



**Saudi Arabian Cooperative Insurance Company
(SAICO)**

**Annual Report of the Board of Directors for the year
of 2020**





Board of Directors

H.H Prince Ahmed bin Khalid bin Abdullah bin Abdul Rahman Al Saud	(Chairman)
Abdul Aziz bin Ali Abu Al Saud	(Vice-Chairman)
Dr. George Shaheen Medawar	(Member)
Khalid bin Saleh Al-Khattaf	(Member)
Saleh bin Abdul Rahman Al-Helaissi	(Member)



Annual Report of the Board of Directors for the financial year ended December 31, 2020 A.D

The Board of Directors of the Saudi Arabian Cooperative Insurance Company (SAICO) herewith is pleased to present its annual report on the Company's business results, the auditors' report and the financial statements for the year ended December 31, 2020 A.D.

I. Major Business Activities

Saudi Arabian Cooperative Insurance Company (SAICO) was incorporated as a Saudi joint stock company listed and registered in the Commercial Register in Riyadh under C.R # 1010237214 dated 07/08/1428 A.H, with a paid-up capital of 300 million riyals. SAICO is licensed to practice insurance activities for all insurance businesses and related services by Saudi Arabian Monetary Authority (SAMA) under license # 20079 dated 29/08/1428 A.H.

The company is engaged in insurance business activities in the Kingdom of Saudi Arabia, which cover the following insurance classes:

- 1) **General Insurance:** It includes, but is not limited to, motor and vehicle insurance, engineering insurance, power, aviation, property, fire, marine insurance; as well as it covers hulls and goods insurance.
- 2) **Health Insurance:** It covers providing health insurance programs that are in line with the needs of the market and in accordance with the cooperative health insurance law and the directions of the Council of Cooperative Health Insurance.
- 3) **Protection and Savings Insurance:** It offers term-life protection insurance.

II. Future Assumptions and Expectations

- A five-year strategic plan will be developed by the Management of the Company to be approved by the Board of Directors for the purpose of achieving growth in the



company's business and net profits in addition to tracking and measuring the key performance indicators of the company on a regular basis.

- A specific mechanism to rationalize expenditures will be developed by the Management of the Company, aiming at improving the productivity and profits, and setting standards for measuring employee performance.

III. Significance Business Developments:

- An integrated business continuity plan has been prepared for the purpose of ensuring organizational resiliency towards unexpected adverse events and opportunities such as disasters or in the event of any emergency circumstances that may cause an interruption in the company's business.
- The adoption of the IFRS-17 accounting standard has started and the completion of its operational system will be completed in the first quarter of 2022.
- The basic technical system of the Company, ASTRA, is undergoing updating and installation, and the project will be completed during the first quarter of 2022.
- On 09/02/2020 A.D, the Company has announced that it would be re-qualified to hold the license General Secretariat of the Cooperative Health Insurance Council for a period of three years.
- The Company has announced on 05/06/2020 that an insurance agreement was concluded with Al-Rajhi Bank for a period of one year. The annual premiums for this contract are expected to exceed 5% of the company's revenues.
- On 17/12/2020, the Company announced that it had signed an insurance agreement with the Abdul Latif Jameel United Finance Company for a period of one year. The annual premiums for such contract are expected to exceed 5% of the company's revenues.
- Internal control and risk management procedures and indicators are undergoing developments in line with the regulatory requirements that were circulated to the insurance sector by Saudi Arabian Monetary Authority (SAMA).

1) Financial Department:

The company is committed to hiring skilled and knowledgeable staff to positions in control, accounting, and investment. A range of control, accounting, monetary, and investment procedures will be enforced by the Company to enhance financial efficiency



in all areas and activities thereof; as well as the Company will continue to adhere to the instructions received from the supervisory authorities..

2) Human Resources:

HR Department pays great attention to localizing jobs, as the Saudization rate is currently 71.03% of the total number of employees, which reached 397 employees in 2020 AD, of whom 282 are Saudi employees, compared to 401 employees in 2019 AD the number of Saudis of whom reached 281 employees. Saudi competencies hold most of the senior positions within the company. This step was in line with the directives of SAMA and the company's BOD to localize this industry by supporting its Saudization programs and providing the appropriate environment to provide the opportunity for trained national competencies and encourage them to work in its various departments.

Employees	Saudis	Foreigners	Total Employees Number	Saudization%
2019	281	120	401	70.07%
2020	282	115	397	71.03%

The company is also keen to continue training most of its employees to obtain the "IFCE" certificate, and to provide training courses for all the company employees in the field of combating money laundering and terrorist financing, and a course in combating fraud. In addition, the Company will ensure to provide specialized courses in motor insurance underwriting and claims for employees of the same departments, as well as courses for communication skills, sales and complaints handling for customer service and call center employees. Additionally, there will be governance workshop and its implementation mechanism for employees of the executive management. The company continues to provide opportunities for obtaining internationally recognized professional insurance certificates and to encourage Saudi employees to obtain professional certificates in the field of job specialization.

3) Collection and Legal Department:

I. Collection:



The Collection Department works with the required effectiveness to improve the cash flow of the company, while ensuring customer satisfaction,

For outstanding debts, the management records them automatically based on factors such as the amount owed and the statute of limitations, and takes follow-up actions such as friendly reminders, phased payment warnings, phone calls and e-mails to match the business needs.

The collection department staff, according to their respective competences, regularly follow up the collection processes for accounts that exceeded (180) days during 2020 AD, and this department has succeeded in collecting amounts of S.R 33,766,865 (Only thirty-three million seven hundred and sixty-six thousand riyals eight hundred and sixty-five riyals).

II. Legal Affairs:

The Legal Department has a significant role in the financial position of the company. The total amount of the cases followed up by the Management were (328) cases exceeding (100) million Saudi riyals in 2020. The Legal Department is concerned with protecting the interests of the company in several ways, as it reviews the new commercial relation, as well as representing the company before the governmental, non-governmental and judicial authorities.

4) Quality and Customer Service Department

The year of 2020 has been an exceptionally challenging year due to Coronavirus (Covid-19) and the following lockdown decisions, remote work procedures, and the challenges that the company went through in order to be able to serve customers and interact with their requests and problems in a professional manner despite all circumstances. Call center managed to take care of 106,962 successful calls out of the total number of 110,276 calls, a call abandoned rate that may not exceed 2.9%. The Complaints Department handled approximately 3,571 complaints in 2020 AD, and 94% of these complaints were resolved within the scope of SLA.

As for the development activities, the Quality Department has worked with the Auto Claims Department to review some procedures aiming at improving the customer experience and providing the service in the least possible time. Accordingly, fifty-two amendments have been made to the system concerned with auto claims and submitted to Information Technology Department. As for the service agreement regarding auto



claims, several meetings have been held between the Quality Department and the review department and the auto claims department. Such meetings were held to agree on a reasonable time commensurate with the procedures of each department, which is consistent with the total period required for the procedure by SAMA, which shall not exceed fifteen days, starting from the date on which all requirements and information are completed.

With regard to measuring customer satisfaction and the quality of services, the Quality Department sought help from a company specialized in this regard and performed the mystery shopping task, as well as measuring the extent of customer satisfaction compared to competing companies in the field of insurance. The research company has submitted detailed and interesting reports, as such reports clearly indicate that SAICO comes at the top of the list of brokers' choices when choosing insurance service providers in the auto insurance sector and also in the health insurance sector. SAICO enjoys a good reputation in the domestic insurance market. "SAICO has got 84% in the auto sector and 82% on the health insurance sector level", according to "Net Promotion Points" (NPS) Index.

The Quality Department team coordinated with other departments in the company through an action plan developed in order to avoid the negatives highlighted by these reports, which included paying more attention to the company branches and the professional appearance of the front line employees, providing car parks and signboards for the locations of the branches. Furthermore, improving the call center's average handle time (AHT), which is currently not more than 30 seconds.

IV. Future and Current Risks and Risk Management

Risk Governance

The risk governance of the company is based on a set of policies, procedures and controls that use the existing organizational structure to achieve the strategic objectives. The company's Management philosophy and risk appetite is focused on accepting the desired and known risks, which are in line with the strategic plan for managing and accepting risks approved by the Board of Directors. The company is exposed to insurance risk, re-insurance risk, special commission rate risk, credit risk, liquidity risk and currency risk.

- A. Risk Management Structure: A robust organizational structure has been established within the company to identify, assess, monitor and control risks.



- B. Board of Directors: The Board of Directors is the supreme body responsible for risk governance as it provides the necessary guidance and approvals for strategies and policies to achieve the company's set goals.
- C. Senior Management: It is responsible for the day-to-day operations to achieve strategic objectives under a predetermined policy by the company regarding risks.

A) Insurance Risk

The main risks faced by the company under insurance contracts are that actual claims and interest payments or their timing may differ from estimates and expectations. It depends on the claim frequency and severity, the actual interest paid, and the subsequent developments of long-term claims. The objective of the company, therefore, is to ensure that sufficient reserves are available to cover such liabilities.

The company purchases reinsurance contracts as part of its risk mitigation program. Reinsurance is arranged on a proportional and non-proportional basis. The majority of proportional reinsurance is a quota-share reinsurance determined to reduce the company's overall exposure to certain classes of business. Non-proportional reinsurance is primarily the excess of loss reinsurance designed to mitigate the company's net exposure to disaster losses. Reinsurance retaining limits for excess of losses vary according to the product line and region.

The amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision with reinsurance contracts. Although the company has reinsurance arrangements, it is not exempt from its direct obligations towards its policyholders. Accordingly, a credit risk arises in connection with the reinsurance assignment, to the extent that any reinsurer cannot fulfill its assumed obligations under the reinsurance arrangement. The company diversifies its reinsurance operations so that it does not depend on one reinsurer, nor depending significantly on any single reinsurance contract.

Claims Frequency and Severity

The claim frequency and severity can be influenced by several factors such as natural disasters, floods, environmental and economic factors, weather turbulence and concentration of hazards, civil riots etc. The Company manages this risk through the above measures. The company determines its risks by imposing maximum limits on claim amounts on certain contracts as well as by using reinsurance arrangements to reduce exposure to catastrophic events (such as hurricanes, earthquakes, and flood



damage). The purpose of underwriting and reinsurance strategies is to reduce exposure to disasters based on the company's willingness to assume risk as decided by the Management. The board of directors may decide to raise or lower the maximum limit based on market conditions and other factors.

Insurance Risk Concentration (RC):

The company mainly monitors the concentration of insurance risk based on the business category. The principle focus lies in the medical and vehicle sector.

The company also monitors the concentration of risks by evaluating multiple risks that are covered in the same geographical location. While assessing the concentration of risk, as for flood or earthquake risk, an entire city shall be classified as a single location. In addition, as for fire and property risk, a specific building and the adjacent buildings, which could be affected by a single claim accident, shall be classified as a single location. Likewise, for marine risk, the multiple hazards involved in a single ship voyage shall be classified as one risk. The Company assesses the concentration of individual and cumulative insurance risk exposures and establishes its reinsurance policy to reduce these exposures to a lower risk appetite levels.

Whereas the company generally operates in the Kingdom of Saudi Arabia, all insurance risks, therefore, are relevant to the policies written in the Kingdom of Saudi Arabia.

Sources of Uncertainty in Estimation of Future Claims' Payments:

The main sources in estimating uncertainty on financial position statement date is the assessment of financial claims, whether they were reported or not and it includes the costs of settlement of projected claims, whereas the main assumption, on which the claims estimation relies is that the development of future claims of the company will follow a similar pattern for the development of previous claims. That includes the assumptions associated with claims' cost average, claims processing costs, liability inflation factors, and liability numbers for each year. Also additional qualitative provisions in order to assess the extent of lack of application of previous trends in the future, for example: one-time event, changes in market elements such as general status for the liability and economic conditions, in addition to internal elements such as mixed portfolio, policy conditions and procedures of dealing with claims, whereas it requires a great deal of judgment by the management in estimating the amount due for holder of insurance documents arising from claims submitted by insurance contracts. These estimations relies on assumptions about a number of elements that include different and



may be bigger degrees of estimation and uncertainty. The actual results might differ from the management estimations, which could lead to future changes in estimated claims. Qualitative judgements are used to assess the extent of application of previous trends in the future, for example one-time event, changes in market elements, such as the general position of the liability and economic conditions.

Particularly, estimations shall be made for the final cost projected for the reported claims on the date of the financial position statement, the final cost projected for incurred claims, but were not reported on the date of the financial position statement. The procedures used to determine the assumptions of existing financial claims' reserve aim at making neutral reasonable estimation for the most likely or expected result. The work nature makes it extremely difficult to predict with all certainty the possible result for any certain liability and the final cost for the company pending claims. Every liability reported to the company is being assessed separately for each case individually, while taking into account the liability conditions and information available from those in charge of surveys and historical evidences about the size of similar claims. The estimations are audited regularly and updated when new information is available.

