



INSURANCE DIVISION  
Islamabad

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Before Fida Hussain Samoo, Commissioner (Insurance)

*In the matter of*

Premier Insurance Limited

Show Cause Notice No. and Issue Date: ID/Enf/Premier/2017/10243 July 13, 2017

Date of Hearing: August 16, 2017

Attended By: Mr. Rashid Sadiq  
CEO, RS Corporate Advisory (Pvt.) Ltd.  
(Authorized Representative of  
M/s. Premier Insurance Limited)

Date of Order: September 5, 2017

**ORDER**

Under Clause lxxviii of the Code of Corporate Governance for Insurers, 2016 read with  
Section 11, Section 12 and Section 156 of the Insurance Ordinance, 2000

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This Order shall dispose of the proceedings initiated against M/s. Premier Insurance Limited (the "Company"), its Chief Executive and Directors for alleged contravention of Clause lxxviii of the Code of Corporate Governance for Insurers, 2016 (the "Code") read with Section 11, Section 12 of the Insurance Ordinance, 2000 (the "Ordinance of 2000"). The Company and its Directors shall be collectively referred to as the "Respondents" hereinafter.

2. The Company is registered under the Ordinance to carry on the business of non-life insurance in Pakistan.
3. The Clause lxxviii of the Code requires that the insurer shall file an Annual Statement of Compliance with the Commission confirming status of compliance with provisions of Section 11 and 12 of the Ordinance along with financial statements and regulatory returns as required under Section 46(1) of the Ordinance.
4. The relevant clause lxxviii, lxxix & lxxx of the Code are reproduced below:

*(lxxviii) Along with the financial statements and regulatory returns as required under subsection (1) of section 46 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000), insurer shall file with the Securities and Exchange Commission of Pakistan, an*



annual certificate of compliance duly signed by the Chief Executive Officer (by whatever name called) and two directors, confirming the status of compliance with the provisions of section 11 and section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000) during the year, as per the format given in the Annexure II.

(lxxix) The content of the said annual certificate of compliance should be reviewed and certified by the statutory auditor of the insurer, and the review report should also be filed along with the said certificate.

(lxxx) In case during the period referred to in the certificate, an insurer has not been in compliance with any of the requirements of section 11 and / or section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000), the same should be disclosed in the declaration and the reasons for non-compliance thereof should also be provided by the insurer as note to the said certificate.

5. It was observed that the Company did not submit the aforesaid statement of compliance for year ended December 31, 2016.

6. The Company was advised/reminded through letter dated May 25, 2017 to submit Statement of Compliance for the year ended December 31, 2016 without any further delay.

7. The Company in its response dated June 1, 2017 stated that:

*"We would like to inform you that our CFO & Company Secretary has resigned in May 2017, due to which we were no been able to submit required information to SECP.*

*In this regard we request you to provide us extension till June 30, 2017 to enable us to submit requisite detail. "*

8. The Company failed to submit the statement until June 30, 2017 as stated by it vide letter dated June 1, 2017.

9. Therefore, a Show Cause Notice (SCN) ID/Enf/Premier/2017/10243 Dated July 13, 2017 was issued to the Respondents, calling upon them to show cause as to why the fine as provided under Section 156 of the Ordinance should not be imposed on them for the aforementioned alleged contraventions of the law.

10. Section 156 of the Ordinance provides that:

*"Penalty for default in complying with, or acting in contravention of this Ordinance.- Except as otherwise provided in this Ordinance, any insurer who makes default in complying with or acts in contravention of any requirement of this Ordinance, or any direction made by the Commission, the Commission shall have the power to impose fine on the insurer, and, where the insurer is a company, any director, or other officer of the company, who is knowingly a party to the default, shall be punishable with fine which may extend to one million rupees and, in the case of a continuing default, with an additional fine which may extend to ten thousand rupees for every day during which the default continues."*



11. Thereafter, the response of the Respondents was received vide letter dated July 14, 2017, which is reproduced hereunder:

*"We refer to your letter having reference number ID/Enf/Premier/2017/10243 dated 13 July 2017 in which we were asked to file annual certificate of compliance with provisions of section 11 & 12 of Insurance ordinance 2000 along with its review report by statutory auditors. We have already filed draft review report by statutory auditors on compliance with section 11 & 12 of Insurance Ordinance 2000 on 28 April 2017. For your record, please find attached the copy of our letter along with returns filed on 28 April 2017.*

*The Final review report by statutory auditors on compliance with section 11 & 12 of Insurance Ordinance 2000 was received subsequently. We apologize for the delay in submitting final review report by auditors and our annual compliance certificate on it. In response to your letter mentioned above requiring submission of Information, please find attached the final review report by statutory auditors along with our annual certificate of compliance with section 11 & 12 of Insurance Ordinance 2000 duly signed by CEO and 2 Directors. "*

12. In order to provide Respondents a final opportunity of hearing, the Commission vide letter dated July 19, 2017 bearing no. ID/Enf/Premier/2017/10319 scheduled the hearing on July 31, 2017. However, the Authorized Representative of the Company vide letter dated July 28, 2017 requested to adjourn the hearing for two weeks. The Commission vide letter dated July 31, 2017 acceded to the request and thus rescheduled the hearing on August 16 2017.

13. The hearing of August 16, 2017 was held at the Head Office of the Commission in Islamabad where Mr. Rashid Sadiq, CEO of RS Corporate Advisory (Pvt.) Limited attended the hearing as Authorized Representative, representing the Respondents before the Commission in the instant matter.

14. During the hearing the Authorized Representative stated that the confusion regarding this matter occurred due to absence of the Company's Chief Financial Officer and Company Secretary. Therefore, an extension was sought from SECP regarding filing of the requisite annual certificate of compliance along with the review report of the auditor. He maintained that the certificate along with review report initiated by the auditors was filed by the Company with the Commission on April 28, 2017, however the signed review report of the auditors was submitted vide letter dated July 14, 2017. The Authorized Representative was of the view that the Company has duly submitted the requisite documents; however, due to the absence of CFO and Company Secretary, the signed certificate of the auditors could not be submitted. The Authorized Representative argued that the delay in submission of the signed certificate was not a deliberate intent on part of the Company to avoid compliance with the requirements of the law. He requested the Commission to take lenient view in the matter without any adverse action against the Company and its Directors.

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15. In terms of Clause lxxviii of the Code, the Company was required to file an Annual Statement of Compliance with the Commission confirming status of compliance with provisions of Section 11 and 12 of the Ordinance along with financial statements and regulatory returns as required under Section 46(1) of the Ordinance. The Respondents in their reply dated July 14, 2017 admitted the delay in filing aforesaid certificate within prescribed time to the Commission. The final certificate was eventually submitted to the Commission on July 14, 2017 subsequent to the issuance of the Show Cause Notice. The Company in its letter dated June 1, 2017 sought extension until June 30, 2017 to submit the Statement of Compliance for the year ended December 31, 2016. However, it was observed from the Statement submitted on July 14, 2017 that the report was signed by the auditor on April 28, 2017. Thus, it can be inferred that the report was ready within the prescribed time but could not be submitted to the Commission until July 14, 2017. It appears that there was negligence on part of the Respondents in complying with the requirement of Clause lxxviii of the Code.

16. I have carefully examined and given due consideration to the written and verbal submissions of the Respondents, and have also referred to the provisions of the Ordinance, the Rules made thereunder and/or other legal references, I am of the view that the default of Clause lxxviii of the Code read with Section 11, Section 12 of the Ordinance is established. Therefore, the fine as provided under Section 156 of the Ordinance can be imposed onto the Respondents i.e. the Company, and its Directors. However keeping in view the submission and assurance given by the Company to comply with the provisions of law in future, I hereby take a lenient view and warn the Respondents to be careful in future.

17. This Order is issued without prejudice to any other action that the Commission may initiate against the Company and / or its management (including the CEO of the Company) in accordance with the law on matters subsequently investigated or otherwise brought to the knowledge of the Commission.

**Fida Hussain Samoo**  
Commissioner (Insurance)

