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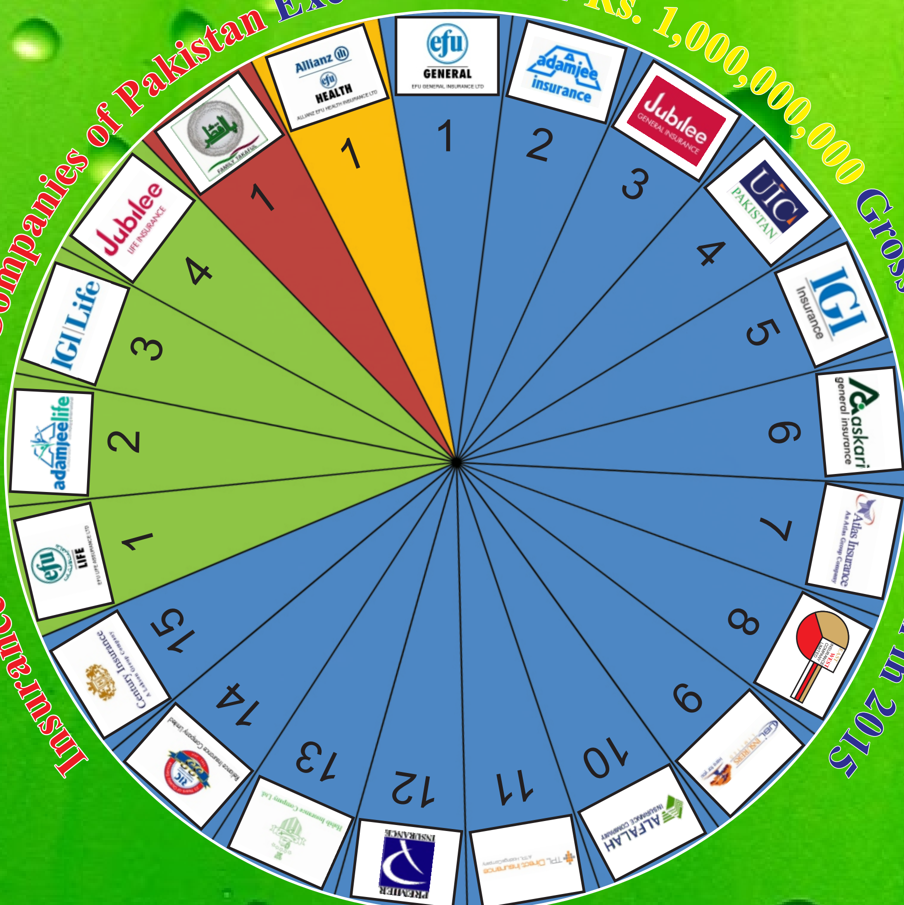
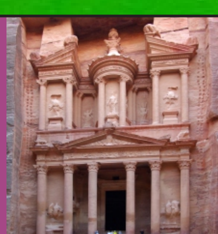
January, February, March 2016

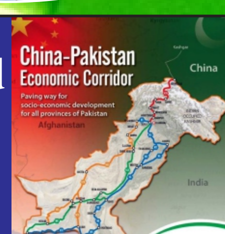
SCOR Appoints Mr. Moin M. Fudda

Insurance and Takaful Companies of Pakistan Exceeding Over Rs. 1,000,000,000 Gross Premium Written in 2015





Insurance in Jordan



CPEC and Insurance Industry

Student's Corner: Doing Business in Japan

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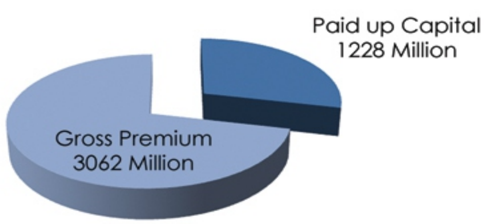

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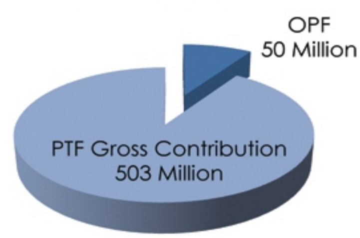

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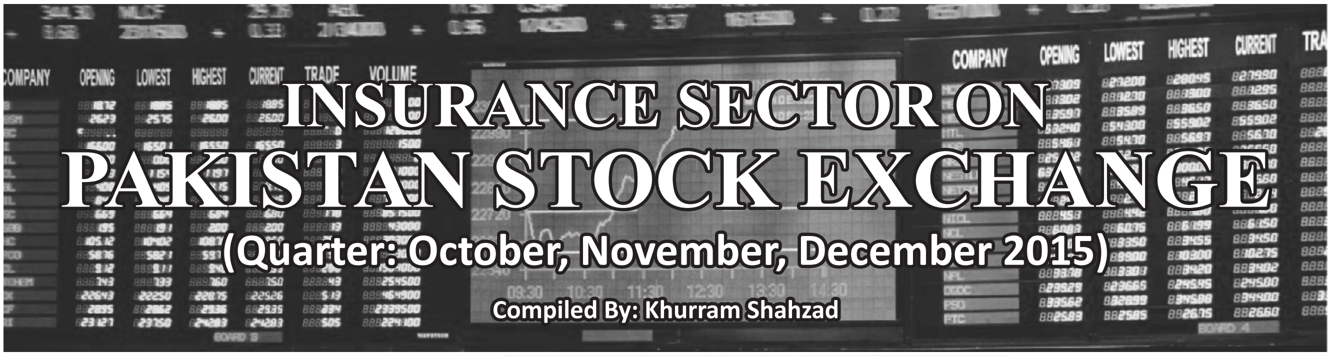
CONTENTS

Over Rs. 1,000,000,000 Premium

Insurance and Takaful Companies of Pakistan EXCEEDING Over Rs. 1,000,000,000 Gross Premium Written in 2015

	GENERAL INSURANCE	Gross Premium* (Amount in Billion)
1	EFU General Insurance Co. Ltd.	15.008
2	Adamjee Insurance Co. Ltd.	13.639
3	Jubilee General Insurance Co. Ltd.	8.094
4	United Insurance Co. Ltd.	3.062
5	IGI Insurance Co. Ltd.	2.344
6	Askari General Insurance Co. Ltd.	2.005
7	Atlas Insurance Co. Ltd.	1.964
8	East West Insurance Co. Ltd.	1.767
9	UBL Insurers Limited	1.600
10	Alfalah Insurance Co. Ltd.	1.546
11	TPL Direct Insurance Co. Ltd.	1.500
12	Premier Insurance Co. Ltd.	1.405
13	Habib Insurance Co. Ltd.	1.123
14	Reliance Insurance Co. Ltd.	1.110
15	Century Insurance Co. Ltd.	1.060
	LIFE INSURANCE	
1	EFU Life Assurance Company Limited	31.034
2	Adamjee Life Assurance	9.600
3	IGI Life Insurance Limited	3.962
4	Jubilee Life Insurance Company Limited	2.993
	TAKAFUL (FAMILY)	
1	Pak Qatar Faimly Takaul Limited	6.721
	HEALTH INSURANCE	
1	Allianz EFU Health Insurance Ltd	1.720

* Figures as available now, before finalization of exact figures for balance sheet.



INSURANCE SECTOR ON PAKISTAN STOCK EXCHANGE

(Quarter: October, November, December 2015)

Compiled By: Khurram Shahzad

Company	Paid up Capital (Rs. in Million)	Face Value Rs.	Higest Rate Rs.	Lowest Rate Rs.	Turnover of Shares	Announcement During the Quarter
Adamjee Insurance Company Limited	3,500	10.00	58.95	52.20	48,142,000	
Asia Insurance Company Limited	300	10.00	-	-	-	
Askari General Insurance Company Limited	388	10.00	35.50	31.00	339,000	
Atlas Insurance Limited	702	10.00	76.00	70.15	306,000	
Beema-Pakistan Company Limited	417	10.00	-	-	-	
Business & Industrial Insurance Company Ltd.	86	10.00	-	-	-	
Century Insurance Company Limited	457	10.00	25.27	20.90	1,452,500	
Crescent Star Insurance Limited	620	10.00	16.25	9.20	34,278,500	Right Issue = 33.33% AT PAR
Cyan Limited	586	10.00	96.00	77.00	2,810,000	
East West Insurance Company Limited	452	10.00	-	-	-	Bonus Issue = 12.5%
East West Life Assurance Company Limited	594	10.00	12.15	8.00	677,000	
EFU General Insurance Limited	1,600	10.00	150.00	132.00	966,700	Dividend = 10%
EFU Life Assurance Limited	1,000	10.00	244.00	195.00	36,000	Dividend = 10%
Habib Insurance Company Limited	619	5.00	20.50	18.50	636,000	
Hallmark Insurance Company Limited	5	10.00	-	-	-	
IGI Insurance Limited	1,227	10.00	270.00	215.25	4,474,500	
IGI Life Insurance Limited	500	10.00	156.70	114.00	82,200	
Jubilee General Insurance Company Limited	1,569	10.00	127.99	99.00	244,000	
Jubilee Life Insurance Company Limited	721	10.00	530.99	499.00	129,500	
Pakistan Guarantee Insurance Company Ltd.	25	10.00	-	-	-	
Pakistan Reinsurance Company Limited	3,000	10.00	36.60	30.50	9,580,000	
PICIC Insurance Limited	350	10.00	12.24	9.00	432,000	
Premier Insurance Limited	384	10.00	35.00	28.10	148,500	
Progressive Insurance Company Limited	85	10.00	-	-	-	
Reliance Insurance Company Limited	464	10.00	14.38	11.79	1,245,000	
Shaheen Insurance Company Limited	450	10.00	6.99	5.00	527,500	
Silver Star Insurance Company Limited	306	10.00	-	-	-	
Standard Insurance Company Limited	8	10.00	-	-	-	
The Pakistan General Insurance Company Limited	400	10.00	9.80	8.00	129,500	
The United Insurance Company of Pakistan Limited	1,288	10.00	23.18	20.10	1,596,000	
The Universal Insurance Company Limited	370	10.00	23.18	20.10	1,596,000	
TPL Direct Insurance Limited	755	10.00	23.80	16.50	46,500	

SCOR Appoints Moin M. Fudda as its Country Representative for Pakistan

SCOR Tier 1 Global and lead Reinsurer in Pakistan has announced appointment of Mr. Moin Fudda as is Country Representative. SCOR a triple engine Group, is organized around two main businesses, Global Property and Casualty Reinsurance and Global Life Reinsurance, plus Global investments.

With more than 25 years of experience in General and life as well as Reinsurance and Risk Management, has been the Country Chief of Commercial Union (CU) Assurance of UK (now AVIVA) and New Zealand Insurance (NZI) from 1988 to 2002. He established CU life (now NJI Life) and remained its Managing Director from 1996 to 2002. He was elected to the Central Committee of Insurance Association of Pakistan from 1990 to 1996 and later was appointed a member of Task Force for developing Insurance Act 2000. Earlier he served as an Executive Director, Reinsurance of Pakistan Insurance Company with the rank of Additional Secretary and also served as a member of the Technical Committees of RCD and FAIR Reinsurance Pools. In Sept. 1979, he Joined the Controllers' Division of American International Group (AIG) in New York and within a span of four years was elevated as Manager-Reinsurance. During the period, he served as an adjunct Assistant Professor of the Member of Faculty of the College of Insurance, New York.

Being Country Chief of NZI, Government of New Zealand appointed Mr. Fudda as its Honorary Consul of Pakistan in 1990 and elevated him as Honorary Consul-General in 1997, responsible to the High Commissioner accredited from Tehran. He is the sole representative of New Zealand in Pakistan. **In 2002, the queen of New Zealand was pleased of confer upon him the dignity of an "Honorary Officer of the New Zealand order of Merit (ONZM), for services to New Zealand's interest in Pakistan.**

In February 2016, he was nominated by the SECP as a Director on the Board of Pakistan Stock Exchange, and on its behalf he also serves on the Boards of Central Depository Company and Pakistan Institute of Corporate Governance. He is a Certified Trainer for Corporate Governance by IFC and is a Member of the Faculty of PICG.

He is the former President of the Management Association of Pakistan and the Overseas Investors Chamber of Commerce & Industry. He has also served as a Member of the Privatization Commission, Board of Investment, Pakistan Institute of Management, Pakistan Britain Business Advisory Group, Executive Committee of the Federation of Pakistan Chamber of Commerce & Industry. National Policy Platform for Competitiveness & Economic Growth of the Ministry of Economic Affairs, Member of Anti-Money Laundering Committee SECP and a Member of the Task Force Jointly formed by FBR & SECP to resolve the Transfer Pricing issues. In 2003 FBR appointed him Chairman of a number of Alternate Dispute Resolution Committees (ADRC), where he continues to serve on voluntary basis. He is also the Director of the National Centre of Dispute Resolution (NCDR-a-Project of International Finance Corporation and the Sindh High Court) and a Member of Board of Karachi Council of Foreign Relations. **In recognition of his valuable services in the field of Public Service, in March 2006, he was conferred the Civil Award "Sitara-e-Imtiaz" (S.I), by the President of Pakistan.**

In February 2015, SECP nominated him as a Director on the Board of Islamabad Stock Exchange wherein he was elected as Chairman of the Board. He successfully worked for integration of Karachi, Lahore and Islamabad Stock Exchange into a Pakistan Stock Exchange which was launched in January 2016. Earlier from 2002 to 2005. During the period, he also served as first Managing Director of National Commodity Exchange as well as Chairman of the National Clearing & Settlement Company, Director and Chairman of the Audit Committee of CDC. He represented KSE at several international events and was elected to the Technical Committee of South Asian Federation of Exchange (SAFE) and Chairman of the Task Force of Corporate Governance in the Federation of European and Asian Stock Exchange (FEAS).

