



# IIIC INTERNATIONAL INSUREIMPACT CONFERENCE 2023

## JOURNEY TO AN INSURED PAKISTAN

December 13 & 14, 2023  
Karachi, Pakistan

WHITE PAPER

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## CHAIRMAN'S MESSAGE

### Mr. Akif Saeed

Chairman, SECP

I feel great pleasure to share this white paper to enumerate the key insights from the International InsureImpact Conference 2023. I truly and firmly believe that insurance is the central element of a sustainable economic system and the existence of extensive insurance coverage is a pre-requisite for building resilient society. The growth and expansion of the insurance sector have been one of my key focus areas since I took charge as Chairman of Securities and Exchange Commission of Pakistan (SECP). The first step to materializing the vision of insurance sector growth into reality is to have a clear direction for all stakeholders and for that, we have formulated an extensive and thorough 5-year strategic plan for the insurance sector in Pakistan. The plan defines objectives for all major areas of growth, identifies the stakeholders along with strategy on how to achieve these objectives.

The International InsureImpact Conference (IIC) 2023 was held on 13-14 December, 2023 in Karachi to launch the 5-year strategic plan under the theme "Journey to an Insured Pakistan". We were fortunate to have the presence of subject experts, including policymakers, regulators, insurance industry leaders, professionals, and members of academia, to discuss the 5-year plan and help refine it further. The deliberative sessions and feedback received from stakeholders during the conference are a major source of learning. These insights have been summarized in this document and shall serve as guiding light for future policy formation.

Our dedication and efforts for the growth of the insurance sector did not conclude with the holding of the conference, in fact, it was the initiating point. In light of the feedback received from the participants at the conference, the revised 5-year plan was presented to the worthy Finance Minister-Dr Shamshad Akhtar. Despite her demanding schedule, she not only acquired an in-depth understating of the plan through multiple meetings and interactions with insurance sector players but also guided in identifying broad areas requiring structural reforms in the insurance sector, which speaks loads of her commitment to bringing reforms in the insurance sector of Pakistan.

With the support of Finance Minister, a working group of Special Investment Facilitation Council (SIFC) having representation of the Minister of Finance, Minister of Commerce, and Minister of Information & Technology with the mandate of bringing reforms to the insurance sector have been formed. The working group has achieved consensus on the policy objectives including increase in competition, access for international companies, strengthening enforcement, corporatization/divestment of public sector insurance companies and making the insurance industry compliant with global practices. These objectives have subsequently been endorsed by the Apex Committee.

The success of any sector is the collective efforts of all stakeholders to bring about real change and I am sanguine that our dream of extensive insurance coverage will soon become a reality! The SECP remains steadfast in its commitment to realizing the strategic objectives outlined in the five-year plan. I am confident that through concerted endeavours, we can achieve significant progress in expanding insurance coverage, thereby enhancing financial resilience and safeguarding the interests of our citizens.



## COMMISSIONER'S MESSAGE

### Mr. Aamir Khan

Commissioner Insurance & IT, SECP

It is an immense pleasure for me to share the white paper with you to mark the International InsureImpact Conference 2023. The public unveiling of this document offers insights into the recent efforts of SECP at rejuvenating the insurance sector, the launch of the 5-year (2024-2028) strategic plan for the sector, and the exchange of ideas, suggestions, and discussions of the participants. Throughout the two-day conference, the stakeholders, industry practitioners, subject matter specialists, and international experts in insurance collaborated to chart a path for the advancement of the insurance sector in Pakistan. This white paper encapsulates their collective efforts and the valuable outcomes of our shared endeavors during this significant event.

Across the globe, insurance is a central component of the overall financial sector, serving as an automatic stabilizer by mitigating the economy's sensitivity to macroeconomic shocks. It provides risk mitigation and protection to households, businesses, and the corporate sector. It meets diversified finance requirements and promotes financial stability through the mobilization of long-term finance for the real economy. It is critical in enhancing the depth and breadth of capital markets through the mobilization of corporate and domestic savings, benefiting the overall economy.

Despite being the lifeline of the financial market in the rest of the world, the insurance sector in Pakistan has struggled to make a meaningful contribution to the growth of overall savings and capital markets of Pakistan. This leads to the question of why the state of the insurance sector is lackluster.

A commonly held belief is that the governance structure of the insurance sector acts as a hindrance to growth. While the insurance sector is regulated by the Securities and Exchange Commission of Pakistan (SECP), there is a long list of government agencies, federal, and provincial ministries that are involved directly or indirectly in a shared stewardship of the sector. Adding to this complexity, the governing laws, such as the Insurance Ordinance 2000, and Motor Vehicles Act 1939, trace their roots back to the laws of the 1930s. Critics argue that these outdated laws are ill-equipped to tackle the modern dynamics of the insurance industry given the stark contrast between the realities of 2024 and the 1930s. The present Insurance Ordinance also cultivated the division of the insurance sector into a two-tiered industry i.e. public sector insurers and private sector insurers, where the public sector insurers have by and large struggled to modernize and to meet desired levels of governance. This has led to an industry-wide distorted landscape and stifled its ability to contribute to the goals of financial inclusion and social protection.

SECP has also justifiably faced criticism for its inability to adopt a proactive approach in the past as a regulator. There was neither a clear direction nor any dedicated efforts for growth and the development of the sector by tackling issues head-on. It is pointed out that it adopted a firefighting approach which has been one of the contributing factors for low insurance penetration.

Similarly, insurance companies are called out for their lack of product innovation, and their inability to adopt technology at par with the banking sector. It is said that senior management is beholden to outdated models, where legacy systems and modes are preferred over an efficient, modern, and digitally enabled approach.

Acknowledging these challenges and realizing the role that the insurance sector plays in Pakistan's economy, during 2023, SECP's insurance policy team worked tirelessly to overcome regulatory shortcomings and rectify existing deficiencies. It has undertaken significant initiatives to reshape the future of the insurance sector in Pakistan. Its contribution to three major initiatives has been well thought-out and has been pursued in earnest:

1. **Research and Reports:** Realizing the importance of data-based and fact-based policy-making, emphasis has been placed on fixing data streams and publishing the results. The SECP's insurance team has undertaken extensive research work and as a result, published eight research reports and concept papers. These reports include an insurance industry statistics report, and diagnostic study on the status of motor third-party insurance, and draft reports on micro and inclusive insurance, crop and livestock insurance, insurance pool dynamics, and concept papers on subordinated debt, and risk-based regime.

2. **Strategic Planning:** In-depth studies of international insurance sectors were conducted, revealing that strategic plans and a clear direction are catalysts for growth. Countries like Malaysia and Thailand exemplify the impact of insurance strategic plans. Following this insight, Pakistan has developed a comprehensive 5-year strategic plan to guide the sector's growth and development.

3. **International InsureImpact Conference:** To meaningfully engage with key stakeholders, the SECP organized the International InsureImpact Conference in December 2023. This event facilitated discussions with international regulators, industry practitioners, and subject matter specialists covering the entire ambit of the insurance sector. It also served as a platform to present the draft 5-year strategic plan, and to gather in-depth feedback for its refinement. Before holding the conference, the SECP team launched a robust and open dialogue with all the stakeholders to lay the grounds for the conference and preparation of the 5-year strategic plan.

In the wake of the International InsureImpact Conference and the actions before it, eight action areas have been identified and shared with the Federal Government for consideration. These eight areas are amendments to the Insurance Ordinance 2000 and the Motor Vehicles Act, of 1939 for strengthening the legal framework of the insurance sector. Besides the legal amendments, other action areas include the launch of an Innovation/Empowerment Fund for insurance awareness, addressing governance issues in Public Sector Insurers, implementation of international financial reporting standards, and adoption of a risk-based capital regime. Moreover, it has been proposed that the Federal Government should launch a National-Level Crop and Disaster Risk Insurance Scheme by establishing a working group of the concerned. Lastly, support has been sought from the government to strengthen SECP in the short term to regulate the insurance sector in line with IAIS core Principles and build its capacity to create a specialist insurance sector regulator, within a period of 3-5 years.

As the regulator has actively made efforts to overcome the gaps, the insurance companies need to gear-up as well. The conservative approach of business operations prevalent among insurance companies needs to change, and the legacy system of the past decades needs to be modernized. Technology should be embraced wholeheartedly, not in bits and pieces. There can be no substantial growth and development in the sector if the regulator works alone. Hence a zeal for growth and expansion should be shown in strategies and actions by the companies for sustainable growth of the sector by aligning their business planning with the 5-year strategic plan.

Similarly, the Federal Government needs to promote the significant role of insurance for risk mitigation and remove the segregated responsibility among different stakeholders and ministries. The entire responsibility and authority should be transferred to the regulator. Corporatization of public sector insurance companies is the need of the hour i.e. governance standards and independence must be fortified. Moreover, the Federal Government needs to strengthen the regulator for its enforcement ability as well as the introduction of a risk-based regime through approval of amendments in the Insurance Ordinance. Furthermore, a working group having representation of all stakeholders must be formed for the resolution of taxation anomalies specifically with regard to the applicability of taxation on life insurance, health insurance, and reinsurance. Currently, various subsidized insurance schemes exist in the country especially related to crop and livestock insurance. These schemes are run by the State Bank of Pakistan, and different provincial ministries which need to be reviewed and should be managed through Public-Private Partnership models. The federal government needs to launch a national-level crop insurance scheme and disaster risk insurance scheme in the form of pooling and consortium-based structures and all existing government-sponsored schemes for crop and disaster risk be merged into the proposed national-level schemes.

In conclusion, the only way forward is through the collective efforts of the regulator, insurance companies, and the federal and provincial governments. I am hopeful that our collective efforts will yield the desired results.

The journey towards an insured Pakistan is destined for success!





# AGENDA AT A GLANCE

## DAY-1

## DECEMBER 13, 2023



9:00 - 10:15

Welcome Reception

- Quran Recitation and National Anthem
- Video presentation - Onset of the conference by Mr. Aamir Khan - Commissioner Insurance & IT, SECP
- Opening Address by Mr. Akif Saeed - Chairman SECP
- Address by Mr. Asad Aleem - Deputy Country Director of Pakistan, ADB
- Address by Chief Guest - Honorable Dr. Shamshad Akhtar - Minister of Finance, Revenue and Economic Affairs, Government of Pakistan
- Distribution of Mementos

10:15 - 10:45



Tea / Networking Break



10:45 - 11:45

Journey to an Insured Pakistan: The Launch of SECP's five-years Strategic Plan

**Presentation:** Mr. Waseem Khan - Director Insurance, SECP

**Moderator:** Mr. Adnan Afridi - CEO, National Investment Trust Limited

Panelists:

- 1- Mr. Shoaib Javed Hussain - CEO, State Life Insurance Corporation of Pakistan
- 2- Mr. Javed Ahmed - CEO, Jubilee Life Insurance Company Limited
- 3- Mr. Mohammad Ali Ahmed - CEO, EFU Life Assurance Limited
- 4- Mr. Khalid Hamid - CEO, National Insurance Co. Ltd
- 5- Mr. Rizwan Hussain - CEO, Salaam Takaful Limited



11:45 - 01:00

Climate Resilience & Beyond: Disaster Risk and Crop Insurance for Sustainability

**Report Presentation:** Ms. Shazia Rehman - Joint Director, SECP

**Case Study on Turkish Catastrophe Insurance Pool:** Mr. Musa Alpan Bahar - Project Coordination & Field Management Manager, TCIP

**Moderator:** Mr. Nathan Rive - Senior Climate Change Specialist, ADB

Panelists:

- 1- Mr. Azfar Arshad - COO, Jubilee General Insurance Company Limited
- 2- Mr. Agrotosh Mookerjee - MD, Risk Shield Insurance Broking Ltd
- 3- Ms. Canan Sanem Cengiz - Head Strategy, Turkish Insurance Regulations and Supervision Agency
- 4- Mr. Arup Chatterjee - Principal Financial Sector Specialist, ABD

01:00 - 02:00



Lunch and Prayer Break



02:00 - 03:15

Compulsory  
Insurance: Deadlocks  
and Path to Success

**Presentation:** Mr. Jibran Paracha - Addl. Joint Director, SECP

**Moderator:** Mr. Syed Nayyar Hussain - Executive  
Director, Salaam Takaful Limited

Panelists:

- 1- Mr. Muhammad Zubair Habib - Chief, Citizens  
Police Liaison Committee (CPLC)
- 2- Mr. Muhammad Amin Uddin - CEO, TPL Insurance  
Limited
- 3- Mr. Kamran Ansari - CEO, EFU Health Insurance  
Limited
- 4- Mr. Saqib Zeeshan - Dy. CEO, Pak Qatar General  
Takaful Limited
- 5- Mr. Muhammad Ashar - DH - UHI/Seht Sahulat,  
State Life Insurance Corporation of Pakistan



03:15 - 03:30

Taxation Landscape of  
the Insurance Sector -  
Contributions and  
Impediments

**Presentation:**

Mr. Nawaid Jamal - CFO, Jubilee  
General Insurance Limited

03:30 - 04:00



Tea / Networking Break



04:00 - 05:00

Building Trust,  
Changing Perceptions  
and Enhancing  
Policyholder Protection

**Presentation:** Mr. Talal Abdul Rauf Usmani - Joint  
Director, SECP

**Moderator:** Mr. Tahir Ahmed - CEO/Co Founder, First  
Digital Takaful Limited

Panelists:

- 1- Mr. Abdul Rehman Warraich - Commissioner  
Supervision, SECP
- 2- Mr. Ali Nadeem - CEO, IGI Life Insurance Limited
- 3- Mr. Ali Qureshi - Senior Consultant, Milliman KSA
- 4- Mr. Manoj Pandey - Advisor, Access to Insurance  
Initiative (A2II)
- 5- Dr. Bakht Jamal Shaikh - Director Operations and  
Legal, Adamjee Life Assurance Company Limited



05:00 - 05:15

Day 1 Closing

## DAY-2

DECEMBER 14, 2023



09:00 - 09:30

Welcome Reception

- Quran Recitation and National Anthem
- Remarks by Ms. Amanda Hug - President, Society of Actuaries
- Key Note Message By Dr. Ishrat Hussain - Chairman, IBA CEIF
- Recorded Video Message by Chief Guest - Honorable Dr. Arif Alvi - President, Islamic Republic of Pakistan



9:30 - 10:30

Elevating Takaful Sector: In-depth Dialogue

**Recorded video message by IFSB**

Dr. Abideen Adewale - IFSB, Malaysia

**Speaker:** Mr. Mujtaba Ahmad Lodhi - Commissioner, Islamic Finance Department, SECP**Moderator:** Dr. Irum Saba - Associate Professor, IBA Karachi / Shariah Board Member, Salaam Takaful Limited

Panelists:

- 1- Dr. Mufti Irshad Ahmed Aijaz - Chairman Shariah Advisory Committee, SECP
- 2- Mr. Omar Mustafa Ansari - Secretary General, AAOIFI
- 3- Mr. Tariq Naseem - Additional Director/HoD, Islamic Finance Department, SECP
- 4- Mr. Azeem I. Pirani - CEO, Pak Qatar Family Takaful Limited
- 5- Mr. Nasar us Samad Qureshi - CEO, 5th Pillar Family Takaful Limited

10:30 - 11:00



Tea / Networking Break



11:00 - 12:00

Reshaping Risk Landscapes: A Comprehensive Discussion on Insurance Pool Dynamics and Reinsurance Renaissance

**Pool Paper Presentation:** Mr. Falak Sher Haider Soomro - Advisor Insurance, SECP**Moderator:** Mr. Moin Fudda - Industry Expert

Panelists:

- 1- Mr. Owais Ansari - CEO, Life & Health MENA at Munich Re
- 2- Ms. Zehra Naqvi - Director, Chubb Insurance Pakistan Limited
- 3- Muhammad Salim Iqbal - Executive Director Reinsurance, Adamjee Insurance Company Limited.
- 4- Mr. Sohail Nazir - DED Marine Underwriting, EFU General Insurance Limited
- 5- Mr. Martin Luis Alton - Senior Financial Sector Specialist, World Bank
- 6- Mr. Sid Miller - Aon Reinsurance Solution



12:00 - 01:00

Embracing International Standards: Charting the Course for IFRS and RBC

**Speakers:**

- 1- Mr. Omer Morshed - CEO, Sidat Hyder Morshed Associates (Pvt) Ltd
- 2- Mr. Farrukh Rehman - Institute of Chartered Accountants of Pakistan (ICAP)
- 3- Mr. Usama Dangra - President, Pakistan Society of Actuaries (PSOA)
- 4- Mr. Falak Sher Haider Soomro - Advisor Insurance, SECP
- 5- Mr. Sarwar Grami - Insurance Authority, Kingdom of Saudi Arabia

