

General Insurance Business in Bangladesh  
- Its Patterns, Problems and Prospects

Thesis

SUBMITTED FOR THE AWARD OF THE  
Master of Philosophy

IN

Marketing  
BY

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Registration No. 17/94-95

M.Phil.

UNDER THE SUPERVISION OF  
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DEPARTMENT OF MARKETING  
FACULTY OF BUSINESS STUDIES  
UNIVERSITY OF DHAKA  
DHAKA, BANGLADESH  
FEBRUARY, 1999

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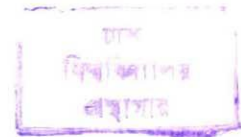
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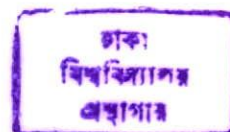
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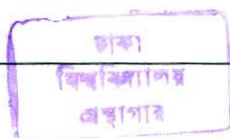
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## PREFACE

General insurance business is basically a service giving and salesmanship oriented industry. Now-a-days general insurance firms appear to be much popular among educated urban people. The present study was undertaken to find out the patterns, problems and prospects of general insurance business in Bangladesh and also attempts were made to identify the policy holders opinion and attitude toward general insurance firms.

This thesis is divided into six chapters. Chapter I (General Insurance, Services and Marketing) explains the concepts of insurance, concepts of general insurance and general insurance business, significance of general insurance, concepts of services, concepts of general insurance services, definitions of marketing and relationship between marketing and general insurance. Chapter II (General Insurance Services Marketing Mix) discusses the insurance product, core and supplementary services for general insurance, description of

general insurance policies, concepts of insurance rate, premium and rate making, general insurance pricing methods, direct and indirect distribution and promotion mix strategies. Chapter III (Research Design, Methodology and Review of Related Literature) discusses justification, objectives, and limitations of the study. This chapter also discusses study area and study population, data collection from primary and secondary sources, type of research design, questionnaire development and pre-testing, sampling procedure, statistical techniques applied, method of bibliography, data processing, software and technological support for the study and review of related literature. Chapter IV (General Insurance Business in Bangladesh: An Overview) discusses major insurance organizations in Bangladesh and a brief history of general insurance business in Bangladesh. Chapter V (Analysis of Findings) presents various aspects of general insurance business. It also discusses the policy holders attitude toward general insurance firms. Moreover, this chapter deals with problems and recommendations. Chapter VI (Future Prospects,

Conclusions and Future Research Directions) discusses future prospects, conclusions and future research directions. At the end of the thesis, two sets of questionnaires are also annexed which were administered on insurance personnel and policy holders.

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## EXECUTIVE SUMMARY

Although general insurance firms emerged in Bangladesh during pre-liberation period. In recent years they are becoming increasingly popular in our country. At present there are about twenty five general insurance firms operating in Bangladesh.

In order to investigate the patterns, problems and prospects of general insurance business and to identify the policy holders attitude toward general insurance firms, an empirical study was conducted in Dhaka and Narayanganj districts. In conducting the study, both primary and secondary data have been used. The primary data and information were collected from the concerned insurance personnel and policy holders on the basis of two sets of semi structured questionnaires prepared in the light of the objectives of the study through personal interview. Moreover, tariff related

information were gathered from the member secretary of the central rating committee (general insurance) through informal interview. Fifteen general insurance firms were selected through snowball sampling. Moreover, fifty policy holders were selected by simple random sampling method. Side by side, secondary data were collected through personal visits to various sources. The main sources are : Bangladesh Insurance Academy, Bangladesh Insurance Association, Dhaka University Central Library, Information Services Network Limited and Bureau of Business Research. Collected data and information have been processed by personal computer and the statistical techniques viz; Karl Person's coefficient of correlation, Spearman rank correlation, contingency table and chi-square test have been used in the analysis. Data and information have been critically analyzed in order to make the study informative, critical, analytical and useful.

The study shows that majority of the private general companies are followed long organizational hierarchical

procedure. Majority of the general insurance firms belong to age group 11-15 years. The study also shows that majority of the general insurance firms are public limited company. The net income of The Pragati Insurance Limited, The Central Insurance Company Limited, The Prime Insurance Company Limited, The United Insurance Company Limited and The Meghna Insurance Company Limited have been increased during 1996 to 1997. The study also reveals that majority of the firms are selected industrialists as their target groups. Again it shows that majority of the firms followed friends as their prospecting technique. The study also shows that majority of the insurance personnel are received payment on claims as complaint. The present study shows that majority of the firms will follow training as future activity. The study reveals that all firms are engaged in the nine major type of insurance policies namely fire, marine, burglary, cash in transit, cash in safe/counter, motor vehicle, fidelity guarantee, engineering and personal accident insurance. The study also

shows that tariff is setting by the Central Rating Committee (General Insurance). To preparing tariff, the organization is considered several factors such as environment, loss ratio, type of industry and so on. The present study shows that majority of the firms or development officers sell their policies directly to the policy holders. All general insurance firms follow all of the promotion tools except Sadharan Bima Corporation (SBC). Majority of the firms are always preferred magazines.

The present study shows that majority of the policy holders are industrialists and their income group 35001-45000 Taka. Karl Pearson's coefficient of correlation, Spearman rank correlation and chi-square tests show that the occupation of the policy holders is strongly related with the income of the policy holders. Majority of the policy holders are male and they belong to the age group 31-40. The study also indicates that majority of the policy holders belong to the age group 31-40 and they also belong to the income group 35001-45000

Taka. Majority of the policy holders are received marine policy. The study also reveals that majority of the policy holders gather knowledge about general insurance firms from development officers. Majority of the policy holders select firms for their own interest. Majority of the policy holders stated that it (present premium rate) is unnecessary payment.

Most of the policy holders stated that long procedure, harassment, supervisory problem, bribery, difficult to find out development officers, formalities maintain is much more expensive and official procedure is much more complex are the leading problems regarding to draw the claim.

The insurance personnel mentioned that claims settlement, reinsurance, policy holders want credit, policy holders fail to show necessary documents, underwriting and unusual reduction of premium are the major problems faced from the policy holders. They also stated that unethical business practice, inactive role of the office of the controller

of insurance, lack of awareness about the utility of insurance, shortage of quality people, defective act and lack of innovation of new insurance policies are the leading problems faced from the external environment. In conclusion, the insurance personnel gave a few recommendations to improve the efficiency of general insurance business. Their recommendations include the staff of the office of the controller of insurance should be honest and sincere, the office of the controller of insurance should be strengthened with professional people, political unrest should be removed, creation of efficient marketing force through motivation and training, high standard of professionalism should be introduced, introducing new type of insurance policies, license should be void for those insurance firms who provide more commissions, proper action should be introduced for those firms who provide credit and to raise awareness about the utility of insurance by introducing syllabus about insurance from secondary level to higher secondary level.



# CHAPTER ONE

## GENERAL INSURANCE, SERVICES AND MARKETING

### 1.1 GENERAL INSURANCE

#### 1.1.1 Concepts of Insurance

#### 1.1.2 Concepts of General Insurance and General Insurance Business

#### 1.1.3 Significance of General Insurance

### 1.2 SERVICES AND GENERAL INSURANCE

#### 1.2.1 Concepts of Services

#### 1.2.2 Concepts of General Insurance Services

### 1.3 MARKETING AND GENERAL INSURANCE

#### 1.3.1 Definitions of Marketing

#### 1.3.2 Relationship between Marketing and General Insurance

## REFERENCES

# CHAPTER ONE

## GENERAL INSURANCE, SERVICES AND MARKETING

### 1.1 GENERAL INSURANCE

#### 1.1.1 Concepts of Insurance

The functional definition of insurance is that it is a method whereby the uncertain risks of individuals are combined in a group through small individual contributions out of which those who suffer losses are reimbursed (Tikadia, 1995). The legal definition of insurance is that it is a promise by an insurer to an insured of protection and/or service. By “protection” is meant making good financial loss; and by “service”, rendering aid of various sorts in connection with the promise of protection (Mowbray et al., 1969). The economic definition of insurance is that it is an economic institution that reduces risk by combining under one management, a group of objects so situated that the aggregate accidental losses to which the group is subject become predictable within narrow limits (Greene, 1968). The financial

definition of insurance is that it is a financial arrangement which redistributes the costs of unexpected losses (Dorfman, 1978). The social definition of insurance is that it is a social device which combines the risks of individuals into a group, using funds contributed by members of the group to pay for losses (Athearn, 1977). Insurance may be defined in the context of psychology as a device for the reduction of anxiety of the insured by transfer of part of the risk to which he is, or believes he is, exposed to another, the insurer, who promises to indemnify him for the financial losses that arise from the perils insured against (Pfeffer and Klock, 1974).

The five viewpoints from which insurance can be defined summarized as below :

Table 1 : Definitions of insurance

Viewpoint	Objective	Technique
Economic	Reduction of uncertainty	By transfer and combination
Legal	Transfer of risk	Through payment of a premium by insured to insurer in a contract of indemnity

(Cont.)

Viewpoint	Objective	Technique
Business	Sharing of risk	By transfer from individuals and businesses to a financial institution specializing in risk.
Social	Collective bearing of losses	By all members of a group contributing to pay losses suffered by unfortunate ones
Mathematical	Predicting and distributing losses	By actuarial estimates based upon principles of probability.

Source : David L. Bickelhaupt (1974), *General Insurance*, Richard. D. Irwin, Inc. Homewood, Illinois, Ninth Edition, p. 32.

From the Table 1, in economic sense, insurance is a method which reduces risk by a transfer and combination (or "pooling") of uncertainty in regard to financial loss. From a legal standpoint, an insurance contract or policy is used to transfer risk for a premium (price) from one party known as the insured or policyholder to another party known as the insurer. As a business institution, insurance has been defined as a plan by which large numbers of people associate

themselves and transfer to shoulders of all risks that attach to individuals. From social stand point, insurance is a social device for making accumulations to meet uncertain losses of capital which is carried out through the transfer of the risks of many individuals to one person or to a group of persons. In a mathematical sense, insurance is the application of certain actuarial (insurance mathematics) principles (Bickelhaupt, 1974).

#### 1.1.2 Concepts of General Insurance and General Insurance Business

General insurance is a contract of indemnity (Habibulla and Ghosh, 1989). General insurance is also known as nonlife insurance. The general insurance includes property insurance, liability insurance and other forms of insurance. Fire and marine insurance's are strictly called property insurance. Motor, theft, fidelity and machine insurance's include the extent of liability insurance to a certain extent (Mishra, 1989). Basically, General insurance is an insurance by which all of

the properties, assets, resources and other potential liabilities are covered against any loss, destruction or damage thereof.

General insurance business is traditionally divided into fire, marine and miscellaneous classes. It is relevant to consider the definitions provided in section 2 of the Insurance Act, 1938:

“General insurance business” means fire, marine or miscellaneous insurance business whether carried on singly or in combination with one or more of them (6c).

### 1.1.3 Significance of General Insurance

General insurance is a commercial activity, its involvement in promoting social justice cannot be ignored.

Some of the social and economic environments of general insurance may be listed as below :

- a) It contributes to social stability and peace of mind by protecting business firm and the family.
- b) The entrepreneur with adequate insurance coverage is a better credit risk.

c) Cash reserves that insurers accumulate bringing about a better allocation of insurance resources and increasing production.

d) Since the supply of funds for investment is huge, so it is available at a lower cost than would otherwise be true.

e) There are many other social and economic values of insurance but perhaps the greatest value lies in the many benefits derived from the reduction of risk in the society (Murshid, 1995).

f) It reduces the uncertainty of business losses.

g) It increases business efficiency.

h) It contributes the economic growth of the country.

i) It reduces the inflationary pressure (Mishra, 1989)

j) It increases marginal utility of assets (Bickelhaupt, 1974).

k) It helps to promote competition in business (Kensicki et al., 1986).

## 1.2 SERVICES AND GENERAL INSURANCE

### 1.2.1 Concepts of Services

Services are intangible-dominant products that cannot be physically possessed-the result of applying human or mechanical efforts to people or objects (Pride and Ferrell, 1989). Services are often described as intangible, ephemeral, and experiential (Lovelock, 1991). Services are identifiable, intangible activities that are the main object of a transaction designed to provide want-satisfaction to customers (Stanton et al., 1994). This definition includes such services as insurance, entertainment, airlines, and banking, but does not include such services as wrapping and delivery, because these services exist only in connection with the sale of a product or another service (Peter et al., 1982).

### 1.2.2 Concepts of General Insurance Services

General insurance services are highly intangible and commercial oriented. The services that it provides are information processing oriented which do not require the customer's physical presence from an operational standpoint. The interactions between customer and service provider can often be conducted at arm's length by mail, telephone, or by



other electronic media (Lovelock, 1991). Its services are delivered on a continuous basis and characterized by high interaction between producer and consumer where the role and interface of customers and staff are being so vital. Basically, general insurance services are information processing oriented, commercial oriented, highly intangible and are highly interactive between producer and consumer, being delivered on a continuous basis.

### 1.3 MARKETING AND GENERAL INSURANCE

#### 1.3.1 Definitions of Marketing

The definitions of marketing can be grouped into two major categories: classical (narrow) definitions and modern (broad) definitions. In classical terms, marketing is defined as the performance of business activities that direct the flow of goods and services from producer to consumer or user (Alexander, 1960). These classical definitions of marketing are oriented toward the physical movement of economic goods and services. As such, they have several weaknesses. The role of physical distribution and marketing channels is overvalued.

Government and nonprofit institutions, which are now frequently engaged in marketing, are omitted. The importance of exchange between buyers and sellers is overlooked. The strong impact on marketing by many publics –such as employees, unions, stockholders, consumer groups, and government agencies- is not considered.

In modern terms, marketing involves goods, services, organizations, people, places and ideas. Moreover, marketing involves research; stimulating, facilitating, and regulating demand; and fulfilling expectations (Evans and Berman, 1987).

### 1.3.2 Relationship between Marketing and General Insurance

Risk is one of the marketing functions. Management can reduce risks by various protective devices. It can shift them, at least in part, to others as by general insurance (Converse et al., 1958). For this reason, general insurance is related with marketing. Moreover, general insurance is one kind of service and it is also related to marketing services. In this way it is related with marketing.

