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THE PAKISTAN INSURANCE CORPORATION ACT, 1952.

TAKE NO. XXXVIII OF 1952

[8th May, 1952]

An Act to establish a Pakistan Insurance Corporation.

WHEREAS it is expedient to establish a Pakistan Insurance Corporation for the purpose of development of 2[Insurance and re-insurance business] in Pakistan ; It is hereby enacted as follows:—

1. Short title extent and commencement. —(1) This Act may be called the Pakistan Insurance Corporation Act, 1952.

31(2) It extends to the whole of Pakistan.]

(3) It shall come into force on such date as the > [Federal Government] may, by notification in the official Gazette, appoint.

2. Definitions. In this Act, unless there is anything repugnant in the subject or context,—

6[(a) "Auditor-General" means the *[Auditor-General of Pakistan] ;

(aa) "Board" means the Board of Directors of the Corporation ;]

For Statement of Objects and Reasons, see Gaz. of P, Ext., 1952, p. 521.

The Act has been applied to Baluchistan (with effect on and from the 12th day of January, 1953), see Gaz. by the Leased Areas (Laws) Order, 1950 (G.G.O. 3 of 1950).

It has been applied also in the Federated Areas of Baluchistan, see Gaz. of P, 1953, Pt. 1, p. 152.

It has been extended to the Khairpur State by the Khairpur (Federal Laws) (Extension) Order, 1953 (G.G.O. 10 of 1953).

2 Subs. by the Insurance Corporation (Amdt.) Act, 1967 (13 of 1967), s. 2, for "insurance business".

3 Subs. by the Central Laws (Statute Reform) Ordinance, 1960 (21 of 1960), s. 3. and 2nd 4 Sch., for the original clause. The 12th January, 1953, see Gaz. of P, Ext., 1953, p. 35.

5 Subs. by the Pakistan Insurance Corporation (Amdt.) Act, 1975 (47 of 1975), s. 2.

5 Subs. by the Pakistan Insurance Corporation (Amdt.) Act, 1957 (41 of 1957), s. 2, for the original clause.

'I(aaa) 'Chairman' means the chairman appointed under section 9 ; |
(b) "Corporation" means the Pakistan Insurance Corporation established by this Act;

(c) "Insurance Company" means a company as defined in clause (8) of section 2 of the Insurance Act, 1938 (VI of 1938), in which persons holding the majority of the shares and all the Directors 2[are or are deemed to be citizens of Pakistan under the law for the time being in force];

(d) "Insurer" means an insurer as defined in clause (9) of section 2 of the Insurance Act, 1938 CIV of 1938);

(e) "prescribed" means prescribed by rules or regulations made under this Act;

3 [(f) "Schedule Bank" has the same meaning as in the State Bank of Pakistan Act, 1956 (XXXII of 1956);

(g) "Scheme" means any Export Credits Guarantee Scheme prepared by the 'Federal Government] the principal object of which is to give credit guarantees for the purpose of any business connected with the export of goods from the Pakistan or of any manufacture, treatment or distribution of goods, or rendering of services or other matter conducive to the export trade of Pakistan ;

Ins. by the Pakistan Insurance Corporation (Amdt.) Act, 1975 (76 of 1975), s. 2.

2 Subs. by the Pakistan Insurance Corporation (Amdt.) Act, 1952 (63 of 1952), . 2, for "have their domicile

3 Subs. by the Pakistan Insurance Corporation (Amdt,) Ordinance, 1962 (14 of 1962), s. 2, for the original

4 Subs. by the Pakistan Insurance Corporation (Amdt.) Act, 1975 (47 of 1975), s. 2, for "Central Governm

(gg) "State Bank" means the State Bank of Pakistan ;]

(h) "underwriting" means contracting, with or without conditions, to subscribe for stock, shares, bonds or debentures of an insurance company with a view to the resale of the whole or any part thereof.

3. Establishment and incorporation of the Corporation.—(1) A Corporation to be called the Pakistan Insurance Corporation shall be established for the purposes of this Act.

(2) The Corporation shall be a body corporate by the name of the Pakistan Insurance Corporation, having perpetual succession and a common seal, with power, subject to the provisions of this Act, to acquire and hold property both movable and immovable, and shall by the said name sue and be sued.

4. Share capital and shareholder.—![(1) The authorised capital of the Corporation shall be one crore of rupees divided into one hundred thousand fully paid-up shares of one hundred rupees each, of which twenty thousand shares shall be issued in the first instance, and the remaining shares may be

issued from time to time by the Corporation with the previous sanction of the 2[Federal Government]

Provided that with the previous approval of the 7[Federal Government] the capital may from time to time be increased by the Corporation.]

1 Subs. and shall be deemed to have always been subs. by the Pakistan Insurance Corporation (Amtd.) A
2 Subs. by the Pakistan Insurance Corporation (Amtd.) Act, 1975 (47 of 1975), s. 2, for "Central Governm

(2) As soon as may be after the commencement of this Act, the '[Federal Government] shall subscribe for 10,200 shares and 9,800 shares shall be reserved for public subscription :

Provided that whenever the total share capital of the Corporation is increased, the ratio between the subscriptions of the '[Federal Government] and the public subscriptions shall in regard to the increase be the same as aforesaid.

(3) Nothing in this Act shall prevent a Provincial Government, the Government of an Acceding State, the State Bank, a scheduled bank or a co-operative bank or an insurance company from subscribing to the share capital reserved for public subscription.

(4) If any portion of the share capital issued from time to time and reserved for public subscription remains unsubscribed for a period of six months from the date of issue, that portion shall

be subscribed for by the 'Federal Government].

(5) Nothing in sub-section (4) shall prevent the '[Federal Government] from transferring any shares subscribed by it under that sub-section.

(6) No person shall be qualified to be registered as a shareholder of the Corporation——

(i) unless he is or is deemed to be a citizen of Pakistan under the law for the time being in force; or

(ii) in the case of a company (including a banking company and an insurance company), corporation, or a society, unless it is registered in Pakistan under the Companies Act, 1913 (VU of 1913), or the Co-operative Societies Act, 1912 (II of 1912), or under the provisions of any other law for the time being in force, and the persons holding the majority of the shares and the Directors ?lare or are deemed to be citizens of Pakistan under the law for the time being in force.]

