

**GOVERNMENT OF PAKISTAN**  
**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

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*Islamabad, the 5<sup>th</sup> July, 2022*

**NOTIFICATION**

**S.R.O. 1015(I)/2022.**- In exercise of the powers conferred by clause (f) of sub-section (1) of section 7, section 12 and sub-section (3) of section 167 of the Insurance Ordinance, 2000 (XXXIX of 2000) read with section 40 of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997), the Securities and Exchange Commission of Pakistan, with the approval of the Securities and Exchange Policy Board, hereby makes the following amendments in the Insurance Companies (Sound and Prudent Management) Regulations, 2012, the same having being previously published in the official Gazette vide S.R.O. 369(I)/2022 dated February 23, 2022, as required under section 40 of the said Act XLII of 1997, namely:-

**AMENDMENTS**

In the aforesaid regulations, -

1. in regulation 2, -

(a) after sub-regulation (1), the following new sub-regulations shall be inserted, namely: -

“(1A) No insurer shall appoint a person as its chief executive or principal officer or director who does not comply with the fit and proper criteria provided in these regulations and without approval of the Commission.

(1B) In order to assess the fitness and propriety of proposed persons, the insurer shall seek information as per the requirements of these regulations at the time of election of directors or appointment of chief executive or principal officer or director, as the case may be.

(1C) An insurer shall, for appointment or re-appointment or any change of its directors or chief executive or principal officer, follow the following procedure for obtaining approval of the Commission, -

(a) in the case of directors, the insurer shall within 7 days after the election of directors, submit application with the Commission for appointment of its elected directors;

(b) within ten days from the date of appointment of the chief executive or principal officer by the board of

directors, the insurer shall submit an application for appointment or reappointment of the chief executive or principal officer;

- (c) in case of occurrence of any casual vacancy in respect of a director or chief executive or principal officer, the insurer shall submit an application within 10 days of the appointment of the director or chief executive or principal officer by the board of directors;
- (d) in case the board of directors of an insurer decide to remove its chief executive or principal officer before the expiration of his term of office or the chief executive or principal officer decides to tender his resignation before the completion of his term of office, the insurer shall immediately inform the Commission along with reasons for the same;
- (e) in the case where appointment of chief executive or principal officer or nomination of director on the board of directors of an insurer is made by the Federal Government, the insurer shall submit application within 10 days of the appointment or nomination, as the case may be, by the Federal Government in this regard:

Provided that the insurer shall, prior to the appointment or nomination, as the case may be, by the Federal Government, directly or through the concerned ministry, seek clearance from the Commission under these Regulations on the fitness and propriety of the proposed persons;

- (f) any deficiency or shortcoming in the information or documents submitted by the insurer to the Commission shall be rectified by the insurer within 14 days of the issue of the letter by the Commission informing the insurer of the deficiency or shortcoming.

(1D) The chief executive or the principal officer of an insurer shall be a full-time employee of the insurer.”;

- (b) in sub-regulation (3), the expression “and Annexure “C”” shall be omitted;
- (c) for sub-regulation (6), the following shall be substituted, namely: -

“(6) All persons subject to these Regulations shall report any change

with reference to their fitness and propriety to the insurer within three business days of such change taking effect and the insurer shall within a period of seven business days from the date of receipt, report the same to the Commission.”; and

- (d) after sub-regulation (6) substituted as aforesaid, the following new sub-regulation (7) shall be inserted, namely: -

“(7) The board of directors shall ensure that the insurer has put in place a mechanism to monitor whether any change in the status of its chief executive, directors and key executives is contrary to the requirements of these Regulations. In case of any change in status results in non-compliance with the fit and proper criteria, the insurer shall immediately stop the person from performing his assigned function(s), inform the Commission and initiate the process for replacement of the individual with a fit and proper individual.”;

2. in regulation 3, -

- (i) in clause (i), -

(a) in sub-clause (e), for the expression, “Companies Ordinance, 1984” the expression “Companies Act, 2017” shall be substituted;

(b) in sub-clause (f), for the semi-colon at the end, a colon shall be substituted and thereafter the following provisos shall be inserted, namely: -

“Provided that individuals subject to the fit and proper criteria shall submit, as per Annexure – B, affidavit stating that no investigation is initiated by any Law Enforcement Agency (LEA) against such person and in case any investigation has been initiated, the fact must be disclosed:

