



BADRI

KSA Listed Insurance Industry Performance Analysis

- Based on preliminary results

Q3 2023





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Q3 2023 (Preliminary) – KSA Listed Insurance Companies

Award winning strategic partner to the insurance industry with our 150+ talented staff in UAE, KSA and Pakistan 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 Awards

- Strategic Partner to the Industry 2022, 2021 & 2020 by MIIA
- Best Actuarial/Risk Consultancy Firm of 2023, 2018 & 2016 by MENAIR
- Corporate Risk Manager of the Year 2023 by InsureTek



About BADRI

What We Can Do For You!

Actuarial Consultancy

- Appointed Actuary
- End of Services
- Actuarial Support for General & Life Insurance
- IFRS 17
- Pricing, Reserving & Capital Modelling
- Actuarial Support for Motor & Medical Insurance

Strategic Consultancy

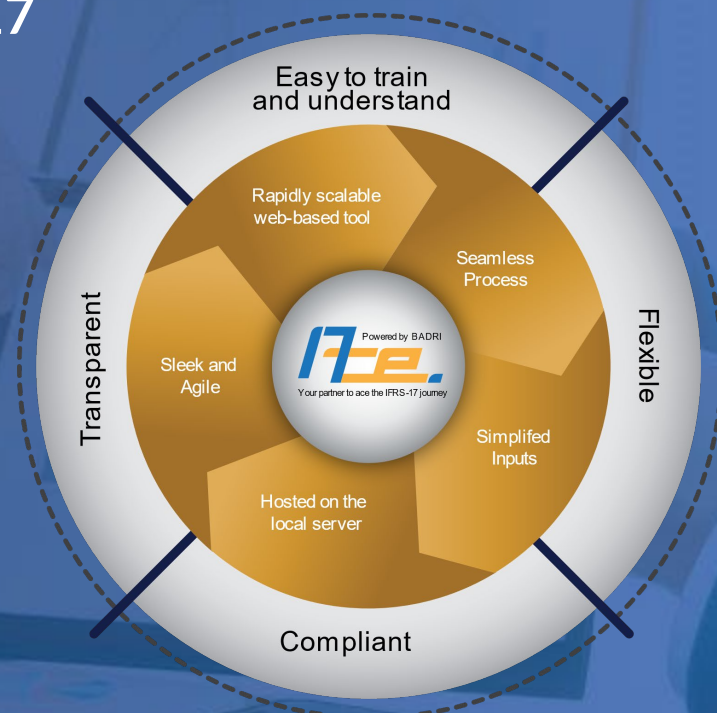
- Financial Services
- Strategic HR Consultancy
- ERM
- Product Development
- Merger and Acquisition
- Compliance and Forensics
- Advisory & Risk Management

Technology Consultancy

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



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.



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

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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2023 3rd Quarter Industry Analysis

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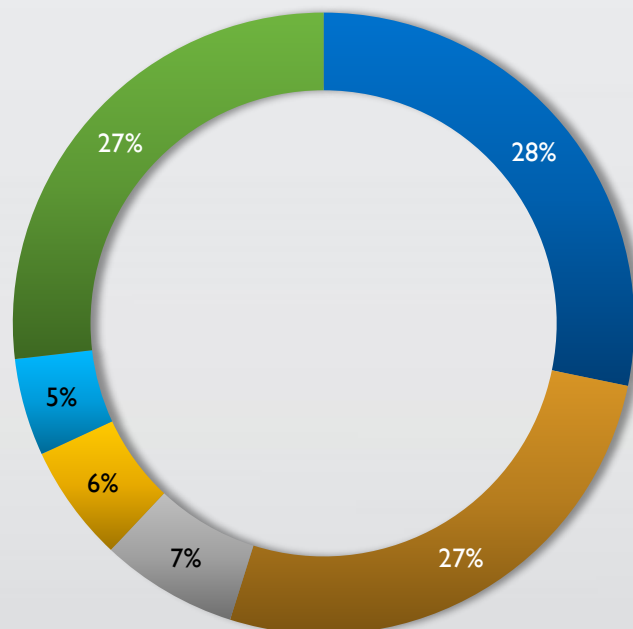
Transition in Profit

Insurance Revenue Comparison



Q3 2023 Highlights

Insurance Revenue Q3-2023



■ Bupa ■ Tawuniya ■ Al-Rajhi ■ Medgulf ■ Walaa ■ Others

Gross Written Premium

Q3-2023: **SAR 49 billion**
Q3-2022: SAR 39 billion
Growth: 26%

Insurance Revenue

Q3-2023: **SAR 42 billion**
Q3-2022: SAR 32 billion
Growth: 28%

Insurance Service Results

Q3-2023: **SAR 2,515 million**
Q3-2022: SAR 99 million

Profit Before Zakat

Q3-2023: **SAR 2,965 million**
Q3-2022 (IFRS17) : SAR 437 million
Q3-2022 (IFRS4) : SAR 760 million



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Q3 2023 (Preliminary) – KSA Listed Insurance Companies