The estimations of incurred unreported claims generally subject to degree of uncertainty larger than the estimation of claims settlement costs actually reported to the company, whereas in this case, in which information is available about the claim event, the estimation process takes into account the pattern of previous claims and details of reinsurance program.

The final cost of existing claims is estimated by using a number of methods of standard actuarial claims projection methods such as; Chain-ladder method and Bornhutter Ferguson method

The main assumption on which these techniques are based is that the Company's past claims evolution method can be used to show the evolution of future claims and thus final claims costs. As such, these methods elicit the evolution of losses paid and incurred, average costs per claim and claim numbers based on the development observed in previous years and expected loss ratios. Historical claims evolution is mainly analyzed through accident years, but can also be analyzed by geographical area, as well as by business lines and significant claim types. Large claims are usually handled separately, either by keeping the face value of the officer's estimate on the loss or separately to show its development in the future. In most cases, there are no explicit assumptions about future rates of inflation or loss. Instead, the assumptions used are those implicit in



the historical claims development data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends have not been applied in the future, (for example, to reflect one-time events, changes in external or market factors such as general attitudes towards the claim, economic conditions, claims inflation levels, judicial decisions and legislation, as well as Internal factors such as hybrid portfolio, policy features and claims handling procedures) in order to arrive at the estimated final cost of claims presenting the likely outcome from a set of potential outcomes, taking into account all uncertainties involved.

Premium liabilities have been determined so that the total premiums provisions (unearned premiums reserve and premium deficiency reserve as a result of the adequacy test) are sufficient to serve expected future claims and expenditures that are likely to occur in unexpired policies as in the Financial Position Statement date. The expected future commitment is determined using estimates and assumptions based on experience gained during the period ending in the contracts and expectations of future events that are believed to be reasonable.

Sensitivity Analysis:

The company believes that the claim liabilities under the existing insurance contracts at the end of the year are adequate. However, these amounts are uncertain and the actual payments may differ from the claim liabilities stipulated in the financial statements. Insurance claim liabilities are sensitive to various assumptions. It was not possible to determine the sensitivity of a particular variable such as legislative changes or uncertainty in the estimation process.

A hypothetical 5% change in the claim percentage, net reinsurance, would affect the net subscription income / (loss) as follows:

A) Reinsurance Risks:

In order to reduce potential financial losses arising from huge claims, the company during its normal business cycle enters agreements with third parties for the purposes of reinsurance to reduce its exposure to large losses, the company evaluates the financial position of its reinsurance companies and monitors the concentration of credit risk resulting from geographical areas of Activities or economic characteristics of reinsurers.



Reinsurers are selected using criteria and guidelines established by the company's board of directors. The criteria can be summarized as follows:

- The minimum credit rating accepted by recognized rating agencies (such as S&P) which is not less than BBB or equivalent.
- The reputation of some reinsurance companies.
- Current or past work relationship with the reinsurer.

Moreover, the financial strength, managerial and technical expertise as well as the historical performance of the reinsurers, wherever applicable, are fully reviewed by the company and agreed to the pre-defined requirements of the company's board of directors before being approved to award the reinsurance business. In 31 December 2019 and 31 December 2018, there was no significant concentration of reinsurance balances.

Assigned reinsurance contracts do not exempt the company from its obligations towards policyholders, and as a result of that the company remains liable for a portion of existing claims that have been reinsured as long as the reinsurer who was assigned to the reinsurance failed to meet the obligations under the reinsurance agreements.

Commission Rates Risks:

Commission rate risk arises from fluctuations in special commission rates that affect future profitability or the fair value of financial instruments. The company is exposed to special commission rate risk on Murabaha deposits and instrument investments.

The company has Murabaha deposits and investment in instruments, except for restricted deposits that need to be maintained in accordance with the regulations applicable in the Kingdom of Saudi Arabia and in which the company does not earn any commission. Management limits commission rate risk by monitoring changes in commission rates in the currencies in which its deposits are. The company does not have any deposits in currencies other than the Saudi riyal.

The following information illustrates the sensitivity of the income statement to potential changes in commission rates, with all other variables held constant.

D) Credit Risks:



Credit risk is represented in the inability of some party to meet its obligations in regard of a financial instrument, which may result in the other party incurring a financial loss. Due to all classes of financial instruments owned by the company, the company may be exposed to the maximum credit risk in the book value disclosed in the financial position statement.

The following is a statement of the policies and procedures put in place to reduce the credit risk, to which the company may be exposed:

- A) To reduce its exposure to significant losses resulting from the bankruptcy of reinsurers, the company assesses the financial position of its reinsurers. Accordingly, and as a precondition, the parties affected by reinsurance must have an acceptable level in terms of the average level of safety, which confirms the robustness of their financial position.
- B) B) The company manages credit risk related to customers by setting credit limits for each client and monitoring existing accounts receivable.
- C) Cash and its equivalent shall be deposited with local banks approved by the administration. Accordingly, and as a precondition, the banks with which cash and its equivalent are deposited must have an acceptable level in terms of the level of collateral rate that confirms the robustness of their financial position.

The company does not have an internal evaluation process for credit ratings. Therefore, the amounts that were not owed or decreased in regard of clients balances, are from unrated individuals and joint parties. Balances due from reinsurers are with counterparties that have investment credit ratings issued by external rating agencies.

Credit Quality:

The credit quality of financial assets is explained below:

* Rating source: Moody's.

All other financial assets are non-assessed.

Very strong: Capitalization, earnings, financial strength, liquidity, management, market reputation and ability to pay are excellent.

Acceptable: Requires constant monitoring of financial risk factors. The ability to pay remains at an acceptable level.

E) Liquidity Risk:



Liquidity risk is the company's inability to meet undertakings associated with its financial liabilities upon its entitlement. The liquidity requirements are monitored monthly, and the management ensures that sufficient funds are available to meet any obligations as they arise.

Maturities Schedule:

The schedule below reflects the maturity dates of the Company's financial assets and financial liabilities based on the remaining contractual obligations for insurance contract liabilities, maturity dates are determined on the basis of the estimated time of net cash flows from the recognized insurance liabilities. The amounts disclosed represent contractual undiscounted cash flows that equal their recorded balances, as the effect of discounting is not material:

Liquidity Schedule:

None of the liabilities appearing in the financial position statement have been accounted for on the basis of discounted cash flows. All of the liabilities are payable on demand within one year with the exception of employee benefits.

F) Currencies Risks:

Currency risk is the risk that may arise from the fluctuation of the value of a financial instrument as a result of changes in foreign exchange rates. Management believes that there is minimal risk of large losses due to fluctuations in foreign exchange rates because most of the monetary assets and liabilities are denominated in currencies pegged to the Saudi riyal.

G) Market Prices Risks:

It represents the risk arising from the fluctuation of the fair value of the future cash flows of a financial tool due to changes in market prices (other than those arising from interest rate risk or currency risk), whether these changes are due to specific factors related to a financial instrument, the issuer thereof, or other factors affecting all similar financial instruments traded in the market.

The company has investments in non-current equity which are carried at cost. The effect of changes in the equity value is reversed only if the instrument is sold or its value depreciates and hence the statement of changes in equity is affected.

H) Capital Management:



The objectives are set by the company to maintain the balance of capital ratios in order to support the objectives of the company and increase the interest for the shareholders. The company manages the capital requirements by assessing the deficiency between the declared and required capital levels regularly. Adjustments are made to the current levels of capital according to changes in market conditions and the risk characteristics of the company's activities. In order to maintain or adjust the capital structure, the company adjusts the amount of dividends paid to shareholders or issues new shares.

The company manages its capital to ensure its ability to continue according to the requirements of the company and to comply with the requirements of the regulators for the markets in which the company operates while increasing the return to shareholders through improving the balance of debt and equity. The company's capital structure consists of equity attributable to shareholders, including paid-in capital, reserves and retained profits.

According to the guidelines laid down by SAMA in Article 66 of the Implementing Insurance Regulations, which detail the solvency margin to be maintained, the company maintains a solvency margin equivalent to the highest of the following three methods in accordance with the executive regulations of the Cooperative Insurance Companies Monitoring Law:

- The minimum capital is 100 million Saudi riyals.
 - Good solvency margin based on subscribed premiums.
 - Solvency margin based on average claims over three years.
- I) The company complies with all imposed capital requirements with a proper solvency margin. The company's capital structure as of December 31st, 2020 consists of paid capital of 300 million Saudi riyals, statutory reserves of 29,5 million Saudi riyals and retained earnings of 27 million Saudi riyals. As on December 31st, 2019 it was paid-up capital of 300 million Saudi riyals, statutory reserve amounting to 20 million Saudi riyals and accumulated losses of 10.9 million Saudi riyals in the financial position statement.

In the opinion of the Board of Directors, the company fully complied with the capital requirements imposed during the said fiscal period.

J) Risks Related to Regulatory Requirements:

The company's operations are subject to the requirements of the Laws of the Kingdom of Saudi Arabia. These Laws not only require obtaining approvals and monitor activities,



but also impose some restrictive provisions such as capital adequacy to reduce the risks of deficit and bankruptcy by insurance companies and to enable them to pay their unexpected liabilities when they arise. The company shall adhere to the minimum capital adequacy specified by the regulator.

K) Operation Risk:

Operational risk is the risk of direct or indirect loss arising from a wide range of causes associated with the processes, technology and infrastructure that support the operation of the company's operations within the company or outside the company with the company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal regulatory requirements and generally accepted standards of investment management behavior. Operating risks arise from all the activities of the company.

The company's objective is to manage operational risk in order to achieve a balance between reducing financial losses and damage to its reputation while achieving its investment objective of achieving revenues for investors. The primary responsibility for developing and implementing controls over operational risk rests with the Board of Directors. This responsibility includes controls in the following areas:

- Requirements for appropriate separation of duties between various tasks, roles and responsibilities,
- Reconciliation and transaction monitoring requirements,
- Compliance with regulatory and other legal requirements,
- Documentation of controls and procedures.
- Requirements for periodic assessment of the operational risks, which it faces, and the adequacy of controls and procedures to address identified risks,
- Ethical and practical standards, and
- Risk mitigation policies and procedures.
- Senior management ensures that company employees receive adequate training and experience and fosters effective communication regarding operational risk management.

24. Fair Value of Financial Instruments:



Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The fair value measurement is based on the assumption that the transactions take place either:

- In the principal accessible market for the asset or liability, or
- In the principal market that can be accessed, in the most beneficial market for the asset or liability.

Management has assessed that cash and cash equivalents, maturity, other liabilities and other financial assets and liabilities, which their book value closely approximates to the short-term maturities of these instruments.

The company uses the following hierarchy to determine and disclose fair value of financial instruments:

- First level:** Current prices in active markets (without modification) for similar financial instruments or liabilities.
- Second level:** Valuation methods (in which the minimum level of significant inputs for fair value measurement can be directly or indirectly noticed).
- Third level:** Valuation methods (in which the minimum level of significant inputs for fair value measurement cannot be directly or indirectly noticed).

During the two years ended December 31, 2020, and December 31, 2019, there were no transfers between Level 1 and Level 2 of the fair value measurement, and no transfers were made to or from Level 3 of the fair value measurement.

A) **Book Value and Fair Value:**

The following table shows an analysis of financial instruments recorded with their fair value as on December 31st, 2020 and December 31st, 2019 according to the levels of the fair value hierarchy:

The fair values of other financial assets and liabilities, which are not included in the above table, are not materially different from the carrying value included in the financial statements.

Fair Value Measurement:



Available-for-sale investment represents unpriced securities with the amount of SR 1.9 million in relation to the company's share in the capital of Najm Insurance Services Company. As in December 31st, 2020 and December 31st, 2019, the investment was not measured with fair value in the absence of an active market or other means to reliably measure fair value. However, management believes that there is not big difference between the book value and the fair value of the investment.

