



A Glance at Oman Insurance Industry Performance of Listed Companies Year End – 2021

(based on preliminary results)

January 19, 2022



Industry Snapshot

Gross Written Premium

2021: RO 403 Million
2020: RO 387 Million
Growth: 4%

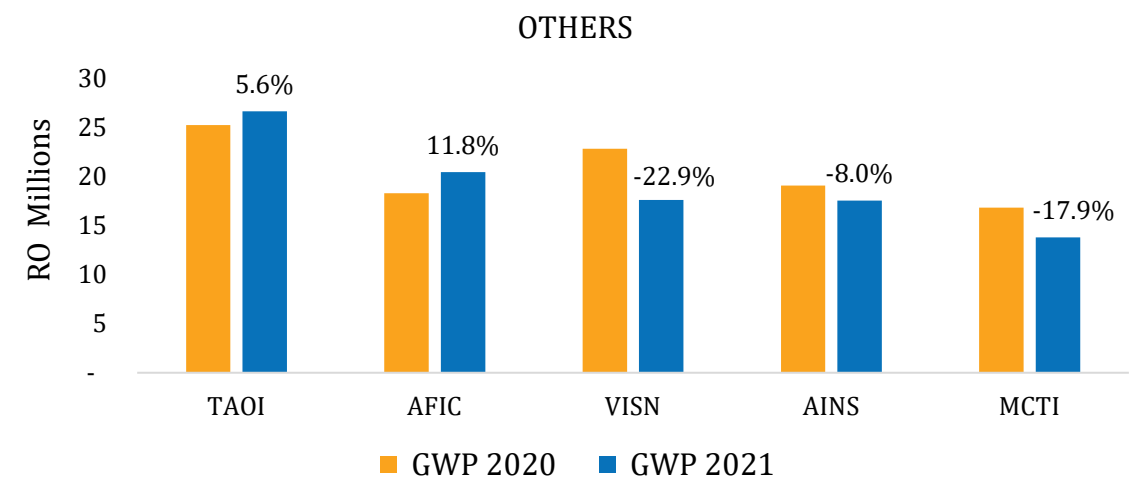
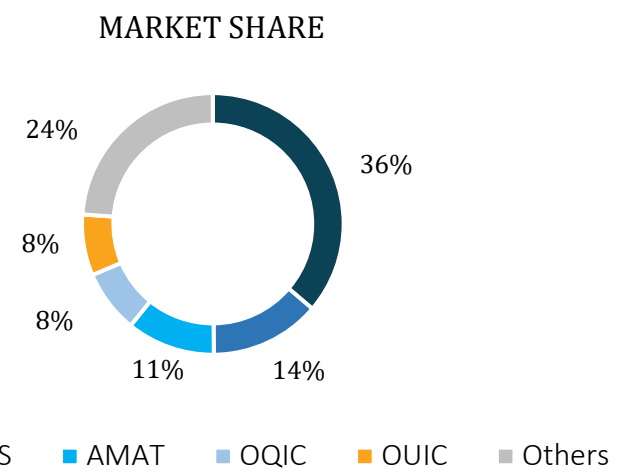
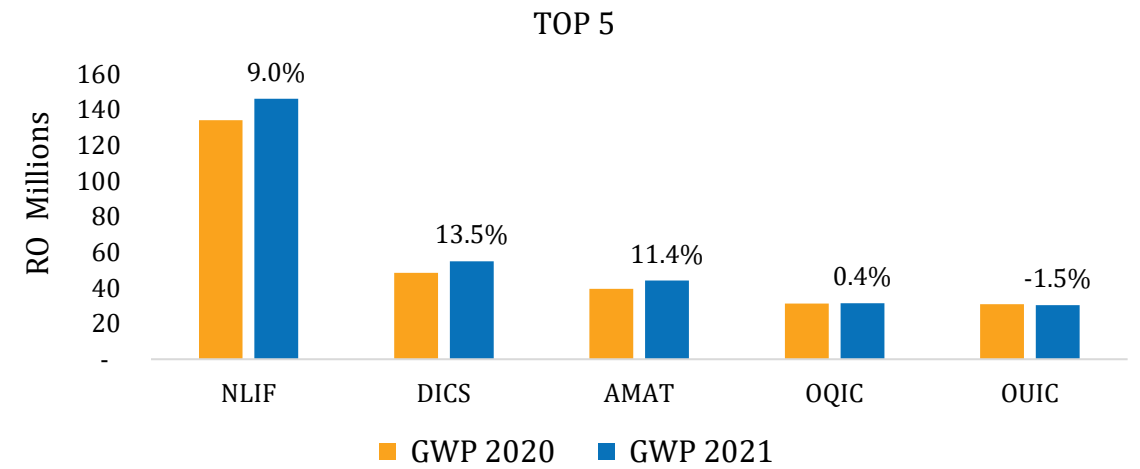
Profit After Tax

2021: RO 18 Million
2020: RO 34 Million
Growth: -47%



Comparative Gross Premium Analysis

The insurance companies in the Sultanate recorded total gross written premium of about RO 403 million, depicting a 4% increase in business from 2020 (RO 387 million).