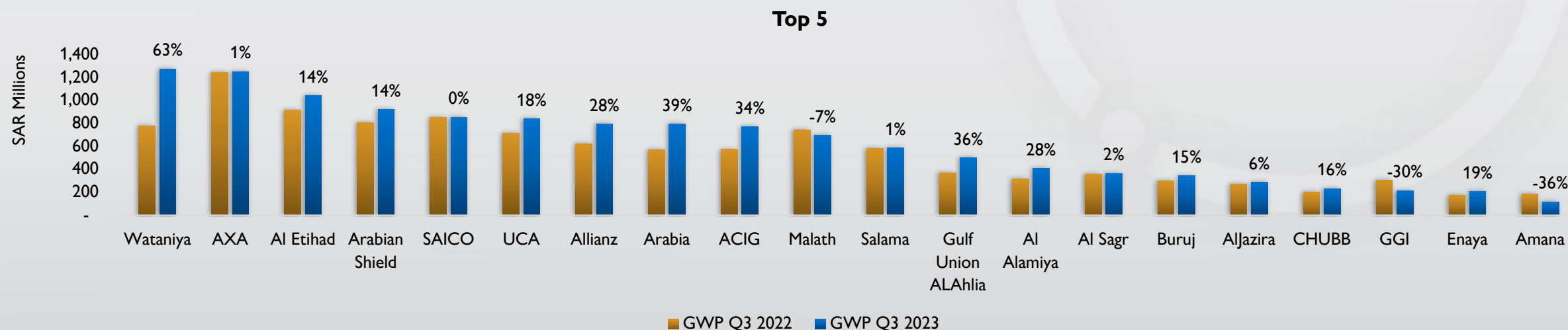
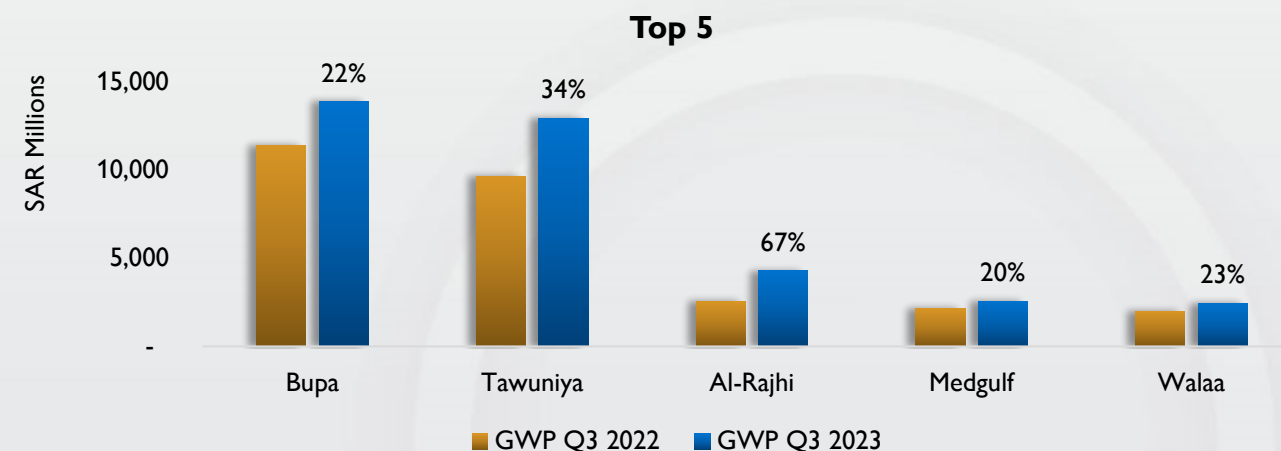
Revenue



Gross Written Premium

The top 5 companies grew top line by SAR 8 billion, with a combined premium of SAR 36 billion in Q3 2023 as compared to SAR 28 billion in Q3 2022. The share of overall GWP for the top 5 companies is 74% for Q3 2023, as compared to Q3 2022 which was 72%.

Total gross written premiums have shown a significant 26% growth, climbing from SAR 39 billion to SAR 49 billion. Over the course of the year the motor rates have increased due to the heavy losses faced in 2022. In September, the campaign aimed at uninsured drivers resulted in a significant increase in the number of vehicles insured and volumes grew in spite of companies giving a discount of up to 20%. New policies issued in September were around 260% higher than usual. Apart from Motor, the industry has seen increased volumes due to various government initiatives and increased economic activity.

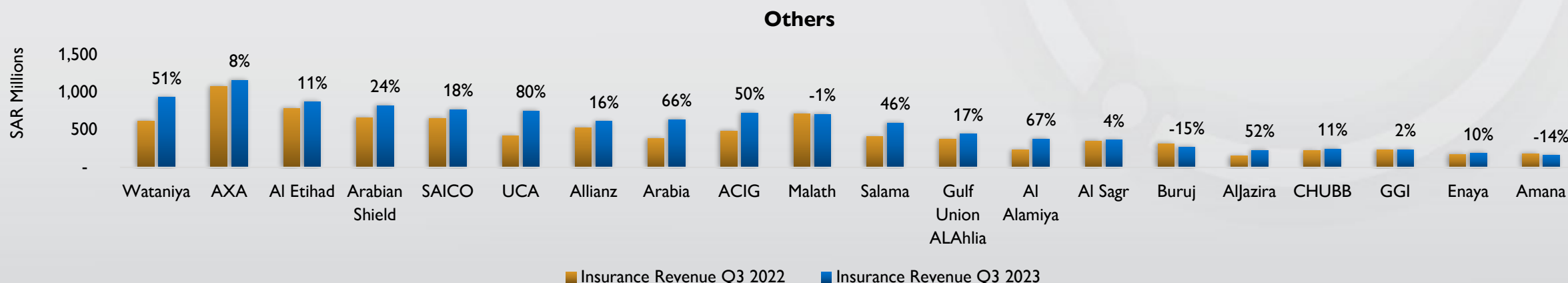
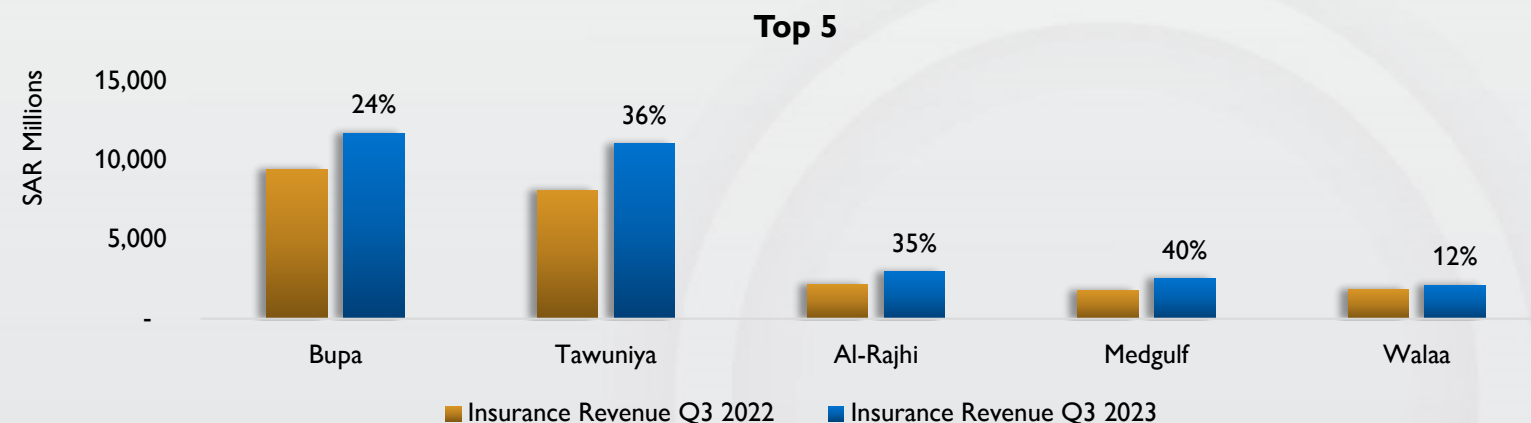




