

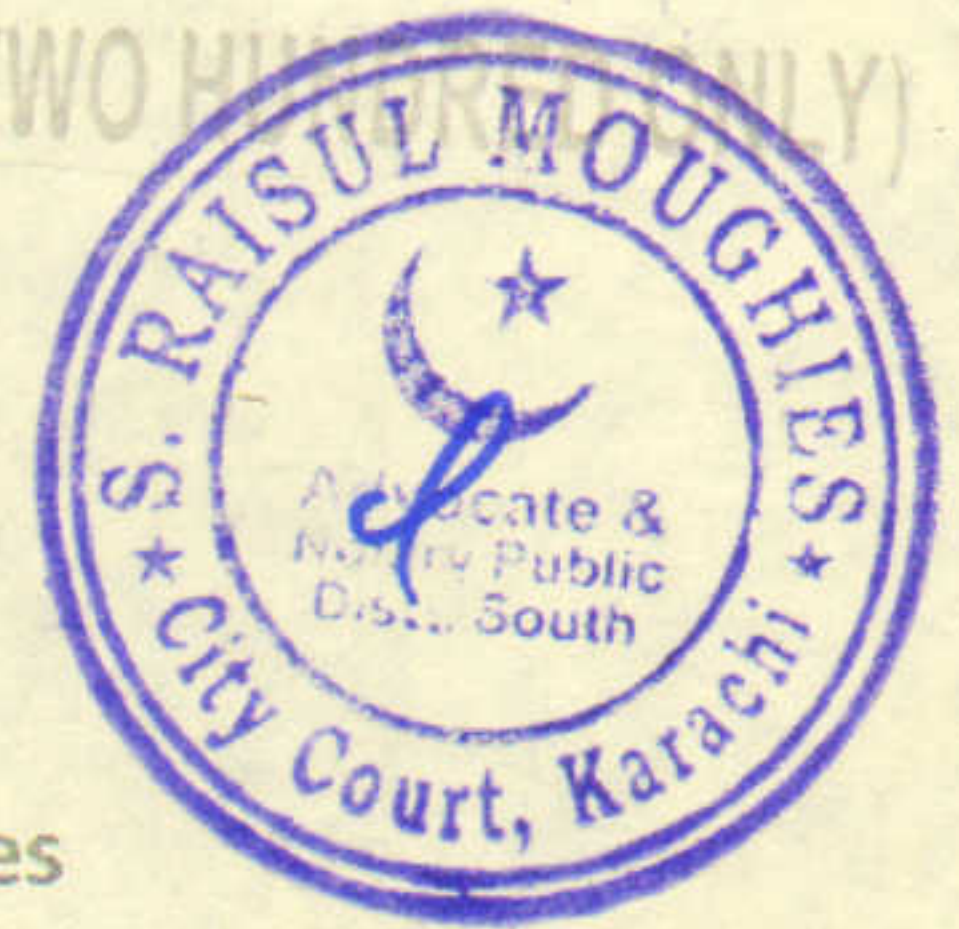


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21 AUG 2017

Muhammad Sharif Arain
 Advocate

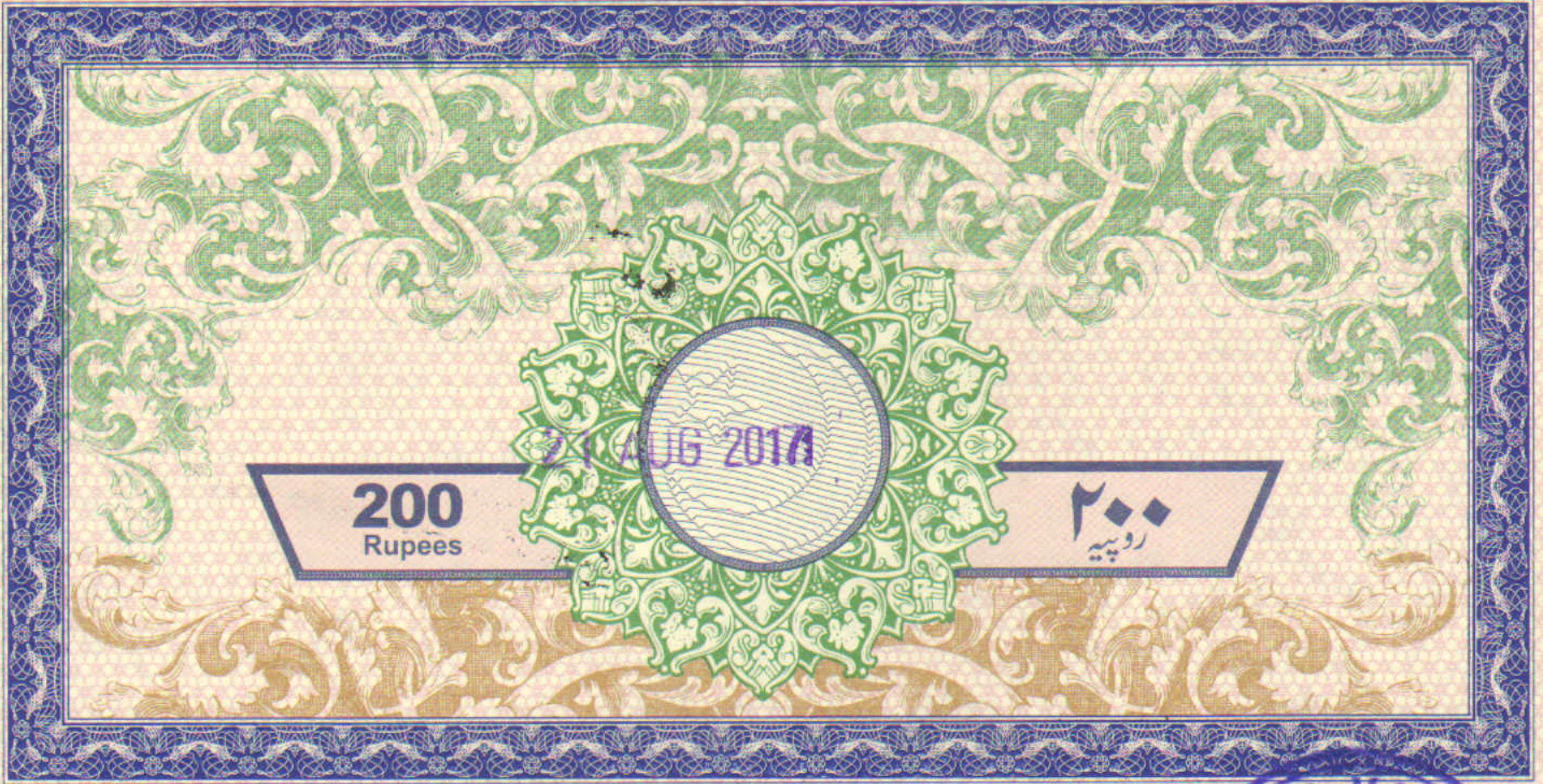
(RUPEES TWO HUNDRED ONLY)



Individual Family Participant Takaful Fund Policies

1. **Short Title** – These Rules shall be called Participant Takaful Fund Policies or Waqf Rules.
2. **Definitions.** - In these Rules, unless there is anything repugnant in the subject or context, -
 - 2.1 **Accounting Year** means financial year of the Operator;
 - 2.2 **Board of Directors** means Board of Directors of State Life Insurance Corporation of Pakistan
 - 2.3 **Commission** means Securities and Exchange Commission of Pakistan (SECP)
 - 2.4 **Contribution** means the amount payable by a participant to an operator under a Takaful Contract;
 - 2.5 **Deficit** means the shortfall in the IFPTF, that is, excess of payments over receipts and after accrual of all expenses and income in accordance with generally accepted accounting principles and applicable law for the time being in force. This also implies admissible assets not sufficient enough to cover all its liabilities;
 - 2.6 **Distributable Surplus** means the portion of amount to be distributed after the necessary evaluation of the assets and liabilities of Participant Takaful Fund(s) determined by the Operator after the consultation with Shariah Advisor and appointed Actuary at the end of every accounting year;
 - 2.7 **Ordinance** means the Insurance Ordinance (XXXIX of 2000);
 - 2.8 **Operator** means State Life Insurance Corporation of Pakistan authorized as Window Takaful Operator under Takaful Rules 2012 and is working in its capacities of Wakeel and Modarib, as the case may be, thereby operating the IFPTF;
 - 2.9 **Participant Takaful Fund (IFPTF)** means a separate sub-fund of a Statutory Fund set up into which the participant's risk related contributions are paid and from which risk related benefits are paid out;
 - 2.10 **Participant's Membership Documents (PMD)** means the documents detailing the benefits and obligations of the Participant;

