SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
(Insurance Division)

SECP

CIRCULAR 15 of 2008

7 July 2008, Karachi

MINIMUM STATUTORY DEPOSIT LEVELS
RULE 9 OF SECURITIES AND EXCHANGE COMMISSION (INSURANCE) RULES 2002 (SEC INSURANCE RULES)

Following omission of the captioned Rule, vide the Commission's notification SRO.682(1)/2008 dated 25 June 2008, the prescribed statutory deposit requirement of five million rupees stands withdrawn with immediate effect.

2. Accordingly, all insurance/takaful companies are now directed to ensure that they deposit and keep deposited with the State Bank of Pakistan, the statutory deposit either in cash or in approved securities, estimated at the market value of the securities on the day of deposit or partly in cash and partly in approved securities so estimated, as per clause (a) of sub-section (2) of Section 29 of Insurance Ordinance 2000 (the Ordinance). The relevant requirement contained in Section 29 of the Ordinance is reproduced below for ease reference:

> ***"the higher of ten million rupees and ten percent (10%) of the insurer's paid capital"***

3. It may be noted by all insurance/takaful companies that minimum statutory deposit requirement is one of the key conditions of Section 11 of the Ordinance, compliance of which a registered insurer/takaful operator should ensure at all times.

4. To avoid initiation of an action under Section 63(1) of the Ordinance by the Commission, all insurance/takaful companies are advised to ensure that they are in compliance of the statutory deposit requirement, as per Clause (a) of Section 29(2) of the Ordinance, and a receipt from State Bank of Pakistan for meeting this requirement, as a documentary evidence, will suffice. The deadline for meeting the said compliance by insurance/takaful companies is 30 September 2008.

Dr Mumtaz A Hashmi
Adviser (Insurance)

Distribution:
- CEOs of insurance and takaful companies
- Chairman, National Insurance Company Limited, Karachi
- Chairperson, Pakistan Reinsurance Company Limited, Karachi
- Chairman, State Life Insurance Corporation of Pakistan, Karachi
- Governor, State Bank of Pakistan, Karachi
- Chairman, Insurance Association of Pakistan, Karachi
- President, Pakistan Society of Actuaries, Karachi
- President, Institute of Chartered Accountants of Pakistan, Karachi

- Mr Abdul Rehman Qureshi, Adviser/Secretary to the Commission, Islamabad
- Mr Arshad Javed Minhas, Executive Director IS&T/CIO, SEC, Islamabad
- Insurance Division (North and South)

MAH/sc: ClrMinStatDep

5th Floor, State Life Building No. 2, Wallace Road, Karachi
Telephone No. + 21 9213273 and Fax No. + +21 9213279