



شركة الأهلي للتكافل  
ALAHLI TAKAFUL COMPANY

# Supporting Document for Agenda Item 11

Attached the amendments to ATC Code of Corporate Governance before and after the amendments

## Summary comparison table between the current and proposed ATC Code of Corporate Governance

#	Section No.	Current Content	New Content	Reason
1	8-1-2 <b>Orientation, Directors' Handbook, and Continuing Education</b>	<p><b><u>Directors' Handbook</u></b> As part of the orientation, the Corporate Secretary will provide the Board members a Directors' Handbook that was developed to assist the members in performing their fiduciary responsibilities. The Directors' Handbook covers the following topics:</p> <ol style="list-style-type: none"> <li>Introduction <ul style="list-style-type: none"> <li>The legal Constitution of ATC</li> <li>Articles of Association</li> <li>Bylaws</li> <li>Agency Agreement – ATC and NCB,</li> </ul> </li> <li>Historical References of ATC <ul style="list-style-type: none"> <li>Brief Written History of ATC</li> <li>Listing of Past Board Members</li> <li>Organizational Structure of ATC</li> <li>Takaful Products Offered by ATC (existing and planned products)</li> </ul> </li> <li>Strategic Framework of ATC <ul style="list-style-type: none"> <li>Mission and Vision Statement</li> <li>Long Term Plan</li> <li>Current Annual Operating Plan</li> </ul> </li> <li>Calendar of Meetings <ul style="list-style-type: none"> <li>Calendar of Board Meetings</li> <li>Calendar of Various Committee Meetings</li> </ul> </li> </ol>	<p><b><u>Directors' Handbook</u></b> As part of the orientation, the Corporate Secretary will provide the Board members a Directors' Handbook that was developed to assist the members in performing their fiduciary responsibilities. The Directors' Handbook covers the following topics:</p> <ol style="list-style-type: none"> <li><b><u>Introduction</u></b> <ul style="list-style-type: none"> <li>The legal Constitution of ATC</li> <li>Articles of Association</li> <li>Bylaws</li> <li>Important Agreements for ATC,</li> </ul> </li> <li><b><u>Historical References of ATC</u></b> <ul style="list-style-type: none"> <li>Brief Written History of ATC</li> <li>Listing of Past Board Members</li> <li>Organizational Structure of ATC</li> <li>Takaful Products Offered by ATC (existing and planned products)</li> </ul> </li> <li><b><u>Strategic Framework of ATC</u></b> <ul style="list-style-type: none"> <li>Mission and Vision Statement</li> <li>Long Term Plan</li> <li>Current Annual Operating Plan</li> </ul> </li> <li><b><u>Calendar of Meetings</u></b> <ul style="list-style-type: none"> <li>Calendar of Board Meetings</li> <li>Calendar of Various Committee Meetings</li> </ul> </li> </ol>	Amending the Board Directors' Handbook

		<ul style="list-style-type: none"> <li>• Calendar of Regulatory Requirements</li> </ul> <p>5. Reference</p> <ul style="list-style-type: none"> <li>• Board of Directors' Contact Information</li> <li>• Board Committee Contact information</li> <li>• Senior Managements' Contact Information</li> <li>• Corporate Governance Manual of ATC</li> <li>• Capital Market Authority – Corporate Governance Regulations in KSA</li> <li>• SAMA Regulations</li> <li>• AML Regulations</li> <li>• Policies for Finance, HR &amp; Administration and Information Security</li> </ul>	<ul style="list-style-type: none"> <li>• Calendar of Regulatory Requirements</li> </ul> <p>5. <b>Reference</b></p> <ul style="list-style-type: none"> <li>• Board of Directors' Contact Information</li> <li>• Board Committee Contact information</li> <li>• Senior Managements' Contact Information</li> <li>• Corporate Governance Manual of ATC</li> <li>• Capital Market Authority – Corporate Governance Regulations in KSA</li> <li>• SAMA Regulations</li> <li>• AML Regulations</li> <li>• Policies for Finance, HR &amp; Administration and Information Security</li> </ul>	
2	<b>SECTION 6: APPOINTED ACTUARY</b>	<p>The Appointed Actuary shall discharge his or her responsibilities as stipulated in Article (20) of the Implementing Regulations of the Law on Supervision of Cooperative Insurance Companies and in accordance with the requirements of the Actuarial Work Regulation for Insurance and Reinsurance Companies issued by SAMA.</p> <p><b>6.1 Appointment of the Appointed Actuary:</b></p> <p>The Company shall, after obtaining SAMA's prior written approval, appoint an actuary (Appointed Actuary) who meets the requirements of Article (13) of the Actuarial Work Regulations issued by SAMA. The</p>	<p><b>6-1 Roles and Responsibilities:</b></p> <p>The general roles &amp; responsibilities of the Appointed Actuary shall include (but not be limited to) the following:</p> <ol style="list-style-type: none"> <li>1. Perform the work entrusted to them in accordance with actuarial principles and standards issued by the Actuarial Association of which they are a member and be accountable to that Actuarial Association as regards compliance with that Actuarial Association's</li> </ol>	<p>To comply with SAMA new Actuarial Work Rules for Insurance - The company must update its code of governance to reflect the role and responsibilities of</p>

