



2023

# KSA

## Listed Insurance Industry Performance Analysis – Year End 2023

Date: May 14th, 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



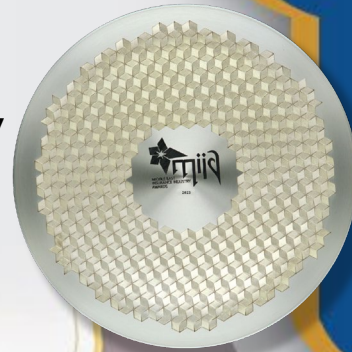


**BADRI**

Year End 2023 – KSA Listed Insurance Companies

# 10<sup>th</sup> 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 170+ 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 and Best Actuarial Consultancy Firm 2024 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 **170+** 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 Management 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

**métier**

a  BADRI group company



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## 2023 Year End Industry Analysis

Revenues	Profitability	Asset	LOB Wise	IFRS-17 Transition
Gross Written Premium	Insurance Financial Results	Asset Mix	Gross Written Premium	Impact on Equity
Insurance revenue	Net Profit	Earning Per Share	Insurance Revenue	Transition in Profit
Insurance Service Results	Net Finance Income Comparatives	Return On Equity	Insurance Service Expense	Percentage Attributable Expenses
Insurance Service Ratio	Net Insurance Result & Investment Income Profit Breakup		Insurance Service Results	Insurance Revenue Comparison
	Combined Ratio		Combined Ratio	Finance Income / LIC comparison
	Investment Yield		UW Profit Margin	LC as % of Insurance Revenue
	Profit Margin		Profit Breakdown	Risk Adjustment / LIC
	Total Comprehensive Income			Risk Adjustment Confidence Level





# 2023 Highlights

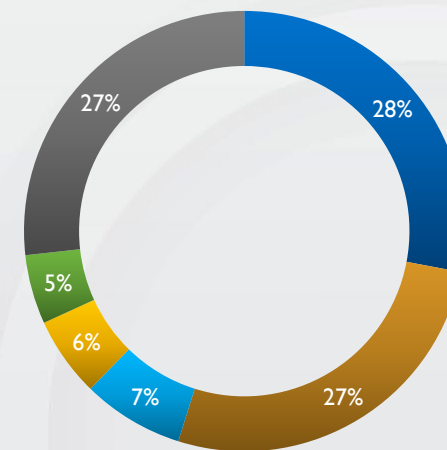
**Gross Written Premium**      2023: SAR **64** billion  
2022: SAR 51 billion  
Growth: 24%

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

**Insurance Service Results**      2023: SAR **2,661** million  
2022: SAR (203) million

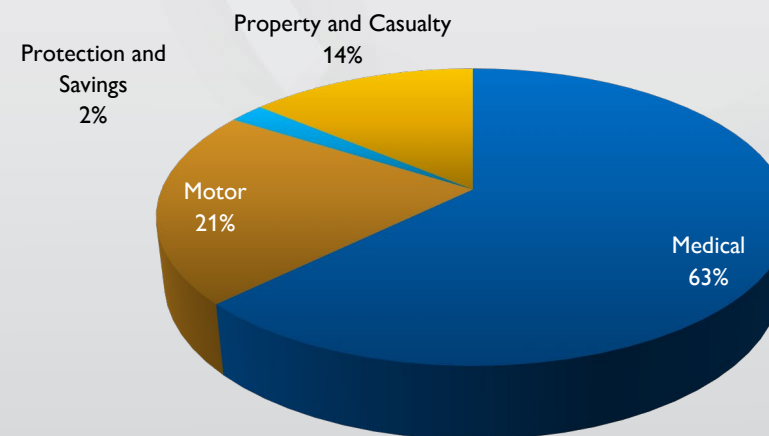
**Profit After Zakat**      2023 (IFRS 17): SAR **3.2** billion  
2022 (IFRS 17): SAR 0.2 billion  
2022 (IFRS 4): SAR 0.7 billion

**Insurance Revenue 2023**



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

**Insurance Revenue Breakdown in 2023**





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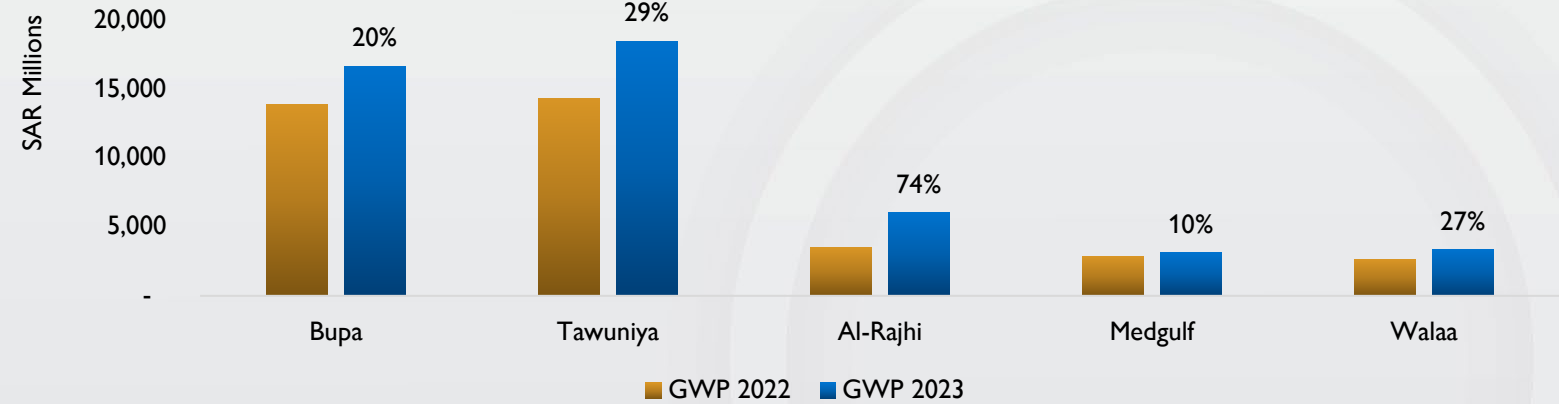
Year End 2023 - KSA Listed Insurance Companies

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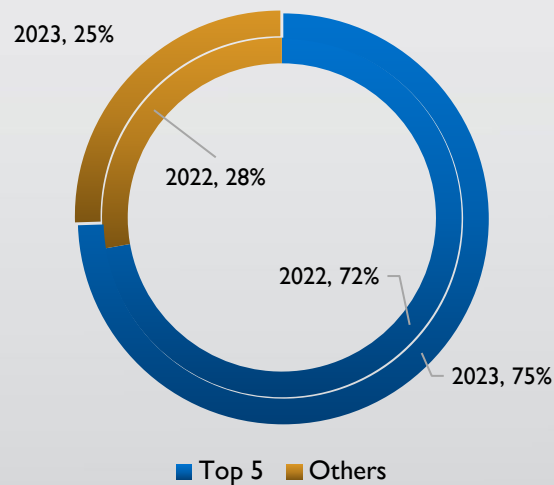
# Revenues

The top 5 companies grew top line by SAR 10 billion, with a premium of SAR 48 billion in 2023 as compared to SAR 37 billion in 2022. The share of overall GWP for the top 5 companies is 75% for 2023, as compared to 2022 which was 72%.

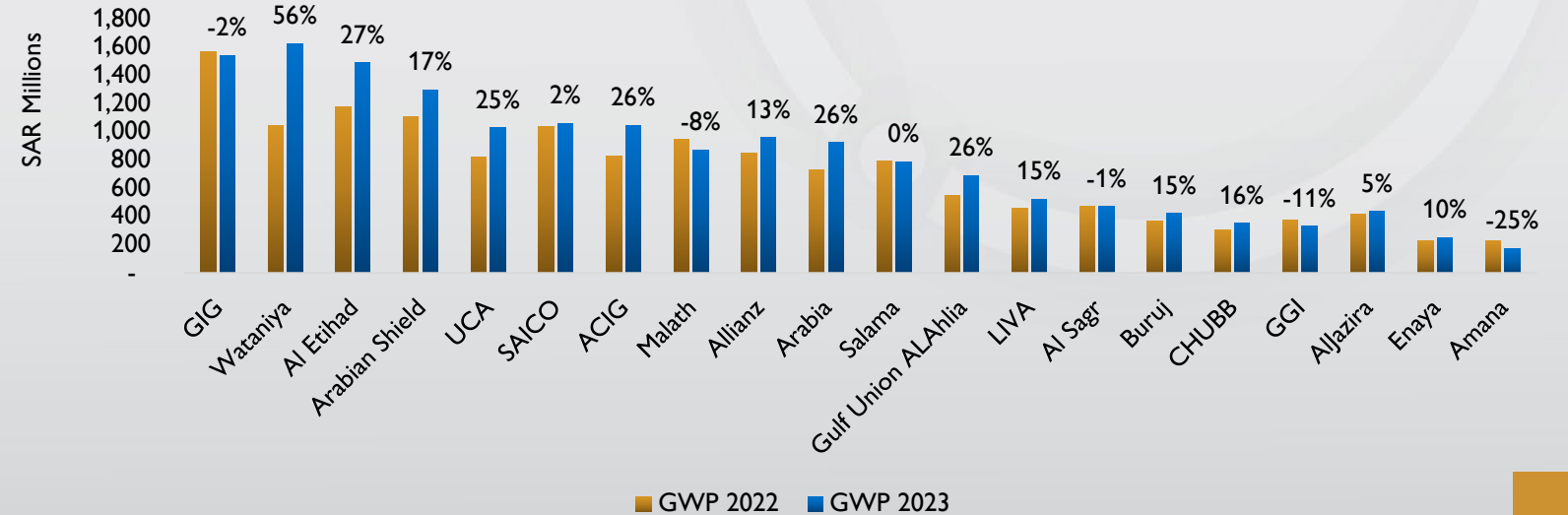
### Top 5



### GWP Distribution



### Others

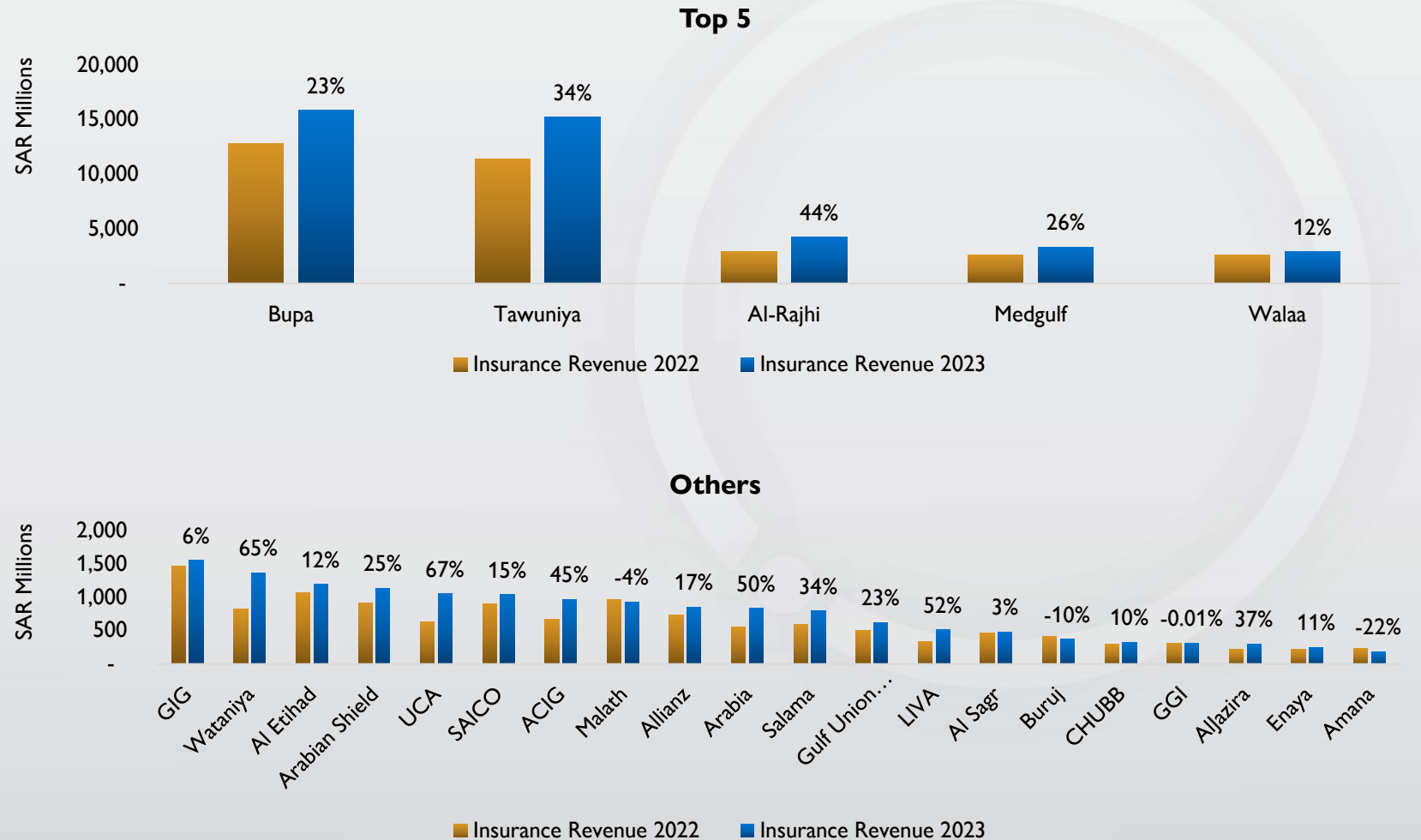




Insurance Revenue for the 25 listed companies analyzed grew by 27% to SAR 57 billion in 2023 as compared to SAR 45 billion in previous period. Insurance Revenue which can be thought of being analogous to Earned Premiums. However, one critical difference is that this is net of any Expected Credit Losses (similar to Provision for Doubtful Debts).

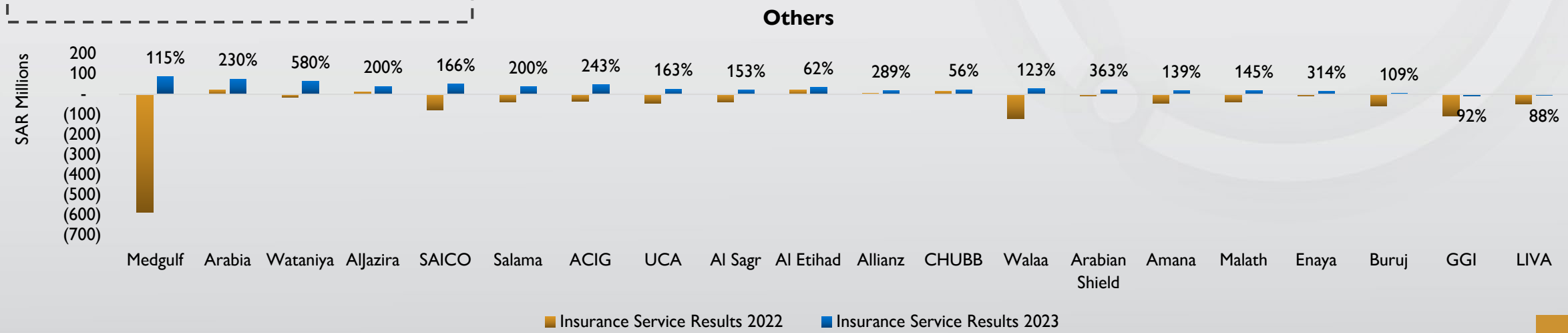
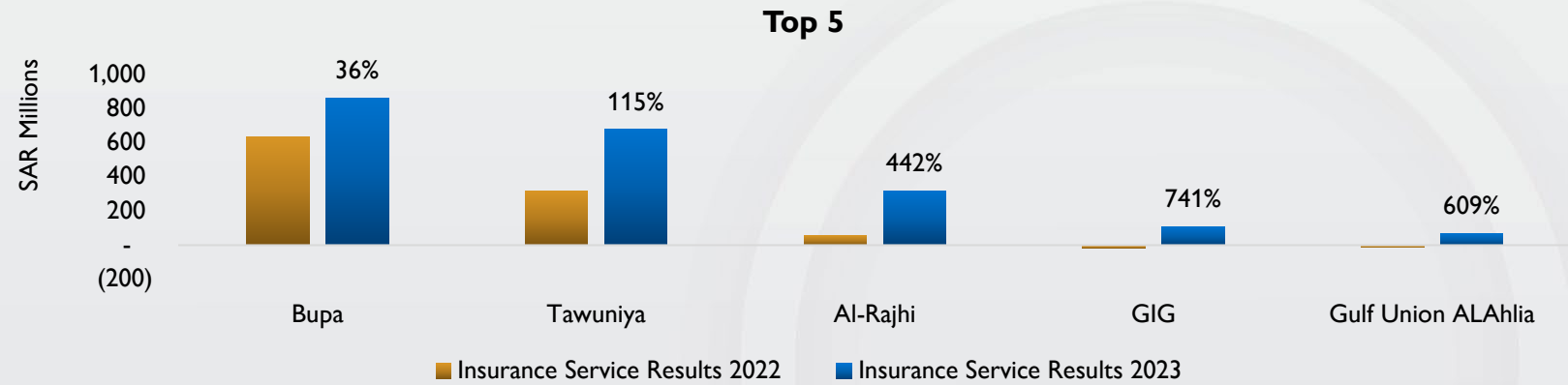
The top five companies saw their Insurance Revenue increasing from SAR 32 billion in 2022 to SAR 42 billion in 2023, a growth of 28% while the rest of the companies experienced a growth of 22% from SAR 12 billion to SAR 15 billion.

UCA displayed the highest growth of 67%, meanwhile, on the other hand, Amana exhibited the largest dip in business of 22%



In 2023, the Insurance Service Results for the 25 listed companies underwent a significant increase from SAR - 203 million to SAR 2,661 million in 2023. Among the leading 5 companies determined by this key performance indicator (KPI), there was a growth of 108%, surging from SAR 983 million to SAR 2,044 million between the two periods. Conversely, the remaining firms encountered an escalation from SAR - 1,186 million to SAR 617 million. Notably, Medgulf achieved the most substantial absolute growth of SAR 672 million, none of the companies experienced decline in their insurance service results.

The impact of share of surplus from insurance pool is subtracted from the insurance service results.

