



BADRI

UAE LISTED INSURANCE COMPANIES PERFORMANCE ANALYSIS

FOR THE FIRST QUARTER OF 2022



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 Optimization Partners. We serve as the Appointed Actuary for over 20 companies in the GCC. Additionally, we provide services such as IFRS17 implementations, ERM framework design and implementation, Business Intelligence solutions, EOS Benefits' valuations and specialized services for Medical Insurance and TPAs.



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CORE VALUES

INTEGRITY

We uphold the highest standards of integrity in all 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.

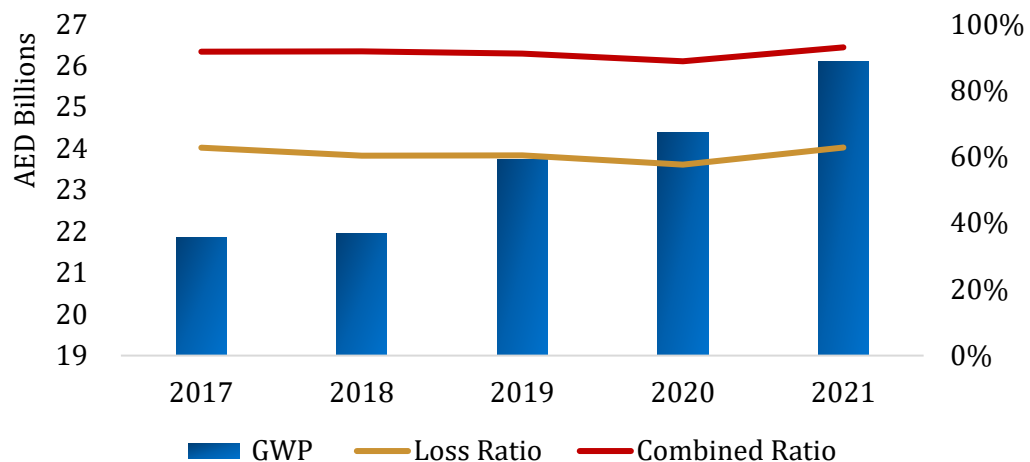
VISION

Solution architects strengthening our partners to optimize performance

MISSION

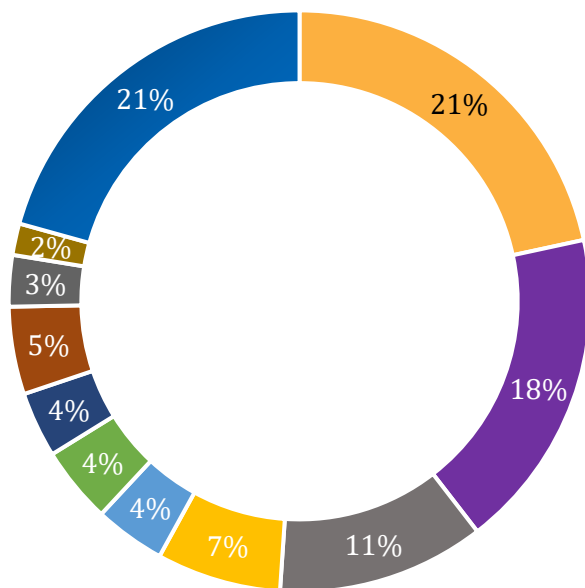
We help our clients be the best version of themselves by fostering partnerships, challenging norms and providing cutting edge solutions. We inspire our people to constantly evolve and chase excellence with integrity in a diverse, exciting and growth-oriented culture.

