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[AS PASSED BY THE SENATE]

A

BILL

to provide for the re-organization and conversion of the State Life Insurance Corporation into a public limited company

WHEREAS it is expedient to provide for the conversion of the State Life Insurance Corporation into a public limited company and incorporation under the Companies Ordinance, 1984 (XLVII of 1984), and for matters connected therewith or ancillary thereto;

It is enacted as follows:-

1. Short title, extent and commencement.- (1) This Act may be called the State Life Insurance Corporation (Re-organization and Conversion) Act, 2016.

(2) It extends to the whole of Pakistan.

(3) It shall come into force at once.

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

(a) "assets" includes all investments, properties, rights and entitlements of every description and nature whatsoever, whether present or future, actual or contingent, and tangible or intangible, in Pakistan or elsewhere and includes but not limited to property held on trust, both movable and immovable, benefits, claims, receivables, cash balances, documents, reserve funds, privileges and powers;

(b) "Company" means the State Life Insurance Company Limited to be established and incorporated in accordance with section 3;

(c) "contracts" means all contracts, agreement, bonds guarantees, indemnities, representations, obligations, undertakings and other legal documents and instruments of every description executed by or on behalf of the Corporation, as the case may be, including employment, investment, sales and financial contracts with whomsoever;

(d) "Corporation" means the State Life Insurance Corporation established under section 11 of the Life Insurance (Nationalization) Order 1972 (President's Order No.10 of 1972);

- (e) "effective date" means the date specified in the vesting order issued under section 5;
- (f) "liabilities" means all liabilities lawfully incurred by the Corporation, as the case may be, and includes duties and obligations of every kind imposed thereon;
- (g) "policies" means a contract of insurance;
- (h) "proceedings" include any suit, arbitration or other legal, administrative or regulatory proceedings, applications, appeals, awards, reviews or revisions filed or pending;
- (i) "rules" means the rules made under this Act;
- (j) "transfer" includes the transfer of assets, contracts, policies, arrangements, liabilities, proceedings and undertakings of the corporation, as the case may be, to the Company;
- (k) "undertakings" includes all projects ventures and any other operations undertaken by the corporation as the case may be, individually or collectively in collaboration with some other person; and
- (l) "vesting order" means an order made by the Federal Government under sub-section (1) of section 5.

3. Establishment of the Company, etc.- (1) As soon as may be after the commencement of this Act, the Federal Government shall establish a Company to be known as the State Life Insurance Company Limited by shares and cause it to be incorporated under the Companies Ordinance, 1984 (XLVII of 1984), with the principal object of taking over the business, functions, contracts, policies, proceedings, undertakings, assets, liabilities, etc of the Corporation.

(2) No stamp duty, or any other charges shall be payable by the Company under any law for the time being in force or in relation to the transfer or vesting of the assets, contracts, policies, liabilities proceedings or undertakings of the Corporation to the Company or any shares or securities or certificates or scripts issued in favour of the shareholders or financiers or the Corporation by the Company.

(3) No regulatory fee under any law for the time being in force for incorporation or registration shall be payable by the Company or its sponsors:

Provided that after the incorporation of the Company and the issuance of certificate of registration to carry on insurance business under the Insurance Ordinance, 2000 (XXXIX of 2000), the Company shall be liable to pay all regulatory fee.

4. Company to be deemed an Insurer.- (1) The Company shall be deemed to be an insurer for the purposes of the Insurance Ordinance, 2000 (XXXIX of 2000), and any other law for the time being in force relating to insurance companies until such time that a certificate of registration is granted to the Company under sub-section (2).

(2) Without prejudice to the provisions of sub-section (1), the Company shall within six months of its incorporation, apply to Securities and Exchange Commission of Pakistan for a certificate of registration to carry on the business of insurance in Pakistan in accordance with the provisions of the Insurance Ordinance, 2000 (XXXIX of 2000), and the Securities and Exchange Commission of Pakistan Ordinance, 1997 (XLII of 1997), shall issue such a certificate of registration to the Company to carry on insurance business in Pakistan.

