



# NEWSLETTER

## (Third Quarter)

Vol.1

General Directorate of Takaful & Insurance - Ministry of Finance

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### 1. Message from the Director General:

As the insurance helps in providing protection against financial risks to various segments the society and supports economic development, it



also helps in providing protection to business and investment activities. The insurance industry, just like other parts of financial sector, remain crucial to providing and facilitating a secure and stable macroeconomic environment in the country.

In most of the developed as well as many developing economies, the contribution of insurance industry remains high as a percentage of their GDP. However, like other sectors of the economy, the insurance industry in Afghanistan remained underdeveloped due to instable political situation in last three decades. Now, with the continuously improving political and economic situation, supported by the international community, the country's business sectors are showing promising future, including the insurance industry.

At the General Directorate of Takaful and Insurance (GDTI), under the leadership of the Ministry of Finance, we are striving to further develop the insurance industry and strengthen the protection of insurance policyholders. The GDTI has also initiated measures for the development of the insurance market through the better regulatory framework and suitable amendments in the

insurance market development activities and public awareness programs across the country to educate the mass public and enhance insurance literacy. GDTI has also successfully established bilateral relationships and cooperation with various insurance regulators in other countries. With its continued efforts, the GDTI has been recognized by the World Bank in its validation exercise as one of the top performers in attainment of the strategic goals.

The GDTI remains grateful to the Ministry of Finance for its continued encouragement and support. It also remains thankful to its donors and development partners for helping out in the development of the insurance sector and achieving the strategic objectives. GDTI also remains committed to continue efforts to foster a well-developed and stable insurance market, where policyholders are protected and transparent market practices result in flourishing economic development.

*Mohammad Musa Kamawi*  
*Director General of GDTI*

## 2. Events:

### **GDTI Inaugurates Insurance and Takaful Supervisory Database**



On December 5, 2020, General Director of Takaful and Insurance (GDTI), Mr. Musa Kamawi, along with General Director of IT in the Ministry of Finance, and GDTI's Directors and Advisers, inaugurated GDTI's supervisory database. At this event, Mr. Kamawi explained the importance of this system and talked about how this system will be exerted in Takaful and Insurance sector.

The supervisory database brings transparency and accountability in the Insurance sector. It will pave the way to get easy access to data, and it will facilitate the ongoing observation activities of Insurers. This will also help the GDTI to get the precise reports and data regarding insurance companies and operators.

### **GDTI Presents its Financial Performance Improvement Plan (FPIP) to the World Bank**



On November 25, 2020, in a virtual meeting, General Director of GDTI, Mr. Musa Kamawi, along with the Directorate's senior's staff, presented the Directorate's Financial Performance Improvement Plan (FPIP) to Mrs. Aminata and Mrs. Serap, Financial specialists in the World Bank. GDTI prepares annual plan for FPIP to get fund for its activities. Therefore, the GDTI reports from its performance to the World Bank in semi-annual and annual bases. The World Bank, based on the performance, rates the activity of the GDTI and asks for evidence of the achieved activities. The World Bank specialists praised GDTI's activities and achievements and promised the Bank's constant cooperation with the GDTI.

### **GDTI Officials Meet with ATRA**



On November 23, 2020, GDTI senior officials met with Said Belal Hashimi, deputy of Afghanistan Telecom Regulatory Authority of Afghanistan (ATRA), in his office. In this meeting, Abdul Wajed Azizi, Director for Insurance Legislation and Policy, introduced the Takaful and Insurance Directorate and its role in economic development in Afghanistan. He also provided information about fire insurance, which, according to President's office, has become one of the priorities in the insurance sector.

At the end, both sides agreed to hold a one day workshop regarding insurance awareness for telecommunication sector. Mr. Hashimi thanked the GDTI for proposing to have a workshop and

promised to cooperate with the Directorate in holding it.

### **Capital Star Insurance Company was inaugurated**



On November 14, 2020, the Capital Star Insurance Company was inaugurated. The inauguration ceremony was attended by GDTI's officials, Minister of Commerce and Industry, Minister of Labor and Social Affairs, Ministry of Information and Technology Ministry, Members of Parliament, and representatives from private and banking sectors.

In this event, most of the participants delivered speeches and talked about importance of insurance sector in the country. They also said that the insurances sector should be expanded and thanked GDTI's cooperation with the insurance companies.

### **GDTI Conducts Awareness Workshop at the Jahan University**



On November 14, 2020, GDTI conducted an awareness workshop under the name of

“Insurance Awareness” at the Jahan University. At onset of the event, Mr. Abdul Hakim Noori, General Directorate of Jahan University, talked about insurance role in economic development. Consequently, Mr. Musa Kamawi, General Director of GDTI, talked on how Takaful and Insurance can reduce poverty and how they can increase revenue in the country.

