



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Press Release

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For immediate release

SECP holds consultative session on proposed amendments to the Motor Vehicles Act, 1939

Islamabad, October 24: The Securities and Exchange Commission of Pakistan has convened a consultative session at its head office on the proposed amendments to the Motor Vehicles Act, 1939. The representatives from the Ministry of Commerce, Insurance Association of Pakistan, Excise and Taxation Department and National Insurance Company Limited actively participated in the session to give their comments and feedback on the proposed amendments.

Under the saved Chapter VIII of the Act, it is compulsory for all the motor vehicles owners to have the Motor Third Party Liability insurance cover which offers insurance protection against death and bodily injury to the victims of the road traffic accidents or their legal heirs. In pursuance of the National Financial Inclusion Strategy, the NFIS Technical Committee on Insurance (NFIS – TCI) proposed certain amendments to the 1939 Act, which include Increasing the compensation limits from Rs20,000 to 500,000, introduction of the “no fault option” for payment of claims for death and bodily injuries, separate compensation limits for bodily injuries, and imposition of penalty for having bogus policies or not obtaining third party risk policy.

It is hoped that the proposed amendments will improve implementation through removal of lengthy, costly and cumbersome process of determination of liability through courts. Increasing the compensation limit is also favorable amendment for the claimants. The proposed amendments were also published on the SECP website for public comments in August and comments were received from the Insurance Association of Pakistan, which were also discussed in the consultation session. The draft amendments once finalized would be forwarded to the Ministry of Finance to initiate the legislative process. The participants acknowledged the efforts of the SECP for undertaking stakeholders’ consultations.