

UNDER COVID-19 TEST TAKAFUL/ CONVENTIONAL INSURANCE INDUSTRY NEEDS DIGITAL LIFELINE

* Due to lockdown govt must pull Islamic Finance sector into essential services to resume its business activities

* PQGTL has advance technology to ensure its availability and continuity of services

Interview with Muhammad Nasir Ali Syed — CEO, Pak-Qatar General Takaful Limited

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PAGE: Tell me something about yourself and your organization, please:

Muhammad Nasir Ali Syed: I am vision-oriented person and have a clear purpose of life and I try to maintain balance in life. We are answerable to almighty Allah and have to spend life according to the guidance and directions given by our creator. My parents have been a great source of motivation and I try my level best to follow their professional approach and positive traits. Alhamdulillah, I have over twenty-seven years of experience in the rich diversified areas viz. Group Operations, Individual Operations, Claims, Reinsurance/Retakaful & Corporate Distribution of Life Insurance & Takaful Industry of Pakistan.

I started my career as a Life Underwriter with American Life Insurance Company (Pakistan) Ltd (ALICO) as a founding member in June 1995. Then moved to Commercial Union Life Assurance (CU), where I strived to build the foundation of Group Health & Claim Operations. After assuming multiple senior level positions in New Jubilee Life Insurance, I joined Pak-Qatar Family Takaful Limited as Head of Operations in 2007. Being the founding member of Pak-Qatar Family Takaful Limited, I shared my experience & knowledge to build the foundation of Pakistan's First Family Takaful Company's Operations. I worked as Chief Executive Officer of Pak-Qatar Family Takaful Ltd from September 2012 till February 2020.

I joined Pak-Qatar General Takaful Limited (PQGTL) as Chief Executive Officer in March 2020. Pak-Qatar General Takaful is a part of Pak-Qatar Takaful



Group. Pak-Qatar Takaful Group is Pakistan's pioneer and the largest Takaful group with over a decade of operational excellence and 120+ branches all over the country. I am proud to be a part of Takaful industry.

Takaful is a Shariah compliant alternative to conventional Insurance. In the current age, the need and importance of Insurance cannot be overlooked, but the current principles and practices used in insurance are against the teachings of our religion. Islamic scholars have deliberated over this matter for years and devised the concept of Takaful. It will not be possible for me to summarize that effort of years within few lines, but briefly we can say that the three elements which are forbidden in any sales-purchase agreement namely Riba (interest), Qimar/Maysir (gambling) and Gharrar (uncertainty) are avoided in Takaful (Tabbaru Agreement) by creating a model on the principles of Tabarru (charity) and Waqf (similar to mortmain).

PAGE: Has coronavirus (COVID 19) affected the activities related to Islamic finance in Pakistan?

Muhammad Nasir Ali Syed: Yes,

COVID-19 has drastically affected the activities and has not included Takaful/Conventional Insurance industry in the category of essentials like Banks. Lockdown impacted adversely on business continuity and client services, which is the core function of Insurance/Takaful industry. The most critical challenge is non-inclusion of Insurance/Takaful industry into essential services similar to banking services. Potential impact of COVID-19 due to lockdown is impacting deeply on industry both short-term and long-term financial outlooks. All main lines of general insurance business activities drastically impacted due to pandemic of COVID-19.

As a nation, we are working to improve financial inclusion. According the World Bank report, only 13% of adult Pakistani population has a formal bank account. Life and general insurance penetration in Pakistan is lowest in the region. Non-life insurance sector's growth is driven by economic activities of the country. Under the supervision of Securities and Exchange Commission of Pakistan (SECP), the insurance industry is trying to contribute and play its key role to keep the country's economy

resilient to the financial shock by providing appropriate risk sharing mechanism through Takaful or risk transfer mechanism through conventional insurance.

Pak-Qatar General Takaful has in place its Business Continuity & Disaster Recovery Plan to this challenge of COVID-19. In its Business Continuity Plan (BCP), PQGTL has covered all major functions and processes, including but not limited to, sales & distribution, agency management, underwriting, policy issuance, claims (intimation, adjudication and payment), Information Technology services, complaints redressal, etc. Due to the advancement of technology and digital medium, i.e., Web portals, Mobile applications; PQGTL is providing 24/7 services to its participants/customers and ensuring the availability and continuity of services without interruptions. In order to ensure timely communication, 24/7 Call Center is also active and cater to customers' queries especially claims without any delays.

