

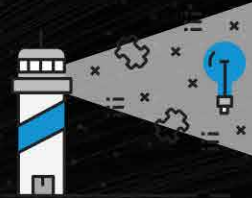
SHMACONSULTING

# INSURANCE INDUSTRY

UNITED ARAB EMIRATES  
2023

[www.shmaglobal.com](http://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

# TABLE OF CONTENTS



## SHMA

- About Us.....4
- Our Services.....5
- Limitations and Disclaimers.....6



## PERFORMANCE SUMMARY

- Industry Highlights.....7
- IFRS 17 Overview.....8
- Performance Highlights.....10
- Aggregate Performance.....11



## MARKET SHARE & INSURANCE REVENUE

- Market Share Proportion.....12
- Insurance Revenue and Rankings.....13
- Insurance Revenue.....14
- Net Insurance Service Results.....16



## CLAIMS AND RATIOS

- Insurance Service Ratio.....19
- Combined Ratio.....21



## PROFITABILITY ANALYSIS

- Profit After Tax.....23
- Other Comprehensive Income.....26
- Risk Adjustment.....27
- Asset Classification-Aggregate.....28
- Funds to Solvency Ratio.....29
- Funds to Equity Ratio.....30



## ABOUT US

SHMA is the outcome of an initiative taken by a team of dedicated, young, and dynamic Actuarial professionals aiming to provide specialized and client-focused Actuarial and financial consulting services on insurance, retirement, enterprise risk and investment management matters.

Over time and through continued success, SHMA has grown to cover even more areas of specialty. We now operate through three offices, covering Pakistan, the U.A.E, and KSA.



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 the 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 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 than 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 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 26 listed companies in our analysis, which includes 5 takaful and 21 conventional insurance companies.
- ❖ It is noteworthy to highlight that, when this report was prepared, the financial data for AKIC, METHAQ, and AMAN had not been released, therefore they were omitted from the analysis.

# INDUSTRY HIGHLIGHTS

- ❖ Sukoon Insurance Company has received acceptances for 2,411,030 shares of Arabian Scandinavian Insurance Company - Takaful (ASCANA), representing 1.57% of the company's remaining shares, following an offer period ending on 1 April, 2024.
- ❖ Sukoon, formerly known as Oman Insurance Company, has acquired Chubb Tempest Life Reinsurance's life insurance portfolio in the UAE, including unit-linked life insurance and protection contracts. The transaction, with undisclosed financial details, is pending regulatory approval following an agreement signed in August 2023.
- ❖ 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.
- ❖ On May 18, 2023, Sukoon Insurance, formerly known as Oman Insurance Company, successfully concluded the acquisition of 93% of the share capital of Arabian Scandinavian Insurance Company P.S.C. (ASCANA), through a special deal facilitated by Dubai Clear.
- ❖ According to IFRS 17 guidelines, the insurance revenue of 26 listed insurance companies in the UAE rose up by 20% to AED 30.5 billion in 2023.
- ❖ Dar Al Takaful PJSC has changed its listed company name to Watania International Holding PJSC and its trading symbol on the Dubai Financial Market to [WATANIA]. The last trading date for the company 'Dar Al Takaful PJSC' and its DFM trading symbol [DARTAKAFUL] was July 26, 2023.
- ❖ Recently, the Central Bank of the UAE (CBUAE) has decided to withdraw a provision that provides a 50% discount on the minimum insurance premium when a person with an accident-free record purchases a new motor insurance policy or renews an existing one.

# IFRS 17 – OVERVIEW

## MEASUREMENT

New Measurement Models introduced that are largely projected cash-flow in nature, considering time value of money effects, risk adjustment and (where applicable) a residual profit margin.

## INSURANCE & NON-INSURANCE COMPONENTS

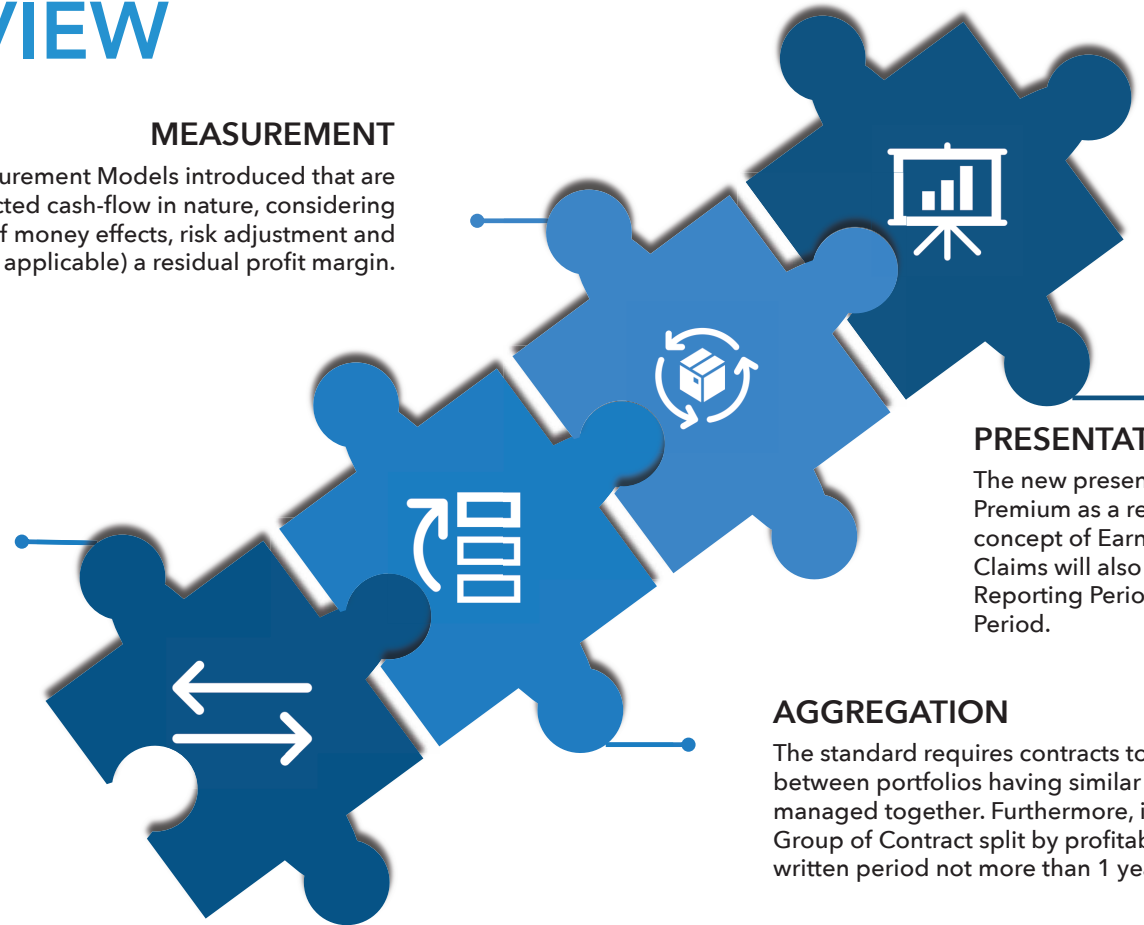
The standard has very specific definitions to segment between insurance and non-insurance components and requires separation in some cases.

## PRESENTATION

The new presentation style removes the Written Premium as a revenue item and goes with the concept of Earned Revenue. Other items as Incurred Claims will also distinguish Incurrence during Reporting Period and those before Reporting Period.

## AGGREGATION

The standard requires contracts to be segmented between portfolios having similar risks and managed together. Furthermore, it also requires a Group of Contract split by profitability and under-written period not more than 1 year apart.





# INCOME STATEMENT - ILLUSTRATION

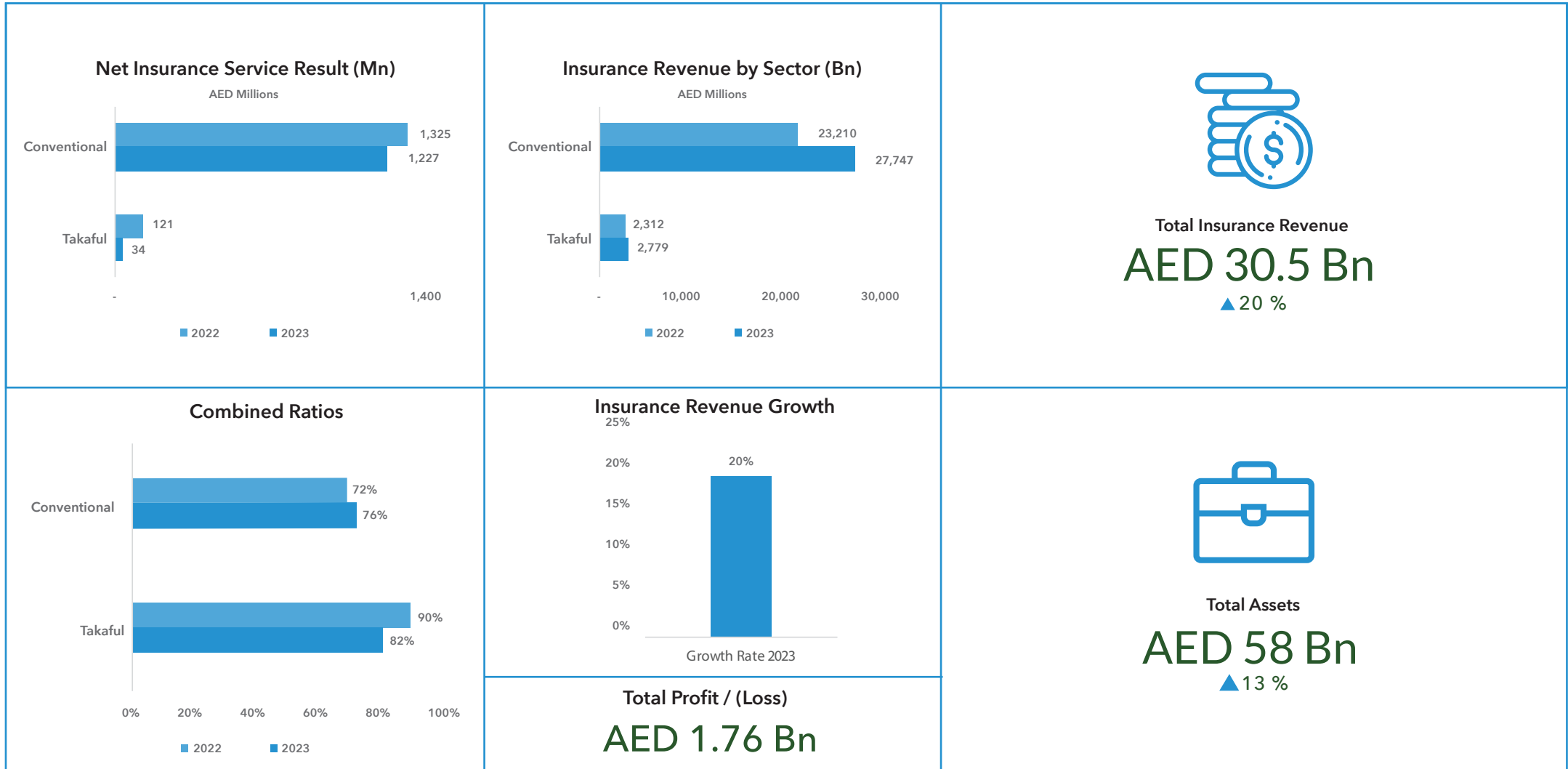
IFRS-4 P&L	AMOUNT
Gross Premium	xx
Premiums Ceded to Reinsurers	(xx)
Change in NET UPR	(xx)
Net Earned Premium	xx
Investment Income	xx
<b>Total Revenue</b>	<b>xx</b>
Net Claims Benefits & Expenses	(xx)
Claims and Expenses Ceded to Reinsurers	(xx)
Acquisition Cost Amortization	(xx)
Change in Insurance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

