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سرمایہ کاری سمجھداری کے ساتھ

Insurance

Your Protection Against Risk

A Concise Guide

Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

Insurance

Your Protection Against Risk

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Introduction

This concise guide explains the basics of insurance, and factors to consider when purchasing insurance. We recommend that you use the services of an insurance broker duly licensed by SECP or any authorized agent of an insurance company. Please also visit SECP's investor education portal at www.Jamapunji.pk to learn more about insurance and investing in general.

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Contents

1. What is insurance?

Insurance is a risk transfer mechanism. It is a method of shifting the responsibility for losses to specialists called insurance companies who handle the risk by spreading it over a large number of people or firms. Insurance can help you cover the cost of unexpected events such as theft, illness or property damage. Insurance can also provide your loved ones with financial payment upon your death.

It is important to understand that the primary purpose of insurance is to protect you from unexpected financial loss due to unfortunate events mostly in the case of non-life insurance. If you purchase insurance for any of your assets, and that asset is lost due to an unfortunate event (which is covered under the insurance, and mentioned in the insurance policy document) then insurance company will pay you an amount equal to the value of the asset which has been lost.

However, in case of life insurance, you can purchase products which have a savings option in addition to the protection component i.e. the insurance company pays the predetermined amount to the policy beneficiary in case of death/ disability and if no unfortunate event happens, then at the time of policy maturity, you get the accumulated value of the premiums that you had been paying to the life insurance company during the tenure of the policy, along with the bonus/ profits in accordance with the product type and terms of the insurance policy.

2. Principles of insurance

The main motive of insurance is cooperation. Insurance is defined as the equitable transfer of risk of loss from one entity to another on the payment of a specified premium. The essential principles of insurance are as follows:

- **Utmost Good Faith:** Both parties should enter into the contract in good faith. Insured should provide all the information that impacts the subject matter, while the Insurer should provide all the details regarding the insurance contract.
- **Insurable Interest:** Insured must have insurable interest in the subject matter. For example, in case of life insurance, spouse and dependents have insurable interest in the life of the person insured. Insurable interest must be present both at the commencement of the policy and when any claims are made.
- **Indemnity:** For purposes of insurance contracts, this could be viewed as financial compensation sufficient to place the insured in the same financial position after a loss as he enjoyed immediately before it occurred. There is a link between indemnity and insurable interest as it is the insured's interest in the subject matter of insurance that is in fact insured. In the event of any claim the payment made to an insured cannot exceed the extent of his interest i.e. the insured cannot profit from the insurance contract. This principle doesn't apply to life insurance contracts.

- **Proximate Cause:** Nearest cause of the loss. Insurer pays the claim money only if the nearest cause is insured. Perils relevant to proximate cause are:
    a) **Insured Perils:** these are named in the policy as insured for example, fire, burglary etc.
    b) **Excluded Perils:** Perils such as, nuclear risk, war etc. are excluded by name.
- **Contribution:** In case the insured takes out more than one insurance policy for the same subject matter, he/she cannot profit by making claim for the same loss more than once.
- **Subrogation:** After the insured has been paid the claim money, the insurer steps into the shoes of the insured and becomes the owner of the subject matter. For example, insured takes out an insurance policy on a car which is totally damaged in an accident. After insured has been paid the insured value, the scrap belongs to the insurer.

3. How does insurance work?

Insurance companies work on the basis of pooling of risks. A number of individuals agree to pay certain sums of money called premiums to create a pool of money, which is then used to pay the losses of the few caused by events such as fire, accident, illness, or death. For example, a large group of people who wish to get life insurance will pay their premiums into a pool. Of course, not all will suffer from the loss at the same time. Accordingly, the insurance companies are able to operate profitably by investing the part of the collected premiums not required for claim settlement.

The details of insurance protection, such as exactly which events are covered and for how much, are defined in the insurance policy. The insurance policy is a contract between you and the insurance company. You pay a fee called a premium and in exchange the insurance company agrees to pay you a certain amount of money, if the event you are insuring against is covered, and happens during the term of the policy.

