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Quarterly

# Insurance Journal

January, February, March 2018

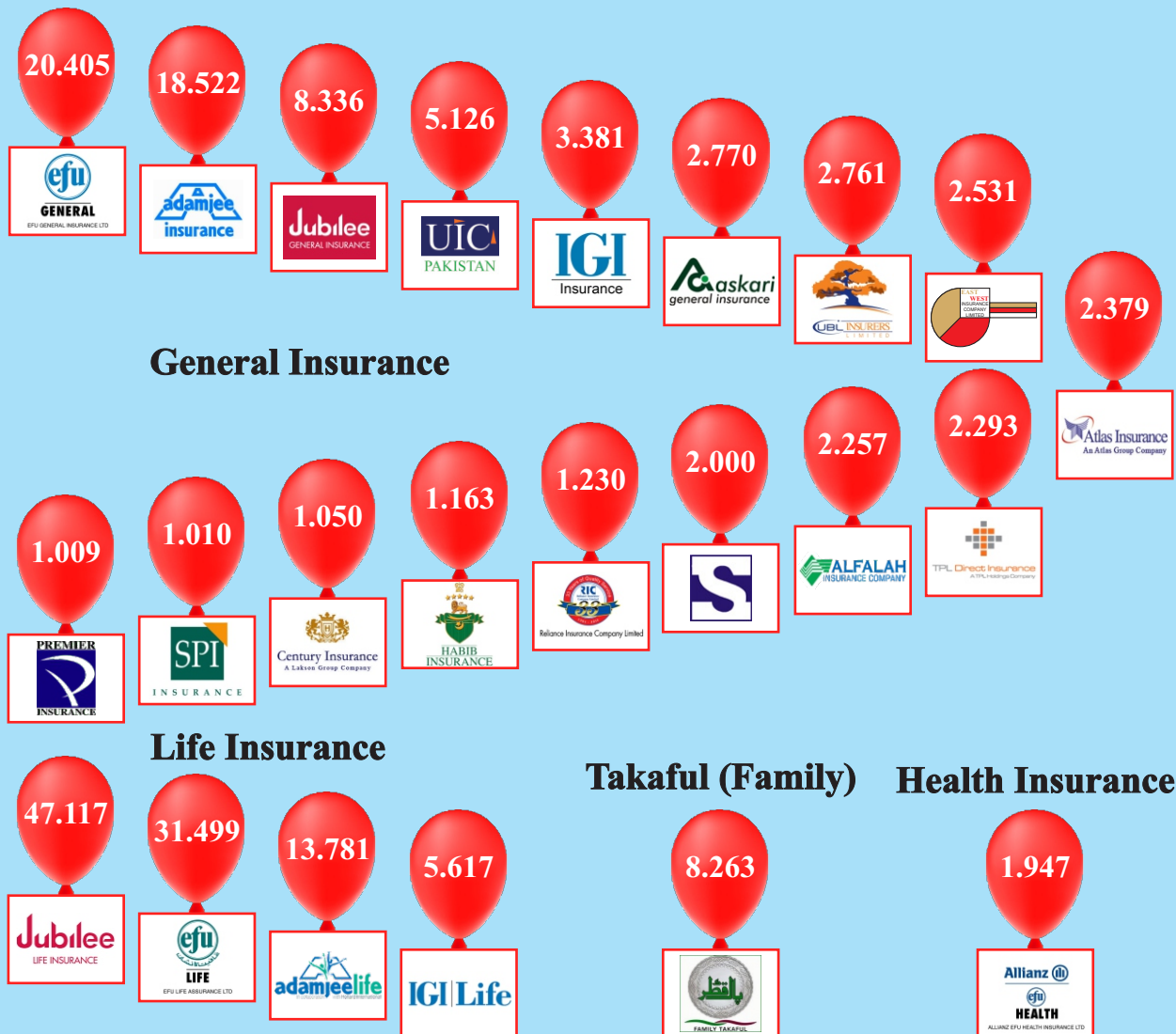
## Inside:

- ✦ Insurance Sector on PSX
- ✦ Decision Making in Insurance
- ✦ Fire Insurance Policy Clauses
- ✦ Insurance Law Cases
- ✦ Concepts and Operations of Takaful Company
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- ✦ Health Corner - Household Emergencies
- ✦ Highlights of MEFIN Public Private Dialogue
- ✦ The Real Concept of Takaful Arrangement
- ✦ Legal Section

## Insurance and Takaful Companies of Pakistan

**EXCEEDING Over Rs. 1 Billion Gross Premium Written in 2017**

Gross Premium (Rupees in Billion) for 2017





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

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# Over Rs. 1,000,000,000 Premium

*Insurance and Takaful Companies of Pakistan **EXCEEDING**  
Over Rs. 1,000,000,000 Gross Premium Written in 2017*

GENERAL INSURANCE		Gross Premium* (Amount in Billion)
1	EFU General Insurance Co. Ltd.	 20.405
2	Adamjee Insurance Co. Ltd.	 18.522
3	Jubilee General Insurance Co. Ltd.	 8.336
4	United Insurance Co. Ltd.	 5.126
5	IGI Insurance Co. Ltd.	 3.381
6	Askari General Insurance Co. Ltd.	 2.770
7	UBL Insurers Limited	 2.761
8	East West Insurance Co. Ltd.	 2.531
9	Atlas Insurance Co. Ltd.	 2.379
10	TPL Direct Insurance Co. Ltd.	 2.293
11	Alfaluh Insurance Co. Ltd.	 2.257
12	Security General Insurance Co. Ltd.	 2.000
13	Reliance Insurance Co. Ltd.	 1.230
14	Habib Insurance Co. Ltd.	 1.163
15	Century Insurance Co. Ltd.	 1.050
16	SPI Insurance Co. Ltd.	 1.010
17	Premier Insurance Co. Ltd.	 1.009
LIFE INSURANCE		
1	Jubilee Life Insurance Company Limited	 47.117
2	EFU Life Assurance Company Limited	 31.499
3	Adamjee Life Assurance Company Limited	 13.781
4	IGI Life Insurance Limited	 5.617
TAKAFUL (FAMILY)		
1	Pak Qatar Family Takaful Limited	 8.263
HEALTH INSURANCE		
1	Allianz EFU Health Insurance Ltd	 1.947

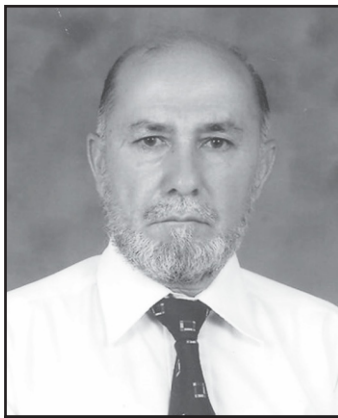
\* Figures as available now, before finalization of exact figures for balance sheet.

# INSURANCE SECTOR ON PAKISTAN STOCK EXCHANGE

(Quarter: October, November, December 2017)

Compiled By: Khurram Shahzad

Company	Paid up Capital (Rs. in Million)	Face Value Rs.	Highest Rate Rs.	Lowest Rate Rs.	Turnover of Shares	Announcement During the Quarter
Adamjee Insurance Company Limited	3,500	10.00	63.00	43.02	7,697,500	
Asia Insurance Company Limited	450	10.00	-	-	-	
Askari General Insurance Company Limited	625	10.00	27.85	22.53	494,000	
Atlas Insurance Limited	702	10.00	77.90	67.20	230,500	
Beema-Pakistan Company Limited	417	10.00	-	-	-	
Business & Industrial Insurance Company Ltd.	86	10.00	-	-	-	
Century Insurance Company Limited	503	10.00	27.30	24.00	92,000	
Crescent Star Insurance Limited	827	10.00	6.07	3.81	47,033,000	
Cyan Limited	586	10.00	44.00	31.50	674,500	
East West Insurance Company Limited	610	10.00	-	-	-	
East West Life Assurance Company Limited	602	10.00	19.47	14.50	63,000	
EFU General Insurance Limited	2,000	10.00	152.90	131.10	98,600	Dividend = 12.50%
EFU Life Assurance Limited	1,000	10.00	280.00	235.01	555,300	Dividend = 12.50%
Habib Insurance Company Limited	619	5.00	14.98	12.93	316,500	
Hallmark Insurance Company Limited	5	10.00	-	-	-	
IGI Insurance Limited	1,227	10.00	314.00	268.00	1,088,300	
IGI Life Insurance Limited	706	10.00	96.30	83.99	224,800	Bonus Issue = 8%
Jubilee General Insurance Company Limited	1,804	10.00	85.00	76.00	1,714,500	
Jubilee Life Insurance Company Limited	793	10.00	812.00	670.00	337,300	
Pakistan Guarantee Insurance Company Ltd.	25	10.00	-	-	-	
Pakistan Reinsurance Company Limited	3,000	10.00	46.00	35.92	3,177,500	
PICIC Insurance Limited	350	10.00	7.33	2.41	29,990,000	
Premier Insurance Limited	506	10.00	14.80	9.15	343,000	
Progressive Insurance Company Limited	85	10.00	-	-	-	
Reliance Insurance Company Limited	561	10.00	8.65	6.85	860,000	
Shaheen Insurance Company Limited	600	10.00	6.50	4.00	838,000	
Silver Star Insurance Company Limited	306	10.00	-	-	-	
Standard Insurance Company Limited	8	10.00	-	-	-	
The Pakistan General Insurance Company Limited	464	10.00	7.86	6.00	1,378,000	
The United Insurance Company of Pakistan Limited	2,002	10.00	16.30	13.75	764,500	
The Universal Insurance Company Limited	500	10.00	14.10	8.01	527,000	
TPL Direct Insurance Limited	755	10.00	24.80	17.25	428,000	



**Majid Khan Jadoon**  
A.C.I.I. (U.K), MD/CEO  
M/s. Pakistan Inspection Co. (Pvt.) Ltd.

# Fire Insurance Policy Clauses (Part-11)

## Reinstatement Clause:

Re-Instatement Clause is usually endorsed on a Fire Insurance Policy, for indemnifying the Insureds, in respect of Loss or Damage to the Insured Properties, proximately caused by Insured Perils. This Clause is usually provided for Machineries / Properties which would indemnify the Insureds' Cost of Replacement or Re-Instatement of the same or alike Machinery / Property on the same Site. Or with the written Approval of the Underwriters, the same or alike Machinery / Property can be Replaced / Re-Instated at another Site as well. However, the entire Costs of the Machinery / Property on the same site or another approved-site by the Insurers, must be within the Sum Insured of the covered Machinery / Property.

