



BADRI

UAE LISTED INSURANCE COMPANIES PERFORMANCE ANALYSIS FOR THE FIRST QUARTER OF 2021

June 07, 2021

BADRI MANAGEMENT CONSULTANCY

STRATEGIC PARTNER OF THE INDUSTRY



Badri Management Consultancy is proud to have won the Strategic Partner of the Industry at the 7th Middle East Insurance Industry Awards 2020 conducted by Middle East Insurance Review.

The **award** is a reflection of the trust and loyalty of our esteemed clients, and the hard work and dedication of all our people at Badri.

Apart from excellence in core actuarial services, Badri has raised the bar in providing industry insights with market specific reports, trainings, newsletters, and data analytics with an aim to benefit the insurance industry at large.

Thank you Middle East Insurance Review and the judges for acknowledging all the efforts put in behind the scenes.



ABOUT BADRI MANAGEMENT CONSULTANCY

Badri Management Consultancy is the fastest growing Actuarial Consulting Firm in the Middle East, recognized for its collaborative approach to working with its clients as Profit Optimizing Partners. We are serving as Appointed Actuary for over 20 companies in the GCC. In addition, we are providing other services including IFRS17 Implementations, Development of ERM Framework, Specialized services for Medical Insurance and TPAs, Business Intelligence solutions and End of Service Benefits Valuations.

Vision

Solution architects strengthening our partners to optimize performance

MISSION

We help our clients be the best version of themselves by fostering partnerships, challenging norms and providing cutting edge solutions. We inspire our people to constantly evolve and chase excellence with integrity in a diverse, exciting and growth-oriented culture.

Core Values

Integrity Chasing Excellency

We uphold the highest standards of integrity in all of our actions by being professional, transparent and independent.

Chasing Excellence

Through our empowered teams, we raise the bar by challenging norms to provide cutting edge solutions to our partners.

Fostering Partnerships

We foster our partnerships with all our stakeholders through collaboration, empathy and adaptability.

Breeding Excitement

We value our people and create an exciting environment for them to develop.

Growth-Centric

We believe in creating a vibrant culture through continuous personal and professional growth of our people, while also growing the business.

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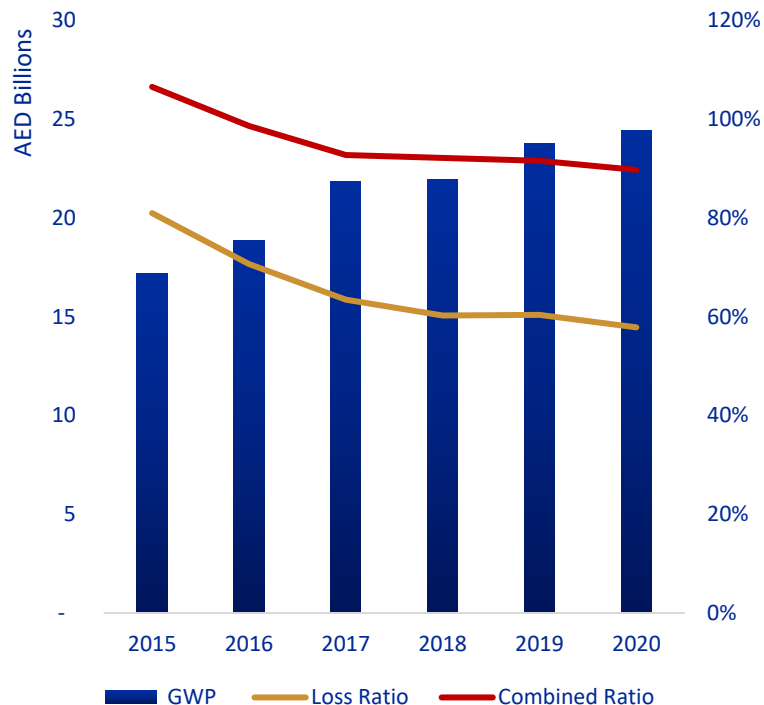
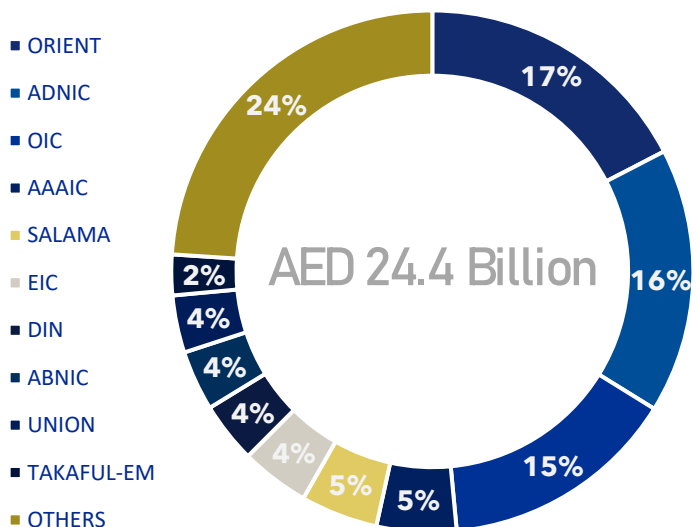
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HIGHLIGHTS FROM OUR YEAR END 2020 REPORT

