

# FY 2017 Earnings Update

March 28, 2018



التعاونية Tawuniya

## Investor Presentation

4<sup>th</sup> Quarter - 2017



# Agenda

## **I. Company Overview**

Sanjiv Thakur, Investment Manager

## **II. KSA Insurance Market**

Jad Katra, Executive Consultant

## **III. Tawuniya Market Strategy**

Jad Katra, Executive Consultant

## **IV. FY2017 Company Financials**

Amr Al-Nemari, CFO - Operations/Business

Sanjiv Thakur, Manager - Investment

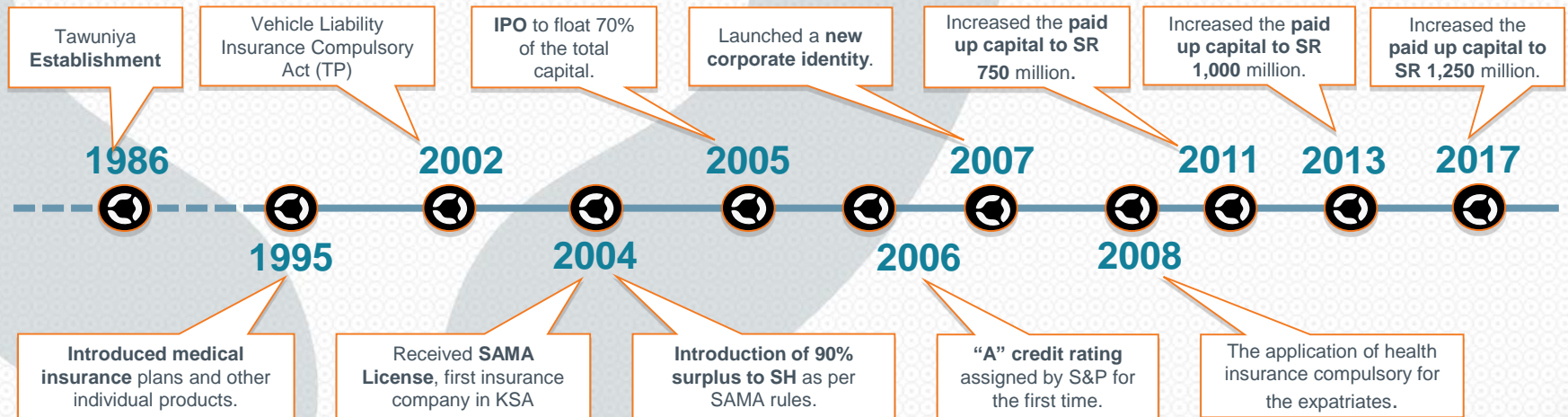
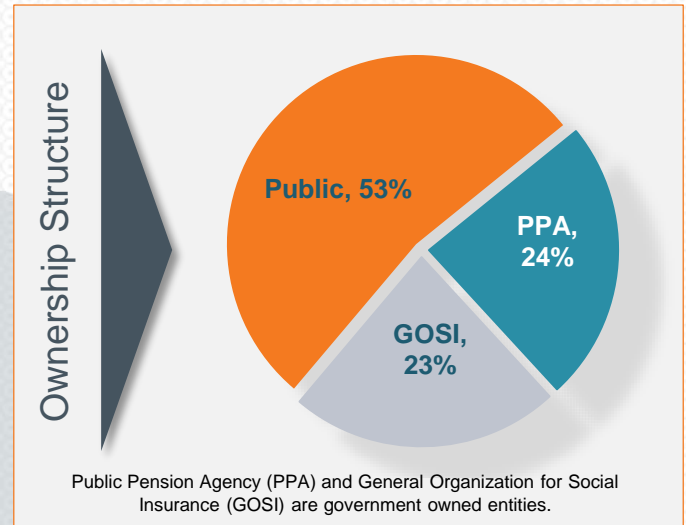


