

Allianz EFU Health Insurance Ltd

Statement of Compliance with the Code of Corporate Governance For the 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. Allianz EFU Health Insurance Limited is unlisted Company having 9 Individual shareholders and all of them are on the Board of Directors of the Company except 2.
2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this insurer.
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 NBFIs or, being a member of the stock exchange, has been declared as a defaulter by a stock exchange.
4. No casual vacancy occurred in the Board during the year 2016.
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 and the key officers, have been taken by the Board.
8. The meetings 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. 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 aspects of internal controls given in the Code.
10. The management of the Company has submitted a paper to the Board of Directors on February 08 2017, to consider it as an orientation course for its Directors and to apprise them of their duties and responsibilities.
11. No new appointments of Chief Financial Officer and Corporate Secretary have been made during the year. The Head of Internal Audit has resigned effective from October 10, 2016 and Board has decided to outsource Internal Audit Function.
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 the 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
Mr. Taher G. Sachak
Mr. Kamran Ansari
Mr. Amin Nizar Ali
Mr. Shahid Himayat

Claim Settlement Committee:

Name of the Member
Mr. Akhtar Kurban Alavi
Dr. Mazhar Hasan
Dr. Muhammad Mustafa
Dr. Hina Riaz

Reinsurance & Co-insurance Committee:

Name of the Member
Mr. Akhtar Kurban Alavi
Mr. Kamran Ansari
Mr. Amjed Bahadur Ali
Mr. Amin Nizar Ali

Risk Management & Compliance Committee:

Name of the Member
Mr. Taher G. Sachak
Mr. Kamran Ansari
Mr. Amin Nizar Ali
Mr. Amjed Bahadur Ali
Mr. Sohail Adam Baloch

17. The Board has formed the following Board Committees:

Ethics, Human Resource & Remuneration Committee:

Name of the Member
Mr. Saifuddin N. Zoomkawala
Mr. Taher G. Sachak

Investment Committee:

Name of the Member
Mr. Saifuddin N. Zoomkawala
Mr. Rafique R. Bhimjee
Mr. Taher G. Sachak
Mr. Hasanali Abdullah
Mr. Akhtar Kurban Alavi

18. The Board has formed an Audit Committee comprising of following non-executive directors. The chairman of the Committee is Mr. Saifuddin N. Zoomkawala.

Audit Committee:

Name of the Member
Mr. Saifuddin N. Zoomkawala
Mr. Shahabuddin C. Subjally
Mr. Rafique R. Bhimjee
Mr. Hasanali Abdullah

19. The meetings of the Committees, except Ethics, Human Resource and Remuneration Committee, were held at least 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 term 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. The members of internal audit function are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
21. The Chief Executive Officer, Chief Financial Officer and Compliance Officer possess such qualification and experience as required under the Code of Corporate Governance for Insurers, 2016. Moreover, the persons heading the underwriting, claim, reinsurance, risk management and grievance functions 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. Akhtar Kurban Alavi	Chief Executive Officer
Mr. Kamran Ansari	Operational Head
Mr. Amjed Bahadur Ali	Chief Financial Officer & Corporate Secretary
Mr. Shahid Himayat	Head of Underwriting, Compliance Officer
Mr. Amin Nizar Ali	Head of Actuarial, Strategic Planning & Alternate Distribution & Risk Management and Reinsurance
Dr. Mazhar Hasan	Head of Medical Management & Claims Settlement
Mr. Sohail Adam Baloch	Head of Grievance Function.

22. The statutory auditors of the insurer have been appointed from the panel of auditors approved by the Commission in terms of section 48 of 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 its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the 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 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.
25. 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.
26. The insurer has set up a risk management function, which carries out its tasks as covered under the Code of Corporate Governance for Insurers, 2016.
27. The Board ensures that as a part of the risk management system, the insurer gets itself rated from JCR-VIS Credit Rating Co. Limited which is under process and hopeful of its completion before the given timeline and which will be used by its risk management function and the respective Committee as a risk monitoring tool.
28. The Board has set up a grievance function, which fully complies with the requirements of the Code of Corporate Governance for Insurers, 2016.
29. We confirm that all other material principles contained in the Code of Corporate Governance for Insurers, 2016 have been complied.

By Order of the Board

Director

Director

Chief Executive

Chairman

February 14, 2017