

SHMACONSULTING

INSURANCE INDUSTRY

KINGDOM OF SAUDI ARABIA

Q3 - 2023

www.shmaglobal.com





VISION

To nurture the lives of people everywhere and drive success by improving the decisions they make.



MISSION

To bring the future in favor of people by partnering, simplifying and improving more lives every day.



VALUES

People First | Learn & Grow | Excel & Innovate
Integrity & Trust | Belong & Inspire

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ABOUT US

SHMA (DMCC) is a consulting firm that provides a wide range of services to its clientele, aimed to simplifying complexity, supporting your decision-making processes, and giving you a competitive advantage over your competitors. Our employees have extensive experience with a particular focus on regions, including but not limited to UAE, Saudi Arabia, Bahrain, Qatar, Egypt, Senegal, Turkey, Pakistan, and Sri Lanka. We employ experts in the field of consulting, with specific experience to each project's requirements. We are experts in the areas of valuations and underwriting, government advisory, provider service costing, and employee benefits.

Our success is attributed to how seamlessly we integrate with our clients. A common concern people have about consultants is the potential disruption they may cause. However, our clients face no such issues.

SHMA embodies years of cumulative experience in providing solutions for Capital Modeling, Enterprise Risk Management, Business Intelligence and Strategy, and Employee Benefits Planning and Valuation as per IFRS / US GAAP. All our services are case-specific, focusing on the client's individual needs.

SHMA has a fully-owned subsidiary in Pakistan named [SIR Consultants \(Pvt\) Ltd.](#)



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

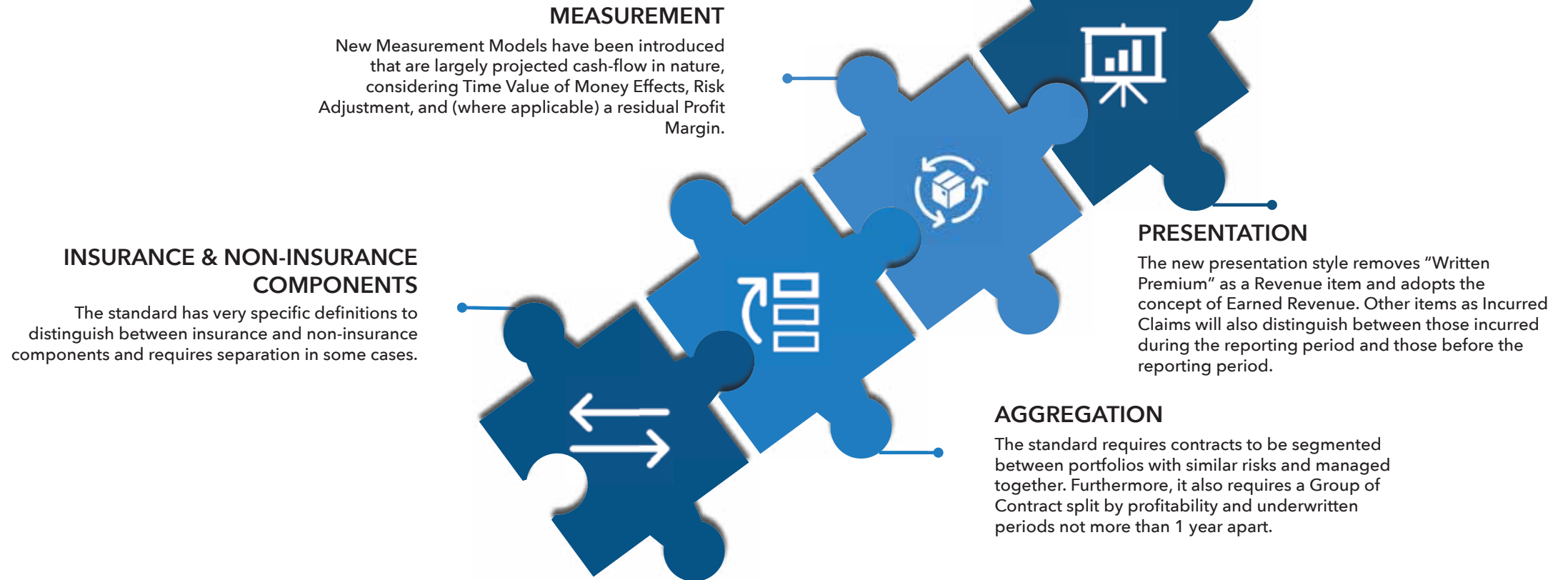
LIMITATIONS AND DISCLAIMERS

- ❖ The data used to prepare this report has been collected from Tadawul.
- ❖ The information, materials, and opinions presented in this report are for general information purposes only.
- ❖ The information presented in this report is not intended to constitute legal or other professional advice and should not be relied on or treated as a substitute for advice pertaining to specific circumstances. However, we make reasonable efforts to update the information in this report.

INDUSTRY HIGHLIGHTS

- ❖ Al-tizam for Electronic Insurance Brokers and Altheqa Insurance Brokers have been licensed by the Saudi Central Bank (SAMA) to operate as insurance aggregators in Saudi Arabia. These new approvals bring the total number of insurance aggregators in the Saudi market to five.
- ❖ Al Alamiya for Cooperative Insurance Co. announces the launch of its new brand under the trade name (Liva) and the change of its commercial name from " Al Alamiya for Cooperative Insurance Company " to "Liva Insurance Company".
- ❖ Gulf Insurance Group (GIG) has been granted approval by the Saudi Arabian Central Bank (SAMA) to add the protection and savings insurance business to its license in the country. The marketing of the new life products, scheduled to begin during the fourth quarter of 2023, is expected to have a positive impact on the company's financial results.
- ❖ On 27 September 2023, Abu Dhabi National Insurance Company (ADNIC) signed an agreement with Allianz for the acquisition of 51% of its Saudi subsidiary Allianz Saudi Fransi. The transaction is valued at 499.008 million SAR (133.1 million USD).
- ❖ Moody's has confirmed Chubb Arabia Cooperative Insurance's "A3" financial strength rating with a stable outlook. The rating reflects the company's good asset quality, supported by a conservative investment strategy. The rating agency's decision is also justified by the Saudi insurer's strong profitability, demonstrated by a five-year average combined ratio of 78.2%.
- ❖ Professionals in the Saudi insurance industry are expecting lower motor insurance rates in the upcoming months. This follows the General Department of Traffic's announcement regarding the introduction of electronic monitoring of motor insurance violations. Starting from 1 October 2023, motorists who fail to insure their vehicles will be fined between 100 and 150 SAR (26.6 and 40 USD). This decision is expected to increase the number of motor insurance policies underwritten.
- ❖ The Saudi Arabian Capital Market Authority (CMA) has authorized Arabian Shield Cooperative Insurance to increase its share capital. The figure was thus raised from 638 524 620 SAR (170 053 792 USD) to 798 152 950 SAR (212 566 488 USD). This capital increase is part of the planned merger between Arabian Shield and Alinma Tokio Marine Insurance, two companies listed on the Saudi Tadawul stock exchange.

IFRS 17 – OVERVIEW



INCOME STATEMENT - ILLUSTRATION

IFRS-4 P&L	AMOUNT
Gross Premium	xx
Premiums Ceded to Reinsurers	(xx)
Change in NET UPR	(xx)
Net Earned Premium	xx
Investment Income	xx
Total Revenue	xx
Net Claims Benefits & Expenses	(xx)
Claims & Expenses Ceded to Reinsurers	(xx)
Acquisition Cost Amortization	(xx)
Change in Insurance Contract Liabilities (Net)	(xx)
Total Expenses	(xx)
Profit Before Tax	xx

IFRS-17 P&L	AMOUNT
Insurance Revenue	xx
Expected Claims & Expenses	xx
Expected Acquisition Cost	xx
CSM Release	xx
Premium Experience Adjustments	xx
Risk Adjustment Release from LFRC	xx
PAA Revenue	xx
Insurance Expense	(xx)
Actual Claims & Expenses	(xx)
Actual Acquisition Cost	(xx)
Changes in Prior Year Estimates	(xx)
Insurance Service Result	xx
Net Reinsurance Result	xx
Finance Expense from Insurance Contracts	(xx)
Finance Income from Reinsurance Contracts	xx
Total Finance Expense	(xx)
Investment Income	(xx)
Other Expenses	xx
Other Income	
Profit Before Tax	xx

GMM LFRC Release

PAA Revenue Only (Earned Premium)

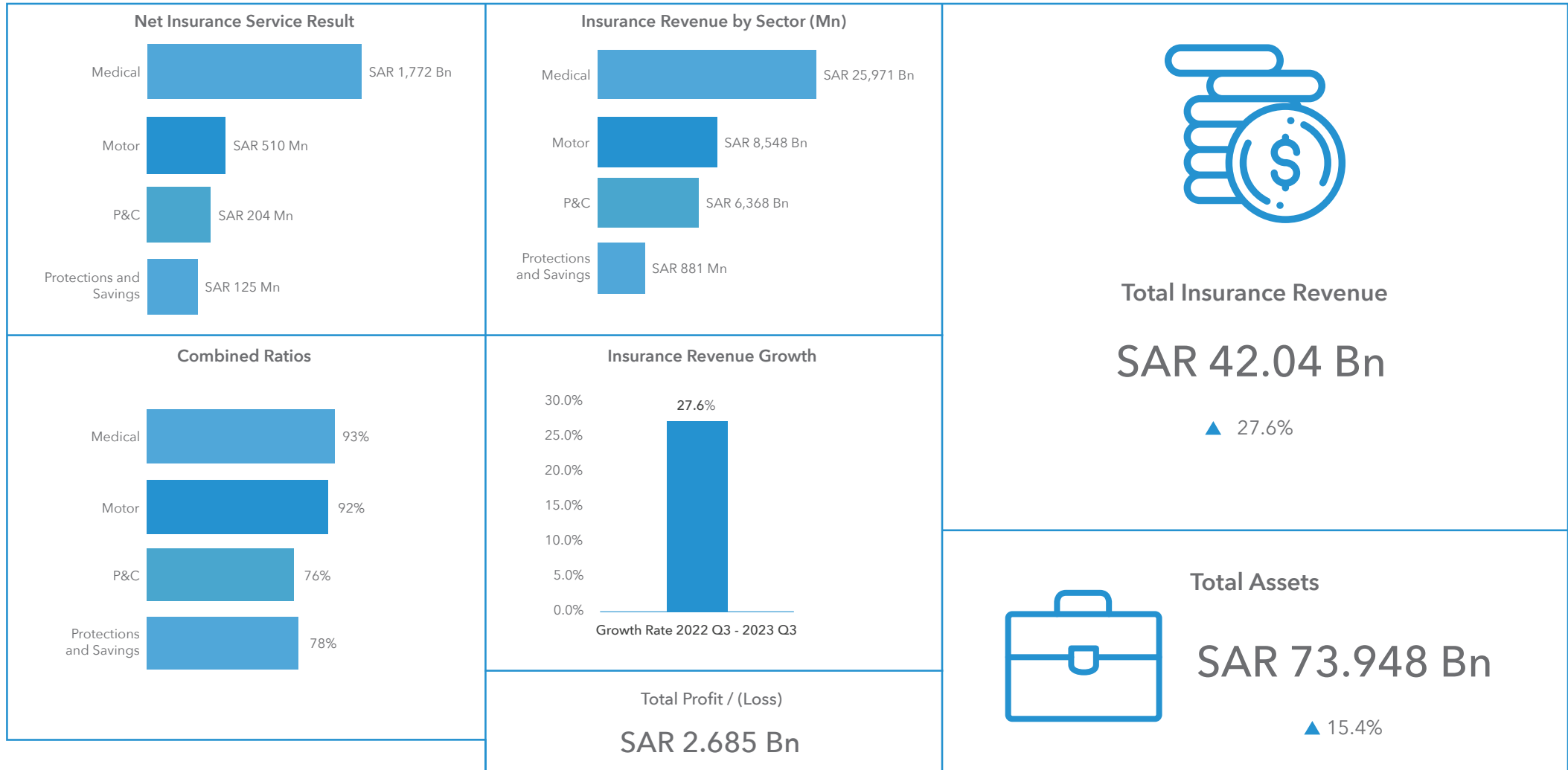
Relating to Claims Incurred in Reporting Period Only
Past Loss Estimate Changes (Loss Date Before Opening)

Net Reinsurance Recoveries

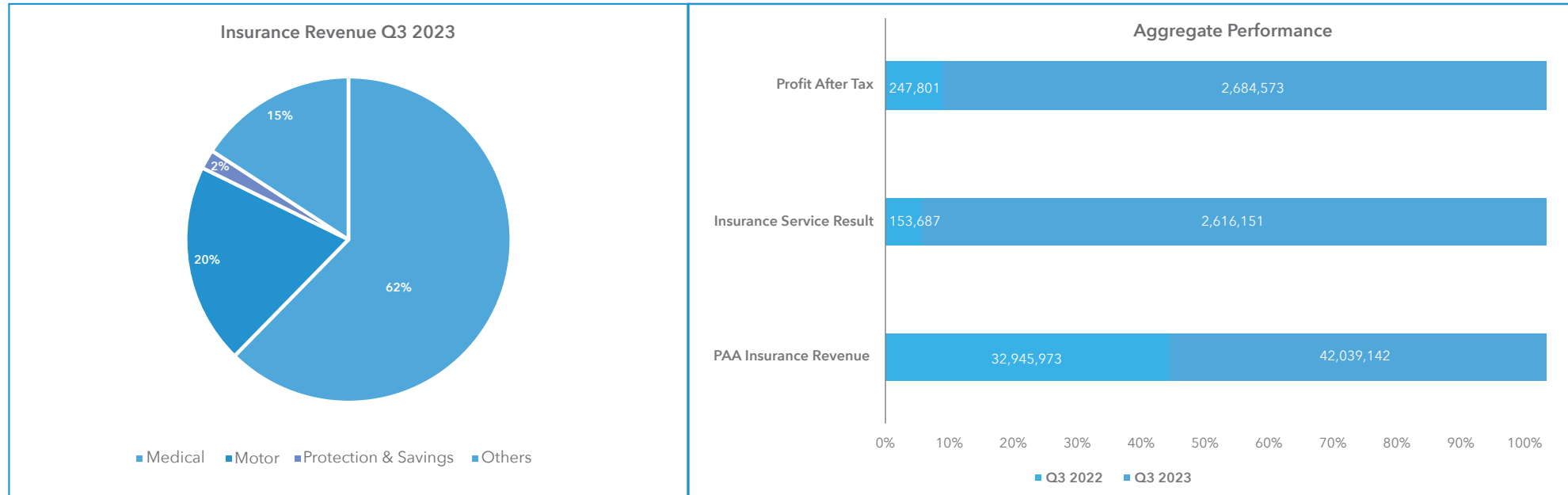
Movement in Liability due to Discount Rate Roll-forward

