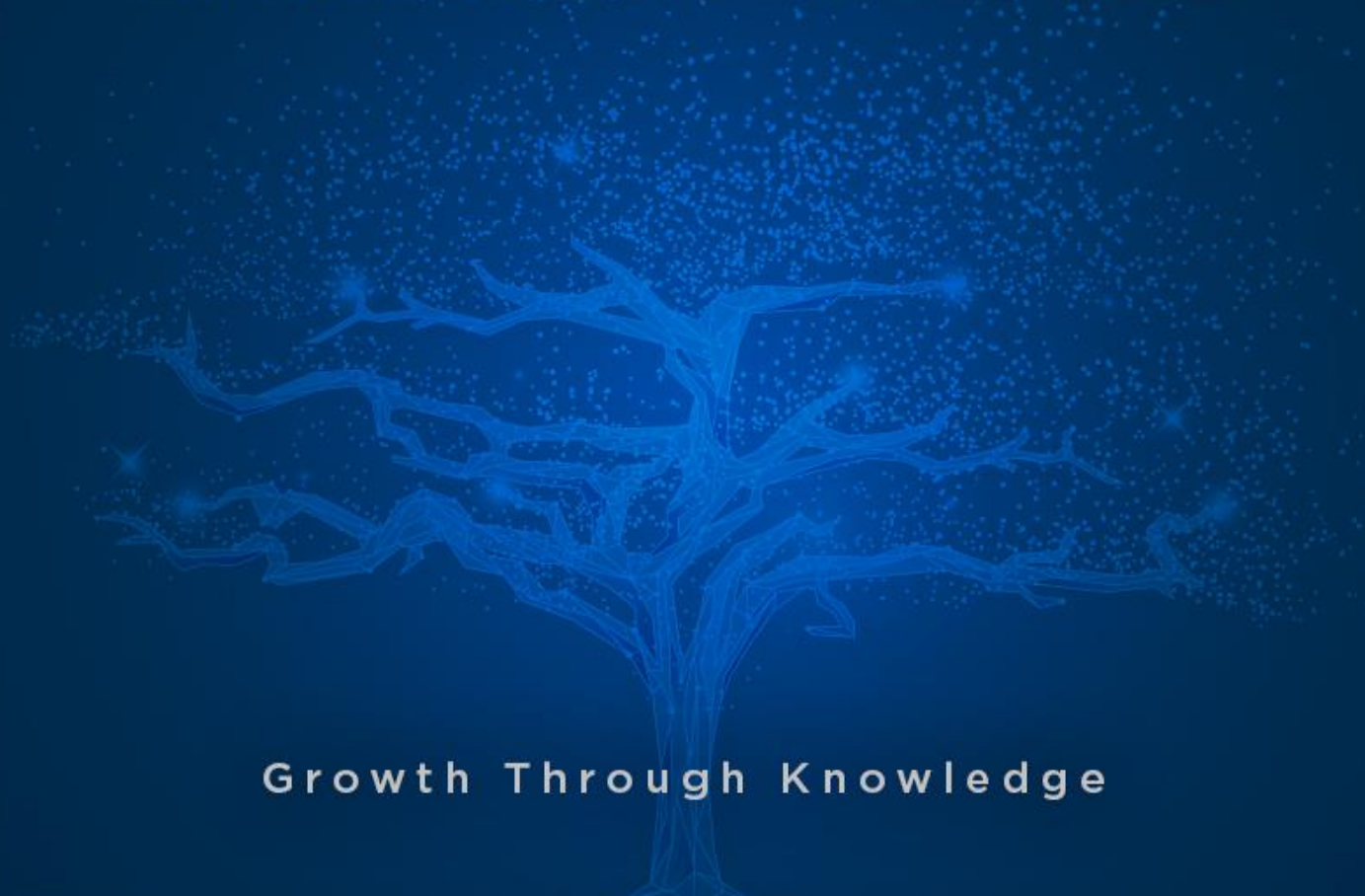


SHMACONSULTING



Growth Through Knowledge

Insurance Industry
United Arab Emirates
Q1, 2022

TABLE OF CONTENTS



SHMA Consulting

- About Us 3
- Our Services 4
- Limitations and Disclaimers 5



Performance Summary

- Performance Highlights 6
- Industry Highlights 7
- Industry Benchmark 8
- Aggregate Performance 9



Market Share & Premium

- Market Share 10
- Premium Composition 12
- Gross Written Premium 13
- Net Written Premium 16
- Premium Retention Ratio 19
- Net Earned Premium 21



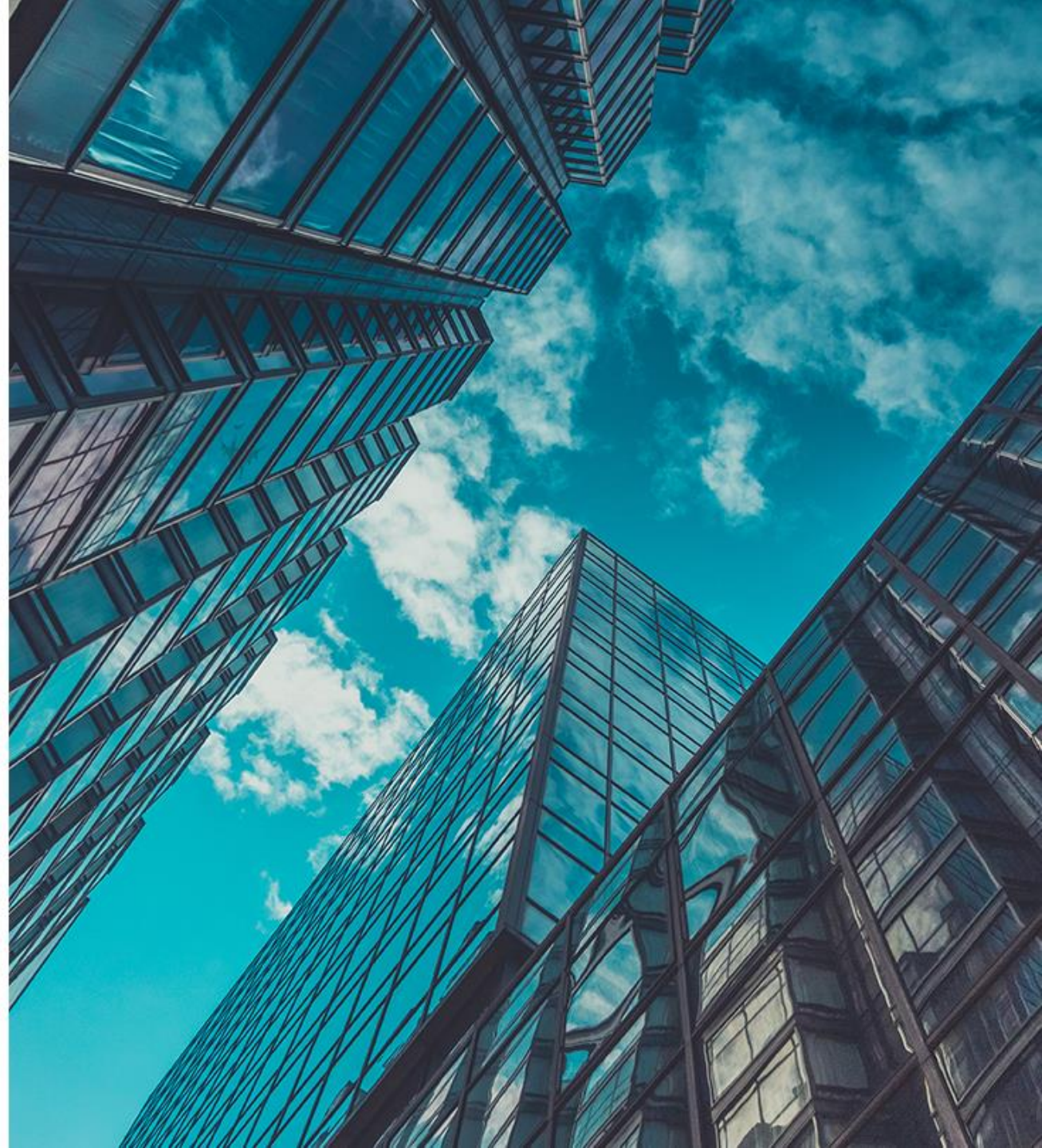
Claims and Ratios

- Net Incurred Claims 22
- Loss Ratio 24
- Expense Ratio 26
- Combined Ratio 28



Profitability Analysis

- Net Profit/(Loss) 30
- Asset, Liability, and Equity Classification 33
- Solvency Analysis 35
- Proportion of Invested Assets 37
- Return on Assets and Equity 38
- Net Profit Margins 40





About Us

SHMA Consulting first offered actuarial services relating to insurance in Saudi Arabia in 2003 and currently provides actuarial services to 8 companies in Saudi Arabia, 11 insurance companies in the UAE and other insurance companies in the GCC (Kuwait, Oman, Qatar and Bahrain).

SHMA Consulting has been providing actuarial services to insurance companies since 1990 and to companies in the GCC (starting with the UAE) since early 1997. We are currently engaged with one of the biggest names in the UAE Insurance Sector, including ADNIC, ADNTC, Orient, etc.

We provide a range of services to our valued business partners across the globe including Europe, the Middle East, Southeast Asia, and the Far East. Our specialty services include financial reporting, product and business development, and enterprise risk management. In addition, our firm provides expert personnel outsourcing for allowing organizations to engage in full-time consulting for long-term cost effectiveness.

Life Insurance

- IFRS, statutory, & embedded valuations
- Product development, pricing, & reserving
- Experience studies
- Advising on agency & broker compensation structures, reinsurance arrangements, underwriting policies, and capital adequacy.

Retirement Benefits

- Valuations for financial reporting
- Advise on benefit design and cost benefit analysis
- Pension benefits administration
- Benefit communication material
- Provident fund maintenance software and audit of retirement schemes and funds



Our Services

- Actuarial reserving and certifications
- Underwriting and pricing solutions
- Data and predictive analytics
- Advising on reinsurance arrangements, underwriting, and claims practices
- Profitability and capital adequacy analysis

General Insurance

- ERM Framework and risk management policies and procedures
- Risk identification tools and training
- Risk measurement and quantification by using a capital model
- Asset liability management policy
- Advising on risk appetite and controls

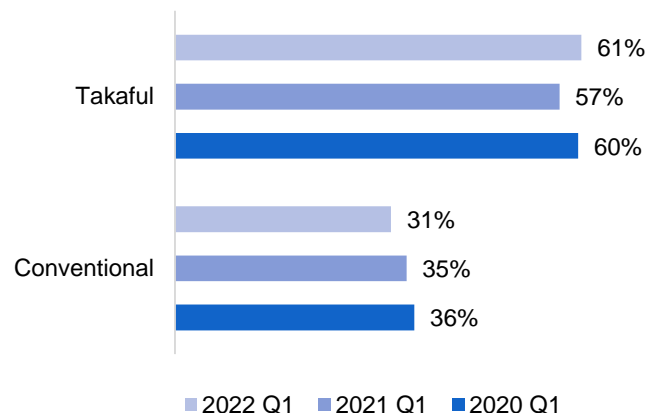
ERM and Capital Modeling

Limitations and Disclaimers

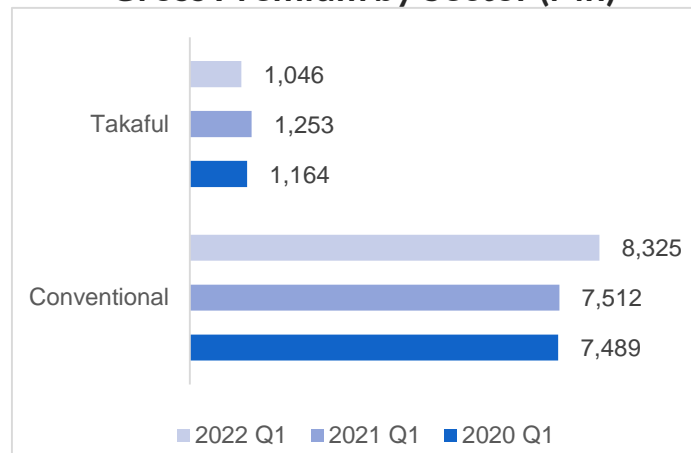
- ❖ The data used for the preparation of this report has been collected from Abu Dhabi Security Exchange and Dubai Financial Market. The data was extracted from the financial statements of the listed companies. Reliance is placed on the figures provided in the Company's Financial Reports. SHMA Consulting will accept no liability for loss directly or indirectly from your use of this document.
- ❖ For those takaful companies where the breakup of the items between policyholder and shareholder is not provided in the main statement of financial position, the accompanying notes have been used to acquire the split. The balance sheet figures in the main statement can be slightly different from the amounts in the notes. However, the difference is immaterial and has no impact on our analysis. For takaful companies, the net profit/(loss) shown in the report is related to the shareholder only.
- ❖ This Industry report is intended to provide general information only; we are not providing actuarial, investing, accounting, business, financial, legal, tax, or other professional advice or services through it. This research is not intended to replace professional advice or services, nor should it be used to make any decisions or take any actions that may damage your finances or business.
- ❖ The content of this industry report published by SHMA Consulting provides information to the general public and the insurance sector. The objective of this report is to use our professional research and experience to bring compliance and information sharing to the industry.
- ❖ We have used 28 listed companies in our analysis which includes 8 Takaful and 20 Conventional Insurance Companies.