1 Subs. by the Pakistan Insurance Corporation (Amdt,) Act, 1975 (47 of 1975), s. 2, for "Central Government".
2 Subs. by the Pakistan Insurance Corporation (Amdt.) Act, 1952 (63 of 1952), s. 3, for "have their domiciles in Pakistan".

4A. Registers of share holders. — [(1) The Corporation shall maintain two separate registers of shareholders as follows:—

(a) one at Lahore to be called the Lahore Register for the area comprising the Punjab, the North-West Frontier province and the Federal Capital ; and

(b) the other at Karachi to be called the Karachi Register for the area comprising Baluchistan and Sind and places not falling within the area referred to in clause (a).].

(2) A shareholder shall be registered as such in the register for the area in which he is ordinarily resident or has his principal place of business in Pakistan but no person shall be registered as a shareholder in more than one register.

(3) A shareholder may, by an application in writing to the Corporation, have his name transferred from one register to another.

5. Guarantee by 3[Federal Government.] The shares of the Corporation shall be guaranteed by the 31Federal Government] as to the repayment of the principal Axe * *

5[5A. Shares to be approved securities. Notwithstanding anything contained in the Acts hereinafter mentioned in this section, the shares of the Corporation shall be deemed to be included among the securities enumerated in section 20 of the Trusts Act, 1882 (ILof 1882), and to be approved securities and approved investments for the purposes of the Insurance Act, 1938 (IV of 1938).]

6[5B. Separate Capital. Notwithstanding anything contained in section 4, the Corporation may, for the business of a scheme, have separate capital raised by loan or grant from, or in such other manner as may be approved by, the >[Federal Government].]

1 Ins. by the Pakistan Insurance Corporation (Amdt.) Act, 1967 (13 of 1967), s. 3.

2Subs. by the Pakistan Insurance Corporation (Amdt.) Act, 1975, (47 of 1975), s. 4.

3 Subs. ibid. for “Central Government”.

4 Certain words and figures omitted by the Pakistan Insurance Corporation (Amdt,) Act., 1952 (63 of 1952).
5 Section 5A ins. by the Pakistan Insurance Corporation (Amdt.) Act, 1953 (38 of 1953), s. 3.

§ New Section 5 B ins. by the Pakistan Insurance Corporation (Amdt.) Ordinance, 1962 (14 of 1962), s. 3.

6. Management.—(1) The general direction and administration of the affairs and business of the Corporation shall be entrusted to a Board of Directors which, with the assistance of an Executive Committee and the Chairman], may exercise all powers and do all acts and things which may be exercised or done by the Corporation, subject to 2[the rules and regulations made] under this Act for the operation of the Corporation.

(2) the Board in discharging its functions shall act on commercial considerations but with due regard to the interest of insurance, industry, commerce and the public interest generally.

(3) In the discharge of its functions the Board shall be guided on questions of policy by such instructions as may be given to it by the >[Federal Government], which shall be the sole judge, whether a question is a question of policy.

(4) If the Board fails to carry out any direction as aforesaid, the 3[Federal Government] may remove the Directors, including the Chairman, and notwithstanding anything contained in section 10 may appoint persons in their place to be Directors temporarily until a fresh Board is constituted in accordance with the provisions of section 10.

7. Powers of the Executive Committee.—(1) Subject to such general or special directions as may from time to time be given by the Board, the Executive Committee shall be competent to deal with any matter within the competence of the Board.

(2) The minutes of every meeting of the Executive Committee shall be laid before the Board at its next following meeting.

1 Subs, by the Pakistan Insurance Corporation (Amdt,) Act, 1975 (76 of 1975), s. 3, for Managing Directors.

? Subs. by the Pakistan Insurance Corporation (Amdt,) Act, 1967 (13 of 1967), s. 4.

3 Subs. by the Pakistan Insurance Corporation (Amdt,) Act, 1975 (47 of 1973), s. 2 for “Central Government”.

8. Advisory Committee. The Corporation may appoint ![such Advisory Committee as it thinks fit] to assist the Corporation in the efficient discharge of its functions.

219. 4{Chairman]. —(1)] 3 [The Chairman] shall be appointed by the 5 [Federal Government] for such period and on such salary and terms and conditions as the 5[Federal Government] may determine, and shall —

(a) be a whole-time officer of the Corporation land its chief executive];

71(b) be responsible for the management of the affairs of the Corporation and, in addition to

his functions as the chief executive, exercise such powers and perform such functions as may be prescribed or as may be assigned to him by the Board;]

(c) divest himself of any directorship Bx * * held by him in any *[corporation, company or concern other than the Corporation or otherwise than on behalf of the Corporation];

(d) hold office at the pleasure of the Central Government and shall be eligible for re-appointment.

! Subs. by the Pakistan Insurance Corporation (Amdt.) Ordinance, 1962 (14 of 1962), s. 4, for “an Advisor

? 5. 9 was re-numbered as sub-section (1) of that section by the Pakistan Insurance Corporation (Amdt.)

3 Subs. by the Pakistan Insurance Corporation (Amdt.) Act, 1975 (76 of 1975), s. 4, for “A managing Dire

4 Subs. ibid., for “Managing Director”.

> Subs. by the Pakistan Insurance Corporation (Amdt.) Act, 1975 (47 of 1975), s. 2, for “Central Governm

6 Added by Act 76 of 1975, s. 4.

7 Clause “(b)” subs. ibid.

8 The words “or other interest” omitted, ibid.

? Subs. by the Pakistan Insurance Corporation (Amdt,) Act, 1957 (41 of 1957), s. 3, for “other Corporatio

112) Nothing in sub-section (1) shall be deemed to prevent the 2[Federal Government] from appointing a Government servant to act temporarily as >[Chairman] +* * *, and in making such appointment the ?[Federal Government] may grant such exemption as it may think fit from the provisions of clause (a), (b) or (c) of that sub-section.]