Unattributable Expenses

PERFORMANCE HIGHLIGHTS



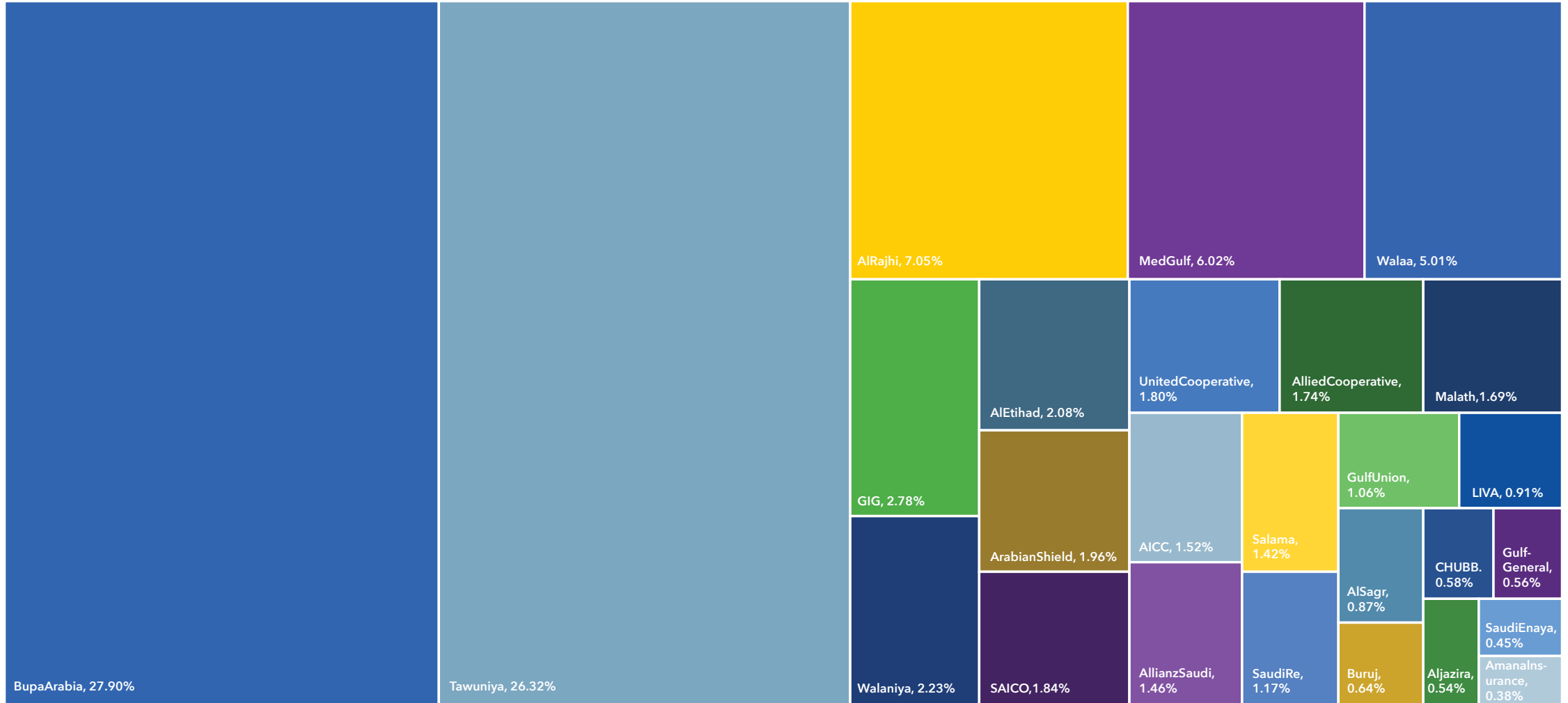
AGGREGATE PERFORMANCE



The Medical Line of Business (LOB) in the insurance sector of KSA experienced a notable 28% growth in its revenue. It now constitutes the largest portion of Insurance Revenue at 62%. Following closely is motor insurance, contributing 20% to the total revenue, while Protection & Savings remains the smallest sector with a mere 2% share.

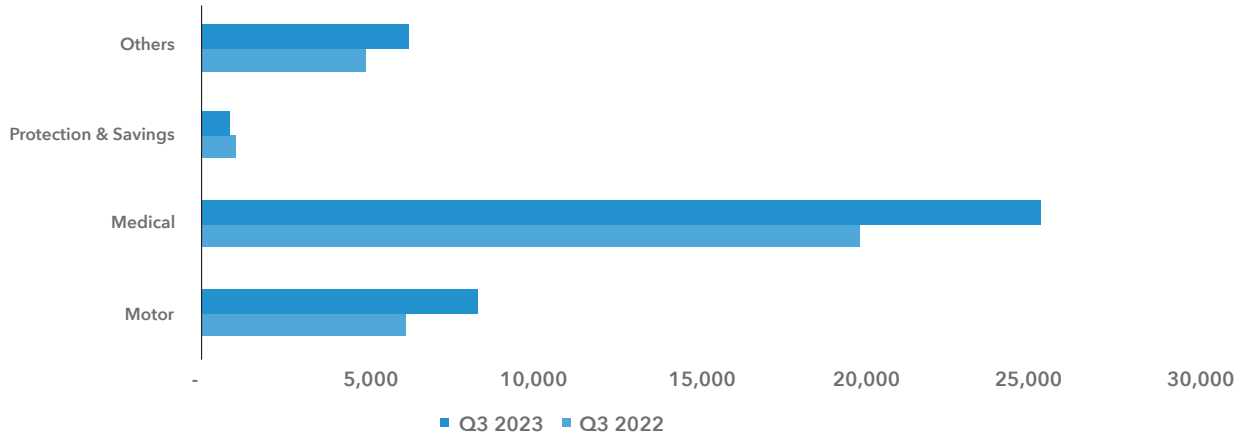
The PAA Insurance revenue increased from SAR 32.946 billion in Q3 2022 to SAR 42.039 billion in Q3 2023. This suggests insurers successfully acquired new customers, increased sales of insurance products, or potentially raised their premiums; the remarkable transformation led to a positive insurance service result of SAR 2.616 billion, signifying a significant enhancement in the efficiency and profitability of their insurance operations. Moreover, Profit After Tax saw substantial improvement, reaching SAR 2.685 billion, indicating a noteworthy recovery and positive shift in the industry's performance during Q3 2023.

MARKET SHARE PROPORTION

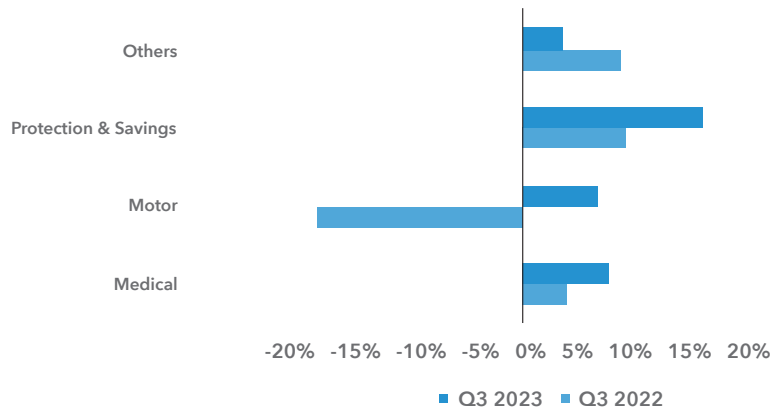


INSURANCE REVENUE & RANKINGS

Insurance Revenue by Sector (Billions)

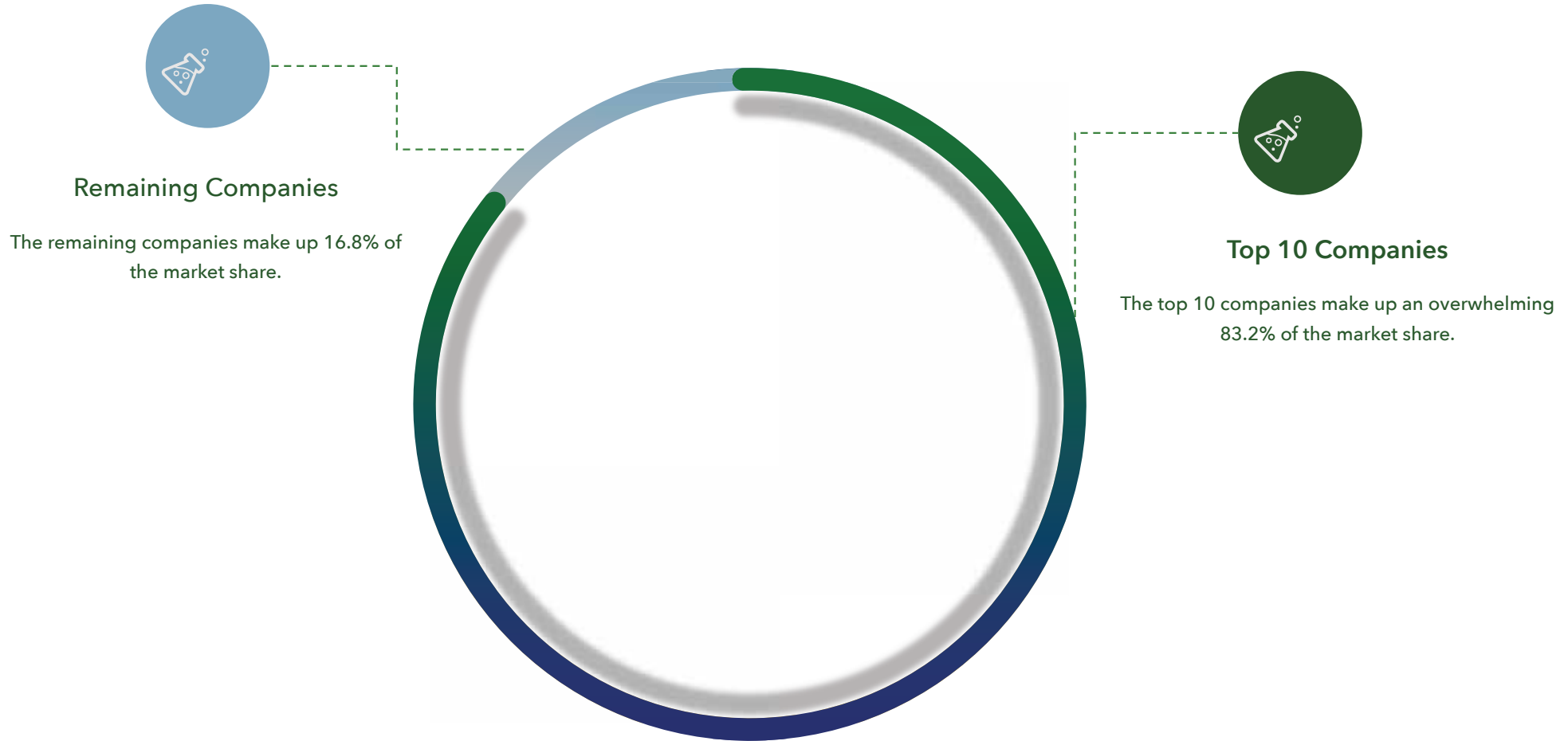


Insurance Service Ratio By Sector (Billions)



1. Bupa Arabia	—	18. Gulf Union	—
2. Tawuniya	—	19. LIVA	▲
3. Al Rajhi	—	20. Al Sagr	▼
4. MedGulf	▲	21. Buruj	▼
5. Walaa	▼	22. Gulf General	▼
6. GIG	—	23. CHUBB	▲
7. Wataniya	▲	24. Al Jazira	▲
8. Al Etihad	▼	25. Saudi Enaya	—
9. Arabian Shield	—	26. Amana Insurance	▼
10. SAICO	—		
11. Malath	▼		
12. Allied Cooperative	▲		
13. United Cooperative	▲		
14. AICC	▲		
15. Salama	—		
16. Allianz Saudi	▼		
17. Saudi Re	▼		