Performance Highlights

Retention Ratios



Gross Premium by Sector (Mn)

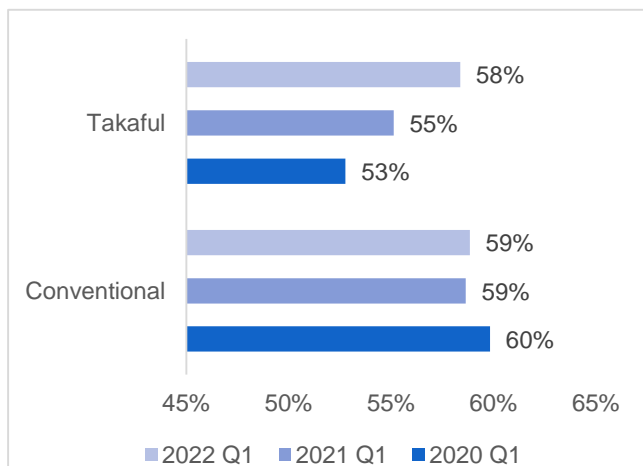


Total Gross Written Premium

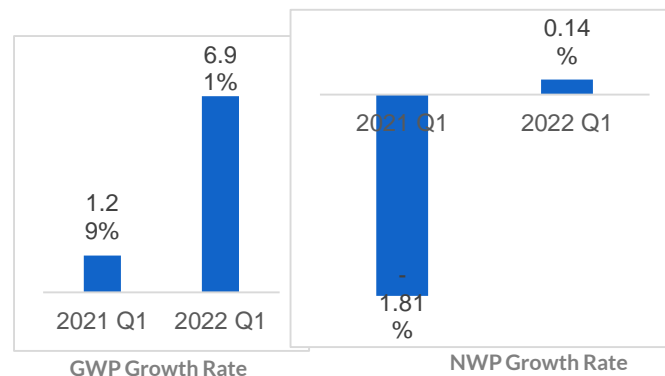
AED 9.37 Bn

▲ +6.91%

Loss Ratios



Premium Growth Rate



Total Profit/(Loss)

AED 590.88 Mn

Total Assets



AED 66.69 Bn

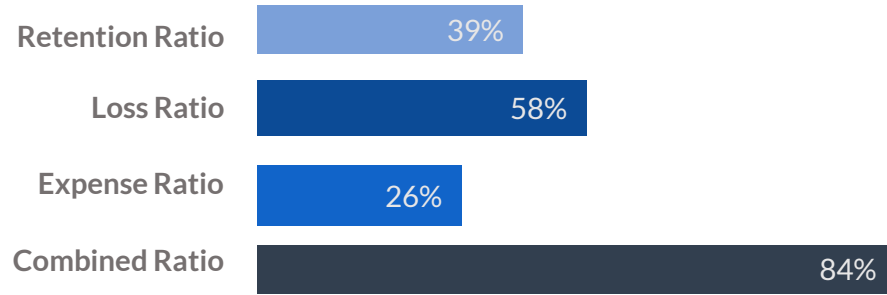
▲ +7.03%

Industry Highlights

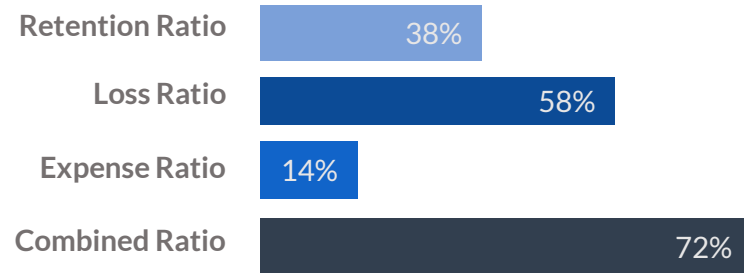
- ❖ Insurance Companies in the United Arab Emirates are now regulated by the Central Bank of UAE (CBUAE), which started taking responsibility for Insurance Regulation from the Insurance Authority effectively from January 2021.
- ❖ The shareholders' Return on Equity of the listed insurance companies remained stable in Q1 2022.
- ❖ Al Khazna and Methaq Insurance had not published their financials for Q1 – 2022 as of the compilation of this report. Hence, they are not included in our analysis.
- ❖ The ministry of finance announced that a federal corporate tax of 9% will be introduced in the UAE on business profits, effective on 1 June 2023.
- ❖ The UAE government will now follow a Monday to Friday work week, with Friday being a half-day – resulting in a 4.5-day working week.
- ❖ All actuarial reports (Financial condition report (FCR), pricing reports, underwriting performance review reports, solvency recovery plans, life products and distribution) must be accompanied by relevant QACs.
- ❖ Abu Dhabi - listed AXA Green Crescent has changed its name to HAYAH Insurance Company following approval from local regulators. The change follows AXA's exit from the Middle East in September 2021.

Industry Benchmarks

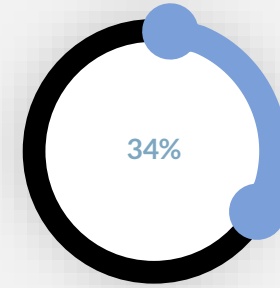
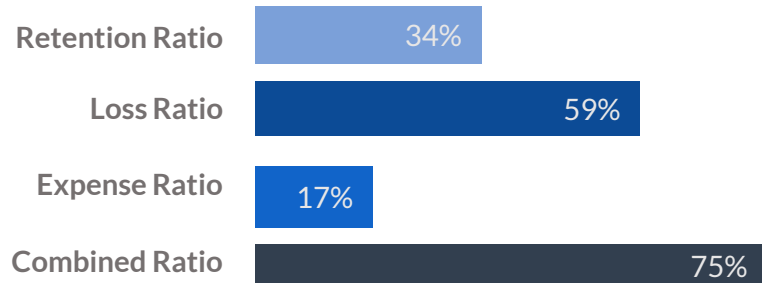
2020 Q1



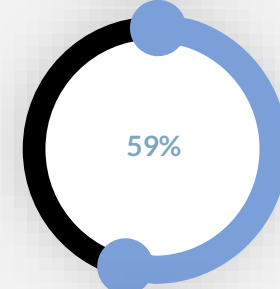
2021 Q1



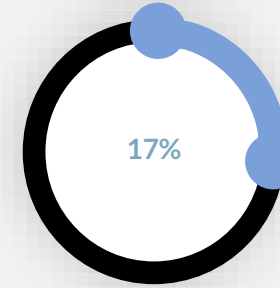
2022 Q1



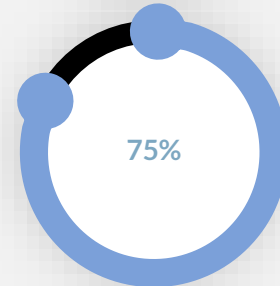
Weighted Average Retention Ratio



Weighted Average Loss Ratio



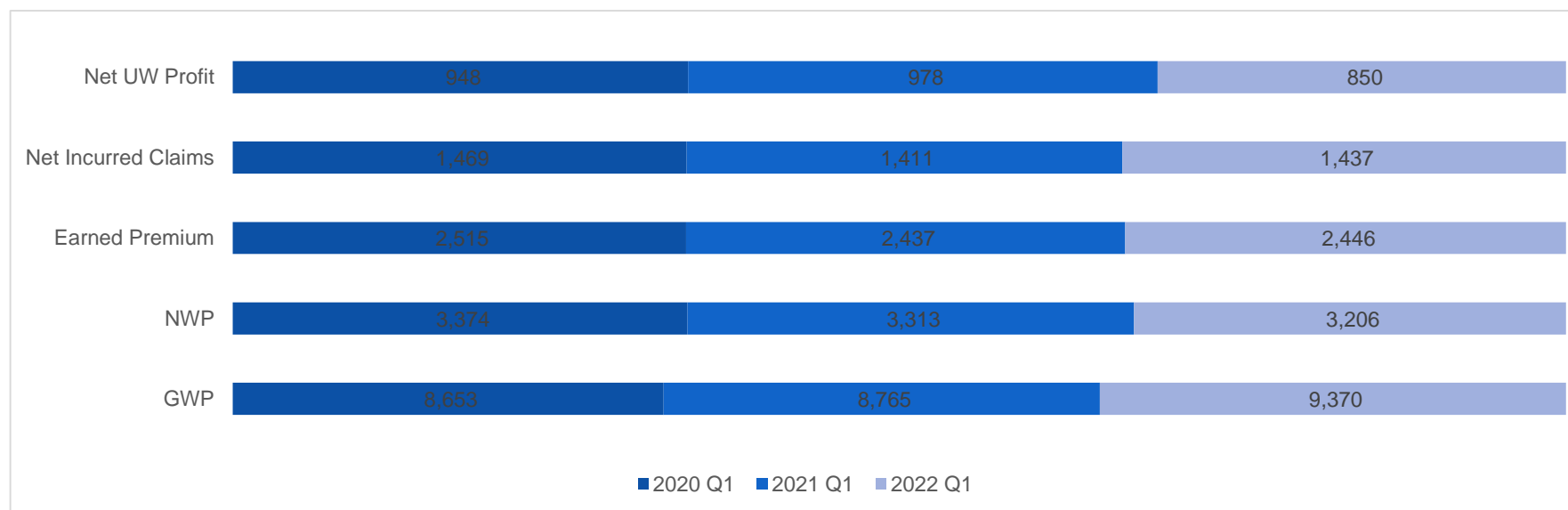
Weighted Average Expense Ratio



Weighted Average Combined Ratio

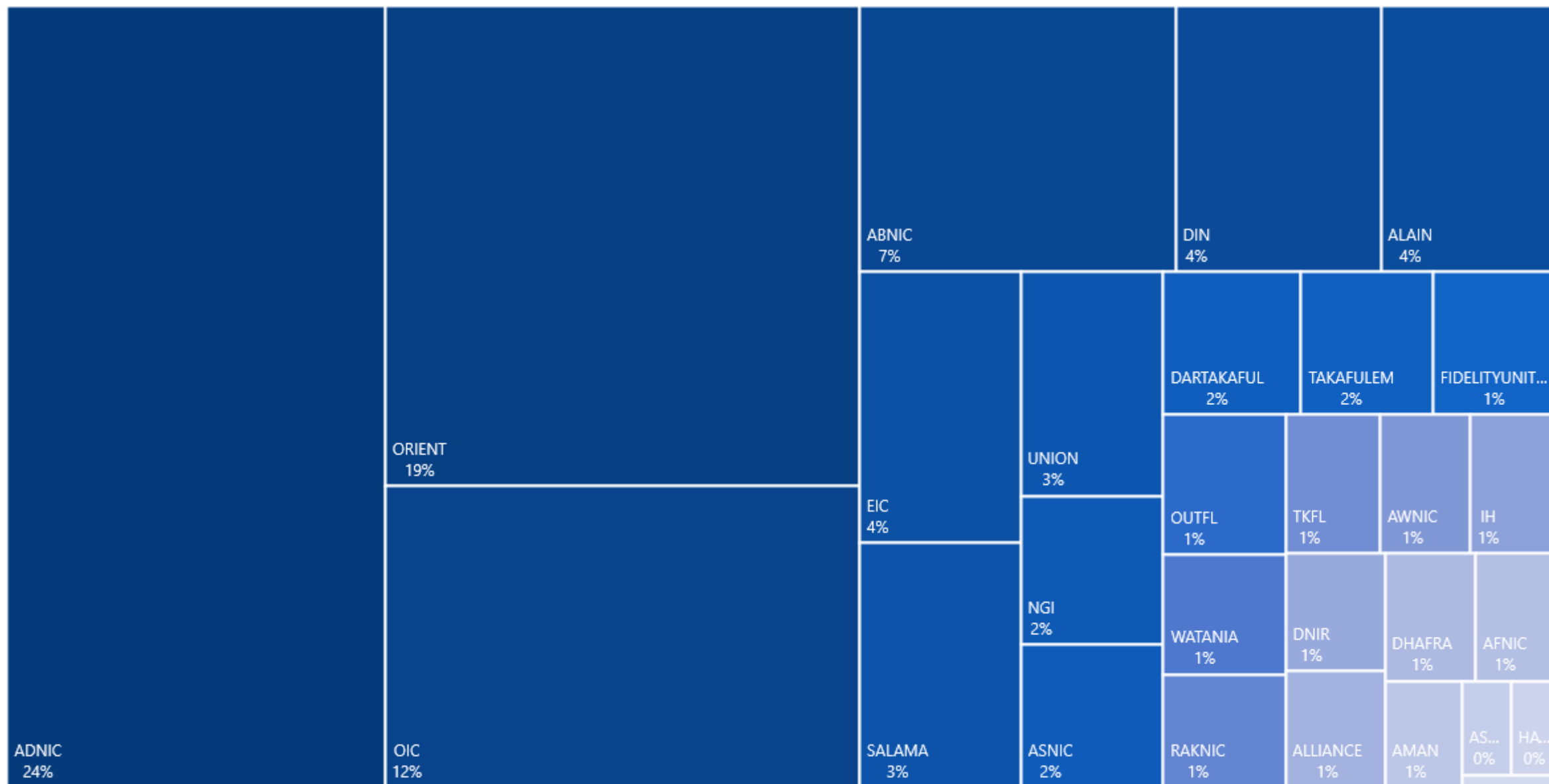
Aggregate Performance

AED MILLIONS

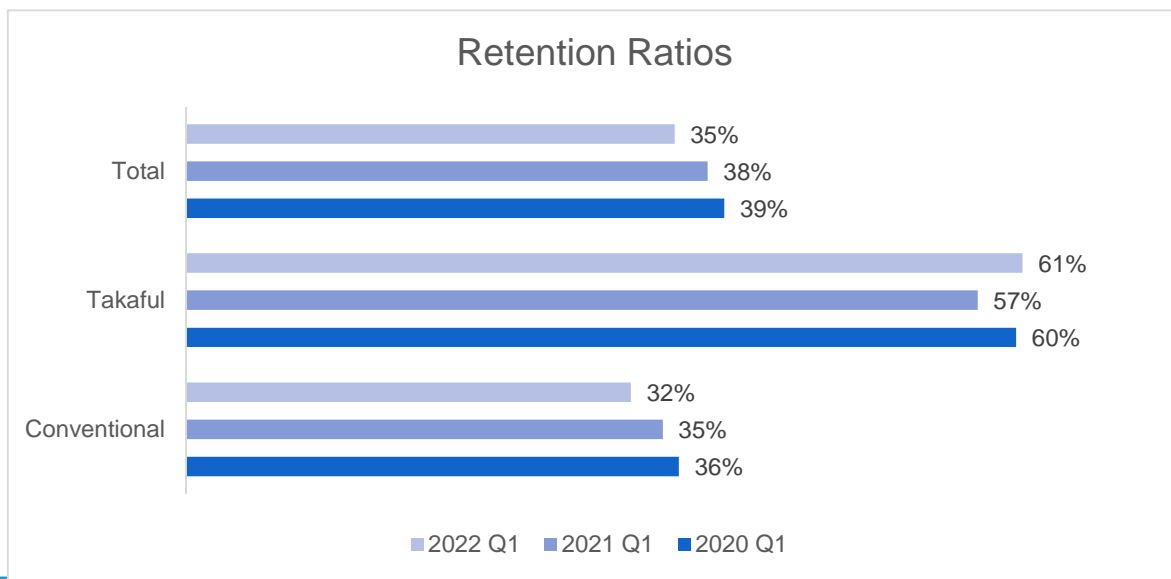
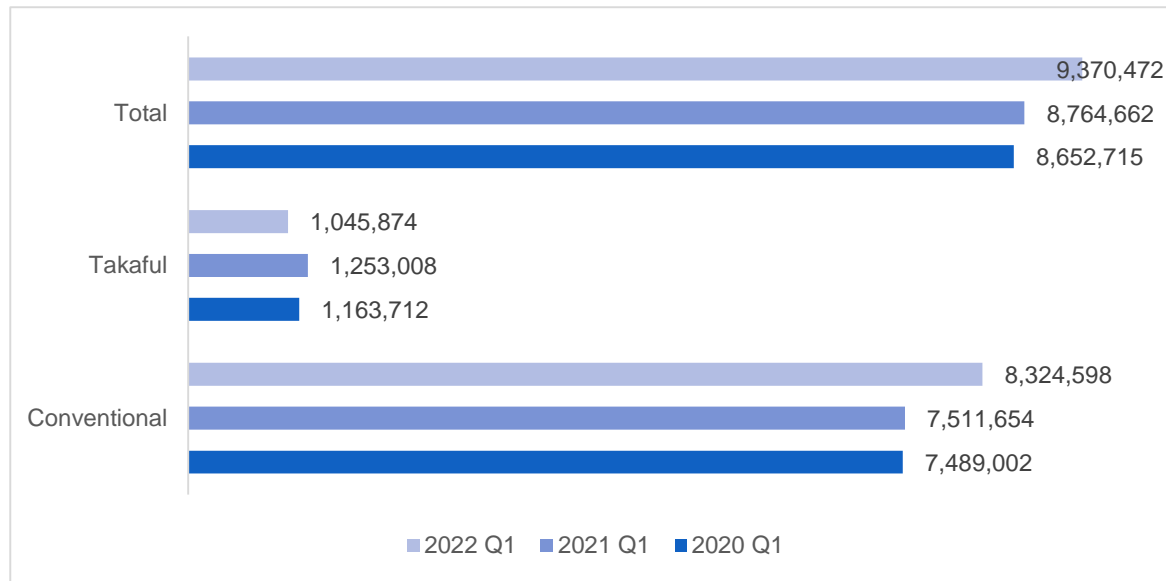


GWP grew by 7% for the first quarter of 2022, and NWP grew by 0.14%. The net underwriting profit in Q1 2022 decreased by 13.08% when compared to Q1 2021. As the net incurred claims have a very minor increase, the loss ratios for the market have remained consistent at 59% for the first quarter of 2022. The net earned premium has not any significant change in Q1 2022.