Insurance Revenue - Listed Companies

In Q3 2023, the examined 25 listed companies recorded a 28% surge in Insurance Revenue, totaling SAR 42 billion. This marked a substantial increase from the previous period's SAR 32 billion. The Insurance Revenue figures are presented after factoring out any Expected Credit Losses, analogous to the concept of Provision for Doubtful Debts.

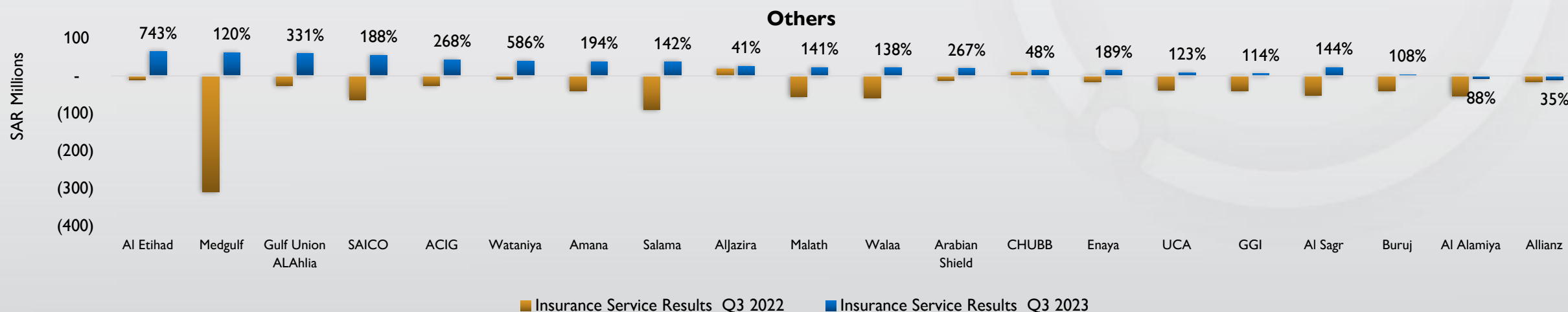
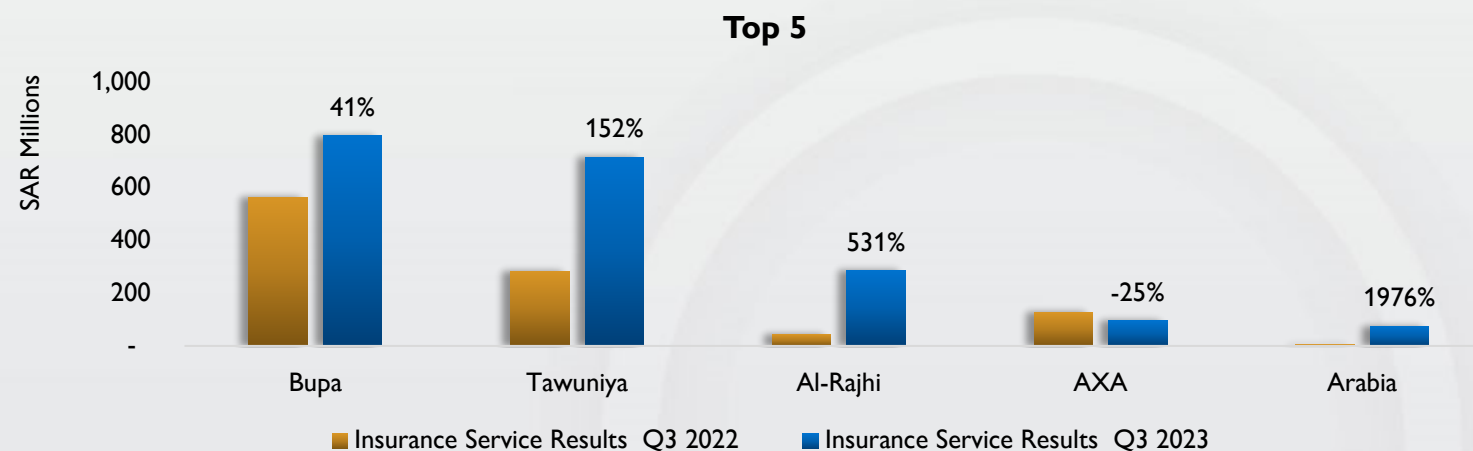
Within the top five companies, their Insurance Revenue experienced a 30% upswing, climbing from SAR 23 billion in Q3 2022 to SAR 30 billion in Q3 2023. Conversely, the rest of the companies observed a 24% expansion, elevating their Insurance Revenue from SAR 9 billion in Q3 2022 to SAR 11 billion in Q3 2023.





Insurance Service Results - Listed Companies

In Q3 2023, the Insurance Service Results for the 25 listed companies underwent a significant surge, soaring from SAR 99 million to SAR 2,515 million. Among the leading 5 companies determined by this key performance indicator (KPI), there was a growth of 92%, surging from SAR 1,025 million to SAR 1,971 million between the two periods. Conversely, the remaining firms encountered an escalation from SAR (926) million to SAR 544 million, resulting in a growth of 159%. Notably, Tawuniya achieved the most substantial absolute growth of SAR 432 million, while AXA observed the most notable decline of SAR 31 million.





