



Bangladesh Insurance Sector Development Project (P156823)

SOUTH ASIA | Bangladesh | Finance, Competitiveness and Innovation Global Practice |
IBRD/IDA | Investment Project Financing | FY 2017 | Seq No: 12 | ARCHIVED on 21-Jul-2023 | ISR57262 |

Implementing Agencies: Insurance Development and Regulatory Authority (IDRA), PEOPLE'S REPUBLIC OF BANGLADESH, 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: 28-Feb-2024

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	<input type="checkbox"/> Moderately Satisfactory	<input type="checkbox"/> Moderately Satisfactory
Overall Implementation Progress (IP)	<input type="checkbox"/> Moderately Satisfactory	<input type="checkbox"/> Moderately Satisfactory
Overall Risk Rating	<input type="checkbox"/> Substantial	<input type="checkbox"/> Substantial

Implementation Status and Key Decisions

The project was approved by the Board on March 20, 2017 and became effective 16 months after on July 8, 2018. The project was restructured on August 7, 2022 with closing date extended by 18 months to February 28, 2024 and some minor revisions introduced into the results framework without changing the Project Development Objective (PDO). The project saw multiple delays at the early stage of project effectiveness and implementation, however its implementation improved significantly in the past couple of years. Procurement under the project is nearly completed, with all major contracts for provision of consulting services and supply of IT/MIS now under implementation. The project has seen progress in upgrading IDRA structure and staffing plan, launching numerous institutional reforms at IDRA, JBC, SCB, and BIA, initiating development of new insurance products and supporting key regulatory and supervisory reforms aimed at enhancing consumer protection, market



transparency and efficiency. While insurance market penetration remains low, especially due to COVID-19 pandemic disruptions, the number of insurance policy holders (live and non-life insurance) in the market is constantly increasing and reached 31,808,230 policy holders in December 2022. Similarly, the number of policy holders at JBC and SBC combined also increased to 1,732,340 during the same period. Bangladesh Insurance Academy (BIA) revised its curriculum and is working on expanding its training, partnerships and diploma certification to support insurance market professional development. The project beneficiaries continue to work on development of new products and services, expand distribution channels and enhance capacity towards achievement of PDO.

Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	High	Substantial	High
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	Substantial
Fiduciary	Substantial	Substantial	Substantial
Environment and Social	Low	Low	Low
Stakeholders	Moderate	Moderate	Substantial
Other	--	Moderate	Moderate
Overall	Substantial	Substantial	Substantial

Results

PDO Indicators by Objectives / Outcomes

Project Development Objectives Indicators				
► IDRA adopted new smart risk based regulatory approach, supervisory technique along with IT/MIS solutions (smart RBS) (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	RBS framework adopted by IDRA
Date	24-Feb-2017	30-Jun-2022	30-Dec-2022	28-Feb-2024



Comments:	No progress; IDRA was recommended to accelerate work with the consultants to enact respective framework and build capacity to implement the reform. The PWC India consultants have prepared detailed recommendations and organized training. IDRA established thematic working group to accelerate reform.			
► 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	30,276,786.00	31,808,230.00	24,000,000.00
Date	31-Dec-2015	30-Jun-2022	30-Dec-2022	28-Feb-2024
Comments:	The indicator is overachieved despite significant COVID-19 disruptions and delays. However, the rising risks during the COVID pandemic as well as growing climate change risks, negative impact of COVID-19 pandemic on corporate and personal finance require strengthening of financial safety net, including use of insurance services. Hence, the number of insurance policy holders is rising, although the market penetration is still low.			

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 for smart risk based supervision. (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	40% life and non-life insurance companies comply with the new offsite reporting requirements
Date	29-Dec-2017	30-Jun-2022	30-Dec-2022	28-Feb-2024
Comments:	No progress yet. IDRA is working with the PWC consultant to develop new templates and was urged to accelerate this work.			
► On-site inspections of insurance companies performed annually by IDRA (Number, Custom) (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	6.00	28.00	40.00
Date	29-Dec-2017	30-Jun-2022	30-Dec-2022	28-Feb-2024
Comments:	IDRA launched onsite examinations of insurance companies post-COVID-19, albeit the development of the enhanced onsite examination framework is still in process. IDRA consultant PWC prepared new onsite examination manual yet it is still to be approved and put into implementation. Additional training will be required for IDRA staff to use it under the risk-based supervision approach			
► Solvency margin rule for insurance companies issued by IDRA and implemented (Text, Custom)				



