

A

BILL

to further amend the Insurance Ordinance, 2000

WHEREAS it is expedient to amend the Insurance Ordinance, 2000 (XXXIX of 2000), for purposes hereinafter appearing;

It is hereby enacted as follows:-

1. Short title and commencement.- (1) This Act shall be called the Insurance Ordinance (Amendment) Act, 2024.

(2) It shall come into force at once.

2. Amendment of section 2, Ordinance XXXIX of 2000.— In the said Ordinance, in section (2),-

- (a) in clause (i), for the word “prescribed” the word “specified” shall be substituted;
- (b) in clause (ii), for the words, “a life”, the word, “an” shall be substituted;
- (c) in clause (iii),-
 - (i) after the words, “port of Karachi”, the words, “or on behalf of the authorities of the Port of Gawadar or Port Qasim or any other port authority” shall be inserted; and
 - (ii) and for the words “Federal Government” appearing for the third time, the word “Commission” shall be substituted;

(d) for clause (v), the following shall be substituted, namely: -

“(v) “auditor” means a person qualified for appointment as an auditor under the provisions of the Companies Act, 2017 (XIX of 2017);

(e) for clause (vi), the following shall be substituted, namely: -

“(vi) “authorised person” means a director, chief executive, chief financial officer, company secretary or equivalent (by whatever name called) of a company or a body corporate whether incorporated in Pakistan or outside the country;”;

(f) after clause (vi) substituted as aforesaid, the following new clause (via) shall be inserted:

“(via) “authorised surveying officer” means a person (by whatever name called) who examines the goods, property or any interest insured and documentary evidence under a contract of non-life Insurance to express an independent opinion as to the cause, extent, location, circumstances and amount of any loss incurred or claimed to be incurred under that contract and may also undertake surveys for pre-insurance and post-insurance inspection and/or assess the value and quantum of building, machinery, stocks and other subject matters;”;

(g) for clause (vii), the following shall be substituted, namely: -

“(vii) “banking company” shall have the same meaning as assigned to it in clause (c) of section 5 of the Banking Companies Ordinance, 1962 (LVII of 1962);”;

(h) for clause (viii), the following shall be substituted, namely: -

“(viii) “base rate” means the State Bank of Pakistan Overnight Reverse Repo (Ceiling) Rate notified by the State Bank of Pakistan from time to time;”;

(i) after clause (ix), the following new clause (ixa) shall be inserted, namely:-

“(ixa) “body corporate” shall have the same meaning as assigned to it in clause (9) of sub-section (1) of section 2 of the Companies Act, 2017 (XIX of 2017);”;

(j) for clause (x), the following shall be substituted namely:-

“(x) “borrower” shall have the same meaning as assigned to the term “customer” in clause (c) of section 2 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 (XLVI of 2001);”;

(k) for clause (xiv), the following shall be substituted namely:-

“(xiv) “company” shall have the same meaning as assigned to it in clause (17) of sub-section (1) of section 2 of the Companies Act, 2017 (XIX of 2017);”

(l) after clause (xiv) substituted as aforesaid, the following new clause (xiva) shall be inserted:

“(xiva) “company law” has the meaning assigned to it in clause (18) of sub-section (1) of section 2 of the Companies Act, 2017 (XIX of 2017);”

(m) after clause (xv), the following new clause shall be added, namely: -

“(xva) “corporate insurance agent” means persons, excluding individuals, who have entered into agency agreement with a licenced life insurer or a licenced non-life insurer and facilitate insurance products distribution for the insurer with which they have entered into an agency agreement;”;

(n) in clause (xvi), for the expression “section 7 of the Companies Ordinance, 1984 (XLVII of 1984)”, the expression “section 5 of the Companies Act, 2017 (XIX of 2017)” shall be substituted;

(o) clause (xvii) shall be omitted;

(p) after clause (xvii), the following new clauses shall be added, namely: -

“(xviiia) “digital insurance” means insurance which is distributed, serviced, processed and administered primarily through digital or electronic means;”;

“(xviiib) “digital-only insurer” means an insurer, which primarily relies on technology for its operations and uses technology for its business, processes, customer engagement, distribution, administration, servicing or for performing any other aspect of its operations;”;

(q) in clause (xviii), after the words, “other than reinsurance”, the words “and retrocession” shall be inserted;

(r) after clause (xviii), the following new clause shall be inserted, namely: -

“(xviiiia) “direct insurance broker” means a person who carries on insurance broking business;”;

(s) clause (xix) shall be omitted;

(t) clause (xxiii), shall be omitted;

(u) for clause (xxiv), the following shall be substituted, namely:-

“(xxiv) “finance” shall have the same meaning as assigned to the term in clause (d) of section 2 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 (XLVI of 2001) excluding clause (iv), (v), (vi) and (vii);”;

(v) after clause (xxiv) amended as aforesaid, the following new clauses shall be inserted, namely: -

“(xxiva) “financial institution” has the meaning assigned to the term in clause (a) of section 2 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 (XLVI of 2001);

“(xxivb) “foreign reinsurer” means a person who is registered, licenced or authorized in the jurisdiction in which it is incorporated to undertake reinsurance business outside Pakistan;”;

(w) in clause (xxv), for the expression “Securities Act, 1920 (X of 1920)”, the expression “Public Debt Act, 1944 (XVIII of 1944)” shall be substituted;

(x) after clause (xxvi), the following new clauses shall be inserted, namely:-

“(xxvia) “index based insurance” or “parametric insurance” means a contract of insurance whereby in consideration of a premium received, an insurer or a group of insurers promises to make payment of claims to a person or a group of persons, based on a predetermined index or parameter without assessment of each individual insurance claim:

Provided that the scope of index based insurance in this Ordinance does not include life insurance business and accident and health insurance business.

Provided further that the first proviso shall not restrict the issuance of a life insurance policy or a non-life insurance policy to the individuals covered under index based insurance, by utilizing the information, data, arrangements and/or infrastructure of the index based insurance scheme and that the coverage shall be through a separate policy;”;

- (y) in clause (xxvii),-
- (i) in proviso, after the words, “contract of insurance” the expression “between two parties,” shall be inserted;
 - (ii) in the first proviso, for the semi colon, at the end, a colon shall be substituted and thereafter the following new proviso shall be inserted, namely:-

“Provided further that index based insurance, as defined in this Ordinance, shall be deemed to be a contract of insurance;”
- (z) for clause (xxviii), the following shall be substituted, namely: -
- “(xxviii) “insurance broker” means a person who carries on the business of insurance broking, reinsurance brokerage or both;”;
- (aa) for clause (xxix), the following shall be substituted, namely: -

“(xxix) “insurance broking” means the business of soliciting or arranging insurance for clients for remuneration or fee, other than an agent of an insurance company;”;

(bb) in clause (xxx) for the words, “the Federal Government” the words “the President” shall be substituted;

(cc) after clause (xxx) amended as aforesaid, the following new clauses shall be inserted, namely: -

“(xxxxa) “Insurance self-network platform” means an electronic platform set up by a person with a view to conducting insurance e-commerce activity i.e. to engage in sales of insurance products or policy servicing or providing other related services through usage of electronic means such as website or mobile application;

(xxx b) “insurance intermediary” means persons associated with the business of insurance and includes agents, insurance brokers, third party administrators, insurance surveyors, insurance self-network platform and other insurance intermediaries notified by the Commission under section 114C of this Ordinance;”;

(dd) in clause (xxx i),-

(i) in sub-clause (i),-

(I) after the words “in Pakistan” the expression “and duly licenced under the provisions of this Ordinance” shall be inserted;

(II) the word “and” appearing at the end, shall be omitted;

(ii) in sub-clause (ii),-

(I) after the words “outside Pakistan”, the expression “, and duly licenced under the provisions of this Ordinance,” shall be inserted;

(II) for the full stop at the end, the expression “; and” shall be substituted;

(iii) after sub-clause (ii), amended as aforesaid, the following new sub-clause (iii) shall be inserted, namely:-

“(iii) a branch office of a company or a body corporate incorporated outside Pakistan, which is allowed to undertake insurance business, in the jurisdiction in which it is incorporated, duly licenced under the provisions of this Ordinance.”

Provided that, except as otherwise stated to the contrary in this Ordinance, the term “insurer” shall include the terms “microinsurer”, “digital-only insurer”, “operator” and “reinsurer”;

(ee) in clause (xxxiv), for the words, “a banking company”, the words “a financial institution” shall be substituted;

(ff) for clause (xxxvi), the following shall be substituted, namely:-

“(xxxvi) “loan” means a loan, advance and credit, whether based on system of interest or otherwise, extended by an insurer or a reinsurer to any person,

whether in money or in kind, which is to be paid back to the insurer or the reinsurer, as the case may be, within a specified time;”;

(gg) clause (xxxvii) shall be omitted;

(hh) after clause (xxxviii), the following new clauses shall be inserted, namely:-

“(xxxviiiia) ““microinsurance” means insurance of persons, either on individual or group basis, that meets their need for risk protection, savings or investments and relief against distress, misfortune or contingent event for defined benefit levels subject to the maximum amounts of sum cover and/or premium as may be specified by the Commission;

“(xxxviiiib) ““microinsurer” means an insurer licenced to conduct microinsurance business only in Pakistan and includes a *microtakaful* operator:

Provided that nothing in this definition, shall have the effect to restrict a licenced insurer to undertake microinsurance business in Pakistan, subject to compliance with such regulations as may be specified in relation to microinsurance business;”;

(ii) in clause (xxxix), the expressions, “being a company incorporated under the law of Pakistan or any country or state other than Pakistan,” shall be omitted;

(jj) clause (xl) shall be omitted;

(kk) in clause (xli), for the expressions, “clause (24) of sub-section (1) of section 2 of the Companies Ordinance, 1984 (XLVII of 1984)”, the expressions

“clause (45) of sub-section (1) of section 2 of the Companies Act, 2017 (XIX of 2017)” shall be substituted;

(ll) after clause (xli), amended as aforesaid, the following new clauses shall be inserted, namely:-

“(xlia) “operator” means a takaful operator or a window takaful operator, licenced by the Commission under this Ordinance;

“(xlib) “Other insurance intermediaries” means such intermediaries associated with the business of insurance as may be notified under section 114C of this Ordinance, except agents, insurance brokers, reinsurance brokers, third party administrators and insurance surveyors;”;

(mm) clauses (xlii) and (xlix) shall be omitted;

(nn) in clause (l), for the expressions “clause (28) of sub-section (1) of section 2 of the Companies Ordinance, 1984 (XLVII of 1984)”, the expressions “clause (49) of sub-section (1) of section 2 of the Companies Act, 2017 (XIX of 2017)” shall be substituted;

(oo) after clause (l) amended as aforesaid, the following new clause (la) shall be inserted, namely:-

“(la) “promoter” means any person, director, institution, company, body corporate, corporation (whether in Pakistan or outside Pakistan), excluding the Federal Government and the Provincial Government, who directly owns equal to or more than ten percent shareholding of an insurance company;”;

- (pp) in clause (li), for the expressions “clause (30) of sub-section (1) of section 2 of the Companies Ordinance, 1984 (XLVII of 1984)”, the expressions “clause (52) of sub-section (1) of section 2 of the Companies Act, 2017 (XIX of 2017)” shall be substituted;
- (qq) after clause (lii), the following new clauses shall be inserted, namely:-
- “(liia) "reinsurance broker" means a person who carries on the business of reinsurance brokerage and includes a foreign reinsurance broker;
- “(liib) “reinsurance brokerage” means the business of soliciting or arranging reinsurance for insurers with other insurers or reinsurers for a remuneration or fee;
- “(liic) “reinsurer” means a person whether incorporated in Pakistan or outside Pakistan who carries on reinsurance business in Pakistan and includes a retakaful operator;”;
- (rr) after clause (lv), the following new clause (lva) shall be inserted, namely:-
- “(lva) “retakaful” means an arrangement in compliance with the principles of Islamic Shariah for mutual risk sharing of takaful risks;”;
- (ss) after clause (lix), the following new clause (lixa) shall be inserted as follows:
- “(lixa) “specified” means specified through regulations made by the Commission under this Ordinance;
- (tt) clause (lx) shall be omitted;

(uu) in clause (lxii), for expressions, “clause (38) of sub-section (1) of section 2 of the Companies Ordinance, 1984 (XLVII of 1984)”, for the expression “clause (68) of sub-section (1) of section 2 of the Companies Act, 2017 (XIX of 2017)” shall be substituted;

(vv) for clause (lxiii), the following shall be substituted, namely:-

“(lxiii) “surveyor” means a person (by whatever name called) who examines the goods, property or any interest insured and documentary evidence under a contract of non- life insurance to express an independent opinion as to the cause, extent, location, circumstances and amount of any loss incurred or claimed to be incurred under that contract. A surveyor may also undertake surveys for pre-insurance and post-insurance inspection and/or assess the value and quantum of building, machinery, stocks and other subject matters;”;

(ww) in clause (lxiv), after the words “for that purpose”, at the end, the words “and includes retakaful” shall be inserted;

(xx) after clause (lxiv) amended as aforesaid, the following new clauses shall be inserted, namely:-

“(lxiva) “takaful operator” means an insurer who is licenced by the Commission under this Ordinance to carry on takaful business only;

“(lxivb) “third party administrator” means a person who is engaged for a fee or remuneration in accordance with an agreement with an insurer or such other person, as may be specified, for the provision of third party administrator services;

“(lxivc) “third party administration business” means business of administration of health insurance related services for an insurer, in accordance with an agreement between the insurer and a third party administrator;”;

(yy) in clause (lxv), the word “and” appearing at the end, shall be omitted;

(zz) in clause (lxvi), the expression, “, except in section 32,” shall be omitted and for the full stop at the end the expression “; and” shall be substituted;

(aaa) after clause (lxvi), the following new clause (lxvia) shall be inserted, namely: -

“(lxvia) “window takaful operator” means an insurer licenced by the Commission under this Ordinance to carry on takaful business as window operations in addition to conventional insurance business.”.

3. Amendment of section 3, Ordinance XXXIX of 2000.— In the said Ordinance, in the said section 3, in sub-section (2),-

(a) in clause (g), after the words “investment contract”, the words “which contains minimum life insurance element as may be specified” shall be inserted; and

(b) In clause (h), for the word “prescribed”, the word “specified” shall be substituted;

4. Substitution of section 4, Ordinance XXXIX of 2000.— In the said Ordinance, for section 4, the following shall be substituted, namely:-

“4. Classes of life and non-life business.- (1) For the purposes of this Ordinance, the following shall be the classes of business into which life insurance business is divided:

- (a) “ordinary life business” means effecting and carrying out contracts of life insurance other than contracts included in clause (b), (c) or (d) of sub-section (1);
- (b) “life contingent annuity business” means effecting and carrying out contracts of life insurance providing benefit at predefined intervals to the policyholder till the continuation of life of the policyholder and/or survival of the policyholder and/or beneficiary:

Provided that nothing in the definition provided above shall limit a life insurer to provide minimum or maximum term for benefit in the life contingent annuity products that it offers;

- (c) “pension fund business” means effecting and carrying out contracts of life insurance that are maintained for the purposes of a pension or retirement scheme and are owned by trustees under the scheme; and
- (d) “accident and health business” means effecting and carrying out contracts of insurance providing fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both, against risks of the policy holder or a person for whose benefit the contract was made –
 - (i) sustaining any injury as a result of an accident;
 - (ii) becoming incapacitated in consequence of an accident or disease or sickness; or

(iii) suffering loss, including medical expenses incurred, attributable to accident, disease, sickness or infirmity.