5[10. Board of Directors.—(1) The Board of Directors shall consist of the following, namely: —

(a) five Directors, at least two of whom shall be government officials, to be appointed by the 2[Federal Government] ;

(b) °[two] Directors, one to be elected in such manner as may be prescribed by regulations from amongst themselves by the shareholders, other than the 2[Federal Government], registered in each of the SItwo] registered in each of the SItwo] registers maintained under section 4A ; and

(c) The “[Chairman].

(2) A Director appointed under clause (a) of sub-section (1) shall hold office during the pleasure of the [Federal Government].

(3) A Director elected under clause (b) of sub-section (1) shall hold office for a term of two years.].

11. Term of office of Director. —(1) A Director elected by the shareholders shall continue in office after the expiry of his term until his successor is elected, and shall be eligible for re-election.

(2) A casual vacancy in the office of a Director shall be filled by election or appointment as the case may be and the Director elected

1 Sub-section (2) added by the Pakistan Insurance Corporation (Amdt.) Act 1952 (63 of 1952), . 5.

? Subs. by the Pakistan Insurance Corporation (Amdt,) Act 1975 (47 of 1975), s. 2, for “Central Governm

3 Subs. by the Pakistan Insurance Corporation (Amdt,) Act 1975 (76 of 1975), s. 4, for “Managing Directo

4 The words “during the absence of the Managing Director” omitted (and shall be deemed to have been o Corporation (Amdt.) Act, 1953 (38 of 1953), s. 4.

5 Subs. by the Pakistan Insurance Corporation (Amdt,) Act, 1967 (13 of 1967), s. 5.

6 Subs. by Act 47 of 1975, 8. 2.

4" December, 1952) by the Pakistan Insurance

or appointed to fill the vacancy shall hold office for the unexpired term or the period of absence, but not beyond the date of expiry of the term of office of his predecessor :

Provided that it shall not be necessary to fill a casual vacancy occurring within three months of the end of the term in which it occurs.

(3) Directors other than the ![Chairman] and not being servants of the Government shall be paid such fees for attending the meetings of the Board or of the Executive Committee, if they are members of it, as may be prescribed by the Board.

(4) No act or proceeding of the Board shall be invalid merely on the ground of the existence of any vacancy in or any defect in the constitution of the Board.

12. Disqualification. No person shall be or shall continue to be Director who—

(a) is a salaried official of the Corporation other than the 2(Chairman] 5

(b) is or at any time has been adjudicated insolvent ;

(c) is found to be a lunatic or of unsound mind ;

(d) is or at any time has been convicted of an offence which in the opinion of the 3[Federal Government] is an offence involving moral turpitude ;

4T(e) not being a government official is for the time being disqualified from holding any public office or from being a member of an elective body under any law for the time being in force of].

(f) is a minor.

1 Subs. by the Pakistan Insurance Corporation (Amdt.) Act, 1975 (76 of 1975), s. 6.

? Subs. *ibid.*, 8. 7.

3 Subs. by the Pakistan Insurance Corporation (Amdt.) Act, 1975 (47 of 1975), s. 2, for “ Central Governm

4 Subs. by the Insurance Corporation (Amat. Act, 1967 (13 of 1967), s. 6.

13. Directors absent from consecutive meetings. A person shall cease to be a Director if he absent himself from three consecutive meetings of the Board without leave of absence of the

Chairman, or in the case of the Chairman of the 'Federal Government].

14. Appointment of officers, advisers, etc. The Corporation may appoint or employ such persons including advisers as it considers necessary for the efficient performance of its functions.

15. [Chairman of the Board.] Omitted by the Pakistan Insurance Corporation (Amdt.) Act, 1975 (76 of 1975), s. 8.

2[16. Executive Committee. ——*(1) The Executive Committee shall consist of the following members, namely :—

(a) the 4[Chairman who shall also] be the Chairman of the Committee;

(b) two of the Directors appointed under clause (a) of sub-section (1) of section 10 who are government officials and if more than two such Directors are government official such two of them as are elected to the Committee by the Directors ; and

(c) *[one] of the Directors elected under clause (b) of sub-section (1) of section 10 who [is]> elected to the Committee by the Directors.

(2) A member of the Executive Committee shall cease to be such member when he ceases to be a Director.].

1 Subs. by the Pakistan Insurance Corporation (Amdt.) Act, 1975 (47 of 1975), s. 2, for "Central Government".
?Subs. by the Pakistan Insurance Corporation (Amdt.) Act, 1953 (38 of 1953), 8. 6, for original section 16.

3 Subs. by the Pakistan Insurance Corporation (Amdt,) Act, 1967 (13 of 1967), s. 7.

4 Subs. by the Pakistan Insurance Corporation (Amdt,) Act 1975 (76 of 1975), s. 9. for "Managing Director".
> Subs. by Act 47 of 1975, s. 6.

17. Meetings of the Board and the Committee.—(1) The meetings of the Board and the Executive Committee shall be held at such times and at such places as may be prescribed :

Provided that until regulations are made in this behalf such meetings shall be convened by the Chairman. !* * *,

(2) To constitute a quorum at a meeting of —

(a) the Board, not less than 2[four] Directors shall be present ;

(b) the Executive Committee, not less than 3 [three] members shall be present.

(3) At a meeting of the Board or of the Executive Committee each Director or member of the Committee, as the case may be, shall have one vote, and in the event of equality of votes the Chairman shall have a second or casting vote.

(4) No Director shall vote on any matter Ae * * in which he is directly or indirectly interested.

(5) If for any reason the Chairman is unable to be present at a meeting—

Sia) of the Board, a Director authorised in writing by the Chairman shall preside at the meeting ; and, in default of such authorisation, the Board may elect a Chairman to preside at the meeting ; and

(b) of the Executive Committee, a Member, authorised in writing by the Chairman

1 Omitted by the Pakistan Insurance Corporation (Amdt.) Act, 1975 (75 of 1976), s. 10.

2 Subs. by the Pakistan Insurance Corporation (Amdt,) Act, 1953 (38 of 1953), s. 7, for “five”.

3 Subs. by the Pakistan Insurance Corporation (Amdt,) Act, 1967 (13 of 1967), s. 8, for “two” which was p

4 The words “relating to an insurance company” omitted, by Act, (38 of 1953), s. 7.

5 Subs. by the Pakistan Insurance Corporation (Amdt,) Act, 1975 (76 of 1975), s. 10.

Shall preside at the meeting; and, in default of such authorisation, the Executive Committee may elect a Chairman to preside at the meeting.].

