

WARBA INSURANCE  
وربة للتأمين



ANNUAL REPORT  
2012

ANNUAL REPORT 2012



HH Sheikh/ Nawaf Al Ahmed Al Jaber Al Sabah  
The Crown Prince of Kuwait



HH Sheikh/ Sabah Al Ahmed Al Jaber Al Sabah  
The Emir of Kuwait

## Contents

- 1 Warba's Branch Locator
- 2 Warba's Vision
  - Warba's Mission
  - Warba's Objectives
- 4 Board of Directors as of 31/12/2012
- 5 Executive General Management
  
- 6 Board of Directors Report
  - I Executive Summary
  
  - 7 II Operations Overview
    - a) Insurance Operations
      - 1-1 Global Overview
      - 1-2 Major Achievements
        - Marine & Aviation
        - Fire
        - General Accident
        - Life
    - b) Support Operations
      - Human Resources & Administration
      - Legal Services
      - Quality Practices
      - Information Technology
      - Marketing
  
- III Consolidated Financial Statements & Auditors Report

## Branch Locator

### Head Office

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### Sharq Branch

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### Hawally Branch

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### Fahaheel Branch

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### Qurain Branch

West Abu Fatira – Qurain Markets – Complex 4 – Ground Flr – Bldg 29 – Office 9  
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### Farwaniya Branch

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## One Vision One Identity:

In early 2012, Warba Insurance began a systematic & carefully planned launch of its new corporate identity in the Kuwaiti market. This new identity has impressed all stakeholders, and found widespread acclaim from all regional markets, as confirmed by the prestigious reputation Warba Insurance enjoys, and the extent of excellence enjoyed by the institution operating in various insurance markets having a distinct philosophy and corporate culture making it always at the forefront of the Kuwaiti financial institutions operating in the world.

The new identity for Warba Insurance stems from a view of the depth of our commitment and a reflection of our expansion, propagating the values of the insurance industry and the Kuwaiti society to 'Echo our Values', its not just a cosmetic change in the form of a logo or just a trim of color, but an attempt to link the philosophical dimension upon which the insurance services represents at the base of participation in the coverage time of need and to provide return safe and

both provide new identity and what it represents in a modern way We look at the process of launching of Aaljdih identity as a fundamental building block in the way of working through a single, unified vision and framework of cooperation and constructive partnership between all the components of society.

The new identity gives priority to our values and ambitions and submit them to what is more than just achieving an increase in the size of the company or group of products or service delivery, but instead, we believe that we, by building relationships with our customers based on the spirit of true partnership, base our development to be the natural result of our partnership.

Based on the conviction of the importance of the role played by insurance in community service, we are aware of the gravity of the responsibility entrusted to us, both as resource managers for our customers, responsible for conservation and protection, and in order to be worthy of this responsibility, we are guided by our values , and make them the beacon that shows us how to contribute to the success of our customers, and thus contribute to the development of their families and their businesses and even the growth and prosperity of society as a whole.

# Vission Mission Objective

## Warba's Vision

Warba will work to develop and sustain its vision of an organization that formulates and implements effective policy provides timely and accurate insurance solutions and is capable of providing a modern, interoperable, sustainable model that can exceed customer expectation whilst maintaining a prudent underwriting policy.

## Warba's Mission

To provide effective insurance and risk management solutions that meet the evolving needs of the clients.

## Warba's Objective

- Retain a leading position in Kuwait's insurance sector by continuing to maintain the robust growth of premiums in the different portfolios; and expand the current size of the insurance market through dedicated marketing campaigns around insurance as a concept and Warba as an insurance provider through the creation of a culture of innovation within

the organization; and finally attract, retain and upgrade the key skills of the resources to support the envisioned business growth.

- Leverage the strength of the current operating model by continuing the product based structure where underwriting and claims are organized within the different classes of Insurance; and maintaining the profit center concept where every portfolio has profit based targets.
- Maintain the conservative attitude towards risk and return through a conservative attitude towards the risks underwritten and maintain the conservative attitude towards the investment of its proceeds from premiums.
- Leverage information technology solutions to support business priorities through improving its business efficiency and leverage on the reporting capabilities of an organization wide business application that can support scalability of the business.
- Drive operational excellence within the organization through building effective risk management & operational processes and developing an environment of compliance and internal control.
- Optimize costs within the organization through continued focus and maintaining an attitude of cost control.
- Enhance external customer focus and increase the knowledge of customers by continuously monitoring customer satisfaction level and customer retention rates and repeat business from existing customers.
- Develop a superior HR system to ensure enhancement of employee effectiveness.

