BADRI

2021-Q3

UAE LISTED INSURANCE COMPANIES PERFORMANCE ANALYSIS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021

NOVEMBER 18, 2021

BADRI

8th MIDDLE EAST
INSURANCE INDUSTRY AWARDS 2021

STRATEGIC PARTNER OF THE INDUSTRY

BADRI MANAGEMENT CONSULTANCY

Badri Management Consultancy is proud to have won the Strategic Partner of the Industry at the 8th Middle East Insurance Industry Awards 2021 conducted by Middle East Insurance Review.

MIIA have held a predominant position by inspiring initiatives towards Product Innovation, Corporate Social Responsibility & Long-Term Sustainability. The fact that we won this award a second time around bring fruits to the efforts we are putting in. These awards are the reflection of the trust and loyalty of our esteemed clients, and the hard work and dedication of all our people at Badri.

We have started many new trends like regular research reports and industry workshops and training with the intention of raising the level of transparency and technical expertise within the industry. We consider ourselves as solution architects strengthening our partners to optimize performance and winning this prestigious award means we are going in the right direction.

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.

BADRI

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

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 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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OVERVIEW OF 2021-Q3

AED 20 Billion

(AED 19 Billion in 2020-Q3)

Gross Premiums Written

Gross premiums estimated for the listed insurance companies for 2021-Q3.

40%

(40% in 2020-Q3)

Retention ratio

The weighted average retention ratio.

AED 1.6 Billion

(AED 1.6 Billion in 2020-Q3)

Profit

Estimated profits by Listed Companies.

61%

(56% in 2020-Q3)

Loss Ratio

Weighted Average loss ratio recorded.

11 %

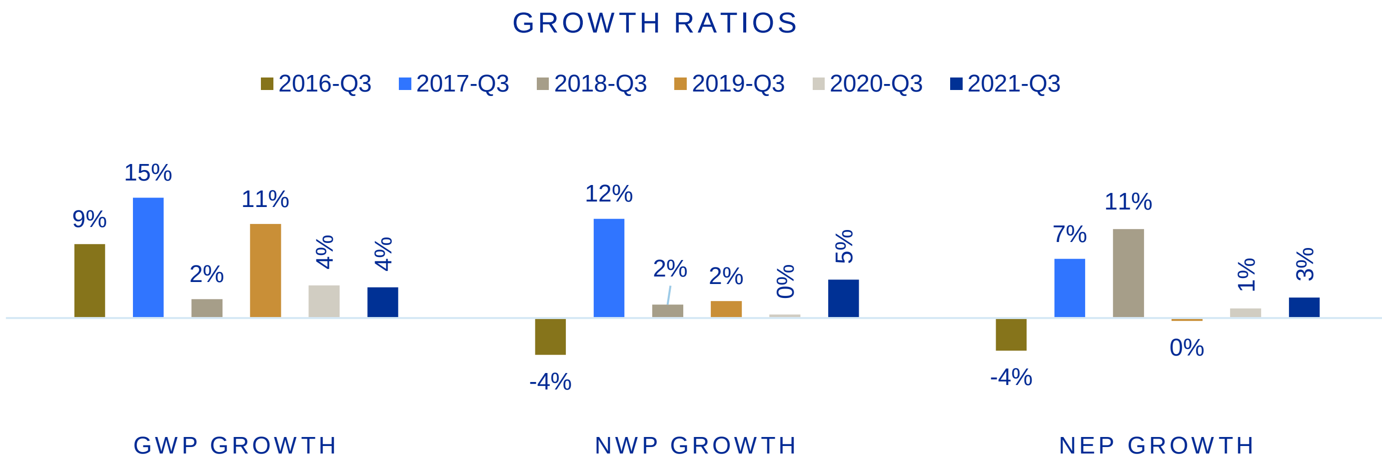
(11% in 2020-Q3)

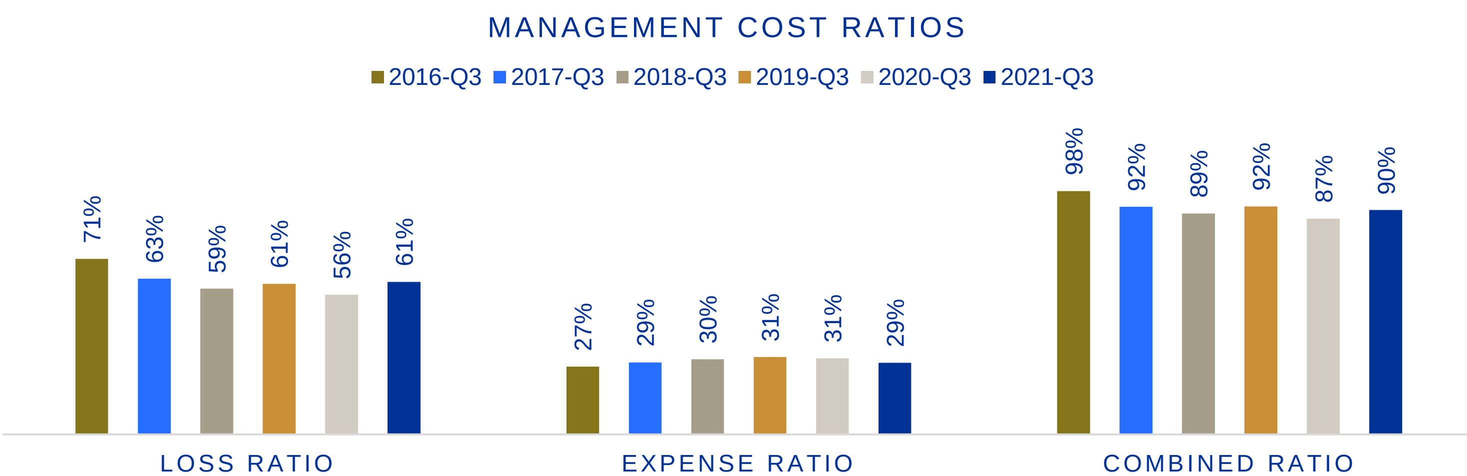
Return on Equity

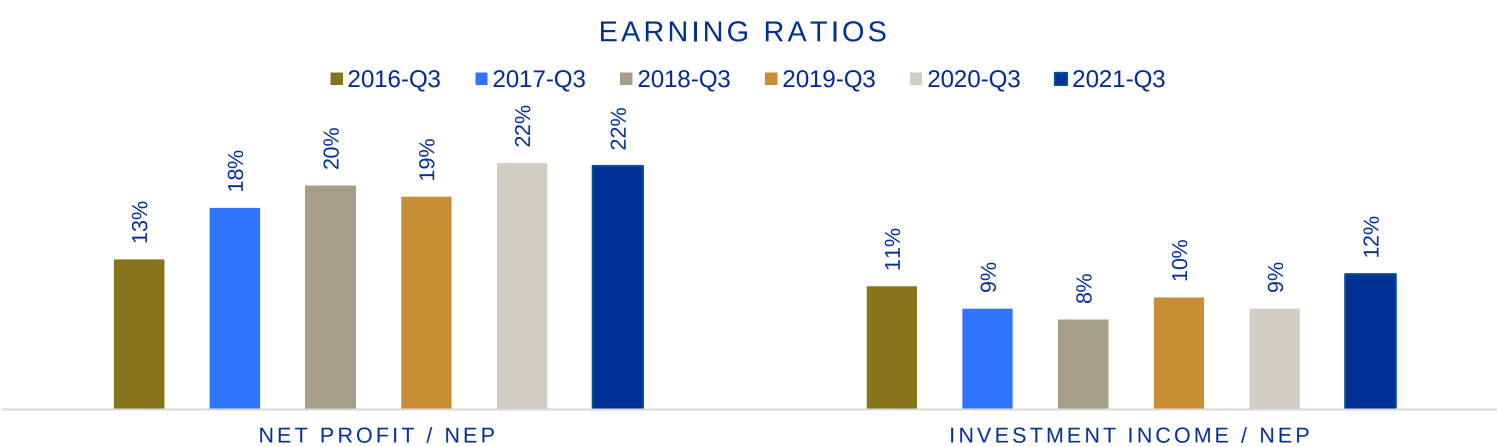
Weighted average return on equity by Listed Companies.

** UNION and AKIC had not published their financials for 2021-Q3 as of the compilation of this report. Hence, they are not included in our analysis, however, prior values have been used where deemed appropriate for the analysis covered in the report.*

PERFORMANCE RATIOS

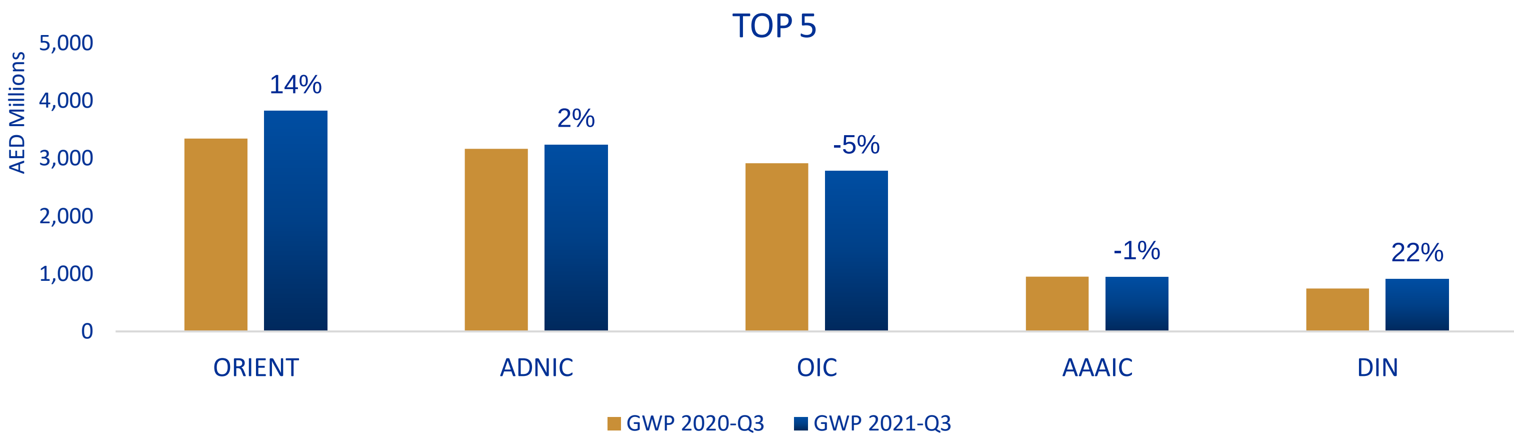






As depicted above, the topline of the insurance industry observed a growth of 4%; the loss and combined ratios turns out to be 61% and 90% respectively, while the return on investments have also increased for the first nine months of 2021.

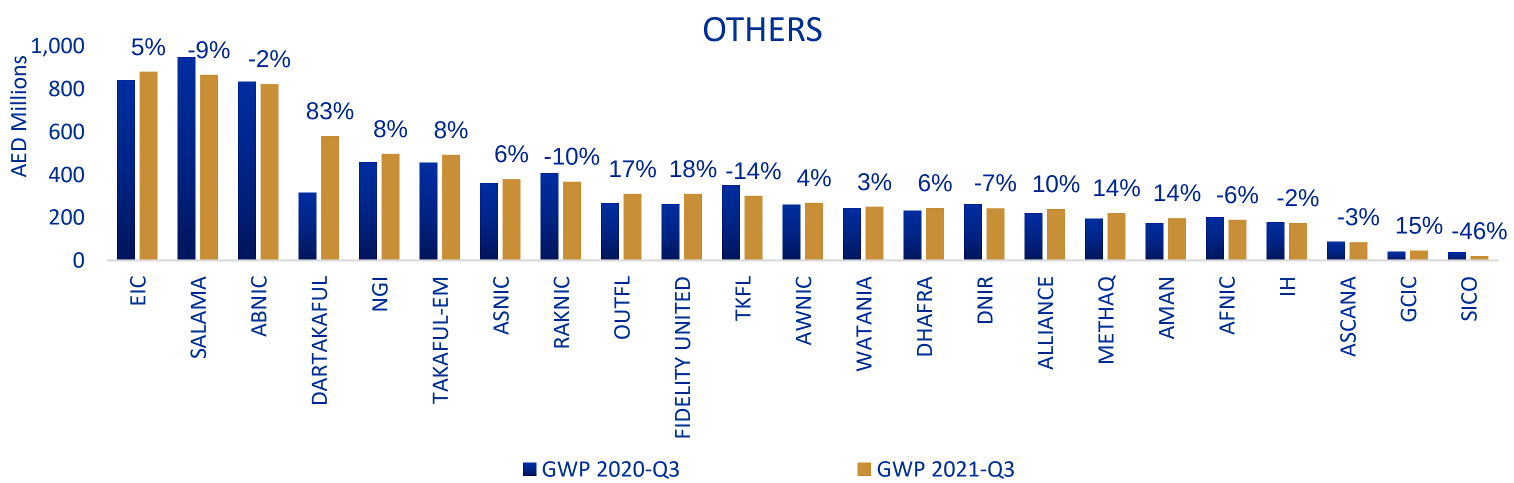
GROSS WRITTEN PREMIUMS



During March 2021, ORIENT obtained controlling interest of OUTFL and has since started reporting the group's consolidated numbers. Since acquisition, OUTFL contributed AED 242.0 million of GWP to ORIENT's financials. The gross premium written by the listed companies in the first nine months of 2021 amounted to AED 19.5 billion. This reflects a growth of 4% in 2021-Q3 when compared with the premium of amount AED 18.8 (excluding UNION) of the corresponding period in last year. The industry numbers are adjusted for duplicate reporting of OUTFL's topline.

ORIENT's growth of 14% would drop to 7% if we exclude the premiums received from OUTFL. Nevertheless, ORIENT has still secured the top position in terms of GWP even when OUTFL contribution is excluded.

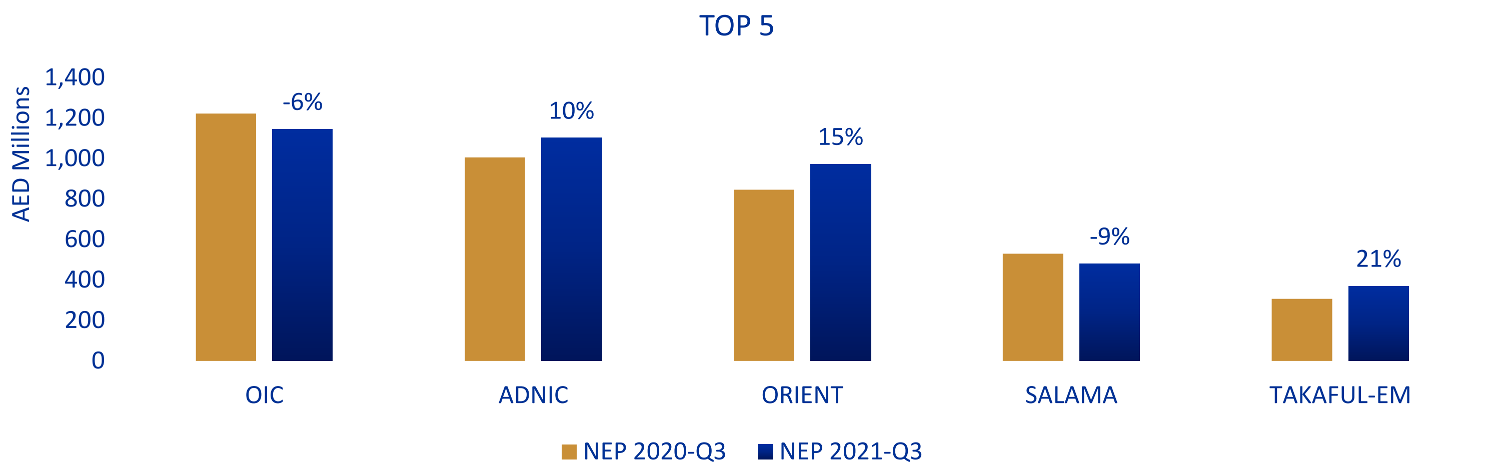
The top 5 companies contributed AED 11.7 billion in the insurance market in 2021-Q3. This share was AED 11.1 billion in 2020-Q3. Their market share has remained stable from 2020-Q3.



DAR TAKAFUL recorded the highest growth in 2021-Q3 having 83% of growth from 2020-Q3 whereas the biggest decline in business was reflected by SICO; a decrease from AED 38.5 million (2020-Q3) to AED 20.7 (2021-Q3); a drop of 46%.

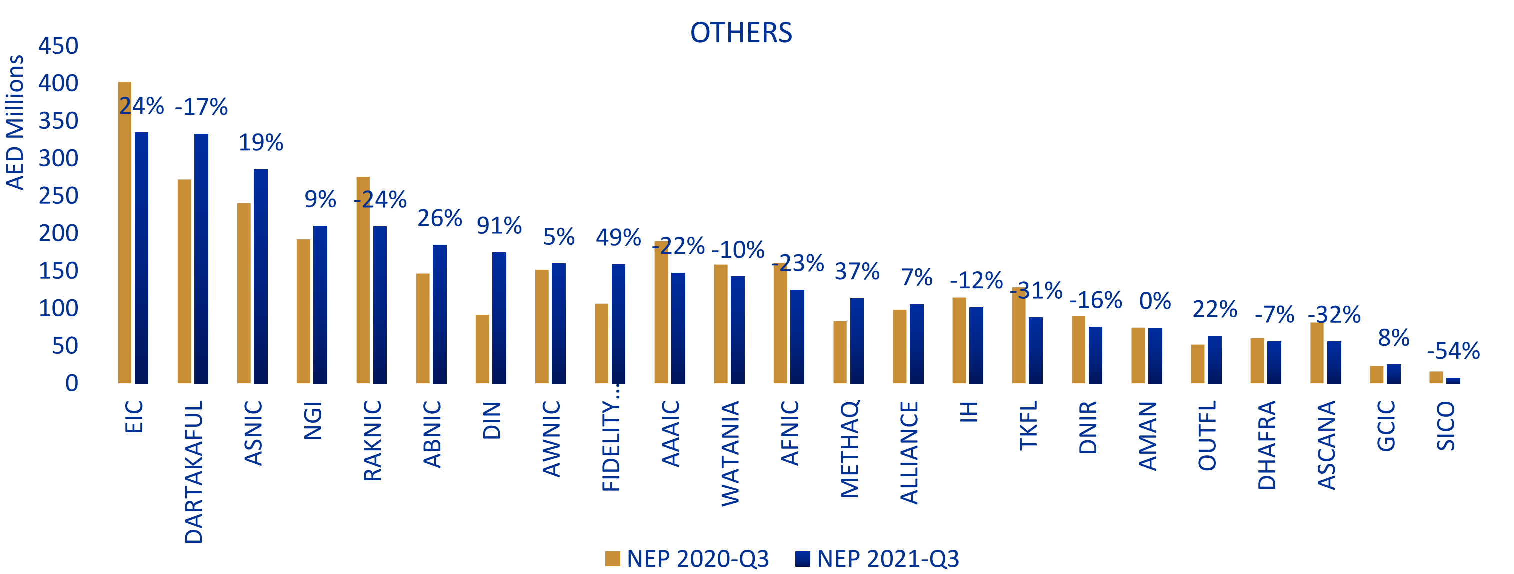
Overall, out of the 28 listed Companies included in this analysis, about 17 displayed an increase in their topline while the remaining experienced a decrease.

