

KSA

Listed Insurance Industry Performance Analysis – Year End 2023

- Based on preliminary results

Date: March 26, 2024



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

Chasing Excellence

Fostering Partnerships

Breeding Excitement

Growth-Centric



10th Middle East Insurance Industry Awards 2023

Newest Award on our shelf:
Strategic Partner to the Industry
BADRI Management Consultancy



Awards & Achievements

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 2023, 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**

BADRI over the years has emerged to be a global consulting company that provides diverse sets of services to clients across Middle East and other regions.

Today, our **150+** talented staff spread across UAE, KSA & 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.

We specialize in all range of actuarial services and have also been able to integrate to provide services in other segments including Financial Services, Strategic HR consulting, Data Governance and Business Intelligence to our clients.

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



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

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a  BADRI group company



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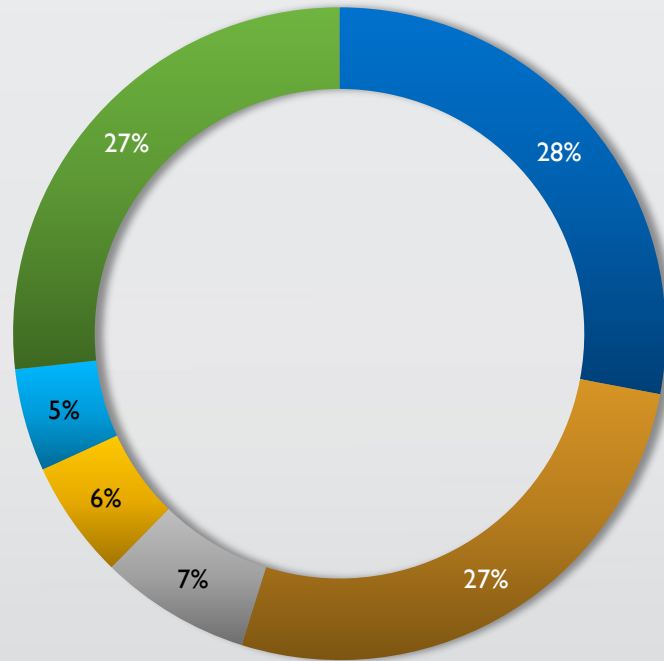
Transition in Profit

Insurance Revenue Comparison



2023 Highlights

Insurance Revenue 2023



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

Insurance Revenue

2023: **SAR 57 billion**
2022: SAR 45 billion
Growth: 27%

Insurance Service Results

2023: **SAR 6.2 billion**
2022: SAR 3.3 billion
Growth: 91%

Profit After Zakat

2023: **SAR 3,250 million**
2022 (IFRS17): SAR 263 million
2022 (IFRS4): SAR 680 million



