



2024

Kuwait

Listed Insurance Industry Performance Analysis – H1 2024

Date: October 23, 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



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 around **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 around **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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a  BADRI group company



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H1 2024 Industry Analysis

Revenues

Insurance revenue

Insurance Service Results

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Profitability

Insurance Financial Results

Net Profit

Net Finance Income Comparatives

Net Insurance Result, Investment Income &
other expenses Profit Breakup

Combined Ratio

Assets, Capital & Liabilities

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Earning Per Share

IFRS 17 Transition

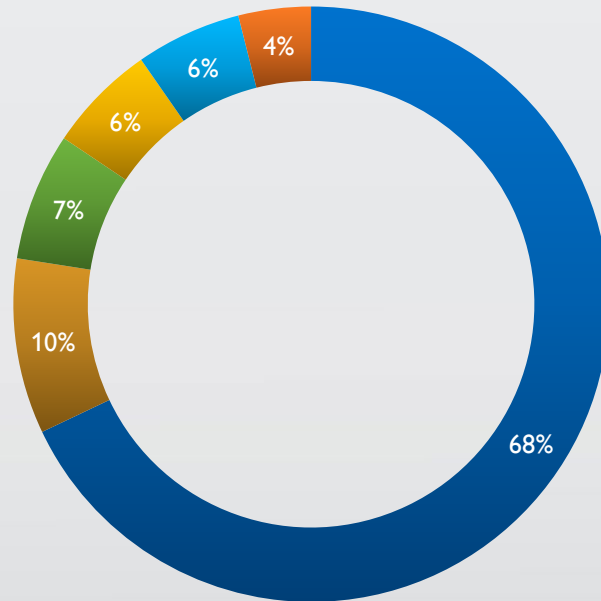
Finance Income / LIC comparison

Risk Adjustment / LIC



H1 2024 Highlights

Revenue H1 2024



■ GINS ■ AINS ■ BKIKWT ■ KINS ■ KUWAITRE ■ Others

Insurance Revenue

H1 2024: **KD 661** million
H1 2023: KD 567 million
Growth: 17%

Insurance Service Results

H1 2024: **KD 45** million
H1 2023: KD 49 million
Growth: -7%

Profit Before Zakat & Tax

H1 2024: **KD 56** million
H1 2023: KD 64 million
Growth: -11%

Profit After Zakat & Tax

H1 2024: **KD 50** million
H1 2023: KD 56 million
Growth: -12%

* Zakat & Tax amount also includes contribution to KFAS and NLST



01

Revenue

Insurance Revenue - Listed Companies

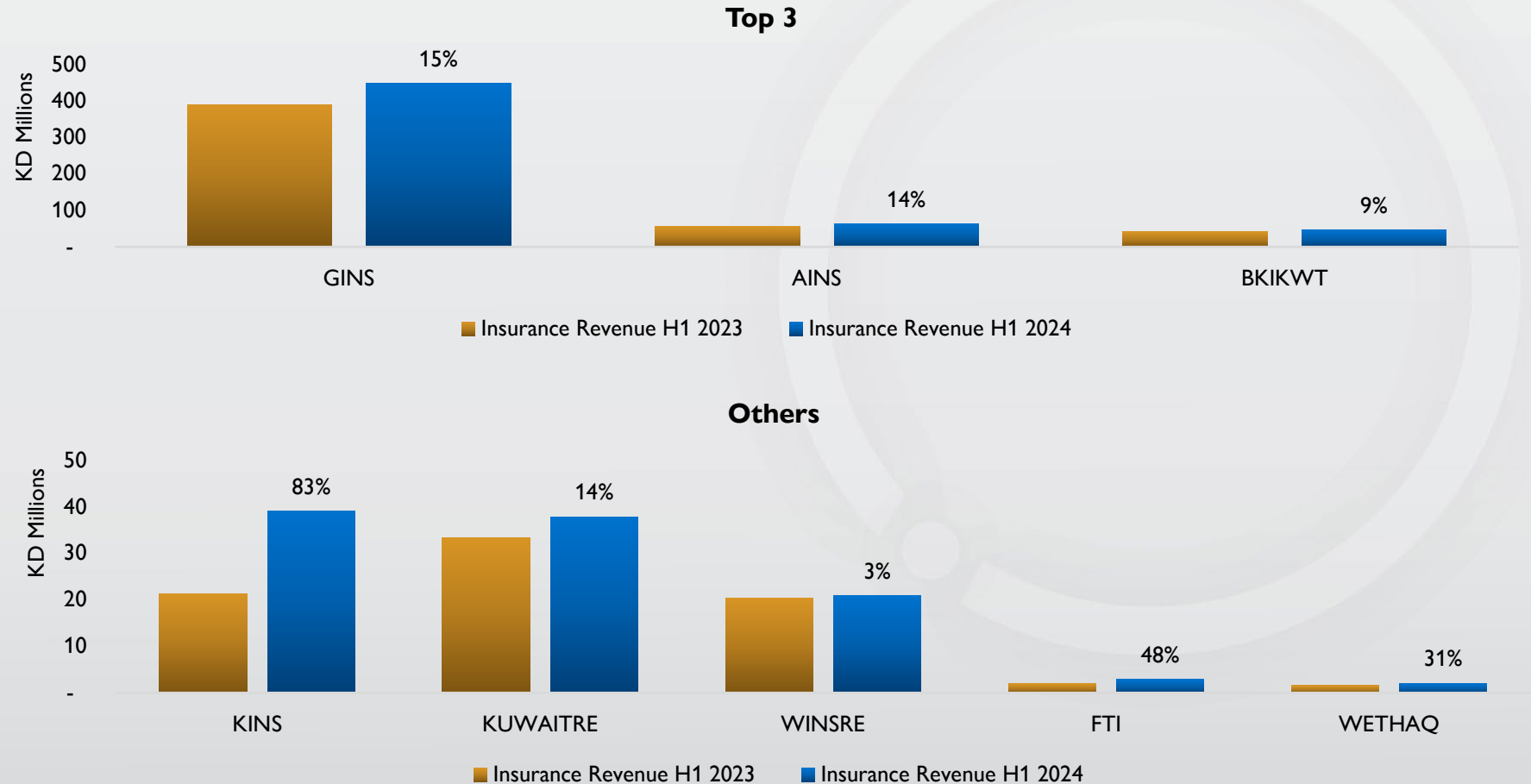


The insurance revenue of the eight listed companies increased by 17%, increasing from KD 567 million last year to KD 661 million in the first half of 2024.

GINs dominates the market, holding 68% of the total market share with a revenue of KD 449 million. KINS recorded the highest growth, increasing its insurance revenue by 83% from KD 21 million to KD 39 million in H1 2024.

