From
Karachi Since 1984 Islamabad Since 2008

Scan me to get an Electronic Copy

ISSN-0257-8603

Quarterly Insurance Journal

July, August, September 2023

Inside:

The Age of Artificial Intelligence (AI) - Are we ready for it?

www.insurancejournal.com.pk insurancejournalpakistan IJ_Pakistan

Our Growth is Our Pride

Pioneer in Credit Linked Insurance

- Fire & Allied Perils
- Automobiles
- Engineering & Bonds
- Cargo and Hull
- Miscellaneous Accidents
- Crops & Agricultural Assets

Rated **AA** by PACRA

Successfully Launched

WINDOW TAKAFUL OPERATIONS

After Completion of more than three decades in business, our highly qualified team of professionals understand the importance of gaining your trust and providing you with innovative solutions and expert advice. We believe that integrity, honesty and trust is the basis of any successful company and look forward to continuously improving our standards and performance in time ahead.

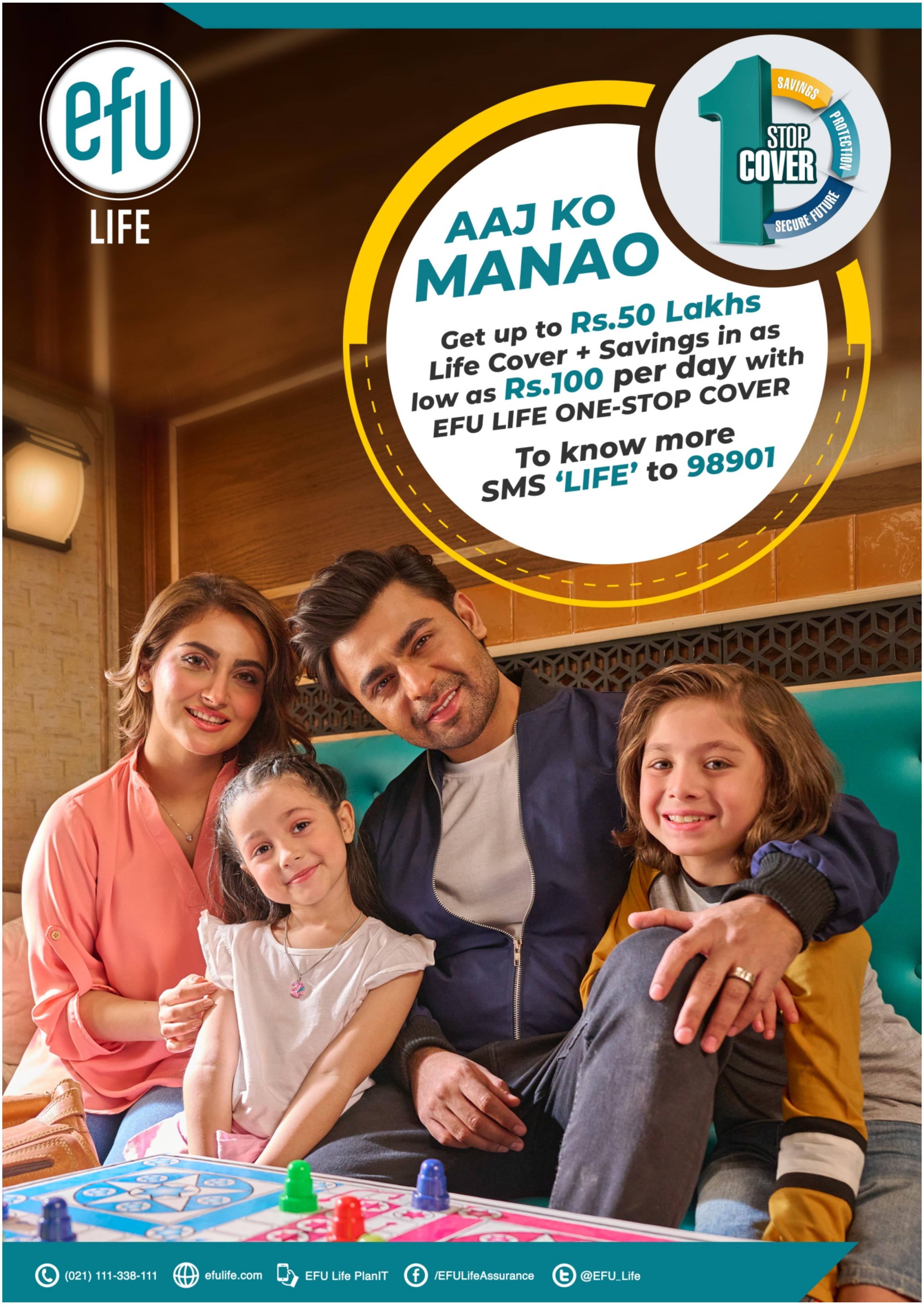
EAST WEST INSURANCE COMPANY LIMITED Jinnah Road Quetta

EAST WEST INSURANCE COMPANY LIMITED

HEAD OFFICE: 401-404, Block "B", 4th Floor, Lakson Square Building No.3, Sarwar Shaheed Road, Karachi.
PABX: +92 (21) 35630400 - 11, Fax: (021) 35630413 & 35630415,
E-mail: info@ewi.com.pk, Web: www.ewi.com.pk

Branches All Over Pakistan


nishat


efu
LIFE
1 STOP COVER
SAVINGS
PROTECTION
SECURE FUTURE
AAJ KO MANAO
Get up to Rs.50 Lakhs Life Cover + Savings in as low as Rs.100 per day with EFU LIFE ONE-STOP COVER
To know more SMS 'LIFE' to 98901
(021) 111-338-111
efulife.com
EFU Life PlanIT
/EFULifeAssurance
@EFU_Life

ISSN-0257-8603

Quarterly
Insurance Journal

Karachi - Islamabad
July, August, September 2023

Karachi	No. 156 Vol. 39
Islamabad	No. 60 Vol. 15

Editor:
M. Jamaluddin
Legal Consultants:
Hashim Hameed Zaheer & Co.

Published by:
M. Jamaluddin
No.63, Noor Chamber, Robson Road, Karachi - Pakistan.
Email: insurancejournalpakistan@yahoo.com

Designed by:
Artixone-ads
Islamabad.
Email: artixoneads@gmail.com

Printed at:
Panjwani Printing Press
1, Abdul Manzil, Muhammad Bin Qasim Road, Karachi.
Tel: +92-21-32630331
+92-21-32630734

(Views expressed by the writers are in their individual capacity and Insurance Journal need not share them)

Karachi Office:
No.63, Noor Chamber, Robson Road, Karachi - Pakistan.
Tel: +92-21-32217184

Islamabad Office:
3-A, Street # 64, Sector F-7/3, Islamabad - Pakistan.
Tel: +92-51-2611111

CONTENTS

AdjusTech – The Technology Collaborators

Join us and see how small things make big difference

AdjusTech proudly introduces the first of its kind Online and Cloud based Claim Portals and other Solutions for the Facilitation of Insurance & Takaful Companies of Pakistan. Some benefits include:

- Convenient 24/7 access anytime anywhere
- Reviewing your Claim details resulting in quick feedback to your Clients
- Visual representation of damages through Photographs
- Paperless environment resulting in reduction in printing costs (Go Green)
- Safe keeping of Case Files in our system, powered by Google
- Login access to Corporate Clients to self manage their multiple Claims

Discover the new level of engagement and collaboration by booking demos with us

Our Trusted Technology Partners

Karachi Office: 021-35300284
Islamabad Office: 051-5155819

For more information
info@adjustech.uk

www.adjustech.uk

INSURANCE SECTOR ON PAKISTAN STOCK EXCHANGE

(Quarter: April, May, June 2023)

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	27.39	20.66	6,773,000	
Adamjee Life Assurance Company Limited	2,500	10.00	21.10	11.80	759,500	
Asia Insurance Company Limited	730	10.00	-	-	-	
Askari General Insurance Company Limited	719	10.00	18.99	14.01	466,000	
Askari Life Assurance Company Limited	1,502	10.00	6.40	4.32	106,000	
Atlas Insurance Limited	1,494	10.00	61.00	36.75	275,000	Bonus Issue = 60%, Dividend = 16%
Business & Industrial Insurance Company Limited	86	10.00	-	-	-	
Century Insurance Company Limited	553	10.00	19.00	14.61	238,500	
Crescent Star Insurance Limited	1,077	10.00	1.89	1.11	4,692,500	
East West Insurance Company Limited	1,759	10.00	-	-	-	
EFU General Insurance Limited	2,000	10.00	98.50	80.00	115,500	Dividend = 15%
EFU Life Assurance Limited	1,000	10.00	215.00	175.00	248,300	Dividend = 15%
Habib Insurance Company Limited	619	5.00	6.30	4.50	965,000	Dividend = 12.50%
IGI Holdings Limited	1,426	10.00	105.00	78.31	2,795,500	
IGI Life Insurance Limited	1,706	10.00	10.02	7.50	260,500	
Jubilee General Insurance Company Limited	1,985	10.00	30.00	23.05	507,500	
Jubilee Life Insurance Company Limited	1,004	10.00	118.00	105.01	275,300	
Pakistan General Insurance Company Limited	464	10.00	8.70	3.90	252,500	
Pakistan Reinsurance Company Limited	9,000	10.00	7.75	5.58	14,521,000	Dividend = 7.50%
PICIC Insurance Limited	350	10.00	0.72	0.16	658,500	
Premier Insurance Limited	506	10.00	7.20	4.91	163,000	
Progressive Insurance Company Limited	85	10.00	-	-	-	
Reliance Insurance Company Limited	665	10.00	10.20	6.50	1,125,000	
Shaheen Insurance Company Limited	600	10.00	3.39	2.95	141,500	
Silver Star Insurance Company Limited	306	10.00	-	-	-	
Standard Insurance Company Limited	8	10.00	-	-	-	
The United Insurance Company of Pakistan Limited	3,468	10.00	11.00	7.75	1,169,000	Dividend = 10%
The Universal Insurance Company Limited	500	10.00	3.99	3.00	46,000	
TPL Insurance Limited	1,984	10.00	20.99	18.66	1,577,000	

Riaz Hussain Khan Jadoon
Member Chartered Institute of Loss Adjusters (UK),
LLMIT (Lloyds & London Market),
Authorized Surveying Officer (The SECP),
MBA (UK), M.Com (Insurance)
Executive Director - Pakistan Inspection Company Pvt. Ltd.
Founder & Chief Technologist - AdjusTech

The Age of Artificial Intelligence (AI) – Are we ready for it?