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

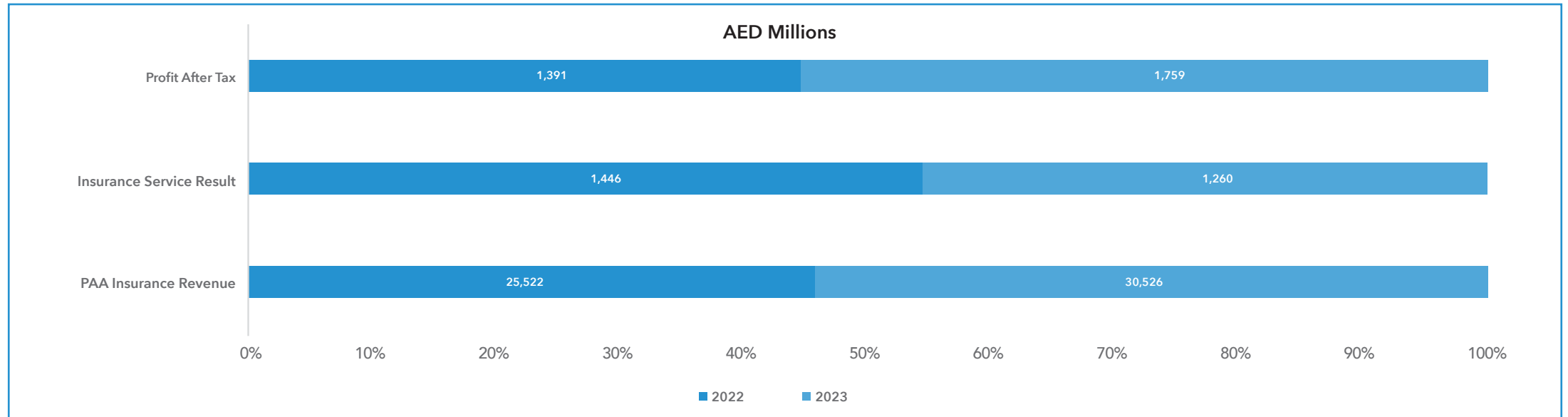
IFRS - 17 has revamped the way (Re)insurance results are presented in the income statement. Some of the notable features are the actual vs expected style of presenting claims and expenses as well as separately presenting effects of discount rate unwinding.

- GMM LFRC Release
- PAA Revenue Only (Earned Premium)
- Relating to Claims Incurred in Reporting Period Only
- Past Loss Estimate Changes (Loss Date Before Opening)
- Loss Component Movement
- Net Reinsurance Recoveries
- Movement in Liability Due to Discount Rate Roll-forward
- Unattributable Expenses

# PERFORMANCE HIGHLIGHTS



# AGGREGATE PERFORMANCE

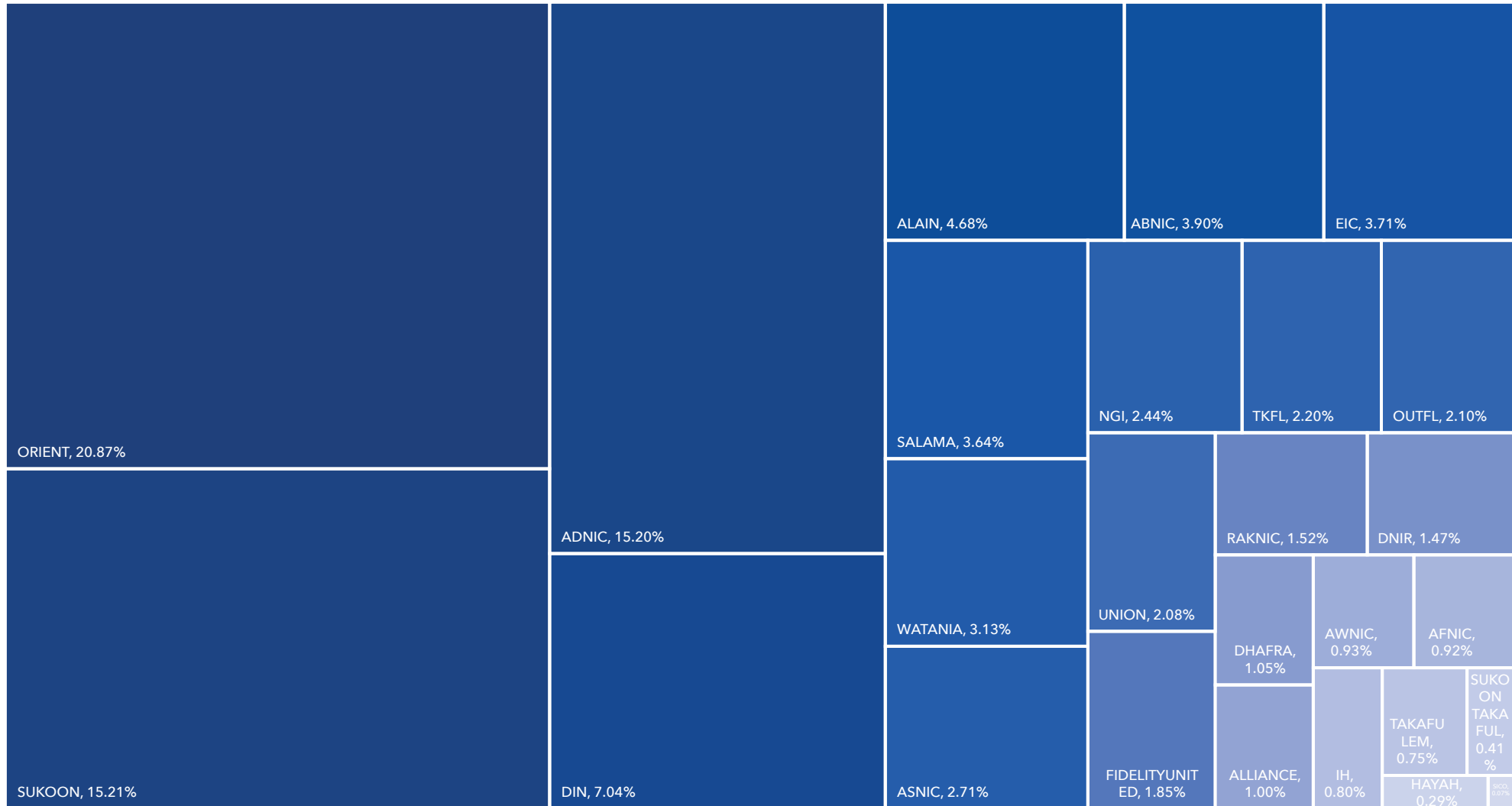


Profit after tax increased from AED 1.39 billion (2022) to AED 1.76 billion (2023). This indicates the companies' ability to generate income after deducting expenses and taxes, demonstrating overall financial stability for the year-end of 2023.

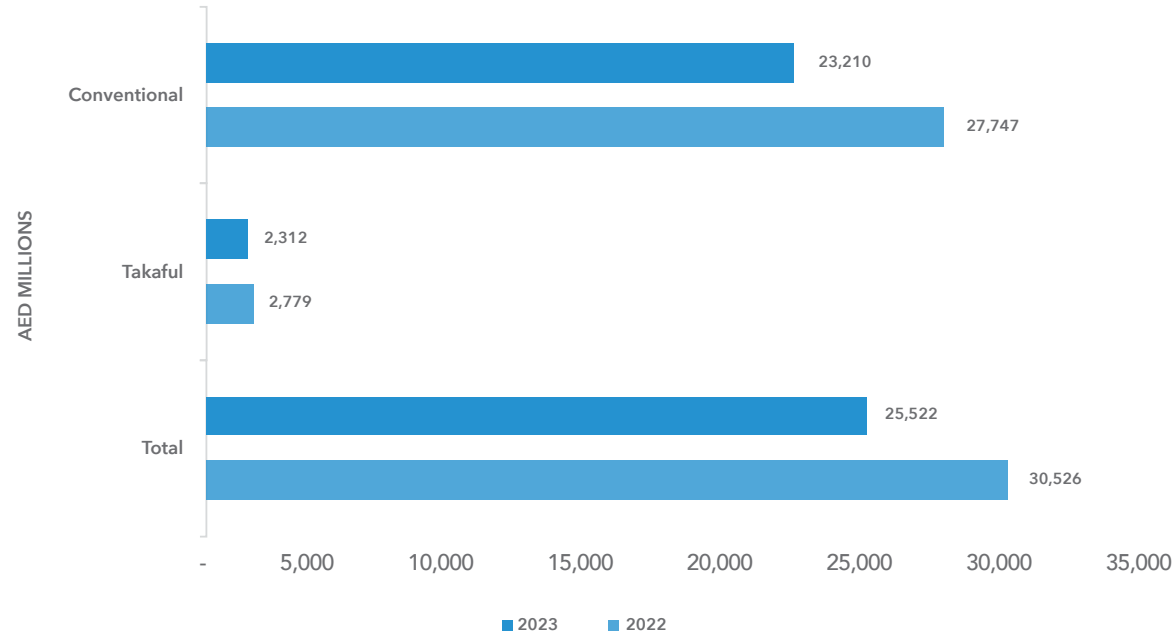
Insurance service results declined by 13% from AED 1.45 billion (2022) to AED 1.26 billion (2023), indicating a significant decrease in expenses or claim payouts that impacted their profitability.