Highlights From Q1-2022 Report



GWP Q1-2021

- ADNIC
- ORIENT
- OIC
- ABNIC
- DIN
- AAAIC
- EIC
- SALAMA
- UNION
- NGI
- OTHERS



Highest Growth in GWP
recorded by
HAYAH
at
39%

Highest Growth in Profit by
HAYAH
at
15675%

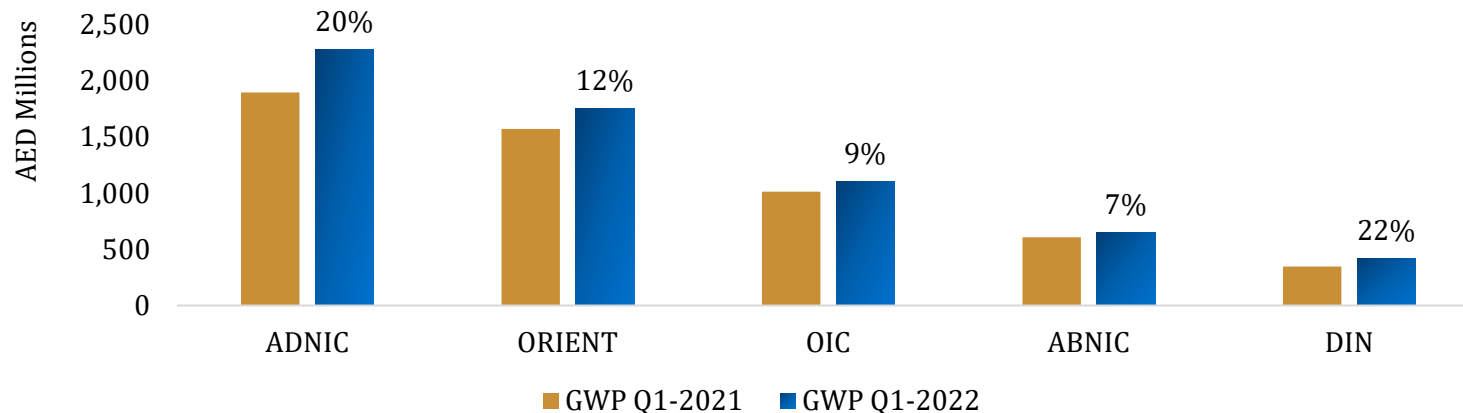
Highest GWP recorded by
ADNIC
at
2.3bn

Highest Net Earned Premium
Growth by
DIN
at
161%

Highest Retention
TAKAFUL-EM
at
89%

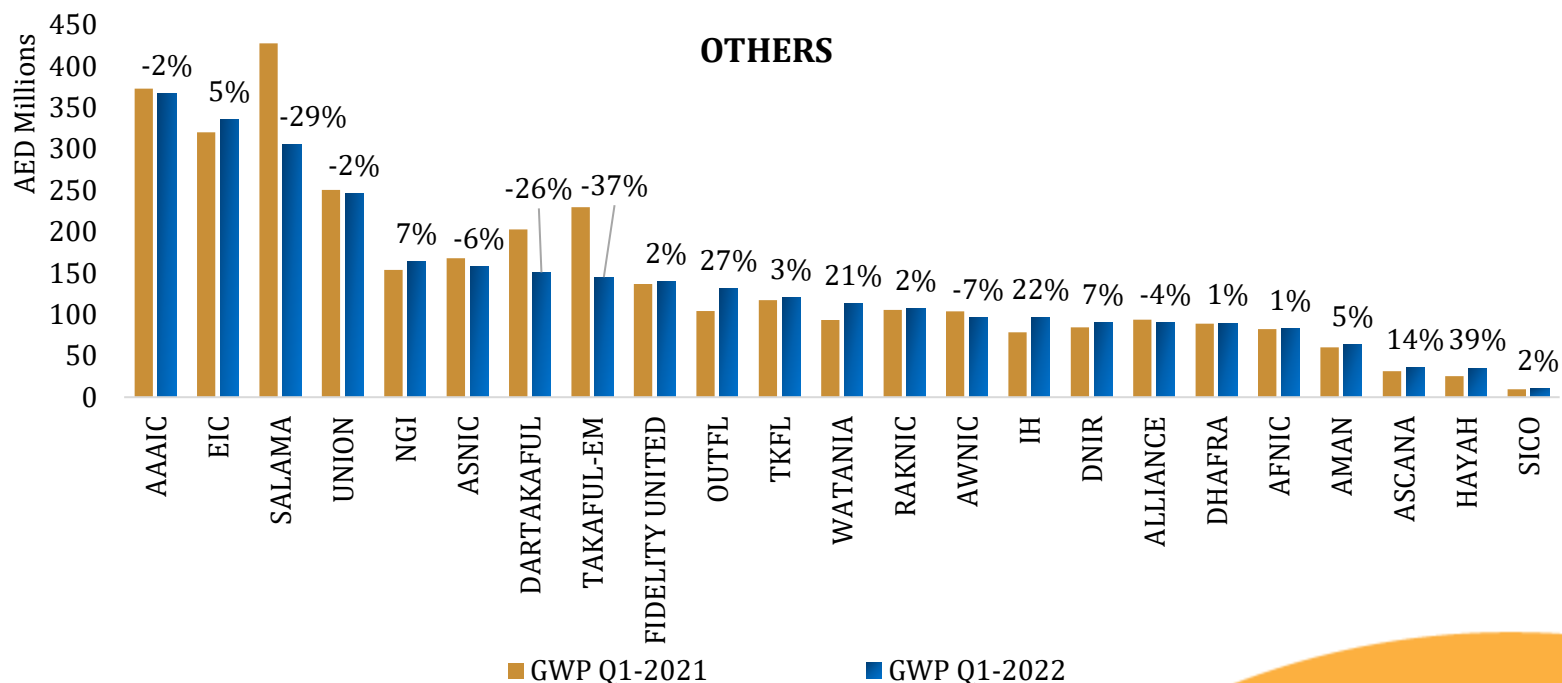
Gross Written Premiums - Listed Companies

TOP 5



The listed Insurance companies in the Emirates recorded business of AED 9.4 billion depicting a growth of 7% in their topline during the first three months of 2022 when compared with the corresponding period of 2021.

The collective premium of the top 5 companies accumulates to AED 6.2 billion in Q1-2022, hence contributing 66% of overall market share. However, this market share has increased by 4% when compared with Q1-2021.



HAYAH (formerly known as GCIC) displayed the highest growth of 39%, meanwhile, on the other hand, TAKAFUL-EM exhibited the biggest decline in business from AED 230 million (Q1-2021) to AED 145 million (Q1-2022).

In a nutshell, among the 28 listed Companies included in this analysis, 20 of them displayed growth in business while the other 8 experienced a decrease in topline during Q1-2022.