Market Share Proportion

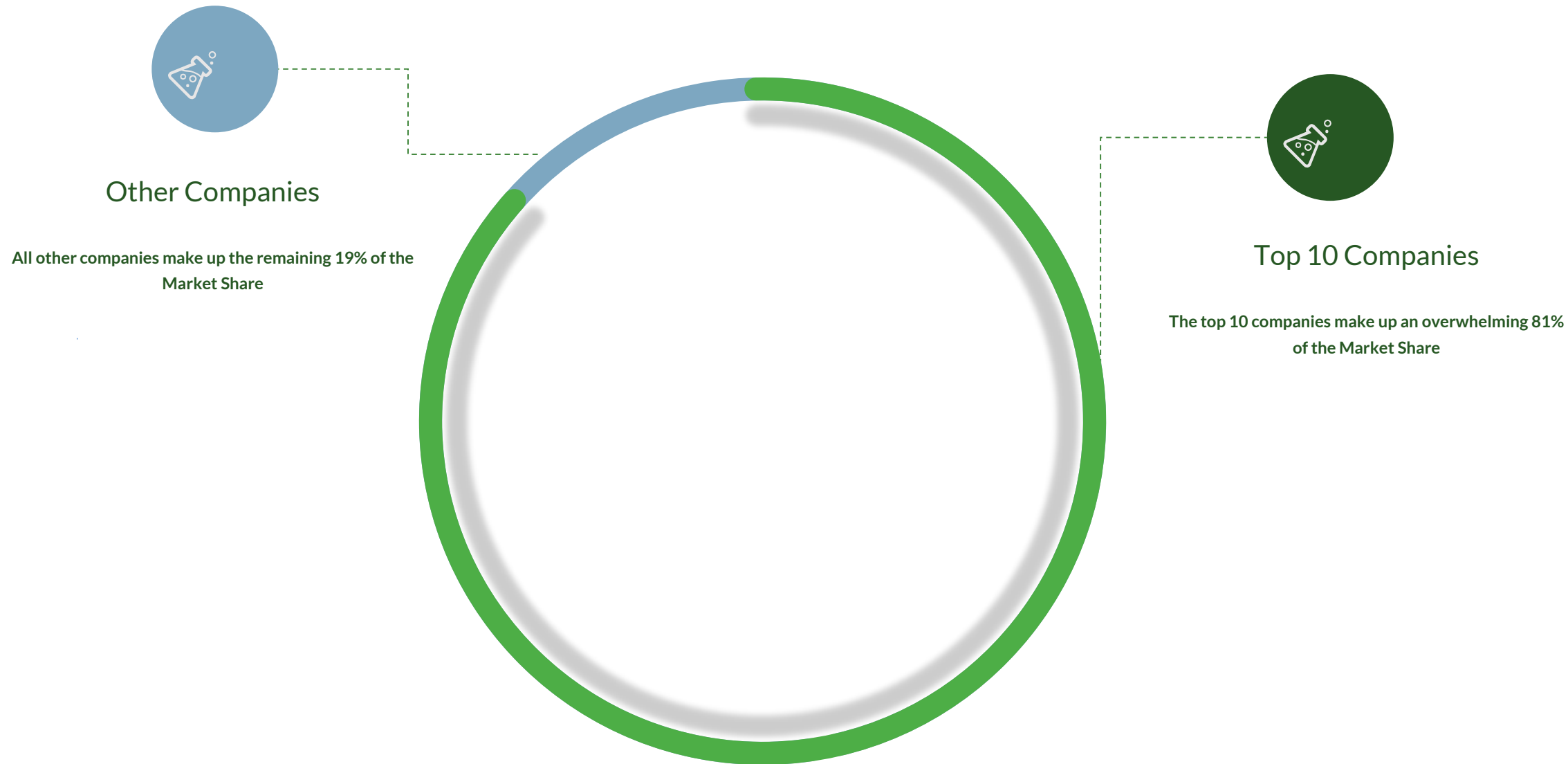


Gross Written Premium and Rankings



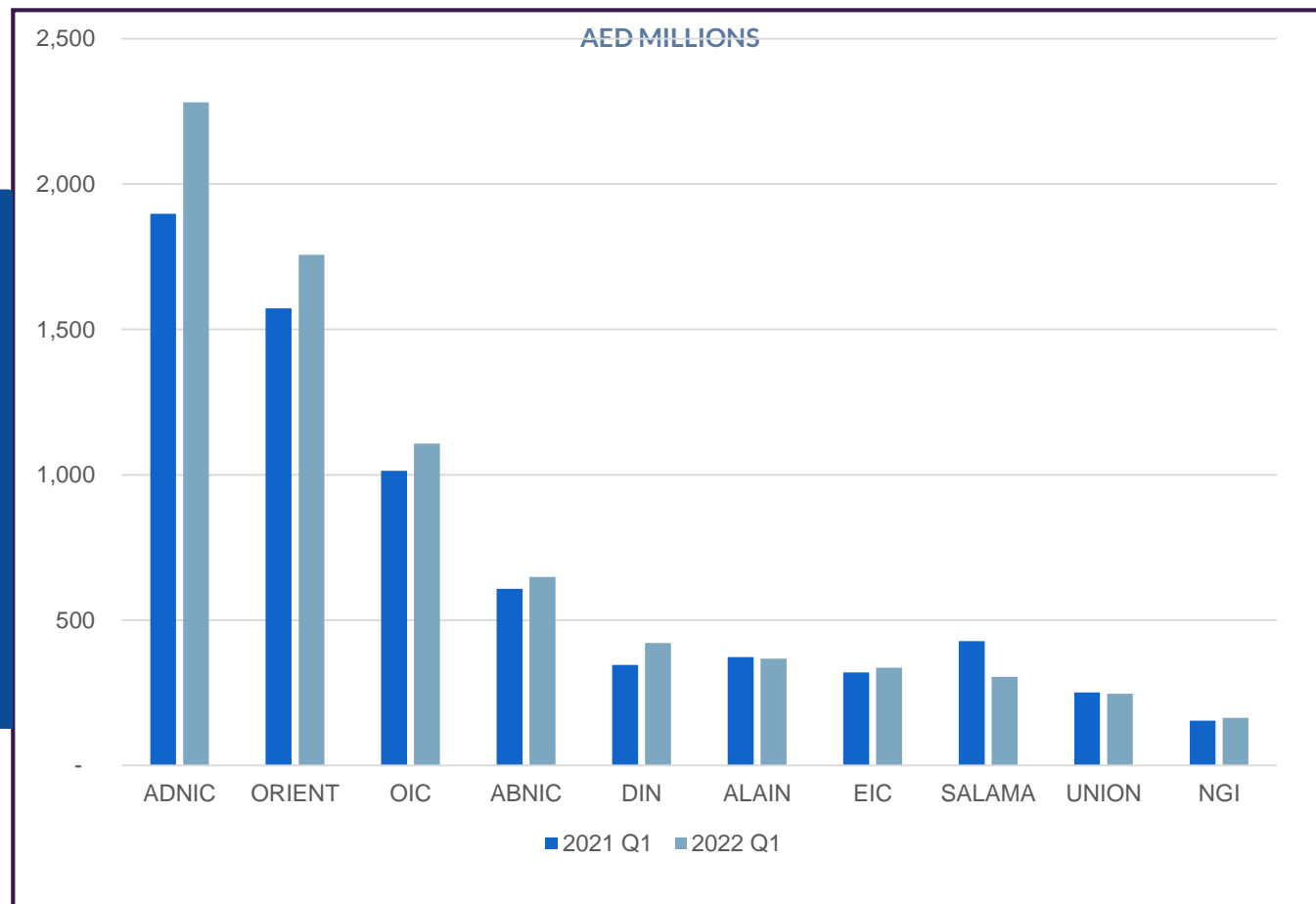
1. ADNIC	—	18. ADNTC	▼
2. Orient	—	29. Al Wathba	▼
3. Oman Insurance	—	20. Insurance House	▲
4. Al Buhaira	—	21. DNIR	▲
5. DIN	▲	22. Alliance	▼
6. Al AIN	—	23. Al Dhafra	▼
7. Emirates Insurance	▲	24. Al Fujairah	▼
8. SALAMA	▼	25. AMAN	—
9. Union Insurance	—	26. Arabian Scand	—
10. NGI	▲	27. HAYAH	—
11. ASNIC	▲	28. Sharjah Insurance	—
12. Dar Takaful	▼		
13. Takaful Emarat	▼		
14. United Fidelity	—		
15. Orient UNB	▲		
16. Watania	▲		
17. Raknic	▼		

Premium Composition Top 10 vs Other Companies

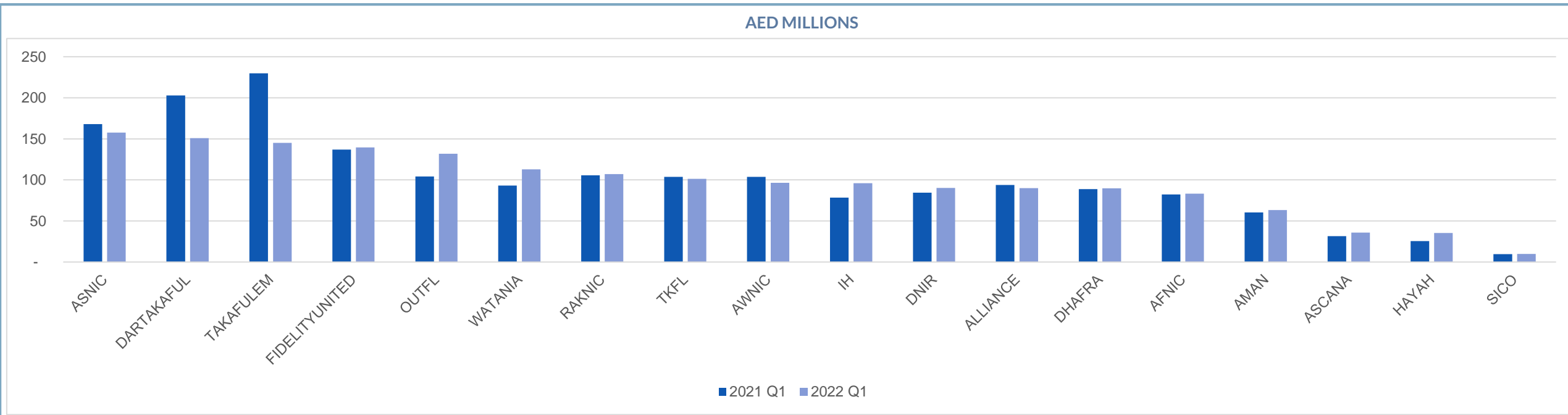


Gross Written Premium - Top 10 Companies

ADNIC captured the biggest market share of 22% during Q1 2021, while the lowest was for NGI, 2%. For Q1 2022, ADNIC captured the biggest market share of 24%, while the smallest was for NGI, 2%.

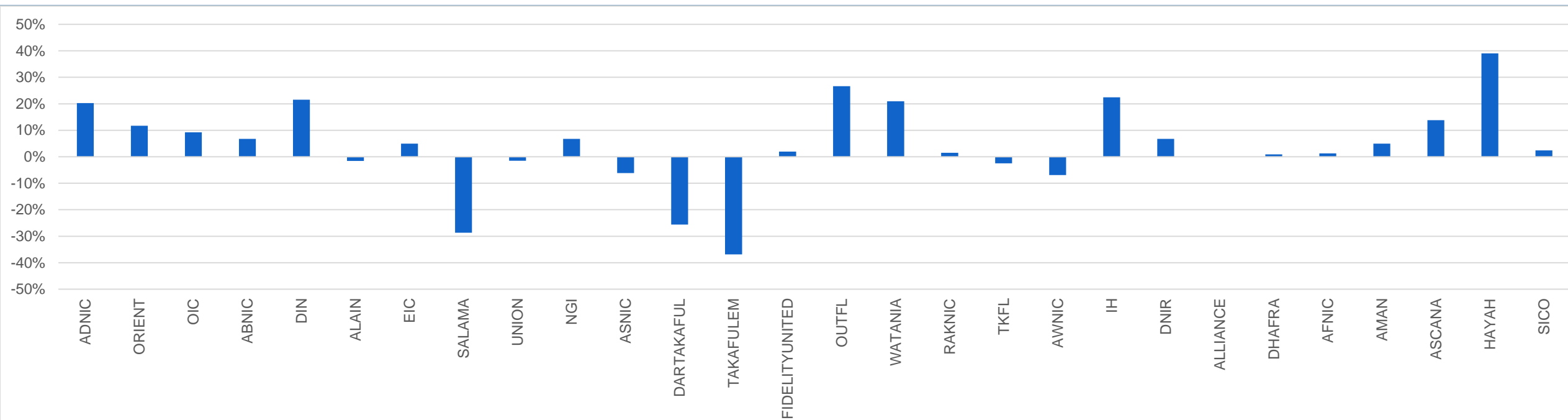


Gross Written Premium - Other Companies



Takaful Emarat and Dar Takaful have the biggest market share, while SICO had the smallest market share during Q1 2021. Dar Takaful and Takaful Emarat experienced a decrease in their market share, while OUTFL, IH and HAYAH experienced a significant increase in their Gross Written Premium during Q1 2022.

