

# SHMA CONSULTING

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## SIR CONSULTANTS

### QUARTERLY NEWSLETTER



## REDEFINING THE INSURANCE WORLD

### Annual Conference 2019

SIR Consultants (Pvt.) Ltd organized its Annual Conference themed "Redefining the Insurance World" on June 27, 2019 in Karachi. Conference was attended by approximately 200 participants which included fellows and associates of Society of Actuaries, ICAP members, senior officials from insurance industry and other professionals.

Farrukh Sabzwari Chairman SECP was the chief guest. In his speech, He reaffirmed his commitment to the continued development of insurance industry in Pakistan. The Chairman expressed his support for a collaborative effort in developing a road map for implementation of IFRS-17. He apprised about the recent steps taken by the SECP. These include setting up a dedicated market development department, proposal to introduce occupational health insurance scheme, and proposed legislative amendments related to third party motor liability insurance and compulsory group life insurance.



In the first panel session, a discussion on "Operationalizing IFRS 17 – What are the practical challenges?" was moderated by Muhammad Usama Dangra, Consulting Actuary - SHMA Consulting. The panel comprised of Farrukh Rehman, Chairman - Accounting Standard Board ICAP, Ali Nadeem, COO - IGI Life Insurance Ltd, Abdul Moid Ahmed Khan, Consulting Actuary and Hena Sadiq, Partner - Audit and Assurance at Deloitte Yousuf Adil. The panel concluded that a pragmatic deadline needs to be set for IFRS 17 implementation but before that insurance companies must embrace the change, start planning before it is too late.

The second panel discussion moderated by Muhammad Saeed Zafar Consulting Actuary - SHMA Consulting shed light on the "Current challenges of life insurance and best possible solutions". The esteemed panelists for the session included Ali Omer Golam Morshed, CEO - Sidat Hyder Morshed Associates, Muhammad Ali Executive, Director - EFU Life Assurance Ltd and Syed Nayyar Hussain Zaidi, Director Insurance at SECP. The panel deduced that the ICAP, SECP and insurance companies should be considerate of each other problems and must work together in finding solutions, which are beneficial for the companies and the government.







Hussain Feroz, Head of Actuarial Department at FWU, UAE, presented on “Unit linked Products” and compared the regulatory environment and pricing of the markets in Pakistan, India and UAE. He emphasized that to prosper we need to learn from all markets around the world and stay on top of the innovation ladder.

Hammad Raza Khan, EVP at Oman Insurance Company – UAE, delivered a presentation on the “Best Practices of Insurance.” He informed the participants about the rapid developments in the insurance industry which aim to make the sector more customer centric and friendly. He stressed that it is crucial for the Pakistani market to break from the current regime and incorporate these changes as soon as possible to flourish.



Ali Omer Golam Morshed delivered an enlightening presentation on the “Regulatory Role of Actuaries”. He compared the roles and responsibilities of an actuary and discussed the challenges face by the profession in Pakistan and around the world.

At the end, Muhammad Asif Iqbal offered a hearty vote of thanks to the Chief Guest, all guest speakers, participants and organizing team. He also announced that another seminar will be organized on “Retirement Funds” in the next few months.





## ACHIEVEMENTS

We are honored to announce that Abdul Moid Ahmed Khan has successfully passed all the Society of Actuaries exams. He recently received his fellowship certificate from the Society of Actuaries, USA. His achievement is a testament to the fact that anything can be achieved with strong will, hard work and positive actions. We are proud of him and wish him the best of life and a long and prosperous stay with our group.

## ABOUT ABDUL MOID AHMED KHAN

Abdul Moid is a Fellow of the US Society of Actuaries and works as a Senior Manager at SHMA Consulting based in Dubai UAE. He has expertise in both life and general insurance and has more than ten years of insurance and actuarial consulting experience in large projects for multiple insurers and reinsurers in the Middle East and Asian countries. He also has a responsibility for managing a large consulting team and serves as an appointed actuary for several insurance companies.

