

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

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

Dates of Hearing

October 07, 2021

Order-Redacted Version

Order dated May 21, 2022 was passed by 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 August 03, 2021.
2. Name of Respondent	State Life Insurance Corporation of Pakistan (the Respondent)
3. Nature of Offence	<u>Alleged contraventions of rule 4(1)(a) & 6(1) of the AML/ CFT Sanctions Rules, 2020 (the AML Rules) and regulation 25(1)(a), 9, 21(2), 12(1), 31 & Annexure I of the Securities and Exchange Commission of Pakistan (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2020 (the AML Regulations) read with Section 6(A)(2)(h) of the Anti Money Laundering Act, 2010 (the AML Act).</u>
4. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have gone through the facts of the case in light of the relevant provisions of law and the written as well as verbal submissions and arguments of the Respondent and its Representatives and state that the Respondent has contravened the AML Regulations in the following instances:</p> <p>(i) Failure of screening of ten (10) prescribed persons notified in the NACTA list. Therefore the Respondent failed to file STR with FMU and notify the same to the Commission immediately leads to contraventions of regulation 25(1) of the AML Regulations are admitted and established.</p> <p>(ii) No proper records in the matter of names and CNIC numbers of the directors, major shareholders, and authorized signatories in its database in case of its corporate clients and not screening of the nominees and beneficiaries of the insurance policies of the persons designated as proscribed</p>

This state of affairs constitutes violation of regulation 25(1)(a) of the AML Regulations.

- (iii) The Respondent failed to install alert system upon expiry of client database. Therefore, default of regulation 9 read with note (v) of Annexure I thereof is conceded and established.
- (iv) The Respondent did not obtain documentary evidence regarding source of income (business in the specific case) as per record provided to The Inspection Team in respect of certain policies. Therefore, the Respondent has contravened note (i)(o) of Annexure I of the AML Regulations read with regulation 9 thereof.
- (v) Required database pertains to client records upon the enquiry of the inspection team was not completely provided, the Respondent has contravened note (ii) and requirement No. 1 of Annexure I of the AML Regulations read with regulation 9 thereof.
- (vi) No documentary evidence was available for establishing control and ownership structure of the entity statutory forms, resolution of their respective Boards for account opening CNICs and Verisys of directors, Form A/ Form 29 and copy of constitutive documents in respect of the policy files of three (3) identified corporate clients. Relevant documents were neither provided to the Inspection Team during the inspection nor in response to the LOF.. Therefore, the Respondent has contravened regulations 12(1) and 9 of the AML Regulations read with Annexure I thereof.

Keeping in view the above, I in exercise of the powers conferred under Section 6(A)(2)(h) of the AML Act 2010, hereby impose a fine of Rs. 4,072,000/- (Rupees Four Million Seventy-Two Thousand Only) on the Respondent on account of the aforesaid established contraventions/ non-compliances/ defaults/ failure, as narrated the in paras above. Further, the Respondent is hereby directed to:

- (i) fully implement countering money laundering and terrorist financing measures including but not limited to formulation and implementation of policies, procedures and controls to ensure that the requirements contained in the AML Regulations are complied with in true letter and spirit, in future; and
- (ii) submit compliance report to the Onsite Department, Supervision Division of the Commission within sixty

	days of the date of this Order in respect all the obligatory measures under the AML Regulations including but not limited to screening of its entire customers' database.
5. Penalty Imposed	Rs. 4,072,000/-
6. Current Status of Order	Penalty not deposited and No Appeal has been filed by the respondents.