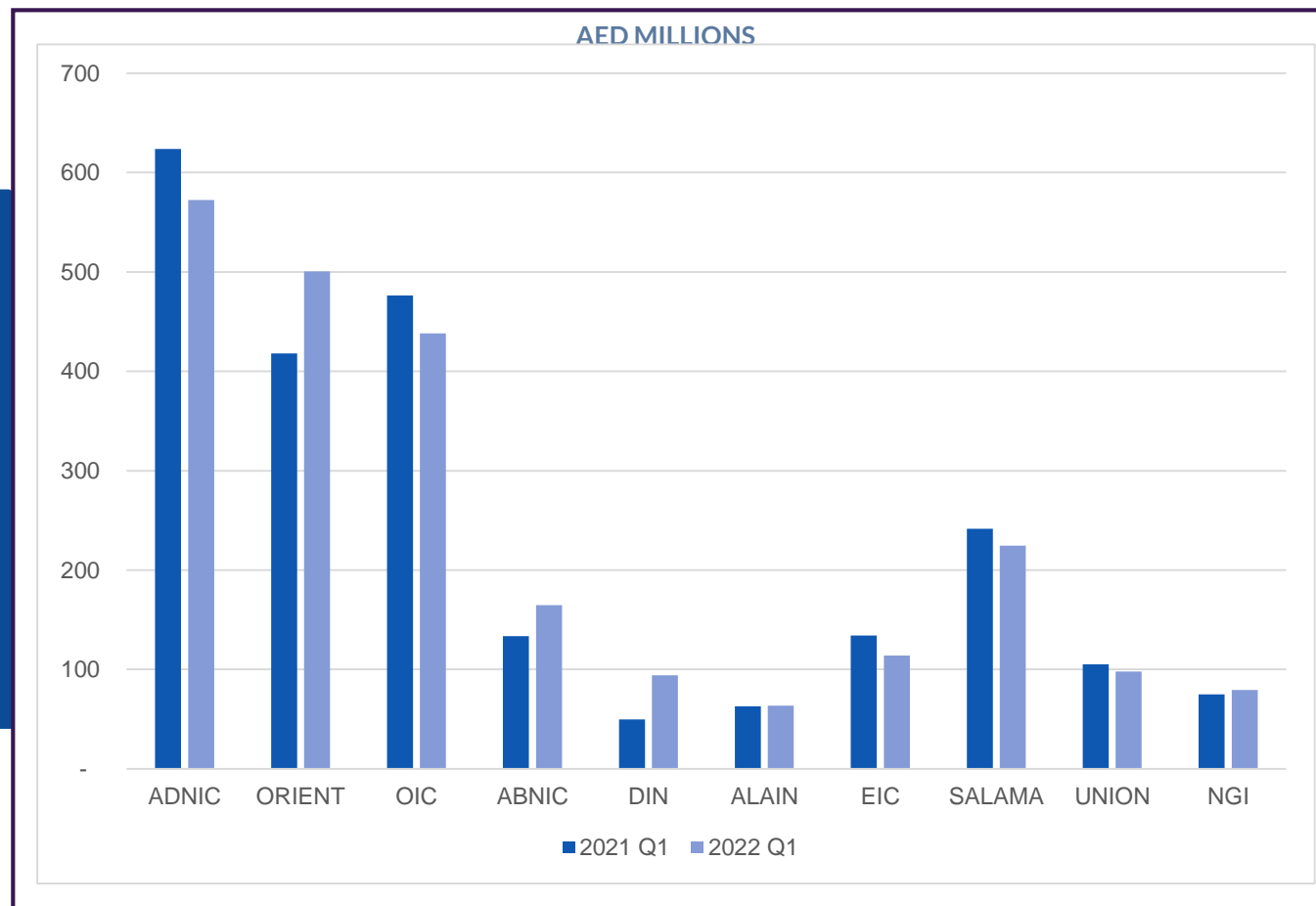
Gross Written Premium - Movement



20 out of 28 companies showed an increase in Gross Written Premium during Q1 2022. The highest growth rate during Q1 2022 was exhibited by HAYAH, which was 39%, while the largest decrease in business was reflected by Takaful Emarat, depicting a decline of 37%.

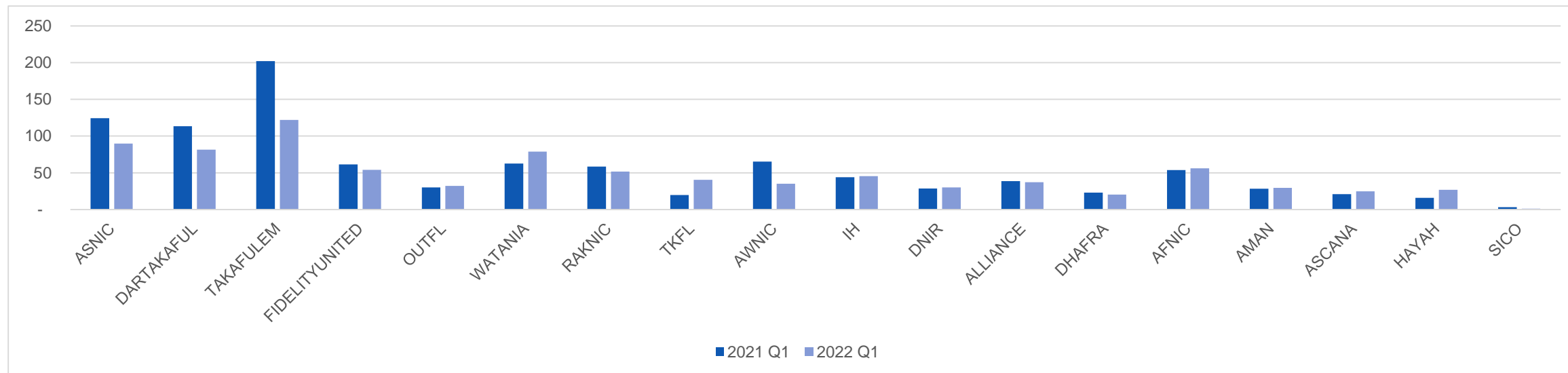
Net Written Premium - Top 10 Companies

ADNIC captured the highest market share of 19% during Q1 2021, while the lowest was for DIN, 1.4%. ADNIC had the highest market share of 17%, while the lowest was for ALAIN, 2%, during Q1 2022.



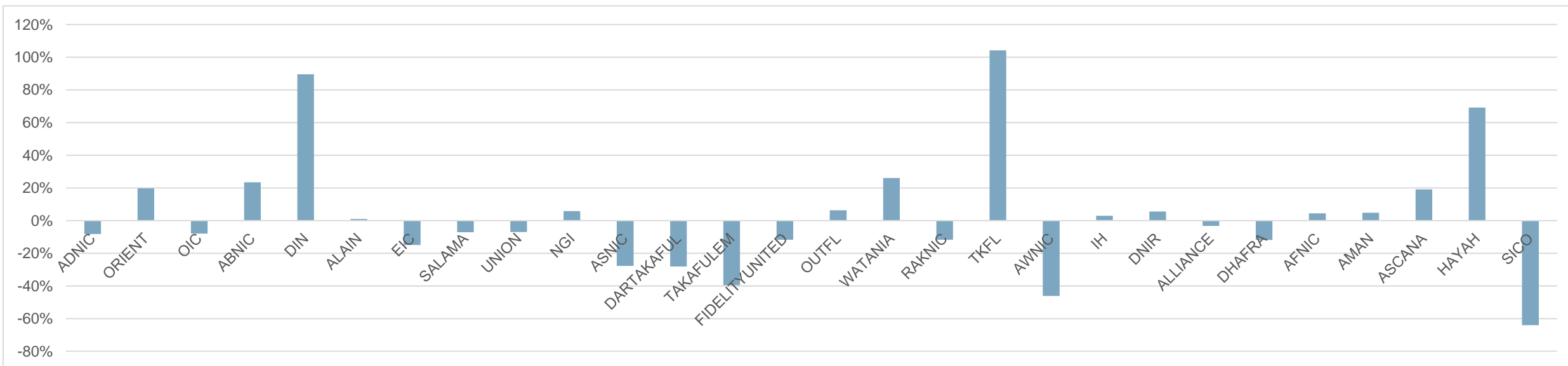
Net Written Premium – Other Companies

AED MILLIONS



Among the remaining companies, the highest Net Written Premium for Q1 2021 was for Takaful Emarat (201 million), while the lowest was for SICO (3 million). For Q1 2022, the highest Net Written Premium was for Takaful Emarat (122 million), while the lowest was for SICO (1 million).

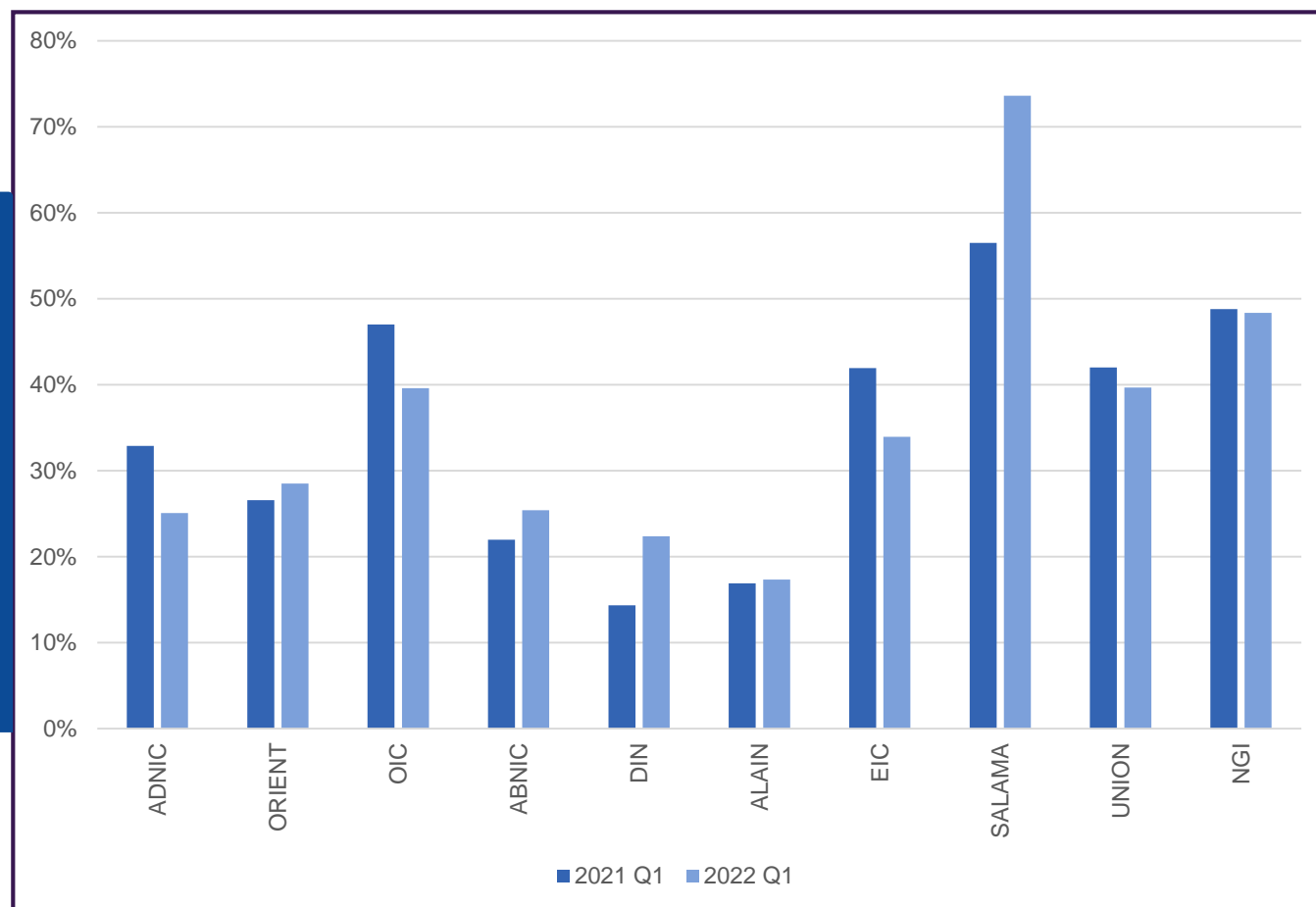
Net Written Premium - Movement



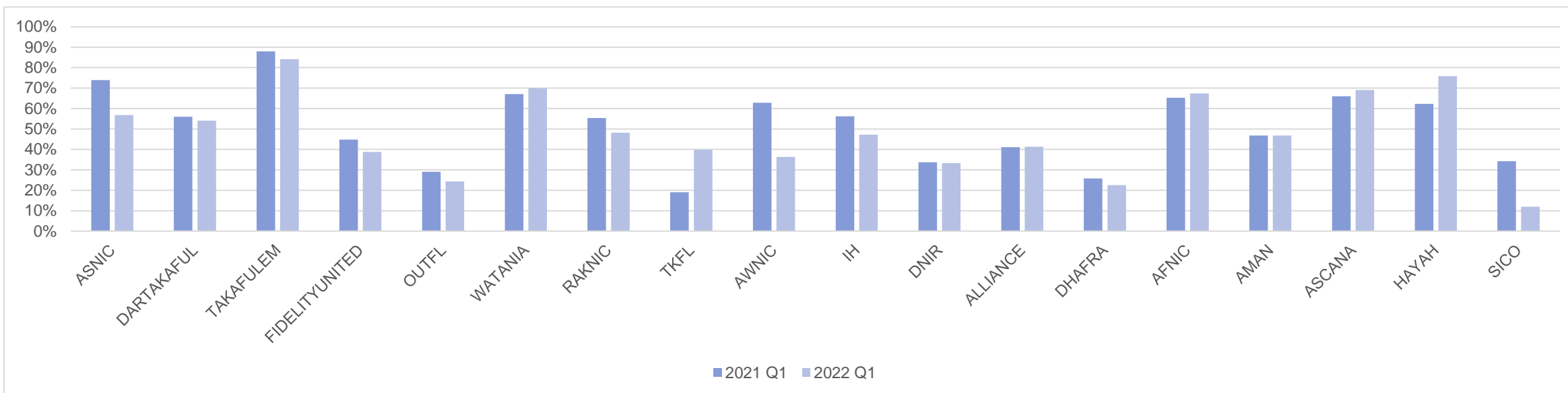
Net Written Premium grew the most for ADNTC (104%), and the highest declined for SICO (-64%).