## The Board of Directors as on 31st Dec. 2012



Mr. Anwar Jawad Bukhamseen  
**Chairman**



Sheikh/ Mohamed Aljarah Alsabah  
**Vice Chairman**



Mr. Tawfiq Shamlan Al Bahar  
**Managing Director**



Mr. Hamad Mohamed  
Abdelaziz Al Wazzan  
**Board Member**



Mrs. Najat Hamad Al Suweidi  
**Board Member**



Mr. Ahmed Ibrahim Al Asfour  
**Board Member**



Mr. Saleh Naser Al Saleh  
**Board Member**

## Executive Management

Mr. Tawfiq Shamlan Al Bahar                      Managing Director

### Deputy General Managers

Mr. Mohammed R. Al Alban                      DGM – Fire & General Accident  
Mr. Hussein Q. Al Shemmari                      DGM – Motors  
Mr. Anwar F. Al Sabej                              DGM – Life, Medical & Marine

### Assistant General Managers

Mr. Wael M. Mansour                              AGM – Fire & General Accident  
Mr. Govindarajan Rajaseker                      AGM – Reinsurance & Research  
Mr. Mustafa T. Abdulmonem                      AGM – Finance

### Managers

Mr. Osama Al Wazzan                              Sr. Manager – Life & Medical  
Mr. Khalaf Hamadeh                              Sr. Manager – Motor  
Mr. Ajay Sabharwahl                              Sr. Manager – Marine  
Mr. Krishna Nagarajan                              Manager – Individual Life  
Mr. Abdulraouf Al Wazzan                      Manager – Information Technology & Acting Marketing  
Mr. Saeed Dashti                                      Manager – Human Resources & Administration

### Auditors

Deloitte & Touché – Al Wazzan & Partners, Kuwait  
RSM – Al Bazie Kuwait



## BOARD OF DIRECTORS REPORT

### Executive Summary

#### Dear Shareholders,

On behalf of the board of directors it is my pleasure to review the financial outcomes of another productive & successful year in the context of this annual reporting of the 34th year of business for Warba Insurance Co – that includes the balance sheet and the financial closing for the fiscal year ending 31 December 2012.

In review of this year's performance, Warba Insurance achieved good results in both its insurance and investments portfolios, where shareholder equity, corporate assets and written premiums have reached higher levels; and through this performance profits for FY2012 were KD 1,020,557; in comparison to KD 611,351 for FY2011, and increase of 66.9%

#### Here are some of the major financial indicators for FY2012:

- Increase of written premiums by 2.5% to KD 26,269,667
- Increase of shareholder equity by 3.2% to KD 47,427,077
- Increase of corporate assets by 11.6% to KD 97,322,791
- Increase of investments & cash by 2.1% to KD 36,585,783
- Increase of revenues by 33.7% to KD 11,254,733

As the board of directors radiates pride at the performance that the company has achieved, it assures them of the value of the prudent & cautious policy set. In order to further bolstering the company's financial position, the board has decided to continue with the policy of continually reinforcing the the company reserves both capital and technical, to fortify the shareholders equity, where technical reserves have reached KD 32,682,307 and capital reserves have reached KD 21,711,498, which accounts for 125.6% of the company's apid capital of KD 17,278,874.

As for reinsurance, the company was able to renew all reinsurance agreements successfully even though the reinsurance markets were not as soft as expected.

Warba Insurance's written premiums for FY2012 were KD 26,269,667, compared to KD 25,630,229 for FY 2011.

## Net Premiums



## MAJOR ACHIEVEMENTS

Here we highlight several significant statistics that truly reflect the company activities during FY2012 compared to FY2011:

## A) Insurance Activities

The following table shows the premiums & profits for FY2012 compared to FY2011

	Premiums (KD)		Profits (KD)	
	31/12/2011	31/12/2012	31/12/2011	31/12/2012
<b>Marine &amp; Aviation</b>	2,474,491	2,291,723	(145,874)	150,800
<b>Fire</b>	3,720,464	3,018,493	(185,612)	(77,351)
<b>General Accident</b>	16,364,003	16,640,629	646,640	1,091,813
<b>Life</b>	3,710,709	3,049,384	550,856	403,741
	26,269,667	25,630,229	866,010	1,569,003

**KD 25,630,229**

Warba Insurance's written premiums for FY2012 were KD 26,269,667, compared to KD 25,630,229 for FY 2011.

