

# Investor's Presentation



Q1 2019 Earnings Conference Call

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- Market Performance by Line of Business
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# KSA INSURANCE INDUSTRY

Active regulators... Over-supplied with Insurers... Compulsory-Driven market...



## REGULATORS

Saudi Arabian Monetary Authority

\* SAMA \*



Council of Cooperative Health Insurance

\* CCHI \*



Capital Market Authority

\* CMA \*



## LICENSED COMPANIES

33 insurance & reinsurance companies

88 Brokers

68 Agents

68 Loss Assessors & Adjusters

10 TPAs

3 Actuarial service providers

## COMPULSORY PRODUCTS

All private sector employees (including their dependents) must have **Health** insurance through their current employers

All motorists must carry a 3<sup>rd</sup> party liability **Motor** insurance

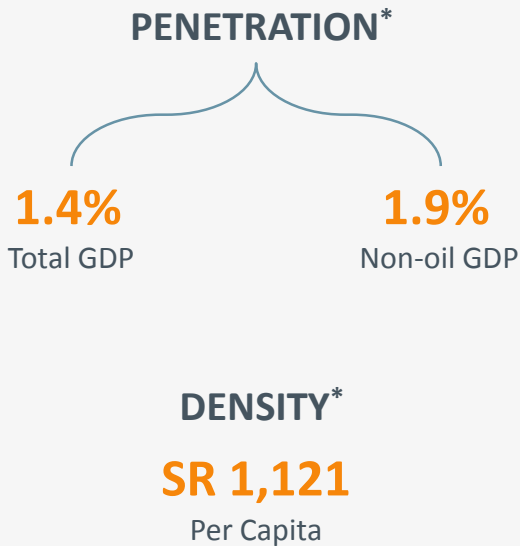
All government infrastructural projects are required to have **Property & Casualty** insurance

# KSA INSURANCE INDUSTRY

Underpenetrated Market with **Medical** premium domination...

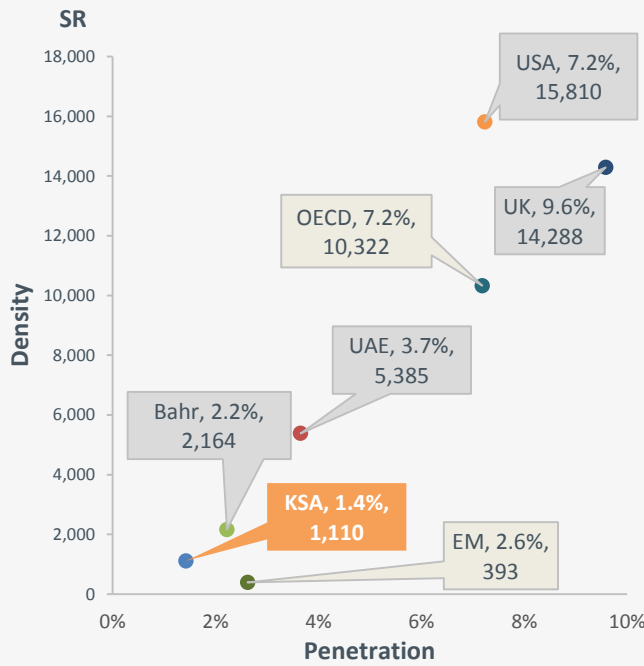


## COUNTRY-LOOK



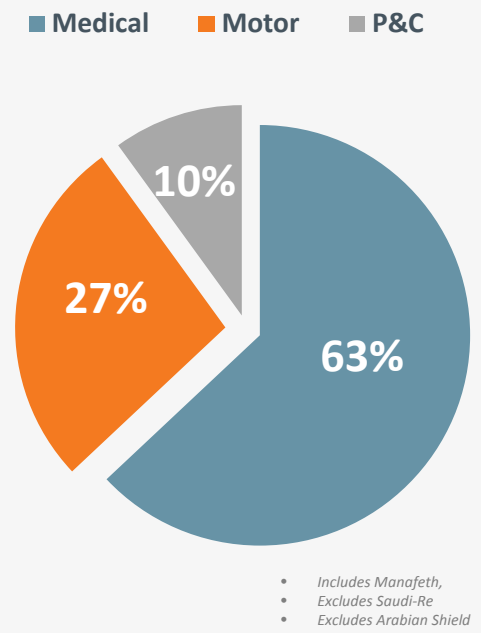
\* Source: SAMA 2017 Market Report

## GLOBAL-LOOK



- Source: Swiss Re Sigma 2017
- EM: Emerging markets excl. China

## GWP MIX



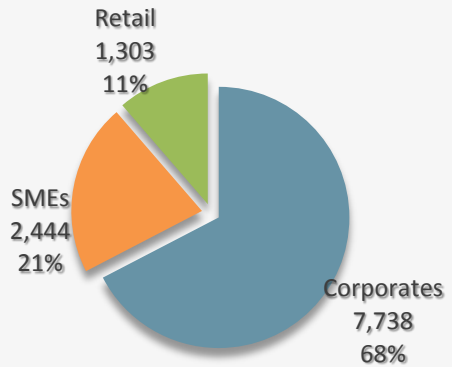
\* Source: Financial Statements from Tadawul

# KSA INSURANCE INDUSTRY

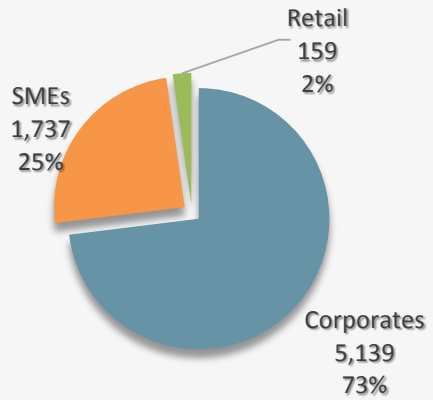


## Corporate segment dominates market premiums...

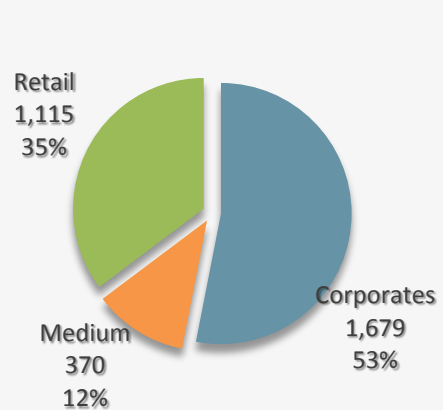
Overall Market Segment



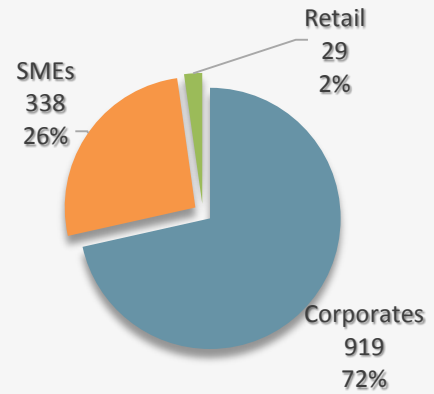
MEDICAL



MOTOR



P&C



Tawuniya's Market Share

Segment	Share	Rank
Overall	21.5%	2
Corporates	27.4%	2
SMEs	11.8%	2
Retail	15.7%	1

