

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

In the matter of Show Cause Notice issued to National Insurance company Limited

Dates of Hearing

February 07, 2022

Order-Redacted Version

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

Nature	Details
1. Date of Action	Show cause notice dated December 30, 2021.
2. Name of Respondent	National Insurance Company Limited (the Company, NICL, and/or The Respondent)
3. Nature of Offence	<u>Alleged contraventions of regulations 4(a), (b) & (d); 6(4) and of the SECP (Anti-money Laundering and Counter Financing of Terrorism) Regulations, 2018 (the AML Regulations, 2018), Annexure I and regulations 13(3) and 15(3) thereof read with 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 examined the facts of the case in light of the applicable provisions of the law and have given due consideration 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 the compliance with the mandatory provisions of the AML Regulations, 2018 in the following instances:</p> <p>a. the Company has stated that approval of AML/ CFT Policy of the Company is still pending as currently, its Board of Directors does not exist. However, fact is that the AML Regulations, 2018 came into effect on June 13, 2018 and term of the Board of the Company expired on May 30, 2021. Considering urgency and sensitivity of critical Issue of AML/ CFT, the Company should have obtained approval of its AML/CFT Policy from its previous Board which was</p>

	<p>functional till May 30, 2021. However, the Company failed to do so and further monitoring, which constitutes violation of regulation 4(a)(b) of the AML Regulation 2018.</p> <p>b. Absence of NADRA Verisys facility documents of its customers, which constitutes violation of Note (i) of Annexure I read with regulation 6(4) of the AML Regulations, 2018; and</p> <p>c. The inspection team was not provided with evidence of screening of customers of the Company. Therefore, violation of regulation 15(3) is established.</p> <p>Keeping in view the aforesaid non-compliances/ contraventions, I hereby, impose a fine of Rs.100,000/- (Rupees one hundred thousand only) on the Company on account of the established non-compliance/ contravention. The Respondent Company is hereby directed to ensure compliance with all the applicable regulatory laws including the ML and TF laws in letter and spirit. in future. It is further directed that the Company shall submit its compliance report to the Offsite-I Department, Supervision Division, within one month of the date of this Order in respect of all the obligatory measures pertaining to approval of its AML/CFT policy, verification of identity documents of its entire customers' portfolio from NADRA Verisys and screening of its entire customers' database.</p>
5. Penalty Imposed	Rs. 100,000/-
6. Current Status of Order	Penalty not deposited and No Appeal has been filed by the respondent.