01:00 - 02:00



Lunch and Prayer Break



02:00 - 03:15

Microinsurance: Big  
Protection in Small  
Ticket

**Recorded Message by** Mr. Lorenzo Chan - Chairman, Microinsurance Network President & CEO, Pioneer Inc. (Phillipines)

**Report Presentation:** Mr. Wazirzada Yasir Almas Khan - Addl. Joint Director, SECP

**Moderator:** Mr. Rehan Butt - CEO, Instaful Solutions

Panelists:

- 1- Mr. Pedro Pinheiro - Project Manager, Inclusive Insurance and Sovereign & Humanitarian Working Groups of the IDF/MIN
- 2- Mr. Zain ul Haq Qureshi - CEO, Asia Insurance Company Limited
- 3- Ms. Nilofer Sohail - DGM, EFU Life Assurance Limited / Member Board MIN & PMN
- 4- Mr. Ishaq Kothawala - CEO, Waada Digital (Pvt) Limited
- 5- Mr. Ali Basharat - Head of Operations, Pakistan Microfinance Network

03:15 - 03:30



Tea / Networking Break



03:30 - 05:00

Exploring the  
Cornerstone: A Grand  
Session on  
Collaboration,  
Technology and  
Innovation

**Moderator:** Mr. Sardar Abubakr - Head of Fintech Future, Jazz

Panelists:

- 1- Mr. Waqas ul Hasan - CEO, Karandaaz
- 2- Mr. Badiuddin Akber - CEO, Central Depository Company of Pakistan Limited
- 3- Mr. Mohammad Ali Ahmed - CEO, EFU Life Assurance Limited
- 4- Mr. Yasir Qadri, CEO, UBL Fund Managers
- 5- Mr. Richard Leftley - Digital Insurance Pioneer, ARK Venture Studio
- 6- Mr. Nomaan Bin Bashir - CEO, Ozoned Digital



05:00 - 05:30

Parting Words of  
Wisdom

- 1- Remarks by Mr. Andrew C. McCartney - ADB
- 2- Conference Takeaways by Mr. Aamir Khan - Commissioner Insurance & IT, SECP
- 3- Remarks by Mr. Akif Saeed - Chairman SECP
- 4- Closing Remarks by Chief Guest - Justice (Rtd.) Maqbool Baqar - Chief Minister Sindh

## PREAMBLE

The onset of the climate crises has become a transformative factor. The changing economic landscape already has numerous businesses grappled with recession and inflationary costs simultaneously. The significance of being 'Insured' has been widely recognized as an essential safeguard to sustain continuity and explore new opportunities.

Climate change poses threats to natural resources and development, particularly in South Asia. Pakistan stands on the frontlines of these impacts, facing vulnerability to excessive flooding that affects both infrastructure and agriculture.

Amidst these uncertainties, Pakistan must leverage support for infrastructure development and technological advancement, coupled with the assurance that 'insurance' offers. This term serves as both a metaphorical and literal guarantee, acting as a protective shield for all that holds value. Despite being a developing economy, Pakistan faces the challenge of widespread perception of insurance as an added expense rather than a protective measure. To foster prosperity and sustained growth amid inevitable changes, it is crucial for the country and its citizens to collectively work towards creating an 'Insured Pakistan.'



## INTERNATIONAL INSUREIMPACT CONFERENCE (IIC)

In recent decades, the insurance sector in emerging markets, has experienced consistent growth, expanded client outreach, and increased premium volumes. Technological advancements have played a crucial role in extending market coverage. Projections indicate that the global middle class will reach nearly five billion in the next two decades. However, a significant portion of this population is expected to lack a formal safety net provided by insurance, leaving them vulnerable to the risk of falling into poverty. The impact of climate change exacerbates this situation, with the frequency of extreme events on the rise. Low-income countries, housing a substantial number of poor and vulnerable communities, will bear a disproportionate burden of these effects.

To address these challenges, the Securities and Exchange Commission of Pakistan (SECP), in collaboration with the Asian Development Bank (ADB), Karandaaz, and the Society of Actuaries (SOA), initiated the International InsureImpact Conference (IIC). Held in Karachi on December 13th and 14th, 2023, the conference featured global speakers across 13 sessions, covering key topics of interdisciplinary interest. Keynote speeches and presentations explored the latest international, national, and local insights.

The platform aims at bringing together representatives from insurance and reinsurance companies, brokers, technology providers, investment funds, international organizations, non-governmental organizations (NGOs), development aid agencies, academics, policy makers, and insurance supervisors to collaboratively find solutions to various problems in the insurance sector. Participants engage in discussions on crucial factors for the successful implementation of safety nets, with the goal of maximizing business opportunities, individual safety, and success, while enhancing the interplay between supply and demand.

The conference aspires to revolutionize the insurance landscape in Pakistan, seeking validation and insights from international experts and garnering support from stakeholders and the industry. Having 42 insurance companies, a total premium of PKR 553 billion in 2022, and 10.1 million active policies, Pakistan's insurance sector has a vast potential, contributing PKR 34.3 billion to national economy and looking at 1.5% penetration in the next five years. A diagnostic study on motor insurance revealed a mere 3% insurance coverage for 30 million registered vehicles, again highlighting an untapped market opportunity. The industry faces challenges such as structural complexities, limited public awareness, insufficient human resources, and legal constraints. However, the integration of digital innovation and disruptive technologies provides insurers with the opportunity to break away from traditional legacy systems.

Pakistan, despite challenges like natural disasters, low literacy, weak infrastructure, and limited digitalization, remains resilient. However, there is a dire need to recognize the essential role of insurance for the stability and progress that the industry needs to modernize to benefit all socio-economic groups.

Developed in close collaboration with the insurance industry, the Five-Year Strategic Plan aims to address challenges and align the sector with

international standards by 2028. The overarching vision is for Pakistan to become a nation where insurance significantly enhances the lives of its citizens and plays a pivotal role in the overall development and progress of the country. The targets set for 2028, aspire to transform Pakistan into a nation with widespread insurance coverage, ensuring safeguarded lives, protected assets, and a modern, business-friendly ecosystem. The journey towards achieving an 'Insured Pakistan' is anticipated to be a transformative force, fostering comprehensive growth and progress in the insurance sector over the next five years.



# DAY-1

DECEMBER 13, 2023



## WELCOME RECEPTION

- **VIDEO PRESENTATION 'ONSET OF THE CONFERENCE'**  
Mr. Aamir Khan  
Commissioner Insurance & IT, SECP
- **OPENING ADDRESS**  
Mr. Akif Saeed  
Chairman SECP
- **ADDRESS**  
Mr. Asad Aleem  
Deputy Country Director of Pakistan, ADB
- **ADDRESS BY CHIEF GUEST**  
Honorable Dr. Shamshad Akhtar  
Minister of Finance, Revenue and Economic Affairs, Government of Pakistan

# Mr. Aamir Khan

Commissioner Insurance & IT, SECP

## ONSET OF THE CONFERENCE

Extending a warm welcome to all esteemed guests and attendees, Mr. Aamir Khan, Commissioner Insurance & IT, Securities and Exchange Commission of Pakistan (SECP), specially expressed gratitude to the Asian Development Bank (ADB), Karandaaz and the Society of Actuaries (SOA) for their continuous support and contributions to Pakistan's financial landscape. Insurance - the security and the imperative cover for individuals, businesses, communities, and nations - provides financial security as well as the ability to fare through challenging times with ease and often herald's new opportunities. Insurance, he iterated, is still largely misunderstood in Pakistan and its importance underrated which is why International InsureImpact Conference (IIC) 2023 will serve as a vital platform for this discourse.

While explaining how Pakistan is a developing economy and how the various plans of insurance stand to play a pivotal role in enhancing stability across the board, Mr. Khan outlined five key focus areas to enhance the Pakistani insurance sector: the legal and governance structure, with clearly defined roles and increased interagency cooperation; the priority to raise awareness and shape the perception of insurance as a necessity rather than an expense; collaboration with other industries, aiming for transformative partnerships that could revolutionize customer journeys and stimulate innovation and inclusivity with reduced costs; and embracing technological advancements, and reforming and rationalizing the taxation burden on the policyholders.

Recognizing anomalies in taxes impacting affordability, Mr. Khan advocated for a thorough review and reform of taxation structures to ensure fairness and accessibility for a broader segment of the population.

Unveiling the SECP's Five-Year Strategic Plan, Mr. Khan drew inspiration from international success stories, and emphasized the importance of engaging with experts, decision-makers, and stakeholders to collaboratively chart a clear direction for growth.

In early 2023, the journey towards formulating a 5-year strategic plan for the insurance sector commenced with internal deliberations. Existing reports, including those prepared by various agencies were meticulously reviewed, with a particular emphasis on the insights provided by the Insurance Sector Reforms Committee.

Following this internal review, the approach evolved to include both onsite and offsite engagements with industry experts. The dedicated team embarked on visits to different insurance companies, gaining valuable insights into the sector. Simultaneously, offsite reviews were conducted with industry experts and other stakeholders. These interactions and discussions served as a crucial foundation for shaping the strategic plan.

In August 2023, the first draft of the strategic plan, presented during the Insurance Roundtable in Karachi, proved to be a significant milestone. The event brought together Chief Executive Officers (CEOs) and the

Chairpersons of Board of Directors from various companies. The forum proved instrumental in obtaining valuable input and feedback from key stakeholders.

The collaborative efforts and constructive discussions during the roundtable were pivotal in refining the strategic plan. The feedback received from industry experts was incorporated, CEOs, and board members, ensured a well-rounded and inclusive approach. This iterative process has set the stage for the implementation of a robust and forward-thinking strategic plan for the insurance sector over the next five years.

Highlighting the SECP's commitment to research and strategic planning, Mr. Khan noted, the five main reports that were evident of comprehensive research on various facets of the insurance sector. The reports covered, Micro and Inclusive Insurance, Crop and Live Stock, Insurance Pools, Third Party Insurance, and Industry Statistics. He stressed the critical role of data analysis for informed decision-making and strategic foresight.

In his closing remarks, Mr. Khan commended the insurance team for remarkable progress and expressed confidence in the conference as a dynamic platform for the exchange of knowledge, foreseeing a transformative future for Pakistan's insurance sector.



# Mr. Akif Saeed

Chairman, SECP

## OPENING ADDRESS

Mr. Akif Saeed, Chairman, Securities and Exchange Commission of Pakistan (SECP) extended his heartfelt gratitude towards, Dr. Shamshad Akhtar, Minister of Finance, Revenue & Economic Affairs of Pakistan; Mr. Asad Aleem, Deputy Country Director Pakistan, Asian Development Bank (ADB); fellow SECP commissioners, foreign dignitaries, and members of the insurance fraternity, for their precious time and commitment to the cause of an 'Insured Pakistan.'

With reference to his experience as the SECP Chairman, Mr. Saeed outlined his mission to revitalize the insurance sector. He credited Mr. Aamir Khan, Commissioner Insurance & IT, SECP, and his team for their contributions, emphasizing the pivotal role of industry ownership in driving progress.

Discussing the conference theme, "Journey to an Insured Pakistan", Mr. Saeed explained its alignment with the SECP's comprehensive Five-Year Strategic Plan. He highlighted the collaboration of experts, including policymakers, regulators, industry players, and academia, for working towards revitalizing the dynamic insurance sector in Pakistan.

Acknowledging industry challenges, Mr. Saeed thanked those actively involved in developing the Five-Year Strategic Plan and stressed the importance of collective efforts and meaningful dialogue to address challenges and transform the insurance industry landscape. He was convinced that an evaluative meeting must be held after two and a half years to see the success of the plan and also reconvene for the next five year plan.

Mr. Saeed shared that the IIC 2023, marked the first in a series of deliberative platforms highlighting a commitment to continuous evaluation and improvement. The comprehensive plan for the event encompassed key areas such as disaster risk and crop insurance, compulsory insurance, taxation issues, policyholder protection, Takaful, insurance policy dynamics, governance, international standards, micro-insurance, and collaboration between technology and innovation. The goal, he elaborated, was to foster product diversification, introducing innovative products like agriculture insurance for non-loan farmers and disaster insurance, addressing the growing market demand.

In his personal reflections, Mr. Saeed emphasized the understated yet vital role of the insurance industry in the economy. He highlighted the insurance impact on personal, commercial, and economic activities, urging the industry players to develop their strategic plans aligned with the need to ensure security and safety for continuity.

Mr. Saeed thanked partners, including the ADB, Karandaaz, and the SOA, for their collaborative role in arranging the conference. He concluded with the need to understand that the basic objective of an 'Insured Pakistan' is the emotional and financial wellbeing of the nation and continuity of progressive work against all odds. He stated that SECP is determined to work closely with the industry stakeholders to propel economic growth, meet community aspirations, and enhance the wellbeing of Pakistan in all spheres and against all challenges.

## Mr. Asad Aleem

Deputy Country Director of Pakistan, Asian Development Bank (ADB)

### ADDRESS

Mr. Asad Aleem, Deputy Country Director of Pakistan, Asian Development Bank (ADB) highlighted the enduring collaboration between ADB and SECP since early 2000. He elaborated on the pivotal role of ADB in positively impacting Pakistan's financial landscape.

Mr. Aleem underscored the importance of the insurance sector in fostering resilience and sustainable growth in Pakistan. However, the sector footprint demonstrates a relatively low contribution to country's economic needs. Given Pakistan's exposure to climate change, being among the ten most vulnerable countries globally, he emphasized the crucial role of a robust insurance sector in mitigating the risks associated with the natural hazards, along with rural-urban migration, and weak coping mechanisms.

ADB positions itself as the 'Climate Bank' of Asia, and the Pacific, and is committed to investing over USD 100 billion from 2019 to 2030 in climate adaptation and resilience. With a dedication to ensuring 75% of operations support climate action, ADB views the insurance industry as uniquely positioned to absorb climate risks; thereby, promoting resilient societies and sustainable growth.

Mr. Aleem shared international insights and best practices, emphasizing the necessity to enhance regulatory capacity based on insurance core principles and standards. In a positive conclusion, he reaffirmed the ADB's commitment to supporting the process, anticipating productive and interactive engagements. Mr. Aleem expressed high hopes for the thoughtful discussions and considerations shaping the future development of the insurance sector in Pakistan.

# Honorable Dr. Shamshad Akhtar

Minister of Finance, Revenue & Economic Affairs of Pakistan

## ADDRESS BY CHIEF GUEST

Dr. Shamshad Akhtar, Minister of Finance, Revenue & Economic Affairs of Pakistan, expressed her sincere appreciation for the dedication of the SECP Chairman and commissioners, in prioritizing the development of the insurance sector. She commended SECP's timely efforts and emphasized that achieving an 'Insured Pakistan' is not merely a goal but a shared vision. Dr. Akhtar highlighted the insurance industry's pivotal role in establishing a robust social safety net, enhancing livelihoods, and fostering sustainable development.

Underlining the potential of the insurance sector to contribute to economic growth, Dr. Akhtar stressed the importance of deploying liquidity effectively, fostering capital market development and its integration with the banking sector. She outlined key perspectives in the context of global and national risk growth and stressed for the need of alignment for Pakistan with the transformative changes in the global insurance landscape fueled by technological advancements.

Expressing concern over Pakistan's low insurance penetration rate, which is below 1%, Dr. Akhtar advocated for increased competition, reduced public sector domination, and privatization. For attracting foreign investments, she proposed consolidation of policy framework, legal, and regulatory charters into a unified hub to eliminate structural rigidities hindering substantial foreign investments.

Dr. Akhtar also highlighted the significance of the SECP's Five-Year Strategic Plan for shaping the future, policy, legal, and regulatory landscapes. Referring to the 2020 Insurance Sector Reforms Committee Report, she endorsed optimizing reinsurance capacity in Reinsurance via reforms, implementing compulsory health and group life insurance, and developing crop insurance markets. Emphasizing digitalization, cost reduction, and technology utilization, she encouraged streamlined processes as opposed to random initiatives.

Elaborating on the need for the modernization of legislation, with a primary focus on the Insurance Ordinance of 2000, she spoke on expected commencement of the process. Additionally, the efforts would be extended to amending the Third-Party Act of 1939. These legislative enhancements are to form the cornerstone of the strategy, setting the stage for a comprehensive and contemporary legal framework. In the pursuit of facilitating access to capital and reinsurance, the government is committed to encouraging listing and the raising of subordinated debt.

Addressing the pivotal role of a dedicated insurance sector hub, Dr. Akhtar drew inspiration from China's successful model. She underscored trust, transparency, and alignment with global standards, incorporating Environmental, Social, and Governance (ESG) factors into investment decisions. The minister emphasized the role of insurance in disaster risk financing, climate change resilience, and societal challenges. She urged for innovative products to incentivize sustainable behavior.

