



# GCC INSURANCE INDUSTRY

31ST JANUARY 2024

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## Glossary

**Gross Domestic Product (GDP):** Total market value of the goods and services produced by a country's economy during a specified period of time

**Insurance:** A mechanism of contractually shifting burdens of pure risks by pooling them

**Reinsurance:** A type of insurance taken by the insurance company from another insurance company to insulate itself from the risk of a major claims event

**Gross written premium (GWP):** Total premium written and assumed by an insurer before deductions for reinsurance and ceding commissions for a policy that has already become effective

**Insurance penetration:** Gross written premium measured as a percentage of gross domestic product

**Insurance density:** Gross written premium measured per capita

**Net written premium (NWP):** Gross written premium less reinsurance ceded plus reinsurance assumed

**Net Earned Premium:** Total premiums collected over a period that have been earned based on the ratio of the time passed on the policies to their effective life

**Cession rate:** The percentage of written premium transferred to a reinsurer by a primary insurer (ceding company)

**Retention rate:** The percentage of written premium retained by a primary insurer

**Net underwriting profit / (loss):** Excess/deficit of premium earned after providing for all expenses directly attributable to underwriting activities and excluding investment income

**Claims ratio:** Net claims incurred as a percentage of net earned premium

**Expense ratio:** Underwriting and administrative expenses as a percentage of net earned premium

**Combined ratio:** The sum of claims ratio and expense ratio. A combined ratio of less than 100 indicates an underwriting profit

**Investment returns:** Calculated by dividing gross investment income over investments in securities, affiliates and property

**Takaful:** Follows Islamic religious principles such as bans on interest and pure monetary speculation. Here, risk is pooled among policyholders rather than being borne entirely by the company

**Bancassurance:** Involves the distribution of insurance products through the banking channel

**Life insurance:** Involves the distribution of insurance products such as whole life insurance and term insurance

**Health/Medical insurance:** Involves the distribution of insurance products covering the insurer for in-patient and outpatient medical expenses, maternity, optical and dental treatments, accidental death, disability due to accident or sickness and emergency medical repatriation. Health and Medical insurance can be used interchangeably

**Property & casualty insurance:** Involves the distribution of insurance products covering for loss of or damage to buildings, furniture, plant and machinery, fixtures and fitting, due to fire, explosion, burglary, natural calamities and terrorism, among others

**Motor insurance:** Involves the distribution of insurance products covering for loss of or damage to the insured's vehicle by accidental collision or overturning, fire, theft and while being transported (including the process of loading / unloading), among others

**Travel insurance:** Involves the distribution of insurance products covering the insurer during travel period for any medical and hospitalization expenses, loss of cash and baggage, trip cancellation and repatriation in case of death, serious illness or accident, among others

**Marine insurance:** Involves the distribution of insurance products covering the risks of transit for all types of cargo transported by sea and air freight, land transit, in addition to hull and machinery, excess liabilities risks, loss of hire, protection and indemnity risks

**Aviation insurance:** Involves the distribution of insurance products covering all risks in the sector such as maintenance, repairs/overhaul liability, hull war, manufacturers hull and liability, loss of license, spares all risks and comprehensive, aviation third party war liabilities, operators liability and hangar keepers liability

**Engineering & construction insurance:** Involves the distribution of insurance products covering against all risks related to engineering and construction activities such as contractors plant, equipment and machinery, electronic equipment, machinery breakdown, sabotage and terrorism, among others

**Oil & gas insurance:** Involves the distribution of insurance products covering against various risks including onshore and offshore activities, and operational assets for oil & gas entities. Product offerings also include solutions for alternative/renewable energy sectors

**Workmen's compensation & benefits insurance:** Involves the distribution of insurance products covering legal liability of employers to compensate their employees for death, disablement or injury due to an accident at work during the period of employment contract

**Public & product liability insurance:** Involves the distribution of insurance products such as public liability insurance that includes cover against property damage or personal injury caused through business activities, and product liability insurance that includes cover for property damage or bodily injury arising out of a defective product manufactured

**Third party liability insurance:** An insurance policy purchased for protection against the claims of another

**Fidelity guarantee products:** Involves the distribution of insurance products covering common fidelity claims such as employee dishonesty, embezzlement, forgery, robbery, safe burglary, computer fraud and wire transfer fraud, among others

**Protection & savings insurance:** Involves the distribution of insurance products providing covers for children's education expenses, retirement covers, personal protection and family protection plans

*“The GCC countries maintain stability despite market challenges, supported by positive leadership, resilience to global macroeconomic conditions, and robust fiscal surpluses from buoyant oil prices and infrastructure projects. The insurance sector sees growth opportunities with strengthening economies, emerging risks, and expanding mandatory insurance covers. Increasing merger and acquisition activity in the region could improve market profitability, reducing price competition.*

*However, challenges include intense competition, pricing pressure, supply chain disruptions, inflationary pressures, and the impact of hardening reinsurance market conditions. Weather-related losses, especially floods, test insurers' risk management capabilities, posing a threat to underwriting margins.*

*ESG considerations and the perceived effectiveness of how businesses, insurers included, address ESG requirements is becoming a significant factor impacting competitive positioning and reputation in the marketplace.*

*Insurers must embrace sustainability goals and understand the ESG regulatory framework. ESG-related pressures will influence every facet of insurers' operations in the region, from investment strategies and claims levels to the treatment of both customers and employees. Consequently, integrating sustainability goals into a business's corporate governance is vital, necessitating a thorough comprehension of the ESG regulatory landscape.*

*Therefore, the effective use of technology—specifically, AI-driven stress testing of products and procedures against ESG standards—will be crucial in assisting insurers and their customers in mitigating ESG impacts. Regulatory pressure is intensifying in both force and complexity, with a particular focus on climate change and biodiversity loss as two critical issues. Prudent businesses should incorporate ESG considerations into their global value chains, seizing the opportunity to advance along the ESG maturity curve and create value.*

*The repercussions of geopolitical risks, evident in today's conflicts and tensions between countries, extend across nearly all sectors of business. Additionally, the surge in cyber risks poses another significant challenge and emphasizes the need for innovation through technology.*

*The persisting highest global inflation rate in decades influences claims inflation across insurance lines. Although there were indications of a slight easing in prices during 2023, additional factors will ensure that the repercussions of claims inflation persist across all insurance lines in the upcoming year.*

*Certainly, technology-driven innovation remains a central focus for insurers and reinsurers. This concept reflects the continuous evolution of the insurance industry and the businesses it supports, playing a pivotal role in fostering growth.*

*In 2023, the Central Bank of the UAE acting as the unified regulator for banking and insurance sector in UAE issued multiple new regulations, guidelines, and drafts which we suspect will come into play in the coming months. Once introduced the various regulations will affect insurers, policyholders, and stakeholders. These changes encompass health authorities' directives, such as providers contracting directly with insurers, draft broking regulations, the open finance regulations, fit and proper regulations and more which will be shaping the regulatory landscape for the coming months.”*

**Fareed Lutfi**

**Secretary General, Emirates Insurance Association and Gulf Insurance Federation**

*“The year 2023 was marked by positivity on different levels compared to previous years that were affected by the COVID-19 pandemic wherein the insurance sector was affected by low economic activity and high claims. Post the pandemic, the economy in general and the insurance industry in particular are moving ahead with moderate growth. In the Sultanate of Oman, new projects have been announced in addition to various pursuits in the pipeline, along with a host of investments under discussion. Such positive activity widens the growth prospect for all the economic sectors including the insurance industry.*

*On one hand insurance companies are focusing on customer service while on the other, there has been a change in the insurance sector after the pandemic and proliferation of natural disasters, which has led to increased awareness about the importance of emerging risks and the need to address them. Cyber risk is emerging as a significant area but is not yet having a major impact on our region compared to East Asia, Europe and the US. The number of cyber-attacks and malware have multiplied, driving the insurance sector to take measures and find solutions for these serious risks. Dhofar Insurance is closely working with leading reinsurance companies to create new cyber insurance products specific to individual retail customers besides designing bespoke cover for corporate clients.*

*Digital transformation and adoption of technology is the need of the hour. Along with implementing digital systems, insurance operators, including ourselves, are using AI for risk assessment, pricing of certain risks, claims management and fraud detection. Going forward, we expect customer centricity to remain the main focus of insurers while developing applications and platforms which will facilitate customers to engage from the comfort of their home or office."*

**Sunil Kohli**

**Chief Executive Officer, Dhofar Insurance Co., Oman**

*"The GCC insurance industry was in 2023 reaping benefits of economic growth in the region. The expansion of infrastructure projects and the strength of medical insurance will continue in 2024. There are opportunities for continued insurance growth as economies strengthen, new insurable risks that enter the markets and products offerings through the enforcement of mandatory insurance covers. There have been few cases of (M&A) in the region and this trend will continue in the coming years which will improve the market profitability and reduce price competition. Fierce competition on price, digitalization and growing regulatory oversight are just some of the dynamics that are reshaping the insurance sector. One of the notable outcomes is consolidation. With the evolution of the digital economy, comes new opportunities for insurers to develop new policies to tackle changing and future risks.*

*The GCC insurance industry today are facing six challenges:*

- *Digital disruption*
- *Regulatory compliance*
- *Climate change*
- *Changing customer needs*
- *Cyber security threats*
- *Cutthroat competition*
- *Lack of competent employees*

*In the coming years, insurers must benefit from the experience they gain to meet unexpected difficulties, regardless of how insurers capitalize on the trends which will need to reassess the future.*

*The growth of premium in the GCC region will be driven by economic development, population growth and the introduction of new products and compulsory covers. As we look to the future growth, insurers are looking for microeconomic and structural headwinds, increase demands regarding climate risks and social purpose and the exponential growth in digital innovation. As a result, we can say that there is real potential growth in GCC's insurance industry.*

*The insurance trend in the GCC region expects more M&A and products differentiation to be introduced in the market. The region will focus more on profitability for core business. We expect standards like IFRS 17 and tax regimes will reflect on the insurance performance and operation including accounting policies. Above all, the importance of how the insurers can serve and manage their customers."*

**Dr. Abdul Zahra A. Ali Al Turki**

**CEO, National General Insurance Company (PJSC), UAE**



*“The GCC insurance industry has witnessed a consistent rise in gross written premiums and is expected to accelerate on this growth trajectory over the next five years. A confluence of factors, including economic growth, population rise, and increased demand for health and life insurance, is expected to aid growth across various segments of the insurance industry in the region. The execution and completion of large infrastructure projects in all the GCC countries will increase the volume of insurable assets in the market, supporting a rise in premiums. Continued advancement of mandatory insurance lines and adoption of international regulatory standards are expected to improve insurance penetration levels and strengthen the overall landscape of the industry.*

*Increasing operating costs, competitive nature of the market along with rising claims inflation and tax rates are some of the challenges impeding growth of the industry. Nevertheless, insurance companies are looking to invest in Artificial Intelligence, Internet of Things, and blockchain in product development to enhance customer support, real-time monitoring of claims and prevent fraudulent claims. The industry is also witnessing the emergence of new products like cyber insurance to meet the evolving demands of the consumers. M&A activities in the region, driven by regulatory changes, increased operating expenses, competitive pressures, and a scarcity of available insurance licenses, are expected to gain momentum. Going forward, we anticipate increased activity and heightened focus on collaborations with Insurtech companies to create new models and enhance operational efficiency. “*

**Rohit Walia**

**Executive Chairman and CEO, Alpen Capital (ME) Ltd.**

## 1. Executive Summary

The GCC insurance industry has grown consistently in recent years, propelled by the economic rebound following the COVID-19 slowdown and the successful implementation and advancement of mandatory health insurance across GCC countries. This positive trajectory is expected to persist in the long term, fueled by sustained economic diversification initiatives, population growth, and substantial infrastructure development within the region. The GCC insurance markets are witnessing an increase in Merger & Acquisition (M&A) activities, presenting opportunities for traditional and Takaful companies to develop, diversify, and collaborate with Insurtech companies to create innovative models and enhance profitability. Concurrently, government initiatives aimed at introducing new medical coverage and reinforcing regulatory frameworks are poised to further boost growth of the insurance industry.

### 1.1 Scope of the Report

This report is an update to Alpen Capital's GCC Insurance Industry Report dated February 8, 2022. It focuses on the current state of the insurance industry across the GCC countries, including recent trends, growth drivers and challenges. The report also provides an outlook of the industry until 2028, along with profiles of select insurance providers in the region and a brief analysis of the financial and market valuation metrics.

### 1.2 Industry Outlook

- The GCC insurance market is projected to grow at a CAGR of 5.3%, reaching US\$44.4 billion in 2028 from US\$ 34.3 billion in 2023. This growth is fueled by a confluence of factors, including robust economic growth, population rise, increased demand for health and life insurance, extensive infrastructure projects, strengthened regulations, mandatory insurance schemes, and growing M&A activities.
- Insurance markets in Kuwait and Saudi Arabia are expected to outpace regional growth, with CAGRs of 6.4% and 5.8%, respectively, over the next five-years. Saudi Arabia, surpassing the UAE insurance market, emerges as the largest market in the region. Meanwhile the UAE Insurance Market is anticipated to grow at an annualized growth rate of 4.9% during the forecasted period.
- The life insurance market is projected to grow at a CAGR of 4.0% reaching US\$ 4.8 billion, while non-life insurance market is expected to grow at a CAGR of 5.4%, reaching US\$ 39.6 billion between 2023 and 2028. The growth is primarily underpinned by factors such as rising population, post-COVID economic recovery, implementation of mandatory health insurance and ongoing infrastructure development.
- Insurance penetration in the GCC is expected to remain between 1.6% – 1.7%, while the density is projected to grow from US\$ 597.6 in 2023 to US\$ 699.5 in 2028

### 1.3 Key Growth Drivers

- The GCC region has successfully navigated a robust recovery from the pandemic-induced slowdown and the decline in oil prices. Sustaining its growth momentum, the GCC region is buoyed by increased domestic demand, ongoing reform initiatives, positive tourism sentiment, and a rebound in the hydrocarbon market.
- GCC governments' economic diversification strategies are anticipated to drive increased spending on sustainable and alternative infrastructure projects, which is likely to augment the region's insurable assets, consequently boosting the demand for property and liability insurance.
- The GCC insurance market benefits from favorable demographics, characterized by a rising population that is expected to reach 63.4 million by 2028, representing a CAGR of 2.0% since 2023. Notably, a substantial majority of the population comprises of young and working-age individuals.



- The GCC region has progressively enforced the requirement for health insurance, extending it to citizens, expatriates, and foreign visitors. The ongoing expansion of mandatory business lines is expected to contribute to an increased demand for insurance products, thereby stimulating overall growth in the insurance industry.
- Regulatory bodies in the GCC have implemented several rules and standards, including the adoption of International Financial Reporting Standard 17 (IFRS 17), aimed at promoting transparency, accountability, and fairness within the insurance industry.
- Tourism growth coupled with policies regarding mandatory insurance cover for visitors in some GCC countries, namely, Saudi Arabia, Qatar and UAE, is anticipated to drive increased demand for travel health insurance across these countries.

#### 1.4 Key Challenges

- The adoption of IFRS 17 by GCC insurers in January 2023 introduced complex accounting frameworks compelling insurers to substantially change their existing processes. This, along with heightened capital requirements, is proving particularly challenging for medium-sized providers with limited resources and capacity.
- The GCC insurance markets is fragmented and highly competitive. Price competition to secure business in the fiercely competitive motor and medical insurance segments threatens the profit margin of insurers.
- Rising claims inflation and tax rates could adversely impact core business lines, especially motor and medical insurance segments that account for a major portion of the GWP of the GCC insurers. In addition to rising net claims, insurers grapple with the challenge of maintaining profitability in the face of rising tax rates.
- GCC insurers rely heavily on reinsurance, ceding a large proportion of premiums to the international reinsurance markets. A hardening reinsurance market poses risks to the financial performance of the GCC insurers.
- Penetration rates across all segments in the GCC insurance sector lag global standards. The low penetration rate signifies potential that needs to be unlocked by concerted efforts and strategic initiatives to raise awareness and build consumer confidence in the region's insurance products.

#### 1.5 Key Trends

- The GCC region stands as an early adopter of global digital transformation, presenting a significant opportunity for insurers to develop a digital ecosystem, enhancing customer experience while reducing customer acquisition costs.
- The GCC insurance industry has witnessed a surge in M&A activities, propelled by regulatory changes, rising operating expenses, and competitive pressures. Such consolidations continue to provide companies with a strategic avenue for inorganic growth amidst prevailing challenges.
- GCC governments are prioritizing personal data protection amid rising cyber threats creating opportunities for new products such as cyber insurance. Furthermore, there is a rise in credit insurance in the region, driven by the complexities of global trade and economic uncertainties.

The insurance industry in the GCC is undergoing significant transformation, fueled by favorable demographics, robust economic factors, implementation of mandatory health insurance, technological advancements, and growing demand for innovative products. The GCC insurance landscape is maturing, with supportive government regulations continuously seeking to enhance both the regulatory environment and operational efficiency to ensure a sustainable business model.

## 2. The GCC Insurance Industry Overview

***The GCC insurance industry experienced strong growth of 15.2% y-o-y in 2022 due to the introduction of new medical covers, along with the implementation of mandatory health insurance across the GCC***

The insurance industry in the GCC saw a strong 15.2% y-o-y growth from US\$ 28.4 billion in 2021 to US\$ 32.7 billion in 2022<sup>1</sup>. This growth was driven by economic recovery post COVID-19 and the implementation and development of mandatory health insurance across the GCC countries. The GCC's Gross Written Premium (GWP) grew at a CAGR of 4.4% from US\$ 26.4 billion in 2017 to US\$ 32.7 billion in 2022 (see Exhibit 1)<sup>2</sup>. This growth can be attributed to economic recovery, rising population, increasing investments in infrastructure development, and ongoing economic diversification efforts across the region<sup>3</sup>. In the UAE, ongoing collaboration between the government and the insurance industry has resulted in the introduction of several mandatory insurance lines, creating opportunities for insurers in the market<sup>4</sup>. For instance, the launch of the Involuntary Loss of Employment (ILOE) insurance scheme in 2023 has provided an opportunity for insurers to offer coverage to the individuals facing job-related uncertainties. The GCC region is witnessing a change in the distribution of insurance due to advancements in distribution methods and the expansion of digital distribution. The GCC insurance markets are experiencing an increase in the M&A activity, providing opportunities for traditional and Takaful companies to develop, diversify, and collaborate with Insurtech companies to create new models and increase profitability<sup>5</sup>.

***Saudi Arabia surpassed UAE to be the largest insurance market, accounting for 43.5% of the region's GWP in 2022, followed by the UAE with 39.3%***

Saudi Arabia's insurance market surpassed that of UAE to become the largest market in 2022. Accounting for 43.5% of the region's GWP in 2022, Saudi Arabia's insurance market grew at a CAGR of 7.9% between 2017 and 2022 (See Exhibit 2)<sup>6</sup>. This growth is attributed to the introduction of the Inherent Defects Insurance (IDI) scheme for all construction projects to insure against latent defects in buildings or other structures. Additionally, growth is attributed to increased demand for motor and health insurance throughout the country<sup>7</sup>. The UAE accounted for 39.3% of the region's GWP in 2022, wherein its total GWP expanded at a CAGR of 1.1% over the five years due to a rising number of insurance policies, population growth, and favorable demographics. Rapid economic recovery, expansion of mandatory medical coverage, and strategic diversification efforts have all contributed in sustaining the GCC economies<sup>8</sup>.

***Kuwait witnessed the highest GWP growth in the GCC between 2017 and 2022, underpinned by economic diversification and transformation strategy***

Kuwait's insurance market recorded the highest GWP growth in the region at a CAGR of 8.7% between 2017 and 2022, supported by economic diversification plans, growing employment, and tax benefits offered on insurance products. The surge in growth was supported by the implementation of a mandatory medical scheme for expatriates and a rise in premiums for the existing medical cover for local retirees (AFYA). The expansion of the AFYA scheme, with an increasing number of members, played a significant role in driving this growth<sup>9</sup>. As a result, Kuwait's market share of GCC's GWP increased from 4.2% in 2017 to 5.2% in 2022. Similarly, Qatar's focus on industrial diversification and economic transformation, along with increased awareness of the life insurance benefits, had a positive impact on their insurance market<sup>10</sup>. Qatar's insurance market increased at a CAGR of 4.1% over the five years with a market share of 5.4% in 2022. Oman experienced a CAGR of 3.7% in GWP between 2017 and 2022. The growth in insurance market of Oman and Bahrain is primarily driven by the introduction of mandatory health coverage in the countries. Oman introduced the mandatory health

<sup>1</sup> Source: "World insurance: stirred, and not shaken", Swiss Re; "World Economic Outlook Database", IMF, October 2023; SAMA; UAE CB; CBB; CMA of Oman

<sup>2</sup> Source: "World insurance: stirred, and not shaken", Swiss Re; "World Economic Outlook Database", IMF, October 2023; SAMA; UAE CB; CBB; CMA of Oman

<sup>3</sup> Source: "GCC Insurers In 2023", S&P Global, March 1, 2023

<sup>4</sup> Source: "Market Segment Outlook: Gulf Cooperation Council Insurance", AM Best, March 5, 2023

<sup>5</sup> Source: "Market Segment Outlook: Gulf Cooperation Council Insurance", AM Best, March 5, 2023

<sup>6</sup> Source: "World insurance: stirred, and not shaken", Swiss Re; "World Economic Outlook Database", IMF, October 2023; SAMA; UAE CB; CBB; CMA of Oman

<sup>7</sup> Source: "GCC Insurers In 2023", S&P Global, March 1, 2023

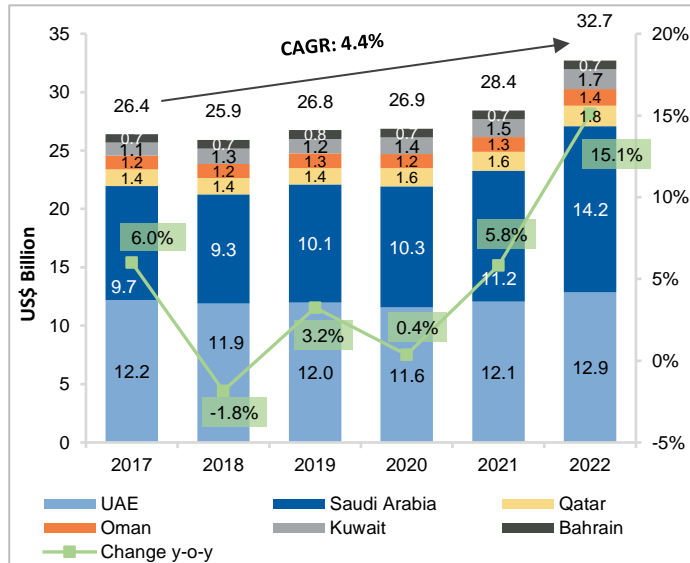
<sup>8</sup> Source: "GCC Insurers In 2023", S&P Global, March 1, 2023

<sup>9</sup> Source: "GCC Insurers In 2023", S&P Global, March 1, 2023

<sup>10</sup> Source: "The Report: Qatar 2022", Oxford Business Group

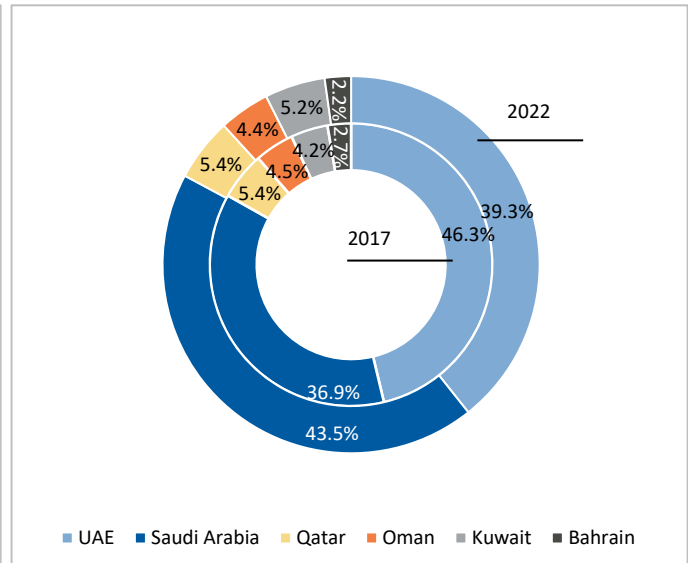
insurance scheme for expatriates and private-sector employees in 2023<sup>11</sup>. Meanwhile, Bahrain saw a modest growth with a 0.8% CAGR over the same five-year period.

**Exhibit 1: GCC Insurance Market Size (based on GWP)**



Source: Swiss Re, SAMA, UAE Central Bank, CBB, CMA of Oman

**Exhibit 2: Country-wise Share of GCC Insurance Market**



Source: Swiss Re, SAMA, UAE Central Bank, CBB, CMA of Oman

## Life and Non-life Insurance

**The non-life insurance segment accounted for 88.5% of the GCC's total GWP in 2022; it grew at a CAGR of 5.3% between 2017 and 2022 to reach US\$ 29.0 billion**

In 2022, the non-life insurance segment accounted for 88.5% of the total GWP in the GCC (Exhibit 3 and 4). From 2017 to 2022, the GWP for non-life insurance grew at a CAGR of 5.3%, reaching US\$ 29.0 billion, primarily driven by increases in the motor and health insurance segments. The implementation and development of mandatory health and motor insurance schemes in several markets across the GCC improved near-term premium growth. In Saudi Arabia, health insurance accounted for 59.7%, while motor insurance accounted for 19.4% of the total GWP in 2022<sup>12</sup>. After the implementation of the Workers' Protection Program in the UAE in 2018, the UAE Government introduced the ILOE insurance scheme in 2023, creating compensation and comfort for public and private sector employees<sup>13</sup>. In February 2023, the Qatari government implemented the first phase of mandatory health insurance, requiring visitors to purchase a health policy at a premium starting from QAR 50 (~US\$ 13.5)<sup>14</sup>. Similarly, in Bahrain, the government's initiatives to promote financial inclusion, coupled with an increasing awareness of the significance of insurance, has contributed to the growth of the industry.

**The GCC life insurance segment of GWP declined at an annualized rate of 1.3% since 2017 to reach US\$ 3.7 billion in 2022**

The GCC's life insurance segment constituted 11.5% of the region's total GWP, declining at a CAGR of 1.3% since 2017 to reach US\$ 3.7 billion in 2022 (see Exhibits 3 and 4)<sup>15</sup>. Life GWP in Saudi Arabia grew at the fastest pace in the GCC, recording a CAGR of 10.4% between 2017 and 2022 driven by a growing expatriate population base, coupled with rising awareness for life insurance products. Saudi Arabia's growth was followed by Kuwait (2.9% CAGR), and Oman (1.9% CAGR). Although the UAE accounted for the largest share in the life insurance market in the GCC, constituting 73.7% in 2022, it recorded a 2.9% decline in this segment during the period. Qatar recorded a rise of 0.4% CAGR over the five years while

<sup>11</sup> Source: "GCC Insurers In 2023", S&P Global, March 1, 2023; "Third Edition of the National Health Regulatory Authority (NHRA) Conference and Exhibition Compulsory Health Insurance in Bahrain 2024", NHRA, Zawya, June 5, 2023

<sup>12</sup> Source: "The Saudi Insurance Market Report 2022", SAMA

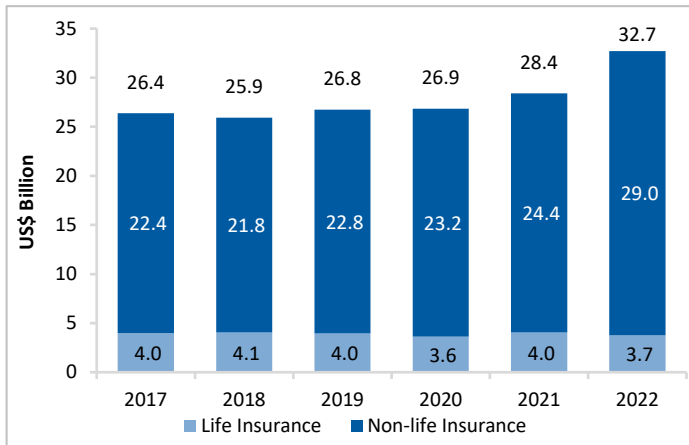
<sup>13</sup> Source: "Market Segment Outlook: Gulf Cooperation Council Insurance", AM Best, March 5, 2023

<sup>14</sup> Source: "GCC Insurers In 2023", S&P Global, March 1, 2023

<sup>15</sup> Source: "World insurance: stirred, and not shaken", Swiss Re; "World Economic Outlook Database", IMF, October 2023; SAMA; UAE CB; CBB; CMA of Oman

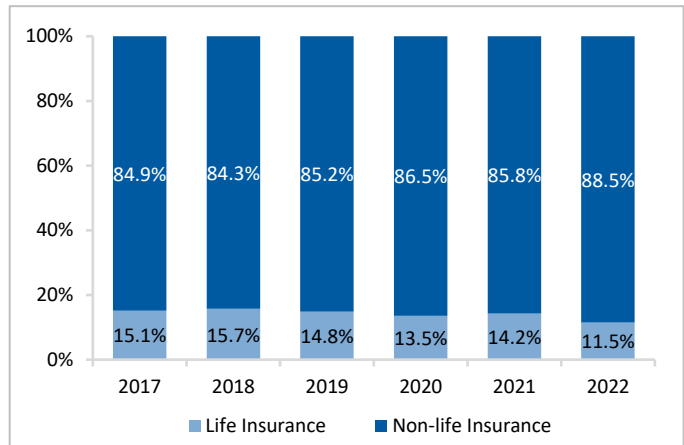
Bahrain recorded the highest decline at 7.4% among the GCC countries since 2017 to reach US\$ 0.09 billion in 2022. The life segment has declined due to a lack of awareness of the benefits of life cover and a lack of incentives for life insurance savings.

**Exhibit 3: Segment-wise GCC Insurance Market Size**



Source: Swiss Re, SAMA, UAE Central Bank, CBB, CMA of Oman

**Exhibit 4: Proportion of the GCC Insurance Segments**



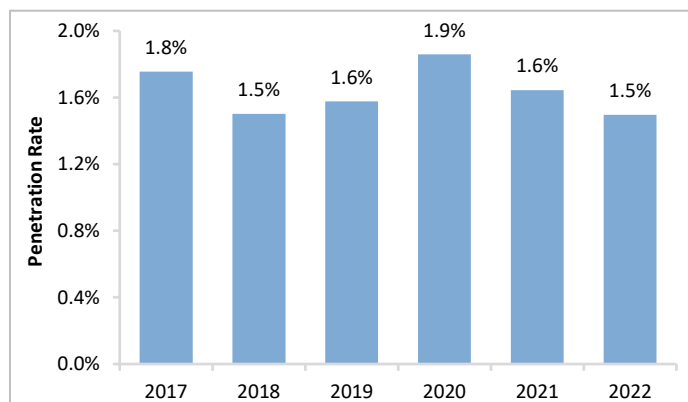
Source: Swiss Re, SAMA, UAE Central Bank, CBB, CMA of Oman

### Insurance Penetration

**GCC has a low penetration rate of 1.5% as compared to the global average of 6.8% and the emerging market average of 3.0% in 2022**

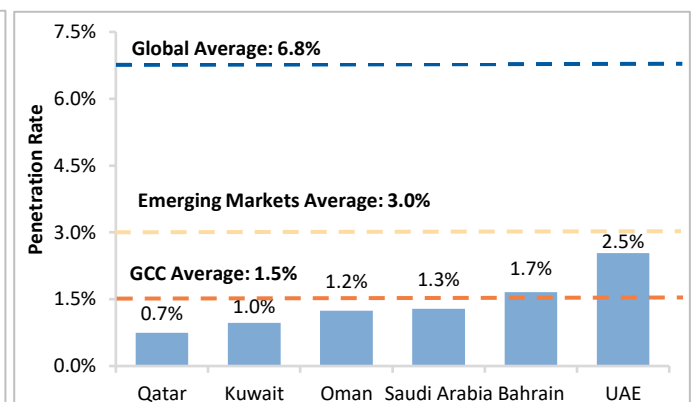
Despite strong premium growth in recent years, the insurance industry in the GCC remains underpenetrated. The average GCC penetration rate in 2022 was 1.5%, lower than the global average of 6.8% and the emerging market average of 3.0% (see Exhibits 5 and 6)<sup>16</sup>. In the GCC, the UAE recorded the highest penetration rate at 2.5%, followed by Bahrain (1.7%). This is due to a sizable expatriate population and a diverse economy in the two countries, resulting in an increased demand for life and non-life insurance products. At 0.7%, Qatar had the lowest penetration rate, primarily due to the underdeveloped life insurance segment in the country<sup>17</sup>. Low penetration rates in the GCC opens significant opportunities, supported by favorable demographics and strengthening government regulations.

**Exhibit 5: Trend in Insurance Penetration in the GCC**



Source: Swiss Re, SAMA, UAE Central Bank, CBB, CMA of Oman, IMF

**Exhibit 6: Country-wise Insurance Penetration (2022)**



Source: Swiss Re, SAMA, UAE Central Bank, CBB, CMA of Oman, IMF

<sup>16</sup> Source: "World insurance: stirred, and not shaken", Swiss Re; "World Economic Outlook Database", IMF, October 2023; SAMA; UAE CB; CBB; CMA of Oman

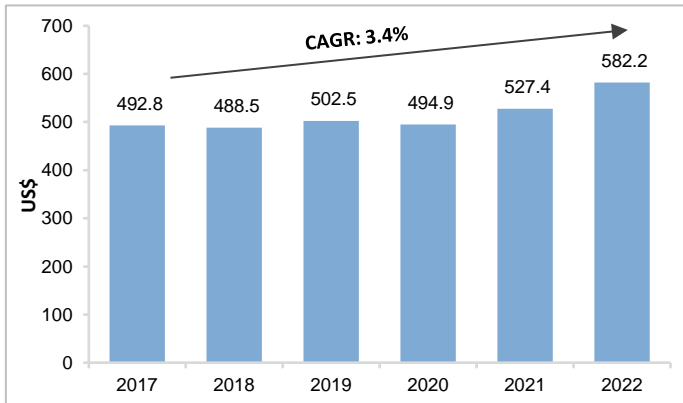
<sup>17</sup> Source: "The Report: Qatar 2022", Oxford Business Group

## Insurance Density

**The GCC's average insurance density grew at a CAGR of 3.4% between 2017 and 2022 to reach US\$ 582.2**

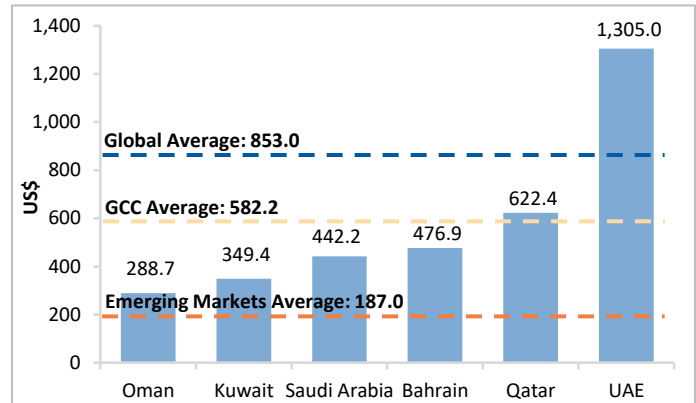
The GCC's average insurance density (per capita insurance premium) grew at a CAGR of 3.4% between 2017 and 2022 reaching US\$ 582.2 (see Exhibit 7)<sup>18</sup>. There is significant variation in insurance density across the GCC nations, with the UAE leading at US\$ 1,305.0, followed by Qatar (US\$ 622.4), Bahrain (US\$ 476.9), Saudi Arabia (US\$ 442.2), Kuwait (US\$ 349.4), and Oman (US\$ 288.7) (see Exhibit 8)<sup>19</sup>. The UAE's high insurance density was driven by the introduction of mandatory health and motor insurance. The GCC's average insurance density in 2022 was lower than the global average (US\$ 853.0) but much higher than the emerging market average (US\$ 187.0)<sup>20</sup> mainly due to the smaller population base in the GCC and a higher per capita income compared to emerging markets<sup>21</sup>.

**Exhibit 7: Trend in Insurance Density in the GCC**



Source: Swiss Re, SAMA, UAE Central Bank, CBB, CMA of Oman, IMF

**Exhibit 8: Country-wise Insurance Density (2022)**



Source: Swiss Re, SAMA, UAE Central Bank, CBB, CMA of Oman, IMF

**Saudi Arabia remains the largest Takaful market in the GCC with overall GWP of US\$ 14.2 billion in 2022**

## Takaful Insurance

The GCC has the largest Takaful market in the world and according to the Islamic Financial Services Board's (IFSB) Industry Stability Report 2023, it accounted for 55.7% (US\$ 16.7 billion)<sup>22</sup> of the global Takaful contributions in 2022, recording a y-o-y growth of 24.4% (US\$ 13.5 billion). As per the IFSB, the key drivers for Takaful growth in the GCC included governments economic diversification efforts, mandatory insurance coverage as well as increased product pricing.

Saudi Arabia remains the largest Takaful market in the GCC with overall GWP of US\$ 14.2 billion in 2022<sup>23</sup> representing an annual growth of 26.9% over 2021. The mandatory nature of motor and health insurance coverage in Saudi Arabia makes these two as the largest segments of the Saudi Takaful market. In 2022, these segments together accounted for 79.1% of the overall Takaful market in Saudi Arabia<sup>24</sup>.

