

From: **Asif Siddiq Kasbati** <asif.s.kasbati@professional-excellence.com>

Date: Sat, Dec 13, 2025 at 11:51 AM

Subject: TIQC8= Related Partly, etc Disclosure for insurers Clarified – Circular 35

## 115+ Takaful & Insurance Quick Commentary - TIQC 8

### A. Background (BG)

1. This refers to the following Important TIQCs **in trail, blue, italic and after double line** (a) 7 of 12.12.25 about 2026 Growth rate scenarios for Life Insurance & Family Takaful - Circular 34 of 2025 (b) 6 of 21.10.25 about Draft Actuarial Valuation Rules for Insurers Takaful & Operators and KC Views & Recommendation (c) 5 of 16.4.25 about Insurance Tribunal is valid
2. We also refer to several Other TIQC including (a) 4 of 12.8.24 about Insured Pakistan: Pool Dynamics (b) 3 of 4.5.24 about Pakistan Potential Micro, inclusive Takaful & Insurance and KCV & KCR (c) 2 of 24.1.24 about Life Insurance correctly claimed by deceased Mother-SCP

### B. Updated Commentary

1. Further to KQU 3691 of 8.12.25, **being an Important matter**, we would inform you about Circular No. 35 of 4.12.25-Declaration under Section 32(1)(d) of the Insurance Ordinance 2000 (Attachment 8.1) in the ensuing paragraph, with emphasis in **bold & Underline**, ours for quick reading.
2. Section 32(1)(d) of the Insurance Ordinance, 2000 empowers SECP to declare any of the assets as admissible for the purpose of solvency requirement. Section 32(8)(g) of further deliberates the such a declaration shall remain in force for a period of not more than 12 months from the date at which the declaration has effect.
3. Accordingly, in line with the practice of declaring certain assets as admissible for solvency purpose on annual basis, SECP declare the following assets as admissible for the purpose of solvency requirement, for the period 1.1.26 to 31.12.26, subject to other provisions of the Ordinance and the Insurance Rules, 2017:

#### (a) Related party assets provided under section 32(2)(g)

- (i) Cash deposited in current accounts, savings accounts and term deposits of a scheduled bank registered under Banking Companies Ordinance, 1962 and is a related party of the insurer;
- (ii) Outstanding premium, due and receivable from a related party, for less than or equal to three months;
- (iii) Reinsurance recoveries against outstanding claims receivable from a related party;
- (iv) Prepaid reinsurance premium ceded to the extent it pertains to non-cash transaction;
- (v) Any other balances due from a related party in the normal course of business for less than three months, not exceeding ten percent of non-life insurer's total assets or in case of life insurer, ten percent of total assets of the relevant statutory fund or shareholders' fund;
- (vi) Investments in listed equity securities of a related party if investment by an insurer is equal to or less than forty nine percent of paid up capital of the related party, subject to the percentages / limit of admissibility prescribed in the Rules in respect of investment in shares of listed companies;

(vii) Investment in term finance certificates / sukuk bonds issued by the scheduled bank registered under Banking Companies Ordinance, 1962 and is a related party of the insurer, subject to the percentages/limit of admissibility prescribed in the Rules; and

(viii) Investments in mutual funds managed by an asset management company, related to the insurer, to the extent of percentages/limit of admissibility prescribed in the Rules in respect of investment in mutual funds managed by an asset management company.

#### **(b) Other assets**

(i) Investment in mutual funds managed by an asset management company, whether related to the insurer or not, by unit linked fund categorized as fund of fund out of its unit linked portion, as per the requirements of Unit Linked Products and Fund Rules, 2015 (the "UL Rules"), to the extent of net assets of such fund.

*Provided that in case of investment in sector specific mutual funds managed by an asset management company, whether related to the insurer or not, by unit linked fund categorized as fund of fund out of its unit linked portion, as per the requirements of UL Rules, percentages / limit of admissibility prescribed in the Rules in respect of investment in mutual funds managed by an asset management company, shall apply.*

(ii) Cash margin / margin deposit available to the insurer against guarantee / bonds upto the extent of corresponding recorded liability.

4. All other assets as provided in section 32(2) of the Ordinance shall remain inadmissible for the purpose of solvency requirement.

5. Any declaration by the Commission, currently in force, declaring assets as admissible for the purpose of solvency requirement, specific to any insurer, shall however remain in force as per the validity mentioned in the said declaration.

#### **C. Further Details & Services**

Should you require any clarification or explanations in respect of the above or otherwise, please feel free to email Mr Amsal at [amsal@kasbati.co](mailto:amsal@kasbati.co) with CC to [info.kasbati@professional-excellence.com](mailto:info.kasbati@professional-excellence.com).