NET EARNED PREMIUMS



In the first nine months of 2021, about AED 7.3 billion of the total Net Premiums have been Earned by the insurance companies in the Emirates, hence, portraying an increase of 3% from NEP of AED 7.1 billion in 2020-Q3. This does not include the figures for UNION and AKIC due to unavailability of financials at the time of compiling this report.

The top 5 companies amounted to AED 4.1 billion of Net Earned Premiums, reflecting a market share of 56% in 2021-Q3. This share has increased by 1% when compared with 2020-Q3 net earned premium of the top 5 companies.

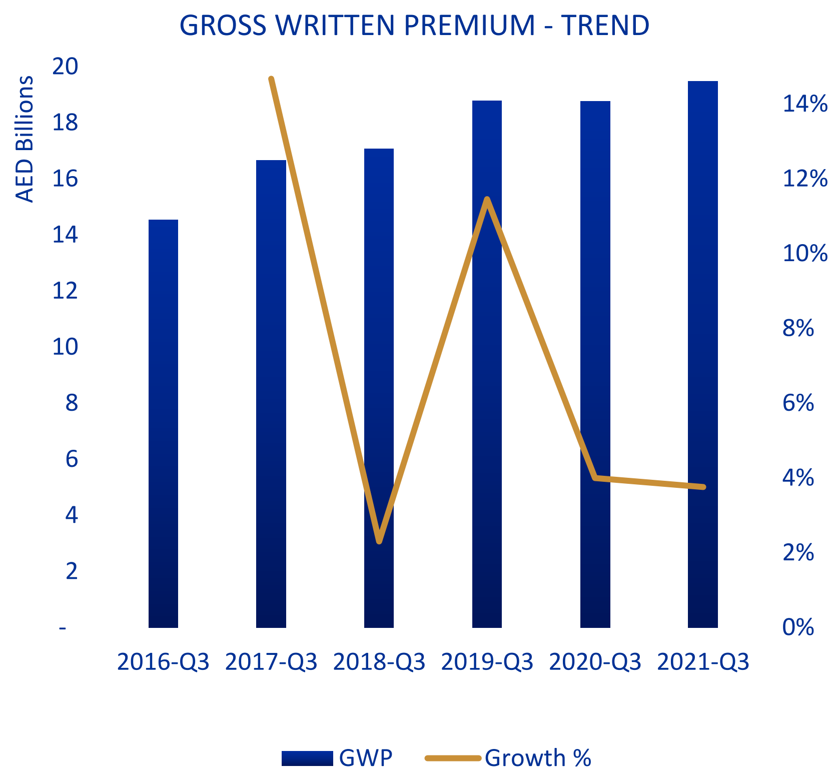


As portrayed above, DIN experienced remarkable NEP growth of 91% in the first nine months of 2021 while the biggest decline in net earned premiums was exhibited by SICO of 54% when compared with the corresponding period of 2020.

PREMIUMS TREND

The gross written premium of the insurance companies in the emirates portrayed a mixed trend in growth. However, 2021-Q3 observed the same growth of 4% as in 2020-Q3.

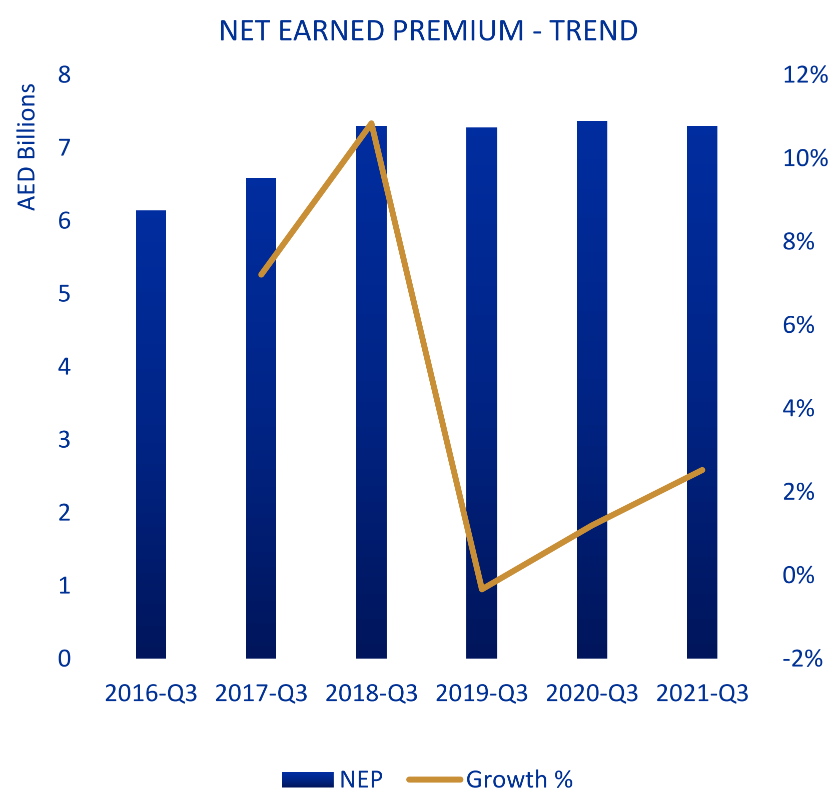
The highest growth was witnessed in 2017-Q3 after CBUAE (formerly, Insurance Authority) imposed minimum tariffs for Motor LOB that were materially higher than the existing rates and new benefits for the Industry.



The historical performance of Net Earned Premiums have exhibited identical trends to that of gross written premiums for similar reasons, albeit with a year lag as business is earned over the next one year for the short-term business, that makes up majority of the industry premium of UAE market.

Therefore, the significant growth of GWP in 2017-Q3 is reflected in both, 2017-Q3 and 2018-Q3 financial years for net earned premiums.

Growth of 3% in Net earned premium can be witnessed when compared to the corresponding period of 2020.



CONVENTIONAL VS TAKAFUL

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

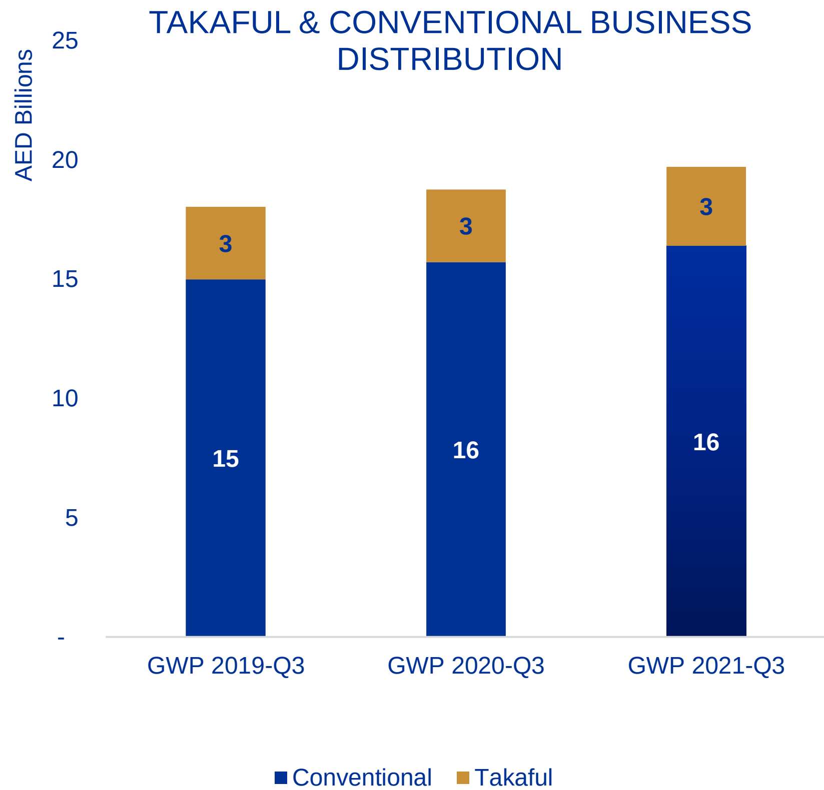
In 2021-Q3, about 9% of premium growth is observed by Takaful companies when compared with the same period last year and depicting a 13% contribution of the total business written by the listed insurance companies in UAE .

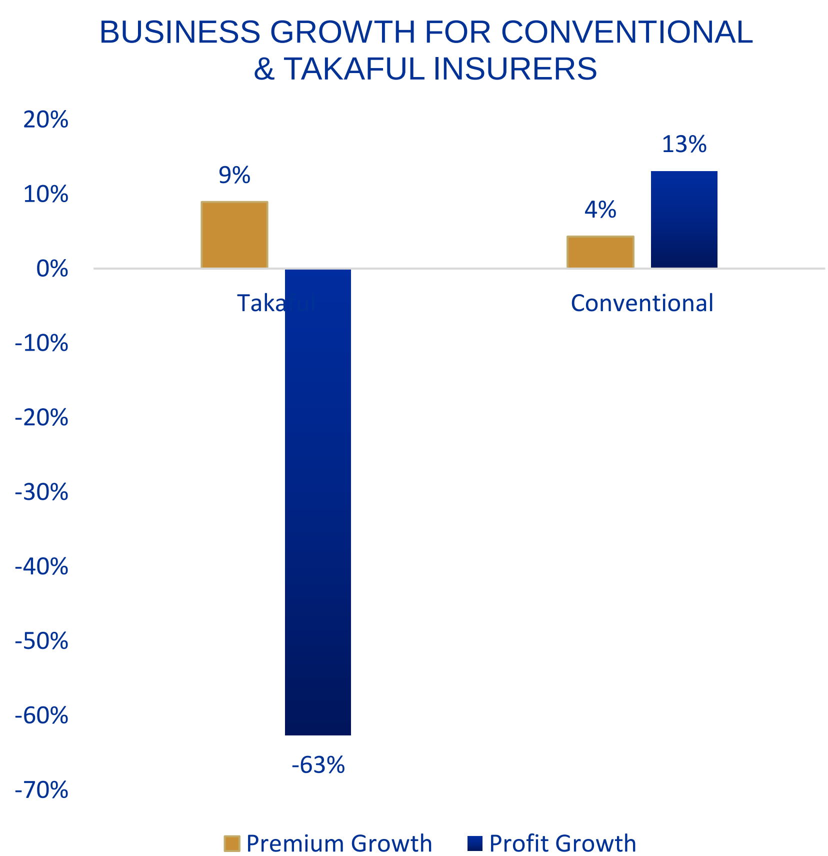
The premium for the Takaful insurers is recorded to be AED 3.3 billion in 2021-Q3 (2020-Q3: AED 3.0 billion).

For Conventional Insurers, the GWP growth is observed to be 4% in the first nine months of 2021 (4% in 2020-Q3; 10% in 2019-Q3) while on the other hand, the profit growth has increased to 13% as compared to the growth of 7% recorded in the first nine months of 2020.

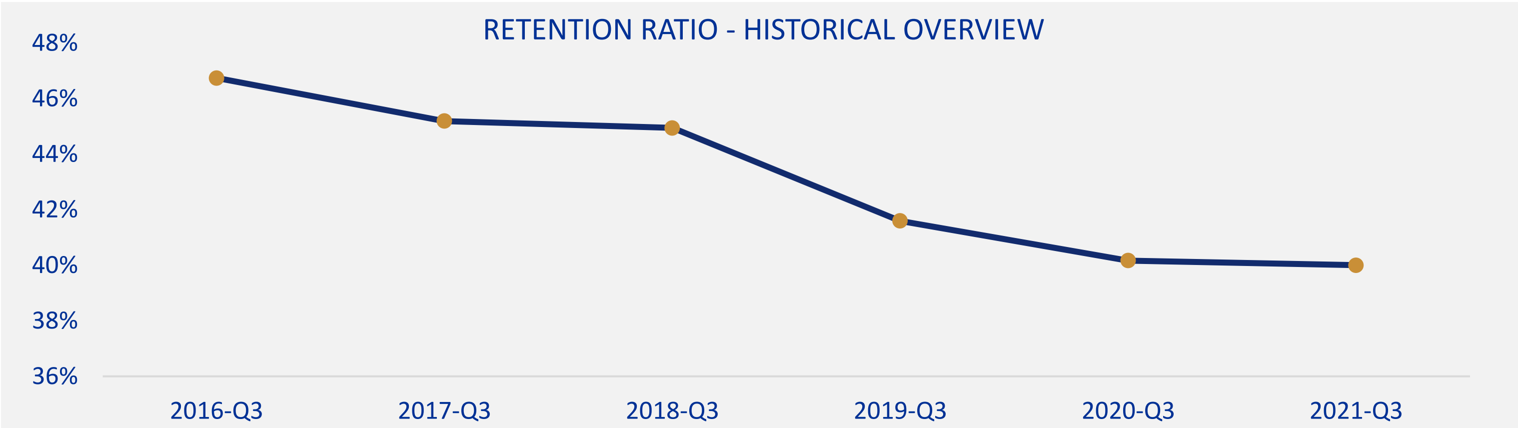
The consolidated profits for Takaful Insurers reflected a massive drop of 63% in 2021-Q3 when compared with 2020-Q3.

The significant decline in profit growth for Takaful companies results from declining profits for all but one of the 9 players when compared to the previous period, overall profits going from AED 318 million to AED 119 million. However, from a GWP perspective, only 3 takaful operators saw a fall in top line over the same period.



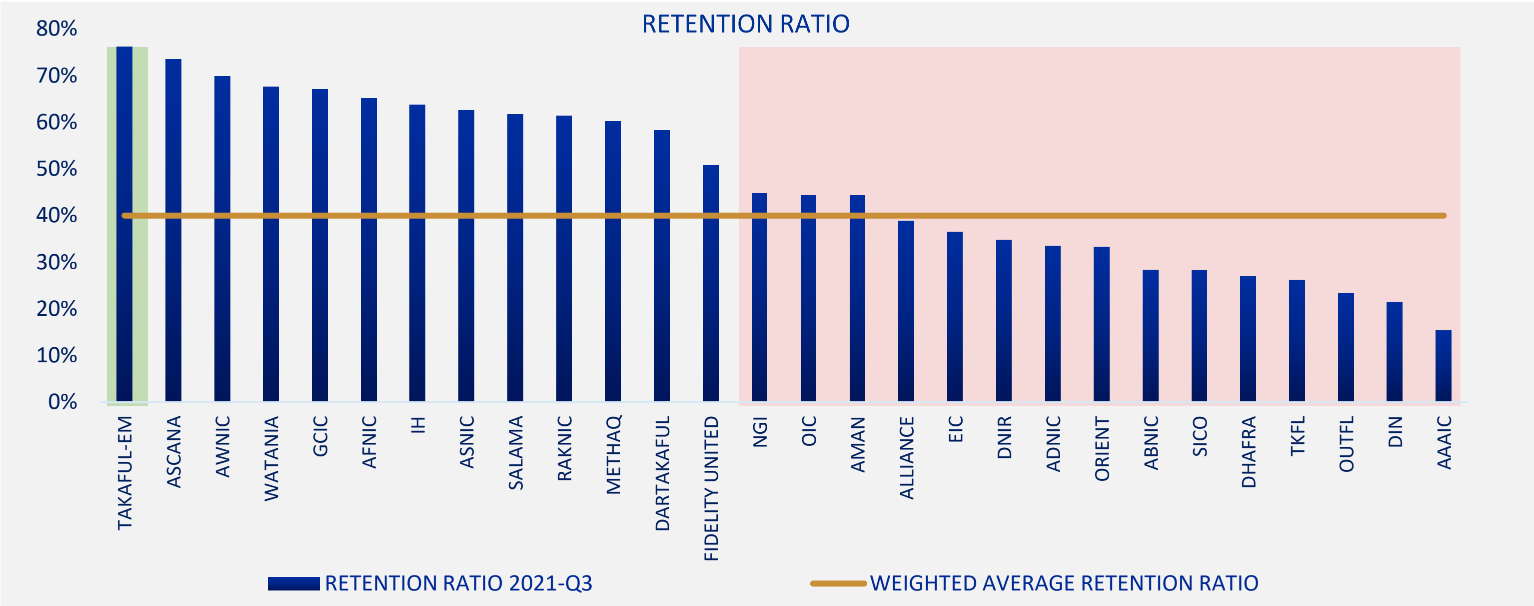


RETENTION RATIO



The reducing trend of the retention ratios over the years is now observed to have stabilized around 40% at 2021-Q3 (40% in 2020-Q3; 42% in 2019-Q3).

The highest retention was displayed by TAKAFUL-EM; retaining 76% of their business while the lowest retention of 15% is reflected by AAAIC.



