

SHMACONSULTING



Growth Through Knowledge

Medical Insurance Industry
Kingdom of Saudi Arabia
2021

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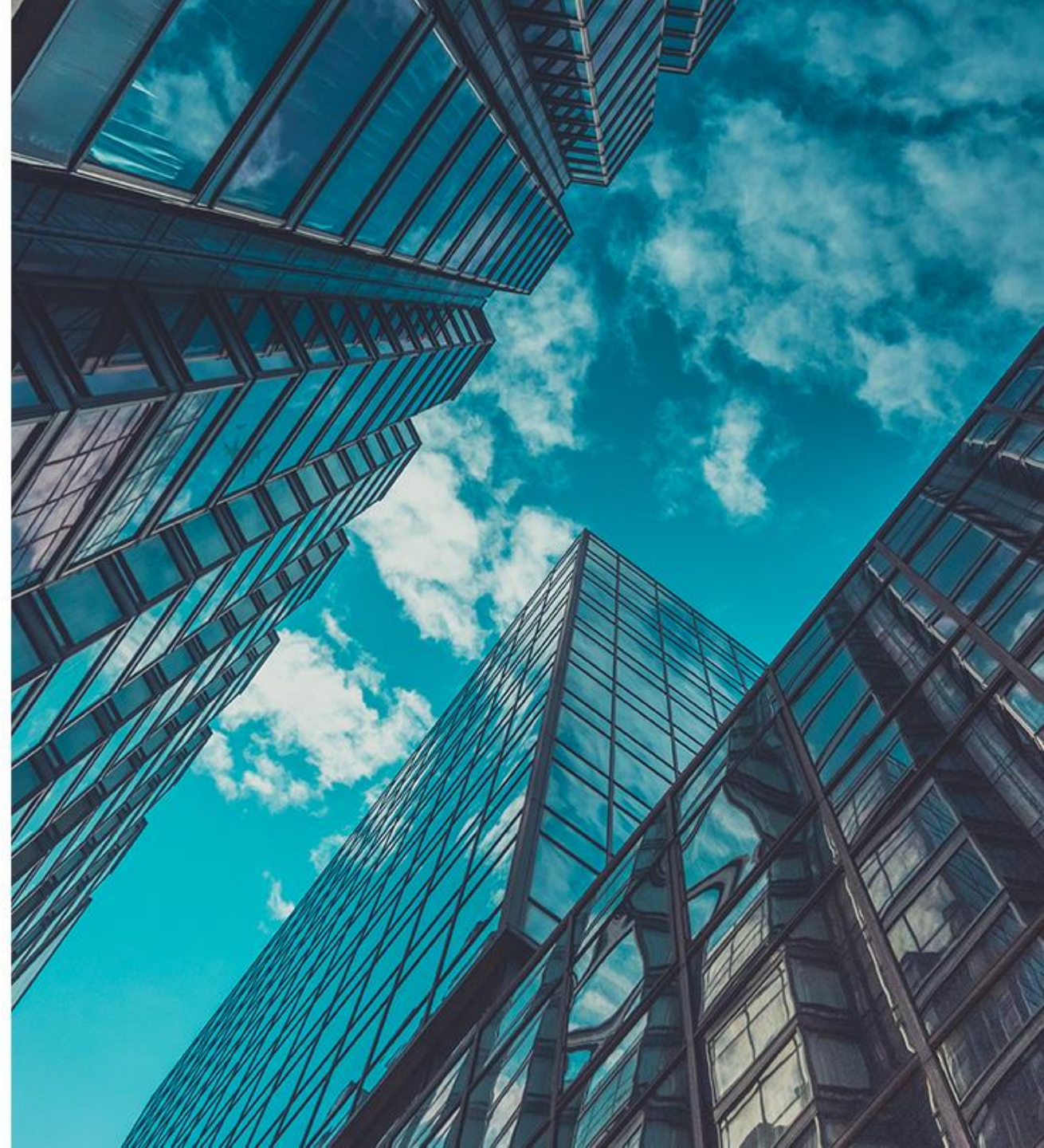
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About Us

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 insurance companies in the GCC (Kuwait, Oman, Qatar and Bahrain).

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

- 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

General Insurance

ERM and Capital Modeling

Limitations and Disclaimers

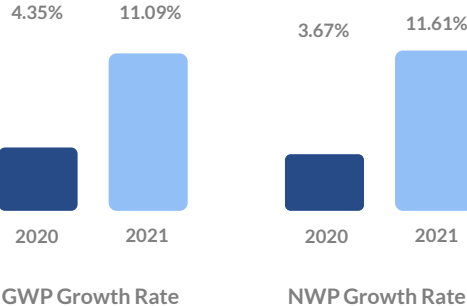
- ❖ The data used for the preparation of this report has been collected from Tadawul. We extracted it from the financial statements of the listed companies.
- ❖ The information, materials and opinions presented in this report are for general information purposes only, are not intended to constitute legal or other professional advice, and should not be relied on or treated as a substitute for specific advice relevant to particular circumstances.
- ❖ KSA's Insurance Industry has 29 insurance companies. We have included 26 of these in this Medical industry report. AlAhli Takaful, CHUBB, and SABB have been excluded, given the absence of segmental information for a medical line of business.
- ❖ Al Jazira only started underwriting medical products in 2021. Hence, while we have included it in our analysis for 2021, we excluded it from the various movements and averages.
- ❖ Al Alamiya has discontinued underwriting medical products in 2021. While we have included their figures for 2020, we have excluded them from the various movements and averages.

Performance Highlights

Retention Ratio



Total Premium Growth Rate



Total Gross Written Premium

SAR 25.11 Bn.

▲ 11.09%

Loss Ratio



Total Underwriting Result

SAR 2.00 Bn.

▼ -22.16%

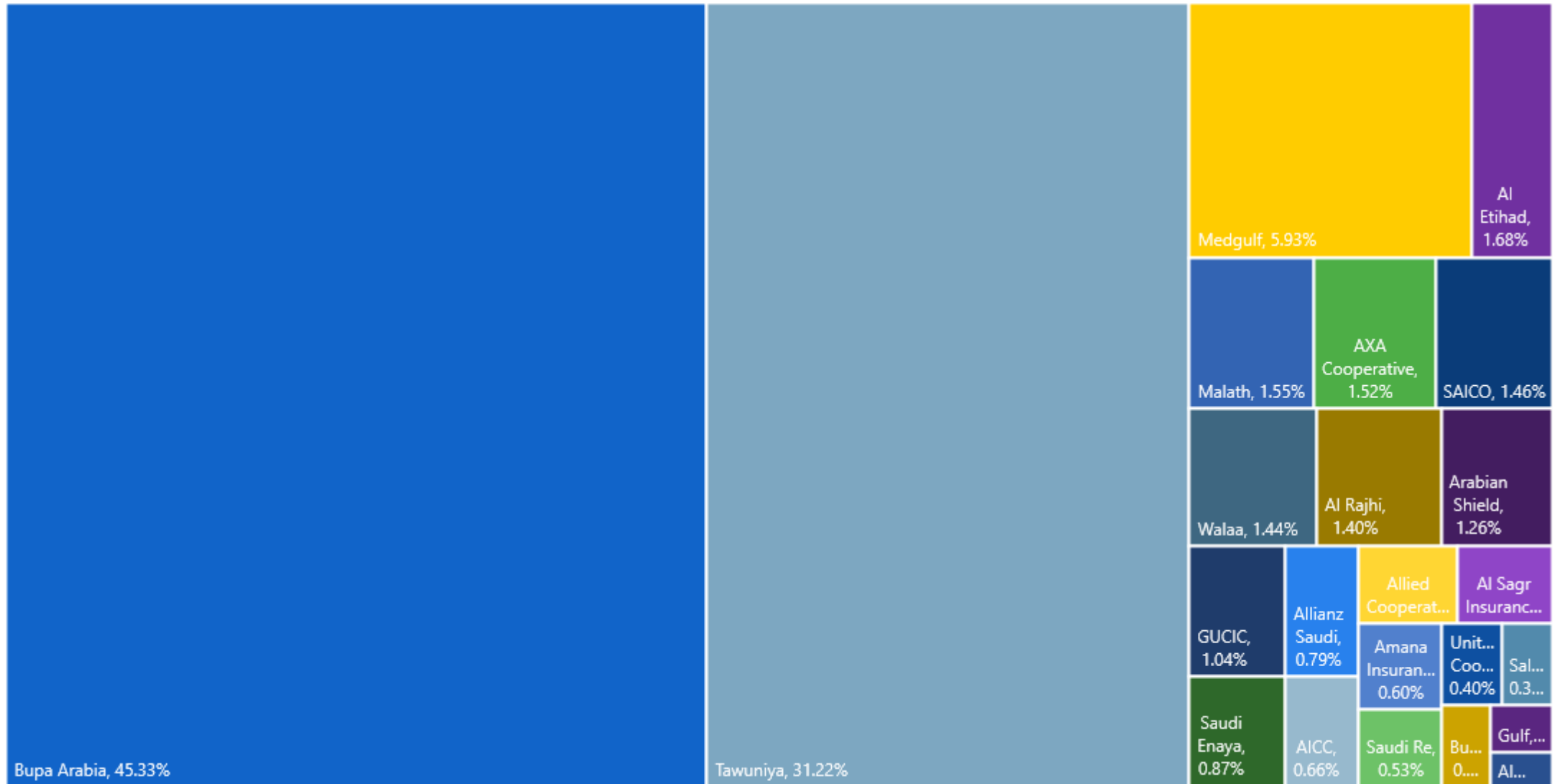
Total Earned Premium



SAR 22.75 Bn.

