

GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

NOTIFICATION

Islamabad, the 18th August, 2015

S.R.O. 829(I)/2015-. In exercise of the powers conferred by section 117 and sub-section (2) of section 167 of the Insurance Ordinance, 2000 (XXXIX of 2000), read with S.R.O. 708(I)/2009, dated 27th July 2009, and in supersession of S.R.O. 417(I)/2005 dated 11th May 2005 and Notification No. 2(19)/97-Ins.II dated 16th December 2006, the Securities and Exchange Commission of Pakistan, with the approval of the Securities and Exchange Policy Board, is pleased to make the following Rules, the same having been previously published in the official Gazette for eliciting public opinion vide S.R.O. 545(I)/2015 dated 3rd June 2015, namely:-

CHAPTER 1

SHORT TITLE, COMMENCEMENT & DEFINITIONS

1. **Short Title and Commencement.**— (1) These Rules shall be called the “Small Dispute Resolution Committees (Constitution and Procedure) Rules, 2015.

(2) These Rules shall come into force at once.

2. **Definitions.**— (1) In these Rules, unless there is anything repugnant in the subject or context,-

a) “Act” means the Securities and Exchange Commission of Pakistan Act, 1997 (Act No. XLII of 1997);

b) “Commission” means the Securities and Exchange Commission of Pakistan constituted under section 3 of the Securities and Exchange Commission of Pakistan Act, 1997;

- c) "Committee" means the Small Dispute Resolution Committee constituted under the provisions of these Rules;
- d) "member" means a natural person appointed by the Commission to act as member of the Small Dispute Resolution Committee to take part in the dispute resolution process;
- e) "Ordinance" means the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000);

(2) In these Rules, the word "insurance" may be used interchangeably with the word "takaful" and "insurer" with "takaful operator".

(3) The words and expressions used but not defined shall have the same meaning as assigned to them in the Ordinance.

CHAPTER 2

CONSTITUTION AND COMPOSITION OF SMALL DISPUTE RESOLUTION COMMITTEES

3. **Constitution of the Committees.**— (1) The Committees shall be constituted at the following places:

- (a) Islamabad;
- (b) Karachi;
- (c) Lahore; and
- (d) Such other places as may be specified by the Commission through notification in the official gazette.

(2) Each Committee shall establish its own secretariat to be situated in the city or place at which it is constituted in pursuance of sub-rule (1), and the amount prescribed by the Commission shall be paid to the Committee to meet its expenses.

4. **Composition of the Committee.**— (1) Each Committee shall comprise of the following individuals to act as member of the Committee:

- (a) an advocate as defined under clause (a) of section 2 of the Legal Practitioners and Bar Councils Act, 1973 (Act No. XXXV of 1973);

- (b) a chartered accountant as defined under clause (b) of section 2 of the Chartered Accountants Ordinance, 1961 (Ordinance No. X of 1961) or a cost and management accountant as defined under clause (aa) of sub-section (1) of section 2 of the Cost and Management Accountants Act, 1966 (Act No. XIV of 1966); and
- (c) an individual from the insurance industry to be appointed in consultation with the Insurance Association of Pakistan (IAP).

Provided that on the basis of any special reason, the Commission may reduce or increase the number of members for a Committee as may be specified through a notification in the official gazette.

(2) Each member, appointed under sub-rule (1), shall act as a member of the Committee for a period of three years from the date of his appointment.

(3) If, for any reason, a member intends to resign from the Committee, he shall inform the Chairperson, in writing, about his intention at least twenty-one days before the date on which he intends to cease to hold the membership.

(4) The Chairperson shall, within two days of the receipt of the information under sub-rule (3), inform the Commission, in writing, about the member's intention.

(5) Upon receipt of the information under sub-rule (4), the Commission shall appoint another person to act as member of the Committee to fill up the casual vacancy in accordance with the provisions of this rule:

Provided that such member shall act as member for the remainder of the term of the term of the member in whose place he is appointed.

(6) The Commission may at any time remove any member of the Committee.

(7) Any decision taken by the Commission under this rule shall be final, and no liability shall lie on the Commission for any act done or decision taken under the provisions of this rule.

5. Chairperson of the Committee:- The Commission will nominate one of the members in case of each Committee to act as the Chairperson of that Committee.

