



BADRI

Omani Listed Insurance Companies Performance Analysis

2022

Year End

Date: May 15, 2023



About BADRI

Award winning strategic partner to the insurance industry with our 120+ talented staff in KSA, UAE, Pakistan and India drive innovation and provide cutting edge solutions to our business partners across the globe. We strive to ensure that we provide the best quality solutions, turning our experience and industry knowledge into value for our clients.

Our MIIA Awards

- Strategic Partner to the Industry 2022
- Strategic Partner to the Industry 2021
- Strategic Partner to the Industry 2020



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Year End 2022 – Omani Listed Insurance Companies

What We Can Do For You!

Actuarial Consultancy

- Appointed Actuary
- End of Services
- General & Life Actuarial
- IFRS 17
- Pricing, Reserving & Capital

Strategic Consultancy

- Financial Services
- Strategic HR Consultancy
- ERM
- Product Development
- Merger and Acquisition

Technology Consultancy

- Digitalization
- Business Intelligence
- Data Governance
- Big Data & Analytics
- IFRS 17 Systems
- Actuarial Systems

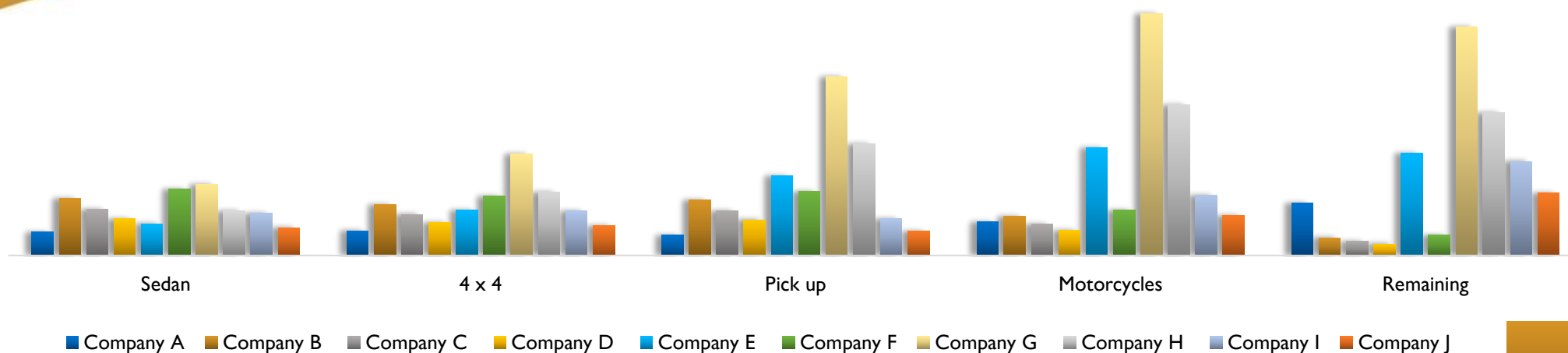


OMAN MOTOR BENCHMARKING

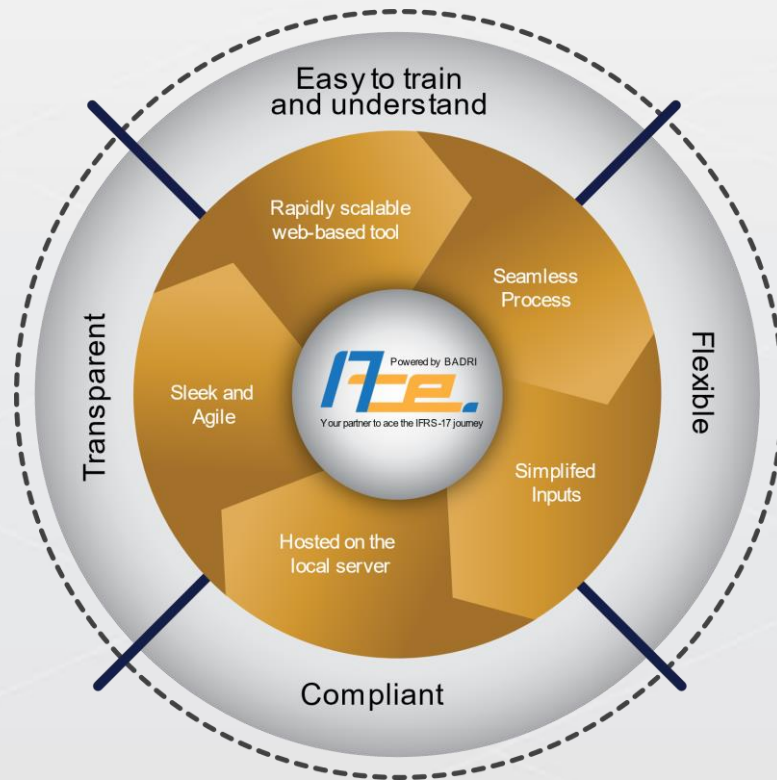
BADRI by virtue of its widespread actuarial expertise is now offering **Motor Benchmarking in Oman** that will enable motor insurance companies to stay competitive in a swiftly varying market by identifying emerging trends and altering their business strategies accordingly.

Burning Cost (by Body Type)

Burning Cost
(by Body Type)



IFRS 17



Ace 17

ACE-17, our flagship IFRS 17 calculation engine, provides a seamless and cost-effective solution to generate the IFRS 17 financials and disclosures, saving your time and effort in your IFRS 17 reporting processes. Users can move through an intuitive, fully transparent, and flexible calculation process that is built to generate all the reporting requirements to deliver the IFRS 17 financial statements.

Financial Services

Our professional and dedicated team possess the expertise in financial services domain and offer wide range of services. Our core services are:

- IFRS Implementation
- Reconciliation Services
- MIS Reporting
- Backlog Accounting
- Loan Staff (Outsource)

Reconciliation Services

- Improve collections from insurance companies/ brokers and customers by reconciling the statement of account on regular basis.
- Accurate reporting of LRC and LIC balances. As currently most businesses struggled to isolate their receivables, payables, and commission from their net position.
- Reduce risk of error and compliance with regulation/ standard.

Loan Staff

- Availability of Qualified and competent staff immediately.
- No lengthy hiring process as no change in the headcount.
- Benefit from a consultant's knowledge of the market.
- Cost containment.



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Year End 2022 – Omani Listed Insurance Companies



About BADRI

Driven by the passion to further the use of actuarial skills in the MENA region, Badri was established in the UAE. Since then, the company has expanded exponentially and now has offices in Dubai, Riyadh, Karachi, and Lahore.

Today, our 120+ talented staff spread across KSA, UAE, Pakistan and India drive innovation and provide cutting edge solutions to our business partners across the globe. We strive to ensure that we provide the best quality solutions, turning our experience and industry knowledge into value for our clients.

We specialize in General, Life & Health Insurance / Takaful and provide customized solutions by using the latest analytical tools. We also provide IFRS17, ERM, Capital Modelling, and Big Data Analytics services to our clients.



Our Achievements

Badri Management Consultancy has recently won awards from InsureTek and MENAIR in the category of Corporate Risk Manager & Best Actuarial Consultancy Firm for 2023 respectively. It is in recognition of our efforts in creating an efficient risk management environment and a framework that could assist companies in formulating effective business strategies.

These awards inspire initiatives towards Product Innovation, Corporate Social Responsibility & Long-Term Sustainability. 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 these prestigious awards means we are going in the right direction.

Thank you, InsureTek, MENAIR and the judges, for acknowledging all the efforts put in behind the scenes.



BADRI

Year End 2022 – Omani Listed Insurance Companies

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

01

Integrity

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

02

Chasing Excellence

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

03

Fostering Partnerships

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

04

Breeding Excitement

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

05

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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2022 Year End Industry Analysis

Premium

Gross Written Premiums

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Conventional Vs Takaful

Ranking

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Capital Intensity Ratio

Assets

Asset Mix

Cash To Invested Asset Ratio

Insurance Receivables



2022 Highlights

Business Written RO **523** million
2021: RO 404 million

Retention Ratio **58%**
2021: 55%

Profit RO **21** million
2021: RO 21 million

Loss Ratio **72%**
2021: 71%

Combined Ratio **102%**
2021: 101%

Net Technical Reserves RO **274** million
2021: RO 196 million

Return on Equity **9%**
2021: 8%

Highest Growth in GWP recorded by
NLIF at **58%**

Highest Growth in Profit by
VISN at **151%**

Highest GWP recorded by
NLIF at RO **231** million

Highest Net Earned Premium Growth by
NLIF at **56%**

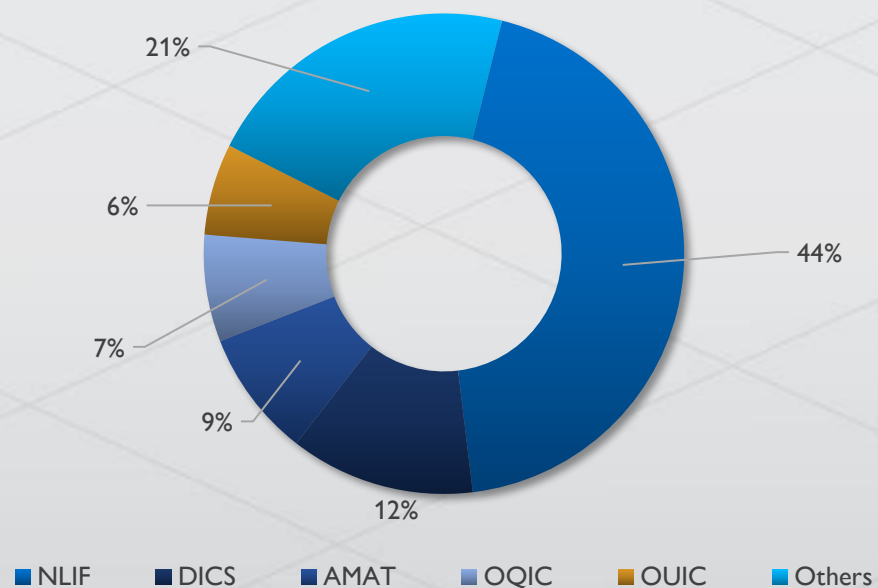
Highest Retention by NLIF
at **82%**

Highest Return on Equity OQIC
at **19%**

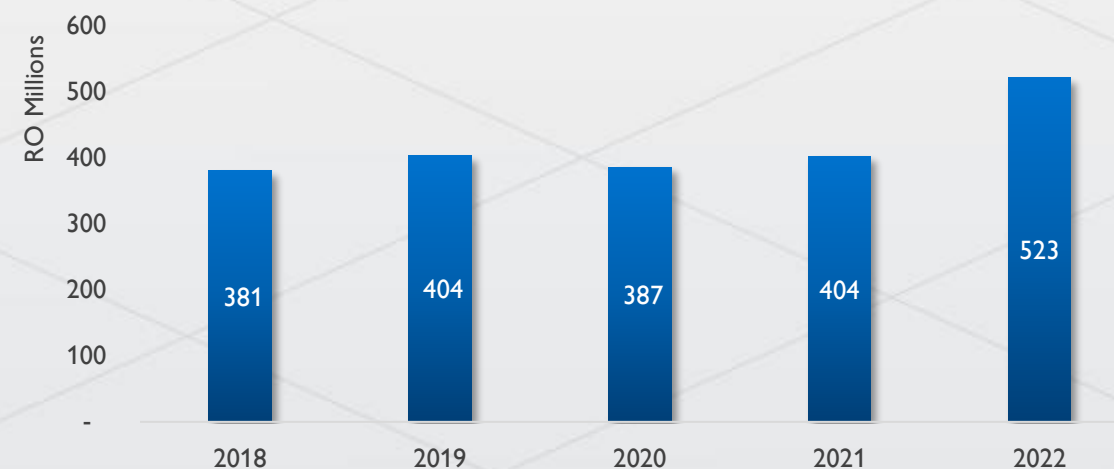


2022 Highlights

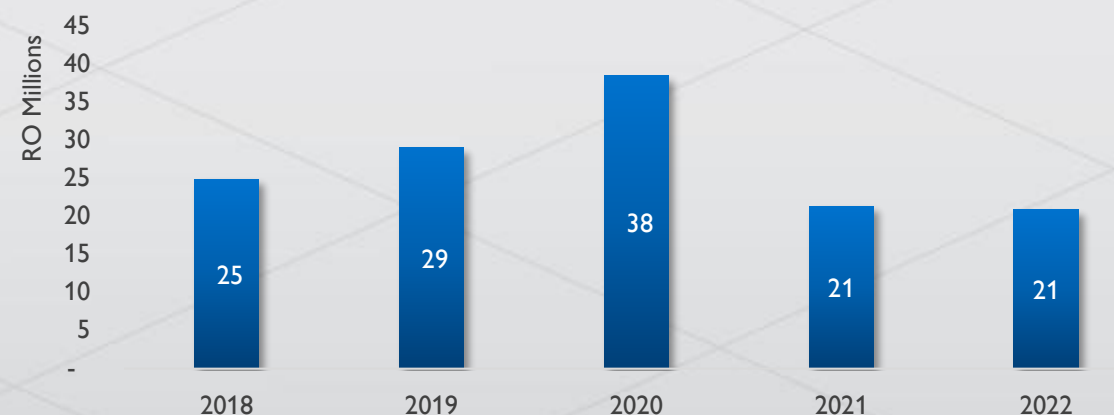
Market share



Premium Trend Over 5 Years



Profit Trend Over 5 Years





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Year End 2022 – Omani Listed Insurance Companies

Premium

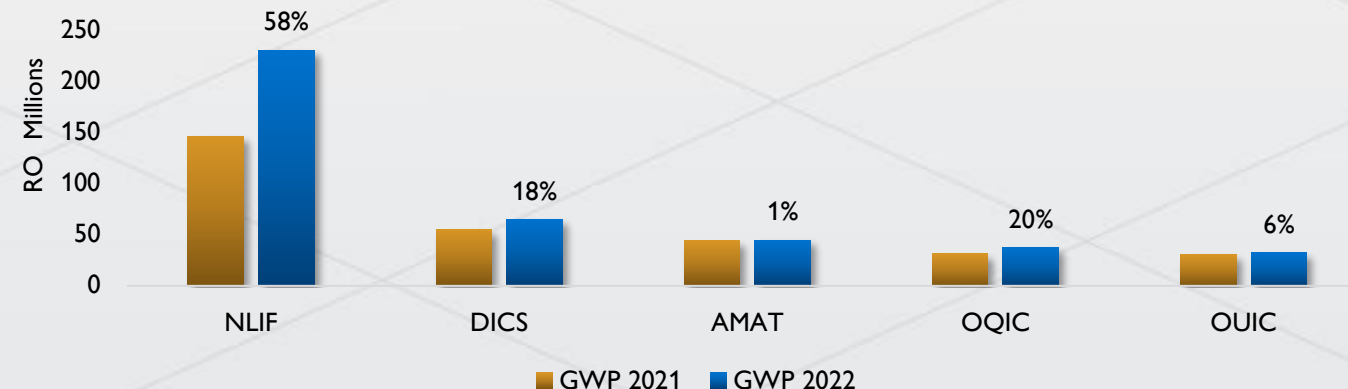
Gross Written Premiums

The written business in the Omani Sultanate amounted to RO 522 million in 2022, which represents a 30% increase compared to the same period in the previous year, where it was recorded as RO 404 million. All the companies operating in the market have experienced a growth in premiums. The top 5 insurers, in terms of Gross Written Premium (GWP), amounted to RO 411 million, which constitutes 79% of the overall market share.

