

ROLE OF INSURANCE INDUSTRY ON ECONOMIC CHALLENGES PROSPECT GROWTH IN BANGLADESH

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Abstract: *This paper targets to contrast the feature of insurance plan format on economic expand and to analyses challenges and potentialities of insurance plan design format layout diagram region in Bangladesh. Based on the secondary data, this search for severely opinions the preceding looks up to find out the contribution of insurance sketch format structure layout on financial boom and potentialities as nicely as challenges of insurance plan diagram regional in the context of Bangladesh. Insurance has huge contribution on financial make bigger of a u. s. that lets in to create a sturdy capital base and reap financial independency. The learn about decided that the key troubles of this regional are deficiency of publicity, lack of licensed human resource, dearth of advertising and marketing and advertising and marketing policies, absence of commercial enterprise corporation ethics, penal complex complexities, unskilled agents, horrible IT support, insufficient return on investment, lack of transparency, lack of public focal point and ordinary management. Therefore, initiating innovative marketing and advertising and marketing strategies, attracting and conserving talent, creating talent, developing awareness, adapting archives science (IT), preserving off dangerous competition, developing return on investment, imparting diversifies and attracting packages, adapting dynamic administration trend and imposing notable insurance diagram sketch design insurance are influenced to overcome the challenges of this sector*

Keywords: Insurance, financial growth, prospects, challenges, Bangladesh

1. Introduction

Insurance is one of the imperative elements of economic location that can notably make contributions for monetary extend and managing hazard of a united states (Mall, 2018). The thinking of insurance plan layout emerged as human beings are inevitably inclined to higher than a few types of hazard ranging financial to non-financial arenas (Alli, 2011). To outline insurance, Lee (2019) referred to that insurance diagram design layout drives the pooling of assets at a normally happening area to compensate the insured recognized as insurance holder on the incidence of splendid swimsuit in trade of a periodic fee cited as premium. Life and non-life insurance design layout format are the two remarkable education of insurance diagram design (Mall, 2018). Life insurance format is for long-term money whereas non-life insurance format sketch design is for transient funds. Olayungbo (2016) argued that existence and non-life insurance plan format plan acts as enhances to financial expand on the different hand substitutes. Insurance

entails a contract that is examined as insurance signed via using way of functionality of insurer or assurer or their agent. Insurance assists households and businesses to be blanketed from extensive spectrum of risks at a micro diploma then as soon as larger at a macro diploma it helps authorities minimizing financial burden and turns economic pc secure for the lengthen and success of agency venture. Flourishing Insurance vicinity is a parameter of healthful economy, now no longer entirely an epitome of surroundings fantastic financial quarter (Vayanos and Hammound, 2006). As Bangladesh is a growing country, a balanced contribution of gorgeous region to financial expand is required. Insurance sector can appreciably make a contribution to social and monetary enchantment of this the America as insurance graph pork up capital base through gathering fund and investing it in excellent purposes. But the contribution and picture of this area is now not pinnacle sized like the banking location of Bangladesh (Ali, 2018). Ibrahim (2019) concluded in his search for paper that the extend cost of public quarter non-life insurance plan agencies is declining. But Ibrahim (2019) moreover stated that insurance plan layout format structure is imperative for economic lengthen of a u. s. as it gives safety for persona and organizations. Growing financial u. s. over the closing decade and developing vary of populations can create new scope for in addition make higher of this sector. Therefore, this paper ambitions to assessment the modern-day challenges and potentiality of insurance plan sketch design quarter in Bangladesh.

Objectives of the Study:

The precise desires of the learn about are as follows:

- (a) To focal component the current insurance plan format vicinity state of affairs of Bangladesh.
- (b) To pick out the troubles that are hindering the enchantment of insurance employer of Bangladesh.
- (c) To appear at the scope and possibilities of insurance plan design organization of Bangladesh.
- (d) To recommend some measures for improving the insurance plan sketch agency of Bangladesh.

4. Sources of Data and Methodology of the Study:

Both critical and secondary records are used in the study. In order to accumulate indispensable information three devices of questionnaires are developed, which are prepared in the light of the goals of the study. The first set is used for interviewing the executives of the pattern insurance format corporations (both existence and general) to gather facts associated to insurance graph insurance graph policies and this problem matters, company's corporation function and its way of thinking closer to the enchantment of insurance plan format design enterprise in the country. The second set is used for interviewing the entrepreneurs (or customers) to accumulate information concerning the insurance graph practices in Bangladesh. The 1/3 set is used for interviewing the academicians, policy-makers, insurance-expert to accumulate statistics concerning the country's insurance design format academic curricula, present insurance plan sketch diagram suggestions and regulations, the suited troubles and chances of insurance format layout corporation in Bangladesh. Before making ready the closing questionnaire, a pilot survey was as soon as moreover carried out in order to check the validity and relevance of the questions.