5. Transfer and vesting of assets, contracts, liabilities, proceedings and undertakings.- (1) After the incorporation of the Company under the Companies Ordinance, 1984 (XLVII of 1984), the Federal Government shall by a vesting order, published in the official Gazette, direct that all the assets, liabilities, contracts, policies, proceedings and undertakings of the Corporation stand transferred to and vest in the Company on the date specified therein, on such terms and conditions as may be determined by the Federal Government in this behalf.

(2) The vesting order issued under sub-section (1) shall, inter-alia, provide for.-

- (a) the transfer of all the assets, contracts, liabilities proceedings and undertakings of the Corporation to the Company;

- (b) the allotment of shares or debentures of the Company to the shareholders, debenture-holders or bond-holders of the Corporation in proportion to their shares, debentures, bonds or other securities in the Corporation, as the case may be, after determining the net asset value of the Corporation on the effective date;
- (c) the dissolution of the Corporation from the effective date;
- (d) the transfer of policies and the guarantees issued to the policy holders of the Corporation under article 35 of the Life Insurance (Nationalization) Order, 1972 (President's Order No. 10 of 1972) to the Company;
- (e) the responsibility of pension benefits of the retired employees and officers of the Corporation and the employees and officers whose employment is transferred to the Company under section 7 and such benefits shall not be varied without the consent of the employees concerned; and
- (f) such incidental, consequential and the supplemental matters as are necessary to secure the transfer of assets, contracts, policies, liabilities, proceedings and undertakings under this Act.

(3) The value ascribed to the assets and liabilities transferred to and vested in the Company by the Federal Government under the vesting order shall represent the fair net value of the assets for taxation, depreciation or any other purposes.

(4) Notwithstanding the provisions of section 146 of the Companies Ordinance, 1984 (XLVII of 1984), the Company shall upon transfer through the vesting order, continue all business and undertakings of the Corporation as were being carried on immediately prior to effective date.

6. Shareholding and Management Control in the Company.- (1) Representation on the Board of Directors and all other right and privileges of shareholders of the Company, or any of its subsidiary Companies in insurance business shall be proportionate to their shareholding.

(2) Management Control of the Company and any of its subsidiary Companies in the above circumstances shall continue to vest in the majority shareholding which shall be the Federal Government and whose share shall not be less than seventy five per cent at all times.

(3) The remaining twenty five per cent shares of the Company shall be enlisted on the Pakistan Stock Exchange, immediately after being incorporated, in accordance with the listing regulations for the time being in force.

(4) No person shall, directly or indirectly, purchase not more than five percent shares of the Company without making a public disclosure and complying with the procedure provided in the Securities Act, 2015.

7. Continuation of service in the Company.- (1) All employees and officers of the Corporation shall, stand transferred to and become the employees and officers, as the case may be, of the Company as on the effective date on the same terms and conditions of service, rights and privileges including but not limited to the provisions applicable to their pension, post-retirement medical benefits, provident fund, gratuity, as the case may be, before the conversion.

(2) The terms and conditions, rights and privileges including but not limited to the provisions applicable to the pension, post-retirement medical benefits, provident fund and gratuity, as the case may be and other matters as were applicable to the retired employees and officers of the Corporation shall continue to apply to such retired employees or officers after conversion.

(3) Notwithstanding anything contained in this Act or any other law, or any decision of any court or tribunal, the rights, benefits and privileges of the employees of the Company shall continue to be governed by the provisions of the Life Insurance (Nationalization) Order, 1972 and the relevant rules and regulations made thereunder.

(4) No person transferred to the Company pursuant to sub-section (1) shall be entitled to any compensation as a consequence of transfer to the Company.

(5) The employees of the Corporation not considered by the corporation under sub-section (1) for employment in the Company, shall have the option to be discharged from employment on payment of admissible relieving benefits as provided in the vesting order.

8. Continuation of terms and conditions of marketing agents.- The terms and conditions, including but not limited to the provisions applicable to the rights and privileges, as the case may be, and other matters as were applicable to the marketing agents shall continue to apply to such marketing agents after conversion, as the cases may be, and the Company shall assume the full responsibility thereof.

9. Contracts and proceedings.- (1) Subject to the provision of section 10, all contracts subsisting or having effect, immediately before the effective date to with the Corporation may have been a party or beneficiary shall be deemed to have been made by the Company and shall remain in force for all intents and purposes.

