

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

In the matter of Show Cause Notice issued to Trafco Insurance Company Limited

---

Dates of Hearing

September 02, 2021

---

**Order-Redacted Version**

Order dated June 14, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of Trafco Insurance Company Limited. Relevant details are given as hereunder:

| <b>Nature</b>         | <b>Details</b>  |
|-----------------------|---|
| 1. Date of Action     | Show cause notice dated April 15, 2021.   |
| 2. Name of Respondent | Trafco Insurance Company Limited (the Company)  |
| 3. Nature of Offence  | Alleged contraventions of <u>Sections 11(1)(d) and 41 of the Insurance Ordinance, 2000 (the Ordinance) read with Section 156 thereof.</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 applicable provisions of the law and the written as well as verbal submissions of the Respondent Company and its Representatives and noted that the Company vide letter dated January 26, 2021 admitted the default by stating that "<i>The absence reinsurance arrangements was not intentional rather due to circumstances beyond the control of the Company</i>". Furthermore, the Company vide letter dated May 31, 2021 admitted that "the renewals of Reinsurance was expired." Therefore, the aforesaid default is conceded and established. The Company has failed to comply with the mandatory requirements of Sections 11(1)(d) and 41 of the Ordinance in respect of miscellaneous &amp; marine Classes of insurance business during the year 2019 as well as all classes of insurance business during the year 2020. Therefore, the Company is liable to be penalized under Section 156 of the Ordinance, which is reproduced as under:</p> <p><i>"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</i></p> |

|                            |  |
|----------------------------|--|
|                            | <p><i>acts otherwise in this Ordinance, any insurer who makes default in complying with or acts 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 extent to one million rupees and, in the case of a continuing default, with an additional fine which may extent to ten thousand rupees for every day during which the default continues ' .</i></p> <p>In exercise of the powers conferred under Section 156 of the Ordinance, I hereby, impose a fine of <u>Rs. 100,000/- (Rupees One hundred Thousand Only)</u> on the Company on account of the aforesaid conceded and established non-compliance/ contravention/ noncompliance.</p> |
| 5. Penalty Imposed         | Rs. 100,000/-  |
| 6. Current Status of Order | Penalty not deposited and No Appeal has been filed by the respondent.  |