COMPANIES BUSINESS CONTRIBUTION



Highest Growth in Profit by
GCIC
at
1286%

Highest Growth in GWP Recorded by
Fidelity United
at
59%

Highest ROE by
AMAN
at
26%

Highest Cash Dividends Paid by
EIC
at
60%

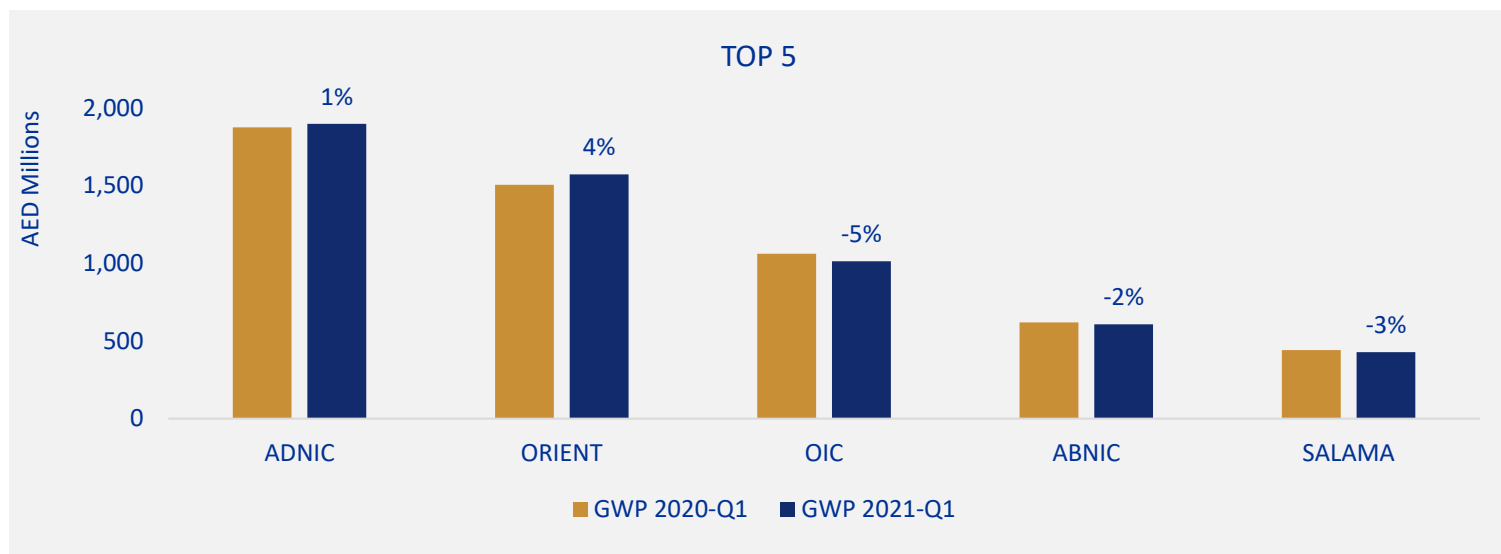
Highest GWP recorded by
ORIENT
at
4.2bn

Highest Net Earned Premium Growth by
DARTAKAFUL
at
132%

Highest Investment Income recorded by
ORIENT
at
191.1mn

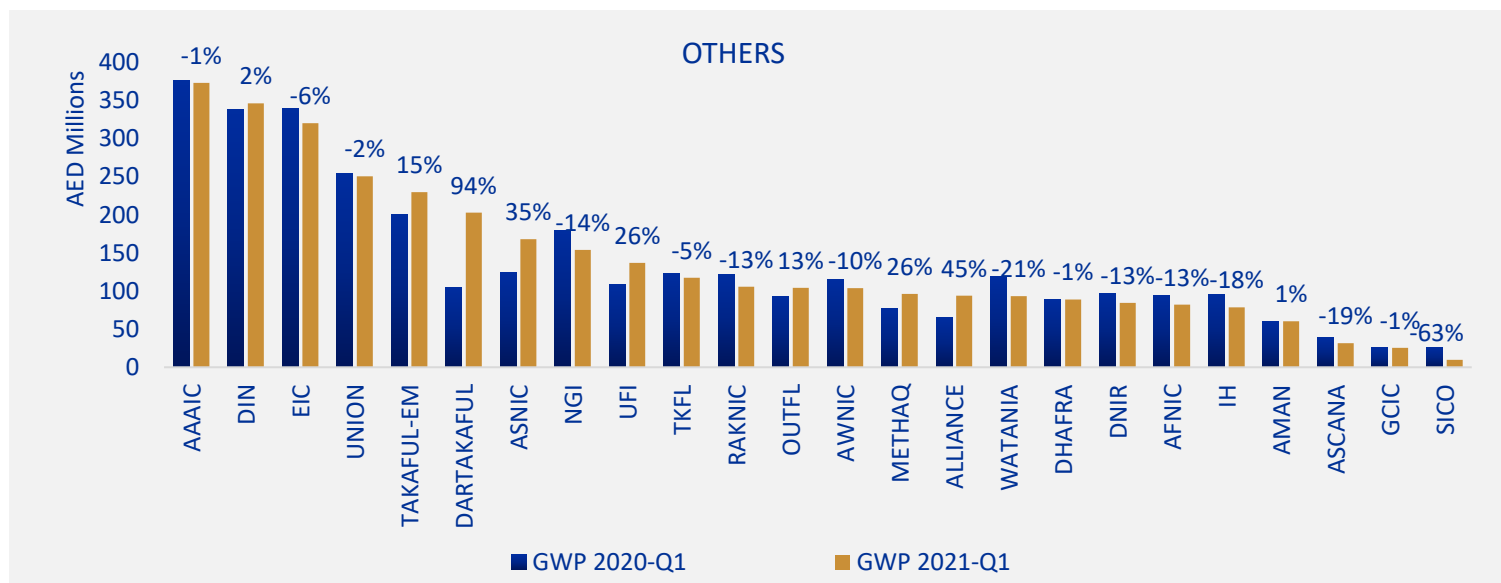


GROSS WRITTEN PREMIUMS - LISTED COMPANIES



The listed Insurance companies in the Emirates recorded business of AED 8.9 billion depicting a growth of 1% in their topline during the first three months of 2021 when compared with the corresponding period of 2020.

The collective premium of the top 5 companies accumulates to AED 5.5 billion in Q1-2021, hence contributing 62% of overall market share. However, this market share has dropped by 1% when compared with 2020-Q1.