INSURANCE REVENUE COMPOSITION TOP 10 VS. REMAINING COMPANIES



Remaining Companies

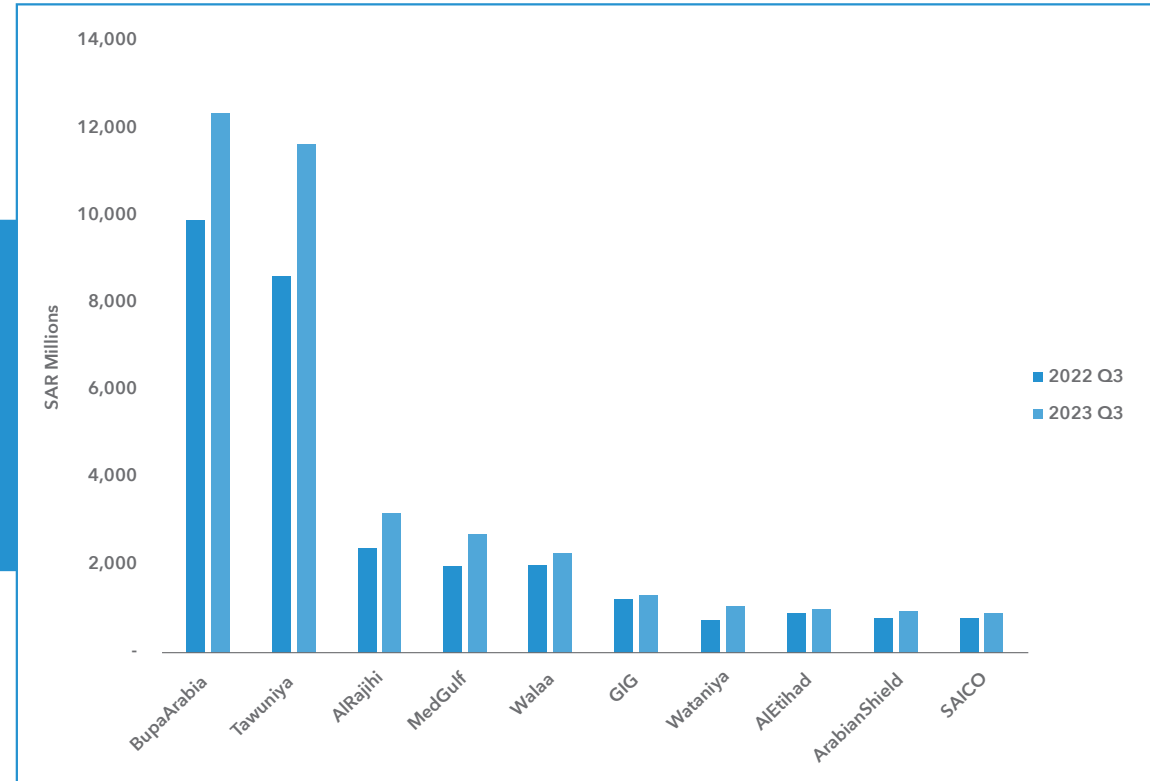
The remaining companies make up 16.8% of the market share.

Top 10 Companies

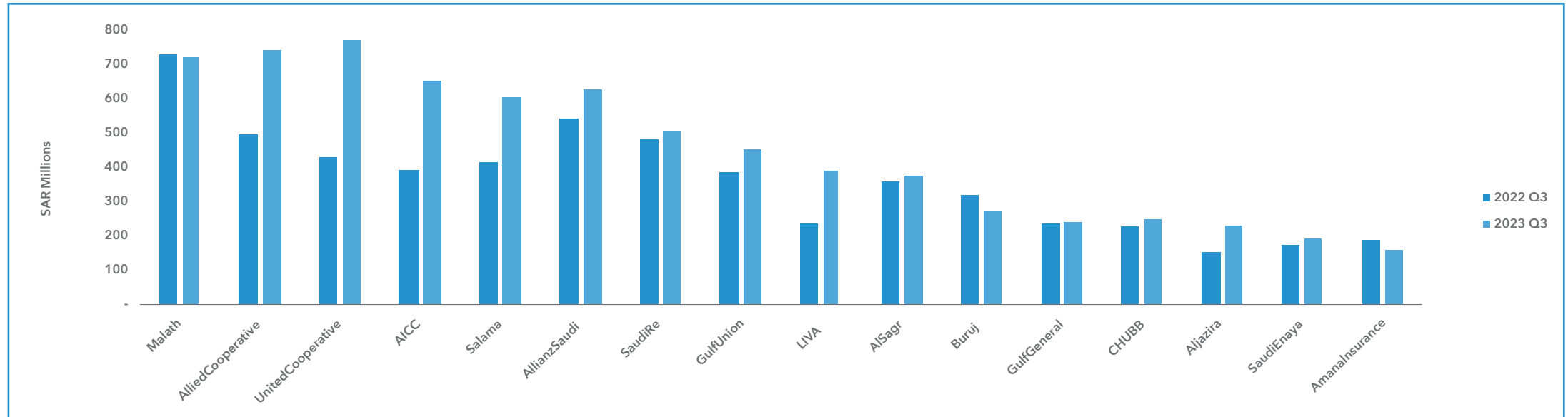
The top 10 companies make up an overwhelming 83.2% of the market share.

INSURANCE REVENUE – TOP 10 COMPANIES

The insurance revenue for the top 10 listed insurance companies in KSA for Q3 2022 and Q3 2023 indicates a notable overall growth in the industry. Across the board, each company experienced an increase in revenue during the specified period. Bupa Arabia and Tawuniya emerged as the top performers, witnessing substantial growth with Bupa Arabia's revenue escalating from SAR 9,453 billion to SAR 11,728 billion, and Tawuniya's revenue rising from SAR 8,148 billion to SAR 11,065 billion. AlRajhi, MedGulf, and Walaa also exhibited positive trends, contributing to the sector's overall expansion. While smaller in scale, companies like GIG, Wataniya, AlEtihad, Arabian Shield, and SAICO displayed commendable growth, reinforcing the upward trajectory of the insurance market in Saudi Arabia. This robust performance across the industry suggests a favorable economic environment and increasing demand for insurance products and services in the region.

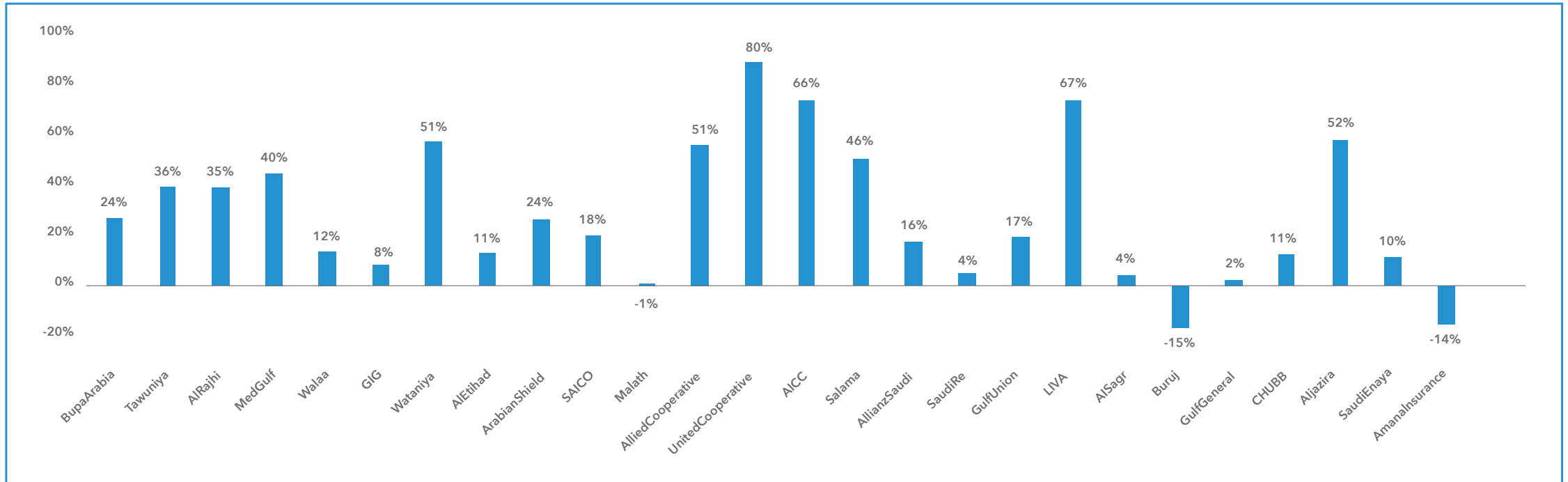


INSURANCE REVENUE – OTHER COMPANIES



The insurance revenue for entities outside the top 10 insurance companies in KSA for Q3 2022 and Q3 2023 reveals a diverse landscape within the industry. While some companies, such as Allied Cooperative and United Cooperative, experienced substantial growth in revenue, showcasing increases from SAR 486 million to SAR 731 million and SAR 421 million to SAR 758 million, respectively, others faced varying performance trends. Notably, a few companies, including Amana Insurance and Buruj, witnessed a decline in revenue during this period. This suggests a nuanced scenario within the insurance sector, with some players successfully capitalizing on market opportunities and others adapting to challenges. The overall picture indicates that the industry is dynamic, with individual companies responding differently to market forces. As the landscape evolves, factors such as strategic positioning, market penetration, and product innovation are likely to play crucial roles in determining the success of these companies in the Saudi Arabian insurance market.

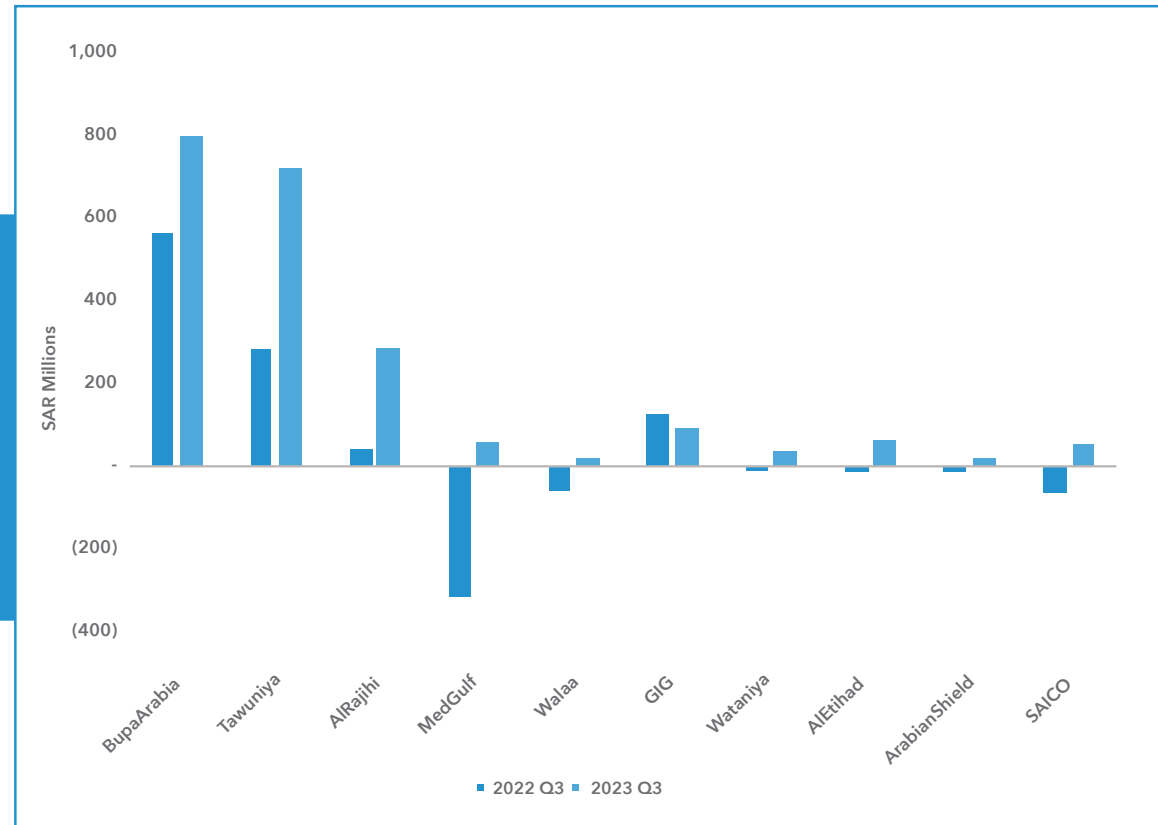
INSURANCE REVENUE – MOVEMENT



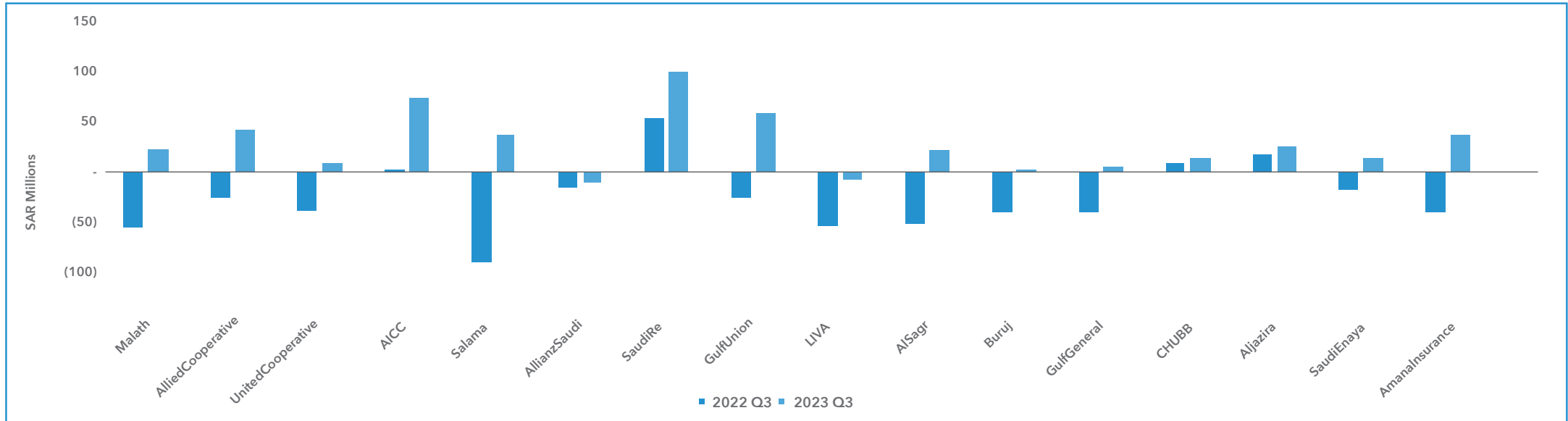
The analysis of the growth rates in insurance revenue for the insurance companies in Saudi Arabia from Q3 2022 to Q3 2023 reveals a dynamic and diverse landscape. Several companies, including United Cooperative, AICC, and LIVA, stand out with remarkably high growth rates of 80%, 66%, and 67%, respectively, reflecting robust performances and effective strategic initiatives. Notably, industry giants like Tawuniya, MedGulf, and Wataniya also experienced substantial growth at 36%, 40%, and 51% respectively, underscoring their resilience and adaptability in the market. However, some companies faced challenges, as evidenced by negative growth rates for Malath and Amana Insurance at -1% and -14%, respectively, suggesting potential areas for improvement or shifts in market dynamics.