Best regards for Here & Hereafter

Asif S Kasbati (FCA, FCMA & LLB)

**Managing Partner**

**Kasbati & Co** (1400+ Tax, Levies, Companies, Economy, Inflation, HR, Banking, Finance, etc

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**PTCL:** 92-21-34329108 **Mobile:** 0334 322

3161 **Website:** [kasbati.co](http://kasbati.co) **Facebook:** <https://www.facebook.com/taxexcellence/>

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*From: Asif Siddiq Kasbati <[asif.s.kasbati@professional-excellence.com](mailto:asif.s.kasbati@professional-excellence.com)>*

*Date: Fri, Dec 12, 2025 at 4:46 PM*

*Subject: TIQC7= 2026 Growth rate scenarios for Life Insurance & Family Takaful - Circular 34 of 2025*

#### **A. Background (BG)**

1. This refers to the following Important TIQCs **in trail, blue, italic and after double line** (a) 5 of 16.4.25 about Insurance Tribunal is valid (b) 4 of 12.8.24 about Insured Pakistan: Pool Dynamics

2. We also refer to several Other TIQC including (a) 3 of 4.5.24 about Pakistan Potential Micro, inclusive Takaful & Insurance and KCV & KCR (b) 2 of 24.1.24 about Life Insurance correctly claimed by deceased Mother-SCP

## **B. Updated Commentary**

1. Further to KQU 3691 of 8.12.25, **being an Important matter**, we would inform you about Circular No. 34 of 4.12.25 - Growth Rate Scenarios For Life Insurance and Family Takaful Illustrations, 2026 (Attachment 7.1) in the ensuing paragraph, with emphasis in **bold & Underline**, ours for quick reading.

2. Through the Circular for kind attention is invited towards clause 8.1 and 11.1 of the Directive for Life Insurance and Family Takaful Illustrations, 2024 (hereinafter referred to as the "Directive") notified via SRO 1088(1) of 8.7.24.

3. As per the Directive, life insurers and family takaful operators are to use two nominal growth rate scenarios to demonstrate projected benefits to potential policyholders in relation to policies specified in the Directive.

4. In this regard, the Commission in consultation with Pakistan Society of Actuaries has decided the growth rate scenarios for life insurance and family takaful illustrations shall remain to be 9% and 13% for the year 2026.

5. All new illustrations, in relation to policies specified in the Directive, of life insurers and family takaful operators (including family window takaful operators) shall continue to be made on the above stated scenarios.

## **C. Further Details & Services**

Should you require any clarification or explanations in respect of the above or otherwise, please feel free to email Mr Amsal at [amsal@kasbati.co](mailto:amsal@kasbati.co) with CC to [info.kasbati@professional-excellence.com](mailto:info.kasbati@professional-excellence.com).

Best regards for Here & Hereafter  
Asif S Kasbati (FCA, FCMA & LLB)

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From: **Asif Siddiq Kasbati** <[asif.s.kasbati@professional-excellence.com](mailto:asif.s.kasbati@professional-excellence.com)>

Date: Tue, Oct 21, 2025 at 5:53 PM

Subject: TIQC6= Draft Actuarial Valuation Rules for Insurers Takaful & Operators and KC Views & Recommendation

## **A. Background (BG)**

1. This refers to the following Important QCs **in trail, blue, italic and double Line** (a) BFIC 322 about Summary of Shariah Court Decision against Interest & Insurance - Implementation Deadlines and related Booklet with proper content (Attachment 329.1) (b) 3 of 4.5.24 about Pakistan Potential Micro, inclusive Takaful & Insurance and KCV & KCR

2. We also refer to several Other QC including TIQC 1 of 22.1.24 about Introducing Takaful & Insurance (TIQC) New QC area

## **B. Updated Commentary**

Further to KQU 3558, **being an important matter**, we would inform you about Draft Actuarial Valuation Rules for Insurers Takaful & Operators 2025 (Attachment 6.1) the draft as the is not given the rule, hence, The name has been purpose by one team, which is covered below a Consisting of 26 pages, If your Goodself has little time, please look at below Content and then refer to the relevant details thereafter.

| <b>Rules</b> | <b>Description</b>                    | <b>Page</b> |
|--------------|---------------------------------------|-------------|
| <i>1</i>     | <i>Applicability and Commencement</i> | <i>1</i>    |
| <i>2</i>     | <i>Definitions</i>                    | <i>1</i>    |
| <i>3</i>     | <i>Valuation date</i>                 | <i>3</i>    |
| <i>4</i>     | <i>Minimum reserving segments</i>     | <i>5</i>    |

### ***C. Takaful & Sharah Compliant - Kasbati Views & Recommendations***

*We appreciate SECP for publishing Draft Actuarial Valuation Rules for Insurers & Takaful Operators 2025 (**Attachment 6.1**) which is also important for Islamization of economy in Pakistan as per FSC order (BFIC 322 of 7.9.25 refers) and has to be seen from Shariah perspective.*