BKIKWT has provided their numbers in Bahraini Dinar which we have converted to Kuwaiti Dinar for uniformity of the report.

1 Bahraini Dinar = 0.81 Kuwaiti Dinar

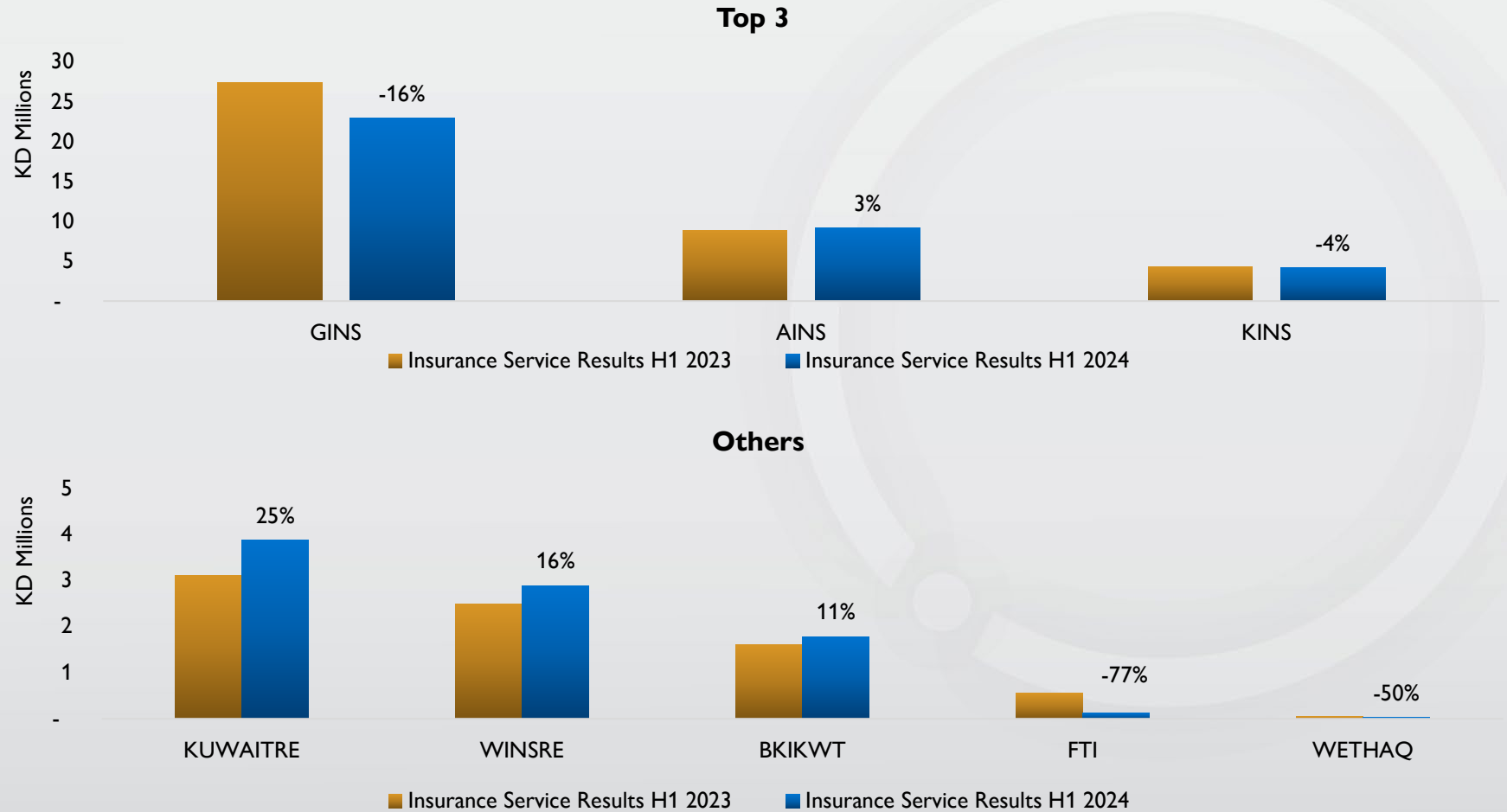


Insurance Service Results - Listed Companies



The insurance service performance for the eight analyzed listed companies declined by -7%, decreasing from KD 49 million to KD 45 million in the first half of 2024.

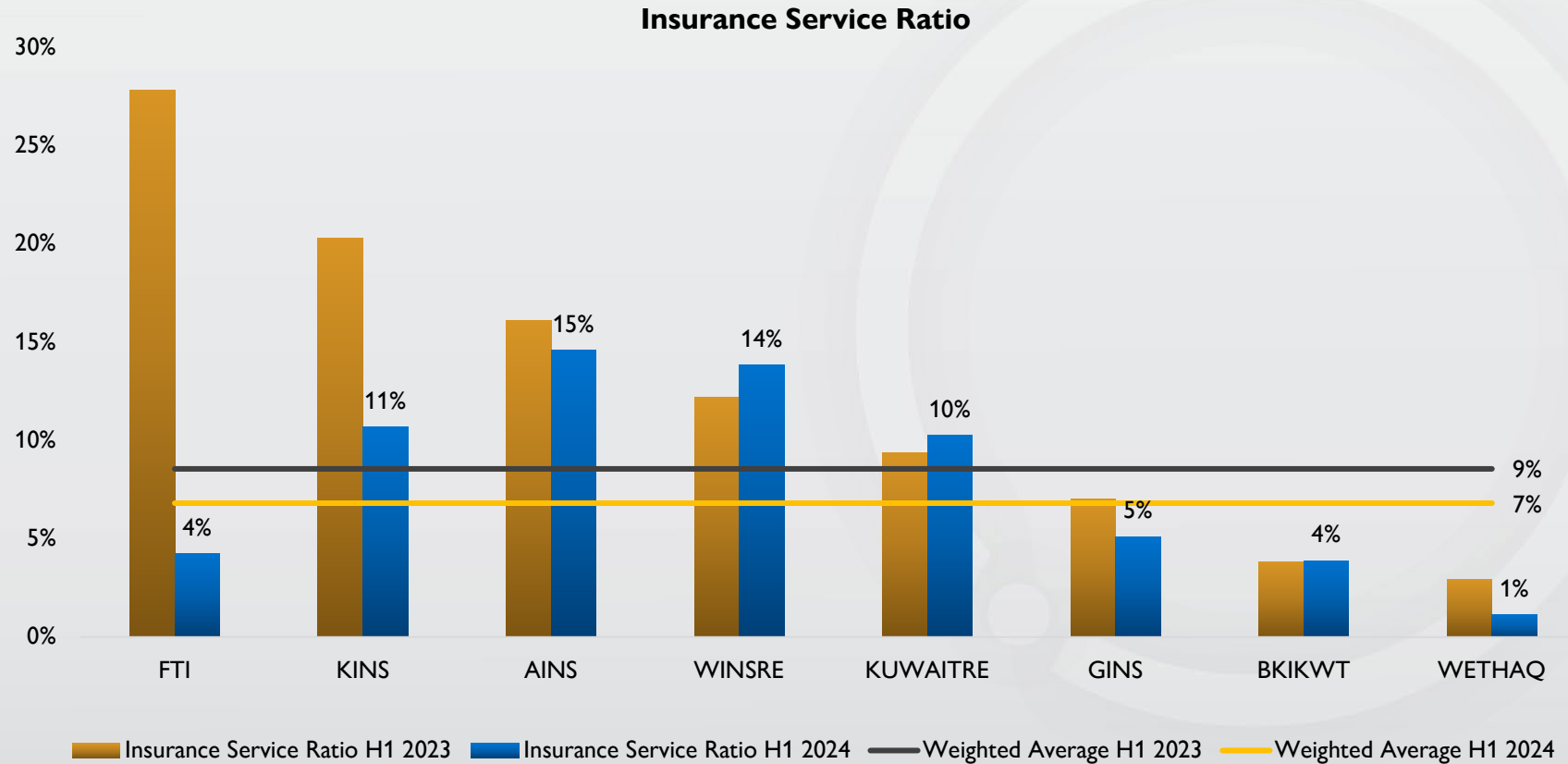
KUWAITRE saw the most significant growth, increasing by 25% from KD 3 million to KD 4 million during the same period, while FTI experienced the steepest decline, dropping by 77%.



