



INSURANCE DIVISION  
Islamabad

Before Fida Hussain Samoo, Commissioner (Insurance)

*In the matter of*

Takaful Pakistan Limited

Show Cause Notice No. and Issue Date: ID/Enf/TakafulPak/2017/10817  
Dated August 23, 2017

Date of Hearing: September 27, 2017

Attended By: Syed Tariq Hussain  
Chief Executive Officer  
Takaful Pakistan Limited

Date of Order: October 13, 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. Takaful Pakistan 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 General Takaful business 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 Section 12 of the Ordinance along with financial statements and regulatory returns as required under Section 46(1) of the Ordinance.

4. The relevant clauses 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*



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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 July 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 July 31, 2017 stated that:

*"Our Auditors are in the process to complete the audit of provision of Section 11 & 12 of the Insurance Ordinance, 2000, and we will be able to submit audit report on compliance of aforesaid section within two weeks."*

8. However, the Respondents failed to submit the Annual Statement of Compliance despite their assurance as stated above.

9. Therefore, a Show Cause Notice (SCN) ID/Enf/TakafulPak/2017/10817 Dated August 23, 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 contravention of the law.

10. Thereafter, the response of the Respondents was received vide letter dated August 28, 2017, which is reproduced hereunder:

*"We thank you for your letter Ref: ID/Enf/TakafulPak/2017/19817 date August 23, 2017 and at the outset apologize for overlooking submission of the Annual Statement of Compliances, confirming status of compliance with the provision of Section 11 & 12 of the Insurance Ordinance, 2000, together with audited Certificate thereon.*

*While seeking your favor to forgive us for the omission on our part for not timely submitting the required Annual Statement of Compliance, the same along with Auditor's Certificates are attached. You are humbly requested to kindly withdraw the above Show Cause Notice. The delay in filling was not intentional and the Company*



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25, 2017. Thus, it can be inferred that the report was not ready within the prescribed time and therefore the same was not submitted to the Commission. It appears that there was negligence on part of the Respondents in complying with the requirement of Clauses lxxviii, Clause lxxix and Clause lxxx of the Code, for which Commission may impose penalty under Section 156 of the Ordinance:

17. 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.”*

18. 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, Clause lxxix and Clause lxxx of the Code read with Section 11 and Section 12 of the Ordinance is established.

19. In exercise of the power conferred on me under Section 156 of the Ordinance read with S.R.O. 750(I)/2017 dated August 2, 2017, I, instead of imposing the maximum fine as provided under the said provision, impose an aggregate fine of Rs. 100,000/- (Rupees One Hundred Thousand Only) as follows:

S No.	Name of the Addressees	Designation	Amount of penalty imposed in Rs.
	M/s. Takaful Pakistan Limitd		30,000
1	Syed Tariq Husain	Chief Executive Officer	10,000
2	Dr. Mumtaz Ahmed Hashmi	Director	10,000
3	Mr. Ahmad Shujah Kidwai	Director	10,000
4	Mr. Haseeb Ahmed	Director	10,000
5	Mr. Saeed Khan	Director	10,000
6	Syed Abdul Razzaq	Director	10,000
7	Mr. Ashraf Ali Velji	Director	10,000
<b>TOTAL</b>			<b>100,000/-</b>

20. Furthermore, the Respondents are hereby warned and directed to ensure full compliance with the Ordinance, rules, regulations and directives of the Commission in future.



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21. Hence, the Company is hereby directed to deposit the applicable fine in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan with MCB Bank Limited within thirty (30) days from the date of this Order and furnish receipted vouchers issued in the name of the Commission for information and record.

22. 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)

