



Pakistan Insurance Institute Quarterly Newsletter

INSURE

Issue 35, June 2024



PII

Pakistan Insurance Institute
Since 1951

**“ Become the kind of leader
that people would follow
voluntarily, even if you had no
title or position - Brian Tracy**

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Note of thanks to Insurance Industry



On behalf of Pakistan Insurance Institute (PII), We earnestly extend our heartfelt gratitude for your unwavering support and dedication during the whole year. As you are fully aware that a new management has started from August 2023 and your steadfast commitment has been instrumental in helping us navigate through a period of significant change and growth.



Without your invaluable support, the transition to the new management would have been immensely challenging. Your contributions, both in terms of resources and guidance, have not only ensured our survival but have also enabled us to continue our mission with renewed vigor and purpose. With your full support, we have managed to organize 17 workshops on different topics of core interest including awareness seminar. During the same period we have also managed to organise 9 courses / exam for mandatory Agents Foundation Course / Authorized Surveying Officer (ASO). The new management has the mission to bridge the gap between the insurance industry requirements and the PII offerings along with ameliorating human resource development as key features.

The strength of our partnership with all of you is a testament to the collaborative spirit and shared values that binds us. Your belief in our vision and your continuous encouragement have provided a solid foundation upon which we can rebuild a brighter future for the institute and bring back the lost glory.

From our part, we remain committed to fostering this vital relationship. Together, we will strive to achieve even greater heights, driven by the same dedication and excellence that have characterized our journey thus far.

Once again, thank you for your support.

Ather Rahat Siddiqui
Executive Director

Pakistan Insurance Institute

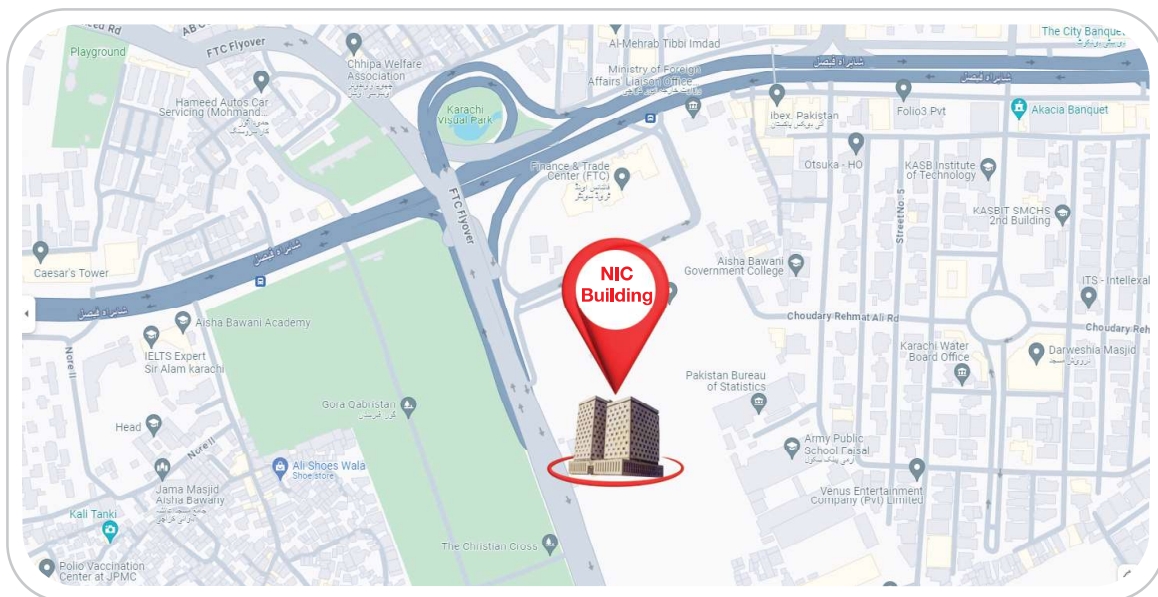
← List of Council Members 2023-2026 →

01	Mr. Khalid Hamid Chairman (PII)	National Insurance Company Limited
02	Mr. Shoaib Javed Hussain	State Life Insurance Corporation of Pakistan
03	Mr. Farmanullah Zarkoon	Pakistan Reinsurance Company Limited
04	Dr. Kausar Ali Zaidi	Ministry of Commerce
05	Mr. Waseem Khan	Securities and Exchange Commission of Pakistan
06	Mr. Humzah Chaudhri	Chubb Insurance Pakistan Limited
07	Syed Ather Abbas	Habib Insurance Company Limited
08	Dr. Aftab Imam	State Life Insurance Corp. of Pakistan
09	Mr. Tariq Aziz	National Insurance Company Limited
10	Mr. Muhammad Junaid Moti	Pakistan Reinsurance Company Limited
11	Mr. Azeem Iqbal Pirani	EFU Life Assurance Limited
12	Dr. Irfan Hyder	Salim Habib University (SHU)