	<p>Company can appoint its Appointed Actuary through employment or by appointing an external Actuary according to Outsourcing Regulation for Insurance and Reinsurance Companies and Insurance Service Provider.</p> <p>The Appointed Actuary shall be prohibited from being a member of the Board of Directors or being the Chief Executive Officer of the Company or a Related Company.</p> <p><b>6.2 Conditions and Procedures of Appointment</b></p> <p>The Appointed Actuary, at the minimum, shall satisfy the following conditions:</p> <ol style="list-style-type: none"> <li>a. Fellow of an Actuarial Organization that has an examinations based qualification and gets SAMA’s approval.</li> <li>b. Holds appropriate experience after attaining his or her fellowship to act as the Appointed Actuary for the Company in the types of businesses written by the Company.</li> <li>c. Shall not have been issued with any disciplinary action, or has been suspended or cancelled his or her membership at any time of any actuarial organization, or has been suspended or cancelled his or her license, which allows him or her to</li> </ol>	<p>professional standards as well as to SAMA as regards compliance with these Rules and SAMA’s Instructions.</p> <ol style="list-style-type: none"> <li>2. Perform their duties with honesty, integrity and competence, avoiding conflicts of interest and providing unbiased and objective advice, and shall not conceal any facts relating to the ATC's financial or technical position or knowingly provide incorrect information.</li> <li>3. Not disclose ATC's confidential information, or information obtained during the performance of his or her work while he or she is fulfilling his or her responsibilities or after its completion except that this disclosure is to SAMA, or an application of relevant regulations or SAMA’s Instructions.</li> <li>4. Review and take responsibility for all work carried out on their behalf.</li> <li>5. Keep records of their work subject to strict data confidentiality, organized according to their Actuarial Association’s professional standards. The records shall include the copies of the documents that must be provided to the Company and to SAMA, and the base data from</li> </ol>	<p>the Actuarial Function</p>
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	<p>provide actuarial services, from any regulatory body.</p> <p>d. Shall not have been convicted of a felony or a misdemeanor infringing integrity or trustworthiness without being rehabilitated.</p> <p><b>6.3 Overarching Rules</b></p> <p>The Appointed Actuary shall have the right to access the accounting books and other records and documents of the Company and be entitled to obtain from the Board of Directors and Senior Management of the Company the information and explanations deemed necessary for the carrying out of his or her duties and the Company should provide them the same.</p> <p>The Appointed Actuary shall submit his or her actuarial reports on an urgent basis directly to the Company's Board of Directors and the Compliance Function of the Company in the following cases:</p> <p>a. If there are immediate or future threats facing the Company that may adversely affect it, including but not limited to the following:</p> <ol style="list-style-type: none"> <li>1. Solvency Margin</li> <li>2. Obligations of reinsurers and the Company's obligations against the reinsurers</li> <li>3. Appropriate risk retention levels</li> </ol>	<p>which the documents have been derived and all supporting calculations.</p> <p>6. Where the Appointed Actuary is not an employee of ATC, all records must be held within the Company and retained by ATC for at least ten years within ATC after the date of the report to which the records or documentation relates, and must be accessible only to the Appointed Actuary and his or her delegates, ATC and SAMA.</p> <p>7. Perform Actuarial Services where competent and appropriately experienced to do so.</p> <p>8. Ensure consistency of their work with applicable financial reporting standards in the Kingdom.</p> <p>9. Advice on any other matters as instructed by the Board of Directors and Senior Management, provided that this does not conflict with his or her responsibilities as set out in these Rules and SAMA's Instructions.</p> <ul style="list-style-type: none"> <li>● In addition to the roles and responsibilities set out in these Rules, the Appointed Actuary of a Company authorized to transact Protection</li> </ul>	
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	<p>4. Profitability of the Company's products  5. Pricing of the Company's products  6. Technical reserves</p> <p>b. If the Company has evidently breached the provisions of the Law On Supervision of Cooperative Insurance Companies and its Implementing Regulations and any other regulations or rules issued by SAMA about the Company's financial position or technical provisions, or any matter that may affect the interests of the policyholders or the beneficiaries of insurance policies.</p> <p>c. If the Company does not allow the Appointed Actuary to perform the duties and responsibilities assigned to him / her under the Law On Supervision of Cooperative Insurance Companies and its Implementing Regulations and any other regulations or rules issued by SAMA.</p> <p>d. The Board of Directors shall examine those actuarial reports and recommend corrective actions, and forward all related information on these actions taken to SAMA within twenty working days of receiving the actuarial report.</p> <p>The Appointed Actuary shall:</p>	<p>and Savings insurance business shall undertake the following:</p> <ol style="list-style-type: none"> <li>1. Perform a profit test of the adequacy of premium rates at the introduction of new products and whenever it is proposed that premium rates shall be revised, and advice on Technical Prices.</li> <li>2. Advice on the terms and conditions of insurance policies, including the fairness of expenses charged and investment returns allocated to policyholders.</li> <li>3. Determine and ensure the adequacy of insurance contract Assets and Liabilities including Mathematical Reserves, based on appropriate experience studies.</li> <li>4. Advise on the determination of the allocation of surplus, profits or bonuses to the with-profits Protection and Savings insurance policyholders.</li> </ol> <ul style="list-style-type: none"> <li>• The Appointed Actuary shall have the right to access the board papers, accounting books and other records and documents, business plans, supporting analyses and schedules deemed necessary for the carrying out of their</li> </ul>	
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- a. Do the work entrusted to him / her in accordance with actuarial principles and standards issued by the Actuarial Organization that they belong to and be accountable to that Organization as well as to SAMA. Standards issued by the International Actuarial Association are considered to apply to all actuarial work required under these regulations and any actuarial work required by SAMA
- b. Perform his / her duties with honesty, integrity, and competence, and shall not conceal any facts relating to the Company's financial or technical position or provide incorrect information.
- c. Not disclose the Company's confidential information obtained during or after his / her work.
- d. Not to entrust someone else to carry out the actuarial work of the Company on his / her behalf unless the extent of that work and the individual carrying it out are clearly identified in the corresponding report.
- e. Keep records of his / her work, organized according to the relevant Actuarial Organization's professional standards. The records shall include the data and copies of the documents that must be provided to SAMA.
- f. Bear the liability of any professional malpractice resulting from negligence as specified in Article (9) of the Implementing Regulations of the Law on Supervision of Cooperative Insurance Companies.

duties and be entitled to obtain from the Board of Directors and Senior Management of the Company the information and explanations the Appointed Actuary deems necessary, subject to appropriate controls to maintain the confidentiality of the Company's information by the Appointed Actuary, and all those who assist the Appointed Actuary in the discharge of his or her responsibilities.

