



## **Objective (Insurance Ordinance 2000)**

To regulate the business of the insurance industry by ensuring the protection of the interests of insurance policyholders and by promoting sound development of the insurance industry

## **Regulatory Environment**

- Insurance Ordinance 2000, and subsequent rules / accounting regulations
- Companies Ordinance 1984
- Income Tax Ordinance 2001
- Code of Corporate Governance

# Key Provisions in the Ordinance with regard to insurance policyholders

- Market Conduct (Part XI)
- Complaints Resolution (Part XV & XVI)



Tribunals



Ombudsman

## **Market Conduct**

Section 76 restrains an insurer to engage in conduct that is misleading or deceptive or is likely to mislead or deceive

# Insurance Density (Premium per capita in USD)

	US\$
<b>Pakistan</b>	<b>4.60</b>
India	22.70
Iran	36.10
Sri Lanka	16.30
Japan	3,746.70
UK	4,599.00

## Insurance Penetration (Premium in % of GDP)

	%
Pakistan	0.67
India	3.14
Iran	1.23
Sri Lanka	1.46
Japan	10.64
UK	12.45

# What makes Bancassurance a different insurance business?

- products
- risks profile
- capital needs



**“bancassurance”** has yet to be defined in the  
Insurance Ordinance 2000



# Arrangement between “Bank” & “Insurer”

- Section 96 - allows a corporate body can act as an insurance agent
- Section 95 – makes insurer responsible for all acts or omissions of an agent
- to act as corporate agent written agreement is required between bank and insurer
- as a standard, the agreement is expected to ensure:
  - availability of bank’s database
  - for display of promotional material
  - provision of physical infrastructure

# Issues requiring attention from the regulators viewpoint

- nature of risks underwritten & pricing
- concentration & systemic risk potential
- risk assessment and forecasting
- internal systems and procedures
- customer participation (offer / acceptance)
- customer service & complaint resolution
- arms length relationship (bank does not underwrite risk)
- acquisition cost / commission / management expenses
- limitation on relationship