



## SECURITIES & EXCHANGE COMMISSION OF PAKISTAN INSURANCE DIVISION

January 27, 2010

Chief Executives  
All Life Insurance Companies & Family Takaful Operators

**Subject: Clarification on the Rate of Return Assumptions for Illustration Guidelines.**

This is with reference to the Illustration Guidelines issued via SECP Circular No. 39/2009 dated December 24, 2009.

This is to clarify that the rate of return assumptions (set at 8%, 10% and 12% for 2010) are **effective annual rates, regardless of the compounding periods**. Henceforth, any rates issued in the future shall also be **effective annual rates, regardless of the compounding periods**, unless stated otherwise. All calculations pertaining to illustrations of cash values/surrender values have to use the rates, stated in the relevant circular for that year, as **effective annual rates**.

Regards,

Muhammad Kashif Siddiquee  
Joint Director (Insurance)

**Distribution:**

1. Chief Executives of all Life Insurance Companies.
2. Chief Executives of all Family Takaful Operators.
3. Chairman, Insurance Association of Pakistan (IAP).
4. President, Institute of Chartered Accountants of Pakistan (ICAP)
5. President, Pakistan Society of Actuaries (PSoA)
6. President, Institute of Cost and Management Accountants of Pakistan (ICMAP)
7. Executive Director (IS & T) (SECP Islamabad.)
8. Secretary to Commission (SECP Islamabad).