



INSURANCE DIVISION

Islamabad

ID/MDPR/MISC/2020/608

April 28, 2020

Chief Executive Officers of Non-Life Insurers/General Takaful Operators

Subject: Facilitating Insurance Policyholders through Extension in Coverage of Motor Insurance Policies

Dear Sir/ Madam,

This is in continuation of Circular Letter No. ID/MDPR/MISC/2020/565 dated March 25, 2020 whereby all insurers undertaking life insurance and health insurance business were provided guidelines for imparting maximum facilitation to policyholder and/or claimants in view of the outbreak of Corona Virus (COVID -19). As the fight of the country against the COVID-19 (Corona Virus) pandemic continues, it becomes imperative that the insurance industry in Pakistan continues to show its commitment to serve its policyholders by providing maximum relief and facilitation in all operational aspects of insurance policies.

2. The ongoing lockdown situation across the country, which is currently expected to continue further, has resulted in a significant decline in traffic density. With intercity public transport almost at a significant halt and limited within the city commute allowed by the Government of Pakistan, it can be inferred that the policyholder claims in relation to motor insurance policies, would have significantly declined. Furthermore, the check posts established by the Government of Pakistan within cities and at the national highways should also have added to the security of vehicles from the risk of theft and hence would also have provided a favorable impact on motor insurance claims.

3. This office is of the understanding that non-life insurers and general takaful operators, taking into account the decline and/or the expected low claim ratio in motor business due to lockdown, should take steps to facilitate motor insurance policyholders thereby increasing policyholder's confidence in the sector and also acting as a goodwill gesture on part of the insurance industry.

4. Accordingly, the Commission advises/ encourage insurers to consider, as a gesture of goodwill, granting one month free of cost extension in coverage to all motor insurance policyholders who were impacted as a result of lockdown.

Kind Regards,

Syed Nayyar Hussain
Director (Insurance)