The vocabulary of general insurance differs from the vocabulary of marketing, but the objective can be quite similar. Since the general insurance worker or development officer tries to motivate clients to accept general insurance policies and to maintain high continuation and use-effective rates, the general insurance marketer tries to attract customers to purchase general insurance policies and to maintain consumers satisfaction. So there is no contradiction between the two. In fact, as Peter R. Kensicki and others observed “Marketing means placing business with an insurer. Moreover marketing will mean finding, selling, and servicing insureds” (Kensicki et al., 1986).

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## CHAPTER TWO

### GENERAL INSURANCE SERVICES MARKETING MIX

#### 2.1 PRODUCT

##### 2.1.1 The Insurance Product

##### 2.1.2 Core and Supplementary Services for General Insurance

##### 2.1.3 Description of General Insurance Policies

#### 2.2 PRICE

##### 2.2.1 Concepts of Insurance Rate, Premium and Rate making

##### 2.2.2 General Insurance Pricing Methods

#### 2.3 PLACE

##### 2.3.1 Direct Distribution

##### 2.3.2 Indirect Distribution

#### 2.4 PROMOTION

##### 2.4.1 Advertising

##### 2.4.2 Personal Selling

##### 2.4.3 Sales Promotion

##### 2.4.4 Publicity and Public Relations

#### REFERENCES

## CHAPTER TWO

### GENERAL INSURANCE SERVICES MARKETING MIX

#### 2.1 PRODUCT

##### 2.1.1 The Insurance Product

Many people are of the opinion that insurance is a product--an "intangible product". It is intangible because it cannot be seen or felt. Insurance is service and service is always intangible by nature. Many persons think of the physical piece of paper upon which the insurance contract is written as the whole of insurance. The contract is, no doubt, significance in insurance, but the service beyond the contract is also of tremendous importance to the consumer. Some hold the view that insurance is tangible--it is tangible in the form of a contract, or a loss payment cheque. It is more than a mere piece of paper, because it is also a promise to pay money (Mannan, 1976). Basically, the insurance product was described as a written legal contract plus the "bundle of services" included with it. The educational, motivational,



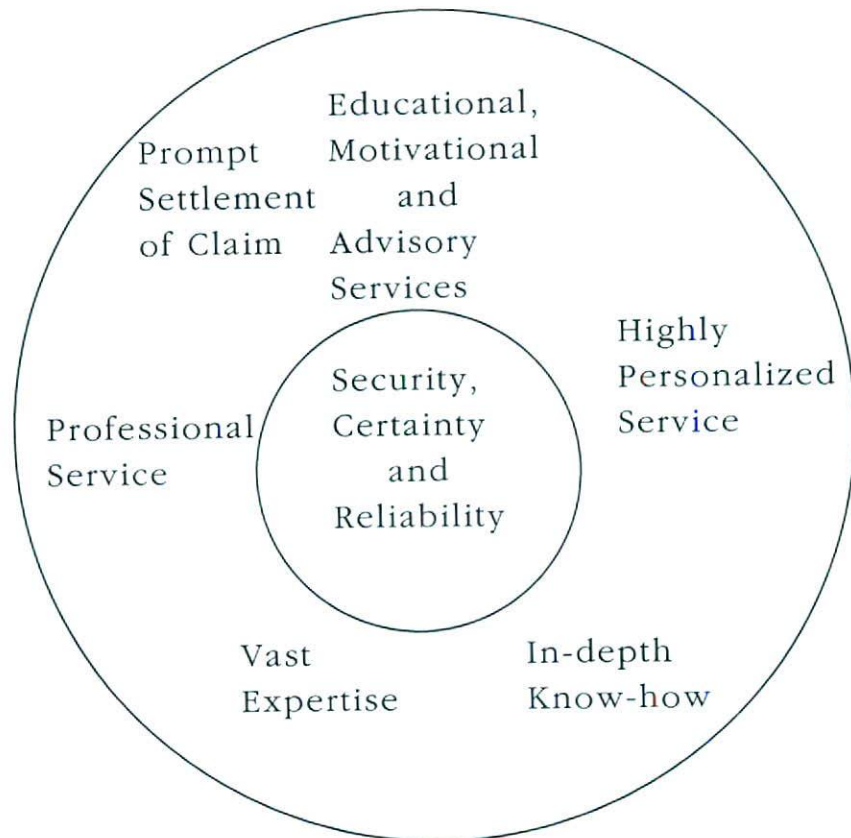
advisory, and other services prior to, at the time of, and after the issuance of the contract make the purchase of insurance at least in some ways dissimilar from buying (Bickelhaupt, 1974) different other products and even other services (Rahman, 1993).

### 2.1.2 Core and Supplementary Services for General Insurance

Figure-1 shows that security, certainty and reliability are the core services for general insurance. The supplementary services for general insurance include educational, motivational and advisory services, highly personalized service, prompt settlement of claim, professional service, vast expertise and in-depth know-how.

Figure-1

Core and supplementary service elements:  
an example for general insurance.



Source : Author

### 2.1.3 Description of General Insurance Policies

For the sake of administrative convenience, the insurance industry has categorized pure risks of businesses into several classes and particular type of policies have been devised for treating the risk of a particular class (Habibulla and Ghosh, 1989). The following are the classes of general insurance policies:

#### A. Fire Insurance Policy

It is a device to compensate for the loss consequent upon destruction by fire (Mishra, 1989). Normally, this policy covers the loss caused by fire of buildings, machines, equipment's, stores, raw materials, vehicles etc. as well as by some extraneous risks like lightning, explosion, flood and cyclone, earthquake etc. (Habibulla and Ghosh, 1989). According to the Insurance Act 1938 "fire insurance business" means the business of effecting, otherwise than incidentally to some other class of insurance business, contracts of insurance against loss by or incidental to fire or other occurrence customarily included among the risks insured against in fire

insurance policies [sec. 2 (6B)]. The policies under fire insurance include (a) fire policy against material loss of damage by standard perils and extraneous perils, (b) fire declaration policy against stock, (c) fire loss insurance policy against theft of stock, (d) house hold all risk policy, (e) all risk policy against contests , and (f) consequential loss policy against business interruption (Sadharan Bima Corporation, 1998)

#### B. Marine Policy

Marine insurance has been defined as a contract between insurer and insured whereby the insurer undertakes to indemnify the insured in a manner and to the interest thereby agreed, against marine losses incident to marine adventure (Mishra, 1989). The policies under marine insurance include (a) all types of marine cargo insurance policy, (b) all types of marine hull insurance policy for sea going and inland water way vessels, and (c) mofussil country boat policy ( Sadharan Bima Corporation, 1998).

### C. Motor Policy

Motor insurance got recently a great momentum. In older times, persons, who were injured or killed through the negligence of the motorists, could not get financial redress either to them or to their legal heirs because no scheme of insurance was present at that time. To mitigate the financial hardship caused to the persons, the Motor Vehicles Act, 1939, as amended from time to time, has made it compulsory for the motorists to insure against the risk of liability to third parties (Mishra, 1989). The policies under motor insurance include (a) act only liability policy, (b) private vehicle comprehensive policy, (c) commercial vehicles comprehensive policy, (d) motor cycle/scooter comprehensive policy, (e) standard form for motor trade policy, and (f) motor trade internal risks policy (Sadharan Bima Corporation, 1998).

### D. Engineering Policy

The provision of engineering cover had its beginnings with boiler explosions. This still forms a major part of the work done by engineering insurers but the increasing

sophistication of industry has resulted in them moving on to cover other forms of engineering plant, particularly lifts, cranes, electrical equipment, engines and, more recently, computers (Dickson, 1986). The policies under engineering insurance include (a) industrial all risk policy, (b) machinery insurance policy, (c) boiler and pressure vessel insurance policy, (d) deterioration of stock in cold storage insurance policy, (e) contractor's all risk policy, (f) erection all risk policy, and (g) refrigeration plant policy (Sadharan Bima Corporation, 1998).

#### E. Aviation Policy

The use of aircraft as a means of transport is increasing each year and because of the specialist and technical nature of the risks associated with it and the high potential cost of accidents, all aviation risks, from component parts to complete jumbo jets, are insured in the aviation insurance market (Dickson, 1986). The policies under aviation insurance include (a) aviation hull insurance policy and (b) aviation

personal accident insurance policy (Sadharan Bima Corporation, 1998).

#### F. Public Liability Policy

This policy provides an indemnity in respect of legal liability for accidental death or bodily injury or accidental damage to property of the parties, arising out of the negligence of the insured or his employees or through defects in the insured's premises or other property owned by him. Legal costs are also payable under the policy. The scope for public liability insurance is very wide as will be evident from the following broad classification of risk such as (a) property owners, (b) shops, warehouses, factories, departmental stores (c) builders and contractors, (d) lifts, (e) hotels and restaurants, (f) hospitals and nursing homes, and (g) cinemas and theatres (Tikadia, 1995).

#### G. Plate Glass Insurance Policy

This policy covers the named-perils of breakage and chemical damage subject to a limited number of exclusions. Protection is provided against (a) broken glass, (b) damage by

acid or chemicals, (c) damage to frames and bars, (d) installation of temporary plates, and (e) removal of obstructions (Magee, 1957).

#### H. Burglary, Robbery and Theft Policy

Burglary is usually defined somewhat narrowly to mean the unlawful taking of property from within a premises, closed for business, entry to which has been obtained by force. Robbery, on the other hand, is defined to mean the unlawful taking of property from another person either by force or by threat of force or by violence. Theft includes all crimes of stealing, not leaving out robbery or burglary. The policies under burglary, robbery and theft include (a) safe burglary policy, (b) mercantile open stock burglary policy (MOS), (c) storekeeper's burglary and robbery policy, (d) money and securities broad form policy and (e) dishonesty, disappearance, and destruction policy (3D) (Greene, 1968).

#### I. Fidelity Guarantee Policy

Fidelity guarantees are designed to provide an indemnity to an employer for financial losses suffered by him due to acts



of dishonesty of his employees handling cash or stocks (Tikadia, 1995).

#### J. Employer's Liability Insurance or Workmen's Compensation Policy

When an employer is held legally liable to pay damages to an injured employee or the representatives of someone fatally injured, he can claim against his employer's liability policy which will provide him with exactly the same amount he himself has had to pay out. In addition the policy will also pay certain expenses by way of lawyer's fees or doctor's charges where an injured man has been medically examined. The intention is to ensure that the employer does not suffer financially but is compensated for any money he may have to pay in respect of a claim. The policy is restricted to damages payable in respect of injury and does not apply where property of an employee is damaged (Dickson, 1986).

#### K. Personal Accident Policy

This policy is designed to provide cover in respect of financial loss that may arise as a result of accidental bodily

injury causing death or disablement. This policy pays fixed benefits as per a scale incorporated in the policy plus medical expenses upto fixed limits (Tikadia, 1995).

L. Professional Indemnity or Liability Policy

Another exception on the basic public liability policy is one relating to liability arising out of professional negligence. This can arise where lawyers, accountants, doctors, insurance brokers and a whole range of professional men do or say things that result in others suffering in some sense. A lawyer may give advice carelessly that results in the person who was relying on the advice losing money. That person would be able to sue the lawyer for an amount equal to what he had lost. The lawyer can effect professional liability insurance to meet the cost of any award against him (Dickson, 1986).

M. Products Liability Policy

These policies provide an indemnity to manufacturers and others against legal liability in respect of accidental death or bodily injury or accidental damage to property caused by any defect in any of the products manufactured, sold or

supplied by the insured. Examples of products that may give rise to liability are pharmaceuticals, electrical appliances, cosmetics, hospital equipment, canned food, industrial machinery, etc. (Tikadia, 1995).

N. Dread Disease Policy

This policy provides an indemnity to policyholders with respect to heart disease, stroke, cancer, kidney damage, sclerosis etc. Medical fitness certificate is not required for this policy (The Muktakantha, 1998).

O. Overseas Mediclaim Policy

The policy covers payment of expenses for medical treatment, business, holiday tour, employment and studies taken by the insured person outside Bangladesh. The policies under overseas mediclaim insurance include (a) overseas mediclaim policy for business and holiday tour, (b) overseas mediclaim policy for employment and studies and (c) overseas mediclaim policy for medical treatment (The Muktakantha, 1998).

P. All Risks Policies

Policies under this form of insurance cover risks in respect of jewelry, plate, watches, personal ornaments and other valuables. Loss or damage by any accident or misfortune including fire, theft, robbery from the person, defective settings or fastening and accidental damage are thus covered (Mishra, 1989).

Q. Export Credit Insurance Policy

The export credit guarantee scheme (E.C.G.S.) is designed to help the exporters in two phases of activities. The first relates to pre-shipment state. This is done through a policy "export finance (pre-shipment) guarantee" issued to the bank which is engaged in financing the exporters. The second relates to post-shipment state where the exporters themselves can avail of the "export finance (post-shipment) guarantee." The policy thus accorded to the exporter covers not only the risk of default in payment but offers further security to the exporter and his banker. To broaden the scope of its operation and make it more effective, however, two more

policies were added later to ECG scheme, namely the “ whole turnover export finance (pre-shipment) guarantee” and the “export payment risks policy” (Alam, 1998).

R. Blood Stock Insurance Policies

These policies relate to racehorses and provide cover in respect of loss of animals by death due to accident or disease (Tikadia, 1995).

S. Householder's and Shopkeeper's Insurance Policies

These policies are governed by the market agreement and provide under one contract, cover for various insurance requirements of an individual householder and small shopkeepers. The cover includes fire (and allied perils like, lightning, explosion, riot, strike and malicious damage, storm, tempest, flood, inundation, earthquake, aircraft damage, impact damage), burglary and housebreaking (theft for householder's insurance policy); personal accident, baggage, plate glass and public liability. Under householders insurance policy covers for television, jewelry and valuables (on all risks basis), domestic appliance-machinery breakdown perils are

available. The business is classified nontraditional, and discounts off the premium are allowed for selecting more than four and six covers (Tikada, 1995).

#### T. Crop Insurance Policy

Crop insurance aims at providing indemnity to those farmers who would sustain losses arising out of the happening of unforeseen eventuality or contingency such as inclement weather, cyclone, flood, draught, hailstorm, insects, pests and various crop diseases (Chaudhuri, 1981).

#### U. Livestock Insurance Policy

Livestock insurance refers mainly to the insurance of horses and cattle (Mishra, 1989). The policy covers death resulting from disease or accident, coverage extends to death from any causes except intentional slaughter without the consent of the insurance company. The policies under livestock insurance include (a) general livestock policy, (b) mortality floater policy, (c) floater coverage, (d) limited coverage, and (e) trip-transit policies (Magee, 1957).