Mr. Fudda was appointed Country Director of Center for International Private Enterprise, CIPE (an affiliate of US Chamber of Commerce) in 2005 to establish and head its Pakistan office. During 10 years he led projects involving Chambers and Associations development, Economic Journalism, Corporate Governance, creation of Women Chamber, Youth Entrepreneurship, outreach and availability of Microfinance in association with Pakistan Microfinance Network and the State Bank of Pakistan. He also worked with SECP and stakeholders for drafting of regulations of Micro Insurance, Private Equity and Venture Capital and creation of Capital Market institute.

He graduated from the RCD College of Insurance, Tehran in June 1978. He had the distinction of being one of three students from Pakistan who were awarded RCD Scholarship to study B.S. in Insurance and Economics. While studying, he worked for Stewart Wrightson (Member of LIoyd's). He complete MBA in Insurance and Risk Management in August 1979 from St. Jones University (formerly The College of Insurance), New York.

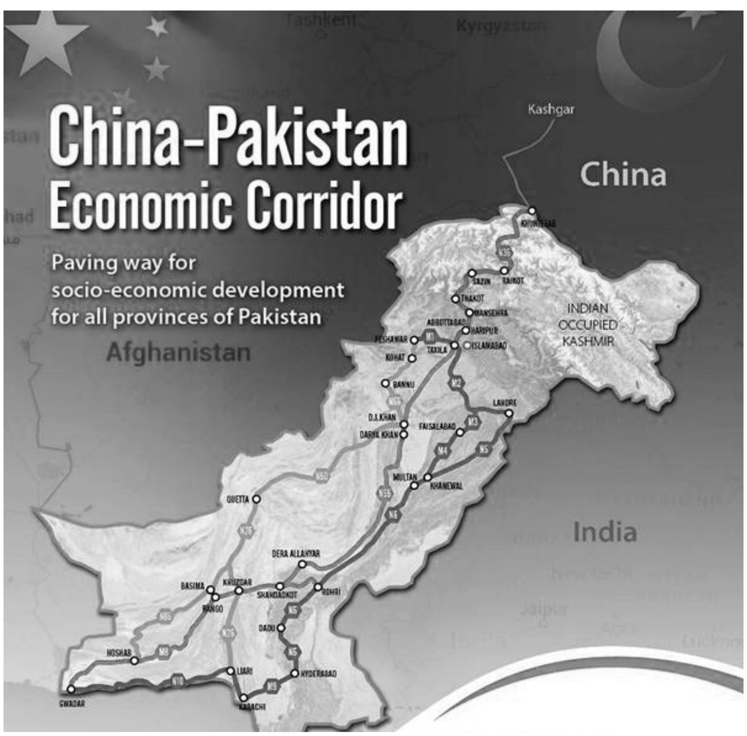
Mr. Fudda age 60 is married and is blessed with a son two grandson and a daughter. He and his wife have traveled to more than 100 countries in 7 Continents.

Dr. Safdar Ali Butt
Professor, Emeritus of Finance and Corporate Governance
Capital University of Science and Technology, Islamabad

CPEC and Insurance Industry

Quite understandably, the whole country is very excited about the C-PEC project. Virtually all the sectors are feverishly estimating the benefits that this historical development will bring to them. This includes the political, industrial, commercial and social segments of our land. Sadly, there is one sector that seems quite unconcerned. The insurance industry of Pakistan does not think it is going to benefit significantly from C-PEC. And they are not very wrong in their assessment.

It is being said that an investment of $46 billion will be made in the C-PEC project itself. This includes $35 billion or so to be invested by the Chinese companies in putting up power generation units. In addition, a number of new industrial outfits (in newly constructed industrial estates) will be established along the C-PEC route, generating a local investment of another around $5 billion. In simple terms, this means the country will have additional capital assets of $51 billion. Assuming that assets to turnover ratio of these projects will be a measly 2:1, these assets should then generate annual revenue of not less than $25 billion. Making another conservative estimate of annual insurance premiums at 0.5% of the combined value of assets and turnover, the insurance industry should look forward to an annual premium increase of Rs 38 billion.



Why is the potential of such a sizeable increase in annual insurance premiums not electrifying the local insurance industry?

The reason is not difficult to comprehend. Very little, if any, of the expected new insurance premium will go to the local insurance companies. Almost the entire new insurance business will be placed with overseas companies. Local insurance companies will be asked to act as fronts for foreign insurance or reinsurance companies. Against all norms of decency, and against the basic spirit of prevailing insurance regulations, the local insurance companies will not be allowed to retain any part of the risk. The entire risk will be reinsured and the local insurers will be paid an administrative charge for acting as front office, principally to satisfy the law of compulsory local insurance. The local insurance industry will neither earn anything from C-PEC nor learn anything in the process. It will continue to remain a minnow that does not have the financial strength or the professional expertise to handle major risks.

Let us examine the factors that permit such an unfortunate situation to arise and persist. These include regulatory / policy framework, regulatory regime, ineffectiveness of PRCL and NICL and to a considerable extent the attitude of local insurance companies.

Non-implementation of Regulatory & Policy Framework

Pakistani law states that all risks arising in Pakistan must be insured in Pakistan. This is not a very helpful provision because it does not stop the local insurance companies from passing over the risks to reinsurers based outside Pakistan. There is a provision in the law that at least 35% of the reinsurance must be offered to PRCL and only upon its refusal should it be placed overseas. This was apparently done to further the spirit of free market. This free market argument is however quite frail. Our planners should not expose Pakistan's relatively small insurance companies to competition with world's insurance giants. Every country aims at strengthening its local industries before exposing them to worldwide competition. For example, USA, the biggest propagandist of free trade has imposed regulatory duties on import of steel products from Japan to protect its local steel industry. Free market is a noble cause, but we should not indiscriminately sacrifice our local industries at this altar.

Another very disappointing failure of our planners is absence of viable re-insurance market in Pakistan. PRCL is the only reinsurer we have in Pakistan. While I will talk about the efficacy of PRCL later in this article, here I would like to ask: why is there no private sector reinsurance company in our country? Our insurance companies are seeking reinsurance treaties with companies from Taiwan, Hong Kong, Thailand and South Korea. By most standards, Pakistan's financial sector is much larger, stronger and more developed than those countries; yet our planners have done no real work towards meeting the re-insurance needs of the country. We are happily allowing up to 90% of local insurance premiums to fly away to foreign lands.

Our planners need to think carefully about it. According to State Bank of Pakistan figures, local commercial banks had total assets of over Rs 12,600 billion at the end of 2015. These financial institutions are quite capable of joining hands together to establish a reinsurance company to look after the needs of all the local insurers and to sustain even larger claims. But they need a visionary leader for this purpose – an area in which no political government of Pakistan has so far excelled. If Ministry of Finance simply takes a lead and tries to persuade all the banks to take an equity share in a massive reinsurance company, to be owned and managed by the private sector, I am sure Pakistan can stem the outflow of valuable foreign exchange in the garb of reinsurance premiums. Yes there will be teething problems, yes there will be difficulties – but nations cannot be built without taking pains, without surmounting teething problems and without standing up to difficulties.

As stated earlier, Pak laws require all local risks to be insured in Pakistan but allow the insurance companies to enter into reinsurance treaties virtually at will with any party in the world. This loophole is being exploited by most foreign companies (MNCs) operating in Pakistan. They force local insurers to re-insure their risks with their nominated reinsurers. Most multi-national companies have a captive insurance / reinsurance corporation in the group which captures all such insurance premiums. Another group that is active, is the IPPs who have been allowed similar leeway by Pakistan's power policy. Now Pakistani insurance companies are rightfully fearful that all the Chinese companies that will come to Pakistan as a result of C-PEC will be accorded similar facility.

Asking local insurers to reinsure with a particular re-insurer is not so bad in itself. It is the exploitation of this rule that hurts. What is actually happening (which will of course be denied by all concerned) is that local insurance companies are not retaining any risk; they are passing all the risk to foreign companies and are being paid only a paltry administration charge, not a share in premium on the basis of proportion of risk retained. This makes a mockery of the whole insurance business. Local insurance companies are being reduced to being petty insurance agents, rather than insurers.

Ineffectiveness of PRCL

One organization that could arrest this trend is PRCL. But this company, like most public sector entities, is quite content with whatever is coming in its way by itself. It has never shown any aggressiveness in trying to expand its base. For example, all insurers are required to offer a certain percentage of their re-insurance business to PRCL and only if PRCL declines to accept it, can they proceed to enter into reinsurance treaties with foreign companies. Insurance companies routinely flout this provision – at behest of their clients, of course – yet PRCL has never censured any company as yet. The fact that PRCL has not collapsed so far is because its business in inherently profitable – not because it is being run efficiently or professionally. They are in a competition-free market and are simply living on day to day basis, showing no interest in strategic planning for developing the insurance industry in the country. It may be a good idea to privatize PRCL by offering its shares to all the local insurance companies. Such an arrangement may encourage the insurance companies to take greater interest in the management of PRCL, come up with new and innovative ideas on reinsurance business and place larger portion of reinsurance business with PRCL / NICL.

Attitude of Local Insurance Companies

And now a word about the biggest culprits in the matter: the insurance companies themselves. If they have willingly agreed to reduce themselves to the status of insurance agents, they can hardly blame outsiders. Some companies appear quite content with working for an administration charge. They display no real desire of being true insurers. Quite a few insurance companies are too small to be allowed to continue in this business that requires considerable financial strength. These companies should move toward mergers. Larger companies are the ones that should shoulder the responsibility for promoting this industry in the country. They should come up with innovative products, enhancing their image and prevailing upon on foreign investors to allow them to retain a significant portion of local insurance business. These companies should constitute forums where, among other things, decisions about the minimum retention levels should be taken. They should refuse to cede the entire risk to a nominated foreign reinsurer.

What Needs to be Done in relation to C-PEC Insurances?

C-PEC will generate a large volume of insurance business. Most of this business will come from Chinese companies. Chinese have proved to be very good friends of Pakistan. Our government should therefore approach the Chinese government and seek its agreement on the following objectives:

a. Chinese insurance companies should establish Reinsurance Company in Pakistan. These offices should be real insurance centers – not just post offices for forwarding mail to the Chinese head offices. Chinese reinsurance companies based in Pakistan should work in collaboration with local insurance companies (as well as PRCL) in co-insuring C-PEC related and other projects. This will genuinely promote local industry and also help the Chinese investors who will come to Pakistan for C-PEC related projects by promptly attending to their insurance needs.

b. There should be government to government level agreement on reinsurances of all Chinese investment in Pakistan in general and C-PEC in particular. It might be viable to create a joint re-insurance corporation with equity from Chinese as well as local insurers to handle such business. The proposed corporation can of course grow to cover other projects as well, e.g. at some stage all IPPs can also be asked to re-insure with this corporation. In the past, government of Pakistan has announced its intentions of setting up reinsurance company in collaboration with Iran and Turkey governments. Why not Chinese government?

c. PRCL should take its role more seriously than it has hitherto done. In particular, they must retain 30% of all re-insurance related to C-PEC projects. Pak government should seek this concession from their Chinese counterparts.

In addition, the following advice is offered:

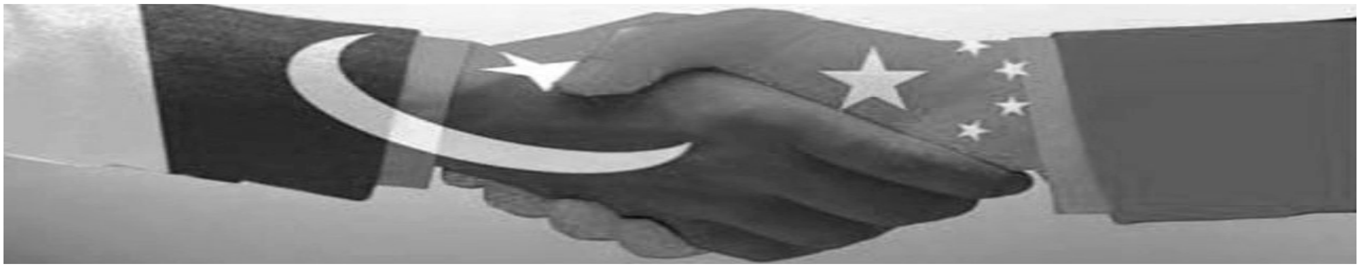
a. PRCL should be privatized but its equity holding should be restricted to regulated financial institutions, mainly insurance companies. If it is considered improper for any reason to allow insurance companies to hold shares in the reinsurance corporation, commercial and investment banks should be asked to invest in PRCL and actively participate in its management.

