



RAK INSURANCE

Corporate Governance
Report for 2013



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1) Statement of the Company Corporate Governance developments as per the Ministerial Resolution No 518 for 2009.

For four consecutive years, RAK Insurance Company has placed significant importance on implementing Corporate Governance procedures within the Company in accordance with the governance principals and the rules specified in the Ministerial Resolution No 518 of 2009 Concerning Governance Rules and Corporate Discipline Standards.

RAK Insurance is committed to ensure all necessary means and precautions are in place so that all shareholders exercise their equal statutory rights without any discrimination in the accordance with the instructions of the Securities and Commodities Authority. The Board of Directors are devoted to the transparency practices of the Corporate Governance as stipulated in the Ministerial Decree No. 23/r for the year 2007 as amended by the Ministerial Resolution No 518 of 2009 Concerning Governance Rules and Corporate Discipline Standards. The Board of Directors have stabilised the mechanism of approval and publication of the final and interim financial statements at the ADX to inform shareholders and related parties, whereas all final and interim financial results shall be reviewed and discussed by the Audit Committee who shall make a recommendation to the Board of Directors for approval in order to be disclosed and published in the Abu Dhabi Securities Market. The Nomination and Remuneration Committee has ensured the independence of independent members of the Board of Directors and assuring or ascertaining that no change has been made in their status. In addition to the Audit Committee and Nomination and Remuneration Committee, an Investment Committee was formed. The Investment Committee is a management committee which reports to the Board of Directors. The Board of Directors approved the Terms of Reference of the Investment Committee on 03 July 2013.

The Company has improved and updated the Code of Conduct which has been circulated to all employees for their review, acceptance and signature. The Company has modified the Whistleblower Policy which permits all employees to report any irregularities in financial reports or internal control reports or other matters.

The Company through the internal control function identifies risk and severity while auditing the Company's departments. The Internal Control Officer in the course of the internal control report provides his recommendations for managing or mitigating those risks which are subsequently discussed with the Board of Directors and senior management.

The Company has introduced and adopted a wide range of policies and procedures related to a number of functional areas such as: human resources, underwriting, claims, executive and finance. The Company also implemented a policy for Anti Money Laundering (AML) and Counter Financing Terrorism (CFT) based on the instructions of the Governing Council of the Insurance Authority No. 1 of 2009 on the procedure for Anti-Money Laundering and Combating the Financing of Terrorism in Insurance Activities. RAK Insurance is committed to provide the Company Corporate Governance Report for 2013 to all shareholders. The report is published on the Company Website and with dissemination means as disclosed with the authority of the Securities and Commodities and Abu Dhabi Securities and Commodities prior to the General Assembly Meeting providing sufficient time to enable shareholders to review its contents.

2) Statement dealing of the Board of Directors and their first degree relatives in the securities of the Company during the year 2013.

The Company implements the rules and procedures adopted to regulate the dealings of its Board members, the Company employees and those familiar with the Securities and Commodities Authority issued by the Company or its parent Company or its affiliates or associates and allies, according to the provisions of Ministerial Resolution No 518 for the year 2009, and guidelines issued by the Securities and Commodities Authority and Abu Dhabi Securities Market.

Below the dealings of Vice Chairman Mr. Ahmed Issa Al Naeem in the Securities of the Company during the year 2013.

Date	The name of the buyer	The name of seller	Quantity
25/11/2013	Ahmed Issa Al Naeem	Abdullah bin Saeed bin Abdullah Saeed	4.000
04/12/2013	Ahmed Issa Al Naeem	Abdullah Mohammed Abdullah bin Taher Al Naimi	1.500.000
05/12/2013	Ahmed Issa Al Naeem	UAE Oil Company Ltd.	8.000
16/12/2013	Ahmed Issa Al Naeem	Abdullah Mohammed Abdullah bin Taher Al Naimi	10.500

3) Board of Directors:

The structure of the Board of Directors:

The Board of Directors role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed, mitigated and managed.