*We recommend moving toward Shariah Compliant Finance & Takaful as the same being implemented in phase by manner. Finally by 31.12.27, the full Economy will be Shariah Compliant as per FSC order & Constitution. Hence, we requested your Goodself action to multiply their BFIC for Here & Hereafter.*

### ***D. Further Details & Services***

*Should you require any clarification or explanations in respect of the above or otherwise, please feel free to email Mr Amsal at [amsal@kasbati.co](mailto:amsal@kasbati.co) with CC to [info.kasbati@professional-excellence.com](mailto:info.kasbati@professional-excellence.com).*

*Best regards for Here & Hereafter  
Asif S Kasbati (FCA, FCMA & LLB)*

*From: **Asif Siddiq Kasbati** <[asif.s.kasbati@professional-excellence.com](mailto:asif.s.kasbati@professional-excellence.com)>*

*Date: Wed, Apr 16, 2025 at 11:14 AM*

*Subject: TIQC5= Insurance Tribunal is valid*

### ***I. BACKGROUND***

*1. This refers to the following Important TIQCs **in trail, blue, italic and after double line** (a) 4 of 12.8.24 about Insured Pakistan: Pool Dynamics (b) 3 of 4.5.24 about Pakistan Potential Micro, inclusive Takaful & Insurance and KCV & KCR (c) 2 of 24.1.24 about Life Insurance correctly claimed by deceased Mother-SCP*

*2. We also refer to several Other TLQC including (a) TIQC 1 of 22.1.24 about Introducing Takaful & Insurance (TIQC) New QC area (b) BFQC 150 30.4.22 about Summary of Shariat Court Decision against Interest, etc.*

### ***II. UPDATED COMMENTARY - EXECUTIVE SUMMARY***

*1. LHC is of the view that the Federal Government has a valid jurisdiction under Proviso of sub-section (1) of Section 121 of the Ordinance ibid to nominate a District or Addl. District & Sessions Judge to function as Insurance Tribunal in consultation with the Hon'ble Chief Justices of the High Courts and may confer all or any of the powers of the said Tribunals upon the District or Additional District & Sessions Judges accordingly.*

*2. In consonance with the above conjoint reading of proviso to sub-sections as well as Sub-Section 4 & 6 of Section 121 of the Ordinance show that if any defect is left out in the constitution or composition of the Tribunal that will not invalidate the*

proceedings, act done or decision made by such Tribunal. Thus, the power / jurisdiction of Insurance Tribunals was rightly conferred to the District & Additional District Judge as per law.

3. As the jurisdiction of ordinary Civil Court is barred under the Ordinance *ibid* to take cognizance of the insurance matter and Tribunals were not yet constituted under Section 121(2) of the Ordinance, thus as the rights and remedy of the citizens cannot be left in vacuum and to cater such situation a temporary kind of alternate arrangement / forum is provided under proviso of Sub Section (1) of Section 121 of the Ordinance. As the power of Insurance Tribunals were conferred under Proviso of sub-section (1) of Section 121 of the Insurance Ordinance, 2000, read with Notifications issued by the Federal Government with the consultation of the Hon'ble Chief Justices, as such the proceedings and decision made whereupon by the said Tribunals are valid and same are hereby saved till establishment of the Insurance Tribunal under sub-section (2) of Section 121 of the Insurance Ordinance, 2000 (XXXIX of 2000) by showing agreement with view rendered in the cases cited as Haji Muhammad Hanif Vs State Life Insurance Corporation of Pakistan through Chairman (2007 CLD 490), State Life Insurance Corporation of Pakistan through Chairman and another Vs Mst. Naseem Begum (2009 CLD 1413) and State Life Insurance Corporation Vs Razi-ur-Rehman (2011 CLD 746).

4. As the Federal Government with consultation of the Hon'ble Chief Justice issued notifications under Proviso of Sub-Section (1) of Section 121 of the tax *ibid* and constituted Insurance Tribunal which are accordingly functioning before 3.10.22, thus the Government has rightly issued notification and validly constituted Insurance Tribunals, as such to that extent, any adverse findings rendered by the learned Division Bench of this Court in case reported as 2023 CLD 135 are hereby declared as not sustainable as the same wears no binding force of law.