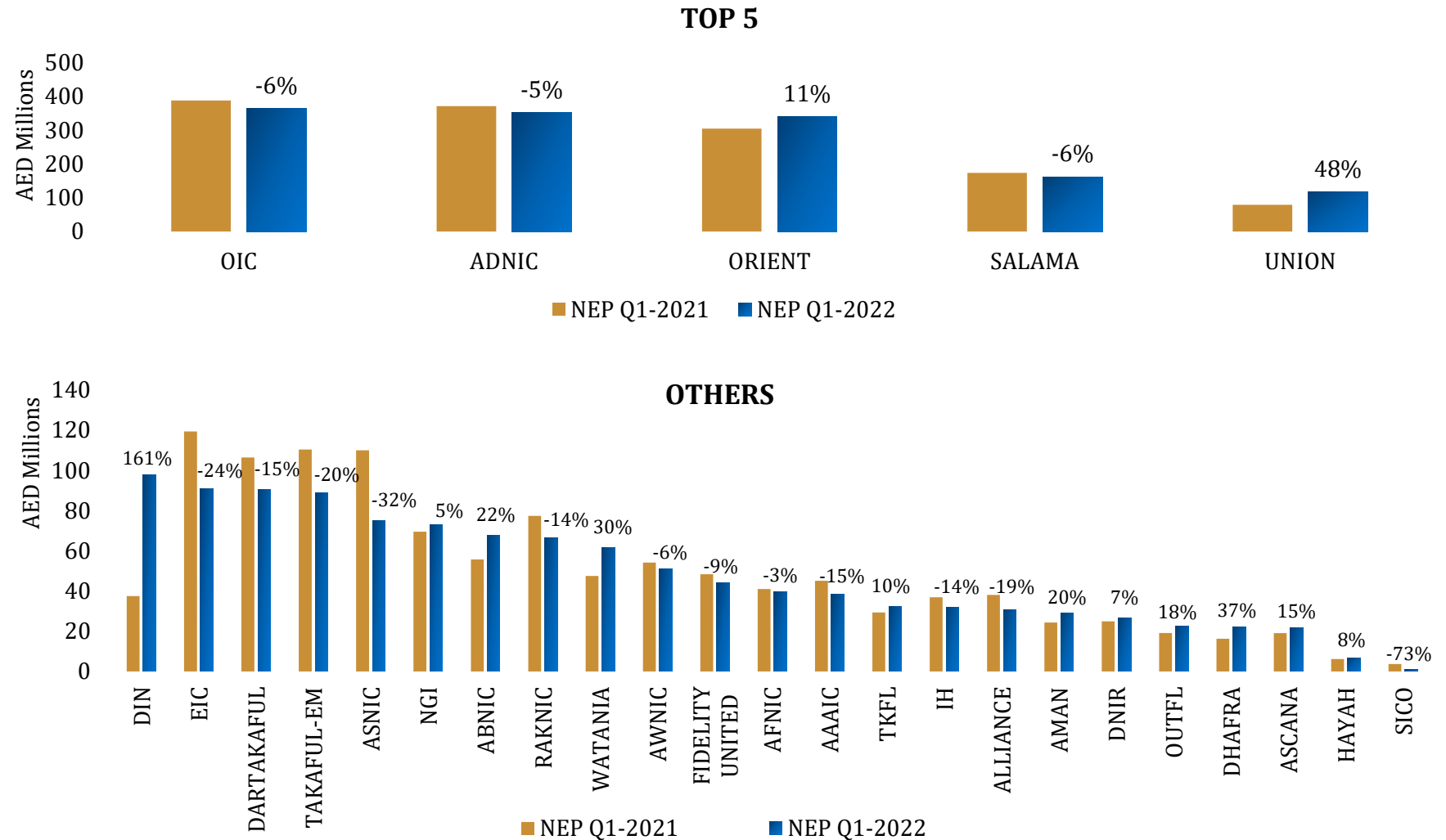
≡ AKIC and METHAQ has been excluded from all analysis since they were not published as of compilation of this report.

Net Earned Premiums - Listed Companies

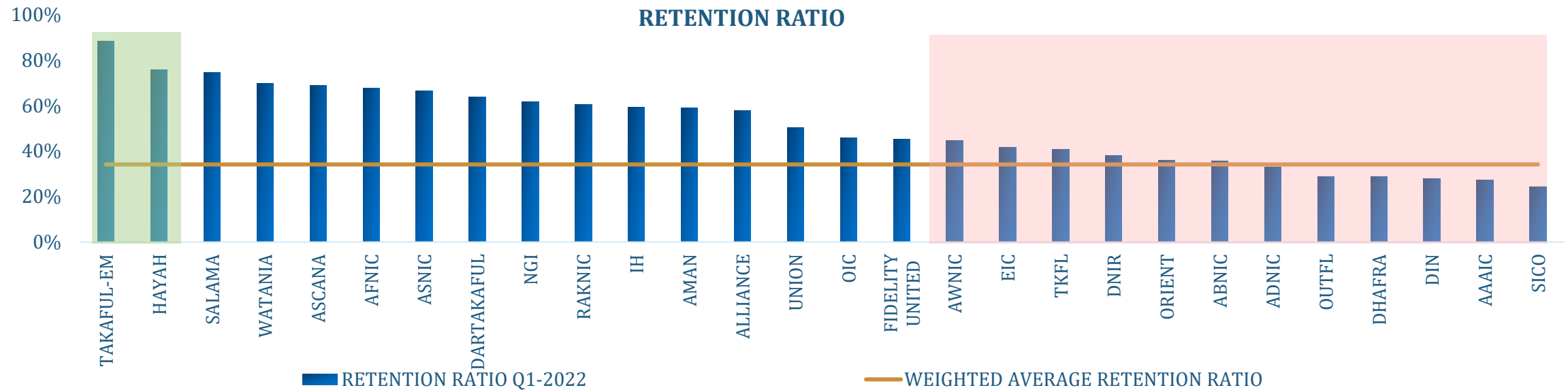
A 0.4% decline is observed in the net premiums earned by the insurance companies during the first quarter of 2022 amounting to AED 2.4 billion, when compared with the first quarter of 2021 with net premiums recorded to be AED 2.5 billion.