Insurance Service Ratio – Listed Companies



The Insurance Service Ratio for the examined companies decreased from 9% last year to 7% in the first half of 2024. AINS achieved the highest ratio at 15%, followed by WINSRE at 14%, while WETHAQ had the lowest ratio at 1%. The Insurance Service Ratio is calculated as Insurance Service Results divided by Insurance Revenue and can be viewed as equivalent to 100% minus the Combined Ratio under IFRS4. However, the key difference in our approach is that we use Net Results and compare them to a metric similar to Gross Earned Premium. Under IFRS4, Insurance Service Results can be thought of as Underwriting Profits after accounting for expenses.



Conventional Vs Takaful – Listed Companies



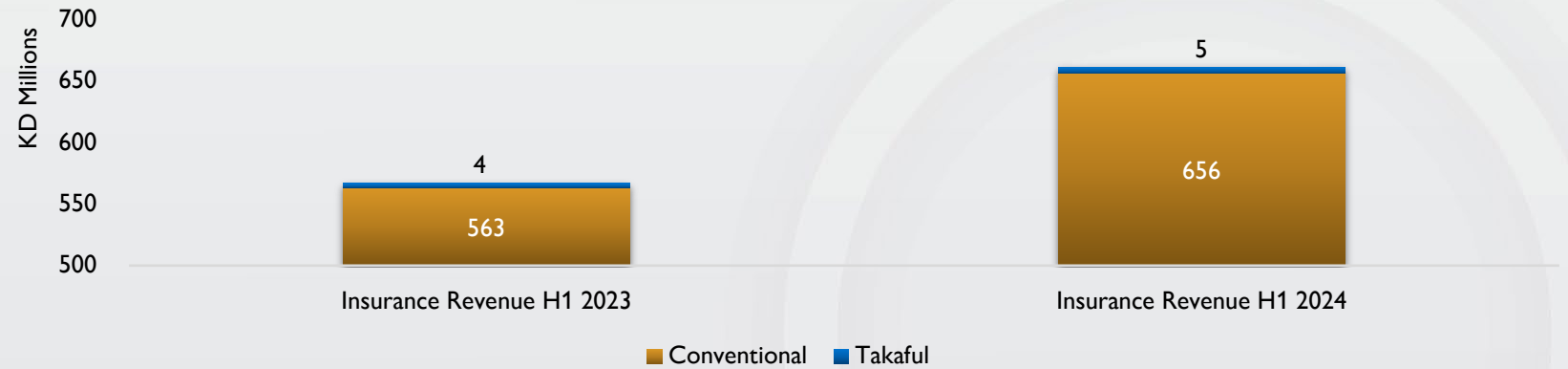
Out of 8 listed insurance companies which are included in this report, 2 operate as Takaful Insurers in the Kuwait market.

The Revenue for Conventional insurers depicted growth of 16% when compared with the corresponding period of 2023.

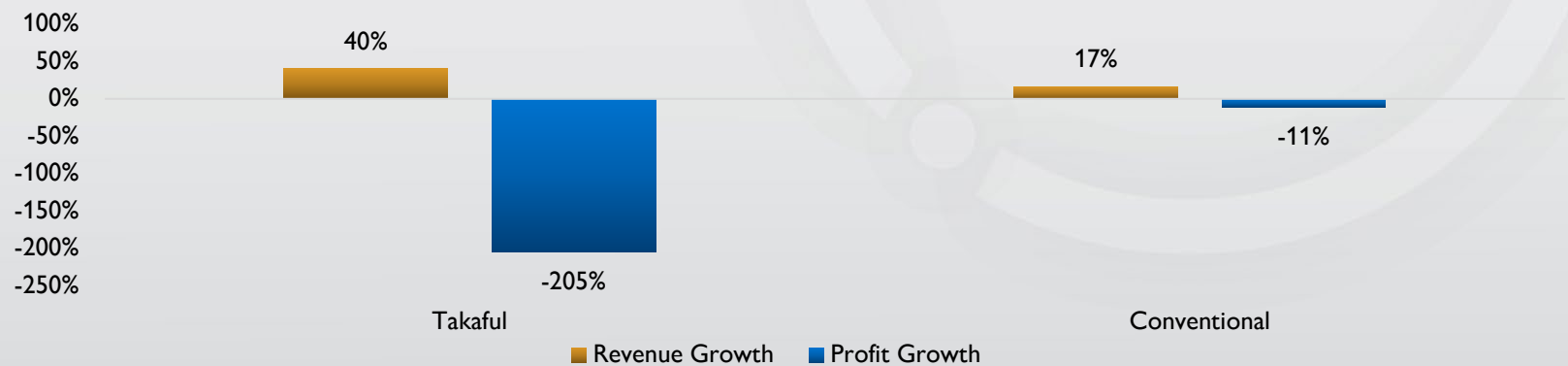
The shareholder profits for Takaful Insurers reflected a staggering decrease of 205% in H1 2024 when compared H1 2023.

