



**INSURANCE DIVISION**  
**Islamabad**

**Circular No. 36 of 2015**

**Islamabad, September 29, 2015**

**RELATED PARTY ASSETS**

Attention is invited towards Circular 21 of 2014 dated December 30, 2014 of this office in respect of the captioned subject.

2. The aforementioned Circular of this office, advised insurers to ensure compliance with the provisions of Section 32(2)(g) of the Insurance Ordinance, 2000 (the "Ordinance") by July 1<sup>st</sup>, 2015 and also provided a detailed procedure for obtaining declaration from the Commission under Section 32(1)(d) read with Section 32(8) of the Ordinance.

3. Taking cognizance of the difficulties faced by insurers in compliance of the referred Circular, the Commission hereby issues the following revised instructions to be complied with by the insurers:

(a) All insurers are advised to strictly ensure compliance with the provisions of Section 32(2)(g) of the Ordinance with effect from January 1, 2016;

**(b) Submission of Application:**

As required under Section 32(8)(a) of the Ordinance, insurers seeking to obtain declaration of the Commission in respect of any asset(s) as admissible asset(s) under Section 32(1)(d) of the Ordinance should apply in writing before this office.

**(c) Content of the Application under Section 32(8)(a) of the Ordinance:**

The application furnished by insurers as stated in point 3(b) above should, at a minimum, be submitted along with the following documents/statements:

- (i) A statement establishing "related party" relationship in light of Section 32(7) of the Ordinance;
- (ii) Following statements to be submitted related to the last reported annual accounts and last quarter accounts:
  - For all insurers:
    - ✓ Financial Statements;
    - ✓ Statement of Assets for Solvency Purpose;
    - ✓ Detailed solvency calculations taking the subject asset(s) as admissible and inadmissible;
  - In the case of a life insurer, in addition to the foregoing statements:

**SECURITIES AND EXCHANGE**  
**COMMISSION OF PAKISTAN**

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## Securities and Exchange Commission of Pakistan (Insurance Division)

- ✓ Statement of Solvency Margins: Life Insurers (refer: Attachment 2 to Annexure III of SEC (Insurance) Rules, 2002); and
  - ✓ Form-I (Refer Annexure IV of SEC (Insurance) Rules, 2002).
- (iii) Projected balance of the asset(s) for which the declaration is being sought should be submitted for every quarter from the date when the insurer submits the declaration till completion of one complete year after the declaration comes into effect along with its impact on the solvency position of the insurer in that particular quarter;
- (iv) Statement entailing the reasons for seeking the declaration from the Commission; and
- (v) Any other document that the Commission may specify in writing.

### **(d) Time Frame for the Application to be Submitted:**

The application so submitted should be made at least three months earlier to the date from which the insurer seeks to obtain the declaration i.e. for seeking declaration with effect from March 31, 2016, the application should be furnished with this office on or before January 01, 2016 and likewise.

It is reiterated that under the provisions of Section 32(8)(g) of Ordinance, the declaration by the Commission cannot remain in force for a period of more than twelve months from its coming into effect. The Commission further reserves the right under the aforementioned section of the Ordinance to revoke any declaration so provided before the expiry of its time.

**Fida Hussain Samoo**  
Commissioner (Insurance)

### **Distribution:**

Chief Executive Officers of all Insurance Companies / Takaful Operators  
Chairman (Insurance Association of Pakistan)  
President (Institute of Chartered Accountants of Pakistan)  
President (Institute of Cost & Management Accountants of Pakistan)  
President (Pakistan Society of Actuaries)  
President (Institute of Corporate Secretaries of Pakistan)