

Board of Directors Report

For the financial year from January 1, 2018 up to December 31, 2018

Board of Directors of Chubb Arabia Cooperative Insurance is pleased to present to esteemed shareholders its annual report accompanied with the Audited Financial Statements and notes for the year ending on 31/12/2018G, in addition to the most important developments, financial results, operational activities and disclosures according to regulations and rules.

1. Applied and not applied provisions of Corporate Governance Regulations and reasons:

The Company acknowledges implementation of all articles of Corporate Governance Regulations for companies issued by Saudi Arabian Monetary Authority and Corporate Governance Regulations of companies issued by Capital Market Authority, except what is stated below:

Item Number	Item text	Reasons for non-application
6-D of Corporate Governance Regulations issued by Capital Market Authority	Investors of juristic characters, who act on behalf of others, such as Investment Funds, should disclose their policies in voting and actual voting at their annual reports, as well as disclosure of manner of dealing with any essential contrast of interests that may affect exercising essential rights related to their investments.	There are no juristic characters of principal owners or shareholders who voted at meetings of the general assembly, acting on behalf of others like investment funds for example, hence compliance by the company of implementation of this item is not applicable.
10-E (paragraph 1 & 5) of Corporate Governance Regulations issued by Capital Market Authority	Setting a written policy regulating the relation with stakeholders in order to protect them and maintain their rights, which shall cover: 1. Mechanisms of compensation of stakeholders in the event of violation of their rights recognized by the regulations and protected by contracts. 5. Social contribution of the Company	As for paragraph 1: the company is adopting compensation for stakeholders as set forth at regulations and contracts, hence the company is not intending to set a separate written policy for this purpose.
12- E (paragraph 1 & 5) of Corporate Governance Regulations issued by Capital Market Authority	Juristic character person, who has the right according to company’s articles of association to designate representative at board of directors, shall not have the right to vote on selection of other members at board of directors.	Articles of Association of the Company do not set any right to any juristic character person to designate representatives at board of directors, hence compliance with this item is not applicable.

2. Name of members of Board of Directors, members of Committees and Executive administration and their present and previous positions, their qualifications and experience

A. Members of Board of Directors

#	Name	Current Position	Previous Position	Qualifications	Years of experience
1	Engr. Nabil Yousef Jokhdar (Chairman)	Retired	General Manager of Saudi Engineering Federation. General Manager of Dar Al Riyadh Branch Manager pf ZFP.	University Degree in Civil Engineering, University of North Arizona, year 1983	36
2	Stephen Brian Dixon (Deputy Chairman)	Senior Advisor at Chubb Eurasia & Africa	Regional Managing Director, ACE MENA. General Manager, ACE American Insurance Company, Bahrain Br. UK Commercial P&C Manager, ACE UK. Continental Europe Casualty Manager, ACE European Group.	Associate of Chartered Insurance Institute, London	42
3	Abdulaziz Abdulkarim Al Khereiji (Managing Director)	Managing Director and Chief Executive Officer of Chubb Arabia Cooperative Insurance Co.	General Manager of International Company for Trade & Contract Services. Director Bidaya Home Financing Director, RFIB	University Degree in Administration Sciences, University of King Fahd for Petroleum and Minerals, year 2000	19
4	Mohamed Abdulkarim Al Khereiji	General Manager of Al Khereiji Group	Manager of Credit Facilities at Saudi Hollandi Bank, Saudi Arabia	University Degree at systems of information, University of California, year 2003	16
5	Serge Michel Osouf	Senior Advisor at Chubb Overseas General	Non-Executive Director, Chubb Insurance Pakistan Non-Executive Director, ACE/Chubb Insurance Company, Russia Vice Chairman and Director, Chubb European Group Turkey Branch Director President & Chief Operating Officer SCOR Group President, SCOR P&C Division	Ecole Nationale d'Assurance, MMS CNAM – Economy CNAM – Mathematics, Chemistry	52

#	Name	Current Position	Previous Position	Qualifications	Years of experience
6	Giles Richard Ward	Regional President, Eurasia & Africa, Chubb.	Country President Australia & New Zealand, Chubb Regional Manager, MENA, ACE/Chubb Director of Distribution & Marketing AXA-Asia P&C President/CEO, AXA AFFIN Assurance Bhd Malaysia Technical Advisor AXA AFFIN Assurance Bhd Malaysia Managing Director Guardian Assurance Co Thailand Limited. General Manager, Union Insurance Society of Canton	BA Economics Manchester University ACII/Chartered Insurer	30
7	Christian Raymond Munis	Consultant, Reinsurance	President Europe, Life Operations, SCOR S.E. President Europe Operations, Transamerica Reinsurance Company Executive Vice President SCOR Life	ESSEC Business School, France The Wharton School Executive Education Program, University of Pennsylvania, USA	42
8	Wahdan Suleiman Al-Qadi	Chief Executive Officer of Tatweer Sports Company.	Chairman of the Audit Committee of Chubb Arabia Insurance and Director of Business Development at Ras Al Salam Holding and a Strategic Advisor at the General Organization for Technical and Vocational Training.	Master of Business Administration from King Fahd University of Petroleum and Minerals in 2010.	18
9	Engr. Hisham Abdulrahman A. El Khereiji	CEO, El Khereiji Commerce & Contracting Co.	Section Manager SAVOLA Retail Division (Panda)	MS Engineering Management & Leadership BS Systems Engineering	16

B. Executive Management

#	Name	Current Position	Previous Position	Qualifications	Years of experience
1	Abdulaziz Abdulkarim Al Khereiji (Managing Director)	Managing Director and Chief Executive of Chubb Arabia Cooperative Insurance Co.	General Manager of International Company for Trading & Contracting Services.	University Degree in Administration Sciences, University of King Fahd for Petroleum and Minerals, year 2000	19
2	Ghalib Asaad Zamari	Deputy Chief Executive Officer and Chief Financial Officer, Chubb Arabia Cooperative Insurance.	Finance Manager at Ace Arabia Cooperative Insurance. Accounts manager at International Establishment.	University Degree in finance from University of Jordan, year 1979	40
3	Kamran Mazhar	Chief Operating Officer	(COO) Chief Operating Officer and at Ace Insurance, Pakistan.	Executive Mastestr in Business Administration Degree, France and Bachelor's degree in Economics and Finance from USA	18
4	Mohamed Owaiza Al Yami	Compliance Manager	Compliance Manager at Trade Union Cooperative Insurance. Assistant manager of compliance and legal affairs at Al Inma' Tokyo Marine Insurance Co.	University Degree in Business Administration and recognized certificate of compliance officer.	9
5	Muwafaq Abdulaziz Nawab	Human Resources Manager	Senior Supervisor of human resources, Wala Company for insurance. Senior supervisor of human resources at National Company for Petroleum Services.	University degree in Business Administration.	12
6	Alawi Al Dawood	Head of Internal Audit	Consultant- Risks Insurance Services (internal audit) at Price Water House Coppers	Master's Degree in Accounts and Finance, UK and recognized internal auditor.	7
7	Tareq Salama	Manager of Information Technology	Senior Oracle Manage, at Information Systems Administration. Senior Oracle Engineer at Technological Company for Information Systems.	University Degree in computer engineering.	19
8	Hussain Al Shaaban	Chief Marketing Officer	General Manager of Mediators relations at International Company for Insurance. Regional manager at Malath Company for Insurance.	Master's Degree in Development of Human Resources from USA	18
9	Mohanad Badkook	Risk Manager	Accountant at Ace Arabia Cooperative Insurance Company, KSA	University Degree in Accounts and Finance, USA.	4

3. Names of companies inside and outside the Kingdom in which member of Board of Directors is a member at their current and previous Board of Directors or one of their directors:

#	Name of member	Legal Entity	Name of Company	Type of membership	Inside/outside Kingdom	Nature of membership
1	Engr. Nabil Yousef Jokhdar	Non-listed	Saudi Industrial Resins Company	Independent	Inside kingdom	In his Personal capacity
2	Mohamed Abdulkarim Al Khereiji	Listed	Saudi Cement Company	Independent	Inside kingdom	In his Personal capacity
		Non-listed	Arabian Company for manufacturing paper	Non-executive	Inside Kingdom	In his personal capacity.
3	Abdulaziz Abdulkarim Al Khereiji	Listed	Saudi Ceramics Company	Non-executive	Inside Kingdom	Representative of Al Khereiji Investment Company
		Non-listed	RIFB Insurance Brokerage Company	Non-executive	Inside Kingdom	Representative of Al Khereiji Investment Company
		Non-listed	Bidaya Company for financing houses	Independent	Inside Kingdom	In his personal capacity.
4	Wahdan Suleiman Al-Qadi	Non-listed	Teraz Arabian Company	Independent	Inside Kingdom	In his personal capacity.
5	Giles Richard Ward	Non-listed	LLC Chubb Insurance Company - Russia	Non-executive	Outside Kingdom	Representing Chubb Group.
		Non-listed	Chubb Russia Investments Limited - Russia	Non-Executive	Outside Kingdom	Representing Chubb Group
		Non-listed	Chubb Underwriting (DIFC) Limited - UAE	Non-Executive	Outside Kingdom	Representing Chubb Group
		Non-listed	Chubb Insurance Company Limited - Pakistan	Non-executive	Outside Kingdom	Representing Chubb Group.
		Non-listed	Chubb Insurance Company Limited - Egypt	Non-executive	Outside Kingdom	Representing Chubb Group.
		Non-listed	Chubb Insurance Limited - South Africa	Non-executive	Outside Kingdom	Representing Chubb Group.
6	Serge Michel Osouf	Non-listed	Russian RE Moscow	Non-executive	Outside Kingdom	Representing Chubb Group.
		Non-listed	Arope Insurance Company, Lebanon	Non-executive	Outside kingdom	In his Personal capacity
		Non-listed	Chubb Egypt	Non-executive	Outside Kingdom	Representing Chubb Group.
		Non-listed	Chubb Life Egypt	Non-executive	Outside Kingdom	Representing Chubb Group.
		Non-listed	Corporation Optimum	Non-executive	Outside kingdom	In his personal capacity
		Non-listed	Optimum Vie	Non-executive	Outside Kingdom	In his personal capacity.
7	Stephen Brian Dixon	Non-listed	Chubb Insurance Pakistan Ltd. Pakistan	Non-executive	Outside Kingdom	Representing Chubb Group.
		Non-listed	Chubb Egypt	Non-executive	Outside Kingdom	Representing Chubb Group.
8	Christian Raymond Mounis	Non-listed	Transamerica International Reinsurance Ireland - Aegon Group	Independent	Outside Kingdom	In his personal capacity.
9	Engr. Hisham Abdulrahman A. El Khereiji	Non-listed	El Khereiji Commercial & Contracting Company	Executive	Inside Kingdom	In his personal capacity.
		Non-listed	Smart Facilities Technology Company	Non-Executive	Inside Kingdom	In his personal capacity