Profit growth showed a decline for both conventional and takaful insurers in the first half of 2024, particularly for takaful insurers.

Takaful & Conventional Business Distribution



Business Growth for Conventional & Takaful Insurers





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H1 2024 – Kuwait Listed Insurance Companies

02

Profitability

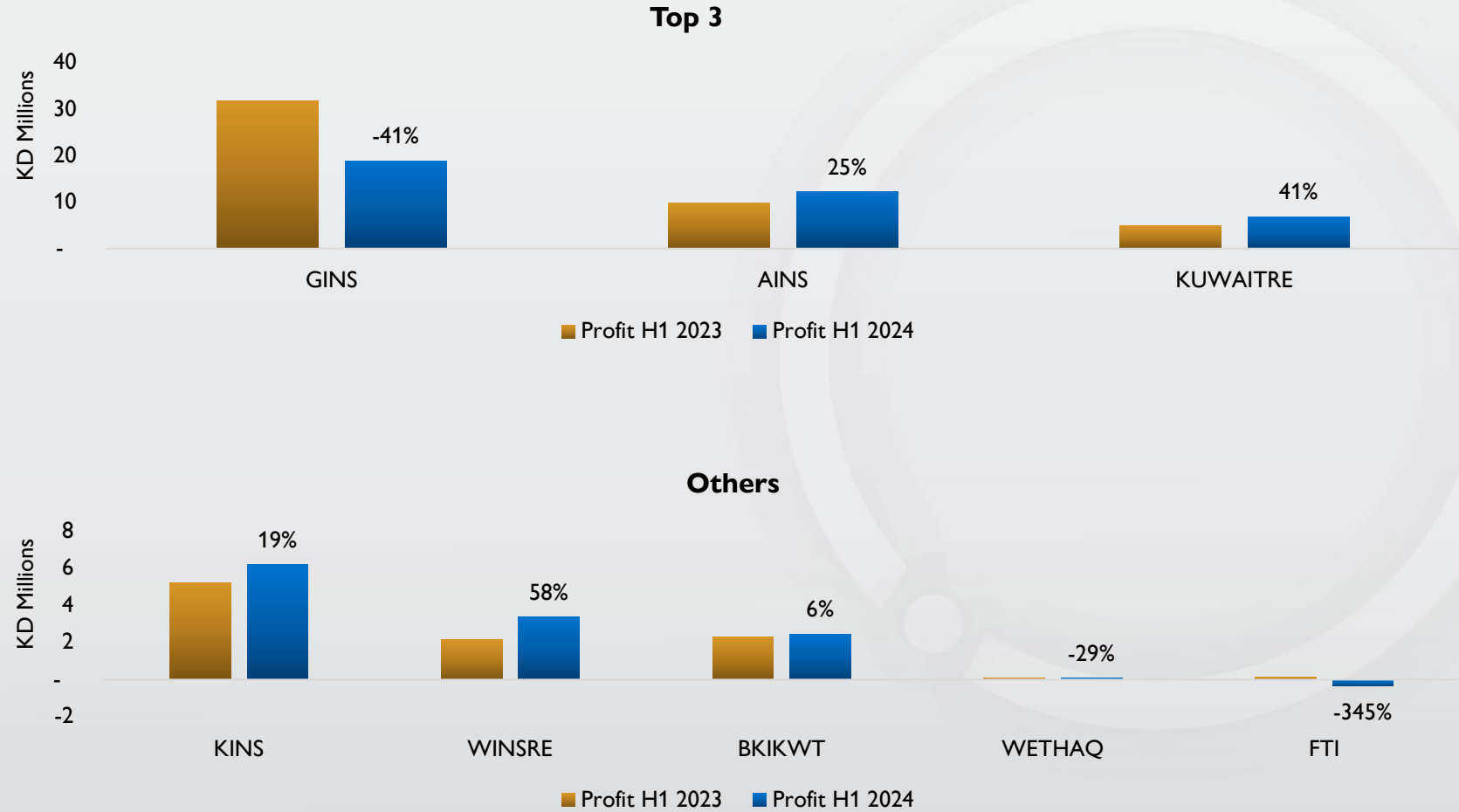
Net Profit - Listed Companies Trend



The recorded after zakat & tax profit for the group of eight listed companies decreased from KD 56 million in H1 2023 to KD 50 million in H1 2024, reflecting a 12% decline. This is mainly due to the sharp decrease in profits of GINS. If we exclude the effect of GINS the remaining companies experienced a 26% growth in H1 2024.

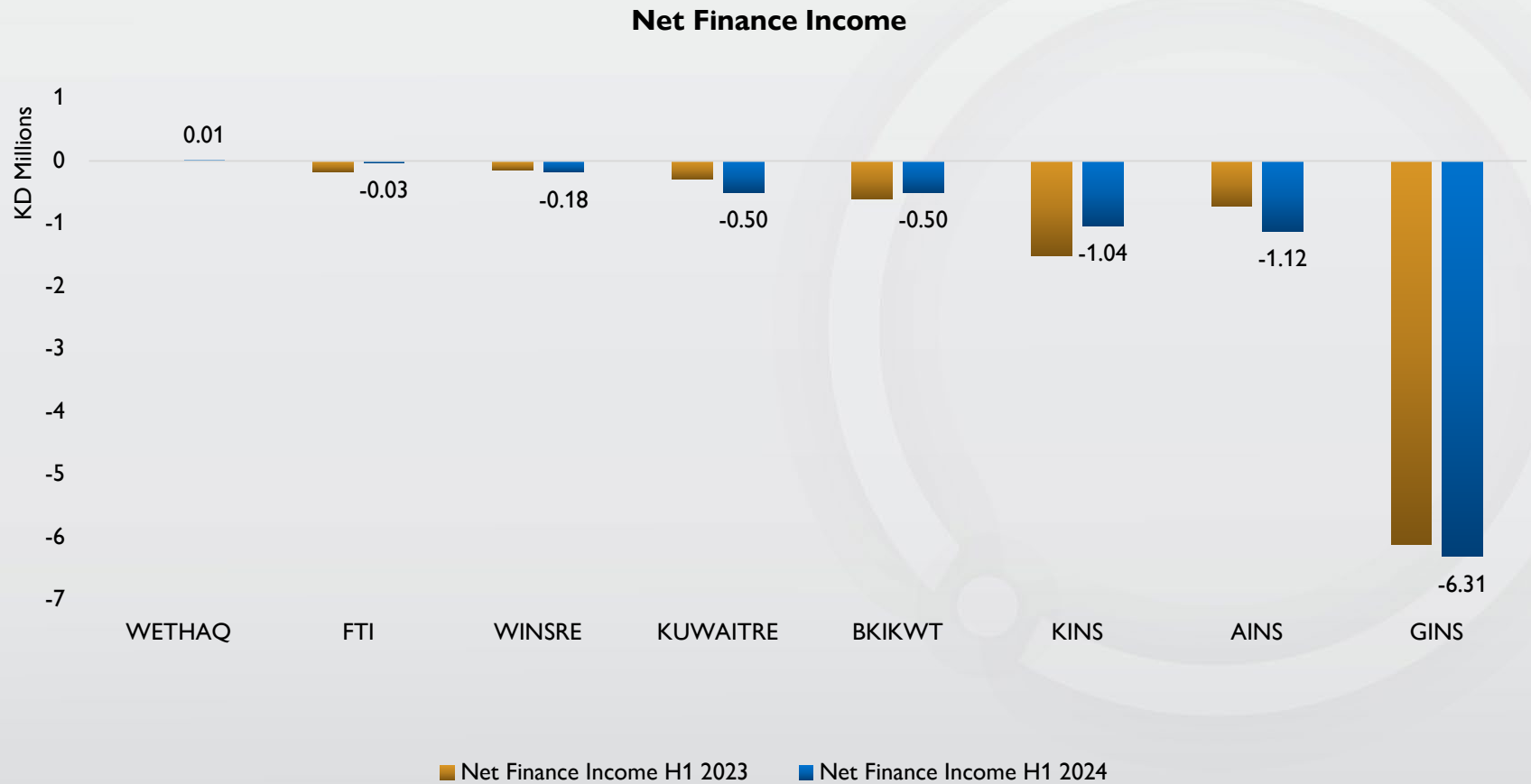
WINSRE experienced the strongest profit growth, increasing by 58%, with profits rising from KD 5 million in H1 2023 to KD 6 million in H1 2024. AINS recorded the largest absolute growth, gaining KD 2.4 million compared to H1 2023. Conversely, FTI experienced the most significant decline, with profits dropping by 345% in H1 2024 compared to the same period in 2023.