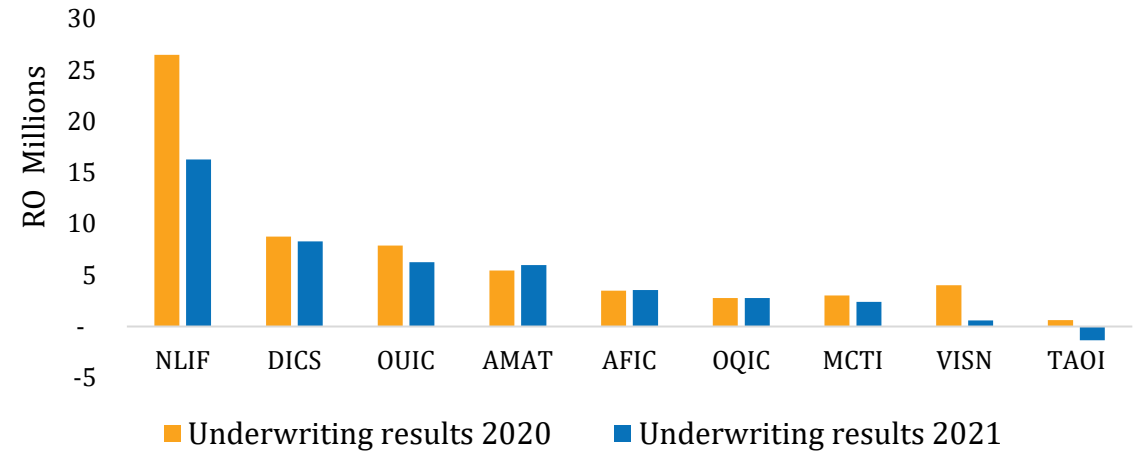
Underwriting Results & Investment Income

NLIF exhibited the highest Underwriting result of RO 16 million, while TAOI observed the lowest result of RO -1.3 million

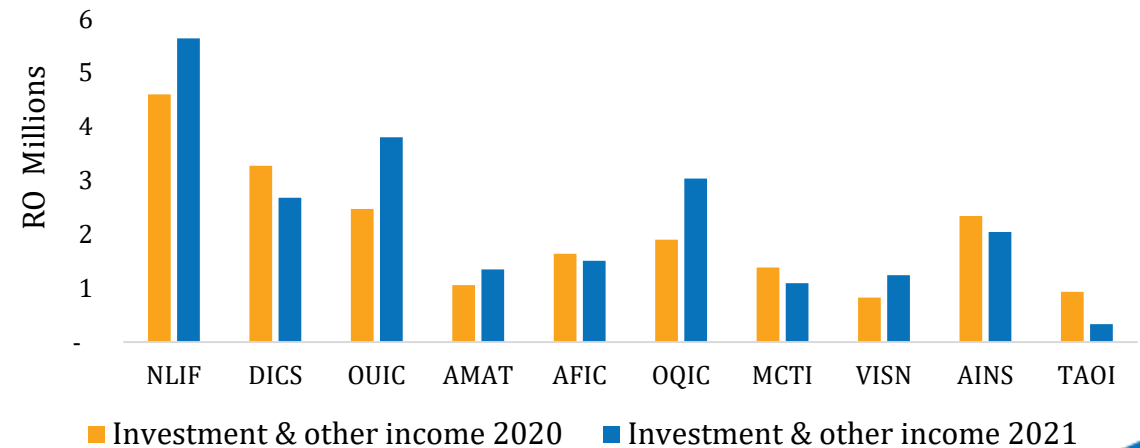
Due to data unavailability AINS has been removed from the graph.