## Shareholders Equity



### B) Shareholders Equity

Shareholder equity also rose by 3.2% from KD45,961,765 in 2011 to KD47,427,077 in 2012 as a result of rising profits & the health of the stock exchange where share prices of some investments rose reflecting well on the investment portfolio as a whole. This also increased the change in fair value of shareholders equity.

Total Assets



### C) Assets

As for assets, they grew by KD 10,150,113 from KD 87,172,678 in 2011 to KD 97,322,791 in 2012 at a rate of 11.6%.

## Technical Reserves



## D) Investments

Investment Assets increased from KD 29,807,769 in 2011 to KD 29,860,363 in 2012. Net profit from investments and other revenue also registered a satisfactory return worth KD 1,143,450 in 2012 mainly due to increased trading margins and prudent management of the investments.

Net Profit



## E) Profits & Recommendations

### Profits & Recommendations

With 2012 gross profits being KD 1,071,064/- in addition to retained earnings brought forward worth KD 2,421,096/- after deduction of minority interests worth KD 2,678/- and deduction of earnings in 2011 worth KD 862,866/-, net profits subject to distribution come to KD 2,626,616/-.

As such the board recommends the following distributions:

10% Voluntary Reseve	KD 106,839
10% of paid Capital to be distributed cash to shareholders	KD 862,866
KFAS Allocation	KD 8,726
NLST Allocation	KD 21,829
Zakat Allocation	KD 6,774
Board Member Bonus	KD 10,500
Earning brought forward to 2013	KD 1,609,082
	<b>KD 2,626,616</b>

We evaluate and manage risks through an interactive approach aiming at improving our clients' risk mitigation

## WORLD ECONOMY AND FINANCIAL MARKETS

The World's major economies were on the threshold of emerging from recession, and growth in most developed countries was moderate. Unemployment remains high in many developed countries, and the banking sector remains vulnerable. Growth in emerging markets was healthy, so were the social aspirations in some of these countries.

### Global Economy

2012 saw the beginnings of a global economic recovery, and while the level of global economic activity remains weak – reflected in high unemployment rates – the recovery is intact, and the fears of a double-dip recession in developed economies that emerged in the middle of last year have largely abated. Indeed, global GDP growth averaged nearly 5% in 2012, led by the emerging economies, although growth in most of the developed world was generally below trend, and some of Europe's peripheral states began to face economic and structural problems.

### GCC Economy

Aided by rising oil prices and production, economic prospects for the six nations of the Gulf Cooperation Council (GCC)—Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE—gained momentum in 2012. But the slow pick up in bank credit to the private sector witnessed across the region





## INSURANCE INDUSTRY

As global insurers report earnings for 2012, mixed trading positions are emerging. While some insurers have announced strong growth compared with 2011, other multinational insurers have struggled to create income growth in markets with an underlying position recognizing tough trading conditions.

In general terms, economic conditions in 2012 showed many signs of global recovery following the financial crisis of 2007-2008, which plunged some of the world's leading economies into the worst recession in decades. However, the return to growth has been stimulated by "quantitative easing" as governments pumped money into the economy to generate improvements in productivity. Many companies in the financial sector returned to profitability, enabling repayments of bailout loans provided by governments to be repaid. The loans were given to prevent businesses from collapsing, following massive losses triggered by failures in the sub-prime mortgage sector. Following the bailouts, shares in many financial sector companies trading on world stock exchanges were able to improve.

However, worrying signs started to emerge in late 2011 as the national economies in some western hemisphere countries – particularly Greece, Ireland

Portugal, Spain – were forced to implement critical austerity measures to prevent financial meltdown. However, the positions in the emerging markets of Asia and Latin America have been enjoying rapid growth with the economies in the powerhouse countries of the respective regions. In recent years, multinational insurance companies have been undertaking substantial restructuring, with mergers and acquisitions being progressed to optimize opportunities in the expanding markets in the Asia-Pacific and Latin American regions. This is in addition to the streamlining of organizational structures as a part of the measures to reduce costs.

During 2012, insurance results have been influenced by a number of major catastrophes and natural disasters, including earthquakes in Haiti, Chile and New Zealand, floods in Thailand & USA, and forest fires in Australia, Russia and USA. In total, US 72 billion of insured losses from catastrophic events have been incurred by insurance and reinsurance companies in 2012.

