

Insurance companies trying to open Takaful windows

Interview

Amanullah Khan

THE conventional insurance companies have approached the government for getting permission for opening of windows for Takaful business side by side the conventional insurance business. If it is allowed, this would not only discourage huge inflow of foreign investment which in the pipeline in Takaful business but would hurt the dedicated Takaful companies. Actually, the government while allowing Takaful business in Pakistan had agreed in principle to give a five year time to dedicated Takaful companies to operate without any interference from conventional companies. These observations were made by M. Vaqaruddin, Chief Executive Officer of Pak-Qatar General Takaful in an interview.

He possesses an experience of 27 in General Insurance Operations.

He worked in various senior positions in the leading insurance companies including Adamjee Insurance Company, CIGNA now Ace Insurance Company (American), CGU International Insurance Company (British). Vaqar was the general manager for Pakistan in CGU when AVIVA for Commercial Union decided to close their operations in Pakistan following the strategic decision by their board in which they decided to withdraw from smaller territories. CGU passed on all their business to New Jubilee Insurance Company in 2003. Vaqaruddin was taken as Executive Vice President in NJI. He has joined Pak-Qatar General Takaful as its CEO in February 2007. Vaqar said that Takaful an Islamic way of insurance is near to the religious feelings of the people of Pakistan; he said that the target market of this new entity will be a large portion of population who do not purchase insurance policies due

to their feelings against conventional insurance which they feel is against the concept of Tawakkul. However, once Takaful concept of Islamic Insurance is understood and accepted by the people it is expected that this would give a tremendous boost to the Takaful business in Pakistan. Actually people who desire to buy Shariah compliant products were eagerly waiting for this to be made available to them. He substantiated his statement by referring to tremendous response of the people as the company within a short span of three months since its inception has done an impressive business, which will continue to grow with our campaign to create awareness among the people.

Vaqar while expressing his confidence about ample scope of growth of Takaful business in Pakistan raised a pertinent point during the course of discussion that Takaful business has a great potential to attractive foreign investment

in Pakistan and one can see that major investors have already arrived Pakistan from the Middle East region while many more companies are in the pipeline. However, he suggested that dedicated Takaful companies should be allowed to carry on business if we desire to attract more investment in this business. Referring to the possibilities of window operation by conventional insurance companies is feared to hurt the growth of this newly introduced sector in the country. Actually like Islamic Banking, which has been allowed to the conventional banks to open special counters for Islamic Banking, the similar trend is like to go in the insurance sector as well. The conventional insurance companies were also trying to convince the regulators to allow them to open window business of Takaful along with the conventional insurance. In a way, Vaqar has raised a valid point because the Takaful concept is rela-

tively new in Pakistan and deserves a reasonable time to take roots in the society without uncalled for teething problems. Actually at the time of introducing Takaful it was ensured by the government that window operation would not be allowed at least for period of five years to allow the Takaful companies to grow smoothly. In fact, there is a move initiated by the conventional insurance companies in which they have approached the government to allow them window operations.

Vaqar was of the view that government should maintain its commitment and let the five year period complete in the interest of the dedicated Takaful business as well as attract more foreign investment in this sector. In fact, Takaful is an alternative of existing conventional insurance, which is being carried out by over 48 companies in Pakistan. Since it is an alternative to conventional insurance, Takaful

offers all sorts of coverage being provided by the conventional system hence this Islamic way of insurance does not lack or lag behind the conventional one, he said. However the concept and process is different from what it with the conventional system because Takaful is a Shariah based service and very near to the desires of the majority of the population in Pakistan.

When his attention was drawn towards the trend of a joint business operations by banks and the insurance companies as most of the insurance companies have a backing of the banks clientele, Vaqar said yes this combination helps both the banks and insurance companies to enhance their secured business. As far as Pak-Qatar Takaful was concerned, Qatar International Islamic bank and Qatar Islamic Insurance Company promoted it. This group as you has already committed to invest over \$2 billion in Pakistan in different projects.