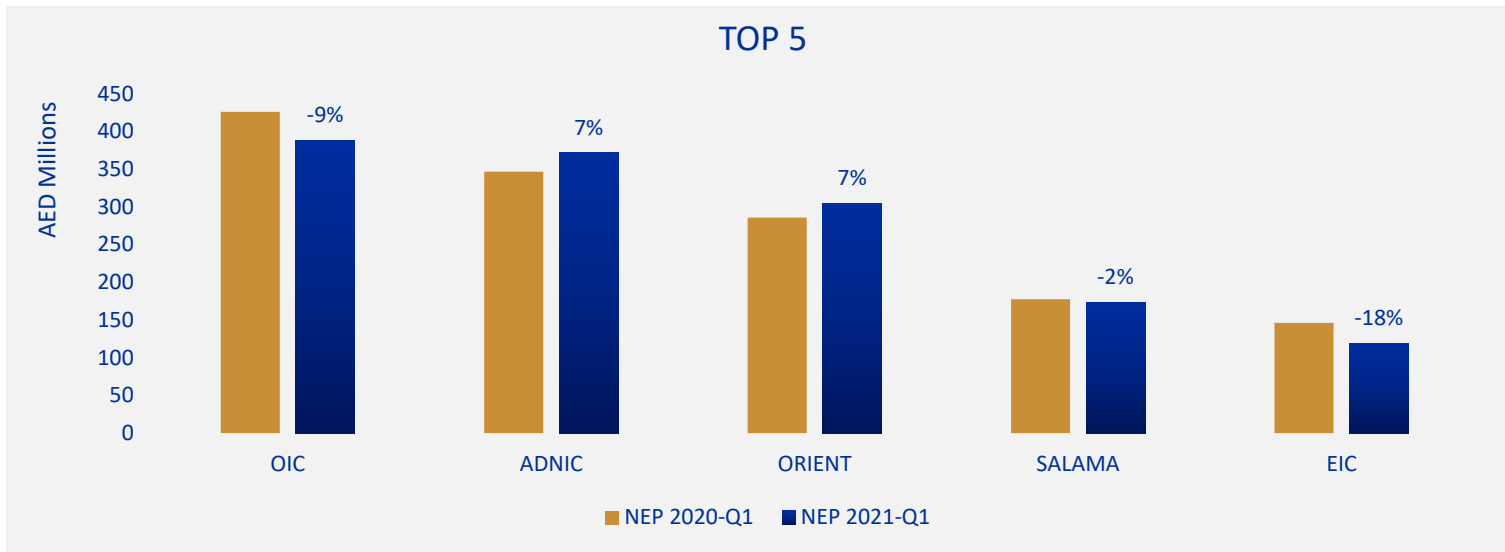


DARTAKAFUL displayed the highest growth of 94%, a key reason for the growth is that this quarter it also includes premiums of Noor Takaful which were not present in Q1-2020 financials of DAR in GWP. Meanwhile, on the other hand, SICO exhibited the biggest decline in business from AED 27 million (2020-Q1) to AED 10 million (2021-Q1).

In a nutshell, among the 29 listed Companies included in this analysis, only 11 of them displayed growth in business while the other 18 experienced a decrease in topline during Q1-2021.

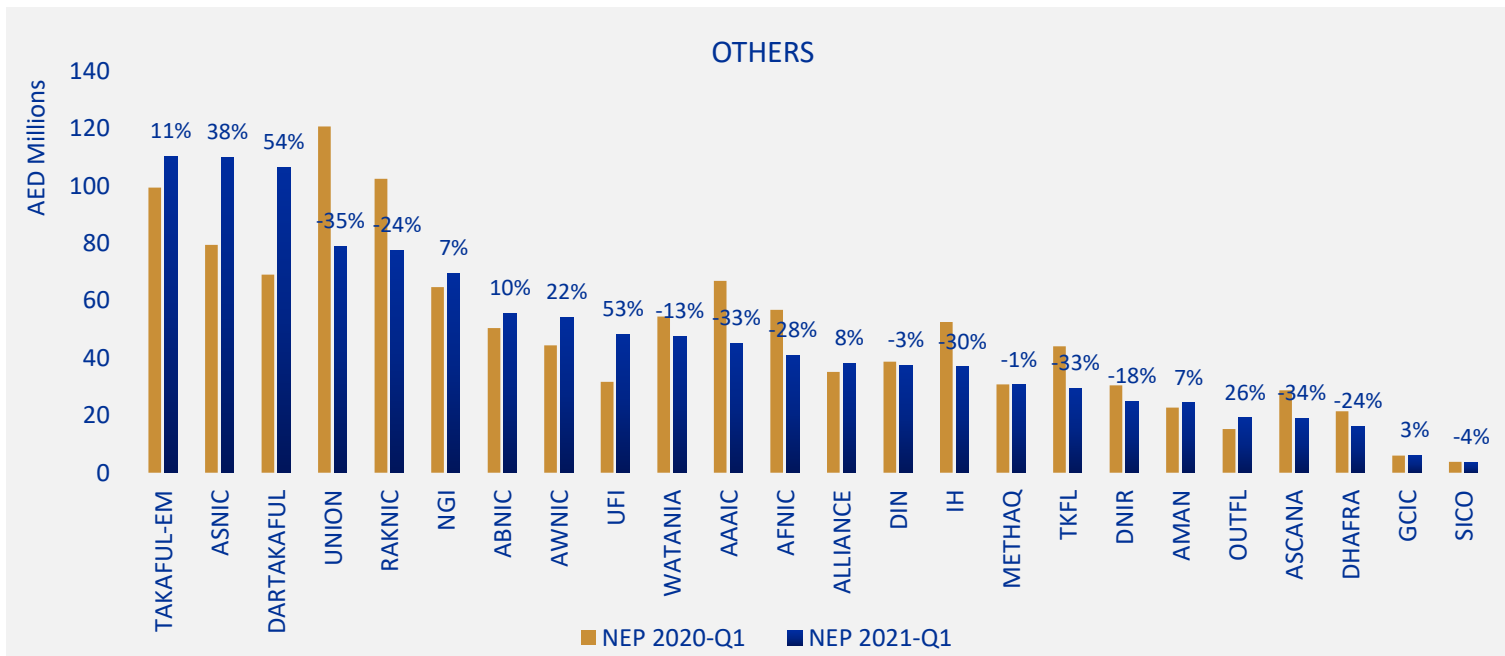
≡ AKIC has been excluded from all analysis since it was not published as of compilation of this report.

