

**GOVERNMENT OF PAKISTAN**  
**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

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*Islamabad, the 16<sup>th</sup> January, 2025*

**NOTIFICATION**

**S.R.O.42(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 draft amendments to the Code of Corporate Governance for Insurers, 2016 are hereby published by the Securities and Exchange Commission of Pakistan (the Commission) for information of all persons likely to be affected thereby and notice is hereby given that suggestions and comments, if any, received by the Commission within fifteen days of the publication of this notification, will be taken into consideration, namely-

**DRAFT AMENDMENTS**

In the aforesaid Code, -

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

**“Actuarial Function**

(lxxiiia) 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) determine and evaluate the adequacy of insurance contract assets and liabilities (including mathematical reserves, premiums and claims reserves, etc.) as per the applicable regulatory requirements and financial reporting standard(s);
- (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) provide advice on the insurer’s investment policies and strategies through asset-liability management studies to provide strategic and tactical asset allocation; conduct investment performance, attribution analyses and asset valuation as necessary; 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) The 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.

(Ixxiiic) There shall be 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 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.

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

(Ixxiiia)	Actuarial Function	Immediate but not later than six months, in case of life insurer and one year, 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