



RAK Insurance Corporate Governance Report For 2012

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

For three consecutive years, Ras Al Khaimah National Insurance Company P.S.C acquire a substantial importance of implementing the Corporate Governance procedures within the Company, and follow in exercising the Governance principals, the rules specified in the Ministerial Resolution No 518 of 2009 Concerning Governance Rules and Corporate Discipline Standards.

Rak Insurance Company is also committed to configure all necessary means and precautions to ensure that all shareholders exercise their equal statutory rights without any discrimination in the light of the instructions of the Securities and Commodities Authority. The Board of Director is devoted on 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 Director has stabilized to adopt the mechanism of approval and publication of the final and interim financial statements at 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 Director for approval in order to be disclosed and published in the Abu Dhabi Securities Market.

The Nomination and Remuneration Committee has carried out ensuring the independence of independent members of the Board of Director and assuring or ascertaining that no change has been made in their status.

The Company has developed the rules of code of conduct and has been circulated to all Company's employees. As well as the Company has implemented the whistleblower policy which permits the employee to report any irregularities in financial reports or internal control reports or other matters.

The Company through internal control department identified the risk and severity while auditing the company's department and the internal control officer in the course of the internal control report provide his recommendations for managing whose risks which are discussed with the Audit Committee and senior management.

The Company is committed to provide the Company Corporate Governance Report to all shareholders and to publish the same, prior to the General Assembly meeting, in order to the shareholders have a look at it.

2- Statement dealing of the Board of Directors and their first degree relatives in the securities of the Company during the year 2012.

The company implements the rules and procedures adopted to regulate the dealings of the board members, Company's employee and all the people 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.

The Board Members confirm non transaction has been made for members of the Board of Directors and their first degree relatives shares of the Company during the year 2012.

3- Board of Directors:

A-The structure of the Board of Directors:

The Board's role is to provide entrepreneurial leadership of the company within a framework of prudent and effective controls which enables risk to be assessed and managed.

The Board sets the strategic objectives of the Company, determines investment policies, and agrees on performance criteria and delegates to management the detailed planning and implementation of those objectives and policies. The Board of Director is managed by five members whose names are listed below, three of them are independents, and one non- independent and non-executive, and an executive member. The actual Board of Director shall hold office till 2014.

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	4
Mr. Ahmed Issa Al Naeem	Vice Chairman	Non Independent/ Non Executive	8
Mr. khaled Saffarini	Member	Independent/ Non	39

		executive	
Mr. Ahmed Salem Abdullah al hosani	Member	Independent/ Non executive	4
Mr. Antoine Estephan	Managing Director	Non Independent/ Executive	4

Also the Board Member possesses many distinguished expertise and have proven skills required to manage the Company.
 The following data shows the Board Member 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.
Mr. 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. - General manager of Ras Al Khaimah Gaz Authority. -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.
Mr. 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 	BA in Law – University of Jerusalem.

	Khaimah Supreme Court Previously.	
Mr. Ahmed Salem Abdullah Al Hosani	-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.	-BA in Business Administration from the American University-Dubai. -Master in Business Administration.
Mr. Antoine Estephan	-Ras Al Khaimah National Insurance Company Managing Director Since 2009. - Ras Al Khaimah National Insurance Company General Manager since 1986.	-Political Science Certificate. Lebanese University

B-Statement of Board of Directors members 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	-Falcon Technology -Julfar Gulf Pharmaceutical Industries	-Chairman - Member
Mr.Ahmed Issa Al Naeem	-United Insurance Co -Rak Bank -Julfar Gulf Pharmaceutical Industries.	-Vice Chairman -Member. -Member.
Mr. Khaled Al Safarini	None	None
Mr. Ahmed Salem Abdullah Al Hosani	--Julfar Gulf Pharmaceutical Industries. -Union Arab Bank	-Member. -Member.
Mr. Antoine Estephan	None	None

C- Statement of the following:

1-total Board of Director's Remuneration paid in 2011:

The Board 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 25/04/2012 by Dirham 1,140,000/- for the financial year ending 31st December 2011.

2-Total Board of Director's remuneration proposed for the year 2012 and that will be displayed in the Annual General Assembly meeting for approval.

During the upcoming General Assembly Meeting, which will be held on 24th of April 2013, the proposed Board of Director Remuneration shall be AED 1,140,000 for the financial year ended 31st December 2012 for approval.

3-Details of the allowances for Board and Committees meeting attendance paid during the financial year 2012.

