

## SUMMARY OF THE ACTIVITIES OF EXECUTIVE COMMITTEE



**Sitting from Left to Right:**

Syed Kazim Hasan, Mr. Naim Anwar (Vice Chairman), Mr. Muhammad Rahat Sadiq (Ex-Officio Member), Mr. Mahmood Lotia (Chairman),  
Ms. Huma Waheed & Mr. Ihtsham Ul Haq Qureshi (Senior Vice-Chairman)

**Standing from Left to Right:**

Mr. Muhammad Sohail Fakhar, Mr. N.A. Usmani (Secretary General), Mr. Muhammad Junaid Moti, Mr. Shabbir Gulamali, Mr. Zain Ibrahim,  
Mr. Nabeel W. Sabir (Deputy Secretary General) & Mr. M. Faisal Siddiqui

- IAP representatives met Chairman, Sindh Revenue Board (SRB) and his team in October 2018 to bring the continued industry concerns to SRB's attention with regard to sales tax on life insurance, health insurance and reinsurance.

Following the meeting the IAP recommendations to the SRB were formally sent, IAP representatives met Chairman SRB and his team

again in November to follow-up on the recommendations sent. Chairman SRB assured the IAP team that SRB is in the process of evaluating the IAP recommendations. The SRB through notification dated 8th May 2019 granted the exemption from sales tax to life and health insurance in Sindh till 30th June 2019. Health insurance has now been granted a further exemption till 30th June 2020.

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The members of the Executive Committee (EC) of IAP alongwith Senior Representation again met Chairman SRB on 1st August 2019 to discuss the matter of newly imposed sales tax on insurance agents and continued sales tax on life insurance, the Chairman SRB was updated on the industry concerns and the matter remains under discussion.

- Senior industry representatives met Mr. Adnan Afridi of Securities & Exchange Commission of Pakistan (SECP) Policy Board in February 2019 in Karachi to discuss the factors which have been impeding insurance sector's growth in Pakistan.

Matters of provincial sales tax on insurance, upward revision of stamp duty in Punjab, extended jurisdiction of small dispute resolution committees and AML/CFT procedures were some of the matters brought to the Policy Board's attention.

- In November 2018 the Punjab government imposed sales tax on life and health insurance (both individual and group) at the rate of 16% for all policies underwritten in the province of Punjab, the IAP sought meetings with Punjab Revenue Board (PRA) on this imposition and the Chairman IAP met Chairman PRA in Lahore on 5th November 2018. The IAP subsequently wrote to PRA requesting exemption of sales tax on life insurance health insurance and reinsurance with immediate rollback of sales tax on individual health insurance.

The IAP consistently followed up on the industry recommendations with PRA, however finding no instant solution the life insurance companies decided to approach the Lahore High Court for relief.

- The SECP on 8th January 2019 circulated draft SECP Directive on Cybersecurity Framework for Insurance Sector 2019 whereby IAP requested members for their feedback and subsequently the IAP response was submitted to SECP requesting thorough deliberations/ broader dialogue and an adoption roadmap formulation spread over a realistic timeline before such a framework can be introduced for the insurance industry.

Considering the IAP request the SECP called an industry meeting on 27th February 2019 where the SECP constituted an implementation committee who would conduct a survey of insurers to assess their cyber risk readiness.

- In November 2018 SECP through a Directive for disclosure about the Complaint Resolution Forums instructed all insurers that in the event claims are pending on the expiry of 90 days from the "date of filing of claim or request made as above" the Insured/claimant are to be appraised through letter about the respective complaint resolution forums along with their valid addresses, both in Urdu and English languages.

The industry felt this requirement is unnecessary and contributes to overhead costs in the presence of adequate disclosure of the dispute resolution

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avenues available to the insured. The IAP therefore requested the Commission to review this requirement since in cases where the delay is due to non-submission of required documents, survey report etc. and the Insured/claimant has no complaint, there is no need to approach these forums.

Based on these observations on 3rd July 2019 the SECP issued SRO 720 (I)/2019, considering the industry request, made amendments to the Directive.

- The SECP through a letter dated 20th August 2018 had included National Insurance Company Limited (NICL) in the list of reinsurers to be offered facultative reinsurance.

The IAP in this regard argued with the Commission on the grounds that NICL is not authorized to write private sector business and also that its financials, non-experience of private sector business, not rated by any approved rating agency etc. make it an unacceptable reinsurer.

Considering the merits of the industry views, the SECP through a letter to IAP conveyed that SECP "has decided to defer placement of risks under the facultative reinsurance with NICL until submission of its latest audited financial statements 2015-2018.

- In order to resolve issues pertaining to Premium and Losses Paid Bordeaux submission to Pakistan Reinsurance Company Limited (PRCL) a meeting between IAP nominated experts from

the industry and PRCL was held on 25th October 2018 at PRCL Office and a mutually acceptable solution was agreed, whereby treaty-wise top 25 entries for all proportional treaties both "Quota Share" and "Surplus" shall be provided by the insurers. The acceptable format was also agreed and Members updated on the same.

- With the promulgation of the Anti-Money Laundering and Countering Financing of Terrorism Regulations 2018, new compliance/reporting requirements have been set. On member companies request and EC's instructions, the IAP engaged EY Ford Rhodes to conduct a one day training session to facilitate members in meeting these new requirements on 19th December 2018 Karachi.

Another workshop to cover the same aspects for north region members was organized in Lahore on 17th July 2019 where IAP engaged M/s. A. F. Ferguson a Member of PWC, 45+ participants from member companies were present who utilized the opportunity.

- The Ministry of Commerce license granted to IAP was expiring this year in May, the IAP therefore submitted the license renewal application with all its requirements to the Directorate General of Trade Organizations (DGTO) Ministry of Commerce. After examination of records and renewal documents the DGTO renewed the IAP license for the next five years until 6th May 2024.

- This year the IAP celebrated Seventh "Insurance

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Day" on the 2nd April 2019. The Day commenced with the publication of special supplements on insurance in the leading newspapers followed by several events throughout the week. Messages, articles and interviews from the Commissioner Insurance of SECP, IAP Executive Committee and IAP members were the main feature of the supplements.

Discussions were organized in educational institutions of Karachi, Lahore and Islamabad. A table tennis tournament was organized while the two qualifying cricket teams played the super final cricket match in Lahore to mark this Day. An Essay Competition and Elocution Contest to encourage young professionals within the industry was also arranged. Family carnivals in Karachi and Lahore were held to provide healthy entertainment for the members families.