

Insurance Day 2017

April 5th 2017



Messages



Fida Hussain Samoo
Commissioner
(Insurance) SECP

ON this illustrious occasion of Insurance Day rejoiced by the insurance fraternity in Pakistan, I congratulate the insurance industry for being able to bring it this far where a day is dedicated to the significance of insurance. This day holds special importance as it tends to highlight the service provided by the insurance industry to the society and economy.

In the past few years, the insurance sector has come a long way in respect of changing the way insurance is positioned in the minds of consumers, the incorporation of technology in insurance acquisition and servicing, building partnerships and alliances with insurance and non-insurance entities, and in terms of enrichment of distribution channels especially Bancassurance which has been developed into a

mature distribution channel. While a lot has been done, it is needless to mention that most of the journey is yet to be covered in order to make groundbreaking performance possible for insurance sector in Pakistan.

I would assert that it is about time that insurance awareness is imparted to the extent of making every individual aware of significance of insurance in daily life. There is a need to simplify the terms and conditions of insurance policies and use of local language is also desirable. SECP has already made it compulsory that life insurance product illustrations should be prepared in Urdu as well. I also feel that in order to make insurance a simplistic product, there is a need that policy documents should be reviewed from policyholder's perspective and unnecessary exclusions be removed. Only in this way, it is possible to make insurance an essential household product.

On the corporate side, the insurance sector needs to develop its capacity to support complex and large risks especially in the backdrop of China-Pakistan Economic Corridor which has opened a new arena of opportunities for insurance sector. Needless to mention, the SECP is committed to provide its full support in the capacity of regulator and

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Muhammad Ali Zeb
CEO, Adamjee Insurance
Company Limited

AS CEO of one of the largest general insurance companies in Pakistan, I am optimistic about the country's progress and have confidence in the future, which will be much brighter for the people. We are a hard-working, resilient nation with a history of success against all odds. Certainly, Pakistan will continue being glorious in the years to come.

I would most sincerely like to congratulate the Insurance Association of Pakistan for the efforts and the vital role they played for the development of the country's insurance sector. Also, I am grateful for the awareness of insurance that has been raised at a larger scale with the celebration of Insurance Day in Pakistan.

It makes me very happy to see the insurance indus-

try growing rapidly in Pakistan, assuring quality insurance services to millions of Pakistanis across the nation.

We at Adamjee Insurance also appreciate the continuous support and guidance imparted by the Securities and Exchange Commission of Pakistan, which has enabled us to work to our full potential. Finally, the unwavering support of our valued customers and the undiminishing trust that they have put into us has always motivated us to provide them with the best services.

Company Profile

Adamjee Insurance Company Limited (AICL) is one of the leading general insurance companies in Pakistan, which was incorporated as a Public Limited Company on September 28, 1960. AICL has regional presence in United Arab Emirates (UAE) and maintains its standing through an unwavering commitment to its corporate philosophy.

AICL's competitive competency is achieved by combinations of voluminous assets, notable paid-up capital, sizable reserves, a varied portfolio and consequently, remarkable growth rates and is listed on Pakistan Stock Exchange with,

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Celebrating the Insurance Day

INSURANCE Day is observed in Pakistan each year to raise the awareness of Insurance at national level. By celebrating Insurance Day, the industry aims to spread the message of insurance and especially to address the students thereby, taking the message to grassroot level.

This year, IAP celebrates its fifth "Insurance Day" on the April 05, 2017. The day will commence with the publication of special supplements on insurance in the leading newspapers of the country followed by various events throughout. A number of panel discussions have been organised in the educational institutions in Karachi and Lahore. Two leading cricket teams of the industry would play the Super Final Cricket match at Lahore to mark this Day.

An Essay Competition and Elocution Contest to encourage young professionals within the industry have also been arranged. A Family Carnival has also been organised to provide healthy entertainment for families.

Industry's contribution

The industry has been ever willing to assist its clientele whenever a misfortune has occurred whether at micro or macro level.

The industry has been collecting and depositing Federal Insurance Fee (FIF) of 1% of the premium received on insurance policies which had been levied by the Government of Pakistan in the Budget of 1989-90. Since then, approximately Rs. 6.98 billion on account of FIF have been deposited in Government exchequer. The IAP strongly recom-



SITTING from Left to Right: Mr. Abdul Razak Ahmed, Mr. Arshad P. Rana (Senior Vice-Chairman), Mr. Hasanali Abdullah (Chairman) Mr. Atiq Anwar Mahmudi (Vice-Chairman) & Ms. Lilly R. Dossabhoy Standing from Left to Right: Mr. N.A. Usmani (Secretary General), Mr. Abdul Waheed, Mr. S. Shahid Abbas, Mr. Mohammad Hussain Hirji, Mr. Zain Ul Haq Qureshi, Mr. Nasar us Samad Qureshi & Mr. Muhammad Rahat Sadiq

mends that this amount of FIF be spent for creating awareness and setting up of colleges of insurance in all major cities of Pakistan.

Executive Committee strongly feels that low penetration of only 0.85% of

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EFU General – a pioneer in Pakistan's insurance industry

EFU is the largest insurance group in Pakistan. The group structure comprises EFU General Insurance Limited, EFU Life Assurance Limited and Allianz EFU Health Insurance Limited.

