BADRI

KSA

Listed Insurance Industry Performance Analysis – Q3 2024

- Based on preliminary results

Date: November 05, 2024

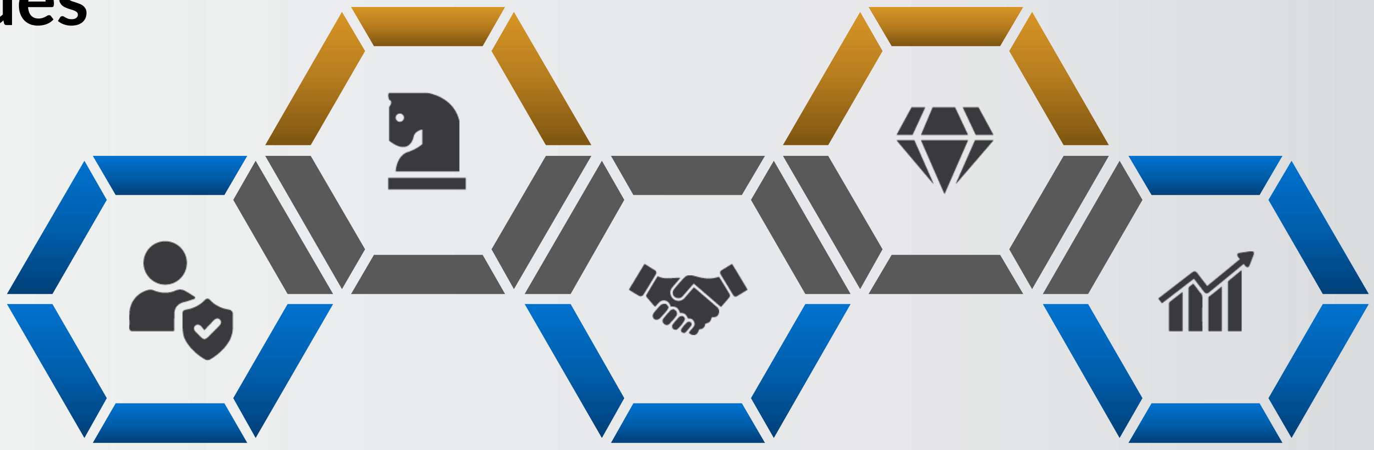
Vision

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

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 2023 & Best Actuarial Company of 2024 by InsureTek.
- Employer Spotlight Societal Purpose Award of 2024 by SOA.
- Best Internship Program (Silver) Award by Employee Happiness Awards.
- Best Digital & Social Media Initiative (Silver) Award by Customer 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**

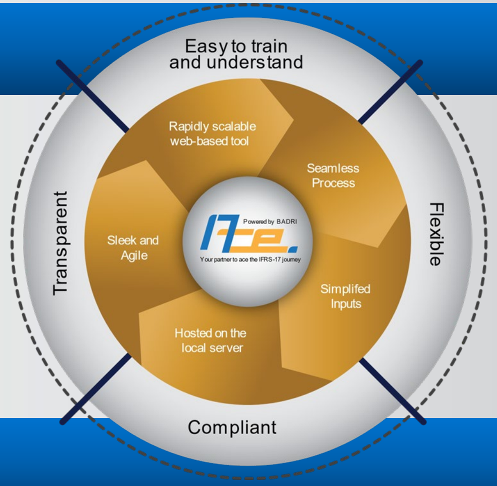
- Strategy and Business Plan development
- Digitalization Strategy
- M&A (due diligence)
- Market and Product development and innovation
- Enterprise Risk Management
- ESG and Climate Risk
- Financial Services
- HR Strategy