(2) For the purposes of this Ordinance, the following shall be the classes of business into which non-life insurance business is divided:

(a) “fire and property damage business” means effecting and carrying out contracts of insurance against loss to the policy holder arising from loss of or damage to property, other than as contained in clause (b) of sub-section (2);

(b) “marine, aviation and transport business” means effecting and carrying out contracts of insurance against loss to the policy holder arising from:

(i) loss of or damage to, or arising out of or in connection with the use of:

(A) means of transport, including railway rolling stock used on land, vessels used on the sea or on inland waters, and aircraft but excluding motor vehicles;
or

(B) the machinery, tackle, furniture or equipment of those means of transport; including third party risks and carrier’s liability but excluding risks contained in clause (c) or clause (e) of sub-section (2): or

(ii) loss of or damage to merchandise, baggage and all other goods in transit, irrespective of the form of transport;

- (c) “motor business” means effecting and carrying out contracts of insurance against loss to the policy holder arising from:
- (i) theft or damage to the motor vehicle through any means; and
 - (ii) liabilities incurred to third parties arising out of or in connection with the use of motor vehicles on land, as specified in the Motor Vehicles Act, 1939 (IV of 1939);
- (d) “liability business” means effecting and carrying out contracts of insurance against loss to the policy holder arising from liabilities incurred to third parties, other than in respect of risks specified in clause (b), clause (c) or clause (e) of sub-section (2);
- (e) “workers’ compensation business” means effecting and carrying out contracts of insurance against loss to the policy holder arising from liabilities incurred to workers arising out of or in connection with the employment of the workers by the insured persons;
- (f) “credit and suretyship business” means effecting and carrying out:
- (i) contracts of insurance against loss to the policy holder arising from failure, whether through insolvency or otherwise, of debtors to pay debts when they fall due; or
 - (ii) contracts of insurance against loss to the policy holder arising from his having to perform contracts of guarantee entered into by him; or

(iii) contracts for fidelity bonds, performance bonds, administration bonds, bail bonds, custom bonds or similar contracts of guarantee;

(g) “accident and health business” means effecting and carrying out contracts of insurance, the duration of which under the contract is not more than one year, providing fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both, against risks of the policy holder or a person for whose benefit the contract was made:

(i) sustaining any injury as a result of an accident;

(ii) dying as a result of an accident;

(iii) becoming incapacitated in consequence of a disease or sickness; or

(iv) suffering loss, including medical expenses incurred, attributable to disease, sickness or infirmity;

but excluding contracts of a type included in clause (e) of subsection (2);

(h) “agriculture insurance” means effecting and carrying out contracts of insurance against loss to the policyholder arising from loss of or damage to agriculture related property including crops, livestock, tractors or other properties which are based on agricultural input;

(i) “miscellaneous business” means effecting and carrying out contracts of insurance of types not included in any other class;

- (j) “proportional treaty business” means effecting and carrying out of contracts of treaty reinsurance, whether obligatory or otherwise, of such a nature that a proportion of premium or of a separately identified part of premium on insurance contracts which are the subject matter of the treaty is payable to the reinsurer by the cedant and an identical proportion of claims or of a separately identified part of claims on those contracts is payable to the cedant by the reinsurer, and including without limitation treaties of quota-share and surplus classifications; and
- (k) “non-proportional treaty business” means effecting and carrying out of contracts of treaty reinsurance, not being contracts of a type included in clause (j) of sub-section (2).

(3) The Commission may, by regulations, specify sub-classes of business into which any of those set out in sub-section (1) and sub-section (2) may be divided or where a new class of business is specified under sub-section (5).

(4) The Commission may, by regulations, specify any class of business set out in sub-section (1) or sub-section (2), or sub-class of business specified under sub-section (3), as a restricted class or sub-class as the case may be.

(5) The Commission may, by regulations, specify any new class of business in addition to the classes of business as set out in sub-section (1) or sub-section (2) and for such purpose define such business.”.

5. Substitution of section 5, Ordinance XXXIX of 2000.— In the said Ordinance, for the said section 5, the following shall be substituted, namely:-

“5. Eligible persons.- (1) From the effective date of coming into effect of the Insurance Ordinance (Amendment) Act, 2024; no person other than:

- (i) a public company formed and registered under the company law; and
- (ii) a branch office of a company or a body corporate incorporated outside Pakistan, which is allowed to undertake insurance business, in the jurisdiction in which it is incorporated;

shall underwrite any insurance business in Pakistan:

Provided that a person, being a body corporate incorporated under the laws of Pakistan and duly licenced as an insurer, as on the commencement date of the Insurance Ordinance (Amendment) Act, 2024, shall continue to underwrite insurance business in Pakistan;

Explanation: For the purposes of this Ordinance, except as otherwise stated to the contrary in this Ordinance, the term “insurance” shall include microinsurance, digital insurance, takaful and reinsurance.

(2) A foreign reinsurer shall also be eligible to undertake reinsurance business in Pakistan subject to such conditions and requirements as may be specified by the Commission through regulations.”.

6. Substitution of section 6, Ordinance XXXIX of 2000.— In the said Ordinance, for section 6, the following shall be substituted, namely: -

“6. Licencing requirements for applicants.- (1) No eligible person referred to in section 5 shall, after the coming into effect of this Insurance Ordinance (Amendment) Act, 2024, begin or carry out any business in the nature of insurance unless such eligible

person has obtained a licence, from the Commission to carry out such business under this Ordinance in such form and manner and in accordance with such terms and conditions and fee as may be specified:

Provided that the Commission may, by notification in the official Gazette, exempt any class of persons from the operation of sub-section (1), subject to such terms and conditions as may be notified.

(2) It shall be unlawful for any person to act as or describe himself or hold himself to be described or held out as a person carrying on insurance business unless he holds valid licence, granted by the Commission.

(3) An eligible person required to seek licence under this Ordinance, shall make an application to the Commission, the manner of filing of which and the information, documents, reports, certificates to be submitted with the application, shall be specified by the Commission through regulations.

(4) An applicant as an insurer, may make an application to the Commission, as a person licenced to carry on life insurance business or non-life insurance business, as the case may be:

Provided that an applicant as a reinsurer, may make an application to the Commission, as a person licenced to carry on life reinsurance business, non-life reinsurance business or composite reinsurance business, as the case may be.

(5) A certificate of registration issued to an insurer under the provisions of the Ordinance, prior to coming into effect of this Insurance Ordinance (Amendment) Act, 2024, shall be deemed to be a licence under the provisions of this section unless suspended or cancelled by the Commission.”.

7. Substitution of section 7, Ordinance XXXIX of 2000.— In the said Ordinance, for section 7, the following shall be substituted, namely:-

“7. Commission may grant licence upon satisfaction. - (1) Where an application for licence is received by the Commission under section 6, the Commission may, grant licence to the insurer, if the Commission is satisfied that:

- (a) the provisions of this Ordinance and the regulations relating to minimum paid up share capital requirements have been complied with:

Provided that the Commission shall specify through regulations the requirements related to minimum amount of capital required for opening branch of foreign insurer or foreign reinsurer in Pakistan and the manner in which its capital shall be held, which shall be deemed to fulfill compliance with the requirements of paid up capital under this Ordinance;

- (b) the provisions of this Ordinance and the regulations relating to minimum statutory deposits, minimum solvency requirements and effecting of reinsurance arrangements have been complied with;
- (c) the applicant is, and is likely to continue to be, able to meet its liabilities;
- (d) the applicant meets, and is likely to continue to meet, criteria for sound and prudent management including without limitation those set out in section 12;
- (e) the applicant has appointed an auditor recognised by the Commission as appropriately qualified to audit the business of

insurance, takaful, microinsurance or reinsurance, as the case may be;

- (f) the applicant has, appointed an actuary as its appointed actuary, and the Commission does not disapprove that appointment;
- (g) the applicant is, and is likely to continue to be, able to comply with such other of the provisions of this Ordinance as are applicable to it;
- (h) on the basis of the information provided by the application and any other information received by the Commission, the application ought to be granted; and
- (i) any other information which the Commission has sought is provided to the satisfaction of the Commission.

(2) Where an application for licence is received by the Commission from a foreign reinsurer or foreign retakaful operator, the Commission may grant licence to the foreign reinsurer or foreign retakaful operator, as the case may be, subject to fulfilment of such requirements, as may be specified.

(3) The regulations to be made for the purposes of this section shall take into consideration the nature of business proposed to be conducted by the applicant.

(4) Where the Commission is not satisfied with respect to all or any of the matters related to the applicant, it shall refuse an application.

(5) The regulations to be made under this section, shall provide for the recourse available to the applicant, if its application is refused by the Commission.

(6) Licences granted to insurers under this Ordinance to carry on insurance business, shall continue until it is surrendered, cancelled or revoked by the Commission.

(7) All persons licenced shall, under this Ordinance, pay to the Commission, on or before the fifteenth day of January in every calendar year, such amount of annual supervision fee, at such rate, as may be notified by the Commission.”.

8. Omission of section 8, Ordinance XXXIX of 2000.— In the said Ordinance, the said section 8 shall be omitted.

9. Substitution of section 9, Ordinance XXXIX of 2000.— In the said Ordinance, for section 9, the following shall be substituted, namely:-

“9. Revocation of licence of an insurer.- (1) The Commission may at any time by order in writing, revoke the licence granted to an insurer, with such directions as it may deem fit, on being satisfied that:

- (a) a direction has been issued to the insurer under section 63 of the Ordinance to cease entering into new contracts due to any of the reasons mentioned therein, and such reasons have not been removed by the insurer, within the time period stipulated by the Commission in this regard; or
- (b) the insurer, has ceased to carry on insurance business in Pakistan; or
- (c) the insurer, has not, within the period of one year after it was granted licence under this Ordinance, carried on insurance, microinsurance or reinsurance business in Pakistan; or

- (d) the insurer has failed to comply with any of the terms or conditions subject to which a licence is granted; or
- (e) the insurer is—
 - (i) conceived or brought forth for, or is or has been carrying on, unlawful or fraudulent activities; or
 - (ii) run and managed by persons who fail to maintain proper and true accounts or they commit fraud, misfeasance or malfeasance in relation to the company; or
 - (iii) run and managed by persons who are involved in terrorist financing or money laundering; or
 - (iv) managed by persons who refuse to act according to the requirements of this Ordinance or have failed to carry out the directions or decisions of the Commission given in exercise of the powers conferred by this Ordinance; or
- (f) the Commission has reasons to believe that the operation of the insurer is detrimental to the interest of its policyholders or public at large:

Provided that before the licence of an insurer is so revoked, the Commission shall give to the insurer a notice, in writing of its intention to do so, and shall afford the insurer an opportunity to be heard.

(2) Where the Commission is requested in writing by an insurer to revoke its licence, the Commission may by an order in writing revoke that licence.

(3) Licence granted under this Ordinance to carry on insurance business shall not be revoked unless the Commission is satisfied that adequate provision has been made for the irrevocable transfer to a licenced insurer of all insurance liabilities incurred by the applicant seeking revocation of licence under the preceding sub-section.

(4) Nothing in this section shall prevent the Commission from exercising the powers available to it under section 63 to direct a licenced insurer to cease entering into new insurance contracts.”.

10. Amendment of section 10, Ordinance XXXIX of 2000.—In the said Ordinance, in the said section 10, in sub-section (3), for the word, “prescribed”, the word “specified” shall be substituted.

113. Substitution of section 11, Ordinance XXXIX of 2000.—In the said Ordinance, for section 11, the following shall be substituted, namely:-

“11. Conditions imposed on licenced insurers.- An insurer licenced under this Ordinance shall at all times ensure that:

- (a) the provisions of this Ordinance and the regulations relating to minimum paid-up share capital requirements are complied with;
- (b) the provisions of this Ordinance and the regulations relating to minimum statutory deposits have been complied with;
- (c) the provisions of this Ordinance and the regulations made thereunder relating to minimum solvency requirements are complied with;
- (d) the provisions of this Ordinance and the regulations relating to the obtaining of reinsurance arrangements are complied with;

- (e) the insurer is, and is likely to continue to be, able to meet its liabilities;
- (f) the insurer meets, and is likely to continue to meet, criteria for sound and prudent management including without limitation those set out in section 12;
- (g) the insurer has appointed an auditor recognised by the Commission as appropriately qualified to audit the business of life or non-life insurance as the case may be;
- (h) the insurer is, and is likely to continue to be, able to comply with such other provisions of this Ordinance and the rules and regulations as are applicable to it;
- (i) it complies with the requirements of the Anti-Money Laundering Act, 2010 (VII of 2010) and the rules, regulations, directives and circulars issued thereunder, or any other applicable law related to Anti-Money Laundering and Countering of Financing of Terrorism, as applicable to it.
- (j) the insurer maintains such minimum financial strength rating in such manner as may be specified;
- (k) it has and maintains a risk management framework in accordance with the requirement as may be specified;
- (l) the insurer, excluding a reinsurer, displays its licence at all times on its premises, branches and websites for the information of prospective policy holders; and
- (m) the insurer complies with the directions issued by the Commission.

12. Substitution of section 12, Ordinance XXXIX of 2000.—In the said Ordinance, for section 12, the following shall be substituted, namely:-

“12. Criteria for sound and prudent management.- (1) For the purposes of this Ordinance, the following shall, without limitation, be recognised as criteria for sound and prudent management of a licenced insurer, or applicant for licence as a person to carry on insurance business:

- (a) the business of the licenced insurer, or applicant is carried on with integrity, due care and the professional skills appropriate to the nature and scale of its activities;
- (b) the promoters, directors, chairman, chief executive and key officers of the licenced insurer or (in the case of an applicant which is a body corporate incorporated outside Pakistan) the principal officer in Pakistan of the licenced insurer or applicant should be fit and proper person to hold that position:

Provided that the Commission shall specify the fit and proper criteria for the promoters, directors, chairman, chief executive and key officers of insurers:

Provided further that the fit and proper criteria to be specified for promoters of an insurer or an applicant as an insurer, shall be in respect of financial soundness and integrity and track record:

Provided also that the appointment of chief executive officer or the directors of a licenced insurer shall be subject to the approval of the Commission:

Provided also that notwithstanding anything contained in any other law for the time being in force, the chief executive officer and the chairman of a licenced insurer shall not be the same person.

- (c) the licenced insurer or applicant is directed and managed by a sufficient number of persons who are fit and proper persons to hold the positions which they hold;
- (d) the licenced insurer or applicant maintains adequate accounting and other records of its business; and
- (e) the licenced insurer or applicant maintains adequate systems of control of its business and records.

Explanation:- A person is a fit and proper person who possesses such experience and qualifications as are appropriate and specified, for the duties for which he is responsible, and conducts those duties with due diligence and skill. A person is not a fit and proper person to hold the position of Chairman, or of Chief Executive or principal officer in Pakistan, of a licenced insurer if that person does not have the specified experience or qualifications of direct relevance to the conduct of insurance operations. A person is not a fit and proper person if the association of that person with the licenced insurer is or is likely, for whatever reason, to be detrimental to the interest of the licenced insurer, or of the policy holders, or is otherwise undesirable.

(2) Accounting and other records shall not be regarded as adequate for the purposes of clause (d) of sub-section (1) unless they are maintained such as:

- (a) to enable the business of the licenced insurer or applicant to be prudently managed; and
- (b) to enable the licenced insurer or applicant to comply with the obligations imposed on it by or under this Ordinance.

(3) In determining whether any systems of control are adequate for the purposes of clause (e) of sub-section (1), the Commission shall have regard to the functions and

responsibilities for those systems which are held by the persons who are responsible for the direction and management of the licenced insurer or applicant and to whom clause (b) of sub-section (1) applies.

(4) The licenced insurer or applicant shall not be regarded as conducting its business in a sound and prudent manner if it fails to conduct its business with due regard to the interests of policy holders and potential policy holders.

(5) The licenced insurer or applicant shall not be regarded as conducting its business in a sound and prudent manner if it:

(a) fails to satisfy an obligation to which it is subject by virtue of this Ordinance or the rules and regulations made under it; or

(b) fails to supervise the activities of a subsidiary with due care and diligence and without detriment to the licenced insurer's or applicant's business.

(6) No licenced insurer shall appoint a managing agent, that is to say a person, firm or company entitled to the management of the affairs of an insurer by virtue of an agreement or contract with the insurer for the conduct of its business.”.