NET INSURANCE SERVICE RESULTS – TOP 10 COMPANIES

The Insurance Service results for the top 10 listed insurance companies in KSA for Q3 2022 and Q3 2023 provide insights into the financial performance of these industry leaders. Bupa Arabia and Tawuniya stand out with substantial growth, demonstrating an impressive increase in their service results from SAR 566 million to SAR 798 million and SAR 284 million to SAR 716 million, respectively. This growth suggests effective business strategies and strong market positions. AlRajhi and MedGulf also show notable positive trends, rebounding from lower figures in Q3 2022 to healthier service results in Q3 2023. However, companies like Walaa, Wataniya, AlEtihad, and SAICO exhibited positive performance trends from Q3 2022 to Q3 2023, with improvements in their service results. AlEtihad, in particular, experienced substantial growth during this period.

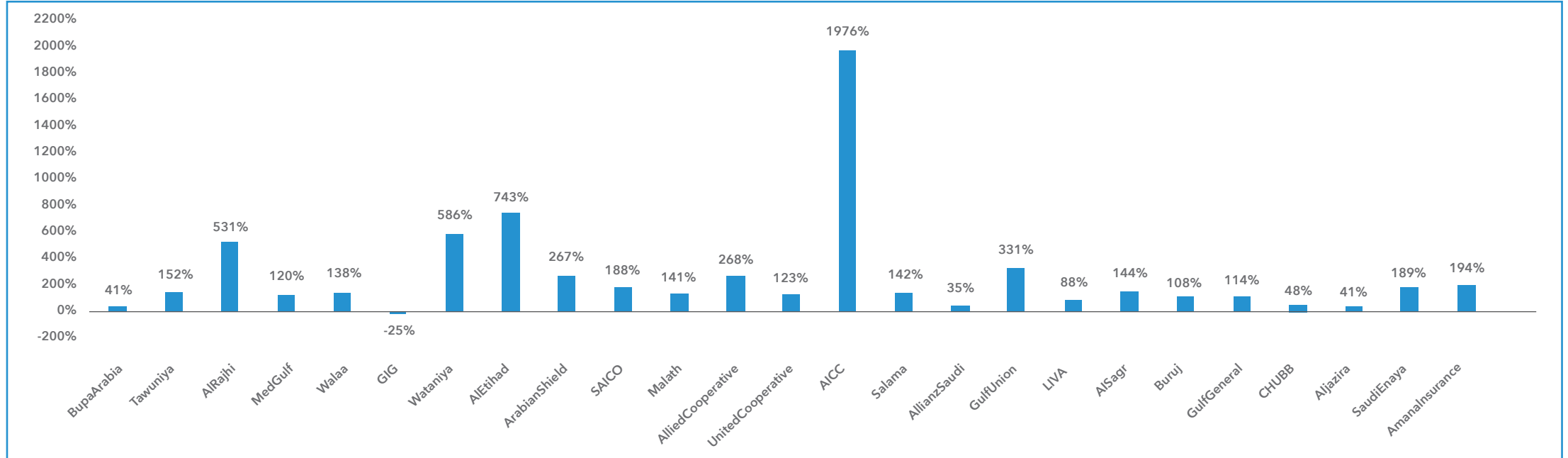


NET INSURANCE SERVICE RESULTS – OTHER COMPANIES



The Insurance Service results for the non-top 10 listed insurance companies in KSA for Q3 2022 and Q3 2023 reflect a mixed performance within this segment of the industry. Some companies demonstrated notable improvements, such as AICC, Saudi Re, and Gulf Union, which saw substantial increases in their service results from Q3 2022 to Q3 2023. Conversely, companies like Allianz Saudi and LIVA faced challenges, recording negative service results in both quarters. Salama and Allied Cooperative also experienced fluctuations, with Salama moving from a significant negative value in Q3 2022 to a positive one in Q3 2023. Allied Cooperative, on the other hand, also shifted from a negative result to a positive figure. The diverse outcomes suggest that non-top 10 insurance companies are navigating a range of market conditions and internal factors, emphasizing the need for strategic adaptation and resilience in this dynamic sector.

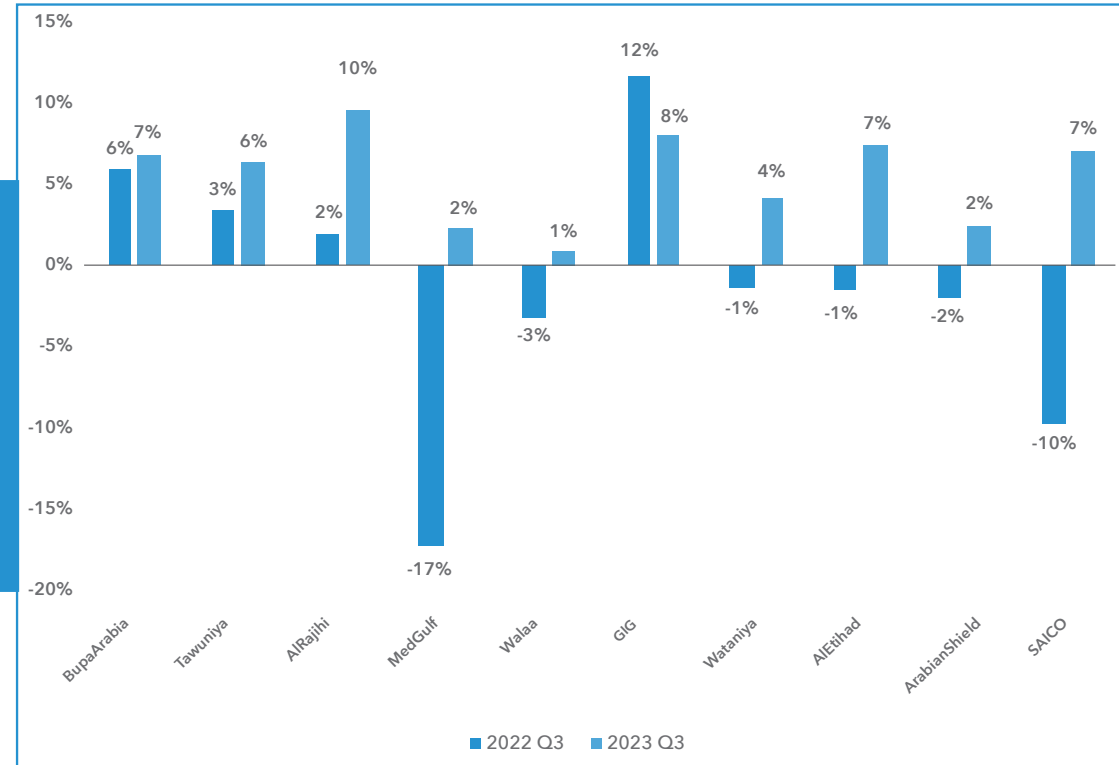
NET INSURANCE SERVICE RESULTS – MOVEMENT



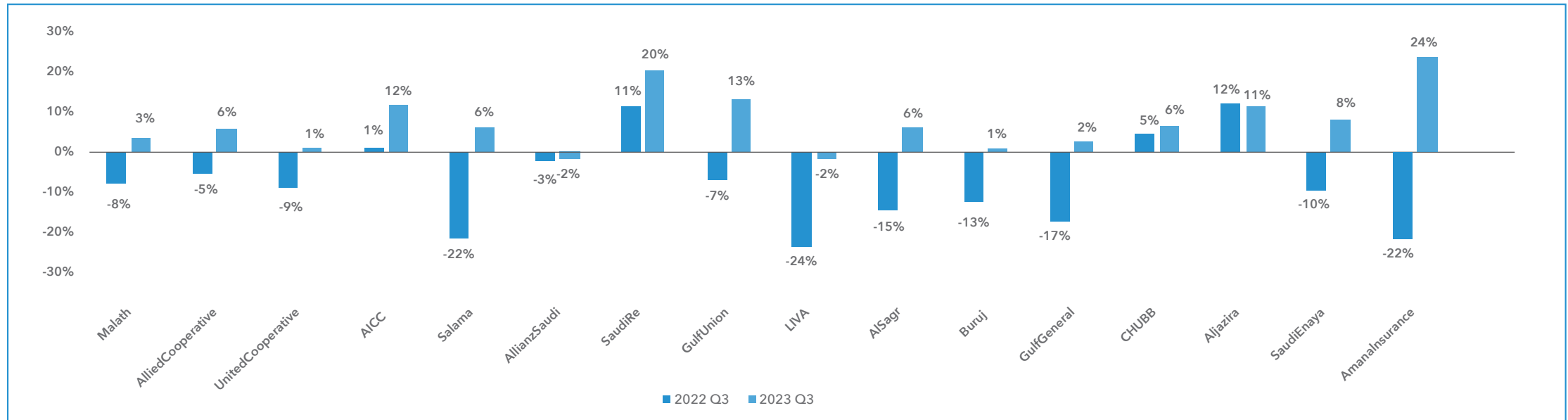
The movement of Insurance Service Results for insurance companies in KSA from Q3 2022 to Q3 2023 reveals a diverse landscape of performance within the industry. Notably, several companies experienced substantial positive movements, indicating significant growth during this period. Standouts include AICC with an extraordinary movement of 1976%, showcasing exceptional expansion. Other companies such as AlEtihad, Al Rajhi, Gulf Union, and Wataniya also demonstrated impressive movements, indicating robust performance and strategic success. Conversely, a few companies faced challenges, as exemplified by GIG, which experienced a negative movement of -25%. The varying degrees of movement highlights the dynamic nature of the insurance sector in Saudi Arabia, with some entities capitalizing on market opportunities while others grapple with shifts in the competitive landscape. Overall, these movements underscore the importance of adaptability and strategic decision-making for insurance companies in navigating the evolving market conditions.

INSURANCE SERVICE RATIO - TOP 10 COMPANIES

The Insurance Service Ratios for the top 10 insurance companies in KSA for Q3 2022 and Q3 2023 provide insights into the operational efficiency and profitability of these industry leaders. Across the board, there appears to be a positive trend, as most companies experienced an increase in their service ratios from Q3 2022 to Q3 2023. Bupa Arabia, Tawuniya, AlRajhi, and Med Gulf, among others, showed notable improvements, suggesting enhanced efficiency in delivering insurance services and potentially increased profitability. However, GIG witnessed a slight decrease in its service ratio, which could be attributed to various factors, including changes in business strategies or market dynamics. The overall positive trajectory in service ratios reflects a general strength in the operational performance of these top insurance companies, indicative of their ability to manage costs and deliver value to their customers.



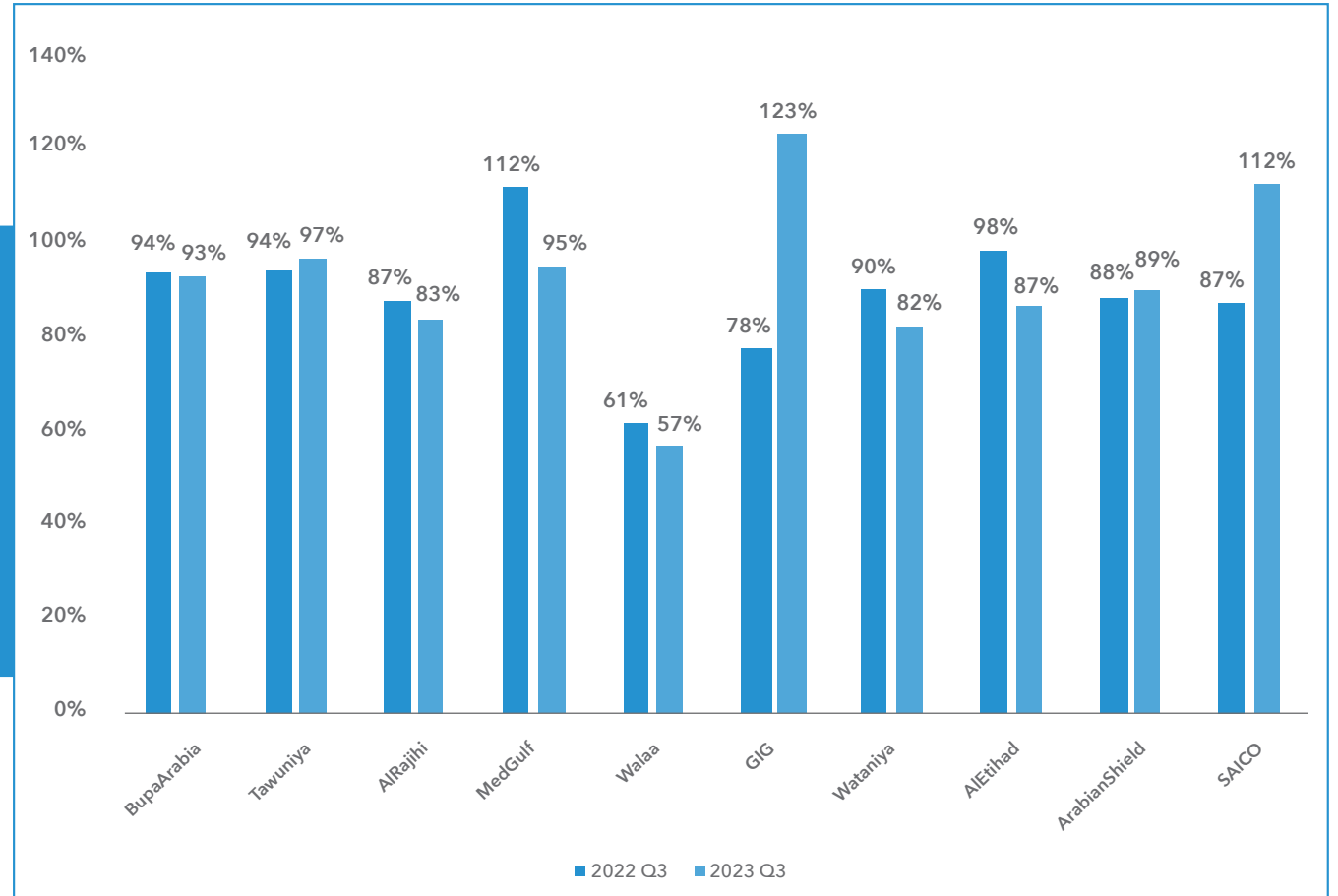
INSURANCE SERVICE RATIO – OTHER COMPANIES