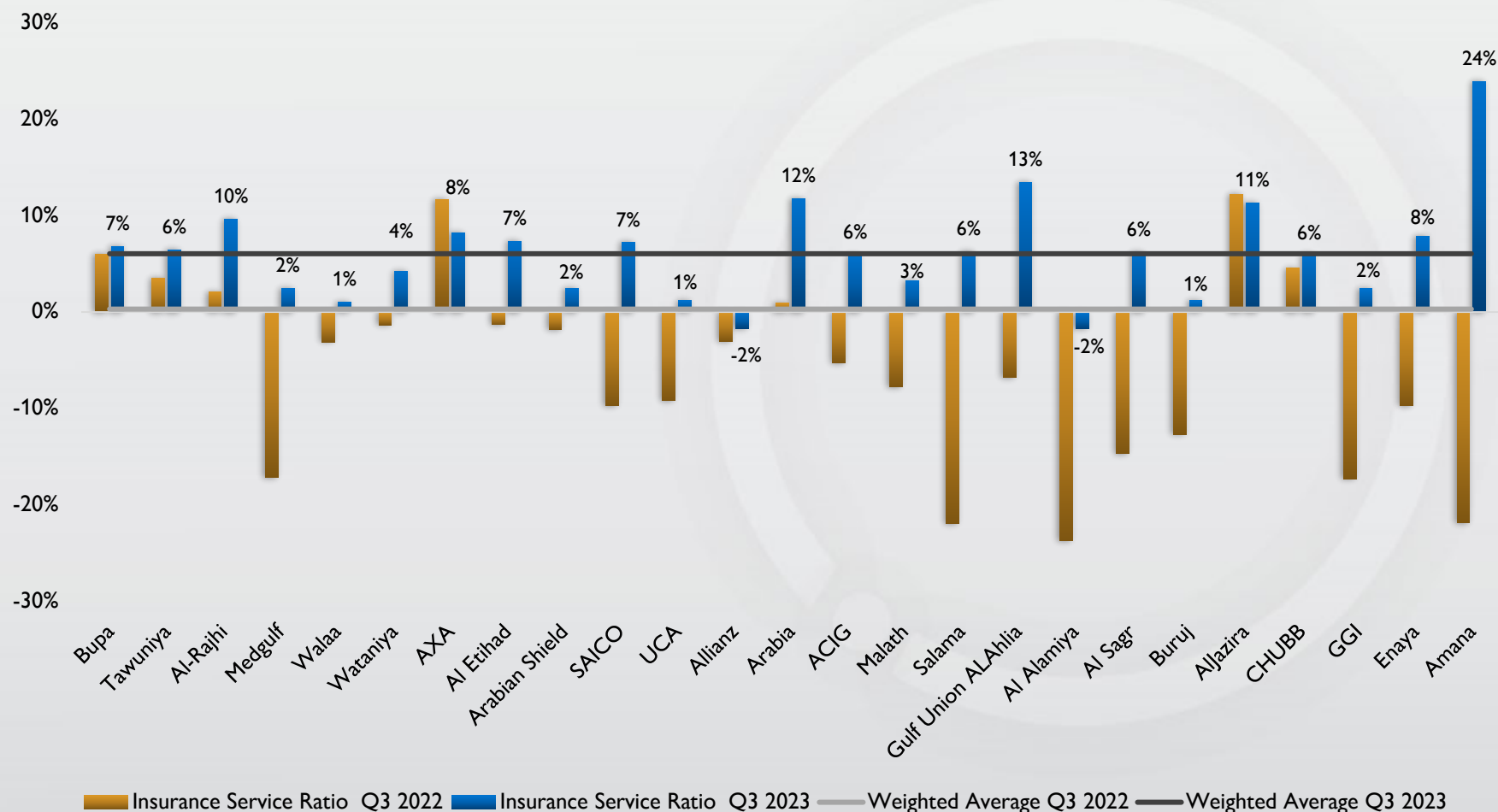
Insurance Service Ratio – Listed Companies

The Insurance Service Ratio for the examined companies experienced a remarkable shift, progressing from 0% in the previous year to 6% in Q3 2023. Notably, Amana displayed the highest ratio at 24% (Q3 2022: -22%), while Allianz and Al Alamiya recorded -2% ratio, indicating a negative figure.

The calculation of the Insurance Service Ratio (Insurance Service Results / Insurance Revenue) finds similarity with the concept of 100% minus the Combined Ratio as per IFRS4. However, a crucial distinction lies in the focus on Net Results and the comparison with a value akin to Gross Earned Premium.

In the context of IFRS4, Insurance Service Results can be perceived as Underwriting Profits after accounting for expenses.

Insurance Service Ratio





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Q3 2023 (Preliminary) – KSA Listed Insurance Companies

