

December 27, 2024

Zeest Zehra Jatoi,
Asst. Manager, Listed Companies Compliance-RAD,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

Subject: Enquiry on news published in print/electronic media.

Dear Sir,

Reference your letter No.PSX/Gen-1912 dated 26-12-2024, we would like to clarify as under:

Crescent Star Insurance Limited (CSIL) is a general insurance company and issues policies in various classes of business such as fire, marine, engineering, travel, guarantee, health and motor. Credit and Surety (Guarantee) is one class of business. While SECP has asked the company to cease issuing fresh guarantee over alleged non-compliance of Credit Surety rules, which matter is subjudice before the Islamabad High Court, there is no bar on the company in doing other business and issuing policies such fire, marine travel, health and others. While the company's appeal before the Appellant bench is pending, SECP issuing such directives before deciding the appeal is totally unjustified.

The company has challenged SECP directions to cease guarantee business over alleged non-compliance of Credit Surety Rules before the Islamabad High Court on which notices to SECP have been issued. The company is hopeful that stay order will be granted to the company. Similar stay has been granted to another insurance company by the Lahore High Court. Previous directions were challenged by the company and the superior courts were pleased to set aside those directions. We may further add that the Company maintains facultative reinsurance for its Guarantee business under credit surety and SECP has misinterpreted the reply given by the reinsurer insurance company. There is no misstatement of facts by the company.

The Company maintains a prudent underwriting policy and has one of the best claim ratio in the industry which is around 2.5% in the last three years. It is imperative to state here that Guarantee business under Credit and Surety which the company has been doing, is the safest business for the company with claim ratio being NIL. In the opinion of the management Credit Surety (Guarantee) being only one class of business does not affect the overall business of the company and the directions to cease guarantee business only is not price sensitive.

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We hope the above explanation clarifies the matter.

Thanking you,
Yours faithfully,
For Crescent Star Insurance Limited,



Naim Anwar
Managing Director & CEO