NET EARNED PREMIUMS - LISTED COMPANIES



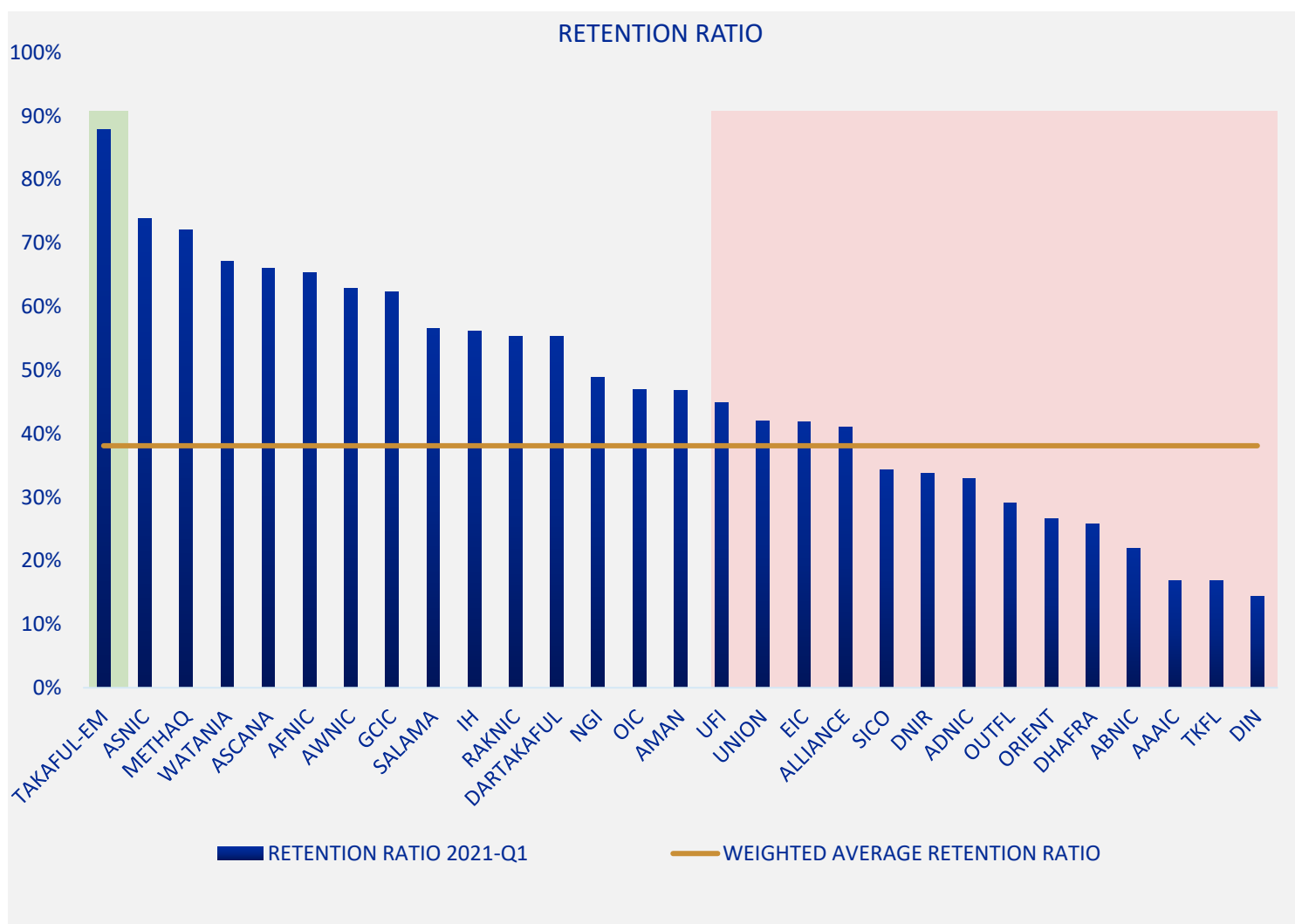
A 3% decline is observed in the net premiums earned by the insurance companies during the first quarter of 2021 amounting to AED 2.5 billion, when compared with the first quarter of 2020 with net premiums recorded to be AED 2.6 billion.

The net earned premiums of top 5 companies accumulates to AED 1.36 billion, contributing 55% of the market share in Q1-2021. (Q1-2020 : AED 1.38 billion NEP)



As depicted, DARTAKAFUL exhibited an immense growth of about 54% during Q1-2021 while the biggest decline in net earned premiums was experienced by UNION of negative 35% when compared with the corresponding period of 2020.

RETENTION RATIO – LISTED COMPANIES



The weighted average retention ratio is recorded to be 38% for the first three months of 2021. This ratio was around 40% for the year 2020 in our year end report.

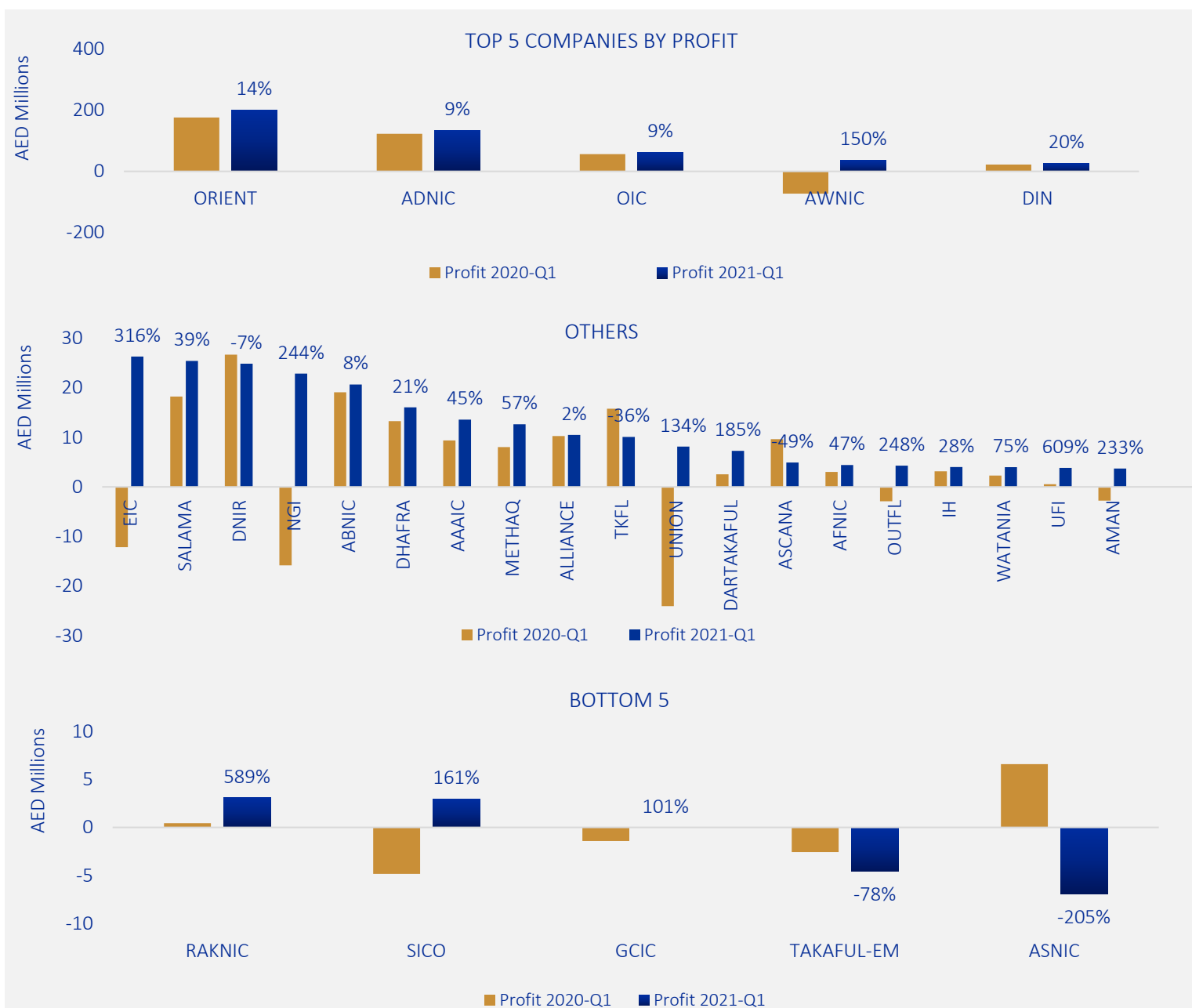
The highest retention (88%) was displayed by TAKAFUL-EM as they have only ceded out 12% of their business while the lowest retention (14%) is exhibited by DIN as they have ceded out 86% of their business.