Tawuniya's Market Share

Segment	Share	Rank
Overall	21.5%	2
Corporates	33.6%	2
SMEs	14.2%	2
Retail	5.2%	6

Tawuniya's Market Share

Segment	Share	Rank
Overall	21.5%	5
Corporates	0.8%	14
SMEs	4.4%	7
Retail	17.1%	1

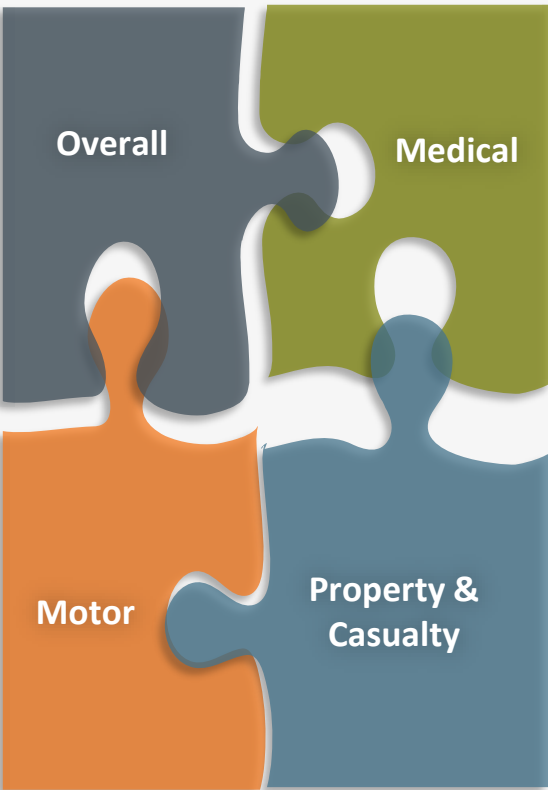
Tawuniya's Market Share

Segment	Share	Rank
Overall	21.5%	1
Corporates	24.4	1
SMEs	7.3%	6
Retail	19.1%	2

\* Data related to Q1 2019



## Current market conditions...



- ❑ **Increased government fees and VAT introduction** impacting businesses.
- ❑ **FSDP under Vision 2030** expected to boost the insurance industry penetration level.
- ❑ **GDP growth** turned its direction in 2018 to reach a 2.2% positive growth following a negative growth by 0.9% in 2017.
- ❑ **M&A discussions** in progress by some insurers to strengthen their financial position.

- ❑ **Expats exodus reached 1.2m** in 2018.
- ❑ **Increased enforcement** on Saudi dependents in the private sector. (estimated between 1.5 – 2m)
- ❑ New **CCHI table of benefits** started in July 2018 causing price increases.
- ❑ **Medical Inflation** stands at around 5% - 7%.

- ❑ **Low enforcement: 45% to 50%** of the addressable market in insured.
- ❑ **Adverse economic conditions** leading to decrease in 2018 new car sales.
- ❑ Launching phase II of the **No Claim Discounts** impacting premiums.
- ❑ **Heavy price wars** on Third Party insurance especially after the introduction of aggregators

- ❑ **Witnessed decline in 2018** due to the adverse economic conditions and low government spending, however it starts to grow in Q1 2019.
- ❑ **Highly reinsured** line of business.

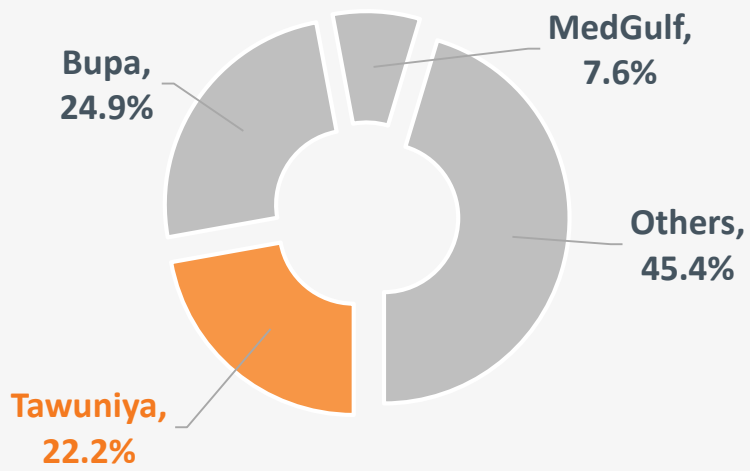
Sources: GAS, CCHI, MOF.

# KSA INSURANCE INDUSTRY

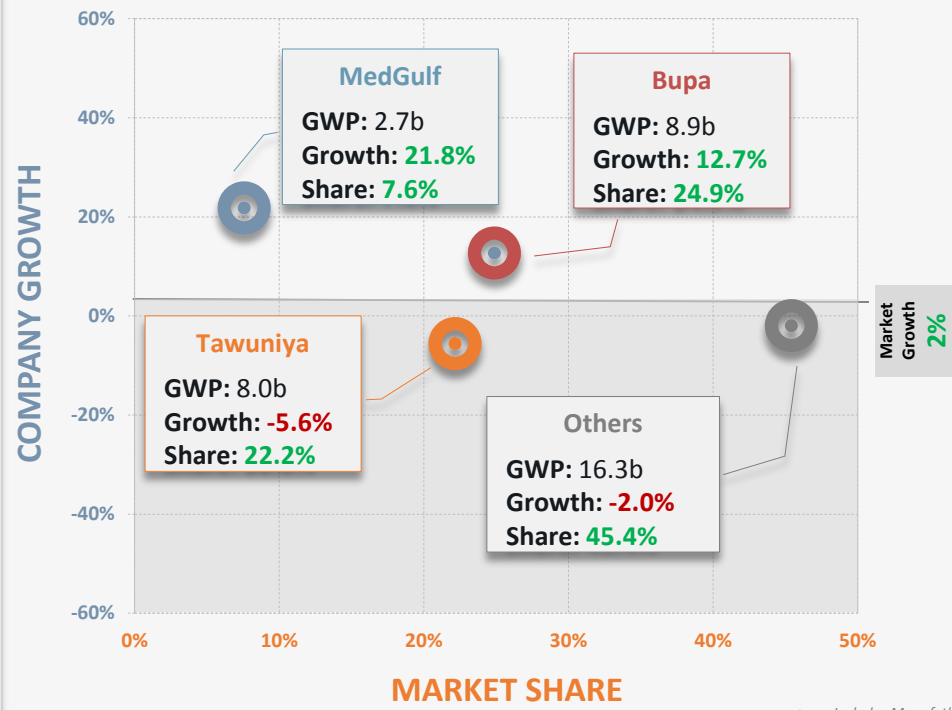


55% of market premiums are controlled by the top 3 players...

I Tawuniya & MedGulf cover all lines of business while Bupa only covers health insurance



## Y-O-Y MARKET SHARE



• Includes Manafeth  
• Includes Saudi-Re

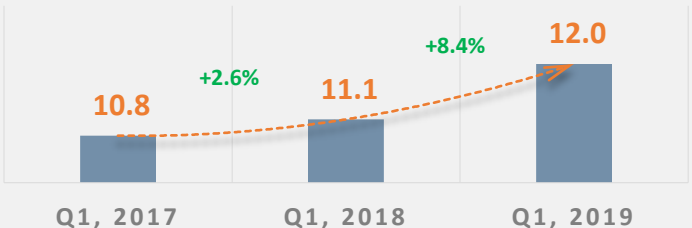


# KSA INSURANCE INDUSTRY

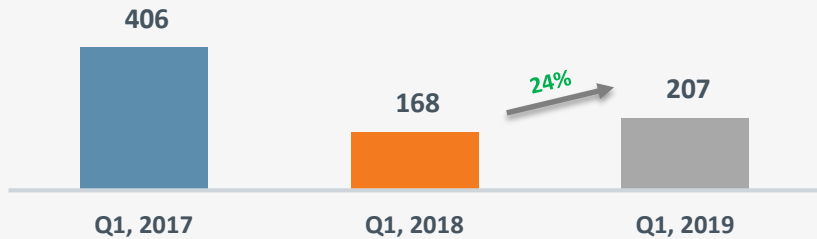


Market facing **challenging conditions** in underwriting profits...