4-Formation of Board of Directors and categorization of its members

Term of current Board (fourth term) shall commence from 25/7/2018 and ends on 24/7/2021. *

#	Name of the member	Categorization of membership		
		Executive	Non-executive	Independent
1	Engr. Nabil Yousef Jokhdar	-	✓	-
2	Stephen Brian Dixon	-	✓	-
3	Abdulaziz Abdulkarim Al Khereiji	✓	-	-
4	Mohamed Abdulkarim Al Khereiji	-	✓	-
5	Serge Michel Osouf	-	✓	-
6	Giles Richard Ward	-	✓	-
7	Christian Raymond Mounis	-	-	✓
8	Wahdan Suleiman Al-Qadi	-	-	✓
9	Engr. Hisham Abdulrahman A. El-Khereiji	-	-	✓

* The previous session of the BOD (the third session) ended on 24/7/2018.

5. Actions taken by the Board to inform its members - especially non-executives - of the shareholders' proposals and their remarks about the company and its performance:

The Company's Articles of Association guarantee the basis of all shareholders' rights in relation to the Shares. The Company shall receive all proposals and notes of its shareholders by e-mail, telephone and through the General Assembly. The Board of Directors shall be notified of a summary of such proposals or notes, if any. The Board of Directors stipulates that the board member should attend the General Assembly's meetings to hear and discuss the shareholders' proposals and their remarks about the company and its performance, noting that the company did not receive any comments or suggestions from shareholders during 2018.

6. Brief description of specializations and assignments of the committees:

6-1 Executive Committee

Brief description of specializations of the committee

The Committee provides proposals to board of directors about important issues such as strategic plans and work plans. The Board of directors delegate power to the executive committee to carry out its tasks at some cases.

Committee members:

#	Name of the member	Member of Board of Directors	Categorization
1	Mr. Serge Michel Osouf (Head of Committee)*	Yes	Non-executive
2	Mr. Abdulaziz Abdulkarim Al Khereiji*	Yes	Executive
3	Mr. Stephen Brian Dixon *	Yes	Non-executive
4	Mr. Mohammed Abdulkarim Al Khereiji*	Yes	Non-executive
5	Mr. Ghalib Asaad Zamari**	No	Executive

* Their membership ended at the third session of the Committee on 24/07/2018 and their membership began in the fourth session for a period of three years starting from 25/07/2018.

** His membership started at the fourth session of the Committee for a period of 3 years as of 25/07/2018.

Members of the committee met 8 times during the year of 2018 and the following statement shows date of meetings and attendance record:

#	Member's name	Nature of membership	Number of meetings							
			1st Meeting	2nd Meeting	3rd Meeting	4th Meeting	5th Meeting	6th Meeting	7th Meeting	8th Meeting
			٢٠١٨/٠٢/٠٦	٢٠١٨/٠٣/٢٠	٢٠١٨/٠٥/١٦	٢٠١٨/٠٦/٢٧	٢٠١٨/٠٧/٢٤	٢٠١٨/٠٩/١١	٢٠١٨/١٠/٢٢	٢٠١٨/١٢/٢٠
1	Serge Michel Osouf *	Head of Committee	✓	✓	✓	✓	✓	✓	✓	✓
2	Abdulaziz Al Khereiji*	Member	✓	✓	✓	✓	✓	✓	✓	✓
3	Stephen Brian Dixon *	Member	✓	✓	✓	✓	✓	✓	✓	✓
4	Mohammed Al Khereiji*	Member	✓	✓	✓	✓	✓	✓	✓	✓
5	Ghalib Zamari**	Member	X	X	X	X	X	✓	✓	✓

* Their membership ended at the third session of the Committee on 24/07/2018 and their membership began in the fourth session for a period of three years starting from 25/07/2018.

** His membership started at the fourth session of the Committee for a period of 3 years as of 25/07/2018.

6-2 Investment Committee:

Brief description of specializations of committee

Investment committee carried out tasks of controlling and review of investment policy, supervision of its implementation, approval of investment activities and control of performance of investment funds.

Members of the Committee

#	Name of member of board of directors	Member of board?	Categorization
1	Mr. Mohamed Abdulkarim Al Khereiji *	Yes	Non-executive
2	Mr. Serge Michel Osouf *	Yes	Non-executive
3	Mr. Giles Richard Ward **	Yes	Non-executive
4	Mr. Loay Fahad Dkheel **	No.	Independent
5	Mr. Abdullah Khalaf Al Yousef ***	No.	Independent
6	Mr. Nasser Jamil Sheikh ***	No.	Executive

* Their membership ended at the third session of the Committee on 24/07/2018 and their membership began in the fourth session for a period of three years starting from 25/07/2018.

** His membership started at the fourth session of the Committee for a period of 3 years as of 25/07/2018.

*** Their membership in the Committee expired on 24/07/2018.

Members of the committee met 3 times during the year of 2018 and the following statement shows date of meetings and attendance record:

#	Member's name	Nature of membership	Number of meetings		
			1st Meeting 2018/03/20	2nd Meeting 2018/07/25	3rd Meeting 2018/10/24
1	Mohammed Abdulkarim Al Khereiji *	Head of Committee	✓	✓	✓
2	Serge Michel Osouf *	Member	✓	✓	✓
3	Giles Richard Ward **	Member	X	✓	✓
4	Loay Fahad Dkheel **	Member	X	X	✓
5	Abdullah Khalaf Al Yousef ***	Member	✓	X	X
6	Nasir Jamil Sheikh ***	Member	✓	X	X

* Their membership ended at the third session of the Committee on 24/07/2018 and their membership began in the fourth session for a period of three years starting from 25/07/2018.

** His membership started at the fourth session of the Committee for a period of 3 years as of 25/07/2018.

*** Their membership in the Committee expired on 24/07/2018.

6-3 Audit Committee

Brief description of specialization of the committee

Audit committee reviews tasks of activation of proposals of board of directors with respect to supervision of the financial reports of the company, evaluation of extent of sufficiency of internal and external audit operations, evaluation and control of internal audit administration processes and regular control.

#	Name of member	Member of board of directors?	Categorization
1	Mr. Abdullah Khalaf Al Yousef **	No.	Independent
2	Mr. Wahdan Suleiman Al Qadi **	Yes.	Independent
3	Engr. Nabil Yousef Jokhdar ***	Yes	Independent
4	Mr. Diya Alaa Maghrabi *	No.	Independent

* Their membership ended at the third session of the Committee on 24/07/2018 and their membership began in the fourth session for a period of three years starting from 25/07/2018.

** His membership started at the fourth session of the Committee for a period of 3 years as of 25/07/2018.

*** Their membership in the Committee expired on 24/07/2018.

Members of the committee met 6 times during the year of 2018 and the following statement shows date of meetings and attendance record:

#	Member's name	Nature of membership	Number of meetings					
			1st Meeting 18/03/2018 _٢	2nd Meeting ٢018/05/02	3ed Meeting ٢018/07/24	4th Meeting ٢018/10/23	5 th Meeting ٢018/10/24	6 th Meeting ٢018/12/09
1	Abdullah Al Yousef	Head of Committee	X	X	✓	X	✓	✓
2	Wahdan Suleiman Qadi	Member	✓	✓	✓	✓	✓	✓
3	Nabil Jokhdar	Member	✓	✓	X	X	X	X
4	Diya Alaa Maghrabi	Member	✓	✓	✓	✓	✓	✓

6-4 Nomination and Remuneration Committee

Brief description of specializations of the committee

Nomination and Remuneration Committee shall be responsible for proposals of nomination for membership of board of directors and annual review of requirements of skills suitable for membership of board of directors. The Committee also reviews structure of board of directors and make recommendations concerning the changes which could be made, as well as study of structuring of the company and supervising employment.

