



HIGH-LEVEL CONTROLS MODULE

MODULE:	HC (High-Level Controls)
Table of Contents	

		Date Last Changed
HC-A Introduction		
HC-A.1	Purpose	01/2011
HC-A.2	Module History	07/2016
HC-B Scope of Application		
HC-B.1	Insurance Licensees	01/2011
HC-B.2	Branches and Subsidiaries	01/2012
HC-1 The Board		
HC-1.1	Principle	10/2014
HC-1.2	Role and Responsibilities	01/2012
HC-1.3	Composition	10/2014
HC-1.4	Decision Making Process	01/2012
HC-1.5	Independence of Judgment	01/2012
HC-1.6	Representation of all Shareholders	01/2012
HC-1.7	Directors' Access to Independent Advice	01/2011
HC-1.8	Directors' Communication with Management	01/2011
HC-1.9	Committees of the Board	01/2011
HC-1.10	Evaluation of the Board and Each Committee	01/2012
HC-1.11	Annual Board Review and Certification	01/2011
HC-2 Approved Persons Loyalty		
HC-2.1	Principle	01/2011
HC-2.2	Personal Accountability	10/2014
HC-2.3	Avoidance of Conflicts of Interest	07/2016
HC-2.4	Disclosure of Conflicts of Interest	07/2016
HC-2.5	Disclosure of Conflicts of Interest to Shareholders	01/2011
HC-3 Audit Committee and Financial Statements Certification		
HC-3.1	Principle	01/2011
HC-3.2	Audit Committee	01/2011
HC-3.3	Audit Committee Charter	01/2011
HC-3.4	CEO and CFO Certification of Financial Statements	01/2011
HC-4 Appointment, Training and Evaluation of the Board		
HC-4.1	Principle	01/2011
HC-4.2	Nominating Committee	01/2011
HC-4.3	Nominating Committee Charter	01/2011
HC-4.4	Board Nominations to Shareholders	01/2011
HC-4.5	Induction and Training of Directors	01/2011



MODULE:

HC (High-Level Controls)

Table of Contents (continued)

**Date Last
Changed**

HC-5 Remuneration of Approved Persons

HC-5.1	Principle	01/2011
HC-5.2	Remuneration Committee	01/2011
HC-5.3	Remuneration Committee Charter	01/2011
HC-5.4	Standard for all Remuneration	01/2011
HC-5.5	Directors' Remuneration	01/2011
HC-5.6	Senior Management Remuneration	01/2012

HC-6 Management Structure

HC-6.1	Principle	01/2011
HC-6.2	Establishment of Management Structure	01/2011
HC-6.3	Titles, Authorities, Duties and Reporting Responsibilities	01/2011
HC-6.4	Executive Management Committee	01/2011
HC-6.5	Internal Audit	10/2014
HC-6.6	Compliance	04/2011

HC-7 Communication between Board and Shareholders

HC-7.1	Principle	01/2011
HC-7.2	Conduct of Shareholders' Meetings	10/2012
HC-7.3	Direct Shareholder Communication	01/2011
HC-7.4	Controllers	01/2011

HC-8 Corporate Governance Disclosure

HC-8.1	Principle	01/2011
HC-8.2	Disclosure under the Company Law and CBB Requirements	10/2014

HC-9 Takaful and Retakaful Companies

HC-9.1	Principle	01/2011
HC-9.2	Shari'a Supervisory Board	01/2011
HC-9.3	Governance and Disclosure per Shari'a Principles	01/2011



MODULE:	HC (High-Level Controls)
Table of Contents (continued)	

**Date Last
Changed**

HC-10	Insurance Consultants, Insurance Managers, Insurance Aggregators and Captive Insurance Firms	
HC-10.1	The Board	08/2019
HC-10.2	Approved Persons Loyalty	08/2019
HC-10.3	Financial Statements Certification	08/2019
HC-10.4	Appointment, Training and Evaluation of the Board	08/2019
HC-10.5	Remuneration of Approved Persons	08/2019
HC-10.6	Management Structure	08/2019
HC-10.7	Communication between Board and Shareholders	08/2019
HC-10.8	Corporate Governance Disclosure	08/2019
HC-10.9	Captive Takaful Firms	08/2019
Appendix A	Audit Committee	10/2012
Appendix B	Nominating Committee	10/2012
Appendix C	Remuneration Committee	10/2012
Appendix D	Corporate Governance Disclosure to Shareholders	01/2012