Retention Ratios - Top 10 Companies

In Q1 2021, SALAMA had the highest Retention Ratio (57%), while DIN had the lowest Retention Ratio of 14%. For Q1 2022, SALAMA had the highest Retention Ratio of 74%, while the lowest was for ALAIN (17%). Retention Ratios were stable for most of the companies, with the highest change being 74% for SALAMA. In addition to this, it can also be noted that Retention Ratios for ALAIN, DIN, and ABNIC were significantly lower than the other top 10 companies.

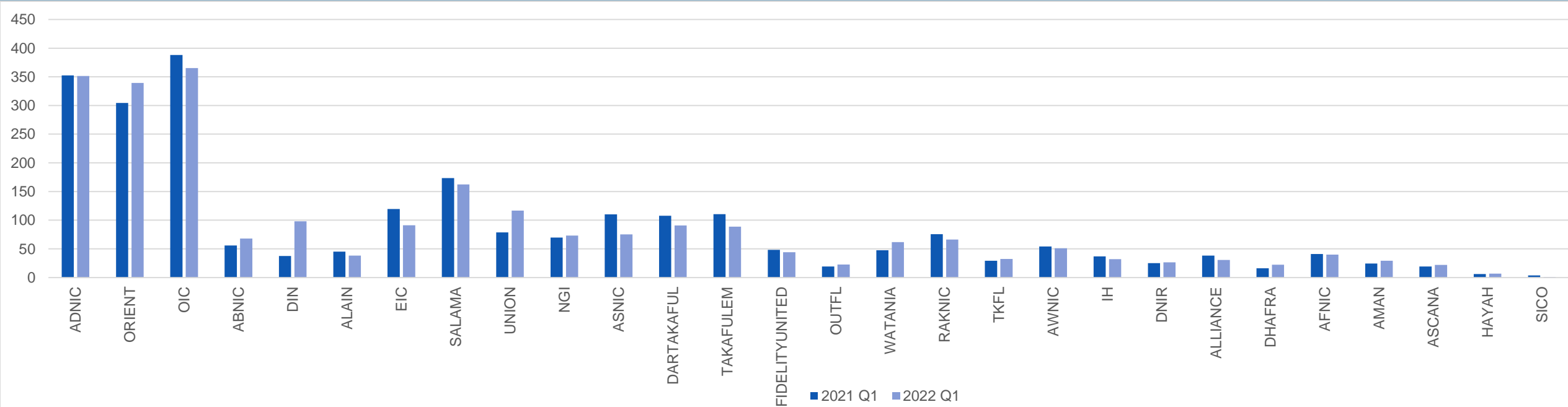


Retention Ratios - Other Companies



On an aggregate basis, the weighted average Retention Ratio is 34%. The highest Retention Ratio is 84% for Takaful Emarat, and the lowest is 12% for SICO for Q1 2022. The Retention Ratio for Awnic decreased by -26%, while TKFL had major growth in its Retention Ratio by 21% during Q1 2022. For all other companies, the Retention Ratios do not vary greatly.

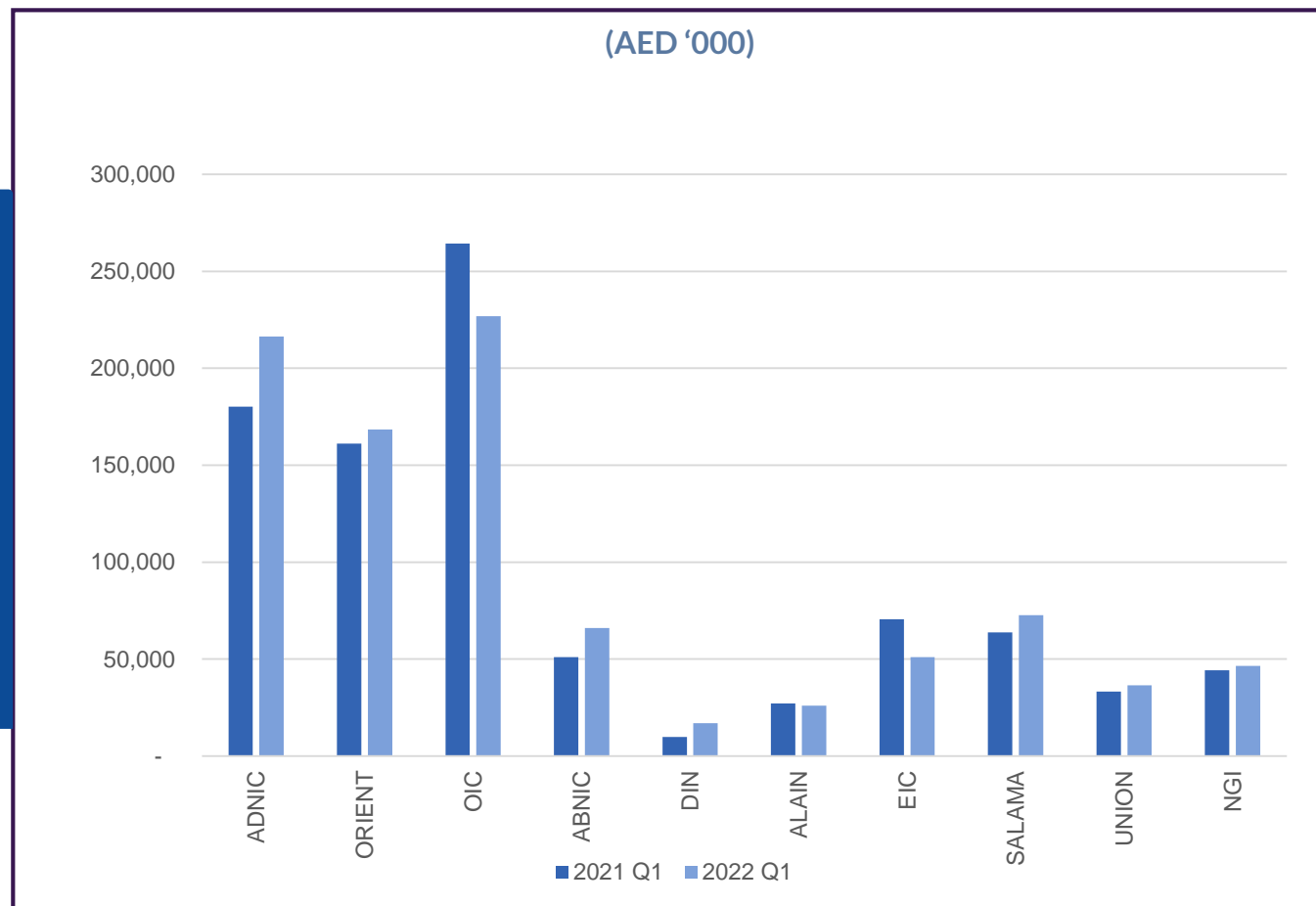
Net Earned Premium



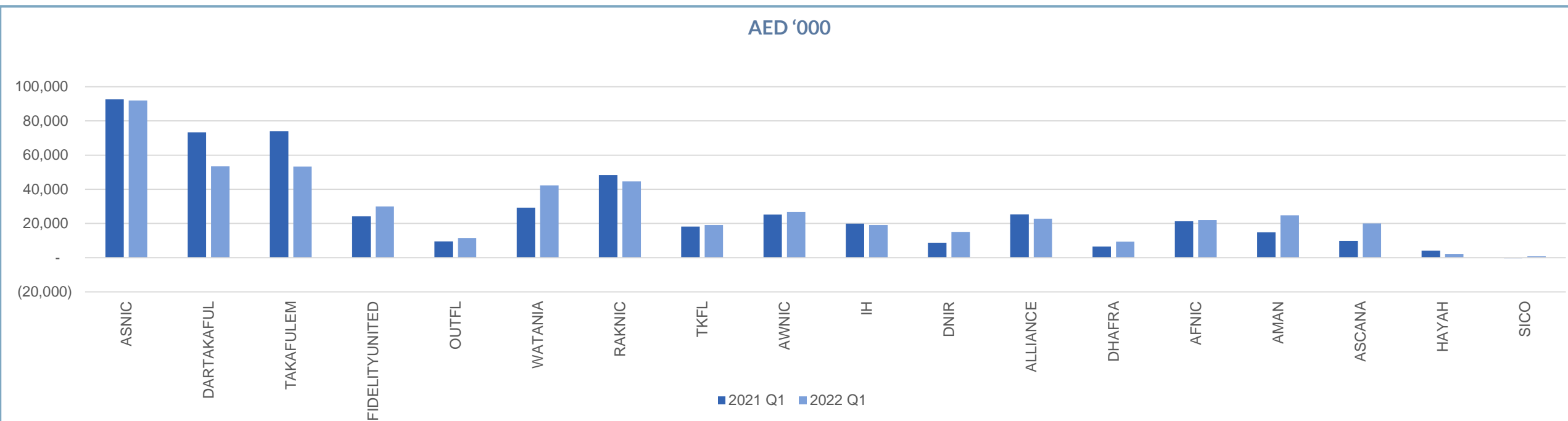
The highest Net Earned Premium is for OIC in both the years followed by ADNIC, while the lowest is for SICO. As shown, DIN shows an immense growth of about 161%, while SICO decreased by -73% during Q1 2022.

Net Incurred Claims - Top 10 Companies

OIC had the highest Net Incurred Claims of 264,415 thousand and 226,952 thousand in Q1 2021 and Q1 2022, respectively, while DIN had the lowest Net Incurred Claims of 9,771 thousand and 16,917 thousand in Q1 2021 and Q1 2022, respectively.



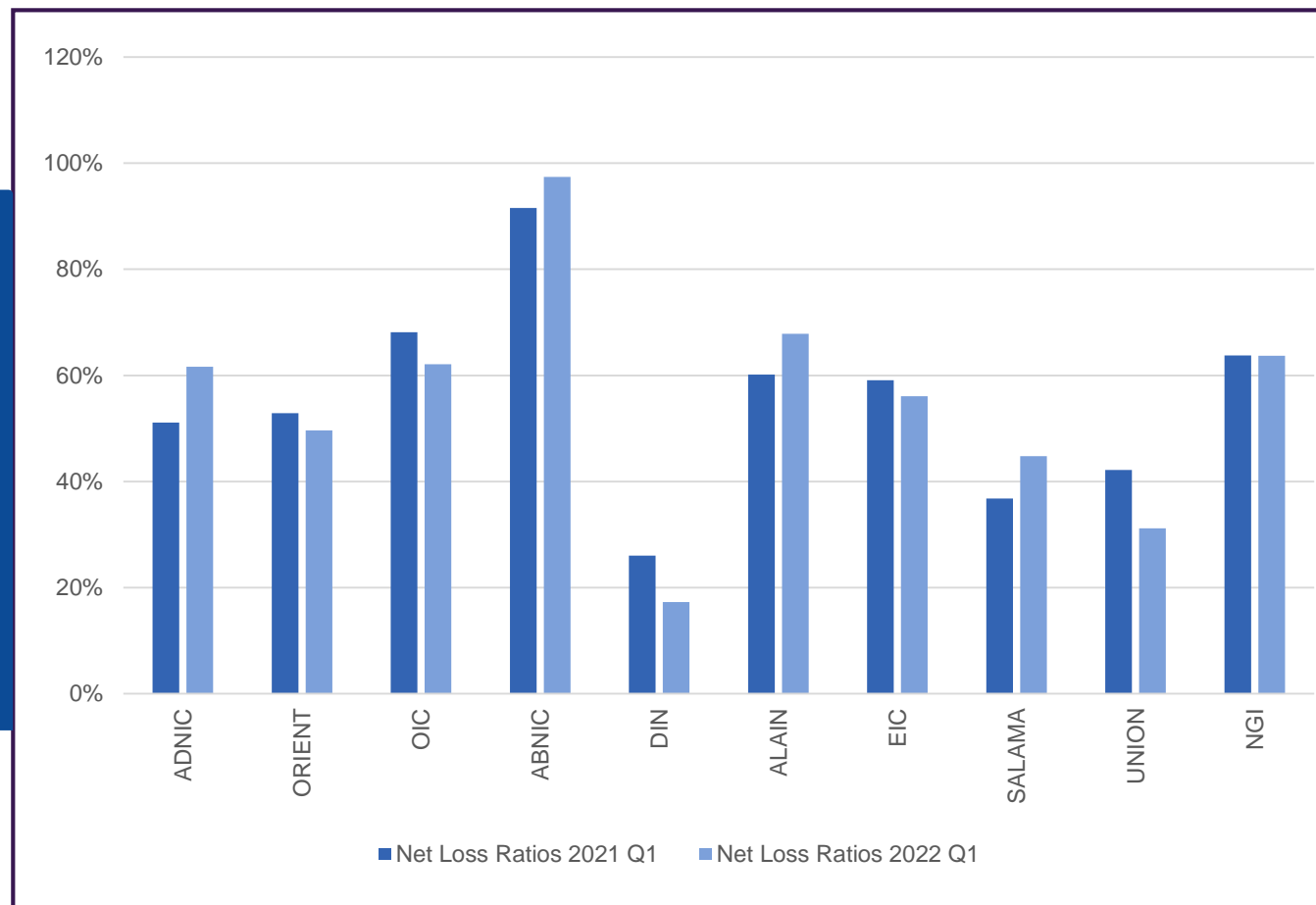
Net Incurred Claims - Other Companies



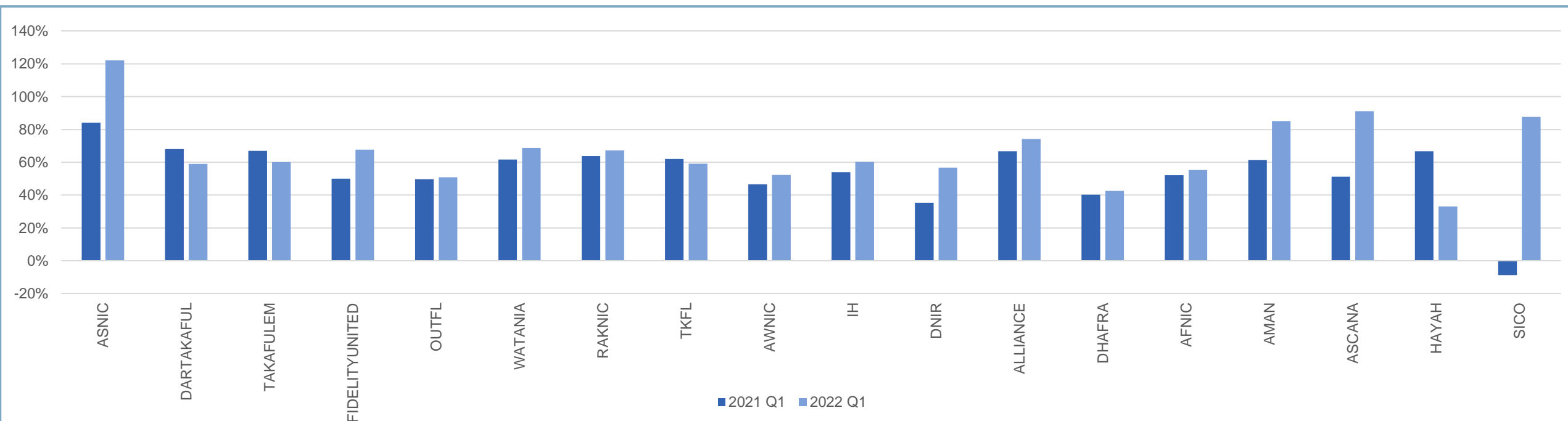
ASNIC had the highest Net Incurred Claims of 91 million, and SICO had the lowest Net Incurred Claims of 0.875 million in Q1 2022.