The Arab insurance market is continuously growing, and changing rapidly. Although in comparison to other parts of the world, this market is relatively small, but the scope for further expansion is huge. The region offers vast opportunities for existing as well as new players, and is expected to grow at a compound rate of over 20% in the near future, attributed to its highly untapped market, growing populations and incomes, more stringent and sophisticated regulation, rising awareness level, health consciousness, more insurance products





geared specifically to customers, and initiatives taken by governments of various countries in the region. The level of compulsory health and motor insurance, coupled with the huge potential for growth in life assurance, whether traditional or Shariah-compliant "Takaful", across the UAE, Bahrain, Saudi Arabia, Qatar and Kuwait, will increase the production of the personal insurance business.

Among the mentioned GCC countries, the Saudi Arabian insurance industry in particular has emerged as one of the fastest growing insurance industries across the world. While the global economic crisis has severely hit other industrial sectors, the insurance industry has maintained its 33% annual growth rate on the back of compulsory insurance lines. Besides the protection & savings segment, health insurance segment is also growing at a very fast pace, and accounted for the majority of the overall insurance market by the end of 2010. The health insurance sector is expected to grow further on the back of increasing involvement of private companies and compulsory insurance programs. The general insurance segment has also shown substantial growth despite being heavily hit by the financial crisis. Among those segments property and aviation insurance are expected to emerge as

the fastest growing general insurance lines over the next years. Takaful insurance, private pension funds, reinsurance, and bancassurance will also pave the way for the growth of the Kingdom's insurance market over the coming period.

Within the GCC, governments of KSA, Oman, Bahrain and the UAE have introduced strict regulations governing the operations of insurance and reinsurance companies during 2012. Kuwait and Qatar are likely to follow suit by introducing comprehensive new insurance laws shortly. The main objective is to safeguard the interests of policy holders.

## OUTLOOK FOR 2013 AND BEYOND

We move forward into the future with a stronger and better balanced Warba Insurance & Investment portfolio. In the Insurance industry, we are still witnessing (unfortunately) a gradual decrease in pricing in some line of business in the Arab World. These markets are also facing decreasing returns on investments and on premiums. Warba Insurance will remain strongly committed to its policy of increasing the technical bottom line of its core insurance business, as a result of a sound underwriting policy, and targeted & selective growth in its premium income.

In the face of increased regulation, inflation, loss trends and so many uncertainties in our industry, we remain committed to our safe underwriting policy, and to a very advanced client focus, providing the added value that is the main reason behind our customers' loyalty.

We will continue to explore new expansion opportunities with a special emphasis on developing the Personal lines that are characterized by sustained profitability. However we are seriously considering establishing and enhancing our Medical Underwriting and Claims Management "in-house" capacities to be able to face the future challenges of the rapidly growing Health Insurance.

The main pillar of our vision in maintaining a robust operation and building it towards a leading position in the local insurance market remains our Human Capital. We will spare no effort or means to continue

developing our people in order to promote technical excellence and know-how across all levels, ensuring a culture of customer oriented added-value in our services to our client base.

We underwent the process to go through an interactive rating process with the major multinational rating Agency Standard & Poors (S&P), a process that represented a milestone achievement for Warba Insurance Co. S&P awarded a rating of BBB (with stable outlook) for 2012 and set for a higher rating in 2013.

We would like to take this opportunity to express our deepest gratitude to HH The Amir Shiekh/ Sabah Al Ahmed AlJaber AlSabah, & HH The Crown Prince Shiekh/ Nawaf Al Ahmed AlJaber AlSabah; in addition to our appreciation to the Ministry of Commerce & Industry for understanding the needs of the industry and to our fellow national insurers for their continued support & cooperation for the advancement of the industry in Kuwait.

We would like to express, one more time, our gratitude to our employees for their hard work, loyalty, dedication and expertise. We would like to thank, as well, our esteemed clients for their appreciated confidence and continued support.

We would also like to thank Warba Insurance Co members of the Board of Directors, Board Committees and Management for their sincere efforts in bringing about good results in the midst of the tougher and more competitive environment.

Yours very sincerely,

Mr. Anwar Jawad Bukhamseen  
Chairman

## Operations Overview

### General Insurance Operation

#### Overview

The year 2012 was another good year in terms of underwriting profitability for Warba, despite the slight decline in the technical results compared to the previous year. Total premiums increased as a result of a production increase in virtually all lines of business. Despite a difficult year, Motor business remained adequately profitable, though at a lower rate than last year, coupled with a continuous increase in the production of the non-Motor segments aiming at further improving the diversity of our insurance portfolio mix. As we have been stressing during the past years, we shall strive to push forward and enhance our adopted strategy that will focus on technical profitability as the primary source of our total profitability, while considering investment income as an additional source of income.

