

## **INSURANCE BUSINESS AND KHUDA BUKSH'S CONTRIBUTIONS**

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### **Introduction**

Life insurance was originally designed to protect a person's family when his or her death left them without income. It is perhaps fitting, then, that there is an expression that says, "where is life insurance there is hope." Indeed, insurance, no matter what type, is the light at the end of tunnel for people who have experienced some kind of loss and are then faced with a seemingly insurmountable financial burden. The concept of insurance has been around since the time of Babylon. Each great civilisation since then, from the Greeks to the Romans to the British Empire, has offered its citizens protection from loss of a loved one or prized possessions. The insurance industry itself is dependent on the hardworking and passionate individuals who take it upon themselves to deliver insurance to those who fail to see the need for it.

Khuda Buksh is the definitive textbook on the birth and growth of the life insurance industry in Bangladesh and Pakistan. He was the "life and soul of the insurance industry for nearly forty years."<sup>1</sup> His dedicated work and accomplishments in life insurance business earned him a reputation as the country's "most outstanding and sensational insurance salesman in Pakistan."<sup>2</sup> Khuda Buksh made it his life's goal not only to change preconceived ideas about insurance, but to create and sustain a positive image of insurance workers and the services they offered. His birth anniversary just crossed the centenary mark and reminds us the contribution made by the then Bengali insurance personality in developing the insurance industry in Bangladesh and Pakistan.

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1 Muhammad Obaidur Rahim, *Khuda Buksh: The Pioneer of Life Insurance in Bangladesh* (University Press Limited, Dhaka 2011), p. xi (henceforth this source will be referred to as *KBTPOLIIB*).

2 A.F.M. Safiyyullah and Mir. Mosharraf Hossain (ed.), *Symposium on Insurance in Pakistan*, pp. xxiv-xxv, July 1967.

During the last decade while working on two books, I have pondered many times how life insurance business in Bangladesh sprang up full-blown in the late-twentieth century. After doing study and research, I have come to the conclusion that insurance industry developed due to handful visionaries and hard work of many field workers, inspectors, development officers, administrators and managers led by Khuda Buksh who took insurance as a motto in life and sparked the life insurance awareness in public. His leadership and motivational techniques captured the attention of many people as “he played an educator to the vast number of field force who placed faith in his leadership and took insurance as a career.”<sup>3</sup>

This article attempts to trace the evolution of life insurance and its development in British India till 1947, the growth of insurance business in East Pakistan and Bangladesh till 1973 and contributions of Khuda Buksh to the growth of life insurance business.

#### **Growth of the Insurance Business in British India and its development up to 1947**

The life insurance started in India in the 19<sup>th</sup> century to transact life insurance business on the European model. Modern insurance appeared first in big cities and coastal towns. At that time Indians were in a majority of cases ignorant of the advantages and utility of life insurance. In fact, there was a well established superstition that to insure one’s life was to court death; and in vernaculars of the country, life insurance was described as Death Registration.<sup>4</sup>

An organized life insurance institution had been established in 1818 in the Indian subcontinent. That year, the British founded Oriental Life Assurance Company in Calcutta. In the beginning, it was conceived only as a means to provide for English widows in India after the death of their husbands. The great reformer Raja Ram Mohan Roy worked to direct the nation’s attention of the need to protect widows and orphans. In 1822 he appealed through the columns of the *Calcutta Journal* requesting the wealthy Hindus of Calcutta to start an institution for the maintenance of the poor widows.<sup>5</sup>

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3 A.F. M. Safiyyullah, *Ultima Thule: A loud Thinking of Life Insurance in Pakistan*, (Dacca 1967), p. xiii.

4 A.N. Agarwala, *Life Insurance in India. A Historical and Analytical Study* (Allahabad Law Journal Press), p. 3.

5 G.R. Desai, *Life Insurance in India. A Historical and Analytical Study*, Allahabad Law Journal Press, (India 1961), p. 3.

Babu Mutty Lal Seal was responsible for influencing Oriental Life to accept Indian lives. Since then Indian enterprise made very good progress in Bengal and leading people of the province such as Sjts. Dwarkanath Tagore, Ramtanu Lahiri, and Rustomji Cowasji took an active role in the development of insurance in this country.<sup>6</sup>

At that time, when foreign life insurance companies started insuring Indian lives, they were treated as “sub-standard,”<sup>7</sup> which treated lives with physical disability and heavy extra premium of 20% more were being charged on them. The Bombay Mutual Life Assurance Society started its business in 1871. It was the first company to charge the same premium for both Indian and non-Indian lives. The persons who took insurance at this time were clerks, government servants, advocates, barristers and some merchants who had adapted to some extent European ways of life.

It wasn't until the later part of the 19<sup>th</sup> century that Indians were given full security in insurance with the establishment of the Oriental Government Security Life Assurance Co. Ltd (OGSLA) in Bombay 1874 by Duncan McLauchlan Slater, a Fellow of the Institute of Actuaries, who gained considerable experience in life insurance business. OGSLA was successfully prevailed upon to offer life insurance policies to Indians. The company's authorized and subscribed capital was Rs. 1 million and Rs. 1.5 million, respectively, with eighty percent of the premium income to be invested in government securities. This gave tremendous confidence to insurance seekers. As a result, for sometime thereafter, the growth of OGSLA equaled the growth of life insurance on the subcontinent. Since then Indian enterprise made progress in Bengal, and leading entrepreneurs of the province were proactive in the development of insurance.<sup>8</sup>

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6 Arjun Bhattacharya and O'Neil Rane, “Nationalisation of Insurance in India,” *The India Economy*, p. 379.

7 Tapen Sinha, “An Analysis of Evolution of Insurance in India.” *SRIS discussion paper Series-2005.III*. Foreign Life insurance companies made a rate adjustment for sub-standard lives with “a “rating-up” of five to seven years to normal British life in India. This meant, treating  $q(x)$ , the (conditional) probability of dying between  $x$  and  $x+1$ , for an  $x$  year old Indian male as if it was  $q(x+5)$  or  $q(x+7)$  of a British male. . . . This was a common practice of the European companies at the time whether they were operating in Asia or Latin America.”

8 Radhe Shyam Rungta, *Rise of Business Corporations in India 1851-1900* (Cambridge University Press, 1970), p. 12.

The first comprehensive legislation was introduced with the Insurance Act of 1938 that provided strict state control over insurance business with the objective of protecting the interests of the insuring public. Subsequently the insurance industry grew in leaps and bounds, as did other Indian enterprises. To illustrate the notable period of growth for insurance in India is the evidence that 292 indigenous insurance companies were promoted in the subcontinent from 1818 to 1939 although 111 of them closed their offices before the passage of the Insurance Act in 1938.<sup>9</sup>

#### **Birth of Eastern Federal Union Insurance Company**

Life Assurance Company, and much of the industry's growth could be focused on companies that were run by Indians but other issues of prejudice were left to overcome. Once the matter of discrimination against Indians by the British was alleviated by the increase in indigenous insurance companies, another problem was brought to light – religious discrimination against Muslims in British-ruled India.

In the early 1920s two young men, Khondoker Fazle (K.F.) Haider and Abdur Rahman (A.R) Siddiqui had a vision to advance Muslims cause in the business world. Haider after completing early education from Murshidabad, West Bengal went to England for studies at law school Lincoln Inn. Born in Surat, A.R. Siddiqui a stern protagonist of the Khilafat Movement, which promoted Muslim political interests in India, had studied law at Oxford. Both recognized that under British-ruled India, Muslims did not hold any responsible positions in the business world. They established a trading firm, named "Haira Trading." Haider became its manager. Soon after the formation of the company Haider came into contact with an Englishman, B.M. Collins, who owned a medium sized brokerage firm at Lloyds of London, one of the largest and most famous insurance companies in the world. Collins's firm began looking after the insurance requirements of Haira Trading and so began an association that would break through the religious barriers in Indian business.<sup>10</sup>

Collins, and his friend, C.H. Falloon, who was the General Manager of the Atlas Insurance Company in the U.K. at that time began envisioning a larger scope for their businesses. Together, they planted the idea of establishing an

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9 G.R. Desai, p.10.