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

métier
a BADRI group company

Table of Contents

First 9 Months 2024 Industry Analysis

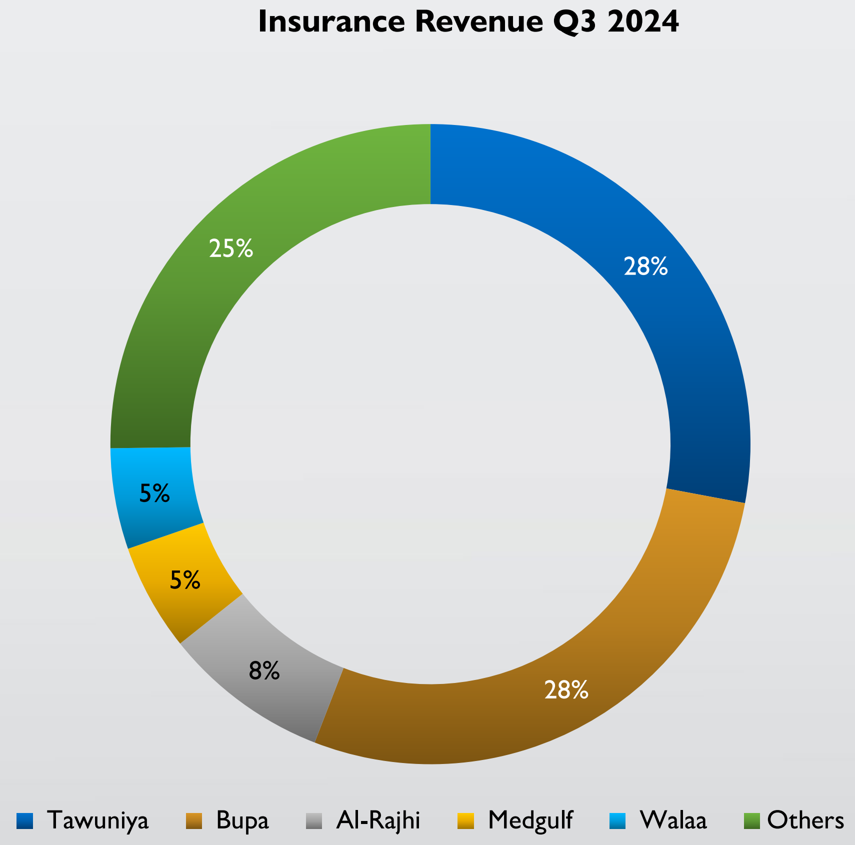
Revenues

- Insurance revenue
- Insurance Service Results
- Insurance Service Ratio

Profitability

- Profit After Zakat
- Investment Income
- Profit Composition
- Earning Per Share

Q3 2024 **Highlights**



Insurance Revenue

Q3 2024: SAR **48** billion
Q3 2023: SAR 42 billion
Growth: 16%

Insurance Service Results

Q3 2024: SAR **2.7** billion
Q3 2023: SAR 2.6 billion
Growth: 3%

Profit After Zakat

Q3 2024: SAR **3.0** billion
Q3 2023: SAR 2.6 billion
Growth: 15%

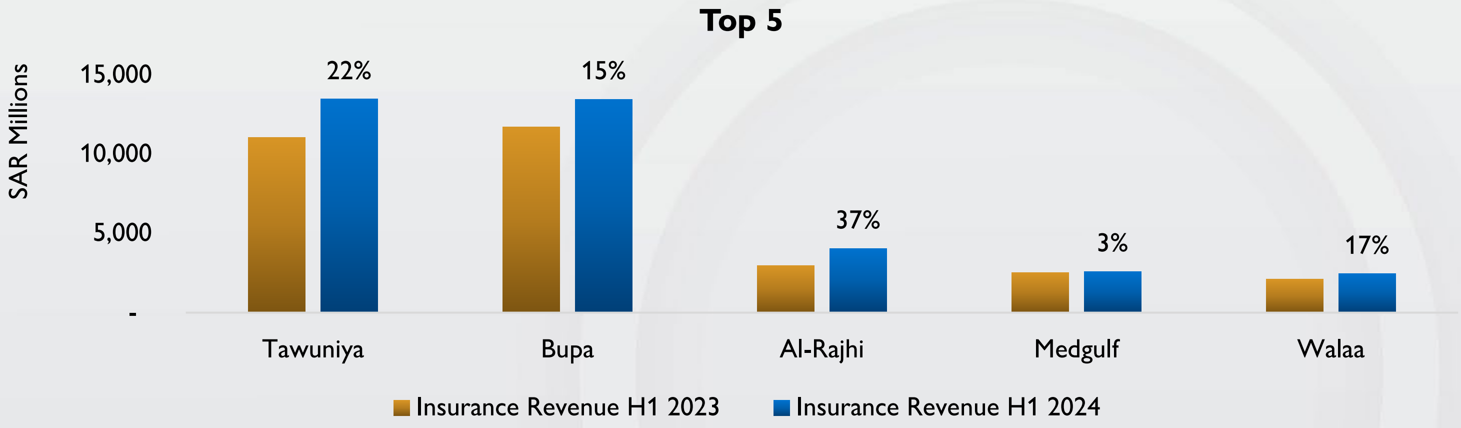
01

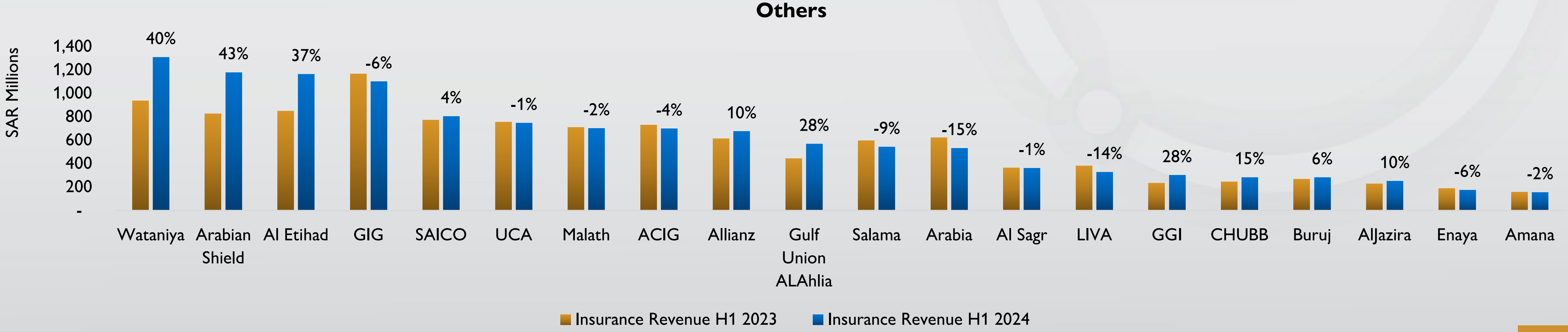
Revenue

Insurance Revenue - Listed Companies

In the first 9 months of 2024, the 25 listed companies saw an 16% rise in Insurance Revenue, reaching SAR 48 billion, up from SAR 42 billion in the prior period. These figures are reported after adjusting for Expected Credit Losses, similar to Provision for Doubtful Debts.