I was having a discussion with someone a couple of weeks ago on how important it is to have excellent writing skills to be taken seriously in a workplace, especially in English which is the official language of instruction in our Country.

From the books of primary education to the books of laws, all are written in English which is comprehensively spoken and understood by only a miniscule segment of our society. Yet, being able to communicate in English is perceived as being intelligent and superior due to the colonial past of the subcontinent. Sadly, this also gives the impression that everything starting from education to laws for a just society are meant for this segment of society only.

Wait - Let me make myself clear that I am not against any language per se and the very writing piece you are reading is in the English Language. So, let's get away from the pessimistic side and focus more on this specific topic.

The rule of being excellent in English especially as far as "writing skills" is concerned is now all over due to advancements and introduction of Artificial Intelligence Platform in the public domain. Most of us often hear the news where some of our notable TV Anchors and Politicians use AI for Tweets generation to prove their intellectual capacity and command in English which is followed by criticism and memes from those capable of distinguishing between a sentence generated by artificial intelligence and the intelligence of our very capable politicians and anchors.

My very first encounter with AI writing platforms was around a year ago when I tried writing something funny to test the system in a lighter

mood. The response from AI on the other hand was prepared in an error-free writing with all the intelligence that one could from a person of above-average intelligence in the shortest possible time perhaps a second or two and nothing short of magical.

Keeping my humorous side away, I susceptibly put something more generic but the response could not have been more specific and precise.

Thirdly, I tried putting some complex insurance terminologies with some real case scenarios and mamma mia. I could not believe my eyes as the options suggested by AI was what only a professional having expertise in the industry could have given. Mind you that the AI Platform I tried was an open source requiring no subscription. My curiosity increased with the thought that how mind-boggling the paid version or those limited to people at the helm of affairs would be.

Having always been in the insurance industry and a Technologist, my mind had already started imploding as to how the AI could benefit us in customer services, correspondence emails, risk and survey reports as well as policy underwritings. Some of the jobs that most of our colleagues have been performing on a daily basis for over a decade could be replaced with Artificial intelligence which can work on a 24/7 basis without getting tired or compromising on standardized service delivery.

The developed insurance markets have already been using AI to some extent for various basic functions such as obtaining and processing initial claim information, customer support, data analysis and 24/7 availability through chat bots. Having experienced these systems in personal capacity as a consumer, much improvement is needed to improve it in comparison to my first AI encounter.

Every technology takes some time to perfect but it would not take long in the case of AI due to the ferocious race of advancements amongst notable tech giants. The countries have become mere spectators and unable to exercise any control or regularize them due to little or no understanding of how these systems work. The big question is that where does our beloved country Pakistan stand in the race? Neither as creators nor as spectators and not even outside the arena. We are only at the receiving end of technology on a very limited scale and that too in the hands of a selected few.

The talent that could potentially change the destiny of the technological landscape are forced to work in other countries. It hurts me to see those capable of designing and developing driverless cars are themselves working as drivers with taxi or delivery service platforms like Uber, Bolt, Careem and Deliveroo while those capable to shield cyber infrastructure and develop security systems are sadly working as Security Guards or CCTV Operators outside retail malls or constructions sites. It is not a wastage but the killing of our brilliant local talent. The blindness and deafness towards brain drain of our talent is leading us to a disaster not considered by those running the country.

The AI in the developed insurance markets will surely take some years to get to a level where it can truly become magical. However, countries like Pakistan which are still grappling with some very basic necessities have been left decades behind and stand nowhere in the list of inventors but even amongst the spectators of the AI race. Any immediate effort to work in this area would only be damage control now or (as we say in insurance) mitigation of loss through salvage recovery.

DAILY STUDY DOSE

VITAMINS & THEIR CHEMICAL NAMES:

Vitamin-A:
Chemical Name: Retinol
Deficiency Disease: Night blindness
Sources: Carrot, Milk, Egg, Fruit

Vitamin – B1:
Chemical Name: Thiamine
Deficiency Disease: Beri-beri
Source: Peanuts, Potatoes, Vegetables

Vitamin – B2:
Chemical Name: Riboflavin
Deficiency Diseases: skin rash, eye disease
Source: Egg, Milk, Green Vegetables

Vitamin – B3:
Chemical Name: Pantothenic Acid
Deficiency Diseases: burning feet, gray hair
Sources: Meat, Milk, Tomatoes, Peanuts

Vitamin- B5:
Chemical Name: Nicotinamide (Niacin)
Deficiency Disease: menstrual disorders (pellagra)
Sources: Meat, Peanuts, Potatoes

Vitamin- B6:
Chemical Name: Pyridoxine
Deficiency Diseases: anemia, skin diseases
Source: Milk, Meat, Vegetable

Vitamin – H / B7:
Chemical Name: Biotin
Deficiency Diseases: hair fall, skin diseases
Source: Yeast, Wheat, Egg

Vitamin – B12:
Chemical Name: Cyanocobalamin
Deficiency Diseases: Anemia, Pandu disease
Source: Meat, Kajeli, Milk

Vitamin-C:
Chemical Name: Ascorbic Acid
Deficiency Diseases: scurvy, gingivitis
Source: Amla, lemon, orange

Vitamin-D:
Chemical Name: Calciferol
Deficiency Disease: Rickets
Source: Sunlight, Milk, Egg

Vitamin – E:
Chemical Name: Tocopherol
Deficiency Disease: Decreased Fertility
Source: Green Vegetable, Butter, Milk

Vitamin-K:
Chemical Name: Phylloquinone
Deficiency Disease: Absence of blood clotting
Source: Tomatoes, Green Vegetables, Milk

Muhammad Huzaifa
Dip CII (UK)
Deputy Manger Risk Management
Fidelity Insurance Broker (Pvt) Ltd
(A network partner of Lockton Global)

Navigating the Insurance Maze: The Crucial Role of Insurance Brokers

In the year 2023, the role of an insurance broker remained multifaceted and essential, even though there is no statutory definition for this profession. In this article, I aim to provide a concise overview of the responsibilities of insurance brokers.

Primarily, Insurance brokers serve as advocates for their clients (the insured) and act in their best interests in most of activities. Their core function is to bridge the gap between the insurer (also known as carriers) and clients. Finding the right insurer for transferring the client's risk is their paramount goal. However, the notion of a "suitable insurer" extends beyond price considerations. They also place a significant emphasis on:

- **Policy Coverage:** Evaluating the extent of coverage offered.
- **Onerous Conditions:** Identifying any burdensome conditions.
- **Excess Structure:** Assessing the structure of deductibles.
- **Risk Management Support:** Conduct surveys to identify the hazards.

Insurance brokers act as your personal adviser on insurance matters. They work for you, not the insurance company, to make sure your business is properly protected. If you have the misfortune of a loss your insurance broker will guide you through the claims process, helping to ensure a swift and fair settlement by your insurance company in order to get you back to where you were before disaster struck. Brokers are knowledgeable on all aspects of insurance and other preparedness. They know how to ensure that you get all applicable discounts on the insurance you buy. They are experts at risk assessment and how to properly protect your business interests when it comes to insurance coverage.

Once a broker has properly assessed your individual insurance needs, they find you the right coverage at a competitive premium. Your insurance broker puts your interests first, before those of the insurance companies they deal with. Choosing a broker means you can insure with confidence knowing that they recommended coverage that is right for your particular needs. A broker's advice is independent of any insurance company, so their recommendations are always in your best interests.

If you have to make a claim, your broker is there to ensure that you receive fair and prompt payment. In the event of a dispute, your broker will act as your advocate with the insurance company. Experience has shown that a broker's knowledge and contacts can often help settle a disputed claim.

Building and maintaining relationships are pivotal in their profession. While smaller policies can often be transacted normally however, complex risks necessitate robust relationships with insurer Business Development Managers (BDMs) and underwriters. These relationships are crucial for securing the best deals for clients.

The human element of insurance broking remains indispensable. Underwriters seek in-depth information about insured risks, extending beyond standard proposal forms. A skilled broker delves into the nuances of the risk, including its history, the insured's attitude, and the client's efforts in risk management and compliance. Part of their role is crafting compelling narratives to convey the strength of a client's risk profile to underwriters, which can lead to better terms, premiums, and more insurer options. A truly exceptional broker delves deep into your business, gaining a profound understanding of its operations. This is where the true value of selecting the right broker becomes evident.

Choosing a good broker versus a great one can make a substantial difference. A great broker not only negotiates on your behalf but also communicates openly, providing both good and bad news in a timely manner. If you're dissatisfied with your broker's service, consider your options and seek a broker with the qualifications, skills, and credentials to genuinely support your business's needs. Take your time in making this crucial decision to ensure the best outcomes for your business.

"A good financial plan is a road map that shows us exactly how the choices we make today will affect our future."

Alexa Von Tobel

Muhammad Aamir Jamil
Dip CII (UK)
Head of Underwriting
Security General Insurance Co. Ltd

Moral Landscape of Insurance Ethics

Introduction

Insurance is about risk management and is designed to provide financial protection and peace of mind to individuals and businesses when unexpected events occur. However, the insurance industry also faces significant ethical challenges in balancing its commitment to policyholders and the pursuit of profit. This article explores the complex area of insurance ethics and highlights the various ethical problems faced by insurance companies, brokers, and policyholders, briefly explaining as under;

1. Duty of Utmost Good Faith

One of the fundamental principles of insurance ethics is the principle of 'utmost good faith', which requires all parties involved in an insurance contract to act with integrity and disclose all relevant information. Insurance companies use information from policyholders to assess risk and accurately calculate premiums. On the other hand, policyholders trust their insurance companies to honor the terms of their contracts and process claims fairly and promptly. Failure to comply with this obligation may result in ethical violations, disputes, and legal consequences.

