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## **SECP Policy Board approves microinsurance rules**

ISLAMABAD, February 20: The Policy Board of the Securities and Exchange Commission of Pakistan (SECP) has approved the Securities and Exchange Commission (Microinsurance) Rules, 2014. The rules prescribe the standards for conduct of microinsurance business while keeping strong focus on consumer protection, transparency, and disclosure requirements.

Microinsurance is small-scale insurance protection for low-income people against specific risks in exchange for a premium payment proportionate to the risks involved. In order to serve the low-income population, which is mostly ignored by mainstream commercial insurance business, there is a need for small ticket-sized microinsurance products to protect crops, livestock, health, life, and domestic households. Various developing countries have prescribed specific regulatory frameworks for microinsurance, while many developing countries are in the advanced stages of developing their regulatory framework.

Microinsurance—if not supervised with minimum standards for its transparent conduct and fair management—does not produce the desired results. For microinsurance to grow and benefit the masses in broader context, it is imperative that minimum standards for conduct of such business are prescribed.

In order to achieve consensus and to take all stakeholders on board, the SECP had formed a working group on microinsurance to propose a regulatory framework. The consultations were done with all relevant stakeholders, including the Insurance Association of Pakistan (IAP), Pakistan Microfinance Network (PMN), Pakistan Poverty Alleviation Fund (PPAF), State Bank of Pakistan (SBP), microfinance banks and donor organizations.

Commissioner (Insurance), Mohammed Asif Arif has said that while currently there are more than 4 million microinsurance policyholders in Pakistan, mostly in health and credit life microinsurance, this number is growing. More and more national-level microinsurance programs such as national health and life microinsurance schemes, crop and livestock insurance schemes, etc. are being introduced, he added. The research published by SECP jointly with the World Bank/ FIRST Initiative in 2012 estimated the potential number of microinsurance policyholders at nearly 31 million. The SECP published this research report on 'Microinsurance in Pakistan' in October 2012, which is also available at its website.