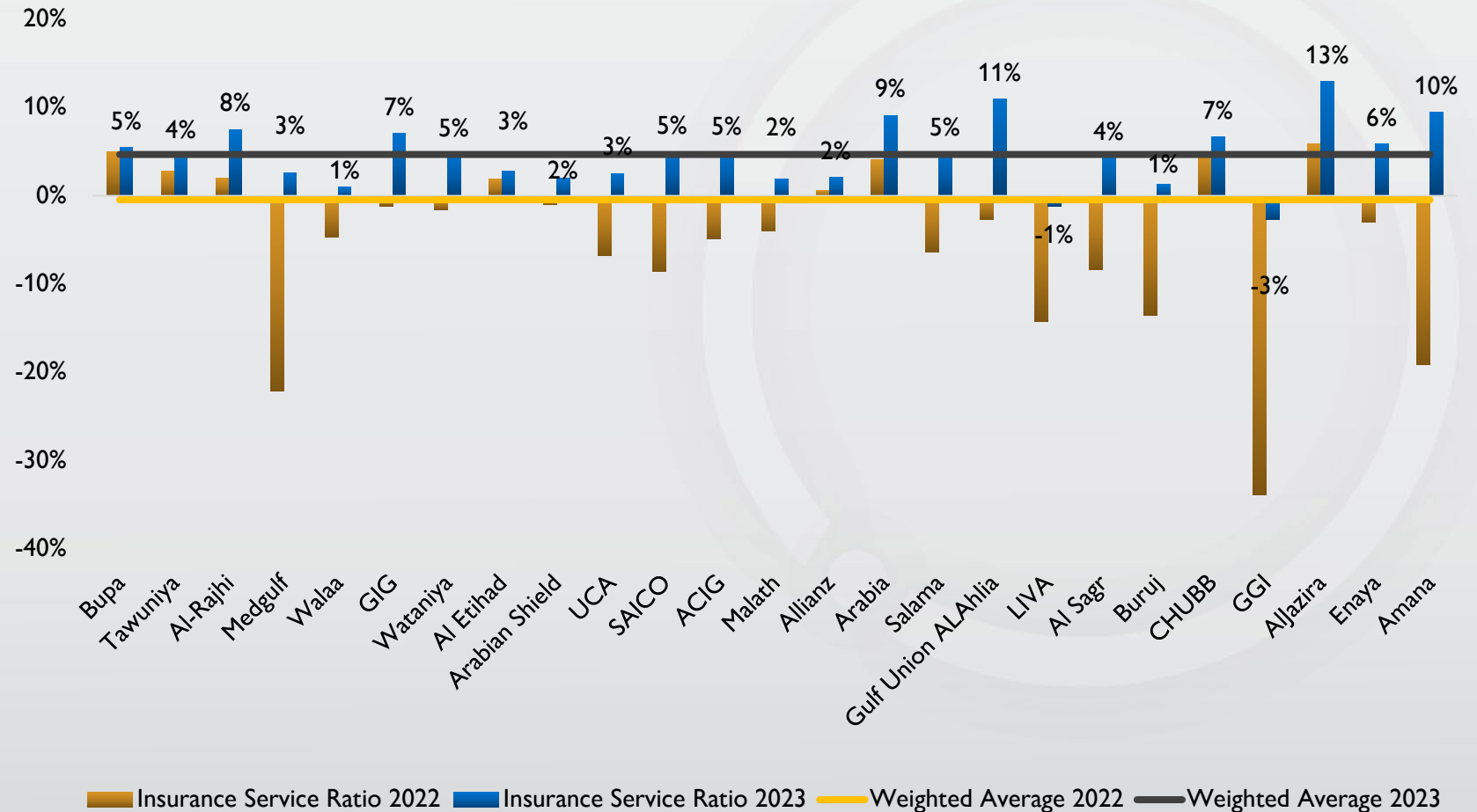


The Insurance Service Ratio for the examined companies experienced a remarkable shift, progressing from 0% in the previous year to 5% in 2023. Notably, Al Jazira displayed the highest ratio at 13% (2022: 6%), while LIVA recorded -1% (2022: -14%) ratio, indicating a negative figure.

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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Year End 2023 - KSA Listed Insurance Companies

# Profitability

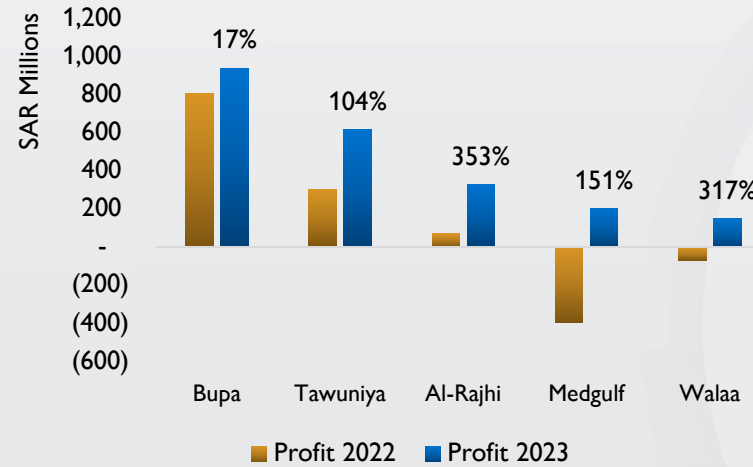
# Profit After Zakat



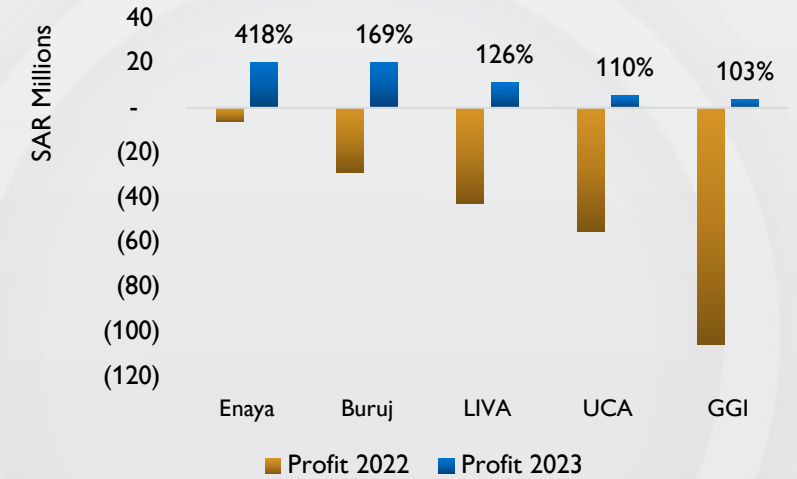
The Profit (after zakat) for the 25 listed companies exhibited a substantial upswing, surging from SAR 0.2 billion in 2022 to SAR 3.2 billion in 2023. Notably, among the leading 5 companies in terms of profitability, there was an impressive 213% growth, reaching SAR 2.2 billion (2022 - SAR 0.7 billion). The remaining companies witnessed a remarkable surge of 311%, amounting to SAR 1.0 billion (2022 - SAR (0.5) billion).

In a comparison aligned with IFRS4, the collective Profit for these 25 companies stood at SAR 0.7 billion as per their 2022 Financials. However, under the framework of IFRS17, this figure has been restated to a Profit of SAR 0.2 billion.

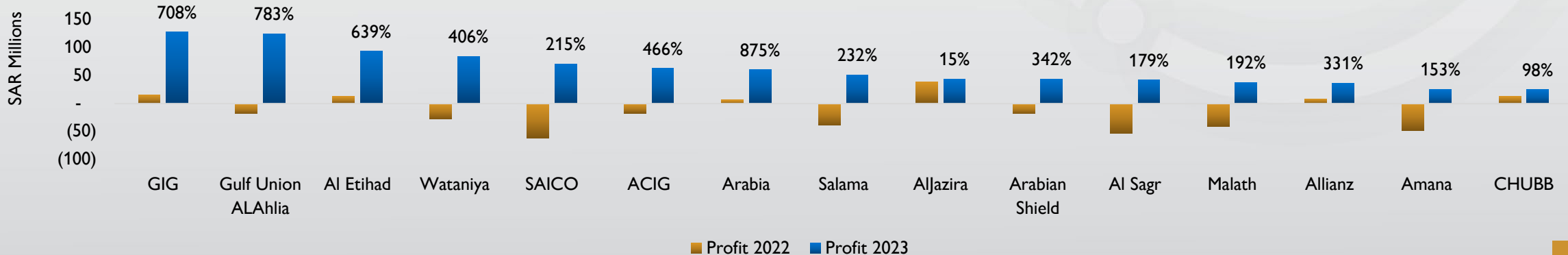
## Top 5



## Bottom 5



## Others

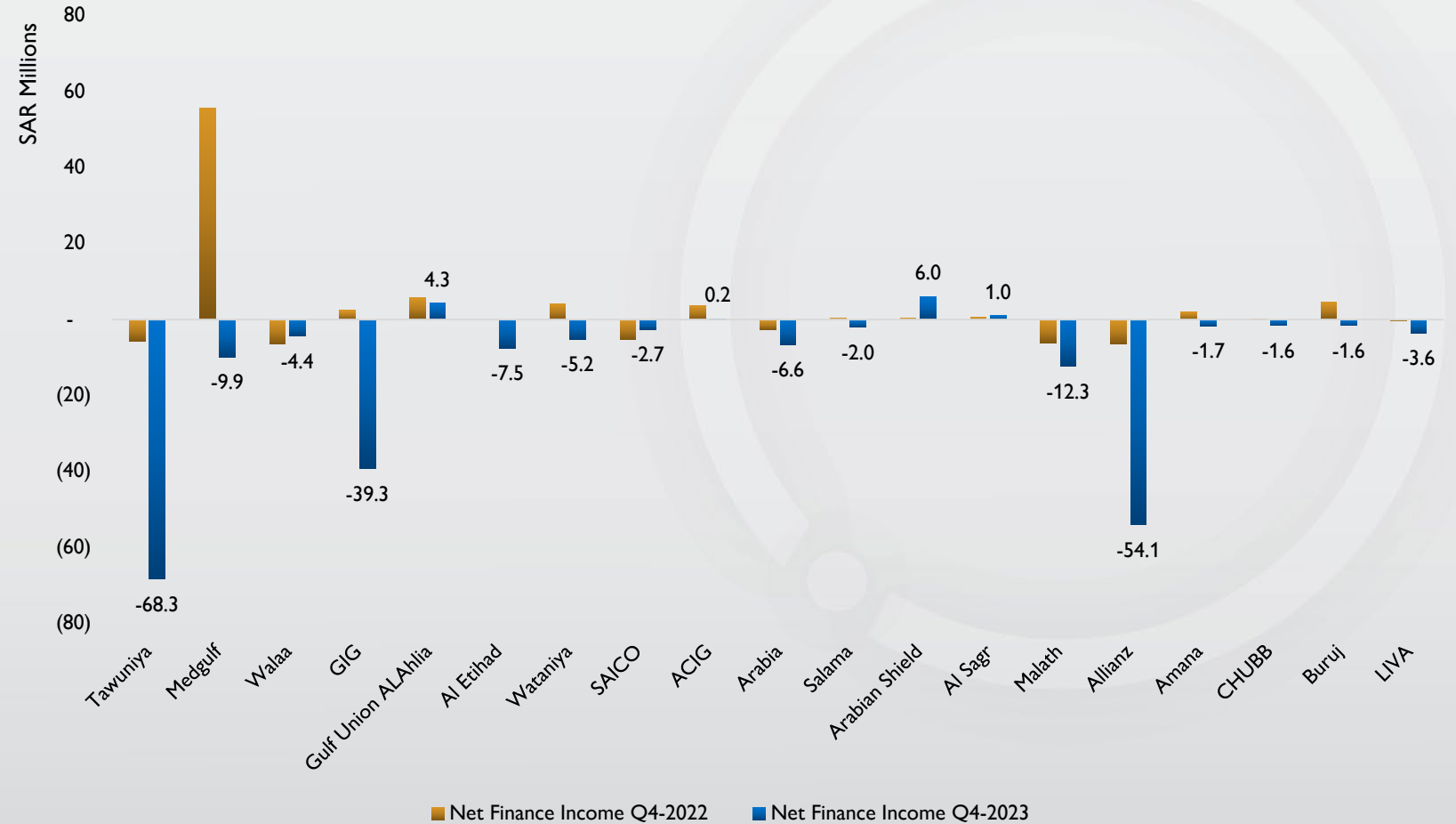


Net finance income, as defined by IFRS 17, includes the interest income earned on the contractual service margin (CSM) and the interest expense incurred due to the unwinding of the discount rate applied to insurance liabilities. This represents the combined financial impact of the time value of money and changes in the present value of future cash flows.

In 2022 the discount rates were rising while in 2023 they were falling hence this year the expense is higher than last year for most companies

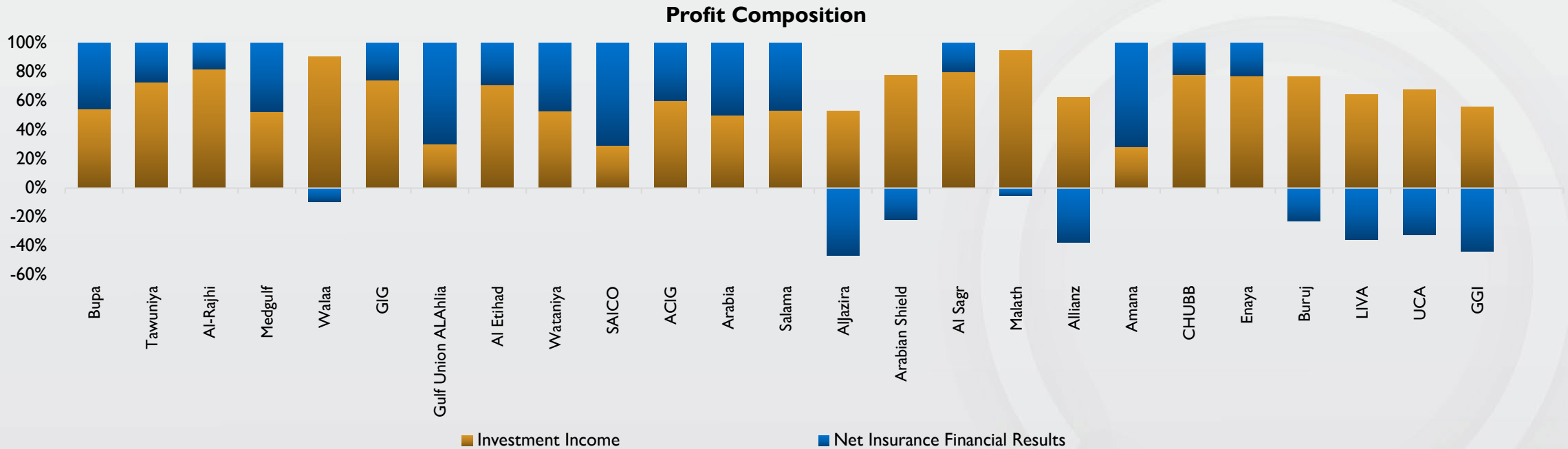
Al-Rajhi and Aljazira are excluded as they were outliers. AlJazira exhibits the highest net finance loss, whereas Al Etihad demonstrates the highest net finance income.

### Net Finance Income





# Profit Composition (After Zakat & Tax)



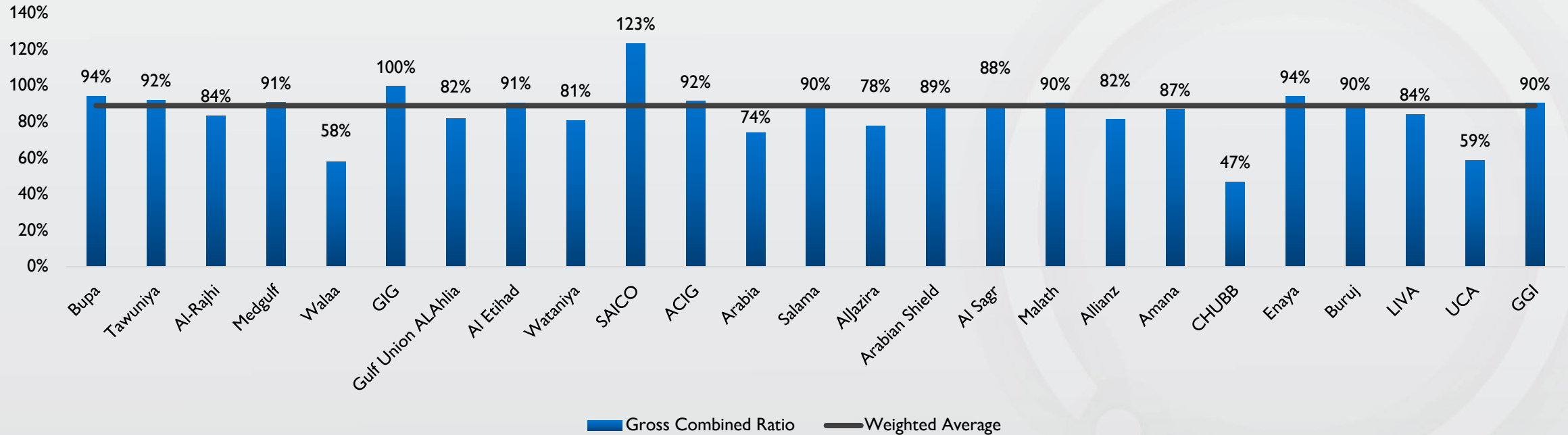
It can be observed that insurance companies which recorded losses in their net insurance financial results were able to minimize the impact from investment income.

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

9 out of 25 companies realized net insurance financial deficit and among these 9 all were able to generate profit. On the other hand, none of the companies recorded losses on their investment income. The outcome is after adjusting zakat and tax from net insurance financial results.

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.

### Gross Combined Ratio



The weighted average gross combined ratio stood at 89%, with SAICO bearing the highest combined ratio of about 123%. The lowest gross combined ratio of 47% was depicted by CHUBB.