MODULE	HC: High-Level Controls
CHAPTER	HC-B: Scope of Application

HC-B.1 Insurance Licensees

HC-B.1.1 The contents of this Module – unless otherwise stated – apply to all Bahraini insurance licensees, incorporated under the Legislative Decree No. 21 of 2001, with respect to promulgating the Commercial Companies Law (‘Company Law’), except those companies operating as Bahraini single person company.

HC-B.1.2 For insurance brokers, Sections HC-3.2 Audit Committee and HC-3.3 Audit Committee Charter are to be considered as Guidance and the Comply or Explain Principle (see Paragraph HC-A.1.8) applies. In addition references to the Nominating and Remuneration Committees do not apply for insurance brokers.

HC-B.1.3 For insurance consultants, insurance managers, insurance aggregators and captive insurance firms the applicable Guidance Paragraphs are included in Chapter HC-10. The Comply or Explain Principle (see Paragraph HC-A.1.8) applies to the content of Chapter HC-10.

HC-B.1.4 Overseas insurance licensees must satisfy the CBB that equivalent arrangements are in place at the parent entity level, and that these arrangements provide for effective high-level controls over activities conducted under the Bahrain license.

HC-B.1.5 In assessing compliance with Paragraph HC-B.1.4, the CBB will take into account regulatory requirements applicable to the parent entity, as well as the governance and systems and controls arrangements actually implemented by the parent entity and applied to the Bahrain operation. With the exception of specific requirements that explicitly apply to overseas insurance licensees (i.e. Paragraph HC-B.1.4), overseas insurance licensees should consider the remaining contents of this Chapter as guidance, in judging whether high-level controls applied to the branch satisfy HC-B.1.4.

MODULE	HC: High-Level Controls
CHAPTER	HC-10: Insurance Consultants, Insurance Managers, Insurance Aggregators and Captive Insurance Firms

HC-10.1 The Board

HC-10.1.1 All insurance consultants, insurance managers, insurance aggregators and captive insurance firms should be headed by an effective, collegial and informed Board of Directors (“the Board”).

Role and Responsibilities

HC-10.1.2 All directors should understand the Board’s role and responsibilities under the Commercial Companies Law and any other laws or regulations that may govern their responsibilities from time to time. In particular:

- (a) The Board’s role as distinct from the role of the shareholders (who elect the Board and whose interests the Board serves) and the role of officers (whom the Board appoints and oversees); and
- (b) The Board’s fiduciary duties of care and loyalty to the insurance consultants, insurance managers, insurance aggregators and captive insurance firms and the shareholders (see HC-10.2).

HC-10.1.3 The Board’s role and responsibilities include but are not limited to:

- (a) The overall business performance and strategy for the insurance consultants, insurance managers, insurance aggregators or captive insurance firms;
- (b) Causing financial statements to be prepared which accurately disclose the insurance consultants, insurance managers, insurance aggregators or captive insurance firms’ financial position;
- (c) Monitoring management performance;
- (d) Convening and preparing the agenda for shareholder meetings;
- (e) Monitoring conflicts of interest and preventing abusive related party transactions; and
- (f) Assuring equitable treatment of shareholders including minority shareholders.

HC-10.1.4 The directors are responsible both individually and collectively for performing these responsibilities. Although the Board may delegate certain functions to committees or management, it may not delegate its ultimate responsibility to ensure that an adequate, effective, comprehensive and transparent corporate governance framework is in place.

HC-10.1.5 When a new director is inducted, the chairman of the Board, assisted by company legal counsel or compliance officer, should review the Board’s role and duties with that person, particularly covering legal and regulatory requirements and Module HC.

HC-10.1.6 The insurance consultants, insurance managers, insurance aggregators and captive insurance firms should have a written appointment agreement with each director which recites the directors’ powers and duties and other matters relating to his appointment including his term, the time commitment envisaged, the committee assignment if any, his remuneration and expense reimbursement entitlement, and his access to independent professional advice when that is needed.