As per the CBUAE benchmark, the recommended range for retention ratio is over 75%. whereas reasonable range is 45%-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.*

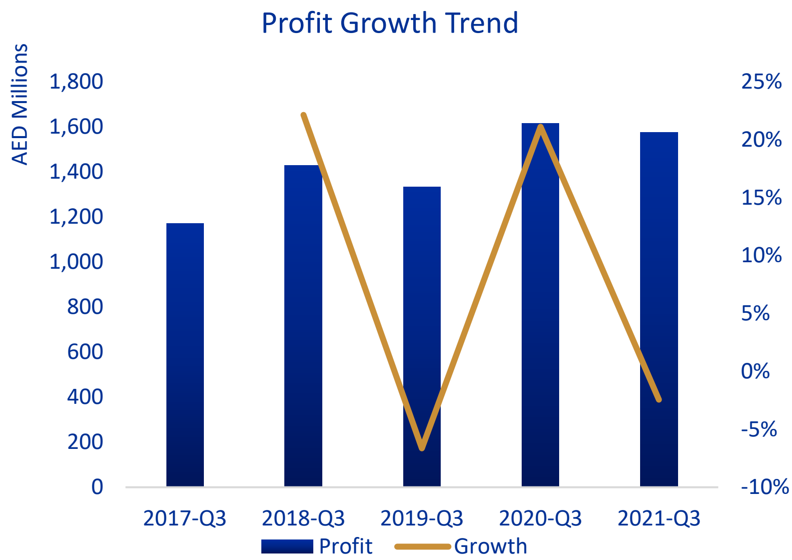
PROFIT BEFORE TAX - TREND

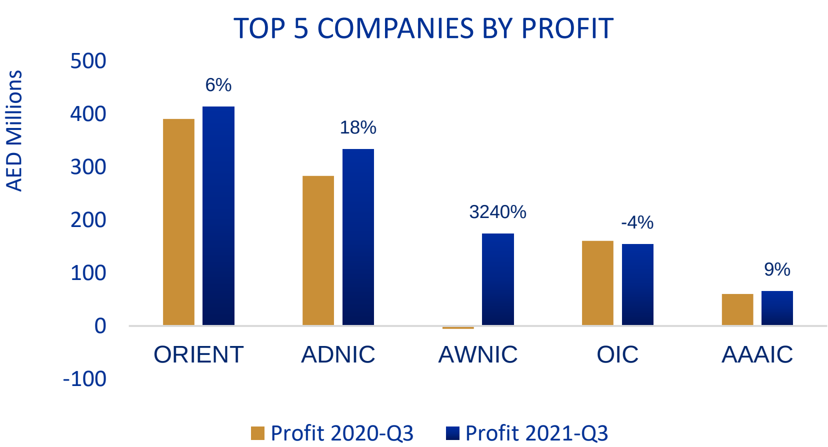
The companies in the Emirates experienced a decline of about 2% in profits in the first nine months of 2021.

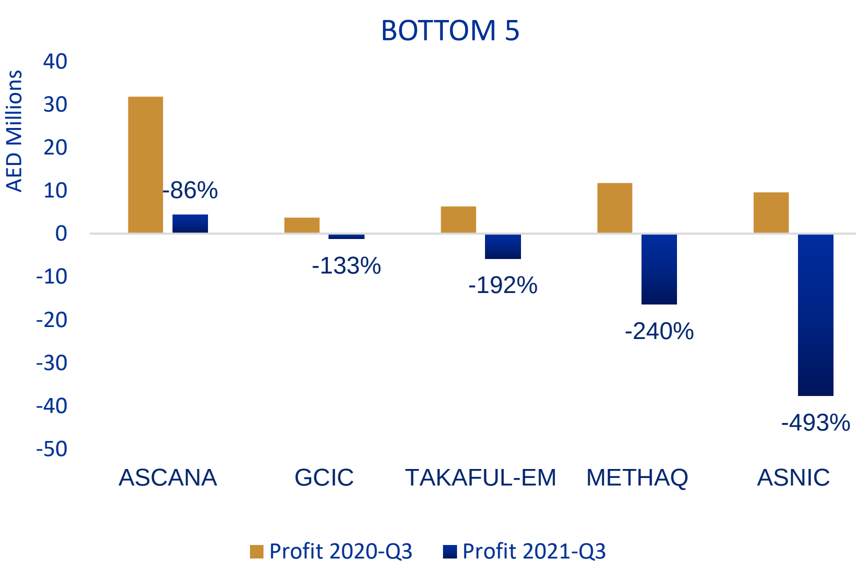
ORIENT maintained its top rank in terms of recording the highest profits consecutively for 6 years with profits amounting to AED 413.4 million in 2021-Q3, an increase of 6% from 2020-Q3 (AED 391 million).

72% of the insurance market's profit share is being generated from the TOP 5 companies having a combined profit of AED 1.1 billion in the first nine months of 2021.

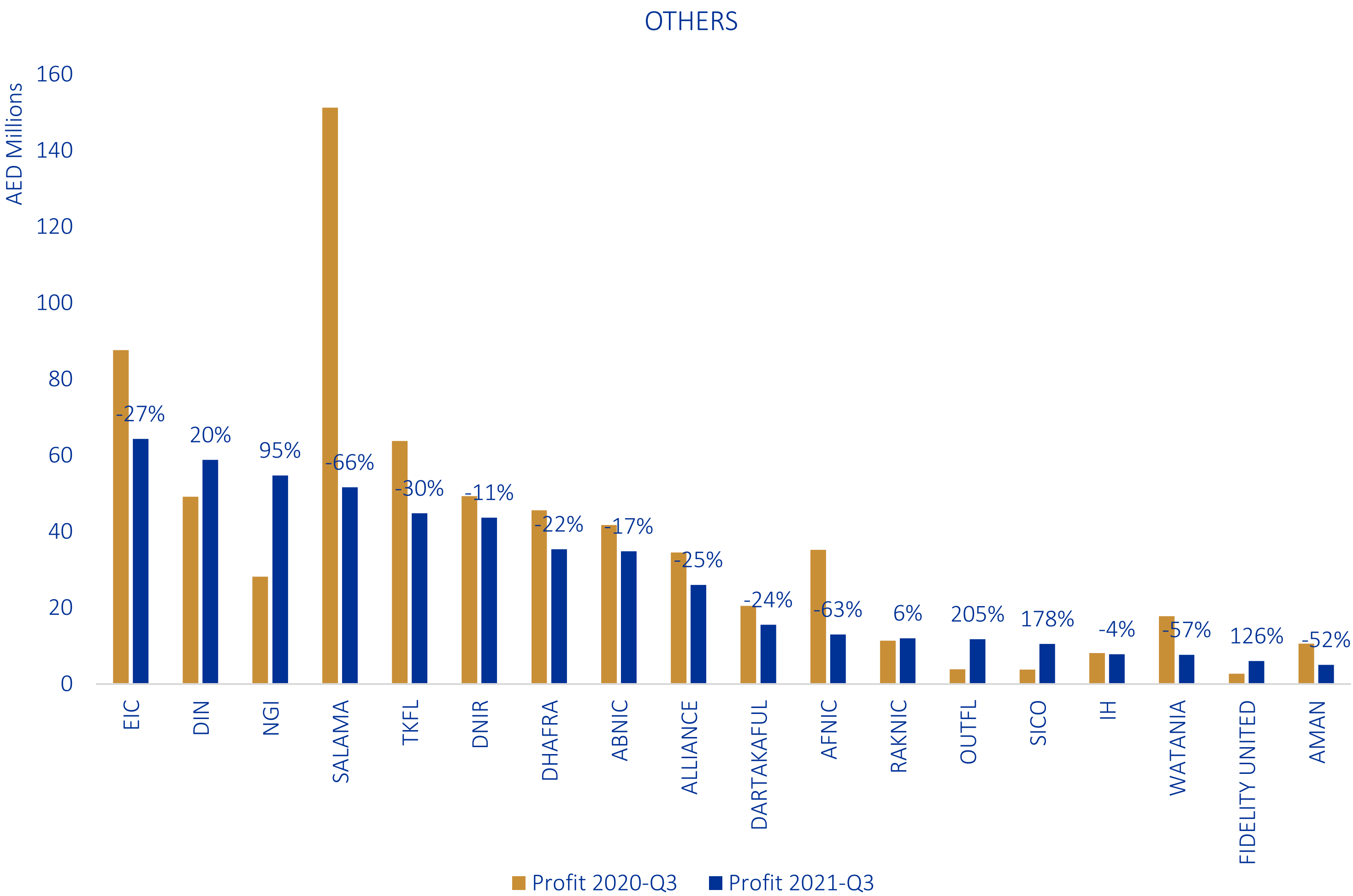
AWNIC has shown an extraordinary recovery, improving from the last position in 2020-Q3 to the 3rd position in 2021-Q3 with profit amounting to AED 174.0 million in the first nine months of 2021 from posting a loss of AED 5.5 million in the corresponding period of 2020.







PROFIT BEFORE TAX



Similar to adjustment made for GWP, the total profits by the listed companies were also adjusted for duplicate reporting of OUTFL's profit since acquisition of controlling interest by ORIENT. In the first nine months of 2021, listed companies have experienced a decline of 2%, with profits amounting to AED 1.58 billion when compared with AED 1.62 billion of restated profits for the period 2020-Q3.

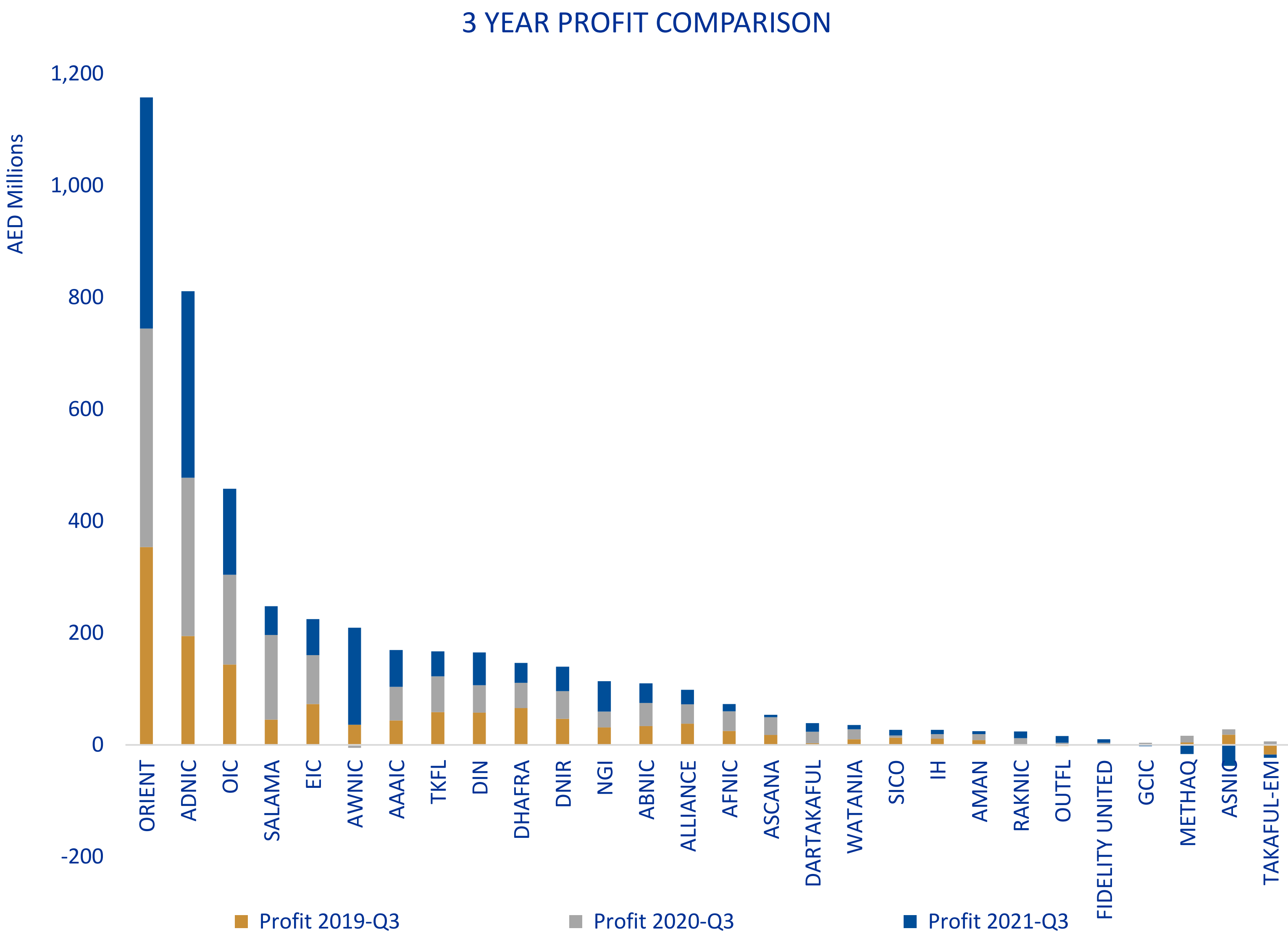
The highest growth of 3240% in profits was recorded by AWNIC, with profits of AED 173.95 million in 2021-Q3 from losses of AED 5.54 millions in 2020-Q3. It is observed that if we only remove AWNIC from this analysis, the overall profit growth further declines to negative 14%. Nonetheless, the biggest decline for the period was witnessed by ASNIC of 493%.

In 2021-Q3, TAKAFUL-EM restated its financials for 2020-Q3 that increased its profit.

4 out of 28 companies recorded a loss in the first nine months of 2021; Overall, 10 companies witnessed a growth in their profits out of the 28 companies included in this analysis.

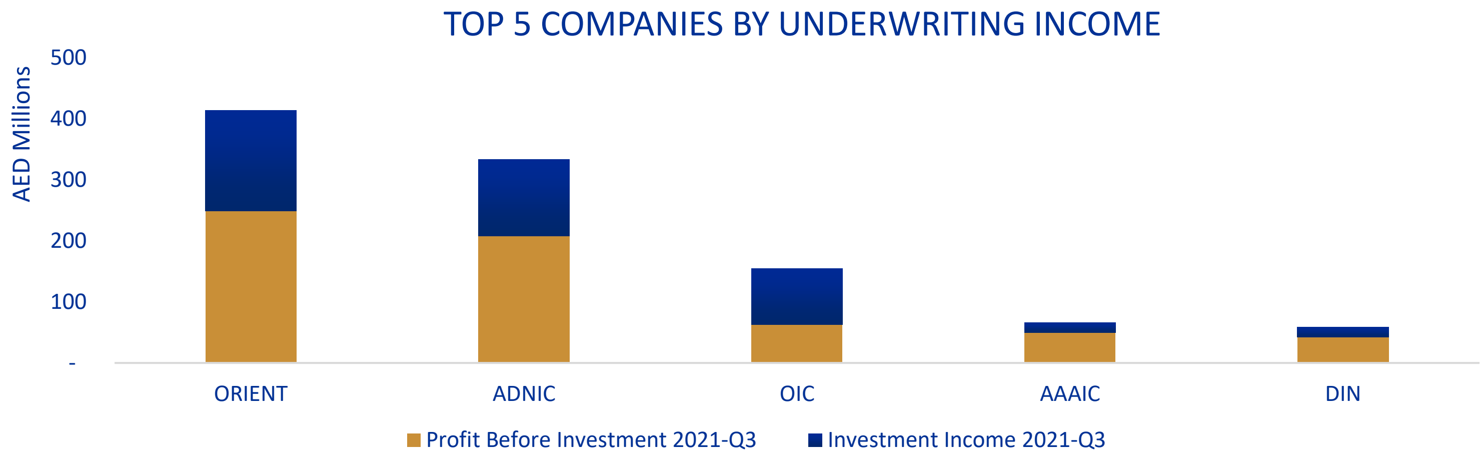
For Takaful companies, we have consolidated the Policyholders and Shareholders profit/loss for comparative purposes.

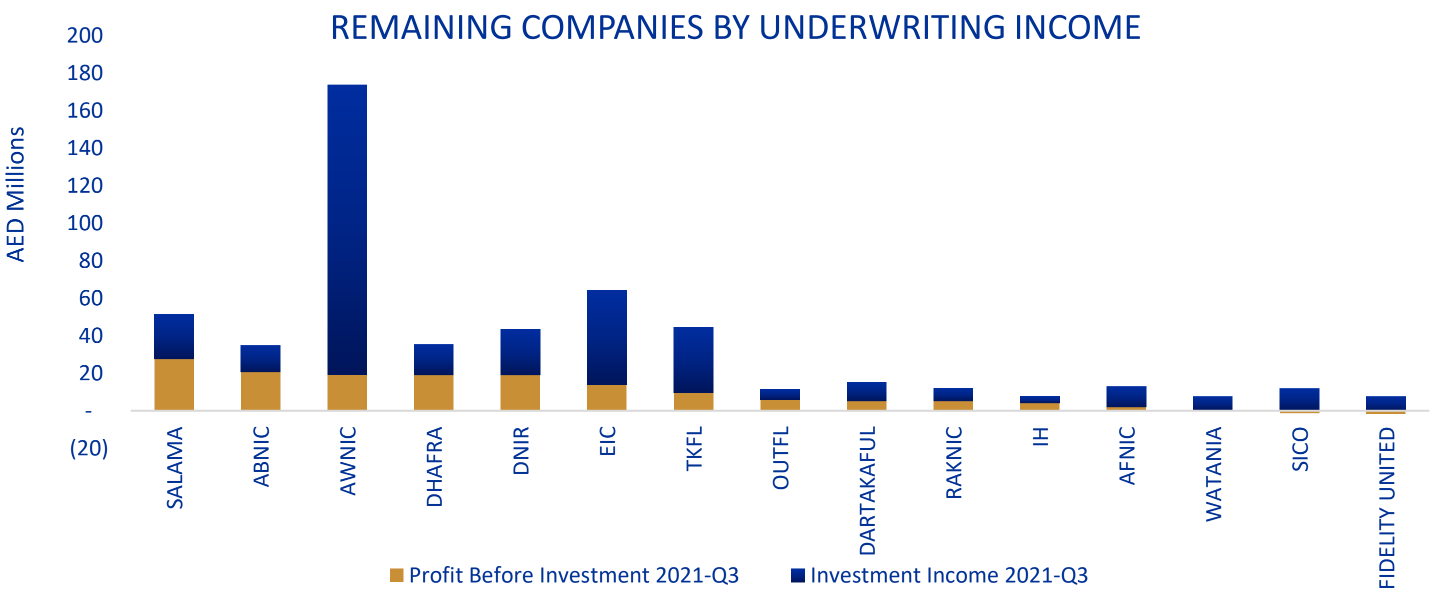
PROFIT BEFORE TAX – 3 YEARS TREND FOR LISTED COMPANIES

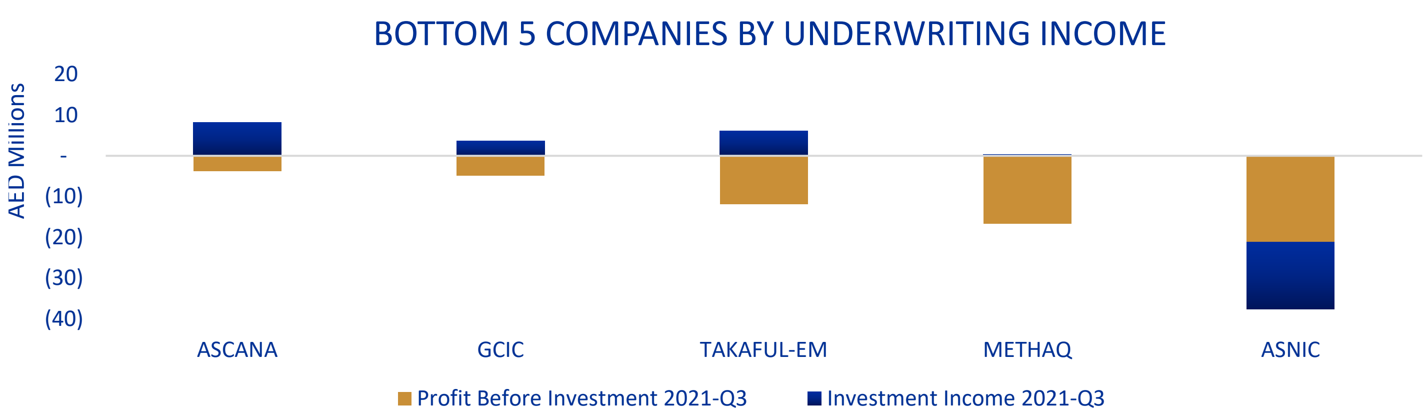


The above graph is sorted with reference to the combined net profits and shows the ranking for the companies based on their total profits over the last three years, in order to compare stability of returns. Orient is significantly ahead of the industry. TAKAFUL-EM profits show restated profits for 2020-Q3 only.

