

Corporate Governance Report Form for 2016

1. Corporate Governance system at Oman Insurance Company (OIC) during 2016.

The Board of Directors of Oman Insurance Company (P.S.C) – believes in strong corporate governance practices. OIC considers Corporate Governance very important to achieve sustainable long term growth and prosperity for the company. The Board of Directors is committed to enhance the value of shareholders' rights while being aware of the interests of all the parties concerned with business, including but not limited to employees, clients, suppliers, business partners and the community as a whole in which OIC carries on its business.

Corporate governance in OIC is not only a goal but also a continuous trip towards development and excellence in business. Based on this fact, the Board of Directors has continued working on the improvement of the corporate governance standards at OIC during 2016 "based on the chairman of board of directors decision no. (7/R.M) 2016 regarding the institutional discipline standards and public corporate governance" as the Aforementioned Ministerial Decision no. 518 is to be rendered invalid and replaced with aforementioned decision of chairman of board of directors no. (7/R.M) 2016. The Chief Executive Officer and the senior executive team work towards enhancing and strengthening the internal control system which is considered as a conclusive factor in the framework of corporate governance at OIC.

OIC has created a framework for corporate governance in order to conduct its business inside and outside the company and to verify the existence of an accurate framework which identifies the responsibilities and obligations of the board of directors and the executive management, together with taking into consideration the protection of rights of all concerned parties.

Three Main Components of the Corporate Governance Framework embedded within OIC are:

Corporate Governance Framework at OIC - 3 Pillars		
Board of Directors	Committees	Internal Control System
<ul style="list-style-type: none"> ➤ Active ➤ Independent ➤ Non-executive 	<ul style="list-style-type: none"> ➤ Audit Committee ➤ Nomination and Remuneration Committee ➤ Investment Committee 	<ul style="list-style-type: none"> ➤ Compliance ➤ Enterprise Risk Management ➤ Internal Audit





S/N	Name	Category (executive, non-executive and independent)	Experiences	Qualifications	Period served as a BOD member in the Company from the date of his first election	Other memberships & positions in any other PJSCs	Other positions in regulatory or government bodies, or other significant business entities
1	Abdul Aziz Abdulla Al-Ghurair	Non-executive/ Not Independent	Banking/ Financial	Bachelor Degree in Industrial Engineering	6 years and 6 months	CEO of Mashreq Group	1. Board Member of Emirates Foundation 2. Vice Chairman of Higher Board of Dubai International Financial Center 3. President of FBN GCC 4. Chairman of UAE Banking Federation
2	Abdul Raouf Al Mubarak	Non-executive / Independent	Economical/ Financial	Bachelor Degree in Economics and Political Science	6 years and 6 months	1. Board Member – Al Hadaf Financial Securities	Al Mashriq Medical Supplies - Owner
3	Ali Rashid Lootah	Non-executive / Independent	Real Estate/ Financial	Bachelor Degree in Civil Engineering	6 years and 6 months	1. Chairman – Nakheel 2. Vice Chairman – Mashreq Bank PSC 3. Vice Chairman and Director of the Board of Osool Finance Co. PJSC 4. Director of the Board of Badr Al Islami Co. PJSC	1. Honorary Vice Chairman of Italian Business Council 2. Member of the UAE Civil Engineers Society
4	Hani Al- Hamli	Non-executive / Independent	Economics/ Investment	Bachelor Degree in Business Administration	6 years and 6 months	None	Secretary-General - Dubai Economic Council
5	Rashid Saif Al-Jarwan	Non-executive / Independent	Gas/ Petroleum	Bachelor Degree in Petroleum and Gas Engineering	6 years and 6 months	1. Board Member of Mashreq Bank 2. Board Member of Dana Gas	1. Board member of EMARAT 2. Board Member of DIFC



6	Badr Al-Ghurair	Non-executive / Independent	Properties	Bachelor Degree in Economics	4 years and 9 months	CEO - Al Ghurair Construction	None
7	Nabeel Waheed	Non-executive / Not Independent	Banking/ Financial	Bachelor Degree in Business Administration	3 years and 5 months	EVP Head of Treasury & Capital Markets - Mashreq Bank PSC	None

There were no transactions of the Board of Directors members, their spouses and their children in relation to the securities of the company during 2016

3. Board of Directors formation:

a. Board of Directors' and related information :

b. Female representation percentage in the Board of Directors for 2016

Presently there is no female representation in the Board of Directors.

c. Reasons for not nominating any female for the membership of the Board of Directors.