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

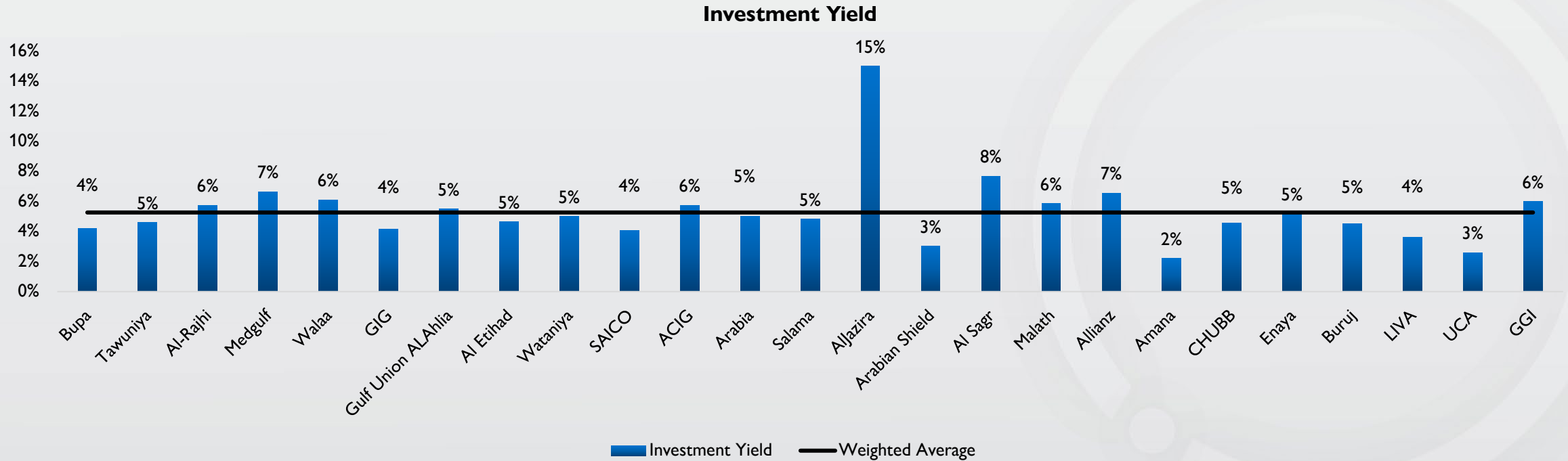
- *Gross Combined ratio is computed as Net insurance Service Expenses over Insurance Revenue.*

### Net Combined Ratio



The weighted average net combined ratio stood at 95%, with GGI bearing the highest combined ratio of about 103%. The lowest net loss ratio of 87% was depicted by Aljazira.

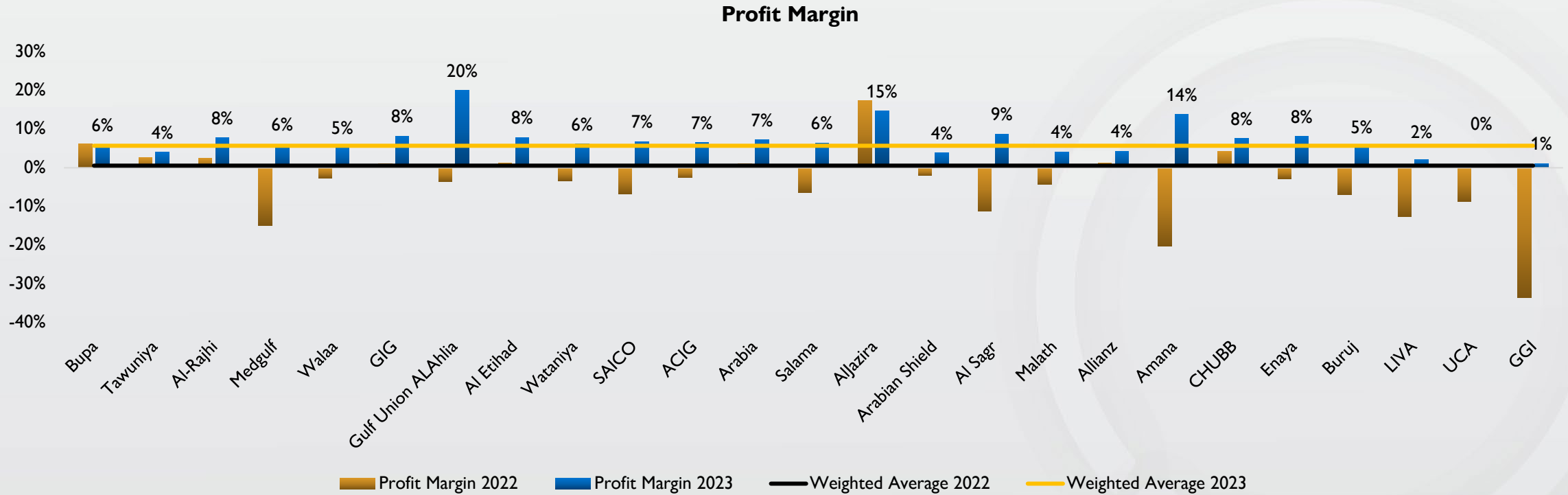
- Net Combined ratio is computed as Net insurance Service Expenses + RI Results over Insurance Revenue.



The weighted average for investment yield stands at 5%, with Aljazira bearing the highest yield of about 15%. The lowest yield of 2% was depicted by Amana.

Investment yield is calculated by dividing investment income by the average of opening and closing invested assets for the year.

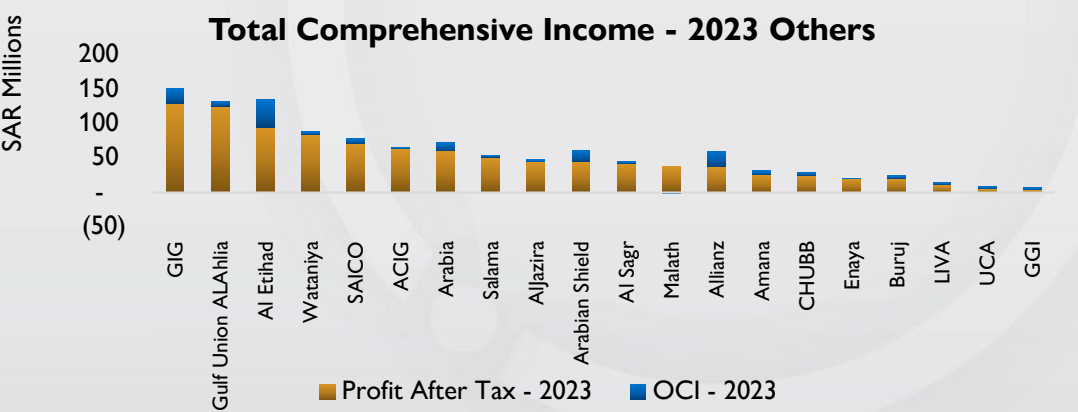
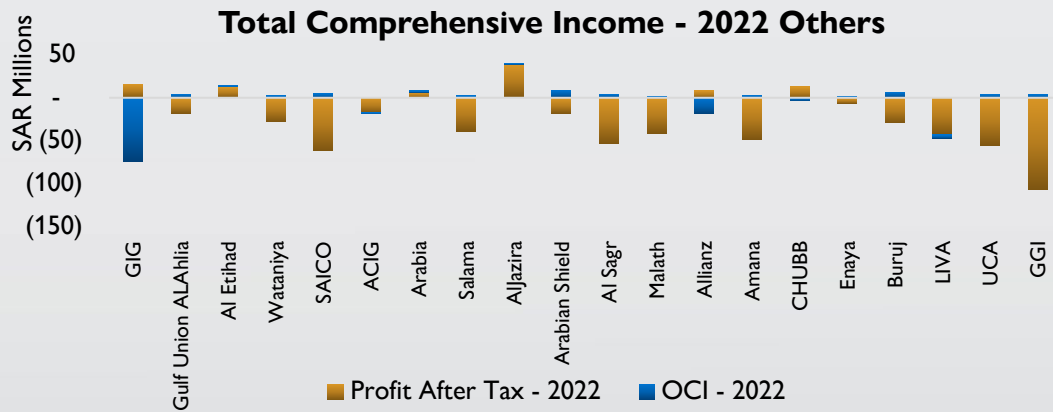
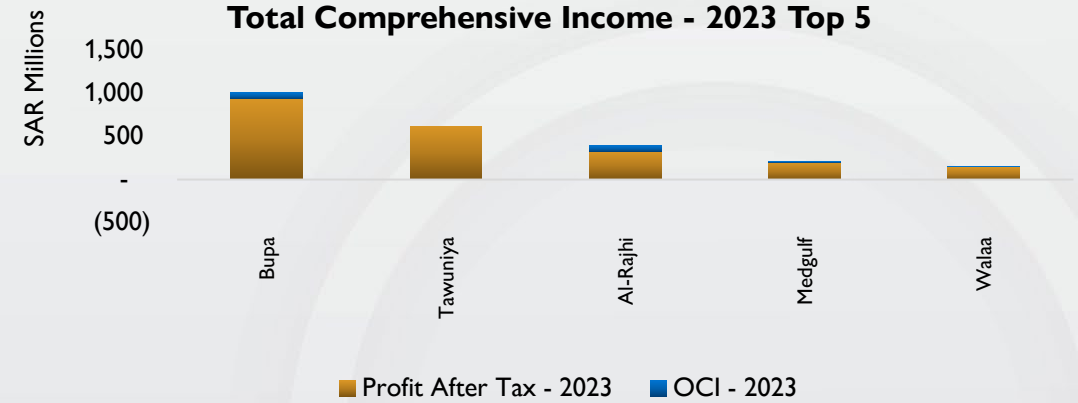
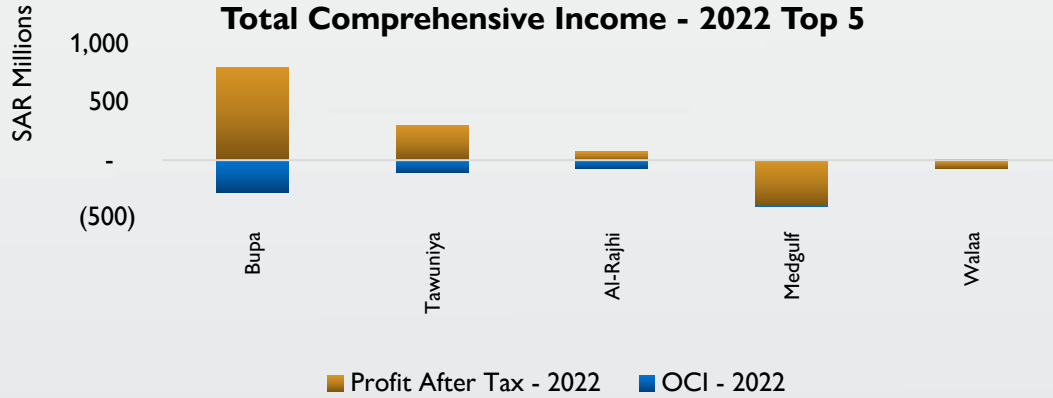




The weighted average for profit margin stood at 6% (2022: 1%), with Gulf Union ALAhlia bearing the highest profit margin of about 20%. The lowest is depicted by UCA, 0% (2022: -9%)

Profit Margin is calculated by dividing net profit after zakat by insurance revenue.

# Total Comprehensive Income - Companies



In the year 2023, the Total Comprehensive Income experienced a significant increase compared to 2022.

2 out of 25 companies in this analysis have shown losses in their OCI, as compared to 9 companies having losses on their OCI statements in 2022.

The Total Comprehensive Income is the sum of the Profit After Zakat and the Other Comprehensive Income (OCI).



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Year End 2023 - KSA Listed Insurance Companies

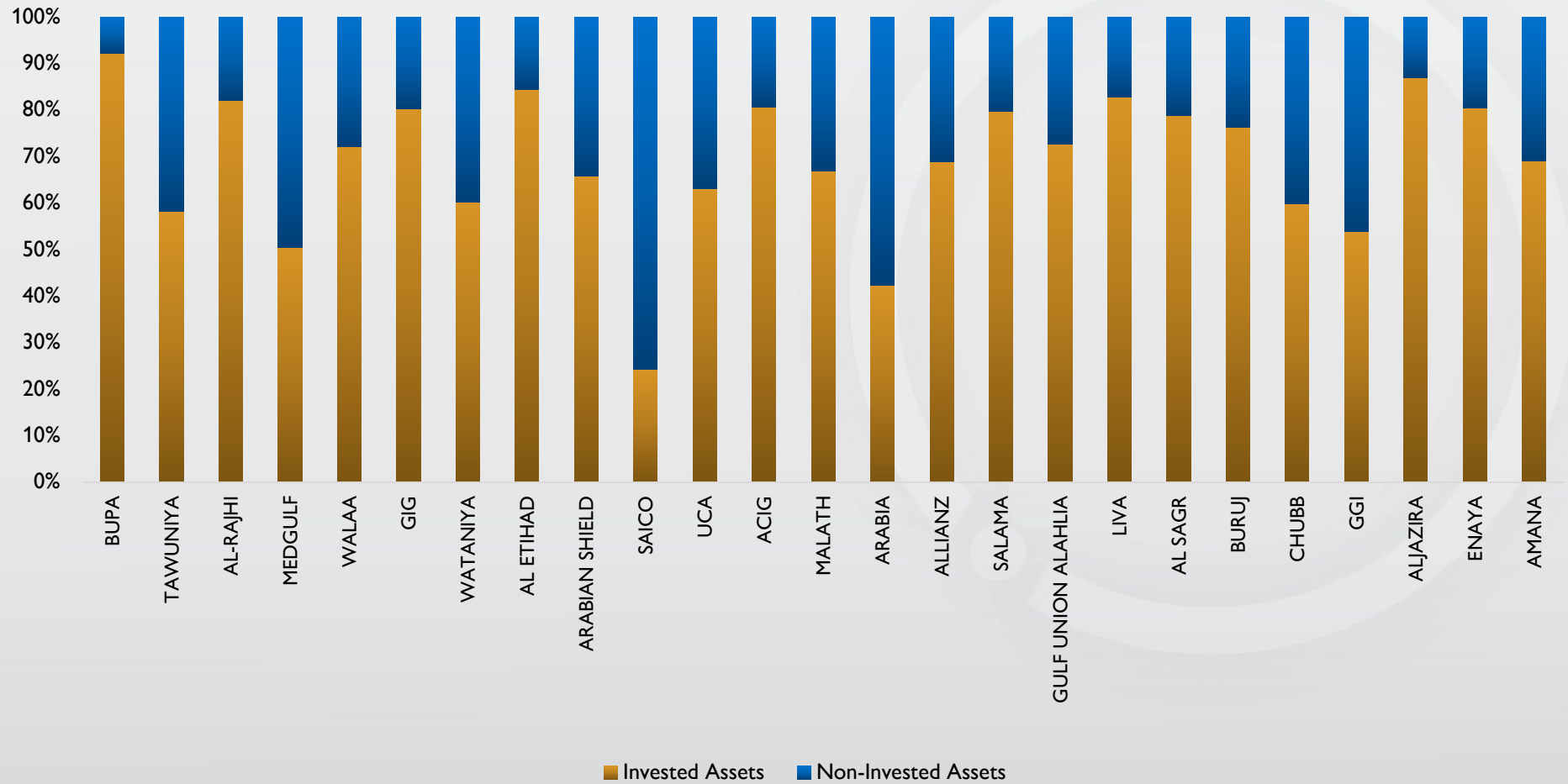
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# Assets

Asset Mix compares the proportion of invested assets and non invested assets for 2023

Bupa has the highest proportion of 92% of their assets invested, while SAICO has only invested 24% of their assets.

**Asset Mix**





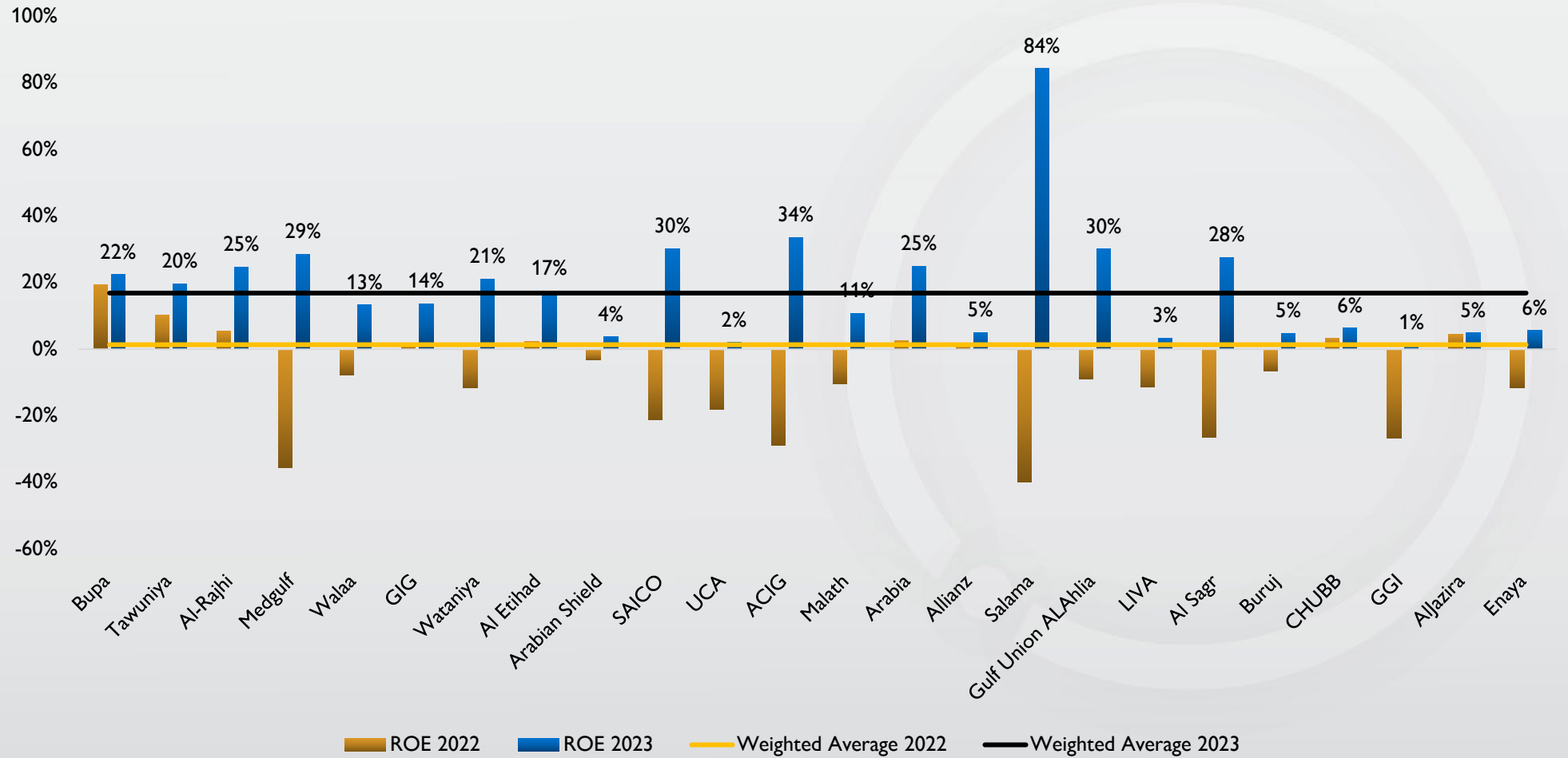


Company	EPS 2022	EPS 2023
Bupa	5.39	6.29
Tawuniya	2.01	4.11
Al-Rajhi	0.72	3.28
Medgulf	-3.78	1.92
Walaa	-0.99	1.74
GIG	0.3	2.45
Wataniya	-0.74	2.11
Al Etihad	0.28	2.09
Arabian Shield	-0.29	0.67
SAICO	-2.05	2.37
UCA	-1.39	0.13
ACIG	-0.82	2.18
Malath	-0.83	0.76
Arabia	0.21	1.14

Company	EPS 2022	EPS 2023
Allianz	0.14	0.62
Salama	-2.55	3.25
Gulf Union Al Ahlia	-0.47	2.72
LIVA	-1.07	0.28
Al Sagr	-3.82	3.02
Buruj	-0.97	0.67
CHUBB	0.42	0.83
GGI	-2.12	0.07
Al Jazira	0.58	0.67
Enaya	-0.47	0.88
Amana	-1.7	0.59

# Earning Per Share

## Return On Equity



In 2023, the highest return on equity of 84% is depicted by SALAMA (2022: -40%); followed by ACIG at 34% (2022: -29%). GGI on the other hand, observed to have the lowest returns of 1%

The Return on Equity is calculated as a ratio of rolling 12 months net profit (after zakat) to total of shareholder's equity at the beginning of the period 2023.