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2.11 **Settlor** means Window Takaful Operations carried out by State Life Insurance Corporation of Pakistan acting in its capacity as Settlor of the Waqf Fund and/or Waqif of Waqf money through initial ceding. The term Settlor or Operator may be used interchangeably;

2.12 **Shariah Advisor** means Shariah Advisor of the Operator appointed under Rule 26 of the Takaful Rules 2012;

2.13 **Supplementary Rules** means sub-rules or other rules to be made under this Deed as deemed necessary for legal and operational reasons;

2.14 **Takaful Rules** means Takaful Rules, 2012, issued by SECP (or any successor for the time being in force);

2.15 **Waqf Deed** means Waqf Settlement Deed made by the Operator to establish Waqf Fund;

2.16 **Waqf Fund** means Individual Family Participant Takaful Fund (IFPTF);

2.17 **Waqif** see Settlor;

Unless the context otherwise requires, words or expressions contained in this Deed shall have the same meaning as in the Insurance Ordinance, 2000, Takaful Rules and Waqf Deed; and words importing the singular shall include the plural, and vice versa, and words importing the masculine gender shall include feminine, and words importing persons shall include corporate entities.

3. Risk Covered and Benefits Payable by IFPTF

3.1 The IFPTF shall cover the risks pertaining to and permitted to Family Takaful Business under the Ordinance and Takaful Rules;

3.2 The type of risks covered shall be approved by the Appointed Actuary and the Shariah Advisor;

3.3 The types of risk covered through the product that would be offered to the Participant shall be under Class 1 as defined in Section 4 of the Ordinance.

3.4 The list of events and Benefit to be payable to the participant shall be covered in detail in the respective type of PMDs according to the nature of the Risk allowed under Class 1 as defined in Section 4 of the Ordinance.

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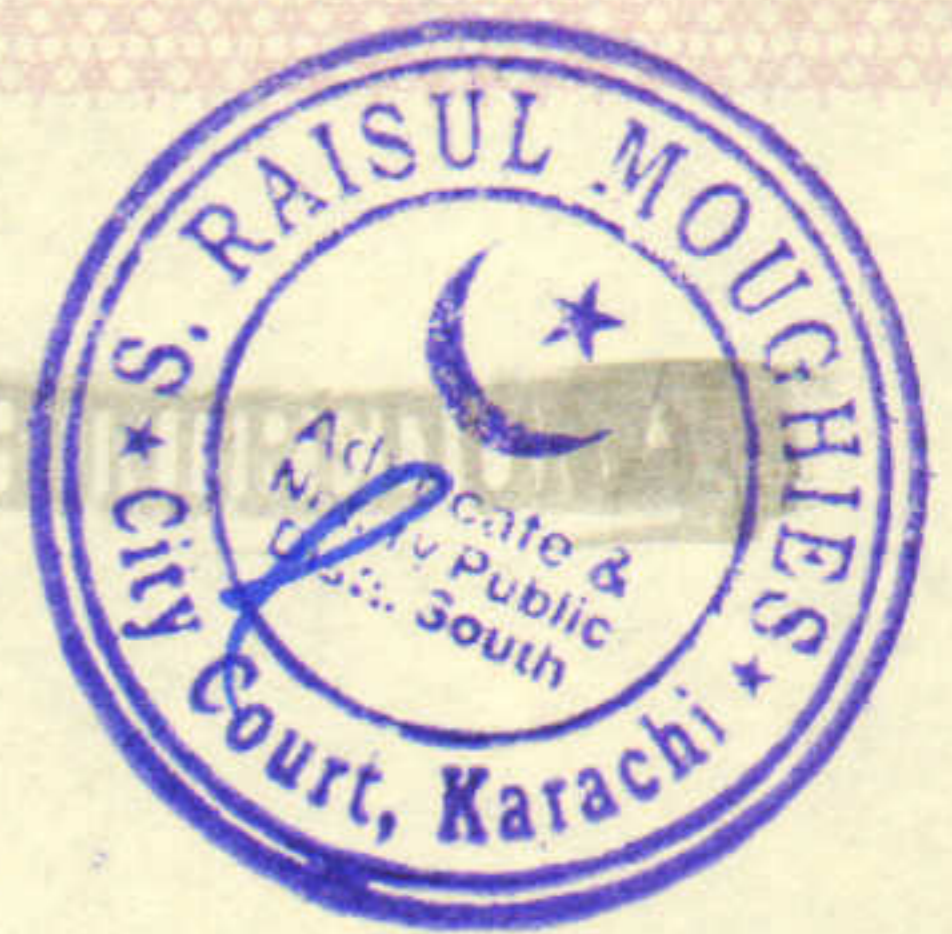