Apart from his consulting experience, Abdul Moid also serves as Member of the International Financial Reporting Standards 17 (IFRS-17) Working Group of the Institute of Chartered Accountants of Pakistan (ICAP), Member of the IFRS-17 Working Group of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) based in Bahrain, Committee Member of the Gulf Actuarial Society (GAS) UAE, Council Member of the Pakistan Society of Actuaries (PSOA) and Visiting Faculty Member in the Actuarial and Risk Management Department of the University of Karachi, Pakistan.

### Inside This Issue:

- Redefining the insurance world
- **Achievements**
- IAS 19 implication on EOSB (KSA)
- New Staff



Machulu Valley - Pakistan



# The Impact of First Time Adoption of IFRS (IAS 19) on the EOSB for Companies of Kingdom of Saudi Arabia (KSA)

## Introduction

Effective 2017 for all listed entities, and effective 2018 for all other publicly accountable entities, Saudi Organization for Certified Public Accountants (SOCPA) requires the application of 'IFRS Standards that are endorsed in Saudi Arabia and other standards and pronouncements endorsed by SOCPA'. The 'endorsed' standards are IFRS Standards as issued by the IASB in addition to the requirements and disclosures added to some standards by SOCPA

SHMA Consulting undertook a short survey of 82 companies to gauge the impact of adoption of IAS 19. The results are set out below.

## Results

Survey Results						
Sector	No of Companies	IFRS EOSB < SOCPA GAAP EOSB	IFRS EOSB > SOCPA GAAP EOSB	Average Change in Liability	Mean Discount Factor	Mean Salary Increase Rate
Capital Good	6	2	4	2%	3.8	3.8
Transportation	3	1	1	5%	4.7	5
Retailing	6	1	5	14%	3.5	3.4
Food	11	2	9	7%	3.3	4.2
Healthcare	9	4	5	2%	3.8	3
Material	12	2	10	8%	3.8	4.5
Real Estate	8	1	6	15%	3.7	6
Consumer Services	7	2	5	3%	4.6	3.7
Commercial & Professional Services	12	4	7	6%	3.6	3
Financial services	4	0	4	13%	3.5	3.6
Energy	1	0	1	7%	3.5	4
Telecommunication Services	3	1	2	5%	4.3	3
	<b>82</b>	<b>20</b>	<b>59</b>			

## Conclusion

Based on the quantitative analysis in this study we have found out following:

- 3 companies (4%) have no differences between EOSB under IFRS and EOSB under SOCPA GAAP.
- SOCPA GAAP EOSB of 20 companies (24%) exceeds the IFRS EOSB.
- IFRS EOSB of 59 (72%) companies exceed the SOCPA GAAP EOSB.

From the findings we can conclude that the adoption of IFRS increased the EOSB liability of the Saudi companies, to further validate this statement longitudinal research on a larger sample is required.



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# SIRCONSULTANTS

## New Employee(s) Inductions

Total head count = 88

Name	Designation	Qualification
Shiraz Anwar	Manager	BSc - Economics & Mathematics - LSE
Farhan Anwar	Senior Consultant	BS - Economics - LUMS
Alizain Ahmed Khoja	Actuarial Analyst	BS - AS&RM - IOBM
Muhammad Ahsun Memon	Actuarial Analyst	B. Arts - Economics - Bilkent University
Sunaina Soomro	Actuarial Analyst	GCSE - A Levels
Yumna Fatima Ahmed	Actuarial Analyst	BS - AS&RM - IBA
Shemyem Kasbati	Actuarial Analyst	BS - AS&RM - IOBM
Faizan Haider	Actuarial Analyst	BS - Economics & Mathematics - IBA
Sehrish Anwar	Data Analyst	ACCA
Muhammad Zain Fateh	Actuarial Trainee	BS - AS&RM - UOK
Kashmayen Karim	Actuarial Trainee	BS - AS&RM - IOBM
Alishba Wajahat	Actuarial Trainee	BS - AS&RM - IOBM
Abrar Hussain	HR Assistant	Intermediate - Karachi Board

We believe in synergy and professional harmony and expect the same from you. We believe in your potential and realize that we have a long way to go, and in this journey, we want you to pen down your own success story by taking this company to new heights. Wishing you all the happiness and success with our group.

**Welcome aboard!**

**Human Resources,  
SIR Consultants (Pvt.) Ltd**



## SENIOR MANAGEMENT

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