It must always kept in mind that the Replacement Clause of the Fire Insurance Policy would entertain the Replacement of the same kind or Type and Capacity of Machinery / Property as was Insured when the same was a

new. The Insureds cannot Claim for Superior or extensive Machinery / Property than the Insured-ones and the Replacement shall be subject to the terms and conditions of the Policy, as well as the Special Provisions of this Clause, as described within the same.

The Replacement/Re-Instatement Costs would include C&F Value, plus

Import Duties / Taxes, Clearance and Transportation, as well as Installation Costs of the Insured Machinery / Property.

But any Replacement / Re-Instatement of the Machinery / Property must be of the same Description, Specifications and Capacity as the Insured-ones when a new but must NOT be of the Superior

Quality or more Extensive Capacity than the Insured Machinery / Property.

## Special Conditions applicable to the Replacement / Re-instatement Clause:

1) The work of Replacement / Re-Instatement of the Machinery / Property may be allowed on another Site, but after the written Approval of the Underwriters.

However, it must be ensured that the Costs of Replacement / Re-Instatement on another Site must not be increased than the Liability of the Insurers, vis-a-vis the Item-wise Sum Insured of the Insured Machinery / Property.

The Operations of Replacement / Re-Instatement must be commenced and carried out within 12-months after the Date of Destruction or Damaging of the Insured Machinery / Property. In case, if due to certain genuine reasons, it might not be possible to commence and complete the Replacement / Re-Instatement of the Insured Machinery / Property within 12-months after the Destruction / Damaging of the Insured





Machinery / Property, then Written Permission from the Insurers must be obtained for the extended period of doing the needful.

Conversely, if the Replacement/Re-Instatement is not completed within 12-months of the destruction / damaging of the Insured Machinery/Property, the Insureds' Claim would be considered for Assessment / Adjustment of the Loss under the terms and conditions of Normal Fire Insurance Policy and the Costs, inclusive of the afore-mentioned Levies / Expenses applicable through the Replacement / Re-Instatement of the Destroyed / Damaged Machinery/Property would not be taken into account.

This would imply that in case of non-completion of the Replacement / Re-Instatement of the destroyed / damaged Machinery / Property, the Underwriters' Liability shall be restricted to the Normal Fire Loss Indemnification Rules which shall be subject to the application of Depreciation for the Normal Wear & Tear, as well as other Policy Deductibles, even if this Memorandum would have been endorsed on the relative Fire Insurance Policy.

2) In case, however, if the Insureds would not have incurred the Expenditure on the Replacement / Re-Instatement of the Destroyed / Damaged Machinery / Property, the Insurers shall not be held liable for any Payment for Indemnification in Excess of the amount which would

have been Payable under the circumstances of a normal Fire Insurance Policy Claim.

In other words, this would expressly imply that the Insureds must, at first, incur the entire Expenditure of the Replacement/Re-Instatement of the claimed Machinery/Property from their own sources and only then can prefer their Claim on the Underwriters for Indemnification under the Re-Instatement Clause of the Policy, by providing Documentary Evidences of the Replaced / Re-Instated Machinery /Property.

3) If at the time of the Insured claiming a certain amount of Loss as the Replacement / Re-Instatement Cost of the Destroyed or Damaged Machinery/Property and the same Claimed Amount would Exceed the Sum Insured thereof at the time of the breaking-out of a Fire and the consequent Destruction / Damage thereto or by any other Non-Insured Peril, then the Insureds shall have to bear a Ratable Proportion of the Loss accordingly, i.e. the Pro-Rata Average Clause would be proportionately applicable. In case of alike situation, each Insured Item shall be separately subject to the Pro-Rata Average Provisions, as elaborated afore.

#### 4) Nullification of this Clause.

a) In case the Insureds would fail to intimate to the Insurers, within 6-months from the Date of the Destruction / Damaging of the Insured Machinery / Property, of their intention in writing, to Replace or Re-

Instate the Insured Property, then their alike Claim would be rendered inadmissible for Indemnification within the ambit of this Clause.

b) In case, if the Insureds are unable or are un-willing to replace or re-Instate the Insured Machinery / Property, on the same or another Insurers' approved Site, then the Effect of the Re-Instatement Clause would be rendered in-effective.

To Be Continued.....



## HUMOUR

**A lawyer and an engineer were fishing in the Caribbean.**

**The lawyer said, "I'm here because my house burned down, and everything I owned was destroyed by the fire. The insurance company paid for everything."**

**That's quite a coincidence," said the engineer. "I'm here because my house and all my belongings were destroyed by a flood, and my insurance company also paid for everything."**

**The puzzled lawyer asked, "How do you start a flood?"**





**Akber D. Vazir**

ACII (UK)

Insurance Consultant and Advisor

# Decision Making in Insurance

Effective decision making is important and vital for any business, but I feel from my experience of decades in insurance industry, I acknowledge this as **“most important”**.

Here in this article, I am focusing my write up on decision making from core business point of view of **“general insurance”** and I will touch upon areas of Underwriting, Reinsurance and Claims.

Before we proceed, we first need to understand that **“quick and good decisions”** are catalyst for growth, development and success of an organization. Decision making is not something which is too hard to understand or follow. It is quite simple – it is process of selecting the **“best course of action”** from among several alternatives available.

Now let us examine each area of our core business of general insurance:

## UNDERWRITING:

Here, the Head of Underwriting section need to possess thorough knowledge of risks associated with various covers. On receiving the enquiry from client, the underwriter need to act quickly for a decision whether he wish to accept the risk or decline. If he is in favor of

accepting the risk, he need to quickly decide on terms to be offered. In case of risk is to be declined, then the underwriter should make the client aware as to why the company is refusing to grant the cover.

The decision of **“acceptance and declinature”** should be very prompt. The client cannot wait indefinitely for your decision. The client is approaching insurance company to seek protection and any delay in decision can prejudice the client. For instance, some client proposes for a cover on brand new vehicle purchased by him from showroom and if the underwriter delays decision and the car get stolen the client is in very awkward situation. The decision must be very quick and underwriter should posses solid knowledge of various exposures.

## REINSURANCE:

Once the decision is taken on acceptance of risk – and if the values proposed for insurance are higher then the company's retention or where the reinsurance department feel risk proposed not good enough to place on treaty – they need to arrange facultative reinsurance.

Here again, the decision need to be very quick – 2 W's Where to place and Whom to place. Taking long

time in decision can lead to a casualty and can be a big burden on the company's net retention.

## CLAIMS:

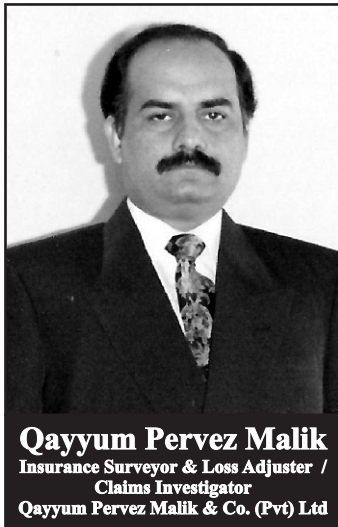
Finally, when the business is written in books, there is likelihood of a claim being reported during the policy period. The management need to take decision to place knowledgeable, professional manpower for handling the claims.

The claim official should take prompt action on receiving a report of a claim from the client. He should guide the client on procedures of filing the claim. The appointment of surveyor should be absolute prompt and with a clear instruction to expedite the findings.

The client should be promptly reminded of his duties to properly and fully submit the papers to surveyors so that they are able to proceed with issuance of report once their finding is complete.

In all respect, the decision making and more important the quickness with which the decisions are taken plays a key role for an image of institution.

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# Insurance Law Cases

Indian Insurance Ombudsman and Indian consumer's Courts publish law cases citations for public consumption which are playing key role in understanding the subject of insurance, insurance policies, terms of policies, coverages, warranties, conditions, violations, admissibility of claims, repudiation of claims and so on. Few interesting cases chosen from the published record are being presented for the relevant/concerned readers as under:

**Ahmedabad Ombudsman Centre**  
**Case No. GIC / UIC / 1 / 139 Mr.**  
**Vijay K. Patel Vs. United India**  
**Insurance Co. Ltd.**

**Award Dated 05.11.2004** ST Bus collided with the Complainant's Car. Respondent treated the Claim as No Claim, because of no endorsement of LPG in RTO Book. Complainant denied the allegation that the vehicle was run by him with LPG fuel at the time of accident and submitted Petrol bills for last 5 / 6 months. Further, he contended that he purchased the vehicle in 2001 and he is the 4th owner and any one of the previous owners might have carried out such alterations. In this case, neither the factum of accident nor the extent of physical damage of the Vehicle is disputed and the financial impact was already ascertained by the Respondent. So, the point taken for determination is that whether the



alleged infirmity is proved by the Respondent. Documents and submissions perused. It is observed that presence of any LPG Cylinder at or near about the place where accident occurred had not been indicated by Survey Report. Secondly Police FIR filed by the Driver of the State Transport Bus does not have any mention of LPG connection. Thirdly, other exclusions from (a) to (f) termed as limitations as to use in the Insurance Certificate also not been violated by the Complainant. Reference also has been made to judicial precedents in the case of United India Vs. Suraj Singh Asia (III 1999 CPJ 79 NC) wherein the repudiation was set aside by Hon'ble N.C for the reason that the accident

was totally unrelated to any breach of Policy Conditions. Remote nexus of alleged breach could not be established. Respondent to pay Rs. 14500/- to the Complainant.