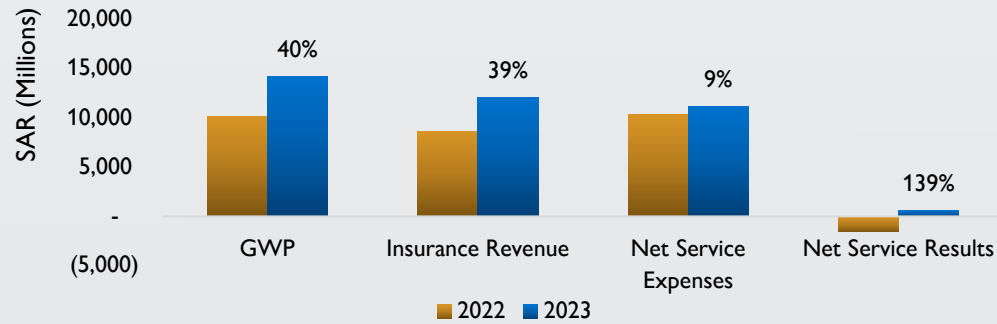


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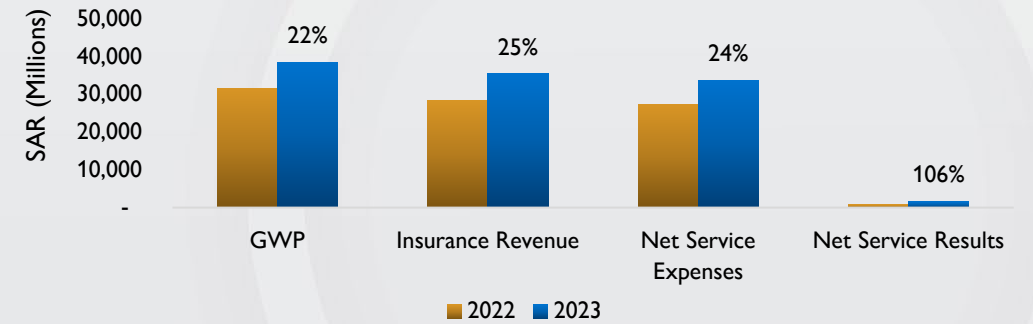
## Line of Business Wise

- Motor and Medical line of business are the main pillars of the KSA Insurance sector with both contributing 84% of the Insurance Revenue.
- The highly profitable, Property and Casualty lines saw an increase of 23% in Insurance Revenue , however this continues to be heavily reinsured.

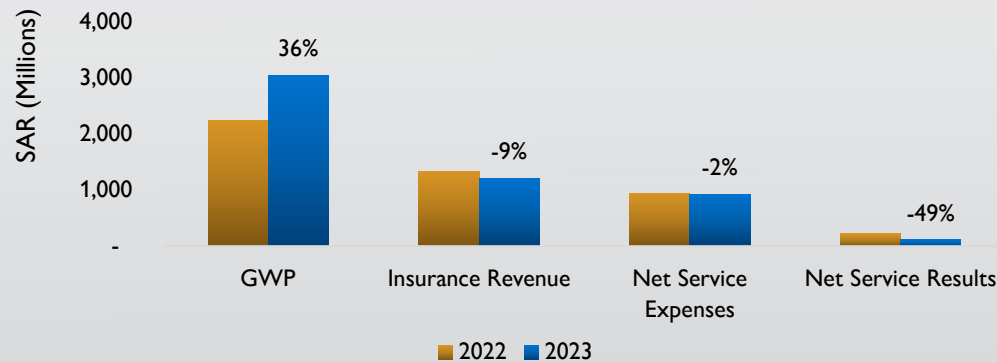
### Motor Insurance



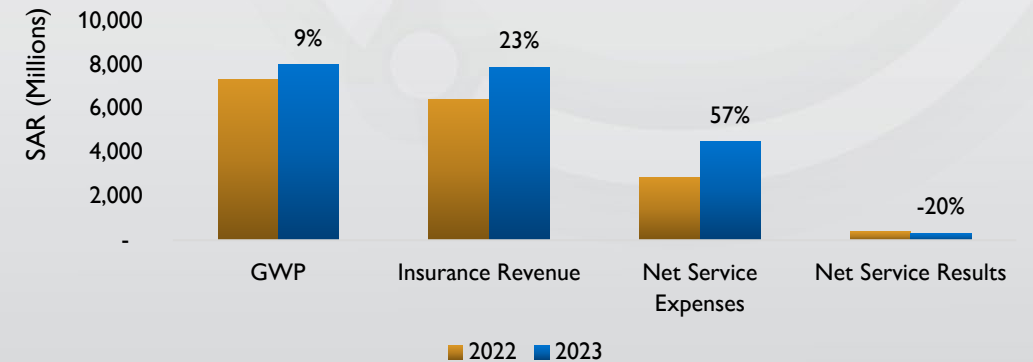
### Medical Insurance



### Protection & Savings Insurance

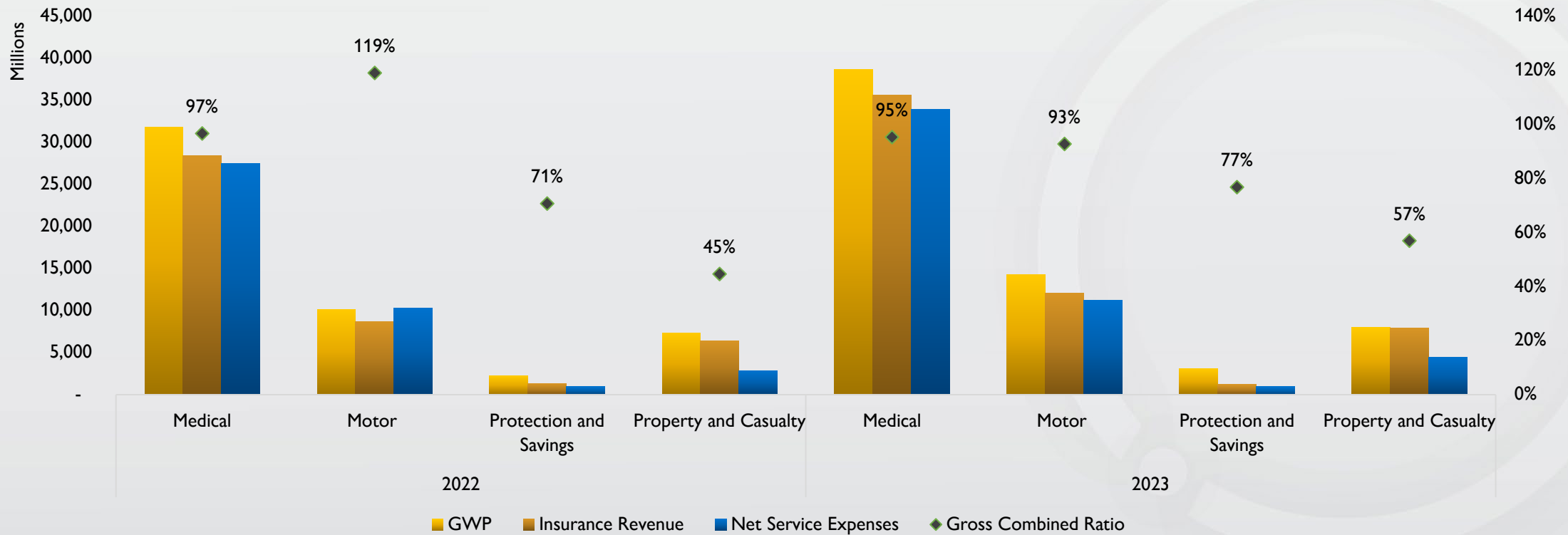


### Property & Casualty Insurance





**Overall**

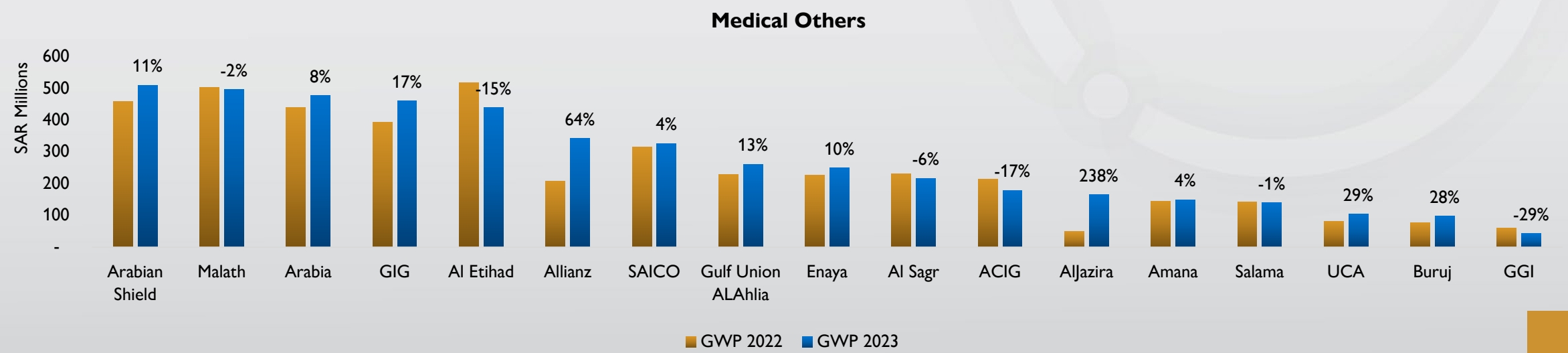
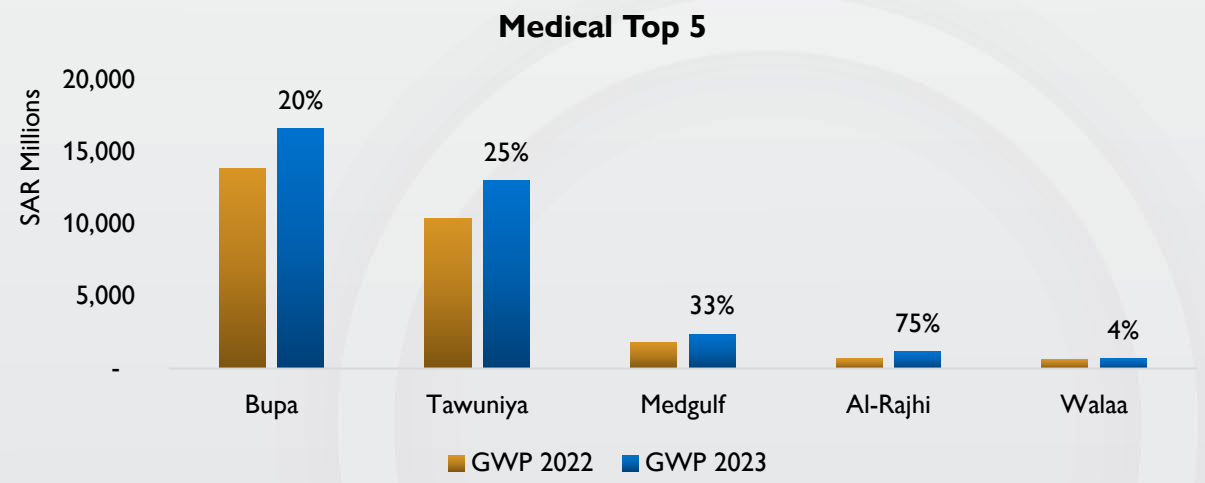


- Decrease in the gross combined ratio in medical and motor is witnessed while protection & savings and property & casualty saw an increase in gross combined ratio for the 2023 relative to 2022.
- Medical and motor gross combined ratio has decreased by 2% and 26% respectively while protection & savings and property & casualty experienced an increase of 6% and 12% respectively compared to last year.
- Gross combined ratio is computed as Net insurance Service Expenses over Insurance Revenue

# Gross Written Premium - Medical



The top 5 companies' GWP for medical grew by 6.5 billion, with a premium of SAR 34.0 billion in 2023 as compared to SAR 27.5 billion in 2022. The overall premium in 2023 was SAR 38.6 billion (2022: SAR 31.8 billion), 22% increase.



# Gross Written Premium - Motor

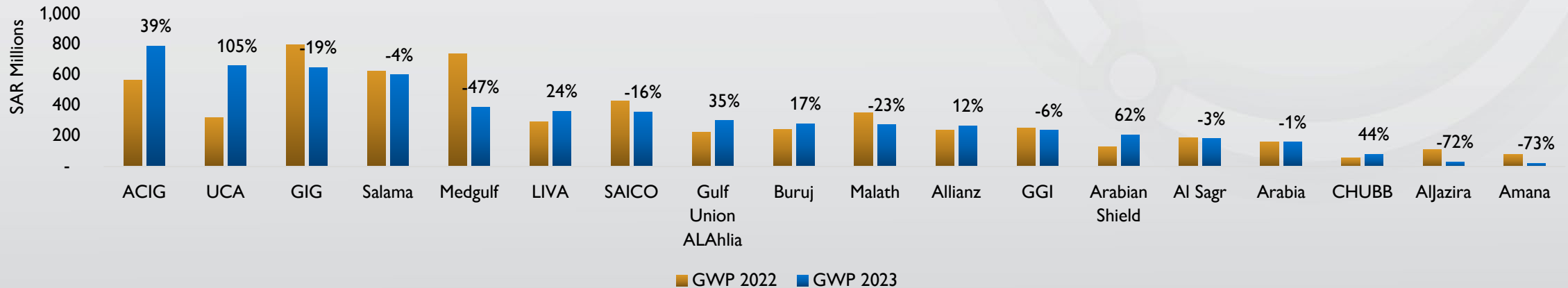


The top 5 companies' GWP for motor grew by 4.1 billion, with a premium of SAR 8.4 billion in 2023 as compared to SAR 4.3 billion in 2022. The overall premium in 2023 was SAR 14.2 billion (2022: SAR 10.1 billion), 40% increase.

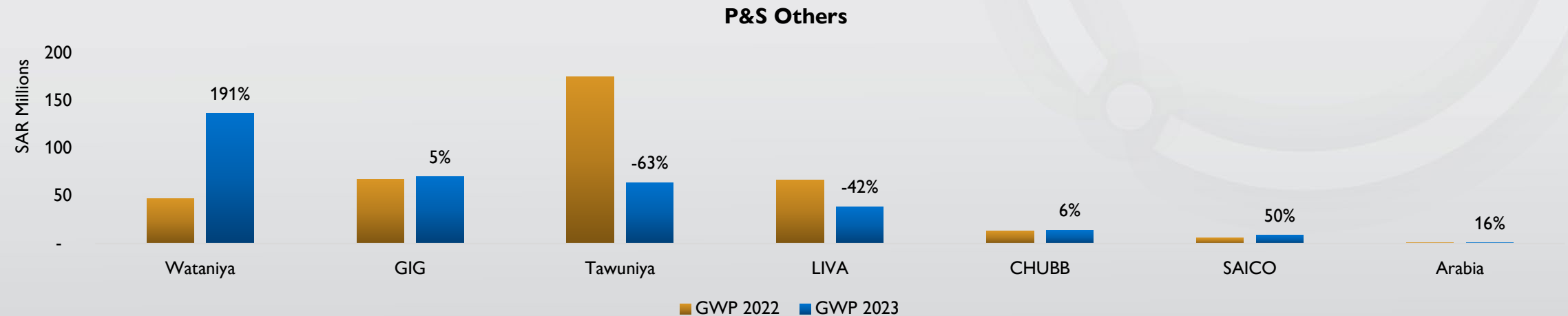
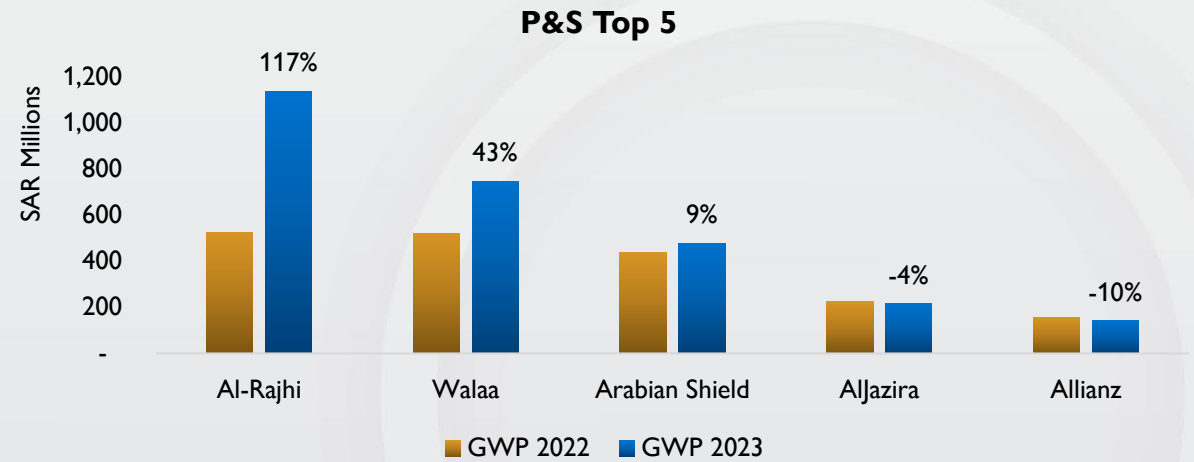
## Motor Top 5



## Motor Others



The top 5 companies' GWP for protection & saving grew by 854 million, with a premium of SAR 2.7 billion in 2023 as compared to SAR 1.9 billion in 2022. The overall premium in 2023 was SAR 3.1 billion (2022: SAR 2.2 billion), 36% increase.