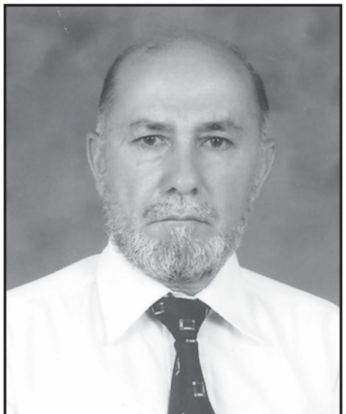
b. Insurance companies should try to become real insurers and come up with efficient and attractive products. Smaller companies should merge and create larger, stronger companies that are capable of absorbing considerable risks. This country has some of the world's finest financial brains. Our youth has a natural talent for finance. Some 60 universities are producing around 5,000 MBAs per year. Our insurers should use this talent. It is quite a paradox that our insurance companies are not prepared to take or manage risks – not even reasonable risks – instead they are content with low profits as long as it comes without any real risk.

c. There are a number of areas where no insurance is currently being offered. Whatever be the reasons for this situation, they cannot possibly be insurmountable. Serious efforts should be made under the leadership of larger companies, or specially established forums, to explore ways and means of making Pakistan self sufficient in insurance.

d. SECP should become more active and try to stem the outflow of reinsurance premiums. They should obtain sufficient expertise to be able to vouch the validity of reinsurance treaties being negotiated by Pakistan companies.

e. There should be closer working relationship between insurance companies, Ministry of Commerce, SECP and Ministry of Finance. That can iron out a lot of difficulties and remove a number of unnecessary ambiguities.





Majid Khan Jadoon
A.C.I.I. (U.K), MD/CEO
M/s. Pakistan Inspection Co. (Pvt.) Ltd.

Fire Insurance Policy Clauses (Part-3)

Bank Mortgage Clause:-

Most of the Insured Properties are Bank Mortgaged and, accordingly, both the Mortgagees as well as the Mortgagors would stand legal owners of the same.

Sub-Clause No. 1(a) 1:-

As such, under this Sub-Clause of the Bank Mortgage Clause, any moneys becoming Payable within the ambit of the Underwriters' relative Insurance Policy, shall have to be paid by the Company to the Bank. Alike payment of the money to the Bank shall be deemed to have been received by other Interested Parties as well because the Bank would be acting as an Agent of those Interested Parties.

However, in case of admissibility of an Insurance Claim, under the relative Insurance Policy of the Underwriters, their Ceiling of Liability would stand at the Net Assessed Loss or the Sum Insured whichever would be the Less.

Sub-Clause No. 1(a) 2:-

The receipt of the Claim Moneys by the Bank shall imply that the Underwriters have been completely discharged off their Liability which shall be legally binding on all Parties interested within the Insurers' relevant Insurance Policy.

Sub-Clause No. 1(a) 3:-

At times, there may arise a situation when the Insurers would need to give certain Notice or communication to the Insureds, vis-à-vis their Claim under the relevant Insurance Policy.

Thus, a Notice/Communication served on the Bank shall be deemed to have been sufficiently given to all Interested Parties, if the same would have been properly given or made to the Bank, i.e. in such a Scenario, none of the Parties can taken the plea that alike Notice or Communication had not been individually served on them.

Sub-Clause No. 1(a) 4:-

In case any dispute, pertaining to the settlement of an Insurance Claim, which would have been reached between the Insurers and the Bank, in respect of Adjustment, Settlement, Compromise or Arbitration arising under or in connection with the relative Insurance Policy which would have been agreed upon by the Bank, the same would be valid and legally binding on al entitled Interested Parties.

However, such an Agreement with the Bank shall not impair the Bank's Right of Recovery of the full assessed amount of the Claim, if the Bank may have such a Claim on Other Parties Insured under the Policy.
Yet again, it must be kept in mind that, in any case, the Underwriters' Maximum Liability would not exceed the Agreed or Settled Amount or the Sum Insured whichever would be the Less.

Sub-Clause No. 1(b):-

In case any Interested Party Insured under the relevant Insurance Policy would commit an Act or Opinion which would have increased the risk, the same will not invalidate the Policy.

Similarly, anything done upon a Building or any Building Insured under the Policy or any Building in which the Subject-matter of Insurance would have been stored, without the knowledge of the Bank, alike Acts would also not invalidate the relative Insurance Policy.

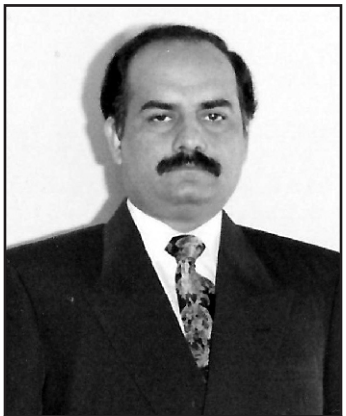
But it shall be the duty of the Bank to immediately notify to the Insurers any Change of Ownership or Alteration or Increase of Hazard which would not have been permitted under the Policy as soon as the same would come to the Bank's knowledge.

In such, a case, if the Underwriters would demand the Payment of Addition Premium from the time of afore-mentioned Increased risk, the Bank shall have to pay, the same.

It is pertinent to hereby clarify that if any Loss would take place prior to the intimation of the Changes in the Risk by the Bank to the Insurers, in such a situation, the liability of the Underwriters would be confined to the to quantum of the Loss pertaining to the time until the change had not taken place.

Therefore, it would be the UTMOST responsibility of the Interested Parties, as well as of the Bank to immediately notify to the Insurers any changes taking place in the Subject-matter of Insurance during the Currency of the relevant Insurance Policy.

To be continued………



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What is F.I.R?
(First Information Report)

Section 154-173 of criminal procedure code (Cr. P.C) deals in first information report (F.I.R) and provide relevant law which governs the issue.

First Information Report (FIR) is a written document prepared by the police when they receive information about the commission of a cognizable offence. It is a report of information that reaches the police first in point of time and that is why it is called the First Information Report. It is generally a complaint lodged with the police by the victim of a cognizable offence or by someone on his / her behalf. Anyone can report the commission of a cognizable offence either orally or in writing to the police. Even a telephonic message can be treated as an FIR. It is a duty of police to register FIR without any delay or excuses. Non-registration of FIR is an offence and can be a ground for disciplinary action against the concerned police officer.

CHAPTER XIV OF CR. P.C

154. Information in cognizable cases. Every information relating to the commission of a cognizable offence If given orally to an officer in-charge of a police-station, shall be reduced to writing by him or under his direction, and be read over to the informant, and every such information, whether given in writing or reduced to writing as aforesaid shall be signed by the person giving it, and the substance thereof shall be entered in a book to be kept by such officer In such form as the Provincial Government may prescribe in this behalf. 155. Information in non-cognizable cases.

(1) When information is given to an officer in-charge of a police-station of the commission within the limits of such station of a non-cognizable offence, he shall enter in a book to be kept as aforesaid the substance of such information and refer the informant to the [Magistrate].

(2) Investigation into non-cognizable cases. No police-officer shall investigate a non-cognizable case without the order of a Magistrate of first or second class having power to try such case [or send the same for trial to the Court of Session].

(3) Any police-officer receiving such order may exercise the same powers in respect of the investigation (except the power to arrest without warrant) as an officer incharge of a police station may exercise in a cognizable case.

DIARY OF PROCEEDINGS

172. Diary of proceedings in investigation. (1) Every police-officer making an investigation under this Chapter shall day by day enter his proceedings in the investigation in a diary, setting forth the time at which the information reached him, the time at which he began and closed his investigation, the place or places visited by him, and a statement of the circumstances ascertained through his investigation.

Cognizable Offence:

A cognizable offence is one in which the police may arrest a person without warrant. They are authorized to start investigation into a cognizable case on their own and do not require any orders from the court to do so.

Non-cognizable Offence:

A non-cognizable offence is an offence in which a police officer has no authority to arrest without warrant. The police cannot investigate such an offence without the court's permission.

Why is FIR important?

FIR is a very important document as it sets the process of criminal justice in motion. It is only after the FIR is registered in the police station that the police start investigation of the case. According to Articles 21, 22, 23, 25, 49, 50 of Qanoon-e-Shahadat Order 1984, FIR is a relevant fact.

Who can lodge FIR?

Anyone who knows about the commission of a cognizable offence can file an FIR. It is not necessary that only the victim of the crime should file an FIR. A police officer that comes to know about a cognizable offence can file an FIR himself / herself. You can file FIR if:

a. You are the person against whom the offence has been committed.
b. You know yourself about an offence, which has been committed.
c. You have seen the offence being committed. The police may not investigate a complaint even if you file an FIR, when:

1. The case is not serious in nature.
2. The police feel that there is not enough ground to investigate.
3. The police resources are already over-committed in investigating more serious offences. However, the police must record the reasons for not conducting an investigation and in the latter case must inform you (Section 157 of the Code of Criminal Procedure, 1898).

What is the procedure of filling FIR?

The procedure of filing an FIR is prescribed in Section 154 of the Code of Criminal Procedure, 1898. It is as follows:

I. When information about the commission of a cognizable offence is given orally, the police must write it down.

II. It is your right as a person giving information or making a complaint to demand that the information recorded by the police is read over to you.

III. Once the police have recorded the information in the FIR Register, the person giving the information must sign it.

IV. You should sign the report only after verifying that the information recorded by the police is as per the details given by you.

V. People who cannot read or write must put their left thumb impression on the document after being satisfied that it is a correct record.

VI. Always ask for a copy of the FIR, if the police do not give it to you.

VII. It is your right to get a copy of FIR free of cost.

What should you mention in the FIR?

1. Your name and address;
2. Date, Time and Location of the incident you are reporting;
3. The true facts of the incident as they occurred, including the use of weapons, if any;
4. Names and description of the persons involved in the incident;
5. Names and addresses of witnesses, if any. (Format used by the police for the registration of FIR is attached).

Things you should NOT do:

1. Never file a false complaint or give wrong information to the police. You can be prosecuted under law for giving wrong information or for misleading the police (Section 182 of the Pakistan Penal Code, 1860).

2. Never exaggerate or distort facts.
3. Never make vague or unclear statements.
4. One who refuses to sign his statement of FIR can be prosecuted under section 180 of Pakistan Penal Code, 1860.
5. One who lodges a false charge of offence made with intent to injure a person can be prosecuted under section 211 of Pakistan Penal Code, 1860.

What can be done if FIR is not registered?

1. Complaint application may be filed in the office of Superintendent of Police (D.P.O)
2. Complaint application may be filed in the Court of Area Magistrate.

REQUIREMENT OF FIR FOR FILING AN INSURANCE CLAIM

1. In case of fatal accidents/heavy claims the Insurers require certified copy of FIR.
2. In case of claims where 3rd parties liability is involved the Insurers require certified copy of FIR.
3. In case where arson/malicious act/RSD/Burglary/Theft and other such nature of acts are involved the Insurers require certified copy of FIR.
4. In case where 3rd parties/bailees are apparently found liable wholly or part of loss the Insurers require certified copy of FIR.
5. In case of bodily injury/death or other such incidents the Insurers require certified copy of FIR.

Insured is always advised to seek

advice of the Insurers immediately after any incident involving an insurance claim.

INFORMATION NECESSARY FOR INSURERS TO PROCESS CLAIM

The Insurers utilize the FIR as supporting documentary evidence of loss to process a claim. Following information is taken from the FIR by the Insurers and Surveyors.

1. Date and time of loss.
2. Location of loss
3. Cause of loss.
4. Extent of loss and the property involved in loss.
5. Presence of any suspect. Malicious act or Arson.
6. Detail of loss
7. Involvement of any 3rd party.
8. Presence of any hazards.
9. Circumstances of incident / theft / burglary.
10. Identification of property.
11. Name of owner.
12. Police preliminary findings.

FINAL INVESTIGATION REPORT

Section 173 of CR.P.C deals in the issue of submission of report by the investigating officer/SHO to the Area Magistrate.

173. Report of police-officer. (1) Every investigation under this Chapter shall be completed, without un-necessary delay, and, as soon as it is completed, the officer in-charge of the police-station shall, [through the public prosecutor]. is

(a) forward to a Magistrate empowered to take cognizance of the offence on a police-report a report, in the form prescribed by the Provincial Government, setting forth the names of the parties, the nature of the information and the names of the persons who appear to be acquainted with the circumstances of the case and stating whether the accused (if arrested) has been forwarded in custody or has been released on his bond and, if so, whether with or without sureties, and

(b) communicate, in such manner as may be prescribed by the Provincial Government, the action taken by him to the person, if any, by whom the information relating to the commission of the offence was first given.

Provided that, where investigation is not completed within a period of fourteen days from the date of recording of the first information report under section 154, the officer in-charge of the police station shall, within three days of the expiration of such period, forward to the Magistrate through the Public prosecutor, an interim report in the form prescribed by the Provincial Government stating therein the result of the investigation made until then and the court shall commence the trial on the basis of such interim report, unless, for reasons to be recorded, the court decides that the trial should not so commence.