#### **6-2 Reporting by the Appointed Actuary:**

- The Appointed Actuary must ensure that each actuarial report they produce in accordance with these Rules and SAMA's Instructions is clear, comprehensive and presented by him or her in a manner which adequately explains and gives sufficient prominence to issues and developments which have material implications for the Company, or the interests of its policyholders or Beneficiaries, so that

g. Only perform professional services if competent and appropriately experienced to do so.  
 In case there is a deficit in the technical provisions based on the opinion of the Appointed Actuary, the Company shall take the necessary corrective actions to correct the deficit by the end of the following financial quarter that comes after the financial quarter that shows a deficit in the technical provisions for the Company.

#### 6.4 Roles and Responsibilities

The general roles & responsibilities of the Appointed Actuary shall include (but not be limited to) the following:

- a. Obtain all required information from the previous Appointed Actuary.
- b. Examine the Company's overall financial position.
- c. Assess the Company's capital adequacy.
- d. Evaluate the Company's ability to meet its future obligations.
- e. Price the Company's Insurance products; and provide recommendations on the Company's premium rates.
- f. Determine and recommend the Company's technical provisions.

another Qualified Actuary can follow the report and come to a consistent conclusion.

- Each actuarial report produced in accordance with these Rules and SAMA's Instructions should, as a minimum:
  1. Contain an executive summary setting out its results and key findings.
  2. Set out in an introduction the purpose of the report, the credentials of the Appointed Actuary, and a description of the subject business and the risks this gives rise to, relevant summary information on the Company's system of risk management, and any other relevant background information in the judgement of the Appointed Actuary.
  3. Contain a clear statement that the report is made by an individual acting in a formal capacity as the Appointed Actuary.
  4. State the actuarial guidance and financial reporting standards that are being followed.



- g. Coordinate with the Company's risk management officers on estimating the impact of material risks and identifying appropriate mitigation techniques for those risks.
- h. Assess the adequacy of reinsurance arrangements and the appropriate risk retention levels and provide a recommendation of the optimal retention level.
- i. Provide recommendations to the Company's Board of Directors regarding the Company's investment policy, keeping in view the nature and timing of policyholders' liabilities and the availability of appropriate assets.
- j. Determine the surplus or deficit for the overall Company.
- k. Prepare the appropriate reports in accordance with the financial reporting forms required by SAMA.
- l. Review the underwriting manuals of the Company.
- m. Advise on any other actuarial matters.

In addition to the roles and responsibilities the Appointed Actuary shall undertake the following:

- a. Perform a profit test of the premium rates.
- b. Advise on the terms and conditions of insurance policies.
- c. Determine and ensure the adequacy of the mathematical reserves.

- 5. Set out any reliance and limitations including commentary on materiality, areas of uncertainty and any restrictions that the Company or any other party has imposed that prevents full access to the information required, so that a suitably informed reader can form a view on the weight to be attached to the reported findings.
- 6. Any reliance on an external source should be cited.
- 7. Refer to the results of the previous report on the same subject matter explaining key differences from the results previously reported, including providing appropriate details of all key changes with regard to data, methodology, assumptions and results.
- 8. Contain an explanation of the data received and checks performed on the data to check its veracity and comprehensiveness. Any data-specific limitations should be listed.
- 9. Explain the approach and methodology adopted including an explanation of the choice

- d. Advise on the determination of the allocation of profits or bonuses to the with-profits to the policyholders.
- e. Determine the amounts payable to the policyholders in case they surrender their policies.

### 6.5 Reports

The Appointed Actuary must ensure that the actuarial report is clear and comprehensive so that another experienced Actuary can follow the report and come to a conclusion.

The report must contain, as a minimum, the following:

- a. A clear statement that he or she is acting in a formal capacity as the Appointed Actuary.
- b. A description of the actuarial guidance that is being followed.
- c. Dates of all prior reports produced by the Appointed Actuary in relation to the client Company.
- d. Comments on all related reports from other actuaries that were produced for the client Company.
- e. If the prior actuarial reports were not reviewed or considered, reasons should be provided for the lack of such review.

of methodology and assumptions and an explanation of why these are considered appropriate, addressing both the subject matter of the report and its results, and any specific matters that have affected the approach to the analysis.

- 10. Summarize and highlight any changes to the methodology and assumptions from the previous report, and the reasons for such changes should be fully explained to supplement the summary of changes provided at (7) above.
- 11. Provide evidence of sufficient analysis and details of calculations (including Appendices) together with the calculations and other workings to enable a suitably informed reader to reproduce the analysis in order to check the results. These calculations should be consistent with current financial reporting standards in the Kingdom where applicable.