▲ 5.68%

Market Share Proportion



GWP, NWP, NEP and Rankings

Gross Written Premiums



Net Written Premiums



Net Earned Premiums



| | |
|----------------------|--------------------------|
| 1. Bupa Arabia — | 13. Allianz Saudi — |
| 2. Tawuniya — | 14. AICC ▲ |
| 3. Medgulf — | 15. Allied Cooperative ▲ |
| 4. Al-Etihad ▲ | 16. Al Sagr Insurance ▼ |
| 5. Malath ▲ | 17. Amana Insurance ▼ |
| 6. AXA Cooperative ▼ | 18. Saudi Re ▲ |
| 7. SAICO ▼ | 19. United Cooperative ▲ |
| 8. Walaa ▲ | 20. Salama ▼ |
| 9. Al Rajhi — | 21. Buruj — |
| 10. Arabian Shield — | 22. Gulf ▼ |
| 11. GUCIC ▼ | 23. Al Jazira ▲ |
| 12. Saudi Enaya ▲ | 24. Alinma Tokio — |

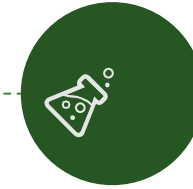
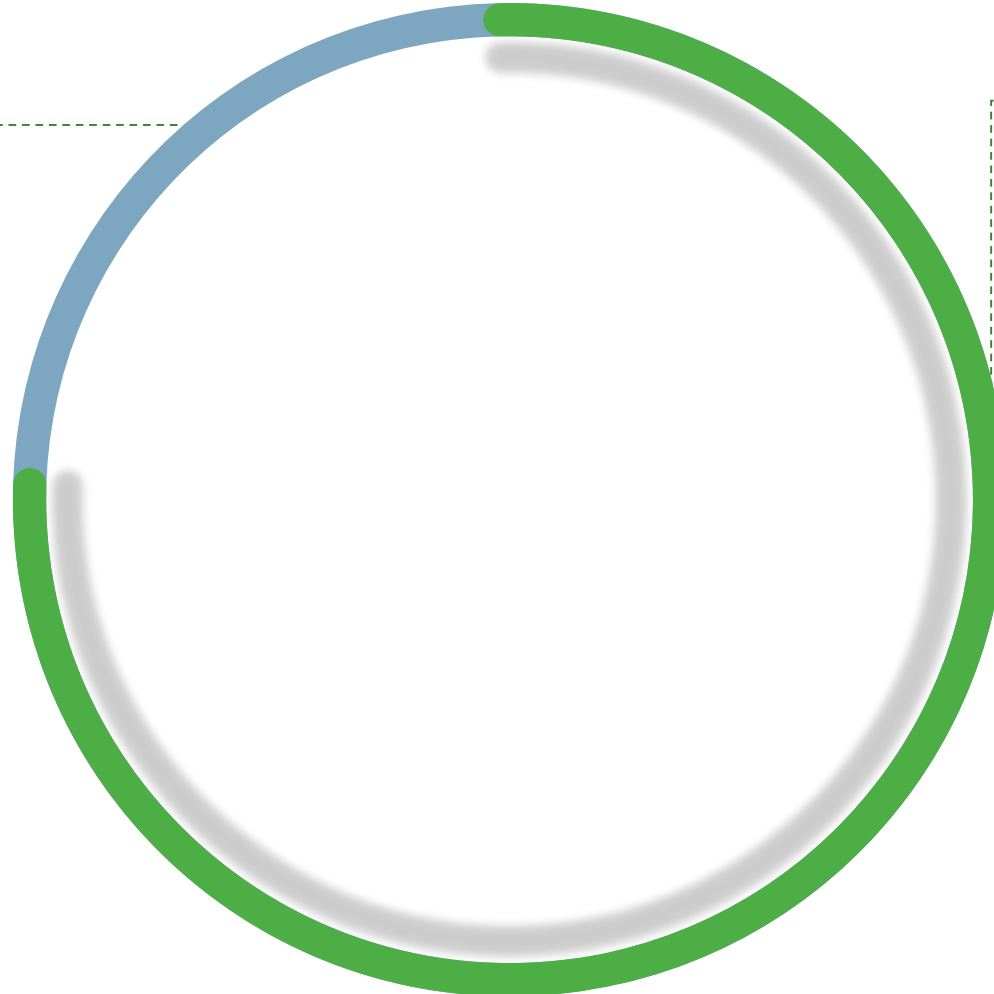
As can be observed, GWP, NWP, and NEP for the entire Medical industry increased smoothly from 2020 to 2021. In terms of ranking with respect to GWP, Bupa Arabia, Tawuniya and Medgulf retain their top 3 spots.

Premium Composition Top 10 vs Other Companies



Other Companies

The remaining companies make up only 7.21% of the entire Medical Market Share.

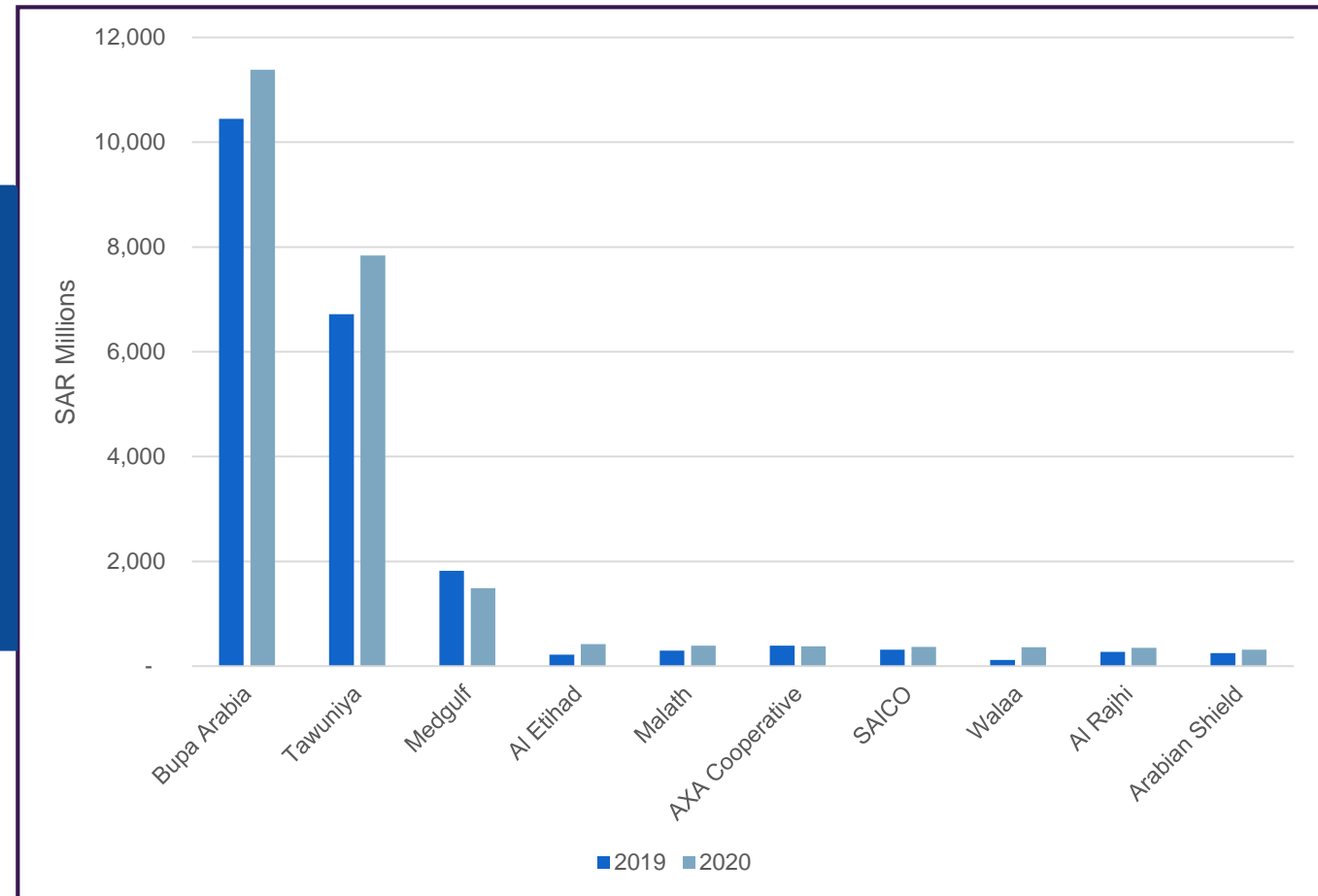


Top 10 Companies

The top 10 companies make up an overwhelming 92.79% of the entire Medical Market Share.