V. Prawn Culture Insurance Policy

Sadharan Bima Corporation (SBC) introduced prawn culture insurance policy in 1994. Different insurance company have shown their keen interest in introducing new policies to cover export oriented prawn culture and prawn processing firms if reinsurance facilities are available (Ibnul, 1998).

W. Other Classes of Miscellaneous Insurance Policies

The scope of miscellaneous insurance is very wide and is continually expanding to provide cover for a wide range of new risks and contingencies (Tikadia, 1995). Some of the more important policies are medical malpractice policy, unemployment insurance policy (Dorfman, 1978), crime insurance policy (Athearn, 1977), skyjacking insurance policy, legal-expense insurance policy, securities brokers failure policy (Bickelhaupt, 1974), pension plan involuntary withdrawal insurance policy, tax audit insurance policy, tender offer defense expense insurance policy, alimony insurance policy, private bank deposit insurance policy, pollution and environmental impairment liability policy, stamp

and coin collection floater policy, wedding present floater policy (Vaughan, 1989), patent protection policies, libel liability policy (Magee, 1957), health insurance policy, nuclear energy insurance policy, records destruction insurance policy, errors and omissions insurance policy, title insurance policy (Mowbray et al., 1969), sexual harassment policy (Internet web site: [www.insure.com/](http://www.insure.com/), 1998).

## 2.2 PRICE

### 2.2.1 Concepts of Insurance Rate, Premium and Rate making

An insurance rate is the price per unit of insurance (Vaughan, 1989) or exposure (Williams, Jr. and Heins, 1981). The price per unit is referred to as the “rate” or the “premium rate” (Athearn, 1977). An insurance rate is the unit price of a particular contract of insurance, for a particular person and/or financial interest, against specified loss, during a specified period (Mowbray et al., 1969).

The price paid for insurance, called the premium, is the rate per unit of coverage multiplied by the number of units purchased (Mehr and Cammack, 1980). A premium is



determined by multiplying the rate by the number of units of protection purchased (Vaughan, 1989). The total price--the rate times the number of units--is the "premium"(Athearn, 1977). An insurance premium is the total price, which is usually calculated by multiplying the rate times the number of units of insurance or exposure (Williams, Jr. and Heins, 1981).

Pricing the product in insurance is called "rate making" because it is the process of determining the premium rate per unit (Athearn, 1977). Insurance pricing, or rate making, involves the calculation of each policy owner's fair share of losses and expenses (Mehr and Cammack, 1980). The process of predicting future losses and future expenses and allocating these costs among the various classes of insured is called rate making (Vaughan, 1989).

### 2.2.2 General Insurance Pricing Methods

General insurance pricing methods can be divided into three major categories: (A) individual or judgment rating, (B) manual or class rating and (C) merit or modification rating.

A. Individual or Judgment Rating

The earliest method used for rating property and liability risks was called judgment rating and consisted of a subjective appraisal of the chance of loss for a particular risk. The insurer would establish a rate on a case by case basis using intuitive judgment to determine the degree of risk involved. If the rate was set too low, the insurance company would lose money; if the rate was set too high, the prospective insured would buy insurance elsewhere. By basing his judgment on past experience and with a knowledge of current developments and future prospects, a competent insurer will estimate the probabilities well enough to assure a long run profit. The judgment rating is necessary when a risk cannot reasonably be included in homogeneous group of risks (Pfeffer and Klock, 1974). Judgment rating is used when credible statistics are lacking, or when the exposure units are so varied that it is impossible to construct a class. This technique is most frequently applied in the ocean marine field, although it is also used in other lines of insurance

(Vaughan, 1989). Judgment rating is not wholly unscientific, as rate makers often use some other crude statistics in judging each exposure (Mehr and Cammack, 1980).

#### B. Manual or Class Rating

Manual rating, defined as class or blanket rating, represents the combination of large groups of similar exposures into classes. All exposures in the classification are charged the same rate (Mehr and Cammack, 1980). Class rates are used in health, fire, and automobile insurance, as well as other lines (Athearn, 1977).

There are three basic approaches to determining changes in class rates: (a) the pure premium approach, (b) the loss ratio approach, and (c) the credibility approach.

##### (a) The pure premium approach

The rate charged each class of exposures is constructed of two parts: (i) a pure premium, which is composed of expected losses and loss adjustment expenses, and (ii) a loading to reflect all other expenses and a reasonable underwriting profit. The pure premium is derived for a

specific experience period as follows (Pfeffer and Klock, 1974):

$$\text{Pure premium rate} = \frac{\text{Losses and loss adjustment expenses incurred}}{\text{Number of exposure units}}$$

(b) The loss ratio approach

The loss ratio is the ratio of losses and loss adjustment expenses incurred as related to premiums earned. The loss ratio equation may be given by the expression (Pfeffer and Klock, 1974):

$$\text{Loss ratio} + \text{Expense ratio} = \text{Underwriting or trade profit (loss)}$$

$$\frac{\text{Losses \& loss adjustment expense}}{\text{Premiums earned}} + \frac{\text{Expenses paid}}{\text{Premiums written}} = \text{Underwriting or trade profit (loss)}$$

Under the loss ratio approach, the actual loss ratio during some representative period in the past is compared with a permissible or expected loss ratio. The actual loss ratio is usually the ratio of the losses incurred to the premiums that would have been earned if the current premium rates had

been in effect during the experience period. The permissible loss ratio is the portion of the premium that the actuary allocates for losses (Williams, Jr. and Heins, 1981). The loss ratio formula may be given by the expression (Athearn, 1977):

$$\frac{A - E}{E}$$

Where, A = Actual loss ratio

E = Expected or permissible loss ratio.

(c) The credibility approach

Credibility refers to the statistical significance given to the class loss exposure (Mehr and Cammack, 1980). Credibility refers to the degree to which the rate-maker can rely on the accuracy of loss experience observed in any given area (Greene, 1968). The credibility formula may be given by the expression (Mehr and Cammack, 1980) :

$$RM = \left( \frac{A}{E} - 1.00 \right) \times C$$

Where

RM is the rate modification percentage.

A is the actual loss ratio.

E is the expected loss.

C is the credibility factor.

The concept of credibility may be stated succinctly by a formula (Greene, 1968):

$$PP = PP_i (Z) + PP_p (1-Z)$$

Where

PP = Pure premium to be developed for a given insured, i,

PP<sub>i</sub> = Pure premium based on the insured's past experience.

PP<sub>p</sub> = Pure premium based on the past experience of the larger population to which the insured belongs, and

Z = The weight (credibility factor) to be applied to the insured's past experience. Z is a number ranging from 0 to 1.

### C. Merit or Modification Rating

Merit rating or modification rating varies the rate charged insured in the same classification, based on the insured's past experience, actual or anticipated experience for the policy term, or both (Mehr and Cammack, 1980). Merit rating may lead to either an increase or a decrease from manual rates (Pfeffer and Klock, 1974). There are four basic types of merit rating: (a) schedule rating, (b) experience rating, (c) retrospective rating, and (d) premium – discount plans.

#### (a) Schedule rating

Schedule rating, as its name implies, makes rates by applying a schedule of charges and credits to some base rate to determine the appropriate rate for an individual exposure unit (Vaughan, 1989). Schedule rating can encourage loss prevention. The fullest exploitation of this characteristic requires the assumption of an average standard exposure. Schedule rating is important only in fire insurance on commercial properties. It is used to a limited extent in

liability, burglary, and glass insurance to modify experience rates (Mehr and Cammack, 1980).

(b) Experience rating

Under an experience rating system, a modification is made in the manual rate to reflect the insured's past experience. Because past experience modifies future rates, this experience rating plan is known as prospective experience rating. A credibility factor is assigned which varies directly with the volume of experience (Mehr and Cammack, 1980). Although the formulas used in practice assume a variety of forms, the following formula illustrates the basic principles (Pfeffer and Klock, 1974):

$$M = \frac{A - E}{E} \times Z \times T$$

Where

M = Experience rating modification factor.

A = Loss ratio actually incurred in the previous period.



E = Expected loss ratio used in determining the manual premium for the given class.

Z = Credibility factor.

T = Trend factor.

(C) Retrospective rating

Retrospective rating is similar to experience rating except that credits are awarded by the insurance company for favorable experience during the insurance policy year. An anticipatory dividend, or rate credit, is applied at the inception of the policy period with an adjustment made after the close of the period. This is sometimes referred to as the anticipatory dividend method (Pfeffer and Klock, 1974). The following formula or some slight variation is used in practice (Williams, Jr. and Heins, 1981):

Retrospective premium = [Basic premium + (losses  $\times$  loss conversion factor)]  $\times$  tax multiplier.

(d) Premium discount plans

Premium discount or size discount plans produce relatively lower class premiums, schedule premiums or

experience premiums for large premium insureds. Size discount plans usually provide a table of discounts that are applied to the premiums otherwise developed (Williams Jr. and Heins, 1981).

## 2.3 PLACE

### 2.3.1 Direct Distribution

Many insurers write business directly, thereby eliminating agents from the transaction. They solicit business through vending machines, direct mail campaigns, and desks in airports and other strategic places. Insurers using the direct selling system are known as direct writers to distinguish them from agency insurers. The exclusive agency system insurers often are incorrectly called direct writers. The latter term should be reserved for insurers using sales personnel or direct mail (Mehr and Cammack, 1980).

#### A. The branch office system

Direct selling insurers often operate through well placed branch offices, each staffed with sales persons who solicit and service business in its territory (Mehr and Cammack,

1980). Under the branch office system the field is covered by branch offices, each in charge of a branch manager. It is an extension of the head office into the field. The purpose of the branch office is control over the business and convenience in service to and supervision of agents (Mowbray et al., 1969). The branch manager is paid a salary and usually an incentive bonus (Mehr and Cammack, 1980). The success of a branch manager, moreover, is largely assessed in terms of new business premium income of a profitable nature, and much of his time may be spent in outdoor work (Dinsdale and Mc Murdie, 1983). The insurer pays all office expenses. Unlike the general agent, the branch manager is not independent but is supervised by the insurer. The manager's employees are employees of the insurer. The branch office is increasingly popular, because the insurer gains more direct control over product marketing and servicing (Mehr and Cammack, 1980).

#### B. Salaried representatives

Some general insurance companies, called "direct writers", place business through representatives who are

employees of the company. Compensation for such employees may be a salary and/or a commission or bonus related to the amount of business they secure for the company. Such representatives pay none of the expenses connected with securing or servicing business (Athearn, 1977).

### 2.3.2 Indirect Distribution

The channel of distribution for a majority of property insurance lines is indirect. A system of middlemen, comparable to the wholesaler-retailer system in tangible-goods marketing, is used. In property insurance, the middleman most comparable to the wholesaler is called the general agent, while the retailer is called the local agent or broker (Greene, 1968).

#### A. General agent

In property insurance, the general agent usually has a great deal of authority over the distribution of the insurance contract. While he does not "take title" in the same sense that a wholesaler would take title to the inventory that he purchases from a manufacturer, nevertheless, the general

agent has the incidents of ownership that accomplish almost the same purpose as would be accomplished by outright ownership (Greene, 1968). The general agent's function is to appoint subagents, hire salaried sales representatives, solicit business, develop brokerage accounts, or use any combination of methods. General agents must produce business or they will lose their contracts. General agents earn commissions on all business sold through their offices. From these commissions, operating costs, salaries, and the commissions of those who produce business are paid. Sometimes, general agents share in profits earned on business submitted by their offices, or receive a bonus for attaining given goal. Some general agents receive service fees and expense allowances. In property and liability insurance, the agent may have duties beyond of a sales manager, such as the responsibility for underwriting and claims administration. Large general agencies employ their own special agents, loss control experts, adjusters, and auditors (Mehr and Cammack, 1980).

The general agent, like a wholesaler, usually represents more than one company (Greene, 1968).

B. Local agent or broker

The local agent, likewise, is an independent middleman in the property insurance business. Known as the “retailer”, he deals with the final consumer of insurance. The local agent may represent from ten to twenty separate insurers in his office. He has authority to bind these insurers on most of the contracts that he writes. In most cases the local agent is supplied with forms, and has the authority to write a policy in his office and deliver it to the insured. The local agent “owns” the business he writes. That is, he has the legal right of access to customer files and to solicit the renewal of policies. The insurer does not have the right to give this renewal information to another agent. If the insurer cancels the agency contract of the local agent, usually the local agent will renew the policies of this insurer with a new insurer, and there is little that the old insurer can do about it. The agent works on a commission basis. He has the responsibility of collecting

premiums and after retaining his commission, remits the balance to the general agent or to the insurer directly. Brokers operate in a manner similar to local agents, although legally they represent the consumer, not the insurer (Greene, 1968).

## 2.4 PROMOTION

### 2.4.1 Advertising

Advertising is non-personal and involves mass media communication of messages to large numbers of people at the same time. Although company advertising expenditures can be very high, especially in the case of consumer goods and services, the cost of reaching vast numbers of people is often far cheaper than other promotional means. Where there is little tangible difference between service providers and service offerings within a particular market sector, advertising can play a fundamental role in differentiation and positioning. Advertising is an extremely powerful tool for developing a strong brand or organizational image. It can be used to create awareness and stimulate demand, and can successfully underpin the other marketing mix elements (Woodruffe, 1995).

In the field of general insurance, insurers use advertising in varying quantities depending on their needs and available resources (Rahman, 1993). They solicit business through newspapers, magazines, television, bill boards, banners and stickers advertisements.

#### 2.4.2 Personal Selling

Personal selling takes many forms but consists of the seller engaging in some kind of personal contact with the customer or potential customer in order to persuade them to make a purchase (Woodruffe, 1995).

In the field of general insurance, insurers solicit business through development officers. They emphasis on sales meetings, telemarketing and incentive programs.

#### 2.4.3 Sales Promotion

Sales promotion consists of all those activities which can help of stimulate purchase of goods and services (Woodruffe,1995). Sales promotion includes all the activities conducive to the procurement of business (Samad, 1982).



In the field of general insurance, insurers publish various sales promotional materials and distribute them among the members of the public to make sale easier for the branch manager and development officer. A few of the sales promotional materials which general insurance companies usually publish are: direct mail letters, new years greetings and birthday greetings, cards, calendars, gift materials etc. (Samad, 1982). Moreover, they emphasis on entertainment and rebates.

