

Terms of Reference for
Consultancy for Placement Service of Insurance Product
(SD-10)
Selection of Individual Consultants (SIC), National

1. BACKGROUND

- 1.1. Bangladesh is among the world's most climate-vulnerable countries, facing recurring floods, rising sea levels, and intensifying monsoon and cyclone patterns due to climate change. With projections suggesting that a 1-meter sea-level rise could submerge 18% of coastal arable land and displace over 13 million people by 2050, the country is already incurring an average of US\$1.1 billion in flood-related losses annually, and risks losing up to 3% of GDP by 2031 under severe climate scenarios. These recurrent shocks threaten both livelihoods and national development, underscoring the urgent need for **innovative disaster risk financing** solutions beyond traditional mechanisms like microcredit and relief.
- 1.2. The Insurance Development and Regulatory Authority (IDRA) under Financial Institutions Division (FID) of Ministry of Finance (MoF) of the Government of Bangladesh (GoB) is implementing **Disaster Risk Financing (DRF)** Component #3 of the Jamuna River Sustainable Management Project-1 (JRSM-1) with funding from Global Risk Financing Facility (GRiF), the predecessor of the Global Shield Financing Facility (GSFF).

The **specific objective of DRF Component** is to protect selected communities from the financial impacts of floods through the development of financial protection solutions. The DRF Component is expected to provide financial protection for about 100,000 beneficiary households. The project explicitly targets benefits to vulnerable people and steps taken to support targeting of funds, with a special consideration of gender issues. Alongside the design and development of prearranged financial instruments, the project will support the development of the ecosystem required to ensure the financial instruments have the needed enabling environment to function well (e.g., systems, delivery channels, community flood preparedness efforts). It will operationalize two complementary financial instruments:

- i. A **macro-level flood risk transfer product (MLFRTP)**, where IDRA acts as the **policyholder** and vulnerable communities along the Jamuna River flood-prone areas are the beneficiaries; and
 - ii. A **Community Protection Fund (CPF)**, a designated account managed by the IDRA, intended to provide direct support to flood-affected communities.
- 1.3. The **risk transfer product** will offer payouts of 1 month equivalent of livelihood support to each eligible beneficiary household. Eligible households, who are usually day laborers farmers, lose their income stream at times of severe flood, hence the payout reflects livelihood support required to sustain 1 month's living. The **CPF** will complement this by covering flood events **not captured** by the insurance and mitigating potential **basis risk**.
- 1.4. Under the project plan, the design options of the macro-level flood insurance, the MLFRTP, together with the community protection fund, the CPF, will be undertaken by Weather Risk Management Services Pvt Ltd, WRMS (<https://wrmsglobal.com>), based on which the trigger mechanism(s) will be agreed. The community-level rollout and engagement of both the MLFRTP and the CPF will be facilitated by the World Food Programme (WFP) Bangladesh. In accordance with GoB insurance policies and regulations, the Sadharan Bima Corporation (SBC) will serve as the sole insurer for the MLFRTP. A Trigger Calculation Agent (TCA) will be engaged to serve as an independent and neutral technical body responsible for the accurate, timely, and transparent calculation and validation of disaster trigger events. The TCA ensures that payouts from the macro-level flood insurance and the CPF are activated based on scientifically defined thresholds, real-time flood data, and pre-agreed methodologies.



- 1.5. Further details on DRF Component 3 of the JRSMP-1 is provided in the approved Development Project Proforma (DPP), available at:
https://idra.portal.gov.bd/sites/default/files/files/idra.portal.gov.bd/miscellaneous_info/fbca243b_c5d9_4866_891f_b32b2b1da4b9/2025-01-05-09-45-05a7127c59bae75f90a3c09a912b6dfd.pdf. (Note: The DPP is currently under review.)
- 1.6. The Project Implementation Unit (PIU) for DRF Component 3 now seeks to engage a qualified insurance placement agent — Selection of Individual Consultants (SIC), National—to provide the services outlined in the following sections of this ToR.