The net earned premiums of top 5 companies accumulates to AED 1.3 billion, contributing 55% of the market share in Q1-2022. (Q1-2021 : AED 1.32 billion NEP)

As depicted, DIN exhibited an immense growth of about 161% during Q1-2022 while the biggest decline in net earned premiums was experienced by SICO of negative 73% when compared with the corresponding period of 2021.



Retention Ratio – Listed Companies



The weighted average retention ratio is recorded to be 34% for the first three months of 2022 (Q1-2021: 38%). This ratio was around 42% for year end 2021.

The highest retention (89%) was displayed by TAKAFUL-EM as they have only ceded out 11% of their business while the lowest retention (24%) is exhibited by SICO as they have ceded out 76% of their business.

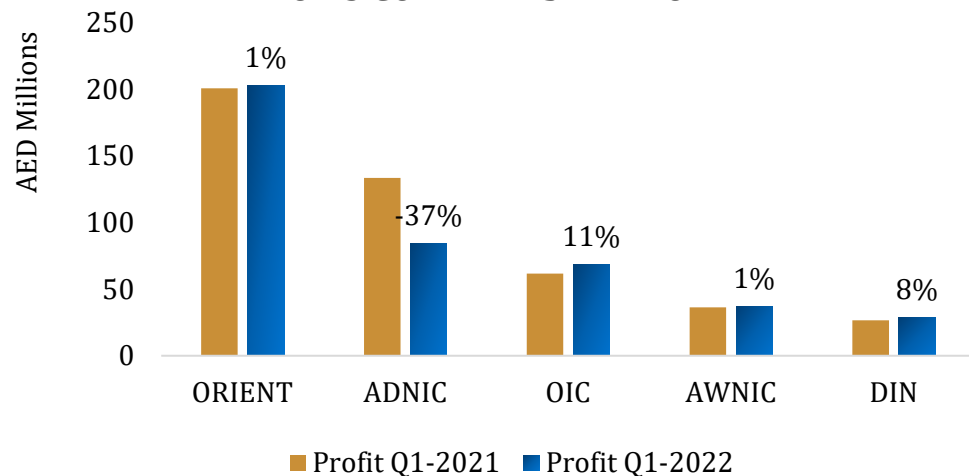
As per the CBUAE benchmark the recommended range for retention ratio is above 45%, while the preferred range is above 75%. The red zone reflects the companies falling in critical range which is below 45%.

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.

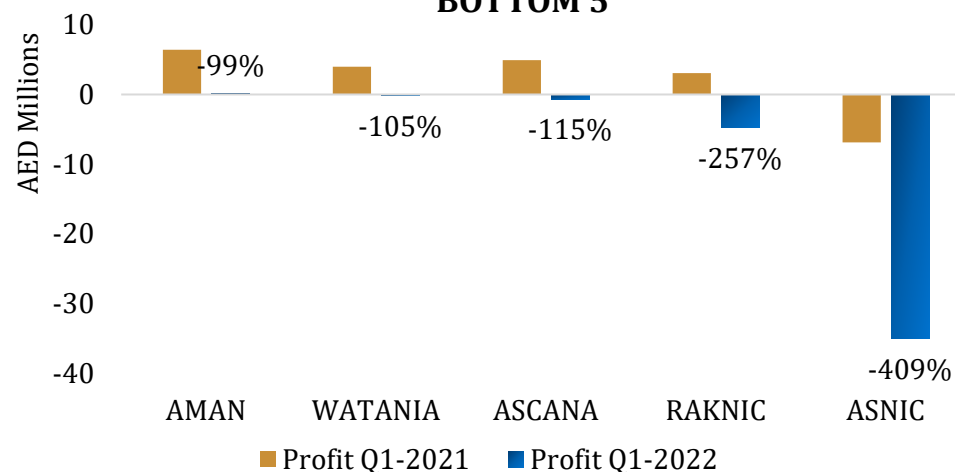
❖ *The retention ratio is calculated as a ratio of net written premiums to gross written premium.*

