

SUMMARY OF THE ACTIVITIES OF EXECUTIVE COMMITTEE



1. Interaction with Regulators

Meeting with Federal Minister for Finance & Revenue

A delegation of the IAP's Executive Committee met the Honourable Federal Minister for Finance & Revenue, Mr. Muhammad Aurangzeb on Monday 10th March 2025 in Islamabad to discuss insurance industry's recommendations for the 2025-26 budget.

The Honourable Minister was accompanied by Member Inland Revenue-Policy Dr. Najeed Ahmad FBR and Special Assistant to Finance Minister Mr. Muhammad Asif Hargan.

IAP's delegation was led by Chairman IAP

Mr. Shoab Javed Hussain, Vice Chairman IAP Syed Ather Abbas, Executive Committee Members Mr. Javed Ahmed and Mr. Mohammed Ali Ahmed.

The Finance Minister assured IAP that the Government would carefully consider the proposals, particularly regarding taxation and policy measures necessary for development of the industry. The Minister expressed the Government's commitment to work closely with industry leaders and stakeholders to ensure sustainable growth of the insurance sector, which is a vital component of Pakistan's economic landscape.

The Minister further highlighted the importance of the insurance sector in the development of the country's capital markets and emphasised the importance of innovation and productivity in the industry.

Meeting with Federal Insurance Ombudsman

IAP's Executive Committee met the honourable Federal Insurance Ombudsman Mr. Mumtaz Ali Shah in Karachi on 18th October 2024

IAP and FIO will continue to work together in improving policyholder protection and addressing challenges being faced by the industry.

Meeting with Minister Excise and Taxation Sindh

On Monday 14th April 2025, IAP members met Mr. Mukesh Kumar Chawla Minister Excise and Taxation Sindh and Mr. Muhammad Saleem Rajput, Secretary Excise & Taxation Department Sindh to discuss enforcement of Motor Third Party Insurance in the province. Commissioner Insurance SECP Mujtaba Ahmad Lodhi and his team also participated.

IAP is thankful to the Minister Excise and Taxation Sindh for extending his support to work with the insurance industry and roll-out compulsory Motor Third Party insurance in Sindh as soon as possible.

Earlier in the day, Commissioner Insurance SECP Mr. Mujtaba Ahmad Lodhi called a meeting of all motor insurers at SECP Karachi to discuss MTP Insurance and developments in other provinces.

Meeting with UNDP-Milliman and Global Actuarial Initiative (GAIN) mission

UNDP-Milliman and Global Actuarial Initiative (GAIN) mission met IAP on 10th December 2024 in Karachi to discuss Pakistan's Actuarial landscape.

Mr. Stephen A. White, Mr. Sher Paracha and Mr. Mezan Zia from Milliman and Ms. Sana Ehsan

from UNDP Pakistan were part of the discussion. Mr. Shoaib Javed Hussain Chairman IAP welcomed the Mission and extended IAP's facilitation in formulating a roadmap with consultation of all stakeholders; and a working group to execute program objectives of improving actuarial landscape.

SECP Insurance Conference 2025 Welcome Dinner

IAP hosted the SECP Insurance Conference 2025 Welcome Dinner on Tuesday 11th February 2025 in Karachi. Chairman IAP Mr. Shoaib Javed Hussain congratulated the SECP and welcomed conference participants, Chairman SECP Mr. Akif Saeed delivered a keynote address and Commissioner SECP Mr. Mujtaba Ahmad Lodhi had closing remarks. IAP also presented appreciation mementos to Chairman SECP, Commissioners SECP and Director SECP.

FBR outreach session on Common Reporting Standard (CRS) Compliance Framework

Federal Board of Revenue (FBR) conducted an outreach session for IAP member Life Insurance and Family Takaful companies on Common Reporting Standard (CRS) Compliance Framework virtually on 20th February 2025. IAP is thankful to Mr. Zafar Iqbal Khan, DG International taxes FBR and Mr. Mehdi Hassan, Secretary (Automatic Exchange of Information) International taxes FBR for conducting the session and educating IAP member companies on CRS requirements.

OECD Development Second Round of Peer Review on Pakistan's (AEOI) effectiveness

The Organisation for Economic Co-operation and Development (OECD) OECD Development is conducting the Second Round of Peer Review on

Pakistan's Automatic Exchange of Information (AEOI) effectiveness from 21st to 23rd April 2025.

On Wednesday 23rd April 2025 the OECD Assessment team comprising of Mr. Ricky Herbert Tax Policy Advisory for Global Forum OECD, Ms. Anu Anand Inland Revenue Department New Zealand and Mr. Bernard Parkoo, Inland Revenue Ghana met representatives from Life and Family Takaful IAP members over Zoom to discuss effective implementation of AEOI Common Reporting Standards.

IAP is thankful to Mr. Zafar Iqbal Khan, DG International taxes Federal Board of Revenue (FBR) and Mr. Mehdi Hassan, Secretary (Automatic Exchange of Information) International taxes FBR for facilitating the meeting with IAP members.

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

On 31st October 2024 the EC wrote to SECP on the new Paid up Capital requirements set forth in the concept paper, IAP informed SECP that it 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 were 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.

Unfortunately SECP did not accept IAP's recommendations and the following new PuC levels were notified on 3rd March 2025

Type of Insurer	Minimum Paid-Up Capital Requirement			
	Amount in PKR (million)			
	Applicable prior to 31st December, 2026	Applicable by		
		31st December 2026	31st December 2028	31st December 2030
(1)	(2)	(3)	(4)	(5)
Life Insurer	700	1,500	2,200	3,000
Non-Life Insurer	500	1,000	1,500	2,000

IAP is still trying to convince the Commission to reconsider their approach.

