

Board of Directors Report
For the financial year January 1, 2019 to December 31, 2019

The Board of Directors of Chubb Arabia Cooperative Insurance are pleased to present to the esteemed shareholders its annual report accompanied with the Audited Financial Statements and notes for the year ending on 31/12/2019G, 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 the 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.	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. Names of members of the Board of Directors, members of the Committees and Executive Administration, their present, 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 Jamil Jokhdar (Chairman)	Retired	General Manager of Saudi Consolidated Engineering Company. General Manager of Dar Al Riyadh Branch Manager pf ZFP.	University Degree in Civil Engineering, University of North Arizona, year 1983	37
2	Mr.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	43
3	Mr.Abdulaziz Abdulkarim Al Khereiji (Managing Director)	Managing Director of Chubb Arabia Insurance Company, Board of Directors and Nomination and Remuneration Committee member of the Saudi Ceramic 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	20
4	Mr.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	17
5	Mr.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	53

#	Name	Current Position	Previous Position	Qualifications	Years of experience
6	Mr.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	31
7	Mr.Christian Raymond Mounis	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	43
8	Mr.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.	19
9	Engr. Hisham Abdulrahman A. El Khereiji	Member of the Board of Directors of Chubb Arabia Company and CEO, Al-Khereiji Company for Commerce & Contracting.	Deputy CEO, Al-Khereiji Company for Commerce & Contracting, Section Manager Fast Moving Consumer Goods, Savola Retail Division (PANDA)	MS Engineering Management & Leadership BS Systems Engineering	17

B. Executive Management

#	Name	Current Position	Previous Position	Qualifications	Years of experience
1	Mr.Abdulaziz Abdulkarim Al Khereiji (Managing Director)	Managing Director 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	20
2	Mr. Kamran Mazhar (Chief Executive Officer)	Acting Chief Executive Officer of Chubb Arabia Cooperative Insurance Co.	Chief Operating Officer at Chubb / ACE Insurance Pakistan, Limited	Executive Masters in Business Administration (EMBA) Degree, from HEC Paris- France and Bachelor's degree in Economics University of Texas at Austin USA, year 2000	20
3	Mr.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	41
4	Mr.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.	10
5	Mr.Mowafaq 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.	13
6	Mr.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.	21
7	Mr.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	19

8	Mr.Mohanad Badkook	Risk Manager	Accountant at Ace Arabia Cooperative Insurance Company, KSA	University Degree in Accounts and Finance, USA.	5
9	Mr. Muhammad Zeeshan	Chief Underwriting Officer	Underwriting Manager	B.E. (EE) M.S. (EM)	18
10	Mr.Dastagir Khan	Chief Officer	Claims Claims Manager	M.A & AIII	37
11	Mr.Mohammed Alnajjar	Country Manager	Claims Corporate Claims Manager	Bachelor's degree in BA Associate Degree in Insurance	14

3. Names of companies inside or outside the Kingdom in which a member of the Board of Directors is a member of the Board of 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	Mr.Mohamed Abdulkarim Khereiji	Al 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	Mr.Abdulaziz Abdulkarim Khereiji	Al Listed	Saudi Ceramics Company	Non-executive	Inside Kingdom	Representative of Al Khereiji Investment Company
		Non-listed	RFIB 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	Mr.Wahdan Suleiman Al-Qadi	Non-listed	Teraz Arabian Company	Independent	Inside Kingdom	In his personal capacity.
5	Mr.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	Mr.Serge Osouf	Michel	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	Mr.Stephen Dixon	Brian	Non-listed	Chubb Insurance Pakistan Ltd.	Non-executive	Outside Kingdom	Representing Chubb Group.
			Non-listed	Pakistan Chubb Egypt	Non-executive	Outside Kingdom	Representing Chubb Group.
8	Mr.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 the Board of Directors and categorization of its members

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

*Mr.Abdulaziz Abdulkarim Al Khereiji became a Non-executive member since the date of his resignation as CEO on September 4, 2019.

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 Terms of Reference 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 2019.

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 the Board of Directors on important issues such as strategic and work plans. The Board of Directors have delegated power to the Executive Committee to carry out its tasks in 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 Khereiiji*	Yes	Non-executive
3	Mr. Stephen Brian Dixon	Yes	Non-executive
4	Mr. Mohammed Abdulkarim Al Khereiiji	Yes	Non-executive
5	Mr. Ghalib Asaad Zamari	No	Executive

* Mr.Abdulaziz Abdulkarim Al Khereiiji became a Non-executive member since the date of his resignation as CEO on September 4, 2019.

Members of the committee met 8 times during the year of 2019 and the following statement shows date of meetings and attendance record:

#	Member's name	Nature of membership	Number of meetings							
			1 st Meeting	2 nd Meeting	3 rd Meeting	4 th Meeting	5 th Meeting	6 th Meeting	7 th Meeting	8 th Meeting
			29\01\2019	19\03\2019	14\05\2019	19\06\2019	30\07\2019	09\09\2019	05\11\2019	11\12\2019
1	Mr.Serge Michel Osouf	Head of Committee	✓	✓	✓	✓	✓	✓	✓	✓
2	Mr.Abdulaziz Al Khereiiji	Member	✓	✓	✓	✓	✓	✓	✓	✓
3	Mr.Stephen Brian Dixon	Member	✓	✓	✓	✓	✓	✓	✓	✓
4	Mr.Mohammed Al Khereiiji	Member	✓	✓	✓	✓	✓	✓	✓	✓
5	Mr.Ghalib Zamari	Member	✓	✓	✓	✓	✓	✓	✓	✓