10 Wolfram W. Karnowaski, *The THE EFU SAGA (TES)* (Karachi, 2001), p.167.

insurance company targeted for the Muslim populace in Kolkata into Haider's head, who then discussed the proposal with his partner, Siddiqui. After further discussion with a close group of friends that included Shoaib Quereshi, the Prince Hamidullah Khan (last Nawab of Bhopal), the outcome was the creation of a company owned by and for the Muslims of India. Siddiqui and Haider executed an agreement in 1931 with the Atlas Insurance Company Ltd. and B.M. Collins & Co. Ltd. Thus, the Eastern Federal Union Insurance Company was incorporated on 2 September 1932 in Kolkata with E.N. Menhinick, a senior manager of Atlas as the first chief executive officer of the company. The main objective of the company was to provide "insurance service to the community and also to produce competent Muslim insurance personnel."<sup>11</sup> Siddiqui faced lot of problems in raising capital for the EFU. Aga Khan and Hamidullah Khan became the "Patrons" of the new company. Ghulam Muhammad helped to arrange substantial subscriptions from the Hyderabad State and Bhopal. Sir Victor Sasoon became the largest foreign shareholder and subsequently M. A. Ispahani,<sup>12</sup> the only "large hearted" Muslim agreed to take the balance of the shares and placed his entire business with Eastern Federal. EFU initially started as a general insurance company; in 1936 it started its life insurance business.<sup>13</sup> Siddiqui served as founding director and chairman for almost 20 years and Haider later served as the general manager of the company for nine years.

Subsequently Muslim Insurance Company and Habib insurance company were established in Lahore and Karachi in 1935 and 1942, respectively. When Pakistan was born in 1947, M.A. Ispahani moved the EFU's head office from Kolkatta to Karachi and registered office to Chittogong. M.A. Ispahani

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11 M. Amir, "Eastern Federal: Its Genesis and Progress. Eastern Federal 1st Convention 5th March-7th March. Pakistan Observer Supplement, Dacca, March 1963.

12 Mirza Ahmed Ispahani, business magnate, philanthropist and politician of the then Indo-Pak sub continent. His forefathers came to India from the Iranian province of Ispahan, and settled first in Bombay, and then in Kolkata. MA Ispahani built industries and business houses in Kolkata. He established Orient Airways, which linked East and West Pakistan by air. He settled in Chittagong and built an industrial empire of jute, textiles, tea, dockyard and plywood etc. and provided employment of about 150,000. He was the founder-chairman of the Pakistan Industrial Development Corporation, which contributed to the development of industries in the then Pakistan. He was the first ambassador of Pakistan to USA.

13 Buksh, *30 Progressive Years- THE EFU 1932 to 1962*, The Pakistan Observer, 5 March 1963.

controlled the EFU shares till 1960. Due to bad underwriting against Marine Hull business the “London Loss”<sup>14</sup> occurred and Ispahani was bound to sell his shares and the control of the EFU went to West Pakistan.

### **Growth of Insurance Business in East Pakistan (now Bangladesh) till 1973**

The life insurance business began in East Pakistan with the relocation of the EFU personnel along with insurance personnel from few other companies in India. Most of the insurance companies moved to East Pakistan were foreign origin except three national companies, Eastern Federal, Muslim Insurance and Habib Insurance Company. After the Partition of Bengal in 1947, seven Bengali insurance personnel moved to East Pakistan from India and took charge of the insurance business of various companies:<sup>15</sup>

- Mustafizur Rahman Khan who joined the EFU in 1935 in Kolkatta was transferred to Chittagong as in-charge of general and life departments in 1947. In 1950, he was transferred to the Dhaka office as branch manager of those departments.
- M.A. Rahim joined the EFU office in Kolkatta and was transferred to the Dhaka office as inspector of the EFU in 1949.
- Golam Mowla who joined Oriental Fire and General Insurance Co. in 1946 took transfer from Kolkatta to Dhaka.
- A.K. Fazlul Haque (Mowla) resigned from Oriental Fire and General Insurance Company and joined as chief of East Pakistan for the newly established Co-operative Insurance Society of Pakistan at Lahore in 1949.
- M. Mohibus Samad a senior officer of Prudential Assurance Company joined as chief of Prudential Assurance in East Pakistan.
- M.A. Samad, who was a part-time agent of Muslim Insurance Company, left Delhi All India Radio and joined Dhaka Radio station. Later he joined as an inspector of Prudential Life.
- Harunur Rashid who joined as an officer in the EFU in 1948 was first transferred from Kolkatta to Karachi in 1950 and then from Karachi to Dhaka in 1951.

The main force of insurance activities in East Pakistan was provided by the EFU staff when a section of the company personnel in Kolkata moved to

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14 *KBTPOLIIB*, pp.75-82.

15 Syed Monsur Ahmed, *Tar Shomoya O Bangladeshi Bima Shilper Bibarton* in Mustafizur Rahman Khan Smaraak Grantha, 60.

Chittogong and Dhaka. Jamaluddin, a non-Bengali was first selected as Life Manager of the EFU in East Pakistan in 1951. After his sudden death in Dhaka in January 1952, Khuda Buksh was appointed as the Life manager of the EFU in East Pakistan in July 1952.

Buksh's entry into East Pakistan insurance arena was a significant milestone in the development and growth of life insurance business for the EFU, East and West Pakistan and later Bangladesh. This section briefly highlights the problems in insurance growth and the contributions of Bengali insurance personnel in the growth of insurance business in East Pakistan and Bangladesh till 1973.

East Pakistan "did not inherit an experienced entrepreneurial class for historical reasons."<sup>16</sup> Moreover, this part did not receive adequate economic incentives from Pakistan Government to promote entrepreneurial activities. Lack of capital by Bengali people in East Pakistan had proved a stumbling block in owning insurance industries. The contributions of Bengali personnel in the growth of insurance industry in East Pakistan began in the early 1950's by a handful of Bengali people. As a result the early growth of this industry was very slow and difficult and credit goes to those people who chose to serve this industry.

There was a long history of political, economic, and cultural factors that created a gulf of difference between the then East and West Pakistan. East Pakistan suffered from political maneuvering, social injustices, and economic deprivation since the birth of Pakistan. The "power elites of West Pakistan formulated certain policies that provoked as much opposition and bitterness from the East that the system was brought to the verge of collapse."<sup>17</sup> Severe gap in the investments between the two wings of the country handicapped the economic development of East Pakistan.