All the current board members were re-elected in March 2016 exceptionally for a term of 3 years. The nomination process was open to all eligible shareholders. It should be noted that no nomination was made for women Board membership.



OIC had meetings in relation to investment committee, Audit committee and nomination and remuneration committee. The details of the meeting are presented in the next sections. No remuneration was paid to the members in relation to the same.+

Member Name	Board Meetings				
	Meeting 1	Meeting 2	Meeting 3	Meeting 4	Meeting 5
	8 February 2016	3 May 2016	01 September 2016	07 November 2016	07 December 2016
Abdul Aziz Abdulla Al-Ghurair	✓	✓	✓	✓	✓
Ali Rashed Ahmad Lootah	✓	A	A	A	A
Hani Rashed Al-Hamli	A	✓	✓	✓	✓
Rashed Saif Al-Jarwan Al- Shamsi	✓	✓	✓	✓	✓
Badr Abdulla Ahmad Al-Ghurair	✓	✓	A	✓	A
Nabeel Waheed	✓	✓	A	✓	✓
Abdul Raouf Al Mubarak	A	✓	✓	✓	✓





2. Duties and functions of the Board of Directors carried out by the Executive Management pursuant to authorization from the Board to the Management, including the period and delegation of authority.

The CEO performs his duties pursuant to the authority delegated to him by the Chairman of Board of Directors by virtue of a power of Attorney notarized by the Notary public. The CEO is supported by the senior executive team who are responsible to manage the day-to-day business of OIC, in line with the Annual Work Plan which is officially approved by the Board of Directors.

3. Details of transactions made with related parties (stakeholders) showing the nature of the relationship and type of transaction.

Description	Amount (AED)
Premiums	
Al - Ghurair Group	27,535,024
ETA	1,593,162
Mashreq Bank/Oshul	58,328,763
Total	87,456,949
Claims	
Al - Ghurair Group	16,904,717
ETA	2,858,682
Mashreq Bank/Oshul	36,115,687
Total	55,879,086
Interest	
Interest expense to Mashreq Bank	245,680
Interest income from Mashreq Bank	475,879
Rentals	
Rental expense (Al Ghurair Group)	636,824
Rental expense (Mashreq Bank)	4,461,572





4. The company's organizational structure

No.	Employee Name	Position
1	Christos Adamantiadis	Chief Executive Officer
2	Bilal Adhami	Executive Vice President, Commercial Lines
3	El Chiekh Anwar El Khatib	Executive Vice President, Legal & Compliance
4	Louise O' Donnell	Executive Vice President, Internal Audit
5	Elena Stukanova	Executive Vice President, Finance and Administration



5. Details of the Chief Executive Officer and the Senior Executives of the Company

S/N	Name	Position	Date of Appointment	Total salaries and allowances paid for 2016 (in AED)	Total bonuses paid for 2016 (in AED)	Any other cash/in-kind allowance for 2016 or payable in the future
1	Christos Adamantiadis	Chief Executive Officer	01-Jun-15	2,402,482	-	386,844
2	Elena Stukanova	EVP - Finance and Administration	05-Jul-15	958,693	-	142,515
3	El Cheikh Anwar El Khatib0	EVP - Legal and Compliance	23-Jan-12	975,966	-	313,942
4	Louise O' Donnell	EVP - Internal Audit	12-Mar-13	804,500	-	221,175
5	Bilal Adhami	EVP – Underwriting (Commercial Lines)	02-Jan-12	1,149,633	-	357,673

1. External Auditor:

- a. The External Auditor of OIC is Deloitte and Touché (Middle East), one of the major firms operating in the field of professional services in the region, providing audit, tax, consulting, and financial advisory services in more than 150 countries and territories. Deloitte & Touché (M.E.) is a member firm of Deloitte Touché Tohmatsu Limited (DTTL) and is the first Arab professional services firm established in the Middle East region with uninterrupted presence since 1926. The External Auditor is totally independent from the Board of Directors of OIC, and its executive management.
- b. A statement of fees and costs of the audit or services provided by the External Auditor

