PART II

Statutory Notifications (S. R. O.)

GOVERNMENT OF PAKISTAN

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

NOTIFICATION

Islamabad, the 18th March, 2020

S. R. O. 234(I)/2020.— In exercise of the powers conferred under section 40B, read with Clause (u) of sub-section (4) of section 20 of the Securities and Exchange Commission of Pakistan Act, 1997, the Securities and Exchange Commission of Pakistan, in addition to and to the extent explained hereunder in partial suppression of S.R.O. 968(I)/2013 dated 6th November 2013, hereby issues the following simplified product submission requirements:

1. The Commission had notified the directive for life insurance product submission requirements vide S.R.O 968(I)/2013 dated November 6th, 2013 after taking into account the holistic view of different primary as well as secondary legislations applicable on life insurers with respect to life insurance products.

2. It has been observed that most of the products/riders submitted to the Commission by life insurers/family takaful operators have standardized features, terms and conditions which are similar to existing products/riders of the insurers. Hence, with an aim to facilitate the insurance sector and to promote ease of doing business, it is imperative that simplified submission requirements for standardized products of life insurers be introduced.

793(1—4)

Price : Rs. 6.00

[5338(2020)/Ex. Gaz.]
3. Therefore, in exercise of the powers conferred by Section 40B read with clause (u) of sub-section (4) of Section 20 of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997) and in partial suppression of S.R.O. 968(I)/2013 to the extent of para 3(b) thereof, the Commission hereby provides the following simplification in the life insurance product submission requirements.

4. Simplified Submission Requirements for Standardized Products or Riders —

i. Where a life insurer intends to introduce a new product, the features of which are similar to its existing product and the life insurer believes on reasonable grounds that there exists reasonable certainty for the purpose of premium determination (i.e. pricing) of the product in terms of predictability or financial modeling of the intended risks to be covered by the product having regard to characteristics or demographics of the target market, distribution channel, intended volume, product mix and aggregate risk exposure of the company including reinsurance arrangement in respect of the new product, simplified submission requirements as per Annexure-I to this notification shall be followed.

ii. Life insurers shall summarize and document its decision for classification of a product as standardized product against each parameter stated in 4(i) above, and shall submit this document duly signed by the appointed actuary to the Commission as per format specified under Annexure 2. However, whether a particular product or rider meets the criteria of standardized product, the decision of the Commission shall be final.

5. Simplified Submission Requirements for amendments in Existing Products or Riders — Where revisions are made to features or structure of existing product or rider, a life insurer is only required to provide intimation of the revisions made, along with a statement containing rationale/ justification against each revision. However, additional documents shall also be required in following instances:

(a) In case the amendments involve revisions in the pricing or benefit structure of existing product, a statement from the appointed actuary shall also be submitted, certifying that the revised terms and conditions of the product are sound and workable (including a statement that the revised product satisfies the maximum management expense limits as prescribed under Circular No. 6 of 2006 or any modification thereof, wherever applicable).

(b) In case revisions are made to existing takaful product, certificate from shariah advisor on shariah permissibility of the product shall be submitted.
(c) In case revisions are made to the products distributed through banks or corporate insurance agents, addendum to the agency agreement signed with distribution partner incorporating the changes shall be submitted.

6. **Effective Date:** The requirement under this Notification shall be effective from April 1, 2020. For those products/riders that do not meet the criteria under Para 4, the requirements of S.R.O. 968(I)/2013 dated November 6th, 2013 shall be applicable. All other requirements of the S.R.O. 968(I)/2013 shall remain in force.

**Annexure-1**

**Simplified Submission Requirements for Standardized Products (Para 4(i))**

1. Name of the new standardized product:____________________;
2. Name of the similar existing product(s):__________________;
3. Registration No. of existing product(s):__________________;
4. Any deviation/difference from existing product as per below table:

<table>
<thead>
<tr>
<th>Serial No.</th>
<th>Deviation Type</th>
<th>Existing Product</th>
<th>New Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>e.g. Allocation fee, entry age, policy wording etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
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<tr>
<td>3</td>
<td></td>
<td></td>
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<tr>
<td>4 and so on</td>
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</tbody>
</table>

5. Draft/ Signed Distribution agreement (if corporate insurance agent/bank is involved);

6. Certificate from Appointed Actuary on sound and workability of the product (including a statement that the product satisfies the maximum management expense limits prescribed by SECP, where applicable);

7. Summarized document signed by the Appointed Actuary as referred in Para 4(ii) of this directive.

8. Certificate from Shariah Advisor on shariah permissibility of the product;

9. A Statement from principal officer of a life insurer, that all features, terms and conditions of the product other than the ones mentioned under Point 4 above are exactly similar to existing product.
Annexure-2

Decision for Classification as a Standardized Product (Para 4(ii))

The proposed product [Name], is similar to the existing product(s) named [Name(s)] having registration number(s)———————, and meets the criteria of standardized product as defined under Para 4(i) of this Notification for Life Insurance Product Submission Requirement, on the basis of following parameters:

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Parameter</th>
<th>Similarity (Yes/No)</th>
<th>Rationale for Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Premium Determination</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Target Market</td>
<td></td>
<td></td>
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<tr>
<td>3</td>
<td>Distribution Channel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Targeted Volume</td>
<td></td>
<td></td>
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<tr>
<td>5</td>
<td>Product Mix</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Aggregate Risk Exposure</td>
<td></td>
<td></td>
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<tr>
<td>7</td>
<td>Reinsurance Arrangement</td>
<td></td>
<td></td>
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<tr>
<td>8</td>
<td>Any other parameter</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

[Signed by Authorized Person of Life Insurer] [Signed by Appointed Actuary]

[File No. SY/SECP/8/13.]

EJAZ ALAM KHAN,
Secretary to the Commission.