Disparity originally emerged because of the relatively higher levels of investment in West as opposed to East Pakistan. Investment in East Pakistan was virtually neglected from 1947. In 1964, out of a total insurance investment of Rs. 280 million, less than five percent was invested in East Pakistan, whereas of the total insurance underwritten in Pakistan, more than fifty percent came

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16 Entrepreneurship Banglapedia [www.banglapedia.org/HT/E\\_0062.HTM](http://www.banglapedia.org/HT/E_0062.HTM)

17 Abdus Sattar Ghazali, *The Islamic Pakistan: Illusions and Reality*, 2, Online, Internet at [http://www.ghazali.net/book1/Chapter6a/body\\_page\\_2.html](http://www.ghazali.net/book1/Chapter6a/body_page_2.html).

from East Pakistan. Funds built up with premium income were not utilised in the development of the province's economy; as a result, "West Pakistan's gain has been East Pakistan's loss."<sup>18</sup> West Pakistani insurance companies used to underwrite the bulk of business in East Pakistan and they transferred the fund generated from the insurance business in East Pakistan to West Pakistan for investments for the projects located there. Although the Pakistan Constitution required more "emphasis on the accelerated development for less developed areas and parity, the investment in the (West) Pakistani Insurance Companies including the Pakistan Insurance Corporation in the industrial projects located in the then East Pakistan was deplorably low."<sup>19</sup> The capitalist class of Pakistan was so powerful that an insurance bill could not be passed in the national assembly due to the pressure of the vested interest-groups.<sup>20</sup> Subsequently, the public realised that investment of the insurance industry was one of the sources of the problem, and "in this circumstances some political parties proposed for nationalization as a remedy for this and included the programme of nationalization of insurance industry in their manifesto and ultimately became a national election issue in the 1970 election."<sup>21</sup> However, far-sighted few Bengali personnel understood Pakistan's policy long before 1970 and started to take action on the economic development of East Pakistan.

Muzibur Rahman, a civil servant played a pioneering role in floating an Insurance company in East Pakistan. He took a bold step and established Homeland Insurance Company in Dhaka in 1960. This company was sponsored by the East Pakistani entrepreneurs purely from their own local financial resources. He was not only successfully operated this company but his vision paved the way for socio-economic development in the country. As a result, other entrepreneurs followed his path in later years.<sup>22</sup> Later when Bangladesh was born and all insurance companies were nationalized he was selected as the managing director of the Jatiya Bima Corporation by the Government of Bangladesh.

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18 E.H. Imran, "Insurance Industry in Pakistan, *Pakistan Observer* (Bank and Insurance Supplement), 28 September 1964, p. 14.

19 Shahid Uddin Ahmed, *Insurance Business in Bangladesh*, Bureau of Business Research, University of Dacca, 8 August 1977, p. 58.

20 *Ibid.*, 17.

21 *Ibid.*

22 Profile of Late Mujibur Rahman (1918-1975), *Installation of office Bearer & Bima Padak- 2008 Award Ceremony, souvenir*, Bangladesh Insurance Executive Club, 15.



In 1960, A.K. Fazlul Huq (Mowla) took a leading role in establishing East Pakistan Co-operative Insurance Society (EPCIS). In five years, the Society became the largest co-operative venture of the country. The Society played a great role in providing benefits of insurance to the common people living in the remote villages deprived of amenities of modern life.<sup>23</sup> In 1965 he established National Insurance Company of Pakistan Limited.

Mustafizur Rahman Siddiqui (M.R. Siddique), an entrepreneur played a leading role in the establishment of a Eastern Insurance Company Ltd. in 1959. He served as the Chairman of the company. After Bangladesh was born he was appointed as Minister for Commerce and Foreign Trade. He was the only Cabinet Minister to oppose Nationalization Policy of Bangladesh Government.<sup>24</sup>

In 1965 Eastern Mercantile Insurance Company, a general insurance company was established by Bengali jute merchants, one of them was Kafiluddin Mahmood. Ali Ahmed, a retired Bengal Civil Servant became chairman of the company.

In 1965, Golam Mowla of Oriental Fire took the initiative and established the Great Eastern Insurance Company Ltd with Bengali entrepreneurs M. Shamsul Alam. When Bangladesh was born Golam Mowla became the first managing director of Sadharan Bima Corporation.

The other insurance personalities who contributed in the insurance industry during that period includes Mustafizur Rahman Khan, M.A. Rahim, M. A. Samad, Harunur Rashid, Moyeedul Islam and A.F.M. Safiyyullah.

Mustafizur Rahman Khan served for the EFU's general insurance in Chittagong and Dhaka till 1960. From 1961 to 1970, he was appointed by the Pakistan Government to serve Pakistan Insurance Corporation for East Pakistan. During that period, he was appointed as Custodian of enemy properties after India-Pakistan war in 1965. All the Indian insurance companies carrying on business in insurance in East Pakistan were declared "enemy property" after the India-

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23 *Ibid.*, 16.

24 Profile of Late M.R. Siddiqui (1926-1992), *Installation of office Bearer & Bima Padak-2008 Award Ceremony, souvenir*, Bangladesh Insurance Executive Club, 18.

Pakistan war.<sup>25</sup> Khan later served as general manager of EPCIS from 1970 to 1972. After Bangladesh was born he was appointed chairman, Karnafuli Insurance Corporation.<sup>26</sup>

Haruner Rashid of the EFU served as superintendent and received training in general insurance which includes fire, marine and accidents. He served as branch manager of Sylhet for the EFU till 1960. From 1961 to 1969 he served as branch manager of Khybar Insurance Company Ltd., first general manager Eastern Mercantile Insurance Company Ltd. and manager Great Eastern Insurance Company. In 1969 he joined Pakistan Insurance Corporation as chief manager and subsequently appointed to officiate as managing director for Bangladesh Insurance Corporation from October 1972 to January 1973. After Bangladesh was born Rashid served as director Karafuli Bima Corporation and general manager, Jiban Bima Corporation.<sup>27</sup>

M. A. Rahim worked for the EFU from 1949 to 1960 as one of the senior officers in the company. He contributed towards the life insurance growth and success of the EFU during that period. In 1960 he joined as chief of Adamjee Insurance Company in East Pakistan.

M.A. Samad served as life manager, Great Eastern Insurance Company and general manager Federal Life and General Insurance Co, Ltd. When Bangladesh was born he was selected as Chairman, Surma Jiban Bima Corporation.

Moyeedul Islam, left his teaching job at Murari Chand College, Sylhet and joined as secretary, EPCIS. Later he was promoted to the managing director, EPCIS. Subsequently he was selected as the managing director, Pakistan Insurance Corporation and posted in Karachi.

A.F. M. Safiyyullah, (son of Dr.Md. Shahidullah), was another insurance salesman and executive who served for the cause of insurance industry with his "head and heart"<sup>28</sup>. He played a key role in developing and conducting state-of-the-art training classes for the insurance salesman in the EFU. Under Khuda

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25 Profile of Late Mustafizur Rahman Khan (1910-1996), *Installation of office Bearer & Bima Padak- 2008 Award Ceremony, souvenir*, Bangladesh Insurance Executive Club, 19.

26 *Ibid.*, pp. 102-103.

27 Profile of Haruner Rashid, *Installation of office Bearer & Bima Padak- 2008 Award Ceremony, souvenir*, Bangladesh Insurance Executive Club, 22.

28 Khuda Buksh, *Foreword: On to Ultima Thule*, August 1967.

Buksh's leadership Safiyyullah developed and conducted first Professional Agency training for the EFU in East Pakistan.<sup>29</sup> At that time, there was no book "to impart technical as well as practical know-how of insurance salesmanship"<sup>30</sup> to the insurance workers. He is known as the first Bengali who wrote his first book "Life Insurance Salesmanship" which did a pioneering job for salesman.<sup>31</sup> Safiyyullah later authored "Ultima Thule: A loud Thinking of Life Insurance in Pakistan," which received praise from insurance professionals all over the country.