Insurance's revenue grew from AED 25.5 billion (2022) to AED 30.5 billion (2023), indicating successful customer acquisition, increased sales of insurance products, or potentially higher premiums charged. The revenue growth reflects positive business performance and potential market expansion for the third quarter of 2023.

# MARKET SHARE PROPORTION



# INSURANCE REVENUE & RANKINGS



ORIENT holds the top position in both years 2022 and 2023, showcasing consistent strong performance and market leadership. An emerging player like TKFL demonstrates positive momentum, an uptick of three ranks in the rankings, which could indicate potential growth and expansion strategies. ABNIC, ASNIC, ALLIANCE, and AFNIC also showed improvement by climbing up two ranks in 2023, showcasing growth and a stronger market presence.

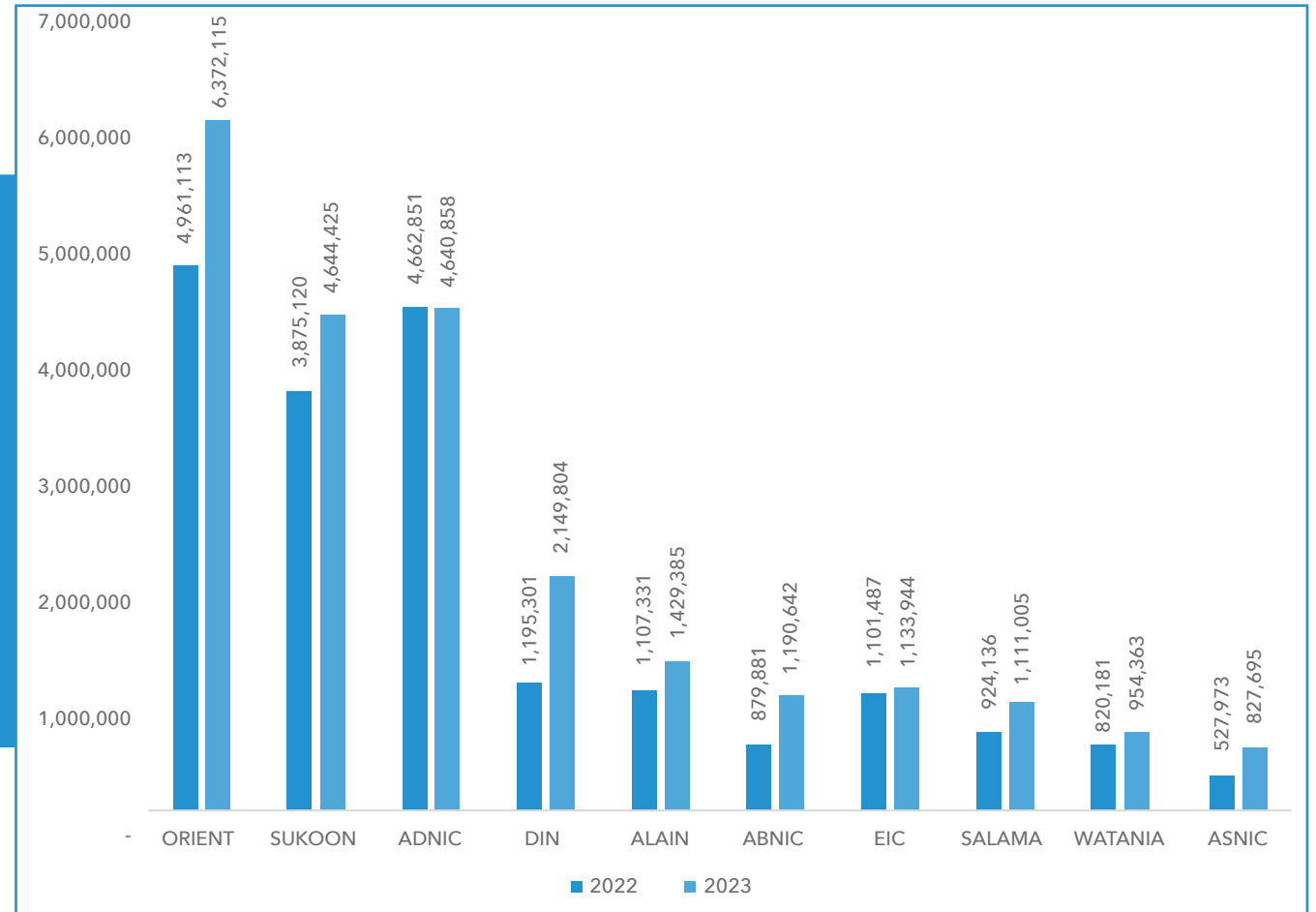
TAKAFULEM's position has dropped by 5 spots in the standings showcasing a drop of 33% in 2023. UNION also faces a decline in rankings, moving from the 10th position in 2022 to the 14th position in 2023. This may suggest challenges in revenue generation and increased competition in the market. Sukoon Takaful (formerly known as ASCANA), HAYAH, and SICO maintain relatively stable positions at the bottom of the rankings.



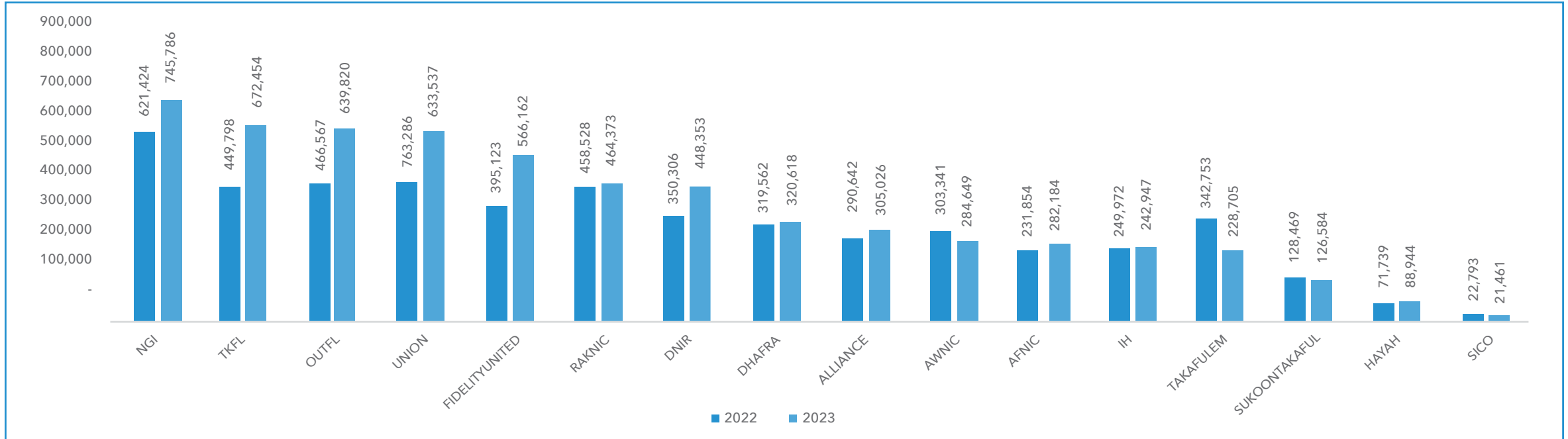
# INSURANCE REVENUE – TOP 10 COMPANIES

Orient was the leading player among the top 10 businesses in both years, with the greatest insurance revenue of approximately AED 6.4 billion in 2023. Followed by Sukoon with almost AED 4.6 billion. DIN demonstrates the highest growth of about 80% from AED 1.20 billion (2022) to AED 2.15 billion (2023), while ADNIC is the only company in the top 10 that remained stable in 2023.

In 2023, the insurance industry in the UAE witnessed robust growth, with the combined insurance revenue of the 26 listed companies surging by 20% to reach AED 30.5 billion. This marked a notable increase from the previous period's revenue of AED 25.5 billion. Notably, the reporting landscape has evolved, and the traditional focal point of Gross Written Premiums (GWP) is no longer emphasized. Instead, the new key metric is Insurance Revenue, which can be likened to Earned Premiums. However, it's important to highlight a critical distinction. Insurance Revenue is reported net of any Expected Credit Losses, akin to the provision for doubtful debts, ensuring a more accurate representation of the companies' financial health. This shift reflects a more comprehensive approach to financial reporting and aligns with industry best practices.



