



# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

## **PRESS RELEASE**

For immediate release

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### **SECP declares Right of Use Assets as Admissible Assets for insurers solvency**

ISLAMABAD, July 19: The Securities and Exchange Commission of Pakistan (SECP) has notified amendments to the Insurance Rules, 2017 devising admissibility requirements of Right of Use Assets.

Under International Financial Reporting Standard 16 (IFRS 16 - Leases), insurers are required to recognize a right of use liability ("ROU Liability") and a corresponding right of use asset ("ROU Asset") in their financial statements and regulatory returns. The existing rules were silent about the treatment ROU Assets for solvency purpose. This will facilitate insurance companies to comply with the requirements of IFRS 16 without any negative impact on their solvency.

Through the amendments, insurance companies have been allowed to take ROU Asset as 'admissible' to the extent of the corresponding ROU Liability. The only exception to the said rule is that ROU Assets recorded against vehicles, office equipment and intangible assets, are not to be considered as admissible assets.

S.R.O,1012(I)/2022 covering the amendments to the Rules is placed on the official SECP's website.