Profitability

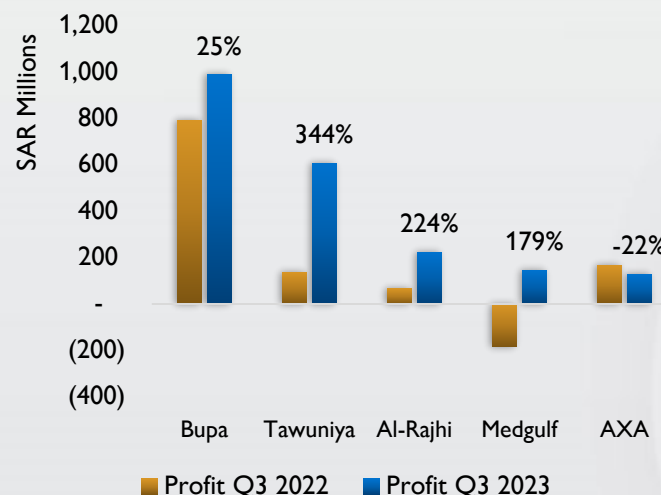


Profit Before Tax - Listed Companies Trend

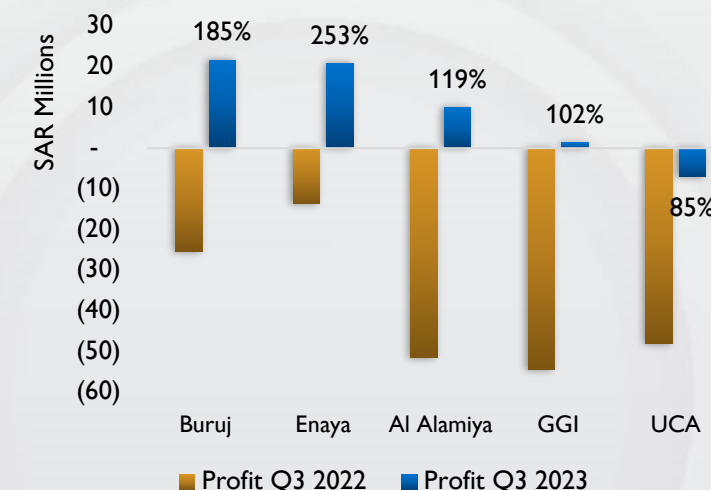
The Profit (before zakat) for the 25 listed companies exhibited a substantial upswing, surging from SAR 437 million in Q3 2022 to SAR 2,965 million in Q3 2023. Notably, among the leading 5 companies in terms of profitability, there was an impressive 114% growth, reaching SAR 2,095 million (Q3 2022 - SAR 980 million). The remaining companies witnessed a remarkable surge of 260%, amounting to SAR 870 million (Q3 2022 - SAR (543) million).

In a comparison aligned with IFRS4, the collective Profit for these 25 companies stood at SAR 760 million as per their Q3 2022 Financials. However, under the framework of IFRS17, this figure has been restated to a Profit of SAR 437 million.

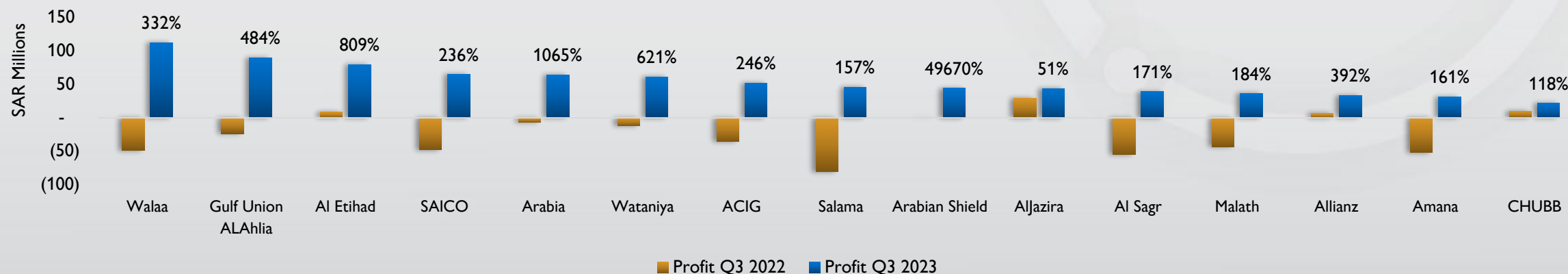
Top 5



Bottom 5



Others

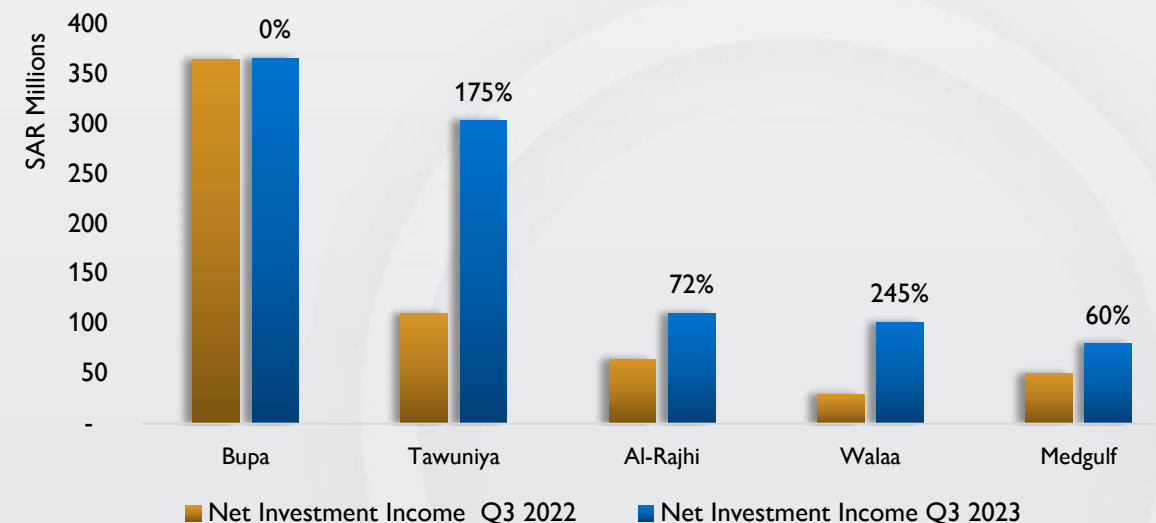




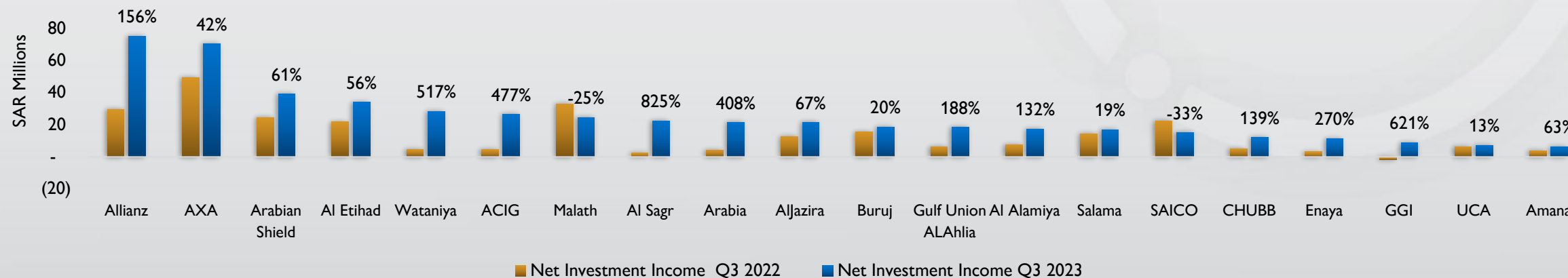
Investment Income

Highest Investment income is depicted by BUPA of SAR 367 million (Q3 2022: SAR 365 million). The highest Investment income growth is recorded by Al Sagr from SAR 2 million to SAR 22 million in Q3 2023.