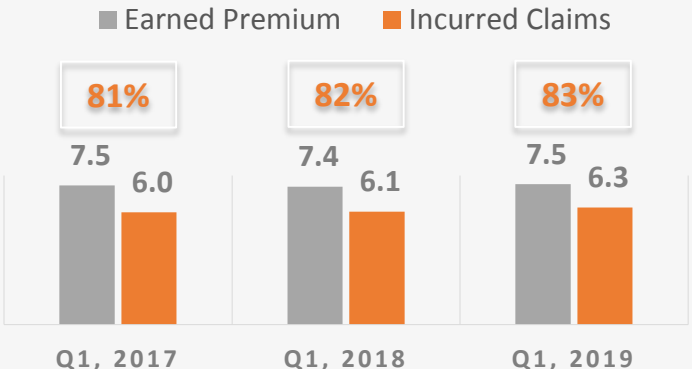
MARKET GWP



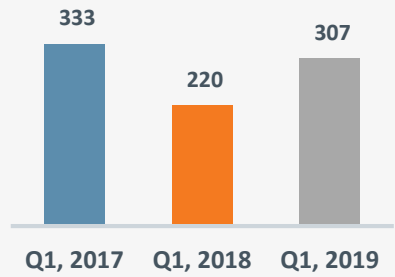
NET INCOME



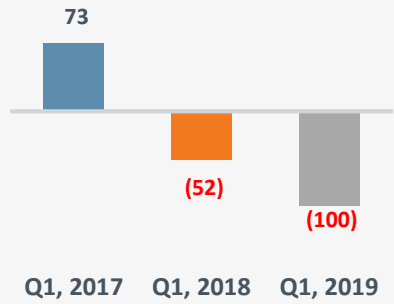
MARKET LOSS RATIO



INVESTMENT INCOME



NON-INVESTMENT INCOME



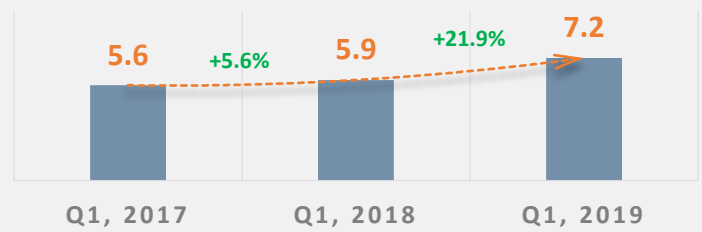
• Includes Manafeth  
• Includes Saudi-Re

# KSA INSURANCE INDUSTRY

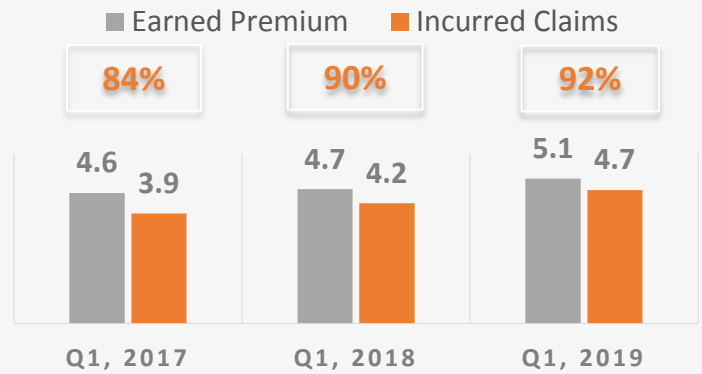
Medical Market experiencing price and loss ratio increases...



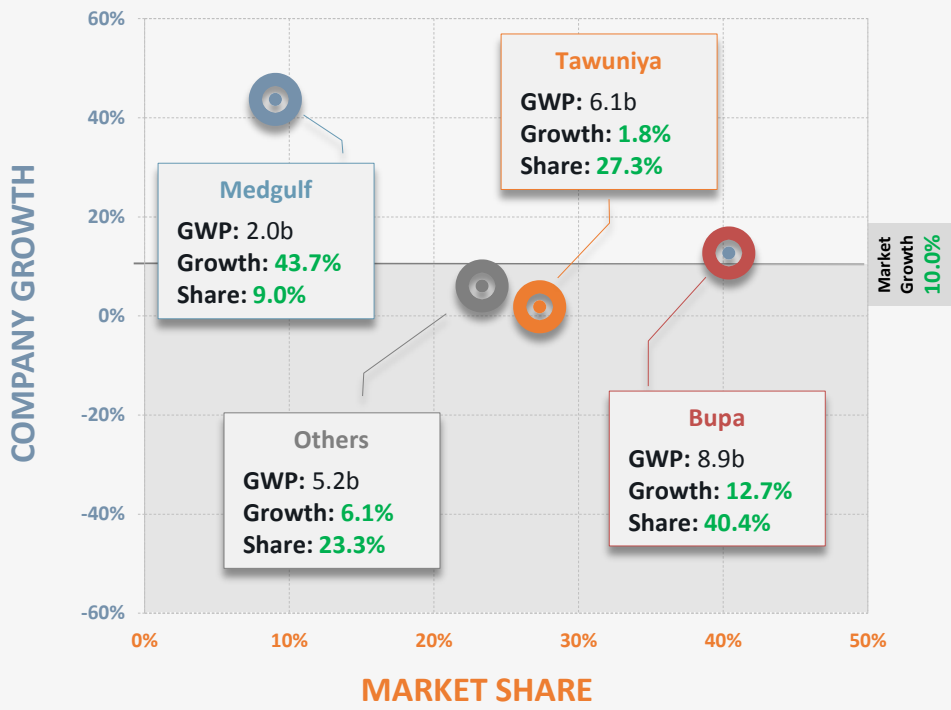
MARKET GWP



MARKET LOSS RATIO



Y-O-Y MARKET SHARE



Includes Saudi-Re

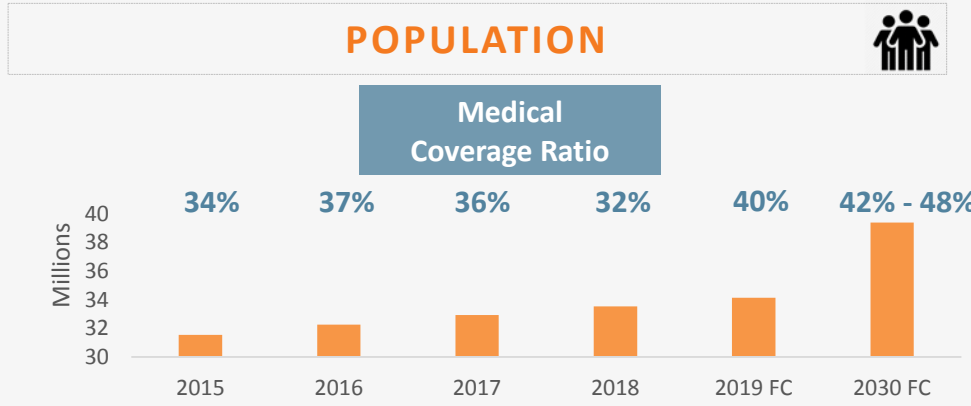
# KSA Insurance Industry



Medical market has **major room for growth** in the coming decade...

## Medical Market Opportunities

- ✓ Saudi dependents: **2 M lives** during 2019
- ✓ Government Programs: **3 M lives** up to 2030
- ✓ Domestic Workers: **2.4 M lives** within implementation
- ✓ Insurance for visit visas (religious & tourism) would target **temporary** medical coverage for around **17 M lives** yearly



## Tawuniya's Competitive Position

- Current large market share **(22.2%)**
- Comprehensive insurer with attractive products and value propositions **(example: SME 360 product)**
- **Trusted brand** with strong relationships across all stakeholders.
- **Strong and comprehensive distribution channels** providing full reach to clients.
- **Continuous innovation and investments** in services, products, and digitalization.

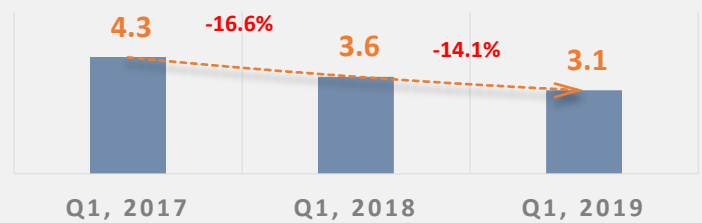
Sources: GAS, CCHI, WDI.

