

# Statement of Compliance with the Code of Corporate Governance

for Insurers, 2016 & Listed Companies (Code Of Corporate Governance) Regulations, 2019

Name of Insurer: Century Insurance Company Limited  
("the Company")

Year Ended: December 31, 2022

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (the Code) for the purpose of establishing a framework of good governance, whereby the Insurer is managed in compliance with the best practices of corporate governance and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations).

The Company has applied the principles contained in the Code and the Regulations in the following manner:

1. The total number of directors are seven (7), as per the following:

- a) Male: 6
- b) Female: 1

2. The Company ensures representation of independent non-executive directors and facilitates directors representing minority interests on its Board of Directors (the Board). At present the Board includes:

Category	Names
Independent Directors	Mr. Sadrudin Ismail Mohamed Mr. Akber Dawood Vazir
Executive Director	Mr. Mohammad Hussain Hirji
Non-Executive Directors	Mr. Iqbal Ali Lakhani Mr. Amin Mohammed Lakhani Mr. Aftab Ahmad
Female Director	Ms. Anushka Lakhani

The independent director meets the criteria of independence as laid down under the Code, Regulations and Companies Act, 2017.

3. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.

4. 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 development financial institution or a non-banking financial institution or, being a member of a stock exchange, has been declared as a defaulter by a stock exchange.
5. No casual vacancy occurred on the Board during the year.
6. The Company has prepared a "Code of Conduct" which has been disseminated among all directors and employees of Company along with its supporting policies and procedures.
7. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of significant policies along with the dates on which they were approved or amended has been maintained.
8. 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. Decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
9. The meetings of the Board were presided over by the Chairman and, in 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 meetings. The minutes of the meetings were appropriately recorded and circulated.

10. The Board has a formal policy and transparent procedure for remuneration of directors in accordance with the Act and these Regulations.
11. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company includes all the necessary aspects of internal control given in the Code.
12. While almost all the directors are professionals and senior executives who possess wide experience of duties of directors, the Company apprises its directors of new laws and regulations and amendments in the existing ones. The Board has arranged one Directors' training program during the year ended December 31, 2022 as five directors have already attended the Directors' training course in previous years. Two directors possess the minimum qualification and experience criteria for exemption of DTP as stipulated in the Code of Corporate Governance (the Code).
13. There was no new appointment of Chief Financial Officer (CFO) or Company Secretary or Head of Internal Audit during the year. The Board has however, approved the remuneration of CFO and the Head of Internal Audit on the recommendation of Ethics, Human Resource & Remuneration Committee as determined by Chief Executive Officer. Mr. Mansoor Ahmed was assigned the responsibilities of the Company Secretary of Century Insurance Company Limited in addition to his responsibilities in other Group Companies.
14. The Directors' report for this year has been prepared in compliance with the requirements of the Code and the Regulations and fully describes the salient matters required to be disclosed.
15. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
16. The Directors, Chief Executive Officer and other executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
17. The Company has complied with all the corporate and financial reporting requirements of the Code.
18. The Board has formed the following Management Committees:
- a) Underwriting, Reinsurance and Co-insurance Committee
- | Name of Member             | Category                      |
|----------------------------|-------------------------------|
| Mr. Mohammad Hussain Hirji | Chairman - Executive Director |
| Mr. Aseem Ahmed            | Member                        |
| Ms. Madiha Khalid          | Member                        |
| Mr. Ali Asghar             | Member                        |
- b) Claim Settlement Committee
- | Name of Member                                  | Category                      |
|---|-------------------------------|
| Mr. Mohammad Hussain Hirji                      | Chairman - Executive Director |
| Mr. Mir Mehmood Ali<br>(up to January 31, 2022) | Member                        |
| Mr. Hassan Siddiqui<br>(From February 28, 2022) | Member                        |
| Mr. Sabza Ali Pirani                            | Member                        |
- c) Risk Management & Compliance Committee
- | Name of Member             | Category                      |
|----------------------------|-------------------------------|
| Mr. Mohammad Hussain Hirji | Chairman - Executive Director |
| Mr. Ali Asghar             | Member                        |
| Mr. Sabza Ali Pirani       | Member                        |
| Mr. Asif Mehmood           | Member                        |
| Mr. Abdul Rasheed          | Member                        |
19. The Board has formed the following Board Committees comprising of members given below;

a) Ethics, Human Resource & Remuneration Committee

Name of Member	Category
Mr. Sadrudin Ismail Mohamed	Chairman – Independent Director
Mr. Amin Mohammed Lakhani	Member – Non Executive Director
Mr. Akber Dawood Vazir	Member – Independent Director
Mr. Mohammad Hussain Hirji	Member – Executive Director

b) Investment Committee

Name of Member	Category
Mr. Iqbal Ali Lakhani	Chairman – Non Executive Director
Mr. Mohammad Hussain Hirji	Member – Executive Director
Mr. Aftab Ahmad	Member – Non Executive Director
Mr. Sabza Ali Pirani	Member

The functions of the Nomination committee are being performed by the board.