(2) Where a superior officer of police has been appointed under section 158, the report shall, in any cases in which the Provincial Government by general or special order so directs, be submitted through that officer, and he may pending the orders of the Magistrate, direct the officer in-charge of the police-station to make further investigation.

(3) Whenever it appears from a report forwarded under this section that the accused has been released on his bond, the Magistrate shall make such order for the discharge of such bond or otherwise as he thinks fit.

(4) A copy of any report forwarded under this section shall, on application, be furnished to the accused before the commencement of the inquiry or trial:

(5) Where the officer in-charge of a police-station forwards a report under sub-section (1), he shall along with the report produce the witnesses in the case, except the public servants, and the Magistrate shall bind such witnesses for appearance before him or some other court on the date fixed for trial'. Provided that the same shall be paid for unless the Magistrate for some special reason thinks fit to furnish it free of cost.

Usually as a matter of practice, after a period of 90 days the case under investigation is closed if no progress is made towards finding any clue about the culprits causing such loss/damage to the property. Otherwise a challan is submitted in the court of law for prosecuting the accused found after police investigation.

Theft, burglary claims are usually processed after issuance of final investigation report by the concerned authorities. After the payment of claims the rights to recover the loss are transferred to the Insurers under rights of subrogation. Usually the Insurers continue to participate in the process of Police investigation and court proceedings to avail rights of recovery under the policy terms/conditions.

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Insurance in Jordan

BACKGROUND

The insurance sector in Jordan dates back to the Kingdom‟s independence in 1946, when the Egyptian Orient Insurance Company affiliated itself with a local agency to provide insurance brokerage services. Five years later, the Jordan Insurance Company was established with an authorized capital of JD100,000, marking the first step in the industry‟s evolution.
As more companies were expected to enter the market, the need for a federation to represent the sector and its growing needs led to the establishment of the Association for Insurance Companies in 1956, which was also held responsible for regulating the sector.

The number of players continued to grow, and eventually the first insurance law was passed in 1965.
In 1984, with a total of 17 insurance providers covering a relatively small market, legislation was passed preventing the issuance of new insurance licenses in an attempt to facilitate organic growth.

The Unified Compulsory Insurance Office was created in 1987 and was given the responsibility of insuring all motor vehicles on behalf of insurance companies. The role of this office was to assign a company to every third party liability policy issued, and then allocate them to all insurers equally.

In 1989 the Jordan Insurance Federation (JOIF) was founded by royal decree to replace the Association for Insurance Companies and act as the managing authority for the sector.

The year 1995 was a major turning point for the sector when it was reopened to investors with a minimum capital requirement of JD2.0 million. This was considered a low minimum capital requirement and shaped what the insurance industry is today.

In an effort to further regulate and supervise the sector, the Insurance Commission (IC) was established as an administratively and financially independent organization in 1999. The IC focused on improving insurance companies‟ operational efficiency and on enhancing their ability to provide better services in a healthy competitive environment while also monitoring their solvency and general financial health.

Currently there are 28 insurance providers that offer a wide range of life & non-life coverage services.
All insurance companies in Jordan, most of which are family controlled, are listed on the Amman Stock Exchange, with the exception of the foreign-listed American Life Insurance Co. (Metlife Alico). The insurance sector currently employs more than 2,600 people, up from around 2,500 in 2008.

Insurance Companies:

There are currently 28 insurance providers in Jordan with total assets worth JD695 million competing for around JD400 million in gross premiums. Of these 28 companies, 17 provide all types of insurance, 10 offer only non-life insurance and 1 company offers only life insurance. Furthermore, three companies are Sharia-compliant insurance (Takaful) providers.

The Jordanian insurance market is considered highly fragmented, with a Herfindahl-Hirschman Index (a measure of market concentration) of 529, a median market share of 2.8%, and only 4 companies having a market share over 5%. The 7 largest insurance providers accounted for almost half of all premiums in 2009. Given these market conditions, net profit margins are characteristically low, with a median of 1.9%.

Despite efforts by regulators to encourage consolidation and incentives made available on a case by case basis, no mergers have been completed in over 20 years.

After increasing at a CAGR of 14.9% between 2000 and 2009, gross written premiums in Jordan grew by a further 12% in 2010, to reach JD408 million.

The overall size of Jordan‟s insurance market is a fraction of the regional total with premiums representing a mere 2.8% of the overall value. Only Bahrain and Kuwait have smaller markets, with populations that are a quarter the size of Jordan‟s, underlining the significant potential for growth in the local insurance sector.

General, or non-life, segments account for more than 90% of premiums in Jordan compared to much lower rates of 68% and 55% in Morocco and Egypt.

Insurance Penetration:

Although considered low by global standards, insurance penetration (total premiums as a percentage of GDP) in Jordan, which stood at 2.30% in 2009, is higher than most economies in the region.

Jordan ranks fifth in the MENA region by total premiums as a percentage of GDP and second behind Lebanon in non-life.

The main reasons for low insurance penetration rates include the Kingdom‟s low level of disposable income, religious and cultural attitudes towards insurance, and the lack of public awareness of the availability and benefits of life insurance products.

INSURANCE BUSINESS SEGMENTS

There are seven main categories of insurance products and services in Jordan, which are broadly separated into life and non-life sectors. The majority of insurance providers are involved in most insurance businesses, with most segments exhibiting steady growth in the last few years.

Life Insurance:

Life insurance in Jordan is typically provided in one of three forms; the first is pure life insurance providing a policy that pays a lump sum in the event of death. The second is a combined life insurance policy and investment or retirement plan, which provides coverage against death and maintains a healthy investment portfolio that matures at a certain point in the future.

The last form is categorized as group life insurance, which typically caters to the needs of firms that offer life insurance plans to their employees.

Despite accounting for only 9.3% of total gross premiums in 2010, the life insurance business is among the most profitable, with a loss ratio – a profitability measure that is calculated as the ratio of total claims paid out divided by total earned premiums – of 53.2%.

After witnessing a slight drop of 2.8% in 2009 as a result of the economic downturn, life premiums grew by 9% in 2010 to reach JD38 million. Nonetheless, this is considered a decent rate for a segment that started from a low base and recorded an average growth of 19.5% between 2006 and 2008.

Among the major factors that affected life premiums in recent years were the decline in retail banking activities and the mortgage sector in particular, which has negatively affected product lines that are associated with these segments in addition to the sharp decline in equity markets which led to lower sales of investment related insurance products and retirement plans. Nevertheless, life insurance remains one of the segments that have substantial future potential, since life penetration, which currently stands at around 0.2%, is among the lowest in the region.

Today, there are 18 players in Jordan that offer life insurance. Metlife Alico, the sole specialized provider in this segment, dominates with a market share of 33.5%, which has been gradually decreasing since 2006 when it had a much larger share of 50%, as its closest competitors made ground. By 2009, Al-Nisr Al-Arabi‟s (AAIN) market share of life premiums had increased from around 10% to 13.8% and Jordan Insurance (JOIN) also increased its share from around 9% to 17.6%.

Non-Life Insurance:

Motor

Motor insurance by far dominates the Jordanian insurance market, generating JD176.4 million in gross premiums in 2010, equivalent to 43.2% of the total market size. The segment offers two main types of policies: fully comprehensive and motor third party liability coverage (TPL), whereby the insured is covered against loss or damage caused to third parties.

TPL is the cheapest and most popular option among customers, and is the minimum compulsory level of coverage. Furthermore, all insurers are legally required to offer TPL coverage and must do so at a fixed price. This is considered one of the major long term structural issues in the Jordanian insurance sector and will continue to exert pressure on technical profits. In an effort to overcome this issue, the IC introduced new regulations linking TPL insurance to a driver‟s history whereby insurers are given some flexibility in rewarding motorists with a good driving history and increasing premiums by up to 25% on those with riskier track records. This is expected to slightly improve profitability in coming years, though this issue will continue to be a concern. The IC is also taking steps to eventually float prices and provide more sustainable and competitive policy conditions for insurers.

In terms of profitability, the motor segment is one of the least profitable with loss ratios of 86.9% and 92.2% in 2008 and 2009 respectively.

Motor insurance is also the most diluted insurance business as a result of the mandatory TPL coverage, with the top 2 companies in terms of market share holding less than 8% each.

Medical

Medical Insurance is the second largest segment in Jordan, with premiums totaling JD93.9 million in 2010, making up 23% of the total sector. This business segment mainly caters to the private sector, since public healthcare is usually provided to public sector employees through a number of government-owned insurance schemes. Premiums are floated and are usually calculated using an array of categories including age, gender and medical history.

In terms of premiums, medical insurance has been growing steadily over the years at a CAGR of 16.6% between 2001 and 2010 and the long term trend for medical coverage seems to be towards higher volumes.

Marine & Transport

Marine insurance is divided into Marine Cargo and Marine Hull. It is an economically important business, supporting Jordan"s ports and trade sectors, yet remains relatively small in absolute volumes, totaling JD21.2 million despite being among the most profitable. The segment"s loss ratio stood at only 11.4% and 20.4% in 2008 and 2009 respectively.

Marine & Transport also includes Aviation insurance which provides cover for commercial passenger and private aircraft and their cargoes. Total aviation premiums in 2010 amounted to JD3.40 million representing less than 1% of the total market.

Total premiums of the marine & transport segment have witnessed noticeable growth since 2001 reaching JD29.3 by the end of 2008. However, the segment was hit by the recent global economic downturn as shippers and agents started to cut back. Premiums dropped by 15% and 1.2% in the following two years to stand at JD24.6 million by the end of 2010.

Property, Fire & Damage

This segment covers damage to residential, commercial and industrial properties arising from fire and natural disasters and has grown steadily over the years. In 2010 the segment generated premiums of JD50.8 million compared to only JD35.2 million in 2006.

The IC introduced the Prevention & Self Protection Mandate, which stipulates that entities requesting fire insurance show a certificate proving they have taken measures to prevent the risk of fire before issuing a policy.

Liability Insurance

The liability insurance segment provides coverage against a wide range of events, typically relating to fraud and theft of cash. It also includes indemnity against professional malpractice lawsuits and public liability, which protects against accidents occurring on public or commercial premises, such as car parks and restaurants.

Reinsurance

There are no standalone reinsurers in Jordan, and reinsurance is provided either by international reinsurers or to a lesser extent by local insurance companies who reinsure one another. Nevertheless, the market does not suffer from capacity scarcity due to the presence of a wide range of regional and international reinsurers, some of whom also own stakes in local companies. Munich Re, AXA, and Allianz, among others, hold strategic shares in Jordan Insurance, Middle East Insurance, and Al-Nisr Al-Arabi Insurance respectively.

The size of the market and the uncompetitive taxation system in Jordan are the main reasons why international reinsurers prefer other regional centers, namely Dubai and Bahrain, as a base for their operations in the MENA Region. In the case of local insurers providing reinsurance coverage, it may generate reinsurance premiums at a maximum of 25% of the amount of its regular insurance premiums.

Premium retention is gradually decreasing however, as other segments with lower retention rates such as marine and fire continue to grow in size. In 2009, 32.3% of premiums were ceded to foreign reinsurers and 8.1% were ceded to local firms.

SWOT ANALYSIS

Strengths:

- Well established sector.
- Steadily growing market.
- Healthy economic growth.
- Favorable demographics.
- Growing financial services sector.
- Independence of supervisory bodies.

- Qualified and experienced staff.
- Advanced IT systems.
- Low acquisition ratio.
- Alternative Dispute Resolution mechanism.

Opportunities:

- Very low insurance density.
- Growing interest in Takaful.
- Technological developments in the local insurance market.
- Growing foreign investments in Jordan.
- Jordan‟s relative political stability.
- Sector is ripe for consolidation.
- Specialized firms.
- New social security regulations capping retirement salaries could increase demand for life insurance.

Weaknesses:

- Small market size.
- Highly fragmented market.
- Low capitalizations.
- Low margins due to fierce competition.
- Mandatory TPL coverage.
- Low GDP per capita & disposable income.
- Lack of public awareness.
- Shortage of Shariah scholars with appropriate experience.
- Lack of specialist firms.
- High reliance on investment profits.
- Shortage of actuarial skills.
- High unemployment rates.
- Uncompetitive tax environment.

Threats:

- Increased preference for Takaful over conventional insurance.
- New and existing competitive regional insurance centers.
- Changing socio-economic conditions.
- Loss of talent to better paying regional competition.
- High inflation rates.
- Slowing economic growth
- Regulation Changes.

Doing Business in Jordan:

Jordan (الاردن al-Urdan), officially the Hashemite Kingdom of Jordan (المملكہ الاردنیہ الهاشمیہ al-Mamlakah al-Urdauniyah al-Hashimiyah), is an Arab kingdom in West Asia, on the East Bank of the Jordan River, and extending into the historic region of Palestine. Jordan borders Saudi Arabia to the south and east, Iraq to the north-east, Syria to the north, and Israel to the west, sharing control of the Dead Sea with Israel.

