

Before Amir M. Khan Afridi, Director/HOD (Adjudication-I)

In the matter of Show Cause Notice issued to Adamjee Life Assurance Company Limited

Dates of Hearing

March 30, 2022

Order-Redacted Version

Order dated May 23, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of Adamjee Life Assurance Company Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated December 22, 2021.
2. Name of Respondent	Adamjee Life Assurance Company Limited (the Company and/or The Respondent)
3. Nature of Offence	<u>Alleged contraventions of regulations 6(3)a, 6(4) of the AML Regulations, 2018 (the AML Regulations, 2018) read with Annexure I thereof and regulations 13(7) and 15(3) thereof and Section 40A of the Securities and Exchange Commission of Pakistan Act, 1997 (the Act).</u>
4. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have reviewed the facts of the case in light of the applicable provisions of the law and have given due consideration to the written as well as verbal submissions and arguments of the Respondent Company and its Representatives. I am of the considered view that the Respondent Company did not ensure compliance with the mandatory provisions of the AML Regulations 2018 in the following instances:</p> <p>a. the Company has stated that the insurance policies mentioned in the SCN were issued prior to promulgation of the AML Regulations 2018. In regard, it is stated that no exemption is available, from conducting Customers Due Diligence (CDD) under the AML Regulations 2018 in respect of the policies which were issued prior to promulgation thereof. The Company was required to verify the identity of its policyholders as part of mandatory CDD. This must have to be done as soon as it is reasonably practicable with an</p>

	<p>objective that ML/TF risks are effectively managed. Admittedly, no evidence of conducting NADRA Verisys of the Policyholders was available in the respective policy files and the same was carried out after absence of the same was pointed out the inspection team. Therefore, violation of regulation 6(3)(a) of the AML Regulations, 2018 is established' and</p> <p>b. the Company has stated that it is equipped with an automated screening system which enables it to screen its customers' portfolio with list of proscribed persons available on NACTA's website. It was further stated that the Company has been performing on-going screening of its customers' portfolio since the year 2018. In this regard, it is stated that the inspection team was not provided with any evidence of screening of the policyholders of the Company. Thus, the Company failed to maintain any document evidencing that screening of the said customers was carried out, which constitutes violation of regulation 15(3) of the Regulations 2018.</p> <p>Keeping in view the aforesaid non-compliances/ contraventions, I hereby, impose a fine of Rs. <u>300,000/- (Rupees Three Hundred Thousand only)</u> on the Company on account of the established defaults. The Respondent Company is hereby directed to fully implement the laws countering ML and TF including but not limited to formulation and implementation of policies, procedures and controls to ensure that the requirements contained in the AML/CFT Regulations are meticulously complied with in true letter and spirit.</p>
5. Penalty Imposed	Rs. 300,000/-
6. Current Status of Order	Penalty not deposited and No Appeal has been filed by the respondent.