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

Members of the committee met 4 times during the year of 2019 and the following statement shows date of meetings and attendance record:

#	Member's name	Nature of membership	Number of meetings			
			1 st Meeting	2 nd Meeting	3 rd Meeting	4 th Meeting
			30\01\2019	15\05\2019	31\07\2019	06\11\2019
1	Mr.Mohammed Abdulkarim Al Khereiji *	Head of the Committee	✓	✓	✓	✓
2	Mr.Serge Michel Osouf *	Member	✓	✓	✓	✓
3	Mr.Giles Richard Ward	Member	✓	✓	✓	✓
4	Mr.Loay Fahad Dkheel	Member	✓	✓	✓	✓

6-3 Audit Committee

Brief description of specialization of the committee

Audit committee reviews the task to activate proposals for the Board of Directors with respect to supervision of the financial reports of the company, evaluation to the extent of sufficiency of internal and external audit operations, evaluation and control of internal audit administration processes and regulatory controls.

#	Name of member	Member of board of directors?	Categorization
1	Mr. Abdullah Khalaf Al Yousef	No.	Independent
2	Engr. Hisham Abdulrahman A. El-Khereiji	Yes.	Independent
3	Mr. Diya Alaa Maghrabi	No.	Independent

Members of the committee met 6 times during the year of 2019 and the following statement shows date of meetings and attendance record:

#	Member's name	Nature of membership	Number of meetings					
			1 st Meeting 29\01\2019	2 nd Meeting 19\03\2019	3 rd Meeting 14\05\2019	4 th Meeting 31\07\2019	5 th Meeting 05\11\2019	6 th Meeting 15\12\2019
1	Mr. Abdullah Al Yousef	Head of the Committee	✓	✓	✓	✓	✓	✓
2	Engr. Hisham Abdulrahman A. El-Khereiji	Member	✓	✓	✓	✓	✓	✓
3	Mr. Diya Alaa Maghrabi	Member	✓	✓	✓	✓	✓	✓

6-4 Nomination and Remuneration Committee

Brief description of specializations of the committee

Nomination and Remuneration Committee are 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 the structure of the Board of Directors and makes recommendations concerning the changes which could be made, as well as study the 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
4	Mr. Wahdan Suleiman al-Qadi	Yes	Independent
5	Eng. Hisham Abdulrahman A. Al-Khereiji	Yes	Independent

Members of the committee met 4 times during the year of 2019 and the following statement shows date of meetings and attendance record:

#	Member's name	Nature of membership	Number of meetings			
			1 st Meeting 30\01\2019	2 nd Meeting 15\05\2019	3 rd Meeting 31\07\2019	4 th Meeting 06\11\2019
1	Mr. Serge Michel Osouf	Head of the Committee	✓	✓	✓	✓
2	Mr. Stephen Brian Dixon	Member	✓	✓	✓	✓
4	Mr. Wahdan Suleiman al-Qadi	Member	✓	✓	X	✓
5	Mr. Hisham Abdulrahman Al-Khereiji	Member	✓	✓	✓	✓

6-5 Risk Management Committee

Brief description of specializations of the committee

The committee meets to review reports of the Risk Manager in order to advise and recommend relevant actions for the management of the company’s risks. The Committee also sets a system of policies for the management of risks and strategies to be adopted by the 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. Vijay Raghavan Velayudhan	No	Non-executive
3	Mr. Wahdan Suleiman al-Qadi	Yes	Independent
4	Engr. Nabil Yousuf Jamil Jokhadar	Yes	Non-executive

Members of the committee met 4 times during the year 2019 and the following statement shows date of meetings and attendance record:

#	Member’s name	Nature of membership	Number of meetings			
			1 st Meeting 30\01\2019	2 nd Meeting 15\05\2019	3 rd Meeting 31\07\2019	4 th Meeting 06\11\2019
1	Mr. Christian Raymond Mounis	Head of the Committee	✓	✓	✓	✓
2	Mr. Vijay raghavan Velayudhan	Member	✓	✓	✓	✓
3	Mr. Wahdan Suleiman Al-Qadi	Member	✓	✓	X	✓
4	Engr. Nabil Yousuf Jamil Jokhadar	Member	✓	✓	✓	✓

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

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 the Board of Directors and Members of the Executive Administration committees

A. Remunerations of Members of the 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														
Wahdan Suleiman al-Qadi	150	20	0	0	0	170	0	0	0	0	0	0	10.434	180.434
Christian Raymond Mounis	150	25	0	0	0	175	0	0	0	0	0	0	56.826	231.826
Hisham Abdulrahman Al-Khereiji	150	25	0	0	0	175	0	0	0	0	0	0	28.565	203.565
Total :	450	70,000	0	0	0	520	0	0	0	0	0	0	95.825	615.83

Second: Non-executive members

Engr. Nabil Yousuf Jamil Jokhadar	0	25	0	0	225	250	0	0	0	0	0	0	6.702	256.702
Mohamed Al Khereiji	150	25	0	0	0	175	0	0	0	0	0	0	14.237	189.237
Serge Osouf	150	25	0	0	0	175	0	0	0	0	0	0	147.922	322.922
Steve Dixon	150	25	0	0	0	175	0	0	0	0	0	0	190.255	365.255
Giles Richard Ward	150	25	0	0	0	175	0	0	0	0	0	0	64.763	239.763
Total :	600	125	0	0	225	950	0	0	0	0	0	0	423.879	1,373.88