To conclude, Dr. Akhtar highlighted the collective credit of the insurance industry and the SECP in shaping Pakistan's insurance sector's future. She reiterated the importance of commitment for higher insurance penetration as part of a new social contract, and encouraged continued collaboration between the SECP, Ministry of Finance, and industry players for an inclusive and transformative insurance industry for an 'Insured Pakistan.'

## TOPIC

## JOURNEY TO AN INSURED PAKISTAN: THE LAUNCH OF SECP'S FIVE-YEARS STRATEGIC PLAN PRESENTATION

- PRESENTATION

Mr. Waseem Khan  
Director Insurance, SECP

- MODERATOR

Mr. Adnan Afridi  
CEO, National Investment Trust Limited

- PANELISTS

Mr. Shoaib Javed Hussain  
CEO, State Life Insurance Corporation of Pakistan

Mr. Javed Ahmed  
CEO, Jubilee Life Insurance Company Limited

Mr. Mohammad Ali Ahmed  
CEO, EFU Life Assurance Limited

Mr. Khalid Hamid  
CEO, National Insurance Co. Ltd

Mr. Rizwan Hussain  
CEO, Salaam Takaful Limited

## Mr. Waseem Khan

Director Insurance, SECP

### PRESENTATION

During the inaugural presentation of the event, Mr. Waseem Khan, Director Insurance, SECP, provided a comprehensive overview of the Five-Year Strategic Plan for the insurance sector in Pakistan. This strategic initiative, which took shape in early 2023, stemmed from internal discussions and a thorough examination of existing reports, particularly the insights offered by the Insurance Sector Reforms Committee report.

Mr. Khan highlighted the current state of the insurance industry, emphasizing the prevailing protection gap and untapped potential for growth across various sectors, including agriculture, motor, digital, micro, public property, and disaster risk insurance. Recognizing the societal challenges posed by this protection gap, he stressed the critical need for a coordinated response.

The Five-Year Strategic Plan delineated key priority areas, including improving the ease of doing business, modernizing legislation, facilitating access to capital and reinsurance, and enhancing policyholder protection. Additionally, it accentuated the importance of financial stability and risk-based supervision, innovation, digitalization, data access, and the enhancement of mandatory insurances. Within these priority areas, the plan focused on regulatory reforms, legislative amendments, facilitating capital access, and ensuring policyholder protection. Specific attention was given to promoting financial stability, fostering innovation and digitalization, expanding mandatory insurances, supporting Takaful and inclusive insurance, and collaborating with the stakeholders.

The plan sets ambitious targets for the next five years, aiming at increasing individual life insurance coverage, raise insurance penetration, boost Takaful market share, improve the local retention ratio, enhance digital distribution, and broaden the availability of agriculture and disaster risk insurance products. These strategic targets included substantial premium growth, reduced regulatory compliance costs, a lower complaint ratio, the implementation of the International Financial Reporting Standard (IFRS) 17, a risk-based capital regime, and the resolution of sales tax issues alongside digitalized regulatory approvals.

Mr. Khan concluded his presentation by highlighting relevant publications available on the Insurance website related to the strategic plan. He underlined that the overall vision was grounded in inclusivity, innovation, and the soundness of the financial sector. The mission is to balance policyholder protection and industry growth through regulatory excellence.





## JOURNEY TO AN INSURED PAKISTAN: THE LAUNCH OF SECP'S FIVE-YEAR STRATEGIC PLAN

### PANEL DISCUSSION

Commending the SECP for presenting a regulator-led strategic plan, Mr. Adnan Afridi, CEO, National Investment Trust Limited pointed out that this strategic initiative was traditionally the domain of individual companies or industries. He acknowledged the substantial efforts invested into the formulation of the plan and stressed the importance of obtaining diverse input and candid views to successfully roll it out. Mr. Afridi emphasized the critical role of the distribution network, calling for improved education and literacy among both customers and distributors. Additionally, he suggested adopting a holistic approach to address limited product knowledge among the distributors and enhance insurance literacy. Mr. Afridi prompted speakers to share their views on innovative products in the insurance industry.

Highlighting the potential of the insurance industry in Pakistan, Mr. Shoaib Javed Hussain, CEO, State Life Insurance Corporation of Pakistan, put emphasis on its positive aspect of dealing with a large market of nearly 240 million people. While supporting the SECP's strategic plan, he identified key success factors such as accessible distribution channels, industry's responsibility for innovation, a balanced approach to capital requirements and regulations, and addressing the challenges in the taxation regime. Mr. Hussain called for collaboration among stakeholders to ensure the plan's success and emphasized the significance of partnerships in overcoming these challenges.

Echoing Mr. Hussain's sentiments, Mr. Javed Ahmed, CEO, Jubilee Life Insurance Company Limited, covered key elements of the plan and highlighted two critical areas for the industry's success. Firstly, he stressed the need for the industry to increase awareness and improve its image, with companies playing a pivotal role. Secondly, he emphasized the importance of financial literacy in the country and applauded the ongoing efforts to include insurance as a subject in undergraduate studies. Mr. Ahmed underscored the need to promote the positive contributions of the insurance industry and urged collaboration to showcase its role in the welfare of the people and economic development.

Expressing confidence in the workability of the plan, Mr. Mohammad Ali Ahmed, CEO, EFU Life Assurance Limited, commended its comprehensiveness. However, he also identified the need to work towards improving financial literacy in the country, as one of the biggest challenges. Mr. Ali Ahmed urged collaborative efforts between the regulator and the industry for successful implementation of the plan.

Highlighting the need for innovation in non-life insurance products, Mr. Khalid Hamid, CEO, National Insurance Co. Ltd, stressed the importance of individual and company's alignment with the Five-Year Strategic Plan. Acknowledging one of the lowest penetrations in the region, he advocated for increased awareness, particularly in non-life insurance, and stressed the role of education in promoting insurance as a desirable profession. Key challenges, according to him, included the scarcity of quality HR practices that can help align the insurance industry on a uniform format, and limited information sharing. He recommended a standardized data format for insurance companies. Urgent action on data sharing, capital advocacy, and

increasing retention rates, especially in property and engineering insurance, was also proposed.

Explaining the notion of insurance in the realm of Islamic financing, Mr. Rizwan Hussain, CEO, Salaam Takaful Limited, highlighted the global dominance of the non-life insurance industry. He emphasized the need for mandated insurance in Pakistan to stimulate demand and cited his company's participation in the SECP Sandbox as an example of innovation. Contrary to others, Mr. Hussain asserted that innovation exists in the industry and refuted the notion of limited awareness or religious beliefs affecting insurance adoption. He acknowledged the private sector's effective functioning and urged collaboration between ADB and the public sector to enhance non-life insurance penetration, expressing confidence in the sector's potential to surpass life insurance with collective support.

He also said that the insurance industry pays over billions in claims and highlighted the key aspects of the industry such as provision of both individuals and businesses with a variety of insurance products and financial protection against potential risks and losses.

During the Q/A session, the crucial role of insurance in contributing to the wider economy was highlighted, citing the European market during the 2007-08 credit crisis as a case study. Deliberations centered on how the governments approached insurers for liquidity to invest in infrastructure projects, showcasing the industry's potential impact on economic growth, job creation, and fund circulation. The significance of product innovation in the insurance industry, particularly in identifying market segments and meeting the diverse needs of the policyholders, was also emphasized.



## TOPIC

## CLIMATE RESILIENCE &amp; BEYOND: DISASTER RISK AND CROP INSURANCE FOR SUSTAINABILITY

- REPORT PRESENTATION

Ms. Shazia Rehman  
Joint Director, SECP

- CASE STUDY ON TURKISH CATASTROPHE INSURANCE POOL

Mr. Musa Alpan Bahar  
Project Coordination & Field Management Manager, TCIP

- MODERATOR

Mr. Nathan Rive  
Senior Climate Change Specialist, ADB

- PANELISTS

Mr. Azfar Arshad  
COO, Jubilee General Insurance Company Limited

Mr. Agrotosh Mookerjee  
MD, Risk Shield Insurance Broking Ltd

Ms. Canan Sanem Cengiz  
Head Strategy, Turkish Insurance Regulations and Supervision Agency

Mr. Arup Chatterjee  
Principal Financial Sector Specialist, ADB

# Ms. Shazia Rehman

Joint Director, SECP

## REPORT PRESENTATION

The presentation brought attention to key findings from the report "Securing Livelihood: A Comprehensive Look at Crop and Livestock Insurance in Pakistan," - a groundbreaking initiative by the SECP spearheaded by Ms. Shazia Rehman, Joint Director, SECP. This report is the first-ever comprehensive exploration of crop and livestock insurance in Pakistan, intending to lay the groundwork for meaningful discussions and collaborations among the stakeholders in the agricultural sector.

In her presentation, Ms. Rehman provided a meticulous examination of the current state of agricultural insurance in Pakistan, underlining the sector's importance, scrutinizing existing government-led insurance initiatives, and addressing various opportunities and challenges. The agricultural sector in Pakistan, she said, holds a crucial role in ensuring food security and poverty reduction, contributing 23% to the GDP, employing 37% of the population, and sustaining 63% of the rural populace.

Elaborating on the data, she quoted projections by the World Food Program (WFP), that state global population is expected to reach 9.2 billion by 2050, necessitating a 60% surge in agricultural production to meet a 102% increase in food demand. She further elaborated on the current food security scenario in Pakistan, with only 63% of households considered as food secure, 19% food insecure while 18% of the remaining are classified as critically food insecure. Ms. Rehman especially focused on the environmental challenges, including rising global temperatures and natural disasters like floods and droughts, which pose a threat to agricultural productivity, potentially resulting in a 10% decrease in the crop yield.

Ms. Rehman spoke on the imperative role of agricultural insurance as a vital tool to shield farmers from unpredictable events. She pointed out that the insurance not only safeguards farmers' livelihoods but also enables investments in modern agricultural techniques, contributing to increased crop yield and addressing food security concerns. Citing a World Bank study, she noted that agriculture insurance has already positively impacted over 100 countries, with 40% utilizing innovative, technology-driven products.

Despite the evident benefits, Ms. Rehman identified significant gaps in Pakistan's current insurance landscape, as of the 8.2 million farmers, only 9.5% are currently insured, indicating a substantial untapped market. The government-led insurance schemes, while crucial, face challenges related to price determination, coverage, and industry involvement. The report proposed the establishment of an 'Agriculture Insurance Pool' to serve as a risk aggregator, offering financially sustainable insurance products to the farmers without heavy reliance on government subsidies.

Ms. Rahman highlighted that the report will serve as a catalyst for discussions and collaborations, highlighting the vital role of agricultural insurance in Pakistan's economic landscape. The report emphasizes the need for innovation, improved schemes, and a strategic, inclusive approach to ensure the resilience and growth of the agricultural sector. It will also successfully focus on the urgency of addressing these issues to protect the farmers from financial repercussions and contribute to the overall food security in Pakistan.



# Mr. Musa Alpan Bahar

Project Coordination & Field Management Manager, TCIP

## CASE STUDY - TCIP

Mr. Musa Alpan Bahar, Project Coordination & Field Management Manager, Turkish National Catastrophe Insurance Pool (TCIP), offered valuable insights into the organization's operations. Established in 2000, TCIP has a specific focus on mitigating financial risks associated with earthquakes in Turkey, providing earthquake coverage for housing without requiring premiums. Functioning as a public-private partnership, TCIP's board of directors includes representatives from the government, technical operators, and universities.

Highlighting the close collaboration between TCIP and institutions such as the Disaster and Emergency Management Authority and the Ministry of Environment, Mr. Bahar spoke in detail about TCIP - a government owned entity - serving as a crucial risk aggregator for earthquake insurance, which is their primary product. He emphasized the significance of public-private collaboration in disaster risk management through various channels, with intermediaries earning commissions from premiums.

Mr. Bahar elaborated on the usage of technology for excellence particularly evident in its Catastrophe Bond (CAT). Initiated in 2016, CAT is a management program, aiming at increased market penetration and enhanced catastrophe management. Mr. Bahar shared the effectiveness of the program, citing its success in processing over 95% of claim files within a span of 10 months post the recent earthquake in Turkey. He highlighted how the CAT has proven instrumental in streamlining field operations and expediting the finalization of claim files in a timely manner.

Looking towards the future, Mr. Bahar shared TCIP's plans to expand its compulsory disaster insurance offerings and further enhance CAT to handle a higher volume of claim files in an even shorter span of time. TCIP's commitment to technological advancements and a culture of continuous improvement reflects the organization's dedication to providing comprehensive solutions in the face of seismic challenges.

Mr. Bahar's presentation highlighted TCIP's proactive approach to earthquake risk management and its commitment to leveraging technology for the benefit of the insured and the broader community. Speaking about the Turkish Catastrophe Insurance Pool (TCIP), which has handled about 610,676 claim files at an event and has paid claims worth TL 34.5 billion as of December 2023.

Discussing the Medium-Term Program, he said, the regulations in August 2023 set minimum costs for voluntary earthquake insurance and made inflation protection mandatory. Citizens with both voluntary and Compulsory Earthquake Insurance now get coverage close to current construction expenses.

The Medium-Term Program integrates Compulsory Earthquake Insurance into a broader "Compulsory Disaster Insurance," covering floods, landslides, and fires. Better monitoring of compulsory insurance payments is promised.

Urban transformation plans will focus on insurance to aid building completion and inspection, ensuring safer renovations. Insurance expansion aims to improve construction quality by holding building professionals and contractors more accountable.

## CLIMATE RESILIENCE & BEYOND: DISASTER RISK AND CROP INSURANCE FOR SUSTAINABILITY

### PANEL DISCUSSION

Initiating the panel discussion on the imperative topic of disaster risk financing, Mr. Nathan Rive, Senior Climate Change Specialist, ADB, highlighted the bank's historical support for such initiatives in Pakistan. While recognizing the prevalent reactive approach post-disaster, he advocated for a paradigm shift towards proactive strategies, especially considering climate change impacts. Mr. Rive pointed out the critical role of disaster risk financing, including insurance, as a key element for optimal risk management. He emphasized the need for private sector involvement in building resilience, with insurance seen as a pivotal avenue for collaboration.

Addressing the pertinent issue of the protection gap, Mr. Azfar Arshad, COO, Jubilee General Insurance Company Limited, delved into its global context, offering statistics on catastrophic events and their economic repercussions. Globally, the protection gap varies among countries, necessitating tailored approaches. In the case of Pakistan, where recent floods incurred significant economic losses of USD 15 billion, the protection gap was pronounced, with insured losses estimated at less than 1%. Mr. Arshad highlighted the challenges such as low insurance penetration, particularly in vulnerable areas, and the need for government support due to the impact on the poorest segments of society. Proposing a solution, he advocated for a national agriculture insurance scheme, estimating a feasible cost of PKR 22 billion to cover 7.5 million farm households.

Drawing insights from Turkey, Ms. Canan Sanem Cengiz, Head Strategy, Turkish Insurance Regulations and Supervision Agency, shared the country's experience in the aftermath of a major earthquake in Kahramanmaraş on February 6, 2023. Highlighting the resilience of the Turkish insurance sector, she mentioned that the tragedy killed almost 58 thousand people and was the largest contributor to insured and uninsured losses incurred in the first half of 2023 at \$40 billion. Ms. Cengiz appreciated how, 'The Insurance and Private Pension Regulation and Supervision Authority (IPSA), operational since 2020, promptly supported the victims by extending policy renewal periods and facilitating advanced payments for earthquake insurance claims.

Continuing the discussion on the role of ADB, Mr. Arup Chatterjee, Principal Financial Sector Specialist, ADB, outlined the multilateral agency's active support for Pakistan and other developing member countries in bolstering resilience through disaster financing, particularly insurance. He emphasized the role of financial services, including insurance, micro insurance, microfinance, and post-disaster loans, as tools to build resilience and facilitate recovery. Mr. Chatterjee accentuated the broader focus on climate finance, involving incentivizing cleaner technologies and reducing greenhouse gas contributions. He explained how ADB collaborates with the international organizations to set agendas for climate finance, ensuring an orderly and sustainable market. He also stressed the need to explore various financial instruments beyond insurance to address diverse aspects of disaster and climate resilience.

Adding a technological perspective, Mr. Agrotosh Mookerjee, MD, Risk Shield Insurance Broking Ltd, emphasized the importance of assessing satellite data sets for disaster risk management. He spoke about the

ongoing developments in area yield index insurance and hybrid products, acknowledging advancements in flood index insurance and livestock insurance. Mr. Mookerjee called for more research on the accuracy of satellite data, especially for different regions and farming practices in Pakistan. He also identified the lack of studies on the business case for aggregators like banks and microfinance institutions, suggesting an analysis of credit history and nonperforming loans to understand institutional reluctance. Additionally, he proposed integrating value-added services like flood warnings to enhance the appeal of insurance products.