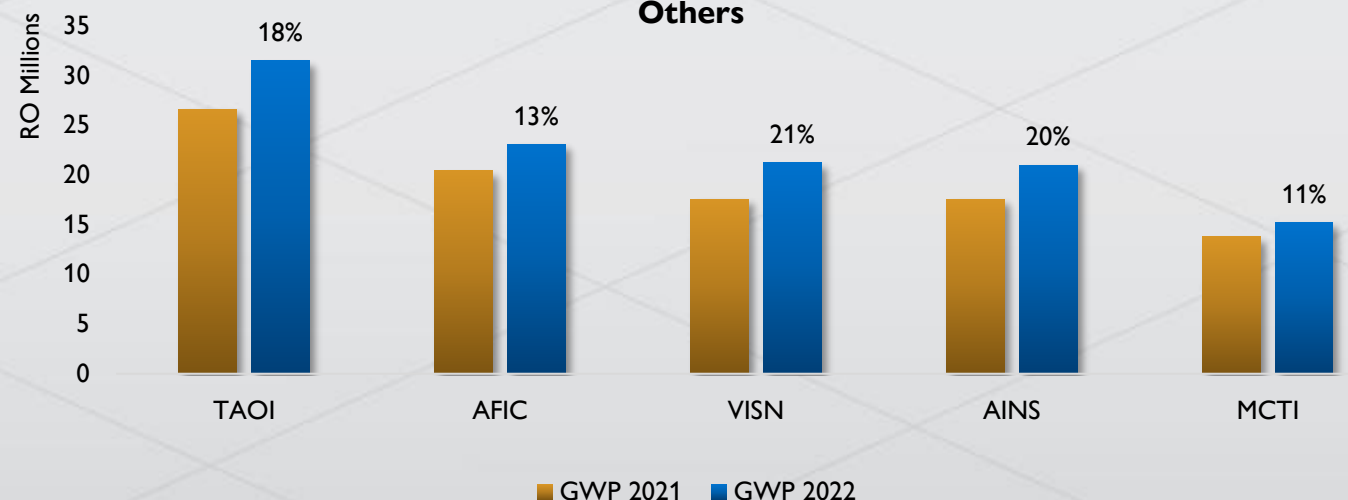
NLIF is the current market leader, representing 44% of the overall market, with its premium valued at RO 231 million. However, it should be noted that this figure includes a proportion from overseas subsidiaries. As only the consolidated financial statements are reported, we have used these figures for our analysis. NLIF experienced the highest growth rate of 58% in GWP, driven by their non-life portfolio.

NLIF has experienced significant expansion, attributed to its acquisition of RSA Middle East operations in Q3, which have now been integrated into the company. This has resulted in a transition from unlisted to listed insurance companies and a rise in overseas operations, as RSA Middle East was not previously consolidated in Oman.

Top 5

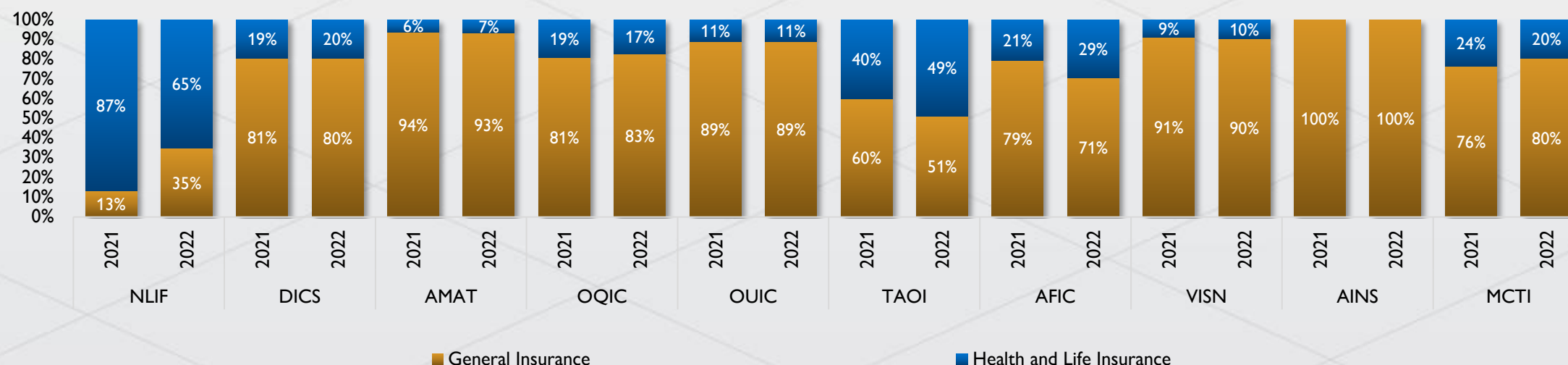


Others



Gross Written Premiums

Line Of Business Wise Written Premium Breakup



NLIF, the leading insurance provider in Oman with the largest business volume, mainly focuses on Health and Life Insurance. In contrast, other insurance companies in Oman are mainly focused on Non-Life Insurance Business. Non-Life Insurance segment contributes 82% of the Gross Written Premium (GWP), which is marginally lower than the previous year's percentage of 83%. When including NLIF, the Non-Life Insurance segment constitutes 61% of the overall market in the year 2022, which is slightly higher than the corresponding period of the previous year (58% in 2021).

The Omani insurance industry has demonstrated a significant increase of 30% in Gross Written Premium (GWP) compared to the previous year, driven by both the life and non-life segments. The life segment observed a growth rate of 20%, while the non-life segment observed a substantial growth rate of 36%.

The above graph is sorted with respect to gross written premium in descending order.

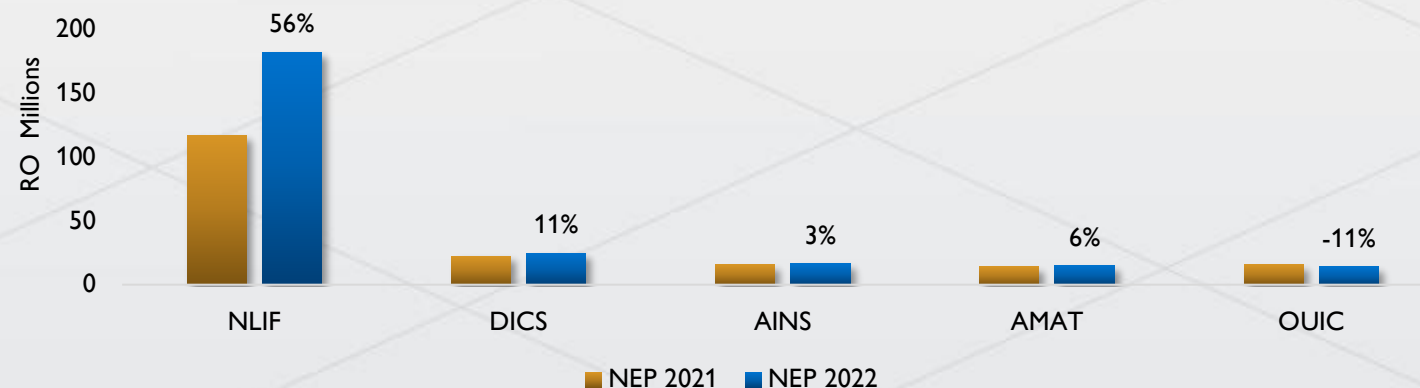
Net Earned Premiums

At the close of 2022, the insurance sector in Oman recorded a total net premium earned of RO 292 million, reflecting a significant increase of 33% from the same period in the previous year (2021: RO 219 million).

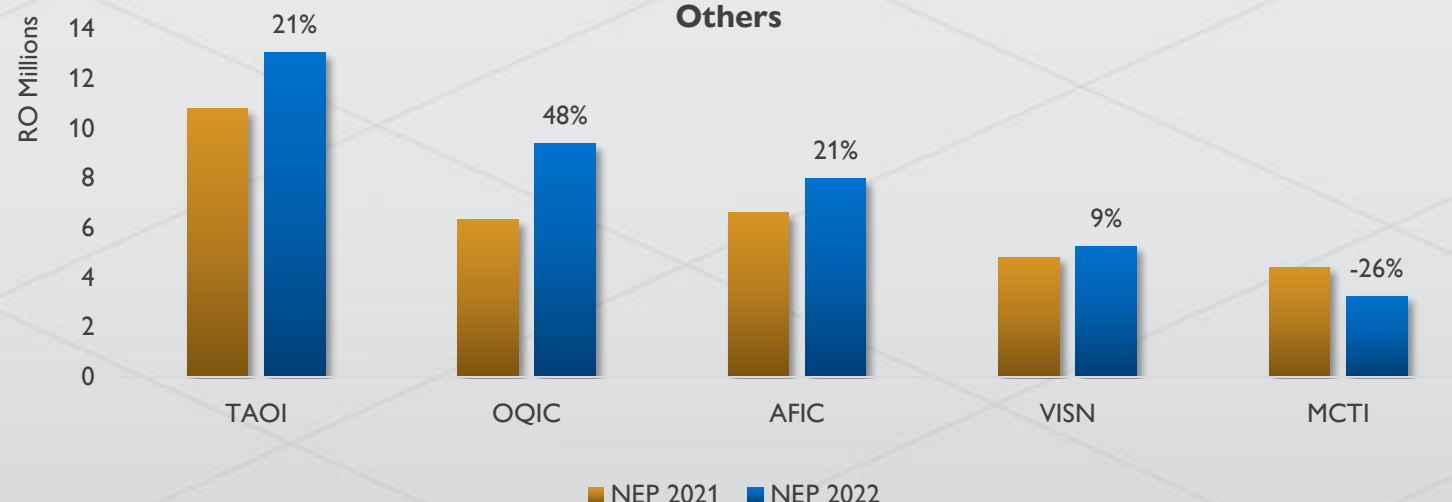
The aggregate net premium earned by the top 5 companies amounted to RO 253 million, representing an 87% market share in 2022 (2021: RO 186 million; 85%). NLIF maintained its position as the market leader in terms of net earned premium, with a reported figure of RO 183 million that aligns with its GWP performance.

NLIF also demonstrated the highest growth rate of approximately 56%, whereas MCTI experienced the largest decline in net earned premium, falling by 26% compared to the corresponding period in 2021.

Top 5

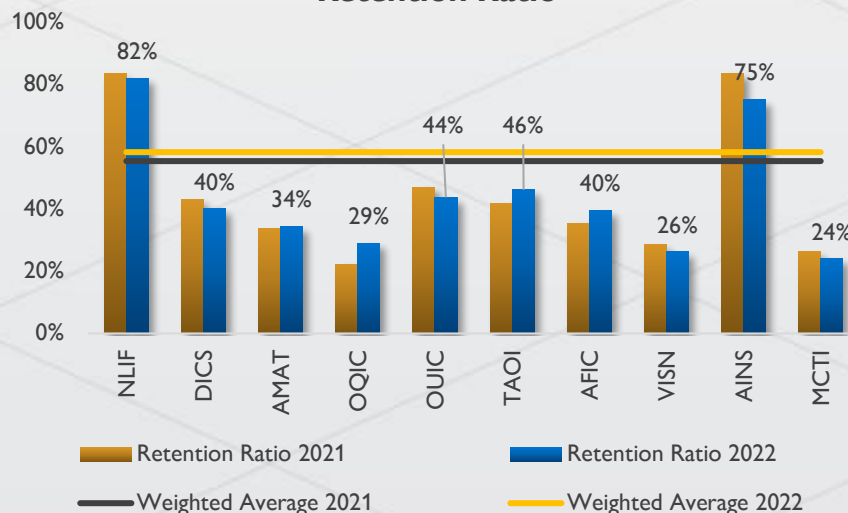


Others

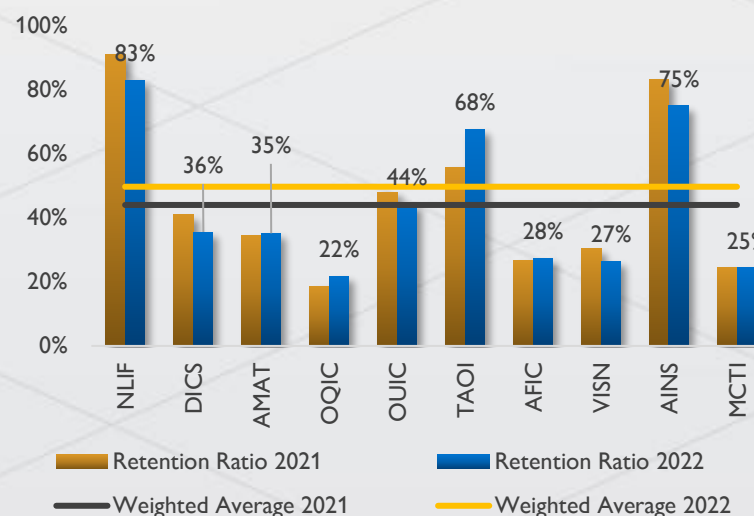


Retention Ratio

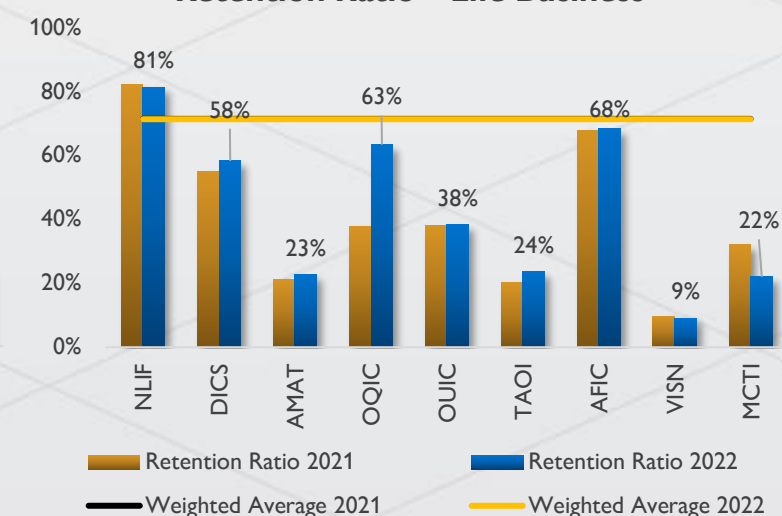
Retention Ratio



Retention Ratio - Non-life Business



Retention Ratio – Life Business



The retention ratio has been calculated as a ratio of net written premium to gross written premium. The graphs are sorted in descending order of Gross written Premium 2022.

The Insurance sector's weighted average retention ratio for 2022 was 58%, which is an increase from the previous year's ratio of 55%. Among the listed companies, NLIF had the highest retention ratio of 82%, while MCTI had the lowest at 24%.

In general, retention ratios tend to reflect the lines of business being underwritten. Motor and Medical lines usually have higher retention ratios, while commercial lines such as Aviation, Engineering, and Fire tend to have lower retention ratios. Companies that underwrite higher volumes of life, especially IL and PA, tend to exhibit higher retention levels. Although there may be exceptions to this general trend.

For the period, the weighted average retention ratio for Non-Life business stood at 50%, compared to 44% in 2021. The retention ratio for Life business remained the same at 71% for both 2021 and 2022.

A further segmented analysis by line of business is not performed due to limited information being available. Life business also consist of Medical Portfolio.



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Year End 2022 – Omani Listed Insurance Companies

Profitability

Profit Before Tax

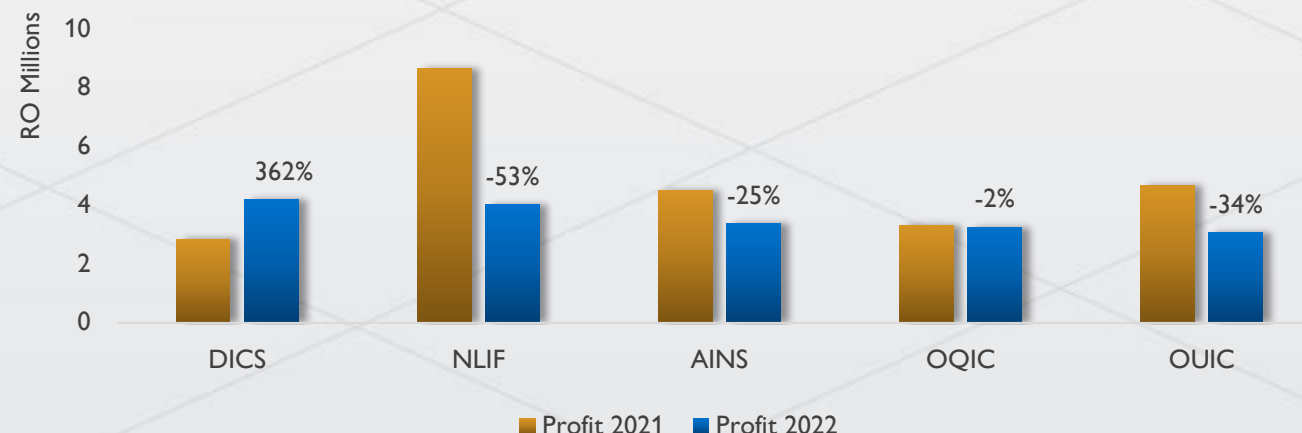
The Insurance companies operating in Oman have recorded an overall profit of RO 20.9 million for the year 2022, indicating a 2% decrease from the corresponding period of the previous year (2021: RO 21.3 million).