# I. Company Overview

---

# The Company For Cooperative Insurance

- ➔ One of the **leading Insurance company** in the Kingdom
- ➔ Headquartered in **Riyadh, KSA**
- ➔ **Significant presence** across all regions in KSA
- ➔ **Multiple distribution channels and products**
- ➔ Strategic Business Units: **Health, Motor, Property & Casualty and Investments**
- ➔ Witnessed **highest growth in paid-up capital** (SR250m in 1987 to SR1,250m in 2017)





# Market Leading Insurer

## Operating Segments



### Medical & Takaful

- Balsam
- My Family
- Group Medical
- Group Takaful



### Motor Insurance

- Al-Shamel
- Sanad
- Sanad Plus

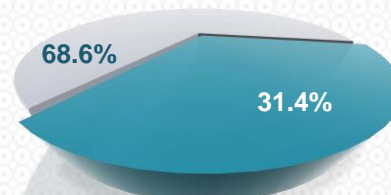


### Property & Casualty

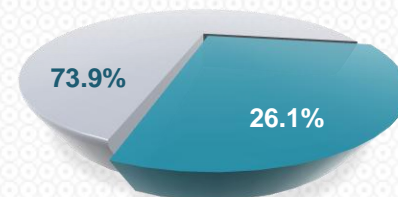
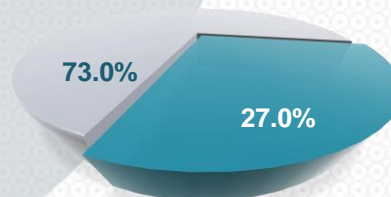
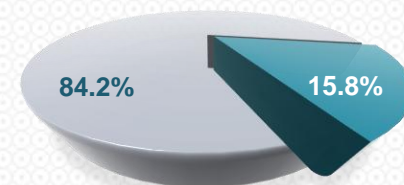
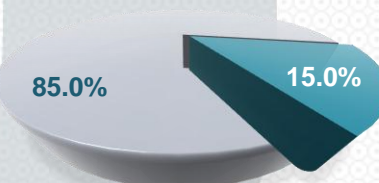
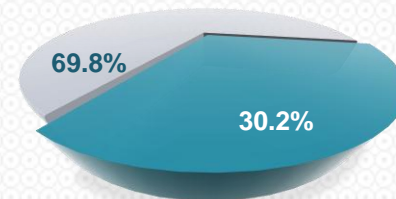
- Engineering
- Fire & Property
- Marine
- Aviation
- Energy

## Market Share\* FY17 Vs. FY16

FY 17



FY 16




Tawuniya Market Share

Others Market Share

- Excludes Medgulf
- Excludes Saudi Re

# Top Rated in the Region by S&P



	KSA	Kuwait	Bahrain	UAE	Qatar
<b>A</b>		❖ Kuwait Qatar		❖ Arab Orient	❖ QIC
<b>A-</b>	 Tawuniya	❖ Al-Ahleia ❖ Gulf	❖ Hannover Re ❖ Trust	❖ ADNOC ❖ Oman	❖ Doha insurance
<b>BBB+</b>	❖ Saudi Re ❖ Walaa			❖ Al Buhaira	
<b>BBB</b>	❖ Wataniya				❖ Ins. & Reins
<b>BBB-</b>				❖ Salama	



# Major Clients

## AVIATION



## FINANCIALS



## TELECOM.



## MINING & PETROCHEM.



## MANUFACTURING



## OTHERS



Note: Above list has been last updated in March, 2018

# Reinsurance Partners

**CCR** is rated “AA” by S&P



**Munich Re** is rated “AA-” by S&P



**Swiss Re** is rated “AA-” by S&P



**SCOR Global P&C** is rated “AA-” by S&P



**Transatlantic Re** is rated “A+” by AM Best



**MAPFRE** is rated “A” by S&P



**LLOYD's** is rated “A+” by S&P





## II. KSA Insurance Market

---

# Evolving Business Environment for Insurers

- ➔ Several **insurers are struggling to maintain adequate solvency/capital margins**
  - Ease of re-capitalization is no longer being supported by the regulator
  - Updated “Companies Law” will pressurize the loss making companies
- ➔ **Stern price competition** among large insurers is still present
- ➔ Motor **Third Party insurance penetration is still low** but expected to increase with strong regulatory enforcement
  - Availability of all prices online through aggregators
  - Motor No Claim and Loyalty Discount