During the Q&A session, it was recognized that sharing and transferring risks involve a combination of instruments, necessitating consideration of the roles of individuals, families, communities, governments, insurance companies, and the private sector. The optimal sharing and retention of risks vary based on the specific context, level of affluence, and the trajectory of economic development. Insurance, while a crucial component, is one element of a comprehensive risk management strategy, and its viability depends on the unique circumstances of each country or region. The transition to a more sustainable and viable insurance system requires careful consideration of multiple factors and collaboration across different stakeholders.



## TOPIC

COMPULSORY INSURANCE: DEADLOCKS  
AND PATH TO SUCCESS

## • PRESENTATION

Mr. Jibran Paracha  
Addl. Joint Director, SECP

## • MODERATOR

Mr. Syed Nayyar Hussain  
Executive Director, Salaam Takaful Limited

## • PANELISTS

Mr. Muhammad Zubair Habib  
Chief, Citizens Police Liaison Committee (CPLC)

Mr. Muhammad Amin Uddin  
CEO, TPL Insurance Limited

Mr. Kamran Ansari  
CEO, EFU Health Insurance Limited

Mr. Saqib Zeeshan  
Dy. CEO, Pak Qatar General Takaful Limited

Mr. Muhammad Ashar  
DH - UHI/Seht Sahulat, State Life Insurance Corporation of Pakistan



## Mr. Jibran Paracha

Addl. Joint Director, SECP

### PRESENTATION

The presentation delved into the area of compulsory insurances in Pakistan, focusing on two main categories: Motor Third-party Insurance, and Compulsory Group Life Insurance. Drawing a comparison to other jurisdictions, such as the UK, where there are multiple compulsory insurances, Mr. Jibran Paracha, Addl. Joint Director, SECP, pointed out the unique challenges in Pakistan and highlighted SECP's proposal for mandatory occupational health insurance, emphasizing its potential impact.

The key issues highlighted were the implementation challenges and the perceived lack of value in the existing insurance products. The presentation explored the specifics of motor third-party liability, revealing a low uptake (3% of insured vehicles); despite constituting a significant portion of overall gross written premiums (24%). The impediments included issues of spurious policies, low compensation limits, and a lack of requirements for registration authorities to check for third-party liability certificates.

The proposed solutions included raising compensation limits, introduction of a no-fault regime, and mandatory verification of insurance certificates by registration authorities. Mr. Paracha also mentioned the ongoing advocacy efforts with various departments, including law enforcement, to raise awareness. On compulsory group life insurance, he highlighted the implementation challenges, particularly in terms of low sum covers (ranging from PKR 200,000/- to PKR 500,000/-). He stressed that the proposal of SECP advocates dynamic sum insured limits (through linkage with minimum notified wage) and expansion in the scope to cover more employees including contractual and temporary workers, which are currently excluded.

On SECP's proposal on Compulsory Occupational Health Insurance, Mr. Paracha emphasized that it is aligned with the existing social security framework, by suggesting to cover those persons who are excluded by social security schemes. He included the product of occupational health insurance, with the proposal suggesting mandatory coverage financed by the employer, encompassing temporary and contractual workers, and including inpatient and maternity cover.

By providing a comprehensive overview of the current state of compulsory insurances in Pakistan, Mr. Paracha addressed challenges and proposed solutions aimed at streamlining implementation, increased coverage, and alignment with social security initiatives.



## COMPULSORY INSURANCE: DEADLOCKS AND PATH TO SUCCESS

### PANEL DISCUSSION

Beginning the discussion by shedding light on the significance of the non-life sector, particularly the implementation of compulsory insurances, Mr. Syed Nayyar Hussain, Executive Director, Salaam Takaful Limited, said that compulsory insurance is crucial for industry's growth. Acknowledging the efforts of SECP in providing a strategic roadmap, he urged the industry to take ownership and collaborate with regulators for effective policy advocacy. Mr. Hussain raised questions about increasing the implementation of motor third-party liability insurance, a critical component of the non-life sector, comparing statistics from India (43%) and Saudi Arabia (50%).

Commenting on the low insurance penetration, Mr. Muhammad Zubair Habib, Chief, Citizens Police Liaison Committee (CPLC) shared that a mere of three percent of cars in Pakistan are insured, and those are mostly those under a bank lease. The importance of insurance is underscored by incidents like road traffic accidents and hit-and-runs. Mr. Habib felt that the concept of liability insurance remains crucial, and the task ahead seems formidable, involving licensing for the astounding three million motorbikes in Karachi.

Emphasizing upon the need for insurance, Mr. Muhammad Amin Uddin, CEO, TPL Insurance Limited, acknowledged the ongoing debate on the approach. From an insurance company's standpoint, simplicity and effectiveness are crucial, as the global trend favors digital and embedded insurance products, which can be seamlessly integrated into customers' daily lives. The challenge, in Pakistan, however, lies in transforming the perception of insurance, making it as instinctive as buying a safety cover for the mobile phone. Mr. Amin credited SECP for facilitating digital policies during the pandemic and said that an evolving ecosystem presents opportunities for embedding small-ticket insurance and effortlessly streamlining the process for buyers.

Proposing an independent health insurance reform under the SECP, Mr. Kamran Ansari, CEO, EFU Health Insurance Limited, felt that it should be distinct from general or life licenses. Observing that health insurance premiums are often used as cushions by general insurance companies, and despite market's vast potential, the generated premiums only account for 0.21% of the GDP. To enhance awareness, he suggested mandatory health insurance for companies obtaining SECP licenses.

Discussing the existing state of insurance in Pakistan, Mr. Saqib Zeeshan, Dy. CEO, Pak Qatar General Takaful Limited, highlighted the data for Life and General Insurance as 10% and 11% respectively. Emphasizing a top to bottom approach for increased penetration, Mr. Zeeshan said that the industry can underwrite various coverages like third-party motor, health, and travel. Anticipating growth to two to three percent by 2025, he stressed the need for a level playing field and dedicated industry regulations.

Addressing the shift to a broader perspective on compulsory health insurance in Pakistan, Mr. Muhammad Ashar, DH- UHI/Sehat Sahulat, State Life Insurance Corporation of Pakistan, emphasized the significant increase in business volume due to social health programs covering 180 million

members. However, despite positive aspects like legal support in Khyber Pakhtunkhwa, and Punjab's commitment, the challenge lies in designing sustainable schemes across the board. Financial sustainability issues, inflation, and increasing medical costs, prompt considerations like co-payments and premium contributions from government employees. Mr. Ashar identified challenges that included, Pakistan's informal economy, taxation uncertainty, poor healthcare access in regions like Baluchistan, and lack of technology. He suggested flexibility in benefit design and the emergence of top-up products.

The discussion proposed that the SECP must take the lead in independently driving health insurance reform efforts. This would include raising standards in both government and private hospitals to address deficiencies in medical facilities and service quality. The need for a more robust awareness campaign, spanning various forums, was stressed to address underutilization of health insurance policies.

The SECP would have ratings over operational efficiency of the insurers, along with the working in its advisory capacity to the client.

The Q/A session further explored the crucial role of technology in insurance, especially the need for computerizing data, implementing backup and restore mechanisms, and electronically locking information. Progress must be facilitated by technology for the best impact. Collaborative efforts to network databases, leveraging existing resources like that of NADRA's extensive database was also suggested as a solution to streamline processes. The discussion concluded with the need for the collective responsibility to be felt by all stakeholders.



## TOPIC

TAXATION LANDSCAPE OF THE INSURANCE SECTOR  
CONTRIBUTIONS AND IMPEDIMENTS

- PRESENTATION

Mr. Nawaid Jamal  
CFO, Jubilee General Insurance Limited

## Mr. Nawaid Jamal

CFO, Jubilee General Insurance Limited

### PRESENTATION

The presentation highlighted the evolving scope of the insurance industry in Pakistan, specifically the shift from focusing on policy clauses and reinsurance arrangements, to the predominant role of dealing with taxation. Mr. Nawaid Jamal, CFO, Jubilee General Insurance Limited, pointed out the recent emergence of a draft rule, indicating a linkage between real-time data and the Federal Board of Revenue (FBR) system, enabling access to policyholders' data. He believed that this development prompts insurance executives to gather and assess the operational and legal implications over and above the routine policy renewals.

Discussing the intricacies of the taxation framework, Mr. Jamal emphasized the impact of direct and indirect taxes on insurance operations. He outlined how insurance companies contribute to national revenue through various taxes, underscoring their role in social programs mandated by the government. He also provided statistics indicating a significant increase in the industry's tax contributions from 2018 to 2022, outpacing inflation.

Mr. Jamal explained how despite the industry's substantial contributions, there have been challenges and impediments, including the withdrawal of tax credits on life and health insurance. Similarly, the application of a single basket income approach on capital gains and dividend tax may not align with the unique characteristics of the insurance sector. These issues, he identified as hurdles, meriting favorable attention from regulatory authorities, tax authorities, and the insurance industry for the continued growth and sustainability of the sector.

Advocating for equitable taxation policies for the insurance sector, Mr. Jamal emphasized the need to extend exemptions available to other business sectors. The presentation covered challenges such as the 5% tax on reinsurance premiums seeded abroad, urging its removal to attract more reinsurers to Pakistan. While calling for reconsideration of sales tax on reinsurance and life insurance, pointing out its impact on the industry's growth, he spoke about the retrospective change in super tax rates and the withdrawal of tax credits on life and health insurance, as impediments.

## TOPIC

BUILDING TRUST, CHANGING PERCEPTIONS AND  
ENHANCING POLICYHOLDER PROTECTION

- PRESENTATION

Mr. Talal Abdul Rauf Usmani  
Joint Director, SECP

- MODERATOR

Mr. Tahir Ahmed  
CEO/Co Founder, First Digital Takaful Limited

- PANELISTS

Mr. Abdul Rehman Warraich  
Commissioner Supervision, SECP

Mr. Ali Nadeem  
CEO, IGI Life Insurance Limited

Mr. Ali Qureshi  
Senior Consultant, Milliman KSA

Mr. Manoj Pandey  
Advisor, Access to Insurance Initiative (A211)

Dr. Bakht Jamal Shaikh  
Director Operations and Legal, Adamjee Life Assurance Company Limited

# Mr. Talal Abdul Rauf Usmani

Joint Director, SECP

## PRESENTATION

In his presentation, Mr. Talal Abdul Rauf Usmani, Joint Director, SECP, reflected on his initial skepticism regarding insurance, as an expense rather than a necessity. Upon entering the insurance sector, however, he discovered that his preconceptions unfortunately mirrored those of the broader Pakistani population. He acknowledged the efforts made by the SECP to improve the industry's image through regulatory amendments, introducing complaint handling mechanisms, and engaging in consumer awareness campaigns has had a good impact.

To address the ubiquitous misperceptions about insurance in Pakistan, Mr. Usmani advocated for collaborative efforts among the stakeholders, including regulators, insurance companies, and influencers. He proposed the establishment of an innovation fund, where contributions from various stakeholders could be pooled to sustain the ongoing activities aimed at enhancing the sector's image. Emphasizing the importance of unconventional modes of communication, he suggested leveraging platforms like YouTube, Facebook, and social media influencers to disseminate the message of insurance more effectively.

Stressing the importance of the youth's involvement in spreading financial literacy, Mr. Usmani suggested engagement with young minds by sponsoring their projects and initiatives, fostering a positive perception of insurance from an early age. He highlighted the untapped potential of Takaful, especially exploring its broader acceptance among the Pakistani population.

Concluding his presentation, Mr. Usmani stated that the task of reshaping the perception of insurance was a collective responsibility, requiring the concerted efforts of all the stakeholders.

## BUILDING TRUST, CHANGING PERCEPTIONS AND ENHANCING POLICYHOLDER PROTECTION

### PANEL DISCUSSION

The discussion began with Mr. Tahir Ahmed, CEO/Co-Founder, First Digital Takaful Limited, acknowledging the lack of transparency in insurance policies, especially in Pakistan. He emphasized the need for clearer language, advocating policies in Urdu, as well as regional languages. Addressing the challenge of mistrust, Mr. Ahmed highlighted the critical role of efficient claims handling, and the introduction of digitalization and AI in streamlining motor insurance claims. He spoke about the concern of policies being 'sticky' by offering more than promised, suggesting enhancements like replacement vehicles and timely policy intimidation when needed.

Delving into the point raised by Mr. Ahmed, Mr. Abdul Rehman Warraich, Commissioner Supervision, SECP, emphasized the critical need for financial literacy at all education levels, addressing the societal lack of understanding. He stressed the importance of providing insurance information in the national language, advocating for education and awareness over excessive regulations. Drawing from personal experience, he shared the transformative impact of advanced financial education. Mr. Warraich urged the government to invest in broadening the scope of education, with a focus on collaboration between insurance associations and companies and suggested the establishment of specialized funds for financial market development. He strongly advocated for prioritizing educational awareness for societal behavioral change.

Sharing an insightful example from the South African organization called 'Discovery', Mr. Ali Nadeem, CEO, IGI Life Insurance Limited, highlighted the health insurance company's innovative approach to address the rising premiums. He recounted how the company's founder, Adrian Go, tackled increasing claims by promoting healthier lifestyles among the policyholders. By incentivizing employees for healthy living, the company achieved a unique and profitable model. Emphasizing the evolution of technology, Mr. Nadeem discussed leveraging smart devices to track policyholders' behaviors. He stressed the industry-wide effort to enhance awareness, build trust, and engage customers regularly, contrasting it with the conventional annual renewal approach. This approach, he felt, fostered ongoing customer engagement and loyalty.

Discussing the importance of engagement in insurance products, Mr. Ali Qureshi, Senior Consultant, Milliman KSA, emphasized that claims engagement began with product sales, and advocated for clear and simplified product descriptions. Drawing inspiration from Jeff Bezos, he highlighted customer-centricity, with a focus on prompt, fair, and transparent claims settlement. Acknowledging the technology's role, Mr. Qureshi drew attention to its impact on transparency through platforms like WhatsApp.

Mr. Manoj Pandey, Advisor, Access to Insurance Initiative (A2II), discussed proactive steps for insurance providers in addressing ESG concerns to build trust among the customers valuing data transparency and sustainability. Emphasizing the impact of climate change on the insurance industry, he highlighted the need for ESG-driven standards in underwriting investments. Referring to the social aspects, he called for addressing gender disparities, diversity, and transparency for fostering positive



perceptions. He pointed out that initiatives like climate-smart solutions and inclusive insurance were aimed at attracting both ESG-conscious investors and customers.

Dr. Bakht Jamal Shaikh, Director Operations and Legal, Adamjee Life Assurance Company Limited, referred to two significant incidents, a tragic air crash involving policyholders in 2001 alongside a recent international case. While posted in Dubai, a pending death claim from 1983 surfaced after a tragic plane crash. Despite the policy stipulating claims for surviving insured, it took 18 years due to the demise of both insured adults and the children. However, a recent case saw swift claim processing within 24 hours, highlighting improved practices.

Stressing ethical selling and complex policies, Mr. Shaikh advocated for awareness and education in insurance. The narrative featured the industry's evolution, he said, emphasizing timely and courteous delivery to change perceptions.

During the session, a model of claim support group/customer care initiative, was discussed. The objective was to provide advisory and support to the customers as part of the claim handling process. The measure is to address the issue of work not being proceeded after the claim was successfully lodged.

The Q/A session explored addressing the challenge of enhancing policyholders' perception, focusing on trust, transparency, and policy interpretation. Panelists shared insights on unconventional products like parametric insurance and the need for effective communication, especially in the rural areas with the young but rather ignorant population. The importance of creating awareness at the grassroots level was highlighted, emphasizing the need for education and gender balance in the insurance industry. Religious dogmas against insurance were also recognized, and a call was made for private sector participation in implementing plans to ensure accountability and progress reporting.



# DAY-2

DECEMBER 14, 2023

## WELCOME RECEPTION

- **REMARKS**  
Ms. Amanda Hug  
President, Society of Actuaries
- **KEYNOTE MESSAGE**  
Dr. Ishrat Husain  
Chairman, IBA CEIF
- **RECORDED VIDEO MESSAGE**  
Chief Guest - Honorable Dr. Arif Alvi  
President, Islamic Republic of Pakistan

## Ms. Amanda Hug

President, Society of Actuaries (SOA)

### REMARKS

Ms. Amanda Hug, President, Society of Actuaries (SOA) outlined the organization's commitment to further developing the actuarial profession in alignment with the initiatives such as the SECP 2023-28 strategic plan, aiming at strengthening the insurance industry. The SOA's strategy emphasized empowering members to address life's financial risks through diverse community engagement, preparing actuaries as business leaders, and undertaking global education and research endeavors.