However, if DICS is excluded from this analysis, the profitability stands at -10% for 2022 from the corresponding period of previous year. DICS has booked the highest profit amounting to RO 4.2 million, indicating a 47% increase from the previous year (2021: RO 2.8 million). DICS contributes 20% of the overall profit recorded by industry in 2022.

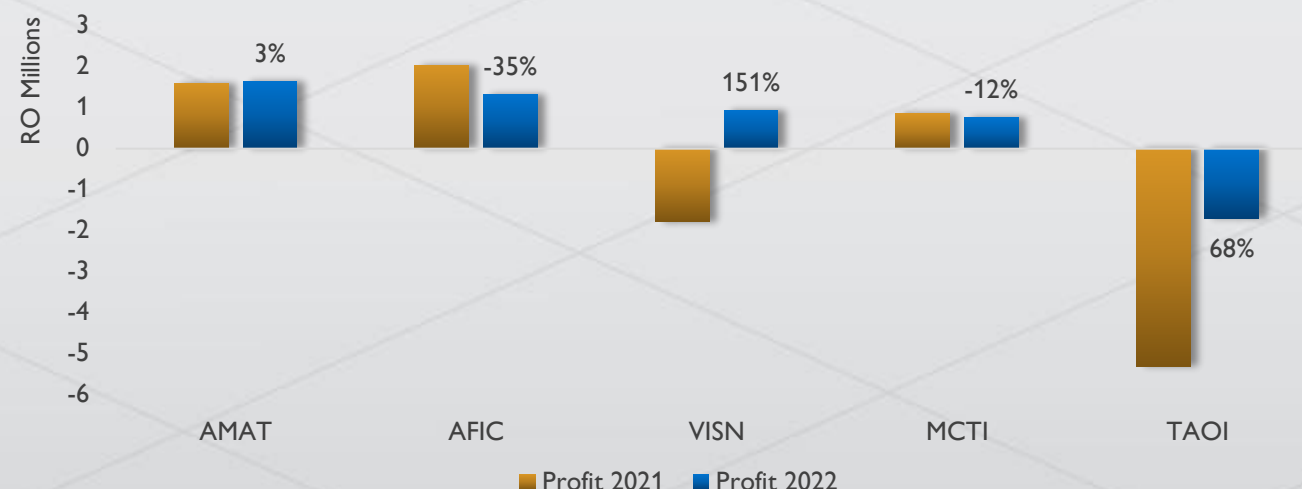
The Highest profit growth is recorded by VISN of 151% while NLIF has recorded the largest decline of 53% for the period.

For TAOI the Hibah (gift) adjustments in the income statement of RO 15.6 million has been removed and the profit depicted in the report are after the subtraction of this value. It is important to note that for Takaful companies, net profits before tax on policyholder and shareholder accounts are consolidated for comparative purposes.

Top 5 Companies By Profit

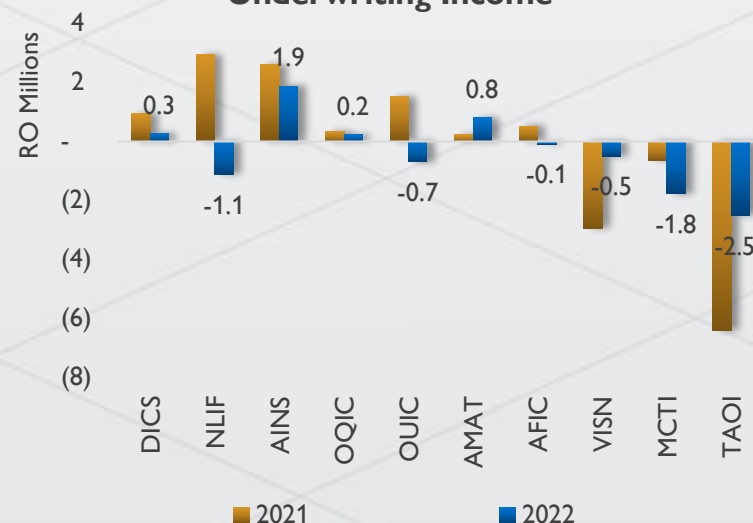


Others

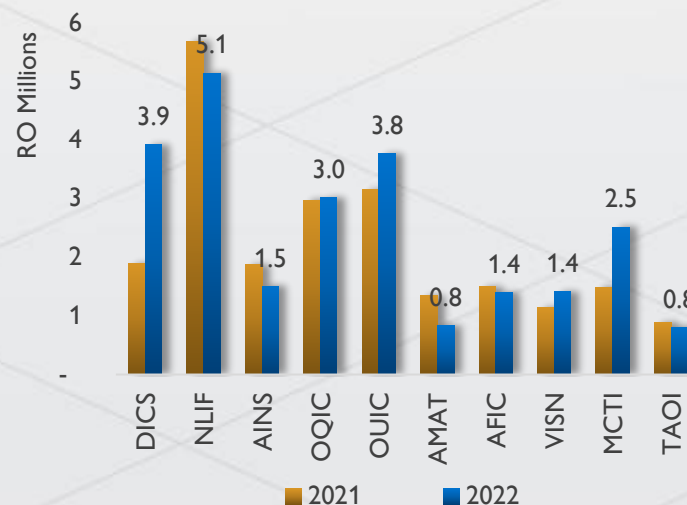


Profit Analysis

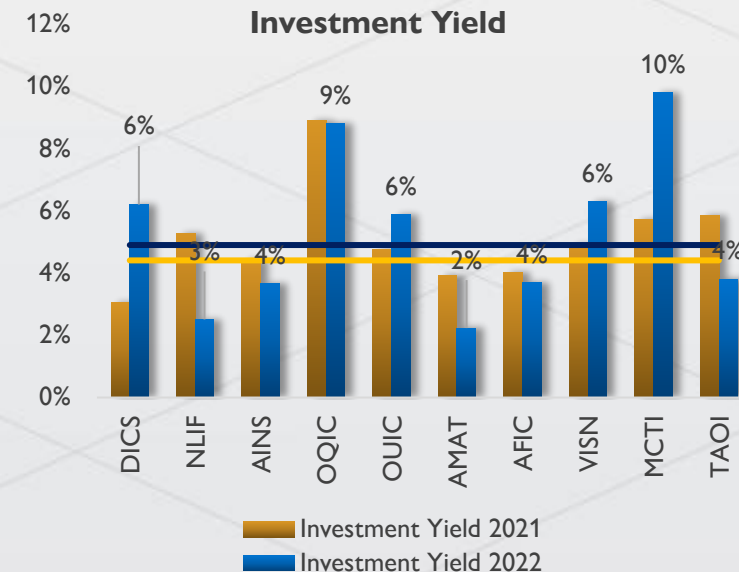
Underwriting Income



Investment Income



Investment Yield



The first graph depicts the underwriting income earned by a group of listed companies in the years 2021 and 2022. It reveals that 4 companies were able to generate profits from their underwriting activities in 2022, representing a decline from the previous year. AINS earned the highest underwriting profits, while TAOI incurred the highest underwriting loss.

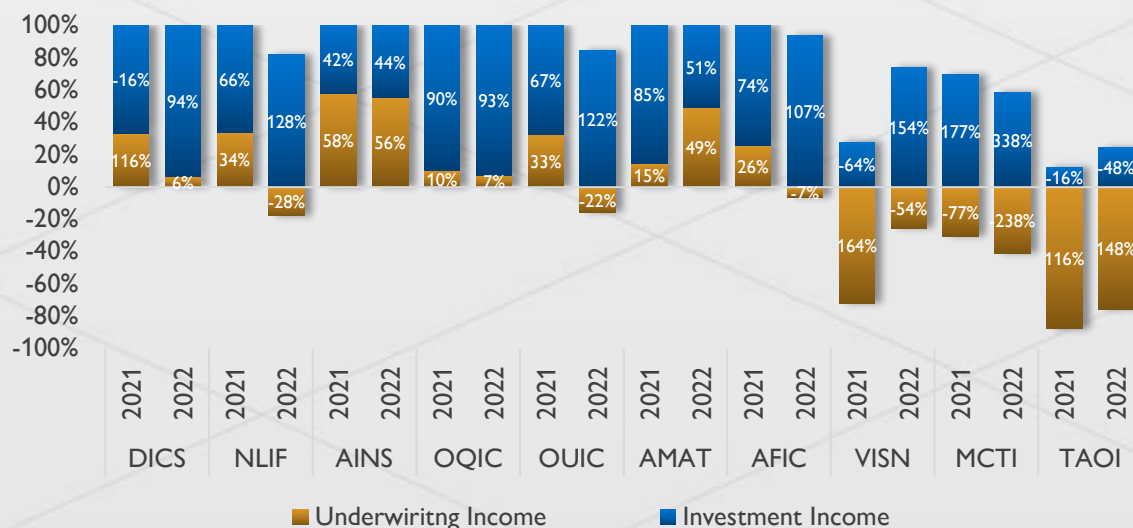
The second graph showcases the investment income earned by the same companies in the year 2022. NLIF emerged as the top earner of investment income, but it witnessed a decrease in its investment income as compared to the year 2021. On the other hand, the total investment income of the listed companies saw an overall increase of 11% in the year 2022 compared to the same period in the previous year.

Lastly, we have depicted investment yield, calculated by dividing the investment income from period ended 2022 by the average of opening and closing invested assets of the period. The highest investment yield is exhibited by MCTI (10%).

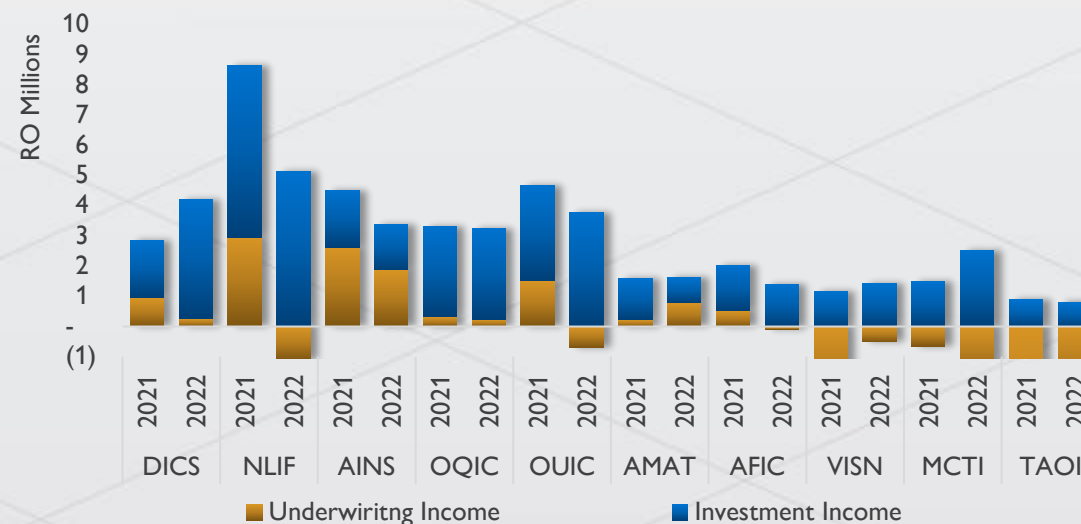
The graphs are sorted in descending order of 2022 Profit.

Profit Composition

Profit Composition - Underwriting & Investment Income



Profit Composition - Underwriting & Investment Income



According to the analysis, the profit before tax for listed companies in Oman for the year 2022 is a combination of underwriting income and investment income. In 2022, the total underwriting income and investment income earned were RO -3.5 million and RO 24.3 million, respectively. This marks a decline in underwriting income from the previous year, where the figures were RO -0.8 million and RO 22.0 million, respectively.

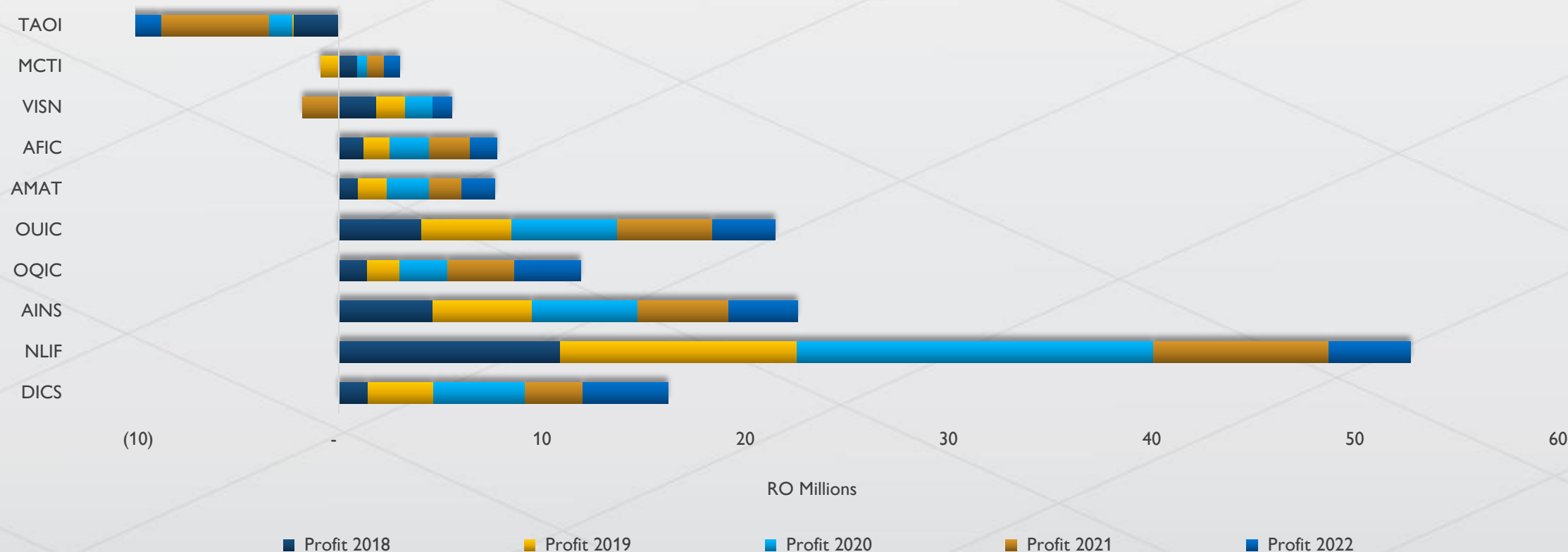
Interestingly, the analysis shows that investment income is a key contributor to the overall profitability of listed companies in Oman. Despite some companies experiencing losses from their underwriting activities, they were able to recover these losses and generate profits through their investment income.

The analysis presented here is sorted by 2022 Profit.



Profit Before Tax

5 Year Profit Comparison



The analysis presented here is sorted by ascending order of 2022 Profit.