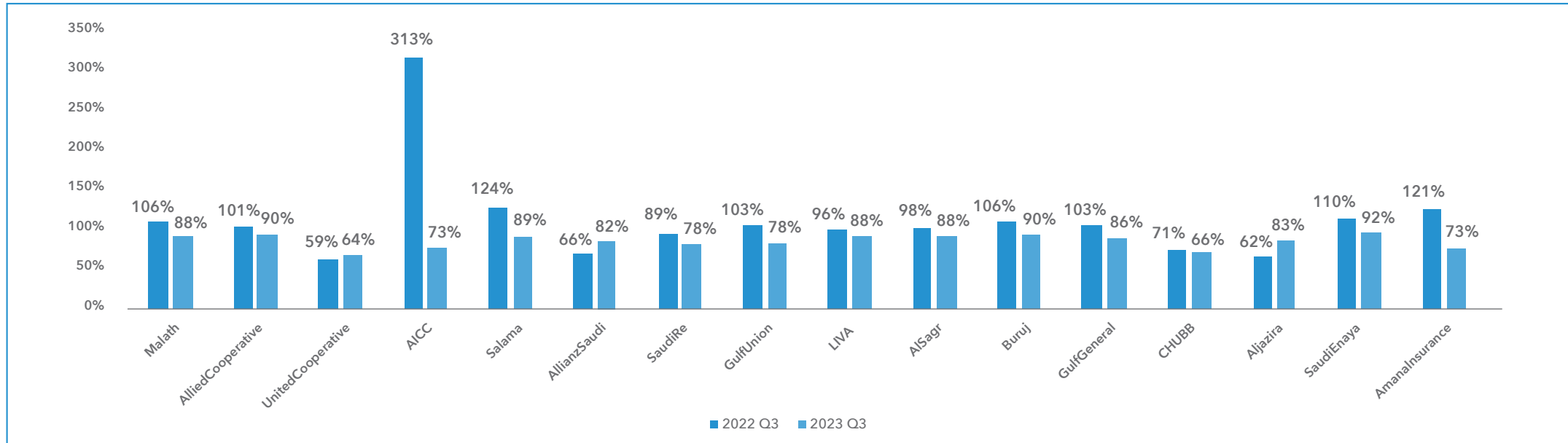
The Insurance Service Ratios for non-top 10 insurance companies in KSA during Q3 2022 and Q3 2023 suggest a varied performance landscape within this segment of the industry. Companies like AICC and Saudi Re demonstrated significant improvements, with AICC experiencing a notable increase from 1% to 12%, indicating enhanced operational efficiency. On the other hand, some companies, such as Allianz Saudi and LIVA, faced challenges, showing negative ratios in both Q3 2022 and Q3 2023. It's noteworthy that Amana Insurance exhibited substantial improvement, with its ratio increasing from -22% to 24%, signaling a positive shift in its operational performance. Overall, the graph underscores the diversity in the performance trends of non-top 10 insurance companies, highlighting the need for individualized strategies and adaptability in navigating the evolving dynamics of the insurance sector in Saudi Arabia.

COMBINED RATIO - TOP 10 COMPANIES

The combined ratios for the top 10 insurance companies in KSA during Q3 2022 and Q3 2023 provide insights into the overall operational efficiency and profitability of these industry leaders. A combined ratio below 100% generally indicates profitability, as it suggests that the companies are spending less on claims and operating expenses than they are generating in premiums. The ratios for Bupa Arabia, Tawuniya, AlRajhi, and Wataniya remained below 100% in both quarters, indicating a strong and sustainable operational performance. However, SAICO and GIG experienced an increase in their combined ratios from Q3 2022 to Q3 2023, indicating potential challenges in managing underwriting and operational efficiency during the latter period. MedGulf, Wataniya, and AlEtihad experienced a decrease in their combined ratios, suggesting improved efficiency and profitability in Q3 2023. Overall, the graph suggests that the top insurance companies in KSA are managing their underwriting and operational activities effectively, maintaining a generally favorable combined ratio in both quarters.



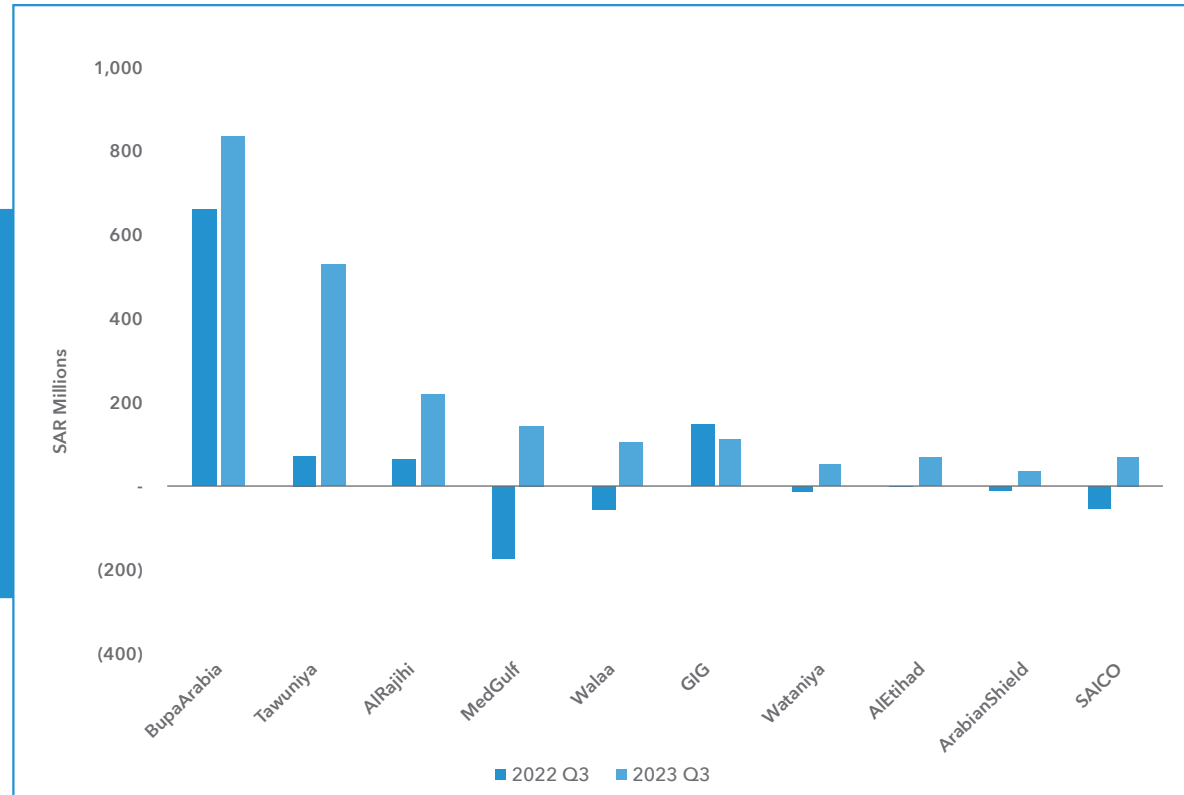
COMBINED RATIO – OTHER COMPANIES



The Combined Ratios for non-top 10 insurance companies in KSA during Q3 2022 and Q3 2023 unveil a diverse landscape of operational efficiency within this segment of the industry. Several companies, including AICC, Salama, and Amana Insurance, demonstrated substantial improvements, reflected in decreased combined ratios. This indicates a positive trend towards better underwriting practices and operational management. However, a few companies, such as Allianz Saudi and AlJazira witnessed an increase in their combined ratios, suggesting potential challenges in managing underwriting expenses and claims during the specified period. The overall diversity in the graph underscores the nuanced performance dynamics among non-top 10 insurance companies, emphasizing the importance of tailored strategies to navigate the intricacies of the insurance landscape in Saudi Arabia.

PROFIT AFTER TAX - TOP 10 COMPANIES

The Profit After Tax for the top 10 insurance companies in KSA during Q3 2022 and Q3 2023 offers valuable insights into their financial performance. Overall, there appears to be a positive trend, as the majority of companies have witnessed an increase in profit after tax. Bupa Arabia, Tawuniya, AlRajhi, and AlEtihad, among others, reported substantial growth, indicating effective business strategies and potentially favorable market conditions. However, MedGulf and Wataniya recorded losses in Q3 2022, with MedGulf experiencing a notable negative figure. Despite this, both companies managed to rebound in Q3 2023, demonstrating resilience and potential strategic adjustments. The graph suggests a mixed but generally positive outlook for the top insurance companies in KSA, with some facing challenges in one quarter but rebounding in the next. This underscores the importance of adaptability in navigating the dynamic landscape of the insurance industry, where external factors and market dynamics can significantly influence financial outcomes.

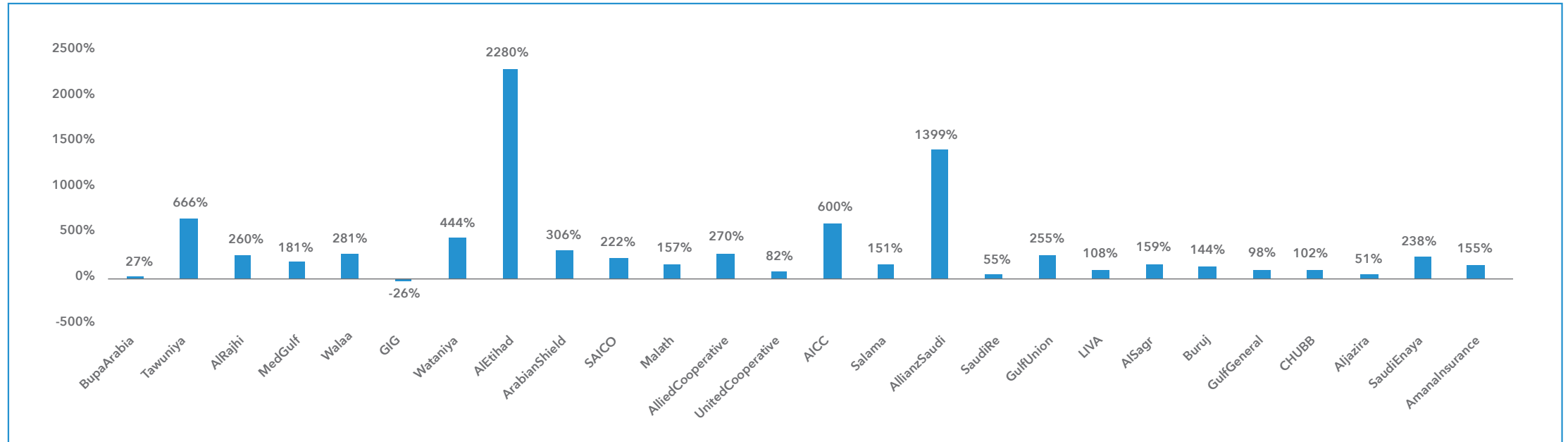


PROFIT AFTER TAX - OTHER COMPANIES



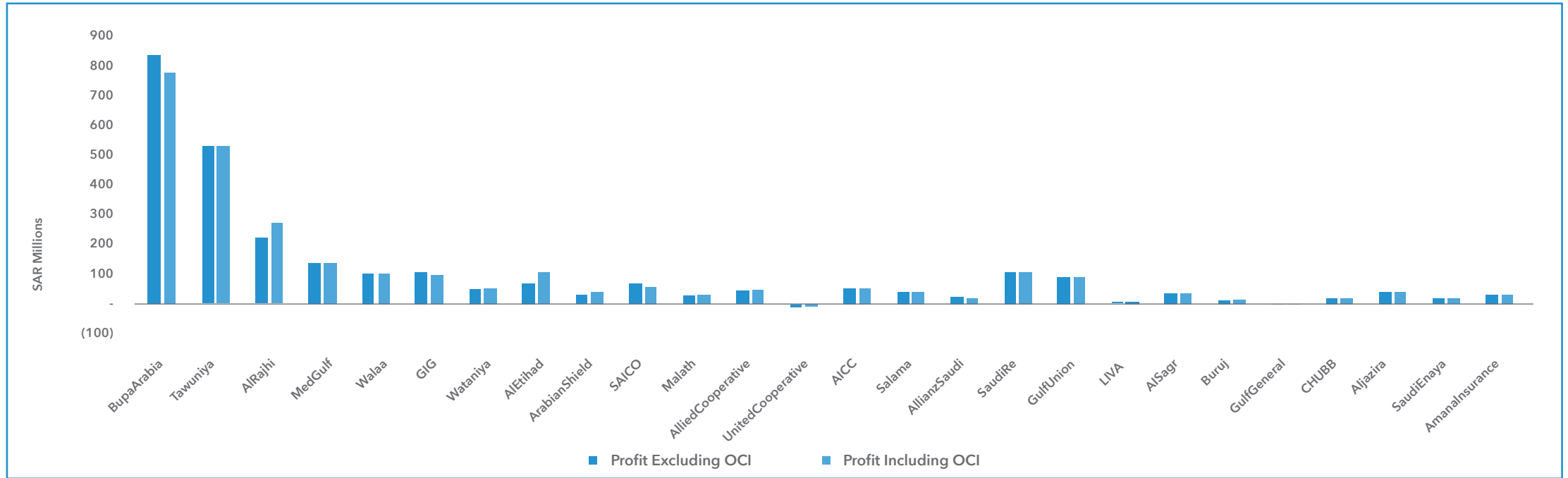
The Profit After Tax for non-top 10 insurance companies in KSA during Q3 2022 and Q3 2023 reveals a mixed performance within this segment. Several companies, including Allied Cooperative, AICC, Saudi Re, Gulf Union, Aljazira, and Saudi Enaya, demonstrated positive growth, indicating effective financial management and potentially favorable market conditions. On the other hand, companies like United Cooperative and Gulf General faced challenges, reporting losses in both quarters. The diversity in financial outcomes underscores the varying degrees of success and resilience among non-top 10 insurance companies. It is evident that the industry is dynamic, with companies experiencing different market conditions and internal factors. To navigate these complexities, companies may need to focus on strategic adaptations, risk management, and operational efficiency, to enhance their financial performance and overall competitiveness in the KSA insurance landscape.