#### 2.4.4 Publicity and Public Relations

Publicity refers to communications about organizations, products or services which is not paid for or sponsored by the organization in question. Offer it takes the form of news reports and announcements (Woodruffe, 1995). On the other hand, public relation is not a single track process. It generally applies to a corporate body, which is in relationship with vest masses of the public (Khaleque,1987).

In the field of general insurance, insurers attempt to restore good public relations through the use and application

of public relations tools. These are: press kits, seminars, annual reports, sponsorship of games, corporate brochures and often publicity material.

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## CHAPTER THREE

### RESEARCH DESIGN, METHODOLOGY AND REVIEW OF RELATED LITERATURE

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## CHAPTER THREE

### RESEARCH DESIGN, METHODOLOGY AND REVIEW OF RELATED LITERATURE

#### 3.1 JUSTIFICATION OF THE STUDY

An important feature of Bangladesh economy since (Habibulla and Ghosh, 1989) the government allowed private insurance companies to function, a total of 16 general insurance companies have entered into the insurance industry in Bangladesh. As the position now stands general insurance business in Bangladesh is transacted by Sadharan Bima Corporation, a state-owned insurance organization and 24 private sector companies. With the emergence of these private sector companies volume of general insurance business in the country has expanded substantially as evident from the fact that while in 1985 total volume of premium income in the country was around Tk. 108 crore only (Murshid, 1993), in 1996 it stood around Tk. 344 crore (Editorial, 1997).

General insurance companies are the significant part of our country's financial system and can play an important role in investing the surplus funds into productive sectors such as approved securities including national bond, ordinary or preference shares and debentures of companies incorporated in Bangladesh with certain restrictions, immovable property or real estate, mortgage loan on immovable property, short term and fixed deposits with scheduled banks and bridge financing under a share underwriting agreement with certain conditions (Uddin, 1990).

In recent years, general insurance companies are much popular in our country. Local investors are now interested in investing in general insurance business. Therefore, this study is justified on this ground. Information about the marketing patterns of general insurance firms and its problems and prospects will enable the interested investors in this area to undertake their investment profitably.

Unfortunately there has been very little research work on general insurance especially in Bangladesh. Keeping all those

considerations in minds, I have taken-up the issue as a research agenda with a view to fulfilling the gap that exists in the business literature of general insurance in Bangladesh.

### 3.2 OBJECTIVES OF THE STUDY

The study has been conducted with the following objectives :

1. To know the important terms of general insurance services.
2. To analyze the relationship between marketing and general insurance.
3. To ascertain the role of the individual elements of marketing mix in the general insurance business.
4. To analyze the role of major insurance organizations in Bangladesh.
5. To know the historical background of general insurance business in Bangladesh.
6. To compare organizational hierarchy between public sector Sadharan Bima Corporation and private sector general insurance companies in Bangladesh.

7. To study the age, form of ownership and performance of the general insurance firms in Bangladesh.
8. To identify the major target groups of the general insurance firms in Bangladesh.
9. To see the prospecting method followed by the general insurance firms.
10. To identify the complaints received by the insurance personnel from the policy holders.
11. To identify the future plan of general insurance firms in respecting to improve the quality of service.
12. To evaluate the marketing strategies (especially product, place and promotion strategies) followed by the general insurance firms in Bangladesh.
13. To analyze the methods of setting premium/tariff by the central rating committee (general insurance)
14. To assess the attitudes of the policy holders toward general insurance firms.
15. To find out the problems faced by the policy holders regarding to draw the claim.

16. To find out the problems faced by the insurance personnel from the policy holders and the external environment.
17. To evaluate the prospects of general insurance business in Bangladesh.
18. To suggest how to overcome these problems.

### 3.3 STUDY AREA AND STUDY POPULATION

The study was limited to Bangladesh. But the study has been conducted in fifteen head offices of general insurance firms, located in Dhaka city and fifty policy holders from Dhaka and Narayanganj districts. The main reason for limiting the study due to (i) head offices of general insurance firms represent all over the branch offices of general insurance firms in Bangladesh; (ii) resource and time constraints of the researcher ; (iii) easy access for collecting data and information and (iv) nearness from the residence of the researcher.

The population of this study was the insurance personnel of head offices of general insurance firms and

those policy holders who already received one or more general insurance policy or policies.

### 3.4 TYPE OF RESEARCH DESIGN

The development of an empirical study requires a large, representative sample. Because of the sample size requirement and the desire for strong external validity, a cross-sectional field survey method of data collection was employed (Bunn, 1993). By definition, cross-sectional designs involve the collection of information from any given sample of population elements only once (Malhotra, 1993).

### 3.5 DATA COLLECTION FROM SECONDARY SOURCES

Secondary data were collected through personal visits to various sources. The main sources are :

Bangladesh Insurance Academy-Dhaka.

Bangladesh Insurance Association-Dhaka.

Dhaka University Central Library –Dhaka.

Information Services Network Ltd.-Dhaka.

Bureau of Business Research –Dhaka.

For the collection of premium income, personnel and insurance policy related data I have largely dependent on annual reports and official records of different general insurance firms and the office of the controller of insurance. I abundantly found helpful from different magazines and the articles published in the journals, mainly Bank Bima, The Industry, Insurance Journal, Beema etc. Moreover, the desk study, covered text books and various published and unpublished materials on the subject.

### 3.6 DATA COLLECTION FROM PRIMARY SOURCES

The primary data and information were collected from the concerned insurance personnel and policy holders on the basis of two questionnaires through personal interview. Moreover, tariff related information were gathered from the central rating committee (general insurance) through informal interview.

### 3.7 QUESTIONNAIRE DEVELOPMENT AND PRE TESTING

To achieve the objectives of the study, two sets of semi structured questionnaires were developed to collect

information from the remaining sample population i.e. insurance personnel and policy holders. Initially two draft questionnaires were prepared. The initial questionnaires were pre tested and necessary correction were made before being finalized.

### 3.8 SAMPLING PROCEDURE

A total of 15 insurance personnel were selected to collect information. They were selected by the snowball sampling<sup>1</sup> procedure. Moreover, a total of 50 policy holders were selected to collect information. They were selected following simple random sampling procedure. At first 500 policy holders were listed at my convenience from two districts. Then only 50 sample were taken from this 500 policy holders. In case of absence of any unit, several visits were made. As a result, it took long time to collect information from respondents selected by random number.

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<sup>1</sup> Snowball sampling is a non-probability sampling technique in which additional units are referred by initial respondents (Ackoff, 1953).



## 3.9 STATISTICAL TECHNIQUES APPLIED

### 3.9.1 Pie chart

A pie chart presents the data in the form of a circle. The “slices” represent the absolute or relative (percentages) proportions (Webster, 1992).

### 3.9.2 Karl Pearson’s Co-efficient of Correlation

It is also referred to as Pearson correlation coefficient, simple correlation, product moment correlation, bivariate correlation, or merely the correlation coefficient. The Pearson coefficient measures the strength of association between two metric (interval or ratio scaled) variables (Malhotra,1993) From a sample of  $n$  observations,  $X$  and  $Y$ , the product moment correlation ( $r$ ) can be calculated (Malhotra, 1993; Gupta and Gupta, 1989; Spiegel, 1992) as :

$$r = \frac{\Sigma (X-\bar{X}) (Y-\bar{Y})}{\sqrt{\Sigma (X-\bar{X})^2 \Sigma (Y-\bar{Y})^2}}$$

$$= \frac{\Sigma xy}{\sqrt{(\Sigma x^2) (\Sigma y^2)}}$$

In these equations,  $\bar{X}$  and  $\bar{Y}$  denote the sample means of X and Y variable.  $x$  denotes  $(X-\bar{X})$  and  $y$  denotes  $(Y-\bar{Y})$ .

### 3.9.3 Spearman Rank Correlation

The Spearman rank correlation measures the relationship between two variables that have been ordinally ranked from lowest to highest (or highest to lowest). The Spearman rank correlation coefficient ( $r_s$ ) is calculated using (Webster,1992)

Formula :

$$r_s = 1 - \frac{6\Sigma d^2i}{n(n^2-1)}$$

When  $d_i$  is the difference between the rankings for each observation

$n$  is the sample size.

### 3.9.4 Contingency Table

A contingency table is a cross tabulation table that contains a cell for every combination of categories of the two variables (Malhotra,1993).

Let us designate the two attributes as A and B where attribute A is assumed to have r categories and attribute B is assumed to have c categories. Furthermore, assume the total number of observations in the problem is N. A representation of these observations is shown below in a table-2 where  $O_{ij}$  represents the observation in the  $i^{\text{th}}$  row and  $j^{\text{th}}$  column. Such a table in the matrix form is called a contingency table and is shown below :

Table 2 : Contingency table

		Attribute B					Total
		$B_1$	$B_2$	$B_3$ -----	$B_j$ -----	$B_c$	
Attribute A	A1	$O_{11}$	$O_{12}$	$O_{13}$ ----	$O_{1j}$ ----	$O_{1c}$	$R_1$
	A2	$O_{21}$	$O_{22}$	$O_{23}$ ----	$O_{2j}$ ----	$O_{2c}$	$R_2$
	A3 ⋮	$O_{31}$ ⋮	$O_{32}$ ⋮	$O_{33}$ ----	$O_{3j}$ ----	$O_{3c}$ ⋮	$R_3$ ⋮
	Ai ⋮	$O_{i1}$ ⋮	$O_{i2}$ ⋮	$O_{i3}$ ----	$O_{ij}$ ----	$O_{ic}$ ⋮	$R_i$ ⋮
	Ar	$O_{r1}$	$O_{r2}$	$O_{r3}$ ----	$O_{rj}$ ----	$O_{rc}$	$R_r$
	Total	$C_1$	$C_2$	$C_3$ -----	$C_j$ -----	$C_c$	N

Source : S.P. Gupta and M. P. Gupta (1989) , Business Statistics , Sultan Chand & Sons, New Delhi, P.616.

In the table 2,  $R_i$  is the total of  $i^{\text{th}}$  row and  $C_j$  is the total of  $j^{\text{th}}$  column. The frequencies in these cells are termed as cell frequencies in each of the rows ( $R_i$ ) and columns ( $C_j$ ) are termed as marginal frequencies (Gupta and Gupta, 1989).

### 3.9.5 Chi- square test

The chi-square test is one of the simplest and most widely used non-parametric tests in statistical work (Gupta and Gupta, 1989). The test is used for nominal data (two nominal variables) that are independent. All events in the table should be independent. This means that no two frequencies can be based on the same individual. However, the chi-square statistic is used in a test of hypothesis for group differences (Davis and Cosenza, 1985). The formula for computing chi-square (Gupta and Gupta, 1989) is:

$$X^2 = \sum \frac{(O-E)^2}{E}$$

Where,

O= observed frequency

E= expected or theoretical frequency

### 3.10 SOFTWARE AND TECHNOLOGICAL SUPPORT FOR THE STUDY

In this study, the entire analysis is done in personal computer. A well known statistical package SPSS (Statistical Package for the Social Sciences) for Windows 7.5 Version was used in order to analyze the data. Internet was also used in order to collect information. Moreover, Windows 95 Version was used in order to computer composing the thesis.

### 3.11 METHOD OF BIBLIOGRAPHY

In this study, the APA (American Psychological Association) method was used for preparing references and bibliography. This method is now using in various journals such as Journal of Marketing (American Marketing Association), Journal of Marketing (Dhaka University), Dhaka University Journal of Business Studies, Journal of Business Administration and so on.

### 3.12 DATA PROCESSING

Questionnaires were edited to correct inconsistencies and eliminate omissions. After the completion of data

collection manual editing had been done. During editing, necessary corrections had been made against any discrepancies founded in the collected data. This was done by checking with internal consistencies.

Coding is the conversion of entire questionnaires into symbols which can be used as input to the tabulating equipment. Coding is widely used in the computer analysis of data. The collected data were both pre and post coded by numerical number according to the variable and then transferred to the code sheet.

The data from the code sheet were transferred to the diskette through data entry machine. Great care was taken in handling the data and correction was made whenever necessary.

### 3.13 LIMITATIONS OF THE STUDY

The study suffers from some limitations as below :

1. The study has concentrated only on urban policy holders and as such no general conclusion can be drawn from

the findings of the study about their attitude toward general insurance firms.

2. The policy holders did not accurately provide data such as income, age etc. which were highly confidential to them and as a result, the authenticity of such data hampered to some extent.
3. Reluctance of general insurance firms, particularly private general insurance companies, in providing data on the plea of secrecy hampered concrete analysis of findings, in many cases.
4. This is a cross-sectional study, but not a longitudinal one. As a result chronology of changes of general insurance business could not be documented.
5. Fund and time constraints compelled the researcher to limit the scope of the study.

### 3.14 REVIEW OF RELATED LITERATURE

So far our knowledge goes, a large number of research studies, articles relating to various aspects of general insurance have been published in Bangladesh. However, a critical review of some of the important research studies/articles have been made in this study. A study entitled Insurance Business in Bangladesh (Ahmed, 1977), was conducted in 1977. The study focused on the history of insurance business in Bangladesh, present pattern and problems of insurance business in Bangladesh, policy holders and agents views on insurance business in Bangladesh etc.

Again, another study on "General Insurance Business in Bangladesh" authored by Mohammad Habibulla and Santi Narayan Ghosh (Habibullah and Ghosh, 1989) was related to performance of Sadharan Bima Corporation. In this study, kinds of risks underwritten by Sadharan Bima corporation, laws governing insurance business in Bangladesh, the management structure of the Sadharan Bima Corporation and



performance and achievement of Sadharan Bima Corporation were analyzed.

An article on “A review of Bangladesh general insurance industry” by M. M. Murshid (Murshid, 1993), highlighted the history, drawbacks and remedial measures of general insurance business in Bangladesh.

Lastly, another study on “General Insurance Business in Bangladesh: Study on New Dimensions” by Shah Ibnul (Ibnul, 1998), mainly assessed the extent of general insurance policies in Bangladesh, presence of non-traditional policies, demand of nontraditional policies, desire to introduce new policies, channels and promotional tools followed by the general insurance firms, several types of risk faced by the general insurance firms etc. This study did not mention the method of setting tariff by the Central Rating Committee (General Insurance). Moreover, this study provides wrong information relating to channels and promotional tools followed by the general insurance firms.

Thus, it appears from the preceding discussions that, general insurance business in Bangladesh have not been addressed from the angle of services marketing in the context of Bangladesh. It would, therefore, not be unjustifiable to state that, the present study is the first of its kind in Bangladesh and can be used for guidelines for the similar studies in years ahead.