Third: Executive members

Abdulaziz Al Khereiji	0	25	0	0	150	175	0	0	0	0	0	0	40.564	215.56
-----------------------	---	----	---	---	-----	-----	---	---	---	---	---	---	--------	--------

B. Remuneration of Committee Members

Name of member	benefits Fixed	attendance Sessions allowance	Total
<u>Members of Audit Committee</u>			
Mr.Abdullah Al Yousef	75.000	30.000	105.000
Mr.Diya Maghrabi	50.000	30.000	80.000
Engr. Hisham Abdulrahman Al Khereiji	50.000	30.000	80.000
Total	175.000	90.000	265.000
<u>Members of Nomination & Remuneration Committee</u>			
Mr.Serge Osouf	37.000	20.000	57.000
Mr.Steve Dixon	25.000	20.000	45.000
Engr.Hisham Abdulrahman Al Khereiji	25.000	20.000	45.000
Mr.Wahdan Suleiman Al Qadi	25.000	15.000	40.000
Total	112.000	75.000	187.000
<u>Members of Risk Management Committee</u>			
Mr.Christian Raymond Mounis	37.000	20.000	57.000
Mr.Wahdan Suleiman Al Qadi	25.000	15.000	40.000
Engr.Nabil Yousef Jokhdar	25.000	20.000	45.000
Mr.Vijay Raghavan Velayudhan	25.000	20.000	45.000
Total	112.000	75.000	187.000
<u>Members of Executive Committee</u>			
Mr.Serge Osouf	75.000	40.000	115.000
Mr.Mohamed Al Khereiji	50.000	40.000	90.000
Mr.Abdulaziz Alkhareiji	50.000	40.000	90.000
Mr. Steve Dixon	50.000	40.000	90.000
Total	225,000	160,000	385,000
<u>Members of Investment Committee</u>			
Mr.Mohamed Al Khereiji	37.000	20.000	57.000
Mr.Serge Osouf	25.000	20.000	45.000
Mr.Giles Richard Ward	25.000	20.000	45.000
Mr.Loay Fahad Dkheel	25.000	20.000	45.000
Total	112.000	80.000	192.000
<u>Members of Reinsurance Committee</u>			
Mr.Christian Raymond Mounis	37.000	25.000	62.000
Mr.Abdulaziz Al Khereiji	25.000	20.000	45.000
Mr.Serge Osouf	25.000	25.000	50.000
Mr. Steve Dixon	25.000	25.000	50.000
Total	112.000	95.000	207.000

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.	2,829,276	622,857	309,610	3,761,743

D- Policy of remunerations and manner of fixing remunerations of Members of Board of Directors and Executive administration of the company.

The minimum limit of annual remuneration of the Chairman and Members of the 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 of profits by the company, 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 the 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 rewards and financial benefit 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 the 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 the remuneration policy implemented and the company confirms that there are no essential deviations from this policy.

9. Penalties and constraints imposed on the company

The company did not receive any penalties for violations or constraints during the year 2019.

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

Internal control measures have been prepared on sound basis 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 2019, 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 made the support of community programs among the priorities and duties that it seeks to fulfill and pay attention to everything that contributes to supporting activities and programs and sponsoring events and events of value and benefit to the individual and society, both within and outside the eastern region, and from the sector in the region.

Participating in the charitable support program for cancer children at King Fahd Specialist Hospital.

- Student training program: The company 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 spend a monthly bonus throughout the training period.

- The previous Chairman of the Board of Directors, Sheikh Abdullah Al Khereiji, donated his reward for the year 2018 amounting to 112,500 riyals to the Irada Association to qualify, equip and operate a games room for children with genetic blood.

The company is striving to intensify community programs in the coming years.

14. Statement of dates of general meetings of shareholders convened during the period from 1/1/2019 up to 31/12/2019 and the names of Members of the Board of Directors who attended these meetings.

#	Name of member	Attendance record
		Meeting of 11 th AGM 27/06/2019
1	Engr. Nabil Yousef Jokhdar	✓
2	Mr.Stephen Brian Dixon	✗
3	Mr.Abdulaziz Abdulkarim Al Khereiji	✗
4	Mr.Serge Michel Osouf	✗
5	Mr.Mohamed Abdulkarim Al Khereiji	✓
6	Mr.Giles Richard Ward	✗
7	Mr.Wahdan Suleiman Al Qadi	✓
8	Mr.Christian Raymond Mounis	✗
9	Mr.Hisham Abdulrahman Al Khereiji	✗

Chubb Arabia Cooperative Insurance Co. announces the results of the 11th general assembly meeting held in the Company's Head Office in Khobar on 24/10/1440 H, 27-06-2019. Resolutions of the meeting are as follows:

- 1- Ratification of the Board of Directors' report on the company's business for the year ended December 31, 2018.
- 2- Approval of the auditors' report for the fiscal year ended December 31, 2018.
- 3- Approval of the company's annual financial statements for the year ended December 31, 2018.
- 4- Approval of the works and contracts that will be carried out between the company and the alumni institution, which the member of the Board of Directors Sheikh Abdullah bin Abdulaziz Al Kherei direct interest in and license them for the fiscal year 2019, which is insurance contracts, as Sheikh Abdullah Al Kherei owns the Alumni Foundation note that the transactions for the previous year 2018 amounted to (314,003) Saudi Riyals, and there are no preferential conditions.
- 5- Approval of the works and contracts that will be carried out between the company and Al Kherei real estate, which the members of the Board of Directors Mr. Mohammed bin Abdulkarim Al Kherei and Mr. Abdulaziz bin Abdulkarim Al Kherei an indirect interest in them as owners and license them for the fiscal year 2019, which are insurance contracts, note that the transactions for the previous year 2018 amounted to (300,058) Saudi Riyals, and there are no preferential conditions.
- 6- Approval of the business and contracts that will be carried out between the company and the Al Kherei Company for Trade and Electronics, which to the members of the Board of Directors Mr. Mohammed bin Abdulkarim Al Kherei and Mr. Abdulaziz bin Abdulkarim Al Kherei an indirect interest in them as owners and license them for the fiscal year 2019, which are insurance contracts, knowing that the transactions for the previous year 2018 amounted to (248,389) Saudi Riyals, and there are no preferential conditions.
- 7- Approval of the business and contracts that will be carried out between the company and the member companies of the Chubb INA Group. The members of the Board of Directors, Mr. Stephen Brian Dixon, Mr. Serge Michel Osouf and Mr. Giles Richard Ward have an indirect interest as representatives of Chubb INA on the Board of Directors of the Company, and license them for the fiscal year 2019, which is reinsurance transactions, with the total transaction premiums for the previous year 2018 amounted to SAR 40,135,848, and there are no preferential terms.
- 8- Approval of the works and contracts that will be carried out between the company and the Al Kherei Company for Trade and Electronics, which the members of the Board of Directors Mr. Mohammed bin Abdulkarim Al Kherei and Mr. Abdulaziz bin Abdulkarim Al Kherei an indirect interest in them as owners, which are contracts of rent buildings, the main center of the company and Jeddah branch and Riyadh branch, and license them for the fiscal year 2019 note that the transactions for the previous year 2018 amounted to (1,399,770) Saudi Riyals, and there are no preferential terms.
- 9- Approval of the works and contracts that will be carried out between the company and the foundation of the General Maintenance Center for Cars owned by the International Company for Trade services and pledges, which to the members of the Board of Directors Mr. Mohammed bin Abdulkarim Al Kherei and Mr. Abdulaziz Bin Abdulkarim Al Kherei indirect interest in them as owners, which is to provide maintenance services for customers vehicles, and license them for the fiscal year 2019, note that for the previous trading year 2018 amounted to (2,925,129) Saudi Riyals, and there are no preferential conditions.
- 10- Approval of the works and contracts that will be carried out between the company and the technical services company for practical tools, in which the member of the Board of Directors Mr. Fahad bin Hamed Dakhil direct interest in it as an insurance contract, which is an insurance contract, and license edited for the fiscal year 2019 note that the transactions for the previous year 2018 amounted to (68,479) Saudi Riyals, and there are no preferential conditions.
- 11- Approval of the works and contracts that will be carried out between the company and al-Khwarizmi Company for actuarial services owned by the International Company for Trade services and pledges, which to the members of the Board of Directors Mr. Mohammed bin Abdulkarim Al Kherei and Mr. Abdulaziz Bin Abdulkarim Al Kherei indirect interest in them as owners, which is a contract to secure professional risks in financial institutions and license them for the fiscal year 2019 note that the transactions for the previous year 2018 amounted to (10,900 Riyals) Saudi, and there are no preferential terms.
- 12- Approval of the works and contracts that will take place between the company and the Company RFIB Saudi Arabia reinsurance brokerage where Al Kherei company Investment owns a stake in the Company RFIB Saudi Arabia for the Reinsurance Brokerage, which is for the members of the Board of Directors Mr. Mohammed bin Abdulkarim Al Kherei and Mr. Abdulaziz Bin Abdulkarim Al Kherei are an indirect interest in them as owners and license them for the fiscal year 2019 which is reinsurance transactions note that the total transaction premiums for the previous year 2018 amount (12,125,638) Saudi Riyals, and there are no preferential conditions.

13- Approval of the discharge of the members of the Board of Directors for the responsibility of the management of the company for the fiscal year 2018.

14- Approval of the appointment of the auditors of The Saudi Company / Deloitte Saudi Arabia and Mr. Aldar Audit Company among the candidates on the recommendation of the Audit Committee, in order to examine, review and audit the financial statements for the second, third and annual quarter for the fiscal year 2019 and the first quarter of 2020 and determine its fees.

15- Approval to disburse 3,037,841 SR as a reward to the members of the Board of Directors for the fiscal year ended 31\12\2018.

16- Approval of the Board's recommendation not to distribute the profits for fiscal year 2018.

17- Approval of the appointment of Engineer Hisham bin Abdulrahman Al Khereiji (independent member) as a member of the review committee from the date of the association until the end of the current working period of the committee on 24/07/2021, in place of the member of the committee resigned Mr. Wahdan bin Suleiman al-Qadi.

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, Cyber Risks Insurance Policy and Event Cancellation Policy.

Following is a statement of results of these operational sectors and their effect on the volume of business and their contribution to the results of the Company, for the year ending 31/12/2019.

