



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

International Affairs, Communication & Coordination (IACC) Department

PRESS RELEASE

Microinsurance to alleviate poverty

KARACHI, January 13: Without meeting the insurance needs of low-income people, the risks to economic development are not eliminated. The recent floods proved this point because in the absence of proper insurance coverage, the economic losses suffered by the poor had a devastating effect on the financial stability.

While realizing the needs of the microinsurance segment and the huge potential economic impact on the target community, the apex regulator, Securities and Exchange Commission of Pakistan (SECP) initiated the dialogue with the insurance industry last year. In this regard, a task force has been set up comprising major stakeholders including representatives from SECP and State Bank of Pakistan, insurance companies and microfinance banks, and supported by the Center for International Private Enterprise. The task force, headed by the Executive Director (Insurance) deliberated on the areas including the development of a regulatory framework for microinsurance, discussing the feasibility of a viable and specialized microinsurance companies and recommending a sustainable business model for microinsurance business.

The draft rules on microinsurance were shared with stakeholders at a business policy roundtable held on Thursday in Karachi. A sketch of the pilot model on micro-health insurance was also prepared and presented by the insurance companies to be conducted in partnership with the distributors and microfinance banks, emphasizing on the need for creating innovative business models and leveraging the use of technology.

After getting inputs from all stakeholders, the SECP will soon finalize rules on microinsurance. In Pakistan, where the insurance penetration is a mere 0.7 percent of GDP, this initiative is expected to help create a transparent and enabling environment thereby improving the insurance density and affordable outreach to low-income people, and alleviation of poverty.

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