4. Why should I get insured?

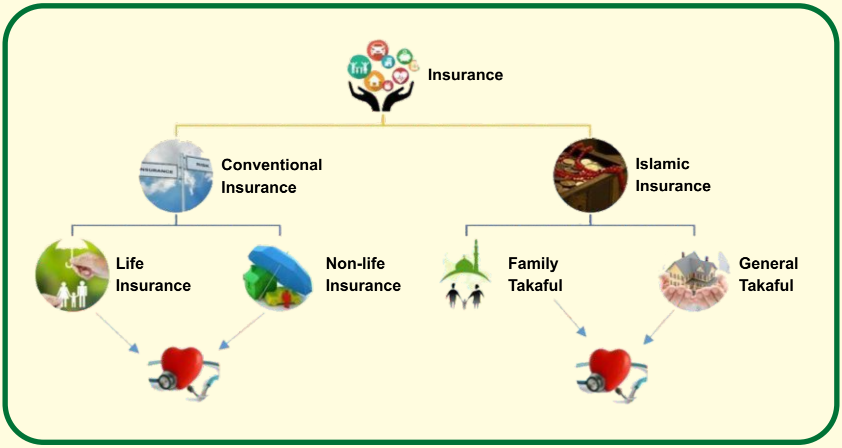
Insurance can protect you against financial loss if something unexpected happens. Accidents and disasters can and do happen, and if you are not adequately insured, it could leave you in financial ruin. When you buy insurance, you transfer the cost of a potential loss to the insurance company in exchange for a fee known as the premium. Insurance companies invest the funds securely, so they can grow, and are able to pay claims as they arise. The decision to get insurance will depend on your circumstances and your stage in life.

Examples of insurance protection include:

• **Automobile insurance:** This will pay for the cost of repairs to your vehicle if you have an accident or pay you the insured value, if your vehicle is stolen.
• **Life insurance**: This will pay your family on your death.
• **Property insurance:** This will pay for the cost to repair your property in case of fire or damage by causes as stated in the policy terms. Insurance can be obtained for both residential and commercial property.

5. Types of insurance

Insurance can be broadly categorized into conventional insurance and Takaful, also called Islamic insurance. Takaful is the Islamic alternative to insurance and is designed to be Shariah Compliant for protecting policyholders from risks in similar manner as conventional insurance. The insurance types and products mentioned in this guide book can be offered by both conventional insurance companies and Takaful operators as illustrated below.



Health insurance can be provided by both life and non-life insurance

Health cover can be provided by both family and general Takaful operators

There are various types of insurance policies offered by companies to protect from losses to your life, health, assets, and earning potential. Some of the most common types of insurance policies offered include:

6. Motor insurance

Automobile users such as individuals, companies, financial institutions, banks and leasing companies require insurance. Insurance is needed by vehicle owners to mitigate costs associated with an auto accident, theft or damage. Instead of paying out of pocket for auto accidents, you pay annual premiums to a non-life insurance company offering automobile insurance. The company then pays all or most of the costs associated with an auto accident or damage to the vehicle. Premium rates depend on several factors which may include:

- Make of car
- Model year of car
- Tracker installed
- Geographical location where car will be used
- Purpose of use of vehicle, private vs. commercial

You can reduce your premiums by agreeing to take on more risk by increasing the deductible amount. This means self-insuring increase in the deductible amount.

Tips for buying automobile insurance

Here are some important points to keep in mind.

- When purchasing a new or used car you must buy insurance cover. Please note that insurance cover of the previous owner becomes null and void on the sale of the vehicle.
- The insured value or sum insured depends on the market value of the vehicle. The maximum compensation you will receive is the market value of the vehicle.
- Over insurance occurs, if the sum insured is greater than the market value of the vehicle.
- Under- insurance occurs, if the sum insured is less than the market value. In this case, you are self-insuring the difference, and will only be partially compensated. For example, if you have insured your vehicle up to 70% of the market value, the insurance company will only pay 70% of the total repair cost.

Two basic types of auto insurance coverage

Third Party Liability: Third party coverage protects the policyholder against liabilities incurred to third parties in the event of an accident such as property damage, bodily injury or death. In Pakistan, purchase of third party insurance is mandatory for all vehicle owners.

Comprehensive: This is the widest form of coverage. You are protected against financial losses from accidental loss to vehicle, theft, and third party liability claims as a result of an accident.

7. Life insurance

Life insurance is a protection against financial loss from the premature death of an insured. The named beneficiary receives the proceeds, and is thus protected from the financial impact of the death of the insured. The death benefit is paid by a life insurer in consideration for premium payments made by the insured.