	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Not issued	Not issued	Not issued	Implemented
Date	29-Dec-2017	30-Jun-2022	30-Dec-2022	28-Feb-2024
Comments:	IDRA developed and submitted for FID review the draft Solvency Rule for non-life insurance companies, and is still working on the draft for life insurance companies. IDRA was urged to accelerate the reform.			
► 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	70.00
Date	29-Dec-2017	30-Jun-2022	30-Dec-2022	28-Feb-2024
Comments:	The draft regulations and the Guide for corporate governance framework were prepared by the consultant PWC but are still being reviewed and finalized by IDRA. IDRA was urged to enact it and enforce requirements to the insurance sector as soon as possible. .			
► Insurance Companies follow Claims Management Methodology and regulation issued by IDRA (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	60.00
Date	29-Dec-2017	30-Jun-2022	30-Dec-2022	28-Feb-2024
Comments:	The draft procedures were prepared by the consultant PWC India and reviewed by IDRA. IDRA was urged to accelerate the reform.			
► 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	70.00
Date	29-Dec-2017	30-Jun-2022	30-Dec-2022	28-Feb-2024
Comments:	IDRA is working with the consultant PWC India to develop necessary regulations and procedures, and was recommended by the mission to accelerate approval of the new IDRA requirements to ensure their timely implementation as envisioned by the project.			
► Mortality and Morbidity tables produced (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	Yes	Yes
Date	29-Dec-2017	30-Jun-2022	30-Dec-2022	28-Feb-2024
Comments:	Tables were prepared, but the final results are to be confirmed by IDRA and shared with the WB.			



► Number of people who receive ABIA Diplomas and Certificates (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	50.00	247.00	288.00	450.00
Date	29-Dec-2017	30-Jun-2022	30-Dec-2022	28-Feb-2024
Comments:	Training and certification has been significantly disrupted by COVID-19 and was renewed in late 2021-2022. Cumulatively, 288 experts received BIA diplomas/certificates as of December 2022. BIA developed new curriculum with the aim to increase the number of trainings, partners and graduates.			

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	36.31	35.26	43.00
Date	29-Dec-2017	30-Jun-2022	30-Dec-2022	28-Feb-2024
Comments:	The target is achieved (it is expected to be declining, suggesting that more people renew their insurance policies on an annual basis, while less people discontinue using the services of insurance companies).			
► Total number of policy holders at JBC and SBC (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	463,000.00	1,228,873.00	1,732,340.00	600,000.00
Date	29-Dec-2017	30-Jun-2022	30-Dec-2022	28-Feb-2024
Comments:	Target is overachieved - number of policy holders reached 1,732,340 clients. After COVID-19 disruptions, the number of policy holders in state JBC and SBC is steadily increasing.			
► Net Claims ratio at JBC (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	66.00	85.22	63.34	67.00
Date	29-Dec-2017	30-Jun-2022	30-Dec-2022	28-Feb-2024
Comments:	Achieved.			
► Net Claims ratio at SBC (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	35.00	45.99	44.24	55.00



Date	29-Dec-2017	30-Jun-2022	30-Dec-2022	28-Feb-2024
Comments:	In progress/not achieved			
► Premium growth rate at JBC (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	7.00	14.65	15.83	17.00
Date	29-Dec-2017	30-Jun-2022	30-Dec-2022	28-Feb-2024
Comments:	Achieved.			
► Premiums growth rate at SBC (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	7.00	8.79	12.54	16.00
Date	29-Dec-2017	30-Jun-2022	30-Dec-2022	28-Feb-2024
Comments:	Achieved			
► Solvency margin rule issued by IDRA is implemented by JBC and SBC (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	no	no	Implemented
Date	29-Dec-2017	30-Jun-2022	30-Dec-2022	28-Feb-2024
Comments:	Not achieved. New Solvency Rule has not been issued by IDRA, hence, its implementation by JBC and SBC is delayed			

Project Implementation, Management, and Monitoring				
► Direct project beneficiaries (net increase in policy holders of JBC and SBC who pay a premium for an insurance policy) (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	513,239.00	1,055,714.00	130,000.00
Date	08-Jul-2018	30-Jun-2022	30-Dec-2022	28-Feb-2024
Comments:	Achieved.			
□ Female beneficiaries (net increase yoy in female policy holders of JBC and SBC who pay a premium for an insurance policy) (Number, Custom Supplement)				
	Baseline	Actual (Previous)	Actual (Current)	End Target