The UAE's Takaful market recorded a GWP of US\$ 1.2 billion in 2021. The health Takaful insurance segment accounted for 43.6% of the overall Takaful GWP, while the motor and transportation segment contributed 20.1%<sup>25</sup>. The GWP of the UAE Takaful market

<sup>18</sup> Source: "World insurance: stirred, and not shaken", Swiss Re; "World Economic Outlook Database", IMF, October 2023; SAMA; UAE CB; CBB; CMA of Oman

<sup>19</sup> Source: "World insurance: stirred, and not shaken", Swiss Re; "World Economic Outlook Database", IMF, October 2023; SAMA; UAE CB; CBB; CMA of Oman

<sup>20</sup> Source: "World insurance: stirred, and not shaken", Swiss Re, Sigma No 03/2023

<sup>21</sup> Source: "World insurance: stirred, and not shaken", Swiss Re, Sigma No 03/2023

<sup>22</sup> Source: Islamic Financial Services Industry Stability Report 2023, IFSB

<sup>23</sup> Source: Islamic Financial Services Industry Stability Report 2023, IFSB

<sup>24</sup> Source: Islamic Financial Services Industry Stability Report 2023, IFSB

<sup>25</sup> Source: "Takaful Insurance Report 2022", UAE Central Bank

***The Takaful market in the GCC saw several mergers in 2022, primarily due to heightened competition and increasing regulatory requirements***

experienced a decline in 2022 due to several mergers during the year and pricing pressure in segments such as motor insurance<sup>26</sup>. Qatar, Bahrain, Oman, and Kuwait cumulatively accounted for approximately 5.0% of the overall Takaful GWP in the GCC. In 2022, the Takaful sector in Qatar proved to be the most profitable in the GCC recording an average combined ratio lower than 80% in 2022, indicating efficient policy underwriting practices<sup>27</sup>.

The Takaful sector in the GCC saw several mergers in 2022 caused by heightened competition and increasing regulatory requirements. In an effort to reduce high fixed costs, smaller/medium-sized insurers have been leading the trend towards consolidation<sup>28</sup>. In July 2022, there was a merger between Dar Al Takaful and Watania in the UAE. Additionally, in Saudi Arabia, SABB Takaful and Walaa Insurance completed a merger in October 2022, while in Bahrain, Solidarity completed its merger with T'azur in January 2022<sup>29</sup>.

<sup>26</sup> Source: "IFRS 17 Adoption Will Test GCC Islamic Insurers", S&P Global, August 7, 2023

<sup>27</sup> Source: "IFRS 17 Adoption Will Test GCC Islamic Insurers", S&P Global, August 7, 2023

<sup>28</sup> Source: "IFRS 17 Adoption Will Test GCC Islamic Insurers", S&P Global, August 7, 2023

<sup>29</sup> Source: "Islamic Finance Development Indicator Report 2022: Embracing Change", ICD Refinitiv, November 2022



## 2.1 Country-wise Insurance Market Overview

### UAE

#### Market Structure

**Exhibit 9: UAE Insurance Market Structure**

Compulsory Products	Health		Motor	Third Party Liabilities		Professional Liability	
	Expatriate	National		Workmen's Compensation	Pleasure Craft	Engineers	Construction Professionals
	✓	✓		✓	✓	✓	✓
Licensed Companies	Total No. of insurers	Type of Insurers		Domicile		No. of Public-Listed Insurers	
		Conventional	Takaful	Foreign Insurers	National Insurers		
	60	50	10	27	33	27	
Capital Requirements	Insurance Companies:		Reinsurance Companies:				
	AED 100 million (US\$ 27 million)		AED 250 million (US\$ 68 million)				
Regulators	Central Bank of the UAE	Dubai Financial Service Authority	Abu Dhabi Global Market	Dubai Health Authority	Department of Health - Abu Dhabi		

Source: Public register information from various UAE Regulatory or Supervisory Authorities

#### Segment-wise Insurance Market

**UAE's GWP increased at a CAGR of 1.1% from US\$ 12.2 billion in 2017 to US\$ 12.9 billion in 2022**

UAE is the second largest insurance market in the GCC and ranked 36<sup>th</sup> globally in terms of GWP written during 2022<sup>30</sup>. The UAE insurance sector continued to grow in 2022, reflected by the increase in a number of insurance policies in line with the increase in the gross written premiums<sup>31</sup>. The growth in the country's insurance sector is driven by the favorable economic conditions, rising oil prices, easing of visa regulations, and other beneficial structural improvements<sup>32</sup>. UAE accounted for 39.3% of the GCC's total GWP in 2022, with GWP growing at a CAGR of 1.1% from US\$ 12.2 billion in 2017 to US\$ 12.9 billion in 2022 (Exhibit 10). This growth was primarily driven by the increase in property & liability and health insurance premiums<sup>33</sup>. In the UAE, insurance companies have been actively adopting digital technologies and AI-based scoring algorithms to enhance policy customization, accuracy, and efficiency, reflecting a rapid change in terms of digital transformation<sup>34</sup>. This trend has driven growth and provided customers with highly competitive and personalized insurance options.

**UAE's non-life insurance segment grew at a CAGR of 2.3% since 2017**

UAE's non-life insurance segment comprised 78.5% of the total GWP in 2022, growing at a CAGR of 2.3% since 2017 (Exhibit 10)<sup>35</sup>. The growth in the UAE's non-life insurance segment can be primarily attributed to regulatory changes and higher insurance premium rates. The high insurance premium rates were due to an increase in the number of claims following the

<sup>30</sup> Source: "World insurance: stirred, and not shaken", Swiss Re, Sigma No 03/2023

<sup>31</sup> Source: "UAE Central Bank Annual Report 2022", UAE Central Bank

<sup>32</sup> Source: "GCC Insurers In 2023", S&P Global Ratings

<sup>33</sup> Source: "Quarterly Economic Review 2023 Q1", UAE Central Bank

<sup>34</sup> Source: "UAE: Insurance industry engages fully in digitization", Middle East Insurance Review, January 2023

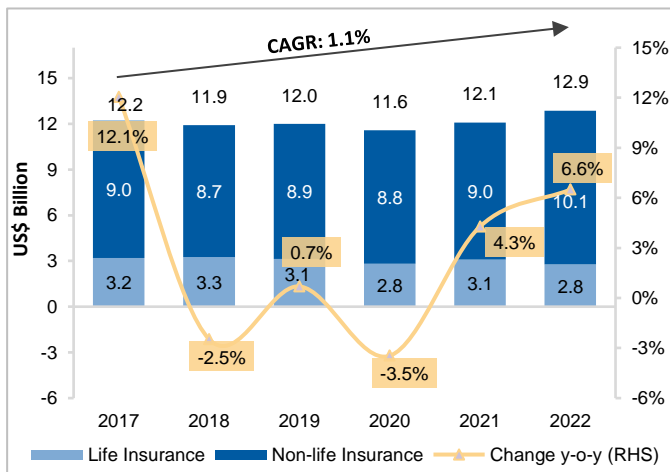
<sup>35</sup> Source: "Quarterly Economic Review 2023 Q1", UAE Central Bank

COVID-19 pandemic. The introduction of unemployment insurance in January 2023 has been attracting a larger workforce and boosting non-life insurance premiums<sup>36</sup>. In 2022, accident and liability insurance, including motor insurance premiums, accounted for 20.2% of the total non-life GWP, while health insurance's share decreased marginally from 55.3% in 2017 to 55.0% in 2022. In the UAE's non-life insurance market, health, accident, and liability are the key segments, making up a combined 75.1% of the total market share in 2022 (Exhibit 11)<sup>37</sup>. Furthermore, other non-life business segments, including fire, marine, aviation, and inland transportation, experienced an increase in their market share contributing to the overall growth and advancement of the non-life insurance segment.

**UAE's life insurance GWP declined at a CAGR of 2.9% between 2017 and 2022 to reach US\$ 2.8 billion**

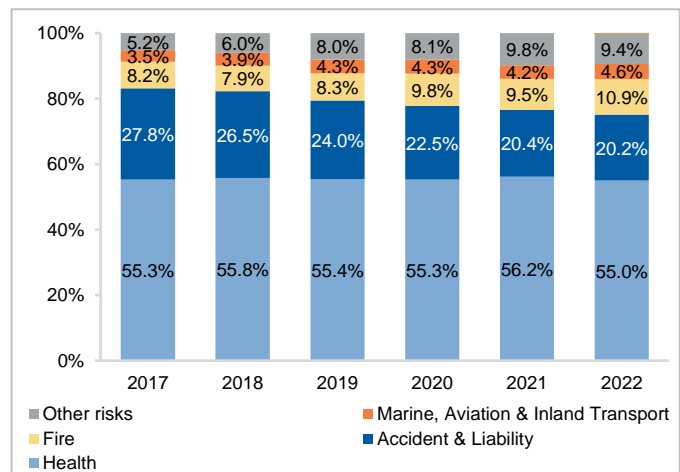
UAE leads the GCC in the life insurance segment, with life GWP reaching US\$ 2.8 billion in 2022<sup>38</sup>. Life insurance in the UAE is supported by increasing awareness among the population about health risks, life protection and the importance of financial security. However, share of the life insurance segment dropped from 26.2% in 2017 to 21.5% in 2022 due to significant decline in individual life GWP<sup>39</sup>. The individual life GWP in the UAE decreased by 18.1% y-o-y to US\$ 1.6 billion from 2021 to 2022<sup>40</sup>.

**Exhibit 10: Segment-wise GWP in the UAE**



Source: Central Bank of UAE

**Exhibit 11: Composition of Non-life in the UAE**



Source: UAE Insurance Authority

**UAE had the highest penetration rates in the GCC for both life and non-life insurance, at 0.5% and 2.0%, respectively, in 2022.**

UAE has the highest penetration rates for both the life and non-life insurance segments in the GCC. In 2022, the country's total insurance penetration rate stood at 2.5%, significantly higher than the GCC average of 1.5%. While penetration of the life insurance segment fell from 0.8% in 2017 to 0.5% in 2022, penetration of the non-life insurance segment decreased from 2.3% in 2017 to 2.0% in 2022 (Exhibits 12 and 13)<sup>41</sup>. The UAE's life insurance density declined at a CAGR of 4.0% from US\$ 344 in 2017 to US\$ 280.1 in 2022<sup>42</sup> due to a decline in life insurance premiums<sup>43</sup>. Disruptions caused by the COVID-19 pandemic, which led to a rise in delays for premium settlement and risk of default further deteriorated the situation. On the other hand, non-life insurance density reported a growth of 1.1% CAGR over the five years to

<sup>36</sup> Source: "UAE: Expanding economy and policy initiatives boost labor participation", Swiss Re, July 2023

<sup>37</sup> Source: "Insurance Annual Report 2022", UAE Central Bank

<sup>38</sup> Source: "Quarterly Economic Review 2023 Q1", UAE Central Bank

<sup>39</sup> Source: "GCC Insurers in 2022", S&P Global, March, 2022

<sup>40</sup> Source: "Annual Report for the Insurance Sector of the UAE 2022", CBUAE

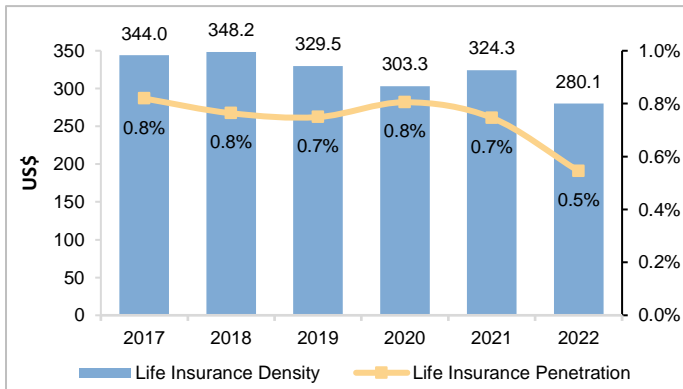
<sup>41</sup> Source: "Quarterly Economic Review 2023 Q1", UAE Central Bank, "World Economic Outlook Database", IMF, October 2023

<sup>42</sup> Source: "Quarterly Economic Review 2023 Q1", UAE Central Bank, "World Economic Outlook Database", IMF, October 2023

<sup>43</sup> Source: "Quarterly Economic Review 2023 Q1", UAE Central Bank, "World Economic Outlook Database", IMF, October 2023

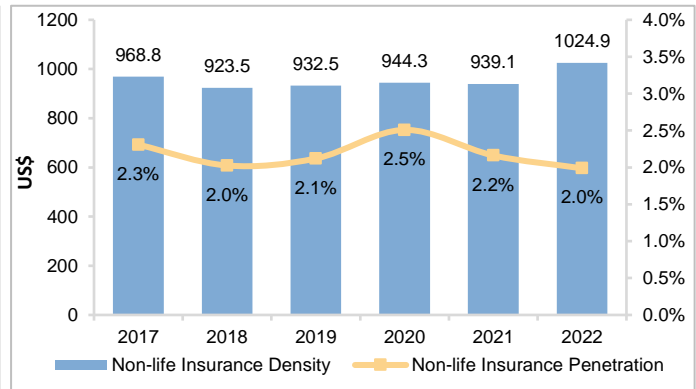
reach US\$ 1,024.9 in 2022<sup>44</sup>. This growth was primarily driven by the introduction of mandatory health and motor insurance, favorable demographics and a diversified expatriate population base.

**Exhibit 12: Life Density and Penetration in the UAE**



Source: Central Bank of UAE, IMF

**Exhibit 13: Non-life Density and Penetration in the UAE**



Source: Central Bank of UAE, IMF

**UAE Insurance Industry is going through regulatory changes, technological innovations, and a strategic focus on national workforce participation**

### Recent Regulatory Developments

The insurance industry in the UAE complies with strict regulations related to solvency, with the aim of safeguarding the interests of consumers, businesses, and various sectors. The regulations cover funding, solvency margins, minimum capital requirements, and more<sup>45</sup>. The supervision and regulation of the UAE insurance sector was transferred to the Insurance Division of the UAE Central Bank as part of an initiative to improve regulation and supervision of the sector in 2021<sup>46</sup>. This was facilitated through a merger between the Insurance Authority and the Central Bank of UAE<sup>47</sup>.

The UAE government launched an unemployment insurance scheme for its citizens and residents (ILOE), which came into effect on January 1, 2023, and is designed to enhance the safety and security of employees in the country. Under this plan, the insurance would cover 60% of a worker's basic salary for a specified period in case of unemployment<sup>48</sup>. Over 6.6 million workers have subscribed to the UAE unemployment scheme as of November 15, 2023<sup>49</sup>.

In addition, the UAE's insurance sector is standing at the threshold of a significant transformation with the adoption of IFRS 17. In accordance with the UAE Law, insurance companies were mandated to apply IFRS 17 for general-purpose accounting, starting from January 1, 2023. The Central Bank of the UAE (CBUAE) is currently monitoring the quality of audited IFRS 17 general-purpose financial statements while considering whether to adopt IFRS 17 for regulatory reporting as well<sup>50</sup>.

In September 2022, the CBUAE introduced corporate governance regulations and standards to promote transparency, accountability, and fairness within the insurance sector<sup>51</sup>. This regulation extends to all companies operating within the UAE that have group affiliations, such

<sup>44</sup> Source: Quarterly Economic Review 2023 Q1", UAE Central Bank, "World Economic Outlook Database", IMF, October 2023

<sup>45</sup> Source: "UAE Insurance Guidelines", UAE Central Bank

<sup>46</sup> Source: "UAE Insurance Guidelines", UAE Central Bank

<sup>47</sup> Source: "CBUAE commences operational procedures to execute Insurance Authority merger", UAE Central Bank January 27, 2021

<sup>48</sup> Source: "UAE unemployment insurance scheme", Atlas Magazine, November 2022

<sup>49</sup> Source: "UAE: Over 6.6m subscribe to unemployment insurance scheme", Middle East Insurance Review November 2023

<sup>50</sup> Source: "Insurance Industry Update HY1 2023", Milliman Research, October 2023

<sup>51</sup> Source: "Corporate Governance Regulation for Insurance Companies", UAE Central Bank, September 2022

as subsidiaries, affiliates, or international branches. These entities are required to ensure that the regulations and standards are followed both at an individual company level and on a group-wide basis<sup>52</sup>. Furthermore, the UAE Central Bank, in December 2022, released fresh guidelines for licensed financial institutions (LFIs) that are involved in the insurance sector, as part of the ongoing efforts to combat money laundering and terrorism financing<sup>53</sup>. In line with these new guidelines, insurance operators are required to maintain transaction monitoring systems that are capable of detecting unusual and potentially suspicious activity. Companies are obliged to report any behaviors that may be associated with money laundering (ML), terrorism financing (TF), or criminal offenses<sup>54</sup>.

The UAE government has implemented an Emiratisation strategy with the aim of encouraging nationals to work in the insurance industry. As part of this strategy, a new policy was passed on January 1, 2023, which establishes a specific quota for the insurance industry. In line with this decision, the CBUAE is committed to increase the Emiratisation rate for the insurance sector to 30% by 2026, thereby generating more employment opportunities for UAE nationals<sup>55</sup>. Furthermore, the UAE insurance industry is adopting technology and innovation to enhance regulatory compliance and improve the overall customer experience<sup>56</sup>.

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<sup>52</sup> Source: "Corporate Governance Regulation for Insurance Companies", UAE Central Bank

<sup>53</sup> Source: "UAE Central Bank issues new anti-money laundering guidelines for insurance sector", The National News, December 22, 2022

<sup>54</sup> Source: "UAE Central Bank issues new anti-money laundering guidelines for insurance sector", The National News

<sup>55</sup> Source: "UAE Insurance Sector", IFC Media Ltd, March 2023

<sup>56</sup> Source: "Transformation and growth in the UAE insurance sector", Gulfnews, August 30, 2023

## Saudi Arabia

### Market Structure

**Exhibit 15: Saudi Arabia Insurance Market Structure**

Compulsory Products	Health		Motor	Third Party Liabilities		Construction Projects	
	Expatriate	National		Workmen's Compensation		Inherent Defects Insurance	
	✓	✓	✓	✓		✓	
Licensed Companies	Total No. of insurers	Type of Insurers		Domicile		No. of Public-Listed Insurers	
		Conventional	Takaful	Foreign Insurers	National Insurers		
	27	-	27	-	27	27	
Capital Requirements	Insurance Companies:		Reinsurance Companies:				
	SAR 100 million (US\$ 27 million)		SAR 200 million (US\$ 53 million)				
Regulators	Insurance Authority (IA)						

Source: Public register information from various Saudi Arabian Regulatory or Supervisory Authorities

### Segment-wise Insurance Market

**Saudi Arabia recorded a GWP of US\$ 14.2 billion in 2022, expanding at a CAGR of 7.9% from US\$ 9.7 billion in 2017**

Saudi Arabia accounted for 43.5% of the overall GWP in the GCC during 2022, establishing itself as the largest insurance market within the region. On a global scale, the Kingdom ranked 35<sup>th</sup> in terms of GWP in 2022<sup>57</sup>. The insurance sector in Saudi Arabia witnessed an annual premium growth of 26.9% in 2022, with total GWP amounting to US\$ 14.2 billion, exhibiting a CAGR of 7.9% from US\$ 9.7 billion in 2017 (Exhibit 16)<sup>58</sup>. The increase in Saudi Arabia's GWP in 2022 was driven by the economic recovery after the pandemic, supported by high oil prices, government expenditure and an increase in non-oil sector activity. In 2022, the insurance sector in Saudi Arabia experienced two mergers: the first between Walaa and Sabb Takaful and, the second, between Arabian Shield and Alahli Takaful. These mergers are in line with the Central Bank's initiatives to promote consolidation, so as to create stronger companies and support the objectives of Vision 2030. In the last two-and-a-half years, the insurance industry has seen an increased use of digital channels for interacting with customers, as reflected by the rise in online sales. The percentage of online sales through insurance companies' platforms and aggregator channels grew from 7.5% in 2021 to 9.9% in 2022.<sup>59</sup>

**Saudi Arabia's non-life insurance segment expanded at a CAGR of 7.8% between 2017 and 2022**

The non-life insurance segment, which made up 96.5% of the total GWP in 2022, increased at a CAGR of 7.8% from 2017 to 2022 to reach US\$ 13.7 billion. The growth was primarily driven by health and motor insurance lines, which accounted for 81.9% of the total non-life insurance GWP and 79.0% of the overall GWP in 2022 (Exhibit 17)<sup>60</sup>. The expansion of the health insurance sector in 2022 can be attributed to several factors, including government

<sup>57</sup>Source: "World insurance: stirred, and not shaken", Swiss Re, Sigma No 03/2023

<sup>58</sup>Source: "The Saudi Insurance Market Report 2022", SAMA

<sup>59</sup>Source: "The Saudi Insurance Market Report 2022", SAMA

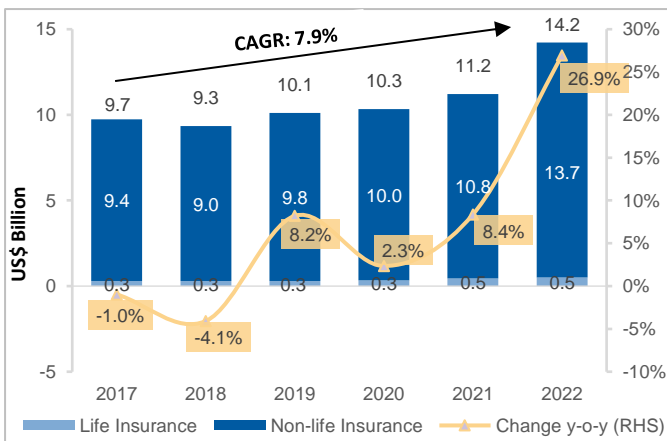
<sup>60</sup>Source: "The Saudi Insurance Market Report 2022", SAMA

initiatives to provide universal health insurance to Saudi nationals, and the introduction of Hajj and Umrah medical insurance programs<sup>61,62</sup>. The motor insurance segment benefited from the issuance of Comprehensive Motor Insurance Rules by the SAMA in 2022 aimed at improving transparency in the sector. Furthermore, increasing affordability of consumers, supported by strong economic growth, has driven demand for personal mobility and contributed to the growth of the motor insurance sector<sup>63</sup>. In 2022, the health and motor insurance sectors recorded an annual premium growth of 26.8% and 26.7%, respectively. Health insurance constituted 70.1% of the total market's net written premiums, showcasing the highest retention ratio among all business lines at 98.3%<sup>64</sup>. The property/fire segment grew at a CAGR of 7.6% from US\$ 0.5 billion in 2017 to US\$ 0.7 billion in 2022<sup>65</sup>. This growth was aided by the booming construction market and significant infrastructure developments in the Kingdom, such as the NEOM Red Sea megalopolis along with wind and solar energy projects.

**The life insurance sector in Saudi Arabia demonstrated a CAGR of 10.4% from 2017 to 2022**

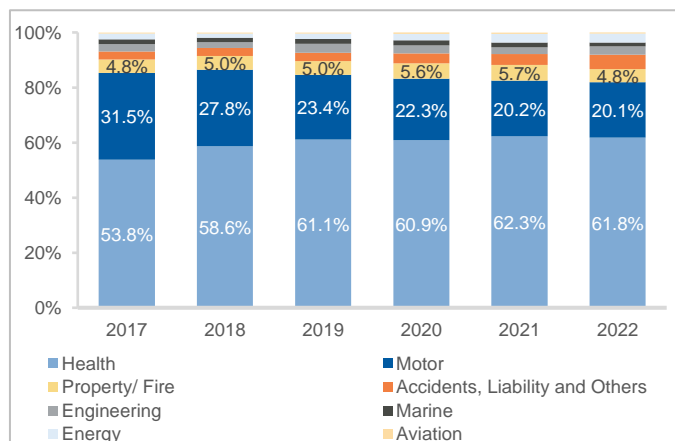
The life insurance segment contributed to only 3.5% of the total GWP in Saudi Arabia during 2022<sup>66</sup>. The GWP for the life insurance segment increased from US\$ 0.3 billion in 2017 to US\$ 0.5 billion in 2022, reflecting a CAGR of 10.4% during the period (Exhibit 16)<sup>67</sup>. The emerging trends that have been driving growth across various insurance classes in the Saudi Arabian life insurance market include local insurance market development, promotion of foreign direct investment (FDI) and growing focus on telehealth.

**Exhibit 16: Segment-wise GWP in Saudi Arabia**



Source: SAMA

**Exhibit 17: Composition of Non-life in Saudi Arabia**



Source: SAMA

**The overall insurance density of the Kingdom amounted to US\$ 442.2, lower than the GCC average of US\$ 582.2**

Saudi Arabia's life insurance penetration reached 0.05% in 2022 from 0.04% in 2017, while the density increased from US\$ 9.8 in 2017 to US\$ 15.5 in 2022 (Exhibit 18)<sup>68</sup>. Non-life insurance penetration in Saudi Arabia stood at 1.2% as of 2022, while non-life insurance density increased at a CAGR of 7.0% from 2017 to reach US\$ 426.7 in 2022 (Exhibit 19)<sup>69</sup>. The overall insurance penetration in Saudi Arabia stood at 1.3% in 2022, lower than the GCC

<sup>61</sup> Source: "Saudi Arabian Insurance Dashboard: March 2022", Fitch Ratings, March 2022

<sup>62</sup> Source: "GCC Insurers In 2022: More Capital Market Volatility And Intense Competition Point To Earnings Headwinds", S&P Global, March 2022

<sup>63</sup> Source: "Saudi Arabia's Economy Grows as it Diversifies", IMF, September 2023, "World Economic Outlook Database", IMF, October 2023

<sup>64</sup> Source: "The Saudi Insurance Market Report 2022", SAMA

<sup>65</sup> Source: "The Saudi Insurance Market Report 2022", SAMA

<sup>66</sup> Source: "The Saudi Insurance Market Report 2022", SAMA

<sup>67</sup> Source: "Insurance Market Report", SAMA

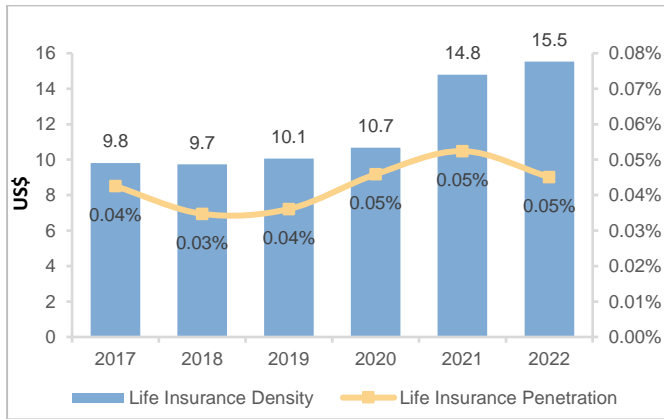
<sup>68</sup> Source: "Insurance Market Report 2022", SAMA; "World Economic Outlook Database", IMF, October 2023

<sup>69</sup> Source: "Insurance Market Report 2022", SAMA; "World Economic Outlook Database", IMF, October 2023



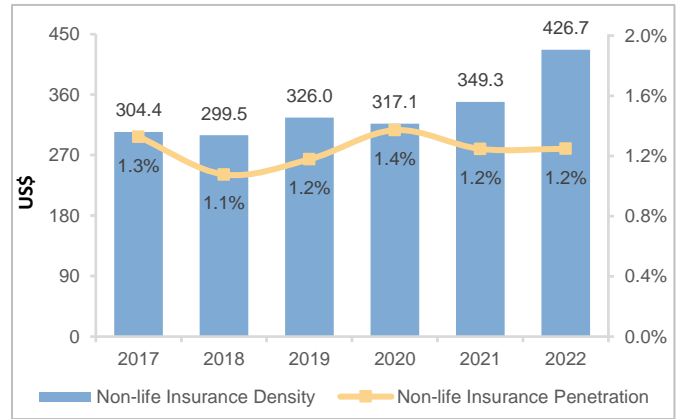
average of 1.5%<sup>70</sup>. The overall insurance density of the Kingdom amounted to US\$ 442.2, also lower than the GCC average of US\$ 582.2<sup>71</sup>.

**Exhibit 18: Life Insurance Density and Penetration in Saudi Arabia**



Source: SAMA, IMF

**Exhibit 19: Non-life Insurance Density and Penetration in Saudi Arabia**



Source: SAMA, IMF

**The Saudi Central Bank introduced significant regulatory developments in the insurance industry to boost the sector and the economy.**

### Recent Regulatory Developments

The Saudi Central Bank implemented several rules and policies in 2022 to support the growth of the sector and the economy. Comprehensive motor insurance rules were issued in November 2022 with an aim to regulate arrangements between an insurance company and a policy holder. The Central Bank set a minimum coverage limit for non-compulsory comprehensive motor insurance and mandated insurance companies to outline the details of the compulsory and optional coverage within the policy<sup>72</sup>. Overall, the comprehensive motor insurance rules represent a framework to ensure transparency and consistency in the relationship between insurers and insured parties.

The Saudi Central bank announced the issuance of the standard insurance policy of professional indemnity for auditors of the entities supervised by the Capital Market Authority in July 2022. This policy aims to establish minimum standards, promote sustainability, reduce financial market risks, protect the rights of all parties, and support the growth and development of the insurance sector in Saudi Arabia<sup>73</sup>. The Standard Insurance Policy on Domestic Workers Contract which was issued in February 2022, sets out the minimum limit for compulsory insurance on domestic workers' contract. The minimum coverage limit, as specified in the policy, is SAR 25,000 (US\$ 6,667.0) and the policy outlines the procedures for reporting incidents and handling claims<sup>74</sup>. The Council of Ministers extended the scope of mandatory medical malpractice insurance by adding 18 professions within the medical field. The decision aims to offer financial security to a wider group of healthcare providers through coverage against potential liabilities<sup>75</sup>.

**The implementation of IFRS 17 and IFRS 9 in Saudi Arabia's insurance sector by SAMA enhances reporting transparency**

SAMA formally adopted IFRS 17 and IFRS 9 for the Saudi insurance sector on January 1, 2023. The adoption of IFRS 17 introduced new elements to the insurance industry, including improvements in human and technological resources, enhanced transparency in reporting, and the strengthening of the relationship between regulators and the insurance sector. Saudi Arabia is among the early adopters globally to implement both IFRS 17 and IFRS 9,

<sup>70</sup> Source: "Insurance Market Report 2022", SAMA; "World Economic Outlook Database", IMF, October 2023

<sup>71</sup> Source: "Insurance Market Report 2022", SAMA; "World Economic Outlook Database", IMF, October 2023

<sup>72</sup> Source: "The Saudi Insurance Market Report 2022", SAMA

<sup>73</sup> Source: "The Saudi Insurance Market Report 2022", SAMA

<sup>74</sup> Source: "The Saudi Insurance Market Report 2022", SAMA

<sup>75</sup> Source: "The Saudi Insurance Market Report 2022", SAMA

showcasing its commitment to international accounting standards and transparency in the insurance industry<sup>76</sup>.

The Saudi Central Bank, in July 2023, approved the Insurtech Rules after a period of public consultation through the National Competitiveness Center's Public Consultation Platform<sup>77</sup>. This development is part of SAMA's ongoing efforts to improve the insurance sector to provide better services that align with advancements in the insurance industry as a whole and, in particular, with Insurtech<sup>78</sup>. The rules regarding Insurtech represent a set of regulations that cover the core business activities of Insurtech companies. These rules aim to create a conducive environment for Insurtech companies to innovate and operate while also ensuring client protection and regulatory compliance<sup>79</sup>.

In August 2023, the Saudi Cabinet granted approval for the launch of a new regulatory body overseeing the insurance sector, known as the Insurance Authority (IA). This regulatory development is in line with the country's objective to improve the sector's efficiency through the establishment of a centralized regulator<sup>80</sup>. The IA officially commenced its operations in November 2023, serving as an independent regulatory entity for Saudi Arabia's insurance sector<sup>81</sup>.

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<sup>76</sup> Source: The Saudi Insurance Market Report 2022", SAMA

<sup>77</sup> Source: "Sama Approves Insurtech Rules", SAMA, July 2023

<sup>78</sup> Source: "Sama Approves Insurtech Rules", SAMA, July 2023

<sup>79</sup> Source: "Sama Approves Insurtech Rules", SAMA, July 2023

<sup>80</sup> Source: "Saudi Insurance Authority set to foster local and international sector growth", Arab News, September 9, 2023

<sup>81</sup> Source: "Chairman of the Board of Directors of the Insurance Authority announces the start of the Authority's operations as the independent regulator of the insurance sector", Saudi Insurance Authority, November 2023

## Qatar

### Market Structure

**Exhibit 20: Qatar Insurance Market Structure**

Compulsory Products	Health		Motor	Third party liabilities		Professional Liability	
	Expatriate	Travel		Workmen's Compensation	Engineers	Construction Professionals	
	✓	✓	✓	✓	✓	✓	
Licensed Companies	Total No. of insurers	Type of Insurers		Domicile		No. of Public-Listed Insurers	
		Conventional	Takaful	Foreign Insurers	National Insurers		
	16	12	4	7	9	7	
Capital Requirements	QAR 36 million (US\$ 10 million)						
Regulators	Qatar Central Bank			Qatar Financial Centre Regulatory Authority			

Source: Public register information from various Qatari Regulatory or Supervisory Authorities

Note: Number of Takaful Companies- Companies exclusively engaged in Takaful operations

### Segment-wise Insurance Market

**Qatar recorded GWP of US\$ 1.8 billion in 2022, reflecting a CAGR of 4.1% from US\$ 1.4 billion reported in 2017**

Qatar's insurance market ranked 67<sup>th</sup> globally in terms of GWP, contributing to 5.4% of the total GWP in the GCC<sup>82</sup>. The insurance sector in Qatar, reached a total GWP of US\$ 1.8 billion in 2022 demonstrating a CAGR of 4.1% from US\$ 1.4 billion in 2017<sup>83</sup>. The growth was driven by Qatar's large expatriate population, high GDP per capita, ongoing infrastructure projects, and improved geopolitical conditions<sup>84</sup>. The country's GDP per capita increased at a CAGR of 7.2% from 2017 to 2022, leading to a high demand for insurance products in the country during the period. Qatar's economic growth and infrastructure development are contributing to the expansion of the insurance market<sup>85</sup>. As per Qatar Central Bank's third financial sector strategic plan, Qatar's insurance industry is expanding its product offerings such as life and health and introducing climate insurance as well as tailored insurance services for key sectors such as logistics and manufacturing to meet the evolving needs of the market<sup>86</sup>.

**Qatar's non-life insurance segment grew at a CAGR of 4.3% since 2017 to reach US\$ 1.7 billion in 2022**

Qatar's non-life insurance GWP reached US\$ 1.7 billion in 2022, demonstrating a CAGR of 4.3% since 2017 (Exhibit 21)<sup>87</sup>. The non-life insurance market accounted for 97.2% of the total GWP in 2022, marking a rise from 96.7% in 2017<sup>88</sup>. To stimulate growth in the non-life insurance sector, the Qatari government approved a compulsory health insurance law in May 2022<sup>89</sup>. The two largest non-life lines of business were health and motor in 2022, which made

<sup>82</sup> Source: "World insurance: stirred, and not shaken", Swiss Re, Sigma No 03/2023

<sup>83</sup> Source: "World insurance: stirred, and not shaken", Swiss Re, Sigma No 03/2023

<sup>84</sup> Source: "GCC Insurers In 2022", S&P Global, March 2, 2022

<sup>85</sup> Source: "Qatar Insurance Report 2022", Fitch Solutions

<sup>86</sup> Source: "Third financial sector strategies", Qatar Central Bank, December 2023

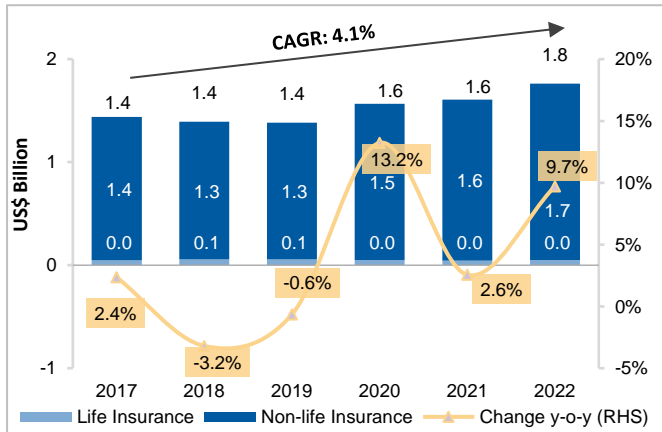
<sup>87</sup> Source: "World insurance: stirred, and not shaken", Swiss Re, Sigma No 03/2023

<sup>88</sup> Source: "World insurance: stirred, and not shaken", Swiss Re, Sigma No 03/2023

<sup>89</sup> Source: "GCC Insurers In 2022", S&P Global

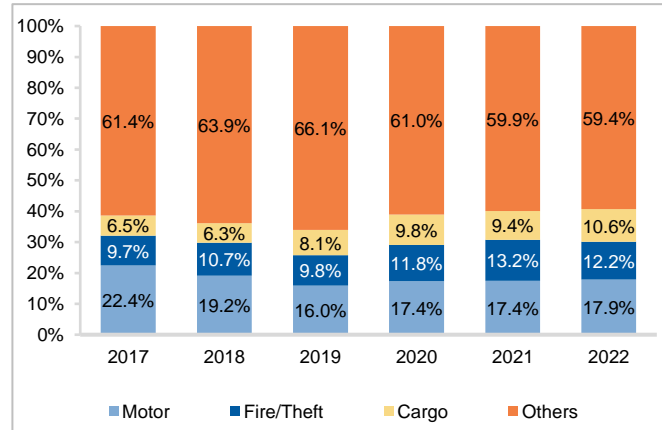
up 59.4% and 17.9% of the total non-life insurance market of Qatar, respectively (Exhibit 22)<sup>90</sup>. The health insurance segment is classified as "Others" with no further division provided. The life insurance sector in Qatar witnessed a decline in its market share, dropping from 3.3% in 2017 to 2.8% in 2022. From 2017, the segment has experienced an annualized growth rate of 0.4% until 2022 (Exhibit 21)<sup>91</sup>. The slower development of the life segment is attributed to limited awareness of life insurance benefits, though this is undergoing change as numerous Qatari labor-focused companies now provide group life insurance to address work-related accidents<sup>92</sup>.