Market	FY 2017	FY 2016	Variance
GWP (SR millions)	32,772	32,570	0.6%
Incurred Claims (SR millions)	22,027	20,307	8.5%
Net Income (SR millions)	1,484	2,423	(38.8%)
Loss-making Companies	6	6	Out of 32

- Figures excludes Saudi Re, Weqaya, Medgulf & Sanad
- Net Income figures before Zakat

## Regulators

Ministry of Commerce and Investment (MCI)  
Overall regulations



Saudi Arabian Monetary Authority  
Primary Operations



Cooperative Health Insurance  
Health Insurance Operations



Capital Market Authority (CMA)  
Listing and trading of shares

هيئة السوق المالية  
Capital Market Authority





### III. Tawuniya Market Strategy

---

## Long-term Strategic Pillars

Market  
Leadership

Profitability

Customer  
Centricity

**Constant endeavor to attain the optimal balance across all three strategic pillars**



# Multiple Sources of Competitive Advantage

## Brand/Balance sheet strength

- Recognized and trusted brand in the market
- Strong balance sheet with 'A-' S&P rating

## Strong network/connections in the market

- Market leadership position supported by high renewal rates on a consistent basis

## Large tied agency network

- Network of tied agents with wide reach across the Kingdom (27 agents)

## Strong coverage on all major product lines

- Complete offering across Medical, Motor and P&C

## Large talent pool & Databases

- Largest insurance talent pool in KSA
- Vast insurance data on market / market performance

## Scale advantage

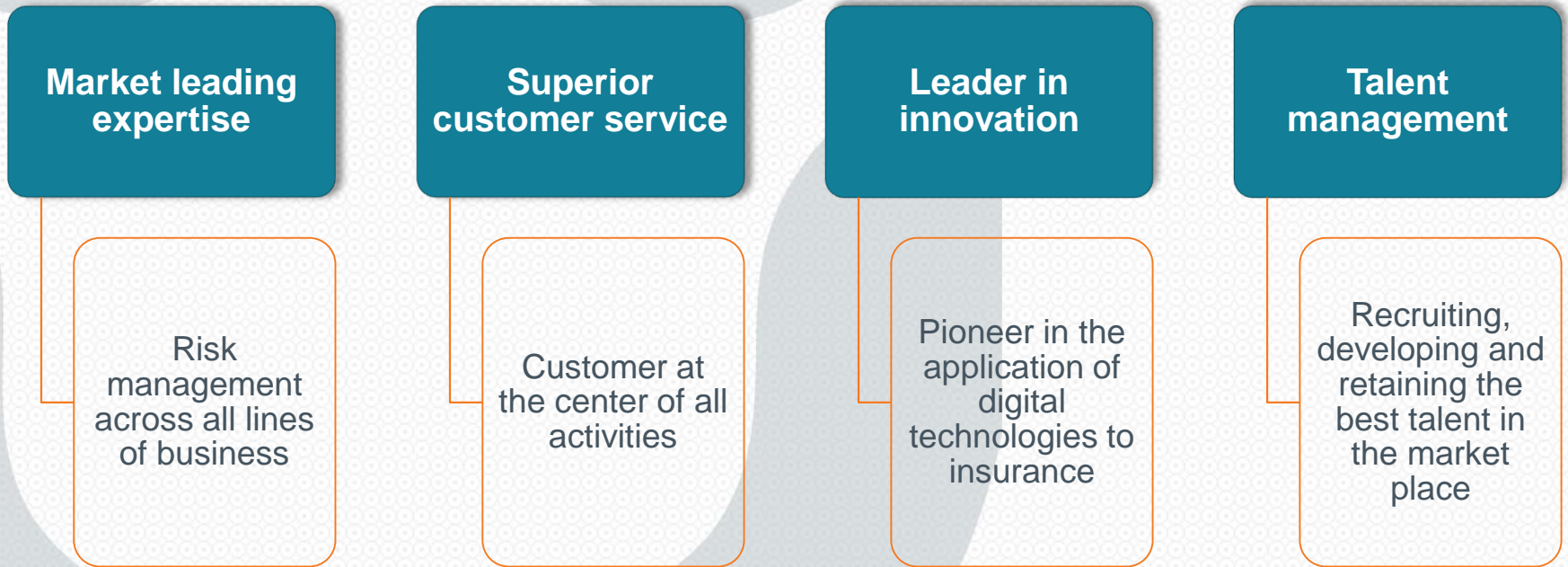
- Scale advantage with providers (hospitals, repair shops...)
- Economies of scale in back office activities