Top 5

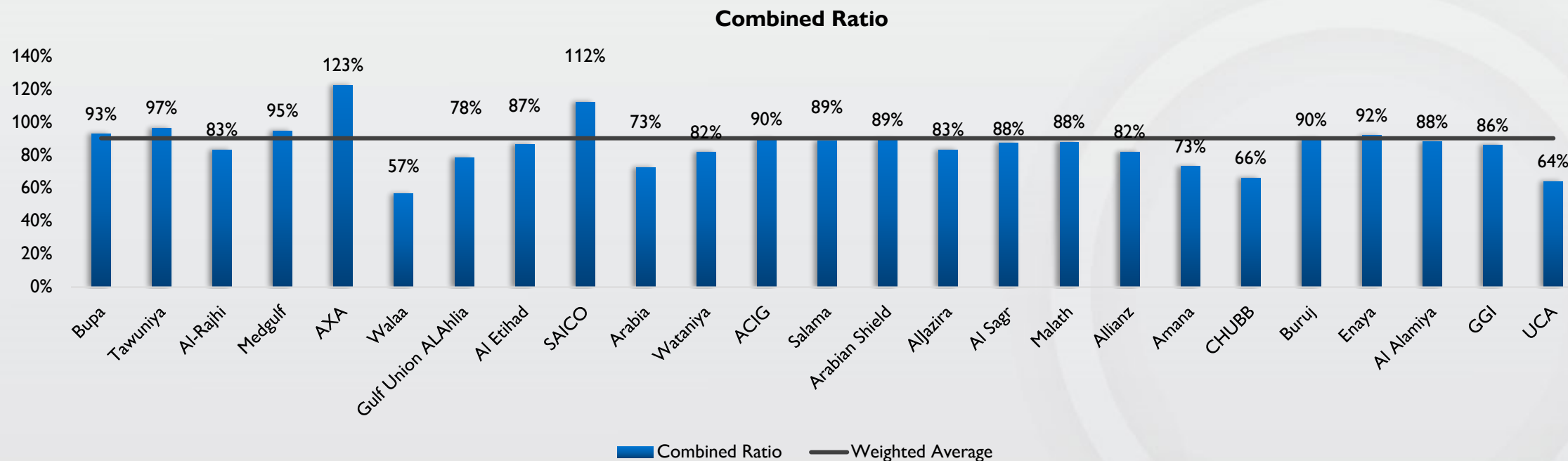


Others





Combined Ratios – Listed Companies



The weighted average Gross combined ratio was 91%, with AXA having the highest combined ratio at approximately 123%. Walaa displayed the lowest combined ratio at 57%. Nevertheless, since the graph doesn't consider the Net RI Cost, the Gross Combined Ratios might not accurately reflect the overall profitability, especially for companies with higher net RI results. This information was not accessible at the time of publication, but an updated analysis including both Gross and Net RI ratios will be released when obtainable.

A company is deemed profitable from an underwriting perspective if the combined ratio is below 100%, AXA & SAICO have depicted combined ratio greater than 100%

- Combined ratio is computed as Insurance Service Expenses over Insurance Revenue.



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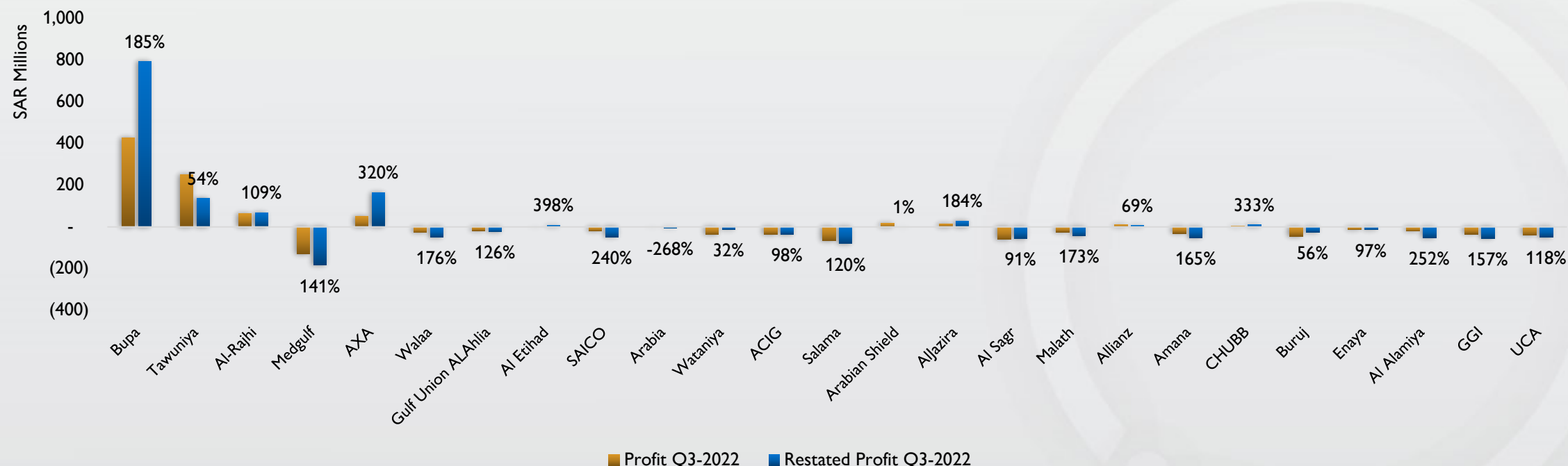
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IFRS 17 Comparison



Transition in Profit

Profit (Q3-2022) Transition Ratio



The Profit Transition Ratio gauges the comparison between the Q3 2022 profit as initially reported last year under IFRS4 and the profits presented as Q3 2022 according to the IFRS17 financials unveiled this quarter. On an aggregate scale, the profit of SAR 760 million reported last year under IFRS4 has been adjusted to a profit of SAR 437 million under IFRS17.