V. Financial Indicators:

1. The following table shows the comparison for the income statement items (in thousands of Saudi riyals):

Statement	2016	2017	2018	2019	2020
Total subscribed insurance premium	801,806	804,577	949,993	834,341	795,038
Net subscribed insurance premium	515,354	525,945	602,518	628,479	528,398
Commission income and other subscription revenues	69,196	67,994	53,457	34,330	37,926
Total revenues	584,550	593,939	655,975	662,809	573,217
Total paid claims	437,256	466,957	467,720	646,925	446,868
Net incurred claims	348,111	350,331	474,280	491,516	343,890
Total cost and expenses	525,856	540,700	674,365	678,357	517,446
Net profit / (loss) of insurance operations of the year	58,694	53,238	(18,390)	(15,549)	55,771
Net profit / (loss) of shareholders for the year	58,172	51,927	(13,012)	(2,382)	57,584

2. The following table shows the comparison for the financial position statement items (in thousands of Saudi riyals):

Insurance operations assets	2016	2017	2018	2019	2020
Reinsurers' share of existing claims	423,772	361,910	483,827	440,187	421,955



under settlement, reserves, unearned premiums, and claims incurred but not reported					
Deferred subscription costs	19,645	18,726	21,312	16,877	18,459
Premiums and reinsurance balances debit, net	224,896	269,494	258,113	217,877	245,872
Murabaha deposits	149,800	133,000	168,805	171,005	134,474
Held-to-maturity investment and available-for-sale investment	22,944	17,782	17,400	12,116	22,346
Cash and its equivalent	70,239	85,822	171,227	34,551	47,691
Other assets	37,425	47,785	48,102	61,656	70,145
Total assets of insurance operations	948,721	934,519	1,168,786	954,269	960,942
Share holders' assets	2016	2017	2018	2019	2020
A statutory deposit	25,000	25,000	30,000	30,000	30,000
Murabaha deposits	264,000	283,304	285,089	222,000	207,442
Cash and its equivalent	1,374	3,259	4,701	9,639	2,309
Investments at fair value through profit and loss and held-to-maturity investment	0	0	0	90,672	105,137
Advance payments, other assets and returns due from the statutory deposit	2,618	2,448	3,402	4,999	5,602
Total shareholders' assets	308,507	314,011	323,192	357,310	350,490



Total assets of insurance operations and shareholders	1,257,228	1,248,530	1,491,978	1,311,579	1,311,432
Liabilities of insurance operations	2016	2017	2018	2019	2020
Technical reserves	785,756	703,292	976,507	806,599	768,867
Unearned reinsurance commissions	11,359	8,642	6,916	6,714	6,759
Credit reinsurance balances	49,063	77,413	54,992	93,268	53,730
Employee benefits, credit policyholder claims, accrued expenses and other liabilities	74,030	95,958	113,597	81,558	105,231
Due dividends surplus	12,634	11,474	7,730	-	5,577
Total liabilities of insurance operations	948,721	896,779	1,159,742	988,139	940,164
Shareholders' liabilities and rights	2016	2017	2018	2019	2020
Zakat provision	7,686	8,804	8,708	9,048	10,518
Accounts payable and investment returns payable from a statutory deposit	2,704	2,139	2,975	3,771	4,246
Rights for insurance operations	-	-	-		
Capital	250,000	250,000	300,000	300,000	300,000
Retained profits / (accumulated losses) and statutory reserve	48,117	91,485	19,768	9,133	56,454
Investments fair value reserve, re-	364	(678)	785	1,488	50



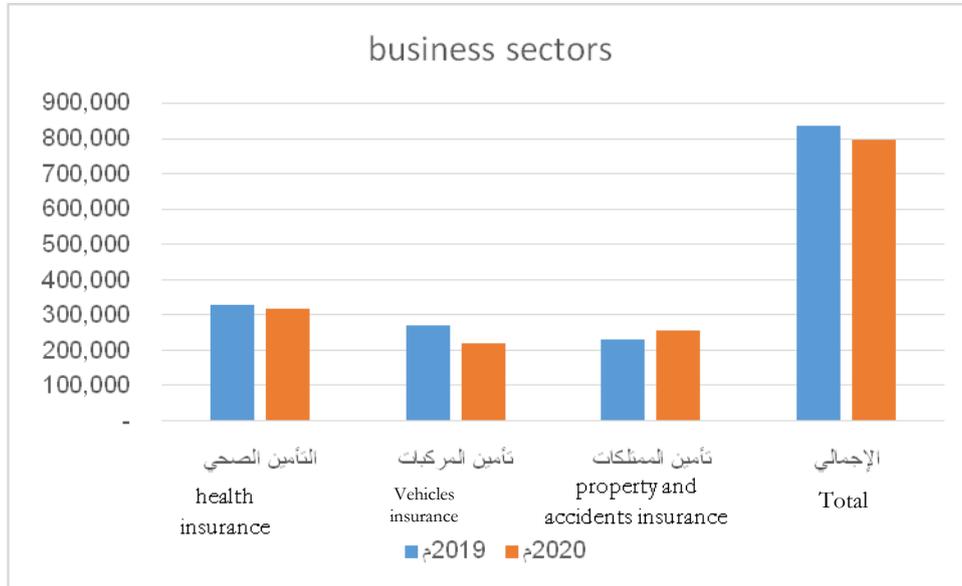
measurement of employees' benefits reserve					
Total shareholders' liabilities and equity	308,507	352,751	332,236	323,440	371,268
Total liabilities, insurance operations, liabilities and shareholders' equity	1,257,228	1,248,530	1,491,978	1,311,579	1,311,432

3. Subscribed Premiums:

The total subscribed premiums during 2020 amounted to 795,038 thousand riyals, compared to 834,341 thousand riyals for the previous year, with a decrease of 5%, due to the decrease in the total subscribed premiums for medical insurance business by 4% and the decrease in vehicle insurance by 19%.

4. The following table shows the distribution of subscribed premiums to business sectors (in thousands of Saudi riyals):

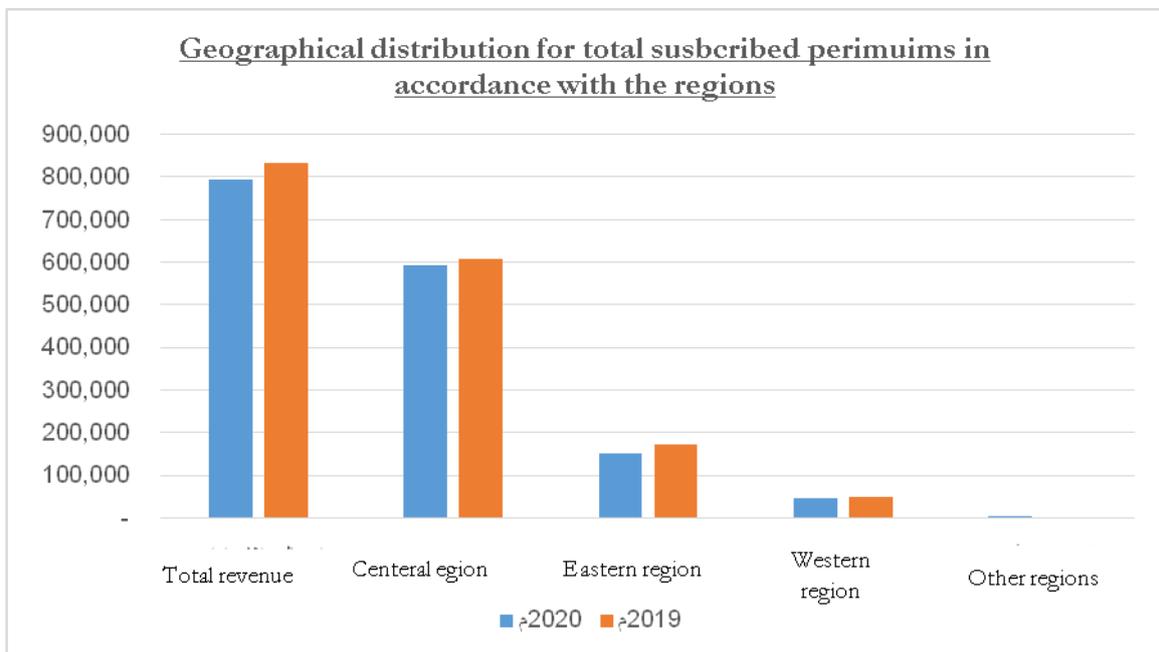
Sector	2020	2019	Changes 2020	Change percentage % 2020
Health insurance	317,435	330,165	(12,730)	%(4)
Vehicles insurance	219,704	271,753	(52,049)	%(19)
Property and accident insurance	257,899	232,423	25,476	%11
Total	795,038	834,341	(39,303)	%(5)





5. The following table shows the geographical distribution of the total written premiums according to regions (in thousands of Saudi riyals):

Year	Geographical analysis of the company's total revenue				
	Central Region	Eastern Region	Western Region	Other Regions	Total Revenue
2020	592,709	151,776	46,131	4,422	795,038
2019	609,632	173,130	49,647	1,932	834,341





6. Substantial Differences in Operational Results (in thousand SAR):

Sector	2020 AD	2019 AD	Changes in 2020 AD	Percent age of Change %	Reasons
Total subscribed insurance premiums	795,038	834,341	(39,303)	(5)%	Total subscribed insurance premiums during 2020 amounted to SR 795,038,000, with a decrease of 5% compared to 2019 AD, due to the decrease in the total subscribed premiums for medical insurance by 4% and the decrease in vehicle insurance by 19%
Net insurance premiums earned	528,398	628,479	(100,081)	(16)%	Net insurance premiums earned during 2020 amounted to SR 528,398,000, a decrease of 16% compared to 2019, due to the decrease in net premiums earned for the vehicle insurance by 17% and the decrease in medical insurance premiums by 19%
Total revenues	573,217	662,809	(89,592)	(14)%	Total revenues during the year amounted to SR 573,217,000, with a decrease of 14% compared to 2019, due to a decrease in net earned premiums by 16% and a decrease in other subscription revenues by 10%, and a decrease in other revenues by 25%.
Net claims incurred	343,890	491,516	(147,626)	(30)%	Net claims incurred 2020 amounted to SR 343,890,000, with a decrease of 30% compared to 2019, due to the decrease in net claims incurred for vehicle insurance by 35% and the decrease in net claims incurred for medical insurance by 27%
Total costs and expenses	517,446	678,357	(160,911)	(24)%	Total costs and expenses during 2020 amounted to SR 517,446,000,



					with a decrease of 24% compared to 2019, due to the decrease in net claims incurred by 30%, the decrease in the provision for doubtful debts by 80%, and the decrease in the costs of subscription insurance policies by 8%.
Surplus / (deficit) of insurance operations for the year less the policyholders' investment return	51,969	(23,316)	75,285	-	Surplus of insurance operations minus the policyholders' investment return during 2020 amounted to SR 51,969,000 compared to a (deficit) of (SR 23,316,000) for the previous year due to a decrease in net claims incurred by 30% and a decrease in the provision for doubtful debts by 80%.
Net profit from policyholders' investments	3,802	7,767	(3,965)	(51)%	Net investment income of insurance operations during 2020 amounted to SR 3,802,000, with a decrease of 51% compared to 2019.
Surplus / (deficit) from insurance operations	55,771	(15,548)	71,319	-	-
Shareholders' share from surplus / (deficit)	50,194	(15,548)	65,742	-	-
Net profit from investments of shareholders' funds	8,761	16,394	(7,633)	(47)%	Net investment income of shareholders' funds during 2020 amounted to SR 8,761,000, with a decrease of 47% compared to 2019.
Net profit / (loss) for the year before zakat	57,584	(2,382)	59,966	-	The net profit before Zakat during 2020 compared to the net loss for the previous year 2019 mainly was due to a 30% decrease in net claims incurred, a 8% decrease in the cost



					of insurance policies subscription, a 4% decrease in public and administrative expenses, a 4% decrease in inspection and supervision fees, a 80% decrease in doubtful debts, a 16% increase in net re-insurance commissions, despite a 16% decrease in net earned premiums, a 47% decrease in net profit of shareholders' capital investment, a 51% decrease in net profit of policyholders' investments, a 10% decrease in other subscription income and a 25% decrease in other income.
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7. Earnings per Share

Basic and diluted earnings per share has been calculated by dividing the total comprehensive income for the year by the weighted average number of shares issued and outstanding during the year.

The weighted average number of shares has been calculated as on December 31, 2020, and December 31, 2019, as follows:

	2020 AD	2019 AD
Loss of basic and diluted share per share	<u>1.58</u>	<u>(0.35)</u>
Weighted average number of shares after issuance of priority rights (in thousands)	<u>30,000</u>	<u>30,000</u>

- There are no diluted potential shares during the years 2020 AD and 2019 AD.



VI. Sixth: Disclosure according to Statutory Regulation:

1) Corporate Governance Regulation:

The General Assembly of the Company, held on 27/12/2017 AD, has endorsed the Board of Directors' Resolution No. (50), dated 12/12/2017 AD, to adopt the updated Corporate Governance Regulation and accompanying regulations and the accompanying Regulations and to bring them into force immediately.

The Company has applied all the mandatory Articles of the Financial Market Authority Governance Regulations, as well as non-mandatory Articles, except the following:

Article	Text of Article	Reasons for Non-application
85 (Guidance Article)	The Company shall establish programs to develop and stimulate the participation and performance for its employees, including, in particular: 1) Establish committees or hold specialized workshops to hear and discuss the views of the company's employees on issues and topics that are the subject of important decisions. 2) Motivate employees. 3) Establishing social institutions for the Company's employees.	There are currently no social programs or institutions for employees, and the Company may consider this matter in due course.
87 (Guidance Article)	The Ordinary General Assembly - based on a proposal from the Board of Directors - shall develop a policy to ensure a balance between its objectives and those to which the society intends to achieve; for developing the social and economic conditions of society.	A policy appropriate to the Company's future direction may be considered.
88 (Guidance Article)	The Board of Directors shall develop programs and identify the means to launch the Company's initiatives in the area of social work, including: 1) Develop measurement indicators linking the Company's performance to its social work initiatives and comparing this with other companies of similar activity. 2) Communicate and educate the Company's employees and make them aware of the objectives of social responsibility. 3) Disclose social responsibility plans in periodic	The development of such programs and initiatives may be effectively studied according to the Company's future direction.



