



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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Circular No. 17 of 2006

SECP/ID/06/2006

December 4, 2006

Subject: REINSURANCE TREATY ARRANGEMENTS FOR THE YEAR 2007

This is advised to all the insurers that for the Reinsurance Treaty Arrangements for the year 2007, at least 50% of total reinsurance treaty arrangement must be placed only with reinsurers having at least "A" rating by Standard & Poor's or equivalent rating by other reputable international rating agencies. Remaining part of the treaty arrangement may be placed with reinsurers having at least "BBB" rating by Standard & Poor's or equivalent rating by other reputable international rating agencies. No part of reinsurance treaty arrangement can be placed with reinsurers with below "BBB" rating by Standard & Poor's or equivalent rating by other reputable international rating agencies.

The requirement of rating given above shall, however, not apply to Pakistan Reinsurance Company Limited being a state-owned reinsurance company.

It may please be noted that the Commission shall not entertain the requests to issue any reinsurance capacity certificate.

All the insurers are advised to submit the documentary evidence in respect of their reinsurance treaty arrangements made for the year 2007 to the Commission latest by January 31, 2007 pursuant to section 41 of the Insurance Ordinance, 2000 read with Rule 15 of the Securities and Exchange Commission of Pakistan's (Insurance) Rules, 2002.

The documentary evidence in order to comply with the above said provisions shall include certified copies of the reinsurance treaties, letter from reinsurers confirming continuance of agreement for year 2007, statement under Rule 15, evidence of the rating declared by reputable international rating agencies and a certificate on soundness and adequacy of the reinsurance arrangement from a senior level officer or committee which is responsible for conducting the management and business of the insurer.

The Commission may call for any further evidence or investigate into the affairs of the insurers to ensure full compliance of the aforesaid provisions of the law in letter and spirit and in case of any contravention thereof may initiate necessary action against the insurer under the Insurance Ordinance, 2000 and Rules made thereunder.

(Shoaib Soofi)

Director

Distribution:

Chief Executives (All Insurance Organizations)

Chairman (Insurance Association of Pakistan)

President (Institute of Chartered Accountants of Pakistan)

President (Institute of Cost and Management Accountants of Pakistan)

President (Pakistan Society of Actuaries)