Out of the total of 25 companies, 18 displayed a reduction in profit during the transition from IFRS4 to IFRS17, while 7 companies exhibited an enhancement in profit. The variation in the transition ratio was significant, manifesting in percentage terms as depicted in the accompanying chart.



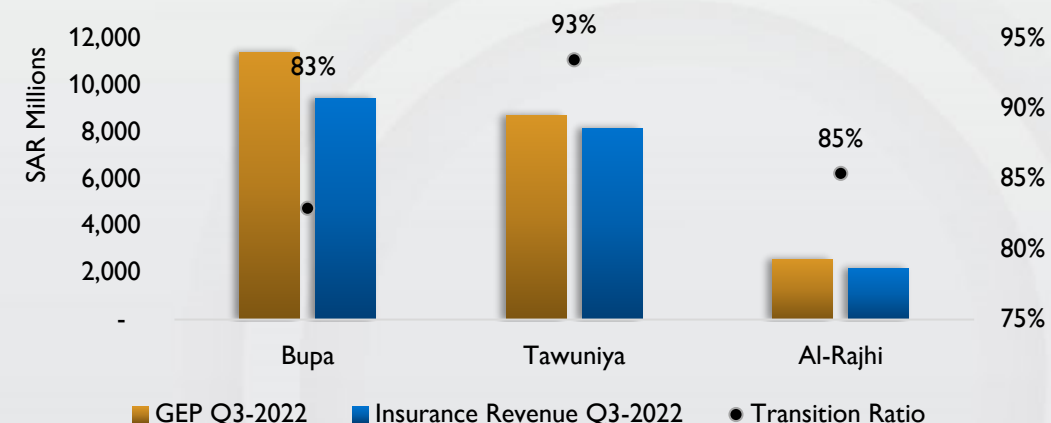
Insurance Revenue to GEP Transition

In the scope of IFRS17, Insurance Revenue coincides with Gross Earned Premium. Nonetheless, a significant difference emerges in how Expected Credit Losses (ECL) are handled—they are deducted from the Insurance Revenue. This distinction is credited to IFRS17 or IFRS9.

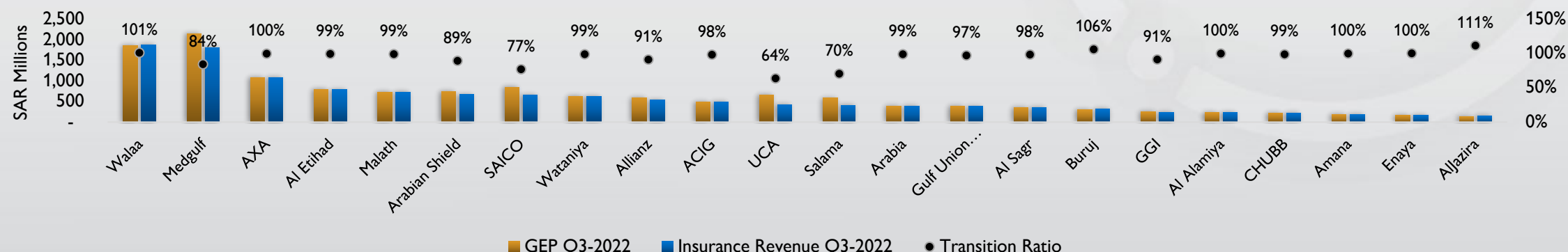
To illustrate the influence of these revised standards, we have conducted a comparison between the Gross Earned Premium reported in the Q3 2022 financials and the Insurance Revenue presented for Q3 2022 in the current period.

The attached charts illustrate the significant impact of this shift. With the inclusion of ECL, it is expected that the resulting ratio will drop below 100%. Companies with a ratio exceeding 100% indicate an expansion in their Q3 2022 revenue due to the transition. This occurrence can be attributed to changes in revenue recognition methods, revised measurement approaches, improved contract delineations, and enhanced data accuracy.

Insurance Revenue to GEP Transition (Q3-2022) Top 3



Insurance Revenue to GEP Transition (Q3-2022) Others

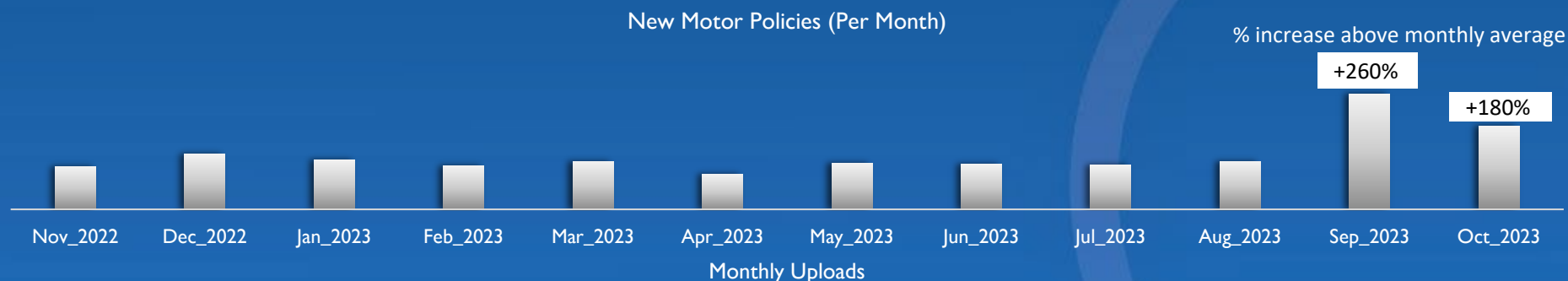




Conclusion

2022 was an extremely challenging year however, the sector's strong recovery continues into Q3 2023. Insurance Service Results have surged to SAR 2.5 billion from the previous year's figure of SAR 99 million and Profit before tax & zakat was SAR 3.0 billion.

