



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
(INSURANCE DIVISION)

No.INS/IFRS-4/SECP/2009

Karachi, dated 30th June, 2009

CIRCULAR No. 22/2009

Subject: Deferment of some requirements of IFRS-4

The Securities and Exchange Commission of Pakistan through its Notification SRO 149(1)/2009 dated 11 February 2009 had adopted IFRS-4 on insurance contracts to be followed by insurance companies and others with effect from 1 January 2009. It has been represented by the Insurance Association of Pakistan that its members are facing difficulties in implementation of some of the new requirements in the absence of adequate guidelines on the subject. The Commission on consideration of the request of Insurance Association of Pakistan is pleased to direct that implementation of the following paras in the said IFRS shall be deferred so far as the quarterly accounts for 1st, 2nd and 3rd quarter of the year 2009 are concerned:

- Para 15 - Liability Adequacy Test.
- Para 20 - Impairment of Reinsurance Assets.
- Para 37(c) - The process used to determine the assumptions that have the greatest effect on the measurement of the recognized amounts described in 37(b). When practicable, an insurer shall give quantified disclosures of those assumptions.
- Para 39(c) - Information about insurance risk (both before and after risk mitigation by reinsurance) including information about:
 - (i) Sensitivity insurance risk;
 - (ii) Concentration of insurance risk; and
 - (iii) Actual claims compared with previous estimates (i.e. claims development).

2. The Insurance Committee of the Institute of Chartered Accountants of Pakistan in affiliation with the Pakistan Society of Actuaries & Insurance Association of Pakistan will conduct workshops to train the Insurance Industry and prepare it for implementation of the above (paras) requirements of IFRS-4. The Insurance Committee of ICAP shall also develop guidelines, by 31st July 2009, for implementation of the requirements of the above cited paras of the IFRS-4.

3. Insurance Companies shall make full compliance with the requirement of IFRS-4 in the annual financial statements for the year ending December 31, 2009. No extension in the said date would be granted. The companies are advised to develop their systems including software to ensure full compliance by the indicated date although earlier compliance is encouraged.



(Nasreen Rashid)
Executive Director (Insurance)

Distribution:

- President, Institute of Chartered Accountants of Pakistan, Karachi.
- Chairman, Insurance Association of Pakistan, Karachi.
- President, Pakistan Society of Actuaries.
- Chairman, Insurance Committee of ICAP
- Chairperson, Pakistan Reinsurance Company Limited (PRCL).
- Chairman, State Life Insurance Corporation.
- Chairman, National Insurance Co. Ltd.
- Chairman/ CEO's, all Takaful Companies.
- Director, ICAP, Karachi.
- Director, Chairman Secretariat, SECP, Islamabad.
- Executive Director (IS&T), for placement on web-site.