



BANGLADESH INSURANCE SECTOR DEVELOPMENT PROJECT

INCREASING INSURANCE COVERAGE AND PROTECTION

BASIC INFORMATION

APPROVAL DATE:
**March 20
2017**

END DATE:
**August 31
2022**

TOTAL COMMITMENT:
\$80 million

IMPLEMENTING AGENCIES:
Insurance Development and Regulatory Authority

OVERVIEW

Despite the growth in insurance sector in the last five years in Bangladesh, still insurance penetration remains very low: less than 1 percent of the population has insurance coverage. A resistant and robust insurance sector helps people, especially the poor, and businesses to protect themselves from shocks and enables financial sector diversification as well as create long-term financing. It also helps individuals, families, and organizations for better managing and transferring risks and investments.

To strengthen the insurance regulatory structure and further develop the insurance sector of the country, the World Bank is providing support through the **Bangladesh Insurance Sector Development Project (BISDP)**. The project aims to strengthen the institutional capacity of the Insurance Development and Regulatory Authority (IDRA), Bangladesh Insurance Academy (BIA), and the country's two state-owned insurance corporations—Sadharan Bima Corporation (SBC) and Jiban Bima Corporation (JBC)—through modernizing their systems and business practices. It will also help increase the coverage of insurance to provide protection for people's life and property.

CHALLENGE

The key challenges, include lack of institutional capacity of IDRA in addition to it becoming a first-time implementor of a Bank-financed project Other challenges include underperforming of state owned insurance companies and lack of tailored products to suit the people's needs. The project focuses on building the necessary IT systems in IDRA, BIA, SBC and JBC in order to ensure a stable and secure ICT infrastructure. To do this, business processes will need to be improved and systems put in place to automate those processes. IDRA and state-owned insurance corporations have already started the modernization process that the project will be supporting. Strong coordination and consultation with beneficiaries is critical to ensure consistency in the implementation of project components.

APPROACH

The project takes a comprehensive and integrated approach to transform the insurance regulatory/ supervisory structure in Bangladesh. It aims to improve governance and market practise in the insurance sector. The project also will provide support to IDRA to strengthen its capacity and modernize its operations through upgrading its information systems to adopt a risk-based supervision (RBS) regime that ensures transparency and improves policy holder's protection and governance. BIA will be restructured and modernized to develop the professional skills and data needed for the insurance market. Public awareness and trust needs to be built in the sector. The functions and market practises of SBC and JBC will be enhanced to improve effectiveness and growth.

TOWARDS THE FUTURE

Through various training programs aiming to transform the implementing agencies, the project will provide support to the Financial Institutions Division (FID) which manages its ownership rights over state-owned insurance corporations. Successful strengthening of IDRA's capacity will enable effective regulation/ supervision and market practise within the insurance sector. Confidence and trust in insurance will be enhanced and insurance coverage will be increased as the project focuses on affordable premium, adequate coverage and improved policyholders/ consumer protection. As a result, the project will promote further development of capital markets in Bangladesh.



EXPECTED RESULTS

70% of the domestic insurance market would be supervised by smart Risk-based Supervision (RBS) of IDRA by 2022

20 million insurance policy holders (life and non-life) by 2022