

Before Ali Azeem Ikram, Executive Director/HOD (Adjudication-I)

In the matter of Show Cause Notice issued to Askari Life Assurance Co. Limited

Date of Hearing

February 18, 2020

Order-Redacted Version

Order dated March 24, 2020 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Askari Life Assurance Co. Limited. Relevant details are given hereunder:

Nature	Details
1. Date of Action	Show Cause Notice dated November 27, 2019
2. Name of Company	Askari Life Assurance Co. Limited
3. Name of Individual*	Not Applicable.
4. Nature of Offence	Alleged violations of Regulation 4(a) and (d), Regulation 6(3)(a) & (b), Regulation 6(4), and Regulation 6(5a) (a)(b)&(c), Regulation 9(4), Regulation 18(c)(iii) and Regulation 20(b) of the of Securities and Exchange Commission of Pakistan (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2018
5. Action Taken	<p>Relevant extracts from the Order on findings and outcome of the matter are as follows:</p> <p>“8. I have examined the submissions and arguments of the Respondents and their Authorised Representatives in light of requirements of applicable provisions of the Regulations. I am of the considered view that the Company did not ensure its compliance with the mandatory provisions of the Regulations in the following instances:</p> <p>(i) The Company did not conduct the training need analysis which requires identification of relevant employees to be trained, subject/topics to be covered in suitable trainings. The Suitable Training should, inter alia, include the responsibilities of employees with respect to AML/CFT. Moreover, the training material of the Company did not address the topics of Beneficial Ownership, Ongoing Monitoring, Record Keeping, Screening &</p> ”



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	<p>Training. These deficiencies establish the violations of Regulation 20(b).</p> <p>(ii) In the absence of an automated screening system, the Company was relying on MS Excel for screening of proscribed persons against its customers. However, this arrangement cannot be effective and fool-proof due to its constraints and time-consuming process compared to an automated system. Thus, the Company failed to manage and mitigate the risks of ML/TF in violation of Regulation 4(a) of the Regulations.</p> <p>(iii) The Company did not submit any evidence to substantiate that the screening of customers was done in respect of a sample of 10 policy files. These lapses indicate that the Company did not put in place procedures and controls, which can effectively manage and mitigate the AML/CFT risks and therefore, these lapses establish violations of Regulations 4(a).</p> <p>(iv) The Company conducted the NADRA Verisys in respect of the specified customers after issuance of the inspection order, rather than at the time of issuing the respective life insurance policy to the customers. In all 10 sample cases, copies of the NADRA Verisys attached with policy files were bearing the verification dates subsequent to the date of inspection order. Therefore, the Company has violated Regulation 6(3) and Regulation 6(4).</p> <p>9. In view of the foregoing reasons, I am of the considered view that multiple violations of the provisions of Regulations 4(a), 6(3), 6(4), and 20(b) of the Regulations have been established. Therefore, in terms of powers conferred under section 40A of the Act, a penalty of Rs. 400,000/- Only (<u>Rupees Four Hundred Thousand Only</u>) is hereby imposed on the Company."</p>
6. Penalty Imposed	Penalty of Rs. 400,000/- (Rupees Four Hundred Thousand Only) was imposed on the Company.
7. Current Status of Order	Appeal was not filed against the Order.

Redacted version issued for placement on website of the Commission.