Ms. Hug elaborated on the commitment of SOA to fortify the actuarial profession and provide support to industries in South Asia and the Middle East regions. She further added that with a global membership of 32,000, Pakistan has played a crucial role in the actuarial landscape, boasting approximately 90 credentialed actuaries, and serving as a key hub for professionals influencing the Gulf Cooperation Council (GCC) nations.

Pakistan, she said, has exhibited a robust pipeline for future actuaries, with around 300 individuals undertaking exams annually indicating substantial potential for growth in the profession. Pakistan not only acts as a central hub for actuaries in the region but has also contributed significantly as a provider of actuarial services and talent to neighboring countries.

SOA is keen for continued partnerships with the entities such as the SECP, PSOA, and the broader insurance industry in Pakistan, with the aim of mutual success and growth.

# Dr. Ishrat Husain

Chairman, IBA CEIF

## KEYNOTE MESSAGE

Dr. Ishrat Husain, Chairman, IBA CEIF, emphasized the diverse role that regulators should play, suggesting a shift from a strict regulatory approach to one that incorporated mentorship and advisory functions. He acknowledged the distinct needs of emerging ventures compared with the established ones, urging the SECP for a nuanced regulatory approach that offered support for budding entities. Dr. Husain proposed a regulatory framework that can adapt to innovative changes, in alignment with the evolving dynamics of the business landscape, and emphasized the need for collaboration particularly within the non-banking financial sector.

In the context of the sluggish growth of non-banking financial institutions in contrast to banks and development finance institutions (DFIs), Dr. Husain highlighted Pakistan's relatively low investment ratio compared with countries like India and Bangladesh.

The imperative need for digitalization was emphasized, drawing comparisons with India's significantly higher insurance penetration and density. India has an insurance penetration ratio of 4.22% and the insurance density of \$77 as compared to ours, which is less than \$10. They have enrolled 574 million people in health insurance. They adopted robotic process automation and artificial intelligence for better data processing and advancement in bots which has automated policy servicing and claims management for faster and more personalized customer service.

Dr. Husain stressed the importance of digitalization and innovation especially in areas such as health, crop, disaster risk, and Takaful insurances. The rapidly growing segment of Islamic banking, he felt, has prompted a call for increased adoption of Takaful, aiming at a substantial market share.

In Pakistan, there's a need for rapid digitalization and product innovation. Financial inclusion in health insurance, crop insurance, disaster risk insurance, and takaful is crucial. Islamic banking has become the fastest-growing segment in the banking industry. There is demand for takaful, and it's time to raise its share to at least 25-30%.

Elaborating upon the significance of identifying and capitalizing on long-term investment opportunities Dr. Husain encouraged voluntary pension schemes and leveraging the pension funds, as avenues for mobilization of substantial savings.

The need for a holistic and adaptive regulatory approach for the digital transformation was highlighted, to propel Pakistan's financial sector forward. For a robust governance structure, the focus needs to be on enhancing economies of scale in insurance sector and innovative solutions, that can target crop disaster and health.



## Honorable Dr. Arif Alvi

President, Islamic Republic of Pakistan

### RECORDED VIDEO MESSAGE

Insurance has played a pivotal role in societal welfare, yet its growth in Pakistan has been sluggish, with neighboring countries exhibiting higher insurance usage. Honorable Dr. Arif Alvi, President, Islamic Republic of Pakistan, highlighted the persistent misconceptions about insurance that hindered its widespread adoption. Efforts were needed to change these perceptions, as understanding the value of insurance was crucial in motivating individuals to purchase it, thereby mitigating risks.

Highlighting the recent floods in Pakistan, Dr. Alvi underscored the significant hardships experienced by the majority of farmers due to lack of crop insurance. Emphasizing that this considerable loss could have been significantly reduced with insurance coverage, he pointed out that even a modest insurance coverage in the agricultural sector would have made the damages more controllable. Dr. Alvi identified the agricultural sector as a promising opportunity for the insurance industry.

Dr. Alvi, while appreciating SECP's role in the evolving dynamics towards insured Pakistan, urged the regulator to facilitate insurance companies in offering plans with greater transparency and operational ease. Building trust among customers was key to fostering risk appreciation, as almost everything could be insured, including health, goods, and vehicles. He also directed attention towards, required transparency of commissions and cost of agents for the policy holders. He highlighted the need for resolving hiccups in filing for insurance claims and expediting the processing of the same. This will reduce the negative image generally associated with reluctance in payment of claims. Increased goodwill will compel people to buy insurance themselves.

Dr. Alvi emphasized the importance of a collaborative effort between the government and individuals to ensure the vitality of the insurance sector. He encouraged banks, acting as insurance agents, to refrain from practices like back-selling and to establish a fair and transparent process for insurance buyers. He cautioned against perceiving insurance solely as a reactive solution post-event and advocated for the SECP to foster a positive narrative, convincing the entire population that insurance is a necessity, not just an option.

In addressing transparency concerns, and negative image with reference to reluctance in payment of claims in health insurance, Dr. Alvi suggested incorporating basic diagnostic tests into assessment plans to mitigate the risk of false claims. While acknowledging that profitability for insurance companies might be initially low, he stressed the importance of focusing on persuading and attracting the entire population to recognize insurance as a crucial element of financial planning. The overarching objective was to cultivate a culture where insurance is viewed as an indispensable safeguard against unforeseen events. These initiatives, he said, will encourage people to become pro-actively insured.

## TOPIC

ELEVATING TAKAFUL SECTOR:  
IN-DEPTH DIALOGUE

## • RECORDED VIDEO MESSAGE

Dr. Abideen Adewale  
IFSB, Malaysia

## • ADDRESS

Mr. Mujtaba Ahmad Lodhi  
Commissioner, Islamic Finance Department, SECP

## • MODERATOR

Dr. Irum Saba  
Associate Professor, IBA Karachi  
Shariah Board Member, Salaam Takaful Limited

## • PANELISTS

Dr. Mufti Irshad Ahmed Aijaz  
Chairman Shariah Advisory Committee, SECP

Mr. Omar Mustafa Ansari  
Secretary General, AAOIFI

Mr. Tariq Naseem  
Additional Director/HoD, Islamic Finance Department, SECP

Mr. Azeem I. Pirani  
CEO, Pak Qatar Family Takaful Limited

Mr. Nasar us Samad Qureshi  
CEO, 5th Pillar Family Takaful Limited

## Dr. Abideen Adewale

IFSB, Malaysia

### ELEVATING TAKAFUL SECTOR

The IIC 2023 conference played a pivotal role as a platform for distinguished figures in the Islamic Financial Services Industry (IFSI), to enhance the stability and resilience of the insurance sector at both local and global levels.

Dr. Abideen Adewale, IFSB, Malaysia, expressed happiness in its collaboration with the SECP, emphasizing their shared commitment to improving the soundness and stability of the industry. This collaboration, he said, underscores the importance of the conference's theme of an Insured Pakistan.

Discussing the evolving scope of Islamic insurance, he shared the statistics (2022) for the global Takaful industry having witnessed a substantial growth, and reaching USD 330 billion. He agreed that this rise was propelled by strong performances in various regions, including Pakistan. Dr. Adewale also spoke at length on the challenges, such as inflation, climate change-related risks, financial market fluctuations, and currency depreciation that could impact the industry in the coming year.

Bringing the concern for climate change, he stated that IIC 2023 aims to address concerns for the climate change with special reference to the recent developments from COP 20 to COP 28 and their implications for the Takaful industry. The increase in natural disasters has led to elevated insured losses, necessitating a shift in global insurance models and emphasizing the urgency for industry-wide discussions on this challenge.

Digitalization's impact on operational efficiency and customer-centricity was also highlighted. He outlined digitally assisted distribution, streamlined products, direct digital channels, self-service options, and automated claims processing, all aimed at enhancing regulatory compliance and supervisory oversight.

The IFSB's issuance of standards in the Takaful segment and ongoing work on additional guidelines has demonstrated a commitment to strengthening industry's best practices. Acknowledging the SECP's strategic plan for awareness and financial literacy in the insurance sector, Dr. Adewale delved into specifics, including policyholder protection, resilience building, innovation, cooperation enhancement, and increased insurance coverage. Collaboration and partnerships were identified as key focus areas, seeking ways to strengthen industry ties for sustained growth and development.



## Mr. Mujtaba Ahmad Lodhi

Commissioner, Islamic Finance Department, SECP

### ADDRESS

Mr. Mujtaba Ahmad Lodhi, Commissioner, Islamic Finance Department, SECP, emphasized the profound significance of the Islamic finance industry, especially in Pakistan where 98% of the population adheres to Islamic principles. Additionally, the Federal Shariah Court's mandate for a transition to an Islamic financial system within five years has featured Pakistan's commitment to aligning financial practices with Shariah principles. The industry has subsequently witnessed growth, especially in Islamic banking and the Islamic capital market, highlighting the importance of expanding non-bank markets and institutions within this sector.

IIC 2023, he said, stands as a transformative gathering, uniting stakeholders, experts, and industry leaders to propel the advancement of the insurance sector in Pakistan. He appreciated SECP's journey towards an Insured Pakistan, representing a pivotal phase with a well-structured strategic plan aligned with international best practices from diverse jurisdictions. He appreciated the thorough industry consultations that provided the reference and outlines of the roadmap for this document resulting in framework to safeguard against unforeseen events with a thoughtful approach.

Exploring the ambit of Islamic finance, he focused on SECP's proactive efforts in not only promoting Islamic options but combining it with a comprehensive review of non-bank Islamic finance too and inculcating their findings in the ongoing development of a strategic plan. The Takaful sector with its innovation products, he said, will play a crucial role in combating Pakistan's vulnerability to climate change and natural disasters with swift solutions for financial protection and recovery.

Recognizing obstacles like capacity limitations and gaps in public awareness, Mr. Lodhi affirmed that the SECP was proactively promoting innovation and inclusion, by implementing regulatory frameworks and tackling taxation issues. The ultimate objective was to enhance the potential of Takaful to transition from one of the many insurance options to a full fledged complete model. The resilience of the Islamic financial services sector, has been proven and innovations with new ideas can go along way in confronting current challenges successfully.



## ELEVATING TAKAFUL

## PANEL DISCUSSION

The conversation focused on adapting conventional insurance products for Takaful, with a particular emphasis on identifying gaps in health coverage and comprehensive life products. Dr. Mufti Irshad Ahmed Aijaz, Chairman, Shariah Advisory Committee, SECP, underscored the urgent requirement for innovative offerings, especially in the post-COVID-19 landscape where health expenses have escalated. He emphasized the importance of integrating investment and protection in Takaful products to combat fraudulent schemes and address the underdeveloped estate insurance sector. Additionally, he highlighted the crucial need to raise awareness about the security provided by insurance, extending this effort beyond affluent areas to include universities, mosques, and conferences. Dr. Aijaz expressed concern about the limited understanding of Takaful and capital markets, emphasizing the pressing need for educational outreach, even among government employees.

Regarding learning from other countries' Takaful models, Mr. Omar Mustafa Ansari, Secretary General, AAOIFI, expressed skepticism about directly importing foreign systems. Instead, emphasis was placed on finding a unique Pakistani approach, considering the pitfalls of the Western financial system and the need for a self-directed path. Discussion highlighted the necessity of a robust social-economic insurance system with fintech based delivery channels and no-high commission charges. He stressed that strengthening such a system is the responsibility of both government and private sectors.

Deliberating upon various aspects of Islamic finance in Pakistan. Mr. Azeem I. Pirani, CEO, Pak Qatar Family Takaful Limited, reinforced the State Bank's proactive measures post a Federal Court ruling to advance Islamic finance. Transitioning insurance companies to Takaful, will be part of the changing landscape. He also mention Pakistan wakala model is better than prevalent models in the world.

Challenges facing Takaful's growth, such as limited reinsurance capacity and sluggish industry expansion, were highlighted by Mr. Nasar us Samad Qureshi, CEO, 5th Pillar Family Takaful Limited. Ongoing talks with regulators to enhance business practices and bolster capacity were mentioned as crucial steps.

Mr. Tariq Naseem, Additional Director/HOD Islamic Finance Department, SECP, shared details of efforts to promote Islamic finance, emphasizing guidelines to aid regulated sectors in transforming into Islamic institutions. He mentioned increased interest in Sharia-compliant products among new fintech enterprises as a possible game changer.

The conversation stressed the importance of educational initiatives to improve public comprehension of Islamic finance, including awareness about financial organizations and Sharia principles across educational institutions. It underlined the necessity of global standards in synchronization with the Islamic finance principles to maintain tailored standards without compromising on its distinct features.

The discussion underscored the need for amplified awareness, education, regulatory backing, and a societal shift in attitude to propel the growth of Islamic finance and Takaful in Pakistan. This multifaceted approach aims to address gaps in knowledge, improve regulatory frameworks, and encourage a more favorable outlook toward Takaful.



## TOPIC

**RESHAPING RISK LANDSCAPES:  
A COMPREHENSIVE DISCUSSION ON INSURANCE  
POOL DYNAMICS AND REINSURANCE RENAISSANCE****• POOL PAPER PRESENTATION**

Falak Sher Haider Soomro  
Advisor Insurance, SECP

**• MODERATOR**

Mr. Moin Fudda  
Industry Expert

**• PANELISTS**

Mr. Owais Ansari  
CEO, Life & Health MENA at Munich Re

Ms. Zehra Naqvi  
Director, Chubb Insurance Pakistan Limited

Mr. Muhammad Salim Iqbal  
Executive Director Reinsurance, Adamjee Insurance Company Limited.

Mr. Sohail Nazir  
DED Marine Underwriting, EFU General Insurance Limited

Mr. Martin Luis Alton  
Senior Financial Sector Specialist, World Bank

Mr. Sid Miller  
Aon Reinsurance Solution

# Mr. Falak Sher Haider Soomro

Advisor Insurance, SECP

## POOL PAPER PRESENTATION

Mr. Falak Sher Haider Soomro, Advisor Insurance, SECP, delved into the concepts of insurance pooling for larger risk in his presentation. Insurance pools, he said, serve as collective mechanisms, wherein multiple insurers/participants jointly share risks that exceed the capacity of a single insurer. These pools could be categorized into coinsurance pools and reinsurance pools. Coinsurance pools involved insurers sharing a single specific risk between various participants on co-sharing basis, whereas reinsurance pools are an insurance of insurance pools - reinsuring each other's policies, mitigating exceptional losses.

Exploring the need for adopting the global best practices, he outlined the overarching goal of enhancing insurance coverages and growing the insurance industry. In emerging economies like Pakistan, insurers often have low net retention on high and large risks due to the complexity and high insured value of risks, such as natural disasters risk, terrorism risk, aviation risk, large and complex commercial fire and engineering risk, etc which exceeds internal individual company's capacities and expertise.

Mr. Soomro spoke about key elements of insurance pool such as targeted risk coverage, data-driven risk assessment, technological solutions, collaborations, and capacity building as impactful initiatives to address the challenges. He also insisted on engaging all stakeholders — government, international participants, regulators, industry and the public - as vital to align interest of all parties, growing insurance industry, enhancing net retention thereby controlling foreign exchange outflows.

Explaining the benefits of 'Insurance pools' that include, risk sharing, expanded coverage, and financial stability, he also mentioned the posed challenges such as complexity, regulatory consideration, and governance concerns. These he felt, were opportunities for public-private partnership, technological integration and leveraging debt capital markets for risk sharing and diversification. Current insurance schemes in Pakistan, such as crop loan insurance, livestock insurance, and disaster risk finance, had the potential of these initiatives and are globally treated within pooling structure reflecting success of insurance industry through collaborative endeavors and promoting operational and financial efficiencies.

The establishment of insurance pools necessitated concerted efforts from various stakeholders, requiring robust governance and operational structures. Options for creating these pools included government managed entities, trusts, special-purpose vehicles, or not-for-profit organizations, each with its merits and considerations. He also laid out international practices for governance and functional requirements of successful insurance pool.

Moving forward, Mr. Soomro proposed consolidation of agriculture-based schemes into broader agri-insurance pools (like Turkish & Spanish agriculture insurance pool, TARSIM & AGROSEGURO) and catastrophe insurance pools (such as Turkish Catastrophe Insurance pool) to significantly improve risk aggregation, expand insurance coverage, and enhance technical and reinsurance assistance. Collaborative efforts, between the regulatory bodies, ministries, and multilateral agencies were recommended, as pivotal to structuring and systemizing insurance pools for bridging the insurance protection gap.

