

## SUMMARY OF THE ACTIVITIES OF LIFE COMMITTEE



Mr. Muhammad Amjad  
Chairman



Mr. Jalal Meghani  
Vice-Chairman



Mr. Omer Farooq  
Member



Mr. Shahid Abbas  
Member



Mr. Atif Shamim Syed  
Member



Mr. Junaid Asghar  
Member



Mr. Haseeb Kasbati  
Member



Mr. N. A. Usmani  
Secretary General



Mr. Nabeel W. Sabir  
Deputy Secretary General

Summarized below are the major activities under taken by the Committee during the year.

### **Sales Tax Petitions on Life Insurance in Sindh**

On 31st October 2024 IAP was informed by the lawyer that insurance cases were fixed before the division bench of Mr. Justice Muhammad Junaid Ghaffar and Mr. Justice Abdul Rahman.

Mr. Raashid Anwer made his rebuttal and the Bench was pleased to reserve the cases for a decision.

The Executive Committee met on 3rd December 2024 and the Taxation Committee met on 4th December 2024 where it was decided that a meeting with Mr. Khalid Jawed Advocate, will be arranged to seek his views on pleading the case in the Supreme

Court in case of adverse judgement from SHC.

Taxation & Lagislation (T&L) Committee members met Mr. Khalid Jawed on 10th December 2024, Committee discussed updates that an appeal will need to be filed in the Supreme Court immediately in case the adverse judgment is announced by the SHC.

LC and T&L met Rashid Anwer again on 19th December 2024, a meeting with Shahid Jamil was held on 2nd January 2025. LC and T&L presented the updates to the EC on 7th January 2024 for SC appeal, councils and course of action (if a fresh petition in SHC will be filed or not).

The Sindh High Court Order came on 14th January 2025 where all the petitions were dismissed. Stating

“... no case has been set forth before us to merit the invocation of the discretionary writ jurisdiction of this Court therefore these petitions are hereby dismissed. The petitions remain at the liberty to place their case including without limitation the grounds taken herein before the forum denoted vide the impugned notices. The respondent department is expected to conduct the proceedings envisaged vide the impugned notices, expeditiously and after providing an opportunity of hearing to the petitioners conclude the same vide reasoned speaking orders. The petitioners shall remain at the liberty to assail the findings if aggrieved before the forum of appropriate jurisdiction.”

#### List of dismissed cases

CP D7677 of 2019  
CP D1347 of 2021  
CP D2086 of 2021  
CP D709 of 2021  
CP D804 of 2022  
CP D1166 of 2022  
CP D1300 of 2022  
CP D2267 of 2022  
CP D4715 of 2022  
CP D805 of 2022  
CP D1520 of 2023  
CP D1521 of 2023  
CP D1522 of 2023  
CP D1539 of 2023  
CP D522 of 2024

On 10th February 2025 the following message was sent to all members based on the discussion with lawyers and the Executive Committee’s decision to approach the Supreme Court with two counsels. “In continuation of the subject communication, the combined negotiated fee of lawyers i.e. Mr. Rashid Anwer and Mr. Khalid Javaid with expected Supreme Court filing charges is Rs. 34,750,000 plus taxes to be paid upfront.

The Executive Committee has advised to distribute this amount equally among all members who have agreed to file these appeals with IAP’s suggested lawyers.

31 members have responded to the below request and therefore the per member share has been computed as Rs. 1,500,000 (rounded up) plus travel/boarding expenses for appearing in Supreme Court hearings (as per actual) billed by the lawyers.

The Supreme Court appeal has a 60 days strict limitation and therefore these have to be filed urgently.”