### III. DETAILS

#### A. Validity of Jurisdiction

Further to KQU 3068, being an important matter, we would inform you about Jamil Tariq VS New Jubilee Insurance Company Ltd, etc - RFA 195930 of 2018 - LHC (Attachment TLQC 5.1) in the ensuing paragraph, with emphasis in **bold & Underline** for quick reading

2. On 19.12.22, during course of hearing of the captioned Insurance Appeal, the learned counsel for the appellant presented photocopy of judgment passed in RFA No 1064 of 2011 titled as Premier Insurance Limited through Authorized Officer Vs Messrs Ihsan Yousaf Textile Private Limited through Director & 3 Others (2023 CLD 135) and requested for decision of the instant appeal in terms of the said judgment. After perusing the said judgment, one of us (Ch. Muhammad Iqbal, J.) while heading a Division Bench referred the matter to the Hon'ble Chief Justice for constitution of a Larger Bench to settle the issue:-

**“Whether the Tribunals established under sub-section (1) of Section 121 of the Insurance Ordinance, 2000, are constituted as per mandate of law or otherwise?”**

3. In paragraph No 5 of said judgment *supra* (2023 CLD 135), the learned Division Bench of this Court observed that the Insurance Tribunal who decided the insurance case was not constituted as per mandate of law described in Section 121 (2) of the Insurance Ordinance, 2000. For ready reference, Para No.5 of the judgment *supra* is reproduced as under:-

“5.....When the above provision of law is, accumulatively, gone through and interpreted, we observe that the Tribunal, in the peculiar facts and circumstances of the case in hand, has not been constituted as per mandate of law because sub-section (2) of section 121, *ibid*, provides that, ‘The Tribunal shall consist of a Chairperson who shall be serving or retired Judge of the High Court and not less than two members being persons of ability and integrity who have such knowledge or experience of life insurance, non-life insurance, actuarial science, finance, economics, law, accountancy, administration or other discipline as would, in the opinion of the Federal Government, enable them to discharge the duties and functions of members of the Tribunal.’ and sub section (3) *ibid* demands that, ‘To constitute a sitting of a Tribunal the presence of the Chairperson and



at least one other member shall be necessary. ' By using word "shall" the legislators have made it mandatory and any deviation therefrom would make the verdict of such Tribunal illegal and not sustainable in the eye of law. However, in the present case, the Tribunal was consisting of only one Judge (Addl. District and Sessions Judge) and no member having experience of life insurance, non-life insurance, actuarial science, finance, economics, accountancy, administration or other discipline has been included as provided under subsection (2) of section 121 ibid; meaning thereby the impugned judgment has been rendered by Tribunal, not constituted as per mandate of law and hence, the same is not sustainable in the eye of law."

(emphasis supplied)

**4. Before marching ahead, it is appropriate to peruse the provision of Section 121 of the Insurance Ordinance 2000 (the "Ordinance") which is reproduced as under:-**

**"121. Constitution of the Tribunal.-** (1) The Federal Government shall constitute a Tribunal or Tribunals in consultation with the Commission and shall in respect of each Tribunal so constituted specify the territorial limits within which, or the class or classes of cases in respect of which each such Tribunal shall exercise jurisdiction under this Ordinance:

Provided that the Federal Government may by notification in the official Gazette confer all or any of the powers of the Tribunal on any District or Additional District and Sessions Judge of an area where for any reason it may not be expedient to constitute a separate Tribunal, and in doing so the Federal Government shall also specify the composition and pecuniary and territorial limits of such a Tribunal.

(2) The Tribunal shall consist of a Chairperson who shall be a serving or retired judge of the High Court and not less than two members being persons of ability and integrity who have such knowledge or experience of life insurance, non-life insurance, actuarial science, finance, economics, law, accountancy, administration or other discipline as would, in the opinion of the Federal Government, enable them to discharge the duties and functions of members of the Tribunal.

(3) To constitute a sitting of a Tribunal the presence of the Chairperson and at least one other member shall be necessary.

(4) A Tribunal shall not merely by reason of a change in its composition, or the absence of any member from any sitting, be bound to recall and rehear any witness who has given evidence, and may act on the evidence already recorded by or produced before it.

(5) A Tribunal may hold its sitting at such places within its territorial jurisdiction as the Chairperson may decide from time to time.

(6) No act or proceeding of a Tribunal shall be invalid by reason only of the existence of a vacancy in, or defect in the constitution of the Tribunal."

(emphasis supplied)

**5. Section 121 of the Ordinance 2000 has two portions, one is sub-section (1) with its proviso and other consists of sub sections 2 to 6 whereof. In exercise of powers under proviso of sub-section (1) of Section 121 of the Ordinance ibid, the Federal Government through notification dated 20.6.06, in consultation with the Hon'ble Chief Justices of High Courts conferred power to District or Additional District & Sessions Judge to perform function as Insurance Tribunal. **For ready reference, notification dated 20.6.2006 issued by the Justice and Law Division, Government of Pakistan is reproduced as under:-****

*"In exercise of powers conferred by Section 121(1) of the Insurance Ordinance, 2002, the Federal Government in consultation with the Chief Justices of High Court of Punjab, High Court of Sindh and*