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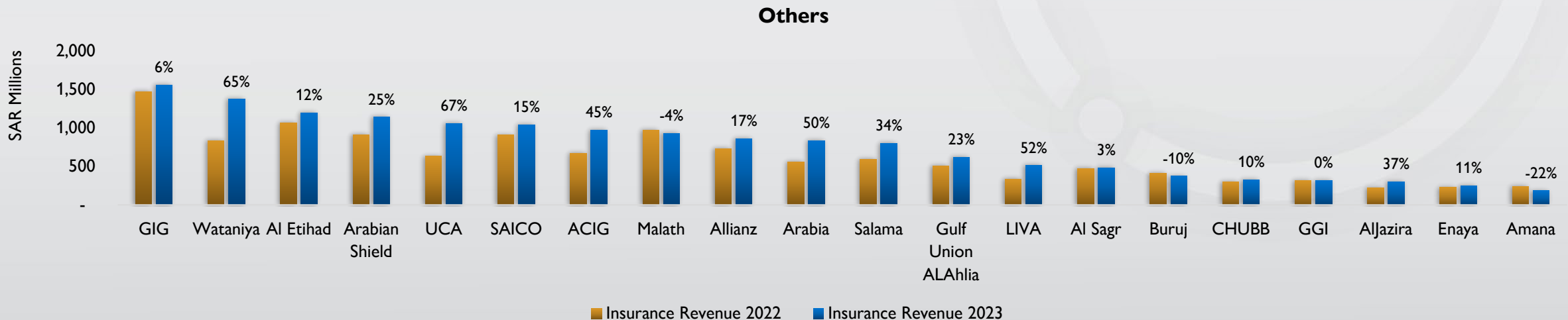
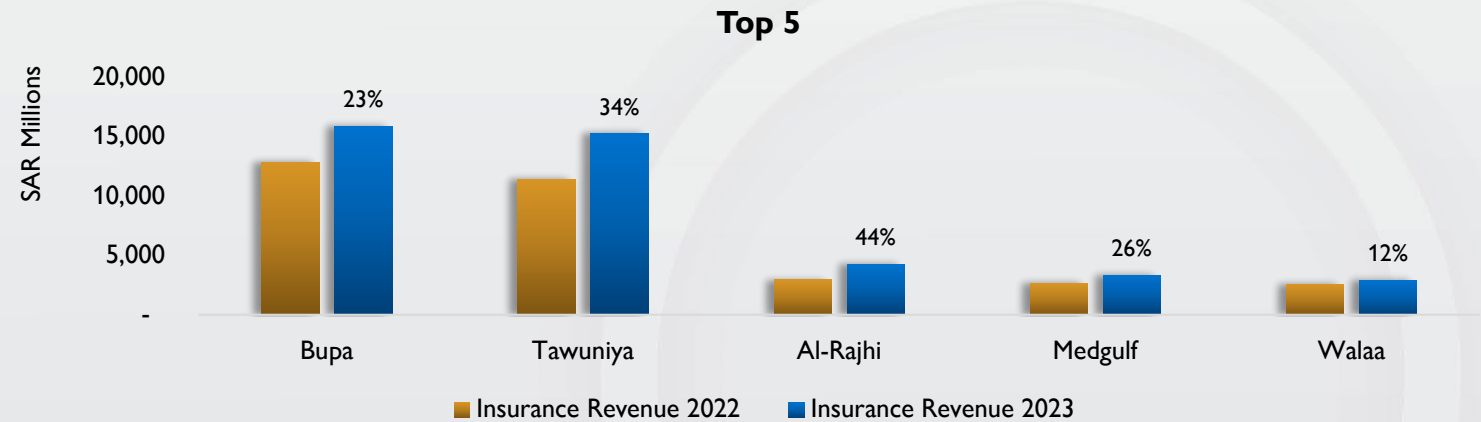
Revenue

Insurance Revenue - Listed Companies



In 2023, the examined 25 listed companies recorded a 27% surge in Insurance Revenue, totaling SAR 57 billion. This marked a substantial increase from the previous period's SAR 45 billion. The Insurance Revenue figures are presented after factoring out any Expected Credit Losses, analogous to the concept of Provision for Doubtful Debts.