EFU General was incorporated on September 2, 1932. The Company pro-

vides a full range of insurance services to fulfil the needs of all of its customers being commercial and individual clients. Our product portfolio includes:

- Fire and Property Damage
- Marine, Aviation and Transport
- Motor

- Miscellaneous
- Value Added Services
- Takaful

Highlights

- The shares of the company are quoted on Pakistan Stock Exchange.
- EFU is one of the few Pakistani organisations run totally by professional management and highly

motivated field force.

- Policies accepted by all institutions in the country.
- Rating: Insurer Financial Strength AA+, Outlook: Stable (Rating Agencies: JCR-VIS and PACRA).
- Client-base comprises

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Jubilee General – driven to be the best

JUBILEE General Insurance Company Limited has entered its 65th year of operation marking a legacy of over six decades of living by its core values, namely; teamwork, integrity, excellence and passion.

Since its establishment in 1953, JGI has maintained its presence as the most prominent company launching innovative products and new initiatives. It has established itself as one of the most reputed and brightest names of the sector. Sustained growth and evolution has secured JGI as one of the "Big Three" insurers of Pakistan in terms of gross direct premium and financial base.

JGI is listed on the Pakistan Stock Exchange. Its major shares are held by Aga Khan Hospital and Medical College Foundation, Habib Bank Limited, Aga Khan Fund for Economic Development and Hashoo Group. JGI, with its Head Office in Karachi, has an extensive branch network in all major cities and towns of Pakistan that promises prompt service at the customers' doorstep.

JGI is the highest rated general insurance company in Pakistan with an Insurer Financial Strength Rating of "AA+" with "Stable Outlook" assigned by the both credit rating agencies

of Pakistan i.e JCR-VIS and PACRA.

JGI is the only insurer in Pakistan to be accorded Financial Strength Rating of "B++" (good) and issuer credit rating of "BBB" by A. M. Best, which is the highest rating to be assigned by an International Rating Agency to any financial institution in Pakistan.

With a broad spectrum of services available, JGI's client-base comprises prominent national and multinational corporations operating in pharmaceutical, power generation and distribution, chemical, textile, cement, services (hospitals & hotels), oil & energy, manufacturing, FMCG, engineering, banking and financial sectors.

At JGI, diversity is maintained through underwriting all classes of general insurance including fire,

marine, motor, engineering, health and general accident. JGI not only offers wide risk coverage, but also provides related risk management services delivered by highly qualified and experienced risk managers.

As pioneers in Group Health Insurance, JGI continues to develop new, flexible and customised plans to suit the diverse needs of our many blue chip Pakistani companies and multinational clients. JGI also has an array of personal health insurance products with wide coverage and scalable benefit.

The insurance industry world over is undergoing technological revolution. JGI prides itself as innovator and distributor of technology driven service and delivery of products. Leveraging on its digital knowhow, JGI is making

rapid progress in automation of processes for faster and improved controls to deliver better customer experience. Thus, the company became that first insurer in Pakistan to launch an online portal providing end-to-end solution complete with payment options. JGI after pioneering the first ever Android Application for motor insurance, has also launched Android Applications for Bus Passenger's Personal Accident by the name of "Musafir" and a health insurance application.

In May 2015, JGI launched its Window Takaful Operations. Our General Takaful products are designed under the supervision of a Certified Shariah Advisor. Above all, at JGI, we remain focussed on meeting and exceeding customer expectations. ■



Alfalaha Insurance's decade of success

ALFAHALA Insurance Company is one of the fastest growing general insurance companies in Pakistan. No doubt this success is based upon firm roots of trust and confidence by our stakeholders.

Alfalaha Insurance Company Limited is part of the Abu Dhabi Group which is one of the largest foreign investment groups operating in Pakistan. The company started its operations in 2006 and during the last 10 years it has achieved many milestones and some of the credentials are given below:

-Alfalaha Insurance has been upgraded in 2017 by PACRA to IFS rating "AA-". This is the highest IFS rating assigned by PACRA to any general insurance company in record shortest time of 10 years which is indicative of our financial strength and professional management.

-Renowned international reinsurers have maintained their support for our company which is a remarkable achievement under the current economic conditions.

-Company has crossed two billion rupees annual premium in 2016.

-Over the last 10 years, our network has expanded nationwide and we have presence in almost all major cities.

-Alfalaha Insurance has the honour of first FPCCI (The Federation of Pakistan Chambers of Commerce and Industry) achievement award for its outstanding services in insurance for the year 2012.

Alfalaha Insurance is moving ahead from traditional insurance products towards more innovative and user-friendly products for the general public.

The insurance industry of Pakistan is quite challenging but full of opportunities for the investors as well as for insurance professionals. The industry is

working hard to create awareness among masses about insurance and its benefits. Unfortunately we are still lagging behind as compared to other insurance markets in the region. But nevertheless opportunities are there and Alfalaha Insurance is trying hard to

Workshops and trainings are very helpful for the growing professionals to enhance their technical knowledge.