Members of the committee

#	Name of member	Member of board of directors?	Categorization
1	Mr. Serge Michel Osouf *	Yes	Non-executive
2	Mr. Stephen Brian Dixon *	Yes	Non-executive
3	Mr. Abdullah Khalaf Al Yousef ***	No.	Independent
4	Mr. Wahdan Suleiman al-Qadi **	Yes	Independent
5	Eng. Hisham Abdulrahman A. Al-Khereiji **	Yes	Independent

* Their membership ended at the third session of the Committee on 24/07/2018 and their membership began in the fourth session for a period of three years starting from 25/07/2018.

** His membership started at the fourth session of the Committee for a period of 3 years as of 25/07/2018.

*** Their membership in the Committee expired on 24/07/2018.

Members of the committee met 3 times during the year of 2018 and the following statement shows date of meetings and attendance record:

#	Member's name	Nature of membership	Number of meetings		
			1st Meeting 2018/03/21	2nd Meeting 2018/07/25	3rd Meeting 2018/10/24
	Serge Michel Osouf	Member	✓	✓	✓
1	Stephen Brian Dixon	Head of Committee	✓	✓	✓
2	Abdullah Khalaph Al Yousef	Member	✓	✓	X
3	Wahdan Suleiman al-Qadi	Member	X	✓	X
4	Hisham Abdulrahman Al-Khereiji	Member	X	✓	✓

6-5 Risk Management Committee

Brief description of specializations of the committee

The committee meets to review reports of Risk Manager, to provide advices and make recommendations relevant to management of company's risks which are considered of high risks to board of directors. The risks are being managed by managers of concerned lines and heads of departments. The Committee has set a system for committee of risk management, policies of management of risks and strategies to be duly adopted by board of directors.

Members of the committee

#	Name of member	Member of board of directors?	Categorization
1	Mr. Christian Raymond Mounis **	Yes	Independent
2	Mr. Syed Umer Ali Shah ***	Yes	Non-executive
3	Mr. Vijayaraghavan Velayudhan *	No	Non-executive
4	Mr. Ghaleb Asaad Zummari ***	No	Executive
5	Mr. Kamran Mazhar ***	No	Executive
6	Mr. Wahdan Suleiman al-Qadi **	Yes	Independent
7	Engr. Nabil Yousuf Jamil Jokhadar **	Yes	Non-executive
8	Mr. Mohamed A. K. Al Khereiji ***	Yes	Non-executive

* Their membership ended at the third session of the Committee on 24/07/2018 and their membership began in the fourth session for a period of three years starting from 25/07/2018.

** His membership started at the fourth session of the Committee for a period of 3 years as of 25/07/2018.

*** Their membership in the Committee expired on 24/07/2018.

Members of the committee met 4 times during the year 2018 and the following statement shows date of meetings and attendance record:

#	Member's name	Nature of membership	Number of meetings			
			1st Meeting 2018/03/21	2nd Meeting 2018/06/26	3rd Meeting 2018/07/25	4th Meeting 2018/10/24
1	Christian Raymond Mounis	Head of Committee	X	X	✓	✓
2	Syed Umer Ali Shah	Member	✓	✓	X	X
3	Vijayaraghavan Velayudhan	Member	✓	✓	✓	✓
4	Ghaleb Asaad Zummari	Member	✓	✓	X	X
5	Kamran Mazhar	Member	✓	✓	X	X
6	Wahdan Suleiman Al-Qadi	Member	X	X	✓	✓
7	Nabil Jokhadar	Member	X	X	✓	✓
8	Mohamed Al Khereiji	Member	X	X	✓	✓

7. The means upon which the Board of Directors relied on evaluating its performance and the performance of its committees and members:

The Board of Directors has established procedures for evaluating the work of the BOD, committees and membership on an annual basis.

8. Disclosure of remunerations of members of Board of Directors, executive administration committee members.

A. Remunerations of members of board of directors

Name of member	Fixed remunerations					Variable remunerations						Expenses allowance	Grand Total	
	Specified Amount	Total attendance allowance	Benefits in kind	Allowance received by the members as workers, administrators or what they received against technical works, administrative or consultancies	Remuneration of chairman or managing director	Total	Percentage from profits	Periodic remunerations	Short term incentive plans	Long term incentive plans	Granted stocks			Total
First : Independent members														
Fahd Dakheel	75,000	10,000	0	0	0	85,000	0	0	0	0	0	0	0	85,000
Nabil Jokhadar	187,500	20,000	0	57,500	0	265,000	0	0	0	0	0	0	1,617	266,617
Patrick Loisy	75,000	10,000	0	28,500	0	113,500	0	0	0	0	0	0	27,315	140,815
Wahdan Suleiman al-Qadi	75,000	10,000	0	107,500	0	192,500	0	0	0	0	0	0	4,127	196,627
Christian Raymond Mounis	75,000	10,000	0	51,000	0	136,000	0	0	0	0	0	0	35,364	171,364
Hisham Abdulrahman Al-Khuraiji	75,000	10,000	0	22,500	0	107,500	0	0	0	0	0	0	9,799	117,299
Total :	562,500	70,000	0	267,000	0	899,500	0	0	0	0	0	0	78,222	977,722
Second: Non-executive members														
Abdullah Al Kherejji	112,500	0	0	0	0	112,500	0	0	0	0	0	0	0	112,500
Mohamed Al Kherejji	150,000	20,000	0	170,500	0	340,500	0	0	0	0	0	0	6,408	346,908
Serge Osouf	150,000	20,000	0	240,000	0	410,000	0	0	0	0	0	0	122,426	532,426
Umer Ali Shah	75,000	10,000	0	28,500	0	113,500	0	0	0	0	0	0	18,290	131,790
Steve Dixon	150,000	20,000	0	175,000	0	345,000	0	0	0	0	0	0	129,301	474,301
Giles Richard Ward	75,000	10,000	0	36,000	0	121,000	0	0	0	0	0	0	26,497	147,497
Total :	712,500	80,000	0	650,000	0	1,442,500	0	0	0	0	0	0	302,922	1,745,422
Third: Executive members														

Abdulaziz Al Khereiji	150,000	20,000	0	135,000	0	305,000	0	0	0	0	0	0	9,697	314,697
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B. Remunerations of committee members

Name of member	benefits Fixed	attendance allowance Sessions	Total
<u>Members of Audit Committee</u>			
Wahdan Suleiman Al Qadi	37,500	30,000	67,500
Diya Maghrabi	50,000	30,000	80,000
Nabil Jokhadar	25,000	10,000	35,000
Abdullah Al Yousef	25,000	15,000	40,000
Total	137,500	85,000	222,500
<u>Members of Nomination & Remuneration Committee</u>			
Abdullah Al Yousef	18,500	5,000	23,500
Serge Osouf	25,000	15,000	40,000
Steve Dixon	25,000	15,000	40,000
Hisham Abdulrahman Al Khuraiji	12,500	10,000	22,500
Wahdan Suleiman Al Qadi	12,500	5,000	17,500
Total	93,500	50,000	143,500
<u>Members of Risk Management Committee</u>			
Syed Umer Ali Shah	18,500	10,000	28,500
Vijayaraghavan Velayudhan	25,000	20,000	45,000
Ghalib Zumari	-	-	-
Kamran Mazhar	-	-	-
Wahdan Suleiman Al Qadi	12,500	10,000	22,500
Mohamed Al Khereiji	18,500	10,000	28,500
Jokhdar Nabil Yousef	12,500	10,000	22,500
Christian Raymond Mounis	12,500	10,000	22,500
Total	99,500	70,000	169,500
<u>Members of Executive Committee</u>			
Abdulaziz Alkhareiji	50,000	40,000	90,000
Mohamed Al Khereiji	50,000	40,000	90,000
Serge Osouf	75,000	40,000	115,000
Steve Dixon	50,000	40,000	90,000
Ghalib Zamari	-	-	-
Total	225,000	160,000	385,000
<u>Members of Investment Committee</u>			
Mohamed Al Khereiji	37,000	15,000	52,000
Serge Osouf	25,000	15,000	40,000
Abdullah Al Yousef	12,500	5,000	17,500
Nasser Jamil Sheikh	-	-	-
Giles Richard Ward	26,000	10,000	36,000

Loay Fahad Dkheel	12,500	5,000	17,500
Total	113,000	50,000	163,000

C- Remunerations of senior executives

Statement	Fixed remunerations	Variable remunerations	End of Service Award	Grand total
	Salaries and allowances	Reward and incentives	SR	SR
	SR	SR		
What 5 senior executives received including Chief Executive and finance Mgr.	S.R. 2,481,191	S.R. 340,000	127,383	2,948,573

D- Policy of remunerations and manner of fixing remunerations of members of Board of Directors and executive administration at the company.

The minimum limit of annual remuneration of chairman and members of board of directors is an amount of SR. 120,000 (One hundred twenty thousand Saudi Riyals) and maximum limit an amount of SR. 500,000 (Five hundred thousand Saudi Riyals) for their memberships at the board and contribution at its works, including additional benefits in the event of contribution of a member at any committee emanating from the board of directors.

In the event of realization by the company of profits, a rate equivalent to 10% of remaining net profit may be distributed to Members of Board of Directors after deduction of reserves determined by the general assembly pursuant to provisions of cooperative insurance companies control system and after distribution of profit to shareholders not less than 5% of paid capital, provided that entitlement of this benefit shall commensurate with number of sessions attended by a member, however, every assessment contrary to that shall be invalid.

At all cases, total of what a member of a board shall get of rewards and financial benefits or benefits in kind shall not exceed an amount of SR. 500,000 (five hundred thousand Saudi Riyals).

The maximum limit for board’s sessions and committees allowances shall be 5,000 (Five thousand Saudi Riyals) for each session, excluding travel and residence expenses.