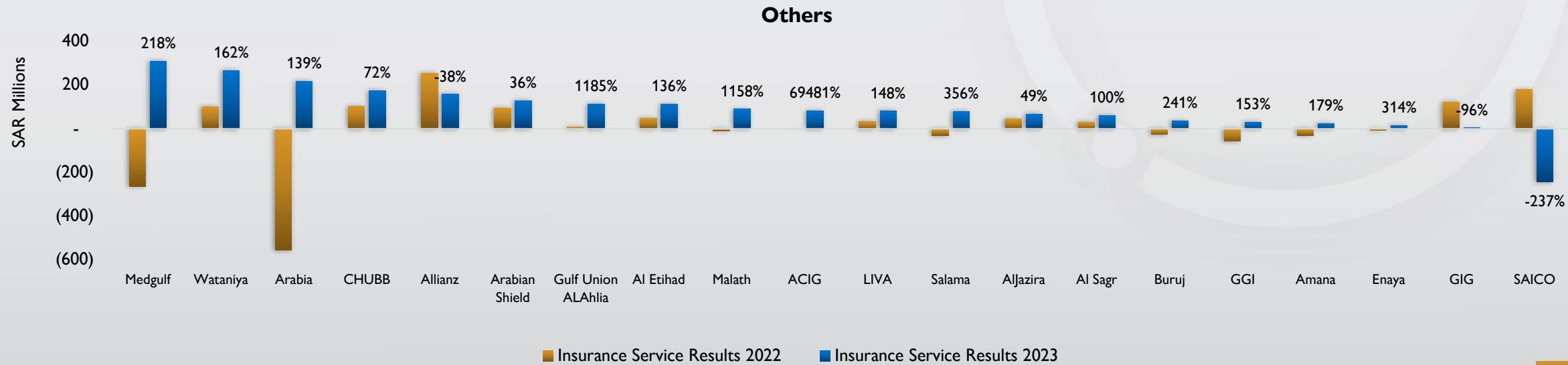
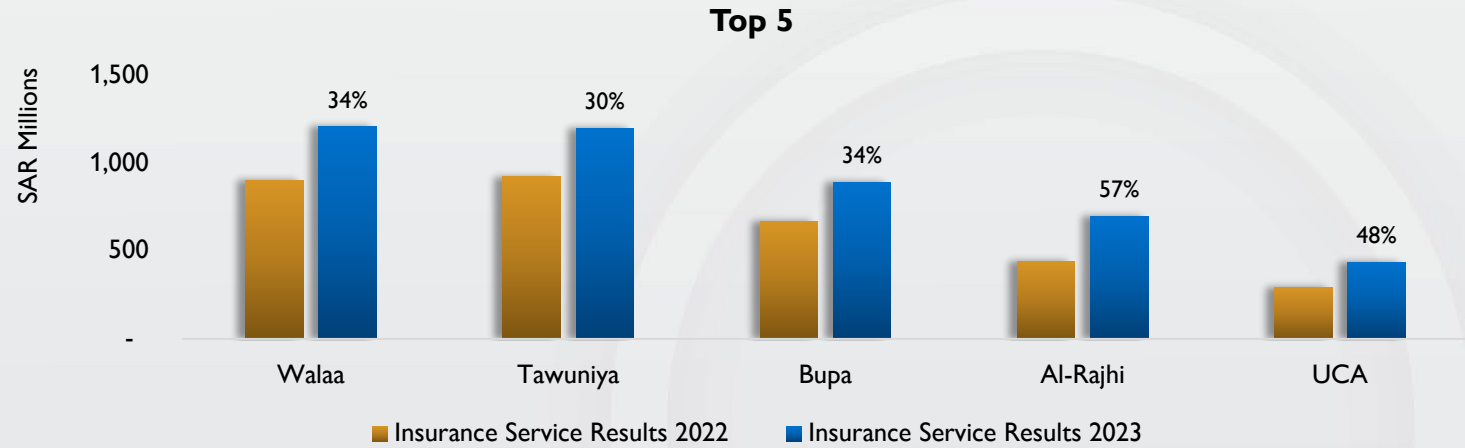
Within the top five companies, their Insurance Revenue experienced a 28% upswing, climbing from SAR 32 billion in 2022 to SAR 42 billion in 2023. Conversely, the rest of the companies observed a 22% expansion, elevating their Insurance Revenue from SAR 12 billion in 2022 to SAR 15 billion in 2023.



Insurance Service Results - Listed Companies



In 2023, the Insurance Service Results for the 25 listed companies underwent a significant surge of 91%, soaring from SAR 3.3 billion to SAR 6.2 billion. Among the leading 5 companies determined by this key performance indicator (KPI), there was a growth of 37%, surging from SAR 3.2 billion to SAR 4.4 billion between the two periods. Conversely, the remaining firms encountered an escalation from SAR 0.04 billion to SAR 1.8 billion. Notably, Arabia achieved the most substantial absolute growth of SAR 774 million, while SAICO observed the most notable decline of SAR 423 million.