PROFIT ANALYSIS



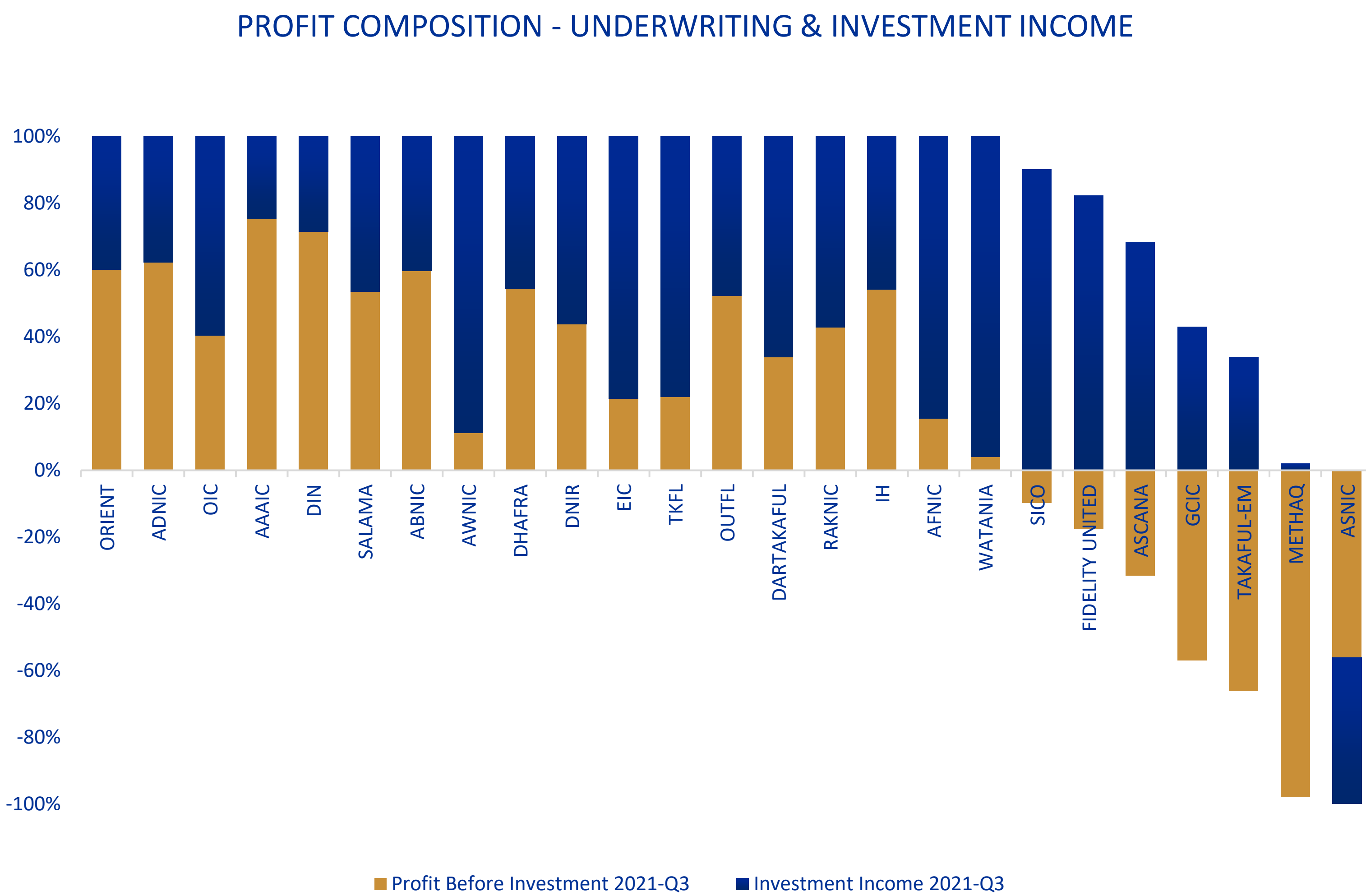




The analysis above is sorted by investment income.

Out of 25 companies in this analysis, 7 have witnessed deficit in their Underwriting while only 1 company has witnessed losses in its investments.

PROFIT COMPOSITION 2021-Q3



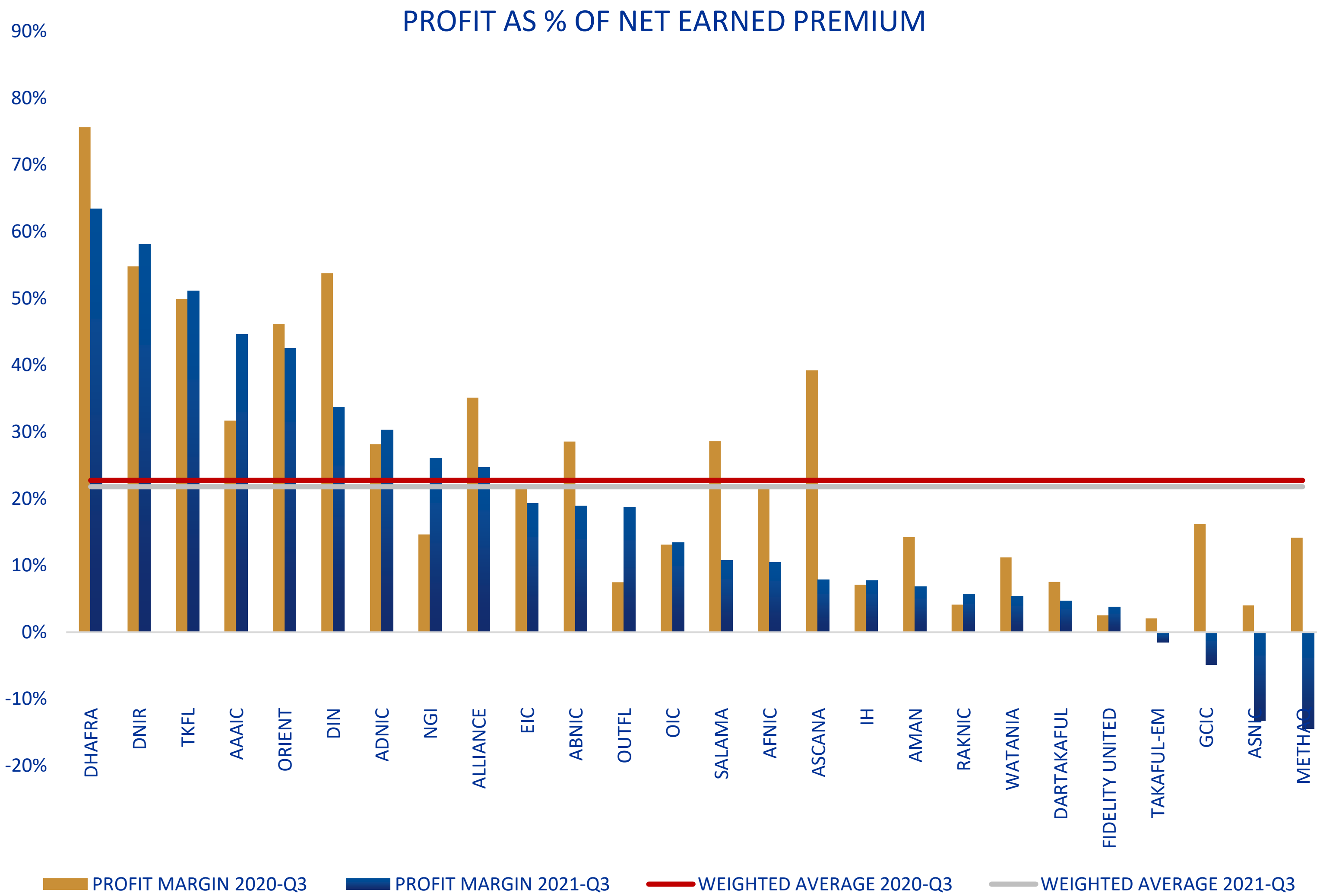
It can be observed that insurance companies which recorded losses from their underwriting business were able to minimize the impact from investment income.

Orient has recorded both the highest underwriting profit, and the highest investment profits, during the period.

There is room for improvement in underwriting strategies in the market as most companies are currently reliant on investment income to drive profits. The investment profits contribute 53% of the profits of the companies over the last 9 months, with insurance profits contributing 47%.

Investment Income contributes a significant role in underwriting activities for Companies writing considerable Life business and since the financials are not segregated into Life and Non-life business segment, the performance is presented on overall Company level. Therefore, for the companies writing significant top line through Life portfolio like NGI, AMAN and ALLIANCE; these are excluded from this review as the results might not reflect a picture that can be compared accurately.

EARNING RATIOS

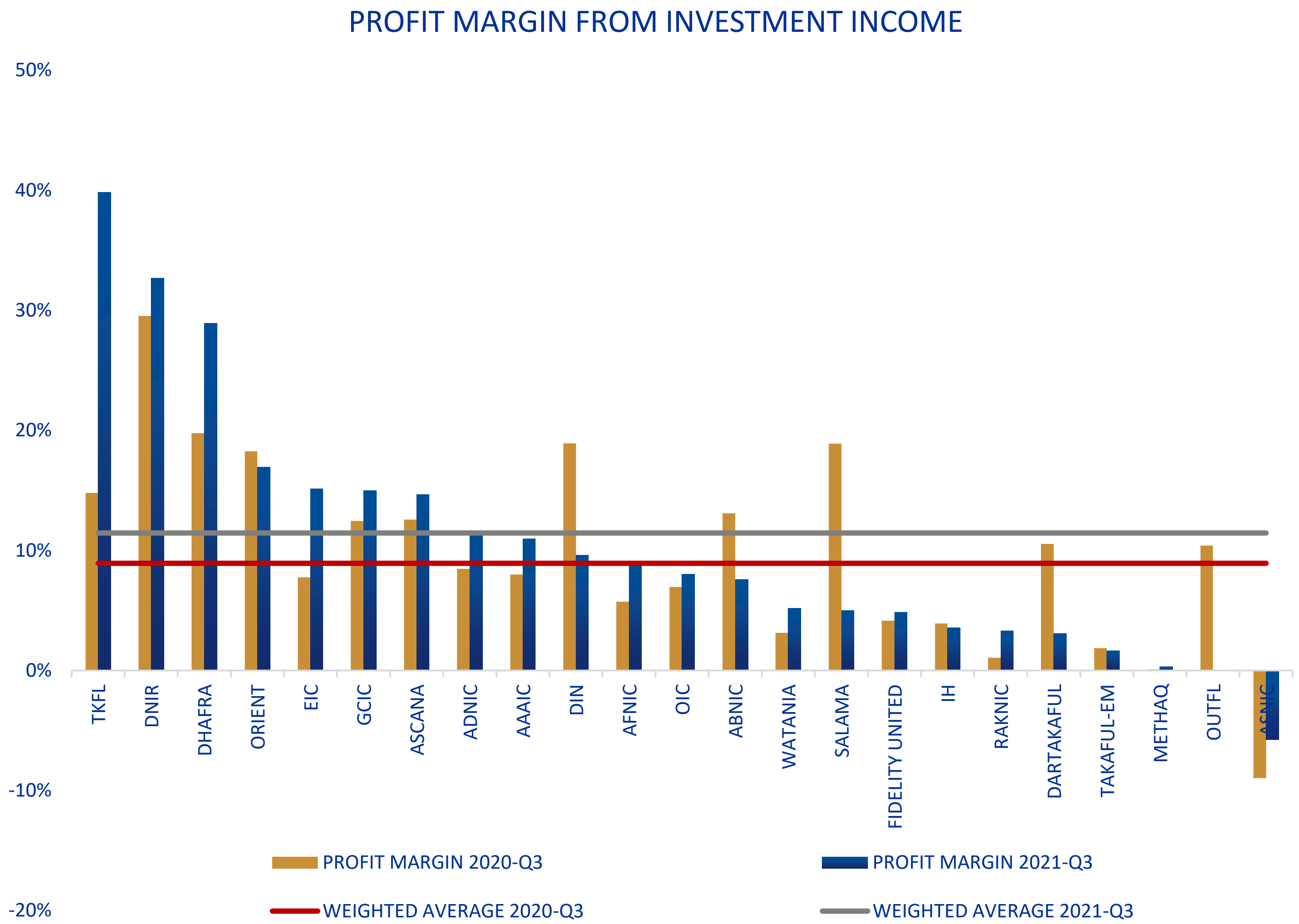


The weighted average net profit margin for the year 2021-Q3 is recorded to be at 22% exhibiting a slight decrease from 23% in 2020-Q3.

The highest margin of 144% is depicted by SICO which is followed by AWNIC having 109% of profit margin by NEP. Hence, they are removed from above graph as they were distorting the presentation.

❖ *Profit Margin is computed as net profit (before tax) on every unit of Net Earned Premium.*

EARNING RATIOS

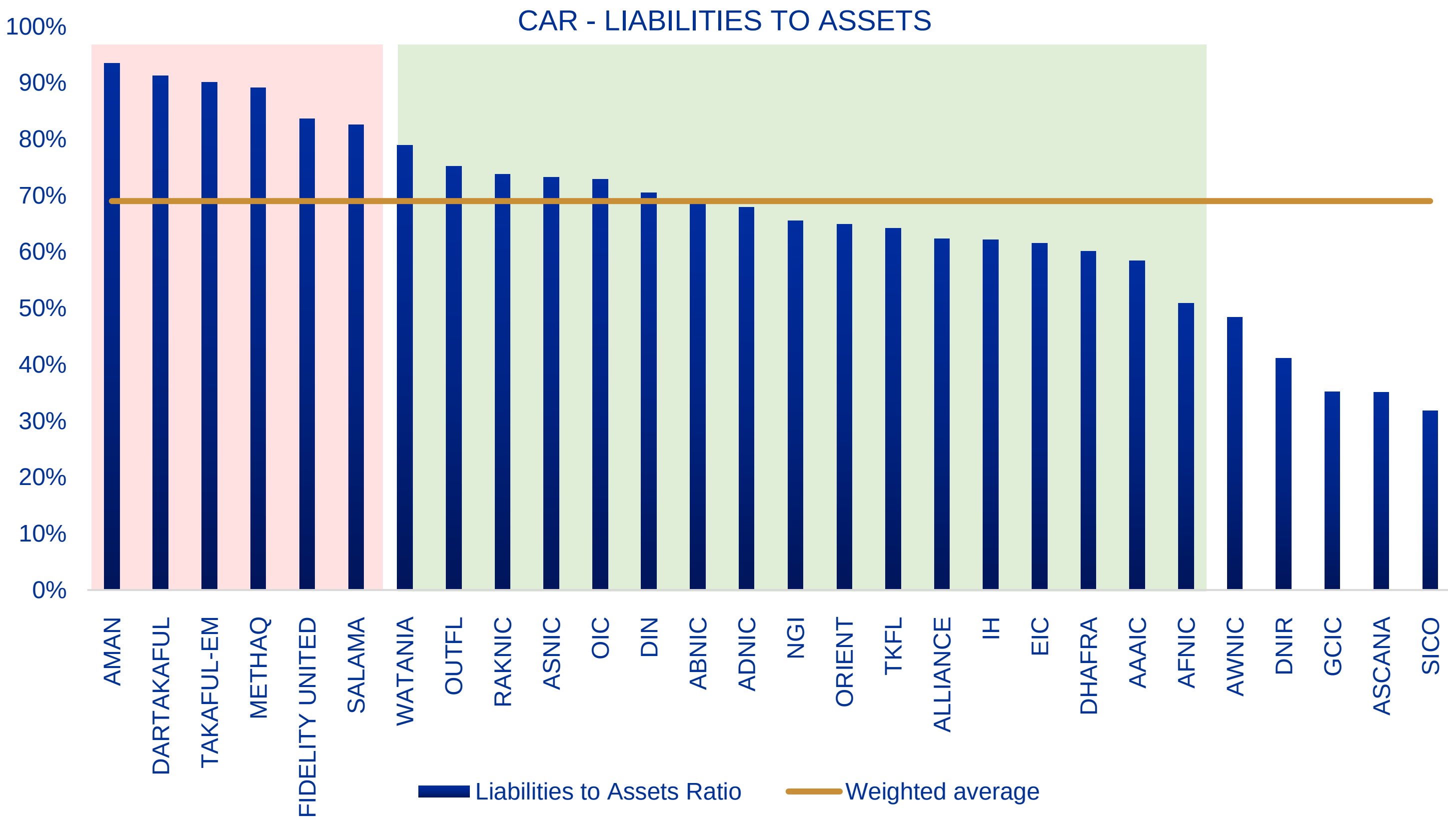


The weighted average profit margin from investment activities for the first nine months of the year 2021 culminates to 11% (2020-Q3: 9%; 2019-Q3: 10%).

SICO and AWNIC are excluded from above presentation to avoid distortion in scale as they exhibited exceptionally high margins. In addition; ALLIANCE, NGI and AMAN are also excluded from this analysis for comparative purposes.