PROFIT AFTER TAX - MOVEMENT



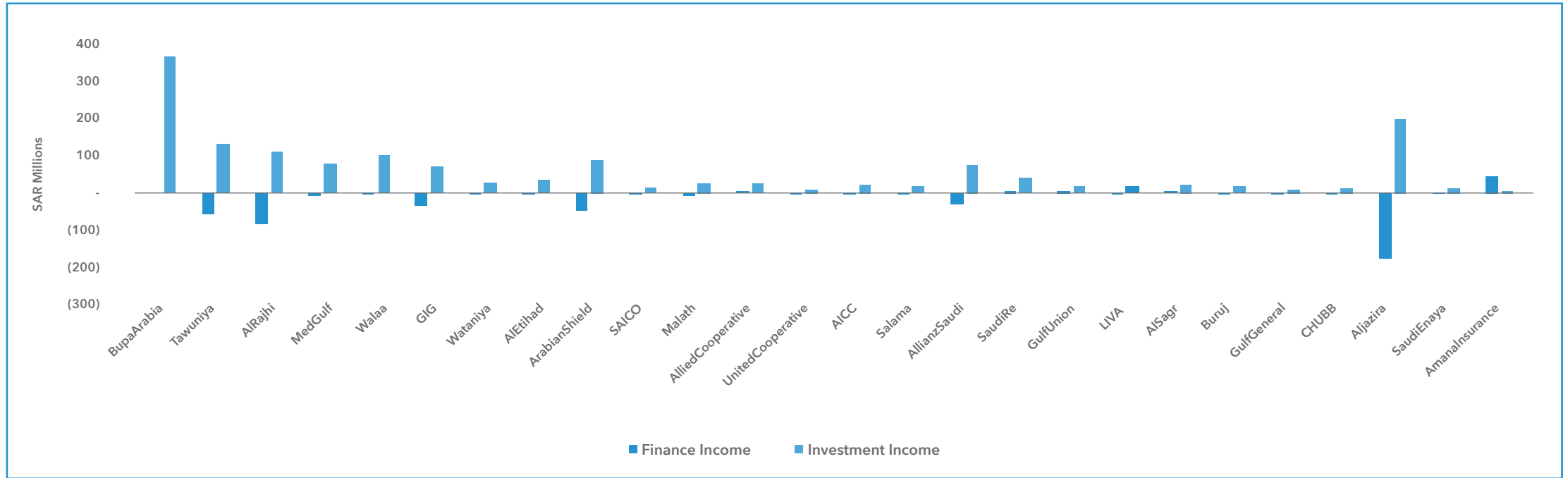
The movement in Profit After Tax for insurance companies in KSA from Q3 2022 to Q3 2023 reveals a dynamic landscape with significant variations in financial performance. Several companies experienced substantial positive movements, indicating robust growth and improved profitability. Notable standouts include Al Etihad, Allianz Saudi, Tawuniya, AICC, and Wataniya, with remarkable movements. These positive movements suggest effective financial management, strategic initiatives, or favorable market conditions contributing to enhanced bottom-line results. Conversely, a few companies faced challenges, as evident in negative movements, such as GIG with a -26% movement. The diverse range of movements underscores the complex and dynamic nature of the insurance industry in KSA. Overall, companies demonstrating positive movements have successfully capitalized on opportunities, while those with negative movements may need to reassess their strategies to navigate evolving market dynamics and enhance financial resilience.

OTHER COMPREHENSIVE INCOME



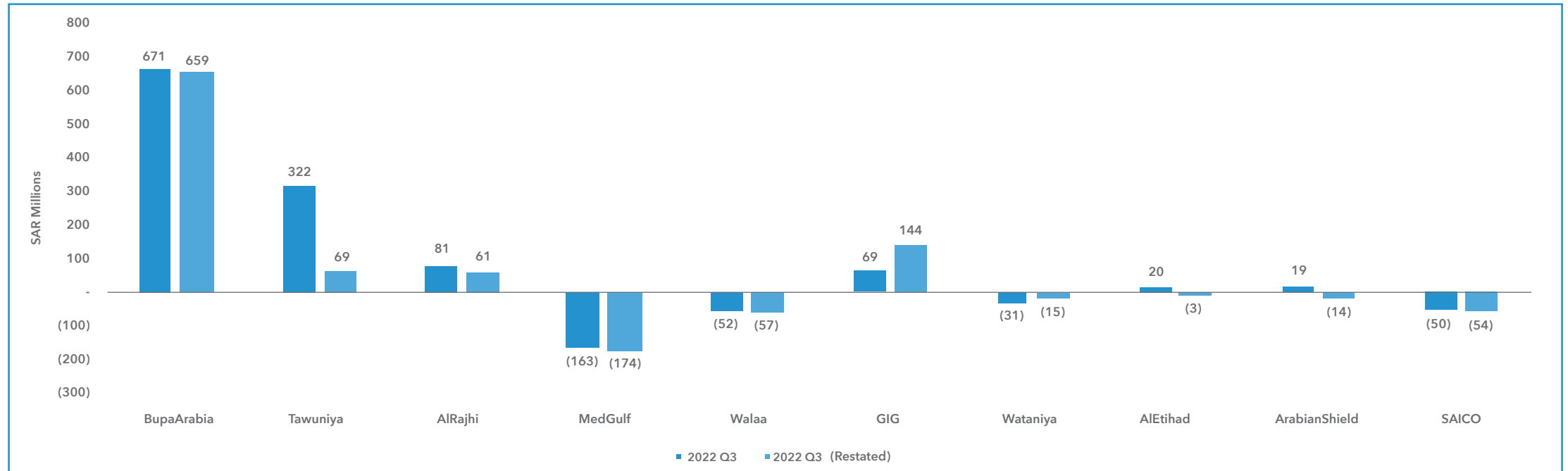
The graph comparing the profit figures of insurance companies in Saudi Arabia for Q3 2023, both excluding and including Other Comprehensive Income (OCI), showcases variations in financial performance and accounting considerations. Bupa Arabia, Tawuniya, and AlRajhi reported robust profits, with Bupa Arabia leading in both categories. However, it's noteworthy that some companies, such as United Cooperative and Gulf General, reported negative figures in both Profit Excluding and Including OCI. The inclusion of OCI, which comprises items such as unrealized gains or losses on investments and foreign currency translation adjustments, provides a more comprehensive view of a company's financial health. The divergence between profits excluding and including OCI indicates the impact of these comprehensive income elements on the overall financial picture.

FINANCE INCOME VS INVESTMENT INCOME



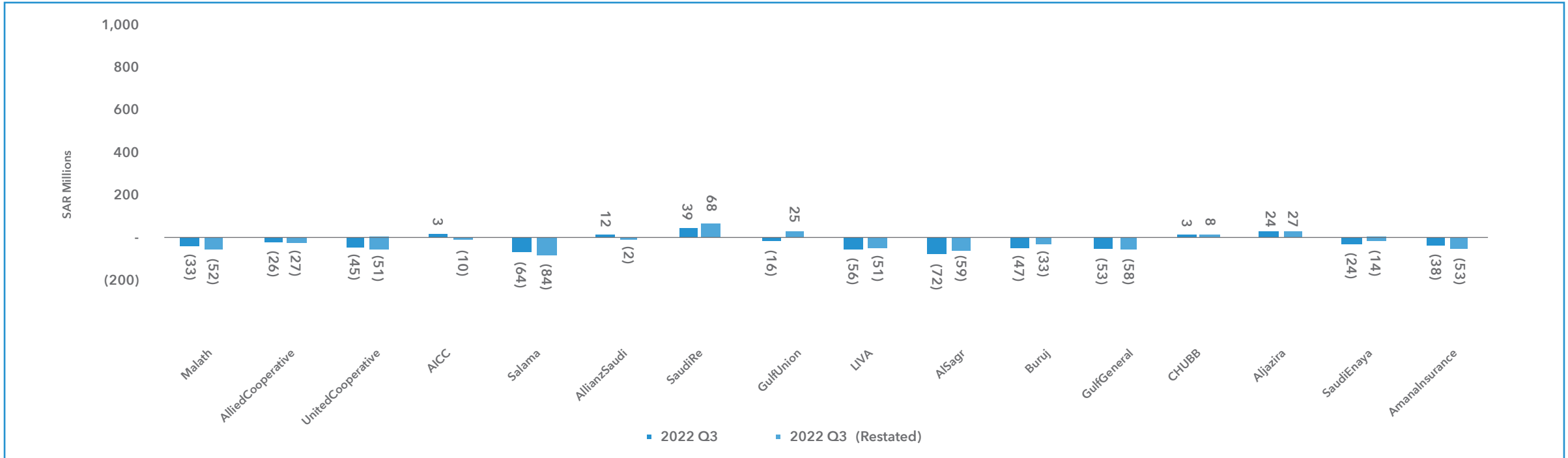
The graph on Finance Income versus Investment Income for listed insurance companies in KSA during Q3 2023 showcases a diverse financial landscape within the industry. Notably, Bupa Arabia reported a unique scenario with no disclosed Finance Income but substantial Investment Income, implying a reliance on investment activities for revenue generation. Several companies such as Tawuniya, Al Rajhi, Walaa, and MedGulf reported negative figures for Finance Income, highlighting potential challenges in this specific category. On the contrary, companies such as Aljazira, Allianz Saudi, and Arabian Shield exhibited substantial positive Investment Income, indicating successful investment strategies. The variance in these figures underscores the multifaceted revenue streams and financial strategies employed by different insurance companies.

PROFIT TRANSITION (2022 Q3) – TOP 10 COMPANIES



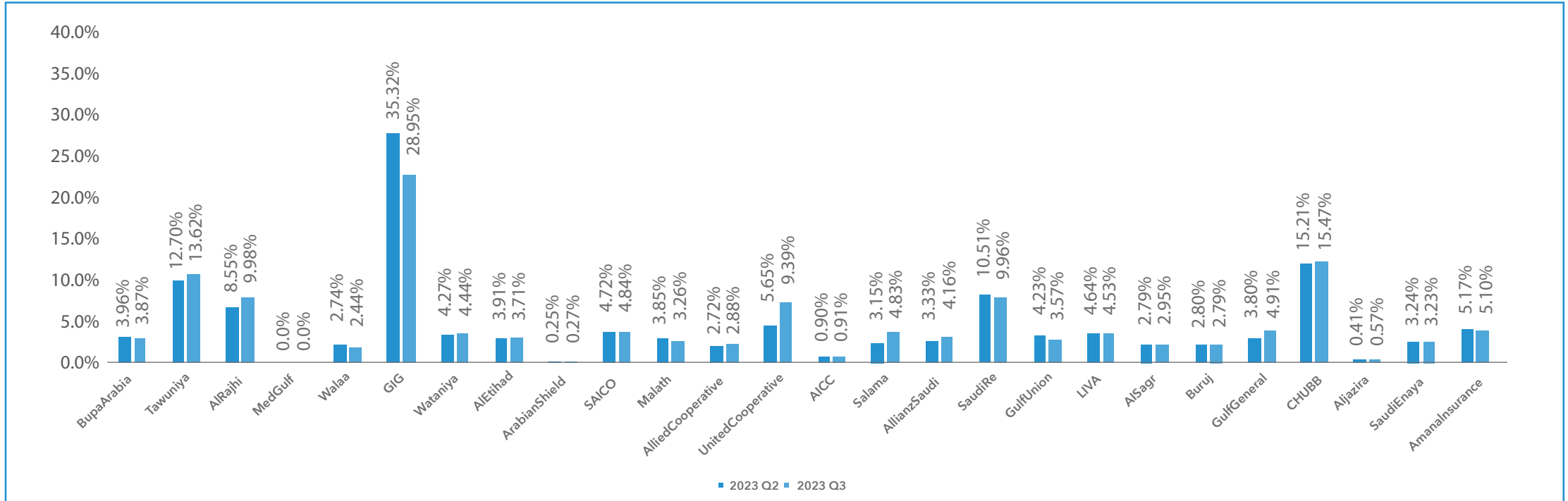
The graph on profit for Q3 2022 before and after the implementation of IFRS 17 in listed insurance companies of KSA highlights the impact of the new accounting standard on financial reporting. IFRS 17, aimed at improving transparency and consistency in insurance contract accounting, has led to restated profit figures that align with the revised standards. Bupa Arabia, despite a slight decrease in restated profits, appears to have navigated the transition well, maintaining a robust financial position. Tawuniya's significant adjustment suggests the impact of IFRS 17 on its reported profits, signaling the need for stakeholders to interpret figures in the context of evolving accounting standards. SAICO and Med Gulf continue to face challenges, reflected in negative profit values both, before and after restatement. GIG shows improved figures after restatement, indicating a positive adjustment to their financial reporting. Wataniya reveals better-than-initially-reported performance, with less negative restated figures.