Name of the Audit Office	<i>Deloitte and Touché (Middle East)</i>
Number of years served as External Auditor of the Company	<i>7 years (since 2010)</i>
Total audit fees for the financial statements of 2016 (in AED)	<i>AED 870,000</i>
Fees and costs for services other than auditing the financial statements of 2016 (in AED), and in case there was no other fees it should be expressly indicated.	<i>No other fees was paid as no other services were obtained</i>
Details and nature of the other services provided (if any), and in case there was no other services it should be expressly indicated.	<i>Deloitte and Touché (Middle East) does not provide services other than legal auditing and review services for OIC (including outside Operations).</i>
Statement of other services provided by <u>an external auditor</u> other than the company's auditor during the year 2016 (if any), and in case there was no other external auditor it should be expressly indicated.	<i>No other external auditors other than the present external auditor were entrusted to provide any other services during 2016.</i>





2. Audit Committee:

- a. Names of members of the Audit Committee, and a statement of its terms of reference and the tasks assigned thereto.

The Audit Committee is formed of two non-executive directors of the Board of Directors and one subject matter expert in Internal Audit & Compliance who is not a Board Member:

Members of the Audit Committee	Position
Abdel Raouf AL Mubarak	Chairman (Resigned on 3 May 2016)
Nabeel Waheed Rashed Waheed	Member
Badr Abdulla AL-Ghurair	Chairman (current)
Nasser Paracha	Member



During 2016, Mr. Abdel Raouf AL-Mubarak resigned from the Audit Committee and the Chair was replaced by Mr. Badr Abdulla AL-Ghurair.

The Audit Committee is governed by the Audit Committee Charter. The Audit Committee Charter outlines the purpose and roles and responsibilities of the Audit Committee and is reviewed and updated as needed. The Audit Committee Charter was reviewed, updated and approved in 4 October 2016 by the Audit Committee and the Board of Directors.

PURPOSE

The Audit Committee is constituted as a Committee of the Board of the Company. The Purpose of the committee is to assist the Board of Directors in fulfilling their oversight responsibilities to (a.) review the Internal Controls, Risk Management System, Regulatory Compliance and Integrity of the financial statements, (b.) the external auditors' qualifications & independence; and (c.) the performance of OIC's Internal Audit Department.





b. Meetings of the Audit Committee during 2016

The Audit Committee meets at least four times a year and met four times during 2016. At each quarterly meeting it receives a written report from the Head of Internal Audit outlining the results of the audits undertaken by the Internal Audit Function and adequacy of managements responses to the matters raised, including the issues identified, management's resolution plans and the time taken to resolve any such matters. Management are invited to the Audit Committee and challenged where the Committee believes sufficient progress has not been made.

Relationship with External Auditors and External Actuaries.

During 2016, the Audit Committee approved Deloitte and Touché (Middle East) audit plans and terms of engagement. The Audit Committee reviewed the scope & results of Deloitte and Touché (Middle East) audit. They also discuss the auditor's management letter and the management's response, as well as, corrective actions taken. The Audit Committee met with the external auditors twice in 2016.

Furthermore OIC engages with an external actuary Lux Actuaries & Consultants who carries out an independent review of the liabilities and reserves of all Lines of Business. During 2016 the Audit Committee met with the external actuaries once to discuss the results of their review.

Record of Attendance at Audit Committee's meetings:

Member Name	Audit Committee Meetings			
	Meeting 1	Meeting 2	Meeting 3	Meeting 4
	4 February 2016	20 June 2016	04 October 2016	07 December 2016
Nabeel Waheed Rashid Waheed	✓	✓	A	✓
Badr Abdulla Ahmad Al-Ghurair	N/A	✓	✓	A
Nasser Paracha	✓	A	✓	✓
Abdel Raouf Al Mubarak #	✓	#	#	#

✓ - Present in person; A - Absent with valid reason

Resigned on 03 MAY 2016, replaced by Badr Abdulla Ahmad Al-Ghurair

N/A: Was not appointed as Audit Committee member as on that date



5a. Investment Committee

The Investment Committee consists of five members, comprising of the following members:

Name	Status
Rashed Saif Al Jarwan	Chairman
Badr Abdullah Al-Ghurair	Member
Nabeel Waheed Rashed Waheed	Member
Christos Adamantiadis	Member
Elena Stukanova	Member

Responsibilities of Investment Committee:

Below is a summary of the key responsibilities of the investment committee:

- Develop Asset Allocation Strategy
- Review and sign off the Investment Policy Statement
- Continual assessment of the implementation of the Investment Strategy
- Monitor performance of the overall investment portfolio
- Review the stress testing framework
- Approve the delegation of authority for senior management