There are 43 broadly conventional insurance and 17 existence insurance plan layout agencies working in Bangladesh, of which 6 existence and 14 non-life insurance plan firms have been chosen as pattern for gathering necessary statistics in phrases of their operational experience, huge range of employees, pinnacle class revenue and entire asset etc. It used to be decided to allocate a sample of two branches to each of the insurance plan format companies. Branches have been chosen as large, medium and small sizes in phrases of their employees, customers, top price earnings etc. From each branch, department manager, and a govt officer have been chosen for the purpose. So, two insurance plan officers from every

department of the pattern insurance plan design plan businesses have been interviewed. The total varies of eighty insurance plan format officers taking 4 from each chosen insurance plan graph layout companies has been viewed for gathering data. Again, 5 policyholders have been chosen from each branch. To this end, first of all, a checklist of buyers has been gathered from all chosen branches. Simple random sampling approach has been used for selecting respondents. Thus, an entire range of 200 respondents have been selected for gathering most important data. Our chosen analyze about areas are founded in Dhaka and Chittagong purposively. 20 academicians, policy-makers and insurance professionals are additionally chosen purposively from Dhaka and Chittagong for collecting information related to predominant data. Secondary records applicable to this study have been collected from on hand publications which consists of exquisite text books, journals, magazines, net websites etc. Data referring to the insurance diagram plan of Bangladesh Insurance Association (BIA), Ministry of Finance, Bangladesh Planning Commission, IMF Reports, World Bank Reports, Economic Survey of Bangladesh, Statistical Pocket Book, Annual Reports of the sample insurance companies under find out about period etc. have been consulted for the theoretical enchantment of the study. The facts and records for that cause gathered have been processed manually as right as thru non-public computer. Statistical tools, namely, average; percentage, 5-point Likert- type-scale, rank etc. have been used in the study. The facts and penalties of the discover out about have been analyzed significantly in order to make the have a look at about more informative, really helpful and perfect to the readers, academicians, policymakers, and these humans who are committed to the enhancement of insurance design industry in Bangladesh.

Literature Review

Insurance market enchantment is intertwined with financial and monetary development. Consequently, appear up on monetary make higher barring consideration for insurance diagram market enchantment will generate erroneous approximation of amplify comparison (Pradhan et al., 2015). Researcher like Vadlamannati (2008) claimed that insurance structure vicinity has huge pinnacle notch have an have an effect on the prolonged run monetary enchantment of India. On the exclusive hand, Lee (2019) referred to that have an effect on of insurance plan design format place on monetary enlarge is indirect on the grounds that daily everyday performance of the funding of insurers is the immoderate determinant here. Lee et al. (2013) decided that world insurance diagram format corporation has been developing on the grounds that 1950 and there is a long-run equilibrium relationship between actual GDP and real-life insurance plan format structure premiums. Real GDP of Nigeria is positively and extensively influenced through skill of the usage of insurance plan premium, insurance structure declares and insurance structure diagram earnings (Onyebuchi et al., 2018). Cristea et al. (2014) insurance design plan has flip out to be a vital hassle and it has awesome contribution to GDP of exquisite world areas of European Union. They supported that contribution to GDP with the aid of insurance diagram organization exceeds 10% as a give up quit result of large monetary boom in these countries. Insurance market amplify can make a contribution to financial extend by using stimulating the economic financial monetary financial savings in the shape of monetary belongings which lets in a robust capital base (Dash et al., 2018; Liu and Zhang 2016). Dash et al. (2018) argued that enchantment of insurance design diagram design layout market and monetary increase are interdependent, and they have a bidirectional causal relationship. Alhassan and Biekpe (2016) postulated the extended run causal relationship between insurance plan layout things to do and monetary lengthen for Kenya, Mauritius, Morocco, Nigeria and South Africa. Highly monitored and aggressive insurance layout format quarter affords robust mobilization of financial savings and accumulation of capital for fantastic sectors and economic organizations (Alhassan and Biekpe, 2016).

Challenges, Prospects and Role of Insurance on Economic Growth in Bangladesh determined an excessive excellent bi-causal relationship between financial pastime and insurance plan layout markets.

Mostly in excessive financial countries, there is a tendency to be reliant on insurance diagram market which ensures excessive diploma of monetary growth. Business corporations are the lifeblood for handy operation of the financial system of a united state of the us and insurance design neighborhood has massive amazing have an have an effect on the enhancement of enterprise agency groups (Babbuli and Bello, 2018). Haiss and Sümegi (2008) referred to that the improvement of the insurance plan format quarter is excessive in economically rich world areas and beautifully low in the least developed international areas like Romania, Bulgaria, Latvia and Estonia. This trend portrays that insurance plan sketch format penetration will make large when the economic computing device of a u. s. increases. Babbuli and Bello (2018) decided that widespread changes in authority's insurance plan design insurance plan insurance policies often give up the insurance plan diagram companies to provide fund safety to enterprise organization agency enterprises. Pradhan et al. (2015) moreover indicated that to preserve in the prolonged run OECD international areas have to focal issue on bettering their insurance plan graph sectors to enlarge monetary regional indiscriminately. In this regard, Alhassan and Biekpe (2016) emphasized on make bigger insurance policies as stimulator of insurance diagram layout design format market development. Olayungbo and Akinlo (2016) prioritized on the economic reform such as recapitalization and consolidation insurance plan policies to enhance up the demand for insurance plan layout structure format insurance plan graph insurance policies on the chosen African countries. A well-structured and developed insurance plan layout quarter is required now not solely for developed worldwide locations then once extra in addition for growing worldwide areas like Bangladesh.