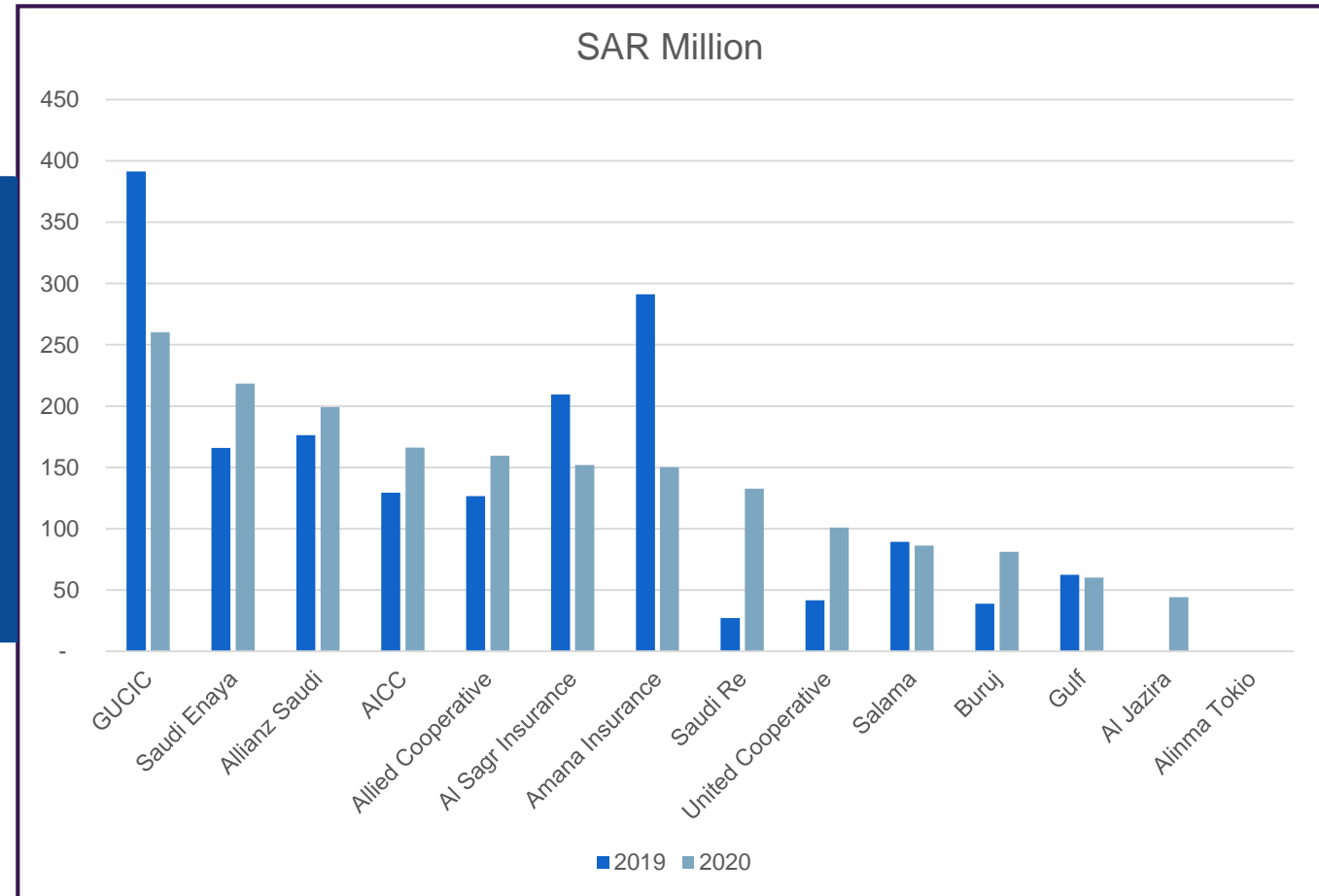
Gross Written Premiums - Top 10 Companies

Bupa Arabia continues to dominate the Medical market, with Tawuniya and Medgulf retaining their second and third rankings, respectively. Except for Bupa Arabia, none of the remaining top companies' GWP crossed the SAR 1000 million mark.

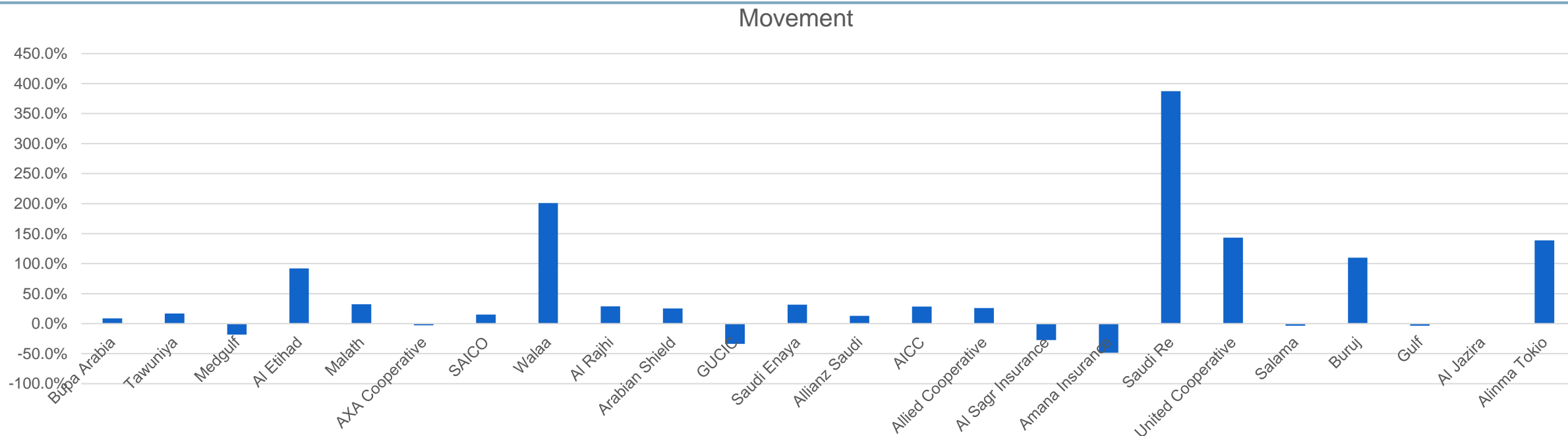


Gross Written Premiums - Other Companies

For the rest of the companies, GUCIC took the first spot of the highest GWP in 2020 and 2021, respectively. Most of these companies experienced a positive movement in their GWP this previous year. GUCIC and Amana Insurance experienced a high decline in their GWP, with Amana experiencing a decline of about 50%.



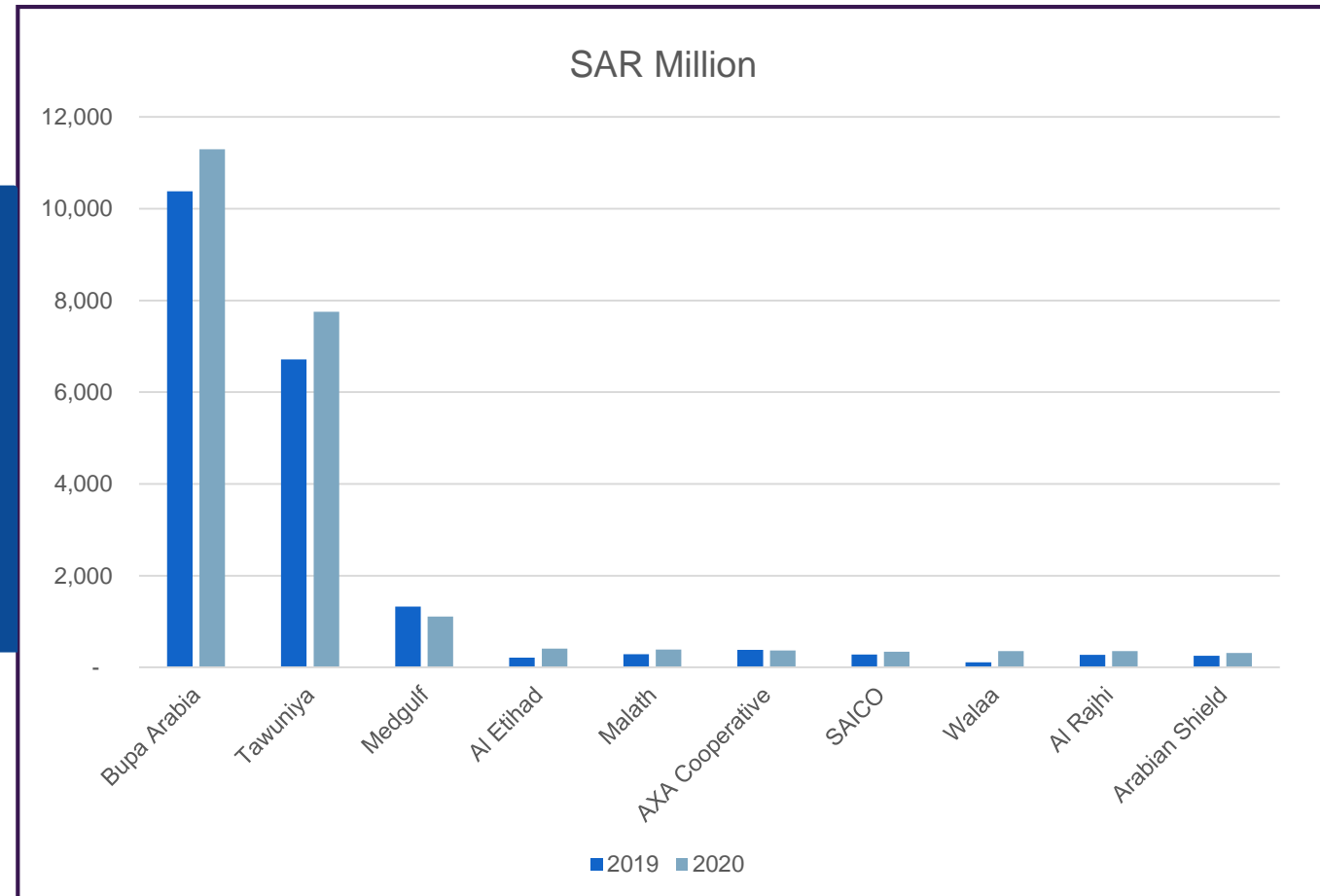
Gross Written Premiums - Movement



As can be observed, Saudi Re experienced the highest movement for 2021, with a staggering value of over 387%. Walaa came in second place, with a value of 201%. Medgulf, AXA Cooperative, GUCIC, Al Sagr Insurance, Amana Insurance, Salama and Gulf were the only companies to experience a negative movement.