❖ *Profit Margin from Investment income is computed as Investment Income on every unit of Net Earned Premium.*

CAPITAL ADEQUACY RATIO

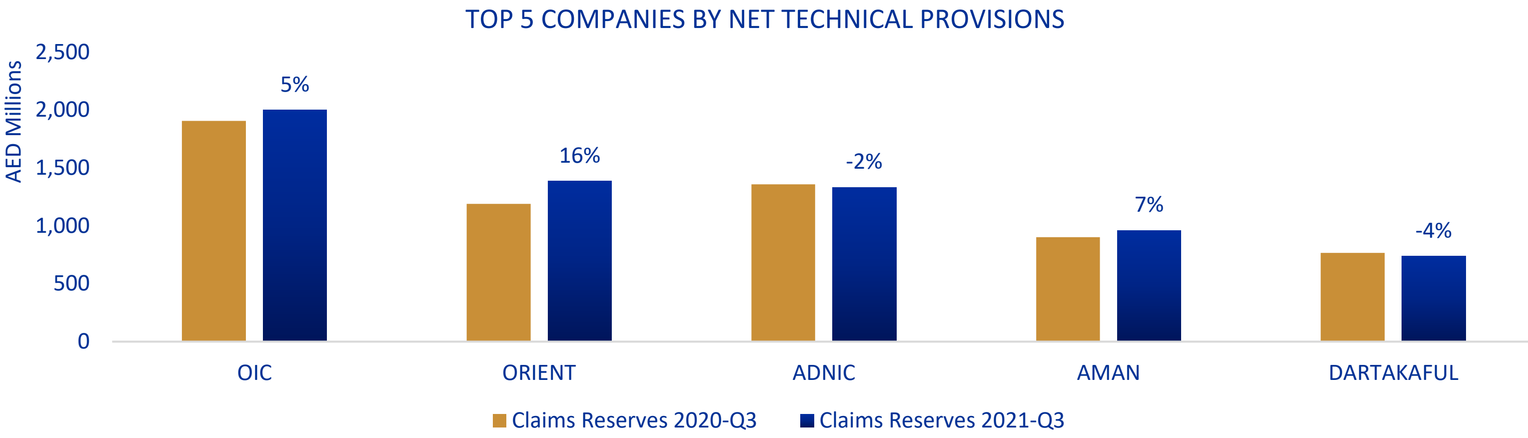


The Capital Adequacy Ratio (CAR) indicates how much a company is capable to absorb any unexpected risks, hence depicting a company's financial position to meet policyholders' liabilities. Therefore, a higher ratio indicates that the companies' liabilities are on the higher side. As per the CBUAE threshold, the red zone indicates an alarming scenario for the company.

Majority of the companies have demonstrated a favorable ratio. 17 out of the 28 listed companies analyzed fall in the green zone, 5 are in the caution area while 6 are in the red zone.

The Takaful companies may have inter-fund receivables and payables inflating the assets and liabilities. Total assets and liabilities as per the financials are used without removing these common balances as the CBUAE threshold is applicable on the value inclusive of these balances.

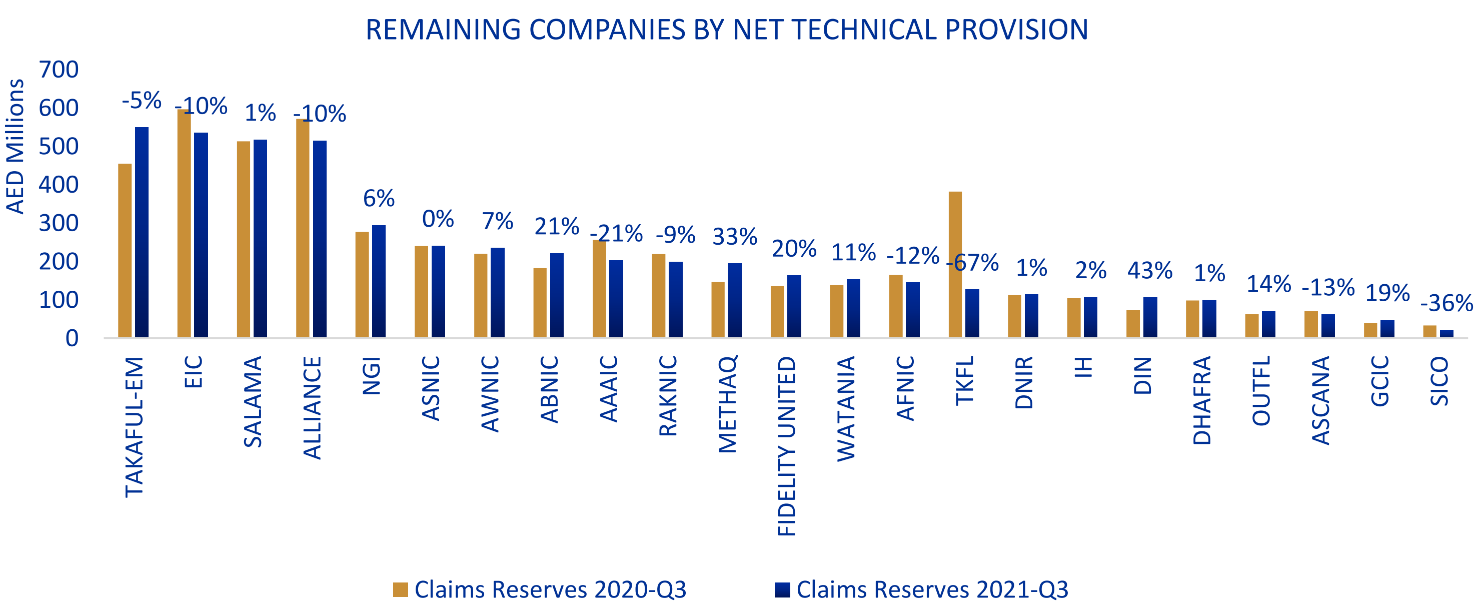
NET TECHNICAL PROVISIONS



As at the third quarter of 2021, the Net Technical Reserves have depicted a growth of 1% when compared with reserves booked in the corresponding period of 2020.

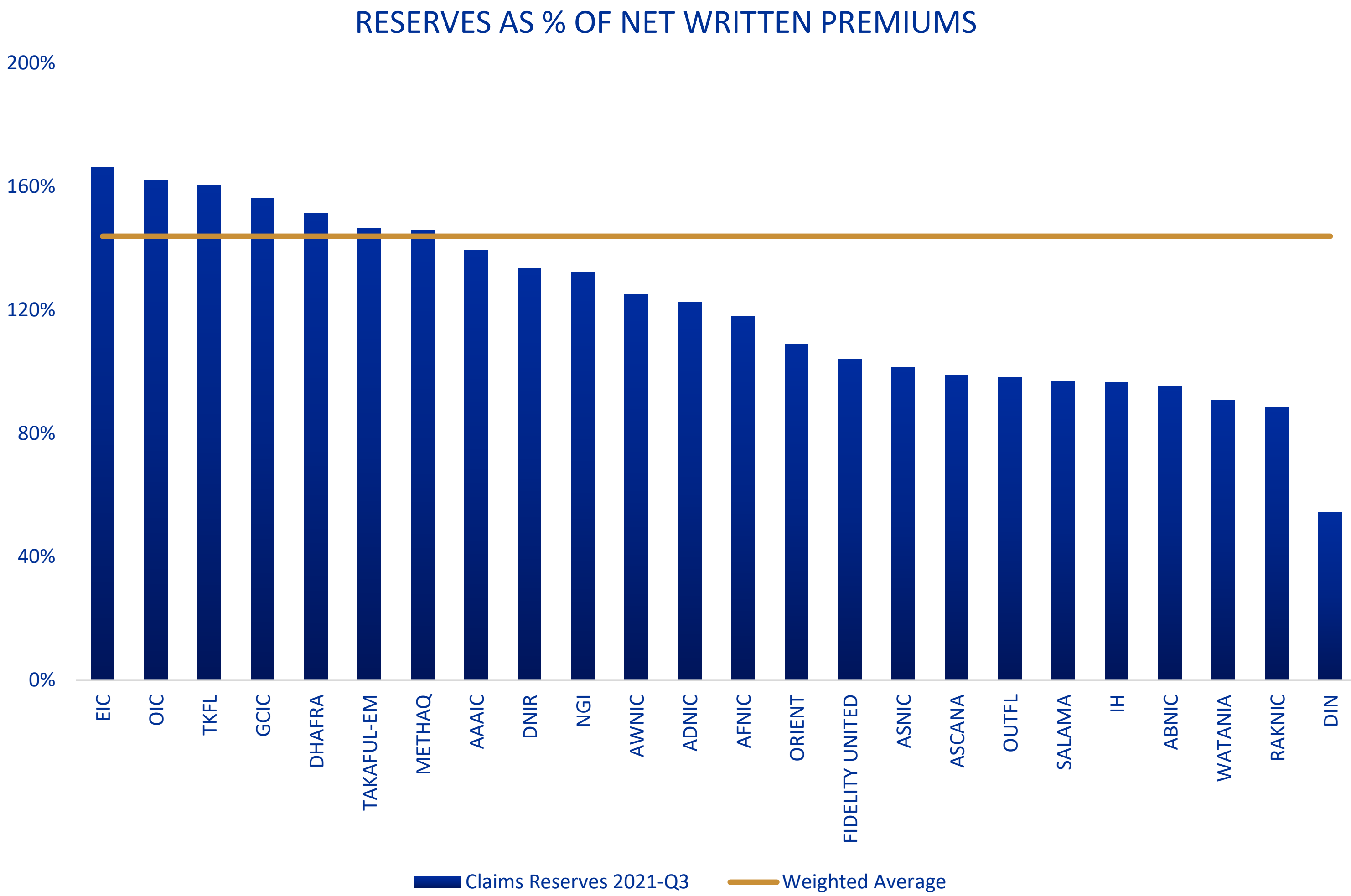
OIC in terms of booking net technical provisions secured the highest rank and is observed to maintain about 2 Billion of reserves.

The top 4 companies remains the same as was in 2020-Q3, however DARTAKAFUL has moved up to the 5th position replacing EIC.



The major change in reserves was depicted by TKFL where it has decreased its net reserves by 67% when compared with the corresponding period of 2020. The reduction in TKFL's reserve is a result of change in their reinsurance adjustments for their single premium family policies.

NET RESERVES AS A PERCENTAGE OF NET WRITTEN PREMIUMS

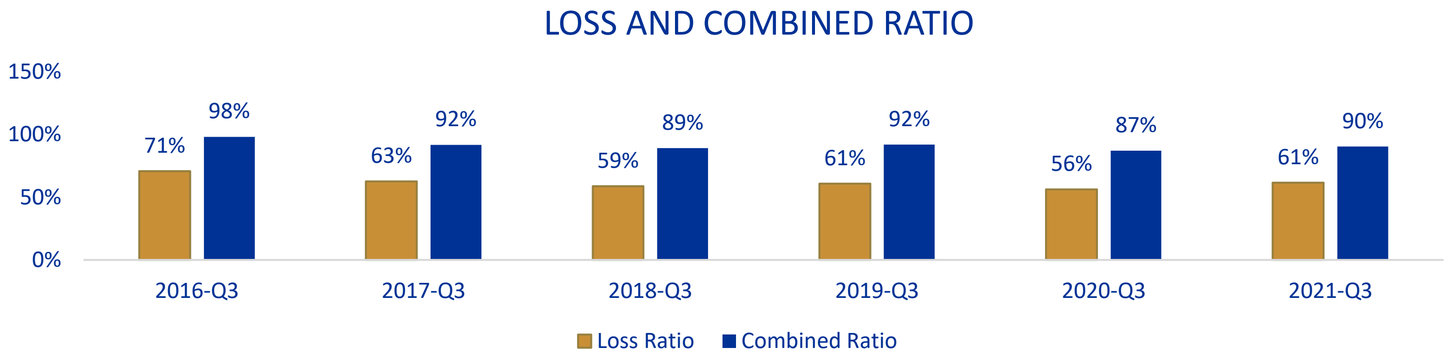


AMAN, ALLIANCE, DARTAKAFUL and SICO were observed to be outliers, and thus excluded from the above analysis. AMAN and ALLIANCE have significant reserves for investment-linked life insurance policies, whereas SICO reflected a proportion of 371%, caused by a decrease in their retained premiums while DARTAKAFUL has booked about 438 million of investment contract liabilities.

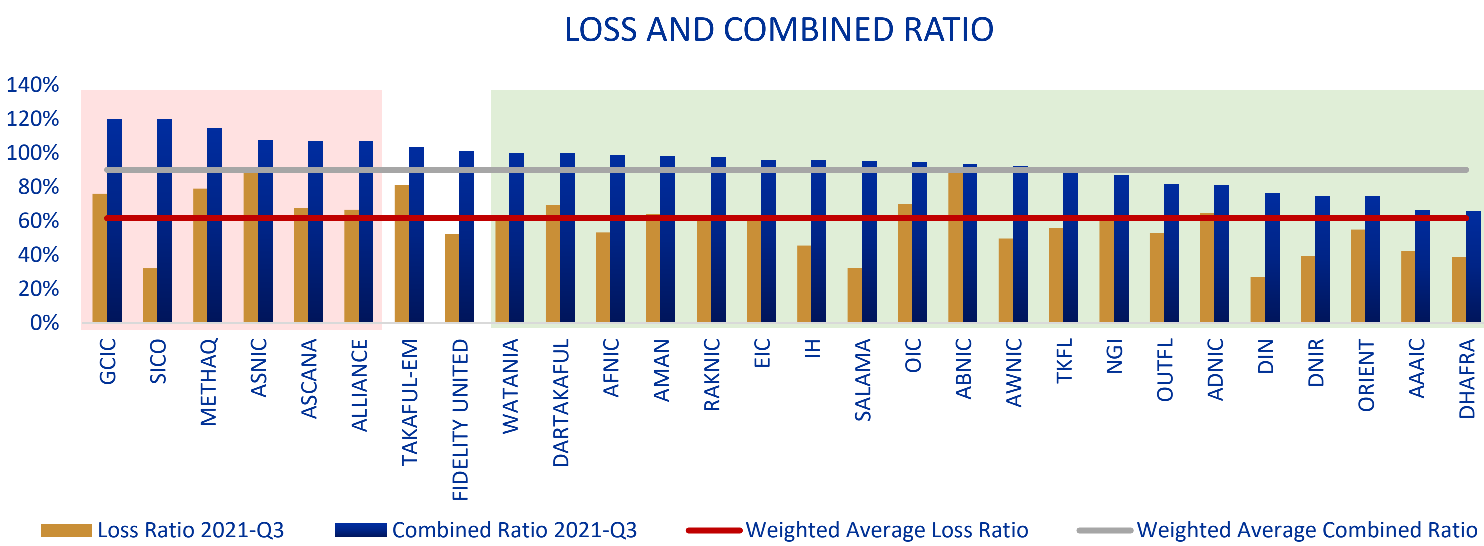
Apart from the outliers, the highest ratio of 166% is exhibited by EIC. On the other hand, the lowest ratio of 55% is depicted by DIN. The weighted average net reserves to net premium ratio is recorded to be 138%, however if we exclude the outliers mentioned above, the ratio drops to 122%.

❖ *The ratio above is calculated as a ratio of net reserves booked over the business retained by the company over nine months period of 2021.*

LOSS AND COMBINED RATIO



During 2020-Q3, owing to pandemic related events, insurance companies experienced a drop in their loss ratios. However, the loss and combined ratios for 2021-Q3 appear to be back at similar levels to 2019. The weighted average loss and combined ratio for the first nine months of the year 2021 culminates to be 61% and 90% respectively.



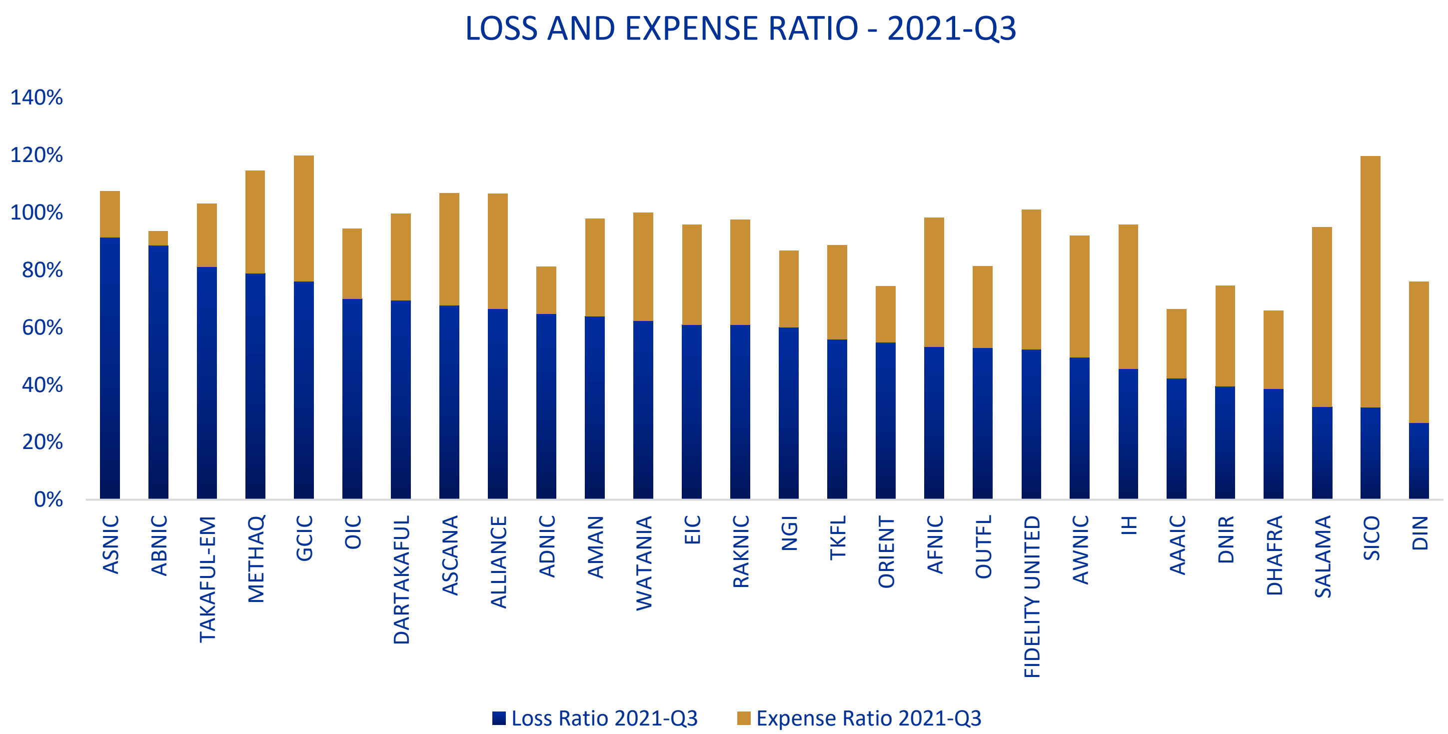
As depicted, GCIC and SICO exhibited the highest combined ratio of about 120%. The lowest combined ratio of 66% was depicted by DHAFRA and AAAIC.