2. Pricing and Underwriting

Insurance companies must balance profitability and fairness when setting premiums and policies. Ethical issues arise when companies use discriminatory factors such as gender, race, and pre-existing conditions when determining insurance coverage and pricing. This can lead to unfair exclusion and discrimination and give rise to debates about the ethics of such actions.

3. Claims Processing

Timely and fair claims processing is the cornerstone of ethical insurance practices. Insurance companies have a moral obligation to process claims efficiently and fairly. Delays, denials, or shortfalls in payments can result in significant financial and emotional distress for policyholders. Ethical insurance companies put policyholders' needs first and strive to resolve claims in a timely manner while adhering to the terms of the insurance contract.

4. Cybersecurity and Data Privacy

With the rise of digital insurance and data-driven underwriting, ethical concerns around cybersecurity and privacy are becoming more prominent. Insurers must invest in strong security measures to protect policyholder data and prevent it from being misused. Ethical problems can arise when companies profit from selling policyholder data without their explicit consent.

5. Transparency and Accountability

To maintain ethical standards, insurance companies must be transparent about their policies, practices, and financial health. Policyholders have the right to fully understand the terms and conditions of their insurance coverage. Ethical insurance companies also take responsibility by admitting their mistakes and taking corrective action where suitable.

6. Conclusion

Ethics in insurance is not only a moral imperative but also a practical necessity for the long-term success of the industry. Upholding ethical standards ensures trust, fairness, and transparency that benefiting both insurance companies and their policyholders. It is essential for insurers to strike a balance between profit generation and ethical conduct to maintain a healthy and sustainable insurance ecosystem.

Hira A. Siddiqi
Peace and Communications Specialist
Master's in Journalism
MPhil in Peace & Conflict Studies

After the Deluge:
Navigating Health Challenges in the Wake of Pakistan's 2022 Floods

Pakistan, a land blessed with diverse landscapes, cultures, and traditions, has also experienced nature's wrath through devastating floods. In 2022, the nation faced one of its most severe flood crises, resulting in widespread destruction and a significant health crisis. As the floodwaters receded, a new battle emerged - a struggle for health, resilience, and the restoration of normalcy.

The aftermath of these floods presented a multifaceted health crisis that required a holistic and urgent response. From waterborne diseases to malnutrition, the health challenges were varied and far-reaching. Understanding and mitigating these issues became paramount to help communities rebuild and ensure a healthier and more resilient future.

1. Waterborne Diseases and Sanitation

The most immediate health threat following the floods was the outbreak of waterborne diseases. Contaminated water sources, lack of sanitation facilities, and crowded living conditions in temporary shelters created a breeding ground for diseases like cholera, typhoid, and gastroenteritis. Access to safe drinking water and proper sanitation facilities was essential to prevent the spread of these diseases and protect the affected population's health.

2. Respiratory Infections and Vector-borne Diseases

Inadequate living conditions and stagnant water also heightened the risk of respiratory infections and vector-borne diseases like malaria and dengue. Stagnant water provided a breeding ground for mosquitoes, while overcrowded shelters increased the risk of airborne

infections. Immediate medical attention, mosquito control measures, and ensuring proper shelter ventilation were crucial to curbing the spread of these diseases.

3. Malnutrition and Food Insecurity

Floods severely disrupted the availability and distribution of food, leading to a spike in malnutrition rates, particularly among children and vulnerable populations. Access to nutritious food became a priority, especially for children and pregnant women. Nutritional rehabilitation programs and community education on healthy eating were implemented to mitigate the long-term impact of malnutrition.

4. Mental Health Challenges

The traumatic experience of losing homes, livelihoods, and loved ones took a toll on the mental health of flood survivors. Post-traumatic stress, anxiety, and depression were widespread. Mental health services, counseling, and community support groups were instrumental in addressing these psychological challenges and aiding the healing process.

5. Rebuilding Health Infrastructure

Recovering from the health crisis required immediate relief efforts and a focus on rebuilding and strengthening healthcare infrastructure. This involved restoring damaged healthcare facilities, providing essential medical supplies, training healthcare workers, and establishing a robust healthcare system that could respond effectively to future emergencies.

Pakistan's resilience was tested in the face of this health crisis. The response highlighted the importance of preparedness, robust healthcare systems, community engagement, and international collaboration. It served as a grim reminder of the urgent need to address climate change, exacerbating the frequency and severity of such natural disasters.

As Pakistan continues to rebuild, the lessons learned from this health crisis should be integrated into future disaster preparedness plans. The goal should be to respond effectively to emergencies and build more resilient communities, healthier and better prepared for a more sustainable future.

Nasir Siddique
ACII (UK), CPCU (USA), MBA (I & RM)
AGM / Team Lead (Underwriting)
IGI General Insurance Limited

Commercial General Liability

A Commercial General Liability (CGL) policy protects your business from financial loss should you be liable for property damage or personal and advertising injury caused by your services, business operations or your employees. It covers non-professional negligent acts. Understanding this coverage is an important first step in managing CGL risks.

Commercial General Liability insurance can be purchased either packaged with property insurance, or monoline.

It addresses a wide range of liability loss exposures, falling into two categories:

- Premises and operations liability — liability for conditions or activities arising out of the premises or operations of a company
- Products and completed operations liability — liability of a company to a user who is harmed by products manufactured, sold or distributed by the company

Provides primary protection for bodily injury, property damage, and personal injury to a third party for which a company is liable. Vendors, lessors of premises, lessors of equipment and employees may be included as insureds.

Here are just a few examples of situations in which your business could be responsible for paying various costs, such as medical and legal expenses, as well as compensatory and punitive damages:

- While visiting your business, a customer trips on loose flooring and is injured.
- An employee in your painting or construction business accidentally leaves water running, causing substantial damage to a customer's home.
- A class action lawsuit is filed against your business, alleging advertisements constituted misleading information.

What commercial general liability insurance covers

A CGL insurance policy will usually cover the costs of your legal defense and will pay on your behalf all damages if you are found liable—up to the limits of your policy. CGL coverage is one of the most important insurance products, due to the negative impact that a lawsuit can have on a business and because such liability suits happen so frequently.

Standard CGL includes:

Coverage A: Bodily Injury and Property Damage Liability

Bodily injury and property damage coverage provides protection against losses from the legal liability of insureds for bodily injury or property damage to others arising out of non-professional negligent acts or for liability arising out of their premises or business operations. Mental injuries and emotional distress can be considered bodily injuries, even in the absence of physical bodily harm.

Workers compensation and employment practices liability insurance are excluded but can be purchased as separate policies. In addition, pollution liability is excluded and can be purchased as an endorsement. However, this coverage is very limited, and high-risk businesses should consider purchasing a separate pollution liability policy. Liquor liability, professional liability and other risks may also be excluded. An insurance professional can help you to determine endorsements that are right for your type of business.

Coverage B: Personal and Advertising Injury

Personal and advertising injury liability protects an insured against liability arising out of certain offenses, such as:

- Libel
- Slander
- False arrest
- Infringing on another's copyright
- Malicious prosecution
- Use of another's advertising idea
- Wrongful eviction, entry or invasion of privacy

Coverage C: Medical Payments

Limited coverage for medical payments includes payments for injuries sustained by a non-employee caused by an accident that takes place on the insured's premises or when exposed to the insured's business operations. Medical payments coverage can be triggered without legal action. This provides for prompt settlement of smaller medical claims without litigation. It is included in the CGL policy and pays for all necessary and reasonable medical, surgical, ambulance, hospital, professional nursing and funeral expenses for a person injured or killed in an accident taking place at the insured's premises or arising from business operations. There is no defense or legal liability coverage—as there is with bodily injury and property damage (Coverage A) and personal and advertising liability (Coverage B)—since coverage is provided on a no-fault basis.

Purchasing commercial general liability insurance

You can purchase commercial general liability insurance as a stand-alone policy, as part of a Business Owners Policy (BOP) or as part of a Commercial Package Policy (CPP). Consult with your insurance professional about what type of coverage you need and how much. If your general liability policy, BOP or CPP do not provide sufficient coverage, you may want to consider purchasing a commercial excess (umbrella) policy, which will provide additional protection.

Additional liability coverages to consider

Depending on your type of business, you may want to consider additional liability coverage that is not part of commercial general liability insurance. Talk with your insurance professional, risk manager and/or legal counsel regarding the types of coverages that you may need. The following is not exhaustive, but key types of insurance to consider include:

Directors and Officers liability

Directors and officers liability insurance protects past, present and future directors and officers of for-profit or nonprofit companies from damages resulting from alleged or actual wrongful acts they may have committed in their positions. The policy provides protection in the event of any actual or alleged error, misstatement, omission, misleading statement or breach of duty. In addition, some policies extend the same coverage to employees.

Liquor liability

Liquor liability insurance is business coverage that protects your business against loss or damages claimed as a result of a patron of your business becoming intoxicated and injuring himself or others. If your business manufactures, sells, serves or facilitates the use or purchase of alcohol, then your business will likely need this coverage. Liquor liability coverage may be sold as an add-on to a commercial liability policy or as a stand-alone policy. But, if you do not purchase this extra coverage, your standard commercial general liability policy does not protect your business against liquor-related claims.

Pollution liability

This type of coverage provides industrial, commercial and agricultural property owners, managers and developers with a broad range of pollution liability protection for gradual, as well as sudden and accidental, first-party and third-party environmental liabilities. It also protects assets from unforeseen environmental exposures that could have substantial impact on earnings. In addition, it protects against unforeseen pollution hazards that may lead to bodily injury, property damage or pollution clean-up costs.

Rana Naveed ur Rehman
MBA (HRM), Cert CII (UK)
Vice President (Health)
East West Insurance Co. Ltd

Medical Inflation and its impact on Health Insurance Industry in Pakistan

Medical inflation in Pakistan, like in many other countries, refers to the rising cost of healthcare services and medical treatments over time. This increase in healthcare costs can have a significant impact on the health insurance industry. Here are some key points to consider regarding medical inflation in Pakistan and its impact on the health insurance industry:

Increasing Healthcare Costs:

Medical inflation in Pakistan is primarily driven by various factors, including the rising cost of medical equipment, pharmaceuticals, hospital charges, and the overall cost of healthcare personnel. These increasing costs result in higher bills for medical treatments and services.