2. PURPOSE AND OBJECTIVES OF THE PLACEMENT SERVICES

2.1. Purpose:

The purpose of engaging the Placement Services Provider is to build on the agreed trigger design mechanism, refine the risk structure and terms through consultation and negotiation with SBC and successfully place a MLFRT, the insurance contract before the end of May 2026. This will facilitate the planned dry run (simulation exercise) scheduled between March and May, ensuing readiness for policy inception on 1 June, at the start of Bangladesh's monsoon season. The arrangement will enable DRF (Component#3), JRSMP-1 to pre-arrange flood response financing, ensuring timely, cost-effective, and rules-based payouts to support approximately 100,000 vulnerable households in high-risk areas of the Jamuna River basin.

2.2. Objectives

- Formulate and implement the risk transfer strategy for the MLFRT, with a focus on ensuring cost efficiency, operational effectiveness, and reliability of payouts.
- Design and implement a transparent, competitive placement process between IDRA and SBC. When required, provide technical details on the product as requested by SBC in its engagement with domestic and international reinsurers to ensure smooth placement of insurance and reinsurance policy. This should ensure adequate risk transfer, diversification, financial security, and in compliance with GoB policies and donor standards.
- Validate the terms and technical structure of the insurance policy, making adjustments as needed to align with underwriting criteria and insurer appetite, while ensuring design remains technically sound, feasible and compatible with claim payout execution and monitoring protocols.
- Negotiate favorable terms and pricing for the insurance contract, ensuring maximum coverage within the intended premium and alignment with the technical design developed by WRMS and approved by the project implementation unit (PIU), IDRA and SBC.
- Support government's engagement in the placement process, and provide technical inputs as requested by SBC to ensure the insurance is placed according to DRF component 3 operational timelines.
- Ensure transparent communication, documentation, reporting, enabling accountability to the PIU, IDRA, SBC, donors, and national oversight institutions.

3. ROLES AND RESPONSIBILITIES OF THE PLACEMENT SERVICES

3.1. Strategic risk transfer advisory

- Closely collaborate and work with the key stakeholders include PIU, IDRA, SBC, WRMS, WFP, TCA to provide feedback/advice on developing the MLFRT and its potential impact on the CPF.
- Support PIU, IDRA and SBC in agreeing on retention levels, optimal limits, annual aggregate limit, risk layering structures, appropriate reinsurance arrangements, pricing, terms, taking into account the capacity of the insurer and reinsurance markets.
- Support the DRF Technical Working Committee (TWC) and DRF Specialist in understanding the risk placement process, highlighting any potential technical challenges and providing solutions or recommendations where possible.

3.2. Market engagement and negotiation

- Lead communications with SBC as the sole insurer of the insurance policy.

- Conduct an open and transparent negotiation process with SBC ensuring insurance policy is signed in compliance with GoB and World Bank procurement policy for insurance procurement.
- Negotiate the coverage terms and conditions, the trigger design, attachment point (i.e., when insurance payouts out), and the volume of the payout of the insurance.

3.3. Placement execution

- Administer all aspects of insurance placement, including:
 - i. Preparing term sheets.
 - ii. Evaluating SBC capacity and appetite.
 - iii. Confirming compliance with credit rating requirements.
 - iv. Finalizing contracts and documentation (policies, endorsements, cover notes).
 - v. Premium transfer to SBC account in accordance with insurance policy terms and GoB and World Bank financial management procedures.
- Provide technical support when required to ensure reinsurance is in place at the time of insurance policy signing

3.4. Compliance and ethics

- Adhere to the World Bank's Anti-Corruption Guidelines.
- Report any allegations of prohibited practices.
- Cooperate in investigations and allow inspection of records.
- Avoid conflicts of interest and maintain transparency in all placement activities.

3.5. Advisory and reporting

- Provide the DRF/PIU and IDRA with regular updates on market conditions and emerging instruments.
- Contribute to annual renewal strategy adjustments based on updated risk models and financial analysis.