- f. Material changes to the methodology and assumptions from prior reports should be summarized and highlighted, and the reasons for such changes should be explained.
- g. Explanation of the selection of all material assumptions and the reason for their choice provided. Any reliance on an external source should be cited.
- h. An explanation of the methodology adopted by the actuary should be included.
- i. Other actuaries who worked on the report should be identified. The peer review process should be explained, and the peer reviewer identified.
- j. Any financial, organizational or other dependency concerning any matter related to the subject of the report, and any relevant information that is not apparent should be disclosed.
- k. A glossary of terms used that may not be clear to the reader.

### 6.6 Data

The Appointed Actuary must take all reasonable steps to ensure the consistency, accuracy and completeness of the data used in the analysis. All formal reports should contain, as a minimum, the following:

12. Set out results and conclusions clearly and comprehensively including any required explanations and commentary.
  13. Explain the scope of the Peer Review process and the identity and credentials of the peer reviewer and their conclusions.
  14. Set out a glossary of terms used that may not be clear to the reader.
  15. Disclose any other relevant matters.
- The Appointed Actuary shall comply with the Peer Review requirements of their Actuarial Association in carrying out their responsibilities in accordance with these Rules and SAMA's instructions, having satisfied themselves that the peer reviewer is independent of the subject matter to be reviewed and appropriately qualified and experienced.
  - The Appointed Actuary must take appropriate steps to effectively engage the Board of Directors and Senior Management in the

- a. Confirmation that the available data allows the desired analysis to be completed in the Actuary's professional judgment.
- b. Disclosure of known material data limitations and their implications.
- c. A full description of the data that was used.
- d. A full description of all data validations carried out.
- e. The precise period of investigation that the data is derived from must be stated.
- f. Reasonableness checks against data in the most recent prior reports should be described.
- g. Any adjustments or filtering of the raw data should be explained, and an attempt made to measure the impact.
- h. If the Appointed Actuary decides that performing a data review is not appropriate, the report should indicate that such a review has not be carried out (and the reason behind that) and should disclose any resulting limitation on the use of the actuarial work produced.
- i. It is not acceptable an actuary's report to include caveats that seek to place full reliance on others for data quality issues. The actuary is expected to carry out sufficient checks to satisfy the actuary in the results of the report presented.

findings of his or her reports, presenting and discussing findings directly with the Board of Directors and with the Audit and/or Risk Committee and, where relevant, the Company's internal and external auditors.

- Communication between the Appointed Actuary and the Senior Management and Board of Directors on actuarial matters shall be timely and the method of communication must be appropriate, having regard to the purpose and significance of the subject matter.
- The Appointed Actuary must take reasonable steps to ensure that any report or communication with which he or she is associated is effective, not misleading and cannot reasonably be misinterpreted. The technical components of actuarial reports shall be presented in a manner that can be understood and acted upon by a suitably informed reader to support effective and

### 6.7 Peer Review Process

The Appointed Actuary shall ensure that his/her work peer reviewed. The aim of the Peer Review process is to detect any problems in the Actuarial Services provided by the Appointed Actuary and correct them in a timely manner;

Specifically, the Peer Review should consider the responsibilities that are set out in this Regulation and the articles 20, 51 and 69 of the Implementing Regulations of the Law on Supervision of Cooperative Insurance Companies. The Peer Review, at the minimum, shall cover the following:

- a. The extent of compliance by the Appointed Actuary in discharging the roles and responsibilities specified in this Regulation and articles 20, 51 and 69 of the Implementing Regulations of the Law on Supervision of Cooperative Insurance Companies.
- b. Used assumptions and methodology.
- c. The conclusions and recommendations presented in the actuarial reports provided by the Appointed Actuary.
- d. A selection of the most critical calculations that have been done by the Appointed Actuary.

informed decision-making by the Board of Directors and Senior Management.

- The Appointed Actuary shall report on an urgent basis (known as an Urgent Interim Report) directly to the Company's Board of Directors and the Compliance Function in the Company in the following cases, notwithstanding that the Appointed Actuary may not have completed their analysis and investigations:
  1. If there are immediate or future threats facing the Company that may significantly adversely affect it, including but not limited to the following:
    - a. Solvency
    - b. Obligations of Reinsurance Companies and the Company's obligations to its Reinsurance Companies
    - c. Risk Retention levels
    - d. Profitability of the Company's products

e. The adequacy of the Company's technical provisions.

The Appointed Actuary, who is being peer reviewed, shall be cooperative, willing to examine alternative views, and shall avoid becoming excessively defensive. On the other hand, the Peer Reviewing Actuary shall focus on material issues and broad principles and show respect for alternative views and honest differences of opinion.

If SAMA finds that the Appointed Actuary is unfit to undertake the mentioned responsibilities, SAMA may notify the Company to replace the Appointed Actuary with another competent Actuary, who can better fulfill those responsibilities. In case the Company fails to appoint the replacement Actuary, SAMA shall appoint an Actuary at the Company's expense

The Appointed Actuary shall be professionally liable for the Actuarial Services provided to the Company.

### **6.8 Formal Reports for SAMA**

The Appointed Actuary shall submit an annual report to the Company's Management, Board of Directors and SAMA by the end of the second month of the following financial year. The Appointed Actuary shall follow the detailed guidelines that SAMA issues from time to time

e. Pricing of the Company's products

f. Adequacy of Insurance contract liabilities.