**Ahmedabad Ombudsman Centre**  
**Case No. UIC / 1 / 128 Mr. P. G.**  
**Chaudhury Vs. United India**  
**Insurance Co. Ltd.**

**Award Dated 10.11.2004** Vehicle theft claim. Bolero Jeep was stolen. Respondent sent Discharge Voucher for Rs. 2,55,000/- being 75% of Rs. 3,40,000/- towards settlement of the claim. Complainant submitted that the vehicle was only 9 months old and cost of it was Rs. 4,21,792/- as per Sale Certificate of the Dealer. But the



I.V of the vehicle was Rs. 4,91,000/- for which corresponding premium was collected by the Respondent. Respondent submitted that the loss was assessed by 3 Surveyors and they took the lowest of the 3 market values assessed for settlement. It is observed that I.V. of the vehicle was Rs. 4,91,000/- and premium was also collected accordingly. Current market value of a used vehicle may vary between different assessors and it is difficult to get a precise figure unanimously. Since there was huge difference in quantum of loss, the principle of Golden Mean adopted by Hon'ble National Commission in the case of Rawal Bros. Vs. Oriental Insurance Co. took as a guiding factor to decide the subject case. Accordingly, an amount of Rs. 3,85,000/- is arrived at and both parties consented to settle the claim for Rs. 3.85 lacs.

**Ahmedabad Ombudsman Centre**  
**Case No. GIC / UIC / 1 / 153 Mr.**  
**Abdul Aziz Munshi Vs. United**  
**India Insurance Co. Ltd.**

**Award Dated 22.11.2004**  
Complainant lodged an Own Damage Claim with the Respondent when his Vehicle met with an accident. Claim repudiated as per General Exception 3(a) of the Policy for breach as to the use of vehicle. The point taken for determination is whether the Respondent had been able to prove that the alleged breaches had been committed by the Complainant in line with the Policy Document and Permit issued by Designated Authority. Documents perused. It is observed that there were 9 (including Driver) passengers who were eligible and 4 other passengers as per copy of charge sheet who were not eligible and hence the violation had been gross and not marginal. Further considering the type of accident that the Driver lost control and the vehicle dashed with a tree, the overloading of passengers was high. Breach of limitation as to use is proved. Repudiation of O.D. Claim upheld.

**Ahmedabad Ombudsman Centre**  
**Case No. GIC / UIC / 1 / 131 Mr.**  
**Vijay J. Patel Vs. United India**  
**Insurance Co. Ltd.**

**Award Dated 29.11.2004**  
Complainant's Car met with an accident and caught fire. Claim for total loss of the Vehicle lodged. Respondent submitted that the loss was intimated to them after two days of loss and hence they could not conduct spot survey. Secondly the Vehicle was Insured as Petrol Car, but when the Survey was done, it was disclosed that alteration / modification was done to facilitate LPG use as alternative fuel without approval from the Registering Authority. Documents and submissions perused. It is observed that the damage caused by fire was without any external impact and hence alternative fuel caused and / or contributed to the loss. The survey Reports revealed that Alteration / Modification was done on REAR FLOOR / FRH APRON. Further no endorsement was obtained from the Authorities for use of such alternative fuel. Repudiation upheld.

**Ahmedabad Ombudsman Centre**  
**Case No. OIC / 1 / 143 Mr. Vijay S.**  
**Shah Vs. Oriental Insurance Co.**  
**Ltd.**

**Award Dated 28.2.2005**  
Complainant's Maruti Alto Car was stolen. The purchase price of the Car was Rs. 4,03,343/- and the insured amount was Rs. 4,00,000/- Respondent offered settlement of Claim for Rs. 2,70,000/-. Respondent submitted that although the SI was Rs. 4,00,000/-, their liability is based on Law of Indemnity and that the SI was not the Bench Mark for payment of the Claim. They cited an Order of Hon'ble NC in Revision Petition No.3228 of 2003 in support of their contention. To counter the said submission, the Complainant cited the Order of NC in the matter of NIC Vs. A. Lamba (2003 NCJ 286 NC) and (2003 NCJ 152 NC) in the matter

of New India Vs. MRs. Inderjeet Kaur. Documents and submissions perused. It is observed that the subject car was only 1 year and 3 months old at the time of loss. Referring to the citations referred to above, it is observed that all the judicial precedents direct that the Vehicle Claims are to be quantified by application of stipulated Rate of Depreciation on the purchase price of the Vehicle. Held that the applicable depreciation for the vehicles between 1 to 2 years is 10% and accordingly, the value of the subject car works out to Rs. 3,60,000/-. Respondent to pay Rs. 3,60,000/- along with simple interest @ 8% p.a.

**Ahmedabad Ombudsman Centre**  
**Case No. OIC / 1 / 176 Mr. Mittal V.**  
**Patel Vs. Oriental Insurance Co.**  
**Ltd.**

**Award Dated 07.3.2005** Motor Claim. While driving the Car through a heavily water-logged Road, engine suddenly got off and did not get started. Claim lodged for Rs. 63384/- towards expenses of repair. Respondent offered Rs. 3364/- for settlement towards cleaning and flushing, denying liability for all other expenses as the Surveyor reported that when the Car got stuck in water, efforts were made to start the car by non - methodical way (Push - start) which caused major damage to the Engine. Documents and submissions perused. It is observed that if the car was not driven through heavy water, the engine will not be got damaged and the amount what had been recommended by the Surveyor was sufficient to make the car road - worthy, if it was towed and repaired by applying technical method. Respondent's offer of Rs. 3364/- upheld.

-----



# The Real Concept of Takaful Arrangement

This article is being written to bring forth the real concept of takaful.

Normally, takaful is seen as an alternative to conventional insurance. Commonly, it is also called Islamic Insurance. In my personal understanding takaful is altogether different from Insurance. It is a Shariah based solution to bring in the same result as that of insurance.

Niyat or intention is the fundamental difference between Insurance & Takaful.

In insurance the insurance company gives promise and it assumes the risk onto itself while giving a guarantee to the client that if anything happens to them which causes financial loss as per terms & conditions of the policy they will compensate the client for the loss amount based on indemnity principle i.e. putting the client back in the same position in which he was prior to the mishap. For this promise the insurance company receives certain amount of premium.

Under Takaful arrangement there is no transfer of risk i.e. the risk remains with the owner (participant). The intention behind takaful arrangement is that all monies in form of contributions are collected from participants and is pooled in one place and the claim, if any, will be paid out of this pool as per terms and conditions of the membership document. In other

words, the participants give surety to co-participants of the pool of money. Under Takaful the client is accepted as a member of the pool. The company, itself, do not give any guarantee to pay claims. Claims are paid from this pool. The name of this pool is Participants' Takaful Fund (PTF). The PTF is not owned by the company, rather, it is an independent fund which compensates the loss from the takaful pool. The pool (PTF) is a Waqf Fund. A waqf fund is created in the name of Allah SWT and nobody can ever claim its ownership. By paying in the waqf fund the participants lose their right of ownership on their money. The pool is, however, managed by the company that has provided this platform to participants and has a right to charge an amount for the services rendered to the pool in form of Wakala Fee.

Since the money in this waqf pool do not belong to the company or the operator of this fund the operator of this fund cannot use this fund with his discretion. All payments from this pool will be made as per the Waqf Deed. The cheques received towards contribution are deposited directly into this waqf fund.

In order to abide by the above concept the wording of the Participants' Membership Document (PMD) is totally different from the policy wording prevailing in conventional insurance. Under conventional the company guarantees compensation in

line with the terms and conditions of the policy document. Under the Takaful PMD the participant is accepted as a member of the fund and he or other members of the fund may get compensated from this fund as per terms of the PMD which have been agreed before start of any cover.

It may, therefore, be understood that under takaful arrangement, you have to follow PMD wordings in letter & spirit. Special terms may be agreed before the issuance of PMD, but once issued, they may not be changed & claim will be honoured strictly as per terms and conditions of the PMD.

It is, therefore, an advice to the potential Takaful Participants to enter into a takaful arrangement after really accepting Takaful at heart. Reasons like "we are taking the policy under takaful because we are getting financed through an Islamic Bank and they are asking for Takaful cover" should not be the prime motivator. You have gone to Islamic Bank not because it is one of the source from where you can get finances, but because the finance is available in Shariah Compliant manner without involvement of any Riba (Interest). In order to complete the Islamic Mode of financing cycle you opt for Takaful Coverage.

It is the Niyat (Intention) which matters.



# Revival of Fire Extinguishing Balls

Over the past few decades, fire safety industry has witnessed a surge of revolutionary advancements in materials and procedures, adopted to prevent, detect and extinguish fires. This has created a need for development of user friendly, more efficient and effective fire safety equipment for the modern world. Similarly, this article seeks to look into how Fire Extinguishing Ball plays a crucial role in containing small to medium fires at an early stage.

In this era of fast paced print and electronic media, numerous fire incidents have been reported, which resulted in massive loss of lives and property. Such incidents mostly originate from a source of fire that can be controlled at an initial stage of progression; long way before the flames turn out to be destructive.

Post loss investigation reveals that most of the fire scenes were either at unattended locations, or the fire safety equipment was expired due to lack of maintenance or the people/staff available on-site was not trained to operate the firefighting equipment properly.

Fire Extinguishers, as we all know play a crucial role in domestic and industrial fire safety systems and act as first line of defense to extinguish or

control the spread of fire. They come in multiple types, shapes and sizes; requiring a trained staff to operate during fire contingencies.

These pressurized metal containers filled with extinguishing agents have some drawbacks too;

- Big metal casing makes them heavy, therefore, difficult to carry and aim at
- the base of fire during panic



situations.