13. Substitution of section 13, Ordinance XXXIX of 2000.—In the said Ordinance, for section 13, the following shall be substituted, namely:-

“13. Restriction on issue of insurance policies.- (1) No insurer shall offer any policy or contract in respect of insurance business, until and unless the insurer has, not less than such days as may be specified, prior to such offer, furnished to the Commission in respect of such policies or contracts, the particulars and materials specified by the Commission:

Provided that in the case of a non-life insurer, the provisions of sub-section (1) shall apply only in respect of policies falling under accident and health insurance class of non-life insurance business:

Provided further that every non-life insurer shall within a period of ninety days of the coming into effect of this amendment, file all its products falling under accident and health insurance class of non-life insurance being marketed by the non-life insurer as on the commencement date.

(2) The Commission may require the insurer in writing to make such changes in the particulars and materials as the Commission may direct, and where the Commission does so direct the insurer shall not be taken to have complied with sub-section (1) until the insurer has complied with the direction of the Commission.

(3) Where the Commission is not satisfied with the product documentation filed under sub-section (1) or any subsequent changes made under sub-section (2) it may disapprove the product, which shall be communicated to the insurer in writing.

(4) For the purpose of this section, the Commission may specify manner in which an insurer may be required to file product documentation with the Commission including but not limited to submission through electronic means.

(5) The requirements of this section shall only be applicable in respect of direct insurance business.”.

14. Amendment of section 14, Ordinance XXXIX of 2000.— In the said Ordinance, for section 14, the following shall be substituted, namely:-

“(1) An insurer carrying on the business of life insurance shall at all times maintain one or more statutory funds in respect of its:

- (a) life insurance business;
- (b) investment linked business;
- (c) life contingent annuity business;
- (d) pension fund business;
- (e) accident and health insurance business; and
- (f) life insurance business outside Pakistan.

(2) An insurer that carries on life insurance business of such class or sub-class as may be specified by the Commission for the purposes of this sub-section shall maintain one or more statutory funds exclusively in respect of that business.

(3) Statutory funds may not be divided or amalgamated without the approval of the Commission.

(4) The Commission may direct a life insurer to amalgamate or transfer a life statutory fund where the Commission believes on reasonable grounds that amalgamation or transfer is required for the protection of the interests of policy holders.

(5) An insurer having a share capital and carrying on life insurance business shall maintain a shareholders' fund.

(6) An insurer not having a share capital and carrying on life insurance business, shall maintain in its records a permanent capital fund.

(7) In this Ordinance, a reference to the shareholders' fund shall be deemed to include a reference to the permanent capital fund, and provisions which are applicable to the shareholders' fund shall apply *mutatis mutandis* to the permanent capital fund.”;

15. Substitution of section 15, Ordinance XXXIX of 2000.— In the said Ordinance, for the said section 15, the following shall be substituted, namely:-

“15. Establishment of statutory fund.- Whenever an insurer establishes a statutory fund for its life insurance business, the insurer shall give notice in the specified manner to the Commission not later than thirty days prior to the establishment of the fund.”.

16. Amendment of section 16, Ordinance XXXIX of 2000.— In the said Ordinance, in the said section 16,-

(a) for sub-section (2), the following shall be substituted, namely:-

“(2) The Commission may specify the requirements incidental to the-

- (a) manner of providing reference to the statutory fund or statutory funds in the policy document to which the policy is referable;
- (b) requirements when the provision in a policy document referring to two or more statutory funds becomes effective;
- (c) manner in which the statutory fund or funds to which a policy is referable may be changed; and
- (d) manner of effecting transfer of assets between statutory funds to be determined by the appointed actuary of the

insurer, in accordance with such principles as may be specified.”; and

- (b) sub-sections (3), (4) and (5) shall be omitted.

17. Amendment of section 18, Ordinance XXXIX of 2000.— In the said Ordinance, in the said section 18, in sub-section (2), after the words “Ordinance” occurring at the end, the words “and specified regulations” shall be inserted.

18. Amendment of section 22, Ordinance XXXIX of 2000.— In the said Ordinance, in the said section 22,-

- (a) *in sub-section (4), for the word “prescribe” the word “specify” shall be substituted;*
- (b) in sub-section (6), after clause (d), in the “Explanation” for the expression “accounting rules prescribed for the preparation of the statement of assets and liabilities referred to in sub-clause (i) of clause (a) of sub-section (1) of section 46”, the expression “regulations specified under sub-section (1) of section 46” shall be substituted;
- (c) in sub-section (7), in clause (a), after the words, “not less than ninety per cent”, the expression “, or such other percentage as may be specified by the Commission,” shall be inserted;
- (d) in sub-section (9), after the words, “ninety per cent”, the expression “, or such other percentage as may be specified by the Commission,” shall be

inserted and in clause (a), for the word “prescribed” the word “specified” shall be substituted; and

- (e) in sub-section (12), for the word “rules” the word “regulations” shall be substituted.

19. Amendment of section 23, Ordinance XXXIX of 2000.— In the said Ordinance, in the said section 23,-

- (a) in sub-section (9), for the word “prescribed” wherever occurring, the word “specified” shall be substituted and in the second proviso, for the word “prescribe”, the word “specify” shall be substituted; and
- (c) in sub-section (13), for the word appearing “rules” the word “regulations” shall be substituted.

20. Omission of section 25 Ordinance XXXIX of 2000.— In the said Ordinance, section 25 shall be omitted.

21. Substitution of sections 26, Ordinance XXXIX of 2000.— In the said Ordinance, for the heading and section 26, the following shall be substituted, namely:-

“PART IIIA

OTHER SPECIAL REQUIREMENTS FOR LIFE AND NON-LIFE INSURANCE

26. Appointed actuary.- (1) Every life insurer and every non-life insurer shall appoint an actuary as its appointed actuary.

(2) The Commission may on reasonable grounds disapprove such appointment and require the appointment of another actuary.

(3) The Commission shall specify regulations with respect to inter-alia the qualification, appointment, termination and other matters connected and incidental with an appointed actuary for the purposes of this Ordinance.”

22. Amendment in section 27, Ordinance XXXIX of 2000.— In the said Ordinance, in the said section 27,-

(a) in the marginal heading, after the word “actuary” the expression “for life insurance business” shall be inserted; and

(b) after sub-section (2), the following new sub-section 2(A) shall be inserted:

“(2A) The appointed actuary of an insurer, in the performance of his duties assigned under this Ordinance, must comply with such requirements as may be specified.”

23. Insertion of sections 27A, Ordinance XXXIX of 2000.— In the said Ordinance, after section 27, amended as aforesaid, the following new section shall be inserted, namely:-

“

27A. Responsibilities of appointed actuary for non-life insurance business. -

(1) The appointed actuary of a non-life insurer shall be responsible to perform such duties as he may be assigned under this Ordinance.

(2) Such duties shall inter-alia include:

- (a) providing written advice to the non-life insurer on valuation of its unearned premium reserves, premium deficiency reserve, incurred but not reported claim reserve, incurred but not enough reported claim reserves or any other reserves that may be required to be kept by a non-life insurer;
- (b) providing written advice to the non-life insurer on adequacy of the past reserves held by the non-life insurer, for a period of not less than five years, based on the actual experience in the subsequent years; and
- (c) such other duties as may be specified.

(3) The Commission shall have the power to specify through regulations duties to be assigned to the appointed actuary for non-life insurance business for the purpose of giving effect to the regulations specified under the provisions of section 39A of this Ordinance.

(4) The provisions of sub-section (3) to (7) of section 27 of the Ordinance, shall apply *mutatis mutandis* in the case of appointed actuary of a non-life insurer.”.

24. Substitution of section 28, Ordinance XXXIX of 2000.— In the said Ordinance, for section 28 the following shall be substituted, namely:-

“28. Requirements as to capital.- (1) An insurer licenced under this Ordinance to carry on insurance business shall have a paid-up capital of not less than the required minimum amount, as may be specified:

Provided that in the case of microinsurer or a digital insurer licenced to undertake microinsurance or digital only insurance business, the Commission shall separately specify the required minimum amount under sub-section (1).

Provided further that in the case of reinsurer licenced to undertake reinsurance business, the Commission shall separately specify the required minimum amount under sub-section (1) above for a reinsurer undertaking

- (a) life reinsurance business;
- (b) non-life reinsurance business; or
- (c) composite reinsurance business.

(2) An insurer, not having a share capital, shall not be required to comply with the provisions of the preceding sub-section.”

25. Amendment of section 29, Ordinance XXXIX of 2000.— In the said Ordinance, in the said section 29,-

- (a) in sub-section (1), for the words, “the Federal Government”, the words, “the concerned insurer” shall be substituted;
- (b) for sub-section (2), the following shall be substituted, namely:-

“(2) For the purposes of this section the required minimum amount shall be such amount as may be specified.”;
- (c) sub-section (5) shall be omitted;

- (d) in sub-section (6), for the expression, “Where sub-section (5) applies,” the words “In case of sale or maturity of any securities pledged with the Bank,” shall be substituted.

26. Amendment of section 30, Ordinance XXXIX of 2000.— In the said Ordinance, in the said section 30, in sub-section (1), for the full stop at the end, a colon shall be substituted and thereafter the following proviso, shall be inserted, namely:-

“Provided that the Commission may specify regulations to govern the matters provided in sub-section (1).”.

27. Amendment of section 31, Ordinance XXXIX of 2000.— In the said Ordinance, in the said section 31,-

- (a) existing section 31 shall be re-numbered as sub-section (1);
- (b) in sub-section (1), renumbered as aforesaid, for the word “Commission”, the words, “State Bank of Pakistan” shall be substituted and the expression “, and such consent shall not be unreasonably withheld” shall be omitted; and
- (b) after sub-section (1), the following a new sub-section shall be inserted, namely:-

“(2) The State Bank of Pakistan shall forward the request of the insurer to the Commission seeking its consent for return of such portion of the deposit as is in excess of any amount which the insurer is required under this Ordinance to keep deposited and such consent shall not be unreasonably withheld.”.

28. Amendment of section 32, Ordinance XXXIX of 2000.— In the said Ordinance, in the said section 32,-

(a) for sub-section (1) and (2), the following shall be substituted, namely: -

“(1) The Commission shall, through regulations specify the assets which shall, for the purposes of this part, be considered as admissible assets.

(2) The Commission shall, through regulations specify the assets which shall, for the purposes of this part, be considered as inadmissible assets:

Provided that in specification of the inadmissibility of assets, the Commission may provide limits for inadmissibility of certain assets on such basis, as may be specified.”;

(b) in sub-section (3), for the words “prescribing” and “prescription” wherever occurring, the words “specifying” and “specification” shall be substituted, respectively;

(c) for sub-sections (4), (5) and (6) the following shall be substituted, namely: -

“(4) For the purposes of sub-section (2), the limits of inadmissibility to be specified by the Commission shall extend *mutatis mutandis* in respect of investments made in shares (or equity securities by whatever name called) of a body corporate incorporated in a jurisdiction other than Pakistan.

(5) An insurer, for the purposes of this Part, may make an application in writing, with the Commission for seeking declaration of assets as admissible assets, in such form and manner as may be specified.

(6) The Commission may declare certain assets, not to be admissible assets of an insurer or of a life insurance statutory fund maintained by an insurer, in such form and manner as may be specified.”;

(d) sub-sections (7), (8) and (9) shall be omitted.

29. Substitution of section 34, Ordinance XXXIX of 2000.— In the said Ordinance, for the said section 34, the following shall be substituted, namely:-

“34. Valuation of assets and liabilities. - (1) For the purposes of this Part, the assets of an insurer shall be valued in the manner, as may be specified by the Commission.

(2) *For the purposes of this Part, the Commission, shall specify, the manner of valuation of the liabilities of an insurer.”.*

30. Amendment of section 35, Ordinance XXXIX of 2000.— In the said Ordinance, in the said section 35,-

(i) for sub-section (1), the following shall be substituted, namely: -

“(1) A life insurer, having share capital, shall at all times maintain in its shareholders’ fund, or for a life insurer, not having share capital, in respect of its permanent capital fund, a surplus of admissible assets in Pakistan over liabilities in Pakistan of not less than the minimum amount as may be specified:

Provided that in the case of microinsurer, a reinsurer or a digital insurer licenced to undertake life microinsurance, life reinsurance or life digital only insurance business, the Commission shall separately specify the required minimum amount under sub-section (1).”;

- (ii) sub-section (2) shall be omitted;
- (iii) in sub-section (3), after the words “conduct of business”, the expression, “other than investment-linked business” shall be omitted and after the words “policyholder liabilities” the words “and a solvency margin” shall be inserted and thereafter, for the word “prescribed” the word “specified” shall be substituted;
- (iv) sub-section (4) shall be omitted;
- (v) in sub-section (5), for the expression “, in an amount”, the expression “and a solvency margin,” and for the words, “provisions in this respect”, the word, “principles” shall be substituted and thereafter for the word “prescribe” the word “specify” shall be substituted;
- (vi) in sub-section (7), for the words “The Federal Government may prescribe”, the words “The Commission may specify” shall be substituted;
- (vii) for sub-section (8), the following shall be substituted, namely:-
- “(8) The aggregate of percentages specified under sub-section (7) shall not exceed forty per cent or such percentage as may be specified:
- Provided that the provision of sub-section (7) and (8) above shall not be applicable on a life reinsurer licenced to undertake life reinsurance business.”;
- (viii) after sub-section (8) substituted as aforesaid, the following new sub-sections shall be inserted, namely:-

“(9) Where a licenced reinsurer, is allowed to undertake composite reinsurance business, the provisions of this section shall apply *mutatis mutandis* in respect of its life reinsurance business.

(10) Notwithstanding the powers of the Commission to issue a direction under section 63 of the Ordinance, where a life insurer fails to maintain the solvency requirement under this section, the Commission may direct the life insurer to submit a financial plan and a plan of action to the Commission, to correct the deficiency within a period not exceeding six months.

(11) A life insurer who has submitted a plan, as required under subsection (10), the Commission may propose modifications to the plan, if the Commission considers the same to be inadequate, the Commission may give such directions, as may be deemed necessary, including direction to cease entering into new contracts of insurance under section 63 of the Ordinance.

(12) A life insurer who does not comply with the provisions of subsection (10) shall be deemed to have made default in complying with the requirements of this section.

(13) The Commission shall have the power to specify a percentage or a range of percentages for investment exposure of the shareholders’ fund of a life insurer or the statutory funds of a life insurer, in different asset classes, which shall also be specified:

Provided that the power of the Commission to specify a percentage or a range of percentages for investment exposure in different asset classes shall be exercised after giving due consideration to the nature and term of the liabilities of the life insurer.”.

31. Amendment of section 36, Ordinance XXXIX of 2000.— In the said Ordinance, for section 36 the following shall be substituted, namely,-

“36. Insurers of non-life insurance business to have assets in excess of minimum solvency requirement.- (1) An insurer licenced under this Ordinance to carry on non-life insurance shall at all times have admissible assets in excess of its liabilities of an amount greater than or equal to the minimum solvency requirement to be calculated based on such principles and as per such methods as may be specified:

Provided that in the case of a microinsurer, a reinsurer or a digital insurer licenced to undertake non-life microinsurance, non-life reinsurance or non-life digital-only insurance business, or where a reinsurer is licenced to undertake both life and non-life reinsurance business, as the case may be, the principles and methods for calculation of minimum solvency requirement shall be separately specified.

(2) The Commission may direct an insurer not to deal with any specified asset for any specified period of time in order to ensure compliance by the insurer with the provisions of this Part.

(3) Where a licenced non-life reinsurer, is allowed to undertake composite reinsurance business, the provisions of this section shall apply *mutatis mutandis* in respect of its non-life reinsurance business.”