MODULE	HC: High-Level Controls
CHAPTER	HC-10: Insurance Consultants, Insurance Managers, Insurance Aggregators and Captive Insurance Firms

HC-10.1 The Board (continued)

HC-10.1.7 The Board should adopt a formal Board charter or other statement specifying matters which are reserved to it, which should include but need not be limited to the specific requirements and responsibilities of directors.

Composition

HC-10.1.8 The Board should have no more than 15 members, and should regularly review its size and composition to ensure that it is small enough for efficient decision-making yet large enough to have members who can contribute from different specialties and viewpoints. The Board should recommend changes in Board size to the shareholders when a needed change requires amendment of the insurance consultants, insurance managers, insurance aggregators or captive insurance firms' Memorandum of Association.

HC-10.1.9 Potential non-executive directors should be made aware of their duties before their nomination, particularly as to the time commitment required. The Board should regularly review the time commitment required from each non-executive director and should require each non-executive director to inform the Board before he accepts any Board appointments to another company. One person should not hold more than three directorships in public companies in Bahrain with the provision that no conflict of interest may exist, and the Board should not propose the election or reelection of any director who does.

Decision Making Process

HC-10.1.10 The Board should be collegial and deliberative, to gain the benefit of each individual director's judgment and experience.

HC-10.1.11 The chairman should take an active lead in promoting mutual trust, open discussion, constructive dissent and support for decisions after they have been made.

HC-10.1.12 The Board should meet frequently but in no event less than four times a year. All directors must attend the meetings whenever possible and the directors must maintain informal communication between meetings.

HC-10.1.13 The chairman should ensure that all directors receive an agenda, minutes of prior meetings, and adequate background information in writing before each Board meeting and when necessary between meetings. All directors should receive the same Board information. At the same time, directors have a legal duty to inform themselves and they should ensure that they receive adequate and timely information and should study it carefully.

MODULE	HC: High-Level Controls
CHAPTER	HC-10: Insurance Consultants, Insurance Managers, Insurance Aggregators and Captive Insurance Firms

HC-10.1 The Board (continued)

Directors' Communication with Management

- HC-10.1.14 The Board must encourage participation by management regarding matters the Board is considering, and also by management members who by reason of responsibilities or succession, the CEO believes should have exposure to the directors.
- HC-10.1.15 Non-executive directors should have free access to the insurance consultants, insurance managers, insurance aggregators and captive insurance firms' management beyond that provided in Board meetings. Such access should be through the Chairman of the Audit Committee or CEO. The Board should make this policy known to management to alleviate any management concerns about a director's authority in this regard.

MODULE	HC: High-Level Controls
CHAPTER	HC-10: Insurance Consultants, Insurance Managers, Insurance Aggregators and Captive Insurance Firms

HC-10.2 Approved Persons Loyalty

HC-10.2.1 The approved persons shall have full loyalty to the insurance consultants, insurance managers, insurance aggregators or captive insurance firms.

Personal Accountability

HC-10.2.2 Each approved person should understand that under the Company Law he is personally accountable to the insurance consultants, insurance managers, insurance aggregators or captive insurance firms and the shareholders if he violates his legal duty of loyalty to the insurance consultants, insurance managers, insurance aggregators or captive insurance firms, and that he can be personally sued by the insurance consultants, insurance managers, insurance aggregators or captive insurance firms or the shareholders for such violations.

HC-10.2.3 The duty of loyalty includes a duty not to use property of the insurance consultants, insurance managers, insurance aggregators or captive insurance firms for his personal needs as though it was his own property, not to disclose confidential information of the insurance consultants, insurance managers, insurance aggregators or captive insurance firms or use it for his personal profit, not to take business opportunities of the insurance consultants, insurance managers, insurance aggregators or captive insurance firms for himself, not to compete in business with the insurance consultants, insurance managers, insurance aggregators or captive insurance firms, and to serve the insurance consultants, insurance managers, insurance aggregators or captive insurance firms' interest in any transactions with the company in which he has a personal interest.