- Regular inspection/general maintenance is required from time to time.
- People find them difficult to operate unless they are properly trained.

An alternative approach to address a small to medium intensity fire is the use of 'Fire Extinguishing Balls', along with traditional hand-held

and/or trolley type fire extinguishers.

Fire Extinguishing Balls were widely used in the 19th Century, with casing made up of glass balls filled with fire-suppressant liquids, that later became outdated. During last two decades, the device has made a successful comeback in the fire safety industry, with slight alteration in design.

## Construction:

Fire extinguishing balls available now a day are typically constructed with a 2-3cm thick foam casing wrapped in bright colored PVC, to catch the attention in case of fire emergency. The casing has an embedded trigger/activation strip that activates in 3-10 seconds when exposed to flames, emitting a high pitched alarm (120-140dB Impulse Noise).

The overall weight of fire extinguishing ball ranges between 1.3-1.5Kg, smaller than the size of soccer ball however; it carries a decent amount of non-toxic extinguishing agent. A single fire extinguishing ball upon explosion can cover up to 8-9 cubic meter area.

## How does it work?

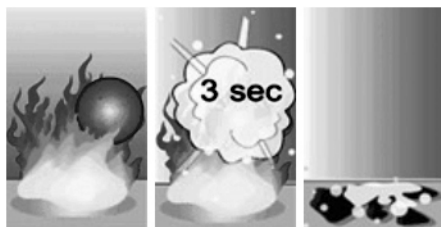
Fire extinguishing balls can be used in both active (using external force to



operate) and passive (self activation) protection modes;

### Active Mode:

If you are near the fire when it starts, you can roll the ball towards the fire or simply toss it on to the fire. It gets activated in 3-10 seconds and effectively disperses the extinguishing agent upon self-detonation, to suppress the fire initially.



### Passive Mode:

If the fire breaks out and no one is present, the ball placed or mounted in fire prone area is triggered upon its contact with naked flames, and suppresses the fire source while making a loud audible sound.



### Benefits of using Fire Extinguishing Balls:

Fire extinguishing balls can offer wide range of benefits,



**Handy Device:** Fire extinguishing ball is a compact device with an overall weight of 1.3-1.5Kg, easy to

handle and can be placed or mounted in smaller spaces.

**Self Activation:** The device comes up with self activating/self explosion feature, ensuring a 24/7 fire prevention at all times.

**Ease of Use:** Fire extinguishing ball do not have any safety pin, operating lever, moving or mechanical parts with zero training cost, making it easier to operate for people of all ages.

**Maintenance Free Lifeline:** It does not require servicing, time to time inspection and refilling as prevalent in traditional cylinder type fire extinguishers, with a shelf life of 5 years. Fire extinguishing balls can be used as a secondary source to extinguish fire after expiry of the stated period.

**No False Alarm:** The ball does not activate in the absence of fire.

**Rust and Corrosion Free:** The construction of fire extinguishing ball makes it completely free from rust and corrosion.

**Environmental Aspect:** Fire extinguishing ball expels non-toxic powder type extinguishing agents which is safe for people and pets.

### Applications:

Fire extinguishing balls can simply be placed or mounted on specially



designed metal stands (that usually come with the unit), 10-30cm above the fire prone area. It can be placed in electrical panels, above overloaded electrical outlets, power generators, working equipment/machinery, near flammable substance, inside commercial vehicles and marine boats.

Hence, Fire extinguishing balls are simple, cost effective and handy solution to prevent small to medium size fires from spreading, when used along with other fire safety equipment. It can provide a good gap in everyday situations, from the realization of fire, to reaching and operating a fire extinguisher. This may be a recall of a 19th century idea, but, it seems to be the exact solution that we need from today's fire safety industry.





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**Nasir Siddique**  
ACII (UK), MBA (I & RM)  
Team Lead (Underwriting)  
IGI Insurance Limited

# Purpose of Underwriting

Insurance companies assume billions of rupees in financial risk annually, risk that is transferred to them from individuals and businesses via the insurance transaction. Insurance underwriters, using the underwriting process and various supporting underwriting tools, are employed by insurer to assess both their new and current business. An insurance company's overall profitability can depend significantly

and objectives.

- Favorable underwriting results are necessary for an insurer's ability to sustain profitable growth.

To achieve profitability, the underwriting function serves additional purposes:

- Guarding against adverse selection
- Ensuring adequate policyholders surplus

limits only before a hurricane season, when they expect severe losses.

- A disproportionate percentage of property owners in an earthquake-prone zone purchase earthquake insurance, as compared to property owners in areas less prone to earthquakes.

Underwriters minimize the effects of adverse selection by carefully selecting the applicants whose loss



on the quality of its underwriting.

Underwriting has multiple purposes:

- The overarching purpose is to develop and maintain a profitable book of business for the insurer.
- Underwriting is crucial to an insurer's success.
- Underwriting goals flow directly from the insurer's corporate strategies

- Enforcing underwriting guidelines

## **Guarding against adverse selection**

Underwriters are an insurer's guard against adverse selection. These are examples of adverse selection:

- Some property owners in areas prone to coastal storms purchase windstorm coverage or increase their

exposures they are willing to insure, charging appropriate premiums that accurately reflect the loss exposures.

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### **Ensuring adequate policyholders surplus**

An insurance company must have adequate policyholder surplus if it wishes to increase its written premium volume. An insurer capacity is limited by regulatory guidelines. If an insurer underwriting practices generate policy premium that exceed losses and expenses, the policyholder surplus will increase, thereby increasing capacity.

Underwriter ensure the adequacy of policy holder surplus by adhering to underwriting guidelines, making certain that all loss exposures are correctly identified, and charging adequate premiums for the applications that are accepted.

### **Enforcing underwriting guidelines**

Underwriting guidelines reflect the levels of underwriting authority that are granted to varying levels of underwriters. Exactly who has what level of underwriting authority varies considerably by insurer and by type of insurance.

Underwriting ensures that applicants accepted adhere to underwriting guidelines. If loss exposures, risks or policy limits on an application exceed an underwriter authority, he or she will seek approval through supervisory and management ranks within the underwriting department.

### **Underwriting Authority**

The scope of decisions that an underwriter can make without receiving approval from someone at a higher level.

### **Underwriting Activities**

In insurance organization, underwriting responsibilities are delegated to line and staff underwriters who coordinate the day to day risk selection decisions and the management level underwriting activities. There is no standard method to organize insurer underwriting activities. However insurance company normally distinguish between Line underwriters and Staff underwriters.

### **Line Underwriters**

Underwriter who is primarily responsible for implementing the steps in the underwriting process. The focus of line underwriter is evaluating new submissions and renewal underwriting. Line underwriter work directly with insurance producers and applicants.

### **Staff Underwriter**

Underwriter who is usually located in home office and who assists underwriting management with making and implementing underwriting policy.

Staff underwriters work with line underwriters and coordinate decisions with other departments to manage the insurance product, pricing and guidelines

### **Line Underwriter Activities**

Line underwriters evaluate individual's accounts for acceptability and execute underwriting policy by following practices and procedures outlined by staff underwriters. The specific tasks line underwriters perform may vary

by insurer; however, most line underwriters are responsible for these major activities:

- Select insured
- Classify and price Accounts
- Recommend or Provide coverage
- Manage a book of business
- Support Producers and insured's
- Coordinate with marketing Goals

### **Select Insured**

Line underwriters Select new and renewal accounts that meet the criteria established in underwriting guidelines. Underwriters effective account selection is essential to attaining these goals:

- Avoiding adverse selection
- Charging adequate premiums for accounts with a higher than average chance of loss
- Selecting better than average accounts for which premium charged will be more than adequate
- Rationing an insurer available capacity to obtain an optimum spread of loss exposures by location, class, size of risk and line of business.

### **Classify and Price Accounts**

Account classification is the process of grouping accounts with similar attributes so that they can be priced appropriately. Line underwriters are responsible for ensuring that all the information needed for classification is obtained and that accounts are priced properly. In many insurance companies line underwriter do not personally perform either the classification or price of risk. However they are responsible for the correct accomplishment.

### **Recommend or Provide Coverage**

Line underwriters supports the producers and policy holder by inquiring about an insured risk management program to ensure that they are using other risk management techniques to address gap in



insurance coverage. Loss of profit coverage not in place along with fire insurance to cover profits. FG policy not in place along with cash in Transit / cash in safe policy.

### Manage a Book of Business

The line underwriter works to ensure that each book of business achieves established goals such as product mix, loss ratio and written Premium. An insurer for example may want to limit the number of worker compensation policies it sells that are not go with by an accounts other business.

### Support Producers and Insured's

The service that line underwriters are expected to provide to producers and insured vary by insurer. Some insurer relay on customer service departments to respond to routine inquiries and requests. Insurers operating through independent agents often on their sales forces to perform many policy service function. Because customer service activities and underwriting are often interwoven, line underwriter have an active interest in ensuring that producers and insured needs are met.

### Coordinate with Marketing Goals

Insurer marketing efforts should conform to the insurer underwriting policy. Producers are discouraged from submitting accounts that are clearly outside the insurer underwriting guidelines. Likewise line underwriters should not reject applications that meet insurer underwriting guidelines simply because of an underwriter bias against a particular class of business.