Loss Ratios - Top 10 Companies

The highest Loss Ratio for Q1 2021 was for ABNIC at 92%, and the lowest was for DIN, 26%. For Q1 2022, the Loss Ratio was the highest for ABNIC (97%), with the lowest being 17% for DIN. The Loss Ratios decreased for most of the top 10 companies. Loss Ratios only increased for ADNIC, ABNIC, ALAIN and SALAMA.



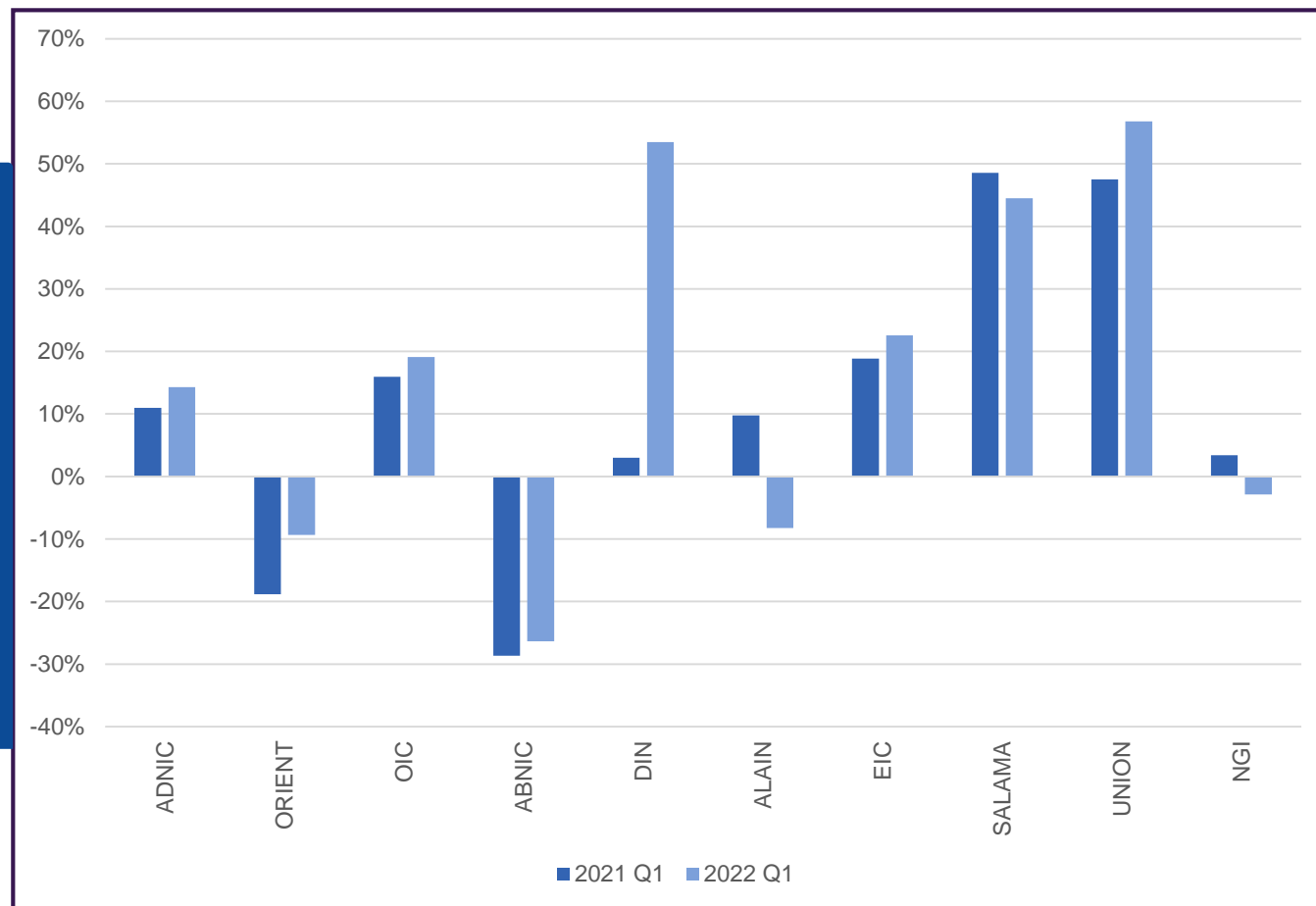
Loss Ratios - Other Companies



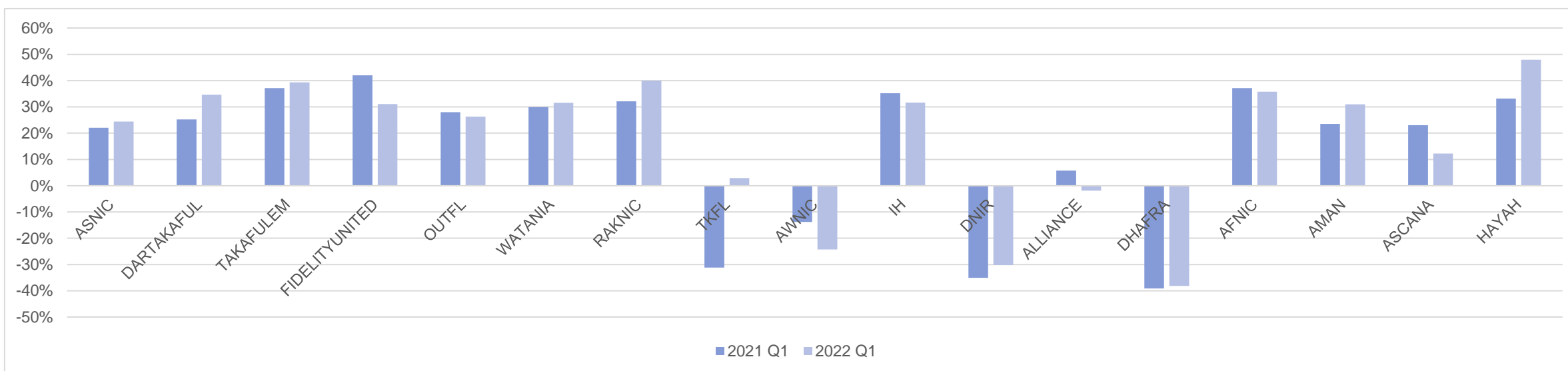
The Loss Ratios for other companies have been summarized in the above chart. For Q1 2021, the highest Loss Ratio was for the ASNIC (84%), and the lowest was for SICO (-9%). For Q1 2022, the highest Loss Ratio was for ASNIC (122%), and the lowest was for HAYAH (33%).

Expense Ratios - Top 10 Companies

For Q1 2021, Expense Ratio was the highest for SALAMA (49%) and the lowest for ABNIC (-29%). For Q1 2022, UNION had the highest Expense Ratio (57%) while ABNIC had the lowest Expense Ratio (-26%). For most companies, the Expense Ratio increased, especially in the case of DIN, which increased by 51%.



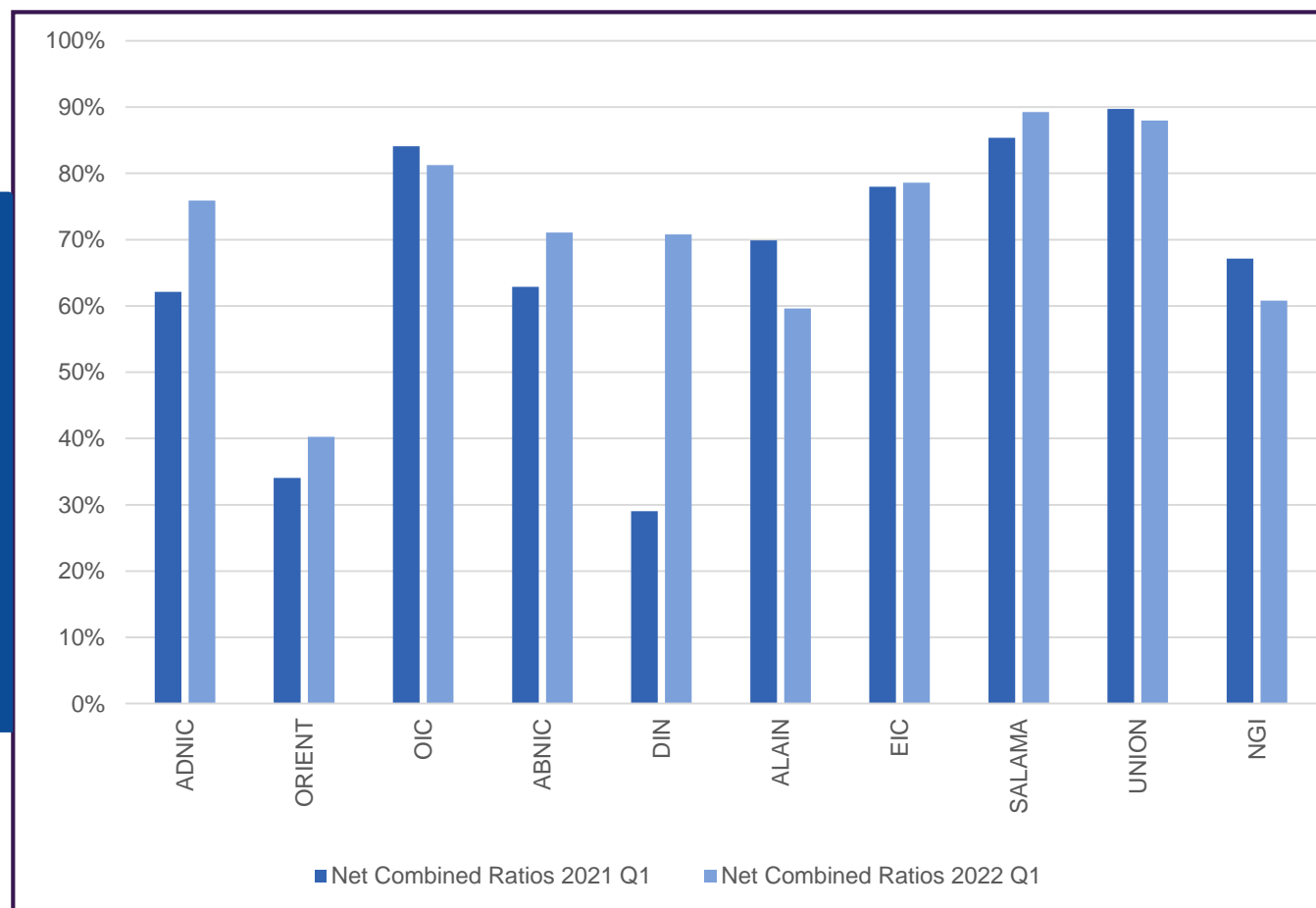
Expense Ratios - Other Companies



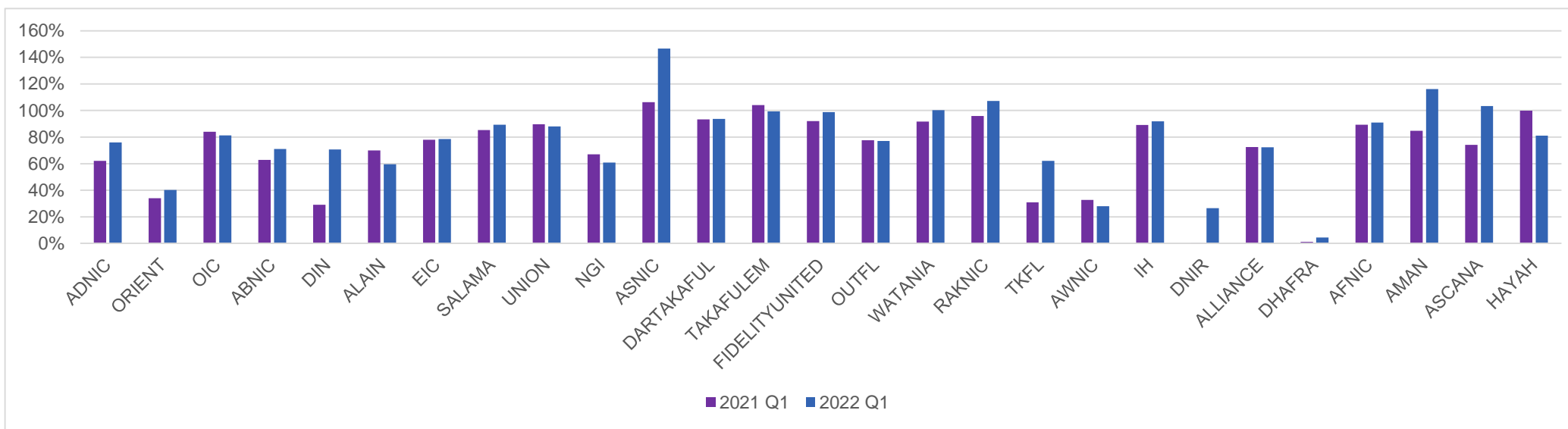
The highest Expense Ratio in Q1 2021 was for Fidelity United (42%), and the lowest was for DHAFRA (-39%). For Q1 2022, the highest Expense Ratio was for HAYAH (48%), and the lowest was for SICO is 2586% (not shown in the graph due to absurd value), which is due to the high investment and commission income.

Combined Ratios - Top 10 Companies

For Q1 2021, the highest Combined Ratio was for Union (90%), and the lowest was for DIN (29%). Net Combined Ratios were high in Q1 2022, with SALAMA having a Combined Ratio of 89%. Combined Ratios increased for most of the top 10 companies except OIC, ALAIN, Union, and NGI. Also, the difference between the Combined Ratios of DIN was very significant. Although, for other companies, the difference does not vary on a larger scale.