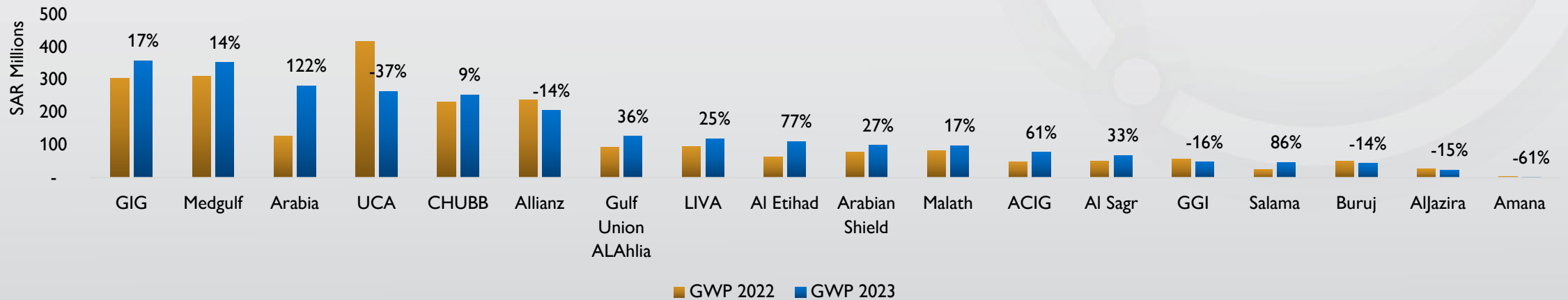


The top 5 companies' GWP for property & casualty grew by 376 million, with a premium of SAR 5.4 billion in 2023 as compared to SAR 5.0 billion in 2022. The overall premium in 2023 was SAR 8.0 billion (2022: SAR 7.3 billion), 9% increase.

### P&C Top 5



### P&C Others

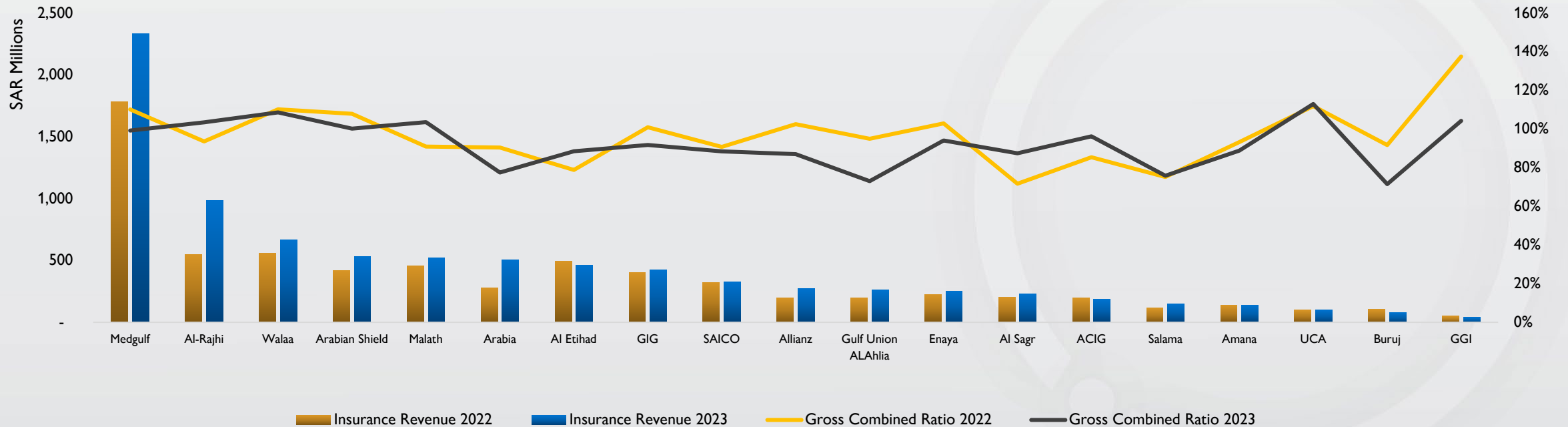




# Insurance Revenue & Gross Combined Ratio – Medical

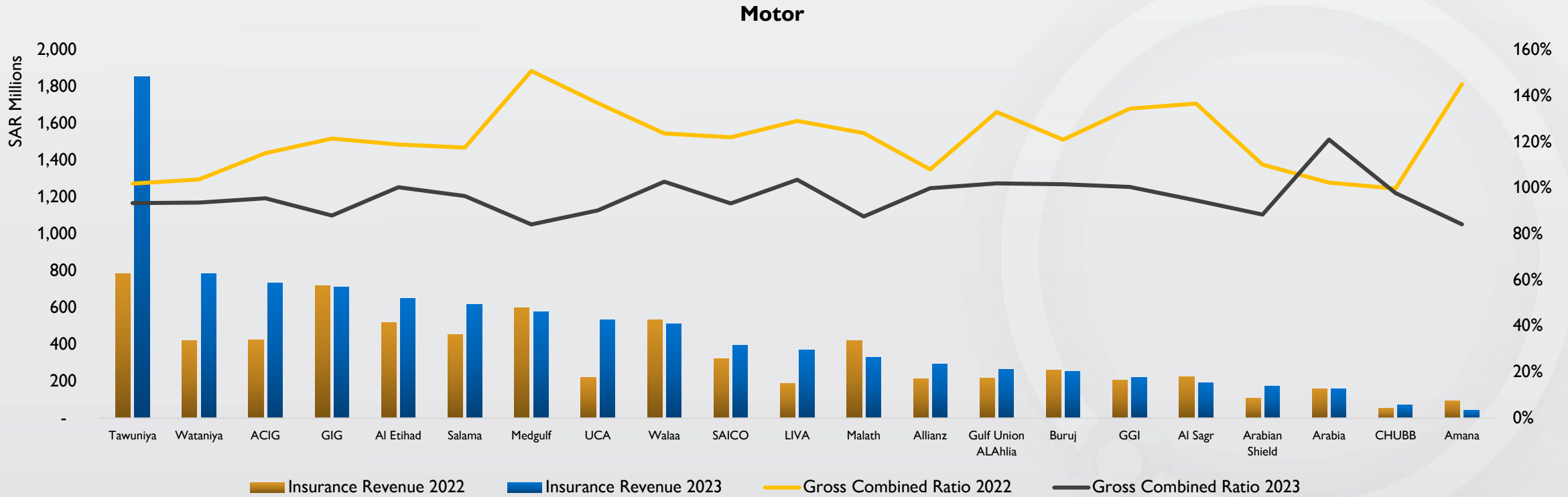


## Medical



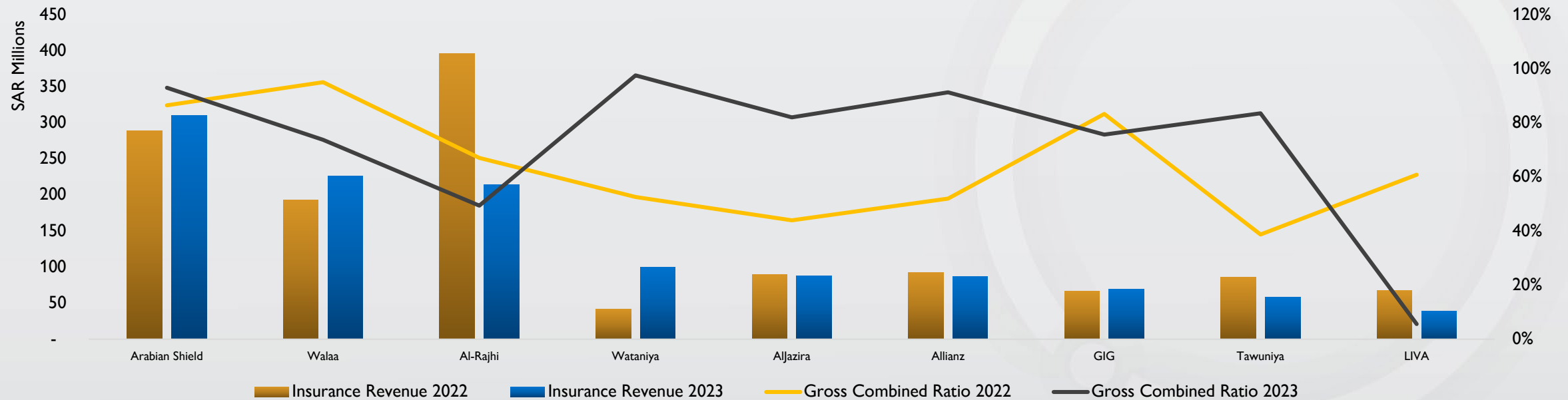
Bupa & Tawuniya are excluded from the above graph. Bupa has insurance revenue of SAR 16 billion for 2023 and SAR 13 billion in 2022 reflecting ,the gross combined ratio of 94% and 95%, respectively. Tawuniya has insurance revenue worth SAR 11 billion for 2023 and SAR 9 billion in 2022 reflecting the gross combined ratio of 96% and 97%, respectively. The weighted average of gross combined Ratio for the top 5 Companies for Medical is 96% in 2023 corresponding to 97% in 2022. as for companies other than top 5 the weighted average of gross combined ratio is 90% for year 2023 and 93% for 2022.

# Insurance Revenue & Gross Combined Ratio – Motor



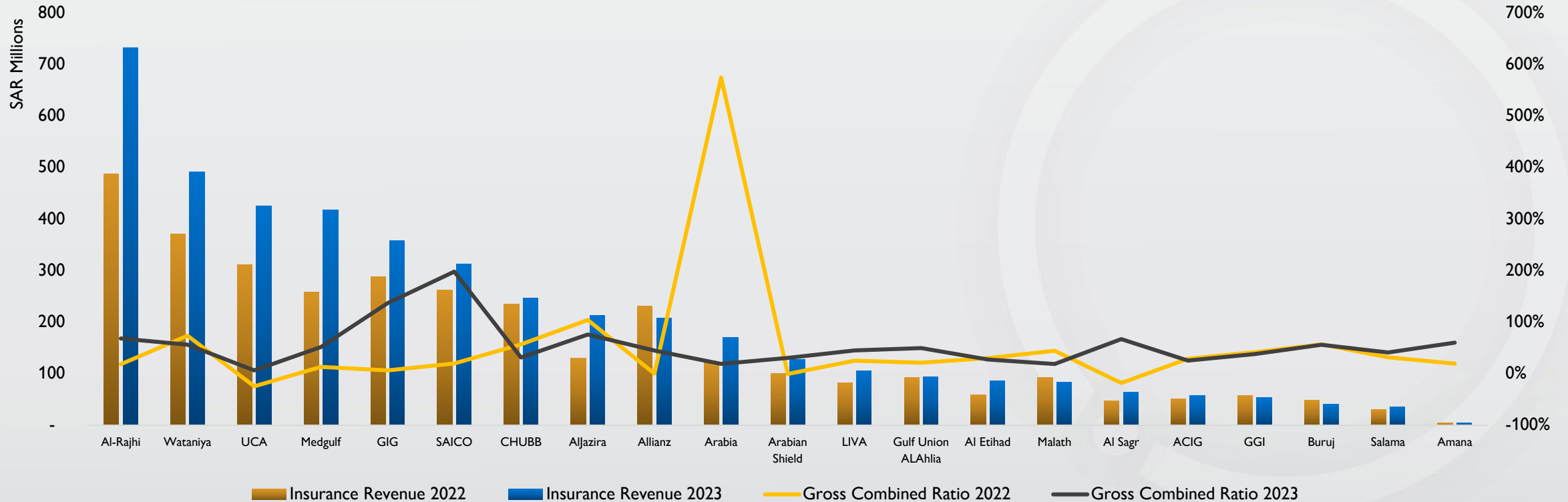
Al Rajhi is excluded from the below graph. It has insurance revenue of SAR 2 billion for the year 2023 and SAR 1.5 billion for 2022 reflecting the gross combined ratio of 83% and 108% respectively. The weighted average gross combined ratio for top 5 companies is 89% for period 2023 and 110% for 2022, whereas the weighted average combined ratio for other companies is 97% for 2023 and 127% for 2022.

## Protection & Saving



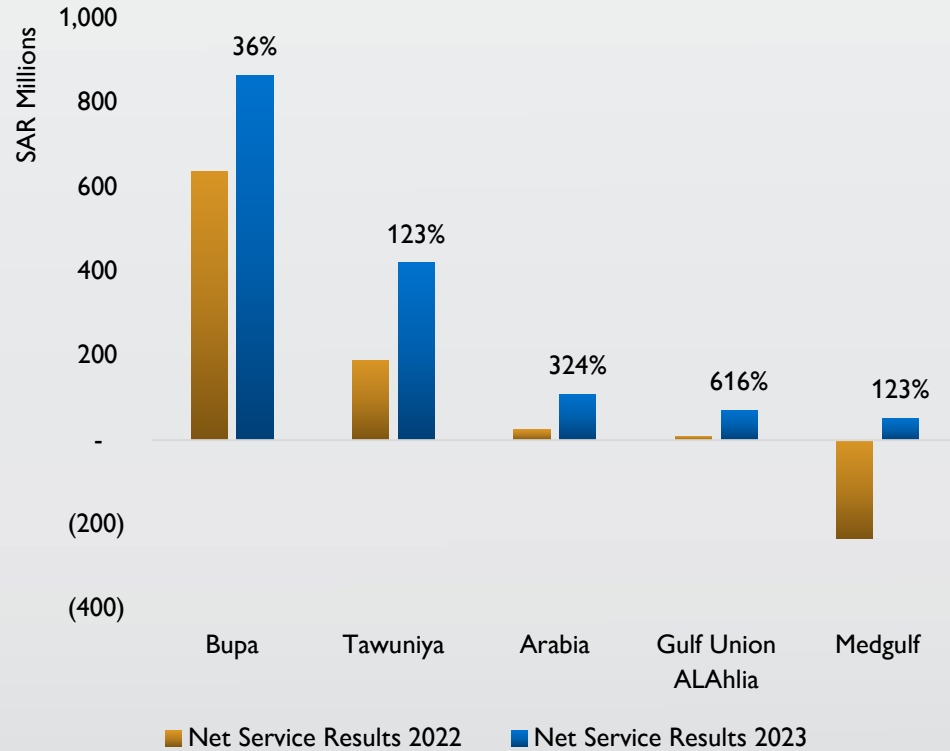
Chubb, SAICO and Gulf Union ALAHLI are excluded from the above graph. Chubb has Insurance Revenue worth SAR 12 million for 2023 and SAR 10 million for 2022 reflecting the gross combined ratio of 61% and 89%, respectively. SAICO recorded the insurance revenue of SAR 8.9 million in 2023 and SAR 5.9 million in corresponding year 2022. Gulf Union AL Ahlia has Insurance Revenue worth SAR 1 million for 2023 and SAR 0.98 million for 2022 reflecting the gross combined ratio of 21% and 289%, respectively. The weighted average gross claim ratio for top 5 Companies in P&S is 78% and for others is 73% corresponding to 75% for top 5 companies and 56% for others in 2022 respectively.

## Property & Casualty

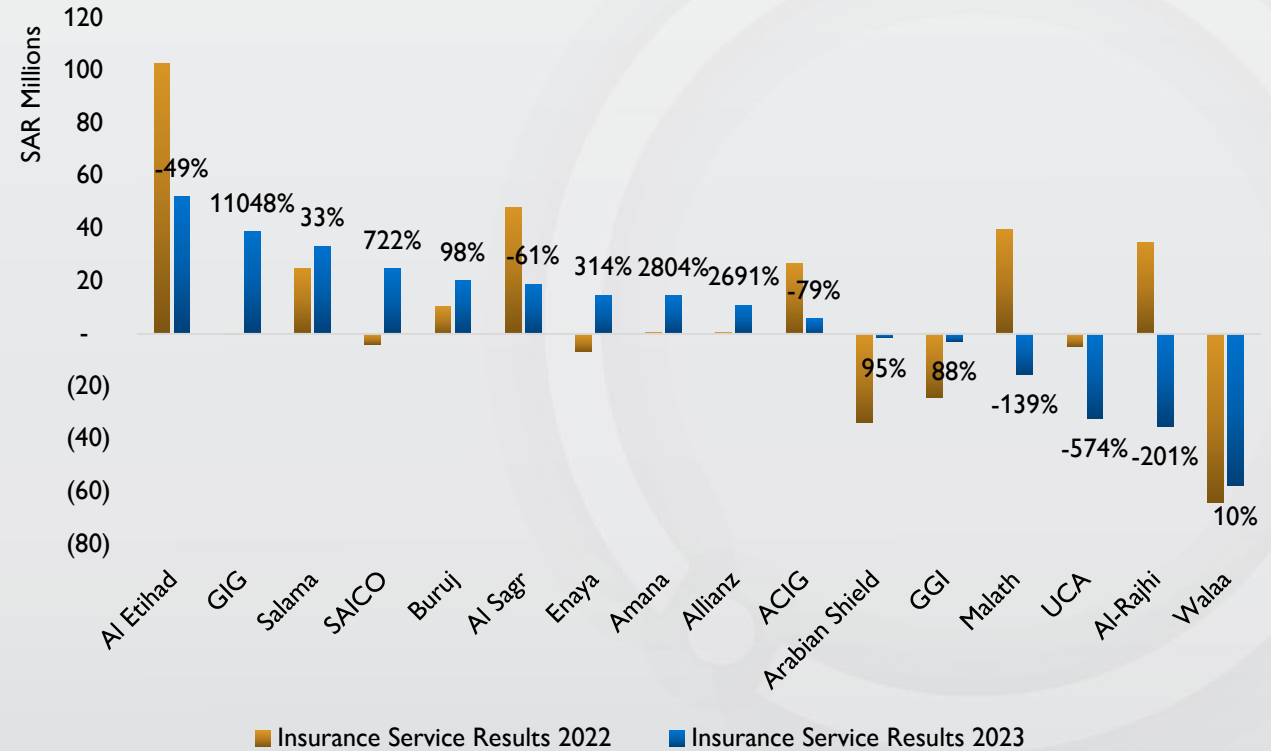


Tawuniya and Walaa are excluded from the above graph. Tawuniya has Insurance Revenue worth SAR 2.1 billion for 2023 and SAR 1.7 billion for 2022 reflecting the gross combined ratio of 70% and 64%, respectively. Walaa has Insurance Revenue worth SAR 1.5 billion for 2023 and SAR 1.3 billion for 2022 reflecting the gross combined ratio of 17% and 16%, respectively. For P&C, the weighted average gross combined ratio for Top 5 companies is 48% however in 2022 the weighted average gross combined ratio was 38%. For companies other than top 5, the weighted average gross combined ratio is 74% in 2023 and in 2022 it stood at 57%.