“(4) Notwithstanding the powers of the Commission to issue a direction under section 63 of the Ordinance, where a non-life insurer fails to maintain the solvency requirement under this section, the Commission may direct the non-life insurer to submit a financial plan and a plan of action to the

Commission, to correct the deficiency within a period not exceeding six months.

(5) A non-life insurer who has submitted a plan, as required under sub-section (4), the Commission may propose modifications to the plan, if the Commission considers the same to be inadequate, the Commission may give such directions, as may be deemed necessary, including direction to cease entering into new contracts of insurance under section 63 of the Ordinance.

(6) A non-life insurer who does not comply with the provisions of sub-section (4) shall be deemed to have made default in complying with the requirements of this section.

(7) The Commission shall have the power to specify a percentage or a range of percentages for investment exposure of the non-life insurer, in different asset classes, which shall also be specified:

Provided that the power of the Commission to specify a percentage or a range of percentages for investment exposure in different asset classes shall be exercised after giving due consideration to the nature and term of the liabilities of the non-life insurer.”

32. Amendment of section 37, Ordinance XXXIX of 2000.— In the said Ordinance, in the said section 37,-

- (a) in sub-section (1), the expression, “, any director,” shall be omitted and after the expression, “of not more than eighty per cent.”, the expression “, or such other percentage as may be specified,” shall be inserted;

- (b) in sub-section (2), in the proviso, after the expression, “eighty per cent.”, the expression “, or such other percentage as may be specified,” shall be inserted;
- (c) in sub-section (5), for the words, “banking company”, the words “financial institution” shall be substituted;
- (d) for sub-sections (7) and (8), the following shall be substituted, namely: -

“(7) The provisions of section 182 of the Companies Act, 2017 (XIX of 2017), shall apply *mutatis mutandis* in respect of loan granted to the director of an insurer or its holding company or any of its relatives or in relation to giving a guarantee or providing security in connection with a loan made by any person to such a director, or to any of his relatives:

Provided that the provision of section 182 of the Companies Act, 2017 (XIX of 2017), shall not apply to a loan granted by an insurer being a company, if the loan is one granted on the security of a policy on which the insurer bears risk and the policy was issued on his own life, and the loan is of an amount not more than eighty per cent., or such other percentage as may be specified, of the surrender value of the policy.

(8) Except as otherwise provided in this section, an insurer may make a loan or temporary advance to an employee or agent of that insurer in accordance with the policies formulated by the insurer duly approved by its board of directors, in this regard.”.

33. Amendment to section 39, Ordinance XXXIX of 2000.— In the said Ordinance, in section 39, for the expression “statutory fund.” appearing at the end, the expression “life insurer:” shall be substituted and thereafter the following new proviso shall be inserted, namely: -

“Provided that in the case of the assets of a statutory fund of a life insurer, the insurer shall in its books and record clearly designate the assets of a statutory fund in the name of that statutory fund.”.

34. Insertion of section 39A, Ordinance XXXIX of 2000.— In the said Ordinance, after section 39, the following new section 39A shall be inserted, namely:-

“39A. Power of the Commission to introduce risk based capital and solvency requirements.- (1) The Commission may, specify risk based capital and solvency requirements, in such manner and form as necessary for the conduct of insurance business.

(2) The risk based capital and solvency requirements specified by the Commission shall apply to,-

- (a) all licenced insurers;
- (b) a division of insurance business, or direct insurance business, or reinsurance business, or takaful business, or a specified class or classes of insurance business; or
- (c) one or more specified licenced insurers.

(3) The risk based capital and solvency requirements specified by the Commission may,-

- (a) have general or specific application; or
- (b) provide for different treatment in special circumstances.

(4) For the purposes of sub-section (1), the Commission may make regulations for or with respect to:

- (a) the minimum amount of capital that an insurer must hold and maintain and the methods for determining or calculating the amount (whether by reference to a specified formula, framework, or amount, a combination of specified formulae, frameworks, or amounts, or otherwise) of the minimum capital to be maintained;
- (b) the methods for determining or calculating (whether by reference to a specified formula, framework, or amount, a combination of specified formula, frameworks, or amounts, or otherwise) a solvency margin for the purposes of a condition of licence;
- (c) the methods for determining whether, and the extent to which, a solvency margin is being maintained;
- (d) the requirements relating to reports about the financial condition of an insurer and other reports relating to the solvency of the insurer (including requirements relating to the information that must be contained in the reports, who must prepare the reports, how often the reports must be prepared, other matters concerning the preparation of reports, to whom the reports must be provided, and when the reports must be provided);
- (e) for the purposes of sub-clauses (a) to (d) the risk based capital and solvency requirements shall provide for:
 - (i) the methods for estimating or valuing the assets or liabilities (or both) of an insurer;

- (ii) the assets of an insurer that must be disregarded (in whole or in part) for the purposes of estimating or valuing the assets of an insurer;
 - (iii) whether, and the extent to which, the value of an insurer's assets exceeds the value of its liabilities (including contingent liabilities);
 - (iv) whether an insurer is able to pay its liabilities as they become due in the normal course of business; and
 - (v) any other matters relating to the financial condition or solvency of an insurer;
- (f) the requirements relating to the disclosure of information as to the financial condition or solvency of an insurer and the form and manner of such disclosure shall be disclosed to one or more of the following:
- (i) the Commission;
 - (ii) the insurer's policyholders or any class of those policyholders;
 - (iii) the public or any class of the public;
 - (iv) any other person notified by the Commission.”.

35. Amendment of section 40, Ordinance XXXIX of 2000.— In the said Ordinance, in the said section 40, for sub-section (1) and (2), the following shall be substituted, namely:-

“(1) In this Part:

- (a) “Company” means a registered reinsurer or reinsurers, incorporated in Pakistan, duly notified by the Federal Government as eligible for compulsory cession under section 42; and
- (b) “net retention” means such proportion of insurance risk which the Commission shall specify through Regulations.

(2) This Part, other than section 41, shall cease to have effect, in respect of such Company, on the effective date of a direction by the Commission to such Company to cease entering into new contracts of insurance.”.

36. Substitution of section 41, Ordinance XXXIX of 2000.— In the said Ordinance, for the said section 41, the following shall be substituted, namely: -

“41. Requirement to effect and maintain reinsurance arrangements.-

(1) An insurer or takaful operator shall effect and shall at all times maintain such reinsurance or *retakaful* arrangements, as the case may be, as are in the opinion of the directors (or such other person or body responsible for conducting the management and business of the insurer or takaful operator), formed on reasonable grounds, having regard to the exposures of the insurer or takaful operator in respect of individual contracts accepted and in respect of aggregate losses arising out of individual events, adequate to ensure

continuing compliance by the insurer or takaful operator with the provisions of this Ordinance relating to solvency.

(2) Every insurer and takaful operator shall submit to the Commission, in the manner specified by the Commission and not less than one month prior to the coming into effect, or as soon as practicable thereafter, of any treaty reinsurance or *retakaful* arrangement entered into by the insurer or takaful operator as cedant, such features of that reinsurance or *retakaful* arrangement as may be specified by the Commission.

(3) Where any reinsurance or *retakaful* treaty the particulars of which have been submitted to the Commission under sub-section (2) is altered or any new treaty reinsurance or *retakaful* arrangement is made after the submission of the information under sub-section (2), the insurer or takaful operator concerned shall submit to the Commission, in the manner specified by the Commission, particulars of such alteration in the treaty or such new treaty reinsurance or *retakaful* arrangement within one month of such alteration or arrangement and shall submit such further information or clarification as the Commission may require.

(4) The Commission may, at any time and after giving the insurer or takaful operator an opportunity of being heard, for reasons to be recorded in writing, direct the insurer or takaful operator to make such modifications in its reinsurance or *retakaful* arrangements, as the case may be, as the Commission may require.

(5) The Federal Government may make rules, not inconsistent with sub-section (1), governing the reinsurance or *retakaful* outside Pakistan, other than on a treaty basis, of insurance or takaful business underwritten by an insurer or takaful operator, as the case may be, in Pakistan.

Explanation: - For the purposes of this section, “reinsurance” and “retakaful” includes “retrocession”.”

37. Amendment of section 42, Ordinance XXXIX of 2000.— In the said Ordinance, in the said section 42, in sub-section (2), clause (b) shall be omitted;

38. Amendment of section 43, Ordinance XXXIX of 2000.— In the said Ordinance, in the said section 43,-

- (a) in sub-section (1), for the word “by regulations” the word “by rules” shall be substituted; and
- (b) in sub-section (2), for the word “by regulations” the word “by rules” shall be substituted.

39. Amendment of section 44, Ordinance XXXIX of 2000.— In the said Ordinance, in the said section 44,-

- (a) in the marginal heading, the words “and regulations”, shall be omitted; and
- (b) in sub-section (1), the words “and regulations” shall be omitted.

40. Amendment of section 45, Ordinance XXXIX of 2000.— In the said Ordinance, in the said section 45,-

- (a) in sub-section (2), for the words “or the Urdu language”, the words “or in any other language as may be specified” shall be substituted;
- (b) in sub-section (3), in clause (c), for the word “prescribed” the word “specified” shall be substituted;
- (c) in sub-section (5), for the expression “Companies Ordinance, 1984”, the expression, “Companies Act, 2017” shall be substituted; and
- (d) in sub-section (6), for the word “prescribed” the word “specified” shall be substituted.

41. Substitution of section 46, Ordinance XXXIX of 2000.— In the said Ordinance, for section 46, the following shall be substituted, namely:-

“46. Accounting and reporting.- (1) Every insurer shall at the expiration of each year prepare and deliver to the Commission with reference to that year such financial statements and regulatory returns audited by an approved auditor, as per the illustrative formats of financial statements and regulatory returns notified by the Commission and prepared in accordance with such regulations as may be specified by the Commission from time to time in this behalf.

(2) Every insurer shall furnish, to the Commission, within thirty days of the close of first and third quarter and within sixty days of the close of second quarter of its year of account, statements required under sub-section (1) prepared in such manner as specified under sub-section (1) and in such form as notified under sub-section (1).

Provided that the Commission shall have to the power to specify different submission timelines in respect of regulatory returns of the insurers.

(3) In the case of an insurer licenced to conduct life insurance business, the regulatory returns shall be furnished separately in respect of each statutory fund maintained by the life insurer and in respect of the shareholders' fund.

(4) The statements specified under this section shall be prepared in respect of all insurance business transacted by an insurer except that in the case of an insurer incorporated in a jurisdiction outside Pakistan, the statement shall be prepared in respect of the insurance business transacted by the insurer in Pakistan.

(5) In the case of a life insurer having in force policies which are investment linked or any other type of insurance, the statements referred to in sub-section (2) shall be accompanied by such other statements as may be specified.

(6) The statements specified under sub-sections (1) and (2) shall, in the case of an insurer, be approved by the board of the insurer and signed on behalf of the board by the chief executive officer and at least one director of the insurer and also by chief financial officer, or in the case of an insurer incorporated in a jurisdiction outside Pakistan, by its principal officer in Pakistan and any two directors (or the closest comparable officer equivalent thereto):

Provided that when the chief executive is for the time being not available in Pakistan, then the statements may be signed by at least two directors.

(7) The Commission shall have the power to specify embedded value framework for life insurance companies for the purpose of determination of their financial performance and appraisal value, which includes but is not limited to, the determination of present value of future profits and adjusted net asset value.”.

42. Amendment of section 47, Ordinance XXXIX of 2000.— In the said Ordinance, in the said section 47,-

- (a) in sub-section (1), for the word, “prescribed” wherever occurring, the word “specified” shall be substituted and for the expression “Companies Ordinance, 1984”, the expression “Companies Act, 2017 (XIX of 2017)” shall be substituted;
- (a) in sub-section (2),-
- (i) for the expression, “Part XIV of the Companies Ordinance, 1984”, the expression “Part XII of the Companies Act, 2017 (XIX of 2017)” and for the expression “Companies Ordinance, 1984 (XLVII of 1984)”, occurring at the end, the expression “Companies Act, 2017 (XIX of 2017)” shall be substituted;
- (ii) for the word “prescribed” wherever occurring, the word “specified” shall be substituted; and
- (b) in sub-section (4), for the expression, “Companies Ordinance, 1984”, the expression “Companies Act, 2017 (XIX of 2017)” shall be substituted and thereafter, for the word “prescribed” the word “specified” shall be substituted.

43. Amendment of section 48, Ordinance XXXIX of 2000.— In the said Ordinance, in the said section 48,-

- (a) in sub-section (1), in clause (b), for the words, “Companies Ordinance”, the expression “Companies Act, 2017 (XIX of 2017)” shall be substituted; and
- (b) in sub-section (4), for the expression “sections 255, 256, 257 and 260 of the Companies Ordinance, 1984” the expression “section 248, 249, 251 and 253 of the Companies Act, 2017 (XIX of 2017)” shall be substituted.

44. Amendment of section 49, Ordinance XXXIX of 2000.— In the said Ordinance, in the said section 49,-

(a) for sub-section (1), the following shall be substituted, namely: -

“(1) The Commission may at its discretion appoint an auditor, other than the statutory auditor of the insurer, to perform an investigation of such accounts and statements, books and records of the insurer as the Commission may direct.”; and

(b) in sub-section (4), for the word “prescribed” the word “specified” shall be substituted.

45. Amendment of section 50, Ordinance XXXIX of 2000.— In the said Ordinance, in the said section 50,-

(a) in sub-section (1), for the word “prescribed” the word “specified” shall be substituted;

(b) in sub-section (3), for the words “principal officer”, the words “chief executive” shall be substituted;

(c) in sub-section (4), for the word “prescribed” the word “specified” shall be substituted;

(d) for sub-section (5), the following shall be substituted, namely: -

“(5) The financial condition report prepared under sub-section (1) shall include a statement of policyholder liabilities calculated in the manner and on the basis specified by the Commission in this behalf.

Explanation: in this section, the “policyholder liabilities” means, for each statutory fund of the insurer, the amount of policyholder liabilities referred to in sub-section (2) of section 35 separately for different statutory funds.”;

- (e) in sub-section (6), after the words “policyholder liabilities” occurring for the second time, the words “determined in the specified manner” shall be inserted;
- (f) in sub-section (7), for the words “prescribed” wherever occurring, the word “specified” shall be substituted.

46. Amendment of section 51, Ordinance XXXIX of 2000.— In the said Ordinance, in the said section 51,-

- (a) in sub-section (1), for the expression “and report referred to in sub-sections (1) and (5) of section 46”, the expression “specified under sub-section (1) of section 46 and the statement specified under sub-section (5) of section 46” shall be substituted and thereafter, for the word “prescribed” the word “specified” shall be substituted;
- (b) for sub-section (2), the following shall be substituted, namely:-

“(2) In the case of the statements referred to in sub-section (2) of section 46 of the Ordinance, the Commission may on submission of an application

by an insurer, extend the timeframe of submission in the aforementioned section by a period of not more than one month:

Provided further that the Commission may, upon an application by an insurer, extend the period of filing in case of accounts of first quarter for a period not exceeding thirty days, if the company was allowed extension in terms of sub-section (1).”; and

(c) for sub-section (3), the following shall be substituted, namely:-

“(3) One printed copy of the returns shall be signed on behalf of the board by the chief executive officer and at least one director of the insurer and also by chief financial officer, and in the case of the report and statement referred to in section 50 by the actuary who carried out the investigation.”.

47. Substitution of section 52, Ordinance XXXIX of 2000.— In the said Ordinance, for the said section 52, the following shall be substituted, namely:-

“52. Exemption from certain provisions of the Companies Act, 2017.-

(1) The Commission may notify the illustrative formats of the statements required to be filed by an insurer under section 223 and section 233 of the Companies Act, 2017 (XIX of 2017), as the case may be, and filing made in such form shall satisfy the requirements of those sections.

(2) The statements required to be filed by life insurers for the purposes of section 223 and 233 of the Companies Act, 2017 (XIX of 2017), shall be deemed to include such statements, each in such form as may be notified by the Commission.”.