Although Jordan is a constitutional monarchy, the king holds wide executive and legislative powers. Jordan is classified as a country of "medium human development" by the 2011 Human Development Report, and an emerging market with the third freest economy in West Asia and North Africa (32nd freest worldwide). Jordan has an "upper middle income" economy. Jordan has enjoyed "advanced status" with the European Union since December 2010, and it is a member of the Euro-Mediterranean free trade area. It is also a founding member of the Arab League and the Organization of Islamic Cooperation (OIC). English is widely used as the business language and it is multi-cultural society.

Strengths of the Jordanian market include: strategic geographical location – gateway between the east and the west, well educated and highly skilled workforce, a favorable business environment, strong banking and financial system, competitive costs of doing business.

Growth of 3.1% in Gross Domestic Product (GDP) and 2.9% inflation is forecast for 2015. Jordan economy is among the most open in the Middle East. The authorities have implemented structural reforms to develop the private sector. Unemployment rate reached 14% in 2014. Priority sectors for economic development include: energy, Information and Communications Technology (ICT), defense and security, healthcare, education, business services.

Free trade agreements

Jordan has policy of open trade links and has signed a number of free trade agreements. The agreements are with: EU, US, Greater Arab Free Trade Area (GAFTA), Singapore, Canada, Turkey, **Gateway to Iraq.**

Start up considerations

Setting up a business in Jordan is facilitated by the Companies Control Department at the Ministry of Industry and Trade. 100% foreign investment is allowed in most industries. Activities in the defense and security industries would need to be cleared by the relevant authorities.

There are several ways you can do business in Jordan: appoint a local representative, distributor or agent, set up own branch office in Jordan, form a joint venture

Incentives

Foreign investment has contributed greatly to the modernization of the Jordanian economy. A number of incentives and tax exemptions are applicable to foreign investment depending on the sector involved and size of investment, under the Investment Law. The newly established Jordan Investment Commission can advise on whether a particular investment would be considered under this law.

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Takaful Terms

Aqd: Agreement, contract.
Aqd Sahih: A legal contract.
Aqd-e-Tabarru: Contract of donation/contribution/gift etc.
Ahkaam : Plural of Hukum, rules, provisions and laws including Allah's commands/norms/ values for individual believer.
Amana / Aqidah: Faith and belief.
Aqilah: People who have ethnical relationship or relationship of cooperation and help with an unintentional killer. They are legally obliged to bear blood money along with the killer.
Ameen : Trustee.
Bai : Sale.
BancaTakaful : Synergizing Takaful products with the products of Islamic banks.
Contribution : An amount paid into a Takaful Fund by a participant. This amount entitles him/her to membership of the Fund and the benefits associated thereto.
Daman al-amal / Dhaman al-amal: Liability underlying a partnership formed on the basis of labour, where the partner is liable for performing the contract or completing the work accepted by either partner.
Daman al-maal: Liability for the debts of the partnership; the usual form of liability underlying all partnerships, especially one formed based on wealth.
Daar ul-harb: Enemy territory not under the jurisdiction of a Muslim state.
Daar ul-Islam: Area under the jurisdiction of the Muslim state.
Diyat : Blood wit, blood money, a monetary compensation against unjustified manslaughter.
Fadhal: Bounties of God
Faqeeh / Faqih: Jurist; an Islamic scholar who can give an authoritative legal opinion or judgment.
Fiqh: Islamic jurisprudence; it covers all aspects of life; religious, political, social or economic. In addition to religious observances (prayers, fasting, zakat and pilgrimage), it covers family law, inheritance, social obligations, commerce, criminal law, constitutional law and international relations, including war. The whole corpus of fiqh is based primarily on the Quran and the Sunnah and secondarily on Ijma and Ijtihad.
Fatwa / Fatwah: A religious decree; a legal verdict given on a religious basis. The sources on which a fatwa is based are the Holy Quran, Sahih Bukhari and Muslim, and all other authenticated Ahadeeth. Plural: Fatawa.
Falah: Success, victory, achievement.
Faqr: Poverty.
Fidyah: Compensation.
Gharar: Uncertainty, hazard, chance or risk, ambiguity and uncertainty in transactions. Technically, the sale of something which is not present at hand; or the sale of something where the consequences or outcome is not known. It can also be a sale involving risk or hazard in which one does not know whether it will come to be or not, such as fish in water or a bird in the air; or an event where assurance or non-assurance is subject to chance and thus not known to parties of a transaction. Can also mean uncertainty or a hazard that is likely to lead to a dispute in a contract.
Hadith: A statement attributed to Prophet Muhammad (PBUH). Hadith texts provide a record of the Sunnah, or guidance by the Prophet (PBUH) (including what he did, what he explicitly said, and what he implicitly permitted by his silence).
Hadith-Qudsi: A saying of ALLAH (SWT) as narrated by Prophet Muhammad (PBUH) that is not a part of the Holy Quran.
Halaal: Permissible, that which is lawful according to the Shariah.
Haraam: Prohibited, that which is forbidden by the Shariah.
Hudood: The boundary between what is Halaal (lawful) and what is Haraam (unlawful) set by ALLAH (SWT). Whoever

transgresses these limits may be punished or forgiven by ALLAH (SWT).
Insurance (Conventional Insurance): Risk transfer mechanism, a way to provide security and/or compensation for what is valuable in the event of loss, damage, or destruction, based on the principle of risk-taking and speculation.
Insurable Interest: Insurable Interest means that the insured must bear a legal relationship to the subject matter of the concerned insurance cover and he should stand to benefit by the safety of the property, rights, interests and lose by any loss, damage, injury or creation of liability. In other words, an insurable interest is of such a nature that the possessor would suffer financial loss on the occurrence of an insured peril.
Indemnity: The insurance contract is one of indemnity. That is, it will make good a loss or damage in such a manner that financially the insured is neither better off nor worse off as a result of the loss. In other words, the insured is placed in the same position financially, as far as possible, as he occupied immediately before the loss. In effect, this principle aims to prevent the insured from making a profit out of his loss or gaining any benefit or advantage out of insurance.
Ijara/ijarah Lit: letting on lease. It refers to a mode of financing adopted by Islamic banks. It is an arrangement under which an Islamic bank leases equipment, a building or other facility to a client against an agreed rental. The rent is so fixed that the bank gets back its original investment plus a profit on it.
Ijma: Consensus of opinion of Muslim jurists on a specific matter; consensus of the jurists on any issues of fiqh after the death of the Prophet (PBUH).
Ijma' sukuti: Consensus where some jurists give tacit approval to the rule pronounced by others.
Ijtehad / Ijtihad: Lit: effort, exertion, industry, diligence. Technically, endeavour of a jurist to derive or formulate a rule of law on the basis of evidence found in the sources; scholarly effort through which a jurist/scholar derives Islamic law on the basis of Quran and Sunnah.
Iqta: Granting of ownership or usufruct rights over state land by the state to individuals in recognition of their services for the sake of Islam.
Ja'iz: Permissible; permissible contract.
Kafala: To guarantee, to help, to take care of one another's needs.
Kafil: Surety, person providing the surety, guarantor.
Maysir: Also known as Qimaar; technically, Maysir refers to a situation where there is a chance of total loss to any one party in a contract where the cost and profit is disclosed to the buyer. It is a consequence of gharar (uncertainty).
Murabahah: Permissible trade transaction.
Makrooh / Makruh: Abominable; reprehensible; disapproved of, but not out-rightly prohibited by ALLAH (SWT).
Maal: wealth.
Manafi': Plural of manfaah (benefits; usufruct; profits; utility).
Mudaraba /mudarabah: The term refers to a form of business contract in which one party brings capital and the other personal effort. The proportionate share in profit is determined by mutual agreement. But the loss, if any, is borne only by the owner of the capital, in which case the entrepreneur gets nothing for his labour.
Mudarabah model: The surplus is shared between the participants and the Takaful operator. The sharing of such profit (surplus) may be in the ratio 5:5, 6:4 etc. as mutually agreed between the contracting parties. Generally, these risk-sharing arrangements allow the Takaful operator to share in the underwriting results from operations as well as the favourable performance returns on invested premiums.
Mudarib muamalah (t): In a mudaraba contract, the person or party who acts as entrepreneur.
Mudarib / Mudharib: A working partner; the partner who provides entrepreneur ship and management in a mudarabah agreement as distinct from the sahib al-maal who provides the finance.
Mufti: One who passes verdicts regarding Islamic jurisprudence.
Muhaddith: A scholar of Ahadeeth. Plural: Muhaditheen.
Muamalah : Commercial transaction.
Mutawalli : Administrator.
Niyyah: Intention.
Nafs : Self, life.
Participant (Policy Holder): Person(s)/organisation(s) who deposit by way of Tabarru (voluntary contribution) in the Waqf fund and become(s) a member of the fund and is/are therefore entitled to benefit from the Waqf i.e. receive claims, sharing in surplus, etc.
Participants' Takaful Fund (PTF): Also known as Waqf Fund, created by the Tabarruaat (voluntary contributions) of Participants, which provides financial support at the occurrence of pre-defined losses.
Proximate Cause: Proximate cause can be defined as "The active efficient cause that sets in motion a chain of events which bring about a result, without the intervention of any new force started and working actively from a new independent source."
Qimaar : Also known as Maysir; technically, this refers to a chance of total loss to one party in a commutative agreement.
Qard al-Hassan: Interest free loans.
Qiyas : Analogy; legal reasoning.
Riba: Riba literally means increase, addition, expansion or growth. There are two types of Riba in conventional Insurance;Direct Riba – the excess on one side in the exchange between the amount of premium and the insured sum.

Insurance is the sale of money for money, of a greater or lesser amount, with a delay in one of the payments.Indirect Riba – the interest earned on interest-based investments. Riba exists in commercial insurance from the profits earned through investments of the premiums/funds in interest-bearing financial instruments such as stocks, bonds, and savings accounts, an unknown part of which is then used for the payment of claims to the policy holders.
ReTakaful : Shariah-compliant reinsurance cover provided to Takaful companies on the basis of Mudaraba and Wakalah .
Ra's-ul-maal : Takaful contributions/ premium/ installments.
Rabb al-maal: investor; owner of capital; a person who invests in Mudarabah / Musharkah.
Rabb-us-salaam: Buyer.
Subrogation: Subrogation refers to the transfer of rights and remedies of the insured to the insurer who has indemnified the insured in respect of the loss.
Surplus sharing: If at the end of the year there is a surplus in the Waqf Fund, such surplus may be distributed to the Participants as Takaful Operator acts only as the Wakeel of the Waqf Fund and has no right over the surplus amount. That surplus is distributed among the participants proportionately after taking into account any claim benefits already availed.
Sadaqah : Charity.
Sadaqaat Jariah : A form of charity the reward of which continues even after a person's death.
Shariah : Islamic law.
Sak: Plural. Sukuk; Investment sukuk are certificates of equal value representing undivided shares in ownership of tangible assets, usufruct and services or (in the ownership of) the assets of particular projects or special investment activity; However, this is true after receipt of the value of the sukuk, the closing of subscription and the deployment of funds received for the purpose for which the sukuks were issued.
Surah: A chapter of the Quran. There are 114 surahs of varying lengths in the Quran.
Sharikah : Partnership.
Takaful : An Islamic alternative to a conventional insurance programme based upon a Shariah compliant, approved concept founded on the principles of mutual cooperation, solidarity and brotherhood.
Takaful Operator: An organization/company that acts as an operator/manager of Takaful fund.
Ta'awun: Mutual assistance.
Tabarruaat : Plural of Tabarru: Meaning donation, contribution, gift.
Tawakkul : Putting trust in ALLAH (SWT), dependence on ALLAH (SWT).
Thawab : Reward.
Taqwa: Piety, Purity.
Underwriting: The procedure of risk assessment and placement.
Utmost Good Faith: It is a requirement of the law that in all contracts, good faith shall be observed. By good faith is meant absence of fraud or deceit. At law, a commercial contract will be a nullity if one of the parties has committed breach of trust, resulting in fraud or deceit.
Ulama: Islamic scholars, jurists, academicians.
Ummah : Islamic universal community or Nation.
Uqud : Plural of Aqd; contract.
Uqud al-ishtirak : Profit sharing contracts.
Uqud al-muawadhat : Deferred contracts of exchange.
Wakala Model : In this Takaful model, cooperative risk sharing occurs among participants whereas the Takaful operator earns a fee for services (as a Wakeel or Agent) and does not participate or share in any underwriting results as these belong to participants as surplus or deficit. Under the Wakala model, the operator may also charge a fund management fee and performance incentive fee.
Wakala plus Waqf Model: It is a Wakala model with a separate legal entity of WAQF in-between. The relationship of the participants and the operator is directly with the WAQF fund. The operator is the 'Wakeel' of the fund and the participants pay contribution to the WAQF fund by way of Tabarru. The contributions received would also be a part of this fund. The combined amount will be used for investment and the profits earned would again be deposited into the same fund. This mechanism eliminates the issue of Gharar. Losses to the participant are paid by the Company from the same fund. Operational expenses that are incurred for providing Takaful services are also met from the same fund.
Wakil: Agent.
Wali: Guardian.
Waqf Fund: Also known as Participants Takaful Fund, created by the Tabarruaat (voluntary donations/charity) of Participants, which provides financial support at the occurrence of certain losses.
Wadiah: Deposit.
Zakah / Zakat: Compulsory levy on every Muslim who has wealth greater than the amount of Nisaab. The amount payable by a Muslim on his net worth as a part of his religious obligations, mainly for the benefit of the poor and the needy.
Zar: Wealth.

