

## **SECP for sound and prudent management in insurance companies**

**KARACHI, October 28:** In order to promote good corporate governance, which helps to protect the interest of all stakeholders the 'Fit and Proper' criteria is prescribed and implemented by regulators globally in the financial sector. In Pakistan's financial sector, the 'Fit and Proper' criteria has been objectively defined as well as strictly enforced by the State Bank of Pakistan in case of banks, and by the SECP in case of non-banking financial companies (NBFCs) and the stock exchanges. The insurance industry is the only exception in the financial sector of Pakistan where it has not been elaborated.

It has been felt that in order to prepare the insurance sector to meet the challenges of globalization and to avoid maladministration, the insurance companies must be run by competent persons with adequate know-how of the insurance business. Considering this fact, the SECP after giving due consideration and stakeholders' consultation has devised the criteria for CEOs/principal officers and directors, and also for the relevant key executives of insurance companies.

The draft Regulations for Sound and Prudent Management have been published in newspapers to elicit the public's comments and to consider them, if received within 30 days of the date of such publication. The complete text of these Regulations is also available at the SECP's website.

It is pertinent to mention that the criteria will be applicable to the entire insurance industry, which falls under the regulatory domain of the SECP under the Insurance Ordinance, 2000, without any discrimination between the public and private sector.