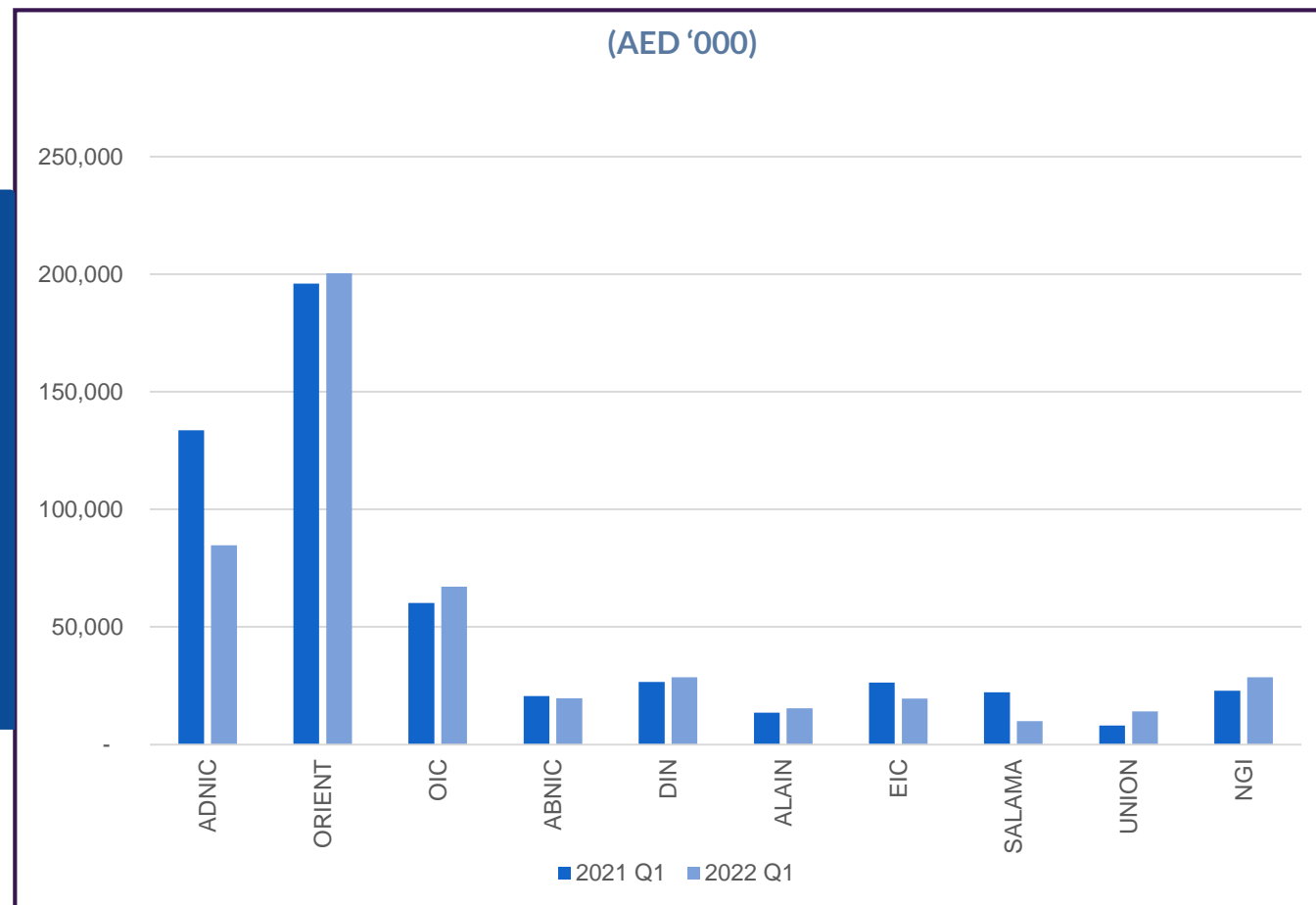
Combined Ratios - Other Companies



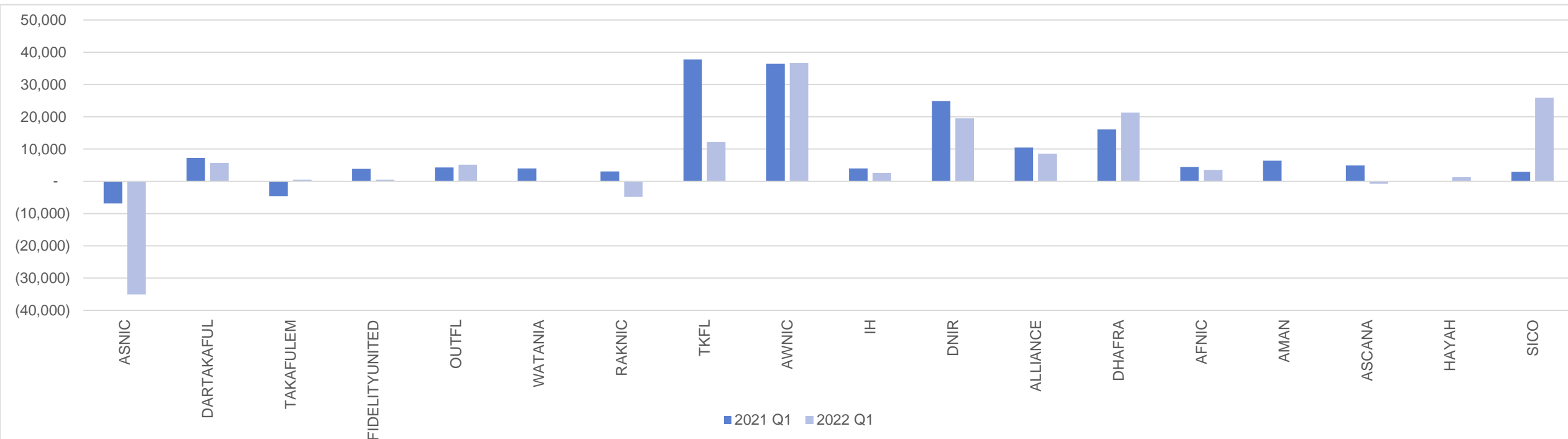
The highest Combined Ratio for Q1 2022 was 147%, which was 106% in Q1 2021, and the lowest Combined Ratio was for SICO being -2499% in Q1 2022 (not shown in the graph).

Net Profit and Loss - Top 10 Companies

Orient had the highest Net Profit in Q1 2021, and it was further able to increase it from 196 million to 200 million, retaining its position. Union had a Net Loss in Q1 2021. However, it was able to increase its Net Profit to 14 million in Q1 2022. All companies experienced an increase in their Net Profits except ADNIC, ABNIC, EIC and SALAMA.

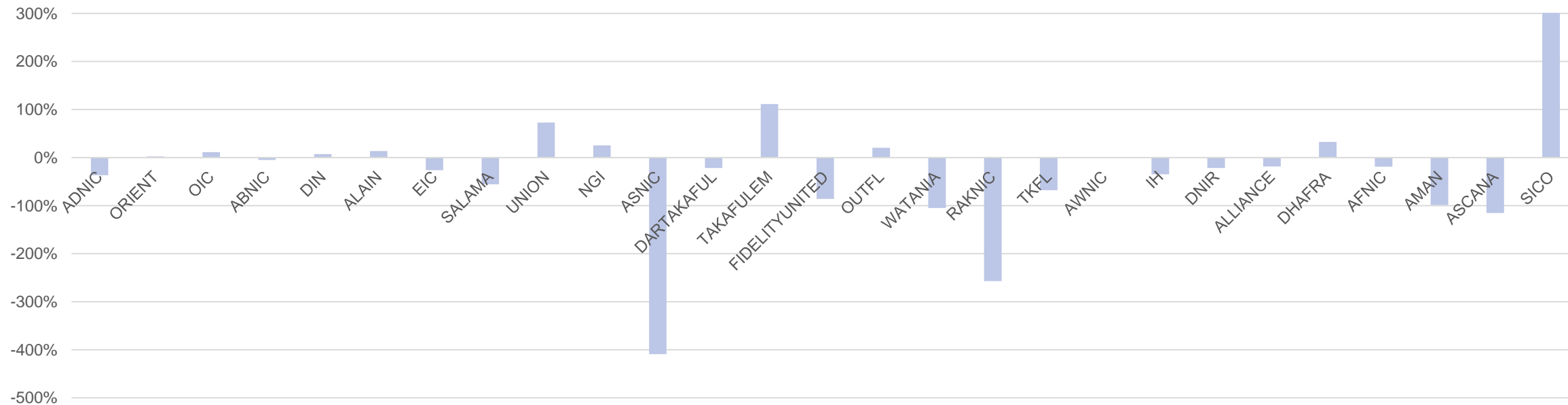


Net Profit and Loss - Other Companies



TKFL had the highest Net Profit of 37 million in Q1 2021. In Q1 2022, AWNIC was able to maintain its Net Profit, which was 36 million for both years. The highest Net Loss was for ASNIC of 35 million in Q1 2022, which was 6 million in Q1 2021.

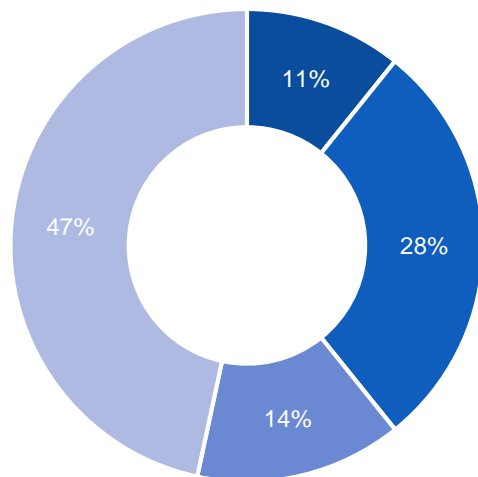
Net Profit and Loss - Movement



Net Profit has shown a decrease of 14.29% for Q1 2021. The highest increase was experienced by HAYAH at about 15675% (not shown in the graph because of the absurd value). Net Loss of ASNIC further decreased by 409% in Q1 2022. Thus, the movement is shown by a negative sign.

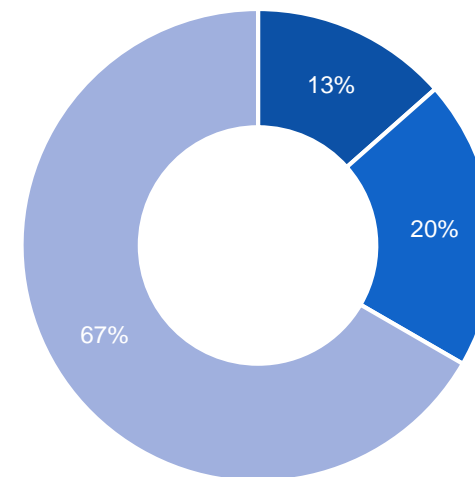
Asset Classification - Aggregate

Policy Holder Asset Classification



■ Cash and cash equivalents ■ Investments ■ Receivables, net ■ Other Assets

Share Holder Asset Classification

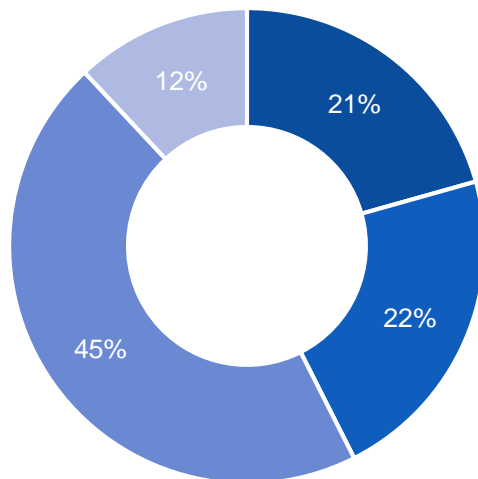


■ Cash and cash equivalents ■ Investments ■ Other Assets

Most of the Policyholder Assets were kept as Other Assets (47%), while the remaining assets were kept as Investment (28%), Cash (11%), and Other Assets (14%). 13% of the Shareholder Assets were kept as Investments and 67% as Other Assets, with cash constituting about 20% of the Shareholder's Assets.

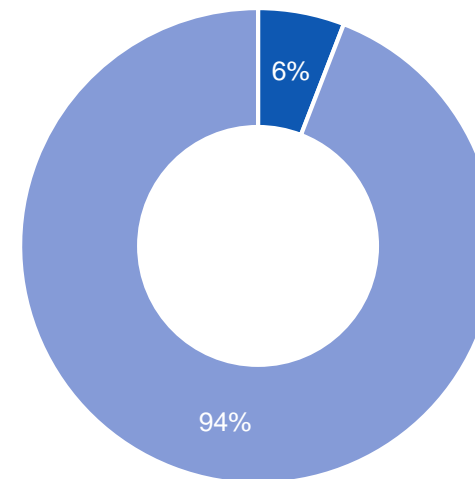
Liability & Equity Classification - Aggregate

POLICYHOLDER LIABILITY CLASSIFICATION



■ Gross Loss Reserves ■ Gross Unearned premium ■ Other liabilities ■ Other Reserves

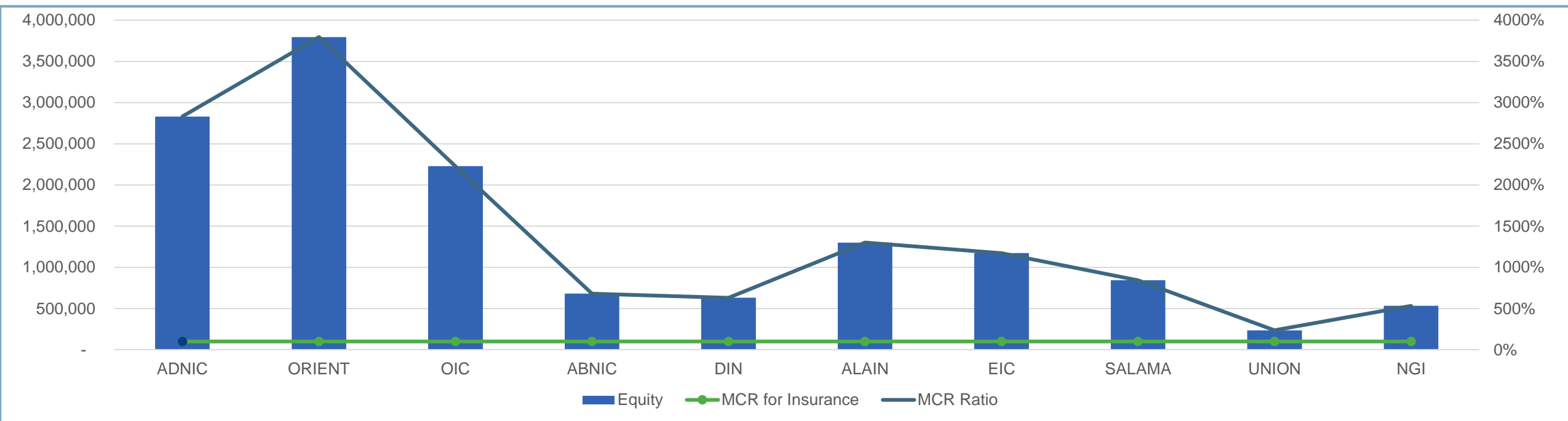
SHAREHOLDER LIABILITY & EQUITY CLASSIFICATION