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3.5 The event upon which the benefits from IFPTF would be payable shall be according to the terms and condition to be defined in the relevant PMDs including the exclusion of the event, if any. Any deviation may be allowed with the specific approval of Shariah Advisor and the Appointed Actuary.

3.6 The benefits payable shall be strictly determined under the laws, terms and conditions agreed with Participants and according to the Shariah principles.

4. Operator's Obligations

4.1 There shall be paid into the IFPTF all receipts of the Operator properly attributable to the business to which the IFPTF relates (including the income of the IFPTF), and the assets comprised in the IFPTF shall be applicable only to meet such part of the IFPTF's liabilities and expenses as is properly so attributable. Any deviation shall be subject to the specific approval of Shariah Advisor and the Appointed Actuary.

4.2 The risk related component of contributions shall be credited to the IFPTF and from which benefits shall be paid out in accordance with these IFPTF policies.

4.3 The Operator shall assess, classify, and determine risk prudently in accordance with sound Actuarial Guidelines, Underwriting Guidelines and Shariah Principles.

4.4 The Operator shall be entitled to appoint intermediaries for soliciting subscribers or participants or members and to perform such functions necessary and incidental thereto.

4.5 The Operator shall perform all functions necessary for the operations of the IFPTF, including but not limited to:

- (i) Receiving contributions from the Participants;
- (ii) Utilizing these contributions for the benefits of all the Participants;
- (iii) Acting as Modarib or Wakeel in order to manage the funds in the best interest of the IFPTF;
- (iv) The Operator shall define, design, implement, manage, administer, run, control, govern, modify Takaful Schemes for the benefits of all the Participants, whether existing or prospective, with the approval of Shariah Advisor and the Appointed Actuary;

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4.6 The Takaful Operator shall be required to invest his available funds in the IFPTF in the modes and products that adhere to principles established by the Shariah and all such modes and products shall be approved by the Shariah Advisor of the Takaful Operator. The following guidelines shall be followed for investments of the funds in the IFPTF, namely:-

- (a) Investment in Shariah compliant Government securities.-Any Shariah compliant Government instrument including, but not limited to, limited Islamic bonds (Sukuks) and securities.
- (b) Investments in immovable property.-The Operator shall be allowed to invest in immovable property subject to the following conditions, namely:-
 - (i) The use and intended use of the property should be in compliance with the Islamic principles; and
 - (ii) Return on rented property may be in the form of fixed rent but in case of delayed payments penalty may be charged and the penalty amount shall be given to charity.
- (c) Investment in Joint Stock Companies.-The Operator may invest its funds in joint stock companies. However, investments in non-Shariah compliant preferred stocks, debentures and interest based redeemable capital securities are not allowed. For investments in the common stocks of joint stock companies, the following guidelines should be followed in consultation with the Shariah Advisor, namely :-
 - (i) The main business of the investee company must not violate Shariah. Therefore, it is not permissible to acquire the shares, debentures or certificates of the companies providing financial services like conventional banks or the companies involved in business prohibited by Shariah like alcohol production, gambling, night club activities, etc.;
 - (ii) The Shariah Advisor of the Operator shall take into consideration factors such as the proportion of income of the investee company from interest bearing accounts or non-Shariah based activities, the debt to equity ratio and cash or cash equivalents of the investee company; and
 - (iii) The investment decision shall be based on fundamental value of the companies instead of short-term speculations.
- (d) Investments in redeemable capital. - The Operator may also make its portfolio investments through various mutual funds operating under the Shariah principles and approved by SECP. Before making any investment therein, the Operator shall have the procedures and practices being followed by such funds scrutinized by its Shariah Advisor.
- (e) Investments in redeemable capital - The Operator may invest their funds in Shariah compliant instruments like Musharika Certificates, Term Finance Certificates (TFCs), Participation Term Certificates (PTCs) etc. However, in case of investment in redeemable capital it shall be necessary that the certificates are issued in compliance with the Islamic injunctions and the scheme of their issue be examined by the Shariah Advisor of the Takaful Operator. The basic conditions as laid down earlier for investments in the common stock of joint stock companies should also be followed.
- (f) Placement of excess funds with Islamic banks and Islamic financial institutions - The Operator may invest a portion of their excess funds in liquid or short notice deposits schemes of Islamic banks and their branches or Islamic mutual funds or other Islamic financial institutions, placements in PLS saving accounts of Islamic banks and placement in current accounts of traditional banks without any return thereon.
- (g) Financing under Islamic modes through the Islamic banks and financial institutions - The Operators may make arrangements with the Islamic banks operating in Pakistan to