### **6-3 The Appointed Actuary's Responsibilities in Respect of the Data**

The Appointed Actuary must take all reasonable steps to ensure the consistency, accuracy and completeness of the data used in their analysis. All reports required by these Rules and SAMA's instructions should contain, as a minimum, the following:

a. Confirmation that the available data allows the desired analysis to be completed in the Appointed Actuary's professional judgement and with due regard to professional standards. b. Disclosure of known material data limitations and their implications, and how allowance has been made for the data limitations in the results presented and analysis performed.

c. A full description of the data that was used.

regarding the contents of the annual report. The report, at the minimum, shall cover the following:

- a. The adequacy of the Company's technical provisions for General business and Health business, in addition to determination of the adequacy of mathematical reserves for Protection & Savings business.
- b. Analysis of the actual investment returns earned by the Company's investment during the financial year.
- c. Expense Analysis. In addition, for Protection & Savings insurance the report should also include a mortality risk analysis and a persistency analysis.
- d. The expense analysis should be sufficient to determine the following assumptions and reserve:
  1. Premium Deficiency Reserves for all General and Health products and short term Protection & Savings products.
  2. Renewal Expense assumptions for long-term Protection and Savings business.
  3. Any expense overrun reserve for long term Protection and Savings business. This reserve may only be adopted for the first three years valuations after the Company commenced writing long term Protection and Savings business. All expenses, zakat and income tax incurred by the Company must be fully allocated. Investment expenses, only, may be excluded and treated as a reduction in yields.

d. A full description of all data validations carried out.

e. The precise period of investigation that the data is derived from must be stated.

- An Appointed Actuary's report shall not include caveats that seek to place full reliance on others for data quality. The Appointed Actuary shall carry out sufficient checks to satisfy himself or herself as to the results of the report presented.
- Data limitations are to be remediated by the Company in full in the period in which they are identified. Where full remediation is not possible the timing for remediation is to be estimated by the Appointed Actuary and reported in the current report immediately following the identification of the data limitations, appropriate provision made to account for such data limitations in the subject report and progress reported in all future relevant reports until such data limitations are

- e. The Company's overall financial position.
- f. Insurance portfolio development analysis.
- g. Recommendations on the ongoing process of formulating, implementing, monitoring and revising strategies related to assets and liabilities to achieve adequate matching of assets with liabilities.
- h. Positive and adverse underwriting policy development.

The Appointed Actuary shall carry out a mid-year review exercise and submit a report to the Company's Management and Board of Directors, and the Company's Management should submit a report to SAMA by the end of the eighth month of the current financial year. The Appointed Actuary shall follow the detailed guidelines that SAMA issues from time to time regarding the contents of the midyear report. The report, at a minimum, shall cover the Following:

- a. Updated projections for a three-year period taking into account any planned surplus distributions and demonstrating the adequacy of the solvency margin. The projections
- b. should cover at least claims (gross claims and net claims), premiums (gross written premiums, net written premiums, gross earned premiums and net earned premiums), all different expenses

remediated and the provisions for data limitations are released.

#### 6-4 The Appointed Actuary's Role in Respect of Reserving

Annually and for each reporting period as specified by SAMA the Appointed Actuary shall:

1. Determine and recommend to the Board of Directors and Senior Management the Company's Insurance Contract Assets and Liabilities (including where relevant Technical Provisions), using appropriate methodologies and assumptions for their determination, consistent with current financial reporting standards applicable in the Kingdom.
2. Perform actual versus expected analysis by comparing actual experience with previous relevant estimates of claims and other liabilities where relevant.



- c. and investment returns. The projections shall be made for at least three different scenarios, including a best or central estimate, a scenario based on pessimistic (adverse) assumptions, and a scenario based on optimistic (favorable) assumptions, with analysis of the effect of change in scenarios on the solvency margin.
- d. Analysis and advice on the appropriate risk retention levels. The Company's Board of Directors shall draw from the Appointed Actuary's advice while performing their annual review of the reinsurance strategy document for the Company.
- e. Pricing adequacy of the products' premium rates.

Perform a profit test of the premium rates being used and provide recommendations on the adequacy of the premium rates, for Protection & Savings Insurance products.

- 3. Prepare the appropriate reports in accordance with SAMA instructions.
- 4. In respect of Protection and Savings insurance business, :
  - a. Determine and ensure the adequacy of the Insurance Contract Assets and Liabilities (including where relevant) Mathematical Reserves).
  - b. Advise on the determination of the allocation of surplus, profits or bonuses to the policyholders.

#### **6-5 The Appointed Actuary's Role in Respect of Pricing and Pricing Adequacy**

- 1. Investigate, advise and report to Senior Management, the Board of Directors and to SAMA in the form of a Pricing Report at least annually on the Technical Pricing of the risks in the insurance company's Medical Expense, Motor and Protection and Savings products and such other classes of business as are required by SAMA's instructions; and,

		<ol style="list-style-type: none"> <li>2. In respect of Protection and Savings Insurance business: <ol style="list-style-type: none"> <li>a. Perform a profit test of the premium rates.</li> <li>b. Review and advise on product development and design, including the terms and conditions of Insurance contracts and pricing, along with the estimation of the capital required to underwrite the products</li> </ol> </li> <li>3. Report to Senior Management, the Board of Directors and to SAMA on the above in accordance with SAMA's Instructions to be known as the Pricing Report/s and Pricing Adequacy Report/s and as per the Board of Directors' and Senior Management's instructions.</li> <li>4. The Appointed Actuary of an Insurance Company shall submit such periodic pricing adequacy reports, comparing actual selling prices for its Insurance contracts with the relevant Technical Prices, to SAMA, the Company's Senior Management, Board of</li> </ol>	
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Directors, in respect of its Medical Expense and Motor classes of business, and such other classes of business as are required by SAMA's Instructions.

