



Arabia Insurance Company SAL
Kuwait Branch
Corporate Governance Statement
2025

Table of Contents

I.	Introduction.....	3
II.	Overview of Corporate Governance.....	3
III.	Corporate Governance Framework.....	4
IV.	Board of Directors	6
V.	Board-Level Committees	6
V.1.	Shares Transfer Committee	6
V.2.	Investment Committee	7
V.3.	Audit Committee.....	7
V.4.	Risk and Compliance Committee	7
V.5.	Nomination & Remuneration Committee.....	8
VI.	Executive Committees.....	8
VI.1.	Management Committee	8
VI.2.	Asset and Liability Committee	9
VI.3.	Anti-Fraud Committee	9
VI.4.	Procurement Committee.....	9
VII.	Senior Management	10
VIII.	Governance Functions	10
VIII.1.	Internal Audit.....	11
VIII.2.	Compliance	11
VIII.3.	Risk Management.....	11
VIII.4.	Actuarial.....	12
IX.	Related Party Transactions	12
X.	External Auditor	13
XI.	External Actuary	14
XII.	Credit Rating (AM Best).....	14
XIII.	Corporate Social Responsibility.....	14



I. Introduction

Arabia Insurance Company S.A.L. (AIC/Arabia) was founded in 1944 and has since then expanded its operations into 8 Arab countries, boasting 80 years of service and expertise in the region. Arabia is present through the Head Office in Beirut, 7 branches across Kuwait, UAE, Bahrain, and Qatar, 1 subsidiary in Oman, and 1 affiliate company in Saudi Arabia.

The AIC Kuwait Branch is engaged in the following insurance activities: life insurance, accidents, liability, fire, land and sea and air transport, medical and other types of insurance and operates under Law No. 125 of 2019 and its implementing regulation issued by Decision No. 21 of 2021 regulating the insurance sector in Kuwait. Law No. 125 of 2019 came into effect on September 1, 2019, replacing the previous insurance law. Its implementing regulation, issued on March 16, 2021, provides further guidance on its application. From September 1, 2019, the insurance sector, including third-party administrators, came under the supervision and authority of the Insurance Regulatory Unit (IRU), which operates under the Ministry of Commerce and Industry (MOCI) with financial and administrative autonomy.

II. Overview of Corporate Governance

Arabia is fully committed to having a corporate governance framework that is compliant with all corporate governance requirements that apply to branches of foreign companies operating in Kuwait and consistent with the regulatory framework issued by the IRU, namely Decision No. 58/2023 issued on 6 November, 2023, related to Corporate Governance, and other relevant resolutions issued from time to time by the competent authorities and the international best practices in this regard.

Arabia recognises that a comprehensive corporate governance framework facilitates effective decision making, ensures overall financial stability, and builds a strong relationship with our stakeholders through clear and transparent communication that supports high quality disclosures to the public.

Arabia's Board of Directors believe that corporate governance is an invaluable asset, that is crucial for creating a robust internal control environment that would support business operations and generate long-term value for all stakeholders. Corporate Governance is reflected in the set of policies and procedures for the management and oversight of the Group which enables the Company to mitigate risk and manage change in line with strategic objectives.



The Company ensures that all employees comply with the application of the best practices in order to maintain accountability, transparency and integrity in all transactions that enhance confidence and achieve highest levels of compliance with the corporate governance standards.