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## CHAPTER FOUR

### GENERAL INSURANCE BUSINESS IN BANGLADESH: AN OVERVIEW

#### 4.1 MAJOR INSURANCE ORGANIZATIONS IN BANGLADESH

##### 4.1.1 Bangladesh Insurance Academy

##### 4.1.2 Bangladesh Insurance Association

##### 4.1.3 The Office of the Controller of Insurance

#### 4.2 A BRIEF HISTORY OF GENERAL INSURANCE BUSINESS IN BANGLADESH

##### 4.2.1 British Rule

##### 4.2.2 Immediate before Liberation

##### 4.2.3 Nationalization of Insurance in Bangladesh

##### 4.2.4 Insurance in Private Sector

#### REFERENCES

## CHAPTER FOUR

### GENERAL INSURANCE BUSINESS IN BANGLADESH: AN OVERVIEW

#### 4.1 MAJOR INSURANCE ORGANIZATIONS IN BANGLADESH

##### 4.1.1 Bangladesh Insurance Academy

The Bangladesh Insurance Academy came into being in 1973 through a government resolution. It functions as an autonomous body under the administrative control of the Ministry of Commerce. The Academy was established with the aim to provide training, professional education, conduct research and publish books on insurance. The Academy offers a Diploma course on insurance. Till now 112 professional have been awarded Diploma. The Academy provides the opportunity for taking up the Chartered Insurance Institute's Associate-ship (ACII, London) Course. The Academy has also started Actuarial Society of India (ASI) and CIP (Certificate in Insurance Practice) course under CII (London). Since its inception (upto December 1996) the Academy conducted 252 in-service training courses, 115 sales training courses, 10 training courses for the officers of public sector corporations,

8 courses for surveyors, 11 courses on computer and 3 trainers training (TOT) courses. There were 10,772 participants in these courses (Mandal, 1998). The Academy might explore the possibilities of framing "Exchange Program" with the foreign insurance institutions. This would accelerate the process of developing modern teaching methodologies in our training mechanism and open up scope for jointly organized research (Haque, 1990). The Academy conducts national and international seminars and workshops. It has a library equipped with more than six thousand books, magazines, journals and booklets on insurance and other allied subjects. The Academy has a panel of lecturers who are professionally qualified, highly experienced executives from insurance companies, and academics from universities and other training and educational institutions. The Academy has published several books on insurance. Course books are also being published for BIA Diploma course. The Academy publishes an internationally reputed insurance journal every year. Moreover, annual essay competitions, special lecture



programs, seminars and workshops organized by BIA have generated interest and enthusiasm among the professionals and concerned people of the country (Mandal, 1998).

#### 4.1.2 Bangladesh Insurance Association

From the very beginning the private sector insurance companies formed an association styled “Bangladesh Insurance Association” (Mandal, 1998). To develop professionalism, the Association has already introduced regular training programs to train up young executives of member companies. Moreover, the Association has been in touch with authorities for removal of certain problems that hinder the growth of the insurance industry in the country (Beema, 1997). The Association publishes a half yearly bulletin for private insurance companies.

#### 4.1.3 The Office of the Controller of Insurance

With a view to controlling and supervising the transaction of insurance business properly in India, the then British Govt. enacted the first Indian Insurance Act in 1912. As time passed by and the volume of insurance business

increased substantially, the second Insurance Act in the nomenclature of the Insurance Act IV of 1938 was passed, embodying and amending the former Act. And a separate Division in the name of Insurance Division was created under the said Act. The Chief Executive of this Division was named as the Controller of Insurance (Loqman, 1995). In 1995, Bangladesh Govt. created a new post named Chief Controller of Insurance". He was the supreme head of this division (Ahmed, 1998). The number of employees of the office of the controller of insurance is shown below :

Table - 3 : Number of employees of the office of the controller of insurance

Posts	Number of employees
Chief Controller of Insurance	1
Controller of Insurance	1
Deputy Controller of Insurance	2
Assistant Controller of Insurance	4
Third Class Employees	28
Fourth Class Employees	14
Total	50

Source : Office Record, The Office of the Controller of Insurance, 139 Motijheel Commercial Area, (2nd Floor), Dhaka.

## 4.2 A BRIEF HISTORY OF GENERAL INSURANCE BUSINESS IN BANGLADESH

### 4.2.1 British Rule

The insurance services in Bangladesh were perhaps brought in by the English trading companies during the period of British Rule in India. With the development of insurance both at Lloyd's as well as in the company market, many British companies opened their branches throughout the British India and later on some Indian entrepreneurs entered into the insurance business. The first indigenous insurance organization of the then India was "Bombay Mutual" established in 1817. Thence forth many insurance companies flourished in India (Mannan, 1976).

### 4.2.2 Immediate before Liberation

Immediate before liberation (16 December, 1971) 67 insurance companies used to operate in Bangladesh. Table-4. shows the number of companies and their country of domicile.

Table-4 : Number of countries and their country of origin

Country of origin	Number of companies
Australia	1
Bangladesh	15
New Zealand	2
Pakistan	29
United Kingdom	15
USA	5
Total	67

Source : Mir Musharraf Hossain (1994) , Insurance, Laws of Bangladesh, Insurance Journal, June, Volume 46, Bangladesh Insurance Academy, Dhaka, P.15.

#### 4.2.3 Nationalization of Insurance in Bangladesh

On the 26th of March, 1972, Presidential Order No. 30 was declared. The President promulgated the Bangladesh Insurance (Emergency Provision) Order with a view to taking over the management of certain insurance companies. By this order, the management of the companies, other than foreign companies, were taken over by the Government of Bangladesh, but they were not nationalized.

The nationalization of insurance industry was effected by another declaration of the Presidential Order No. 95 promulgated on 8th August, 1972. It is known as the Bangladesh Insurance (Nationalization) Order 1972. As a matter of fact, insurance industry was nationalized from that date.

After nationalization, the Government of Bangladesh felt the necessity of a national insurance corporation to look after the affairs of insurance and accordingly the President passed the Bangladesh Insurance Corporation Order of 1972. With the promulgation of the order, the regional office of the Pakistan Insurance Corporation was dissolved and Bangladesh Insurance Corporation was formed.

Under the Bangladesh Insurance (Nationalization) Order, 1972, five corporations were established, of which four were subsidiary corporations and one was controlling corporation known as Jatiya Bima Corporation. Of the subsidiary corporations, two were for life insurance namely Surma Bima Corporation and Rupsa Jiban Bima Corporation

and two other were for general insurance, i. e. Teesta Bima Corporation and Karnaphuli Bima Corporation. The Jatiya Bima Corporation was established in order to co-ordinate and supervise the activities of these subsidiary corporations. Thus, although these corporations were established on 8th August, 1972, the subsidiary corporations were allowed to use the name and seal of the insurance companies. The idea was that the work of integration of the unit companies under each subsidiary corporation would be completed by December, 1972 and the new established corporation would start functioning from the 1st of January, 1973. The integration work of the offices and employees suffered a lot due to various reasons and the liquid assets were being rapidly depleted. Such being the position, the Government decided to reorganize the nationalized insurance industry and promulgated the Insurance Corporations Ordinance (Ordinance No. VII of 1973) which was, later on, converted into a Bill, passed by the parliament as the Insurance Corporations Act, 1973. Jatiya Bima Corporation was abolished

under this Act and two new corporations, one for life insurance business and the other for general insurance business, i.e. Jiban Bima Corporation and Sadharan Bima Corporation (Mandal, 1998).

Since formation of Sadharan Bima Corporation (SBC) on 14th May, 1973 with the exclusive monopoly right to carry on all kinds of general insurance and reinsurance business in the country (Murshid, 1993).

#### 4.2.4 Insurance in Private Sector

The Government in order to tide over the country's stagnant economic condition, took up a de-nationalization/privatization program. As part of this policy, the Government decided in 1984 to privatize the insurance industry partly so as to allow some sort of competition and thereby achieving a healthy economic growth. Thus two necessary Ordinances--The Insurance (Amendment) Ordinance, 1984 (Ordinance No. L of 1984) and The Insurance Corporations (Amendment) Ordinance, 1984 (Ordinance No. LI

of 1984) were promulgated to allow insurance companies to operate in the private sector (Mandal, 1998).

In July 1985, Bangladesh General Insurance Company Limited (BGIC) was floated as the first general insurance company in the private sector of Bangladesh and gradually within a short span of 4 (four) years 16 (sixteen) general insurance companies were floated. Again in 1996, 8 (eight) new general insurance companies were floated bringing the total private general insurance companies in the country to twenty four (Haq, 1996). Year wise (From 1985 to 1996) registration of private general insurance companies in Bangladesh is given below :

Table- 5: Number of private general insurance companies in Bangladesh.

Year	No. of General insurance companies
1985	5
1986	6
1987	2
1988	3
1989	0
1996	8
Total	24

Source : G. M. Mandal (1998), Insurance Industry in Bangladesh : an overview, Insurance Journal, April, Volume 49, Bangladesh Insurance Academy, Dhaka, P.18.



The government has a plan to allow more insurance companies in the private sector to facilitate insurance policies to the people throughout the country (The Bangladesh Observer, 1998). Some 10 (ten) applications have so far been submitted to the Prime Minister's Secretariat seeking permission to float general insurance companies. Probable new companies are Western General Insurance Company Limited, South Asia Insurance Company Limited, Sonar Bangla Insurance Company Limited, Asia Pacific General Insurance Company Limited, Desh General Insurance Company Limited, Continental Insurance Company Limited, Agrani Insurance Company Limited, Modern Insurance Company Limited, The Union Insurance Company Limited and Asia Pacific Insurance Company Limited (Bank Bima, 1998).

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## CHAPTER FIVE

### ANALYSIS OF FINDINGS

#### 5.1 PATTERNS OF GENERAL INSURANCE BUSINESS IN BANGLADESH

5.1.1 Organizational Hierarchy of General Insurance Firms

5.1.2 Age of the General Insurance Firms

5.1.3 Form of Ownership of General Insurance Firms

5.1.4 Performance of the General Insurance Firms

5.1.5 Major Target Groups of the General Insurance Firms

5.1.6 Prospecting Method Followed by the General Insurance  
Firms

5.1.7 Complaints Received by the Insurance personnel from  
the Policy Holders

5.1.8 Future Plan of General Insurance Firms in Respecting to  
Improve the Quality of Service

5.1.9 General Insurance Policies Provided by the General Insurance Firms to the Policy Holders

5.1.10 Methods of Setting Premium/ Tariff by the Central Rating Committee (General Insurance)

5.1.11 Channels of Distribution Followed by the General Insurance Firms

5.1.12 Promotion Mix Followed by the General Insurance Firms

5.1.13 Duration of Advertisement and Types of Media

5.2 POLICY HOLDERS ATTITUDE TOWARD GENERAL INSURANCE FIRMS

5.2.1 Occupation and Income of the Policy Holders

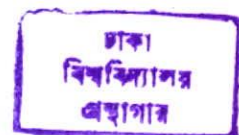
5.2.2 Age and Sex of the Policy Holders

5.2.3 Age and Income of the Policy Holders

5.2.4 Policy Received by the Policy Holders

5.2.5 Sources of Knowledge Received by the Policy Holders about the General Insurance Firms

5.2.6 Reasons Behind the Selection of the Firm



5.2.7 Several Type to Complaints Regarding Present Premium  
Rate (s)

5.2.8 Benefits Received by the Policy Holders for Continuing  
the Premium

### 5.3 PROBLEMS AND RECOMMENDATIONS

5.3.1 Problems Faced by the Policy Holders Regarding to  
Draw the Claim

5.3.2 Problems Faced by the Insurance personnel from the  
Policy Holders

5.3.3 Problems Faced by the Insurance personnel from the  
External Environment

5.3.4 Recommendations Put Forward by the Insurance  
personnel

### REFERENCES

## CHAPTER FIVE

### ANALYSIS OF FINDINGS

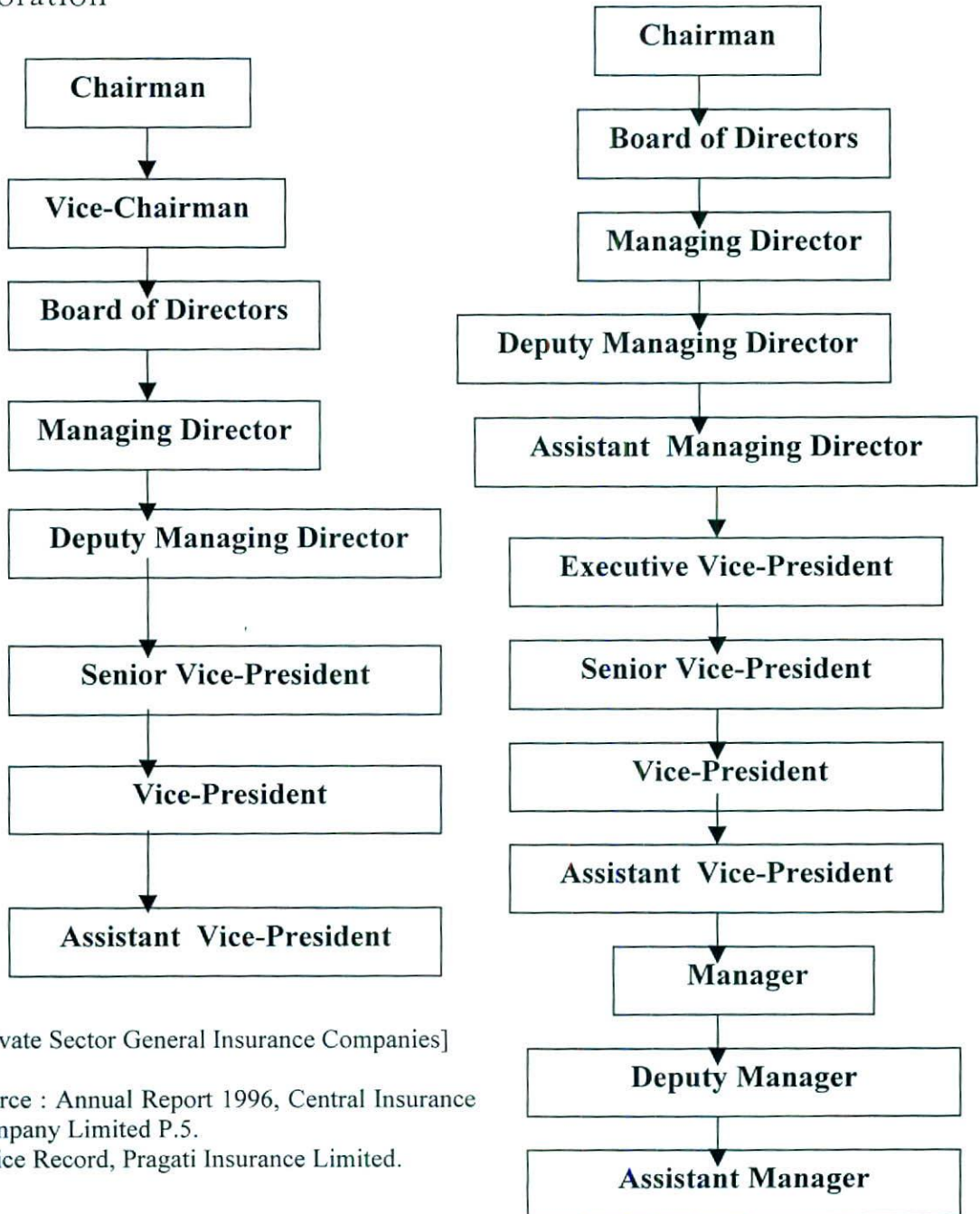
#### 5.1 PATTERNS OF GENERAL INSURANCE BUSINESS IN BANGLADESH