Profit Before Tax - Listed Companies Trend

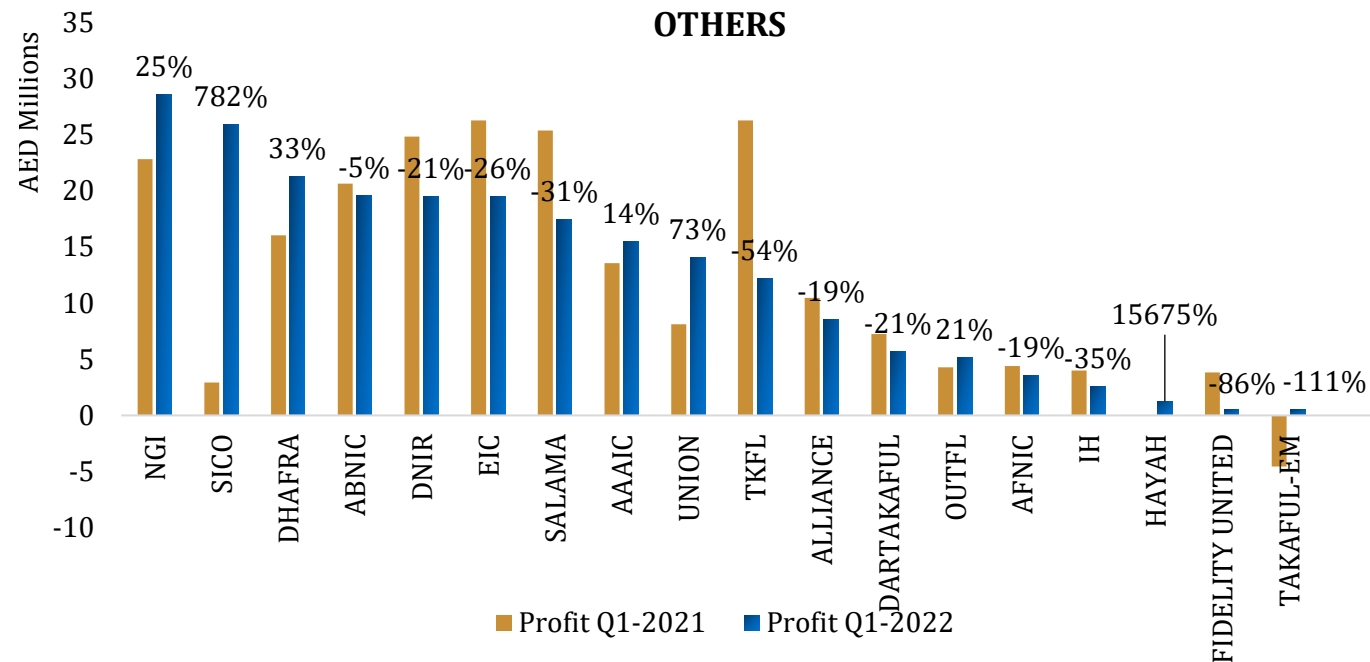
TOP 5 COMPANIES BY PROFIT



BOTTOM 5



OTHERS



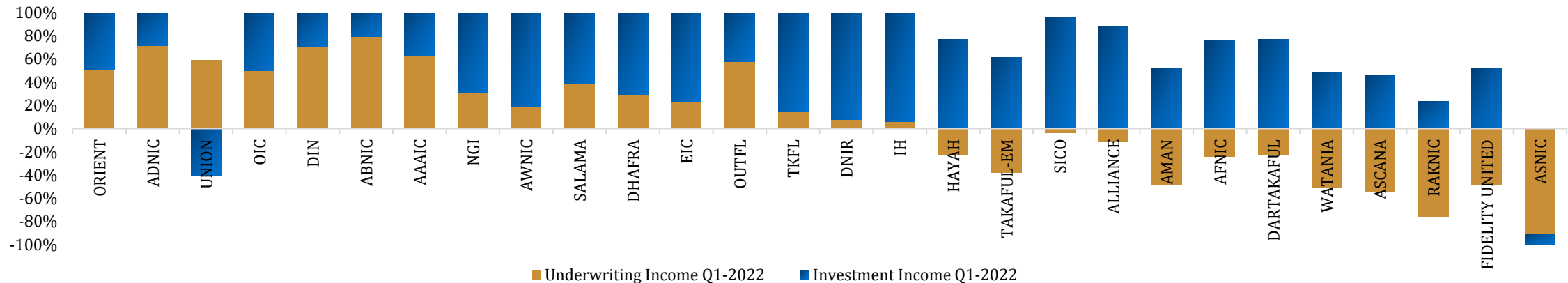
The listed companies in the Emirates recorded profit decline of 12% during the first quarter of 2022 when compared with the corresponding period of 2021, with total profits amounting to AED 602 million in Q1-2022 (Q1-2021: AED 687 million). It is observed only 2 companies recorded losses in their financials as of Q1-2021; however, in Q1-2022, 17 companies have displayed losses.

In Q1-2022, the highest profit growth (15675%) has observed by HAYAH while ASNIC portrayed the biggest decline of 409% when compared with the first quarter of 2021.