III. Corporate Governance Framework

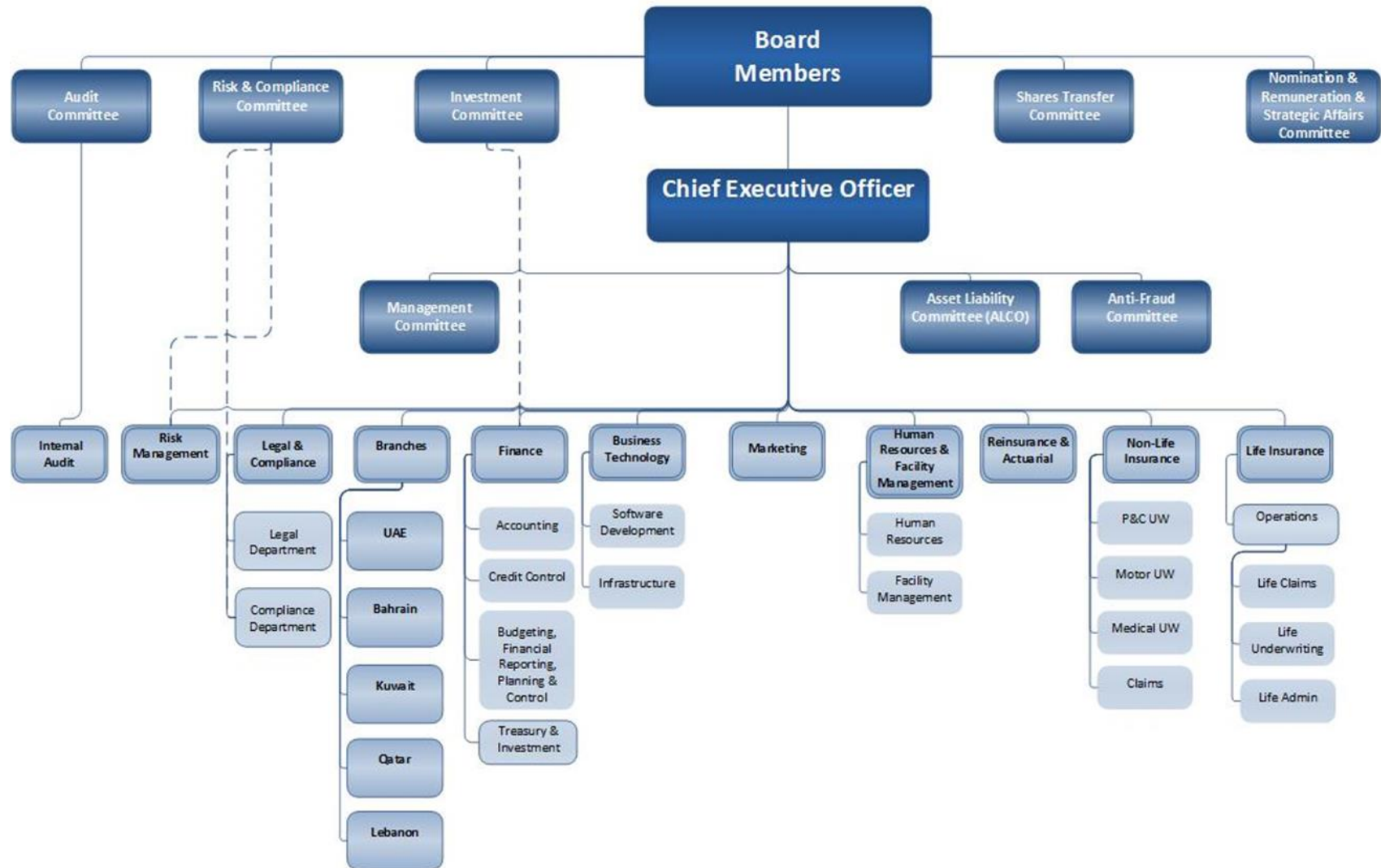
Corporate governance is the system of rules, practices, and processes by which an insurance company governs itself. Corporate governance includes not only the obvious corporate structure (Board of Directors, Senior Management, Business Area Functions, etc.) but also a company's organizational culture (values, ethics, etc.), strategies, controls, as well as all the governing documents that capture the Company's guiding principles and mandates.

Corporate governance defines all organizational roles, responsibilities, and accountabilities at all levels. It describes and explains the management hierarchy, that is, the decision-making and accountability chain and ultimately who has the power to manage and legally represent the company in all settings. Corporate governance spells out requirements for documenting decisions and actions as well as the thinking behind them. It also provides corrective action for non-compliance or weak oversight, controls, and management.

Hence, corporate governance addresses the allocation and regulation of power and accountabilities within an insurer and avoids undue concentration of authority and power. Also, corporate governance has to be transparent and have appropriate systems, controls, and limits to ensure the given authority and power is used to protect the interests of all of the insurance company's stakeholders.

The ultimate objective of Corporate Governance is to ensure the soundness of the Company's decision making and contribute to financial stability, and policyholder protection.

Arabia is governed by a Corporate Governance Framework that identifies the responsibilities and accountabilities of the Board of Directors, Board-level Committees, Executive-level Committees, and the Company's Internal Control Functions including the Compliance, Risk Management, Actuarial and Internal Audit Functions.