Each member of board including the chairman shall be reimbursed value of actual expenses borne by them for attendance of meetings of the board or committee emanating from board of directors, including expenses of travel and accommodation.

E. Relation between the rewards granted and policies of remunerations of members of Board of Directors.

Board of directors rewards shall be disbursed based on policy of remunerations implemented and the company confirms that there are not essential deviations of this policy.

9. Penalties and constraints imposed on the company

The company did not receive any penalties for violations or constraints during the year 2018

10. Result of annual review of efficiency of measures of internal control at the company

Internal control measures have been prepared on sound bases and their efficiency is being supported through the following:

- A. The Audit Committee of the Board of Directors submits its reports periodically and regularly, identifying areas of weakness and work on developing controls and measures to avoid reoccurrence in the future.
- B. Departments specializing in internal audit and compliance where annual plans are approved by the Audit Committee and submit their reports to the Committee independently that includes audit observations and recommended actions to address these comments.
- C. Revisions of some aspects of internal control are taken periodically by the External Auditors, as well as periodic and unplanned inspections by the Saudi Arabian Monetary Authority.

The Audit Committee has conducted a comprehensive assessment of the effectiveness of internal control procedures for 2018; review results have proven their adequacy, Also, the committee conducted a number of reviews to measure the effectiveness of risk management, compliance and corporate governance, and the results confirmed that the procedures applied by the company are well-founded and implemented efficiently and effectively, The committee has reported some concerns issues to the Board of Directors with specific corrective action proposal for the management to implement.

Overall, the Company's Board of Directors found that internal controls are effective and fulfill the required role that ensures no abuses and acknowledges the non-existence of material observations that may affect the company's business.

11. Audit Committee Recommendation on the Need for Appointment of an Internal Auditor at the Company:

The company has an internal audit department, and therefore the audit committee will not need to recommend whether an internal auditor should be appointed.

12. The recommendations of the Audit Committee, which have a conflict with the Board of Directors' decisions, or which the Board has refused to take regarding the appointment of the Company's auditor, his dismissal, the determination of his fees, the performance evaluation or the appointment of the internal auditor; and the reasons for not taking them.

There was no contradiction between the recommendations of the Audit Committee and the Board's decisions regarding the appointment of the auditors of the Company as they were introduced and submitted to the shareholders to vote.

13. Details of the company's social contributions:

Chubb Arabia Cooperative Insurance Company has supported the community programs within the priorities and duties that it seeks to fulfill and to take care of everything that contributes to supporting the activities and programs and sponsoring events and events of value and benefit to the individual and society both within the Eastern region and outside.

- Training program for students: The Company has provided training for university students who are about to graduate in support of them and the community to qualify them within the insurance sector and to pay a monthly bonus throughout the training period.
- The Chairman of the Board of Directors in 2018 donated the bonus to the Saudi Society for Cancer Patients.

The company strives to intensify community programs in the coming years.

14. Statement of dates of general meetings of shareholders convened during the period from 1/1/2018 up to 31/12/2018 and names of members of board of directors who attended these meetings.

#	Name of member	Attendance record
		Meeting of 10 th AGM 24/7/2018
1	Abdullah Abdulaziz Al Khereiji	✘
2	Stephen Brian Dixon	✓
3	Abdulaziz Abdulkarim Al Khereiji	✓
4	Serge Michel Osouf	✓
5	Mohamed Abdulkarim Al Khereiji	✓
6	Syed Umer Ali Shah	✘
7	Nabil Yousef Jokhdar	✓
8	Fahd Hamid Dakheel	✘
9	Patrick Loisy	✘

Chubb Arabia Cooperative Insurance Co. announces the results of the annual general assembly meeting held in the Company's Head Office in Khobar on 24-07-2018 corresponding to 11-11-1439 Tuesday at 18:30 after completing the statutory quorum with 60.96% attendance percentage. Resolution of the meeting is as follow:

1. Ratify on the Board of Directors report for the Company business during the year 2017.
2. Ratify on the auditor's report for the financial year (from 1/1/2017 to 31/12/2017).
3. Ratify on the Company annual financial statements for the financial year (from 1/1/2017 to 31/12/2017).
4. Ratify on the business and contracts that will be between the company and the Al-Khereiji Foundation, for which the board member Mr. Abdullah bin Abdul Aziz Al-Khereiji has a direct interest in which are insurance contracts and license for the coming year, Note that Mr. Abdullah Al-Khereiji owns Al-Khereiji Foundation and the transactions for 2017 amounted to (488,835) SR. and there are no preferential conditions.
5. Ratify on the business and contracts that will be between the company and the Al-Khereiji Trading and Electronics company, which the members of the Board Mr. Mohammed bin Abdul Karim Al-Khereiji and Mr. Abdul Aziz bin Abdul Karim Al-Khereiji indirect interest in them as owners. Which are the insurance contracts and license for the coming year, and the transactions for 2017 amounted to (624,076) SR. and there are no preferential conditions.
6. Ratify on the business and contracts between the Company and the members companies of the Chubb Group of which Chubb INA International Holdings Ltd. is also a member; represented by three Board Members and they are Mr. Stephen Brian Dixon, Mr. Serge Michel Osouf and Mr. Syed Umer Ali Shah. ,

which consist of placed reinsurance transactions with total premiums (44,435,028) SR. which are to be renewed for a further year, and which contain no preferential conditions.

7. Ratify on the business and contracts that will be between the company and Al-Khereiji Trading and Electronics Company. Which the members of the Board Mr. Mohammed bin Abdul Karim Al-Khereiji and Mr. Abdul Aziz bin Abdul Karim Al-Khereiji indirect interest in them as owners. and its rental contracts for the company head office, Jeddah branch and Riyadh branch buildings and license for the coming year, noting that transactions for 2017 amounted to (1,420,735)SR and there are no preferential conditions.

8. Ratify on the business and contracts that will be between the company and the General Maintenance Center for cars owned by the International Company for Trade and Contracting Services, which the members of the Board Mr. Mohammed bin Abdul Karim Al-Khereiji and Mr. Abdul Aziz bin Abdul Karim Al-Khereiji indirect interest in them as owners. Which is the provision of maintenance services for customer vehicles and license for the coming year, noting that transactions for 2017 amounted to (3,483,918) SR. and there are no preferential conditions.

9. Ratify on the business and contracts that will be between the company and the Technical Services Company for Practical Tools, which the board member Mr. / Fahad bin Hamid Dakhil has a direct interest as owner, which are the insurance contracts and license for the coming year, noting that transactions for 2017 amounted to (133,946) SR. and there are no preferential conditions.

10. Ratify on the business and contracts that will be between the company and Al-Khwarizmi for Actuarial services owned by the International Company for Trade and Contracting Services. The Board of Directors members Mr. Mohammed bin Abdul Karim Al-Khereiji and Mr. Abdul Aziz bin Abdul Karim Al-Khereiji indirect interest in them as owners., which are the insurance contracts and license for the coming year, and the transactions for 2017 amounted to (6,750)SR. and there are no preferential conditions.

11. Ratify on the business and contracts between the company and RFIB Saudi Arabia for reinsurance brokerage where the Al-Khereiji Investment Company owns a share in RFIB company , which the members of the Board of Directors Mr. Mohammed bin Abdul Karim Al-Khereiji and Mr. Abdul Aziz bin Abdul Karim Al-Khereiji indirect interest in them as owners. Which are the insurance contracts and license for the coming year, noting that the transactions for 2017 amounted to (626,942) SR.

12. Ratify on releasing liability of the board members with respect to the companys management for the financial year 2017.

13. Ratify on appointment of the auditors among the nominated by the audit committee to audit the Company's accounts for the year 2018 besides the quarterly statements and first quarter of 2019 and determination of their fees.

14. Ratify on the annual remuneration including 2017 meeting fees amounting total of 1,658,012 SR for Board of Directors against their services in 2017.

15. Ratify on the Board of Directors recommendation of non-distribution of dividends for the fiscal year 2017.

16. Ratify to approve the business made by the Board of Directors during the period between the end of the BOD period on 31/05/2018 until the date of the AGM on 24/07/2018.