### Staff Underwriter Activities

Staff underwriters work closely with underwriting management to perform activities essential for profitable risk selection. These major activities are common to staff underwriters:

- Research the market
- Formulate underwriting Policy
- Revise underwriting Guidelines
- Evaluate Loss Experience
- Research and Develop Coverage Forms
- Review and revise pricing plans
- Arrange Treaty Reinsurance
- Assist others with Complex Accounts
- Conduct underwriting Audits
- Participate in industry Associations
- Conduct Education and Training

### Research the Market

Insurer must continually research fundamental issues such as which markets the insurer should target. Staff underwriters typically share these research responsibilities with actuarial and marketing departments. Research includes an ongoing evaluation of these items:

- Effect of adding or deleting entire types of business.
- Effect of expanding into additional states or retiring from states presently serviced.
- Optimal product mix in the book of business
- Premium Volume goals

### Formulate Underwriting Policy

Staff underwriter formulates and implement underwriting policy. An insurer underwriting policy also referred to as underwriting philosophy, guide individual and aggregate decision making. Underwriting policy translates an insurer mission and goals into specific strategies that, in turn determine the composition of the insurer book of business. Underwriting policy communicated through underwriting guidelines. Staff underwriter work with employees of other departments to formulate underwriting policy. No single underwriting policy is appropriate for all insurers. Insurers often develop their underwriting

policy within the context of these markets they serve.

### Revise Underwriting Guidelines

Staff underwriters are usually responsible for revising underwriting guidelines so that they can accurately reflect changes in underwriting policy. The underwriting guides identify the major elements that line underwriters should evaluate for each type of business. Guides may identify specific hazards to evaluate, alternatives to consider, criteria to use when making the final decision, ways to implement the decision and method to monitor the decision. The guides may also provide pricing instructions and reinsurance related information.

### Evaluate Loss Experience

Staff underwriters evaluate an insurer loss experience to determine whether changes should be made in underwriting guidelines. Insurance products that have losses greater than those anticipated are usually targeted for analysis. Staff underwriters research loss data to determine the specific source of the excess losses. Part of this research includes an analysis of insurance industry loss experience that may reveal trends affecting the insurer products.

### Research and Develop Coverage Forms

Insurance advisory organization have a significant role in the development of commonly used coverage forms. Insurance advisory organization developed coverage forms are usually developed by coverage experts who consider the scope of coverage being provided, coverage provided by other policies, and legal restrictions that apply to coverage form development. Staff underwriters work cooperatively with the actuarial and legal departments to develop new coverage and modify existing coverage forms. Insurers develop new coverage to meet changing

customer needs and competitive pressure.

### Review and Revise Pricing Plans

Staff underwriters review and update rates and rating plan continually subject to regulatory constraints, to respond to changes in loss experience, competition and inflation. Historical loss data are gathered by the insurer or by advisory organizations to develop prospective loss costs. Then each insurer examines its own operational profit and expense requirements. Staff underwriter combine prospective loss costs with an insurer developed profit and expenses loading to create a final rate used in policy pricing.

### Arrange Treaty Reinsurance

Staff underwriters are responsible for securing and maintaining treaty reinsurance. Their responsibilities include determining the insurer needs for reinsurance, selecting reinsurers, negotiating the terms and conditions of reinsurance treaties, and maintaining the insurer relations with its treaty reinsurers.

Treaty reinsurance limitations are directly reflected in their underwriting guidelines. For example Staff underwriters specify in the underwriting guidelines the maximum coverage limits that can be offered because higher limits of treaty reinsurance were not purchased or treaty exclude some accounts.

### Assist others with Complex Accounts

Staff underwriters often serve as consultants to other underwriters.

Generally Staff underwriters have significant first hand line underwriter experience. They regularly see complex and typically accounts, unlike most line underwriters. Staff underwriters also functions as Referral underwriters that is when an application exceed a line underwriter authority a referral underwriter can review and approve the risks.

### Conduct Underwriting Audits

Staff underwriters often responsible for monitoring line underwriter activities and adherence to underwriting authority by conducting underwriting audits. The audit focus on proper documentation adherence to procedure, classification, and rating practices; and conformity of selection decisions to the underwriting guide.

Staff underwriters also monitor underwriting activity by analyzing statistical results by type of insurance, class of business, size of loss exposure and territory.

### Participate in Industry Associations

Many insurers are members of national and state associations that address insurance industry concerns. Additionally, insurers often share in the operating of residual market mechanism, such as automobile joint underwriting associations and windstorm pools. Staff underwriters typically represent the insurer as a member of these organizations. Staff underwriters may also serve on an advisory organization committees that study standard policy forms and recommend changes.

### Conduct Education and Training

Staff underwriters are usually responsible for determining the education and training needs of line underwriters. Sometimes, these training needs are addressed through a formal training program that all newly hired underwriters must complete. At other times, the training need is transitory and is provided through classes that address a specific underwriting issues or procedure.

Some training needs are met through programs provided by the insurers human resources department. However staff underwriters often develop courses and serve as instructors in technical insurance subjects.



## HUMOUR

A woman was in the hospital after feeling very ill. The doctor says to her, "I have some bad news for you. You only have three months to live."

"Oh that's terrible," the woman sighs, "what am I going to do?"

The doctor replies, "Marry an insurance agent."

"Will I live longer?" asks the woman."

No," replies the doctor, "but it will SEEM longer."



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## Highlights of the MEFIN Public Private Dialogue (PPD4) on Inclusive Insurance

**Theme: Digitalization in Inclusive Insurance**

**Digitalization: Is it a threat or an enabler for inclusive Insurance?**

### Background

The public private dialogue (PPD) on microinsurance or inclusive insurance is a major platform of the MEFIN Network for peer-to-peer learning among insurance regulators. The PPD provides opportunity both to the regulators and the insurance industry to exchange knowledge and discuss issues and solutions in further developing the market of microinsurance in its respective jurisdictions. It is conducted twice a year.



### Various topics are covered in the Public Private Dialogues.

In January 2018 MEFIN held in Makati city Philippines PP4. The theme was “Digitalization on Inclusive Insurance”. The event was participated by insurance regulators and industry leaders from seven member countries of MEFIN including officials of government related agencies and senior insurance executives of Philippines. The MEFIN PPD is supported by GIZ Regulatory framework promotion of Pro-poor insurance markets in Asia (RFPI Asia II).

Speakers highlighted the importance of this dialogue and appreciated the efforts of MEFIN German Ambassador to the Philippines Dr. Gordon Kricke highlighted the importance of microinsurance as a protection against falling into poverty. He emphasized the importance of PPD being an innovative and unique setting for exchange and discussion among key stakeholders. Risk finance and solutions have to improve continuously to maximize the protection of low-income peoples.

Mrs. Irina Scheftman Giz country director Philippines appreciated the passion and energy of the MEFIN members said, catastrophes and risks do not stop at borders so as solutions and innovations.

Philippines Insurance Commissioner ATTY DENNIS FUNA said the PPD event is very timely as the



Philippines are celebrating the microinsurance month. He shared the continued growth of microinsurance in the country citing that as of September 2017 the sector explained by 30 percent primarily on the basis of premium sales generated from Microinsurance mutual benefits associations.

Dr. Antonis Malagardis Giz RFPI Asia Program Director said RFPI I focused more on the regulatory environment. The second phase is on implementation and development of business models upto now 23 business models were created and RFPI II will continue to support innovative products in introducing **insurtech**, **blockchain**, **sandbox** and other approaches. He said studies show that people do not believe in insurance that is why financial literacy and creating awareness will still be a task in the future. Technology can help to support this. In 2017 **InsuResilience** was launched with the aim of insuring 400,000,000 people against national disasters by 2020. He said this can be achieved by direct and indirect insurance through pooling, which has been established in other regions but not yet in Asia. Insurance is on the International agenda. MEFIN countries can contribute much in the area of creating awareness, number of microinsurance products licensed, regulations and amount of insured people.

The keynote presentation entitled “Digitalization in Inclusive Insurance Threat or Enabler” was given by Dr. Antonis Malagardis of Giz RFPI Asia. Key terminologies were discussed particularly differentiating digitalization the automation of manual and paper based process, enabled by digitalization, of information and digitalization, the use of digital technologies and data in order to create revenue, improve business transform business processes with digital information.

Digitalization in reshaping the insurance industry and this has positive affect and posed challengers as well especially to the regulators. One positive affect brought by technology is the Sandbox Approach. It is a temporary regulatory treatment, creating a safe space to enable innovation ventures while limiting the size and scope of the risk to enter the market.

Concluding his presentation Dr. Malagardis said regulators and industry players may take into consideration to harvest impact of digitalization for inclusive insurance.

- Innovations are cutting across authorities, thus, requiring coordination, MoUs and inter-governmental committees.
- Supervisors are under pressure to react as providers from outside the insurance sector are pushing for more innovations.
- Traditional reporting to supervisor is not sufficient to capture business performance (i.e. low claims ratios).
- There are no role models available. Existing partnership models and new functions in value chain do not fit into traditional intermediary regulations.
- Regulators need to fully understand the implications of technological innovation and have new capabilities and systems (i.e. monitoring, advice, understanding risks, and allowing exemptions).

Dr. Malagardis started presentation about the Sandbox approach.

Sandbox Regulation is defined as a framework set up by a financial/insurance sector regulator to allow small scale, live testing of innovations by private firms in a controlled environment (operating under a special exemption, allowance, or other limited, time-bound exception) under the regulator's supervision. The sandbox approach has its benefits and risks. One of the advantages is the standardized and publicized framework for innovations which allows for open communication and transparency. The sandbox approach permits a safe space where live experiments can be conducted in a controlled manner and with safeguards in place. Furthermore, it is a clear signal to the market and the regulator's staff that innovation is on its agenda.

One major risk is a poor selection of sandbox firms due to the limited capacity of the regulator to assess the technology underlying the innovation and liability issues in case of failed testing that results in disadvantage to the clients. In doing this, several factors have to be considered like legal and regulatory framework, stakeholder ecosystem, capacity, resources and market conditions. To show some examples and the importance of innovative and digital solutions, Dr. Malagardis referred to a research study by the Centre of Financial Regulation and Inclusion (CENFRI) published in March 2017, entitled “InsurTech for Development: A review of insurance technologies and applications in Africa, Asia and Latin America”.

In the panel discussion participants said;

SECP Pakistan already provided a draft regulation to the parliament on the usage of technology.

OJK Indonesia underlined their experience in cooperating with the private sector to explore new ways and the introduction of new regulations.

