

# Saudi Insurance Sector

2017

The report depicts the performance of insurance sector in Saudi Arabia at the end of 2017. The report shows the main insurance indicators as gross premium written, net premium earned, claims incurred and net income for each of the sector and individual companies.

**Research Scope:** The report includes all the data of the listed insurance companies in the Saudi Stock Market that are licensed to issue insurance policies in any insurance activity, except:

1. Saudi Reinsurance Company: The company is excluded as its activity is not consistent with the remaining listed insurance companies as the company operates in reinsurance activity only.

Thus, the number of companies under coverage in this report totaled 32 companies out of 33 listed companies.

## Content

Overview	2
Insurance Structure	3
Insurance Sector Performance	4
Market Profitability	7
Health Insurance	8
General Insurance	9
Motor Insurance	10
Protection & Savings Insurance	11
Consolidated Financial Statements	12
Concentration of Insurance Segments	13
Financial Indicators	14
Appendixes	18

**Source:** Insurance Companies filings, SAMA, Tadawul, CCHI, PWC and Albilad Capital.

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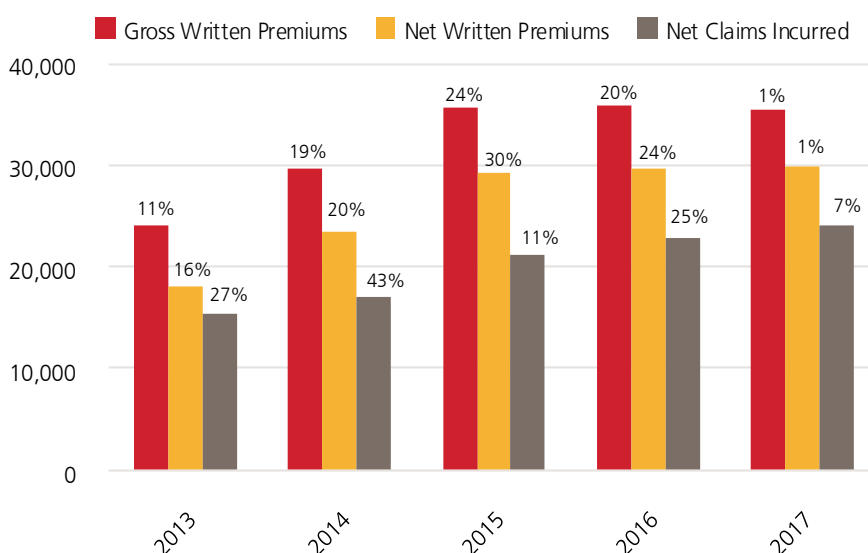
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## Executive Summary

- A drop of Saudi insurance market shrank slightly for the first time in 10 years, posting 0.9% versus a growth of 0.6% in 2016, owing to a decline in demand for general insurance and motor insurance segments fueled by a slowing economy and demand deceleration for motor ownership.
- Gross written premiums came in at SAR 35.45 billion (USD 9.45 billion) in 2017.
- The insurance penetration stood at 2.5% in 2017, while insurance density per capita declined by 3.5% (SAR 40 ) to SAR 1,089 (USD 290).
- The retention ratio progressed slightly to 85.2% in 2017 reflecting less reliance on the reinsurance market; meantime, the claims ratio rose negatively around 2.4% to 80.8%.
- Compulsory insurance lines - health and motor insurance - continues to dominate the insurance sector, collectively forming 84.3% of the market.
- Consolidated profit of the insurance sector tumbled 65.7% coming in at SAR 733.7 million in 2017 compared to SAR 2,138 million in 2016.
- The insurance sector registered an increase of 5.8% in net claims incurred, posting SAR 24.09 billion (USD 6.42 billion ) in 2017.
- The claims of health and motor lines of insurance captured 53.7% and 30.6%, respectively of net claims incurred for the total market.
- There is still a wide disparity in the individual performance of insurance companies, with only four companies capturing 62.1% of the total insurance market.

## Insurance Sector Evolution with Growth Rates (SAR million)



# Saudi Insurance Sector

## Overview

The Saudi economy growth diminished in 2017 to 0.74% at fixed prices, thus the real GDP hit SAR 2,568 billion (USD 684.8 billion). The oil sector shrank 2.97% to SAR 1,104 billion (USD 294.4 billion), meanwhile the non-oil sector increased slightly by 1.01% to SAR 1,443 billion (USD 384.8 billion). The private and government sectors, the two components of the non-oil GDP, grew by 0.71% and 1.72% respectively.

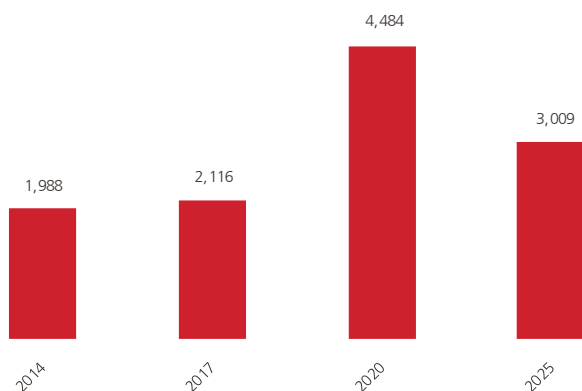
As a result of the decrease in economic growth, the insurance sector retreated by 0.9% YoY for the first time in more than a decade. In spite of this slight dip, the compound annual growth rate of total premiums between 2006 and 2017 was about 16%, the regulatory and supervisory environment has improved significantly over the past decade. The compulsory motor insurance and cooperative health insurance have been implemented to many categories of the society. Moreover, the awareness of importance of insurance in non-compulsory lines such as general insurance and protection and savings has elevated.

Economically, in spite of the expectations of leaving many expat's families after the end of the school season, which will lead to a fall in total demand in the economy and may extend to the impact of the decrease in demand for health insurance and to a lesser extent the insurance of vehicles in the near future. In addition, the increase in demand for health insurance, derived by the Health Insurance Council's initiatives to prolong insurance coverage, may lower this impact. Furthermore, new segments will be introduced under the umbrella of the Cooperative Health Insurance in H2 2018.

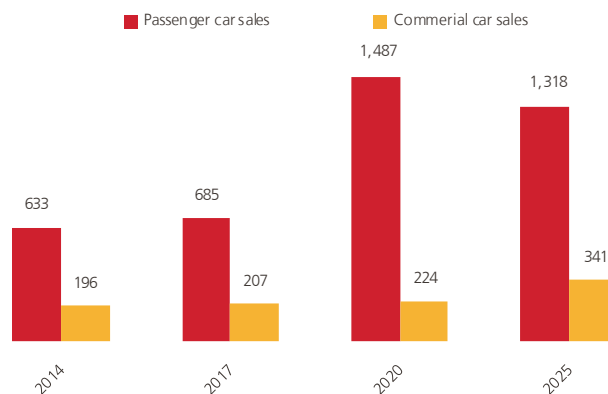
Motors insurance will be positively affected by the entry into force of the Women's Driving License Act\*, which will stimulate increased demand for both motors sales and rentals. The annual growth rate for car sales is expected to reach 9% by 2025. However, car rental is expected to pick up substantially with an annual growth rate of 4% over 2018-2025.

In the medium to long-term, the various economic and reform programs are expected to contribute to strengthening the legislative and legal structure of the insurance sector. On the other side, the government will be a factor in strengthening the non-oil sector in providing growth opportunities for the insurance sector in general. It is expected that some of the Ministry of Health hospitals will be included this year within the health insurance network, which will drive up the number of providers of health services to the beneficiaries of insurance.

Car rental market size in KSA (SAR million)



New and used car sales market size in KSA (Thousand cars)



\*PWC report (Women driving the transformation of the KSA automotive market)

# Saudi Insurance Sector

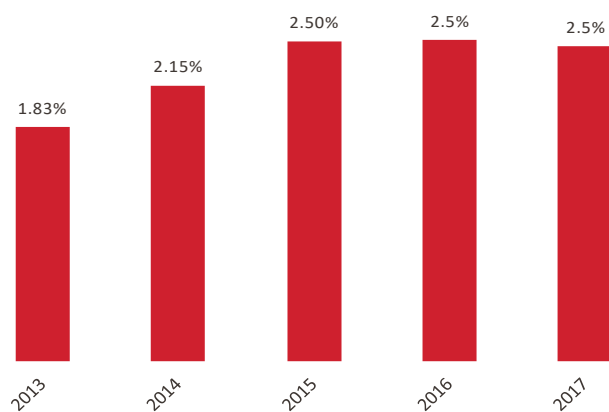
## Contribution of the insurance sector to non-oil GDP remains low

The insurance penetration, which refers to the contribution of the insurance sector to non-oil GDP, came in at 2.5% in 2017, but displayed an annual compound growth rate of 7.7% during the period between 2013-2017. The ratio of the insurance sector total assets to non-oil GDP reached 3.8% for the same period. This percentage is still very modest, reflecting the small size of the sector compared to similar economies,

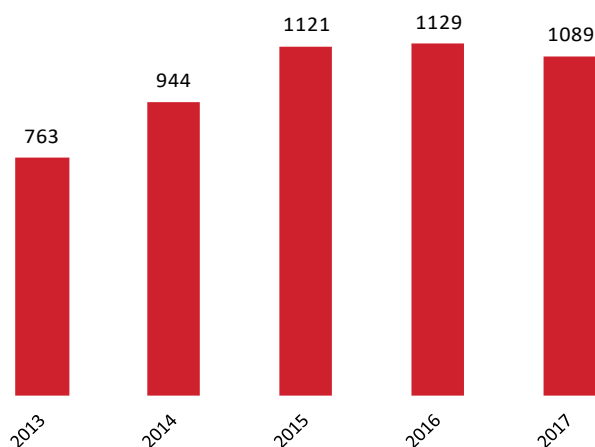
On the other hand, the insurance density rate — average insurance spending per capita — slipped 3.5% or SAR 40 to SAR 1,089 (USD 290) per capita in 2017 from SAR 1,129 (USD 301) per capita in 2016.