Properties insurance category for the year 2019 represented 42.43% of total production premiums and vehicles category represented 23.97%, in addition engineering insurance represented 7.22% while remaining categories represented 26.38%, as stated below:

Statement	Fiscal year ending 31/12/2019 (by thousands of Riyals)				
	Property insurance	Vehicle insurance	Engineering insurance	Others	Total
Gross Written Premium	109,563	261,89	18,643	568,12	258,223
Net Written Premium	55,18	451,77	2,514	29,162	88,635
Net Earned Premiums	5,402	52,918	2,226	26,89	87,439
Net incurred claims	458	(31,214)	659	(316)	(30,412)
Underwriting Expenses	(5,168)	(4,642)	(1,629)	(4,548)	(15,988)
Re-insurance commissions revenues	10,927	2,847	3,401	5,038	22,215
Other underwriting expenses	(757)	(567)	(343)	(1,156)	(2,824)
Net Underwriting Profit	9,302	19,718	5,452	26,465	60,938
General & Administrative Expenses	-	-	-	-	(37,672)
Provision for doubtful reserves	-	-	-	-	(2,572)
Special Commission Income	-	-	-	-	9,611
Other losses not realized from investments	-	-	-	-	2,927
Other Income	-	-	-	-	2,165
Net surplus of insurance operations	-	-	-	-	35,398

Out of the 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	-	-	-	-	353
Other Income	-	-	-	-	2,460
Net surplus of insurance operations	-	-	-	-	49,496

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

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

Board of Directors' have approved the business strategy for the next five years, demonstrating a positive outlook which aims to maintaining the Company's competitive capabilities to grow sustainably.

The company is committed to continue being a reliable partner for its customers and brokers and will maintain its underwriting philosophy. A noteworthy objective includes maintaining its A3 rating with stable outlook from Moody's Investor Service, which demonstrates the level of strength and stability of the company. Maintaining its underwriting discipline, will enable the company to profitably grow the Property & Casualty portfolio, as well as contribute towards introducing and creating awareness on niche products.

Going forward, the company will also continue to implement strategies for enhancing operational efficiencies, through resource optimization and expand market outreach with the development of niche products and services – Chubb Arabia is an underwriting company and will continue its focus on quality underwriting for all its lines of business.

17- The most important risks which are facing the company

The risks faced by the Company and the way these risks are mitigated by management are summarized as 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 where 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 has 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

	<i>Insurance operations</i>		<i>Shareholders' operations</i>	
	<i>2019 SR</i>	<i>2018 SR</i>	<i>2019 SR</i>	<i>2018 SR</i>
Cash and cash equivalents	58,510,894	73,042,726	47,140,114	68,467,593
Investments held for trading	38,013,460	36,028,138	58,493,236	46,738,086
Investments available for sale	-	-	1,932,078	1,932,078
Premiums and insurance balances receivable (note 7)	102,144,942	71,742,938	-	-
Reinsurers' share of outstanding claims (note 9)	37,167,238	32,402,153	-	-
Other assets	-	-	-	-
	<u>235,836,534</u>	<u>213,215,955</u>	<u>107,565,428</u>	<u>117,137,757</u>

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 fund is 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.