# KSA INSURANCE INDUSTRY

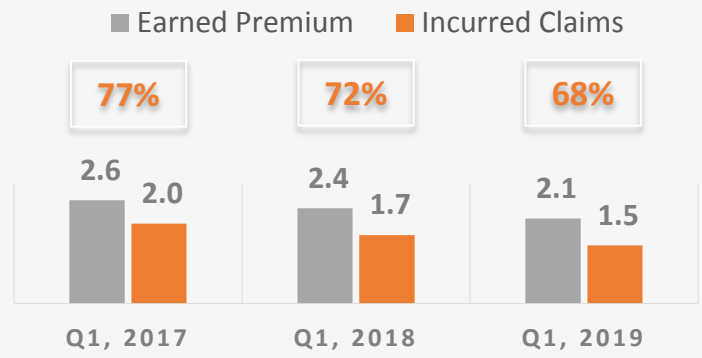
Motor Market experiencing premium decline...



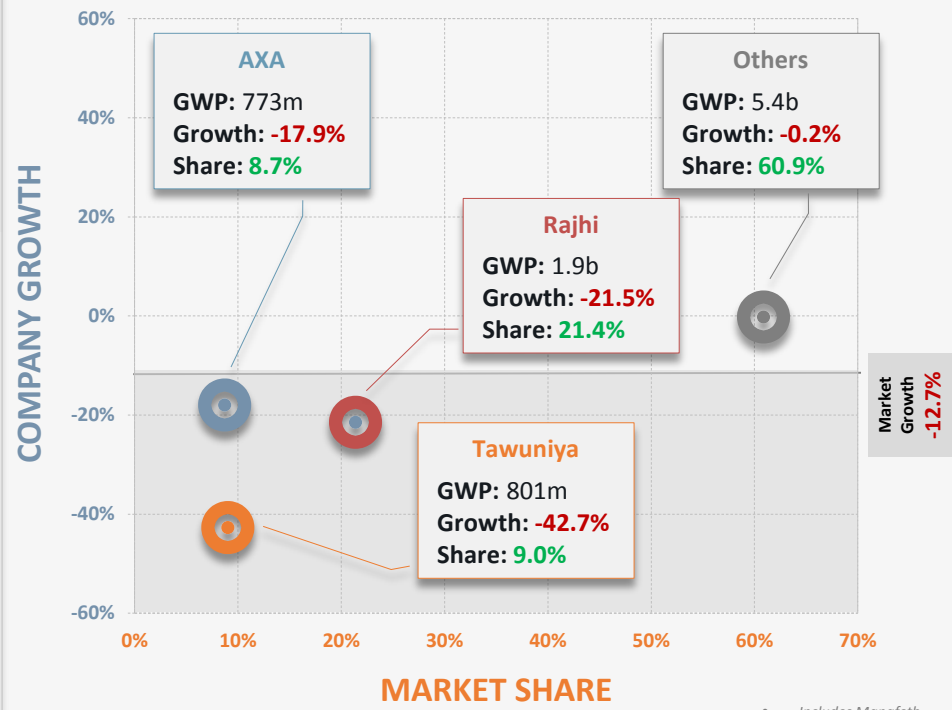
MARKET GWP



MARKET LOSS RATIO



Y-O-Y MARKET SHARE



• Includes Manafeth  
• Includes Saudi-Re



Motor market holds **promising factors to double its size** in the coming decade...

## Motor Market Opportunities

- ✓ Vehicles: around **12 m** by 2018
- ✓ Government Programs: increase **insurance coverage** from 45% to 75% by 2020
- ✓ Women Driving: expected **gradual increase** in market premiums
- ✓ SAMA released a draft to **convert leasing programs** into retail products
- ✓ Regulations: No claim discount is expected to **improve driving behaviour**



Sources: FSDP

## Tawuniya's Competitive Position

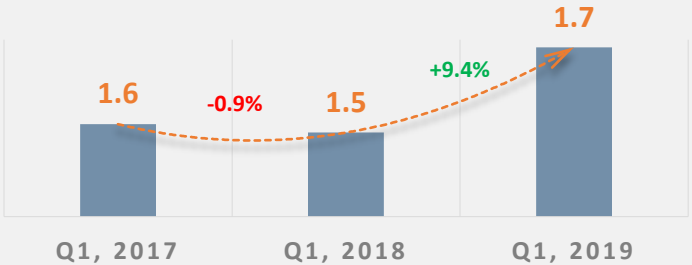
- **Strong technical performance** to compete for market share.
- **Strong and comprehensive distribution channels** providing full reach to clients.
- The company is implementing **new digital platforms** which will enhance customer experience.
- Solid portfolio with **large share of Comprehensive-insured clients**. (i.e. access to leasing clients once converted to retail)

# KSA INSURANCE INDUSTRY

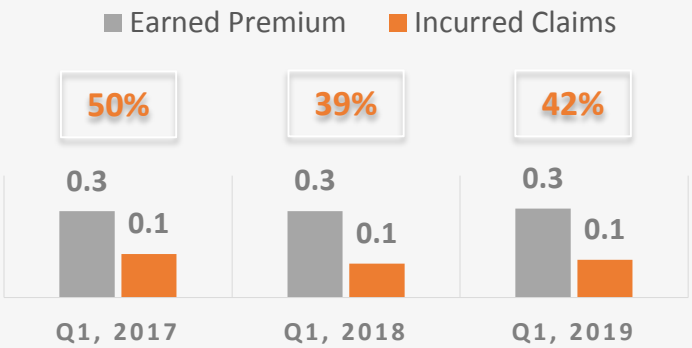
P&C Market experiencing premium increase... Tawuniya has the “lion-share”



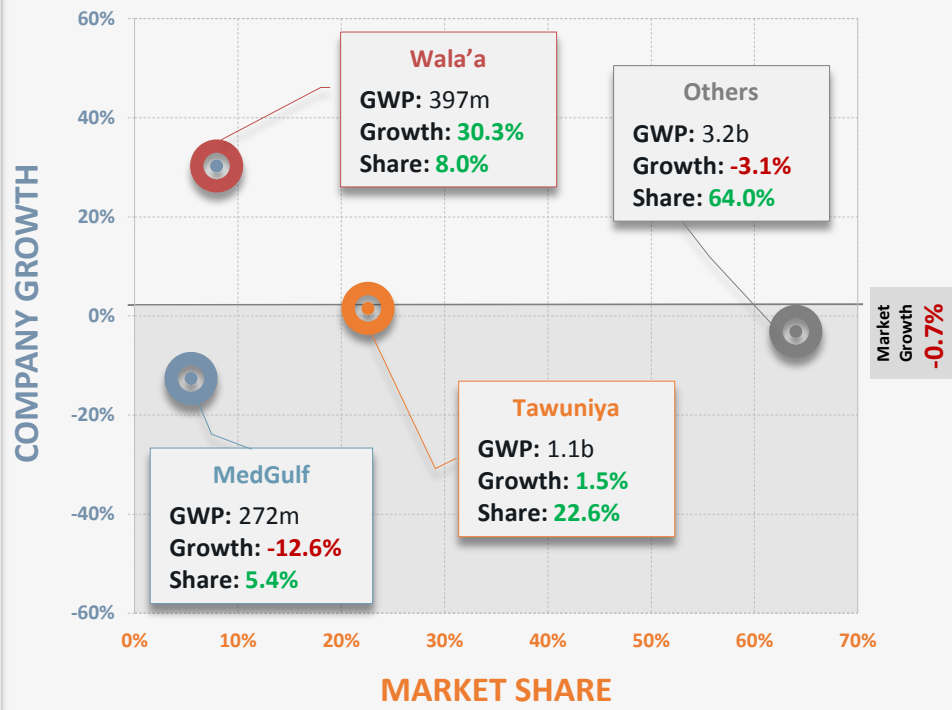
MARKET GWP



MARKET LOSS RATIO



Y-O-Y MARKET SHARE



Includes Saudi-Re



P&C market will be **positively impacted** in the coming decade...