The Bank of Papua New Guinea<sup>i</sup> (PNG), already advanced in use of technology, shared the fruits of their partnership with mobile network operators (MNOs) and BIMA, an insurtech company.

**Dr. DAVAASUREN SODNOMDARJAA** chairperson of Financial Regulatory Commission MONGOLIA has been elected as chairman of the MEFIN Network for 2018.

**Mr. Syed Nayyar Hussain** Director SECP was elected as vice-chairman.

The MEFIN Public Private Dialogue (PPD5) was conducted in Colombo Sri Lanka (19 to 22 March 2018). Around 80 insurance supervisors, industry leaders and insurance experts from seven MEFIN-member countries in Asia participated in five panel sessions of the dialogue, organized by the GIZ RFPI, Munich Re Foundation and the Insurance Regulatory Commission of Sri Lanka. The session started with a workshop on Technical Issues of Blockchain Technology use for inclusive insurance.

Through the usage of mobile phones for distributing insurance products, the uptake is now in PNG are about 600,000 people. The challenges of accessibility of people living in rural areas and the high illiteracy rate are still continuously being addressed.

In Mongolia, inclusive insurance is in their national strategy plan, which is up to year 2025. For FRC, technology will be a big factor in introducing new products but they also would like to emphasize the importance of consumer protection.

On the side of private sector, CLIS sees trust-building as one of the most important issues in using of technology in MI. The company has over 2000 branches across the country and works at the grassroots level. Despite hundreds of thousands of policy-holders, the claim ratio is low. CLIS tried to address this through the “Microinsurance on Wheels”, a campaign to increase financial literacy by developing vans to educate men and women in the rural areas.

AXA, though new in the MI market, is willing to expand from the traditional insurance business. The challenge is to convince shareholders to look at inclusive insurance as business and not just as CSR.

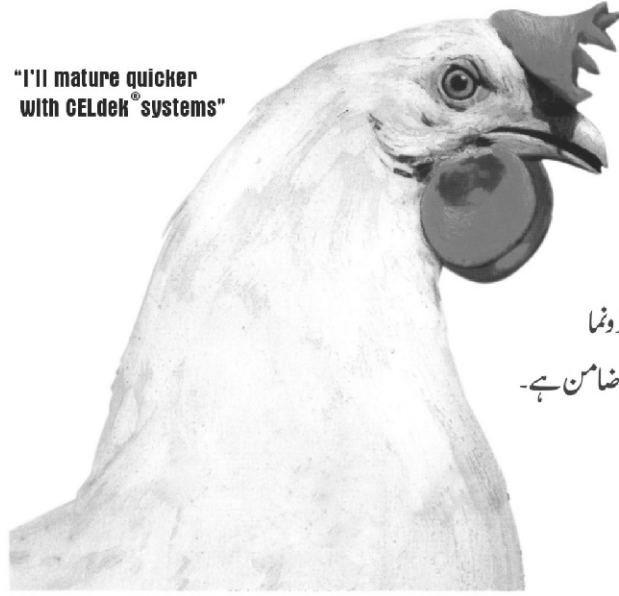
The panelists are in agreement that the digital era is already here and it is the task of both regulators and the private sector to build trust, work together, build capacities and protect the consumers. New approaches like Sandbox Approach can be a possibility to keep up with fast digital change. Insurtech is an enabler in ensuring access of the low income sector to affordable and simple insurance product.

Ms. Nilofer Sohail Assistant General Manager and Head Channel Strategy and Execution of EFU Life Pakistan provided the keynote presentation on **MI Business models in MEFIN Countries**. She shared the key features of the company's life and health products on women and in using technology in the distribution.

The health product introduced led to market expansion to the much larger low-income group. The key success factors are: (a) changing the mindset of the customers, (b) increasing awareness of the masses, and (c) partnership with a telephone company for distributing the products effectively and raising awareness among customers for example, through SMS. Regulation on the use of technology was also important and in the case of Pakistan, the company proactively coordinated with regulator to work together. She also emphasized that inclusive insurance product is not short-term and that it should be financially sustainable.

(More in next issue)

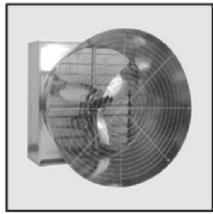
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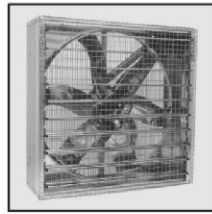
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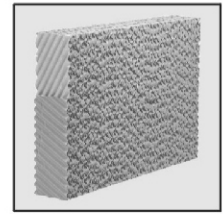
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# Concepts and Operations of Takaful Company

Takaful is derived from the Arabic verb “Kafala” which means to guarantee, to help, to take care of one's needs. It is based on the concepts of Shariah principles i.e. Ta'awun (mutual assistance) and Tabarru (voluntary contributions).

Takaful is operated on the basis of shared responsibility, brotherhood, solidarity and mutual cooperation. These fundamentals are based on the Holy Quran and the sayings of Prophet Muhammad S.A.W. Some of the examples are:-

Almighty said, “Co-operate in Al-Birr and Al-Taqwa but never in sin and transgression (Al-Maidah: 2)”. It means cooperate with other people socially or economically within the frame of Shariah. In Islam, we observe the differences between the good and the bad, between the allowed and the prohibited, between the halal and haram. If we feel that it is important to draw such distinctions between the good and the bad in our everyday life then there are certain aspects in insurance that have to be in

line with the accepted Islamic principles.

Muslims of Mecca (Muhajrin) and Medina (Ansar) laid the foundation of mutual insurance. Traditional insurance has certain features that contradict some of the essential values of Islamic financial contracts. e.g. Gambling, Riba, Gharar and

Company normally has a committee of prominent shariah scholars. Their direct guidance and advice are essential at all stages of Takaful operations, from the point of sale activities to payment of benefits, from accounting to investing the funds, from public dealing to serving the community through insurance and non-insurance activities such as supporting charitable works etc. All operations and contracts are set up to ensure that any element of speculation, uncertainty, and gambling is eliminated.

A Takaful company does not have policyholders. It has participants as they are participating jointly in a Takaful fund for their mutual benefit. Participants are the owner of the

fund and the company manages and operate Takaful fund on their behalf. All participants are entitled to receive any surplus and liable for any deficit resulting from the operations of Takaful fund. Takaful company ensures that interests of participants are based on mutual cooperation and solidarity. If the participant suffers



Ghabn are strictly forbidden in Islam and avoid in the system of Takaful.

A Takaful company conducts all its affairs in a manner that meets the Islamic Shariah tradition whether it is to do with investing funds, in carrying out its business in all classes of insurance or in any other related financial fields. The Takaful

financial loss, he or she is paid an amount from Takaful fund in accordance with the basis and underwriting principles of insurance.

Takaful refers to participants mutually contributing to a common fund with the purpose of having mutual indemnity in the case of peril/loss. Contributions are paid on the basis of Tabarru and credited to the Waqf fund. The Waqf fund pays the claims.

By signing a Takaful contract, each contributor agrees to uphold this spirit of cooperation and mutual solidarity and help each other through the Takaful system. The amount of contribution differs from one participant to another based on the degree of risk in general Takaful and the actuarial principles in family Takaful.

There are four different models of operations i.e.

- Mudaraba Model
- Wakala Model
- Mudarba – Wakala Model
- Pure Cooperative model (non-profit)

As the all activities of Takaful must

confirm to Shariah principles and rules. So, the main guideline to avoid Shariah prohibited (haram) areas in both underwriting and investment; concluded as follows:

- Alcohol and drug related trades and industries
- Prostitution
- Importing / exporting, manufacturing or trading in any Haram goods such as pork, pigs, pornography and sculptures.
- Any transaction involving Gharar, Riba, Maiser and Fraud.

The Islamic insurance company of Sudan started as the first Takaful Company in 1979. By the mid 1990, there were seven Takaful companies in Sudan, Dubai, Saudi Arabia Bahrain and Jordan. In 2006 a Non-Muslim US-based company AIG established a Takaful subsidiary called AIG Takaful Enaya, headquartered in Bahrain. As of 2013, the leading Takaful countries are “Malaysia and the Gulf States”.

The global Takaful industry is small in comparison to conventional insurance. The demand for Takaful has increased day by day. Malaysia and Bahrain are the leading examples of having Takaful regulations.

Recently, Saudi Arabia and Pakistan have also established the regulatory framework for Takaful business.



## HUMOUR

**An Actuary and an Underwriter are watching the nine o'clock news. A story comes on involving a man on a window shelf threatening to jump.**

**The Underwriter says, “I’ll bet you hundred rupees he doesn’t jump.”**

**The Actuary says, “I’ll take that bet.” A few minutes later the guy jumps.**

**As the Underwriter reaches for his wallet, the Actuary says, “Never mind. It’s not fair. I saw it on the six o’clock news”.**

**The Underwriter responds, “So did I, but I just didn’t think it would happen twice.”**

## China seizes control of Insurance giant ANBANG

**According to a report Beijing has cracked down on ANBANG Insurance and financial giant took over the control of conglomerate and prosecuting the head of the firm.**

**ANBANG Insurance Group will now be taken over by Chain’s insurance regulator for one year.**

**The ANBANG Group is well known for its aggressive international acquisitions including Waldorf Astoria Hotel New York. Chinese authorities have been cracking down on the financial industry to guard against excessive borrowing and risk.**



**Rana Naveed ur Rehman**  
MBA (HRM), Cert CII (UK)  
Assistant Vice President (Health)  
East West Insurance Co. Ltd

# Household Emergencies (Part-2)

In my previous article, I have covered the home and yard safety features for various household emergencies. In this part, I will cover the fire related household emergencies in our daily life.

