

**BADRI**

SAUDI ARABIA'S INSURANCE  
INDUSTRY ANNUAL  
PERFORMANCE ANALYSIS FOR  
THE FINANCIAL YEAR 2019

July 9, 2020



# BADRI

## 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. ”



# BADRI

## ABOUT BADRI MANAGEMENT CONSULTANCY

BADRI MANAGEMENT CONSULTANCY IS THE FASTEST GROWING ACTUARIAL CONSULTING FIRM IN THE MIDDLE EAST, RECOGNIZED FOR ITS COLLABORATIVE APPROACH TO WORKING WITH ITS CLIENTS AS PROFIT OPTIMIZING PARTNERS. WE ARE SERVING AS APPOINTED ACTUARY FOR OVER 20 COMPANIES IN THE GCC. IN ADDITION, WE ARE PROVIDING OTHER SERVICES INCLUDING IFRS17 IMPLEMENTATIONS, DEVELOPMENT OF ERM FRAMEWORK, SPECIALIZED SERVICES FOR MEDICAL INSURANCE AND TPAs, BUSINESS INTELLIGENCE SOLUTIONS AND END OF SERVICE BENEFITS VALUATIONS.



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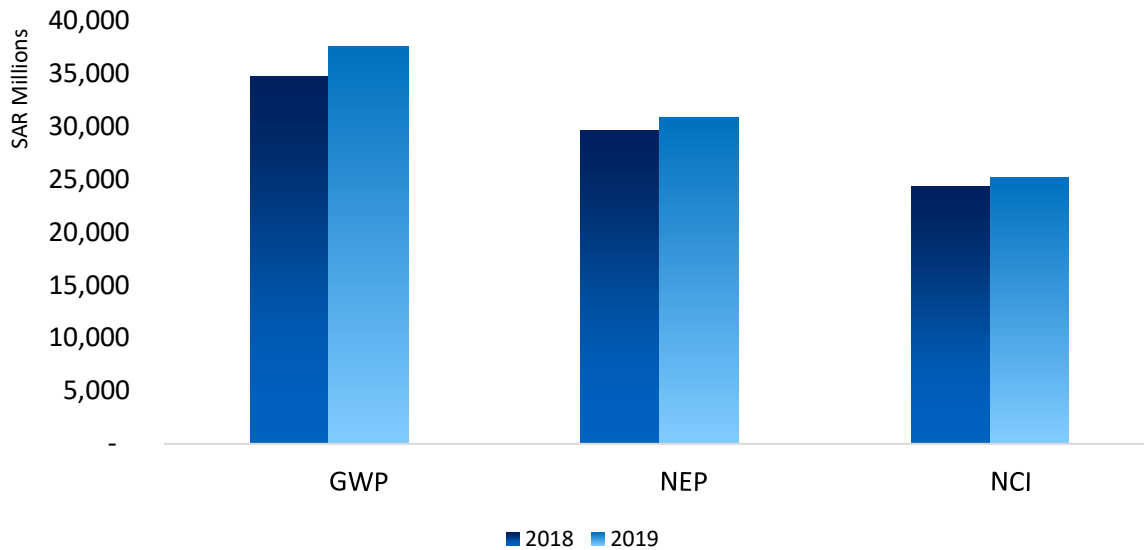
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# OVERVIEW OF INDUSTRY

Analysis of the Key Performance Indicators (KPIs) of 31\* Listed Insurance Companies of KSA for the year ended Dec 31, 2019 has been undertaken.

## INDUSTRY MIX



**SAR 37.6BN**

**GWP for 2019 (Overall)**

**SAR 36.8BN**

**GWP for 2019 without Saudi Re**

**84%**

**Industry's weighted average retention ratio**

**82%**

**Loss ratio for 2019**

**9%**

**Industry's ROE for 2019**

**2%**

**Industry's Investment Yield for 2019**

**101%**

**Combined ratio for 2019**

**106%**

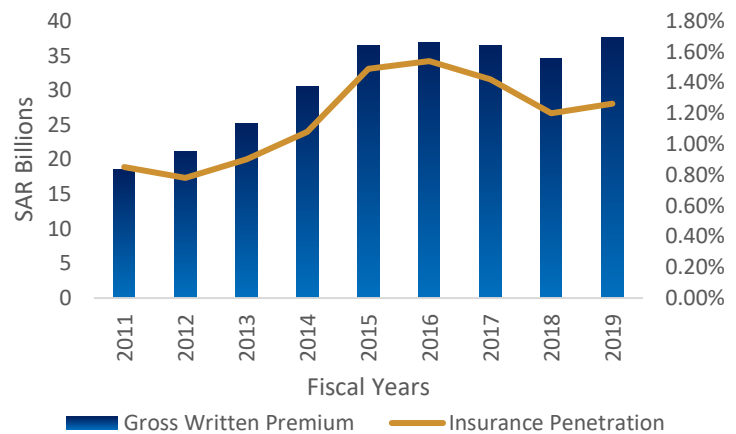
**Industry's Liquidity ratio**

# GROSS WRITTEN PREMIUMS

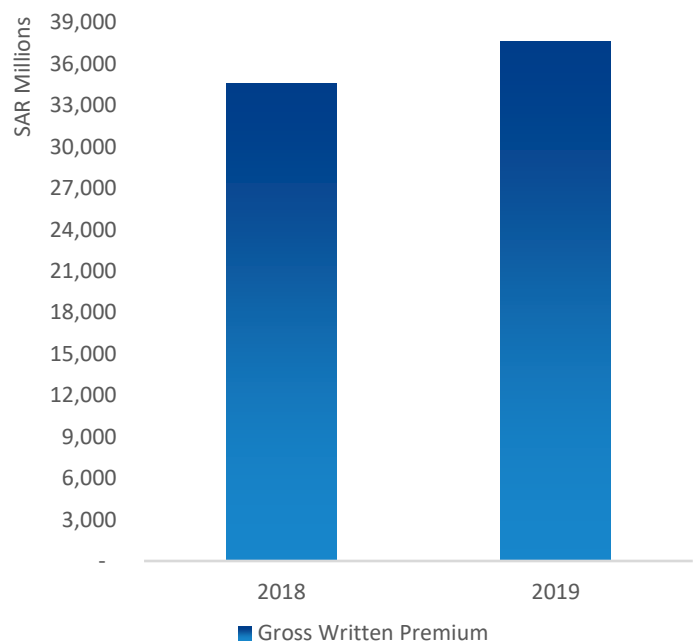
Company	Ranking		Indication
	GWP	Profit	
Bupa	1	1	→
Tawuniya	2	2	→
Al-Rajhi	3	3	→
Medgulf	4	13	↓
AXA	5	4	↑
Wala	6	12	↓
Allianz	7	7	→
Al Etihad	8	5	↑
Malath	9	14	↓
SAICO	10	20	↓
Saudi Re	11	6	↑
Wataniya	12	10	↑
Gulf Union	13	24	↓
Arabian Shield	14	15	↓
ACIG	15	19	↓
Salama	16	30	↓
Al Sagr	17	27	↓
UCA	18	16	↑
Solidarity	19	28	↓
Arabia	20	26	↓
Alinma	21	25	↓
Buruj	22	17	↑
GGI	23	21	↑
CHUBB	24	9	↑
Amana	25	23	↑
Al Alamiya	26	11	↑
Al Ahlia	27	29	↓
SABB	28	22	↑
Enaya	29	31	↓
AlJazira	30	8	↑
Alahli	31	18	↑

“For the 31 listed companies the GWP has witnessed an increase from SAR 34.6 billion to SAR 37.6 billion for 2019 which is a growth of 8.7%. Excluding Saudi Re, GWP from 2019 is 36.8 billion depicting the growth of 8.64% in 2019.”

## GWP & Penetration

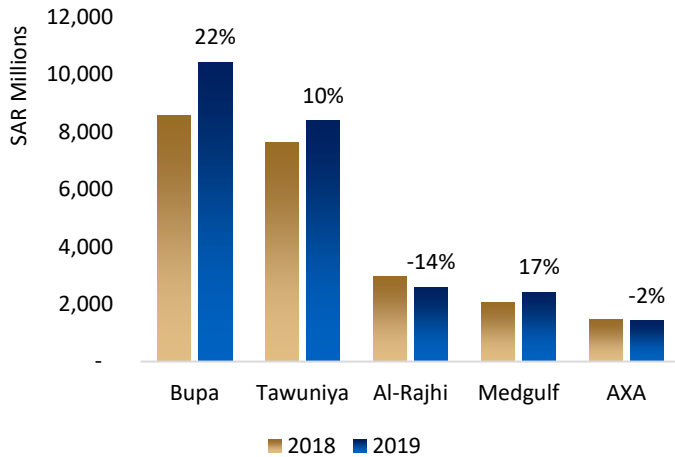


## GROSS WRITTEN PREMIUM



# GROSS WRITTEN PREMIUMS

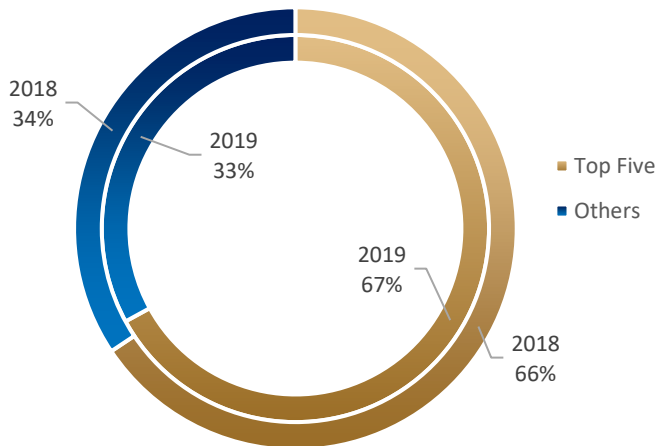
## TOP FIVE



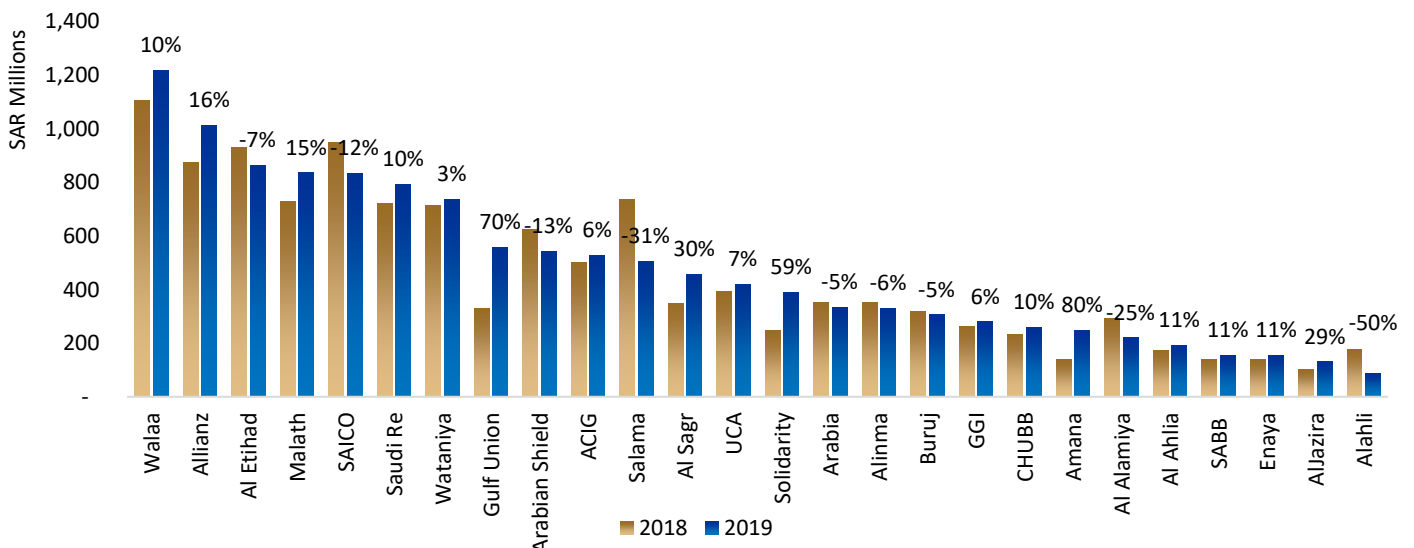
The top 5 companies had a combined premium of SAR 25.19 billion for 2019 as compared to SAR 22.70 billion for 2018.

