

CHUBB®

**ANNUAL REPORT OF GOOD
CORPORATE GOVERNANCE
IMPLEMENTATION**

Year 2019

INTRODUCTION

This Report of Good Corporate Governance Implementation of PT Chubb General Insurance Indonesia (" **the Company** ") was prepared to comply with the Financial Services Authority (OJK) Regulation Number 73/POJK.05/2016 concerning Good Corporate Governance for Insurance Companies.

The matters contained in this Good Corporate Governance Report include:

- 1) Basic Principles for Implementing Good Governance;
- 2) Results of the Report on the Application of the Principles of Good Governance;
- 3) Governance Structure;
- 4) Implementation of the Internal Control System; and
- 5) Litigation Cases.

PT Chubb General Insurance Indonesia

ANNUAL REPORT OF GOOD CORPORATE GOVERNANCE IMPLEMENTATION 2019 PT CHUBB GENERAL INSURANCE INDONESIA

I. Basic Principles of Good Governance Implementation

In line with the spirit of the Financial Services Authority (**OJK**) in ensuring the implementation of **Good Corporate Governance (GCG)** principles in the growing sustainable financial services sector accompanied by increasingly complex, dynamic financial activities and systems, and interrelationship between financial services institutions, OJK has enacted regulations that comprehensively regulate GCG that aim to protect stakeholders.

In conducting its business, the Company has always fully committed to implementing high standards of ethical business adhering to five basic principles of GCG consisting of (i) Transparency, (ii) Accountability; (iii) Responsibility; (iv) Independency; and (v) Fairness.

II. Results of the Report on the Implementation of Good Governance Principles

In accordance with the mandate of OJK Regulation No.73/POJK.05/2016 concerning Good Corporate Governance for Insurance Companies (**POJK 73**), the Company has submitted the Good Corporate Governance Implementation Report period 2019 to OJK on 29 June 2020.

III. Governance Structures

1. General Meeting of Shareholders (GMS)
Throughout 2019 the Company held an Annual GMS and held 3 (three) Extraordinary GMS through the Circular Shareholder Resolutions.
2. Board of Commissioners
The Company's Board of Commissioners collectively supervised and provided input and advice to the Board of Directors. The number and composition of the members of Board of Commissioners has fulfilled the provisions as required by POJK 73.

2.1 Membership and Composition

Composition of the Company's Board of Commissioners as of 31 December 2019 was as follows:

Name	Position	Information
Achmad Daniri	President Commissioner and Independent Commissioner	Based on the Deed of Statement of the Shareholders Resolution of PT Chubb General Insurance Indonesia No.1 dated 9 January 2020 made by Liestiani Wang, SH, M.Kn, Notary in Jakarta, which was recorded and received by the Directorate General of Legal Administrative Affairs of the Ministry of Law and Human Rights the Republic of Indonesia as its letter Number: AHU-AH.01.03-0024850 dated 16 January 2020. The composition of the Board of Commissioners was recorded by the OJK's Directorate of Non-Bank Financial Institutions and Products through Letter No. S-440/NB.111/2020 dated 31 January 2020.
Mieke Sjelmiroziandra Djalil	Independent Commissioner	
Olivier Bouchard *)	Commissioner	
Neil Treleaven Spettigue **)	Commissioner	

*) Olivier Bouchard resigned from the position of Commissioner effective on 31 December 2019

**) Neil Treleaven Spettigue was appointed as the Commissioner effective on 31 December 2019

2.2 Board of Commissioners Meeting

Throughout 2019 the Company's Board of Commissioners held meetings with the number of meetings as required under POJK 73 in order to monitor the performance of the Directors.

3. Supporting Committees of the Board of Commissioners

To help the effectiveness of the supervisory function carried out by the Board of Commissioners, the Company formed an Audit Committee and Risk Oversight Committee with the following responsibilities:

3.1 Audit Committee

Audit Committee was responsible for monitoring and ensuring the effectiveness of the internal control system and the implementation of the duties of internal and external auditors by monitoring and evaluating the planning and implementation of audits in order to assess the adequacy of internal controls including the financial reporting process.

3.2 Risk Oversight Committee

Risk Monitoring Committee had a role in monitoring the implementation of risk management established by the Board of Directors and assessing the risk tolerance that could be taken by the Company.

4. Board of Directors

Board of Directors was authorized and fully responsible for all activities of management and management of the Company and the continuity of the Company's business so that it was in accordance with the objectives, interests and mission of the Company. Board of Directors was responsible for implementing the strategies, work plans, policies and budgets set by the Company. The number of members of the Company's Board of Directors fulfilled the provisions as required by POJK 73.