Meeting(s) of investment committee during 2016 (dates and attendance of each member)

Member Name	Meetings		
	Meeting 1	Meeting 2	Meeting 3
	13 January 2016	20 June 2016	18 August 2016
Badr Al Ghurair	A	✓	✓
Rashid Al Jarwan	✓	✓	✓
Nabeel Waheed	✓	✓	✓
Christos Adamantiadis	✓	✓	✓
Elena Stukanova	✓	✓	✓

✓ - Present in person; A – Absent





3. Nominations and Remuneration Committee:

a. The details of members are as follows:-

Name	Status
Ali Rashed Ali Ahmad Lootah	Chairman
Hani Rashed Al-Hamli	Member
Badr Abdullah Al-Ghurair	Member

Statement of tasks, duties and responsibilities –

i. Develop –

1. Develop and annually review the Company's remuneration policy;
2. Develop procedures for the nomination of Board Members;
3. Develop and determine the required number of executive management and Company's Human Resources Policy.

ii. Monitor –

1. Review the bonuses of Executive Management to ensure they are reasonable

b. A statement showing the number of meetings held by the Committee during the fiscal year and dates of such meetings, showing the number of times of personal attendance of all committee members

Record of Attendance at Nominations and Remuneration Committee's meetings:

Member Name	Meeting 1
	2 FEB 2016
Ali Rashed Ahmad Lootah	✓
Hani Rashed Al-Hamli	✓
Badr Abdulla Ahmad Al-Ghurair	✓

✓ - Present in person; A - Absent with valid reason





4. Committee on Monitoring and Supervising the Transitions of Insiders

We are in the process of forming a committee on Monitoring and Supervising the transitions of insiders

5. Internal Control System:

The Board of Directors acknowledges its responsibility for the internal control system in the Company and for reviewing it and ensuring its effectiveness through the Internal Audit Department, and Anti-Fraud division.

a. Internal Control: The internal control department comprises of:

- i. Anwar El Khatib (Executive Vice President – Legal and Compliance), oversees the internal control duties in relation to Regulatory Compliance for OIC. He holds Bachelor's degree in Law.
- ii. Louise O'Donnell (Executive Vice president of internal audit department), oversees the internal audit department. She is a Chartered Accountant from Institute of Chartered Accountants of England and Wales (ICAEW).
- iii. Haris Milonas (Executive Vice president of Enterprise Risk Management), oversees the Enterprise Risk Team. He is a qualified Actuary.

b. Compliance:

Kiran Thakkar, Vice President- Compliance, oversees regulatory compliance and money-laundering activities. She is a Chartered Accountant from Institute of Chartered Accountants of India (ICAI), Certified Internal Auditor (CIA) and member of Association of Certified Anti-Money Laundering Specialists (ACAMS).

c. Internal control management dealing with serious issues:

Internal Audit Department assesses internal controls continuously and if found to be ineffective and not operating as designed, it monitors if management has taken or is taking the necessary action to remedy any failings or weaknesses identified. The activities of the internal control system are observed by the Board of Directors. The results are submitted to the shareholders/regulatory bodies of the company by way of an annual governance report and by way of disclosures presented in accordance with the listing/ regulatory requirements. In the year 2016, the Internal Control Department did not face any major problems in the company.





6. Details of violations committed during the financial year, their causes and the measures taken by the company

We had incurred only one regulatory violation owing to incorrect computation of Insurance Authority fees.

Systems enhancement and corrections made to prevent any potential recurrence in future.

7. Statement of the cash and in-kind contributions made by the company during the year 2016 for local community development and environmental conservation.