The highest growth over the period of 2019 was shown by Amana Insurance with an increase of 80% in premiums compared to the corresponding period of 2018. The largest decline over the same period was shown by Alahli Insurance with a decrease of 50% compared to the corresponding period of 2018.

## GWP DISTRIBUTION

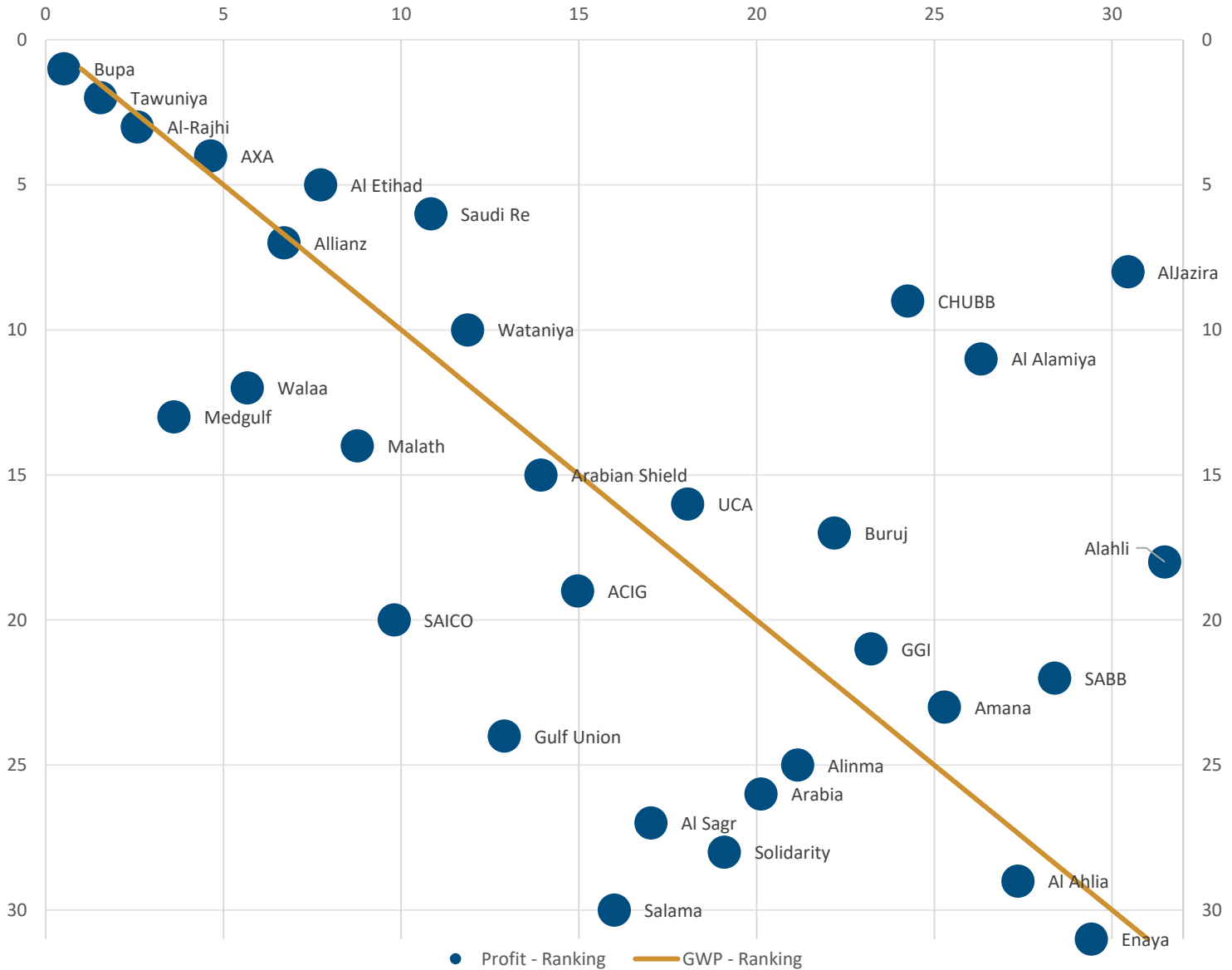


## OTHERS



# GROSS WRITTEN PREMIUMS

## RANKING

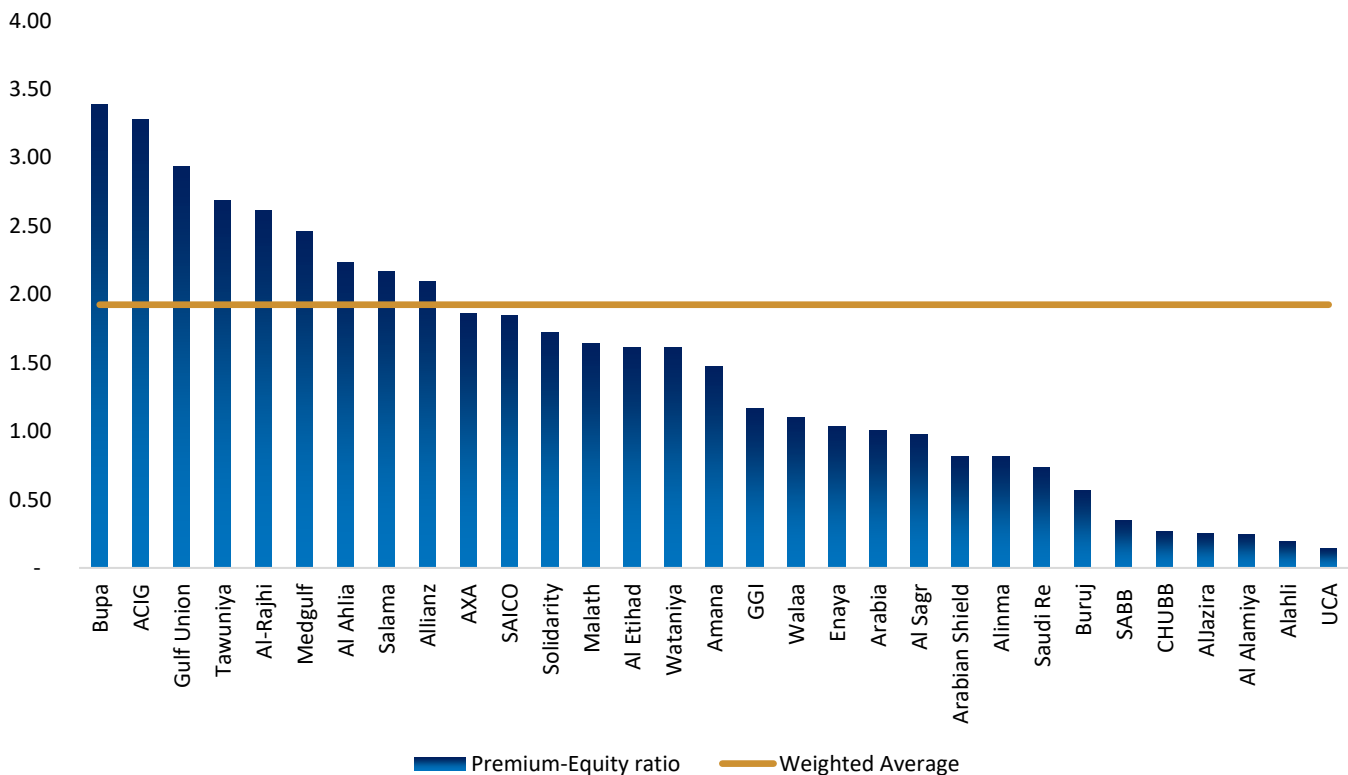


Bupa stood first in the list of companies that had major contribution in the Industry's total Gross Written Premium and Profit yielded. However, Alahli contributed least of the other companies to the Industry's total Gross Written Premium.



# NWP TO EQUITY RATIO

## Premium to Equity Ratio



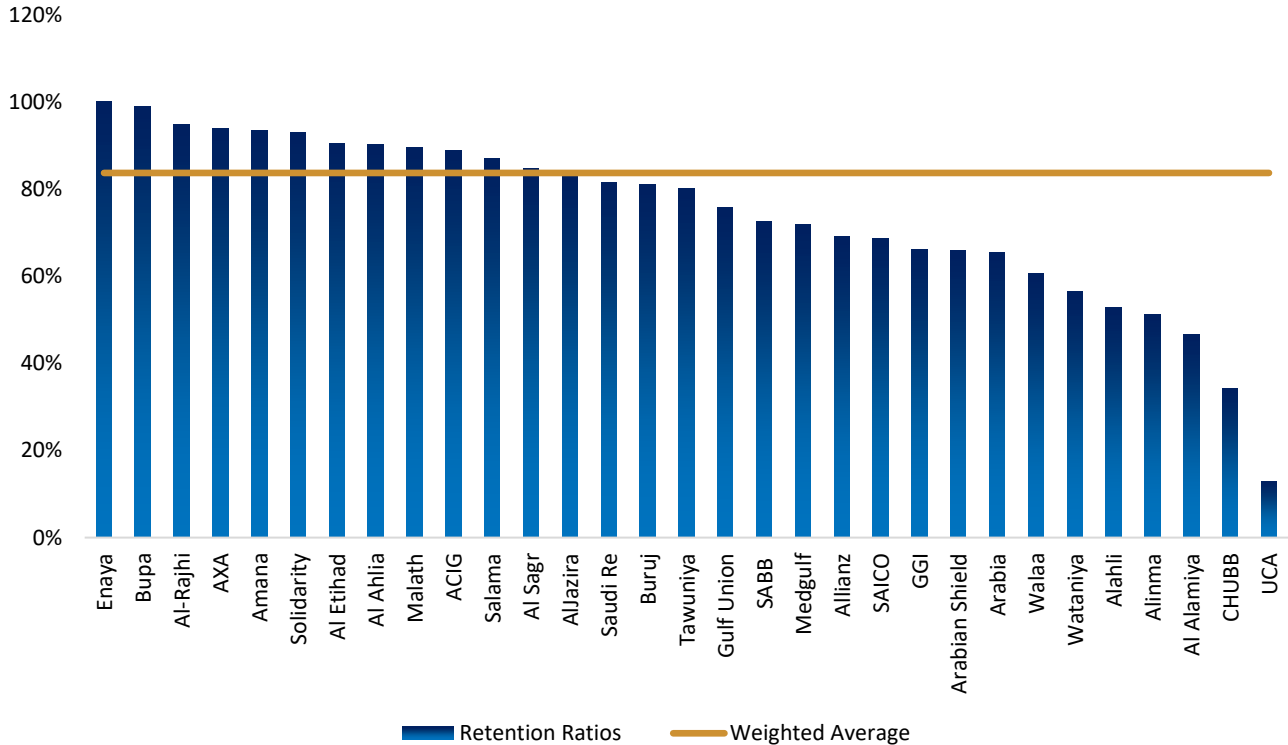
The highest Premium to Equity ratio for 2019 is 3.38, shown by Bupa, whereas the lowest ratio of 0.14 is reflected UCA.

Weighted average of Net written Premium to Equity ratio for the market is 1.92.

The Net Written Premium to Equity ratio is calculated by taking the proportion of Net Written premium in 2019 to Total Equity as at 31 December 2019. It represents the premium that pertains to each SAR amount of equity held by the Companies.

# RETENTION RATIO

## RETENTION RATIO



The highest retention ratio for 2019 of 100% is reflected by Enaya, whereas the lowest retention ratio of 13% is reflected by UCA.