Impact on Health Insurance Premiums:

As healthcare costs rise, health insurance companies need to charge higher premiums to cover the increasing expenses. This can make health insurance less affordable for individuals and businesses, potentially leading to a decrease in the number of people and businesses purchasing health insurance.

Decreased Accessibility:

The high cost of health insurance premiums can lead to reduced accessibility to healthcare services, as many businesses as well as individuals and families may be unable to afford adequate health coverage. This can result in delayed or forgone medical treatments, which can have adverse health outcomes.

Insurance Underwriting:

Health insurance companies in Pakistan may become more selective in underwriting policies to manage their risk. They may exclude coverage for certain pre-existing conditions or impose waiting periods before covering specific treatments, which can limit the effectiveness of health insurance.

Policy Limitations:

In response to medical inflation, health insurance providers may impose limitations and restrictions on the coverage they offer. For instance, they may cap the maximum coverage amount for certain treatments or reduce coverage for non-essential medical services.

Provider Network / Panel Hospitals:

Health insurance companies may negotiate with healthcare providers to establish a network of panel hospitals who offer services at a lower cost. This can influence where policyholders seek medical care and may limit their choices of healthcare providers.

Cost-Sharing:

To mitigate the impact of medical inflation, health insurance policies

may include higher deductibles, co-pays, and co-insurance, shifting more of the financial burden onto policyholders. Although, this factor is not commonly acceptable among insureds due to which health insurance companies are facing higher claim expenses.

Government Regulation:

Government agencies in Pakistan may introduce regulations to control healthcare costs and ensure that health insurance remains accessible and affordable. These regulations can include price controls, undue increase in accommodation cost by hospitals, unjustified increase in surgeon fees, caps on insurance premium increases, and efforts to expand healthcare coverage.

Innovation and Technology:

Health insurance companies may invest in technology and data analytics to identify cost-effective treatments and healthcare providers. This can help them manage costs and offer more competitive insurance products.

Consumer Education:

As healthcare costs rise, educating consumers about the importance of health insurance and how to make informed decisions about their coverage is crucial. This can help individuals understand their options and make choices that best suit their needs.

Claim Leakages:

Due to inflation, when the economic condition of people deteriorates, they try to claim by creating fake medical bills, the impact of which is in the form of claim leakages, which the insurance company has to bear if the fake claim is paid.

Population Growth and Aging:

Pakistan's growing population and the aging of the population can lead to increased demand for healthcare services, further driving up costs.

Quality of Healthcare:

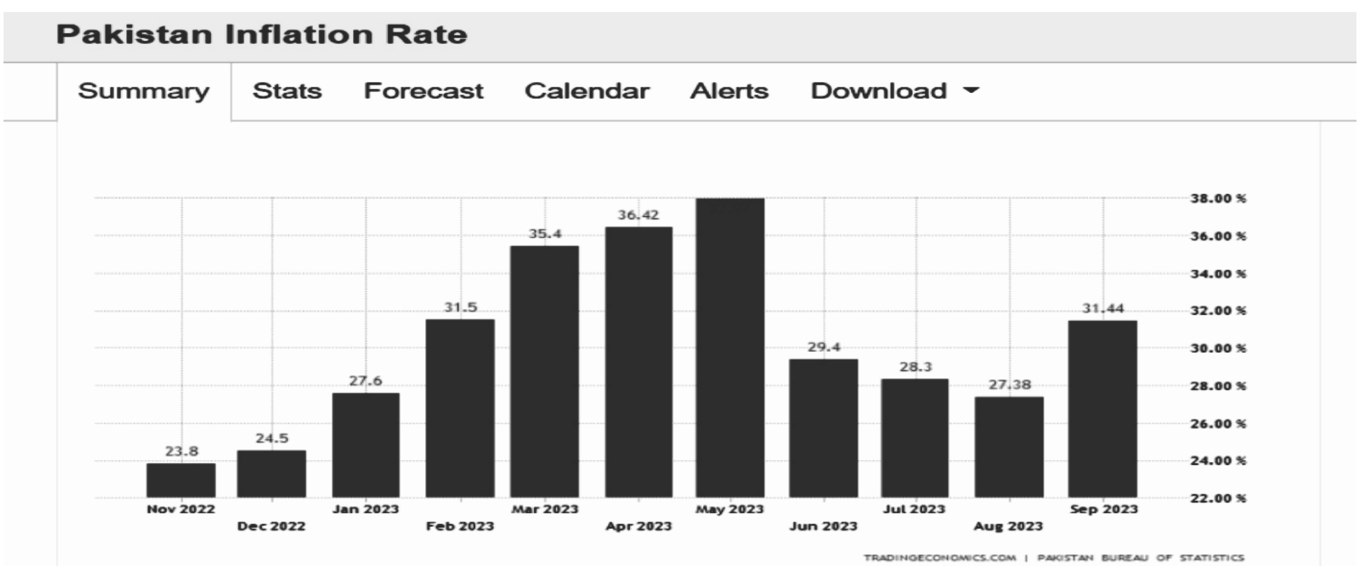
As individuals seek higher quality healthcare services, they may be willing to pay more for better care, which can contribute to medical inflation.

In conclusion, medical inflation in Pakistan has a direct impact on the health insurance industry. As healthcare costs continue to rise, it becomes a challenge to provide affordable and comprehensive health coverage. Health insurance companies, along with government regulations and consumer education, play a crucial role in addressing these challenges and ensuring that healthcare remains accessible and affordable for the population.

It's important to note that medical inflation can have both positive and negative effects. On one hand, it can lead to improve healthcare services and technology, potentially increasing the quality of care. On the other hand, it can make healthcare less affordable for the general population, leading to disparities in access to care.

Efforts to control and mitigate medical inflation in Pakistan often involve a combination of government regulations, health insurance reforms, investment in public healthcare infrastructure, and initiatives to promote cost-effective healthcare practices.

All the insurance companies should form a centralized committee to negotiate the rates with the panel hospitals and do not allow any unnecessary increase in the rates. It is very important to do this in order to maintain the quality of the health insurance services, otherwise, at the rate at which hospitals are increasing the rates of their services, there will come a time when the survival of the health insurance companies will be impossible.



Sajjad Haider
Speaks

Mr. Sajjad Haider, related to Multan insurance industry, qualifying his M. A . LLB degree from Bahauddin Zakriya University Multan, entered into Multan insurance industry and joined M/s. EFU general Insurance company ltd Multan as Brach manager Vehari, starting his career as very ordinary premium figure- on the first year, but never looked behind and passing through M/S Adamjee Insurance company ltd Dera Ghazi Khan he joined his parent company M/S UBL Insurers ltd Multan as In-charge and achieved a 2nd highest premium figure of Rs. 407 Million rupees from all the insurance companies of Multan Region.

The insurance journal had an opportunity to meet him recently and discussed various aspects of Multan insurance industry including increasing the premium grossly and decreasing the claims ratio phenomenon along with his opinion on certain matters, which he replied as under: -

Insurance Journal: ***What is your academic qualification*?**

Sajjad Haider: As trends of the day, I was of the opinion that after completion of basic qualification, I would join as Doctor, engineer or the lawyer etc. It was chosen by the Allah, the Almighty that I joined Multan bar as lawyer after qualifying M.A. LLB.

Insurance Journal: ***How did you join the insurance industry?***

Sajjad Haider: My father was a Banker. He served M/s. HBL as Manager. More often he used to talk about different famous insurance executives who impressed him, which in fact was the cause of my joining the insurance industry of Pakistan ultimately leaving the line of legal fraternity.

Insurance Journal: ***How come you take a lead and in such a short time period you won the opportunity of earning 2nd highest premium in Multan insurance industry?***

Sajjad Haider: It was not a short period effort, in fact it was a difficult journey which was completed with the support of my mother, father and above all the support of Allah when I fall amongst the 2nd, highest premium earning entity of Multan.

When I joined the Multan insurance Industry I realized that without capturing the insurance business of corporate sector, nobody may achieve the highest premium figure in this market so I introduced my company in corporate sector. Quite successfully, I was given the opening and my company gained the required level of trust in the Multan corporate sector and I was given the due share according to financial worth of the company.

In any corporate sector, ability to pay the claim is the only test which has to be passed by the insurers in competition and soon My company was tested when a claim of highest magnitude occurred in our area of operation. I took it as an opportunity and pay that biggest claim occurred ever in Pakistan and my company proved its worth by paying the claim at a very short time promptly as per the share allocated to us for that claim.

Since then, the required trust level was maintained and now I am enjoying to have its benefits by placing the company at top 5 companies of Multan Insurance industry.

The other important factors which played an important role in the overall strength of the company are reputation, promptness of small claims payment, financial strength of the company, management, surveyors team, solvency, paid up capital, gross premium, net premium, claims, net premium and assets. In all the fields the company is going well competitively.

Insurance Journal: ***Is there any special course you will have to go through in order to join any position in insurance industry?***

Sajjad Haider: There is no such course as compulsory for the post however, there are few courses like Insurance Agent proficiency course, ACII and FCII which are considered helping. In Pakistan. For an insurance Agent however, there is a compulsory course of Insurance Agent proficiency course which provide the basic information and training and that is necessary for an insurance Agent.

Insurance Journal: ***Quality of a successful insurance Agent.***

Sajjad Haider: To earn reasonable premium at reasonable scope of coverage is the key point. Comprehensive coverage with reasonable premium. A successful insurance Agent would take care of both the interest i.e. the interest of insured and the insurers.

Insurance Journal: ***How the claim is filed?***

Sajjad Haider: After the happening of a claim give forthwith notice to the insurance company and at the same time try that loss may not be exaggerated further. Give intimation to fire brigade promptly and give intimation to the police promptly as well. Protect the subrogatory rights of the insurance company. Every claim is settled promptly with the preview of company's interest. Claims are always settled by the appointment of surveyors on merit. There is written form of claim filing guidelines which must be followed.

Insurance Journal: ***What is your future plan in this field?***

Sajjad Haider: Already working in south Punjab up to Sukkar, Rahim Yar Khan, Bahwalpur, Multan, Jhung, Dera Ghazi khan, Leiah, Bakkar, Sahiwal and have the program to extend the area of operation in the whole of Punjab extending the business consequently.

