

2023

UAE

Listed Insurance Industry Performance Analysis – Year End 2023

Including Branches Performance



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

InsureTek Golden Shield Excellence Awards 2024

Newest Award on our shelf:
Best Actuarial Company of the Year
BADRI Management Consultancy



Awards & Achievements

Award winning strategic partner to the insurance industry with our 200 talented staff in UAE, KSA, Pakistan, Egypt and UK 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.
- Best Internship Program Award by Employee Happiness Awards.





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.

We are proudly standing at **200** employee base that are spread across UAE, KSA, Pakistan, Egypt and UK. They certainly 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

- General Insurance, Life and Health, Pensions and Social Security
- Regulatory / Appointed Actuary
- Reserving, Technical Pricing, Capital Modelling
- Investment and ALM
- Reinsurance Modelling / Optimization
- Financial reporting including IFRS 17 and IFRS 9

Strategic Consultancy

- Strategy and Business Plan development
- Digitalization Strategy
- M&A (due diligence)
- Market and Product development and innovation
- Enterprise Risk Management
- ESG and Climate Risk
- Financial Services
- HR Strategy

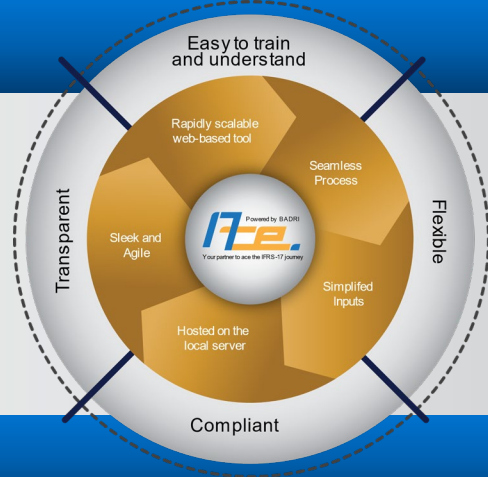
Technology Consultancy

- Actuarial Software for pricing, reserving and capital modelling
- IFRS 17 financial reporting software and managed services
- Business Intelligence software
- Motor and medical portfolio management / dashboards
- Data Strategy and Governance



Leading the way in IFRS 17 Implementation

BADRI has taken a lead in providing IFRS 17 consulting to general & life insurers within Pakistan by securing a leading market share in the upcoming Phase 3 & 4. This would enable our clients to be IFRS 17 compliant by January 2026. In addition to this, BADRI will also be providing system support by way of its IFRS 17 accounting engine called ACE 17.



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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2023 Year End Industry Analysis

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2023 Highlights

Insurance Revenue (Listed Companies & Branches)

2023: AED **42.4** billion
2022: AED 35.5 billion
Growth: 19%

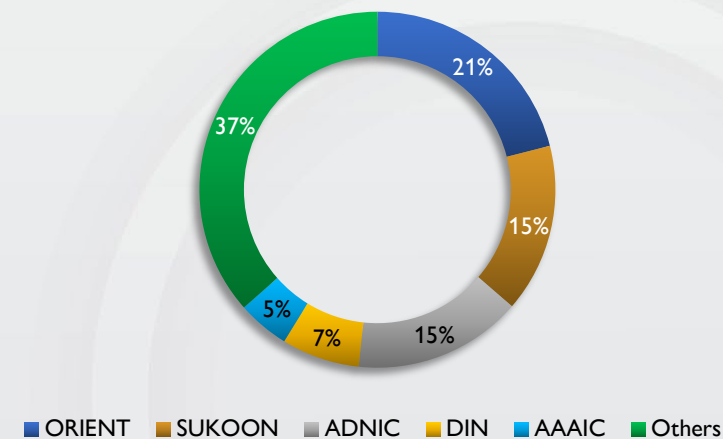
Insurance Service Results (Listed Companies & Branches)

2023: AED **1.74** billion
2022: AED 1.73 billion
Growth: 1%

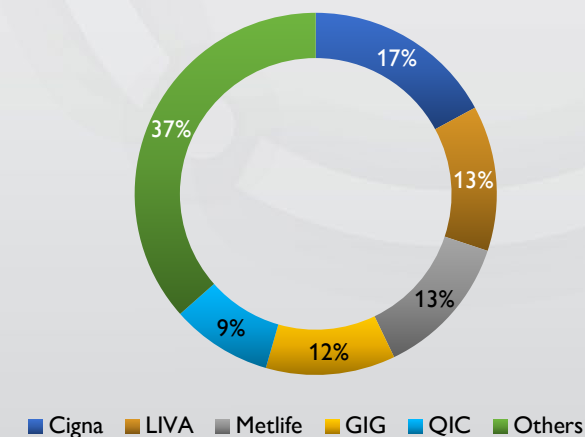
Profit Before Tax Results (Listed Companies & Branches)

2023: AED **2.2** billion
2022: AED 1.7 billion
Growth: 28%

Insurance Revenue 2023 (Listed Companies)



Insurance Revenue 2023 (Branches)





01

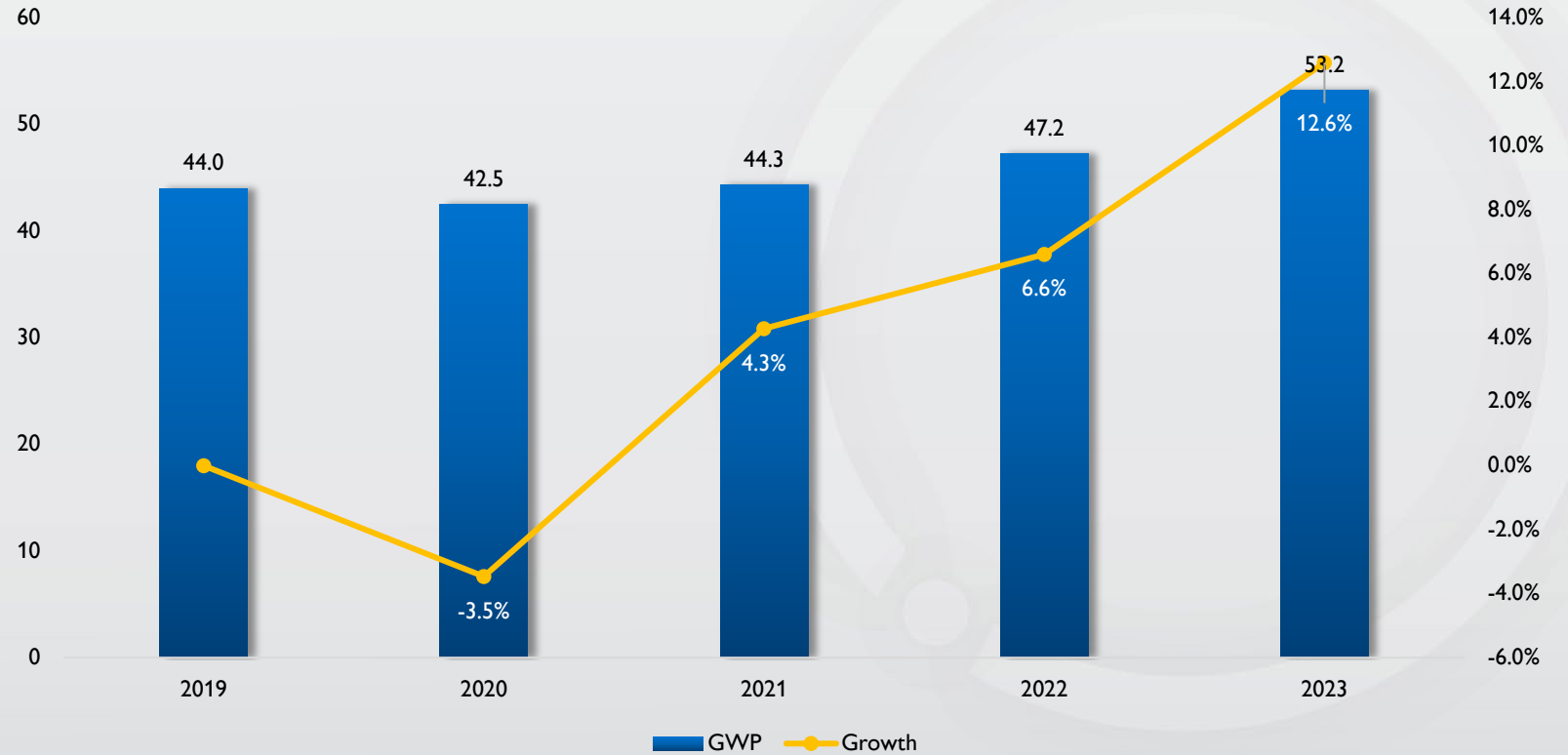
Revenue

The total market volume (listed companies and foreign branches) is **AED 53.2 Billion** which was AED 47.2 billion in 2022.

The insurance industry in the UAE has shown signs of improvement, as evidenced by the increasing trend in gross written premiums from 2020. In 2023, the industry experienced an 12.6% growth rate compared to 6.6% in 2022.

The numbers are extracted from CBUAE/IA annual reports.

GWP Industry Trend



Insurance Revenue - Listed Companies

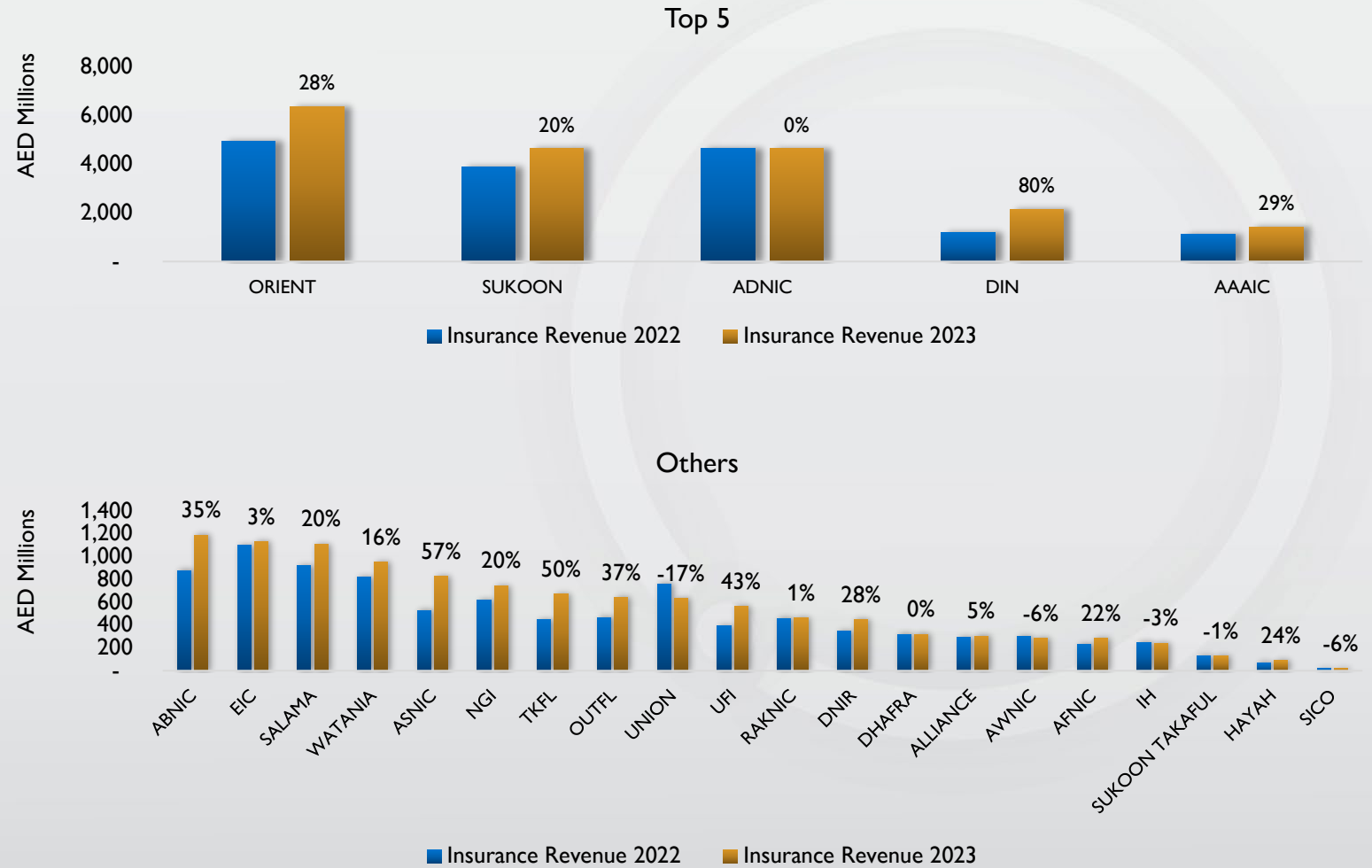


Insurance Revenue for the 25 listed companies analyzed surged by 20%, reaching AED 30 billion in 2023, up from AED 25 billion recorded in the same period last year. Formerly, the focus was on Gross Written Premiums (GWP) as a source of pride and industry rivalry in the UAE insurance sector; however, this metric is no longer disclosed. Instead, the spotlight is now on Insurance Revenue, which can be likened to Earned Premiums. Notably, this figure is presented net of any Expected Credit Losses (akin to provisions for doubtful debts).

Among these, the top 5 observed a rise in Insurance Revenue collectively from AED 16 billion to AED 19 billion, reflecting a 22% increase. Meanwhile, the remaining companies also followed suit with a growth of 18%, with their revenue climbing from AED 9 billion to AED 11 billion.

DIN demonstrated the most remarkable expansion with a substantial growth of 80%. Conversely, UNION faced the most significant decline in business, plummeting from AED 763 million in 2022 to AED 633 million in 2023, a decline of 17%.

It's worth mentioning that AKIC, METHAQ AMAN & TAKAFUL EM were not incorporated into the analysis as their financials had not been released by the time this report was compiled.

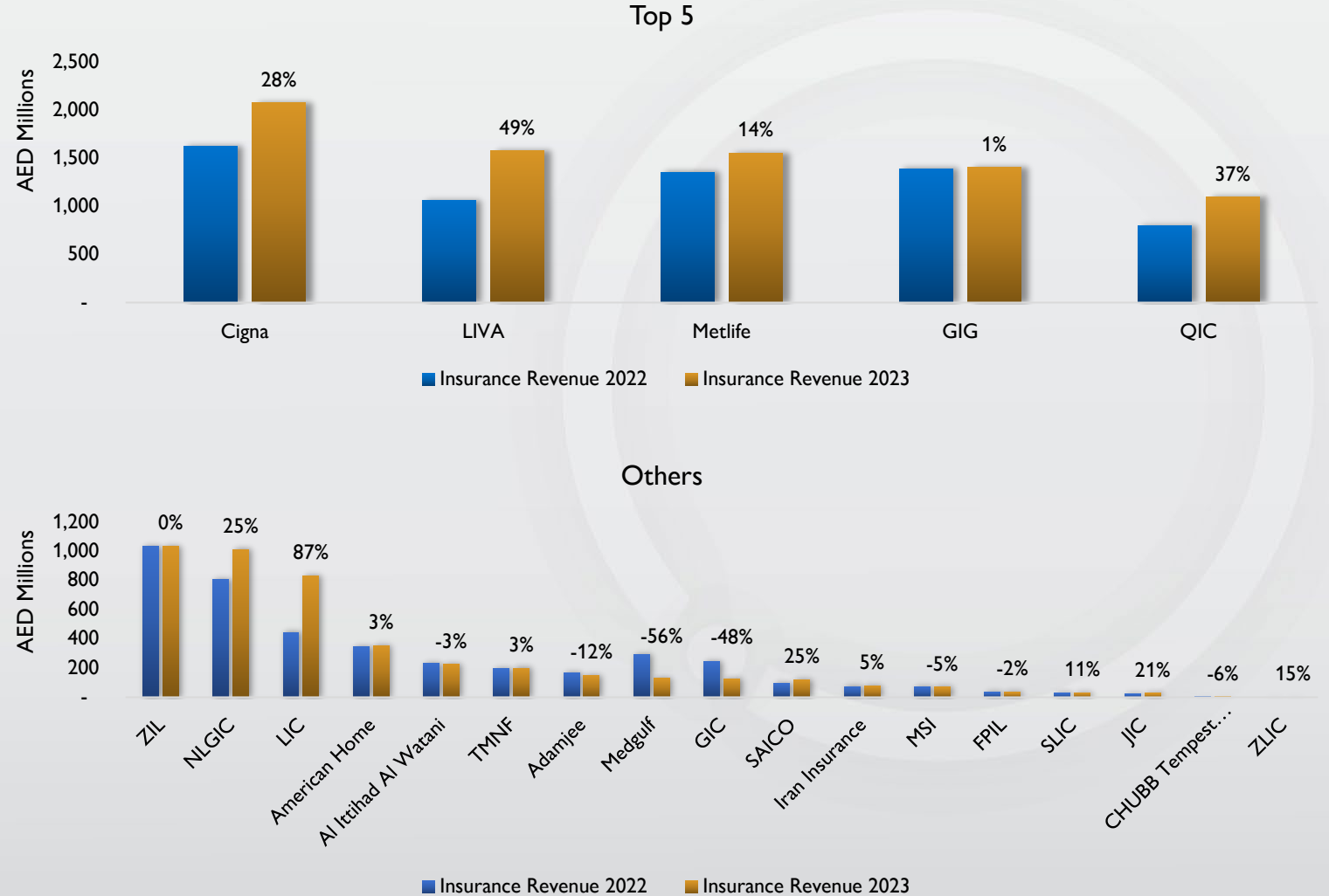


The 22 branches have recorded revenue of AED 12 billion. The overall business has grown by 17% when compared with the year end 2022, which recorded about AED 10 billion for the same branches.