### Medical Top 5



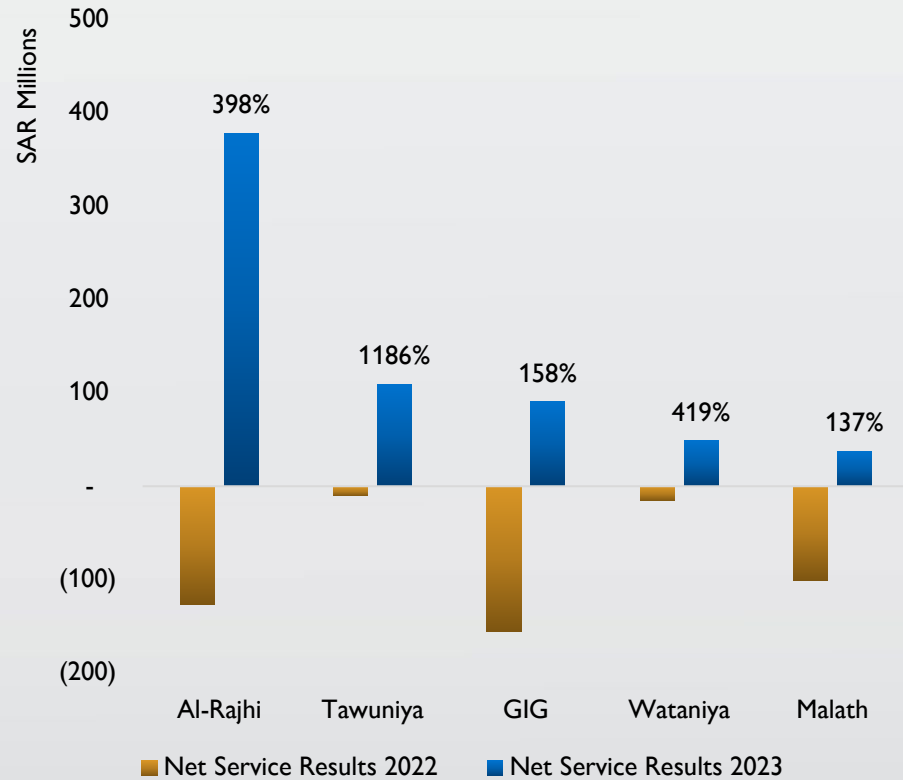
### Medical Others



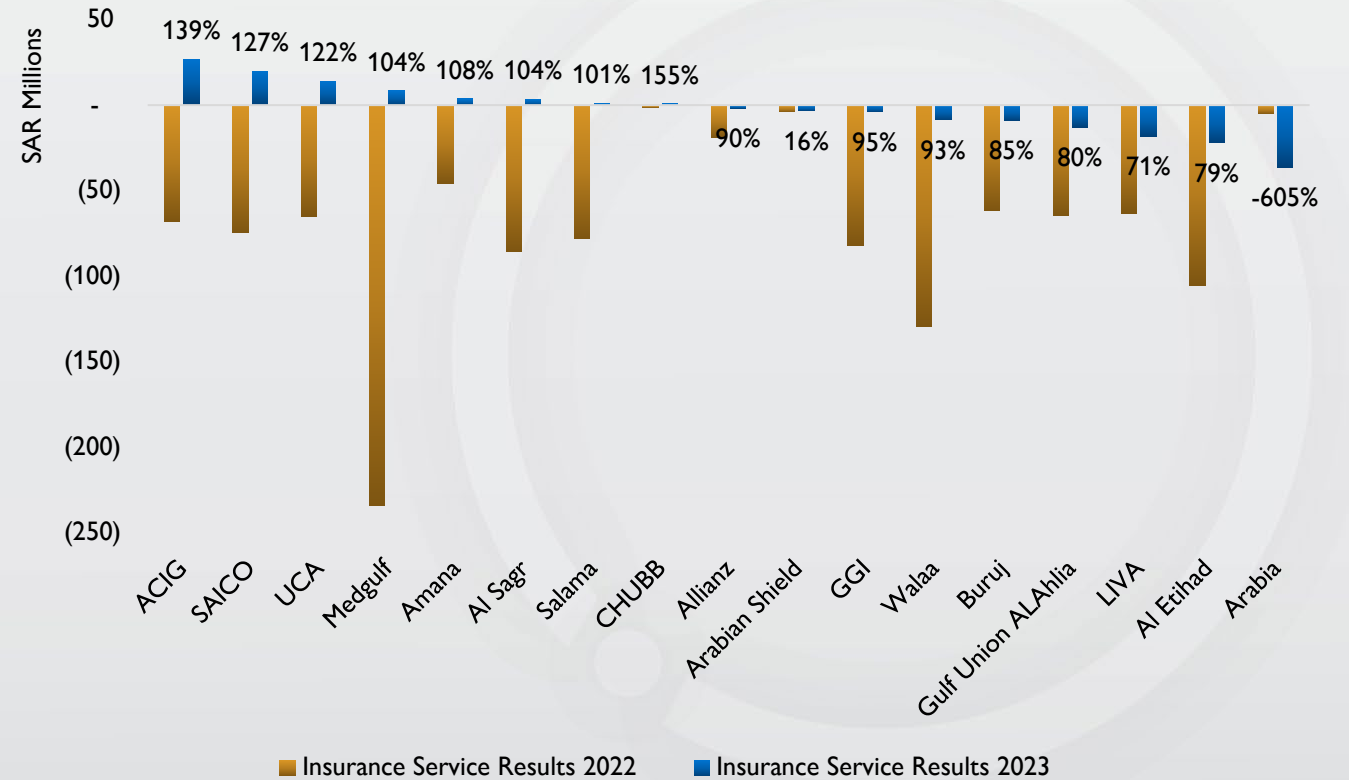
Total net service result in the Medical line is SAR 1.6 billion signifying an increase of 106% in the year 2023 compared to 2022 when the total net service result recorded in Medical was SAR 0.8 billion.



### Motor Top 5

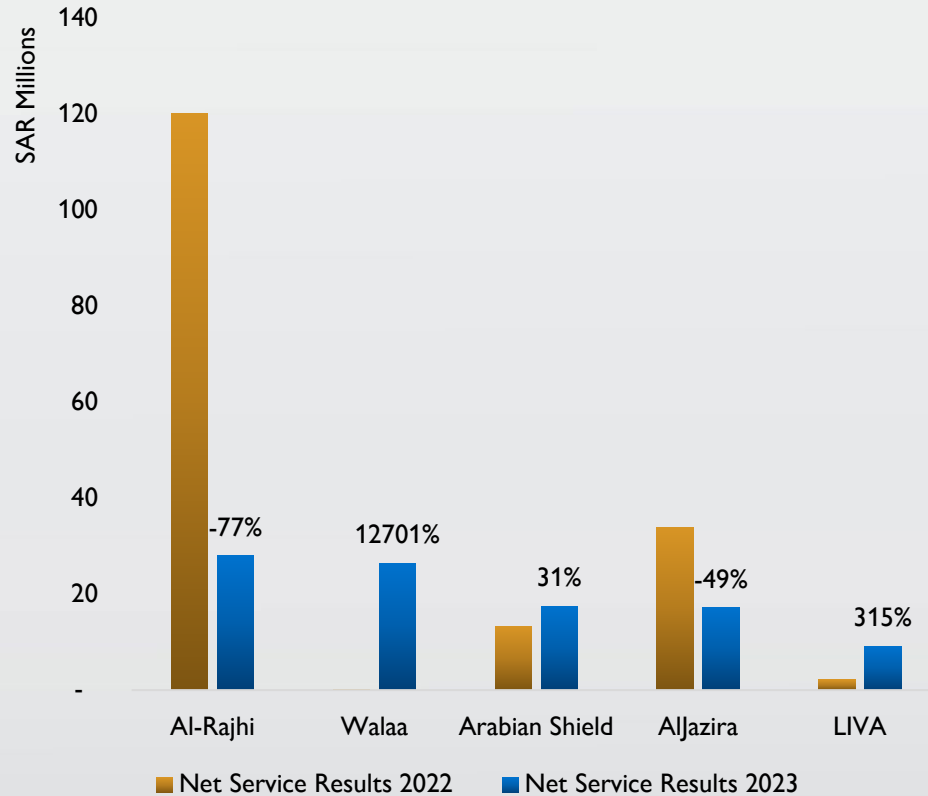


### Motor Others

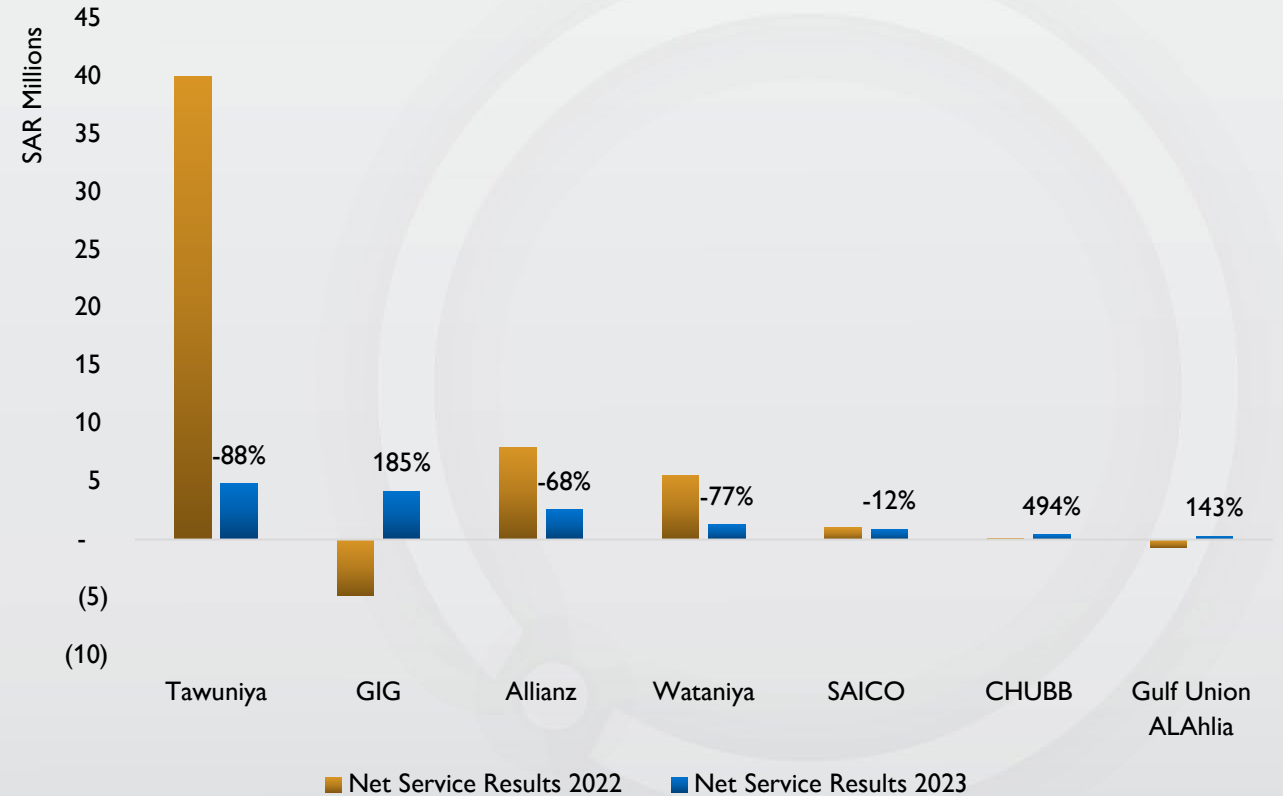


Total net service result in the Motor line is SAR 627 million signifying an increase of 139% in the year 2023 compared to 2022 when the total net service result recorded in Motor was SAR -1.6 billion.

### Protection & Saving Top 5

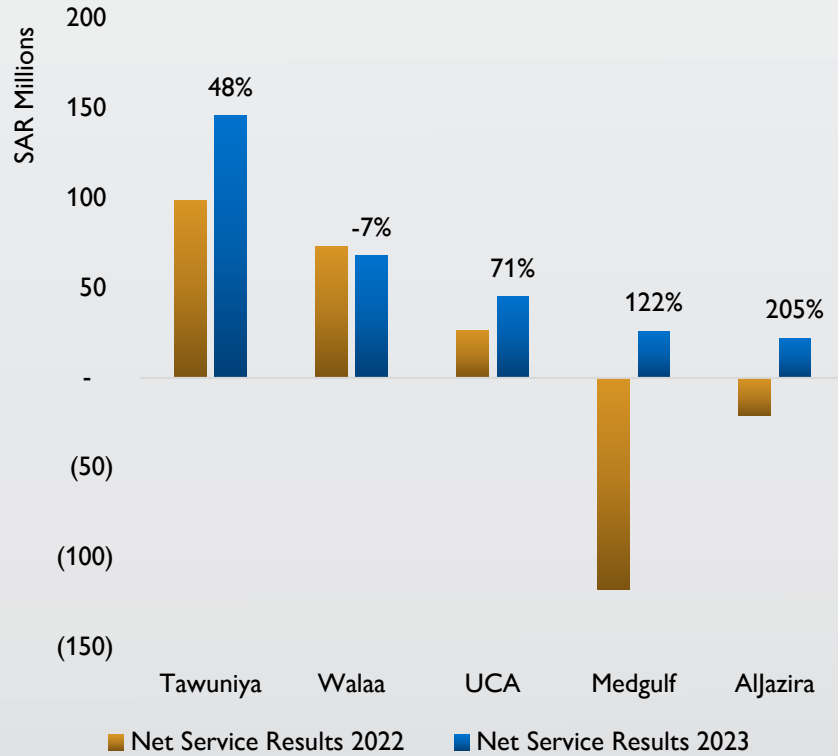


### Protection & Saving Others

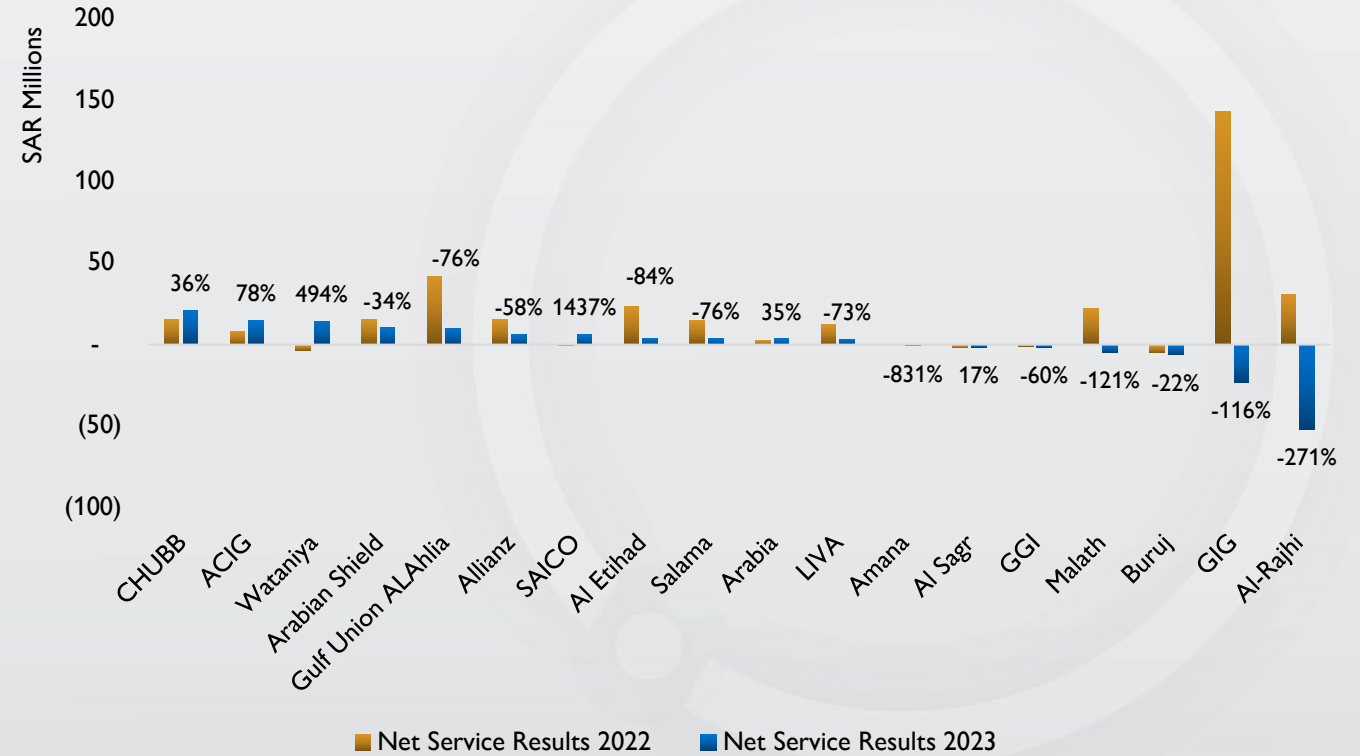


Total net service result in the protection and saving line is SAR 113 million signifying a decrease of 49% in the year 2023 compared to 2022 when the total net service result recorded was SAR 219 million.