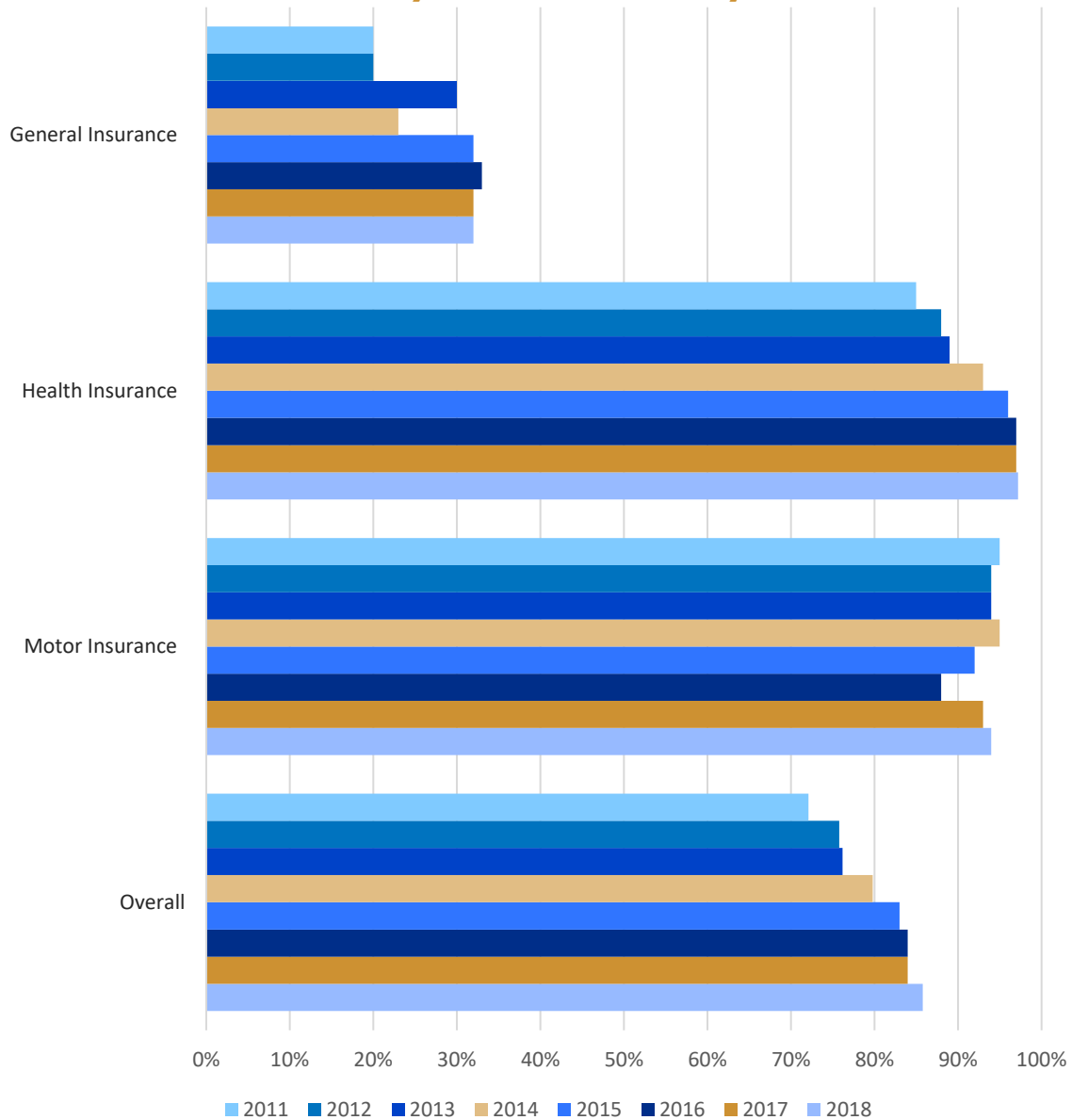
The weighted average retention ratio for listed companies was at 84%.

The retention ratio has been calculated as a ratio of net written premium to gross written premium.

Although there may be exceptions, retention ratios are generally reflective of the lines of business being underwritten; Motor and Medical generally tend to have high retention ratios, while commercial lines such as Aviation, Engineering and Fire tend to have lower retentions. Also, since this analysis does not segregate life and non-life business, the Companies writing higher volumes of life, especially IL and PA, would also tend to show higher retention levels.

# RETENTION RATIO

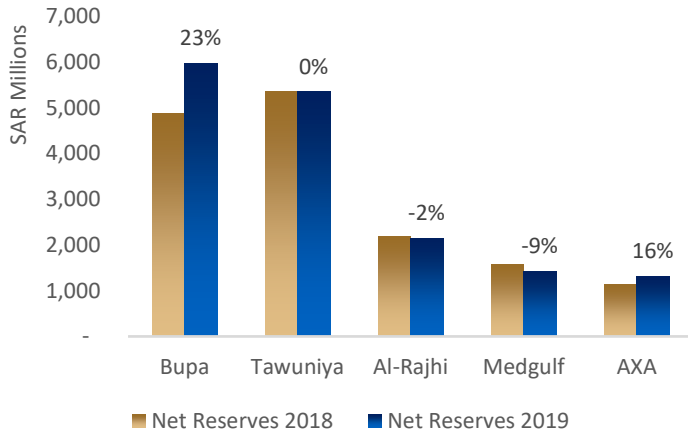
Yearly Retention Ratio by LOBs



Overall, the Insurance sector has witnessed significant growth in the retention ratio over the years which has mainly been driven by increase in proportion of Health Insurance business. For 2019, as per our analysis the weighted average retention ratio is 84%.

# NET TECHNICAL RESERVES

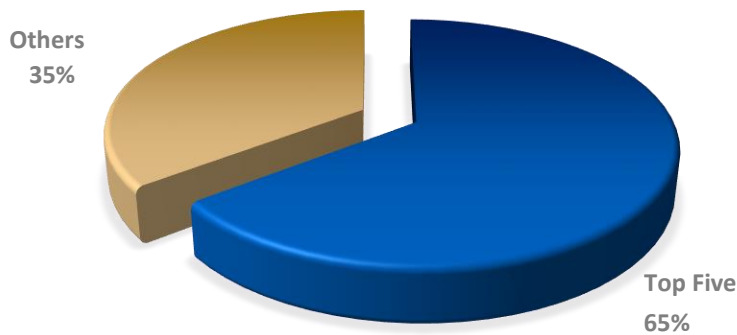
## TOP FIVE



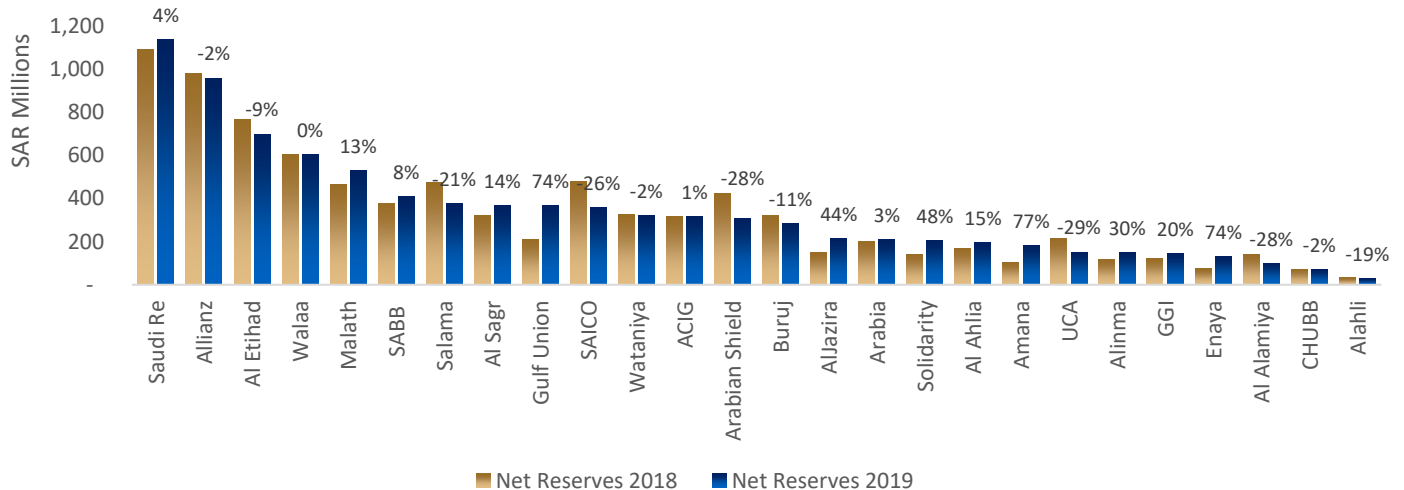
Total net reserves as at 31-Dec-2019 were SAR 25.01 billion.

Total Net Reserve of top five companies by Net Reserves as at 31-Dec-2019 is SAR 16.18 billion.

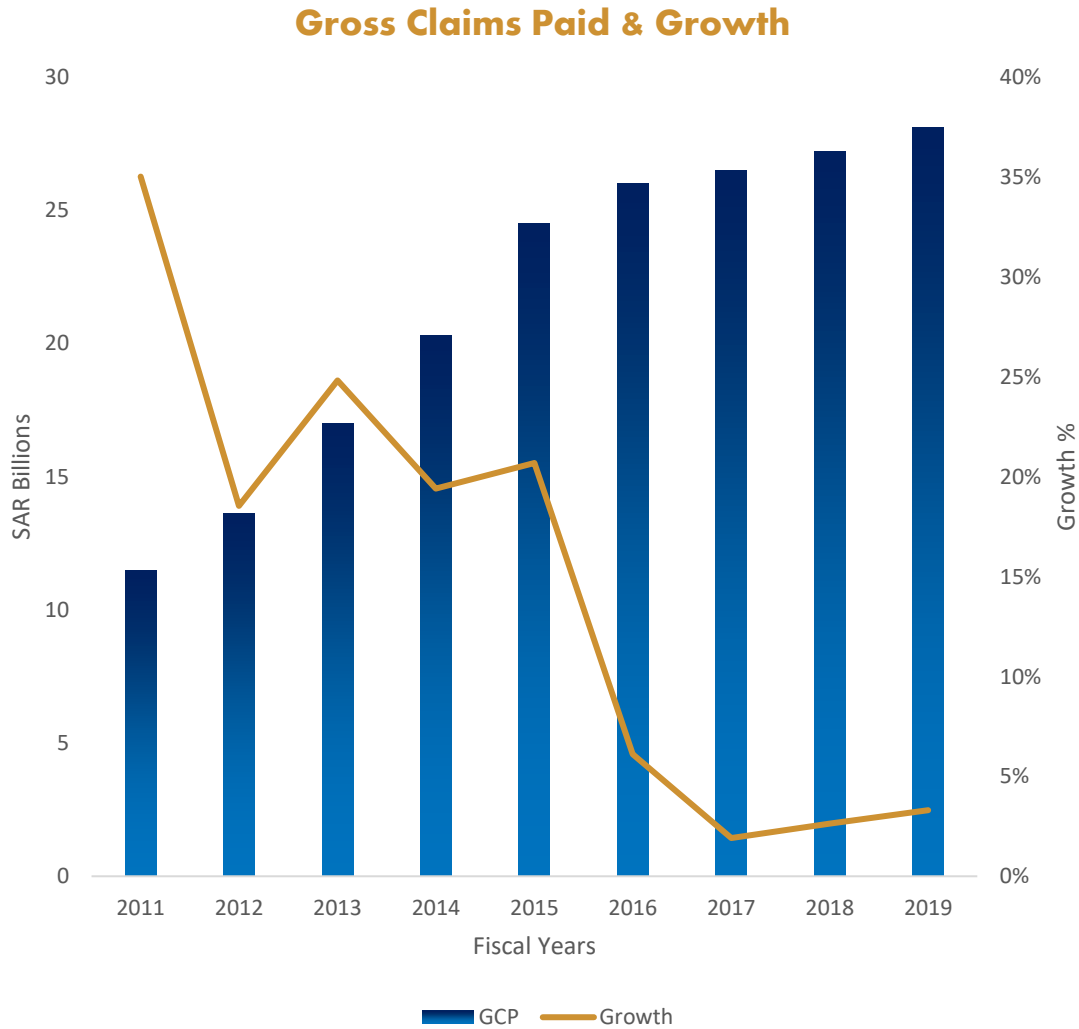
## NET RESERVES



## OTHERS



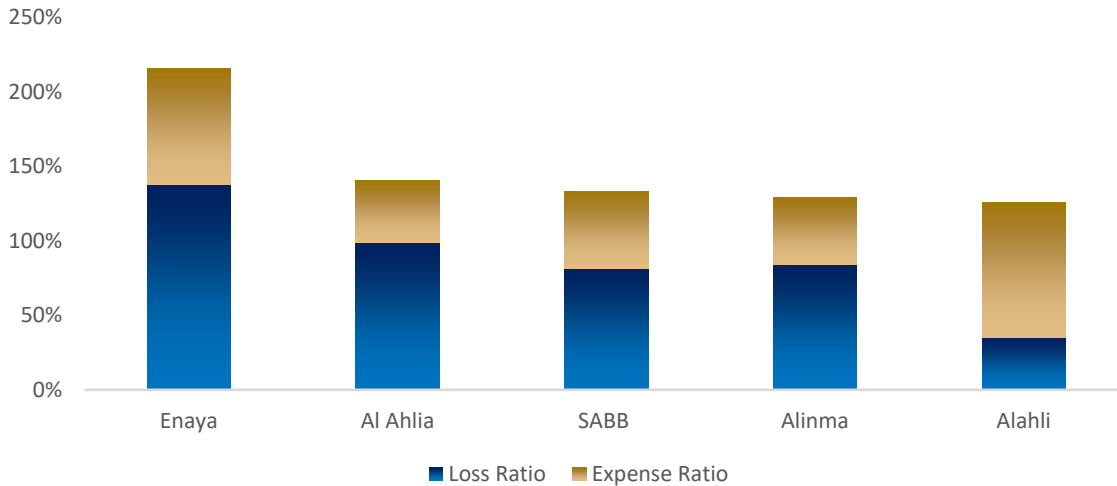
# GROSS CLAIMS PAID & GROWTH



Gross Claims Paid have grown rapidly over the period from 2011 to 2016, keeping pace with the growth in business volumes, and then the growth has tapered down over the last 3 years.