CHAPTER 3

JURISDICTION OF THE COMMITTEE AND ADMISSION OF DISPUTES

6. **Committee to arbitrate certain disputes.**— The Committee shall have the authority to arbitrate disputes having pecuniary limits given in the following table:

Nature of the Underlying Insurance Policy	Maximum Sum Insured
Individual life insurance policy	Rupees one million only
Domestic insurance policy	Rupees two million only
Private motor insurance policy	Rupees one million only

7. **Reporting of the disputes to the Committee.**— A policyholder having a dispute with an insurer shall make an application to the Committee, at the respective secretariat, in the Form annexed with these rules, for registration and resolution of the dispute and the Committee shall register the same subject to the compliance with requirement of rule 6.

CHAPTER 4

DISPUTE RESOLUTION PROCESS

8. **Quorum of the Committee:**— All members of a Committee shall be required to participate in the dispute resolution process.

Provided that for any special reason, the Chairperson of the Committee may grant leave of absence to any member on the basis of his written submission stating the reasons for his non-availability.

Provided further that the minimum quorum for the dispute resolution process shall be the Chairperson and a member of the Committee.

9. **Power of the Committee to call for written submissions from the parties.**— (1) The Committee shall have the power to call for written submissions from the parties to the dispute.

(2) Any request for calling the written submissions from the parties shall be made through a notice, in writing.

Provided that any notice issued to call for written submissions from the parties to the dispute shall allow a timeframe of not less than fourteen days from the date of its dispatch to the parties for submission of their written statements.

(3) The parties shall be bound to provide their written submissions, if any, to the Committee within the timeframe provided in the notice, unless there is any reasonable ground hampering the compliance of the notice.

10. Power of the Committee to obtain opinion from the experts and professionals.— (1) The Committee may, if deemed appropriate, may call for opinion from the experts and professionals in order to resolve any dispute.

(2) Any request for calling the opinion from the experts and professionals shall be made in writing.

11. Power of the Committee to call the parties for hearing.— (1) The Committee shall have the power to call the parties to the dispute for hearing, who shall be bound to appear in person (or through their authorized representatives) before the Committee.

(2) The Committee shall cause a hearing notice in the name of the parties to the dispute.

12. Committee to prefer amicable resolution of the disputes through negotiation, mediation, conciliation and arbitration.— The Committee shall, at all times, prefer amicable resolution of the disputes through negotiation, mediation and conciliation.

13. Committee to resolve dispute within certain timeframe.— (1) The Committee shall resolve a particular dispute within a period of forty-five days.

(2) If in a particular dispute, opinions from experts and professionals is obtained or intended to be obtained, in exercise of the powers given under these rules to the Committee, the timeframe given under sub-rule (1), shall be extended for such additional period as may be required by the Committee to obtain such opinions.

14. Decision of the Committee.— (1) Subject to rule 12 and rule 13, the Committee shall communicate its decision, in writing, to each party to the dispute, resolved by the Committee.

(2) The Committee shall also submit a copy of its decision with the Commission, on the same day on which such decision is communicated by the Committee to the respective parties.

(3) Each decision of the Committee should be speaking and complete in all respects i.e. the decision should contain all relevant grounds, arguments, facts and findings of a particular case along with the rationale for the decision so taken.

Bushra
18/8/15

(Bushra Aslam)
Secretary to the Commission

FORM FOR REGISTRATION OF DISPUTE

[See Rule 6]

BEFORE THE SMALL DISPUTE RESOLUTION COMMITTEE

AT _____, PAKISTAN

On the _____ day of the month of _____, _____

Complaint Form

Complainant's Information:

- 1 Name of the Complainant: * _____
- 2 CNIC Number/Passport Number: * _____
- 3 Mailing Address: * _____
- 4 Telephone (Residence & Mobile): * _____
- 5 E mail ID: _____

Against Whom you want to complain:

- 6 Name of the Insurer : * _____
- 7 Address: _____
- 8 Date when the cause of complaint against the insurer first arose: * _____
- 9 Have you Lodged a complaint before any other forum/authority: Yes No
- If Yes:
 - Title of that Forum/authority: _____
 - Date when reported: _____
 - Details of the action / decision taken by that / those Forum(s): _____

If the Complaint is not lodged within 30 days of <mention date> _____, please provide reasons

- 10 State your complaint below specifying the events happened along with their dates:

- 11 Amount of sum insured Rs. _____ /-

- 12 Do you have any documents in support of your complaint Yes No

If Yes, then ensure following documents are attached with this form:

Copy of CNIC / Passport:
Insurance Policy Documents:
Others (Please specify):

- 13 I Mr/Miss/Mrs/M/s. _____ do hereby state that whatever stated above is true to best of my knowledge and nothing has been concealed.

Signature: _____

Date: _____