

## **PRESS RELEASE**

For immediate release

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### **SECP issues simplified illustration format for Life Insurance & Family Takaful products**

ISLAMABAD, July 30: The Securities and Exchange Commission of Pakistan issued a revised illustration format to improve the readability, standardize insurers' illustrative values, and safeguard prospective policyholders from any deception. In this regard, S.R.O. 1088 (I)/2024 has been issued and is applicable on life insurance and family takaful products with savings components.

Life insurance and family takaful operators use product illustrations to highlight the benefits of long-term financial protection and savings vehicles, typically lasting over 5 to 20 years. Hence, the product illustrations are an integral part of the sales process of life insurance and family takaful policies.

The revised requirements aim to enhance transparency in product illustrations through improved disclosures and making them simple for the understanding of potential policyholders by explicit disclosure of allocation charges, clearing mentioning key disclosures with simplified format and enhanced font size. Moreover, Companies have requested to reduce illustration scenarios from 3 to 2 and remove inflation-adjusted values, displaying only actual amounts allocated to policyholder accounts.

The illustration directive has been notified by the Commission after extensive consultation with life insurance and family takaful companies, the Insurance Association of Pakistan and the Pakistan Society of Actuaries. S.R.O. 1088 (I)/2024 has been placed on SECP's website and is accessible at <https://www.secp.gov.pk/document/sro1088i-2024-directive-for-life-and-family-takaful-product-illustrations/?wpdmdl=52414>

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