# INSURANCE REVENUE – OTHER COMPANIES



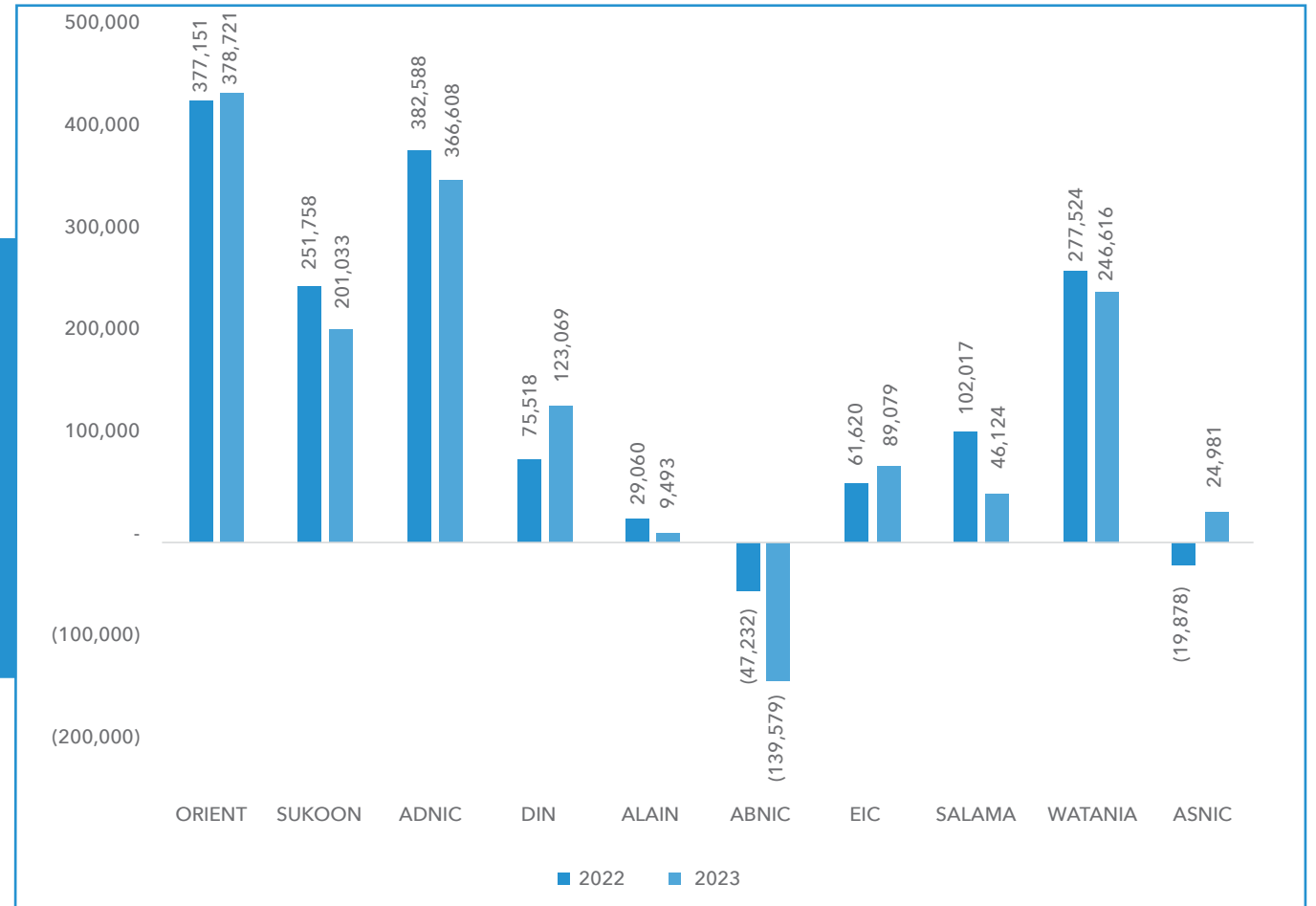
TKFL witnessed significant growth in 2023 among the other companies, increasing by nearly 50% from AED 450 million (2022) to 672 million (2023). TAKAFULEM, on the other hand, experienced the biggest drop, from AED 343 million (2022) to AED 229 million (2023), a 33% fall. All businesses expanded, with a few exceptions of UNION, IH, AWNIC, TAKAFULEM, Sucoon Takaful (formerly known as ASCANA), and SICO.

# NET INSURANCE SERVICE RESULTS – TOP 10 COMPANIES

Insurance Service Results for the 26 listed companies analyzed have dropped by 13% from AED 1.45 billion in 2022 to AED 1.26 billion in 2023.

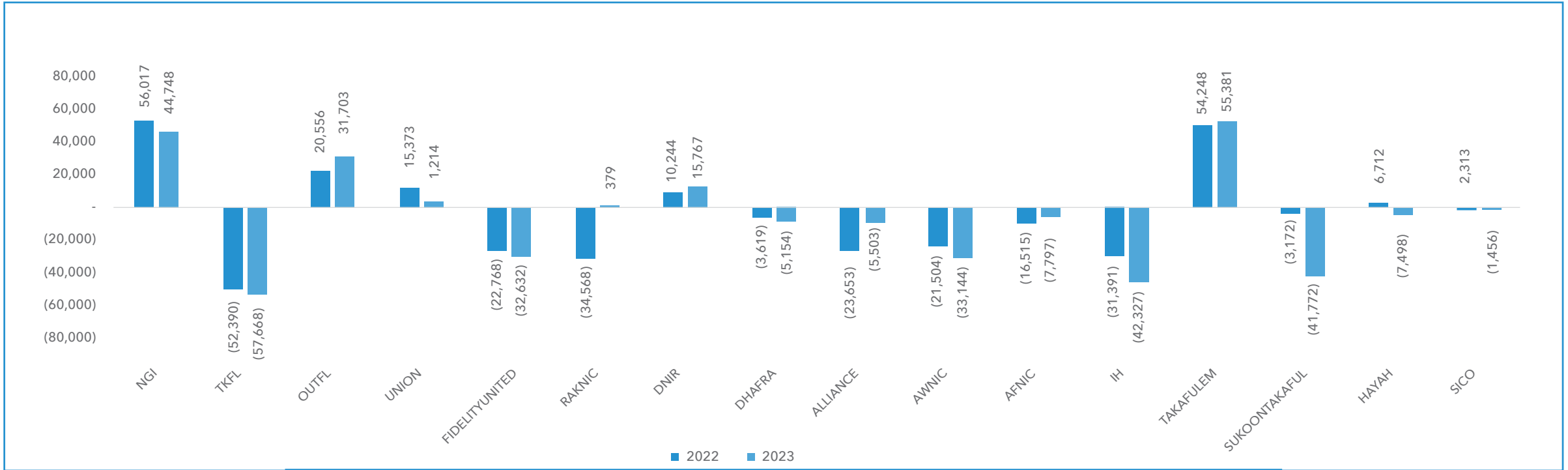
ORIENT emerges as the top player from the top 10 companies, with net insurance service results of AED 379 million in 2023. ORIENT was able to maintain the highest values among all the companies listed. This indicates that ORIENT has a strong performance and is a leading player in net insurance service results. ASNIC is notable for achieving the largest absolute growth of 226%. The last player among the top 10 companies is shown to be ABNIC. Its net insurance service results declined by 196%, a drop of approximately AED 187 million in 2023.

Insurance Service Result is computed as (Revenue - Insurance Service Expense + Net Expenses from Reinsurance Contracts Held).



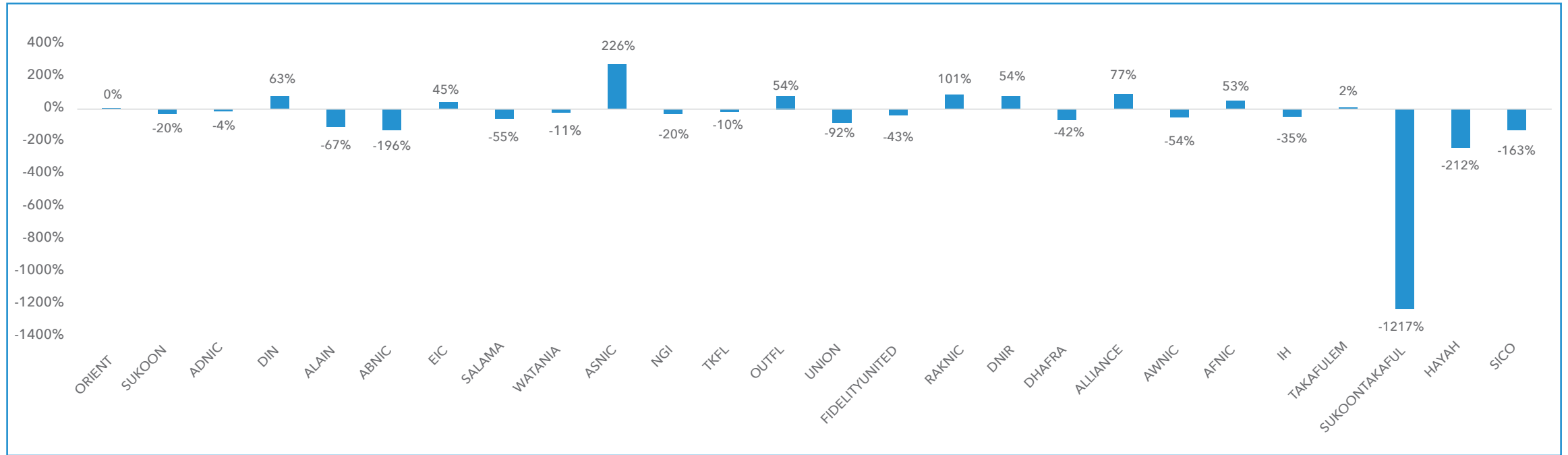


# NET INSURANCE SERVICE RESULTS – OTHER COMPANIES



Other than the top 10 companies, TakafulEm exhibited the biggest net insurance service results, with a value of AED 55 million in 2023, a growth of 2%. The lowest Insurance service results displayed by TKFL with a value of almost AED 58 million. RAKNIC showed a massive increase of approximately AED 35 million in net insurance service results; this positive trend indicates that it has generated higher revenues and reduced its losses, leading to a profitable year. Sukoon Takaful exhibited a significant drop of almost AED 39 million in 2023.