**6-6 The Appointed Actuary's Role in Assessing Solvency and Capital**

1. The Appointed Actuary shall investigate and provide advice to the Company on its current solvency position and the adequacy of the capital that it holds by projecting the Company's solvency position into the future under varying assumptions in order to assess its financial strength and identify the major risk factors affecting the Company.
2. The Appointed Actuary shall investigate and provide advice to the Company on its prospective solvency position by conducting stress tests and scenario analysis under various assumptions and performing capital adequacy assessments, evaluating the relative impact of the output from such tests and analysis on the Company's assets, liabilities,

and actual and future capital levels and business plans, and shall investigate and advise on the development and use of models for these purposes. These investigations should be consistent with current financial reporting standards applicable in the Kingdom and take into consideration any of SAMA's Instructions issued from time to time.

3. The results of these investigations are to be reported to Senior Management, the Board of Directors and SAMA in a form and at dates as prescribed by SAMA.

### **6-7 The Appointed Actuary's Role in Risk Management**

The Appointed Actuary shall:

1. Coordinate with the Company's risk management officers on estimating the impact of material risks and identifying appropriate mitigation techniques for those risks and provide input into SAMA's risk management requirements.

		<ol style="list-style-type: none"> <li>2. In respect of an Insurance Company, assess the appropriateness of Reinsurance arrangements and risk Retention levels for each line of business having regard to the Company's risk appetite, making recommendations to Senior Management and the Board of Directors in a form and at dates as prescribed by SAMA.</li> <li>3. In respect of a Reinsurance Company, assess the appropriateness of Retrocession arrangements and risk Retention levels for each line of business having regard to the Company's risk appetite, making recommendations to Senior Management and the Board of Directors in a form and at dates as prescribed by SAMA.</li> <li>4. Coordinate with the Investment Committee and investment manager to provide recommendations to the Company's Senior Management and Board of Directors regarding the Company's investment policy and asset liability management strategy, keeping in view the nature and timing of Insurance Contract Assets and Liabilities and the availability of</li> </ol>	
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			<p>appropriate assets in a form and at dates as prescribed by SAMA.</p> <ol style="list-style-type: none"> <li>5. The Appointed Actuary of an Insurance Company shall submit a Reinsurance report to the Company's Senior Management, Board of Directors and SAMA. The report shall be submitted in a form and at dates to be prescribed by SAMA's instructions.</li> <li>6. This report shall assess the appropriateness of Reinsurance arrangements and risk Retention levels for each line of business having regard to the Company's risk appetite, capital adequacy and the total exposure currently underwritten and expected to be underwritten in the following financial year and provide observations on risk Retention levels, considering: <ol style="list-style-type: none"> <li>a. Profit sharing mechanisms or variable commissions.</li> <li>b. Loss sharing mechanisms.</li> <li>c. Any caps on the Reinsurance Companies' total exposure under Reinsurance treaties.</li> </ol> </li> </ol>	
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		<p>d. Any caps on the Reinsurance Companies' exposure to single events, incidents or claims.</p> <p>e. Any swing rates where Reinsurance premiums are adjusted based on the results of the Reinsurance.</p> <p>f. The possible impacts of reinstatements or aggregate deductibles on excess of loss treaties.</p> <p>g. How Reinsurance arrangements are expected to operate under stress scenarios.</p> <p>7. The Appointed Actuary shall review and comment on the effectiveness of the Company's procedures to assess whether or not any Reinsurance contracts transfer significant Insurance risk to the Reinsurance Company, particularly in conjunction with any side letters or other arrangements, and report accordingly.</p> <p>8. The Appointed Actuary of a Company that is a Reinsurance Company may be required to submit a Retrocession report to the Company's</p>	
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			<p>Senior Management, Board of Directors and SAMA in a form and at dates to be specified by SAMA covering as a minimum the appropriateness of Retrocession arrangements and risk retention levels for each line of business having regard to the Company's risk appetite, capital adequacy and the total exposure currently underwritten and expected to be underwritten in the following financial year and providing observations on the Reinsurance Company's risk Retention levels.</p> <p>9. The Appointed Actuary shall review and comment on the effectiveness of the Company's procedures to assess whether or not any Reinsurance contracts issued or Retrocession arrangements entered into transfer significant Insurance risk, particularly in conjunction with any side letters or other arrangements, and report accordingly.</p> <p>10. The Appointed Actuary of a Company shall submit an investment and asset liability management report to the Company's Senior</p>	
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		<p>Management, Board of Directors and SAMA in a form and at dates to be prescribed by SAMA.</p> <p>11. This report shall assess the suitability of the Company’s investment policy and asset liability management strategy, having regard to the total exposure currently underwritten and expected to be underwritten in the following financial year, addressing the nature and timing of Insurance Contract Assets and Liabilities and the availability of appropriate assets, coordinating with the Investment Committee and investment manager for the purposes of its production.</p> <p><b>6-8 The Appointed Actuary’s Role in Performing Experience Studies</b></p> <p>1. The Appointed Actuary shall carry out such experience studies as are prescribed by SAMA’s Instructions addressing, as a minimum, expense analysis and, for Companies transacting Protection and Savings Insurance,</p>	
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			<p>persistence, mortality experience and, where relevant, morbidity experience, reporting to SAMA in accordance with SAMA's Instructions.</p> <ol style="list-style-type: none"> <li>2. The Appointed Actuary should report on expenses, drawing on experience to date and leading professional practice such as activity based cost analysis, sufficient to support the assumptions and related Insurance Contract Assets and Liabilities in accordance with financial reporting standards applicable in the Kingdom which may, for example, include: <ol style="list-style-type: none"> <li>1. Premium deficiency analysis for all general Insurance products and short term Protection and Savings insurance.</li> <li>2. Analysis of unallocated loss adjustment expenses.</li> <li>3. Renewal expense assumptions.</li> <li>4. Insurance acquisition cash flows.</li> <li>5. Any provisions for expense overruns for Protection and Savings business. Such provisions may only be adopted for the first three years' valuations after the Company</li> </ol> </li> </ol>	
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		<p>commences writing Protection and Savings business except with prior statement of no objection from SAMA.</p> <p>3. The Appointed Actuary should analyze and report on the persistency rates of all long-term Protection and Savings products, analyzing the persistency and lapse experience of each separate distinct product type as compared with the assumptions previously made, in a form and at a frequency to be determined by way of SAMA’s Instructions.</p> <p>4. The Appointed Actuary should analyze and report on the mortality experience for all Protection and Savings products, analyzing the mortality experience of each separate distinct product type as compared with the assumptions previously made, in a form and at a frequency to be determined by way of SAMA’s Instructions.</p>	
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			<p>5. The Appointed Actuary should analyze and report on the morbidity experience for all Protection and Savings products where benefits, including waivers of premium, are determined based on morbidity experience, analyzing the morbidity experience of each separate distinct product type as compared with the assumptions previously made, in a form and at a frequency to be determined by way of SAMA’s Instructions.</p>	
3	<p><b>10-1-8 Whistleblowing Policy</b></p>	<p>Every employee is a principal resource for the Company to detect and prevent any unethical or unlawful business practices by any employee(s), customer(s) or others. Such practices must be communicated to the senior management. Concealment, avoidance and showing nonchalant attitude towards any misconduct, unethical and or unlawful business practice or activity, which an employee may notice and understand, will complicate the problem and may cause increased pecuniary and reputational damage to the Company. Hence the Company expects the employees to raise</p>	<p>Every employee is a principal resource for the Company to detect and prevent any unethical or unlawful business practices by any employee(s), customer(s) or others. Such practices must be communicated to the Compliance department (Whistleblower officer). Concealment, avoidance and showing nonchalant attitude towards any misconduct, unethical and or unlawful business practice or activity, which an employee may notice and understand, will complicate the problem and may cause increased pecuniary and reputational damage to the Company. Hence the</p>	<p>In line with the rules governing the whistleblowing policy of financial institutions – Issued</p>