Provided further that in case of any investigation initiated by LEAs against the chief executive or principal officer or any director of the insurer, the board of directors of the insurer shall decide whether to retain such chief executive or director and record reasons in writing for the same;”;

- (ii) in clause (ii), -

(a) for sub-clause (a), the following shall be substituted, namely: -

“(a) whether any instance of overdue or past due payment to a financial institution, irrespective of amount, is appearing in the overdue column of latest CIB report of the person

and of the companies, firms, sole proprietorship etc. where the person is a chief executive, director (other than nominee director), owner or partner etc.:

Provided that the Commission shall provide an opportunity of making representation to the person in case of overdue or past due payment;

Provided further that the following exceptions may be granted by the Commission for the purpose of this sub-clause in case where: -

- (i) Amount overdue is under litigation and the same is also appearing as amount under litigation in the CIB report; and
- (ii) No overdue payment appearing in the overdue column in the subsequent latest CIB report;”;

(b) sub-clause (a1) shall be omitted;

(c) in sub-clause (a2), the Explanation shall be omitted;

(d) sub-clause (a3) shall be omitted;

(e) in sub-clause (e), for the full stop at the end, a semi-colon shall be substituted and thereafter the following new sub-clause (f) shall be inserted, namely: -

“(f) whether the name of such person is appearing on the active tax payer list maintained by the Federal Board of Revenue:

Provided that foreign nationals and non-resident persons shall be exempt from the requirement of this sub-clause.

Provided further that the requirement of this sub-clause shall not be applicable, where it is not mandatory for such person to file income tax returns with the Federal Board of Revenue.;

(iii) in clause (iii), in sub-clause (b), for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be inserted, namely:-

“Provided that from the date of coming into effect of these amendments, in case of a fresh applicant as an insurer, at least one director of such applicant, excluding the chief

executive officer, shall have at least 5 years' experience at senior management level or director or chief executive officer in the insurance industry or the financial services industry.”;

(iv) clause (v) shall be omitted;

3. for the existing Annexure–A, the following new Annexure-A shall be substituted:

**Annexure-A**

Information to be provided

by proposed director and proposed chief executive of the insurance company

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1.	Curriculum Vitae/Resume containing:
a	Name (former name if any):
b	Father's or Husband Name:
c	C.N.I.C # / Passport # (in case of foreign nationals) - (attach copy)
d	Nationality:
e	Age:
f	Contact details:
	i) Residential address:
	ii) Business address:
	iii) Tel:
	iv) Mobile:
	v) Fax:
	vi) E-mail:
g	National Tax Number:
h	Present occupation:
i	Details of Academic and Professional Qualifications: (In case of fresh appointment as CEO, attach copy evidencing minimum qualification under the Regulations). Board of Directors of insurer shall ensure verification of credentials and degrees of the Chief Executive.
j	Experience: Position held during the last ten years (along with name and address of company/institution/body where appointment held, nature of the company/ institution/body and dates of appointment).
2.	<p><b>Nature of directorship</b>    Executive    <input type="checkbox"/>    Non –executive    <input type="checkbox"/></p> <p>   Independent    <input type="checkbox"/>    Non-independent    <input type="checkbox"/></p> <p><b>Status of directorship</b>    Shareholder    <input type="checkbox"/>    Nominee    <input type="checkbox"/></p> <p>Nominated by (name of shareholder/group of shareholders he is representing)</p> <p>Number of shares subscribed or held _____</p>
3.	Names of companies, firm and other organization of which the proposed person is a director, partner, office holder.
4.	In the case of appointment of directors, the date of board of directors' meeting in which the appointment of proposed director was approved. (Attach copy of the minutes of the meeting of the board of directors. If

	the director is elected, then attach a copy of the minutes of the general meeting of the company.)
5.	Names of persons on the board of the insurance company who are related to the applicant.

Signature

*\*use additional sheets if required\**;

4. In Annexure – B, -

(a) after point 5, the following new point 6 shall be inserted as follows:


“6. That I undertake that no investigation is initiated by any Law Enforcement Agency against me. (In case any investigation has been initiated, the fact must be disclosed)”;

(b) at the end of the annexure, the following note shall be inserted, namely: -

“Note: An insurer may separately file the affidavit required in compliance of S.R.O. 933(I)/2020 dated September 30, 2020 or may combine the aforementioned affidavit with the affidavit above.”; and

5. Annexure – C shall be omitted.”.

[File No. ID/MDPR/S&P/2022]

  
( Bilal Rasul )  
Secretary to the Commission