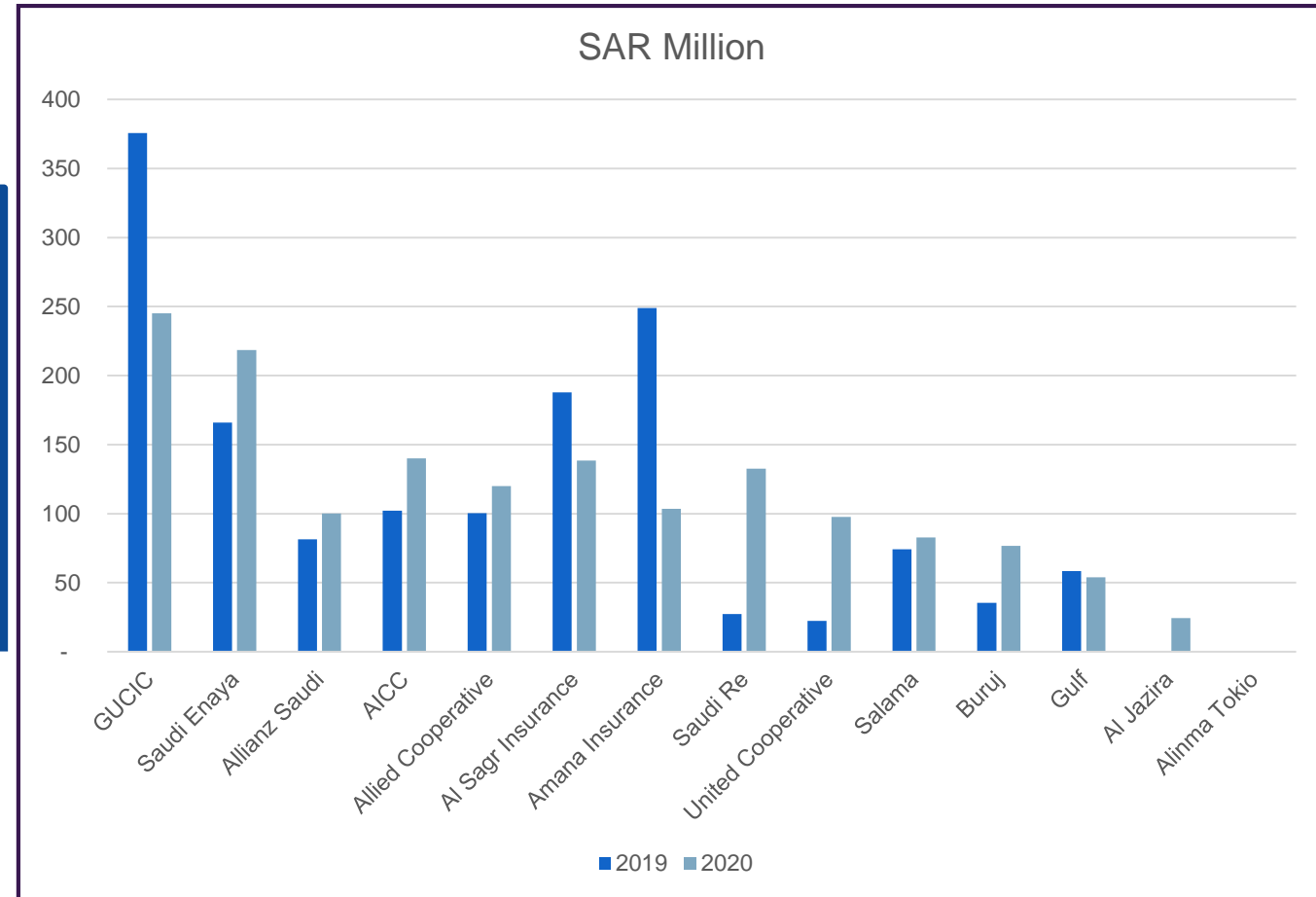
Net Written Premiums – Top 10 Companies

As was the case with GWP, Bupa Tawuniya and Medgulf retained their top three rankings. Of these top 10 companies, only Medgulf and AXA Cooperative experienced a decrease in their NWP from 2020 to 2021.

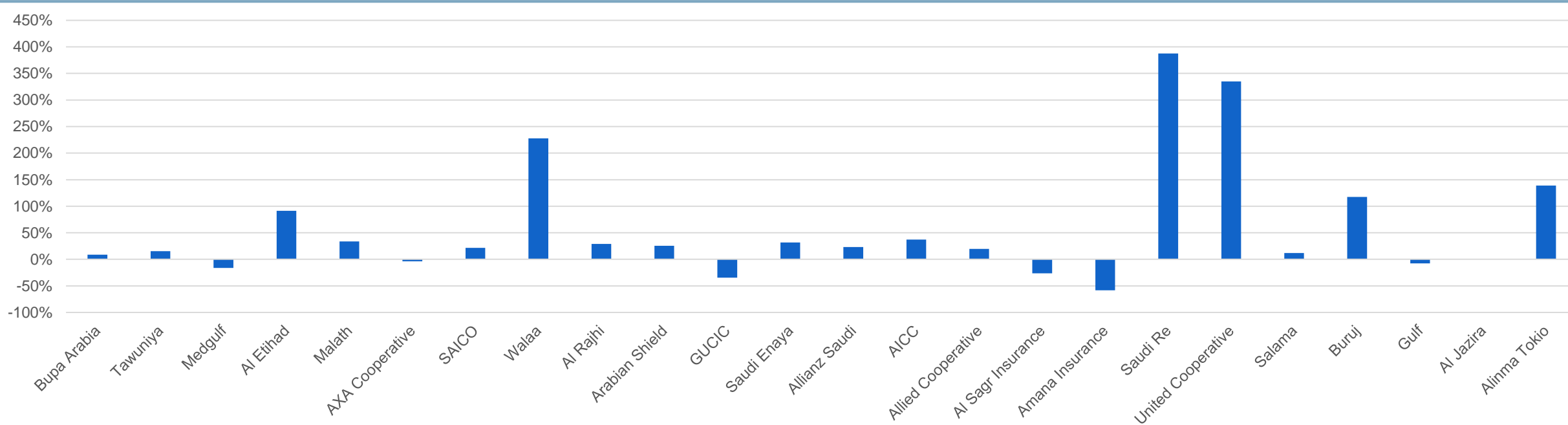


Net Written Premiums - Other Companies

Arabian Shield had the highest NWP for 2021, while GUCIC had the highest NWP for 2020. Most of these companies experienced an increase in their NWP from 2020 to 2021.