← Management Team →

01	Mr. Shahzad Farooq Lodhi Chief Executive Officer	Pakistan Insurance Institute
02	Mr. Ather Rahat Siddiqui Executive Director	Pakistan Insurance Institute

Pakistan Insurance Institute New Location



NIC Building, 6th Floor, Abbasi Shaheed Road, Shahrah-e-Faisal, Karachi-Pakistan

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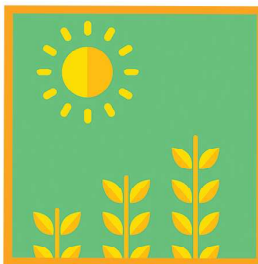
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Seminars & Workshops

2023 - 2024

01

Half day workshop on the topic of Train the Trainers Program for state life trainers was held on September 27, 2023 at the Nine Tree Hotel Lahore. The workshop was conducted by Mr. Ather Rahat Siddiqui, Executive Director (PII)



02

Half day workshop on the topic of Introduction to Insurance was held on October 24, 2023. The workshop was conducted by Mr. Ather Rahat Siddiqui, Executive Director (PII)



03

Half day workshop on the topic of Demystifying Business Interruption Insurance Workshop was held on October 27, 2023. The workshop was conducted by Mr. Ahsan Jamal Chief Technical Officer Unique Insurance Brokers.



04

Half day workshop on the topic of Mastering The Art of Productivity was held on November 4, 2023 at the Habib Insurance Company Limited. The workshop was conducted by Mr. Ather Rahat Siddiqui, Executive Director (PII)



05

Half day workshop on the topic of Sales Supervision and Motivation was held on November 11, 2023 at the State Life Insurance Corporation (SLIC). The workshop was conducted by Mr. Ather Rahat Siddiqui, Executive Director (PII)



06

Half day workshop on the topic of Understanding Takaful was held on December 7, 2023. at the National Insurance Company (NICL). The workshop was conducted by Mufti Muhammad Shakir Siddiqui



07

Half day workshop on Industrial All Risk Insurance was held on December 16, 2023 at the Pakistan Reinsurance Company (PRCL). The workshop was conducted by Capt. Azhar Ehtesham Ahmed, Chief Executive Officer, M-Liberty Insurance Brokers.



08

Half day seminar on the topic of Insurance Awareness was held on January 16, 2024 at the NED University Auditorium Hall Karachi. The seminar organized by PII. The guest speakers were Mr. Khalid Hamid, Chairman PII / CEO National Insurance Company Limited (NICL) and Mr. Ather Rahat Siddiqui, Executive Director (PII)



09

Half day workshop on the topic of Industrial All Risk Insurance was held on January 23, 2024. The workshop was conducted by Capt. Azhar Ehtesham Ahmed Chief Executive Officer, M-Liberty Insurance Brokers



10

Half day workshop on the topic of Advance Business Interruption Insurance - Application & Market Practice was held on January 30, 2024. The workshop was conducted by Mr. Ahsan Jamal, Chief Technical Officer, Unique Insurance Brokers



11

Half day workshop on the topic of Introduction to General Insurance -Level II was held on February 2, 2024. The workshop was conducted by Mr. Khalid Hamid, CEO National Insurance Company Limited (NICL).



12

Half day workshop on the topic of Understanding Reinsurance was held on February 15, 2024. The workshop was conducted by Mr. Darius Hormusji Sidhwa, Ex. Executive Director, EFU General Insurance Ltd.



13

Brain Storming Session was held on February 20, 2024. The session was conducted by Mr. Ather Rahat Siddiqui, Executive Director (PII).



14

Half day workshop on the topic of Field Sales Management was held on February 24, 2024 at the State Life Insurance Corporation (SLIC). The workshop was conducted by Mr. Ather Rahat Siddiqui, Executive Director (PII)



15

Half day workshop on the topic of Basis of Risk Management was held on May 10, 2024. The workshop was conducted by Mr. Karim Merchant Senior Executive Vice President, EFU General Insurance Ltd.



