



SECP  
INSURANCE DIVISION  
Islamabad

[Islamabad]

Before Shaukat Hussain, Commissioner (Insurance)

*In the matter of*

**M/s Jubilee Life Insurance Company Limited**

Number and Date of the Notice	ID/Enf/JubileeLife/2019/235 dated March 15, 2019
Date of Order	July 18, 2019

**ORDER**

Review under Section 32-B of the Securities and Exchange Commission of Pakistan Act, 1997 against Order dated April 3, 2019 in the matter of Show Cause Notice under Regulation 3(1)(a), Regulations 3(1)(d), Regulation 6(5)(a), Regulation 6(8), Regulation 14(4) and Regulation 14(6) of the of the Anti-Money Laundering and Countering Financing of Terrorism Regulations, 2018 read with Section 40A of the Securities and Exchange Commission of Pakistan Act, 1997

This Order shall dispose of the review application under Section 32-B of the Securities and Exchange Commission of Pakistan Act, 1997 against the Order dated April 3, 2019 in the matter of Show Cause Notice (SCN) No. ID/Enf/JubileeLife/2019/235 dated March 15, 2019 under Regulation 3(1)(a), Regulations 3(1)(d), Regulation 6(5)(a), Regulation 6(8), Regulation 14(4) and Regulation 14(6) of the of the Anti-Money Laundering and Countering Financing of Terrorism Regulations, 2018 (the "Regulations") read with Section 40A of the Securities and Exchange Commission of Pakistan Act, 1997 (the "Act") , issued to M/s. Jubilee Life Insurance Company Limited (the "Company"), its Directors and Chief Executive Officer of the Company. The Chief Executive and Directors of the Company shall be referred to as the "Respondents" hereinafter.

2. In terms of the Order under review, proceedings initiated through SCN dated March 15, 2019 were concluded with the fine of Rs. 500, 000/- on the Company, while the Respondents were also warned vide Order dated April 3, 2019. Para 37 of the Order is reproduced below:-

*"In exercise of the power conferred on me under Section 40A of the Act, I, take a lenient view and do not impose fine on Board of Directors of the Company. However, I impose a fine of Rs. 500,000/- (Rupees Five Hundred Thousand only) on the Company under the said provision of the Act, due to the non-compliances, as mentioned hereinabove. The Company is further directed to report compliance with AML/CFT laws and Regulations within one month of the date of this Order. Moreover, the Respondents are hereby warned and directed to ensure full compliance with the Ordinance, rules, regulations and directives of the Commission in future."*

3. Subsequent to the Order dated April 3, 2019, an application dated April 9, 2019 for review under Section 32-B of the Act was received from Mr. Zahid Barki, Compliance Officer, for and behalf of the Respondents. Grounds for review of the Order, given by the Respondents in their application, are reproduced below:

*"The undersigned under authority of the Chief Executive and Managing Director of Jubilee Life Insurance Company Limited (the Company) seeks permission to make*

SECURITIES AND EXCHANGE  
COMMISSION OF PAKISTAN  
Insurance Division, NIC Building,  
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appeal for review of the Order passed by the Honorable Commissioner (Insurance) of Securities and Exchange Commission of Pakistan (the Commission) on the above referred to matter.

At the very outset the Company wishes to assure the Commission, that the Company shall make every endeavor to carry out in letter and spirit the advises, instructions and decisions of the Commission as communicated in the Order and within the provisions of law and as envisaged under the Anti-Money Laundering and Countering Financing of Terrorism Regulations 2018 (the Regulations).

Thereof, with full cognizance of the Commission's authority to enforce its decisions and implement its directives, the Company requests review of the Order with the following plea:

That the Company, by engaging a third party firm of sound standing and international repute, has run a thorough background check on all the individuals listed by the Commission as controversial and are now in a position to report that none of the persons so named, have been found to have a criminal record nor are they listed as proscribed offenders nor are they involved in litigation for any crime/offence in any court of law nor are they under investigation by any law enforcement agency.

.....

That the Commission, If it deems appropriate, may kindly consider conducting its own enquiry to clear (if not otherwise indicated) the persons so named of involvement in any illegal/unlawful activity.

Finally, it is stated with reverence, that the undersigned as Compliance Officer of the Company acting with prudence and within ambit of Section 18 (c) of the Regulations was and is solely responsible for affecting decision not to file STRs of the above-named five individuals. As has already been informed to the Commission, the Compliance Officer, after making enquiry, needed to take decision and in absence of substantive information/evidence to the contrary, discerned that the transactions did not violate AML/CFT laws and decided not to file STR lest he invoke penal action under Section 33(1) of the AML Act. In the case of [redacted] and [redacted], without allowing the transaction to bear fruition, amounts were refunded back through Inter Bank Fund Transfer (IBFT) into the same bank from where the amounts were remitted to the Company, therefore, as far as the Company was concerned, the funds were not allowed to leave the financial system from where they emanated. Therefore, if money laundering was intended by using the Company's financial system the purpose was defeated. Nevertheless, as advised by the Commission, in future we will ensure that such borderline transactions are reported to authorities concerned if so merited.

Although we agree that there is much room for improvement, the very fact that the above-named individuals were identified by the Company during the process of Enhanced Due Diligence (EDD), indicates that the Company is actively practicing AML/CFT procedures. This is substantiated by the fact that 10 (ten) Suspicious Transaction Reports (STRs) have been filed by the Company with FMU so far.

That, the Company assures the Commission that it will ensure full compliance with all provisions and clauses of the Regulations and its guidelines within the next six months.

That, the Commission may kindly consider reviewing the Order and setting aside the penalty imposed."

4. Thereafter, the Commission scheduled the hearing on July 5, 2019, which was attended by the Authorized Representatives of the Respondents namely Mr. Zahid Barki and Mr. Asim Mukhtar at the Commission's Karachi Office, connected via video link to the Head Office. During the hearing, the Authorized Representatives maintained that some of the aspects pertaining to AML/CFT were overlooked by the inspection team such as conducting risk based assessment,



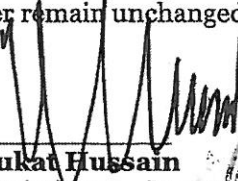
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filing of Suspicious Transaction Reports (STRs), screening of policyholders, trainings of employees etc. Mr. Barki requested the Commission to re-consider the penalty imposed through Order dated April 3, 2019 due to the efforts made by the Company.

5. The Order dated April 3, 2019 was based on the facts and merits of the case. However, the Respondents have pleaded that the Company is actively practicing AML/CFT procedures. To substantiate this fact, the Company have apprised this Office that for the period between August 3, 2018 to June 25, 2019, the Company has filed/reported 60 STRs. Furthermore, the Respondents have assured the Commission that they will ensure full compliance with all provisions and clauses of the Regulations and its guidelines within the next six months.

6. The undersigned, therefore, based on the compliance demonstrated by the Company pertaining to filing of STRs and the assurance for future compliance, has reviewed the Order dated April 3, 2019 to the extent of penalty. In exercise of the powers conferred under Section 32-B of the Act, I hereby reduce the penalty amount to Rs. 400,000 instead of Rs. 500,000/- imposed vide Order dated April 3, 2019 issued under Regulation 3(1)(a), Regulations 3(1)(d), Regulation 6(5)(a), Regulation 6(8), Regulation 14(4) and Regulation 14(6) of the Regulations read with Section 40A of the Act. Whilst all other facts (including the warning) in the aforesaid Order remain unchanged and enforced.

  
**Shaukat Hussain**  
Commissioner – Insurance