Insurance Service Ratio – Listed Companies

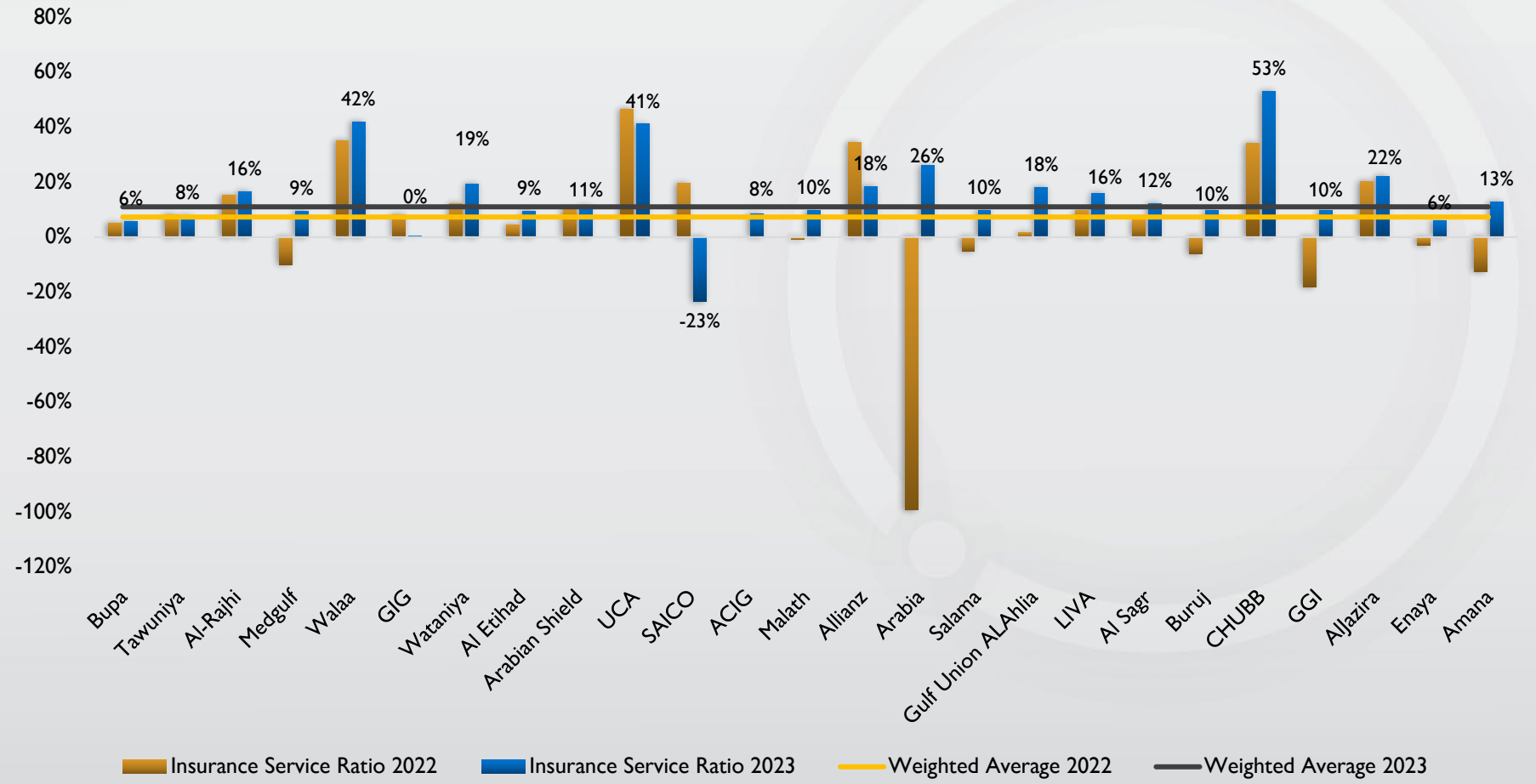


The Insurance Service Ratio for the examined companies experienced a remarkable shift, progressing from 7% in the previous year to 11% in 2023. Notably, CHUBB displayed the highest ratio at 53% (2022: 34%), while SAICO recorded -23% ratio, indicating a negative figure.