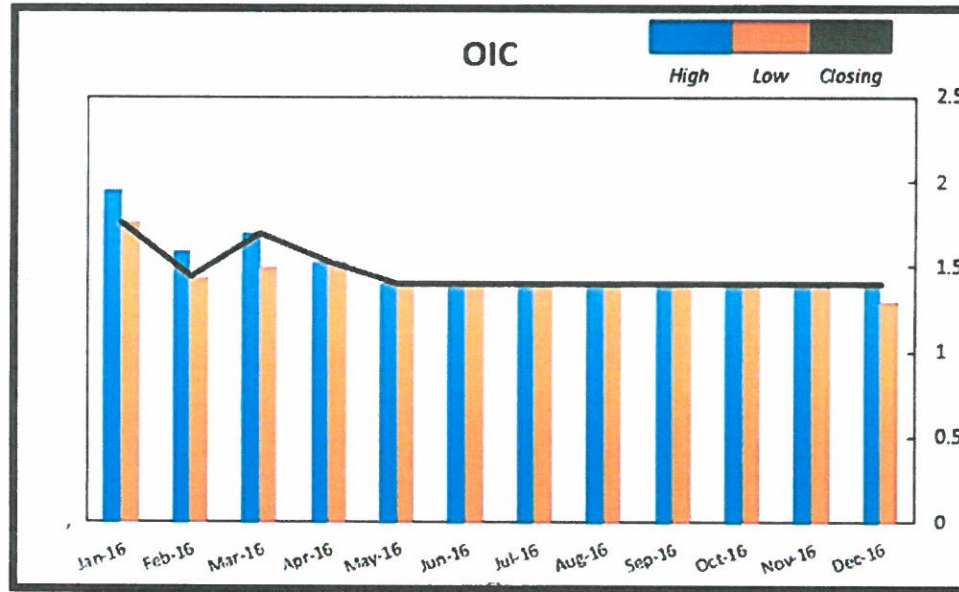
We spent about AED 5,000 for the blood donation and cleanliness drive.

8. General Information:

a. Statement at the price of the company's share in the market (closing price, highest price and lowest price) at the end of each month during the fiscal year 2016.

Month	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
High	1.95	1.59	1.7	1.53	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Low	1.76	1.44	1.5	1.53	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.3
Closing	1.76	1.44	1.7	1.53	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4

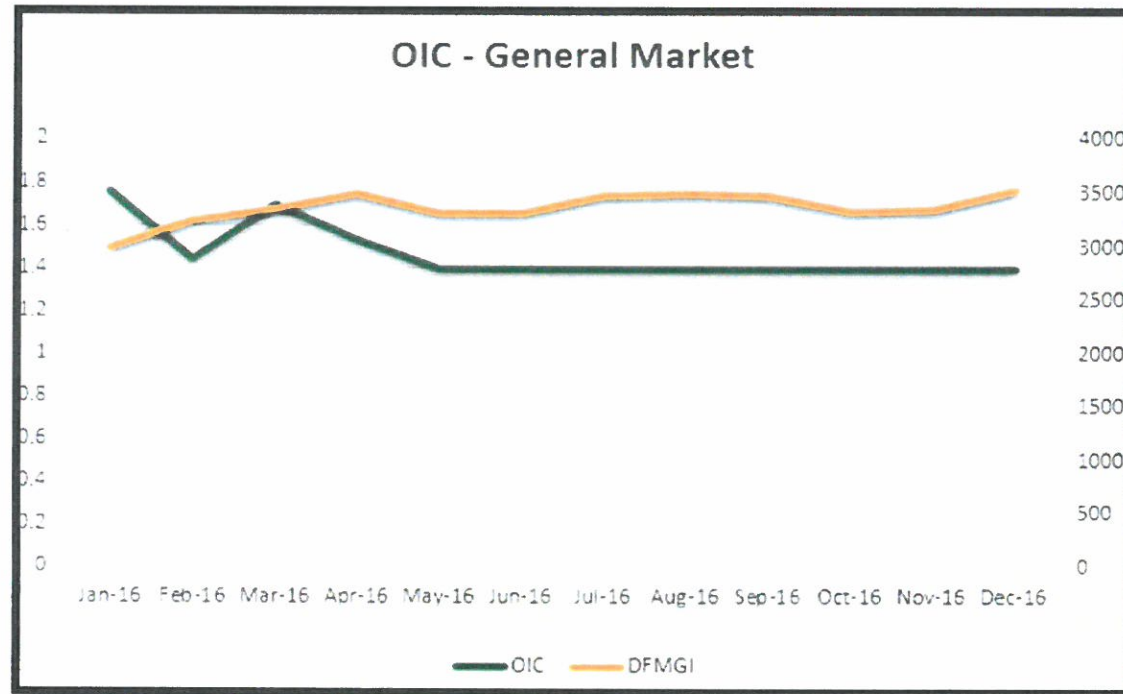




b. Comparative Performance Statement for the company's share with the general market index and the sector index to which the company belongs during the year 2016