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directly finance under Musharika, Murabaha, Ijara (lease), Salam, Istisna contracts approved by the Commission.

4.7 Takaful Operator shall appoint a Shariah Compliance Auditor who will conduct its audit for each accounting period, which shall be conducted before the close of accounts and annual audit to make the adjustments advised by the Shariah compliance auditor.

4.8 The Operator shall not accept any risk in respect of any family takaful business unless and until the contribution payable is received by the Takaful operator or is guaranteed to be paid by such person. Provided, where the contribution payable, as aforesaid is received by any person, including a Takaful agent or a Takaful broker, on behalf of the Operator, such receipt shall be deemed to be receipt by the Takaful operator for the purposes aforesaid and the onus of proving that the contribution payable was received by a person, including a Takaful broker, who was not authorized to receive such contribution shall lie on the Operator. Provided further, any benefit, which may become due to a participant on account of the cancellation of a policy or alteration in its terms and conditions or for any other reason shall be paid by the Operator, from the IFPTF, directly to the participant and a proper receipt shall be obtained by the Operator from the participant and such payment shall under no circumstances be paid or credited to any other person, including a Takaful broker.

4.9 The Operator shall deduct Operator's fee as per defined ratio approved by Shariah Advisor and Appointed Actuary out of the Contribution under this policy. Such fee shall be based on the Wakalah principle since the Operator hereby acts as a Wakeel of the Fund. The Wakalah Fees shall be credited to the Operators Fund, Waqf Charge shall be credited to the Participant Takaful Fund and the remaining portion (if any) shall be credited to the Participant Investment Fund. The rate of Wakalah Fees shall be approved by the Shariah Advisor and the Appointed Actuary.

4.10 The Operator shall act as a Modarib or Wakeel for the purpose of managing the investment of the participant's Contribution. As such, the Operator stands entitled to a Modarib share or Wakalat-ul-Istismar fee in the investment income subject to approval by the Shariah Advisor and Appointed Actuary.

4.11 At least at the end of each accounting year, the Operator shall evaluate the assets and liabilities of the IFPTF and determine whether the operation for that particular period had produced a surplus for sharing amongst the participants.

