



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN INSURANCE DIVISION

[Karachi]

Before Nasreen Rashid, Executive Director (Insurance)

In the matter of

Standard Insurance Company Limited

Date of Show Cause Notice: June 01, 2010

Date of Hearing: July 08, 2010

Attended by: Mr. Qudrat Ali Khan, Chief Accountant- Standard Insurance Company Ltd.

Date of Order: July 30, 2010

ORDER

(Show Cause Notice Under Section 245 read with Section 476 of Companies Ordinance, 1984)

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This Order shall dispose of the proceedings initiated against Standard Insurance Company Limited (hereinafter referred to as ("the Company")) for making default in complying with the provisions of Section 245 of the Companies Ordinance, 1984 ("the Ordinance"), read with Section 476 of the Ordinance.

Background Facts

2. The relevant facts for disposal of this case briefly stated that while examining the relevant documents of the Company it was revealed that the Company had failed to submit/file its quarterly returns for the period ending 31st March, 2010 which were supposed to be submitted and circulated on or before April 30, 2010.

3. In pursuance of Section 245(1) of the Ordinance which states that:



- "(1) Every listed company shall,—
- (a) *within one month of the close of [first, second and third quarter] of its year of account, prepare and transmit to the members and the stock exchange in which the shares of the company are listed a profit and loss account for, and balance-sheet as at the end of, that quarter, whether audited or otherwise; and*
- (b) *simultaneously with the transmission of the quarterly profit and loss account and balance-sheet to the members and the stock exchange, file with the registrar and the Commission such number of copies thereof, not being less than three, as may be prescribed.*
- (2) *The provisions of sub-sections (1) and (2), of section 241 shall apply to the half-yearly accounts."*

Show Cause Notice

4. It was observed that the company was in default with regard to the aforesaid provisions of the Ordinance and therefore a Show Cause Notice ("SCN") dated June 01, 2010 under Section 245 read with Section 476 of the Ordinance was served to the Chief Executive and Directors of the Company, calling upon them to explain in writing as to why appropriate action may not be taken against the Company under the law for the aforesaid contravention.

Company Reply and Hearing Proceedings

5. In reply vide their letter dated 2nd June, 2010, Mr. Mohammad Ishtiaq Khan, on behalf of the company stated that the returns were lying in the table drawer of the dispatch clerk, who was on leave due to some medical emergency. A hearing was called at 11:30 a.m. on July 27, 2010 and a hearing notice was sent to the Chief Executive and Directors of the Company to explain the circumstances which had led to such non-compliance. The company in reply, sent a letter dated July 07, 2010 requesting to call off the hearing and consider its reply dated June 02, 2010 as the final reply since they had nothing more to add in the hearing except for what was written in the letter.

Conclusion

6. After carefully examining the arguments and studying the facts and findings of the case as mentioned in the above paras of this Order, the default of Section 245 read with Section 476 of the Ordinance has been established. Therefore action against the Company may be taken by imposing a fine under Section 245(3) of the Ordinance which states that:

"(3) If a company fails to comply with any of the requirements of this section, every director, including chief executive and chief accountant of the company who has knowingly by his act or omission been the cause of such default shall be liable to a fine of not exceeding one hundred thousand rupees and to a further fine of one thousand rupees for every day during which the default continues"

Order

7. In exercise of powers conferred on me under section 476 of the Ordinance, instead of imposing a fine on the company, I am taking a lenient view with regard to this non-compliance of the company and condoning the aforesaid default this time since the financial position of the



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company is very weak as its underwriting had been ceased. Additionally, the Company has assured of compliance in the future. Hence the CEO and Directors of the Company are hereby **WARNED** to comply with the aforesaid provisions in the future.

Nasreen Rashid
Executive Director (Insurance)