The insurance industry is in dire need of insurance professional and institutes such as Hailey College of Banking and Finance and other professional schools are doing a great job in this respect. They have started insurance and risk management programmes in early 2000 which further improve the much needed professional skills required by insurance sector.

Alfalaha insurance is also performing its part in this move. Mr Nasar us Samad Qureshi is the founding Managing Director and Chief Executive Officer serving Alfalaha Insurance Company Limited since 2006. He has 40+ years of industry experience and has supported efforts for development of insurance industry in Pakistan. He served as Senior Vice Chairman in 2015-16 and prior to that as Vice Chairman in 2011 of Insurance Association of Pakistan. Currently, he is a member of the Executive Committee of the Insurance Association of Pakistan. He has also served as Chairman of Lahore Insurance Institute (LII) for the year 2013 and 2014. He was nominated to the Insurance Industry Reforms Committee formed by the SECP in 2012 and served as Chairman of the Operational Challenges Sub Committee.

Alfalaha insurance is sure that under the leadership of Mr Nasar us Samad Qureshi together with valuable support of its professional and dedicated team will provide customers with the best possible solutions to their insurance needs. The company is striving hard to become a major team player in insurance industry and to be recognised as valuable brand for our valuable customers. ■

Creating awareness about insurance, which is considered to be a complex product in itself is quite difficult but Insurance Association of Pakistan (IAP) together with insurance industry has provided an excellent platform to break this stereotype.

involve insurance in ordinary man's life.

Creating awareness about insurance, which is considered to be a complex product in itself is quite difficult but Insurance Association of Pakistan (IAP) together with insurance industry has provided an excellent platform to break this stereotype. IAP is conducting different awareness campaigns which include insurance day, seminars and trainings and different events like sports carnivals and annual dinners bringing together insurance professionals from different companies.



By N.A. Usmani Secretary General, IAP

THE Insurance Association of Pakistan (IAP), established in 1948, is a dynamic and vision driven body that represents the insurance industry of Pakistan and voices the mandate of its member companies at various levels. Representing both life and non-life insur-

ance companies that write about 253 billion worth of premium annually, IAP's members are amongst the most influential of insurance companies of the country.

The members of IAP collectively contribute to approximately 98 per cent of life and non-life insurance premium in the private and public sectors. Out of its stronghold of 38 member companies, 30 companies transact non-life insurance business, seven transact life insurance business, one a state-owned reinsurer (PRCL) in Pakistan.

IAP is driven with the objective to promote, support and protect the status, common interest and welfare of companies carrying on the business of insurance and Takaful in Pakistan and in

particular of those insurers who are members of the association. The association also acts on behalf of its members in any matter affecting their interest.

IAP is unique in as much as it provides a professional platform to guide the members in technical matters related to the industry which is recognised both at national and international level. The Insurance Association of Pakistan is a trade organisation registered by the Ministry of Commerce as an All Pakistan Trade Association and is Member of the Federation of Pakistan Chambers of Commerce and Industry. The association corresponds with the National Fire Protection Association, USA, WK Webster, UK, the

An overview of IAP

Association of Average Adjusters, UK, Association of British Insurers & the International Underwriters Association of London. IAP's interaction with these international professional bodies results in sharing of valuable international experiences and receiving regular updates of technical advances being made elsewhere in the world.

Locally, the association subscribes to Federation of Pakistan Chamber of Commerce & Industry (FPCCI), Pakistan Insurance Institute (PII), Pakistan Institute of Corporate

Governance (PICG), SAARC Chamber of Commerce (SAARC CCI) and internationally, National Fire Protection Association (NFPA). The association provides Technical Inspection Service to its members. Association's risk reports not only enable the insurers to analyse the risk correctly, but also recommend risk improvements to minimise losses and save valuable national assets.

The affairs of the association are run by the Executive Committee (EC) elected annually. The committee elects its own Chairman, Senior Vice Chairman and

Vice-Chairman. The Chairman becomes Ex-officio member of the EC for the subsequent year. The EC is assisted by the following technical committees manned by expert professionals:

Regional Committee North; accident Technical Committee; Life Technical Committee; Marine Technical Committee; Property Technical Committee; and Takaful Technical Committee

The IAP in the interest of insurance business has also developed a web based portal for its members to share information of motor vehicles

thereby, minimising insurance fraud to a great extent. This portal also acts as the repository of insured stolen and CTL vehicles. The committees are working on couple of such other online portals.

The association has developed a "No Fault Motor Third Party Liability Insurance" scheme for the benefit of public at large. It is encouraging to note that in line with this scheme, SECP has recommended amendments in Motor Vehicles Act, 1939 to introduce "No Fault Model".

It is a matter of great pride for the IAP that due to the efforts of its Regional Committee North, an Executive MBA Programme in Insurance & Risk Management was introduced

at Hailey College, University of Punjab. The programme has been expanded to BBA (Hons) and Regular MBA in the same discipline.

The Executive Committee is working on proposal of strengthening the Pakistan Insurance Institute to bring it at par with international insurance institutes like Chartered Insurance Institute (U.K), Malaysian Insurance Institute (MII) and Indian Insurance Institute (III).