	<p>reports relating to the Company's activities.</p> <p>4) Develop community awareness programs to publicize the Company's social responsibility.</p>	
41 (E) (Guidance Article)	The Board of Directors shall arrange for the assessment of its performance by a competent external authority every three years.	An external specialist may be outsourced to assess the future performance of the Board.
41 (F) (Guidance Article)	Non-executive members of the Board of Directors shall periodically assess the performance of the Chair of the Board after taking the views of the executive members - the Chair of the Board shall not attend the discussion devoted to this purpose - provided that the strengths and weaknesses are identified and suggested remedies in accordance with of the Company's interest.	The required assessment of the Chair of the Board's performance may be carried out at a later date.
95 (Guidance Article)	In the event that the Board of Directors establishes a committee specialized in Corporate Governance, it shall delegate to it the terms of reference established under Article 94 of this Regulation. This committee shall follow up any topics relating to governance applications and provide the Board of Directors, at least annually, with its reports and recommendations.	Inapplicable. As the Board of Directors did not constitute a specialized committee on corporate governance.

Other than that, the Company is keen to adhere to the implementation of all the rules and regulations issued by the Regulatory and Supervisory Authorities. The Company has complied with the SAMA Insurance Company Governance Regulations, as well as its own Governance Regulation.

2) Ordinary General Assembly

The Ordinary General Assembly held its regular meeting remotely through modern means of technology on Thursday 14/05/2020 AD, due to the suspension of its holding in attendance based on the CMA's Circular to address the emerging Corona Virus (COVID-19), and decided:

1. Approve the Board of Directors' Report for the financial year ending on 31/12/2019 AD.



2. Approve the Auditors' Report for the financial year ending on 31/12/2019 AD.
3. Approve the Company's Financial Statements for the financial year ending on 31/12/2019 AD.
4. Approve the discharge of the Board of Directors for their work during the financial year ending on 31/12/2019 AD.
5. Approve the reappointment of the Ibrahim Ahmed Al-Bassam & Partners CPA (Allied Accountants), and the appointment of Abdullah Muhammad Al-Azm, Salman Bandar Al-Sudairy and Musab Abdulrahman Al Al-Sheikh - Al-Azm, Al-Sudairy and Al-Sheikh & Partners CPA, among the candidates based on the audit committee's recommendation to examine, review and audit the Company's financial statements for the second, third, fourth and annual quarters of the financial year 2020 AD, and the first quarter of the financial year 2021 AD, and determine their fees.
6. Approve the disbursement of the Board of Directors' remuneration in the total amount of SR 660,000.00 for the financial year ended on 31/12/2019 AD.
7. Approve the business and contracts concluded between the Company and ACE Insurance Agencies Ltd., in which His Highness the Chairman of the Board of Directors Prince / Ahmed bin Khalid bin Abdullah Al Saud has a direct interest, as he owns 10%, which is the insurance premiums produced by ACE Insurance Agencies Ltd. for the Company's benefit. The Contract term shall be five years, automatically renewed at SR 10,500,656, and the commissions are determined in accordance with the regulations of insurance agents and brokers issued by the Saudi Arabian Monetary Authority.
8. Approve the business and contracts concluded between the Company and Ace Insurance & Reinsurance Brokers Ltd., in which His Highness the Chairman of the Board of Directors Prince / Ahmed bin Khalid bin Abdullah Al Saud has a direct interest, as he owns 10%, which is the insurance premiums produced by ACE Insurance Agencies Ltd. for the Company's benefit. The Contract shall not be fixed-term unless one of the two parties notifies the other of its cancellation 60 days before, in the amount of SR 135,780,677, and the commissions are determined in accordance with the regulations of insurance agents and brokers issued by the Saudi Arabian Monetary Authority.
9. Approve the business and contracts concluded between the Company and Saudi Arabian Insurance Company B.S.C., which is represented by His Highness the Chairman of the Board of Directors Prince / Ahmed bin Khalid bin Abdullah Al



Saud and the member of the Board of Directors Dr. George Shaheen Medawar, as they are members of its Board of Directors. These are the amounts received and paid on behalf of Saudi Arabian Insurance Company B.S.C. (M) and that the transaction is of an unlimited period and without preferential terms, noting that the transaction during 2019 was in an amount of SR 220,534.

3) Board of Directors:

A) The Board of Directors was constituted for the fifth session that commenced on 25/06/2019 AD for 3 years as follows:

Member Name	Position	Its effectiveness
His Highness Prince / Ahmed bin Khalid bin Abdullah bin Abdulrahman Al Saud	Chairman	Non-executive
Abdul Aziz bin Ali Abu Al Saud	Vice-Chairman	Non-executive
Dr/ George Shaheen Medawar	Member	Non-executive
Khalid bin Saleh Al-Khattaf	Member	Independent
Saleh bin Abdul Rahman Al-Helaissi	Member	Independent

Board of Directors' Remuneration Policy:

The Board of Directors is keen to implement the remuneration policy for members of the Board of Directors, the Subsidiary Committees and the Executive Management, as well as to ensure that there is a proportionality between the remuneration granted and the remuneration policy in force.

- Remuneration shall be determined based on the Remuneration and Nomination Committee's recommendation in the Company, which shall review the schedule of attendance of members at meetings of the Board and its Committees and the tasks and topics performed by them. The appropriate recommendation shall be submitted to the Board to determine the remuneration for members of the Board of Directors. The Remuneration and Nomination Committee shall, in making the recommendation, as well as the Board shall, take into account in determining and disbursing the remuneration that each of the Board members will receive, the following criteria:



- a) The remuneration shall be fair and proportionate to the member's competencies and the work and responsibilities that the board member carries out and assumes, in addition to the objectives set by the Board of Directors to be achieved during the financial year.
 - b) The remuneration shall be commensurate with the Company activity and the skill required to manage it.
 - c) Take into account the sector in which the Company operates, its size and the member's experience.
 - d) The remuneration shall be reasonably sufficient to attract, motivate and retain competent and experienced members.
- Members of the Board may not vote on the Board members' remuneration item in the General Assembly.
 - A member of the Board of Directors who has a professional license may obtain a remuneration for any executive, technical or consulting work or positions assigned to him in the Company, in addition to the remuneration that he can obtain as a member of the Board of Directors and / or in the committees constituted by the Board of Directors, according to the Companies Law and the Company's Articles of Association.
 - Members' remuneration may be of varying amount to reflect the experience, terms of reference, tasks entrusted to him, his independence, number of meetings attended and other considerations.
 - The independent board members' remuneration shall not form a proportion of the Company's profits, nor should they be directly or indirectly based on the Company's profitability.
 - If the remuneration disbursed to any member of the Board are found to be based on incorrect or misleading information brought to the General Assembly or contained in the annual report of the Board of Directors, the member of the Board shall return them to the Company that shall be entitled to demand its refund. If the General Assembly decides to terminate the membership of any member of the Board of Directors, the member shall not be entitled to any remuneration and shall return all the remuneration paid to him for the period during which his membership was revoked.
 - Remuneration and allowances shall be disbursed to the Board's members and Board Committees' members on an annual basis.



- The annual remuneration shall be divided between the two members of the Board of Directors in the event of resignation and the appointment of a new Board member, depending on the date of appointment, and among the members of the Board in the event of the end of the Board's session and the commencement of a new session, depending on the commencement date of the session.

The report of the Board of Directors shall include a comprehensive statement of all the remuneration, attendance allowance, expenses and other benefits obtained by members of the Board of Directors during the financial year, as well as a statement of what has been received by the members of the Board as employees or administrators or for technical, administrative or consulting work previously approved by the Company's General Assembly.

Executive Management's Remuneration Policy:

- At the beginning of the year, the Company's overall objectives, the specific objectives of the executives, their individual performance indicator and the proportion of contribution of each sector or department in proportion to tasks and responsibilities shall be approved.
- At the end of each year, the Board of Directors shall decide whether it wishes to grant remuneration based on the Remuneration and Nomination Committee's recommendation according to the Company's success in achieving its objectives related to operations and net profits.
- The remuneration values of the executives shall be proportional to the net profit of the Company, the contribution of the sector and the individual contribution of the executive to the achievement of the Company's objectives, as well as the duration of the active service of the executive in the evaluation year.
- The remuneration is not intended to compensate for or add to the executive's remuneration, and the Board of Directors is the ultimate right to determine whether there should be remuneration or not, the value and timing of payment of such remuneration. If employees' remuneration are approved, it should not be assumed that any previous payments have established a pattern or set a precedent that requires the Company to pay future remuneration.
- An annual remuneration is not automatic and an executive may not receive any bonuses for any year in which the Company does not achieve net profits.



- Executives shall not be entitled to any annual remuneration unless 80% of the financial target approved at the beginning of the year is met.
- No executive is rewarded at the head of a sector that has not met 75% of its targets at the beginning of the year.
- The remuneration shall be discontinued or refunded if it is determined based on inaccurate information.

The remuneration and its ratio shall be reconsidered in accordance with performance indicators if, in a given financial year, the Board of Directors decides to grant shares in the Company to the Executive Management members.



Board of Directors' Remuneration for the year of 2020 AD

	Variable Remuneration						Fixed Remuneration						End of Service Benefit	Grand Total	Expense Allowance	
	A certain amount	Allowance for attending Board sessions	Total allowance for attending committee sessions	In-kind Benefits	consulting work administrative and technical, Remuneration for	the Chairman of the Board, the Managing Director or the Secretary, if	Total	A Percentage of Profits	Periodic Remuneration	Short-term Incentive Plans	Long-term Incentive Plans	Awarded Shares (value is entered)				
First: Independent Members																
1. Saleh bin Abdul Rahman Al-Helaissi	120,000	120,000	13,500	-	-	-	145,500	-	-	-	-	-	-	-	145,500	-
2. Khalid bin Saleh Al-Khattaf	120,000	120,000	6,000	-	-	-	138,000	-	-	-	-	-	-	-	138,000	-
Total	240,000	240,000	19,500	-	-	-	283,500	-	-	-	-	-	-	-	307,500	-
Second: Non-executive Members																
1. Prince / Ahmed bin Khalid Al Saud	180,000	12,000	3,000	-	-	-	195,000	-	-	-	-	-	-	-	195,000	-
2. Abdul Aziz bin	120,000	12,000	18,000	-	-	-	150,000	-	-	-	-	-	-	-	150,000	-



Members of Committees' Remuneration for the year of 2020 AD

	Fixed Remuneration (except for the allowance for attending meetings)	Allowance for attending meetings	Total
Members of Audit Committee			
1. Dr. Khalil Abdel Fattah Kurdi	100,000	16,500	116,500
2. Walid bin Muhammad Al-Uthaimin	100,000	16,500	116,500
3. Saleh bin Abdul Rahman Al-Helaissi	-	16,500	16,500
Total	200,000	49,500	249,500
Members of Remuneration and Nomination Committee			
1. Khalid bin Saleh Al-Khattaf	—	4,500	4,500
2. Dr./ George Shaheen Medawar	—	3,000	3,000
3. Saleh bin Abdul Rahman Al-Helaissi	—	4,500	4,500
Total	—	12,000	12,000
Members of Risk Management Committee			
1. Dr./ George Shaheen Medawar	—	3,000	3,000
2. Abdul Aziz bin Ali Abu Al Saud	—	3,000	3,000
3. Khalid bin Saleh Al-Khattaf	—	0	0
Total	—	6,000	6,000
Members of Executive Committee			
1. Dr./ George Shaheen Medawar	—	9,000	9,000
2. Abdul Aziz bin Ali Abu Al Saud	—	9,000	9,000
3. Saleh bin Abdul Rahman Al-Helaissi	—	9,000	9,000
Total	—	27,000	27,000
Members of Investment Committee			
1. Ahmed bin Khalid bin Abdullah Al Saud	—	3,000	3,000
2. Abdul Aziz bin Ali Abu Al Saud	—	3,000	3,000
3. Khalid bin Saleh Al-Khattaf	—	1,500	1,500
Total	—	7,500	7,500



Chief Executives' Remuneration for the year of 2020 AD

Chief Executive Positions	Variable Remuneration				Fixed Remuneration						End of Service Benefit	Total Executives' Remuneration for the Board, if any	Grand Total
	Salaries	Allowance	In-kind Benefits	Total	Remuneration	Profits	Incentive term	Incentive term	Shares (value is)	Total			
1. CEO	1,076,160	269,040	-	1,345,200	-	-	1,378,283	-	-	1,378,283	112,100	-	2,835,583
2. CFO	925,080	293,901	-	1,218,981	-	-	367,718	-	-	367,718	98,863	-	1,685,562
3. Head of IT Department	737,333	254,317	-	991,650	-	-	-	-	-	-	79,000	-	1,070,650
4. Vice President for Sales	722,400	237,250	-	959,650	-	-	-	-	-	-	77,750	-	1,037,400
5. Vice President for Technical Affairs	684,600	236,231	-	920,831	-	-	-	-	-	-	73,815	-	994,646
Total	4,145,573	1,290,739	-	5,436,312	-	-	1,746,001	-	-	1,746,001	441,527	-	7,623,840



B) CVs For Board Members:

Prince / Ahmed bin Khalid bin Abdullah Al Saud	Current Position
	Chairman of Board of Directors
Qualifications, experience and previous positions	
<p>- B.S. in Business Administration - University of Southern California 1995 - Juris Doctor in Law – School of Law - Pepperdine University 1998 - LL.M. in Law - Harvard Law School - Harvard University 1990</p> <ul style="list-style-type: none"> • Chairman of the Board of Directors of the Saudi Arabian Amiantit Company (a listed joint stock company). • Former Chairman of the Board of Directors of the Saudi Chemical Company (a listed joint stock company). • Chairman of the Board of Directors of the Resources Corporation for Energy and Mining. • Chairman of the Board of Directors of American Express Saudi Arabia. • Chairman of the Board of Directors of the Saudi Arabian Insurance Company. (Bahraini closed Joint Stock Company). • Member of the Board of Directors of American Express Middle East Ltd. 	