* Zakat & Tax amount also includes contribution to KFAS and NLST

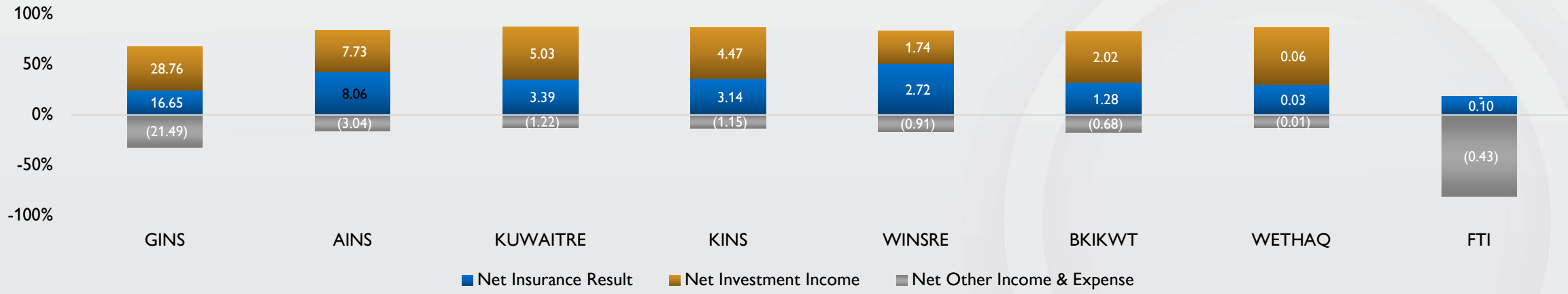


The net finance income graph illustrates the combined effects of income generated from interest on the contractual service margin and expenses from discounting insurance liabilities. The graph reflects how shifts in interest rates, time value, and adjustments in future cash flows contribute to the overall financial position, showing the balance between financial inflows and outflows over time.

GINS showcases the highest net finance loss, in contrast to WETHAQ, which displays the highest net finance income. The overall trend indicates that all companies, except WETHAQ, recorded significant net finance losses.



Profit Composition IFRS 17



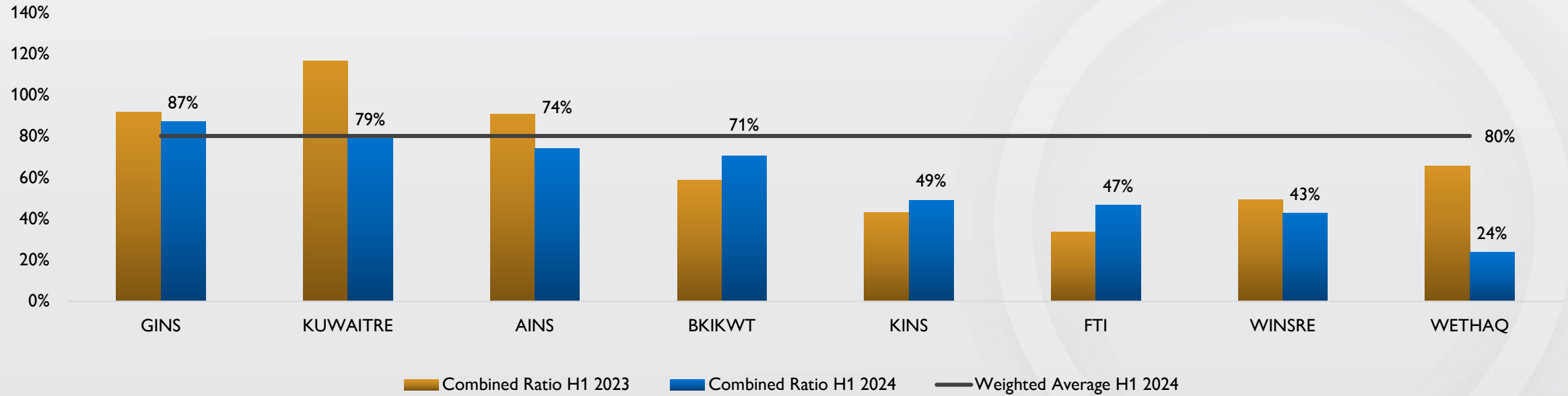
Companies with higher net investment income tend to offset deficits in net insurance results. This is evident in the positive contributions of the Net investment income in most companies.

GINS shows a strong investment income of KD 28.8 million and a positive net insurance result of KD 16.6 million, leading to an overall positive performance.

For the majority of the companies, net investment income plays a crucial role in driving profits. The importance of investment income as a compensatory mechanism for insurance deficits is clear.

Companies should concentrate on improving their net insurance financial results to lessen dependence on investment income. By prioritizing net insurance income, there is potential to enhance financial strategies.