# NET INSURANCE SERVICE RESULTS – MOVEMENT



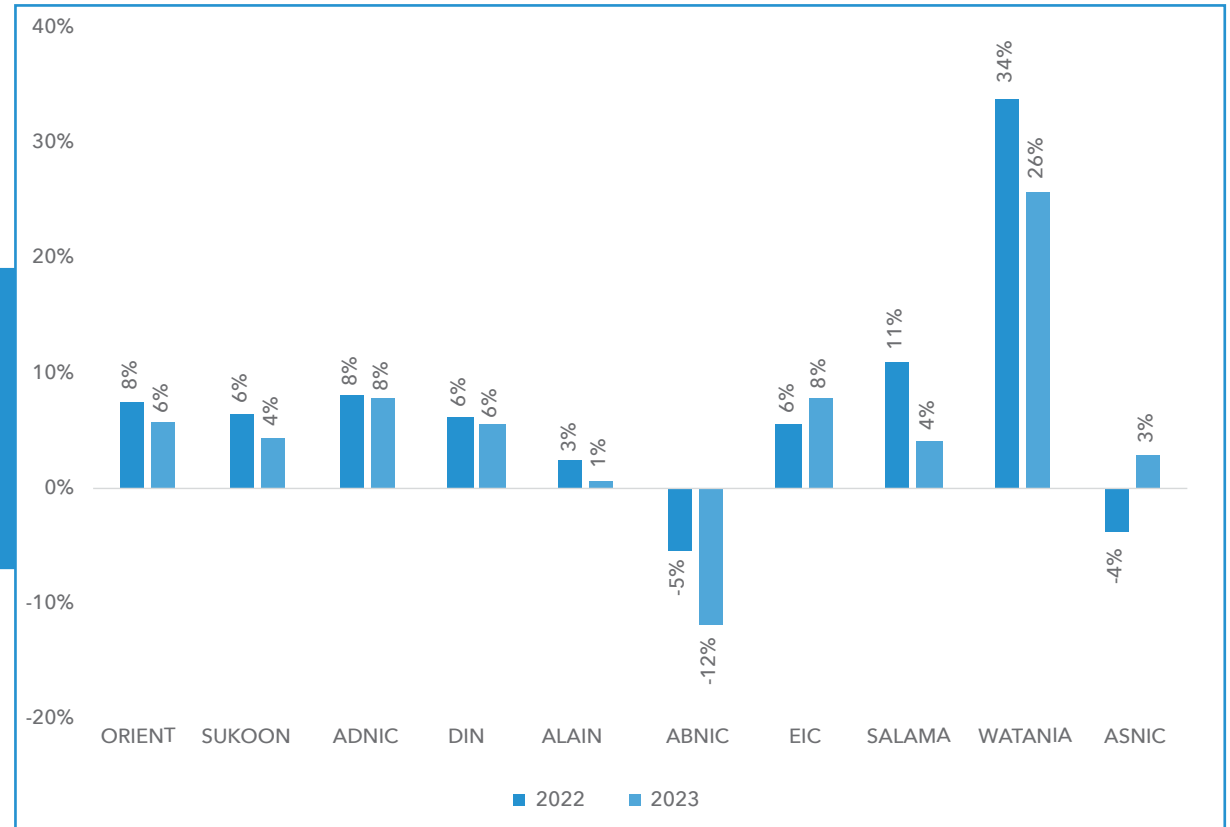
ASNIC leads the way in terms of percentage growth, with an impressive 226% increase in net insurance service results in 2023. ALLIANCE also performed well, with net insurance service results increased by 145%, indicating significant improvement. Whereas Sukoon Takaful (formerly known as ASCANA) and HAYAH showed a huge fall of 1217% and 212% respectively. ABNIC also had a drop of 196% in 2023.

# INSURANCE SERVICE RATIO - TOP 10 COMPANIES

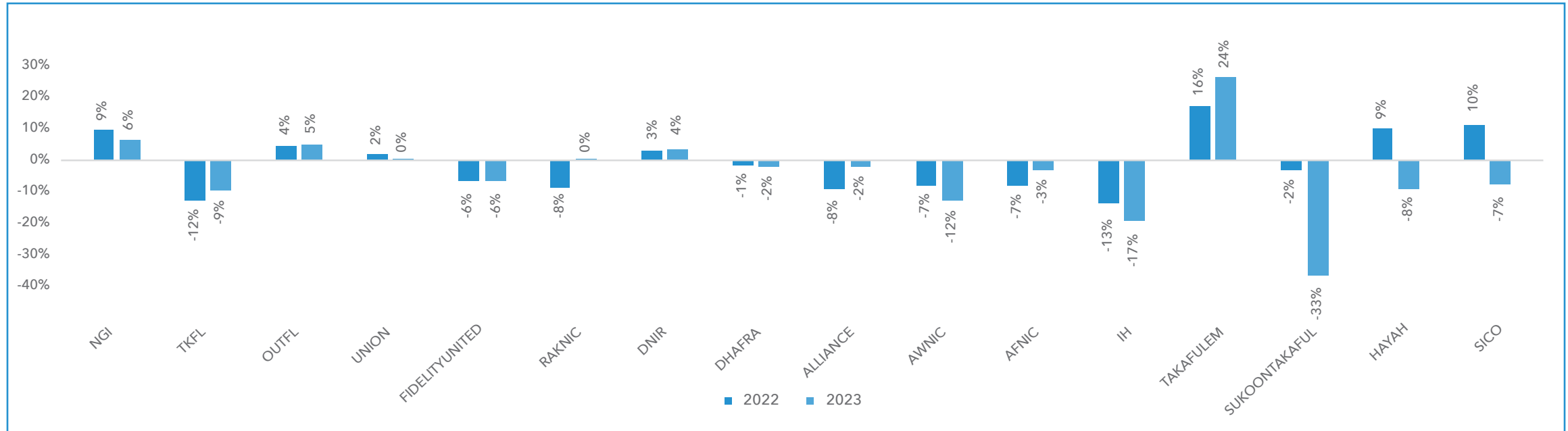
The 26 companies' insurance service ratio dipped from 6% in 2022 to 4% in 2023.

Among the top 10 companies, Watania had the highest insurance service ratio 26% in 2023. ASNIC experienced a most significant growth rate of 180% in 2023. Conversely, ABNIC exhibited the most substantial decline, decreasing from -5% in 2022 to -12% in 2023.

The Insurance Service Ratio is computed as Insurance Service Results over Insurance Revenue.



# INSURANCE SERVICE RATIO – OTHER COMPANIES



During the year 2023, RAKNIC achieved the highest growth of 101%, while TakafulEm had the highest ratio of 24%. Conversely, Sukoon Takaful (formerly known as ASCANA) faced a significant fall in its insurance service ratio, which fell by 1237%. Overall, in terms of the insurance service ratio, TakafulEm was the top performer with the highest ratio, while the lowest ratio was for Sukoon Takaful. RAKNIC and ALLIANCE's extraordinary growth, Sukoon Takaful, HAYAH, SICO's dramatic dips, and TAKAFULEM highest ratio were all notable patterns during this time period.

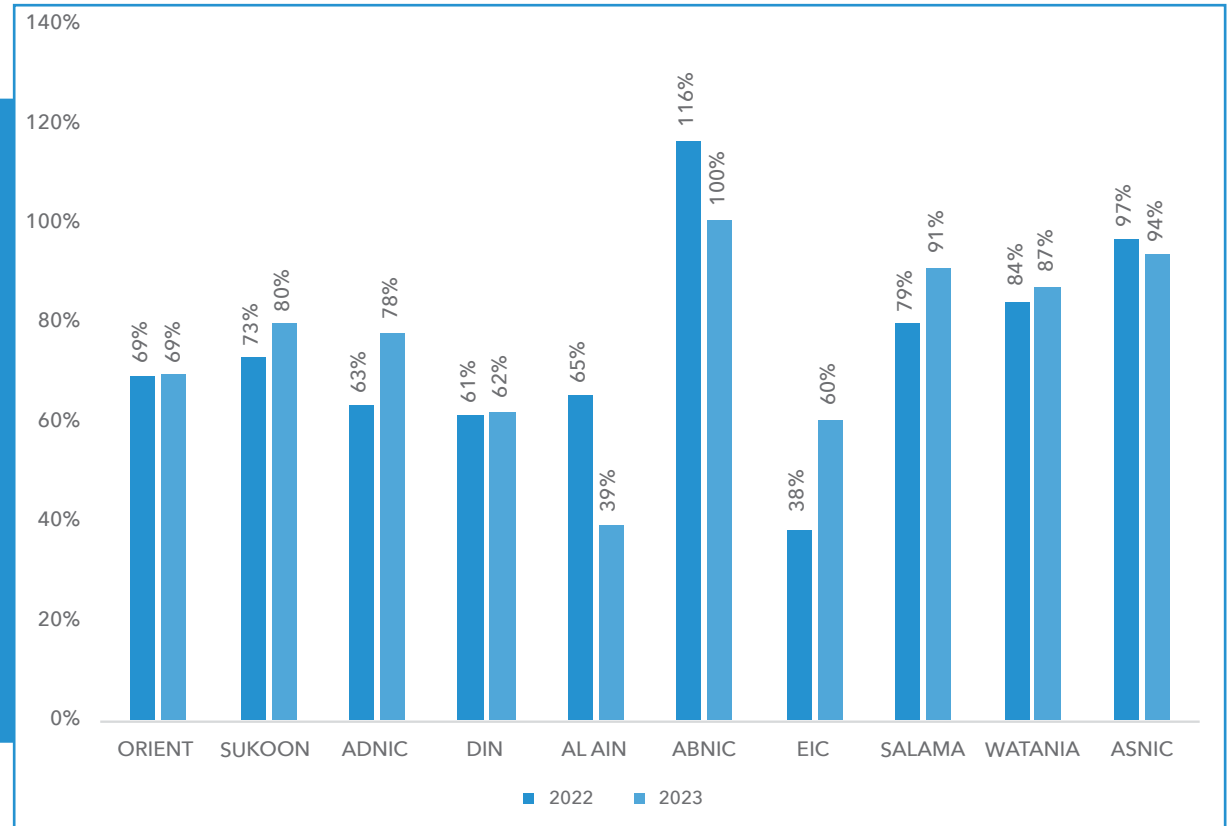
# COMBINED RATIO - TOP 10 COMPANIES

In 2023, the overall weighted average combined ratio for the 26 analyzed listed companies stood at 77%. Among the top ten companies, ABNIC recorded the highest combined ratio, approximately 100%, indicating a business is breaking even on its operations. Conversely, ALAIN had the lowest ratio, standing at 39%.

