

## SUMMARY OF THE ACTIVITIES OF MISCELLANEOUS COMMITTEE



**Mr. Athar Maqsood Paracha**  
Chairman



**Ms. Fatima Bano**  
Vice Chairperson



**Mr. Haider Ali**  
Member



**Ms. Humera Jawaid**  
Member



**Mr. Umair Ismail Gaya**  
Member



**Mr. Nadeem Irshad**  
Member



**Mr. Zahid Iqbal Baig**  
Member



**Mr. Ali Haider**  
EC Observer



**Mr. N. A. Usmani**  
Secretary General



**Mr. Nabeel W. Sabir**  
Deputy Secretary General

- Data from life and non-life members for health insurance business was collected and the summary made available to the members for the year ended 31st December 2020. The summary presents findings classified into inpatient and outpatient coverage by life and non-life insurance companies against the lives covered, gross premium and their claims data.
- Data from life and non-life members for micro-health insurance business was collected and the summary made available to the members for the year ended 31st December 2020.
- Data collected from members was reviewed by the Committee and circulated to member companies for information and posted on IAP website.
- The Committee had added the Bond/ Guarantee statistics in its data collection portfolio in 2019 to better evaluate the subject business and its challenges & opportunities. The combined data pertaining to all bond business i.e. bid bonds, performance bonds, mobilization advance bond or any other bond/ guarantee business was requested from members and the summary made available to the members for the year ended 31st December 2020.

- The Committee last year had decided to form a subcommittee of the Miscellaneous Committee to discuss specific challenges of the health business which has a substantial contribution and faces growing needs. Nominations from leading underwriters of the health product were requested and the IAP Health Subcommittee was constituted with the following representatives this year.

1. Mr. Nadeem Irshad, Jubilee General (Chairman)
2. Dr. Aliya Zia, Adamjee Insurance
3. Dr. Fawad Sarwar, IGI Life
4. Mr. Imran Irshad, Pak Qatar Family Takaful
5. Mr. Muhammad Javed, TPL Insurance
6. Mr. Muhammed Amir, Jubilee Life Insurance
7. Mr. Raheel Shaikh, Salaam Takaful
8. Mr. Sohail Adam Baloch, Allianz EFU

Between December 2020 and June 2021 six meetings of the IAP Health Subcommittee were held where the following matters were discussed.

Redefining existing threshold in Centralized Information Sharing Solution for Insurance Industry (CISSII) - Group health Insurance/ Takaful Register

The subcommittee noted that the industry has been using the subject Register maintained at CDC for sharing claims data of health insurance/ Takaful corporate customers who have over 1500 lives covered and where claim ratios exceed 90% of premium. To improve the utilization of the Register the subcommittee observed that reducing the current threshold definition in the Register from the existing 1500+ lives to 1000+ lives will provide enhanced underwriting

intelligence / claim experience of all large corporate clients and thus ensure better utility of the Register to all insurers offering health insurance/ Takaful products.

IAP therefore requested the CDC to kindly amend the existing parameters in the subject Register i.e. the reporting of 1500+ insured lives to be reduced to 1000+ insured lives where claim ratios exceed 90% of premium.

The CDC on 7th May 2021 agreed to revise the parameters and intimated SECP of the desired change for their update and concurrence.

Challenges being faced with hospitals

Subcommittee's attention was drawn towards challenges being faced by insurers with hospitals where the following issues have been repeatedly faced

- Pricing issues and unjustified rate revisions
- Corporate sales staff is not helpful
- Issues of visiting doctors
- Fake billing
- Overcharging
- Fake hospitalization (hospitalization bills when the patient has not been admitted)

The Committee deliberated on the issue and advised the best way forward would be for all members to identify hospitals (share lists) that they have found repeatedly involved in such malpractices, hospitals which are found to be common and posing such challenges to all companies can then be collectively delisted by the industry. At present such hospitals get away with such criminal activities as other insurers

still have them on their panel/ working with them, however this collective delisting will serve as a deterrent for all hospitals to not indulge in such practices or risk being delisted by the entire insurance industry.

The Committee discussed health product experience during last year in the wake of COVID-19 pandemic and noted that although COVID-19 related claims were paid, the normal/ regular claims of other ailments/ procedures were significantly reduced. Planned treatments/ surgeries have been postponed and only the urgent cases have been entertained by hospitals.

#### Sehat Sahulat Program

The Prime Minister's Sehat Sahulat Program/Sehat Insaaf Card scheme came under the committee's discussion which is based on the public funded universal health insurance like National Health Service (NHS) in UK. Considering the national scale of the scheme the Government will need to involve private insurers to address capacity issues and private insurers will need to form a consortium to potentially participate in this scheme along with the state-owned insurer.

It was discussed if such a scheme will act as a direct competition for private health insurance in Pakistan. A study of other markets where such state health insurance is offered revealed that private health insurance is only obtained by customers who can afford additional covers (over and above the basic cover provided by the Government). For the local market it was observed that a substantial portion of the corporate customers only purchase the basic

cover for their employees which will now be met by subject scheme, minimizing the sale of this product from private insurers.

It was however noted that the distinction between public funded Insaaf Card and private health insurance will still exist, customers who would want better/ costlier health care facilities will still opt for private health insurance in addition to the State's free cover. The determining factor will be the scheme's performance once public feedback and product statistics are available.

- The Miscellaneous Committee met Mr. Rizwan Mehmood Additional Director Afghan Transit Trade (ATT) on 9th December 2020 online, where IAP was informed of the earlier facilitation extended by FBR Customs to provide a platform for transporters, shipping companies and insurance companies to evaluate the possibility of replacing container security deposit and delay charges (paid to shipping companies) with insurance guarantees. With the aim of ease of doing business and helping Afghan traders who had raised this concern with Customs that they have to invest significant funds in security deposit/ delay charges. A few insurance companies in their individual capacity have submitted a proposal in this regard which has been circulated among discussion participants (transporters, shipping companies and insurance companies), however no resolution has yet been reached.

Regarding IAP's letter dated 16th June 2020 with the request that all licensed insurers should be allowed to underwrite ATT guarantees (not limited to 'A-' rated insurers), Mr. Rizwan Mehmood stated Pakistan Customs requires

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insurance guarantees of custom duties on all Afghan Transit Trade cargo. To maintain some degree of differentiation between insurance companies the FBR Customs uses the recognized ratings awarded to insurance companies and has decided to only accept ATT guarantees from minimum 'A-' rated insurance companies (which covers most of the insurance companies).

- Regarding fidelity guarantee being inadvertently being classified by some companies to be subject to the Credit and Suretyship Conduct of Business Rules 2018 and part of FORM GCS under annual bond/ guarantee information submission, the matter was referred to the Executive Committee.

- The Committee discussed how COVID-19 travel requirements have changed the travel insurance product's underwriting and claims experience. It was noted that premium has considerably decreased due to limited foreign travel for the past year and slightly higher claims have been witnessed but no COVID-19 related claims surge has been observed, with one of the reasons being that travel insurance is provided only to customers who have produced a negative PCR COVID-19 test result within 72 hours prior to travel and who have therefore been allowed to travel by airlines. It was however noted that reinsurers have recommended higher premiums for the product which now covers COVID-19.