Overall, the penetration and density rates of Saudi insurance are still relatively timid compared with mature insurance markets, which means that the insurance sector is still in the process of growth and offer future opportunities that are unexploited yet.

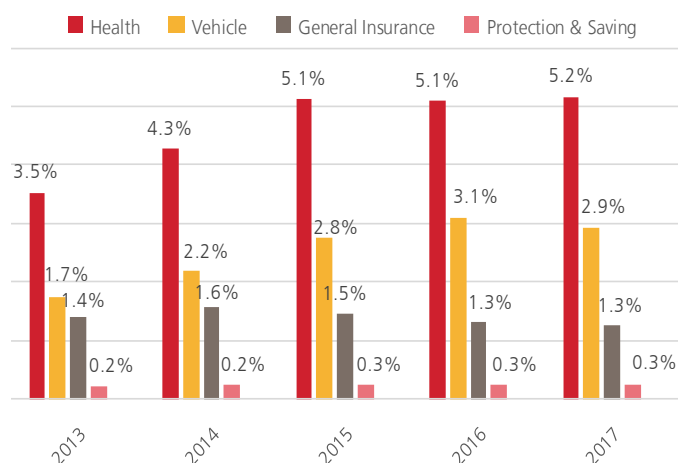
### Insurance sector penetration to non-oil GDP



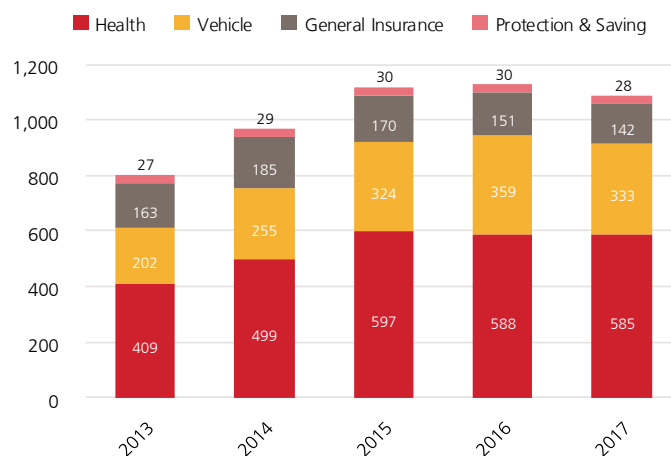
### Insurance spending per capita (SAR)



### Insurance Penetration Breakdown



### Insurance Density Breakdown (SAR)



## Saudi Insurance Sector

### Insurance Structure

The Saudi Insurance consists of three business lines: health insurance, protection & savings insurance, and general insurance, which in turn includes seven activities, namely: motor, marine, aviation, energy, engineering, accidents & responsibilities, and property & fire insurance.

#### Health insurance generated around 53.7% of the total market premiums

The health Insurance maintained its position as the largest insurance segment in the Saudi market, with a market share of 53.7% in terms of gross premiums in 2017, followed by the motor insurance\* which held 30.7%, then the general insurance with 13.1%. The protection and savings insurance accounted for only 2.6% of the total market premiums.

Furthermore, the two compulsory insurance lines of health and motor insurance together accounted for 84.3% of the market total premiums, leaving just 15% for the other segments.

#### Continuing high concentration in the insurance sector

The insurance sector is still characterized by a high degree of concentration, as a result of an overcrowded market by too many insurance companies. Tawuniya, Bupa Arabia and AlRajhi Takaful, the top three insurance companies in Saudi Arabia, enjoyed a combined market share of 54.6% in 2017. The ten largest companies by premiums seized 78.8% of total premiums by the end of the year.

#### Service providers

The Saudi insurance sector has 32 listed insurers in the Saudi Stock Market, which operate at least in one of the three major insurance lines. Moreover, all Saudi listed insurers operate under the Takaful system or Islamic cooperative insurance scheme.

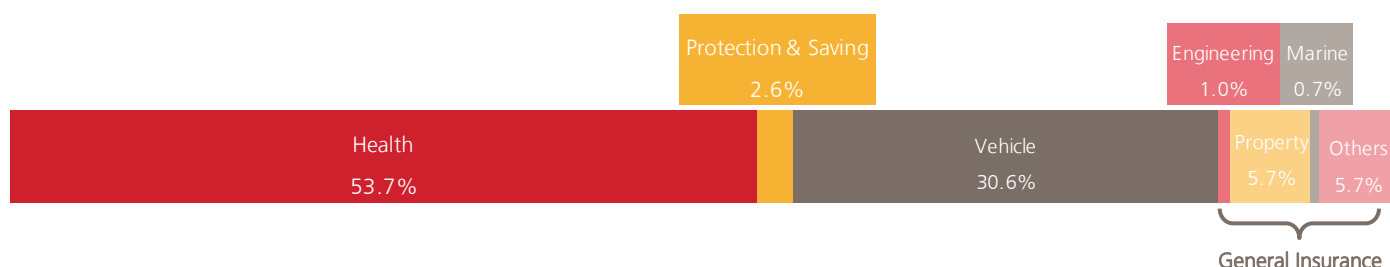
In general, there are twenty-six companies qualified by Council of Cooperative Health Insurance that offer health insurance services. Twenty-eight companies provide general insurance, while eleven companies offer protection and savings insurance.

\*Motor Insurance was excluded from General Insurance due to its size.

Insurance Market Share		2016	2017
1	Tawuniya	22.5%	23.7%
2	Bupa Arabia	22.2%	21.8%
3	AlRajhi Takaful	5.4%	9.0%
4	MEDGULF <sup>(1)</sup>	8.9%	7.5%
5	AXA Cooperative	3.2%	4.2%
6	Walaa	2.8%	3.1%
7	Allianz SF	2.3%	2.6%
8	Trade Union	2.7%	2.3%
9	SAICO	2.2%	2.3%
10	Salama	1.6%	2.1%
11	Malath Insuranc <sup>(2)</sup>	6.1%	2.1%
12	Arabian Shield <sup>(3)</sup>	2.1%	1.7%
13	U C A <sup>(4)</sup>	2.3%	1.6%
14	Wataniya	1.4%	1.6%
15	Buruj	1.2%	1.4%
16	WAFA Insurance <sup>(5)</sup>	1.5%	1.4%
17	ACIG <sup>(6)</sup>	1.4%	1.2%
18	Gulf Union	0.8%	1.0%
19	METLIFE AIG ANB	0.6%	1.0%
20	ATC	1.0%	1.0%
21	Sagr Insurance	0.5%	0.9%
22	AICC	1.2%	0.9%
23	Alinma Tokio M	0.9%	0.8%
24	Enaya	0.4%	0.8%
25	Al Alamiya	0.9%	0.7%
26	CHUBB	0.6%	0.6%
27	Gulf General	0.7%	0.5%
28	Al-Ahlia	0.5%	0.5%
29	SABB Takaful	0.5%	0.5%
30	Solidarity	0.7%	0.4%
31	Jazira Takaful	0.2%	0.2%
32	Amana Insurance	0.5%	0.2%

- (1) Banned from issuing or renewing compulsory motor insurance policies from Nov 28, 2016 until March 5, 2017.
- (2) Banned from issuing or renewing compulsory motor insurance policies from Aug 20, 2017 until Nov 6, 2017.
- (3) Banned from issuing or renewing compulsory motor insurance policies from Jan 9, until March 12 and from Aug 20, 2017 until Nov 11, 2017
- (4) Banned from issuing or renewing compulsory motor insurance policies from Dec 6, 2016 until Apr 5, 2017
- (5) Banned from issuing or renewing compulsory motor insurance policies from Aug 20, 2017 until Dec 28, 2017
- (6) Banned from issuing or renewing compulsory motor insurance policies from Dec 1, 2016 until Feb 2, 2017

#### Insurance Market Share - 2017



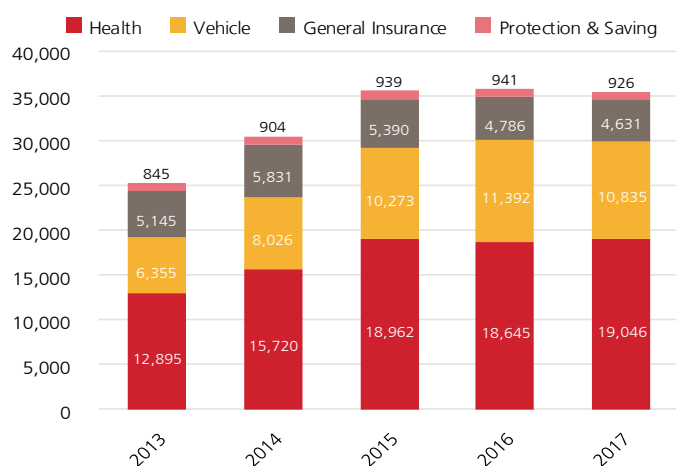
## Insurance Sector Performance

During the period (2013-2017) gross written premiums witnessed an annual compounded growth rate of 10.2%, hitting SAR 35.46 billion (USD 9.45 billion). However, the gross written premium edged down 0.9% in 2017 impacted economic pressures.

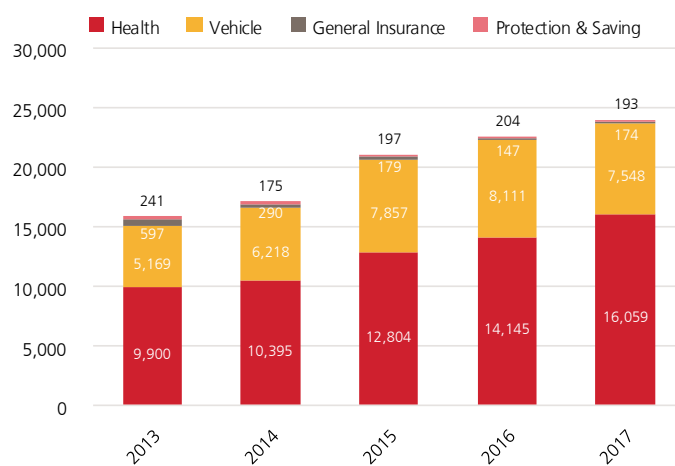
By line of business, the health insurance grew 2.1% to SAR 19 billion in 2017, which represented 53% of the market. The protection and savings insurance weakened by 1.6% reaching SAR 926 million. However, the general insurance plummeted 3.3% to SAR 4.6 billion, and the motor insurance dropped 4.9% to SAR 10.8 billion.

