



# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

## Press Release

October 10, 2018

*For immediate release*

### **SECP proposes to expand fit and proper criteria for insurance sector**

ISLAMABAD, October 10: The SECP has proposed to issue direction to the insurance sector that information to be provided about sponsors, promoters and major shareholding of insurers and insurance intermediaries, which would now also include shareholding details, including details of ultimate beneficial owners.

Through SRO 1201(I)/2018, the SECP has elicited public opinion on proposed direction to comply with additional fit and proper criteria in addition to the requirements, which has already been notified either through rules, regulations or through other legislative instrument.

The SECP has directed the insurers and insurance intermediaries to submit, at the time of their incorporation, undertaking duly signed by the sponsors, promoters and their ultimate beneficial owners that they have not been convicted in criminal breach of trust, fraud, offences of money laundering, including predicate offences as provided in the AML Act, 2010, or contravened any provision of SECP-AML/CFT Regulations, 2018, or any other AML/CFT requirements notified by the SECP. In addition, an insurer shall also submit an undertaking, duly signed by the proposed directors or chief executive or principal officer of the insurer and an affidavit on annual basis that its key officers, have not been convicted in criminal breach of trust, fraud, offences of money laundering.

Moreover, the insurance brokers at the time of seeking for approval for issuance of license in terms of the Insurance Rules, 2017, shall submit to the SECP, an undertaking duly signed by the proposed directors or chief executive, principal officer and key officers of the insurance brokers regarding non-involvement in money laundering related offences as stated in above para. The insurer during the execution of various processes relating to insurance policies, including but not limited to the issuance, underwriting, endorsement, withdrawal, claim, or maturity, shall ensure that there does not exist any conflict of interest of the insurance intermediaries, particularly, in terms of AML Act, 2010 or SECP-AML/CFT Regulations, 2018, or any other AML/CFT requirements notified by the SECP.

It is also specified that at the time of acquisition of a shareholding, or any part in case of non-life insurer, of more than 10% in an insurance company under the Insurance Ordinance, 2000, the acquirer(s) or the authorized person in case of corporate entity shall submit undertaking that the acquirer or beneficial owners have not been convicted in criminal breach of trust, fraud, offences of money laundering including predicated offences as provided in the AML Act or contravened any provision of SECP-AML/CFT Regulations, 2018, or any other AML/CFT requirements notified by the SECP.