## INSURANCE POOL DYNAMICS AND REINSURANCE RENAISSANCE

### PANEL DISCUSSION

The session unfolded with an insightful discussion on the concept of insurance and reinsurance pools, emphasizing their significance, challenges, and drawing on experiences from various economies of the world. The participants shared valuable insights regarding different types of insurance pools, their establishment, functionality, and potential implementation in Pakistan.

The conversation commenced by referencing establishment of first ever insurance pool called Federation of Afro-Asian Reinsurance Pool (FAIR) established in 1964 Successful pools globally were highlighted, showcasing their structures, functionalities, and areas of coverage.

Mr. Owais Ansari, CEO Life & Health MENA, Munich Re, shared experiences regarding reinsurance and retrocession, emphasizing the importance of insurance pools during global economic challenges, including those triggered by COVID-19, global conflicts, and economic turbulence. The evolution of the reinsurance industry was underscored, moving beyond being just a capacity provider to offering comprehensive services. The discussion expanded to encompass various types of insurance pools globally, covering life and non-life pools, with examples from South African Special Risks Insurance Association (SARISA, which covers risks such as civil commotion public disorder, strikes riots and terrorism) as well as pools in India, Singapore, and Oman. The Philippines City Disaster Insurance Pool was highlighted as a potential model for Pakistan.

Sharing insights from Chubb, a leading global insurer, Ms. Zehra Naqvi, Director Chubb Insurance Pakistan Limited, stressed the importance of credible data for underwriting decisions and highlighted challenges in the Pakistani market due to data limitations. The significance of understanding risk magnitude and financial strength in establishing insurance pools was emphasized, specially with reference to a pool for covering catastrophes like terrorism insurance. She elaborated existence of ECO Reinsurance pool and encourage energizing this pool for effective utilization of resources.

Discussions regarding terrorism insurance and the challenges faced by small and medium-sized companies highlighted the need for collaboration and mandatory participation in pools. Muhammad Salim Iqbal, Executive Director Reinsurance, Adamjee Insurance Company Limited, deliberated on the structure of the pool, suggesting options like trusts, not-for-profit organizations, or Special Purpose Vehicles (SPVs), considering legislative and market factors. He recommended that Insurance Association of Pakistan (IAP) should take the lead in establishing and enabling a long term commitment.

Mr. Sohail Nazir, Deputy Executive Director, EFU General, called for taking the lead in forming a focus group to explore and potentially establish insurance pools. He felt the need for legislation to ensure mandatory and equitable participation by all players in the pool. The collective effort would aim at enhancing capacity, reducing reinsurance premium outflows, and addressing specific risks such as terrorism.

In his remarks, Mr. Martin Luis Alton, Senior Financial Sector Specialist, World Bank, shared insights into the institution's involvement in supporting

different types of pools globally. Emphasizing the need for governments to intervene in market inefficiencies, examples of Sovereign Risk Pools and national pools like the Turkish Catastrophe Insurance Pool were provided. The discussion underlined the complexities and necessary infrastructure for effectively establishing and managing insurance pools.

Commenting on the role of insurance in dealing with the natural calamities like floods and earthquakes, Mr. Sid Miller, AON Insurance, shared insights about a catastrophic event that occurred in New Zealand, resulting in a damage cost of approximately USD 12.5 billion to residential properties. The entire cost of the catastrophe was covered by Earthquake Commission (EQC). Funding for this came from reserves accumulated through premiums paid by the individuals, which were directed to a natural disaster fund. This fund was invested to generate returns, and reinsurance industry contributions also supported the funding. He emphasized that planning and employing digital technologies for data capture and management proved instrumental. This data not only aided in claim settlements but also helped in assessing risks, building resilience, and informing public policy decisions related to investing in upfront resilience measures. Mr. Miller also felt that the emergence of parametric insurance, capable of quickly releasing funds, held a promise to address socioeconomic impacts following such events.

Overall the discussion provided a comprehensive overview of insurance and reinsurance pools, their potential benefits, challenges, and the necessary steps to establish and manage effective pools in Pakistan's insurance industry.



## TOPIC

EMBRACING INTERNATIONAL STANDARDS:  
CHARTING THE COURSE FOR IFRS AND RBC

- ADDRESSEES

Mr. Falak Sher Haider Soomro  
Advisor Insurance, SECP

Mr. Sarwar Grami  
Insurance Authority, Kingdom of Saudi Arabia

Mr. Omer Morshed  
CEO, Sidat Hyder Morshed Associates (Pvt) Ltd

Mr. Farrukh Rehman  
Institute of Chartered Accountants of Pakistan (ICAP)

Mr. Usama Dangra  
President, Pakistan Society of Actuaries (PSOA)

## Mr. Falak Sher Haider Soomro

Advisor Insurance, SECP

### ADDRESS

Highlighting SECP's initiatives regarding the financial reporting and the risk-based capital regime, Mr. Soomro, stated that these initiatives were pivotal in adopting global standards of International Accounting Standards Board (IASB) and International Financial Reporting Standards and the International Association of Insurance Supervisors recommended Risk-based Capital supervisory regimes in Pakistan to ensure consistency, comparability and transparency in the financial landscape. He added that the journey of implementing IFRS 17 began with the formation of the Institute of Chartered Accountants of Pakistan (ICAP) Working Committee in 2017. However, the onset of the COVID-19 pandemic posed challenges, hindered the progress of IFRS 17 plans until 2021. In June 2021, SECP achieved significant milestone, the introducing IFRS 17 Implementation plan in , a four-phased approach through a circular.

The first phase focused on conducting a comprehensive gap assessment report on IFRS 17; followed by a financial impact assessment in the second phase, delineating the separate financial impacts on life and non-life insurance companies. The impact was notable; Mr. Soomro said that it reflected approximately PKR 9.8 billion on equity for life sector and PKR 300 to 400 million for non-life sector, according to YE2022 results.

IFRS 17 implementation held a promise for fostering consistency, transparency, and comparability among the insurance and non-insurance entities, promising a level-playing field in financial statements. Recently, the Commission notified implementation of IFRS 17 through a circular in November 2023 to be completed by 1 January 2026, along with laying out IFRS 17 Phase 3 requirements encompassing system design and methodology. Mr. Soomro also stated that globally, several nations like Saudi Arabia, the UAE, Oman, Malaysia, and Qatar embraced these standards in global date of 1 January 2023, with Egypt and Jordan following suit in 2024, while some countries were yet to adopt them.

Shifting focus to the RBC front, the plan involved initiating RBC implementation a year after the IFRS 17 rollout, engaging in industry consultations. The SECP, backed by the PSOA, published a concept paper in 2019 and received industry feedback, providing suggestions on the solvency requirements. Efforts were also underway to align valuations of insurance contract assets and liabilities, aiming at coherence between RBC and IFRS 17 approaches. A phased compliance approach for RBC in the future remained a preferred strategy.

He stressed that these concerted efforts by the SECP highlighted their commitment to modernizing financial practices, fostering harmony between the regulatory frameworks, and elevating the financial industry's standards.



# Mr. Sarwar Grami

Insurance Authority, Kingdom of Saudi Arabia

## ADDRESS

Commenting on the comprehensive journey of IFRS 17 implementation in Kingdom of Saudi Arabia, Mr. Sarwar Grami, Chief Actuary and IFRS 17 Lead at Insurance Authority KSA spoke about the crucial milestones and intricate challenges. Actuaries in Pakistan significantly contributed to this Kingdom's journey to adoption of IFRS 17. The rollout commenced with the establishment of actuarial work rules in 2020, positioning appointed actuaries as key figures responsible for various technical aspects across insurance companies.

Mr Grami elucidated on the role of actuaries with reference to pricing recommendations for motor, health, and life insurance, quarterly reserving reports, capital and solvency calculations, optimal reinsurance arrangements, and asset-liability management. Actuaries were, also mandated to submit over 15 reports to the board, senior management, and the insurance authority, fostering transparency and compliance.

Mr. Grami shared the four-phased approach of Saudi Arabia for IFRS 17, which comprised conducting gap analysis, financial impact assessments, and dry run exercises, crucially aiding companies in understanding the regulator's perspective and promoting market best practices. Simultaneously, IFRS 9 implementation was addressed with feedback sessions to enhance methodologies. He appreciated how the journey continued in the Business as Usual (BA) phase under IFRS 4, focusing on a steering committee's efforts across eight work streams, updating regulatory reporting forms and the Risk-Based Capital regime. Despite initial challenges during the COVID-19 pandemic, quarterly financial statements were diligently produced, positioning the industry for a smooth year-end financial statement production.

Throughout this evolution, Saudi Arabia held seven industry sessions, engaging 400 participants from 22 countries globally, emphasizing the IFRS 17 working group's invaluable contributions. The implementation's impact on equity was showcased through dry run exercises, illustrating shifts in the companies' perceptions, and indicating the significant influence of the auditors' involvement.

Challenges ahead encompassed expense attribution consistency, onerous contract determination policies, and investors' education to interpret equity reductions. Notably, the regulator emphasized the importance of thorough understanding before adopting vendor models.

Transitioning to the RBC journey, the phased approach involved stress testing, scenario analysis, and indicative RBC calculations, aiming at management buy-in rather than just regulatory compliance. The diversification benefit was highlighted, showing varied strategies impacting capital across the market, reinsurance, and premium/reserve risks, demonstrating the strategic value of diversification within companies.

Mr. Grami said that while a risk-based capital regime fortified market resilience, it also served as a powerful driver for embedding a robust risk culture within the insurance companies, emphasizing its strategic significance beyond numerical calculations.



## Mr. Omer Morshed

CEO, Sidat Hyder Morshed Associates (Pvt) Ltd.

### ADDRESS

Mr. Omer Morshed, CEO, Sidat Hyder Morshed Associates (Pvt) Ltd selected changing insurance dynamics as the core of his address. He explained how the GCC markets ventured into IFRS 17 Implementation process. He mentioned some regulators did not adopt a systematic approach like KSA, leading to shortcuts in achieving IFRS 17 compliance. He pointed out that companies were now generating compliance statements using high-level adjustments from IFRS 4 figures, prompting an urgent need for recalibrating models to attain accurate results in 2023.

Acknowledging the SECP for issuing the circular on the phase three system design and methodology for IFRS 17, Mr. Morshed said that the step was providing a beneficial directive. To address industry concerns regarding impending workload, resource scarcity, and software requirements, structured execution was key. He reflected that practical implementation, highlighted through dry runs, holds invaluable sessions, a practice recommended to the SECP for consideration.

According to Mr. Morshed, challenges included software utilization, which fortunately had been tested and proven in Saudi Arabia, Europe, and beyond. He shared that three firms with relevant software experience in Pakistan had offered an invaluable asset. Notably, selecting software during the design stage, as emphasized in the circular, ensured suitability and functionality aligned with business requirements.

Another challenge he shed light on was the dearth of skilled personnel, an issue prevalent in the country, where many actuaries preferred working abroad. However, the nation's strength lay in continuous training and qualification. Anticipating resource turnover by training additional personnel ensured continuity and addressed regular resource planning challenges.

Looking ahead, Mr. Morshed identified that challenges with the Risk-based Capital (RBC) regime persisted, considering Pakistan's lag in valuation practices. Nonetheless, Pakistan produced exceptional accounting and actuarial talent globally. He added that ensuring adequate hiring, training, and redundancy planning would enable the country to overcome these resource challenges, not only for IFRS 17 but for diverse areas.



## Mr. Farrukh Rehman

Institute of Chartered Accountants of Pakistan (ICAP)

### ADDRESS

Discussing the implementation of IFRS 17 in Pakistan, scheduled for January 1, 2026, Mr. Farrukh Rehman, Chairman Accounting Standards Board ICAP, highlighted some crucial aspects imperative for the insurance industry's successful transition from the accounting perspectives.

Mr. Rehman highlighted that life insurance companies transitioning to IFRS 17 faced significant implications and must choose among full retrospective, modified retrospective, and fair value approaches.

In contrast, IFRS 9, also notified in Pakistan, allowed insurance companies to defer or take exemption from its application along with IFRS 17. Unlike IFRS 17, IFRS 9 didn't mandate restatement, yet decisions about restating could lead to accounting mismatches, especially for life insurance companies, warranting careful consideration.

Critical considerations for IFRS 17 included selecting measurement models for specific products, defining contract boundaries, recognizing the contractual service margin (CSM), and applying discount rates and risk adjustments. Mr. Rehman reiterated that the treatment of Takaful under IFRS 17 remained a topic of debate, yet it currently fell under its provisions.

For ensuring compliance and accuracy in the implementation of IFRS 17 within the insurance industry, Mr. Rehman recommended that the auditors should focus on the risk of material misstatement, transition approaches, availability of necessary expertise, and adherence to the regulatory guidance.

## Mr. Usama Dangra

President, Pakistan Society of Actuaries (PSOA)

### ADDRESS

The Risk-Based Capital (RBC) model, essentially served as a capital requirement mechanism, factoring in both a company's size and the risks present on its balance sheet. Presently, the existing Solvency regime covers the basic elements of size and risk, according to set bases recommended in Insurance Rules 2017 for Life and Non-Life. However, Mr. Usama Dangra, President of the Pakistan Society of Actuaries (PSOA), highlighted that the current requirement was not as sophisticated as necessitated by the industry's evolving demands. Consequently, there was a pressing need for a more comprehensive and intricate RBC model.

To address this need, the SECP, in collaboration with the Pakistan Society of Actuaries, developed a concept paper proposing an expanded RBC framework. This framework was extensively circulated to solicit feedback from stakeholders and was presently undergoing review by the SECP for potential adoption.

The concept paper delved into the quantitative aspects of RBC, delineating methodologies for computing minimum capital requirements and evaluating a company's capitalization. It encompassed various elements, such as the capital needed, available capital (core and supplementary), and five overarching risk categories: insurance, credit, operational, market, and catastrophe risk. Notably, it analyzed insurance risk factors separately for life and non-life businesses, encompassing premiums, claim liabilities, and stress testing for human-related risks.

Comparative assessments were made with the RBC frameworks of other Asian nations, revealing a general alignment in approach and coverage of risks. While differences existed in modelling, particularly in correlation treatment, efforts could be undertaken to develop harmonized standards to ensure compatibility. Fundamentally, the proposed RBC model was in line with the prevailing practices in Asian and Middle Eastern countries.

Mr. Dangra highlighted an interesting point of convergence regarding the interaction between the RBC model and IFRS 17. Although these frameworks served distinct purposes — one for regulatory oversight and the other for financial reporting — there existed potential synergy in valuing liabilities. Both RBC and IFRS 17 might utilize a best estimate valuation approach, suggesting an opportunity for alignment, leveraging models and data prepared for IFRS 17 in RBC calculations could streamline the processes and enhance efficiency.

## TOPIC

MICROINSURANCE:  
BIG PROTECTION IN SMALL TICKET

- **RECORDED MESSAGE**

Mr. Lorenzo Chan  
Chairman, Microinsurance Network President &  
CEO, Pioneer Inc. (Phillipines)

- **REPORT PRESENTATION**

Mr. Wazirzada Yasir Almas Khan  
Addl. Joint Director, SECP

- **MODERATOR**

Mr. Rehan Butt  
CEO, Instaful Solutions

- **PANELISTS**

Mr. Pedro Pinheiro  
Project Manager, Inclusive Insurance and Sovereign &  
Humanitarian Working Groups of the IDF/MIN

Mr. Zain ul Haq Qureshi  
CEO, Asia Insurance Company Limited

Ms. Nilofer Sohail  
DGM, EFU Life Assurance Limited / Member Board MIN & PMN

Mr. Ishaq Kothawala  
CEO, Waada Digital (Pvt) Limited

Mr. Ali Basharat  
Head of Operations, Pakistan Microfinance Network

## Mr. Lorenzo Chan

Chairman, Microinsurance Network President & CEO, Pioneer Inc. (Philippines)

### RECORDED MESSAGE

#### MICROINSURANCE: BIG PROTECTION IN SMALL TICKETS

Mr. Lorenzo Chan, Chairman of Microinsurance Network and President & CEO Pioneer Inc. (Philippines), extended appreciation to the SECP for arranging the event. Speaking on behalf of his organization, he delved into the central theme of the Microinsurance Network's purpose, which has transformed into a compelling business case for companies in the Philippines. With experience in both traditional and microinsurance, Mr. Chan responded to commonly asked questions about microinsurance, reflecting on its positive impact.

Mr. Chan emphasized the achievements of global insurers in providing insurance that is free, affordable, easily accessible, comprehensible, and straightforward to claim. He shared, that within the Microinsurance Network, many members shared a dedication to creating a world where individuals of all income levels could enhance their resilience and reduce vulnerability to daily and catastrophic risks through effective risk management tools like insurance. Membership in the network facilitated the exchange of best practices, learning from both successes and failures and the cultivation of collaborative opportunities.