	<p>their concerns if appropriate, to their superiors or senior management.</p> <p>The Company has the policy for all shareholders to raise ethical concerns, evidence of misconduct, or violations in a confidential manner and without the fear of retribution. Concerns may include internal accounting controls and questionable accounting matters. A staff member may raise any of their concerns, suspicions or any other claims of violations, which might jeopardize the interests of the Company, by referring to the Company's Whistle blower policy.</p> <p><b>ATC's Whistle Blower Policy</b></p> <p>a. Preface</p> <p>This policy addresses the Company's commitment to conduct the affairs of the Company in a fair and transparent manner, by adopting highest standards of professionalism, honesty, integrity and ethical behavior. This Policy establishes and defines procedures that allows employees of ATC and other interested parties to and confidentially submit their concerns to the Chairman of the AC. The functions of the Whistle Blower Committee will be performed by the AC.</p>	<p>Company expects the employees to raise their concerns if appropriate, throughout th</p>	
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b. Purpose

1. All employees should maintain the highest standards of ethical business conduct in the performance of their Company responsibilities. As employees and representatives of the Company, they must practice honesty and integrity in fulfilling their responsibilities and comply with all the applicable local and federal laws and regulations.
2. Accordingly, every employee, Director and Officer of the Company has an ongoing responsibility to report any activity or suspected activity of which he or she may have knowledge, and which might be prohibited by the Company or which might otherwise be considered sensitive in preserving the interests of the Company.
3. The objectives of the policy are as follows:
  - i. To provide a mechanism to employees / stake holders / business partners etc., to approach the AC of the Company and disclose unethical / improper practices or any other alleged wrongful conduct in the Company.
  - ii. To enable a person, who observes an unethical practice (whether or not a violation of law), to approach the AC without necessarily informing their supervisors.

c. Definitions

1. Audit Committee is a committee appointed by a Company's Board of Directors to assist in their oversight responsibilities relating to the Company's financial accounting and reporting practices and controls, compliance with legal and regulatory requirements, performance of the Company's Internal Auditors and External Auditors.
2. Employee means every employee of the Company (whether working in corporate office or on locations), including the members of the Board of Directors of the Company.
3. Code means ATC Code of Conduct.
4. Protected Disclosure means any non-anonymous communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity.
5. Subject means a person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of investigation.
6. Whistle blower means a person or entity making a disclosure of any unethical activity that they have observed. Whistle blower can be employees, contractors, contractor's employees, clients, vendors, internal or external auditors, law

	<p>enforcement / regulatory agencies or other third parties.</p> <ol style="list-style-type: none"> <li>7. Ethical behavior means being in accordance with the accepted principles of right and wrong that govern the Company's Code of Conduct / Ethics and including but not restricted to financial impropriety and accounting malpractices.</li> <li>8. Professional behavior means exhibiting a courteous, conscientious and generally businesslike manner in workplace that strives to maintain a positive regard to other while avoiding excessive display of deep feeling.</li> </ol> <p>d. Applicability This Policy applies to all the employees of the Company. This is also applicable to all the third parties who agree to follow the applicable ATC Policies.</p> <p>e. Scope of Policy The Policy intends to cover the following information on suspected unethical and improper practices or wrongful conduct, which employees in good faith believes to exist:</p> <ol style="list-style-type: none"> <li>1. Manipulation of company data / records;</li> <li>2. A substantial and specific danger to public health and safety;</li> <li>3. An abuse of authority;</li> </ol>		
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4. Leaking confidential or proprietary information;
5. Violation of any law or regulations;
6. Gross wastage or misappropriation of company funds/assets;
7. Questionable accounting or auditing matters;
8. Any material misrepresentation in any written or oral disclosure made by or on behalf of the Company;
9. Instances of corporate fraud;
10. Misleading or coercion of auditors; and
11. Activities violating policies including Code of Ethics and Conduct