Both the lawyers will be billing IAP for their fee and the Executive Committee has requested all members to pay their share of fee to IAP within this week. IAP will then be able to process the required payments to the lawyers with the list of petitioners for whom the appeals have to be filed and that IAP will not be able to inform lawyers to file required SC appeals for members who have not paid their share”

Subsequently on 14th March 2025 and 27th March 2025 the Supreme Court Appeals for life and reinsurance SHC Order were filed by Mr. Rashid Anwer and Mr. Khalid Jawed respectively with following petitioners

1. The Insurance Association of Pakistan
2. Adamjee Insurance Co. Ltd.
3. Adamjee Life Assurance Co. Ltd.
4. Alfalah Insurance Company (Private) Limited
5. Alpha insurance Company Limited
6. Askari General Insurance Co. Ltd
7. Askari Life Assurance Co. Ltd.
8. Atlas Insurance Limited
9. Century Insurance Company Limited
10. CHUBB Insurance Pakistan Limited

11. Dawood Family Takaful Limited
12. East West Insurance Co. Ltd
13. EFU General Insurance Limited
14. EFU Life Assurance Limited,
15. Habib Insurance Company Limited
16. IGI General Insurance Limited
17. IGI Life Insurance Limited
18. Jubilee General Insurance Company Limited
19. Jubilee Life Insurance Co. Ltd.
20. Pak-Qatar Family Takaful Limited
21. Pak-Qatar General Takaful Limited
22. Premier Insurance Limited
23. Reliance Insurance Company Limited
24. Security General Insurance Co. Ltd.
25. Shaheen Insurance Company Limited
26. Sindh Insurance Limited
27. State Life Insurance Corporation of Pakistan,
28. The United Insurance Company of Pakistan Limited
29. The Universal Insurance Company Limited
30. TPL Insurance Limited
31. UBL Insurers Limited

### **Sales Tax Petitions on Health Insurance in Sindh**

On 10th March 2025 the Sindh High Court Order for health insurance petitions was announced stating “interim orders herein are recalled and the respective stay applications are hereby dismissed.” SHC vacated the stay against SST on health insurance in petition CP D 4318 of 2023 while decision against appeal numbering CP D1290/2024 & CP D1457/2024 is expected soon.

### **Petition Status as on 30th June 2025**

High Court of Sindh

Currently, three petitions are pending in the High Court of Sindh wherein the Sindh Sales Tax on Health Insurance has been challenged. The cases were fixed today i.e. 07.05.2025. The cases were

discharged by the Court and no hearing was conducted. Currently, no date has been fixed for the next hearing.

Lahore High Court

Two Petitions are pending in the Lahore High Court wherein the Punjab Sales Tax on Life & Health Insurance have been challenged. The cases were last fixed on 22.04.2025 and were adjourned to a date in office. No date has been fixed so far.

Peshawar High Court

One Petition is pending in the Peshawar High Court, wherein KP Sales Tax on Life & Health Insurance have been challenged. The case was last fixed on 20.03.2025. The case was adjourned to a date in office. No date has been fixed so far.

Supreme Court of Pakistan

Appeals have been filed in the Supreme Court. No date has been fixed for a hearing so far.

### **IFRS-17 implementation Phase 4: Parallel Run & Implementation**

Following the 26th May 2025 meeting of the IAP with SECP and with consultation with the Life Committee, IAP’s Executive Committee wrote to SECP on 6th June 2025.

Life members have requested one year extension in go live date while for non-life most of the members are on track, however IAP foresees external factors impacting milestones and therefore request SECP to kindly consider individual requests from non-life members on case to case basis to adjust deadlines where needed.

The table below specifies anticipated completion

timelines for 2 dry runs and go live dates as needed.

	Dry Run 1 on Audited Financial statements	Dry Run 2	Go Live Date
SECP's suggested timeline	30-Jun-25	30-Nov-25	01-Jan-26
Life Companies Requested Timeline	31-May-26	30-Sep-26	01-Jan-27
Non-Life Companies Requested Timeline	30-Sep-25	30-Nov-25	01-Jan-26 with assistance in individual extensions where needed

As this report is being printed SECP is in the process of obtaining approval from the Policy Board on the above timelines, members have been advised to seek individual extensions on milestones where needed.