IV. Board of Directors

Arabia's Board of Directors is ultimately responsible for establishing Corporate Governance. The Board of Directors (Board) of Arabia is elected by the shareholders' ordinary general assembly and is comprised of 9 members that have the appropriate experience and expertise in Insurance, Business Management, and Finance, commensurate with the size, nature of activities, and complexity of the Group.

Members of the Board must act in good faith, honesty, and integrity while exercising their duty of care, duty of confidentiality and duty of loyalty. They are responsible for ensuring effective control over the Company's entire business. Additionally, Board members must disclose to the Board in a timely manner any potential or apparent conflict of interest, and exercise independent judgment and objectivity in their decision making taking into account the interests of the Company, policyholders, and shareholders.

The Board is responsible for establishing and operating a clear governance framework for Arabia, which must include policies and procedures that are based on clear segregation between the oversight function and the management responsibilities. Additionally, the Board must oversee Senior Management and their performance, in order to ensure that the Company's activities are carried out in a manner consistent with the business strategy, Risk Governance Framework, compensation and other policies approved by the Board.

V. Board-Level Committees

Today's boards are navigating a highly disruptive and competitive operating environment. Therefore, it is essential that the Board have several "Board-Level Committees" that are specialized and encompass a range of complex and evolving oversight topics that are set out in the following.

V.1. Shares Transfer Committee

The Shares Transfer Committee (STC) is a committee appointed by the Board and consists of at least three members from the Board.

The main purpose of the STC is to consider and approve any transfer of shares and/or the subscription of the Company's shares if any, as per Arabia's Articles of Association, and by virtue of the general and extraordinary general assemblies' decisions, as well as the Board of Directors decision to transfer shares.

The main function of the Shares Transfer Committee is to:

- Approve requests for selling and/or transferring shares as per the above.
- Signing new shares certificates issued in favour of new shareholders.

V.2. Investment Committee

The Investment Committee (IC) is a committee appointed by the Board and consists of at least three Board members who are generally knowledgeable in investment and financial matters. The Chief Executive Officer and the Finance Director are permanent invitees to the IC.

As described in its Charter, the Committee sets the Company's investment guidelines, approves the investment policy, and supervises its investment activity. The IC regularly monitors overall investment performance in accordance with its risk tolerance and against agreed benchmarks, reviews compliance with investment objectives and guidelines, and ultimately reports the results to the Board of Directors.

V.3. Audit Committee

The Audit Committee is an independent committee reporting directly to the Board of Directors and consisting of at least three members nominated and appointed by the Board with a majority of Board members.

As described in its Charter, the function of the Audit Committee is to promote and safeguard the highest standards of professional integrity, financial reporting, corporate governance, conformity to business ethics, and internal control on behalf of the Board.

V.4. Risk and Compliance Committee

The Risk & Compliance Committee (RCC) is comprised of at least three members appointed by the Board and the CEO. Its main objective is to assist the Board of Directors in fulfilling its oversight responsibilities with respect to the Risk Management and Compliance activities of Arabia in line with the principles and regulations issued or to be issued by the key regulatory authorities specifically in Arabia's areas of presence and in line with international standards and best practices.

In addition to the members of the Committee, the Risk Manager and the Compliance Manager are permanent attendees of the Risk & Compliance Committee.

V.5. Governance Committee

The Governance Committee (GC) is a committee appointed by the Board of Directors and consists of a minimum of three Board members and a maximum of four.

As described in its Charter, the purpose of the GC is to:

- Assess necessary and desirable competencies of Board members.
- Review Board succession plans.
- Evaluate the Board's performance.
- Make recommendations to the board on:
 - o The remuneration framework for Directors.
 - o The Executive remuneration (Category A) and incentive policies and schemes.
 - o The Company's recruitment, retention, and termination policies for senior management (Category A).

VI. Executive Committees

Unlike Board-level Committees, Executive Committees comprise senior management that are tasked with the strategic planning and decision-making according to the mission, vision and values of the Company that are set by the Board.

Executive Committees include:

VI.1. Management Committee

The Management Committee is headed by the CEO and consists of Arabia's Directors and Department Managers that represent the main functions including Technical (Non-Life and Life), Finance, Country Managers, Control Functions (Legal, Risk Management, Compliance, and Internal Audit) and Support Functions (IT, HR, Marketing) that convene on a monthly basis or more often as required.



The Management Team is responsible for managing the Company's core business operations as a whole. The CEO is supported by the Senior Executive Team who are responsible for managing the day-to-day business of Arabia in line with the Company's Strategy and Business Plan approved by the Board of Directors.