The top 5 branches recorded revenue of AED 8 billion (2022: AED 6 billion), making up to 63% of the total business volume recorded by the branches in this year which was 60% last year.

Cigna has recorded the highest growth of about 28% in revenue among the branches for the year 2023 and on the contrary, ZLIC has observed the lowest growth of 15%

Overall, 15 out of 22 branches reflected growth in their revenue when compared with the year end 2022.



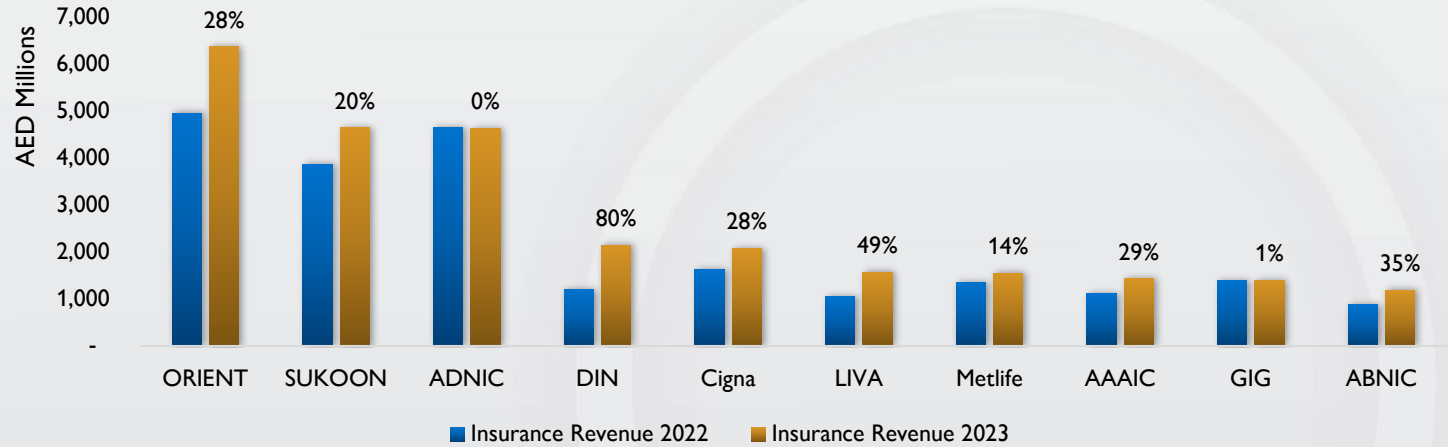
Insurance Revenue - Combined

Total insurance revenue for all the listed companies and branches considered in this review, for the year 2023 aggregated to AED 42 billion depicting a growth of about 19% from 2022 (2022: AED 35 billion). The AED 42 billion is composed of AED 30 billion (71%) from listed companies and AED 12 billion (29%) from branches.

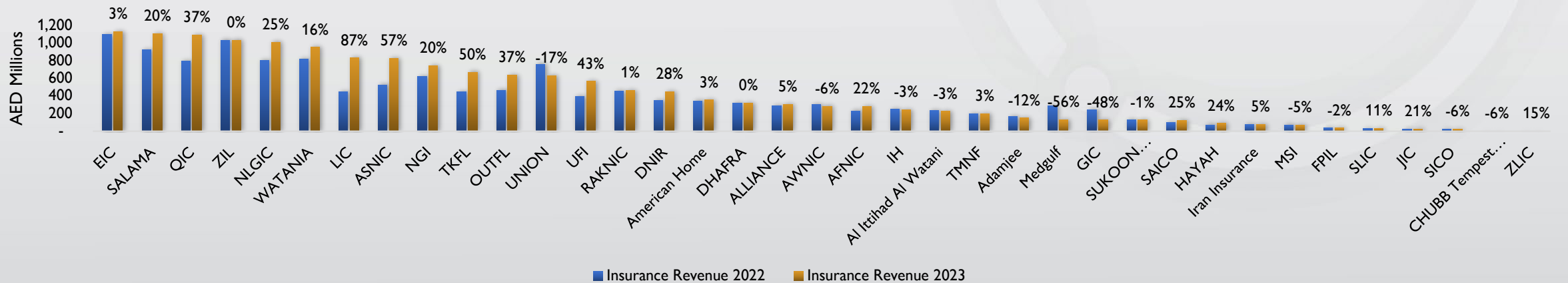
The top 10 companies including branches had a combined revenue of AED 27 billion, which contributed 64% of the total revenue for the year 2023.

4 of the top 10 companies by premium volume are foreign branches, indicating that they continue to hold a significant presence in the UAE market.

Insurance Revenue Top 10

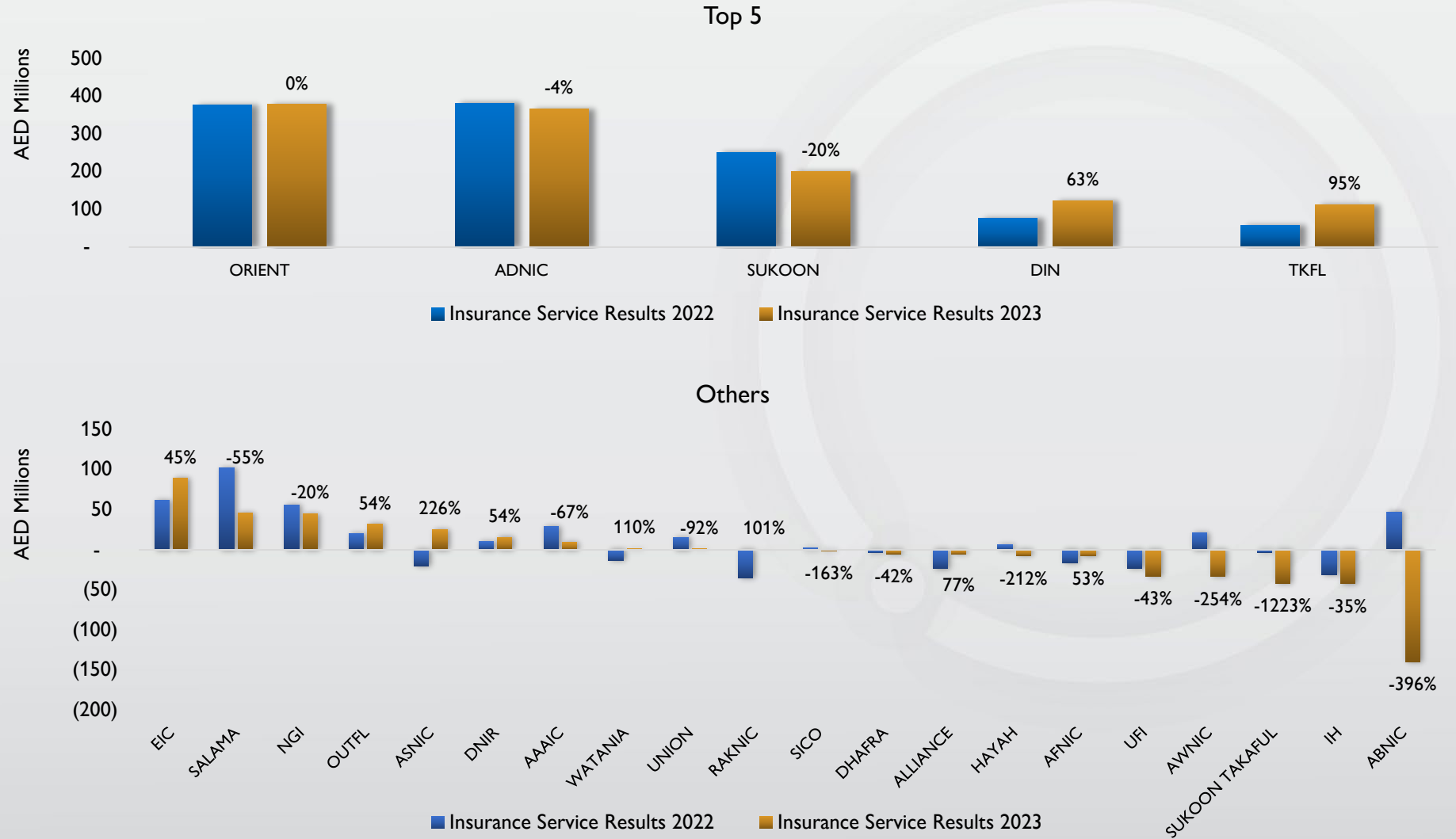


Insurance Revenue Others

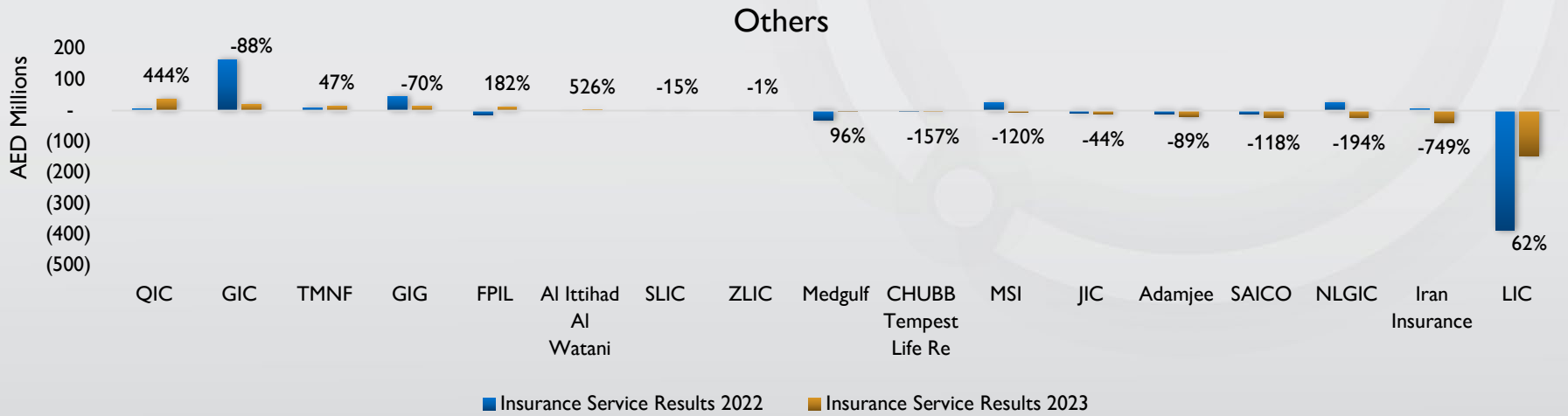
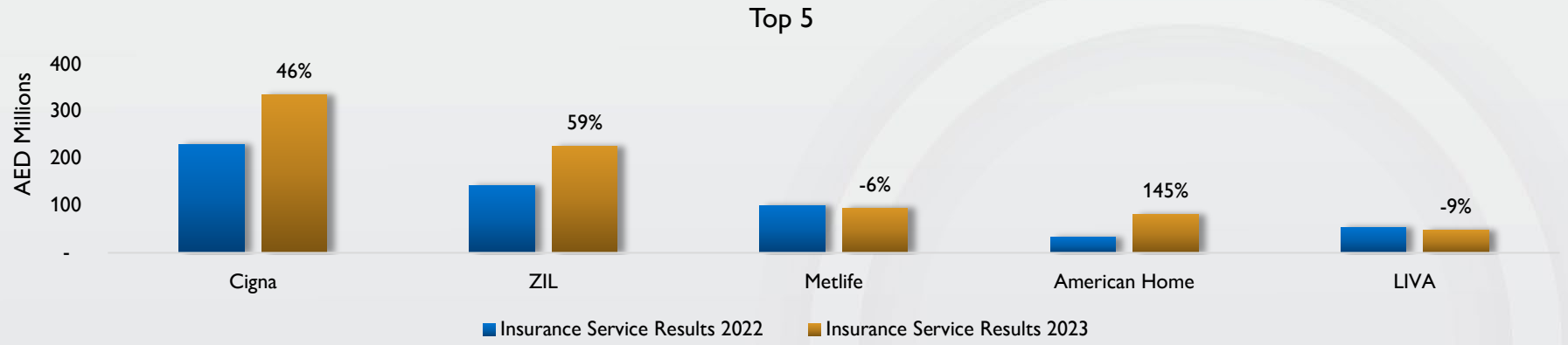


Insurance Service Results - Listed Companies

Insurance Service Results for the analyzed 25 listed companies experienced a 16% decline, decreasing from AED 1.3 billion to AED 1.1 billion in 2023. The leading 5 companies in this regard, encountered a 3% increase collectively, moving from AED 1.1 billion to AED 1.2 billion during the same period last year. Conversely, the remaining companies observed their value drop from AED 203 million to a negative AED 52 million, indicating a substantial 126% decrease. Noteworthy is TKFL, which achieved the highest absolute growth of AED 55 million, while ABNIC faced the most significant decrease, with a drop of AED 187 million.



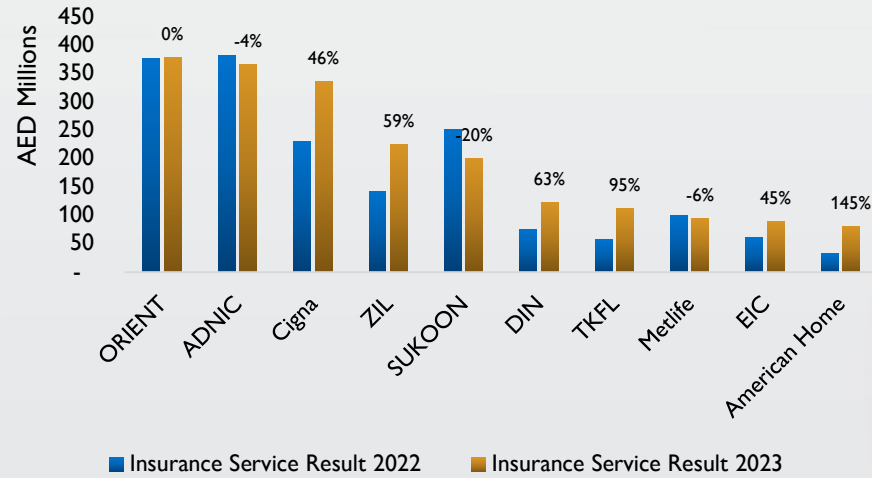
Insurance Service Results for the analyzed 22 foreign branches experienced a 61% increase, from AED 382 million to AED 613 million in 2023. The leading 5 branches in this regard, encountered a 41% increase collectively, moving from AED 559 million to AED 786 million during the same period last year. The remaining branches observed their value increase from negative AED 178 million to a negative AED 173 million, indicating a 3% increase. Cigna achieved the absolute growth of AED 105 million, while GIC faced the most significant decrease, with a drop of AED 144 million.



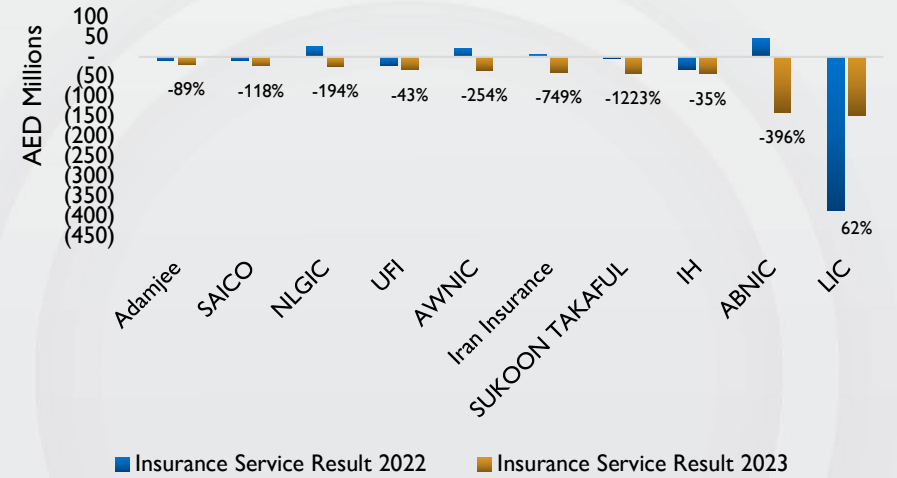
Insurance Service Results - Combined

Combined Insurance Service Results for the analyzed listed companies and foreign branches experienced a 1% increase, from AED 1.73 billion to AED 1.74 billion in 2023. The leading 10 companies in this regard, encountered a 17% increase collectively, moving from AED 1.7 billion to AED 2.0 billion during the same period last year. Conversely, the remaining companies and branches observed their value drop from AED 17.6 million to a negative AED 266 million.