Net Profit Breakdown

Particulars	2019	2020	2021	2022	Variance
	RO Million	RO Million	RO Million	RO Million	RO Million
Total UW Profit	14.9	22.0	(0.8)	(3.5)	(2.6)
Investment Income	13.8	17.4	22.0	24.3	2.4
Total Net Profit	28.7	39.5	21.1	20.9	(0.3)

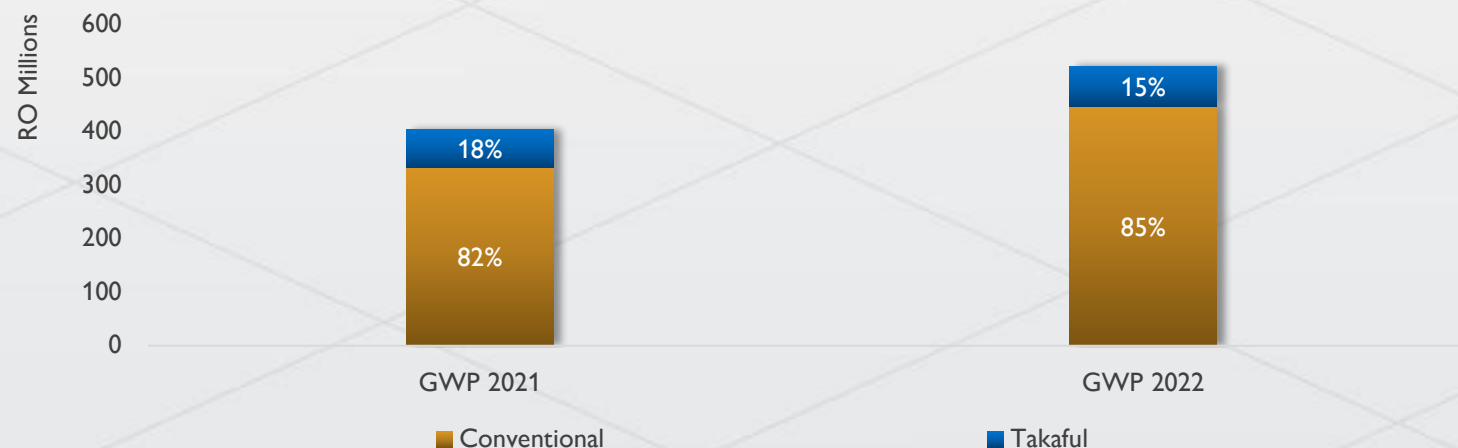
Conventional Vs Takaful

In the Sultanate of Oman, the insurance market is primarily dominated by conventional insurers, with only two Takaful insurers - TAOI and AMAT - currently operating in the market. Despite their limited presence, Takaful insurers have made a significant contribution, accounting for 15% of the total written business in the market. However, the market composition for Takaful insurers has shown a slight decline between 2021 and 2022.

While there has been a 34% increase in premium for Conventional business, they have exhibited a 16% drop in profits.

On the Takaful front, there has been an 8% growth in premium while profit growth have increased remarkably by 98%, however the Takaful companies have depicted overall loss of RO 0.06 million (2021: RO 3.7 million).

Takaful & Conventional Business Distribution



Business Growth For Conventional & Takaful Insurers

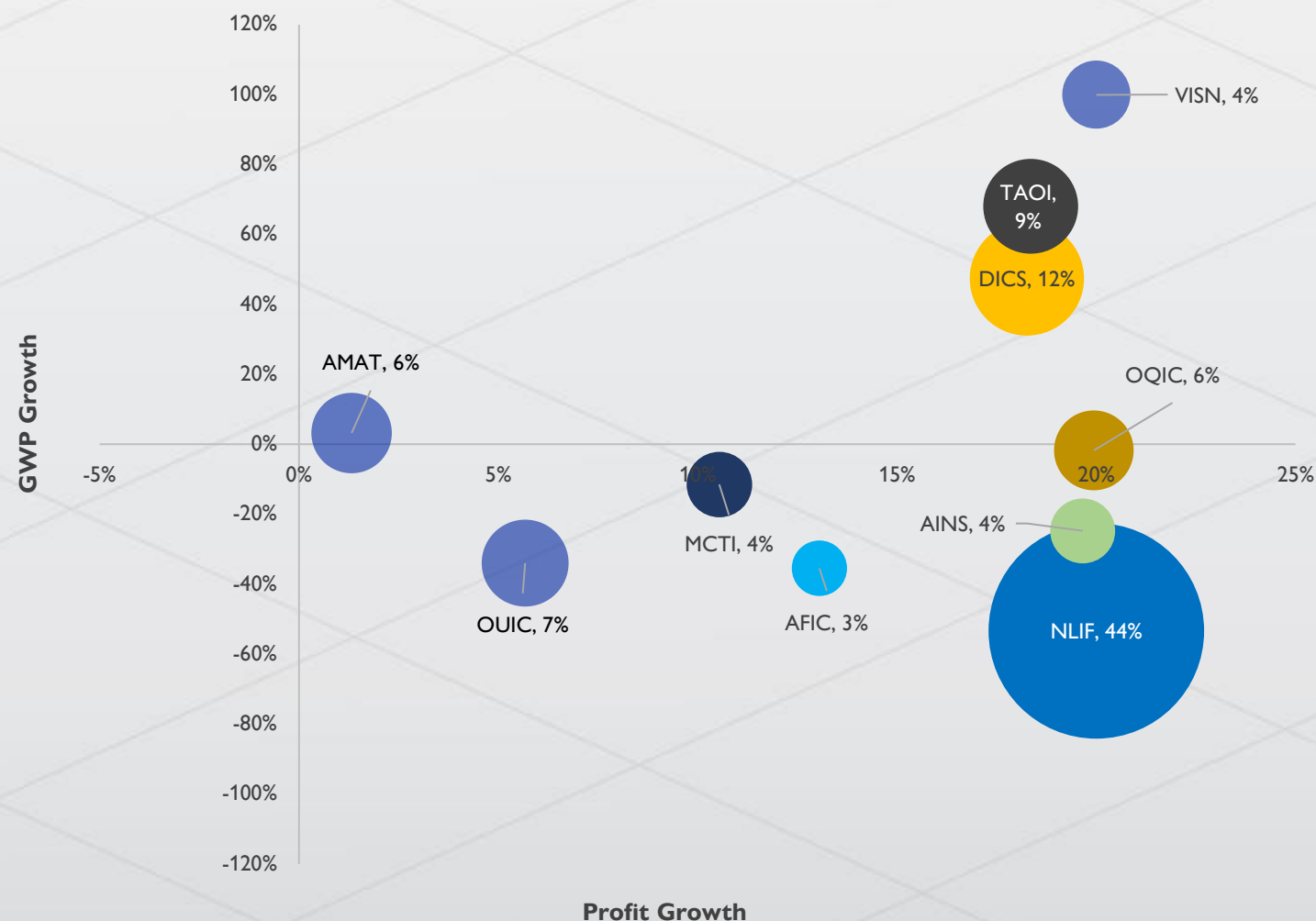


Premiums and Profit Analysis

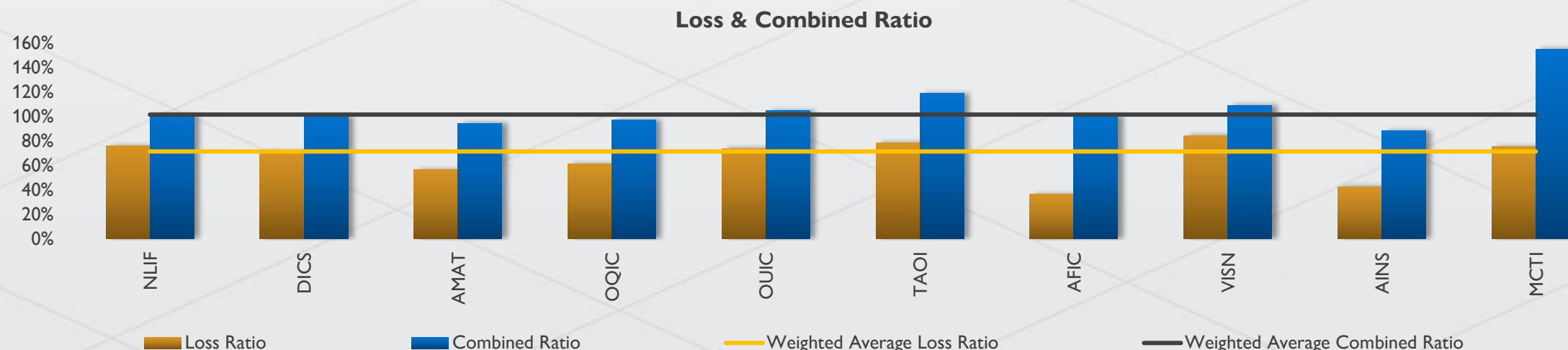
A summary of premium and profitability growth during year 2022 from the corresponding period of the previous year is presented. Companies exhibiting premium and profitability growth rate outside of the +-20% and +-100% range are capped, respectively.

A company being in the top right quadrant indicates growth in both business volume and profits. On the other hand, being in the bottom right quadrant indicates growth in profits but a decline in business volume: this may be due to the company onboarding loss making business.

The size of the bubble represent the market share of a company



Combined Ratio Analysis



For the insurance companies in the Sultanate of Oman, the weighted average net loss ratio for the period 2022 is computed to be 72% which is an increase from the previous year 2021: 71%.

VISN bears the highest loss ratio of 85% and AINS had the lowest loss ratio of 43%.

For Takaful companies we have consolidated the policyholders and shareholders P&L for comparative purposes.

Loss ratio is computed as Net Claims Incurred over Net Earned Premium.

The analysis is sorted on the basis of Gross Written Premium for 2022

Segment-wise Loss Ratio

Since the Life and Non-Life business segment wise information was available, Loss Ratio analysis on the breakup is also presented.

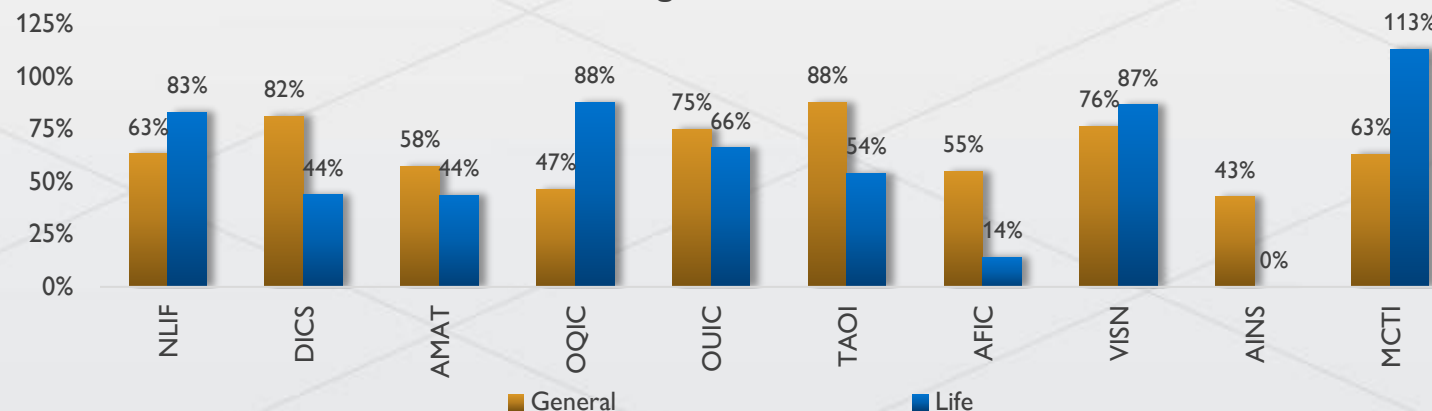
Due to limited availability of information, the graph shows reported net loss ratios for Life and Non-life segments.

The weighted average loss ratio for Life business for 2022 works out to be 79% (2021: 79%) whereas Non-Life business had a weighted average of 65% (2021: 62%). There seems to be an upward trend in loss ratios for Non-Life business.

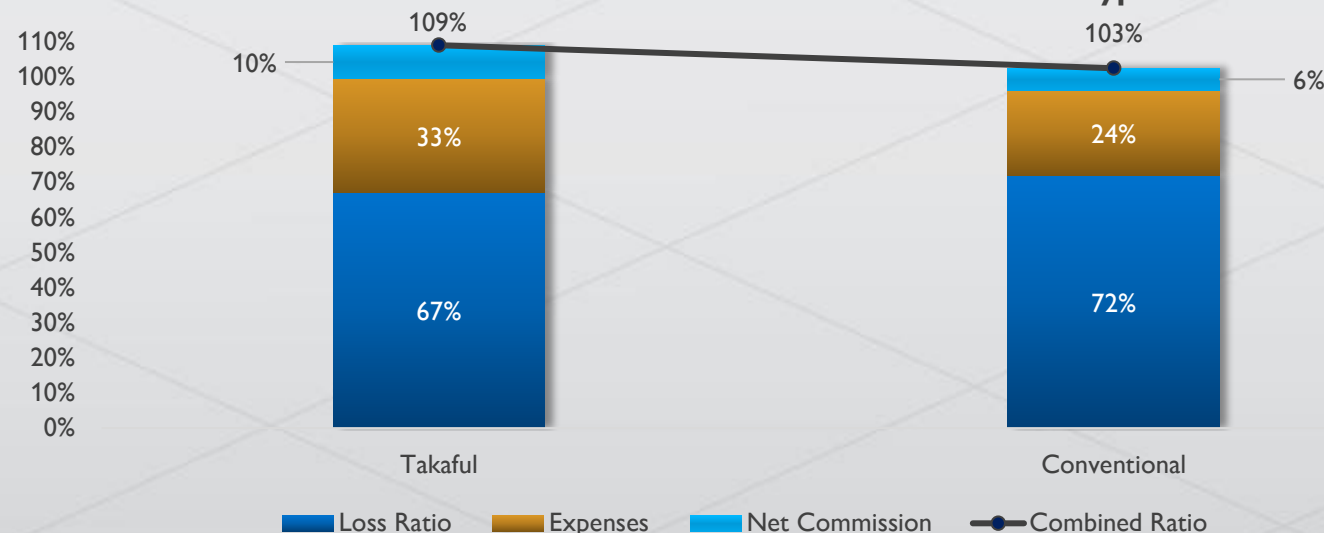
The weighted average loss ratios ratio for takaful insurers are marginally lower than those of their conventional counterparts. But due to significantly higher expense ratios exhibited by the takaful operators, the overall combined ratio for takaful companies works out to be higher than that of conventional companies.

The analysis is sorted on the basis of Gross Written Premium for 2022.

Business Segment Wise Loss Ratio



Loss And Combined Ratio Performance - Insurer Type

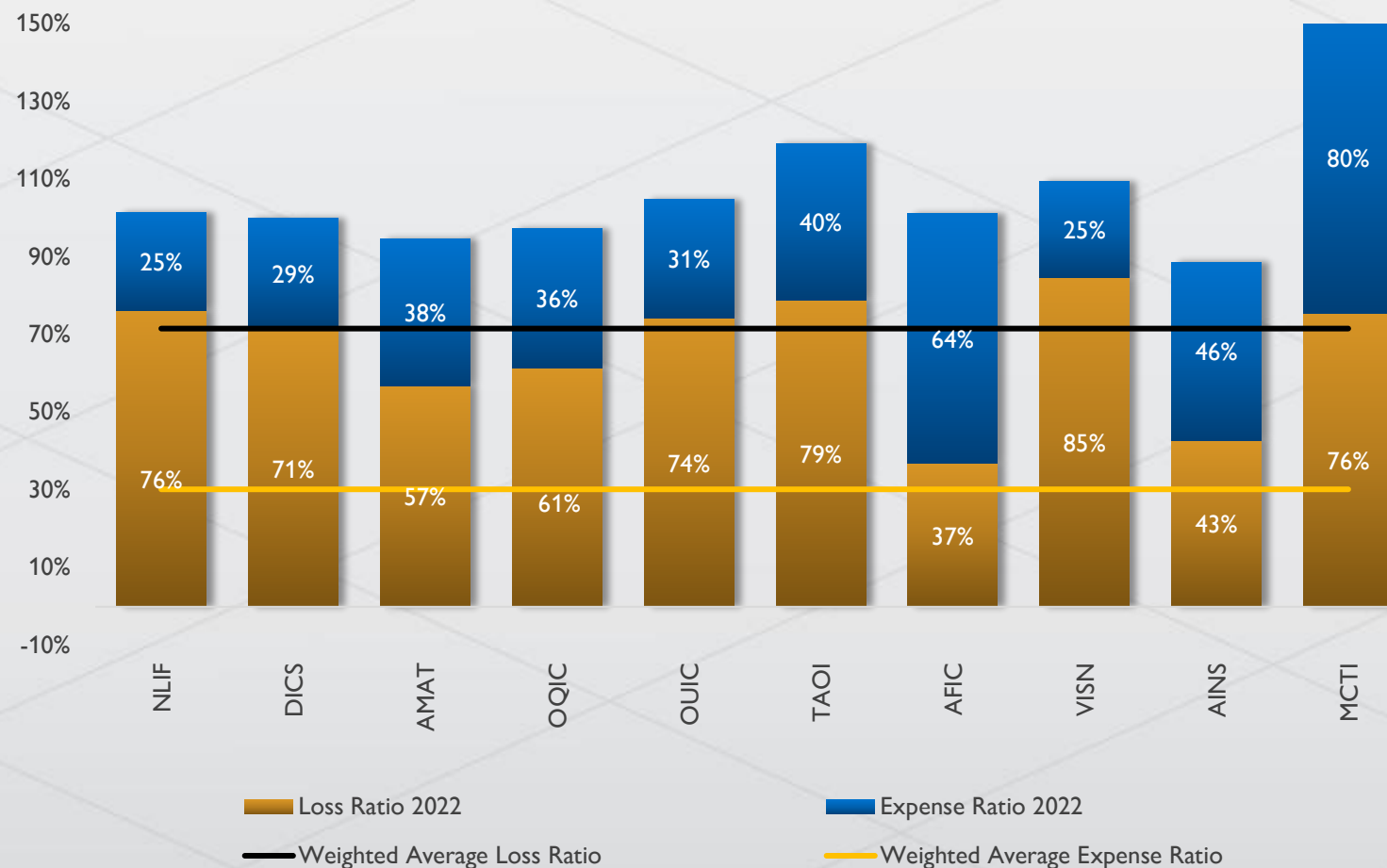


Loss and Expense Ratio

The weighted average loss and expense ratio of the listed companies in Sultanate of Oman is computed to be 72% and 30% (2021: 66% & 43%) respectively. MCTI has experienced the most notable increase in expense ratio while all companies, except NLIF, TAOI and VISN, have seen an increase in loss ratios. The growth in loss ratios has resulted in the companies having combined ratios exceeding 100%, indicating an underwriting deficit.