■ Shareholders' liabilities ■ Equity

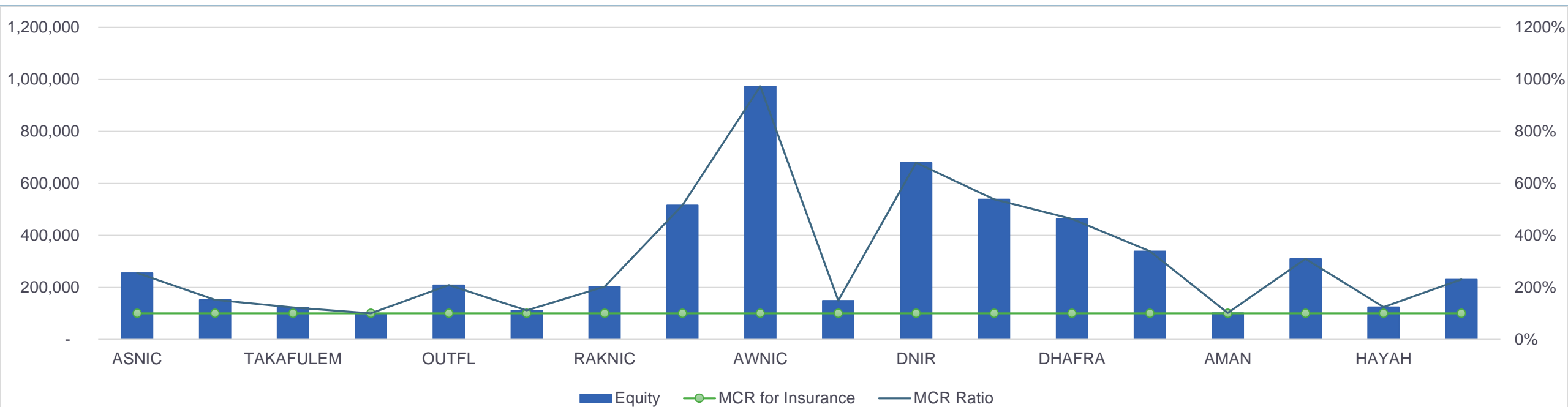
Policyholder liabilities consist of 21% Gross Loss Reserve, 22% of Gross Unearned Premium, and 45% of Other Liabilities. In addition to this, Equity as a percentage of total assets is about 30%

Solvency Analysis - Top 10 Companies



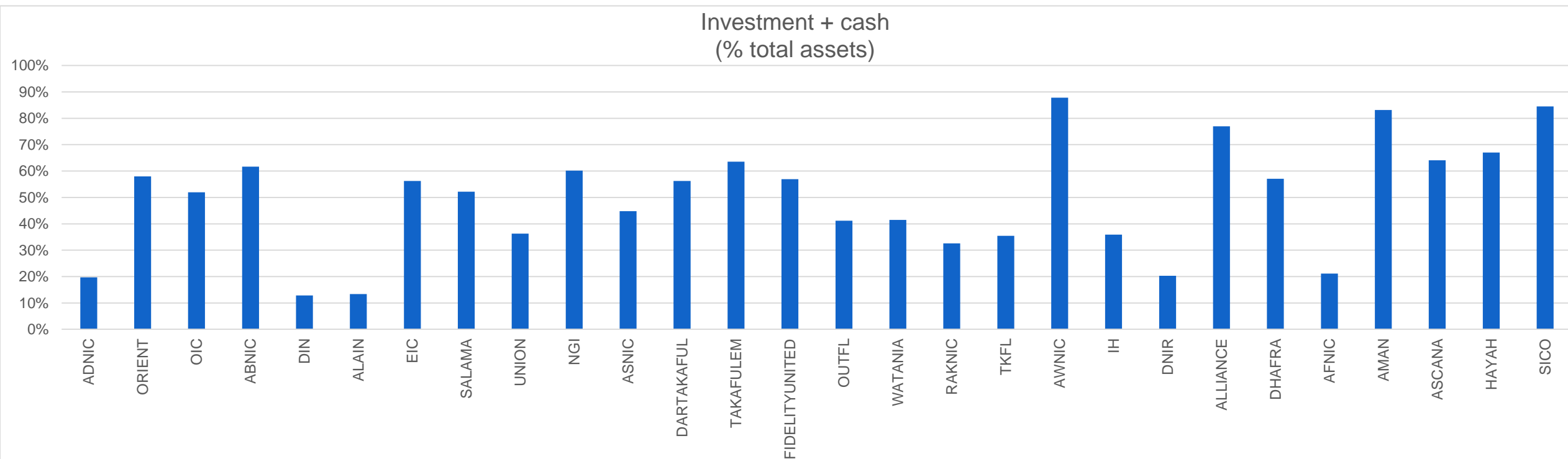
Equity values illustrated above are based on booked value and do not include the asset admissibility adjustment, accounting for which would likely result in lower equity.

Solvency Analysis – Other Companies



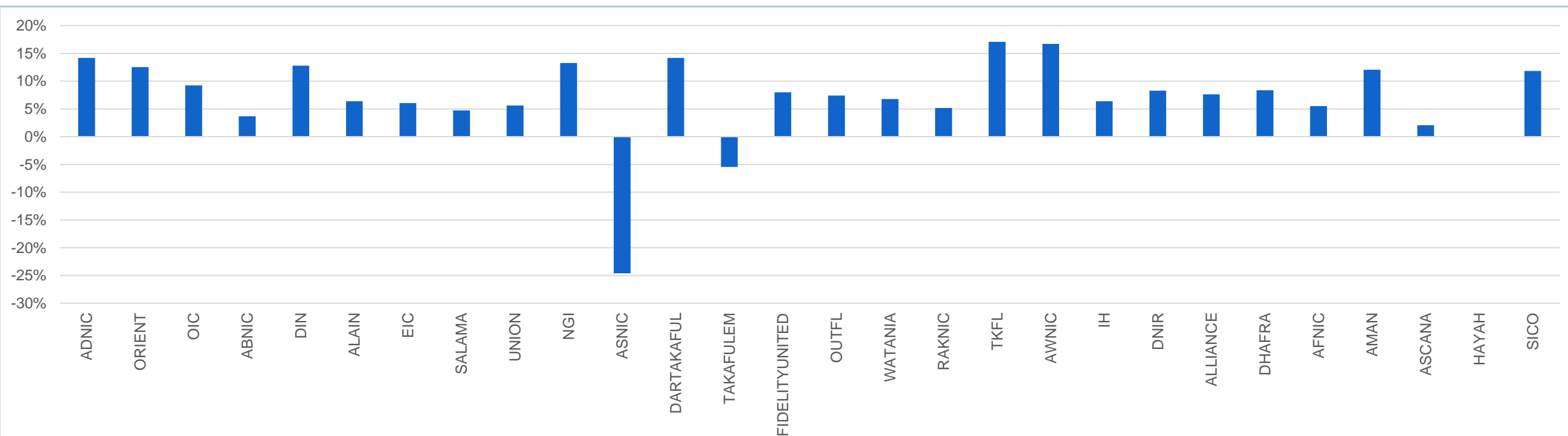
Equity values illustrated above are based on booked value and do not include the asset admissibility adjustment, accounting for which would likely result in lower equity.

Proportion of Invested Assets



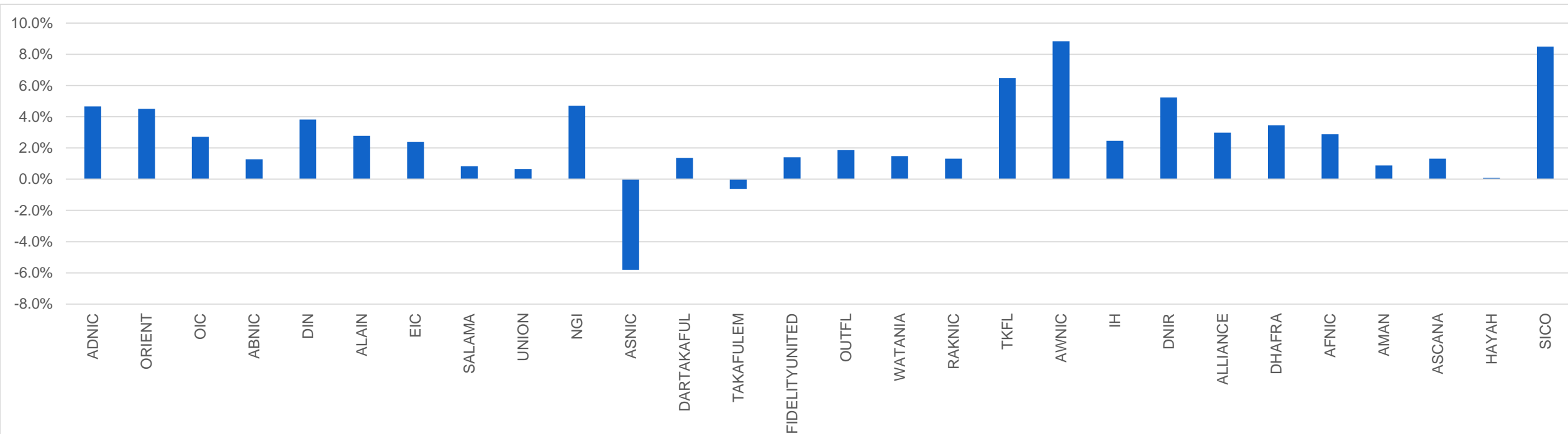
For most companies, invested assets along with cash constitute more than 50% of the total assets. The highest invested to total assets ratio is for Awnic (88%), while the lowest is for Din and Alain at about 13%.

Return on Equity (ROE)



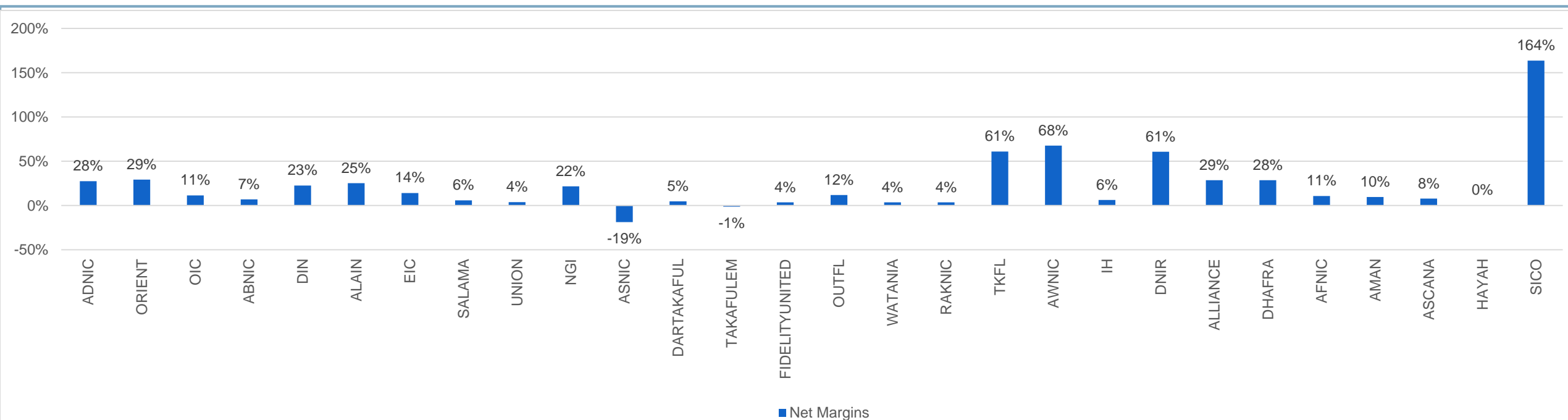
The Return on Equity ratio essentially measures the rate of return that the owners of common stock of a company receive on their shareholdings. Return on Equity signifies how good the company is in generating returns on the investment it received from its shareholders. The highest Return on Equity was for TKFL and Awnic at about 17%. Return on Equity was negative (-25%) for ASNIC.

Return on Assets



Return on Assets (ROA) is an indicator of how profitable a company is relative to its total assets. Comparing profits to revenue is a useful operational metric but comparing them to the resources a company used to earn them cuts to the very feasibility of that company's existence. Awnic and SICO were able to earn the highest Return on Assets of around 9%, while ASNIC earned the highest negative Return on Assets of 5.8%.

Net Profit Margins



Net Profit Margin measures how much net income or profit is generated as a percentage of revenue. SICO had the highest Net Margin (164%), suggesting that claims and expenses were very low. The lowest Net Margin was for ASNIC (-19%).

Appendix A: Listed Insurance Companies in UAE Used in our Report

Company Name	Symbol	Conventional / Takaful
ORIENT Insurance PJSC	ORIENT	Conventional
Abu Dhabi National Insurance	ADNIC	Conventional
Oman Insurance Company (P.S.C.)	OIC	Conventional
Al Ain Alahlia Insurance Co.	ALAIN	Conventional
Islamic Arab Insurance Company	SALAMA	Takaful
Emirates Insurance Co.	EIC	Conventional
Dubai Insurance Co , PSC	DIN	Conventional
Al Buhaira National Insurance	ABNIC	Conventional
Union Insurance Company	UNION	Conventional
Takaful Emarat (PSC)	TAKAFULEM	Takaful
National General Insurance Company P.J.S.C	NGI	Conventional
Ras Alkhaima National Insurance Co.	RAKNIC	Conventional
Al Sagr National Insurance Company	ASNIC	Conventional
Dar Al Takaful	DARTAKAFUL	Takaful
Abu Dhabi National Takaful Co.	TKFL	Takaful

Company Name	Symbol	Conventional / Takaful
United Fidelity Insurance Company	FIDELITYUNITED	Conventional
Alliance Insurance	ALLIANCE	Conventional
National Takaful Company (Watania)	WATANIA	Takaful
Dubai National Insurance & Reinsurance	DNIR	Conventional
Al Wathba National Insurance Co.	AWNIC	Conventional
Orient UNB Takaful PJSC	OUTFL	Takaful
Al Dhafra Insurance Co.	DHAFRA	Conventional
Al Fujairah National Insurance	AFNIC	Conventional
Dubai Islamic Insurance and Reinsurance Co.	AMAN	Takaful
Insurance House	IH	Conventional
Arabian Scandinavian Insurance - Takaful	ASCANA	Takaful
HAYAH Insurance Company	HAYAH	Conventional
Sharjah Insurance Company	SICO	Conventional

Meet the Team

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Feedback

SHMA Consulting is proud to present Insurance Industry Analysis – Qatar for the Year-End 2021. We have a dedicated and talented pool of individuals to bring you industry insights in the form of this report.

We welcome your feedback on the analysis presented in this report.



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About Us

SHMA Consulting has been providing actuarial services to insurance companies since 1990 and to companies in the GCC (starting with the UAE) since early 1997.



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