##### 5.1.1 Organizational Hierarchy of General Insurance Firms

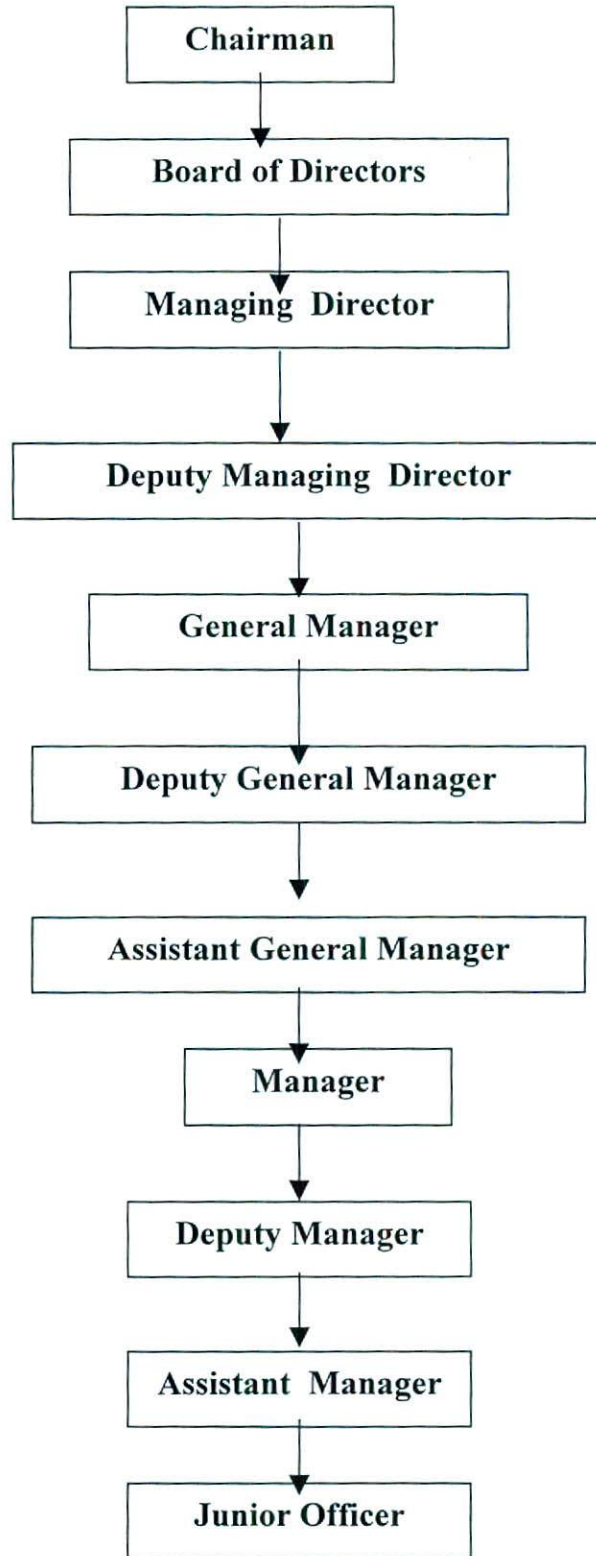
Figure-2 shows that at the top of the organization, there is a Board of Directors headed by one Chairman who presides over the meetings of the Board (Ahmed, 1977). The second position is occupied by the Vice-Chairman. In most cases, the second position is occupied by the Board of Directors. The next position is occupied by the Managing Director who is the Chief Executive of the Organization having the supervisory authority over all the heads of the departments (Ahmed, 1977). The next position is occupied by the Deputy Managing Director. In private sector, the next position is occupied by the Assistant Managing Director. In public sector, the next position is occupied by the General Manager. The post of General Manager has been created in order to keep the

Managing Director free from routine affairs so that he can give more attention to the major administrative and policy matters (Ahmed, 1977) The other position is depicted as below :

Figure 2 : Organizational hierarchy of private sector general insurance companies and public sector Sadharan Bima Corporation







[Public Sector Sadharan Bima Corporation]

Source : Office Record, Sadharan Bima Corporation.

### 5.1.2 Age of the General Insurance Firms

It appears from Table 1 in Appendix A that a large proportion of the general insurance firms i. e. about 53.33 percent are 11 to 15 years of age. Very small proportion of the firms i. e. about 13.33 percent are 6 to 10 years and older than 20 years of age.

It can be seen from Graph 1 in Appendix A that 53.33 percent of the general insurance firms belong to age group 11-15 years, where as 33.33 percent of the firms belong to age group Below-5 years.

### 5.1.3 Form of Ownership of General Insurance Firms

Ownership of general insurance firms in Bangladesh in 1998 is mostly as public limited company (about 93.33 percent). About 6.67 percent of the firm is owned as corporation (Appendix A : table 2 )

### 5.1.4 Performance of the General Insurance Firms

Table 3 in Appendix A shows that the net income of The Pragati Insurance Limited, The Central Insurance Company

Limited, The Prime Insurance Company Limited, The United Insurance Company Limited and The Meghna Insurance Company Limited had increased during 1996 to 1997. On the other hand, the net income of the Bangladesh General Insurance Company Limited, The Peoples Insurance Company Limited, The Eastern Insurance Company Limited and The Reliance Insurance Company Limited had decreased during 1996 to 1997.

#### 5.1.5 Major Target Groups of the General Insurance Firms

It is observed from the table 4 in appendix A that about 100 percent of the firms are selected industrialists as their target groups and only 20 percent of the firms are selected players and housewives as their target groups. It is clear from the above that firms give more emphasis on industrialists in selecting the target groups.

#### 5.1.6 Prospecting Method Followed by the General Insurance Firms

Table- 5 in Appendix A reveals that about 80 percent of the firms are followed friends as their prospecting technique

and only 13.33 percent of the firms are followed development officers and chambers guide as their prospecting methods. It is clear from the above that firms give more emphasis on friends in searching prospects.

#### 5.1.7 Complaints Received by the Insurance Personnel from the Policy Holders

Table 6 in Appendix A indicates that about 33.33 percent of the personnel are received payment on claims as complaints and only 26.67 percent of the personnel are received policy wording, terms, conditions, warranty and erase or error of typing as complaints.

#### 5.1.8 Future Plan of General Insurance Firms in Respecting to Improve the Quality of Service

Table 7 in Appendix A depicts that about 46.67 percent of the firms will follow training as future activity and only 13.33 percent of the firms will establish strong claims department and increase branches as future activities. It is clear from the above that firms will give more emphasis on training as future activity in respecting to improve the quality of service.

### 5.1.9 General Insurance Policies Provided by the General Insurance Firms to the Policy Holders

Table 8 in Appendix A shows that all firms are engaged in the nine major type of insurance policies namely fire insurance, marine insurance, burglary insurance, cash in transit, cash in safe/counter, motor vehicle, fidelity guarantee, engineering insurance and personal accident insurance. On the other hand, Sadharan Bima Corporation engages in non traditional type of policies such as crop insurance, live stock, prawn culture, export credit guarantee scheme, traveler's baggage and loss of license. The loss ratio is very high so that private companies do not engage in non traditional type of policies.

### 5.1.10 Methods of Setting Premium/Tariff by the Central Rating Committee (General Insurance)

Bangladesh is a tariff<sup>2</sup> market like other developing countries in the world. It is mandatory for every insurer to abide by the tariff (Mahbubuzzaman, 1998). This tariff is

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<sup>2</sup> Insurance tariff is concerned, a prescribed rules and regulations as well as rates leading to underwriting policies are set out in the book (Mahbubuzzaman, 1998).

prepared by the Central Rating Committee (General Insurance). To preparing tariff, the organization is considered several factors such as procurement cost, delivery cost, loss ratio,<sup>3</sup> environment, class of construction, type of industry, perils<sup>4</sup> covered and so on. The membership of the organization is composed of Chief Controller of Insurance, Controller of Insurance from the Office of the Controller of Insurance, Managing Director, General Manager, Deputy General Manager from Sadharan Bima Corporation (SBC), Member Secretary from Central Rating Committee (General Insurance) and representative from Bangladesh Insurance Association (BIA). This type of organization is essential because many companies do not have a sufficiently large volume of business in certain lines to enable them to develop rates that are statistically sound (Greene, 1968).

#### 5.1.11 Channels of Distribution Followed by the General Insurance Firms

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<sup>3</sup>The loss ratio is the percentage that losses incurred in a given year bear to the premiums earned in a given line of insurance during that year (Greene, 1968).

<sup>4</sup>A peril may be defined as a contingency which may cause a loss (Greene, 1968).

The prevailing general insurance marketing channel is depicted in figure 3 as given below:

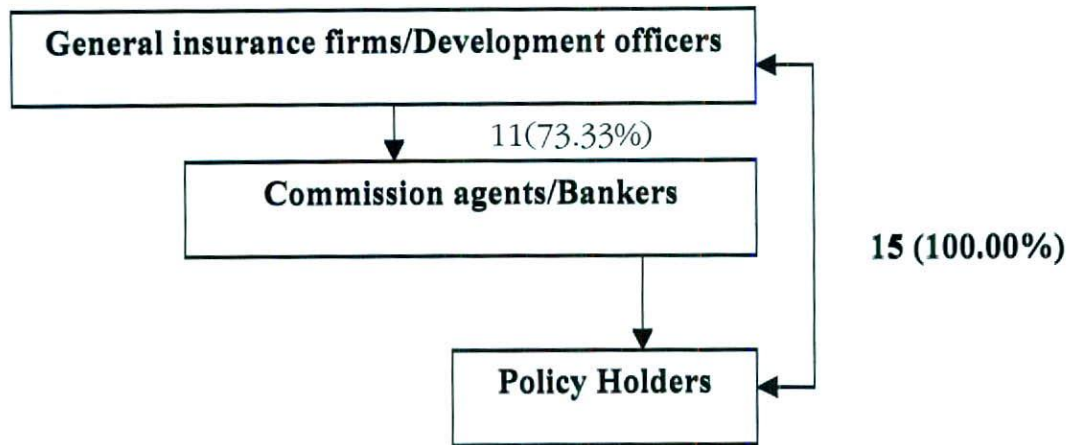


Figure 3 : Channels of distribution for general insurance business in Bangladesh.

Figure 3 shows that general insurance are channeled through different paths. From the figure 3 it is observed that general insurance firms or development officers sell their policies(100.00 percent) directly to the policy holders. Sometimes general insurance firms sell their policies (73.33 percent) through commission agents or bankers. In the case of direct distribution or zero level channel, policy holders directly receive commissions from the general insurance firms or development officers. On the other hand, one level

channel, commission agents or bankers receive commission from general insurance firms. It is notable that Sadharan Bima Corporation does not provide any type of commissions. Only private insurance companies can provide commissions.

#### 5.1.12 Promotion Mix Followed by the General Insurance Firms

Table 9 in Appendix A shows that all general insurance firms follow all of the promotion tools except Sadharan Bima Corporation (SBC). Because Sadharan Bima Corporation does not recruit development officers or sales representatives. For this reason, Sadharan Bima Corporation (SBC) follows all of the promotion tools except personal selling. Basically, general insurance firms emphasis on various media of advertising such as television, magazines, newspapers and so on. Private general insurance companies also recruit development officers for selling their policies. Moreover, general insurance firms distribute various sales promotional materials such new year's greetings, card, calendar, dinner set, tape, cassette player, clock, knife, diary, telephone index, and so on. Side by side



they provide special rebates and entertain their policy holders. Moreover, they also emphasis on publicity such as press kits, speeches, seminars, annual reports, charitable, donations, public relations and so on.

#### 5.1.13 Duration of Advertisement and Types of Media

Table 10 in Appendix A indicates that majority of the general insurance firms are always preferred magazines<sup>5</sup> and their percentages are 86.67 percent and only 6.67 percent of the firms are always preferred others (brochures, booklets, transportation, journals etc.). Moreover, 73.33 percent of the firms are often preferred newspapers<sup>6</sup>. Side by side the same table shows that about 26.67 percent of the firms are hardly preferred televisions.

## 5.2 POLICYHOLDERS ATTITUDE TOWARD GENERAL INSURANCE FIRMS

### 5.2.1 Occupation and Income of the Policy Holders

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<sup>5</sup>Majority of the general insurance firms always prefer ads on these type of magazines such as weekly Evidence, monthly Economic Observer, Banker, monthly Panorama , fortnightly Bank Bima, The Industry, fortnightly Arthokotha etc.

<sup>6</sup>Majority of the general insurance firms often prefer ads on these type of newspapers such as 'The Daily Ittefaq', 'The Muktakantha' etc.

Table 1 (a) in Appendix B depicts that majority of the policyholders are industrialists and their income group 35001-45000Tk. and their percentages are 18 percent. About 12 percent of the policy holders are traders and they belong to the income group 25001-35000Tk, 12 percent of the policy holders are importers and they belong to income group 35001-45000Tk and only 8 percent of the policy holders are exporters and they belong to the income group 45001 and above.

Table : 1(b) in Appendix B indicates that the computed Karl Pearson's coefficient of correlation value in .118 which indicates positive relationship between occupation and income.

The computed Spearman rank correlation value is .027 which indicates positive relationship between occupation and income.