Abdulaziz bin Ali Abu Al-Saud	Current Position
	Deputy Chairman of the Board
Qualifications, experience and previous positions	
<p>Abdulaziz bin Ali Abu Al-Saud graduated from the American University of Beirut in 1971 with a Bachelor's degree in Commerce and Business Administration. He passed a course in basic management from Merck Training and Consulting Co. in 1981. He also passed a course in marine insurance from the Richards Hogg International Company in 1982. As well, he obtained a certificate in risk management in the field of insurance from Scan Risk Co. in 1983. He also obtained a diploma in management from Skandia Insurance Company in 1983.</p> <p>For his keenness to keep up with the latest professional standards in the field of insurance and to get acquainted with the best international practices in his career, Abdulaziz bin Ali Abu Al-Saud obtained a number of professional memberships in committees, institutes, and leading professional societies in the field of insurance, including membership of the National Insurance Committee, based in Riyadh. Moreover, the membership of the London-based British Insurance Institute and the</p>	



membership of the London-based British Insurance Brokers Association. Because of his long-standing experience in management and insurance, Abdulaziz bin Ali Abu Al-Saud worked as a board member in a number of listed companies in the Kingdom of Saudi Arabia, most notably the membership of the Board of Directors of the Saudi Arabian Cooperative Insurance Company since 2007. He was a member of the Board of Directors of the Saudi Arabian Amiantit Company from 2008 until 2015 as well as a member of the Board of Directors of the Saudi Chemical Company from 2009 AD until 2015 AD. Abdulaziz bin Ali Abu Al Saud does not have a board membership in any joint stock company not listed in the Kingdom of Saudi Arabia.

Dr. George Shaheen Medawar	Current Position
	Member of the Board of Directors
Qualifications, experience and previous positions	
<p>Dr. Medawar's professional experience extends over a period of 50 years, during which he worked in the public, private and academic sectors, and in many government agencies in the Middle East.</p> <p>He has studied economics at the American University of Beirut, where he obtained a bachelor's and master's degree, and through a full scholarship, he continued his interest in financial and monetary economics at Cornell University, where he obtained a doctorate. He has many studies published in economic journals in the region. He has also authored a number of books on trade economics and agricultural economics policies, and lectured on an irregular basis in government agencies in Lebanon.</p> <p>In his early years of work, Dr. Medawar taught economics at the American University of Beirut, which is the oldest American university outside the United States of America. At the same time, he undertook several advisory assignments to various Lebanese ministries including the Ministries of Finance and Planning, and the Ministry of Agriculture in the Kingdom of Saudi Arabia. From 1969 to 1976, he served as Secretary General of the Advisory Board of the Central Bank of Lebanon. The United Nations Economic and Social Committee also requested Dr. Medawar to conduct research in planning the foreign trade sector in the Kingdom of Saudi Arabia.</p> <p>His clients in consulting work include Kidder Peabody & Co., Parsoner Beesle Foundation, ItalConsult, and numerous advisory agencies in many fields including monetary policy, financial advisory, agricultural policy and water management. He has research experiences outside the Middle East, through work he has undertaken for Resources for the Future in Washington.</p>	



In the mid-seventies of the last century, his work shifted from the academic and consulting field to the business world, as he moved to the Kingdom of Saudi Arabia to assume the position of Chairman of Al-Mawared Investment Company, a multi-disciplinary group headquartered in Riyadh. In the following years, Dr. Medawar served as a member of the board of directors of at least 12 companies, including the Saudi Arabian Aminatite Company, which is working on producing pipes of various kinds, the Saudi Fish Company, and the Saudi Chemical Company.

As for his membership in the boards of companies outside the Kingdom of Saudi Arabia, it included Halston Progress International Company after its acquisition by the Al-Mawarid Group in 1991, where he served as Chairman of the Board of Directors and assumed the responsibilities of the Executive Director.

In the nineties, Dr. Medawar was among the founding directors of Iridium, which was at the time the largest private company in the world providing satellite communications services via handheld units. Iridium services are widely used by civil and military organizations as well as companies and individuals. He also served as a member of the Board of Directors and Chairman of the Executive Committee of Orbit Communications Company at the beginning of its launch, which is considered one of the leading companies in the services of digital encrypted broadcast by satellite.

Since 1987 AD, Dr. Medawar moved his work to London, where he heads the Overseas Resources Group, as well as the position of the group's senior advisor in the Kingdom of Saudi Arabia. Since 2005, Dr. Medawar has held the position of a member of the Board of Directors and Chairman of the Executive Committee of Integrated Telecom Company.

Dr. Medawar was born in Haifa in 1933. He is married, holds Lebanese and British nationalities, and speaks three languages: Arabic, English and French. His name was included in the "Marquis Who's Who" Encyclopedia of International Personalities in the sixth edition of the year 1982-1983 AD.



Khalid bin Saleh Al-Khattaf	Current Position
	Member of the Board of Directors
Qualifications, experience and previous positions	
<p><u>Professional Experience:</u></p> <ul style="list-style-type: none"> • CEO of Lafana Holding Company – From 2014 to now. • CEO and Managing Director of Nomura Saudi Arabia Company – From 2010 to 2013. • CFO of the Saudi Market Company (Tadawul) from 2009 to 2010 • Acting Operations Manager / Financial Adviser in Investment Management, SAMA. • World Bank Investment Analyst (Treasury Department) from 2004 to 2005 • World Bank Assurance Technician (The Multilateral Investment Guarantee Agency – from 2000 to 2004). • Technical Assistant to His Excellency the Deputy Governor of SAMA – from 1997 to 2000. • Accountant of the Banking Disputes Committee, SAMA. 1989 to 1992 <p><u>Membership of Board of Directors and Committees:</u></p> <ul style="list-style-type: none"> • Member of the Board of Directors, Executive and Risk Committee – Gulf Investment Corporation (Kuwait) 2009-2014 • Member of the Board of Directors and the Audit Committee – Al-Ra'idah Investment Company 2018-until now • Member of the Board of Directors, Executive and Audit Committee – Middle East Paper Manufacturing Company – from 2017 until now. • Member of the Board of Directors and the Audit Committee – National Finance Corporation (Bahrain) 2016-2018. • Member of the Board of Directors and the Executive Committee – Rafal Real Estate Development Company 2014-2019. • Member of the Investment Committee – Bupa Insurance Company 2013-2018 • Member of the Risk Committee and the Audit Committee – Public Pension Agency, 2014-2020. <p><u>Qualifications:</u></p> <ul style="list-style-type: none"> • Master's degree in in Financial Management 1996, University of Colorado • MA in Accounting 1996, University of Colorado • Higher Diploma in Applied Economics 2004, The American University of Washington 	



- Bachelor's degree in Accounting 1989, King Saud University.

Professional Certifications:

- American Chartered Accountants Fellowship (CPA) 1998AD.

Professional Courses:

Many courses on investment, financial analysis and governance in international organizations such as the World Bank, the International Monetary Fund, the Capital Market Authority, the Arab Monetary Fund, the Swiss Institute for Financial Analysis, in addition to the international training centers at INSEAD, Oxford University and Georgetown University.

- Strategy and Leadership Courses – Oxford University 2010-2016
- Advanced Financial Analysis and Investment Courses – Oxford 2014.
- Leadership and strategic thinking – INSEAD 2009.

Saleh bin Abdul Rahman Al-Helisi	Current Position
	Member of the Board of Directors
Qualifications, experience and previous positions	
<p>Brief summary:</p> <ul style="list-style-type: none"> • More than 25 years of experience as a professional administrator in the insurance sector. • Skills in strategic thinking, team building, motivation and negotiation. • Capabilities in Underwriting, Reinsurance and Claims Management • The ability to direct and negotiate complex projects from their inception to their full operational status. <p>Education: Eton College, Windsor, UK University of Texas, BA in Economics, Austin, USA</p> <p>Related Experience and Achievements:</p> <ul style="list-style-type: none"> • Working to establish regional offices for a financial consulting firm. • Supervising the submission of the file related to increasing the capital of Weqaya 	



Insurance and Reinsurance Company (Weqaya).

- Successfully addressing all regulatory requirements for prevention by following due diligence and Sharia review reports.
- Working to coordinate prevention operations with the aim of establishing a credible and ethical organization.
- Implementing conscious and alert procedures and processes for claims for protection, which resulted in savings that far exceeded 40 million Saudi riyals.
- Responsible for the successful establishment and licensing of Sanad Co.
- Direct management of an investment portfolio with an insurance premium of more than one billion Saudi riyals.
- Working to create balance and control in the work, which resulted in a profit margin of 35%.
- Supervising the employment of 145 employees and working to maintain them.
- Provide advice and guidance to students on setting job-related goals.
- Consolidating and maintaining administrative relations with international insurance companies.
- Maintaining a strong relationship with major customers in the Kingdom of Saudi Arabia, such as Aramco, SABIC, Exxon Mobil, the Saudi Electricity Company, and the Saline Water Conversion Corporation and others.
- Providing advisory support to the CEO of Sanad in 2012 regarding changes in the activity of the Saudi insurance market and SAMA.

Job Positions:

- Managing Director for Europe and the Middle East – Checkman and Stratton, October 2016 to date.
- Member of the Board of Directors and the Audit Committee – Saudi Chemical Company, January 2016 to date.
- CEO of Weqaya Insurance and Reinsurance Company, September 2014 – September 2016.
- CEO of Sanad Insurance and Reinsurance Company – 2013-2014.
- CEO of Tax and Finance Saudi Arabia (Switzerland) – 2010-2013.
- Deputy Chairman of Sanad Insurance and Reinsurance Company - 2006-2010.
- Specialist in investment agreements for the General Investment Authority in Saudi Arabia – 2004-2006.
- General Manager, Lambert Fenchurch Insurance Brokers, Middle East – 1999-2003.



- Assistant General Manager – National Company for Cooperative Insurance, Saudi Arabia – 1990-1999.

C) CVs of members of the committees:

Prince / Ahmed bin Khalid bin Abdullah Al Saud	Current Position
	Chairman of Investment Committee
Qualifications, experience and previous positions	
It was referred to above.	

Dr. George Shaheen Medawar	Current Position
	Chairman of the Executive Committee Chairman of the Risk Management Committee Member of the Nomination and Remuneration Committee
Qualifications, experience and previous positions	
It was referred to above.	

Abdulaziz bin Ali Abu Al-Saud	Current Position
	Member of the Executive Committee Member of the Risk Management Committee Member of the Investment Committee
Qualifications, experience and previous positions	
It was referred to above.	

Khalid bin Saleh Al-Khattaf	Current Position
	Chairman of the Nomination and Remuneration Committee Member of the Investment Committee Member of the Risk Management Committee
Qualifications, experience and previous positions	
It was referred to above.	



Saleh bin Abdul Rahman Al-Helisi	Current Position
	Member of the Executive Committee Member of the Nomination and Remuneration Committee Member of the Audit Committee
Qualifications, experience and previous positions	
It was referred to above.	

Dr. / Khalil bin Abdul Fattah Kurdi	Current Position
	Chairman of the Audit Committee
Qualifications, experience and previous positions	

Academic qualifications:

- 1) Doctorate of Philosophy in Business Administration (majoring in accounting).
University of Arizona, United States of America, 1979
- 2) Master of Accounting, University of Arizona 1974
- 3) Bachelor of Commerce – Department of Accounting and Business Administration - King Saud University, 1969 AD.

Work Experience and Jobs:

* Current position: Financial and Administrative Consultant / Owner and Head of the Albabe Office for Financial and Administrative Consultations 1993 AD.

