



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

PRESS RELEASE

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SECP sensitizes people to carefully read term & conditions of insurance policies

ISLAMABAD, March 12: To safeguard the interest of insurance policyholders, the Securities and Exchange Commission of Pakistan (SECP) urges public at large to carefully read all the contents of documents presented before them by an insurance agent before signing and ensure that they understand the terms and conditions of the product being offered. Reliance may not be placed on verbal promises made by insurance agents unless stated in the policy documents.

The SECP has always strived to develop a fair, efficient and transparent market, based on international legal standards and best practices, for the protection of investors and policyholders. A fair, efficient and transparent market is one where the interests of investors and insurance policyholders are adequately protected.

The SECP has established complaint resolution forum known as Service Desk Management System (SDMS) for addressing grievances of general public (including insurance policyholders) against corporate sector. In relation to the insurance sector SECP received 3,565 complaints through SDMS from 2018 to 2020, against which relief to the tune of approximately Rs591 million was provided to policyholders. Additionally, to strengthen the regulatory regime for distribution of insurance products through corporate insurance agents including banks, SECP notified the Corporate Insurance Agents Regulations, 2020 aimed at curtailing the issue of mis-selling and ensure provision of maximum and clear information regarding terms and conditions of an insurance policy.

The Regulations require corporate insurance agents including banks to ensure provision of clear and detailed disclosures to potential policyholders/customers. After-sales callback confirmation process has also been improved and a basic script of callback confirmation has been included in regulations. To ensure that the prospective policyholder is aware of the product being offered to him/her by the corporate insurance agent including banks, products structure and corporate agents' remuneration have been further aligned to policyholder's interest through rationalization of commission rates and introduction of minimum premium allocation rates. The regulations also entitle insurance policyholders to full refund of premium if an insurance policy is canceled within fourteen days of receipt of the policy documents.

The following complaint resolution forums are available for redressing complaints of policyholders (Contact details are given in the policy documents):

- i. SDMS (<https://sdms.secp.gov.pk/> or email at complaints@secp.gov.pk)
- ii. Federal Insurance Ombudsman (FIO)
- iii. Small Dispute Resolution Committees in Lahore, Islamabad, and Karachi
- iv. Insurance Tribunal
- v. Prime Minister Deliver Unit (<https://citizenportal.gov.pk/>)

Policyholders may approach any of the above forums for resolution of their complaints, if any, against insurance companies.