## Online sales capabilities

- Online availability of all product lines (Sanad, Travel Insurance etc.)
- Policy renewal, premium payments and claims follow-up possible online

**Our strengths allows us to act as industry pioneers while simultaneously adapting to changing market dynamics**

# Building Differentiated Capabilities



**Continuous development of our capabilities allow us to grow sustainably, while adhering to our long-term aspirations**



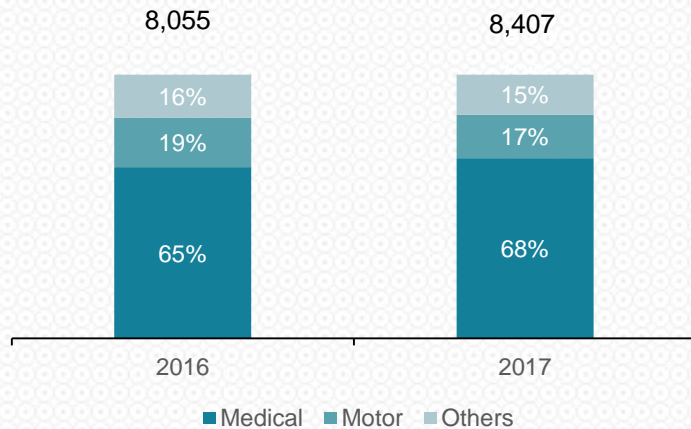
## IV. Company Financials

---

# Increase in Claims Outpaced Growth in GWP

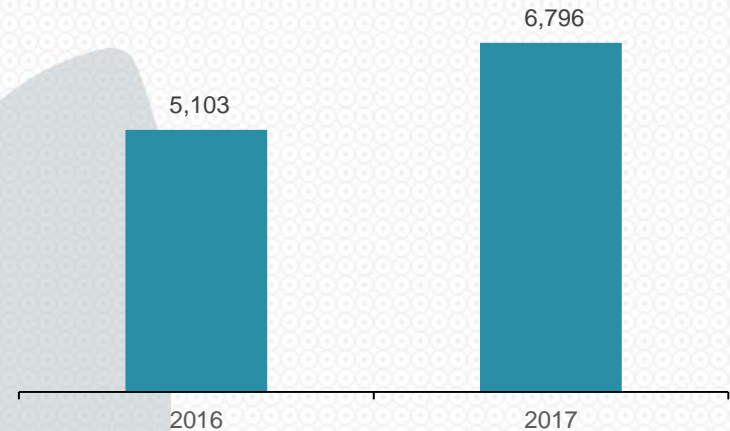
## Gross Written Premiums (in SR millions)