Life insurance can offer a combination of protection and saving components, and the proportion of these components in an insurance product may vary depending on the product type and consumer needs and preferences. For example, if a product has 5% protection component and 95% savings component, then 95% of the premium will be allocated to the savings account of the policyholder, and the remaining 5% will be considered risk/ protection premium. An insurance product may have variable proportions of protection and savings.

8. Broad categories of life insurance products

Conventional bundled policies with profit and without profit

The insurance products which have traditionally been offered generally combine financial protection and savings components. Insurance benefits, such as maturity value or surrender value, are largely determined at the time of policy issuance. These products are offered on participating (with-profits) and non-participating (without-profit) basis. The with-profits insurance products offer certain bonuses which are based upon the actual investment and operational performance of the company. Under these products, the policyholder does not have a right to direct investment allocation of premium.

Universal life insurance policies

Universal life insurance falls under the permanent life insurance category and includes both the protection and savings component. The protection component is the minimum amount of premium that is required to keep the policy in-force, while the interest on the saving component or the accumulated cash value of saving component can be used to pay the premium related to protection component, instead of paying it from external funds. The saving component earns a profit to which the policyholder is entitled. The cash value of the policy may be obtained anytime during the term of policy in the form of a loan against the policy or at maturity or death. Universal life insurance offers flexibility to the policyholders in respect of premium payments, death benefits and saving component of their policy.

Unit-linked insurance policies

The unit linked insurance plan is offered as a further refinement of the universal life insurance such that the investment component is unitized i.e. units of fund are purchased from the premium attributable to investment. These policies also offer the policyholder the protection and investment option through one product. The premium comprises of protection and investment components and the units of a suitable investment fund are purchased at the Net Asset Value (price per unit) with the premium amount attributable to the investment component. The return earned on the units of the fund is accumulated as the cash value of the policy. In unit-linked policies, the policyholder has the liberty to choose the fund to be purchased from the premium amount attributable to investment.

9. Types of life insurance products

The common types of life insurance may include the following:

Term life insurance

Term life insurance is a simple life insurance product that offers to pay benefits in case of death during the tenure of the policy. If death or the contingent event does not happen during the tenure of the policy, the policy expires and the policyholder is not entitled to receive anything. Term life is best suited for persons who do not want a saving or investment component and want a basic life insurance product.

Whole life insurance

Whole life insurance is the simplest form of cash value insurance that comprises a protection and investment component. The investment component builds accumulated cash value that the insured individual can borrow against or withdraw. Under whole life the policyholder's entire life is covered, and all death benefits are paid, and premiums recovered by the family upon the death of the policyholder, whenever that may be. Whole life insurance differs from universal life insurance with respect to premium payments. Under whole life insurance premiums are not flexible, and fixed payments are required to be made, whereas universal life insurance allows flexible premium payments.

Endowment

Endowment life insurance is a popular product designed to pay a lump sum on maturity or on death of the insured. Under these policies, the sum insured plus bonuses are payable at the end of the specified number of years or at death of the life insured, if earlier. The policyholder has the choice with respect to how much he wants to save, and when he wants the policy to mature.

Child Education and Marriage Plan

The child education and marriage plans are offered to meet the financial needs at the time of occurrence of such events along with the protection of life. The policy has preset tenure, and if death of the policyholder occurs during the policy tenure, the insurance company pays periodic payments (or annuity) in the form of premiums on behalf of the policyholder (i.e. plan continuation benefit), and often periodic family income (i.e. pension) to the family of the deceased (policy beneficiary). Additionally, the insurance policy also pays a lump sum at policy maturity for meeting the expenses of marriage or education.

Single premium plan

Under Single premium plan insurance one lump sum payment is made at the beginning of the policy term that entitles the policy beneficiary to a death benefit i.e. payment of predetermined amount on the death of the insured. The death benefit is the amount paid as premiums plus the returns earned, as a result of investing in the instruments of policyholder's choice.

10. Health insurance

Health insurance coverage pays for medical and surgical expenses incurred by the insured. The policy may reimburse the insured for expenses incurred from illness or injury, or pay the care provider directly. It is often included in employer benefit packages. The cost of health insurance premiums is deductible to the payer, and benefits received are tax-free.