Graphs have been arranged as per numbers of underwriting results 2021

UNDERWRITING RESULTS



INVESTMENT & OTHER INCOME

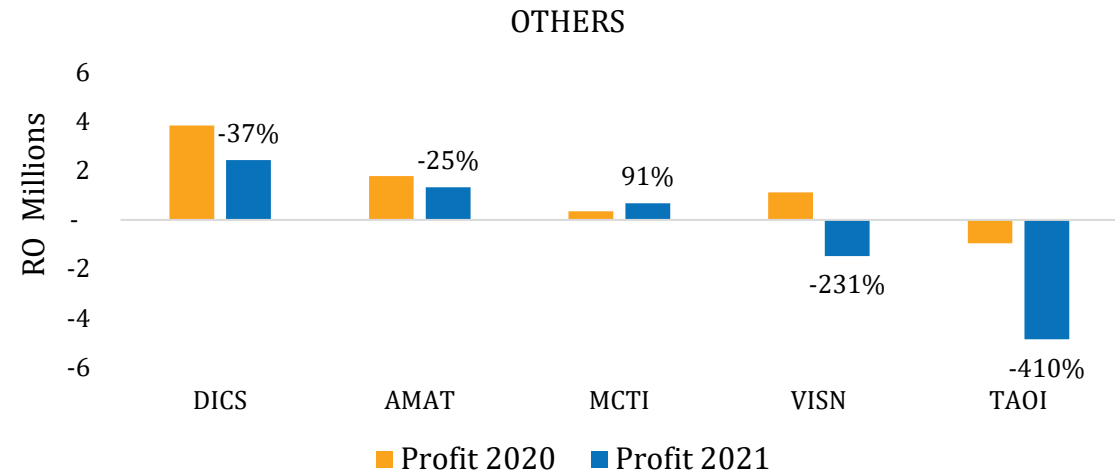
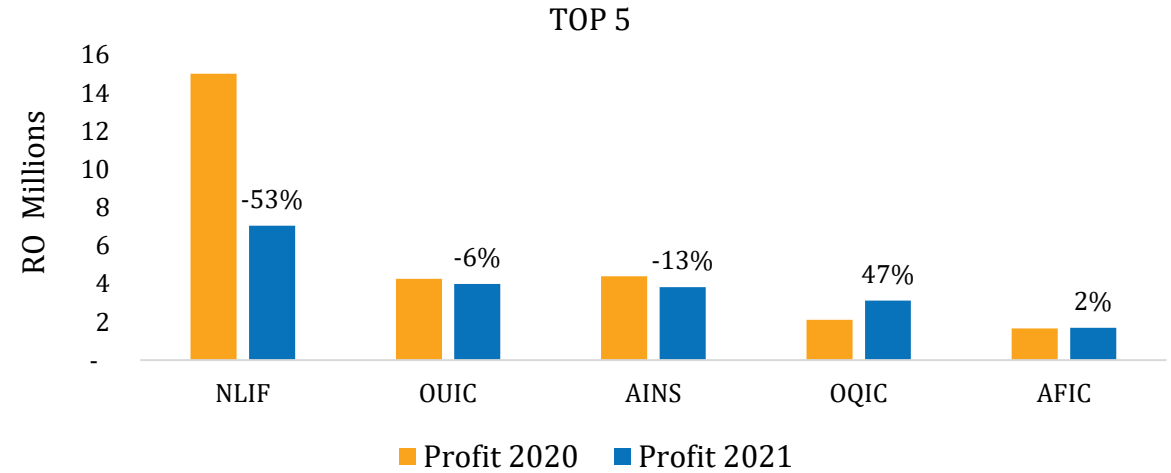


Comparative Profit Analysis

The Insurance companies in the Sultanate of Oman have shown a decline in profit of 47%, where the total profit amounted to RO 18 Million for 2021 (2020: RO 34 Million).

The decline in profits have a major impact because of NLIF profits were down by 53%.

As per the availability of data we have used values of profit after tax.



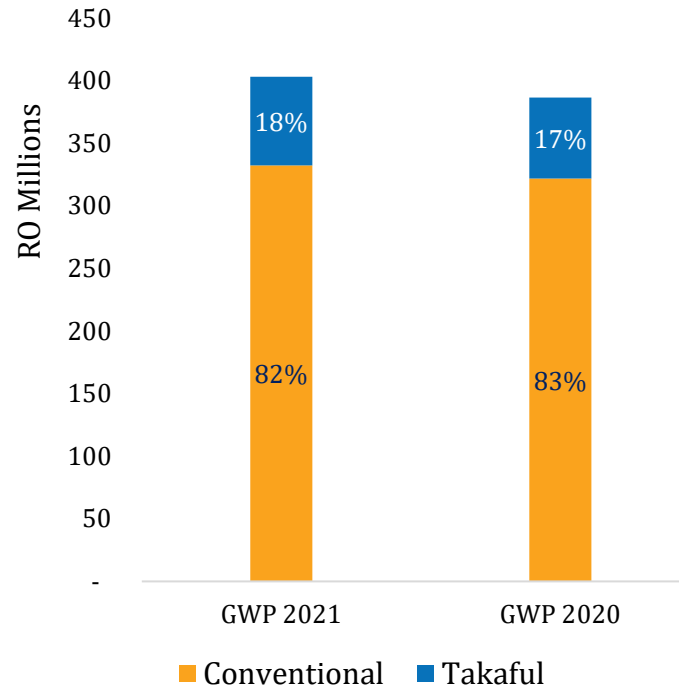
Conventional Vs Takaful

In the Sultanate of Oman, out of 10 listed insurance companies, only 2 operate as Takaful Insurers, contributing 18% of the total written business in 2021