To judge the performance of life business of any insurance company, eight factors indicating growth in market share are used as yardsticks. These growth indicators are new life policies written, total number of life policies in force, new sum insured, gross sum insured in force, total life insurance premium income, total life account income total life fund, and total life and non-life premium income during each year of the review period.<sup>32</sup>

This part will look into the performance of those life insurance companies which invested insurance premium in East Pakistan with head office in Dhaka and Chittogong. A research on Insurance Business in Bangladesh in 1977 found the scripts about the investments made by Bangladesh origin insurers. However, the research failed to establish investment claims of all other Pakistani owned insurance companies except Eastern Federal.<sup>33</sup>

Table 1 shows that business performance of 10 registered insurance companies in East Pakistan. Only business performance data were provided which were available at the time of writing this article. The tabulated data shows that Eastern Federal exceeded business performance all insurance companies owned by East Pakistani companies. Initially, this company created a large number of field organisations in East Pakistan. Later, it expanded its field organizations to West Pakistan. Ultimately the EFU became the top insurer in the country and claimed that "every second person in the country was insured with them."<sup>34</sup>

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29 *KBTPOLIIB*, p.92.

30 *Ibid.*

31 *Ibid.*

32 Profile of Late Mujibur Rahman (1918-1975)," *Installation of office Bearer & Bima Padak- 2008 Award Ceremony, souvenir*, Bangladesh Insurance Executive Club, 15.

33 Ahmed, *Op cit*, p. 50.

34 Wolfram W. Karnowaski, *Roshan Ali Bhimjee, Between Tears and Laughter A Biography*, (Karachi 2001), p.160.







The man behind significant life insurance business growth in East Pakistan was Khuda Buksh. He was life manager of the EFU, East Pakistan from 1952 to 1960. In 1960, he was promoted to Life manager of East and West Pakistan. In 1963 and 1966 he was promoted to deputy general manager and general manager respectively. He established Federal Life and General Insurance Company in 1969 after resigning from the EFU. He was also selected as managing director of Jiban Bima Corporation in Bangladesh in 1973. Since Eastern Federal made significant contributions to the growth of life insurance business in East Pakistan the key factors behind the insurance business growth and development will be reviewed in more details following Buksh's early life.

#### **Contributions of Khuda Buksh in the growth of Insurance Business**

Khuda Buksh was born on 1st February, 1912 in a village named Damodya under the jurisdiction of Shariatpur (Shariatpur in now a district) of the then greater Faridpur district. He was the eldest child of Shonabuddin Hawladar and Arjuna Khatun.

In 1929, Buksh passed the Entrance (Matriculation) examination from Shyama Charan Edward Institution in the first division with distinction in Mathematics. He went to Kolkatta and got himself admitted into Islamia College in 1930. He studied there for two years and passed the Intermediate examination in 1932 in first division and got admitted in the prestigious Presidency College of Kolkatta to pursue B.A. He completed full course of study for two years, unfortunately, he could not appear in one of the papers in the final examination for his B.A. degree due to his serious illness.<sup>35</sup> Subsequently due to financial hardships he accepted a part-time job in the library of the Presidency College. In December 1935, Buksh started his career as field agent at

Oriental Government Security Life Assurance (OGSLA) in Kolkatta. He chose this profession to serve humanity.<sup>36</sup> Perhaps Buksh witnessed the fate of many families when the bread winner died without leaving any resources for the family. His life mission was to raise the standard of living of individuals and families by alleviating poverty, misery, humiliation, charity and homelessness in the society.<sup>37</sup>

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35 *The Daily Ittefaq*, 15 May 1974; *The Purbodosh*, 16 May 1974.

36 *KBTPOLIIB*, p.28.

37 Khuda Buksh, "Life Insurance Selling-A profession", *Eastern Federal News Bulletin*, Vol. II, No. 7, July 1965.

Buksh developed a passion for his career and knocked door-to-door to sell life insurance policies in Kolkatta and surrounding regions. His “highly developed sense of persuasive power”<sup>38</sup> helped him to establish himself as a First Class Insurer and became popular with the Muslims and the Hindus in Kolkatta.<sup>39</sup> Buksh was promoted to Inspector of OGSLA in 1946. After 17 years field experience he returned to Dhaka and joined Eastern Federal Union Insurance Company (EFU) as life manager, East Pakistan (now Bangladesh) in July 1952. In the beginning, Buksh faced the most challenging task of his life – how to develop an insurance business in a negative environment as specified herein?

- Number of people willing to buy insurance was limited.
- Salespersons did not have any certainty of pay check at the end of the week or month.
- There was fundamentalist propaganda against life insurance – “Insurance Un-Islamic”
- Insurance agents were looked down by the society as people had negative views against the insurance agents.
- Agents or chief agents could not make a profit in the business and they frequently quit profession.
- Agents suffered “octopus of inferiority complex” as they had a feeling that they were doing a mean type of work.

Public negative attitude was the primary barrier to the sale of life insurance policies. Insurance business was vague and colored with suspicion as public avoided insurance agents. The overall view of the public was that “those who have no job join insurance and only, worthless people worked for insurance companies.” Moreover, Khuda Buksh found that educated people were reluctant to join this profession due to religious, cultural prejudices and negative views against life insurance workers. But he was workaholic and a determined man, “life insurance was his mission,”<sup>40</sup> Buksh had a strong conviction about

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38 Karnowaski

39 Astryx, *Op cit.*

40 Roushanara Rahman, Obaidur Rahim, Hossain Mir Mosharrif, Moslehuddin Ahmed, Sazzadur Rahman, Tanisha Bukth, Shafique Khan and Bazlur Rahim (ed), *Beemabid Khuda Buksh Smarak Grantha, Commemorative Volume* (Dhaka, Khuda Buksh Memorial Trust and Foudation, February, 2009 ((Henceforth this source will be referred to as *BKBSG*))



this profession and he believed that “insurance is a service,” and profession is noble service-oriented profession-in which the manifestation of skill facilities one to ascend the ladder of success up to the sky. By becoming a member of this noble and active environment, the insurance workers should feel honored. Buksh’s philosophy was insurance policies are not just business but they are a service to the society as well and can help reducing unemployment in the country.<sup>41</sup> Buksh’s message to the field workers reflected his philosophy:

Be proud of your job. Let it be written in letters of gold in pages of your mind that is your honorable duty as a life insurance salesman to mobilize and to channelize the social force of life insurance in the greater parts of your community. Keep your watchful eyes ever vigilant so that no breadwinner of your area of activities dies leaving his family uncared for. . . Have firm conviction that life insurance is the noblest profession . . .<sup>42</sup>

### **Business Development Strategies**

It cannot be denied that life insurance, by its nature, must depend for new business upon the effective working of the field force. Unfortunately, during that time, insurance salesmen were “ill-educated and ill-informed”<sup>43</sup> and “ignorance of the people at large and absence of any efforts towards imparting education giving information to the people about the benefits of insurance pushed the image into greater darkness.”<sup>44</sup>

Knowing all the practical problems Buksh primarily focused on recruiting and training, public relationship, developing human resources, building inter-personal relationships, motivation of insurance workers, helping salesmen, providing superior service, setting goals, organization and management, compete with other companies and developing methods to reach the public.

Buksh believed selling life insurance begins with selling yourself, establishing a good inter-personal relationship and gaining trust. He realized that, “gaining trust is the biggest single task of life insurance,”<sup>45</sup> a salesman must master. With

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41 *BKBSG*, p. 110.

42 Buksh, “Record Rs 35 Cr. Business in 1965 by Eastern Federal,” *The Pakistan Observer*, 14 June, 1966.

43 M.A. Chishti, *Insurance Industry Policies and Practices in Pakistan* (Karachi, 1987), p. 51.

44 *Ibid.*

45 Perin Stryker, *The incomparable Salesman: a study of the extraordinary life insurance agents in Million Dollar Round Table, including the greatest salesmen in the business world* (McGraw Hill Book Company, 1967), p.5.

his experience he was aware that he must achieve confidence of public by developing a good relationship with them before selling the idea of life insurance to them. Let us review a few key techniques Buksh applied to accomplish his life insurance mission and its outcome.