17. Ratify on the election the members of the Board of Directors from among the candidates for the next session, beginning on 25/07/2018 and ending on 24/07/2021

18. Ratify on the formation of the Audit Committee, its functions and work controls, and the rewards of its members for the next session, which begins on 25/07/2018 and ends on 24/07/2021 noting that the candidates are:

A. Mr. Wahdan bin Suleiman Mohammed al-Qadi (Head of Audit Committee),

B. Mr. Diaa bin Alaa bin Mohammed Ali Maghrabi (Member of Audit Committee),

C. Mr. Abdullah Khalaf Ahmed Al Yousuf (Member of Audit Committee),

15. Company Profile and description of types of its main activities:

Chubb Arabia Cooperative Insurance Company (Company) - a Saudi joint stock company registered in Saudi Arabia under commercial registration No. (2051043431) dated (9/8/1431H) and licensed to conduct general insurance by the Saudi Arabian Monetary Authority under license No. (TMN/23/200912) on 21/12/1430H

The company carries out insurance activity for its clients within Saudi Arabia only. It sells and markets general insurance products, which are :

Personal Accident Insurance Policy, Money Insurance Policy, Comprehensive Crime Insurance Policy, General Civil Liability Insurance Policy, Employers' Liability Insurance Policy, Fidelity Guarantee Insurance Policy, Medical Malpractice Insurance Policy, Products Liability Insurance Policy, Occupational Insurance Liability, Travel Insurance Policy, Credit Card and Purchase Protection Insurance, Workmen Compensation Insurance Policy, Contractors All Risks Insurance Policy, Deterioration of Stock Insurance Policy, Electronic Equipment Insurance Policy, Erection All Risks Insurance Policy, Machinery Break Down Insurance Policy, Fire Insurance Policy, Householders Comprehensive Insurance Policy, Property All Risks Insurance Policy, Vehicles Insurance Policy, Plate Glass Insurance Policy, Machineries and Equipment Insurance Policy, Loss of Profit following Break Down of Machinery Insurance Policy, Workmen Compensation Insurance Policy, Land Transit Insurance Policy, Marine Cargo Insurance Policy, Hull Insurance Policy, Carriers Legal Liability Insurance Policy, Property All Risks Insurance Policy (ABI), Property All Risks Insurance Policy (LM7), Jewelers Block Insurance Policy , Professional Indemnity Insurance for Financial Institutions, Terrorism Insurance Policy, Group Term Life Insurance Policy, Civil Liability Insurance for Financial Institutions, Computer and Electronic Crimes Insurance, Frauds Protector Insurance Policy, Financial Services Institutions Insurance Policy, Directors & Officers Liability Insurance for Financial Institutions, Political Violence Insurance Policy and Cyber Risks Insurance Policy.

Following is statement of results of these operational sectors and effect on volume of works and their contribution to the results of the Company, for the year ending 31/12/2018.

Properties insurance category for the year 2018 represented 34.75 % of total production premiums and vehicles category represented 31.56 %, in addition engineering insurance represented 8.07 % while remaining categories represented 25.62 %, as stated below:

Statement	Fiscal year ending 31/12/2018 (by thousands of Riyals)				
	Property insurance	Vehicle insurance	Engineering insurance	Others	Total
Gross Written Premium	81,295	73,841	18,885	59,952	233,973
Net Written Premium	6,593	61,249	2,387	26,709	96,938
Net Earned Premiums	6,097	64,951	2,734	27,550	101,332
Net incurred claims	734	(21,193)	699	(5,747)	(25,507)
Underwriting Expenses	(4,503)	(7,255)	(1,261)	(5,229)	(18,248)
Re-insurance commissions revenues	9,717	2,405	3,763	5,372	21,258
Other underwriting expenses	(562)	(625)	(263)	(764)	(2,216)
Net Underwriting Profit	11,967	38,228	6,794	20,674	77,663
General & Administrative Expenses	-	-	-	-	(33,960)
Provision for doubtful reserves	-	-	-	-	(3,031)
Special Commission Income	-	-	-	-	6,718
Other losses not realized from investments	-	-	-	-	(1,714)
Other Income	-	-	-	-	2,460
Net surplus of insurance operations	-	-	-	-	50,038

Following is statement of results of these operational sectors and effect on volume of works and their contribution at outcome of the Company, for the year ending 31/12/2017.

Properties insurance category for the year 2017 represented 31% of total production premiums and vehicles category represented 33%, in addition engineering insurance represented 10 % while remaining categories represented 26%, as stated below:

Statement	Physical year ending 31/12/2017 (by thousands of Riyals)				
	Properties insurance	Vehicles' insurance	Engineering insurance	Others	Total
Gross Written Premium	68.318	71.758	22.800	57.622	220.498
Net Written Premium	5.705	70.153	2.815	26.718	105.390
Net Earned Premiums	5,819	68,376	3,482	27,175	104,852
Net incurred claims	-2,031	-29,981	-2,034	-4,698	-38,744
Underwriting Expenses	-4.648	-6.953	-1.695	-5.304	-18.600
Re-insurance commissions revenues	12,011	35	5,215	4,939	22,200
Other underwriting expenses	-	-	-	-	1,919
Net Underwriting Profit	-	-	-	-	65.412
General & Administrative Expenses	-	-	-	-	-31,363
Provision for doubtful reserves	-	-	-	-	-412
Special Commission Income	-	-	-	-	5,571
Notional Investment Loss	-	-	-	-	-968

Other Income	-	-	-	-	3.844
Net surplus of insurance operations	-	-	-	-	42.921

16- Description of the important plans, decisions and future prospects for the company's business and the most important risks.

Board of Directors’ has approved the strategy for the next five years, which has a positive outlook and is aimed towards maintaining the Company's competitive capabilities to grow a sustainable market share.

Some noteworthy achievements by the company during the year include, firstly being awarded an A3 rating from Moody’s Investor Service, which demonstrates the highest level of strength and stability of the company. Secondly, the successful launch of an integrated travel insurance program for Airlines. This initiative is fully enabled through Information Technology and is the first of its kind in the Saudi market. Going forward, the company will continue to maintain and further enhance this trend.

The company will also continue to monitor and further develop strategies to ensure profitable growth with diversified new lines, innovation, and unique insurance products, focusing on quality underwriting in property, motor, engineering, marine, casualty, financial lines, cyber and group life. The company has obtained approval for all its products and will strive to create awareness and offer customized insurance products for new and emerging risks.

17-The most important risks which are facing the company

The risks faced by the Company and the manner in which these risks are mitigated by management are summarized below:

Insurance and reinsurance risk management

The risk under an insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The principal risk that the Company faces under such contracts is the occurrence of the insured events and the severity of reported claims. The Company’s risk profile is improved by diversification of these risks of losses to a large portfolio of contracts as a diversified portfolio is less likely to be affected by an unexpected event in a single subset.

Underwriting and retention policies, procedures and limits and clear underwriting authorities precisely regulate who is authorized and accountable for concluding insurance and reinsurance contracts and at what conditions. Compliance with these guidelines is regularly checked and developments in the global, regional and local markets are closely observed, reacting were necessary with appropriate measures that are translated without delay into underwriting guidelines if required.

The primary risk control measure in respect of the insurance risk is the transfer of risks to third parties via reinsurance. The reinsurance business ceded is placed on a proportional and non-proportional basis with retention limits varying by lines of business. The placements of reinsurance contracts are diversified so that the Company is not dependent on a single reinsurer or a reinsurance contract.

Reinsurance is used to manage insurance risk. Although the Company has reinsurance arrangements, it does not, however, discharge the Company’s liability as primary insurer and thus a credit risk exposure remains with respect to reinsurance ceded to the extent that any reinsurer may be unable to meet its obligations under such reinsurance arrangements. The Company minimizes such credit risk by entering into reinsurance arrangements with reinsurers having good credit ratings, which are reviewed on a regular basis. The creditworthiness of reinsurers is considered on an annual basis by reviewing their

financial strength prior to finalization of any contract. Reserve risks are controlled by constantly monitoring the provisions for insurance claims that have been submitted but not yet settled and by amending the provisions, if deemed necessary.

Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The Company underwrites mainly property, engineering, motor, casualty, and marine classes. These classes of insurance except for long tail engineering policies are generally regarded as annual insurance contracts where claims are normally intimated and settled within a short time span. This helps to mitigate insurance risk.

(i) Property

Property insurance contracts, with the main peril being fire, accidental damage and other allied perils resulting therefrom, are underwritten either on a replacement value or an indemnity basis with appropriate values for the interest insured. The cost of rebuilding or repairing the damaged properties and the time taken to reinstate the operations to its pre-loss position in the case of business interruption are the main factors that influence the level of claims.

In respect of accumulation of the retentions under the property business, this is covered by proportional as well as non-proportional treaties.

(ii) Engineering

The engineering business includes long tail Erection All Risks (“EAR”) and Contractor All Risk (“CAR”) policies and annual policies for Machinery Break Down (“MBD”), Machinery All Risk, Electronic Data Processing, Deterioration of Stock and Business Interruption in conjunction with MBD. The long tail EAR/CAR policies cover various projects for the whole project period. Selection of the risks and proper underwriting are the criteria for this profitable line of business. These are amply covered under the engineering proportional and non-proportional treaties.

(iii) Motor

For motor insurance contracts, the main elements of risk are claims arising out of insured vehicles as well as damage to third parties’ properties. Further, death claims compensation have been made in accordance with the laws as applicable in the Kingdom of Saudi Arabia.

This risk is covered by per occurrence excess of loss treaties that also covers involvement of more than one vehicle in an accident.

(iv) Casualty

For casualty class of insurance such as loss of money, personal accident, workmen’s compensation, travel, general third party liability and professional indemnity are underwritten. The extent of loss or damage is the main factor that influences the level of claims.

(v) Marine

In marine insurance, the main risk elements are loss or damage to insured cargo and hull due to various mishaps resulting in total or partial loss claims. The extent of the loss or damage is the main factor that influences the level of claims.

Reinsurance arrangements have been made with reinsurers through proportional treaties as well as non-proportional treaties.

Concentration of insurance risk

The Company, with the introduction of any one risk definition and strictly following it in the underwriting process, eliminates concentration of risks. Elimination of location limit under the marine proportional treaty and having a third excess of losses (“XOL”) layer to protect accumulation on the net retention amply to take care of concentration. On the casualty side, concentration of risk is very minimal and XOL treaty takes care of it amply. The Company does not have any material claims where

the amount and timing of payment is not resolved within one year of the statement of financial position date.