18. Offices and Agencies. The Corporation shall establish its Head Office in Karachi V2 * * * and may, with the previous sanction of the 3[Federal Government] establish 4Offices, branches and agencies at any other place in Pakistan or at any place out side Pakistan].

19. Agents. The Corporation may employ agents or procuring insurance business.

20. Deposit Accounts. The Corporation may, with the prior approval of the 3[Federal Government], open a deposit account with any bank.

20-A. Borrowing Powers.—(1) The Corporation may, with the previous approval in writing of the 3[Federal Government], borrow or raise funds by arranging overdrafts with any bank or by the issue of bonds or debentures carrying interest at such rates as may be approved by the *[Federal Government].

! The word “and” omitted by the Pakistan Insurance Corporation (Amdt,) Act, 1975 (76 of 1975), s. 10.

? Certain words omitted by the Pakistan Insurance Corporation (Amdt.) Ordinance, 1982 (30f 1982), s. 2, 3 Subs. by the Pakistan Insurance Corporation (Amdt.) Act, 1975 (47 of 1975), s. 2, for “Central Governm

4 Subs. by the Pakistan Insurance Corporation (Amdt,) Act, 1967 (13 of 1967), s. 9, for “branches elsewhere”
5 New section 20 A ins, by the Pakistan Insurance Corporation (Amdt.) Act, 1957 (41 of 1957), 8, 4.

‘(Provided that the total amount borrowed or raised by such overdrafts, bonds and debentures shall not, at any time, exceed—

- (a) if the fund was borrowed or raised for the purpose of a Scheme, five times the working capital of the Scheme, and
- (b) in any other case, five times the aggregate amount of the paid-up share capital and general reserve of the Corporation.]

(2) The repayment of the principal due on the overdrafts, bonds and debentures referred to in sub-section (1) shall be guaranteed by the 2[Federal Government].

(3) Notwithstanding anything contained in the Acts hereafter mentioned in this sub-section, the bonds or debentures issued under sub-section (1) shall be deemed to be included among the securities enumerated in section 20 of the Trusts Act,_1882, and to be approved securities and approved investments for the purposes of the Insurance Act, 1938.

3[21. Investment of Funds. The Corporation shall invest funds in such manner as the Board may think fit.]

22. Business which the Corporation may transact. Subject to the provisions of this Act, the Corporation may transact the following kinds of business, namely:—

(a) undertaking reinsurance, further reinsurance and counter-re-insurance ;

4{(aa) conducting subject to the direction of the [Federal Government] and rules made in this behalf, the business relating to any scheme;]

Subs. by the Pakistan Insurance Corporation (Amdt,) Ordinance, 1962 (14 of 1962), s. 5, for the existing
2 Subs. by the Pakistan Insurance Corporation (Amdt.) Act, 1975 (47 of 1975), s. 2, for “Central Governm

3 Subs. by the Pakistan Insurance Corporation (Amdt,) Act, 1967 (13 of 1967), s. 10. for section 21.

4 New clause (aa) ins. by Ord. 14 of 1962, s. 6.

'I(ab) undertaking such insurance business or managing or running the business of such insurance companies as the 21 Federal Government] may direct ;]

(b) writing of such direct insurance business >[in Pakistan] as the Corporation may be authorised to undertake from time to time by the 2[Federal Government] when in the

opinion of the 2[Federal Government] insurance cover is not available in the market on reasonable terms ;

[(bb) writing of such direct insurance business outside Pakistan as the 2[Federal Government] may, subject to such conditions as it may think fit to impose, authorise the Corporation to undertake ;

(bbb) arrangement and management, on such conditions as the 2[Federal Government] may impose, of the general insurance business of the Government and statutory Corporations

3]

31(c) organizing and assisting insurers in organising training schemes for the employees of the Corporation and other insurers ;]

3[(d) assisting insurance companies or promoting new insurance companies by subscribing, with the prior approval of, and on such terms and conditions as may be specified by, the 2[Federal Government] to the capital of such companies ;]

(e) underwriting, with the prior approval of and on conditions prescribed by the 2[Federal Government], the issue of stocks, shares, bonds or debentures by an insurance company ;

1 New clause (ab) ins. by the Laws Amendment Ordinance, 1965 (39 of 1965), 8. 2.

2 Subs. by the Pakistan Insurance Corporation (Amdt.) Act, 1975 (47 of 1975), s. 2. for "Central Government"

3 Subs. and Ins. by the Pakistan Insurance Corporation (Amdt.) Act, 1967 (13 of 1967), s. 11.

(f) receiving such commission as may be agreed upon in consideration of the underwriting provided for in clause (e) ;

(g) retaining as part of its assets any stocks, shares, bonds or debentures taken up in discharge of any liability incurred through underwriting any issue as aforesaid;

Provided that the Corporation shall, unless the [Federal Government] orders otherwise in writing, dispose of any stock, shares, bonds or debentures so acquired as early as may be, and in any case within a period of not more than ten years from the dates of such acquisition ;

(h) taking over with the prior approval of Government the business including the capital

assets and liabilities of any insurer who in the opinion of the 'Federal Government] has failed to comply with the provisions of the Insurance Act, 1938 ;

2x * * * * Ey *

3% * * * * *

41(all matters incidental to or consequential upon the exercise of its powers or the discharge of its duties under this Act.

23. Limit of accommodation. The Corporation shall not make any subscription under clause (d) of section 22 exceeding seven and a half per cent, of the paid-up share capital of the Corporation;

Provided that in an individual case the limit of seven and a half per cent, may be relaxed by the [Federal Government] for special reasons on the recommendation of the Corporation but in no case shall the subscription in respect of any insurance company exceed twenty lakhs of rupees.

