

PART II
Statutory Notification (S. R. O.)
GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Islamabad, the 23rd February, 2022

NOTIFICATION

S.R.O. 369(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 following draft of amendments to the Insurance Companies (Sound and Prudent Management) Regulations, 2012, is hereby published by the Securities and Exchange Commission of Pakistan for information of all the persons likely to be affected thereby and notice is hereby given that objections and suggestions, if any, received to the Securities and Exchange Commission of Pakistan within thirty days of this notification will be taken into consideration.

DRAFT AMENDMENTS

In the aforesaid regulations,-

1. in regulation 2:

(a) in sub-regulation (1), after clause (iii), the following new proviso shall be inserted:

“Provided that the chief executive or the principal officer of an insurer shall be full time employee of the insurer.”

(b) after sub-regulation (1), the following new sub-regulation (1A) and (1B) shall be inserted:

“(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 prior approval of the Commission.

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

(a) in the case of election of directors in the annual general meeting or the extraordinary general meeting, the insurer shall 10 days before the date of the general meeting, in which the election of directors are to be held, submit application for the persons seeking to contest the elections whether they are retiring directors or otherwise;

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

“(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.”
- (e) after sub-regulation (6) substituted as above, the following new sub-regulation (7) shall be inserted:

“(7) An insurer shall 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 clause (i) of regulation 3,-

- (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:

“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;”

3. in clause (ii) of regulation 3,-

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

“(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) after sub-clause (a) substituted as aforesaid, sub-clause (a1) shall be omitted;
- (c) after sub-clause (a1) omitted as aforesaid, the Explanation to sub-clause (a2) shall be omitted;
- (d) after Explanation to sub-clause (a2) omitted as aforesaid, 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:

“(f) whether the name of such person is appearing on the active tax payer list maintained

by the Federal Board of Revenue.”

4. in clause (iii) of regulation 3,-

(a) in paragraph (II) of sub-clause (a), for the semi-colon at the end, a colon shall be substituted and thereafter the following proviso shall be inserted:

“Provided that where the Commission is not satisfied with regard to sufficiency of the suitability criteria, it may conduct an interview of the proposed chief executive officer or principal officer to assess his suitability for the position.”

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

“Provided that from the date of coming into effect of these amendments, in case of a fresh applicant as an insurer, at least two directors of such applicant, excluding the chief executive officer, shall have at least 5 years’ experience as key officer or director of chief executive officer in the insurance industry.”

5. in regulation 3, clause (v) shall be omitted;

6. 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).