PAGE: What is the current state of Takaful activities and what do you perceive after the elimination of COVID 19?

Muhammad Nasir Ali Syed: Due to pandemic situation and in order to stop the spread of the virus, lockdown and social distancing is in effect measures across the country and activities are limited to essential services only. As a result, 80-85% normal industrial or economic activities are suspended in the country.

Marine Insurance/Takaful Business: As a result of lockdown and due to limited cargo activities at seaports and airports, marine related businesses are affected. The inland transit movement is also at a slow pace which consequentially impact on marine business underwriting.

Travel Insurance/Takaful Coverage: Travel related all activities are suspended and people are staying at home or avoid unnecessary travelling. Flight schedule changed across the globe with limited flights. As a result, Travel Insurance/Takaful business is almost suspended.

Fire Business: Most of manufacturing sectors and related economic activities are suspended. Due to less activity of stock pledging, less leasing related activities are resulting in low demand of protection or coverage.

Motor Business: The auto industry is closed as a result of lockdown. Banks

are performing essential services with limited staff. As a result, demand of new Motor Insurance/Takaful coverage has come to a halt. Owing to lockdown and suspension of financial activities, customer services starting from distribution, agents, brokers to claims, our survey teams are facing serious financial and logistical challenges as they also have to work from home. Remuneration/Commission of agents and brokers is based on activities and production of business. Face-to-face meetings with prospects and clients may have to be avoided until the risk of exposure passes.

COVID-19 is now part of our life and the only way to fight is to adjust ourselves and our lifestyle. It can only be controlled by the development of vaccine, which will take some time. I perceive life after COVID-19 will be different from today. Instead of reacting to noises, we have to see the facts and develop our strategy for them. It all depends on how our government and nation respond. As a young population (better immune system) and geographic location of Pakistan, the impact of COVID-19 would not be same as we have seen in West. We will be more dependent on digital and online mode of services.

PAGE: Could you tell me about the concept of working from home for the employees working in the Islamic finance sector of Pakistan?

Muhammad Nasir Ali Syed: Concept of working from home for the Islamic Finance sector of Pakistan is new. From continuity of services and operations it is maturing and helping financial sector to gain confidence and trust of custom-

ers. Companies are improving their SOPs and processes. However, from front office point of view and based on ground reality that only 13% to 17% population having formal bank account or less than 1% insurance penetration, work from home not helping to gain the confidence and trust of a common person. In our society, especially related to financial matters, people still prefer face-to-face meeting and discussion. From Operational service-related issues, Pak-Qatar Takaful Group's investment in IT/digital capabilities helped us in these critical times to maintain services and communications with internal customers, external customers and service providers.

PAGE: Kindly tell us about the support from the government in these trying times?

Muhammad Nasir Ali Syed: The top priority of all governments across the globe is to save lives, improving medical infrastructure and fight against hunger, especially people living below poverty baseline. Lockdown and social distancing are the unique experience of our life, which we never planned for. According to a 2017 study, Pakistan's Gross National Saving is only 6.9% of GDP, which is 139th out of 170 countries. Government should relax and allow the Islamic Finance sector to resume its business activities and play its part in economic growth. There are large population, which is directly or indirectly related to the Islamic Finance sector and due to lockdown unable to resume their services, especially, people working on the Commission are unable to generate their income.■

"There are people in the world so hungry, that God cannot appear to them except in the form of bread."

MAHATMA GANDHI

"What a weary time those years were — to have the desire and the need to live but not the ability."

CHARLES BUKOWSKI

"There is no Them. There are only facets of Us."

JOHN GREEN

"We are not rich by what we possess but by what we can do without."

IMMANUEL KANT

"Poverty is the parent of revolution and crime."

ARISTOTLE

"There is always more misery among the lower classes than there is humanity in the higher."

VICTOR HUGO