As per the CBUAE benchmark the recommended range for retention ratio is above 45%, while the preferred range is above 75%. The red zone reflects the companies falling in critical range which is below 45%.

Although there may be exceptions, Retention ratios are generally reflective of the lines of business being underwritten; Motor and Medical generally tend to have high retention ratios, while commercial lines such as Aviation, Engineering and Fire tend to have lower retentions. Also, since this analysis does not segregate life and non-life business, the companies writing higher volumes of life, especially IL and PA, would also tend to show higher retention levels.

❖ *The retention ratio is calculated as a ratio of net written premiums to gross written premium.*

PROFIT BEFORE TAX - LISTED COMPANIES TREND



The listed companies in the Emirates recorded an extraordinary profit growth of 76% during the first quarter of 2021 when compared with the corresponding period of 2020, with total profits amounting to AED 681 million in Q1-2021 (Q1-2020: AED 387 million). It is observed that 9 companies recorded losses in their financials as of Q1-2020; however, in Q1-2021, only 2 companies have displayed losses.

When comparing in terms of position from year ended 2020, Awnic has moved up 15 spaces, making into TOP 5. Nonetheless, in Q1-2021, the highest profit growth (609%) has observed by Fidelity United while ASNIC portrayed the biggest decline of 205% when compared with the first quarter of 2020.

Q1-2020 was impacted by falling equity markets due to the onset of COVID and that is the reason for the large variation in profits. The market recovered later during the year and that is why the 76% growth figure should be taken with a pinch of salt.

≡ For Takaful companies we have consolidated the Policyholders and Shareholders profit/loss for comparative purposes.



CONVENTIONAL VS TAKAFUL – LISTED COMPANIES

Out of 30 listed insurance companies, 9 operate as Takaful Insurers in the UAE market.

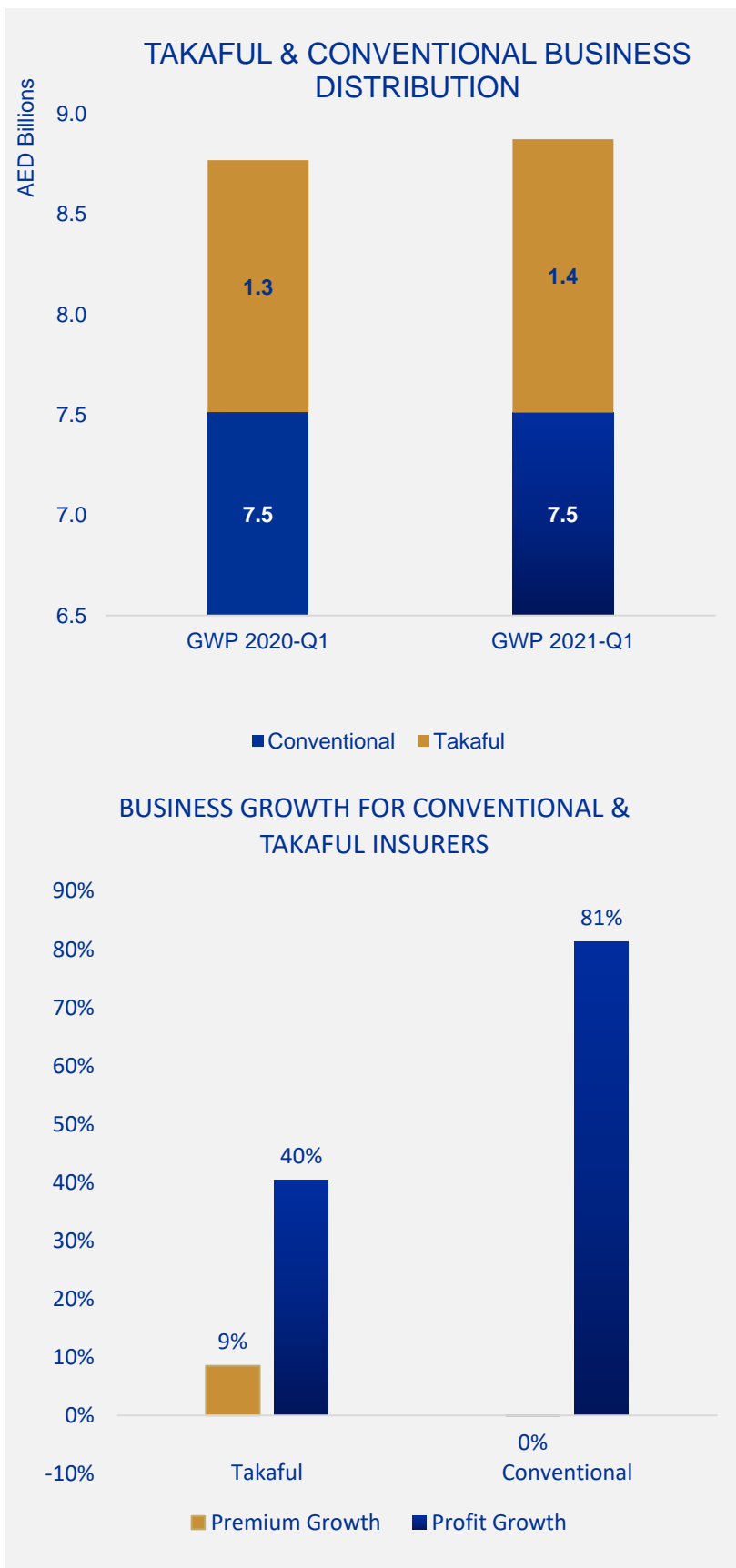
The business written by the Takaful companies contributed 15% of the total written business by the listed insurance companies in UAE in Q1-2021.

The premium for Conventional insurers remained stagnant when compared with the corresponding period of 2020.