### **CNIC Verisys Condition for continuing policies**

On 18th June 2025 Life Committee wrote to Anti-money Laundering Department SECP on “practical difficulties with reference to “note (v) of annex 1 to SECP (anti-money laundering, combating the financing of terrorism and countering proliferation financing) Regulations, 2020”

That the regulation requires that in case of expired CNIC of a policyholder, the regulated person shall take reasonable measures to immediately obtain copies of renewed CNICs including transmitting system generated alerts before a month of the expiry date.

The life insurance sector though is taking reasonable measures to obtain renewed CNICs, however there are always certain cases where renewed CNICs could not be obtained for reasons including lack of connectivity with or no response from the policyholder. It is pertinent to note that ultimately,

the renewed / valid CNICs are mandatorily collected and verified without fail at the time of contractual payouts including death claim, maturity, surrender and partial surrender. Hence, from AML/CFT/CPF point of view there is no risk involved where renewed CNIC could not be obtained after reasonable efforts during the currency of the contract since policyholder cannot withdraw any contractual amount without submitting a renewed / valid CNIC. Nevertheless, life insurance sector is currently facing a challenge with regards to warning letters being issued from SECP’s onsite inspection department for not obtaining renewed CNICs soon after its expiry.

It is imperative to mention here that regulation has already allowed insurance companies to verify identity of beneficiaries of the policy contract only at the time of claim payouts and such provision was included after considering the special nature of insurance business.

It is therefore appropriate to provide a different procedure for verification of identity of the policyholder, considering the special nature and timing of payouts with respect to life insurance policies.

SECP AMLD was requested to look into the matter and consider to introduce an appropriate change in the regulation. Response from SECP AMLD has not yet been received.

### **Working Group to Discuss Industry Tax Issues with SRB**

EC appointed the following group to discuss taxation matters with SRB, SRB has been informed and next meeting is expected to be called soon.

1. Mr. Muhammad Amjad - State Life Insurance
2. Mr. Omer Farooq - Jubilee Life -
3. Mr. Shahid Abbas - EFU Life -

4. Mr. Najam Khan - EFU General -
5. Mr. Asim Nagi - Adamjee General -
6. Mr. Murtaza Hussain - Habib Insurance -
7. Mr. Imran Chowhan - Salaam Takaful -

### Onsite Visit-Second Round of Peer Review on Pakistan's AEOI Effectiveness-2025

Nominations received from Life Committee were shared with FBR to represent IAP during the Global Forum's (OECD) Assessment Team (AT) for Second Round of Peer Review on Pakistan's Automatic Exchange of Information (AEOI) effectiveness review and to interact with the Assessment Team during their onsite visit.

On 23rd April 2025 following represented IAP during the onsite visit of the OECD AT. IAP is thankful to the members for successfully conducting the onsite visit and Pakistan insurance sector review

- o EFU Life: Mr. Arshad Iqbal
- o Askari Life: Mr. Atif Shamim
- o Adamjee Life: Mr. Asif Mirza
- o Jubilee Life: Mr. Zair Abbas

### Sales Tax on Life and Health Insurance in KPK

Following 6 companies filed a petition in KPK on 30th August 2024,

- I. Jubilee Life
- II. IGI Life
- III. EFU Life
- IV. Pak-Qatar Family Takaful Ltd
- V. Adamjee Life
- VI. Askari Life

SLIC had already filed a petition in 2023 in KPK. As this report goes into printing the sales tax status on life and health insurance is as follows

#### Sindh

- Group Health insurance is subject to sales tax from 1st July 2023.
- Life insurance sales tax remains effective from 1st July 2019
- Insurance agents sales tax of 5% remains effective from 1st July 2019

#### Punjab

- Both Life and Group Health insurance remains taxable from November 2018, 16%
- Insurance agents remain subject to 5% sales tax from 1st July 2021

#### KPK

- Life insurance sales tax of 15% has been imposed from 1st July 2021
- Health insurance sales tax of 1% has been imposed from 1st July 2021
- Agent Commission sales tax of 8% for non-corporate insurance agents and at 15% for corporate insurance agents from 1st July 2022

### 1. Other Matters

- i. IAP Federal and Provincial Budget Proposals 2025