## P&C Market Opportunities

- ✓ Number of business establishments: **484K** in 2018
- ✓ Government Programs: **mega projects** by the government (*Solar Power, NEOM, Red Sea, Qiddiya & Amala*)
- ✓ Hajj & Umrah: **17.5 m** pilgrims by 2020 (*comprehensive coverage*)
- ✓ Products: introduction of **niche** coverage (*cyber security*)
- ✓ Regulations: development of **mortgage market** will enhance demand for non-compulsory products

## Tawuniya's Competitive Position

- **Dominating position** in the market.
- **Strong relations** with stakeholders, international partners, and reinsurers.
- **Strong risk management capabilities** allowing to assess and capture positive risks.



Sources: GAS, NTP, FSDP.

# Tawuniya Performance







# TAWUNIYA PERFORMANCE

Q1 2019 experienced **growth in Medical and P&C** lob...

## GWP (SAR MILLION)

**TOTAL**  
Including  
Manafeth

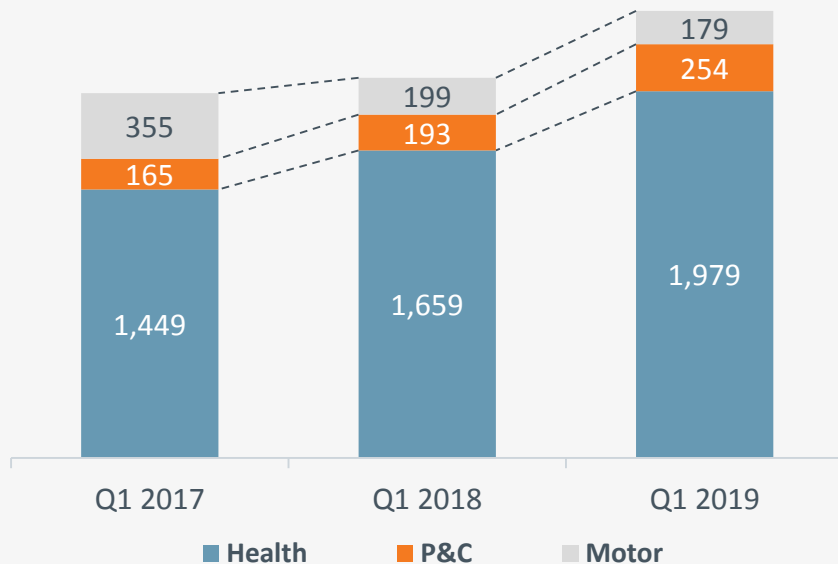
**2,028**

**+3.3%**

**2,095**

**+17.2%**

**2,457**



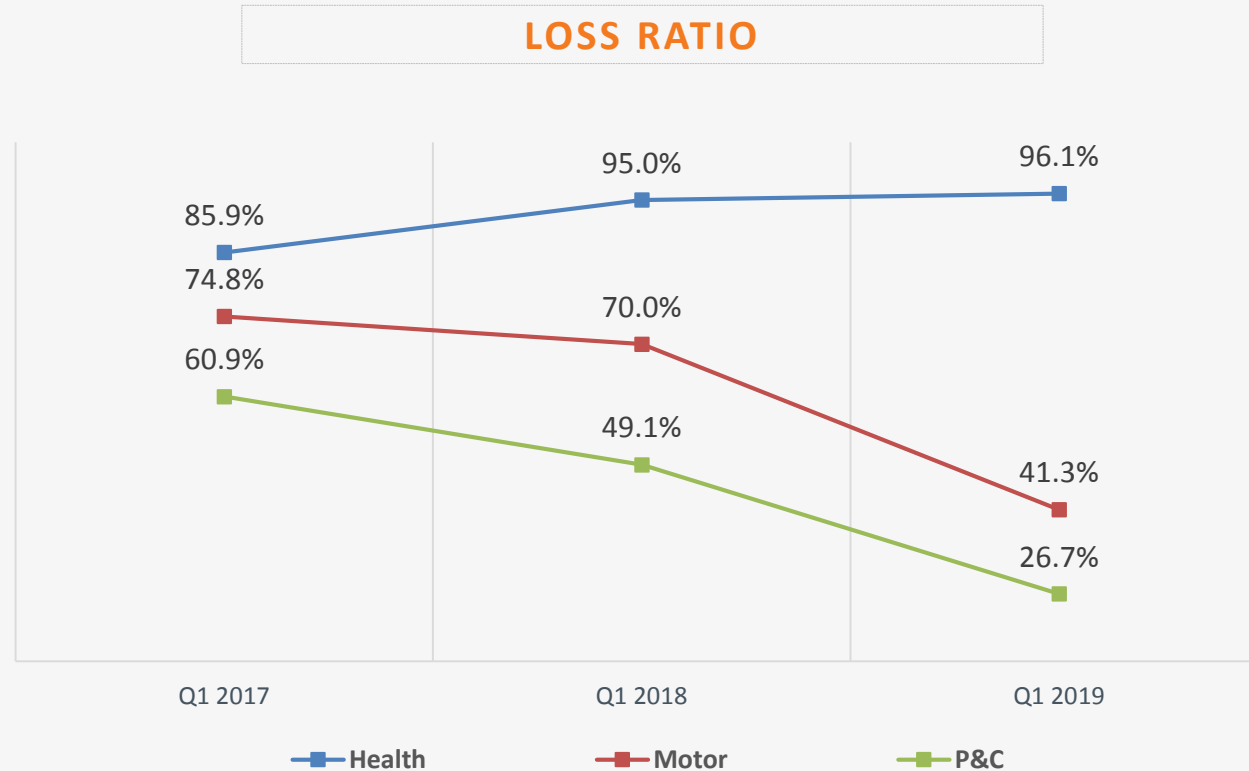
## HIGHLIGHTS

- Medical GWP grew by 19% mainly due to CCHI new table of benefits and price increases.
- P&C GWP grew by 31% mainly due to reinsurance price increases and expansions in current business.
- Motor GWP declined by 6.4% due to adverse current market conditions. (Motor market declined by 14.1% in Q1 2019)