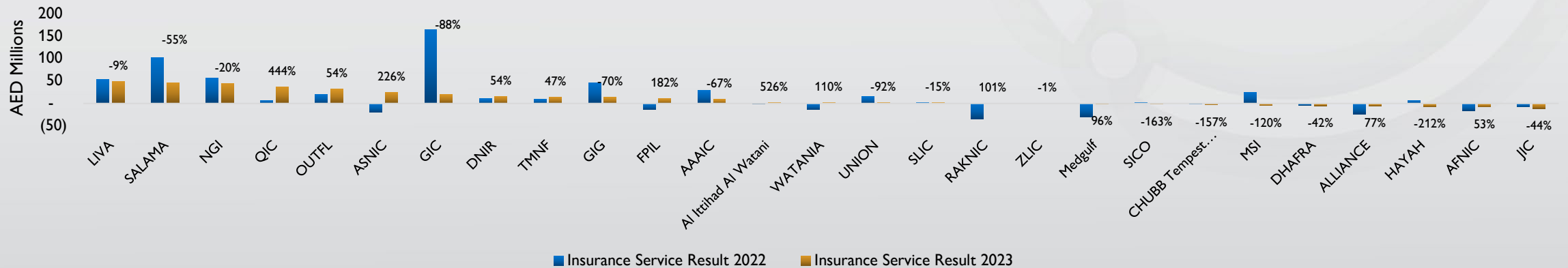
Insurance Service Result Top 10



Insurance Service Result Bottom 10



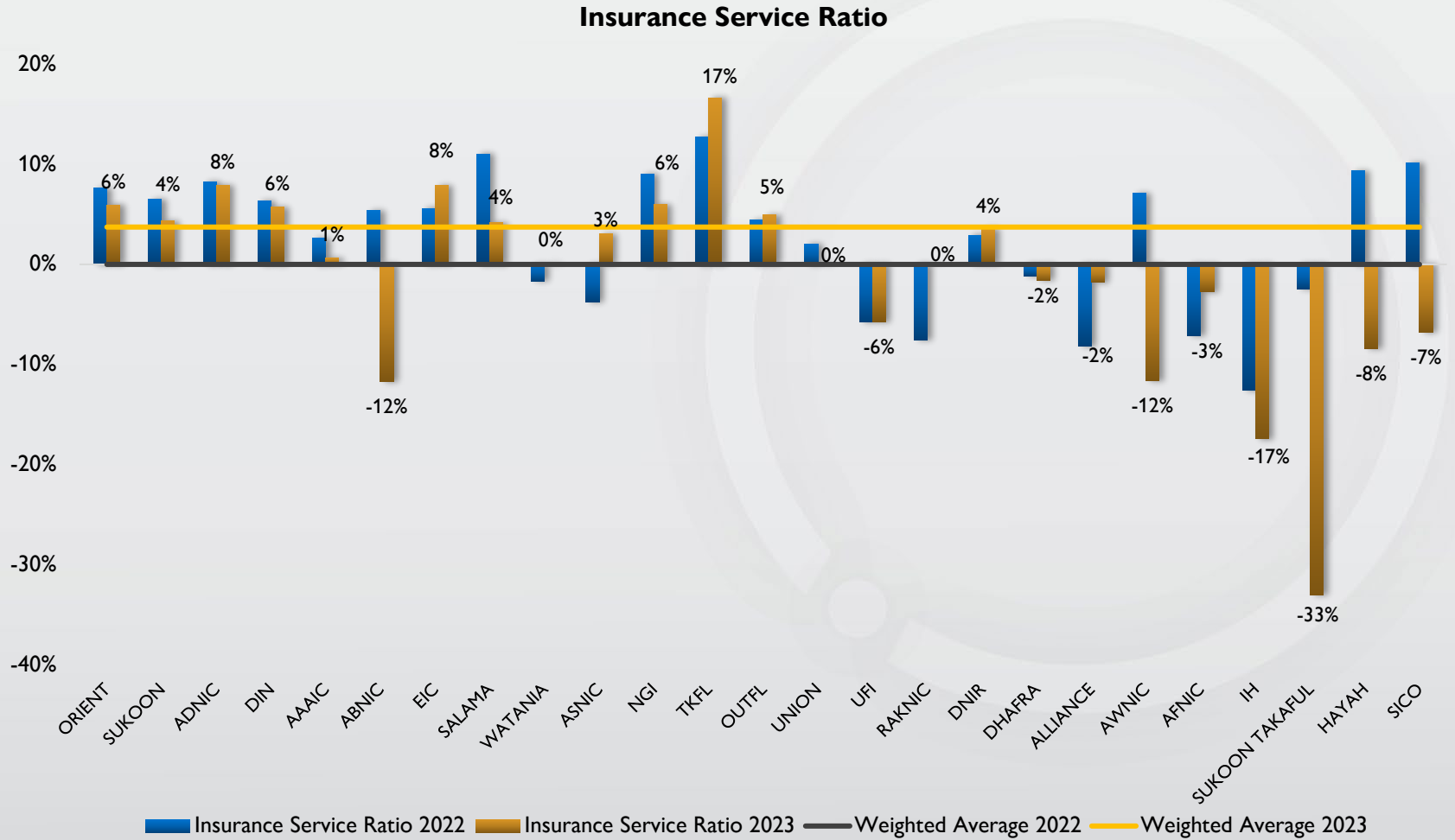
Insurance Service Result Others



Insurance Service Ratio – Listed Companies

The Insurance Service Ratio for the examined companies declined from 5% in the previous year to 4% in 2023. TKFL has the highest ratio at 17%, while SUKOON TAKAFUL displayed the lowest at -33%.

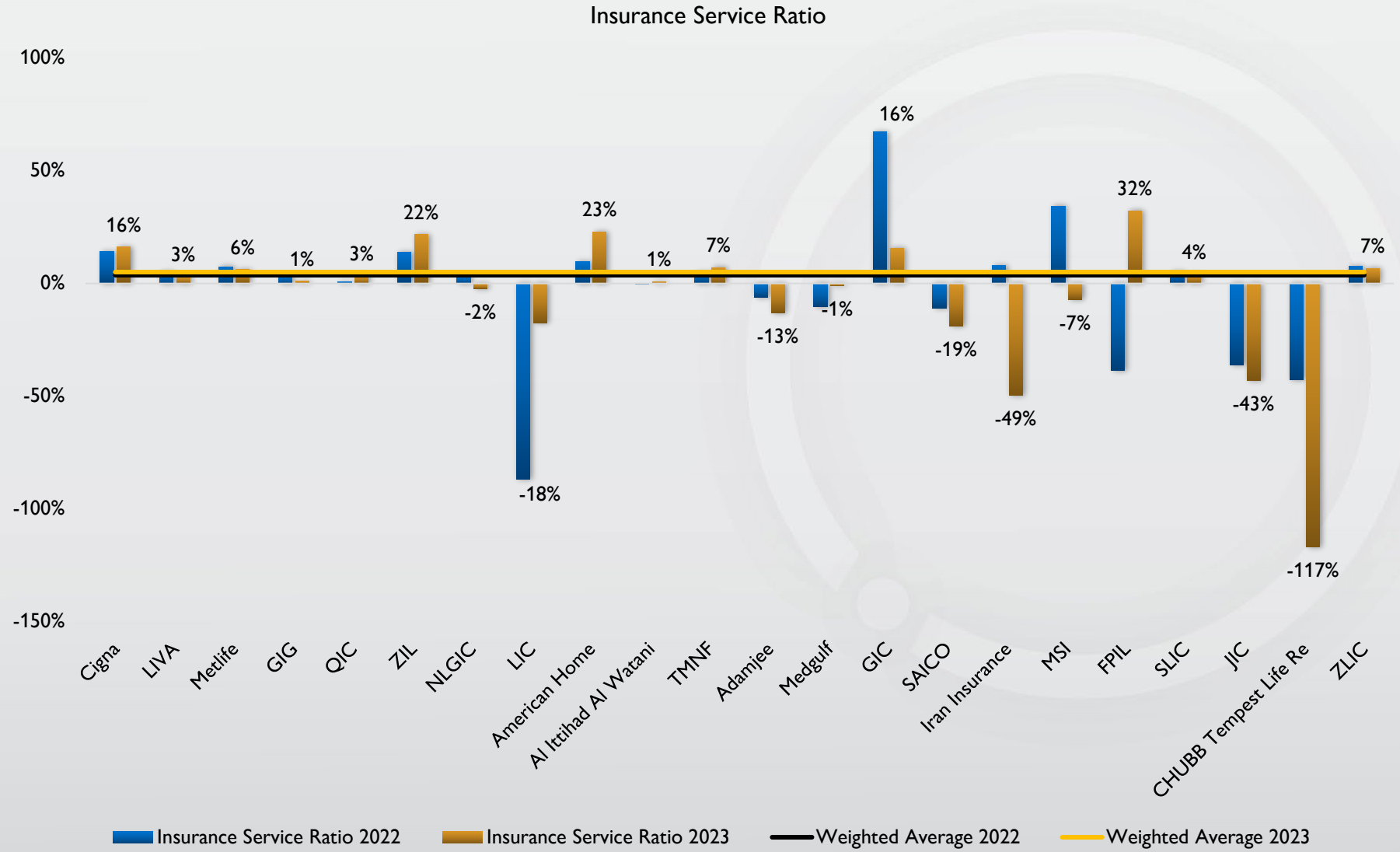
It's worth noting that the Insurance Service Ratio (calculated as Insurance Service Results divided by Insurance Revenue) can be interpreted as 100% minus the Combined Ratio under IFRS4. However, a notable distinction lies in our approach of considering Net Results and contrasting them against a value analogous to Gross Earned Premium. In the context of IFRS4, Insurance Service Results can be conceptualized as Underwriting Profits after accounting for expenses.



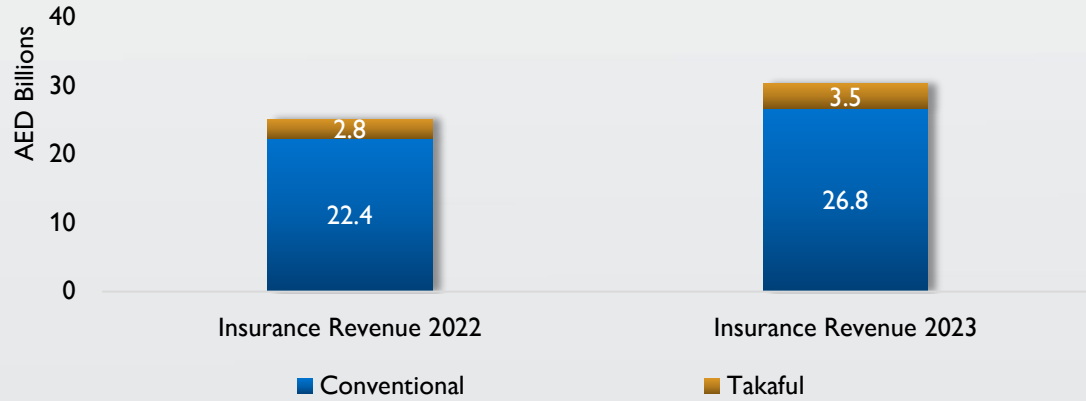
Insurance Service Ratio – Branches



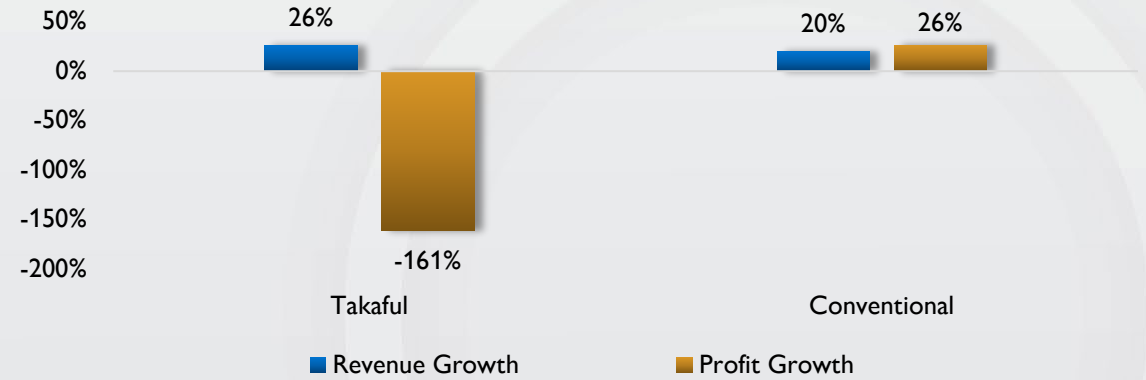
The Insurance Service Ratio for the examined Branches increased from 4% in the previous year to 5% in 2023. FPIL has the highest ratio at 32%, while CHUBB Tempest Life Re displayed the lowest at -177%.



Takaful & Conventional Business Distribution



Business Growth For Conventional & Takaful Insurers



Out of 25 listed insurance companies which are included in this report, 5 operate as Takaful Insurers in the UAE market.

The business by the Takaful companies contributed 12% of the total business by the listed insurance companies in UAE in 2023.

The Revenue for Conventional insurers depicted growth of 20% when compared with the corresponding period of 2022.

The shareholder profits for Takaful Insurers reflected a decline of 161% in 2023 when compared 2022.

The profit growth has reflected an increase of 26% in 2023 for Conventional Insurers.

It is noteworthy that all takaful insurers excluding SUKOON TAKAFUL show increase in their topline.

AKIC, METHAQ, AMAN and TAKAFUL EM are not included in the analysis as they were not published at the time of compiling this report.



02

Profitability

Profit Before Tax - Listed Companies Trend

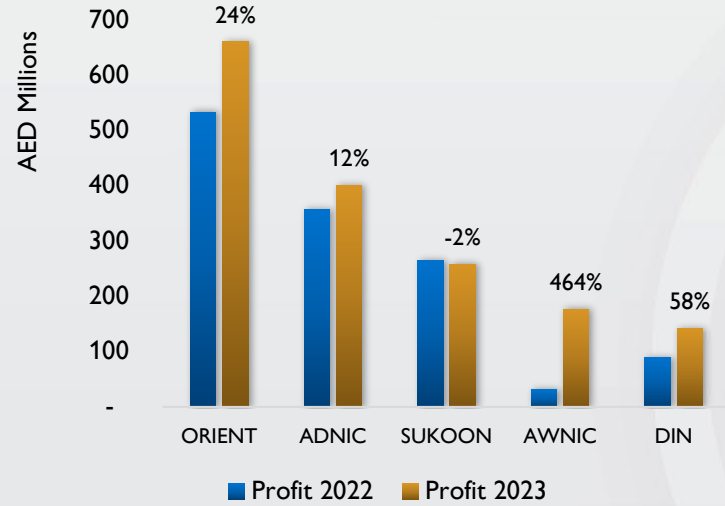


The recorded profit (before tax) for the analyzed group of 25 listed companies experienced a growth from AED 1.5 billion in 2022 to AED 1.8 billion in 2023, marking a 19% increase. Among these, the top 5 companies, in terms of profits, observed a notable surge of 28%, reaching AED 1.6 billion (compared to 2022's AED 1.3 billion). Conversely, the remaining companies encountered a decline of 28%, resulting in profits of AED 173 million (compared to 2022's AED 240 million).

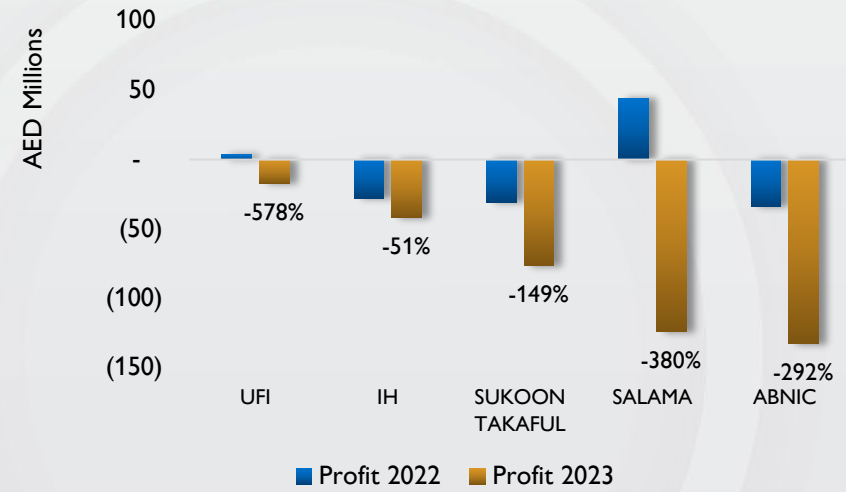
In a comparison with IFRS 4, these 25 Companies recorded a profit of AED 1.51 billion according to their 2022 financials. This amount has been restated to AED 1.52 billion for the same period i.e., 2022, under the IFRS17 framework.