On the other hand, net written premiums grew 1% compared with 2016 to reach SAR 29.88 billion. This resulted in growth in net premium earned by 0.8%, reaching SAR 29.8 billion. Meanwhile, the insurance sector registered a 5.8% rise in net claims incurred, posting SAR 24.1 billion (USD 6.42 billion) in 2017. The growth was driven by 13.5% increase in net claims incurred of health insurance, while net claims incurred of motor insurance dropped 7%. Moreover, the claims of both health and motor insurance captured 66.7% and 31.3% of net claims incurred, respectively.

Gross Premium Written Breakdown (SAR million)



Net Claims Incurred Breakdown (SAR million)



Segment	Gross Written Premium (SAR million)			Net Written Premium (SAR million)			Net Earned Premium (SAR million)			Net Claims Incurred (SAR million)			Retention Ratio		Loss Ratio		Market Share	
	2016	2017	Growth	2016	2017	Growth	2016	2017	Growth	2016	2017	Growth	2016	2017	2016	2017	2016	2017
Health	18,645	19,046	2.1%	18,088	18,399	1.7%	18,235	18,309	0.4%	14,145	16,059	13.5%	97.0%	96.6%	77.6%	87.7%	52.1%	53.7%
Vehicle	11,392	10,835	(4.9%)	9,954	10,088	1.3%	9,750	10,085	3.4%	8,111	7,548	(6.9%)	87.4%	93.1%	83.2%	74.8%	31.9%	30.6%
General Insurance	4,786	4,631	(3.3%)	1,074	927	(13.7%)	1,111	982	(11.6%)	312	291	(6.8%)	22.4%	20.0%	28.1%	29.6%	13.4%	13.1%
Protection & Savings	941	926	(1.6%)	483	473	(2.1%)	480	447	(6.9%)	204	193	(5.3%)	51.3%	51.0%	42.5%	43.2%	2.6%	2.6%
<b>Total</b>	<b>35,765</b>	<b>35,438</b>	<b>(0.9%)</b>	<b>29,599</b>	<b>29,886</b>	<b>1.0%</b>	<b>29,575</b>	<b>29,823</b>	<b>0.8%</b>	<b>22,772</b>	<b>24,091</b>	<b>5.8%</b>	<b>83.6%</b>	<b>85.2%</b>	<b>77.0%</b>	<b>80.8%</b>	<b>100.0%</b>	<b>100.0%</b>

## Saudi Insurance Sector

### Retention rate reflects less reliance on reinsurance market

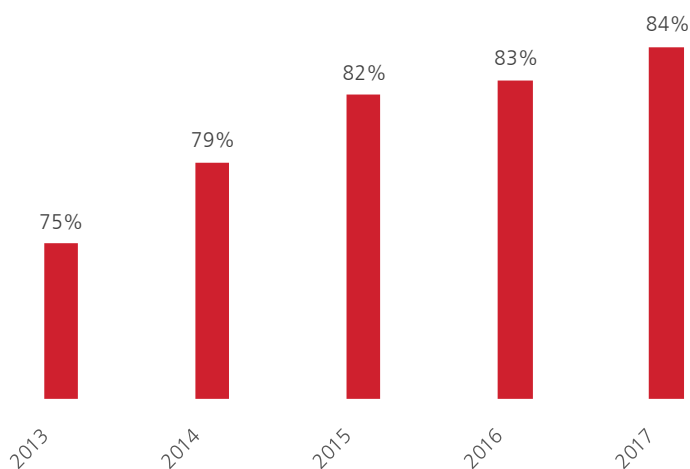
The retention ratio grew slightly to 85.2% in 2017 versus 83.6% in 2016, led by the an increase of motor segment retention ratio by 600 bps. Although this increase is compatible with the improvement in the financial solvency margins, it may indicate to an increased risk on the other side, because the insurance companies handle alone most of the market risk, which affects its capacity and the pressure on the provided service to the customer, and could threaten the loss of confidence in the sector in the case of non-compliance by companies to meet requirements, especially after suspending several companies by SAMA from issuing new insurance policies as a result of failure to adhere to standards and requirements.

With regard to the sector, the retention ratio has shown a wide variation. The general insurance sector registered a low retention ratio of 20%. In contrast, health and motor insurance sectors have recorded high retention levels amounting to 96.6% and 93%, respectively. This is due to the refusal of some reinsurers for this type of insurance as a result of its high claims rate contrary to other types of insurance.

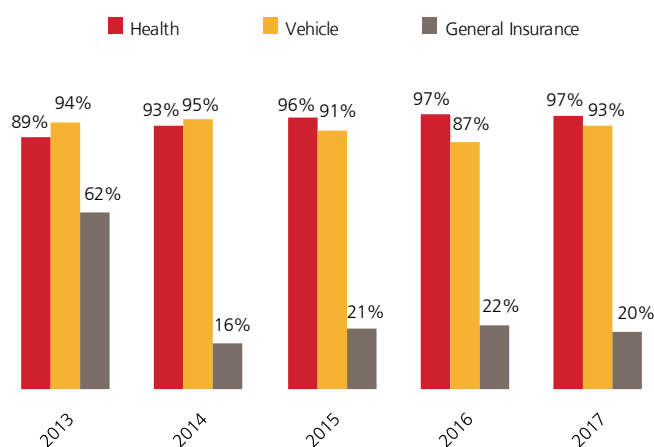
### Sector profitability declined due to high loss ratio

The loss ratio refers to the carried losses by an insurance company in the form of claims. The overall claims ratio of the insurance sector increased slightly to 80.8% in 2017 compared with 77% in the previous-year. This was largely due to the growth in claims rate of health insurance that reached 87.7% compared to 77.6% in 2016. The claims ratio of motor insurance shrank for 2017, offset by growth in net earned premiums during the same period. On the other hand, the expenses ratio expanded to 16.2% which refers to the costs of obtaining new policies from insurance carriers.

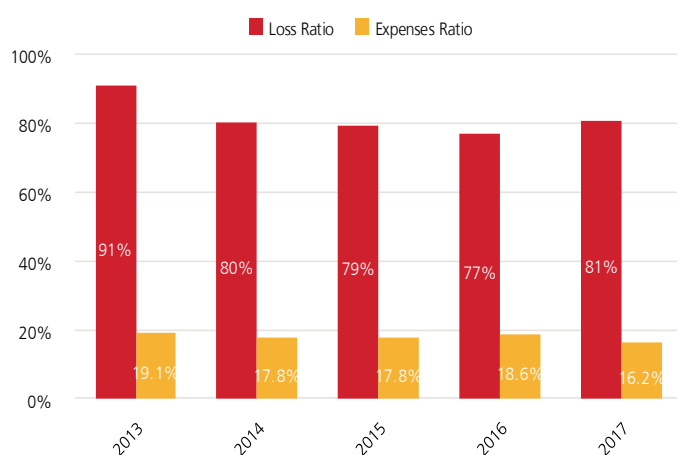
#### Retention Ratio



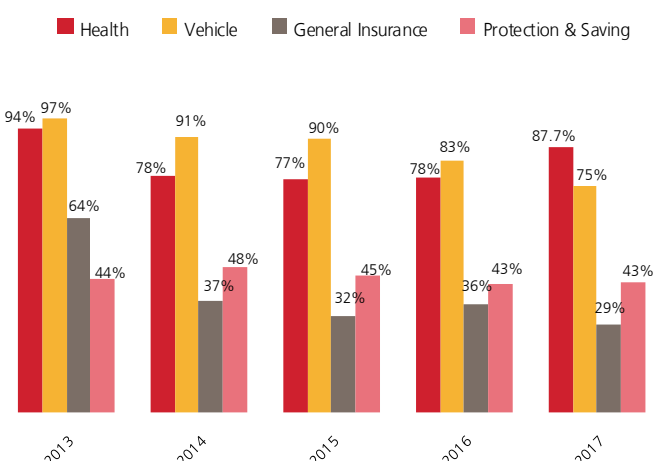
#### Retention Ratio Breakdown



#### Combined ratio of loss and expenses



#### Claims Ratio Breakdown



# Saudi Insurance Sector

## Balance sheet overview

Insurance companies unveiled growth in assets at the end of the year, with total assets surging 2.2%, posting SAR 55.4 billion in 2017, while policyholders' assets and shareholders' assets captured 70% and 30% of total assets, respectively.

In terms of investments that accounted for 54% of total assets, the figure expanded 9.4% to SAR 30 billion in 2017, of which 21.7% pertains to time deposits, 5% in statutory deposit, and 73% in investment available-for-sale combined with other assets. Meanwhile, the reinsurers' share of unearned premiums, which represented 4.3% of the total insurance operations' assets, tumbled 11.6%, while total shareholders' assets edged up 8%.

## Decline in share capital outpaced by growth in reserves

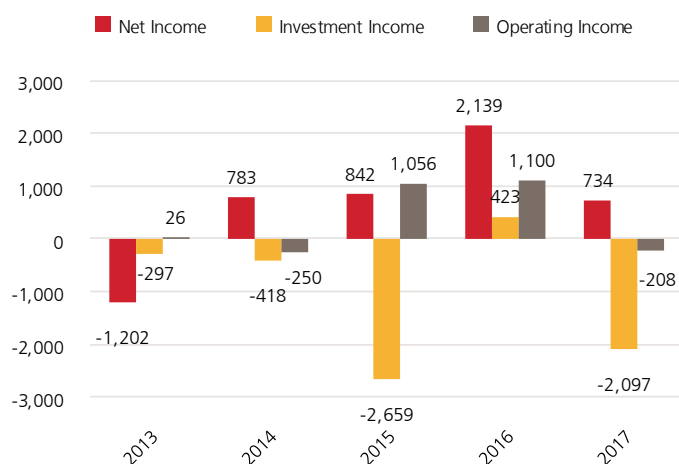
Share capital declined 8.8%, while total reserves improved by 56% simultaneously indicate the ability to tolerate risk for unexpected events.