! Subs. by the Pakistan Insurance Corporation (Amdt.) Act 1975, (47 of 1975), s. 2, for "Central Governm
? Omitted by the Pakistan Insurance Corporation (Amdt.) Ordinance, 1982 (3 of 1982), s. 3.

3 Clause (j) omitted, by the Pakistan Insurance Corporation (Amdt.) Act, 1952 (63 of 1952), s. 8.

4Clause (k) re-lettered as cl. (j), ibid.

24. Power to impose conditions for accommodation.—(1) In entering into any transaction with an insurance company under clauses (d), (e), (f) and (g) of section 22, the Corporation may impose such conditions as it may think necessary or expedient for protecting the interests of the Corporation and securing that its subscription, underwriting or other assistance is put to the best use by the company.

(2) Where a condition is imposed that one or more Directors shall be appointed by the Corporation to the Board of Directors of the insurance company, such condition shall be valid notwithstanding anything contained in the Companies Act, 1913 (VII of 1913), or any other law for the time being in force.

25. (Prohibited Business.) Omitted by the Pakistan Insurance Corporation (Amdt.), Act, 1967 (13 of 1967), s. 12.

11/26. Compulsory reinsurance.—(1) Every insurer shall reinsurer with the Corporation not less than such proportion, subject to the maximum of thirty per cent on any individual risk, of the sums assured on all policies other than reinsurance policies issued by the insurer in Pakistan as may from time to time, be fixed by the 2[Federal Government] :

Provided that the *[Federal Government] may, by notification in the official Gazette, direct that an insurer, in the case of general insurance business, shall reinsurance with the Corporation on such terms and conditions and in such manner such proportion of the business which is in excess of the aggregate of the insurer's net retention and the sum required to be reinsured under sub-section (1), as may be specified in such notification.

Explanation.—tThe “net retention” of an insurer means that part of the sums insured in respect of any one risk which is retained by the insurer to his

Subs. by the Pakistan Insurance Corporation (Amdt.) Act, 1967 (13 of 1967), s. 13.

2 Subs. by the Pakistan Insurance Corporation (Amdt.) Act, 1975 (47 of 1975), s.2, for “Central Governm

Own account including any part that is reinsured in Pakistan with any insurer other than the Corporation.

(2) Every insurer shall pay the amount payable on account of reinsurance with the Corporation as required under sub-section (1) within such period as may be prescribed by regulations and, in default of such payment, shall be liable to pay the Corporation for the period during which the default continues interest at a rate [four per cent above] the bank rate prevailing on the date on which the default first occurred.

(3) Every insurer shall submit to the Corporation, in such manner and form and within such period as may be prescribed by regulations, statements relating to his business reinsured with the Corporation under sub-section (1).

(4) The 2(Federal Government] may, by notification in the official Gazette, exempt any insurer from reinsuring with the Corporation any part of any class or sub-class of business.

(5) Whoever contravenes the provisions of sub-section (1), sub-section (2) or sub-section (3) shall be punishable with fine which may extent to one thousand rupees and with a further fine which may extend to five hundred rupees for every day after the first day on which the contravention continues.].

27. Re-insurance treaties and arrangements. The Corporation may enter into re-insurance treaties or arrange facultative re-insurance on a commission or reciprocal basis with any insurer incorporated within or without Pakistan or with any re-insurer or group of re-insurers.

28. [Termination of re-insurance treaties or arrangements.] Omitted by the Pakistan Insurance Corporation (Amad.) Act, 1953 (38 of 1953), s. 9.

1 Subs. by the Pakistan Insurance Corporation (Amdt,) Act, 1975 (76 of 1975), s. 11, "for equivalent to".
2 Subs. by the Pakistan Insurance Corporation (Amdt.) Act, 1975 (47 of 1975), s. 2, for "Central Governm

'29, Recovery of unpaid premium.—(1) Without prejudice to the provisions of subsection 21(5)] of section 26, where any insurer has failed to re-insure up to the full amount required by this Act, and has thereby evaded the payment by way of premium of any amount which he would have had to pay but for such evasion, such amount 3[together with interest, if any, accrued thereon under sub-section (2) of that section] upon the determination thereof by a person authorised in this behalf

by the [Federal Government] shall be payable by such insurer to the Corporation and shall be a first charge [on such property of the insurer as does not form part of his life insurance business].

(2) An insurer against whom a determination is made under subsection (1) may within the prescribed period appeal against such determination to the “[Federal Government] whose decision shall be final.

5[(3) Notwithstanding anything contained in this Act or in any other law for the time being in force and without prejudice to the right of the Corporation to recover its dues in any other manner, any amount payable to the Corporation under sub-section (1) ⑧for sub-section (2) of section 26] shall be recoverable as an arrear of land revenue.].

129A. Unpaid amount, recoverable as arrear of land revenue.—(1) Where for the purpose of any business under a Scheme any person is required to make any payment to the Corporation the amount of which depends on his declaration of the value of the goods exported by him or on his furnishing any information and such person fails to make the

! For Notification under this section, see Gaz. of P, 1956, Pt. I, p. 391.

? Subs. by the Pakistan Insurance Corporation (Amdt.) Act, 1967 (13 of 1967), s. 14.

3 Ins. ibid.

4 Subs. by the Pakistan Insurance Corporation (Amdt.) Act, 1975 (47 of 1975), s. 2, for “Central Government > Added by the Pakistan Insurance Corporation (Amdt.) Act, 1975 (76 of 1975), s. 12.

6 Ins. by the Pakistan Insurance Corporation (Amdt.) Ordinance, 1982 (3 of 1982), s. 4.

7 New section 29A ins. by the Pakistan Insurance Corporation (Amdt.) Ordinance, 1962 (14 of 1962), s. 7.

declaration to furnish the information or makes an incorrect declaration or furnishes an incorrect information and thereby evades payment of any amount which he would otherwise have had to pay, the amount so evaded shall, upon the determination by the Controller, be payable by him to the Corporation and shall be recoverable as arrear of land revenue.

(2) Any person aggrieved by the decision of the Controller may, within thirty days of the decision, appeal against it to the ' [Federal Government] whose decision thereon shall be final.

Explanation.“ Controller” means the Controller of Insurance appointed under the Insurance Act, 1938].