VI.2. Asset and Liability Committee

The Asset Liability Committee (ALCO) is a committee appointed by the CEO and consists of at least four senior management members who are generally knowledgeable in Arabia's core insurance business, as well as in general financial matters.

As described in its Charter, the purpose of the ALCO is to set AIC's Asset-Liability management policy and to supervise the resulting activity involving liquidity management, cash budget and forecasting, as well as the general task of funding Arabia's liability needs, while managing inherent risk exposure adequately.

VI.3. Anti-Fraud Committee

The Anti-Fraud Committee (AFC) is a committee appointed and headed by the CEO and is composed mainly of individuals who, put all together, have extensive analytical, legal, and investigative experience, as well as insurance knowledge, in order to assist Executive Management in the identification and prevention of fraud risks and the implementation of appropriate internal controls.

VI.4. Procurement Committee

The Procurement Committee is established to ensure consistent and adequate application of procurement practices in the Company's operations across the Head Office and branches. The Procurement Committee handles any purchase activities related to projects, systems, consulting arrangements, maintenance contracts, suppliers, etc. that exceed a certain threshold provided to management according to their predefined authority levels.

VII. Senior Management

Under the direction and oversight of the Board, Senior Management, represented by the CEO, must carry out and manage Arabia's activities in a manner consistent with the business strategy, Risk Appetite, and other policies approved by the Board.

The CEO granted Power Of Attorney to Mr. Ghassan Mrad to manage Arabia Kuwait branch. .

Duties of Senior Management include:

- Manage the company on a day-to-day basis in accordance with the strategies, policies and procedures set out by the Board.
- Provide the Board with the information it requires to carry out its responsibilities, including the supervision and assessment of the performance of Senior Management.
- Promote the Company's governance culture through risk management and internal control.
- Report and take timely remedial action towards any breach of relevant legislation or internal policies.
- Maintain adequate and orderly records of the Company.
- Issuing Insurance Policies and annexes thereof and paying the compensations arising therefrom
- Representing the Company's branch before the relevant authorities in Kuwait.
- Receiving communications, notices and all correspondence served to the Company

VIII. Governance Functions

Arabia's Internal Control Framework enables the organisation to operate in line with sound principles and provides the necessary basis for the company's risk taking. As such, AIC has implemented the three-lines-of-defence model with the first line consisting of risk-taking business functions that are responsible for day-to-day risk management in line with the Company's policies and procedures. The guiding principle is that those responsible for risk-taking are also accountable for managing the associated risks.

The second line consists of internal control functions – Financial Control, Compliance, Risk Management, Actuarial - providing oversight over the first line and monitoring the risk-taking in the company. The third line consists of an independent Internal Audit function. The second and third line functions have an important risk monitoring and control role at AIC, yet all organisational units in the company are necessary for maintaining an adequate internal control framework.



The below sections outline the roles and responsibilities of the Governance functions at Arabia, namely, Internal Audit, Compliance and Risk Management.

VIII.1. Internal Audit

Arabia's Internal Audit Department is an independent, objective assurance and consulting activity that reports functionally to the Board level Audit Committee and administratively to the CEO.

The scope of the Internal Audit Activities (IAA) encompasses: (1) the examination and evaluation of the adequacy and effectiveness of the organization's risk management, internal control, and governance processes; and (2) the quality of performance in carrying out assigned responsibilities.

The IAA is concerned with any phase of business activity where the auditor may be of service to Management. This involves going beyond the accounting and financial records to obtain a full understanding of the operations under review.

VIII.2. Compliance

The compliance function reports directly to the Risk & Compliance Committee, and functionally to the CEO to ensure close coordination and support, along with supervision & oversight of the Head of Legal.

The role of the Compliance Function is to ensure that AIC complies and operates in conformity with applicable laws and regulations in the countries of operation, as well as the compliance with the internal policies and bylaws. The Compliance Department is tasked with establishing, maintaining, and monitoring Arabia's compliance programs and AML Programs in conformity with laws, circulars, guidelines, and best practices, to fulfill AIC's mission and strategic goals to manage compliance risks.

VIII.3. Risk Management

Risk Management is the process of identifying, monitoring, and managing risks to mitigate the negative impact they may have on an organization. Risk Management provides value by improving efficiency, reducing costs, and enhancing stakeholder confidence by promoting a corporate risk culture, as well as integrating risk and internal controls among all entities and functions within Arabia Insurance.