48. Substitution of section 55, Ordinance XXXIX of 2000.— In the said Ordinance, for section 55, the following shall be substituted, namely:-

“55. Custody and inspection of documents and supply of copies.- (1) The Commission may specify any of the returns submitted to it under the Ordinance, which shall be available for inspection and procurement of copies on payment of prescribed fee in such manner and conditions as may be specified.

(2) A certified copy of the returns specified through sub-section (1) shall be kept by the Commission and shall be open to inspection; and any person may procure a copy of any such return, or of any part thereof, on payment of such fee as may be specified.

(3) A printed or certified copy of the returns specified in sub-section (1) of this section shall, on the application of any shareholder or policy holder made at any time within ten years from the date on which the document was so furnished be supplied, to him by the insurer within fourteen days of such application.”.

49. Amendment of section 57, Ordinance XXXIX of 2000.— In the said Ordinance, in section 57, after the words “insurer and”, the word “after” shall be inserted.

50. Amendment of section 59, Ordinance XXXIX of 2000.— In the said Ordinance, in section 59, for sub-section (1), the following shall be substituted, namely: -

“(1) If the Commission believes on reasonable grounds that an insurer is or is likely to become unable to meet its liabilities or that there has been or is likely to be a contravention of the provisions of the Ordinance or the rules or the regulations made thereunder by the insurer, or it is deemed necessary as a result of the inspection conducted under section 59A of the Ordinance, it may investigate the affairs of an insurer and wherever necessary, employ any professional including an auditor or an actuary for assisting it in any such investigation.”.

51. Substitution of section 59A, Ordinance XXXIX of 2000.— In the said Ordinance, for section 59A, the following shall be substituted, namely:-

“59A. Power of the Commission to undertake inspection of insurance companies.— (1) The Commission may undertake inspections of an insurer to ensure that the insurer is complying with or has complied with any provision of this Ordinance or administered legislation where applicable or any terms and conditions of license or registration.

(2) The Commission may appoint any one or more of its employees or any other person so authorized to exercise the powers of the Commission to inspect any record or documents of the insurer.

(3) The inspecting officer or team of inspecting officers, appointed under sub-section (2), shall have all the powers as provided in section 28A of the SECP Act, 1997 and shall proceed accordingly and any violation of this section shall be punishable under sub-section (5) of section 28A of the SECP Act, 1997.

(4) Inspections shall be conducted with such frequency as the Commission may deem appropriate.

(5) All officers and agents of the company, including lawyers, auditors and actuaries shall supply all information, documents and assistance that may be required by the Commission in the course of the inspection.

(6) The inspecting officer or team, as the case may be, shall, in addition to the powers available under SECP Act, 1997, also have all the powers provided under section 255 of the Companies Act, 2017 (XIX of 2017).”

52. Amendment of section 60, Ordinance XXXIX of 2000.— In the said Ordinance, in section 60, sub-section (4) shall be omitted.

53. Amendment of section 61, Ordinance XXXIX of 2000.— In the said Ordinance, in section 61,-

(a) for sub-section (1), the following shall be substituted, namely|:-

“(1) The Commission may by notice in writing direct any insurer, its chief executive officer or its directors and officers, or insurance intermediaries, its chief executive officer or directors and officers, appointed actuary, or auditors to supply the Commission, within such period as the notice may specify, with any information relating to its insurance business or business of the insurance intermediary which the Commission may reasonably require.”;

(b) in sub-section (2), for the expression, “certified by the” the expression “by the insurer shall be certified by the chief executive” shall be substituted; and

- (c) in sub-section (3), the words, “or principal officer” shall be omitted; and
- (d) after sub-section (4), a new sub-section (5) shall be inserted, namely:-

“(5) Any person who does not provide information as required by the Commission or conceals a part of the information, within the specified time commits an offence and is liable to be punished under section 158A.”.

54. Insertion of section 61A, Ordinance XXXIX of 2000.— In the said Ordinance, after section 61, amended as aforesaid, the following new section shall be inserted, namely: -

“61A. Power of the Commission to examine or explanation.— (1) Where on scrutiny of any document filed by an insurer or an insurance intermediary on any information received by the Commission under this Ordinance or in relation to any notice, advertisement, other communication, or otherwise, the Commission is of opinion that any information, explanation or document is necessary with respect to any matter, the Commission may, by a written notice, call upon the insurer or the insurance intermediary and any of its present or past directors, officers, auditors or actuary (in case of insurers) to furnish such information or explanation in writing, or such document, within such days as provided for in the notice:

Provided that a director, officer, auditor or actuary (in case of an insurer) who ceased to hold office more than six years before the date of the notice of the Commission, shall not be compelled to furnish information or explanation or document under this sub-section.

(2) It shall be an offence for an insurer or an insurance intermediary to make default in furnishing the information stated in the notice.”.

55. Amendment of section 63, Ordinance XXXIX of 2000.— In the said Ordinance, in section 63, in sub-section (1), for the full stop at the end a colon shall be substituted and thereafter the following new proviso shall be added, namely: -

“Provided that a direction shall not be issued under this sub-section without giving the insurer an opportunity to be heard.”.

56. Amendment of section 65, Ordinance XXXIX of 2000.— In the said Ordinance, in section 65.-

(a) in sub-section (1), for the expression, “section 187 of the Companies Ordinance”, the expression “section 153 of the Companies Act, 2017” shall be substituted; and

(b) in sub-section (5), for the words, “Federal Government”, the word “Commission” shall be substituted.

57. Insertion of section 65A, Ordinance XXXIX of 2000.— In the said Ordinance, after section 65, amended as aforesaid, the following new section shall be inserted, namely: -

“65A. Power to require promoters to divest shareholding.- (1) Notwithstanding any provision contained in any other law for the time being in force, where the Commission determines that a promoter of an insurer subsequently fails to meet the specified fit and proper criteria or where the Commission believes on reasonable grounds that the association of such promoter with the insurer, is or is likely to be detrimental to the interest of the insurer or its policyholders, the Commission may, by an order in writing, require such person to reduce, divest or transfer its shareholding to another person, within such reasonable period and in such manner as may be specified in the order.

(2) No order under this section shall be made unless the promoter concerned has been given reasonable opportunity of making a representation to the Commission against the proposed order.

(3) Where the Commission is of opinion that any delay in passing of the order would be detrimental to the interest of the insurer or its policyholders, the Commission may, at the time of giving the opportunity of representation or at any time thereafter, pending the consideration of the representation, if any, may make an appropriate interim order, and conduct the proceedings in a reasonably expeditious manner.

(4) The interim order referred in sub-section (3) may include prohibition of-

- (a) transfer of, or the carrying out of the agreement or arrangement to transfer such shares;
- (b) the exercise of voting rights in respect of such shares;
- (c) the payment of cash or stock dividends in respect of such shares; and
- (d) the issue of further shares to the concerned promoter.

(5) Where direction given under the preceding sub-section is not complied with, the Commission may dispose of such shares either through stock exchange or public auction and the proceeds of such shares, after deduction of any expenses incurred by the Commission, shall be paid to the respective promoter within a period of three months and where necessary, the Commission may require-

- (a) issuance of duplicate shares in place of the original shares;
and
- (b) the Central Depository Company to make appropriate changes in its records.

(6) Any person aggrieved by the decision of the Commission may prefer appeal to the Appellate Bench of the Commission under section 33 of SECP Act, 1997 but pending decision of the proceedings, the promoter shall not derive any benefit including dividends, right shares, voting rights etc. from his shareholding without express permission of the Appellate Bench.”.

58. Amendment of section 66, Ordinance XXXIX of 2000.— In the said Ordinance, in section 66.-

(a) in the marginal heading, for the word “prescribe” the word “specify” shall be substituted;

(b) for sub-section (1), (2) and (3), the following shall be substituted, namely: -

“(1) The Commission may make regulations limiting the total amount of acquisition costs which may be incurred by an insurer in a year or a certain class or type of insurers based on the financial strength and solvency position of insurers or such other criteria as may be specified.

(2) The Commission may make regulations limiting the total amount of management expenses which may be incurred by an insurer or a certain class or type of insurers in a year.

(3) Regulations made under sub-section (1) or sub-section (2) shall apply to all insurers to whom the Ordinance applies subject to such criteria as may be specified:

Provided that the regulations may differentiate between different categories of insurance business for the purposes of determining limits.”;

(c) sub-section (4) shall be omitted; and

(d) in sub-section (5):

(i) in clause (a) for the word “prescribed” the word “specified” shall be substituted.

(ii) for clause (b), the following shall be substituted, namely:-

“(b) management expenses” means all expenses incurred by an insurer, not being reinsurance expenses or claims expenses *or expenses directly referable to claims or expenses incurred towards technology-enabled innovation in insurance services (policyholder oriented) that could result in new business models, applications, processes or products or such other expenses as may be specified by the Commission* and includes without limitation acquisition costs as defined in this sub-section.”

59. Amendment of section 67, Ordinance XXXIX of 2000.— In the said Ordinance, in section 67.-

(a) in the marginal heading, for the word “acquisition”, the word “disposal” shall be substituted;

(b) for sub-section (1) and (2), the following shall be substituted, namely:-

“(1) Any proposed transaction for the disposal of a shareholding of more than ten percent (10%), or such other percentage as may be specified, in an insurance company, or, in the case of a non-life insurer, of the whole or any part exceeding ten percent, or such other percentage as may be specified, (measured by either the premium income or the sum of the liabilities for unearned premium, outstanding claims, incurred but not reported claim reserves and the premium deficiency reserve proposed to be acquired) of the business located in Pakistan of an insurer (whether in one or a number of related transactions and whether at the same or different times) shall not proceed unless, on application by the transferor, approval is given by the Commission.

Explanation:- A number of transactions shall be deemed to be related if there being more than one transferor, those transferors are acting together or in concert or if, in all the facts and circumstances of the case, there is such a relationship between the transferors or such common purpose between them so that it would be reasonable to conclude that the transactions are related.

(2) The application required to be filed under sub-section (1) shall be submitted along with all the relevant documents and information, ought to be provided to the Commission to enable it to make an informed decision and may also be made in such form and be accompanied by such documents as may be specified.”;

(c) after sub-section (5), the following new sub-sections (6) and (7) shall be inserted, namely:-

“(6) Any approval under this section may be granted subject to such conditions as the Commission may determine, including but not limited to the following conditions. -

- (a) restricting the applicant’s disposal or further acquisition of shares or voting power in the insurer concerned; or
- (b) restricting the applicant’s exercise of voting power in the insurer.

(7) The Commission may at any time add to, vary or revoke any condition imposed under sub-section (6).”.

60. Insertion of section 67A, Ordinance XXXIX of 2000.— In the said Ordinance, after section 67, the following new section 67A shall be inserted, namely:-

“67A. Approval for acquisition or transfer.- (1) Any proposed transaction for the acquisition of a shareholding of more than ten percent (10%), or such other percentage as may be specified, in an insurance company, or, in the case of a non-life insurer, of the whole or any part exceeding ten percent, or such other percentage as may be specified, (measured by either the premium income or the sum of the liabilities for unearned premium, outstanding claims, incurred but not reported claim reserves and the premium deficiency reserve proposed to be acquired) of the business located in Pakistan of an insurer (whether in one or a number of related transactions and whether at the same or different times) shall not proceed unless, on application by the acquirer, approval is given by the Commission.

Explanation: A number of transactions shall be deemed to be related if there being more than one acquirer, those acquirers are acting together or in

concert or if, in all the facts and circumstances of the case, there is such a relationship between the acquirers or such common purpose between them so that it would be reasonable to conclude that the transactions are related.

(2) The application required to be filed under sub-section (1) shall be submitted along with all the relevant documents and information, ought to be provided to the Commission to enable it to make an informed decision and may also be made in such form and be accompanied by such documents as may be specified.

(3) The Commission may, within fifteen days from the receipt of the application, require the applicant to submit such further documents and information as may be required for it to make an informed decision about the transaction in the interests of policy holders and shareholders and the applicant shall provide the same within a period of seven days or such later period as the applicant may in writing request.

(4) If after sixty days of the receipt of the application or the receipt of any additional material under sub-section (3), approval has not been granted or a notice given to the applicant declining approval, the Commission shall be deemed to have given its approval.

(5) Approval given or deemed to be given by the Commission under this section shall not preclude the necessity of obtaining any such approval or consent required to be obtained from the Commission under the provisions of any other applicable law.

(6) Any approval under this section may be granted subject to such conditions as the Commission may determine, including but not limited to the following conditions.-

- (a) restricting the applicant's disposal or further acquisition of shares or voting power in the insurer concerned; or
- (b) restricting the applicant's exercise of voting power in the insurer.

(7) The Commission may at any time add to, vary or revoke any condition imposed under sub-section (6).”

61. Amendment of section 70, Ordinance XXXIX of 2000.— In the said Ordinance, in section 70,-

- (a) in clause (b), for the words “principal officer” the words “chief executive” shall be substituted; and
- (b) in clause (c), in sub-clause (i), for the word “prescribed” the word “notified” shall be substituted.

62. Amendment of section 72, Ordinance XXXIX of 2000.— In the said Ordinance, in section 72, for sub-section (1),-

- (a) for the expression, “, may,” the words “or otherwise shall,” shall be substituted; and
- (b) in the proviso, for the word “prescribed” the word “specified” shall be substituted.

63. Amendment of section 73, Ordinance XXXIX of 2000.— In the said Ordinance, in section 73, for sub-section (1), in the proviso, for the word “prescribed” the word “specified” shall be substituted.

64. Amendment of section 77, Ordinance XXXIX of 2000.— In the said Ordinance, in section 77:-

(a) in sub-section (2), after clause (a), a new clause (aa) shall be inserted as follows:

“(aa) clearly mention the rights and obligations of the policyholder in the policy document; and”

(b) in sub-section (3), after the expression “such failure”, occurring at the end, the words “and where an insurer refuses the claim, the refusal intimation should clearly mention the reasons for such refusal” shall be inserted.

65. Insertion of sections 77A and 77B, Ordinance XXXIX of 2000.— In the said Ordinance, after section 77, the following new sections 77A and 77B shall be inserted, namely:-:

77A. Power to specify manner of presentation of policy benefits.-The Commission may specify the form and manner of presentation of prospective benefits of the life insurance investment products including but not limited to the benchmarks or indices with which, the illustration of benefits, cash values or surrender values may be required to be linked.

77B. Mechanism to ensure policyholder’s understanding of policy terms.- (1) The insurers shall formulate a mechanism to ensure that the policyholders have adequate knowledge and understanding about the appropriateness of product they have purchased.

(2) The Commission may specify the requirements related to establishment of such mechanism, specific timelines, categories or types of products for which this mechanism is required to be used, and such other additional requirements as it may deem fit.”

66. Amendment of section 78, Ordinance XXXIX of 2000.— In the said Ordinance, in section 78, after the words “provision of this Ordinance” the words “rules and regulations made thereunder,”; shall be inserted.

67. Amendment of section 79, Ordinance XXXIX of 2000.— In the said Ordinance, in section 79:-

- (a) in sub-section (1), after the expression “the contract being entered into”, the expression “or the policy being reinstated” shall be inserted; and
- (b) in sub-section (2), in clause (b), in the proviso, for the word “prescribed” the word “specified” shall be substituted.

68. Amendment of section 80, Ordinance XXXIX of 2000.— In the said Ordinance, in section 80, after the words “after the expiry of two years from the date on which it was effected”, the words “or reinstated” shall be inserted.

69. Amendment of section 82, Ordinance XXXIX of 2000.— In the said Ordinance, in section 82,-

- (a) in the marginal heading, for the words “a life” the word “an” shall be substituted;
- (b) in sub-section (1), for the words “a policy of life insurance” the words “a policy of insurance” shall be substituted;
- (c) sub-section (2) shall be omitted;
- (d) for sub-sections (3) and (4), the following shall be substituted, namely:-

“(3) The insurer shall give written notice to the policy holder or the beneficiary of the policy or any person having or purporting to have rights under the policy, that the policy is liable to be cancelled due to lodgment of fraudulent claim.

