

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

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

Dates of Hearing

February 18, 2022

Order-Redacted Version

Order dated June 07, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of The United Insurance Company Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated December 24, 2021.
2. Name of Respondent	The United Insurance Company Limited (the Company and/ or Respondent)
3. Nature of Offence	Alleged contraventions of <u>Section 166(3) and (6) 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 reviewed the facts of case, considered the written as well as verbal submissions and arguments of the Respondent and its Representatives in light of the applicable provisions of the law. It is emphasized that the paramount duty for ascertaining whether the risk or liability to be underwritten pertains to 'public property' or otherwise lies with the insurer. Instead of relying on the assumptions, the Respondent should have demanded the NOC, by NICL, from PASSCO, prior to entering into contract of insurance. However, the Respondent, did not follow a prudent approach and proceeded to underwrite the 'public property' risk. The intent of the law is abundantly clear that no other insurer except NICL can underwrite insurance business relating to public property or risk or liability appertaining to public property. The Respondent ignored the provisions of Section 166(3) of the Ordinance which mandate an exclusive right to NICL for providing insurance cover to public property. In the instant case, since the Respondent has proceeded to procure insurance business of vehicles of PASSCO, which is a statutory corporation and the vehicles owned by it is public property, therefore, non-compliance of Section 166(3) & (6) of the Ordinance is established, for Which the Company is liable to be penalized under Section 156 of the Ordinance.</p>

	<p>Section 156 of the Ordinance provides that:</p> <p>“Penalty for default in complying with, or acting in contravention of the Ordinance:- Except as otherwise provided in this Ordinance, any insurer who makes in complying with or acts in contravention of any requirement of this Ordinance, or any direction made the Commission, the Commission shall have the power to impose fine on the insurer, and, where th 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 th- case of a continuing default, with a additional fine which may extend to ten thousand rupees for every day during which the default continues.</p> <p>In exercise of the powers conferred under Section 156 of the Ordinance, I hereby impose fine of <u>Rs. 200,000/- (Rupees Two Hundred Thousand Only)</u> on the Respondent Company on account of the established violation of the law.</p>
5. Penalty Imposed	Rs. 200,000/-
6. Current Status of Order	Penalty not deposited and No Appeal has been filed by the respondent.