



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Strategy, Development and External Relations Department

Press Release

SECP to consult public on new takaful rules

ISLAMABAD, January 18: The SECP has approved the draft Takaful Rules, which will be published in the official Gazette of Pakistan to elicit public opinion. They will also be available on the SECP website.

The 2012 draft Takaful Rules have suggested the establishment of a Central Sharia Board at the SECP, allowing conventional insurers to have takaful windows, formulation of risk management and rating procedures by takaful operators, and separate solvency requirements for each participant takaful fund.

It is expected that after the promulgation of the new rules, the number of takaful service providers in Pakistan will increase substantially as all life and non-life insurance companies will also be allowed to offer takaful products. These companies have a wide distribution network in the country. This will enable them to tap into the large market which refrains from conventional insurance products considering them un-Islamic. Consequently, it would increase the insurance penetration in Pakistan. At present three general takaful (non-life insurance) companies and two family takaful (life insurance) companies are operating in Pakistan.

Takaful, the Islamic alternative to traditional insurance, is a scheme based on the principles of mutual assistance in compliance with the provisions of the Sharia, and which provides for mutual financial aid and assistance to the participants in case of occurrence of certain contingencies and whereby the participants mutually agree to contribute to the common fund for that purpose.

The existing rules were issued in 2005 and over the years a number of practical issues were highlighted by the stakeholders regarding the implementation of these rules. To address these concerns, an SECP-constituted committee reviewed the existing rules and recommended possible enhancements.

The draft rules are based on the committee's recommendations and subsequent detailed deliberations. The SECP reviewed the draft rules and after seeking expert opinion of Sharia scholars and legal experts they are being disseminated for public comment.

Shakil Ahmad Chaudhary

Head, Internal and External Communication
Securities and Exchange Commission of Pakistan
NIC Building, 63 Jinnah Avenue, Islamabad
Tel: 921-4005 or 921-4009 ext. 378
Fax: 920-6459
Cell: 0302-855-2254
email: shakil.chaudhary@secp.gov.pk