance Development and Regulatory Authority (IDRA), People's Republic of Bangladesh

### Key Dates

#### Key Project Dates

Bank Approval Date: 20-Mar-2017

Effectiveness Date: 08-Jul-2018

Planned Mid Term Review Date: 12-Oct-2020

Actual Mid-Term Review Date: 12-Oct-2020

Original Closing Date: 31-Aug-2022

Revised Closing Date: 31-Aug-2022

### Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The project development objective is to strengthen the institutional capacity of the regulator and state-owned insurance corporations and increase the coverage of insurance in Bangladesh.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

### Components Table

Name

Improving the Capacity of the Insurance Development and Regulatory Authority (IDRA) and the Bangladesh Insurance Academy (BIA):(Cost \$30.00 M)  
Modernization, Strengthening and Increasing the Efficiency of the State-owned Insurance Corporations:(Cost \$45.00 M)  
Project Implementation, Management, and Monitoring:(Cost \$5.00 M)

### Overall Ratings

| Name                                 | Previous Rating   | Current Rating  |
|--------------------------------------|---|---|
| Progress towards achievement of PDO  | <span style="color: orange;">□</span> Moderately Satisfactory | <span style="color: orange;">□</span> Moderately Satisfactory |
| Overall Implementation Progress (IP) | <span style="color: red;">□</span> Moderately Unsatisfactory  | <span style="color: red;">□</span> Moderately Unsatisfactory  |
| Overall Risk Rating                  | <span style="color: orange;">□</span> Substantial             | <span style="color: orange;">□</span> Substantial             |

### Implementation Status and Key Decisions

The project was approved by the World Bank's Board on 20 March 2017. After more than a year of delay, it was approved by the Executive Committee of the National Economic Council (ECNEC) and became effective on July 8, 2018.

The project implementation is accelerating despite major disruptions caused by the COVID-19 pandemic and prolonged lock-down that disrupted the work of public offices and resulted in slower decision making, as well as caused disruptions in delivery of goods and services under the project. As of October 2020, there were 25 contracts signed under the project for delivery of goods and services. Additional 14 procurement activities are under implementation and expected to be completed in 2021.



Based on June 30, 2020 reported data, 3 out of 19 intermediate result indicators have already been achieved/overachieved and 6 showed satisfactory progress. However, COVID-19 disruptions delayed some reforms and accentuated the needs to adjust project results framework. Therefore, the project restructuring to better align the project with the project development objective (PDO) and enable more time for the project implementation is being considered, with the modalities of this restructuring are expected to be finalized shortly upon receipt of the formal request from the authorities.

## Risks

### Systematic Operations Risk-rating Tool

| Risk Category  | Rating at Approval | Previous Rating | Current Rating |
|--|--------------------|-----------------|----------------|
| Political and Governance                                     | High               | Substantial     | Substantial    |
| Macroeconomic  | Moderate           | Substantial     | Substantial    |
| Sector Strategies and Policies                               | Moderate           | Moderate        | Moderate       |
| Technical Design of Project or Program                       | Moderate           | Moderate        | Moderate       |
| Institutional Capacity for Implementation and Sustainability | Substantial        | Moderate        | Moderate       |
| Fiduciary  | Substantial        | Substantial     | Substantial    |
| Environment and Social                                       | Low                | Low             | Low            |
| Stakeholders   | Moderate           | Moderate        | Moderate       |
| Other  | --                 | Moderate        | Moderate       |
| Overall  | Substantial        | Substantial     | Substantial    |

## Results

### PDO Indicators by Objectives / Outcomes

| Project Development Objectives Indicators   |             |                   |                  |             |
|---|-------------|-------------------|------------------|-------------|
| ▶ Adoption and Implementation by IDRA of smart risk-based supervision (Percentage, Custom) (Percentage, Custom) |             |                   |                  |             |
|   | Baseline    | Actual (Previous) | Actual (Current) | End Target  |
| Value   | 0.00        | 0.00              | 0.00             | 70.00       |
| Date  | 31-Dec-2015 | 17-Jun-2020       | 14-Jan-2021      | 31-Aug-2022 |
| ▶ Number of insurance policy holders (life and non-life) (Number, Custom) (Number, Custom)                      |             |                   |                  |             |
|   | Baseline    | Actual (Previous) | Actual (Current) | End Target  |



|       |               |               |               |               |
|-------|---------------|---------------|---------------|---------------|
| Value | 17,000,000.00 | 22,620,093.00 | 24,098,520.00 | 22,000,000.00 |
| Date  | 31-Dec-2015   | 17-Jun-2020   | 14-Jan-2021   | 31-Aug-2022   |

### Overall Comments

PDO indicator 1 is suggested to be slightly rephrased, with the result indicators adjusted.

