

MINUTES OF THE THIRD EXECUTIVE COMMITTEE (EC) MEETING FOR 2024-2026 HELD ON MONDAY 25<sup>TH</sup> NOVEMBER 2024, AT 9:30 A.M. IN PERSON AT IAP HOUSE AND THROUGH VIDEO LINK

PRESENT

- |  |                    |
|--|--------------------|
| 1. Mr. Shoaib Javed Hussain, Chairman        |                    |
| 2. Mr. Muhammad Hisham, Senior Vice Chairman | Through video link |
| 3. Syed Ather Abbas, Vice Chairman           | Through video link |
| 4. Mr. Mohammed Ali Ahmed                    |                    |
| 5. Mr. Jehanzeb Zafar                        |                    |
| 6. Mr. Manzar Mushtaq                        | Through video link |
| 7. Mr. Nadeem Ahmed                          |                    |

In Attendance

Mr. N A Usmani (Secretary General)

Nabeel W. Sabir (Deputy Secretary General)

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Mr. Javed Ahmed, Syed Nayyar Hussain Zaidi, Mr. Umer Haroon and Mr. Waqas Ahmad could not attend the meeting and were granted leave of absence. Mr. M Hussain Hirji, Ex-Officio Member did not attend the meeting.

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The meeting commenced with the recitation from the Holy Qur'an by the SG.

1. Confirmation and Signing of the Minutes of Executive Committee (EC) 2024-26 Meeting No.2 held on Thursday, 24th October, 2024 at 10:30 A.M. IAP House and through video link

Minutes circulated to the committee were confirmed and advised to be sent to Chairman for signatures.

2. Enhancement of PII annual Subscription

PII had requested its annual subscription to be increased from Rs. 5 lac to Rs. 20 lac from 2024.

The outgoing Executive Committee had commented that if NICL, PRCL and SLIC pay their arrears and this increased new fee, IAP will also honour the PII Council resolution, and requested the incoming EC to make a decision.

The new EC had advised to invite PII leadership to present their roadmap to the EC at the next meeting.

IAP nominees on PII Council

- |     |                     |                    |
|-----|---------------------|--------------------|
| I.  | Syed Ather Abbas    | Habib Insurance Co |
| II. | Mr. Humzah Chaudhri | Chubb Insurance Co |



III. Mr. Azeem Iqbal Pirani EFU Life

PII Chairman, CEO and ED were invited to the meeting who presented the state they found PII in and how they have managed to restart training courses, CII certification and plans for future activities.

Following EC observations were noted

- I. PII to share past 3 years and projected financials. [financial projections shown by PII appeared to be optimistic]
- II. Subscription increase without generating new income streams is not sustainable
- III. The international conference should be a combined effort by PII, IAP, SECP, PSOA, ICAP. Instead of smaller individual conferences we should aim at a larger planned combined conference
- IV. IAP nominees on PII council to serve as IAP coordination committee members to work with 3 PII nominees to identify synergies in areas such as awareness, conference etc. Their feedback to be shared with the EC at the January 2025 meeting.
- V. PII to check status of a plot purchased by PII in 2017 Lahore.
- VI. EC to hold the decision on PII fee increase and requested arrear payments

3. Judgment expected in Sindh High Court Petitions and next course of action

M/s Khalid Anwer & Co. has shared the list of petitions under honourable Sindh High Court's review, arguments have been completed and the bench has reserved a decision in all of them. M/s Khalid Anwer & Co. has informed that the cases are expected to get fixed for the announcement of judgment shortly.

EC was updated that the Industry needs to decide what the next course of action will in terms of filing an appeal in SHC (if the decision is against us) and some members have expressed their inclination to change council.

In all cases we should be prepared for next steps, including lobbying to get required changes in tax policy.

EC advised to arrange a meeting with Mr. Rashid Anwer on Thursday to discuss next steps.

4. PRCL's Membership Reply

Chairman had invited PRCL to renew their IAP membership, the response received on 6<sup>th</sup> November 2024 from PRCL seeking a permanent seat at the EC was shared with the EC along with IAP's earlier response on the matter.

The Committee advised that PRCL's permanent EC seat is not permissible by law. A response on following lines was approved

"Dear Mr. Syed Aamir,

Thank you for your reply, IAP's Executive Committee looks forward to PRCL's membership renewal.





For all reinsurance related matters we stand committed to request PRCL's participation in industry discussions and subject matter experts can be invited to the Executive Committee meetings and any other subcommittees as required.

