

PART II
Statutory Notification (SRO)
GOVERNMENT OF PAKISTAN

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Islamabad, the ~~December~~ 23, 2013

NOTIFICATION

S.R.O. 1067 (I)/2013.- In exercise of powers conferred by sub-section (1) of section 167 of the Insurance Ordinance (XXXIX of 2000) read with SRO 708(I)/2009 dated 27th July 2009, the following draft of amendment to the Insurance Rules, 2002, notified vide SRO 498(I)/2002 dated 7th August, 2002, is hereby published by the Securities and Exchange Commission of Pakistan for information of all persons likely to be affected thereby and notice is hereby given that objections and suggestions, if any, received to the Securities and Exchange Commission of Pakistan within thirty days of this notification will be taken into consideration.

DRAFT AMENDMENTS

In the Insurance Rules, 2002:

(1) In rule 16, in sub-rule (1), for the clauses (a) to (i) the following shall be substituted, namely:

- "(a) Motor (to include own damage and third party liability);
- (b) Marine Cargo, Hull and Aviation;
- (c) Fire and Allied Perils;
- (d) Engineering; and
- (e) Miscellaneous business.

Provided that miscellaneous business shall be classified into following sub-classes, namely:-

- (i) Financial lines;
- (ii) Agriculture and Livestock;
- (iii) Health, Life and Personal Lines; and
- (iv) Others.

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Provided that existing licencees shall apply for the licence of the above classes and sub-classes on the expiry of their licence.

Provided further that the persons having licence for the miscellaneous class and allowed to undertake engineering as on the date of notification of this amendment shall be issued licence for engineering and the three sub-classes of the miscellaneous business within a year of coming into force of this notification."

(2) In Rule 17, sub-rule (1)-

(a) in clause (a) for the words "one million rupees" the words "five million rupees" shall be substituted and semicolon appearing at the end shall be substituted with a full stop;

(b) after the clause (a) amended as aforesaid, after the *full stop* the following shall be added, namely:

"Whereas for the existing insurance surveyors, the following shall be the prescribed paid up share capital:

- a. by Dec 31, 2014 : Rs. 2 million;*
- b. by Dec 31, 2015 : Rs. 3.5 million; and*
- c. by Dec 31, 2016 : Rs. 5 million."*

A surveying company registered under this Ordinance shall at all times ensure that the provision relating to minimum paid up share capital requirements are complied with. The paid up capital will be maintained on net basis (Net of Accumulated Losses)."

(c) in clause (b) for the words "one million rupees", the words "ten million rupees" shall be substituted and the words "for any one event" shall be omitted;

(d) in clause (c) after the words "sub-section" and *comma*, for the word "no" the word "an" shall be inserted, and after the word "association", the words "which shall be determined by the Commission" shall be inserted;

(e) in clause (d),-

(I) in sub-clause (i) the word "and" appearing at the end shall be omitted;

(II) after sub-clause (i) amended as aforesaid, the following new sub-clauses shall be inserted, namely:-

"(ia) Whereas renewal of a licence shall only be granted on condition that Insurance Surveyor Company has conducted at least three surveys of that class or sub-class in the preceding year or at least ten surveys of that class or sub-class in preceding three years.

(ib) Whereas an Authorized Surveying Officer is desirous of leaving the current employer and setting up of a new insurance surveying company, he must have minimum of seven years of licensed

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surveying experience in that particular class / sub class. The minimum time gap between leaving a job and starting a new company shall be ninety days which can be waived if the previous employer issued no objection certificate."

(III) in sub-clause (ii), in paragraph (e) the word "or" appearing at the end shall be omitted;

(IV) in sub-clause (ii) in paragraph (f) the word for the full stop a semicolon shall be substituted and the word "or" shall be added at the end and thereafter the following new paragraph shall be added, namely:-

"(g) has a directorship of any insurance Brokers company formed under Section 102 of the Ordinance."

(3) In Rule 19 sub-rule (6) shall be substituted with the following, namely:

"(i) An application for grant of a new licence for any class or sub-class of insurance surveyors shall be accompanied by a fee of Rs. 100,000/- (one hundred thousands) which shall be refunded if the application is not granted.

(ii) An application for renewal of a licence for any class or sub-class of insurance surveyors shall be accompanied by a fee of 0.2% of the total turnover based on the audited financial statements for the preceding year of the surveying company with minimum Rs.5,000/- (five thousands) and maximum Rs. 100,000/- (one hundred thousands)."

(4) In Rule 20, in sub-rule (1), in clause (a) semicolon appearing at the end shall be substituted with colon and thereafter the following proviso shall be inserted, namely:-

"Provided that a surveyor that held any class of licence issued under the repealed Insurance Act, 1938 shall not be required to have a Bachelor's Degree;"

(5) After Rule 20 amended as aforesaid, the following new rule shall be inserted, namely:

"20A. Training and Continuous Professional Development:

(1) All fresh applicants for Miscellaneous business of survey will submit Continuous Professional Development Certificate undertaken during the immediate preceding three years' from an insurance institute (s), approved by the Commission, in the relevant sub classes.

(2) An application by an authorized surveying officer for renewal will be accompanied by an evidence of completion of four hours' Continuous Professional Development in that class in the preceding year from any professional institute, approved by the Commission.

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(3) *An application for a renewal of any sub class of Miscellaneous Business license, the provision of number of surveys vide sub-rule (2) stands waived, but a certificate of Continuous Professional Development for that sub class of the miscellaneous class will be required. This condition applies to each subsequent renewal.*

(4) *The appropriate mode of Continuous Professional Development mechanism will be devised by the approved professional association and any other professional institution approved by the Commission."*

(6) In Rule 21, sub-rule (6) shall be substituted with the following, namely:

"(i) *An application for grant of an Authorized Surveying Officers' new licence will be accompanied by a fee of Rs. 25,000/- (twenty five thousand rupees) per class including Miscellaneous Business, but for a sub class of latter Rs. 10,000/- (ten thousands) per licence;*

(ii) *Whereas an application by an Authorized Surveying Officer for renewal will be accompanied by a fee of Rs. 2,000/- (two thousand) per class."*

(7) In Rule 22,-

(a) in sub-rule (2) after the words "relates" the words "and authorized surveying officer and the insurance surveyor be jointly and severally responsible for the report" shall be inserted; and

(b) in sub-rule (4) at the end the *full stop* shall be substituted with *colon* and thereafter the following proviso shall be added, namely:

"Provided that where claim, in Motor (to include own damage and third party liability) and Marine Cargo, Hull and Aviation and Miscellaneous Business, amount exceeds rupees one million, and in Fire and Allied Perils and Engineering classes amount exceeds rupees ten million, and final report has not been submitted within the 90 days of his appointment, the insurance surveyor shall submit preliminary report to the Commission before expiry of the 90 days, mentioning therein the reasons for delay, if any. In case no preliminary report is submitted within 90 days in the first instance, he will be required to submit status report thereafter every 90 days.

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23/12/13

Bushra Aslam
Secretary to the Commission