## Fires in the Home:

Once fire takes hold, you have less than three minutes to escape the flames and toxic smoke and get to safety. With such a limited period of time, it is vital to have organized safe escape routes from your home and to have regular fire escape practice with the whole family. Install fire ladders to give you a better chance of escaping from upper floors. If a fire is small, try to put it out yourself using water, a fire extinguisher or a fire blanket. However, if the flames are still burning after 30 seconds, you should leave the building immediately. To give yourself advance warning of a fire, install smoke alarms on every floor of the house and make sure that they are tested regularly.

## How to escape from a House Fire?

### Alert your Family:

- A smoke alarm may warn you of smoke or fire or you may see a fire start. Check that everyone in the home is aware of the fire and is leaving quickly.



- Follow the escape route chosen in your evacuation plan

### Evacuate the Building:

- If possible, close internal doors and windows as you go, to restrict the spread of smoke and fire.
- Do not open a door without first touching the door or its knob with the back of your hand to see if it is hot. Heat indicates fire within that room, so choose another route.
- If there is thick smoke, place a handkerchief / tissue paper over your mouth and nose, and crawl as low as possible.
- If fire or smoke blocks your escape route, find another way out.
- Once you are out of the building, meet at your agreed meeting point and check that no one is missing.

### Dial 1122 or call the Fire Brigade Centre (16):

- Tell them your address, if anyone is still inside the building, and if anyone is injured.

### How to tackle a fire?

### Sound the alarm:

- Do not attempt to put out a fire yourself unless the fire is small, you discover it early, and you have a fire extinguisher or fire blanket.
- If you have doubts, dial 1122 or 16 and, if necessary, evacuate.

### Protect yourself:

- Make sure that you can retreat



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## Using Fire Extinguishers and Blankets

- *Point the nozzle of a dry chemical fire extinguisher at the base of the flames and sweep it from side to side.*
- *Take the fire blanket out of its container and give it a shake to open it up.*
- *Hold the blanket up so that it shields your hands from the fire.*
- *Drop the blanket onto the flames and leave it there until the fire is out.*

quickly and safely from the area if the fire gets out of control.

- If the fire is still burning after 30 seconds, evacuate the house at once and dial 1122 or 16.

### **How to put out clothes on Fire?**

#### ***Prevent flames from rising:***

- If someone's clothes are on fire, force the person to the ground so that the flames do not rise up and burn his face and air passage.
- If your own clothes are on fire, lie down immediately to prevent the flames from rising up and burning your face and air passage. If you try to run for help, the movement will simply fan the flames.

#### ***Smother the flames:***

- Wrap yourself or the victim in a thick wool or cotton blanket, rug or coat to smother the flames. Do not use materials that contain synthetic fibers to tackle the fire.
- Roll yourself or the victim around on the ground until you are sure that the flames are extinguished.

### **How to put out an Electrical Fire?**

#### ***Switch off power:***

- Unplug the burning appliance or if you cannot safely reach the wall socket, turn the power off at the fuse-box.
- If a computer monitor or TV is on fire, the screen could explode. Protect yourself by approaching it from the back or the side.

#### ***Smother the flames:***

- Wrap a fire blanket over the appliance to stifle the fire or cover the flames with a dry chemical fire extinguisher.

### **How to deal with a Chimney Fire?**

#### ***Evacuate:***

- Many chimney fires are explosive bricks become rockets that move like cannonballs.
- Do not try to extinguish the fire. Evacuate the house immediately.

#### ***Call for help:***

- Dial 1122 or call the Fire Brigade Centre (16) immediately.
- Ensure that the chimney is checked and cleared by a chimneysweep before you light another fire in the grate.

### **How to put out a Skillet (Frying Pan) Fire?**

#### ***Approach fire:***

- Turn off the heat supply.
- Do not attempt to move the pan, the flames may blow toward you.
- Do not put water on a fire that is in a skillet or deep fryer, the water will disperse the burning fat and spread the fire.

#### ***Smother the flames:***

- Cover the flames with a fire blanket. If you do not have a fire blanket, use a towel or dishcloth that has been squeezed out in water.

**To be Continued....**

## **Action in an Emergency**

*When an emergency arise, try to remain calm and controlled so that you can act effectively. Before assessing the victim's condition and carrying out the appropriate first aid, make sure that you are not putting yourself in danger. You will not be able to help anyone else if you become a victim yourself. If possible, call immediately **Rescue 1122** while you deal with the situation.*

# Federal Insurance Ombudsman

## A Report on Complaints

### Company Wise Complaints Registered in 2016-17

M/s Adamjee Life Assurance Company Limited	43
M/s Adamjee Insurance Company Limited	9
M/s Alfalah Insurance Company Limited	5
M/s EFU Alliance Health Insurance Company Limited	4
M/s Alpha Insurance Company Limited	4
M/s Asia Insurance Company Limited	4
M/s Askari Insurance Company Limited	9
M/s Atlas Insurance Company Limited	8
M/s Beema Pakistan Limited	1
M/s Century Insurance Company Limited	3
M/s Crescent Star Insurance Limited	7
M/s Dawood Family Takaful Limited	2
M/s East West Life Assurance Company Limited	47
M/s East West Insurance Company Limited	5
M/s EFU Life Assurance Company Limited	102
M/s EFU General Insurance Limited	8
M/s IGI Life Insurance Limited	35
M/s IGI Insurance Limited	2
M/s Jubilee Life Insurance Company Limited	196
M/s Jubilee General Insurance Company Limited	5
M/s AIG New Hampshire Insurance Company	2
M/s Pak Kuwait Takaful Company Limited	7
M/s Pak Qatar Family Takaful Limited	24
M/s PICIC Insurance Limited	6
M/s Postal Life Insurance	37
M/s Premier Insurance Limited	6
M/s Reliance Insurance Company Limited	3
M/s Saudi-Pak Insurance Company Limited	4
M/s Shaheen Insurance Company Limited	4
M/s State Life Insurance Corporation of Pakistan	187
M/s The United Insurance Company of Pakistan Limited	32
M/s TPL Direct Insurance	10
M/s UBL Insurer Limited	6
M/s Universal Insurance Company Limited	6
Others	191
<b>Total</b>	<b>1024</b>

## Sector Wise Complaints Registered in 2016-17

S.No.	Sector	2016-17
1	General	114
2	Crop	19
3	Vehicle	45
4	Life/Death/Maturity	505
5	Bancassurance	318
6	Theft/Burglary	5
7	Fire	8
8	Marine	2
9	Health	8
<b>Total</b>		<b>1024</b>

## Region Wise Distribution of Cases in 2016-17

Regional Office	Total
Karachi	484
Islamabad	217
Lahore	323
<b>Total</b>	<b>1024</b>

## Region Wise Monetary Distribution of Cases in 2016-17

Region	Claims Amount (in Rs.)	Relief Amount (in Rs.)
Karachi	613,468,720/-	519,738,589/-
Islamabad	117,284,212/-	93,229,326,-
Lahore	238,848,396/-	127,976,039/-
<b>Total</b>	<b>969,601,328/-</b>	<b>740,943,954/-</b>



### Summary of representation made to Honorable President of Pakistan

Total Complaint Registered		1024
Total Representations registered with President's Secretariat		47
Representations Decided		44
Order of FIO upheld	28	
Order Upheld in Favour of Complaint	23	
Order Upheld in Favour of Company	5	
Order of FIO Setaside	16	
Setaside in Favour of Complaint	14	
Order of FIO Setaside in Favour of Company	2	
Representative Pending with Aiwan-e-Sadar		3

### Facts at a Glance 2016-17

Total No. of Companies Registered	1024
Total No. of Complaints Disposed OF	783
Total No. of Claims Admitted	747
Total No. of Claims Rejected	277
Under Proccess Complaints	241
Review Applications filed under Article 13 of Federal Ombudsman institutional Reforms Act, 2013	50
Percentage of Review Decided	6.90%
Representations filed with Honorable President of Pakistan under article 14 of Federal Ombudsman Institutional Reforms Act, 2013	47
Percentage of Representations	6.50%
Representations decided by honorable President of Pakistan	47
No. of Complaints received from SECP	50
No. of Complaints received from Wafaqi Mohtasib	99
Cumulative Claim Amount of all complaints (in Rupees)	969,601,328
Monetary Relief given to parties through Order (in Rupees)	740,943,954

## Top Client Friendly Insurance Companies amicably settled the Claim after intervention of Federal Insurance Ombudsman

### Total No. of Claims Settled Amicably - 122

Name of Company	Percentage
M/s Jubilee Insurance Company Limited	42%
M/s EFU Life Assurance Company Limited	24%
M/s The United Insurance Company of Pakistan Limited	18%
M/s Adamjee Life Assurance Company Limited	16%

### Economic forecasts for South Asian Countries

Country	2016% GDP growth	2017% GDP growth
Afghanistan	2	3
Bangladesh	7.1	6.9
Bhutan	6.4	6.1
India	7.4	7.8
Maldives	3.5	3.9
Nepal	0.8	4.8
<b>Pakistan</b>	<b>4.7</b>	<b>5.2</b>
Sri Lanka	5	5.5
<b>Average</b>	<b>6.9</b>	<b>7.3</b>

Source: Federal Insurance Ombudsman Website

### **Lloyd's provides ACORD membership for all Coverholders**

Lloyd's is pleased to announce that all coverholders are now eligible for a free custom ACORD membership. Lloyd's coverholders will have access to ACORD Delegated Authority Data Standards, information, training, and other valuable resources.

Shirine Khoury-Haq, Lloyd's Chief Operating Officer, said:

“The modernization work under the banner of TOM is making further strides towards creating a market that is highly accessible, efficiently run, and relevant to the needs of customers. Providing coverholders with access to ACORD resources will make it easier for them to do business with the London Market and enable them to engage in the DA SATS (Delegated Authority Submission Access and Transformation) phase of the TOM initiative. This is about delivering better solutions to our customers with smoother processing in a more consistent manner, and enabling one touch data capture for the London Market.”