(4) The insurer shall after seeking comments of the person having or purporting to have rights under the policy and after giving opportunity of representation cancel the policy by written notice to the policy holder:

Provided that any person aggrieved by the cancellation of the policy may lodge the case of cancellation of the policy with the Insurance Tribunal for seeking remedy including but not limited to revival of the policy.

(e) after sub-section (5), new sub-sections (6) and (7) shall be inserted , namely:-

“(6) The insurer may recover from the policyholder or beneficiary any sums paid by the insurer in respect of the fraudulent claim and the direct incremental costs in respect of claim settlement/investigation.

(7) Nothing in this section allows a life insurer to forfeit the accumulated cash value or surrender value and other benefits payable to the policyholder or beneficiary in accordance with the terms of the life insurance policy.”.

70. Amendment of section 83, Ordinance XXXIX of 2000.— In the said Ordinance, in section 83,-

(a) in the marginal heading, for the words “prescribe rules”, the word “specify regulations” shall be substituted;

- (b) in sub-section (1), for the word “rules” the word “regulations” shall be substituted;
- (c) in sub-section (2) for the word “Rule” wherever occurring, the word “regulation” shall be substituted;
- (d) after sub-section (2), the following new sub-section (3) shall be inserted, namely:-

“(3) Without prejudice to the generality of sub-section (1), the Commission may make regulations with respect to —

- (a) the standards to be maintained by an insurer and insurance intermediary in the conduct of business under this Ordinance, including the standards in relation to the obligation to disclose information to policy holders;
- (b) the qualifications, experience and training of an insurance intermediary and, where the insurance intermediary is a company or a body corporate, of its directors, chief executive, officers and employees;
- (c) the procedure for the conduct of disciplinary control of insurance intermediaries and, where the insurance intermediary is a company or a body corporate, of its directors, chief executive, officers and employees; and
- (d) any other matter as may be specified.”.

71. Amendment of section 84, Ordinance XXXIX of 2000.— In the said Ordinance, in section 84, in sub-section (1), for the words “prescribed by rules” the word “specified” shall be substituted.

72. Amendment of section 85, Ordinance XXXIX of 2000.— In the said Ordinance, in section 85,-

- (a) in sub-section (1), for the word, “rules”, the word “regulations” and for the words, “prescribed by the Commission” appearing at the end, the word, “specified” shall be substituted;
- (b) in sub-section (2), for the expression “rules made under sub-Rule”, the expression “regulations made under sub-section” shall be substituted;

73. Amendment of section 86, Ordinance XXXIX of 2000.— In the said Ordinance, in section 86, for sub-section (4), the following shall be substituted, namely:-

“(4) It shall be unlawful for insurance to be taken out by a lender without the knowledge and consent of the borrower, if the cost of insurance is to be borne by the borrower, whether explicitly or implicitly, unless the borrower having undertaken to do so, has without good cause and for reasons beyond his control failed to comply with his obligations in this respect.”.

74. Amendment of section 90, Ordinance XXXIX of 2000.— In the said Ordinance, in section 90,-

- (a) for sub-section (2) the following shall be substituted, namely: -

“(2) Subject to sub-section (4), the Commission may specify the timelines within which the insurer shall pay the surrender value to the policy holder.”; and

(b) sub-sections (3) and (5) shall be omitted.

75. Amendment of section 92, Ordinance XXXIX of 2000.— In the said Ordinance, in section 92,-

(a) in sub-section (1), for the words “one month from” the words “such period as may be specified, from the” shall be substituted;

(b) sub-section (2) shall be omitted; and

(d) in sub-section (3), in clause (b), for the word “prescribed” the word “specified” shall be substituted.

76. Substitution of section 94, Ordinance XXXIX of 2000.— In the said Ordinance, for section 94, the following shall be substituted, namely:-

“94. Certain provision of this Part to apply only to direct insurance business.- Sections 95 to 101, 103 to 109 and 114 shall apply only to direct insurance business.”.

77. Insertion of section 94A, 94B, 94C and 94D Ordinance XXXIX of 2000.— In the said Ordinance, after section 94, the following new sections shall be inserted, namely: -

“94A. Licencing requirements for applicants.- (1) No person other than an eligible person provided in section 94B shall, after the coming into effect of this Insurance Ordinance (Amendment) Act, 2024, begin or carry out any business in the nature of insurance intermediation unless such eligible person has obtained a

licence, from the Commission in such form and manner and subject to such terms and conditions as may be specified:

Provided that the Commission may, by notification in the official Gazette, exempt any class of persons from the operation of sub-section (1), subject to such terms and conditions as may be specified:

Provided further that a licenced insurer offering services in the nature of insurance self-network platform shall be exempted from the requirement of obtaining licence from the Commission under this Ordinance, subject to such terms and conditions as may be specified:

Provided also that the requirement to obtain licence as corporate insurance agents shall come into effect within six months of the coming into effect of this Insurance Ordinance (Amendment) Act, 2024 or any subsequent date as may be notified:

Provided further that persons acting as agent with an insurer, which are not corporate insurance agents shall be exempted from the requirement of obtaining licence from the Commission.

(2) It shall be unlawful for any person to act as or describe himself or hold himself to be described or held out as an insurance intermediary, except as insurance agent, unless he holds valid licence, granted by the Commission.

(3) An insurance intermediary required to seek licence under this Ordinance, shall make an application to the Commission, the manner of filing of which and the information, documents, reports, certificates to be submitted with the application, shall be specified.

94B. Eligible persons as insurance intermediaries.- (1) From the effective date of the coming into effect of this Insurance Ordinance (Amendment) Act, 2024 no person other than a company formed under the company law, shall be eligible to be licenced as insurance broker, third party administrator or insurance surveyor:

Provided that an adjuster of maritime losses for marine class of insurance surveying business shall be eligible to act as an insurance surveyor:

Provided further that nothing in this section shall prevent the expression in the course of his general professional practice of an expert opinion on the nature, cause or quantum of an insurance loss by an advocate, solicitor, accountant, actuary or other professional person engaged in a profession other than surveying.

(2) In the case of corporate insurance agents, no person other than a company incorporated under the company law or a firm or a limited liability partnership as defined in the Limited Liability Partnership Act, 2017 shall be eligible to transact business as corporate insurance agents.

(3) In the case of reinsurance brokerage, a foreign reinsurance broker i.e. a company or a body corporate incorporated outside Pakistan, which is allowed to undertake insurance and/or reinsurance brokerage, in the jurisdiction in which it is incorporated, and has established place of business in accordance with the part XII of the Companies Act, 2017 (XIX of 2017), shall also be eligible to undertake reinsurance brokerage business in Pakistan.

(3) In the case of insurance self-network platform business or other insurance intermediaries notified by the Commission under section 114C, the Commission may specify the persons eligible to transact such business.

94C. Grant of licence.- (1) Where an application for licence is received by the Commission under section 94A, the Commission may grant licence to the insurance intermediary, subject to fulfilment of such requirements, as may be specified.

(2) Where the Commission is not satisfied with respect to all or any of the matters related to the applicant as an insurance intermediary, it shall refuse an application.

(3) The regulations to be made under sub-section (1), shall provide for the recourse available to the applicant, if its application is refused by the Commission.

(4) All insurance intermediaries licenced under this Ordinance shall pay to the Commission, on or before the fifteenth day of January in every calendar year, such amount of annual supervision fee, at such rate as may be notified by the Commission.

94D. Duration and revocation of licence.- (1) After the coming into effect of this Insurance Ordinance (Amendment) Act, 2024, the licence of insurance intermediaries, shall continue to remain valid until and unless cancelled or suspended by the Commission:

Provided that the licences issued to insurance brokers, insurance surveyors and third-party administrators issued prior to coming into effect of this Insurance Ordinance (Amendment) Act, 2024, shall remain valid for the period mentioned on the licence, on the expiry of which, licence under the provision of section 94C shall be issued by the Commission:

Provided further that after the coming into effect of this Insurance Ordinance (Amendment) Act, 2024; authorised surveying officers shall not be required to obtain registration from the Commission.

(2) Where the Commission has reasons to believe that an insurance intermediary, has contravened the provisions of this Ordinance or the conditions of licence or the directions given by the Commission, the Commission may by an order in writing cancel or suspend the licence of the insurance intermediary:

Provided that a licence of an insurance intermediary shall not be cancelled or suspended under this sub-section without giving the holder of the licence an opportunity to be heard.

(3) The order under sub-section (2) shall provide the reasons of cancellation or suspension of licence and shall stipulate the period during which the licence shall remain suspended and on termination of the duration of suspension, the concerned insurance intermediary shall apply before the Commission seeking licence, as per section 94A.”.

78. Amendment of section 95, Ordinance XXXIX of 2000.— In the said Ordinance, in section 95, in sub-section (2), for the word “registered” the words “licenced direct” shall be substituted.

79. Amendment of section 96, Ordinance XXXIX of 2000.— In the said Ordinance, in section 96,-

(a) in sub-section (1), for the expression “a body corporate, any director of the body corporate, or officer of the” the expression “a company or a firm or a body corporate (including a limited liability partnership as defined in the Limited Liability Partnership Act,

2017), any director of the company or a firm or a body corporate, or officer of the company or a firm or a” shall be inserted;

- (b) in sub-section (5), for the full stop, a colon shall be substituted and thereafter the following proviso shall be added, namely: -

“Provided that the requirements of sub-section (4) and (5) above shall not be applicable on a corporate insurance agent.”; and

- (c) after sub-section (5) amended as aforesaid, the following new sub-section (6) shall be inserted, namely: -

“(6) No person shall solicit any insurance business for any person other than a licenced insurer.

Explanation:- “Solicit”, in relation to insurance business means, offering to, inviting, or issuing any advertisement containing any offer or invitation to, the public or any section of the public in Pakistan to enter into a contract of insurance.”.

80. Substitution of section 97, Ordinance XXXIX of 2000.— In the said Ordinance, for section 97, the following shall be substituted,-

“97. Minimum qualifications for agents.- The Commission may specify minimum qualifications for persons appointed as insurance agents, which may extend to educational requirements, training and professional development requirements, examination and/or certification requirements, experience in the industry and membership of an approved trade or professional organization or self-regulatory organization.”.

81. Amendment of section 98, Ordinance XXXIX of 2000.— In the said Ordinance, in section 98,-

- (a) in sub-section (1), for the word “prescribed” the word “specified” shall be substituted; and
- (b) for sub-section (2), the following shall be substituted:

“(2) Prior to appointing a person as its agent, and at such intervals as may be specified, during the time the person continues to act as its agent, an insurer shall obtain from that person, a declaration in such form and manner as may be specified.”.

82. Amendment of section 99, Ordinance XXXIX of 2000.— In the said Ordinance, in section 99,-

- (a) in sub-section (5), for the word “prescribed” the word “specified” shall be substituted; and
- (b) after sub-section (5), amended as aforesaid, the following new sub-section (6) shall be inserted, namely: -

(6) It shall be prohibited for any insurer or any of its agents to receive premium from the policyholder otherwise than by a cross cheque, pay order or electronic funds transfer or in such other manner as may be specified:

Provided that this sub-section shall not apply to premium received by the insurer or any of its agents, which do not in the aggregate in one year exceed such amount as may be specified by the Commission from time to time:

Provided further that the requirement of this sub-section shall come into effect on such date as may be notified by the Commission.”.

83. Amendment of section 101, Ordinance XXXIX of 2000.— In the said Ordinance, in section 101,-

- (a) in the marginal heading, the word “life” wherever occurring shall be omitted; and
- (b) in sub-section (1), the word “life” wherever occurring shall be omitted.

84. Omission of section 102, Ordinance XXXIX of 2000.— In the said Ordinance, section 102 shall be omitted.

85. Amendment of section 103, Ordinance XXXIX of 2000.— In the said Ordinance, in the said section 103,-

- (a) in the marginal heading, for the word “Brokers” occurring at the beginning, the words, “Direct insurance brokers” shall be substituted;
- (b) in sub-section (1), after the word “licensed”, the word “direct” shall be inserted; and
- (c) in sub-section (2), after the word “licensed”, the word “direct” shall be inserted.

86. Omission of section 104, Ordinance XXXIX of 2000.— In the said Ordinance, section 104 shall be omitted.

87. Amendment of section 105, Ordinance XXXIX of 2000.— In the said Ordinance, in the said section 105, after the word “licensed” wherever occurring, the word “direct” shall be inserted.

88. Amendment of section 106, Ordinance XXXIX of 2000.— In the said Ordinance, in section 106, -

- (a) in the marginal heading, after the words “by and to”, the word, “direct” shall be inserted;
- (b) for sub-section (1), the following shall be substituted, namely: -

“(1) Any sums received by a direct insurance broker from a policy holder, if authorized by the insurer, or from an insurer, other than remuneration payable to the broker by the insurer, shall be deemed to be held on trust for the insurer. Payment by a policy holder to a direct insurance broker shall be deemed to constitute payment to the insurer.”;
- (c) in sub-section (2), for the words “an insurance broker” the words “a direct insurance broker” shall be substituted;
- (d) sub-section (3), for the words “an insurance broker” the words “a direct insurance broker” shall be substituted; and
- (e) sub-section (4), for the words “an insurance broker” the words “a direct insurance broker” shall be substituted.

89. Amendment of section 107, Ordinance XXXIX of 2000.— In the said Ordinance, in section 107, -

- (a) in the marginal heading, for the words “insurance brokers” the words “direct insurance brokers” shall be substituted;
- (b) in sub-section (1), for the words “an insurance broker” wherever occurring, the words “a direct insurance broker” shall be substituted and for the word “prescribed” wherever occurring, the word “specified” shall be substituted; and
- (c) in sub-section (2), for the words “an insurance broker” the words “a direct insurance broker” shall be substituted and for the word “prescribed” the word “specified” shall be substituted.

90. Amendment of section 108, Ordinance XXXIX of 2000.— In the said Ordinance, in section 108,-

- (a) in the marginal heading for the words “insurance brokers” the words “direct insurance brokers” shall be substituted;
- (b) in sub-section (1), for the words “insurance broker” the words “direct insurance broker” shall be substituted;
- (c) in sub-section (2), for the words “an insurance broker” the words “a direct insurance broker” wherever occurring, and for the words “insurance broker” the words “direct insurance broker” shall be substituted.

91. Omission of section 109, Ordinance XXXIX of 2000.— In the said Ordinance, section 109 shall be omitted.

92. Substitution of section 110, Ordinance XXXIX of 2000.— In the said Ordinance, for section 110, the following shall be substituted, namely: -

“110. Power to inspect insurance intermediaries.- The Commission may, in accordance with procedures specified, visit the premises of an insurance intermediary, to establish compliance by the insurance intermediary with the provisions of this law or rules or regulations framed hereunder relating to insurance contracts and insurance intermediaries.

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(2) The Commission may appoint any one or more of its employees or any other person so authorized to exercise the powers of the Commission to inspect any record or documents of the insurance intermediary.

(3) The inspecting officer or team, as the case may be, shall have the same powers as provided in the SECP Act, 1997 and shall proceed accordingly and in case of any violation of this section shall be punishable under sub-section (5) of section 28A of the SECP Act, 1997.”.

93. Omission of sections 111, 112 and 113, Ordinance XXXIX of 2000.— In the said Ordinance, sections 111, 112 and 113 shall be omitted.

94. Amendment of section 114, Ordinance XXXIX of 2000.— In the said Ordinance, in section 114, for the words “Surveyors and authorised surveying officers”, the words “Insurance surveyors” and for the word “prescribed”, the word “specified” shall be substituted.

