

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 16, 2021

Order-Redacted Version

Order dated December 03, 2021 was passed by Director/Head of Department (Adjudication-I) in the matter of Trafco Insurance Company Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated June 14, 2021.
2. Name of Respondent	Trafco Insurance Company Limited (the Company and/or the Respondent)
3. Nature of Offence	Alleged contraventions of <u>clause 8 of the Securities and Exchange Commission of Pakistan's Directive on the Corporate Insurance Agents (excluding Banks) and Technology Based Distribution Channels, 2017 (the Directive) read with Section 156 of the Insurance Ordinance, 2000 (the Ordinance).</u>
4. Action Taken	Key findings were reported in the following manner: I have examined 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 and observed that the Respondent has contravened clause 8 of the Directive, for which the Company is liable to be penalized under Section 156 of the Ordinance. The said Section 156 of the Ordinance is reproduced as under: <i>"156. 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 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</i>

	<p><i>an additional fine which may extent to ten thousand rupees for every day during which the default continues."</i></p> <p>Although, the Respondent has terminated the Corporate Insurance Agency Agreement with Trafco Tacking (Pvt.) Limited, the Respondent's associated company, however, keeping in view the fact that contravention of clause 8 of the aforesaid directive has been established, and the said contravention remained for a long period from the date of the Directive i.e. December 4, 2017 till August, 2021, therefore, in exercise of the powers conferred on me under Section 156 of the Ordinance, I, hereby, impose a fine of Rs. 100,000/ (Rupees One Hundred Thousand Only) on the Company.</p>
5. Penalty Imposed	Rs. 100,000/-
6. Current Status of Order	Penalty not Deposited and No Appeal has been filed by the respondents.