HC-10.2.4 For purposes of Paragraph HC-10.2.3, an approved person should be considered to have a "personal interest" in a transaction with the company if:

- (a) He himself;
- (b) A member of his family (i.e. spouse, father, mother, sons, daughters, brothers or sisters); or
- (c) Another company of which he is a director or controller,

is a party to the transaction or has a material financial interest in the transaction (Transactions and interests which are de minimis in value should not be included.)

Avoidance of Conflicts of Interest

HC-10.2.5 Each approved person should make every practicable effort to arrange his personal and business affairs to avoid a conflict of interest with the insurance consultants, insurance managers, insurance aggregators or captive insurance firms.

HC-10.2.5A Bahraini insurance consultants, Bahraini insurance managers or Bahraini captive insurance firms should have in place a board approved policy on the employment of relatives of approved persons and a summary of such policy must be disclosed in the annual report of the insurance consultant, insurance manager, insurance aggregators or captive insurance firm.



MODULE	HC:	High-Level Controls
CHAPTER	HC-10:	Insurance Consultants, Insurance Managers, Insurance Aggregators and Captive Insurance Firms

HC-10.2 Approved Persons Loyalty (continued)

HC-10.2.5B Overseas insurance managers or overseas captive insurance firms should have in place a policy on the employment of relatives of approved persons pertaining to their Bahrain operations.

Disclosure of Conflicts of Interest

HC-10.2.6 Each approved person should inform the entire Board of conflicts of interest as they arise and abstain from voting on the matter in accordance with the relevant provisions of the Company Law. This disclosure should include all material facts in the case of a contract or transaction involving the approved person. The approved persons should understand that any approval of a conflict transaction is effective only if all material facts are known to the authorising persons and the conflicted person did not participate in the decision.

HC-10.2.6A The chief executive/general manager of the Bahraini insurance consultants, Bahraini insurance managers, Bahraini insurance aggregators or Bahraini captive insurance firms should disclose to the board of directors on an annual basis those individuals who are occupying controlled functions and who are relatives of any approved persons occupying controlled functions within the insurance consultant, insurance manager, insurance aggregators or captive insurance firm.

HC-10.2.6B The chief executive/general manager of the overseas insurance managers or overseas captive insurance firms should disclose to a designated officer at its head office or regional manager on an annual basis those individuals who are occupying controlled functions and who are relatives of any approved persons within the overseas insurance licensee.

HC-10.2.7 The Board of the Bahraini insurance consultants, Bahraini insurance managers, Bahraini insurance aggregators or Bahraini captive insurance firms should establish formal procedures for:

- Periodic disclosure and updating of information by each approved person on his actual and potential conflicts of interest; and
- Board of Director's approval of any direct or indirect personal interest of an approved person, in the contracts and actions in which the licensee is a party.

Disclosure of Conflicts of Interests to Shareholders

HC-10.2.8 The insurance consultants, insurance managers, insurance aggregators and captive insurance firms should disclose to their shareholders in the Annual Report any abstention from voting motivated by a conflict of interest and should disclose to its shareholders any authorisation of a conflict of interest contract or transaction in accordance with the Company Law.



MODULE	HC:	High-Level Controls
CHAPTER	HC-10:	Insurance Consultants, Insurance Managers, Insurance Aggregators and Captive Insurance Firms

HC-10.3 Financial Statements Certification

- HC-10.3.1. The Board shall have rigorous controls for financial audit and reporting, internal control, and compliance with law.

CEO and CFO Certification of Financial Statements

- HC-10.3.2 To encourage management accountability for the financial statements required by the directors, the insurance consultants, insurance managers, insurance aggregators and captive insurance firms' CEO and chief financial officer should state in writing to the audit committee and the Board as a whole that the insurance consultants, insurance managers, insurance aggregators and captive insurance firms' interim and annual financial statements present a true and fair view, in all material respects, of the insurance consultants, insurance managers, insurance aggregators and captive insurance firms' financial condition and results of operations in accordance with applicable accounting standards.

MODULE	HC:	High-Level Controls
CHAPTER	HC-10:	Insurance Consultants, Insurance Managers, Insurance Aggregators and Captive Insurance Firms

HC-10.4 Appointment, Training and Evaluation of the Board

HC-10.4.1. The insurance consultants, insurance managers, insurance aggregators and captive insurance firms should have rigorous procedures for appointment, training and evaluation of the Board.