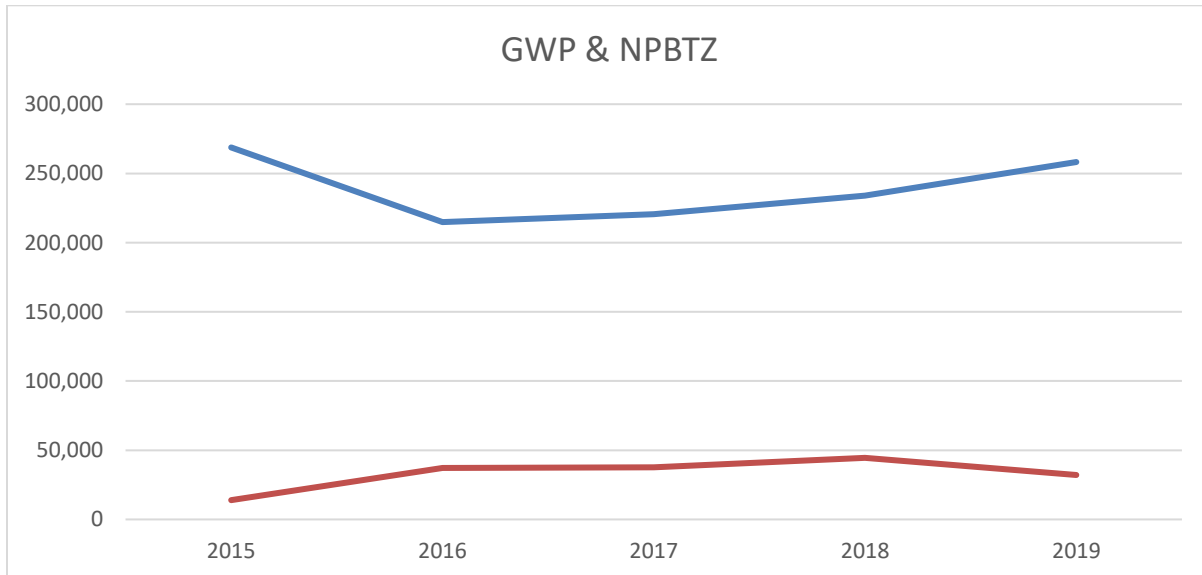
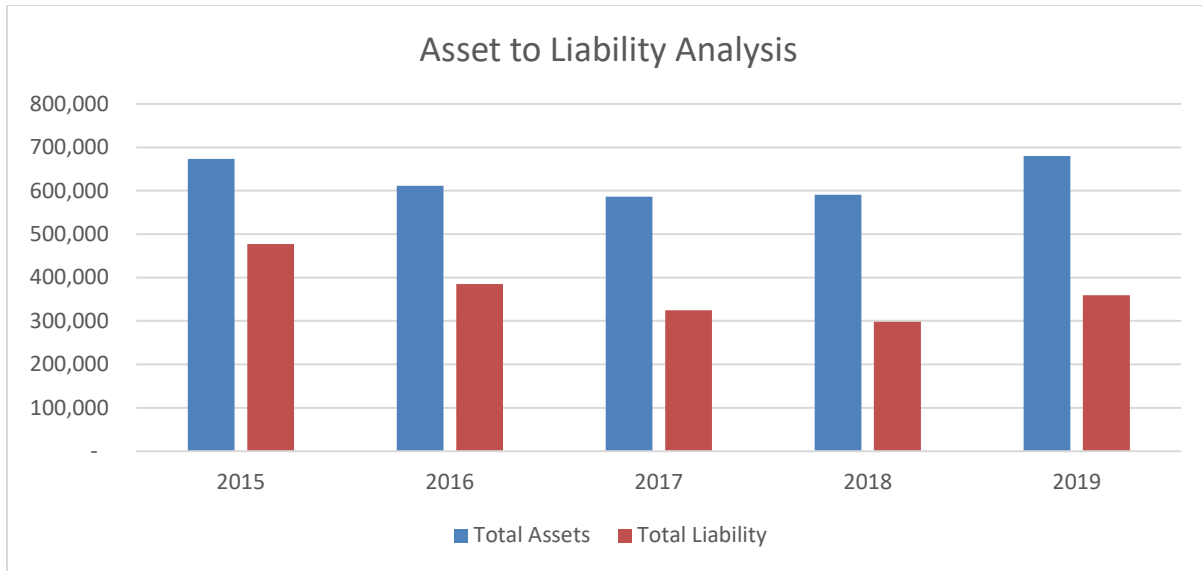
The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors. The primary responsibility for the development and implementation of controls over operational 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	2019G	2018G	2017G	2016G	2015G
List of financial position (in thousands)	SR	SR	SR	SR	SR
Insurance operations assets					
Investments and cash with banks	96,524	109,071	115.602	129.283	131.181
Net Receivables	102,145	71,743	65.262	58.148	67.769
Other assets	162,374	136,196	172.296	174.779	260.541
Total assets of insurance operations	361,043	317,010	353.160	362.210	459.491
Shareholders' assets					
Investments and cash with banks	239,647	196,605	163.529	156.833	139.903
Other Assets	78,973	76,891	69,972	92.580	73.638
Total Assets SH	318,620	273,497	233,501	249.413	213.541
Total Assets PH + SH	679,663	590,507	586,661	611.623	673.032
Insurance liabilities					
Reinsurance payables PH	64,807	37,892	29.816	20.2070	40.664
Technical reserves	222,040	200,199	244,435	245.888	345.106
Other liabilities	41,278	31,442	34,472	96.252	73.721
Total liabilities of insurance operations	328,125	269,532	308,723	362.210	459.491
Shareholders' liabilities and equity					
Shareholders' liabilities	30,970	22,041	16.089	23.033	17.458
Shareholders' equity	322,414	293,069	256.772	226.380	196083
Total Shareholders' liabilities and equity	353,384	315,110	272.861	249.413	213.541
Total liabilities	679,663	590,507	586,661	611.623	673.032



Description	2019	2018	2017	2016	2015
Total Assets	679,663	590,507	586,661	611,623	673,032
Total Liabilities	359,095	291,574	324,812	385,243	476,949
Total contributed insurance premiums	258,223	233,973	220,498	214,837	268,747
Income(loss) shareholder operations pre-zakat	32,187	44,493	37,675	37,303	13,941

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

Description (By thousands of Riyals)	2019	2018	2017	2016	2015
Details of results of insurance and surplus operations	-	-	-	-	-
Gross written premiums	258,223	233,973	220,498	214.837	268.747
Net earned insurance premiums	87,439	101,332	104,852	122.826	121.355
Re-insurance commission	22,215	21,258	22,200	24.157	24.156
Other insurance revenues	2,166	2,460	3,844	3.951	1.713
Investment and other revenues income	3,620	1,768	1,712	2.554	870
Total income (revenues)	115,440	126,818	132,608	153.488	148.094
Total paid liabilities	53,512	49,638	90,184	158.002	117.693
Total incurred liabilities	30,412	25,507	38,744	57.838	69.886
Costs of acquisition of insurance policies	14,970	18,248	18,600	23.774	24.966
Loss surplus insurance expenses	3,718	4,403	4.078	5.876	5.948
Other expenses	43,577	38,164	29,967	24.104	25.952
Total costs and expenses	92,677	86,322	91,389	111.592	126.752
Net surplus after shareholders shares	3,212	5,004	4,292	4.189	2.134
Accumulated surplus at the end of period	-	-	-	-	-
List of shareholders income	-	-	-	-	-
Investment income and administration fees	8,918	4,597	2.773	3.503	1363-
Other income	-	-	-	-	-
Shareholders share of net surplus	32,187	44,493	38.629	37.706	19.208
General and administrative expenses	5,636	5,139	3.727	3.906	3.904
Net profit (loss) for the period	32,187	44,493	37.675	37.303	13.941