### Intermediate Results Indicators by Components

|  |   |                   |                  |             |
|--|---|-------------------|------------------|-------------|
| Improving the Capacity of the Insurance Development and Regulatory Authority (IDRA) and the Bangladesh Insurance Academy (BIA) |   |                   |                  |             |
| ▶ Insurance companies follow off-site monitoring templates issued by IDRA (Percentage, Custom)                                 |   |                   |                  |             |
|  | Baseline  | Actual (Previous) | Actual (Current) | End Target  |
| Value  | 0.00  | 57.00             | 57.00            | 70.00       |
| Date   | 31-Dec-2015   | 17-Jun-2020       | 14-Jan-2021      | 31-Aug-2022 |
| ▶ On-site inspections of insurance companies performed annually by IDRA (Number, Custom) (Number, Custom)                      |   |                   |                  |             |
|  | Baseline  | Actual (Previous) | Actual (Current) | End Target  |
| Value  | 10.00   | 34.00             | 34.00            | 60.00       |
| Date   | 31-Dec-2015   | 17-Jun-2020       | 14-Jan-2021      | 31-Aug-2022 |
| ▶ Solvency margin rule for insurance companies issued by IDRA and implemented (Yes/No, Custom)                                 |   |                   |                  |             |
|  | Baseline  | Actual (Previous) | Actual (Current) | End Target  |
| Value  | No  | No                | No               | Yes         |
| Date   | 31-Dec-2015   | 17-Jun-2020       | 14-Jan-2021      | 31-Aug-2022 |
| ▶ Corporate governance regulations issued by IDRA are followed by insurance companies (Percentage, Custom)                     |   |                   |                  |             |
|  | Baseline  | Actual (Previous) | Actual (Current) | End Target  |
| Value  | 0.00  | 0.00              | 0.00             | 60.00       |
| Date   | 31-Dec-2015   | 17-Jun-2020       | 14-Jan-2021      | 31-Aug-2022 |
| Comments:  | Implementation of some key reforms under the project has been delayed by the earlier procurement delays. In 2019-early 2020 the PIU has significantly accelerated procurement and signed contracts with several international consulting firms to support IDRA and other beneficiary agencies with reforms. Several more contracts are being finalized/negotiated for individual consultants and firms. This will contribute to |                   |                  |             |



the intensified work on IDRA reforms, including preparation of new regulations and requirements for insurance firms, including corporate governance and others. More tangible results are expected in 2021.

► Insurance Companies follow Claims Management Methodology issued by IDRA (Percentage, Custom)

|       | Baseline    | Actual (Previous) | Actual (Current) | End Target  |
|-------|-------------|-------------------|------------------|-------------|
| Value | 0.00        | 0.00              | 0.00             | 70.00       |
| Date  | 31-Dec-2015 | 17-Jun-2020       | 14-Jan-2021      | 31-Aug-2022 |

► Insurance companies issue key facts statements to policy holders following new Consumer Protection regulations issued by IDRA (Percentage, Custom)

|       | Baseline    | Actual (Previous) | Actual (Current) | End Target  |
|-------|-------------|-------------------|------------------|-------------|
| Value | 0.00        | 0.00              | 0.00             | 80.00       |
| Date  | 31-Dec-2015 | 17-Jun-2020       | 14-Jan-2021      | 31-Aug-2022 |

► Mortality and Morbidity tables produced (Yes/No, Custom)

|       | Baseline    | Actual (Previous) | Actual (Current) | End Target  |
|-------|-------------|-------------------|------------------|-------------|
| Value | No          | No                | No               | Yes         |
| Date  | 31-Dec-2015 | 17-Jun-2020       | 14-Jan-2021      | 31-Aug-2022 |

► National Social Insurance Scheme (NSIS) Study conducted (Yes/No, Custom)

|       | Baseline    | Actual (Previous) | Actual (Current) | End Target  |
|-------|-------------|-------------------|------------------|-------------|
| Value | No          | No                | Yes              | Yes         |
| Date  | 31-Dec-2015 | 17-Jun-2020       | 14-Jan-2021      | 31-Aug-2022 |

► Number of people who receive ABIA Diplomas and Certificates (Number, Custom)

|       | Baseline    | Actual (Previous) | Actual (Current) | End Target  |
|-------|-------------|-------------------|------------------|-------------|
| Value | 50.00       | 141.00            | 141.00           | 600.00      |
| Date  | 31-Dec-2015 | 17-Jun-2020       | 14-Jan-2021      | 31-Aug-2022 |

Comments: Training and certification has been disrupted by COVID-19, but is expected to catch up once the situation will stabilize and the lockdown will be lifted.