# TAWUNIYA PERFORMANCE

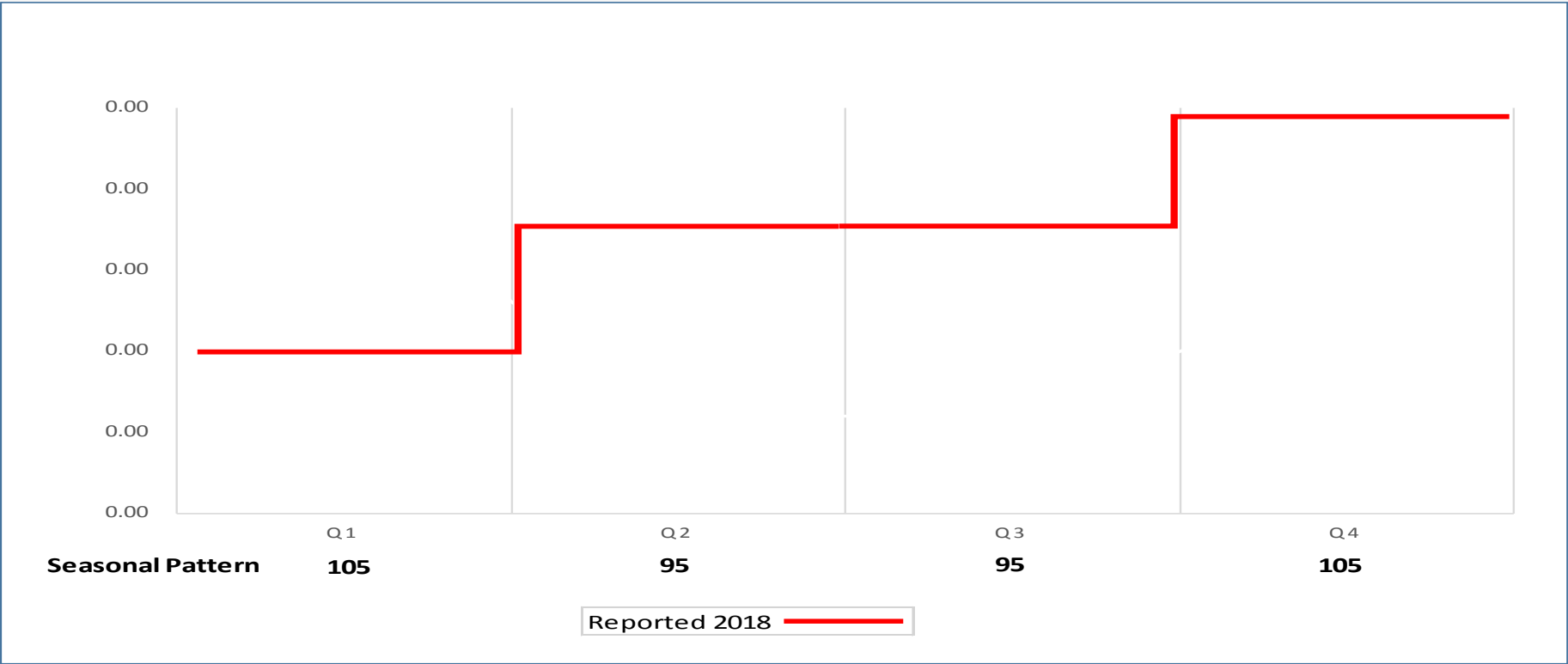


Now turning to the **loss ratio**, the life blood of any insurance business...



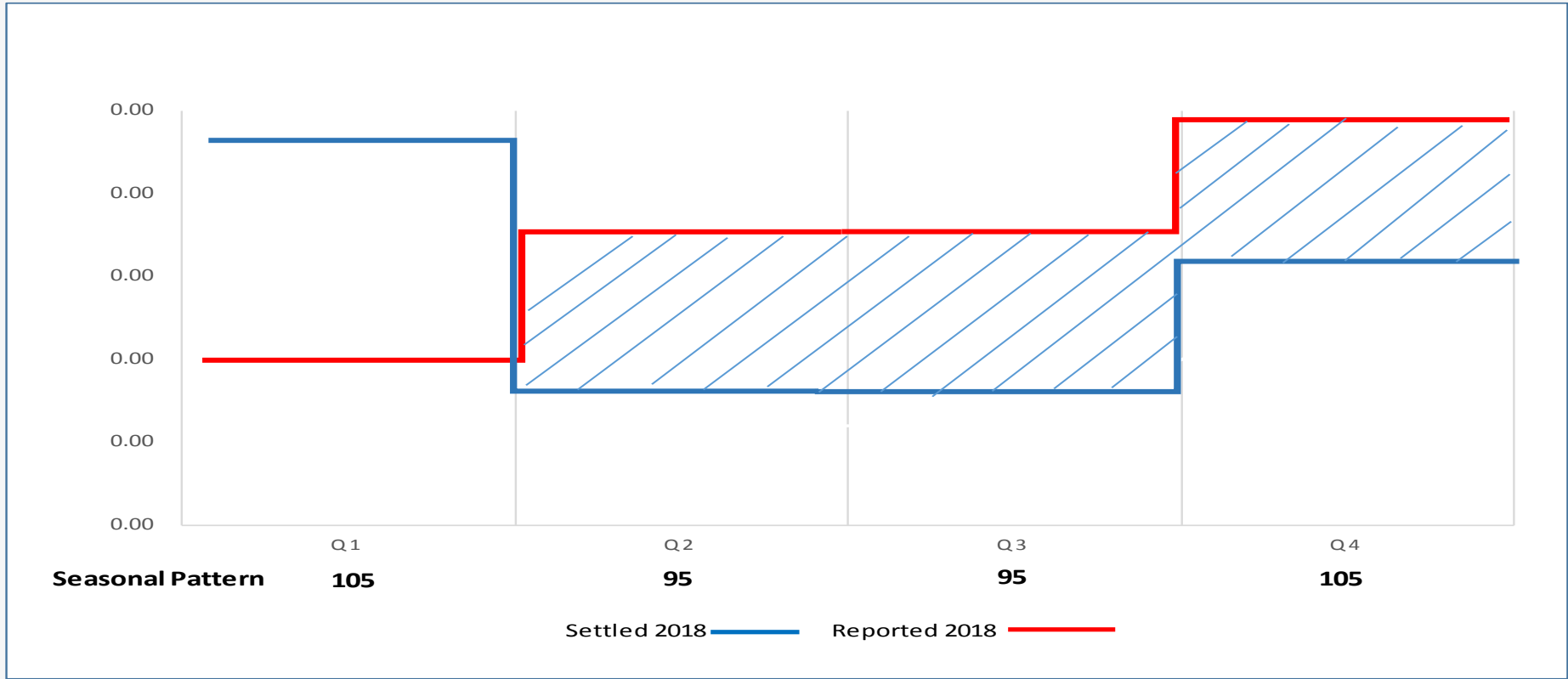


## Medical Loss Ratio Evolution... *Reported 2018*



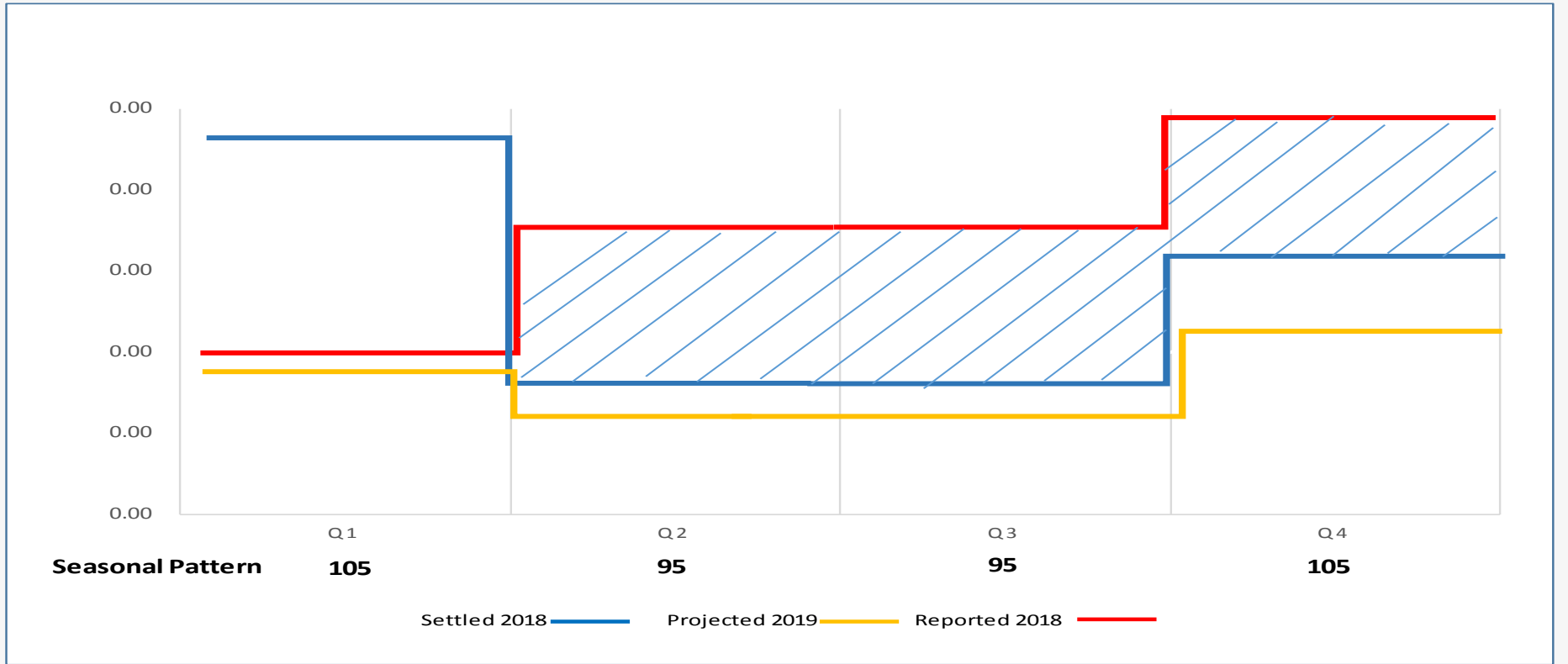


## Medical Loss Ratio Evolution... *Reported 2018 vs. Settled 2018*





Medical Loss Ratio Evolution... *Reported 2018 vs. Settled 2018 vs. Projected 2019*

