



# Securities and Exchange Commission of Pakistan (Insurance Division)

Circular No. 35 of 2017

Islamabad, December 11, 2017

**SUBJECT: ISSUANCE OF US\$ DENOMINATED POLICIES BY LOCAL INSURANCE COMPANY**

This is with reference to the State Bank of Pakistan Circular No. 10 of 2017 dated 01 November 2017, wherein it is stated that, the insurance companies intending to issue US\$ denominated insurance policy will submit an application for prior approval to the Director, Exchange Policy Department, State Bank of Pakistan, Karachi through an Authorized Dealer along with an explicit recommendation letter from the Securities and Exchange Commission of Pakistan (SECP) for each proposal.

Accordingly, all non-life insurers willing to seek recommendation letter from the SECP, in the matter of obtaining approval from State Bank of Pakistan for issuance of US\$ denominated insurance policies, shall file the following documents, on their letterhead, to SECP alongwith their application:

1. Documentary evidence establishing case for issuance of US\$ denominated insurance policies:
  - (a) In the case of US\$ denominated policies required to meet condition of FCY loan raised from abroad, documentary evidence establishing special or general permission given by the SBP to the prospective policyholder; or
  - (b) In the case of US\$ denominated policies required to be issued for projects undertaken in Pakistan as part of bilateral agreement between Government of Pakistan and a foreign country/multilateral agency, a copy of the bilateral agreement or any other document as evidence to the bilateral agreement.
2. Evidence of having a minimum insurer financial strength rating of "A" by local credit rating institutions;
3. In case of coinsurance arrangement with local insurer(s) for the underlying risk, evidence of the local coinsurer(s) having minimum insurer financial strength rating of "A" by local credit rating institutions;
4. Proposed reinsurance solution covering the following:
  - (a) Share of risk proposed to be retained by the insurer/coinsurers (which shall be minimum of 1% of the underlying risk);
  - (b) Share of risk proposed to be placed under the reinsurance treaties available with the insurer/ coinsurer(s); and



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

- (c) Share of risk proposed to be placed under facultative reinsurance arrangement by the insurer/ coinsurer(s).
5. Following details in respect of the underlying risk:
- (a) Name of insured;
  - (b) Type of risk insured;
  - (c) Period of insurance;
  - (d) Amount of Premium;
  - (e) Amount of Sum Insured;
  - (f) Amount of risk retained by the insurer (in case of coinsurance, amount of risk retained by coinsurer(s) as per their retention be mentioned);
  - (g) Names of coinsurer(s), if any; and
  - (h) Any other information, considered necessary.
6. Any other document/clarification communicated by the SECP to the insurer in writing.

**Fida Hussain Samoo**  
Commissioner (Insurance)

**Distribution:**

**Chief Executive Officers of all nonlife Insurance Companies / General Takaful Operators**  
**Chairman (Insurance Association of Pakistan)**  
**Exchange Policy Department (State Bank of Pakistan, Karachi)**