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SECURITIES & EXCHANGE COMMISSION OF PAKISTAN INSURANCE DIVISION

January 23, 2010

Circular No. 4/2010

Subject: **Implementation of IFRS-4 on the Annual Financial Statements for the year ending 31st December, 2009.**

We refer to the Commission's Notification, SRO. 149 (1)/2009, dated 11th February, 2009 and Circular no. 22/ 2009 dated 30th June 2009, in respect of the above.

On consideration of the request of the Insurance Association of Pakistan, the Commission had agreed that implementation of paras 15, 20, 37 (c) and 39(c) shall be deferred for the 1st, 2nd and 3rd quarter accounts of the year 2009. However, the insurance industry was directed to make full compliance with the requirements of IFRS-4 in the annual financial statements for the year ending December 31, 2009. No extension in the said date would be granted.

To facilitate the insurance industry, the Commission has now framed comprehensive guidelines as well as the necessary disclosures required to be made in the 'Notes to the Financial Statements'. For this purpose, separate guidelines are being issued for Life and Non-Life Insurance. In these Guidelines, the word "Takaful" may be used interchangeably with the word "Insurance", "Family Takaful" with "Life Insurance", "General Takaful" with "Non-Life Insurance", "Contribution" with "Premium" and "Insurer" with "Operator".

It is the Commission's view that these guidelines are clear and explicit, hence there is no need to conduct training sessions for the industry. However, workshops can be conducted should the insurance industry feel the need to do so.

All Insurance Companies/ Takaful Operators are advised to ensure full compliance with these guidelines in order to enhance the level of transparency of the financial statements produced by the insurance industry.

Nasreen Rashid
Executive Director



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN INSURANCE DIVISION

Distribution:

1. Chief Executives of all Life & Non-Life Insurance Companies.
2. Chief Executives of General and 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 the Commission (SECP Islamabad).