**Exhibit 21: Segment-wise GWP in Qatar**



Source: Swiss Re; \*Data does not include GWP from QIC's international business

**Exhibit 22: Composition of Non-life in Qatar**



Source: Ministry of Development Planning and Statistics of Qatar

Note: 1. Health insurance segment is classified as "Others"

***Qatar's insurance sector has a low penetration rate of 0.7%, compared to the GCC average of 1.5%***

The overall insurance penetration in Qatar stood at 0.7% in 2022, much lower than the GCC average of 1.5%<sup>93</sup>. The life insurance penetration rate in Qatar declined marginally from 0.03% in 2017 to 0.02% in 2022, as did the life insurance density from US\$ 17.6 in 2017 to US\$ 17.3 in 2022 (Exhibit 23)<sup>94</sup>. In the non-life insurance segment, penetration dropped to 0.7% in 2022 from 0.9% in 2017, while density in this segment increased at an annualized rate of 3.5% to US\$ 605.1 between 2017 and 2022 (Exhibit 24)<sup>95</sup>.

<sup>90</sup> Source: "Banks and Insurance", Ministry of Development Planning and Statistics of Qatar

<sup>91</sup> Source: "World insurance: stirred, and not shaken", Swiss Re, Sigma No 03/2023

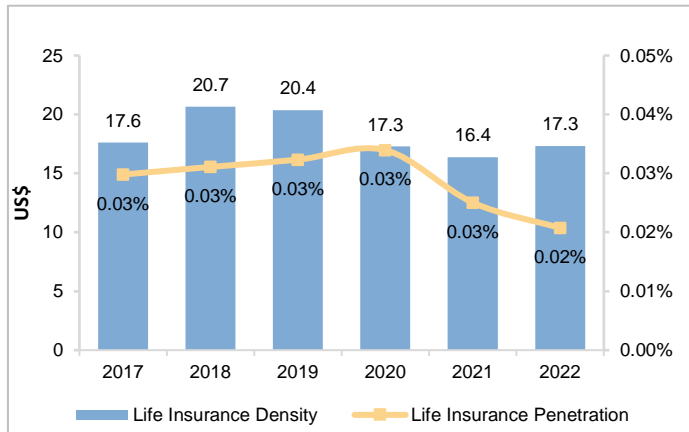
<sup>92</sup> Source: "The Report: Qatar 2022", Oxford Business Group

<sup>93</sup> Source: "World insurance: stirred, and not shaken", Swiss Re, Sigma No 03/2023; "World Economic Outlook Database", IMF, October 2023

<sup>94</sup> Source: "World insurance: stirred, and not shaken", Swiss Re, Sigma No 03/2023; "World Economic Outlook Database", IMF, October 2023

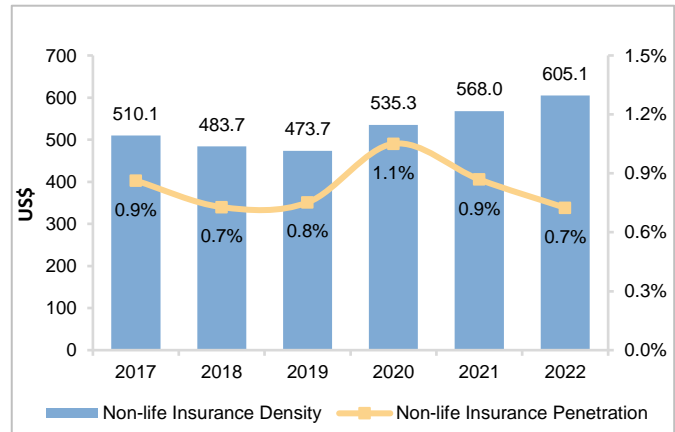
<sup>95</sup> Source: "World insurance: stirred, and not shaken", Swiss Re, Sigma No 03/2023; "World Economic Outlook Database", IMF, October 2023

**Exhibit 23: Life Density and Penetration in Qatar**



Source: Swiss Re, IMF

**Exhibit 24: Non-life Density and Penetration in Qatar**



Source: Swiss Re, IMF

***Qatar's mandatory health insurance scheme extends coverage to all expatriates and visitors, replacing the dissolved SEHA scheme from 2015.***

### Recent Regulatory Developments

The Qatari government revised its mandatory health insurance scheme through a new law effective May 2022, extending coverage to all expatriates and visitors. This legislation mandates medical insurance for foreign visitors, residents, and workers throughout their stay, except in exempt cases. Additionally, the new scheme proposes the participation of private insurers approved by the Ministry of Public Health (MOPH) to offer coverage levels as defined by the scheme<sup>96</sup>.

In December 2023, the Qatar Central Bank announced a strategy to support the growth of Insurtech companies in the country. The strategy aims to broaden insurance products, including life, health, climate insurance, and customized solutions for priority sectors like logistics and manufacturing<sup>97</sup>. The central bank stated that the strategy would be accomplished through eight initiatives and 41 action items<sup>98</sup>.

In August 2023, the Qatar Central Bank introduced a license for developing policy comparison websites. This initiative aims to regulate and license the policy comparison platforms for offering increased transparency to insurance providers. The Central Bank also released a statement urging the "Buy now, Pay later" companies to obtain a license from the bank<sup>99</sup>.

<sup>96</sup> Source: "Qatar New Healthcare Insurance Law", International Trade Administration, August 22, 2022

<sup>97</sup> Source: "Health, life and climate insurance to get boost from Qatar Central Bank insurtech expansion strategy", Zawya, December 7, 2023

<sup>98</sup> Source: "Health, life and climate insurance to get boost from Qatar Central Bank insurtech expansion strategy", Zawya, December 7, 2023

<sup>99</sup> Source: "Qatar's apex bank to develop financial sector through new insurance license", Arab News, August 13, 2023

## Kuwait

### Market Structure

**Exhibit 25: Kuwait Insurance Market Structure**

Compulsory Products	Health		Motor	Third party liabilities		
	Expatriate			Workmen's Compensation		
	✓		✓	✓		
Licensed Companies	Total No. of insurers	Type of Insurers		Domicile		No. of Public-Listed Insurers
		Conventional	Takaful	Foreign Insurers	National Insurers	
	26	11	15	4	22	7
Capital Requirements	Life and Non-life Insurance Activities:  KWD 5 million (US\$ 16 million)		Conventional or Takaful Reinsurance Activities:  KWD 15 million (US\$ 49 million)			
Regulators	Ministry of Commerce & Industry		Insurance Regulatory unit			

Source: Insurance Regulatory unit

Note: Number of Takaful Companies- Companies exclusively engaged in Takaful operations

### Segment-wise Insurance Market

**Kuwait's insurance sector grew steadily at a CAGR of 8.7% from \$1.1 billion in 2017 to \$1.7 billion in 2022**

In 2022, Kuwait's insurance sector is ranked 69<sup>th</sup> globally in terms of GWP<sup>100</sup>. Kuwait was the fastest-growing insurance sector in the GCC, growing at a CAGR of 8.7% from US\$ 1.1 billion in 2017 to US\$1.7 billion in 2022 (see Exhibit 26)<sup>101</sup>. This growth can be primarily attributed to the implementation of a mandatory medical insurance scheme for expatriates and an increase in premiums for the existing medical coverage for local retirees (AFYA). The expansion of the membership base in the AFYA scheme played a significant role in this rising trend<sup>102</sup>. The demand for insurance in various sectors such as property, vehicles, and medical has also been on the rise.

**Kuwait's non-life insurance GWP grew at a CAGR of 9.5% since 2017, primarily due to the introduction of mandatory health insurance for expatriates and coverage for retired public workers**

Kuwait's non-life insurance GWP grew at a CAGR of 9.5% from US\$ 1.0 billion in 2017 to US\$ 1.5 billion in 2022 (Exhibit 26)<sup>103</sup>. The non-life category has grown significantly in recent years due to health and motor insurance. Additionally, the Ministry of Health mandated health insurance for expats and coverage for retired public workers in 2016 has boosted growth of the segment<sup>104</sup>. The non-life insurance market accounted for 90.2% of the total GWP in 2022, an increase from 87.0% in 2017<sup>105</sup>.

In 2022, the life insurance segment constituted 9.8% of the total GWP, with a 2.9% annualized growth over the five-year period, resulting in Kuwait's life insurance market expanding from US\$ 0.15 billion in 2017 to US\$ 0.17 billion in 2022 (Exhibit 26). Life insurance growth was

<sup>100</sup> Source: "World insurance: stirred, and not shaken", Swiss Re, Sigma No 03/2023

<sup>101</sup> Source: "World insurance: stirred, and not shaken", Swiss Re, Sigma No 03/2023

<sup>102</sup> Source: "GCC Insurers In 2023", S&P Global Ratings, March 1, 2023

<sup>103</sup> Source: "World insurance: stirred, and not shaken", Swiss Re, Sigma No 03/2023

<sup>104</sup> Source: "The Report: Kuwait 2022", Oxford Business Group

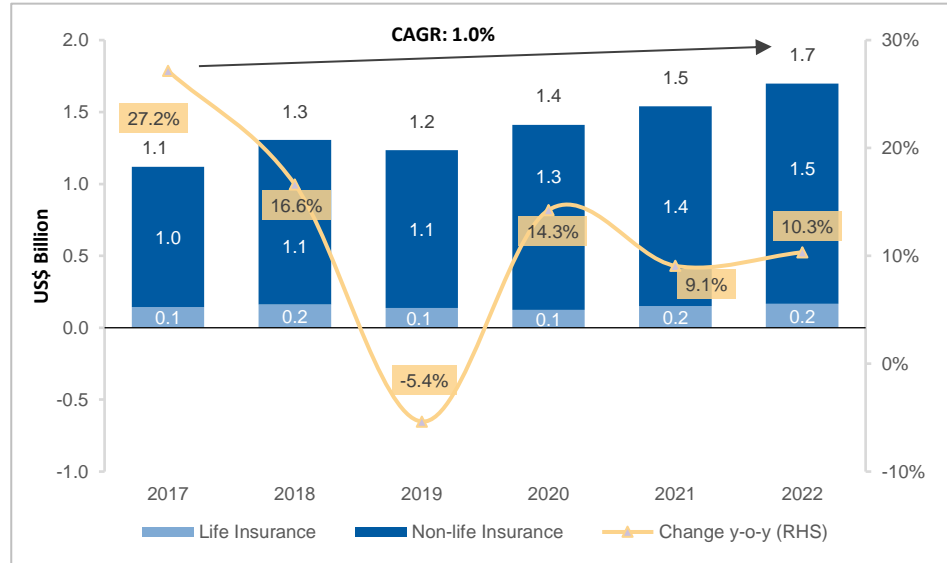
<sup>105</sup> Source: "World insurance: the great pivot east continues", Swiss Re, Sigma No 03/2019



**Kuwait's life insurance GWP grew at a CAGR of 2.9% to reach US\$ 0.17 billion in 2022**

supported by economic expansion, rising population and favorable trends in the labor market such as the Kuwaitization policy in the insurance sector.

**Exhibit 26: Segment-wise GWP in Kuwait**

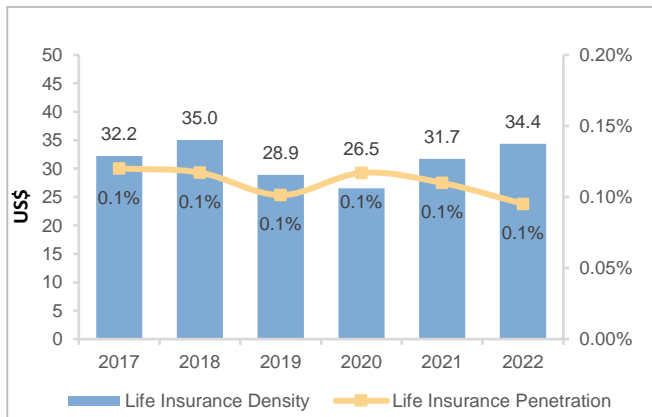


Source: Swiss Re

**The overall insurance penetration in Kuwait stood at 1.0% in 2022, lower than the GCC average of 1.5%**

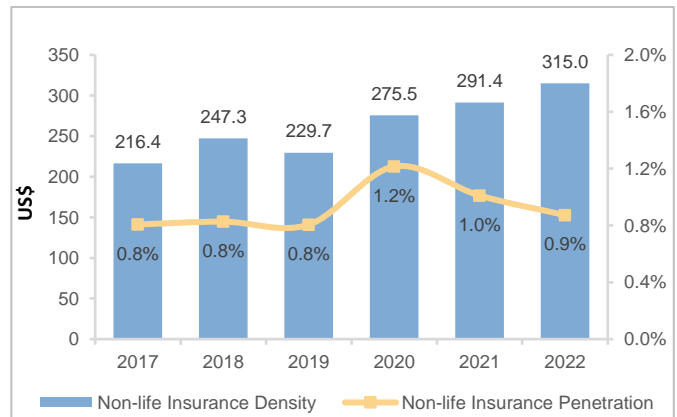
Over the years, life insurance density in Kuwait has seen a gradual rise, climbing from US\$ 32.2 in 2017 to US\$ 34.4 in 2022 (Exhibit 27). Similarly, non-life insurance density exhibited a CAGR of 7.8%, increasing from US\$ 216.4 in 2017 to US\$ 315.0 in 2022 (Exhibit 28)<sup>106</sup>. The overall insurance penetration in Kuwait stood at 1.0% in 2022, lower than the GCC average of 1.5%. The penetration rate of non-life insurance rose from 0.8% in 2017 to 0.9% in 2022. (Exhibit 28)<sup>107</sup>.

**Exhibit 27: Life Density and Penetration in Kuwait**



Source: Swiss Re, IMF

**Exhibit 28: Non-life Density and Penetration in Kuwait**



Source: Swiss Re, IMF

<sup>106</sup> Source: "World Insurance", Swiss Re; "World Economic Outlook Database", IMF, October 2023

<sup>107</sup> Source: "World Insurance", Swiss Re; "World Economic Outlook Database", IMF, October 2021

## Recent Regulatory Developments

Kuwait's Insurance Regulation Unit (IRU) oversees the development and regulation of the insurance sector in Kuwait. It announced its first four-year strategy, spanning from 2023–2024 to 2026–2027, focused on developing and regulating the insurance industry. The plan places a strong emphasis on deterrent control measures designed to safeguard beneficiaries and insured parties as well as increase insurance awareness among individuals. The strategy took into consideration Kuwaitization and the empowerment of youth working in the industry to create jobs for national cadres in the local labor market, increase employment in the insurance industry, and improve living standards for the citizens of Kuwait.<sup>108</sup>

In April 2023, the Supreme Committee of Kuwait's IRU decided to raise the premium for private motor insurance by 80%, resulting in a significant hike in the annual basic insurance premium for privately-owned vehicles and those owned by entities<sup>109</sup>. Additionally, the mandate stated that premium payments must be made through electronic and cashless methods, but the IRU's decision was delayed due to the need for coordination with the Ministry of Interior<sup>110</sup>. Moreover, Kuwait's IRU took a significant step by offering health insurance to foreign nationals without degrees at any age over 60 for KD 500. The policy covers almost everything for elderly people, including coverage for total treatment expenses up to KD 10,000 (US\$ 32,258.1) per year, KD 1,500 (US\$ 4,838.7) for outpatient clinic care, and KD 500 (US\$ 1,612.9) for routine dental treatments<sup>111</sup>.

*The Supreme Committee of Kuwait's IRU decided to raise the premium for private motor insurance by 80%, resulting in a significant hike in the annual basic insurance premium for privately-owned vehicles and those owned by entities*

<sup>108</sup> Source: "Kuwait's Insurance Regulatory Unit launches 4-year strategy to develop action", Kuwait Government Online, December 2022

<sup>109</sup> Source: "Vehicle Insurance rises in Kuwait", Kuwait Times, April 2023

<sup>110</sup> Source: "Insurance Regulatory Unit - Kuwait", April 2023

<sup>111</sup> Source: "Insurance Regulatory Unit - Kuwait", February 2022

## Oman

### Market Structure

**Exhibit 29: Oman Insurance Market Structure**

Compulsory Products	Health		Third party liabilities			
	Expatriate	Private Sector	Motor		Workmen's Compensation	
	✓	✓	✓		✓	
Licensed Companies	Total No. of insurers	Type of Insurers		Domicile		No. of Public-Listed Insurers
		Conventional	Takaful	Foreign Insurers	National Insurers	
		19	17	2	9	10
Capital Requirements	OMR 10 million (US\$ 26 million)					
Regulators	Capital Market Authority					

Source: Capital Market Authority

### Segment-wise Insurance Market

**Oman's insurance sector recorded a rise of 3.7% CAGR between 2017 and 2022 to reach US\$ 1.4 billion**

Based on GWP, Oman's insurance market is among the smallest in the GCC and ranked 76th in the world in 2022<sup>112</sup>. Oman's insurance industry grew at a CAGR of 3.7% between 2017 and 2022, reaching US\$ 1.4 billion (Exhibit 30)<sup>113</sup>. The growth was driven by rising population, economic expansion, infrastructure development and the implementation of mandatory health insurance. The health insurance segment accounted for 35.4% of the GWP, while motor insurance, including comprehensive and third-party insurance, accounted for 19.7% of the total value of premiums<sup>114</sup>. Oman's economic diversification plans, key regulatory enforcements and rising awareness about insurance products supported growth in the sector<sup>115</sup>. However, the oil dependence of the economy, price competition that limits product innovation, and exposure to global financial volatility have hindered growth in the country<sup>116</sup>.

**Oman's non-life insurance segment grew at a CAGR of 4.0% between 2017 and 2022**

The non-life insurance segment accounts for 87.5% of the total insurance GWP, growing at a CAGR of 4.0% to reach US\$ 1.3 billion between 2017 and 2022 (Exhibit 30)<sup>117</sup>. The growth was driven by Oman's mandatory national health insurance programme for tourists and the private sector, as well as the implementation of the Dhamani electronic platform in 2023 for sound transactions among insurance parties and improving quality of health insurance<sup>118</sup>.

Moreover, Health insurance holds the leading position among all insurance segments, constituting 35.4% of GWP<sup>119</sup>, outpacing all other segments. GWP generated by health

<sup>112</sup> Source: "World insurance: stirred, and not shaken", Swiss Re, Sigma No 03/2023

<sup>113</sup> Source: "Insurance Market Index 2021-22", Capital Market Authority of Oman (CMA)

<sup>114</sup> Source: "Insurance Market Index 2021-22", Capital Market Authority of Oman (CMA)

<sup>115</sup> Source: "Oman Insurance Sector" Ubhar Capital, October 2023

<sup>116</sup> Source: "Kuwait: 2023 Article IV Consultation-Press Release and Staff Report", IMF

<sup>117</sup> Source: "Insurance Market Index 2021-22", Capital Market Authority of Oman (CMA)

<sup>118</sup> Source: "CMA Commences Establishment of Dhamani Electronic Platform", Oman News Agency, September 2023

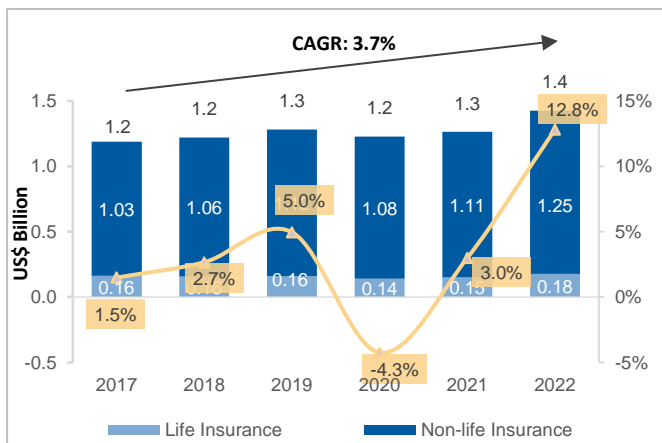
<sup>119</sup> Source: "Insurance Market Index 2021-22", Capital Market Authority of Oman (CMA)

insurance activity grew at a CAGR of 4.7% from US\$ 0.4 billion in 2017 to US\$ 0.5 billion in 2022. This growth was driven by the phased implementation of mandatory health insurance covering over 5 million people including private sector employees, expatriates and foreign visitors<sup>120</sup>.

**Oman's life insurance GWP grew at a CAGR of 1.9% between 2017 and 2022**

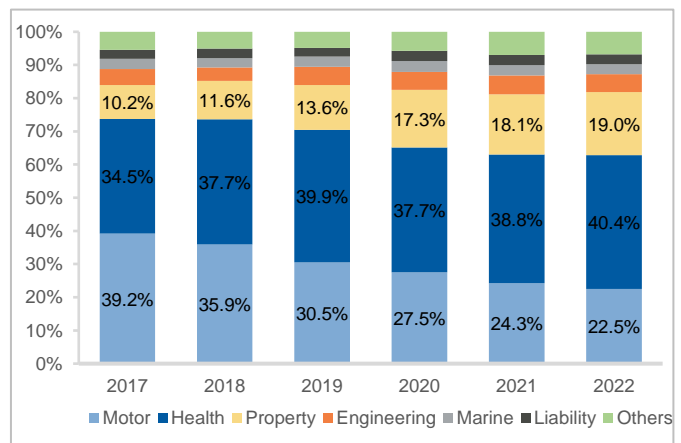
Over the last five years, motor insurance recorded a decline in market share despite the mandatory third-party policy for automobiles. Nonetheless, motor insurance remains the second-largest insurance category, making up 22.5% of the GWP in the non-life segment in 2022. The combined market share of motor and health insurance is significant, comprising 62.9% of non-life premiums in Oman's insurance market for 2022. The share of property insurance increased from 10.2% in 2017 to 19.0% in 2022. The rise in property insurance has been facilitated by the growing frequency of natural catastrophic occurrences in recent years, which has raised awareness of the need to invest for protection (see Exhibit 31)<sup>121</sup>. Oman's life insurance segment accounted for 12.4% of GWP in 2022, and grew at a CAGR of 1.9% since 2017 to reach US\$ 0.18 billion (see Exhibit 30)<sup>122</sup>.

**Exhibit 30: Segment-wise GWP in Oman**



Source: Capital Market Authority of Oman

**Exhibit 31: Composition of Non-life in Oman**



Source: Capital Market Authority of Oman

**The overall insurance penetration in Oman stood at 1.2% in 2022, lower than the GCC average of 1.5%**

The life insurance density in Oman has seen a marginal rise, from US\$ 35.4 in 2017 to US\$ 35.9 in 2022 (Exhibit 32)<sup>123</sup>. Similarly, non-life insurance density grew at a CAGR of 2.3%, from US\$ 225.2 in 2017 to US\$ 252.8 in 2022 (Exhibit 33)<sup>124</sup>. The overall insurance penetration in Oman stood at 1.2%, lower than the GCC average of 1.5% in 2022. Penetration levels across both life and non-life insurance segments declined over the five-year period (Exhibits 32 and 33)<sup>125</sup>. Life insurance penetration has fallen from 0.20% in 2017 to 0.15% in 2022. Similarly, non-life insurance penetration declined at a CAGR of 3.0% from 1.3% in 2017 to 1.1% in 2022.

<sup>120</sup> Source: "Oman Insurance Sector" Ubhar Capital, October 2023

<sup>121</sup> Source: "Insurance Market Index 2021-22", Capital Market Authority of Oman (CMA)

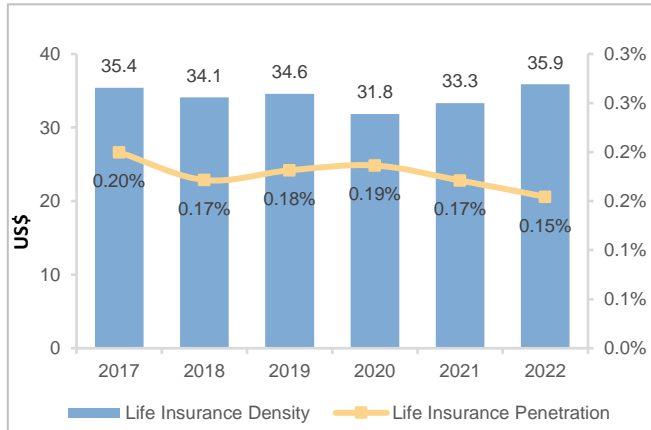
<sup>122</sup> Source: "Insurance Market Index 2021-22", Capital Market Authority of Oman (CMA)

<sup>123</sup> Source: "Insurance Market Index 2021-22", Capital Market Authority of Oman (CMA), World Economic Outlook Database", IMF, October 2023

<sup>124</sup> Source: "Insurance Market Index 2021-22", Capital Market Authority of Oman (CMA), World Economic Outlook Database", IMF, October 2023

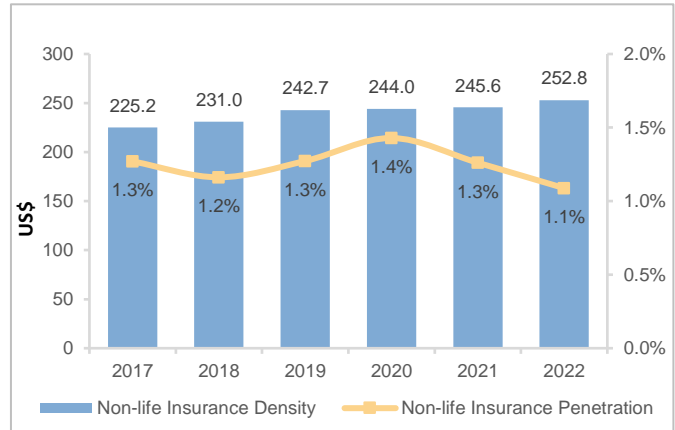
<sup>125</sup> Source: "Annual Report", CMA of Oman; "World Economic Outlook Database", IMF, October 2021

**Exhibit 32: Life Insurance Density and Penetration in Oman**



Source: Capital Market Authority of Oman, IMF

**Exhibit 33: Non-life Insurance Density and Penetration in Oman**



Source: Capital Market Authority of Oman, IMF

### Recent Regulatory Developments

**The Unified Agreement for Health Insurance Scheme aims to regulate the relationship among various market participants, including insurers, private healthcare institutions, and companies managing health insurance claims.**

The CMA recently approved regulations for the health insurance electronic link, known as the Dhamani E-platform to establish a legal framework that governs and oversees the linking process between the parties involved in health insurance relationships<sup>126</sup>. Furthermore, the Unified Agreement for Health Insurance Scheme, set up by the CMA, came into effect in January 2023. It aims to regulate the relationship among various market participants, including insurers, private healthcare institutions, and companies managing health insurance claims<sup>127</sup>.

The Omani government established a Supreme Sharia Supervisory Board (SSSB) within the CMA to enhance the legislative and regulatory procedures for companies involved in Takaful insurance operations in the Sultanate<sup>128</sup>. The CMA also implemented a new method for calculating an insurance company's solvency margin. These steps taken are expected to protect the interests of policyholders, shareholders, and associated parties, as well as increase the capital of insurance firms<sup>129</sup>.

The CMA of Oman has made efforts to enhance digitalization by implementing many projects related to digital transformation including the Dhamani platform, CMA platform, E-Insurance, and E-Taameen<sup>130</sup>. The CMA designed and programmed 39 electronic services including 16 in the insurance sector until 2022, launched smartphone applications, and expanded capabilities of licensing platforms related to the marketing of insurance products<sup>131</sup>.

<sup>126</sup> Source: "Insurance Market Index 2021-22", Capital Market Authority of Oman (CMA)

<sup>127</sup> Source: "Insurance Industry – Oman 2022", SHMA Consulting

<sup>128</sup> Source: "CMA: establishment of a Supreme Sharia Supervisory Board", Atlas Magazine, January 2022

<sup>129</sup> Source: "Annual Report 2022", National life and General Insurance

<sup>130</sup> Source: "Insurance Market Index 2021-22", Capital Market Authority of Oman (CMA)

<sup>131</sup> Source: "Seminar organised on Inclusive Insurance and Digitalisation", Times of Oman, October 2023

## Bahrain

### Market Structure

**Exhibit 34: Bahrain Insurance Market Structure**

Compulsory Products	Health	Motor	Third party liabilities		Professional Liability	
	Expatriate		Workmen's Compensation		Engineers	
	✓		✓		✓	

Licensed Companies	Total No. of insurers	Type of Insurers		Domicile		No. of Public-Listed Insurers
		Conventional	Takaful	Foreign Insurers	National Insurers	
	31	26	5	10	21	5

Capital Requirements	Insurance Companies: BHD 5 million (US\$ 13 million)	Reinsurance Companies: BHD 10 million (US\$ 26 million)
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Regulators	Central Bank of Bahrain
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Source: Central Bank of Bahrain

### Segment-wise Insurance Market

**Bahrain recorded a GWP of US\$ 0.7 billion in 2022, exhibiting a CAGR of 0.8% since 2022**

Bahrain's insurance market ranked 88th globally based on the GWP during 2022, with Bahrain accounting for 2.2% of the total GWP within the GCC<sup>132</sup>. The insurance industry in the country experienced marginal growth reaching a total GWP of US\$ 0.7 billion in 2022, exhibiting a CAGR of 0.8% since 2017 (Exhibit 35)<sup>133</sup>. The growth was primarily driven by favorable government initiatives, a strong focus on technological advancements, and an increased level of consumer awareness regarding insurance products<sup>134</sup>.

**Bahrain's non-life insurance segment increased at a CAGR of 2.4% between 2017 and 2022 to reach US\$ 0.6 billion**

The non-life insurance segment, which accounted for 87.2% of the total GWP in 2022, increased at a CAGR of 2.4% from 2017 to reach US\$ 0.6 billion in 2022<sup>135</sup>. The growth was mainly because of an increase in premiums in the health insurance segment as the pandemic led to an increase in consumer awareness about medical insurance products and services<sup>136</sup>. The health and motor insurance business lines constituted a significant portion of the non-life insurance sector, contributing 30.5% and 30.6%, respectively<sup>137</sup>. The fire, property and liability business segment accounted for 21.9% of the non-life GWP in 2022, a significant increase from 15.7% in 2017 (Exhibit 36)<sup>138</sup>.

<sup>132</sup> Source: "World insurance: stirred, and not shaken", Swiss Re, Sigma No 03/2023

<sup>133</sup> Source: "Insurance Market Review 2022", Central Bank of Bahrain

<sup>134</sup> Source: "Bahrain insurance sector has shown growth in gross premiums for the six months ended 30 June 2023", Central Bank of Bahrain

<sup>135</sup> Source: "Insurance Market Review 2022", Central Bank of Bahrain

<sup>136</sup> Source: "Bahrain Insurance Sector Continues to Show Positive Results for the Six Months Ended 30 June 2023", Central Bank of Bahrain, "The Report: Bahrain 2022", Oxford Business Group

<sup>137</sup> Source: "Insurance Market Review 2022", Central Bank of Bahrain

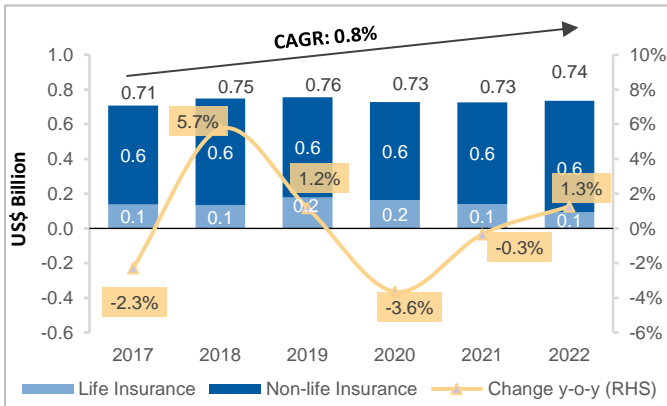
<sup>138</sup> Source: "Insurance Market Review 2022", Central Bank of Bahrain



**The life insurance segment declined at a CAGR of 7.4% between 2017 and 2022**

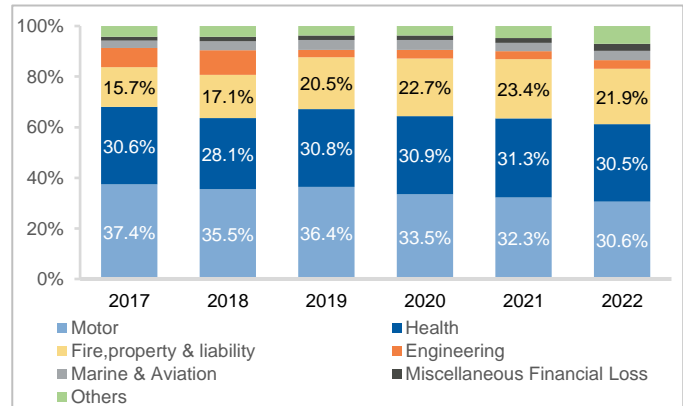
The life insurance segment's market share decreased from 19.5% of the total GWP in 2017 to 12.8% in 2022. The GWP for life insurance segment declined at a CAGR of 7.4% since 2017, reaching US\$ 0.1 billion in 2022 (Exhibit 35)<sup>139</sup>.

**Exhibit 35: Segment-wise GWP in Bahrain**



Source: Central Bank of Bahrain

**Exhibit 36: Composition of Non-life in Bahrain**

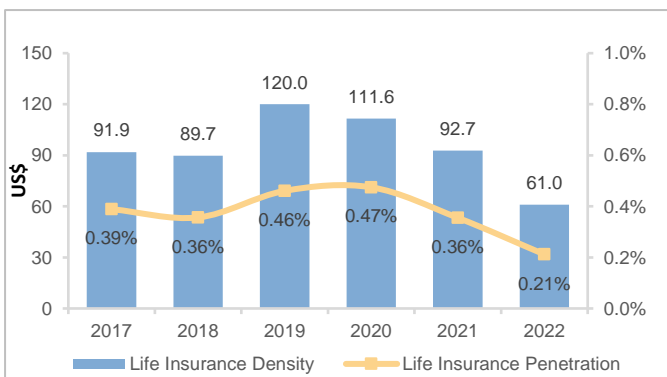


Source: Central Bank of Bahrain

**The overall insurance penetration rate in Bahrain declined from 2.0% in 2017 to 1.7% in 2022, still exceeding the GCC average of 1.5%**

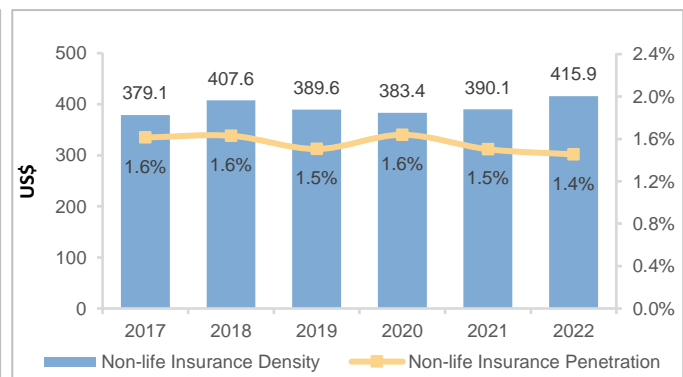
Bahrain's overall insurance penetration rate fell from 2.0% in 2017 to 1.7% in 2022, still exceeding the GCC average of 1.5%. Bahrain holds the second highest penetration rate in the GCC, following the UAE<sup>140</sup>. The non-life insurance penetration in Bahrain dropped to 1.4% in 2022 from 1.6% in 2017. However, non-life insurance density saw an increase at a CAGR of 1.9% from 2017, reaching US\$ 415.9 in 2022<sup>141</sup> (Exhibit 37). The overall insurance density of Bahrain amounted to US\$ 476.9, which is below the GCC average of US\$ 582.2<sup>142</sup>. The life insurance penetration in Bahrain fell from 0.4% in 2017 to 0.2% in 2022, while life insurance density declined from US\$ 91.9 in 2017 to US\$ 61.0 in 2022<sup>143</sup> (Exhibit 38).

**Exhibit 37: Life Density and Penetration in Bahrain**



Source: Central Bank of Bahrain, IMF

**Exhibit 38: Non-life Density and Penetration in Bahrain**



Source: Central Bank of Bahrain, IMF

<sup>139</sup> Source: "Insurance Market Review 2022", Central Bank of Bahrain

<sup>140</sup> Source: "Insurance Market Review 2022", Central Bank of Bahrain; "World Economic Outlook Database", IMF, October 2023

<sup>141</sup> Source: "Insurance Market Review 2022", Central Bank of Bahrain; "World Economic Outlook Database", IMF, October 2023

<sup>142</sup> Source: "Insurance Market Review 2022", Central Bank of Bahrain; "World Economic Outlook Database", IMF, October 2023

<sup>143</sup> Source: "Insurance Market Review 2022", Central Bank of Bahrain; "World Economic Outlook Database", IMF, October 2023

### Recent Regulatory Developments

***The CBB has taken steps to improve the market conduct in the motor insurance business***

The Central Bank of Bahrain (CBB) requested insurance companies in Bahrain to establish internal actuarial units and appoint in-house Bahraini Qualified Actuaries and Actuarial Analysts to enhance nationals' skill set and prepare for the IFRS 17 standard<sup>144</sup>. To support this, a "Qualified Actuaries Development Program" was arranged in collaboration with Tamkeen and BIBF to promote Bahraini actuaries. The CBB's Insurance Supervision Directorate (ISD) has taken steps to improve market conduct in the motor insurance business with an aim to enhance procedures and protect clients' rights. Furthermore, ISD has reduced submission deadlines for prudential reports from 45 to 30 days aiming to improving supervision and strengthen CBB's role in ensuring sector stability<sup>145</sup>.

