

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016

Name of Insurer **SPI Insurance Company Limited**

Year ended **December 31, 2016**

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance.

The insurer has applied the principles contained in the Code in the following manner:

1. The insurer encourages representation independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
Executive Directors	Mr. Muhammad Akram Shahid Mr. Abdul Majeed
Independent Director	Mr. Mohammad Asghar
Non-Executive Directors	Mr. Azizullah Memom Mr. Muhammad Saleem Sheikh Mr. Uzman Naveed Chaudhary Mr. Jamil A. Khan

All independent directors (if any) meet the criteria of independence as laid down under the Code of Corporate Governance for Insurers, 2016.

In case of unlisted insurers, if no independent director has been appointed on the Board, the reason(s) for non-appointment of the independent director should be stated.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this insurer (excluding the listed subsidiaries of holding companies in which each one of them is a director <where applicable>).
3. All the resident directors of the insurer are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company. A DFI or an NSFI or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.
4. No casual vacancy occurring on the Board.
5. The insurer has prepared a Code of Conduct, which has been disseminated among all the directors and employees of the insurer.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the insurer. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of

employment of the Chief Executive Officer, other executive directors and the key officers, have been taken by the Board.

8. The meetings of the Board were presided over the Chairman and, in his/he absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven (7) days before the meeting. The minutes of the meeting were appropriately recorded and circulated.
9. The Board has established a system of sound internal control, which is effectively implemented at all levels within the insurer. The insurer has adopted and complied with all the necessary aspect of internal controls given in the Code.
10. The Board of Directors have complied with requirement of code.
11. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
12. The Directors' Report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance for Insurers, 2016 and fully describes the salient matters required to be disclosed.
13. The financial statements of the insurer were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
14. The directors, Chief Executive Officer and other executives do not hold any interest in the shares of the insurer other than disclosed in the pattern of shareholding.
15. The insurer has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance for Insurers, 2016.
16. The Board has formed the following Management Committees:

Underwriting Committee:

Name of the Member	Category
Mr. Muhammad Akram Shahid	Executive Director
Mr. Abdul Majeed	Non - Executive Director
Mr. Imtiaz Ali	Committee Secretary

Claim Settlement Committee:

Name of the Member	Category
Mr. Uzman Naveed Chaudhry	Non - Executive Director
Mr. Muhammad Akram Shahid	Executive Director
Mr. Naeem Tariq	Committee Secretary

Reinsurance & Co-insurance Committee:

Name of the Member	Category
Mr. Muhammad Akram Shahid	Executive Director
Mr. Abdul Majeed	Non - Executive Director
Mr. Faisal Akbar	Committee Secretary

Risk Management & Compliance Committee:

Name of the Member	Category
Mr. Uzman Naveed Chaudhry	Non - Executive Director
Mr. Azizullah Memon	Non - Executive Director
Mr. Naeem Tariq	Member
Mr. Faisal Akbar	Committee Secretary

17. The Board has formed the following Board Committees:

Ethics, Human Resource & Remuneration Committee:

Name of the Member	Category
Mr. Muhammad Saleem Sheikh	Non - Executive Director
Mr. Muhammad Akram Shahid	Executive Director
Mr. Mohammad Asghar	Independent Director
Mr. Shahid Malik	Committee Secretary

Nominations Committee (if constituted):

Name of the Member	Category
Mr. Azizullah Memon	Non - Executive Director
Mr. Muhammad Akram Shahid	Executive Director
Mr. Noshad Ahmed	Committee Secretary

Investment Committee:

Name of the Member	Category
Mr. Mohammad Asghar	Independent Director
Mr. Azizullah Memon	Non - Executive Director
Mr. Muhammad Akram Shahid	Executive Director
Mr. Naeem Tariq	Committee Secretary

18. The Board has formed an Audit Committee. It comprises of three members, of whom one is independent directors (if applicable) and two are non-executive directors. The chairman of the Committee is an non-executive director. The composition of the Audit Committee is as follows:

Name of the Member	Category
Mr. Jamil A. Khan	Non - Executive
Mr. Mohammad Asghar	Independent
Mr. Muhammad Saleem Sheikh	Non - Executive
Mian Mohsin Aslam	Committee Secretary

19. The meetings of the Committees, except Ethics, Human Resource and Remuneration Committee, were held at once every quarter prior to approval of interim and final results of the insurer and as required by the Code of Corporate Governance for Insurers, 2016. The terms

of references of the Committees have been formed and advised to the Committees for compliance.

20. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the insurer and they are involved in the internal audit function on a regular basis.
21. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head Internal Audit possess such qualification and experience as is required under the Code of Corporate Governance for Insurers, 2016. The Appointed Actuary of the insurer (if any) also meets the conditions as laid down in the said Code. Moreover, the persons heading the underwriting, claim, reinsurance, risk management and grievance functions/departments possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000):

Name of the Person	Designation
Mr. Muhammad Akram Shahid	Chief Executive Officer
Mr. Naeem Tariq	Chief Financial Officer
Mr. Faisal Akbar	Compliance Officer, Head of Re-Insurance
M/S Akhter & Hassan Co.	Actuary
Mr. Noshad Ahmed	Company Secretary
Mian Mohsin Aslam	Head Internal Audit
Mr. Imtiaz Ali	Head of Underwriting & Risk Management
Mr. Khalid Nazir Bajwa	Head of Claims & Grievance Department

No changes were made during the year 2016.

22. The statutory auditors of the insurer have been appointed from the panel auditors approved by the Commission in terms of section 48 the Insurance Ordinance, 2000 (Ordinance No, XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the insurer and that the firm and all partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
23. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.
24. The Appointed Actuary of the insurer has confirmed that he/she or his/her spouse and minor children do not hold shares of the insurer .
25. The Board ensures that the Appointed Actuary complies with the requirements set out for him/her in the Code of Corporate Governance for Insurers, 2016.
26. The Board ensures that the investment policy of the insurer has been drawn up in accordance with the provisions of the Code of Corporate Governance for Insurers, 2016.
27. The Board ensures that the risk management system of the insurer is in place as per the requirements of the Code of Corporate Governance for Insurers, 2016.

28. The insurer has set up a risk management function / department, which carries out its tasks as covered under the Code of Corporate Governance for Insurers, 2016.
29. The Board ensures that as part of the risk management system, the insurer gets itself rated from The Pakistan credit rating agency, which is being used by its risk management function/department and the respective Committee as a risk monitoring tool. The rating assigned by the said rating agency June 10, 2016 is A- with stable outlook.
30. The Board has set up a grievance department/function, which fully complies with requirements of the Code of Corporate Governance for Insurers, 2016.
31. The insurer has not obtained exemption(s) the Securities and Exchange Commission of Pakistan in respect of the following requirement(s) of the Code of Corporate Governance for Insurers, 2016.
32. We confirm that all other material principles contained in the Code of Corporate Governance for Insurers, 2016 have been complied with except for the following, towards which reasonable progress is being made by the insurer to seek compliance by the end of next accounting year.

By Order of the Board

Mr. Muhammad Akram Shahid
(Director & Chief Executive)
Date: April 01, 2017