2[29B. Power to call for and examine accounts, etc.—(1) For the purpose of satisfying itself that the provisions of this Act have been or are being duly complied with, or for verifying the correctness of the claims, declarations, returns, statements, or other information submitted to it, the Corporation may, whenever it may consider necessary, call for or examine or cause to be examined any accounts, books, documents, memoranda or other records of any insurer or his agent.

(2) Every insurer or his agent shall, when called upon to do so under sub-section (1), produce and make freely accessible to the Corporation or to its representative duly appointed in this behalf such accounts, books, documents, memoranda or other records as are or should normally be in his possession or control, and shall otherwise facilitate the examination thereof.

(3) Whoever wilfully obstructs the Corporation or any person authorised by it in the exercise of its or his powers performance of functions under

1 Subs. by the Pakistan Insurance Corporation (Amdt,) Act, 1975 (47 of 1975), s. 2, for “Central Government”

2

Ins. *ibid.*, s. 8.

sub-section (1) or sub-section (2), or fails without reasonable cause to comply with a request made thereunder, shall, in respect of each occasion on which any such obstruction or failure takes place, be punishable with fine which may extend to fifty thousand rupees].

1130. Penalty for wrong statement. Whoever in purporting to comply with his obligations under 2[this Act] or in connection with any business under a Scheme, knowingly or recklessly makes any declaration or statement, or gives any information, which is false in material particular, shall be punishable, —.

(a) if it relates to a business under a Scheme, with imprisonment which may extend to six months, or with fine which may extend to two thousand rupees, or with both ; and

(b) in any other case, with fine which may extend to one thousand rupees.]

31. Directions for taking over the business, etc., of an insurer. When the Corporation takes over the business, including the capital, assets and liabilities, of an insurance company in exercise of the powers conferred by clause (h) of section 22, it shall comply with such directions as the [Federal Government] may give in this behalf.

32. Disposal of profit. — (1) The Corporation shall establish a 4T general reserve] and create from time to time such other reserves as may be prescribed by the 3Federal Government]^{°[:]}.

4[Provided that the Corporation may, with the prior approval of the 3[Federal Government], utilize a part of the general reserve or of its profits for the purpose of issuing to its shareholders bonus shares in such manner as may, from time to time, be determined by the Board.]

! Subs. by the Pakistan Insurance Corporation (Amdt,) Ordinance, 1962 (14 of 1962), s. 8, for the original
2 Subs. by the Pakistan Insurance Corporation (Amdt,) Act, 1975 (47 of 1975), s. 9, for this Act.

3 Subs. *ibid.*, 2, for “Central Government”.

4 Subs. by the Pakistan Insurance Corporation (Amdt,) Act, 1967 (13 of 1967), s. 15.

5 Added *ibid.*

(2) After making provision for bad and doubtful debts, depreciation of assets and any other matter prescribed by the ‘(Federal Government] the Corporation may, out of its net annual profit, declare a dividend:

2x * * * * *

Provided 3* that no such dividend shall exceed the rate of “[ten] per cent, per annum :

Provided further that if in respect of any financial year, after the [general reserve] has become equal to the share capital of the Corporation or has reached the limit prescribed by the ‘Federal Government] there remains after declaring a dividend at the aforesaid rate any surplus, such surplus shall be divided between the [Federal Government] and the shareholders in such proportion as the ‘Federal Government] may decided [7°

7[Provided further that no dividend shall be declared out of the profits from the business relating to a Scheme and all such profits shall be paid to the ![Federal Government].

33. General meetings. —(1) A general meeting (hereinafter referred to as the annual general meeting) shall be held at a place in Pakistan where there is an office of the Corporation annually within 8[nine months] from the date on which the annual accounts of the Corporation are closed and a general meeting may be convened by the Board at any other time

(2) The shareholders present at the annual general meeting shall be entitled to discuss the annual accounts, the annual report of the Board on the

1 Subs. by the Pakistan Insurance Corporation (Amdt.) Act, 1975 (47 of 1975), s. 2, for “Central Governm

2 Proviso omitted by the Pakistan Insurance Corporation (Amdt,) Act, 1952 (63 of 1952), s. 11.

3 The word “further” omitted, *ibid.*

4 Subs. and shall be deemed always to have been so subs. by the Pakistan Insurance Corporation (Amdt.) Act, 1962 (14 of 1962), s. 9, for fill-stop.

” Proviso added *ibid.*

8 Subs. by the Pakistan Insurance Corporation (Amdt.) Ordinance, 1982 (3 of 1982), s. 5, for “six”.

accounts, the annual report of the Board on the working of the Corporation and the auditors' report on the annual balance-sheets and accounts.

34. Separate accounts. Separate and distinct accounts shall be maintained by the corporation in respect of [any business relating to a Scheme and] each class of insurance business undertaken by the Corporation;

Provided that a miscellaneous account may be kept in which shall be entered particulars of transactions in respect of any class of insurance business which is of an individual or isolated character or which is such that only a nominal amount of business is transacted.

35. Accounts and balance sheets. The Corporation shall ?[maintain accounts in such form and manner as the Auditor-General may direct] and shall at the expiry of each calendar year prepare in the prescribed forms with reference to that year a balance sheet, a profit and loss account and revenue accounts in respect of each class of insurance business for which it is required under section 34 to keep a separate revenue account together with other abstracts and statement as may be prescribed in this behalf from time to time.

36. Audit.—[(1) The accounts of the Corporation referred to in section 35 shall be audited by not less than two auditors 4Tbeing chartered accountants within the meaning of the Chartered Accountants Ordinance, 1961], who shall be appointed by the *[Federal Government] in consultation

with the Auditor-General on such remuneration to be paid by the Corporation as the *[Federal Government] may fix, and shall, in

! Ins. by the Pakistan Insurance Corporation (Amdt.) Ordinance, 1962 (14 of 1962), s. 10.