The IAP is currently in process of building its very own "IAP House" to construct a customised building in Karachi. The building is in finishing phase. IAP offices in Karachi and Lahore have been equipped with video conferencing facility. ■

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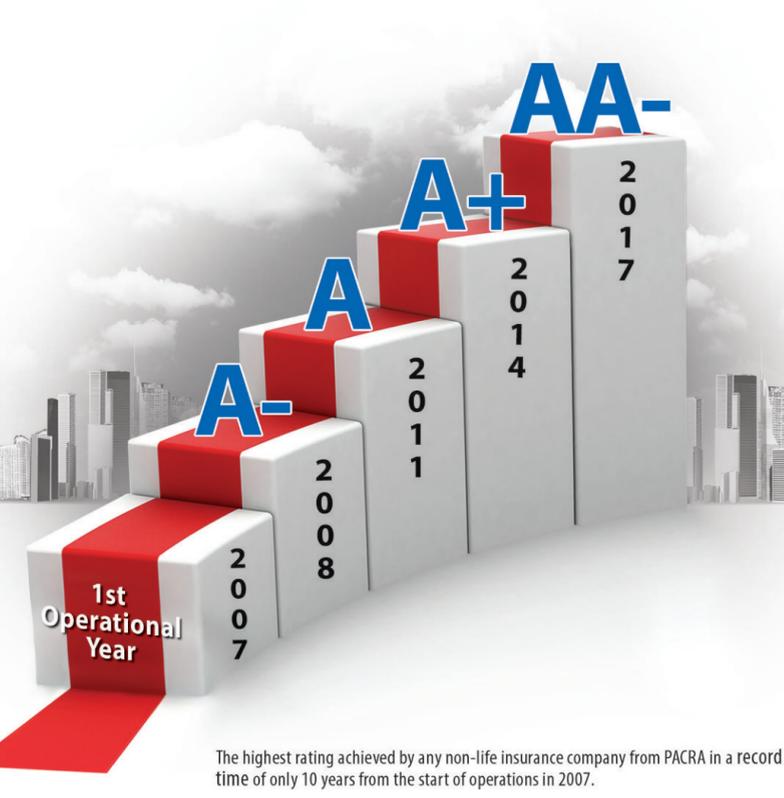


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We promise to excel ourselves and work even harder to meet your expectations in the coming years.



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Reliance Insurance completes 35 years of glory

RELIANCE Insurance Company Ltd. (RICL) was incorporated in 1981 by the two prestigious industrial groups of Pakistan i.e. Al-Noor Group and Amin Bawany Group. Having an energetic team of more than 200 employees, the company succeeded to procure more than Rs.1.2 billion of premium income in the year 2016. The unparalleled field force together with faster grown direct marketing channel are playing vital role in providing valuable services to our valued clients ranging from affluent class of society to common man.

The Rating assigned to the Company is 'A' with outlook "Positive" by JCR-VIS. Reliance Insurance is on sound footings and growing steadily. The Audited Financials for the year ended December 31, 2016, has been approved by the Board of Directors hence the Shareholder's Equity of the Company has now grown to Rs.863 million. The Paid-up Capital would increase to Rs.561 million and General Reserves to Rs.250 million after approval of shareholders in the Annual General Meeting scheduled to be held on April 29, 2017.

The Company has commenced Window Takaful Operations which has been widely appreciated by the business fraternity, Islamic banks and financial institutions and has succeeded to procure more than Rs.24 million of premium income in the initial half year of operations as at December 31, 2016. Reliance Takaful offers a wide range of Shariah-compliant General Takaful Products such as Fire & Property, Marine Cargo, Private & Commercial Vehicles, Plant & Machinery, Stocks, Money and

Group & Personal Accident etc. We are providing Shariah Compliant Takaful services to the community and have a dedicated Takaful team supervised by a Mufti as our Shariah Advisor. Reliance Insurance is one of the most reputable prominent insurance companies of Pakistan and is serving the business fraternity since more than 35 years. The unflinching trust of all our clients achieved by Reliance is no doubt a continuing token of acknowledgement of professional acumen and reward of our untiring long standing services.

Reliance has a nationwide branch network with 25 operating stations spread in all major cities of Pakistan. To accelerate growth and meet present day challenges, the infrastructure of the company is being continuously monitored, developed and strengthened. We need hardly assure to our valued customers our best personalised services at all times and thank for their unflinching trust and continued patronage. Reliance Insurance is contributing its role for the best of insurance environs and is representing on all professional forums of insurance industry including IAP. We resolve to continue to playing a meaningful role in the development of the insurance industry by providing efficient services, best security and protection to our policyholders.

Reliance Insurance is one of the most well managed companies in the market and is run by professional competent, well experienced and reputed team. We bow in humility to Almighty ALLAH for his very generosity and benevolence to us on completion of our 35 years of successful operations of quality services. We express our

heartiest gratitude to our respected sponsors, trusted reinsurers and all clients for their unflinching confidence in our professional practices. We at Reliance Insurance renew our commitment in giving the very best to our valued customers and pledge to continue our mission to protecting the assets of our policyholders.

Our Slogan
'Rely on Reliance'
Our Vision
To be recognised as a professional and dependable business entity committed to play a meaningful role in the development of insurance industry in Pakistan and to safeguard the legitimate interests of all stakeholders, namely policyholders, shareholders, reinsurers, employees and all other business associates, partners.