# COMBINED RATIO

## TOP FIVE

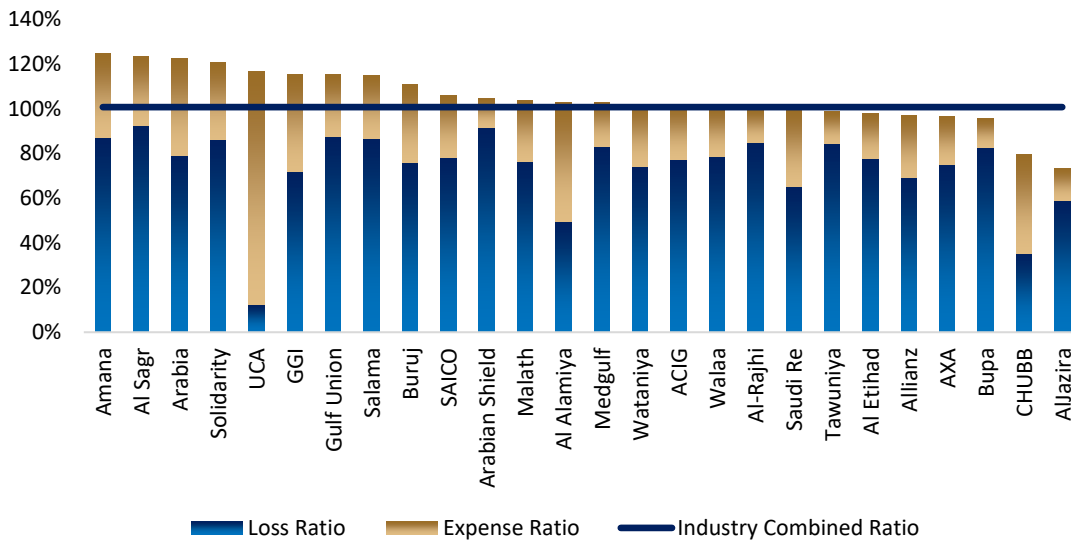


Combined Ratio is the sum of Loss Ratio and Expense Ratio.

For 2019, the weighted average combined ratio was 101%.

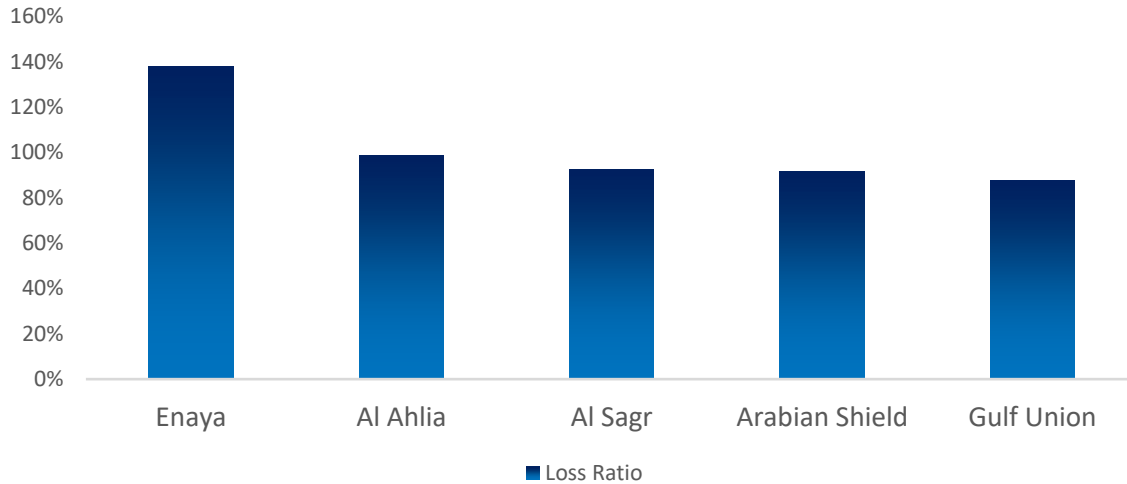
Highest combined ratio was shown by Enaya while the lowest combined ratio was reflected by Al Jazira.

## OTHERS



# LOSS RATIO

## TOP FIVE

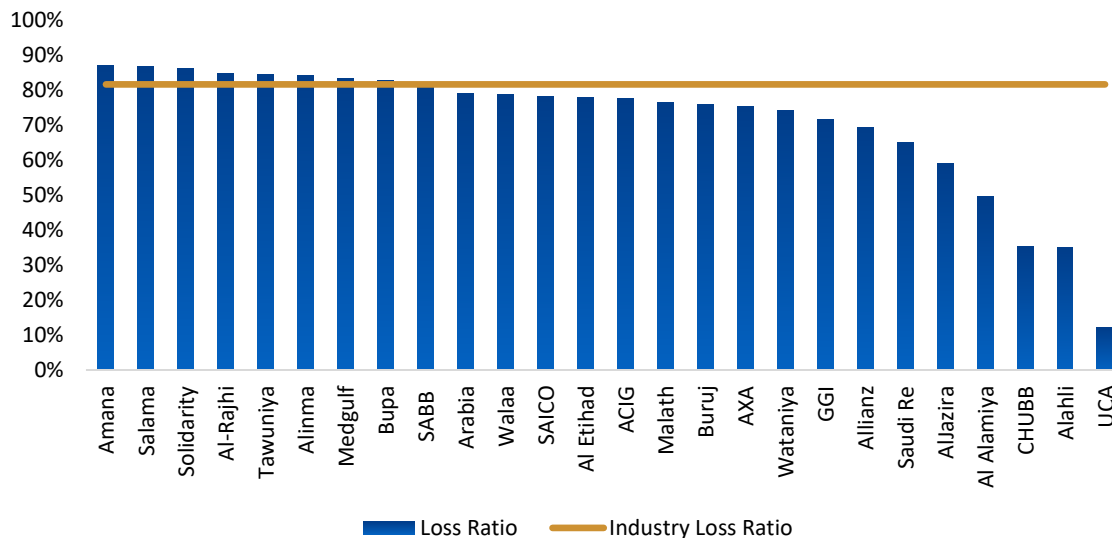


Loss Ratio has been calculated by dividing net incurred claims to the net earned premiums.

For 2019, the weighted average Loss ratio was 82%.

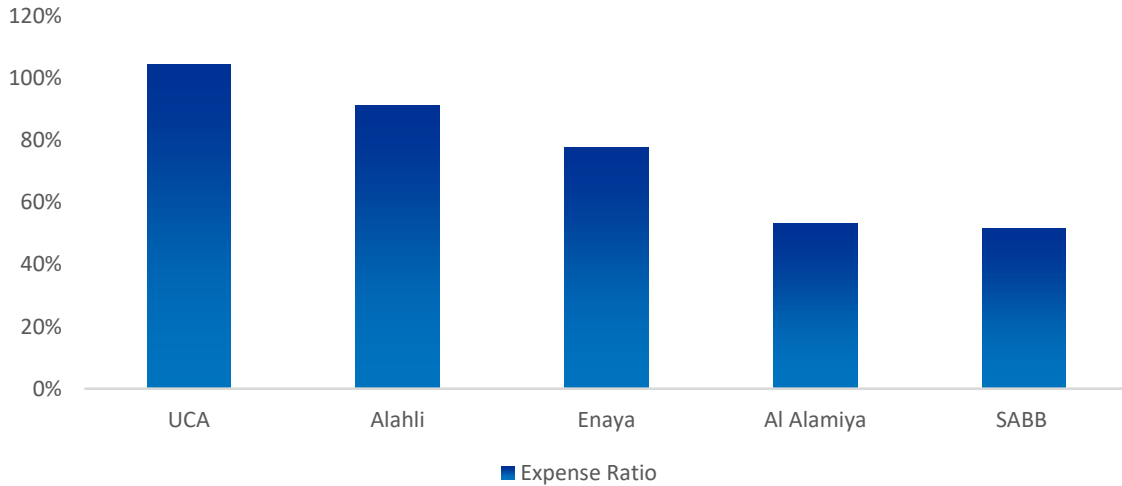
Highest Loss ratio was shown by Enaya at 138% while the lowest Loss ratio was reflected by UCA of 12%.

## OTHERS



# EXPENSE RATIO

## TOP FIVE

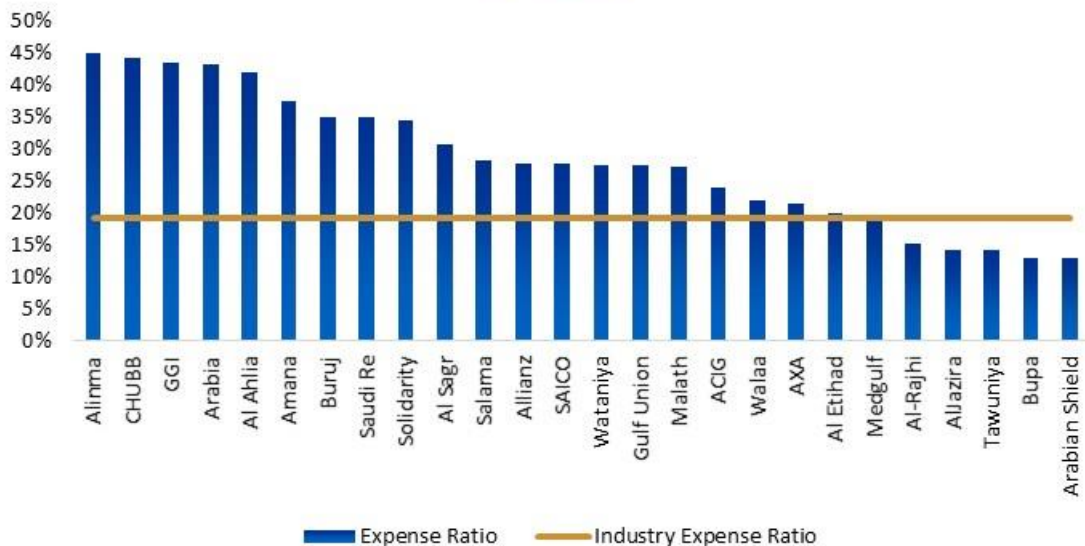


Expense Ratio has been calculated by dividing the sum of Net of Commission expenses and other operational expense to Net Earned Premium.

For 2019, the weighted average Expense ratio was 19%.

Highest Expense ratio was shown by UCA at 104% while the lowest Expense ratio was reflected by Arabian Shield of 13%.

