



Securities and Exchange Commission of Pakistan

Adjudication Division
Adjudication Department-I

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

**In the matter of Show Cause Notice issued to
State Life Insurance Corporation of Pakistan**

Dates of Hearing

January 21, 2021

Order-Redacted Version

Order dated January 29, 2021 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of State Life Insurance Corporation of Pakistan. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show-Cause Notice dated November 13, 2020
2. Name of Company	State Life Insurance Corporation of Pakistan
3. Name of Individual*	The proceedings were initiated against the Corporation i.e. State Life Insurance Corporation of Pakistan.
4. Nature of Offence	Alleged violations of S.R.O. 55(I)/2020 dated January 28, 2020 read with Section 40A of the Securities and Exchange Commission of Pakistan Act, 1997.
5. Action Taken	Key findings were given in the Order in the following manner: <i>“Review of the facts of the case indicates that despite issuance of the Guidelines vide email dated May 14, 2020 by the Commission re-emphasizing the need for ensuring compliance with the statutory regulatory orders in covid-19 scenario, the Corporation did not submit its compliance reports within prescribed period of 3 days of receiving the same. The Corporation also did not immediately freeze the assets of true matches found against the proscribed persons in violation of the Directive as well the Guidelines. The Corporation’s plea that 5 out of 6 emails were received during lockdown and one email was received during partial lockdown is not justified for significant delays of 41 days and 45 days in submission of responses to the Commission. As far as contention of the Corporation that AML Department’s emails containing the statutory orders stated that “no further action is required”, it has been noted that the AML Department vide the said emails clearly instructed the Corporation that no further action is required at this stage except reporting to the Commission within 5 days and 3 days respectively, even</i>



Securities and Exchange Commission of Pakistan

Adjudication Division Adjudication Department-I

though there are “Nil” results of scanning the customers’ database; however, the Corporation showing complete disregard to the actual instructions, failed to report the Commission within stipulated time. The Corporation stated that out of 11 true matches found during the scanning, 2 policies were already lapsed, 4 policies were already frozen and no action was required in respect of 1 policy. However, it was admitted that it took the Corporation to freeze 1 policy in 2 days, 2 policies in 3 days, 1 policy in 5 days, in violation of the Directive, which calls for immediate freezing of the assets in case true matches are found.

2. With regard to the responses of the Corporation for reporting “Nil” results of scanning of its customers’ database to the Commission, the Corporation’s plea is not plausible that it could not make timely responses due to lockdown situation in covid-19 scenario. The Commission issued the Guidelines vide email dated May 14, 2020 for ensuring compliance of statutory orders in covid-19 scenario whereby the Corporation was advised to allocate its resources for immediate scanning of customers’ database. Therefore, significant delays of 50 days, 53 days and 22 days in sending the responses to the Commission are not justified and are in clear violation of the requirements of the Directive.

3. As far as the issue of 4 proscribed persons is concerned, the Corporation’s reply is silent about its failure in the immediate reporting to FMU. Therefore, absence of any defence on this serious issue indicates that the Corporation has failed to immediately discharge its statutory obligations, which is in clear violation of the Directive. The Corporation also made a considerable delay in notifying to the Commission about the proscribed persons found in its customer’s database. Furthermore, freezing of the policies of 4 identified proscribed persons was carried out with a delay of 3 days, 3 days, 2 days and 5 days, respectively rather on immediate basis which also constitutes violation of the requirements of the Directive.

4. I have carefully examined the facts of the case in light of applicable provisions of the law and have given due consideration to the written as well as verbal submissions of the Corporation/Authorized Representatives. In view of the reasons stated in the preceding para, I am of the considered view that multiple violations of the provisions of the Directive have been established. Therefore, in terms of powers conferred under section 40A of the Act, a penalty of Rs. 1,000,000/- (Rupees One Million Only) is hereby imposed on the Corporation. The Corporation is hereby directed to ensure meticulous compliance with all the applicable requirements contained in the SRO 55(I)/2020 dated January 28, 2020.”



Securities and Exchange Commission of Pakistan

Adjudication Division Adjudication Department-I

	Penalty order dated January 29, 2021 was passed by Executive Director (Adjudication-I).
6. Penalty Imposed	A Penalty of Rs. 1,000,000/- (Rupees One Million only) was imposed on the Corporation.
7. Current Status of Order	Appeal was filed by the Corporation.