Total shareholders' equity came in at SAR 14 billion in 2017 compared with SAR 13.6 billion in 2016, showing an increase of 8.2%. However, eight companies witnessed a loss of SAR 749.3 million.

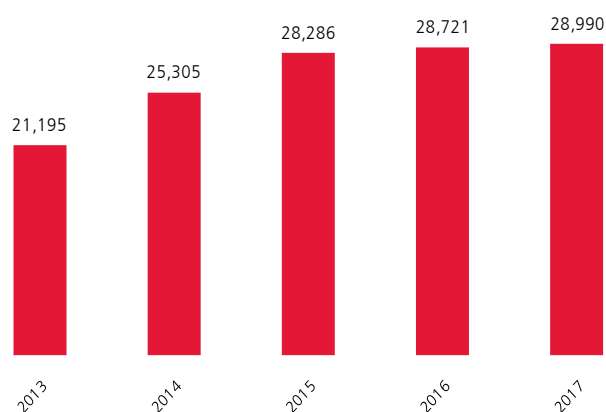
## Expanding technical reserves strengthen the durability and resilience of the sector to insurance risk

The insurance sector recorded an increase in the technical reserves by 0.9%, to SAR 28.99 billion in 2017. These reserves represent a full 75.2% of the total liabilities. Likewise, the statutory reserves accounting for 77% of the total shareholders' liabilities and 20% of the share capital, which reflects the existence of adequate provisions for insurance companies against losses.

### Profitability (SAR million)



### Technical Reserves growth (SAR million)



# Saudi Insurance Sector

## Market Profitability

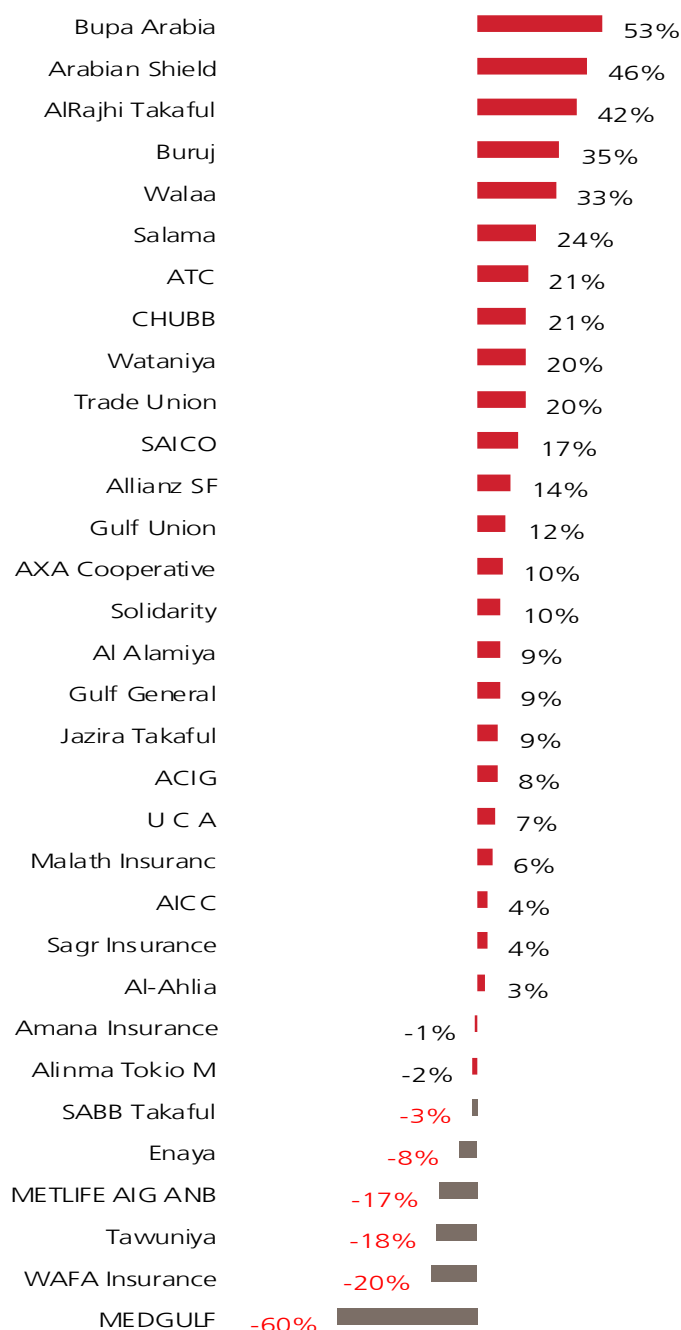
In aggregate, the insurers in Saudi market have witnessed a collapse in their net profits by 65.7%, to SAR 733.7 million in 2017 compared with SAR 2.14 billion in 2016.

The remarkable drop in the sector profit was driven by the loss of two companies: 1) Tawuniya, which recorded a loss of SAR 200 million compared to SAR 727 million profit in previous year due to the rise in net claims incurred which led the company to augment its technical reserves, in addition to an increase in outstanding claims. 2) MEDGULF, suffered a loss from a decline in net underwriting result, due to the decrease in policy issuance and increase in net loss ratio. In addition, the company has strengthened its doubtful debt provisions. It's worth to mention that MedGulf was banned from issuing or renewing compulsory motor insurance policies starting from the beginning of the year till March.

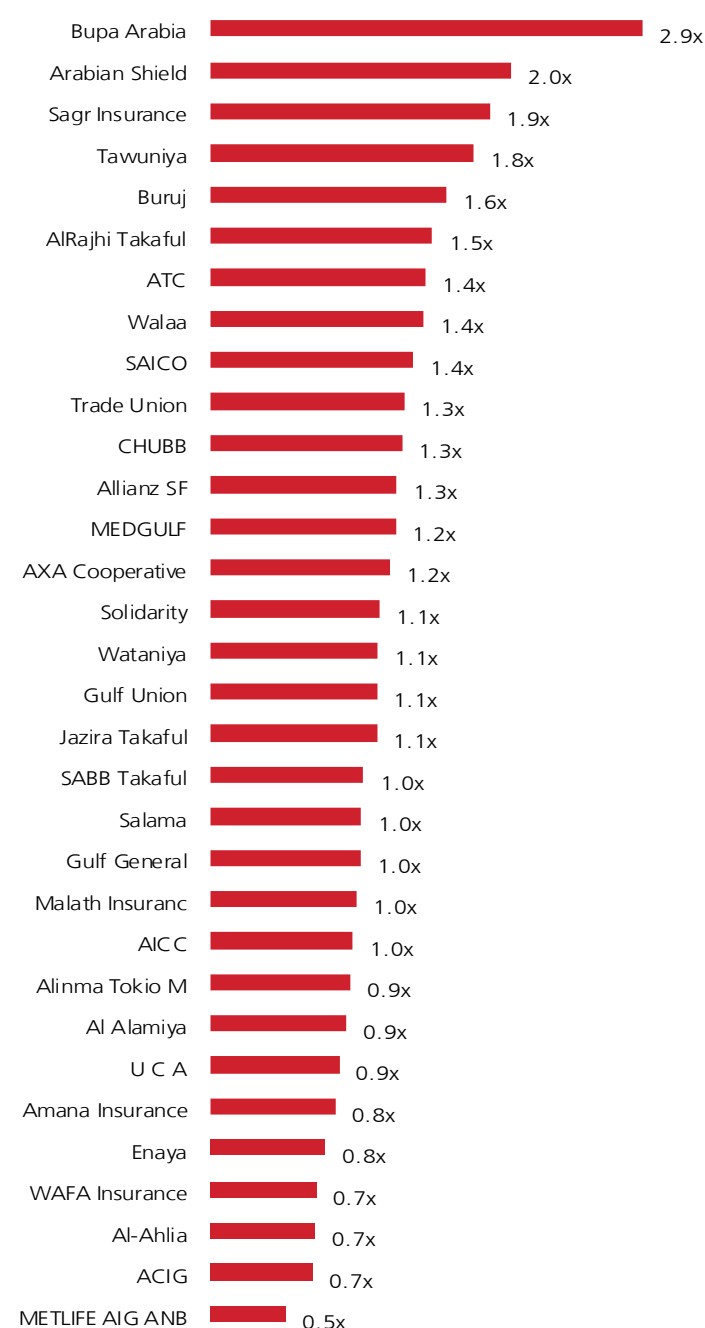
The return on assets came in at 4.8%, lower than prior-year level of 6.1%, while the return on equity shrank to 20.1% compared with 26.3% in 2016.

However, there is still a large disparity in individual performance of insurance companies, with only one company generating 57.4% of the sector net profits. Across the sector as a whole, 24 insurers achieved a positive return on capital in 2017, while 8 insurers recorded negative returns. Likewise, the equity to capital ratio for 21 companies stood above 1, meanwhile 11 companies were less than 1, implying that about one-third of insurance companies eroded a part of their capital.

### Return on Capital - 2017



### Equity to Capital Ratio - 2017





# Saudi Insurance Sector

## Health Insurance

### A contraction of the insurance policies has reflected on the insurance premiums

The health insurance sector has registered an increase in gross written premiums by 2.1%, posting SAR 19.05 billion in 2017, in spite of a significant drop in the number of insurance policies to 936 thousand policies by the end of the year, compared to 2.67 million policies in 2016, primarily as a result of the introduction of employer unified health insurance policy for the private sector and changing the number of beneficiaries per policy from 4.5 to 12.9.

The health insurance captured 52.9% of the total market size. Despite the low reliance on reinsurance markets by insurers in the period 2017, the net earned premium stabilized at SAR 18.3 billion and the retention ratio stood at the same level compared to 2016 at around 97%.