### **Recruitment and Training**

Buksh was confident in his profession, and he was fully aware that his profession was going to provide benefits to the public. As soon as he joined the EFU he started educating people about this business. He shared his 17 years field knowledge and experience to the trainees. From 1952 to 1960 Buksh personally offered classes for the agents and trained them in the insurance business – how to inspire people, how to run an office, how to develop salesman’s confidence, how to communicate with a client, understand methods of persuasion, how is a customer’s financial position, whether the customer will be able to run the policy after accepting the proposal, kind of service is to be given after the proposal.<sup>46</sup>

Buksh often visited Myranda Restaurant located on the lower level of Mukul Cinema hall near old Dhaka. This restaurant was popular with the public at that time for good quality food. Buksh’s intend was to socialize with people and recruit people in this business.<sup>47</sup> When Buksh faced recruitment problem of insurance agents he started a new system. He arranged salary-based jobs for all the employees, regardless of whether or not the company was making money. In the field of insurance this system was unique in East Pakistan as a result the educated section was motivated to come to enter the profession.<sup>48</sup>

Buksh understood that a company could not grow without selling agents. He often visited various district towns on official duties. On such occasions, he would host gorgeous tea parties. People from the elite to the university teachers and students used to attend. And from here, he took many to the insurance business. During that time, Buksh brought many Bengalis into the insurance profession.<sup>49</sup>

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46 *BKBSG*, pp. 31, 89.

47 *KBTPOLIB*, p.48.

48 *BKBSG*, p.31

49 *Ibid.*, pp. 73, 78.

Buksh had a unique capability to recognize a promising salesman. He used his persuasive skills to convince many key producers from rival companies to join the EFU. He personally hired all administrative and key marketing people including development officers, inspectors and managers for the company.

In 1963, the EFU invited P. Robello, Public Relations Officer of Life Insurance Corporation Bombay to provide a six week training courses to senior field officers of the company at Dhaka and Karachi. Later a full-fledged training scheme for the members of the company staff was introduced at the Dhaka office to train batches of 10 employees every two weeks.<sup>50</sup> In insurance training the EFU played a major role in developing the industry. It has been reported that many officers who received their training or gained experience in the EFU held high and responsible positions in several other insurance companies operating in the country.<sup>51</sup>

In training arena, Buksh appointed A.F.M. Safiyyullah, who was the life manager with Pakistan Premier Insurance Company. Buksh convinced him to join the EFU and made him adviser of planning and development. EFU management later expanded the training program by offering 10-week training and Executive Officers training courses at Karachi.<sup>52</sup> Buksh sent several insurance personnel to Karachi for training.

To motivate people in this profession Buksh wrote several articles in the newspapers and in-house magazines on the importance of life insurance career. *Selling Life Insurance Successfully*, *Life Insurance Selling- A Profession and Your Duty Onerous* are the titles of three published articles. In one article Buksh said the public judges a profession by different standards. First, they see to what extent the profession is beneficial to society as a whole. Second, they ask if the members of this profession come from the educated and well-cultured section of the people. Third, they consider the prospects of the profession against the monetary returns it can bring to its members. Buksh pointed out that life insurance sales satisfy all these criteria. Life insurance helps one to plan for financial stability, by making provisions for one's old age and for the education and future provisions for one's dependents in the event of one's premature death or sudden loss of income. Therefore, "the role of

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50 *KBTPOLIIB*, p. 92.

51 *Ibid.*, p. 95.

52 *Ibid.*, pp. 92-95.

Insurance Agents in the social and national service is also very great.”<sup>53</sup> Perhaps this message helped Buksh to recruit more educated people during that time.

### **Public Relations**

Public relations are a prime tool in any marketing effort. Public relation is in fact the foundation on which the edifice of an insurance company can be built. Without public relations an insurance company cannot make much headway.

Soon after joining the EFU, Buksh became a member of Dhaka Club and Dhaka Rotary Club. His intent was to increase public awareness about life insurance through the club's members. This initiative helped him to expand his circle of acquaintances with professionals and intellectuals. He also believed that key to successful career in business is “to develop personal relationships on all possible levels.”<sup>54</sup> He followed this practice throughout his life. He invited high ranking people to tea parties or dinner, sometimes twice a month. He spent money from his own salary. He frequented various functions and also took part in multi-purpose social gatherings. All his intent was to develop and maintain public relationship. <sup>55</sup> Buksh was nominated twice as Chairman Dhaka Insurance Institute. Through his vigorous public relations effort he connected himself with high government officials, insurance executives, industrialists, professionals, politicians, educators, and many other people of all walks of life. His public relations helped to create a strong positive image of the company which sparked interest among customers and paved the marketing efforts.

His acquaintances included Sheikh Mujibur Rahman (Head, Alpha Insurance Company, East Pakistan later became Bangabondhu), Tajuddin Ahmed (Politician, later became Prime Minister), Muzibur Rahman (Civil servant, insurance executive), Golam Mowla (Insurance Executive), Dr. Md. Shahidullah (Bengali educationist, writer and linguist), Abdul Jabbar (Speaker Pakistan Assembly), A.K. Khan (Industrialist), M.A. Ispahani (Industrialist), Aatur Rahman Khan (Lawyer, politician and writer), Justice Abdus Sattar (former President Bangladesh), Justice Abu Sayeed Chowdhury (former President Bangladesh), Habibur Rahman (former Central Minister of Education), S.M. Morshed (former Chief Justice, East Pakistan), Kazi Anwarul Haque (Minister for Education, Health, Labour and Social Welfare), Hafizur Rahman (Education

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53 Buksh, *Op cit.*

54 *BKBSG*, p. 214.

55 *Ibid.*, p. 213.

Minister), Shafiul Azam (Chairman, East Pakistan Industrial Development Corporation), Dr. M.N. Huda (Minister planning and Finance, East Pakistan), Abul M.A. Muhith (CSP, former Chief and Deputy Secretary of Pakistan Planning Commission), Professor Md. Shamsul Haque (former Foreign Minister), A.K.M. Hafizuddin (Chairman, EPIDC), Abdus Salam (Editor, the *Bangladesh Observer*), Moinul Hossain (Editor, the *Ittefaq*), Zahur Hossain Chowdhury (Editor, the *Sangbad*), Enayetullah Khan (Editor, the *Holiday*), A.B.M. Musa (Journalist), Sufia Kamal (Poet), Fateh Lohani (actor, film director, writer and journalist), Kamal Lohani (Journalist and cultural personality). Buksh popularized life insurance among the intellectuals and educated section of people.<sup>56</sup>

#### **Developing a Marketing Team**

It is well known that the insurance profession is the most difficult profession in the world because it is very difficult to sell insurance policies, this is a universal dictum.<sup>57</sup> Buksh firmly believed that insurance training and education are vital to the future of the individual as well as industry. However, in its very nature, must depend for new business upon the effective working of the field force.