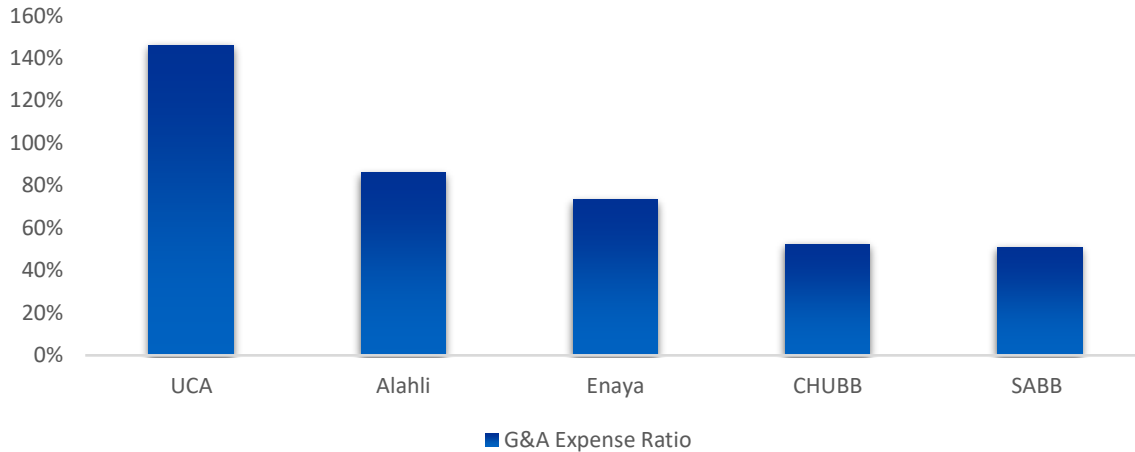
## OTHERS





# G&A EXPENSE

## TOP FIVE

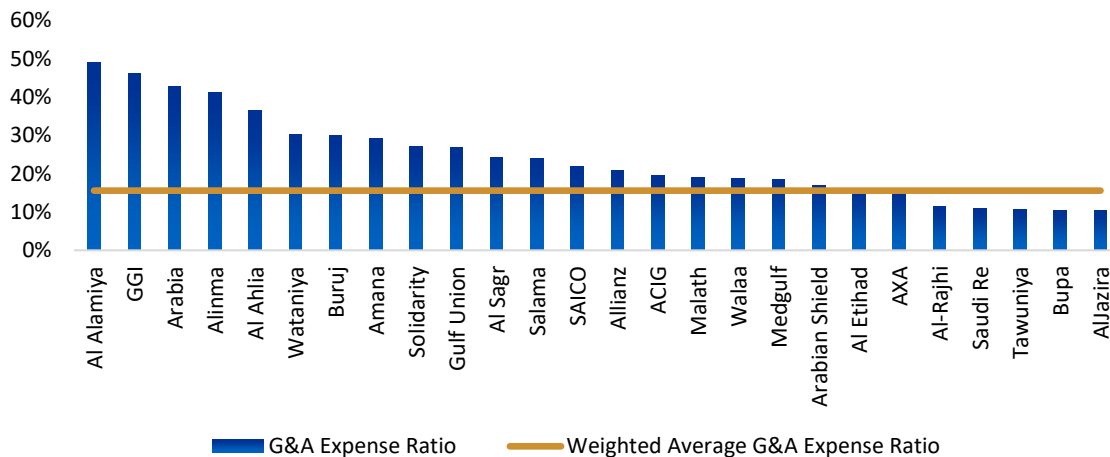


Weighted average G&A Expense ratio for the industry was 15.6% for 2019.

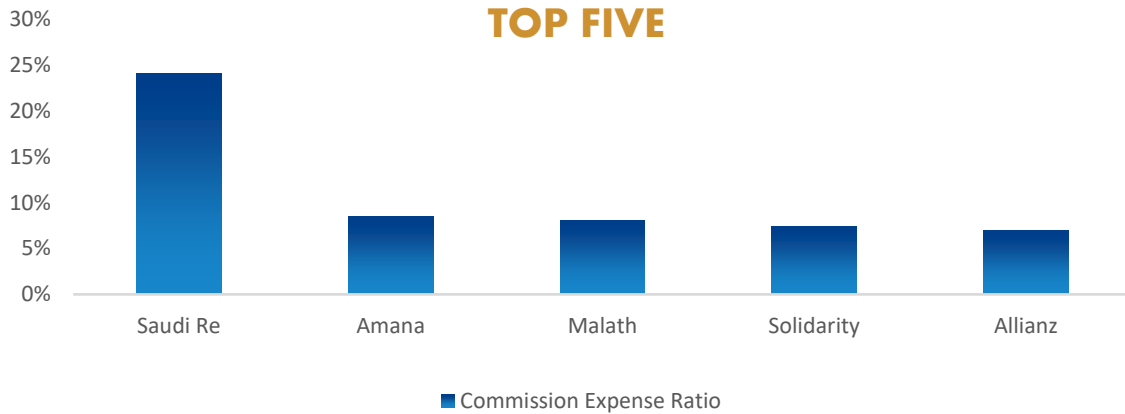
Among all, UCA had the highest G&A Expense ratio of 146% whereas, the lowest G&A Expense ratio of 10% is reflected by Al Jazira.

G&A Expenses are calculated by taking the proportion of General and Administrative Expense to the Net Earned Premium.

## OTHERS



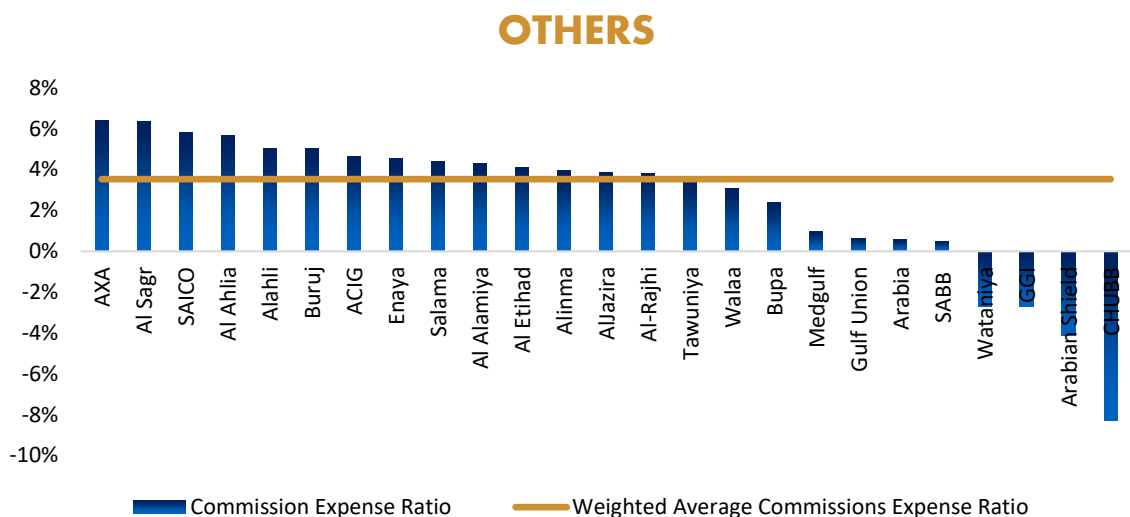
# COMMISSION EXPENSE



Saudi Re showed the highest commission expense ratio for 2019 of 24%, whereas the lowest commission expense ratio of -42% is reflected by UCA.

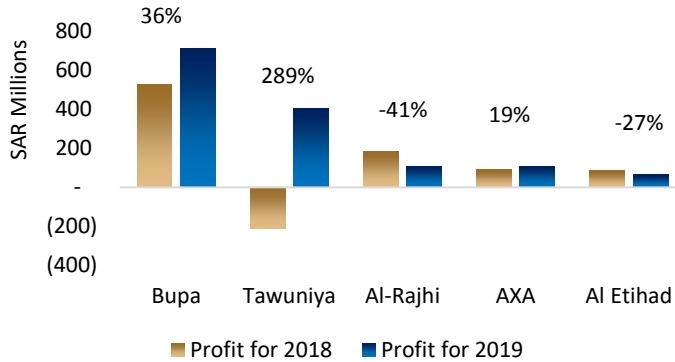
Industry Weighted Average Commission Expense ratio is at 4%.

Commission Expense ratio is calculated by taking the proportion of Commission Expenses to the Net Earned Premium.



# PROFIT COMPOSITION

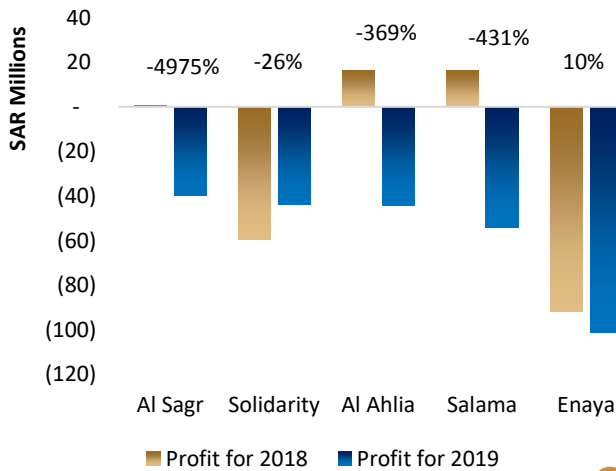
## TOP FIVE



Bupa Arabia booked the highest profit for 2019 of SAR 713 million as compared to a profit of SAR 525 million for the corresponding period of 2018.

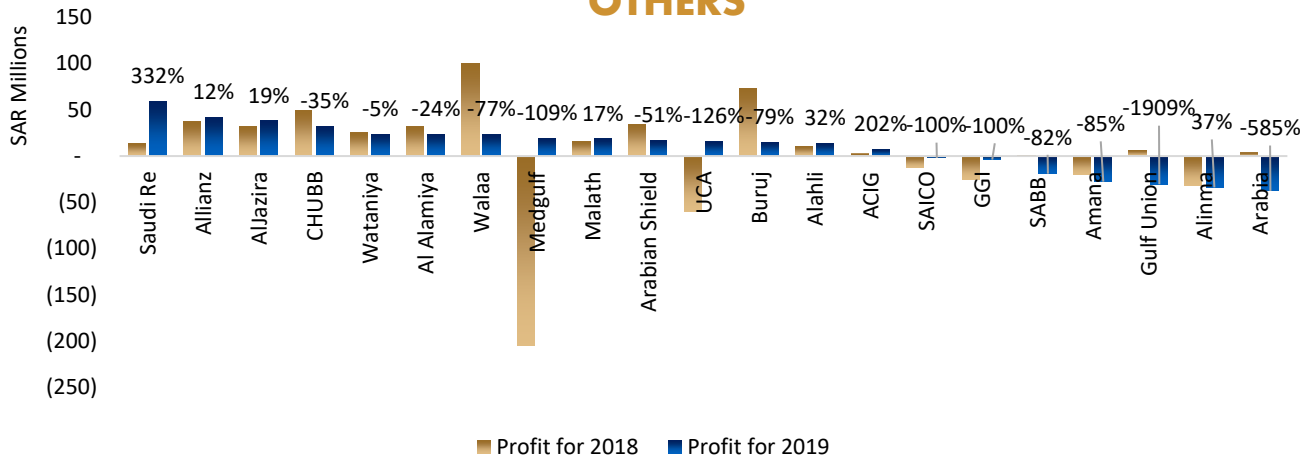
Enaya has booked the highest loss of SAR 101 million in 2019 as compared to a loss of SAR 92 million in the corresponding period of 2018.

## BOTTOM FIVE



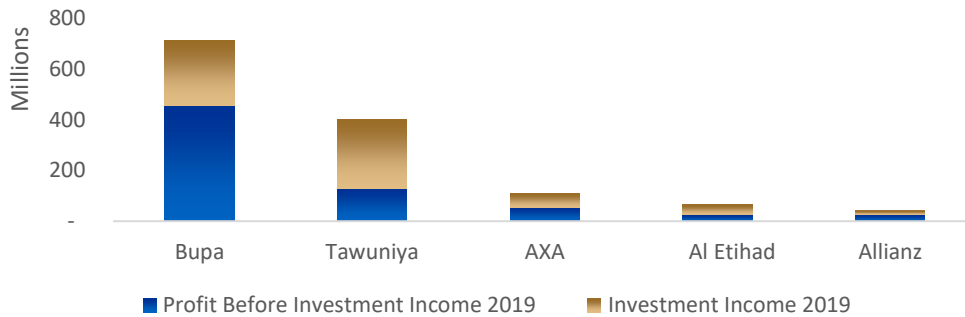
Net profit generated by the industry 2019 amounted to SAR 1,305 million compared to a profit of SAR 639 million for the corresponding period of 2018, which is an increase of around 104%.

