



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Insurance Division

Life and Non-Life Policy and Approvals Department

Circular No. 35 of 2025

Islamabad, December 24, 2025

Subject: **Declaration under section 32(1)(d) of the Insurance Ordinance, 2000**

Section 32(1)(d) of the Insurance Ordinance, 2000 (the "Ordinance") empowers the Securities and Exchange Commission of Pakistan (the "SECP") to declare any of the assets as admissible for the purpose of solvency requirement. Section 32(8)(g) of the Ordinance further deliberates the such a declaration shall remain in force for a period of not more than twelve months from the date at which the declaration has effect. Accordingly, in line with the practice of declaring certain assets as admissible for solvency purpose on annual basis, SECP is pleased to declare following assets as admissible for the purpose of solvency requirement, for the period January 1, 2026 to December 31, 2026, subject to other provisions of the Ordinance and the Insurance Rules, 2017 (the "Rules"):

(a) Related party assets provided under section 32(2)(g) of the Ordinance

- (i) Cash deposited in current accounts, savings accounts and term deposits of a scheduled bank registered under Banking Companies Ordinance, 1962 and is a related party of the insurer;
- (ii) Outstanding premium, due and receivable from a related party, for less than or equal to three months;
- (iii) Reinsurance recoveries against outstanding claims receivable from a related party;
- (iv) Prepaid reinsurance premium ceded to the extent it pertains to non-cash transaction;
- (v) Any other balances due from a related party in the normal course of business for less than three months, not exceeding ten percent of non-life insurer's total assets or in case of life insurer, ten percent of total assets of the relevant statutory fund or shareholders' fund;
- (vi) Investments in listed equity securities of a related party if investment by an insurer is equal to or less than forty nine percent of paid up capital of the related party, subject to the percentages / limit of admissibility prescribed in the Rules in respect of investment in shares of listed companies;
- (vii) Investment in term finance certificates / sukuk bonds issued by the scheduled bank registered under Banking Companies Ordinance, 1962 and is a related party of the insurer, subject to the percentages / limit of admissibility prescribed in the Rules; and
- (viii) Investments in mutual funds managed by an asset management company, related to the insurer, to the extent of percentages / limit of admissibility prescribed in the Rules in respect of investment in mutual funds managed by an asset management company.

(b) Other assets

- (i) Investment in mutual funds managed by an asset management company, whether related to the insurer or not, by unit linked fund categorized as fund of fund out of its unit linked portion, as per the requirements of Unit Linked Products and Fund Rules, 2015 (the "UL Rules"), to the extent of net assets of such fund.



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Provided that in case of investment in sector specific mutual funds managed by an asset management company, whether related to the insurer or not, by unit linked fund categorized as fund of fund out of its unit linked portion, as per the requirements of UL Rules, percentages / limit of admissibility prescribed in the Rules in respect of investment in mutual funds managed by an asset management company, shall apply.

- (ii) Cash margin / margin deposit available to the insurer against guarantee / bonds upto the extent of corresponding recorded liability.

All other assets as provided in section 32(2) of the Ordinance shall remain inadmissible for the purpose of solvency requirement.

Any declaration by the Commission, currently in force, declaring assets as admissible for the purpose of solvency requirement, specific to any insurer, shall however remain in force as per the validity mentioned in the said declaration.

Mujtaba Ahmad Lodhi
Commissioner – Insurance

Distribution:

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