The above list is only illustrative and should not be considered as exhaustive.

f. Constitution of Whistle Blower Committee

1. The Chairman of the Audit Committee will be the Chairman of “The Whistle Blower Committee” and members of the AC will also act as members of the Whistle Blower Committee.
2. The Committee should be entrusted with various functions under this Policy including receipt of disclosures and investigation of matters.

**Whistle Blower Procedures**

- a) Communication Channels

	<ol style="list-style-type: none"> <li>1. Any employee who observes any unethical and improper practices or alleged wrongful conduct should make a disclosure to the Whistle Blower Committee, the communication channels given below:             <ol style="list-style-type: none"> <li>i. Telephone Call;</li> <li>ii. E – Mail;</li> <li>iii. Send a written concern; and</li> <li>iv. Meeting personally with the Committee.</li> </ol> </li>   <li>2. Any Protected Disclosures concerning financial / accounting matters may be addressed to the Chairman of the Audit Committee of the Company for investigation, if the Whistleblower intends to do so.</li>   <li>3. All the disclosures must be in writing and be reported in writing to ensure a clear understanding of the issues raised. If reported orally, the oral reports will normally be documented by the Members / Chairman of the Whistle Blower Committee.</li>   <li>b. Investigation             <ol style="list-style-type: none"> <li>1. The AC should appropriately and expeditiously investigate all non-anonymous whistle blower reports received.</li> </ol> </li> </ol>		
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	<ol style="list-style-type: none"> <li>2. The AC should have the right to call for any information / document and examination of any employee of the Company or other person(s) as they may deem appropriate for the purpose of conducting investigation under this policy.</li> <li>3. The Chairman of the AC will make a recommendation based on the findings of the members of the committee to the Board of the Company.</li> </ol> <p>c. Recommendation to Board Once the investigation is considered to be complete by the AC, the AC should report the matter to the Board with recommendation for further actions on a case by case basis.</p> <p>d. Remedies and Discipline If the Board determines that a compliance or ethical violation has occurred, it should take the following action to rectify it:</p> <ol style="list-style-type: none"> <li>1. Any person found guilty of violation of ATC’s Code of Conduct, will be subject to disciplinary action up to and including termination of employment;</li> <li>2. Appropriate procedures, policies and controls will be established in all departments to ensure early detection of similar violation; and</li> </ol>		
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3. During the investigation period or at any time thereafter, if any employee is found to be (a) retaliating against the complainant, (b) coaching witnesses or (c) tampering with evidence, then it would lead to severe disciplinary action including termination of employment.

e. Documentation and Reporting

1. All documentation pertaining to the compliant including but not restricted to the investigation report, AC report and corrective action taken report will be maintained for such a period as deemed necessary. However, it should be maintained for a minimum period of 10 years.

2. Where possible and where it is determined appropriate by the AC, notice of any corrective action taken will be given to the person who submitted the concern or compliant.

f. Protection

1. No discrimination, harassment, victimization or any other unfair employment practice such as retaliation, threat or intimidation of termination/suspension of service, disciplinary action, transfer, demotion, refusal of promotion, or the like will be adopted against Whistle blowers.

2. A Whistle blower may report any violation of the above clause to the Chairman of the Whistle Blower Committee, who should investigate into the same and recommend suitable action to the management which may inter alia include:
  - i. Reinstatement of the employee to the same position or to an equivalent position.
  - ii. Order for compensation for lost wages, remuneration or any other benefits etc.
  
- g. Other Matters
  1. Anonymous Complaints  
This Policy does not allow anonymous complaints. To warrant an investigation, individuals must put their name to any disclosures made.
  2. Confidentiality  
The Company will treat all disclosures in a sensitive manner and will endeavor to keep the identity of an individual lodging a complaint confidential. However, the investigation process may inevitably reveal the source of the information and the individual making the disclosure may need to provide a statement which cannot be kept confidential, should legal proceedings arise.
  3. Untrue / Malicious / Vexatious Allegations

	<p>If an individual makes an allegation, which is not confirmed by subsequent investigation and the investigation shows that an individual has made malicious or vexatious allegations for personal leverage or unethical reasons, and particularly if he or she persists with making them, disciplinary action may be taken against the individual. The Disciplinary action may include:</p> <ul style="list-style-type: none"> <li>i. Suspension (with pay);</li> <li>ii. Suspension (without pay);</li> <li>iii. Written warning;</li> <li>iv. Demotion; and</li> <li>v. Termination.</li> </ul> <p>4. Notification All departmental heads are required to notify and communicate the existence and contents of this Policy to the employees of their department. New employees should be informed about the Policy by the Human Resources &amp; Administration department and a statement in this regard should be periodically submitted to the Audit Committee.</p> <p>5. Annual Review The AC will review the “Whistleblower” procedures annually and make modifications if required or as</p>		
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		<p>deemed appropriate. However, no such amendments or modifications will be binding on the employees unless the same is notified to the employees in writing.</p> <p>6. Administration The AC has the responsibility for administration of the policy and procedures set forth herein.</p>		
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