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

D-The number of Board Meeting held during 2012 with their dates and the number of presence of all members:

Ras Al Khaimah National Insurance Company Board of Director met six times during 2012. As stated below:

Meetings	Date	Attendees
Meeting no. 1	Sunday 13 th March 2012	All Members
Meeting no. 2	Sunday 13 th May 2012	Absent: - Sheikh Ahmed Bin Saqr Al Qasimi -Mr.Khaled Saffarini
Meeting no. 3	Thursday 28 th June 2012	Absent: -Mr. Khaled Saffarini -Ahmed Salem Abdullah Al Hosani
Meeting no. 4	Monday 13 th August 2012	Absent: Mr. Khaled Saffarini
Meeting no. 5	Wednesday 31 st October 2012	Absent: Mr.Ahmed Salem Abdullah al Hosani
Meeting no. 6	Thursday 29 th November 2012.	All Members

Number of the personal presence of the Board of Directors:

- Sheikh Ahmed Bin Saqr Al Qasimi 5 Times
- Mr. Ahmed Issa Al Naeem 6 Times
- Mr. Ahmed Salem 4 Times
- Mr. Khaled Al Saffarini 3 Times
- Mr. Antoine Estephan 6 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 2012, 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 2012, as follows:

Related Parties	Gross Premiums	Claims Paid
Board Members and Major Shareholders	AED 19,385,962	AED 471,820

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 2012	Total of the bonuses paid for 2012
Mr. Antoine Estephan	Managing Director	27 th July 1975	1,319,800/-AED	Presently undisclosed
Mr. Elias Khozami	Operation Manager	1 st June 1982	661,200/- AED	Presently undisclosed
Mr. Raja Sirinivasan	Finance Manager	17 th September 2006	355,000/- AED	Presently undisclosed
Mr. Claude Zoghbi	Underwriting Manager	2 nd November 1996	433,000/-AED	Presently undisclosed

4- External Auditor:

A-Overview of the Company's External Auditor:

Deloitte and Touche Company, is a professional, financial consulting company well-known on a global level.

Deloitte and Touche Holds the audit of Ras Al Khaimah National Insurance Company account since 2008.

Deloitte and Touche firm has a lot of specialist who work in the branches in Abu Dhabi, Dubai, Sharjah, Fujairah and Ras Al Khaimah. The firm's 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. On the General Assembly meeting held on 25th April 2012 reappointed Deloitte and Touche as the company's external auditor for 2012.

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

The external auditor fees for 2012 has been determinate for the amount of AED 120,000/-. The company didn't assigned or nominated any other external auditor to provide financial and advisory services.

5- Audit Committee:

A-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
Mr. Ahmed Salem Abdullah	President	Independent
Mr. Ahmed Issa Al Naeem	Member	Non- Independent
Mr. 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, semiannual 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

B-Meeting and Attendance

During the financial year 2012, four meetings were held. Member's attendance records are detailed below:

Members /Meeting dates	12/03	10/05	12 /08	23/10
Ahmed Salem Abdulla	✓	✓	✓	✓
Khalid Al Saffarini	✓	✓	α	✓
Ahmed Issa Al Naeem	✓	✓	✓	✓

6-Nomination and Remuneration Committee

A-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
Mr. khaled Saffarini	President	Independent
Mr. Ahmed Issa Al Naeem	Member	Non- Independent
Mr. 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.

B-Meeting and Attendance

During the financial year 2012, two meetings were held. Member's attendance records are detailed below:

Members /Meeting dates	12 th March 2012	10 th June 2012
Ahmed Salem Abdulla	✓	✓
Khalid Al Saffarini	✓	✓
Ahmed Issa Al Naeem	✓	✓

7- Internal control system

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

Ras Al Khaimah National Insurance Company acknowledge its responsibility for the application of the internal control system and reviewed its effectiveness.

B-statement of the mechanism of the internal control in the Company

The Compliance and Internal Control Department 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 and certified public accountant and internal auditor certificate with 5 years experience in financial analysis and more than a year in internal audit. She is nominated as compliance officer and she is taking care of the internal control department.

8- Details of offenses committed during the financial year

No offenses has been committed during 2012

9-the company contribution in the community development and environment preservation during 2012:

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

10- General Information

A- 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 2012.

One transaction has been made on the company's share on 2012

<u>Closing Pricing</u>	<u>Lowest price</u>	<u>Highest price</u>	<u>The closing price of each month in 2012</u>	<u>month</u>
AED 3.75	AED 3.75	AED 3.75	AED 3.75	February

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

Since there is one trading during 2012, the share price did not react with the general market index and the sector index which the company belongs.

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

<u>Percentage</u>	<u>shareholders</u>
% 47.06	Government
% 26.12	UAE Companies
% 26.80	UAE individuals
% 0.01	GCC individuals
% 0.01	Other nationalities individuals

D-statement of shareholders who own more than 5% of the company's capital.

<u>Percentage</u>	<u>Name of the shareholder</u>
% 47.06	Rak Government
% 12.50	Salem Company
% 10.60	GCC general investment Company

% 9.10	Ahmed Issa Al Naeem
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H-statement core events encountered by the company during 2012

No core event has encountered by the company during 2012

H.H Sheikh Ahmed Bin Saqr Al Qasimi

Chairman

