

SUMMARY OF THE ACTIVITIES OF EXECUTIVE COMMITTEE

EXECUTIVE COMMITTEE



Sitting from Left to Right:

Mr. Ihtsham Ul Haq Qureshi, Mr. Hasanali Abdullah (Ex-Officio Member), Mr. Muhammad Rahat Sadiq (Chairman),
Mr. Mahmood Lotia & Ms. Lilly R. Dossabhoy

Standing from Left to Right:

Mr. S. Shahid Abbas, Mr. Zeeshan Raza, Mr. N.A. Usmani (Secretary General),
Mr. Naim Anwar, Mr. M. Faisal Siddiqui, Mr. Shabbir Gulamali (Vice-Chairman),
Syed Kazim Hasan (Senior Vice-Chairman) & Mr. Farrukh Aleem

- IAP representatives met the Punjab Government Area Yield Insurance pilot program team including World Bank consultants at EFU House in Karachi on 26 February 2018. The Punjab Government team presented the program and its features where the objective was to provide farmers with crop yield insurance if the yields drop below 80%, a pilot has been rolled out and the insurance companies are responsible for

insurance program.

The pilot project is being conducted in three districts of Punjab. Rice & Maize crops are provided insurance coverage in the pilot phase. Rs.200 million have been allocated by the Punjab Government. Out of these allocated funds, insurance coverage to about 54,000 farmers, covering 137,642 acres of land, will be provided.

Successful completion of pilot project and recommendations of the Steering Committee may lead to full scale execution of insurance scheme in 36 districts of the Punjab in next financial year 2018-19.

The World Bank consultants briefed the companies on the risk assessment tool developed by the World Bank to help underwriters.

- IAP Executive Committee met Mr. Shakeel Ahmed Mangnejo, CEO PRCL who was accompanied by Mr. Jamil Ahmed CFO PRCL and Mr. Muhammad Junaid Moti at IAP House on 17 April 2018.

The CEO PRCL assured the EC that PRCL is always available to assist and facilitate the industry. He stated that historically companies have been reluctant to do business with PRCL, however for the past 6 years PRCL has made several improvements and now being a commercial entity they want to expand their treaty business. He specified some issues they have been facing with the insurance companies.

The Committee suggested PRCL to develop proportional treaty products for small and medium sized insurance companies, where PRCL can take the lead. PRCL representatives informed that they are now looking into commercial viability and are offering 80-100% negotiable proportional treaties.

Another meeting was held on 10th May 2018 at PRCL's Karachi office where the IAP proposed

to negotiate with PRCL to accept top 10 risks and top 10 claims from insurance companies each quarter to be declared in the bordereaux.

- In July 2018 IAP wrote to Commissioner Insurance SECP reference to observations made after promulgation of "Credit and Suretyship (Conduct of Business) Rules, 2018" through S.R.O. 696 (I)/2018. The decision was made at an emergent meeting of the Executive Committee members where the representatives of the industry reviewed the effects of these rules on normal and efficient conduct of insurance business particularly Rule 4(2) of the SRO. IAP through the letter argued on this rule which requires insurance companies to procure collateral amounting to not less than 80% of their net retention and is detrimental to healthy growth of insurance industry due to the fact that net retention of each insurance company varies, so does the capacity to write bonds, therefore there will be no standard practice in the market.
- The Taxation and Legislation Committee finalized the budget proposals based on comments received from members which were forwarded to the Federal Board of Revenue, Punjab Revenue Authority, Sindh Revenue Board and Securities and Exchange Commission of Pakistan directly and also forwarded through FPCCI and ICAP.
- In May 2018 IAP wrote to Commissioner Insurance, SECP on the promulgated Public Offering Regulations 2017 amended till January 2018 which imposed undue constraints for

Insurance companies seeking public funding through initial public offerings.

IAP contested the limitations posed on the grounds that both globally and locally the breakeven point for insurance companies, especially Life Insurance Companies, is around 5 to 8 years.

Keeping in view the nature of business that requires gestation period IAP recommended the Commission to remove the conditions as given in clause 3(i), 3(ii) and 3(iv) for Insurance Companies, giving them a level playing field for companies which are already in operations and those entering as green field projects.

- In February 2018 IAP addressed a letter to Mr. Miftah Ismail, Advisor to Prime Minister of Pakistan on Finance, Revenue and Economic Affairs with a copy to Chairman FBR, Chairman SECP, Member Inland Revenue and the Commissioner Insurance SECP drawing their attention to insurance companies currently taxed at 30% on all sources of income unlike other sectors which are taxed at 15% on dividend income and variable rates of tax on capital gains that take into account holding period of the

security.

IAP also requested to kindly address the taxation issues of the insurance industry by withdrawing the taxation measures taken in the Finance Act 2016.

- IAP wrote to Director Insurance SECP in January 2018 on applicability of keeping sponsor shares of Insurance companies in blocked account maintained with CDC in response to comments requested on the proposal of SECP of keeping sponsor shares in blocked CDC account and opposed the proposal.
- Association has moved its office in Karachi to the IAP House a custom built ground plus 4 building on main Khayaban-e-Nishat in DHA Phase VI Karachi. The building is easily accessible from major business hubs of the city and yet remains clear of the traffic / hustle bustle of the city.
- This year the IAP announced to celebrate Sixth "Insurance Day" on the 5th April 2018. The member companies overwhelmingly celebrated the Insurance Day by participating in the activities.