Value	0.00	62,276.00	119,985.00	30,000.00
▶ Direct project beneficiaries who feel that project investments reflected their needs (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	73.00	73.00	80.00
Date	29-Dec-2017	30-Jun-2022	30-Jun-2022	28-Feb-2024
Comments:	<p>Partially achieved. The Citizens Engagement Survey (CES) was completed in May 2022 and the report presented for review and discussion with the WB in June 2022. The July 2022 mission discussed the results of the survey and found it satisfactory, with minor comments provided for future survey. The report provides recommendations for improvement of services of JBC and SBC to improve quality of services and further increase client satisfaction level.</p> <p>The results in the draft CES indicate the following: JBC: Out of 1,754 surveyed clients-policy holders (individuals), more than 90% were satisfied, with about 13% showing their high satisfaction level during the opening of policies. Only 0.7% were reported to be dissatisfied. The remaining 8% were found neither satisfied nor dissatisfied. During the field work, about 85% clients were found satisfied, including about 14% having highly satisfied. Proportion of neutral clients also has increased. Compared to 2 years ago, clients' satisfaction has reduced from 90% to 85%, that can be partially explained by the COVID-19 disruptions and difficulties in accessing the services, especially claims processing, during lockdowns. The overall satisfaction rate was 4 out of 5, which translates into 80% satisfaction level. SBC: 91% of clients (primarily corporate) were satisfied with their property insurance policies issued by SBC. On the claims settlement, 37% of the total policy holders claiming settlement in the last 5 years reported that they were satisfied; none was highly satisfied; 45% neither satisfied nor dissatisfied, and 14.5% were dissatisfied, while about 3% were highly dissatisfied. The average satisfaction score in a Likert scale was 3.3, ie. 66% satisfaction level. The combined client satisfaction level was 73%. The next survey is expected to be conducted at the end of 2023-early 2024 and be completed prior to the project closing date.</p>			

Performance-Based Conditions

Data on Financial Performance

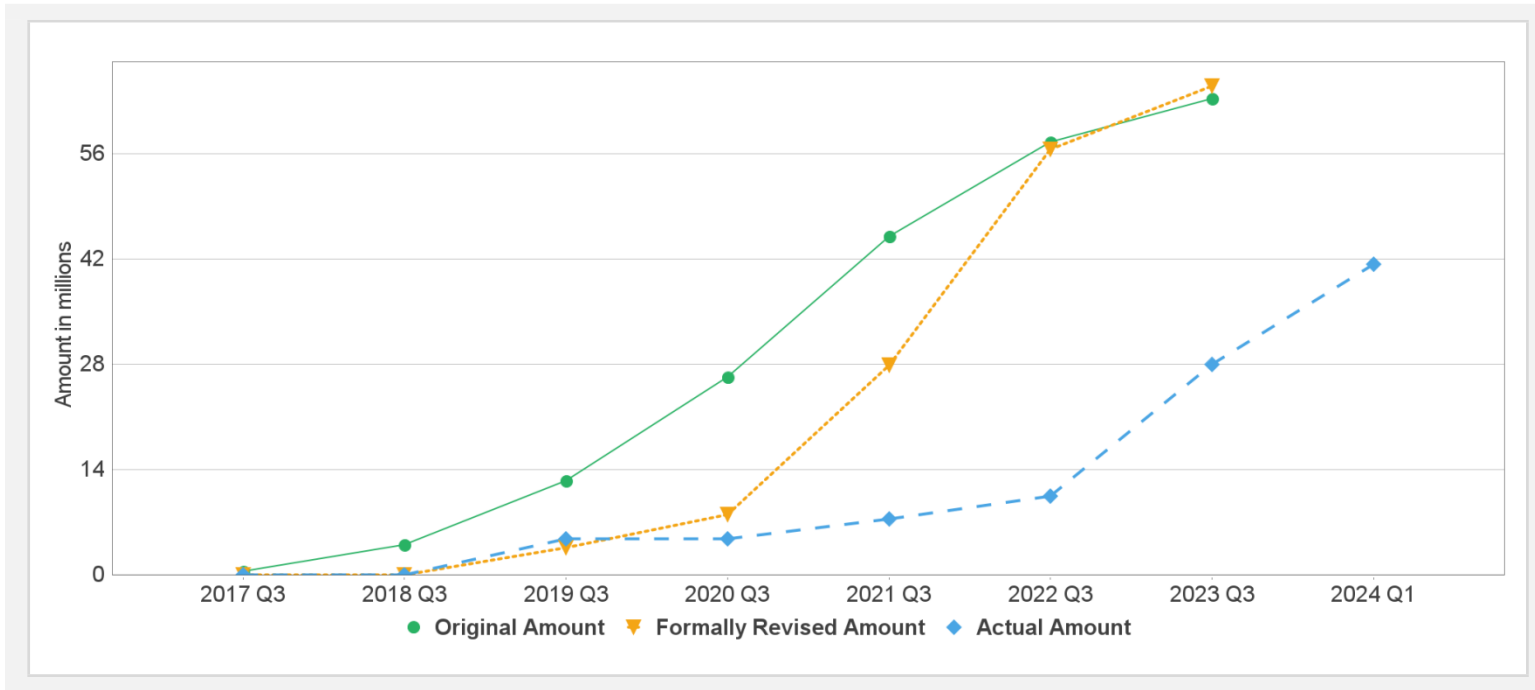
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P156823	IDA-59720	Effective	USD	65.00	65.00	0.00	41.30	22.77	64%

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	28-Feb-2024

Cumulative Disbursements



Restructuring History

Level 2 Approved on 04-Aug-2022

Related Project(s)

There are no related projects.