Induction and Training of Directors

HC-10.4.2 The chairman of the Board should ensure that each new director receives a formal and tailored induction to ensure his contribution to the Board from the beginning of his term. The induction should include meetings with senior management, visits to company facilities, presentations regarding strategic plans, significant financial, accounting and risk management issues, compliance programs, its internal and external auditors and legal counsel.

HC-10.4.3 All continuing directors should be invited to attend orientation meetings and all directors should continually educate themselves as to the insurance consultants, insurance managers, insurance aggregators and captive insurance firms' business and corporate governance.

HC-10.4.4 Management, in consultation with the chairman of the Board, should hold programs and presentations to directors respecting the insurance consultants, insurance managers, insurance aggregators and captive insurance firms' business and industry, which may include periodic attendance at conferences and management meetings. The Board shall oversee directors' corporate governance educational activities.



MODULE	HC:	High-Level Controls
CHAPTER	HC-10:	Insurance Consultants, Insurance Managers, Insurance Aggregators and Captive Insurance Firms

HC-10.5 Remuneration of Approved Persons

- HC-10.5.1 The insurance consultants, insurance managers, insurance aggregators and captive insurance firms should remunerate approved persons fairly and responsibly.
- HC-10.5.2 Remuneration of approved persons should be sufficient enough to attract, retain and motivate persons of the quality needed to run the insurance consultants, insurance managers, insurance aggregators and captive insurance firms successfully, but the insurance consultants, insurance managers, insurance aggregators and captive insurance firms should avoid paying more than is necessary for that purpose.

MODULE	HC:	High-Level Controls
CHAPTER	HC-10:	Insurance Consultants, Insurance Managers, Insurance Aggregators and Captive Insurance Firms

HC-10.6 Management Structure

HC-10.6.1 The Board should establish a clear and efficient management structure.

Establishment of Management Structure

HC-10.6.2 The Board should appoint senior management whose authority must include management and operation of current activities of the insurance consultants, insurance managers, insurance aggregators and captive insurance firms, reporting to and under the direction of the Board. The senior managers should include at a minimum:

- (a) A CEO;
- (b) A chief financial officer;
- (c) A corporate secretary; and
- (d) An internal auditor (see AU-1.2)

and should also include such other approved persons as the Board considers appropriate and as a minimum must include persons occupying controlled functions as outlined in Paragraph AU-1.2.2.

Titles, Authorities, Duties and Reporting Responsibilities

HC-10.6.3 The Board should adopt by-laws prescribing each senior manager's title, authorities, duties and internal reporting responsibilities. This should be done with the advice of the Nominating Committee, where applicable, and in consultation with the CEO, to whom the other senior managers should normally report.



MODULE	HC:	High-Level Controls
CHAPTER	HC-10:	Insurance Consultants, Insurance Managers, Insurance Aggregators and Captive Insurance Firms

- HC-10.6.4 These provisions should include but should not be limited to the following:
- (a) The CEO should have authority to act generally in the insurance consultants, insurance managers, insurance aggregators or captive insurance firms' name, representing the insurance consultants, insurance managers, insurance aggregators or captive insurance firms' interests in concluding transactions on the insurance consultants, insurance managers, insurance aggregators or captive insurance firms' behalf and giving instructions to other senior managers and insurance consultants, insurance managers, insurance aggregators or captive insurance firms employees;
 - (b) The chief financial officer should be responsible and accountable for:
 - (i) The complete, timely, reliable and accurate preparation of the insurance consultants, insurance managers, insurance aggregators or captive insurance firms' financial statements, in accordance with the accounting standards and policies of the insurance consultants, insurance managers, insurance aggregators or captive insurance firms (see HC-10.3.2); and
 - (ii) Presenting the Board with a balanced and understandable assessment of the insurance consultants, insurance managers, insurance aggregators or captive insurance firms' financial situation;
 - (c) The corporate secretary's duties should include arranging, recording and following up on the actions, decisions and meetings of the Board and of the shareholders (both at annual and extraordinary meetings) in books to be kept for that purpose; and
 - (d) The internal auditor's duties should include providing an independent and objective review of the efficiency of the insurance consultants, insurance managers, insurance aggregators or captive insurance firms' operations. This would include a review of the accuracy and reliability of the insurance consultants, insurance managers, insurance aggregators or captive insurance firms' accounting records and financial reports as well as a review of the adequacy and effectiveness of the insurance consultants, insurance managers, insurance aggregators or captive insurance firms' risk management, control, and governance processes.

