

**PRESIDENT'S SECRETARIAT (PUBLIC)**  
**AIWAN-E-SADR, ISLAMABAD**

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**Rep. No. 21/FIO/2022**  
**Dated of Decision: 24.01.2023**

M/s Takaful Pakistan Ltd.

Vs

Abdul Ghafoor

**SUB: REPRESENTATION FILED BY M/S TAKAFUL PAKISTAN LTD AGAINST ORDER OF THE FEDERAL INSURANCE OMBUDSMAN DATED 17.11.2022 IN COMPLAINT NO. 1970/2020**

Kindly refer to your representation addressed to the President in the background mentioned below: -

2. This representation has been filed by M/s Takaful Pakistan Limited (the petitioner company) assailing the order dated 17.11.2022 of the Federal Insurance Ombudsman whereby it has been held as under:-

*“The following acts of omission and commission of respondent company constitute maladministration in terms of Section 127(2) of the Insurance Ordinance, 2000:-*

- i. By failing to make payment of Rs. 796,000/- the respondent company violated the payment period of ninety days as prescribed under Section 118(1) of the Ordinance. The respondent Company is therefore, liable to pay liquidated damages to the complainant in terms of Section 118(2) of the Ordinance.*
- ii. As the respondent company did not conduct its business in a sound and prudent manner with regard to the interests of its Policyholder, it violated the law stipulated under Section 12(4) of the Ordinance punishable under Section 156 of the Ordinance.*
- iii. As respondent company willfully violated the law as explained above, this case shall be referred to Securities & Exchange Commission of Pakistan for necessary legal and disciplinary action against it in terms of Section 156 of the Ordinance and Section 9(4) of FOIRA-2013.*

*A similar Order by Hon'able President of Pakistan vide No. 04/FIO/2018 dated 19<sup>th</sup> April 2018 was issued in the favour of the aggrieved policyholder. The aforesaid order was issued against representation filed by M/s Askari General Insurance Company Limited in which the Hon'able President of Pakistan was pleased to reject the representation of M/s Askari General Insurance Company Limited and impugned order of Federal Insurance Ombudsman was upheld. The Hon'able President of Pakistan also advised the Insurance Company that compliance was to be reported to the FIO Secretariat within 30 days of receipt of aforesaid order.*

*In view of the facts stated above, the respondent company is directed, in terms of Section 130(1) of the Ordinance, to reimburse an amount of Rs. 796,000/- (Rupees Seven Hundred Ninety-Six Thousand Only) plus liquidated damages as described in para 8(i) above to the complainant within thirty (30) days of this order and submit compliance report along with closure documents. The complaint is accordingly closed and case file consigned to the record.”*

3. Abdul Ghafoor (the complainant) had alleged that he purchased a vehicle No. TZ-135, Suzuki Ravi Pickup from Al-Baraka Bank Limited on lease through monthly installments of five years on 31.05.2019 and got the vehicle insured with the petitioner company. According to him, he terminated the lease agreement after one year and paid the full amount of vehicle to the bank. During the period of insurance of vehicle i.e. till 31.05.2020, the vehicle was stolen on 21.05.2020 and he got registered an FIR and informed the petitioner company as well. It is further stated that the petitioner company had removed the tracker from the vehicle one month before the expiry of insurance period and subsequently declined to pay the insured amount of the stolen vehicle.

4. Feeling aggrieved, the complainant approached the learned Ombudsman who passed the impugned order, hence the instant representation.
5. The hearing of the case has been held on 18.01.2023. Christopher Charles, Senior Manager on behalf the of petitioner company has attended the hearing while the complainant Abdul Ghafoor has appeared in person.
6. The representative of the petitioner company has contended that the impugned order is not based on law and facts; that the contractual relationship between the petitioner company and Al-Baraka Bank Limited was terminated by the bank on 06.04.2020, thus no insurance claim could be entertained by the petitioner company as the said claim had arisen after termination of the policy; that the impugned order is not sustainable which may be set aside by accepting the instant representation.
7. Conversely, the complainant has contended that the petitioner company is escaping from its liability of the payment of insured amount of Rs. 796,000/- by throwing the responsibility on the shoulders of Al-Baraka Bank Limited; that no illegality has been committed by the learned Ombudsman while passing the impugned order which deserves to be upheld; that the insurance period of the stolen vehicle was from 31.05.2019 to 30.05.2020 but the petitioner company had removed the tracker before the expiry of insurance period despite the fact that the insurance policy was intact at that time. He has finally prayed to reject the instant representation being devoid of merit.
8. The respective contentions of the parties have been considered in the light of the material on record.
9. The perusal of the record shows that an insurance agreement was executed between the petitioner company and complainant from 31.05.2019 to 30.05.2020 on 31.05.2019 for Suzuki Ravi VX Euro II. Admittedly, the theft claim of the vehicle was received by the petitioner company from the complainant on 21.05.2020. The learned Ombudsman has rightly observed in the impugned order that the contention of the petitioner company that the bank had terminated the insurance agreement is without substance because the bank was working as a link between the petitioner company and the complainant and was not the actual beneficiary of the policy. In life insurance policy, the policy holder pays premium from his bank account which is transferred to the insurance companies. However, in the event of death of the policyholder, the insurance company is liable to pay the death claim to the complainant's beneficiary and not to the bank. Denying of the claim, of the complainant on flimsy grounds during the continuation of insurance period of the vehicle is thus a clear case of maladministration requiring no interference in the impugned order.
10. Accordingly, the Hon'able President has been pleased to reject the instant representation.

Sd/-

**(Muhammad Saleem)**  
**Director (Legal-I)**

- 1) Mr. Christopher Charles  
Legal and Corporate Affairs,  
M/s Salam Takaful Limited,  
Head Office: 6<sup>th</sup> Floor, Business Centre,  
Plot No. 19-1-A, Block-6, P.E.C.H.S., **Karachi.**
- 2) Mr. Abdul Ghafoor  
R/o House No. BVI-275, Mohallah Muslim Town,  
**Rawalpindi.**

**Copy to:-**

The Insurance Ombudsman, Insurance Ombudsman's Secretariat, PRCS Annexe Building, Plot No. 197/5, 2<sup>nd</sup> Floor Dr. Daud Pota Road, Near Cantt. Station, **Karachi.**