The analysis is sorted on the basis of Gross Written Premium for 2022.

Loss And Expense Ratio



Expense Ratio

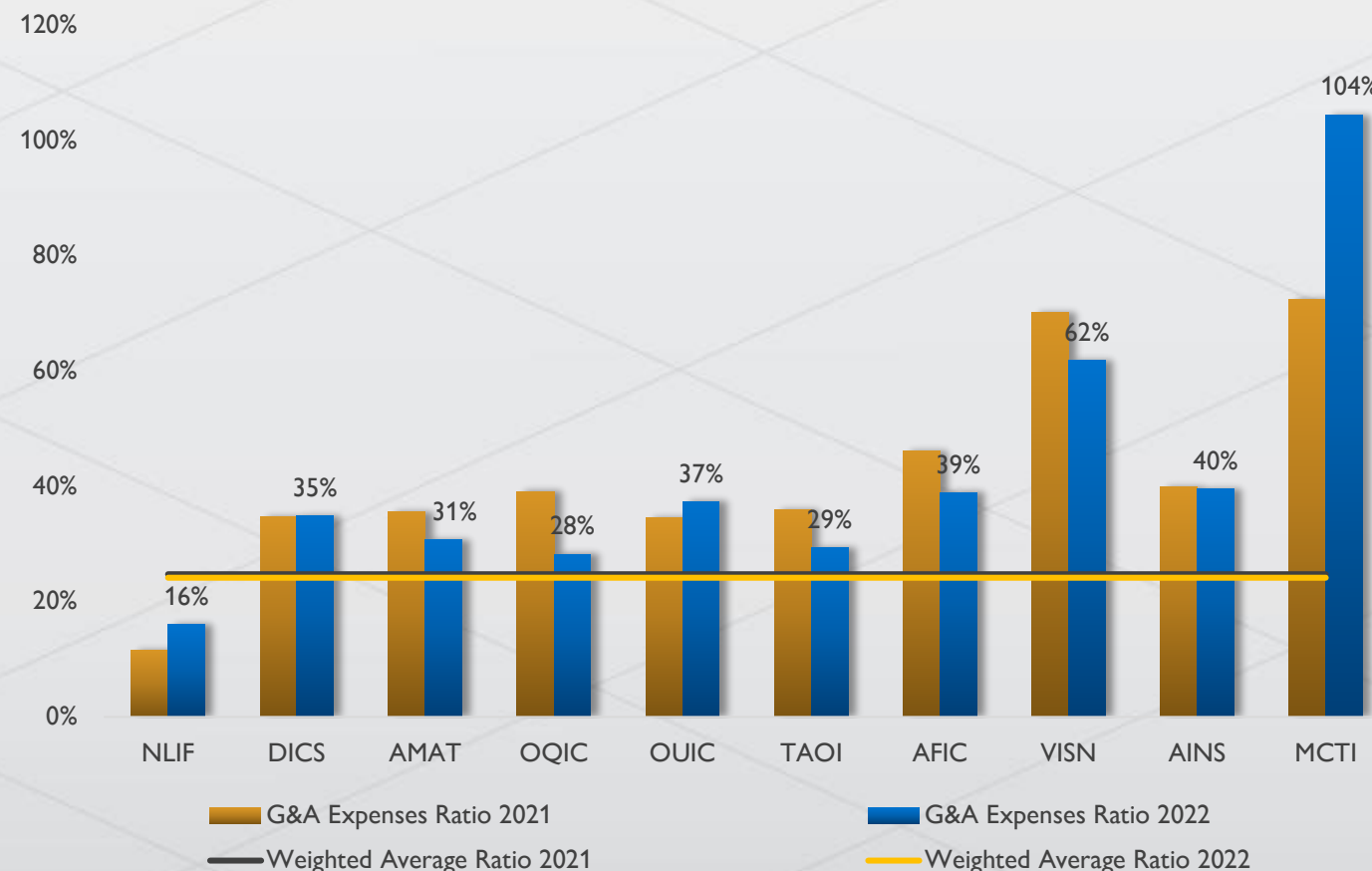
Considering G&A Expense as a proportion of Net Earned Premiums, MCTI bears the highest expense ratio of 104% followed by VISN having expense ratio of 62%. The remaining Companies all have G&A Expense ratios below 40%.

NLIF recorded the lowest expense ratio in the industry at 16% owing to its large premium volume. Larger companies generally tend to have lower expense ratio, as they have sufficient business to absorb the fixed costs.

The weighted average G&A expense ratio for the listed Insurance companies stands at 24% (2021: 25%). Most companies observed a decreasing trend in their expense ratios with the exception of NLIF, OUIC and MCTI. If the highest (MCTI) and lowest (NLIF) are excluded from the analysis, the G&A expense ratio works out to be 36%.

The graph is sorted with respect to Gross Written Premium for 2022 in descending order.

G&A Expense As A Ratio Of Net Earned Premium



Commission Expense Ratio

The average net commission ratio for the Omani Insurance Industry stood at 7% in 2022 which is a slight increase from 5% during the corresponding period of the previous year. 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. It is common practice for companies to cede out a large proportion of commercial lines business and benefit from the reinsurance commissions, which is also evidenced by some of the low net commission ratios.

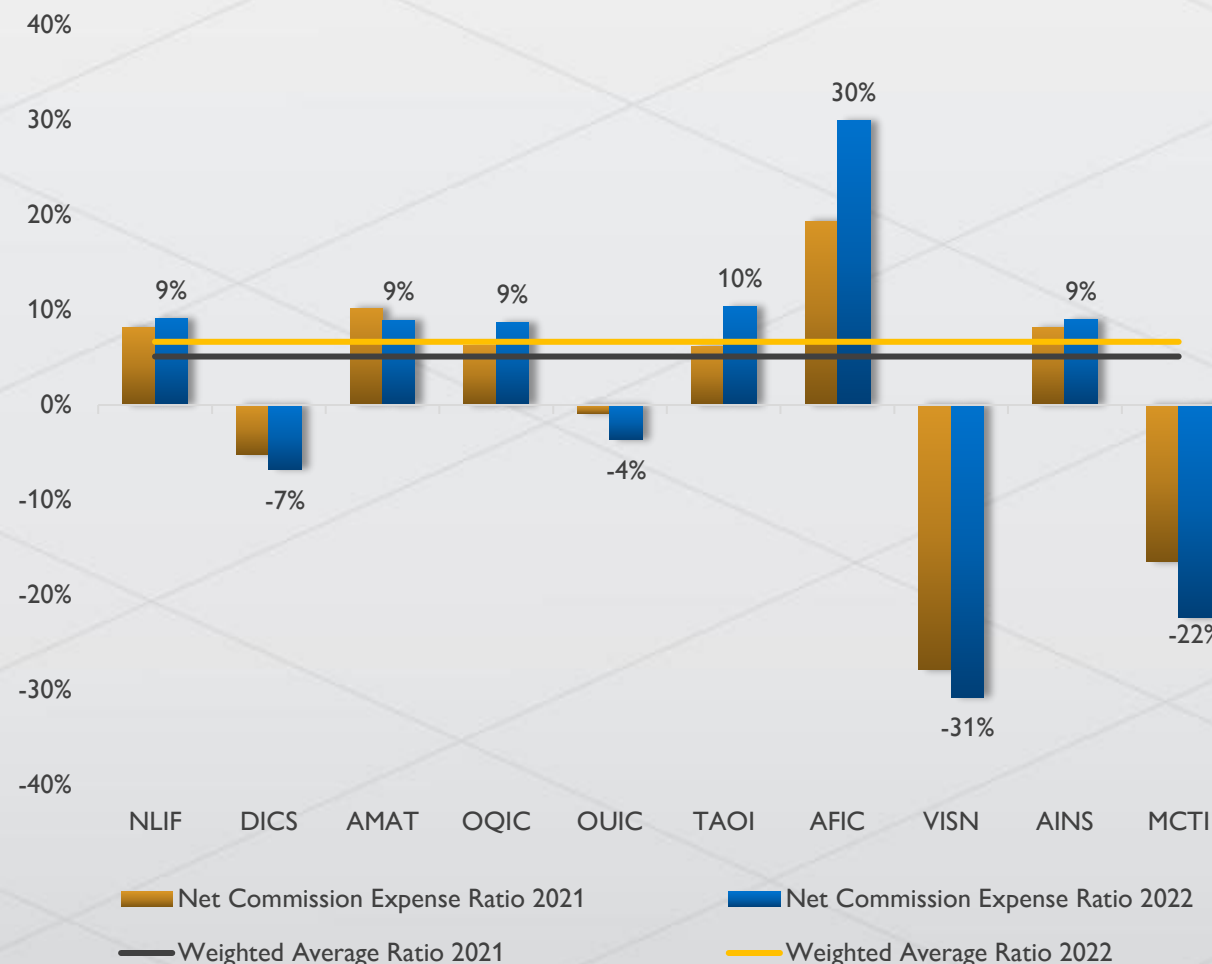
The highest commission expense ratio has been recorded for AFIC at 30% while VISN experienced the lowest ratio of -31%.

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; while at the same time not endangering their solvency position.

Commission Ratios = Net Commissions as a percentage Net Earned Premium.

The above graph is sorted with respect to Gross Written Premium in descending order for 2022.

Commission Expense Ratio



Profit as a Percentage of Net Earned Premium

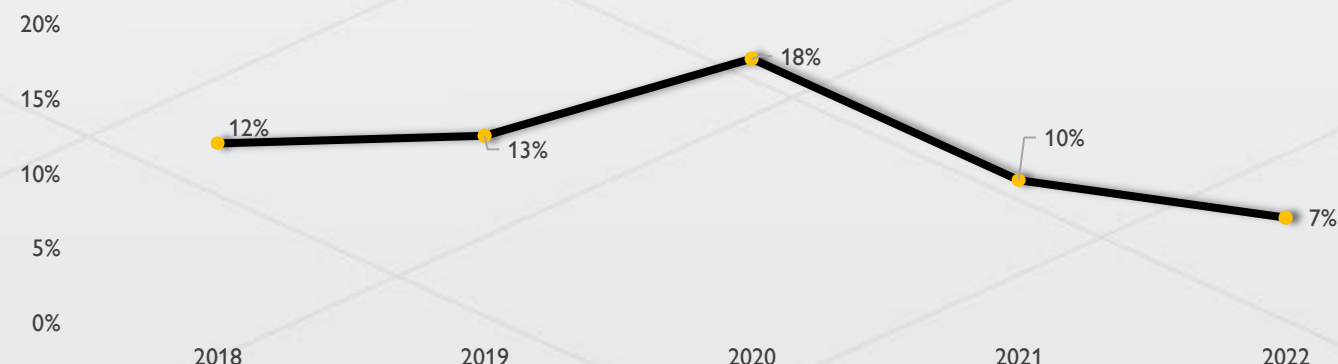
The first graph displays the profit margin trends over the past five years. A significant spike in profit margin can be observed in the year 2020, which can be attributed to the COVID-19 pandemic and the lockdown measures imposed during that time. However, the profit margin has decreased in the following year, 2021. The graph depicts an increase in profit margin for the current year.

In terms of individual companies, OQIC has the highest profit margin, followed by MCTI and OUIC. All three companies have profit margins that are considerably above the industry average. On the other hand, NLIF has the lowest profit margin among the listed companies.

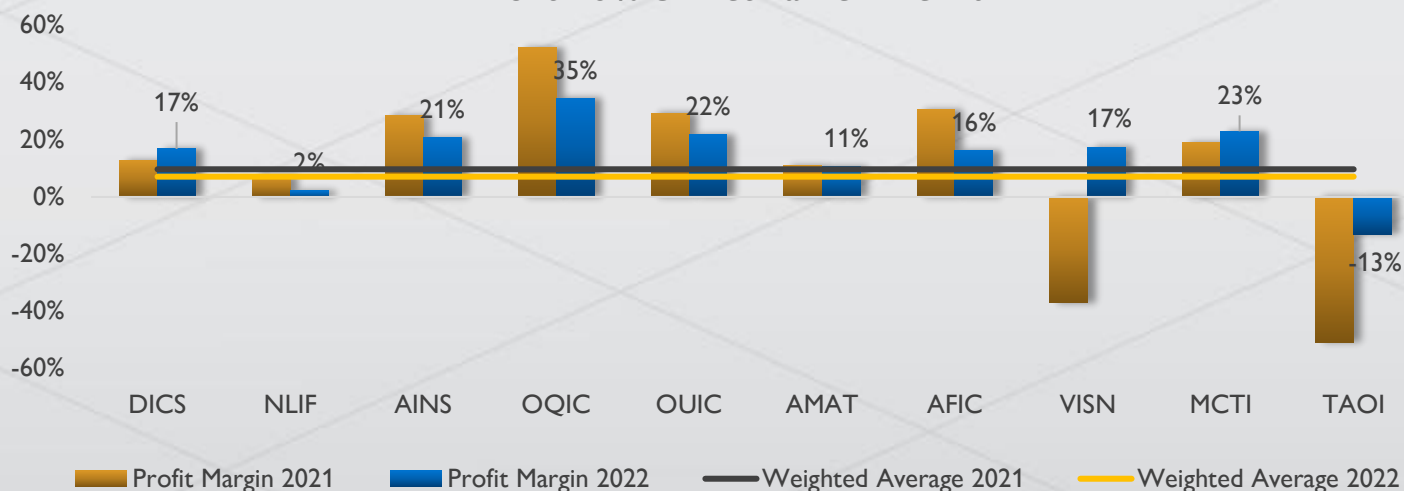
The Profit Margin is calculated as profit before tax as a proportion of net earned premium.

The above analysis is sorted in decreasing order of 2022 Profit.