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<sup>144</sup> Source: "Annual Report 2022", Central bank of Bahrain

<sup>145</sup> Source: "Annual Report 2022", Central bank of Bahrain

## 3. The GCC Insurance Industry Outlook

### 3.1 Forecasting Methodology

This report provides an outlook of the GCC insurance industry in terms of the market size (by GWP) of the life and non-life insurance segments in each constituent country between 2023 and 2028.

Factors considered for the projections include:

- Population, Inflation and GDP (at current prices)<sup>146</sup> from the IMF (last updated October 2023).
- Historical life and non-life insurance GWP from individual national statistical authorities of the GCC nations and Swiss Re.

The methodology adopted for projecting the market size is as below:

- Life insurance – Density x Population, where the life insurance density across each country is forecasted based on inflation.
- Non-life insurance – Projected by using two different approaches, as below:
  - For UAE, Saudi Arabia, Oman, Kuwait, and Bahrain, the long-term forecasts have been arrived at by using regression analysis, as the statistical technique has shown a correlation with GDP (at current prices) and population in the historical years.
  - In case of Qatar, we normalized the non-life insurance GWP by deducting the international GWP of QIC to smoothen out the significant movement between 2014 and 2016 (primarily due to inclusion of QIC's international GWP). Regression analysis on the normalized non-life GWP yielded unsatisfactory correlation between the two parameters. Hence, the longterm forecast for Qatar have been arrived by using the non-life penetration and GDP at current prices. For the non-life penetration, we have applied a five-year moving average to GDP at current prices to arrive at non-life GWP forecast between 2023 and 2028 for Qatar.

Note: This report is an update to Alpen Capital's GCC Insurance Industry report dated February 8, 2022. The variations in historical and projected numbers are a result of revised macro projections by IMF, revised base numbers of insurance industry size and evolving industry dynamics.

#### Macro Assumptions

- The GCC population is projected to grow at a CAGR of 2.0% from 57.4 million in 2023 to 63.4 million in 2028.
- The region's GDP at current prices is forecasted to grow at a CAGR of 4.0% from US\$ 2,127.1 billion in 2023 to US\$ 2,589.0 billion in 2028.
- The general inflation rate in the region is expected to average at 2.1% during the forecast period.

<sup>146</sup> Source: GDP at current prices has been used throughout the report

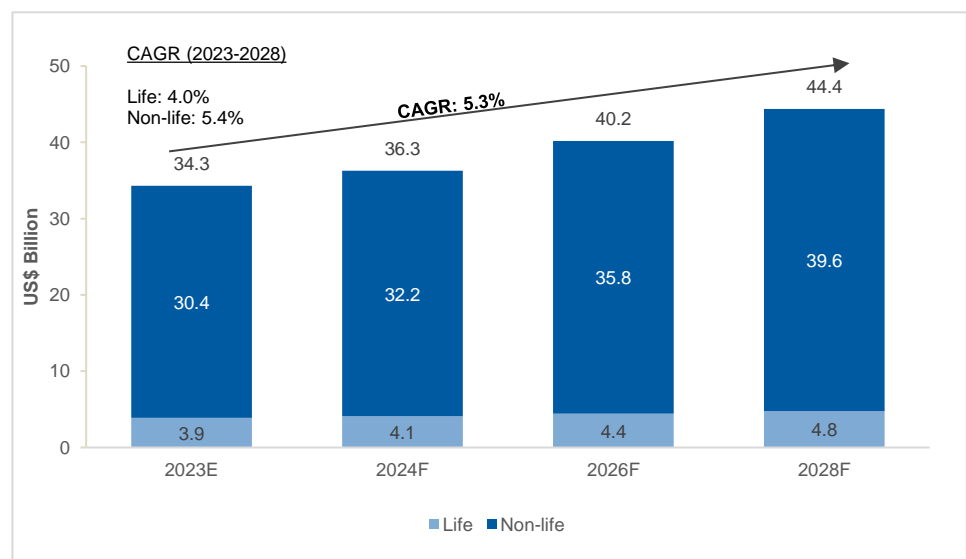
**The GCC insurance market is projected to grow at an annualized rate of 5.3% from US\$ 34.3 billion in 2023 to US\$ 44.4 billion in 2028**

### 3.2 GCC Insurance Market Forecast

The GCC insurance market is expected to grow at a CAGR of 5.3% from US\$ 34.3 billion in 2023 to US\$ 44.4 billion in 2028 (Exhibit 39). The growth outlook remains favorable driven by resilient economic growth, sustained increase in population, rising need for health and life insurance, and infrastructure development projects. The GCC's planned or underway real estate projects valued at US\$ 1.6 trillion as of 2022, are likely to support insurance demand and enhance the region's insurable assets<sup>147</sup>. Furthermore, governments' efforts in strengthening regulations, along with the implementation and development of mandatory insurance schemes, and increase in the M&A activity across the GCC are expected to improve near-term premium growth<sup>148</sup>. For instance, in the UAE, ongoing collaboration between the government and the insurance sector has led to the development of mandatory insurance products, providing opportunities for insurers in the market. The demand for insurance in various sectors such as property, vehicles, and health is expected to continue to increase due to increasing population at a CAGR of 2.0% between 2023 and 2028. Additionally, factors like tax incentives on insurance products and an upward trend in life expectancy are likely to aid the growth of the insurance industry<sup>149</sup>.

In 2022, majority of the GCC insurance markets grew significantly as economies continued to recover from the COVID-19-related slowdown. The demand for insurance protection has grown post-pandemic, due to the implementation of regulatory initiatives in the GCC region, such as the introduction of unemployment insurance. Signs of economic improvement within the GCC nations have improved confidence in insurers, leading them to enhance their risk management practices and reorganize their insurance programs. The GCC insurance industry remains highly competitive, with a mix of international and national insurers, which will constrain future price increases. The increasing prominence of M&A activities in the GCC market has the potential to boost market profitability and reduce price competition in the long run<sup>150</sup>.

**Exhibit 39: GCC Insurance Market Size Forecast**



Source: Alpen Capital, Swiss Re, SAMA, UAE Central Bank, CBB, CMA of Oman, QIC Annual Reports, IMF

Note: E – Estimate, F – Forecast

<sup>147</sup> Source: "Middle East Real Estate Research", CBRE, March 2023

<sup>148</sup> Source: "Market Segment Outlook: Gulf Cooperation Council Insurance", AM Best, March 2023

<sup>149</sup> Source: "Kuwait's client-driven Insurance sector is a lifesaver for the citizens", International Business Magazine, October 2022

<sup>150</sup> Source: "Market Segment Outlook: Gulf Cooperation Council Insurance", AM Best, March 2023

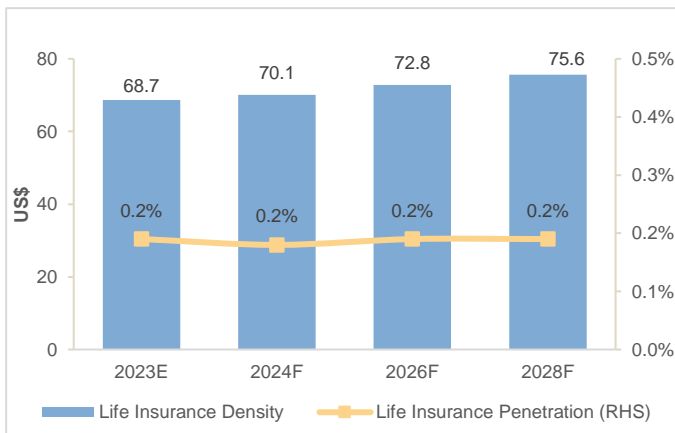
**Non-life insurance GWP is projected to grow at a CAGR of 5.4% while life insurance is estimated to grow at a CAGR of 4.0% between 2023 and 2028**

### Life and Non-life Insurance Forecast

The non-life insurance sector is expected to grow at a CAGR of 5.4%, rising from US\$ 30.4 billion in 2023 to US\$ 39.6 billion in 2028 and comprising 89.2% of the total insurance market by 2028. The expected growth is primarily going to be driven by the economic recovery, implementation of mandatory health insurance, and infrastructure development. On the other hand, the GWP for life insurance is anticipated to experience a CAGR of 4.0%, increasing from US\$ 3.9 billion in 2023 to US\$ 4.8 billion in 2028. The growing population and awareness of life insurance products in the region is likely to aid growth in the life segment.

Insurance penetration in the region is forecasted to marginally increase from 1.6% in 2023 to 1.7% in 2028 (see Exhibits 40 and 41). The penetration rates continue to remain well below the global average (6.8%) and emerging markets average (3.0%), presenting ample growth opportunities for the sector. Insurance density in the region is expected to increase from US\$ 597.6 in 2023 to US\$ 699.5 in 2028, of which life insurance density is projected at US\$ 75.6 and non-life density at US\$ 623.9.

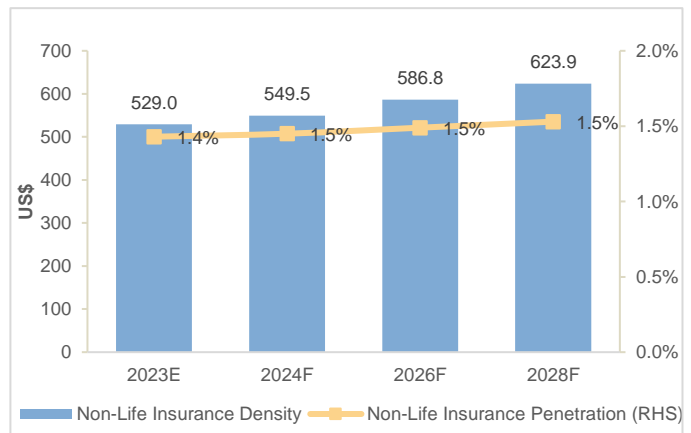
**Exhibit 40: Forecast of Life Insurance Density and Penetration in the GCC**



Source: Alpen Capital, Swiss Re, SAMA, UAE Central Bank, CBB, CMA of Oman, QIC Annual Reports, IMF

Note: E – Estimate, F – Forecast

**Exhibit 41: Forecast of Non-life Insurance Density and Penetration in the GCC**



Source: Alpen Capital, Swiss Re, SAMA, UAE Central Bank, CBB, CMA of Oman, QIC Annual Reports, IMF

Note: E – Estimate, F – Forecast

**Saudi Arabia is projected to be the largest insurance market in the region with 42.6% market share, followed by UAE with 40.3% share in 2028**

### Country-wise Growth Forecast

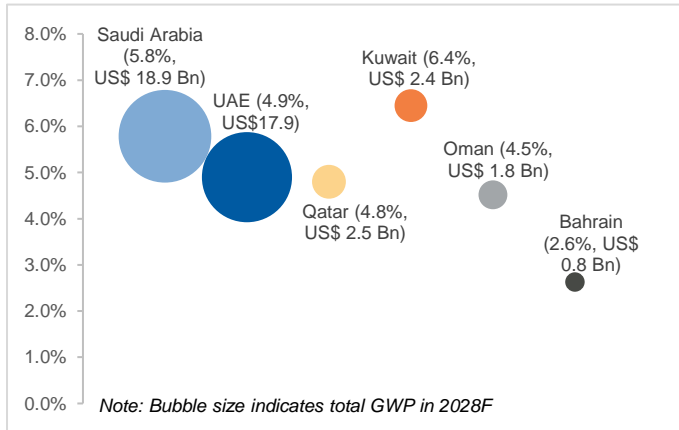
Between 2023 and 2028, the insurance market in the UAE and Saudi Arabia is expected to grow at a CAGR of 4.9% and 5.8%, respectively (see Exhibit 42). The UAE insurance industry is experiencing sustained growth and expansion, driven by rising insurance demand, effective risk management, and overall economic growth<sup>151</sup>. The ongoing UAE Vision 2031 initiatives, focusing on economic diversification in key service sectors are expected to further propel the demand for commercial insurance<sup>152</sup>. Saudi Arabia's insurance market is expected to benefit from consolidation that will potentially improve market profitability and reduce price competition<sup>153</sup>. Across the GCC, Kuwait is expected to grow at the fastest annualized rate of 6.4% between 2023 and 2028. Saudi Arabia is projected to be the largest insurance market in the GCC by GWP, reaching a market share of 42.6% by 2028, followed by the UAE with a projected market share of 40.3% in 2028 (see Exhibit 43).

<sup>151</sup> Source: "Growth indicators of insurance sector in UAE reflect a dynamic and active market: CBUAE", Zawya, December 2023

<sup>152</sup> Source: "UAE insurance Report", BMI, Fitch Solutions, 2023

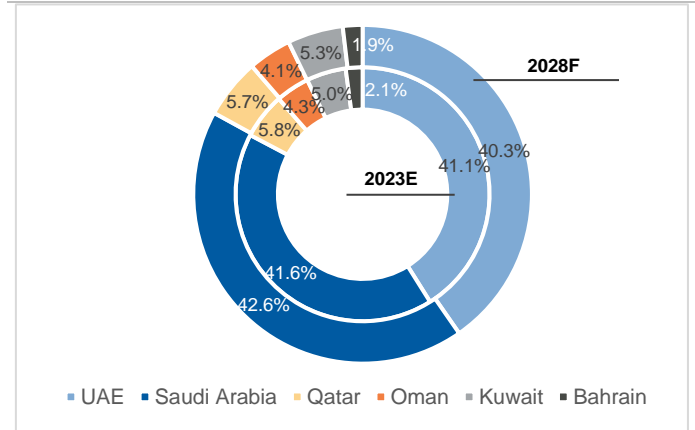
<sup>153</sup> Source: "Market Segment Outlook: Gulf Cooperation Council Insurance", AM Best, March 2023

**Exhibit 42: Insurance Market Growth (CAGR: 2023E – 2028F)** **Exhibit 43: Contribution to the GCC Insurance Market**



Source: Alpen Capital, Swiss Re, SAMA, UAE Central Bank, CBB, CMA of Oman, QIC Annual Reports, IMF

Note: E – Estimate, F – Forecast



Source: Alpen Capital, Swiss Re, SAMA, UAE Central Bank, CBB, CMA of Oman, QIC Annual Reports, IMF

Note: E – Estimate, F – Forecast

### 3.3 Country-wise Market Size Forecast

#### UAE

**The UAE insurance market is expected to grow at an annualized rate of 4.9% over the five-year period to reach US\$ 17.9 billion by 2028**

The UAE insurance market is projected to grow at a CAGR of 4.9% from US\$ 14.1 billion in 2023 to US\$ 17.9 billion in 2028 (see Exhibit 44). The non-life segment is estimated to grow at a CAGR of 5.2% to reach US\$ 14.4 billion in 2028. This growth is expected to be driven by improving macro-economic conditions, expansion of mandatory health insurance cover to the Northern Emirates coupled with the development of large-scale infrastructure projects. Over the next two years, the UAE has an infrastructure project pipeline worth US\$ 29 billion, that is expected to amount to US\$ 199 billion over the next five years<sup>154</sup>. Additionally, a large pipeline of transportation and road infrastructure projects, such as the US\$ 11 billion Etihad Rail, US\$ 5.9 billion hyperloop project, and US\$ 2.7 billion Sheikh Zayed double-deck road project is expected to boost economic growth<sup>155</sup>. The implementation of the Unemployment Insurance Scheme in the UAE, with over 6.7 million residents enrolled by November 2023, is expected to attract more workers and contribute to the growth of the non-life insurance sector<sup>156</sup>. As a result, non-life GWP in the UAE is expected to be one of the largest contributors of the total non-life GWP in the GCC with a 36.3% share by 2028.

The UAE is bound to remain the largest life insurance market in the GCC with its life insurance GWP projected to contribute approximately 73.4% of the total life GWP in the GCC by 2028. The life segment is estimated to grow at a CAGR of 3.9% to reach US\$ 3.5 billion in 2028, driven by the rising population, increased risk awareness and demand for insurance. Additionally, advancements in technology and innovative insurance products are likely to play a significant role in attracting more individuals to the life insurance sector. The UAE's insurance penetration is expected to decline marginally from 2.8% in 2023 to 2.7% in 2028, while the insurance density is estimated to reach US\$ 1,626.5 by 2028 (see Exhibit 45).

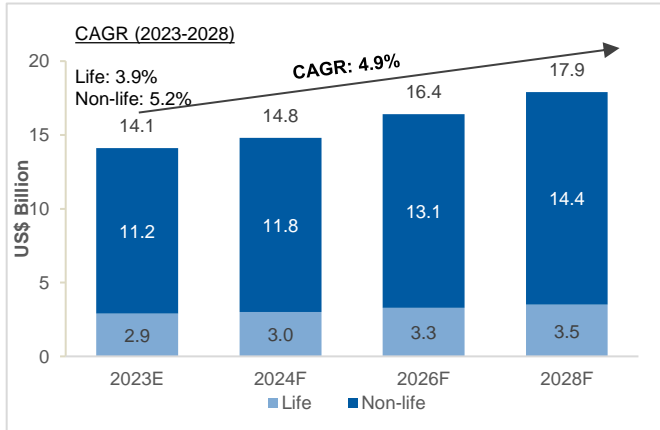
<sup>154</sup> Source: "UAE's construction sector is on fast-track growth in 2023 – and can speed up more", Business, September 2023

<sup>155</sup> Source: "UAE Design And Construction", International Trade Administration, November 2023

<sup>156</sup> Source: "More than 6.7mln UAE residents subscribe to Unemployment Insurance Scheme", Ministry of Human Resources and Emiratization, November 2023

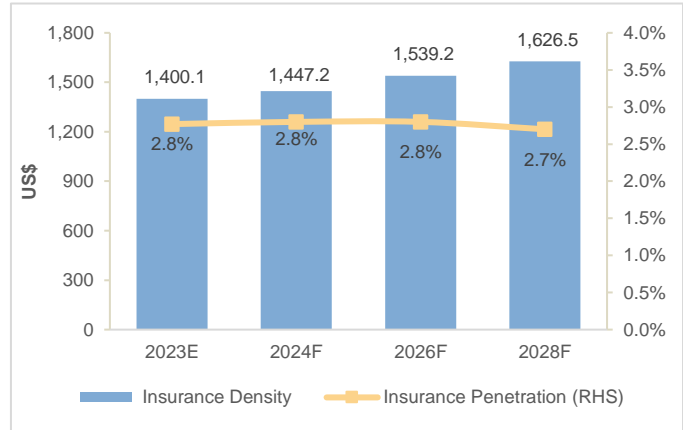


**Exhibit 44: Forecast of Insurance Market in the UAE**



Source: Alpen Capital, Central Bank of UAE, IMF  
Note: E – Estimate, F – Forecast

**Exhibit 45: Forecast of Density and Penetration in the UAE**



Source: Alpen Capital, Central Bank of UAE, IMF  
Note: E – Estimate, F – Forecast

**Saudi Arabia's insurance market is expected to grow at a CAGR of 5.8% to reach US\$ 18.9 billion in 2028**

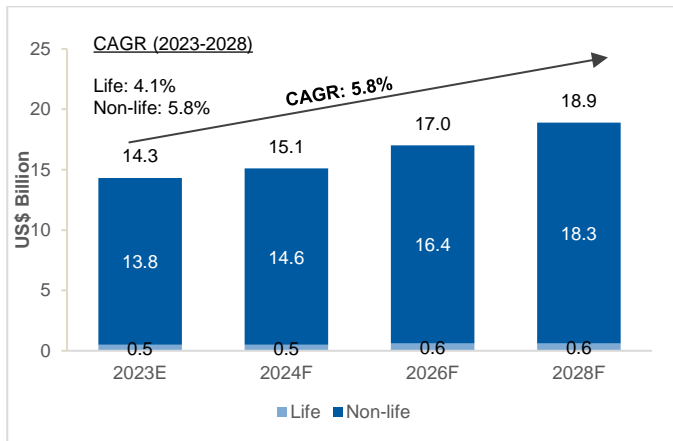
**Saudi Arabia**

Saudi Arabia's insurance market is estimated to reach US\$ 18.9 billion in 2028, registering a CAGR of 5.8% from 2023 (See Exhibit 46). The non-life segment is also expected to grow at a CAGR of 5.8% to reach US\$ 18.3 billion in 2028. The growth is anticipated to be driven by post-pandemic economic recovery, expansion of mandatory medical covers, and introduction of the Inherent Defects Insurance (IDI) scheme<sup>157</sup>. Health and motor insurance segments are expected to experience significant growth in GWP<sup>158</sup>. Health insurance is projected to rise due to the increase in the number of insured individuals reaching 11.8 million in H1 2023 and the rise of medical inflation<sup>159</sup>. The industry is poised to grow with changing behavioral patterns, including a growing interest in medical checkups and preventive healthcare, especially among younger individuals<sup>160</sup>. Furthermore, SAMA's strategic regulatory changes, such as the comprehensive motor insurance rules and the standard insurance policy on domestic workers' contracts<sup>161</sup>, coupled with ongoing infrastructural developments in line with Vision 2030, are driving the industry's growth.

The life insurance segment is expected to grow at a CAGR of 4.1% to reach US\$ 0.6 billion in 2028, driven by stable population growth of 2.0% CAGR between 2023 and 2028 and rising awareness about insurance products among the locals. Saudi Arabia's life insurance GWP is expected to contribute 13.3% of the total life GWP in the GCC by 2028. Insurance penetration and density in Saudi Arabia are expected to reach 1.5% and US\$ 522.0, respectively, in 2028 (see Exhibit 47).

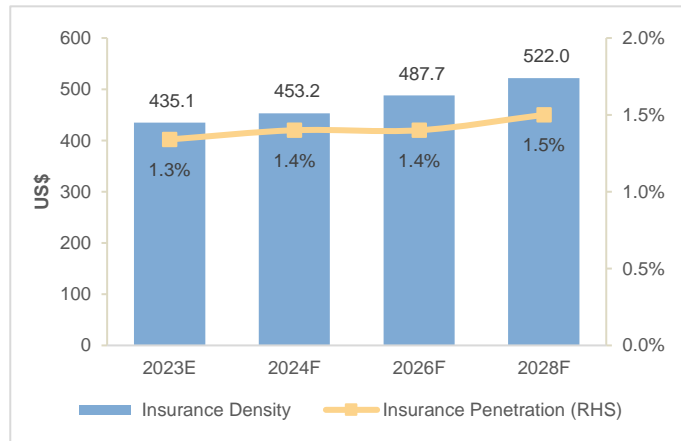
<sup>157</sup> Source: "GCC Insurers in 2023", S&P Global Ratings, March 2023  
<sup>158</sup> Source: "The Saudi Insurance Market 2022", SAMA  
<sup>159</sup> Source: "Annual Report 2022," Bupa Arabia  
<sup>160</sup> Source: "Annual Report 2022," Bupa Arabia  
<sup>161</sup> Source: "The Saudi Insurance Market 2022", SAMA

**Exhibit 46: Forecast of Insurance Market in Saudi Arabia**



Source: Alpen Capital, SAMA, IMF  
Note: E – Estimate, F – Forecast

**Exhibit 47: Forecast of Density and Penetration in Saudi Arabia**



Source: Alpen Capital, SAMA, IMF  
Note: E – Estimate, F – Forecast

***Qatar's insurance market is anticipated to grow at a CAGR of 4.8% to reach US\$ 2.5 billion in 2028***

#### Qatar

Qatar's insurance market is expected to grow at a CAGR of 4.8% from US\$ 2.0 billion in 2023 to US\$ 2.5 billion in 2028 (See Exhibit 48). The non-life segment is estimated to grow at a CAGR of 4.9% to reach US\$ 2.5 billion by 2028. This growth is aided by rapid economic growth, ongoing infrastructure projects and improved geopolitical conditions. The upcoming World Aquatics Championship 2024 in Doha is expected increase demand for various insurance segments such as health, travel, and liability insurance<sup>162</sup>. Qatar received over 4 million visitors in 2023 who were required to have a health insurance policy, helping the segment grow<sup>163</sup>. As per Qatar's Third Financial Sector Strategy issued by Qatar Central Bank, the country's insurance industry will be expanding its product offerings, including the launch of climate insurance and tailored services for key sectors. It will further be expanding the range of insurable risks, focusing on local market development through insurance products<sup>164</sup>. The implementation of mandatory health insurance for visitors and expatriates is expected to have a positive impact on the industry's penetration rate and profitability. Similarly, Qatar's focus on industrial diversification and economic transformation will create new opportunities for growth, including increased demand for cyber insurance and higher adoption of export insurance<sup>165</sup>.

The life insurance segment is anticipated to expand at a CAGR of 2.7% during the forecast period. This growth is primarily attributed to a rising awareness among the local population and a steady increase in population. Qatar's insurance penetration is projected to remain consistent at 0.9%, while density is expected to increase at a CAGR of 4.2%, reaching US\$ 851.4 by 2028 (see Exhibit 49).

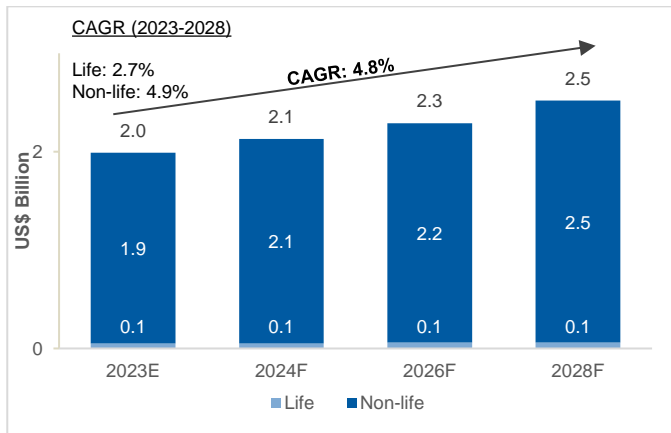
<sup>162</sup> Source: "Qatar Insurance Report", BMI

<sup>163</sup> Source: "Qatar Tourism: Qatar Received over 4 Million Visitors in 2023", Qatar News Agency, December 2023

<sup>164</sup> Source: "Third financial sector strategies", Qatar Central Bank, December 2023

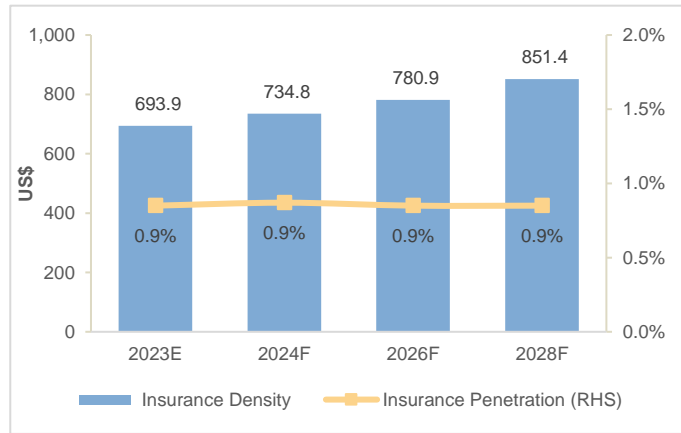
<sup>165</sup> Source: "New mandatory lines support growth in Qatar's insurance sector", Oxford Business Group 2022

**Exhibit 48: Forecast of Insurance Industry in Qatar**



Source: Alpen Capital, Swiss Re, IMF  
Note: E – Estimate, F – Forecast

**Exhibit 49: Forecast of Density and Penetration in Qatar**



Source: Alpen Capital, Swiss Re, IMF  
Note: E – Estimate, F – Forecast

**The insurance market in Kuwait is estimated to reach US\$ 2.4 billion in 2028, growing at a CAGR of 6.4% from 2023, the highest growth rate in the GCC**

#### Kuwait

The insurance market in Kuwait is estimated to grow a CAGR of 6.4% between 2023 and 2028 to reach US\$ 2.4 billion (see Exhibit 50). The life insurance segment is estimated to grow at a CAGR of 4.5% over the five-year period, while the non-life segment is estimated to grow at a CAGR of 6.7% to reach US\$ 2.1 billion by 2028. The growth drivers of the market include population growth at a CAGR of 2.0% between 2023 and 2028<sup>166</sup>, strong infrastructure projects' pipeline and the introduction of a new mandatory medical scheme for expatriates<sup>167</sup>. The Insurance Regulatory Unit (IRU) is focusing on developing digital transformation and comprehensive insurance to improve governance standards<sup>168</sup>. As per Kuwait Vision 2035, Kuwait's annual digital transformation spending is estimated to reach US\$ 3.2 billion by 2027, growing at a five-year CAGR of 7.5%<sup>169</sup>. Kuwait's 2020-2025 development strategy includes a significant investment of approximately US\$ 124 billion in various large-scale infrastructure projects including a number of infrastructure upgrades such as a US\$ 4 billion new airport terminal, South Al-Mutlaa City project and the development of the Mubarak Al-Kabeer Port on Boubyan Island, aiming to enhance the country's insurable assets<sup>170</sup>. The growth in the non-life segment will be aided by the further expansion of mandatory medical insurance for both expatriates and local retirees<sup>171</sup>. Kuwait's insurance penetration is expected to reach 1.3% with density expected to grow at a CAGR of 4.4% to US\$ 431.6 by 2028 (see Exhibit 51).

<sup>166</sup> Source: "World Economic Outlook Database", IMF, October 2023

<sup>167</sup> Source: "GCC Insurers in 2023", S&P Global Ratings, March 2023

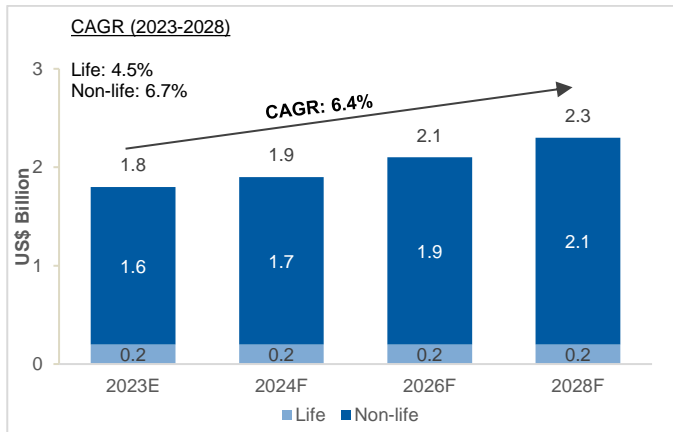
<sup>168</sup> Source: "Kuwait official calls for digitization in the insurance sector", Kuwait Times, October 2023

<sup>169</sup> Source: "Kuwait Vision 2035: Preparing for a New Era", GO-Globe, August 2023

<sup>170</sup> Source: "Kuwait-Infrastructure", International Trade Administration, December 2023

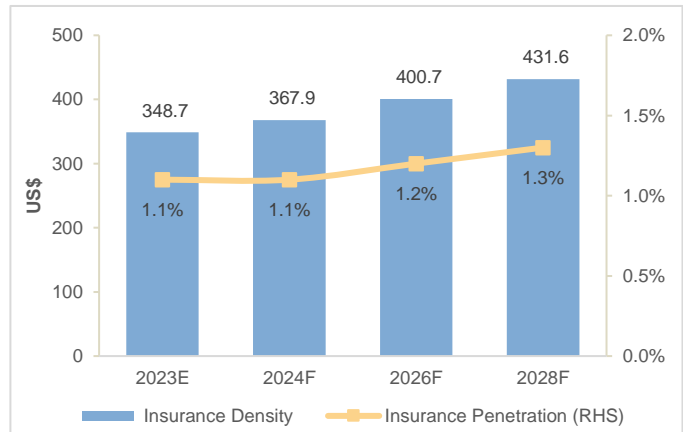
<sup>171</sup> Source: "GCC Insurers in 2023", S&P Global Ratings, March 2023"

**Exhibit 50: Forecast of Insurance Industry in Kuwait**



Source: Alpen Capital, Swiss Re, IMF  
Note: E – Estimate, F – Forecast

**Exhibit 51: Forecast of Density and Penetration in Kuwait**



Source: Alpen Capital, Swiss Re, IMF  
Note: E – Estimate, F – Forecast

**Oman's insurance segment is expected to grow at a CAGR of 4.5%, with life insurance segment and non-life insurance segment registering a CAGR of 5.2% and 4.4%, respectively between 2023 and 2028**

## Oman

Oman's insurance market is expected to grow at an annualized rate of 4.5% to reach US\$ 1.8 billion in 2028 (see Exhibit 52). The life segment is estimated to grow at a CAGR of 5.2% between 2023 and 2028. Robust growth in macroeconomic factors such as GDP at a CAGR of 3.1% and population at a CAGR of 3.2% between 2023 and 2028 will support the projections. The non-life segment is estimated to witness a CAGR of 4.4% to reach US\$ 1.6 billion in 2028. The non-life segment is expected to be driven by the implementation of a mandatory medical scheme (Dhamani) for all private sector employees as well as for inbound tourists<sup>172</sup>. The Dhamani scheme will cover over 5 million people, fueling the growth of the medical insurance segment<sup>173</sup>. Furthermore, Oman is implementing several construction projects as the government focuses on diversification in key sectors. In 2023, the Omani government announced a number of road and lighting projects for Al Batinah North Governorate province valued at US\$ 83 million<sup>174</sup>. These infrastructure developments are likely to expand the underwriting base for non-life commercial lines. As a part of its strategic Public-Private Partnership (PPP) program in 2024, the country aims to progress the implementation of 11 major projects and initiatives such as the development and maintenance of 42 schools, diagnostic centers, drug treatment and rehabilitation centers in Suhar<sup>175</sup>. Over the medium to long term, consumer awareness and economic diversification strategies will encourage demand for a wider range of insurance products<sup>176</sup>. Oman's insurance penetration and density are expected to increase to 1.5% and US\$ 308.1, respectively, by 2028 (see Exhibit 53).

<sup>172</sup> Source: "GCC Insurers in 2023", S&P Global Ratings, March 2023

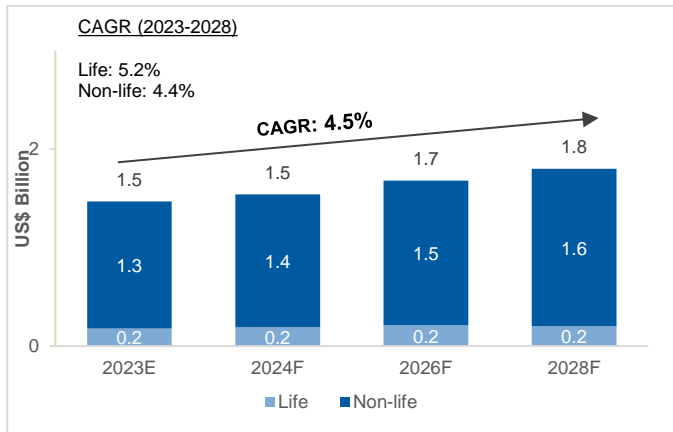
<sup>173</sup> Source: "Oman Insurance Sector" Ubhar Capital, October 2023

<sup>174</sup> Source: "Oman: \$83M worth infrastructure projects to enrich Al Batinah North Governorate" Construction Week Middle East, July 2023

<sup>175</sup> Source: 'Oman targets 11 PPP projects for implementation in 2024', Zawya, January 2024

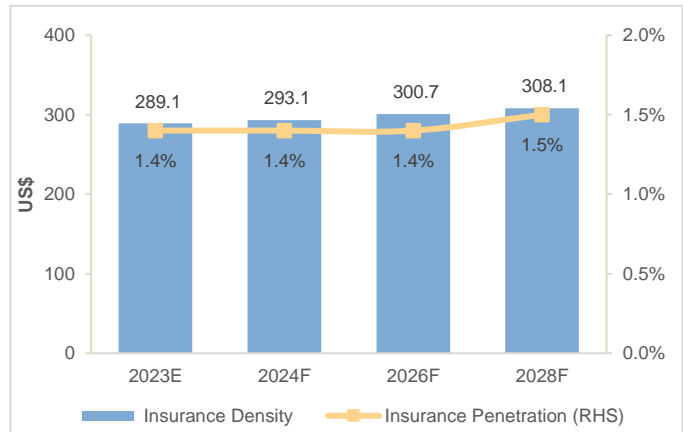
<sup>176</sup> Source: "Oman Insurance Report 2022", BMI

**Exhibit 52: Forecast of Insurance Industry in Oman**



Source: Alpen Capital, Capital Market Authority of Oman, IMF  
Note: E – Estimate, F – Forecast

**Exhibit 53: Forecast of Density and Penetration in Oman**



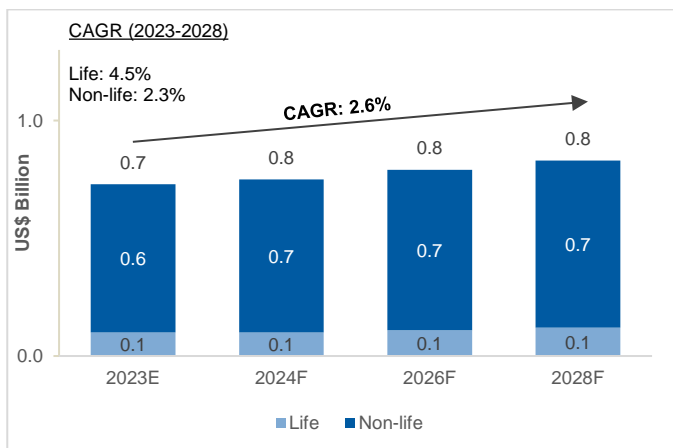
Source: Alpen Capital, Capital Market Authority of Oman, IMF  
Note: E – Estimate, F – Forecast

### Bahrain

**Bahrain's insurance market is forecasted to grow at a CAGR of 2.6% to reach US\$ 0.8 billion between 2023 and 2028**

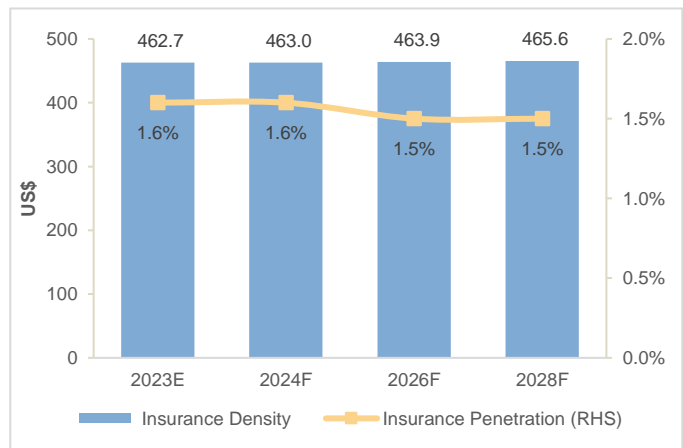
Bahrain's insurance market is estimated to reach US\$ 0.8 billion in 2028, registering a CAGR of 2.6% from 2023-2028 (see Exhibit 54). The life insurance segment is projected to grow at a CAGR of 4.5% during the forecasted period, while the non-life segment is estimated to grow at a CAGR of 2.3% to reach US\$ 0.7 billion by 2028. The growth will be supported by the implementation of the first phase of a mandatory health insurance program for expatriates, economic recovery, and large infrastructure investments<sup>177</sup>. Bahrain has awarded 35 tenders worth US\$ 84.4 million during 2023 for infrastructure projects across key sectors to support the economic development of the country<sup>178</sup>. Moreover, the government's initiatives to encourage financial inclusion and rising consumer awareness about the significance of insurance are also playing a key role in the insurance industry's growth<sup>179</sup>. The insurance penetration is expected to marginally decline to 1.5% in 2028 from 1.6% in 2023 while the density will reach US\$ 465.6 by 2028 (see Exhibit 55).

