



SECP
INSURANCE DIVISION
Islamabad

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APPLICABILITY OF SECTION 166 OF THE INSURANCE ORDINANCE, 2000 TO
CONTRACTORS' ALL RISKS / ERECTION ALL RISKS POLICIES ISSUED TO
PRIVATE CONTRACTORS FOR CONSTRUCTION / RENOVATION /
MAINTENANCE OF PUBLIC PROPERTIES

Attention of all non-life insurers is drawn towards the provisions of Section 166(3), (4) & (5) of the Insurance Ordinance, 2000, which state that:

"(3) Subject to the provisions of sub-sections (4) and (5), 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 only and shall not be placed with any other insurer:

Provided that marine, aviation and transport insurance relating to goods the import of which is financed out of an external loan, or with external aid, may, at the option of the importer, be placed with any insurer authorised to carry out such insurance business in the country giving the loan or aid.

(4) The Federal Government may -

- (a) by order in writing exempt from compliance with sub-section (3) any property or liability to which that subsection applies; or*
- (b) by notification in the official Gazette exclude from the application of sub-section (3) such property or liability as is specified in that notification.*

(5) 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 to which sub-section (3) refers, the property or liability which is the subject of that proposed contract of insurance shall be exempted from the provisions of sub-section (3) to the extent of the insurance proposed to be obtained by means of that contract of insurance."

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2. As such, it must be noted that Section 166 of the Insurance Ordinance, 2000 deals with the insurance of the public property and all the risks and liabilities appertaining to the public property.

3. It is, therefore, clarified that all "Contractors' All Risks Insurance and Erection All Risks Insurance policies" procured by the private contractors who are engaged by the Federal Government, Provincial Governments, statutory corporations and other public sector institutions for construction / renovation / maintenance of the 'public properties' have to be issued only by the National Insurance Company in conformity with the provisions of Section 166 of the Insurance Ordinance, 2000.

4. Thus, all such insurance policies which fall within the scope of Section 166 of the Insurance Ordinance, 2000 have to be issued by National Insurance Company Limited (NICL) only unless an exemption under Section 166(4) of the Insurance Ordinance, 2000 is granted by the Federal Government, or NICL declares in writing that it is not able to issue such insurance policies.



(Hasnat Ahmad)
Director (Insurance)

Distribution:

1. Chief Executives of all non-life Insurance Companies (including NICL).
2. Chief Executives of all General Takaful Operators.
3. Chairman Insurance Association of Pakistan (IAP)
4. President (Institute of Chartered Accountants of Pakistan)
5. President (Pakistan Society of Actuaries).
6. President (Institute of Cost and Management Accountants of Pakistan).