



SECP  
INSURANCE DIVISION  
Islamabad

Circular No. 21 of 2016

Islamabad, June 9, 2016

**SUBJECT: INFLATION ADJUSTED GROWTH RATE SCENARIOS FOR LIFE INSURANCE AND FAMILY TAKAFUL ILLUSTRATIONS – 2016**

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 insurance and family takaful companies use three growth rate scenarios to demonstrate projected benefits to potential policyholders. The Directive now requires life insurance and family takaful companies to also present/illustrate inflation adjusted illustrative values in addition to nominal values under their Illustration Report for the maturity year only. Para 11.1 of the Directive empowers the Commission to prescribe three nominal growth rate scenarios and inflation adjusted growth rate scenarios in consultation with the Pakistan Society of Actuaries.

In this regard, the Commission via Circular No. 46 of 2015 dated December 29, 2015 had prescribed three nominal growth rates scenarios of **6%, 8% and 10%** for the year 2016 and the same shall remain applicable for the remaining part of the year 2016. In respect of inflation adjusted growth rates scenarios, the Commission has decided the rates to be **3%, 4% and 5%** for the year 2016 and onwards.

All new illustration of life insurers and family takaful (including window family takaful operators) on or after July 1, 2016 should be made on the above stated scenarios and in accordance with the provision of the Directive. Furthermore, as per clause 5.2 of the Directive, the revised illustration format for all existing life insurance and family takaful products, shall be submitted with the Commission not later than 30<sup>th</sup> June 2016.

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*9/6/2016*

**Syed Nayyar Hussain**  
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)