16

Half day workshop on the topic of Claims Management was held on June 4, 2024. The workshop was conducted by Mr. Mansoor Ali Khan



17

Half day workshop on the topics of Geo Political Risk Assessment and its Impact on Marine Insurance & Marine Cargo Insurance, Understanding the Underwriting and Claims was held on June 27, 2024. The workshop was jointly conducted by Lt. Col. Rizwan Ahmed, TI(M) and Capt. Azhar Ehtesham Ahmed



Mandatory Courses organised by PII for the period July 2023 - June 2024

S. NO.	COURSES	No. of Course
1	Agents Foundation Course (AFC)	3
2	Agents Foudation Refresher Course (AFRC)	4
3	Authorized Surveying Officer (ASO)	2
Total		9

List of Visiting Faculty Members

S. NO.	NAME	COMPANY
1	Mr. Kahalid Hamid	National Insurance Company Ltd.
2	Capt. Azhar Ehtesham Ahmed	M-Liberty Insurance Brokers (Pvt) Ltd.
3	Mr. Mansoor Ali Khan	EFU General Insurance Ltd.
4	Mr. Darius Hormusji Sidhwa	Ex. EFU General Insurance Ltd.
5	Mr. S.M. Iqbal	Ex. Adamjee General Insurance Ltd.
6	Mr. Karim Merchant	EFU General Insurance Ltd.
7	Lt. Col. Rizwan Ahmed	National Insurance Company Ltd.
8	Mr. Ahsan Jamal	Unique Insurance Brokers (Pvt) Ltd.
9	Mufti Muhammad Shakir Siddiqui	Pak Qatar General Takaful Ltd.
10	Mr. Ather Rahat Siddiqui	Pakistan Insurance Institute

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Memorandum of Understanding Signing Ceremonies



**Affiliated with
Chartered Insurance Institute (CII)**



Chartered
Insurance
Institute

EFU Press Releases

EFU General Insurance receives Shaukat Khanum Social Responsibility Award 2024

EFU General has been honoured with the Shaukat Khanum Corporate Social Responsibility (CSR) Award for their outstanding contributions to the community. EFU General is committed to recognise and support institutions that are making immense effort in the health care sector and caring for the under privileged segment of society.

The Shaukat Khanum CSR Award serves as a recognition of the company's ongoing commitment to corporate social responsibility and their unwavering dedication to serving the community. EFU General remains committed to making a positive impact on society and will continue to support and benefit those in need.



EFU General Insurance at Pak Wheels Car Mela Karachi 2024



EFU General Insurance participated at the Pak Wheels Car Mela 2024 in Karachi Expo Center. The full day event received a great footfall by car enthusiasts and genuine buyers who got exposure to different cars available under one roof along with vehicle related products and services. Team EFU General actively engaged with customers to create awareness and highlight the importance of Motor Insurance.



EFU General Insurance honoured with 13th Annual Fire & Safety Award 2023

EFU General Insurance Ltd., the leading non-life insurer in Pakistan, was honoured with the 13th Annual Fire & Safety Award 2023 at an event organised by the National Forum of Environment & Health at a local hotel. The award was received by Mr. Wahaj Ur Rehman Khan - EFU General Insurance.

This laurel is yet another testament to EFU General's ongoing commitment to adopting and implementing robust fire and safety management systems across its network throughout Pakistan.



■ EFU General Insurance Ltd, a key player as a Participant and Sponsor at 3rd International Solar Clean Energy Conference in Karachi.

EFU General Insurance Ltd. is proud to announce its participation and sponsorship at International Solar Clean Energy Pakistan Conference & Exhibition. The conference serves as a platform to foster discussions, share knowledge, and showcase the latest advancements in solar energy and clean technology. The event brings together industry professionals, governmental bodies, researchers, and stakeholders with the common goal of promoting sustainable and green energy solutions.

Spokesperson at EFU General Insurance Ltd. "We believe that sustainable and clean energy solutions are crucial for our nation's future, and we are fully committed to supporting the growth and development of the solar energy sector through our insurance services."

The company acknowledges the significance of solar energy in reducing carbon emissions and addressing the persistent energy crisis in Pakistan. Through its wide range of insurance solutions and expertise, the company aims to facilitate the growth of the solar energy sector and provide comprehensive risk management solutions tailored to the unique needs of this emerging industry.