*recorded a growth of 4.4% Y/Y*

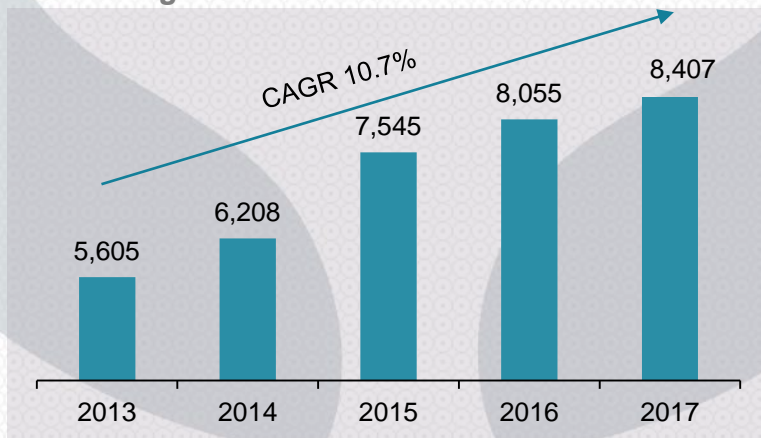


## Net Claims Incurred (in SR millions)

*witnessed sharp increase of 33% Y/Y*

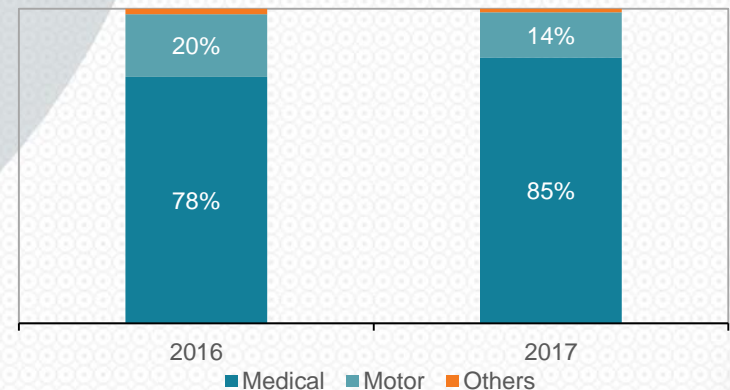


## Historical growth...



## Net Claims by Segment

*claims in medical segment increased by ~43% Y/Y*

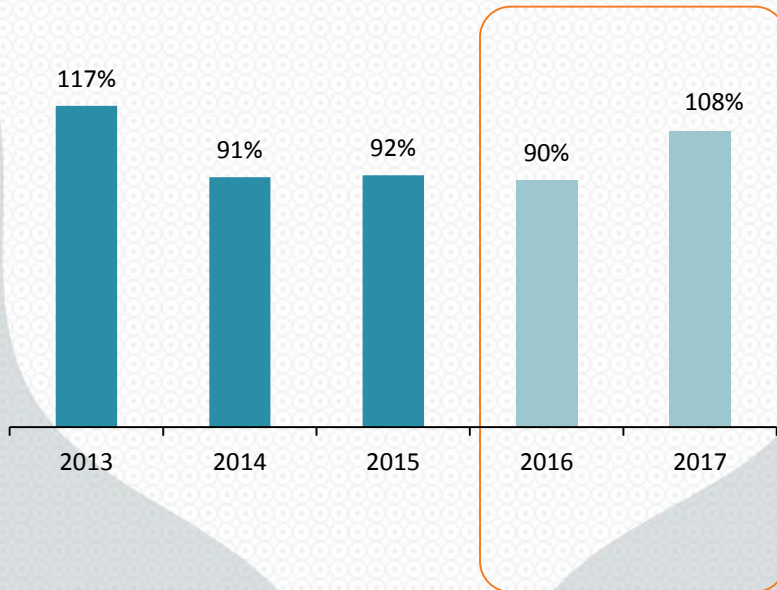




# Market Challenges Reflects on Operating Efficiency

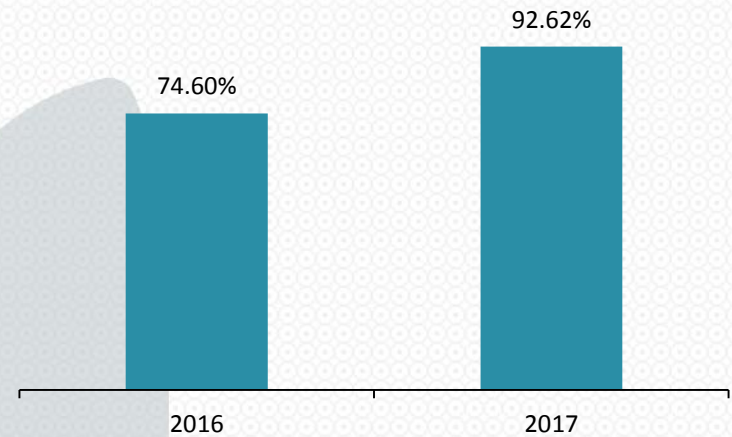
## Combined Ratio (%)