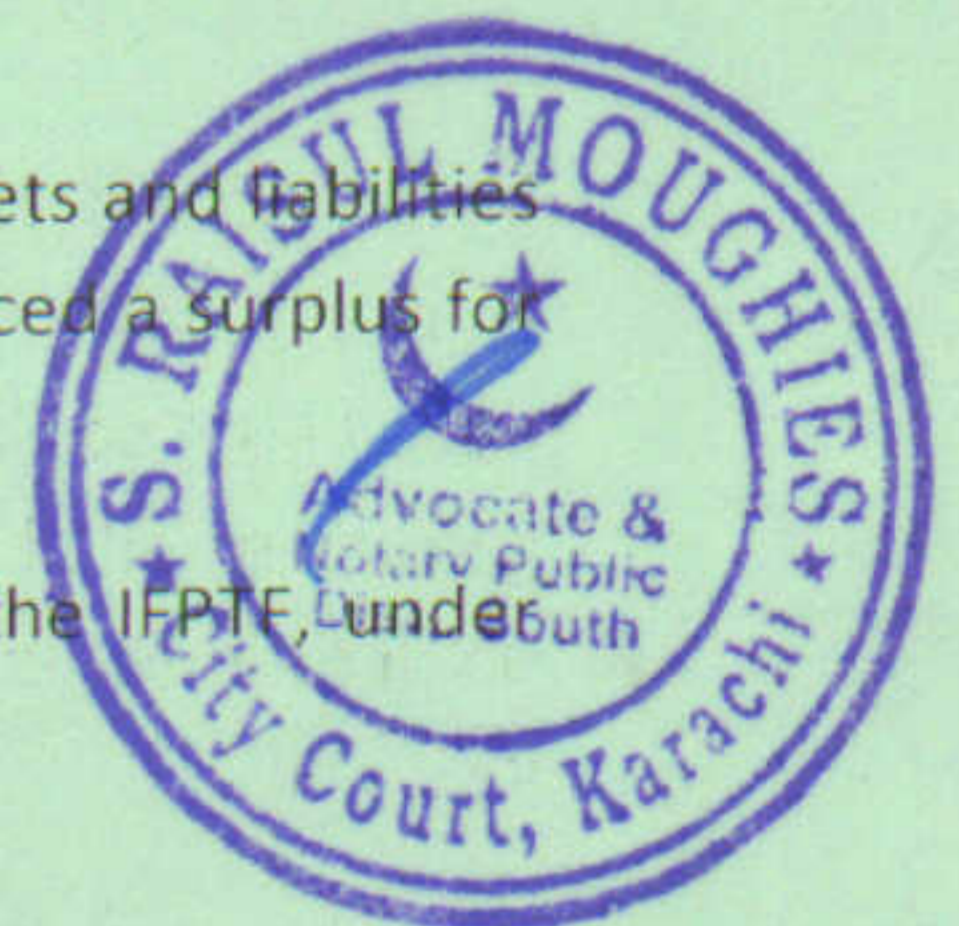
4.12 The Takaful Operator would also periodically perform surplus calculation for the IFPTF, under advice from the Appointed Actuary, as it considers appropriate.

4.13 The surplus for each period would be calculated in the following manner:

Balance in Fund brought forward
Add: Waqf Charge received in the IFPTF
Add: Investment income earned by investment of the IFPTF itself
Add: Receipts from retakaful pool(s) as their share of any claims paid out or as shares of surplus earned on retakaful arrangements or as commissions on retakaful contributions
Add: Reserves required by preceding year's Actuarial Valuation to be brought forward
Add: Any donation made by the Takaful Operator

Less: Incurred Claims
Less: Repayment of Qard-e-Hasna
Less: Takaful Operator's share in Investment income earned by investment of the IFPTF itself
Less: Amounts paid out to retakaful pools as retakaful contributions
Less: Any donation paid by the IFPTF on the advice of the Shariah Advisor and the Appointed Actuary
Less: Reserves required by actuarial valuation to be carried forward

4.14 The Takaful Operator may hold a portion of the surplus over and above the actuarial valuation reserve as a contingency reserve or for meeting required Solvency margin prescribed by SECP. The basis



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of this would be defined and reviewed by the Appointed Actuary each year in consultation with the Shariah Advisor. The rest of the surplus would be called the 'Distributable Surplus'.

4.15 The Distributable Surplus shall be expressed as a single rate (being referred to as the 'Distributable Surplus rate') being computed as the total Distributable Surplus generated in the IFPTF during the period per unit total net contributions received during the same period.

4.16 The net contribution for each Participant would be calculated as follows:

Waqf Charge received in the IFPTF
Less: Change in Technical Reserves
Less: Incurred Claims

4.17 In case the net contribution for the Participant is negative, no surplus would be paid to that Participant in this Scheme. The losses on any Scheme in one Scheme year shall not be carried forward.

4.18 In case there is a deficit in the IFPTF, the Takaful Operator shall donate an interest-free loan to be called Qard-e-Hasna to make good the shortfall in the fund. The loan shall be repaid from the future surpluses generated in the IFPTF without any excess on the actual amount given to the IFPTF.

4.19 Takaful operator may require such technical reserves to be setup in the IFPTF, as may be deemed appropriate by the Appointed Actuary, that is to say:-

- (i) Unearned contributions reserves;
- (ii) Incurred but not reported claims' reserve;
- (iii) Deficiency reserve;
- (iv) Reserve for Qard-e-Hasna to be returned in future; and
- (v) Surplus equalization reserve.



5. Dissolution

In the event of winding up, the following procedure would be followed:

5.1 The Actuarial Valuation would be carried out as at the date of the winding up of business for the IFPTF. The Valuation would be carried out as per the basis which the Appointed Actuary deem appropriate for this purpose.