- Consultant of Al-Mawarid Group, (1993 –now).
- Faculty member and head of the accounting department – College of Administrative Sciences (King Saud University) 1979-1983 AD.
- Assistant Undersecretary for the General Auditing Bureau for Corporate Affairs and Public Institutions, March 1983 – June 1983.
- Senior executive positions, including the chief financial officer in Al-Mawarid Group, 1983-1993.
- Member of the Board of Directors and the Executive Committee of the Saudi Arabian Amiantit Company (1990 – now).
- Chairman of the Audit Committee of the Saudi Arabian Amiantit Company (2009 – now).
- Member of the Board of Directors, Executive Committee and Investment Committee of the Charitable Fund for Patient Treatment – Sultan Bin



Abdulaziz Al Saud Charitable Foundation (2004 – now).

- Member of the Board of Directors – Audi Capital Company (November 2011 – now).
- Member of the Audit Committee and the Executive Committee – Audi Capital Company (Nov 2011 – now).
- Member of the Saudi British Joint Business Council (2012 – now).
- Chairman of the Audit Committee of the Saudi Arabian Cooperative Insurance Company (SAICO) (2019 - present)

Memberships and previous jobs:

- 1) Consultant: Ministry of Finance, Audit Bureau, Saudi Consulting Services House 1399-1403 A.H.; 1390-1391 AH
- 2) Member of the Board of the College of Administrative Sciences, King Saud University, 1401-1403 AH
- 3) Member of King Saud University Council, 1402-1403 A.H.
- 4) Member of the Board of Directors of the Saudi Organization for Certified Public Accountants, 1417-1423 AH
- 5) Member of the Board of Directors of the General Organization for Technical Education and Vocational Training, 1414-1416 A.H.
- 6) Member of the Advisory Committee to join the World Trade Organization 1996 – 2000
- 7) Member of Madinah Region Council, 1418-1426 AH
- 8) Member of the Consultative Group for Madinah Region 1418 – 1426 AH
- 9) Member of the Advisory Board of the Supreme Economic Council in the Kingdom of Saudi Arabia, 1420 AH – 1432 AH.
- 10) Member of the Board of Directors of the Chamber of Commerce and Industry in Riyadh, 1414-1421 A.H.
- 11) Member of the Board of Directors of the Council of Saudi Chambers, 1417-1421 A.H.
- 12) Representative of the Saudi Chambers in the Economic Consultative Group for Companies at the International Chamber of Commerce (1996-2001).
- 13) Member of the Board of Directors of the Saudi American Bank and the Executive Committee and Chairman of the Audit Committee (1986-2001).
- 14) Member of the Board of Directors, the National Air Services Company (NASS) (1998-2001).
- 15) Chairman of the Board of Directors – The National Air Services Company



(NAS) (2001-2006).

- 16) Member of the Board of Directors of the Disabled Child Care Association (1989-1995)
- 17) Chairman of the Audit Committee – The Saudi Investment Bank (2007-2012)
- 18) Member of the Board of Directors – Public Lighting Company (December 2011 – July 2014)
- 19) Member of the Board of Directors of the Saudi Development Fund (January 2009-2014)
- 20) Member of the Shura Council – Sixth Session.
- 21) Member of the Financial Committee of the Shura Council – Sixth Session.
- 22) Member of the Board of Directors – Saudi Telecom Company (April 2015 – April 2018).
- 23) Member of the Audit Committee – Saudi Telecom Company (April 2015 – April 2018).
- 24) Chairman of the Governance, Risk and Compliance Committee of the Saudi Telecom Company (June 2016 – April 2018)
- 25) Chairman of the Audit Committee – Saudi Chemical Company (2006 – 2018)
- 26) Chairman of the founding committee of the Saudi Accounting Association and president of the society 1401-1403 AH, College of Administrative Sciences, King Saud University.

Walid bin Muhammad Al-Uthaimin	Current Position
	Member of the Audit Committee
Qualifications, experience and previous positions	
<p><u>Qualification</u> Bachelor of Industrial Management – majoring of Accounting, King Fahd University of Petroleum and Minerals, 1989 AD.</p> <p><u>Practical experiences</u></p> <ul style="list-style-type: none"> - General Manager of the Saudi Gas Cylinders Factory, a closed joint stock company from 2019 until today. - Deputy General Manager, Saudi Gas Cylinders Factory, 2001-2018. - Director of Financial and Administrative Affairs 1995-2000. - Director of Finance 1993-1994. - Eastern Petrochemical Company, one of SABIC companies 	



- Cost Control Department Supervisor 1989-1993

Membership of councils and committees

- 1- Member of the Board of Directors of the Mulkia Private Equity Fund – Education Sector
- 2- Chairman of the Audit Committee, Welspun Middle East Pipes LLC.
- 3- Member of the Audit Committee, Mulkia Investment Company.
- 4- Member of the audit committee of the Saudi Arabian Cooperative Insurance Company (SAICO).
- 5- Member of the audit Committee of the Takween Advanced Industries Company.

D) CVS for the members of the executive management:

Hassan Abdullah Al-Somali	CEO
Qualifications, experience and previous positions	
<p>He holds a bachelor's degree in economics in 1977 from Bocconi University, Italy. From 2007 to date, he has been the CEO of the Saudi Arabian Cooperative Insurance Company (SAICO) (a listed Saudi joint stock company working in the insurance field). Prior to that, he held the position of General Manager of the Saudi Arabian Insurance Company BSC, Bahrain (a closed Bahraini joint stock company operating in the insurance field) during the period from 1988 AD to 2007 AD. He held the position of Director of Al Yamamah Insurance Company in the Kingdom of Saudi Arabia (a company operating in insurance field) during the period from 1981 AD until 1987 AD. As well, he worked as an insurance underwriting officer at the National Insurance Company in Jeddah (a joint stock company working in the insurance field) during the period from 1978 AD until 1981 AD.</p>	

Mohan Joseppe Varghese	CFO
Qualifications, experience and previous positions	
<p>He holds a master's degree in business administration from the Kellogg School of Business Administration from Northwestern University in America in 2004, and a bachelor's degree in commerce from the University of Bombay, India, in 1980. He holds the Fellowship of Certified Public Accountants in 1988 and the Indian Chartered Accountants Fellowship in 2004.</p>	



Since 2012 to date, he has held the position of Chief Financial Officer of the Saudi Arabian Cooperative Insurance Company (SAICO) (a listed Saudi joint stock company working in the field of insurance). Prior to that, he held the position of Director of Accounting and Financial Reporting at the Kenworth Company in the United States of America (which is an American joint stock company working in the field of mortgage, medical and life insurance) during the period from 2005 AD until 2012 AD.

He held the position of Director of Financial Analysis and Reports for the American Reinsurance Unit at Sun Life Financial Group in Canada (a Canadian joint stock company operating in the field of medical and life insurance in Canada and America) from 1999 AD until 2005 AD. Prior to that, he held the position of Financial Auditor for the Saudi Arabian Insurance Company BSC (C) in Riyadh (a closed Bahraini joint stock company operating in the insurance field) during the year 1988 until 1998. From 1985 AD to 1988 AD, he worked as a chartered accountant in Ernst & Young (a financial and accounting consulting firm working in the field of legal audit).

Janana Shaker	Executive Vice President for Technical Affairs
Qualifications, experience and previous positions	
<p>Qualified Insurance Expert with Business Experience – about 28 years of experience in the insurance industry includes underwriting, claims, reinsurance, strategies, business development, product development, customer service operations, human resource management, risk management, bank insurance, audit and compliance, corporate and individual banking operations.</p> <ul style="list-style-type: none"> • A follow-up partner in reinsurance from (AICPCU – American Institute for Certified Property Rights Assurance), Pennsylvania, USA. • Associate Senior Insurance Specialist accredited by the Australian and New Zealand Institute of Insurance and Finance (2021). • Certified Property Accident Insurance Agent from AICPCU (2016). - Fellowship in Insurance (FCII) from the Chartered Insurance Institute, London (2014). • Associate of Risk Management (ARM) from AICPCU (2013). • Master's in Business Administration (Finance and Insurance) (MBA), India (2012). • Advanced Diploma in Insurance from the Chartered Insurance Institute, 	



London (2010).

- Certified Associate of the Indian Institute of Bankers, Mumbai, India (2002).
- Master's in Banking Administration, India (2002).
- Master's in Commerce, India (1997).
- Fellowship in Insurance from the Indian Insurance Institute, Mumbai, India (1996).

Khaled Ali Blue

Executive Vice President of Sales

Qualifications, experience and previous positions

He holds an MBA from the Arab Academy for Science, Technology and Maritime Transport in Egypt in 2008. He holds a BA in Business Administration from King Saud University in Riyadh in 1998. Moreover, he holds a professional diploma in marketing from the Chamber of Commerce and Industry in Riyadh in 2003, and holds a professional insurance certificate issued by the British Royal Insurance Institute. He is the Vice President of Sales at the Saudi Arabian Cooperative Insurance Company (SAICO) (a listed Saudi joint stock company working in the field of insurance). He held the position of Commercial Director of the Cooperative Insurance Company (a listed Saudi joint stock company operating in the field of insurance) from 1999 AD until 2007 AD.

A) Participation of the Chairman and members of the Board of Directors in the boards of directors or of their managers of current or previous joint stock companies:

Member name	Names of companies in which a member of the board of directors is a member of their current boards of directors or of their managers inside / outside the Kingdom	Legal status	Names of companies in which a member of the board of directors is a member of their previous boards of directors or of their managers	Legal status



			inside / outside the Kingdom	
Prince / Ahmed bin Khalid bin Abdullah Al Saud	* Saudi Arabian Amiantit Company * American Express Saudi Arabia Company * American Express Middle East Company Ltd. * Chairman of the Board of Directors of the Saudi Arabian Insurance Company – Bahrain	* A listed joint stock company * Unlisted joint stock company * A Bahraini company with limited liability * Bahraini closed joint- stock company	* Saudi Chemical Company * Otis Elevators Saudi Arabia Company	Listed joint stock With limited liability
Abdulaziz bin Ali Abu Al- Saud	* Saudi Arabian Company for Cooperative Insurance	A listed joint stock company	* Saudi Chemical Company * Saudi Arabian Amiantit Company	Listed joint stock Listed joint stock
Dr. George Shaheen Medawar	* Saudi Arabian Company for Cooperative Insurance * The Saudi Arabian Insurance Company BSC is closed * MIG Holding Limited	*A listed joint stock company * Bahraini closed joint- stock company * With	* Saudi Chemical Company * Saudi Arabian Amiantit Company * The Saudi Fish Company	Listed joint stock Listed joint stock Listed joint stock



		Limited liability	*Halston Progress International Company * Integrated Telecom Company	With limited liability With limited liability
Khalid bin Saleh Al-Khattaf	* Saudi Arabian Company for Cooperative Insurance *Al-Ra'idah Investment Company * Middle East Company for Paper Industry	*A listed joint stock company * Unlisted joint stock company * A listed joint stock company	* Gulf Corporation for Investment * National Finance Corporation * Rafal Real Estate Development Company	Unlisted joint stock Unlisted joint stock Unlisted joint stock
Saleh bin Abdul Rahman Al-Helisi	* Saudi Arabian Company for Cooperative Insurance	* A listed joint stock company	* Saudi Chemical Company	Listed Joint stock

B) The Board held four meetings during the year 2020 AD, the following is a list of the attendance record:

Member name	Number of meetings (4)				Total
	1 st meeting 21/1/2020	2 nd meeting 18/3/2020	3 rd meeting 30/9/2020	4 th meeting 7/12/2020	
Prince / Ahmed bin	Attended	Attended	Attended	Attended	4



Khalid bin Abdullah Al Saud					
Mr. Abdulaziz bin Ali Abu Al-Saud	Attended	Attended	Attended	Attended	4
Dr. George Shaheen Medawar	Attended	Attended	Attended	Attended	4
Mr. Khalid bin Saleh Al-Khattaf	Attended	Attended	Attended	Attended	4
Mr. Saleh bin Abdul Rahman Al-Helisi	Attended	Attended	Attended	Attended	4
The date of the last meeting of the General Assembly (Thursday 05/14/2020)					



C) The table below shows the shareholders' equities for members of the board of directors, senior executives, and their wives and minor children in the company's shares:

A description of any interest, contractual papers and subscription rights of board members and their relatives in the shares or debt instruments of the company							
s.n	The name of whoever has the interest, contractual papers, or subscription rights	Beginning of the year		End of the year		Net changes	Change percent
1	Prince / Ahmed bin Khalid bin Abdullah Al Saud	-	-	-	-	-	-
2	Mr. Abdulaziz bin Ali Abu Al-Saud	3000	-	3000	-	-	-
3	Dr. George Shaheen Medawar	-	-	-	-	-	-
4	Mr. Khalid bin Saleh Al-Khattaf	-	-	-	-	-	-
5	Mr. Saleh bin Abdul Rahman Al-Helaissi	-	-	-	-	-	-

- D) With the exception of the shares shown in Table (C), there is no interest for the members of the board of directors and their spouses and minor children in the shares or debt instruments of the company, and with the exception of the aforementioned, no change occurred during the relevant year.
- E) There is no interest, contractual papers and subscription rights belonging to the senior executives and their wives and minor children in the shares of the company.
- F) There is no interest belonging to the senior executives and their spouses and minor children in the shares or debt instruments of the company during the year 2020, nor has there been any change in that during the relevant year.
- G) There are no option and subscription rights belonging to members of the Board of Directors, senior executives, their spouses and minor children, in the shares or debt instruments of the company during the year 2020 AD, and no change occurred in that during the relevant year.



