

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

In the matter of Show Cause Notice issued to Pakistan Reinsurance Company Limited

Dates of Hearing

October 22, 2021

Order-Redacted Version

Order dated June 27, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of Pakistan Reinsurance Company Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated July 14, 2021.
2. Name of Respondent	Pakistan Reinsurance Company Limited (the Company and/ or the Respondent).
3. Nature of Offence	Alleged contraventions of <u>regulation 37 of the Listed Companies (Code of Corporate Governance Regulations, 2019 (the CCG Regulations) and Sections 169 and 512(2) of the Companies Act, 2017 (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 applicable provisions of the law and have given due consideration to the written as well as verbal submissions of the Respondent Company and observed that:</p> <ul style="list-style-type: none">(i) owing to its capital structure with 51% shares held by the Federal Government and its status of a listed company, the Company is recognized as a public interest company;(ii) The company has stated that number of Directors on its Board of Directors is only four (4) instead of seven (7) and the Company has not been able to maintain the required number of Directors i.e. seven (7) on its Board since 2017. Five (5) out of seven (7) Directors are nominated by the Ministry of Commerce or State Life Insurance Corporation of Pakistan. The Company has made certain efforts by sending letters and reminders to the controlling Ministry emphasizing the need for

	<p>appointing of nominee directors on the Board against the casual vacancies:</p> <p>(iii) the Company vide letters dated -November 8, 2019 and December 9, 2019 has, inter alia, pointed out to the controlling Ministry that nomination of a female director on the Board is mandatory in order to comply with the requirements of Section 154(1)(d) of the Act; and</p> <p>(iv) the Company has not been able to ensure its compliance with the provisions of Section 155 (3) of the Act after resignation of Mr. Asad Manzoor Halepota, one of the two elected Directors, in October, 2020.</p> <p>In view of the above, it is stated that by not appointing:</p> <p>(i) the required number of independent directors (at least two or one-third whichever is higher) on its Board;</p> <p>(ii) at least one female director on its Board;</p> <p>(iii) at least seven (7) directors on its Board; and</p> <p>(iv) not filling the casual vacancy on its board within the specified time period of ninety (90) days;</p> <p>the Company has contravened the legal provisions as mentioned in para 8 above. The Company was required to fulfill the said requirements of the law by ensuring appointment of directors as aforesaid. Therefore, on account of the aforesaid established non-compliances contraventions/ defaults the Company is liable to be penalized under regulation 37 of the CCG Regulations and Section 169 of the Act. I, therefore, in exercise of the powers conferred under regulation 37 of the CCG Regulations and Section 169 of the Act hereby, impose fine of Rs. 50,000 (Rupees Fifty Thousand Only) on the Company. The Respondent Company is also warned to ensure compliance with all the applicable provisions of the Act and the Ordinance, the rules and regulations framed thereunder, and directives of the Commission in future, in liter and spirit.</p>
5. Penalty Imposed	Rs. 50,000/-
6. Current Status of Order	Penalty deposited and No Appeal has been filed by the respondent.