Considering to build a highly professional trained team who is capable to deal with underwriting, claims and management so well.

Have the target of achieving all the duties imposed by the head office in letter and spirit in turn of the capability of dealing the volume of business earned, by prompt and efficient team to be provided by the head office who could properly and efficiently deal in all affairs of business quite successfully.

New products to be launched for broaden the scope of operation and function of the company and consequently expanding the business.

Thank you so much with the wish to achieve all of your targets successfully.

> I don't call it "Life Insurance." I call it "Love Insurance." We buy it because we want to leave a legacy for those we love.
>
> Farshad Asl

EFU General Insurance Ltd Win Prestigious 20th Annual Environment Excellence Award 2023

EFU General takes great pride in announcing its recent achievement as the recipient of the esteemed 20th Annual Environment Excellence Award 2023 by National Forum of Environment and Health (NFEH). This accolade recognizes EFU General Insurance's unwavering commitment towards incorporating sustainable practices and environmental stewardship within its operations.

The company has consistently strived to develop innovative solutions that not only meet the needs of its clients but also align with the broader goal of protecting and conserving the environment. The company remains committed to driving meaningful change, spreading ecological awareness, and fostering a greener and healthier environment for future generations.

EFU General Insurance Ltd, a key player as a Participant and Sponsor at 3rd International Solar Clean Energy Conference in Karachi.

EFU General receiving a token of appreciation from the National Forum for Environment & Health (NFEH) for their immense dedication to advancing clean and renewable energy solutions

EFU General Insurance Ltd. is proud to announce its participation and sponsorship at International Solar Clean Energy Pakistan Conference & Exhibition. The conference serves as a platform to foster discussions, share knowledge, and showcase the latest advancements in solar energy and clean technology. The event brings together industry professionals, governmental bodies, researchers, and stakeholders with the common goal of promoting sustainable and green energy solutions.

Spokesperson at EFU General Insurance Ltd. "We believe that sustainable and clean energy solutions are crucial for our nation's future, and we are fully committed to supporting the growth and development of the solar energy sector through our insurance services."

The company acknowledges the significance of solar energy in reducing carbon emissions and addressing the persistent energy crisis in Pakistan. Through its wide range of insurance solutions and expertise, the company aims to facilitate the growth of the solar energy sector and provide comprehensive risk management solutions tailored to the unique needs of this emerging industry.

EFU Life and Kashf Foundation Unite for Women Empowerment and Financial Resilience: Introducing "Khushal Mustakbil Plan"

Lahore: EFU Life, a leading life insurance and family takaful provider has teamed up with Kashf Foundation, a pioneering microfinance institution, to launch the innovative "Khushal Mustakbil Plan." This initiative aims to empower women while offering financial resilience through a unique insurance plan bundled with the microfinance offering.

Women hold pivotal roles in shaping both the micro and macro aspects of any society. Without the active participation of women in all spheres of the economy and the society, sustainable progress cannot be achieved. Recognizing the vital contribution of women's inclusion, it is imperative products and financial services are designed keeping their needs in view with the sustained vision to enable women to manage financial decisions better and address unplanned contingencies. The Khushal Mustakbil Plan, jointly launched by both organizations, shares this common objective.

Insurance Commissioner at the Securities and Exchange Commission of Pakistan (SECP) Mr. Aamir Khan said "We applaud Kashf Foundation and EFU Life for their innovative collaboration in launching the Khushal Mustakbil Plan. This is a one-of-a-kind product in the industry that has been very thoughtfully designed by both organizations with a strong focus on addressing the needs of the target market and ensuring protection for this vulnerable segment against unforeseen life challenges. This product aligns with our mission of promoting financial inclusion and women empowerment in the country".

Commenting on the partnership, Ms. Roshaneh Zafar, MD Kashf Foundation, stated" We are proud to announce the launch of revolutionary Khushal Mustakbil Plan, specifically tailored for women from low-income communities in Pakistan. Kashf Foundation has worked with over 5 million micro female entrepreneurs, whose resilience and resourcefulness is unmatched. The Khushal Mustakbil plan builds on women's aspirations to build a better future for themselves and the next generation. The plan will allow women from low-income families to establish financial goals that are both achievable and impactful. Through this product, we strive to create a more inclusive and resilient financial landscape for women in Pakistan, enabling them to overcome barriers and achieve long-term financial stability."

Mr. Mohammed Ali Ahmed, MD & CEO of EFU Life, added, "I am delighted at our collaboration with Kashf Foundation as we have co-created an innovative financial planning solution for the women of Pakistan. Over the years, EFU Life has, through its strategic focus on promoting Digital and inclusive Insurance, consistently fulfilled its promise to uplift underserved segments and created opportunities for the wider population by introducing inclusive and innovative financial solutions. Khushal Mustakbil Plan serves as a reaffirmation of our enduring commitment to nurturing ongoing excellence and reinforcing financial resilience amongst various population segments, with a particular emphasis on advancing financial independence among women in our nation."

This partnership between Kashf Foundation and EFU Life underscores the importance of collaboration in driving positive change and empowering women in society. Together, both organizations are determined to make a lasting impact on the lives of women across Pakistan.

EFU Life honored with 'Corporate Excellence Award' by Management Association of Pakistan

EFU Life Assurance Ltd., the leading private sector life insurance provider in the country, has been honored with 'Corporate Excellence Award' in the Life Insurance category at the 38th Corporate Excellence Awards 2023 by Management Association of Pakistan (MAP). The award was received by Mr. Mohammed Ali Ahmed, Managing Director & Chief Executive, EFU Life Assurance Ltd.

This is for the 14th time the Company has been recognized by Management Association of Pakistan (MAP) for demonstrating exemplary standards in management practices. The award reflects the Company's 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.

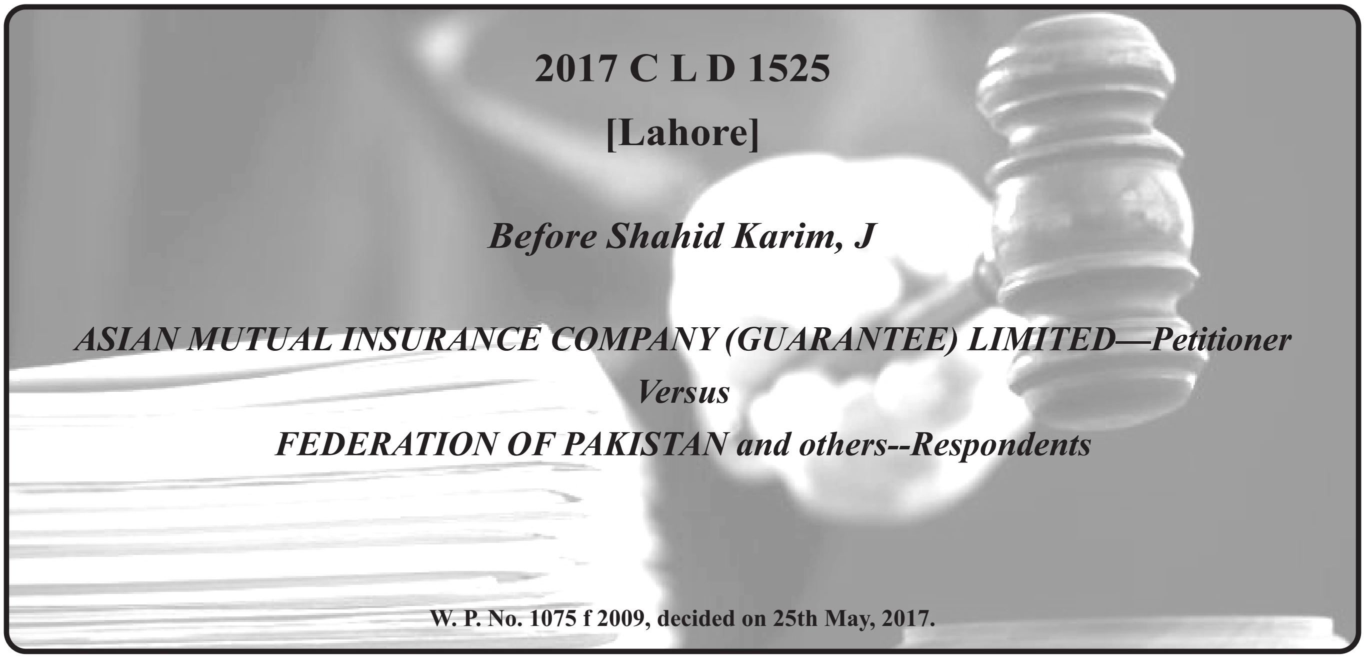
EFU Life Introduces WhatsApp for Customer Support

EFU Life, the leading life insurance Company in Pakistan has been a pioneer in groundbreaking technology and its ethos centers around its customers. Keeping its customers at the heart of business operations, the Company has now further enhanced its services by launching WhatsApp.

EFU Life WhatsApp facility will provide policyholders instant policy information and the first of its kind Claims Helpdesk for effortless claim processing offering a streamlined digital experience. Through this service the customers will be able to access details about their policy status, premium and beneficiary information at the ease of their fingertips.

This is the first time that any Life Insurance company has extended the service of Digital Claims Helpdesk to its policy holders. The client can now initiate a claim, download and upload claim forms along with requesting the status of their claims all with the ease of a WhatsApp message.

Introducing another customer service touch point reflects EFU Life's unwavering commitment to enhance customer accessibility and convenience reaffirming its position as a customer-centric insurance provider, dedicated to simplifying and safeguarding the lives of its valued policyholders.