Riaz Khan Jadoon
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Property Valuation Approaches and their Significance

During our routine audit and closing activity of the preceding year, it was pleasing to note that we had received a relatively high numbers of Valuation assignments comparing to the past couple of years. But what really surprised us was the number of Valuation assignments instructed by Individual Clients, as previously most of the assignments would come from Corporate Clients, mostly Banks, Leasing Companies and Insurance Companies.

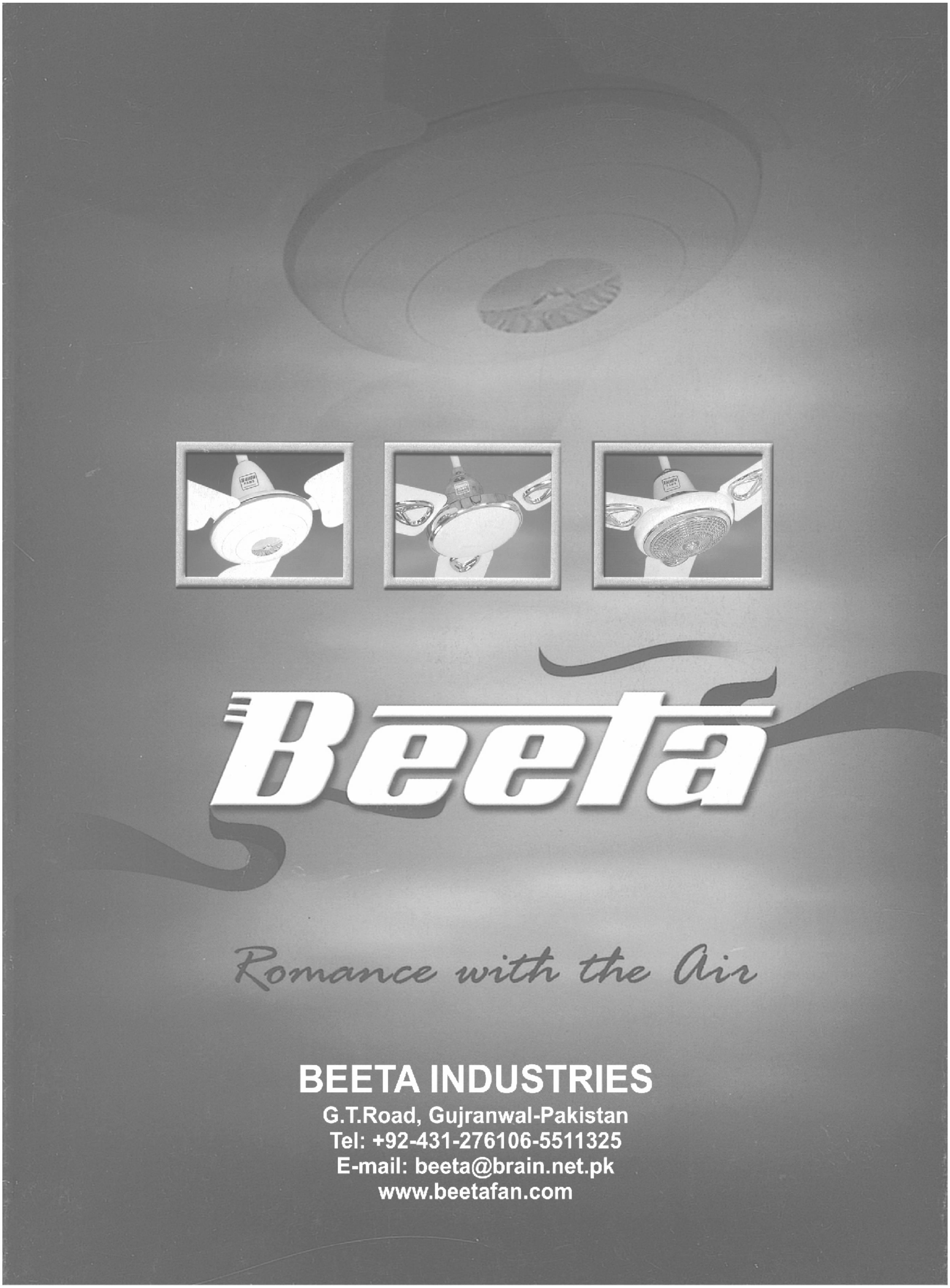
The Valuation instructions that we usually receive are for different kinds of Buildings, including Residential, Commercial, Industrial and Agricultural Properties, Machineries and Plants besides certain other Commodities. These valuations are conducted for variety of reasons including but not limited to Insurance, Financing, Internal Records, Buying and Selling and Court Proceedings besides Dispute Resolution amongst family members and business partners.

We have come across many situations where the Client would hesitate or remain reluctant to inform us the PURPOSE for having the need to appoint Independent Valuation Surveyor. It would be surprising for the Surveying / Valuation Fraternity and some of our Colleagues to learn that, at times, we have declined certain Valuation assignments for not stating the real purpose. This alone would be sufficient to know and understand that how important we take the purpose of Valuation.

It is utmost important that the party intending to conduct valuation provide the real Purpose of Valuation as only then the Valuator would be able to determine the correct Valuation Approach. A Valuation Approach is the methodology used to determine the fair Market Value of an Asset.

Market Value is internationally recognized and defined by the International Valuation Standards Committee (IVSC) and adopted by the RICS (Royal Institution of Chartered Surveyors) as “The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, and where the parties had each acted knowledgeably, prudently and without compulsion”. More simply, an Asset's Market Value is the price it would fetch in the market, if it were sold immediately.

In addition to our routine Surveying activity followed by data collection, analysis and verification of the same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in order to arrive at the assessed figure, we have taken it upon ourselves to educate our Clients the benefits of stating the real purpose of the Valuation. In this way, it helps us in determining the right approach to be adopted for the intended Valuation.

Although it is not possible to discuss at length the Valuation Approaches and steps involved in application of the same to different assets and Properties, but for the interest and knowledge of the readers, we may mention that there are three most common valuation approaches adopted by Surveyors / Valuators internationally, which are briefly defined below:

1) Income Approach:

It is also known as Discounted Cash Flow Method. It quantifies the net present value of future benefits associated with ownership of the asset or Property. Valuation of properties that are typically purchased by Investors such as Multiplexes and high-rise office buildings may give greater weight to the Income Approach.

2) Cost Approach:

The fundamental principle of the cost approach is that a potential user of Property should not pay more for a property than it would cost to build an equivalent. The cost of construction minus depreciation, plus land, therefore is a limit, or at least a metric of market value. The Cost Approach to value is most useful in determining insurable value and cost to construct a new structure or building. This is also sometimes known as Depreciated Replacement Cost.

3) Market Approach:

One of the most widely used approaches is the Market Approach also extensively known as Comparable Sales Approach. It is based on the principle that the value of a Property can be estimated by looking at the comparable transactions, i.e. recently sold properties having similar characteristics located within a close geographic proximity to the property being valued. Buyers interested in purchasing residential property would rather compare prices of the identical properties and the Market Approach / Sales Comparison Approach would be more applicable.

A Surveyor / Valuator can generally choose one or two from the three given approaches to determine value of the Property or Asset. The usefulness of these approaches may vary under different scenarios as one or two of these will usually be applicable in one scenario and the other being not. Moreover, the Valuation Surveyor also has to put himself into the buyer's shoes and answer two questions before the right approach is adopted. These are:

1-How do the buyers purchase a given type of property?

2-What Valuation method do most buyers use for the type of property being valued?

This generally guides the Surveyor / Valuator thinking on the best valuation method, in conjunction with the available data. The Surveyor / Valuator has to consider about the "scope of work", the type of value, the property itself, and the quality and quantity of data available for each approach. It is important to remember, though, that these approaches have their own significance and they are applicable usefully in different scenarios, depending upon PURPOSE of the intended Valuation.

Financing is stated as the most common purpose of the Valuation assignments instructed by Banks and other Financial Institutions that are Members of Pakistan Banks' Association. We may also update our readers that, unless stated otherwise, all types of Properties in Pakistan are currently being Valuated / Evaluated on Market Value basis under the guidelines issued by the PBA (Pakistan Banks' Association). On the other hand, Valuation assignments that are instructed by the Insurers to determine Insurable Value are carried out on Cost Approach to arrive at Depreciated Replacement Cost.

To conclude, it is extremely important that a Surveyor / Valuator should obtain information about PURPOSE of the Valuation Survey as early as possible or, at least, before carrying out the physical Survey of the Property. This would enable the Surveyor / Valuator to select and apply the right approach and arrive at the appropriate assessed figures. This would also save the Surveyor / Valuator an embarrassing situation that some of us encounter after arriving at inappropriate figures due to wrong selection of methodology.


NCE

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Doing Business in Japan

Japan is the third-largest market in the world after the United States and China. For this and other reasons it is attractive for foreign multinational firms, large and small. It is also very different from other countries - politically, economically, and culturally - and these differences can present major challenges for market entrants.

1) Research the Japan Market:

Research the culture, the market, the competition, and the relevant network affiliations. It is a tough, competitive market, characterized until recently by relatively closed inter firm business networks and a unique political, legal, and institutional infrastructure.

2) Consider the Customer is First:

Understand that in Japan more than any other market "customer is king," quality is paramount, and a deep rooted service philosophy is required. Most Japanese firms had long-term relationships with buyers and suppliers characterized by reciprocal trust rather than short term contractual or price-based arrangements. Breaking these ties by doing business with outsiders could affect these local relationships, so despite the potential for short- term gains, it tended to be avoided. A wide range of government-related obstacles, including binding red tape and uncertain regulations pertaining to foreigners and foreign companies, created additional constraints for foreign firms in Japan.

3) High Quality Products:

Be patient ("wait on the stone") and show long-term commitment; personal and corporate reputation is important and takes time to develop. The Large Retail Store Law still remained to protect small retailers and indirectly supported the tied distribution networks of large keiretsu, creating additional barriers for foreign firms. These are innate characteristics of doing business in Japan and key reason why Japanese firms themselves are so innovative.

4) Offer Set of Product:

Show sensitivity in all interaction: social gatherings are important and rituals and hierarchy have to be respected. More often than the direct actions of Japanese government agencies or collusion among corporate groupings, the above constraints for foreign firms in Japan simply stemmed from differences in Japanese business infrastructures, legislative mechanisms, management practices, and consumer preferences. Foreign managers have also cited competition with Japanese companies and the strictness of orders from Japanese customers in terms of quality, delivery, and after-sales service as key constraints in the past. Successfully developing a business in Japan is an excellent test of a firm's competitive advantages.

5) Attack and Counter Attack:

Invest to adapt products, services, marketing, and management style. More recently the continued downturn in Japan's domestic market has made it less attractive but easier to enter Japan. Government deregulation, the loosening of keiretsu ties, falls in distribution cost, improvement(s) in the availability of qualified personnel and changing consumer preferences have helped foreign investors. Foreign companies also cite falls in land prices, office rent, and utility costs as specific improvements in the Japanese business environment. are also seen as important factors.

6) Stay the Course:

Continually innovate, stay ahead of the competition. The Japanese government has taken steps to improve access for foreign firms, partly to increase consumer choice and stimulate spending and partly to expose local firms to outside competition. Policies aimed at tax reduction and favorable legal and institutional reforms alongside improvements in labor market flexibility, are helping increase FDI to Japan.

7) Use Japan as a Jumping off Point:

Use Japan to learn, to improve, and to access other Asian markets. The British retailer Tesco provides another indication of the renewed interest in Japan. In 2004 it increased its commitment to the Japanese market by acquiring the neighborhood supermarket business of Fre'c via its wholly-owned subsidiary, C Two Network Co. The sale of Fre'c was coordinated by the Industrial Revitalization Corporation of Japan (IRCJ), a government-affiliated body set up in mid-2003 to purchase the non-performing loans of viable but indebted companies.

Conclusion:

Japan will, arguably, continue to be one of the most significant economies in the first quarter of the twenty-first century. It is quite obvious to be trained in traditional Japanese practices and social structure. Mutual understanding can only contribute to avoiding the many potential stumbling blocks and smoothing the way to mutual success.

Source: Rugman, Alan & H. Hodgetts Richard, "International Business" 4e
Websites: www.seiyu.co.jp; and http://www.jetro.go.jp/en/invest/whyjapan/success_stories/

National News

PM's National Health Insurance Programme tees off

Free treatment begins for holders of 6,500 health cards

Islamabad: As many as 6,500 Health Cards were issued to non-affording patients by the Prime Minister's National Health Insurance Programme (PMNHIP), under which families earning less than Rs200 per day are now entitled to health insurance facility to access free treatment for secondary and priority diseases.

Monitoring teams were claimed to have been visiting the empaneled public and private sector hospitals all day to oversee implementation of the initiative. This is the country's largest public health initiative with an allocation of Rs9.1 billion.