Total gross written premiums have shown a significant 26% growth, climbing from SAR 39 billion to SAR 49 billion. Over the course of the year the motor rates have increased due to the heavy losses faced in 2022. In September, the campaign aimed at uninsured drivers resulted in a significant increase in the number of vehicles insured and volumes grew in spite of companies giving a discount of up to 20%. New policies issued in September were around 260% higher than usual. Apart from Motor, the industry has seen increased volumes due to various government initiatives and increased economic activity.



With adherence to IFRS 17 standards, the term "topline" has been substituted by Insurance revenue, indicating a substantial 28% increase, rising from SAR 32 billion to SAR 48 billion in Q3 2023.

The industry's performance significantly improved primarily due to enhanced underwriting practices and actuarial pricing models, resulting in increased motor rates. Profitability before zakat & tax experienced a remarkable upsurge, rising from SAR 437 million in Q3 2022 to SAR 2,965 million in Q3 2023. If we were to exclude BUPA, the industry went from a loss of SAR 356 million to SAR 1,975 million as compared to last year.

Within the context of IFRS4, the collective Profit for these 25 companies totaled SAR 760 million based on their Q3 2022 Financials. However, with the adoption of the IFRS17 framework, the restated Profit figure stands at SAR 437 million. The notable difference lies in the higher Loss Components under IFRS17 compared to PDR under IFRS4. Consequently, some profits were deferred to 2023 while the profits of 2022 decreased further.

Notably, Insurance Service Results align with Underwriting Profits (after expenses) as per IFRS4.

Examining the impact of transitioning from IFRS 4 to IFRS 17 on restated profits for Q3 2022 shows a varied experience. 18 out of 25 companies have indicated a decrease in their restated IFRS 17 Profit and Loss compared to the previously reported IFRS 4 profit, while others have displayed an increase. Overall, the total profit of SAR 760 million under IFRS 4 from the previous year has been restated to a profit of SAR 437 million under IFRS 17.



Disclaimer

We have undertaken an analysis of the Key Performance Indicators (KPIs) of the listed insurance companies in KSA for the 3rd quarter of 2023. 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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The inclusion of the IFRS-17 analysis in our reports for the first time introduces the possibility of encountering errors. This likelihood primarily stems from the inconsistency observed in the treatment of accounts within the financial statements across various companies. These disparities can pose significant analytical challenges and impede accurate interpretation of the data.

While reasonable care has been taken in preparing this document and data obtained from sources believed to be reliable, no responsibility or liability is accepted for errors of fact or for any opinion expressed herein. Badri accepts no liability and will not be liable for any loss or damage arising directly or indirectly (including special, incidental or consequential loss or damage) from your use of this document, howsoever arising, and including any loss, damage or expense arising from, but not limited to, any defect, error, imperfection, fault, mistake or inaccuracy with this document, its contents or associated services, or due to any unavailability of the document or any thereof or due to any contents or associated services.



Listed Insurance Companies

Logos	Sr. No.	Name	Abbreviation
	1	The Company for Cooperative Insurance	TCCI
	2	Aljazira Takaful Taawuni Co.	AJTTC
	3	The Mediterranean and Gulf Insurance and Reinsurance Co.	TMGIRC
	4	Allianz Saudi Fransi Cooperative Insurance Co.	ASFCIC
	5	Salama Cooperative Insurance Co.	SCIC
	6	Walaal Cooperative Insurance Co.	WCIC
	7	Arabian Shield Cooperative Insurance Co.	ARSCIC
	8	Saudi Arabian Cooperative Insurance Co	SACIC
	9	Gulf Union Al Ahlia Cooperative Insurance Co.	GUACIC
	10	Allied Cooperative Insurance Group	ACIG
	11	Arabia Insurance Cooperative Co.	AICC

Companies Included in the Analysis

Analysis of the Key Performance Indicators (KPIs) of 25* Listed Insurance Companies of KSA for Q3 2023 has been undertaken.



Listed Insurance Companies

Logos	Sr. No.	Name	Abbreviation
	12	Trade Union Cooperative Insurance Co.	TUCIC
	13	Al Sagr Cooperative Insurance Co.	ASCIC
	14	United Cooperative Assurance Co.	UCAC
	15	Bupa Arabia for Cooperative Insurance Co.	BACIC
	16	Al-Rajhi Company for Cooperative Insurance	ARCCI
	17	CHUBB Arabia Cooperative Insurance Co.	CACIC
	18	AXA Cooperative Insurance Co.	AXACIC
	19	Gulf General Cooperative Insurance Co.	GGCIC
	20	Buruj Cooperative Insurance Co.	BCIC
	21	Al Alamiya for Cooperative Insurance Co.	AACIC
	22	Wataniya Insurance Co.	WIC
	23	Amana Cooperative Insurance Co.	ACIC
	24	Saudi Enaya Cooperative Insurance Co.	SECIC
	25	Malath Cooperative Insurance Co.	MCIC

Companies Included in the Analysis

Analysis of the Key Performance Indicators (KPIs) of 25* Listed Insurance Companies of KSA for Q3 2023 has been undertaken.



About Our Team

Directors		5 Staff	
UAE/ Oman Actuarial	38 Staff	Medical	6 Staff
KSA Actuarial	37 Staff	IFRS 17	15 Staff
Business Intelligence	11 Staff	HR Consultancy	3 Staff
End of Services	4 Staff	Financial Services	6 Staff
Support & Admin	25 Staff	Data Science	2 Staff

Total Strength 152

Our Feedback

Badri Management Consultancy is proud to present Saudi Arabia's Insurance Industry Performance preliminary analysis Q3 2023. 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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