Role of Insurance on Economic Growth in Bangladesh

Right after independence in 1971, insurance sketch neighborhood used to be initiated in Bangladesh through the organization of two nationalized insurance sketch layout corporations where one used to be life insurance, and every and every and each and every different used to be good sized insurance plan format sketch enterprise company consisting of some different far-off place's insurance sketch agency organization (BB, 2019). At present, sixty-two companies are going for walks in Bangladesh below Insurance Act 2010 and out of them 18 are existence insurance plan sketch layout corporations alongside with 1 remote places areas business enterprise and 1 are state-owned organization and forty 4 acquainted insurance graph companies which consist of 1 state-owned organization (BB, 2019). The insurance format diagram shape companies are managed with the useful resource of way of way of Insurance Development and Regulatory Authority (IDRA) which grew to be operational due to the fact 2011. The market share of this vicinity is comprised of 73.5% for life insurance plan sketch graph sketch organizations and 26.5% for non-life insurance plan diagram layout plan groups whereas Micro-insurance and Islamic Insurance are moreover blanketed (Islam, 2019). In 2017, non-life insurers earned a gross top kind salary of Tk 2,908.1 crores and existence insurers Tk 8,203.1 crores (Islam, 2019) that suggests the magnitude and incomes caliber of insurance plan graph structure businesses in Bangladesh. Gradually, the undertaking of human beings on insurance plan design plan is growing day by way of the utilization of way of day as the earnings of the human beings has been greater pinnacle notch over the closing decade. Insurance penetration in Bangladesh is predicted to well really worth about USD 2.2 billion (in phrases of insurance plan premiums) through capacity of the 12 months 2020 that suggests 7.04% increment from the 2015 when it used to be as quickly as USD 1.58 billion ((PwC report, 2019). Not a bulk, even 1% upward push in insurance diagram layout penetration can lead to massive change in the financial computing system of Bangladesh as it can minimize uninsured losses and fantastically make a contribution to its GDP extend (Rashid, 2019). Besides, the unemployment rate will be reduced, and foreign places direct funding will be accelerated if the insurance design area can be restructured in way that can garb the possibly of insurance plan graph layout market in Bangladesh. The capital market will be flourished even though insurance plan

diagram layout format plan amplify that will or later lead to the make larger of Bangladesh. Insurance can make large the go with the flow of money in the economic machine as it reduces the hazard of investment. But the non-life insurance sketch design structure shape contribution is now not notably extended for the final six years as it used to be 0.2% in 2012 and additionally 0.2% in 2018 in accordance to statistical comparison posted with the beneficial useful resource of Lloyd's of London (Islam, 2019).

Though Bangladesh is uncovered to a fluctuate of risks, insurance diagram design insurance layout is no longer as masses as that level. Insurance businesses of Bangladesh have been dealing with lot of hurdles to characteristic the insurance plan design matters to do except challenge and to reap an aggressive sustainable development. Mamun (2016) recognized four quintessential areas of troubles on insurance plan layout place of Bangladesh and amongst which advertising and advertising issues are in very sturdy attribute to in addition extend of this industry. The gorgeous troubles are related to human advisable resource management, operations and moral issues. Among the HR problems, low qualification of entrepreneurs is the most extremely properly one, insurance plan holders' lack of draw close of insurance sketch layout insurance sketch insurance plan diagram policies and lack of focal element of the insurance plan sketch benefits are the essential advertising and marketing troubles (Mamun, 2016). Lack of technical statistics of employee, awful IT useful resource and inefficient administration are the critical advertising and marketing and advertising and advertising and advertising troubles whereas unhealthy opposition and agent malpractice are the pinnacle troubles related to the moral troubles (Mamun, 2016). Ali (2018) referred to that due to unstable nature of capital market, insurance plan graph design companies are now no longer in all possibility to make investments in stock and lack of licensed manpower and jail restrictions are entangled with this area making insurance plan sketch unpopular in Bangladesh. Apart from these, low return on funding in stock, lack of transparency, tendency to make investments in regular property and authorities securities are in addition the impediments of this sector. Ineffective advertising strategies, lack of advertisement, statistics hole of clients, unskilled advertising agent, incorrect market segmentation, moral problems and bureaucratic strategy are giant modern challenges of insurance plan sketch employer in Bangladesh. However, there is scope to be superb about the increase of insurance plan diagram plan layout quarter in Bangladesh as economic make higher is taking nearby in Bangladesh and there is an excessive hazard of growing furnace insurance, marine insurance plan structure and micro finance insurance plan design layout diagram in Bangladesh (Mamun, 2016). Bangladesh's macroeconomic qualities showcase that manageable enhancement in the insurance plan layout graph vicinity is possible. As the united states of the us will enhance to be higher industrialized, the demand for furnace and property insurance layout graph as pinnacle as workers' compensation is in all possibility to see a specific sized increase in demand. Besides, herbal failures and everyday avenue accident are the common phenomena in Bangladesh. Therefore, developing cognizance about these incidents' protection and their integration with insurance graph sketch will make bigger the demand of insurance plan layout graph format and enhance the extend of this sector. Based on the evaluation of boundaries of insurance plan layout graph sector, Mamun (2016) advocated that taking some initiatives can in addition adorn the current circumstance of this vicinity in Bangladesh which consists of attracting and preserving certified professionals, organizing regular training programs, focusing on IT development, adapting revolutionary advertising and marketing and advertising strategies, casting off unhealthy competition, developing return on funding and going for merger and acquisition if required. Besides, developing and imposing modern advertising and advertising and marketing and advertising and marketing strategies, adoption of uniform policies, focusing on innovation, logical choose in unique in special chiefly primarily based segmentation of clients, developing interest amongst mass people, multiplied funding in appear up and enhancement and implementation of dynamic administration fashion can decorate the regular everyday universal typical performance of this local and virtually helpful resource to acquire sustainable aggressive position.

Methodology

This look up is sincerely based absolutely definitely truly on secondary data. Based on give up end result of the preceding studies, the contemporary hit upon out about opinions the characteristic of insurance diagram design on financial growth. Researcher systematically reviewed newspaper, journals, books, magazines, one-of-a-kind websites, search for articles and posted materials on insurance agency of Bangladesh. To make advantageous a complete review, articles have been labeled into two directions (Ali and Guha, 2018): paper on Bangladeshi insurance format design vicinity and role of insurance design format on world context. After severely reviewing the search for papers, the findings have protecting the attribute of insurance structure layout on financial prolong and prospect and challenges of insurance in the context of Bangladesh.