The Board approves the strategic objectives of the Company, determines investment policies, and agrees on performance criteria and delegates to the management the detailed planning and implementation planning. The Board of Directors comprises of five (5) members whose names are listed below. Three of the members are independent, one non- independent and non- executive, and one an executive member. The current Board of Directors shall hold office till the end of April 2014.

Mr. Antoine Stephan resigned from the Board of Director on January 2013 and The Board appointed Mr. Roberto Santini as new incoming Board Member. Verification of ongoing independence of independent members signed according to the form prepared by the Securities and Commodities Authority.

The following is a statement of the formation of the Board Member.

Board Members	Designation	Capacity	Year of service
Sheikh Ahmed bin Saqr Al Qasimi	Chairman	Independent/ Non executive	5
Ahmed Issa Al Naeem	Vice Chairman	Non Independent/ Non Executive	9
Khaled Saffarini	Member	Independent/ Non executive	40
Ahmed Salem Abdullah Al Hosani	Member	Independent/ Non executive	5
Roberto Santini	Member	Non Independent/ Non Executive	9 months

Also the Board Members possess the required expertise and track required to manage the Company.

The following data illustrates the Board Members experiences and qualifications.

Name	Experiences	Qualifications
Sheikh Ahmed Bin Saqr Al Qasimi	<ul style="list-style-type: none"> - Chairman Ras Al Khaimah National Insurance Company since February 2009. - Board Member Gulf Pharmaceutical Industries Company. - Head of the Custom Department in Ras Al Khaimah. - Head of the Emirates Cultural and Sports Club. - Head of Saqr Mohamad Al Qasimi Institution for Charity. - Chairman Falcon Technology. 	BA in international Public Relations.
Ahmed Issa Al Naeem	<ul style="list-style-type: none"> - Vice Chairman Ras Al Khaimah National Insurance Company. - Businessman having extensive experience in business management and real estate and commercial projects. - Vice Chairman of United Insurance Company. - Board Member Gulf Pharmaceutical Industries Company. - Board Member Rak Bank. 	<ul style="list-style-type: none"> - B.S in Electrical and Communications Engineering. - Major in Radar Engineering from Markoni University - UK.
Khaled Saffarini	<ul style="list-style-type: none"> - Ras al Khaimah National Insurance Company Board Member since 1974. - Government legal Advisor previously - Chief Justice of Ras Al Khaimah Supreme Court Previously. 	BA in Law – University of Jerusalem.
Ahmed Salem Abdullah Al Hosani	<ul style="list-style-type: none"> - Ras Al Khaimah National Insurance Company, Board Member since 2009. - Gulf Pharmaceutical Industries Company Board Member. - Union Arab Bank, Board Member. - Salem Property Management Director. 	<ul style="list-style-type: none"> - BA in Business Administration from the American University- Dubai. - Master in Business Administration.

Statement of Board of Directors membership in other joint Companies and their position in these Companies, and their position in Regulatory or Governmental or other important businesses:

Name	Name of the PSC. Co or other Co. (Government, Regulator, Commercial)	Position
Sheikh Ahmed Bin Saqr Al Qasimi	<ul style="list-style-type: none"> - Falcon Technology - Julfar Gulf Pharmaceutical Industries 	<ul style="list-style-type: none"> - Chairman - Member
Ahmed Issa Al Naeem	<ul style="list-style-type: none"> - United Insurance Co - Rak Bank - Julfar Gulf Pharmaceutical Industries 	<ul style="list-style-type: none"> - Vice Chairman - Member - Member
Khaled Saffarini	None	None
Ahmed Salem Abdullah Al Hosani	<ul style="list-style-type: none"> - Julfar Gulf Pharmaceutical Industries - Union Arab Bank 	<ul style="list-style-type: none"> - Member - Member
Roberto Santini	- RAK Chamber of Commerce	- Member

Statement of the following:**1) Total Board of Director's Remuneration paid in 2012:**

The Board of Directors remuneration has been fixed pursuant to Art. 7 Ministerial Resolution No 518 of 2009 Concerning Governance Rules and Corporate Discipline Standards and Art. No 118 of the Law of Commercial Companies No 8 of 1984 and as per the Company Article of Associations No.33, the remuneration of the Board of Director has been fixed in the General Assembly Meeting held in 24/04/2013 by AED 1,140,000/- for the financial year ending 31st December 2012.