5.2 If after discharging the total liabilities of the IFPTF there is a surplus, it would first be used to repay any remaining payment of Qard-e-Hasna. If the surplus is not sufficient to repay the entire Qard-e-Hasna, it would be repaid to the extent that there is a surplus in the IFPTF. If there is a surplus even after paying the liabilities and Qard-e-Hasna, it would either be distributed to the Participants or given to the charity as advised by the Shariah Advisor and the Appointed Actuary.

5.3 If the Actuarial Valuation shows that the IFPTF is not sufficient to pay the total liabilities of the IFPTF, the deficit would be funded by the Operator from the deposit made by the Operator as per relevant provisions of the Takaful Rules. In case the deficit is still there, the remaining amount would be funded by the Takaful Operator from the Paid-up Capital.

5.4 The cede amount would be transferred, with the approval of the Shariah Advisor and the Appointed Actuary, to another IFPTF, formed for similar or any other purpose. However, the shareholders of the Operator shall not be entitled to any of the aforesaid amounts.

5.5 The Operator shall comply with the regulations and requirement that may be prescribed by the Commission for the purpose of dissolution of the IFPTF.

6. General

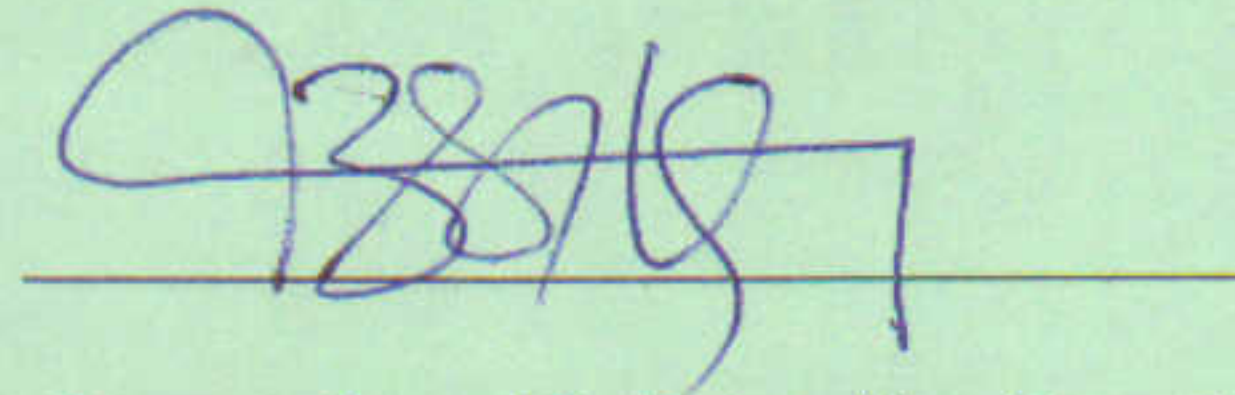
6.1 These Rules shall be governed by the laws in Pakistan applicable from time to time on the Operator and the Waqf Fund.

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6.2 The Operator shall have the right to modify / change in, add to, subtract from these, as may be deemed necessary, with due consultation of Shariah Advisor.

6.3 Notwithstanding anything contained herein, the Operator shall ensure due compliance with all applicable laws for the time being in force and Shariah Principles.

IN WITNESS HEREOF these Rules are executed hereunto on Wednesday, the 30th day of August 2017 at Karachi.



For and on behalf of State Life Insurance Corporation of Pakistan (the Operator)

Witness 1:

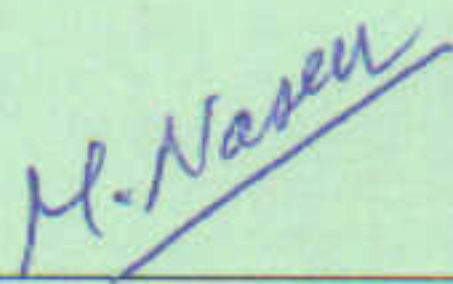
Signature: 

Name: Mehmud Hussain Malik

Address: State Life Bldg # 09, Dr. Ziauddin Ahmed Road Karachi.

CNIC No: 37405-1707866-3

Witness 2:

Signature: 

Name: Muhammad Naseer-Ud-Din

Address: State Life Bldg # 09, Dr. Ziauddin Ahmed Road Karachi.

CNIC No: 42101-1624935-7