For Takaful companies we have consolidated the Policyholders and Shareholders P&L for comparative purposes.

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.

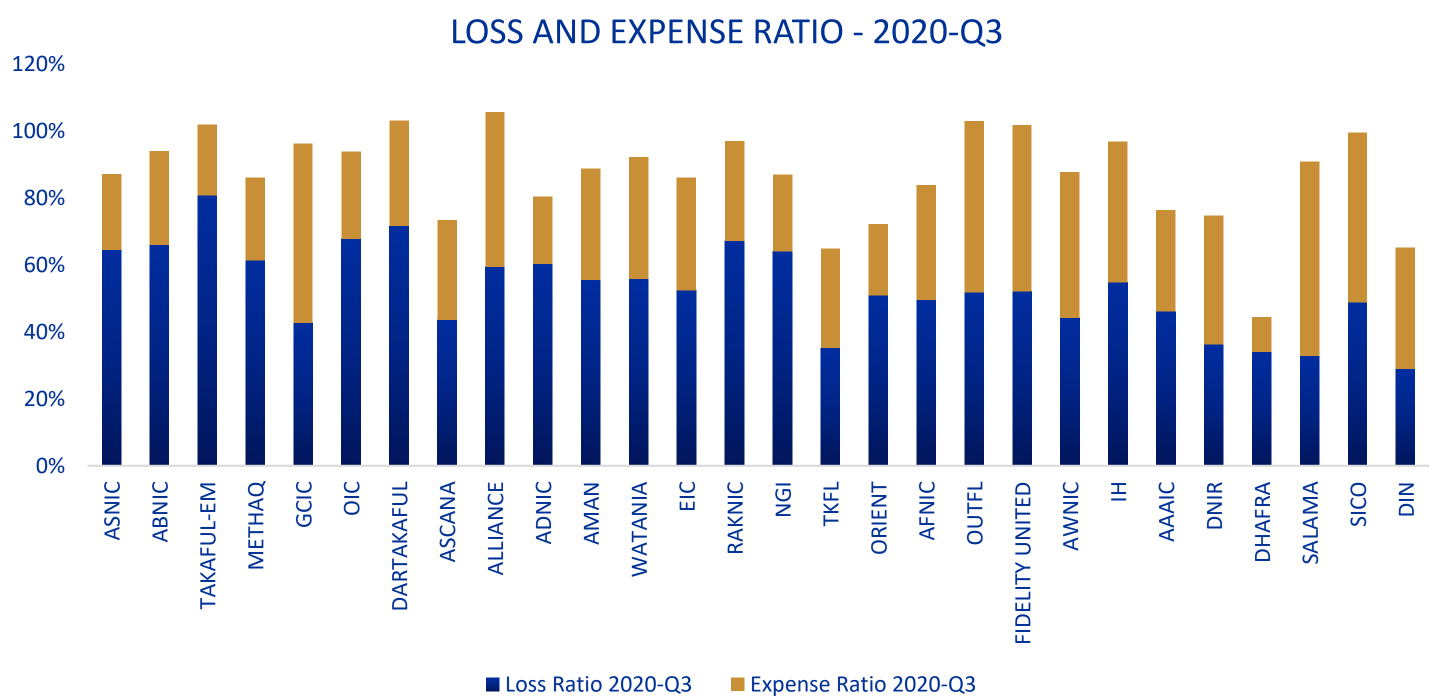
- *Loss ratio is computed as Net Claims Incurred over Net Earned Premium*
- *Combined ratio is calculated as ratio of Net Claims Incurred along with the expenses and net commissions over Net Earned Premium*

LOSS & EXPENSES RATIO

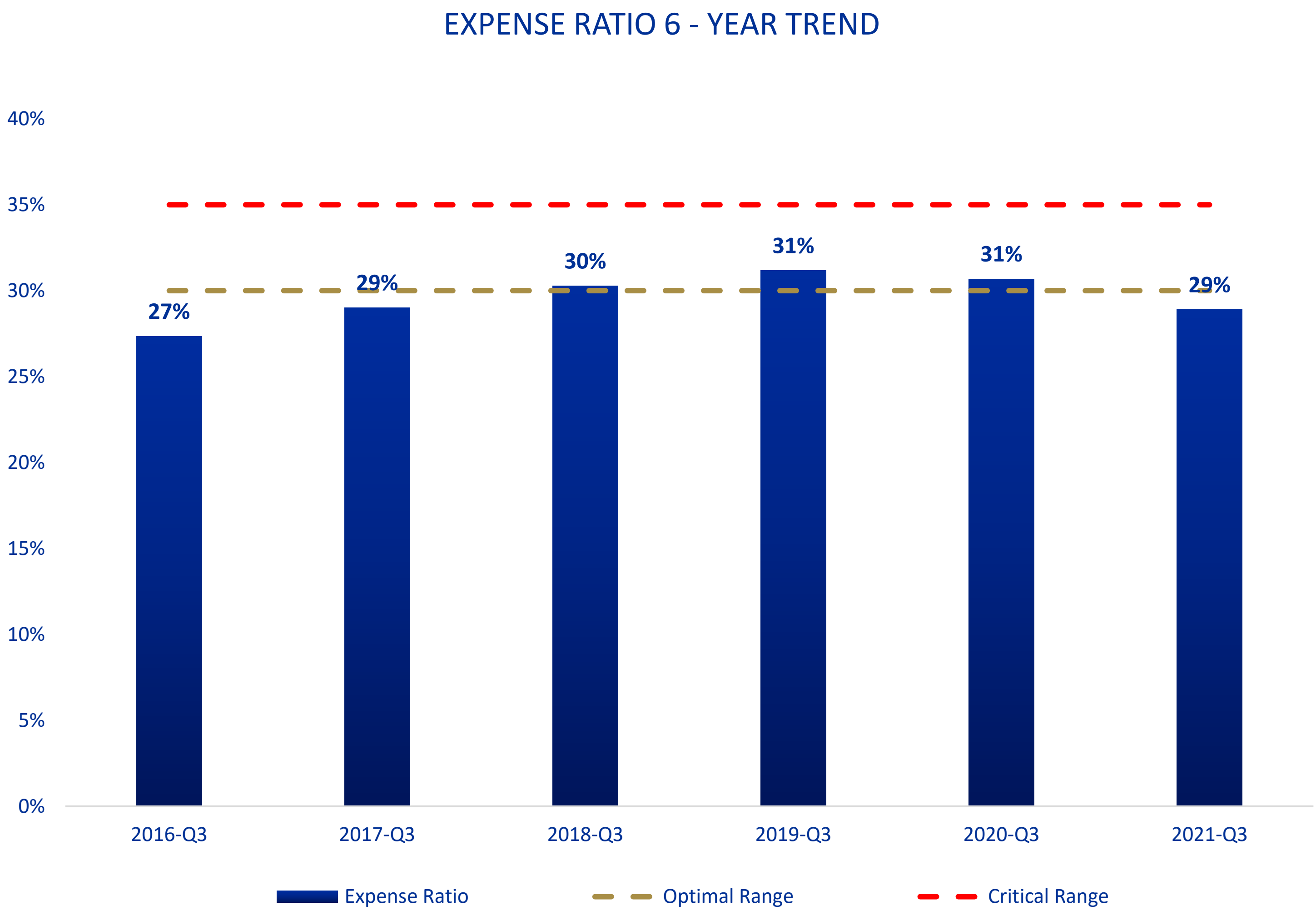


It is observed that few companies have low loss ratios, but the expenses push the combined ratio nearly to 100%.

SICO has a loss ratio of 32%, however, the expenses push the combined ratio above 100% resulting in an underwriting loss for the Company. Likewise, SALAMA has a loss ratio below 35%, but the expenses elevate the combined ratio to 95%.



EXPENSE RATIO

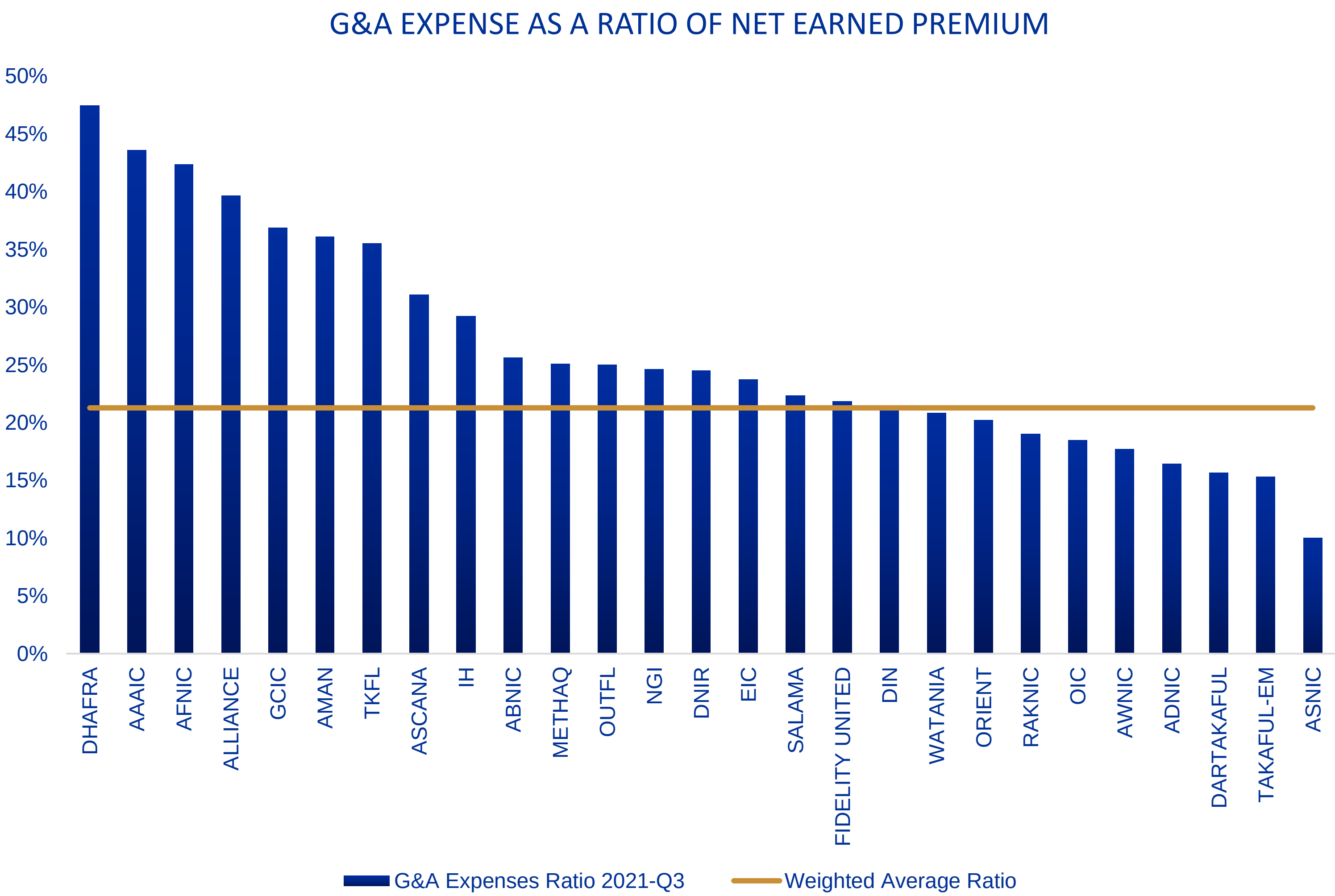


As depicted, the expense ratio experienced by the listed companies has witnessed a gradually increasing trend up to 2018-Q3 and has remained stable. In 2021-Q3 however, the ratio has dropped down to 29%. It is worth mentioning here again that UNION is not included in 2021-Q3.

The CBUAE has provided the industry with benchmark expense ratio where the optimal range is below 30% while expenses above 35% are not preferred and actions should be taken to bring them within the defined ranges.

❖ *The expense ratio is computed as the G&A expenses plus the net commissions (commissions paid plus commissions earned) plus other operational expenses recorded for the period by the companies as a proportion of net earned premiums*

EXPENSE RATIO



The weighted average G&A expense ratio for the first nine months of 2021 works out to be 21%.

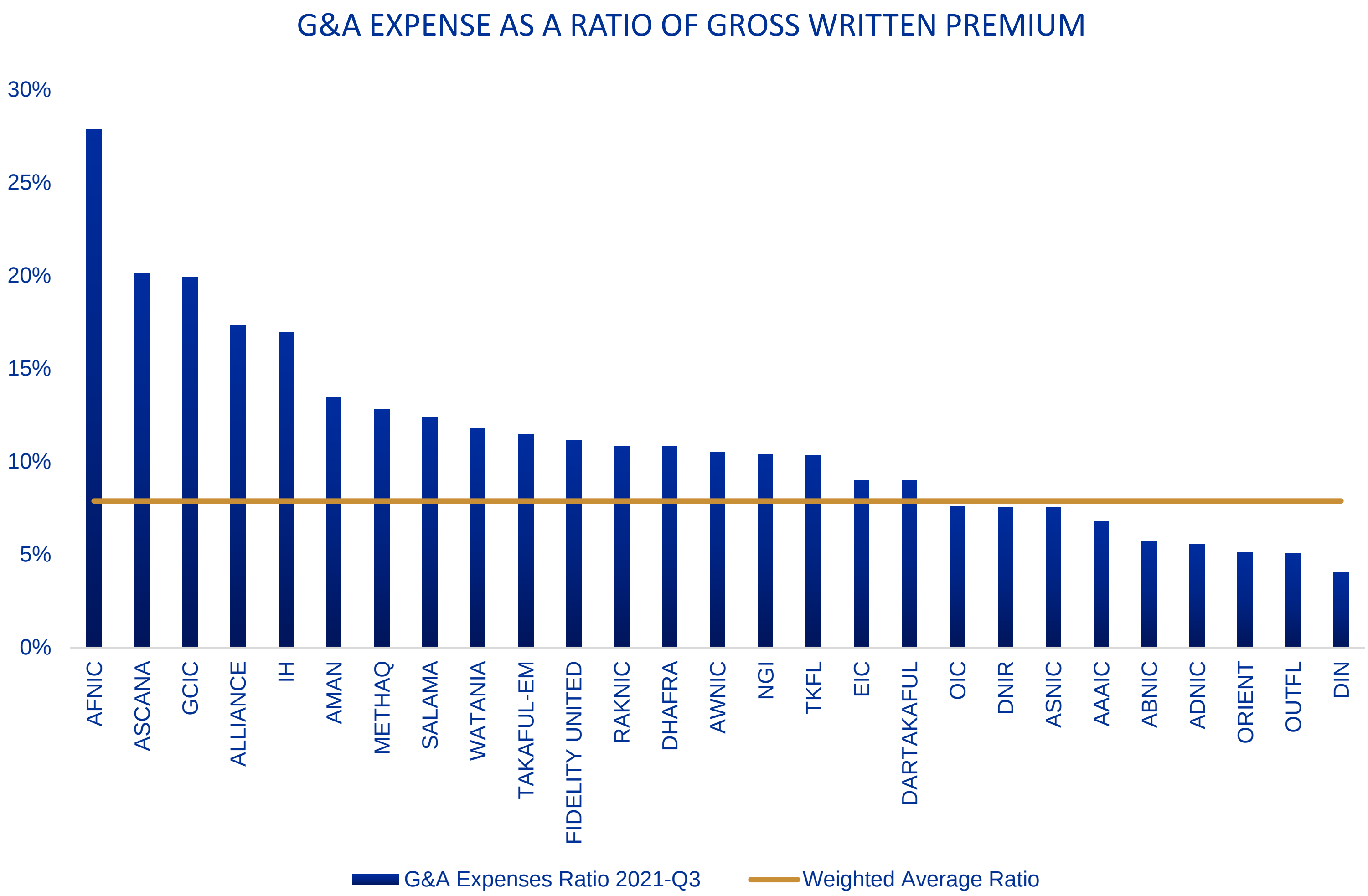
In 2021-Q3, SICO has depicted the highest expense ratio of 126%, but it is excluded from above chart to avoid distortion in the presentation. This is followed by DHAFRA having expense ratio of about 47% whereas the lowest expense ratio of 10% is exhibited by ASNIC.

❖ *The expense ratio is worked out as:*

Expense Ratio = General and administrative expense / Net Earned Premium

For Takaful companies, same has been used for comparative purposes and Wakala fees is ignored, as Wakala fees is positive in one account and negative in the other.