**Exhibit 54: Forecast of Insurance Industry in Bahrain**



Source: Alpen Capital, Central Bank of Bahrain, IMF  
Note: E – Estimate, F – Forecast

**Exhibit 55: Forecast of Density and Penetration in Bahrain**



Source: Alpen Capital, Central Bank of Bahrain, IMF  
Note: E – Estimate, F – Forecast

<sup>177</sup> Source: "GCC Insurers in 2023", S&P Global Ratings, March 2023

<sup>178</sup> Source: "Bahrain invests \$84.4mn in infrastructure with 35 new tenders", Construction Week Middle East, May 2023

<sup>179</sup> Source: "Bahrain Insurance Sector Continues to Show Positive Results for the Six Months Ended 30 June 2023", Central Bank of Bahrain, September 2023

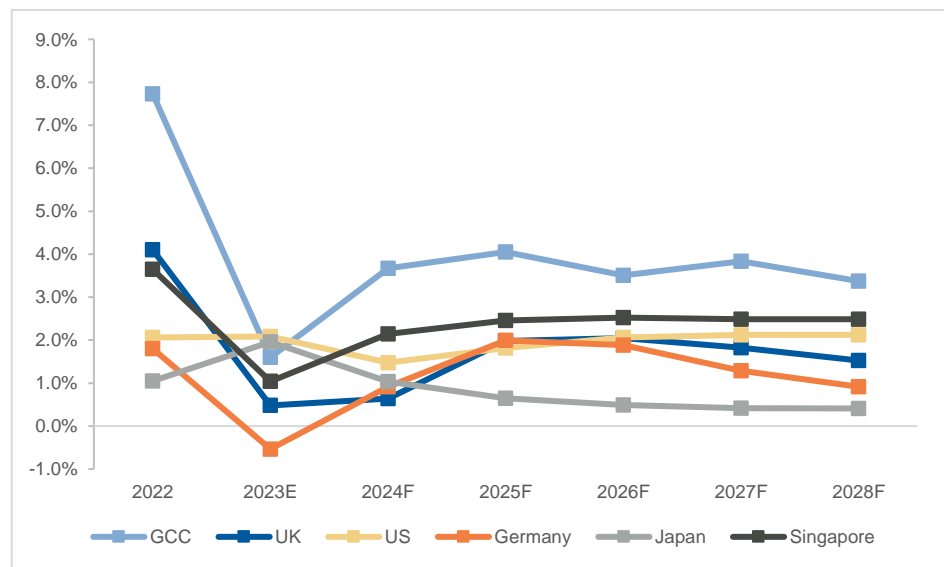
## 4. Growth Drivers

### Economic Growth

***GCC's GDP saw a significant growth of 7.7% in 2022, surpassing advanced economies such as the US, UK, Singapore, Japan, and Germany***

The GCC region has experienced a robust recovery from the pandemic slowdown and the decline in oil prices. As per the IMF, the region's GDP surged by 7.7% in 2022, a significant increase compared to the 3.5% growth in 2021<sup>180</sup>. This growth is much higher than that of the advanced economies like the US, UK, Singapore, Japan, and Germany (see Exhibit 56). The GCC continues to sustain its growth momentum, propelled by increased domestic demand, ongoing reform initiatives, positive tourism sentiment, and a rebound in the hydrocarbon market. In 2022, the hydrocarbon GDP of the GCC witnessed a substantial growth of 7.8%, driven by the global cyclical momentum. Moreover, the GCC's non-hydrocarbon GDP experienced a strong expansion of 5.3% in 2022 and is projected to maintain a growth rate of 4.3% in 2023. In H1 2023, Saudi Arabia experienced a non-hydrocarbon GDP growth of around 4.5%, while the UAE recorded a solid growth of 5.9%, primarily fueled by strong domestic demand<sup>181</sup>. Furthermore, the fiscal performance in the GCC remains solid, reflecting a fiscal surplus of 7.7% of GDP in 2022. This was supported by factors such as sustained oil prices, robust economic growth, and ongoing fiscal reforms<sup>182</sup>. Economic development strategies, including investments in major infrastructure projects associated with events like EXPO 2020 Dubai and the FIFA World Cup 2022, increase the number of insurable assets across the GCC. Additionally, government-backed initiatives to attract foreign direct investment, support SMEs, and bolster the industry's role in the economy are expected to drive an expanded demand for insurance coverage.

**Exhibit 56: GDP Growth Projections – GCC vs Other Markets (2022-2028F)**



Source: IMF – October 2023

Source: Note: E – Estimated, F – Forecasted

<sup>180</sup> Source: "World Economic Outlook Database", IMF, October 2023

<sup>181</sup> Source: "World Economic Outlook Database", IMF, October 2023

<sup>182</sup> Source: "World Economic Outlook Database", IMF, October 2023



***GCC member nations have been engaged in promoting economic diversification in order to support fiscal sustainability by reducing reliance on the oil sector***

***Saudi's Vision 2030 aims to raise its share of non-oil exports to 50.0% and increase the private sector's contribution to GDP to 65.0% by 2030***

## Economic Diversification Efforts

GCC member nations have actively promoted economic diversification to enhance fiscal sustainability by reducing reliance on the oil sector<sup>183</sup>. They have adopted various initiatives such as establishing special economic zones, developing tourism infrastructure, investing in knowledge and innovation hubs, expanding manufacturing capabilities and enhancing trade and logistics infrastructure. The IMF expects the GCC's non-oil economy to expand by 4.2% and 3.9% in 2023 and 2024, respectively<sup>184</sup>. These diversification efforts are expected to increase spending on sustainable and alternative infrastructure projects consequently presenting opportunities for the insurance sector to support and facilitate the economic transition<sup>185</sup>.

Saudi Arabia, the largest economy in the GCC, contributed to 49.3% of the region's GDP in 2022 and has taken several steps to diversify its economy<sup>186</sup>. The launch of the Saudi Vision 2030 in 2016 has played a crucial role in the country's diversification efforts leading to the development of new sectors such as hospitality, tourism, entertainment and logistics<sup>187</sup>. The Vision 2030 aims to raise Saudi Arabia's share of non-oil exports to 50% and increase the private sector's contribution to GDP to 65% by 2030<sup>188</sup>. Due to such positive initiatives undertaken by the Saudi government, there was a 95% increase in new investments within the country during 2022. The Kingdom continues to increase its investments in digital transformation and has been promoting the use of emerging technologies like artificial intelligence and robotics<sup>189</sup>. The ongoing digital transformation, coupled with favorable government regulations supporting Insurtech, is expected to improve operational efficiency within the insurance sector. Technological advancements are expected to assist in the development of personalized insurance solutions, consequently expanding market reach.

As part of its diversification initiatives, the UAE has made significant investments in sectors such as tourism, aviation, and telecommunications. In December 2022, the UAE launched the 'Future 100', an initiative aimed at supporting the top 100 start-ups that are expected to make a major contribution to the country's economy. The program will focus on emerging economic sectors such as space, renewable energy, and Fintech<sup>190</sup>. Such initiatives not only support the economic growth of the country but are also anticipated to generate employment opportunities, ultimately supporting the growth of the mandatory health insurance segment across the UAE.

Meanwhile, in July 2023, the Kuwaiti government, assigned the Ministry of Finance and the Kuwait Investment Authority (KIA) with the responsibility of examining plans for establishing a new sovereign fund, Ciyada. The Ciyada Development Fund aims to improve Kuwait's domestic economy, support mega-projects, and attract investments from both foreign investors and the private sector<sup>191</sup>. Such developments across the region are expected to increase the demand for insurance coverage associated with major projects and investment activities in the GCC region.

<sup>183</sup> Source: "Economic Diversification Efforts Paying Off in GCC Region but More Reforms Needed", The World Bank, November 22, 2023

<sup>184</sup> Source: "World Economic Outlook Database", IMF, October 2023

<sup>185</sup> Source: "Market Segment Outlook: Gulf Cooperation Council Insurance", AM Best, March 5, 2023

<sup>186</sup> Source: "World Economic Outlook Database", IMF, October 2023

<sup>187</sup> Source: "Saudi Arabia's economic diversification thrives amid global uncertainty", Arab news, August 26, 2023

<sup>188</sup> Source: "Saudi Vision 2030", Saudi Government

<sup>189</sup> Source: "Saudi Arabia's economic diversification thrives amid global uncertainty", Arab news, August 26, 2023

<sup>190</sup> Source: "The Ministry of Economy and the Government Development and the Future Office Launch the "Future 100" Initiative", Ministry of Cabinet Affairs, UAE, December 6, 2022

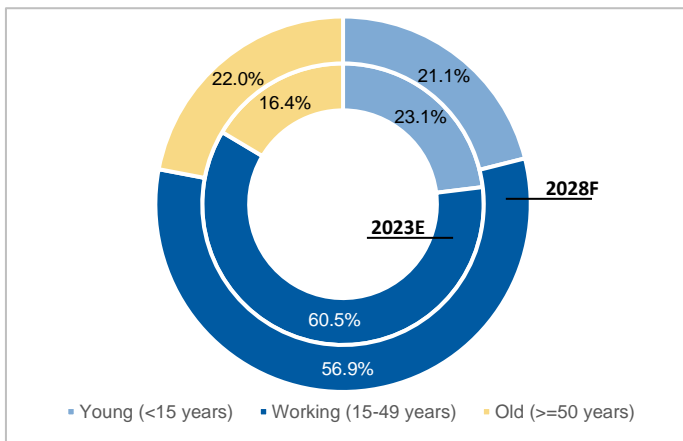
<sup>191</sup> Source: "Kuwait to set up new sovereign fund to develop mega projects and local economy", Reuters, July 16, 2023

## Favorable Demographics

The insurance market in the GCC region benefits from favorable demographics, such as the rising population and a substantial majority of young and working-age individuals. These factors serve as key drivers for growth in the insurance industry within the GCC region. The total population of the GCC region stood at 56.2 million in 2022 and is expected to reach 63.4 million by 2028, exhibiting a CAGR of 2.0% from 2023 to 2028 (See Exhibit 58). This is higher than the average of 0.2% in advanced economies and the world average of 0.9%<sup>192</sup>. The rising population is anticipated to increase the market's customer base, driving demand for various insurance products in the region.

In the GCC, people between the ages of 15 and 49 make up about 60.5% of the total population (See Exhibit 57)<sup>193</sup>. This demographic comprises of working professionals with considerable spending capacity, making them more inclined to purchase insurable assets. This leads to an increased demand for motor, property and liability insurance to safeguard against various risks such as accidents, natural disasters, or theft. According to IMF projections, about 22.0% of the GCC population will be over 50 years old by 2028, compared to 16.4% in 2023<sup>194</sup>. The increasing awareness about insurance benefits, especially among well-educated professionals, is expected to boost the demand for life and medical insurance as the population ages.

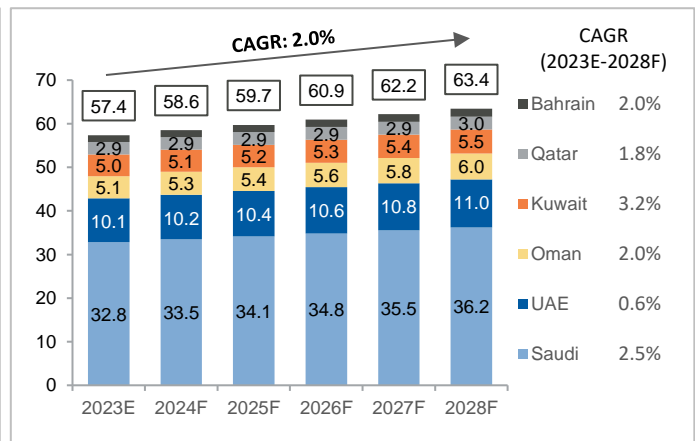
**Exhibit 57: GCC Population Age Distribution**



Source: UNPD – July 2023

Note: E – Estimate, F – Forecast

**Exhibit 58: GCC Population Forecast**



Source: IMF – October 2023

Note: E – Estimate, F – Forecast

Women nationals in the GCC have made significant progress in terms of education and participation in the labor force during the last three decades. All six GCC nations have been implementing several reforms to increase female labor force participation. For instance, Saudi Arabia, in its Vision 2030 program, placed significant focus on gender equality. The country intends to increase the female labor force participation rate to 30.0% by 2030<sup>195</sup>. In 2022, the female labor force participation rates varied across Gulf countries, with Qatar leading at 60.5%, followed by the UAE at 54.9%, Kuwait at 47.8%, Bahrain at 44.3%, Oman at 32.0%, and Saudi Arabia at 27.8%<sup>196</sup>. Demand for insurance products, such as health, life, and

<sup>192</sup> "World Economic Outlook Database", IMF, October 2023

<sup>193</sup> Source: "United Nations Population Division", United Nations, July 2023

<sup>194</sup> Source: "World Economic Outlook Database", IMF, October 2023

<sup>195</sup> Source: "Saudi Vision 2030", Saudi Government

<sup>196</sup> Source: International Labour Organization (ILO Statistics), The World Bank, 2022

**Health insurance is compulsory for citizens and expatriates in all six nations in the GCC**

property insurance is anticipated to increase as more women join the workforce, especially in the private sector<sup>197</sup>.

## Mandatory Health Insurance

The healthcare industry in the GCC region is undergoing a phase of growth and transformation as healthcare reforms aim to meet the increasing demands for health services and enhance health standards in the region. Over the past few years, GCC countries have implemented mandatory health insurance schemes for all citizens and expatriates. The population of the GCC region is expected to reach 63.4 million by 2028, exhibiting a CAGR of 2.0% from 2023 to 2028<sup>198</sup>. The region's rising population, coupled with the implementation of mandatory health insurance is expected to drive strong growth in the health insurance market.

Health insurance is now compulsory for expatriates in all six GCC nations. Until 2023, Abu Dhabi and Dubai were the only Emirates in the UAE where medical insurance coverage was mandatory for expatriates<sup>199</sup>. However, as of 2023, new government regulations have extended this scheme across the Northern Emirates (Sharjah, Umm Al Quwain, Ras Al Khaimah, Ajman, and Fujairah) as well <sup>200</sup>. In 2022, Qatar issued a new law to revise the country's mandatory health insurance scheme. According to the law, every foreign visitor, resident, and worker in the country must hold health insurance throughout the stay, unless exempted<sup>201</sup>. In Oman, the mandatory health insurance scheme, 'Dhamani', was implemented in 2023 covering private-sector employees and their dependents<sup>202</sup>.

Insurance for citizens is sponsored by the local government in all countries except Saudi Arabia and the UAE. The mandatory health insurance scheme for citizens was implemented in Abu Dhabi in 2005 and in Dubai in 2014<sup>203</sup>. Citizens in Abu Dhabi and Dubai are covered under the Thiqa and Saada programs, respectively<sup>204</sup>. In Bahrain, the Ministry of Health plans to launch a mandatory health insurance scheme for citizens in 2024. Citizens will receive medical coverage through the Health Insurance Fund (Shifa) established by the Bahraini government under the Bahrain Health Plan 2016-2025<sup>205</sup>.

**In Saudi Arabia, health insurance was the largest line of business contributing 59.7% to the total GWP in 2022**

In Saudi Arabia, health insurance was the largest line of business contributing 59.7% to the total GWP in 2022. Saudi's GWP for health insurance grew at a CAGR of 10.8% since 2017 to reach US\$ 8.5 billion in 2022<sup>206</sup>. This growth is driven by a series of regulatory reforms, starting with the mandatory unified health insurance scheme in 2017. The scheme requires private sector employers to offer health insurance coverage to employees, including nationals, expatriates, and their dependents. Subsequently in 2020, the scope of mandatory health insurance was expanded to include international visitors. International visitors are required to purchase insurance from authorized local insurers for the duration of their stay<sup>207</sup>. This initiative, along with Saudi Arabia's ongoing efforts to promote tourism, is anticipated to drive growth in the country's health insurance market<sup>208</sup>.

<sup>197</sup> Source: "Women of The Gulf Break Labor Market Barriers: A Journey In Progress", Middle East Council on Global Affairs, March 2023

<sup>198</sup> Source: "World Economic Outlook Database", IMF, October 2023

<sup>199</sup> Source: "Everything You Should Know About Health Insurance in UAE", Gargash Insurance, January 24, 2023

<sup>200</sup> Source: "Law No. (11) of 2013 Concerning Health Insurance in the Emirate of Dubai", The Director General of the Dubai Health Authority; "Law No. (23) of 2005 Concerning Health Insurance in the Emirate of Abu Dhabi and the Implementing Regulation", Health Authority, Abu Dhabi

<sup>201</sup> Source: "Qatar New Healthcare Insurance Law", International Trade Administration, August 22, 2022

<sup>202</sup> Source: "GCC Insurers In 2023", S&P Global, March 1, 2023

<sup>203</sup> Source: "Law No. (11) of 2013 Concerning Health Insurance in the Emirate of Dubai", The Director General of the Dubai Health Authority; "Law No. (23) of 2005 Concerning Health Insurance in the Emirate of Abu Dhabi and the Implementing Regulation", Health Authority, Abu Dhabi

<sup>204</sup> Source: "Everything You Should Know About Health Insurance in UAE", Gargash Insurance, January 24, 2023

<sup>205</sup> Source: "Bahrain: Health ministry confirms mandatory health insurance scheme to be launched this year for foreign residents", Ministry of Health, Middle East Insurance Review, May 2023

<sup>206</sup> Source: "The Saudi Insurance Market Report 2022", SAMA

<sup>207</sup> Source: "What is fueling growth in Saudi Arabia's insurance sector?", Oxford Business Group, 2023

<sup>208</sup> Source: "Saudi Arabia aims to boost tourism sector through 10 new regulations", Arab News, December 26, 2022

*The GCC nations continue to focus on social infrastructure with an aim to improve healthcare, education, and general living standards for the region's growing population*

*In Bahrain, over 50 major projects were launched in 2023, spanning various industries such as housing, education, health, and digitalization*

## Infrastructure Development

Substantial growth in infrastructure development is being witnessed throughout the GCC region. The total value of under-construction projects in the GCC reached US\$ 1.36 trillion as of 2022. Saudi Arabia accounted for 64.5% of the total value of under construction projects, followed by the UAE, (21.6%)<sup>209</sup>. In addition to the development of physical infrastructure, the GCC nations continue to focus on social infrastructure to improve healthcare, education, and general living standards for the region's growing population. Social infrastructure projects in the private sector valued at more than US\$ 121.0 billion were either in the planning stages or had already started in 2022<sup>210</sup>. The construction of new facilities and execution of large-scale projects are expected to increase the region's insurable assets, thereby driving demand for property and liability insurance. Furthermore, the growth in social infrastructure projects is also expected to boost tourism in the region, leading to an increased demand for travel insurance.

In Saudi Arabia, the government has committed substantial investments to support the nation's infrastructure development. These investments aim to diversify the country's energy sources by implementing renewable infrastructure while supporting the economic growth in line with its national development strategies, such as Saudi Vision 2030. Between 2018 and 2023, Saudi Arabia granted contracts amounting to nearly US\$ 60 billion for infrastructure projects<sup>211</sup>. These projects are expected to create a heightened demand for insurance coverage, particularly in areas like construction and liability insurance. Similarly, in the UAE, the government prioritizes investments in infrastructure projects, including utilities, transport, decarbonization, and renewable energy generation. The country has a list of mega projects, such as the Sheikh Zayed double-deck road project, Etihad rail project, and Abu Dhabi National Oil Company's (ADNOC) Al-Nouf seawater treatment plant<sup>212</sup>. The completion of these projects is likely to create a sizable base of insurable assets, thereby driving demand for various insurance-related products and services.

Kuwait's four-year program for 2023–2027 consists of over 107 major projects across the economic, social, entertainment, and human resources sectors. Notable projects include the construction of the Kuwait National Rail Road, Silk City, and the development of the Kuwait Islands<sup>213</sup>. These projects provide significant opportunities for the country's insurance industry, which caters to the diverse risks associated with such large-scale projects.

In Qatar, following the 2022 FIFA World Cup, there was a temporary slowdown in project development in the construction sector. However, the sector regained momentum in 2023, aligning with the goals of its National Vision 2030 on transport and culture. The Qatari government plans to implement 286 schemes in the coming years as part of the country's 2050 Transport Plan<sup>214</sup>. The implementation of numerous schemes of the 2050 Transport Plan, coupled with various ongoing healthcare and municipal projects, are likely to drive demand for insurance products. Several projects currently underway in Qatar include the development of the Madinat Khalifa Health Center, Hamad General Hospital, Qatar Sidra Academy and the veterinary laboratory building for the Ministry of Municipality<sup>215</sup>.

Similarly, in Bahrain, over 50 major projects were launched in 2023, spanning various industries such as housing, education, health, and digitalization. The projects include Bahrain Metro, Salman Industrial City, and the new Sports City, among others<sup>216</sup>. Oman's Ministry of

<sup>209</sup> Source: "2023 Market Outlook, Middle East Real Estate", CBRE, March 2023

<sup>210</sup> Source: "Private sector vital to GCC's \$121bn infrastructure projects", Mashreq Bank, Zawya, October 7, 2022

<sup>211</sup> Source: "Project Finance to Boost Development of GCC Infrastructure", Fitch Ratings, September 27, 2023

<sup>212</sup> Source: "United Arab Emirates - Country Commercial Guide", International Trade Administration, November 2023

<sup>213</sup> Source: "Megaprojects in Kuwait in 2023", Kuwait Times, July 16, 2023

<sup>214</sup> Source: "Qatar's construction activity realigns to transport and culture in 2023 to meet National Vision 2030 targets", Zawya, September 25, 2023

<sup>215</sup> Source: "Qatar's tenders 22 building projects worth \$1.1bn in Q1", Arab News, May 7, 2023

<sup>216</sup> Source: "Bahrain plans 50 mega projects", Zawya, May 4, 2023

***Insurers in GCC are benefiting from ongoing growing demand for insurance across the region***

***Regulatory bodies in the GCC have implemented several rules and standards to promote transparency, accountability, and fairness within the insurance industry***

***In December 2022, Kuwait's Insurance Regulatory Unit (IRU) launched a four-year strategy spanning from 2023-2024 to 2026-2027, focusing on the development and regulation of the sector***

Housing and Urban Planning, in June 2023, revealed plans for three large-scale infrastructure projects situated in the Dhofar, Musandam, and South Al Batinah governorates. These projects, focused on social infrastructure, aim to enhance tourism and contribute to the overall social and urban development of the country<sup>217</sup>. The ongoing development in the GCC is anticipated to lead to increased demand for insurance coverage in the region.

### **Increase in demand for Travel Health Insurance amid booming tourism**

Focus on infrastructure development has helped the GCC region attract a growing number of business and leisure travelers. The number of international visitors in Dubai grew by 21.9% to 13.9 million for the 9M ended in September 2023<sup>218</sup>. Qatar's tourism sector reached a five-year high with more than four million ended in September in 2023<sup>219</sup>. The GCC is planning to introduce a single unified tourist visa system in 2024/2025, which will enable tourists to visit all GCC countries under a single visa<sup>220</sup>. This move is anticipated to further boost the number of tourist arrivals across the GCC. In Saudi Arabia, international visitors are mandated to have travel health insurance, while in the UAE and Qatar, this requirement applies only to visitors needing a visa. The anticipated growth in tourism is expected to drive an increased demand for travel health insurance across the GCC.

### **Strengthening Government Regulations**

Since 2022, regulatory bodies in the GCC have implemented several rules and standards to promote transparency, accountability, and fairness within the insurance industry. These measures aim to establish clarity in interactions between insurers and policyholders while prioritizing initiatives to increase consumer awareness and build public confidence in the sector. There was significant emphasis on implementing International Financial Reporting Standard 17 (IFRS 17) in the GCC countries, with regulatory bodies in Saudi Arabia and the UAE mandating the insurers to formally adopt these standards from January 1, 2023<sup>221</sup>. IFRS 17 offers uniform rules for the accounting of insurance contracts, eliminating existing inconsistencies in IFRS 4 and enabling investors and analysts to make meaningful comparisons among companies, contracts, and industries<sup>222</sup>.

In Saudi Arabia, the Comprehensive Motor Insurance Rules were established in November 2022 to regulate interactions between insurance companies and insured parties to ensure a transparent relationship between the two parties<sup>223</sup>. In July 2022, the Saudi Central Bank also issued a standard insurance policy of professional indemnity for auditors in companies overseen by the Capital Market Authority. This policy aims to establish minimum acceptable standards within professional indemnity insurance and support opportunities for growth and development in the insurance sector<sup>224</sup>.

Meanwhile, the CBUAE in May 2023, released fresh guidelines on anti-money laundering and combating the financing of terrorism (AML/CFT) for Licensed Financial Institutions (LFIs)<sup>225</sup>. These guidelines include insurance companies, agents, banks, and brokers and aim to strengthen the supervisory and regulatory framework of the UAE's insurance industry. In

<sup>217</sup> Source: "Dhofar, Musandam, South Al Batinah Works Rank High at Best Development Project Contest", Oman News Agency, June 11, 2023

<sup>218</sup> Source: "Qatar sees 5-year tourism high with 4m visitors in 2023", Arab News, January 2024

<sup>219</sup> Source: "Tourism Performance Report January - October 2023", Department of Economy and Tourism (DET), November 2023

<sup>220</sup> Source: "Single Gulf tourist visa to be introduced within two years, minister says", The National News, October 2023

<sup>221</sup> Source: "UAE Insurance Industry Report 2022", Milliman, April 2023; "The Saudi Insurance Market Report 2022", SAMA

<sup>222</sup> Source: "IFRS 17 Fact Sheet", IFRS Foundation

<sup>223</sup> Source: "The Saudi Insurance Market Report 2022", SAMA

<sup>224</sup> Source: "The Saudi Insurance Market Report 2022", SAMA

<sup>225</sup> Source: "CBUAE issues new guidance for licensed financial institutions on anti-money laundering and combatting the financing of terrorism", UAE Central Bank, May 31, 2023



December 2022, Kuwait's Insurance Regulatory Unit (IRU) launched a four-year strategy spanning from 2023-2024 to 2026-2027, focusing on the development and regulation of the sector. Aligned with Kuwait's 2035 vision, the strategy aims to implement policies that safeguard the interests of policyholders and beneficiaries while increasing awareness among participants in the insurance industry<sup>226</sup>. Meanwhile, in Bahrain, the Insurance Supervision Directorate (ISD) of the Central Bank of Bahrain is in the process of formulating regulations to strengthen consumer rights in life, medical, and motor insurance policies. This step is expected to further improve consumer protection in the insurance sector<sup>227</sup>.

The Saudi Central Bank, in July 2023 approved rules aiming to create a conducive environment for Insurtech companies to innovate and operate while ensuring client protection<sup>228</sup>. In Qatar, where insurance penetration is the lowest among the GCC nations, the Qatar Central Bank (QCB) is actively involved in initiatives to develop a supportive environment for insurance companies to enter the market. As stated in the QCB's Third Financial Sector Strategic Plan, the Central Bank intends to develop the country's Insurtech industry by implementing essential reforms and offering incentives to encourage ventures within the market<sup>229</sup>.

The regulatory developments in the GCC are expected to act as important catalysts for the future of the insurance industry. These reforms aim to establish a regulatory framework that facilitates product innovation within insurance companies while also ensuring client protection.

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<sup>226</sup> Source: "Kuwait's Insurance Regulatory Unit launches 4-year strategy to develop action", Kuwait News Agency, December 24, 2022

<sup>227</sup> Source: "Annual Report 2022", Central Bank of Bahrain, April 2023

<sup>228</sup> Source: "Sama Approves Insurtech Rules", SAMA, July 2023

<sup>229</sup> Source: "Third Financial Sector Strategic Plan", Qatar Central Bank, November 27, 2023



## 5. Challenges

### Regulatory and Accounting Changes

***IFRS 17 adoption introduced complex accounting frameworks and processes, disrupted business strategies and escalated operational costs***

Effective January 2023, most of the GCC Insurance companies adopted the International Financial Reporting Standards 17 (IFRS 17). The challenges faced by the GCC insurers in this regard, align with those encountered by insurers globally. The adoption of IFRS 17 standardized data reporting and introduced complex accounting frameworks compelling insurers to substantially change their existing accounting processes and systems. This, coupled with increased minimum capital requirements (particularly in Saudi Arabia) disrupted business strategies and considerably raised operational costs for insurance companies<sup>230</sup>. Furthermore, the over-dependence of regional insurers on regulatory bodies and external consultants increased the risk of potential gaps emerging out of internal management's involvement and the external consultants' experience with IFRS 17 implementation<sup>231</sup>. Some of the GCC insurance players witnessed downgrades in rating as their capital remained below the regulatory solvency requirements<sup>232</sup>.

In Saudi Arabia and the UAE, where IFRS 17 was officially adopted by the regulatory authorities in 2023, many insurance players experienced delays in 1Q 2023 reporting. The companies in other GCC nations, particularly the smaller and midsize companies yet to implement the standard, are expected to encounter difficulties given the lack of resources. IFRS 17 requires internal processes and IT system updates, resulting in additional costs and time constraints. Such delays in the adoption of the new accounting standard could potentially result in negative rating actions on the companies. These challenges, along with heightened competition and increasing regulatory demands, have already led to several mergers in the region since 2022, with more expected to follow<sup>233</sup>.

### Intense Price Competition due to Fragmented Market

***Stiff competition has adversely impacted underwriting margins mainly across motor and medical insurance segments***

The GCC insurance market is highly fragmented and is characterized by an intense pricing competition<sup>234</sup>. Insurance companies have resorted to providing lower prices in fiercely competitive segments to secure business, however decreasing profit margins. These segments include the motor and medical insurance segments, which form a significant portion of the region's GWP and therefore, are the most impacted by the pricing pressure. For instance, in the UAE, motor and medical insurance segments cumulatively accounted for about 56.1% of the total GWP in 2022<sup>235</sup>, while in Saudi Arabia, the contribution for the same segment stood at 79.1% in 2022<sup>236</sup>. In addition to the challenges of pricing pressure, the profitability of insurance companies was further affected by the rising claims. In 2023, incurred claims exceeded the levels observed before the pandemic, as economic activity recovered in the region<sup>237</sup>.

Regulatory authorities in the GCC region have shifted their focus on maintaining the adequacy of premium rates by standardizing discounts. However, the lack of strict enforcement continues to remain a cause of concern in this space. With GCC insurance players' growth

<sup>230</sup> Source: "GCC Insurers In 2023", S&P Global, March 2023

<sup>231</sup> Source: "Market Segment Outlook: Gulf Cooperation Council Insurance", AM Best, March 2023

<sup>232</sup> Source: "Embracing IFRS 17: Insights from Q2 2023 in the GCC", Insurance Monitor and Lux, September 2023

<sup>233</sup> Source: "IFRS 17 Adoption Will Test GCC Islamic Insurers", S&P Global Rating, August 2023"

<sup>234</sup> Source: "Market Segment Outlook: Gulf Cooperation Council Insurance", AM Best, March 2023

<sup>235</sup> Source: "Annual Statistical Report for the Insurance Sector of the UAE 2022", CBUAE, December 2023

<sup>236</sup> Source: "The Saudi Insurance Market Report 2022", SAMA, 2022

<sup>237</sup> Source: "Market Segment Outlook: Gulf Cooperation Council Insurance", AM Best, March 2023

***The increasing cost of spare parts and supply chain disruptions continue to stoke the risk of claim insurance.***

strategies largely focused on expanding top lines across highly competitive segments like motor and medical insurance, margin pressures are expected to persist<sup>238</sup>.

### **Rising claims inflation and tax rates pressuring the insurance companies' profitability**

The increasing cost of spare parts and supply chain disruptions continue to stoke the risk claims inflation in the motor insurance segment, one of the core business lines for GCC insurers. This requires insurers to set appropriate premium rates and reserves to cover the potential loss<sup>239</sup>. During 2022 and 2023, the UAE motor insurance segment's profitability was negatively impacted by a higher loss ratio and commission ratio due to higher discounts on rates coupled with an increase in claims frequency and severity<sup>240</sup>. Similarly, the loss ratio of Saudi Arabia's motor insurance segment also spiked to 91.5% in 2022 from 82.5% in 2021 due to higher net claims<sup>241</sup>. While the insurers in the region have initiated rate hikes for underperforming motor businesses, the persistent high competition and an increase in business volumes is expected to result in higher claims and increased capital requirements in the future<sup>242</sup>.

Medical insurance, another core business line, is under pressure due to increasing price competition and claims inflation. The medical trend rate in the GCC, which represents the increase in per-person cost due to medical inflation, has been trending upwards due to high general inflation levels and goods scarcity induced by disruption in supply chain. The medical trend rate in Saudi Arabia was 17.0% in 2022 and is expected to be 16.0% and 15.0% in 2023 and 2024, respectively<sup>243</sup>. A key factor for such high medical trend rates is medical inflation that has been rising post the pandemic due to increasing cost of medical goods and services. Similarly, the medical trend rate in the UAE was 10.0% in 2022 and is forecasted to increase to 12.5% and 11.0% in 2023 and 2024, respectively<sup>244</sup>.

Apart from the rising net claims, the GCC insurers are facing challenges in maintaining profitability due to increasing tax rates across countries. The GCC countries are focusing on generating revenue from various sources. The governments in the GCC have encouraged fiscal collaboration among countries since 2015 to diversify the economy. Thus, they continue to broaden the tax system, with Bahrain doubling the tax rate to 10.0% in 2022 and the UAE introducing a federal corporate income tax (CIT) rate of 9.0% in June 2023<sup>245</sup>. While heightened competition is limiting insurers' ability to raise price, the introduction of CIT will squeeze insurers' bottom line further.

### **Hardening reinsurance market**

GCC insurers heavily depend on reinsurance to mitigate substantial risks, evident in the region's notably high cession rates. Due to insufficient capital to underwrite such risks, GCC insurers cede a significant portion of their premium to the reinsurance market. Commissions from inward reinsurance placements constitute a significant source of underwriting income for many GCC insurers. An analysis by Alpen Capital of 20 large insurance companies in the region revealed that cession rates have grown from an average of 31.9% in 2020 to 35.8% by

***Overdependence on reinsurance support may adversely impact reinsurance revenues and underwriting margins of GCC insurers***

<sup>238</sup> Source: "Market Segment Outlook: Gulf Cooperation Council Insurance", AM Best, March 2023

<sup>239</sup> Source: "Market Segment Outlook: Gulf Cooperation Council Insurance", AM Best, March, 2023

<sup>240</sup> Source: "UAE Insurance Industry Update HY1 2023", Milliman, October, 2023

<sup>241</sup> Source: "The Saudi Insurance Market Report 2022, Saudi Central Bank (SAMA), 2022

<sup>242</sup> Source: "GCC Insurers In 2023", S&P Global, March, 2023

<sup>243</sup> Source: "MMB Health Trends 2024 report", Mercer Marsh Benefits, October, 2023

<sup>244</sup> Source: "MMB Health Trends 2024 report", Mercer Marsh Benefits, October, 2023

<sup>245</sup> Source: "Economic Prospects and Policy Priorities for the GCC Countries", IMF, December, 2023

2022, with average cession rates for the UAE and Bahrain being significantly higher at 56.1% and 59.8% respectively.