Our Mission
To provide quality service and protection to its clients aiming at achieving a respectable volume of business and become a prominent player through good governance and sound professionalism, focussing to become a well-known and respected corporate entity in the eyes of society and Government.

Our Motto
To do our active role in the development of the company with honesty, dedication, passion with joy, hard work and to provide quality services to the community, to add moral values and social values, to play an efficient role in the insurance industry, to leave a mark of RIC's highest respect through our work and sound professionalism in the eyes of society locally and globally. ■

Human resource — the essence of life insurance business

By Nadeem R. Malik

LIFE insurance industry in Pakistan has witnessed significant growth; CAGR of 25.2 per cent from 2009 to 2015 is a testament of the fact. In last few years, life insurance growth as well as gross premium has surpassed that of non-life (general insurance). The major contributor of this growth was retail sales of bundled risk protection and investment solutions offered by life insurers. The conversion of latent needs into greater demand emanates from expansion of distribution footprint and outreach. The distribution of insurance products through commercial banks, commonly known as Bancassurance has been the key driver for this growth.

While the industry celebrates this success, the key measures like insurance premiums booked as a % of Country's GDP as well as insurance premium per capita have remained significantly lower than the world's average as well as neighbouring India. These measures and comparisons further reaffirm the tremendous potential for future growth. The only constraint is the scarcity of skilled human resource for the industry to reach

out to underserved markets for awareness and fulfilment. The emerging distribution channels like internet and telemarketing have started to contribute primarily for sales of small ticket pure risk products such as term insurance, personal accident, critical illness, and travel etc. However, close to 80 per cent of industry's gross premiums are still contributed by investment linked or traditional endowment type products requiring customisation. Therefore, face-to-face interaction between the prospect and professionally trained advisor is needed regardless of the channel i.e. bank's or insurer's in-house distribution. Hence, the industry due to infinite demand for professionally trained workforce offer unlimited employment opportunities to youth.

Even the most committed techies in the developed world who are gunning for disrupting insurance distribution do not believe that insurance agents or advisors are going away completely. In fact, there could be a shortage of insurance agents. Where there is complexity, agents will be able to add more value than ever. Many tech entrepreneurs and investors see distribution as the most promising link in the insurance value chain. CEO of Hamilton Insurance Group, an advocate

of using science to transform the insurance system, advised the tech entrepreneurs not to underestimate the "tenacity" of insurance agents. He further adds, "We're not going to dictate to our customers how to do business; the preference varies by individual client rather than by industry or business type."

According to The Wall Street Journal, "Insurance ranks near the top of the list of least-desirable industries according to recent graduates. The image of the industry is that of one behind the times and offering little in terms of career development." Situation in Pakistan is perhaps even worse, as attracting young talent remains to be a challenge. In order to capitalise the opportunity, it is incumbent upon life insurance industry to identify the right mix of career selling approach, candidate profile and curriculum. The industry also needs to understand the proven best practices for recruitment, training, coaching and mentoring. A focussed approach can help the industry to successfully combat the impending skills shortage. ■

The writer is the Dy. Chief Executive Officer at IGI Life. He can be reached at nadeem.malik@igi.com.pk

Messages

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Fida Hussain Samoo
enabler for insurance in Pakistan.

The SECP has taken following initiatives to improve the governance and operation of insurance in Pakistan.

To support the national agenda of financial inclusion and in pursuance of the National Financial Inclusion Strategy (NFIS) adopted by the Government of Pakistan, the SECP is managing NFIS Technical Committee on Insurance which is formed with objective to increase the access and usage of insurance in Pakistan. So far, the Committee has conducted several meetings and has finalised the actions to be undertaken in pursuance of its objectives, while the tracking mechanism for activities of the Committee has also been developed. The development of insurance curriculum to be incorporated in regular academic curriculum, development of standardised insurance glossary, and reforming the compulsory insurances regime in three areas, are few of the action areas determined by the Committee.

As part of the project for strengthening the insurance regulatory framework in Pakistan with the Technical Assistance of the World Bank, significant reforms are proposed to be introduced therein. A concept note elaborating the significant reforms was shared with industry stakeholders in three roundtables conducted in Karachi, Lahore and Islamabad

for the purpose of stakeholder consultation. Thereafter the draft insurance bill was formulated which is proposed to replace the Insurance Ordinance, 2000. The Bill was placed on the official website of SECP on December 29, 2016 for eliciting public comments.

The SECP has formulated the Code of Corporate Governance for Insurers, 2016 with an aim to provide a comprehensive corporate governance framework for improving the governance of the insurance companies keeping in view the best international practices in the insurance sector. The Code was finalised after due public consultation and notified vide SRO 1045(I)/ 2016 dated November 9, 2016.

With an objective to develop active Alternate Dispute Resolution Forum, the jurisdiction of Small Dispute Resolution Committees (SDRCs) has been enhanced by increasing the monetary limits of disputes that can be arbitrated by the SDRCs, through amendment in the SDRC (Constitution and Procedure) Rules, 2015. Also, the jurisdiction of committees is now linked to pecuniary limit of dispute, instead of sum insured.

