

## **IAP – CODE OF CONDUCT.**

Pakistan is in the process of reshaping its economy to meet the challenges of a global marketplace. The government has introduced a range of reforms designed to promote and consolidate Pakistan's position as an emerging market in the region. The changes have resulted in a deregulated and liberalised financial sector marketplace.

Although filing of rates is no longer required, there are, however, separate parts in the Ordinance on Market Conduct & Intermediaries which lay down the duties/responsibilities of Direct Insurance Companies and of Intermediaries. The developments in the regulatory environment in Pakistan are in line with those in the International markets. Compliance with regulations is becoming exceedingly important.

Around the world, the insurance industry is built on a promise to its customers – that it will be there when its customers need it, and that it can, and will, honour its commitments. The insurance industry is based on trust, much more so than many other industries. It is therefore vital for individual companies and the industry as a whole to be perceived as having the highest integrity and professional standards.

One of the priorities identified by the IAP for the current year is the introduction of a Code of Conduct for its members characterized by the following vision for the industry :

- A good public image and integrity
- Financial soundness and security
- Professional management and fair treatment of policyholders
- High standards in sales and servicing
- Transparency, cost-efficiency and product innovation.

A Code of Conduct, duly adopted by the IAP membership would contribute not only to enhancing the image of the Insurance Industry locally, but would also project the industry well in International forums and in global dealings.

The code is also made available on IAP's website.

### **The Insurance Association of Pakistan**

#### Applicability

Code of Conduct is applicable to Direct General Insurance Companies.  
This Code does not apply to Reinsurers.

Following are the classes of business (as defined in the Insurance Ordinance 2000) to which the code applies:

- Fire and Property Damage business
- Marine, Aviation and Transport business
- Motor Third Party Compulsory business
- Liability business
- Workers' Compensation business
- Credit and Suretyship business
- Accident & Health business
- Agriculture Insurance including Crop Insurance
- Miscellaneous business

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### **Duty of utmost good faith.**

A contract of insurance is a contract based on utmost good faith and there shall be implied in such a contract a provision requiring each party to it to act towards the other party, in respect of any matter arising under or in relation to it, with the utmost good faith. Any breach of duty of utmost good faith by either party to the contract renders the contract void ab initio

## **1 Our commitments**

We promise that we will:

- Act fairly and reasonably when we deal with you
- Make sure all the information we give you is clear and not misleading
- Give you enough information and help so that you can make an informed decision before committing to buying an insurance policy
- Handle your claims fairly and promptly
- Handle your complaints fairly and promptly

## **2 Marketing**

### ***2.1 Advertising***

We will make sure that all advertising and promotional materials are clear, fair and not misleading.

### ***2.2 Information about products and services***

It is in your interest to ask for details of your cover. On our part we will explain all the main features of the products and services that we offer, including:

- All the important details of cover and benefits
- Any restrictions, warranties or exclusions
- Any significant conditions or obligations which you must meet
- The period of cover

### ***2.3 Protecting your interest***

In order to ensure that your interest as a general insurance customer is protected, we advise you to deal only with:-

Insurers who are Members of the Insurance Association of Pakistan and who have committed in writing to faithfully uphold and apply this Code of Conduct ;

If you need any information, please contact the Insurance Association of Pakistan.

## **3 Helping you to find insurance that meets your needs**

### ***3.1 Explaining our service***

When you first become our customer we will give you enough information and help so that you can make an informed decision before committing to buying an insurance policy. We will explain:

- The type of products and services we offer
- The choice of products and services we offer you.

### ***3.2 Information on costs***

We will provide you with the full details of the costs of your insurance, including:

- Separate insurance premiums for each of the individual products or services we are offering
- Details of any fees and charges other than the insurance premium, and the purpose of each fee or charge
- When you need to pay the premium, fees and charges, and an explanation of how you can pay

## **4 Confirming cover**

- We will give you enough information to check the details of cover
- We will provide you with any certificates or documents you need

## **5 Despatch of policy**

We will despatch complete policy documents to you promptly.

## **6 Providing ongoing service to you**

We will answer any questions promptly and give help and advice to you whenever needed.

### ***6.1 Changes to your policy***

We will deal with any changes to your insurance policy promptly including the following:

- Give you written confirmation of any changes to your policy promptly.
- Give you full details of any premiums or charges that you are expected to pay or that will be returned to you
- Give you any certificates or documents that you need to have by law
- Give you a receipt as proof of payment when payment is received

### ***6.2 Notice of renewal***

We will tell you when you need to renew your policy or when the policy will end, at least 30 business days before expiry, to allow you to consider and arrange continuing cover.

