



INSURANCE DIVISION
Islamabad

Circular No. 13 of 2015

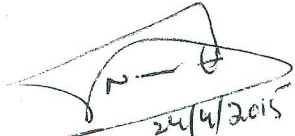
Islamabad, April 24, 2015

AMENDMENT IN INSURANCE RULES, 2002
PROCEDURE UNDER SECTION 60 OF THE INSURANCE ORDINANCE, 2000

The Securities and Exchange Commission of Pakistan is pleased to announce amendments in the Insurance Rules, 2002 entailing the procedure to be followed by the SECP while exercising powers under Section 60 of the Insurance Ordinance, 2000. The amendments in the Insurance Rules, 2002 have been made by the SECP through S.R.O 333(I)/2015 dated April 20, 2015 in exercise of powers conferred by sub-section (2) of section 167 of Insurance Ordinance, 2000 (XXXIX of 2000) read with S.R.O. 708(1)/2009 dated 27th July 2009.

The notification, as aforesaid has been placed on the SECP website at the following URL:

http://www.secp.gov.pk/notification/pdf/2015/SRO_333_AmendmentInsuranceRules_20150420.pdf


24/4/2015
Syed Nayyar Hussain
Director

Distribution:

Chief Executive Officers of all Insurance Companies / Takaful Operators
Chairman (Insurance Association of Pakistan)
President (Institute of Chartered Accountants of Pakistan)
President (Institute of Cost & Management Accountants of Pakistan)
President (Pakistan Society of Actuaries)
President (Institute of Corporate Secretaries of Pakistan)

PART II
Statutory Notifications (S. R. O)

GOVERNMENT OF PAKISTAN

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

NOTIFICATION

Islamabad, the April 20, 2015

S.R.O. **333** (I)/2015.- In exercise of powers conferred by sub-section (2) of section 167 of Insurance Ordinance, 2000 (XXXIX) read with S.R.O. 708(1)/2009 dated 27th July 2009, the Securities and Exchange Commission of Pakistan in consultation with Policy Board, is pleased to made the following amendments to the Insurance Rules, 2002 having been previously published in the official gazette for eliciting public opinion through S.R.O 67(I)/2014 dated 30th January 2014.

In the aforesaid Rules, after rule 24, the following new Rules shall be inserted, namely:-

"25. Power of the Commission to Issue Directives.- For the purposes of section 60 of the Ordinance, the Commission may, if it believes on reasonable grounds that an insurer registered with the Commission under the Ordinance, has failed, or is about to fail, to comply with the conditions of registration set out in section 11 of the Ordinance, issue such direction, not inconsistent with and not otherwise provided in the Ordinance, to protect the interest of the Policy holders, as it deem appropriate.

26. Procedure to be followed by the Commission while issuing direction under rule 25.- While issuing directions the Commission shall follow the following procedure,-

- (a) **Establishment of Non-Compliance with Section 11:** The Commission shall ensure that there is a reasonable ground that an insurer has failed, or is about to fail, to comply with any conditions of registration set out in section 11 of the Ordinance.
- (b) **Notice of Non-Compliance:** The Commission shall send a notice to insurer to inform him in writing the details and nature of non-compliance or potential non-compliance with section 11 and give fifteen days time period to respond to such notice in writing.

- (c) **Extension of time to respond to the Notice of Non-Compliance:** The Commission may grant an extension of time period not exceeding fifteen days to the insurer to respond to the notice as per sub-rule (3) above:

Provided that no further extension shall be granted if an insurer fails to respond to such notice within the stipulated time period.

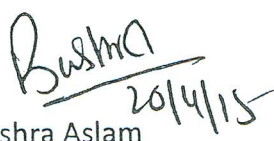
- (d) **Hearing Opportunity:** Based on the insurer's written response of the notice, where the Commission determines that the non-compliance or potential non-compliance with Section 11 still exists, the Commission shall, while adjudicating upon the rights of insurer or imposing any other penalty, provide an opportunity of hearing to the insurer within a period of fifteen days by informing the insurer in writing:

Provided that the Commission may grant an extension of time period not exceeding fifteen days to the insurer on the written application of insurer to that effect and no further extension shall be granted where an insurer refuses or fails to avail such hearing opportunity within the stipulated time period:

Provided further that where the Commission is satisfied that delay in issuing direction to the insurer shall be detrimental to the interest of the insurance policy holders and immediate regulatory action is required, the Commission may, after recording reasons in writing, immediately issue interim direction to an insurer till the time an opportunity of hearing is provided and a final decision is taken within a period of not more than thirty days.

- (e) **Other Considerations:** Where the Commission determines that non-compliance or potential non-compliance to Section 11 still exists, the Commission shall issue such directions to the insurer, having regards to the aspects given under sub-section (4) of section 22 of the SECP Act 1997, (XLII of 1997) as it deem appropriate.”.

No.ID/PRDD/Section-60/2015


Bushra Aslam
Secretary to the Commission