Findings

In evaluation to one of a kind South Asian country, the insurance plan format design penetration ration is now not favorable (Islam, 2019). M. Ali Noor the managing director of Jiban Bima Corporation (JBC) referred to that even though Bangladesh is uncovered to a differ of risks, then again, the insurance plan format insurance layout is now no longer up to the mark as then once more the market of insurance plan is segmented (Islam, 2019). Besides, the existence insurance plan graph design shape advertising and advertising and marketing and marketing advertising and marketing advertising and marketing campaign is no longer ample to stimulate human beings involving life insurance sketch and regulatory framework for advertising insurance plan diagram is now no longer effective. The monetary kingdom of the insurance plan design layout companies is no longer in high-quality circumstance (Islam, 2019) that creates barrier to make higher its branches in one-of-a-kind locations. According to PricewaterhouseCoopers (PwC) file posted in 2019 the human beings of Bangladesh do no longer like to get hold of as true with on the shops of insurance plan layout firms and insufficient attention of insurance diagram design merchandise is any special obstacle of this sector. Claim contract computing machine of insurance format design corporations is quiet longer and bureaucratic. Moreover, human beings are quite reluctant about pinnacle kind as regardless of the reality that an extraordinary large variety of human beings are living substandard life. As most of the human beings of Bangladesh are residing in rural areas, they are no longer superbly aware of insurance plan layout and blessings (Islam, 2019). People mirror on consideration on insurance plan is nothing then once more a way of taking cash from them barring returning any benefits. Hence, unethical exercising of insurance plan layout diagram groups is one of the biggest challenges for which human beings reflect on consideration on insurance layout sketch layout is a fraudulent industrial enterprise business enterprise (Mamun, 2015). Besides, nearly 90% human beings in Bangladesh are Muslim and there is a non-secular superstition associated to insurance plan (Reza & Iqbal, 2007) that leads decremental demand of insurance. The cash of insurance plan groups related to the advertising and promoting insurance graph is every now and then sufficient to restriction the negative grasp of human beings concerning insurance plan graph design graph (Islam, 2019). Most of the insurance design shape organizations are centrally placed in town areas. In the faraway areas, insurance plan graph format stores are the regional humans and they are no longer well-trained to promote insurance plan format layout and to enchantment to clients. Besides, corporations are in addition reluctant to make investments a lot to appoint and enhance expert human beings as insurance layout plan shops even though funding to instruct retail outlets will have sustainable long-run return for the company. Islam (2019) referred to that lack of corporate governance, ineffective adaptation with technological alternate and scarcity of actuary consultants are additionally the contemporary obstacles of this sector. Insurance organizations are no longer imparting a giant differ of insurance plan design products, hence, all kinds of practicable clients are no longer covered, for example, education insurance. Despite lot of troubles are interlinked with the insurance vicinity in Bangladesh, there

is notable potentiality of this location to enhance and make contributions for the social and monetary development. Since Bangladesh is a us of a dealing with natural catastrophe each and every and every and every 12 months and motorway avenue accident very often nearly every and each day, insurance diagram plan has huge potential to extend its market (Islam, 2019). Insurance pinnacle category per capita in Bangladesh is definitely USD \$8 (Islam, 2019) that suggests there is fantastic sized achievable to cowl the people who are underinsurance. Reinsurance in case of catastrophe can play imperative function to limit terrible impact on financial performance. As the GDP of human beings of Bangladesh is developing as GDP prolong cost used to be 5.57 in 2010 and 7.8 in 2019 that suggests upward action of economy. Hence, there are chances that human beings will be expanded involved to make investments in insurance format plan graph in future. As the earnings and literacy rate is increasing, human beings will be larger conscious and as a cease quit cease result the demand of insurance will increase (Mamun, 2016). The populace increment fee is massive in Bangladesh that creates higher hazard to get higher shoppers if they can be true influenced about the terrific elements of insurance. Islam (2019) encouraged about microinsurance thru the usage of which a lot of human beings can be protected as such insurance plan format shape will rate very minimal top charge and the duration of insurance plan shape sketch will be shorter. There is scope to convert the universal ideology that insurance diagram sketch is now no longer related with hazard definitely as it can be an exceptionally correct scope of investment. Insurance firms can provoke greater preferences that will create funding possibilities for the clients' savings. As Bangladesh is an agriculture-based country, insurance plan graph layout sketch companies can take the chance to cowl agricultural quarter imparting large fluctuate of low pinnacle kind insurance plan graph and furnish private loan offerings to farmers with minimal conditions.

Recommendation

Problems of Insurance Industry in Bangladesh:

The following problems of the insurance plan graph corporation in Bangladesh are recognized in the contemporary study:

Lack of Public Faith: Insurance sellers are in charge for developing terrible image of insurance plan design to the public. It shrinks the scope of insurance sketch business. Poor public image is basically accountable for now not expanding the sector. This opinion is held with the useful resource of 94.80 share respondents in the study.

Lack of Public Awareness: Mass illiteracy hinders the expand of the insurance sketch sector. A good-sized majority of humans especially in rural areas are left outdoor the insurance plan coverage. This specifically results from the seam of focus amongst the people. This problem is supported via potential of 93.60% in the study. Even a massive component of people in the united states of the use have no minimal thinking about insurance. People are no longer conscious of the blessings from the insurance plan insurance and a particular range of human beings agree with that insurance layout commercial enterprise is nothing on the other hand dishonest and they expect that insurance plan design diagram insurance plan is quite unnecessary.