2 Subs. by the Pakistan Insurance Corporation (Amdlt.) Act, 1957 (41 of 1957), s. 7, for "keep proper books

3 Subs. ibid., s. 8, for the original sub-section (1).

4 Subs. by the Repealing and Amending Ordinance, 1965 (10 of 1965), s. 3 and 2"4 Sch., for "holding ce

5 Subs. by the Pakistan Insurance Corporation (Amdt.) Act, 1975 (47 of 1975), s. 2, for "Central Governm

Regard to the extent and method of their audit, be guided by such directions as may be given by the Auditor-General.

(1A) Notwithstanding anything contained in sub-section (1), the Auditor General may, at any time of his own motion, and shall, when required by the 'Federal Government] undertake such audit of the accounts of the Corporation as he or the 'Federal Government] may consider necessary, and the Corporation shall, for the purpose of such audit, produce the accounts and connected documents at such place or places as the Auditor-General may direct and furnish such explanation and information as the Auditor General or any officer authorised by him in this behalf may ask for.]

(2) Every auditor appointed under subsection (1) shall be given a copy of the annual balance sheet and other accounts of the Corporation, and shall examine it together with the account books and vouchers relating thereto ; and shall have a list delivered to him of all books kept by the Corporation, and shall at all reasonable times have access to the books, accounts and other documents of the Corporation, and may in relation to such accounts examine any Director or officer of the Corporation.

(3) The auditors shall report to the shareholders upon the annual balance sheet and accounts, and in their report they shall state whether in their opinion the balance sheet is a full and fair balance sheet containing all necessary particulars and properly drawn up so as to exhibit a true and correct view of the state of the Corporation's affairs, and if they have called for any explanation or information from the Board, whether it has been given and whether it is satisfactory 0]

3[Provided that the annual balance-sheet and accounts of the business relating to a Scheme shall be separately reported upon to the 'Federal Government]].

! Subs. by the Pakistan Insurance Corporation (Amtd.) Act, 1975 (47 of 1975), s. 2, for Central Government.

? Subs. by the Pakistan Insurance Corporation (Amtd.) Ordinance, 1962 (14 of 1962), s. 11, for full-stop.

3 Proviso added, *ibid.*

(4) The 'Federal Government] may at any time issue directions to the auditors requiring them to report to it upon the adequacy of measures taken by the Corporation for the protection of the interests of its shareholders and creditors or upon the sufficiency of their procedure in auditing the affairs of the Corporation, and may at any time enlarge or extend the scope of the audit or direct that a different procedure in audit shall be adopted or that any other examination shall be made by the auditors or any other person or persons if in its opinion the public interest so requires.

37. Returns.—(1) The Corporation shall furnish to the 'Federal Government] in the prescribed form such returns and statements at such intervals as the ![Federal Government] may from time to time require.

(2) The Corporation shall furnish to the '[Federal Government] [and the controller of Insurance] within 3fnine] months of the close of each calendar year the audited accounts, statements and abstracts referred to in section 35 together with a report on the working of the Corporation during the year, and copies of the said accounts, statements, abstract and report shall be published in the official Gazette and shall be laid before "[each House of Parliament].

5 [(3) The provisions of section 20 of the Insurance Act, 1938 (IV of 1938) shall, so far as may be, apply to the accounts, statements and abstracts required to be submitted to the Controller of Insurance under sub-section (2) as they apply to the accounts, statements and abstracts required to be submitted under those provisions.].

Subs. by the Pakistan Insurance Corporation (Amdt,) Act, 1975 (47 of 1975), s. 2, for "Central Government".
? Subs. by the Pakistan Insurance Corporation (Amdt,) Act, 1967 (13 of 1967), s. 16.

3 Subs. by the Pakistan Insurance Corporation (Amdt,) Ordinance, 1982 (3 of 1982), s. 6.

4 Subs. by Act 47 of 1975, s. 10, for "the Central Legislature".

5 Added by Act 13 of 1967, s. 16.

38. Liquidation of Corporation. No provision of law relating to the winding-up of companies shall apply to the Corporation and the Corporation shall not be wound-up save by order of the [Federal Government] and in such manner as it may direct.

2[38A. Corporation exempt from registration. The Corporation shall be exempt from registration under the provisions of the Insurance Act, 1938 (IV of 1938).]

3[38B. Exemption from stamp duty. Notwithstanding anything contained in the Stamp Act, 1899 (II of 1899), no duty thereunder shall be chargeable in respect of any instruments relating to any business under a scheme executed by, or on behalf of, or in favour of the Corporation.]

39. Indemnity of Directors.—(1) Every Director shall be indemnified by the Corporation against all losses and expenses incurred by him in the discharge of his duties except such as are caused by his own wrongful act or default.

(2) A Director shall not be personally responsible for the acts of any other Director or of any officer or servant of the Corporation or for any loss or expenses resulting to the Corporation by reason of the insufficiency or deficiency in value of or title to any property or security acquired or taken on behalf of the Corporation, or by anything done by him in good faith in the execution of the office.

40. Declaration of fidelity and secrecy. Every Director, auditor, officer or servant of the Corporation shall, before entering upon his duties, make a declaration of fidelity and secrecy in the form set out in the Schedule to this Act.

41. Provisions relating to income-tax and super-tax.— 4T() For the purposes of the 5[Income-tax Ordinance, 1979 (XXXI of 1979)], the Corporation shall, be deemed

1 Subs. by the Insurance Corporation (Amdt. Act, 1975 (47 of 1975), s. 2, for "Central Government".

2 S. 38 A ins. by the Insurance Corporation (Amdt.) Act, 1953 (38 of 1953), s. 10.

3 New section 38B ins. by the Insurance Corporation (Amdt.) Ordinance, 1962 (14 of 1962), s. 12.

4 Section 41 renumbered as sub-section (1) of that section, by the Pakistan Insurance Corporation (Amdt.) JSubs. by the Federal Laws (Revision and Declaration) Ordinance, 1981 (27 of 1981), s. 2. and 2"4 Sch.

to be a company within the meaning of that Act, and shall be liable to income-tax and super-tax accordingly on its income, profits and gains:

Ix * * * * *

21(2)] Notwithstanding anything contained in the 31 Income-tax Ordinance, 1979 (XXXI_ of 1979)], any amount payable by any person to the Corporation for the purpose of business under a Scheme shall be an expenditure for which allowance is to be made in computing profits or gains under

3fsection 23 of that Ordinance].