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

Profit Composition

PROFIT COMPOSITION - UNDERWRITING & INVESTMENT INCOME



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

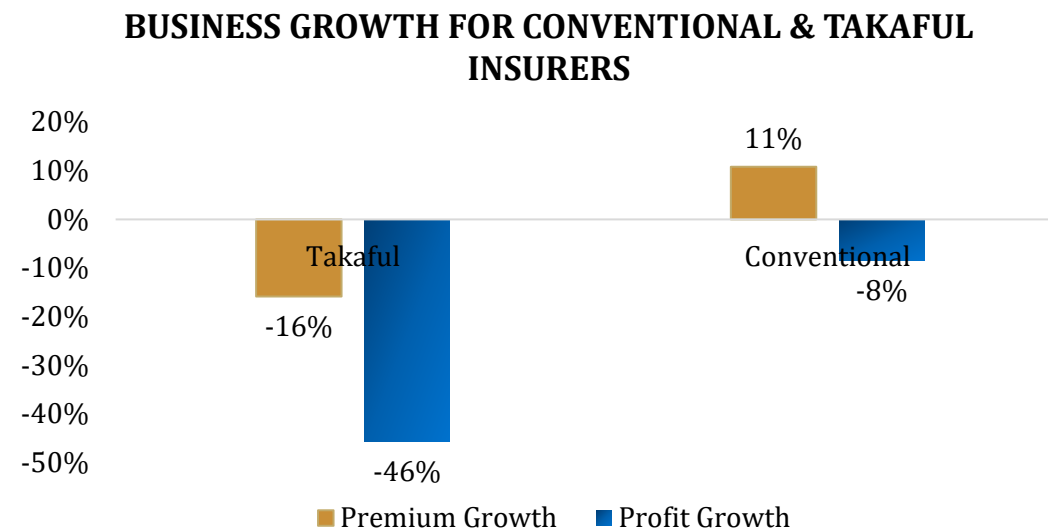
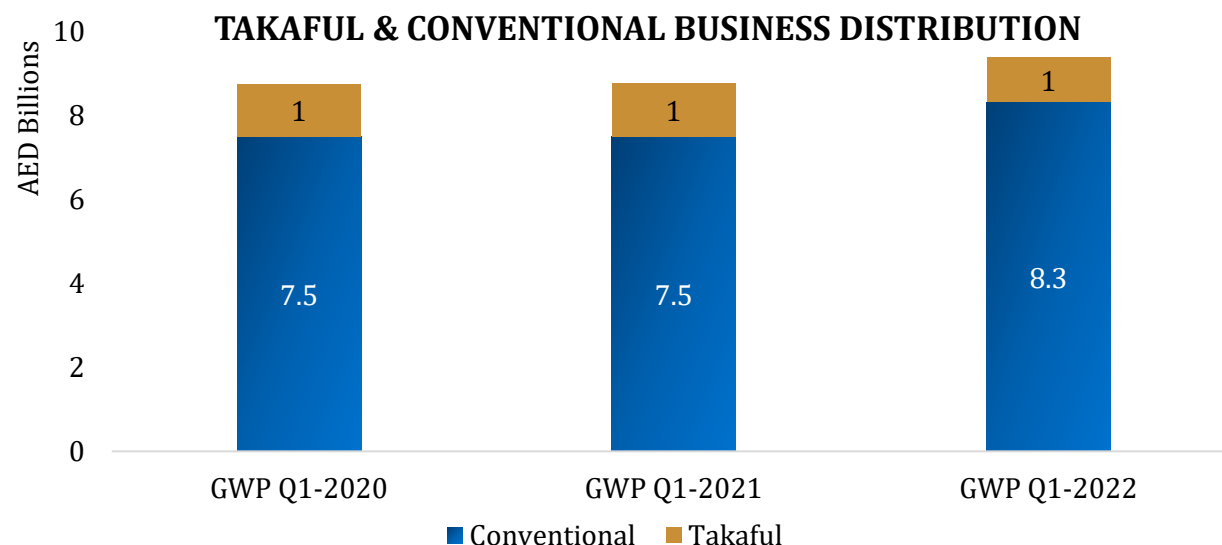
As can be seen, the highest underwriting income and Investment income was generated by ORIENT (UW: AED 104 million, Investment income: AED 99 million)

12 out of 28 companies realized underwriting deficit and among these 12 companies 8 were able to generate profit. On the other hand, only 2 companies recorded losses on their investment income.

There is room for improvement in underwriting strategies in the market because companies should target underwriting income to be their primary source for generating profits.

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 the accurate comparative review.

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 11% of the total written business by the listed insurance companies in UAE in Q1-2022.

The premium for Conventional insurers depicted growth of 11% when compared with the corresponding period of 2021.

The shareholder profits for Takaful Insurers reflected a decline of 46% in Q1-2022 when compared Q1-2021.

The profit growth has reflected decline to 8% in Q1-2022 for Conventional Insurers.

It is noteworthy that 5 out of 8 Takaful insurers show increase in their topline, the exceptions being SALAMA, DARTAKAFUL and TAKAFUL-EM.

AKIC and METHAQ have been excluded from all analysis since they were not published as of compilation of this report.