Insurance coverage for personal accident and disability can also be obtained under health insurance. It covers the risk of loss of income due to inability to work because of temporary or permanent disability. Benefits are paid by the insurance company in case of temporary or permanent disability. The health, accident and disability insurance is provided by both life and non-life insurance companies.

It may be noted that while the cost of health insurance may be high, the potential cost of not getting insurance could be even higher. If an illness or injury warrants a hospital stay, the cost can be compared to that of a luxury hotel's charges, and in cases where surgery is performed, the cost can easily be beyond one's means. Depending on the terms of your policy, you can get reimbursement for medical expenses incurred.

11. Property insurance

Property insurance may be obtained by individuals for protection of their houses from damage due to fire, earthquake, or any other unforeseen event. The business entities may also obtain property insurance for their commercial properties, machinery and other assets etc.

Perils typically covered by property insurance may include:

- Fire and allied perils for building and contents
- Burglary cover for cash and valuables
- Terrorism

12. Business insurance

A business entity may obtain insurance to protect itself from losses due to events that may occur during the normal course of business. There are many types of insurance for businesses including coverage for property damage, legal liability, employees' life or health insurance, and employee-related risks. Companies evaluate their insurance needs based on potential risks, which can vary depending on the type of environment in which the company operates. It is especially important for small business owners to carefully consider and evaluate their business insurance needs. You should contact an insurance company to help you assess your business risk and recommend appropriate coverage for your business.

13. Takaful – Islamic insurance

Takaful is commonly referred to as Islamic insurance. Takaful means a scheme based on brotherhood, solidarity and mutual assistance which provides for mutual financial aid and assistance to the participants in case of need.

It is based on the cooperative principle which involves risk sharing between participants who pay contributions to a common fund and guarantee themselves against any unforeseen loss or damage as per the Takaful membership agreement. In Takaful, the policyholders are joint investors with the insurance vendor (the Takaful operator), who acts as a Mudarib, a manager or an entrepreneurial agent for the policyholders. The policyholders share in profits as well as losses. A positive return on policies is not legally guaranteed, as any fixed profit guarantee would be akin to receiving interest and offend the prohibition against Riba. Takaful companies may only invest in Shariah compliant instruments.

Islamic non-life insurance as well as Islamic life insurance products may be offered by Takaful companies. An important difference between Takaful and conventional insurance is that under conventional insurance the insurance company underwrites the risk and invests the proceeds for the profit of its shareholders, who are not necessarily policyholders. Income remaining after deduction of claims and expenses belongs to the insurance company shareholders.

14. Precautions for Insurance/Takaful (life and non-life) policyholders

Dos

- Check that insurance company is authorized to underwrite Life Insurance/ Family Takaful and Non-Life insurance/General Takaful contracts from list of Insurance/ Takaful companies from the SECP website at the following link: http:// www.secp.gov.pk

- Analyze why you are buying insurance, what are your needs and expectations, and read the policy brochure/prospectus carefully;
- Fill the proposal form yourself, completely and truthfully. Mention the nomination details carefully;
- Keep a copy of the completed proposal form you sign and any declarations and terms mutually agreed upon for your records;
- Pay premium/contribution by crossed cheque, demand draft or pay order in favor of Insurance/ Takaful company;
- Always ask for the company's official receipt for the payments;
- Understand the risks associated with the investment in life insurance/Takaful products ;
- Regularly obtain information about the cash value of the investment; and
- Must update the insurance company, if there is any change in contact details etc.;

Don'ts

- Do not leave any column blank in the proposal form;
- Do not let anyone else complete your proposal form;
- Do not conceal or misstate any facts, as this could lead to disputes at the time of a claim;
- Do not execute any policy documents without understanding the provisions of the policy documents, and reading the proposal and illustration documents;
- Do not make payment of premium/contribution in the personal account of an agent of an Insurance /Takaful company;
- Do not delay your premium/contribution payment; you must pay renewal premium/contribution on time to keep the policy active;
- Do not rely on receipts manually given on blank paper or visiting card; and
- Do not invest in life insurance\ Takaful product considering it as a mechanism to double the investment in short time period;

15. What to look out for when selecting an insurance company

The following factors must be considered when selecting an insurance company.

Rating: It is important to check the company's rating with the Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS Credit Rating Company Limited. These agencies carry out a thorough assessment of the financial health of financial institutions, including insurance companies, based on their profitability, investment portfolios, extent of leverage, and other relevant financial indicators.