To motivate an agent in insurance business Buksh would not hesitate to double or triple an agent's salary and even provide car to the potential salesman. In early 1950's A.R. Chowdhury (former General Manager, Chittogong) was an agent in Chittogong and his salary was Rs. 125 per month. At one stage, Buksh increased his salary to Rs. 400 and helped him with a car loan with a string attached— Rs. 30,000 premium must be earned for the EFU. This was one of the actions that business and agents started to grow in Chittogong and surrounding area. In mid sixties S. R. Khan (former managing director, Sunlife insurance company) joined as an agent for the EFU in Dhaka. Khan displayed great skills in policy selling and brought good business for the EFU. In the first month Buksh doubled his salary and at the end of one year he arranged a car for him.<sup>58</sup>

Buksh developed the field organizations under two categories: Supervisory Cadre of Officers and Non-Supervisory Cadre of Officers. The first category included senior regional managers, regional managers, divisional managers, field managers, district managers, superintendent of agencies, agency managers,

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56 *Ibid.*, p. 22

57 *Ibid.*, p. 147

58 *Ibid.*, p. 95.

district development officers, chief development officers, senior development officers, development officers, assistant development Officers, senior inspectors and inspectors. The non-supervisory cadre of officers included chief development officers, senior development officers, development officers comprised of Khuda Buksh's primary marketing team. He built up the confidence and credentials of his team mates by being humble, down-to-earth, sincere fair, straight forward with himself and his field force. He built the trust by empowering people by delegating them the authority for important managerial decisions.<sup>59</sup>

In order to pursue his business target and sales strategies and to ensure that sellers remained motivated. Buksh announced various contests for the sales force through newsletters from time to time such as income tax contest, monthly contest, revival drive contest, unit quota contest, 4-day contest et. cetera. Buksh created a unique motivation system: instant reward, instant recognition and photographs. This was a convention in the insurance industry during those days, but he would give the rewards quickly, and that made all the difference. Buksh was well respected, loved and trusted for his fascinating charisma.<sup>60</sup>

With his 17 years field experience Buksh knew how the customers mind work and how to get business in those days. When he had spare time he himself acted as salesman and generated business for the EFU.<sup>61</sup>

### **Helping Salesmen**

Helping salesmen was one of his business development strategies. Buksh visited house of every field agent, development officer, inspector and manager and established relationships not only with the person himself but with all his family members. In spite of being a top insurer, Buksh kept close contact with ordinary insurance workers. They could meet him anytime and discuss freely about various problems. Buksh also helped employees in financial crisis, regardless of whether he worked in the field or in the office. "He believed that for motivation it was essential to establish the personal financial goals for enhanced social status needs of individuals."<sup>62</sup> He used to look after salesmen

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59 *KBTPOLIIB*, p. xii.

60 *Ibid.*

61 *BKBSG*, pp. 195-200.

62 *KBTPOLIIB*, p. xii.

families, and was genuinely concerned for their welfare. This encouraged them to do business wholeheartedly.

Buksh motivated even the commonest worker in marketing- so forcefully that it brought him considerable income. Whenever he found that an agent was unable to sell a life insurance policy to a potential client, he accompanied the agent to client's home and demonstrated his selling techniques. He left no stone unturned to convince a client in buying an insurance policy. He talked to a client with patience and conveyed the merits of life insurance. It was not unusual for him to sell an insurance proposal in the course of talking.<sup>63</sup> When Buksh accompanied an agent to a client's home often a policy amounting to one to two lakh taka were sold, but he never claimed any credit for this.<sup>64</sup> Agents rather received a commission due to their efforts resulting in revamping enthusiasm for job. In this way life style of many salesmen changed in life insurance business. Buying cars and houses became easy and regular acts of the EFU agents, inspectors and field managers.<sup>65</sup> Thus, he helped countless salesmen in getting business for the company.

#### **Field Organization, Management and Business Development**

During early period, Buksh found that the EFU insurance policies were issued from the head office in Karachi, with clients in Dhaka, Chittagong and other places. Naturally, this caused many delays in paperwork and did not reflect well on the company. To these unnecessary delays he convinced management to have policy renewals, premiums and other arrangements could be done to increase business from East Pakistan. The management agreed with him, increasing manpower in Dhaka regional office and other divisional and sub-divisional towns. Thus insurance business grew and a new class of insurance workers was also created in East Pakistan.<sup>66</sup>

Before Buksh joined the EFU there was hardly any organized field force worth the name in the beginning. Buksh took the initiative and created a large number of field organizations in East Pakistan. This method soon started showing rich dividends and the number of agents and field officers significantly increased.<sup>67</sup> The Company thereafter continued showing tremendous upward trends and

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63 *BKBSG*, p. 78.

64 *Ibid.*, p. 90.

65 *Ibid.*, pp. 36-37.

66 *Ibid.*, p. 44.

67 Buksh, *30 Progressive Years, Op. cit.*; *BKBSG*, p. 315.

number of new policies of the EFU increased from 2,567 to 9,543 from 1953 to 1959 respectively and new business from Rs.21.1 million to Rs.57.6 million during the same period as shown in Table 1. It may be worthwhile to mention that more than 65% of business was generated from East Pakistan before 1960.<sup>68</sup>

Later when Buksh became life manager of the EFU for both wings of Pakistan, he divided the life organization into three zones, Central zone (Karachi, Head office), Western zone (Lahore, Regional HQ) and Eastern zone (Dhaka, regional HQ). Later, Western zone was bifurcated into two zones, Lahore zone (Lahore regional HQ) and Rawalpindi zone (Rawalpindi, regional HQ). The overall business performance of the EFU from 1960 to 1970 is shown in Table 1.

Buksh used to love his field force just like a father would love his children. From Chittogong to Peshawar he knew the name of each and every field worker, whether he was an agent, a manager, or a regional manager. He personally knew the name and family circumstances of a person, irrespective of its designation.<sup>69</sup>

Buksh worked hard himself and he was instrumental in achieving company's business target through his field team scattered around the country. In early 1962 Buksh announced a target of Rs. 125 million new business in Karachi. The management at head office became skeptical of meeting this target. In early December 1962 when Buksh reviewed the business data he became doubtful of achieving his target. Without delay he rushed to eastern zone and worked day and night with his team and exceeded the business target by Rs 5 million.<sup>70</sup> Buksh was measured by the amount of business he produced and was called "the most outstanding salesman in the country."<sup>71</sup> The performance of life

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68 EFU In-house magazine, Khuda Buksh Life Manager- Mr. Khuda Buksh during his connection with this company has been able to create large number of field Organisations in East Pakistan and the Company could complete from East Pakistan business exceeding 3-3/4 Crores in 1959. In appreciate of the services rendered by Mr. Khuda Buksh he has been promoted to the rank of Life Manager by Board of Directors. He is now at the helm of affairs of the Life Department and he assured the Company that he would complete a business of Rs. 10 Crores by 1962 and would reach 15 Crores by 1964. He is very much optimistic and hopes he will fulfill his desire by his hard and sincere work in all the future years." Promotions news of Mr.Khuda Buksh, undated.

69 *KBTPOLIIB*, pp. 235-242.

70 *Ibid.*, 98.

71 *Ibid.*, pp. 104-106.



business operation with field supervisory officers, non-supervisory officers and agents in three zones from 1964 to 1966 is shown in Table 2.

**Table 2: Life Insurance Business Operation in Three Zones.**

Particulars	Eastern Zone			Central Zone			Western Zone		
	1964	1965	1966	1964	1965	1966	1964	1965	1966
No. of proposals completed	18,401,130	20,460	22,815	5,866	8,977	NA	6,430	11,163	NA
Amount of paid for business (Rs. in Millions)	4.96	140	163	64	92	NA	67	109	NA
Total 1 <sup>st</sup> year premium income (Rs. In millions)	18	5.50	6.69	2.75	4.01	NA	4.83	7.07	NA
No. of supervisory officers	152	29	36	7	9	NA	28	61	NA
No. of non-supervisory officers	170	180	255	63	103	NA	122	217	NA
Total no. of field officers	20	209	301	70	112	NA	152	283	NA
Average no. of active agents per organisation	763	19	16	11	14	NA	NA	NA	NA
Average sum assured per organization (Rs. in thousands)	3,519	672	542	817	828	NA	361	365	NA
Total no. of agents participated	--	4,015	4,905	797	1,629	NA	1,141	2,680	NA

Source: Muhammad Obaidur Rahim, *Khuda Buksh: The Pioneer of Life Insurance in Bangladesh* (University Press Limited, Dhaka 2011).

