



PRESS RELEASE

SECP issues Draft Bancassurance Regulations

ISLAMABAD: September 24: The Securities and Exchange Commission of Pakistan (SECP) has issued the Draft Bancassurance Regulations, 2013, to elicit the public opinion. They shall replace the Bancassurance Guidelines that were issued in June 2010.

The new regulations aim to bring more alignment in the long-term interests of the three primary stakeholders of life insurance business, i.e. policyholders, insurer, and agent (bank in this case) through introduction of various regulatory measures such as rationalization of bank's remuneration structure, restriction on recycling of life insurance policies, introduction of commission claw-back provision, minimum surrender values, minimum financial underwriting parameters and mandatory after sale call-back requirements.

The draft regulations also address improvement in the overall sales process for Bancassurance by introduction of insurance need analysis document, requiring illustrations to be given in Urdu and further requiring that illustration to be given at point of sale as a stand-alone document to intending policyholders. A minimum financial protection element has also been introduced to stress on the insurance element of the products sold through this channel.

Earlier in June 2012, the SECP had carried out a survey of the Bancassurance business to assess the Bancassurance market after the issuance of Bancassurance Guidelines in June 2010. The survey revealed that the Bancassurance business grew with over 95% annual compound growth rate in the last five years, i.e. over the period from 2012 to 2008. Although the growth rate is phenomenal but there are areas such as misselling, renewal persistency and bank's remuneration structure, which require comprehensive regulations to address policyholders' protection as well as provide sustainable growth for this sector. Accordingly, a concept paper on the proposed Bancassurance regulatory framework was developed and shared with the stakeholders in March 2013 to take their input.

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