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





BADRI

Year End 2023 (preliminary) – KSA Listed Insurance Companies

Profitability

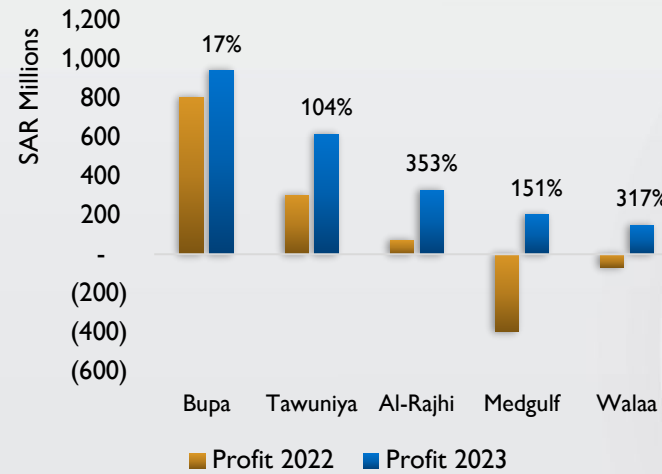
Profit After Zakat - Listed Companies Trend



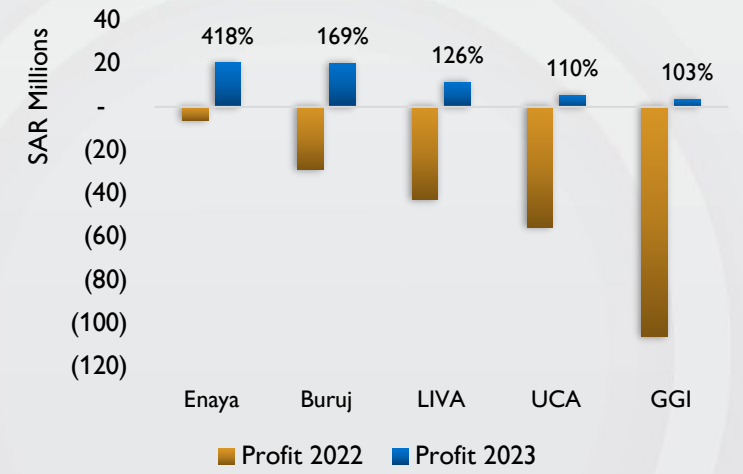
The Profit (after zakat) for the 25 listed companies exhibited a substantial upswing, surging from SAR 263 million in 2022 to SAR 3,250 million in 2023. Notably, among the leading 5 companies in terms of profitability, there was an impressive 213% growth, reaching SAR 2,234 million (2022 - SAR 715 million). The remaining companies witnessed a remarkable surge of 325%, amounting to SAR 1,016 million (2022 - SAR (452) million).

In a comparison aligned with IFRS4, the collective Profit for these 25 companies stood at SAR 680 million as per their 2022 Financials. However, under the framework of IFRS17, this figure has been restated to a Profit of SAR 263 million.