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

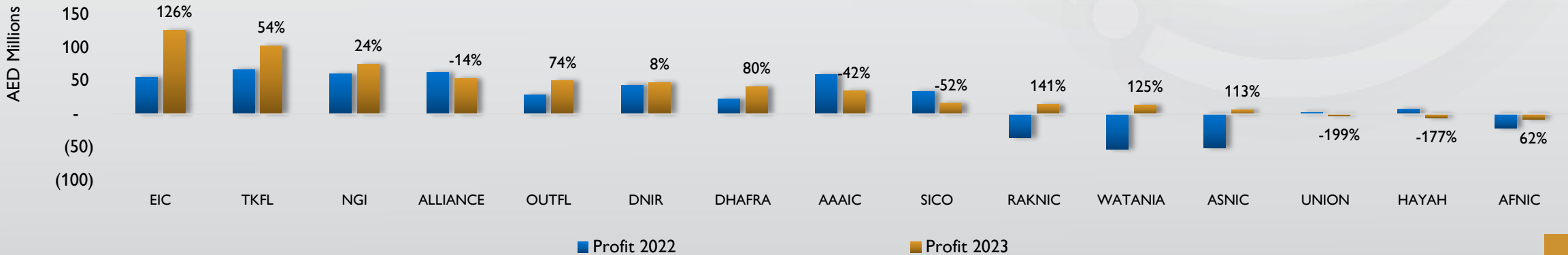
Top 5



Bottom 5

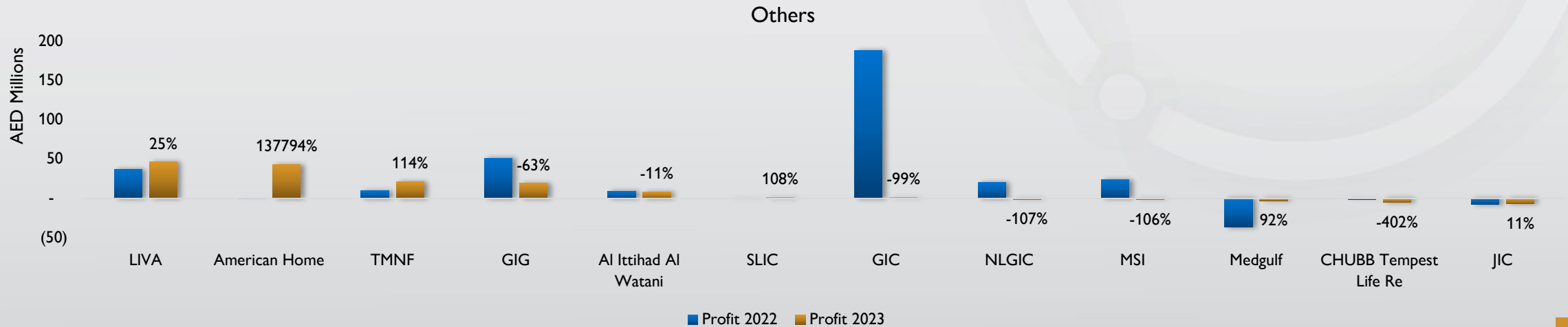
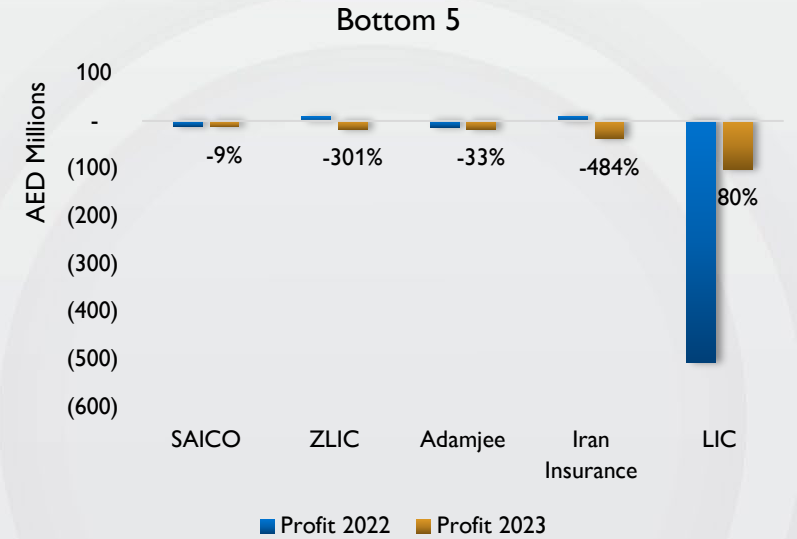
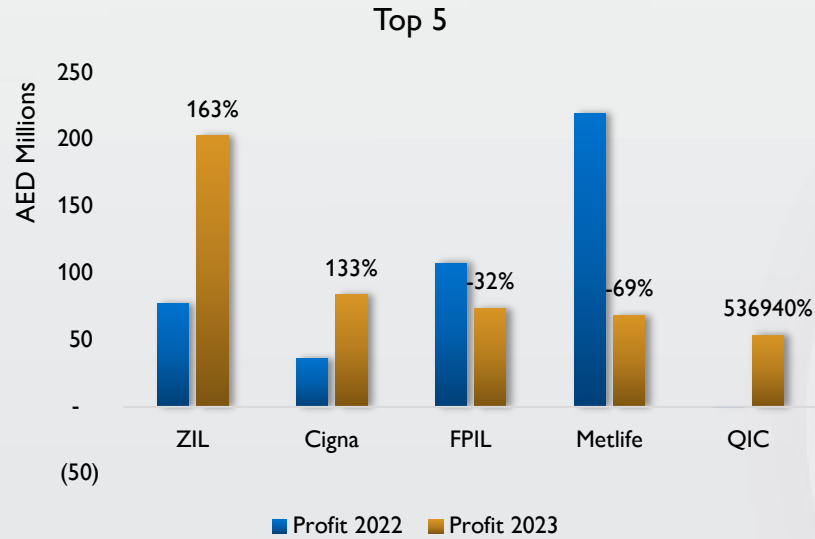


Others



Profit Before Tax - Branches Trend

The recorded profit (before tax) for the analyzed group of 22 branches experienced a growth from AED 224 million in 2022 to AED 419 million in 2023, marking a 87% increase. Among these, the top 5 branches, in terms of profits, observed an increase of 10%, reaching AED 483 million (compared to 2022's AED 441 million). The remaining branches encountered a combined loss of AED 64 million (compared to 2022's loss of AED 217 million).

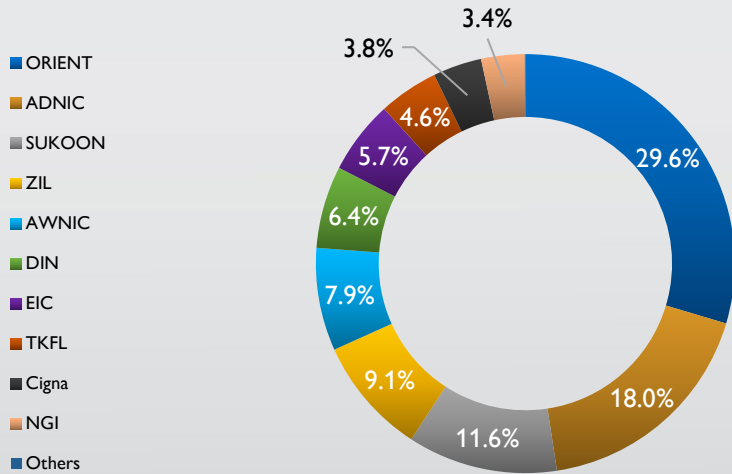


Profit Before Tax - Combined Trend

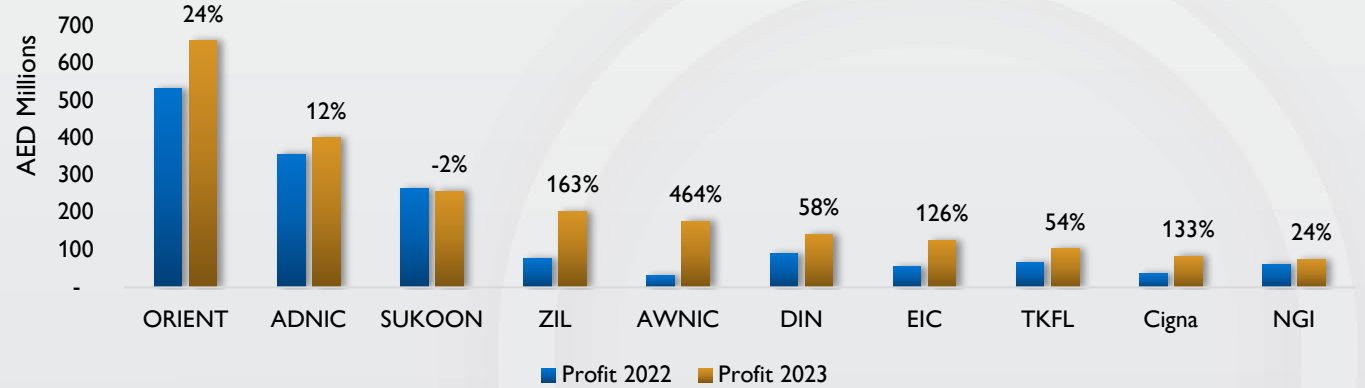


The recorded profit (before tax) for the listed companies and branches combined experienced a growth from AED 1.7 billion in 2022 to AED 2.2 billion in 2023, marking a 28% increase. Among these, the top 10 companies + branches, in terms of profits, observed a notable surge of 42%, reaching AED 2.2 billion (compared to 2022's AED 1.6 billion). Conversely, the remaining encountered a decline of 99%, resulting in profits of AED 1.0 million (compared to 2022's AED 168 million).

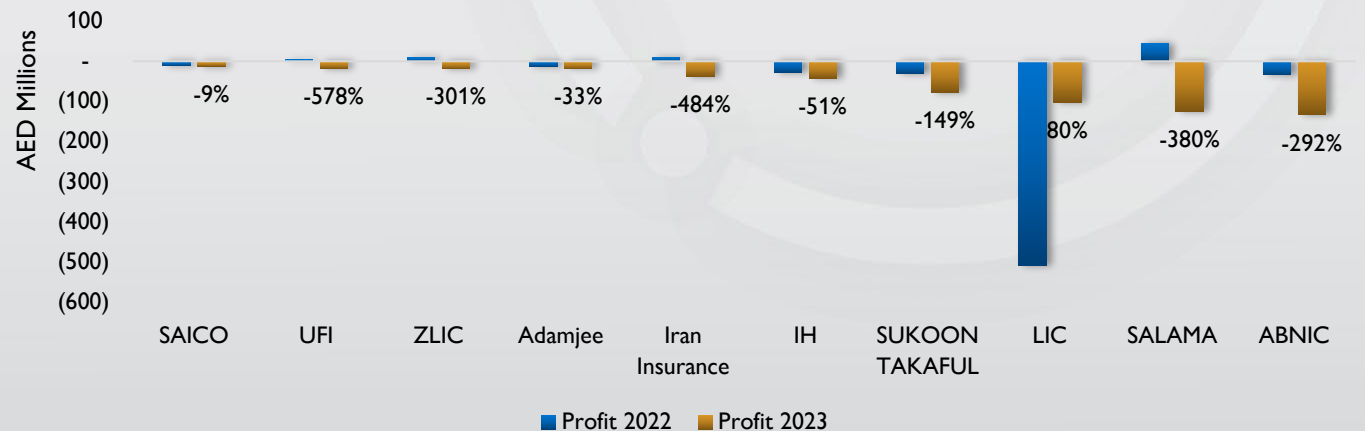
Profits (Listed Companies & Branches)



Top 10

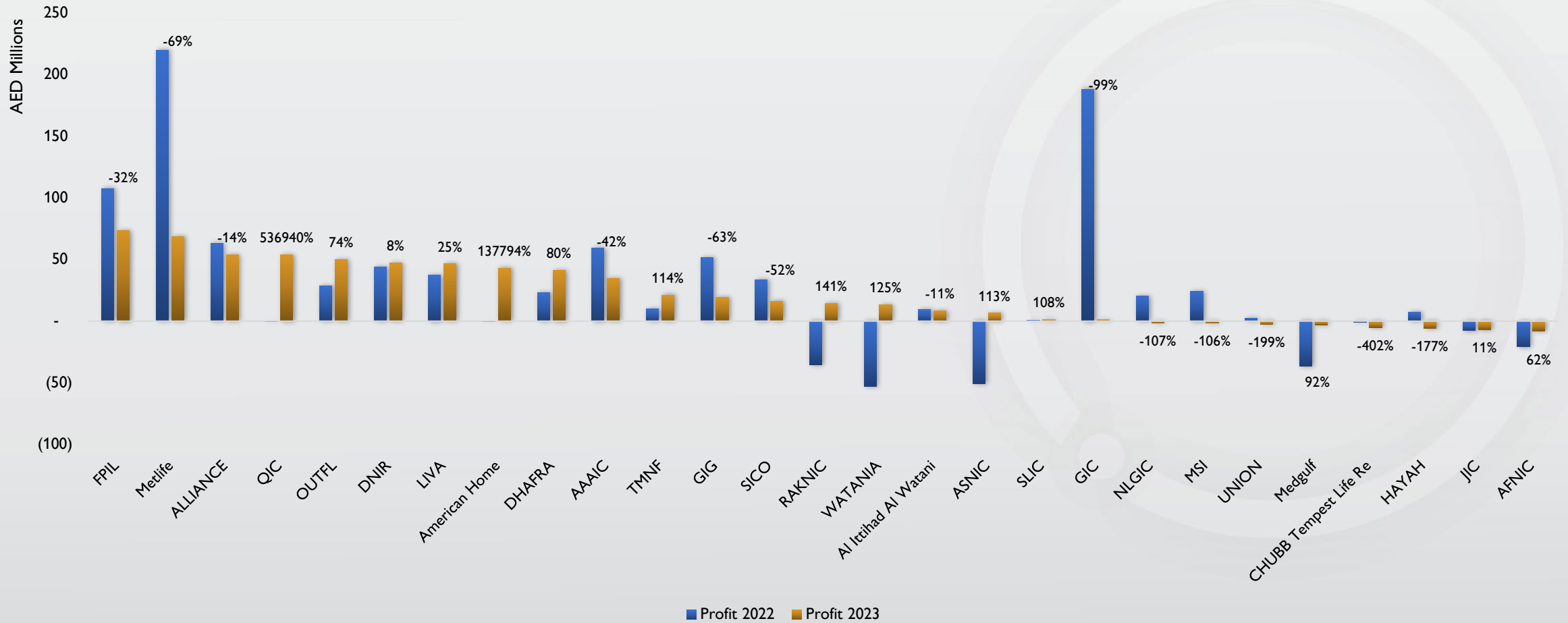


Bottom 10



Profit Before Tax - Combined Trend

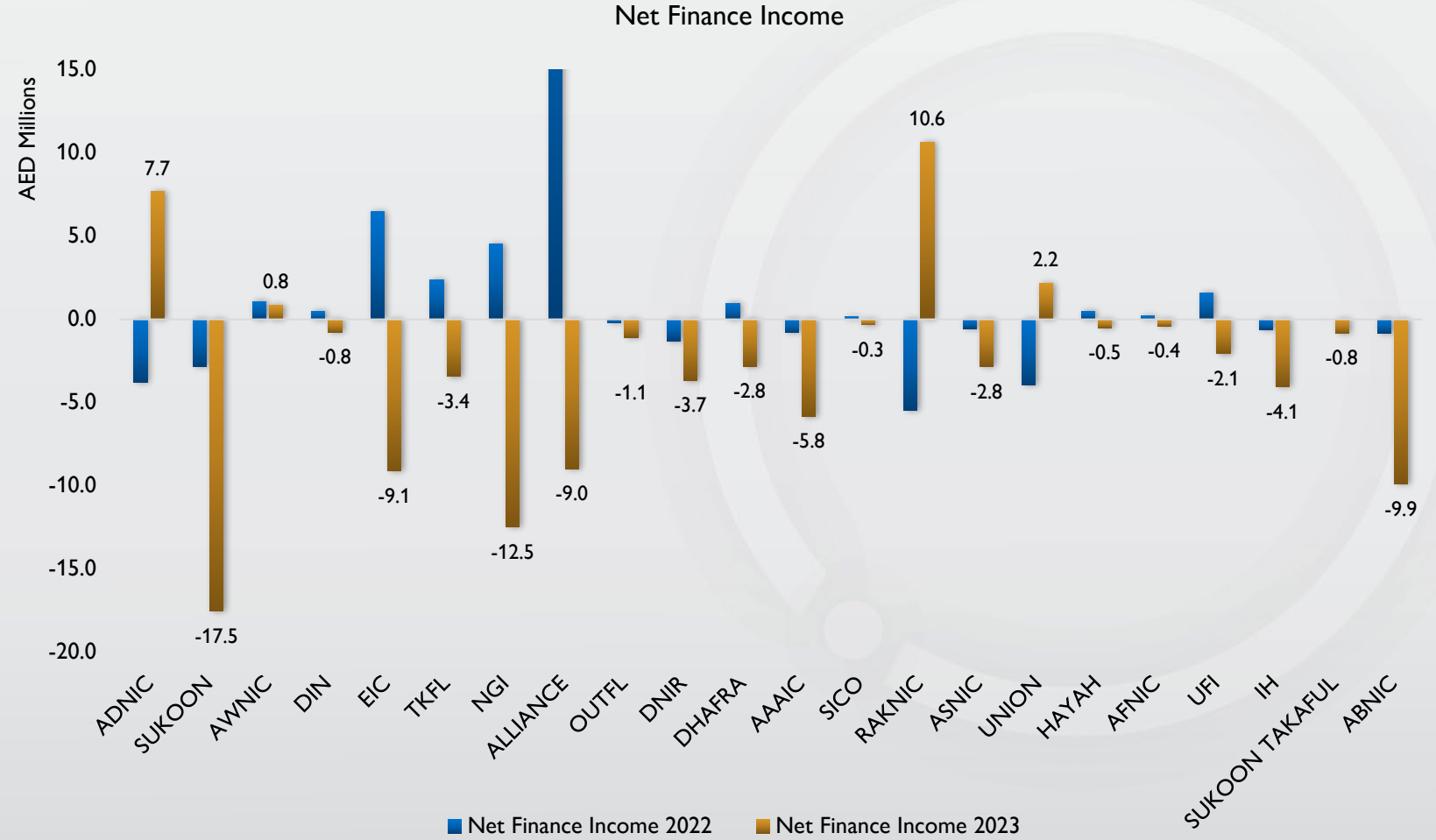
Others



Net finance income, as stipulated by IFRS 17, encompasses both the interest income acquired from the contractual service margin (CSM) and the interest expense generated by the unwinding of the discount rate applied to insurance liabilities. This amalgamation reflects the cumulative financial effects of the time value of money and shifts in the present value of forthcoming cash flows.

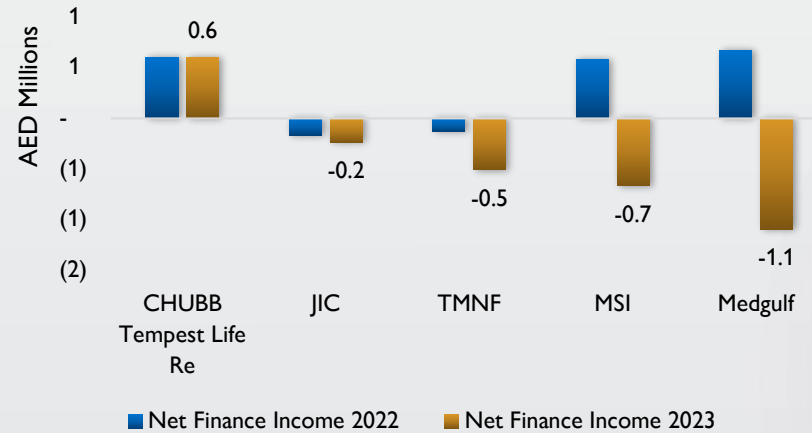
During 2022, the discount rates experienced an upswing, while in 2023, they underwent a decline. Consequently, this year's expenses have surpassed the previous year's expenses for most companies.