### **Zurich Accelerates Growth of Cover-More Travel Insurance Unit with LatAm Acquisitions**

Zurich Insurance Group accelerated the growth of Cover-More Group, its specialist global travel insurance and assistance solutions business, by entering into agreements to acquire the leading providers of traveler assistance in Latin America. The acquired businesses operate under the Travel Ace and Universal Assistance brands. The transaction encompasses 19 legal entities operating throughout Latin America, most notably in Argentina, Brazil, Chile, Colombia and Mexico.

### **Pakistan Insurance industry ripe for big boost**

Punjab Governor Malik Rafique Rajwana said that Pakistan's insurance industry should prepare itself for some bigger challenges which could prove as a turning point for this underrated sector.

“Every challenge brings an opportunity for the individuals, businesses and nations. Pakistan is an emerging market and its on-going China Pakistan Economic Corridor (CPEC) project will definitely bring business for this sector, which currently contributes below 1% to national Gross Domestic Product”, said Rajwana, while addressing a seminar on good governance and the development of insurance industry.

### **TPL Life Insurance launches 'TPL OPD Sahulat'**

TPL Life Insurance has launched the first of its kind Digital Out Patient health insurance solution – 'TPL OPD Sahulat' – enabling its consumers to access Out Patient medical services via a digitally enabled cashless process through TPL Life's website. The introduction of such services raises the bar of customer convenience and ease in the health insurance sector. This platform enables the company's customers to enjoy cashless Out Patient medical facilities from the comfort of their homes. The customers can now consult with various doctors online and get prescribed medicines delivered to their doorstep. The platform also opens access for customers to quality lab tests. In this endeavour, TPL Life Insurance has partnered with Augment Care as its technology partner, who was also at the forefront of digitising the healthcare segment within Pakistan.

*Source: Websites*



2015 C L D 1155

[Lahore]

*Before Muhammad Khalid Mehmood Khan and  
Ibad ur Rehman Lodhi, JJ*

*Mst. NASEEM BIBI — Appellant*

*Versus*

*STATE LIFE INSURANCE CORPORATION OF PAKISTAN  
through Chairman and another — Respondents*

Regular First Appeal No. 186 of 2008 decided on 17th December, 2014

**(a) Insurance Ordinance (XXXIX of 2000)---**

----Ss. 118 & 124---Appellant / claimant impugned order of Insurance Tribunal whereby claim of additional liquidated damages of appellant was rejected and she was only held entitled to receive the amount of liquidated damages already paid to appellant by the Insurance Corporation---Held, that an additional amount as liquidated damages was received by the appellant from the Insurance Corporation but there was dissatisfaction on part of the appellant as to the quantum of such amount of liquidated damages, but neither any period as to the entitlement of the appellant to receive such liquidated damages nor any amount, except one which was calculated by the Insurance Corporation and paid to the appellant, were provided by the appellant--- In absence of any exact calculation to the contrary, the Insurance Tribunal was right in depending upon calculation made by the Insurance Corporation towards the entitlement of the appellant in respect of the amount of the liquidated damages ---Appeal was dismissed, in circumstances.

**(b) Insurance Ordinance (XXXIX of 2000)---**

---S. 118---Limitation Act (IX of 1908), Art. 86(a) ---Computation of period of limitation for filing of claim/application before the Insurance Tribunal under S. 118 of the Insurance Ordinance, 2000---Claims arising before the constitution of the Insurance Tribunal under S. 118 of the Insurance Ordinance, 2000 ---Insured died on 12-10-2001 and application of claimant under S. 118 of the Insurance Ordinance, 2000; before Insurance Tribunal was rejected on the ground that the same was barred by time--- Held, that period of limitation of three years provided in Art. 86(a) of the Schedule to the Limitation Act, 1908 was to run from date when the sum insured was payable after proof of death had been given or received by the insurer--- Insurance Tribunal came into existence with effect from 20-6-2006 and before said date; the claimant had been approaching different forums like the Ombudsman, the President, the High Court and immediately after the constitution of the Insurance Tribunal, under the Insurance Ordinance, 2000; the claimant within three months approached the Insurance Tribunal therefore claimant

could not be held guilty of any delay in lodging of application under S. 118 of the Insurance Ordinance, 2000 despite the fact that the insured had passed away on 12-10-2001--- High Court observed that in the present case, limitation could not be treated to commence from date of death of the insured; rather the same would start from 20-6-2006 when the forum for lodging of such application under S. 118 of the Insurance Ordinance, 2000 was established; and therefore application of appellant under S. 118 of the Insurance Ordinance, 2000 was not barred by time.

**Liaqat Ali Butt for Appellant.**

Ali Akbar Qureshi and Ibrar Ahmad with Safdar Ali Qureshi, Law Officer, State Life Insurance Corporation for Respondents.

Date of hearing: 11th September, 2014.

**JUDGMENT**

**IBAD-UR-REHMAN LODHI, J.---**  
This is an appeal arising out of judgment passed by the learned Insurance Tribunal Punjab, Lahore, on 29-0-2008, whereby, the application of present appellant-Mst.

Naseem Bibi, was dismissed.

**2.** The appellant's husband Farrukh Bashir was associated with the State Life Insurance Corporation of Pakistan, who died on 12-10-2001, where-after a claim under Policy FSG-00015 (Field Self Subscribed Group Insurance) was lodged with the Insurance Corporation, which was declined on 21-10-2003.

**3.** In absence of any Insurance Tribunal, which in fact, came into an existence w.e.f. 20-6-2006, the present appellant; firstly, approached the Ombudsman and complaint of the appellant was decided by the Ombudsman in her favor on 8-3-2003, and respondent-Corporation was held bound to pay liquidated damages in addition to group insurance policy proceeds to the appellant.

**4.** From the record, it is evident that on 30-7-2003, an amount of Rs. 11, 95,500 was paid by the Corporation to the appellant towards insurance policy amount, whereas, an additional amount of Rs. 1,24,278 towards liquidated damages was paid by the Corporation to the appellant on 19-1-2004, on account of Writ Petition No. 18024 of 2003, which was filed before this Court, seeking implementation of the findings of the learned Ombudsman, which was, however, rejected on 1-9-2005, and again when a Constitutional petition was pending in this Court, on account of the constitution of the Insurance Tribunal on 20-6-2006, the Appellant filed an application under section 118 of the Insurance Ordinance, 2000, before the Tribunal on 30-9-2006.

**5.** The application was contested by the Corporation on merits as also on the point of limitation.

**6.** The learned Insurance Tribunal, vide impugned judgment dated 29-3-2008, has not only dismissed the application on merits, but also held the same as being barred by time in

view of Article 86(a) of the limitation Act, 1908.

**7.** On merits, we are in agreement with the findings of the learned Insurance Tribunal, as admittedly the amount of Rs. 1, 24,278 was received by the appellant in addition to the policy amount from the Corporation. Although, there seems to be some dissatisfaction on the part of the appellant as to the quantum of amount of liquidated damages, but neither any relevant period as to the entitlement of the appellant to receive such liquidated damages nor any other amount, were provided by the appellant. In absence of any exact calculation, the learned Insurance Tribunal was right in depending upon the calculation made by the Corporation towards the entitlement of the appellant in respect of the amount of liquidated damages.

**8.** However, on the point of limitation, we have some reservations as to the findings of the learned Insurance Tribunal. In this matter, the application for obtaining the policy amount along with all other allied benefits was filed by the appellant before the learned Insurance Tribunal on 30-9-2006.

**9.** The husband of the appellant, who was insured with the Insurance Corporation died on 12-10-2001, and by keeping these two dates before it, the learned Insurance Tribunal has, in a cursory manner, held the application before it as being barred by time in view of the provisions of Article 86(a) of the Limitation Act, 1908. In the said Article, description of suit is provided in the following words:-

“On a policy of insurance when the sum insured is payable after proof of the death has been given to or received by the insurers”.

**10.** The learned Insurance Tribunal came into an existence only w.e.f. 20-6-2006 and before that, after the death of the insurer, the appellant had been

approaching the different forums, like; the Ombudsman, the President, the High Court, and immediately after the constitution of the Insurance Tribunal under the Insurance Ordinance, 2000, she, within three months, approached the learned Insurance Tribunal; therefore, she cannot be held guilty of any delay in lodging her claim by means of an application under section 118 of the Insurance Ordinance, 2000, despite the fact that her husband/deceased insured, passed away on 12-10-2001. The claim of the appellant, which was lodged before the learned Insurance Corporation, was declined by the Corporation on 21-10-2003, and in this particular case, the limitation could not be treated to commence from the date of death, rather it would start from 20-6-2006, when the forum for lodging such application under section 118 of the Insurance Ordinance, 2000, was provided and if from such point of time, the limitation is counted, the application moved before the learned Insurance Tribunal was not barred by any time, as such, the findings arrived at by the learned Insurance Tribunal on Issue No.3, holding that the application under section 118 of the Insurance Ordinance, 2000, was barred by time are reversed and it is held that the application moved before the learned Insurance Tribunal was within time.

**11.** On merits, the appellant was rightly held as not entitled to claim any additional amount of liquidated damages in absence of any exact claim towards such entitlement put forth by her before the Tribunal.

**12.** Result is that the appeal merits dismissal and the same is, therefore, dismissed.

**KMZ/N-1/L**

**Appeal dismissed.**







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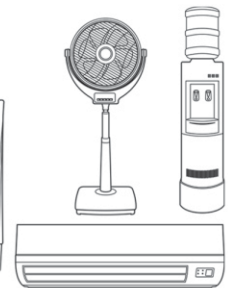
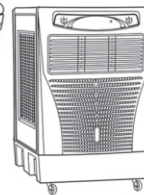
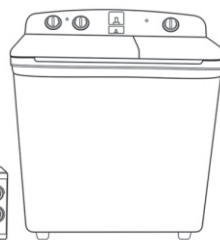
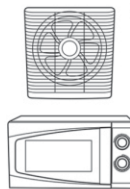
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