95. Insertion of sections 114A, 114B, 114C and 114D, Ordinance XXXIX of 2000.— In the said Ordinance, after section 114, the following new sections 114A, 114B, 114C and 114D shall be inserted, namely:-

“114A. Prohibition to act as a direct insurance broker and reinsurance broker in a single risk.- (1) It shall be unlawful for an insurance broker to perform the role as a direct insurance broker and as a reinsurance broker in placement of a single account or risk or on same non-life insurance policy and *vice versa*:

Provided that the Commission may specify such class of insurance brokers or class of insurance business to which the requirement of this sub-section shall not be applicable.

(2) The Commission may specify the requirements applicable on insurance brokers and insurers in relation to their role in placement of single account or risk on same non-life insurance policy.

114B. Ownership and management interests *inter se* of insurance brokers and insurers prohibited.- No insurer and no director of an insurer shall hold any direct or indirect ownership interest in an insurance broker or take part in the management or direction of an insurance broker, and *vice versa*.

114C. Other insurance intermediaries.- (1) The Commission may through notification in the official gazette notify such other classes of insurance or reinsurance intermediaries and conditions and requirements for licencing and other operational requirements thereof to be specified by the Commission through regulations as it may consider expedient from time to time.

(2) It shall be unlawful for any person, belonging to such class of insurance or reinsurance intermediary which has been notified by the Commission under sub-section (1), to act as or describe himself or hold himself out or permit himself to be described or held out as insurance or

reinsurance intermediary of such notified class in respect of insurance or reinsurance business unless he holds a valid licence issued by the Commission.

114D. Accounting and reporting by insurance intermediaries.- (1) A licensed insurance broker and a licenced third party administrator shall make an annual report to the Commission, which shall include the audited accounts and such other information and statements as may be specified by the Commission.

(2) The Commission may specify the information, statements and reports required to be submitted by insurance intermediaries with the Commission within such time period as may be specified.”.

96. Amendment of section 116, Ordinance XXXIX of 2000.— In the said Ordinance, in section 116, in sub-section (3), for the words “a principal officer”, the words “the chief executive officer” shall be substituted.

97. Amendment of section 117, Ordinance XXXIX of 2000.— In the said Ordinance, in section 117,-

- (a) in sub-section (1), for the words, “Federal Government”, the word “Commission” shall be substituted;
- (b) in sub-section (2), for the words “prescribed by rules made by the Federal Government” the word “specified” shall be substituted;
- (c) for sub-section (4), the following shall be substituted, namely:-

“(4) The Committees shall only have jurisdiction in respect of direct insurance policies on account of claims the pecuniary value of which shall be limited to a sum to be specified:

Provided that the Committees shall not have jurisdiction in respect of claims made under private motor insurance policies for loss to the policy holder arising from liabilities incurred to third parties arising out of or in connection with the use of motor vehicles on land, as specified in the Motor Vehicles Act, 1939 (IV of 1939).”;

(d) after sub-section (4), the following new sub-section (5) shall be inserted, namely:-

“(5) An insurer licenced under this Ordinance shall be deemed to have undertaken to abide by the decisions of any of the disputes resolution committees constituted under this section.”.

98. Amendment of section 118, Ordinance XXXIX of 2000.— In the said Ordinance, in section 118, after sub-section (2), the following new sub-section shall be inserted, namely:-

“(3) Notwithstanding the requirements of sub-section (1) and (2) above, an insurer shall ensure that claims intimated to it are processed without any delay. Information and documents reasonable and necessary for processing of the claim are solicited and the insurer processes and decides claims in an efficient and effective manner:

Provided that the Commission may specify the procedure, documentation requirements and the timelines within which claims are to be processed by insurers.

Provided further that the Commission may in specifying requirements under proviso to sub-section (3) above may make separate specification in respect of

insurers carrying on life insurance business and those carrying on non-life insurance business.”

99. Amendment of section 119, Ordinance XXXIX of 2000.— In the said Ordinance, in section 119, for the words, “prescribed”, the word specified” shall be substituted.

100. Insertion of sections 120A, 120B, 120C, 120D and 120E, Ordinance XXXIX of 2000.— In the said Ordinance, after section 120, the following new sections shall be inserted, namely:-

“120A. *Insurance repository and/or information sharing arrangement for insurers.- The Commission shall have the power to direct the insurers to become part of insurance repository/information sharing arrangement including cyber security information sharing platforms and may specify any requirements regarding the conduct and manner of operation of such arrangement or platforms and ancillary matters thereto.*

120B. Prevention of offences relating to money laundering and terrorist financing.- (1) Every insurer and insurance intermediary shall endeavor to prevent the commission of offences of money laundering as provided in Anti Money Laundering Act, 2010 (VII of 2010) and counter financing of terrorism laws for the time being in force with respect to affairs of its business and shall take adequate measures for this purposes.

(2) Whoever fails to comply with the requirements of this section shall be liable to punishment as provided in the Anti Money Laundering Act, 2010 (VII of 2010) and any other law for the time being in force relating to counter financing of terrorism.

120C. Macro-prudential supervision.- (1) The Commission shall have the power to undertake macro-prudential supervision of entities engaged in providing insurance services in the country and shall establish systems and processes that are capable to monitor the vulnerability of the insurance sector with respect to economic and financial shocks.

Explanation:— Macro-prudential supervision means a supervisory framework governed through supervisory processes whereby individual insurers are supervised through information collected by identification, monitoring and analysis of macro-prudential factors such as economic, demographic, social, financial developments and other environmental factors that may impact insurers and insurance markets.

(2) The Commission shall have power to specify through regulations the requirements to be imposed on entities engaged in providing insurance services in order to perform macro-prudential supervision under this Ordinance.

120D. Tie up between life insurer and non-life insurer undertaking microinsurance business.- (1) An insurer carrying on life microinsurance business may, under a written agreement with an insurer carrying on non-life microinsurance business, be allowed to offer non-life microinsurance products to microinsurance policyholders, in the manner provided herein:

- (a) the premium attributable to the non-life microinsurance product, shall be collected from the policyholder or the prospective policyholder, by the insurer carrying on life microinsurance business or any of its appointed intermediaries.

(b) In the event of any claim related to the non-life microinsurance product referred in clause (a) above, the concerned life insurer or any of its appointed intermediaries, shall forward the claim to the concerned non-life insurer and offer all assistance for the expeditious disposal of the claim.

(2) An insurer carrying on non-life microinsurance business may, under a written agreement with an insurer carrying on life microinsurance business, be allowed to offer life microinsurance products to microinsurance policyholders, in the manner provided herein:

(a) the premium attributable to the life microinsurance product, shall be collected from the policyholder or the prospective policyholder, by the insurer carrying on non-life microinsurance business or any of its appointed intermediaries.

(b) In the event of any claim related to the life microinsurance product referred in clause (a) above, the concerned non-life insurer or any of its appointed intermediaries, shall forward the claim to the concerned life insurer and offer all assistance for the expeditious disposal of the claim.

120E. Provisions of the Ordinance to apply to microinsurers, digital-only insurers, reinsurers or takaful operators.- Except as specifically provided in this Ordinance or as may be notified in the official Gazette by the Commission, the provisions of this Ordinance as are applicable to an insurer or insurance business shall *mutatis mutandis* apply to a microinsurer or microinsurance business, to a digital-only insurer or digital insurance business, to a reinsurer or reinsurance business, to an operator or takaful business, as the case may be.”.

101. Amendment of section 121, Ordinance XXXIX of 2000.— In the said Ordinance, in section 121, in sub-section (1), in the proviso, for the full stop at the end, the expressions “and the Chairperson and/or members of such Tribunal and their spouse shall not be shareholder of any insurance company.” shall be substituted.

102. Amendment of section 122, Ordinance XXXIX of 2000.— In the said Ordinance, in section 122, in sub-section (1), in clause (a), after the words “policy holder” the expressions “or his nominee, heirs or legal representatives or the holder of a succession certificate,” shall be inserted.

103. Amendment of section 123, Ordinance XXXIX of 2000.— In the said Ordinance, in section 123,-

- (a) in sub-section (1), for the word “prescribed” the words “provided by rules made by the Federal Government” shall be substituted; and
- (b) in sub-section (6), for the word “prescribed” the words “provided by rules made by the Federal Government” shall be substituted.

104. Insertion of section 124A, Ordinance XXXIX of 2000.— In the said Ordinance, in Part XVI – INSURANCE OMBUDSMAN, after section 124, the following new section 124A shall be inserted, namely:-

“124A. Special definitions applicable to this Part.- In this Part, “Act” shall mean the Federal Ombudsmen Institutional Reforms Act, 2013 (Act No. XIV of 2013).”.

105. Amendment of section 125, Ordinance XXXIX of 2000.— In the said Ordinance, in section 125,-

(a) for sub-section (1), the following shall be substituted, namely:-

“(1) The President shall appoint an Insurance Ombudsman entrusted to discharge the functions vested upon him through this Ordinance.”;

(b) for sub-section (2), the following shall be substituted, namely:-

“(2) The Insurance Ombudsman shall be a natural person having high integrity and ability and unimpeachable insurance or legal credentials. He and his spouse shall not be a shareholder of a registered insurer.”;

(c) for sub-section (3), the following shall be substituted, namely:-

“(3) The Insurance Ombudsman shall hold office for a period of four years from the date of his appointment unless he resigns earlier in writing under his hand addressed to the President, or is disqualified or removed in accordance with section 5 of the Act. He shall not be eligible for any extension of tenure or for reappointment under any circumstances whatsoever:

Provided that the Insurance Ombudsman shall continue to hold office after expiry of his tenure till his successor enters upon the office:

Provided further that if at any time when the office of the Insurance Ombudsman is vacant or he is unable to perform his functions due to any cause, the President shall appoint an Acting Insurance Ombudsman who shall perform functions and exercise powers as are vested in the Insurance Ombudsman and shall be entitled to all privileges as are admissible to the Insurance Ombudsman:

Provided also that till such time the Acting Insurance Ombudsman is appointed, the *Wafaqi Mohtasib* (Ombudsman) shall act as Insurance Ombudsman of the concerned office and in case the *Wafaqi Mohtasib* is absent or unable to perform functions of his office, the Federal Tax Ombudsman shall act as Insurance Ombudsman.”;

- (d) in sub-section (5), for the words, “body corporate carrying on insurance business in Pakistan” the words, “registered insurer” shall be substituted.

106. Substitution of section 126, Ordinance XXXIX of 2000.— In the said Ordinance, for section 126, the following shall be substituted, namely:-

“126. Terms and conditions of Insurance Ombudsman.- The terms and conditions of the Insurance Ombudsman shall be governed under the Act and as revised from time to time.”.

107. Amendment of section 127, Ordinance XXXIX of 2000.— In the said Ordinance, in section 127.-

- (a) in sub-section (1).-

(i) for the words, “insurance company”, the words, “registered insurer” shall be substituted;

- (ii) for the proviso, the following shall be substituted, namely:-

“Provided that the Insurance Ombudsman shall not have any jurisdiction to investigate or inquire into any matters which are *sub-judice* before a court of competent jurisdiction or tribunal or board in Pakistan on the date of the receipt of a complaint, reference or motion by him.”;

- (b) in sub-section (3), for the words, “an insurance company”, the words, “a registered insurer” shall be substituted;
- (c) for the words, “an insurance company”, the words, “a registered insurer” shall be substituted and for the words, “insurance company”, appearing thereafter, the words, “registered insurer” shall be substituted.

108. Amendment of section 128, Ordinance XXXIX of 2000.— In the said Ordinance, in section 128, for the words, “insurance company”, the words, “registered insurer” shall be substituted.

109. Amendment of section 129, Ordinance XXXIX of 2000.— In the said Ordinance, in section 129,-

- (a) for the words, “insurance company” appearing twice, the words, “registered insurer” shall be substituted;
- (b) for sub-section (3), the following shall be substituted, namely:-

“(3) The Insurance Ombudsman may adopt any procedure as he considers appropriate for investigating a complaint, and the procedure so adopted shall not, in any way, be inconsistent with the provisions of this Ordinance and the Act:

Provided that he shall not pass any order against a registered insurer without first giving it a notice and an opportunity to be heard.”; and

- (c) in sub-section (4), the words, “to issue an order in the nature of a stay order or” shall be omitted.

110. Amendment of section 130, Ordinance XXXIX of 2000.— In the said Ordinance, in section 130.-

(a) in sub-section (1):-

(i) for the words, “insurance company”, the words, “registered insurer” shall be substituted;

(ii) in clause (d), for the words, “insurance company”, the words, “registered insurer” shall be substituted;

(b) for sub-sections (2) and (3), the following shall be substituted, namely:-

“(2) Any registered official, or official of a registered insurer or a complainant aggrieved by an order passed by the Insurance Ombudsman, may file a review with the Insurance Ombudsman or a representation before the President under the provisions of the Act.

(3) Any order-

(a) passed by the Insurance Ombudsman, other than the order passed in pursuance of section 13 of the Act, against which neither any review application has been filed nor has any representation been filed before the President; or

(b) passed by the Insurance Ombudsman in pursuance of section 13 of the Act against which no representation before the President has been filed; or

(c) passed or a decision taken under section 14 of the Act,

as the case may be, shall become final and operative and if not implemented shall render the registered insurer concerned liable to such action including the imposition of a fine or penalty as the Commission may deem fit, and in relation to an insurance company officer, to the appropriate disciplinary or other proceedings.”;

- (c) in sub-section (4), for the words, “insurance company”, the words, “registered insurer” shall be substituted.

111. Amendment of section 131, Ordinance XXXIX of 2000.— In the said Ordinance, in section 131,-

- (a) for the words, “an insurance company”, the words, “registered insurer” shall be substituted;
- (b) in first proviso to clause (b), for the words, “insurance company’s”, the words, “registered insurer’s” shall be substituted;
- (c) in clause (c), for the words, “an insurance company”, the words, “a registered insurer’s” shall be substituted.

112. Amendment of section 132, Ordinance XXXIX of 2000.— In the said Ordinance, in section 132, in sub-section (2), for the word “wilful” the words “willful” shall be substituted.

113. Amendment of section 133, Ordinance XXXIX of 2000.— In the said Ordinance, in section 133, in sub-section (1), for the word “prescribe” the words “specify” shall be substituted.

114. Amendment of section 134, Ordinance XXXIX of 2000.— In the said Ordinance, in section 134, in sub-section (1), after the words “preceding year” occurring

at the end, the words “and also provide a copy of the same to the Commission” shall be added.

115. Amendment of section 135, Ordinance XXXIX of 2000.— In the said Ordinance, in section 135, in sub-section (2), for the word “prescribe” the words “specify” shall be substituted.

116. Amendment of section 143, Ordinance XXXIX of 2000.— In the said Ordinance, in section 143,-

- (a) in sub-section (1), for the expression “Companies Ordinance, 1984 (XLVII of 1984)”, the expression “Companies Act, 2017 (XIX of 2017)” shall be substituted; and
- (b) in of sub-section (2),-
 - (i) in clause (a) for the expression “section 305 of the Companies Ordinance, 1984 (XLVII of 1984)”, the expression “section 301 of the Companies Act, 2017 (XIX of 2017)” shall be substituted; and
 - (ii) in clause (c),-
 - (I) in sub-clause (ii), for the expression “insolvent; or” the expression “unable to meet its obligations;” shall be substituted;
 - (II) after sub-clause (iii), the following new sub-clauses shall be inserted, namely:-

“(iv) the company or its intermediaries are carrying on business which is detrimental to the policy holders; or

(v) the licence of the insurer has been revoked.”.

117. Amendment of section 144, Ordinance XXXIX of 2000.— In the said Ordinance, in section 144, for the expression, “Companies Ordinance, 1984 (XLVII of 1984)”, the expression “Companies Act, 2017 (XIX of 2017)” shall be substituted.