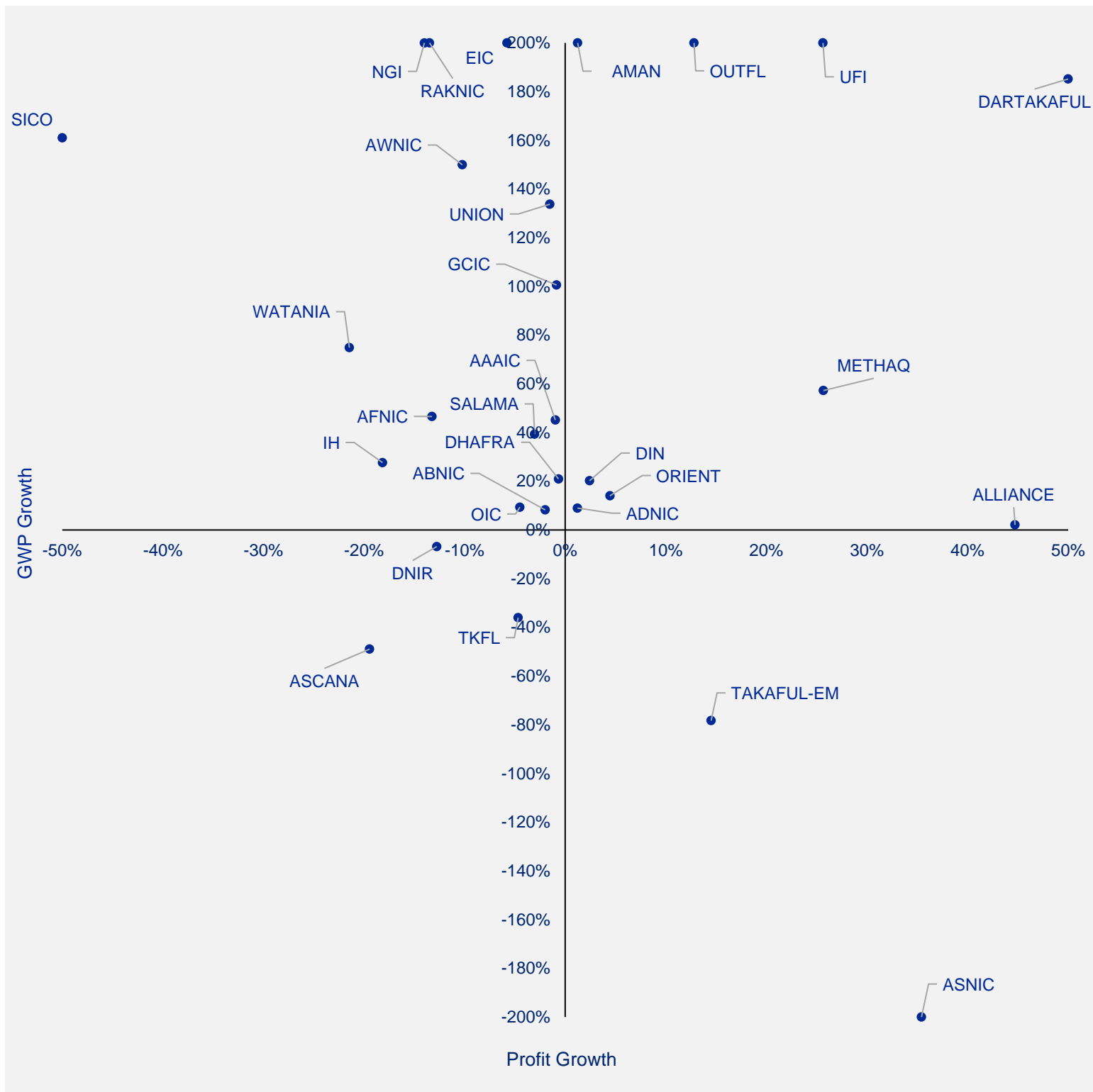
The shareholder profits for Takaful Insurers reflected a growth of 40% in Q1-2021 when compared Q1-2020.

While no such growth observed in GWP, the profit growth on the other hand, has elevated to 81% in Q1-2021 for Conventional Insurers.

It is noteworthy that 4 out of 9 Takaful insurers faced a decline in their topline. Whereas only TAKAFUL-EM experienced losses in Q1-2021.



