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GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH

MINISTRY OF COMMERCE

NOTIFICATION

Dhaka, the 7th October 1984

No. S.R.O. 436-L/84.—In exercise of the powers conferred by section 114 of the Insurance Act, 1938 (IV of 1938), the Government is pleased to make the following amendments in the Insurance Rules, 1958, the same having been previously published as required by sub-section (1) of the said section, namely:—

In the aforesaid Rules,—

(1) *after* rule 3, the following new heading and rule shall be *inserted*, namely:—

"PRIOR PERMISSION FOR REGISTRATION OF INSURER

3A. Condition for registration of insurance company and Co-operative Insurance Society.—Any person desirous of carrying on any class of insurance business shall obtain prior permission of the Controller of Insurance before applying for a certificate of registration as required under section 3 of the Act.

Explanation.—The prior permission referred to in this rule shall have to be obtained before registering the insurance company or the Co-operative Insurance Society, as the case may be."

(11357)

Price: 25 Paise

- (2) after rule 4, the following new headings and rules shall be inserted, namely:—

“PAID-UP CAPITAL

4A. Paid-up capital of an insurance company and share holding.—(1) 50% of the total paid-up capital shall be contributed by the sponsors and the remaining 50% shall be open for public subscription within a period of three years from the date of registration of the company and the sponsors shall give undertaking to the Controller of Insurance at the time of applying for registration to the effect that before floating of public shares within the aforesaid period they shall obtain commitment from the scheduled banks and financial institutions that any portion of public issue of shares remaining unsubscribed shall be subscribed by the scheduled banks and the financial institutions:

Provided that the Controller of Insurance may grant a certificate of registration to a public limited insurance company for carrying on any class of insurance business if the sponsors have contributed their portion of the total paid-up capital:

Provided further that any sponsor of a banking company shall not be a sponsor of an insurance company.

Explanation.—In this sub-rule, “financial institutions” means the Investment Corporation of Bangladesh, Shilpa Bank, Shilpa Rin Sangstha, Bangladesh Krishi Bank, Bangladesh House Building Finance Corporation and Insurance Corporations.

(2) Not more than 20% of the sponsors' contribution to the paid-up capital shall be allowed to be subscribed by the sponsors belonging to a family group (that is, father, mother, brother, sister, husband, wife, son, daughter, son-in-law, daughter-in-law, brother-in-law, sister-in-law, father-in-law, mother-in-law and first cousins).

(3) Individual sponsors' share shall not be less than 5 lacs taka and shall not exceed 20% of the sponsors' share in the paid-up capital.

(4) Share of each sponsor and those in the family group shall be clearly indicated and confirmation from each sponsor as to his contribution to paid-up capital shall be given in writing to the Controller of Insurance.

(5) Sponsors shall be required to deposit their contribution to the share capital committed by them before the company makes the application for registration and furnish a certificate from the concerned scheduled bank to the Controller of Insurance to that effect.

(6) Sponsors shall be required to hold their respective shares for a minimum period of three years from the date of commencement of the insurance business and cannot sell or transfer the shares without the written permission of the Controller of Insurance.

(7) The insurance company may be allowed to withdraw the deposit made under sub-rule (5) by the sponsors with the written permission of the Controller of Insurance.

WORKING CAPITAL

4B. Working capital of a Co-operative Insurance Society.—(1) Every member of a co-operative society shall be required to deposit his contribution to the working capital committed by him before the Co-operative Insurance Society makes the application for registration and furnish a certificate from the concerned scheduled bank to the Controller of Insurance to that effect.

(2) Every member of a Co-operative Society shall be required to hold his portion of working capital for a minimum period of three years from the date of commencement of the insurance business and cannot sell or transfer his shares without the written permission of the Controller of Insurance.

(3) The share of an individual member of a Co-operative Insurance Society shall not be less than one thousand taka and shall not exceed one lac taka.

(4) The Co-operative Insurance Society may be allowed to withdraw its working capital with the written permission of the Controller of Insurance.”;

(3) in rule 34,—

(a) in sub-rule (1), for the words “five hundred rupees” the words “ten thousand Taka” shall be substituted;

(b) for sub-rule (2) the following shall be substituted, namely:—

“(2) The fee for renewal of registration under section 3A for each class of insurance business for which the insurer is registered shall be a fee of one taka and fifty poisha per thousand of gross direct premium written in Bangladesh during the year preceding the year ending on the thirty first day of December.”;

(c) in sub-rule (3), for the words “twenty-five rupees” the words “five hundred taka” shall be substituted.

By order of the President

K. M. HOSSAIN

Joint Secretary.