



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Press Release

October 25, 2018

For immediate release

National Financial Inclusion Strategy Technical Committee proposes amendments to stamp duty laws

ISLAMABAD, October 25: The Technical Committee on Insurance (TCI) formed in pursuance of the National Financial Inclusion Strategy (NFIS) has conducted a meeting in Islamabad. The meeting was attended by the members of NFIS – TCI, including the chairman of the Insurance Association of Pakistan, representatives of insurance companies and the State Bank.

The committee proposed amendments to the stamp duty laws administered by provincial revenue boards. Under the existing laws, the insurance companies are required to physically affix the stamps on all insurance policy documents. This poses an administrative hurdle in case of policies, which are sold electronically.

The progress update of previous tasks was submitted, and new proposals were presented for deliberation. The tasks completed by the NFIS-TCI include formulation of English-Urdu glossary, defining 200 words for use in insurance policy documents and promotional activities, reduction in NADRA verification cost for microinsurance policies and the rationalization of enhanced due diligence requirement for the insurance products distributed through digital platforms. The ongoing tasks include implementation of compulsory group life insurance, motor third party liability insurance and inculcation of insurance related content in academic curriculum at various levels.

To enhance financial inclusion through promotion of technology-based alternative distribution channels, it is essential to remove the bottlenecks and hurdles from the processes and streamline the systems. Therefore, it is proposed to introduce the electronic stamping (e- stamping) regime for all provinces for insurance policies to promote distribution of insurance through technology-based channels such as mobile phone, internet, mobile applications etc.

The committee deliberated upon usage of digital platforms for dissemination of insurance policy documents and affirmed that such methods will not only help in cost saving for the insurers but will also bring efficiencies and time saving in the processes, with an improvement in the customer journey. However, the amendment to the stamp duty laws are a prerequisite to practice the aforementioned methods.