Going further into details, he spoke about the network actively supporting the Global Shield Stocktaking process in Philippines by engaging with its members and partners to explore ongoing and planned climate resilience projects. He emphasized the common risks that both Pakistan and the Philippines were faced with due to climate change adversely affecting their populations and economies.

On the positive side, he explained how the over 241 million people in Pakistan were a substantial market opportunity, and the question that needed to be addressed was whether the insurance industry was prepared and willing to serve the underserved and uninsured market. The 0.87% premium to GDP ratio indicated growth potential, given the large market size and exposure to risks.

Mr. Chan outlined key steps that included raising greater awareness about insurance benefits among millions, insurers continuously exploring the micro-market, enabling regulations by authorities, and prioritizing prompt claim settlement.

Empowering people through insurance was crucial, and that is best illustrated in effectively handling claims following natural disasters or incidents of any nature.



## Mr. Wazirzada Yasir Almas Khan

Additional Joint Director, SECP

### REPORT PRESENTATION

The report on microinsurance highlighted its focus on unlocking the potential of micro and inclusive insurance. The primary objective of the study had been to analyze the microinsurance segment within the insurance sector, evaluating the effectiveness of earlier regulations in providing tailored, affordable, acceptable, and easily comprehensible solutions.

Mr. Wazirzada Yasir Almas Khan, Additional Joint Director, SECP, explained that the journey of microinsurance commenced in 2012, leading to revised regulatory frameworks in 2014 and 2021, specifically targeting the low-income individuals and advocating for financial technology and innovation. The draft report aimed at transforming the microinsurance segment into an inclusive insurance segment.

Mr. Khan listed the challenges throughout the process, especially that of data collection. They managed to gather data revealing the existence of 16.37 million policies in the microinsurance sector across 20 insurers, one broker, four Mobile Network Operators (MNOs), and six mobile apps. However, a substantial portion of the population, notably the 154 million working individuals, including 3.49 million in the informal sector, still lacked insurance coverage. Highlighting gaps in the existing regulatory framework, the report further emphasized issues such as the lack of collaboration between MNOs, the absence of tailored products, multiple taxations, increasing policy costs, few incentives or subsidies, fragmented data, and the absence of mass retail disaster insurance products.

Mr. Khan's proposal included an overhaul of the regulatory framework, fostering collaborations and partnerships with digital distributors and technical service providers, prioritizing transparent communication and frictionless payments, advocating for open insurance and digitalization, encouraging data sharing among insurers and intermediaries, and promoting social protection through targeted subsidies for disaster microinsurance.

## MICROINSURANCE: BIG PROTECTION IN SMALL TICKETS

### PANEL DISCUSSION

The panel discussion commenced with a compelling anecdote about the impact of regulatory approaches on microinsurance growth, highlighting the contrast between proactive regulatory involvement and non-intervention by the SECP. The talk illuminated the substantial disparity in insured populations: a noteworthy 16.3 million under non-intervention, whereas the actively facilitated approach yielded almost zero progress, despite the assurances from the SECP.

The discussion then pivoted towards initiating a comprehensive study to understand why there was limited pursuit of microinsurance under the regulations and why the alternative approach had a significantly higher impact. This inquiry was aimed at unveiling essential lessons for future endeavors in the microinsurance sector. Ms. Nilofer Sohail, DGM EFU Life Assurance Limited, and Member Board MIN & PMN, asserted the need for changing the mindset. She reiterated the idea of considering microinsurance as a business model. By partnering with fintech, telcos, and startups, EFU had learned new requirements of a varied customer base. Ms. Sohail reinforced that working with different setups brought new flavors and new dynamics to the insurance sector, giving rise to new and better products and plans.

From an international standpoint, the discussion linked Pakistan's insurance market challenges to Brazil's experience. It highlighted the potential limitations of rigid regulatory frameworks and suggested a shift towards principle-based regulations to foster market flexibility and development.

Speaking about the challenges of the microinsurance business in Brazil, Mr. Pedro Pinheiro, Project Manager, Inclusive Insurance and Sovereign & Humanitarian Working Groups of the IDF/MIN, shared that once the framework was published, the market took too long to adjust. Mr. Pinheiro asserted the need to effectively gather data on minimum viable regulatory products that address the low-income population so insurance providers could effectively monitor and supervise the microinsurance sector.

Furthermore, the conversation delved into the significance of underwriting profits in micro and digital insurance businesses. It emphasized the necessity to comprehend the business model beyond fragmenting policies into smaller units, emphasizing the importance of sustainable underwriting practices for long-term success.

Mr. Zain ul Haq Qureshi, CEO, Asia Insurance Company Limited, expressed that digitalization held the utmost importance in the realm of microinsurance. Within this digital framework, the claims process, underwriting process, and various backend operations had to seamlessly occur. Real-time execution was not always necessary, especially concerning the products' pre-designed structures. The phases of consultation and development operated in the background, crafting products as close to a standardized model as possible. This approach ensured ease of comprehension for clients and, importantly, facilitated straightforward claim submissions in the event of a loss. Establishing trust through this streamlined process was pivotal for shaping the future landscape of microinsurance.



Discussing client-centric strategies, Mr. Ishaq Kothawala, CEO, Waada Digital (Pvt) Limited, emphasized the importance of discerning metrics from a statistical perspective. It was crucial to analyze penetration metrics and differentiate between voluntary and non-voluntary participation. For example, in Saudi Arabia, the penetration rate was 1.6%, while in the UAE, it reached 3.1%. Mr. Kothawala shared an intriguing experience related to developing a smartphone insurance product. To avoid using the term 'insurance,' customers misunderstood the term "mobile protection," assuming it referred to covers for mobile phones rather than insurance. This highlighted the challenge of avoiding the term 'insurance' when customers already believed they were covered, having purchased a similar product elsewhere at a lower cost in the market.

Mr. Ali Basharat, Head of Operations, Pakistan Microfinance Network, stressed the critical need for digitalization and educational initiatives regarding insurance. For example simplicity in user experience can significantly impact the adoption of insurance products, especially when integrated with financial services like microfinance. The panelists agreed on the importance of creating accessible explanations of insurance products in local languages and simplifying insurance processes to enhance customers' adoption and understanding.

Mr. Basharat highlighted how the digital channels of MFIs can be used for claim disbursement through collaboration among different channels for increased penetration, expansion of micro-insurance, and collaboration for faster claim payment and direct payment instead of reimbursement

During the Q&A session, the attendees raised concerns about low awareness of comprehensive insurance products for the masses, and how to address the issue. A collaborative frame work of Micro finance Institutions for digital channels can go a long way. The discussion emphasized the necessity of understanding customers' needs to design appropriate insurance products, that pertained to awareness faster claim payment and direct payments instead of reimbursement Collaborations were deemed crucial to gather information and formulate products that resonated with the broader population.

The Q&A segment also brought up the issue of inclusivity that can be largely addressed through MNOs. He also shared statistics regarding the involvement of less than 20% of insurance companies, less than 5% of brokers, but the complete engagement of Mobile Network Operators in micro-inclusive insurance efforts, commending their dedication.

## TOPIC

EXPLORING THE CORNERSTONE: A GRAND SESSION ON  
COLLABORATION, TECHNOLOGY AND INNOVATION

- MODERATOR

Mr. Sardar Abubakr  
Head of Fintech Future, Jazz

- PANELISTS

Mr. Waqas ul Hasan  
CEO, Karandaaz

Mr. Badiuddin Akber  
CEO, Central Depository Company of Pakistan Limited

Mr. Mohammad Ali Ahmed  
CEO, EFU Life Assurance Limited

Mr. Yasir Qadri  
CEO, UBL Fund Managers

Mr. Richard Leftley  
Digital Insurance Pioneer, ARK Venture Studio

Mr. Nomaan Bin Bashir  
CEO, Ozoned Digital

## EXPLORING THE CORNERSTONE: A GRAND SESSION ON COLLABORATION, TECHNOLOGY, AND INNOVATION

### PANEL DISCUSSION

In an engaging conversation about insurance in Pakistan, Mr. Sardar Abubakar, Head of Fintech Future, Jazz, profoundly linked insurance directly to human dignity. The assertion that everyone deserves dignity, when facing health crises, unemployment, asset protection needs, or financial requirements, features the essence of insurance. The priority, he said, has to be about safeguarding and elevating human dignity, followed by the factor of economic growth.

Acknowledging Pakistan's potential to leverage insurance for economic advancement, Mr. Abubakar highlighted that, the insurance sector penetration has stagnated for years at less than one per cent of GDP. Emphasizing the need for collaboration to scale insurance, he drew a parallel with the rapid evolution from a fixed line to mobile operators in the telecom industry, signaling the need for a similar transformation in insurance.

The conversation then turned to Mr. Mohammed Ali Ahmed, CEO, EFU Life Assurance Limited, focusing on the essential role of skills within organizations to foster collaborations. Mr. Ahmed emphasized the significance of collaboration and how, at EFU Life, forming partnerships required time and patience. He highlighted the importance of engaging with the regulators, citing their influence on digital insurance and mobile network operators.

Advocating for a customer-centric approach focused on addressing customers' problems, Mr. Richard Leftley, Digital Insurance Pioneer, ARK Venture Studio, delved into insurance tech and digitalization. His experiences across various markets underlined the need to align insurance with the requirements of telcos, banks, and ride-hailing services to achieve success.

The Central Depository Company Pakistan Limited's (CDC) collaborations and technological advancements were aimed at benefiting the industry and the customers by providing centralized information-sharing solutions. Mr. Badiuddin Akber, CEO Central Depository Company of Pakistan Limited, emphasized the pivotal role the company played in the financial ecosystem, showcasing collaborations with the banks, the State Bank of Pakistan, and other entities to innovate and create centralized portals.

The discussion explored the ambit of digitalization by looking at the current landscape showcasing the valuations of companies like Lemonade, and Policy Bazaar, which utilized AI chatbots. While Policy Bazaar's valuation decreased from USD 6 billion to USD 2 billion, the latter still stood strong.

The talks also entailed the smartphone penetration in Pakistan, which is at 50% for now, hence the distribution capabilities of the telecom companies and the growing influence of digital financial services present an opportunity to reach every Pakistani with personalized and contextualized insurance services.

Looking at the opportunities in Pakistan, Mr. Nomaan Bin Bashir, CEO Ozoned Digital, echoed sentiments regarding the importance of

exceptional products, as building the right product was crucial to success. Historically, he said, the industry had struggled by designing products based on internal beliefs rather than customer-centric approaches. Customer needs should be the guideline for product development at every stage.

Two decades ago, the microfinance industry in Pakistan had been non-existent. The Poverty Alleviation Fund had been created through a World Bank program, seeding numerous institutions across the country. Subsequently, regulations evolved, transforming microfinance institutions into banks. Mr. Waqas ul Hasan, CEO Karandaaz, highlighted that this transformation had occurred because the policymakers recognized the significant role of microfinance in economic development, contributing to GDP and building resilience in the country. He felt the need for a similar overarching narrative for the insurance industry. Conversations with the regulators and multilateral programs, he felt, had predominantly echoed past methodologies, lacking innovation or progression. Mr. Hasan also shared his concern that the insurance industry's crucial role in contributing to the economy and resilience has not been adequately highlighted. This lack of emphasis has hindered the industry's growth. Experimentation and embedded insurance offerings like mobile insurance, would emerge once the industry gained the requisite attention and importance.

The perspective from Asset Management Companies (AMCs) was highlighted by Mr. Yasir Qadri, CEO, UBL Fund Managers. He talked about the need for supportive policy frameworks and the recognition of insurance's economic significance. Collaboration between insurance and asset management firms, particularly in creating tailored annuity products and customized insurance products, has been identified as an opportunity. Collaborations aiming to simplify payment processes, enforce mandatory insurance, and focus on lifestyle-related insurance for retail customers, were recommended.

The discussion explored the importance of awareness campaigns, leveraging mobile network operators' trust networks, and understanding the customer segments to create tailored products, the discussion emphasized collaboration, innovation, customer-centricity, and the crucial role of policy frameworks in scaling up Pakistan's insurance landscape.



## TOPIC

## PARTING WORDS OF WISDOM

- **REMARKS**  
Mr. Andrew C. McCartney  
ADB
- **CONFERENCE TAKEAWAYS**  
Mr. Aamir Khan  
Commissioner Insurance & IT, SECP
- **REMARKS**  
Mr. Akif Saeed  
Chairman SECP
- **CLOSING REMARKS**  
Chief Guest - Justice (Rtd.) Maqbool Baqar  
Chief Minister Sindh

## Mr. Andrew C. McCartney

Asian Development Bank

### REMARKS

Having led the capital markets program in Pakistan, Mr. Andrew C. McCartney, now representing the Asian Development Bank (ADB), spoke about the essential inclusivity by referring to the recently approved women-inclusive finance program by the ADB's Board, amounting to around USD 160 million. He elaborated on the intended goals of ADB to support the regulator, he focused on updating Insurance Ordinance, implementing risk-based supervision, and streamlining claim processes. The ADB aimed at promoting insurance inclusion for the entire population, particularly those in the informal sector. Addressing the repositioning of state-owned insurance companies, he said that it was a crucial requirement to enhance the overall industry capacity.

Observing a consensus among regulatory and private sector perspectives, he shared that the ADB had been tasked by the government to further support the insurance industry in the coming years. The objective has been to initiate an Insurance for IMPACT program, focusing on reform and transformation across various sectors.

Acknowledging the well-organized conference by the SECP, Mr. McCartney commended the commission's efforts and the ADB's involvement and sponsorship of the program. He viewed insurance as a crucial tool for financial resilience, foreseeing a significant opportunity for the market to expand at least threefold by 2030.

Mr. McCartney emphasized increasing demand for mandatory insurance. He stated that, Integrating insurance and risk awareness into financial and digital literacy programs needs to be done in order to develop a comprehensive insurance program in close collaboration with the stakeholders. He also insisted on utilizing various instruments, such as policy-based lending, grants, and technical assistance, to support the industry.

## Mr. Aamir Khan

Commissioner Insurance & IT, SECP

### CONFERENCE TAKEAWAYS

Acknowledging the vulnerability of Pakistan's economy to various risks, particularly frequent natural disasters, Mr. Aamir Khan, Commissioner of Insurance & IT at SECP, emphasized the critical role of insurance in mitigating these risks. SECP, he said, has undertaken the responsibility to engage all the stakeholders and advocated for meeting the nation's insurance needs, acknowledging the significant efforts required to fortify the insurance landscape.

Commending the commitment of the Insurance Division policy team and the industry in formulating a five-year strategic plan, Mr. Khan stressed the importance of widespread collaboration across agencies, ministries, and departments to implement these foundational changes for reshaping the future of insurance in Pakistan.

Reflecting on the enriching insights shared by distinguished speakers and panelists, Mr. Khan highlighted the multifaceted challenges contributing to low insurance penetration and praised the stakeholders for their dedication in addressing these complexities. The unveiled five-year strategic plan had set the course for implementing crucial initiatives like IFRS 17, the RBC regime, digital ecosystem development, expanded insurance outreach, Takaful sector growth, and reinforced reinsurance capabilities, aligning with the collective goal of economic growth. He was happy to note that throughout the conference, critical areas such as legal structures, awareness, technological advancements, compulsory insurance, fair taxation, and customer-centricity were thoroughly explored, laying a robust foundation for a resilient insurance industry in the future.

Encouraging the industry to take a proactive stance, Mr. Khan assured the SECP's readiness to support new initiatives within legal boundaries. He urged the industry to align future orientations with the Five-Year Plan and collaboratively transform the perception of the insurance sector among the public.

Drawing from personal life experience, he emphasized the collective efforts required to transform sector perceptions and proposed collaboration between the Ministry of Finance, the SECP, and the industry to establish an Insurance Innovation Fund. This fund would be aimed at leveraging technology, devising innovative solutions, educating a wider audience, and focusing on capacity-building for the entire insurance industry.



## Mr. Akif Saeed

Chairman, SECP

### REMARKS

In his closing remarks, Mr. Akif Saeed, Chairman, SECP, expressed great hope and confidence in the expertise and innovative ideas exchanged during the conference. He envisioned a promising future for an Insured Pakistan and urged for continued collaboration, technological integration, and innovation to collectively build a resilient and inclusive insurance landscape, ensuring a secure future for the nation.

Mr. Saeed reflected on the newfound importance of education and awareness in the insurance sector, proposing the incorporation of financial literacy programs into school and university curricula. He sought support from the Honorable Chief Minister to facilitate further dialogues regarding this initiative. The dialogues, he felt, will positively impact on financial literacy and awareness, not just about insurance but also for broader financial planning and also the non-banking financial sector.

