

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

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

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Dates of Hearing

May 18, 2021

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**Order-Redacted Version**

Order dated June 04, 2021 was passed by Director/Head of Department (Adjudication-I) in the matter of Crescent Star Insurance Limited. Relevant details are given as hereunder:

<b>Nature</b>	<b>Details</b>
1. Date of Action	Show cause notice dated June 02, 2020
2. Name of Respondent	Crescent Star Insurance Limited (the "Company")
3. Nature of Offence	Alleged contraventions of <u>Rules 6 and 8 of the Credit and Suretyship (Conduct of Business) Rules, 2018 read with Sections 60 and 156 of the Insurance Ordinance, 2000.</u>
4. Action Taken	<p>Key findings were reported in the following manner:</p> <p>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 Respondents. The Company's plea that it could not file the said GCS Form due to pandemic situation is not tenable as the due date for filing the same was April 30, 2019 i.e. when there were no signs of Covid-19 pandemic in Pakistan. Therefore, the Company has failed to comply with the mandatory requirements of rule 6 of the Rules for which, the Company is liable to be penalized under Section 156 of the Ordinance, in accordance with rule 8 of the Rules. The provisions of rule 8 of the Rules and Section 156 of the Ordinance are reproduced as under:</p> <p><b>Rule 8:</b> <i>"Any contravention with the requirement of these rules shall be punishable in accordance with the provisions of the Ordinance."</i></p> <p><b>Section 156 of the Ordinance:</b> <i>"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</i></p>

	<p><i>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, 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 <b>Rs.50,000/- (Rupees Fifty Thousand Only)</b> on the Company on account of the conceded and established default of rule 6 of the Rules, as mentioned in the above paras. <u>The Respondent Company is hereby directed in terms of Section 60 of the Ordinance to ensure filing of overdue Statements&gt;Returns in respect of its Credit and Suretyship Business for 2018 in the format set out under GCS Form for FY 2018, to the Offsite Department-I, Supervision Division, SECP within 10 days of the date of this Order.</u> The Respondent Company is further warned that in case of similar default/ non-compliance in future, strict action will be taken against it.</p>
5. Penalty Imposed	Rs.50,000/-
6. Current Status of Order	Penalty deposited and No Appeal has been filed by the respondents.