(2) All proceedings by or against or relating to the Corporation pending on the effective date before any court, tribunal, arbitrator or any other authority shall be continued, prosecuted, defended, enforced and executed by or against the Company in the same manner and to the same extent as might have been continued, prosecuted, defended, enforced and executed by or against the Corporation.

10. Guarantee of policies by the Federal Government.- The sums assured by all policies issued by the Company including any bonuses declared in respect thereof and, subject to the provisions contained in Article 21 of the Order, the amounts assured by all policies issued by any insurer, the liabilities which have vested in the Company under this Act, and all bonuses declared in respect thereof, whether before or after the incorporation of the Company, shall be guaranteed as to payment in cash by the Federal Government.

11. Utilization of surplus.- (1) Any surplus which emerges as a result of any investigation undertaken by the Company in respect of policies already issued prior to effective date in accordance with article 29 of the Life Insurance (Nationalization) Order 1972 (President's Order No. 10 of 1972) shall continue to be allocated or reserved for in accordance with the article 31 of the said Order in accordance with the terms and conditions of these policies, contracts etc., whatever the case may be.

12. Bar of jurisdiction.- (1) No Court except as specifically provided under this Act, including the Supreme Court and a High Court, tribunal, arbitrator or authority shall call in question or permit to be called in question, any transfer or vesting order made, anything done or action taken or purported to be made done or taken under this Act.

(2) No Court shall grant any injunction or make any order, nor shall any Court entertain any proceedings, in relation to anything done or intended to be done under this Act.

13. Indemnity.- No suit, prosecution or other legal proceedings shall lie against the Federal Government, the Corporation, or the Company, or any other person for anything which is in good faith done or intended to be done under this Act or any rule or order made thereunder.

14. Act to override other, laws etc.- The provisions of this Act shall have effect notwithstanding anything contrary contained in any other law for the time being in force or in any agreement, contract, policy, decree, order or any other instrument whatsoever.

15. Power to make rules.- The Federal Government may by notification in the official Gazette, make rules for carrying out the purposes of this Act.

16. Removal of difficulty.- If any difficulty arises in giving effect to any provision of this Act, the Federal Government may make such order, not inconsistent with the provisions of this Act or the Order, as may appear to it to be necessary, for the purpose for removing the difficulty.

17. Savings.- (1) Except and otherwise expressly repealed, modified or amended anything contained in the Life Insurance (Nationalization) Order, 1972 by this Act, the provisions of Life Insurance (Nationalization) Order, 1972 and the rules and regulations made thereunder, shall continue to remain in force.

(2) In case there is a conflict between the provisions of this Act and the Life Insurance (Nationalization) Order, 1972, the provisions of the Order shall prevail.

18. Validation of actions etc.- (1) Anything done, actions taken, orders passed instruments made, notifications issued, agreements made, policies issued, proceedings initiated, processes or communication issued, powers conferred assumed or exercised, by the Corporation or the Federal Government and their officers before the commencement of this Act and the actions of the Federal Government and its officers till the issuance of the vesting order, shall be deemed to have been validly done, made, issued, taken, initiated, conferred, assumed, and exercised and provisions of this Act shall have, and shall be deemed always to have had, effect accordingly.

(2) All contracts, agreements, power of attorneys and all other instruments executed by the Corporation before the effective date shall be deemed to have been issued, executed or entered into by the Company.

(3) On and after the effective date, any reference to the Corporation in any other law or notification issued by the Federal Government, except where the context otherwise requires, be construed as reference to the Company.

STATEMENT OF OBJECT AND REASONS

The State Life Insurance Corporation (Re-organization and Conversion) Act, 2016 is being placed for approval to serve the following policy objectives:-

- (i) to provide for re-organization and conversion of State Life Insurance Corporation (SLIC hereinafter) into a public limited company;
- (ii) to provide for a legal basis for SLIC other than through the Life Insurance Nationalization Order, that will accurately define its enhanced objectives and role in the current environment;
- (iii) to encourage and promote growth in insurance sector in Pakistan;
- (iv) to provide for SLIC's business activities to be subject to uniform regulatory oversight and supervision; and
- (v) to streamline SLIC governance structure to bring it in line with existing regulations and international best practices.

Engineer Khurram Dastgir Khan,
Minister for Commerce