



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN INSURANCE DIVISION

February 8, 2010

Chief Executives
All Life Insurance Companies & Family Takaful Operators

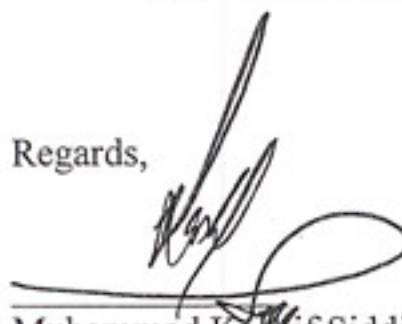
Subject: Clarification on the Guidelines for Bancassurance - 2010

This is with reference to the Guidelines for Bancassurance issued via SECP Circular No. 5 of 2010, dated January 23, 2010.

This letter is to clarify certain aspects of Clause 7 of the Guidelines.

1. As per 7.8 of the Guidelines, no remuneration shall be given to the Bank other than those forms of remunerations prescribed for each sales model and each product type, as stated in the relevant clauses of the Guidelines.
2. Surplus/profit arises out of the premium after having deducted all the outflows is supposed to be available for distribution to the retail customers of the Bank and/or shareholders (as the case maybe). For this reason, any remuneration, based on such surplus/profit on a particular product (or products as the case maybe) being sold through the Bank, shall not be allowed, e.g. "Profit Commission".
3. With respect to Group Term Life Policies, being sold through any of the sales models described in the Guidelines, any form of remuneration paid to the Bank shall be treated as "Commission" and shall also be reported under the head of "Commission" in the format prescribed for reporting under Clause 7.9.

Regards,


Muhammad Kashif Siddiquee
Joint Director (Insurance)

Distribution:

1. Chief Executives of all Life Insurance Companies & Family Takaful Operators
2. Chairman, Insurance Association of Pakistan (IAP).
3. President, Institute of Chartered Accountants of Pakistan (ICAP)
4. President, Pakistan Society of Actuaries (PSoA)
5. President, Institute of Cost and Management Accountants of Pakistan (ICMAP)
6. Chairman, Pakistan Banks' Association (PBA)
7. Executive Director (IS & T) (SECP Islamabad.)
8. Secretary of the Commission (SECP Islamabad).