***Before Ali Azeem Ikram, Executive Director/HOD (Adjudication-I)***

**In the matter of Show Cause Notice issued to Crescent Star Insurance Limited**

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| Date of Hearing | October 20, 2020 |

**Order-Redacted Version**

Order dated November 10, 2020 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Crescent Star Insurance Limited. Relevant details are given as hereunder:

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| **Nature** | **Details** |
| * Date of Action
 | Show Cause notice dated January 9, 2018. |
| * Name of Company
 | Crescent Star Insurance Limited. |
| * Name of Individual\*
 | The proceedings were initiated against the Company i.e. Crescent Star Insurance Limited and its Board of Directors. |
| * Nature of Offence
 | Proceedings under Rule 5 of the Companies (Issue of Capital) Rules, 1996, Section 11(1) (f) and Section 12(1) (a) of the Insurance Ordinance, 2000 read with Rule 11 of the Companies (Issue of Capital) Rules, 1996, and Section 156 of the Insurance Ordinance, 2000.  |
| * Action Taken
 | Key findings of default of Regulations were reported in the following manner:I have carefully examined the facts of the case in light of the applicable provisions of the law and have given due consideration to the written as well as verbal submissions and arguments of the Respondent Company:* I am of view that the violation of Rule 5(vi) of the Companies (Issue of Capital) Rules, 1996, has been established. In terms of Section 11 (1) (f) of the Ordinance, the Company is required to meet the criteria for sound and prudent management including without limitation those set out in Section 12 and Section 12 (1) (a) of the Ordinance, inter alia, necessitates that the Business of the insurer shall be carried on with integrity due care and professional skill appropriate to the nature and scale of its activities.
* The Board of Directors of the Company has failed to demonstrate its due care and professional skills with regard to an important matter on the right issue. Therefore, provisions 5(vi) of the Rules and Section 11(1)(f) read with Section 12 (1)(a) were not complied in the matter, which renders the Company liable to penalized under Rule 11 of the Companies (Issue of Capital) Rules, 1996, and Section 156 of the Insurance Ordinance, 2000. Therefore, in terms of power conferred under Rule 5(vi) of the Rules, Section 11(1) (f) read with Section 12 (1) (a) of the Ordinance, a penalty of Rs. 1,000,000 **(Rupees One Million Only)** is hereby imposed on the Company**.**

Penalty Order dated November 10, 2020 was passed by Executive Director (Adjudication-I).  |
| * Penalty Imposed
 | A penalty of Rs 1,000,000/- **(Rupees One Million Only)** is imposed. |
| * Current Status of Order
 | Appeal was filed against the order. |

Redacted version issued for placement on the website of the Commission.