Comparison of premiums: It is always advisable to compare the premium that the insurance company is proposing to charge with that of other insurers. You could check these by speaking to agents of different companies, which is the most reliable way of comparing prices.

16. Key intermediaries in the insurance market

You will come across the following main intermediaries in the insurance sector.

Insurance Brokers

Insurance Ordinance 2000 introduced the concept of brokers for the first time in Pakistan. For companies to work as brokers, they must have a valid license issued by SECP. Any company to be eligible to be licensed as insurance broker must meet the requirements with respect to paid up capital, statutory deposits, professional indemnity insurance, and other matters as per insurance rules framed by SECP.

Insurance brokers are the liaisons between the insurance company and the policyholder, and can only be a corporate entity. It may be noted that individuals cannot provide insurance brokerage services. List of licensed brokers is available on SECP website. Here is the link: https://www.secp.gov.pk/data-and-statistics/insurance-companies/

Insurance Surveyors

Insurance risk surveyors assess the financial loss incurred by a policyholder. They also investigate the cause of the loss, which is mentioned in the report, and verify if all terms and conditions have been met. These reports are used to determine whether insurance should be offered. Surveyors are required to visit the site of loss, investigate, and inspect the asset carefully to determine the extent of the loss. Insurance surveyors are licensed by SECP on an annual basis.

Insurance Agents

They act as a bridge between the insurers and insured and play a vital role in increasing the breadth and depth of the insurance market. As per the insurance ordinance, the insurance companies register their own agents and are responsible for their conduct. Securities and Exchange Commission of Pakistan has in place rules covering the parameters for the appointment of agents.

In order to obtain insurance, you may contact the insurance company through telephone, email or by visiting the branch. It is highly recommended that you ask all the questions, when the insurance agent/ sales person visits you to provide information about the insurance policy. You should clear any confusion that you may have about the insurance product. The agent/ sales persons may also approach you on their own.

Third Party Administrators for Health Insurance

Third party administrators (TPAs) are entities that facilitate insurance companies in the administration of insurance policies, for example for processing claims. They are generally used for administration of health insurance policies as health insurance involves activities such as medical verification, doctors' verification, or management of appropriate panel of hospitals etc. which being different from the core business activities of insurance companies can be outsourced. The TPAs are separate entities and only facilitate the insurance company in administration, in exchange for a management fee. The core underwriting risk remains with the insurance company.

Other Intermediaries

Insurance may also be offered through banks, technology based channels such as mobile phone SMS, voice call, branchless banking or through internet including emails and website advertisements. In all these cases, it is important to understand the subject insurance policy's benefits, and all related terms and conditions before agreeing to purchase the policy. Insurance may also be sold through other corporate entities which offer insurance products in addition to their core products and services.

The sale of insurance through banks is called Bancassurance. It is an arrangement under which a bank acts as an agent of the insurance company, so that the insurance company can sell its products to the bank's client base using the bank's network. When purchasing insurance products under this arrangement, the banks are required to provide you with the following:

i. Marketing brochure of the product, which must include a disclaimer stating that the bank is only working in the capacity of a distributor;
ii. Proposal form of the product;
iii. Illustration of the product (explaining the return mechanism in terms of investment, and premium schedule in terms of Bancassurance;
iv. Policy Document after the contract is entered covering information and procedures including the following aspects:

    (a) Free look period during which you may terminate the arrangement
    (b) Premature encashment procedure, and its repercussions.
    (c) Redress mechanism in case of any grievance.

17. Getting insured – how to go about it?

Before you get insured, the insurance company will carry out a need assessment to see which insurance policy is most suitable for you. Once you approach an agent or a company to obtain insurance, your risk will be evaluated, which means that the company will determine the likelihood of the occurrence of a loss and estimate the amount of the loss. These will be used to determine the level of premium you have to pay, and to see if you qualify for an insurance policy in the first place. This process may require an examination of your health records, driving history, credit history, etc. depending on the type of policy being sought.

Once you have qualified for insurance and your policy features – premiums, payment schedule, and terms of payment have been decided- a policy contract will be prepared under your name.

It is very important that you read and thoroughly understand all the terms and conditions of the policy contract, as well as the fine details of your policy before signing it. If there is anything you don't understand, get clarity from your insurance agent, or directly from the insurance company, and be thoroughly satisfied that you have understood all aspects of your policy. You should especially look out for what will be covered, under what circumstances, and the procedures for making claims.