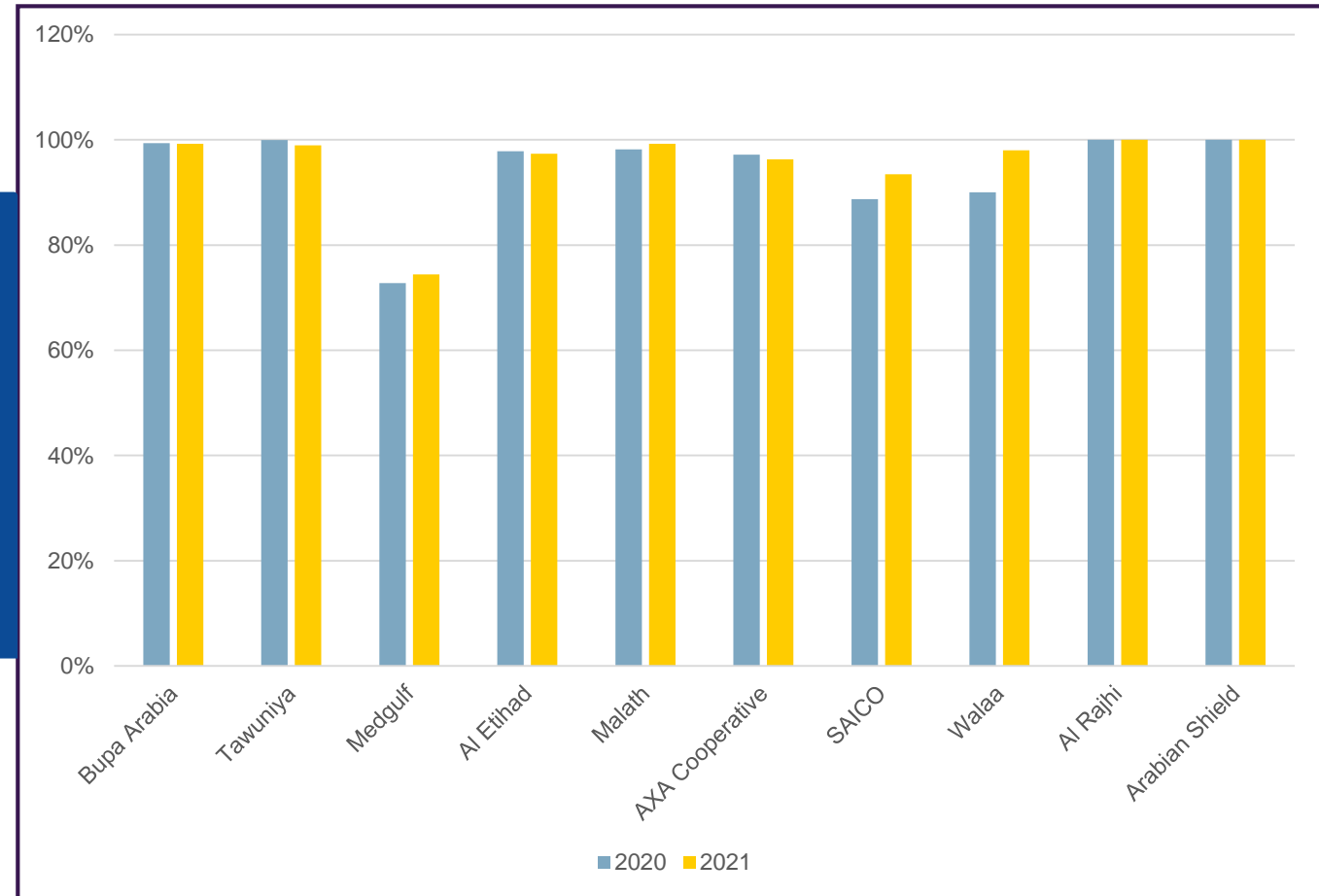
Net Written Premiums - Movement



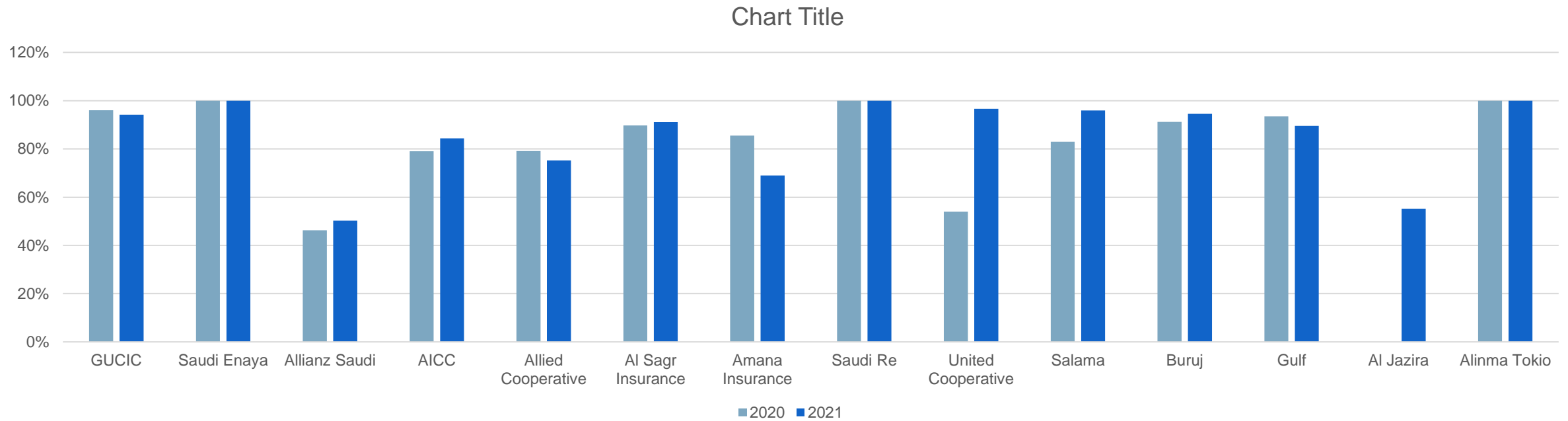
As can be observed, Saudi Re and United Cooperative had the highest movements of NWP in the Medical industry, with values of 387% and 335%, respectively. Most of the companies experienced positive movements in 2021, except for Medgulf, AXA Cooperative, GUCIC, Al Sagr Insurance, Amana Insurance, and Gulf.

Retention Ratio - Top 10 Companies

The retention Ratio for the top 10 companies have been quite high and stable for the past two years, with Medgulf having the lowest Retention Ratio of about 74% in both years.



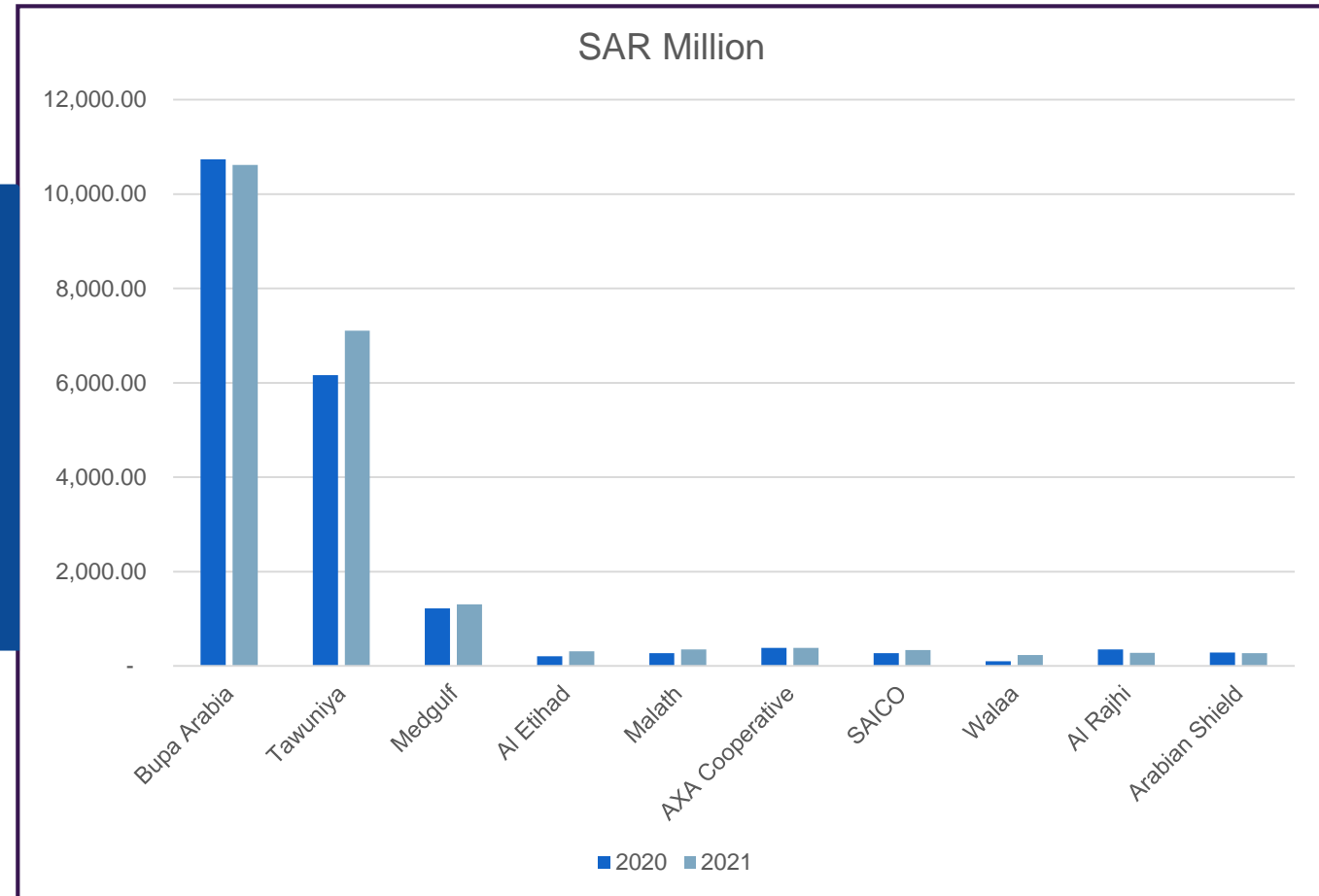
Retention Ratio - Other Companies



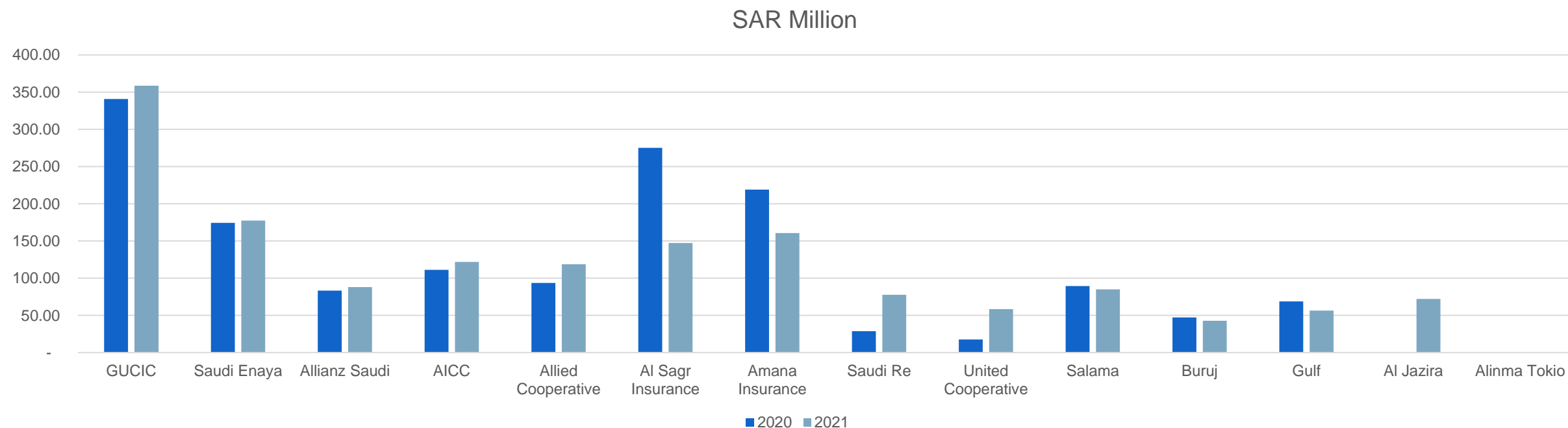
Of the remaining companies, we can observe that a few of them have lower Retention Ratio compared to the rest of the Medical Industry. These are namely Allianz Saudi, Allied Cooperative, Amana Insurance and Al Jazira.

Net Earned Premiums – Top 10 Companies

Not surprisingly, the top 3 companies for 2020 and 2021 are Bupa Arabia, Tawuniya and Medgulf. Bupa Arabia has NEP valued at SAR 10,618 million for 2021. Bupa Arabia and Al Rajhi experienced a negative movement in the past year.

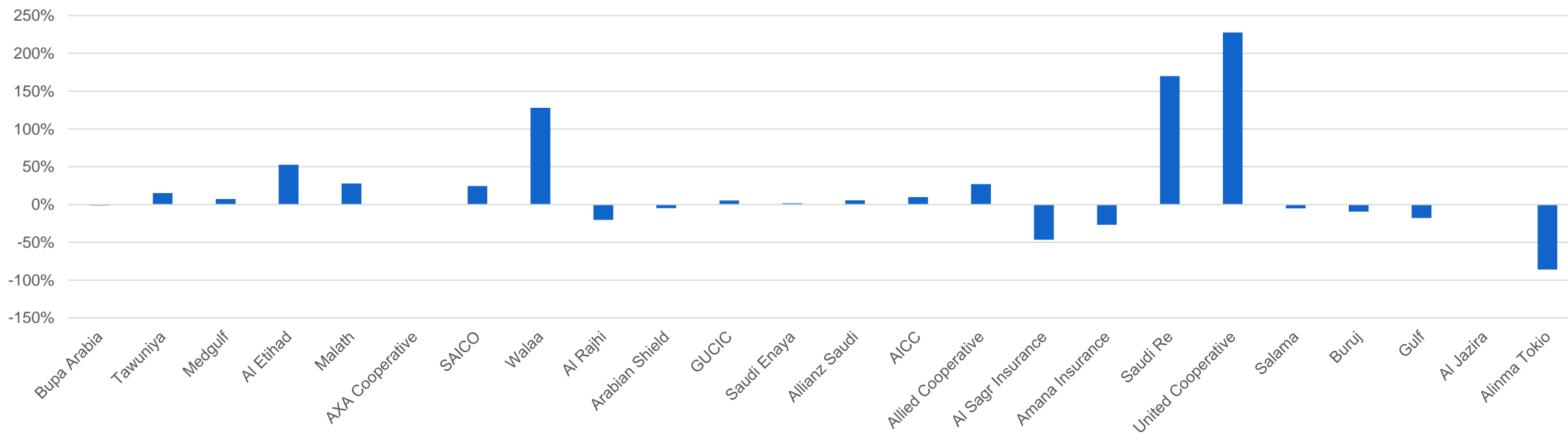


Net Earned Premiums - Other Companies



Of the remaining companies, none of them had NEP higher than SAR 400 million. GUCIC took the highest spot with 359 million for 2021, while Alinma Tokio took the lowest with SAR 0.08 million only.