4) Contracts in which the company is a party and there is an interest for one of the members of the board of directors:

There are no contracts between the company and any of the members of the board of directors or the executive management in which there is an interest for any of them, except for the company's contracts with ACE Insurance Agencies Limited and ACE Insurance and Reinsurance Brokerage Company Ltd., of which the Chairman of the Board of Directors owns 10% of the shares of each.

These contracts are for a period of five years that are automatically renewed and have been formulated according to the requirements of SAMA regulations and do not have a specific value, as this depends on the annual sales of the agent / broker, as he gets a specific commission rate for each branch of insurance according to what is stipulated in the regulations for insurance agents and brokers issued by SAMA.

The main transactions in 2020 AD are as follows: Insurance premiums produced through the agent amounted to 2,316,935 riyals and commission expenses of 294,587 riyals, as well as the insurance premiums produced through the broker amounted to 130,118,943 riyals and commission expenses of 12,249,950 riyals.

We also refer to the business and contracts that will be concluded between the company and the Saudi Arabian Insurance Company SAOC, which is the main shareholder of the company, and it will be licensed for the next year. Note that the transaction during the year 2020 AD amounted to 890,902 Saudi riyals, representing the received insurance premiums and commission expenses of an amount of 99,704 riyals.

5) Board Committees:

The committees were re-formed according to the Board of Directors decision taken on 06/26/2019 with the following:

A- The Executive Committee, which consists of:

Name	Position	Activity
Dr. George Shaheen Medawar	Chairman of the committee	Non-executive



Mr. Abdulaziz bin Ali Abu Al-Saud	Member	Non-executive
Mr. Saleh bin Abdul Rahman Al-Helaissi	Member	independent

- A brief description of the committee's tasks and competences:
 - Discussing and making decisions on issues that require urgent decisions in emergency events.
 - Taking decisions required by the company's routine business.
 - Ensuring that the strategic plans of the company have been translated into actual actions aimed at achieving the company's interest.
- Reviewing and preparing recommendations for the Board of Directors on the strategic and operational issues of the company.

The Executive Committee exercises all the powers approved by SAMA and other supervisory and regulatory authorities or the company's board of directors and cooperates with the CEO within the limits of the powers assigned to it.

- The committee held (6) meetings during the year 2020 AD.

Name	Number of meetings (6)						Total
	Meeting (1) 15/1/2020	Meeting (2) 17/3/2020	Meeting (3) 30/9/2020	Meeting (4) 25/11/2020	Meeting (5) 7/12/2020	Meeting (6) 23/12/2020	
Dr. George Shaheen Medawar	Attended	Attended	Attended	Attended	Attended	Attended	6
Mr. Abdulaziz bin Ali Abu Al-Saud	Attended	Attended	Attended	Attended	Attended	Attended	6
Mr. Saleh bin Abdul Rahman Al-Helaissi	Attended	Attended	Attended	Attended	Attended	Attended	6

B- Audit committee, which consists of:

Name	Position	Activity
Mr. Khalid bin Saleh Al-Khattaf	Chairman of the committee	Non-Board Member / Independent



Walid bin Muhammad Al-Uthaimin	Member	Non-Board Member / Independent
Mr. Saleh bin Abdul Rahman Al-Helaissi	Member	Non-Board Member / Independent

A brief description of the committee's tasks and specializations: -

- The primary function of the Audit Committee is to assist the Board of Directors in carrying out its supervisory duties efficiently and effectively. In particular, the committee is responsible for the integrity and completeness of the annual and quarterly financial statements, submitting periodic reports to the Board of Directors on the efficiency of internal control policies and procedures, and recommending the nomination of external auditors.
- The committee held (11) meetings during the year 2020 AD.

Number of meetings (11)	Mr. Khalid bin Saleh Al-Khattaf	Walid bin Muhammad Al-Uthaimin	Mr. Saleh bin Abdul Rahman Al-Helisi
The first meeting 27/1/2020	Attended	Attended	Attended
The second meeting 25/2/2020	Attended	Attended	Attended
The third meeting 10//32020	Attended	Attended	Attended
Fourth meeting 03/6/2020	Attended	Attended	Attended
Fifth meeting 11/8/2020	Attended	Attended	Attended
Sixth meeting 12/8/2020	Attended	Attended	Attended
The seventh meeting 31/8/2020	Attended	Attended	Attended
Eighth meeting 01/9/2020	Attended	Attended	Attended



The ninth meeting 28/9/2020	Attended	Attended	Attended
The tenth meeting 02/11/2020	Attended	Attended	Attended
The eleventh meeting 23/12/2020	Attended	Attended	Attended
Total	11	11	11

C- The Remuneration and Nomination Committee consists of:

Name	Position	Activity
Mr. Khalid bin Saleh Al-Khattaf	Chairman of the committee	Independent
Walid bin Muhammad Al-Uthaimin	Member	Non-Executive Member
Mr. Saleh bin Abdul Rahman Al-Helaissi	Member	Independent

A brief description of the committee's tasks and competences: -

- The Nomination and Remuneration Committee is considered one of the committees that establish the future of the company, as it is concerned with building and maintaining the human element and preparing strategic plans to raise the company's performance and enable it to own the keys to success. This committee is concerned with administrative development, the financial return of employees, and succession programs, especially with regard to leadership human resources that receive special attention, and it also helps in the process of attracting talents and distinguished abilities.
- The committee must annually verify the independence of independent members, develop job descriptions for all members of the board of directors and the executive management, identify strengths and weaknesses in the board of directors and propose solutions to address them.
- This committee can seek the help of the expertise and consultancy offices specialized in questionnaires and strategic studies in this field and to lay down the appropriate frameworks for the implementation of development programs that are important to the company's current performance and to lay solid foundations for building a successful future.



- The committee held (3) meetings during the year 2020 AD.

Number of meetings (11)	Mr. Khalid bin Saleh Al-Khattaf	Walid bin Muhammad Al-Uthaimin	Mr. Saleh bin Abdul Rahman Al-Helaissi
The first meeting 30/9/2020	Attended	Attended	Attended
The second meeting 7/12/2020	Attended	Attended	Attended
The third meeting 22/12/2020	Attended	Attended	Attended
Total	3	3	3

D- The Investment Committee, which consists of:

Name	Position	Activity
Prince / Ahmed bin Khalid bin Abdullah Al Saud	Chairman of the committee	Non-Executive Member
Mr. Abdulaziz bin Ali Abu Al-Saud	Member	Independent
Mr. Khalid bin Saleh Al-Khattaf	Member	Independent

A brief description of the committee's tasks and competences: -

- Among the tasks of the Investment Committee is to carry out the tasks and duties stipulated in the investment regulations, including, for example:
 - Preparing and formulating the company's investment policy and following up on its implementation, after approval by the supervisory authorities and the Board of Directors.
 - Review the performance of asset classes and follow up the general investment risks.
 - Submit periodic reports to the Board of Directors on the performance of the investment portfolio.
- The committee held two meetings during the year 2020 AD. In addition to the quarterly reports sent to the committee:



Name	Number of meetings (2)		
	The first meeting 30/9/2020	The second meeting 31/12/2020	Total
Prince / Ahmed bin Khalid bin Abdullah Al Saud	Attended	Attended	2
Mr. Abdulaziz bin Ali Abu Al-Saud	Attended	Attended	2
Mr. Khalid bin Saleh Al-Khattaf	Attended	Attended	1

E- Risk management committee, which consists of:

Name	Position	Activity
Dr. George Shaheen Medawa	Chairman of the committee	Non-executive
Mr. Abdulaziz bin Ali Abu Al-Saud	Member	Non-executive
Mr. Khalid bin Saleh Al-Khattaf	Member	independent

A brief description of the committee's tasks and specializations: -

- Supervising the company's risk management functions.
- Assisting the Board of Directors in taking decisions, by providing it with a risk assessment for all the company's activities.
- Provide advice to the Board of Directors regarding the effectiveness of the Company's risk management framework.

The committee held (4) meetings during the year 2020.

Member name	Number of meetings (4)			
	1 st meeting 21/1/2020	2 nd meeting 18/3/2020	3 rd meeting 30/9/2020	Total
Dr. George Shaheen Medawar	Attended	Attended	Attended	3
Mr. Abdulaziz bin Ali	Attended	Attended	Attended	3



Abu Al-Saud				
Mr. Khalid bin Saleh Al-Khattaf	Didn't Attend	Didn't Attend	Didn't Attend	0

6) Shareholders' Rights and the General Assembly:

The corporate governance system and regulations and the articles of association of the company guarantee the general rights of the shareholders, of which all the rights related to the share are. It guarantees, in particular, the right to obtain a share of the profits to be distributed, the right to obtain a share of the company's assets upon liquidation, the right to attend shareholders' assemblies, participate in their deliberations and vote on their decision. As well, the right to dispose of shares, the right to monitor the work of the board of directors and to file a liability lawsuit against the members of the board, and the right to inquire and request information that does not harm the interests of the company and does not conflict with the financial market law and its executive regulations.

For this purpose, the company does the following:

A. Facilitating shareholders' exercise of their rights and access to information:

1. The company's laws and regulations included the procedures and precautions necessary for all shareholders to exercise their statutory rights.
2. All information has been provided in full form to all shareholders without discrimination to enable them to fully exercise their rights, so that this information is complete, accurate and updated in a regular way, prior to the date of the meeting. The company is also keen to provide all information on a regular basis in accordance with the standards of disclosure, through annual reports, Tadawul website, the company's website, and readable media in a complete and accurate manner.
3. The company is keen to provide information to the shareholders without discrimination between them.

B. Shareholders' rights related to the general assembly meeting:

The Ordinary General Assembly held its meeting on Thursday 05/14/2020.



The attendees:

Name	Attendance record
Prince / Ahmed bin Khalid bin Abdullah Al Saud	Attended
Mr. Abdulaziz bin Ali Abu Al-Saud	Attended
Dr. George Shaheen Medawar	Attended
Mr. Saleh bin Abdul Rahman Al-Helaissi	Attended
Mr. Khalid bin Saleh Al-Khattaf	Attended
Dr. / Khalil bin Abdul Fattah Kurdi	Attended

The number of the company's requests for the shareholders 'register, the dates and reasons for those requests:

The number of company requests for shareholder register	Request date	Request reason
1	14/05/2020	Due to holding the company's general assembly
2	13/09/2020	Due to the Saudi Central Bank's request to identify some data

1. The company confirms that it did not receive from any of the company's legal accountants a request to hold the general assembly during the year ending 12/31/2020. The company also confirms that it did not receive from shareholders who own 5% or more of the capital a request to hold the general assembly during the fiscal year ended on 12/31/2020, the company also confirms the existence of an internal auditor.
2. The company announced the date, place, and agenda of the annual ordinary general assembly convention with at least twenty-one days before the date and that through:
 - Tadawul Website dated 22/04/2020.
 - Riyadh Newspaper.
 - Company website.



3. The shareholders were informed of the rules governing the general assembly meetings and voting procedures, by calling the general assembly.
4. 4. The company worked to facilitate the participation of the largest number of shareholders in the General Assembly meetings, including choosing the appropriate place and time, as the Ordinary General Assembly was held at exactly ten and forty-five in the evening (10:45 PM).
5. All the items on the agenda were presented, and the shareholders who own 5% or more of the company's shares did not ask to add subject(s) to the agenda of the general assembly when preparing it.
6. The vote counting committee has been appointed, and shareholders will be given the opportunity to participate therein.
7. 7. The quorum has been announced to the Ordinary General Assembly with an attendance rate of 38.05% of the company's capital, where the meeting is valid if the quorum reaches 25% or more according to the company's Memorandum of Association and the total number of shares represented by representation or on their own behalf and through electronic voting (11,414,674) shares, eleven million four hundred and fourteen thousand and six hundred and seventy-four shares.
8. The company enabled the shareholders to exercise their right to discuss the topics on the assembly's agenda and direct questions to the members of the board of directors and to the legal accountant. The Assembly's Chairman expressed his readiness to answer questions and inquiries from the attendees.
9. All topics presented to the General Assembly were accompanied by sufficient information to enable the shareholders to take a decision.
10. A record has been written, which includes the deliberations and the decisions issued.
11. The company enables the shareholders to view the meeting minutes at the company's headquarters. The Capital Market Authority has also been provided with a copy of the minutes of the Ordinary General Assembly within ten days from the meeting date on 05/21/2020.

C. Voting Rights:

1. 1. The company confirms that there are no obstacles to the shareholder exercising his right to vote, and the company always strives to facilitate this matter for all shareholders.