Warba is adamant in following this strategy by focusing on its core insurance business, especially in the midst of the ongoing ramifications of the recent worldwide financial crisis.

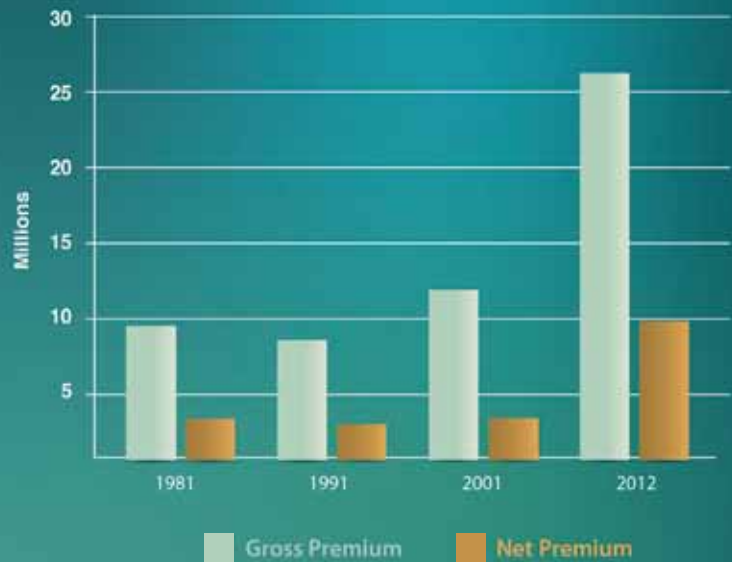
Effective January 1st, 2012 we managed to protect the insurance operations with a Group Reinsurance treaty covering all its operations, thus securing preferential terms and underwriting capacities. As usual, reinsurance treaties are always supported by first class reinsurance securities that provide it with solid financial leverage and risk protection, thus enhancing its solvency and underwriting capacity.

In general, the price competition continued to be a major drawback and a problematic practice in the Arab region, where the insurance market remained soft, in terms of both, conditions and rates.

Warba remained committed to adopting a balanced approach of both conservative and realistic underwriting. With a slow though gradual recovery from the worldwide financial crisis, its total gross premium income related to the general departments decreased by 44.8% from KD 1,569,003/- in 2011 to KD 866,010/- in 2012.

The overall net income of the general insurance departments in Warba, excluding investment income recorded, as we mentioned, decreased, though still good, net profits of KD 1,569,003/- in 2011 compared to KD 866,010/- in 2012; a drop of 44%. This was a result of factors disclosed in the departmental analysis hereunder.

GROSS & NET PREMIUM: 1981 - 2012



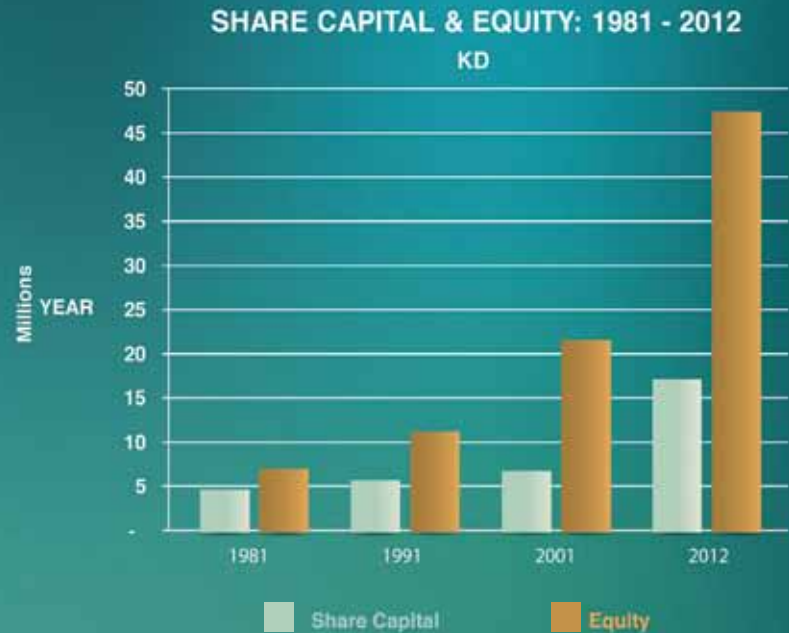
## Major Achievements

### Marine & Aviation

Marine & Aviation - The marine gross premiums decreased by 15.3%, from KD 2,921,723/- in 2011 to KD 2,474,491 in 2012. Net profits declined by 203%, from KD 150,800/- in 2011 to KD (145,874) in 2012. This was due to a single major loss reported in 2012.