## Property & Casualty Top 3

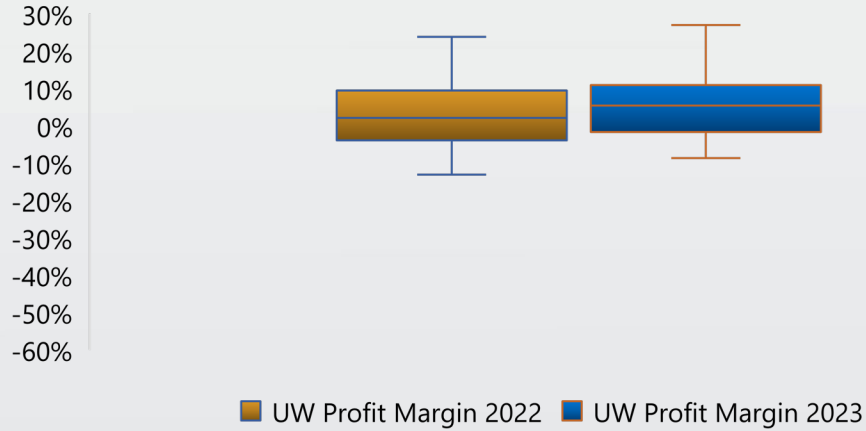


## Property & Casualty Others

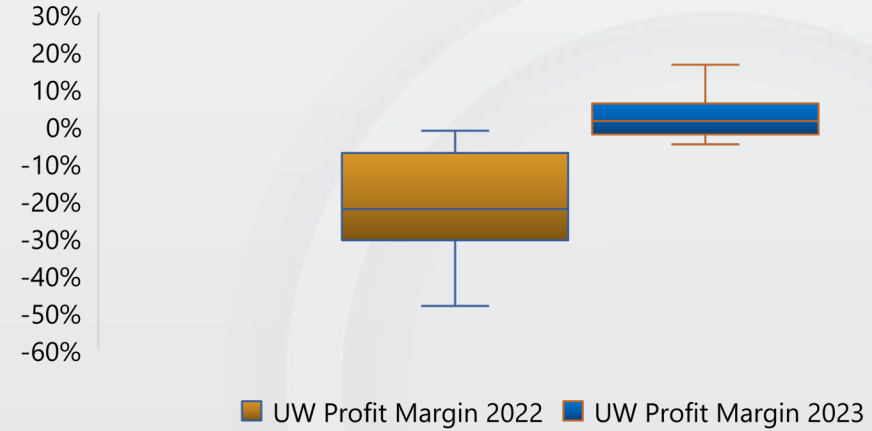


Total net service result in the property & casualty line is SAR 314 million signifying a decrease of 20% in the year 2023 compared to 2022 when the total net service result recorded was SAR 392 million.

## Medical

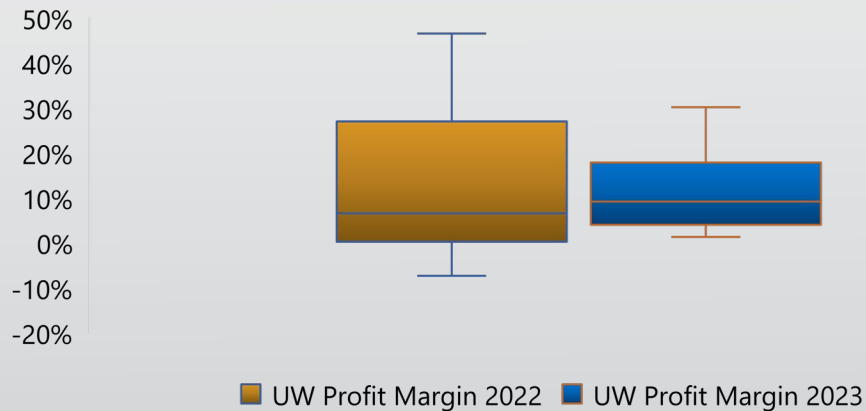


## Motor

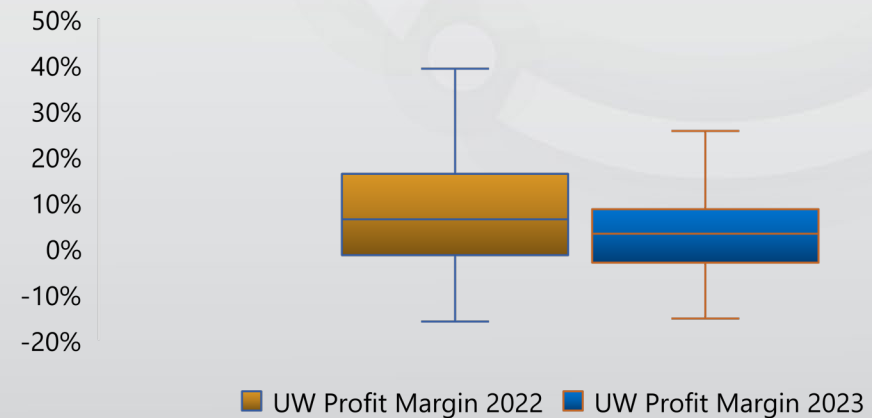


UW Profit Margin is calculated by dividing net service results with the insurance revenue.

## Protection & Saving



## Property & Casualty





	2022	2023	Variance
	SAR billion	SAR billion	SAR billion
Medical Insurance Service Results	0.8	1.6	0.8
Motor Insurance Service Results	(1.6)	0.6	2.2
P&S Insurance Service Results	0.2	0.1	(0.1)
P&C Insurance Service Results	0.4	0.3	(0.1)
Total Insurance Service Results	(0.2)	2.7	2.9
Investment Income	1.2	2.6	1.3
Others	(0.8)	(2.0)	(1.2)
Total Net Profit (After Zakat)	0.2	3.2	3.0

# Net Profit Breakdown



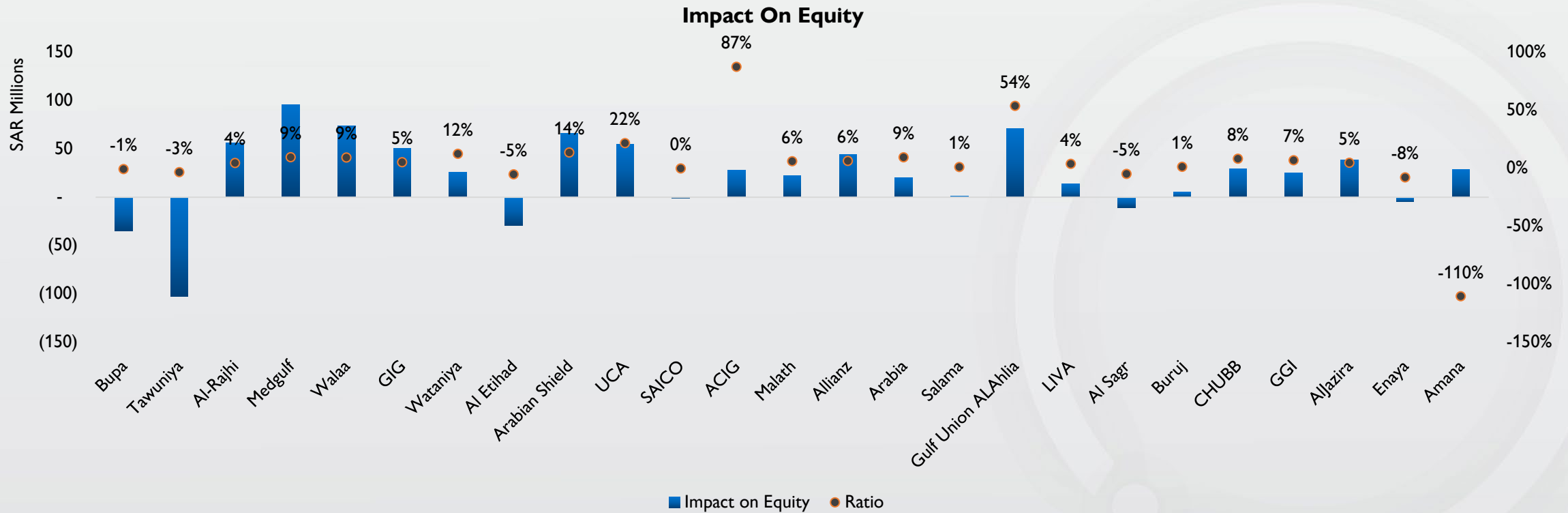


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Year End 2023 - KSA Listed Insurance Companies

# 05

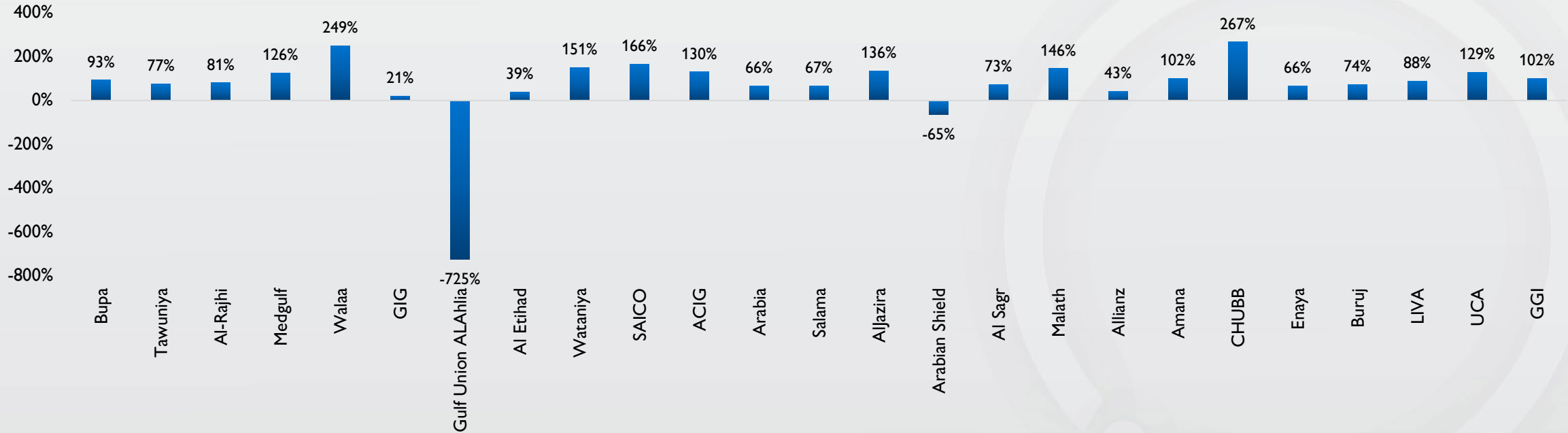
## **IFRS 17 Comparison**



The effective date of IFRS17 is January 1, 2023 and for comparative purposes this required the companies to estimate the impact on transition as at January 1, 2022. Impact at time of transition needs to be accounted for in Equity as that point in time. Since most of the market is short term the impact was limited. Overall impact for the 25 companies analyzed was SAR 568 million and as percentage of equity it comes to 3%.

In absolute terms the highest negative impact was for Tawuniya of SAR 103 million while the highest positive impact was for Medgulf of SAR 96 million. Some of the items which cause this are moving from prudent reserves to best estimates, impact of risk adjustment, discounting, difference between loss component and PDR computations, amortization of acquisition costs and other items. All the companies have not given the breakdown of impacts.

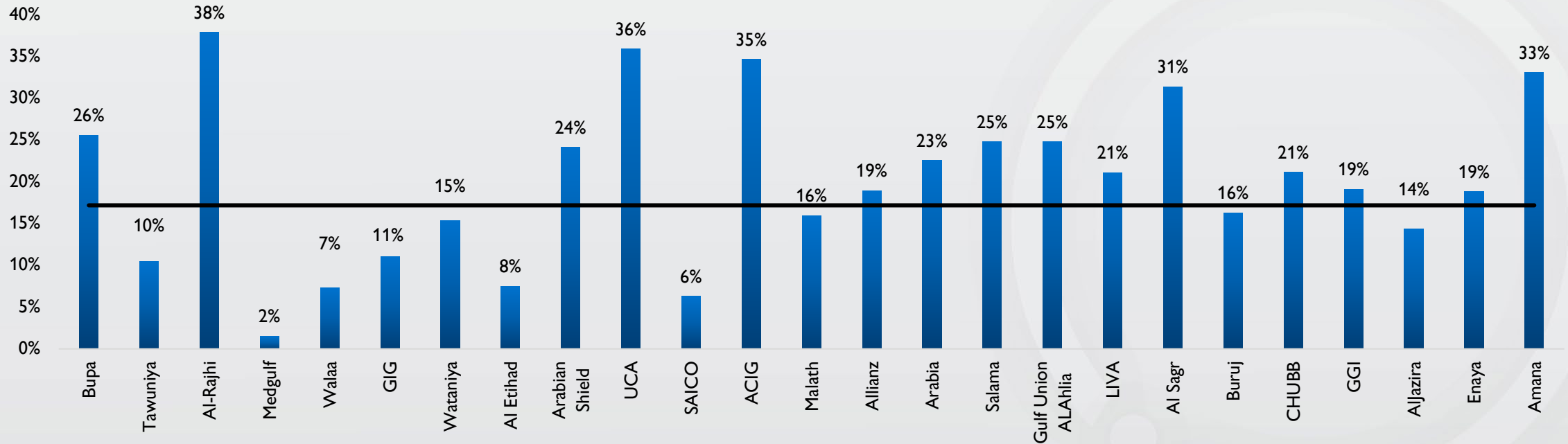
**Profit (2022) Transition Ratio**



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 244 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.

**Non-Attributable Expense Ratio (2022)**



While computing Premium Deficiency Reserves in KSA we had to account for all expenses of the company. IFRS17's equivalent to PDR is Loss Component. However, for computing loss component companies have to consider Attributable Expenses. While it is not straight forward to determine how much of the expenses are attributable, we compared the non-attributable expenses mentioned for 2022 in this year's financials vs what the company had shown as total expenses in IFRS4 financial statements published last year. This is a crude estimation that we have done.

The higher the percentage of expenses which are non-attributable, the lower is the Loss Component. We expect some consistency to come in this area over time.

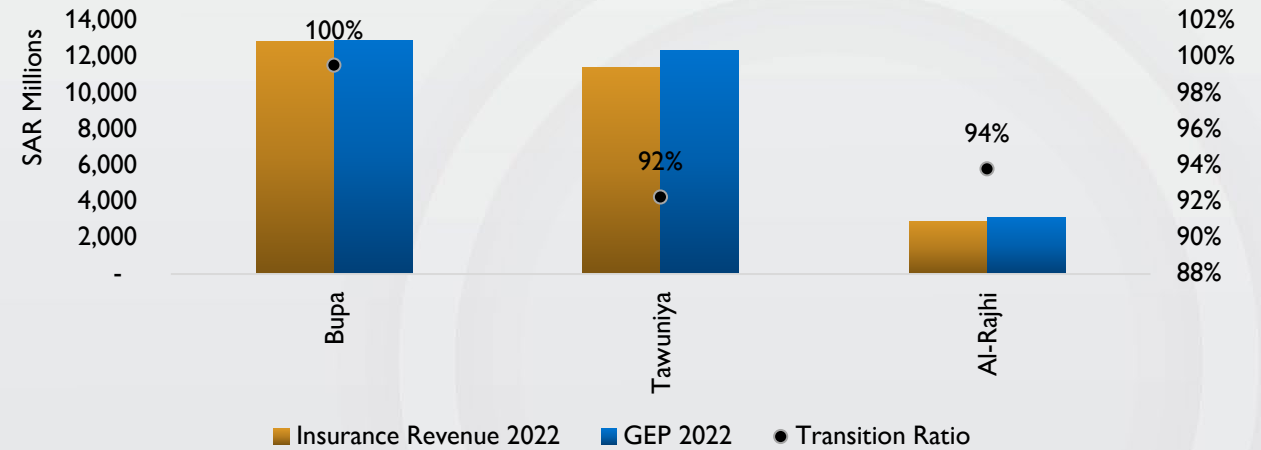
# Insurance Revenue to GEP Transition



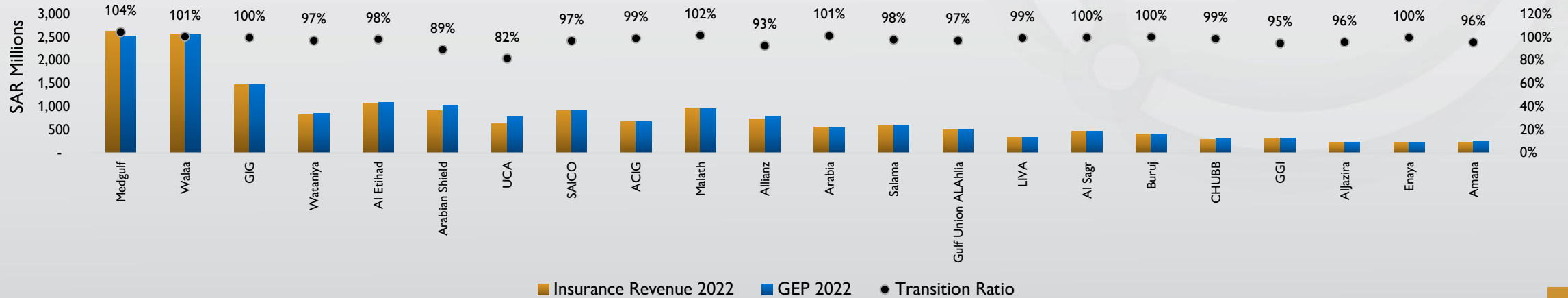
Under IFRS17, Insurance Revenue would be akin to Gross Earned Premium. A key difference is that in IFRS17 (or due to IFRS9) the Expected Credit Losses (ECL) are deducted from the Insurance Revenue. To show the impact of the change in standards, we have compared the Gross Earned Premium shown in 2022 financials to Insurance Revenue shown for 2022 this time.

The graphs here depicts the transition impact of the same. Due to impact of ECL, the ratio should be below 100%. Companies having ratio above 100% shows that the revenue has increased for 2022 as a result of transition. This is possible due to changes in revenue recognition, updated measurement methods, enhanced contract boundaries, and improved data quality.