18. Policyholder's duties and rights

Policyholder's duties

As a policyholder you have certain duties as under:

- Provide all required information truthfully;
- Do not misstate or make false declaration;
- Complete the proposal form and nominate the beneficiary;
- Meet all documentary requirements at the time of taking out insurance policy;
- Make claim in accordance with policy provisions and follow the claim process; and
- Complete all documentary requirements for making claim.

Policyholder's rights

As an insurance policyholder you have the right to:

- Choose the insurance product you want from the insurance company of your choice; Do not be influenced by aggressive sales tactics;
- Obtain quotes from multiple insurance companies before making final insurance purchase decision;
- Pay the insurance premium at any time until the grace period expires;
- Shift your investments between various funds in a unit-linked insurance policy;
- Add the riders to your insurance policy at any time, and get additional insurance coverage;
- Ask for any valid benefit stipulated in the insurance policy document;
- Ask the insurance company to act in accordance with the written terms and conditions of the insurance policy;
- Refuse to accept anything contrary to the insurance policy document provisions;
- Lodge complaint with the designated dispute resolution forum regarding maladministration of the insurance company or its representative or agent; and
- Surrender the cash value policy at any time and obtain underlying amount of the insurance policy.

19. Important documents to keep organized if you are insured

By organizing your financial and legal documents, you will be able to ensure a smooth claim settlement process when the need arises. Below is a list of all documents you must always keep organized so that they can be produced in case of an accidental loss.

1.	Policy document	4. Title documents for any property or asset
2.	Investment portfolio	5. Tax returns
3.	Bank statements	6. Any loan documents

A few, if not all, of these may be required, depending on the type of damage and the type of insurance policy purchased.

20. Making an insurance claim

How to Make a Claim?

An insurance claim is a notification to an insurance company requesting payment of an amount due under the terms of the policy. This is the right of the policy holder. In case of death of the policy holder the claim can be filed by the nominee as agreed upon at the time of issuance of the policy. There are certain guidelines outlined by the company that have to be met when filing a claim.

- The policyholder should obtain the contact details of the claims department of the insurance company at the time of buying the insurance policy;
- The policyholder should educate the beneficiary of the policy about the benefits to which he is entitled on the occurrence of death or other insured event;
- In case of non-death claim, the policyholder has to contact the claims department of the insurance company as soon as the loss is incurred. In the event of death of the insured, the nominee of the policy has to make the claim;
- If certain time limit for making claims is specified in the insurance policy terms and conditions, the policyholder is bound to make claim within that specified time limit. Nevertheless, it is in the best interest of the policyholder to file the claim with the insurance company as soon as possible;
- Policyholder ought to make claim in writing if policy terms explicitly require so;
- The insurance company will require certain documents related to claim processing as mentioned in the policy document. It is the responsibility of the policyholder to provide all documents as required and mentioned in the insurance policy document;
- The insurance company will decide on the claim and inform the policyholder or his/her nominee before the claim payment will be made. It is important to note that only the nominee or beneficiary is entitled to receive the insurance claim amount; and

- If dissatisfied with the insurance company's decision, the policyholder has the right to follow the complaint lodging procedure.

21. Documents required for death claim

The following documents are required to be submitted for claiming death benefit:

- Insurance company's standard claim form duly filled;
- Death certificates as may be issued by the National Database Registration Authority (NADRA), or the Union Council, or the Hospital;
- Original insurance policy documents;
- Copies of the Computerized National Identity Card (CNIC) for nominee/ beneficiary and the deceased;
- Police report and postmortem report, in case the death occurred due to accident;
- Hospital and medical records, if applicable; and
- Any other document as may be prescribed.

22. Documents required for a disability claim

The following documents are required to be submitted for claiming disability insurance:

- Claim forms;
- Hospital /medical records, X-rays and other treatment records, wherever applicable;
- Disability certificate from an authorized doctor or as stated in the insurance policy document;
- Police report and medico-legal officer (MLO) report, wherever applicable; and
- Any other document as may be prescribed under the insurance policy;

It may be noted that requirements for documents may vary between insurance companies.