### Fire

Fire - The net loss, as mentioned in the introduction, rose by 141%, from KD (77,351) in 2011 to KD (185,612) in 2012. This, as clarified, was due to a difficult 2012 in terms of high frequency of claims.



## General Accident

The net income of those lines declined by 40.8%, from KD 1,091,819 in 2011 to KD 646,640/- in 2012. The gross premiums decreased from KD16,640,629 in 2011 to KD 16,364,009 in 2012; a decrease mainly attributable to the negative impact of the recent recession on the insurance of projects and contract works in the regions operations

## Life

The results of this department showed an increase of 36.4% from KD 403741 in 2011 to KD 550856 in 2012; one major contributor to this growth was the extensive follow up procedures that were introduced during the year. The life after-sales section in the branches, supported by the Head Office Life Administration team, continues to provide both our policyholders and sales team with all the needed services and support in a professional and timely manner. The effort to preserve the life portfolio by maximizing renewal premium collections led to a healthy increase in total renewal gross written premiums.





## Human Resources & Admin.

Human Resources and Administration Department is an essential strategic contributor to Warba's continued growth and success. We partner with the other Warba Divisions and business units to achieve our common strategic goals by focusing on the recruitment, development, retention and engagement of well qualified, committed, highly innovative and performing staff at all levels of the organization. Among the values we promote are candor, commitment, teamwork, communication, transparency and accountability.

Learning and development initiatives were undertaken to support the implementation of the work improvement program in pursuit of continued improvement in public service, as well as the bid towards the ISO 9001:2008 recertification for Warba Insurance's operations. The program was intended to encourage the workforce to initiate, develop and implement projects to address problems within their respective areas.

In line with this, the 260-strong officers and staff vigorously supported the bid for audit of the certification of Warba Insurance's QMS under ISO 9001:2008.

With the ISO certification of the QMS in place, Warba Insurance relaunched the work improvement program aimed at inspiring the workforce to share their ideas on how to further enhance efficiency and productivity and develop a discipline of initiative and innovativeness. The program involved all sectors of the company, as

work teams implemented projects to address problems identified within their respective areas.

Accordingly, a major thrust in the year's learning and development initiatives was to provide training support in the implementation of the program and the ISO Certification project itself. A basic training on productivity concepts, systems and tools was given to over 200 participants, facilitators and members of the ISO Core Team. ISO-support programs included orientations on ISO concepts, cascades of standard operating guidelines and instructions, and the conduct of an appreciation course on good handling for all document workflow units. Alongside, a number of inhouse programs to enhance skills and competence in customer service, core business processes and management were implemented during the year.

For external training, Warba Insurance continued to take part in the regional programs conducted by the Union of Insurance Companies (UIC) and the Kuwait Institute of Banking Studies. The company actively identifies training needs and prioritizes the conduct of training programs. Warba Insurance also co-hosted an introductory insurance legal training program deemed most needed by recent graduates of local universities with ambitions to work in bank examination and risk management.

Employee health and wellness remained a key component of human resource initiatives for 2012. Several corporatwide health & social events were held in to provide officers and staff a recreational break that also fostered teambuilding and camaraderie. Likewise, a number of health and medical activities were conducted in collaboration with Kuwait Red Crescent Society to improve employees' sense of



well-being. Instilling corporate social responsibility and volunteerism, Warba Insurance employees participated in the annual bloodletting project of the KRCS for the benefit of children-patients

The Human Resources and Administration Division's recruitment strategy continues to be the attraction and retention of highly educated young university graduates. By end 2012, this strategy had resulted in reaching an overall Companywide ratio of 56% of our staff having university level education while at Head Office.

The development and engagement of our people remain at the core of Warba's strategy. During 2012 78% of our staff attended a total of 27 seminars and on-the-job training, compared to 72% during 2011.



## Operations: Legal Services

Legal Services is part of unique skill set that the company keeps in house, which makes it one of the largest legal departments within insurance operations across Kuwait.