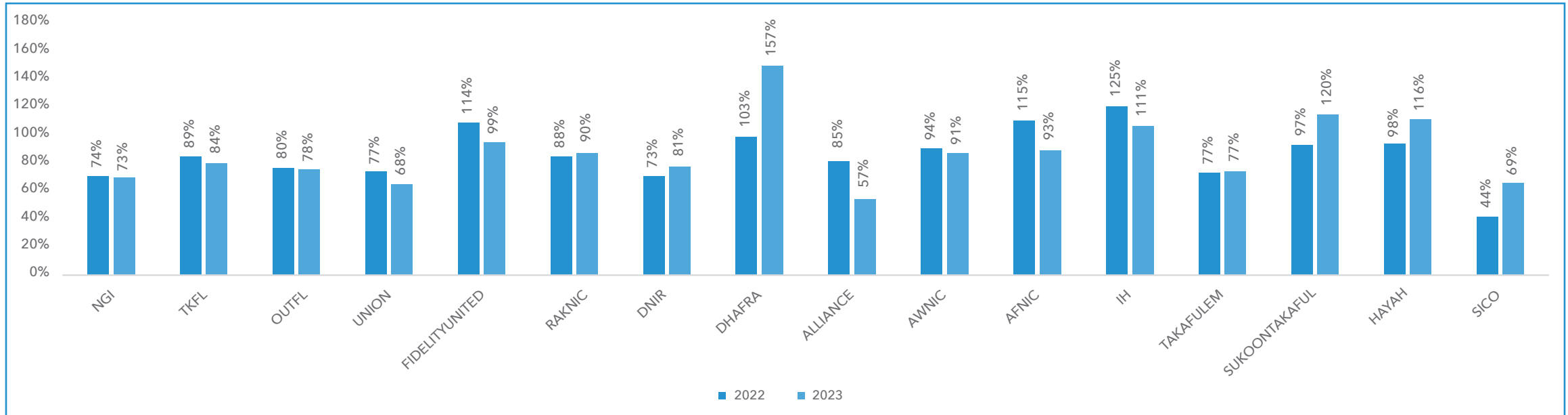
EIC showed a major growth rate of 60% while ALAIN showed a major drop of about 40% in 2023. Among the top 10 insurers, only ABNIC has a combined ratio that is equal to 100% in 2023.

A combined ratio below 100% indicates that the insurance company is making an underwriting profit, meaning it is collecting more in premiums than it is paying out in claims and expenses. Conversely, a combined ratio above 100% indicates an underwriting loss, where the company is paying out more in claims and expenses than it is receiving in premiums.

The combined ratio is computed as Insurance Service Expenses over Insurance Revenue.



# COMBINED RATIO – OTHER COMPANIES



Among all 26 companies, DHAFRA recorded the highest combined ratio of 157% in 2023, while ALLIANCE displayed the lowest combined ratio, standing at 57%.

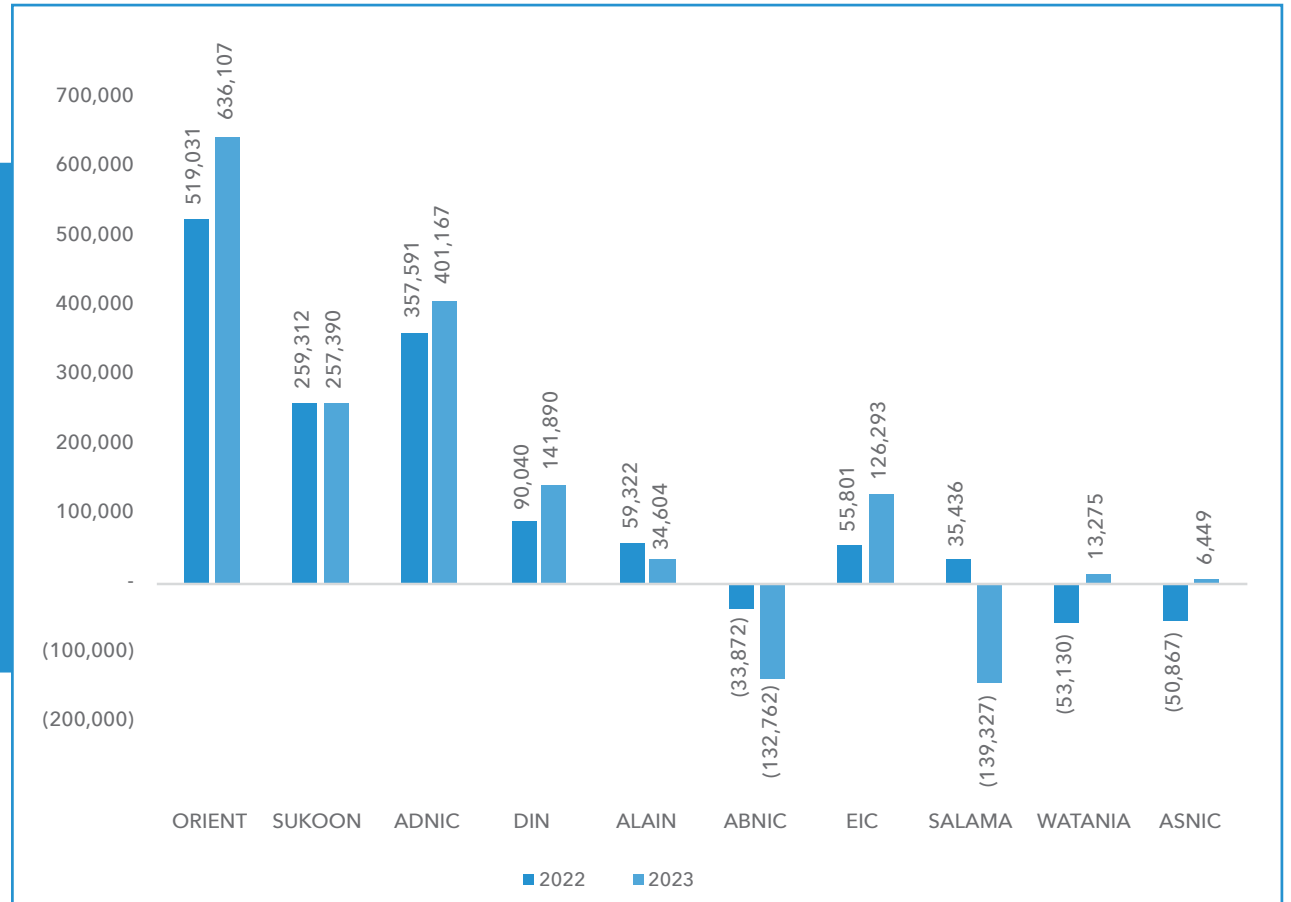
From other companies, SICO showed a major growth rate of 58% while ALLIANCE showed a major drop of about 33% in 2023.

# PROFIT AFTER TAX - TOP 10 COMPANIES

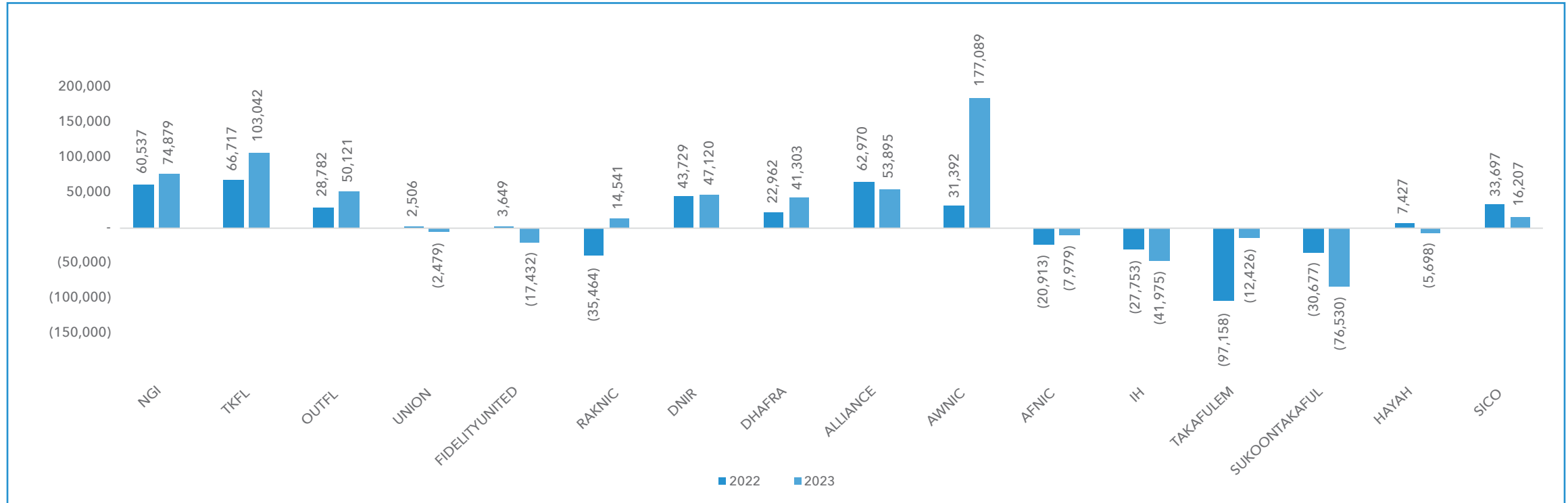
Profits (after taxes) rose up by 26% for the 26 listed companies under consideration, from AED 1.4 billion in 2022 to AED 1.7 billion in 2023. Among the top 10 companies, Orient retained its leading position, achieving a notable 23% increase in profit. Earnings rose from AED 519 million in 2022 to AED 636 million in 2023.