*Peshawar High Court, is pleased to confer powers of Insurance Tribunals in each Province to the District & Sessions Judges specified in column (2) of the table below to exercise territorial jurisdiction specified in column (3) thereof:-*

| <i><b>Sr.No.</b></i> | <i><b>Nature of the Session's Court</b></i>             | <i><b>Territorial Limits</b></i> |
|----------------------|---|----------------------------------|
| <i><b>(1)</b></i>    | <i><b>(2)</b></i>                                       | <i><b>(3)</b></i>                |
| <i>1.</i>            | <i>District &amp; Sessions Judge, Lahore</i>            | <i>Whole Province of Punjab</i>  |
| <i>2.</i>            | <i>District &amp; Sessions Judge, Karachi (Central)</i> | <i>Whole Province of Sindh</i>   |
| <i>3.</i>            | <i>District &amp; Sessions Judge, Peshawar</i>          | <i>Whole Province of NWFP</i>    |

*6. Later on, after observing prescribed modalities another notification dated 2.2.2007 was issued whereby powers of Insurance Tribunals were conferred upon Additional District and Sessions Judge, Lahore-I. For ready reference, notification dated 2.2.2007 is reproduced as under:-*

*“In partial modification of this Division’s Notification dated 20.6.06 and in exercise of powers conferred by Section 121(1) of the Insurance Ordinance 2000, the Federal Government, in consultation with the Chief Justice of Lahore High Court, Lahore, is pleased to confer powers of Insurance Tribunals on Additional District and Session Judge, Lahore-I, to exercise the territorial limits within the whole Province of Punjab.”*

*7. Whereafter another notification dated 2.2.17 was issued by the Justice and Law Division, Government of Pakistan which is as under:-*

*“In exercise of powers conferred by Section 121(1) Insurance Ordinance 2000, the Federal Government, in consultation with the Chief Justice of Lahore High Court, Lahore is pleased to confer powers of Insurance Tribunal on Additional District & Session Judge-I at all District Headquarters in the Province of Punjab.”*

*8. Moreover, vide notification dated 17.10.2017 the Justice and Law Division, Government of Pakistan while invoking powers under sub-section (1) of Section 121 of Insurance Ordinance, 2000 established Insurance Tribunal in the Province of Punjab with specific territorial jurisdiction which is reproduced as below:-*

*“In exercise of powers conferred by Section 121(1) Insurance Ordinance 2000, the Federal Government is pleased to establish two Insurance Tribunal in the Province of Punjab within the territorial jurisdiction as mentioned in the table below:-*

| <i><b>Sr.No.</b></i> | <i><b>Station</b></i> | <i><b>Territorial Limits</b></i>                             |
|----------------------|-----------------------|--|
| <i>1.</i>            | <i>Lahore</i>         | <i>Lahore, Faisalabad, Gujranwala and Sargodha Divisions</i> |
| <i>2.</i>            | <i>Multan</i>         | <i>Multan, Bahawalpur, Sahiwal and D.G. Khan Divisions</i>   |

*9. Earlier the validity of constitution of Insurance Tribunal or conferment of power of the Insurance Tribunal to District or Additional District & Sessions Judge under Section 121 came under judicial consideration and this Court in a judgment titled as Haji Muhammad Hanif Vs State Life Insurance Corporation of Pakistan through Chairman (2007 CLD 490) has held as under:-*

“4. Section 121 of the said Ordinance makes it mandatory for the Federal Government to constitute a Tribunal or Tribunals in consultation with the Security and Exchange Commission of Pakistan and to specify its territorial limitations. Section 121 (2) provides for the composition and constitution of the Tribunal. Section 122 lays down the powers and section 123 provides for the procedure of the Tribunal. Section 124 provides the remedy of an appeal against the decisions of the Tribunal in this Court. It is section 122(3) of the said Ordinance which provides that no Court other than a Tribunal shall have or exercise any jurisdiction with respect to any matter to which the jurisdiction of a Tribunal extends under the said Ordinance. Admittedly the learned District Judge, Lahore has been constituted as an Insurance Tribunal by the Federal Government vide notification dated 20-6-2006 and conveyed to the learned District Judge Lahore by the Registrar of this Court on 7-7-2006. The suit was obviously filed under section 9, C.P.C. This section itself lays down that all suits of civil nature shall be tried by the Courts established under the said law excepting the suits regarding which their jurisdiction is either expressly or impliedly barred. The said section 122(3) of Insurance Ordinance, 2000 expressly barred the jurisdiction of Courts including Civil Court other than a Tribunal in the matter of claims under Insurance Policy. Thus bar was already operative when the suit was filed in the year, 2005. The learned Civil Judge on the earlier occasion had correctly refused to stay his hands in the matter for the reason that the Tribunal had not been constituted by that time. The Tribunals now having been constituted, the jurisdiction in the matter vested in them under the said provisions of Insurance Ordinance, 2000.