Combined Ratio



The weighted average combined ratio stood at 80% for the first half of 2024.

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

**Combined ratio for conventional companies is computed as insurance service expenses over insurance revenue ratio.*

Total Comprehensive Income

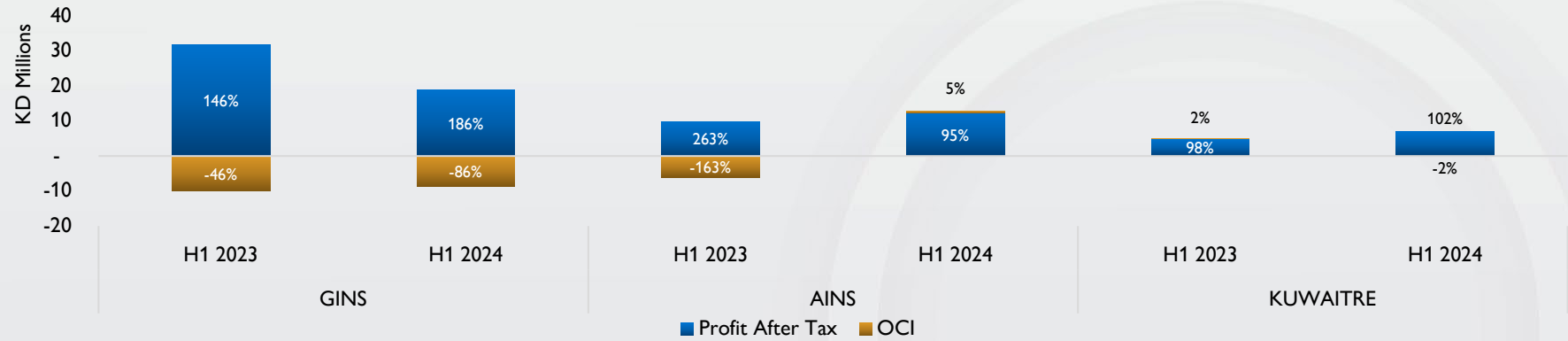


In H1 2024, the Total Comprehensive Income experienced a significant increase of 20% compared to the corresponding period in 2023.

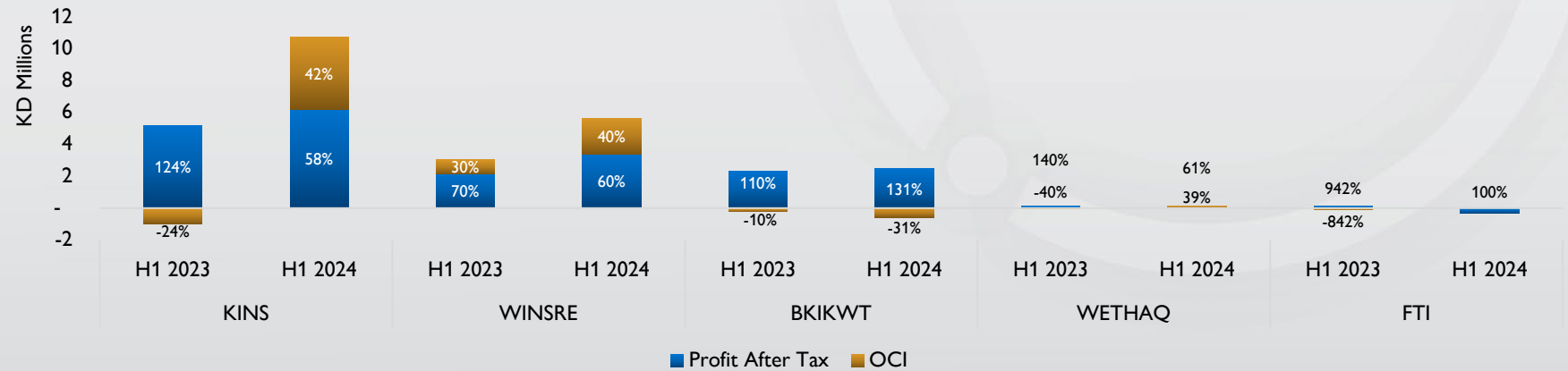
Out of the eight companies analyzed, three reported losses in their Other Comprehensive Income (OCI) in H1 2024, compared to six companies experiencing OCI losses in H1 2023.

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

Total Comprehensive Income - Top 3



Total Comprehensive Income - Others





Particulars	H1 2023	H1 2024	Variance
	KD Million	KD Million	KD Million
Insurance Result	39.0	35.4	(3.6)
Investment Income	42.6	49.8	7.2
Net Other Income & Expenses	(18.0)	(28.9)	(10.9)
Profit Before Zakat & Tax	63.6	56.3	(7.3)
Tax	(7.2)	(6.4)	0.8
Profit After Zakat & Tax	56.4	49.8	(6.5)