### Insurance Revenue to GEP Transition (2022) Top 3



### Insurance Revenue to GEP Transition (2022) Others





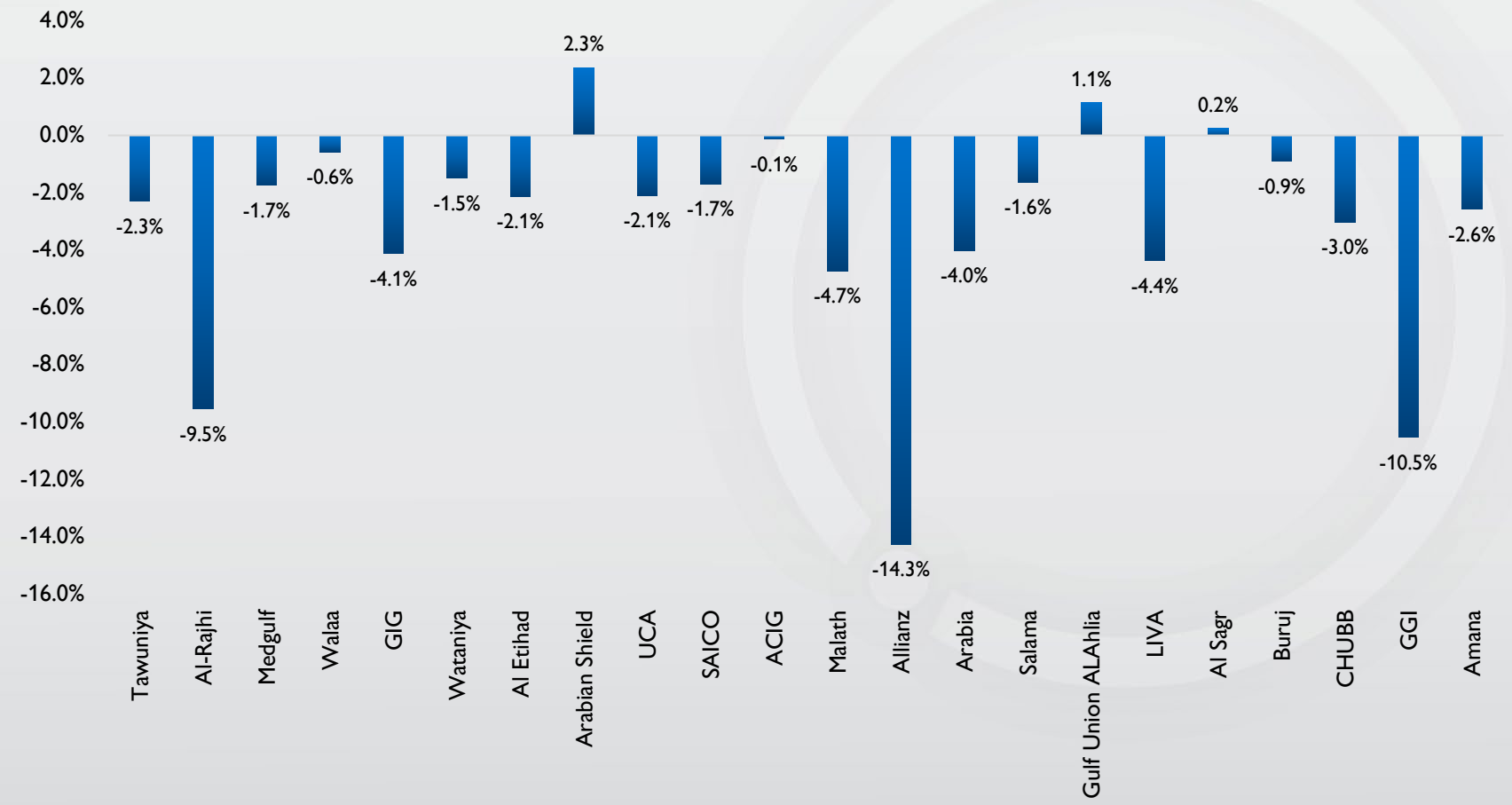
Finance income (or expenses) directly impact the valuation of the liability for incurred claims through the discounting process in IFRS-17.

Since most of the companies are using PAA we have computed this KPI as being divided by LIC. The graph presents the proportion of financial expenses/(income) relative to the amount of claim liabilities.

Alljazira is excluded from the analysis as it was distorting the graph, having a percentage of negative 150%. Bupa and Enaya do not provide their Finance Income in the financials.

Finance cost as a % of LIC is calculated by dividing net finance income with average of opening and closing average.

**Finance Cost as a % of LIC**



# Loss Component as % of Insurance Revenue

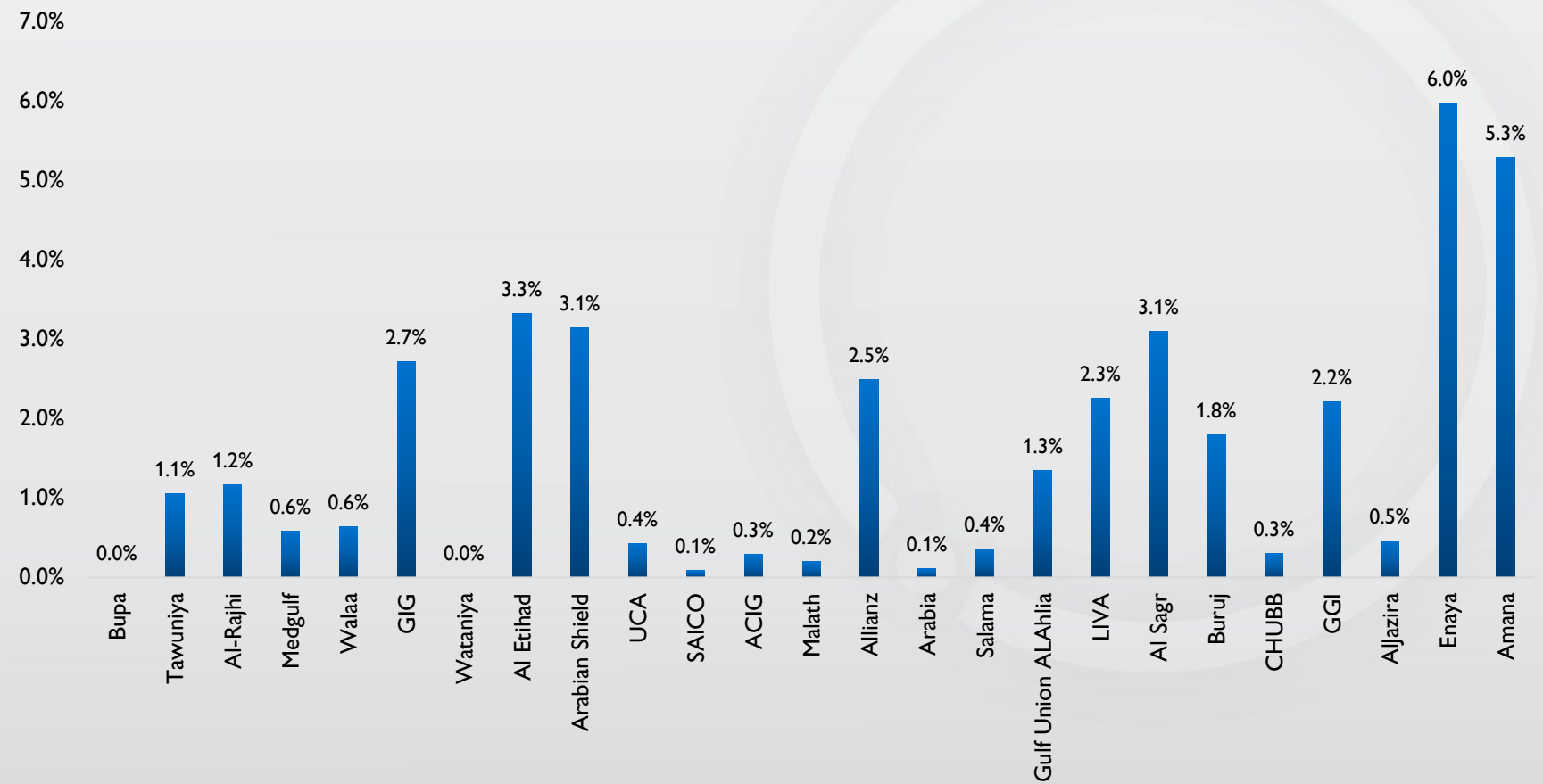


The relationship between the loss component and insurance revenue is crucial for determining the overall profitability and financial performance of an insurance company. By analyzing the ratio of the loss component to insurance revenue, stakeholders can assess the efficiency of the company's underwriting activities and the adequacy of premium pricing in covering expected losses.

Hence, a lower percentage depicts the adequacy of reserves and ability to accurately estimate and cover expected losses in insurance contracts.

SAICO and Arabia depicts the lowest ratio of 0.1%

**Loss Component as a % of Insurance Revenue**



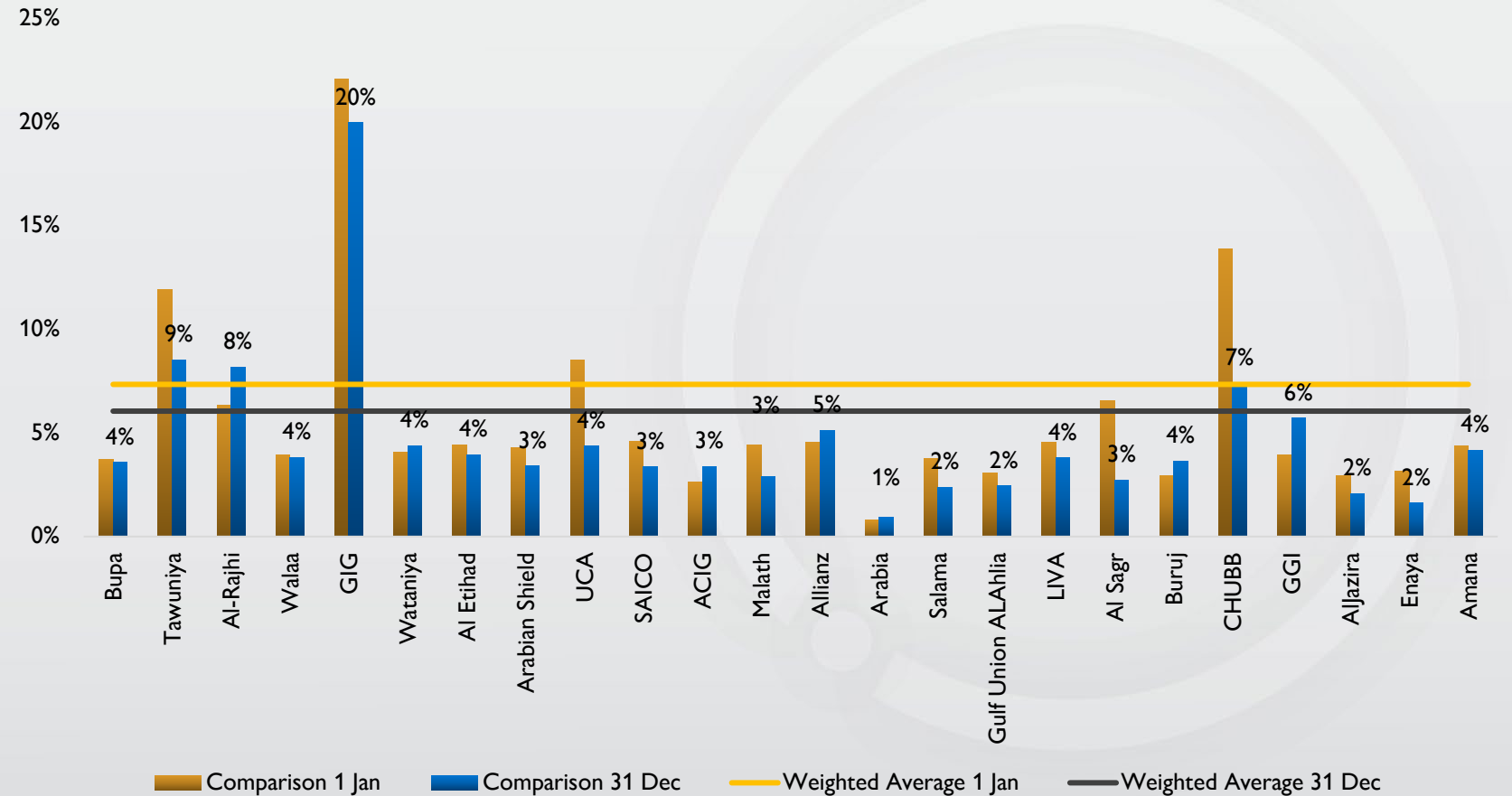
The graph depicts the relationship between risk adjustment and liability for incurred claims and provide insights into the Company's risk assessment and their diligence in accounting for these risks. It is an important KPI for stakeholders to evaluate the Company's prudence and risk management practices in financial reporting under IFRS-17.

The weighted average proportion of Risk Adjustment in LIC for the period of 1 Jan 2023 and 31 March 2023 is analyzed to be 7% and 6% respectively.

The Highest Ratio is depicted by GIG of 20% whereas the lowest is shown by Arabia of 1%.

Medgulf do not present Risk adjustment in their financials.

**Risk Adjustment as a % of Estimates LIC**



# Risk Adjustment Confidence Level



	55th	60th	65th	70th	75th	80th	85th	90th	RA as % LIC
Bupa					75th				4%
Tawuniya					75th				9%
Al-Rajhi						80th			8%
Medgulf					75th				0%
GIG								90th	20%
Al Etihad					75th				4%
Arabian Shield					75th				3%
Wataniya					75th				4%
SAICO					75th				3%
Malath					75th				3%
ACIG			65th						3%
Salama					75th				2%
Arabia					75th				1%
UCA					75th				4%
Allianz					75th				5%
Gulf Union ALAhlia					75th				2%
LIVA					75th				4%
Al Sagr					75th				3%
GGI			65th	70th					6%
AUazira					75th				2%
CHUBB				70th		80th			7%
Amana			65th						4%
Enaya					75th				2%

Companies have to select the Risk Adjustment Percentile for determination of non-financial risks. This is supposed to be linked to the Risk Appetite of the Companies and shows the conservatism or prudence it wants to build as part of the Financial Statements. Majority of the companies had selected 75th Percentile.

70<sup>th</sup> for Motor | 65<sup>th</sup> Other Line of Business



## 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. Total gross written premiums have shown a significant 24% growth, climbing from SAR 51 billion to SAR 64 billion.

Underwriting performance has shown a strong recovery with Insurance Service Results surging from SAR -203 million in 2022 to SAR 3 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 experienced a remarkable upsurge, rising from SAR 244 million in 2022 to SAR 3.2 billion in 2023. Excluding BUPA, the industry made a profit of SAR 2.3 billion compared with a loss of SAR 561 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 244 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.

The KSA Motor market grew due to a combination of two items:

- General increases in rates after the heavy losses motor insurers sustained in 2022 when the industry made SAR 1.6 billion losses in insurance service result in this segment.
- The national campaign to bring uninsured drivers under the ambit of insurance. This increased the pool of insured drivers and whilst prices started to fall after the campaign, unlike the past the market hasn't descended into an irrational price war, as most companies have Internal actuarial teams that are playing a strong role with a greater focus on technical rates.





# Disclaimer

We have undertaken an analysis of the Key Performance Indicators (KPIs) of the listed insurance companies in KSA for the year 2023. The data has been extracted from the published financial reports of those companies which were publicly listed and available till the compilation of this report.

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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.













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## Listed Insurance Companies



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Year End 2023 – KSA Listed Insurance Companies

Logos	Sr. No.	Name	Abbreviation
	1	The Company for Cooperative Insurance	TCCI
	2	Aljazira Takaful Taawuni Co.	AJTTC
	3	Malath Cooperative Insurance Co.	MCIC
	4	The Mediterranean and Gulf Insurance and Reinsurance Co.	TMGIRC
	5	Allianz Saudi Fransi Cooperative Insurance Co.	ASFCIC
	6	Salama Cooperative Insurance Co.	SCIC
	7	Walaah Cooperative Insurance Co.	WCIC
	8	Arabian Shield Cooperative Insurance Co.	ARSCIC
	9	Saudi Arabian Cooperative Insurance Co	SACIC
	10	Gulf Union Al Ahlia Cooperative Insurance Co.	GUACIC
	11	Allied Cooperative Insurance Group	ACIG
	12	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
	13	Trade Union Cooperative Insurance Co.	TUCIC
	14	Al Sagr Cooperative Insurance Co.	ASCIC
	15	United Cooperative Assurance Co.	UCAC
	16	Bupa Arabia for Cooperative Insurance Co.	BACIC
	17	Al-Rajhi Company for Cooperative Insurance	ARCCI
	18	CHUBB Arabia Cooperative Insurance Co.	CACIC
	19	Gulf Insurance Group	GIG
	20	Gulf General Cooperative Insurance Co.	GGCIC
	21	Buruj Cooperative Insurance Co.	BCIC
	22	LIVA Insurance formerly known as Al Alamiya	AACIC
	23	Wataniya Insurance Co.	WIC
	24	Amana Cooperative Insurance Co.	ACIC
	25	Saudi Enaya Cooperative Insurance Co.	SECIC
	26	Alinma Tokio Marine Co.	ATMC

# 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	6 Staff
UAE/ Oman Actuarial	<b>41</b> Staff	Medical <b>6</b> Staff
KSA Actuarial	<b>44</b> Staff	IFRS 17 <b>13</b> Staff
Business Intelligence	<b>9</b> Staff	HR Consultancy <b>3</b> Staff
End of Services	<b>5</b> Staff	Financial Services <b>14</b> Staff
Sales	<b>1</b> Staff	Strategy Consulting <b>1</b> Staff
Support & Admin	<b>28</b> Staff	Data Science <b>4</b> Staff

# Total Strength **175**



**BADRI**

Year End 2023 – KSA Listed Insurance Companies



**Hatim Maskawala**  
Managing Director - BADRI



**Ali Bhuriwala**  
Co-founder & Executive  
Director - BADRI



**Hasham Piperdy**  
Director & GM – BADRI for  
Actuarial Services



**S. Azadar Haider**  
Manager Actuarial - BADRI



**Amjaad Al Qahtani**  
Sr. Actuarial Analyst - BADRI



**Razan Saud R Alanazi**  
Actuarial Analyst - BADRI

# Our Team



**BADRI**

Year End 2023 – KSA Listed Insurance Companies

## Our Offices

### KSA Office

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Pakistan

### Lahore Office

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