



**SECP**  
**INSURANCE DIVISION**  
**Islamabad**

**Circular No. 02 of 2023**

**Islamabad, March 3, 2023**

**SUBJECT: AMENDMENTS IN THE CIRCULAR 24/2010 – REINSURANCE/ RETAKAFUL TREATY ARRANGEMENTS - 2011**

Attention is invited towards para 3 of Circular 24/2010 "Reinsurance/ Retakaful Treaty Arrangements - 2011" which states as follows:

*"Furthermore, at least 80% of the total reinsurance/ retakaful treaty arrangement for each class of insurance/ takaful business must be placed with reinsurance/ retakaful operators having "A" or above rating by "Standard & Poor's" or equivalent rating by any other reputed international rating agency and the balance (20%) may be placed with reinsurers/ retakaful operators having at least "BBB" rating by "Standard & Poor's" or equivalent rating by any other reputed international rating agency. Any part of the reinsurance or retakaful treaty arrangement placed with reinsurers/ retakaful operators having rating below "BBB" by "Standard & Poor's" or an equivalent rating by any other reputed international agency would not be acceptable to the Commission".*

2. Considering the challenges being faced by the insurers and takaful operators in non-life insurance industry on renewing their treaty arrangements with foreign reinsurers/ retakaful operators for the year 2023, the aforesaid requirements of para 3 of Circular 24 of 2010 have been relaxed as follows:

- At least 60% of the total reinsurance/ retakaful treaty arrangement for each class of insurance/ takaful business must be placed with foreign reinsurance/ retakaful operators having at least "A" or above rating by "Standard & Poor's" or an equivalent rating by any other reputed international agency;
- Maximum upto 40% of the total reinsurance/ retakaful treaty arrangement for each class of insurance/ takaful business must be placed with foreign reinsurance/ retakaful operators having at least "BBB" rating by "Standard & Poor's" or an equivalent rating by any other reputed international agency;
- Maximum upto 10% of the total reinsurance treaty arrangement for each class of insurance business and maximum upto 20% of the total retakaful treaty arrangement in case of takaful business may be placed with the foreign reinsurance or retakaful operators, respectively, having at least "B" rating by S&P or an equivalent rating by any other reputed agency; and
- Any part of the reinsurance/ retakaful treaty arrangement for each class of insurance/ takaful business placed with foreign reinsurance/ retakaful operators

SECURITIES AND EXCHANGE  
COMMISSION OF PAKISTAN  
Insurance Division, NIC Building,  
63 Jinnah Avenue, Islamabad.

PABX: +92-51-9195000-2, Fax: +92-51-9100496, Web: www.secp.gov.pk



**SECURITIES & EXCHANGE COMMISSION OF PAKISTAN**  
**Insurance Division**  
**Policy, Regulation and Development Department**

Continuation Sheet-1-

having below "B" rating by "Standard & Poor's" or an equivalent rating by any other reputed international agency would not be acceptable to the Commission.

3. The said relaxation is only applicable to non-life insurers and takaful operators for their treaty arrangements for the year 2023 until any further notice in this regard. For the years 2024 onwards, the requirement of para 3 Circular 24 of 2010 will to prevail.

A handwritten signature in blue ink, consisting of a series of loops and a long horizontal stroke, is positioned above the printed name of the Commissioner.

**Mujtaba Ahmad Lodhi**  
Commissioner – Insurance (PRDD)

**Distribution:**

Chief Executive Officers of all non-life Insurance Companies and Takaful Operators  
Chairman (Insurance Association of Pakistan)  
President (Institute of Chartered Accountants of Pakistan)  
President (Institute of Cost & Management Accountants of Pakistan)