2. Budgetary and other Proposals

Taxation Proposals 2024-25

The Taxation and Legislation Committee of IAP finalized the budget 2025-26 proposals based on comments received from members, the budget proposal was then sent to the Federal Board of Revenue, Punjab Revenue Authority, Sindh Revenue Board and Securities and Exchange Commission of Pakistan directly and also forwarded through FPCCI.

The proposal carried suggestions in respect of the following

Priority Recommendations

1. Taxation of insurance should be a Federal subject in order to have uniform taxation and avoid double taxation at provincial level
2. Tax credit for Life Insurance premium should be retained
3. Tax credit for Health Insurance premium should be retained and in addition, premiums paid on other micro-insurance products (i.e. Personal Accident, Travel, Householders, Private Motors etc.) should be added in section 62A.
4. Withdrawal of Rule 6(B) of Fourth Schedule - Single Basket Income, Taxation of Capital Gains and dividend income of Insurance Companies as one basket income.

5. Rules 13E for computation of Capital gain on disposal of securities under Section 37 A is also applicable on Fourth Schedule of the Income tax ordinance, 2001
6. Provisions of Section 113 of the Ordinance relating to minimum tax on turnover are not specifically applicable to life insurance companies, however, since no specific exclusion is available in the law (which is present in certain other cases), it is subject to controversies and tax litigation. It is, therefore, suggested that the provisions relating to Minimum tax be specifically made inapplicable to life insurance companies.
7. Withdrawal of Super Tax under Clause 6DA of the fourth schedule introduced through the Finance Act 2022.

Additional recommendations

1. Federal Insurance Fee on Insurance premium to be utilized for its envisioned purpose of insurance education and awareness.
2. It is suggested that the decision of ADRC be appealable before the High Court, or an option be provided to SoEs to either opt for regular appellate route or choose ADRC in line with the rights available to non SoE taxpayers.
3. The provisions for deduction of withholding tax prescribed under the Ordinance be made inapplicable on dividend income, profit on debt and rental income earned by life insurance companies, in the same way in which banking companies are specifically exempted from withholding tax under Rule 5(2) of the Seventh schedule to the Ordinance.
4. Tax deducted from insurance agents may be treated as “final tax” rather than “minimum tax”. WHT rates prescribed under Division II of Part IV for deduction u/s 233 may be reduced.
5. Exorbitant Stamp duties on marine line of business to be rolled back.

The Taxation & Legislation Committee also deliberated on the following draft regulations at its various meetings and finalized suggestions/ comments which were submitted to the concerned authorities.

May 2025	S.R.O. 457(I)/2025 - Draft Regulatory Requirements for Blockage of Shareholding of Substantial Shareholders of Insurers
January 2025	Draft Notification- Directive for Sale of Life Insurance Savings Products through Technology-Based Distribution Channels, 2024- SRO 1501(I)/2024

As this report is being printed the following sales tax in provinces is applicable

	Sindh	Punjab	KPK	Baluchistan
Life	3% individual life 13% group life from 1st July 2019 to 30th June 2024 15% from 1st July 2024	16% from 1st November 2018	15% from 1st July 2021	15% from 1st July 2015
Health	Group health 13% from 1st July 2023 to 30th June 2024 15% from 1st July 2024	16% group health from 1st November 2018	1% from 1st July 2021	15% from 1st July 2021
Agent	5% from 1st July 2019	5% from 1st July 2021	8% for non-corporate insurance agents and at 15% for corporate insurance agents	15% from 1st July 2015

6. IAP

7. Annual Events

IAP Annual Dinner 2024

IAP hosted the Annual Dinner 2024 on 28th September 2024 at Marriott Hotel Karachi where following industry veterans received IAP achievement awards.

1. Mr. Jaffar Dossa (late and ex EFU General)
2. Mr. Khawaja Suhail Iftikhar (ex Asia Insurance)
3. Mr. Nadeem Malik (ex IGI)
4. Mr. Ahmed Salauddin (ex Habib Insurance and IGI)
5. Mr. Darius Sidhwa (ex EFU General)

IAP Cricket Tournament 2025

On Saturday 22nd February 2025 Habib Insurance won the IAP Tape ball Cricket Tournament 2025 Karachi final while Salaam Takaful was the runner up. The Tournament was played by 12 member companies this year which included pool matches leading up to the semifinal and final matches.

8. General

Scale of Levy

The Committee suggested to collect levy under Article 29(b) at the rate of 0.12% of Gross Direct Premium/ Contribution written inside Pakistan subject to minimum of Rs. 100,000/- and maximum of Rs. 2,000,000/-.

LIST OF CIRCULARS

- Scale of Levy-Association Finances
- Final List of Voters
- IAP Technical Committees 2024-26
- Notice & Agenda 62nd AGM of IAP 2024
- IAP Committees 2024-26
- Bulletin On matters of interest 2025
- Names of Voting Representatives-2025
- Finances of the Association for the year 2025
- Industry Tax Data for the year 2024
- Premium Ceded Data for the year 2024
- Eid Miladun-Nabi (SAW) 2024
- Public & Optional Holidays 2025
- Office Hours in Ramazan 2025
- Eidul Fitr Holidays 2025
- Eidul Adha Holidays 2025