Mr. Saeed's closing remarks highlighted the need for collaborative efforts, emphasizing the importance of education, awareness, and industry alignment in implementing the strategic plan and shaping Pakistan's insurance landscape.



## Justice (Rtd.) Maqbool Baqar

Chief Minister Sindh

### CLOSING REMARKS

Justice (Rtd.) Maqbool Baqar, Chief Minister Sindh, outlined the significance of insurance as a financial safety net during unforeseen circumstances, emphasizing its role in alleviating concerns and aiding recovery. He stressed its importance across various aspects, including vehicles, residences, health, and businesses, ensuring individuals didn't face unexpected financial obstacles alone.

Highlighting Pakistan's vulnerability to frequent natural disasters, especially in Sindh, Justice (Rtd.) Baqar stressed the necessity of discussions on disaster risk management, insurance pools, crop insurance, and compulsory insurance to enhance financial resilience. He appreciated the discussions on crucial topics such as elevating the Takaful sector, technology integration, and addressing cultural and religious beliefs regarding insurance, during the conference.

Justice (Rtd.) Baqar hailed the announcement of the SECP's pioneering Five-Year Strategic Plan for Pakistan's insurance industry as a significant milestone, aiming at creating an insured Pakistan. He expressed optimism in the successful execution of this ambitious plan.

Moreover, the government of Sindh's establishment of Sindh Insurance Limited, the province's first government-owned insurance company, was acknowledged as a groundbreaking initiative to protect provincial assets. The Sindh Government, he said, would willingly collaborate with the SECP and the insurance industry, to improve crop and livestock insurance, introduce disaster risk insurance, and promote a climate-resilient environment.

## STRATEGIC INSIGHTS

## DAY 1

## WELCOME RECEPTION

- There is an urgent need to advocate for clearly defined roles and enhanced collaboration among agencies to strengthen governance, drive development, and refine policy formulation. A key focal point involves establishing collaborative connections with a variety of industries, such as microfinance, banking, and asset management. Strategic partnerships have the potential to transform customer experiences through innovation, cost reduction, and the expansion of insurance services, particularly to underserved populations.
- It is crucial to promote a proactive and iterative approach, emphasizing regular meetings to assess progress, address challenges, and formulate subsequent five-year plans. Emphasizing adaptability and responsiveness to the ever-evolving dynamics within the insurance industry is vital.
- A critical aspect is the focus on regulatory reforms, aiming to align the insurance sector with global best practices. This strategic emphasis on regulatory improvements is essential for significantly enhancing the stability, effectiveness, and credibility of the insurance industry.
- Prioritize development of innovative insurance products tailored for disaster risk management by efficiently mobilizing private capital through the creation of credit insurance, the insurance industry can play a pivotal role in supporting economic growth and resilience in the face of unforeseen challenges.
- Creating an insured Pakistan with a shared vision involves leveraging the insurance sector as a mechanism to provide a robust social safety net, enhance livelihoods, and contribute to sustainable, climate-resilient infrastructure.
- To facilitate significant transformation in the insurance sector, incorporating elements such as privatization, foreign direct investment (FDI), and the consolidation of regulatory frameworks is crucial.
- Need to advocate for the incorporation of Environmental, Social, and Governance (ESG) factors into investment decisions, promote sustainable practices, and address climate-related risks.

## JOURNEY TO AN INSURED PAKISTAN: THE LAUNCH OF SECP'S FIVE-YEAR STRATEGIC PLAN

- To successfully implement the strategic plan, it is crucial to identify and tackle the complex challenges within the taxation domain, all while actively building strategic partnerships.
- It is imperative to align individual companies with a Five-Year Strategic Plan, fostering a shared vision that emphasizes adaptability and growth.

## CLIMATE RESILIENCE &amp; BEYOND: DISASTER RISK AND CROP INSURANCE FOR SUSTAINABILITY

- It is crucial to understand the role of agricultural insurance in Pakistan, especially its potential to safeguard farmers from unpredictable events, sustain their livelihoods, and contribute to food security.
- Despite the agricultural sector's pivotal role in the economy, challenges such as climate change and natural disasters pose significant threats, necessitating the urgent implementation of effective insurance solutions.
- It is crucial to shift from reactive to proactive disaster risk financing and focusing on climate change impact. We must emphasize private sector collaboration through insurance for resilience, and addressing protection gaps.
- Tackle the global protection gap, particularly in vulnerable areas like Pakistan, through innovative solutions. Propose a national agriculture insurance scheme covering millions of farm households and highlight the importance of prompt action and resilience in the insurance

sector, leveraging multilateral agencies like ADB for financial instruments, including insurance, microinsurance, and post-disaster loans. Emphasize the role of accurate satellite data and comprehensive research to enhance the appeal of insurance products and understand the business case for aggregators.

## COMPULSORY INSURANCE: DEADLOCKS AND PATH TO SUCCESS

- There is a need to understand the importance of compulsory insurance, particularly motor third-party liability insurance, in the non-life sector. Low implementation of this insurance type in Pakistan (3% of insured cars) compared to other countries like India (43%) and Saudi Arabia (50%), beckons us towards collaborative efforts and advocate for effective policies.
- The global trend favoring digital and embedded insurance products is important, especially for the opportunities in small-ticket insurance.

## TAXATION LANDSCAPE OF THE INSURANCE SECTOR - CONTRIBUTIONS AND IMPEDIMENTS

- Emergence of a draft rule linking real-time data with the FBR system, requiring insurance executives to assess operational and legal implications beyond routine policy renewals, is a step in the right direction.
- Challenges such as the withdrawal of tax credits on life and health insurance, and the application of a single basket income approach on capital gains and dividend tax, pose hurdles. These issues require favorable attention from regulatory authorities, tax authorities, and the insurance industry for sustained growth.
- Challenges, including the 5% tax on reinsurance premiums seeded abroad, must be removed to attract more reinsurers to Pakistan. Reconsideration of sales tax on reinsurance and life insurance, their impact on industry growth, and impediments like retrospective changes in super tax rates and the withdrawal of tax credits on life and health insurance should be taken into account.

## BUILDING TRUST, CHANGING PERCEPTIONS AND ENHANCING POLICYHOLDER PROTECTION

- An innovation fund must be created to address misperceptions about insurance in Pakistan. This fund should involve collaborative contributions from various stakeholders, including regulators, insurance companies, and influencers. The pooled resources would sustain ongoing activities aimed at enhancing the sector's image, emphasizing unconventional communication modes like YouTube, Facebook, and social media influencers.
- Prioritize financial literacy at all education levels by providing insurance information in the national language, promoting education and awareness over excessive regulations. The government should invest in expanding educational scope, with collaboration between insurance associations and companies and establishment of specialized funds for financial market development.
- Customer-centricity in claims settlement should be at the forefront, with clear and simplified product descriptions.
- There is a need for ESG-driven standards in underwriting investments, addressing gender disparities, diversity, and transparency. Initiatives like climate-smart solutions and inclusive insurance to attract ESG-conscious investors and customers should be encouraged.

## DAY 2

### WELCOME RECEPTION

- The SOA is committed to empowering members to tackle financial risks in life, preparing

actuaries as business leaders, and engaging in global education and research.

- The SOA has a multi-faceted approach to growth, focusing on education, community experiences, societal purpose, and international expansion while broadening learning experiences, and easing constraints on practice areas for actuaries.
- It is important to develop a structured action plan resulting from the conference discussions. This indicates the significance of not just ideas or discussions but the need for tangible, actionable steps that involve assigning responsibilities and setting milestones for implementation.
- Insurance growth in Pakistan lags behind neighboring countries due to prevailing misconceptions. Efforts are needed to change these perceptions to emphasize the value of insurance in mitigating risks, as illustrated by the impact of uninsured farmers during recent floods.
- The regulator should simplify insurance operations, enhance transparency, and prioritize gaining customers' trust. Collaboration between the state, individuals, and banks, ensuring avoidance of back-selling practices, is vital to instill confidence and vibrancy in the insurance industry.
- Insurance shouldn't merely serve as compensation after an event; SECP must encourage positive discourse around the insurance sector. Incorporating basic diagnostic tests in health insurance will help to reduce false claims.
- Inclusive insurance and Takaful sector stands to provide financial protection and resilience for both individuals and communities.
- Collaborative efforts within the insurance and Takaful sector aspire to strengthen the industry, ultimately contributing to Pakistan's broader economy, for a positive impact.
- There has to be a collective commitment towards surpassing the ambitious target of achieving over 30% of the Takaful sector within the total insurance landscape.

## ELEVATING TAKAFUL SECTOR

- Heightened awareness and education are essential for advancing Islamic finance and Takaful in Pakistan, necessitating a multifaceted strategy.
- Regulatory support and enhancements are crucial to bridge knowledge gaps and strengthen frameworks, fostering the growth of Islamic finance and Takaful.
- A shift in societal attitudes is imperative to cultivate a more positive perspective on Takaful, contributing significantly to its development alongside Islamic finance in the country.

## RESHAPING RISK LANDSCAPES -INSURANCE POOL DYNAMICS AND REINSURANCE RENAISSANCE

- Strategic integration of insurance pools is crucial for enhancing the insurance market's resilience and capacity to manage diverse risks collectively.
- The emphasis should be on broadening awareness beyond urban areas, indicating the importance of reaching out to diverse regions or populations. Additionally, leveraging technology and innovation should be the key strategy with a forward-thinking approach.
- There is a strong need to strengthen governance and risk management practices.
- Insurance growth in Pakistan lags behind neighboring countries due to prevailing misconceptions. Efforts are needed to change these perceptions to emphasize the value of insurance in mitigating risks, as illustrated by the impact of uninsured farmers during recent floods.
- The regulator should simplify insurance operations, enhance transparency, and prioritize gaining customers' trust. Collaboration between the state, individuals, and banks, ensuring avoidance of back-selling practices, is vital to instill confidence and vibrancy in the insurance industry.

- SECP must encourage positive discourse around the insurance sector. Incorporating basic diagnostic tests in health insurance assessments must be done to reduce false claims. The aim should not be immediate profitability but long-term acceptance and value recognition.
- Discussions are needed to drive the Islamic Financial Services industry, specifically the insurance sector, towards greater stability, innovation, and resilience.
- There is a need for collective commitment towards surpassing the ambitious target of achieving over 30% of the Takaful sector within the total insurance landscape, indicating a strategic focus on enhancing the role and contribution of the Takaful sector towards Pakistan's economic well-being.
- Historically successful pools like FAIR need to be looked at as good models for structures, functions, and potential implementation in Pakistan.
- Munich Reinsurance, underscored the pivotal role of insurance pools during global economic challenges like those induced by COVID-19. These are good reference models.
- The Insurance Association of Pakistan must explore and potentially establish insurance pools, aiming to enhance capacity and address specific risks within Pakistan's insurance industry.

## EMBRACING INTERNATIONAL STANDARDS: CHARTING THE COURSE FOR IFRS AND RBC

- Establishing a culture that prioritizes continuous learning, skill enrichment, and meticulous resource planning is crucial for Pakistan's successful navigation through upcoming challenges.
- Critical elements like measurement models, contract delineation, CSM acknowledgment, and a strong focus on audit compliance will be pivotal for a successful implementation of IFRS 17 within the insurance sector.
- There is a need for a more intricate RBC model, by addressing, quantitative aspects, risk categories, comparative assessments with Asian nations' models, and highlighting the potential synergy between RBC and IFRS 17 for streamlined processes.
- Aligning RBC with IFRS 17 approaches remains a priority for coherence, with a phased compliance strategy envisioned for the future.
- Actuaries stand to play crucial roles, providing technical guidance across insurance companies, submitting mandated reports, and promoting transparency and compliance. A good reference is how Saudi Arabia followed a four-phase IFRS 17 approach.

## MICRO INSURANCE: PROTECTION IN SMALL TICKETS

- Initial steps taken towards achieving more comprehensive coverage in the realm of microinsurance are commendable, for advancing insurance coverage, particularly in underserved areas.
- Microinsurance goes beyond its name, playing a pivotal role in enhancing financial inclusion, bolstering resilience among communities, and reducing the gap in protection against risks.
- An immediate overhaul of the regulatory framework is essential to address gaps and enhance effectiveness in providing tailored, affordable, and easily understandable micro insurance solutions.
- Forging Strategic Collaborations and partnerships with digital distributors, technical service providers, and various stakeholders in the insurance industry is crucial. These alliances can foster innovation, promote open insurance, and drive digitization efforts to reach underserved populations effectively.
- Understanding the unique requirements of different customer segments will enable creation of insurance solutions that resonate with the population.
- Simplifying insurance concepts and terms is crucial in making insurance more comprehensible and accessible.

## EXPLORING THE CORNERSTONE: A GRAND SESSION ON COLLABORATION, TECHNOLOGY, AND INNOVATION

- There is a need for collaborations, particularly in simplifying payment procedures, enforcing mandatory insurances, and targeting lifestyle-related insurance products for retail customers.
- Awareness campaigns and leveraging trust networks of mobile network operators, reflects the emphasis on customer-centric approaches, aiming to meet the specific needs of various consumer groups effectively.
- A holistic approach, combining innovation, customer-centricity, with a robust policy framework is needed to scale up insurance within Pakistan.

### PARTING WORDS OF WISDOM

- Recognizing its pivotal role, ADB recently approved a women-inclusive Finance program, emphasizing the need for more dedicated efforts in the insurance sector.
- ADB's focus involves initiating an Insurance for IMPACT program, aiming at comprehensive reform and transformation within the insurance industry. This includes enhancing regulatory roles, updating ordinances, and promoting inclusion for the informal sector while repositioning state-owned insurance companies for a fairer landscape.
- ADB intends to work closely with stakeholders, leveraging various instruments like policy-based lending and grants. The goal is to foster demand, build trust, integrate insurance into literacy programs, and seize the pivotal moment generated by the conference to develop a robust insurance program.
- Collective expertise and shared ideas are the fundamental drivers for the insurance sector's evolution.
- Encouragement is needed for continued collaboration among stakeholders, including regulatory bodies, industry players, and technological innovators.
- The vision for a resilient and inclusive insurance landscape underscores the necessity for innovation and technological adoption.
- Collective efforts and collaboration to build a resilient insurance landscape is of utmost importance.
- Financial literacy programs should be incorporated into school and university curriculums, in collaboration with stakeholders in public education.
- Insurance must serve to ease concerns and aid recovery during unforeseen circumstances, ensuring individuals are not left to face unexpected financial burdens alone.
- Elevating the Takaful sector, integrating technology, and addressing cultural and religious perceptions regarding insurance are crucial for bolstering financial resilience.
- The establishment of Sindh Insurance Limited by the Government of Sindh is a groundbreaking initiative to safeguard provincial assets.



The Securities and Exchange Commission of Pakistan (SECP) is the financial regulatory authority with mandate of regulation of corporate sector and capital markets, supervision and regulation of insurance companies, NBFCs and private pension schemes, in order to encourage investment and foster economic growth and prosperity in Pakistan

Source: [www.secp.gov.pk](http://www.secp.gov.pk)



The Asian Development Bank (ADB) envisions a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty in the region. ADB assists its members, and partners, by providing loans, technical assistance, grants, and equity investments to promote social and economic development. ADB maximizes the development impact of its assistance by facilitating policy dialogues, providing advisory services, and mobilizing financial resources through cofinancing operations that tap official, commercial, and export credit sources.

Source: [www.adb.org](http://www.adb.org)



Karandaaz Pakistan is a not-for-profit special purpose vehicle set up under Section 42 in August 2014. Karandaaz is the implementation partner of the Enterprise and Asset Growth Programme (EAGR) and Sustainable Energy and Economic Development (SEED) programme of UK's Foreign, Commonwealth & Development Office (FCDO). SEED is grant funded by FCDO whereas EAGR is co-funded by FCDO and Bill & Melinda Gates Foundation on grant basis. Karandaaz promotes access to finance for micro, small and medium-sized businesses through a double bottom line investment platform and financial inclusion for individuals by employing technology enabled solutions.

Source: [www.karandaaz.com.pk](http://www.karandaaz.com.pk)



The actuarial profession in North America began in the early 19th century. It grew from the principles used in mid-17th century Europe. By the last decade of the 19th century, there were less than 100 North American actuaries. But the numbers increased with each passing year.

The Society of Actuaries (SOA) traces its roots to the Actuarial Society of America. It was formed by a select group of chief actuaries at established life insurance companies. In 1909, actuaries at newer life insurance companies formed the American Institute of Actuaries. In 1949, these two groups merged to form what is now the Society of Actuaries.

Source: [www.soa.org](http://www.soa.org)