Legal Services has been a leading specialist legal protection department since its inception in 1996, initially providing a wide range of before the event guidance and then expanding into the after the event legal process, with which it gained a leading position in the professional legal capacity.

Legal Services offers a range of personal and commercial legal protection to the company through appointed litigators as well as through specialist schemes for solicitors.

At the heart of the legal services is the customer. We pride ourselves at being able to deliver high quality services for our business partners specific to their customer's needs, with 100% of our staff having professional level education.

The development and engagement of our people remain at the core of Warba's strategy. During 2012, 100% of our legal cases were attended by the company's inhouse legal staff, whether they were in courts or the experts division of the ministry of justice.

The legal department also provides counselor services for all departments, in addition to arrangement of relevant in house training to raise legal awareness for 100% of the staff. The department is keen on habilitating the legal technical skills of all staff, in addition to spreading the legal knowledge of the insurance market amongst all technical officers in relevant departments.





## Operations: ISO 9000 Certification

ISO 9001:2008 Certification on Quality Management System

Warba Insurance continues to improve and simplify its processes in line with its objective of becoming a world-class organization in insurance. In 2012, the company renewed its certification for Quality Management System (QMS) that is aligned with the requirements of ISO 9001: 2008 standards. The system was originally awarded the prestigious ISO 9001:2008 certification for Quality Management System on December 29, 2009.

The ISO certification was awarded after Warba Insurance successfully passed the two-stage audit from a third party certifying body without findings of non-conformity.

The ISO certification is recognized internationally as an assurance of quality and reliability in organizations and businesses. ISO certification is spearheaded by the International Organization of Standardization, the world's largest developer and publisher of international standards for business, government and society. The ISO is a network of national standard institutes of 163 countries and is based in Geneva, Switzerland. The ISO 9001:2008 certifications for Warba Insurance's QMS was awarded by Certification TURK AK, the Turkish affiliate of Certification International, based in Istanbul Turkey.

TURK AK is the first certifying body to be accredited by the Bureau of Product Standards in Turkey.

ISO standardizes the way businesses are run. Processes are written and documented, documents and records are organized and functions streamlined, allowing fewer disruptive effects to overall operations in case of management change and employee turnaround.

The certification attests that Warba Insurance's QMS is aligned with internationally accepted best practices. It is a testament to the Corporation's commitment to consistently raise the bar of service to clients to align with world-class standards.



## Operations: Information Technology

During the first half of the year 2012 Warba Insurance gradually began using its core insurance application successfully as per its rollout plan that adheres to strict project management methodology aimed at accomplishing a clear set of projects and initiatives as per the company's strategic vision. This Information Technology policy is aligned with the company's strategy to provide the latest and most appropriate technologies, systems and applications developed to achieve long term objectives desired to support all aspects of the company's various departments in order to keep up with the growth and sophistication level of services provided and their competitiveness.

The most critical of these projects is a core insurance application based on MS AX Dynamics to unify all systems of resources management whether financial or human. This application was structured to adhere to best practices and methods applied and used globally to support measuring and identifying key performance indicators (KPI's), while providing a set of reports to assist in decision-making. It is worth mentioning that before the introduction of these systems, they were re-engineered with internal work procedures so as to improve and ensure their reliability and to keep pace with the new regulations applied to the nature of the company's business.

The system also aims to facilitate the preparation and monitoring of the annual budget with the provision of the necessary reports to follow up expenses and revenues by the approved budget. The system provides financial reporting of a consolidated balance sheet, income statement, statement of cash flows and other financial reports by directly linking the main unified system and the company's business units.

The Warba operating model ensures all services are geared to customers. The core insurance system First Apex facilitates cross-disciplinary management of business processes on a shared platform. First Apex; a product of NDFS - an insurance solutions focused developer with over 100 major insurance clients in Asia, Australia & Europe -(and a subsidiary of NTT Data, one of the world's largest IT conglomerates); delivers end-to-end support for all business processes in contract management and claims processing, and provides customers with far greater ease of access at points of contact with warba Insurance. In 2012, the new insurance module First Life was introduced to manage individual life processes, whilst Furst Gen was introduced to manage other non life activities such as Group Life & Medical and motors. Other products in property and marine insurance were pilot-tested. Both in Life and Non Life insurance, a significant increase in automation was noted in comparison to the old system.