10. In another case cited as State Life Insurance Corporation of Pakistan through Chairman and another Vs Mst. Naseem Begum (2009 CLD 1413) the issue of the constitution of Insurance Tribunal through notification under proviso to sub section (1) of Section 121 of the Insurance Ordinance, 2000 was raised and the learned Division Bench of this Court validated the said notification regarding conferment of power of the Tribunals upon the District or Addl. District Sessions Judge respectively. For ready reference, para No.5 judgment mentioned above is reproduced as under:-

“5. Adverting first to the contention of the learned counsel as to the constitution of the Tribunal, he has relied upon section 121 of the Insurance Ordinance, 2000 to contend that the Tribunal must consist of three members, while the impugned order has been passed by an Additional District Judge. We are afraid that this contention is wholly misconceived. The proviso of section 121 of the Insurance Ordinance, 2000 specifically provides that where no such Tribunal is constituted, the Federal Government may issue a notification conferring the powers of the Tribunal upon a District or Additional District and Sessions Judge. It is common ground between the parties that such a notification had been issued conferring the powers of Insurance Tribunal upon a Judicial Officer who passed the order.”

11. In many other Insurance Appeals similar kind of objections were raised which were answered by the learned Division Bench of this Court in a case titled as State Life Insurance Corporation Vs Razi-ur-Rehman (2011 CLD 746) declaring therein that when no Insurance Tribunal was constituted under Section 121(2) of the Ordinance *ibid*, the Federal Government has the powers to confer all or any power of the Tribunal to the District or Addl. District & Sessions Judge. For ready reference Para No.11 of the said judgment is reproduced as under:-

“11. Adverting first to the contention of the learned counsel as to the constitution of the Tribunal, he has relied upon section 121 of the Insurance Ordinance, 2000 to contend that the Tribunal must consist of three members, while the impugned order has been passed by an Additional District Judge. We are afraid this contention is wholly misconceived. The proviso of section 121 of the Insurance Ordinance, 2000, specifically provides that where no such Tribunal is constituted, the Federal Government may issue a notification conferring the powers of the Tribunal to a District or an Additional District and Sessions Judge. It is common ground between the parties that such a notification had been issued conferring the powers of Insurance Tribunal upon an Additional District Judge at Lahore, who passed the impugned orders. Reference in this regard may usefully be made to 2009 CLD 1413 and 2009 CLD 1069. We therefore hold that the Insurance Tribunal that rendered the impugned order was validly constituted and had the jurisdiction to pass the same.”

12. The Legislature has consciously inserted the proviso of sub-section (1) of Section 121 of the Insurance Ordinance, 2000, whereby the Federal Government has been empowered to confer all or any of the powers of Insurance Tribunal upon the District or Additional District & Sessions Judge with the consultation of the Hon'ble Chief Justice of High Court but while



rendering judgment titled as Premier Insurance Limited through Authorized Officer Vs Messrs Ihsan Yousaf Textile Private Limited through Director & 3 Others (2023 CLD 135) the proviso of sub-section 1 of Section 121 of the Ordinance *ibid* as well as the notifications mentioned in paragraph No.2 of this judgment were escaped from consideration of the said learned Division Bench as perhaps the same facts or information were not presented or discussed at the time of hearing of the case and passing of the judgment *supra*.

13. Under the Proviso to sub-section (1) of Section 121 of the Ordinance *ibid*, read with aforesaid notifications, certain powers of the Tribunals were conferred upon the District / Additional District & Sessions Judges-I who have decided the cases as Insurance Tribunals as such the said decisions are saved as per law. Moreover, judgment *supra* [2023 CLD 135] declares that the Insurance Tribunals were not constituted as mandated by Section 121(2) of the Ordinance *ibid*, suffice it to say that if Insurance Tribunals are to be constituted under sub-section (2) of the Section 121 of the Ordinance *ibid* then sub-section (3) of the above provision will come into play which requires that such Tribunal will necessarily be consisting upon a Chairman and at least one Member.

14. Thus, the constitution of Tribunal under sub-section (2) of the Ordinance has altogether distinctive qualification standards and expertise than that of mere conferment of powers as described under the proviso of sub section (1) of Section 121 of the Ordinance *ibid*.

15. Furthermore, the matter of conferment of power to the District or Additional District & Sessions Judge as Insurance Tribunal was questioned in Writ Petition No.7364/2017 titled as *Jalil Ahmed Vs. Additional District & Sessions Judge-I etc.*, and the then Hon'ble Chief Justice of this Court (Mr. Justice Syed Mansoor Ali Shah, as his lordship then was) *vide* order dated 22.05.2017 observed that Insurance Tribunals constituted under sub-section (1) to Section 121 of the Ordinance *ibid* were made as an ad-hoc arrangements which cannot be continued for an indefinite period and the Ministry of Law, Justice and Human Rights, Government of Pakistan was directed to constitute the Insurance Tribunals under sub-section (2) of Section 121 of the Ordinance *ibid*. However, it was held that jurisdiction conferred upon the District Judges-Additional District Judges *vide* notification dated 02.02.2017 shall continue to hold field. For ready reference, relevant portion of order dated 22.5.17 is reproduced as under:

“4. Federation through Ministry of Law, Justice & H.R, Government of Pakistan, Islamabad is directed to ensure that three Insurance Tribunals in terms of Section 121(2) of the Ordinance are constituted and made functional within three months from today. In case the said Tribunal is not functional by 21.08.2017, Secretary, Law, Ministry of Law, Justice & H.R, Government of Pakistan, Islamabad shall appear in person before this Court on the next date of hearing.