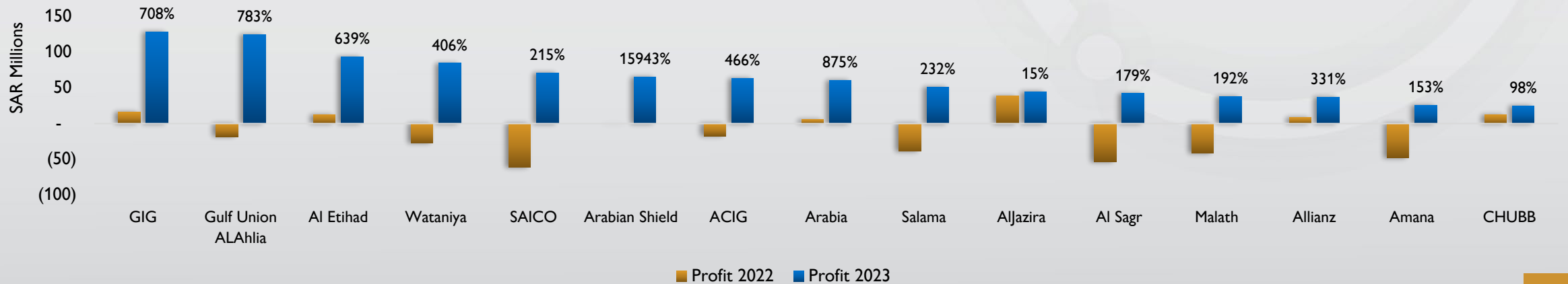
Top 5



Bottom 5

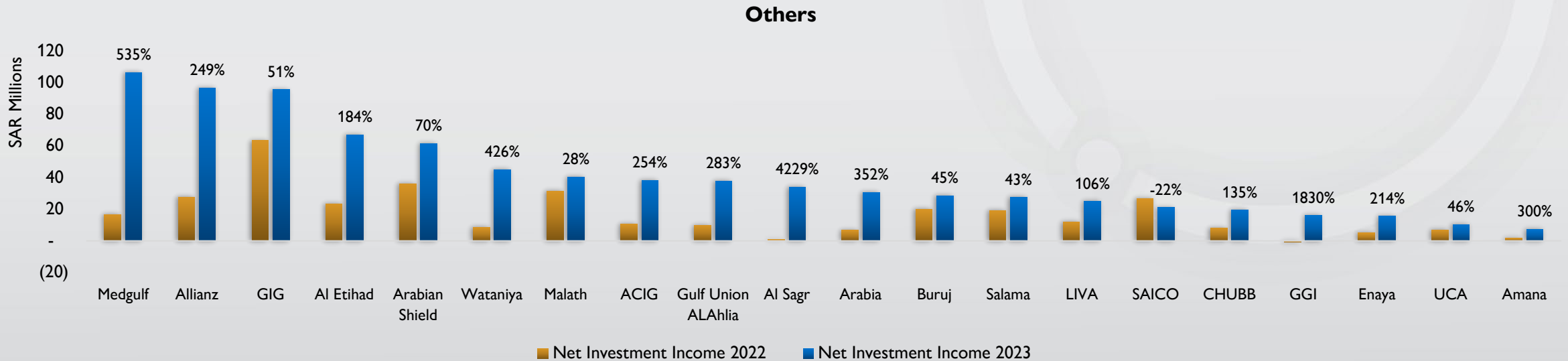
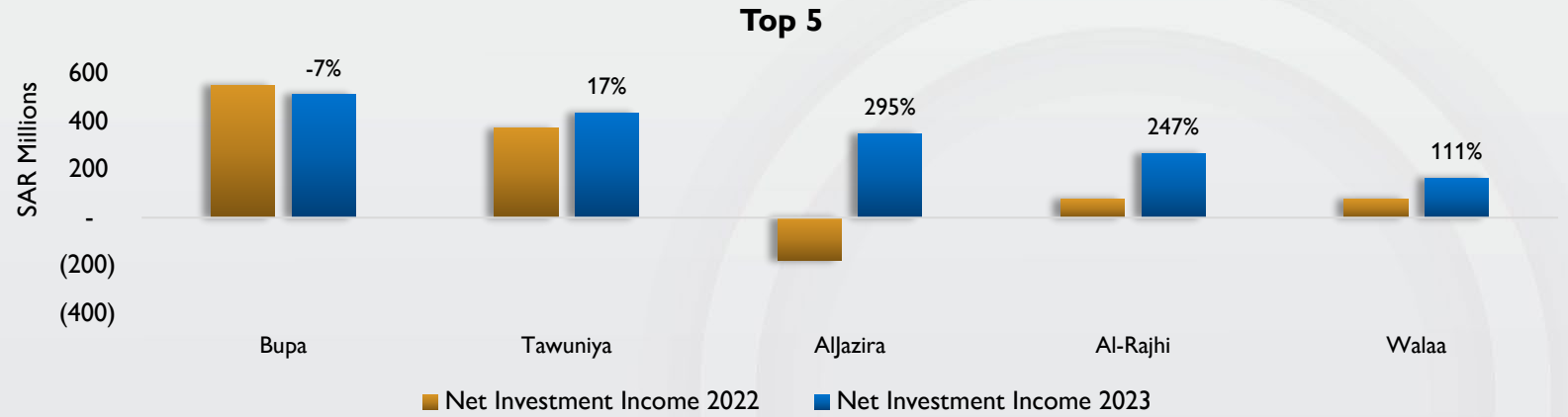