The global reinsurance capacity remained under pressure in 2022<sup>246</sup>, with projections indicating an 8% decrease to US\$ 435 billion by mid-2022, compared to the end of 2021<sup>247</sup>. The impact of a hardening reinsurance market can be substantial, potentially disrupting business models and adversely affecting reinsurance revenues and underwriting margins of insurers<sup>248</sup>. In response, GCC insurers have raised additional capital in 25 rounds between January 2022 and December 2023<sup>249</sup>.

### Low Penetration Rate

The UAE and Saudi Arabia, the largest insurance markets in the GCC, witnessed double-digit growth in 2022.<sup>250</sup> Despite high growth in these two countries, the average insurance penetration in the GCC region stood at 1.5% in 2022. The penetration rate continued to stay below the emerging market average of 3.0% and the global average of 6.8% in 2022 (see Exhibit 59). The GCC insurance penetration rate differs significantly between countries with the UAE averaging at 2.5% followed by Bahrain (1.7%), Saudi Arabia (1.3%), and Oman (1.2%) in 2022. Insurance penetration remains the highest in UAE compared to other GCC countries, largely owing to ongoing economic growth and extension of mandatory health insurance coverage to the Northern Emirates<sup>251</sup>. Kuwait and Qatar had the lowest insurance penetration rate at 1.0% and 0.7% respectively in the same period. However, non-life insurance in the GCC has performed better in terms of penetration (1.3%) as compared to life insurance (0.2%). Life insurance penetration significantly lags behind the world's average penetration rate of 2.8% and the advanced economies' average of 5.4%<sup>252</sup>. Insurance segments such as general insurance and protection and savings (P&S) insurance have a lower penetration rate compared to health insurance. For instance, in Saudi Arabia, insurance penetration to GDP of P&S insurance and General Insurance stood at 0.05% and 0.47% respectively, in 2022<sup>253</sup>. The low penetration rate signifies substantial room for growth for insurance companies in the GCC. Unlocking this potential will require concerted efforts and strategic initiatives to raise awareness and build consumer confidence in the region's insurance products.

***GCC's average insurance penetration rate stood at 1.5% in 2022, considerably below the emerging market average of 3.0% and global average of 6.8%***

<sup>246</sup> Source: "Reinsurance Renewal Insights", Guy Carpenter & Company, January, 2023

<sup>247</sup> Source: "Challenging January 1 renewals reflect a reinsurance market seeking new equilibrium", International Cooperative and Mutual Insurance Federation, January 2023

<sup>248</sup> Source: "Market Segment Outlook: Gulf Cooperation Council Insurance", AM Best, March 2023

<sup>249</sup> Source: "Q3 2023 GCC Performance Periodical, Insurance Monitor, December 2023

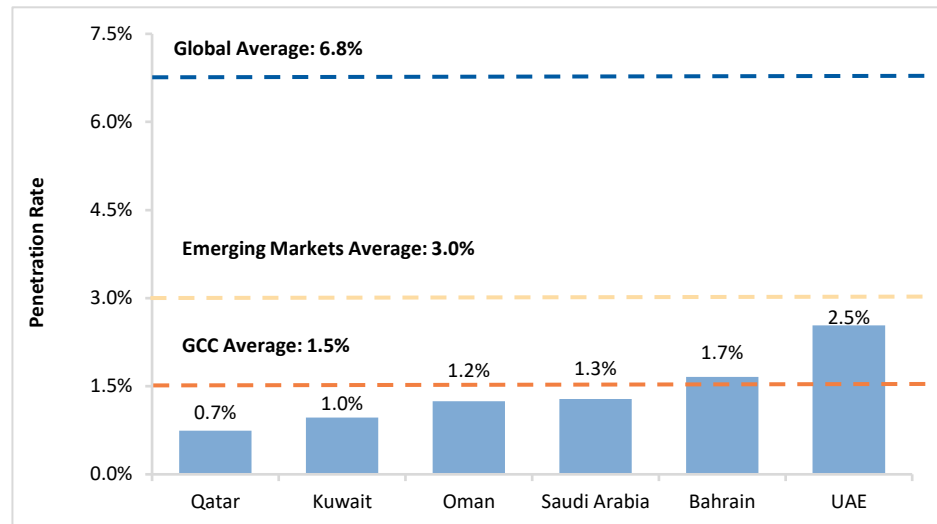
<sup>250</sup> Source: "GCC Insurers In 2023", S&P Global, March 2023

<sup>251</sup> Source: "GCC Insurers In 2023", S&P Global, March 2023

<sup>252</sup> Source: "World insurance: stirred, and not shaken", Swiss Re, Sigma No 03/2023

<sup>253</sup> Source: "The Saudi Insurance Market Report 2022, Saudi Central Bank (SAMA), 2022

**Exhibit 59: Average Insurance Penetration 2022 (GCC vs Emerging Markets vs Global)**



Source: Swiss Re, SAMA, UAE Central Bank, CBB, CMA of Oman, IMF

### Volatility In Key Oil Export Markets

**Oil production cut by OPEC+ and economic headwinds in China may adversely impact GCC economy. However, mandatory insurance and repricing of motor and medical insurance may support earning gains of insurance companies**

GCC's economic growth and fiscal surplus in 2023 was adversely impacted by three consecutive oil production cuts by OPEC+ (October 2022, April 2023, and June 2023). Moreover, in November 2023, OPEC+ countries agreed to continue their voluntary cuts which is expected to further impact GCC's economic growth and fiscal position. GCC recorded an overall fiscal surplus of 7.7% of GDP in 2022; however, due to lower oil prices and higher capital expenditure in some GCC countries, the fiscal surplus is expected to reduce to 5.1% of GDP in 2023.

Slower-than-expected growth, particularly in China, the second largest oil consumer across the globe with 11.4 million barrels of crude oil per day (b/d) imported in 6M 2023<sup>254</sup>, presents a key risk. In 2023, China's economic performance exhibited significant volatility, attributed to deflationary pressures and low consumer confidence. China's economic growth is expected to slowdown, with annual growth declining from 5.2% in 2023 to 4.5% in 2024. This slowdown is linked to a downturn in the property sector, decreasing demand for manufactured goods, and heightened geo-economic tensions<sup>255</sup>. A slowdown in China's economy may result in a decline in global oil prices and further reduce the demand for GCC oil products. The slowdown may also directly affect the GCC's non-oil economy as GCC exports around 10.0% of its total non-oil exports to China, as of June 2023.

<sup>254</sup> Source: "China imported record volumes of crude oil in the first half of 2023", U.S. Energy Information Administration, September 2023

<sup>255</sup> Source: "Sustained policy support and deeper structural reforms to revive China's growth momentum", The World Bank, December 14, 2023

## 6. Trends

### Insurance companies focusing on Digitalization

*Digitalization is leading to enhanced customer experience while reducing the customer acquisition cost*

Insurance companies worldwide are strategically investing in cutting-edge technologies such as Artificial Intelligence (AI), the Internet of Things (IoT), Drones, and Blockchain to drive innovation in product development, enhance customer support, enable real-time monitoring of claims, and prevent the payout of fraudulent claims. The GCC stands out as one of the early adopters of global digital transformation, presenting significant opportunities for insurers to establish a digital ecosystem within the industry. For example, the UAE-based XA Group introduced “Addenda”, a blockchain-based, end-to-end digital solution in September 2022. The platform facilitates insurance companies in reconciling motor recovery receivables and streamlining the claims recovery process. Prominent companies such as Abu Dhabi National Insurance Company, Emirates Insurance Company (EIC), Yas Takaful, and Oriental Insurance Company adopted Addenda in 2022<sup>256</sup>. Additionally, EIC partnered with Hala Insurance, a UAE-based insurance platform, in March 2022 to develop a fully digitized platform, enabling customers to digitally purchase and renew their motor insurance <sup>257</sup>.

*GCC regulators’ adoption of technology, is strengthening the development and growth of the Insurtech sector*

Both regulators and insurance companies in the GCC are focusing on improving operational efficiency, enhancing customer experience, and diversifying insurance product offerings. Regulators have introduced sandboxes allowing Insurtech startups to test their solutions in a controlled environment. With the increased use of technology and digital transformation, regulators in the GCC are facilitating the development and expansion of the Insurtech sector<sup>258</sup>.

Majority of the Insurtech companies in the GCC are concentrated in Saudi Arabia and the UAE. While the UAE has a higher number of Insurtech companies, demand is relatively lower due to its smaller population base of 9.9 million compared to Saudi Arabia's 32.2 million as of 2022<sup>259</sup>. Consequently, the UAE-based Insurtech companies are increasing their focus toward the larger market in Saudi Arabia. For example, in October 2023, the UAE-based travel Insurtech company Democrance opened an office in Riyadh as part of its expansion strategy into Saudi Arabia<sup>260</sup>.

GCC’s focus on digitalization creates opportunities for Insurtech companies to reshape the insurance industry using technology, data, and customer-focused approaches. Insurtech also enables insurers to provide customized products that cater to individual needs, leading to a further increase in demand for insurance.

### Increase in Merger and Acquisition (M&A) activities

The insurance industry in the GCC has witnessed a notable surge in M&A activities, with approximately 33 M&A deals taking place between 2022 and 2023. The increase in M&A activities is driven by regulatory changes, increased operating expenses, competitive pressures, and a scarcity of available insurance licenses in the GCC<sup>261</sup>. Consolidation offers

<sup>256</sup> Source: “XA Group rolls out MENA’s first digital platform to end impasse over claims recovery”, Zawya, September 2022

<sup>257</sup> Source: “Emirates Insurance Company partners with Hala Insurance to drive digital transformation”, Zawya March 2022,

<sup>258</sup> Source: “Unlocking Opportunities: Insurtech Innovations in the GCC Region”, Medium, October 2023

<sup>259</sup> Source: “Insurtech: the interplay between insurance companies and startups”, Wamda, July 2023

<sup>260</sup> Source: “Wa’ed Ventures backed Insurtech Democrance expands into Saudi Arabia” Gulf News, October 2023

<sup>261</sup> Source: “Market Segment Outlook: Gulf Cooperation Council Insurance”, AM Best March 2023



**Regulatory changes in the GCC are focusing on improving standards of consumer protection and offering enhanced services to customers.**

**The GCC governments are prioritizing the implementation of personal data protection and privacy measures, in response to a rising number of cyberattacks**

**Credit Insurance assists companies, primarily SMEs, in managing trade and payment risks, allowing them to expand in the global market**

insurance companies an opportunity for inorganic growth, expansion of their market footprint and establishment of a diverse geographic presence.

Regulators in the GCC are focused on improving consumer protection standards and delivery of enhanced services to customers. With the requirement for insurers to maintain adequate capital reserves, there will be increasing opportunities for M&A among both regional and international insurance companies<sup>262</sup>.

Two-thirds of insurers in Saudi Arabia witnessed underwriting losses in 2022<sup>263</sup>. This was attributed to a rise in medical and motor claims, intensified competition, and claims inflation. Furthermore, the introduction of corporation tax in the UAE poses a potential impact on insurer profits. Consequently, insurance companies in the GCC are prioritizing M&A strategies as a means to reduce costs and offset competitive challenges<sup>264</sup>.

The insurance sector in Saudi Arabia witnessed several mergers in 2022, reflecting Saudi Arabian Monetary Authority's (SAMA) efforts to increase M&A activities in the region. Examples include the merger of Walaa and Sabb Takaful as well as Arabian Shield's merger with Alahli Takaful. These mergers not only seek to improve policyholder protection and strengthen customer service, but also seek to leverage economies of scale<sup>265</sup>.

### **New products to meet evolving needs**

The GCC governments are prioritizing the implementation of personal data protection and privacy measures, in response to escalating threat of cyberattacks. For example, the Saudi Authority for Data and Artificial Intelligence implemented the Personal Data Protection Law (PDPL) in September 2023<sup>266</sup>. In Qatar, the National Cyber Security Agency organized two workshops to increase awareness of Data Security and Privacy Protection which was attended by more than 200 government and private entities<sup>267</sup>. Companies in the UAE are also enhancing their cybersecurity measures and promoting awareness of cyber insurance as a crucial risk management strategy<sup>268</sup>. The shift in focus toward compliance with data privacy regulations and enhancing cybersecurity measures has spurred the demand for cyber insurance among companies across the GCC region. Cyber insurance offers financial protection against losses resulting from data breaches, covering expenses related to investigations, data recovery, legal liability, and customer notification. It serves as a comprehensive risk management framework that involves the identification, prevention, detection, and response to cyber threats. As companies are improving their cybersecurity measures, cyber insurance plays a crucial role in minimizing the financial and operational impact of cyber-attacks<sup>269</sup>.

Credit insurance is another product that is witnessing growing demand in the GCC region driven by rising global trade complexities, economic uncertainties, and the imperative to mitigate credit risk exposure. Companies in the UAE are becoming more cognizant of financial losses from non-payments by trading partners, resulting in increased awareness and interest

<sup>262</sup> Source: "GCC insurance market poised for M&A and consolidation activity", CEO Middle East, October 2023

<sup>263</sup> Source: "GCC Insurers In 2023", S&P Global, March 2023

<sup>264</sup> Source: "Mandatory health coverage boosts Middle East insurance sector", Arabian Gulf Business Insight, March 2023

<sup>265</sup> Source: "The Saudi Insurance Market Report 2022", SAMA 2022

<sup>266</sup> Source: "The Implementing Regulation of the Personal Data Protection Law", Saudi Data & AI Authority, September 2023

<sup>267</sup> Source: "NCSA workshops help raise awareness of data security and privacy protection: Qatar", Zawya, November 2023

<sup>268</sup> Source: "As cyberattacks get intense, UAE businesses need to think about insurance cover", Gulf News, July 2023

<sup>269</sup> Source: "As cyberattacks get intense, UAE businesses need to think about insurance cover", Gulf News, July 2023



in credit insurance<sup>270</sup>. In Saudi Arabia, the Saudi EXIM Bank signed an export credit insurance policy agreement with Evonik Industries Marketing Company. This policy will enable Saudi EXIM Bank to mitigate risks of non-payment<sup>271</sup>. Traditionally associated with the manufacturing and trading sectors, with an increasing awareness of safeguarding cash flow and financial stability, the demand for credit insurance has expanded to diverse industries. Credit insurance helps to mitigate the risks associated with exporting to new markets with unfamiliar business practices, providing companies the confidence to enter and expand in these markets without worrying about payment defaults<sup>272</sup>.

### Maturing GCC insurance industry

***Implementation of IFRS 17 will lead to improved reporting, with major changes in disclosures and reporting requirements***

The insurance industry in the GCC is undergoing significant changes in terms of regulations, technological advancements, accounting standards, and growing demand for new products. The GCC insurers adopted IFRS 17 in January 2023, leading to a change in the reporting methods used by insurance companies towards a more transparent approach with a better understanding of business profitability<sup>273</sup>.

Insurers in the GCC are also embracing technological advancements, resulting in streamlined processes, improved customer experiences, and customized solutions tailored to customer requirements<sup>274</sup>. Another noteworthy development in the GCC insurance industry is the introduction of Insurtech. Insurtech technology enables insurers to automate claim processes, resulting in reduce time for policy issuance and improving customer engagement. Regulators across the GCC are encouraging insurers to collaborate with Insurtech firms, creating favorable conditions for established companies and Insurtech startups to drive positive changes in the industry<sup>275</sup>. Supportive government regulations for Insurtech are anticipated to enhance operational efficiency in the insurance sector, as well as help companies develop personalized insurance offerings, thereby expanding their market reach.

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<sup>270</sup> Source: "Credit insurance in the UAE: Trends, challenges & benefits", Gulf News, August 2023

<sup>271</sup> Source: "EXIM Bank signs export credit insurance policy deal to bolster Saudi non-oil exports", Saudi Gazette report, August 2023

<sup>272</sup> Source: "Credit insurance in the UAE: Trends, challenges & benefits", Gulf News, August 2023

<sup>273</sup> Source: "Oman Insurance Sector" Ubhar Capital, October 2023

<sup>274</sup> Source: "Innovation in the insurance sector", February 2023, Abu Dhabi National Insurance Company (ADNIC)

<sup>275</sup> Source: "Innovation in the insurance sector", February 2023, Abu Dhabi National Insurance Company (ADNIC)

## 7. Merger and Acquisition (M&A) Activities

The insurance industry in the GCC saw a surge in M&A activities in the past couple of years. The GCC region experienced about 33 M&A deals between 2021 and 2023, with majority of these transactions taking place in 2022. The primary reason for this rise in the number of deals can be attributed to the potential for inorganic growth offered by M&A, as these transactions help in the expansion and geographical diversification of the company's market presence<sup>276</sup>. Between 2021 and 2023, the region witnessed 23 intra-regional deals, alongside seven transactions where foreign insurers acquired stakes in local companies to make their strategic entry into the GCC insurance market. Such transactions are expected to promote consolidation in the region, as it not only enhances operational efficiency of the insurers but also ensures consumer protection.

**Exhibit 60: Major M&A Deals in the GCC Insurance Industry**

Acquirer	Acquirer's Country	Target Company	Target's Country	Year	Consideration (US\$ Million)	Percent Sought (%)	Sales# Multiple (x)
Solidarity Bahrain B.S.C.	Bahrain	Al Hilal Life B.S.C.	Bahrain	2023	N/A	100.0	N/A
Abu Dhabi National Insurance Company PJSC	UAE	Allianz Saudi Fransi Cooperative Insurance Company	Saudi Arabia	2023	133.1	51.0	N/A
Oman Insurance Company P.S.C.	UAE	Chubb Tempest Life Reinsurance Ltd.	Bermuda	2023	N/A	NA	N/A
Fairfax Financial Holdings Limited	Canada	Gulf Insurance Group K.S.C.P.	Kuwait	2023	851.4	46.3	N/A
Strakhovy Budynok	Ukraine	Insurance House P.S.C.	UAE	2023	N/A	100.0	N/A
BMS Group Limited	UK	Berns Brett Masood Insurance LLC	UAE	2023	N/A	NA	N/A
Kuwait Insurance Company S.A.K.P.	Kuwait	National Takaful Insurance Company	UAE	2023	N/A	74.0	N/A
Al Alfia Holding	Qatar	SEIB Insurance & Reinsurance Company LLC	Qatar	2023	N/A	10.0	N/A
Oman Qatar Insurance Company SAOG	Oman	Vision Insurance SAOG	Oman	2023	4,769.4	100.0	N/A
Islamic Arab Insurance Co. PJSC	UAE	Dubai Islamic Insurance and Reinsurance Co. PSC	UAE	2022	N/A	100.0	N/A
Oman Insurance Company P.S.C.	Oman	Arabian Scandinavian Insurance Company	UAE	2022	N/A	93.0	N/A
Arabian Shield Cooperative Insurance Company	Saudi Arabia	Alinma Tokio Marine Company	Saudi Arabia	2022	71.8	100.0	N/A
United Cooperative Assurance Company	Saudi Arabia	Saudi Enaya Cooperative Insurance Company	Saudi Arabia	2022	50.0	100.00	N/A

<sup>276</sup> Source: "Market Segment Outlook: Gulf Cooperation Council Insurance", AM Best March 2023

Liva Group SAOG	Oman	Al Ahlia Insurance Company SAOG	Oman	2022	57.49	47.50	N/A
Nexus Underwriting Limited	UK	Spectrum Risk Management and Reinsurance DMCC	Dubai, UAE	2022	N/A	100.00	N/A
Chedid Direct Limited	Beirut, Lebanon	Buy Any Insurance	UAE	2022	N/A	100.00	N/A
Al-Hosn Investment Company	Oman	Oman Qatar Insurance Company SAOG	Oman	2022	5.88	11.50	N/A
Al Rajhi Banking and Investment Corporation	Saudi Arabia	Al Rajhi Company for Cooperative Insurance	Saudi Arabia	2022	N/A	12.50	N/A
Europ Assistance Holding S.A.S.	France	GULF Assist, B.S.C	Bahrain	2022	N/A	74.60	N/A
Qatar Insurance Company Q.S.P.C.	Qatar	QInvest LLC, Investment Arm	Qatar	2022	N/A	51.00	N/A
Liva Group SAOG	Oman	Royal & Sun Alliance Insurance (Middle East) BSC (c)	Bahrain	2022	1,353.79	50.00	N/A
Oman Insurance Company P.S.C.	UAE	UAE Life insurance portfolio of Assicurazioni Generali S.p.A	Italy	2022	N/A	100.00	N/A
Gallagher International Holdings (US) Inc.	USA	ACE Re Ltd	Saudi Arabia	2022	N/A	51.00	N/A
Watania International Holding PJSC	UAE	National Takaful Company (Watania) P.J.S.C.	UAE	2022	N/A	95.10	N/A
Pure Health LLC	UAE	Abu Dhabi Health Services Company PJSC	UAE	2022	N/A	100.00	N/A
Al-Ahleia Insurance Company S.A.K.P.	Kuwait	Trade Union Holding Co. B.S.C.	Bahrain	2022	1.84	4.94	N/A
Walaa Cooperative Insurance	Saudi Arabia	Sabb Takaful	Saudi Arabia	2022	N/A	100%	N/A
Arabian Shield Cooperative Insurance Company	Saudi Arabia	Al Ahli Takaful Company	Saudi Arabia	2022	N/A	100.00	N/A
Solidarity Bahrain	Bahrain	T'azur Company	Bahrain	2022	N/A	100.00	N/A
Private Wealth Investment Holding Company	Saudi Arabia	Wataniya Insurance Company	Saudi Arabia	2021	21.31	20.00	N/A
Gulf Insurance Group	Kuwait	Axa Cooperative Insurance	Saudi Arabia	2021	N/A	50.00	N/A
Dar Al Takaful	UAE	Noor Takaful	UAE	2021	N/A	100.00	N/A
AlJazira Takaful Taawuni	Saudi Arabia	Solidarity Saudi Takaful	Saudi Arabia	2021	N/A	100.00	N/A

Source: S&P Global Capital IQ, Company Filings, Media

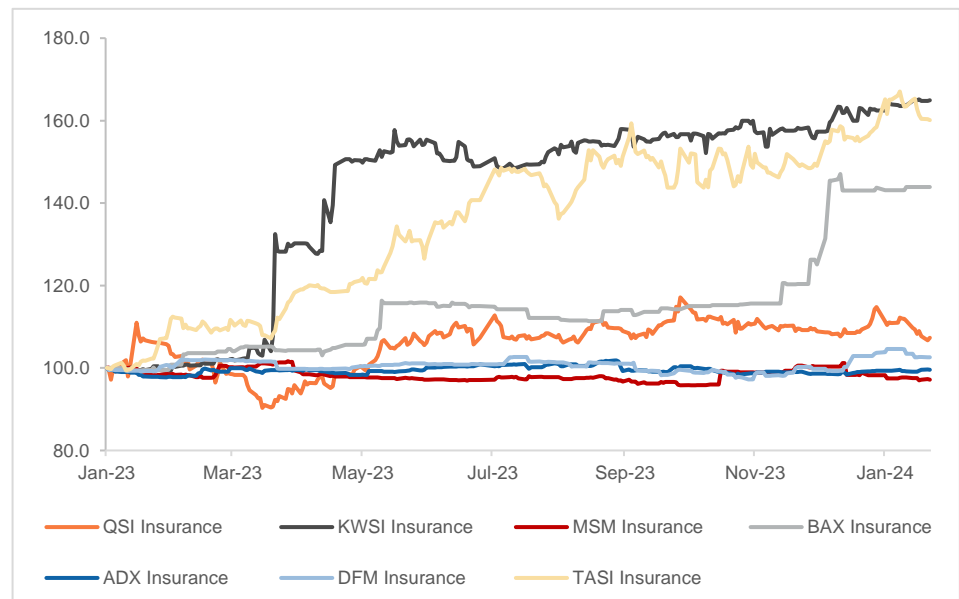
## 8. Financial and Valuation Analysis

### Stock Market Performance

*In the past 52 weeks, the insurance indices of Kuwait, Saudi Arabia and Bahrain recorded substantial returns of 65.2%, 56.6% and 44.6%, respectively*

In the past 52 weeks ended January 23, 2024, the insurance indices in the GCC exhibited mixed performances (see Exhibit 61). During the period, KWSI Insurance index (Kuwait), TASI Insurance index (Saudi Arabia) and BAX Insurance index (Bahrain) recorded substantial returns of 65.2%, 56.6% and 44.6%, respectively. The high returns posted by the Kuwait insurance index is attributed to the strong profitability shown by the companies over the past 52 weeks. QSI Insurance index (Qatar), ADX Insurance index (Abu Dhabi), and DFM Insurance Index (Dubai) recorded marginal gains of 0.9%, 1.8% and 3.4%, respectively. The Oman insurance index (MSM Insurance) underperformed compared to its regional peers, exhibiting a negative return of 1.2% over the past 52 weeks.

**Exhibit 61: GCC Insurance Indices Performance**



Source: DFM, ADX, Saudi Tadawul, QSI, Bahrain Bourse, Boursa Kuwait, S&P Capital IQ

Notes: Last updated January 23, 2024

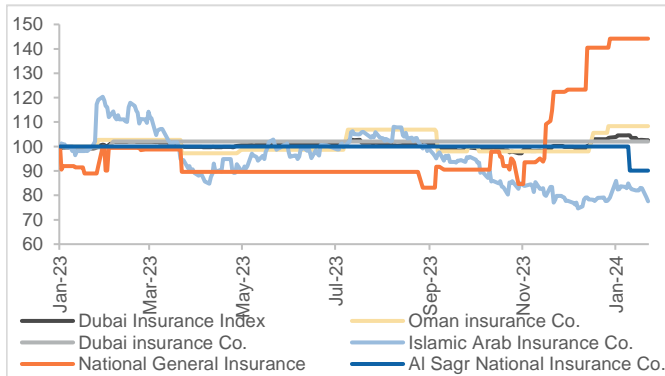
### UAE – Modest Returns Accompanied by Low Volatility

*The UAE Insurance Index witnessed low volatility over the past 52 weeks, with Dubai insurance and Abu Dhabi insurance indices posting gains of 3.4% and 1.1%, respectively*

The insurance sector indices in the UAE demonstrated limited movement over the past 52 weeks, as both Dubai and Abu Dhabi insurance indices recorded gains of 3.4% and 1.1%, respectively (see Exhibit 62 and 63). In Dubai, three out of the top five companies underperformed the Dubai insurance index over the same period. Islamic Arab Insurance Co. was the lowest performer with losses of 22.5%, followed by Al Sagr National Insurance Co. (-9.9%) and Dubai Insurance Co. (2.5%). The National General Insurance was the top performer in Dubai, posting a return of 62.1% over the past 52 weeks.

In Abu Dhabi, the top five companies witnessed a positive trend and outperformed the emirate's insurance index over the past 52 weeks. Emirates Insurance was the top performer, registering gains of 16.0% during the period. Subsequently, Al Buhaira National Insurance posted gains of 9.8%, followed by Union Insurance at 9.2%, and Al Ain Ahlia Insurance at 9.1%. Among the top 5 companies in Abu Dhabi, Abu Dhabi National Insurance gave the lowest return of 1.8% over the past 52 weeks.

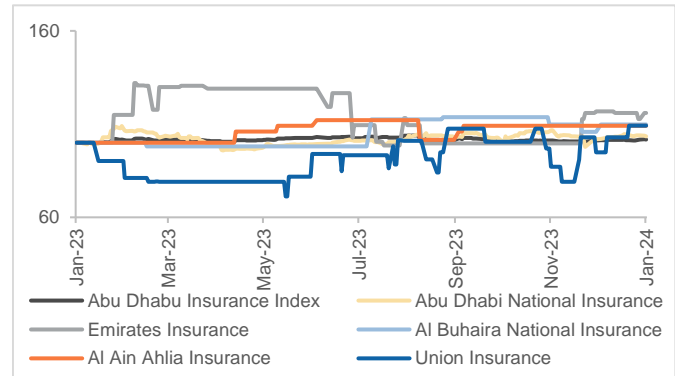
**Exhibit 62: Share Price Performance of Top 5 Insurers in Dubai**



Source: DFM

Notes: Last updated January 23, 2024

**Exhibit 63: Share Price Performance of Top 5 Insurers in Abu Dhabi**



Source: ADX

Notes: Last updated January 23, 2024

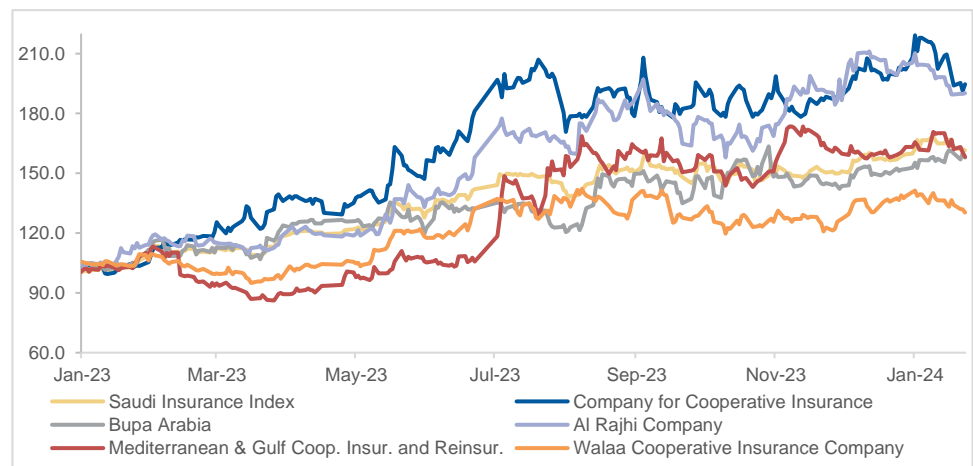
**During the 52 weeks ended January 23, 2024, the Saudi Arabia's insurance index witnessed a positive trend, registering gains of 56.6%**

### Saudi Arabia – The Largest Insurance Market Witnessed Positive Trends

During the 52 weeks ended January 23, 2024, Saudi Arabia's insurance index witnessed a positive trend, registering gains of 56.6% (See Exhibit 64). This was attributed to the surge in GWP and robust profitability during the year<sup>277</sup>. Three out of the top five insurance companies in the country underperformed the index, nevertheless, all five companies demonstrated positive performance during the past 52 weeks.

The growth in the Saudi Insurance index was led by the country's largest insurance provider, The Company for Cooperative Insurance, which recorded a gain of 90.0% over the past 52 weeks. Al Rajhi Co. closely followed with a return of 68.8%. The top underperformer was Walaa Co-op Insurance Co., which posted gains of 25.6%, compared to the 56.6% return on the insurance index, for the same period. Mediterranean & Gulf Co-op Insurance and Reinsurance Co. and BUPA Arabia demonstrated slightly lower performance than the Saudi Insurance index during the past 52 weeks, reporting returns of 52.8% and 50.1%, respectively.

**Exhibit 64: Share Price Performance of Top 5 Insurers in Saudi Arabia**



Source: Saudi Tadawul, S&P Capital IQ

Notes: Last updated January 23, 2024

<sup>277</sup> Source: "Insurance Authority: Saudi Insurance Sector Shows 14.6% Growth in Q3 of 2023", Saudi Press Agency, Insurance Authority, January 1, 2023

## 8.1 Financial Performance

**Saudi Arabia registered the highest GWP within the GCC in 2022**

In this section, we have analyzed the past three-year financial performance of 20 listed insurance companies in the GCC (see Exhibit 65). These 20 companies were chosen based on their GWP during 2022. The selected companies consist of a mix of conventional and Islamic insurance providers from Saudi Arabia (8), UAE (6), Kuwait (2), Qatar (2), Oman (1) and Bahrain (1). In the GCC region, The Company for Co-operative Insurance posted the highest GWP in 2022. The financial performance (including market capitalization, growth in GWP and net profit along with three-year average of cession rate and ROAE) of selected companies is represented in below table:

**Exhibit 65: Financial Performance of the Selected Insurance Companies in the GCC**

Company Name	Country	Short Form	Market Cap (US\$ Million)	GWP 2022 (US\$ Million)	GWP (2-yr CAGR %)	Net Profit (2-yr CAGR %)	Cession Rate (3-yr avg. %)	ROE (3-yr avg. %)
Company for Co-op Insurance	Saudi Arabia	CCI	5,015.5	3,828.1	25.8%	-0.3%	15.9%	12.0%
Bupa Arabia Co-op Insurance Co	Saudi Arabia	BUPA	8,793.4	3,705.8	15.3%	11.3%	0.7%	18.6%
Qatar Insurance Co	Qatar	QIC	2,040.1	2,705.6	-10.2%	643.4%	25.1%	3.6%
Gulf Insurance Group Kuwait	Kuwait	GINS	1,731.0	2,682.8	36.8%	52.9%	49.1%	19.1%
Orient Insurance	UAE	ORI	NM	1,654.2	19.6%	10.1%	31.6%	13.2%
Abu Dhabi National Insurance Company PJSC	UAE	ADNI	931.0	1,396.6	13.0%	0.9%	65.4%	14.7%
Oman Insurance Co	UAE	OIC	490.4	1,196.1	10.7%	7.3%	58.0%	9.7%
Al Rajhi Co for Co-op Insurance	Saudi Arabia	AARC	1,773.1	925.4	12.7%	-37.2%	18.3%	12.7%
Mediterranean & Gulf Co-op Insurance and Reinsurance Co	Saudi Arabia	MGCI	386.4	761.2	6.1%	NM	29.7%	-16.3%
Walaa Co-op Insurance Co.	Saudi Arabia	WCI	400.1	704.5	33.9%	NM	47.6%	-3.2%
Liva Group (Formerly National Life and General Ins Co- NLGIC)	Oman	NLGIC	346.6	608.1	31.3%	-54.5%	17.4%	12.7%
Gulf Insurance Group (Formerly AXA Co-op Insurance Co)	Saudi Arabia	GIG	458.5	417.9	5.1%	-26.0%	9.4%	13.4%
Doha Insurance Group	Qatar	DIG	352.0	408.3	28.3%	30.4%	61.7%	6.9%
Al-Ahleia Insurance Co	Kuwait	AAI	457.0	406.5	11.7%	19.1%	23.1%	11.4%
Dubai Insurance Co	UAE	DIN	202.8	400.3	26.4%	31.1%	48.9%	12.8%
Saudi Re for Co-op Reinsurance Co	Saudi Arabia	SRCR	549.3	374.2	22.5%	-5.0%	22.5%	4.5%
Al-EtiHAD Co-op Insurance Co	Saudi Arabia	ALETIHAD	223.9	313.8	26.0%	8.1%	8.0%	5.9%
Islamic Arab Insurance Co	UAE	SALAMA	135.4	304.7	-2.1%	-56.6%	35.5%	9.5%
Emirates Insurance Co	UAE	EIC	289.9	309.6	0.8%	-20.8%	60.5%	8.8%
Bahrain Kuwait Insurance Co	Bahrain	BKIC	136.0	274.4	10.5%	11.6%	59.8%	10.4%
Consolidated				23,378.1	14.4%	-10.6%	28.9%	11.3%
Average				1,168.9	16.2%	34.8%	34.4%	9.0%
High				3,828.1	36.8%	643.4%	65.4%	19.1%
Low				274.4	-10.2%	-56.6%	0.7%	-16.3%

Source: S&P Capital IQ, Company Reports

Notes: Last updated January 23, 2024; NM – Not Meaningful; Figures in red indicate below consolidated average and those in green suggest at par or above the consolidated average of selected 20 companies

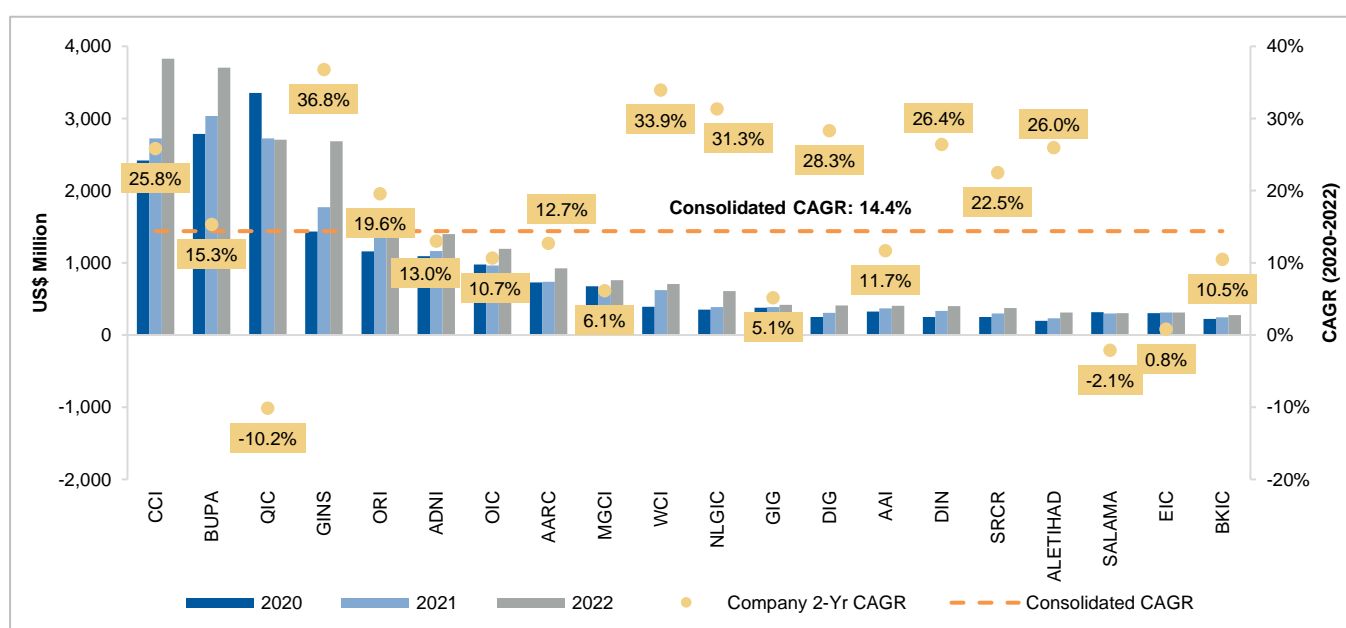


## GWP – Up

**Consolidated GWP of the selected companies stood at US\$ 23.4 billion in 2022, demonstrating a CAGR of 14.4% since 2020**

The consolidated GWP of the selected companies in the GCC expanded at CAGR of 14.4% to US\$ 23.4 billion in 2022 compared to 2020<sup>278</sup> (see Exhibit 66). This growth was attributable to the post-pandemic economic recovery, increased investments in infrastructure development, and continuous efforts towards economic diversification throughout the region<sup>279</sup>. The key growth driver in the GCC region was the Saudi insurance market, which implemented the mandatory Inherent Defects Insurance scheme in 2020 and introduced comprehensive health insurance for Hajj and Umrah pilgrims in 2022. The UAE insurance market witnessed growth in line with its regional peers in 2022, indicating a rebound from its weak performance in 2020. This revival was driven by increased economic activity, higher oil prices, and eased visa requirements within the country<sup>280</sup>.