4. SCOPE OF WORK

The Placement Services Provider will be responsible for the development, structuring, marketing, execution, of the MLFRTP, in coordination with IDRA, SBC, WRMS, WFP, PIU the DRF-TWC, and other stakeholders. The scope of work includes but is not limited to the following:

- Review and support the analysis of the modelled risk exposure developed by WRMS.
- Recommend optimal attachment points, retention levels, and coverage structures for the MLFRTP, based on modelling outputs and prevailing market capacity.
- Support DRF-PIU in negotiating with interested parties to obtain indicative or firm pricing offers, ensuring a transparent and competitive process.
- Evaluate SBC quotes and proposals, and recommend the most appropriate coverage, alternate trigger and coverage options with comparative cost-benefit analysis.
- Support SBC to finalize contracts with appropriate reinsurers.
- Ensure compliance with:
 - i. World Bank Anti-Corruption Guidelines.
 - ii. National and international reinsurance regulations.
 - iii. IDRA's internal standards and governance protocols.
- Cooperate with any required audits or investigations and maintain confidentiality of all sensitive data and contracts.

5. REQUIRED EXPERTISE

The Placement Services Provider (Individual consultant) requirements of following qualifications, experience, and competencies:

- Bachelor's in finance, Accounting, Business Administration, Management, Commerce, Statistics, Economics or relevant areas with coursework in insurance or risk management.



- Must demonstrate strong knowledge and practical experience in both international and domestic insurance or reinsurance markets, and other innovative risk financing mechanisms.
- Must have experience working with insurance or reinsurers to ensure the most appropriate coverage, trigger and coverage options through transparent, competitive negotiation processes
- Experience in designing, structuring, and placing sovereign-level or large-scale parametric/weather index-based insurance products in developing or climate-vulnerable contexts will be considered valuable.
- Macro-level risk transfer solutions for government or multilateral clients (World bank, ADB, EU etc.), preferably in flood, cyclone, or agricultural insurance schemes are preferable.
- Understanding of basis risk management and integration of complementary instruments (e.g., CPF) to manage basis risk in sovereign insurance programs.
- Comprehensive knowledge of Bangladesh's insurance regulations and policies, including those of the Insurance Development and Regulatory Authority (IDRA) and Sadharan Bima Corporation (SBC).
- Strong negotiation skills to secure favorable terms, coverage breadth, and pricing for sovereign risk transfer contracts.
- Excellent written and spoken English; working proficiency in Bangla is an advantage.
- Ability to present complex financial and technical concepts in a clear and concise manner to varied audiences.

6. INSTITUTIONAL ARRANGEMENTS

- PIU-DRF at IDRA will have overall responsibility for implementation and execution of the consultancy contract, ensuring alignment with project objectives, approving deliverables, and facilitating coordination among all relevant stakeholders. PIU will also manage day-to-day activities, contract administration, financial management, and technical oversight of the Placement Services Provider.
- The Placement Services Provider will work in close coordination with WRMS Global (technical design of insurance product developer), SBC (Sole insurer), WFP (Community-level rollout) of the MLFRTP and the Project Implementation Unit (PIU); TCA (independent validation of disaster triggers), TWC (Oversight and strategic guidance).
- The Placement Services Provider will report directly to the Project Director.
- Strategic decisions related to reinsurance placement, market engagement, and capital market options will be validated through the TWC and endorsed by the Project Steering Committee (PSC) as per the DPP governance structure.
- The PIU-DRF will provide office space, logistics, and necessary institutional support; however, the Consultant shall be responsible for arranging their own computer/laptop and any required software, applications, or licenses.

7. EFFORT AND ENGAGEMENT

- The expected level of effort and engagement for the Placement Services Provider will be aligned with the operational calendar of DRF Component 3 and the timelines for the design, market engagement, placement, and renewal of the MLFRTP.
- The initial engagement is expected to run for up to 200 days initially. However, this assignment may be increased or decreased subject to satisfactory performance or per the requirement of the project.
- The assignment period may be extended based on project needs, budget availability, and satisfactory performance, particularly to support subsequent renewal cycles.
- The Placement Services Provider will maintain regular coordination with the PIU at IDRA through virtual and in-person meetings.



- The Placement Services Provider must ensure timely responsiveness to market opportunities, negotiations, and technical clarifications required by IDRA, SBC, or the World Bank.
- Key experts must be available on short notice during the placement and claims settlement phases to meet operational deadlines.
- Progress will be monitored against the agreed Work Plan in the inception report, with monthly check-ins and milestone-based reviews by the PIU.
- The PIU will assess performance based on quality of deliverables, adherence to timelines, market outcomes achieved, and compliance with procurement and ethical standards.



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