118. Amendment of section 153, Ordinance XXXIX of 2000.— In the said Ordinance, in section 153,-

- (a) in sub-section (3), for the expression, “section 405 of the Companies Ordinance”, the expression “section 390 of the Companies Act, 2017 (XIX of 2017)” shall be substituted; and
- (b) in sub-section (4), for the expression, “section 405 of the Companies Ordinance, 1984 (XLVII of 1984)”, the expression “section 390 of the Companies Act, 2017 (XIX of 2017)” shall be substituted;

119. Substitution of section 156, Ordinance XXXIX of 2000.— In the said Ordinance, for section 156, the following shall be substituted, namely: -

“156. Penalty for default in complying with, or acting in contravention of this Ordinance.- (1) Except as otherwise provided in this Ordinance, any person who knowingly makes default in complying with or acts in contravention of any requirement of this Ordinance, or rules or regulations or any direction made by the Commission, and any director, or other officer of such person, who is knowingly a party to the default, shall be punishable by the Commission with fine which may extend to one million rupees and, in

the case of a continuing default, with an additional fine which may extend to ten thousand rupees for every day during which the default continues.

(2) Notwithstanding sub-section (1), the Commission may impose an additional penalty, not exceeding the amount of actual loss caused if the person, or its directors or officers, has failed to comply with any provision of this Ordinance or rules or regulations made under this Ordinance or direction given by the Commission under this Ordinance and the non-compliance has resulted in a loss to any other person.”.

120. Amendment of section 157, Ordinance XXXIX of 2000.— In the said Ordinance, in section 157, in sub-section (2), for the colon at the end a full stop shall be substituted and thereafter the proviso shall be omitted.

121. Insertion of section 158A, 158B, 158C and 158D, Ordinance XXXIX of 2000.— In the said Ordinance, after section 158, the following new sub-sections shall be inserted, namely:-

“158A. Penalty for not providing information. - Any person who is directed by the Commission to provide information under section 61 of this Ordinance and who willfully does not provide such information or conceals a part of the information, within the specified time shall be punishable by the Commission with fine which may extend to five hundred thousand rupees.

158B. Power of Court, etc. trying offences under Ordinance to direct compliance with the provisions.- The Court, the Commission, or other officer trying an offence for a default in compliance with any provisions or requirements of this Ordinance may, at any time during the pendency of the trial or at the time of passing final order, direct, without prejudice to any liability, any officer, auditor, actuary or employee of the insurer or any officer of an insurance intermediary in respect of which the default has been

committed to comply with the said provisions or requirements within such time as may be specified in the order.

158C. Sanctions for contravention. - The Commission may in addition to the penalties provided under this Part in respect of an insurer or intermediary as it deems fit, -

- (a) Issue a warning;
- (b) Restrict such person from whole or partial business activity;
- (c) Prohibit such person from entering certain insurance products;
- (d) suspend or cancel the licence of insurer; and
- (e) suspend or revoke the licence of the market intermediary.

158D. Procedural requirements for exercise of powers.- No penalty shall be imposed by the Commission on an insurer or an insurance intermediary under this Part without first giving the person in respect of whom the power is to be exercised a reasonable opportunity of being heard.”.

122. Amendment of section 160, Ordinance XXXIX of 2000.— In the said Ordinance, in section 160,-

- (a) in sub-section (2), for the words “principal officer” the words “chief executive” shall be substituted; and

- (b) in sub-section (12), for the expression “section 418 of the Companies Ordinance, 1984 (XLVII of 1984)” the expression “section 403 of the Companies Act, 2017 (XIX of 2017)” shall be substituted.

123. Amendment of section 165, Ordinance XXXIX of 2000.— In the said Ordinance, in section 165,-

- (a) in sub-section (1), for the words “Federal Government may make rules” the words “Commission may make regulations” shall be substituted; and
- (b) in sub-section (2), for the words “Federal Government may make rules” the words “Commission may make regulations” shall be substituted and after the words “Pakistan Rupee”, the expression “, subject to approval of the State Bank of Pakistan,” shall be inserted.

124. Amendment of section 166, Ordinance XXXIX of 2000.—in the said Ordinance, in section 166,-

- (a) for sub-sections (3), (4), (5), (6), (7) and (8) the following shall be substituted, namely:-

“(3) *All insurance business relating to any public property, or to any risk or liability appertaining to any public property, shall be placed with the Company or any other registered insurer subject to such terms and conditions as may be prescribed by the Federal Government.*

(4) The Federal Government may through notification in the official Gazette specify a class or such classes of public property, the insurance business of which shall only be placed with the Company:

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Provided that if the Company declares in writing that it is not able, by virtue of the operation of a provision of this Ordinance or for any other reason, to enter into a contract of insurance for such class or classes of public property, notified by the Federal Government under this sub-section, the property or liability which is the subject of that proposed contract of insurance shall be exempted to the extent of the insurance proposed to be obtained by means of that contract of insurance.

(5) The Company shall, as per its memorandum of association, engage in business related to insurance of public property and in business related to insurance of risks other than public property risks.

(6) The Federal Government may, by notification in the official Gazette, make rules not inconsistent with the provisions of this Ordinance, for carrying out the purposes of this section.

(7) Rules, regulations and notifications, made under the authority of the National Insurance Corporation Act 1976 for the purposes of section 10 of that Act and in force as at the commencement date, shall be deemed to have been made under the provisions of the preceding sub-section and shall apply mutatis mutandis except in so far as and to the extent that they conflict with the provisions of this Ordinance.

(8) The provisions of sub-section (4), shall have effect until the earliest of the following dates:

- (a) the effective date of a notification by the Federal Government in the official Gazette that this sub-section no longer has effect;

- (b) the effective date of a direction by the Commission to the Company to cease entering into new contracts of insurance; and
- (c) the effective date at which the Federal Government ceases to hold a controlling ownership interest in the Company.”;

sub-section (9) shall be omitted.

125. Insertion of section 166A Ordinance XXXIX of 2000.— In the said Ordinance, after section 166, the following new sections shall be inserted, namely:-

“166A. Compliance with the requirements of international jurisdictions.- (1) Where an insurer undertakes insurance business outside Pakistan, it shall ensure compliance with the laws applicable to it under that jurisdiction.

(2) From the commencement date of this section, every insurer shall prior to undertaking insurance business in any jurisdiction outside Pakistan, apply before the Commission for its approval and the application so made shall be made in such manner and form as may specified and shall be accompanied by such documents as may be specified.

(3) Every insurer to which this section applies shall disclose compliance with the provisions of sub-section (1) above in the statements and returns furnished by it under section 46 of this Ordinance:

Provided that the requirement of this section shall not be applicable on insurance of risks situated outside Pakistan but underwritten within Pakistan.”.

126. Substitution of section 167, Ordinance XXXIX of 2000.— In the said Ordinance, for section 167, the following shall be substituted, namely:-

“167. Power to make rules.- The Commission, with the prior approval of the Federal Government may make rules to carry out the purposes of this Ordinance:

Provided that the power to make rules conferred by this section shall be subject to the condition of previous publication and before making rules the draft thereof may be published in the manner considered most appropriate by the Commission for eliciting public opinion thereon within a period of not less than fifteen days from the date of publication.”.

127. Insertion of section 167A and 167B, Ordinance XXXIX of 2000.— In the said Ordinance, after section 167, the following new sections 167A and 167B shall be inserted, namely:-

“167A. Power to make regulations. - (1) The Commission may, by notification in the official Gazette, make such regulations not inconsistent with provisions of the Ordinance and the rules made thereunder as are necessary to carry out the purposes of the Ordinance and incidental and connected matters:

Provided that the power to make regulations conferred by this section shall be subject to the condition of previous publication and before making any regulations the draft thereof may be published in the manner considered most appropriate by the Commission for eliciting public opinion thereon within a period of not less than fifteen days from the date of publication.

(2) Without prejudice to the generality of sub-section (1), the Commission may make regulations for the purposes of regulating and for the purposes of the organized development of all or any of the following matters, namely:—

(a) index based insurance segment of insurance business in Pakistan, which shall include but shall not be limited to the following:

(i) the manner in which conduct of index based insurance business shall be conducted;

(ii) requirements related to index based insurance products and ancillary matters;

(iii) reporting requirements of index based insurance business;

(iv) range of services required to deliver index based insurance product, relevant to the insurers or the entity engaged in disaster risk insurance and the insurance intermediaries;

(v) requirements related to the communication with the policyholder or the covered persons;

(vi) requirements related to training of insurance intermediaries engaged in distribution of index based insurance products;

- (vii) requirement related to the manner and timing of claim settlement;
 - (viii) requirements related to determination and functioning of the underlying index; and
 - (ix) any other ancillary matter.
- (b) adoption, manner and usage of emerging technology based platforms and processes including but not limited to InsurTech which shall include but shall be not be limited to the following:
- (i) types of permissible technology platforms to be used in insurance operations;
 - (ii) role of the Commission, licenced insurers, microinsurers, dispute settlement forums, insurance intermediaries, technology service providers and the insurance policyholders;
 - (iii) measures for ensuring privacy of data including policyholder information;
 - (iv) reporting requirements of insurance business undertaken through technology based platforms and processes; and
 - (v) any other ancillary matter.

- (c) establishment, conduct and manner of operation of guarantee fund for the insolvency of insurers, matters connected with membership of the guarantee fund by insurers, contribution of amounts by insurers, and the fee to be paid by insurers in connection with the development of the fund, management and operations of the fund and other matters connected and incidental thereto.

Explanation: - The guarantee fund for the insolvency of insurer means the pool of funds created to provide for payment of policy benefits in case of insolvency of an insurer and is formed through mandatory participation of all insurers:

Provided that the regulations shall provide for distinct mechanisms for guarantee fund for insurance business and takaful business.

- (d) regulating microinsurance business and persons connected with the conduct of microinsurance business for organized development, outreach and penetration of microinsurance in Pakistan;
- (e) regulation of takaful business, takaful operators and window takaful operators and persons connected with the conduct of takaful business for organized development, outreach and penetration of takaful products in Pakistan;
- (f) regulating reinsurance business and persons connected with the conduct of reinsurance business for organized development, outreach and penetration of reinsurance in Pakistan;

- (g) unclaimed insurance benefits and the manner in which unclaimed insurance benefits shall be held by an insurer, its manner of publication, manner of application for claiming of unclaimed insurance benefits and its payment by the insurer, reporting requirements and other matters connected or incidental thereto;
- (h) requirements applicable on insurers for fair treatment of insurance policyholders;
- (i) requirements regarding licencing, conduct and manner of operation, paid up capital, solvency, statutory deposit, reinsurance arrangements and other related matters of an entity or entities engaged in providing disaster risk insurance and ancillary services in Pakistan:

Provided that the regulations made under this clause may also specify the requirements to be imposed on licenced insurer engaged in underwriting of disaster risk insurance business which may extend to specifying requirements in relation to solvency of the disaster risk insurance portfolio;

- (j) requirements for insurance brokers in relation to minimum paid up capital, statutory deposits, professional indemnity, criteria for sound and prudent management, manner of conduct of insurance broking business, conditions of licence and other requirements incidental or connected therewith;
- (k) requirements for insurance surveyors in relation to minimum paid up capital, professional indemnity, experience,

qualification and training requirements for authorised surveying officers, manner of conduct of insurance surveying business, conditions of licence and other requirements incidental or connected therewith;

- (l) requirements for third party administrators in relation to minimum paid up capital, criteria for sound and prudent management, manner of conduct of third party administration business, conditions of licence and other requirements incidental or connected therewith;
- (m) requirements for insurance self-network platforms in relation to their manner of conduct, conditions of licence and other requirement incidental or connected therewith;
- (n) requirements in relation to claw back of Commission and refund of premium in case of misselling of insurance products;
- (o) requirements for regulatory experimentation through regulatory sandbox or innovation office or any regulatory initiative aimed at adoption and usage of technology, and the requirements connected and incidental thereto;
- (p) requirements in relation to formation of domestic insurance pool(s) by insurers and reinsurers, its functioning, the terms and conditions and other matters connected or incidental thereto:

Provided that the regulations made under this clause shall inter alia empower the Commission to direct insurers and

reinsurers to create and participate in domestic insurance pool(s); and

- (q) requirements for carrying out of insurance awareness activities and matters connected and incidental thereto.

167B. The power of the Commission to issue directives, circulars, guidelines, etc.- The Commission may issue such directives, codes, guidelines, circulars, notifications or explanatory notes as are necessary to carry out the purposes of this Ordinance and the rules and regulations made under this Ordinance.”.

128. Amendment of section 169, Ordinance XXXIX of 2000.— In the said Ordinance, in section 169, in sub-section (1),-

- (a) in clause (c), for the word “prescribed” the word “notified” shall be substituted;
- (b) in clause (e), for the word “prescribed” the word “specified” shall be substituted; and
- (c) in clause (f), for the word “prescribed” the word “specified” shall be substituted.

129. Amendment of section 170, Ordinance XXXIX of 2000.— In the said Ordinance, in section 170, after sub-section (5), the following new sub-sections shall be inserted, namely:-

- “(6) The provisions of sections 29, 32, 34, 35, 36, 46, 52, 55 and 98 of the Ordinance amended by the Insurance Ordinance (Amendment) Act, 2024, shall remain in force till such time the regulations, notifications

required to be issued under the provisions of the aforementioned sections are promulgated.

(7) All rules, regulations, notifications, guidelines, circulars and directives issued, made or granted under the provisions of the Ordinance prior to coming into effect of the Insurance Ordinance (Amendment) Act, 2024 shall remain in-force till such time the rules, regulations, notifications, guidelines, circulars, directives are promulgated under the relevant provisions of the Ordinance amended, inserted or substituted through the Insurance Ordinance (Amendment) Act, 2024.”.

Aamir Sharif
Database Administrator
Tuesday, 14 January, 2025, 3:9:50 PM

STATEMENT OF OBJECT AND REASONS

SUBJECT:- BILL TO FURTHER AMEND THE INSURANCE ORDINANCE, 2000

The Insurance Ordinance, 2000 (the “Ordinance”) was promulgated in the year 2000. Since, its promulgation, no substantial changes have so far been introduced in the Ordinance, except for few amendments made in the year 2007. The Ordinance was promulgated more than twenty-two years ago and therefore there is a dire need to revisit the primary insurance law to accommodate the changes surfacing in the insurance sector both internationally and locally and to make it a dynamic law to accommodate the changes that may arise in the future.

2. The proposed Insurance Ordinance (Amendment) Bill, 2024 intends to amend the more than twenty-two years old Ordinance to bring significant reforms in the insurance regulatory framework in Pakistan so as to bring it at par with the international best standards, to ensure development of financially sound and resilient insurance sector where interests of policyholders are protected, as well as, to promote digitalization as well as ease of doing business.

3. The Bill focuses on the development and growth of the insurance sector through providing licencing requirements for new categories of insurance companies and insurance intermediaries as well as enabling foreign insurers and reinsurers to operate in Pakistan through branch offices. To further facilitate market development and growth emerging insurance concepts such as index-based insurance, technology-based platforms, disaster risk insurance, insurance self-network platforms etc. have been recognized.

4. The Bill also focuses on providing provisions to improve market conduct and discipline in the insurance sector such as requiring appointment of appointed actuaries for non-life insurers, licencing of reinsurance brokers and corporate insurance agents etc., as well as empowering Commission to provide fit and proper criteria for promoters of insurance companies, specify expense limits etc. In order to make the primary law more flexible, the Bill focuses on making the Ordinance more principle based, whilst empowering the Commission to provide detailed regulatory framework as per the evolving requirements and needs through subsidiary legislation.

5. In order to make insurance sector more financially resilient, the Bill empowers the Commission to introduce risk-based capital and supervision framework in Pakistan, as well as development of systems and processes for macroprudential supervision of insurance sector in Pakistan. The Bill also enhances the supervisory powers available to the Commission under the Ordinance for effective supervision of the insurance sector covering call for information or examination, licence revocation, inspection of market intermediaries etc.

6. In order to provide impetus for growth and development in the insurance sector in Pakistan as well as to improve the standing of Pakistan in respect of its insurance sector globally, there is an emergent need to promote the proposed Bill to provide a conducive, vibrant and dynamic legal framework to the insurance sector.

7. The Bill is designed to achieve the aforesaid purpose.