Meantime, net claims incurred inflated 13.5% to SAR 16.06 billion. These factors contributed to pushing the loss ratio to 87.7% in 2017.

### The largest companies continue to dominate the health insurance sector

Health insurance sector consisted of 27 listed insurers. However, Bupa Arabia, Tawuniya and Medgulf have continued to dominate the sector, generating around 79.8% of the total market premiums in 2017. The other ten companies seized only 14.5% of the market share, leaving just 5.7% for the remaining 14 listed insurers. This clearly indicates that most insurers are unable to compete with larger peers in an overcrowded market.

### Compulsory Health Insurance

The Health Insurance Council is considered as the main driver of the increasing demand for health insurance activities. It began enforcing the compulsory health insurance system for non-Saudi workers in the private sector in late 2006, then on Saudi employees in the private sector in 2010. Two years ago, the council enforced the compulsory health insurance for all the families of residents who are working in the private sector.

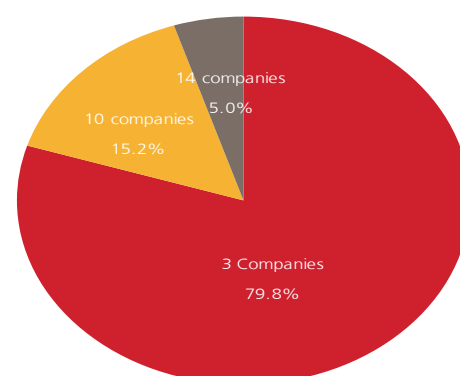
In addition, the Council has applied the compulsory health insurance at the end of 2015 for the visitors of the kingdom, excluding, the pilgrims, international organizations, diplomats and guests of the Kingdom.

Health Insurance Market Share	2016	2017
1 Bupa Arabia	42.6%	40.6%
2 Tawuniya	28.1%	30.2%
3 MEDGULF	12.2%	9.0%
4 AlRajhi Takaful	1.2%	2.4%
5 SAICO	1.7%	1.9%
6 Arabian Shield	1.5%	1.6%
7 Enaya	0.7%	1.4%
8 AXA Cooperative	1.7%	1.4%
9 Sagr Insurance	0.4%	1.4%
10 METLIFE AIG ANB	0.7%	1.3%
11 Trade Union	1.5%	1.2%
12 WAFA Insurance	0.5%	1.0%
13 Buruj	0.8%	1.0%
14 AICC	0.8%	0.7%
15 Gulf Union	0.3%	0.7%
16 Malath Insuranc	0.5%	0.7%
17 ACIG	1.0%	0.6%
18 Allianz SF	0.66%	0.55%
19 Walaa	0.80%	0.54%
20 Al-Ahlia	0.31%	0.42%
21 Salama	0.16%	0.41%
22 U C A	0.35%	0.40%
23 Solidarity	0.94%	0.37%
24 Amana Insurance	0.43%	0.13%
25 Gulf General	0.17%	0.13%
26 Alinma Tokio M	0.04%	0.04%
27 Al Alamiya	0.01%	0.03%

### Health Insurance (SAR million)

	2016	2017	Growth
Gross Premium Written	18,645	19,046	2.1%
Net Premium Written	18,088	18,399	1.7%
Net Premium Earned	18,235	18,309	0.4%
Net Claims Incurred	14,145	16,059	13.5%
Retention Ratio	97.0%	96.6%	(0.4%)
Claims Ratio	77.6%	87.7%	10.1%

### Health Ins. Market Share Concentration - 2017



## Saudi Insurance Sector

### A significant increase in the number of insured

The number of insured in health insurance rose to 12.06 million at the end of 2017. The number of Saudis insured reached about 2.735 million, representing 22.7% of the total insured, while the number of foreigners hit nearly 9.32 million residents, or 77.3% of the total of the insured.

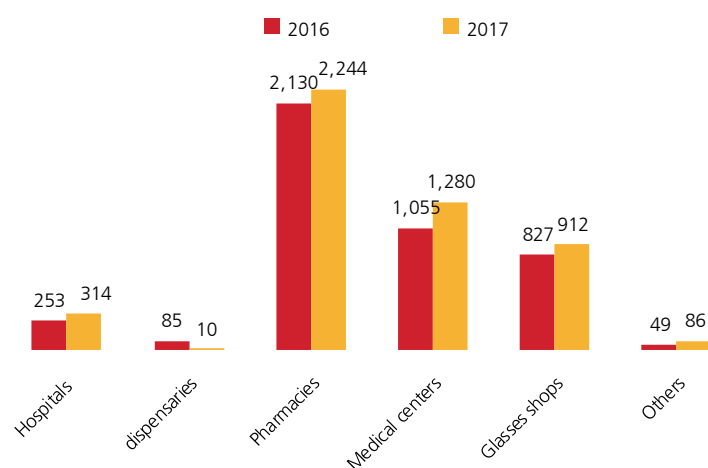
In addition, the population in the Kingdom rose to approximately 32.55 million at the end of 2017, up 2.5% from the previous year. Therefore, the Saudis, who are under the medical insurance coverage, represent just about 8.4% of the population in the kingdom.

### Health providers

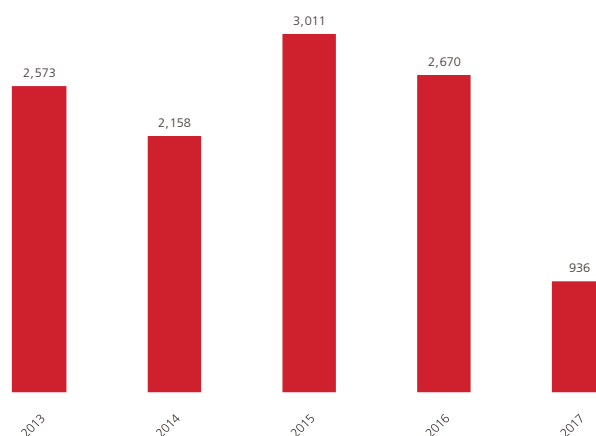
The number of accredited health providers, according to the Health Insurance Council, reached 4,358 providers at the end of 2017. The total hospitals reached 305 hospital, while the number of beds available for insurance policy holders hit 55,550 bed and the number of doctors also in all service providers reached around 55,550 doctors.

It should be noted that, according to the National Transformation Programmer 2020, the Ministry of Health aims to expand the privatization of the government health services, which represents a potential opportunity for insurance companies. Therefore, it is likely to lead to the expansion of the insurance coverage, as well as improving the performance and effectiveness of health services provided to beneficiaries, thus increasing the demand for health insurance.

#### Number of Health Insurance Policies ('000)



#### Accredited Health Providers



# Saudi Insurance Sector

## General Insurance\*

The general insurance sector is considered the largest sector in terms of activities and products. The general insurance includes seven sub-activities, namely: motor, marine, aviation, energy, engineering, accidents & responsibilities, and property & fire insurance.

### Insurance Premiums

The gross written premiums of general insurance came in at SAR 4.63 billion in 2017, down 3.3%. This resulted in net written premiums of SAR 982 million sliding 11.6%. Although the sector often suffers from overcapacity, it still continues to cede most of its commercial exposure to reinsurance companies. The retention ratio fell to 20.0% in 2017 from 22.4% in the previous-year. However, the loss ratio declined positively to 29.6% compared with 28.1% in 2016.

### Market Structure

The general insurance is characterized by a relatively medium concentration of companies. Tawuniya retained its position as the largest insurer in terms of gross premiums, followed by Medgulf, UCA, then Walaa Cooperative. These top 4 players together captured around 49.6% of the market in 2017, representing an increase of 2.2% in their shares compared with last-year.

Meanwhile, nine other insurers seized 35.1% of total premiums. The remaining 15 insurers wrote only about 15.3% of the gross premiums in the market.

\*Motor insurance was excluded due to its size.

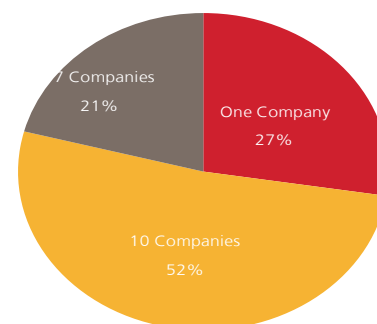
### General Insurance Market Share

		2016	2017
1	Tawuniya	%27.4	%27.4
2	MEDGULF	%8.3	%8.7
3	U C A	%5.5	%7.2
4	Walaa	%6.2	%6.3
5	Allianz SF	%5.5	%5.5
6	SAICO	%5.5	%5.5
7	Wataniya	%4.4	%4.9
8	AXA Cooperative	%3.5	%4.1
9	Al Alamiya	%4.4	%3.2
10	CHUBB	%3.0	%3.2
11	Alinma Tokio M	%2.4	%3.1
12	Arabian Shield	%2.4	%2.8
13	AlRajhi Takaful	%2.5	%2.7
14	Gulf General	%2.1	%1.9
15	Trade Union	%2.4	%1.7
16	Gulf Union	%1.9	%1.5
17	Malath Insuranc	%3.6	%1.4
18	AICC	%1.7	%1.4
19	WAFA Insurance	%1.0	%1.1
20	METLIFE AIG ANB	%0.9	%1.0
21	Buruj	%1.1	%1.0
22	ACIG	%0.9	%0.9
23	Al-Ahlia	%0.8	%0.8
24	Sagr Insurance	%0.9	%0.8
25	SABB Takaful	%0.6	%0.6
26	Salama	%0.4	%0.6
27	Solidarity	%0.4	%0.6
28	Amana Insurance	%0.4	%0.2

### General Insurance (SAR million)

	2016	2017	Growth
Gross Written Premium	4,786	4,631	(%3.3)
Net Written Premium	1,077	927	(%13.7)
Net Earned Primium	1,113	982	(%11.7)
Net Claims Insurred	313	291	(%6.8)
Retention Ratio	%22.4	%20.0	(%2.4)
Claims Ratio	%28.1	%29.6	%1.5

### General Ins. Market Share Concentration - 2017



## Motor Insurance

The motor insurance is the largest segment of general insurance, and the second after the health insurance at the market level, accounting for about 30.6% of overall GWP.