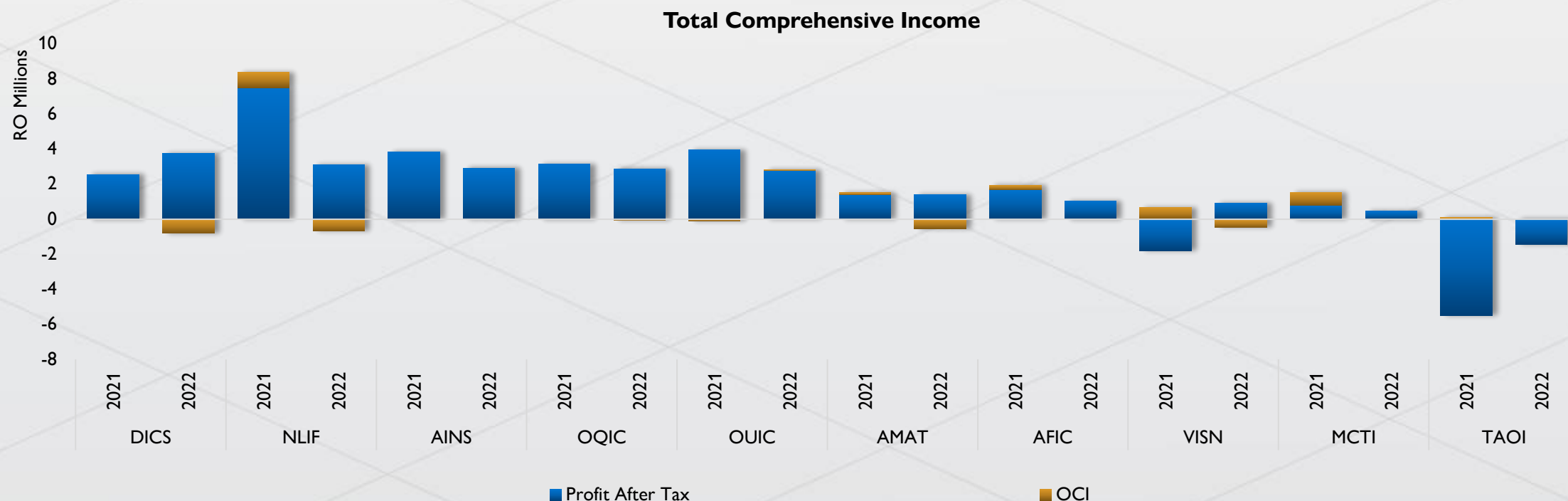
Profit As A % Of Net Earned Premium - Trend



Profit As % Of Net Earned Premium



Total Comprehensive Income



For the year 2022, the listed companies experienced a 195% decline in overall OCI owing to the adverse performance of the equity market. This is brought on by growing concerns regarding inflation and a possibility of global recession. All companies except OUIC have recorded a negative OCI.

The amount of Hiba (gift) is removed from OCI section for TAOI to counterbalance the impact of “other income” entry in policy holder section of income statement.

The Total Comprehensive Income (Profit after Tax plus Other Comprehensive Income) for the year 2022, exhibited a decline of 24%.

Segregated information for OCI is only available for 8 (out of 10) companies. 7 out of those 8 recorded losses in OCI for 2022.

Earning Per Share

Earnings per share (EPS) indicates how profitable a company is. EPS is directly related to a company's profits; the higher the realized/unrealized profits, the higher the EPS value.

Most of the companies experienced a decrease which resulted in the overall declined in listed insurance market's earnings in 2022 as compared to the corresponding period of last year.

Company	EPS 2021	EPS 2022
VISN	-0.018	0.009
MCTI	0.070	0.043
AINS	0.038	0.029
OQIC	0.031	0.029
NLIF	0.028	0.009
OUIC	0.040	0.028
DICS	0.026	0.037
AMAT	0.005	0.006
AFIC	0.016	0.010
TAOI	0.005	-0.008

Premium Benchmarked based on Profitability 2022

NLIF and DICS maintain the highest rank in terms of both gross written premium, maintaining their positions at the top of the list.

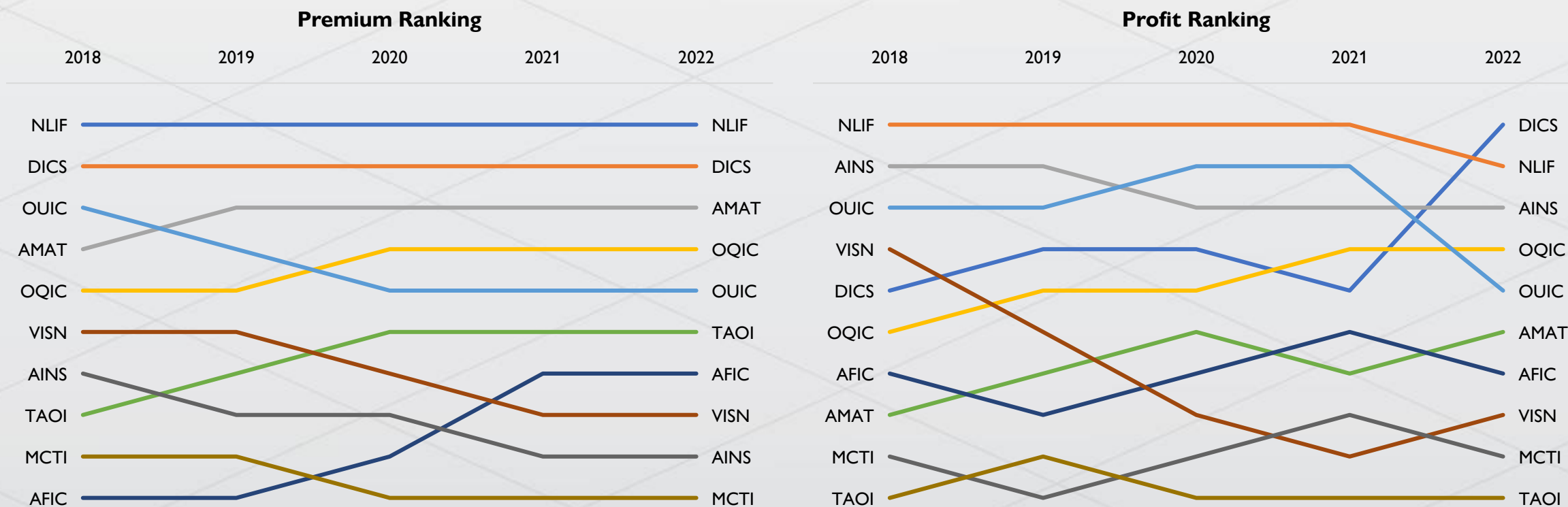
An interesting observation can be made for AINS, which generated a profit ranked fourth despite its low premium volume. This suggests that AINS has been able to effectively manage its resources to generate a significant profit margin despite its smaller market share.

On the other hand, TAOI has ranked 10th in terms of profit, despite ranking 6th in terms of premium. This can be attributed to decrease in profit due to substantial losses incurred by the company in their underwriting activities. This finding highlights the potential for companies to increase their profits through diversified income streams beyond their core insurance business.

Company	Ranking		Indic.
	Gross Premium	Profit	
NLIF	1	2	↓
DICS	2	1	↑
AMAT	3	9	↓
OQIC	4	4	→
OUIC	5	5	→
TAOI	6	10	↓
AFIC	7	7	→
VISN	8	8	→
AINS	9	3	↑
MCTI	10	9	↑



Year Wise Ranking



This slide shows the ranking of each company by premium and profits over a five-year duration. While the premium chart is relatively stable with limited crisscrossing the one showing profits depicts a lot of volatility. To some extent it shows the short-term approach that some of the market players have followed to either grow top line while sacrificing profitability.



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Year End 2022 – Omani Listed Insurance Companies

Capital & Liabilities

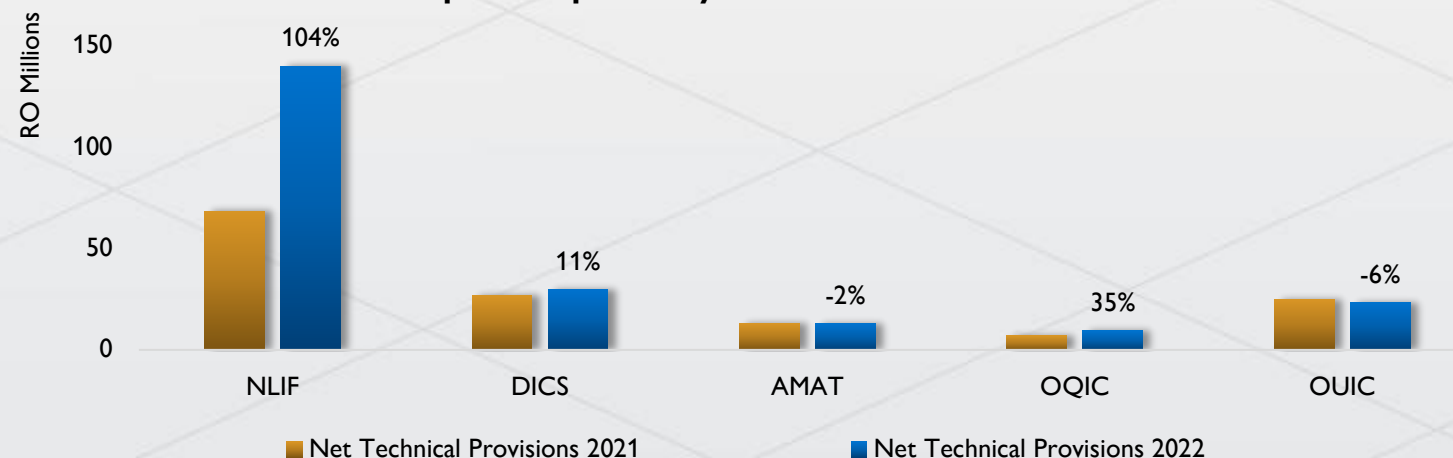
Net Technical Provisions

Total net reserves as at December 31, 2022 amount to RO 274 million which is a 39% increase compared to the reserves as at December 31, 2021 (RO 196 million).

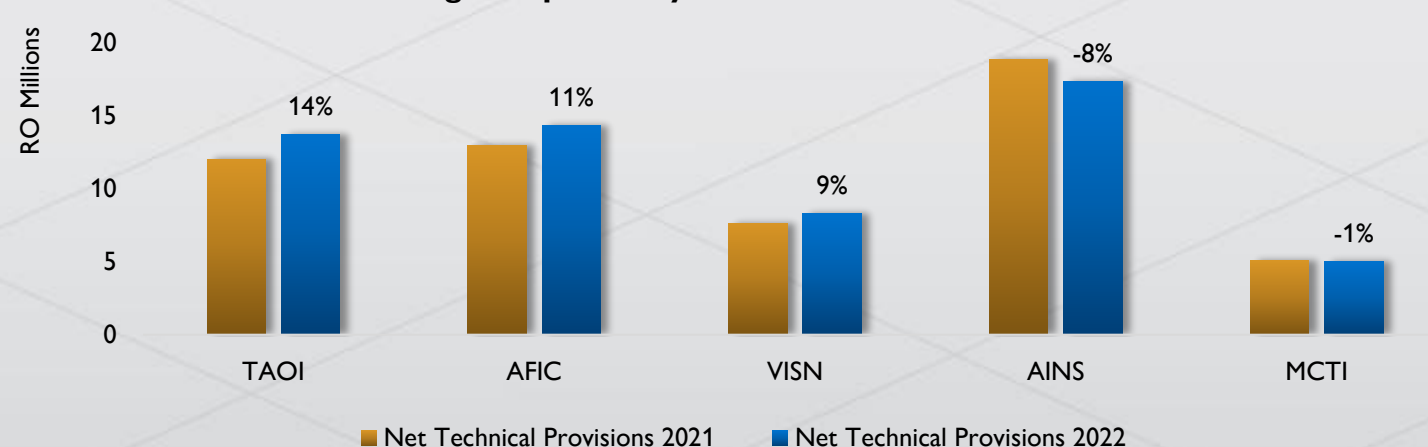
Out of all the listed companies, NLIF has the highest technical provisions, which is commensurate with the size of its operations.

NLIF saw the highest growth in net technical provisions of 104%. Meanwhile the highest decline is seen by AINS of 8%.

Top 5 Companies By Net Technical Provisions



Remaining Companies By Net Technical Provision

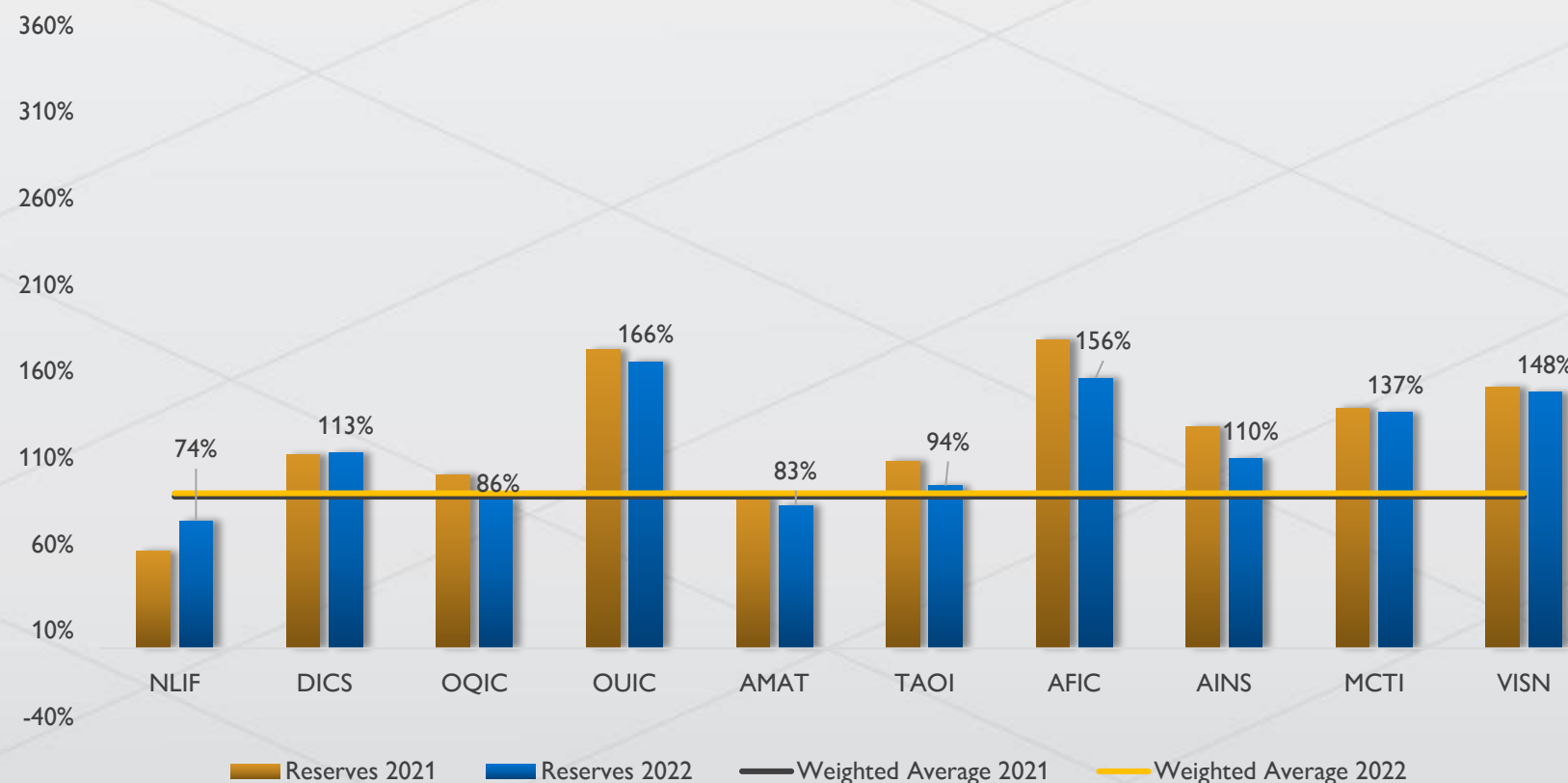


Net Reserves as % of Net Written Premiums

The highest ratio of 166% is exhibited by OUII. On the other hand, the lowest ratio of 74% is depicted by NLIF.