Centralization Policy: Most of the insurance diagram format companies in our u. s. a. are placed in town areas and there are few branches in rural areas. They think that they can additionally have higher possibilities for their business enterprise in cites due to the fact the financial circumstance of the city areas is higher than in the rural areas. They neglect that the massive fluctuate of our populace dwell in rural areas. Thus, this centralization insurance acts as an obstruction to the growth of insurance format layout industrial agency in our country.

Poor Economic Conditions: Bangladesh is one of the poorest countries in the world and most of the humans in these united states of America proceed to be below immoderate poverty. All of these human's

battle challenging to earn their livelihood. It is distinctly impossible for them to retailer some cash for future need. Therefore, they are exceptionally unable to grant the amount to the insurer which is considered as top charge and viewed as security or precautionary measure in the direction of any accident. This trouble is referred to through the usage of 74.80% human beings in the study.

Excessive Management Expense: Growing price of enterprise is a hassle that insurance plan companies are dealing with now a day. Most of the 2nd and 1/3 technology insurance design sketch groups are going by using the problem of immoderate management expense that is a top deal greater than the prescribed limit. Currently there are ten or extra tiers in the vicinity level. This is unsustainable in the long-run.

Political Instability: Sound and sturdy political environment is a pre-requisite for a country's development. Political instability is a serious hassle for the insurance business. Moreover, Bangladesh authorities formulates America massive policy, rules, and tips on political consideration that, too, prevent the each and every day increase of insurance plan in the country Lack of Supervision from the Government: Lack of surveillance from controlling business company of authorities encourages many insurance plan graph companies to have a look at some unethical practices like extend in declare settlement, harassment to insurance holders and showing fake monetary statement. This is no longer absolutely destroying the focus of the insurance plan diagram layout agencies then again moreover creates terrible have an effect on in the thinking of the human beings about insurance. This trouble has been stated by using 80.80% respondents of the study.

Legal Complexity: The brand-new Insurance Act is lacking in quite a few factors of finding out margins of solvency, funding of funds, accounting standard, morality table and safety of the activity of the insured. This bother is identified by way of way of 80% human beings of the study. To take an insurance plan graph coverage there is a prolonged machine and so many complexities are confronted with the resource of the insured person. Therefore, the human beings are discouraged to take insurance diagram insurance due to the reality they count on that the complexities will create more stress on their mind, which may additionally moreover abate day-to-day activities.

Lack of Qualified Officials: Insurance agencies feature their things to do by way of skill of functionality of recruiting marketing and advertising and advertising agents. They attempt to persuade the people to take a policy. Most of the stores are no longer acceptable knowledgeable and they do no longer apprehend the appropriate strategy to capture potential insurance holders. 68% of human beings opined in the find out about that the insurance plan companies lack in efficient workforce. Therefore, these place diploma retailers are unable to fulfill their target.

Lack of Training for the Employees: Spread of insurance diagram business enterprise in Bangladesh failed for lack of great teaching of the employees, in particular the place employees of insurance plan companies. Still there are now no longer adequate training offerings to furnish appropriate coaching associated to insurance things to do for the officers of insurance plan sketch plan company. This hassle is referred to by way of ability of 81% respondents of the study.

Lack of Exposure: Another necessary problem in the united states of America is that the media is unconcerned to ship the acceptable message concerning insurance diagram layout to the people. As a result, a massive section of the population is honestly unaware about the insurance plan policy. Another hassle is that the insurance enterprise company does no longer furnish adequate data in the company's websites which can meet the queries of their manageable consumers and encourage them to purchase insurance format policy.

Absence of Business Ethics: In an aggressive market, some insurance corporations use some business enterprise techniques that violate the commercial company fashionable and the provision of insurance diagram acts. Some insurance plan corporations create harassment to the insurance holders when

they want once greater their cash after loss of life or maturity. The insurance format organizations exhibit unique motives for no longer settling the declare timely. Besides this, some vicinity officers moreover frequently try to provide false archives to the human beings for purchasing for a policy. Such sorts of illegal acts create lousy recognition to the insurance plan businesses and ward off the development of the fundamental insurance plan commercial enterprise company in the country. Those purchasers that are harassed by means of the usage of the use of the insurance design agencies commonly try to discourage different human beings to buy any insurance diagram policy.

Lack of Motivational Program closer to Public: According to our survey, the human beings of the u. s. a. are no longer a total lot precipitated with the useful resource of the organization to take insurance plan diagram plan insurance plan for safeguarding themselves in the path of any kind of risk. They fail to apprehend that insurance plan format diagram coverage makes their existence risk free. For lack of motivation amongst the people, insurance plan graph plan corporations are continually lagging at the returned of their predicted target.

Lack of Information Technology: Automation facilities instant service and paves the way of fee and time monetary financial savings alternatively the insurance plan layout location in Bangladesh is despite the fact that conducting its operations manually (or on popular method). They do now not use any internet address, which is necessary for an insurance diagram company. They can grant greater records to its client with the useful resource of way of the use of net site. But then again, the operations of insurance plan companies are now no longer automated. The purchasers of insurance plan layout graph area are deprived of the handy use of e-insurance, on line business, internet, Web and computerized system. This hassle is referred to through 78.40% human beings of the study.

Insufficient Service: Insurance people failed to supply better services to the mass people of the country. That's why the human beings who prefer to take the insurance plan layout coverage they lose their pastime from insurance. This hassle is referred to thru capability of 66.60% human beings of the study. As can be considered in a far-off places country, insurance plan sketch personnel go to customer's residence and places of work many times to have an have an impact on them to take insurance layout policy, then again in Bangladesh insurance plan format human beings seldom furnish this service.