2) Total Board of Director's remuneration proposed for the year 2013 and that will be displayed in the Annual General Assembly meeting for approval.

During the upcoming General Assembly Meeting, which will be held on 27th of April 2014, the proposed Board of Director Remuneration shall be AED 1,300,000 for the financial year ended 31st December 2013 for approval.

3) Details of the allowances for Board and Committees meeting attendance paid during the financial year 2013.

Each Board Member received an attendance fees of AED 5000/- for attending the Board Meeting nevertheless no fees to be paid for Committees meeting attendance.

The number of Board Meeting held during 2013 with their dates and the number of presence of all members:

RAK Insurance Board of Directors met six times during 2013. As stated below:

Name	Date	Attendees
Meeting no. 1	Wednesday 30 th January 2013	Absent: Antoine Stephan/ he submitted his resignation
Meeting no. 2	Monday 25 th March 2013	All Members
Meeting no. 3	Monday 12 th May 2013	All Members
Meeting no. 4	Tuesday 02 nd July 2013	All Members
Meeting no. 5	Monday 12 th August 2013	All Members
Meeting no. 6	Thursday 30 th November 2013	Absent: Ahmed Issa Al Naeem & Roberto Santini

Number of the personal presence of the Board of Directors:

Sheikh Ahmed Bin Saqr Al Qasimi.....6 Times
 Mr. Ahmed Issa Al Naeem.....5 Times
 Mr. Ahmed Salem.....6 Times
 Mr. Khaled Al Saffarini.....6 Times
 Mr. Roberto Santini.....3 Times

E-Mission statement of the functions and terms of reference of the Board of Directors carried out by the executive management on the basis of a delegation

During the year 2013, no additional duties and responsibilities have been delegated to the Executive Management. The Executive management consists of Chief Executive Officer and department managers, who are responsible for implementing the Company's strategy and manage the daily affairs of the Company.

F-Details of Transactions made with related parties

The transactions made with related parties during 2013, as follows:

Related Parties	Gross Premiums	Claims Paid
Board Members and Major Shareholders	AED 42,048,704	AED 10,078,763

G-Detailed statement of senior executives in the Company, their designation, date of appointment with a statement of the total salaries and bonuses paid to them according to the following:

Name	Designation	Date of appointment	Total of salaries and allowances paid 2013	Total of the bonuses paid for 2013
Andrew Smith	CEO	13 Jan 2013	AED 975,000	No Bonus
Gary Burden	CFO	01 Aug 2013	AED 753,200	No Bonus

4) External Auditor:

Overview of the Company's External Auditor:

KPMG, is a professional, financial consulting company well-known on a global level. KPMG holds the audit of RAK Insurance account for the first time at the General Assembly Meeting held on 24th April 2013. KPMG firm distinct services in banking, insurance, real estate, industries, tourism, energy, and many others. The independent external audit firm is independent from the company and it's Board of Director.

Fees and Costs of the audits and services provided by the external auditor:

The external auditor fees for 2013 has been determined for the amount of AED 110,000/-. The Company did not assign or nominate any other external auditor to provide financial and advisory

5) Audit Committee:

The names of the audit committee members, terms of reference and the tasks delegated to it:

The Audit Committee consists of the Board Members stated below

Names of audit committee member	Position	Designation
Ahmed Salem Abdullah	President	Independent
Ahmed Issa Al Naeem	Member	Non- Independent
Khaled Saffarini	Member	Independent

Roles and duties of the Audit Committee as follows:

- a. It shall develop and apply the policy for contracting with external auditors and make a report to the Board of Directors to set forth the issues in respect of which an action shall be adopted together with recommendations on necessary steps to-be-adopted;
- b. It shall follow up and oversee the independence and objectivity of the external auditor and hold discussions with the external auditor on the nature, scope and efficiency of auditing pursuant to approved audit standards;
- c. It shall oversee the integrity of and review the Company's financial statements and annual, semi-annual and quarterly reports in the course of its operations during the year and shall, in particular, focus on:
 - (1) any changes of accounting policies and practices;
 - (2) highlighting matters that are subject to the management's judgment;
 - (3) material amendments emerging out of auditing;
 - (4) assumption of the Company's going concern;
 - (5) adherence to the accounting criteria set by the Authority; and
 - (6) adherence to listing and disclosure rules as well as other financial reporting legal requirements;
- d. It shall coordinate with the Board of Directors, the Executive Management and the financial manager or the manager assuming the same duties in the company in order to duly fulfill its duties. The Committee shall hold a meeting with the company's external auditor at least once per annum;
- e. It shall consider any outstanding unconventional issues that are or have to be reflected in these reports and accounts and shall pay necessary attention to any issues raised by the financial manager of

- the Company, the manager assuming the same duties, the compliance officer or the external auditor;
- f. It shall review the Company's financial control, internal control and risk management systems;
- g. It shall discuss the internal control system with management and make sure that it fulfills its duty to develop an effective internal control system;
- h. It shall consider findings of main investigations into internal control issues to be assigned thereto by the Board of Directors or at the initiative of the Committee upon the approval of the Board of Directors;
- i. It shall ensure coordination between internal and external auditors, ensure availability of necessary resources for internal audit body, review and control the efficiency of this body;
- j. It shall review the Company's financial and accounting policies and procedures;
- k. It shall review the mission and action plan of the external auditor and any material inquiries raised by the auditor to the management in respect of accounting records, financial accounts or control systems, respond thereto and approve the same;
- l. It shall make sure that the board of directors responds on a timely basis to inquiries and material issues raised in the external auditor's mission
- m. It shall develop rules that enable the employees of the Company to secretly report any potential violations in financial reports, internal control or other issues and adequate steps to conduct independent, fair investigations into these violations;
- n. It shall oversee the scope of the Company's compliance with its code of conduct;
- o. It shall ensure application of rules of operation in connection with their duties and powers assigned thereto by the Board of Directors.
- p. It shall make a report to the Board of Directors on the issues set in this clause; and it shall consider any other issues as the Board of Directors may determine.

Meeting and Attendance

During the financial year 2013, four meetings were held. Member's attendance records are detailed below:

Members / Meeting dates	25/03	12/05	11 /08	29/10	20/11
Ahmed Salem Abdulla	✓	✓	✓	✓	✓
Khalid Al Saffarini	✓	✓	✓	✓	✓
Ahmed Issa Al Naeem	✓	✓	✓	a	✓

6) Nomination and Remuneration Committee

The names of the audit committee members, terms of reference and the tasks delegated to it:

The nomination and remuneration committee consists of the Board Members stated below:

Names of the nomination and remuneration committee member	Position	Designation
Khaled Saffarini	President	Independent
Ahmed Issa Al Naeem	Member	Non- Independent
Ahmed Salem Abdullah	Member	Independent

Roles and Duties of the Nomination and Remuneration Committee as follows:

The nomination and remuneration committee is responsible for:

- 1) Verification of ongoing independence of independent board members.
- 2) Formulation and annual review of the policy on granting remunerations, benefits, incentives and salaries to Board Members and employees of the Company and the committee shall verify that remunerations and benefits granted to the senior executive management of the Company are reasonable and in line with the Company's performance;
- 3) Determination of the Company's needs for qualified staff at the level of the senior executive management and employees and the basis of their selection;

- 4) Formulation, supervision of application and annual review of the Company's human resources and training policy; and
- 5) Organization and follow-up of procedures of nomination to the membership of the Board of Directors in line with applicable laws and regulations.