It's notable that SALAMA, WATANIA and ORIENT have been omitted due to their outlier status. Among the entities, SALAMA showcases the highest net finance loss, in contrast to RAKNIC, which displays the most substantial net finance income.

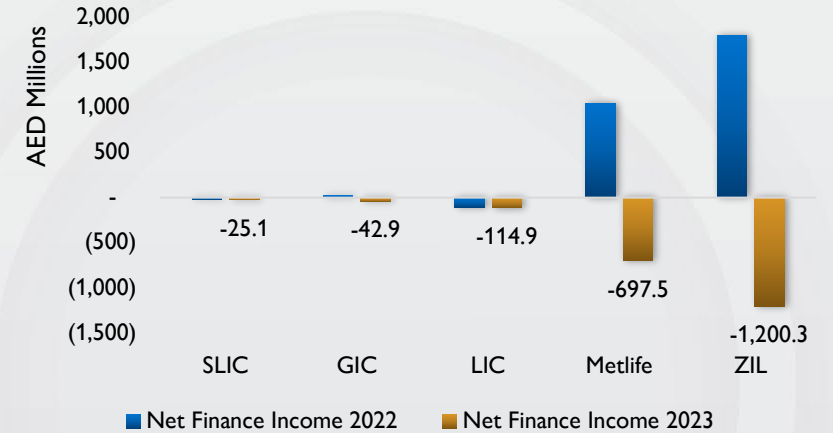


In foreign branches ZIL showcases the highest net finance loss, in contrast to FPIL, which displays the most substantial net finance income.

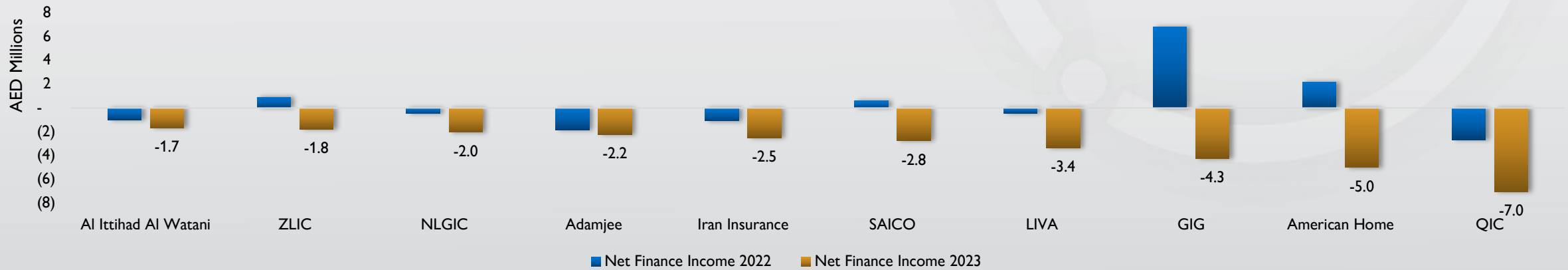
Top 5



Bottom 5

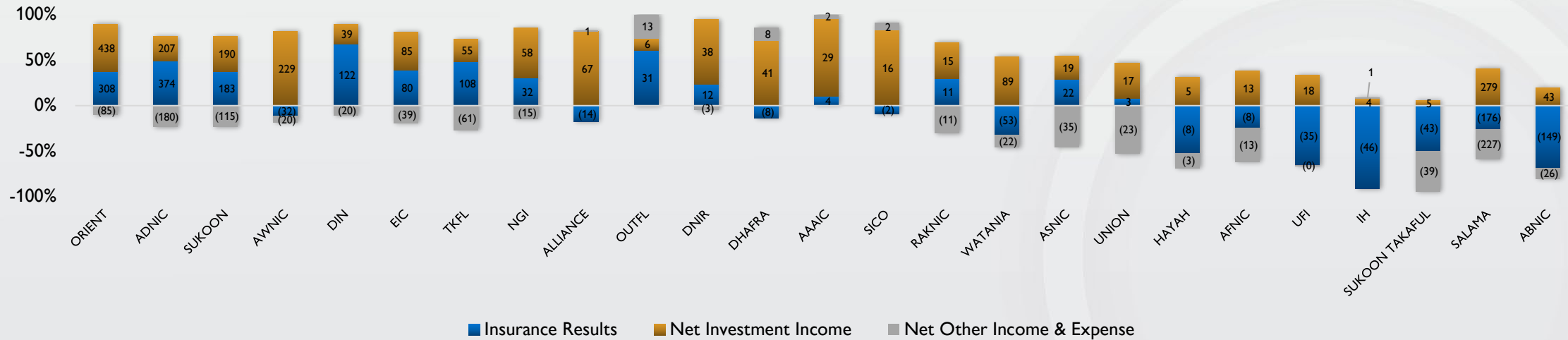


Others



Profit Composition Companies

Profit Composition (AED millions)



It can be observed that insurance companies which recorded losses in their insurance result (net insurance service results + net insurance finance income) were able to minimize the impact from investment income.

As can be seen, the highest insurance result and Investment income was generated by ORIENT, AED 308 million & AED 438 million respectively.

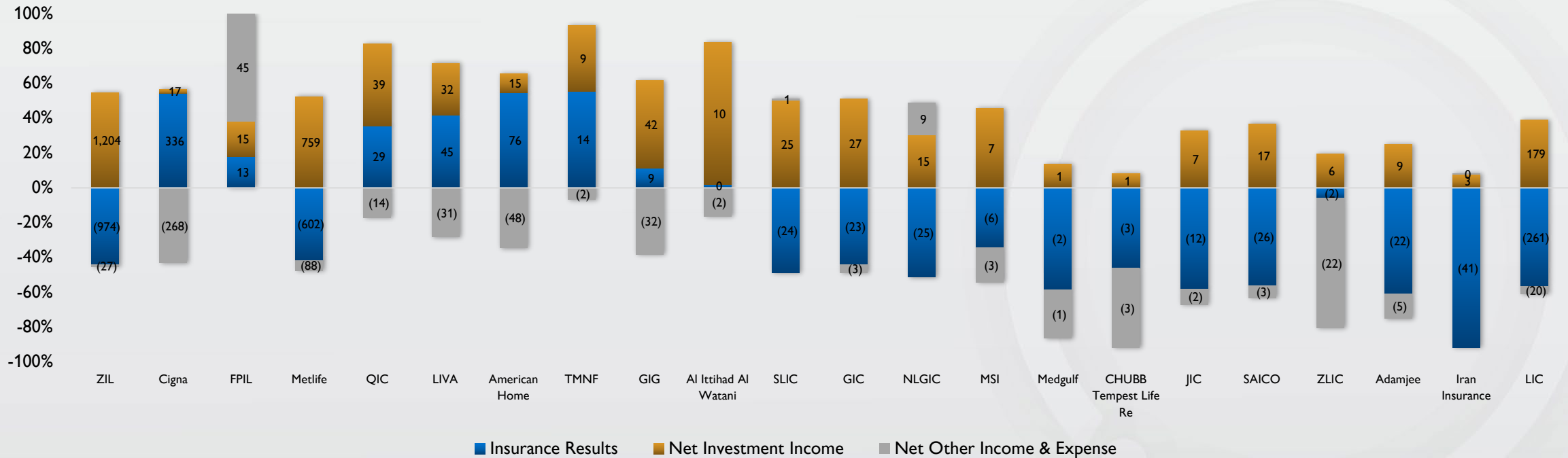
12 out of 25 companies realized insurance result deficit and among these 12 companies 5 were able to generate profit. On the other hand, none of the companies recorded losses on their investment income.

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.

Investment income assumes a pivotal role in the underwriting operations of companies with substantial Life business. Nonetheless, due to the absence of a distinction between Life and Non-life segments in financial reporting, performance is presented at the aggregate company level. Consequently, entities such as NGI and ALLIANCE, which derive noteworthy revenue from their Life portfolios, have been omitted from this assessment to ensure a precise comparative analysis.

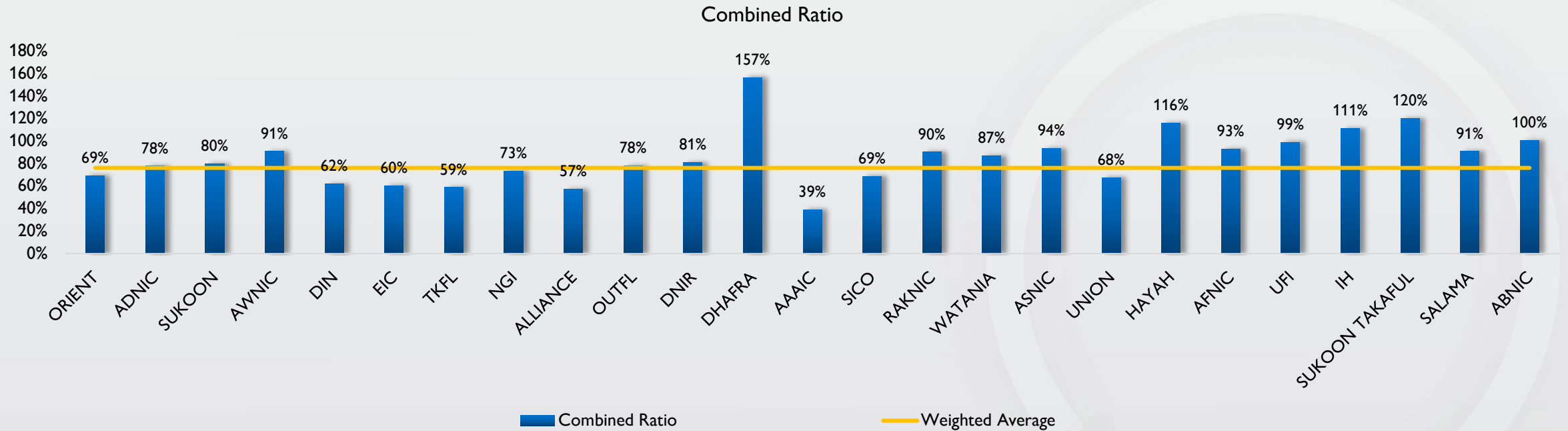
Profit Composition Branches

Profit Composition (AED millions)



As can be seen, the highest insurance result was generated by Cigna, AED 336 million and Investment income was generated by ZIL, AED 1.2 billion.

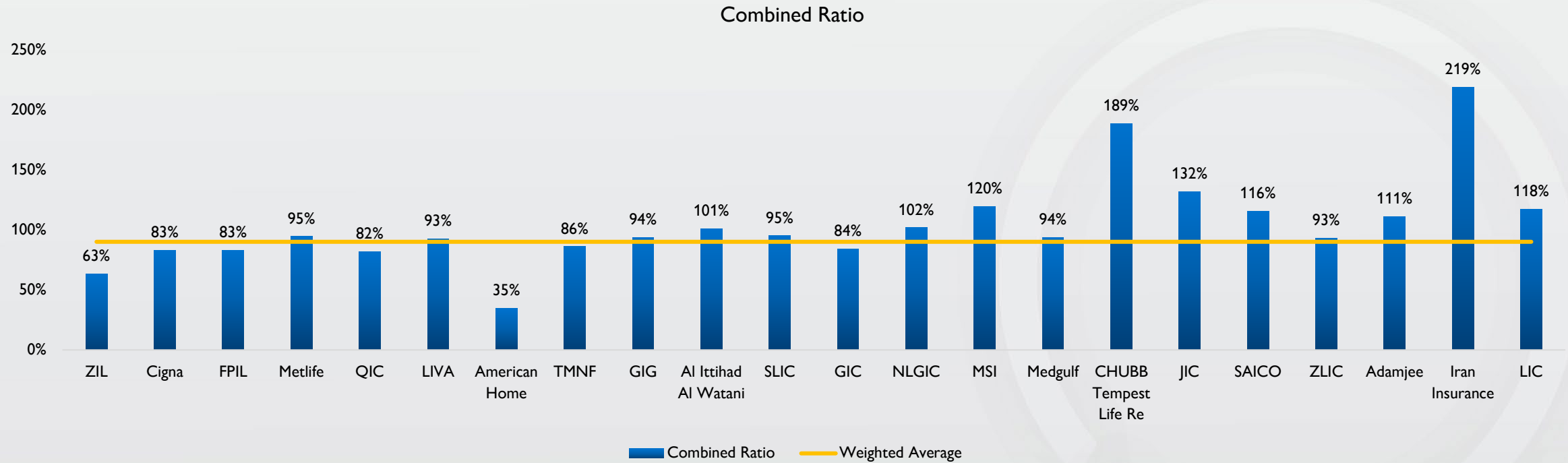
14 out of 22 branches realized net insurance financial deficit and among these 14 branches 10 were able to generate profit. On the other hand, none of the branches recorded losses on their investment income.



The weighted average combined ratio stood at 76%, with DHAFA bearing the highest combined ratio of about 157%. The lowest combined ratio of 39% was depicted by AAAIC.

A company is considered profitable in terms of underwriting when its combined ratio is under 100%. DHAFA, HAYAH, IH, SUKOON TAKAFUL & ABNIC have all exhibited combined ratios surpassing 100%.

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



The weighted average combined ratio stood at 90%, with Iran Insurance bearing the highest combined ratio of about 219%. The lowest combined ratio of 35% was depicted by American Home.

A branch is considered profitable in terms of underwriting when its combined ratio is under 100%.

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

Total Comprehensive Income - Companies

In the year 2023, the Total Comprehensive Income experienced a significant increase of 102% compared to the corresponding period in 2022.

3 out of 25 companies in this analysis have shown losses in their OCI, as compared to 17 companies having losses on their OCI statements in 2022.

For Takaful companies we have consolidated the Policyholders and Shareholders P&L for comparative purposes.

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



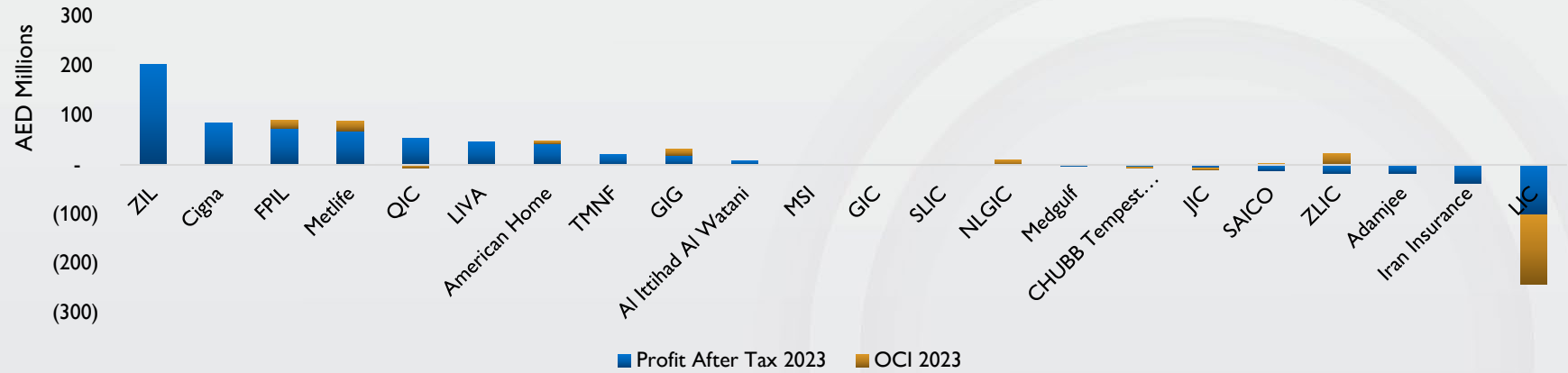
Total Comprehensive Income - Branches

The Branches operating in UAE observed a decline of 52% in their Total Comprehensive Income statement in the year end 2023 when compared with 2022.

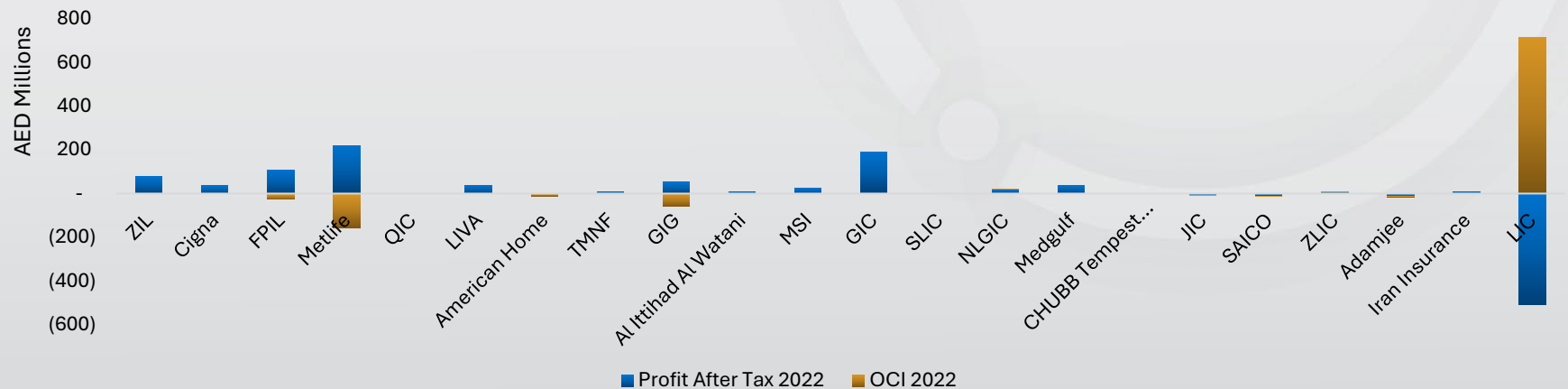
The biggest loss for the period was recorded by LIC with total comprehensive loss of about AED 241 million in the year 2023 depicting a decline of 271% from its TCI of 2022.