Lack of Marketing Policy: One of the primary issues in an insurance plan organization of this u. s. a. is the lack of best advertising and marketing policy. Management is no longer taking initiative to expand their advertising and marketing expansion. They spend tiny extent in advertisement, which is no longer sufficient for creating industrial company development.

Lack of Information: Lack of records about the insurance design insurance plan policies to the conceivable insured is a bother for making desire to purchase insurance plan policies. They are no longer conscious of the benefits of insurance policies. The insurance firms do now not have adequate association to make the human beings recognize about superb policies, opportunities, advantages etc. This opinion is shared via the use of 78.4% respondents of the study. The correct and sufficient information does now no longer acquire the public doors. The government, too, did now not although characterize any institutional facts smartphone to coach the humans or furnish immediately facts in this regard.

Delaying in Claim Settlement: Insurance companies go through from the horrible public photograph due to their failure to correct settle customers' claims in time. There is an uncertainty about getting insurance plan layout claims after the maturity of the policy. 83.40% client of insurance diagram graph organization had opined that insurance plan design graph organizations made extend in declare settlement. This hassle makes insurance plan organization unpopular to the people.

Customs of Commission: Practice of fee is the most quintessential motivational bother used to make earnings of insurance plan format sketch product. It is being badly practiced in the insurance layout diagram market for which insurance plan graph groups are concerned in unhealthy competition. They are

imparting very immoderate charge price even 55 to 60 shares of top charge acquired to procure the organization even if that violates the Insurance Act. It erodes the doable profitability and hazard coverage.

Absence of Research and Development Cell: A systematic employer requires a pinnacle notch seem to be up and improvement cell. It is very conducive to diagnose company disorder and analyze the problems. It is an approach of creating, building, improving, adopting and bettering, then again, the existing research about finds that 88.80% of insurance plan sketch corporations have no lookup activity.

Poor Risk Management: Most of the pattern insurance design companies have used contemporary strategies in evaluating complete risk. The scarcity of trained and educated authorities in the insurance plan design diagram corporations has the remaining result that most of pattern agencies are unable to underwrite and manipulate their risks on a scientific basis. They underwrite and continue dangers indiscriminately barring thinking about what outcomes they may additionally also due to the fact of this face. Lack of expert perception misguides these agencies with regard to danger assessing, declare handling, and danger managing, as a result weakening their monetary strengths.

Constrained Investment: Zonal and close by branches of insurance structure corporation do only pinnacle charge series assignment and have no authority to make investments the fund as per their choice. As a result, the insurance corporation in the unit stage is no longer becoming a doable and first-class vicinity as the banking sector. A part of the cash of the insurance plan graph format neighborhood is stored in the structure of Fixed Deposit Receipt (FDR) in exclusive banks, which is mandatory. If these moneys had been invested in tangible property of land, building, gear and manufacturing projects, that would make the funding increased profitable.

Lack of Product Diversifications: Insurance organizations often furnish some common and typical products. Generally, purchasers constantly demand contemporary products. The analyze about finds that the insurance plan graph market used to be no longer exploring product diversification. The trouble is placed via 69.40 p.c of the respondents. The sample of hazard is typically altering and ever-increasing. The insurance structure market needs new merchandise to cowl the hazard springing up from altering and growing wishes of society.

Tax Constraints: Insurance officers say that the immoderate organization tax restricts the make bigger of the insurance sketch format sector. Now the insurance corporations pay a company tax value of 42.5 share which is larger than in superb countries.

Reinsurance: At current the insurance plan design rules requires that all acquainted insurance corporations want to compulsorily place 50% of their reinsurance with SBC and the balance 50% is optional, which can be positioned each with SBC or other re-insurers at domestic or abroad. It is on file that most of the private widely regularly occurring insurance diagram format groups achieve their reinsurance from SBC. Historically, due to its monopolistic characteristic SBC used to be a direct insurer beneath writing each public and personal region insurance plan business. However, after 1985 the role often changed, and, as it stands now, SBC has flip out to be by means of way of the utilization of and huge a reinsurance company. A distinction of SBC's Annual Account displays that 75% of their pinnacle cost income is derived by using the use of way of reinsurance cession from non-public insurance plan companies, 20% from public neighborhood business, and 5% from personal region insurance plan diagram enterprise right away (Roy, 2008). It is discovered that there is an inherent clash of activity between the characteristic of an insurer and a re-insurer. A reinsurance company can't and have to now no longer compete with its very personal reinsuring purchasers in recognize of direct insurance plan layout business. Though SBC has come to play the characteristic of a re-insurer in Bangladesh, its offerings have consistently deteriorated over the years, which has adversely affected the operation of the non-public region insurance diagram companies.

Prospects of Insurance Business in Bangladesh:

There are many top symptoms and signs for the insurance diagram industrial commercial enterprise corporation in Bangladesh. The factors that can facilitate the insurance plan format commercial enterprise corporation in our united states of the united states are stated below.

Large Population: There is a giant chance for the insurance plan design diagram agencies as the populace of our united states is growing day with the aid of day. The make bigger of populace opens higher scope for every and every kind of insurance diagram business.

Higher GDP: The GDP of our u. s. is developing which penalties in the make higher of per capita income. With the increase in the profits more, human beings are now inclined to take an insurance plan sketch diagram insurance for safeguarding themselves in opposition to any danger.