To promote transparency and to enable insurers to make informed underwriting and pricing decision in respect of health insurance, the SECP has widened the scope of Centralized Information Sharing Solution for Insurance Industry (CISSII). The system is enabled to support the information sharing regarding group health insurance claims experience.

The Insurance Rules, 2017 have been noti-

fied which, not only compile and consolidate the existing sets of insurance rules, but also aim to bring substantial reforms in the insurance sector by introduction of new accounting formats for life and non-life insurers especially for the purposes of Financial Statements and strengthening of the regulatory regime for insurance brokers and insurance surveyors through enhancing the requirements of paid up capital, professional indemnity etc.

The Insurance Accounting Regulations, 2017 are issued which aim to harmonise the local accounting standards with the international practices (IFRSs & IASs).

The fit and proper requirements for insurance companies' management have been further streamlined through an amendment in the Insurance Companies (Sound and Prudent Management) Regulations, 2012.

I wish best of luck to the insurance fraternity in the quest of reaching out to the consumer segment at the grassroot level and in making insurance an essential household product. The SECP is committed to provide its support in respect of enhancing the access and usage of insurance in Pakistan, with special focus on financial inclusion and promotion of e-Commerce in insurance.

Muhammad Ali Zeb
establishing its credibility as a strong financial institution.

The Company's focus on strengthening and expanding its global presence is reflected in its tapping the potential available in the UAE market along with the con-

solidation of business in Dubai, Abu Dhabi, Sharjah and Rashidya. AICL has collaborated with Hollar International, based in South Africa, to commence Life Assurance operations under a separate entity, today known as Adamjee Life Assurance Company Limited.

AICL's confidence lies in the large number of banking and financial sector clients that AICL insures. Some of AICL's high risk-value projects include risk-coverage provision to Petrochemical Factories and Industrial Risk projects. AICL also specialises in insuring Engineering and Telecom concerns. AICL also serves Pakistan's primary industry by providing coverage to the Textile and Sugar sectors. As a pioneer in the coverage of Oil & Gas (upstream & midstream), Wind and Thermal Energy Risks, AICL has successfully assumed the role of the leading player in Pakistan's insurance industry. The Company has managed to secure business being brought in by foreign investors entering Pakistan to execute construction or infrastructure development projects. AICL is proud to be the premier insurer of Kidnap & Ransom, Professional Indemnity, Product Liability and other specialised lines in Pakistan. In the Year 2016 AICL has initiated Window Takaful Operations in Pakistan. ■

Celebrating the Insurance Day

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insurance in the country's GDP (which compares unfavourably even with regional countries) can be rapidly increased by implementing the following suggestions:

Taxing of Capital Gains and Dividend Income @ 31% (Rule 6B of Fourth Schedule to the Income Tax Ordinance 2001)

In 2016, the tax measure of one basket income for Insurance companies whereby the Capital Gains and Dividend income is being taxed @ 31% as against reduced rate of tax for other sectors is discriminatory in nature and is seriously hampering the profitability of the insurance companies by raising tax liability substantially, as much as 80% in some cases. This is eroding investors' interest in this sector and directly affecting the capacity building of insurance sector, which in turn is resulting in buying more reinsurance support from international market and thus draining additional foreign exchange.

Reduction of rate of Advance Tax on Premium under section 236 U

Collecting tax at the rate of 1% from non-filer policy holders of Life Insurance Companies on the life insurance premium (if premium exceeds Rs. 0.2 million per annum) means taxing the savings which are lowest for Pakistan compared to regional countries. Moreover, this is resulting in diversion of funds from Life Insurance Companies to other investment avenues not subject to such taxation and penetration of insurance in Pakistan is decreasing. The advance tax rate of 1% is considerably high, it be reduced to 0.4% and the threshold of life insurance premium be increased to Rs. 0.5 million per annum.

Collecting tax at the rate of 4% from non-filer policy holders of Non-Life Insurance Companies on micro insurance and personal

lines (health, household, personal accident, travel, motor etc.) products, which are for the benefit of low income population, who are unlikely to become filers, will discourage individuals from buying these products.

Life Insurance should be permanently exempted from the levy of sales tax. The said levy is likely to discourage prospective policyholders in Sindh from buying life insurance policy as the entire sales tax burden would be passed on to them. This levy may lead policyholders to surrender their policies.

Tax Credit to Personal lines (i.e. Personal Accident, Travel, Householders, Private Motors etc.) premium payments

Tax incentive be allowed to individuals on all personal lines products to help minimise the cost of protection for the citizens of Pakistan.

Compulsory Health Insurance Scheme

If Health Insurance is made mandatory by the Government it would not only increase insurance penetration but would also be a step forward providing basic health facility to all sections of society.

Compulsory Workmen Compensation/ Employers Liability Insurance

It goes without saying that the Workmen's Compensation Act is hardly adhered to thereby, exposing the vulnerable section of population to industrial injuries/fatalities. Compulsory workmen compensation insurance has the potential to alleviate the difficulties of the industrial and commercial workers.