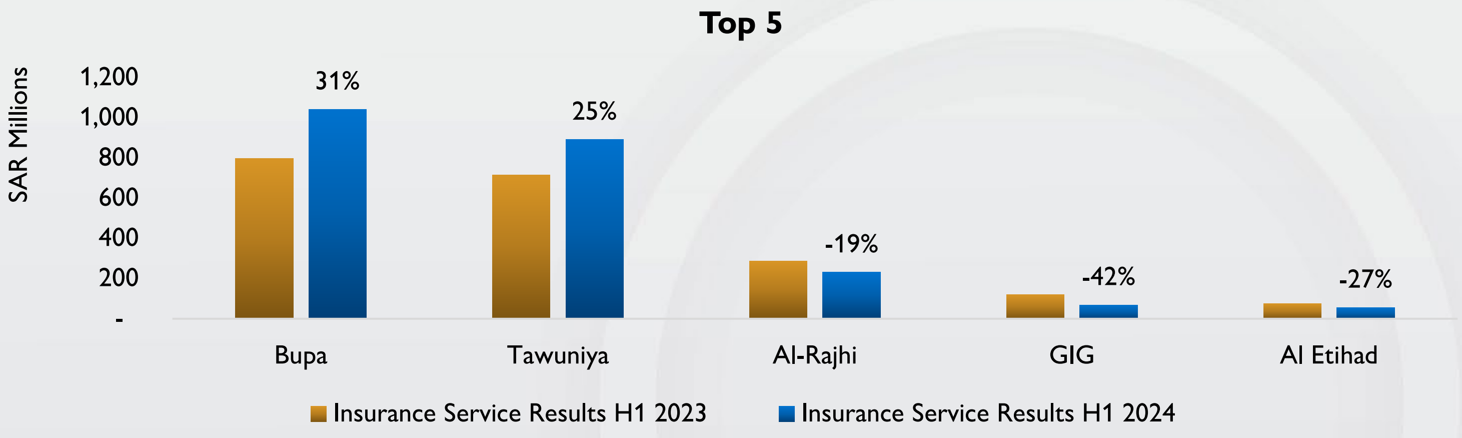
Among the top five companies, Insurance Revenue jumped by 19%, growing from SAR 30 billion in Q3 2023 to SAR 36 billion in Q3 2024. Meanwhile, the other companies recorded a 10% increase, with Insurance Revenue rising from SAR 11 billion in Q3 2023 to SAR 12 billion in Q3 2024.

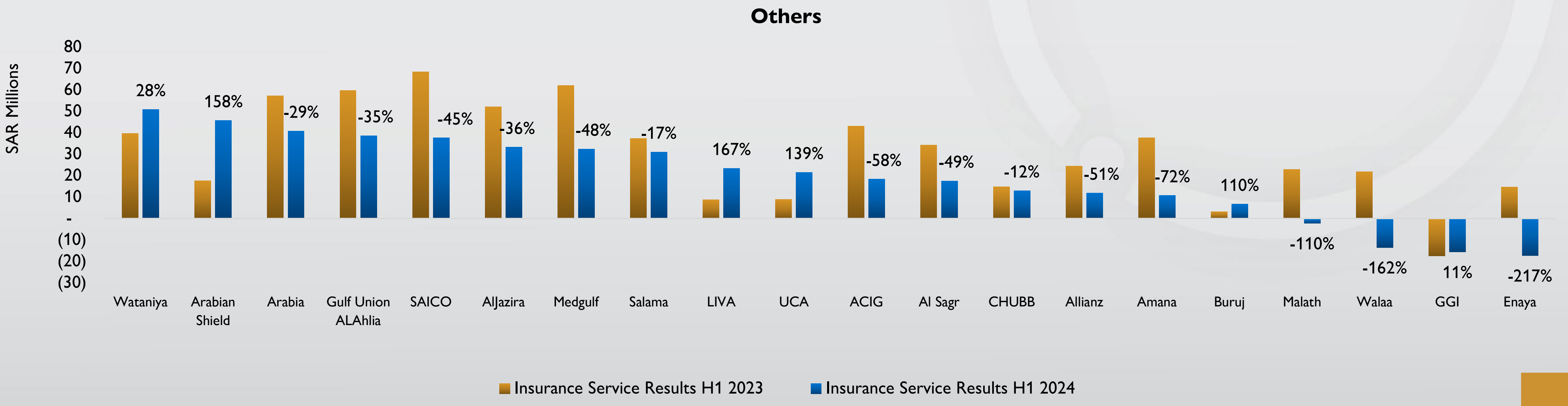




Insurance Service Results - Listed Companies

In Q3 2024, the Insurance Service Results for the 25 listed companies underwent an increase of 3%, soaring from SAR 2.6 billion to SAR 2.7 billion. Among the leading 5 companies determined by this key performance indicator (KPI), there was a growth of 15%, surging from SAR 2.0 billion to SAR 2.3 billion between the two periods. Conversely, the remaining firms encountered a decrease from SAR 0.6 billion to SAR 0.4 billion. Notably, BUPA achieved the most substantial absolute growth of SAR 245 million, while Al-Rajhi observed the most notable decline of SAR 55 million.