### Lower number of motors and insurance policies

The motor insurance sector registered a shrinkage 4.9% in overall gross written premiums, reaching SAR 10.83 billion in 2017. This was primarily attributable to a contraction in the number of insurance policies by an estimated of 1.3% compared to 2016.

The decline in written premiums was offset by growth in net earned premiums by 3.4% to SAR 10.08 billion. On the other side, net claims incurred decreased 6.9% to SAR 7.5 billion, which contributed positively to a drop in the loss ratio to 74.8% from 83.2% in 2016.

### Moderate Competition

Despite the intense rivalry between the 27 licensed insurers, the motor insurance sector is characterized by a medium degree of concentration. Al Rajhi Takafwul, the top company in the segment, seized 23.7% of the market. The company was able to increase its market share significantly. Furthermore, 4 other insurers captured 34.7% of total premiums, leaving only 41.6% for the remaining 21 insurers, with shares less than 5% for each company.

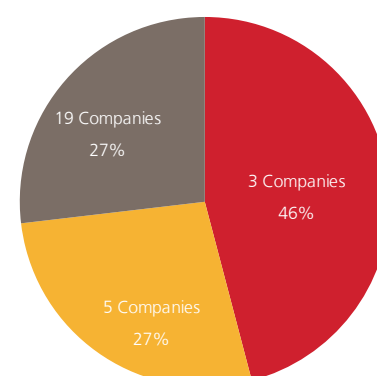
On the other hand, the market share of Malath Insurance dropped significantly by 12%, the largest change in the market share in 2017, while Al Rajhi Takaful market share expanded about 9.8% compared to 2016.

	Motor Insurance	2016	2017
1	AlRajhi Takaful	%13.9	%23.7
2	Tawuniya	%13.3	%12.8
3	AXA Cooperative	%5.7	%9.4
4	Walaa	%5.0	%6.5
5	Salama	%4.6	%6.0
6	MEDGULF	%4.7	%5.0
7	Malath Insuranc	%16.7	%4.9
8	Trade Union	%5.0	%4.8
9	Allianz SF	%2.6	%4.0
10	Wataniya	%2.3	%2.9
11	Buruj	%2.1	%2.6
12	ACIG	%2.4	%2.5
13	WAFA Insurance	%3.7	%2.4
14	SAICO	%1.9	%1.8
15	U C A	%4.3	%1.6
16	Arabian Shield	%3.2	%1.5
17	Gulf Union	%1.1	%1.5
18	Alinma Tokio M	%1.5	%1.1
19	AICC	%1.6	%1.1
20	Al Alamiya	%0.7	%0.8
21	CHUBB	%0.6	%0.7
22	Gulf General	%1.1	%0.7
23	Al-Ahlia	%0.6	%0.6
24	METLIFE AIG ANB	%0.1	%0.4
25	Amana Insurance	%0.6	%0.3
26	Sagr Insurance	%0.4	%0.3
27	Solidarity	%0.3	%0.3

### Motor Insurance (SAR million)

	2016	2017	Growth
Gross Written Premium	11,392	10,835	(%4.9)
Net Written Premium	9,954	10,088	%1.3
Net Earned Premium	9,750	10,085	%3.4
Net Claims Insured	8,111	7,548	(%6.9)
Retention Ratio	%87.4	%93.1	%5.7
Claims Ratio	%83.2	%74.8	(%8.4)

### Motor Ins. Market Share Concentration—2017



## Protection & Savings Insurance

The share of protection and savings insurance is the lowest among all other insurance segments, which represented just 2.6% of overall gross written premiums.

The low market share for the protection and savings insurance is attributed to several factors including the modernity of the Saudi insurance sector, poor savings culture, in addition to religious considerations of many categories of the community towards the protection and savings products as illegal.

### Insurance Premiums

The sector saw gross premiums written decreasing by 1.6% to SAR 926 million in 2017, due to the reduction in the number of insurance policies by an estimated of 1.3% (13.7 thousand policies).

On the other hand, the loss ratio grew to 43.2% in 2017 compared with 42.5% in the previous-year, owing to the decline in premiums earned by 6.9%. Net claims incurred declined to SAR 193 million during the current year.

### Market Structure

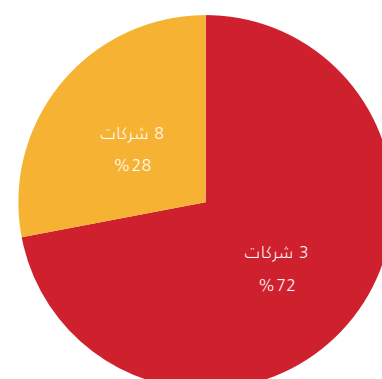
The protection and savings insurance market consisted of 11 insurers. Yet, the top four companies held over 78.1% of the market in 2017. The remaining 7 insurers had only about 21.9% of the gross premiums in the market.

	Market Share	2016	2017
1	ATC	%37.8	%38.1
2	SABB Takaful	%17.6	%16.0
3	Allianz SF	%15.9	%14.8
4	Jazira Takaful	%8.8	%9.2
5	AlRajhi Takaful	%3.0	%5.8
6	Wataniya	%4.2	%4.7
7	Alinma Tokio M	%2.8	%3.3
8	METLIFE AIG ANB	%2.6	%3.3
9	AXA Cooperative	%2.2	%2.3
10	Al Alamiya	%1.4	%1.8
11	Solidarity	%3.7	%0.6

### Protect & Saving Insurance (SAR million)

	2016	2017	Growth
Gross Written Premium	941	926	(%1.6)
Net Written Premium	483	473	(%2.1)
Net Earned Premium	480	447	(%6.9)
Net Claims Insured	204	193	(%5.3)
Claims Ratio	%42.5	%43.2	%0.7

### Protect & Saving Inc. Market Share Concentration - 2017



## Consolidated Financial Statements

## Balance Sheet

(SAR million)	2013	2014	2015	2016	2017	النمو
<b>Policyholders' assets</b>						
Cash & cash equivalents	4,436	6,437	6,251	7,171	6,965	(2.9%)
Investments	5,529	7,215	10,426	11,624	12,614	8.5%
Receivables, net	6,032	6,449	7,524	7,702	6,880	(9.7%)
Reinsurers' share	5,542	6,439	5,507	5,648	5,263	(6.8%)
Other assets	6,463	6,417	7,472	6,492	6,818	4.4%
<b>Total policyholders' assets</b>	<b>28,002</b>	<b>32,957</b>	<b>37,181</b>	<b>38,637</b>	<b>38,540</b>	<b>(0.1%)</b>
<b>Shareholders assets</b>						
Cash and cash equivalents	4,211	3,621	4,325	5,311	4,643	(12.6%)
Investments	5,013	5,884	7,787	7,605	9,563	25.7%
Other assets	1,250	1,463	1,537	2,705	2,671	(1.3%)
<b>Total Shareholders' assets</b>	<b>10,474</b>	<b>10,969</b>	<b>13,649</b>	<b>15,621</b>	<b>16,877</b>	<b>8.0%</b>
<b>Total assets</b>	<b>38,476</b>	<b>43,925</b>	<b>50,830</b>	<b>54,258</b>	<b>55,418</b>	<b>2.2%</b>
<b>Policyholders' (PH) liabilities</b>						
Gross outstanding claims	10,353	11,976	12,418	13,281	13,835	4.2%
Gross unearned premiums	10,842	13,329	15,868	15,440	15,155	(1.8%)
Other liabilities	6,807	7,652	8,896	9,916	9,550	(3.3%)
<b>Total policyholders' liabilities</b>	<b>28,002</b>	<b>32,957</b>	<b>37,181</b>	<b>38,637</b>	<b>38,540</b>	<b>(0.1%)</b>
<b>Shareholders' (SH) liabilities and equity</b>						
Shareholders' liabilities	2,255	1,777	2,058	1,972	2,920	45.6%
Share capital	8,587	8,982	11,417	11,357	10,359	(8.8%)
Total reserves and others	(367)	210	174	2,292	3,598	59.3%
<b>Total shareholders' liabilities and equity</b>	<b>10,474</b>	<b>10,969</b>	<b>13,649</b>	<b>15,621</b>	<b>16,877</b>	<b>8.0%</b>
<b>Total PH liabilities and SH liabilities &amp; equity</b>	<b>38,476</b>	<b>43,925</b>	<b>50,830</b>	<b>54,258</b>	<b>55,418</b>	<b>2.2%</b>

## Income Statement

(SAR million)	2013	2014	2015	2016	2017	النمو
Gross premiums written	24,047	29,723	35,564	35,758	35,459	(0.9%)
Net premiums written	18,079	23,477	29,190	29,608	29,886	0.9%
Net premiums earned	16,900	21,213	26,748	29,587	29,823	0.8%
Gain (loss) on investments	374	328	408	637	795	24.9%
Gross claims paid	16,429	20,028	24,313	25,098	26,194	4.4%
Net claims incurred	15,347	16,973	21,235	22,766	24,091	5.8%
<b>Surplus (deficit) from insurance operations</b>	<b>(1,164)</b>	<b>736</b>	<b>1,069</b>	<b>2,542</b>	<b>920</b>	<b>(63.8%)</b>
Shareholder's appropriation from surplus (deficit)	(1,300)	610	892	2,265	740	(67.3%)
<b>Net income (loss) for the period</b>	<b>(1,202)</b>	<b>783</b>	<b>842</b>	<b>2,139</b>	<b>734</b>	<b>(65.7%)</b>

