



Webinar on Financial Condition Reporting - Gaining Business Insights

The second collaborative webinar on 'Financial Condition Reporting - Gaining Business Insights' was hosted jointly by M/s. K. A. Pandit Consultants & Actuaries (KAP) and Professional Advancement Bangladesh Limited (PABL) on 26 September, 2020. The three speakers from KAP were **Jinal Pandit**, **Rashi Manek** and **Arundhati Ghoshal**.

Highlights of the session:

The webinar aimed to address a key requirement of the Bangladesh insurance market, namely the development of **Financial Condition Reporting**, which is a mandatory requirement under the Insurance Act, 2010. This had been highlighted in the first joint webinar of **KAP-PABL** on '**Bangladesh Insurance Industry – Beyond Covid 19**' by one of the panellists, **Dr. M Mosharraf Hossain** who is the current Chairman of the Bangladesh Insurance Regulator, IDRA. The webinar was interactive with a number of polling questions being thrown to the audience during the two-hour session.

The broad issues discussed in the webinar pertain to the following:

- **Current regulations relating to Financial Condition reporting in Bangladesh** and stemming from the two main regulators, namely the Insurance Development and Regulatory Authority (IDRA) and the Bangladesh Securities and Exchange Commission (BSEC, capital market regulator). Other relevant regulations promoting robust financial condition for insurance companies relate to paid up capital, solvency margin regulations which are in development, Corporate Governance guidelines and the newly introduced Life and Non-Life Insurers' Asset Investment Regulations – 2019. The aim of these regulations is to promote performing insurance companies.
- **Consideration of alternative measures of financial strength, both financial and non-financial**, given the absence of solvency margin regulations in Bangladesh and while solvency margin and other relevant regulations evolve.
- **A close look at the panorama of the Bangladesh insurance market** which is now going experiencing a number of IPO transactions, in the light of a recent directive issued by the BSEC which requires insurance companies to be listed within 3- 5 years of their inception.

- **A deep dive into current insurance financial reporting in Bangladesh** and how this information can be leveraged to provide quantitative inputs for financial condition reporting, while highlighting any limitations of current reporting and suggesting enhancements.
- **A suggested format and detailed inputs for a Financial Condition Report for a typical Bangladesh life or non-life insurance company.** The suggested format draws on best practices followed elsewhere around the globe and focuses on the assets and liabilities of the company, risk and capital management based on the company's current business profile, business plan and strategy.
- **A comparison of FCR requirements in different countries,** considering different stages in the evolution of financial condition reporting, different approaches and differing focus areas for regulators.
- **A suggested way forward for Bangladesh to progress financial condition reporting** which draws on best practices followed elsewhere and recommends a standardised, forward-looking approach to producing company financials along with solvency and capital positions on a regular basis. The approach is based on consideration of material risks to which an insurance company is exposed and dependent on availability of adequate and accurate data. The approach also recommends the involvement of an actuary, the Board and the regulator and the availability of the final report in the public domain to improve transparency.



About the Organisers

PABL currently plays a significant role in building the capability of insurance professionals in Bangladesh. Since its inception it can boast around 9,500 certifications issued. PABL is the only private training institution in Bangladesh which is strategic partnered with world's one of the best premier professional bodies for the insurance and financial planning professions, Chartered Insurance Institute (CII), UK. This expertise places PABL well to provide broader consulting services to the industry.

KAP is a 77-year family firm operating across South Asia and the Middle East. KAP are one of the leading domestically owned players in the South Asian market for actuarial and risk consulting. With several fully qualified and experienced actuaries and a significant technical consulting team, it is established as a top-tier firm and also part of [Abelica Global](#) (a consortium of actuarial firms around the world). KAP's clients cut across all industry sectors in its Employee Benefits practice, as well as serving regional Life Insurance and Non-Life Insurance companies. KAP offerings include Asset Liability Modelling, Scheme Design and Product Pricing, Statutory Valuations and Reporting, Risk Based Capital Valuations, Financial Conditions Reporting, Liability Adequacy Testing, Bonus Declaration, Debit/Credit Card Redeemable Points Valuations, IBNR Valuations, Employee benefits valuations and design for corporates etc.

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