



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
INSURANCE DIVISION
POLICY, REGULATION AND DEVELOPMENT DEPARTMENT

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April 10, 2023

Circular No. 05 of 2023

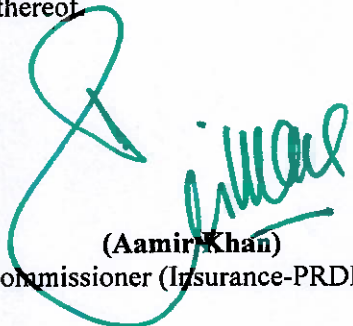
Subject: Applicability of Section 166 of the Insurance Ordinance, 2000 to Contractors' All Risk/Erection All Risk Policies Issued to Private Contractors for Construction/Renovation/Maintenance of Public Properties

This Circular is in supersession of Circular No. 1 of 2016 dated January 4, 2016 and Circular No.1 of 2016 dated March 4, 2016 regarding the applicability of Section 166 of the Insurance Ordinance, 2000 (the "Ordinance") to Contractors' All Risk/Erection All Risk Policies issued to private contractors by non-life insurers.

2. In respect of application of Section 166 of the Ordinance to the subject policies issued to private contractor, an insurer shall prior to entering into a contract of insurance review on a case to case basis that the coverage it offers, insures only the private contractors' property, their machinery or any claim arising out of the contractors' risk or liability or otherwise.

3. Where the insurance policy covers the property, machinery or any risk or liability of the private contractor, the same would not fall within the purview of the Section 166(3) of the Insurance Ordinance, 2000. However, where the insurance policy covers risk relating to a public property or any risk or liability appertaining to the public property (not the private contractors' property), it shall only be placed with M/s National Insurance Company Limited.

4. The requirement stipulated in para 2 of this Circular shall be applicable prospectively on new CAR/EAR policies to be issued by insurance companies and M/s National Insurance Company Limited, and it shall not be required for policies already in force and the renewals thereof.


(Aamir Khan)
Commissioner (Insurance-PRDD)

Distribution:

- i. Chief Executive of all non-life Insurance Companies (including NICL)
- ii. Chief Executive all General Takaful Operators
- iii. Chairman Insurance Association of Pakistan (IAP)
- iv. President (Institute of Chartered Accountant of Pakistan)
- v. President (Pakistan Society of Actuaries)
- vi. President (Institute of Cost and Management Accountants of Pakistan)