

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

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

Dates of Hearing

April 28, 2021

Order-Redacted Version

Order dated May 17, 2021 was passed by Director/Head of Department (Adjudication-I) in the matter of Century Insurance Company Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated June 15, 2020.
2. Name of Respondent	Century Insurance Company Limited (the Company)
3. Nature of Offence	Alleged contraventions of <u>Clause 8 of the Commission's Directive on the Corporate Insurance Agents (excluding Banks) and Technology Based Distribution Channels, 2017 read with Section 156 of the Insurance Ordinance, 2000.</u>
4. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have considered the written as well as verbal submissions of the Respondents/the Authorized Representatives and facts of the case in light of the applicable provisions of the law including the Directive and find that the Company continued its Agency Agreements/Contracts with the related parties and paid/booked commission in respect of new insurance business under the Agency Agreement/Contract with them after March 31, 2018 in contravention of Clause 8 of the Directive. In view hereof, I am of the considered view that non-compliance of the Directive is established. Therefore, the Respondent is liable to be penalized under Section 156 of the Ordinance, which provides that:</p> <p>Section 156 of the Ordinance: <i><u>"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,</u></i></p>

	<p><i>with an additional fine which may extend to ten thousand rupees for every day during which the default continues.”</i></p> <p>In exercise of the powers conferred on me under Section 156 of the Ordinance, I, hereby impose a fine of <u>Rs. 50,000/- (Rupees Fifty Thousand Only)</u> on the Company on account of default/non-compliance of Clause 8 of the Commission’s Directive for the Corporate Insurance Agents (excluding Banks) and Technology Based Distribution Channels, 2017 read with Section 156 of the Insurance Ordinance, 2000 observed in the Company’s Annual Audited Accounts for the year ended December 31, 2018.</p>
5. Penalty Imposed	Rs. 50,000/-
6. Current Status of Order	Penalty Deposited and No Appeal has been filed by the respondents.