■ EFU General Insurance Ltd Win Prestigious 20th Annual Environment Excellence Award 2023

EFU General takes great pride in announcing its recent achievement as the recipient of the esteemed 20th Annual Environment Excellence Award 2023 by National Forum of Environment and Health (NFEH). This accolade recognizes EFU General Insurance's unwavering commitment towards incorporating sustainable practices and environmental stewardship within its operations.

The company has consistently strived to develop innovative solutions that not only meet the needs of its clients but also align with the broader goal of protecting and conserving the environment. The company remains committed to driving meaningful change, spreading ecological awareness, and fostering a greener and healthier environment for future generations.



■ EFU General wins the prestigious 'Brands Icon of Pakistan 2022'

It is with great pride to announce that EFU General has been awarded the 'Brands Icon of Pakistan', the most esteemed and highest recognition from the Brands Foundation.

This award is a testament to our dedication, hard work, and exceptional services. It signifies our commitment to excellence in the Insurance Industry and our relentless pursuit of client satisfaction.



■ EFU General Insurance awarded 16th Corporate Social Responsibility Award 2024

EFU General Insurance Ltd., the leading non-life insurer in Pakistan, was recently awarded with the 16th Corporate Social Responsibility Award 2024 at an event organised by the National Forum of Environment & Health at a local hotel. The award was presented by Mr. Mirza Ikhtiar Baig, Ex-Senior Vice President FPCCI and MNA, to Ms. Ansa Azhar, Senior Executive Vice President, EFU General Insurance.

This laurel serves as yet another strong endorsement of EFU General's enduring commitment to the relentless advancement of Corporate Social Responsibility (CSR)

initiatives. It stands as a testament to EFU General's steadfast dedication to fostering positive social impact, promoting sustainable practices, and uplifting communities.



■ EFU General Insurance Ltd Win Prestigious 21st Annual Environment Excellence Award 2024

EFU General is honored to announce that we have received the prestigious 21st Annual Environment Excellence Award 2024 from the National Forum of Environment and Health (NFEH). This award highlights our steadfast dedication to integrating sustainable practices and environmental stewardship into our operations.

We are proud of our continuous efforts to create innovative solutions that serve our clients while also contributing to environmental protection and conservation. Our commitment to driving meaningful change, promoting ecological awareness, and fostering a healthier, greener future remains unwavering.



Life Insurance – Science of Risk mitigation

Dr. Bakht Jamal Shaikh

Director Operations & Legal Affairs - Adamjee Life



From birth to death, Life is inherently filled with risks. These risks include death, disability, diseases, accidents, epidemics, earthquakes, typhoons, targeted killings, terrorism, and war. Living without taking risks can be akin to living a dead life. Thus, risk encompasses both threats and opportunities. Rizq and risk are also closely related, complementing each other throughout life. However, not all risks are worth taking; the decision depends on the nature of the risk, the individual's or entity's risk appetite, and their capacity to handle it. Consequently, managing risk is an art, which has evolved into a science known as Life Insurance.

Catastrophes of Life: There are two major risks in life: 1) Dying too early, and 2) Living too long. The former affects the family, while the latter affects both

the individual and their family. Both scenarios can be emotionally and financially painful, especially if a young family member, who is also a breadwinner, passes away. Life insurance helps alleviate the financial strain associated with both of these risks.

To qualify a risk for insurance, 5 fundamental criteria must be met:

- 1. Significance:** The loss must be significant. For example, the loss of a ballpoint pen cannot be insured because the potential loss is less than the cost of mitigation.
- 2. Quantification:** The loss must be quantifiable; stress, for instance, cannot be insured as up to now it can not be quantified.
- 3. Large Number of Similar Risks:** There must be a large number of similar risks, otherwise assumed loss ratios would not work.
- 4. Non-Catastrophic:** The loss should not be catastrophic for the insurance company, such as insurance in war-torn zones.
- 5. Equitable Premium:** The premium must be equitable; for example, a diabetic person should pay a higher premium than a healthy person, as he poses more risk.

Risk Mitigation Strategies: Furthermore, each loss varies in severity and frequency. Based upon each scenario, risk mitigation strategies include:

- 1. Avoid:** If both severity and frequency are high, such as with epidemics.
- 2. Transfer:** If severity is high but frequency is low, such as with high-sum individual death risks.
- 3. Mitigate:** If severity is low but frequency is high, such as with sickness risks.
- 4. Accept:** If both severity and frequency are low, such as with group death risks.

