



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Strategy, Development and External Relations Department

Press Release

Microinsurance a must for poverty alleviation'

KARACHI, November 29: It is a recognized fact that without servicing the insurance requirements of low-income people, the risks to economic development are not safeguarded. This has also been proved by the recent floods in Pakistan where in the absence of proper insurance coverage, the economic losses suffered by the masses had a very adverse effect on the financial stability of the population at the bottom of the pyramid and the government's fiscal deficit.

While realizing the needs of the microinsurance segment and the huge potential economic impact on the target community, the SECP initiated the dialogue with the insurance industry earlier. In this regard, a full-day seminar was arranged under the aegis of Pakistan Insurance Institute, which was widely attended by major stakeholders including representatives of the SECP and State Bank of Pakistan, insurance companies and microfinance banks. The SECP Commissioner (Insurance), Mr Muhammad Asif Arif, was the chief guest at the event. In his opening address he emphasized on the areas including the development of a regulatory framework for microinsurance, discussing the examples of viable business cases for microinsurance and recommending sustainable business models for microinsurance business.

Other speakers of the seminar included experts ranging from the international speakers from the World Bank to the senior officials of the local insurance companies and Pakistan Microfinance Network. The draft rules on microinsurance are expected to be prepared very soon in consultation with the stakeholders. It is expected that after methodical deliberations and input from all stakeholders, the rules on microinsurance will be finalized and issued by the SECP. In Pakistan where insurance penetration is mere 0.7% of GDP, it is anticipated that this initiative will help in creating a transparent and enabling environment thereby increasing the insurance density and affordable outreach to low-income people, and alleviation of poverty.

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