42. Composition of offences. Any offence punishable under subsection (2) of section 26 may, whether before or after the institution of the prosecution, be compounded by the “[Federal Government] or by any authority on whom powers are conferred in this behalf by the 4TFederal

Government] on payment to the Corporation of such sum as the 4[Federal Government] or such authority, as the case may be, thinks fit.

43. Wrongfully using the name of the Corporation. Whoever without the previous consent in writing of the Corporation uses the name of the Corporation in any prospectus, proposal for a policy of insurance or re-insurance or in any advertisement shall be punishable with imprisonment for a term which may extend to six months, or with fine which may extend to one thousand rupees or with both.

44. Cognizance of offences. No Court inferior to that of a Magistrate of the first class shall try an offence under this Act or take cognizance of any offence punishable under this Act otherwise than on a complaint in writing signed by an officer authorized by the 4[Federal Government] in this behalf.

1 Proviso omitted by the Pakistan Insurance Corporation (Amdt,) Act, 1952 (63 of 1952), s. 12.

? sub-section (2) added by the Pakistan Insurance Corporation (Amdt.) Ordinance, 1962 (14 of 1962), s. 3 Subs. by the Federal Laws (Revision and Declaration) Ordinance, 1981 (27 of 1981), s. 3, and 2"4 Sch "Subs. by the Pakistan Insurance Corporation (Amdt.) Act, 1975 (47 of 1975), s. 2, for "Central Governme

45. Power of Central Government to make rules. The ! [Federal Government] may make rules? not inconsistent with this Act for the purpose of giving effect to the provisions of this Act, and where the rules framed under this section are inconsistent with the regulations framed under the next succeeding section, the rules shall prevail.

46. Power of the Board to make regulations.—(1) The Board may with the previous sanction

of the ! [Federal Government], make regulations® not inconsistent with the Act to provide for all matters for which provision is necessary or expedient for the purpose of giving effect to the provisions of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such regulations may provide for—

4(a) the manner in which and the conditions subject to which the first allotment of the shares of the Corporation shall be made ;

(b) the holding and conduct of elections under this Act, including the final decision of doubts or dispute regarding the validity of elections ;

4(c) the manner in which and the conditions subject to which the shares of the Corporation may be held and transferred, and generally all matters relating to the rights and duties of the shareholders ;

(d) the manner in which the general meetings shall be convened, the procedure to be followed thereat and the manner in which the right to vote may be exercised ;

Subs. by the Pakistan Insurance Corporation (Amdt,) Act, 1975 (47 of 1975), s. 2, for "Central Governme

2 For the Pakistan Insurance Corporation Rules, 1953 see Gaz. of P, Ext., 1953, pp. 609-611 ; and for the Insurance Corporation (Particulars of Debentures of Insurance Companies) Rules, 1958, see ibid., 1958, Pt. V, pp. 713a to 713h.

3 For the Pakistan Insurance Corporation (Compulsory Re-Insurance Regulations, 1956, see Gaz. of P, 1956, pp. 154-156 ; and for the Insurance Corporation (Particulars of Debentures of Insurance Companies) Regulations, 1958, see ibid., 1958, Pt. V, p. 242.

4 See also s. 2 of the Pakistan Insurance Corporation (Amdt,) Act, 1953 (38 of 1953).

(e) the calling of the meetings of the Board and of the Executive Committee, fees for attending the meetings thereof and the conduct of business thereat ;

(f) the conditions subject to which the Corporation may subscribe to share capital of insurance companies ;

(g) the manner and conditions subject to which the Corporation may undertake the underwriting of the stocks, shares, bonds or debentures issued by an insurance company or take over the business of an insurance company under section 31 ;

(h) the manner and conditions subject to which the Corporation may enter into re-insurance treaties and arrangements ;

(i) the forms of returns and statements required by or under this Act ;

(j) the forms in which policies of the Corporation are to be issued ;

(k) fixation of the assured rates, advantages and terms and conditions to be offered in connection with direct insurance or re-insurance business ;

(J) organisation of training of schemes ;

'(m) the terms and conditions of service and duties and conduct of officers, servants and agents of the Corporation ;

2[(mm) the constitution and management of provident funds and welfare funds for the officers and servants of the Corporation and all matters connected with such funds;]

(n) the disclosure of the interest, direct or indirect, of a Director of the Board in any insurance company ;

! For the Pakistan Insurance Corporation (Staf) Service Regulations, 1959, see Gaz. of P, 1959, Pt. V, pp. ? Ins. by the Pakistan Insurance Corporation (Amdt,) Act, 1967 (13 of 1967), s. 18.

(0) the appointment of an ! [Advisory Committees] for advice for the purposes of this Act ;

(p) the preparation of annual estimates of income and expenditure of the Corporation in the prescribed form and submission of the same to the Board and the 2 [Federal Government] for approval on the prescribed date ;

(q) generally for the efficient conduct of the affairs of the Corporation.

(3) All regulations made under this section shall be published in the official Gazette and shall come into force on such publication, and shall also be laid on the table of the 3 [each House of Parliament].

THE SCHEDULE
(See section 40)

Ty eee cece eee e eee ee eens ease een en ees hereby declare that I will faithfully, truly and to the best my judgment, skill and ability, execute and perform the duties required of me as a Director, Officer, employee or auditor (as the case may be) of the Pakistan Insurance Corporation and which properly relate to any office or position in the said Corporation held by me.

I further declare that I will not communicate or allow to be communicated to any person not legally entitled thereto any information relating to the affairs of the Corporation nor will I allow any such person to inspect or have access to any books or documents belonging to or in the possession of the Corporation and relating to the business of the Corporation.

Signed before me
Signature.....ceeeeeeee

Designation.00...

1 Subs. by the Pakistan Insurance Corporation (Amdt.) Act, 1967 (13 of 1967), s. 18.
? Subs. by the Pakistan Insurance Corporation (Amdt.) Act, 1975 (47 of 1975), s. 2, for "Central Government".
3 Subs. ibid., s. 11.