PREMIUMS & PROFIT ANALYSIS - LISTED COMPANIES

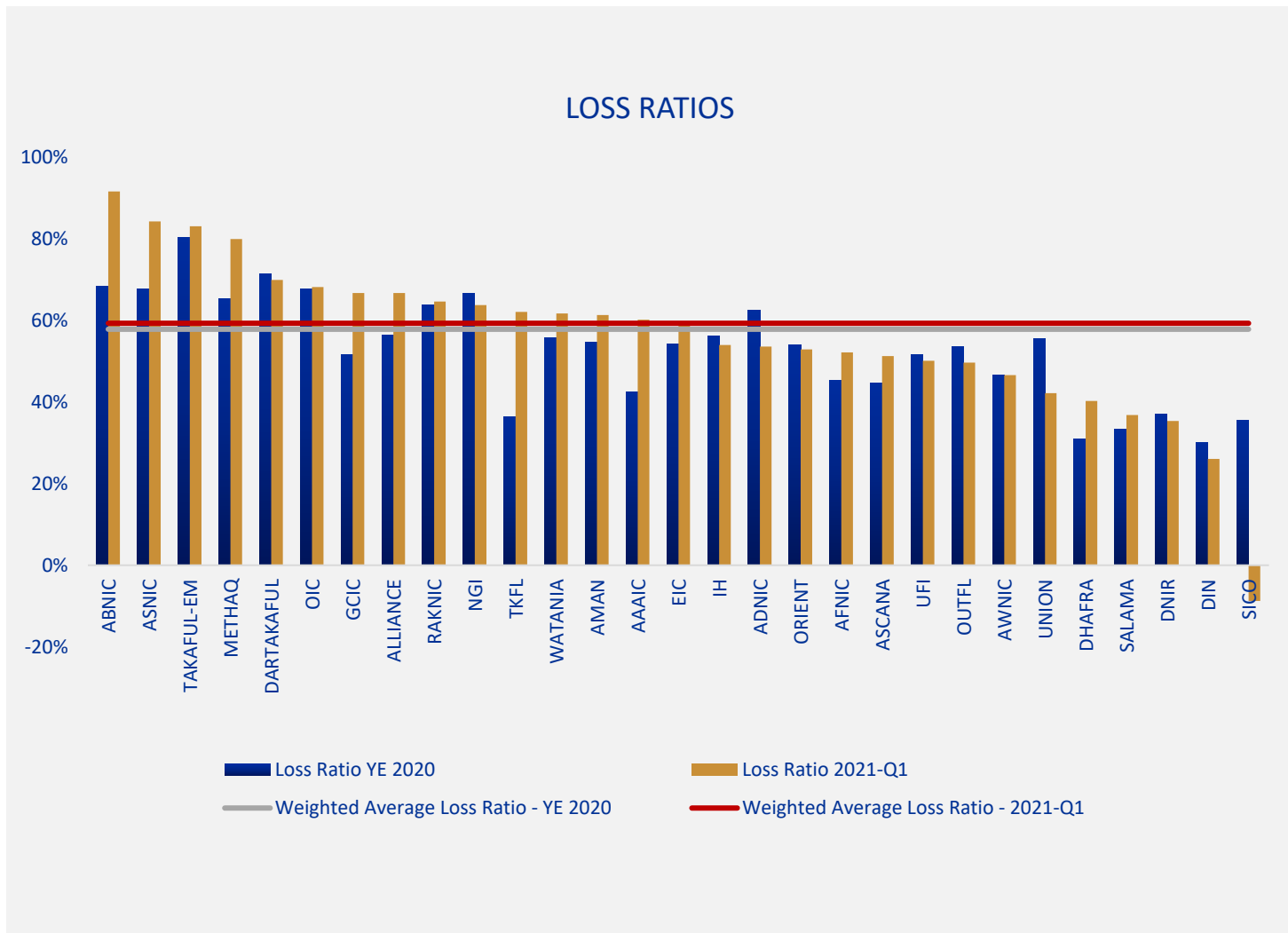


The summary of premium and profitability growth in Q1-2021 compared from Q1-2020 is illustrated above. Companies exhibiting premium and profitability growth rate outside of the +50% and +200% range are capped, respectively.

Companies present in the 1st Quadrant are reflecting growth in terms of business and profitability.



LOSS RATIOS – LISTED COMPANIES

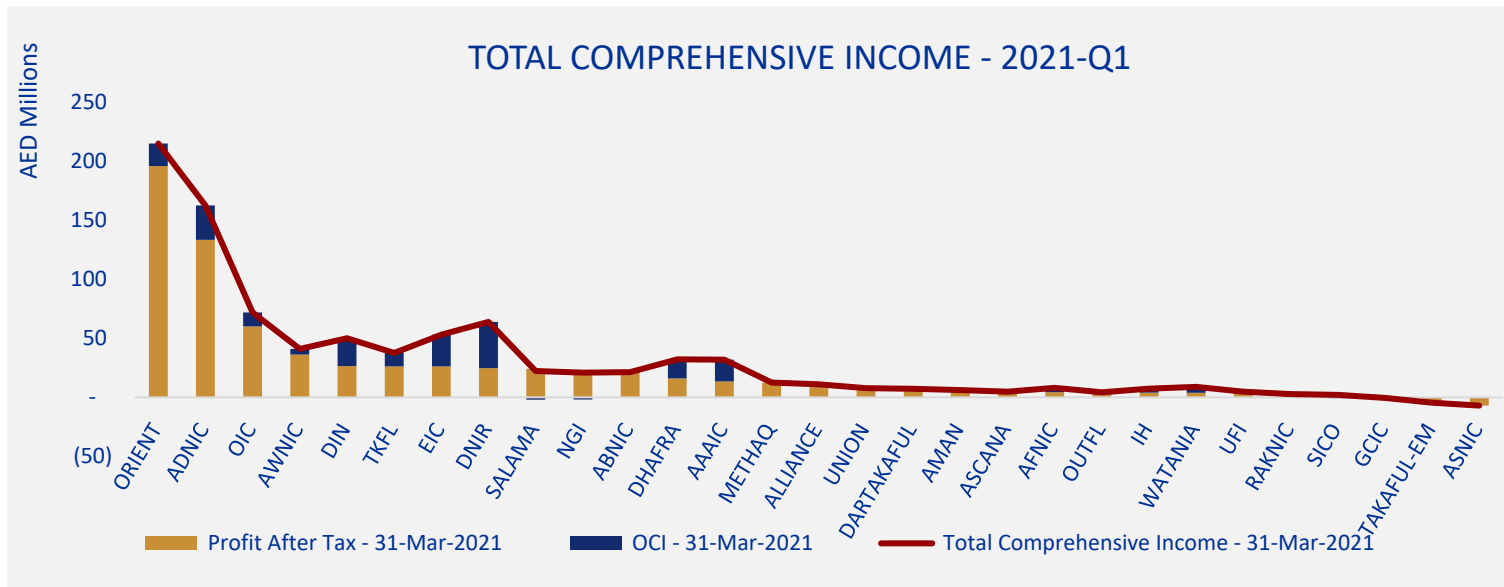


The weighted average loss ratio stood at 59% (YE 2020: 58%), with ABNIC bearing the highest loss ratio of about 92%. The lowest loss ratio of 26% was depicted by DIN. SICO is excluded from above analysis as it portrays a negative loss ratio of 9%.

A company is deemed profitable from an underwriting perspective if the combined ratio is below 100%, thus the companies falling in green zone are considered profitable from their underwriting activities.