23. Policyholder complaints

If someone purchases an insurance policy, and at the time of purchase there was misrepresentation with respect to the returns promised under the policy, the fees to be deducted from the premium, or on the occurrence of the claim, the insurance company says that it is not liable to pay for the losses for reasons such as:

- The peril was not covered;
- The policy had exclusions;
- They have a limit to pay, etc.; or
- It is taking longer than usual to process the claim.

Then, the policyholder has certain readily available recourse mechanisms. Some of the steps are mentioned below:

1. The policyholder can write to the insurance company regarding his/her grievance while stating their intention to file a complaint with the office of the insurance ombudsman;

2. If the insurance company does not give satisfactory reply within one month, the policyholder can file an application with the office of the Insurance Ombudsman within three months. The Federal Insurance Ombudsman is an autonomous national dispute resolution body which is expected to independently and impartially resolve insurance disputes between insurance policyholders and participating companies, without charging any fees;

3. A complaint is required to be made on solemn affirmation or oath in writing addressed to the Federal Insurance Ombudsman. The complaint must set out the full particulars of the complaint matter and the name and address of the complainant. Complaint can also be made online by visiting their website at www.fio.gov.pk/

Federal Insurance Ombudsman contact address:

Federal Insurance Ombudsman's Secretariat
2nd Floor, Pakistan Red Crescent Society Annex Building
Plot # 197/5, Dr. Daud Pota Road
Karachi, PAKISTAN
Tel: +92 21 992 077 61 (62 and 63)
Fax: +92 21 992 077 63
Email: info@fio.gov.pk
Website: www.fio.gov.pk

For guidance on matters regarding insurance, you can also write to the Insurance Division of the **Securities and Exchange Commission of Pakistan at the following address.**

Securities and Exchange Commission of Pakistan
Insurance Division
63-Jinnah Avenue, Blue Area
Islamabad, PAKISTAN
Website: www.secp.gov.pk

Additional Complaint Resolution Forums

Under the Insurance Ordinance, 2000 there are two additional complaint resolution forums:

Insurance Tribunals

This is a body, constituted under the Insurance Ordinance by the federal government, with the authority to judge, adjudicate on, or determine claims or disputes. In essence, it is a specialized court formed for the disposal of cases pertaining to the Insurance business.

The federal government has conferred powers in each province on the District and Session Courts to exercise territorial jurisdiction as under:

Name of Sessions Court	Territorial Limit
District & Session Judge Lahore	Whole Province of Punjab
District & Session Judge Karachi	Whole Province of Sindh
District & Session Judge Peshawar	Whole Province of Khyber Pakhtunkhwa
District & Session Judge Quetta	Whole Province of Baluchistan

Small Dispute Resolution Committees (SDRC)

The SECP has constituted three small dispute resolution committees in the cities of Karachi, Lahore and Islamabad for resolution of disputes arising between the insurers and the policyholders. Each Committee can resolve disputes up to the following limits:

Nature of the Underlying Insurance Policy	Maximum Sum Insured Rupees
Individual life contract	2.5 Million Only
Domestic insurance policy	5 Million Only
Private motor insurance policy	2.5 Million Only

The jurisdictions of the committees are as follows:

SDRC Committee	Jurisdiction
SDRC – Karachi	Sindh & Baluchistan
SDRC – Lahore	Eastern Side of Punjab (All districts of Punjab except Bhakkar, Khushab, Mianwali, Jhelum, Chakwal, Rawalpindi and Attock)
SDRC – Islamabad	Islamabad Capital Territory, province of Khyber Pakhtunkhwa, (including Gilgit Baltistan / Federally Administered Tribal Areas), Azad Jammu & Kashmir, and the western side of the province of Punjab i.e. Bhakkar, Khushab, Mianwali, Jhelum, Chakwal, Rawalpindi and Attock districts

The process for filing complaints is as follows:

The policyholder needs to submit the complaint at the SECP's office through this link which also contains guidance on manner and procedure of complaint lodgment https://www.secp.gov.pk/for-investors/complaints/

24. Securities and Exchange Commission of Pakistan as the regulator of the insurance sector

The SECP has been regulating the insurance industry, since January 2001. The SECP regulates and monitors the insurance sector in the country through powers vested in the SECP Act 1997, Insurance Ordinance, 2000, and Companies Ordinance, 1984.

