

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

In the matter of Show Cause Notice issued to Habib Insurance Company Limited

Dates of Hearing

June 08, 2022

Order-Redacted Version

Order dated June 10, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of Habib Insurance Company Limited. Relevant details are given as hereunder:

| Nature | Details |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Date of Action | Show cause notice dated March 25, 2022. |
| 2. Name of Respondent | Habib Insurance Company Limited (the Company and/ or the Respondent). |
| 3. Nature of Offence | Alleged contraventions of regulation 10 of the Securities and Exchange Commission of Pakistan (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2020 (the AML Regulations) read with Note (vii) and S. No. 6 (i)(a) of Annexure 1 thereof and regulation 31 thereof and rules 4(1) & 6(1) of the AML Sanction Rules, 2020 (the AML Rules) and Section 6(A)(2)(h) of the Anti-Money Laundering Act 2010 (the AML Act). |
| 4. Action Taken | <p>Key findings were reported in the following manner:</p> <p>I have carefully examined the facts of the case, and considered the written as well as verbal submissions and arguments of the Respondent and its Representatives in light of applicable Provisions of the law and observed that the Company did not obtain the Board Resolution(s)/ Authority Letter(s) from all the identified clients. This means that in the absence of identity documents, identity of the authorized representative of the said clients could not have been verified. Moreover, the Company did not verify the particulars of the Directors of the corporate clients through NADRA Verisys. In case of the two (2) clients (private companies), where the Company relied on the lead insurer, the Company was responsible for immediately obtaining the required information on the customer due diligence (CDD) from the lead insurer and in terms of regulation 24 of the AML Regulations, the Company remains liable for any failure in the required CDD</p> |

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| | <p>measures. Therefore, violation of regulation 10 of the AML Regulations read with S. No. 6(1)(a) of Annexure 1 and Note (vii) thereof is established in respect of the Identified corporate clients.</p> <p>Keeping in view the aforesaid non-compliances, I in exercise of the powers conferred under Section 6(A)(2)(h) of the AML Act, 2010, hereby impose a fine of <u>Rs. 30,000/- (Rupees Thirty Thousand Only)</u> on the Company.</p> |
| 5. Penalty Imposed | Rs. 30,000/- |
| 6. Current Status of Order | Penalty deposited. |