According to the agenda, Hamed Karyab, head of Tasheel Department in the GDTI, delivered a presentation on Takaful and Insurance. Following to Karyab, representatives from a number of insurance companies provided information about their insurance services. In addition, Mr. Wajed Azizi, Director for Insurance Legislation and Policy, answered the participants' question with respect Takaful and Insurance. At the end, Mr. Hamidullah Bashar, head of Economic Faculty at the Jahan University, thanked the GDTI for holding this effective workshop and said that we are looking forward to further cooperation with the GDTI.

### **GDTI General Director Virtually Meets with Afghanistan Ambassador to the Kingdom of Saudi Arabia**



On October 13, 2020, Mr. Musa Kamawi, General Director of GDTI, virtually met with Ahmad Jawid Mujadid, Afghanistan's Ambassador and Special Envoy to the Kingdom of Saudi Arabia. In this meeting, both sides talked about implementation of a MoU between Afghanistan and Kingdom of Saudi Arabia, which its draft has been sent to Afghanistan Ministry of Justice and Foreign Affairs. They also talked about forging coordination within the government institutions regarding Takaful and

Insurance. They also decided to establish a joint team to work on finalizing the MoU.

### **GDTI General Director Meets with General Director of CRIP**



On October 11, Mr. Musa Kamawi, General Director of GDTI, met with Mohammad Isa Mayar, head of Central Registration and Intellectual Property (CRIP). In this meeting, Mr. Kamawi talked about importance of fire insurance in economic stability and called for cooperation between GDTI and CRIP in implementing the fire insurance policies. Mr. Mayar said that his office is ready to cooperate with GDTI to implement this policy. Also, in this meeting, both sides agreed to create a joint working team to follow up the implementation process of the policy.

### **GDTI Sends the First Draft of Insurance Law to Afghanistan Cabinet**



In November 2020, the Insurance law, which has been approved by the Ministry of Justice, has been sent to the Afghanistan's cabinet to be approved. This law consists of 14 chapters and 177 articles. The law brings a considerable facilitation in investments in areas such as insurance services, compulsory insurance services, financial enablers,

insurance audit and monitoring, and expanding and managing insurance risks.

### **3. Frequently Asked Questions:**

#### **1. What is GDTI's role and functions in the insurance sector?**

Below are GDTI's role in Takaful and Insurance sector:

1. Developing, preparing, implementing, and monitoring the insurance sector's strategies and policies
2. Developing, preparing, and implementing plans to expand the insurance sector
3. Monitoring of insurance activities in accordance with law and rules
4. Issuing, renewing, and abolishing of insurance license in accordance with the law, rule, guideline, and other legislative documents
5. Signing agreements, contracts, and MoUs with foreign countries, international organizations, intergovernmental organizations, and foreign companies in accordance with law
6. Exchanging information and experiences with foreign countries, international organizations, and private companies
7. Developing legislative documents, bills, guidelines, policies, and issuing an instruction for newly established insurance companies
8. Considering the plaintiffs' complaints regarding insurance and discerning of offenders in accordance with the law and other legislative documents and bills
9. Disseminating and dispersing reports and information regarding insurance in the country
10. Creating a financial and technical resource for the expansion of the insurance sector and financing risks management
11. Identifying, analyzing, and managing current and future risks in different sectors and covering them by using insurance methods

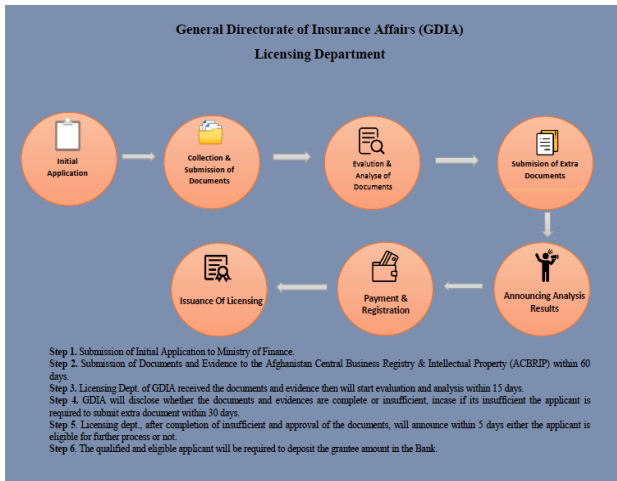
## 2. Why the insurance sector does not expand?

Below are the main reasons that the insurance does not expand in Afghanistan:

1. Lack of awareness among the people regarding perks and benefits of the insurance sector on their economy
2. The negative mentality among people regarding insurance is prevalent that is why insurance sector expansion has been slow in Afghanistan
3. Lack of information among business owners about insurance's importance and benefits
4. Lack of attention on the insurance sector as a government's major economy and a source of revenue

## 4. GDTI as Your Mentor (Business Tips for Future Business owners):

### How to Start a Business in Insurance Sector?



## 5. Insurance Sector International News: What is insurance?

Insurance is an arrangement with an insurance firm under which you pay them regular amounts of money and they agree to cover your costs if a certain unfortunate event occurs, for example a traffic accident, damage to property or illness. Insurance, however, may also be arranged for a common event, e.g. if you reach a certain age. An event covered by insurance is referred to as an **insurance event**. The



person to whom such an event occurs or may occur is called the **person insured**. When an insurance event occurs (you get ill, suffers an accident, reach a certain age), the insurer will pay you a certain amount of money referred to as an **insurance benefit / claim paid**. The insurance benefit / claim paid will help you or your family to **overcome the financial difficulties or increased costs** that may arise from an insurance event. This means that by arranging insurance you obtain **insurance cover against a certain risk**.