The committee transparently makes a report in writing to the Board of Directors setting forth the procedures, results and recommendations that the committee reaches. The Board of Directors shall follow up the operations of these committees to verify their adherence to the commissioned operations.

Meeting and Attendance

During the financial year 2013, two meetings were held. Member's attendance records are detailed below:

Members / Meeting dates	29th January 2013	24th March 2013
Ahmed Salem Abdulla	✓	✓
Khalid Al Saffarini	✓	✓
Ahmed Issa Al Naeem	✓	✓

7) Internal control system

Adoption of the Board to be responsible for the internal control system in the Company and review its effectiveness:

RAK Insurance acknowledged its responsibility for the application of the internal control system and reviewed its effectiveness.

Statement of the mechanism of the internal control in the Company

The Compliance and Internal Control function was created in 2010 in response to the recommendations arising from Article 8 of the Ministerial Resolution No. 518 of 2009 concerning governance rules and corporate discipline standards requiring a Listed Company to apply a precise internal control system that aims:

- at developing procedures for an assessment of the Company's risk management means and measures, sound application of governance rules.
- verification of compliance by the Company and its employees with applicable laws, regulations and resolutions that govern its operations, as well as internal procedures and policies and review of financial information that is forwarded to the Company's senior management and used for drafting financial statements.

Mrs. Ethel Rose Miranda Dimapawi, holding a Bachelor of Science in Accounting, Certified Public Accountant and Internal Auditor Certificate with 5 years' experience in financial analysis and more than a year in internal audit. Mrs. Ethel resigned on 03/07/2013 and the Board assigned Mr. Vernel Alberto to do the functions of Internal Control Officer on a temporary basis until the end of 2013. As per the Compliance functions Regina Doumit, Head of Legal and Compliance, executed the Compliance function effective May 12th 2013. Regina Doumit holds a Master's degree in International Law and a Master's degree in Public Law and she has significant legal expertise since working as a legal consultant for various organisations in Lebanon and UAE.

8) Details of offenses committed during the financial year

The new CEO was appointed in the beginning of 2013. The Company was levied a fine of AED 1,000/- for the delay in informing the Insurance Authority.

9) The Company contribution in the community development and environment preservation during 2013:

RAK Insurance contributes and encourages environmental programs, sports and social development. The Company sponsored the Emirates cultural and sports club. RAK Insurance also contributed with traffic awareness week in Ras Al Khaimah and also committed to the initiative to protect the environment which is reflected in the details of day to day operations where use recycled paper.