Thank you for your consideration"

#### 5. Presentation for Special Secretary Ministry of Commerce

Last month EC had advised the following

- To use IAP data/ statistics for 2023 and Q2 2024
- For economic contribution slide these 4 areas be specified
  - 3 to 5 year tax contribution/ trends
  - 3 to 5 year employment contribution/ trends
  - Investment contribution, in PIBs and Capital markets/ PSX
  - Secondary economic activity, how the national health program is improving health infrastructure
- 1 slide for tax issues
- To shortlist top 5 life issues
- To shortlist top 5 non-life issues

The draft updated presentation was shared with the EC on 29<sup>th</sup> October 2024.

During the meeting the EC requested Mr. Jehanzeb Zaffar to help shortlist top 5 life issues and Mr. Nadeem Ahmed to help in top 5 non-life issues.

#### 6. Review of Paid up Capital Requirements - Concept paper and Draft Amendments to the Insurance Rules, 2017

Following response has been submitted by IAP on 31<sup>st</sup> October 2024,

"Dear Jaffar Sb.,

*IAP has consulted all members on the proposed revision of Paid up Capital requirements and has discussed the concept paper with all members, the following collective comments are being submitted to the Commission for consideration.*

*1. Since IFRS-17 and RBC are being implemented within the next 2-3 years industry feels that all insurers will automatically need to adjust their PuC as a function of their risk exposure, any additional PuC revision would be best introduced after the impact of IFRS-17 and RBC has materialized.*

*2. Only a small portion of the market i.e. small insurers will be impacted by proposed changes, while larger companies already have PuC levels higher than the proposed limits. A one-size-fits-all approach could hinder competition and innovation among smaller players who play a pivotal role in serving SME sector and ensure market diversity. If PuC is to be revised a balanced approach needs to be considered with adopting a gradual increase as done in the past to maintain a level playing field, IAP proposes the following to be considered.*

	2025	2026	2027	2028
Life	0.900 billion	1.1 billion	1.3 billion	1.5 billion
Non-life	0.625 billion	0.750 billion	0.875 billion	1.0 billion



3. The concept paper has recommended existing PuC slabs to continue for digital and micro insurers, IAP believes the capital requirement difference, if any, between digital insurers and conventional insurers should be proportionate to the type, size and risk level of business written.

4. To increase insurance penetration, SECP should pursue enforcement of regulations around mandatory health insurance and group life insurance by private employers, along with third party motor coverage for all vehicles. Additionally, SECP should seek access to the FIF generated by the industry for decades now, so these funds can be utilized for their intended purpose i.e. projects aimed at increasing insurance awareness and penetration.

EC was also informed that SECP has requested a meeting to discuss these comments, Friday 29<sup>th</sup> November 2024 was advised to be confirmed.

#### 7. Appointment of Technical Committees

EC noted IAP's Circular No. C-8 dated 12th November 2024 has been sent to all members for information.

EC advised Mr. Omer Farooq to be Chairman of the Taxation Committee.

#### 8. IAP's new Website

IAP's website service provider has informed us that they will no longer be able to maintain our site and that we should make alternate arrangements as soon as possible. Since the website is outdated we want to take the opportunity and revamp it. Proposals from 4 suggested vendors have been obtained for website design, development, hosting and annual maintenance.

EC had advised to request names of IT representatives from SLIC, Habib, Adamjee Life and IGI General who will help assess proposals or to seek new proposals from other vendors, and share their recommendation for the EC.

IT teams from Habib and Adamjee Life have assessed the proposals received from 4 vendors and have recommended M/s A2Z creators to be selected for the project.

Team Adamjee Life has discussed security features with A2Z and following cost has been requested to be approved.

A 2 Z Creatorz	Amount in PKR	Frequency
IAP website Design & Dev.	450,000	OTC
Paid Plugin Charges / Year	61,600	Annual
Maintenance / Year	100,000	Annual
Hosting / Year	55,000	Annual
WAF Cloud Flare (\$312 x Rs.280)	87,360	Annual
*Stock Pages (if needed)	200,000	OTC
<b>Total of Website Development</b>	<b>953,960</b>	
VAPT & Source Code Review	143,750	OTC



EC appreciated the review provided by EC and IAP teams.

EC approved the above price and advised the works to be commenced.

For design the EC advised that along with Adamjee Life, SLIC and EFU Life marketing teams will also assist, while Mr. Usman Qaiser (item no. 17(i) below) can also be asked to help in this task.

9. Mechanism for Reconciliation / Payment and Settlement of Receivable/Payable with PRCL and Insurance Companies and SECP letter to companies on PRCL agreed mechanism.

