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# International Information Exchange

Country: **Pakistan**

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**Pakistan**

# PAKISTAN FACT SHEET: Country Overview

Criteria	Data/Stats		Source/Year
National Land	796,095 km <sup>2</sup>		Statistics Bureau, Ministry of Internal Affairs and Communication
Climate/Weather	Islamabad	Average Yearly Temp.: 23 °C Annual Rainfall: “-” mm	Statistics Bureau (2010)
Population	182,490 (Thousand )		Statistics Bureau (2013)
Young Population (0-14)	79,219 (Thousand, 43.41%)		
Productive Population (15-64)	96,884 (Thousand, 53.09%)		
Elderly Population (Over 65)	6,387.15 (Thousand, 3.50%)		
# of Households and Ave.ppl/h.h	19,211 (Thousand) / 6.8 ppl		Statistics Bureau (1998-Census)
Average Life Expectancy	Male: 63.6 / Female: 65.4		“WHO Pakistan”(2010)
Total Fertility Rate (*)	3.07		Ministry of Finance (2013)
GDP (Nominal GDP)	236.518 (USD Billion )		IMF (2013)
GDP per Capita	12.95 (USD \$)		IMF(2013)
Social Security Program	EOBI (Employee Old Age Benefit)		

# of average people in a house hold

Any remarks you choose

## Remarks

Pakistan is the 6th most populous country and the 36th largest country in the world in terms of land area with a coast line of 1,046 km along the Arabian Sea and the Gulf of Oman. Pakistan is a federal parliamentary republic consisting of four provinces and four federal territories. It is an ethnically and linguistically diverse country, with a similar variation in its geography and wildlife. It has a semi-industrialized economy with a well-integrated agriculture sector.

(\*) TFR: The average number of children that would be born to a woman over her reproductive life (15~49).

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# 2012 LIFE INSURANCE INDUSTRY FAST FACTS

Sum of insured amount

Type	New Business		Policy In-Force		Average Policy per Person	
	# of Policies	S	# of Policies	S	# of Policies	S
Individual	266	2,100	1,007	6,898	0.006	38
Indiv. Annuity	"_"	"_"	"_"	"_"	"_"	"_"
Group	425	2,539	3,040	17,412	0.016	96

(US\$ Million)

Criteria	Data/Stats	
# of Life Insurers	9	
Net Premium Income	810	
Payment of Insurance Claim	330	
Total Assets	7841	
Main Products	Unit Link, Endowment, Whole Life, Medical, Term, Saving	
Distribution Channel	Tied-Agents	95,000
	Agencies	Corporate "5"
	Mail Order, Internet	"_"

\*Calculated based on the exchange rate of PKR 100=US\$1

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# Challenges of Pakistan's Life Insurance Industry

## ❑ Education and awareness

Given the low GDP per capita, spending on something additional with uncertain benefits is not easy. Or perhaps it is because Pakistanis do not know the benefits of using these tools and that little effort has been made to educate the masses about this aspect of the financial industry. In order to deal with the issues, significant investments will be required to reach out to the public and educate them.

## ❑ Ambiguity in regulatory statutes

Insurance industry in Pakistan is currently in its infancy stage and given how recently the rules were formulated by the Securities and Exchange Commission, a lot of aspects need clarity.

## ❑ Thin margins

Unlike the insurance companies, the Takaful operators' primary source of revenue is the Wakala fee. This has relatively little room to maneuver and so they will need to work very hard to ensure that their operations are not just effective but also lean. Thus we see that the challenges are not small by any measure but they can definitely be overcome. If the present and future Takaful operators are not just looking at going after those individuals who are "religion-centric", they need to look at positioning their offerings in a slightly different manner. The key selling proposition would have to be that Takaful products should be based on the following variables: need-based, appropriate pricing and immaculate customer service.

## ❑ Developing New Products That Meet Customer Needs

With the insurance penetration rate of 0.3% and unawareness of insurance among masses has hindered the Insurance/Takaful companies to develop further new products.