Complaints and grievances

The SECP plays a facilitating role by taking up complaints with the respective insurers. Following points should be taken into account before lodging a complaint with SECP:

- Policyholders who have complaints against insurers are required to first approach the grievance/ claims/ complaints cell of the concerned insurer;
- If they do not receive a response from insurer within a reasonable period of time or are dissatisfied with the response of the company, they may then approach the SECP for the resolution;
- Only cases of delay/non response regarding matters relating to policies and claims are taken up by SECP for speedy disposal;
- Only complaints from the insurance policyholders themselves are entertained;
- The SECP does not entertain complaints written on behalf of policyholders by advocates or agents or any third parties';
- Where complaints are being sent through email, complainants are requested to submit complete details of the complaint with history of correspondences with the insurer and their outcome, without which the SECP will not be in a position to take up the complaint with the insurer;
- Where claims/policy contracts in dispute require arbitration, which doesn't fall under SECP's role as a regulator, insurance policyholders are advised to approach the available judicial channels i.e. the Insurance Ombudsman, Insurance Tribunals and/or Small Dispute Resolution Committees.

The complaints need to be forwarded to the address given below:

The Executive Director, Insurance Division,
Securities & Exchange Commission of Pakistan
63 Jinnah Avenue, NIC Building,
Islamabad.
Or alternatively, they may be emailed to complaints@secp.gov.pk

25. Registered insurance companies in Pakistan:

The following is a list of insurance companies registered in Pakistan as of December 31, 2016.

Non-life Insurance Company

1	Chubb insurance Limited (formerly “ACE Insurance Limited)
2	Adamjee Insurance Company Limited***
3	Alfalah Insurance Company Limited***
4	Allianz EFU Health Insurance Limited
5	Alpha Insurance Company Limited
6	Asia Insurance Company Limited***
7	Askari General Insurance***
8	Atlas Insurance Limited***
9	Capital Insurance Company Limited
10	Century Insurance Company Ltd
11	Continental Insurance Company ltd
12	EFU General Insurance ltd***
13	Excel Insurance Company Limited
14	Habib Insurance Company Limited
15	Jubilee General Insurance Company Limited***
16	National Insurance Company Limited
17	Pak-Kuwait Takaful Company
18	Pak Qatar General Takaful Limited
19	PICIC Insurance Limited
20	Premier Insurance Limited***
21	Sahara Insurance Company Limited
22	SPI Insurance Company Limited***
23	Security General Insurance Company Limited
24	Shaheen Insurance Company Limited
25	Silver star Insurance Company Limited
26	Sindh Insurance Limited***
27	Takaful Pakistan Limited
28	The Asian Mutual Insurance Company (Guarantee) Limited*
29	The Co-operative Insurance Society of Pakistan*
30	The Credit Insurance Company Limited*
31	Crescent Star Insurance Limited
32	The Pakistan General Insurance Company Limited
33	The Pakistan Mutual Insurance Company (Guarantee) Limited*
34	The United Insurance Company of Pakistan Limited***
35	The Universal Insurance Company Limited

36	TPL Direct Insurance Limited***
37	UBL Insurers Limited***
38	East West Insurance Company Limited
39	IGI Insurance Limited
40	New Hampshire Insurance Limited
41	Reliance Insurance Company Limited***

Reinsurance Companies

1	Pakistan Reinsurance Company Limited

Life Insurance Companies

1	Adamjee Life Assurance Company Limited***
2	IGI Life Insurance Limited***
3	TPL Life Insurance Limited (Formerly Asia Care Health & Life Insurance. Company Limited)
4	Dawood Family Takaful
5	East West Life Assurance Limited
6	Jubilee Life Insurance Company Ltd***
7	Pak Qatar Family Takaful
8	State Life Insurance Corporation***
9	EFU Life Assurance Limited***

** Stay Order from the Competent Court has been obtained by the insurer against the Directive issued by the Commission under Section 63(1) of the Insurance Ordinance 2000, prohibiting the insurer to enter into any new insurance contract.*

*** The proceedings seeking sanction under Section 309 (b) of the Companies Ordinance, 1984 for winding up of the Company are underway.*

**** Authorized by the Commission to undertake window Tatakaful operations under the Takaful Rules, 2012.*
Please confirm current registration status of insurance company by visiting SECP website. Here is the link : https://www.secp.gov.pk/data-and-statistics/insurance-companies/

SECP

Jama Punji is an Investor Education Initiative of
Securities and Exchange Commission of Pakistan

NIC Building, 63 Jinnah Avenue,
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