PROFIT TRANSITION (2022 Q3) - OTHER COMPANIES



The graph comparing the profit of insurance companies outside the top 10 in Saudi Arabia for Q3 2022 without the implementation of IFRS 17 to the restated values of profit for the same period in this year with the implementation of IFRS 17 underscores the significant impact of this accounting standard on financial reporting. Malath, Allied Cooperative, and United Cooperative all experienced negative restated profits, suggesting challenges in their financial performance, potentially amplified by the application of IFRS 17 standards. On the other hand, companies like Gulf Union, Saudi Re, CHUBB, and Al Jazira showed positive growth in restated profits, indicating a more favorable financial position than initially reported. Salama faced a significant restated decrease in profits, reflecting a more challenging financial scenario post-IFRS 17 implementation, emphasizing the diverse impact of IFRS 17 on different insurers. These adjustments highlight the influence of accounting standards on reported financial figures and underscore the importance of understanding the broader context and unique circumstances of each company.

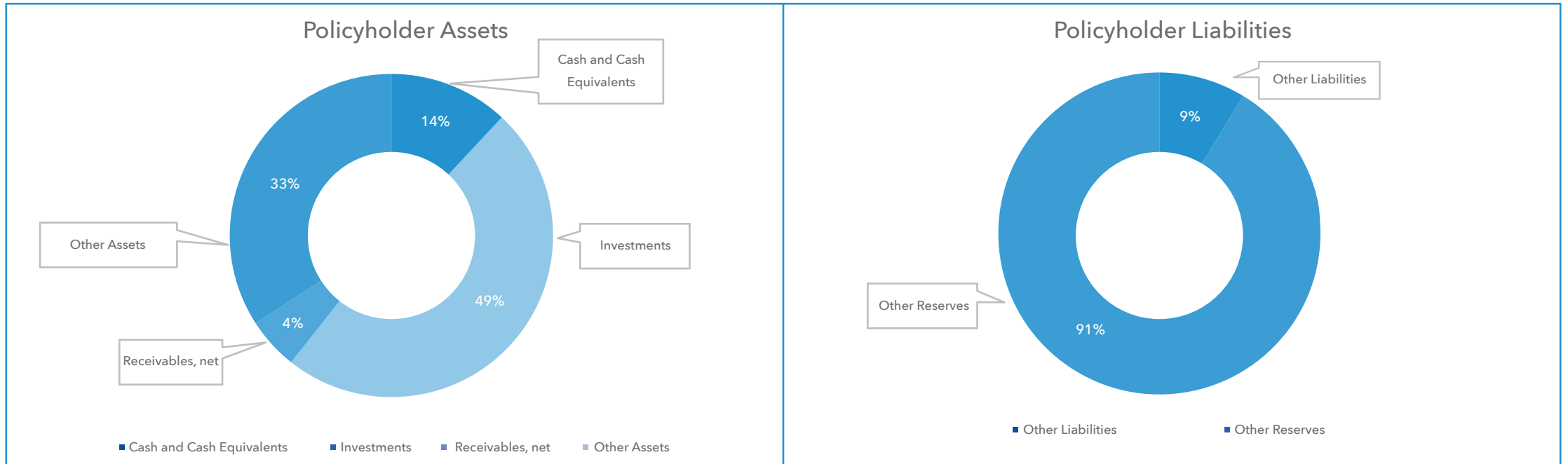
RISK ADJUSTMENT AS % OF LIC



The graph on risk adjustment as a percentage of liability incurred claims for insurance companies in KSA during Q2 2023 and Q3 2023 provides insights into the management of financial risks associated with insurance liabilities. Bupa Arabia maintains a relatively consistent percentage, suggesting a stable risk management approach. Tawuniya demonstrates an increase, indicating a potential adjustment for heightened risk exposure. Al Rajhi and Wataniya also show higher percentages in Q3 2023, signaling a cautious approach to risk. GIG, on the other hand, exhibits a notable decrease, possibly reflecting increased confidence in risk assessment or alternative risk mitigation strategies. United Cooperative experiences a substantial rise in risk adjustment, emphasizing an intensified focus on prudence. These variations highlight the diverse risk management strategies employed by different companies, necessitating a nuanced understanding of their specific contexts and risk appetites.

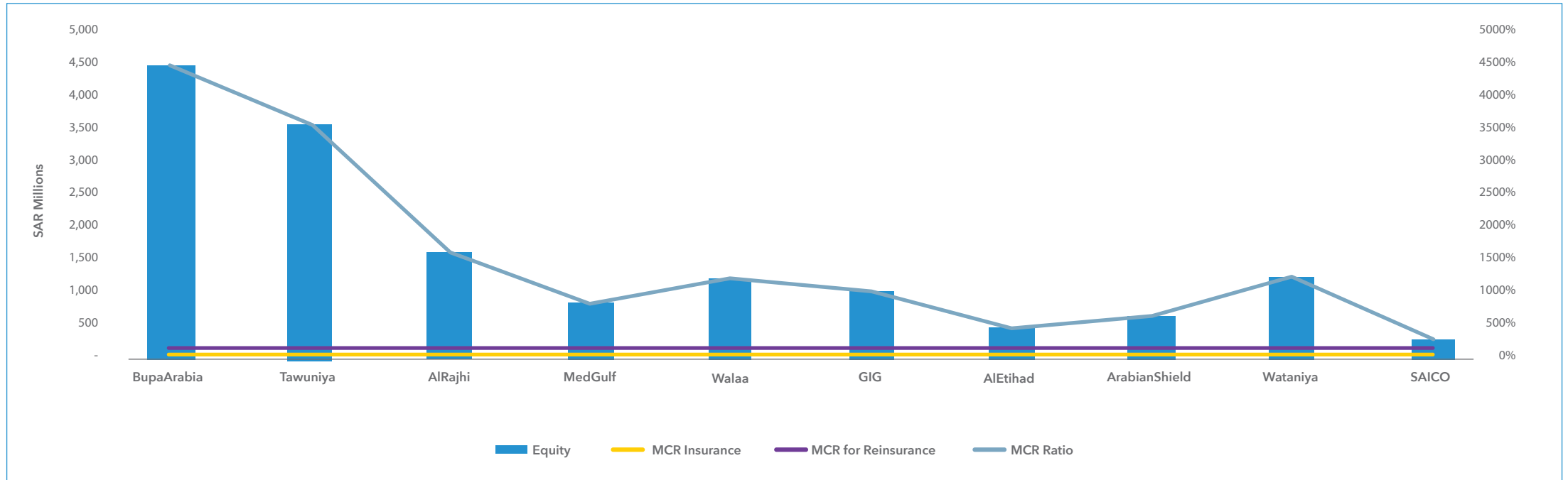
The analysis reveals that the weighted average proportion of Risk Adjustment in LIC as of 30 Sep 2023 is calculated to be 5.79%.

ASSET & LIABILITIES CLASSIFICATION - AGGREGATE



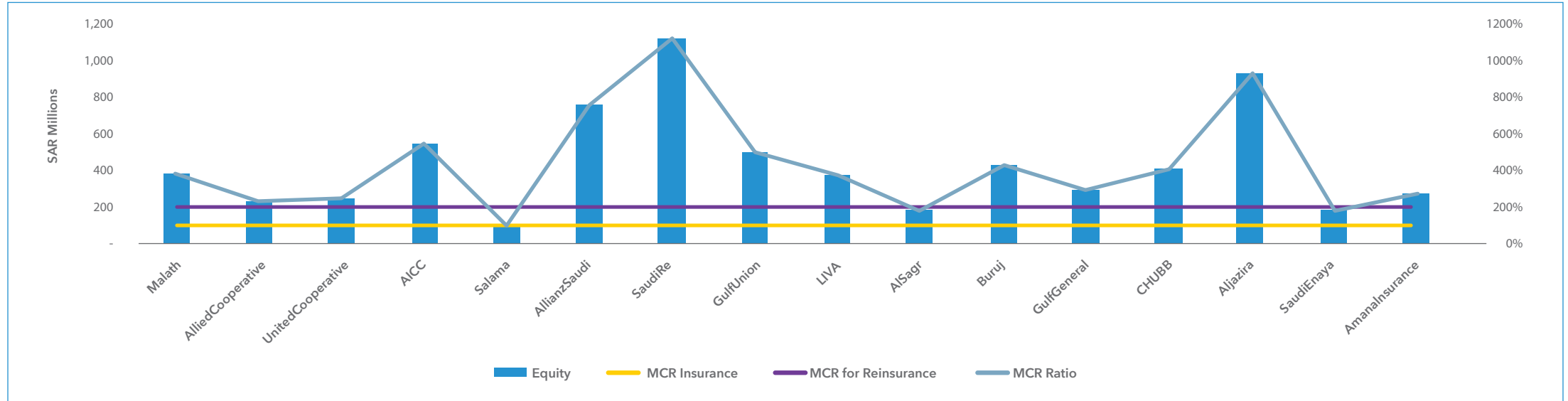
The majority of policyholder assets were allocated as follows: 49% in investments and 33% in other assets. In contrast, 91% of the total policyholder liabilities were designated as reserves, with the remaining 09% categorized as other liabilities.

SOLVENCY ANALYSIS – TOP 10 COMPANIES



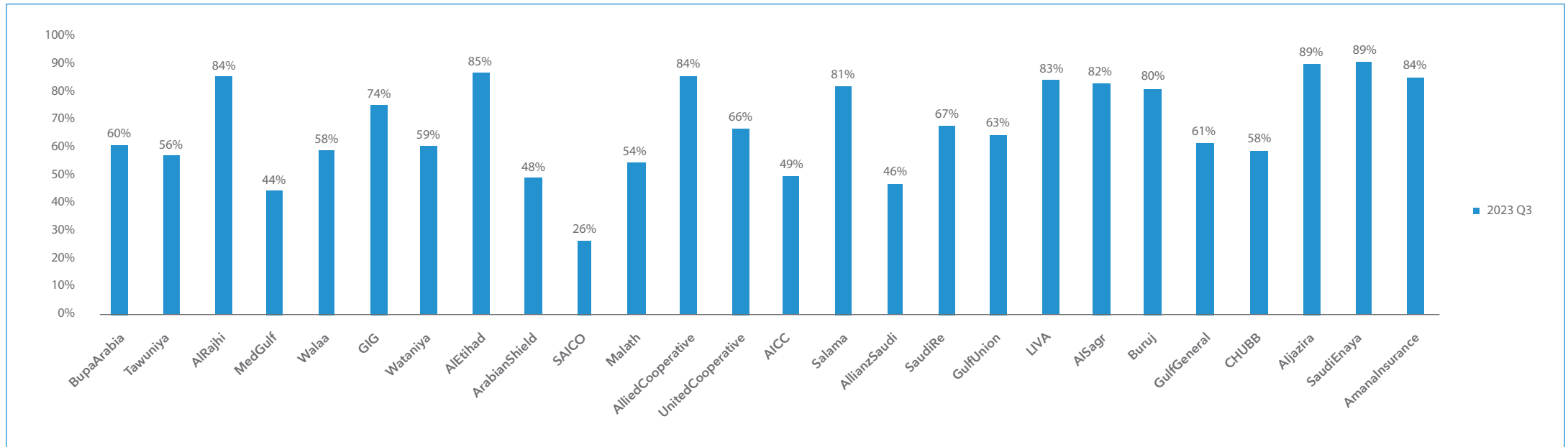
The solvency analysis for the top 10 listed companies in KSA for Q3 2023 reveals varying degrees of financial stability. Bupa Arabia and Tawuniya exhibit exceptionally high MCR Ratios of 4474% and 3554%, respectively, signaling robust solvency positions. Conversely, companies like SAICO with a 294% MCR Ratio display a comparatively lower solvency level, indicating potential challenges in covering liabilities. Al Rajhi and Arabian Shield maintain moderate positions with MCR Ratios of 1600% and 1227%, respectively, suggesting a reasonable capacity to meet financial obligations. The overall spectrum of MCR Ratios suggests diverse risk profiles among the companies, reflecting their capacity to meet financial obligations. Investors may find opportunities in companies with higher solvency, such as Bupa Arabia and Tawuniya while exercising caution with those exhibiting lower ratios.

