

Written by Shumaila Ahmed
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"The life insurance industry in Pakistan has grown strongly over the past five years, but this growth is attributable to the efforts of companies in the sector; not rising fear of terrorism and lawlessness," said Shahid Aziz Siddiqui, the Chairman of State Life Insurance (SLIC). In a recent interview with Business Recorder, Chairman SLIC highlighted the Company's commission-agent approach as the driving force behind its stellar performance over the past five years. The Life Fund went from Rs 169 billion in 2008, to Rs 330 billion in 2012 so our asset base has been closed to doubled," highlighted Siddiqui. He added that the bonus given out by the Company will likely reach Rs 30 billion by the end of this year. Recently, SLIC has also formalized an agreement with Nadra to offer life insurance to holders of CNIC Smart Cards as well as to beneficiaries of the Benazir Income Support Programme. Now the Country's biggest life insurance company is working on a similar proposition for overseas Pakistanis whereby their relatives in the Country would receive life insurance. The commission-agent approach adopted by SLIC has multiple advantages, he contended. Firstly, the agents are dispersed through out cities and towns and even villages ensuring maximum outreach for the Company. Secondly, these agents are able to convince more prospective clients because they often belong to the same communities and understand their perspectives. Thirdly, the Company has 155,000 agents on its roster; "that's 155,000 people who are employed and not a strain on the State's resources" said Siddiqui. Skill development to drive innovation Shahid Siddiqui contended that over the years, many of the best and brightest qualified professionals including actuaries have left the Country in pursuit of more lucrative employment opportunities abroad. In his opinion, this "brain drain" has stymied the growth of life insurance and other sectors in the Country because "there is not an adequate number of new products and services being introduced which would be relevant to the needs of the people here." "A majority of Actuaries in the Country have been trained by SLIC and at present we have a team of 16 young men and women whose examinations in London are being funded by SLIC. These professionals are bound by five-year service agreements which come into effect after they receive their FIA/FCA certifications." Siddiqui asserted that these young professionals are driving innovation at State Life. "Our team recently went to Germany to study the health insurance system in that Country and now they are working on developing localised solutions in the realm of health insurance," he said. Healthcare in Pakistan: Spend smart, not more Siddiqui highlighted that "The Federal and Provincial governments as well as various public sector initiatives such as social security institutions and income support programs are all spending on the provision of healthcare services in the Country. In Sindh alone, more than Rs 160 billion are available for spending on healthcare services, each year." The SLIC head suggested that the total sum spent on healthcare by various arms of the government should be combined under a unified fund, contending that such a fund would be sufficient for providing universal healthcare in the province. "The issue is that there are many stakeholders to be brought on board," he said. But Siddiqui appears convinced that the development of such a fund is inevitable as universal healthcare will remain a distant dream until this initiative is launched. "What you want to do is create a health fund backed by a composite of labour representatives, employers, health insurance companies and hospital administrators who oversee the fund. Government involvement has to be kept to a minimum and professionals must lead in terms of managing operations and devising strategies to meet national goals." While he conceded that gaining the buy-in of labour and employers for such a mechanism will be a tall order, he insisted that such an initiative is not impossible. He pointed out that similar funds have already been

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launched in various countries including India and Sri Lanka. Life insurance and financial inclusion Siddiqui said that the SLIC has made considerable inroads in some parts of Balochistan including Jaffarabad, Quetta and Hub. He revealed that the Company is looking to expand its operations in the province by establishing a regional office there. "We have requested the Government of Balochistan to allot a plot where we may construct new premises from where our operations in that province will be spearheaded," he said. Based on its commission agent approach, SLIC has been successful in reaching clients in remote areas such as Gilgit, Skardu and Swat. Siddiqui concedes that many areas of Balochistan remain untapped by the insurance sector, but he appears confident that SLIC will play a leading role in addressing this void, in the near future. Life insurance companies have so far been thwarted in their efforts to enter the Takaful market. In a country where religious considerations often reign supreme over financial considerations, the SLIC Head is convinced, allowing the life Insurance companies to offer Takaful services will open and expand the market. "The existing Takaful companies should not be afraid of competition from life insurance companies. Instead they should appreciate that the entry of large players in that segment will drive growth in the industry which will also benefit those firms," he said.

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