Short Message Service (8500) and a toll-free number (0800 09009) have also been activated to guide and inform beneficiaries in 23 districts where the programme is being piloted in its first phase.

Under the programme, soft loans of Rs5-10 million will be provided to empaneled private hospitals, thereby enabling them to improve their capacity and upgrade their equipment. Empanelled hospitals have prepared subsidised treatment packages for patients who will benefit from the programme.

The PMNHIP is being implemented by State Life Insurance Corporation of Pakistan for a premium of Rs1,300 per beneficiary family (per year), of which Rs1,000 will be for secondary care services and Rs300 for priority disease care. The programme has used the database of Benazir Income Support Programme (BISP) for identification of beneficiaries (people living below Proxi Mean test of 32.5). A Central Management Information System (CMIS) has been developed in collaboration with Nadra for monitoring of programme implementation.

In order to protect the financial interests of all stakeholders, an Equalisation Reserve Fund has been developed in the programme for recovery of unutilised premium during a contractual period. Under this arrangement, any unutilised premium and any profit earned by the insurance company on the insurance premium shall be distributed between the insurance company and the government at a ratio of 5/95, 10/90 and 15/85 for the first, second and third years, respectively.

Insurance companies: code of corporate governance unveiled

The Securities and Exchange Commission of Pakistan (SECP) Wednesday issued a comprehensive 'Code of Corporate Governance for Insurers, 2016' to be strictly followed by insurance companies. According to the S.R.O. 160(I)/2016 issued by the SECP here on Wednesday, the provisions of this Code shall apply to insurer as defined under clause (xxxi) of section 2 of the Insurance Ordinance, 2000.

Under the composition of the Board of Directors, an insurer, in so far as applicable, shall ensure effective representation of independent non-executive directors, including those representing minority interests (if applicable}, on its Board of Directors so that the Board as a group includes core competencies considered relevant in the context of that insurer. For the purpose, insurer may take necessary steps. The Board of Directors of the insurer includes at least one and preferably one third of the total members of the board as independent director(s). The board shall state in the annual report (i.e. along with the annual audited financial statements, auditor's report and directors' report thereon) the names of the non-executive, executive and independent director(s).

Explanation: For the purpose of this clause, the expression "independent director" means a director who is not connected or does not have any other relationship, whether pecuniary or otherwise, with the insurer, its

National News

associated companies, subsidiary, holding company or directors. The test of independence principally emanates from the fact whether such person can be reasonably perceived as being able to exercise independent business judgement without being subservient to any form of interference.

Qualification and Eligibility to Act as a Director: No insurer shall have as a director, a person who is serving as a director of more than seven listed companies simultaneously. Provided that this limit shall not include the directorships in the listed subsidiaries of a listed holding company. No person shall be elected or nominated as a director of an insurer unless his appointment has been approved by the Securities and Exchange Commission of Pakistan under the Insurance Companies (Sound and Prudent Management) Regulations, 2012, This requirement cannot be relaxed in exercise of the powers conferred by this Code.

The insurer shall ensure that Statement of Ethics and Business Practices is prepared and circulated among the directors and employees of the insurer to establish a standard of conduct for directors and employees, which shall be signed by each director and employee in acknowledgement of his understanding and acceptance of the standard of conduct. The directors of the insurer shall review the Statement of Ethics and Business Practices annually, and any changes made thereto shall also be communicated to all directors and employees within a period of not later than ten (10) days from the date at which changes have been approved by the Board. Each director and employee of the insurer shall also sign the reviewed/amended Statement of Ethics and Business Practices. The record of all signed Statement of Ethics and Business Practices, along with evidence of circulation among the directors and employees, shall be kept at the registered office of the insurer.

The Board of Directors adopts a vision/mission statement and overall corporate strategy for the insurer and also formulates significant policies, having regard to the level of materiality, as may be determined by it;

Internal Control: The board of Directors must establish a system of sound internal control, which is effectively implemented at all levels within the insurer.

Corporate and Financial Reporting Framework: The directors of insurer shall include statements to the following effect in the Directors' Report, prepared under section 236 of the Companies Ordinance, 1984.

In case an insurer is not registered under the Companies Ordinance, 1984 then that insurer shall make out and attach every information, declaration and statement, as required in this Code and subsection (6) of section 46 of the Insurance Ordinance, 2000 (Ordinance No XXXIX of 2000), to every balance sheet (ie Statement of Assets and Liabilities (Form GA and Form LA)) as required under subsection (1) and (2) of section 46 of the Insurance Ordinance, 2000.

It said that the quarterly un-audited financial statements of insurer shall be prepared and circulated along with directors' review on the affairs of the insurer for the quarter.

The insurer shall ensure that half-yearly financial statements are subjected to a limited scope review by the statutory auditors in such manner and according to such terms and conditions as may be determined by the Institute of Chartered Accountants of Pakistan and approved by the Securities and Exchange Commission of Pakistan.

The insurer shall ensure that the annual audited financial statements are circulated not later than four months from the close of the financial year unless an extension in terms of sub-section (1) of section 51 of the Insurance Ordinance, 2000 (Ordinance No XXXIX of 2000) is granted by the Securities and Exchange Commission of Pakistan, in which case the insurer shall circulate the said financial statements on or before the expiry of such extension, the code said.

National News

Annual Reviews and Compliance Procedures: At least annually, the Board shall review the Strategic Objectives of the insurer. Board shall review and monitor key Operational Risks and the insurance managers and the directors shall declare to the board all conflicts of interest.

It said that the insurer shall ensure that the firm of external auditors or any partner in the firm of external auditors and his spouse and minor children do not at any time hold, purchase, sell or take any position in shares of the insurer or any of its associated companies or undertakings. Provided that where a firm or a partner or his spouse or minor child owns shares in an insurer, being the audit client, prior to the appointment as auditors, such insurer shall take measures to ensure that the auditors disclose the interest to the insurer within 14 days of appointment and divest themselves of such interest not later than 90 days thereof.

Underwriting Committee: The committee shall formulate the underwriting policy of the insurer. It shall set out the criteria for assessing various types of insurance risks and determine the premium policy of different insurance covers. It shall regularly review the underwriting and premium policies of the insurer with due regards to relevant factors such as its business portfolio and the market development.

Claim Settlement Committee:- The committee shall devise the claims settling policy of the company. It shall oversee the claims position of the insurer and ensure that adequate claims reserves are maintained. The committee shall determine the circumstances under which the claim disputes shall be brought to its attention and decide how to deal with such claim disputes. It shall also oversee the implementation of the measures for combating fraudulent claims cases.

Reinsurance & Co-insurance Committee:- The committee shall develop the policy for effecting reinsurance, not inconsistent with the relevant provisions of the Insurance Ordinance, 2000, and shall ensure that adequate reinsurance arrangements are made for the business of the insurer.

The insurer shall report to the Securities and Exchange Commission of Pakistan forthwith, the effect or the probable effect of any event coming to his knowledge, which could have material adverse impact on the investment portfolio with regard to the solvency position of the insurer and consequently on the security of policyholders' benefits or expectations, it said.

The details of the investment policy or its review as periodically decided by the Board shall be made available to the internal and external auditor. The external auditor shall comment on such review and its impact on the investment operations, systems and processes in their report to be placed before the Audit Committee.

In order to ensure proper internal control of investment functions and operations, the insurer shall clearly segregate the functions and operations of front, mid and back office.

The Audit Committee of the insurer shall appoint a secretary to the Committee, who shall either be the Company Secretary or Head of Internal Audit. However, the CFO shall not be appointed as the secretary to the Audit Committee. The secretary shall circulate minutes of meetings of the Audit Committee to all members, directors and the CFO within a fortnight, the SECP added.

State Life Insurance of Pakistan to turn into company

ISLAMABAD: To convert the State Life Insurance of Pakisatn into a company, the federal government is likely to promulgate a presidential ordinance.

Source: Company's Websites

International News

Insurers can help Turkey realise its growth ambitions, says Lloyd's Chairman

John Nelson, Chairman of Lloyd's, has called on Turkish leaders and the insurance industry to work together to make Istanbul one of the key financial centres of the world. Speaking in the Turkish capital at a business leaders' event organised by the UKTI, Nelson said that a strong Turkey was critical to the future of the region and that the country's role as a bridge between Europe and Asia was more important than ever.

Praising the country's – and Istanbul's - strong economic progress over the past decade, Nelson identified the internationalisation of its economy and markets as the key to achieving its aim of becoming a major international financial centre.

“There is no doubt that Istanbul has the chance to become the preeminent regional hub and a really influential financial centre globally,” Nelson said.

“Internationalising markets – not just the insurance market - all markets – is an essential part of the process needed to ensure this aspiration becomes reality.”

One of the key benefits to opening up the insurance and reinsurance market to foreign companies is in risk transfer, he said.

“International insurers and reinsurers can take the risks of natural catastrophes off the balance sheets of countries, taxpayers and businesses, leaving more capital available for post-disaster recovery.”

Nelson quoted Lloyd's research that shows that a 1% rise in insurance penetration translates into a 13% reduction in uninsured losses, a 22% reduction in the taxpayers' contribution following a major disaster, and increased investment equivalent to 2% of national GDP. He also highlighted the fact that the reinsurance industry in other regions not only adds capacity but also stimulates product development and innovation in that local insurance market. The same would be true for the Turkish insurance sector he said.

He cited Singapore, where Lloyd's has worked for a number of years, as an example, saying that since 2000, when Singapore's Monetary Authority set out ambitions to create a global financial centre and opened up the insurance market, premiums have quadrupled and Singapore has overtaken Hong Kong as Asia's regional insurance hub. Nelson was in Turkey as part of a Lloyd's delegation working with the Turkish authorities to devise the appropriate legal framework to enable the unique Lloyd's market structure in Turkey – as exists in Singapore and elsewhere around the world.

A message from Lloyd's Chairman to the market on the Brexit referendum

Now that the Brexit referendum has been set for Thursday 23 June 2016, I wanted to write to you regarding Lloyd's position.

The Council of Lloyd's and the Franchise Board have carefully considered the question of British EU membership in the context of the interests of the Lloyd's market. We have unanimously concluded that the best outcome is for the UK to remain a member of the EU. As you may be aware, we have been developing contingency plans in the event that the referendum results in the UK leaving the EU. We are seeking to ensure that in such circumstances the Lloyd's market can continue to access those markets. Inevitably, that access will not be as attractive as the single market access we currently enjoy.

Our Chief Risk Officer, Sean McGovern, recently gave an excellent speech at Lloyd's which clearly sets out the consequences of leaving the EU for the London insurance market. Here is the link to his speech (https://www.lloyds.com/news-and-insight/press-centre/speeches/2016/02/the-implications-of-brexit-for-the-london-insurance-market).

For many of us this will be one of the most important votes we will have ever cast. It is for this reason that I signed a letter along with other business leaders stressing the importance of remaining inside the EU and I intend to continue putting forward the case for UK membership whenever I can.

The UK choosing to leave the EU will be an irrevocable decision. Membership of the EU is a significant attraction for direct investment into the UK - and indeed into Lloyd's. As a market, membership of the EU not only provides us with passporting trading rights with the other 27 member countries, but Lloyd's also benefits directly and indirectly from the many trade agreements that the EU has in place with other countries and may negotiate in the future.

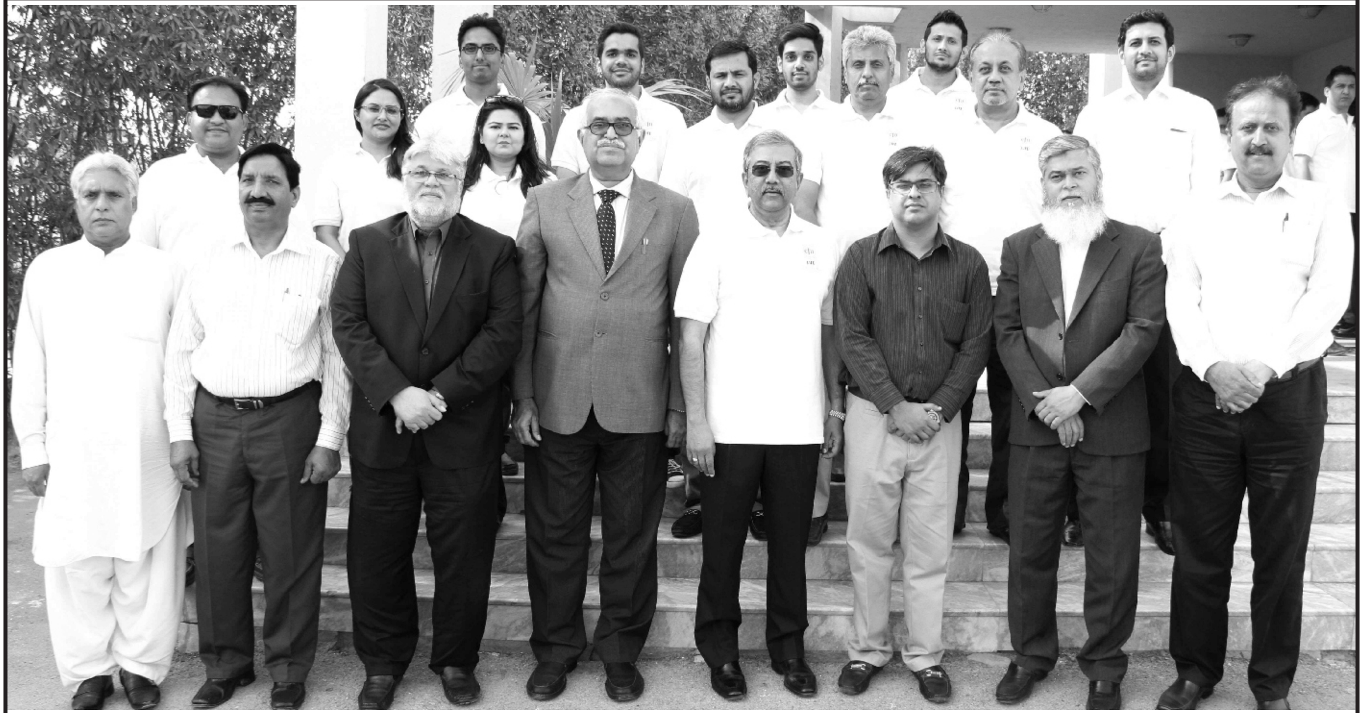
Membership of the EU will be a crucial element in London being able to retain and reinforce its pre-eminent status as the global hub for insurance and re-insurance.