To develop and spread company's business in East Pakistan Buksh divided eastern zone into two zones, zone A and zone B. Dhaka and Chittogong (Chittogong Hills tracks) were under zone "A". Zone "B" covered all other districts.<sup>72</sup> During that time there were 17 districts in East Pakistan. Figure 1 shows the district wise breakdown of agents for 1965 and 1966.

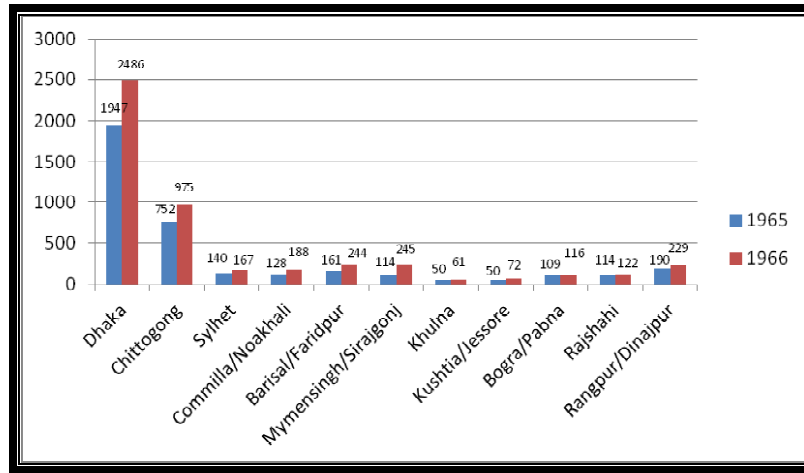


Figure 1: No of Active Agents Vs Zone Units.

To achieve a competitive advantage over rival companies such as American Life Insurance company he always tried his best to retain the trained employees. He did not let them go easily from the company.<sup>73</sup> Whenever there was any dispute or clash between the company and its employees Buksh applied his own personal relationship. In Dhaka at one stage some senior field officers resigned. Buksh went to their homes and persuaded them to come back and join the EFU.<sup>74</sup>

Field management is a difficult task, because the field officers are not under any service rules and they are not under any strict control of management. However, Buksh was able to win the heart of all field officers in East and West Pakistan and developed a strong and efficient dynamic team.<sup>75</sup> Interestingly, Buksh's

72 *Ibid.*, pp. 96, 251.

73 *BKBSG*, pp. 31, 80, 107, 141.

74 *Ibid.*, pp. 44-45.

75 *Ibid.*

eastern zone team was ahead in business performance then western zone team from 1952 to 1963.<sup>76</sup> Buksh frequently toured all zones and motivated them for aggressive marketing. Since sales force was scattered all over the country, he kept in touch with field officers and his managers on a daily basis.

#### **Public Trust and Confidence**

Buksh's personal qualities of generosity, warmth, and thoughtfulness showed that he had a secret to his success, it was to see other people as human beings who could benefit from his services, rather than as mere customers.<sup>77</sup> People disliked insurance agents and buying life policies in early period of 1950s. However, he was able to bring about a change in the minds of the people who gradually realised its fruitfulness and became interested in buying policies. Buksh's team deserves a lot of credit for spreading the life insurance message door-to-door.

In early period of 1950's if any insured person died, Buksh personally handed over the cheque to the wife or other member of his family. In those days, it was normal for Buksh to deliver benefit cheque of the deceased's residence before burial or at the graveyard<sup>78</sup> This not only benefitted the family financially, but his action helped to spread the usefulness of the insurance policy to reach every one. Whenever a death claim came, he waived many things as soon as possible and informed his managers to pay the claim quickly. His public relationship, quality of services, and prompt benefit payment policy played a dominant part in changing public attitude towards life insurance. The public attitude towards insurance agents gradually changed over time and they were no longer viewed as "worthless". Thus Buksh's practical steps taken in this regard resulted in the deep trust for life insurance among the general public. Thus the once backward and neglected insurance industry won the confidence of the people.

In a relatively short period from 1950 to 1970, the life insurance industry boomed. Insurance industry was able to cross the darkness of religious superstitions just in two decades. EFU provided life insurance benefits to 250,000 families through ordinary and group insurance. Death and maturity

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76 *KBTPOLIIB*, p.100.

77 *Safiyullah*, p. xiii.

78 *BKBSG*, p. 80.

claims paid by the company were approximately Rs.250 million.<sup>79</sup> Insurance raised per capita income in the country rose from Rs.1.9 in 1950 to Rs. 40.0 in 1970.<sup>80</sup> The changing scenario of insurance business in East Pakistan was reflected in an article published in 1964 which acknowledged: “several thousand people are now engaged in this industry and making a good income. Young educated people, who earlier regarded this line as without any prospect, are taking to this profession.”<sup>81</sup>

Buksh implemented Bengali in insurance documents. During this time in Pakistan, all the documents of insurance were in English. In East Pakistan, Buksh first took the initiative of transforming those into Bengali. Mir Mosharraf Hossain, his personal secretary accomplished this task.<sup>82</sup>

Buksh’s leadership and his untiring efforts, dedication and passion was recognized as the driving force in making the EFU the largest company in the country. Moreover, the EFU business data revealed that the business in East Pakistan was spread out all over East Pakistan. Buksh developed business in East Pakistan more at the grassroots level than at concentrated upper level in West Pakistan.<sup>83</sup> The expansion of life insurance by the EFU took unprecedented stride under his leadership. Buksh became an “undisputed leader”<sup>84</sup> in insurance and “his name was also synonymous with the life insurance industry.”<sup>85</sup> By the middle of 1960’s Buksh became a “household name”<sup>86</sup> and people called him the “Wizard of Insurance”<sup>87</sup>.

### **Role in Insurance Investment**

Buksh was proud to be a Bengali and he strived all his life to promote the interest of Bengali. He had a major dispute with Roshan Ali Bhimjee (managing

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79 *KBTPOLIIB*, p.150.

80 The Pakistan Insurance Year book 1971, p. 6.

81 Mohammad Tahir Jamil, “Insurance in East Pakistan.” *Pakistan Observer*, 21 May 1964.

82 *BKBSG*, pp. 83, 365.

83 *Ibid.*, 104.

84 *Ibid.*, 25.

85 Waheeduzzaman Manik, A Tribute to an unsung hero of Life Insurance, *The Daily Star*, 12 March 2012

86 Wolfram Karnowaski, *Loc. cit.*, p.310; *BKBSG*, p. 22.

87 Jiban Bimar Ekti Obisharaniya Nam, *The Daily Ittefaq*, 15 May 1974; Jiban Bimar Jadugar Khuda Buksher Ananna, May 1974, *The Purbodesh*, 16; *BKBSG*, p.367.

director, EFU) about the company's investment policy.<sup>88</sup> Buksh played a vital role in convincing the EFU management in investing in East Pakistan as shown in Table 3.

**Table 3:** Eastern Federals Investment in East Pakistan (1960-1968)<sup>89</sup>

Year	1960	1961	1962	1963	1964	1965	1966	1967	1968
Investment in East Pakistan (Rs. in millions)	6.0	NA	13.8	17.7	NA	NA	19.71	NA	NA

NA: not available.

Buksh was not a political person, but he was a man of principle and "his love of justice, fairness and advocacy for the interest of Bengalees brought him into clashes"<sup>90</sup> with the EFU management. Buksh believed that the EFU management did not apply a sound and an effective investment policy and injustice was done to East Pakistan. Bhimjee understood Buksh's position on insurance investment disparities. In September 1966, the EFU board of directors agreed to establish two separate investment board (one for East Pakistan and the other for West Pakistan) as a part of long term investment policy. According to this policy, insurance premium earned in East Pakistan was planned to be invested in East Pakistan.<sup>91</sup> Incidentally EFU management took this action just after six-months Awami League launched their 6-points programme. However, Buksh's desire was to do something permanent for the Bengalees so that they do not feel themselves deprived of insurance facilities. He handled the investment issue with the EFU management with his own style staying outside politics.