The Warba Insurance Business Intelligence platform provides a unified basis for all reporting, evaluation and customer analysis requirements of the company. The multidisciplinary, multi-business platform from IBM, known as Cognos, creates the overarching view of customers which is



fundamental to the market management activities. In 2012, Warba migrated life and health insurance data to the Business Intelligence Platform. Approximately 90 % of all customers contract and claims information is now available for customer-centric evaluations on a platform that can deliver standardized reports quickly and easily.

A key issue in 2012 was consolidating the IT infrastructure units. Data centers, previously distributed, are successively being merged. The servers have already been largely consolidated to the main data center in Warba Tower. Information technology infrastructure development is among the strategic initiatives the company pursues, in addition to enhancing the security of information and communication, business continuity of technical services, disaster recovery & business failover scenarios and the development of human resources capable of providing the necessary support with high quality for all users and management system. Subsequently training of users on all active systems was made compulsory in order to ensure the optimum usage of these systems and technologies.

These efforts all culminated in the accreditation of security systems, internal control systems and

information technologies by the auditor of the IT systems RSM.

In the coming years, Warba will continue along its path to focusing on an integrated implementation strategy for its product portfolio. Integrated means cascading the needs and priorities of company, and the financial goals staked out by the shareholder, into product and service development and delivery in the best possible manner. The core insurance system will be enriched with new functions and products and further optimized. In 2013, integration between the core insurance and ERP systems utilizing Warbas own SOA (services oriented architecture) platform developed with MS Biztalk technology, that will act as a unified integration channel between multiple current and future technology solutions and providers to build a company processes as a structured automated workflow. In addition, Warba will develop a plan for migrating legacy systems to this core system.

Consolidation of the data centers will continue in 2013, as Warba is working on the introduction of a uniform global data and voice network. Implementation starts in 2013 where the network will connect the entire workforce. This opens up tremendous opportunities for providing Warba with IT services more effectively.





## Operations: Marketing

The insurance industry is one of the fastest growing industries in the world, and locally it continued this growth steadily over the past year, however over the past decade it has faced many challenges represented by the growing competition in addition to the rapid change in the requirements of consumers, which in turn led to a shift in the future and outlook of the industry. Insurance has matured to become more than mere traditional contracts to become a completely new experience in a convergent future through the sharing of multimedia in addition to social networking through these media.

The new generation of consumers who are aware of digital technologies, now deal with social networking and the Internet as the primary source of communication, and this trend is gaining momentum thanks to the spread of smart phones (multimedia devices capable of accessing the Internet) whose prices have become increasingly affordable, in addition to the growing acceptance of social networking.

In this sense, Warba Insurance adopted a fluid marketing model that is Internet-based. This is a considerable challenge but it is on track to become significantly profitable for insurance companies, not only in Kuwait but in other parts of the world. This adaptable model has led in turn to a shift in technology managed contracts and semi automated claims settlement, indicative of new a marketing direction

that is becoming more technology driven through growing demand for access to insurance services; and more elastic is creating space to absorb creative content, applications, services, social networking, entertainment, communications, information, financial transactions and many others.

Based on this vision, the company created a separate department for marketing entrusted with restructuring of its resources in the management of the various avenues of the marketing message, and as a result, the institution of marketing infrastructure in line with the company's new business models and adaptable to market dynamics, supporting successive requirements constantly.

Rebranding in the Spring of fiscal year 2012 established a modern new look and personality for Warba Insurance, and feedback received from both branch and corporate customers through calls, letters, emails and comments has been overwhelmingly positive. The Marketing team was the spearhead for this endeavor and continues to lead the effort to enlighten the local market on insurance and its benefits.

2012 witnessed a continuation of our determination to build our brand through increased advertising that included high impact outdoor media campaign and direct electronic advertising that reflect our brand image and communicate the latest and best of value offerings at Warba. Our advertising mix also contained increased web advertising and social media campaigns aimed at engaging customers and attracting them to explore more insurance options and products in our branches and at warbaonline.com – the website that has become the focal point of Warba Insurance's marketing effort.



A highlight of last year's marketing and branding efforts was the multiple social media campaigns that were targeting both product promotion and brand recognition within the local digital space. Warba Insurance took advantage of every local and international observance to highlight the role insurance can play in day to day life. Campaigns included social responsibility outreach, health and wellness sentience, traffic and safety awareness – culminating with a children's edutainment initiative in alignment with a world leader in recreation to be announced soon.



Consolidated Annual  
Financial Statements  
And Independent  
Auditors' Report

31 December 2012