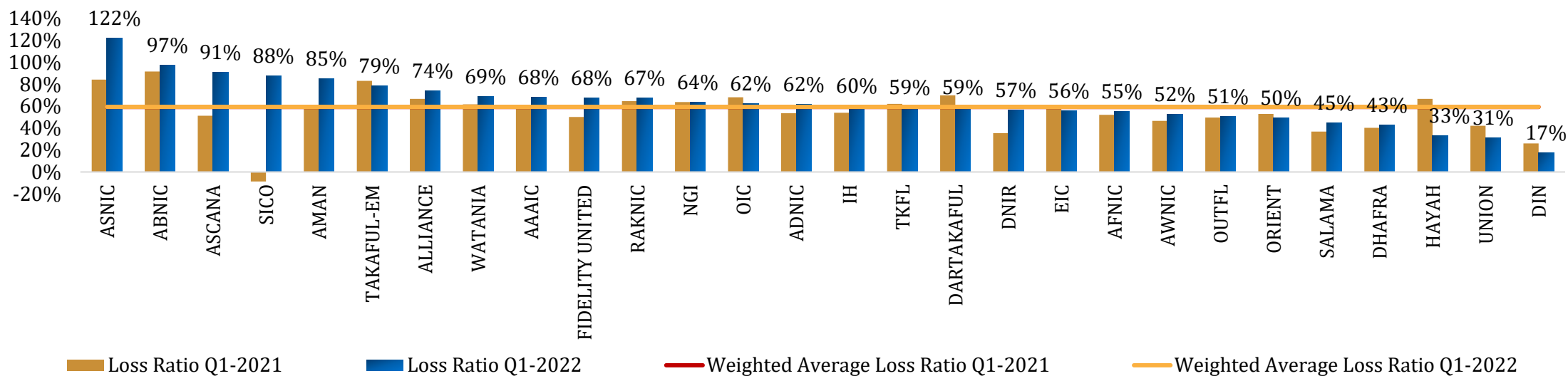
Premiums & Profit Analysis - Listed Companies



The summary of premium and profitability growth in Q1-2022 compared from Q1-2021 is illustrated above. Companies exhibiting premium and profitability growth rate outside of the $\pm 50\%$ and $\pm 200\%$ range are capped, respectively.

Loss Ratios – Listed Companies

LOSS RATIO



The weighted average loss ratio stood at 59% (Q1-2021: 59%), with ASNIC bearing the highest loss ratio of about 122%. The lowest loss ratio of 17% was depicted by DIN.

A company is deemed profitable from an underwriting perspective if the combined ratio is below 100%, other than ASNIC all companies have depicted loss ratio less than 100%

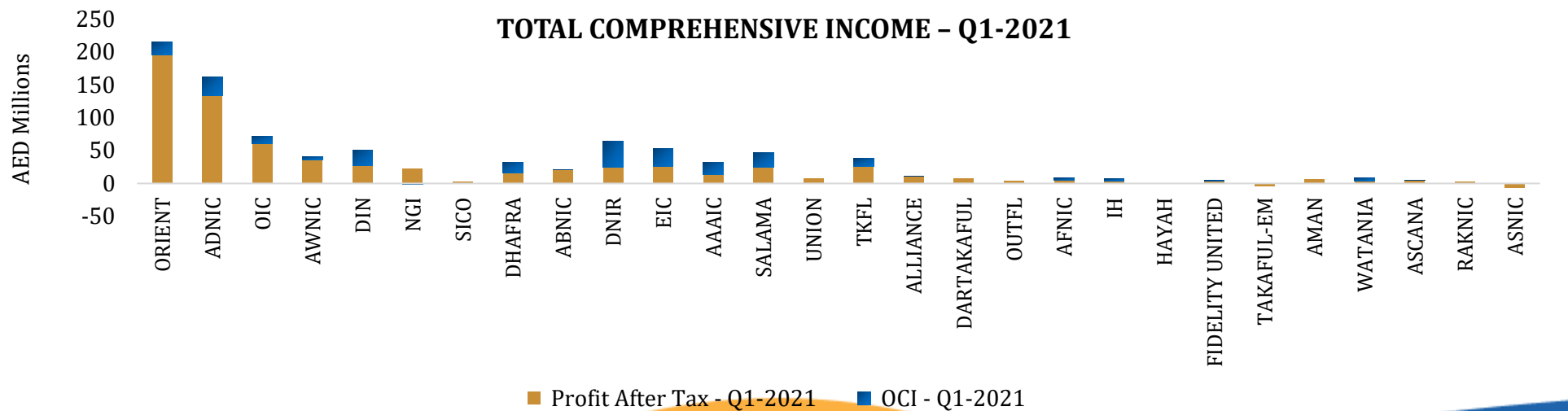
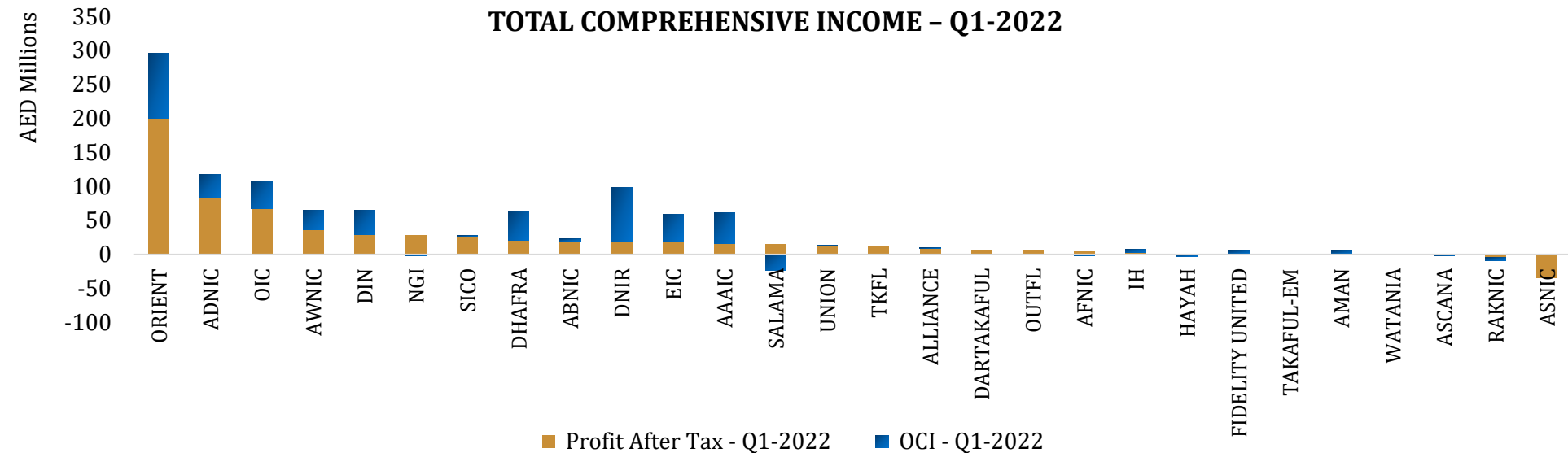
❖ *Loss ratio is computed as Net Claims Incurred over Net Earned Premium*