Firstly, he purchased two bigha plot in Dilkusha Commercial area without the EFU management's approval.<sup>92</sup> Secondly, he took the initiative to build a 20-story building at a construction cost of Rs. 20 million. It was the plan for the tallest building in Pakistan at that time. The eminent architect Muzharul Islam was selected for building design, Messrs Gehrman and Wiesbaden (West

88 *BKBSG*, p. 25.

89 *KBTPOLIIB*, p.178.

90 *Astryx, Op. cit.*

91 *KBTPOLIIB*, p.166.

92 Wolfram W. Karnowski, *TES, Op. cit.*, p. 314; *BKBSG*, p. 25.

Germany) were appointed as consultants, and Bengal Development was assigned the civil works. Finally, Buksh received the approval of the design and construction of the building from the Government of East Pakistan.<sup>93</sup> However, the conflict with the EFU management on investment and other issues continued. He showed his courage and patriotism by suddenly resigning from the EFU in April 1969 and formed his own company Federal Life. EFU building subsequently proved to be the biggest real estate investment in Bangladesh initiated during Pakistan period.

The Federal life and General Insurance Company started in Dhaka in May 1969 with nine leading Bengali industrialists and businessmen as shareholders. As soon as Buksh started the company, a large number of field officers from the EFU and other west Pakistani companies joined his company. The Anti-Ayub movement in 1969 created such an attitude among the Bengalis that they were against working in West Pakistani companies. Due to this Buksh had no recruitment problem for his company. The company proved to be a great success in business. In one year Federal Life was able to declare dividends to its shareholders.<sup>94</sup>

#### **Role after Insurance Nationalisation**

In order to manage the affairs of insurance companies, the government promulgated a number of ordinances from January 1972 to March 1973 which nationalized 44 insurance companies (Pakistani 29 and Bangladesh 15) excluding all foreign insurance companies and Postal life insurance. On 8 August 1972, Bangladesh Insurance (Nationalization) Order 1972 created Jatiya Bima Corporation to look after four insurance corporations: Surma, Rupsa, Karnafuli and Teesta. Buksh was selected as one of the three directors of the Jatiya Bima Corporation. Subsequently, Jatiya Bima Corporation was dissolved and integrated the general and life insurance companies into two corporations, Jiban Bima Corporation (JBC) and Sadharan Bima Corporation (SBC). The government appointed Buksh as the first managing director of the JBC.

JBC inherited 71 branches all over Bangladesh. It is likely that majority of the branches outside Dhaka and Chittogong were earlier established by Buksh

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93 *KBTPOLIIB*, pp. 161-162.

94 *Ibid.*, 186.

while he developed the life insurance business organizations for the EFU. JBC opened only two new branches. In 1973, 9,335 agents worked for JBC and it cannot be denied that majority of the agents participated, originated from the EFU's field organization as shown in Figure 1. In fact, a baseline infrastructure and manpower resources were already available for rapid development and growth of life insurance business. JBC also spent about Tk 1.70 million for the review of 20-story building construction in 1973.<sup>95</sup> Incidentally, this was the same EFU building discussed earlier whose foundation was laid just after Buksh resigned from the EFU. The EFU building was later completed in Bangladesh, it is known as Jiban Bima Tower, it reminds us Buksh's vision and spirit of nationalism.<sup>96</sup>

After Buksh became managing director he took this responsibility as a challenge, and started to reorient the JBC. Under Buksh's leadership during the year 1973, JBC issued 31,789 life insurance policies for assurances amount of Tk 404 million. JBC received first year premium Tk 18.7 million. Life Insurance fund at the end of 1973 was Tk 218 million.<sup>97</sup> It may be safely said that this sudden business growth was possible due to Buksh's leadership in life insurance industry. His entire EFU and insurance sales personnel of other insurance companies deserve a lot of credit for the development of this industry. A total of about 10,000 claims were settled from 1 January 1972 to June 1974 on account of death and an amount of over Tk 400 million were paid to the beneficiaries.<sup>98</sup> It is difficult to visualize the social impact if these people had no life insurance.

As soon as Buksh took over as managing director of JBC, he faced a very hostile political environment – JBC trade union. He had clear conflicts with the JBC trade union leaders due to their various illegal demands. Buksh did not bulge and comply with their demands. He tried to find out amicable solutions but did not compromise his “principles even under tremendous political pressure of the unruly trade union leaders. Nor was he willing to be bullied around by the self-declared political touts.”<sup>99</sup> Government relieved him from

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95 Jiban Bima Corporation (JBC), Director's Annual Report for the year ended 31st Dec 1973, p.5.

96 *KBTPOLIIB*, p. 214.

97 JBC Director's Annual Report. *Op cit.* p. 6.

98 Shahid Uddin Ahmed, *op cit.*, p.34.

99 *Ibid.*

his position on 27 November 1973 and all on a sudden his life-long career in life insurance came to an abrupt end. Government selected Moyeedul Islam as managing director of JBC. Islam returned to Dhaka from Pakistan prior to this event.

Buksh died of a heart attack on 13 May 1974. His death marked the end of a legendary era in life insurance history. He not only became a legendary figure in his lifetime he is recognized as “one figure among Bengali Muslims who popularised life insurance among the people.”<sup>100</sup>

### Conclusion

Despite all the negativities against life insurance and political upheaval there is no doubt that development of this economic institutions took place because of few visionaries in East Pakistan. Besides, thousands of untiring insurance agents, salesmen, administrators and managers in the 1950s and 1960s led by Khuda Buksh. In Bangladesh, the growth of insurance industries in urban and rural areas resulted in the creation of a new class of insurance workers providing many new economic opportunities developing newly demarcated social groups in its structure.

The initial development of insurance industry was difficult due to stereotyped image of the insurance workers and other problems in the region as discussed earlier. There was a “general apathy among the people rewards insurance.”<sup>101</sup> As a result very few educated people were inclined to enter this field. But Buksh was passionate about insurance and believed in his heart on this profession. He worked for life insurance promotion in a difficult time. Other people entered the field after some ground had already been built.<sup>102</sup> Buksh struggled and devoted his whole life and succeeded to reverse the trend of public negative attitude towards life insurance. Buksh is known to have “played a pivotal role in establishing salesmanship of life insurance policies and programmes as a respectable profession in the last century.”<sup>103</sup>

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100 Syed A.T. Qamruzzaman (ed.), *Beloved Rtn. Khuda Buksh is no more*, *Rotary News*, Dacca, number 35, May 14, 1974; *BKBSG*, p.366.

101 Shams Siddiqui, “A Negative Attitude,” *Far Eastern Economic Review*, 19 May 1960, p. 999.

102 *KBTPOLIB*, p. 218.

103 Manik, *Op. cit.*



Buksh's contributions in life insurance business may be summarized into five elements<sup>104</sup>:

- Providing Bangladeshis with basic social welfare benefits through his insurance awareness movement.
- Recruiting and training countless numbers of young people in this profession.
- Helping to develop and expand the life insurance industry across the country.
- Changing the image of the insurance salesman from "worthless" to "honourable."
- Paving the way for the growth of the modern life insurance industry in Bangladesh.

The insurance salesmen who emerged in the 1950s to 1960s under Buksh's tutelage eventually helped to develop and progress the industry. In summary it may be said that, in tracing the evolution and development of life insurance industry Buksh played the pioneering leadership role in the development and growth of life insurance industry in Bangladesh.

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104 *KBTPOLIIB*, pp. 210-211.