

SECP to partner in development of insurance industry

ISLAMABAD, October 10: The SECP is committed to playing a facilitating role in increasing the insurance penetration in Pakistan and engaging the stakeholders in policy dialogue and frequent communication with the industry. The new solvency rules for insurance companies have been finalized and will be notified very soon. Simultaneously, the work on rules of microinsurance, which are expected to help in poverty alleviation, is also underway. The participants of a roundtable meeting of the stakeholders organized by SECP on insurance industry's strategic development were told on Monday in Karachi.

Despite its small size, the insurance industry possesses immense potential for growth. Without servicing the insurance requirements of economy, the risks to economic development are not safeguarded and 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 economy, said Muhammad Ali, the SECP Chairman.

The SECP Commissioner (Insurance), Muhammad Asif Arif, said that despite the economic downturn and consecutive underwriting losses it has suffered during recent times, the insurance industry has struggled and shown a promising growth in terms of gross written premium. The SECP is striving for effective monitoring of the sector in order to ensure compliance of the laws, while increasing the level of financial strength and transparency in the insurance industry. He emphasized that the insurance industry should put in place an effective mechanism for addressing the grievances of the policyholders. He assured that SECP will create an enabling environment through policy reforms, where the insurance industry and the regulator are seen as partners in growth. The SECP will continually share ideas with the industry to be adaptive to the prudential systems to ensure that in this period of greater freedom and competition, the benefits of regulation are maximized, while minimizing the costs, he said.

In Pakistan, where insurance penetration is mere 0.7% of GDP, it is expected that initiatives like these will help create a transparent and enabling environment thereby increasing the insurance density and its affordable outreach to people.

The event was widely attended by stakeholders, including senior officials from public and private sector insurance companies. The stakeholders deliberated on the development of sound regulatory framework for various areas including takaful, microinsurance, long-term saving plans and pension schemes by insurance companies, and establishment of terrorism insurance pool. The issue of amendments to certain provisions of the insurance laws was also discussed.