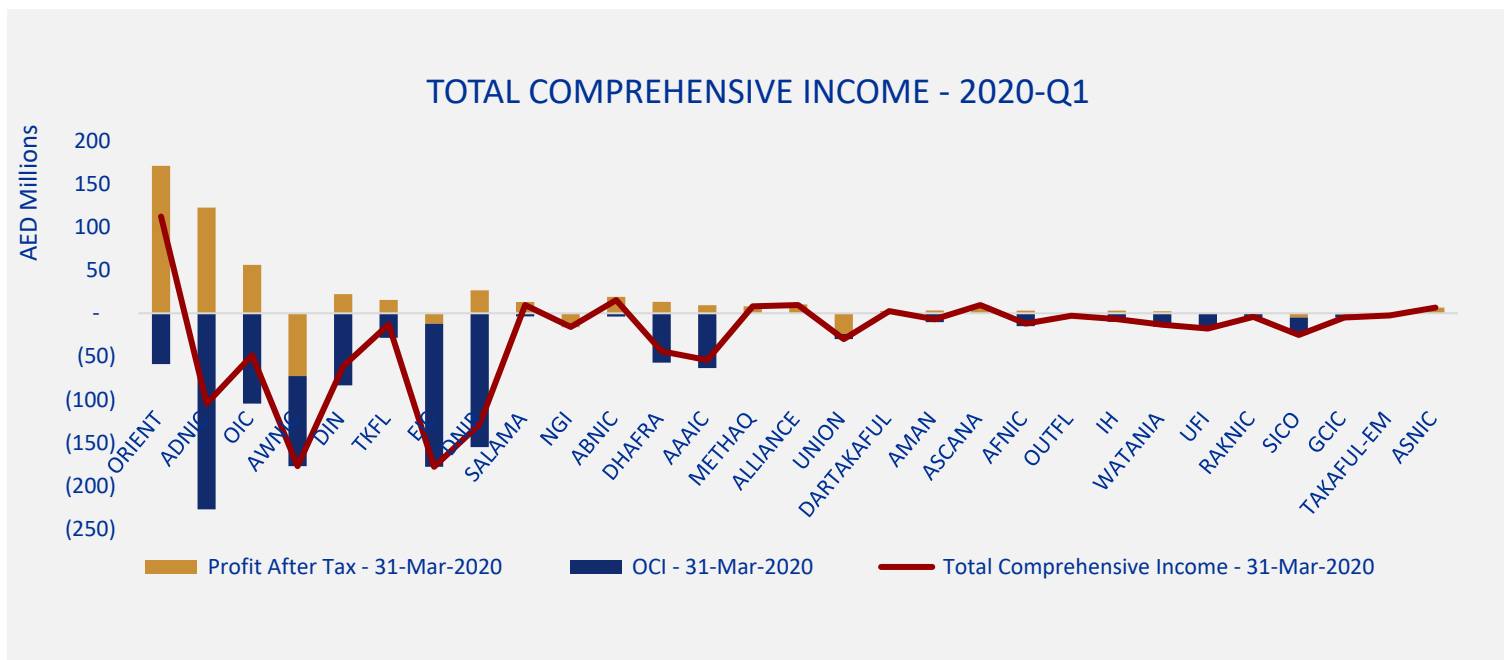
❖ *Loss ratio is computed as Net Claims Incurred over Net Earned Premium*

TOTAL COMPREHENSIVE INCOME - COMPANIES



The Total Comprehensive Income for the first quarter of 2021 exhibit a massive increase of 216% when compared with the corresponding period of 2020, hence, depicting a marvelous improvement in the investment portfolios of the companies.

In Q1-2020, almost all of the listed companies recorded losses on their Other Comprehensive Income account, however, only 7 companies portrayed losses in Q1-2021. The Total Comprehensive income recorded in Q1-2021 accumulates to AED 902 million which was negative AED 778 million for the same period in 2020.





CONCLUSION

- The listed companies in the UAE record a 1% growth in topline in the first quarter of 2021 when compared with last year. The growth is mainly influenced by DARTAKAFUL with a 94% growth rate when compared with Q1 2020. The growth by DARTAKAFUL against Q1 2020 is high; the reason being is that this quarter it also includes premiums of Noor Takaful which were not present in Q1-2020 financials of DAR.
- On the other hand, the profits recorded by the companies exhibited a substantial growth of 76%. AWNIC exhibited the highest absolute change in profits from Q1 of 2020, which was impacted by a AED 78 million loss in investments. Excluding the profit growth of AWNIC, the industry's profit growth drops to 40%, which is still commendable.
- The average loss ratio for the listed companies stood at 59% for Q1-2021 (YE 2020: 58%) while the retention ratio for Q1-2021 averages to 38% (YE 2020: 40%).

COMPANIES INCLUDED IN THE ANALYSIS

Listed Insurance Companies			
Sr. No.	Symbol	Name	Market
1	AAAIC	Al Ain Al Ahlia Insurance Co.	ADX
2	ABNIC	Al Buhaira National Insurance Company	ADX
3	ADNIC	Abu Dhabi National Insurance Co.	ADX
4	AFNIC	Al Fujairah National Insurance Co.	ADX
5	ALLIANCE	Alliance Insurance	DFM
6	AMAN	Dubai Islamic Insurance and Reinsurance Co.	DFM
7	ASCANA	Arabian Scandinavian Insurance Co.	DFM
8	ASNIC	Al Sagr National Insurance Company	DFM
9	AWNIC	Al Wathba National Insurance Co	ADX
10	DARTAKAFUL	Dar al Takaful (Takaful House)	DFM
11	DHAFRA	Al Dhafra Insurance Co.	ADX
12	DIN	Dubai Insurance Co , PSC	DFM
13	DNIR	Dubai National Insurance & Reinsurance Co.	DFM
14	EIC	Emirates Insurance Co.	ADX
15	GCIC	Green Crescent Insurance Company	ADX
16	IH	Insurance House P.S.C	ADX
17	METHAQ	Methaq Takaful Insurance Co.	ADX
18	NGI	National General Insurance Company	DFM
19	OIC	Oman Insurance Company (P.S.C.	DFM
20	ORIENT	Orient Insurance PJSC	DFM
21	OUTFL	Orient UNB Takaful PJSC	DFM
22	RAKNIC	Ras Al Khaimah National Insurance Co.	ADX
23	SALAMA	Islamic Arab Insurance Company	DFM
24	SICO	Sharjah Insurance Company	ADX
25	TAKAFUL-EM	Takaful Emarat (PSC)	DFM
26	TKFL	Abu Dhabi National Takaful Co. PJSC	ADX
27	UFI	United Fidelity Insurance (PSC)	ADX
28	UNION	Union Insurance Company	ADX
29	WATANIA	National Takaful Company	ADX



DISCLAIMER

- We have undertaken an analysis of the Key Performance Indicators (KPIs) of the listed insurance companies in UAE for the first three months of 2021. The data has been extracted from the financial statements of those companies which were publicly listed and available till the compilation of this report.
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BADRI

ABOUT OUR TEAM

UAE/Oman
Actuarial

32 STAFF

KSA
Actuarial

22 STAFF

Medical

4 STAFF

Business
Intelligence

9 STAFF

End of Service

6 STAFF

HR Consulting

1 STAFF

14 SUPPORT AND ADMIN STAFF

TOTAL STRENGTH = 88

CONTACT US!



Hatim Maskawala



Ali Bhuriwala



Manaal Siddiqui



Subhan Naeem

FEEDBACK

Badri Management Consultancy is proud to present the UAE insurance Industry Analysis for the First Quarter of 2021. We have a dedicated team that is working to bring you research reports. Our doors are open for feedback, and we welcome them. Feel free to inquire about the report.

GET IN TOUCH WITH US!



+971-4-3207-250



www.linkedin.com/company/badri-management-consultancy



www.badriconsultancy.com/



Publications@badriconsultancy.com



Dubai Head Office

2107 SIT Towers, PO Box
341486, Dubai Silicon Oasis,
Dubai, UAE



Karachi Office

5B-2/3, 5th Floor, Fakhri Trade
Center, Shahrah-e-Liaquat,
Karachi 74200, Pakistan