SOLVENCY ANALYSIS – REMAINING COMPANIES



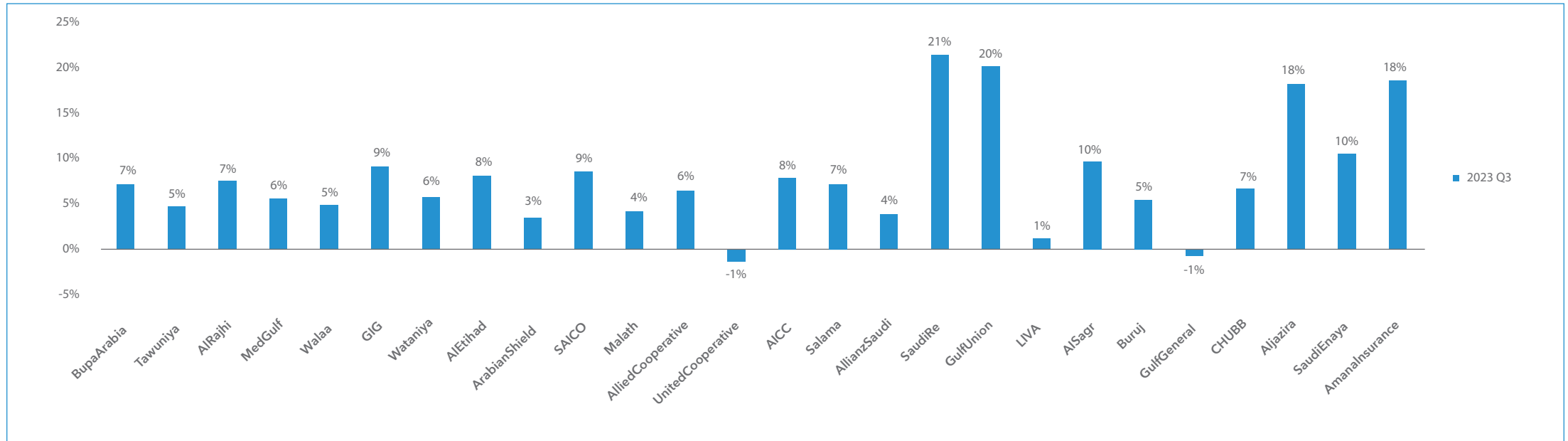
The solvency analysis for the additional insurance companies in KSA, outside the top 10, during Q3 2023 reflects a diverse financial landscape. Notably, Saudi Re and Al Jazira exhibit robust solvency positions with MCR Ratios of 1126% and 934%, respectively, indicating a strong ability to cover liabilities. Allianz Saudi and AICC also demonstrate healthy solvency levels with MCR Ratios of 766% and 546%, respectively. However, some companies, such as Salama and Saudi Enaya, display comparatively lower solvency with MCR Ratios of 104% and 190%, suggesting potential challenges in meeting financial obligations. The overall analysis underscores the importance of considering both equity and MCR Ratios to assess solvency, enabling investors to gauge the financial health and risk profiles of these companies. Careful evaluation of these metrics is crucial for making informed investment decisions in the dynamic insurance market of Q3 2023.

PROPORTION OF INVESTED ASSETS



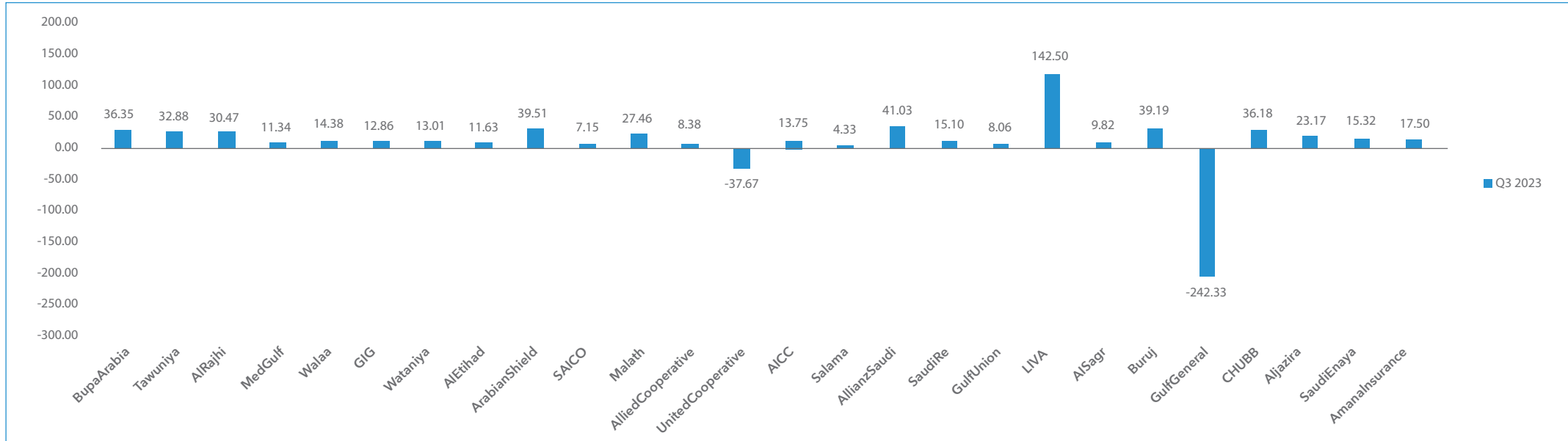
The graph on the proportion of invested assets for Q3 2023 among listed insurance companies in KSA reveals a spectrum of investment strategies and risk appetites. Companies such as AlJazira and Saudi Enaya stand out with the highest proportions of invested assets at 89%, suggesting a significant commitment to various investment vehicles. AlRajhi, Allied Cooperative, and Al Etihad also maintain substantial levels at 84%, 84%, and 85%, respectively, indicating a robust investment portfolio. Notably, SAICO and Med Gulf show a low proportion of invested assets at 26% and 44% respectively, suggesting a potential conservative approach or unique business models. The variation in these proportions underscores the diversity of investment strategies in the insurance sector, with some companies opting for higher-risk investments, possibly in pursuit of greater returns, while others may prioritize capital preservation.

NET MARGIN



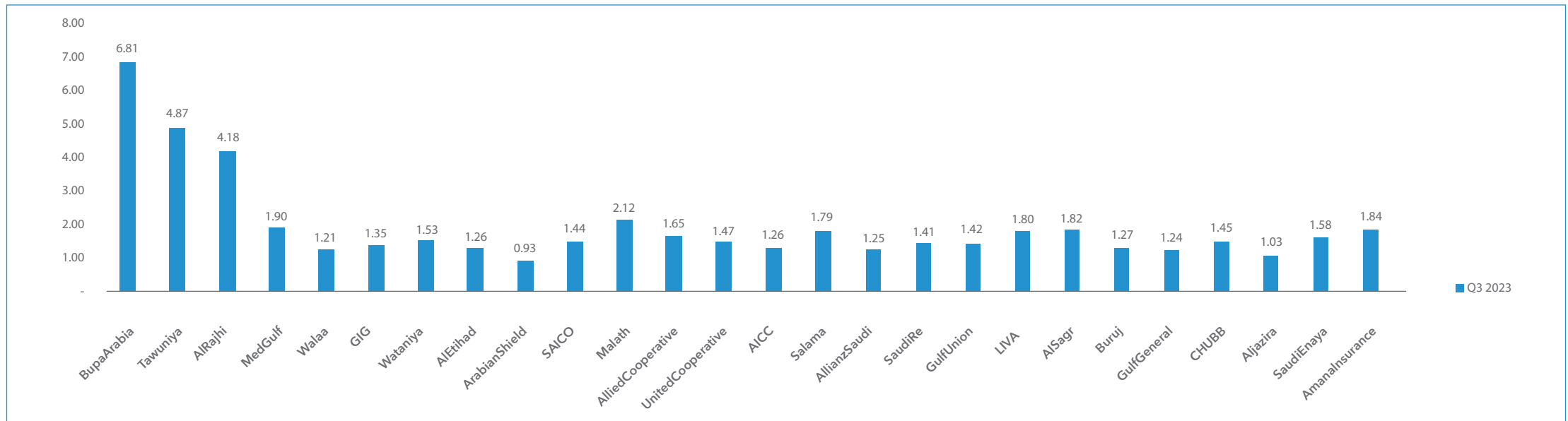
The net margin data for listed insurance companies in KSA for Q3 2023 reveals a diverse range of profitability levels within the sector. Several companies, including Saudi Re with an impressive 21% net margin, Saudi Re at 20%, and AlJazira at 18%, exhibit strong profitability, potentially driven by effective cost management or lucrative underwriting practices. Conversely, companies such as United Cooperative and Gulf General show negative net margins, indicating potential challenges in generating profits during the specified period. Notably, the majority of companies maintain positive net margins, with Al Etihad, GIG, AlSagr, and Saudi Enaya showcasing solid performance. The variation in net margins suggests disparities in business models, risk management strategies, and market positioning among these insurance entities.

PRICE TO EARNINGS (P/E)



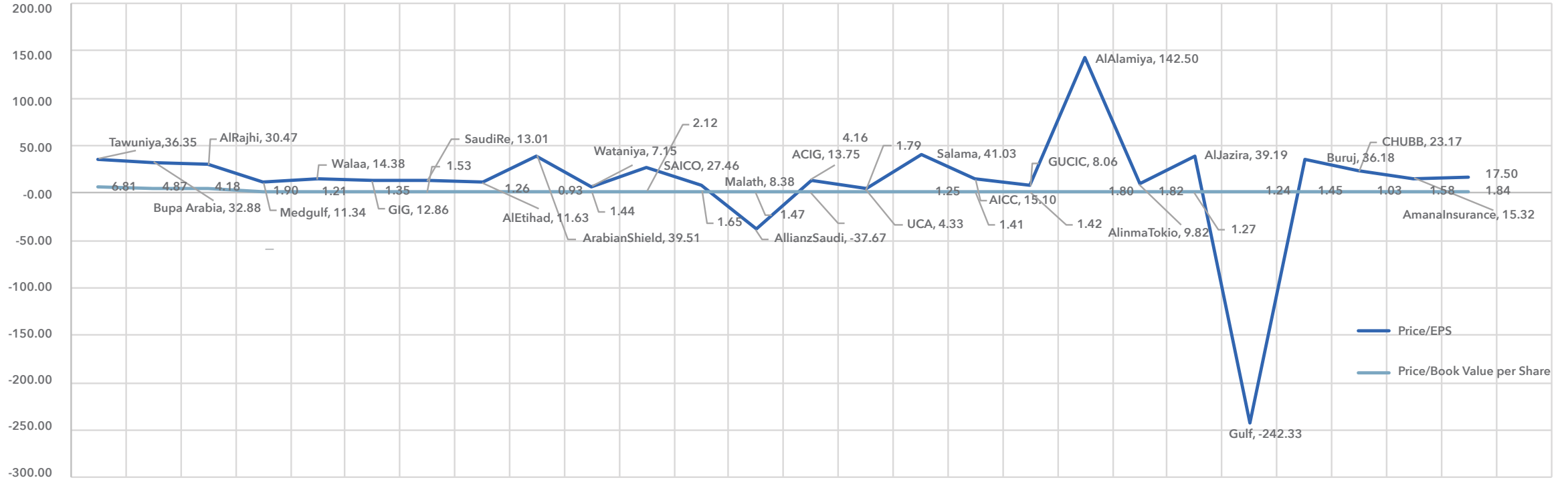
The Price/Earnings (P/E) provides insights into the market's perception of these entities' earnings and valuation. Companies like Buruj, Allianz Saudi, and Arabian Shield, exhibit relatively high Price/EPS ratios, indicating that investors are willing to pay a premium for each unit of earnings. On the other hand, negative Price/EPS ratios for United Cooperative and Gulf General may raise concerns, potentially reflecting challenges or uncertainties impacting their earnings. Notably, LIVA stands out with an exceptionally high Price/EPS ratio of 142.50, suggesting heightened investor expectations or a unique market position. Overall, the diversity in Price/EPS ratios underscores the varied investor sentiment and perceptions of future earnings potential within the KSA insurance market during Q3 2023.

PRICE TO BOOK VALUE (P/B)



The Price/Book Value (P/B) ratios in KSA for Q3 2023 insights into the market's valuation of these companies in relation to their Book Value. A higher Price/Book Value ratio suggests that investors are willing to pay a premium for the company's net assets, possibly reflecting confidence in its growth prospects and the perceived quality of its assets. Bupa Arabia, Tawuniya, and AlRajhi stand out with relatively high ratios, indicating favorable market sentiment and potential optimism about their financial positions. These companies may be perceived as having strong growth potential or solid asset quality. Conversely, Arabian Shield has a notably low Price/Book Value ratio of 0.93, which could be interpreted as the market valuing the company below its Book Value.

PRICE TO BOOK AND EARNING RATIO



APPENDIX A: LISTED INSURANCE COMPANIES IN KSA USED IN OUR REPORT

Sr. No.	Company Name	Symbol
1	Bupa Arabia for Cooperative Insurance Co.	BACIC
2	The Company for Cooperative Insurance	TCCI
3	Aljazira Takaful Taawuni Co.	AJTTC
4	Malath Cooperative Insurance Co.	MCIC
5	The Mediterranean and Gulf Insurance and Reinsurance Co.	TMGIRC
6	Allianz Saudi Fransi Cooperative Insurance Co.	ASFCIC
7	Salama Cooperative Insurance Co.	SCIC
8	Walaa Cooperative Insurance Co.	WCIC
9	Arabian Shield Cooperative Insurance Co.	AICC
10	Saudi Arabian Cooperative Insurance Co.	SAICO
11	Gulf Union Al Ahlia Cooperative Insurance Co.	GUCIC
12	Allied Cooperative Insurance Group	ACIG
13	Arabia Insurance Cooperative Co.	AICC
14	Al Etihad Cooperative Insurance Co.	ATCIC

Sr. No.	Company Name	Symbol
15	Al Sagr Cooperative Insurance Co.	ASCIC
16	United Cooperative Assurance Co.	UCA
17	Al-Rajhi Company for Cooperative Insurance	ARCCI
18	CHUBB Arabia Cooperative Insurance Co.	CACIC
19	Gulf Insurance Group.	GIG
20	Gulf General Cooperative Insurance Co.	GGCIC
21	Buruj Cooperative Insurance Co.	BCIC
22	LIVA Insurance	LIVA
23	Wataniya Insurance Co.	WIC
24	Amana Cooperative Insurance Co.	ACIC
25	Saudi Enaya Cooperative Insurance Co.	SECIC
26	Saudi Reinsurance Company	SaudiRe

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Feedback

SHMA is proud to present Insurance Industry Analysis - Kingdom of Saudi Arabia for Q3 2023. We have a dedicated and talented pool of those who have collaborated to bring you industry insights in the form of this report.

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



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About Us

SHMA 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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THANK YOU