



PRESS RELEASE

SECP issues new mortality table

KARACHI: September 17: The Securities and Exchange Commission of Pakistan (SECP) has circulated a new mortality table—*SLIC (2001-05) Individual Life Ultimate Mortality Table*. This mortality table will be used by the life insurers to determine the minimum actuarial reserve for the insurance policyholders' liabilities for the purpose of solvency regulations as well as for financial reporting purpose.

The SECP had notified amendments to the 2002 SEC (Insurance) Rules on January 9, 2012, which, inter alia, mentioned that the Pakistan Society of Actuaries (PSOA) would recommend a mortality table to be used as a part of minimum valuation basis to determine the actuarial liabilities of insurance policyholders.

In February 2013, the PSOA had announced the publication of a new mortality table, *SLIC (2001-05) Individual Life Ultimate Mortality Table*. Currently, the life insurers are using EFU (61-66) for the purpose of valuation of life insurance policies, which was developed almost half a century ago.

This is the first time a large-scale study has been conducted by PSOA with the support of the State Life Insurance Corporation of Pakistan (SLIC). The latest mortality table is based on the most recent data available for the study and thus incorporates the latest trends and mortality improvement that has occurred over the last few decades.

The adoption of the new mortality table is likely to improve the solvency position of the life insurers. The SECP expects the life insurers to pass on the potential benefit to the policyholders in the form of improved bonus, surplus or reduction in premium rates.

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