With Best Wishes

John Nelson
Chairman of Lloyd's

(Source : Lloyds Market News)

EFU Life launches a Tree Plantation Drive at JPMC



EFU Life, one of the leading life insurance providers in Pakistan has launched a Tree Plantation Drive to commemorate the 4th Insurance Day in Pakistan.

EFU Life has always been at the forefront of ground-breaking CSR initiatives. The company is committed to serving the people of Pakistan, and improving the quality of life.

Taking this vision forward, EFU Life has initiated a Tree Plantation Drive at Jinnah Post Graduate Medical Centre (JPMC), under the slogan 'Keep JMPC Clean and Green' involving plantation of trees at JPMC, and installation of trash cans.

The objective of this drive is to address the global warming-induced climate change and its adverse impact on the environment. Planting trees is pivotal to maintaining a balanced ecosystem and aids in sustainable environment.

Speaking at the occasion, Mr. Taher G Sachak, CEO and MD, EFU Life said "we need to work together in combatting the adverse impacts from global warming and drastic climatic change and help prevent catastrophic events like Karachi's Heat Wave last year. Tree plantation across the country is one such way, and needs to executed on a mass level to control further damage. Each one of us has to play our part in making Pakistan greener".

The event was attended by Mr. Shahzeb Shaikh, Assistant Commissioner Karachi (General), Professor Anisuddin Bhatti, Executive Director JPMC, and the management of JPMC, Mr. Ateeq ur Rehman, CSR/CSI Activist and Senior Executive Advisor AMTF (Afzaal Memorial Thalassemia Foundation), Mr. Mehmood Tareen, Founder & CEO, The Professionals Network, Mr. Attaullah Shaikh, Divisional Forest Officer and the team of EFU Life.

EFU Life wins CSR Award

Karachi: EFU Life Assurance Limited, a leading private life insurance provider in the country, has been conferred with 'CSR Award 2016' in the category of 'Social Impact' at the 5th Corporate Social Responsibility Awards, organized by The Professionals Network and Ethical Business Update (EBU). This award is the first and only registered CSR Award of Pakistan registered with IPO. Ms. Aman Hussain, Head of Marketing, EFU Life Assurance Ltd., received the award on behalf of the company. The awards recognized the efforts of the companies who are at the helm of Social Responsibility efforts in Pakistan.

EFU Life has been in the forefront in promoting and contributing to the causes of healthcare and education. It believes in playing a crucial role and building a positive relationship with the society in which it operates. For serving this purpose, EFU Life has joined hands with numerous renowned non-governmental organizations for a better and prosperous Pakistan.

EFU Life receives Certificate of Excellence by MAP

Karachi: EFU Life Assurance Limited, leading private sector life insurance provider in the country, has been honored with 'Certificate of Excellence' by Management Association of Pakistan (MAP) in the category of Commercial Banks & Insurance Sector. The award was presented during the ceremony of 31st Corporate Excellence Awards 2015 held recently in Karachi. Mr. Mohammed Ali Ahmed, Chief Strategy Officer, EFU Life Assurance Ltd., received the award on behalf of the company. The award seeks to recognize and reward the best managed companies in Pakistan.

EFU Life has been recognized for demonstrating exemplary standards of management practices for the seventh consecutive time. The award reflects the company's outstanding performance and continuous progress in areas of Strategic Planning, Leadership, Social Responsibility, Corporate Governance, Customer & Market Focus, Human Resource, Operations and Information Management.

The Corporate Excellence Award was instituted by MAP in 1982 with the sole aim to recognize and honor companies showing outstanding performance and demonstrating progress and enlightened management practices.

2014 S C M R 655

[Supreme Court of Pakistan]

Present: Jawwad S. Khawaja, Iqbal Hameedur Rahman and Mushir Alam, JJ

Mst. NASEEM BEGUM and others---Appellants

Versus

STATE LIFE INSURANCE CORPORATION OF PAKISTAN and others---Respondents

Civil Appeals Nos. 449-L of 2009, 284 to 286, 283-L, 586-L to 591-L, 609-L to 613-L, 637-L to 640-L, 767-L of 2013, 817, 818 of 2010, 56-L, 63-L of 2011, 623-L to 628-L, 723-L, 726-L to 731-L of 2013, Civil Petitions Nos. 1253-L of 2011 and 1516-L to 1521-L of 2013, decided on 4th February, 2014.

(Against judgments of Lahore High Court, Lahore, passed in R.F.As. and I.As. nos.435 of 2007, 183 of 2008, 190 of 2008, 911 of 2011, 443 of 2007, 440 of 2007, 434 of 2008, 16 of 2008, 1024 of 2011, 100 of 2012, 98 of 2008, 183 of 2008, 97 of 2012, 99 of 2012, 827 of 2012, 424 of 2013, 183 of 2008, 724 of 2010, 725 of 2010, 726 of 2010, 727 of 2010, 728, 2010, 724 of 2010, 423 of 2013, 183 of 2008, 359 of 2013, dated 16-3-2009, 12-10-2012, 7-7-2010, 5-5-2009, 13-5-2010, 12-10-2012, 14-10-2010, 11-4-2013, 12-10-2013, 2-6-2010, 12-10-2012, 31-7-2013 etc.)

Insurance Ordinance (XXXIX of 2000) ----

----Ss. 115 & 121--- Constitution of Pakistan Art. 185(2)--- Interpretation of S.115 of the Insurance Ordinance, 2000---Application of law to insurance policies issued in Pakistan---Right of insurance policy holder to sue in respect of insurance policy before Insurance Tribunal---Insurance policies issued before the date of commencement of Insurance Ordinance, 2000-Jurisdiction of Insurance Tribunal---Contention was that S.115 of the Insurance Ordinance, 2000 despite its clear wording to the contrary, would also extend to insurance policies issued before the date of the commencement of the Insurance Ordinance, 2000, and consequently, Insurance Tribunal set up under the Insurance Ordinance, 2000 would have jurisdiction to adjudicate upon such matters---Held, that the contention was not only misconceived but was also frivolous as it flew in the face of express wording of the provisions of S.115 of the Insurance Ordinance, 2000. [p. 658] A & B

State Life Insurance Corporation v. Mst. Sadaqat Bano 2008 CLD 1069; State Life Insurance Corporation of Pakistan v. Sadaqat Bano PLD 2008 Lah. 461; State Life Insurance Corporation of Pakistan v. Naseem Begum 2009 CLD 1413; Azhar Iqbal v. State Life Insurance Corporation of Pakistan 2009 CLD 910; Ijaz Begum v. State Life Insurance Corporation of Pakistan 2009 CLD 1317; Nasreen Begum v. State Life Insurance Corporation 2009 CLD 1480; Rukia Bivi v. State Life Insurance Corporation of Pakistan 2009 CLD 1213; Ghulam Raza Sajid v. State Life Insurance Corporation of Pakistan 2010 CLD 792; Riffat Asghar v. State Life Insurance Corporation of Pakistan 2010 CLD 1123 and Fatima Begum v. State Life Insurance Corporation of Pakistan 2010 CLD 1171 ref.2014] Naseem Begum v. State Life Insurance Corporation of Pakistan
(Jawwad S. Khawaja, J)

Liaquat Ali Butt, Advocate Supreme Court for Insurance Claimant (in all cases).

Ibrar Ahmed, Advocate Supreme Court for SLIC (in C.As. Nos.449-L and 767-L of 2013).

Raja M. Ibrahim Satti, Senior Advocate Supreme Court for SLIC (in C.As.Nos.284 to 286 of 2013).

Ali Akbar Qureshi, Advocate Supreme Court for SLIC 9in C.As. Nos.609-L to 613-L, 726-L to 731-L and C.Ps. Nos. 1516-L to 1521-L of 2013).

Jehanzaib Bharwana, Advocate Supreme Court along with Safdar Ali Qureshi, Law Officer for SLIC (in C.As. Nos. 56-L, 63-L, 283-L, 586-L to 591-L, 623-L to 628-L, 631-L to 640-L and 723-L of 2013 and C.P no. 1253-L of 2011).

Date of hearing: 4th February, 2014.

ORDER

JAWWAD S. KHAWAJA, J. --- We have heard learned counsel for the parties at some length. Leave to appeal was granted in Civil Appeal No.449-L of 2009, vide leave granting order, dated 23-6-2009. The grant of leave was premised on the case titled State Life Insurance Corporation v. Mst. Sadaqat Bano (2008 CLD 1069). Learned counsel appearing for State Life Insurance Corporation has, however, referred to a judgment of a full Bench of the High Court wherein it has been held that the aforesaid judgment proceeds on an erroneous premise inasmuch as "the time specific jurisdictional threshold under section 115 of the Ordinance has not been considered by the above cited judgment" [rendering the same] per incuriam. The reasoning, which prevailed with the learned full Bench is proper being consistent with the provisions of the Insurance Ordinance, 2000, which provisions were not taken into account in the earlier judgments the judgment in the case of State Life Insurance Corporation v. Mst. Sadaqat Bano (2008 CLD 1069).

2. Mr. Liaquat Ali Butt, learned Advocate Supreme Court, appearing for Insurance Claimants contended that the full Bench of the High Court could not have declared the earlier nine judgments reported as State Life Insurance Corporation of Pakistan v. Sadaqat Bano (PLD 2008 Lahore 461); State Life Insurance Corporation of Pakistan v. Naseem Begum (2009 CLD 1413); Azhar Iqbal v. State Life Insurance Corporation of Pakistan (2009 CLD 910); Ijaz Begum v. State Life Insurance Corporation of Pakistan (2009 CLD 1317); Nasreen Begum v. State Life Insurance Corporation (2009 CLD 1480); Rukia Bivi v. State Life Insurance Corporation of Pakistan (2009 CLD 1213); Ghulam Raza Sajid v. State Life Insurance Corporation of Pakistan (2010 CLD 792); Riffat Asghar v. State Life Insurance Corporation of Pakistan (2010 CLD 1123) and Fatima Begum v. State Life Insurance Corporation of Pakistan (2010 CLD 1171), to be per incuriam. He insisted on placing interpretations of section 115, which are not legally tenable by any stretch of reasoning. Section 115 for ease of reference is reproduced as under:--

"115. Application of Pakistan law to policies issued in Pakistan.---The holder of a policy of insurance issued by an Insurer in respect of insurance business transacted in Pakistan after the commencement of this Ordinance shall have the right, notwithstanding anything to the contrary contained in the policy or in any agreement relating thereto, to receive payment in Pakistan of any sum secured thereby and to sue for any relief in respect of the policy in any Tribunal; and if the suit is brought in Pakistan any question of law arising in connection with any such policy shall be determined according to the law in force in Pakistan:

Provided that nothing in this section shall apply to a policy of marine insurance."

3. According to the learned counsel, this Section despite its clear wording to the contrary, will also extend to the policies issued before the date of commencement of the Ordinance and consequently the Tribunals set up under the said Ordinance will have jurisdiction to adjudicate matters. This contention is not only misconceived but is also frivolous as it flies in the face of the express wording of the provision reproduced above.

4. In view of the foregoing discussion, the appeals (Civil Appeals nos. 449-L of 2009; 284 to 286; 283-L; 586-L to 591-L; 609-L to 613-L; 637-L to 640-L; and 767-L of 2013) filed by the Insurance Claimants are dismissed with costs; the appeals (Civil Appeals Nos. 817 and 818 of 2010; 56-L, and 63-L of 2011; 623-L to 628-L; 723-L; 726-L to 731-L of 2013) filed by the State Life Insurance Corporation of Pakistan, are allowed with costs; and petitions (Civil Petitions Nos. 1253-L of 2011 and 1516-L to 1521-L of 2013), filed by State Life Insurance Corporation are converted into appeals and allowed with costs.

KMZ/N-2/SC

Order accordingly.

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