2017 C L D 1525

[Lahore]

Before Shahid Karim, J

ASIAN MUTUAL INSURANCE COMPANY (GUARANTEE) LIMITED—Petitioner

Versus

FEDERATION OF PAKISTAN and others--Respondents

W. P. No. 1075 f 2009, decided on 25th May, 2017.

Securities and Exchange Commission (Insurance) Rules, 2002–

----R. 13---Insurance Ordinance (XXXIX of 2000) Ss. 36, 32, 33 & 2(xxxix)---Mutual Insurance Company---Solvency of non-life insurer---Insurers of non-life insurance business to have assets in excess of minimum solvency requirement=-Minimum solvency requirement under S. 36 of the Insurance Ordinance, 2000 to apply to all insurance companies, including mutual insurance companies regardless of share capital---Scope---Petitioner, which was a mutual insurance company, impugned R. 13 of the Securities and Exchange Commission (Insurance) Rules, 2002 which imposed minimum solvency requirements upon petitioner in terms of S. 36 of the Insurance Ordinance, 2000---Contention of the petitioner, inter alia, was that it was a mutual insurance company, and did not have paid up capital, therefore it should be absolved from the requirement of minimum solvency as given in S. 36(3)(a) of the Insurance Ordinance; 2000---Validity---Fact that the petitioner was a mutual insurance company did not impact the provisions of S. 36 of the Insurance Ordinance, 2000 so far as it related to minimum solvency requirements and it was not denied by the petitioner that it complied with provisions of S. 32 of the Insurance Ordinance,2000 which related to admissible assets as the company maintained admissible assets as explicated in S. 33 of the Insurance Ordinance, 2000---No plausible reason existed to connect lack of paid up capital in case of petitioner with the required minimum amount of solvency given in S.36(3)(a) of the Insurance Ordinance, 2000---For purposes of S. 36 of the Insurance Ordinance, 2000 no distinction could be drawn between an insurer having a share capital and one not having share capital and the requirements of the said section would have to be applied across the board to all insurers---Securities and Exchange Commission of Pakistan could not abolish the condition for minimum solvency on basis of a nuanced categorization and if the same was done, Commission would be traveling beyond its delegated powers as the Rules could only be made to conform to the main statute and not in derogation thereof---Petitioner's challenge to R. 13 of the Securities and Exchange Commission (Insurance) Rules, 2002 was therefore without legal basis---Constitutional petition was dismissed, in circumstances.

Asjad Saeed and Ch. Muhammad Naseer for Petitioner.
Bilal Bashir for Respondents.
Date of hearing: 17th May, 2017.

JUDGMENT

SHAHID KARIM, J.--This petition under Article 199 of the Constitution of Islamic Republic of Pakistan, 1973 seeks the following prayer:-

I. "The respondents Nos.2 and 3 be directed to reduce the minimum statutory deposit requirement for the petitioner to an amount of zero under section 29 of the Insurance Ordinance 2000.

ii. Rule 13(1) of the SECP (Insurance) Rules 2002 be declared ultra vires and illegal having been passed in violation of the Insurance Ordinance 2000 and Constitution of Pakistan 1973.

iii. The impugned order dated 13.11.2008 be declared illegal being ultra vires and in violation of the Insurance Ordinance 2000 and Constitution of Pakistan 1973.

iv. The respondent No.2 be directed to calculate the minimum solvency requirement of the petitioner in

accordance with section 36(3)(b) or (c) of the Insurance Ordinance 2000.
v. During the pendency of the writ petition, the operation of the impugned order dated 13 .11.2008 be suspended and the petitioner be allowed to continue its lawful business".

2. This order will also decide a connected appeal C.A. No.1 of 2008 which is an appeal under Section 34 of the SECP Act, 1997. The challenge in appeal is to an order dated 13 .11.2008 passed by the Appellate Bench of the SECP by which the appeal filed by the Asian Mutual Insurance Company (Guarantee) Limited ("Asian Mutual") was dismissed in the following terms:-

" 15. For the reasons stated the appeal is not maintainable. The Appellant had sufficient time to comply with the requirements of law and which it has failed to do. The Appellant is directed to strictly comply with the impugned Directive. We further direct that the Appellant. shall cease to carry out any kind of Insurance business."

3. The constitutional petition and the Commercial Appeal are inextricably linked to each other as Asian Mutual challenges the constitutionality of Rule 13(1) of the SECP (Insurance) Rules, 2002 ("the Rules, 2002"). If it were held to be ultra vires the powers of the SECP and thus unconstitutional, the impugned order passed by the Appellate Bench and the subject matter of the Commercial Appeal will also be declared as without lawful authority and the condition imposed by Rule 13(1) of the Rules, 2002 will not be applicable to Asian Mutual. Rule 13 to which a challenge has been laid and which according to the Asian Mutual is the primary impediment in the way of Asian Mutual continuing with its business and which formed the foundation of the Appellate Bench's order is-to the following effect:-

13. Solvency of non-life insurer:- (1) For the purposes of clause (a) of subsection (3) of section 36 of the Ordinance, the following shall be the prescribed amount, namely:-

(a) In the case of an insurance company registered after the commencement date, fifty million rupees; and
(b) in the case of an insurance company registered at the commencement date-
(i) the amount applicable under the repealed Act, until the 31st December, 2002
(ii) fifteen million rupees until the 31st December, 2003;
(iii) twenty-five million rupees until the 31st December, 2004; and
(iv) fifty million rupees until the 31st December, 2005, and thereafter."

4. For the purposes of these proceedings we are concerned with sub-rule (1) of rule 13 which has been enacted to give effect to clause (a) of subsection (3) of section 36 of the Insurance Ordinance, 2000 ("the Ordinance 2000"). The Rules, 2002 have been enacted by the SECP in exercise of the powers conferred by subsection (2) of section 167 of the Ordinance, 2000 and there is no cavil with the source of the powers to vest in the SECP nor is there any challenge to the constitutionality of the rules in general. Asian Mutual contends that clause (c) of sub-rule (3) is beyond the periphery of the powers conferred by clause (a) of subsection (3) of section 36 of the Ordinance, 2000 and does not make in intelligible criteria with regard to the peculiar nature and constitution of Asian Mutual which is a character distinct from other insurance companies. According to the learned counsel for Asian Mutual, SECP ought to have brought its independent mind to bear on the case of Asian Mutual, in that, the company is covered by the definition of a mutual insurance company as given in section 2(xxxix) and defines the company as follows:-

"mutual insurance company" means an insurer, being a company incorporated under the law of Pakistan or any country or state other than Pakistan, which has no share capital and of which, by its constitution, only and all policy holders are members."

5. The peculiar nature of a mutual insurance company which distinguishes the said company from other insurance companies is· the fact that a mutual insurance company has no share capital and by its very constitution only the policy holders are members. This is the feature which sets a mutual insurance company apart from the other insurance companies. To this extent, the parties are not at variance. The parties are on common ground also with regard to the obligation 'of Asian Mutual to comply with the provisions of clauses (b) and (c) of subsection (3) of section 36. However, a brief background of the present controversy may be referred to in order to contextualize the controversy in its proper perspective:

> Asian Mutual is a mutual insurance company and has been registered under the Company Laws of Pakistan on 23.02.1951. Soon after the enforcement of the Ordinance, 2000, Asian Mutual was served with a notice dated30.12.2002 requiring it to comply with the provisions of section 29 of the Ordinance, 2000 read with rule 9 of the Rules, 2002. A reply was furnished by Asian Mutual in which it was stated that subsection (3) of section 28 provides that an insurance company which does not have a paid up share capital shall not be required to comply with the requirements of section 28. Relying upon subsection (2) of section 29, it was averred that the said provision authorizes the SECP to reduce the amount of deposit to zero in order to cater to a situation of the kind where a mutual insurance company limited by guarantee and having no share capital is there barred from raising capital and, therefore, cannot deposit any amount with the

State Bank of Pakistan as a minimum statutory deposit. Asian Mutual was once again served· with a notice dated 17 .12.2007 to which once again a reply was sent.

> Asian Mutual filed a petition W.P. No.5846 of 2008 which was disposed of on the ground that an appeal was maintainable under section 33 of the SECP Act, 1997. On 6.5.2008 Asian Mutual received an order by which it had been determined that since the company had failed to meet the minimum solvency requirements as set forth in section 36 of the Ordinance, 2000, the company was directed to cease from entering into any new contract of insurance. An appeal was filed before the Appellate Bench of the SECP which was decided by the impugned order dated 13.11.2008.

6. The controversy revolves around section 36 of the Ordinance, 2000 which, for facilitation, is reproduced as under-

"36. Insurers of non-life insurance business to have assets in excess of minimum solvency requirement.
.. (1) An insurer registered under this Ordinance to carry on non-life insurance business shall at all times have admissible assets in Pakistan in excess of its liabilities in Pakistan of an amount greater than or equal to the minimum solvency requirement.
(2) An insurer incorporated in Pakistan and registered under this Ordinance to carry on non-life insurance shall at all times have admissible assets in excess of its Iiabilities of an amount greater than or equal to the minimum solvency requirement.
(3) For the purposes of this section, the minimum solvency requirement is the greatest of:
(a) such required minimum amount as may be prescribed by the Commission;
(b)- such percentage as may be prescribed by the Commission of its earned premium revenue in the preceding twelve months, net of reinsurance expense subject to a maximum deduction for reinsurance of fifty per cent of the gross figure; and
(c) such percentage as may be prescribed by the Commission of the sum of its liability for unexpired risk and its liability for outstanding claims, net of reinsurance subject to a maximum deduction for reinsurance in each case of fifty per cent of the gross figure:

Provided that in the case of an insurer incorporated in a jurisdiction outside Pakistan the amounts set out in clauses (b) and (c) of this sub-section shall be calculated with reference to the earned premium revenue, unexpired risk liability and outstanding claims liability and related reinsurance balances of that insurer in respect of its insurance business in Pakistan only.

(4) The Commission may direct an insurer not to deal with any specified asset for any specified period of time in order to ensure compliance by the insurer with the provisions of this Part.

7. The Appellate Bench while considering the case of the parties, pro and contra, concluded as follows-

"All insurance companies are thus required to keep a deposit of ten (10) million Rupees with State Bank of Pakistan from the date of the aforementioned notification ·of 25th June 2008 in terms of section 29(2)(a) or 10% the insurers paid up capital whichever is higher. The wording of 29(2)(a) would have been clearer, had the words "or ten percent" been used instead of "and ten percent". Nevertheless, the intent of the legislature is clear i.e. all insurance companies are required to make a deposit of ten (10) million Rupees, however, where such companies have a paid up capital; the statutory deposit must be ten percent of the insurers paid up capital where such percentage works out to more than ten (10) million Rupees.