**Exhibit 66: Trend in GWP (2020-2022)**



Source: S&P Capital IQ, Company Reports, Alpen Capital

**The top 3 companies accounted for 43.8% of the total consolidated GWP of selected companies in 2022 compared to 47.9% in 2020.**

CCI, BUPA, and QIC retained their dominant position as the largest insurance companies in the GCC. These top three companies accounted for 43.8% of the total consolidated GWP of the selected companies in 2022 compared to 47.9% in 2020 (see Exhibit 66)<sup>281</sup>.

In 2022, CCI overtook QIC and BUPA to become the largest among the selected insurance companies. CCI's GWP expanded at an attractive CAGR of 25.8% over the past 3 years, compared to the consolidated growth of 14.4% of the selected companies. This surge was attributed to the rise in the company's health and motor insurance premiums as well as effective utilization of emerging technologies<sup>282</sup>. QIC dropped down to third position among the selected companies in 2022 as the company's GWP declined at a CAGR of 10.1% for the

<sup>278</sup> Source: "Company filings (all 20 companies), Q4 financial statements – 2020, 2021 and 2022

<sup>279</sup> Source: "GCC Insurers In 2023", S&P Global, March 1, 2023

<sup>280</sup> Source: "GCC Insurers In 2023", S&P Global, March 1, 2023

<sup>281</sup> Source: "CCI, QIC and BUPA Company filings, 2022 Financial statement

<sup>282</sup> Source: "CCI, QIC and BUPA Company filings

same period. This decline resulted from the sale of stake in QLM Life and Medical Insurance Co., the life and medical insurance subsidiary of QIC, in January 2021<sup>283</sup>.

Within the selected companies, GINS of Kuwait and WCI of Saudi Arabia were the top performers, exhibiting a CAGR of 36.8% and 33.9% respectively between 2020 and 2022. The substantial increase in GINS's GWP is primarily attributable to the acquisition of AXA Cooperative Insurance Co.'s operations in Saudi Arabia<sup>284</sup>. The acquisition was completed in September 2021 and the resulting increase in GWP was reflected in 2022. The surge in GWP of WCI was primarily driven by a rise in premiums of protection and savings, motor and energy segments during the period<sup>285</sup>.

Among the 20 selected companies, besides QIC, UAE-based SALAMA was the only other company that experienced a decline in GWP from 2020 to 2022. SALAMA's GWP declined at a CAGR of 2.1% since 2020. This decline is attributable to the intense competition in the UAE Takaful industry<sup>286</sup>. Since 2021, the company has prioritized digital transformation initiatives and the acquisition of new business. In 2022, SALAMA recorded a marginal y-o-y growth of 2.8% in GWP<sup>287</sup>.

### Insurance Revenue – Significant Growth across the GCC region

Since January 1, 2023, majority of companies in the GCC region shifted to IFRS 17 as the new standard for the accounting and financial reporting of insurance companies. Under this new standard, insurance revenue replaces the GWP as the primary revenue metric for insurance companies. Insurance revenue is defined as the amount charged for insurance coverage as it is earned, as opposed to when the company receives premiums<sup>288</sup>.

The selected companies recorded an 18.3% y-o-y growth in insurance revenue for 9M 2023, continuing the upward trend in insurance premiums (see Exhibit 67). The growth was mainly driven by the companies in Saudi Arabia, Oman and Bahrain. The companies based in Saudi Arabia demonstrated a 27.6% y-o-y growth in 9M 2023, while the UAE-based companies exhibited an annual growth of 18.2% during the same period. The growth in Saudi Arabia's insurance revenue was due to an increase in the motor, health and property insurance premiums<sup>289</sup>. The rise in the UAE's insurance revenue was primarily due to the strong economic growth, driven by the increasing oil prices and a surge in tourism within the country<sup>290</sup>.

BUPA, CCI and GINS were the top three companies in terms of insurance revenue recorded in 9M 2023. These top three companies exhibited an average growth of 21.1% during 9M 2023, which was marginally higher compared to the consolidated growth of 18.3% by the selected companies. MGCI and CCI were the top performers with y-o-y growth of 40.3% and 35.8%, respectively for the same period. The growth in MGCI's insurance revenue was driven by an increase in premiums for the company's medical, property, and casualty lines of business. QIC's premiums continued to decline in 9M 2023, as the company reported an annual decrease of 13.2% in insurance revenue, marking the most significant decline among the selected companies<sup>291</sup>.

**Consolidated insurance revenue of the selected companies exhibited an annual growth of 18.3% in 9M 2023**

**BUPA, CCI and GINS were the top 3 companies within the selected companies, in terms of the insurance revenue recorded in 9M 2023.**

<sup>283</sup> Source: "Qatar Insurance Co. 'A-' Ratings Affirmed Following Revised Capital Model Criteria; Outlook Remains Stable", S&P Global Rating, November 27, 2023

<sup>284</sup> Source: GINS Company filings, 2022 Financial statement

<sup>285</sup> Source: WCI Company filings, 2022 Financial statement

<sup>286</sup> Source: "GCC Islamic Insurers Continue To Suffer From Intense Competition", S&P Global, August 16, 2022

<sup>287</sup> Source: SALAMA Company filings, Financial statement – 2021,2022

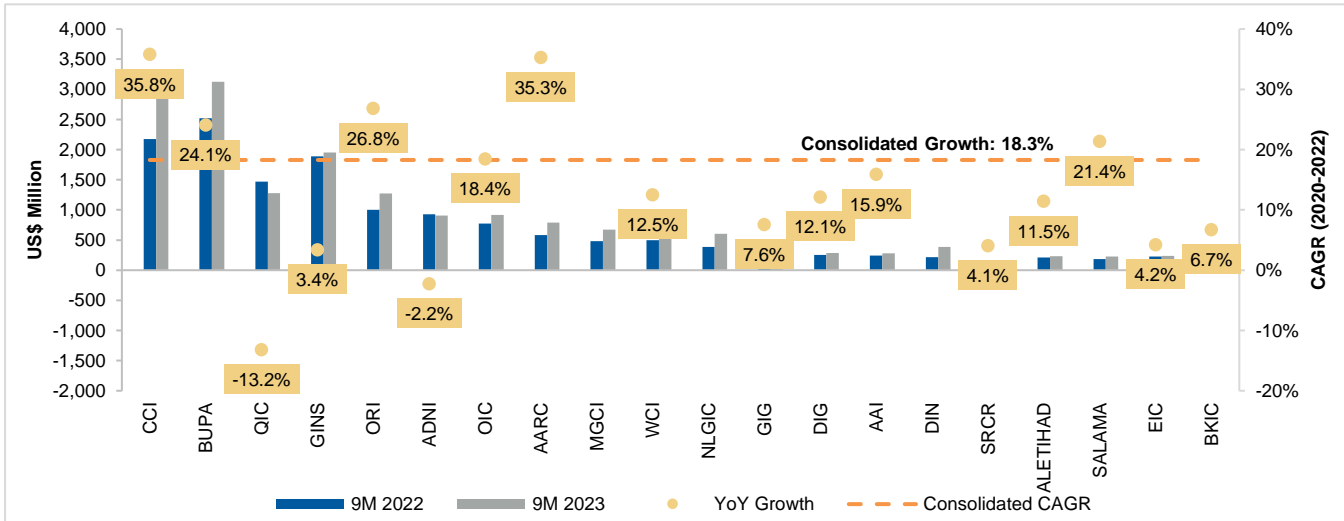
<sup>288</sup> Source: "UAE Insurance Industry Update HY1 2023", Milliman, October 2023

<sup>289</sup> Source: "Saudi insurance sector sees 14.6% growth, according to new authority", Arab News, January 14, 2024

<sup>290</sup> Source: "UAE Insurance Industry Update HY1 2023", Milliman, October 2023

<sup>291</sup> Source: "Company filings (all 20 companies), Q3 2023 Reports"

**Exhibit 67: Insurance Revenue (9M 2022 - 9M 2023)**



Source: S&P Capital IQ, Company Reports, Alpen Capital

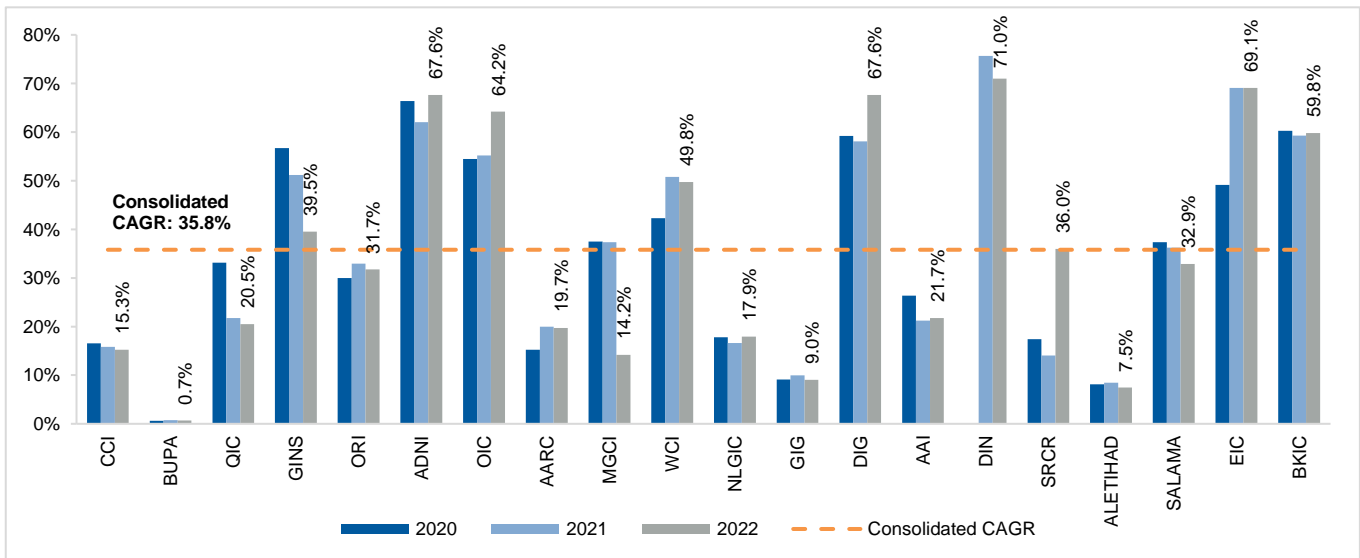
Note: Since the implementation of IFRS 17 in January 2023, the standard requires the separate presentation of insurance revenue. Prior to 2023, companies in the GCC reported Gross written premiums according to IFRS 4.

### Cession Rate – Reliance on Reinsurers is Increasing

**The average cession rate of the selected companies increased from 31.9% in 2020 to 35.8% in 2022**

There has been a steady increase in reliance on reinsurance providers, since 2020 growing from an average of 31.9% to 35.8% by 2022. Within the region, Bahrain and the UAE exhibits a higher dependency on reinsurance players with an average of 59.8% and 56.1% respectively in 2022. Despite having the lowest cession rate in the region, Saudi Arabia's rate rose from 18.4% in 2020 to 19.0% in 2022. Insurers in the region are heavily reliant on reinsurance players and their reinsurance capacity to support participation in large-scale government-related contracts and to minimize the overall risk<sup>292</sup>.

**Exhibit 68: Trend in Cession Rate (2020-2022)**



Source: S&P Capital IQ, Company Reports, Alpen Capital

<sup>292</sup> Source: "Market Segment Outlook: Gulf Cooperation Council Insurance", AM Best, March 2023

UAE's DIN has the highest cession rate at 71.0% as the company focuses on expanding and strengthening its strategic relationships with global and local reinsurers<sup>293</sup>. UAE's EIC and ADNOC, among the selected companies had higher cession rates of 69.1% and 67.6%, respectively in 2022. Other than the UAE companies, Qatar's DIG also registered a high cession rate of 67.6% in 2022, as compared to 59.2% in 2021<sup>294</sup>.

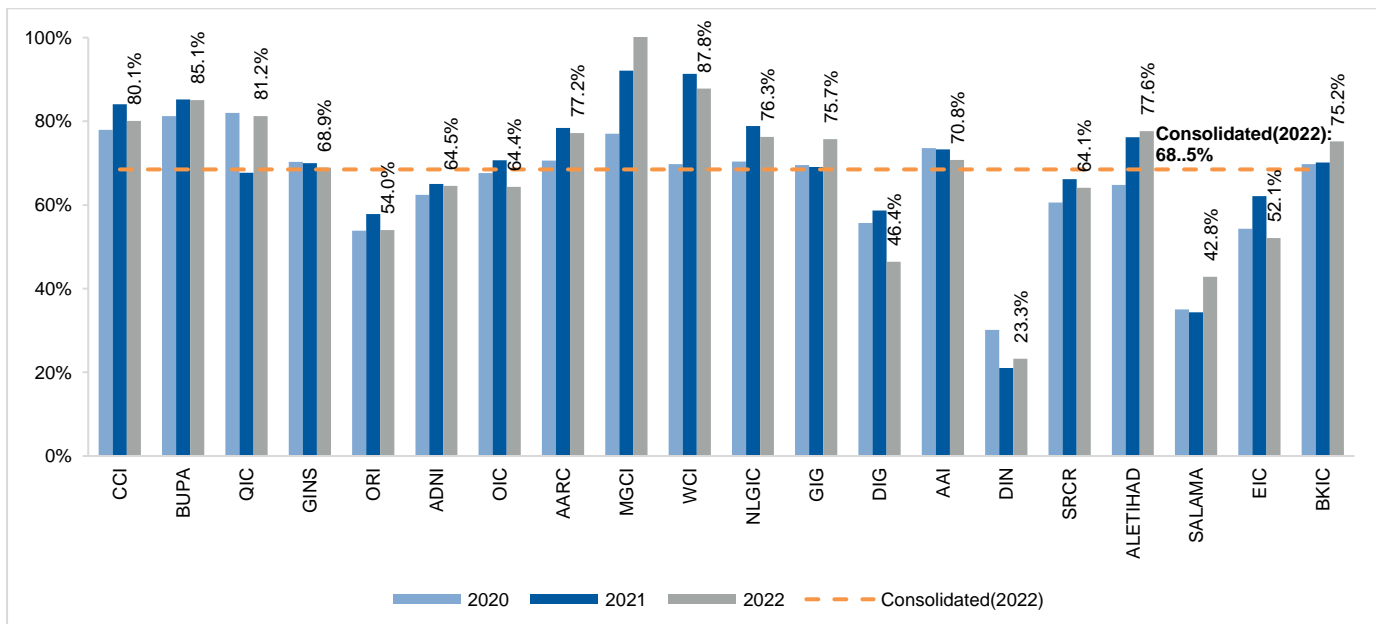
In 2022, the cession rate of 11 out of the total 20 selected companies was below the consolidated rate of 35.8% within the GCC; six were from Saudi Arabia, two from the UAE and one from Qatar, Oman and Kuwait, respectively. Among the selected companies, Saudi Arabia's BUPA and ALETIHAD had the lowest cession rates of 0.7% and 7.5% respectively at the end of 2022 with BUPA having maintained a cession rate of below 1.0% in the past 3 years, ceding a limited amount of premiums to its reinsurance partners<sup>295</sup>.

### Claims Ratio – Up In 2022

**Average claims ratio of the Selected Companies increased from 64.8% in 2020 to 68.5% in 2022**

The selected companies experienced a rise in the average claims ratio from 64.8% in 2020 to 68.5% in 2022 (see Exhibit 69). This growth is attributable to the higher claims incurred by the insurance companies in Saudi Arabia. The average claims ratio for companies based in Saudi Arabia reached 81.3% in 2022, attributed to a substantial increase in claims in motor and health insurance lines, returning to pre-pandemic levels. Furthermore, the Saudi-based insurers demonstrated reduced reliance on reinsurance companies, as evident by a low cession rate.

**Exhibit 69: Trend in Claims Ratio (2020- 2022)**



Source: Company Reports, Alpen Capital

Among the selected 20 companies, Saudi Arabia's MGCI recorded the highest claims ratio, increasing from 77.0% in 2020 to 103.0% in 2022. This was driven by a surge in claims frequency of the MGCI's motor insurance line, which further widened the company's losses. Similarly, WCI, also based in Saudi Arabia, experienced a rise in claims ratio, reaching 87.8% in 2022 compared to 69.8% in 2020. UAE's DIN reported the lowest claims ratio of 23.3% in 2022 among the selected companies. In the past three years, DIN utilized significant amount

<sup>293</sup> Source: "DIN Company filings, 2022 Financial statement"

<sup>294</sup> Source: Company filings (all 20 companies), Q4 financial statements – 2020, 2021 and 2022

<sup>295</sup> Source: Company filings (all 20 companies), Q4 financial statements – 2020, 2021 and 2022

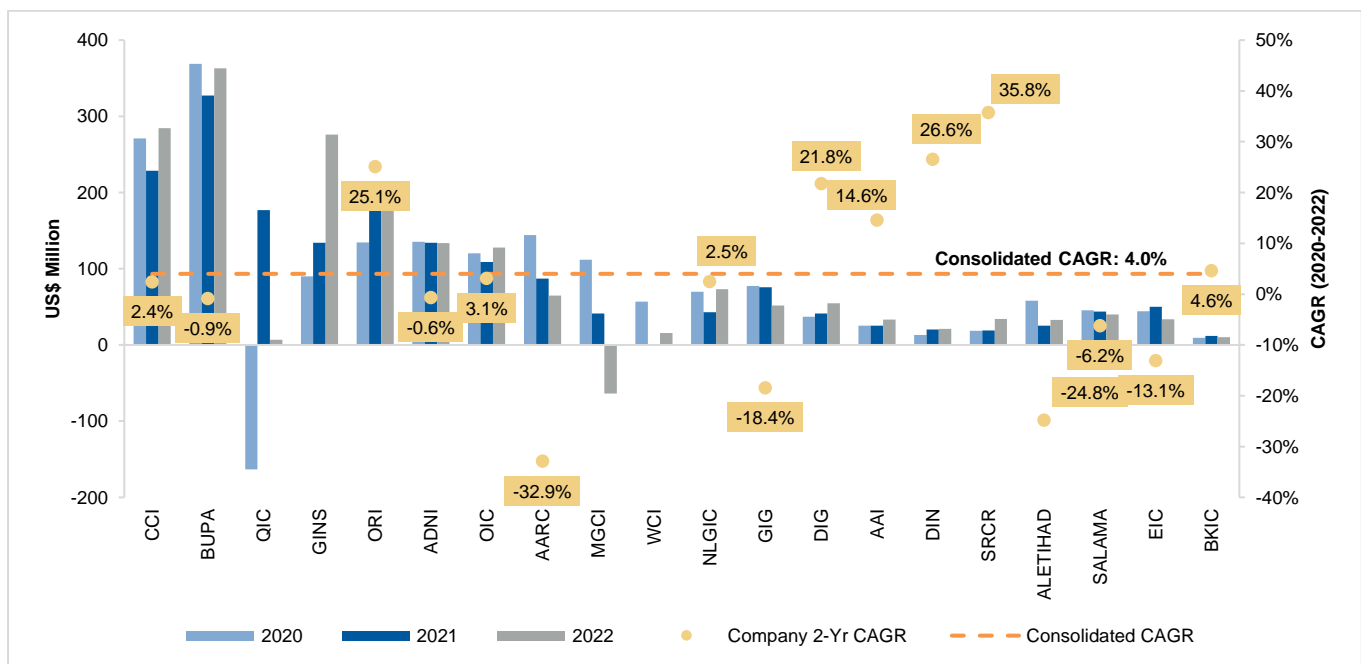
of reinsurance across all insurance segments, as evident by the company's high cession rate (see Exhibit 69). This was reflected in DIN's increasing underwriting profitability, as the company's net underwriting income grew at a CAGR of 26.6% since 2020 (See Exhibit 70)<sup>296</sup>.

### Net Underwriting Profit – Stable

**The combined net underwriting profit of the selected companies grew at a CAGR of 4.0% from US\$ 16.6 billion in 2020 to US\$ 18.0 billion in 2022**

The combined net underwriting profit of the selected companies grew at a CAGR of 4.0% from US\$ 16.6 billion in 2020 to US\$ 18.0 billion in 2022 (see Exhibit 67). The increase is largely driven by growth in the Kuwait market which is implementing a new mandatory medical scheme for expatriates along with a rise in premiums for the current medical coverage (AFYA) for local retirees<sup>297</sup>. In addition, the UAE insurance companies net underwriting profit recorded a CAGR growth of 7.2% to reach US\$ 8.5 billion in 2022, from US\$ 7.7 billion in 2020. However, Saudi companies' underwriting profitability declined at a CAGR of 15.9% from US\$ 1.1 billion in 2020 to US\$ 0.8 billion in 2022. The weak performance of the sector can be attributed to factors such as an increase in motor and medical claims, high competition, and an increase in claims inflation<sup>298</sup>.

**Exhibit 70: Trend in Net Underwriting Result (2020-2022)**



Source: Company Reports, Alpen Capital

Kuwait's GINS and Saudi's SRCR reported the highest net underwriting profit growth between 2020 and 2022. GINS's net underwriting profit grew at a CAGR of 75.0% over the two-year period, primarily due to effective restructuring of existing products, realigning of business segments, leading to improved underwriting profits. SRCR reported a CAGR growth of 35.0% between 2020 and 2022 driven by a strategic focus on risk selection which had a positive impact on the underwriting performance of the company. Within the selected companies, eight witnessed a decrease in net underwriting profits compared to 2020, a decline largely attributable to increased claims<sup>299</sup>.

<sup>296</sup> Source: "DIN Company filings, 2022 Financial statement"

<sup>297</sup> Source: "GCC Insurers In 2023, S&P Global", March 2023

<sup>298</sup> Source: "GCC Insurers In 2023, S&P Global", March 2023

<sup>299</sup> Source: "Company filings (all 20 companies)," Q4 financial statements – 2020, 2021 and 2022

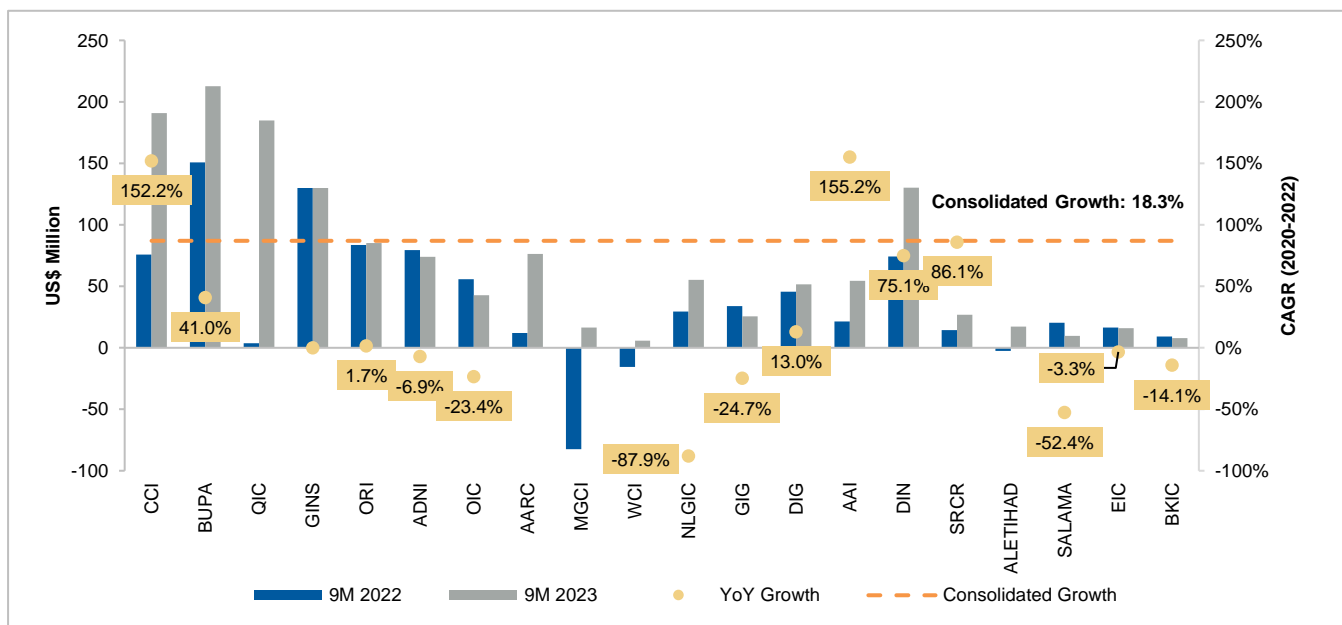
## Insurance Service Result – Up

**Consolidated insurance Service Result of the selected companies exhibited an annual growth of 87.0% in 9M 2023**

The insurance service result, as per IFRS 17, represents the profit earned from providing insurance coverage. These profits are recognized after delivering insurance services, rather than when premiums are received. The insurance service result is calculated as insurance revenue less insurance service expenses.

The insurance service result of the selected companies in the GCC amounted to US\$ 1.4 billion in 9M2023, reflecting a strong growth of 87.0% y-o-y compared to 9M2022. This jump was mainly driven by companies in Saudi Arabia that experienced a growth of 206.7% between 9M2022 and 9M2023 to reach US\$ 572.0 million<sup>300</sup>. The main driver of this growth was increases in motor, health, and property insurance premiums. Additionally, as travel insurance is mandatory in Saudi Arabia, insurance premiums were further supported by a 142.0% y-o-y growth in the number of inbound tourists, reaching 14.2 million in 1H2023<sup>301</sup>. Out of the 20 selected companies, six companies reported a decline in insurance service result from 9M 2022<sup>302</sup>. SALAMA of the UAE recorded a y-o-y decline of 52.4% in 9M 2023 due to a substantial increase in the company's insurance service expenses. QIC of Qatar reported an insurance service result of US\$ 184.8 million in 9M 2023 compared to US\$ 3.7 million in 9M 2022. Over the past two years, QIC has been reducing its exposure in markets characterized by low margins and high volatility. This has led to a decrease in the company's reinsurance expenses, contributing to strong insurance profitability in 9M 2023<sup>303</sup>.

**Exhibit 71: Insurance Service Result (9M 2022 - 9M 2023)**



Source: Company Reports, Alpen Capital

Note: Since the implementation of IFRS 17 in January 2023, the standard requires the separate presentation of insurance service result. Prior to 2023, companies in the GCC reported net underwriting results according to IFRS 4.

<sup>300</sup> Source: "Company filings (all 20 companies)," Q3 financial statements – 2020, 2021 and 2022

<sup>301</sup> Source: "Inbound Tourism Indicators - 1st Half of 2023", December 2023, Ministry of tourism, Saudi Arabia

<sup>302</sup> Source: "Company filings (all 20 companies)," Q3 financial statements – 2020, 2021 and 2022

<sup>303</sup> Source: "QIC - Company filing, Q3 2023 Report"



## Investment Mix and Return

***A considerable portion of the investment allocation is focused on deposits, shares, and bonds.***

***The exposure of the UAE-based companies to the real estate sector declined from 9.1% in 2020 to 7.4% in 2022***

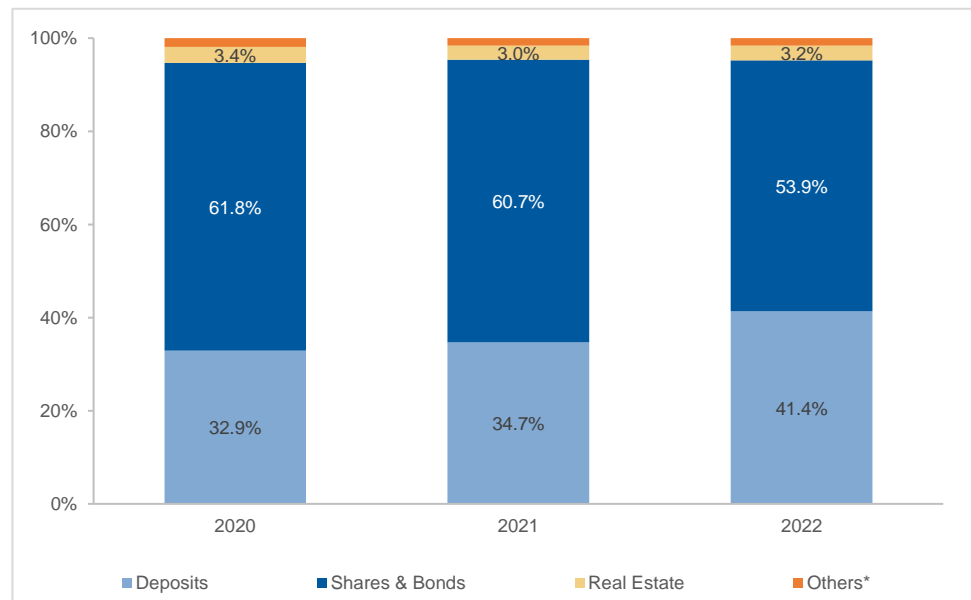
***The allocation to deposits for the selected companies rose from 32.9% in 2020 to 41.4% in 2022***

Insurance companies in the GCC region allocate their investments across various asset classes, such as deposits, stocks, bonds, real estate, and others. The composition of investment portfolios varies across countries in the region, reflecting differences in risk appetite. A considerable portion of the investment allocation of the GCC countries is focused on deposits, shares, and bonds.

In the GCC, the companies based in the UAE exhibited the highest exposure to riskier asset classes, such as real estate. In the past three years, the UAE-based companies have gradually reduced their investment exposure from real estate to deposits, shares, and bonds. The exposure of the UAE-based companies to the real estate sector declined from 9.1% in 2020 to 7.4% in 2022. In contrast, companies from Saudi Arabia and Oman demonstrated minimal exposure to the real estate sector<sup>304</sup>.

Allocation of shares and bonds in the total investment portfolio declined from 61.8% in 2020 to 53.9% in 2022 (see Exhibit 74). This decrease in allocation was a response to the heightened volatility in both the bond and equity markets in 2022, attributed to the rising interest rates and inflation during the same period<sup>305</sup>. These circumstances led to an increased preference for deposits, which are considered safer investments in such uncertain conditions. The allocation to deposits for the selected companies rose from 32.9% in 2020 to 41.4% in 2022<sup>306</sup>. Real estate constituted 3.2% of the investment portfolio in 2022, compared to 3.4% in 2020, while investments in associates contributed 1.6% in 2022, down from 1.9% in 2020.

**Exhibit 72: Investment Mix of Select Insurance Players**



Source: Company Reports, Alpen Capital

\* Includes investments in associates

***The surge in exposure towards deposits was mainly driven by companies in Saudi Arabia, which increased from 38.8% in 2020 to 58.1% in 2022***

The surge in exposure towards deposits was mainly driven by the companies in Saudi Arabia, which increased from 38.8% in 2020 to 58.1% in 2022. The companies in Oman, Kuwait, Qatar and the UAE also experienced a rise in exposure towards deposits. Amongst the selected companies, Oman's NLGIC and Saudi Arabia's SRCR recorded the largest increase

<sup>304</sup> Source: Company filings (all 20 companies), Q4 financial statements – 2020, 2021 and 2022

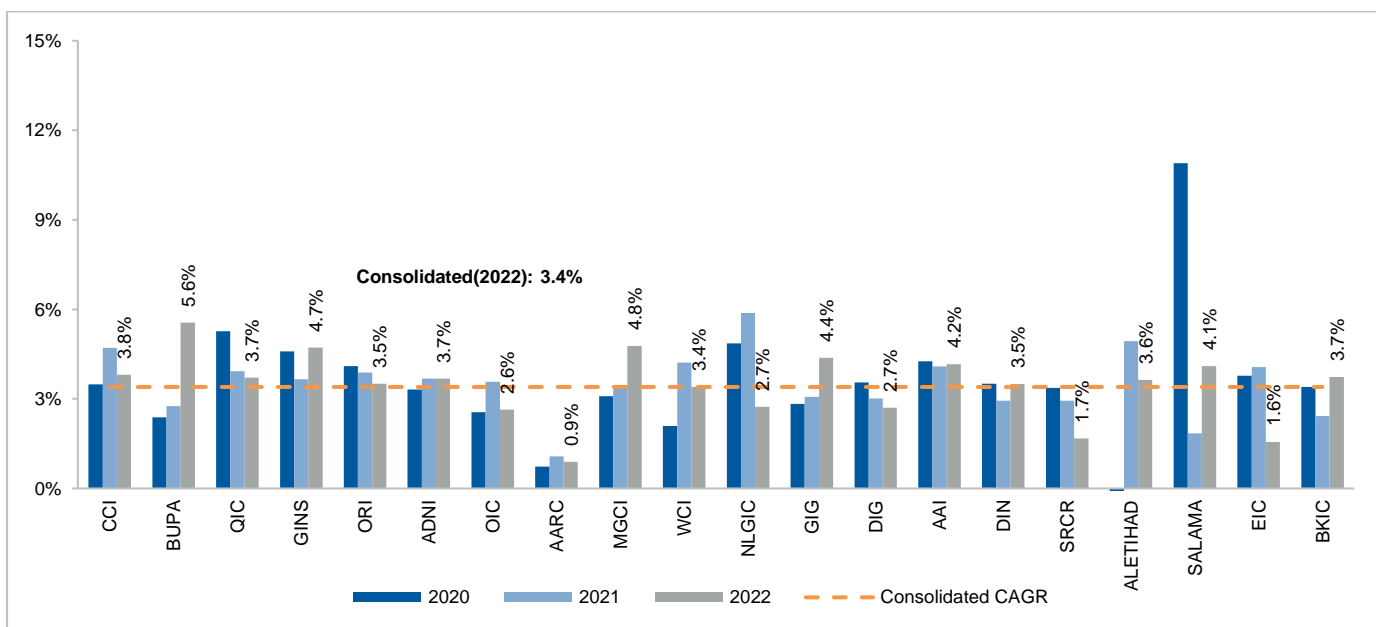
<sup>305</sup> Source: "Market Segment Outlook: Gulf Cooperation Council Insurance", AM BEST, March 5, 2023

<sup>306</sup> Source: "Market Segment Outlook: Gulf Cooperation Council Insurance", AM BEST, March 5, 2023

in exposure to deposits, while Qatar's QIC and AARC and GIC of Saudi Arabia reported a decline in 2022 compared to 2020. ASFCI, BUPA, CCI and EIC recorded an exposure of more than 60% to deposits in 2022<sup>307</sup>.

Average return on investment of the selected companies stood at 3.4% in 2022 (see Exhibit 75), compared to 3.2% in 2020. Amongst the selected companies, six reported an increase in investment income compared to 2020, while the remaining 14 witnessed a decline during the period. Saudi Arabia's BUPA and MGCI reported an highest average return on investment of 5.6% and 4.8%, respectively, during 2022. The return on investment for both BUPA and MGCI was driven by an increase in the company's commission income and the realized gains during the period. Conversely, SAARC recorded the lowest investment return of 0.9% in 2022, in line with its historical performance<sup>308</sup>.

**Exhibit 73: Trend in Return on Investments (2020 - 2022)**



Source: Company Reports, Alpen Capital

### Return on Average Equity (ROAE)

**The average ROAE of the selected companies declined from 12.0% in 2020 to 6.4% in 2022**

The ROAE of the selected companies stood at 6.4% in 2022, a decline from 12.0% in 2020. Saudi Arabia recorded the highest decline in ROAE from 12.3% in 2020 to 2.1% in 2022. Similarly, companies in the UAE experienced a drop in average ROAE from 12.8% in 2020 to 10.3% in 2022. Kuwait companies' ROAE declined marginally from 12.6% in 2020 to 12.3% in 2022. On the other hand, Qatar reported a rise in ROAE to 5.5% in 2022, from 2.9% in 2020, primarily due to the improvement in the company's net underwriting profits<sup>309</sup>.