Among the top 10 companies, EIC demonstrated the highest growth rate, experiencing an impressive 126% increase in profit. Profit surged from AED 55,801 in 2022 to AED 126,293 in 2023. Conversely, SALAMA experienced the most significant decline, approximately 493%, falling from AED 35 million in 2022 to AED (139) million in 2023.

During 2023, all companies exhibited substantial growth in profits, reflecting robust financial performance, while ABNIC and SALAMA experienced considerable declines in their profits during the same period.



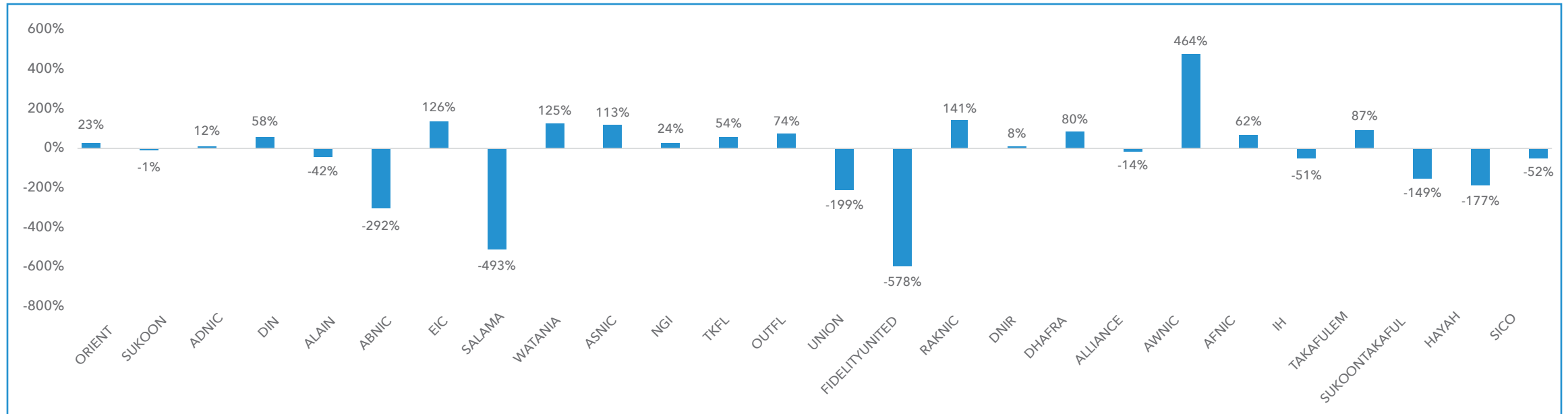
# PROFIT AFTER TAX - OTHER COMPANIES



Among the remaining companies, Awnic captured the most substantial growth in profit increasing from AED 31 million in 2022 to AED 177 million in 2023, an impressive 464% rise. Sukoon Takaful, on the other hand, had the lowest profit and recorded a significant decline of 149%, falling from AED (31) million in 2022 to AED (77) million in 2023.



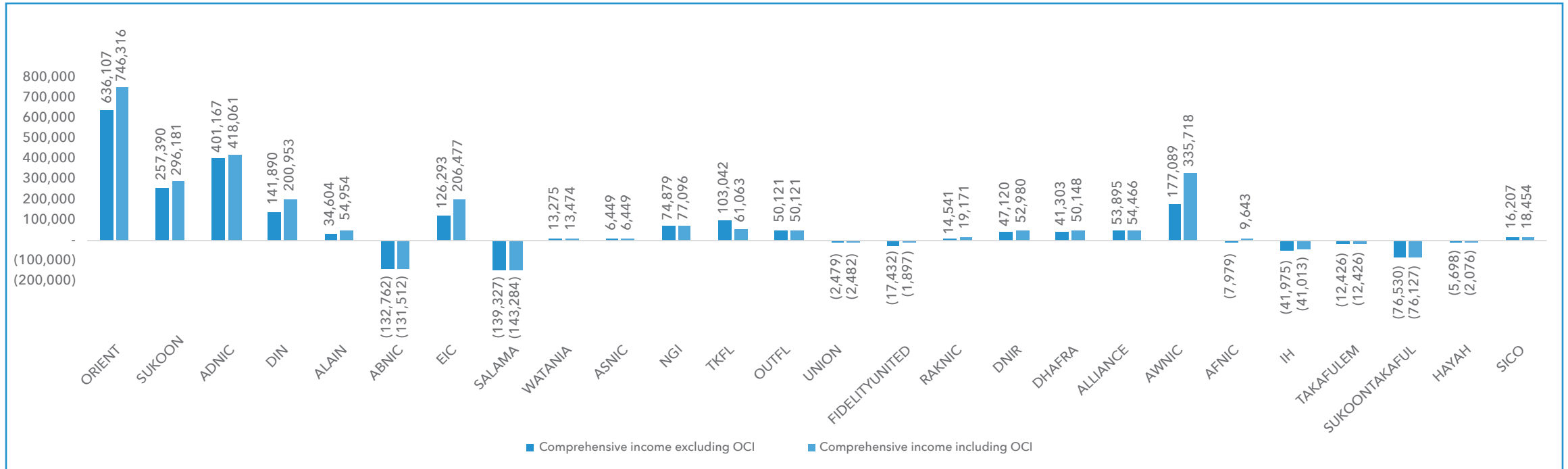
# PROFIT AFTER TAX - MOVEMENT



Among the 26 listed companies analyzed, Awnic achieved the highest growth in profit after tax, approximately 464% in 2023. Conversely, Fidelity United experienced an enormous dip of approximately 578% in 2023.

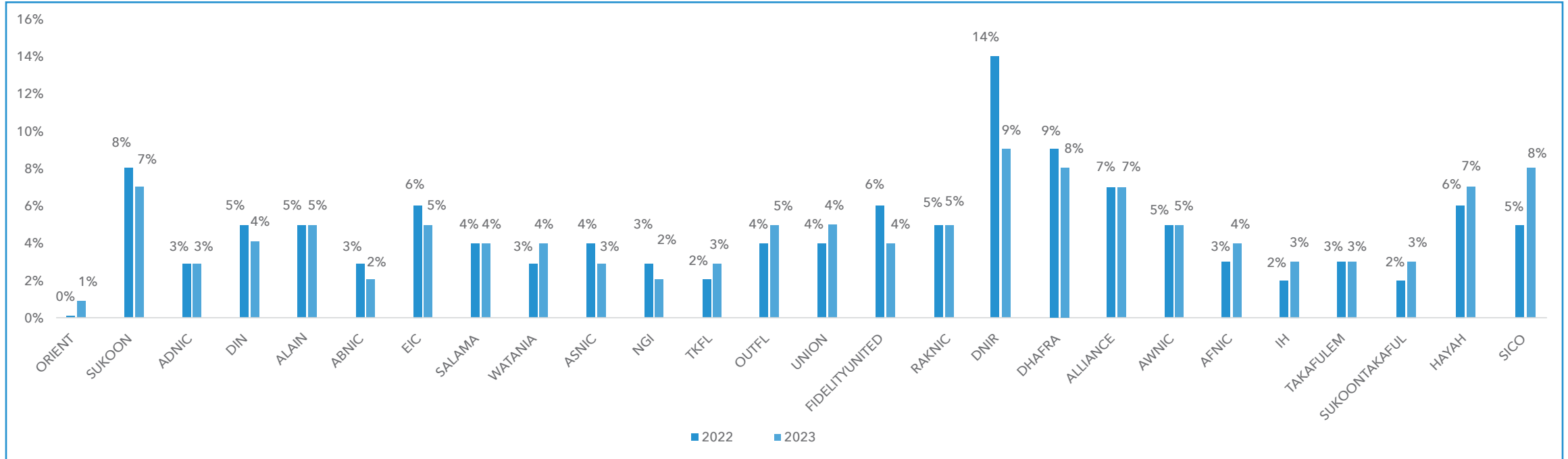
Out of the 26 listed companies, 11 companies observed decline in profit after tax, while the remaining companies demonstrated growth in their profits during 2023.

# OTHER COMPREHENSIVE INCOME



ORIENT experienced the highest comprehensive incomes in both excluding and including OCI of approximately AED 636 million and AED 746 million, respectively. Conversely, the lowest comprehensive income recorded excluding and including OCI was for SALAMA with a value of AED (139) million and AED (143) million, respectively. Meanwhile, companies with negative figures in OCI, such as SALAMA, ABNIC, Fidelity United, Union, TAKAFULEM, IH, Sukoon Takaful, and Hayah indicate losses and face financial risks that need attention for improvement.

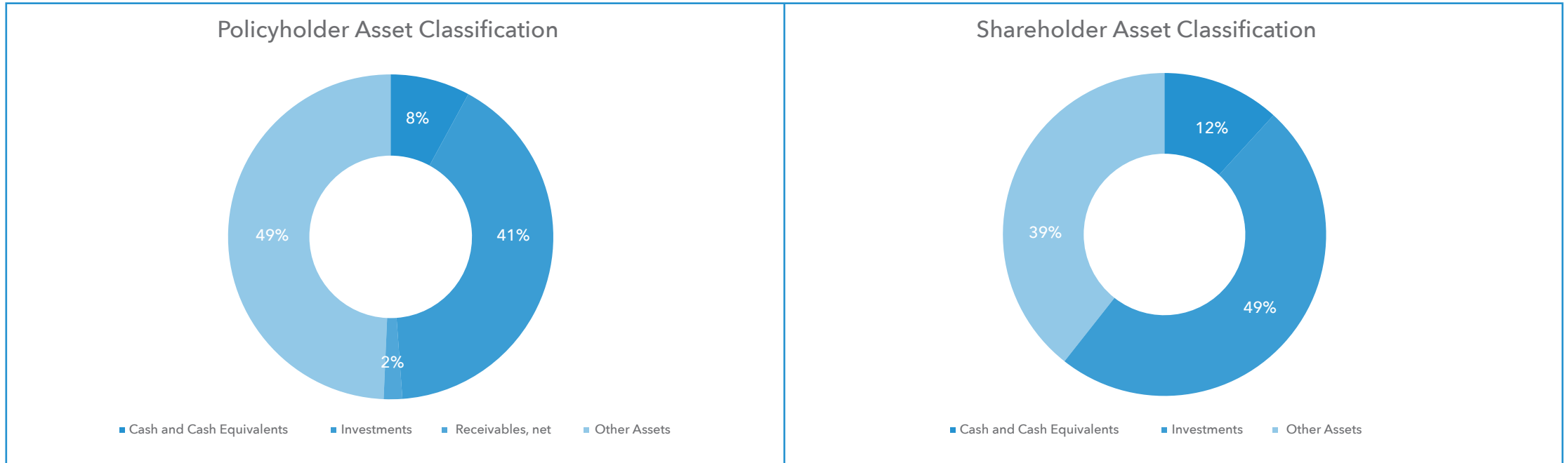
# RISK ADJUSTMENT AS % OF LIC



In the context of all IFRS 17 models, Risk Adjustment holds significant importance within the balance sheet. It is defined as the compensation that an entity deems necessary to account for the uncertainty surrounding the amount and timing of cash flows resulting from non-financial risk, specifically as the entity fulfills its insurance contracts. Risk Adjustment plays a vital role in recognizing and addressing uncertainties related to insurance obligations in the financial reporting process. The analysis reveals that the weighted average proportion of risk adjustment in LIC as of December 31, 2022, and December 31, 2023, is calculated to be 4%.