Tax on Dividends under Section 5 & 8 of the Income Tax Ordinance 2001

Life insurance companies make investments on behalf of policyholders in stocks and full amount of dividend received is passed on the policyholders by the life insurance companies. However, deduction of tax under Final Tax Regime (FTR) deprives the policyholders of their earning. ■

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Conservative	7.0%

	Return (%)*
Aggressive	25.7%
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Taher G. Sachak
CEO & MD, EFU Life

EFU Life Assurance Ltd., one of the leading private life insurance providers, is a part of the largest insurance group operating in Pakistan, EFU Group. In addition to EFU Life, the Group includes EFU General, the largest General insurance company, and EFU-Allianz Health, the only specialised health insurer. Overall, the group continues to provide protection to the lives, health and physical assets of the people of Pakistan. EFU Life, itself, has been in the business of securing and protecting lives for more than two decades now.

Considering industry leadership as one of its central tenets, EFU Life has always been at the forefront of ground breaking innovations. From being the first company to commence business operations after privatisation to introducing the concept of Unit linking, Critical Illness, Need Analysis and Illustration of Benefits in Pakistan, EFU Life has always been the industry pioneer. This quality has trickled down over the years in all business segments and operations. Thus, staying true to its objective, EFU Life became the first conventional life insurer to launch its Window Family Takaful Operations under the brand name 'Hemayah' in 2015. Today, EFU Life is also one of

the leading asset managers in Pakistan, with net asset value of all unit linked funds under management of approx. Rs.100 billion.

EFU Life offers a comprehensive range of financial planning products offering both Insurance and Takaful Solutions. With a strong nationwide presence, the Company operates via three major distribution channels; the branch network of our individual life and Family Takaful sales force serves over 200 locations across the country with a sales force of nearly 5000. Bancassurance, the second major distribution channel has continued to grow with partnerships with 16 banks for our Conventional and Takaful products. Group Benefits is the third and a sizeable distribution channel of the Company targeting corporate entities. Through these three distribution channels, we cover over 2.5 million lives.

In addition to these, the Company is continuously exploring alternative distribution channels to increase its penetration in the country to reach out to every possible household. The Company has ventured into inclusive insurance products to extend its outreach to the masses and has launched innovative financial solutions with telecommunication companies, branchless banking as well as microfinance institutions.

EFU Life is constantly developing new products, implementing technological developments, introducing new services and carrying out its marketing initiatives to aid business growth and efficient operations. We continue to leverage innovative technology that makes our business operations faster, easier and more effective. One of the key developments for us in 2016 was our strategic partnerships with Easypaisa,

JazzCash, and NADRA-E-Sahulat, for our payment solutions, giving our clients the ease and flexibility to pay their renewal premiums in a reliable and secure manner through the vast network of outlets and retailers of these organisations. We also tied up with 1Link, to allow premium payments via e-banking and ATM machines.

In addition to it, various marketing campaigns and activities are rolled out to increase awareness about life insurance, emphasising on its importance and potential benefits. These also assist in clearing the misconceptions of life insurance, breaking down the barriers, reaching consumers more directly and in making their buying processes easier.

Message
Mr. Taher G. Sachak, CEO & MD, EFU Life, expresses his views on the future prospects of the life insurance industry. Financial planning is all about creating provisions for a prosperous future for your loved ones. Life insurance is a fundamental part of having a sound financial plan and can ensure financial security to those who mean the most to you. With growing needs and fast-evolving circumstances, having a life insurance policy can certainly ensure an assured future. It goes to show that a carefully executed life insurance plan can help prepare for life's uncertainties and give peace of mind knowing that the future is more secured. Although life insurance can play an important part in the lives of individuals but far too many people postpone making the difficult financial decisions for their lives. The life insurance industry is expanding with a 5 year annualised growth of almost 25 per cent, and yet the insurance penetration in the country is still very low, which I consider to be an

opportunity, because the only direction I see the industry moving, is forward. The sector has been in a high-growth mode during the last few years and the Company expects this growth momentum to continue.

Developments such as, the launch of Window Takaful Operations, exploration of alternative distribution channels and awareness initiatives are likely to drive and fuel the momentum growth in the forthcoming years. There is keen interest from the insurance sector on the development of micro and mass market insurance, and I believe that this will result in more lives being covered under the insurance net, resulting in significant social benefits for the masses.

Life insurance industry has always been an active contributor to the country's social and national development through the various programmes it undertakes. It has always endeavoured to increase the awareness of the public on the services and benefits of life insurance as it firmly believes that a well-informed insuring public is key to not only improving the insurance penetration rate in the country but a better life for the people of Pakistan.

I would like to express my most sincere gratitude and congratulate Insurance Association of Pakistan (IAP) on the celebration of fifth Insurance Day in Pakistan. With each passing year, IAP is playing a greater and more significant role in the society. Its continuous efforts are resulting in growth of the insurance industry in the country. I hope that this Insurance Day serves as a good opportunity in reaffirming the role and importance of insurance for economic and social progress and will continue to progress in the future. ■

PII organising fourth international insurance conference

To promote educational and knowledge sharing activities in the field of insurance, the Pakistan Insurance Institute (PII) was set up in 1951 by the insurance fraternity of Pakistan.