Reinsurance risk

Reinsurance is used to manage insurance risk. Although the Company has reinsurance arrangements, it does not, however, discharge the Company's liability as primary insurer and thus a credit risk exposure remains with respect to reinsurance ceded to the extent that any reinsurer may be unable to meet its obligations under such reinsurance arrangements. The Company minimizes such credit risk by entering into reinsurance arrangements with reinsurers having good credit ratings, which are reviewed on a regular basis. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract. Reserve risks are controlled by constantly monitoring the provisions for insurance claims that have been submitted but not yet settled and by amending the provisions, if deemed necessary.

Regulatory framework risk

The operations of the Company are subject to local regulatory requirements in the Kingdom of Saudi Arabia. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions e.g. capital adequacy to minimize the risk of default and insolvency on the part of the insurance companies and to enable them to meet unforeseen liabilities as these arise.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial assets held by the Company, the maximum exposure to credit risk of the Company is the carrying value as disclosed in the statement of financial position.

The following policies and procedures are in place to mitigate the Company's exposure to credit risk:

- The Company only enters into insurance and reinsurance contracts with recognized credit worthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables from insurance and reinsurance contracts are monitored on an ongoing basis in order to reduce the Company's exposure to bad debts.
- The Company seeks to limit credit risk with respect to agents and brokers by setting credit limits for individual agents and brokers and monitoring outstanding receivables.
- The Company's investment portfolio is managed by the investment committee in accordance with the investment policy established by the investment committee.
- The Company, with respect to credit risk arising from other financial assets, is restricted to commercial banks having strong financial positions and credit ratings.
- There are no significant concentrations of credit risk within the Company.

The table below shows the maximum exposure to credit risk components of the statement of financial position

The table below shows the maximum exposure to credit risk for the components of the statement of financial position:

	<i>Insurance operations</i>		<i>Shareholders' operations</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Cash and cash equivalents	73,042,726	86,494,129	161,642,294	115,276,098
Investments held for trading	36,028,138	29,108,064	46,738,086	46,320,848
Investments available for sale	-	-	1,932,078	1,932,078
Premiums and insurance balances receivable (note 7)	71,742,938	71,480,338	-	-
Reinsurers' share of outstanding claims (note 9)	32,402,153	116,111,933	-	-
Other assets	-	3,924,275	-	524,599
	213,215,955	307,118,739	164,053,623	164,053,623

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial liabilities. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise. A significant amount of funds are invested in time deposits, available for sale and held for trading investments.

Liquidity profile

None of the financial liabilities on the statement of financial position are based on discounted cash flows and are all payable on a basis as set out above.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is subject to fluctuations in foreign exchange rates in the normal course of its business. The Company did not undertake significant transactions in currencies other than Saudi Riyals and US Dollars, during the year. As the Saudi Riyal is pegged to the US Dollar, balances in US Dollars are not considered to represent significant currency risk.

Commission rate risk

Commission rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market commission rates. Floating rate instruments expose the Company to cash flow commission risk, whereas fixed commission rate instruments expose the Company to fair value interest risk.

The Company is exposed to commission rate risk on certain of its time deposits, term deposits, investments held for trading and investments available for sale. The Company limits commission rate risk by monitoring changes in commission rates.

The following table demonstrates the sensitivity of statement of shareholders comprehensive income to reasonably possible changes in commission rates, with all other variables held constant.

Market price risk

Market price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from commission rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company limits market risk by maintaining a diversified portfolio and by monitoring developments in equity market. The Company does not have significant market risk.

Equity price risk

Equity price risk arises from changes in the fair values of equity investments. Equity price risk is managed by the investment department of the Company. The unquoted equity price risk exposure arises from the Company's investment portfolio.

Capital management

Capital requirements are set and regulated by SAMA. These requirements are put in place to ensure sufficient solvency margins. Further objectives are set by the Company to maintain healthy capital ratios in order to support its business objectives and maximize shareholders' value.

The Company manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in market conditions and risk characteristics of the Company's activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue shares. In the opinion of the Board of Directors, the Company has fully complied with the externally imposed capital requirements during the reported financial period.

Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors. The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors. This responsibility encompasses the controls in the following areas:

- Requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;

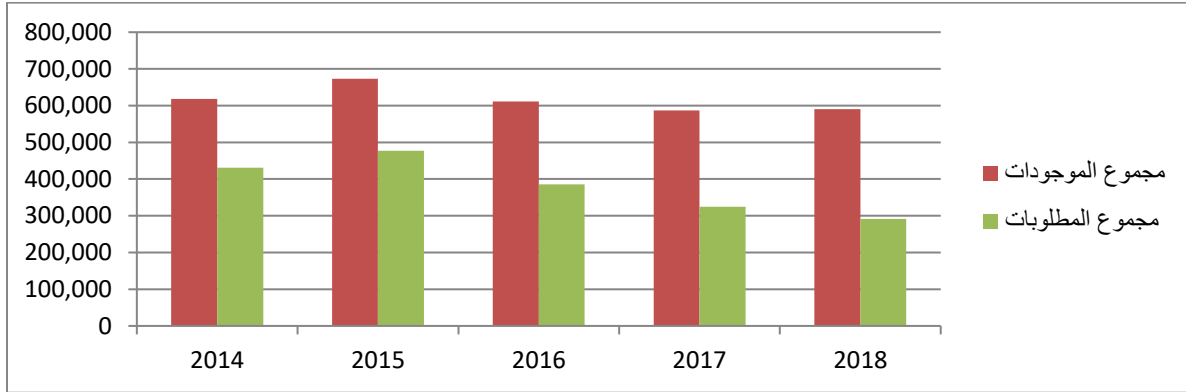
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Ethical and business standards; and Risk mitigation policies and procedures.

18- Company's assets, liabilities and operation results for the last five financial years

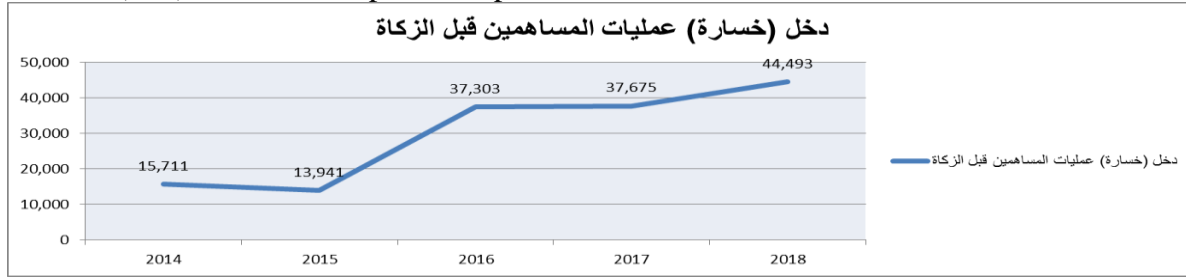
Company Assets and Liabilities

Description	2018G	2017G	2016G	2015G	2014G
List of financial position (in thousands)	SR	SR	SR	SR	SR
Insurance operations assets					
Investments and cash with banks	109,071	115.602	129.283	131.181	98.435
Net Receivables	71,743	65.262	58.148	67.769	67.766
Other assets	136,196	172.296	174.779	260.541	242.233
Total assets of insurance operations	317,010	353.160	362.210	459.491	408.434
Shareholders' assets					
Investments and cash with banks	196,605	163.529	156.833	139.903	140.113
Other Assets	76,891	69,972	92.580	73.638	69.325
Total Assets	273,497	233,501	249.413	213.541	209.438
Insurance liabilities	590,507	586,661	611.623	673.032	617.872
Insurance liabilities					
Reinsurance payables	37,892	29.816	20.2070	40.664	41.140
Technical reserves	193,089	244,435	245.888	345.106	301.792
Other liabilities	38,551	34,472	96.252	73.721	65.502
Total liabilities of insurance operations	269,532	308,723	362.210	459.491	408.434
Shareholders' liabilities and equity					
Shareholders' liabilities	22,041	16.089	23.033	17.458	22.474
Shareholders' equity	293,069	256.772	226.380	196083	186.964
Total Shareholders' liabilities and equity	315,110	272.861	249.413	213.541	209.438
Total liabilities	590,507	586,661	611.623	673.032	617.872

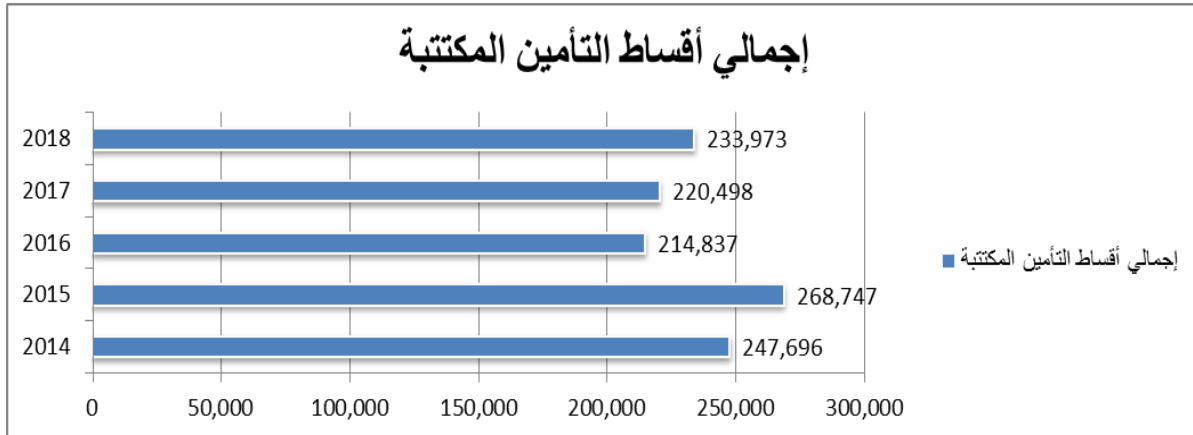
Total Assets & Liabilities



Income(loss) shareholder operations pre-zakat



Total subscribed insurance premiums



Description	2018	2017	2016	2015	2014
Total Assets	590,507	586,661	611,623	673,032	617,872
Total Liabilities	291,574	324,812	385,243	476,949	430,908
Total contributed insurance premiums	233,973	220,498	214,837	268,747	247,696
Income(loss) shareholder operations pre-zakat	44,493	37,675	37,303	13,941	15,711