Micro Insurance for Poor and Rural People: Insurance offerings wish to be redesigned to meet the needs of one-of-a-kind education of people. We need to have consistent product improvement to meet rising wishes of the poorer classification and the rural class. Distinctive product innovation applicable to indigenous stipulations of the negative and in special for the debtors of micro-credit is the want of the time. Micro insurance can be a super workable neighborhood for the insurance format diagram corporation in Bangladesh. Most of the human beings of the united states are unable to have high priced and extended time period insurance plan format policies. Micro insurance format can be furnished to man or girl people or to small commercial enterprise organization vendors in opposition to low insurance plan graph diagram premiums and with regular terms and conditions. When human beings will have ample cash to limit their dangers at a minimize price, more and higher human beings will take that opportunity. A huge element of the society can therefore be an achievable goal market for this business.

Investment Scope: Bangladesh has large scope of funding in trade, commerce and industry. The insurance format design fund is now invested in authorities' bonds, ICB projects, marketable securities, and FDR which are now not a notable deal profitable. The non-public insurance plan layout companies are realizing this fact. There are probabilities to enhance earnings through wonderful and environment pleasant money management by using ability of ability of using successful and professional personnel. There is scope of funding enlargement in the areas leasing, housing, health and cash market.

New Business's Individual Insurance: There are so many new businesses opening every day with a booming world demand. Every business employer is insured underneath an insurance plan sketch layout enterprise agency to shield itself from any type of accident. Therefore, the increase of industry, mills, and factories is growing greater scope for the insurance plan organizations to flourish their business.

Extent of Market: There is a great scope of facility to discover the insurance plan format market. The market is huge however a giant part of it is although unexplored. The insurance layout neighborhood should take step to introduce innovative and precise merchandise to cowl hazard in the unexplored areas of the economy.

Government Aid: Government is the key participant of all development. In order to enhance the boom of the insurance plan structure sector, the authorities have to physique a liberal tax policy, reform the criminal shape and set up a sturdy regulatory body. Since the government is to blame to make positive the safety and safety of people, it can obligate the humans to take insurance in some instances and in addition attraction to consumers in this sector.

Developing Mass Awareness: People are now tons large conscious about their protection and security. Government and the corporation can without problems draw their attention involving the fee of insurance diagram in their lifestyles so that they can be motivated to take an insurance coverage for making their existence free from any beautiful situation. The make large in literacy cost is in addition helping to create center of attention amongst the human beings related to taking insurance plan policy. Besides,

insurance layout groups are additionally trying to alter the awful frame of mind of human beings in the route of insurance plan sketch via organizing a variety of applications such as seminars, applications collectively with social obligations etc.

Furnish Modern Services: The technological know-how ought to be used in strolling gadget to gather offerings barring lengthen to the customer. These cozy and effortless services enchantment to the purchasers and enhance the quantity of sales. The insurance plan region till now does now no longer use present day tools supplying services. So, the insurance plan graph structure quarter have to introduce e-insurance, on line insurance, e-mail, Web and ATM profits vicinity that facilitate transactions in withdrawing their claim, depositing their top charge and perception the stability sheet etc.

Strict Application of Rules and Regulations: Due to strict utility of policies and regulations, anarchy is prevailing in this sector. The policies have to be aimed to reduce, now not increase, the troubles of the insured and to shield them from any kind of deception. The Controller of Insurance ought to cautiously show the insurance company's factors and obligate them to observe the trendy Insurance Act 2010. By implementing law, this region can come decrease again in a systematic manner.

Developing New Insurance Products: In path of time, there is a superb exchange in nearby local weather and ecosystem over the world that presents new sample of hazard in exchange and commerce. The insurance plan layout diagram wants to add new merchandise to cowl the higher risk and to meet the new tastes of entrepreneur. There is large scope of developing new product and company in insurance plan quarter to cover all sectors of our economy. In our study, some insurance plan organizations are being advancing in product change and try to introduce new products. This action of producing new product and provider will extensively make bigger the demand for insurance diagram products.

Service Diversification: Insurance is now no longer virtually a gadget of chance coverage. It is moreover a charming instrument of savings. The combination of hazard insurance plan with economic financial savings offers the likelihood for innovative product designing which ability service diversification. So, a techniques very little efforts have been taken to innovate and introduce select oriented insurance offerings in response to modern threats. The prospect of the insurance plan diagram business in agriculture and business organization sectors appears bright, as described below:

Agriculture Sector: The monetary system of Bangladesh is predominantly agrarian, with most human beings engaged in farming and fishing. The uncertainty of agriculture due to crop failure is precipitated thru neighborhood weather variation, drought, cyclone, and flood and pests, which have an effect on farmer profits as applicable as authority's revenue. Furthermore, in the closing few years commercialization has got here about in some sections of the agricultural sector. Increasing funding in the agricultural quarter is developing a new likelihood for the insurance format industry. Various agricultural insurance plan graph picks are turning into ordinary these days. Demand for insurance plan sketch protection closer to crop loans, farm animals' loans, fisheries loans and equipment loans are moreover growing day through day.

Business Sector: Nowadays in Bangladesh the SME performs an integral function in the monetary development. But they are deprived from taking loans from financial institution for a massive amount. If insurance plan design enterprise focuses this service in Bangladesh, they will successful to make a contribution larger in the economy. Thus, insurance diagram plan industrial organization has a vivid prospect in business place in Bangladesh.

Suggestions for Policy Implications:

The concerned policy makers of insurance plan format quarter prefer to undertake the following measures in order to make the first-rate use of the probabilities and to address the threats for making sure the increase and development of the insurance plan format company in Bangladesh.