EXPENSE RATIO



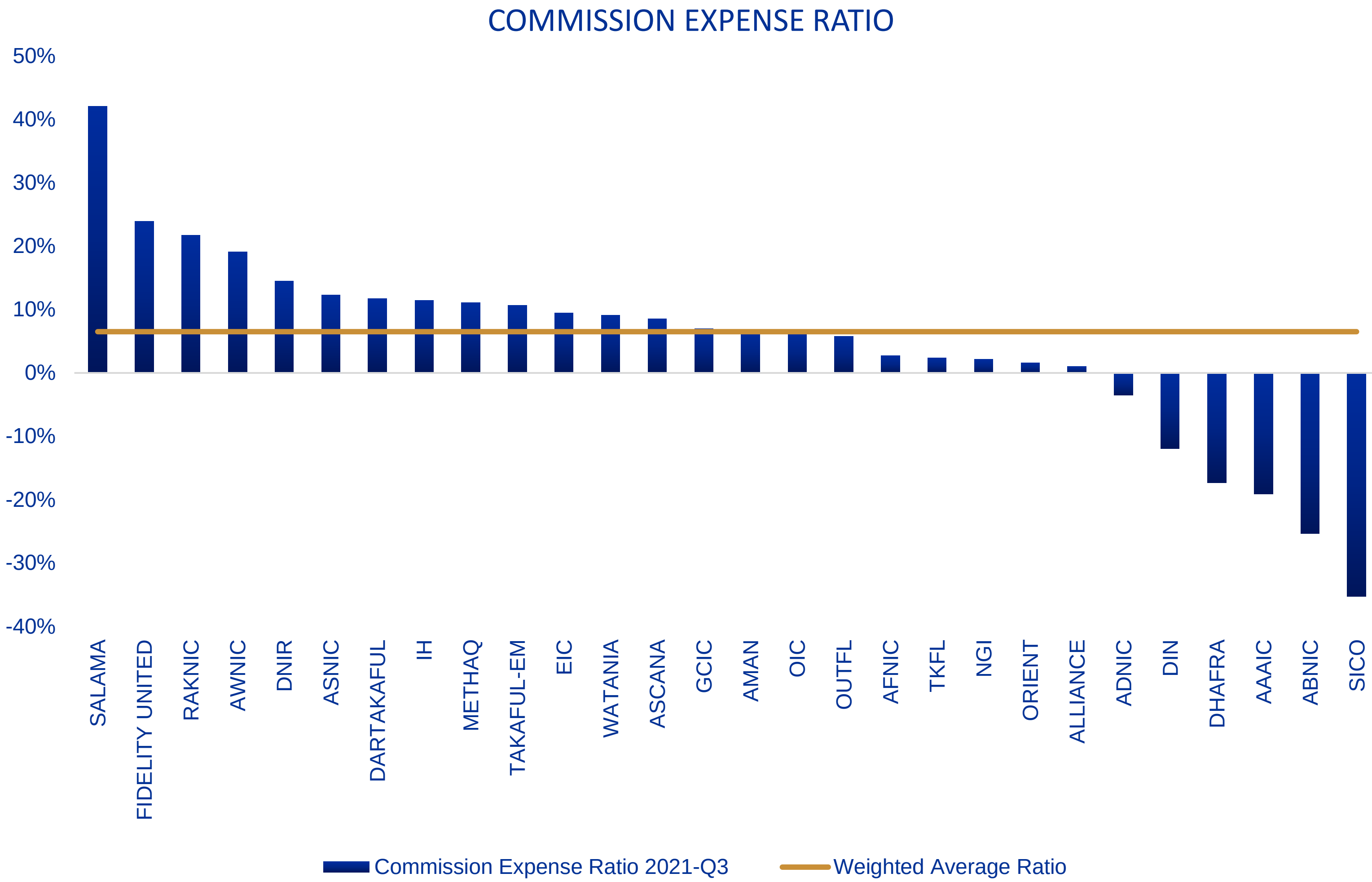
It is commonly believed that G&A expense ratio should be analyzed on the basis of gross written premium for the Company hence, the same is included in our analysis. During 2021-Q3, the highest expense ratio of 45% is reflected by SICO which is excluded from above representation. This is followed by AFNIC having an expense ratio of 28% while the lowest expense ratio of about 4% is reflected by DIN.

The weighted average General & Administrative expense ratio of the first nine months of 2021 stood at 8%, which has remained stable when comparing to the corresponding period of 2020.

As may be expected, larger companies that have extensive business scale have lower expense ratio, as they have sufficient business to absorb the cost base.

❖ *The expense ratio is worked out as:*
Expense Ratio = General and administrative expense / Gross Written Premium

EXPENSE RATIO



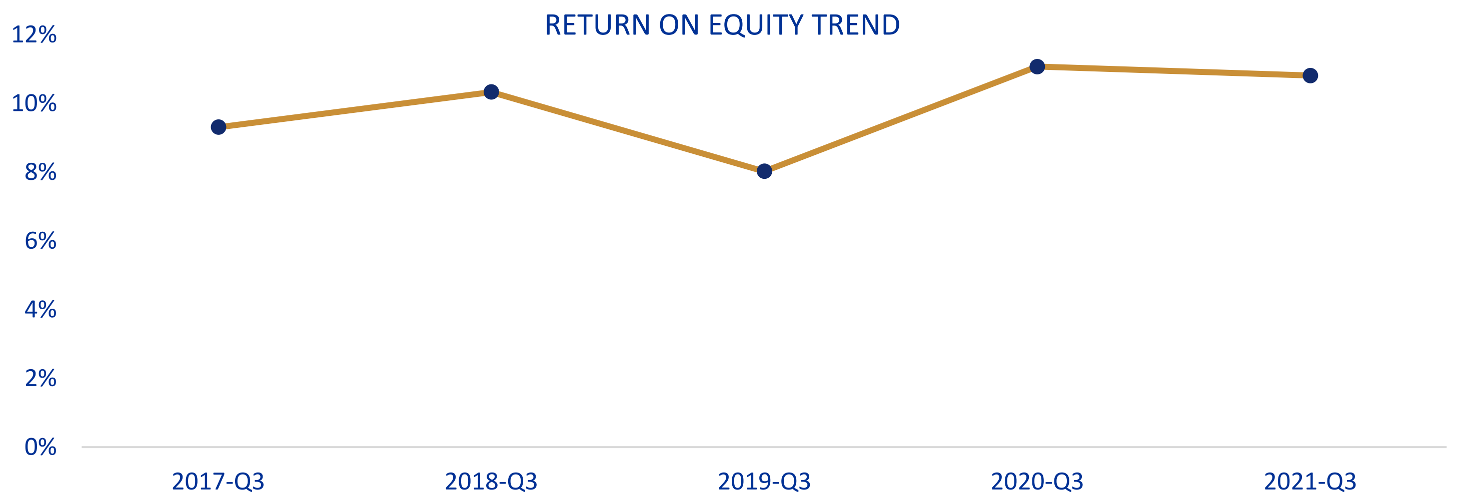
The weighted average commission ratio for the period 2021-Q3 stood at 7% (2020-Q3: 7%).

SALAMA experienced the highest commission ratio of 42% whereas SICO reflected the lowest commission ratio of -35% in 2021-Q3.

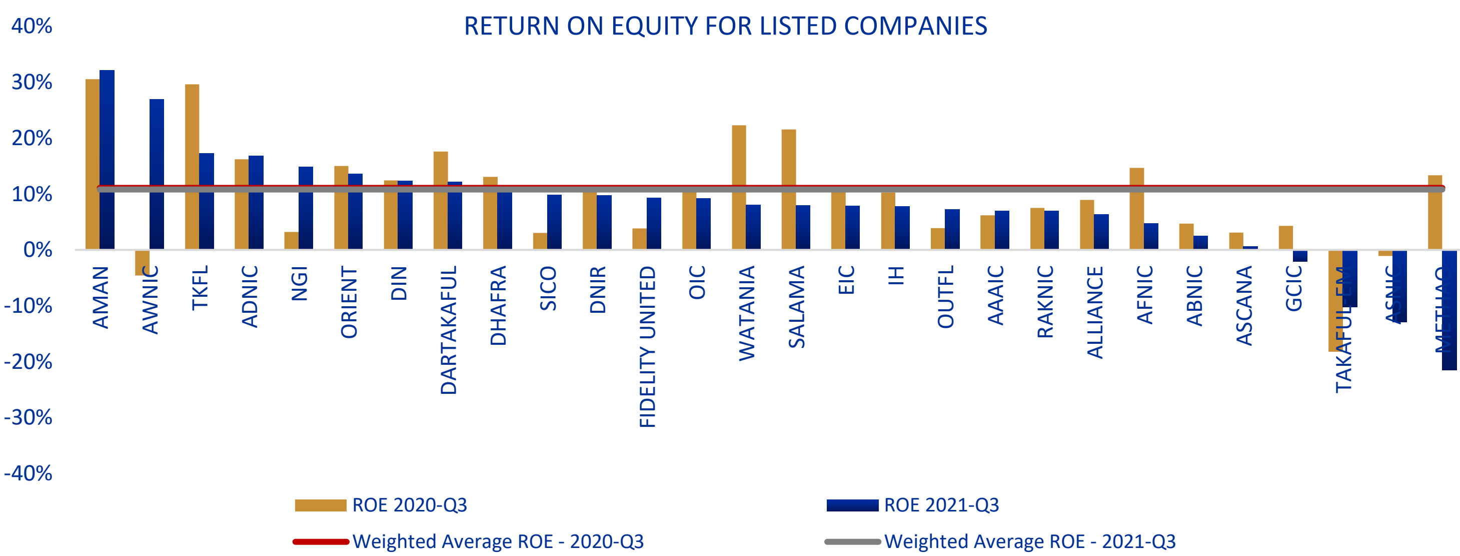
The commission expense considered is the net commission (commissions paid less commissions earned); a negative ratio signifies that the commissions earned outweigh the commissions paid. In UAE, it is common practice for the companies to cede out large proportion of commercial lines business and benefit from the reinsurance commissions, which is also evident by the low net commission ratio.

It is felt that there is an inherent need to optimize reinsurance arrangements so that companies can benefit from underwriting profitable business without passing the risk and reward to re-insurers and just acting as fronting partners; at the same time not effecting their solvency position.

RETURN ON EQUITY



The shareholders of the listed insurance companies have exhibited a stable trend in return on equity since from last year. The weighted average return on equity is recorded to be 11% for the first nine months of the year 2021.

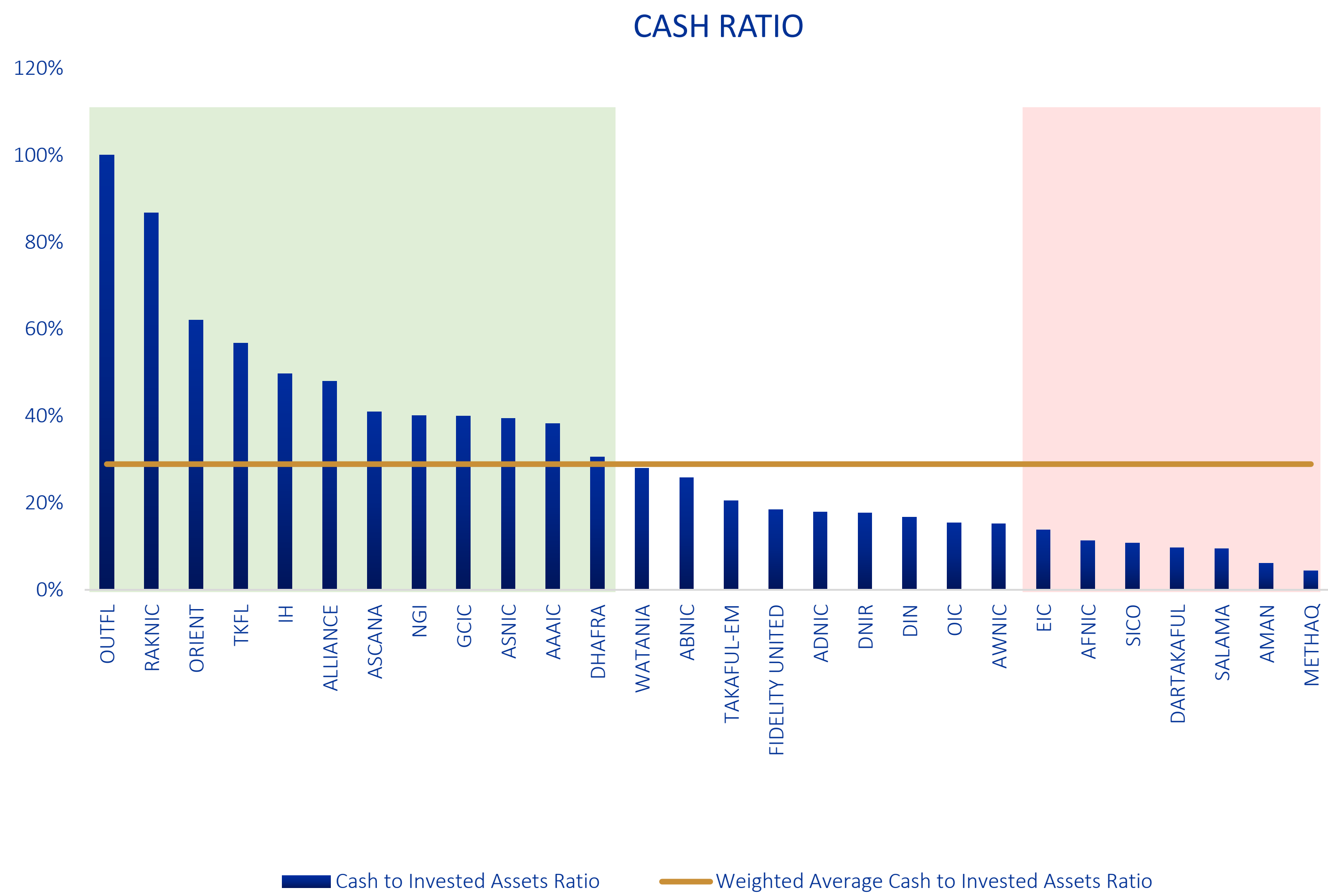


In 2021-Q3, the highest return on equity of 32% is depicted by AMAN (2020-Q3: 31%); followed by AWNIC at 27%(2020-Q3: -11%). METHAQ on the other hand, observed to have the lowest returns of -21%.

For takaful companies while we have combined shareholder and policyholder profits in other analysis, however, for the purpose of ROE calculations, only the shareholder profits as per the financial statements are considered.

❖ *The Return on Equity is calculated as a ratio of rolling 12 months net profit (before tax) to total of shareholder's equity at the beginning of the period 2021.*

CASH TO INVESTED ASSETS



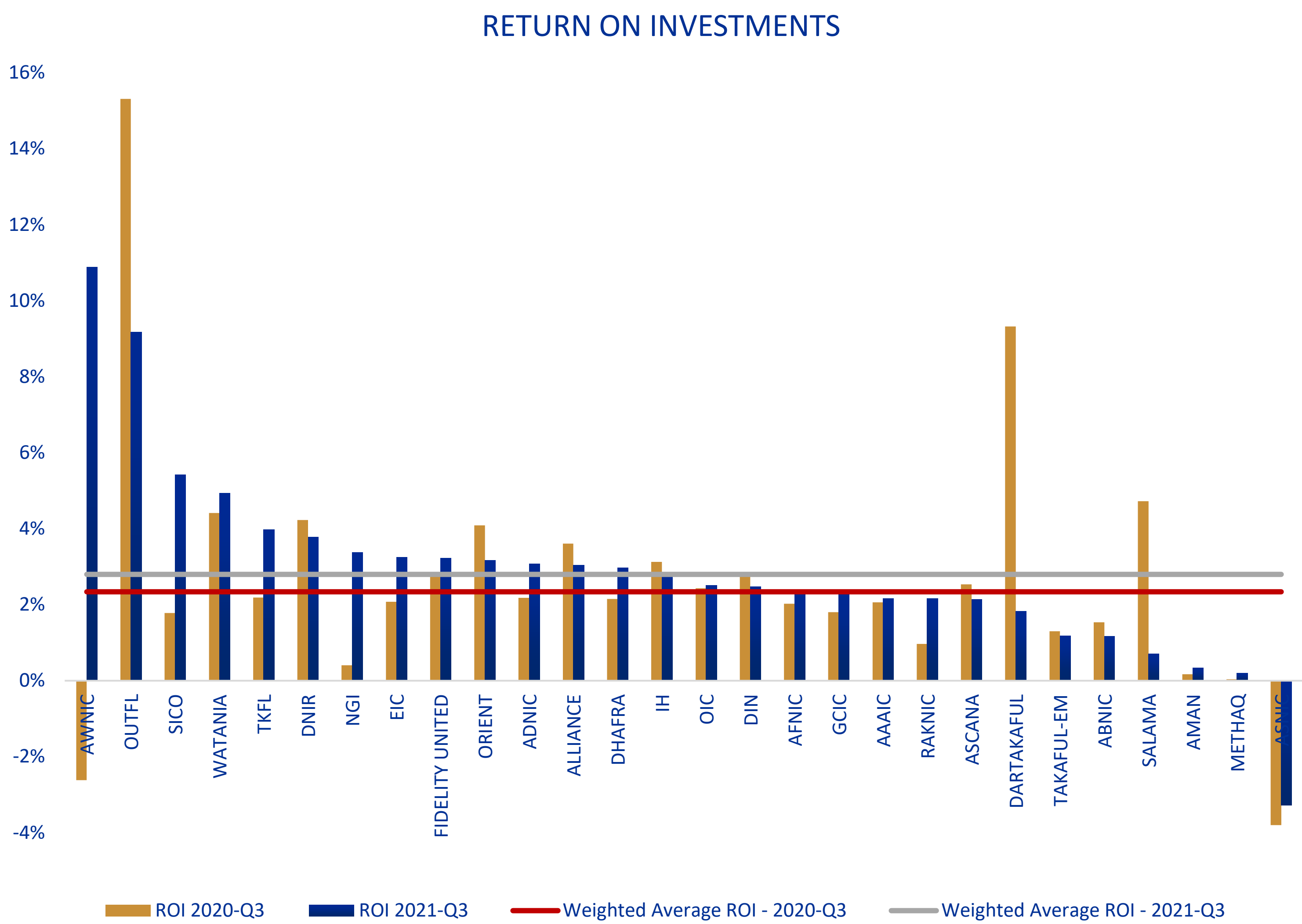
The weighted average cash to invested assets ratio is observed to be around 29% as at 2021-Q3 (33% in 2020-Q3).

OUTFL has all of its invested assets maintained as cash, hence depicting a 100% cash ratio, while the lowest ratio is observed to be at 4% by METHAQ.

As per the CBUAE benchmarks, the cash to invested assets ratio for the companies should not fall below 15% of the total invested assets while the optimal area is beyond 30%.