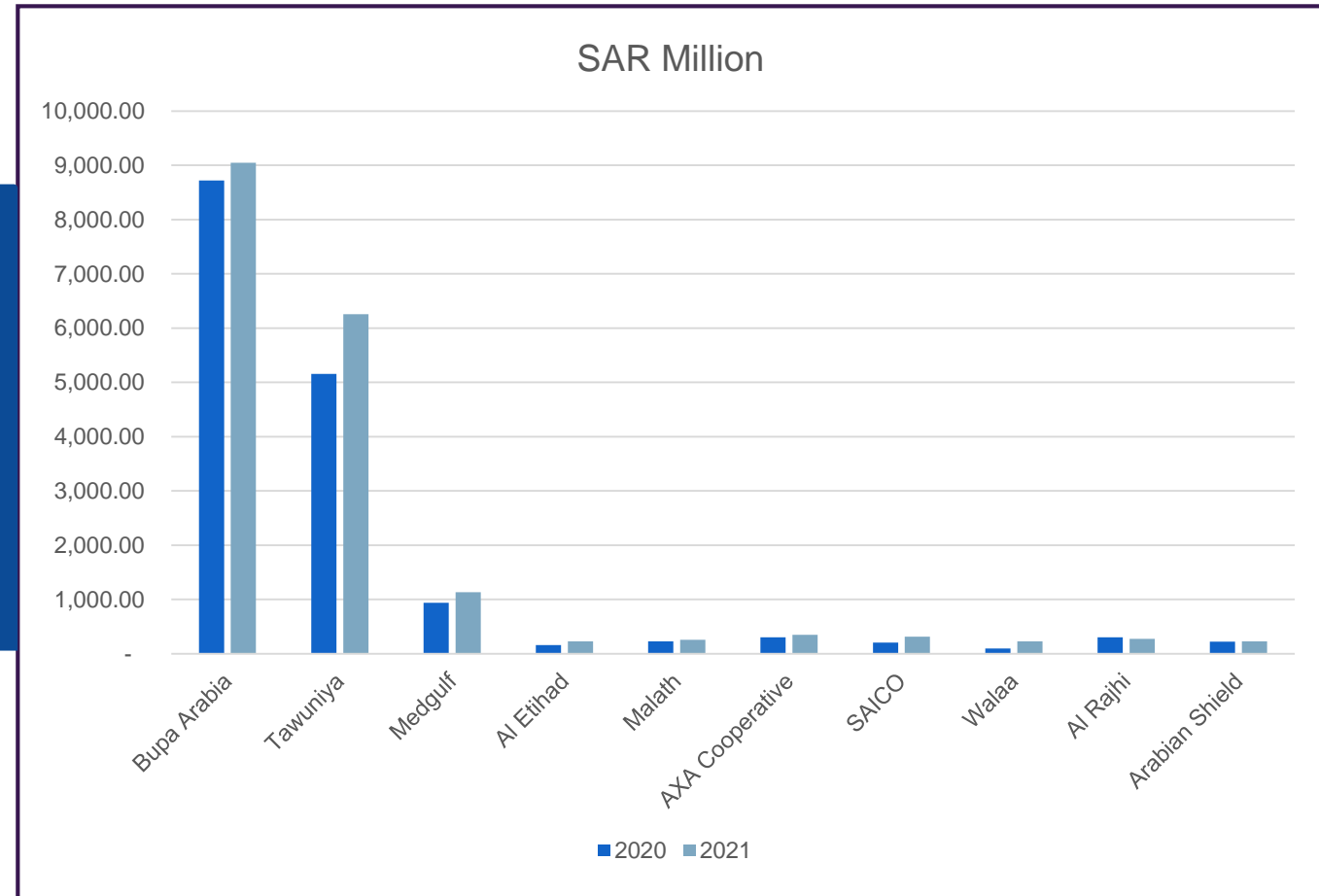
Net Earned Premiums - Movement



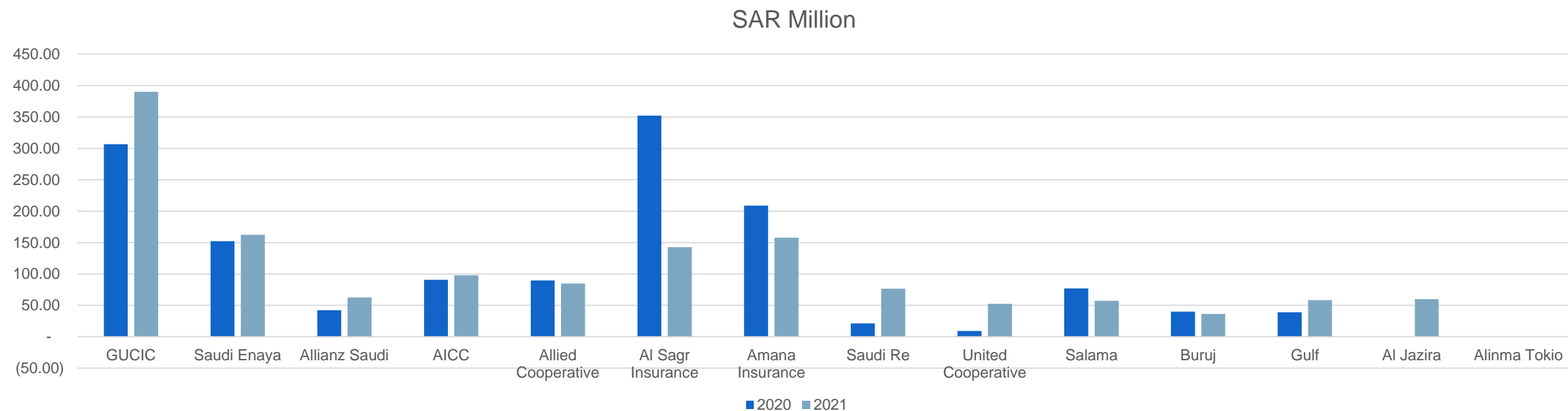
Even though Saudi Re had the highest movements with respect to GWP and NWP for 2021, United Cooperative had the highest movement in its NEP. On the opposite end, Alinma Tokio had the lowest movement, with a value of -86%.

Net Incurred Claims - Top 10 Companies

All of the top 10 companies had an increase in their Incurred Claims, except for Al Rajhi. Bupa Arabia had the highest Incurred Claims for both years. Al Etihad had the lowest Incurred Claims in 2021, while Walaa had the lowest in 2020.



