

SUMMARY OF THE ACTIVITIES OF EXECUTIVE COMMITTEE

EXECUTIVE COMMITTEE



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) and 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 and Mr. Muhammad Rahat Sadiq

- Last year the Competition Commission of Pakistan (CCP) informed IAP that they have received concerns regarding the enlistment of insurance companies with the approved panel of various banks and in this regard sought IAP's comments on various queries. IAP comments were submitted to CCP in March 2016. Since then the matter is being followed up consistently.

A meeting with Director General (DG), Cartels & Trade Abuses, CCP was held on 11th January 2017 at CCP office in Islamabad with members of Executive Committee (EC). The DG, CCP patiently heard them and informed that monitoring of banks do not fall under the purview of CCP, however cartelization and trade abuses related matters, if any, can be looked at by CCP on formal request from IAP. Accordingly

a letter was addressed to CCP requesting her to give more thought to the issue.

- A meeting with Special Assistant to Prime Minister for Revenue was held on 12th May 2017 wherein taxation issues of the insurance industry were discussed with members of Executive Committee (EC). He understood IAP suggestions and agreed to consider them in the Finance Bill, 2017. Member FBR Inland Revenue, Policy was also present in the meeting.

IAP proposals have been accepted to the extent that the limit of tax credit has been enhanced on payment of health insurance premium from Rs. 1 million to Rs. 1.5 million and the threshold for collection of tax from non-filer policy holders on the life insurance premium has been increased from Rs.200,000 to Rs.300,000 per annum.

Following to the announcement of Finance Bill 2017 IAP approached him on 1st June 2017 drawing his attention to other tax matters of the insurance industry which were earlier discussed and agreed by him for consideration but had not been resolved through the Finance Bill 2017 for reconsideration and resolution.

- In September 2016 the SECP proposed to revise pecuniary limits in respect to life, domestic and motor insurance mentioned in Small Dispute Resolution Committees (Constitution and Procedure) Rules, 2015.

The Committee noted that the limits were earlier set by the SECP in August 2015 and was of the

view that since the existing limits were only set about a year ago and since then home prices, commodities prices including motor vehicles and generally cost of living have reduced and inflation is at an all-time low in single digit, therefore, the limits set last year are more than sufficient to cater for majority of cases and there is no compelling reason for such drastic revision so early. Accordingly IAP comments were submitted to SECP.

In December 2016 the SECP notified enhanced limits without taking into account IAP suggestions. Therefore in May 2017 the IAP again drew SECP's attention that there are overlapping of jurisdictions of the three statutory forums namely SDRC, Insurance Ombudsman and the Insurance Tribunal as the pecuniary limits prescribed by the SECP are too high, and suggested that the limits should not be set over Rs. 500,000 specially for private motor insurance policies.

- In October 2016 the Committee's attention was drawn that in the past a General Insurance Companies representatives had various discussions with SECP on the Net Retention of Companies. The SECP during the meetings advised that there is no official definition of Net Retention. SECP was explained that this is a very common global understanding and it denotes an insurer's net exposure on any one risk which it retains for its own account without any reinsurance whether proportional or non-proportional. The SECP, however advised that it would be preferable if this matter is clarified

from the IAP forum.

The EC therefore constituted a special committee to frame the necessary clarification/definition which was submitted to SECP. Later the SECP issued the clarification.

- In December 2016 SECP issued a draft Insurance Bill, 2016 to reform and reenact the law relating to the insurance sector, and requested for comments. The IAP finalized and sent detailed comments on the Bill and requested for a meeting with SECP for discussion on the comments. The meeting was held on 6th April 2017 with SECP where most of IAP's suggestions were agreed by the SECP.
- The Taxation and Legislation Committee finalized the proposals on various taxation matters concerning the insurance industry which were forwarded to the Federal Board of Revenue, Punjab Revenue Authority, Sindh Revenue Board, and Securities and Exchange Commission of Pakistan directly and also through Federation of Pakistan Chambers of Commerce and Industry and The Institute of Chartered Accountants of Pakistan.
- In November 2016 IAP representatives in an orientation session with FBR on Common Reporting Standard (CRS) suggested that the standard should not be applicable to non-life insurance companies, which was accepted and later incorporated in CRS Rules.
- In June 2017 the IAP had requested SECP to

exempt the insurance sector from application of the Companies (Compliance with Licensing Conditions) General Order, 2016 relating to the submission of compliance report, as the insurance companies are already submitting the Annual Statement of Compliance under Section 11 & 12 of the Insurance Ordinance, 2000. The SECP while accepting IAP request notified amendment vide SRO 747 dated 1st August 2017.

- A good news is that the IAP building is in finishing phase and is expected to be completed by November 2017. Despite close monitoring and relentless efforts made by the Building Committee some delays occurred at some stages due to unavoidable circumstances.
- This year the IAP announced to celebrate fifth "Insurance Day" on the 5th April 2017. The member companies overwhelmingly celebrated the Insurance Day by participating in the activities.
- In March 2016 a Technical Committee on Insurance under the National Financial Inclusion Strategy (NFIS) was formed by the Government of Pakistan and nominated Chairman-IAP as Co-Chairman of the Technical Committee. The main objective of the said Committee was to initiate activities in collaboration with other organizations e.g. by holding seminars and insurance awareness campaigns etc.

To initiate the activities the Executive Committee formed a sub-committee namely the Insurance Development and Promotional Committee. The

Committee made the following suggestions:

1. Personal lines insurance policy wordings be translated into Urdu.
2. To creating awareness of personal lines insurance products through a generic campaign on FM radio channels.

Translation of policy wordings are in process. Insurance awareness campaign on FM Radio channels was launched in May 2017 and run successfully for more than a month.

- The IAP has decided to strengthen the Pakistan Insurance Institute (PII) by providing them a steady stream of funds. It would enable the Institute to prepare robust program to have a proper faculty, syllabus and a comprehensive

insurance education courses. It is expected that within 3-4 years' time from the commencement of the grant, PII would start producing good professionals for the insurance market in Pakistan. PII plans to:

- develop into a self-reliant institution adequately staffed in terms of faculty, administrative support and facilities;
- be the primary organization for imparting insurance education in the country; be a seat of higher learning in the discipline of insurance, duly recognized by HEC and other renowned International Insurance Institutes, award Associate ship of Pakistan Insurance Institute (APII) from 2020.