11 out of 22 branches included in this analysis, faced decline on their Total Comprehensive Income account as compared to the previous year.

Total Comprehensive Income - 2023



Total Comprehensive Income - 2022





Particulars	2022	2023	Variance 2022-2023
	AED million	AED million	AED million
Top 3 By Profit Listed Companies			
Insurance Result	1,047	866	(182)
Investment Income	460	834	375
Net Other Income & Expense	(351)	(379)	(28)
Profit Before Tax	1,156	1,320	165
Others			
Insurance Result	646	(149)	(795)
Investment Income	181	1,171	990
Net Other Income & Expense	(466)	(530)	(64)
Profit Before Tax	361	492	131
Total Listed Companies			
Insurance Result	1,694	717	(977)
Investment Income	641	2,005	1,365
Net Other Income & Expense	(818)	(910)	(92)
Profit Before Tax	1,517	1,812	296

Net Profit Breakdown Companies



Particulars	2022	2023	Variance 2022-2023
	AED million	AED million	AED million
Listed Companies			
Insurance Result	1,694	717	(977)
Investment Income	641	2,005	1,365
Net Other Income & Expense	(818)	(910)	(92)
Profit Before Tax	1,517	1,812	296
Branches			
Insurance Result	3,131	(1,499)	(4,630)
Investment Income	(2,498)	2,437	4,935
Net Other Income & Expense	(409)	(518)	(109)
Profit Before Tax	224	419	195
Total			
Insurance Result	4,824	(783)	(5,607)
Investment Income	(1,857)	4,442	6,299
Net Other Income & Expense	(1,226)	(1,428)	(202)
Profit Before Tax	1,741	2,232	491

Net Profit Breakdown Total



03

Assets, Capital & Liabilities

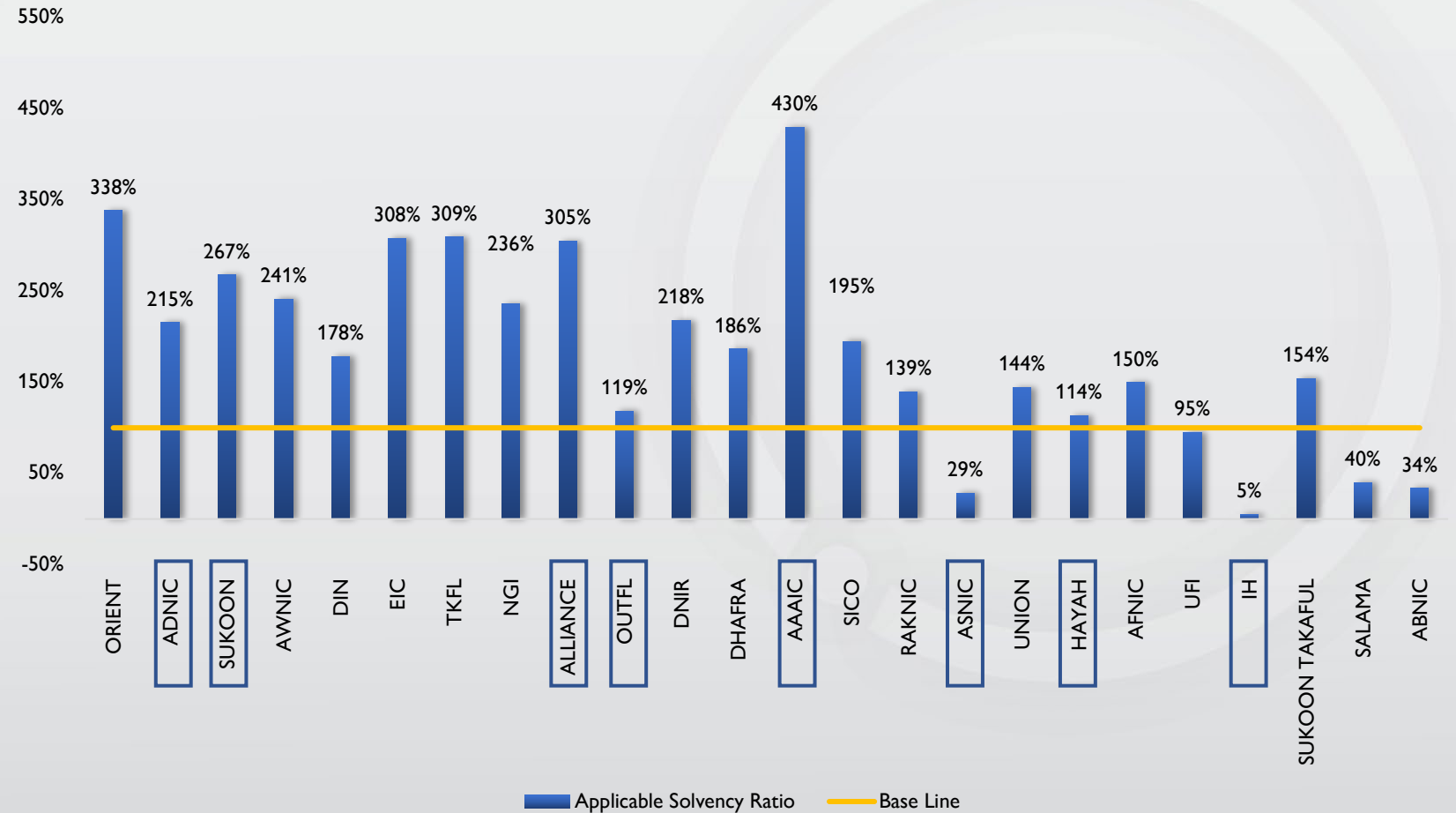
CBUAE now mandates all companies to reveal their solvency status. They must share their latest position or the prior quarter's if the current data is unavailable. This move stems from worries in the market about some entities falling below the CBUAE's 100% solvency threshold. This threshold is crucial as it ensures that insurance firms can honor their financial commitments in the long term, safeguarding policyholders even during unexpected losses or economic challenges.

Among the companies, AAAIC depicts the highest solvency ratio at 430%, illustrating their robust financial standing. On the other end, IH records the lowest ratio, a concerning 5%.

WATANIA is absent from the graph due to data unavailability. The highlighted firms in the box present solvency figures as of September 2023, while others report data as of December 2023.

The graph's arrangement reflects a descending pattern based on Insurance Revenue. Solvency Ratio is computed by dividing Own Funds by the greater value among MCR, SCR, and MGF - collectively referred to as Applicable Solvency Measure.

Funds To Solvency Ratio



There are 3 solvency measures which are applicable to Companies in UAE – Solvency Capital Requirement (SCR), Minimum Capital Requirement (MCR) and Minimum Guarantee Fund (MGF). For each company, the higher of the three applies. The following shows the number of companies and the Applicable Solvency Measure which applies:

The chart above shows ratio of Basic Own Funds to Equity. The difference between Own Funds and Equity is of Inadmissible Assets. The Companies which have a higher ratio has shown effective diversification and asset structuring. As long as the Company's solvency ratio is above 100%, a lower Own Funds to Equity ratio might reflect an investment strategy which seeks to maximize returns and deviating from the prescribed minimum limits. Another reason for a lower ratio could be inadmissible receivables, which has become a concern in the industry.

HAYAH has the highest ratio at 95% while SALAMA has the lowest at -17%.

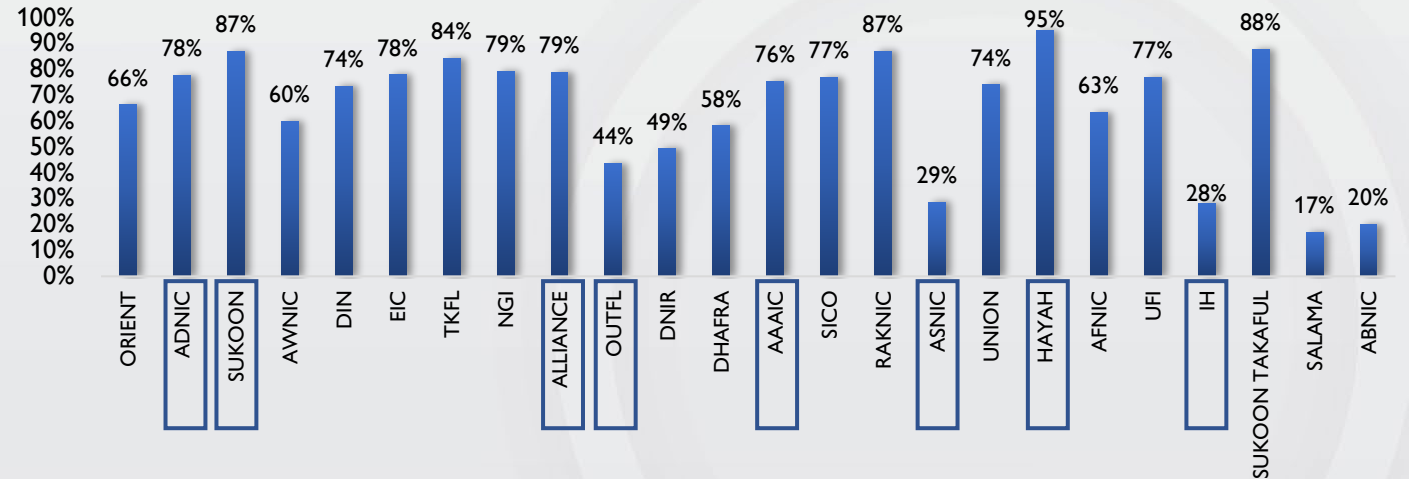
Companies highlighted by the box are those which have published their solvency numbers as at September 2023, while the others have published as at December 2023.

The Basic Own Funds to Equity Ratio can be calculated using the following formula:

$$\text{Basic Own Funds to Equity Ratio} = \text{Basic Own Funds} / \text{Equity}$$

Difference between Basic Own Funds (and Own Funds as shown in previous page) is of Ancillary Own Funds.

Funds to Equity Ratio



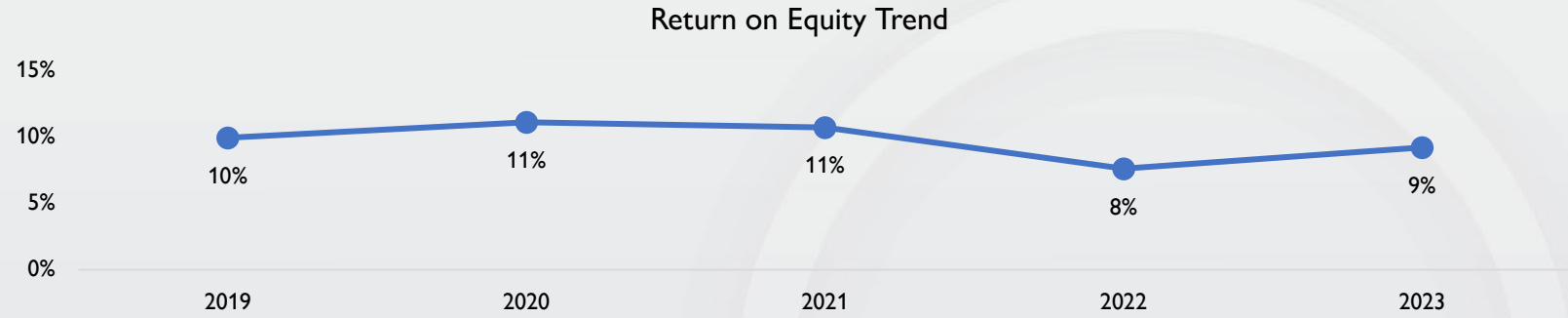
Applicable Solvency Measures

Measures	Count
Solvency Capital Requirement (SCR)	19
Minimum Capital Requirement (MCR)	5
Minimum Guarantee Fund (MGF)	0
Not Available	1

Return on Equity Listed Companies

Between 2021 and 2022, there was a downward trend in the return on equity for shareholders in listed insurance companies. However, for 2022, the trend has reversed and is now headed in an upward direction.

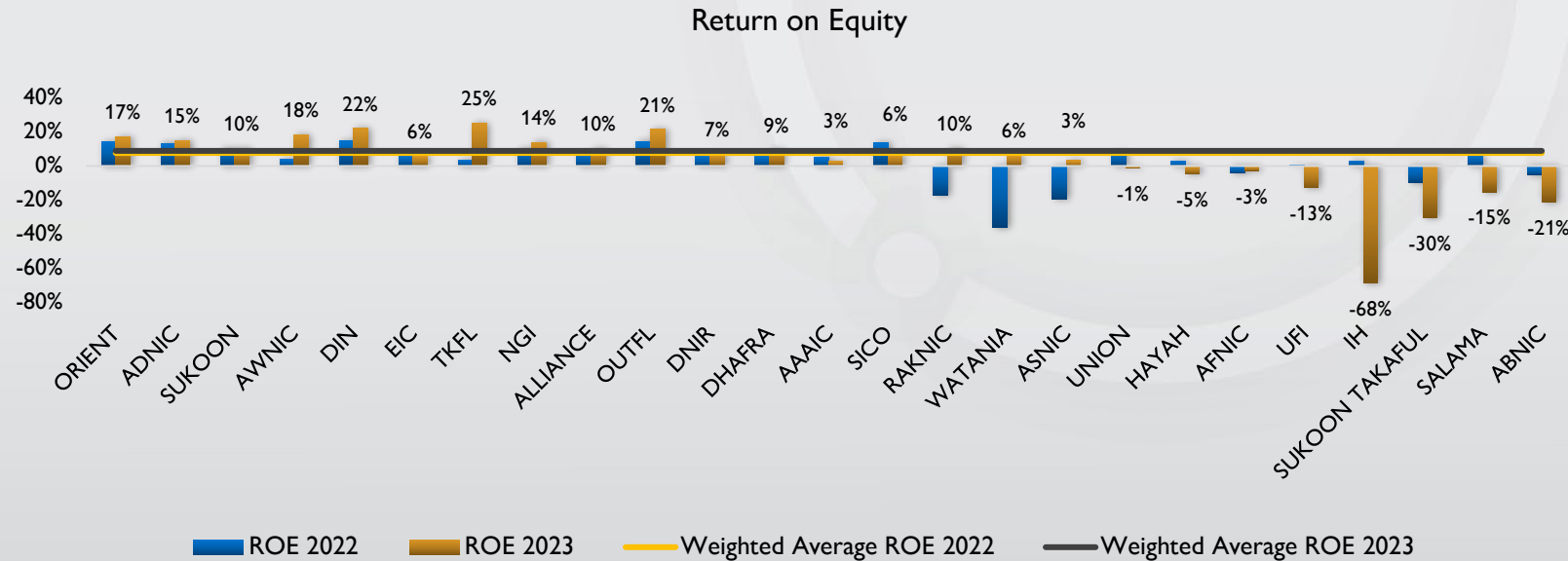
The weighted average return on equity recorded to be 9% for the year ended 2023.



In 2023, the highest return on equity of 25% is depicted by TKFL (2022: 4%); followed by DIN at 22% (2022: 15%). IH on the other hand, observed to have the lowest returns of negative -68%.

For takaful companies while we have combined shareholder and policyholder profits in other analysis, for the purpose of ROE calculations, only the shareholder profits as per the financial statements are considered.

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 2023.

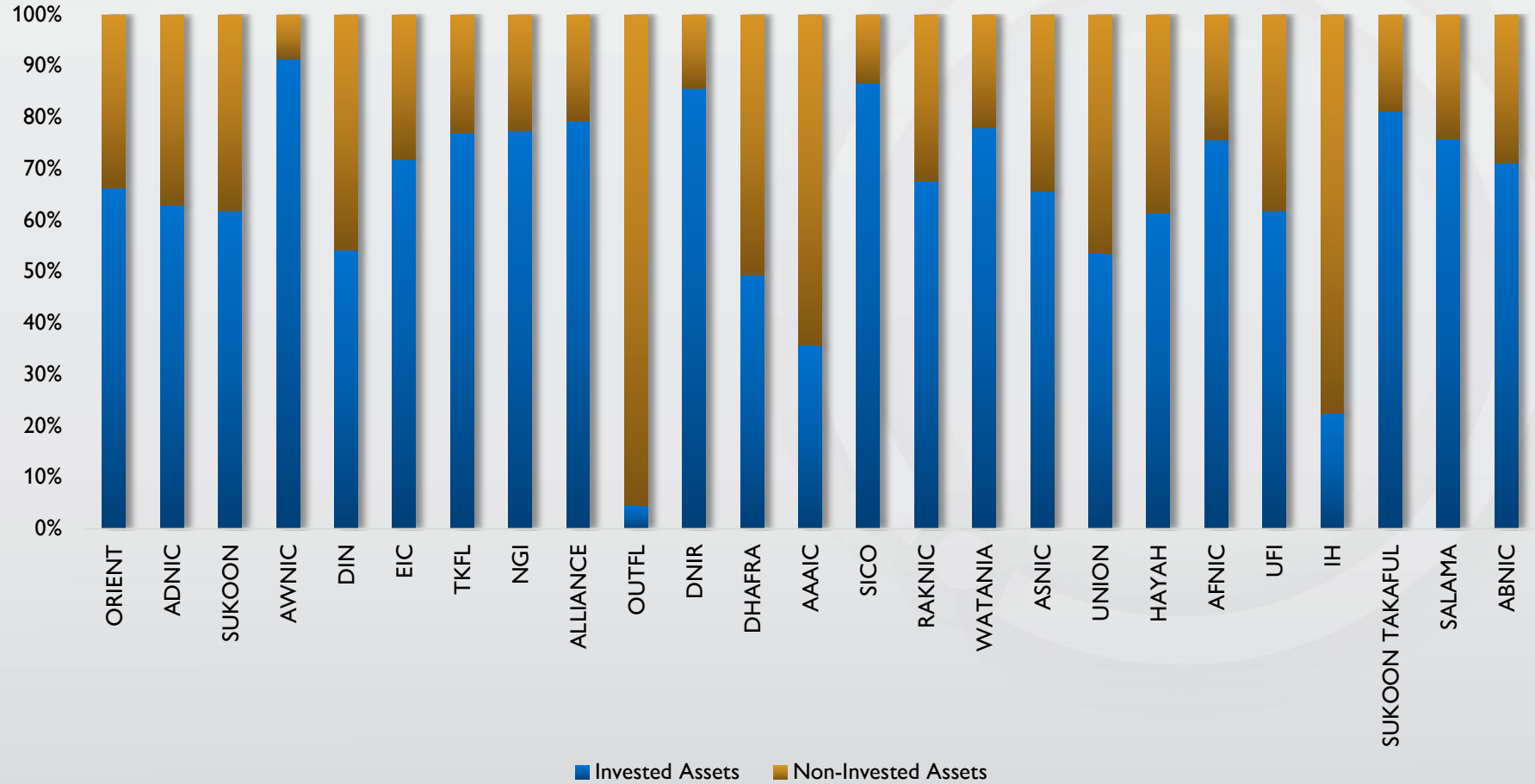


Asset Mix compares the proportion of invested assets and non invested assets for 2023.