The Risk Management Function reports directly to the CEO and the RCC on material risks and the assessment of the risk management environment, along with proposed or taken actions. Through a robust Enterprise Risk Management (ERM) Framework, the Risk Management Function is able to identify and evaluate risks (quantitatively and qualitatively) by comparing identified risks with risk criteria established by the organization, such as risk appetite, as well as implement systems and procedures for the identification, collection, and analysis of risk related information and establish risk limits, triggers, and early warning indicators.

The Risk Management Department is also responsible for monitoring and reviewing the effectiveness of risk controls to reasonably ensure that they are properly designed, implemented, and improved where necessary, developing risk response processes, including contingency and business continuity programs, and recommending control measures to prevent, retain, transfer, eliminate or mitigate risks.

VIII.4. Actuarial

The Actuarial and Reinsurance department is an independent function that reports directly to the CEO on matters relating to technical provisions, premium and pricing adequacy, solvency, reinsurance, so as to contribute to the effective implementation of the Corporate Governance Framework and Internal Control Framework.

The Actuarial function promotes corporate governance and transparency through the review and update of underwriting guidelines, pricing strategies, and reserve calculations as well as the periodic monitoring and reporting of technical results, P&L figures, and monthly closing and reconciliation exercises.

IX. Related Party Transactions

Related Parties include any parties related to AIC, including the Group entities, Controlling Shareholders, Board Members and Senior Management (and their relatives), and any persons with significant control or influence over Arabia.

Through the AIC Related Party Transactions Policy and Procedure, the company establishes the framework for the prevention of any business misconduct, favouritism, nepotism, abuse and/or conflicts of interest as consequence of establishing business relationships with any related parties.



X. External Auditor

Arabia has entrusted the external audit function to Leading Edge Alliance under the office name of Fatima Sakr El Rochoud (Commercial Register number 187, Automated Address number 18131244, Kuwait, Kobra, Block 15, Lane 28, Safat Centre, 29th floor.)

LEA has been auditing the Company's accounts since 2023 and operates independently from the Board of Directors and the Executive Management of Arabia.

XI. External Actuary

Arabia has entrusted the external actuary function to Zamara Mena Actuaries Company (license number ACC20250004) Address: Al Nassar Tower, Office 3, Floor 15, Fahad Al Salem St., Al Qibla, Kuwait City.

Zamara Mena Actuaries Company operates independently from the Board of Directors and the Executive Management of Arabia.

XII. Credit Rating (AM Best)

Pursuant to the provisions of Insurance Regulation Unit Resolution No. (1) of 2026 concerning the mandatory requirement for insurance companies to obtain a credit rating, the Kuwait Branch of Arabia Insurance Company S.A.L. is committed to incorporating the credit rating within its corporate governance framework.

According to the rating certificate issued by the internationally recognized rating agency A.M. Best, the parent company has been assigned a Best's Financial Strength Rating of **B+ (Good)** by AM Best, under Rating Identification Number **091312**, with an effective date of 11 December 2025.

Arabia further affirms its commitment to working with the Kuwait Branch to enhance the credit rating level and to integrate it into the annual corporate governance, risk management, and financial sustainability plans, in alignment with the requirements of the Insurance Regulation Unit.

XIII. Corporate Social Responsibility

At Arabia, Corporate Social Responsibility (CSR) is an integral part of how we do business and is fundamental to our long-term

At Arabia, Corporate Social Responsibility (CSR) is an integral part of how we do business and is fundamental to our long-term sustainability. We are committed to creating sustainable value for our shareholders, customers, employees, and the community by developing an ESG Framework for the Group, including AIC Kuwait, to derive key metrics used to evaluate the company's performance and impact across three key areas: Environmental, Social, and Governance.

In fact, we demonstrate our commitment to CSR through numerous initiatives, including:

- Social Contributions, such as feeding campaigns to support underprivileged communities and educational donations to assist students in need.
- Environmental sustainability efforts, including recycling programs and other green initiatives to minimize our ecological footprint.
- Health and community support initiatives, such as blood donation drives to contribute to the well-being of the community.
- Adherence of all staff to the Employee Code of Conduct, Compensation & Benefits Policy, Whistleblowing Policy, Conflict of Interest Policy, and other governance practices to ensure ethical business operations.

For Arabia Insurance Company SAL