In transfer scenario, insurers retain a portion of the risk, known as retention, and transfer the remainder to other companies through reinsurance. Reinsurers, in turn, mitigate their risks through retrocession with other retrocession companies. Insurers and reinsurers share premiums, losses, and surpluses based on the risks they bear.

Chronological Age & Virtual Age: One significant risk in life is death, which is pure risk. While death is certain, its timing is uncertain, adding an element of unpredictability to life. Historically, royals invested heavily to predict their futures, particularly their date of death. Though exact prediction is impossible, certain risks can provide an approximate age, known as virtual age. Unlike chronological age, which starts at birth, virtual age accounts for risk factors into chronological age. For example, a 35-year-old non-smoker

who exercises regularly may have a virtual age of 32, while an obese, sedentary smoker of the same age may have a virtual age of 38. Risk profiling, or underwriting, is a fundamental tool of life insurance used to estimate an individual's virtual age.

Underwriting involves selecting and classifying risks. Based on an insurer's risk appetite and capital base, it determines whom to insure. Insurers typically follow reinsurer life rating guidelines. Risks are classified as standard or substandard based on their profiles, with some insurers specializing in substandard risks. Successful risk mitigation requires insuring a large number of similar risks; otherwise, the science of risk mitigation may fail.

Red Flags: In individual life insurance, there is often a significant difference between the price (premium) paid by policyholder and the promise (sum assured) made by insurer, leading to a temptation to obtain insurance for ulterior motives, known as anti-selection. Insurers must be vigilant for red flags, particularly under following scenarios in the Pakistani context:

1. Advanced ages.
2. Significant spread between the sum assured and premium.
3. Different individuals as insured and payer.
4. Nominations outside the immediate family.
5. Proposed Insured house wives without savings or income, especially with high sums assured.
6. Proposals from remote or border areas.

Medical & Financial Underwriting: To qualify for individual life insurance, underwriters must evaluate two factors:

1. Life: The applicant's health risk profile.
2. Earning/Saving Capacity: Life insurance aims to cover financial damage caused by death or disability. There must be an economic benefit during the person's lifetime, known as insurable interest. Without this benefit, the insurance would be a profit rather than a loss compensation, contrary to insurance principles.

Financial factors are also crucial to ensure the applicant can pay premiums regularly for the long term. Insurance contracts are long-term, and early surrender may result in a lower payout than what was paid in premiums.

Policyholder, Insured, and Nominee(s): The policyholder pays the premium and holds ownership rights over the policy, including rights to surrender, loans, partial withdrawals, and alterations. Typically, the policyholder is the same person who pays as well as propose his own life for insurance. The insured is the person whose life is covered. The nominee is designated to receive death benefits. If a nominee is a minor, a guardian must be nominated. Nominee rights activate upon the insured's death; if a nominee predeceases the insured, their rights are extinguished, and surviving nominee(s) can claim benefits. If a nominee dies after the insured, their successors may claim benefits with a succession certificate from the court of law.

Group Life Insurance: This differs in underwriting from individual insurance. Groups should not be formed solely to obtain insurance. Employee groups, with a minimum of 10 members, are common. Sum assured is based on factors like salary or designation, not chosen by the employee. Group underwriting applies to the entire group up to a free cover limit (FCL). Individual medical underwriting applies for sums above this limit. Premiums, usually paid by the employer, are calculated based on individual factors and adjusted for past claims, large group size or industry class. In case of a death claim, benefits are often paid directly to the employer, who then disburses them to the family, although direct payments to the family can occur if a nomination is provided at the time of issuance.

Last but not least; life insurance is an economic engine which accumulates huge funds and provide services to thousands of policyholders, claimants, employees, shareholders, investment houses and service providers. It is good for an individual, their families and whole society.

SECP organized "International Insureimpact Conference, 2023"

SECP hosted international Insure impact Conference 2023 held on December 13-14, 2023 in Karachi, gathering industry experts and stakeholders.



Lockton organized "Energy Summit Conference 2024"

FIB-Lockton Energy Conference organized on 5th March 2024 with the aim to bring together professionals, experts, and stakeholders in the energy sector.



Projects in Pipe Line



Cert PII - Advance Takaful

**Approved / Accredited professional
development centre (APDC) status with
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