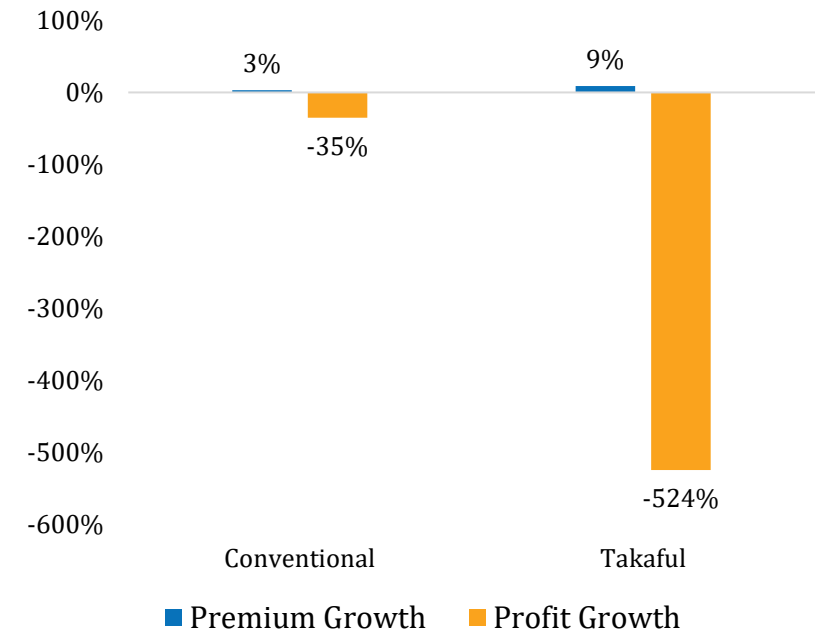
The profit of Conventional insurers has recorded a decline of 35% in profits whereas on the Takaful front business exhibited a decline of 524% in profits.

When comparing contribution with 2020, Takaful insurers exhibited a growth of 9% and the Conventional insurers observed a growth of 3% in 2021.

TAKAFUL & CONVENTIONAL BUSINESS DISTRIBUTION



BUSINESS GROWTH FOR CONVENTIONAL & TAKAFUL INSURERS



Conclusion

The listed Insurance Companies in Oman saw an increase in topline of 4% in FY 2021, with premium volumes increasing from RO 387 Million in FY 2020 to RO 403 Million. Six out of the ten listed companies displayed an increase in premium volumes from the previous year, while others showed a decrease in the top-line.

While the premiums showed a modest growth, at the other end of the spectrum, the bottom line observed a significant decline with profits after tax declining from RO 34 Million in FY2020 to RO 18 Million in FY2021, a decrease of 47%. The top 3 players by premium volumes all displayed a fall in profits as compared to the previous period. In all, seven of the ten listed companies experienced a dip in profits from FY2020. Insurance companies had experienced good profitability in FY2020 due to Covid enforced lockdowns and reduced activity, but with things more or less back to normal in FY2021, the profits have taken a significant hit and have declined below the profit level observed in FY2019 (pre-Covid), as competitive pressures continue to pull prices down. Consequently, the major dip in profits comes from underwriting profits declining, whereas investment income has shown an increase of around 11% as compared to the previous year, as the investment markets improved compared to last year.

FY2022 will pose challenges for insurance companies as they continue to jostle on price wars; innovation in products and underwriting techniques, better pricing allowing for scientific methods such as GLM/ML, increased reliance on digitalization, and concentration on niche segments may be some of the catalysts that can resurrect the profitability in the coming period.

The results have been obtained from the published, unaudited preliminary numbers of the listed insurance companies of Oman.

Disclaimer

We have undertaken an analysis of the Key Performance Indicators (KPIs) of the listed insurance companies in Oman for the year end 2021. The data has been extracted from the preliminary reports of those companies which were publicly listed and available till the compilation of this report.

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Due to availability of limited information, we were unable to segregate further. Once all companies start publishing preliminary reports with uniform level of segregation, this can be done.

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Publications@badriconsultancy.com



www.badriconsultancy.com

UAE Office

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

KSA Office

Building No. 3141, Anas Ibn Malik street, Dist. Al Malqa 13521 Riyadh, Saudi Arabia

Karachi Office

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

Lahore Office

POPCORN STUDIO Co-working Space Johar Town 59-B Khayaban e Firdousi, Block B, Phase 1, Johar Town, Lahore