## OTHERS

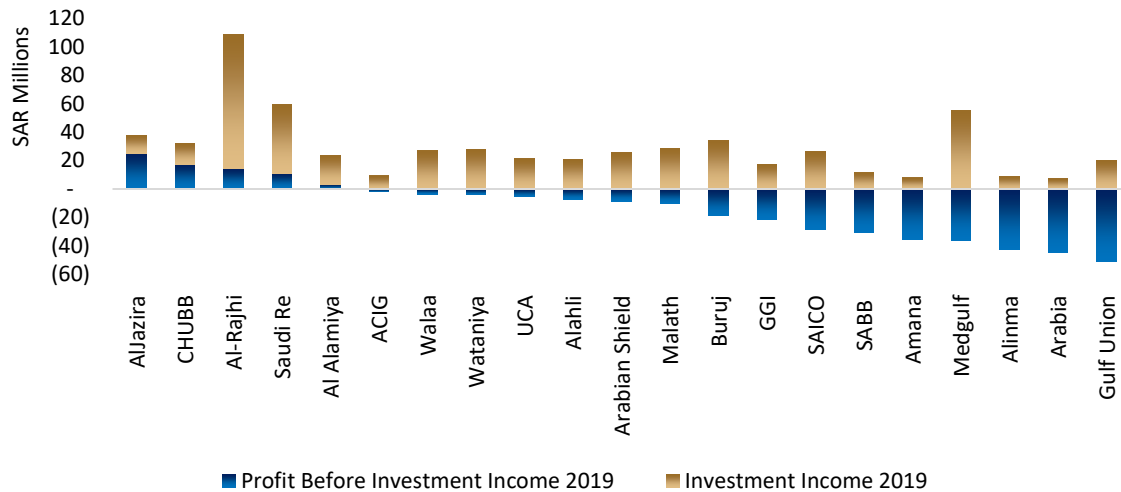


# PROFIT COMPOSITION

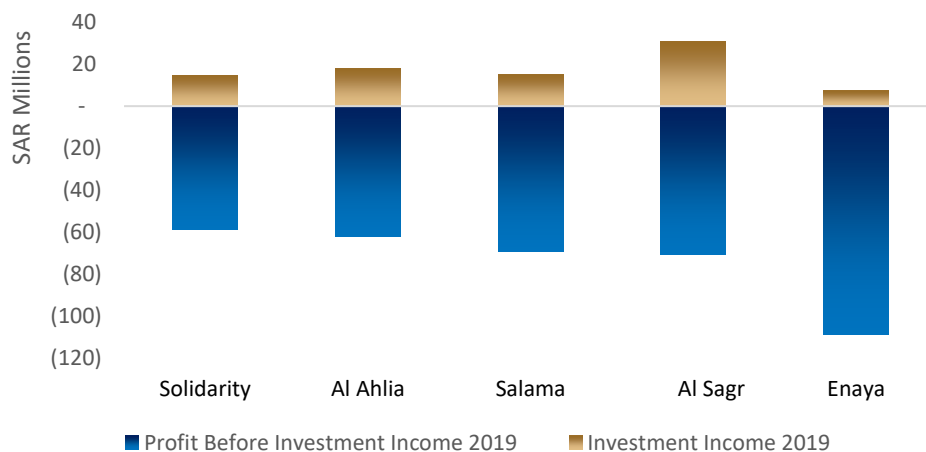
## TOP FIVE



## OTHERS

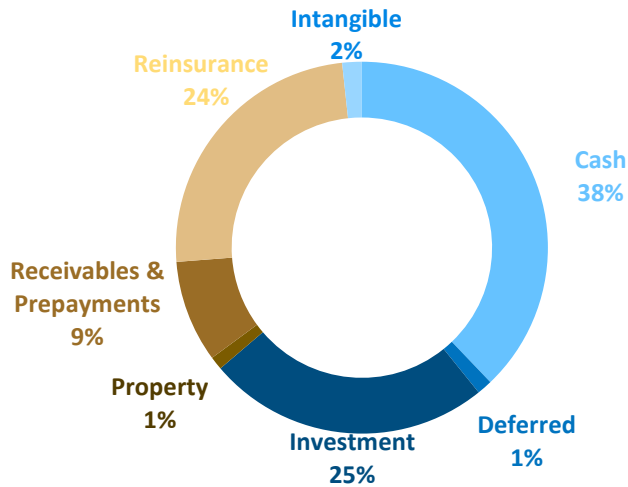


## BOTTOM FIVE

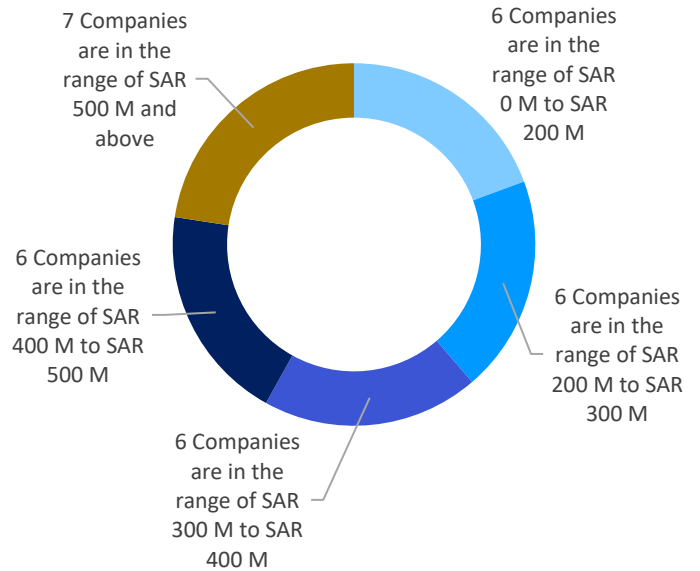


# ASSETS & SHAREHOLDER EQUITY ANALYSIS

## ASSETS CLASSIFICATION

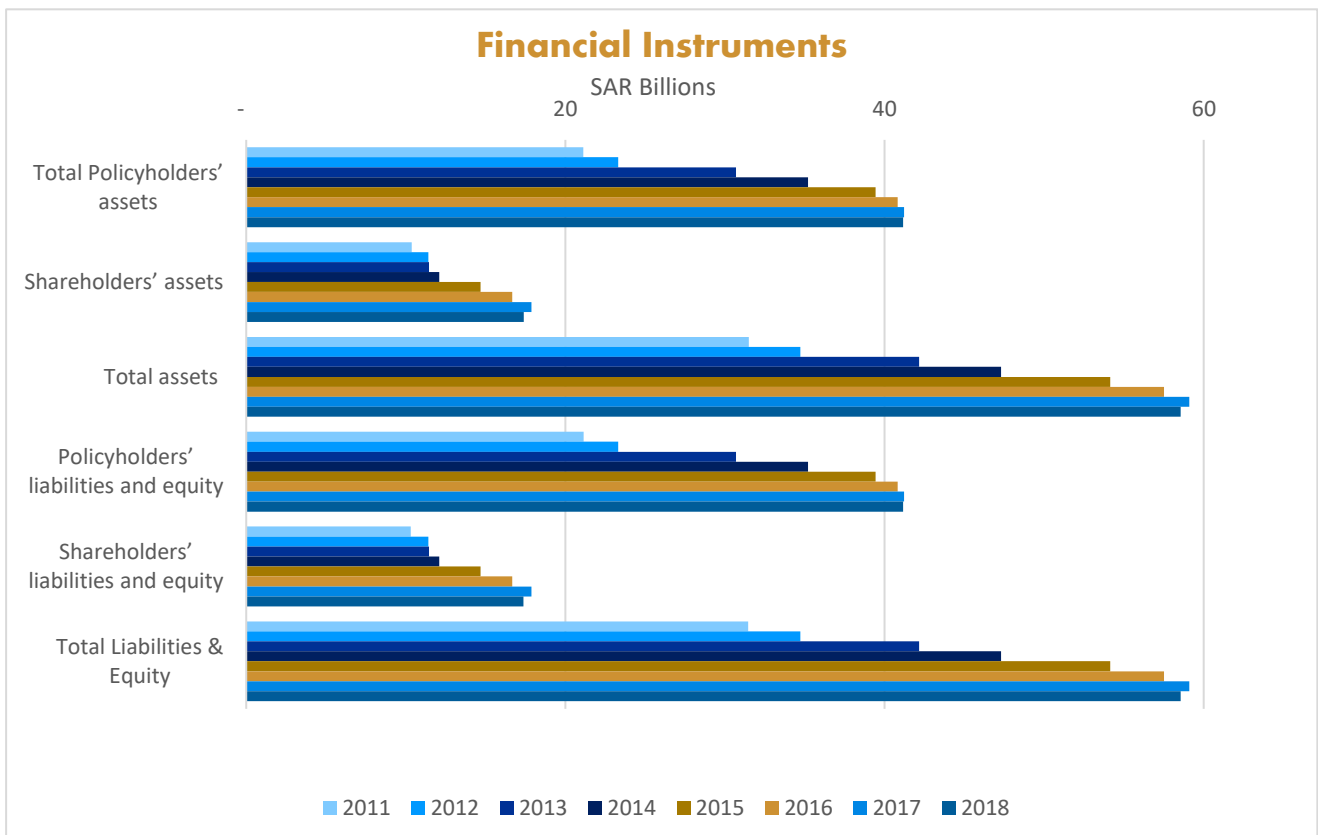


## EQUITY SIZE & COMPANIES



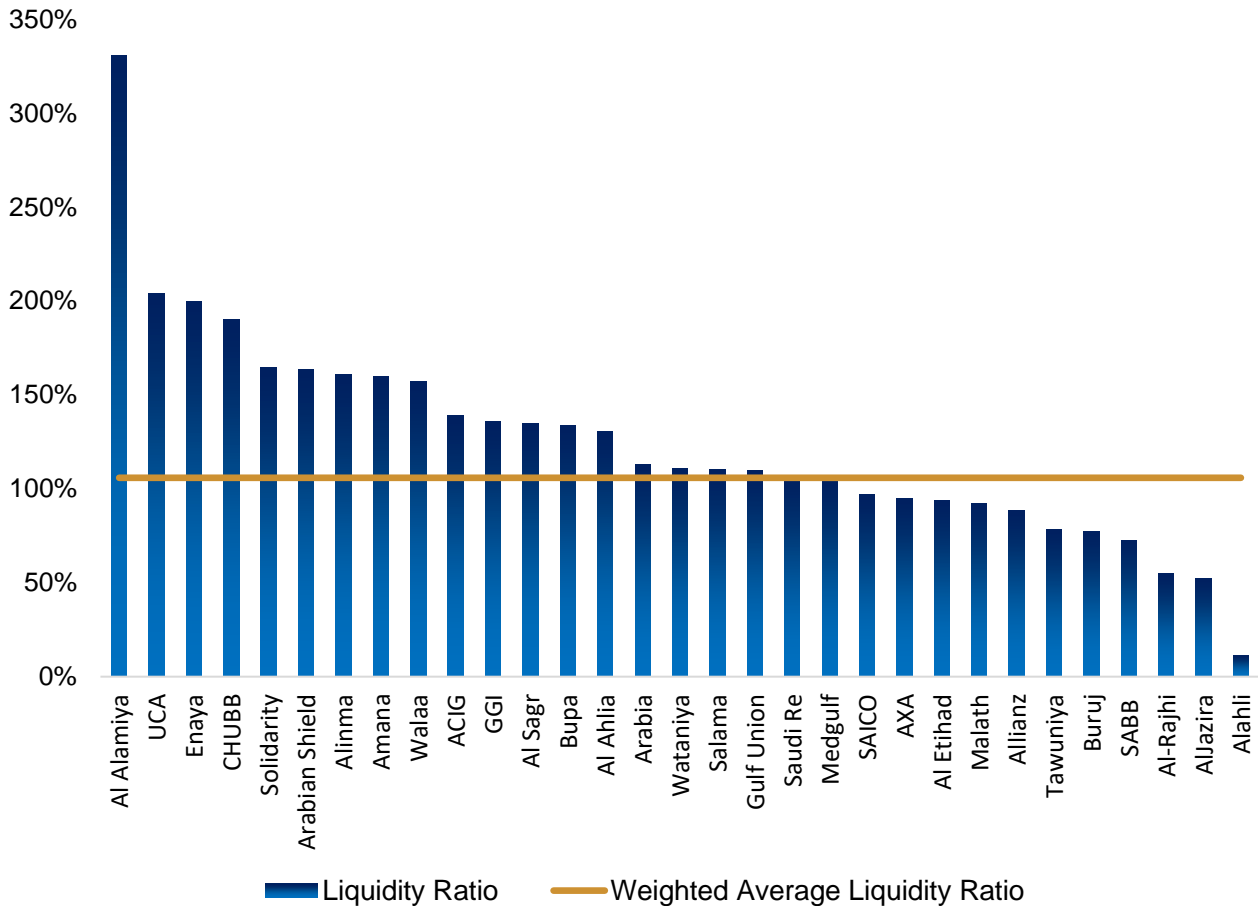
Most of the companies have total shareholder's equity of less than SAR 500 Million.