- Results of company's works for the last five years:

Description (By thousands of Riyals)	2018	2017	2016	2015	2014
Details of results of insurance and surplus operations	-	-	-	-	-
Gross written premiums	233,973	220,498	214.837	268.747	247.696
Net earned insurance premiums	101,332	104,852	122.826	121.355	101.692
Re-insurance commission	21,258	22,200	24.157	24.156	24.972
Other insurance revenues	2,460	3,844	3.951	1.713	183
Investment and other revenues income	1,768	1,712	2.554	870	464
Total income (revenues)	126,818	132,608	153.488	148.094	127.311
Total paid liabilities	49,638	90,184	158.002	117.693	119.808
Total incurred liabilities	25,507	38,744	57.838	69.886	54.516
Costs of acquisition of insurance policies	18,248	18,600	23.774	24.966	23.032
Loss surplus insurance expenses	4,403	4.078	5.876	5.948	7.393
Other expenses	34,066	29,967	24.104	25.952	25.913
Total costs and expenses	82,224	91,389	111.592	126.752	110.854
Net surplus after shareholders shares	5,004	4,292	4.189	2.134	1.646
Accumulated surplus at the end of period	-	-	-	-	-
List of shareholders income	-	-	-	-	-
Investment income and administration fees	4,597	2.773	3.503	1363-	4.439
Other income	-	-	-	-	-
Shareholders share of net surplus	44,493	38.629	37.706	19.208	14.811
General and administrative expenses	5,139	3.727	3.906	3.904	3.539
Net profit (loss) for the period	44,493	37.675	37.303	13.941	15.711

- Schedule of cash flows for the last five years

Cash flow (By thousands of Riyals)	2018	2017	2016	2015	2014
Details of cash flows for insurance operations					
Net cash of what is used at operational activities	(7,471)	(17,498)	(1,274)	33,732	12,444
Net cash of what is used at investment activities	(8,233)	(2)	(603)	(11,712)	(5,007)
Net cash of what is used at financing activities	2,253	4,655	-	-	-
Net increase (decrease) in cash	(13,451)	(12,845)	(1,877)	22,020	7,437
Cash at the beginning of the year	86,494	99,339	101,216	79,196	71,759
Cash by the end of the year	73,043	86,494	99,339	101,216	79,196
List of shareholders cash flows					
Net cash of what is used at operational activities	34,896	21,998	17,724	3,320	5,982
Net cash of what is used at investment activities	(19,606)	(66,876)	(1,132)	(28,173)	(21,096)
Net cash of what is used at financing activities	(2,253)	(4,655)	-	-	-
Net increase (decrease) in cash	13,037	(49,532)	16,952	(24,853)	(15,114)
Cash at the beginning of the year	55,430	104,963	88,371	113,224	128,338
Cash by the end of the year	68,468	55,430	104,963	88,371	113,244

Schedule of changes in shareholders' equity as of 31/12/2018

Description (SR)	Capital	Statutory reserve	Retained earnings	Total
1 January 2017	100,000,000	31,774,306	94,605,708	226,380,014
Net profit for the year	-	-	37,674,544	37,674,544
Zakat and income tax	-	-	(7,282,472)	(7,282,472)
Transfer to regulatory reserve	-	7,534,909	(7,534,909)	-
31 December 2017	100,000,000	(20,000,000)	(80,000,000)	-
1 January 2018	200,000,000	19,309,215	37,462,871	256,772,086
Net profit for the year	200,000,000	19,309,215	37,462,871	256,772,086
Zakat and income tax	-	-	44,492,808	44,492,808
Transfer to regulatory reserve	-	-	(8,196,066)	-
Increase in capital through issuance of bonus shares	-	8,898,562	(8,898,562)	-
31 December 2018	200,000,000	28,207,777	64,861,051	293,068,828

19. Geographical analysis of the company's revenues

The following table summarizes the total insurance premiums contributed in (thousands Riyals) based on their geographical distribution in the Kingdom and compared with the previous year, knowing that the company has no branch outside of the Kingdom.

Region	Gross Premium Underwritten 2018	Gross Premium Underwritten 2017	Gross Premium Underwritten 2016	Gross Premium Underwritten 2015	Gross Premium Underwritten 2014
Eastern	139,998	132.181	118.563	142.686	144.589
Central	41,292	45.729	49.492	62.218	57.994
Western	52,683	42.588	46.782	63.843	45.114
Total revenue	233,973	220.498	214.837	268.747	247.697

20- Major variations in actual operating results and projections:

- A- Net profit before Zakat and income tax for the year 2018 amounted to 44,493 thousand riyals compared to 37,675 thousand riyals for the year 2017 with an increase of 18.1%.
- B- Earnings per share for 2018 amounted to SR 2.22 compared to SR 1.88 for 2017.
- C- The surplus of insurance operations, including the return on investments of policyholders (operating results) amounted to SR 48,290 thousand SR compared to SR 41,209 thousand SR for the year 2017, an increase of 17.13%.
- D- The total insurance premiums contributed in 2018 amounted to 233,973 thousand riyals compared to 220,498 thousand riyals for the year 2017, showing an increase of 6.11%, and the net insurance premiums contributed 2018 G, amounting 96,938 thousand riyals compared to 105,390 thousand riyals for the year 2017, a decrease of - 8.02%
- E- Net incurred claims for 2018 amounted to SR 25,507 thousand riyal compared to SR 38,744 thousand Riyal for the year 2017, a decrease of -34.17%.
- F- The return on investments of the 2018 bondholders amounted to SR 1,768 thousand riyals compared to SR 1,712 thousand for the year 2017, a decrease of 3.27%. Shareholders' investments for the year 2018 amounted to SR 4,597 thousand riyals compared to SR 2,773 thousand for the year 2017, at a decrease of-65.78%
- G- The increase in net profit is due to the increase in gross insurance premiums and the decrease in net claims incurred.
- H- The financial statements have been prepared in accordance with International Financial Reporting Standards and not in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia. The Company asserts that there are no substantial differences or any financial impact on the financial statements due to differences in standards.
- I- Earnings per share are calculated based on profit before Zakat and income tax. Certain items were reclassified in comparative data to conform to the current period. Total shareholders' equity (no minority rights) as at 31/12/2018 was 293,069 thousand riyals versus 256,772 thousand SR for the same period of the previous year, an increase of 12.39%

21- **Accounting Standards**

Application of international standards

The Company confirms that, the financial statements have been prepared in accordance with International Accounting Standards and will continue to apply these standards to all financial statements prepared for future financial periods.

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards and have not been prepared in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia. The Company asserts that there are no substantial differences or financial impact on the financial statements as a result of the Preparation of the financial statements in accordance with International Standards than that in Saudi Accounting Standards.

22- **Subsidiary Companies**

The Company does not own any subsidiary.

23 - **Shares details and debt tools issued to the subsidiary company**

There are no subsidiary Companies and therefore no details.

24- **Profit Distribution Policy**

A- The Company's policy to distribute profits does not violate the rules stipulated in the Cooperative Insurance Companies Control Law issued by the Saudi Arabian Monetary Agency and the rules stipulated in the Articles of Association of the Company, which were approved by the constituent Assembly of the Company. Article 44 of the Company's Articles of Association stipulates the policy of distributing shareholders' profits as follows:

- 1- Hold the determined Zakat and income tax
- 2- Hold 20% of the net profit to form a statutory reserve. The Ordinary General Assembly may suspend this reserve when the above mentioned reserve reaches up to total paid-up capital.
- 3- Based on the proposal of the Board of Directors, a percentage of the net annual profits shall be set aside for the formation of an additional reserve to be allocated for a specific purpose or purposes decided by the General Assembly.
- 4- Then distribution from the rest a first payment to the shareholders at least 5% of the paid up capital .
- 5- The residual value shall then be distributed to the shareholders as a share of the profits or post it to the retained earnings account.
- 6- Under a resolution of the Board of Directors, may distribute periodic profits deducted from the annual profits limited in paragraph (4) of this Article in accordance with the rules governing this and issued by the competent authorities

Noting that the company did not distribute dividends in 2018 for 2017

B- Surplus proposed to be distributed to policy holders for the year 2018

The surplus realized from insurance operations reached SR. 49,497,000 and according to Implementing Regulations of Cooperative Insurance, an amount of SR. 44,493,000 representing 90% of surplus of insurance operations has been transferred to shareholders accounts, while the balance rate of 10% of the surplus amounting to SR. 5, 004,000 shall be distributed to policy holders.

25. Description of ownership of any person holding shares eligible for voting (except members of board of directors, senior executives and their spouses and dependent children):

The Company acknowledges non-existence of persons (except members of board of directors, senior executives and their spouses and dependent children) informing the Company of any rights entitled under Article (45) of rules of registration and enrollment issued by Saudi Monetary Authority.