# Concentration of Insurance Segments per Company

## Concentration of Insurance Segments per Company

Company	Health Insurance	Motor Insurance	General Insurance	Protection & Savings	Total
<b>Health Insurance</b>					
Enaya	%100.0	%0.0	%0.0	%0.0	%100.0
Bupa Arabia	%100.0	%0.0	%0.0	%0.0	%100.0
Sagr Insurance	%78.2	%10.9	%10.9	%0.0	%100.0
Tawuniya	%68.4	%16.5	%15.1	%0.0	%100.0
METLIFE AIG ANB	%67.6	%10.8	%12.8	%8.7	%100.0
MEDGULF	%64.5	%20.5	%15.0	%0.0	%100.0
Solidarity	%51.8	%24.8	%19.4	%4.0	%100.0
<b>Motor Insurance</b>					
Salama	%10.5	%86.0	%3.5	%0.0	%100.0
AlRajhi Takaful	%14.1	%80.3	%4.0	%1.7	%100.0
Malath Insuranc	%17.7	%73.5	%8.8	%0.0	%100.0
AXA Cooperative	%17.7	%68.2	%12.6	%1.4	%100.0
Walaa	%9.4	%64.1	%26.5	%0.0	%100.0
ACIG	%26.8	%63.1	%10.1	%0.0	%100.0
Trade Union	%28.4	%62.3	%9.3	%0.0	%100.0
Buruj	%37.2	%54.1	%8.7	%0.0	%100.0
Wataniya	%0.0	%53.7	%38.9	%7.5	%100.0
Amana	%35.1	%52.2	%12.7	%0.0	%100.0
WAFA	%38.9	%51.1	%10.0	%0.0	%100.0
<b>General Insurance</b>					
U C A	13.0%	29.9%	57.0%	0.0%	100.0%
CHUBB	0.0%	32.5%	67.5%	0.0%	100.0%
Al Alamiya	1.9%	34.8%	56.9%	6.4%	100.0%
<b>Protection &amp; Savings</b>					
Jazira Takaful	0.0%	0.0%	0.0%	100.0%	100.0%
ATC	0.0%	0.0%	0.0%	100.0%	100.0%
SABB Takaful	0.0%	0.0%	15.2%	84.8%	100.0%
<b>Multi Insurance</b>					
Allianz SF	11.3%	46.3%	27.7%	14.8%	100.0%
AICC	43.6%	36.3%	20.2%	0.0%	100.0%
Gulf Union	36.9%	44.2%	18.8%	0.0%	100.0%
Arabian Shield	50.0%	27.8%	22.2%	0.0%	100.0%
Al-Ahlia	43.4%	35.2%	21.4%	0.0%	100.0%
SAICO	44.0%	24.4%	31.6%	0.0%	100.0%
Gulf General	13.0%	38.4%	48.6%	0.0%	100.0%
Alinma Tokio M	2.7%	38.8%	48.2%	10.4%	100.0%

## Financial Indicators

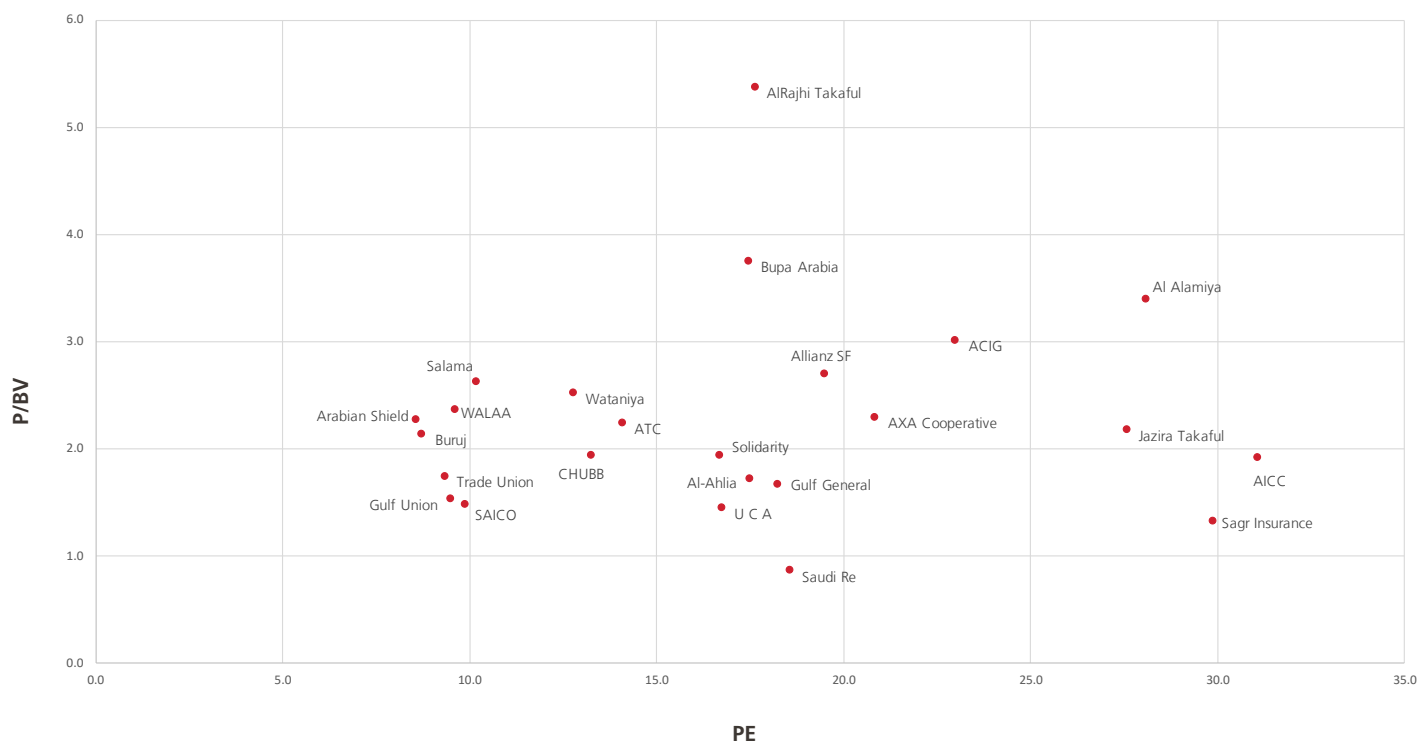
## Financial Indicators

Company	Closing Price (23 Apr 2018) (SAR)	Issued Shares (Million)	Free Floating Shares (Million)	Net Income (Million)	Shareholders Equity (Million)	Market Cap. (SAR mn)	Earning Per Share (SAR)	Price to Equity	Price to Book Value
Tawuniya	83.64	125	66.713	146.54-	2,212.77	10,455.00	1.172-	-	4.72
METLIFE AIG ANB	26	18	5.405	57.81-	177.78	468	3.212-	-	2.63
Jazira Takaful	24.47	35	17.5	31.07	391.54	856.45	0.888	27.565	2.18
MALATH INSURANCE	16.26	50	50	11.03-	452	813	0.221-	-	1.79
MEDGULF	25.86	40	14.6	388.03-	499	1,034.40	9.701-	-	2.07
Allianz SF	34.01	20	7	34.92	251.1	680.2	1.746	19.478	2.7
Salama	26.62	25	17.5	65.49	252.37	665.5	2.62	10.161	2.63
WALAA	34.02	40	39.88	141.73	573.89	1,360.80	3.543	9.601	2.37
Arabian Shield	46.27	20	13.938	108.18	404.79	925.4	5.409	8.554	2.28
SABB Takaful	22.22	34	11.9	5.49-	351.3	755.48	0.161-	-	2.15
SAICO	20.47	25	17.3	51.93	341.49	511.75	2.077	9.854	1.49
WAFA Insurance	15.82	12.2	10.355	32.68-	83.63	193	2.679-	-	2.3
Gulf Union	17.3	15	10.203	27.37	167.89	259.5	1.825	9.481	1.54
ATC	32.56	16.666	11.666	38.53	241.09	542.64	2.312	14.083	2.25
Al-Ahlia	11.87	16	15.1	10.42	113.27	189.92	0.651	18.226	1.67
ACIG	20.83	20	12	18.12	137.93	416.6	0.906	22.991	3.02
AICC	18.55	26.5	17.357	15.82	255	491.58	0.597	31.073	1.92
Trade Union	22.71	27.5	18.353	67.02	356.32	624.53	2.437	9.318	1.75
Sagr Insurance	24.91	25	17.5	20.85	467.42	622.75	0.834	29.868	1.33
U C A	12.5	49	32.075	36.61	421.12	612.5	0.747	16.73	1.45
Saudi Re	8.91	81	73.548	38.89	828.79	721.71	0.48	18.557	0.87
Bupa Arabia	109.2	80	50.211	500.61	2,321.34	8,735.20	6.258	17.449	3.76
AlRajhi Takaful	80.58	40	18.4	182.87	598.06	3,223.20	4.572	17.625	5.38
CHUBB	24.97	20	11	37.68	256.77	499.4	1.884	13.253	1.94
AXA Cooperative	27.87	45	21.785	60.19	543.75	1,254.15	1.338	20.836	2.3
Gulf General	17.11	20	13	19.58	198.92	342.2	0.979	17.477	1.72
Buruj	34.09	25	12.992	97.75	396.98	852.25	3.91	8.718	2.14
Al Alamiya	31.25	40	12.002	44.49	366.87	1,250.00	1.112	28.096	3.4
Solidarity	22.72	25	17.989	34.07	291.69	568	1.363	16.671	1.94
Wataniya	28.56	20	8.5	44.71	225.36	571.2	2.236	12.775	2.53
Amana Insurance	19.8	14	10.99	0.75	117.23	277.2	0.054	369.599	2.36
Enaya	15.66	20	13.05	14.52-	154.93	313.2	0.726-	-	2.02
Alinma Tokio M	24.72	30	12.683	3.32-	282.77	741.6	0.111-	-	2.62
<b>Total</b>		<b>1,099.87</b>	<b>682.5</b>	<b>1,070.23</b>	<b>14,735.16</b>	<b>41,828.31</b>	<b>0.97</b>	<b>15.64</b>	<b>2.8</b>



## P/E and P/BV for Insurance Companies

In terms of profit, 28 companies in the insurance sector generated profits at the end of 2017. The following figure reflects the valuation levels of these companies\* based on P/E and P/BV\*\*:



\* Excluding the companies with very inflated multiples.