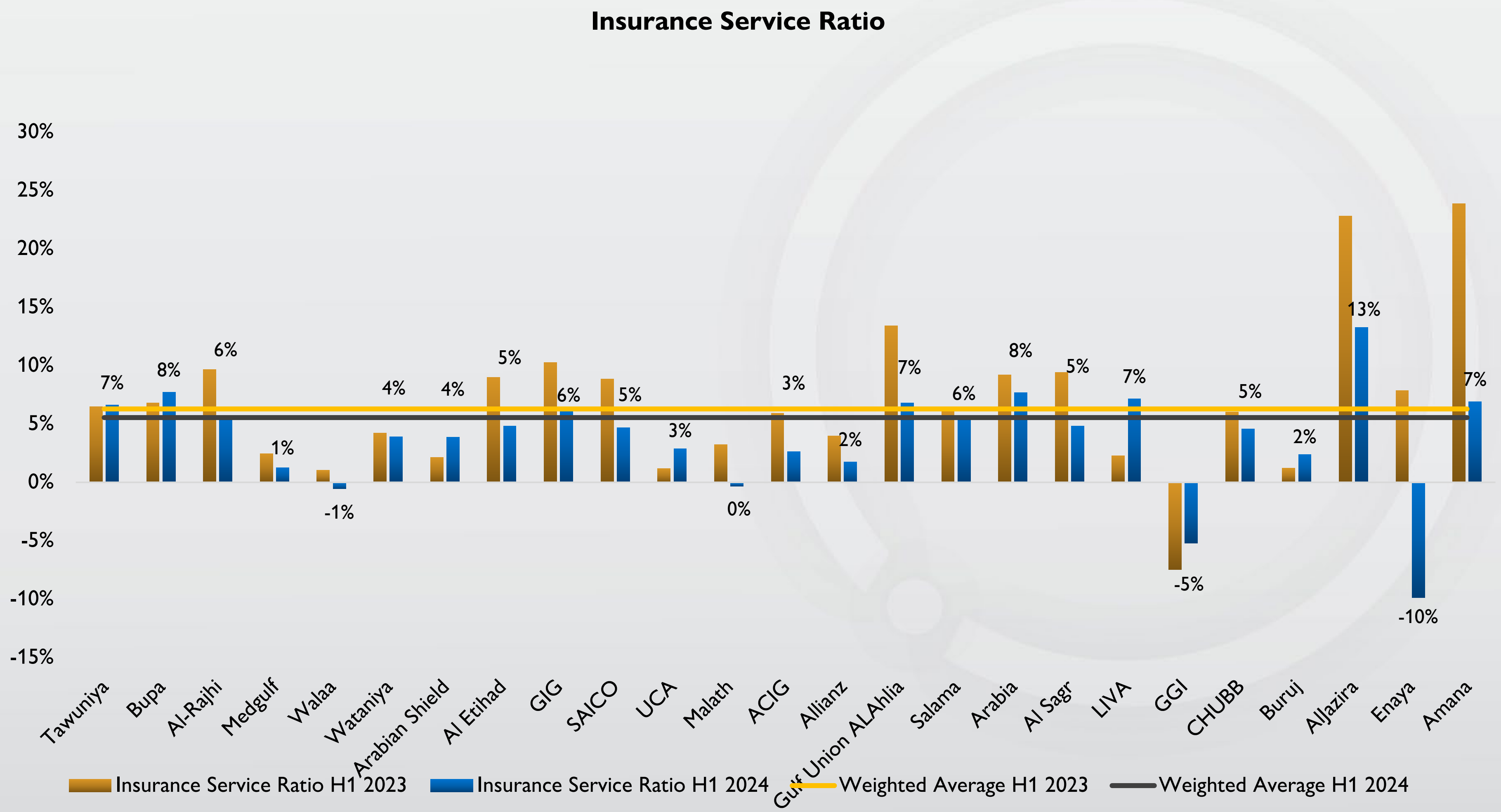


Insurance Service Ratio – Listed Companies

The Insurance Service Ratio for the listed companies in Q3 2024 has remained consistent with last year to 6%. Notably, AlJazira displayed the highest ratio at 13% (Q3 2023: 23%), while Enaya recorded -10% ratio (Q3 2023: 8%), 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.

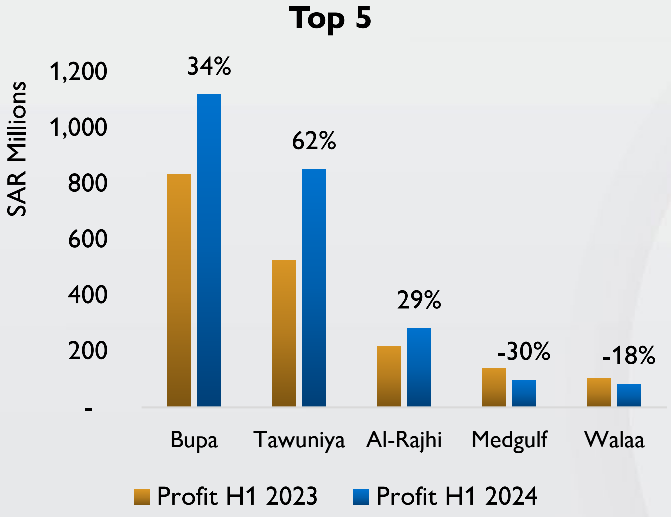
In the context of IFRS4, Insurance Service Results can be perceived as Underwriting Profits after accounting for expenses.