In any case the above brief discussion by us on the notification of 25-6-08 and section 29(2)(a) of the Ordinance are academic, as they for the present purposes are neither applicable nor material to the case.

On the issue of whether the Appellant meets the minimum solvency level, it transpires from the Appellant own record that it does not meet the solvency level as prescribed by law."

"The minimum solvency level has been raised gradually from year 2003, where it was fifteen million Rupees to fifty (50) million Rupees by the year 2005 and beyond. The Appellant's record illustrates admissible assets of five million two hundred and sixty eighty thousand (5.268) Rupees for the year 2007 which are to be considered for the purposes of solvency. The appellant has therefore failed to maintain and gradually enhance its assets and as result could not meet the solvency level laid down in rule 13(1)(b) of the Rules and thus not entitled to the waiver of statutory deposit as provided in proviso to section 29(2)(b).

We have also examined the status of mutual insurance companies, to see whether the intention of the legislature was to treat them differently from the insurance companies with a paid up capital. We find that the Ordinance does not distinguish between an insurance company with a paid up capital and one which does not have a paid up capital, as -such all requirements of the Ordinance other than maintaining paid up capital mutatis mutandis apply to mutual insurance companies."

8. The nub of the arguments put forth by the learned counsel for Asian Mutual was, that Asian Mutual applied to the Commission to abolish the requirement for deposit specified by section 29 by reducing the required minimum amount to zero. However, this is not being granted on the premise that Asian Mutual has fallen foul of the compliance of section 36(3)(a) of the Ordinance, 2000. The learned counsel for Asian Mutual does not dispute the fact that Asian Mutual does not meet the impugned solvency requirement as given in subsection (3)(a) of section 36, which lays down the minimum criteria for solvency. The primary argument of the learned counsel is that since the company does not have a paid up capital, it would be iniquitous and irrational to require Asian Mutual to comply with the provisions of the rule 13(1) of the Rules,2002, as the said rule can only be made applicable to the species of insurance companies which have a paid UQ- capital. The primary reasons which weighed with the Appellate Bench of SECP in dismissing the appeal filed by the Asian Mutual was that rule 13 prescribed a progression in the admissible assets to be maintained by insurance companies which were operating at the commencement date and Asian Mutual had failed.to meet the criteria set in this regard by rule 13 as also that rule ~ 3 as well as the provisions of the Ordinance 2000 do not make a distinction in this regard between insurance companies. that have paid up capital and insurance companies of the petitioner's kind.

9. Section 28 of the Ordinance, 2000 deals with the requirements as to capital. However, by subsection (3) an insurer not having a share capital shall not be required to comply with the provisions of this section. Thus, the legislature while enacting Ordinance, 2000 was cognizant of the peculiar nature of mutual insurance companies such as Asian Mutual and did away with the requirement of having a share capital in the case of mutual insurance companies. Section 29 deals with deposits to be maintained with the State Bank of Pakistan by an insurer and the required minimum amount is specified in subsection (2) of section 29. The failure on the part of Asian Mutual to comply with the provisions of section 36(3)(a) of the Ordinance, 2000 was an impediment in the way of Asian Mutual in seeking that exemption under section 29.

10. Asian Mutual contends that it is entitled to reduction in the required minimum amount to zero in terms of proviso to clause (b) of subsection (2) of section 29 but the Commission will not proceed to consider the request and abolish the said requirement since the power of the Commission has been circumscribed by the achievement of levels of solvency as required by the Ordinance. This clearly has a reference to section 36(3) of the Ordinance, 2000.

11. It is not denied that Asian Mutual carries on non-life insurance business and thus is required to have admissible assets in Pakistan in excess of its liabilities of an amount greater than or equal to the minimum solvency requirement. This is the requirement of subsection (1) of section .36, therefore, the primary tenor of section 36 of the Ordinance, 2000 deals with having admissible assets by an insurer which shall be in excess of its liabilities in Pakistan. The admissible assets which the insurer is obliged to maintain should be of an amount greater than or equal to the minimum solvency requirement. That requirement has been spelt out in subsection (3) of section 36 and· comprises the sum of clauses (a), (b) and (c). Upon a closer reading of subsection (1) and (3) of section 36, it would be evident that the admissible assets which are to be in excess of the liabilities of an insurer must be of an amount greater or equal to the minimum solvency requirement. To reiterate, the criteria for minimum solvency requirement has been given· in subsection (3) of section 36. Therefore, the admissible assets must be the whole of the conditions laid down in clauses (a), (b) and (c) and one condition cannot be separated from the other. Thus, admissible assets for the purpose of section 36 will comprise the totality and cumulative figure accruing after taking into consideration the requirements given in clauses (a), (b) and (c) of subsection (3). The admissible assets have to be calculated with reference to these clauses and will determine the minimum solvency requirement. The contention of Asian Mutual that since a mutual insurance company does not have a paid up capital, it should be absolved from the requirement of a minimum amount as given in clause (a) of subsection (3) of section 36 and ought to be treated differently and not in the same category as the other insurance companies, is nuanced and does not have a basis in law. There is· no doubt that Asian Mutual is a mutual insurance company and does not have a paid up capital but that fact does not impact the provisions of section 36 so far it relates to the minimum solvency requirement. It is not denied by Asian Mutual that the company complies with the provisions of section 32 relating to admissible assets as also that the company maintains admissible assets as explicated in section 33 which relates to assets and liabilities in Pakistan. It will be recalled that Asian Mutual does not deny the fact that it is required to comply with the provisions of clauses (b) and (c) too. However, the compliance of clause (a) is also the obligation of mutual insurance companies since the said clause prescribes the required minimum amount and it may be prescribed by the Commission. There is no plausible reason to connect the lack of paid up capital in case of Asian Mutual with the required minimum amount given in clause (a) of subsection (3) of section 36.

12. Rule 13 has been enacted by the Commission and indicates the required minimum amount to be prescribed by the Commission. In the case of an insurance company registered after the commencement date, the prescribed amount is 50 million rupees. In the case of an insurance company registered on the commencement date like Asian Mutual, the amounts were required to be gradually increased and as on 31.12.2005, the insurer was required to have 50 million rupees as the required minimum amount. As adumbrated, this amount relates to the admissible assets in Pakistan of an insurer and has no linkage to the paid up capital of a non-life insurance business and it does not matter whether an insurance company has a paid up capital or not in order to complete the requirements of section 36 of the Ordinance. It may be reemphasized that the holistic reading of section 36 would bring forth the true extent and tenor of the said provision which relates to the maintenance of admissible assets in Pakistan by an insurer and it should be of an amount greater than or equal to the minimum solvency requirement. Therefore, no distinction can be drawn on this basis between an insurer having a share capital and one not having a share capital. The requirements of section 36 will have to be applied across the board to all insurers. In a nub, Asian Mutual seeks the setting down of a required minimum amount which is different in its case from other non-life insurers having a share capital. The criteria for that distinction, according to Asian Mutual, ought to flow from the underlying concept of whether an insurer has a paid up share capital or not. This argument is based on a fallacy. The power conferred on the Commission is to prescribe a required minimum amount. It does not extend to completely abolishing the condition on the basis of a nuanced categorisation. The Commission will be travelling beyond its delegated powers if it were to do so. The Rules can only be made to conform to the main Act and not in derogation thereof.

13. Section 3 relates to division of insurance business with life and non-life. Thus the division is merely on the basis of whether the business is life insurance business or non-life insurance business. This is the only division contemplated by the Ordinance, 2000. The law did not chose to carve out a further category on the basis of corporate structure of insurers. It is the nature of business that they carry on is the true test of distinction and none else.

14. A reading of sections 28 to 31 will shed further light on the issue. These provisions deal with the requirements as to capital and statutory deposits. In respect of capital, section 28(3) exempts an insurer, not having a share capital, from complying with the requirements of subsection (1) as to a required minimum amount as paid-up capital. This is where the distinction ends and it does not extend to requirement as to deposits which every insurer is obliged to maintain as a required minimum amount. Although by the proviso to section 29(2)(b) the Commission may abolish the requirement by reducing it to zero, that may only be done subject to achievements of levels of solvency as required by the Ordinance. Thus the preference is only $: 'respect of capital and not deposits.

15. To reiterate, the minimum solvency requirement has nexus with admissible assets and not paid-up capital of an insurer and to do so with unduly tilt the advantage in favour of Asian Mutual and insurers similarly situated. There is no valid reason nor does the law spell out any, to give preferential treatment to Asian Mutual. If the nonlife insurers compete in the same realm and spheres of activity, it would be iniquitous and unreasonable to discriminate amongst insurers belonging to the same category in the nature of admissible assets. Also it is salutary principle of construction that legislative intent must be given effect if there is no ambiguity. Subsection (2) leaves it in no manner of doubt that the requirement of admissible assets applies to all insurers of non-life insurance business without classification. More so, the provision is couched in mandatory terms by the use of the word 'shall'. It is not a fact in dispute that once an insurer commences business and continues with it over a period of time (as is the case with Asian Mutual) it inevitably accumulates assets and it does not have a paid-up share capital therefore, by extension, does not have admissible assets as well. If it complies with the provisions of section 32 regarding admissible assets, it must, invariably, and as a necessary consequence thereof, comply with the requirement of section 36, too. Therefore, the challenge· to rule 13 on the ground that it travels beyond the powers conferred or the Commission by section 167 of the Ordinance, 2000 is without any legal basis and unsustainable.

16. In view of the above, there is no merit in the instant constitutional petition as well as the Commercial Appeal, which are hereby dismissed.

KMZ/A-75/L

Petition dismissed.

2020 CLD 249

[Lahore]

Before Shahid Waheed and Masud Abid Naqvi, JJ

STATE LIFE INSURANCE CORPORATION OF PAKISTAN through Zonal Head / Attorney and another-Appellants

Versus

Mst. NASREEN BEGUM--Respondent

Insurance Appeal/R.F.A. No. 77885 of 2019, decided on 23rd December, 2019.