## Financial Instruments



# LIQUIDITY RATIO

## LIQUIDITY



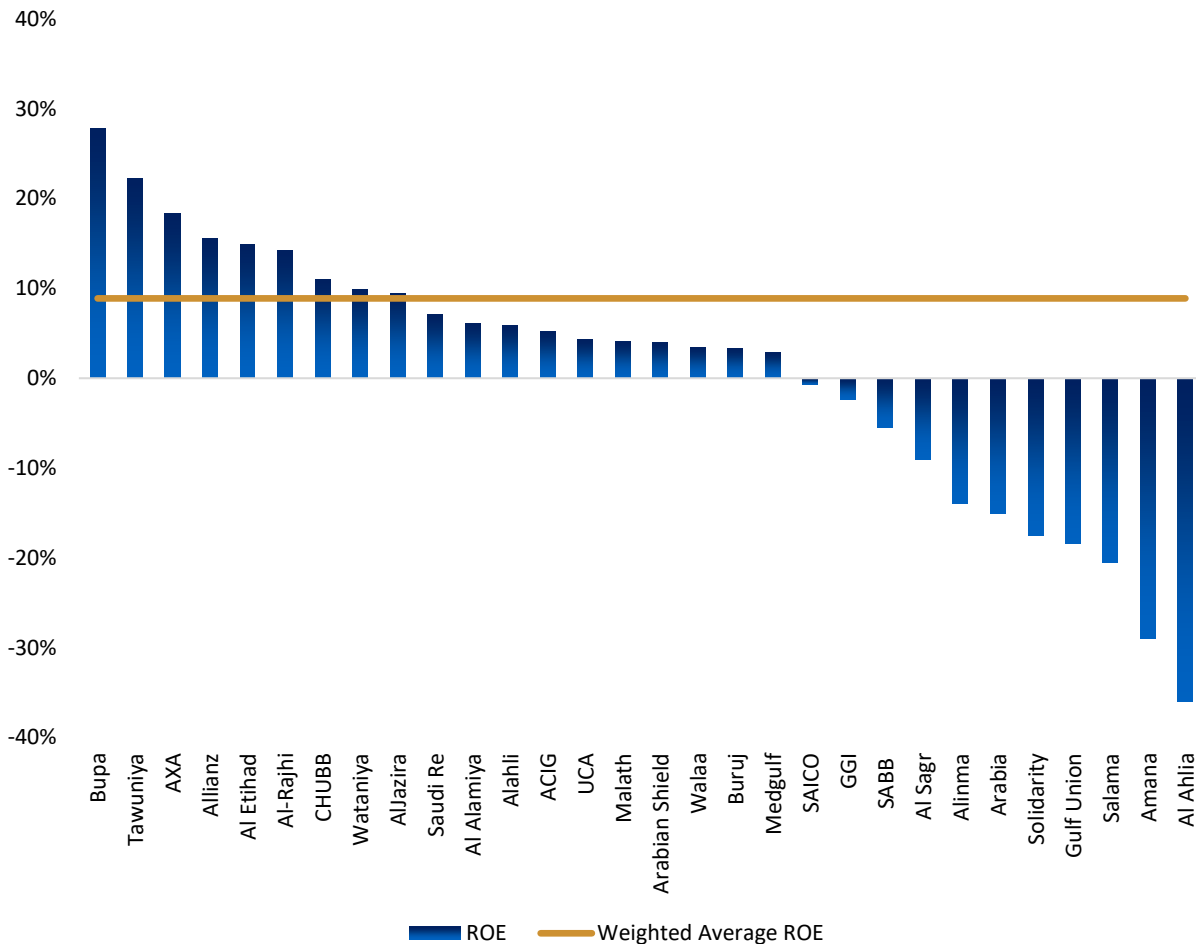
The highest Liquidity Ratio for 2019 was 330% shown by Al Alamiya, whereas the lowest return on equity of 11% is reflected by Alahli.

Weighted average Liquidity ratio for the market was at 106%.

The liquidity ratio has been calculated as a ratio of current assets over total net technical reserves as at 31 December 2019.

# RETURN ON EQUITY

## ROE



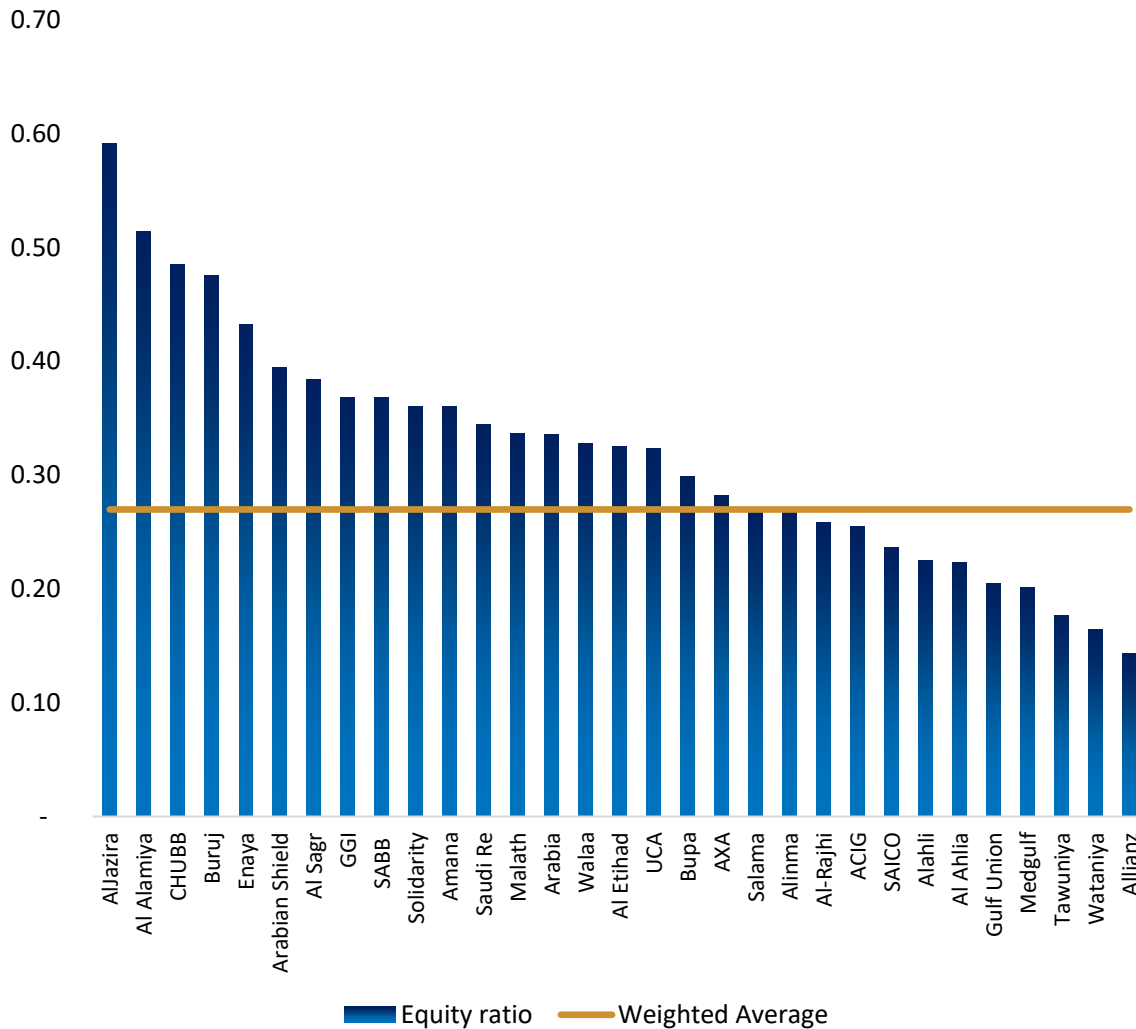
Bupa showed highest return on equity of 28% for 2019, whereas the lowest return on equity of -183% was reflected by Enaya for the same period.

Industry weighted average return on equity is at 9%.

The return on equity has been calculated as a ratio of net profit of 2019 to total shareholder's equity as at the beginning of 2019.

# EQUITY RATIO

## Equity Ratio



The highest Equity ratio for 2019 is 0.59 shown by Al Jazira, whereas the lowest ratio of 0.14 is reflected Allianz.

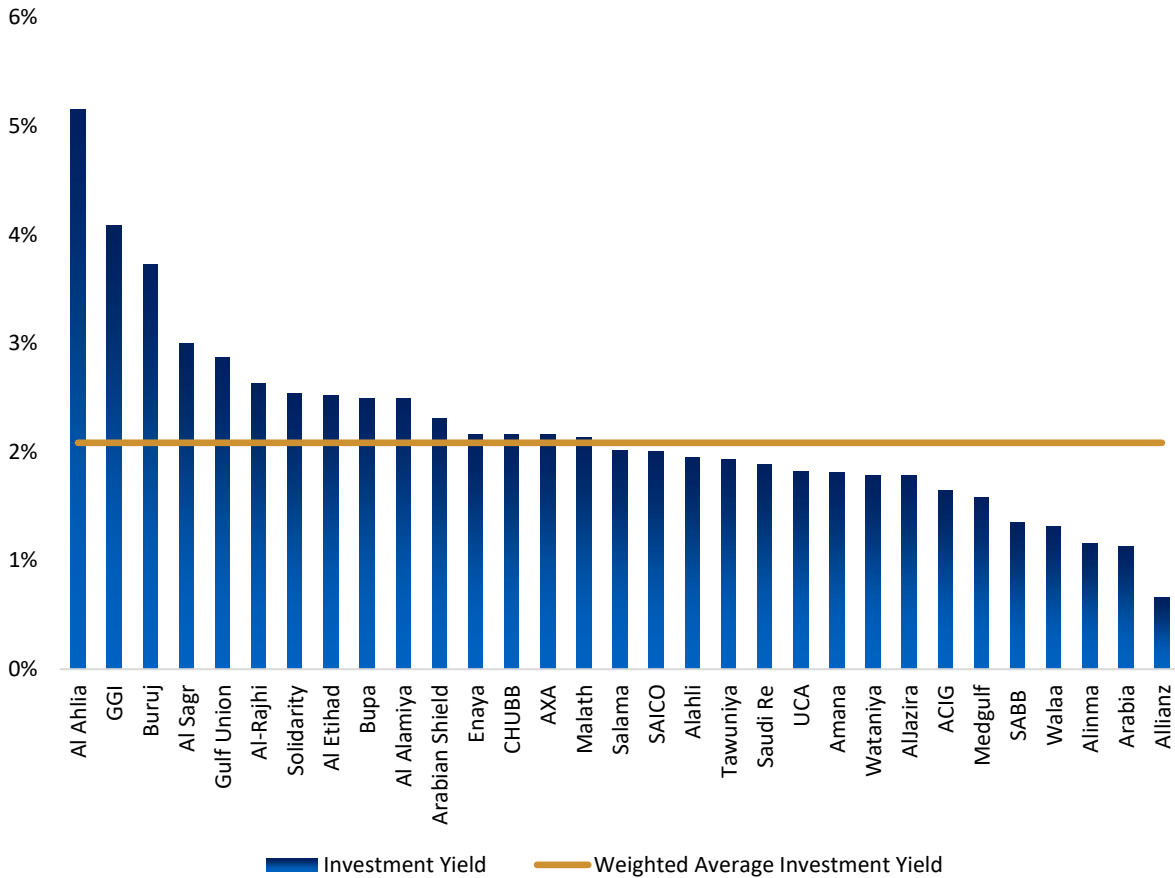
Weighted average Equity ratio for the market is 0.27.

The Equity ratio is a financial ratio indicating the relative proportion of equity used to finance a company's assets. It is calculated as Total equity as at 31 December 2019 divide by Total Assets as at 31 December 2019.