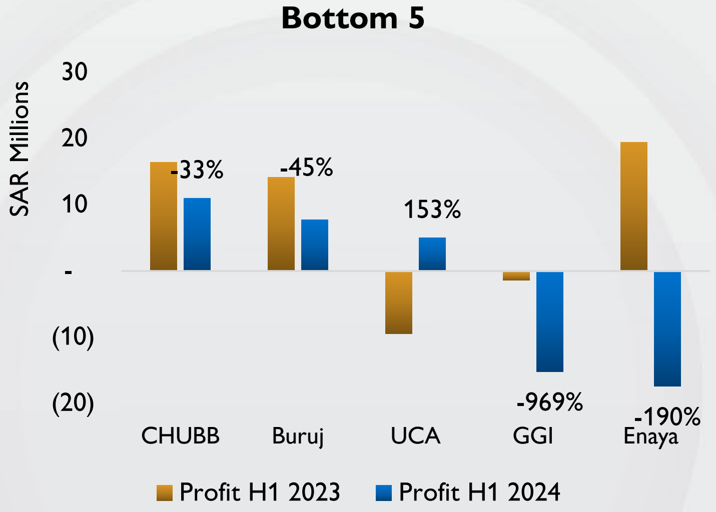


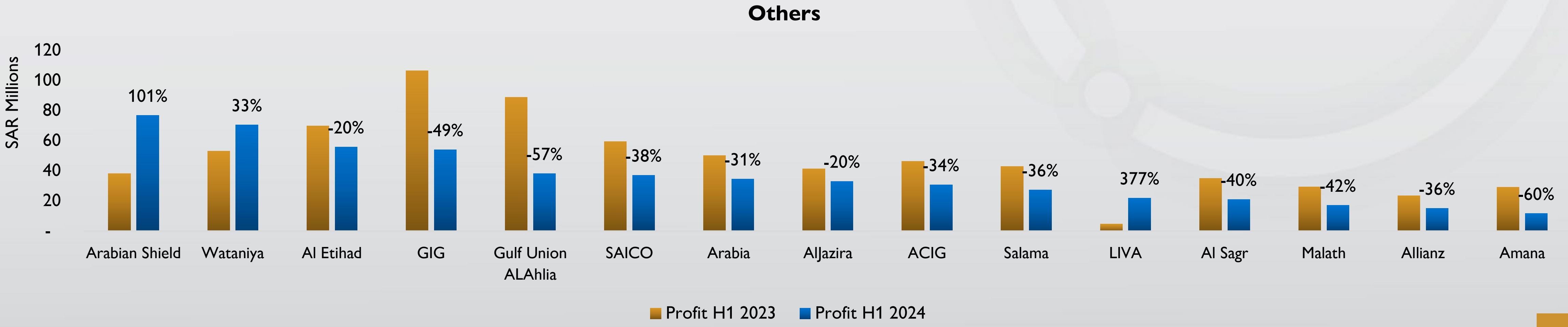
Profitability

Profit After Zakat - Listed Companies Trend

The listed companies saw an overall rise in profits. Profit (after zakat) for the 25 listed firms rose by 15%, climbing from SAR 2.6 billion in Q3 2023 to SAR 3.0 billion in Q3 2024. This increase was driven by the top 5 companies, while the others had a reduced impact. Among the top 5, profits surged by 34% to SAR 2.4 billion (Q3 2023: SAR 1.8 billion). Meanwhile, the remaining firms saw a 29% decrease, totaling SAR 537 million (Q3 2023: SAR 758 million).