5. In the meanwhile Notification dated 2.2.17 issued by the Law and Justice Division, Government of Pakistan shall continue to hold the field and the powers conferred on Additional District & Sessions Judge-I at all the District Headquarters of the Province of Punjab.”

16. The aforesaid petition is still pending for final adjudication and decision.

#### **B. LHC Decision about Jurisdiction**

LHC is of the view that the Federal Government has a valid jurisdiction under Proviso of sub-section (1) of Section 121 of the Ordinance *ibid* to nominate a District or Addl. District & Sessions Judge to function as Insurance Tribunal in consultation with the Hon'ble Chief Justices of the High Courts and may confer all or any of the powers of the said Tribunals upon the District or Additional District & Sessions Judges accordingly.

In consonance with the above conjoint reading of proviso to sub-sections as well as Sub-Section 4 & 6 of Section 121 of the Ordinance show that if any defect is left out in the constitution or composition of the Tribunal that will not invalidate the proceedings, act done or decision made by such Tribunal. Thus, the power / jurisdiction of Insurance Tribunals was rightly conferred to the District & Additional District Judge as per law.

### **C. Binding Effect & Longer Bench**

**1. Further, there is another significant aspect of the matter that judgment rendered in RFA No.1064-2011 (2023 CLD 135) has been handed down by a learned Division Bench whereas admittedly earlier decision of a Bench comprising equal strength/Benches of coordinate jurisdiction of the same Court, would be binding and if any different view is to be taken then the matter may be referred for the constitution of the Larger Bench.** Reliance is placed on a judgment titled as Multiline Associates Vs. Ardeshir Cowasjee and 2 others (PLD 1995 SC 423). As the aforementioned facts were not brought into the notice of the Court while passing the judgment supra (2023 CLD 135) as such the findings rendered in paragraph No.5 of the said judgment are liable to be reversed. Reliance in this regard is placed on case cited as Qaiser & Another Vs The State (2022 SCMR 1641) wherein the Hon'ble SCP has held as under:-

“5 Although the learned Additional Advocate General, KPK tried to persuade us for deviation from the earlier judgments but it is quite clear from the judgments of this Court that 3-Members Bench remained unanimous that the prosecution is required to prove the safe custody and safe transmission of the sample parcels. It is now established that the decision of a bench of certain member of judges is binding on the subsequent bench of the same strength and if a subsequent bench of the same strength wants to take a different view the only possibility is to refer the matter to the Chief Justice of Pakistan for the constitution of a larger bench, even a decision of a bench of equal strength is not brought into the notice of a subsequent bench of same strength and it expresses a contrary view, then the later decision is a judgment per incuriam.

6. In the case of Mst. Samrana Nawaz v. M.C.B. Bank Ltd. (PLD 2021 SC 581) it was held that earlier judgment of a Bench of the Supreme Court was binding not only upon the Benches of smaller numeric strength but also upon the Benches of co-equal strength a Bench of co-equal strength could not deviate from the view held by an earlier Bench, and if a contrary view had to be taken, then the proper course was to request the Chief Justice of the Supreme Court for constitution of a larger Bench to reconsider the earlier view. Smaller Bench cannot request for the constitution of a larger Bench to revisit the opinion of a larger Bench on any question or principle of law. View expressed by a three member Bench of the Supreme Court could only be changed or deviated, from a Bench of equal number for which the forum provided by law was to request the Chief Justice for constitution of a larger Bench. In the cases of Multiline Associates Ardeshir Cowasjee (PLD 1995 SC 423) and Wak Limited Multan Road Lahore V. Collector Central Excise and ST Lahore (now CIR LTU Lahore) (2018 SCMR 1474) it was held that earlier judgment of equal Bench of the High Court on the same point was binding on the subsequent Bench and if the subsequent Bench tended to take a different view, it had to request for the constitution of larger Bench. In the case of Union of India & others v. S.K. Kapoor (2011) 4 SCC 589] it was held that if a subsequent coordinate Bench of equal strength wants to take a different view, it can only refer the matter to a larger Bench, otherwise the prior decision of a co-ordinate Bench is binding on the subsequent Bench of equal strength and if any subsequent judgment by deviating from the earlier judgment of equal number of bench, would be per incuriam. Same was the view of this court in Ardeshir Cowasjee and 10 others Vs. Karachi Building Control Authority KMCL Karachi and 4 others (1999 SCMR 2883). Thus the judgments passed by the 3-Members Benches, mentioned above, have binding effect upon equal or less Member Benches of this Court, unless contrary is declared by a larger Bench of this Court.”