* Zakat & Tax amount also includes contribution to KFAS and NLST

Net Profit Break Down

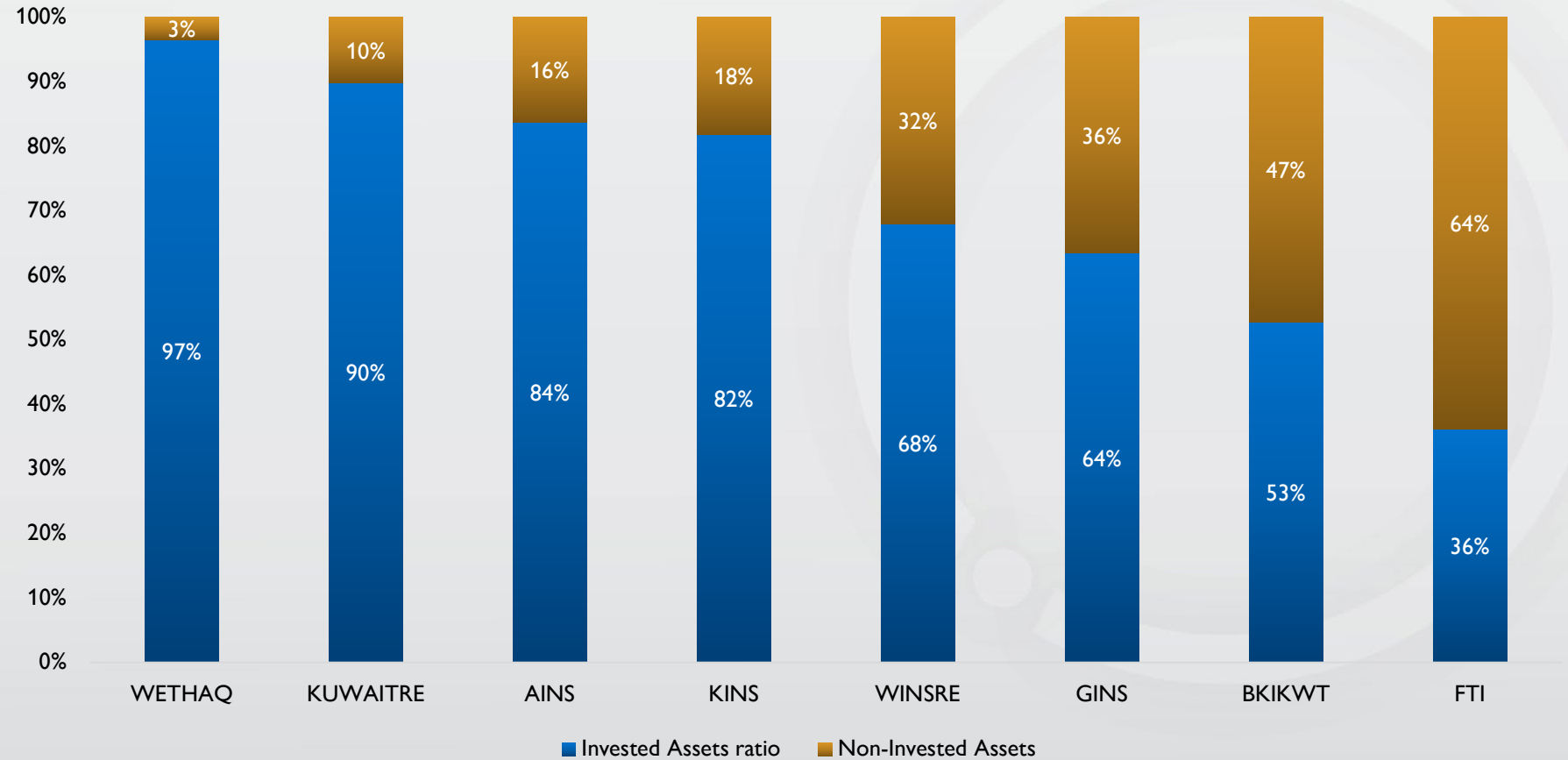


03

Asset Mix

The Asset Mix compares the proportion of invested assets and non invested assets (such as insurance & reinsurance receivables) of the companies in Qatar insurance industry as of June 30, 2024. WETHAQ has the highest proportion of 97% of invested assets followed by KUWAITRE at 90%, Whereas FTI has the lowest proportion of 36% of assets invested. The market proportion of invested assets to total assets has been computed to be 70%.

Asset Mix



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

Company	EPS H1 2024	EPS H1 2023
KINS	33.30	28.14
GINS	59.03	89.33
AINS	53.01	43.54
WINSRE	14.04	8.80
KUWAITRE	24.08	17.07
FTI	0.63	0.33
BKIKWT	16.20	15.39
WETHAQ	0.21	0.35



