



INSURANCE DIVISION
Islamabad

Circular No. 01 of 2018

Islamabad, January 10, 2018

SUBJECT: GROWTH RATE SCENARIOS FOR LIFE INSURANCE AND FAMILY TAKAFUL ILLUSTRATIONS – 2018

Your kind attention is invited towards clause 8.1, 8.2 and 11.1 of the Directive for Life Insurance and Family Takaful Illustrations, 2016 (hereinafter referred to as the "Directive") notified via S.R.O 255(I)/2016 dated March 25, 2016.

Life insurance and family takaful companies use three nominal growth rate scenarios and three inflation adjusted growth rate scenarios to demonstrate projected benefits to potential policyholders. The SECP specifies these growth rate scenarios based on long-term interest rate outlook prevalent in Pakistan.

In this regard, the Commission has decided that, for the year 2018, there should be no change in the nominal rate of return and inflation adjusted rate of return as specified for the year 2017 through Circular No. 3 of 2017 dated January 20th, 2017. Accordingly, for the year 2018 and onwards, the nominal rate of return will remain at 6%, 8% and 10% and inflation- adjusted rate of return will remain at 3%, 4% and 5%.

Syed Nayyar Hussain
Director

Distribution:

1. Chief Executive Officers of all Life Insurance Companies.
2. Chief Executive Officers of all Family Takaful Operators.
3. Chairman Insurance Association of Pakistan (IAP).
4. President (Institute of Chartered Accountants of Pakistan)
5. President (Institute of Cost & Management Accountants of Pakistan)
6. President (Pakistan Society of Actuaries)

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