In response to letters received by members dated 3rd October 2023 from SECP in support of PRCL demanding the following, citing the agreement reached between IAP, SECP and PRCL.

- "closing particulars to be provided to PRCL within 30 days from the date of PRCL's final acceptance"
- "payments to be remitted to PRCL within 15 days of receiving debit notes"

Meeting with SECP and PRCL was held on 17<sup>th</sup> October 2024 at 3:00 pm and EC noted the document carrying IAP's counter comments has been sent.

10. Recommendations for Improving Effectiveness of Crop Loan Insurance Scheme (CLIS)

SBP called a meeting on 11<sup>th</sup> November 2024 with SECP, Banks and IAP to discuss Crop Loan Insurance Scheme (CLIS). SBP requested IAP to submit its recommendations within a week.

IAP called a members meeting on 12<sup>th</sup> November 2024, collective industry recommendations have to be sent to SBP soon.

Chairman noted that the IAP response should be positive encouraging new product development and solution driven to the economic needs of the Country such as development of crop insurance market in the country. The response may include benefits of CLIS, and reasons why it should not be abruptly discontinued; and the industry's willingness to explore new solutions such as crop insurance. Scheme can be enhanced and a working group should be formed for further discussions.

EC requested Mr. Nadeem Ahmed to help draft the IAP response to SBP.

11. IAP's SECP eFiling Application

For IAP's annual accounts filing SECP has requested to upload/ attach audited accounts again, which requires all 11 EC members to esign the application one more time.

Only Mr. Javed Ahmed and Mr. Jehanzeb Zafar have esigned it again, rest are requested to please comply.

12. Invitation for Comments on FATF Public Consultation Document: Potential Revisions to AML/CFT Standards

Member comments on revisions to FATF Recommendations and Public Consultation on AML/CFT Standards are requested by 25th November 2024 in context of the SECP email demanding feedback by 29<sup>th</sup> November 2024.

EC was updated that no comments have been received from members yet, Mr. M Ali Ahmed commented that EFU Life will share feedback by tomorrow.

**13. New EC Welcome Hi Tea**

EC has suggested to host a hi-tea of like associations and bodies we interact with as introduction to new EC and networking at Sindh Club from 4 to 6 pm when the EC is available. The meeting will serve to showcase the industry and networking.

A list of potential invitees was advised to be made including PSOA, PBA, ICAP, OICCI, FPCCI, MUFAP, CDC, SECP, SBP, SITE trade body, Hub trade body etc.

IAP was instructed to prepare a list

**14. IAP to Convert into a Self-Regulatory Organization**

EC has requested Mr. Nayyar Hussain to please prepare a paper for EC on SRO to better understand the transition for IAP, benefits and why other associations such as MUFAP opted for this status, the model they are using and how it can be useful for IAP.

Matter was deferred till next month.

**15. IAP to become a party in industry court cases**

At the first meeting Chairman had updated the EC that he has been advised that presence of industry associations in cases positively impacts the case/ perceived importance. He requested Mr. M Ali Ahmed if he can check with his CFO & the lawyer if IAP can join the sales tax petition in Sindh, KPK and WWF petitions in Sindh.

Mr. M Ali Ahmed updated that the lawyer has advised that for sales tax petition in Sindh it is too late to include IAP as the decision is expected soon, for WWF individual petitions have been filed and lawyer advised against IAP to be a petitioner.

EC advised to check with FPCCI on what they have done for WWF, was FPCCI a petitioner.

**16. Brief on IAP Committees Activities**

Committee noted the progress of IAP committees.

**17. Any Other Matter with the Permission of the Chairman**

**i. Industry Awareness Campaign**

Chairman updated the committee on his discussion with Mr. Usman Qaiser of Jubilee Life on his idea of a combined industry awareness campaign and roundtable, he advised to invite him at the next EC meeting.

EC also noted that we can request his assistance in revamping IAP's website.

**ii. EC's one year plan**



Chairman advised to include the agenda of deliberating on EC's one year plan at the next meeting, IAP can share financials/ expenses past and projected.

18. Matters for Record

19. To Fix Day, Date, Time & Venue of the Next Executive Committee Meeting

The Committee authorized the Chairman to fix the date of the next meeting. The Chairman advised to hold the next meeting on Tuesday 3rd December 2024 at 9:30 am in-person with the option of joining through video link for anyone who wishes to do so.

The meeting ended at 11:59 a.m. with a vote of thanks to the Chair.



C H A I R M A N

Minutes Third EC 2024-26 Meeting November – 2024