26. Description of ownership of major shareholders, members of boards of directors, senior executives and their spouse and minor children:

Below are names of current owners of the Company, owning (5%) and more up to date of this report:

- Chubb INA International Holdings Company Limited. 30%
- Al Khereihi Investment Company 10%
- Al Khereihi Company for Trading & Electronics 5%
- Al Khereihi Contracting Limited Company. 5%
- Al Khereihi Real Estate Company 5%
- International Company for Trading & Contracting Services 5%

The members Mr. Abdulaziz Bin Abdulkarim Al Khereihi and Mr. Mohamed Bin Abdulkarim Al Khereihi together own 30% of shares of Chubb Arabia Cooperative Insurance Company, through the following shareholder companies:

- Al Khereihi Investment Company 10%
- Al Khereihi Company for Trading & Electronics 5%
- Al Khereihi Contracting Limited Company. 5%
- Al Khereihi Real Estate Company 5%
- International Company for Trading & Contracting Services 5%

Each of the members, Mr. Stephen Brian Dixon, Mr. Serge Michel Osouf and Mr. Giles Ward represent Chubb INA International Holdings Limited Company which is founding shareholder with shareholding of 30% of the Company.

Description of any stake that belongs to members of board of directors, their spouses and dependent children of shares or instruments of debts of the company

#	Name of stakeholder	At the beginning of the year		At the end of the year			
		Number of shares	Instruments of debt	Number of shares	Instruments of debts	Net of variation	Rate of variation
1	Nabil Yousef Jokhdar	-	-	-	-	-	-
2	Stephen Brian Dixon	-	-	-	-	-	-
3	Abdulaziz Abdulkarim Al Khereiiji	-	-	5,000	-	+5,000	100%
4	Mohamed Abdulkarim Al Khereiiji	-	-	-	-	-	-
5	Serge Michel Osouf	-	-	-	-	-	-
6	Giles Richard Ward	-	-	-	-	-	-
7	Christian Raymond Mounis	-	-	-	-	-	-
8	Wahdan Suleiman al-Qadi	-	-	-	-	-	-
9	Hisham Abdulrahman Al-Khuraiiji	-	-	-	-	-	-

Other than as disclosed above, none Senior Executives, their spouses and dependent children directly or indirectly own any shares of the Company.

27. Loans on the Company

The Company acknowledges the non-existence of any loans on it whether payable on demand or otherwise.

28. Description of instruments of debt, right of choice or document of subscription right and the like:

An amount of SR. 1,932, 078.00 has been invested in the share capital of Najm for Insurance Services Company (A Saudi Limited Liability Company).

29. The Company acknowledges non-existence of any rights of transfer, subscription under instruments of debt convertible into shares, rights of choice or policies of subscription right or the like of the rights issued or granted by the Company.

30. The Company acknowledges non-existence of any redemption, purchase or cancellation by the Company of any instruments of debts subject to redemption.

31. Board of directors meetings:

The Board of Directors of the Company had 4 meetings during 2018. The following table shows time of the meetings and actual attendance record of the members:

Member's name	Number of meetings: 4				Total (4)
	1 st Meeting 21/03/2018 ^٢	2 nd Meeting 26/06/2018 ^٢	3 rd Meeting 25/07/2018 ^٢	4 th Meeting 24/10/2018 ^٢	
Sheikh Abdullah Abdulaziz Al Kherei.	-	X	X	X	1
Mr. Stephen Brian Dixon	√	√	√	√	4
Mr. Abdulaziz Abdulkarim Al Kherei	√	√	√	√	4
Mr. Serge Michel Osouf	√	√	√	√	4
Mr. Mohamed Abdulkarim Al Kherei	√	√	√	√	4
Mr. Syed Umer Ali Shah	√	√	X	X	2
Engr. Nabil Yousef Jokhdar	√	√	√	√	4
Dr. Fahd Hamid Dakheel	√	√	X	X	2
Mr. Patrick Loisy	√	√	X	X	2
Mr. Giles Richard Ward	X	X	√	√	2
Eng. Hisham Abdulrahman Al-Kherei	X	X	√	√	2
Mr. Wahdan Suleiman al-Qadi	X	X	√	√	2
Mr. Christian Raymond Mounis	X	X	√	√	2
Date of last meeting of the General Assembly 25/07/2018					

32- Shareholders Report.

#	Reason for the request	Date of report
1	Ordinary General Assembly - not held	2018/06/26
2	Ordinary General Assembly - held	2018/07/24

33- Transactions of the Company and related parties

The Company issued different insurance policies for one year with a total amount of SR. 941,829 for companies whose ownership belongs directly or indirectly to related parties. The below schedule shows details of these policies.

Name of Company	Related party	Type of its relation with the Company	Type of transaction	Term	Value Saudi Riyals
Al Khereiji Establishment	Abdullah Abdulaziz Al Khereiji	Chairman	Insurance Contract	1 year	314,003
Al Khereiji Trading & Electronics Company	Abdulaziz Abdulkarim Al Khereiji Mohamed Abdulkarim Al Kheriji	Members of the board	Insurance Contract	1 Year	248,389
Technical Services Company for Practical Tools	Fahd Hamid Dakheel	Member of the board	Insurance Contract	1 Year	68,479
Al Khwarizmi Actuarial Services Company	Abdulaziz Abdulkarim Al Kheriji	Member of the board	Insurance Contract	1 Year	10,900
Al Khereiji Real Estate Company	Abdulaziz Abdulkarim Al Khereiji Mohamed Abdulkarim Al Kheriji	Members of the board	Insurance Contract	1 Year	300,058

34. Business and contracts of the company have or used to have an interest of a Board member or the Chief Executive Officer or Chief Financial Officer or any person related to any of them

Company's Name	Nature of work or contract	Amount of work or contract (Riyals)	Term of work or contract	Conditions of work or contract	Name of member/ senior executives or any person related to any of them
Chubb INA International Holdings Company Ltd	Reinsurance Transactions	40,135,848	One year	There is no any condition or advantages	Stephen Brian Dixon Giles Richard Ward Serge Michel Osouf
RFIB Broker Company	Reinsurance Transactions	12,125,638	One year	There is no any condition or advantages	Abdulaziz Abdulkarim Al Khereiji Mohamed Abdulkarim Al Khereiji
General Maintenance Center for Vehicles Establishment	Provision of maintenance services to insured vehicles of the clients	2,925,129	One year/ automatically renewed	There is no any condition or advantages	Mohamed Abdulkarim Al Khereiji
Al Khereiji Trading & Electronics Company	Lease of company's buildings.	1,399,770	One year	There is no any condition or advantages	Abdulaziz Abdulkarim Al Khereiji Mohamed Abdulkarim Al Khereiji

35. Waiver by the members of board of directors or senior executives of any salary or compensation:

Mr. Abdulaziz Bin Abdulkarim Al Khereiji has waived salaries, dues and allowances for the position of Managing Director from the beginning of his assignment on 25/7/1432H, corresponding to 26/6/2011 .

36. Waiver of profits by any of the shareholders:

There is no any arrangement or accord of waiver under which any of the company’s shareholders has waived any rights in the profits.

37. Value of statutory payments:

We state below amounts of statutory payments during the physical year 2018

Statement	2018		Brief description	Statement of reasons
	Payment made (Saudi Riyals)	Amount due up to end of annual financial period and not settled		
Zakat & Income	8,196,066	-	Regular governmental charges	Charges of Zakat and income under Zakat & Income Tax regulations.
General Organization of Social Security	1,530,450.85	-	Regular Governmental Charges	Social insurance for the employees under regulations of social insurance.
Costs of visas, passports and Labor Office Depts.	205,406	-	Regular Governmental Charges	Costs of governmental payments.
Saudi Arabian Monetary Authority	1,139,746	-	Charges of inspection and supervision costs	Charges of inspection and supervision under regulation of control of insurance companies.
Capital Markets Authority (Tadawl)	269,807.50	-	Service charges	Agreement of management of registry of shareholders`
Total regular payments	10,006,863.92	Saudi Riyals.		

38. Investments or reserves in favor of employees of the Company:

Compensation for end of service of the employees by the end of the fiscal year 2018 has reached an amount of SR. 7,174, 176.

39. Acknowledgements:

The board of directors acknowledges the following:

1. Records of accounts have been prepared correctly.
2. Internal control systems were prepared on sound basis and implemented efficiently.
3. There are no concerns about the Company's ability to continue its business.

40. Reservations of external accountants on annual financial statements:

The following comment was included in the External Auditors report:

The Company has prepared the financial statements in accordance with standards of International Financial Reporting Standards (IFRS) and not in accordance with accounting standards generally accepted in Saudi Arabia. The Company confirms nonexistence of substantial differences or financial effect on the financial statements as a result of differences of standards.

41. The recommendation of the Board of Directors to change the auditor before the end of the designated period, indicating the reasons for recommending the change:

The Company acknowledges that there was no recommendation from the Board of Directors during the financial year ended 31/12/2018 regarding the change of the Auditor before the end of the period specified for it.

42. Details of the shares held and the details of their use:

N/A

43. Conclusion:

The Board of Directors expresses its thanks and appreciation to our valued clients for their high confidence, and the Board is pleased to express its sincere thanks and gratitude to the shareholders who played a key role in the development of the company and making it progress well in the insurance market in the Kingdom and the Board is keen to express its sincere thanks and appreciation to the directors, managers and employees for their dedicated efforts throughout this period which resulted in distinct and consistent results.

Board of Directors