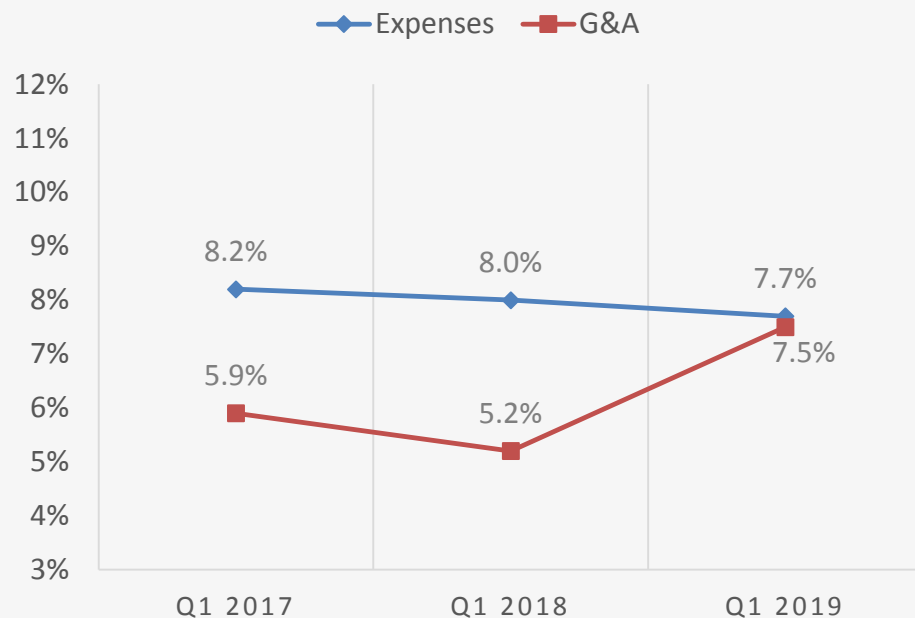


# TAWUNIYA PERFORMANCE



Total costs allocated to each line of business (acquisition & underwriting) fell by 11% from Q1 2018...

## ALLOCATED EXPENSE AND G&A RATIO



## HIGHLIGHTS

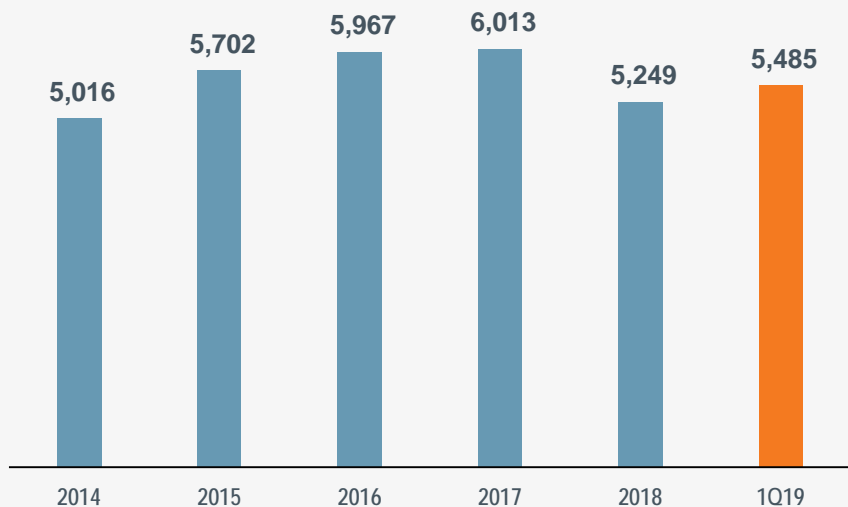
- The motor PAC and UW expense fell 40% due to the absence of leasing overheads.
- The Health allocated expense ratio increased from 5.3% to 5.6% in Q1 2019.
- G&A overheads increased due to strategic investment in headcount and IT infrastructure.



# TAWUNIYA PERFORMANCE

Other elements that feed into the Reported Net income are ...