Modernization, Strengthening and Increasing the Efficiency of the State-owned Insurance Corporations

► Life Insurance policies that lapse after one year at JBC (Percentage, Custom)



|   | Baseline    | Actual (Previous) | Actual (Current) | End Target  |
|---|-------------|-------------------|------------------|-------------|
| Value   | 50.00       | 48.66             | 9.38             | 30.00       |
| Date  | 31-Dec-2015 | 17-Jun-2020       | 14-Jan-2021      | 31-Aug-2022 |
| <b>► Total number of policy holders at JBC and SBC (Number, Custom)</b>                     |             |                   |                  |             |
|   | Baseline    | Actual (Previous) | Actual (Current) | End Target  |
| Value   | 463,000.00  | 521,241.00        | 488,316.00       | 550,000.00  |
| Date  | 31-Dec-2015 | 17-Jun-2020       | 14-Jan-2021      | 31-Aug-2022 |
| <b>► Net Claims ratio at JBC (Percentage, Custom)</b>                                       |             |                   |                  |             |
|   | Baseline    | Actual (Previous) | Actual (Current) | End Target  |
| Value   | 66.00       | 58.49             | 60.58            | 80.00       |
| Date  | 31-Dec-2015 | 17-Jun-2020       | 14-Jan-2021      | 31-Aug-2022 |
| <b>► Net Claims ratio at SBC (Percentage, Custom)</b>                                       |             |                   |                  |             |
|   | Baseline    | Actual (Previous) | Actual (Current) | End Target  |
| Value   | 35.00       | 39.28             | 46.17            | 60.00       |
| Date  | 31-Dec-2015 | 17-Jun-2020       | 14-Jan-2021      | 31-Aug-2022 |
| <b>► Premium growth rate at JBC (Percentage, Custom)</b>                                    |             |                   |                  |             |
|   | Baseline    | Actual (Previous) | Actual (Current) | End Target  |
| Value   | 7.00        | 11.21             | 11.21            | 15.00       |
| Date  | 31-Dec-2015 | 17-Jun-2020       | 14-Jan-2021      | 31-Aug-2022 |
| <b>► Premiums growth rate at SBC (Percentage, Custom)</b>                                   |             |                   |                  |             |
|   | Baseline    | Actual (Previous) | Actual (Current) | End Target  |
| Value   | 7.00        | 24.94             | 24.94            | 15.00       |
| Date  | 31-Dec-2015 | 17-Jun-2020       | 14-Jan-2021      | 31-Aug-2022 |
| <b>► Solvency margin rule issued by IDRA is implemented by JBC and SBC (Yes/No, Custom)</b> |             |                   |                  |             |
|   | Baseline    | Actual (Previous) | Actual (Current) | End Target  |



|       |             |             |             |             |
|-------|-------------|-------------|-------------|-------------|
| Value | No          | No          | No          | Yes         |
| Date  | 31-Dec-2015 | 17-Jun-2020 | 14-Jan-2021 | 31-Aug-2022 |

#### Project Implementation, Management, and Monitoring

##### ► Direct project beneficiaries (Number, Custom)

|       | Baseline    | Actual (Previous) | Actual (Current) | End Target  |
|-------|-------------|-------------------|------------------|-------------|
| Value | 0.00        | 0.00              | 0.00             | 500,000.00  |
| Date  | 31-Dec-2015 | 17-Jun-2020       | 14-Jan-2021      | 31-Aug-2022 |

##### Comments:

The launch of the CE survey has been delayed due to the COVID-19 pandemic. It was agreed that a consulting firm for CE survey will be contracted by the end of October 2020 and the survey launched/completed before the end of 2020 (if COVID-19 developments will not aggravate situation further).

##### □ Female beneficiaries (Percentage, Custom Supplement)

|       | Baseline | Actual (Previous) | Actual (Current) | End Target |
|-------|----------|-------------------|------------------|------------|
| Value | 0.00     | 0.00              | 0.00             | 30.00      |

##### ► Direct project beneficiaries who feel that project investments reflected their needs (Percentage, Custom)

|       | Baseline    | Actual (Previous) | Actual (Current) | End Target  |
|-------|-------------|-------------------|------------------|-------------|
| Value | 0.00        | 0.00              | 0.00             | 80.00       |
| Date  | 31-Dec-2015 | 17-Jun-2020       | 14-Jan-2021      | 31-Aug-2022 |

##### Comments:

The procurement of a survey firm is in process and will be completed by the end of October 2020. It is expected that the survey will be completed by the end of 2020. This will serve as a base line, with another survey to be completed by the end of the project implementation.

#### Overall Comments

The reported data as of June 2020 indicated negative impact of COVID-19 on several results indicators, specifically, premium growth rate at JBC and SBC which were negative at -5.83 and -9.01, respectively, due to extended lockdown during March-June 2020. It is expected that the premium growth rates will recover by the end of 2020-1H2021. Due to negative impact of COVID-19 and slower implementation of the project, the project restructuring will support some adjustment to the result indicators to reflect new market dynamics and priorities.