AWNIC has the highest proportion of 91% of their assets invested, while OUTFL has only invested 4% of their assets.

The prescribed range for Invested assets to total assets as per CBUAE is greater than 70%. 40% - 70% is the zone of caution.

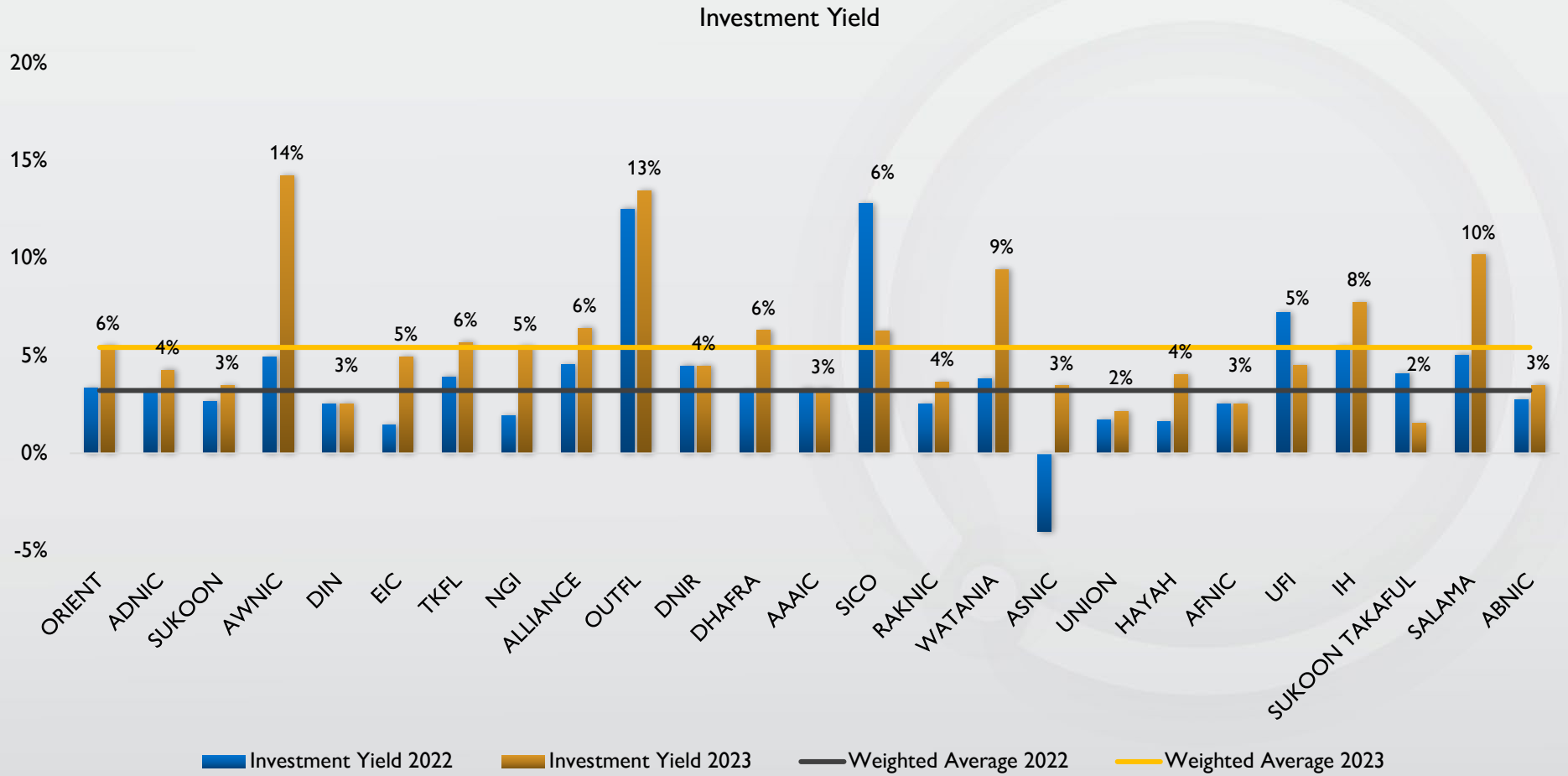
Asset Mix



Investment Yield Listed Companies



Investment Yield is calculated by dividing investment income by the invested assets for the year. The high investment yield are exhibited by Awnic, Outfl, Watania, IH & Salama of 14%, 13%, 9%, 8% and 10% respectively, while the other companies hover close to the industry average of 5% (2022: 3%).





Company	EPS Q4 2022	EPS Q4 2023
ORIENT	103.81	127.22
ADNIC	0.63	0.70
SUKOON	0.56	0.56
AWNIC	0.15	0.86
DIN	0.85	1.37
EIC	0.37	0.84
TKFL	0.64	0.98
NGI	0.40	0.50
ALLIANCE	62.97	53.89
OUTFL	14.39	25.06
DNIR	0.38	0.41
DHAFRA	0.23	0.41
AAAIC	3.95	2.31
SICO	0.22	0.11

Company	EPS Q4 2022	EPS Q4 2023
RAKNIC	-0.29	0.12
WATANIA	-0.20	0.05
ASNIC	-0.22	0.03
UNION	0.01	-0.01
HAYAH	0.04	-0.03
AFNIC	-15.71	-5.99
UFI	0.03	-0.11
IH	-0.23	-0.35
SUKOON TAKAFUL	-0.20	-0.50
SALAMA	0.02	-0.16
ABNIC	-0.14	-0.53

Earning Per Share



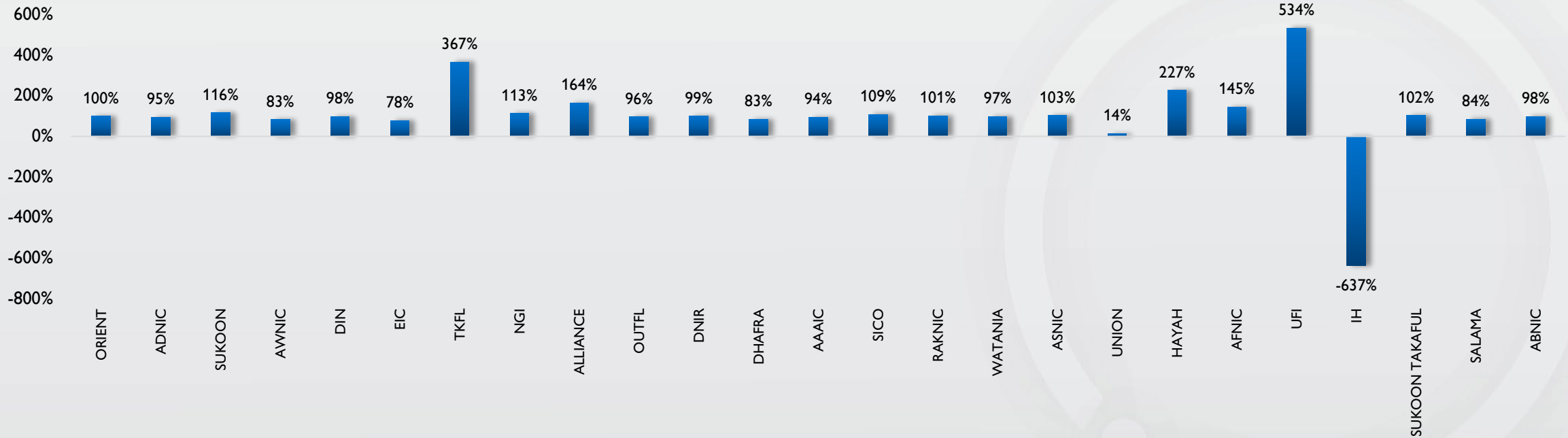
04

IFRS 17 Comparison

Transition in Profit Listed Companies



Profit (2022) Transition Ratio



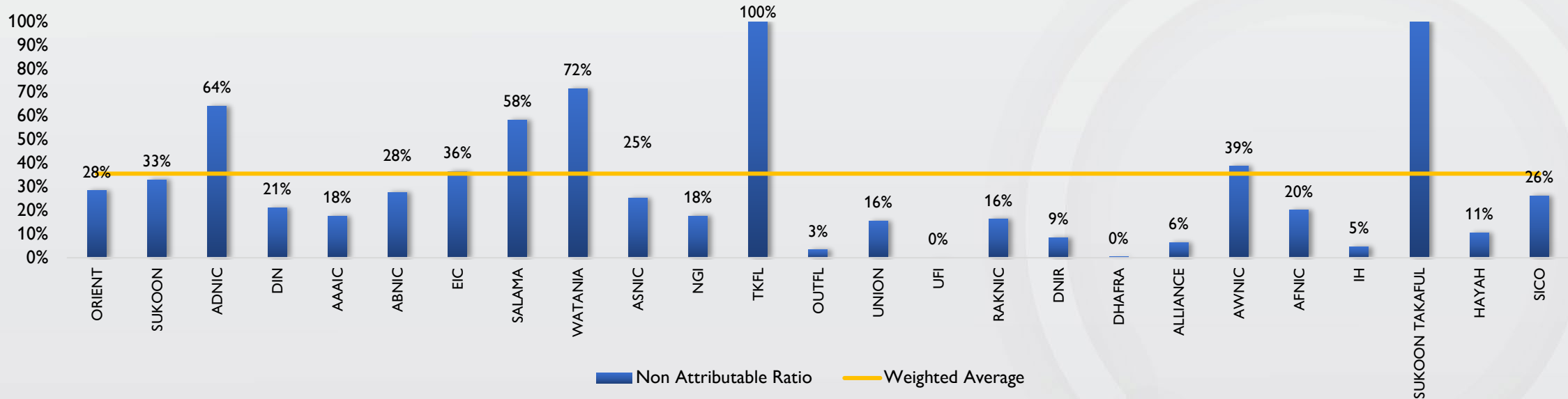
The Profit Transition Ratio compares the 2022 profit as reported last year under IFRS 4 with the profits shown as 2022 as per the IFRS 17 financials published this quarter. At a total level the impact is only 0.4% as the profits for these 25 companies last year totaled AED 1.51 billion and this increased to AED 1.52 billion under IFRS 17. UFI saw the highest growth in 2022 profit under IFRS 17 as compared to IFRS4.

In absolute terms TKFL had the highest increase of AED 48 million while largest reduction was shown by IH of AED 32 million.

Percentage Non-Attributable Expenses



Non-Attributable Expense Ratio (2022)



While computing Premium Deficiency Reserves in UAE we had to account for all expenses of the company. IFRS 17'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. For takaful companies it seems that they are considering Wakala as attributable for loss component calculations.

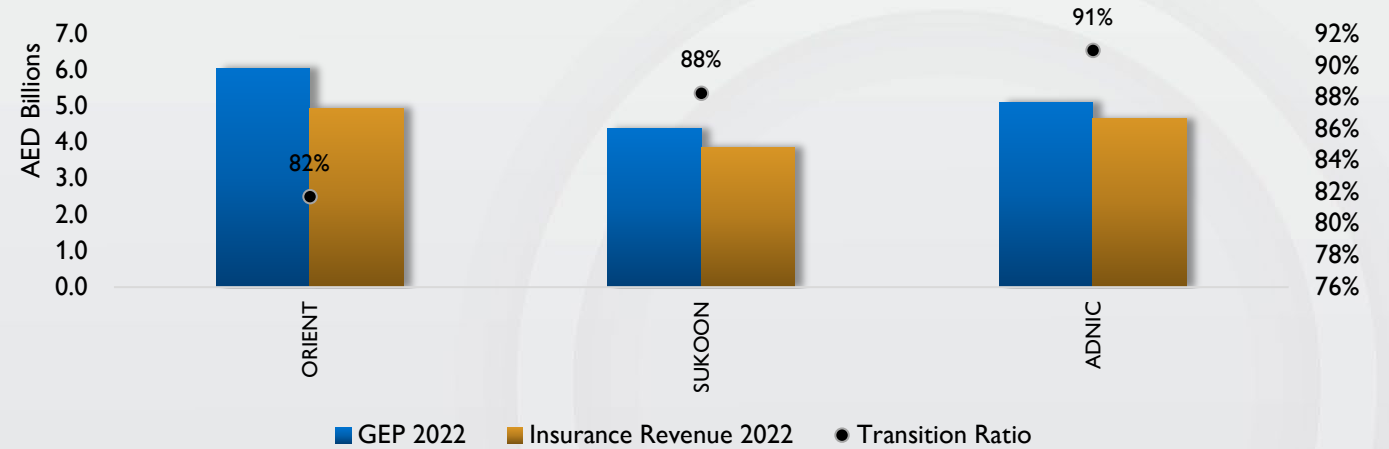
Insurance Revenue to GEP Transition



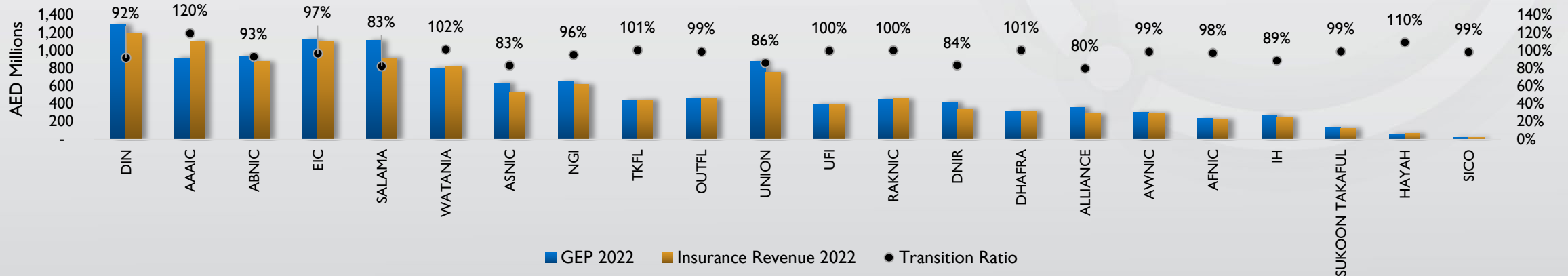
Under IFRS 17, Insurance Revenue would be akin to Gross Earned Premium. A key difference is that in IFRS17 (or due to IFRS9) the Expected Credit Losses (ECL) are deducted from the Insurance Revenue. To show the impact of the change in standards, we have compared the Gross Earned Premium shown in 2022 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

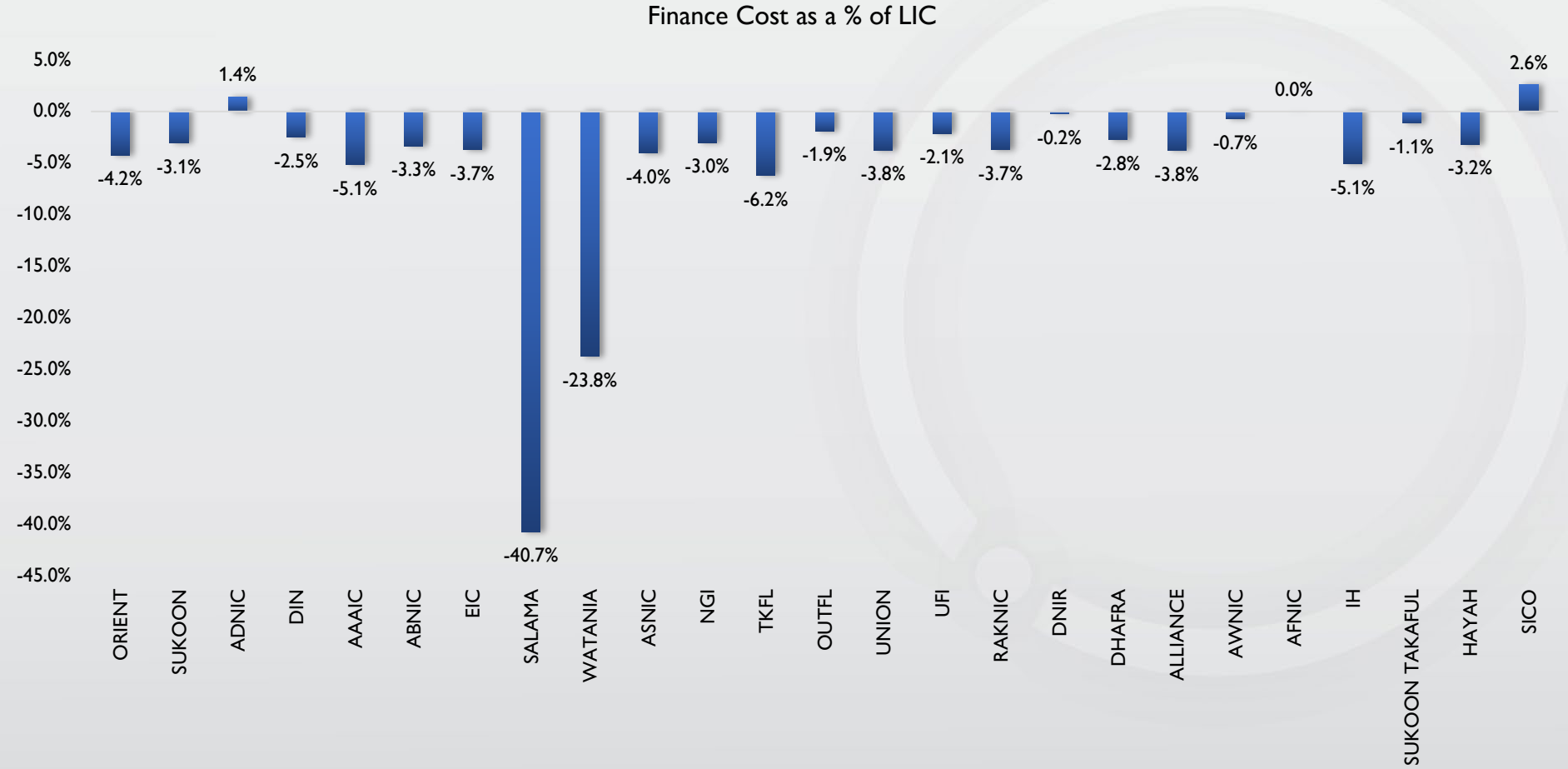


Insurance Revenue to GEP Transition (2022) Others



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.