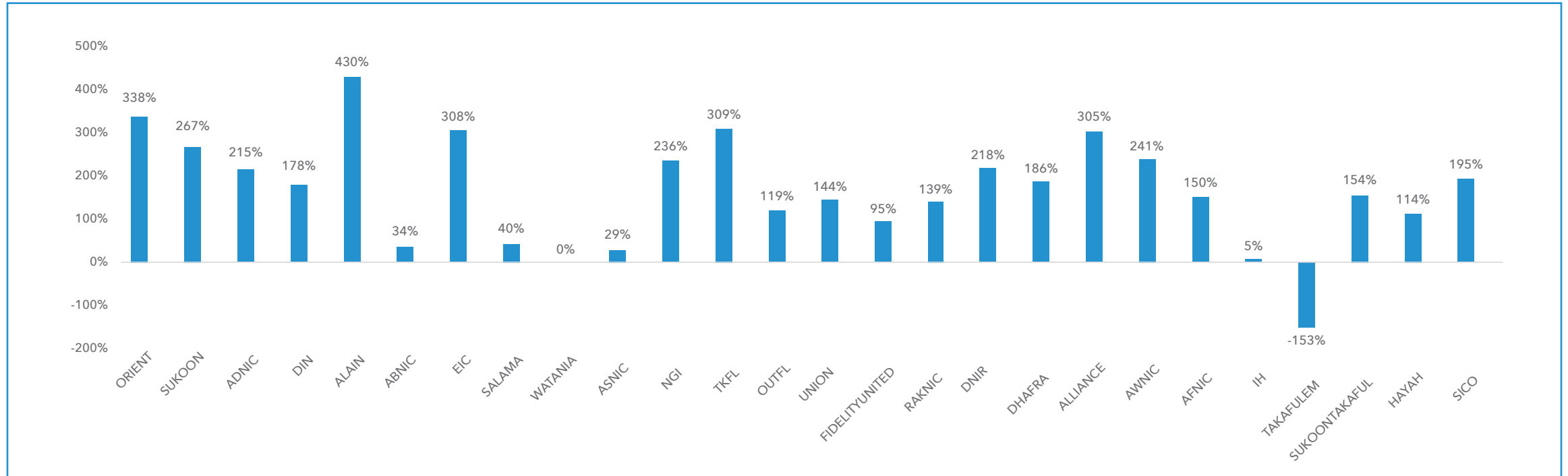
DNIR exhibits the highest ratio in both years 2022 and 2023 with values of 14% and 9%, respectively, indicating its strong financial position, while Orient displayed the lowest ratio at 1% in 2023. NGI and ABNIC also display low ratios both at 2%, suggesting comparatively weaker financial standing.

# ASSET CLASSIFICATION - AGGREGATE



Most of the policyholder assets were kept as other assets 49% and 41% as investments. While 49% of the Shareholder Assets were kept as investments and 39% were kept as other assets.

# FUNDS TO SOLVENCY RATIO



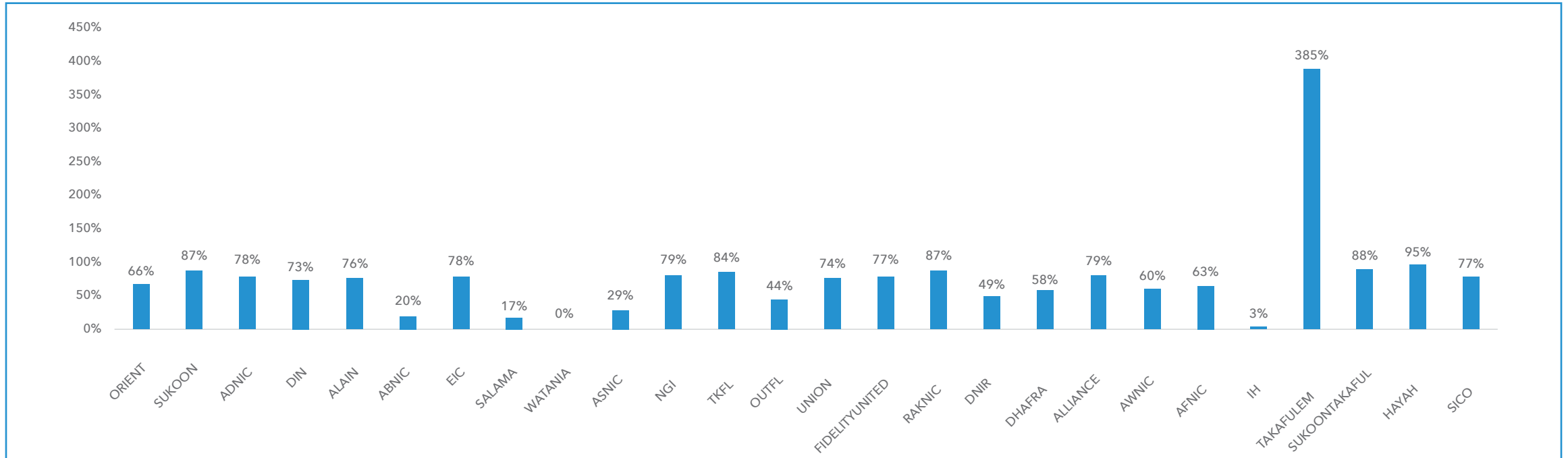
A solvency ratio examines an insurance company's ability to meet its long-term debts and obligations. The higher value of the MCR, SCR, and MGF, generally referred to as the Applicable Solvency Measure, is divided by Own Funds to determine the Solvency Ratio.

ALAIN boasts the highest funds-to-solvency ratio at 430%. The lowest percentage, at -153%, belongs to TAKAFULEM, indicating a comparatively lower capacity to meet solvency needs.

As of 30 September 2023, SUKOON, ADNIC, OUTFL, ALAIN, ALLIANCE, ASNIC, and HAYAH have disclosed their solvency figures. Conversely, the remaining companies have published their solvency numbers as of 31 December 2023.

Due to WATANIA's data unavailability, it is not represented in the graph.

# FUNDS TO EQUITY RATIO



TAKAFULEM displayed the greatest ratio at 385%. The lowest ratio at 0% is displayed by Watania. As of 30 September 2023, SUKOON, ADNIC, OUTFL, ALAIN, ALLIANCE, ASNIC, and HAYAH have disclosed their solvency figures. Conversely, the remaining companies have published their solvency numbers as of 31 December, 2023. The Equity Ratio can be calculated as Basic Own Funds divided by Total Equity.

# APPENDIX A: LISTED INSURANCE COMPANIES IN UAE USED IN OUR REPORT

Company Name	Symbol	Conventional / Takaful
ORIENT Insurance P.J.S.C.	ORIENT	Conventional
Abu Dhabi National Insurance	ADNIC	Conventional
SUKOON Insurance	SUKOON	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
National General Insurance Company P.J.S.C	NGI	Conventional
Ras Alkhaima National Insurance Co.	RAKNIC	Conventional
Al Sagr National Insurance Company	ASNIC	Conventional
Takaful Emarat	TAKAFULEM	Takaful
Abu Dhabi National Takaful Co.	TKFL	Takaful

Company Name	Symbol	Conventional / Takaful
United Fidelity Insurance Company	FIDELITYUNITED	Conventional
Alliance Insurance	ALLIANCE	Conventional
Dubai National Insurance & Reinsurance	DNIR	Conventional
Al Wathba National Insurance Co.	AWNIC	Conventional
Orient UNB Takaful P.J.S.C.	OUTFL	Takaful
Al Dhafra Insurance Co.	DHAFRA	Conventional
Al Fujairah National Insurance	AFNIC	Conventional
Sukoos Takaful ( formerly known as Arabian Scandinavian Insurance)	ASCANA	Takaful
HAYAH Insurance Company	HAYAH	Conventional
Sharjah Insurance Company	SICO	Conventional
Insurance House Company	IH	Conventional
WATANIA International Holding P.J.S.C.	WATANIA	Conventional

# OUR TEAM



**SHIRAZ ANWAR**  
Senior Manager



**NOMAN USMAN**  
Senior Actuarial Consultant



**HIBA IBAD**  
Data & Research Analyst



# SHMACONSULTING

## Feedback

SHMA is proud to present Insurance Industry Analysis - United Arab Emirates for the year-end 2023. 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.shmaglobal.com](http://www.shmaglobal.com)

## 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.



[info@shmaconsulting.com](mailto:info@shmaconsulting.com)  
P.O. Box 340505, Dubai, UAE



+971 56 183 1095, +971 52 831 4612

A blue-tinted cityscape with a large black circle in the center containing the text 'THANK YOU'. The background shows a dense urban skyline with various skyscrapers, including a prominent, very tall, slender tower in the center. The overall aesthetic is modern and professional.

**THANK YOU**