

## Press Release

August 22, 2015

*For immediate release*

### **SECP constitutes dispute resolution committees for insurance sector**

ISLAMABAD: August 22, 2015: The Securities and Exchange Commission of Pakistan (SECP) has notified rules to constitute committees for resolution of disputes arising between the insurers and the policyholders. Through these rules, three committees will be formed in the cities of Islamabad, Lahore and Karachi, and each committee shall consist of three members i.e. a chartered accountant or a management accountant, a lawyer and a representative of the Insurance Association of Pakistan (IAP).

The idea behind is to provide maximum relief to the insurance policyholders or their legal heirs in case any dispute arises between them and the insurers. Presently, there are two other grievance handling forums are operational i.e. Federal Insurance Ombudsman and the Insurance Tribunals.

Almost a decade ago, the Federal Government (through Ministry of Commerce) constituted a Small Dispute Resolution Committee vide S.R.O No. 417(I)/2005 dated May 11, 2005 and Notification No. 2(19)/97-Ins.II dated December 16, 2006, comprising of five members i.e. joint secretaries of the federal ministry of commerce and the ministry of law, justice & human rights, executive director of SECP, and the chairman and vice chairman of the IAP.

Amid many other developmental initiatives of the SECP for the insurance industry, there was keen need to reconstitute the existing dispute resolution committee with adequate empowerment and enhanced jurisdiction with respect to sum insured of the disputed insurance policy, keeping in view the busy schedules of the members of the existing committee due to which the committee could not operate in full force.

Through these newly promulgated rules, three committees will be formed in the cities of Islamabad, Lahore and Karachi, and each committee shall consist of three members i.e. a chartered accountant or a management accountant, a lawyer and a professional from insurance industry in consultation with Insurance Association of Pakistan (IAP).

Each committee shall be required to establish its own secretariat which is to be situated in the city at which it is constituted. However, the Commission shall pay a prescribed amount to the each committee to meet its day to day expenses.

SECP firmly believes that the reconstitution of the dispute resolution committees will complement the existing grievance handling forums (Insurance Ombudsman and Insurance Tribunals). The outreach of the grievance forums will be strengthened and alongside, the aggrieved policyholders will have a 'fast-track' and 'free-of-cost' remedy to their grievances, as the decisions of these committees will be binding on insurers.