The weighted average net reserves to net premium ratio is recorded at 90% for 2022

Reserves As % Of Net Written Premiums

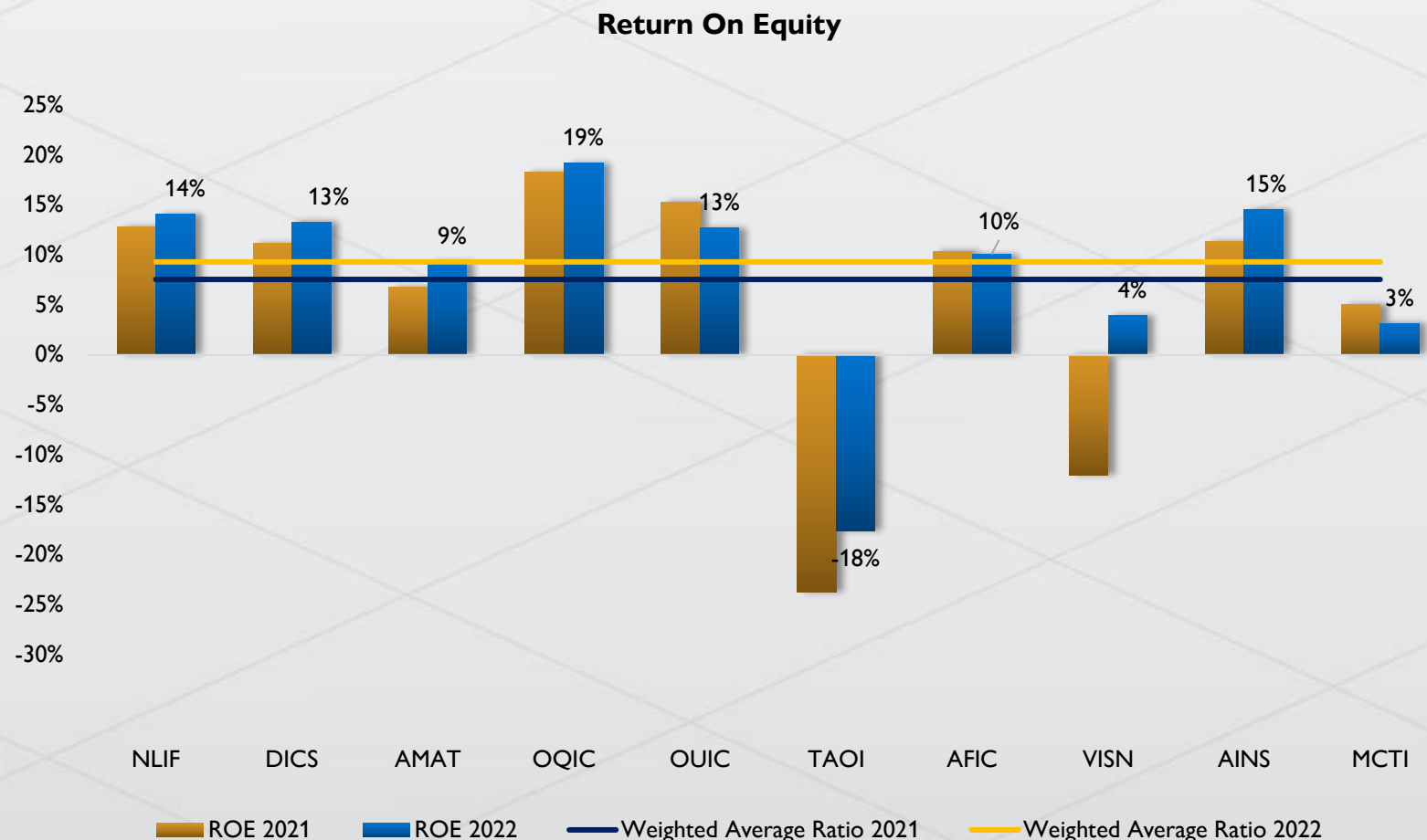


Return on Equity

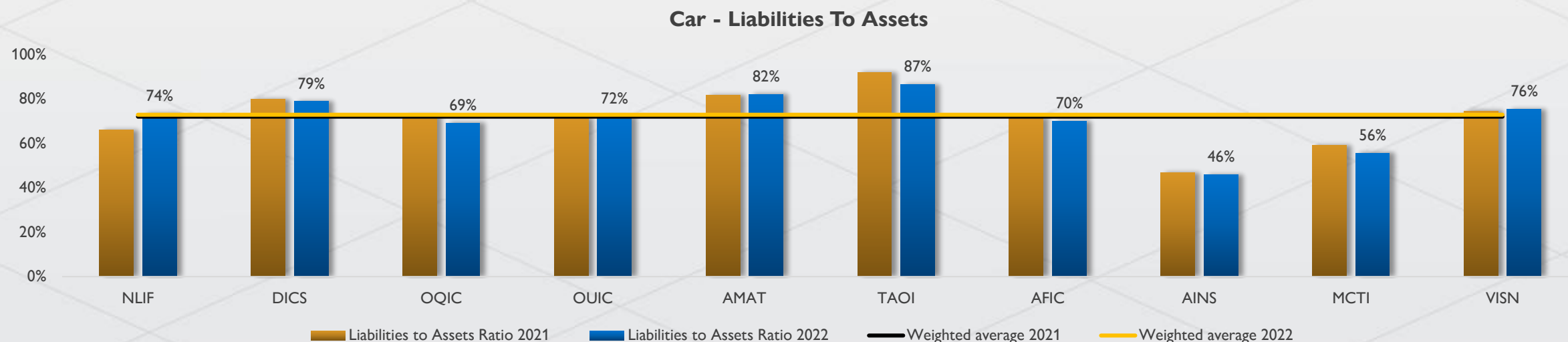
The weighted average Return on Equity (ROE) for the Insurance companies in Oman was recorded at 9% (2021: 8%). This increase can be attributed to the substantial increase in profits.

OQIC has the highest return on equity of about 19% whereas TAOI has recorded the lowest return of -18%.

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 2022.



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.

Capital Adequacy Ratio (CAR) is calculated as a ratio between total liabilities and total assets of a company.

Majority of the companies have demonstrated a favorable ratio

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.

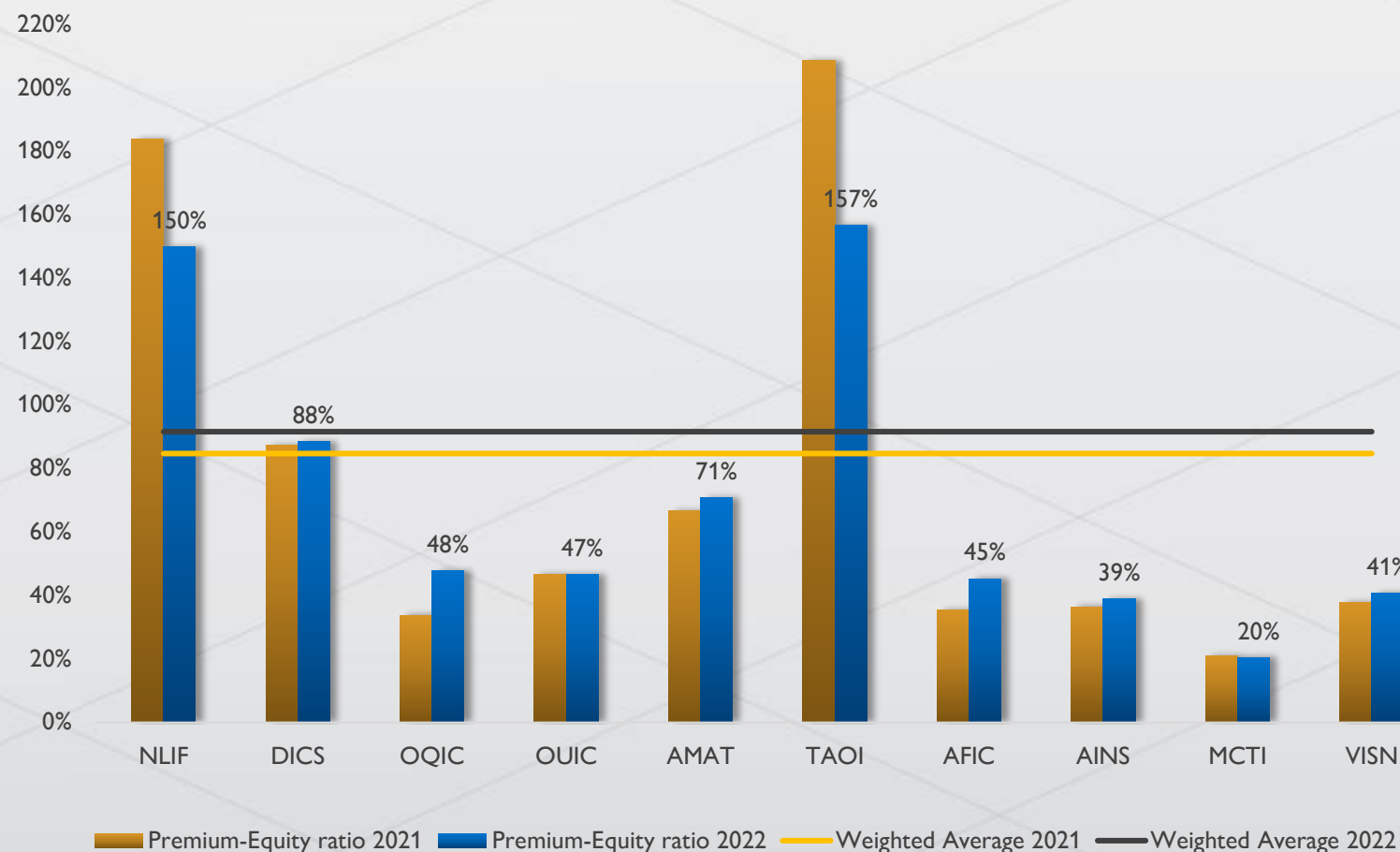
Premium to Equity

The highest Premium to Equity ratio for 2022 is 157% depicted by TAOI. The lowest ratio of 20% is reflected by MCTI.

Weighted average Premium to Equity ratio for 2022 is 92% (202: 85%).

The Premium to Equity ratio is calculated by taking the proportion of Net Written premium for 2022 to Total Equity as at Dec 31, 2022. It represents the premium that pertains to each amount of equity held by the companies.

Premium To Equity Ratio



Capital Intensity Ratio

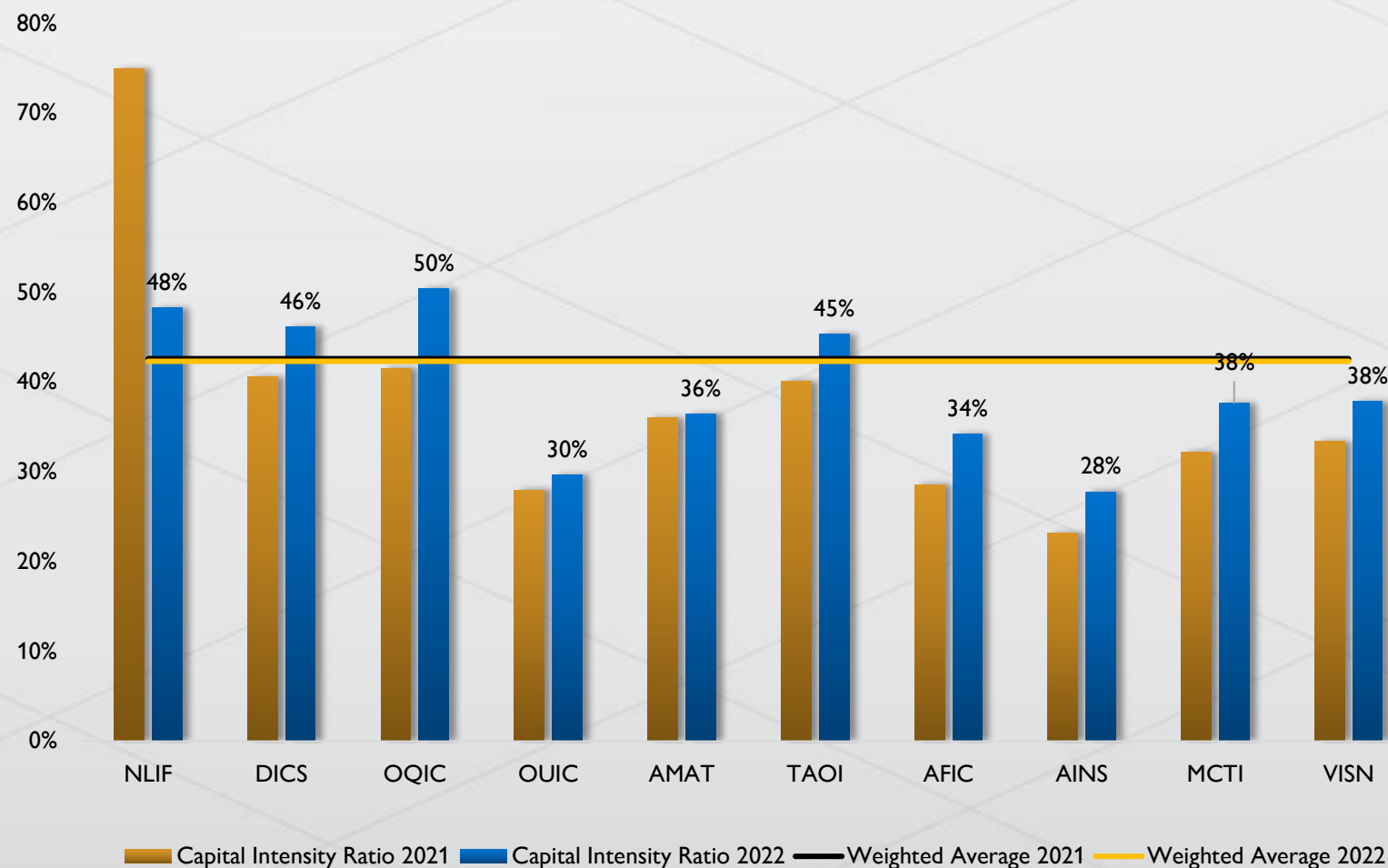
Capital Intensity Ratio shows how much business does a company generates. That is, the premium written per RO invested in the company. A high CIR shows that per RO invested, the company is maximizing written premium.

It is calculated by taking a proportion of gross written premium for 2022 to Total Assets as at Dec 31, 2022.

The Industry weighted Average Capital Intensity ratio for 2022 is 42%.

NLIF attains highest CIR of 48% whereas, lowest of 28% CIR is attained by AINS.

