

Statement of Compliance with the Code of Corporate Governance for the Year Ended December 31, 2009

This statement is being presented to comply with the Code of Corporate Governance contained in regulation No. 35 of listing regulations of The Karachi Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby an insurance company is managed in compliance with the best practices of Corporate Governance.

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

1. The company encourages representation of independent non-executive directors. At present, the Board includes six independent non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board of Directors during the period under review.
5. The company has prepared a "Statement of Ethics and Business Practices", which has been signed by all the directors and employees of the company.
6. The Board has developed a vision/mission statement and overall corporate strategy of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decision on material transactions including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.
8. The meeting of the Board were presided over by the Chairman and in his absence by a director elected by the Board for this purpose and the Board met at least once in every quarter during the year. Written notices of the Board meetings alongwith agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged one orientation course for its directors during the year to apprise them of their duties and responsibilities.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment as determined by the CEO.
11. The Director's Report for this year has been prepared in compliance with the requirement of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the Code.

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15. The Board has formed an executive committee. It comprises of five members of whom three are non-executive members including Chairman of the committee.
16. The Board has formed an underwriting committee. It comprises of four members of whom three are non-executive directors including Chairman of the committee.
17. The Board has formed a claim settlement committee. It comprises of five members of whom three are non-executive directors including Chairman of the committee.
18. The Board has formed a re-insurance committee. It comprises of four members of whom two are non-executive directors including Chairman of the committee.
19. The Board has formed an audit committee. It comprises of five members of whom four are non-executive directors including the Chairman of the committee.
20. The meeting of the audit committee were held once in every quarter prior to approval of interim and final results of the company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
21. The Board has set up an effective internal audit function who are considered suitable qualified and experienced for the purpose and are conversant with the policies and procedures of the company and they are involved in the internal audit function on a full time basis.
22. Detail of related party transactions are placed before the Board and Audit Committee on compliances of the sub-regulation (xiii-a) of Listing Regulations 35 of The Karachi Stock Exchange (Guarantee) Limited.
23. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control review program 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 the shares of the company and that the firm and all its partners are in compliance with International Federation of Accountant Guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
24. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed International Federation of Accountant guidelines in this regard.
25. We confirm that all other material principles contained in the Code have been complied with.



Maheen Yunus, CPCU
Managing Director and Chief Executive