Others

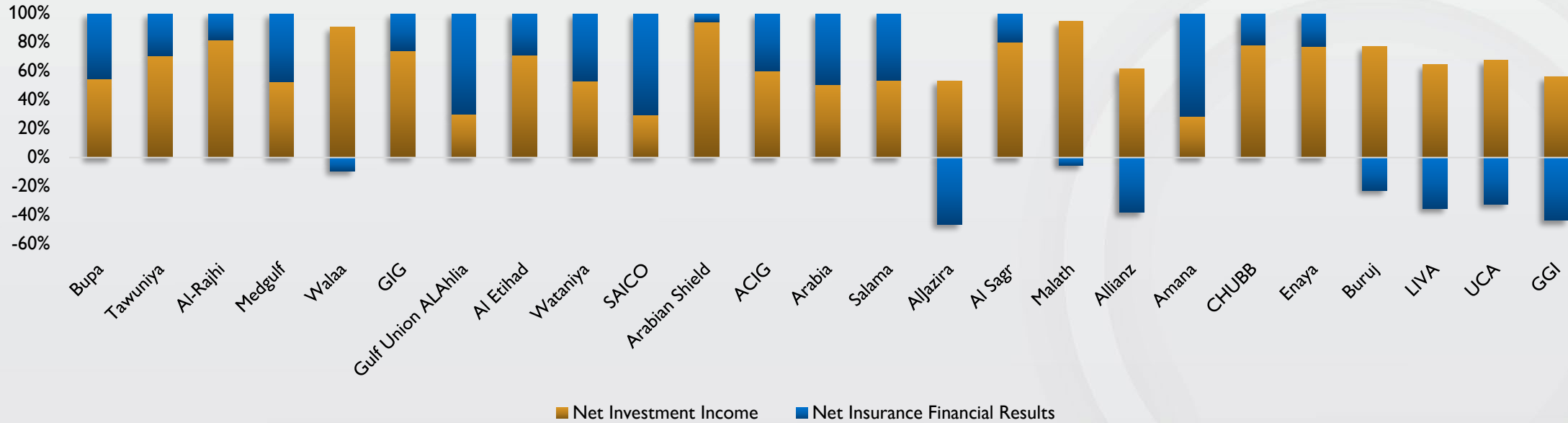




Highest Investment income is depicted by BUPA of SAR 513 million (2022: SAR 552 million). The highest Investment income growth is recorded by Al Sagr from SAR 0.8 million to SAR 34 million in 2023.



Profit Composition



It can be observed that insurance companies which recorded losses in their net insurance financial results were able to minimize the impact from investment income.

As can be seen, the highest net insurance financial results and Investment income was generated by BUPA, SAR 427 million & SAR 513 million respectively.

8 out of 25 companies realized net insurance financial deficit and among these 8 all were able to generate profit. On the other hand, none of the companies recorded losses on their investment income.

Opportunities to improve insurance financial strategies exist within the market, with companies urged to give precedence to net insurance financial income as their primary source of profit generation.



03

IFRS 17 Comparison

Profit (2022) Transition Ratio



The Profit Transition Ratio gauges the comparison between the 2022 profit as initially reported last year under IFRS4 and the profits presented as 2022 according to the IFRS17 financials unveiled this year. On an aggregate scale, the profit of SAR 680 million reported last year under IFRS4 has been adjusted to a profit of SAR 263 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.

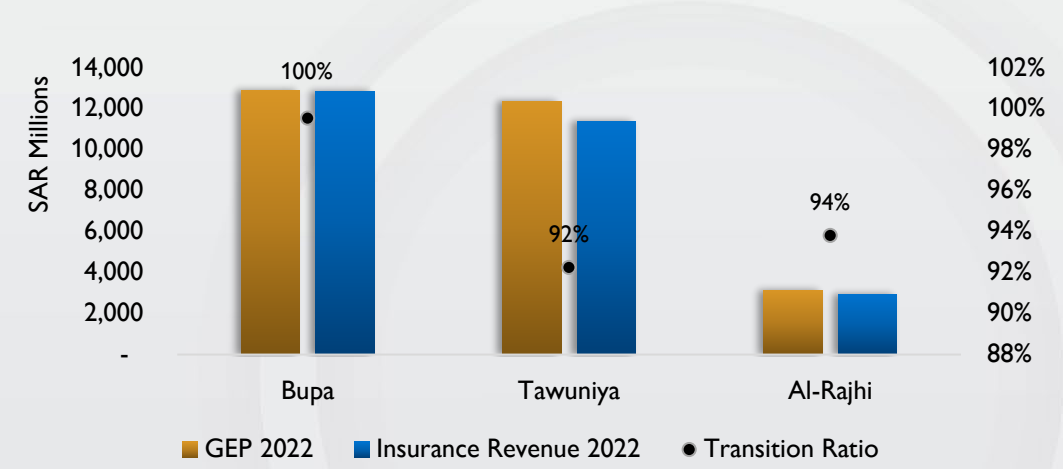
Insurance Revenue to GEP Transition

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.