Capital Intensity Ratio





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Year End 2022 – Omani Listed Insurance Companies

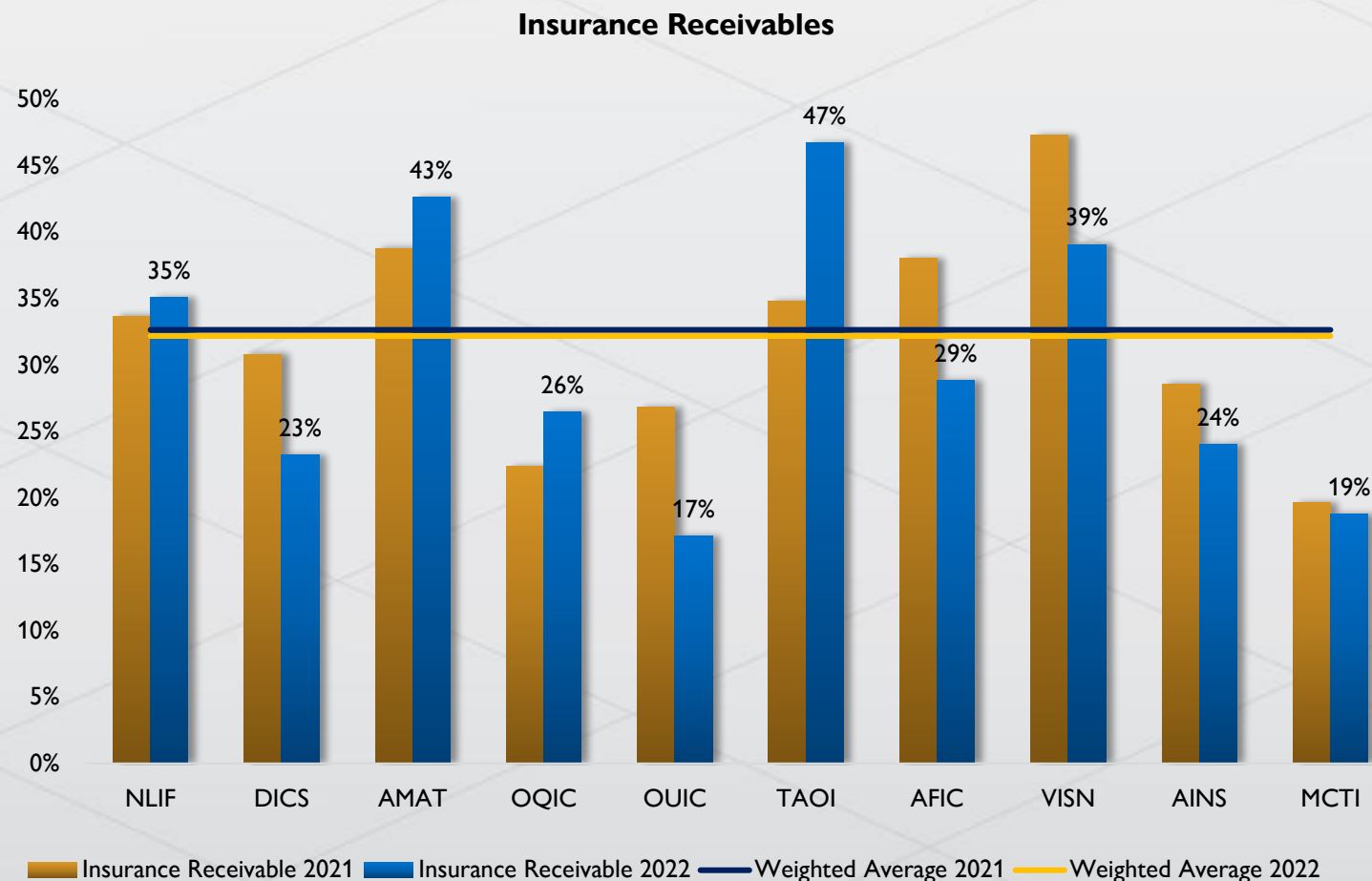
Assets

Insurance Receivables

The insurance receivables are computed as a ratio of Insurance receivables of the company to gross written premium recorded over the last 12 months. The ratio depicts the collection performance of each company. This is particularly important for Non-Life segment which has a short tail. Quicker collection can also improve the liquidity position and favorably impact the investment income.

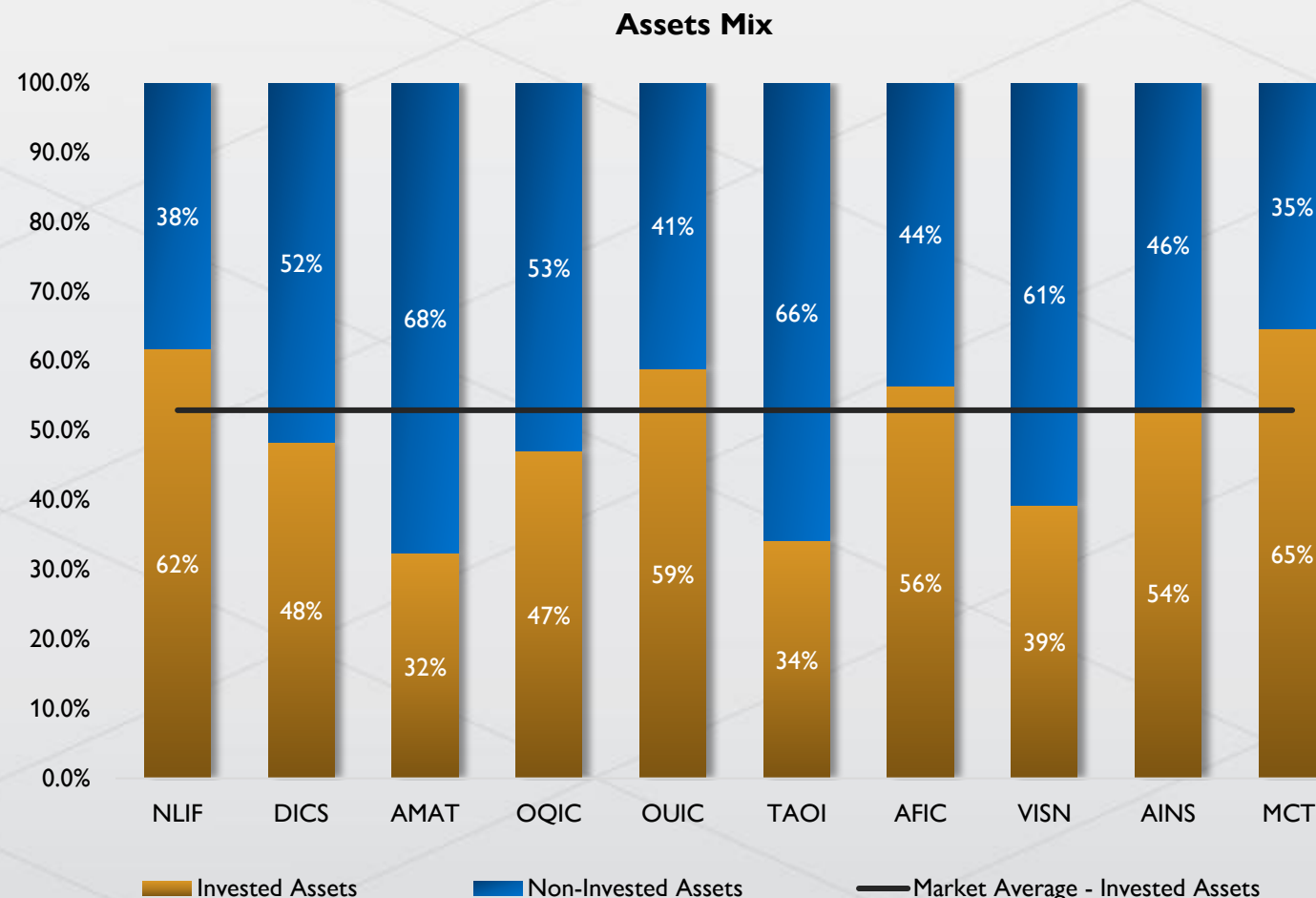
TAOI has the highest receivable ratio of about 47%, while OUII recorded the lowest ratio of 17%. The weighted average insurance receivables ratio for the Omani industry stands at 32% as at December 31, 2022 which is a decline from 33% as at the same time last year.

The analysis presented above is sorted by decreasing gross written premium.



Asset Mix

The Asset Mix compares the proportion of invested assets and non invested assets (such as insurance & reinsurance receivables) of the companies in Oman insurance industry as at December 31, 2022. MCTI has the highest proportion (65%) of invested assets, Whereas AMAT has the lowest proportion (32%) of assets invested. The market proportion of invested assets to total assets has been computed to be 53% (2021: 47%). The industry average is driven by NLIF, followed by DICS which have the highest amount of overall assets. The above chart is sorted in descending order of GWP of 2022.



Cash Ratio

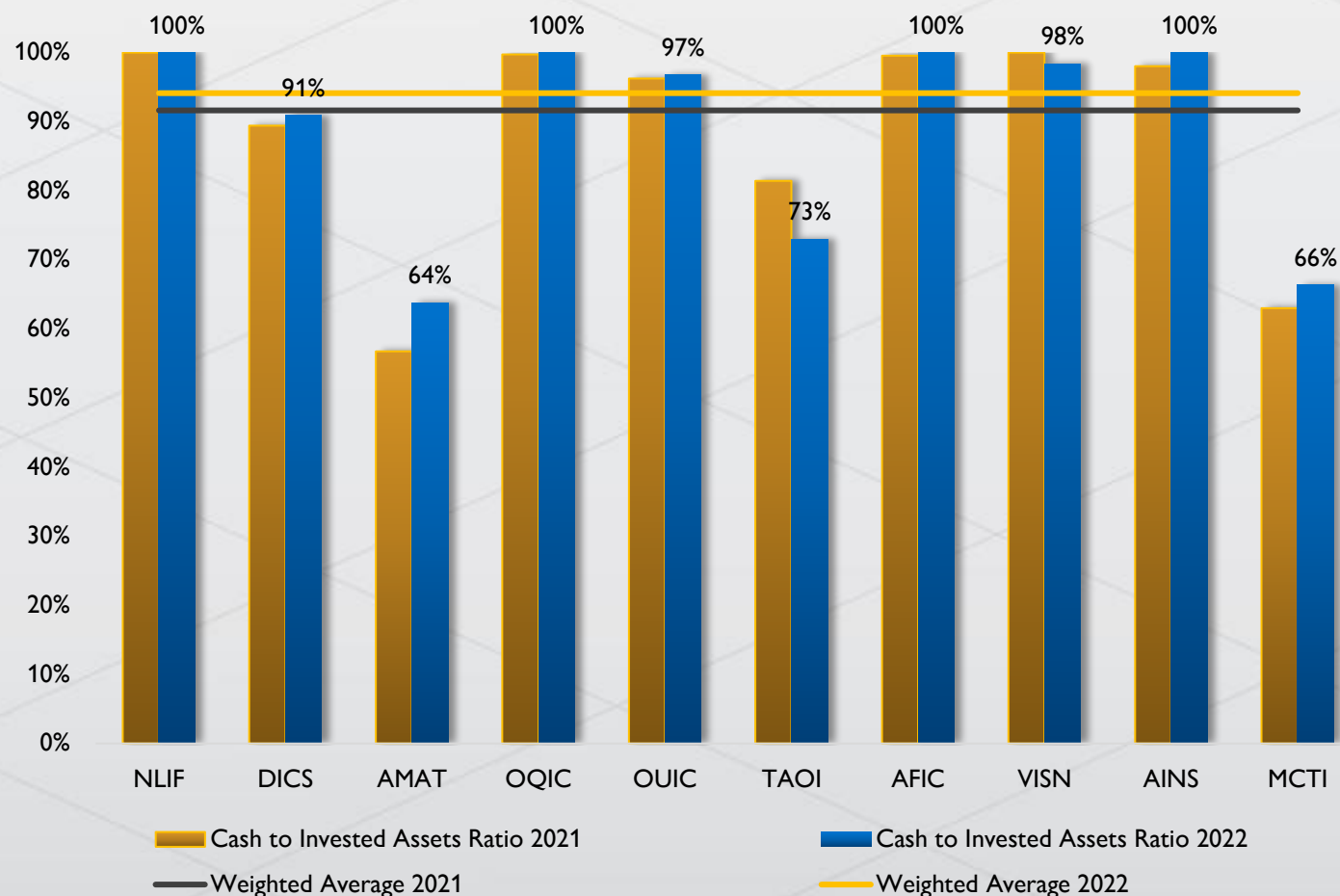
The Cash ratio of the industry works out to 94% (2021: 92%). NLIF, OQIC, AFIC & AINS have the highest level of 100% maintained as Cash, while AMAT has the lowest ratio of 64%.

The Cash Ratio indicates very high liquidity for the market overall. Since majority of the business for all companies except AMAT is concentrated in short-tailed Non-life segment, the high liquidity is to be expected. Cash generally earns a lower return compared to other asset classes.

The Cash Ratio has been taken as the ratio of Cash and Bank Deposits to Total Invested Assets.

The above graph is sorted with respect to gross written premium in descending order.

Cash To Invested Asset Ratio



Conclusion

In 2022, the insurance sector in Oman recorded a gross written premium of RO 523 million, indicating a 30% increase from the previous year's RO 404 million. This growth can be partly attributed to the adoption of online channels for selling insurance products and the enhancement of relationships with brokers. With the introduction of mandatory health insurance, insurance companies can anticipate further expansion in the near future.

In comparison to the same period of the previous year, the overall loss ratio of the market witnessed an increase in 2022. The loss ratio for Life remained unchanged at 79% while that of non-life rose to 65% from 62% in 2021. The rise in non-life loss ratio can be attributed to unsustainable price competition and a significant increase in motor claims.

In the Sultanate of Oman, more than half of the listed companies have reported a shortfall from their underwriting activities, which is a consequence of the deteriorating loss ratios. Additionally, the country's geographical position renders it highly vulnerable to natural catastrophic events, resulting in a rise in reinsurance pricing and coverage limitations.

During the period, there was a decrease in underwriting income, leading to a 2% decline in overall profits before tax. In addition to this, there has been a marked decline in the Other Comprehensive Income, with most listed companies reporting a negative OCI.

The insurance industry is facing significant strain due to cutthroat competition and depressed rates, prompting several participants to enhance their rates, particularly for Motor. Additionally, there has been a rise in consolidation within the industry, and with the implementation of the Risk Based Capital framework, further activity in this area may be anticipated. Despite the challenges posed in several ways, the insurance industry has managed to prosper. Nevertheless, there are apprehensions about the possibility of a worldwide recession and the sharp increase in inflation rates. While there have been some improvements in certain areas, the future is expected to be demanding.



Disclaimer

We have undertaken an analysis of the Key Performance Indicators (KPIs) of the listed insurance companies in Oman for the Year End 2022. 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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Due to availability of limited information, we were unable to segregate further into class of business. Once all companies start publishing financial statements with uniform level of segregation, this can be done.

The Group & Individual Credit Life, Family Takaful and Term & Whole Life Plans are considered as Life Insurance while Other General Insurance are taken as Non-Life Insurance due to the available segmentation in the published financials. For NLIF and MCTI, Medical is not segregated from Life in the published financial statement therefore, due to limitation it is presented under Life Business segment.



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Year End 2022 – Omani Listed Insurance Companies

Company Logos	Company Name	Ticker Name
	Al Madina Takaful	AMAT
	Al-Ahlia Insurance Company	AINS
	Arabia Falcon Insurance Company	AFIC
	Dhofar Insurance	DICS
	Muscat Insurance	MCTI
	National Life & General Insurance	NLIF
	Oman United Insurance Company	OUIK
	Oman Qatar Insurance Company	OQIC
	Takaful Oman Insurance	TAOI
	Vision Insurance Company	VISN

Companies Included in The Analysis

Invest In Your Team

métier – a Badri Group Company is a renowned boutique Executive search and HR solutions consulting firm that works with teams across the globe, to develop a tailored HR plan and resolve your business challenges.

We take a personalized approach in ensuring that the solutions provided to you are in line with your company strategy to help you achieve your business goals through sustainable HR practices.

Since our inception in 2014, we have been recognized as Executive search leaders across multiple industries in the MENA region. métier's seasoned professionals focus on your HR transformation, while you focus on your business.

Our Competitive Edge

- Improving Workplace Productivity
- Increasing Value Through People
- Inspiring Partnerships

Our Service Offerings

- Strategic HR Consulting
- Digital HR Solutions
- Talent Acquisition Services
- Training Solutions



Financial Services

Accounting and financial services is one of our core offerings . At Badri, we adopt a customized, responsive, and personal approach towards clients and offer a range of services to assist our clients in getting through complex accounting and corporate matters. With several years of professional experience, across multiple disciplines and sectors such as financial services, manufacturing, trading, hospitality, transportation, we consider ourselves to be the first choice of our existing and prospective clients. Our multidisciplinary approach allows us to provide services beyond actuarial and data analytics we are known for. Our value-added services are:

Financial Services

- IFRS Implementation
- Account Reconciliation Services
- Accounts Receivable and Payable Cleaning-up Services
- Financial Due Diligence
- Virtual CFO Services
- MIS Reporting
- Outsourced Services

Business Management Consultancy

- Policies and Procedure Review
- Post Implementation Review
- Market Intelligence

Other Services

- Tax Advisory Services
- Internal Audit Service
- Internal Controls Over Financial Reporting Services (ICoFR) Implementation
- Code of Corporate Services



About Our Team

Directors		5 Staff	
UAE/ Oman Actuarial	32 Staff	Medical	6 Staff
KSA Actuarial	31 Staff	IFRS 17	16 Staff
Business Intelligence	9 Staff	HR Consultancy	2 Staff
End of Services	6 Staff	Financial Services	2 Staff
Support & Admin	24 Staff	Data Science	1 Staff

Total Strength 134

Our Feedback

Badri Management Consultancy is proud to present Oman's Insurance Industry Performance analysis for Year End 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.

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Year End 2022 – Omani Listed Insurance Companies

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