10) General Information

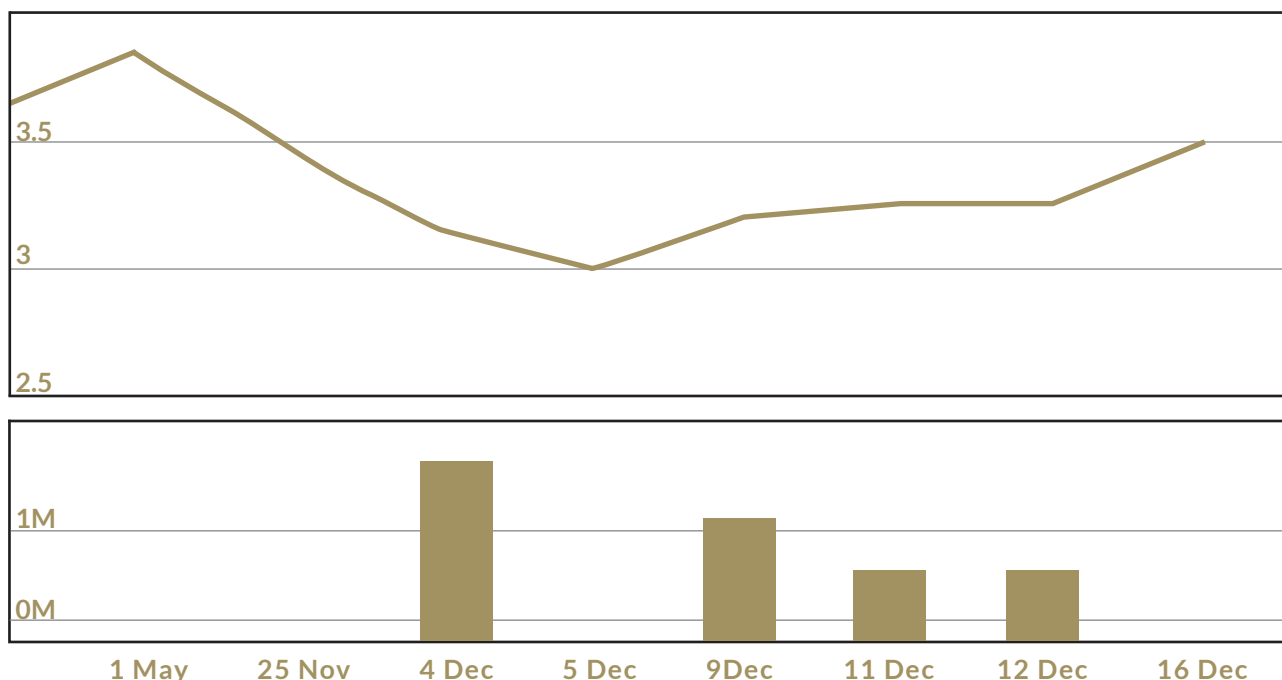
Statement of the company’s market share (the closing price, highest price, lowest price) at the end of each month during the financial year of 2013.

Few transactions had been made on the Company’s share on 2013

Number of trading	Closing Price	Lowest Price	Highest Price	Trading Date
1	3.85	3.85	3.85	30/04/2013
1	3.47	3.47	3.47	25/11/2013
1	3.15	3.15	3.15	04/12/2013
1	3	3	3	05/12/2013
3	3.2	3.2	3.2	10/12/2013
5	3.25	3.25	3.25	11/12/2013
1	3.25	3.25	3.25	12/12/2013
1	3.5	3.5	3.5	16/12/2013

Statement of the comparative performance of the company’s share with the general market index and the sector index to which company belongs

Below the share price reactions with the general market index and the sector index which the company belongs.



A statement distributed ownership equity as of 31/12/2012(individuals, companies, government) classified as Local, Gulf, Foreign

Percentage	Shareholders
47.06 %	Government
24.09 %	UAE companies
26.80 %	UAE individuals
0.23 %	GCC individuals
1.01 %	Other nationalities companies & individuals

Statement of shareholders who own more than 5% of the Company's capital.

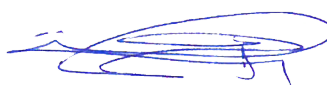
Percentage	Name of the Shareholder
47.06 %	RAK Government
12.50 %	Salem Companies
10.62 %	Ahmed Issa Al Naeem
8.45 %	GCC General Investment Company

Statement core events encountered by the company during 2013

- The Company entered into a number of significant activities during 2013:
The appointment of Mr. Andrew Smith as Chief Executive Officer of the Company succeeding Mr. Antoine Stephan.
- The development of a 5-year strategic plan.
- The resignation of Mr. Antoine Stephan from the Board of Directors and appointment of Mr. Roberto Santini as his successor.
- The appointment of a new Chief Financial Officer Mr. Gary Burden replacing Mr. Raja Srinivasan.
- Appointment of a Head of Bancassurance to further develop the Company's ambition to enter the bancassurance sector.
- Appointment of a Head of Key Accounts to further develop the corporate account network.
- New branding and product development.
- IT system has been updated and developed.



Andrew Smith
Chief Executive Officer



H.H Sheikh Ahmed Bin Saqr Al Qasimi
Chairman



Regina Doumit
Head Of Legal & Compliance