*increased significantly by 17.9% driven by claims*



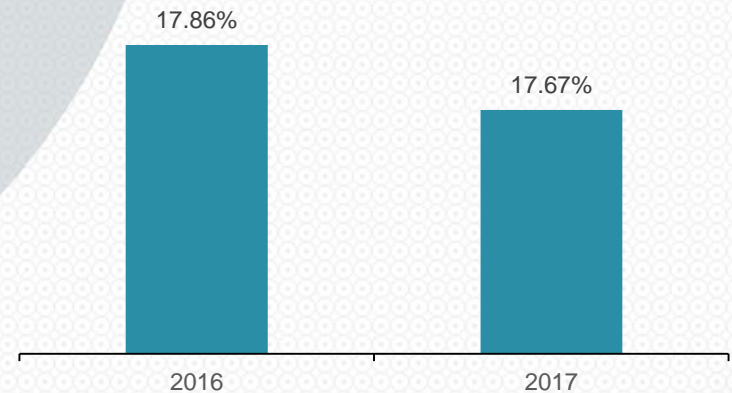
## Loss Ratio (%)

*increased significantly by ~18% Y/Y*



## Expense Ratio (%)

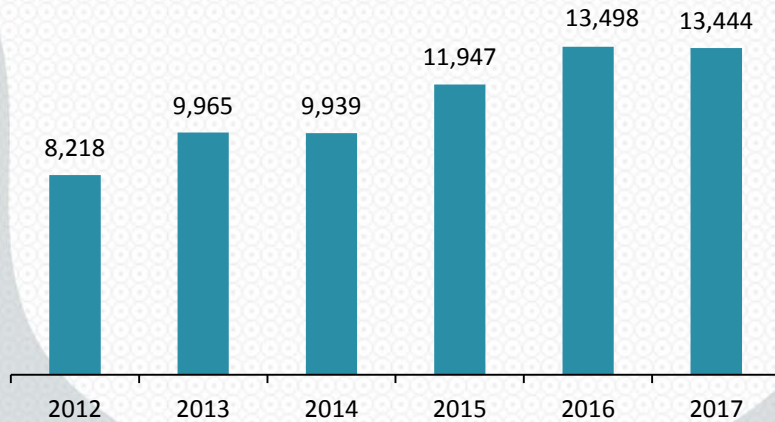
*improved by 19bps Y/Y*



# Marginal Decline in Total Assets

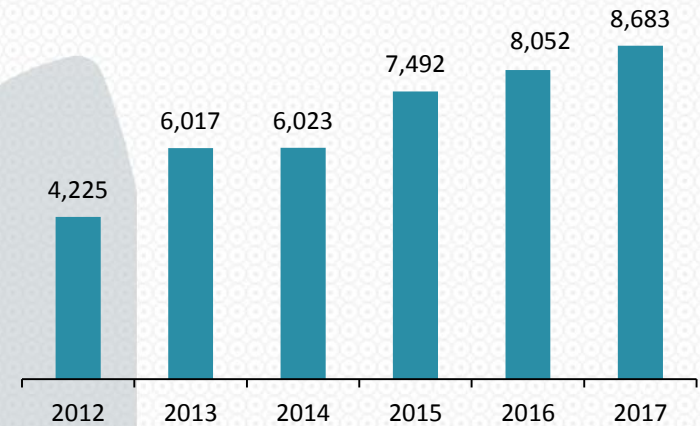
Total Assets (in SR millions)

*remains stable*



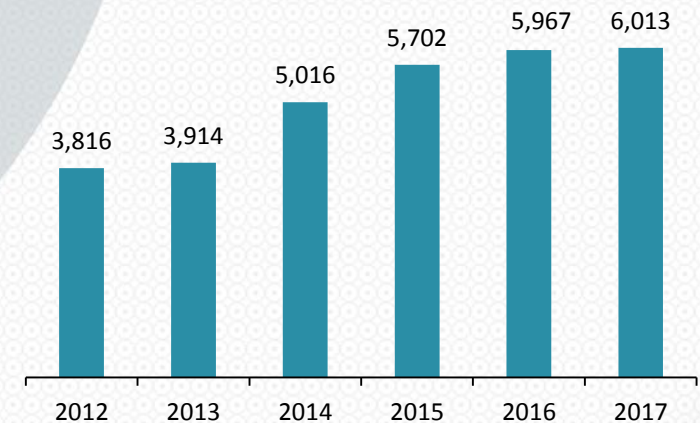
Technical Reserves (in SR millions)