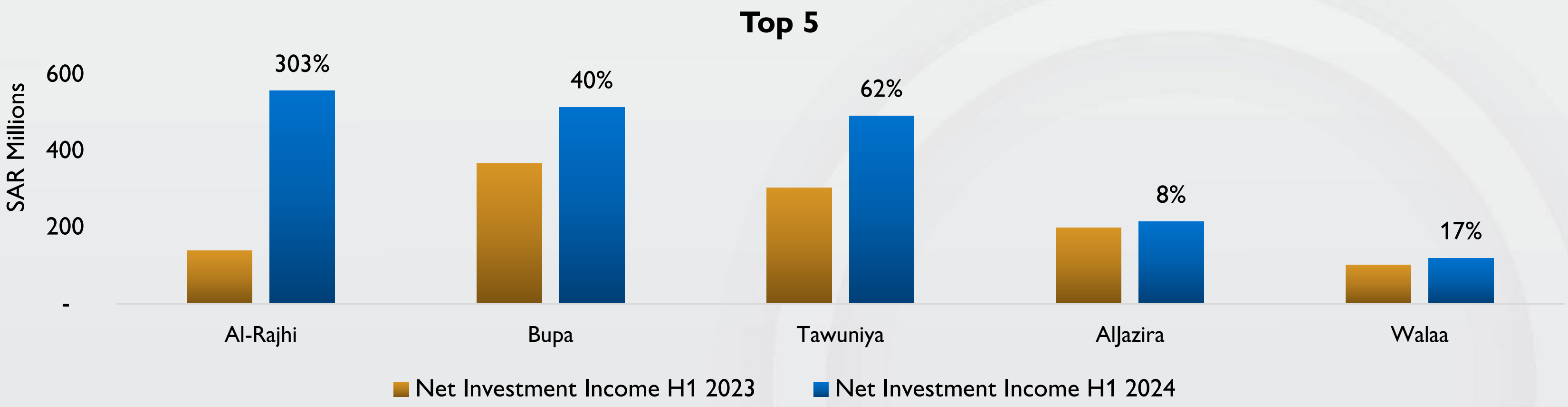


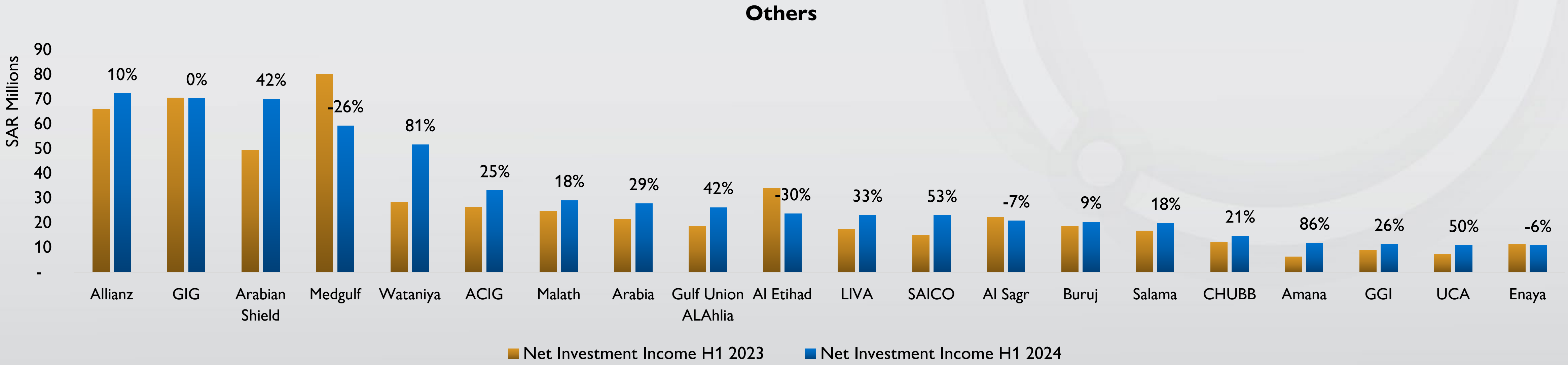




Investment Income

Highest Investment income is depicted by Al-Rajhi of SAR 558 million (Q3 2023: SAR 138 million). The highest Investment income growth is also recorded by Al-Rajhi of 303%.