As any other service, insurance is not provided free of charge. The insurer promises to pay you a benefit / claim amount as agreed in the insurance contract, upon the occurrence of an insurance event. The price you are to pay for this service is the **insurance premium**. The person who takes out an insurance policy and pays insurance premiums is called the **policyholder**. The insurance premium is payable in monthly, quarterly or annual installments as a rule, but it may also be paid in a single payment.

In addition, the insurer may charge you various fees. Hence, ask the insurer how much you will be required to pay in fees and other costs. This is particularly important in the case of life assurance. Are you aware of the fact that life assurance fees are rather high, especially in the first few years?

Link: <https://www.nbs.sk/en/consumer/consumer/how-to-choose-insurance/1-what-is-insurance>

## Most common Types of Insurance



### Why is Insurance Important?

All of us wish to achieve financial freedom at some point in our life, and when it comes to doing that, we tend to believe that savings are enough to be financially stable. But, if you look at life from a practical perspective, you would understand that savings alone are not enough to achieve financial freedom; insuring your assets with general insurance policies is equally important.

However, some people believe that they do not require general insurance policies as they can save enough money to replace their assets should anything happen to them. But, consider a situation when you have to wipe off all that you've saved all your life, just to pay for your medical bills or a car that is damaged beyond repair.

### What is General Insurance?

**General insurance**, by definition, is the group of non-life insurance policies that provide insurance cover for motor vehicles, houses, health, and travel. These policies have to be renewed according to the tenure prescribed in their respective policy documents, and these have a particular sum insured which is reimbursed depending on the loss from a particular financial event. Typically, it is defined as any insurance type that is does not come under life insurance.

### Why Is Insurance Important?

Buying insurance is important as it ensures that you are financially secure to face any type of problem in life, and this is why insurance is a very important part of financial planning. A general insurance company offers insurance policies to secure health,

travel, motor vehicle, and home. The convenient part of it is that you can purchase all these insurance policies online nowadays.

### Here are the Main Reasons Why Having Insurance is Necessary: -

#### 1. Financially Security

No matter how much you are earning or how much you have saved; your financial position can be dented by an unexpected event in a moment. So, the best way to become financially secure is to cover yourself, your family, and your assets with insurance. You can buy or renew insurance online and receive a payout for financial support, in case there happens to be an unforeseen event.

#### 2. Transfer of Risk

The contract of insurance works on the 'principle of transfer of financial risk from the insured to the insurer'. As an insured, you pay premiums to receive compensation from the insurer, in case of occurrence of an unforeseen event. So, having insurance reduces the financial burden on your shoulders.

#### 3. Complete Protection for You and Your Family

Family is the most important asset that you have and your family also depends on you for financial support. This is why it is important to make sure that you and your family are completely secure to face any emergency.

#### 4. No More Stress or Tension during Difficult Times

None of us can see the future or predetermine the future events. Any unforeseen tragedy can leave you physically, mentally, and financially strained. So, if you have insurance to take care of the outcomes of such tragedies such as illness, injury or permanent disability, even death- you save yourself and your family from tension and stress. With insurance in place, any financial stress will be taken care of, and you can focus on your recovery.

#### 5. Some Types of Insurances are Compulsory

Insurance is necessary because sometimes it is mandatory as per the law. An example of this is motor insurance. As per the Motor Vehicle Act of 1988, it is compulsory to have at least a third-party motor insurance for every motor vehicle plying on road in India. Motor insurances come in really handy during claims. At IFFCO Tokio, we have improved it even further with our

Quick Claim Settlement process which, as the name suggests, expedites the settlement of claims.

#### **5. Peace of Mind**

Having insurance offers you financial security and also peace of mind. No amount of money can replace your peace of mind. So, when you have insurance you know that you are secured against any unforeseen events in life, and this gives you complete peace of mind.

The sum of all these reasons provides enough reason as to why insurance is necessary. And with the convenience that you have to buy insurance online from a general insurance company like IFFCO Tokio to secure you, your family, and your assets, both financial freedom, as well as peace of mind, is pretty achievable.

Link: <https://www.iffcotokio.co.in/general-insurance/why-is-insurance-important>



#### **6. Stay Engaged with GDTI?**

For the 1<sup>th</sup> quarter of 2021, GDTI is planning to have the following activities:

1. Upgrading, maintaining, and registration of insurer information
2. Supervision of the insurance sector
3. Issuing and renewing new insurance license

4. Develop a guideline for Article of Association for all Claim handling mechanism
5. Developing dispute resolution mechanism
6. Launching GDTI's Task Management System