

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

In the matter of Show Cause Notice issued to Allianz EFU Health Insurance Limited

Dates of Hearing

June 28, 2021

Order-Redacted Version

Order dated April 07, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of Allianz EFU Health Insurance Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated June 03, 2021.
2. Name of Company	Allianz EFU Health Insurance Limited (the Company)
3. Name of Individual*	The proceedings were initiated against the Company.
4. Nature of Offence	<u>Alleged contraventions of Securities and Exchange Commission of Pakistan (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2018 (the AML Regulations) read with Section 40A of the Securities and Exchange Commission of Pakistan SECP Act, 1997(the Act).</u>
5. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have reviewed the facts of the case, written response of the Company and submissions made by the Representatives during the hearing in light of the applicable provisions of the law and states that:</p> <p>(i) in pursuance of regulation 6(4) read with Note (i) of Annexure I of the AML Regulations, the Company was required to get copies of CNICs of its customers validated through NADRA Verisys. However, the Representatives were of the view that validation of copies of CNICs was done but print out of the screenshots were not taken and the same were printed on October 25, 2020 on the request of the inspection team. It would be unjustified not to maintain the record of validation of identity documents. The validation of identity documents was carried out through NADRA Verisys on October 25, 2020, as the Company has no evidence for the validation prior to the</p>

	<p>said date. Therefore, contravention/ non-compliance of regulation 6(4) read with Note (i) of Annexure I of the AML Regulations is established;</p> <p>(ii) the Company did not obtain certified copies of (a) the Board of Trustees/ Executive Committee for opening of account authorizing the person(s) to operate the account; and (b) annual accounts/ financial statements or disclosures in any form which may help to ascertain the detail of its activities, sources and usage of funds in order to assess the risk profile of the prospective customer. This has resulted in contravention/ non-compliance of regulation 6(4) of the AML Regulations read with Annexure I thereof. In case of high- risk customers, the Company was required to establish their sources of income/ funds by appropriate means which includes its own assessment to this effect, however, the Company did not take the required EDD measures which constitutes violation/ non-compliance of regulation 9(4)(b) of the AML Regulations;</p> <p>(iii) the Company did not conduct screening of the directors/ beneficial owners of its corporate customers against the list of proscribed persons resultantly, the screening against the list of proscribed persons/ entities was not reliable in the absence of the information pertaining to the directors/ beneficial owners and shareholders in the customers' database. Therefore, the Company failed to monitor its relationships on a continuous basis with its customers and ensure that no such relationship with the individuals specified under regulation 6(5a) exists directly or indirectly, through ultimate control of an account. Therefore, violation/ non-compliance of regulation 13(7) read with regulation 6(5a) is established.</p> <p>In view of the foregoing, the Company is liable to be penalized under Section 40A of the Act.</p> <p>Keeping in view the afore-mentioned established contraventions/ non-compliances, I in exercise of the powers conferred under Section 40A of the Act, hereby impose a fine of Rs.125,000/- (Rupees One Hundred and Twenty-Five Thousand Only) on the Company.</p>
6. Penalty Imposed	Rs.125,000/-
7. Current Status of Order	No Appeal has been filed by the respondents.