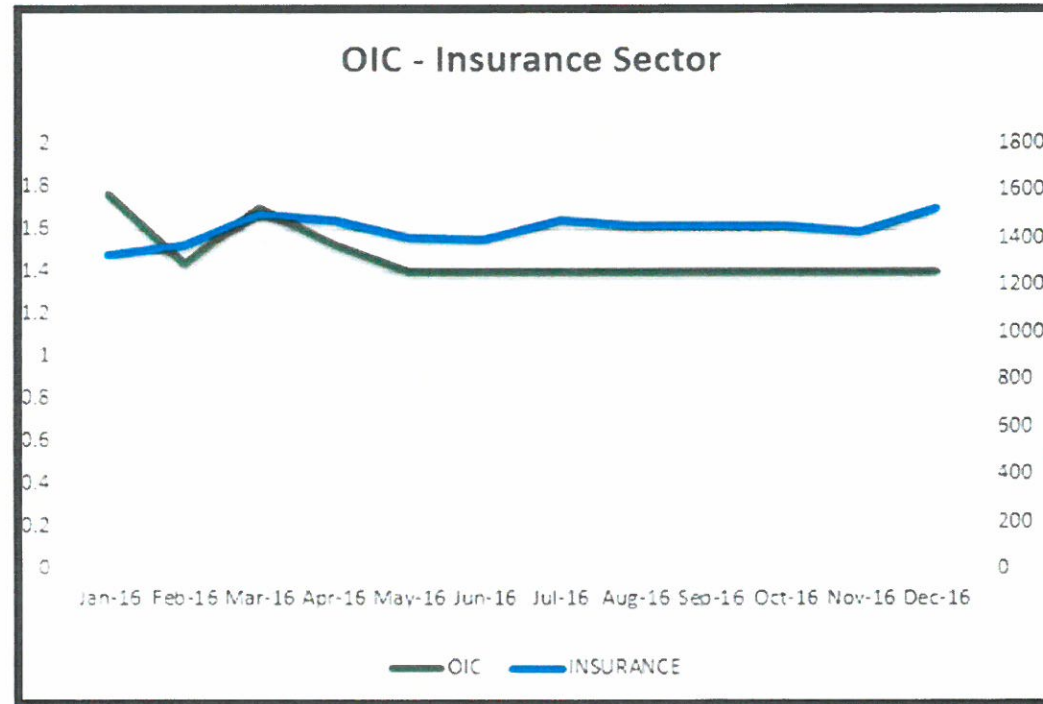
i. Performance of company's share compared to general market index in 2016

Month	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
OIC	1.76	1.44	1.7	1.53	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
DFMGI	2998	3240	3356	3492	3314	3311	3484	3504	3474	3332	3361	3531



II. Performance of company's share compared to insurance sector in UAE

Month	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
OIC	1.76	1.44	1.7	1.53	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
DFMGI	1333	1371	1509	1484	1409	1403	1480	1456	1457	1457	1434	1528



c. Statement of the distribution of shareholders equity as at 31/12/2016

S/N	Category of the Shareholder	Percentage of Shares Held			
		Individuals	Companies	Government	Total
	Local	27.80%	72.20%	0	100%
	Arab	0	0	0	0
	Foreign	0	0	0	0
	Total	27.80%	72.20%	0	100%

d. Statement of shareholders who own 5% of the company capital as at 31/12/2016

S/N	Name	Number of shares held	Ratio of shares owned in the company capital
1	Mashreq Bank	295,341,741	63.94%

e. Statement of how the shareholders are distributed according to the size of ownership as at 31/12/2016

S/N	Share Ownership (Shares)	Number of shareholders	Number of shares held	Ratio of shares owned in the capital
1	Less than 50,000	46	464,954	0.10%
2	From 50,000 to less than 500,000	25	750,8167	1.63%
3	From 500,000 to less than 5,000,000	43	93,228,845	20.18%
4	More than 5,000,000	8	360,670,159	78.09%

f. Statement of the procedures that have been taken with respect to investor relations controls showing the following:

- Name of the Investor Relation Officer and contact information thereof.

Abrar Al-Otaibi is the investor relation officer.

- Web link to the Investor Relations page on the website of the company.

<http://www.tameen.ae/en/about-us/investor-relations>

g. Statement of the special decisions that were presented in the General Assembly held during 2016 and actions taken thereon.

None

h. Statement of material events that the company has encountered during 2016.

None



Signature of the Chairman of the Board

²¹
Date: 6/2/2017

Company's official seal