\*\* Closing prices of April 24, 2017.

# Insurance Premiums Breakdown

## Insurance Premiums Breakdown

Company	Gross Written Premium (SAR million)			Net Written Premium (SAR million)			Net Earned Premium (SAR million)			Net Claims Incurred (SAR million)			Retention Ratio		Claims Ratio	
	2016	2017	Growth	2016	2017	Growth	2016	2017	Growth	2016	2017	Growth	2016	2017	2016	2017
Tawuniya	8,055	8,407	4.4%	7,073	7,315	3.4%	6,841	7,338	7.3%	5,103	6,796	33.2%	87.8%	87.0%	74.6%	92.6%
METLIFE AIG ANB	208	355	70.5%	149	289	93.9%	145	245	68.7%	124	229	84.7%	71.6%	81.4%	85.5%	93.6%
Jazira Takaful	83	86	3.6%	30	29	(1.3%)	27	29	8.5%	3	3	(7.7%)	36.2%	34.4%	10.9%	9.3%
Malath Insuranc	2,168	727	(66.5%)	1,501	671	(55.3%)	1,424	835	(41.4%)	1,623	704	(56.6%)	69.2%	92.3%	114.0%	84.4%
MEDGULF	3,194	2,666	(16.5%)	2,697	2,171	(19.5%)	2,946	2,323	(21.1%)	2,465	2,064	(16.3%)	84.4%	81.4%	83.7%	88.8%
Allianz SF	836	926	10.7%	558	651	16.5%	500	638	27.6%	376	499	32.5%	66.8%	70.3%	75.3%	78.1%
Salama	571	751	31.4%	543	713	31.3%	433	675	56.0%	330	498	50.9%	95.1%	95.0%	76.2%	73.7%
Walaa	1,017	1,102	8.4%	755	842	11.5%	627	792	26.3%	406	453	11.6%	74.2%	76.3%	64.7%	57.2%
Arabian Shield	754	593	(21.4%)	481	394	(18.0%)	403	461	14.3%	268	259	(3.5%)	63.7%	66.5%	66.4%	56.1%
SABB Takaful	194	175	(9.9%)	156	143	(8.6%)	157	118	(24.6%)	17	14	(16.0%)	80.4%	81.5%	10.6%	11.8%
SAICO	802	805	0.3%	509	532	4.5%	515	526	2.1%	348	350	0.6%	63.5%	66.2%	67.5%	66.6%
WAFA Insurance	551	500	(9.2%)	470	301	(36.0%)	486	392	(19.3%)	347	315	(9.3%)	85.3%	60.2%	71.5%	80.3%
Gulf Union	277	360	29.7%	144	216	50.2%	103	209	103.3%	55	126	129.0%	51.9%	60.1%	53.4%	60.1%
ATC	356	353	(0.9%)	80	77	(4.3%)	80	75	(6.2%)	19	11	(41.2%)	22.6%	21.8%	23.7%	14.9%
Al-Ahlia	167	183	9.6%	153	164	7.0%	197	149	(24.3%)	145	103	(28.6%)	91.5%	89.4%	73.8%	69.5%
ACIG	511	430	(15.8%)	432	366	(15.3%)	435	353	(18.9%)	345	247	(28.4%)	84.6%	85.1%	79.2%	70.0%
AICC	419	314	(25.0%)	282	207	(26.7%)	330	251	(24.0%)	212	134	(37.1%)	67.3%	65.8%	64.4%	53.3%
Trade Union	954	831	(12.9%)	758	685	(9.6%)	764	708	(7.3%)	600	486	(18.9%)	79.5%	82.5%	78.5%	68.7%
Sagr Insurance	176	329	87.1%	109	275	151.6%	505	195	(61.4%)	222	126	(43.5%)	62.0%	83.4%	44.0%	64.5%
U C A	820	581	(29.2%)	323	145	(55.3%)	631	189	(70.1%)	445	57	(87.2%)	39.4%	24.9%	70.5%	30.1%
Bupa Arabia	7,939	7,733	(2.6%)	7,871	7,665	(2.6%)	7,667	7,672	0.1%	6,178	6,405	3.7%	99.2%	99.1%	80.6%	83.5%
AlRajhi Takaful	1,949	3,193	63.9%	1,856	3,073	65.5%	1,536	2,787	81.4%	1,285	2,346	82.6%	95.3%	96.2%	83.6%	84.2%
CHUBB	215	220	2.6%	108	105	(2.5%)	117	104	(10.8%)	58	39	(32.8%)	50.3%	47.8%	49.5%	37.2%
AXA Cooperative	1,154	1,499	29.9%	1,060	1,300	22.6%	1,049	1,238	18.0%	861	994	15.4%	91.9%	86.7%	82.1%	80.3%
Gulf General	255	186	(27.2%)	132	88	(33.4%)	147	99	(32.8%)	85	45	(46.4%)	51.9%	47.5%	57.8%	46.1%
Buruj	438	512	16.9%	388	464	19.6%	399	462	15.9%	215	278	29.6%	88.7%	90.7%	53.8%	60.2%
Al Alamiya	311	263	(15.2%)	161	146	(8.9%)	207	150	(27.5%)	102	47	(54.2%)	51.7%	55.6%	49.1%	31.0%
Solidarity	262	136	(48.1%)	229	110	(52.2%)	216	156	(27.5%)	95	53	(44.8%)	87.2%	80.4%	44.3%	33.7%
Wataniya	508	579	14.0%	254	301	18.8%	255	294	15.4%	159	191	19.9%	50.0%	52.1%	62.3%	64.8%
Amana Insurance	170	72	(57.6%)	112	33	(70.1%)	257	48	(81.4%)	156	26	(83.3%)	65.6%	46.4%	60.8%	54.6%
Enaya	129	275	113.3%	97	268	176.4%	62	175	180.6%	34	120	253.0%	75.3%	97.6%	54.3%	68.3%
Alinma Tokio M	322	297	(7.8%)	127	147	16.1%	115	136	17.9%	90	75	(16.6%)	39.3%	49.5%	78.4%	55.4%
<b>Total</b>	<b>35,765</b>	<b>35,438</b>	<b>(0.9%)</b>	<b>29,599</b>	<b>29,886</b>	<b>1.0%</b>	<b>29,575</b>	<b>29,823</b>	<b>0.8%</b>	<b>22,772</b>	<b>24,091</b>	<b>5.8%</b>	<b>5.8%</b>	<b>84.3%</b>	<b>77.0%</b>	<b>80.8%</b>

## Retention Ratio Breakdown - 2017

## Retention Ratio Breakdown

Company	Health Insurance	Motor Insurance	General Insurance	Overall
Bupa Arabia	99.1%	-	-	99.1%
Enaya	97.6%	-	-	97.6%
AlRajhi Takaful	99.9%	99.4%	25.0%	96.2%
Salama	97.8%	97.6%	22.7%	95.0%
Malath Insurance	100.0%	100.0%	12.6%	92.3%
Buruj	96.0%	96.8%	30.1%	90.7%
Al-Ahlia	91.0%	97.4%	73.1%	89.4%
Tawuniya	97.8%	100.0%	23.9%	87.0%
AXA Cooperative	0.0%	0.0%	52.8%	86.7%
ACIG	75.9%	98.3%	27.1%	85.1%
Sagr Insurance	91.8%	94.0%	13.3%	83.4%
Trade Union	73.1%	95.7%	22.1%	82.5%
SABB Takaful	-	-	18.1%	81.5%
MEDGULF	100.0%	71.5%	15.4%	81.4%
METLIFE AIG ANB	97.5%	98.1%	9.0%	81.4%
Solidarity	96.6%	96.4%	23.0%	80.4%
Walaa	97.2%	99.4%	13.3%	76.3%
Allianz SF	45.0%	98.9%	23.1%	70.3%
Arabian Shield	100.0%	50.9%	10.5%	66.5%
SAICO	90.2%	98.4%	7.8%	66.2%
AICC	63.6%	96.6%	15.1%	65.8%
WAFA Insurance	64.6%	67.2%	7.4%	60.2%
Gulf Union	79.7%	58.5%	25.4%	60.1%
Al Alamiya	47.2%	98.1%	32.2%	55.6%
Wataniya	-	88.8%	9.1%	52.1%
Alinma Tokio M	100.0%	96.6%	6.4%	49.5%
CHUBB	-	97.8%	23.7%	47.8%
Gulf General	42.7%	79.4%	23.6%	47.5%
Amana Insurance	61.6%	40.8%	27.6%	46.4%
Jazira Takaful	-	-	-	34.4%
U C A	41.8%	50.3%	7.7%	24.9%
ATC	-	-	-	21.8%
<b>Total</b>	<b>95.5%</b>	<b>93.4%</b>	<b>21.8%</b>	<b>86.4%</b>

## Definitions

**Gross Written Premium:**

The total premiums on policies issued by an insurance company during a specific period of time regardless of what portions have been earned. Written premiums are the amount of premium charged for a policy that has already become effective.

**Net Written Premium:**

It is equal to gross premium written minus the amount the company allocated for reinsurance, as well as premium losses surplus.

**Net Earned Premium :**

The amount of total premiums collected by an insurance company over a period that have been earned based on the ratio of the time passed on the policies to their effective life and adjusted to reinsurance. This pro-rated amount of paid-in-advance premiums have been "earned" and now belong to the insurer. It can be calculated as net premiums written minus changes in net premiums unearned.

**Net Claims Paid:**

Total amount of paid liabilities for a policy over a given valuation period minus reinsurers share.

**Net Claims Incurred:**

Net claims paid plus a reasonable estimate of unpaid liabilities. It is calculated by adding paid claims and unpaid claims minus the estimate of unpaid claims at the end of the prior valuation period.

**Retention Ratio:**

Percentage of net premium written to gross premium written.

**Claims Ratio:**

Claims owed as a percentage of net premium earned.

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