*increased by 7.8% Y/Y...*



Total Investments (in SR millions)

*slightly increased by ~0.8% Y/Y*

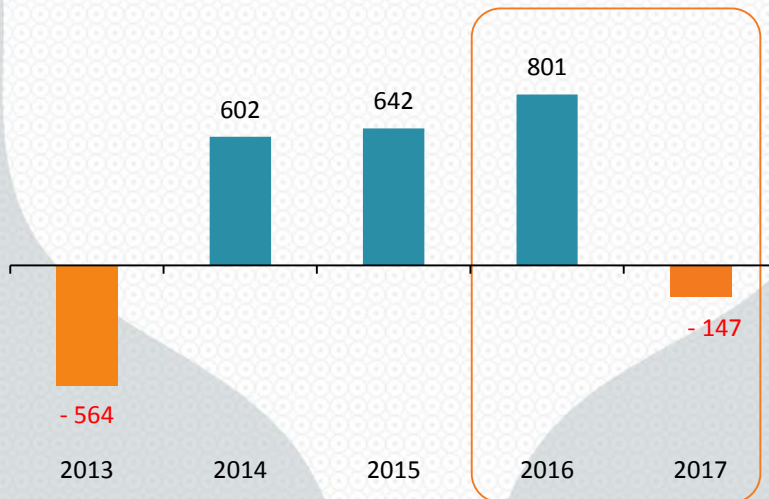




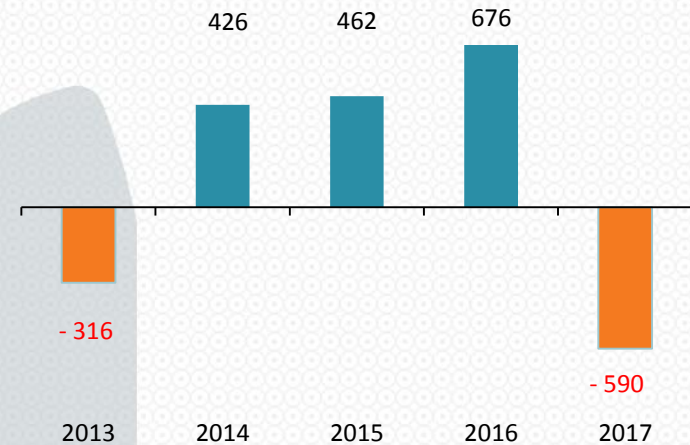
# Technical Reserves Hit Net Income

## Net Income (in SR millions) "Before Zakat"

Based on the external actuary assessment & recommendations, Tawuniya had recorded net additional technical claims reserves of SAR 972 million for the full year.

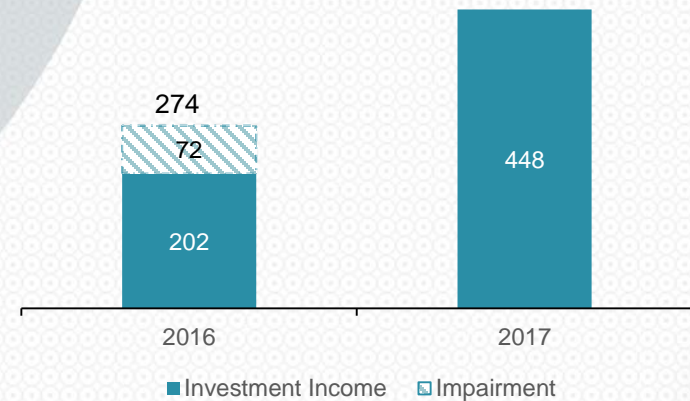


## Operating Surplus (in SR millions)



## Investment Income (in SR millions)

witnessed sharp increase of ~122% Y/Y,



# Q & A

---



# Thank You



التعاونية Tawuniya