#### Performance-Based Conditions

#### Data on Financial Performance



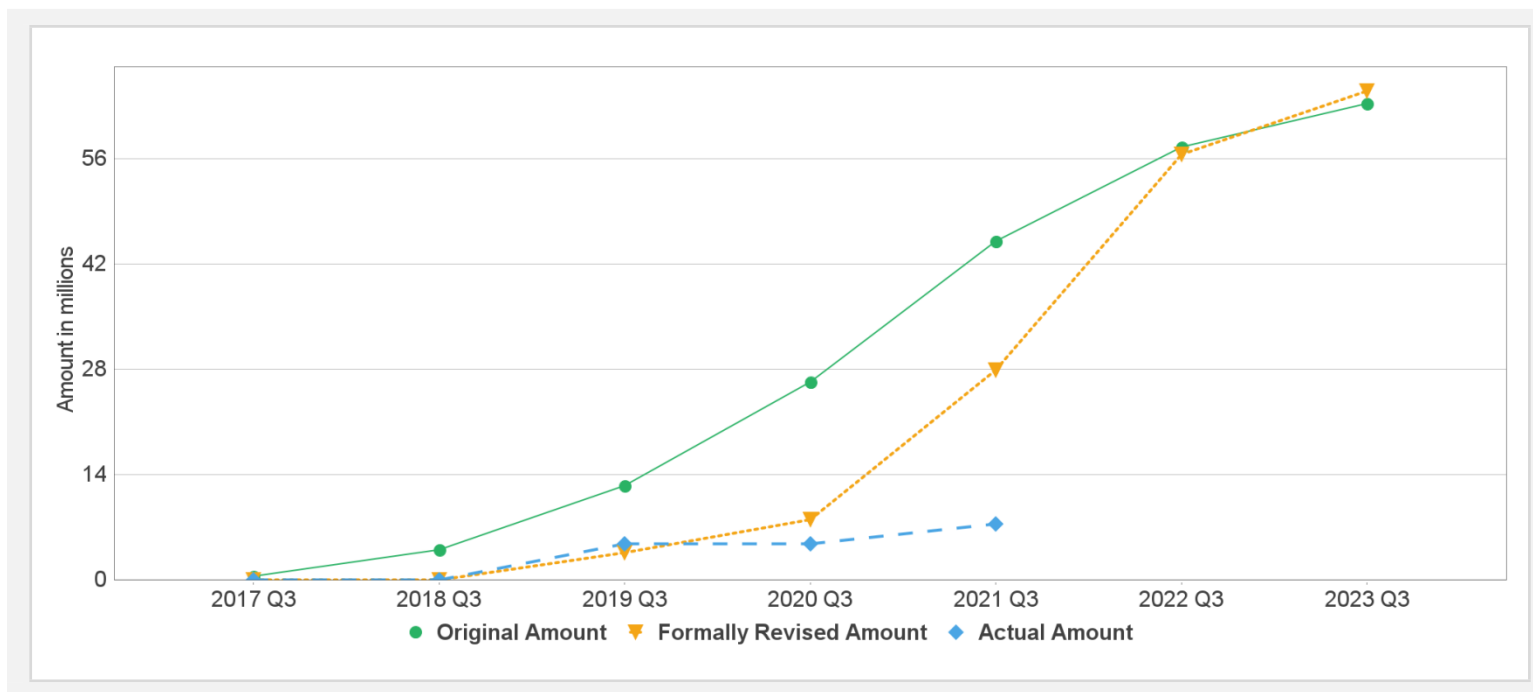
**Disbursements (by loan)**

| Project | Loan/Credit/TF | Status    | Currency | Original | Revised | Cancelled | Disbursed | Undisbursed | % Disbursed |
|---------|----------------|-----------|----------|----------|---------|-----------|-----------|-------------|-------------|
| P156823 | IDA-59720      | Effective | USD      | 65.00    | 65.00   | 0.00      | 7.41      | 61.17       | 11%         |

**Key Dates (by loan)**

| Project | Loan/Credit/TF | Status    | Approval Date | Signing Date | Effectiveness Date | Orig. Closing Date | Rev. Closing Date |
|---------|----------------|-----------|---------------|--------------|--------------------|--------------------|-------------------|
| P156823 | IDA-59720      | Effective | 20-Mar-2017   | 10-Apr-2018  | 08-Jul-2018        | 31-Aug-2022        | 31-Aug-2022       |

**Cumulative Disbursements**



**PBC Disbursement**

| PBC ID | PBC Type | Description | Coc | PBC Amount | Achievement Status | Disbursed amount in Coc | Disbursement % for PBC |
|--------|----------|-------------|-----|------------|--------------------|-------------------------|------------------------|
|        |          |             |     |            |                    |                         |                        |

**Restructuring History**

There has been no restructuring to date.

**Related Project(s)**



---

There are no related projects.

---