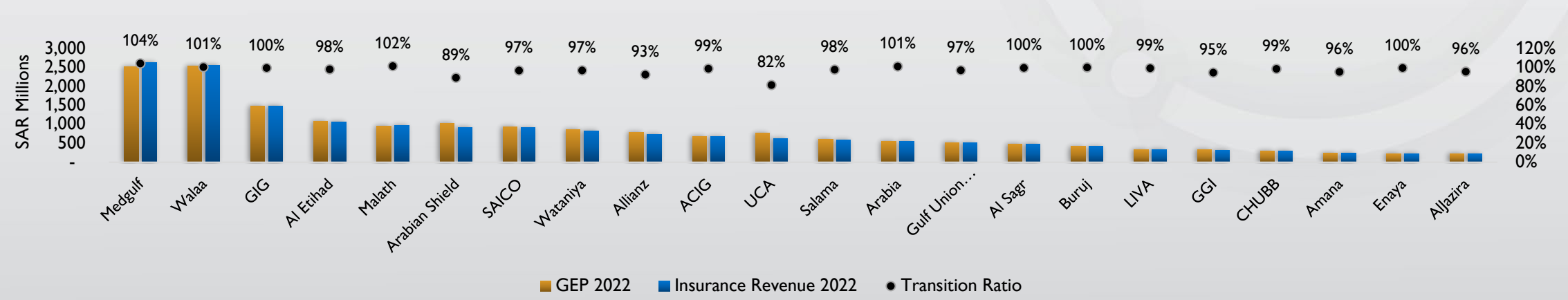
To illustrate the influence of these revised standards, we have conducted a comparison between the Gross Earned Premium reported in the 2022 financials and the Insurance Revenue presented for 2022 in the current period.

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 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 (2022) Top 3



Insurance Revenue to GEP Transition (2022) Others





Conclusion

A year in which no company made a loss!!! 2023 has seen the insurance industry bounce back strongly to profitability after an extremely challenging 2022.

Top line growth based on Insurance revenue has shown a substantial 27% increase, rising from SAR 45 billion to SAR 57 billion in 2023.

Underwriting performance has shown a strong recovery with Insurance Service Results surging by 91% from SAR 3.3 billion in 2022 to SAR 6.2 billion in 2023. The industry's performance significantly improved primarily due to enhanced underwriting practices and actuarial pricing models, resulting in increased motor rates.

Profitability after zakat & tax experienced a remarkable upsurge, rising from SAR 263 million in 2022 to SAR 3.3 billion in 2023. Excluding BUPA, the industry made a profit of SAR 2.3 billion compared with a loss of SAR 542 million last year.

The comparison above allows for the restatement of 2022 figures under IFRS 17. Previously under IFRS 4, profitability for 2022 was SAR 680 million for these 25 companies, which was restated to SAR 263 million under IFRS 17. 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.

Whilst we await the publication of detailed financial results for many companies, it will be interesting to see how much of the top line growth is due to the motor insurance campaign – we suspect this may be significant and likely to continue into 2024. Increased focus on technical pricing as well as reductions in Loss Components for many companies due to the unprofitable business written during 2022 and prior periods have also positively impacted profitability for 2023. It may be difficult to maintain these profitability levels for 2024 as prices in the market for motor and medical insurance have already been observed to show a downward trend.



Disclaimer

We have undertaken an analysis of the Key Performance Indicators (KPIs) of the listed insurance companies in KSA for year end 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	Walaah 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 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	Gulf Insurance Group	GIG
	19	Gulf General Cooperative Insurance Co.	GGCIC
	20	Buruj Cooperative Insurance Co.	BCIC
	21	LIVA Insurance formerly known as Al Alamiya	LIVA
	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 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 year end 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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