4.1 Membership and Composition of Board of Directors

Composition of the Company's Board of Directors as of 31 December 2019 was as follows:

Name	Position	Reference
Tai Kuan Ly *)	President Director	Based on the Deed of Statement of the Shareholders Resolution of PT Chubb General Insurance Indonesia No. 15 dated 15 October 2019 made before Liestiani Wang, SH, MKn, Notary in Jakarta, which had been recorded and received by the Directorate General of Legal Administrative Affairs of the Ministry of Law and Human Rights the Republic of Indonesia as the letter Number: AHU-AH.01.03-0347464 dated 17 October 2019.
Adi Darmaputra	Director	
Adrianto Gunawan	Director	
Rigo Patra Buana	Director	
Budi Tanu Elangga Tatawidjaja	Compliance Director	

*) Tai Kuan Ly resigned from the position of President Director effective on 7 October 2019

4.2 Board of Directors Meeting

Throughout 2019, the Company's Board of Directors held meetings with the number of meetings as required under POJK 73 in order to carry out the duties and responsibilities of the Board of Directors.

5. Supporting Committees of the Board of Directors

In assisting in the effectiveness of implementing its responsibilities, the Board of Directors established the following committees:

5.1 Investment Committee

Investment Committee had the task of supporting the Board of Directors in formulating investment policies and strategies; and overseeing the implementation of policies and strategies.

5.2 Enterprise Risk Committee

Enterprise Risk Committee had a role in helping the Board of Directors to build, maintain and monitor compliance with a sound risk management framework that integrating risk management into all business activities.

5.3 Product Development Committee

Product Development Committee was responsible for reviewing and making recommendations to the Board of Directors regarding the product development plans, product marketing and distribution channels of the company.

IV. Implementation of the Internal Control System

The Board of Directors had the responsibility to determine organizational goals and determine the right strategy to achieve these goals. In order to achieve all of these objectives, the Board of Directors and Senior Management developed a comprehensive handling process of the risks that arose through proper organizational structure and process preparation; and the development of an effective and sustainable Internal Control System.

The Board of Directors was responsible for the effective and sustainable Internal Control System supported by the following working units:

- a) Compliance Working Unit
- b) Risk Management Working Unit
- c) Internal Audit Working Unit

In general, the Company adhered to and implemented the Internal Control System through the "*three lines of defense*" model.

The "three lines of defense" model was a comprehensive and integrated control system, and as a risk governance model that separated explicitly between 3 (three) parts involved in effective risk management, which included (i) functions who run day-to-day management and risk control, (ii) functions that were responsible for overseeing risk management, and (iii) functions that carried out independent assessments.

The following table showed the shared responsibility and interaction of the roles and responsibilities of risk and responsibility management and a comprehensive risk control environment that provided assurance that the main tasks and responsibilities were carried out effectively.

Board of Directors and Management	Compliance and Risk Management	Internal Audit
<i>First Defense Line (Risk Management and Internal Control)</i>	<i>Second Defense Line (Risk Monitoring, Policy and Approach)</i>	<i>Third Defense Line (Independent Assurance)</i>
Directly responsible for managing and controlling risks, usually at legal entity and/or business unit level.	Coordinating, facilitating and overseeing an effective Risk Management Framework.	Independence and management challenges and business functions in terms of integrity and effectiveness of risk management controls.
<p><u>Senior Management</u> Establishing strategies, building and maintaining risk management and internal control, including risk tolerance arrangements.</p> <p><u>Business/ Functional Management / Law</u></p> <ul style="list-style-type: none"> • Directly responsible for management and risk control. • Owning, operating and controlling processes related to risk. • Managing and assessing daily risks. • Supervision of the <i>underwriting</i> process. • Reviewing <i>underwriting</i> and claim metrics, audits and studies. <p><u>Local Underwriting, Claims, Operations, Finance and Product Development</u> Price and risk control support, risk selection, modeling/ metric risk, and loss reserves. Compliance monitoring and supervisory supervision roles for Management.</p>	<p><u>Enterprise Risk Committee</u></p> <ul style="list-style-type: none"> • Establishing and implementing risk management strategies, including monitoring their effectiveness. • Identifying and assessing risks that rose; reporting relevant issues to the Enterprise Risk Committee, the Board of Directors and/or Management <p><u>Compliance and Risk Management Functions</u> The supervisory function was responsible for designing Company policies, establishing direction, introducing best practices to ensure compliance and providing assurance and monitoring controls for Management and the Board of Directors.</p>	<p><u>Internal Audit</u> An objective guarantee of the effectiveness of the Company's internal control system.</p> <p><u>Audit Committee</u> Performing strategic supervision on behalf of the Board of Commissioners on the effectiveness of the Company's management system and risk control, including insurance, financial, operational and strategic risk management and the level of risk appetite borne by the Company.</p> <p><u>Other third parties</u> Auditors, external actuaries, regulators and other independent reviews.</p>

V. Litigation Case

Throughout 2019, the Company was involved in 1 (one) dispute concerning a motor vehicle claim, wherein the dispute regarding the claim was a dispute that had been ongoing since the previous year.

As of 31 December 2019, the Company was in the process to resolve the insurance claim dispute through the court.