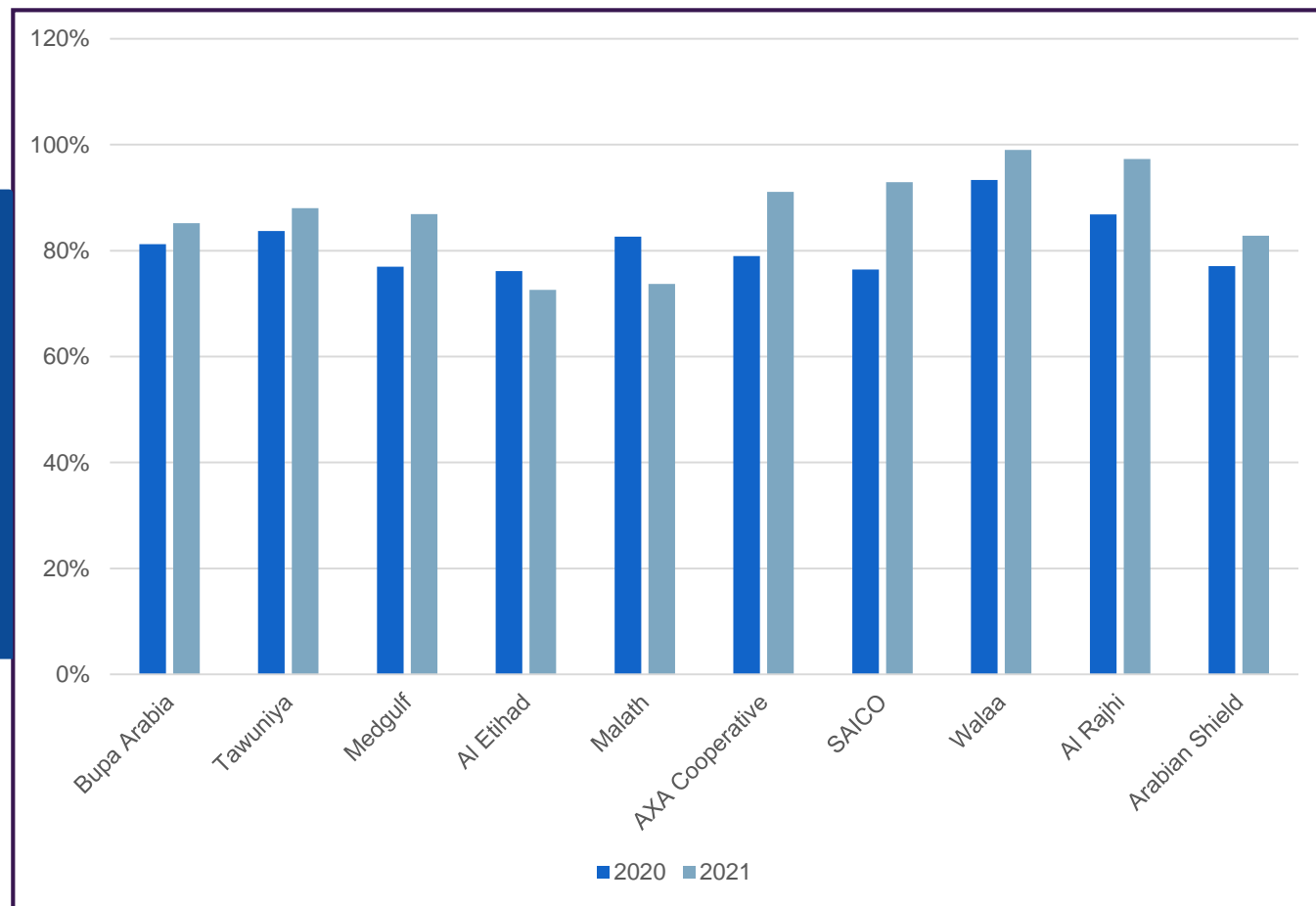
Net Incurred Claims - Other Companies



GUCIC had the highest Incurred Claims for 2021, with a value of SAR 390 million, while Al Sagr Insurance had the highest value of SAR 352 million for 2020. Alinma Tokio had the lowest Incurred Claims in 2021, with a value of SAR 0.15 million only.

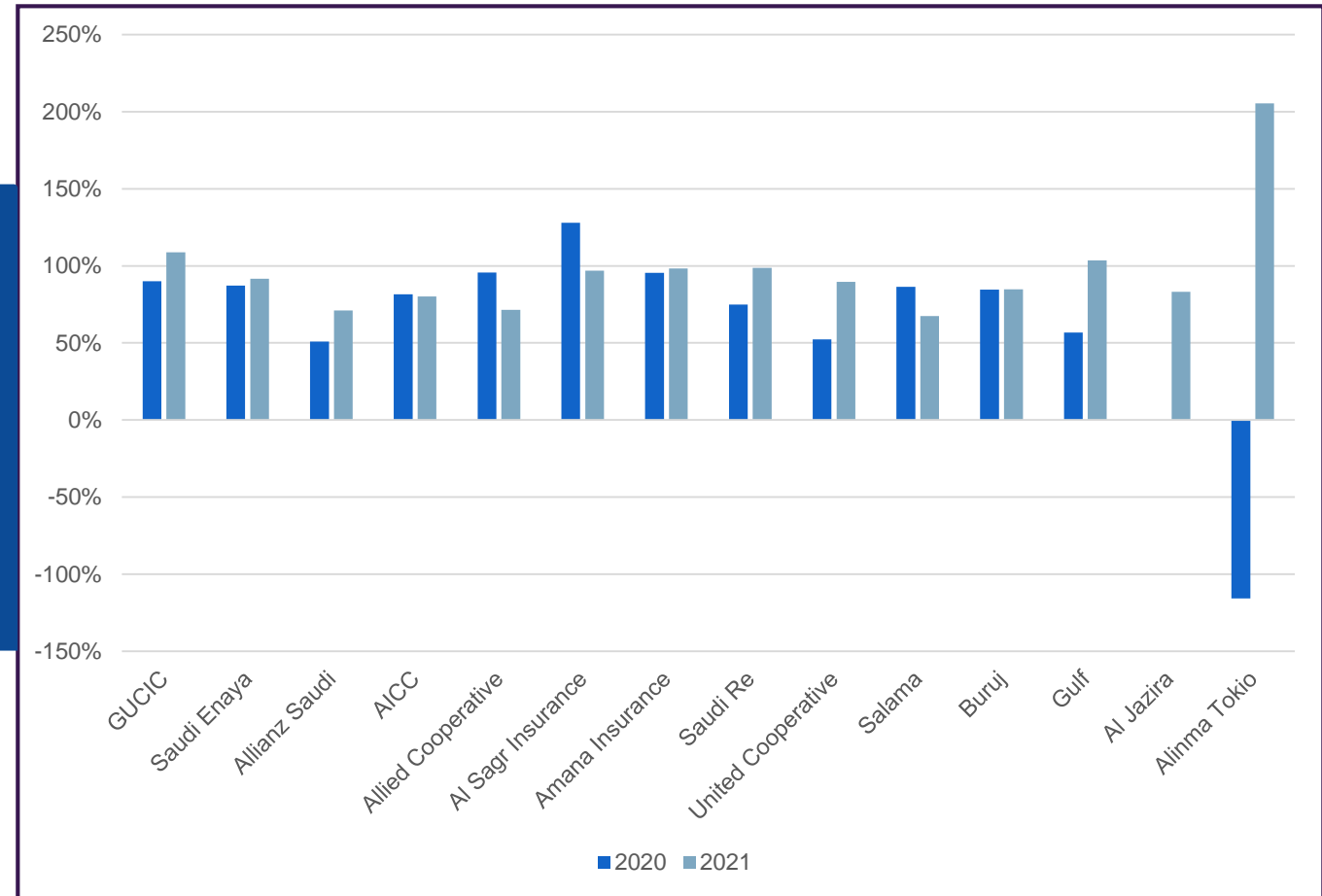
Loss Ratio - Top 10 Companies

Except for Al Etihad and Malath, all of the top companies had an increase in their Loss Ratio in 2021. Walaa had the highest Loss Ratio for 2020 and 2021, with values of 93% and 99%, respectively.

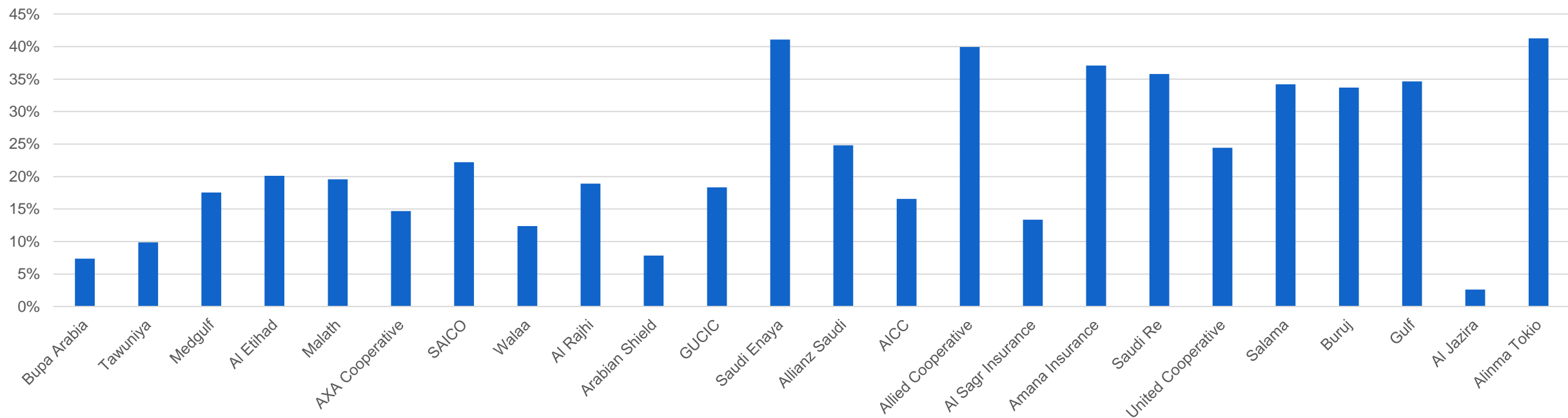


Loss Ratio - Other Companies

Alinma Tokio had the highest Loss Ratio of 205% in 2021. It is also the only company in the Medical industry to have a negative Loss Ratio in the last year. Despite such drastic Loss Ratio, we consider it immaterial given the insignificant absolute values of the items underlying Loss Ratio calculation. Excluding Al Alamiya, the average Loss Ratio of the remaining companies is 96%.

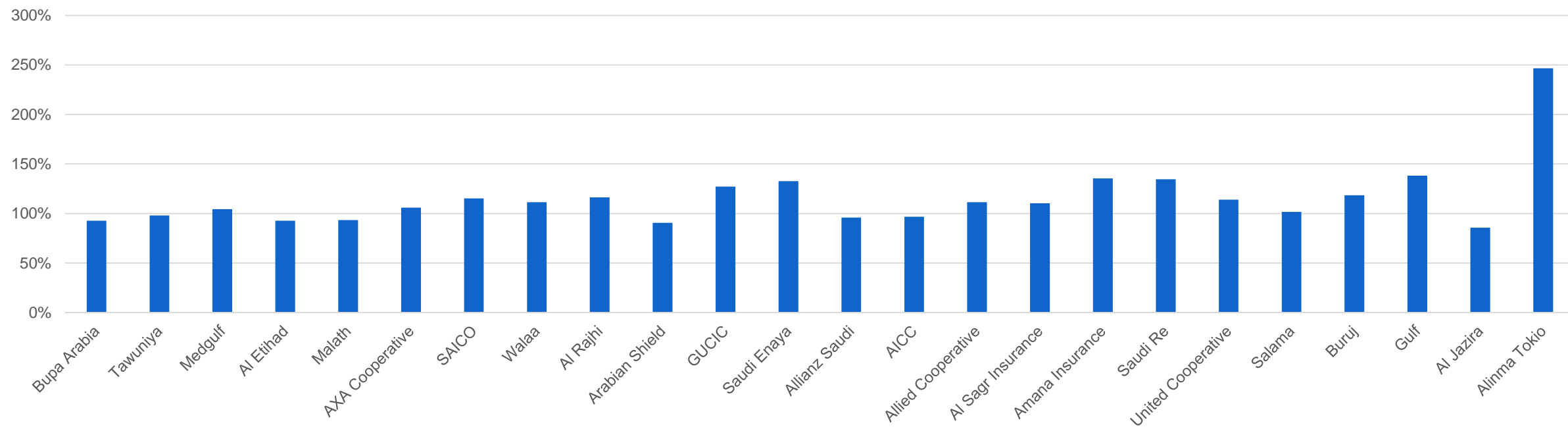


Expense Ratio



Saudi Enaya and Alinma Tokio had the highest Expense Ratio in 2021, a value of 41%. Excluding Al Alamiya, the average Expense Ratio of the Medical industry was 23%.