Total Comprehensive Income - Companies

The Total Comprehensive Income for the first quarter of 2022 exhibits an increase of 15% when compared with the corresponding period of 2021, hence, depicting an improvement in the investment portfolios of the companies.

In Q1-2022, 7 companies have shown losses in their Other Comprehensive Income account, and 6 companies have portrayed losses in their Total Comprehensive Income.

The Total Comprehensive income recorded in Q1-2022 accumulates to AED 1.02 billion which was AED 889 million for the same period in 2021.



Conclusion

- ❖ The listed companies in the UAE recorded an overall growth of 7% in GWP for the first quarter of 2022. Most companies contributed to this growth, with only 8 of the 28 companies showing a decline. The top 5 companies, all of which showed healthy growth numbers, contributed AED 6.2 billion to the total GWP compared to AED 5.5 billion in the same quarter last year. This meant an increase in concentration of business with the largest players that now cover 66% of the premiums.
- ❖ The premium growth is largely driven by Conventional companies (11%) while Takaful companies have displayed a drop in premiums by 16%.
- ❖ The profit before tax declined by 12% this quarter compared to Q1 2021. The largest decline in profits were booked by ADNOC and ASNIC and TKFL in absolute terms. Four companies (WATANIA, ASCANA, RAKNIC, ASNIC) booked a loss this quarter compared to just two in Q1 2021 (TAKAFUL-EM, ASNIC). The largest growth in profit was showcased by HAYAH, UNION and SICO.
- ❖ The profitability decline of AED 85 million compared to Q1 2021 was largely driven by a decline in profits for ADNOC by AED 49 million. This was due to two main reasons – an increase in Net Commissions incurred as well as an increase in Net claims incurred. The claims incurred were lower in Q1 2021 driven by a relatively large release in OSLR and IBNR reserves by the Company. On the other hand, SICO contributed the largest amount to the increase in profits (AED 23 million) driven by investment income through quoted securities.
- ❖ The loss ratios for the market have remained consistent at 59% and the retention ratios have dropped from 38% to 34% in Q1 2022 compared to last year.

Companies Included In The Analysis

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	HAYAH	HAYAH Insurance Company formerly known as GCIC	ADX
16	IH	Insurance House P.S.C	ADX
17	NGI	National General Insurance Company	DFM
18	OIC	Oman Insurance Company (P.S.C.	DFM
19	ORIENT	Orient Insurance PJSC	DFM
20	OUTFL	Orient UNB Takaful PJSC	DFM
21	RAKNIC	Ras Al Khaimah National Insurance Co.	ADX
22	SALAMA	Islamic Arab Insurance Company	DFM
23	SICO	Sharjah Insurance Company	ADX
24	TAKAFUL-EM	Takaful Emarat (PSC)	DFM
25	TKFL	Abu Dhabi National Takaful Co. PJSC	ADX
26	FIDELITY UNITED	United Fidelity Insurance (PSC)	ADX
27	UNION	Union Insurance Company	ADX
28	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 2022. The data has been extracted from the preliminary reports of those companies which were publicly listed and available till the compilation of this report.

BADRI publishes reports and newsletters that provide insights for the insurance industry and the public. Our goal is to draw upon research and experience from our professionals to bring transparency and availability of information to the industry and in the process spread brand awareness. No part of our compensation received for other services directly or indirectly influences the contents of this report. The Analysts preparing the report are subject to internal rules on sound ethical conduct.

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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.

AKIC and METHAQ have been excluded from all analysis since they were not published as of compilation of this report.

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Our Feedback

Badri Management Consultancy is proud to present UAE's Insurance Industry Performance analysis Q1 2022. 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.

How Can We Help?

In relation to this publication or any assistance on the subject, you can connect with us through:



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