

PRESS RELEASE

Directives Issues to 14 Insurance Companies

ISLAMABAD— 22 June 2004: The Securities and Exchange Commission of Pakistan (SEC) has issued directives to 14 insurance companies to submit their plans, outlining steps being taken to raise their paid-up capital to Rs. 80 million by 31 December 2004.

In order to enhance the Claims Paying Ability of insurance companies, the SEC had directed them to increase their paid-up capital to Rs. 80 million. Of the 37 local non-life/general insurance companies operating in Pakistan, 23 have fulfilled this requirement. Almost 90 % of the insurance business in the country is with these companies. The remaining 14 insurance companies are mostly small ones and they have been directed to ensure compliance with this pivotal statutory requirement by 31 December 2004.

The Insurance Ordinance, 2000 has been introduced to regulate insurance business in the country, with the prime objective of protecting the interests of the policyholders. In this connection the foremost task was to improve and strengthen the capital base of the general insurance companies operating in the country in order to enhance their "Claims Paying Ability".