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# Habib Insurance Company Limited

Head Office : Habib Square, M. A. Jinnah Road, P.O. Box # 5217, Karachi.  
Tel : 32424211, 32421882, 32420516, 32424030, 38 & 39  
U.A.N. : 111-030303 Fax : (92-21) 32421600

## WINDOW TAKAFUL OPERATIONS

### PARTICIPANT TAKAFUL FUND POLICIES

1. **SHORT TITLE** - These shall be called Participant Takaful Fund Policies
2. **DEFINITIONS**- Following are the definitions of the terminologies used in various clauses of the PTF Policies.
  - 2.1 - Accounting Year means financial year of the Operator.
  - 2.2 Board of Directors means board of directors of Habib Insurance Company Limited (Window Takaful Operations).
  - 2.3 Commission means the 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 Companies Ordinance means the Companies Act, 2017
  - 2.6 Deficit means the shortfall in the PTF, that is where the admissible assets are not sufficient to cover its all liabilities.
  - 2.7 Ordinance means the Insurance Ordinance 2000.
  - 2.8 Operator means a Window Takaful Operator authorized under Takaful Rules, 2012 here in this case Habib Insurance Company Limited (Window Takaful Operations) working in its capacity as a Wakeel thereby operating the PTF.
  - 2.9 Participant means a person who participates in a Takaful scheme and to whom a Takaful Contract is issued

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- 2.10 Participant Membership Documents (PMD) means the documents detailing the benefits and obligations of the Participant under a Takaful Contract.
- 2.11 Participant Takaful Fund (PTF) means a separate fund set up into which the participant's risk related contributions are paid and from which risk related benefits are paid out here in this case it is Habib Insurance Company Limited (Window Takaful Operations) - Participant Takaful Fund established under the PTF / Waqf Deed.
- 2.12 Qard-e-Hasna means an interest-free loan to the PTF from the Operator's Fund, when the PTF is in deficit and insufficient to meet their all liabilities.
- 2.13 Re-Takaful means arrangement for re-Takaful of liabilities in respect of risks accepted by the Operator in the course of carrying on Takaful business and includes ceding risks from Participant Takaful Funds to Re-Takaful Operator(s).
- 2.14 Settlor means Habib Insurance Company Limited (Window Takaful Operations) in its capacity as Settlor and / or Waqif of Waqf money through initial ceding. The term Settlor or Operator may be used interchangeably.
- 2.15 Shariah Advisor means Shariah Advisor of the Operator or a committee or Board comprising more than one Shariah Advisors working in such capacity appointed by the Habib Insurance Company Limited (Window Takaful Operations) under Rule 26 of the Takaful Rules, 2012 as approved by the SECP.
- 2.16 Window Takaful Operator's Fund means a Fund setup by a Window Takaful Operator which shall undertake all transactions which the Operator undertakes other than those which pertains to Participants Takaful Fund setup for the Window Takaful Operations.
- 2.17 Supplementary Deeds means any Supplementary Deed of the PTF/Waqf Deed created under clause 8.4 of this Deed.
- 2.18 Takaful Rules means Takaful Rules, 2012, issued by SECP (or any

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successor for the time being in force).

- 2.19 Waqf Fund see Participant Takaful Fund.
- 2.20 Waqif see Settlor.

Unless the context otherwise requires, words or expressions contained in this Policies shall have the same meaning as in the Companies Act, 2017, Insurance Ordinance, 2000 and Takaful Rules; 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 PTF

3.1 The PTF shall cover the risk pertaining to and permitted by the SECP to General Takaful Business of the Company under the Insurance Ordinance, 2000 and Takaful Rules, 2012.

3.2 The type of risk covered shall be approved by the Shariah Advisor of the Company.

3.3 The types of risk covered through the product that would be offered to the Participant shall be among the following classes as defined under section 4 of the Insurance Ordinance, 2000.

- (a) For direct and facultative re-takaful business;
- (i) Class 1 being fire and property damage business;
  - (ii) Class 2 being marine, aviation and transport business;
  - (iii) Class 3 being motor third party compulsory business;
  - (iv) Class 4 being liability business;
  - (v) Class 5 being workers' compensation business;
  - (vi) Class 6 being credit and suretyship business;
  - (vii) Class 7 being accident and health business;
  - (viii) Class 8 being agriculture insurance including crop insurance; and
  - (ix) Class 9 being miscellaneous business;
- (b) For treaty re-takaful business:
- (i) Class 10 being proportional treaty business; and
  - (ii) Class 11 being non-proportional treaty business.

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 under allowed classes.



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3.5 The event upon which amount 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.

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

## 4. OPERATOR'S OBLIGATIONS

4.1. There shall be paid into the PTF all receipts of the Operator properly attributable to the business to which the PTF relates (including the income of the PTF), and the assets comprised in the PTF shall be applicable only to meet such part of the PTF's liabilities and expenses as is properly so attributable.

4.2. Total contribution including the risk related component of contributions and Operator's fees shall be credited to the PTF and from which benefits shall be paid out and Operator's fee shall be paid in accordance with these PTF Policies.

4.3. The Operator shall assess, classify, and determine risk prudently in accordance with sound 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 PTF, including but not limited to:

- a) Receiving contributions from the Participants;
- b) Utilizing these contributions for the benefits for all the Participants;
- c) Acting as Modarib or Wakeel in order to manage the funds in the best interest of the PTF; and
- d) To 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 (SA).