Table 1 (c) in Appendix B shows that the computed value (57.402) of chi-square is greater than the table value (31.4). The hypothesis is rejected and we conclude that the

occupation of the policy holders is related with the income of the policy holders.

#### 5.2.2 Age and Sex of the Policy Holders

Table- 2 in Appendix B shows that majority of the policy holders are male and they belong to the age group 31-40 and their percentages are 50 percent and only 6 percent policy holders are female and they belong to the age group 31-40. From the table it is notable that majority of the policy holders are male.

#### 5.2.3 Age and Income of the Policy Holders

Table - 3 in Appendix B indicates that majority of the policy holders belong to the age group 31-40 and they also belong to the income group 35001-45000 and their percentages are 32 percent and only 2 percent policy holders belong to the age group 41 thru high and they belong to the income group 25001-35000.

#### 5.2.4 Policy Received by the Policy Holders

Table- 4 in Appendix B shows that majority of the policy holders are received marine policy and their percentages are

44 percent and only 12 percent policy holders are received engineering policy.

#### 5.2.5 Sources of Knowledge Received by the Policy Holders about the General Insurance Firms

Table- 5 in Appendix B reveals that majority of the policy holders gather knowledge about general insurance firms from development officers and their percentages are 64 percent and only 6 percent policy holders gather knowledge about general insurance firms from centers of influence (basically bankers) .

It can be seen from Graph 1 in Appendix B that 64 percent of the policy holders gather knowledge about the general insurance firms from development officers, where as 6 percent of the policy holders gather knowledge about firms from bankers (centers of influence)

#### 5.2.6 Reasons Behind the Selection of the Firms

Table- 6 in Appendix B shows that majority of the policy holders select general insurance firms<sup>7</sup> for their own interest

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<sup>7</sup> Mowbray, Blanchard and Williams (1969) reveal that the five criteria are important for selecting an insurer : a) security b) contract c) service d) attitude and e) price. Dorfman (1978) reveals that the three criteria are important for choosing an insurance company (a) financial strength, (b) fairness and promptness in processing claims by insureds and (c) ability and willingness to provide service before and after the loss.

and their percentages are 40 percent, 36 percent policy holders select firms for personal relationship and only 6 percent policy holders select firms for family relation.

#### 5.2.7 Several Type of Complaints Regarding Present Premium Rate (s)

Table- 7 in Appendix B shows about 28 percent of the policy holders state that it is unnecessary payment and only 4 percent policy holders state that new premium rate creates trouble or botheration.

#### 5.2.8 Benefits Received by the Policy Holders for Continuing the Premium

Table - 8 in Appendix B indicates that about 38 percent of the policy holders receive 10 percent discount from general insurance firms for continuing the premium and only 28 percent policy holders receive no claim bonus (NCB) from firms for continuing the premium.

### 5.3 PROBLEMS AND RECOMMENDATIONS

#### 5.3.1 Problems Faced by the Policy Holders Regarding to Draw the Claim

In this study, an attempt was made to identify the problems regarding to draw claim from the policy holders point of view and as such, I put two general questions to the policy holders “ a) have you ever faced any problems to draw the claim? b) if the answer is yes, then mention the problem(s) that you have faced.” While mentioning the problems, one policy holder could report more than one problems and Table 1 (Appendix –C) shows the frequency of responses. Although respondents mentioned as many as seven problems, a careful look into the data of Table 1 in Appendix-C demonstrates that, of the reported problems, long procedure, harassment, supervisory problem, difficult to find out development officers, bribery, formalities maintain is much more expensive and official procedure is much more complex are the leading problems the policy holder usually encounter while drawing the claim.

### 5.3.2 Problems Faced by the Insurance Personnel from the Policy Holders

Table - 2 in Appendix –C shows that insurance personnel mentioned as many as six problems, of which 33.33 percent of them mentioned claims settlement, 26.67 percent mentioned reinsurance and 20 percent mentioned policy holders want credit. About 13.33 percent of the insurance personnel faced difficulty due to unusual reduction of premium. About 6.67 percent of the insurance personnel mentioned policy holders fail to show necessary documents and only 6.67 percent of the personnel faced difficulty due to under writing problem.

### 5.3.3 Problems Faced by the Insurance Personnel from the External Environment

Table-3 in Appendix-C reveals that insurance personnel mentioned as many as sixteen problems, of which 100 percent of them mentioned unethical business practice, 80 percent mentioned inactive role of the office of the controller of insurance, 66.67 percent mentioned lack of awareness about the utility of insurance, 46.67 percent mentioned shortage of quality people, 33.33 percent mentioned defective act, 33.33 percent mentioned lack of innovation of new insurance

policies, 26.67 percent mentioned lack of professional knowledge, 26.67 percent mentioned backwardness of industrialization, 20 percent mentioned political instability, 20 percent mentioned credit restrictions by the bank and 20 percent mentioned imposing vat on insurance industry. About 13.33 percent of the personnel's faced difficulty due to global economic recession, 13.33 percent of the personnel mentioned smuggling, 13.33 percent of the personnel faced difficulty due to frequent devaluation, 13.33 percent of the personnel mentioned weak economic growth and only 6.67 percent of the personnel mentioned lack of proper policy.

#### 5.3.4 Recommendations Put Forward by the Insurance Personnel

Table 4 in Appendix-C shows that respondents offered as many as nine suggestions, of which 80 percent of them suggested the staff of the office of the controller of insurance should be honest and sincere, 66.67 percent mentioned the office of the controller of insurance should be strengthened with professional people, 53.33 percent mentioned political



unrest should be removed, 46.67 percent mentioned creation of efficient marketing force through motivation and training , 33.33 percent mentioned high standard of professionalism should be introduced, 26.67 percent mentioned introducing new type of insurance policies, 20 percent suggested license should be void for those insurance firms who provide more commissions, 13.33 percent suggested proper action should be introduced for those insurance firms who provide credit and only 6.67 percent suggested to raise awareness about the utility of insurance by introducing syllabus about insurance from secondary level to higher secondary level.

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## CHAPTER SIX

FUTURE PROSPECTS, CONCLUSIONS AND FUTURE RESEARCH

DIRECTIONS

6.1 FUTURE PROSPECTS

6.2 CONCLUSIONS

6.3 FUTURE RESEARCH DIRECTIONS

REFERENCES

## CHAPTER SIX

### FUTURE PROSPECTS, CONCLUSIONS AND FUTURE RESEARCH DIRECTIONS

#### 6.1 FUTURE PROSPECTS

General insurance business in Bangladesh is still quite prospective due to some favorable factors :

- a) Big potential domestic market,
- b) Increasing trend of premium income,
- c) Return out of investment of surplus funds of general insurance firms are increasing gradually,
- d) Rapid industrialization,
- e) Increasing trend of volume of business and
- f) Increasing trend of demand.

From the above discussion, it can be said with much emphasis that Bangladesh has great prospects for increasing her volume of general insurance business in the coming years. It may not be an exaggeration to say that this sector can

actually effect a revolution in our economy within the shortest possible time.

## 6.2 CONCLUSIONS

The study presents a conceptual framework that would provide useful structure for insurance personnel developing marketing strategies and researchers studying general insurance services. However, it is imperative to follow up an empirical and survey based study (Bunn, 1993). The empirical findings of the study describes the patterns, consumers attitude, problems and recommendations of the general insurance business in Bangladesh that should be helpful in addressing some of the new challenges in developing marketing strategies for general insurance business in Bangladesh that have arisen because of changes in the marketing environment. Though many of the ideas expressed in this study may be familiar (Keller, 1993) to insurance personnel, but this broader context can help insurance personnel can make more insightful and informed marketing decisions.

### 6.3 FUTURE RESEARCH DIRECTIONS

In the presentation of a conceptual framework and empirical findings of general insurance business in Bangladesh, several patterns, problems and recommendations are discussed. Consequently, additional research is necessary both to refine this framework and to suggest other implications for marketing strategies and tactics. Undoubtedly, much previous research may be useful in this effort. Because this research was most likely conducted with a different purpose in mind, however, additional insights may be gained by considering it from the potentially broader perspective of (Keller, 1993) general insurance business in Bangladesh.

This study has been conducted on policy holders attitude toward general insurance firms in Narayanganj and Dhaka districts only. So the policy holders attitude toward general insurance firms can also be measured throughout the country for future research. In my study I tried to reveal a few aspects of claim settlement, reinsurance and underwriting functions of general insurance business. So depth analysis can also be

made on claim settlement, reinsurance and underwriting functions to know its nature and problems. To conduct continuous research, the establishment of insurance research institute is immediately needed. But I could not say whether the establishment of insurance research institute is economically justifiable or not. It needs a huge investment of money. So a research can be conducted on the justifiability of establishing insurance research institute.



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## APPENDIX-A

Table -1: Distribution of general insurance firms according to their age

Age of general insurance firm (in years)	Number of firms	Percentage
Below-5	5	33.33
6-10	1	6.67
11-15	8	53.33
16-20	-	-
Above 20	1	6.67
Total	15	100.00

Graph 1 : Pie chart for age of the general insurance firms.

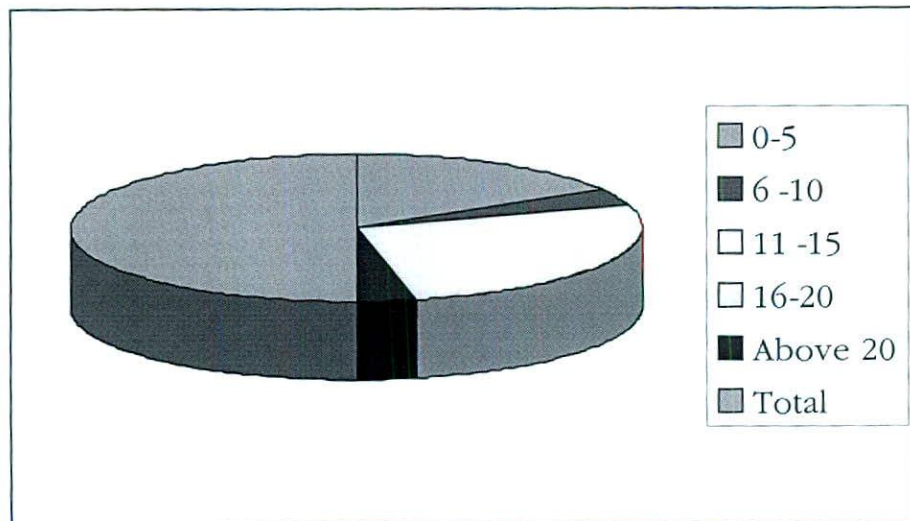


Table 2 : Distribution of general insurance firms according to the form of ownership

Form of ownership	Number of firms	Percentage.
Sole proprietorship	-	-
Partnership	-	-
Joint venture	-	-
Private limited company	-	-
Public limited company	14	93.33
Other (Corporation)	1	6.67
Total	15	100.00

Table 3 : Distribution of general insurance firms according to their performance (yearly gross and net premium income) (in crore taka)

Name of firm	1996	1997
1. Sadharan Bima Corporation	*64.10	-
2. The Bangladesh General Insurance Company Ltd.	1.05	0.90
3. The Peoples Insurance Company Limited	12.85	10.48
4. The United Insurance Company Limited	8.20	9.08
5. The Green Delta Insurance Company Limited	*23.58	*25.04
6. The Pragati Insurance Limited	11.70	12.69
7. The Eastern Insurance Company Limited.	12.22	10.82

8. The Federal Insurance Company Limited	11.74	-
9. The Central Insurance Company Limited	8.90	9.41
10. The Reliance Insurance Company Limited	14.05	12.40
11. The Provati Insurance Company Limited	1.86	-
12. The Prime Insurance Company Limited	0.74	3.07
13. The Meghna Insurance Company Limited	0.37	3.71
14. The Pioneer Insurance Company Limited	1.06	-
15. The Northern General Insurance Company Limited	0.31	-

\* Gross Premium Income.

Source : Annual Report 1996, Peoples Insurance Company Limited P. 8.

Annual Report 1996, Central Insurance Company Limited, P.11.

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Bengali), P.19.

Table 4 : Distribution of the target groups selected by the  
general insurance firms in conducting general  
insurance business

Target groups	Number of firms	Percentage
Industrialists	15	100.00
Traders	14	93.33
Importers	14	93.33
Exporters	13	86.67
Service holders	5	33.33
Players	1	6.67
Housewives	2	13.33
Total		426.66*

\* % is more than 100% due to multiple answers.

Table 5 : Distribution of the method of prospecting followed by the general insurance firms in searching prospects

Method of prospecting	Number of firms	Percentage
Friends	12	80.00
Relatives	7	46.67
Direct Mail	2	13.33
Centers of influence	6	40.00
Bangladesh yellow pages	2	13.33
Development officers	1	6.67
Chambers guide	1	6.67
Total		206.67*

\* % is more than 100% due to multiple answers.

Table 6 : Distribution of the complaints received by the insurance personnel from the policy holders

Name of the complain	Number of respondents	Percentage
Payment on claims	5	33.33
Policy wording, terms, conditions and warranty	2	13.33
Erase or error of typing	2	13.33
No Complain	8	53.33
Total		113.32*

\* % is more than 100% due to multiple answers.

Table 7 : Distribution of general insurance firms according to their future activities in respecting to improve the quality of service

Name of the future activities	Number of firms	Percentage
Training	7	46.67
Developing homepage in internet	1	6.67
Computerization	2	13.33
Converting policy conditions in terms of easy Bengali and English languages	2	13.33
Establishing strong claims department	1	6.67
Increasing branch	1	6.67
No future plan	5	33.33
Total		126.67*

\* % is more than 100% due to multiple answers.



Table 8 : Distribution of general insurance policies provided by the general insurance firms to the policy holders

Type of insurance policies	Number of firms	Percentage
Fire insurance	15	100.00
Marine insurance	15	100.00
Burglary insurance	15	100.00
Cash in transit	15	100.00
Cash in safe/counter	15	100.00
Motor vehicle	15	100.00
Fidelity guarantee	15	100.00
Engineering insurance	15	100.00
Personal accident	15	100.00
Crop insurance	1	6.67
Live stock/cattle insurance	1	6.67
Dread disease insurance	2	13.33
Overseas medi-claim	3	20.00
Prawn culture	1	6.67
Employer's liability/ Workmen's compensation	5	33.33
Aviation insurance	5	33.33

(Cont.)

