SECP
INSURANCE DIVISION
Islamabad

Circular No. 01 of 2021

Islamabad, January 11, 2021

SUBJECT: GROWTH RATE SCENARIOS FOR LIFE INSURANCE AND FAMILY TAKAFUL ILLUSTRATIONS – 2021

Your kind attention is invited towards clause 8.1, 8.2 and 11.1 of the Directive for Life Insurance and Family Takaful Illustrations, 2016 (hereinafter referred to as the "Directive") notified via S.R.O 255(I)/2016 dated March 25, 2016.

Life insurers and family takaful operators use three nominal growth rate scenarios and three inflation adjusted growth rate scenarios to demonstrate projected benefits to potential policyholders. The SECP specifies these growth rate scenarios based on long-term interest rate outlook prevalent in Pakistan.

In this regard, the Commission in consultation with Pakistan Society of Actuaries has decided that, for the year 2021, there should be no change in the nominal rate of return and inflation adjusted rate of return as specified for the year 2020 through Circular No. 1 of 2020 dated January 23rd, 2020. Accordingly, for the year 2021 and onwards, the nominal rate of return will remain at **8%, 10% and 12%** and inflation- adjusted rate of return will remain at **3%, 4% and 5%.**

Waseem Khan
Director

Distribution:

1. Chief Executive Officers of all Life Insurance Companies.
2. Chief Executive Officers of all Family Takaful Operators.
3. Chairman Insurance Association of Pakistan (IAP).
4. President (Institute of Chartered Accountants of Pakistan)
5. President (Institute of Cost & Management Accountants of Pakistan)
6. President (Pakistan Society of Actuaries)