4.6. The Takaful Operator shall be required to invest his available funds in the PTF in any modes and products that adhere to principles established by the Shariah and all



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such modes and products shall be approved by the SA. The guidelines provided by the SA shall be followed for investments of the funds in the PTF, including:

- a) Shariah compliant government securities;
- b) Immoveable property;
- c) Equity instruments of Joint Stock Companies;
- d) Shariah compliant in redeemable capital and Sukuk; and
- e) Placement of excess funds with various instruments of Islamic financial institutions particularly Islamic banks and Islamic mutual funds.

4.7. Takaful Operator shall appoint a Shariah Compliance Auditor in accordance with the Takaful Rules 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 general business unless and until the contribution payable is received by the 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 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 PTF, 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 receive Operator's fee as per defined ratio approved by Shariah Advisor out of the Contribution credited into the PTF under this policy. Such fee shall be based on the Wakala principle since the Operator hereby acts as a Wakeel of the Fund. The Wakala Fees shall be credited to the Operators Fund and remaining portion shall be remained credited in the Participant Takaful Fund. The rate of Wakala Fees shall be approved by the Shariah Advisor.

4.10. The Operator shall act as a Mudarib or Wakeel for the purpose of managing the investment of the participant's Contribution. As such, the Operator stands entitled to



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a Mudarib share or Wakalatul Istismar fee in the investment income subject to approval by the Shariah Advisor.

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

The Operator would periodically perform surplus calculation for the PTF by the Operator/Accountant. Atleast at the end of each accounting year the Operator shall evaluate the assets and liabilities of the PTF and determine whether the operation for that particular period had produced a surplus for sharing amongst the participants.

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

Balance in Fund brought forward

Add: Takaful Contributions credited in the PTF

Add: Investment income earned by investment of the PTF itself

Add: Receipts from retakaful operators as their share of any claims paid out or as shares of surplus earned on retakaful arrangements

Add: Rebate / Commission from Retakaful

Add: Reserves required by preceding year's Valuation to be brought forward

Add: Any donation made by the Operator

Less: Incurred Claims

Less: Operator's Fees (if related contribution is earlier credited into the PTF)

Less: Repayment of Qard-e-Hasna

Less: Operator's share in Investment income earned by investment of the PTF itself

Less: Amounts paid out to retakaful operators as retakaful contributions

Less: Any donation paid by the PTF on the advice of the Shariah Advisor

Less: Reserves required to be carried forward



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- 4.12 In the case of Surplus within the PTF the Operator may hold a portion of the surplus for the following purpose.
- As a contingency reserve (over and above the technical provisions)
  - For meeting solvency level under the Insurance Ordinance, 2000 and Takaful Rules, 2012
- 4.13 The remaining portion of the surplus may be distributed to participants in proportion to the contributions to the PTF net of any risk related claims, which they may have credited during the under evaluation period in accordance with the approved Surplus Distribution Mechanism and Policy approved by the Shariah Advisor.
- 4.14 For this purpose the Commission is also empowered to develop and issue the Surplus Distribution Mechanism for the General Takaful Operator which shall also be complied by the Operator in supersession of the Company's policy for Surplus Distribution.
- 4.15 In the case of deficit within the PTF, the operator shall provide Qard-e-Hasana to the PTF to eliminate the Deficit and to meet the solvency requirement of the Takaful Rules, 2012.
- 4.16 The amount of Qard-e-Hasana shall be re-payable to the Operator in the event of the Surplus subject to the meeting the solvency requirement.

## 5. DISSOLUTION

- 5.1. In case of discontinuation of the Window Takaful Operation of the Habib Insurance Company Limited, the Participant Takaful Fund may be transferred to other authorized Takaful Operator / Window Takaful Operator under the Takaful Rules, 2012.
- 5.2. If PTF is transferred to another authorized Operator, then balance of surplus including all the assets and liabilities shall be transferred.
- 5.3. If in case it is required to discharge all the existing liabilities of the PTF before the transfer of such fund than firstly shall pay the entire liabilities including Participant's liability (within PTF) and then if there is a surplus, it would be used to repay any remaining payment of Qard-e-Hasna. If the surplus is not sufficient to repay the



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entire Qard-e-Hasna, it would be repaid to the extent that there is a surplus in the PTF. If there is a surplus even after paying the liabilities of PTF and Qard-e-Hasna, it would either be distributed to the participants in a manner as advised by the SA.

- 5.4. However, in the above clause, if the Operator has created sub-funds, the surplus (before Qard-e-Hasna) in any sub-fund would first be used to offset deficit in any other sub-fund, if any.
- 5.5. If the valuation shows that the PTF is not sufficient to pay the entire liabilities including the Participants' liabilities, the deficit would be funded by the Operator from its paid-up capital and reserves, in form of a donation for which the Operator hereby undertakes.
- 5.6. The seed amount would be transferred, with the approval of the SA, to another PTF, formed for similar or any other purpose. However, the shareholders of the Operator shall not be entitled to any of the aforesaid amounts.
- 5.7. The Habib Insurance Company Limited (Window Takaful Operation) shall comply with the requirement that may be prescribed by the Commission for the purpose of dissolution of the PTF.

## 6. GENERAL

- 6.1. These PTF Policies shall be governed by the laws in Pakistan applicable from time to time on the Operator and PTF Fund (Waqf Fund).
- 6.2. The Operator shall have the right to modify, change, add, subtract these as may be deemed necessary with due approval of SA.

## PTF POLICIES APPROVED BY

Chief Executive Officer  
**Mr. Shabbir Gulamali**

Shariah Advisor  
**Mufti Imtiaz Alam**