Insurance Ordinance (XXXIXof 2000)-

----Ss. 124 & 121---Limitation Act (IX of 1908), S. 5---Appeal to Insurance Tribunal–

Limitation--- Condonation of delay---Scope---Insurance Ordinance, 2000 was a special law and Insurance Tribunal had been constituted under S. 121 of the same---Provisions of S. 5 of the Limitation Act, 1908 had been specifically excluded from its application on matters being governed by special laws---Where a period of limitation was prescribed under specific provisions of a special or local law, then general principles of law limitation were not applicable and therefore, provisions of S. 5 of the Limitation Act, 1908 could not be invoked for seeking condonation of delay in filing of appeal under S. 124 of the Insurance Ordinance, 2000.

General Manager v. Mst. Sakina Bibi and others 2012 CLD 1112 and Jubilee General Insurance Co. Ltd. v. Ravi Steel Company 2016 SC MR 1979 rel.
Sh. Shahzad Ahmed for Appellants.
Liaqat Ali Butt for Respondent.

ORDER

Main Case C.M. No. 1 of 2019

Aggrieved by the judgment dated 09.10.2019 passed by the learned Insurance Tribunal, Faisalabad, whereby petition for recovery of policy proceeds along with liquidated damages was accepted and respondent/nominee was granted policy proceeds of Rs.1,95,120/- along with liquidated damages from the date when the policy became due, the appellants have filed this appeal along with an application under section 5, Limitation Act, 1908 and challenged the same.

2. We have heard the learned counsel for the appellants on the point of limitation and perused the record.

3. The appellants have filed the instant appeal before this Court on 21.12.2019, after two months and twelve days of the impugned judgment. The special law regulates the preferring of the instant appeal and prescribes a period of 30'days for the purpose as per section 124(2) of Insurance Ordinance 2000. Section 29 of the Limitation Act,1908 specifically gives protection to the period of limitation prescribed by any special or local law. The Insurance Ordinance (No.XXXIX) of .2000 is a special law legislated on the subject of insurance and regulates the enforcement of the insurance claim and the impugned judgment was passed by the Tribunal constituted under section 121 of the Insurance Ordinance (No.XXXIX) of 2000. Hence, the provisions of section 5 of the Limitation Act, 1908 have also been specifically excluded from its application to the matters being governed and regulated by any special or local law. While interpreting the provisions of section 115 of C.P.C. it has been laid down by the Hon'ble Superior Courts that where a period of limitation is prescribed under a specific provisions of special or local law then the general principles of law of Limitation Act are not applicable. It is also laid down by the honorable Courts of Pakistan that the provisions of section 5 of the Limitation Act, 1908 cannot be in such like cases invoked for seeking condonation of delay. Reference is made to the cases reported as General Manager v. Mst. Sakina Bibi and others (2012 CLD 1112 (Lahore) and Jubilee General Insurance. Co. Ltd v. Ravi Steel Company (2016 SCMR 1979).

4. In view of the foregoing discussion, the learned counsel for the appellants has failed to convince this Court that appellants are entitled for condonation of delay because the appellants filed a hopelessly time barred appeal before the Court. Hence, the appellants" application for condonation of delay is dismissed and resultantly the appeal is also dismissed as time barred.

Appeal dismissed


WORLD WIDE
PEPCO
PEPCO PAKISTAN
• Evaporative Cooling • Heating • Ventilation • Humidity Control
PC-5000 Top
PC-7500
Celdek® 5090-15
New
PCC-10-18X/S/C-1
New
PCC-18-30X/S/C-1
Euroemme® EC52
Euroemme® EM36
GPmp100 - GPmp130
ISO 9001-2008 Certified
Munters
PEPCO PAKISTAN
Head Office:
Sialkot By-Pass Road,
Near Beacon House School,
Gujranwala, Pakistan.
+92-55-3204402-4
info@pepcopakistan.com
www.pepcopakistan.com
Lahore Office:
J2-858, Johar Town,
Lahore, Pakistan.
+92-42-35454326

Since 1967

Beeta
FANS

BEETA HI TECH INDUSTRIES (PVT.) LTD.

G.T. Road, Gujranwala - Pakistan.
Tel : +92 55 4276106 - 4808100 E-mail : info@beeta.com.pk www.beeta.com.pk

RACHNA
AGRI BUSINESS

25 YEARS of Excellence in Seeds & Agri Business

Importer, Exporter and Wholesale supplier of Vegetable seeds, Wheat seeds, Paddy seeds and Field crops

ALL SEEDS

FERTILIZERS

CROP SCIENCES

Tel:+92 55 480 3051-7
Fax:+92 55 4803058
E-mail:
info@rachnaseed.com

ALL RIGHTS RESERVED © RACHNA AGRI BUSIINESS

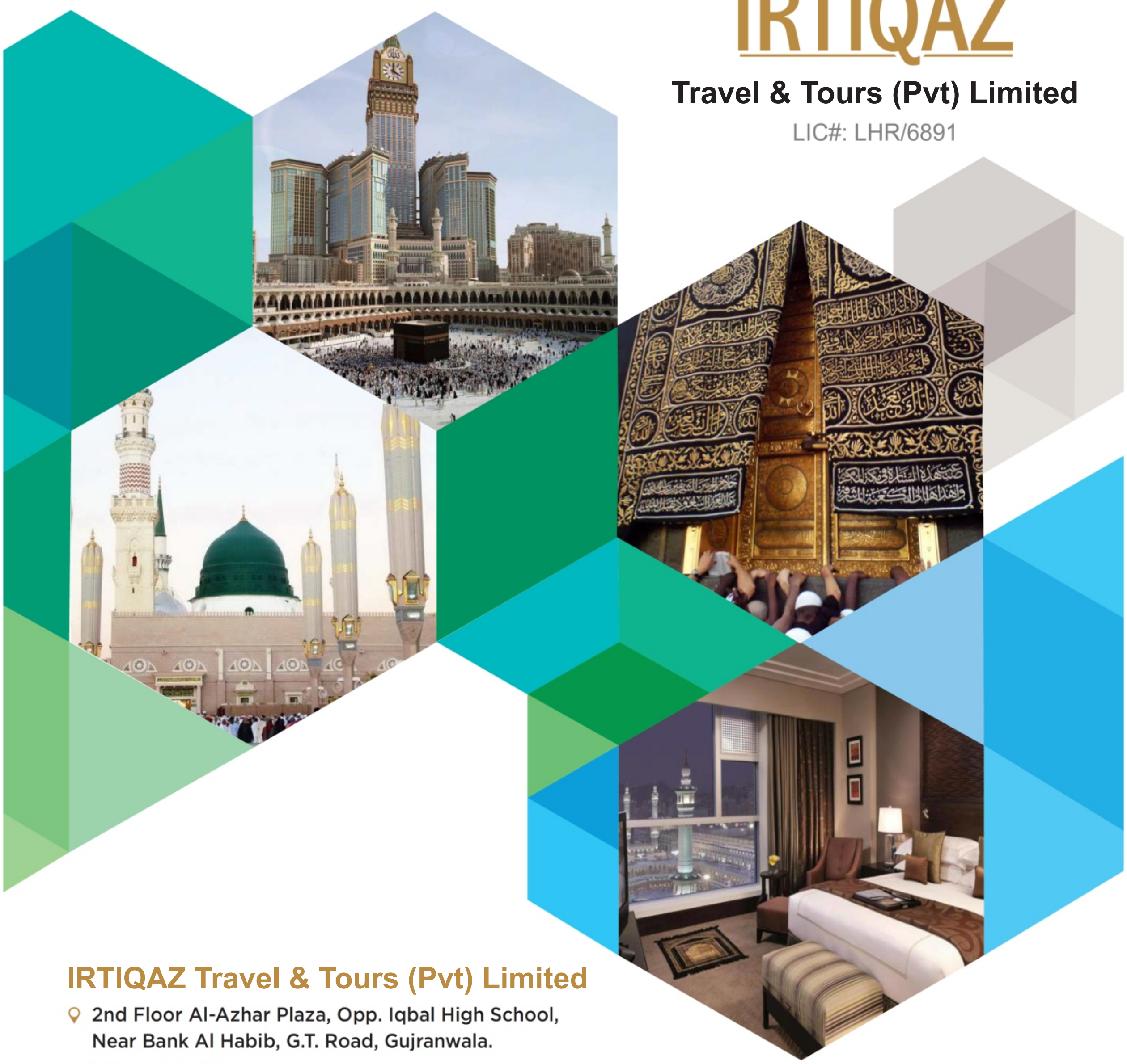
RACHNA COMPLEX, SKP ROAD, GUJRANWALA

We are specialist in UMRAH services

Exclusive UMRAH Packages:

- Five Star Package
- Four Star Package
- Three Star Package
- Economical Package

IRTIQAZ
Travel & Tours (Pvt) Limited
LIC#: LHR/6891



IRTIQAZ Travel & Tours (Pvt) Limited

2nd Floor Al-Azhar Plaza, Opp. Iqbal High School,
Near Bank Al Habib, G.T. Road, Gujranwala.

irtiqaztravel@gmail.com

0300 64 74 255, 0300 85 00 737

055 385 00 63-64

www.irtiqaztravel.com

Automobile Specialists

Auto Scan WORKSHOP

We Promptly & Efficiently attend the Vehicle of any

INSURANCE COMPANY

We use World Automobile **RECOMMENDED PAINT** (ICI England) with **SPRAY BOOTH**

Services Available:-

Mechanical, Denting, Painting (Oven Finishing System) Radiator, Wash Plant (Automatic), Electric, Upholstery, Spare parts, Mobil Oil & Service Station.

CHAUDHERY MUHAMMAD IQBAL
A.E.E. (A.E)
(Chief Executive)

Khiali Bye Pass, Gujranwala.
Tel: 055-4283677 Cell: 0300-9648353

90 Years of Legacy, Trust and Innovation

For nine decades, customers have been trusting us for the finest insurance protection and this trust is our most prized asset.

EFU GENERAL INSURANCE LTD
ISO 9001: 2015 Certified

Insurer Financial Strength

AA++	AA++	B
Outlook Stable	Outlook Stable	Outlook Stable
VIS	PACRA	A.M.BEST*

*For the latest rating, access www.ambest.com

efuinsurance.com | EFU General App | /efuinsurance | @efuinsurancepk | /efuinsurance | /efuinsurancepk | EFU General 8334