

GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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Islamabad, the 26th March, 2025

NOTIFICATION

S.R.O.458(I)/2025.- In exercise of the powers conferred under section 40B read with clause (u) of subsection (4) and clauses (fa), (fb), (fc) and (g) of sub-section (6) of section 20 of the Securities and Exchange Commission of Pakistan Act, 1997 (Act No. XLII of 1997), the Securities and Exchange Commission of Pakistan is pleased to notify the following amendments to the Code of Corporate Governance for Insurers, 2016, the same having been previously published for public comments vide S.R.O 42(I)/2025 dated January 16, 2025, namely:-

AMENDMENTS

In the aforesaid Code, -

(1) after the clause (Ixxiii), the following new clauses shall be inserted:

“Actuarial Function

(Ixxiiia) Every insurer shall establish an actuarial function, which shall commensurate with the nature, size and complexity of its business. The actuarial function shall, at a minimum:

- (a) evaluate data quality in line with actuarial standards to ensure accuracy, appropriateness, completeness and comprehensiveness of data for the purpose of the investigations carried out;
- (b) maintain strong processes and controls to ensure adequate valuation of liabilities;
- (c) assess minimum solvency requirement in accordance with the requirements of the Insurance Ordinance, 2000;
- (d) carry out experience studies on the demographic, macroeconomic and expense analysis for different purposes and the appropriate use of assumptions for investigations;
- (e) evaluate the adequacy of overall pricing policy and its alignment with the underwriting and claims management policy of the insurer;
- (f) evaluate the adequacy of reinsurance arrangements against business size, nature, risk appetite and solvency position of the insurer;

(g) advice on the investment policy of the insurer in the context of asset liability management with regards to the adequacy and sufficiency of assets and future revenues to cover the insurer's obligations to policyholders; and

(h) in case of life insurer, perform coordination with the appointed actuary in all the matters assigned as per the requirements of the Insurance Ordinance, 2000 and the Rules and Regulations made thereunder.

(Ixxiiib) There shall be a head of actuarial function appointed by an insurer. The head of actuarial function must fulfill the following requirements:

(a) such person in addition to being a member of Pakistan Society of Actuaries, must at least be an Associate member of the Institute and Faculty of Actuaries UK, the Society of Actuaries US, the Casualty Actuarial Society, or any other body as may be recognized by the Commission after obtaining views of the Pakistan Society of Actuaries; and


(b) such person must have at least five (5) years of experience with an insurer, actuarial firm or any insurer incorporated under the law of any jurisdiction outside Pakistan.

(Ixxiiic) The head of actuarial function shall report directly to the Chief Executive Officer and shall have access to the Board to submit its findings on regular frequency. However, the insurer shall ensure that the independence of actuarial function is maintained and the actuarial function does not perform any such function(s) which may give rise to conflict(s) of interest.

(2) in Annexure III, after entry for clause (Ixxiii), the following new entry shall be inserted:

(Ixxiiia)	Actuarial Function	Immediate but not later than one year, in case of life insurer and two years, in case of non-life insurer, from the date of coming into effect of the amendments to this Code
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(Bilal Rasul)
Secretary to the Commission