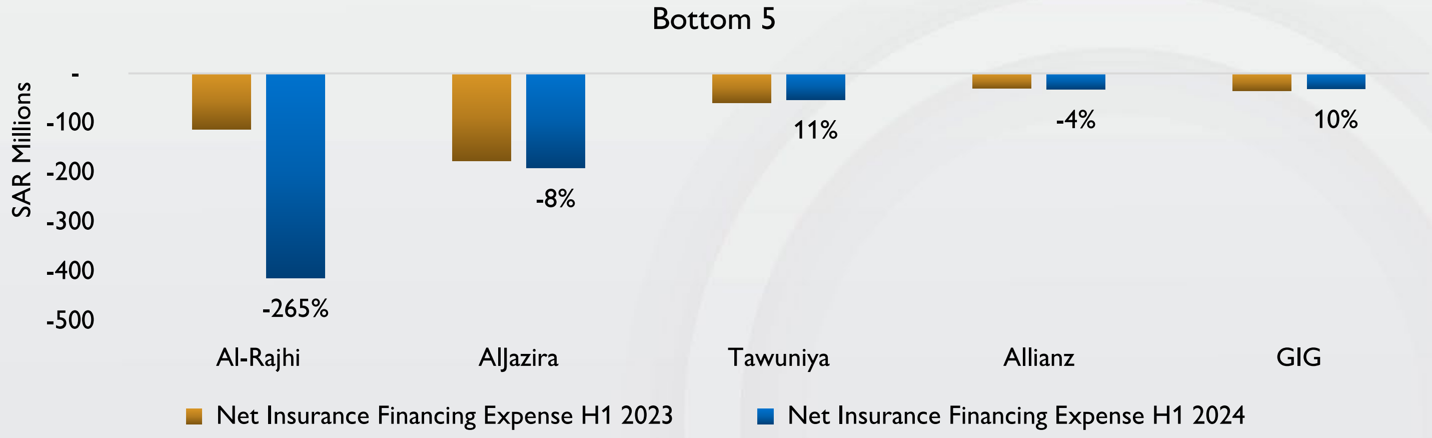


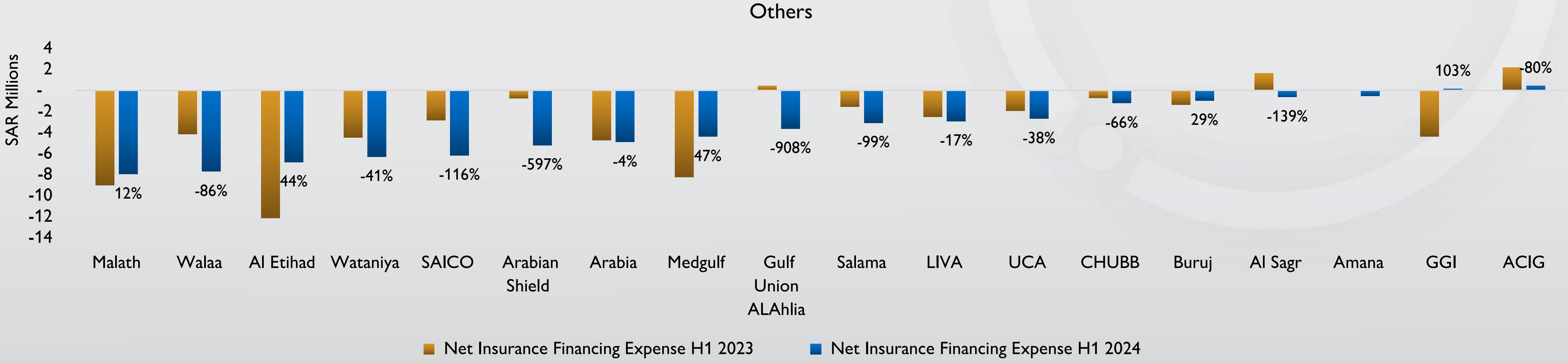


Insurance Finance Expense

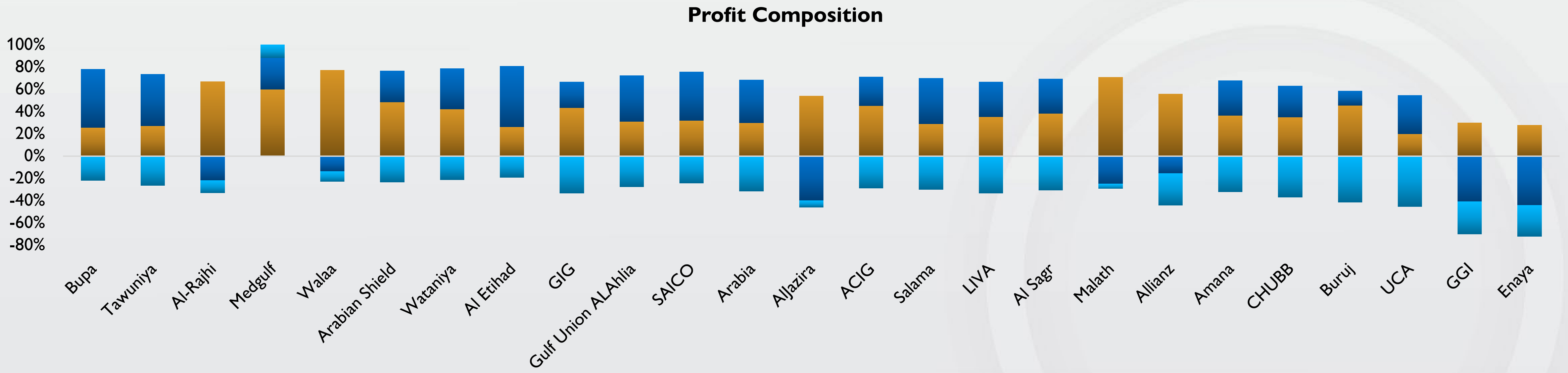
Insurance finance expense, as defined by IFRS 17, includes the interest income earned on the contractual service margin (CSM) and the interest expense incurred due to the unwinding of the discount rate applied to insurance liabilities. This represents the combined financial impact of the time value of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

Al-Rajhi exhibits the highest finance loss, whereas ACIG demonstrates the highest finance income.





Profit Composition (Profit After Tax)



Insurance companies that reported losses in their net insurance result managed to mitigate the impact through investment income.

As can be seen, the highest insurance result is depicted by Bupa of SAR 1.0 billion and highest investment income is depicted by Al-Rajhi of SAR 558 million.

7 of 25 companies had an insurance result deficit; of these, 5 generated profit. However, none recorded losses on their investment income.

Opportunities to improve insurance-related income strategies are present in the market, urging companies to focus on income from insurance services as their primary profit source.

Net Profit Break Down

	Q3 2023 SAR Billion	Q3 2024 SAR Billion	Variance SAR Billion
Insurance Result	2.1	1.9	(0.2)
Investment Income	1.7	2.5	0.9
Net Other Expenses Including Zakat	(1.2)	(1.4)	(0.2)
Profit After Zakat	2.6	3.0	0.4

Earning Per Share

Company	EPS Q3 2023	EPS Q3 2024
Bupa	5.59	7.48
Tawuniya	3.51	5.70
Al-Rajhi	2.19	2.83
Medgulf	1.34	0.94
Walaa	1.21	0.99
Arabian Shield	0.60	0.96
Wataniya	1.33	1.76
Al Etihad	1.40	1.12
GIG	2.03	1.03
Gulf Union ALAhlia	1.94	0.83
SAICO	1.98	1.24
Arabia	0.97	0.65
AlJazira	0.63	0.50
ACIG	1.59	1.06

Company	EPS Q3 2023	EPS Q3 2024
Salama	2.81	1.37
LIVA	0.12	0.55
Al Sagr	1.65	0.89
Malath	0.59	0.34
Allianz	0.39	0.25
Amana	0.68	0.27
CHUBB	0.54	0.36
Buruj	0.47	0.26
UCA	-0.24	0.13
GGI	-0.05	-0.51
Enaya	0.85	-0.76

Conclusion

The KSA insurance industry's profitability (after-zakat & tax) grew 15% in the first 9 months of 2024, rising from SAR 2.6 billion in Q3 2023 to SAR 3.0 billion in Q3 2024. Performance was mixed. The top 3 insurers, BUPA, Tawuniya, and Al Rajhi, saw profit gains of 34%, 62%, and 29%, respectively, totaling SAR 2.3 billion. Meanwhile, 18 firms reported a profit drop averaging -40%, totaling SAR 0.5 billion. While Arabian Shield, LIVA, and UCA posted notable profit gains, many others faced significant declines.

Total insurance revenue grew by 16%, increasing from SAR 42 billion to SAR 48 billion. Without the Top 3, the industry's growth was 9%.