MODULE	HC:	High-Level Controls
CHAPTER	HC-10:	Insurance Consultants, Insurance Managers, Insurance Aggregators and Captive Insurance Firms

HC-10.6 Management Structure (continued)

Titles, Authorities, Duties and Reporting Responsibilities

- HC-10.6.5 The Board should also specify any limits which it wishes to set on the authority of the CEO or other senior managers, such as monetary maximums for transactions which they may authorise without separate Board approval.
- HC-10.6.6 The corporate secretary should be given general responsibility for reviewing the insurance consultants, insurance managers, insurance aggregators or captive insurance firms' procedures and advising the Board directly on such matters. Whenever practical, the corporate secretary should be a person with legal or similar professional experience and training
- HC-10.6.7 At least annually the Board shall review and concur in a succession plan addressing the policies and principles for selecting a successor to the CEO, both in emergencies and in the normal course of business. The succession plan should include an assessment of the experience, performance, skills and planned career paths for possible successors to the CEO.



MODULE	HC:	High-Level Controls
CHAPTER	HC-10:	Insurance Consultants, Insurance Managers, Insurance Aggregators and Captive Insurance Firms

HC-10.7 Communication between Board and Shareholders

HC-10.7.1 The insurance consultants, insurance managers, insurance aggregators and captive insurance firms should communicate with shareholders, encourage their participation, and respect their rights.

Conduct of Shareholders' Meetings

HC-10.7.2 The Board should observe both the letter and the intent of the Company Law's requirements for shareholder meetings. Among other things:

- (a) Notices of meetings must be honest, accurate and not misleading. They must clearly state and, where necessary, explain the nature of the business of the meeting;
- (b) Meetings must be held during normal business hours and at a place convenient for the greatest number of shareholders to attend;
- (c) Notices of meetings must encourage shareholders to participate by proxy and must refer to procedures for appointing a proxy and for directing the proxy how to vote on a particular resolution. The proxy agreement must list the agenda items and must specify the vote (such as "yes," "no" or "abstain");
- (d) Notices must ensure that all material information and documentation is provided to shareholders on each agenda item for any shareholder meeting, including but not limited to any recommendations or dissents of directors;
- (e) The Board must propose a separate resolution at any meeting on each substantially separate issue, so that unrelated issues are not "bundled" together;
- (f) In meetings where directors are to be elected or removed the Board must ensure that each person is voted on separately, so that the shareholders can evaluate each person individually;
- (g) The chairman of the meeting must encourage questions from shareholders, including questions regarding the insurance consultants, insurance managers, insurance aggregators or captive insurance firms' corporate governance guidelines;
- (h) The minutes of the meeting must be made available to shareholders upon their request as soon as possible but not later than 30 days after the meeting; and
- (i) Disclosure of all material facts must be made to the shareholders.

HC-10.7.3 The insurance consultants, insurance managers, insurance aggregators and captive insurance firms should require all directors to attend and be available to answer questions from shareholders at any shareholder meeting and, in particular, ensure that the chairs of the audit, remuneration and nominating committees are ready to answer appropriate questions regarding matters within their committee's responsibility (it being understood that confidential and proprietary business information may be kept confidential).

HC-10.7.4 The insurance consultants, insurance managers, insurance aggregators and captive insurance firms should require its external auditor to attend the annual shareholders' meeting and be available to answer shareholders' questions concerning the conduct and conclusions of the audit.