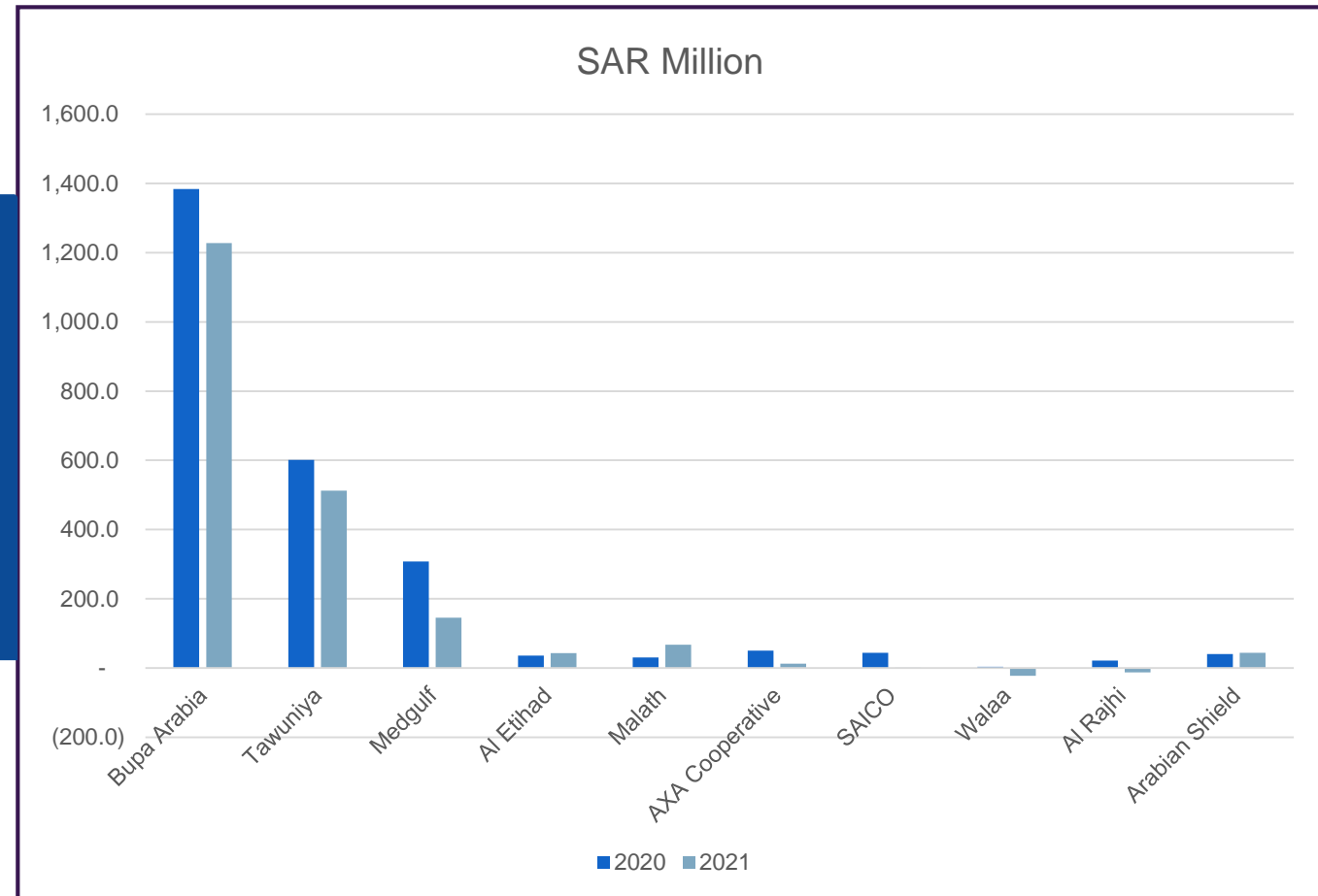
Combined Ratio



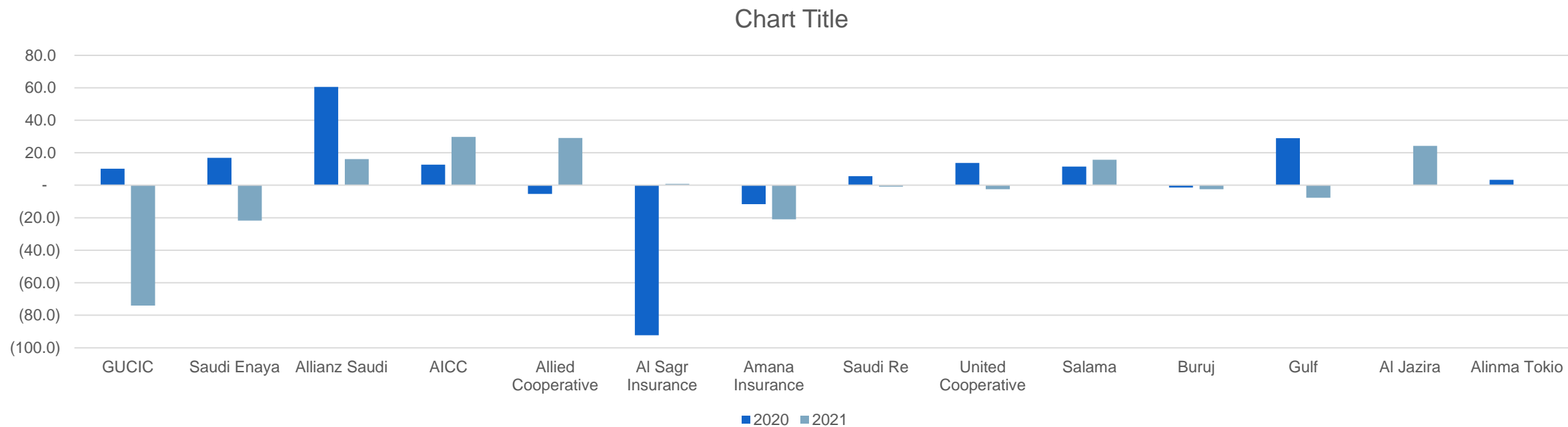
The average Medical industry Combined Ratio was 115%, with Alinma Tokio having the highest ratio in 2021, 247%. Al Jazira had the lowest Expense Ratio of 86%.

Net UW Income - Top 10 Companies

Not surprisingly, the top 3 companies also maintained their rankings in terms of UW Income. However, compared to 2020, their UW Income decreased in 2021. Walaa and Al Rajhi went into UW loss.

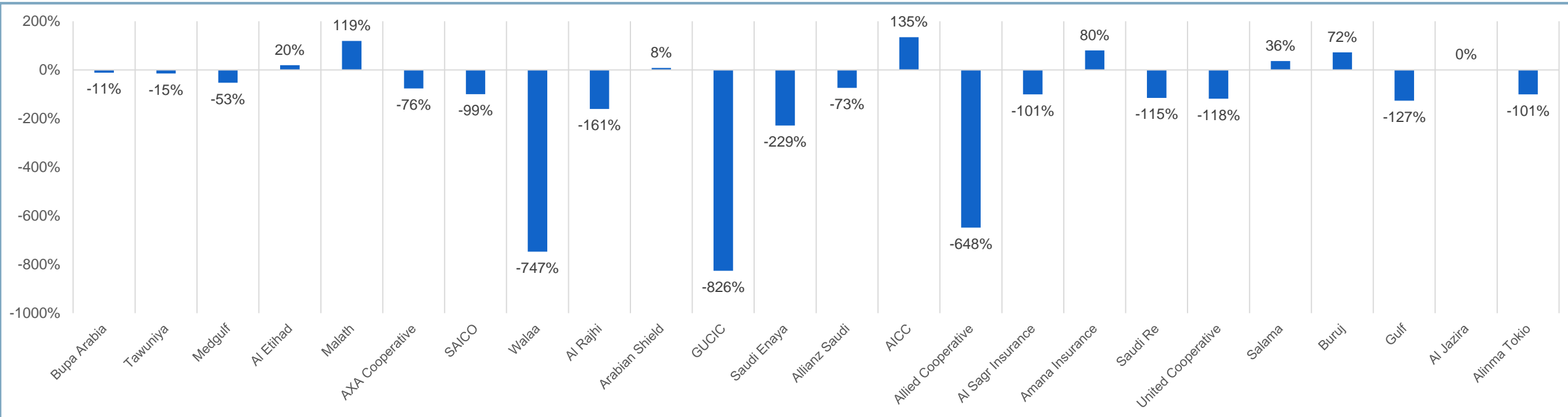


Net UW Income - Other Companies



Of the remaining companies, AICC had the highest UW Income of SAR 29.7 million in 2021. GUCIC had the lowest UW Income in 2021, with a value of SAR -74 million. Allied Cooperative managed to turn its previous year's loss into a profit in 2021.

Net UW Income - Movement



There have been only a few companies that experienced positive movements in the Net Underwriting Income. The highest negative movement was of GUCIC whereas, the highest positive movement was of AICC.

Meet the Team

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SHMACONSULTING

Feedback

SHMA Consulting is proud to present Medical Insurance Industry Analysis – Kingdom of Saudi Arabia 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.



<https://www.linkedin.com/company/shma-consulting/>



www.shmaconsulting.com

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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