Overall underwriting performance improved slightly, with insurance service results increasing by 3%, from SAR 2.6 billion in Q3 2023 to SAR 2.7 billion in Q3 2024. However, 17 companies reported a significant drop in insurance service results compared to the prior year. Investment income rose by 52%, climbing from SAR 1.7 billion in Q3 2023 to SAR 2.5 billion in Q3 2024, often balancing weaker underwriting outcomes.

Excluding the Top 3 companies, the industry posted a profit of SAR 720 million, down from SAR 1.0 billion in Q3 2023, marking a 28% decline. More details will be revealed with the full results, but this likely indicates the impact of heightened price competition, especially in the Motor TPL and medical SME segments.

Disclaimer

We have undertaken an analysis of the Key Performance Indicators (KPIs) of the listed insurance companies in KSA for Q3 2024. The data has been extracted from the preliminary numbers 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.

This publication contains general information only and we are not by means of this publication, rendering actuarial, investment, accounting, business, financial, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your finances or your business. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. Should you come across an error or have a query, do write to us.

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.

Companies Included in the Analysis

Listed Insurance Companies

Logos	Sr. No.	Name	Abbreviation
التعاونية Tawuniya	1	The Company for Cooperative Insurance	TCCI
الجزيرة تكافل Aljazira Takaful	2	Aljazira Takaful Taawuni Co.	AJTTC
MEDGULF	3	The Mediterranean and Gulf Insurance and Reinsurance Co.	TMGIRC
Allianz Allianz Saudi Fransi	4	Allianz Saudi Fransi Cooperative Insurance Co.	ASFCIC
سلامة SALAMA	5	Salama Cooperative Insurance Co.	SCIC
ولاء Walaa	6	Walaa Cooperative Insurance Co.	WCIC
الدرع العربي للتأمين Arabian Shield Insurance	7	Arabian Shield Cooperative Insurance Co.	ARSCIC
SAICO سايكو Saudi Arabian Cooperative Insurance Co	8	Saudi Arabian Cooperative Insurance Co	SACIC
إتحاد الخليج الأهلية للتأمين التعاوني GULF UNION AL AHLIA COOPERATIVE INSURANCE	9	Gulf Union Al Ahlia Cooperative Insurance Co.	GUACIC
ACIG	10	Allied Cooperative Insurance Group	ACIG
Arabia INSURANCE AICC	11	Arabia Insurance Cooperative Co.	AICC

Analysis of the Key Performance Indicators (KPIs) of 25* Listed Insurance Companies of KSA for Q3 2024 has been undertaken.

Companies Included in the Analysis

Listed Insurance Companies

Logos	Sr. No.	Name	Abbreviation
الاتحاد AL-ETIHAD	12	Trade Union Cooperative Insurance Co.	TUCIC
الصقر للتأمين AlSagr Insurance	13	Al Sagr Cooperative Insurance Co.	ASCIC
UCA المتحدة للتأمين التعاوني United Cooperative Assurance	14	United Cooperative Assurance Co.	UCAC
Bupa بوبا	15	Bupa Arabia for Cooperative Insurance Co.	BACIC
تكافل الراجحي Al Rajhi Takaful	16	Al-Rajhi Company for Cooperative Insurance	ARCCI
CHUBB	17	CHUBB Arabia Cooperative Insurance Co.	CACIC
gig	18	Gulf Insurance Group	GIG
الخليجية العامة GULF GENERAL	19	Gulf General Cooperative Insurance Co.	GGCIC
BURUJ بروج للتأمين التعاوني	20	Buruj Cooperative Insurance Co.	BCIC
liva	21	LIVA Insurance formerly known as Al Alamiya	LIVA
الوطنية للتأمين Wataniya Insurance	22	Wataniya Insurance Co.	WIC
أمانة amana	23	Amana Cooperative Insurance Co.	ACIC
عناية السعودية SAUDI ENAYA	24	Saudi Enaya Cooperative Insurance Co.	SECIC
malath insurance	25	Malath Cooperative Insurance Co.	MCIC

Analysis of the Key Performance Indicators (KPIs) of 25* Listed Insurance Companies of KSA for Q3 2024 has been undertaken.

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**

Our Team

Hatim Maskawala
Managing Director - BADRI

Ali Bhuriwala
Co-founder & Executive Director - BADRI

Hasham Piperdy
GM & Director KSA - Actuarial

S. Azadar Haider
Manager - Actuarial

Amjaad Al Qahtani
Assistant Manager Actuarial

Razan Saud R Alanazi
Sr. Actuarial Analyst

S. M Hassan Athar
Senior Research Executive

Our Feedback

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

Contact Us

UAE Office

2107 SIT Towers, PO Box 341486, Dubai Silicon Oasis, Dubai, UAE

KSA Office

Office 36, King Abdulaziz Road, Ar Rabi, Riyadh 13315

Karachi Office

7B 2-6, 7th Floor, Fakhri Trade Center, Shahrah-e-Liaquat, Karachi 74200, Pakistan

Lahore Office

POPCORN STUDIO Co-working Space Johar Town 59-B Khayaban e Firdousi, Block B, Phase 1, Johar Town, Lahore

Egypt Office

E-Scapes IT Solutions13 Makkah St, Mohandiseen, Giza, Egypt

UK Office

c/o ARGenesis: Lloyds Building 1 Lime Street, London EC3M 7HA

Contact Us

+966 11 232 4112
+971 4 493 6666
+92 213 2602 212

info@badriconsultancy.com

www.badriconsultancy.com

Follow and subscribe us: