

## SUMMARY OF THE ACTIVITIES OF MISCELLANEOUS COMMITTEE



**Mr. Khurram Nasim Ghuman**  
(Chairman)



**Mr. Haider Ali**  
(Vice-Chairman)



**Mr. Athar Maqsood Paracha**



**Ms. Humera Jawaid**



**Mr. Nabeel Ahmed**



**Mr. Nadeem Irshad**



**Mr. Rashid Awan**



**Mr. Zeeshan Raza**  
(EC Observer)



**Mr. N.A. Usmani**  
(Secretary General)



**Mr. Nabeel W. Sabir**  
(Deputy Secretary General)

- Data from life and non-life members for health insurance business was collected and the summary made available to the members for the year ended 31 December 2019. The summary presents findings classified into inpatient and outpatient coverage by life and non-life insurance companies against the lives covered, gross premium and their claims data. The Committee also simplified the data collection template for next year (2019) where statistics were limited to inpatient and outpatient data.
- Data from life and non-life members for micro-health insurance business was collected and the summary made available to the members for the year ended 31 December 2019.
- Data of Crop and Livestock Loan Insurance Business was collected from members was reviewed by the Committee and circulated to member companies for information and posted on IAP website.
- The Committee had added the statistics of Bond/ Guarantee Business in its data collection portfolio last year to better evaluate the subject business and its challenges & opportunities. The combined data pertaining to all bond business i.e. bid bonds, performance bonds, mobilization advance bond or any other bond/ guarantee business was

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requested from members and the summary made available to the members for the year ended 31 December 2019.

- The Committee decided to form a subcommittee of the Miscellaneous Committee to discuss specific challenges of the health business which has a substantial contribution (Rs. 17 billion health premium underwritten in 2018 by IAP member life and non-life companies) and faces growing needs. Nominations for representatives on the sub-committee has been finalized and will commence discussions this year.
- The Committee reviewed the SECP Proposed Policy Changes in Credit and Suretyship business (or similar products) SECP SRO issued on 16th January 2020 and shared its views on collateral collection levels with the Executive Committee. The regulatory regime must provide a level playing field for all insurers offering the subject products and the collateral collection should not be a function of the net risk retention of the company (which creates disparities as companies retaining higher shares have to collect higher collateral while those retaining less are allowed to collect lower collaterals). The Committee also supported the proposal submitted earlier to SECP by other companies where a flat 5% of bond/ guarantee value be collected as minimum collateral.

This 5% proposed collateral level was observed to be the industry wide minimum cash collateral collection being practiced since before the promulgation of the Credit and Suretyship conduct of Business Rules 2018.

- The Committee discussed the increasing health insurance claims of COVID-19 that are being observed. The treatment can be broadly classified as

- 1) Isolation (hospital wards, isolation centers or home) (for people who have tested positive but have no or mild symptoms)
- 2) Hospitalization (for heightened symptoms)
- 3) Ventilator (for severe cases where assisted breathing is mandatory)

Since the treatment costs for 2 and 3 above are substantially higher than most health insurance covers obtained by the insured; insurance companies have been offering special cover enhancements for adequate COVID-19 treatment/ protection (at additional premium) to all insured.

With regard to business impact/ increased claims, it was noted that claims under all other health areas have decreased during April 2020 to June 2020 (with COVID-19 outbreak, lockdown and drop of hospitalization of patients suffering from other illnesses), however we would have to wait and see if the increased COVID-19 claims will offset the reduced claims in other illnesses to positively or negatively impact the net claims faced by the industry in this period.

It was also noted that major COVID-19 impact on all lines of business will be witnessed in the third quarter figures, accounting for 30 June renewals. Motor insurance (new cars) and travel insurance were also noted to have been severely hit by the pandemic.