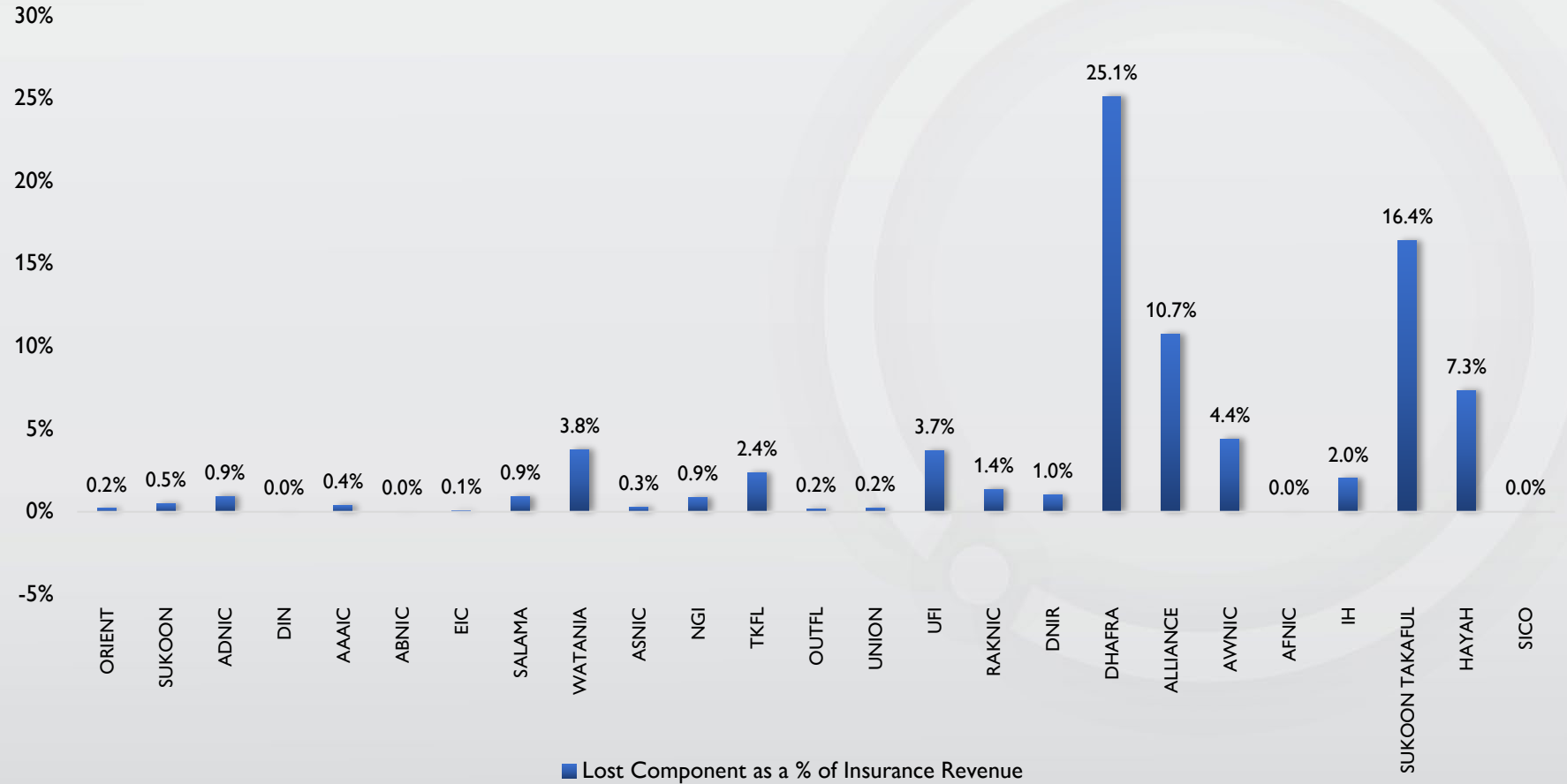


Lost Component as % of Insurance Revenue

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.

Loss Component as % of Insurance Revenue

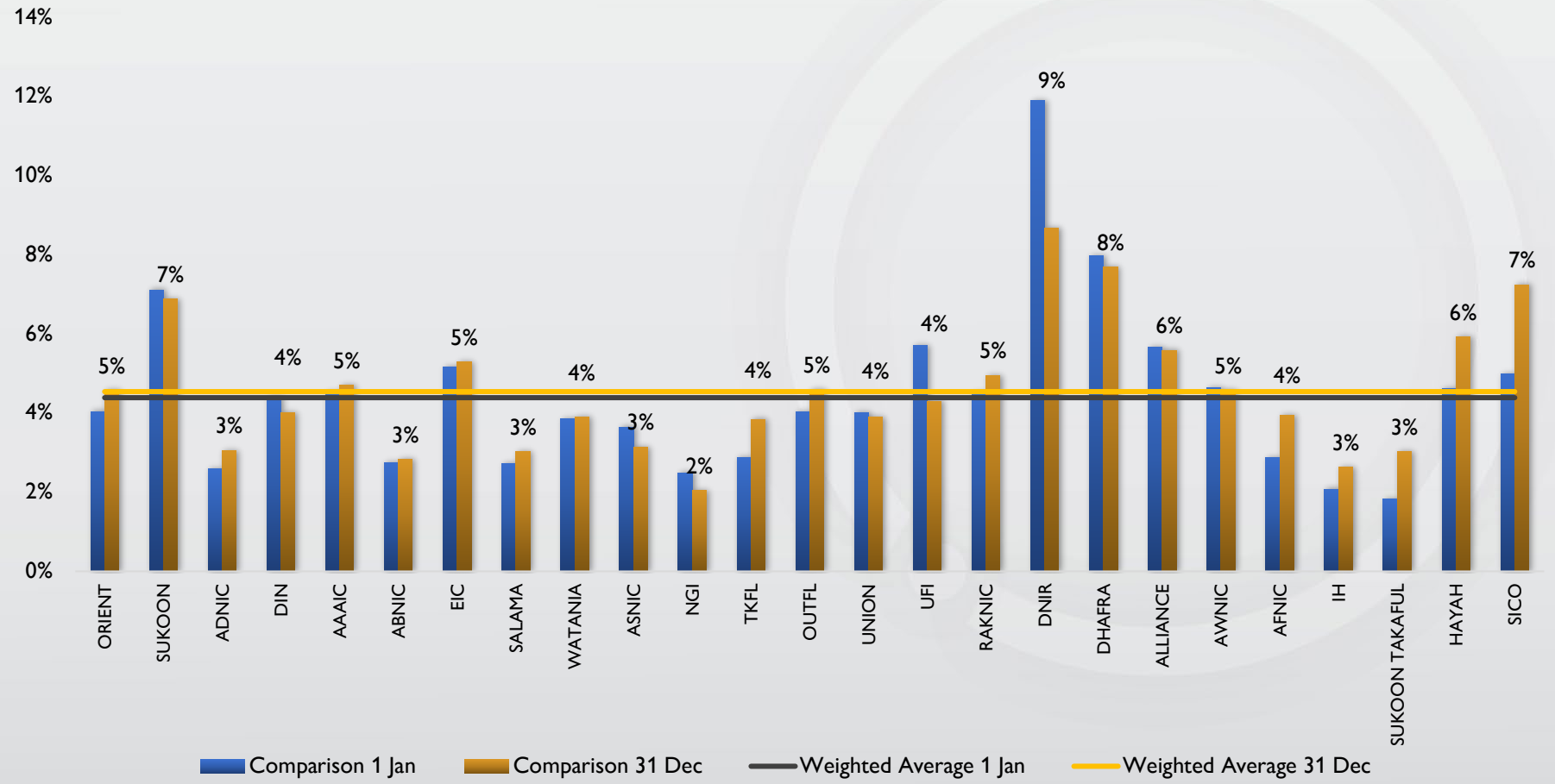


The graph depicts the relationship between risk adjustment and liability for incurred claims and provide insights into the Company's risk assessment and their diligence in accounting for these risks. It is an important KPI for stakeholders to evaluate the Company's prudence and risk management practices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

The weighted average proportion of Risk Adjustment in LIC for the period of 1 Jan 2023 is 4% and 31 December 2023 is analyzed to be 5% respectively.

The Highest Ratio is depicted by DNIR of 9% whereas the lowest is shown by NGI of 2%.

Risk Adjustment as % of LIC





Conclusion

In YE 2023, companies and foreign branches began reporting under IFRS 17 for the first time, marking a shift from highlighting Gross Written Premium (GWP) to emphasizing Insurance Revenue. The emphasis on boasting about the 'highest' premium volumes has faded, with companies now focusing on different metrics. Insurance Revenue of companies and foreign branches combined saw a 19% surge, reaching AED 42 billion in 2023, compared to AED 35 billion in the corresponding period the previous year. The AED 42 billion is composed of AED 30 billion (71%) from listed companies and AED 12 billion (29%) from branches. This revenue, akin to Gross Earned Premium, now encompasses Expected Credit Losses (ECL). The industry is experiencing an increase in Credit Risk, and we anticipate escalating challenges within the sector due to the amplified influence of ECL.

The combined Insurance Service Results saw a 1% increase, AED 1.74 billion from AED 1.73 billion in the previous year.

Profit before tax for listed companies and branches increased from AED 1.74 billion in 2022 to AED 2.23 billion in 2023, reflecting a 28% growth. Among the top 10 in terms of profits, earnings saw a 24% surge to AED 2.23 billion (2022 – AED 1.6 billion), while the remaining companies faced a decline of 99% to AED 1.0 million (2022 – AED 168 million).

The listed company's Return on Equity (ROE) increased from 8% in 2022 to 9% in 2023. 8 out of the 25 listed companies had a negative Return on Equity (ROE) for the same period.



Disclaimer

We have undertaken an analysis of the Key Performance Indicators (KPIs) of the listed insurance companies and branches of foreign insurance companies operating in UAE for the year 2023. The data has been extracted from the financial statements of those companies which were publicly listed and available till the compilation of this report. For branches, the financials published in different newspapers have been relied upon.

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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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Due to availability of limited information, we were unable to segregate further. Once all companies start publishing reports with uniform level of segregation, this can be done.

AKIC & TAKAFUL EM are not included in the analysis as they were not published at the time of compiling this report. METHAQ & AMAN have not published their financials in IFRS 17 format.

Listed Insurance Companies



Logos	Sr. No.	Symbol	Name	Market
 شركة العين الأهلية للتأمين Al Ain Ahlia Insurance Co.	1	AAAIC	Al Ain Al Ahlia Insurance Co.	ADX
 شركة البحيرة الوطنية للتأمين Al-Buhaira National Insurance Co.	2	ABNIC	Al Buhaira National Insurance Company	ADX
 ADNIC شركة أبوظبي الوطنية للتأمين ABU DHABI NATIONAL INSURANCE COMPANY	3	ADNIC	Abu Dhabi National Insurance Co.	ADX
 AFNIC شركة الفجيرة الوطنية للتأمين AL FUJAIRAH NATIONAL INSURANCE CO	4	AFNIC	Al Fujairah National Insurance Co.	ADX
 Alliance Insurance التأمين التامين	5	ALLIANCE	Alliance Insurance	DFM
 SUKOON TAKAFUL	6	SUKOON TAKAFUL	Sukoon Takaful (formerly known as ASCANA)	DFM
 الصقر للتأمين AL SAGR INSURANCE	7	ASNIC	Al Sagr National Insurance Company	DFM
 شركة الوثبة الوطنية للتأمين AL WATHBA NATIONAL INSURANCE CO	8	AWNIC	Al Wathba National Insurance Co	ADX
 Watania Takaful	9	WATANIA	Watania (Formerly known as Dartakaful)	DFM
 Al Dhafra Insurance Co.	10	DHAFRA	Al Dhafra Insurance Co.	ADX
 دبي للتأمين DUBAI INSURANCE CARE & COMMITMENT SINCE 1970	11	DIN	Dubai Insurance Co , PSC	DFM

Companies Included in the Analysis

Listed Insurance Companies



Logos	Sr. No.	Symbol	Name	Market
 DNI Dubai National Insurance دبي الوطنية للتأمين	12	DNIR	Dubai National Insurance & Reinsurance Co.	DFM
 الإمارات للتأمين Emirates Insurance	13	EIC	Emirates Insurance Co.	ADX
 HAYAH	14	HAYAH	HAYAH Insurance Company (formerly known as GCIC)	ADX
 NGI	15	NGI	National General Insurance Company	DFM
 SUKOON INSURANCE	16	SUKOON	Oman Insurance Company (P.S.C.)	DFM
 orient orient insurance pjsc	17	ORIENT	Orient Insurance PJSC	DFM
 Orient UNB Takaful P.S.C.	18	OUTFL	Orient UNB Takaful PJSC	DFM
 RAK INSURANCE	19	RAKNIC	Ras Al Khaimah National Insurance Co.	ADX
 سلامة SALAMA	20	SALAMA	Islamic Arab Insurance Company	DFM
 SHARJAH INSURANCE الشارقة للتأمين	21	SICO	Sharjah Insurance Company	ADX
 تكاful شركة أبوظبي الوطنية للتكاful Takaful Abu Dhabi National Takaful Co. P.S.C.	22	TKFL	Abu Dhabi National Takaful Co. PJSC	ADX
 فيدلتب المتحدة Fidelity United INSURANCE	23	UFI	United Fidelity Insurance (PSC)	ADX
 الاتحاد للتأمين UNION INSURANCE	24	UNION	Union Insurance Company	ADX
 دار التأمين INSURANCE HOUSE EST. 1998	25	IH	Insurance House	ADX

Companies Included in the Analysis



Branches - Unlisted Companies

Sr. No.	Symbol	Name
1	Cigna	Cigna
2	LIVA	LIVA Group
3	Metlife	American Life Insurance Company (Metlife)
4	GIG	GIG Gulf
5	QIC	Qatar Insurance Company
6	ZIL	Zurich International Life
7	NLGIC	Jordan Insurance Company
8	LIC	Life Insurance Corporation (International) B.S.C.
9	American Home	American Home Assurance Company
10	AIAW	Al Ittihad Al Watani
11	TMNF	Tokio Marine and Nichido Fire Insurance Company Ltd.
12	Adamjee	Adamjee Insurance Company Ltd.
13	Medgulf	The Mediterranean and Gulf Insurance
14	GIC	General Insurance corporation of India
15	SAICO	Saudi Arabian Insurance Company
16	Iran Insurance	Iran Insurance Company
17	MSI	Mitsui Sumitomo Insurance Company Ltd.
18	FPIL	Friend Provident International
19	SLIC	State Life Insurance Corporation of Pakistan
20	JIC	Jordan Insurance Company
21	CHUBB Tempest Life Re	CHUBB Tempest Life Reinsurance
22	ZLIC	Zurich Life Insurance Company Ltd.

Branches Included in the Analysis



Directors

6 Staff

About Our Team

UAE/ Oman
Actuarial

48 Staff

Medical

9 Staff

KSA
Actuarial

53 Staff

IFRS 17

17 Staff

Business
Intelligence

8 Staff

HR
Consultancy

3 Staff

End of
Services

5 Staff

Financial
Services

11 Staff

Sales

2 Staff

Strategy
Consulting

2 Staff

Support & Admin

29 Staff

Data Science

7 Staff

Total Strength 200



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Managing Director - BADRI



Ali Bhuriwala
Co-founder & Executive
Director - BADRI



Navin Ghorawat
Associate Director - Actuarial



Hamza Bokhari
Assistant Manager - Actuarial



Subhan Naeem
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Hassan Athar
Senior Research Executive

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