



SECP
Insurance Division
Karachi

Karachi: March, 13th 2013

Circular 2 of 2013

Training of Insurance Agents

It may be taken in continuation to the earlier Circular 10 of 2007 of SECP.

It is evident that the insurance agents form one of the most vital links in the whole ambit of insurance business. They are the interface of insurance companies with the public at large. A standard professional training to the agents in order to enable them to work effectively for the insurance companies appears imperative. It is also a mandatory requirement as is called forth by the Sub-Rule (b) of Rule 26 of the Securities and Exchange Commission (Insurance) Rules 2002 ("SEC Rules"), issued in pursuance of Section 97 of the Insurance Ordinance 2000 ("the Ordinance"). The relevant provision of the SEC Rules may be recounted as follows:

"26. Qualifications required of insurance agents.-

For the purposes of section 97 of the Ordinance, the following shall be the prescribed qualifications, namely:

(b) for persons entering into agency contracts after commencement of the Ordinance, the minimum qualification shall be Matriculate or Secondary School Certificate, and in the case of a natural person, that person, or in the case of a body corporate, each director, or in the case of a partnership, each partner, shall have the said qualification, and –

(i) agents operating in the non-life insurance business shall be required to complete the foundation course of the Pakistan Insurance Institute, within a period of three years; and

(ii) agents operating in the life insurance business shall be required to complete a foundation course of three months durations, to be organized by the concerned insurance company."

The onus of compliance with the rule is primarily on the insurance companies to ensure that their agents satisfy the statutory requirements. All the insurance companies are therefore directed to make certain that no person is appointed as an agent, unless he has the minimum prescribed qualification and completes the respective foundation course within the time period as specified in the statutory provision.

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The agents, who have not completed their respective foundation course within the stipulated time, they must complete the same last by 30th September 2013. In case of noncompliance, then any business or transaction after 30th September 2013 carried out by such an agent, lacking the requisite qualification, shall be treated as null and void and no payment of commission can be made to them.

Tariq Hussain
(Director Insurance)

Distribution:

- To all insurance companies, including takaful operators
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