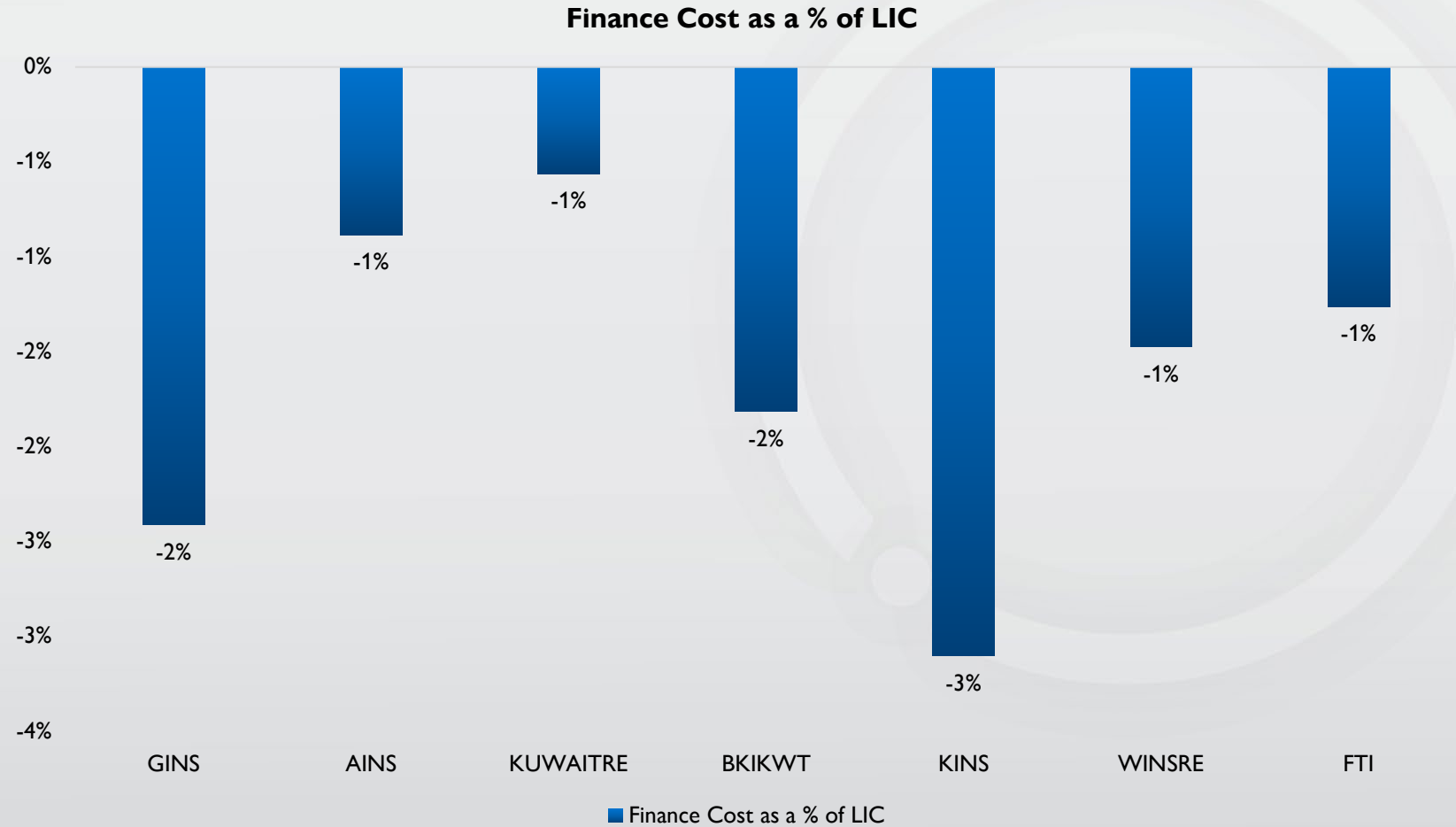
04

IFRS 17 Comparison

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

**WETHAQ has not disclosed its LIC*



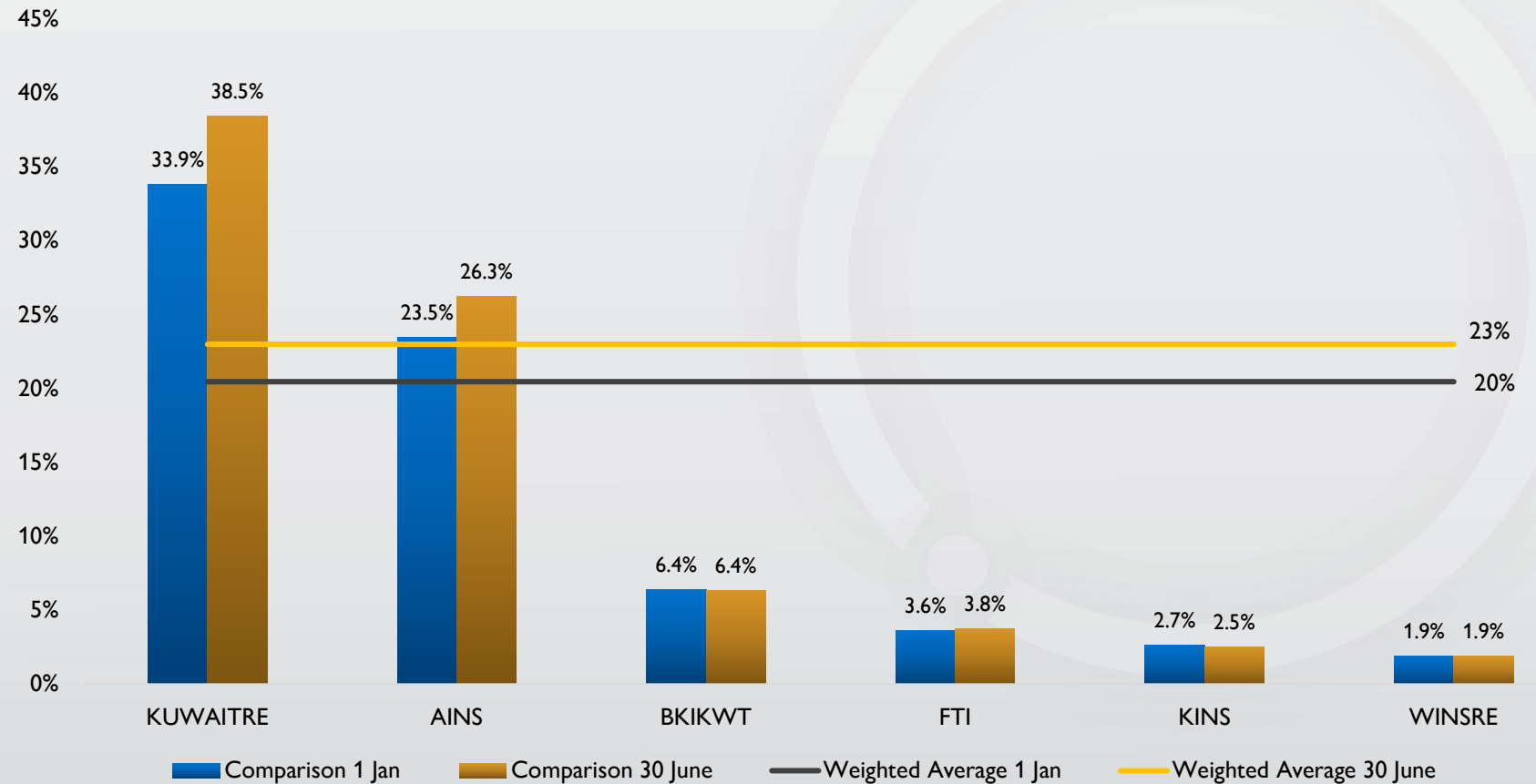
The graph depicts the relationship between risk adjustment and liability for incurred claims and provide insights into the Company's risk assessment and their diligence in accounting for these risks. It is an important KPI for stakeholders to evaluate the Company's prudence and risk management practices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

The weighted average proportion of Risk Adjustment in LIC for the period of 1 Jan is 20% and 30 June is analyzed to be 23% respectively.

The Highest Ratio is depicted by GINS of 100% whereas the lowest is shown by WINSRE of 2%.

**WETHAQ has not disclosed its LIC*
**GINS has not provided segregation of Risk Adjustment from LIC*

Risk Adjustment as a % of Estimates LIC





Conclusion

Profit after zakat & tax decreased from KD 56 million in H1 2023 to KD 50 million in H1 2024, reflecting a 12% decline. Insurance results (Net Insurance Service Results + Net Insurance Finance Income) dropped from KD 39 million in H1 2023 to KD 35 million in H1 2024. This is mainly due to the sharp decrease in profits of GINS. If we exclude the effect of GINS the remaining companies experienced a 26% growth in H1 2024.

Investment income rose approximately from KD 43 million in H1 2023 to KD 50 million in H1 2024, contributing to the overall profitability increase.

Among the top three companies by profit, earnings dropped by 18% to KD 38 million (H1 2023: KD 46 million), while the remaining companies saw a 19% increase to KD 12 million (H1 2023: KD 10 million).

In the first half of 2024, insurance revenue increased by 17%, reaching KD 661 million, compared to KD 567 million in the corresponding period of the previous year. This growth is expected to continue, driven by further strengthening of regulations, digital transformations, product innovation and enhancement in distribution channels.



Disclaimer

We have undertaken an analysis of the Key Performance Indicators (KPIs) of the listed insurance companies in Kuwait for the H1 2024. The data has been extracted from the financial statements 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 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.

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.



Company Logos	Company Name	Ticker Name
	Kuwait Insurance Company	KINS
	Gulf Insurance Group	GINS
	Al Ahleia Insurance	AINS
	Warba Insurance and Reinsurance Company	WINSRE
	Kuwait Reinsurance	KUWAITRE
	First Takaful Insurance Company	FTI
	Bahrain Kuwait Insurance Company	BKIKWT
	Wethaq Takaful Insurance Company	WETHAQ

Companies Included in the Analysis



About Our Team

	Directors	6 Staff
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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Yaqeen Fatima
Junior Research Executive

Our Team



Our Feedback

BADRI Management Consultancy is proud to present Kuwait Insurance Industry Performance analysis H1 2024. 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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