20. The Board has formed an Audit Committee. It comprises of three members, of whom one is Independent Director and two are Non-Executive Directors. The Chairman of the Committee is an Independent Director. The Composition of the Audit Committee is as follows:

Name of Member	Category
Mr. Sadrudin Ismail Mohamed	Chairman – Independent Director
Mr. Amin Mohammed Lakhani	Member – Non Executive Director
Mr. Aftab Ahmad	Member – Non Executive Director

21. The terms of references of the Committees have been formed and advice to the Committees for compliance. The frequency of meetings of the Committees as follows.

Name of Committees	Frequency of Meeting
Ethics, Human Resource & Remuneration Committee	Yearly
Investment Committee Audit Committee	Quarterly
Audit Committee	Quarterly
Underwriting, Reinsurance and Co-insurance Committee	Quarterly
Claim Settlement Committee	Quarterly
Risk Management & Compliance Committee	Quarterly

22. The Board has set up an effective internal audit function comprising of personnel who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

23. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under this Code. Moreover, the persons heading the underwriting, claims, reinsurance, risk management and grievance functions possess qualification and experience of direct relevance to their functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000):

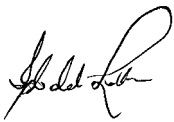
Name of person	Designation
Mr. Mohammad Hussain Hirji	Chief Executive Officer
Mr. Sabza Ali Pirani	Chief Financial Officer
Mr. Asif Mehmood	Compliance Officer
Mr. Mansoor Ahmed	Company Secretary
Mr. Muhammad Rao Shahid Mobeen	Head of Internal Audit
Mr. Aseem Ahmed	Head of Marketing & Sales
Mr. Abdul Rehman	Head of Window Takaful Operations
Mr. Rehan Fasih	Head of Marine Underwriting
Mr. Ali Asghar	Head of Fire Underwriting (Incl. Risk Management)
Mr. Abid Raza Ispani	Head of Accident and Health Underwriting
Mr. Syed Muhammad Nasim Ahmed	Head of Motor Underwriting
Mr. Mir Mehmood Ali (Up to January 31, 2022)	Head of Claims (Incl. Grievance)
Mr. Hassan Siddiqui (from February 01, 2022)	Head of Claims (Incl. Grievance)
Ms. Madiha Khalid	Head of Reinsurance

24. The statutory auditors of the Company 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).

25. 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 and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or director of the Company.

26. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulation, or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
27. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provision of the Code.
28. The Board ensures that the risk management system of the Company is in place as per Code.
29. The Company has set up a risk management function, which carries out its tasks as covered under the Code.
30. The Board ensures that as part of the risk management system, the Company gets itself rated from VIS Credit Rating Company Limited which is being used by its risk management function and the respective Committee as a risk monitoring tool. The rating assigned by the said rating agency on December 15, 2022 is AA with stable outlook.
31. The Board has set up a grievance department/function, which fully complies with the requirements of the Code.
32. The Company has not obtained any exemption(s) from the Securities and Exchange Commission of Pakistan (SECP) in respect of the requirements of the Code.
33. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulation and all material requirement of Code have been complied with.

Regulation 6: The Board of the Company comprises of seven elected Directors and one-third works out to be 2.33. Presently, two (2) Independent Directors were elected by the shareholders in terms of Section 166 of the Companies Act, 2017, which have requisite competencies, skills, knowledge, and experience to discharge and execute their duties competently as per laws and regulations to fulfill the requirements therefore not warrant the appointment of a third Independent Director.



**Iqbal Ali Lakhani**  
Chairman

Karachi: March 17, 2023



**Mohammad Hussain Hirji**  
Director & Chief Executive

# Independent Auditor's Review Report

To the members of Century Insurance Company Limited (the Company)

Review Report on the Statement of Compliance contained in the Code of Corporate Governance for Insurers, 2016 and Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Code of Corporate of Governance for Insurers, 2016 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (combined called 'the Code') prepared by the Board of Directors of **Century Insurance Company Limited (the Company)** for the year ended 31 December 2022 in accordance with the requirements of the Code.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance that reflects the status of the Company's compliance with the provisions of the Code, and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Code as applicable to the Company for the year ended 31 December 2022.



**Chartered Accountants**

**Place:** Karachi

**Date:** 30 March 2023

**UDIN Number:** CR202210076Rz0Esdbx2