MODULE	HC: High-Level Controls
CHAPTER	HC-10: Insurance Consultants, Insurance Managers, Insurance Aggregators and Captive Insurance Firms

HC-10.7 Communication between Board and Shareholders (continued)

HC-10.7.5 An insurance consultants, insurance managers, insurance aggregators and captive insurance firms should maintain a company website. The insurance consultants, insurance managers, insurance aggregators and captive insurance firms should dedicate a specific section of its website to describing shareholders' rights to participate and vote at each shareholders' meeting, and should post significant documents relating to meetings including the full text of notices and minutes. The insurance consultants, insurance managers, insurance aggregators and captive insurance firms may also consider establishing an electronic means for shareholders' communications including appointment of proxies. For confidential information, the insurance consultants, insurance managers, insurance aggregators and captive insurance firms should grant a controlled access to such information to its shareholders.

HC-10.7.6 In notices of meetings at which directors are to be elected or removed the insurance consultants, insurance managers, insurance aggregators and captive insurance firms should ensure that:

- (a) Where the number of candidates exceeds the number of available seats, the notice of the meeting should explain the voting method by which the successful candidates will be selected and the method to be used for counting of votes; and
- (b) The notice of the meeting should present a factual and objective view of the candidates so that shareholders may make an informed decision on any appointment to the board.

Direct Shareholder Communication

HC-10.7.7 The chairman of the Board (and other directors as appropriate) must maintain continuing personal contact with controllers to solicit their views and understand their concerns. The chairman must ensure that the views of shareholders are communicated to the Board as a whole. The chairman must discuss governance and strategy with controllers. Given the importance of market monitoring to enforce the "comply or explain" approach of this Module, the Board should encourage investors, particularly institutional investors, to help in evaluating the insurance consultants, insurance managers, insurance aggregators or captive insurance firms' corporate governance.

Controllers

HC-10.7.8 In companies with one or more controllers, the chairman and other directors should actively encourage the controllers to make a considered use of their position and to fully respect the rights of minority shareholders.



MODULE	HC: High-Level Controls
CHAPTER	HC-10: Insurance Consultants, Insurance Managers, Insurance Aggregators and Captive Insurance Firms

HC-10.8 Corporate Governance Disclosure

HC-10.8.1 The insurance consultants, insurance managers, insurance aggregators and captive insurance firms should disclose its corporate governance framework.

Disclosure under the Company Law

HC-10.8.2 In each insurance consultants, insurance managers, insurance aggregators or captive insurance firms:

- (a) The Board should adopt written corporate governance guidelines covering the matters stated in Module HC and other corporate governance matters deemed appropriate by the Board. Such guidelines must include or refer to the principles and rules of Module HC;
- (b) The insurance consultants, insurance managers, insurance aggregators or captive insurance firms should publish the guidelines on its website, if it has a website (see HC-10.7.5);
- (c) At each annual shareholders' meeting the Board should report on the insurance consultants, insurance managers, insurance aggregators or captive insurance firms' compliance with its guidelines and Module HC, and explain the extent if any to which it has varied them or believes that any variance or noncompliance was justified; and
- (d) At each annual shareholders' meeting the Board should also report on further items listed in Appendix D. Such information should be maintained on the insurance consultants, insurance managers, insurance aggregators or captive insurance firms' website or held at the insurance consultants, insurance managers, insurance aggregators or captive insurance firms' premises on behalf of the shareholders.

HC-10.8.3 The CBB may issue a template as a guide for insurance consultants, insurance managers, insurance aggregators and captive insurance firms' annual meeting corporate governance discussion.

MODULE	HC: High-Level Controls
CHAPTER	HC-10: Insurance Consultants, Insurance Managers, Insurance Aggregators and Captive Insurance Firms

HC-10.9 Captive Takaful Firms

HC-10.9.1 Companies which refer to themselves as “Islamic” should follow the principles of Islamic Shari’a.

Governance and Disclosure per Shari’a Principles

HC-10.9.2 Captive Takaful firms which are guided by the principles of Islamic Shari’a have additional responsibilities to their stakeholders. Captive Takaful firms which refer to themselves as “Islamic” are subject to additional governance requirements and disclosures to provide assurance to stakeholders that they are following Shari’a Principles. In ensuring compliance with Shari’a principles, each captive Takaful firm should establish a Shari’a Supervisory Board consisting of at least three Shari’a scholars.