- Schedule of cash flows for the last five years

Cash flow (By thousands of Riyals)	2019	2018	2017	2016	2015
Details of cash flows for insurance operations					
Net cash of what is used at operational activities	4,092	(7,471)	(17,498)	(1,274)	33,732
Net cash of what is used at investment activities	(1,468)	(8,233)	(2)	(603)	(11,712)
Net cash of what is used at financing activities	(17,155)	2,253	4,655	-	-
Net increase (decrease) in cash	(14,532)	(13,451)	(12,845)	(1,877)	22,020
Cash at the beginning of the year	73,042	86,494	99,339	101,216	79,196
Cash by the end of the year	58,511	73,043	86,494	99,339	101,216
List of shareholders cash flows					
Net cash of what is used at operational activities	25,242	34,896	21,998	17,724	3,320
Net cash of what is used at investment activities	(62,603)	(19,606)	(66,876)	(1,132)	(28,173)
Net cash of what is used at financing activities	16,033	(2,253)	(4,655)	-	-
Net increase (decrease) in cash	(21,327)	13,037	(49,532)	16,952	(24,853)
Cash at the beginning of the year	68,467	55,430	104,963	88,371	113,224
Cash by the end of the year	47,140	68,468	55,430	104,963	88,371

Schedule of changes in shareholders' equity as of 31/12/2019

Description (SR)	Capital	Statutory reserve	Retained earnings	Total
1 January 2018	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 2018	100,000,000	20,000,000	80,000,000	-
1 January 2019	200,000,000	19,309,215	37,462,871	256,772,086
Net profit for the year	200,000,000	26,568,563	66,500,265	292,169,457
Zakat and income tax	-	-	29,345,438	29,345,438
Transfer to regulatory reserve	-	-	-	-
Increase in capital through issuance of bonus shares	-	5,869,088	5,869,088	-
31 December 2019	200,000,000	32,437,651	89,976,615	320,567,961

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 2019	Gross Premium Underwritten 2018	Gross Premium Underwritten 2017	Gross Premium Underwritten 2016	Gross Premium Underwritten 2015
Eastern	154,508	139,998	132.181	118.563	142.686
Central	45,572	41,292	45.729	49.492	62.218
Western	58,143	52,683	42.588	46.782	63.843
Total Revenue	258,223	233,973	220.498	214.837	268.747

20- Major variations in actual operating results and projections:

- A-** Net profit before Zakat and income tax for the year 2018G amounted to 49,497 thousand riyals, compared to 35,398 thousand riyals for the year 2019, with a decrease of 28.48%.
- B-** Earnings per share for the year 2019 amounted to 1.47 riyals compared to 1.81 riyals for 2018.
- C-** The surplus of insurance operations, minus the return on policyholders' investments (results of operational operations) reached 28,495 thousand riyals, compared to 48,270 thousand riyals for the year 2018AD, a decrease of 40.97%.
- D-** The total written insurance premiums in 2019 amounted to 258,223 thousand riyals compared to 233,973 thousand riyals for the year 2018, an increase of 10.36%, and the net written insurance premiums 2019 m amounted to 88,635 thousand riyals compared to 96,938 thousand riyals for the year 2018 m, a decrease of -8.57%.
- E-** The net claims incurred for the year 2019 amounted to 30,413 thousand riyals, compared to 25,507 thousand riyals for the year 2018, an increase of 19.23%.
- F-** The reason for the decrease in net profit before zakat is due to the decrease in net earned insurance premiums, to the increase in net claims incurred and to the increase in general and administrative expenses
- G-** It was stated in the independent auditors' report on the annual financial statements that the financial statements show fairly, in all material respects, the financial position of the company as of December 31, 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (standards) International Financial Reporting Standards "(approved in the Kingdom of Saudi Arabia and other standards and other statements issued by the Saudi Organization for Certified Public Accountants (" SOCPA ")) (collectively referred to as" the International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia).
- H-** Certain comparative figures have been reclassified to conform to the presentation in the current period. The company assures that there is no financial impact of reclassifications on surplus insurance operations and net profit before zakat and tax. The Zakat and tax provision for the period has been reclassified from the statement of changes in equity to the comprehensive income statement in accordance with International Financial Reporting Standards (IFRS) and other instructions and standards approved by the Saudi Organization for Certified Public Accountants (SOCPA), which resulted in a change in the comparison numbers for the earnings per share.

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 2019 for 2018

B- Surplus proposed to be distributed to policy holders for the year 2019

The surplus realized from the insurance operations amounted to 35,398 thousand Saudi riyals, and according to the executive regulations of the cooperative insurance system, an amount of 32,186 thousand Saudi riyals, which represents 90% of the surplus of insurance operations, was transferred to the shareholders' account, to be added to the shareholders' income list, while the remaining percentage is distributed 10 % Of the surplus, which amounts to 3,212 thousand Saudi riyals for policyholders.