❖ *The cash to invested assets ratio has been taken as the ratio of cash & deposits to total invested assets.*

RETURN ON INVESTMENTS



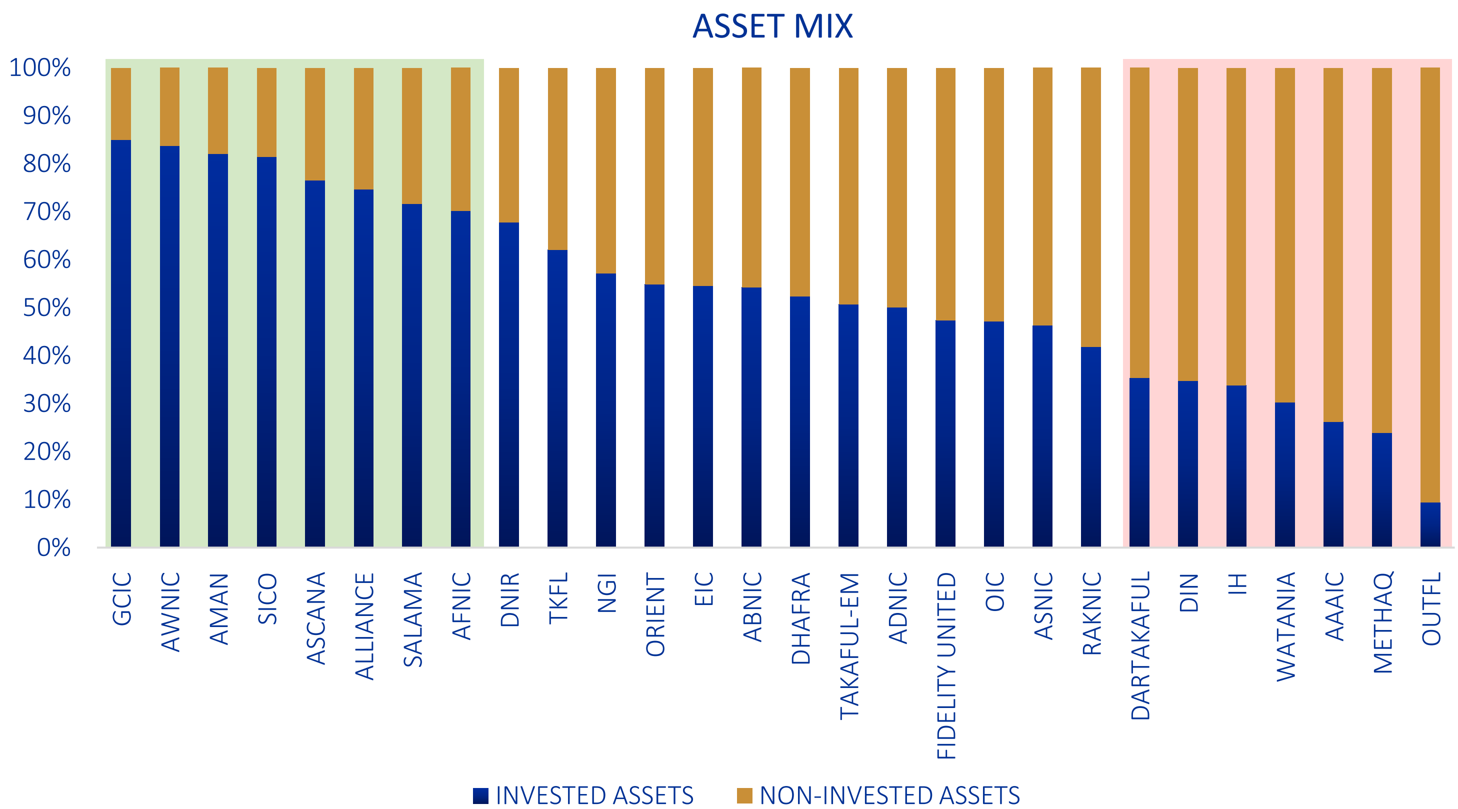
The weighted average Return on investments recorded for listed companies is observed to be 3% for the first nine months of year 2021 (2020-Q3: 2%).

The highest return on investments is recorded by AWNIC of 11% (2020-Q3: -3%) whereas the lowest returns is observed by ASNIC of -3% (2020-Q3: -4%).

DARTAKAFUL recorded 9% ROI in 2020-Q3 mainly due to the M&A activity with the acquisition of Noor Takaful.

❖ *The Return on Investment is computed as the ratio of investment income to the average invested assets at the beginning and end of period.*

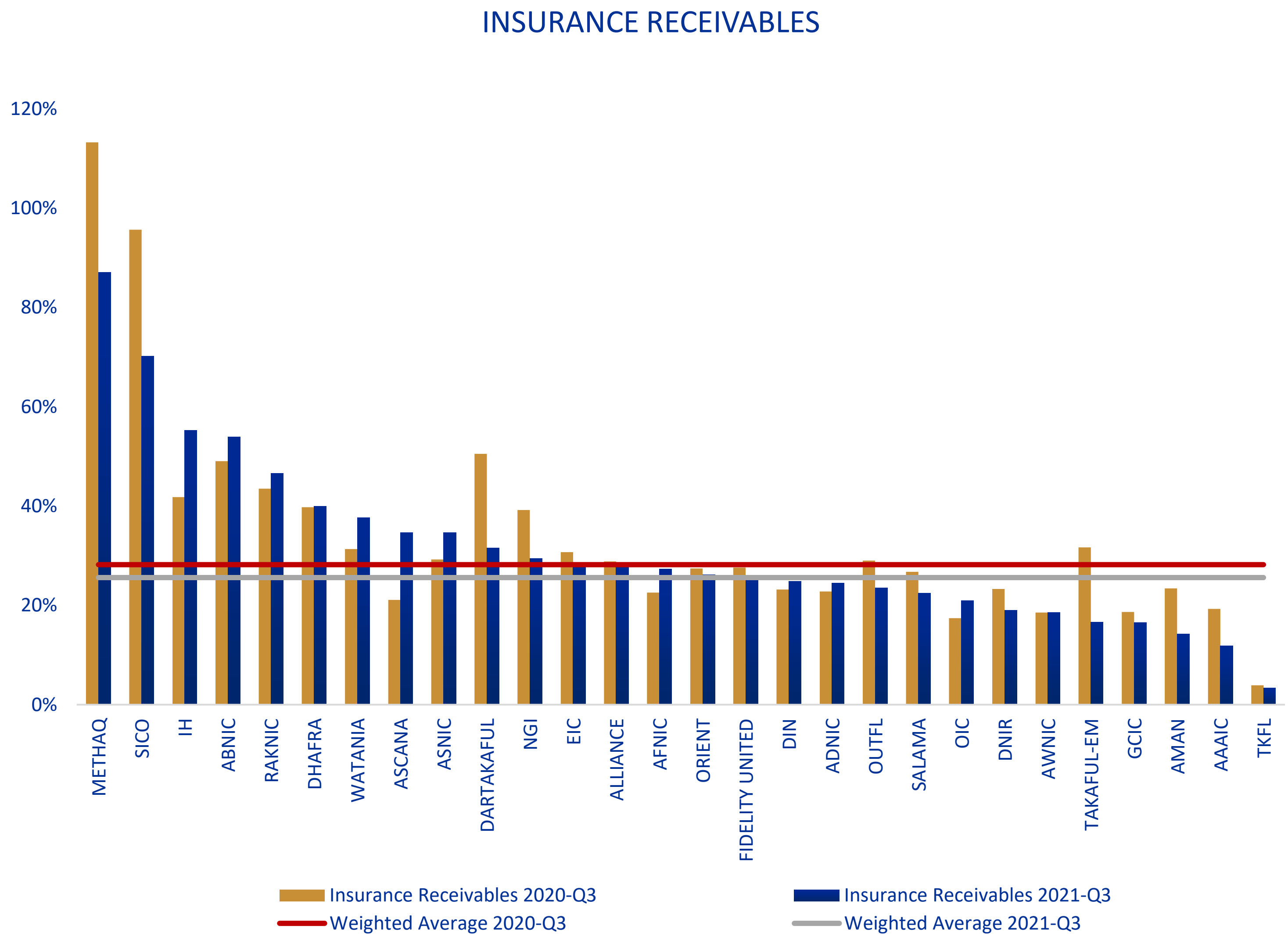
INVESTED ASSETS TO TOTAL ASSETS



The prescribed range for Invested assets to total assets is 40% - 70% as per the Central Bank of UAE, where the companies falling in critical range of below 40% are in the red zone.

Asset Mix compares the proportion of invested assets and non invested assets for the first nine months of 2021. GCIC has the highest proportion of 85% of their assets invested, while OUTFL has only invested 9% of their assets.

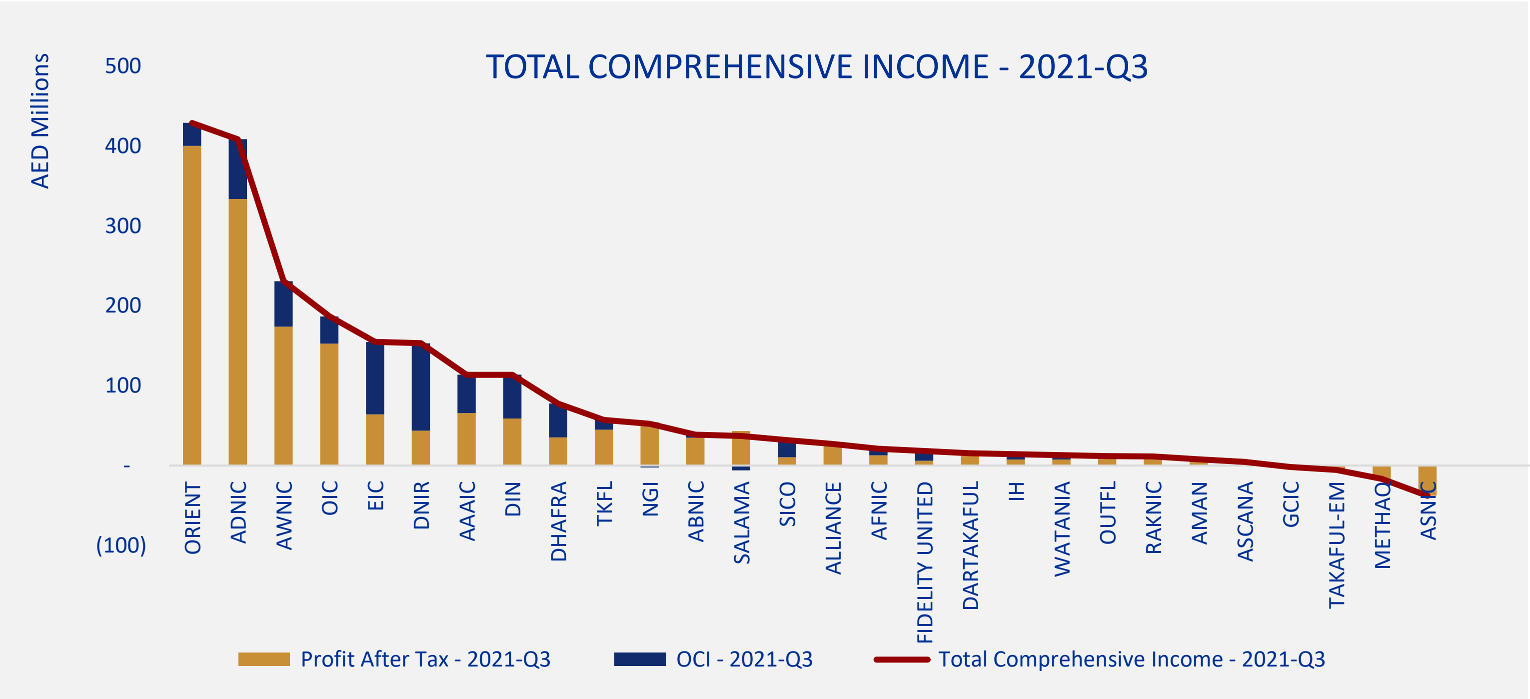
INSURANCE RECEIVABLES



The prescribed range for insurance receivables as a proportion of gross written premium is less than 25% while above 45% as per the Central Bank of UAE.

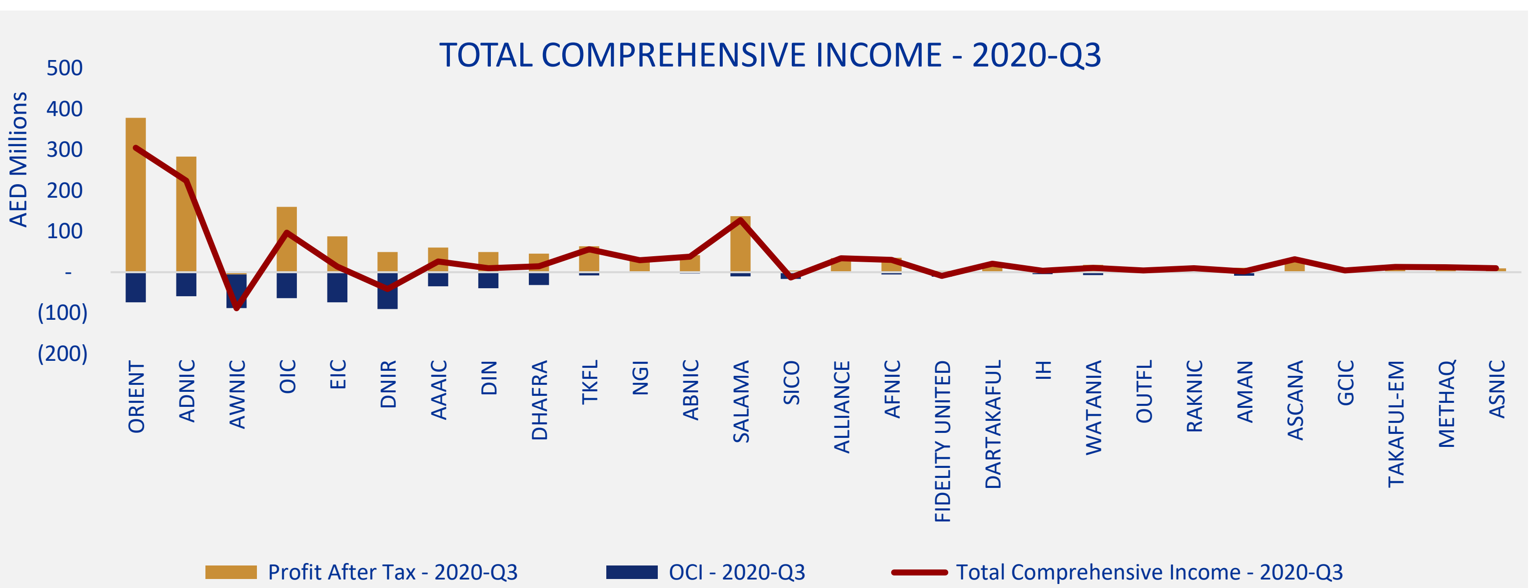
The weighted average receivables ratio for the first nine months of 2021 is recorded to be 26% (2020-Q3: 33%). As depicted, the highest insurance receivables ratio of 87% is observed by METHAQ while the lowest ratio of 3% is reflected by TKFL. Nonetheless, 5 companies are falling in the critical zone as per CBUAE threshold as of 2021-Q3.

TOTAL COMPREHENSIVE INCOME



The Total Comprehensive Income for 2021-Q3 displayed an immense growth of 123% when compared with the corresponding period of 2020. This growth is biased due to the affects of COVID-19 outbreak during 2020 reflecting a decline in Other comprehensive statements for most the companies as shown in the graph below. A more fair comparison could be seen in the future reports.

As can be seen, the representation for Other Comprehensive income statements are quite opposite in these two periods, hence portraying the damage caused by the pandemic. Nonetheless, only 4 out of 28 companies in this analysis have shown losses in their OCI while 3 of these 4 are making profit on Total as of 2021-Q3.



For Takaful companies we have consolidated the Policyholders and Shareholders P&L for comparative purposes.

CONCLUSION

- The listed Insurance Companies in UAE saw an increase in topline of 4% in the first nine months of 2021 as compared to the first nine months of 2020. The total premiums written by listed Insurance companies in UAE aggregated to AED 19.5 billion for the first nine months of 2021 as compared to AED 18.8 billion of business written in the corresponding period of 2020. This excludes Union and Al Khazna as their financials were not available at the time of compiling this report.

- While the top line saw modest growth, the bottom line observed a decrease of 2%. The profits have seen a reduction from AED 1,616 million in 2020-Q3 to AED 1,577 million in 2021-Q3. The drop in UW Income is much higher as it went from AED 982 million to AED 718 million a decrease of 27%. The loss ratios increased by 5% to 61% for the first nine months of 2021 and the combined ratio increase by 3% to 90%. This increase might just be the beginning of a spiral driven by rising frequencies that had dropped in 2020 due to COVID related lockdowns and a drop in premium tariffs seen across the market over the last few quarters.

- The profitability was maintained due to an increase in investment income as the equity markets improved compared to last year. The total investment income has gone from AED 635 million to AED 858 million a growth of 35%. Last year's investment income also included profits booked by Salama from the sale of shares in Salama Saudi.

- Motor rates across the industry have been continuously dropping which could further increase the loss ratios for the motor books in the future. Given that the road traffic is back to pre-Covid levels, the drop in claims rate that was witnessed in 2020 will not continue for long. The drop in motor rates is now reaching the floor with discounts below regulatory minimums reaching 30-50%. In the coming quarters, this has the potential to materially affect the loss ratios in a negative way as the business is earned. Therefore, these results are not necessarily an indication of future profitability. Since motor forms a large part of the Net written premiums for the UAE insurance market, it would serve insurers well to be wary of these trends.

- An upside for 2022 will be the increase in medical premiums as DHA has increased the Index Rate bands for 2021 which forms the minimum rates that could be charged. This is expected to increase the overall health premiums in the market and could alleviate some of the reduction in the top line which came about due to companies reducing networks and benefits over the past few quarters.

KEY TAKE AWAY POINTS

INDUSTRY GWP GROWTH TIMELINE

2017 - Q3	2018 - Q3	2019 - Q3	2020 - Q3	2021 - Q3
AED 16.6bn	AED 17.1bn	AED 18.8bn	AED 19.4bn	AED 19.5bn

INDUSTRY NEP GROWTH TIMELINE

2017 - Q3	2018 - Q3	2019 - Q3	2020 - Q3	2021 - Q3
AED 6.6bn	AED 7.3bn	AED 7.2bn	AED 7.4bn	AED 7.3bn

Highest Growth in Profit by
AWNIC
3240%

Highest Growth in GWP Recorded by
DARTAKAFUL
at
83%

Highest ROE by
AMAN
at
32%

Highest Retention Recorded by
TAKAFUL-EM
at
76%

Highest GWP recorded by
ORIENT
at
3.8bn

Highest Net Earned Premium Growth by
DIN
at
91%

Highest Investment Income recorded by
ORIENT
at
164.7mn

INDUSTRY PROFIT GROWTH TIMELINE

2017 - Q3	2018 - Q3	2019 - Q3	2020 - Q3	2021 - Q3
AED 1.17bn	AED 1.43bn	AED 1.33bn	AED 1.62bn	AED 1.58bn

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	FIDELITY UNITED	United Fidelity Insurance (PSC)	ADX
28	WATANIA	National Takaful Company	ADX

** UNION and AKIC had not published their financials for 2021-Q3 as of the compilation of this report. Hence, they are not included in our analysis, however, prior values have been used where deemed appropriate for the analysis covered in the report.*

DISCLAIMER

- We have undertaken an analysis of the Key Performance Indicators (KPIs) of the listed insurance companies in UAE for the first nine 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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UAE/Oman Actuarial 30 staff	KSA Actuarial 21 staff	Medical 6 staff	IFRS-17 5 staff
Business Intelligence 11 staff	End of Service 6 staff	HR Consulting 3 staff	Support Functions 14 staff

Total Strength
96

Hatim Maskawala

Ali Bhuriwala

Navin Ghorawat

Syed Hamzah Bokhari

Subhan Naeem

Hassan Athar

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Badri Management Consultancy is proud to present the UAE insurance Industry Analysis for the for the nine months period ended 30 September 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.

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