**2. Further reliance is placed on a case cited as Muhammad Jawad Hamid Vs Mian Muhammad Nawaz Sharif & Others (PLD 2018 Lahore 836).**

**3. Moreover, as envisages from sub-section (2) of Section 121 of the Insurance Ordinance, 2000, the Federal Government has power to appoint a serving or a retired Judge of the High Court as a Chairman, Insurance Tribunal with not less than two members being persons of ability with integrity who have such knowledge or experience of life insurance, non-life insurance, actuarial science, finance, economics, law accountancy, administration or other discipline and accordingly established two Insurance Tribunals, one Tribunal in Lahore and other one Tribunal in Multan vide notification dated 03rd January, 2022. For ready reference, notification dated 03.01.2022 is reproduced as under:-**

GOVERNMENT OF PAKISTAN  
LAW AND JUSTICE DIVISION

Islamabad the 03rd January, 2022

**NOTIFICATION.**

No.F.6(26)/2017-A.IV:-In exercise of powers conferred under Section 121 (2) of the Insurance Ordinance, 2000 (XXXIX of 2000), the Federal Government is pleased to appoint retired Judges of Lahore High Court as Chairpersons in the Insurance Appellate Tribunals, with last pay drawn on contract basis for a period of three years, with effect from the date of assumption of charge.

| Sr.No. | Name of Judge                            | Station of nomination                               |
|--------|--|---|
| 1.     | Mr. Justice (Retd) Ali Akbar Qureshi.    | Insurance Tribunal, Lahore.                         |
| 2..    | Mr. Justice (Retd) Muhammad Khalid Alvi. | Multan, Bahawalpur, Sahiwal and D.G. Khan Divisions |

**D. LHC Final Decision**

1. As the jurisdiction of ordinary Civil Court is barred under the Ordinance ibid to take cognizance of the insurance matter and Tribunals were not yet constituted under Section 121(2) of the Ordinance, thus as the rights and remedy of the citizens cannot be left in vacuum and to cater such situation a temporary kind of alternate arrangement / forum is provided under proviso of Sub Section (1) of Section 121 of the Ordinance. As the power of Insurance Tribunals were conferred under Proviso of sub-section (1) of Section 121 of the Insurance Ordinance, 2000, read with Notifications issued by the Federal Government with the consultation of the Hon'ble Chief Justices, as such the proceedings and decision made whereupon by the said Tribunals are valid and same are hereby saved till establishment of the Insurance Tribunal under sub-section (2) of Section 121 of the Insurance Ordinance, 2000 (XXXIX of 2000) by showing agreement with view rendered in the cases cited as Haji Muhammad Hanif Vs State Life Insurance Corporation of Pakistan through Chairman (2007 CLD 490), State Life Insurance Corporation of Pakistan through Chairman and another Vs Mst. Naseem Begum (2009 CLD 1413) and State Life Insurance Corporation Vs Razi-ur-Rehman (2011 CLD 746).

2. As the Federal Government with consultation of the Hon'ble Chief Justice issued notifications under Proviso of Sub-Section (1) of Section 121 of the tax ibid and constituted Insurance Tribunal which are accordingly functioning before 3.10.22, thus the Government has rightly issued notification and validly constituted Insurance Tribunals, as such to that extent, any adverse findings rendered by the learned Division Bench of this Court in case reported as 2023 CLD 135 are hereby declared as not sustainable as the same wears no binding force of law.

3. Since the question referred to this Bench has been answered, as such office is directed to fix the instant appeal and other connected cases mentioned hereunder before appropriate Benches of this Court for decision on merits:

| Sr.No. | Case No.                        |
|--------|---------------------------------|
| 1.     | Insurance Appeal No.231965/2018 |
| 2.     | Insurance Appeal No.241566/2018 |
| 3.     | Insurance Appeal No.239729/2018 |
| 4.     | Insurance Appeal No.239730/2018 |
| 5.     | Insurance Appeal No.245865/2018 |
| 6.     | Insurance Appeal No.22680/2021  |
| 7.     | Insurance Appeal No.10482/2022  |

|    |   |
|----|---|
| 8. | <a href="#"><i>Insurance Appeal No.12395/2022</i></a> |
| 9. | <a href="#"><i>Insurance Appeal No.29341/2022</i></a> |

#### ***IV. Further Details & Services***

*Should you require any clarification or explanations in respect of the above or otherwise, please feel free to email Mr Amsal at [amsal@kasbati.co](mailto:amsal@kasbati.co) with CC to [info.kasbati@professional-excellence.com](mailto:info.kasbati@professional-excellence.com).*

*Best regards for Here & Hereafter  
Asif S Kasbati (FCA, FCMA & LLB)*

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