# INVESTMENT YIELD

## INVESTMENT YIELD

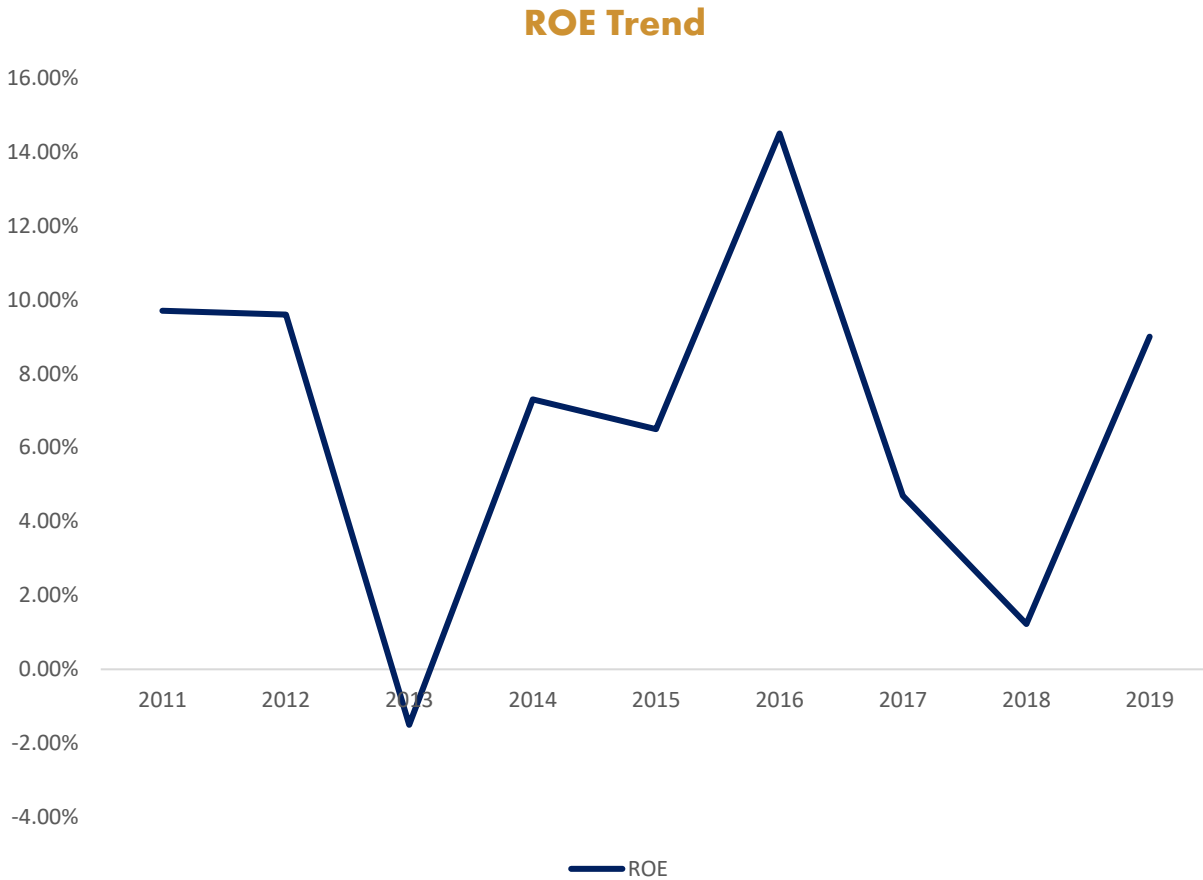


The highest return on Investment for 2019 is 5%, shown by Al Ahlia, whereas the lowest return on assets of -1% is reflected by Allianz.

Weighted average return on assets for the market is at 2%.

The Return on Asset has been calculated as a ratio of Investment income of 2019 to Total Assets as at 31 December 2019.

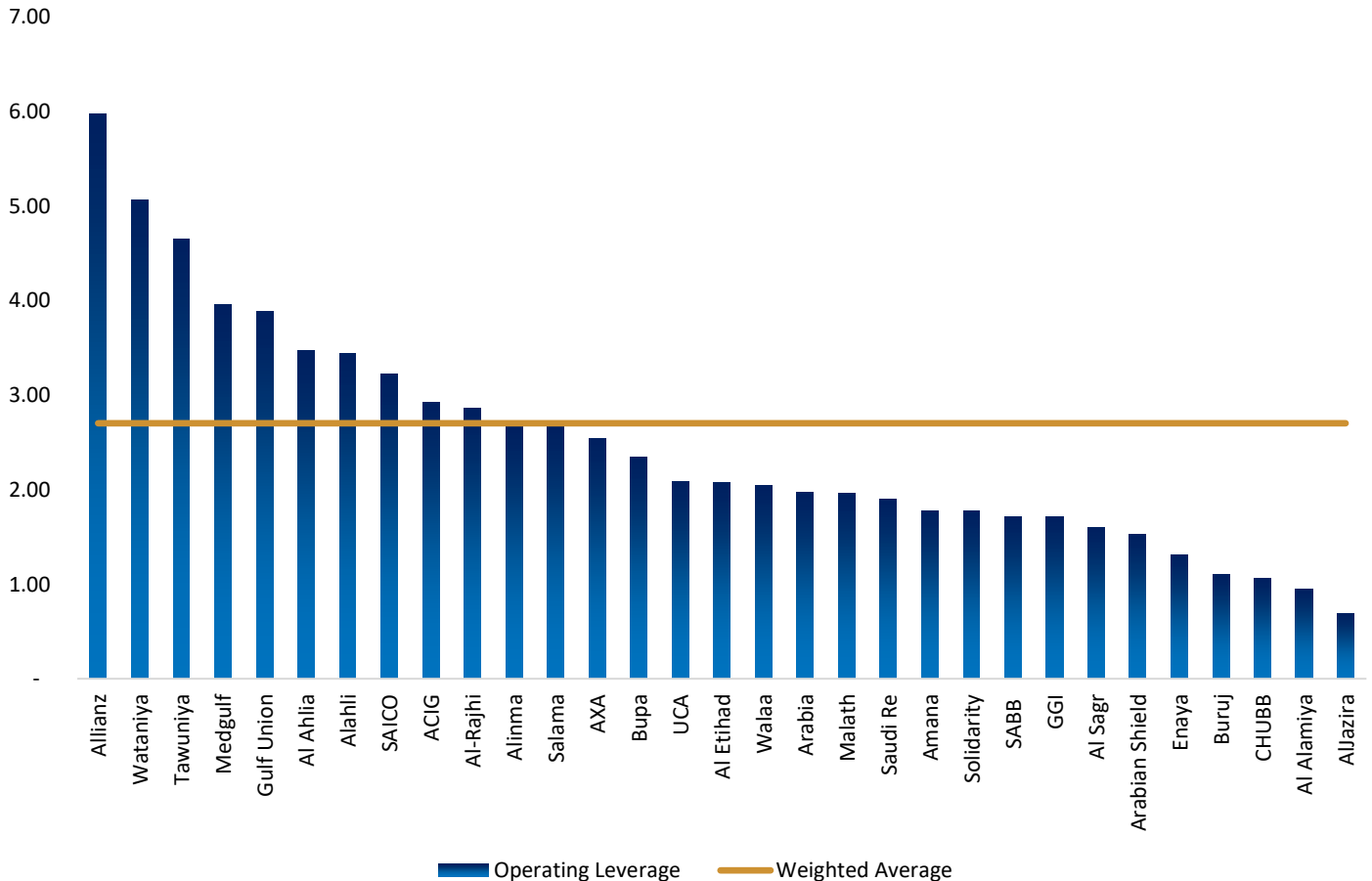
# RETURN ON EQUITY TREND



Over the past years, ROE has shown chaotic behavior however, it peaked in 2016 and then faced a decline afterwards.

# LEVERAGE

## Operating Leverage



The highest gearing ratio for 2019 is 5.98, shown by Allianz, whereas the lowest ratio of 0.69 is reflected by Al Jazira.

Weighted average gearing ratio for the market is 2.70

The Leverage ratio; also known as gearing ratio, is calculated by taking the proportion of Total Liabilities as at 31 December 2019 to Net worth of the Company as at 31 December 2019.

# COMPANIES INCLUDED IN ANALYSIS

S. No.	Symbol	Name	Abbreviations
1	8010	The Company for Cooperative Insurance	Tawuniya
2	8012	Aljazira Takaful Taawuni Co.	AlJazira
3	8020	Malath Cooperative Insurance Co.	Malath
4	8030	The Mediterranean and Gulf Insurance and Reinsurance Co.	Medgulf
5	8040	Allianz Saudi Fransi Cooperative Insurance Co.	Allianz
6	8050	Salama Cooperative Insurance Co.	Salama
7	8060	Walaa Cooperative Insurance Co.	Walaa
8	8070	Arabian Shield Cooperative Insurance Co.	Arabian Shield
9	8080	SABB Takaful Co.	SABB
10	8100	Saudi Arabian Cooperative Insurance Co.	SAICO
11	8120	Gulf Union Cooperative Insurance Co.	Gulf Union
12	8130	Alahli Takaful Co.	Alahli
13	8140	Al-Ahlia Insurance Co.	Al Ahlia
14	8150	Allied Cooperative Insurance Group	ACIG
15	8160	Arabia Insurance Cooperative Co.	Arabia
16	8170	Trade Union Cooperative Insurance Co.	Al Etihad
17	8180	Al Sagr Cooperative Insurance Co.	Al Sagr
18	8190	United Cooperative Assurance Co.	UCA
19	8200	Saudi Re for Cooperative Reinsurance Co.	Saudi Re
20	8210	Bupa Arabia for Cooperative Insurance Co.	Bupa
21	8230	Al-Rajhi Company for Cooperative Insurance	Al-Rajhi
22	8240	CHUBB Arabia Cooperative Insurance Co.	CHUBB
23	8250	AXA Cooperative Insurance Co.	AXA
24	8260	Gulf General Cooperative Insurance Co.	GGI
25	8270	Buruj Cooperative Insurance Co.	Buruj
26	8280	Al Alamiya for Cooperative Insurance Co.	Al Alamiya
27	8290	Solidarity Saudi Takaful Co.	Solidarity
28	8300	Wataniya Insurance Co.	Wataniya
29	8310	Amana Cooperative Insurance Co.	Amana
30	8311	Saudi Enaya Cooperative Insurance Co.	Enaya
31	8312	Alinma Tokio Marine Co.	Alinma

# Disclaimer

- Analysis of the Key Performance Indicators (KPIs) of 31 Listed Insurance Companies of KSA for the year ended Dec 31, 2019 has been undertaken. The data has been extracted from the annual financial statements of 2019 of all companies as available on Tadawul.
- While we have tried to ensure accuracy in the data input and evaluation process, in view of the natural scope for human and/or mechanical error, either at input or during analysis, we accept no liability whatsoever for any loss or damage resulting from errors, inaccuracies or omissions of any part of this publication. If you come across an error or have a query, do write to us.
- This report is for information purposes only and should not be relied on and we accept no liability for reliance.
- In certain cases, we have combined certain items for comparison purposes.
- The Report contains previous years values in a number of places that are taken from the Industry Reports of previously published by SAMA.



# BADRI

## ABOUT OUR TEAM

UAE/Oman  
Actuarial

23 STAFF

KSA Actuarial

18 STAFF

Medical

4 STAFF

Business  
Intelligence

10 STAFF

End of Service

7 STAFF

HR Consulting

2 STAFF

7 SUPPORT AND ADMIN STAFF

TOTAL STRENGTH = 71



# BADRI

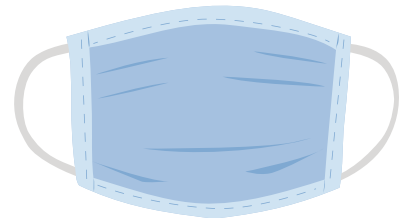
## SOME SAFETY TIPS FROM TEAM BADRI

You're braver than you believe and stronger than you seem, and smarter than you think - so follow guidelines & stay safe.

**Take extra care of Hygiene**



**Don't forget to wear protective mask**



**Avoid touching eyes, nose and mouth**



**Maintain safe distance**



# CONTACT US!



**Hatim Maskawala**



**Ali Bhuriwala**



**Mirza Ali**



**Aiman Naseem**



**Razi Zaidi**



## FEEDBACK

Badri Management Consultancy is proud to present the Saudi Insurance Industry Analysis 2019. 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.



## GET IN TOUCH WITH US!



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341486, Dubai Silicon Oasis,  
Dubai, UAE



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5B-2/3, 5th Floor, Fakhri Trade  
Center, Shahrah-e-Liaquat,  
Karachi 74200, Pakistan