PII recognises the importance of continuing professional development for executives employed in the insurance industry and organises certificate courses/ workshops and seminars/ conferences specifically designed to enhance the academic and professional skills.

Pakistan Insurance Institute had the honour of hosting the first interna-



International Insurance Conference on Political Violence 12-13 April 2010 - Karachi
International Insurance Conference on Catastrophe Events - A Challenge 10-12 April 2012 - Karachi
International Insurance Conference on Challenges & Opportunities for the Industry in Emerging Markets 19-21 April 2015 - Karachi
International Insurance Conference 2017 on Climate Change & Emerging Risks 09-11 April 2017 - Karachi

topic of 'Catastrophe Events - A Challenge' in April 2012 and third one in April 2015 on the topic of 'Challenges & Opportunities for the Insurance Industry in Emerging Markets'. The efforts of promoting professionalism and knowledge sharing activities were recognised by all concerned and encouraged by the support of the insurance industry, Pakistan Insurance Institute is organising the fourth international insurance conference on the topic of 'Climate Change & Emerging Risks' to be held on April 09 - 11, 2017, at Karachi. ■

Elocution Contest



THE insurance industry of Pakistan is celebrating fifth insurance day, organised by the Insurance Association of Pakistan (IAP) yearly. In this connection, a diverse range of activities have been arranged which include sports events such as cricket tournaments etc. Road shows are held in universities to create awareness in the young prospec-

tive workforce. Celebrations and activities of the day are covered by print, social and electronic media.

As part of the Insurance day activities, the IAP held an elocution contest. The topic selected was Emerging Risks. The activity received a positive response from the industry and industry experts expressed their views on the topic.

The Contest carried three cash awards for the 1st, 2nd and 3rd positions which were decided by a panel judges from the industry.

Following were the recipients of the prizes:
1st Prize: Mr. Owais Nawaz Khan of EFU General Insurance
2nd Prize: Mr. Farrukh



Khan of Jubilee General Insurance
3rd Prize: Ms. Mehlub Usmani of Jubilee General Insurance
The Chairman Insurance Day Committee of IAP Mr. Tahir Ahmed addressed the participants and encour-

aged them to participate in such industry events. Ms. Zehra Naqvi, senior member of judges' panel presented the awards to the winners.
Secretary General IAP, Mr. N.A.Usmani presented the vote of thanks. ■

Continued from Page 1

of many leading business houses and multinational companies.

EFU gave the emerging insurance industry the leadership, the manpower and the drive needed to grow in a situation where at one time, three-fourths of insurance was held by foreign companies.

We are in the business of providing a full range of non-life insurance products and services customised to meet the varied needs of a wide spectrum of businesses and industrial clients as well as individuals. In addition to this, Window Takaful operations

have also been started since May 6, 2015. The Management, Sales Personnel and Board of Directors have shown their sincere efforts for the promotion of Takaful and underwritten good numbers in Takaful. EFU General - Window Takaful Operations became the industry leader of the Takaful and crossed the figure of one billion contributions which is actually the fastest one billion figure in General Takaful segment of the industry.

The most important aspect of our operation is that we have created a separate Risk Management Team and an Engineering Group who work

closely with clients to identify various risk exposures and then provide specific insurance. This helps in loss prevention and reducing the cost of premium.

Our market-driven team of inspired and technically qualified insurance personnel, specialising in civil, mechanical, metallurgy, electronics and having overseas linkages, is on-call for necessary professional advice at all times. It is our policy not only to provide protection and risk reduction but help clients

develop preventive capabilities to avert major perils and calamities. Over the years we have developed a full range of insurance services for large infrastructure projects including the areas of oil/gas exploration field.

We are fully equipped with technical, marketing and managerial skills supported by reinsurance arrangements with a number of European firms of international repute to cater to all classes of specialised insurance and provide customer ser-

vice of the highest quality. Our clients include both large and medium sized organisations in all sectors of the economy.

We are committed to new product development and innovation, legendary customer service and a promise that everything we do, we do from the heart.

History
In the early 30s of the 20th century, under the inspiration of the Quaid-i-Azam Muhammad Ali Jinnah, there began to appear signs of economic renaissance of the Muslims of India. Shipping, Airline, Banking and Insurance companies made their debut.

In 1932, Mr. Ghulam Mohammad, a far-sighted man, established Eastern Federal Union Insurance Company (EFU) with financial assistance from the Aga Khan III and the Nawab of Bhopal. Mr. Abdur Rehman Siddiqui became the founder chairman. The company was originally registered at Kolkata, India.

In 1947, EFU found a new home in a new country. In Pakistan, EFU rapidly established itself as a progressive and innovative insurer. By 1961, EFU had become the flag bearer of Pakistan's insurance industry on the world stage, and the largest

life company in Afro-Asian countries (excluding Japan) under the leadership of Mr. Roshen Ali Bhimjee. It remained so until 1972 when Life Assurance business in Pakistan was nationalised. Thereafter EFU operated solely as a General Insurance Company, and was subsequently renamed EFU General Insurance Limited.

Traditionally the EFU name has become synonymous with progressiveness and prompt claim settlement and now the EFU being the largest insurance group provides a full range of general, life and health insurance services. ■

EFU General

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□ THAKER