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

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

- Al Khereiji Investment Company 10%
- Al Khereiji Company for Trading & Electronics 5%
- Al Khereiji Contracting Limited Company. 5%
- Al Khereiji 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 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 Khereiji	5,000	-	5,000	-	0	0%
4	Mohamed Abdulkarim Al Khereiji	-	-	-	-	-	-
5	Serge Michel Osouf	-	-	-	-	-	-
6	Giles Richard Ward	-	-	-	-	-	-
7	Christian Raymond Mounis	-	-	-	-	-	-
8	Wahdan Suleiman al-Qadi	-	-	-	-	-	-
9	Hisham Abdulrahman Al-Khereiji	-	-	-	-	-	-

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

27. Loans on the Company

The Company acknowledges 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 5 meetings during 2019. The following table shows time of the meetings and actual attendance record of the members:

Member's name	Number of meetings: 5					Total
	1 st Meeting 30\01\2019	2 nd Meeting 20\03\2019	3 rd Meeting 15\05\2019	4 th Meeting 31\07\2019	5 th Meeting 06\11\2019	
Engr. Nabil Yousef Jokhdar.	✓	✓	✓	✓	✓	5
Mr. Stephen Brian Dixon	✓	✓	✓	✓	✓	5
Mr. Abdulaziz Abdulkarim Al Khereiji	✓	✓	✓	✓	✓	5
Mr. Serge Michel Osouf	✓	✓	✓	✓	✓	5
Mr. Mohamed Abdulkarim Al Khereiji	✓	✓	✓	✓	✓	5
Mr. Giles Richard Ward	✓	✓	✓	✓	✓	5
Mr. Wahdan Suleiman al-Qadi	✓	✓	✓	X	✓	4
Mr. Christian Raymond Mounis	✓	✓	✓	✓	✓	5
Eng. Hisham Abdulrahman Al-Khereiji	✓	✓	✓	✓	✓	5
Date of last meeting of the General Assembly 27/06/2019						

32- Shareholders Report.

#	Reason for the request	Date of report
1	Company procedures	30\10\2019
2	Ordinary General Assembly	19\06\2019
3	Company procedures	07\03\2019
4	Company procedures	07\03\2019

33- Transactions of the Company and related parties

The Company issued different insurance policies for one year with a total amount of 335,564 SR. 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 Trading & Electronics Company	Abdulaziz Abdulkarim Al Khereiji Mohamed Abdulkarim Al Kheriji	Members of the board	Insurance Contract	1 Year	23.478
Al Khwarizmi Actuarial Services Company	Abdulaziz Abdulkarim Al Kheriji	Member of the board	Insurance Contract	1 Year	11.400
Al Khereiji Real Estate Company	Abdulaziz Abdulkarim Al Khereiji Mohamed Abdulkarim Al Kheriji	Members of the board	Insurance Contract	1 Year	300.686

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	38,969,003	One year	There is no condition or advantages	Stephen Brian Dixon Giles Richard Ward Serge Michel Osouf
RFIB Broker Company	Reinsurance Transactions	5,815,909	One year	There is no 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	3,329,125	One year/ automatically renewed	There is no condition or advantages	Mohamed Abdulkarim Al Khereiji
Al Khereiji Trading & Electronics Company	Lease of company's buildings.	34,000	One year	There is no condition or advantages	Abdulaziz Abdulkarim Al Khereiji Mohamed Abdulkarim Al Khereiji
Al-Khereiji Company for Trade and Electronics	Renting the company's buildings	1,287,500	One year	There are no preferential conditions or benefits.	Mohammed Abdul Karim Al-Khereiji

35. Waiver by the members of Board of Directors or Senior Executives of any salary or compensation:

There is no arrangement or agreement whereby a member of the board of directors or senior executives waives any salary or compensation.

36. Waiver of profits by any of the shareholders:

There is no arrangement or agreement whereby shareholders waive any profits.

37. Value of statutory payments:

We state below amounts of statutory payments during the physical year 2019

Statement	2019		Brief description	Statement of reasons
	Payment made (Saudi Riyals)	Amount due up to end of annual financial period and not settled		
Zakat & Income	2,841,105	-	Regular governmental charges	Charges of Zakat and income under Zakat & Income Tax regulations.
General Organization of Social Security	1,347,588	-	Regular Governmental Charges	Social insurance for the employees under regulations of social insurance.
Costs of visas, passports and Labor Office Depts.	150,679	-	Regular Governmental Charges	Costs of governmental payments.
Saudi Arabian Monetary Authority	1,259,391	-	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	3,027,465.50			

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 2019 has reached an amount of SR. 8.410 million.

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:

It was stated in the independent auditors' report on the annual financial statements that the financial statements show fairly, in all material respects, the financial position of the company as of December 31, 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (standards) International Financial Reporting Standards "(approved in the Kingdom of Saudi Arabia and other standards and other statements issued by the Saudi Organization for Certified Public Accountants (" SOCPA ")) (collectively referred to as" the International Financial Reporting Standards as approved in the Kingdom of Saudi Arabia).

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 31/12/2019 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 sincerely expresses appreciation to its valued clients and shareholders for their trust and high confidence and for supporting the company in its distinct development in Saudi Arabian insurance market. The Board of directors also take this opportunity to value the dedication and hard work of its directors, managers and employees which have enabled the company in consistently delivering sustainable and profitable results.

Board of Directors