Regain Popularity with Appropriate Marketing Strategy: To regain and keep a remarkable public image, the insurance graph organizations ought to exercise suitable advertising and advertising and marketing approach and provide higher issuer to its customers. To create human beings' awareness, insurance plan companies ought to also prepare on every day foundation seminar, symposium, avenue exhibit and so on in one of a shape parts of the country.

Product Innovation: Insurance Companies ought to diversify their product. They need to introduce new merchandise to satisfy customers' needs.

Developing Professional Code of Ethics: Insurance agencies have to try to boost professional ethics amongst its personnel. Government ought to have a regulatory physique for the surveillance on insurance agencies so that they function their industrial enterprise corporation maintaining the moral troubles good

Establishment of R&D Cell: In response to the possibilities of growing market, the insurance plan diagram design organizations make higher their market by means of capacity of way of figuring out and imparting responsive services. In order to do so each company set up a first-rate lookup and enchantment cell.

Arrangement of Training Programs: Relevant authorities in collaboration with supportive companies furnish training to the insurance plan design related personnel for bettering the insurance plan design format agency in the country. Bangladesh Insurance Academy (BIA) ought to put together teaching programmed on regular basis. The syllabus, curriculum and coaching applications of the academy want to be modified to meet the future challenges of the insurance plan industry.

Investment: The accrued pinnacle classification wants to be invested in large and genuinely beneficial sectors so that insurance diagram groups can return their clients the expected reap timely. In this respect, they step with the aid of way of step come ahead to make investments intently in rewarding incomes sectors such as actual estate, health, education, leasing, share market and different cash markets.

Pricing Policy: The pricing insurance plan ought to be bendy so that the corporations can exercising some autonomy. The authorities ought to enable the insurance layout graph corporations to quote distinctive pinnacle rate expenses in accordance to their requirement that will help to make larger the profitability of the insurance design companies.

Monitoring: The location of job of the Controller of Insurance have to be bolstered with professional expert people aiming at environment friendly coping with of the affairs of the insurance plan diagram companies.

Legal Reforms: Existing insurance plan criminal recommendations have to be elevated incorporating upcoming challenges of the insurance plan format industry. The present-day provisions enable the entirely two public vicinity insurance plan organizations to do all authorities insurance design business. Also, in accordance to today's insurance policies only these two public quarter insurance diagram corporations can do reinsurance business. This restrict prefer to be withdrawn so that the non-public insurance plan layout groups can do reinsurance business. This would resource to save overseas alternate outflows, create new technical job opportunities, open up scope for enhancements which are quintessential to build self-belief in the market.

Recruitment Strategies: Insurance corporations want to modify their recruitment techniques with expanded focal thing on the marketing and advertising and profits instructing due to the truth insurance sketch being a carrier company it requires a one of a sort attention. Insurance groups need to recruit youths who are trainable and developable.

Claim Settlement: Claim contract manner be made easy, obvious and prolonged via way of the insurance plan design plan companies.

Removing Multi-tier Fake Agents: Unnecessary multi-tier organizational set up want to be changed thru one tier. This is quintessential for reducing the administration expenses. Fake retailers or dummy sellers who indulge in malpractices be eradicated and preference of shops have to be unbiased. Appointment of too many entrepreneurs in particular vicinity be stopped. Full time organization have to be influenced and part-time industrial enterprise organization need to be discouraged.

Reducing Excessive Management Expense: Management have to take remedial measures to restriction fees to a larger suitable and controllable level. An insurance plan organization having immoderate fee ratio need to now no longer enable the modern excessive administration fee and ought to do feasible the entirety to restriction it to about 20% to 30% of total top rate earnings inside the shortest span of time. Management rate amplify over the future years favor to be at least 10% decrease to pinnacle type growth rate. This can be ensured through potential of decreasing the existing supervisory tiers.

Reinsurance: A reinsurance employer cannot and no longer compete with its personal reinsuring customers in apprehend of direct insurance plan sketch business. In every India and Pakistan, the state-owned reinsurance companies, namely, 'General Insurance Corporation of India' and 'Pakistan Re-insurance Company Ltd.', function strictly as a re-insurer and they do now no longer underwrite direct insurance plan layout business. Therefore, it is most appropriate that SBC preclude its matters to do to both as a direct insurer or a re-insurer then again no longer each and every simultaneously.

Conclusion

This paper tries to current the contribution of insurance plan layout on financial prolong and challenges as right as chances of insurance plan diagram plan place in Bangladesh. Insurance quarter has large contribution in social and financial extend of every developed and growing countries. Though insurance diagram sketch graph diagram regional of Bangladesh has some limitations, there is room to in a similar vogue development. This area has operational, rate differ excellent and sectoral potentialities to make massive its market. Insurance companies, regulatory agencies and authorities pick to take initiatives to enhance up this quarter overcoming the barriers to growth. A regulatory framework with robust ideas can restructure this region through great hazard swap and sensible top charge that will entice and maintain the clients for the lengthy run. Talented and professional human beneficial aid is superbly required to enhance the existing day well known overall performance of insurance. Academic corporations want to extend separate curriculum on insurance plan layout plan graph sketch to foster insurance plan layout structure sketch training and create specialists for this sector. Insurance organizations can go for mutual alignment with banks which will tempo up this neighborhood as human beings depend on banks than the insurance design diagram agents. Besides, banking quarter has already been hooked up as the big platform to savings rating money, so, by means of the utilization of this transaction platform, insurance design layout companies can collect their primum larger smoothly. This paper can be a base to habits multiplied appear up on the referred to boundaries and their have an have an effect on the ordinary performance of the insurance plan layout companies. More research can in addition be carried out focusing on insurance graph as an indicator of social, financial and economic prolong of a country.

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