We will:

- Explain the renewal terms (if offered)
- Tell you of any changes to the cover
- Bring to your attention the need to disclose material information to insurers
- If we decide not to renew your policy, we will so inform you
- When your policy is renewed, we will send you the documentation you are entitled to promptly.

## **7 Claims**

We will handle claims fairly and promptly.

### ***7.1 Information on claims procedures***

When you first become a customer, we will explain to you:

- How to make a claim
- Our complaints procedures

### ***7.2 If you make a claim***

If you make a claim, we will follow set procedures and will advise you on claims settlement.

- We will acknowledge your notification of a claim within 5 business days
- If we need additional information we will contact you and request that information promptly
- You will need to provide all information requested on the claim form and supply all the necessary documents
- We will consider and handle your claim fairly and promptly, and tell you how your claim is progressing.
- We will inform you of the identity and contact details of the Surveyor/s
- If we cannot deal with all or any part of your claim, we will tell you in writing and explain the reasons for denial
- Once we have agreed to settle your claim and on receipt of all relevant documents, we will effect settlement promptly.

## **8 Documentation**

### ***8.1 Information in writing***

We will give you any important information in writing

### ***8.2 Standards of written information***

We will make sure that all the written information and documents we send you are clear and not misleading

## **9 Complaints**

We will handle your complaints fairly and promptly

### ***9.1 Insurance Disputes resolution scheme***

For insurance disputes you may refer to :

The Insurance Tribunal or the Insurance Ombudsman , details of which are on the IAP website.

## **10 Other information**

### ***10.1 Copies of the code***

Copies of the General Insurance Code of Conduct are available free from the IAP website at [www.iap.net.pk](http://www.iap.net.pk) or from the Insurance Association of Pakistan

### ***10.2 More information***

If you have any questions about the code, please contact the Insurance Association of Pakistan (IAP) at the address below.

The Insurance Association of Pakistan  
1713-1715, 17th Floor,  
Saima Trade Tower – A  
I.I.Chundrigar Road,  
P.O. Box No. 4932,  
Karachi-74000 - Pakistan

Nothing in this code shall give any general insurance customer any right or cause of action whatsoever against IAP or its Members.

## **CODE OF CONDUCT AMONG MEMBERS OF THE INSURANCE ASSOCIATION OF PAKISTAN ( IAP )**

In pursuance of IAP's stated need and desire to enhance its public image, and to strengthen the IAP as a common and unified platform to protect and advance the private sector insurance industry interests as a whole, it is imperative that minimum standards of ethical business practices and behavior be codified for compliance by members of IAP.

### **Objectives:**

- 1) To promote unity among members on industry issues.
- 2) To facilitate business dealings among members.
- 3) To strengthen the financial and capacity base of the industry as a whole.
- 4) To foster best practices for fair competition.

5) To encourage candid and complete communication among members on business related matters.

**Standards for Business Practices and Behavior:**

All members of IAP will be expected to observe the following:

- 1) All dealings and communication among members shall be based on the principle of utmost good faith, in letter and spirit.
- 2) While every member has the right to promote its own company, products and services, there should be no negative comment, innuendo or allusion regarding another member.
- 3) Members shall protect each other's interests as much as possible and not seek to undermine another's position with any individual, body, organization, authority or agency.
- 4) Any departure from standard / generally accepted policy wordings, warranties, conditions and exclusions shall be specifically highlighted in all matters of co-insurance and re-insurance. Always a good practice, this becomes more relevant with removal of tariffs and related standard wordings.
- 5) All endorsements, adjustments or any other variations to cover, premium or risk etc should be communicated to co-insurers immediately and not later than 2 business days.
- 6) All claims and any progress thereon should be communicated to co-insurers immediately and not later than 2 business days.
- 7) As liability for claims settlement by co-insurers is several, premium receipts should follow the same principle and clients should be encouraged and advised by the leaders to make payments accordingly.
- 8) If individual co-insurance premium payments are not practical for the client / leader, premium receipts should be advised to the co-insurers within 7 business days of receipt.
- 9) Every effort should be made to reconcile and clear old co-insurance / re-insurance balances by exchanging details of outstanding balances; any adjustments / documentation required should be updated as a priority to enable a new, more confident start to exchange of business among the members.
- 10) The principle of privileged exchange of information between insurers should be recognized and respected by clients, agents, brokers, surveyors / loss adjusters, motor repair workshops, financial institutions and similar others where the industry's competitive pressures are used in a manner prejudicial to the industry's interests as a whole. This should encourage and facilitate members to recognize and avoid manipulation by outside interests that have exploited industry vulnerabilities to their advantage.