Plate glass insurance	4	26.67
Export credit guarantee scheme	1	6.67
Professional indemnity	3	20.00
Product liability	5	33.33
Public liability	4	26.67
Money and jewelry block	4	26.67
Traveler's baggage	1	6.67
Loss of license, disability insurance	1	6.67
Total		1173.34*

\* % is more than 100% due to multiple answers.

Table 9 : Distribution of promotion tools followed by the general insurance firms in conducting general insurance business

Name of promotion tools	Number of firms	Percentage
Advertising	15	100.00
Personal selling	14	93.33
Sales promotion	15	100.00
Publicity	15	100.00
Total		393.33*

\* % is more than 100% due to multiple answers.

Table 10 : Distribution of general insurance firms according to types of media and duration of advertisement

Duration of advertisement / Types of media	Always Number (%)	Often Number (%)	Occasionally Number (%)	Hardly Number (%)	Never Number (%)	Eligible Number (%)
Television			1 (6.67)	4 (26.67)	10 (66.67)	15 (100.00)
Radio					15 (100.00)	15 (100.00)
Magazine	13 (86.67)	2 (13.33)				15 (100.00)
Cinema					15 (100.00)	15 (100.00)
Bill Board	4 (26.67)	4 (26.67)			7 (46.67)	15 (100.00)
Newspaper	4 (26.67)	11 (73.33)				15 (100.00)
Neonsign					15 (100.00)	15 (100.00)
Leaflet					15 (100.00)	15 (100.00)
Banner		2 (13.33)			13 (86.67)	15 (100.00)
Sticker		1 (6.67)			14 (93.33)	15 (100.00)
Others (brochures, booklets, journals, transportation etc.)	1 (6.67)	5 (33.33)			9 (60.00)	15 (100.00)
Total	22 (146.67)*	25 (166.67)*	1 (6.67)	4 (26.67)	113 (753.33)*	165 (1100.00)*

\* % is more than 100% due to multiple answers.

Table 1(a) : Distribution of policy holders according to their  
occupation and income

Monthly income (Tk.) Occupation	5000-15000	15001-25000	25001-35000	35001-45000	45001 and above	Total
	Number (%)	Number (%)	Number (%)	Number (%)	Number (%)	Number (%)
Service holder	2 (4.00)	2 (4.00)	-	-	1 (2.00)	5 (10.00)
Industrialist	-	-	-	9 (18.00)	5 (10.00)	14 (28.00)
Trader	-	-	6 (12.00)	5 (10.00)	2 (4.00)	13 (26.00)
Importer	-	-	2 (4.00)	6 (12.00)	1 (2.00)	9 (18.00)
Exporter	-	-	2 (4.00)	1 (2.00)	4 (8.00)	7 (14.00)
Others (Players housewife etc.)	-	1 (2.00)	1 (2.00)	-	-	2 (4.00)
Total (%)	2 (4.00)	3 (6.00)	11 (22.00)	21 (42.00)	13 (26.00)	50 (100.00)

Table 1 (b) : Correlation for occupation and income of the policy holders

		Value	Asymp. Std. Error <sup>a</sup>	Approx. T <sup>b</sup>	Approx. Sig.
Interval by Interval	Pearson's R	.118	.186	.823	.415 <sup>c</sup>
Ordinal by Ordinal	Spearman Correlation	.027	.175	.185	.854 <sup>c</sup>
N of Valid Cases		50			

- Not assuming the null hypothesis.
- Using the asymptotic standard error assuming the null hypothesis.
- Based on normal approximation.

Table 1( c ) : Chi-square tests for occupation and income of the policy holders

	Value	df	Asymp. Sig. (2-sided)
Chi-Square	57.402 <sup>a</sup>	20	.000
Likelihood Ratio	47.978	20	.000
Linear-by-Linear Association	.681	1	.409
N of Valid Cases		50	

- 28 cells (93.3%) have expected count less than 5. The minimum expected count is .08.

Table 2 : Distribution of policy holders according to their age and sex.

Age \ Sex	Male Number (%)	Female Number (%)	Total Number (%)
25-30	15 (30.00)	-	15 (30.00)
31-40	25 (50.00)	3 (6.00)	28 (56.00)
41-high	7 (14.00)	-	7 (14.00)
Total (%)	47 (94.00)	3 (6.00)	50 (100.00)

Table 3 : Distribution of policy holders according to their age and income

Age \ Monthly income (Tk.)	5000-15000	15001-25000	25001-35000	35001-45000	45001 and above	Total
	Number (%)	Number (%)	Number (%)	Number (%)	Number (%)	Number (%)
25-30	2 (4.00)	2 (4.00)	8 (16.00)	3 (6.00)	-	15 (30.00)
31-40	-	1 (2.00)	2 (4.00)	16 (32.00)	9 (18.00)	28 (56.00)
41-high	-	-	1 (2.00)	2 (4.00)	4 (8.00)	7 (14.00)
Total (%)	2 (4.00)	3 (6.00)	11 (22.00)	21 (42.00)	13 (26.00)	50 (100.00)



Table 4 : Distribution of policy holders according to their policy

Types of Policy	Number of respondents	Percentage
Motor Policy (first party)	6	12.00
Motor Policy (third party comprehensive)	20	40.00
Marine Policy	22	44.00
Fire Policy	16	32.00
Engineering Policy	6	12.00
Total		140.00*

\* % is more than 100% due to multiple answers.

Table 5 :Distribution of policy holders according to the sources of knowledge about the general insurance firms

Sources of Knowledge	Number of respondents	Percentage
Advertisement	3	6.00
Development Officer	32	64.00
Friend	10	20.00
Relative	2	4.00
Other (center of influence)	3	6.00
Total	50	100.00

Graph 1 : Pie chart for sources of knowledge about the general insurance firms

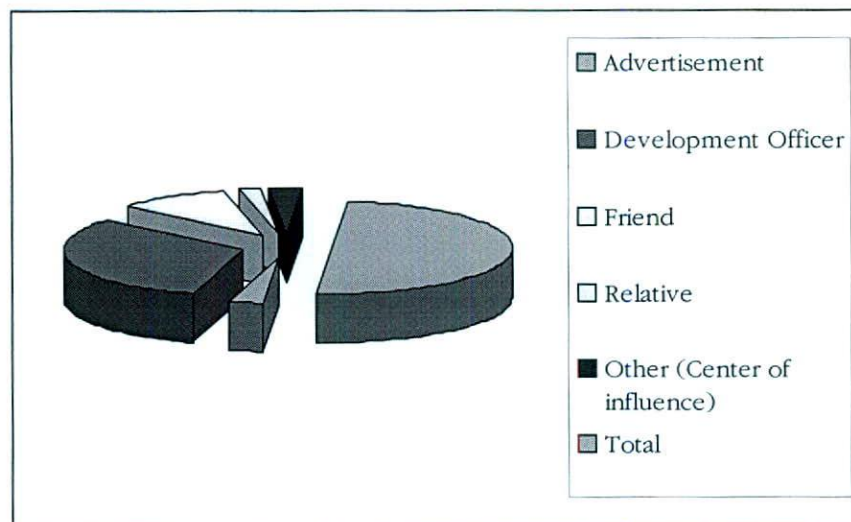


Table 6 : Distribution of policy holders according to reasons behind the selection of the firm

Reasons	Number of respondents	Percentage
Family relation	3	6.00
Self interest	20	40.00
Goodwill of the firm	13	26.00
Personal relationship	18	36.00
Total		108.00*

\* % is more than 100% due to multiple answers.

Table 7 : Distribution of policy holders according to the complaints regarding present premium rate(s)

Type of complains	Number of respondents	Percentage
Highly discourage	7	14.00
Unnecessary payment	14	28.00
Burden of extra premium	3	6.00
New premium rate creates trouble or botheration	2	4.00
No complain	26	52.00
Total		104.00*

\* % is more than 100% due to multiple answers.

Table 8 : Percentages of different type of benefits received by the policy holders regarding to continue the premium.

Type of benefits	Number of respondents	Percentage
No claim bonus (NCB)	14	28.00
10% discount	19	38.00
No benefit	20	40.00
Total		106.00*

\* % is more than 100% due to multiple answers.

## APPENDIX-C

Table 1 : Distribution of the problems faced by the policy holders regarding to draw the claim

Name of the Problem	Number of firms	Percentage
Long Procedure	14	28.00
Harassment	6	12.00
Supervisory Problem	2	4.00
Difficult to hunt up or find out development officers	2	4.00
Bribery	6	12.00
Formalities maintain is much more expensive	1	2.00
Official procedure is much more complex	1	2.00
No problem	23	46.00
Total		110.00*

\* % is more than 100% due to multiple answers.

Table 2 : Distribution of the problems faced by the insurance personnel from the policy holders

Name of the problem	Number of respondents	Percentage
Claims settlement	5	33.33
Policy holders want credit	3	20.00
Policy holders fail to show necessary documents	1	6.67
Reinsurance	4	26.67
Unusual reduction of premium	2	13.33
Underwriting	1	6.67
No problem	2	13.33
Total		120.00 *

\* % is more than 100% due to multiple answers.

Table 3 : Distribution of the problems faced by the insurance personnel from the external environment

Name of the problem	Number of respondents	Percentage
Shortage of quality people	7	46.67
Lack of professional knowledge	14	26.67
Unethical business practice	15	100.00
Lack of awareness about the utility of insurance	10	66.67
Political instability	3	20.00
Global economic recession	2	13.33



(Cont.)

Name of the Problem	Number of respondents	Percentage
Frequent devaluation	2	13.33
Credit restrictions by the bank	3	20.00
Smuggling	2	13.33
Imposing vat on insurance industry	3	20.00
Lack of proper policy	1	6.67
Defective act	5	33.33
Inactive role of the office of the controller of insurance	12	80.00
Backwardness of industrialization	4	26.67
Weak economic growth	2	13.33
Lack of innovation of new insurance policies	5	33.33
Total		533.33*

\* % is more than 100% due to multiple answers.

Table 4 : Distribution of the recommendations put forward by  
the insurance personnel

Recommendations	Number of respondents	Percentage
Creation of efficient marketing force through motivation and training	7	46.67
High standard of professionalism should be introduced	5	33.33
To raise awareness about the utility of insurance by introducing syllabus about insurance from secondary level to higher secondary level	1	6.67
Political unrest should be removed	8	53.33

Recommendations	Number of respondents	Percentage
The staff of the office of the controller of insurance should be honest and sincere	12	80.00
The office of the controller of insurance should be strengthened with professional people	10	66.67
License should be void for those insurance firms who provide more commission	3	20.00
Proper action should be introduced for those insurance firms who provide credit	2	13.33
Introducing new type of insurance policies	4	26.67
Total		346.67*

\* % is more than 100% due to multiple answers.

## APPENDIX –D

Department of Marketing

University of Dhaka

M. Phil. Final Year

Thesis Program

General Insurance Business in Bangladesh –Its Patterns,  
Problems and Prospects

“Questionnaire for Insurance Personnel “

This survey is strictly for the academic purpose.

Name of Insurance Company : -----

Address : -----

Year of Establishment : -----

Name of the Respondent : -----

Designation : -----

1. Nature of the Organization:

- Sole proprietorship                       Partnership
- Joint venture                                 Private limited company
- Public limited company
- Others \_\_\_\_\_.

2. Organizational hierarchy of the organization

-----

-----

3. Performance of the company (yearly sales in Tk.)

-----

4. Who are your target groups actually?

- Industrialists     Service holders     Housewives
- Traders     Players     Others -----.
- Importers     Exporters.

5. Which method do you follow to search the prospects?

-----

6. (a) Do you face any problem from the policy holders?

- Yes                       No

(c) If the answer is yes, then what type of problem do you face please mention?

-----  
-----

7. (a) Do you receive any complain from the policy holders?

Yes                       No

(b) If the answer is yes, then what type of complain do you receive please mention?

-----  
-----

8. Do you have any future plan to improve the quality of you service? If yes, what is your plan?

-----  
-----

9. Please state the insurance policies that your company is currently offering.

-----  
-----

10. Please state the channel(s) you generally use for selling insurance policies

- Zero level channel
- One level channel
- Two level channel
- Three level channel
- Others -----.

11. How do you promote your policies?

- Advertising
- Personal selling
- Sales promotion
- Publicity.

12. What type of media do you use for advertising your services? (please circle  the number which are appropriate to you).

	Always	Often	Occasionally	Hardly	Never
a. Television	1	2	3	4	5
b. Radio	1	2	3	4	5
c. Magazine	1	2	3	4	5
d. Cinema	1	2	3	4	5
e. Bill board	1	2	3	4	5
f. News paper	1	2	3	4	5
g. Neon-sign	1	2	3	4	5
h. Leaflet	1	2	3	4	5
i. Banner	1	2	3	4	5
j. Sticker	1	2	3	4	5
k. Others	1	2	3	4	5



13. Do you face any problem from external environment that is affecting your business significantly?

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14. Please suggest suitable measures to boost up general insurance business in Bangladesh.

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15. Please state the future prospects of general insurance business in Bangladesh.

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16. Anything you want to add that is not included in this questionnaire.

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Thank you very much for your time and effort in answering my questions.

## APPENDIX-E

Department of Marketing

University of Dhaka

M. Phil. Final Year

Thesis Program

General Insurance Business in Bangladesh –Its Patterns,  
Problems and Prospects.

“Questionnaire for Policy Holders”

This survey is strictly for the academic purpose.

1. Name of the Policy holder : -----
2. Occupation : -----
3. Age : -----.
4. Sex :  Male  Female
5. What kind of policy/policies did you hold last year?

-----  
-----

6. How did you come to know about this company?

(✓ the box)

- Advertisement
- Development Officer
- Friend
- Relative
- Others -----.

7. Would you please kindly inform me why you have selected this company?

-----  
-----

8. a) Do you have any complain about the Co.'s present premium rate(s)?

- Yes                       No.

b) If the answer is yes, then mention those complains.

-----  
-----  
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9. a) Have you ever faced any problem to draw the claim?

Yes  No.

b) If the answer is yes, then mention the problem(s) that you have faced.

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10. a) Suppose you have continued the premium for a particular time but no claim has been arisen in such circumstances did the firm favor/help you with any facility for second time insurance.

Yes  No

b) If the answer is yes, then briefly mention what type of benefits you have received from the firm?

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11. Would you kindly inform your current monthly income?

5000-15000	15001-25000	25001-35000	35001-45000	45001 & above

12. Anything you want to add that is not included in this questionnaire.

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Thank you very much for your cordial co-operation and sympathy.

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