## TOTAL INVESTMENTS (SR MILLION)



YIELD

5.0%

4.4%

3.5%

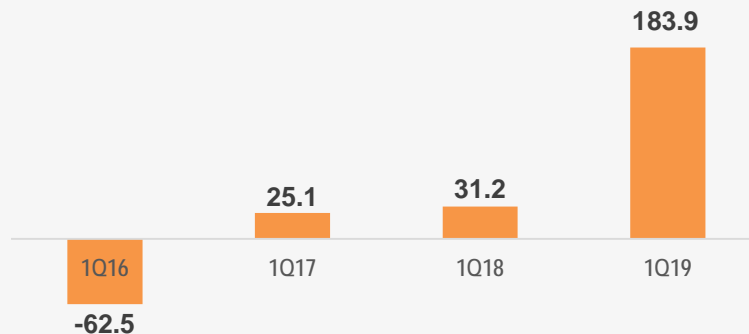
7.4%

4.2%

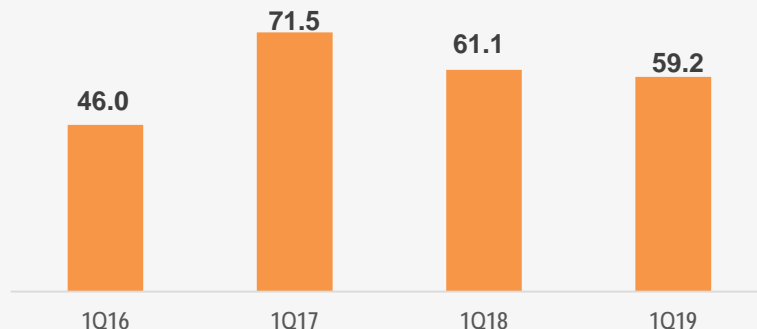
4.5%

Consistent Yield in line with Market Rates

## UN-REALIZED INVESTMENT INCOME (SR MILLION)



## REALIZED INVESTMENT INCOME (SR MILLION)



# Company Overview

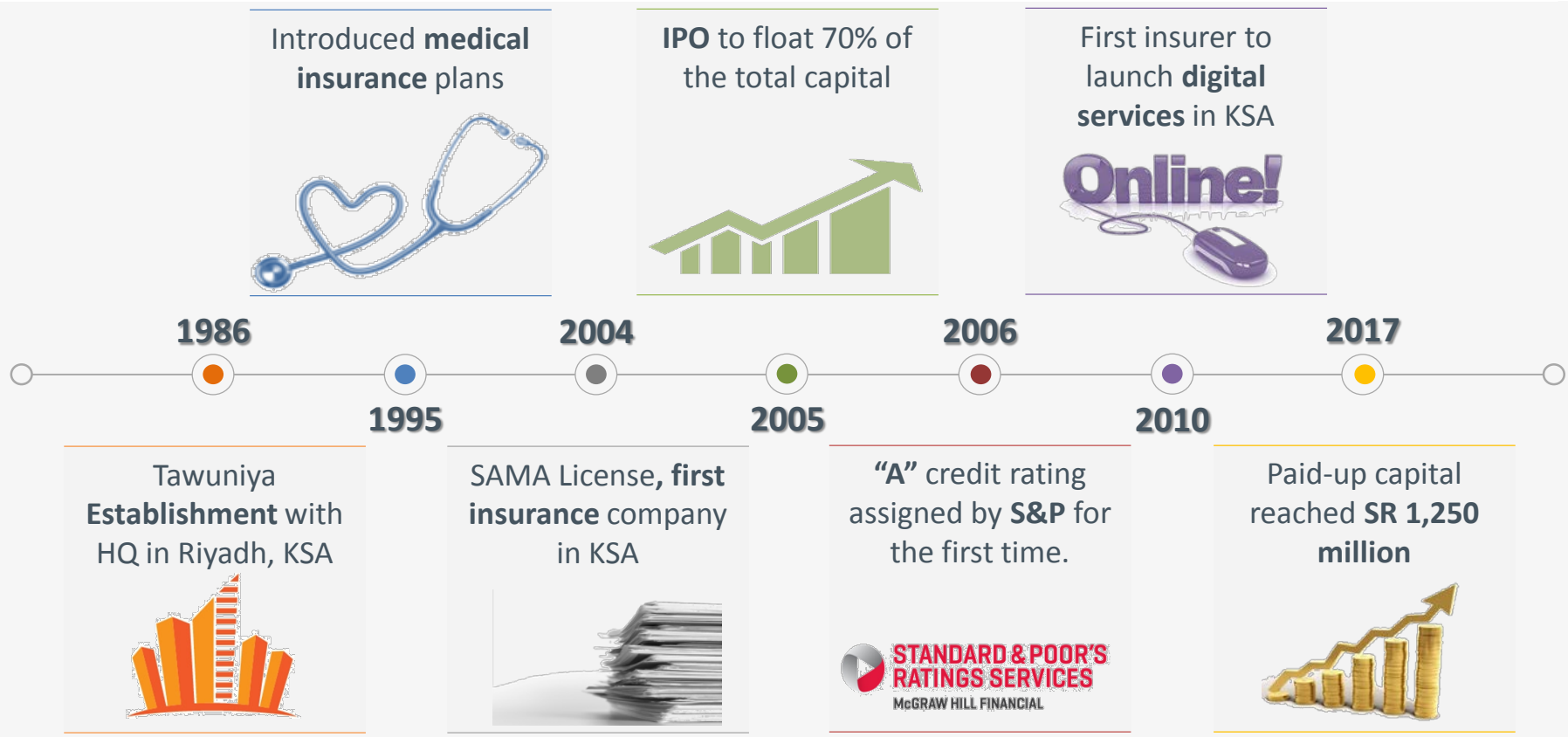




# COMPANY OVERVIEW



Leading Saudi insurer with **33 years** of sustained achievements...

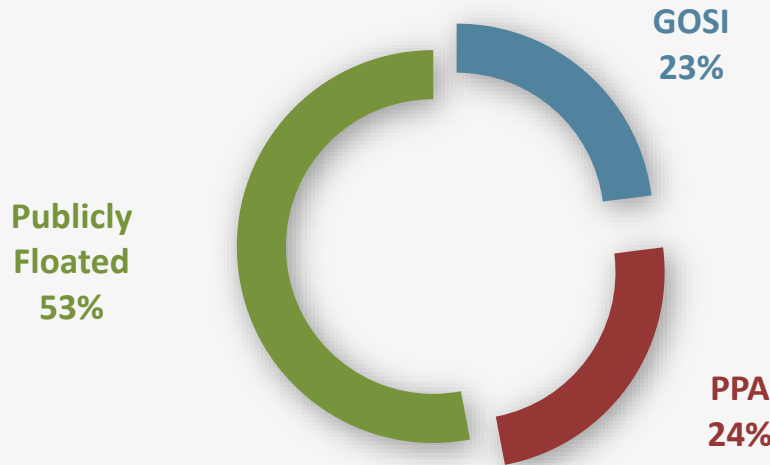


# COMPANY OVERVIEW



Two of the **strongest government** entities own 47% of Tawuniya...

Tawuniya is an enlisted company  
With a paid-up capital of  
**SAR 1,250 m**



**GOSI**  
**Investment Portfolio:**  
SAR **134** billions  
More than **51** companies



**PPA**  
**Investment Portfolio:**  
SAR **68.5** billions  
**65** companies

# COMPANY OVERVIEW

## Our Vision & Mission...



### OUR VISION

Sustain momentum for our society's safety and continuous progress towards the future.

### OUR MISSION

Be the companion that presents innovative and customer centric insurance solutions, so our customers feel secure, empowered and ready for the future.



Society  
Individuals  
and  
Business



Safety  
From  
all risks



Future  
With you to  
achieve your  
objectives



Continuous  
Today and  
tomorrow



Companion  
With you in all  
circumstances



Centric  
All segments  
including  
Corporate, SME  
and Retail



Customers  
Focus our  
attention



Innovative  
Solutions  
Products, services,  
systems and  
processes

# COMPANY OVERVIEW



The **largest** comprehensive insurer in GCC...

Portfolio of



SR 8 billion

with multi-offerings across

all lines of business & segments

## CORPORATE – SME – RETAIL

### MEDICAL

- My Family
- Balsam
- Group Medical
- Group Takaful

### MOTOR

- Al-Shamel
- Sanad
- Sanad Plus

### PROPERTY & CASUALTY

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

# COMPANY OVERVIEW



The largest **regional & global reach** to clients and providers...



Network of over **a million**  
**health care providers**



# **COMPANY OVERVIEW**



Insurance company with **high credit rating** within KSA... and **(A) rated reinsurance partners...**



*Solicited*

**(BBB+)**

**FitchRatings**  
**(A-)**

*Un-Solicited*

## **OUR INTERNATIONAL REINSURERS**



**CCR** is rated "AA" by S&P



**Munich Re** is rated "AA-" by S&P



**Swiss Re** is rated "AA-" by S&P



**Everest Re** is rated "A+" by S&P



**Transatlantic Re** is rated "A+" by S&P



**R+V** is rated "AA-" by S&P



**LLOYD's** is rated "A+" by S&P

# COMPANY OVERVIEW

+ 15,740 organizations across various sectors **trust** Tawuniya...



AVIATION	FINANCIALS	TELECOM.	MINING & PETROCHEM.	MANUFACTURING	OTHERS
 GACA الهيئة العامة للطيران المدني General Authority of Civil Aviation	 Saudi Arabian Monetary Agency	 Communications and Information Technology Commission	 الهيئة الملكية للجبيل وينبع Royal Commission for Jubail and Yanbu (RCJV)	 الهيئة السعودية للملكية الصناعية وبراءات الاختراع Saudi Industrial Property Authority	 هيئة السوق المالية Capital Market Authority
 السعودية SAUDIA	 بنك الرياض riyad bank	 STC الاتصالات السعودية	 أرامكو السعودية Saudi Aramco	 سابك SABIC	 د. سليمان الحبيب DR SULAIMAN AL HABIB المجموعة الطبية
 مطارات الرياض riyadh airports	 ساب SABB	 شركة اتحاذ عذيب للاتصالات Etihad Ateeb Telecom Company	 بترو رابغ Petro Rabigh	 BAE SYSTEMS INSPIRED WORK	 مجموعة الفيصلية Al Faisaliah Group
 شركة الإلكترونيات المتقدمة AEC Advanced Electronics Company	 بنك البلاد Bank Albilad	 زين ZAIN	 شركة ضرماء للكهرباء dhuruma electricity company	 التصنيع TASNEE	 OLAYAN
 الوطنية للخدمات الجوية (ناس) National Air Services (NAS)	 البنك الأول Alawal bank	 bravo Enterprise communication	 شركة أم اك AMAK Al Masana Al Wabra Mining Co.	 SIEMENS	 المركز الطبي الدولي International Medical Center
 BOEING	 البنك السعودي للاستثمار The Saudi Investment Bank			 CRISTAL	 الهيئة العامة للغذاء والدواء Saudi Food & Drug Authority
 AIRBUS	 مصرف الانماء alinma bank			 أكوا باور ACWA POWER	 الهيئة العامة للزكاة والضريبة GENERAL AUTHORITY OF ZAKAT & TAX

THANK YOU شكراً