2. The company confirms that it always checks that the shareholders' Power of Attorney to attend the general assembly meeting are for shareholders who are not members of the board of directors and who are not employees of the company.
3. It is not among the company's procedures to view the annual reports of investors from legal persons who act on behalf of others, such as investment funds, as the company believes that this procedure concerns the investors themselves and does not fall within the company's responsibilities.
4. There are no arrangements or agreements whereby any of the shareholders waived any rights to profits.

7) Results of the annual review of the effectiveness of internal oversight:

The Board of Directors has delegated the responsibility for internal oversight to a specialized department in order to ensure that the executive management follows an appropriate internal oversight system to ensure the effectiveness and efficiency of monitoring operations.

A) Independence, Powers, Responsibilities:

The internal audit provides objective and independent services with the aim of assisting the board of directors, the audit committee, and the executive management in carrying out their responsibilities with a high degree of efficiency and effectiveness. For the purpose of carrying out their responsibilities with a high degree of efficiency and effectiveness, the internal audit department is not subject to any influence from the executive management, and it has full powers for unrestricted full access to record (manual or electronic) and access to the company's own property and to the company employees' data, and that according to what is required for the execution of the tasks assigned thereto.

B) Responsibilities of internal audit:

Preparing the strategic plan for the work of the internal audit.

Executing examination according to the annual plan.

Submit reports on the examination results.

Identifying the financial and operational risks, and cooperating with the executive management to provide effective control tools at an appropriate cost to reduce the effects of these risks and discover its occurrence immediately.



Coordination between the various departments in the company and the external supervisory bodies, including the external auditor.

Developing the policies and procedures for implementing the audit in order to comply with the best professional practices and using the available resources in line with the approved internal audit budget.

C) Scope of Work:

The Internal Audit Department adopted, upon carrying out its work, a systematic approach to evaluate and improve the effectiveness of internal control in order to achieve the objectives of the company and protect its assets. The audit committee will not discover, through the internal auditor's report, any defect in the company's internal control procedures.

D) Results of the Annual Internal Audit:

The internal audit department carries out its activities in accordance with the agreed upon action plan, and it is designed in a manner that covers all the main activities of the company over certain years, while taking into consideration the focus and granting priority to activities with high risks. Several substantive recommendations were developed that led to more valuable additions and improvement of the current internal oversight system. The internal audit department strengthened its work by implementing operations oversight, which led to the development and improvement of the efficiency of operations.

The internal audit department checks the adequacy and effectiveness of the internal oversight system in accordance with the scheduled audit plan approved by the audit committee. During 2020, an internal audit was conducted for the following departments:

-

1. Collection Department.
2. Quality management and customer service.
3. Anti-fraud department.
4. The Anti-Money Laundering and Terrorism Financing Unit.
5. Financial payments audit (Financial Management) for the first quarter of 2020.
6. Financial payments audit (Financial Management) for the second quarter of 2020.
7. Financial payments audit (Financial Management) for the third quarter of 2020.
8. Vehicles insurance claims management.



9. Auditing the extent of compliance with the actuarial expert prices for the vehicles insurance product, fourth quarter of 2019.
10. Auditing the extent of compliance with the actuarial expert prices for the vehicles insurance product, first quarter of 2020.
11. Auditing the extent of compliance with the actuarial expert prices for the vehicles insurance product, second quarter of 2020.
12. Auditing the extent of compliance with the actuarial expert prices for the vehicles insurance product, third quarter of 2020.
13. Auditing the extent of compliance with the actuarial expert prices for the medical insurance product, fourth quarter of 2019.
14. Auditing the extent of compliance with the actuarial expert prices for the medical insurance product, first quarter of 2020.
15. Auditing the extent of compliance with the actuarial expert prices for the medical insurance product, second quarter of 2020.
16. Auditing the extent of compliance with the actuarial expert prices for the medical insurance product, third quarter of 2020.
17. Continuous follow-up on all pending notes.

Accordingly, the internal audit department confirms that the internal oversight system is reasonable and there are no substantial results or differences worth mentioning during 2020. The internal audit department also confirms that periodic reports have been submitted to the “audit committee” on developments including the necessary recommendations, and these recommendations have been submitted to the executive management, which has developed an action plan to implement the recommendations of the internal audit department, including these recommendations:

- The company’s management shall enhance and develop the automated system and reports related to customers.
- The management of the company governs the mechanism of monitoring, following up and collecting amounts upon maturity for all issued documents and for all claims related to recovered amounts.
- The claims department has developed an electronic control mechanism to monitor and follow up on the status of claims.

In order to perform its duties, the internal audit department has conducted the following:

- Action has been taken to remedy the notes included in the audit reports.



It directed the internal audit work to activities and functions of high risk and to raise the effectiveness and efficiency of the company's operations.

- The internal audit department made full coordination with the external auditors in a satisfactory and effective manner.
- * The Audit Committee has reviewed the internal control system of the company to ensure that it is sufficient and to assure its application in a sound and regular manner. The committee believes that the reports of the Internal Audit Department, the Financial Department and the Compliance Department provide a reasonable assurance that the internal control system meets the company's need for the effectiveness of its operational procedures, adherence to the applicable regulations, and the submission of reports to the relevant supervisory authorities at appropriate times.

8). Due and paid statutory Zakat and payments:

The company does not have any loans or debts payable. The following table illustrates the statutory payments due during the year 2020.

Entity	2020		Brief description	Reasons for the amounts due
	Paid (thousands)	Due until the end of the annual financial period and has not been paid (thousands)		
General Authority of Zakat & Tax	8,792	10,518	Zakat	Represents the company's ratio of the annual Zakat due according to the regulations of the General Authority for Zakat and Income
Tax	880	190	Withholding tax	According to the regulations of the General Authority for Zakat and Income



Saudi Arabian Monetary Agency	3,733	1,321	Supervision fees	The amount payable represents the costs of the supervision fee
Health Insurance Council	3,175	2,210	Supervision fees	The amount payable represents the costs of the supervision fee
The Public Organization for Social Security	4,707	142	Social insurance	The amount payable represents the social insurance subscriptions fees of the company's employees
Costs of visas, passports and labor office fees	1,122	-	Fees for visas, passports, and labor office fees	The amount payable represents visa, passport and labor office fees for company employees
Total	22,408	14,381	-	-

9). Shares and Debt Instruments:

There are no debt instruments issued by the company, and there is no interest in the category of shares entitled to vote for any persons. In addition, there is no interest or subscription option rights of members of the Board of Directors, senior executives or their family members in the shares of the company. There are also no debt instruments convertible into shares, any option rights, subscription right requests, or similar rights issued or granted by the company during the period. Also, there are no transfer or subscription rights under convertible debt instruments into shares, option rights, or similar rights certificates issued or granted by the company during the period. In addition, there is no refund, purchase or cancellation by the company for any refundable debt instruments.

10). External Auditors:

The Ordinary General Assembly, in its meeting held on 14/05/2020, approved the audit committee's recommendation to re-appoint the external auditor Messrs. / Ibrahim Ahmad Al Bassam and partners Co. - chartered accountants (Allied Accountants), appointing Abdullah Mohamed Al Azem & Salman Bandar Al-Sudairy & Musab Abdulrahman Al Sheikh (Al Azem & Al-Sudairy & Al Sheikh)



and partners Co., registered public accountants and auditors, for a period of one year, whose contracts expire at the end of the first quarter of 2021.

11). Accounting Standards Applied:

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), amended by SAMA for accounting for zakat and income tax. The company acknowledges that the account records have been properly prepared and there is no doubt regarding the company's ability to conduct its activity.

12). Dividend Policy:

The net profits of the company are distributed after deducting all general expenses and other costs as follows:

- A) Twenty percent (20%) of the net profits are retained to form a statutory reserve, and the Ordinary General Assembly may stop this retention whenever the said reserve reaches the total paid capital.
- B) Likewise, a certain percentage of the net profits determined by the General Assembly each year is allocated to form a consensual reserve to be allocated to the purposes that the General Assembly deems appropriate. This retention shall be ceased if the said reserve reaches a certain percentage of the capital approved by the General Assembly.
- C) From the remainder, a first payment of not less than 5% of the paid-up capital shall be distributed to the shareholders.
- D) The remainder is then distributed to the shareholders as a share in the profits or transferred to the retained earnings account.
- E) Dividends to be distributed to shareholders shall be paid at the place and dates specified by the Board of Directors.
- F) The company distributes profits according to the following considerations consistent with the articles of association:
 - That the net profits after calculating the statutory provisions and amortizing any carry-over losses are sufficient to ensure their ability to be distributed.



- Availability of necessary liquidity.
- That the profit distribution does not conflict with any bank agreements.
- That the procedure of distributing profits to shareholders does not affect the company's ability to continue its growth and seize available opportunities.
- Profits are distributed to shareholders through direct deposit in their portfolios automatically and in coordination with Tadawul.

13) Information concerning any business or contract to which the Company is a party, or in which a member of the Board of Directors or Chief Executive, or any person related to any of them, has an interest, or any transaction between the Company and a related party related in Saudi Riyal during 2020 AD:

S. No.	Nature of Work or Contract	Amount of Work or Contract	Amount of Expenses and Commissions	Duration of Work or Contract	Conditions of Work or Contract	Member's Name / Chief Executive or any person related to any of them
1	Represents the insurance premiums produced by ACE Insurance Agencies Ltd. (agent) in favor of the Company	2,316,935	294,587	Five years, automatically renewed	None	Prince / Ahmed bin Khalid Al Saud
2	Represents the insurance premiums produced by Ace Insurance & Reinsurance Brokers Ltd. (broker) in favor of the Company	130,118,943	12,249,950	The term is not limited unless one of the parties notifies the other party to cancel the agreement	None	Prince / Ahmed bin Khalid Al Saud
3	Represents the insurance premiums received	890,902	99,704	There is no contract	None	Prince / Ahmed bin Khalid Al Saud (Chairman of the Board of Directors of Saudi Arabian



						Insurance Company B.S.C. (M) Dr. George Shaheen Medawar (Member of the Board of Directors of Saudi Arabian Insurance Company B.S.C. (M))
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14) Acknowledgments:

The Company shall acknowledge that:

- The accounts records have been prepared in the correct manner.
- The internal control system has been prepared on a sound basis and has been effectively implemented.
- There is no doubt about the Company's ability to continue its activity.

The Company shall also acknowledge that:

- There is no interest in the voting-eligible shares category of persons who notified the Company of those rights under Article 45 of the Registration and Listing Rules, or any change in those rights during the financial year 2020 AD.
- There is no interest, option rights, or subscription rights belonging to members of the Board of Directors, chief executives, their spouses and minor children, in the Company's shares or debt instruments, and any change in these rights during the financial year 2020 AD.
- There are no categories for any debt instruments convertible into shares, and no option rights, subscription rights notes, or similar rights issued or granted by the company during the financial year 2020 AD. Therefore, there are no offers obtained by the Company in exchange.
- There is no transfer or subscription rights under debt instruments convertible into shares, option rights, subscription right notes, or similar rights issued or granted by the Company.
- There is no refund, purchase or cancellation by the Company of any refundable debt instruments.
- There is no arrangement or agreement whereby a member of the Board of Directors or a Chief Executive would waive any salary or compensation.



- There is no arrangement or agreement whereby one of the Company's shareholders waived any profit rights.
- It does not have any outstanding or deferred loans, and the Company has not paid any amounts for any loans during the year 2020 AD.
- There are no reservations to the annual financial statements in the Auditor's report.
- The Board of Directors did not make any recommendation to change the auditors before the expiration of the period for them.
- There are no reserves or investments established for the benefit of the Company's employees.

15) The Board of Directors has assigned the Director of Shareholder Affairs to submit a periodic report on the Shareholders' proposals and observations about the Company, its performance and results, for consideration and appropriate action.

16) During the Coronavirus (Covid-19) epidemic, the Company applied the most precautionary measures to its employees and customers, and it also applied remote work to employees to ensure the continuity of work without any impacts that may arise.

17) Penalties and Sanctions:

Subject of Violation	Previous Financial Year 2019 AD		Current Financial Year 2019 AD		
	No. of Executive Decisions	Total amount of financial penalties in SAR	No. of Executive Decisions	Total amount of financial penalties in SAR	Remedies and avoidance in the future
Violation of SAMA's supervisory and control instructions	-	-	5	260,000	The Company has taken the necessary corrective measures and applied the requirements to ensure that they do not happen in the future
Violation of SAMA's instructions for protecting customers	-	-	-	-	



Violation of SAMA's instructions for diligence instructions against money-laundering and terrorist financing	-	-	-	-	
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- The Company also explains that no penalty or any precautionary restriction or sanction imposed on any of the members of the Board of Directors has been applied by any judicial, supervisory or regulatory authority related to the Company.

Conclusion

The Board of Directors extends its sincere thanks and appreciation to the esteemed Shareholders and all the Company's employees for their assistance and support to the Company. It also expresses its thanks and appreciation to the Saudi Central Bank, the Financial Market Authority, the Council of Cooperative Health Insurance and the Ministry of Commerce for their continued support in any development of the insurance sector in Saudi Arabia, which has had tangible results in this regard.

Board of Directors