Amongst the selected companies, BUPA of Saudi Arabia and DIN of UAE reported the highest ROAE's of 20.3% and 14.0%, respectively in 2022, maintaining their strong performance during the past three years. On the other hand, Saudi Arabian companies MGCI and WCI underperformed compared to their peers within the region as both companies reported losses in 2022, leading to negative return ratios for the year. The companies reported losses on the back of a decline in the motor business and high underwriting costs and expenses<sup>310</sup>. CCI and

<sup>307</sup> Source: "Company filings (all 20 companies), Q4 financial statements – 2020, 2021 and 2022

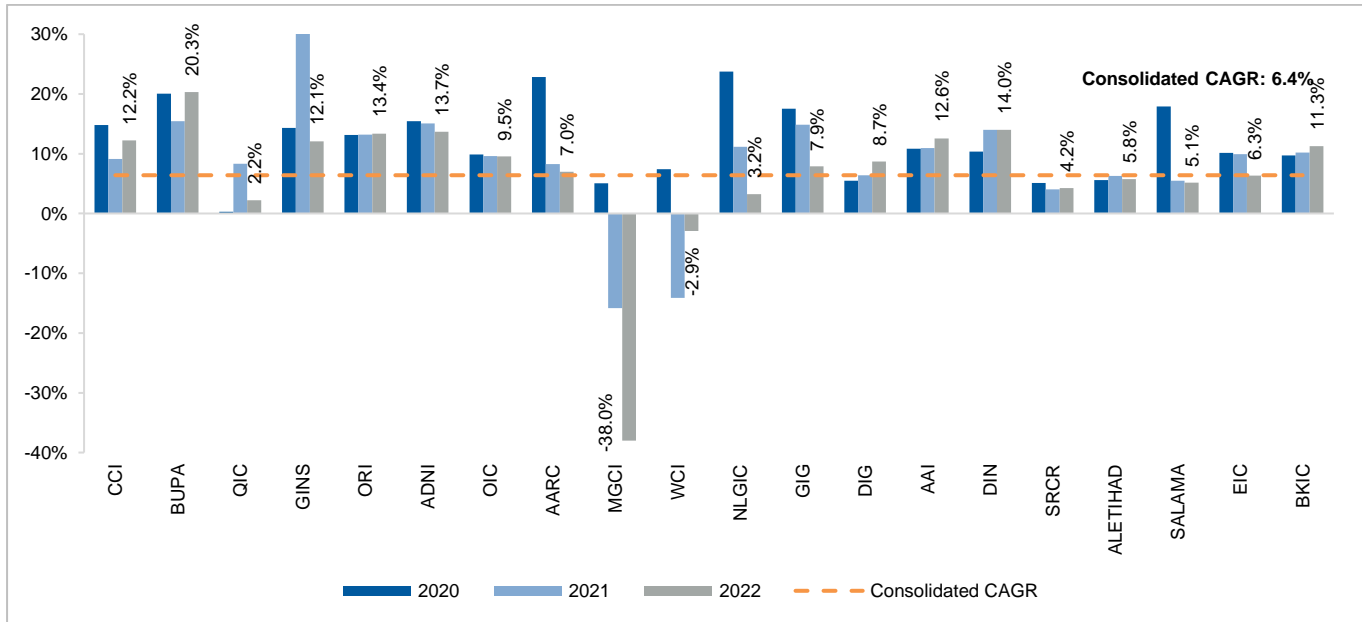
<sup>308</sup> Source: "BUPA, MGCI and SAARC Company filings, 2022 Financial statement"

<sup>309</sup> Source: "Company filings (all 20 companies), Q4 financial statements – 2020, 2021 and 2022

<sup>310</sup> Source: "MGCI and ECI Company filings, 2022 Financial statement"

AAI reported an increase in average ROAE of 12.2% and 12.6% in 2022 compared to 9.1% and 10.9% in 2021, respectively<sup>311</sup>.

**Exhibit 74: Trend in Return on Average Equity (2020 - 2022)**



Source: S&P Capital IQ, Company Reports, Alpen Capital

## 8.2 Valuation Analysis

**The average trading P/E and P/B multiples of the selected companies were 17.4x and 2.0x, respectively**

In this section, we have analyzed the valuation ratios of the selected insurance companies in the GCC. The valuation parameters of the selected companies have been analyzed using multiples such as P/E, P/B, and Market Capitalization/GWP.

As on January 23, 2024, the insurance companies in the GCC were trading at an average P/E multiple of 17.4x and P/B multiple of 2.0x (see Exhibit 76). The Saudi-based companies were trading at a P/E multiple of 24.5x, significantly higher compared to the average of 17.4x for the selected companies. In terms of P/B ratio, the insurance companies in Saudi Arabia were valued at a multiple of 3.1x compared to the average of 2.0x for the selected companies. The reason for this premium valuation in comparison to the regional peers was the substantial increase in the GWP of Saudi Arabia's companies since 2022.

In terms of P/E multiple, selected companies from the UAE trade at a multiple of 12.7x, while the companies from Bahrain were valued at 12.3x. Qatari and Kuwaiti companies were valued at a lower multiple of 8.8x and 11.0x, respectively, as compared to the consolidated average of 17.4x. In terms of P/B multiple, the UAE-based insurance companies were trading at a lower multiple of 0.9x compared to consolidated average of 2.0x in the GCC region. The low valuation of companies based in the UAE is linked to their weak profitability observed since 2022<sup>312</sup>.

Within the selected insurance companies, only seven out of the 20 companies traded higher than the consolidated average P/E multiple. GIG of Saudi Arabia commands a P/E multiple of 45.3, with BUPA at 31.9x and AARC at 26.8x. This high valuation is attributed to the overall upward trend of the Saudi Insurance Index in 2023. In the UAE, IAI and EIC are the only

<sup>311</sup> Source: "CCI and AAI Company filings, 2022 Financial statement

<sup>312</sup> Source: "Company filings (all 20 companies), Q4 financial statements – 2020, 2021 and 2022

companies trading at multiples higher than the overall average of 17.4x, standing at 22.5x and 19.0x, respectively.

The average market capitalization to GWP multiple for the selected companies remained consistent at 0.9x compared to the previous two years. The companies in Saudi Arabia are more aggressively valued, with a multiple of 1.2x. Among the selected companies, the UAE-based companies are trading at a lower multiple of 0.6x, while Kuwaiti and Qatari insurance companies are trading in line with the consolidated average. Companies prioritizing the development of capabilities to tap into underpenetrated insurance markets are receiving more aggressive valuations. Going forward, the adoption of emerging sectors such as Insurtech, which utilizes technology for operational efficiency in the insurance market, is expected to have a positive impact on company's valuation.

**Exhibit 76: Key Valuation Ratios of Insurance Companies in the GCC**

Company Name	LTM		Current Market cap /GWP in 2022 (x)
	P/E Ratio (x)	P/B Ratio (x)	
Company for Co-op Insurance	22.2	5.3	1.3
Bupa Arabia Co-op Insurance Co	31.9	7.4	2.4
Qatar Insurance Co	NM	1.3	0.8
Gulf Insurance Group Kuwait	14.2	2.3	0.6
Orient Insurance	NA	NA	NA
Abu Dhabi National Insurance Company PJSC	8.1	1.2	0.7
Oman Insurance Co	8.9	0.7	0.4
Al Rajhi Co for Co-op Insurance	26.8	4.2	1.9
Mediterranean & Gulf Co-op	NM	1.7	0.5
Walaa Cooperative Insurance Company	11.2	1.2	0.6
Liva Group (Formerly National Life and General Ins Co- NLGIC)	NM	NM	0.6
Gulf Insurance Group (Formerly AXA Co-op Insurance Co)	45.3	1.7	1.1
Doha Insurance Group	8.8	1.1	0.9
Al-Ahleia Insurance Co	7.8	1.1	1.1
Dubai Insurance Co	5.2	0.9	0.5
Saudi Re for Co-op Reinsurance Co	26.2	1.8	1.5
Al-Etihad Co-op Insurance Co	7.9	1.3	0.7
Islamic Arab Insurance Co	22.5	0.7	0.4
Emirates Insurance Co	19.0	1.0	0.9
Bahrain Kuwait Insurance Co	12.3	1.2	0.5
<b>Average</b>	<b>17.4</b>	<b>2.0</b>	<b>0.9</b>
<b>Median</b>	<b>13.3</b>	<b>1.3</b>	<b>0.7</b>
<b>High</b>	<b>45.3</b>	<b>7.4</b>	<b>2.4</b>
<b>Low</b>	<b>5.2</b>	<b>0.7</b>	<b>0.4</b>

Source: S&P Capital IQ, Company filing

Notes: Last updated January 23, 2024; NM – Not Meaningful; Figures in red indicate below consolidated average and those in green suggest at par or above consolidated average of selected companies; TTM PE for all the companies are up until Q3-2023 (latest available data).

# Country Profiles

## UAE

### Key Growth Drivers

- **Demographic Factors:** Growing population and rise in per capita income are the key factors driving the insurance industry in UAE. The IMF anticipates the country's population to grow at a CAGR of 1.8% from 10.1 million in 2023 to 11.0 million in 2028. This growth, coupled with rising awareness among consumers is anticipated to boost the demand for insurance products and services in the UAE.
- **Mandatory Insurance:** Mandatory motor and health insurance will continue to be key factors driving overall growth. The rollout of mandatory health and motor insurance schemes contributed to an increase of insurance penetration rate in the UAE.
- **Regulatory Reforms:** Regulatory reforms are propelling growth in the UAE's insurance industry by enhancing transparency and accountability. Moreover, the adoption of IFRS 17 and corporate governance standards promotes fairness, transparency, and accountability, facilitating financial inclusion and contributing to the industry's growth.
- **Technological Innovation:** The UAE insurance industry is leveraging technological innovation, including insurtech solutions, to enhance operations efficiency and improving customer experiences by streamlining processes like underwriting and claims management.

### Recent Industry Developments

- More than 6.5 million employees have enrolled in the UAE's Unemployment Insurance Scheme between January 1 and October 1, 2023.
- In September 2023, Dubai-based Sukoon, formerly known as Oman Insurance, acquired the UAE life insurance portfolio of Chubb Tempest Life Reinsurance.
- In September 2023, Abu Dhabi National Insurance Company (ADNIC) acquired a 51% stake in Allianz Saudi Fransi Cooperative Insurance Co for US\$ 133.1 million.
- In October 2022, Takaful Emarat Insurance and Islamic Arab Insurance (Salama) announced a merger through a non-cash deal.

### Macro-economic Indicators

Indicators	Unit	2023E	2024F	2028F
GDP growth at current prices	%	0.4	5.4	5.4
GDP per capita, at current prices	US\$	50,602	52,406	59,306.5
Population	mn	10.1	10.2	11.0
Inflation	%	3.1	2.3	2.0
Insurance penetration	%	2.8	2.8	2.7
Insurance density	US\$	1,400.1	1,447.2	1,626.5

Source: IMF – October 2023, CBUAE, Alpen Capital

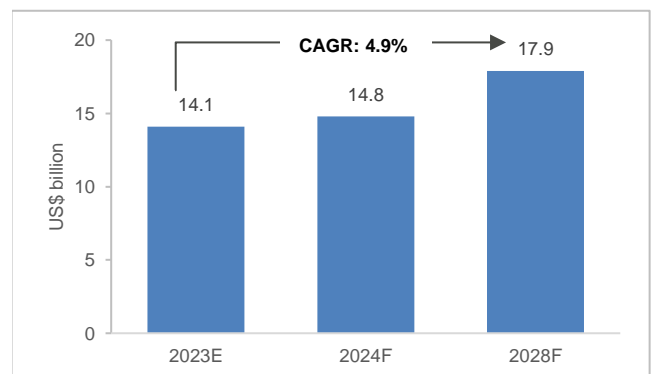
Note: F – Forecast

### Select Players

Company	GWP in 2022 (US\$ mn)
Abu Dhabi National Insurance Co.	1,396.6
Al Buhaira National Insurance Company P.S.C.	256.7
Dubai Insurance Co. PSC	400.3
Emirates Insurance Co.	304.7
National General Insurance Co. PJSC	177.2
Oman Insurance Co. PSC	1196.1
Orient Insurance PJSC	1,654.2
Union Insurance Co.	236.6

Source: S&P Capital IQ, Company Filings

### Forecast of Insurance Industry



Source: CBUAE, Alpen Capital

Note: F – Forecast

Source: Thomson Reuters, Zawya, Media Reports



## Saudi Arabia

### Key Growth Drivers

- **Demographic Factors:** According to IMF estimates, Saudi Arabia's population is projected to grow at a CAGR of 2.0% from 32.2 million in 2022 to 36.2 million by 2028. This growth is expected to expand the insurance customer base and fuel demand for various insurance products. Additionally, it will also create opportunities for insurers to tailor their offerings to meet the evolving needs of a larger and more diverse population.
- **Regulatory Reforms:** SAMA's initiatives to merge insurance companies is contributing to strengthening of the insurance industry in Saudi Arabia. The effort is aimed at broadening the types of protection available and creating new business opportunities. To ensure stability and adherence to best practices, the government is concurrently enhancing financial literacy, streamlining regulatory processes, and optimizing distribution channels.
- **Economic Diversification:** Saudi Arabia's Vision 2030 aims to diversify its economy and reduce dependence on oil. Infrastructure projects, such as the NEOM Project, Red Sea Project, and Qiddiya are attracting investments, generating employment, and fostering businesses growth. This diversification is expected to fuel the insurance industry's expansion, as new insurable assets emerge demand for insurance coverage to protect against potential risks and losses

### Recent Industry Developments

- In October 2023, the Saudi Council of Health Insurance authorized the policy to set US\$ 26,666 as the maximum health insurance coverage for foreign visitors
- In October 2023, SAMA initiated a public consultation process for the proposed amendment of the Comprehensive Motor Insurance Rules. As part of this process, stakeholders were encouraged to share their feedback on the draft by accessing the platform hosted by the National Competitiveness Center.
- In July 2023, SAMA granted its approval for the merger between Gulf Union AlAhlia Cooperative Insurance Company and Al Sagr Cooperative Insurance Company.
- In October 2022, the merger between Walaa Cooperative Insurance Company and SABB Takaful Company was completed.

### Macro-economic Indicators

Indicators	Unit	2023E	2024F	2028F
GDP growth at current prices	%	-3.5	3.7	3.7
GDP per capita, at current prices	US\$	32,586.2	33,144.3	35,215.9
Population	mn	32.8	33.5	36.2
Inflation	%	2.5	2.2	2.0
Insurance penetration	%	1.3	1.4	1.5
Insurance density	US\$	435.1	453.2	522.0

Source: IMF – October 2023, SAMA, Alpen Capital

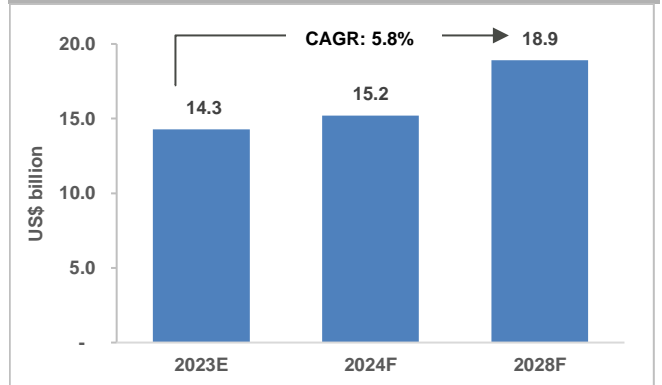
Note: F – Forecast

### Select Players

Company	GWP in 2022 (US\$ mn)
Al Rajhi Co for Co-op Insurance	925.4
Arabian Shield Co-op Insurance Company	295.0
Bupa Arabia for Co-op. Insurance Co. SJSC	3,705.8
The Company for Cooperative Insurance SJSC	3,828.1
The Mediterranean and Gulf Insurance and Reinsurance Co.	761.2
Walaa Cooperative Insurance Co. SJSC	704.5

Source: S&P Capital IQ, Company Filings

### Forecast of Insurance Industry



Source: SAMA, Alpen Capital

Note: F – Forecast

## Qatar

### Key Growth Drivers

- **High Per Capita Income:** Boasting the highest GDP per capita in the GCC, Qatar anticipates a CAGR of 4.0% in GDP per capita from 2023 to 2028. This economic strength is expected to enhance the capacity and inclination of individuals and businesses to invest in insurance products, potentially increasing the demand for insurance products.
- **Economic Diversification:** Qatar's economic diversification strategy includes strategic initiatives such as prioritizing investments in food security, attracting foreign direct investment, and supporting skilled talent. These economic diversification measures are expected to boost demand for specialized insurance products, driving growth in the local insurance industry.
- **Infrastructure Development:** After experiencing a moderation following the 2022 FIFA World Cup, the construction sector in Qatar regained momentum in 2023, aligning with the goals of National Vision 2030. Ongoing projects such as the development of Hamad General Hospital, Madinat Khalifa Health Center, and the veterinary laboratory building of the Ministry of Municipality are anticipated to drive demand for property, health, and liability insurance.

### Recent Industry Developments

- In February 2023, QIC announced the successful completion of the merger involving its subsidiary, Oman Qatar Insurance Co. SAOG and Vision Insurance SAOG.
- In December 2023, the Qatar Central Bank announced a strategy to support the growth of Insurtech companies in the country. This initiative aims to broaden insurance products, including life, health, climate insurance, and customized solutions for priority sectors like logistics and manufacturing.
- In August 2023, the Qatar Central Bank introduced a license for developing policy comparison websites. This initiative aims to regulate and license policy comparison platforms for increased transparency. The Central Bank also released a statement urging the "Buy now, Pay later" companies to obtain a license from the bank.

### Macro-economic Indicators

Indicators	Unit	2023E	2024F	2028F
GDP growth at current prices	%	-0.4	4.6	3.0
GDP per capita, at current prices	US\$	81,968.3	84,898.6	99,641.7
Population	mn	2.9	2.9	3.0
Inflation	%	2.8	2.3	2.0
Insurance penetration	%	0.8	0.9	0.9
Insurance density	US\$	693.9	734.8	851.4

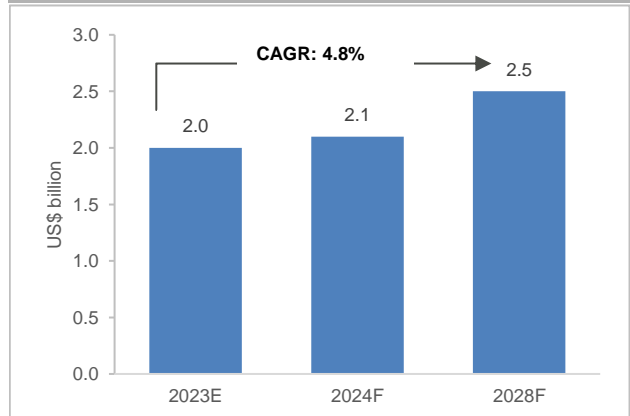
Source: IMF – October 2023, Swiss Re, Alpen Capital  
Note: F – Forecast

### Select Players

Company	GWP in 2022 (US\$ mn)
Damaan Islamic Insurance Co. QPSC	107.8
Doha Insurance Group QPSC	408.3
Qatar General Insurance and Reinsurance Co. SAQ	199.1
Qatar Insurance Co. QSPC	2,705.6
Qatar Islamic Insurance Group QPSC	365.6

Source: S&P Capital IQ, Company Filings

### Forecast of Insurance Industry



Source: Swiss Re, Alpen Capital  
Note: F – Forecast

## Kuwait

### Key Growth Drivers

- **Demographic Factors:** The growth in Kuwait's insurance sector is propelled by economic expansion, rising government spending, and increased consumer awareness about insurance products. Kuwait's population is expected to grow at a CAGR of 2.0% from 4.9 million in 2023 to 5.5 million 2028, as per the IMF. The growing population along with relatively strong per capita income (0.8% CAGR) is expected to drive demand for housing, automobiles, and healthcare, presenting a significant opportunity for insurance companies in the country.
- **Infrastructure Developments:** Kuwait has placed a significant emphasis on infrastructure development to achieve the goals outlined in Kuwait Vision 2035. The Government's development plan (2020-2025) is focused on economic restructuring and executing mega projects worth ~US\$ 124 billion. This strategic development is poised to act as a key driver for the insurance sector by fostering demand for various products, including construction and liability insurance.
- **Regulatory Reforms:** Kuwait's Insurance Regulatory Unit (IRU) introduced a four-year strategy to enhance the insurance sector. As a part of these efforts, private motor insurance premiums rose by 80%. Additionally, IRU facilitated cashless payments and extending insurance coverage for expatriates over 60 years. These regulations are expected to improve industry standards and contribute to the overall development and stability of the insurance sector in Kuwait.

### Macro-economic Indicators

Indicators	Unit	2023E	2024F	2028F
GDP growth at current prices	%	-9.0	4.6	2.4
GDP per capita, at current prices	US\$	32,215.0	33,031.7	33,602.2
Population	mn	5.0	5.1	5.5
Inflation	%	3.4	3.1	1.9
Insurance penetration	%	1.1	1.1	1.3
Insurance density	US\$	348.7	367.9	431.6

Source: IMF – October 2023, Swiss Re, Alpen Capital

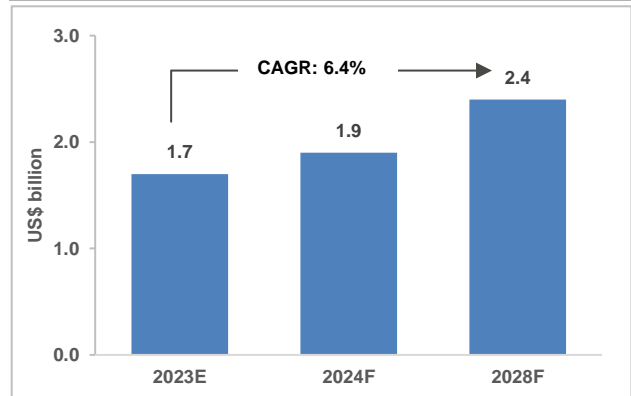
Note: F – Forecast

### Select Players

Company	GWP in 2022 (US\$ mn)
Al-ahleia Insurance Co. SAKP	406.5
First Takaful Insurance Co.	10.9
Gulf Insurance Group KSC	2,682.8
Kuwait Insurance Co. SAKP	162.7
Kuwait Reinsurance Co. KSCP	242.1
Warba Insurance Co. KSCP	133.3

Source: S&P Capital IQ, Company Filings

### Forecast of Insurance Industry



Source: Swiss Re, Alpen Capital

Note: F – Forecast

## Oman

### Key Growth Drivers

- **Demographic Factors:** Oman with predominantly young population is anticipated to experience population growth of CAGR of 3.2% between 2023 and 2028, according to IMF. This demographic growth along with a relatively young population is poised to drive significant expansion in the insurance industry. As the population grows, there is likely to be an increased demand for various insurance products, particularly in areas such as life, health, and across various sectors of economic activity.
- **Infrastructure Developments:** The government is emphasizing on infrastructure development and promotion of tourism to support economic growth and generate employment opportunities. In 2023, various mega projects were initiated such as the Rimal Park in South Al Batinah and Rathath (Drizzle) Boulevard in Dhofar. Additionally, ongoing and new road projects in 2023 include the Dibba-Lima-Khasab Road, the Harweeb-Al Mazyouna-Metin road and the Jaalan Bani Bu Ali-Jaalan Bani Bu Hasan road further contributing to economic growth and fueling demand for insurance coverage, particularly in areas such as construction and travel insurance.
- **Economic Diversification:** The Sultanate's Economic Diversification Plan (Vision 2040) aims to boost the economy by increasing government spending in non-oil sectors. The government plans to promote private investment and prioritize sectors like tourism, logistics, and manufacturing over oil and gas. It is anticipated bring new opportunities for insurance sector as new businesses emerge, thereby driving demand.

### Recent Industry Developments

- In May 2023, Dhofar Food & Investment SAOG agreed to purchase an additional 38.46% stake in Omani Gulf Food Company LLC from DIC for OMR 5.2 million.
- In February 2023, Oman Qatar Insurance Co. completed the acquisition of Vision Insurance SAOG
- In Jan 2023, National Life & General Insurance Co completed the acquisition of a 47.5% stake in Al Ahlia Insurance Company to expand its customer reach and product portfolio in the region.

### Macro-economic Indicators

Indicators	Unit	2023F	2024F	2028F
GDP growth at current prices	%	-5.6	3.8	3.4
GDP per capita, at current prices	US\$	21,266.6	21,381.1	21,128.6
Population	mn	5.1	5.3	6.0
Inflation	%	1.1	1.7	2.0
Insurance penetration	%	1.5	1.5	1.8
Insurance density	US\$	289.1	293.1	308.1

Source: IMF – October 2023, CMA, Alpen Capital

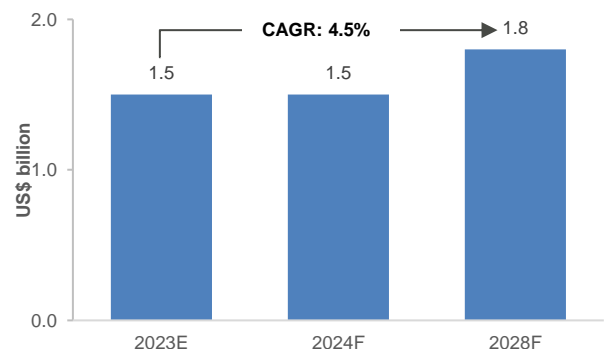
Note: F – Forecast

### Select Players

Company	GWP in 2022 (US\$ mn)
Al Madina Insurance Co SAOG	116.2
Dhofar Insurance Co. SAOG	169.1
National Life & General Insurance Co. SAOC (Liva)	608.1
Oman Qatar Insurance Co. SAOG	406.5
Oman Reinsurance Co. SAOG	95.1
Oman United Insurance Co. SAOG	83.6

Source: S&P Capital IQ, Company Filings

### Forecast of Insurance Industry



Source: CMA, Alpen Capital

Note: F – Forecast

## Bahrain

### Key Growth Drivers

- **Demographic Factors:** The rising population and growing expatriate workforce in Bahrain are expected to drive the need for insurance products in the country. According to the IMF, the population in Bahrain is projected to grow steadily at a CAGR of 2.5% between 2023 and 2028. Additionally, the per capita income in Bahrain is projected to increase at a CAGR of 1.8% during the same period, contributing to overall demand for insurable products in the future.
- **Economic Diversification:** Bahrain has actively pursued diversification in its economy in order to reduce the reliance on oil. The Economic Vision 2030 aims to diversify the economy by focusing on high-value industries such as finance, services, logistics, and tourism. This strategic economic shift is expected to boost demand for a range of insurance products meeting the needs of diverse industries in the country.
- **Infrastructure Development:** As an integral part of Bahrain's 2021 Economic Recovery Plan, the country announced over 22 strategic infrastructure projects, collectively value exceeding US\$ 30 billion. Major ongoing projects in the country including Bahrain Metro, the Janabiya Highway project, and Sports City among others are anticipated to drive the demand for insurance products, particularly construction and liability coverages.

### Recent Industry Developments

- In April 2023, Gulf Insurance Group KSCP announced that Fairfax Financial Holdings (Fairfax) will acquire KIPCO's entire stake in Gulf Insurance Group, amounting to 46.3%, at a total of KWD 263.7 million (~US\$ 860 million). The acquisition will elevate Fairfax to the company's largest shareholder, boasting an overall ownership stake of 90.0%.
- In October 2023, Solidarity Bahrain BSC signed a share sale and purchase agreement with Ahli United Bank to acquire 100% of issued and paid-up ordinary shares in Al Hilal Life and its subsidiary, Al Hilal Takaful.

### Macro-economic Indicators

Indicators	Unit	2023E	2024F	2028F
GDP growth at current prices	%	1.4	4.7	4.4
GDP per capita, at current prices	US\$	28,464.2	29,080.6	31,138.4
Population	mn	1.6	1.6	1.8
Inflation	%	1.0	1.4	2.2
Insurance penetration	%	1.6	1.6	1.5
Insurance density	US\$	462.7	463.0	465.6

Source: IMF – October 2023, Swiss Re, Alpen Capital

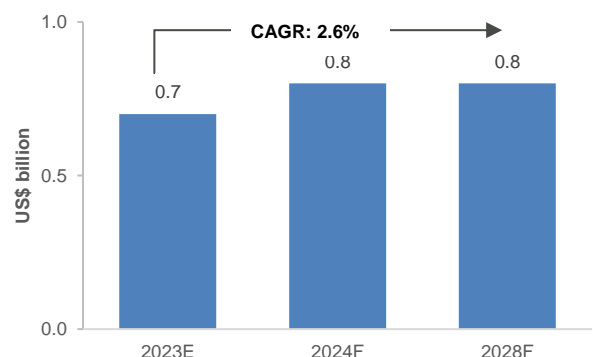
Note: F – Forecast

### Select Players

Company	GWP in 2022 (US\$ mn)
Bahrain Kuwait Insurance Co.	274.4
Bahrain National Holding Co. BSC	111.3
Solidarity Bahrain BSC	121.7
Takaful International Co.	66.1

Source: S&P Capital IQ, Company Filings

### Forecast of Insurance Industry



Source: CBB, Alpen Capital

Note: F – Forecast

# Company Profiles



## Abu Dhabi National Insurance Co. PJSC (Publicly Listed)

UAE

### Company Description

Abu Dhabi National Insurance Co. (ADNIC), founded in 1972, offers insurance and reinsurance services to individuals and corporates in the UAE and the broader MENA region. The company provides both life and non-life insurance services which includes medical, motor, home, travel, aviation, engineering, construction, energy and personal accident, marriage, financial lines, marine and property. Headquartered in Abu Dhabi, ADNIC has a wide network of branches, offices, sales, and service facilities throughout the UAE.

### Business Segments/Product Portfolio

- **Commercial:** The commercial segment accounted for 56.6% of the company's total insurance revenue in 9M 2023. The segment focuses on providing insurance policies related to aviation, energy, marine (cargo and hull), financial lines, corporate liability, corporate travel, property, engineering and construction.
- **Consumer:** The consumer segment contributed the remaining 43.4% to the company's total insurance revenue in 9M 2023. The segment offers insurance policies related to life, medical, motor, personal watercraft, accident, travel and wedding.

### Recent Developments/Future Plans

- In September 2023, ADNIC entered into a binding agreement to acquire 51% of the share capital of Allianz Saudi Fransi Cooperative Insurance Company aiming to extend the company's presence into the Saudi Arabian market.
- In June 2023, ADNIC signed a learning and development partnership with the American University in Dubai (AUD) with the goal of offering UAE national workers specialized technical insurance training.

### Financial Performance

US\$ Million	2021 YE Dec	2022 YE Dec	Change y-o-y (%)	9M 2022	9M 2023	Change y-o-y (%)
Gross Written Premium	1,162.1	1,395.8	20.1	1,169.2	1,071.8	-8.3
Net Written Premium	440.8	452.0	2.5	341.3	343.3	0.6
Net Underwriting Profit / (Loss)	134.0	133.7	-0.2	100.8	38.9	-61.4
Margin (%)	11.5	9.6		8.6	3.6	
Net Profit / (Loss)	109.4	102.9	-5.9	70.8	82.2	16.2
Margin (%)	9.4	7.4		6.1	7.7	
ROAE (%)	15.1	13.7				
ROAA (%)	4.7	4.1				

Source: Company Website, Company Filings, Financial Statements 2023 Q3

Current Price (US\$) 1.7

Price as on January 23, 2024

### Stock Details

Ticker	ADX:ADNIC
52 week high/low	1.7/1.5
Market Cap (US\$ mn)	931.0
Enterprise value (US\$ mn)	685.9
Shares outstanding (mn)	570.0

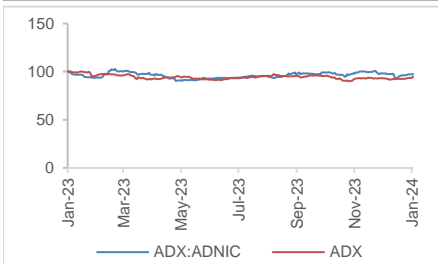
Source: S&P Capital IQ

### Average Daily Turnover

	AED	US\$
3M	140,917	38,397
6M	138,255	37,672

Source: S&P Capital IQ

### Share Price Chart



Source: S&P Capital IQ

### Valuation Multiples

	2022	LTM
P/E (x)	9.3	8.3
P/B (x)	1.3	1.2
Market Cap/GWP	0.7	0.7
Dividend Yield (%)	6.8	NA

Source: S&P Capital IQ

### Shareholding Structure

Mamoura Diversified Global	24.77%
Khalaf Ahmed Al Otaiba	10.11%
SBR Investment LLC	6.87%
Theyab Bin Tahnoon B Al-Nahyan	5.30%
Others	52.95%
<b>Total</b>	<b>100.00%</b>

Source: S&P Capital IQ

## Al Buhaira National Insurance Co. PSC (Publicly Listed)

UAE

### Company Description

Established in 1978, Al Buhaira National Insurance Co. P.S.C. (ABNIC) offers general and life insurance products to individuals and businesses. The Company operates through nine branches and 14 point-of-sale locations across the UAE. ABNIC also invests in equity securities, investment properties, and statutory deposits.

### Business Segments/Product Portfolio

The company offers personal insurance products, including motor, travel, medical, home, and yacht; and business insurance products, covering property, engineering, group medical, group life, credit life, marine, aviation, motor fleet, liability, and energy. The company reports its insurance revenue under the following segments:

- **Motor:** Motor segment accounted for 17.2% of the ABNIC's insurance revenue during 9M 2023.
- **Marine:** Marine segment contributed 2.8% to the company's insurance revenue during 9M 2023.
- **FGA:** FGA segment accounted for 9.4% of the ABNIC 's insurance revenue during 9M 2023.
- **Medical:** This segment contributed 69.5% to the company's insurance revenue during 9M 2023.
- **Life:** The segment accounted for 1.1% of the ABNIC's insurance revenue during 9M 2023. It covers life insurance offerings tailored for individuals, and companies.

### Recent Developments/Future Plans

- ABNIC's 9M 2023 Insurance Revenue stood at US\$ 240.5 million compared to US\$ 191.1 million a year ago.

Financial Performance						
US\$ Million	2021 YE Dec	2022 YE Dec	Change y-o-y (%)	9M 2022	9M 2023	Change y-o-y (%)
Gross Written Premium	244.5	256.8	5.0	NA	NA	NA
Insurance Revenue	NA	NA	NA	191.1	240.5	25.9
Insurance Service Result	NA	NA	NA	3.9	(23.9)	-716.0
Net Investment Income	1.4	9.1	548.9	5.4	7.9	46.2
Net Profit / (Loss)	6.8	(9.4)	-237.8	5.1	(23.2)	-553.4
Margin (%)	2.8	-3.7		NA	NA	
ROAE (%)	1.3	-5.3				
ROAA (%)	1.3	-1.7				

Source: Company Website, Company Filings, Financial Statements 2023 Q3

Current Price (US\$) 0.8

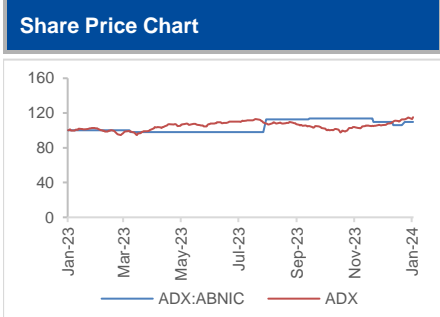
Price as on January 23, 2024

Stock Details	
Ticker	ADX:ABNIC
52 week high/low	0.8/0.7
Market Cap (US\$ mn)	190.6
Enterprise value (US\$ mn)	254.6
Shares outstanding (mn)	250.0

Source: S&P Capital IQ

Average Daily Turnover		
	AED	US\$
3M	320,783	87,407
6M	160,990	43,867

Source: S&P Capital IQ



Source: S&P Capital IQ

Valuation Multiples		
	2022	LTM
P/E (x)	NM	NM
P/B (x)	1.1	1.3
Market Cap/GWP	0.7	0.7
Dividend Yield (%)	3.9	NA

Source: S&P Capital IQ

Shareholding Structure	
Salem Abdulla Salem Al Hosani	16.36%
Abdulla Bin Mohammed Al Thani	13.47%
Faisal Bin Khalid Su Al Qasimi	12.50%
Others	57.67%
<b>Total</b>	<b>100.00%</b>

Source: S&P Capital IQ

## Al Madina Insurance Co. SAOG (Publicly Listed)

Oman

### Company Description

Al Madina Insurance Company SAOG, incorporated in 2006, is an Oman-based company specializes in the provision of comprehensive insurance and risk management services and solutions to its clients. Al Madina Takaful is positioned among the top 10 insurance companies in Oman and is listed on the Muscat Securities Market (MSM). The Company is strongly capitalized, with a Ba1 (Stable) rating from Moody's.

### Business Segments/Product Portfolio

Al Madina's insurance products and services are categorized into the following segments:

- **Fire, Energy, Medical, Engineering, Liability and General Accident:** The segment contributed 63% to Al Madina's total GWP during 9M 2023.
- **Motor, Marine and Aviation:** The segment includes Motor, Marines and Aviation which contributes 29.3% to the company's total GWP during 9M 2023.
- **Family Takaful:** The Family Takaful segment accounted for 7.8% of the company's total GWP during 9M 2023. Family business relates to the takaful of the life of an individual or group life.

### Recent Developments/Future Plans

- Al Madina will continue to invest in technology innovation, IT upgrades, process automation, and digitization of Insurance processes for positive customer engagement.

Financial Performance						
US\$ Million	2021 YE Dec	2022 YE Dec	Change y-o-y (%)	9M 2022	9M 2023	Change y-o-y (%)
Gross Written Premium	116.1	117.7	1.3	72.3	70.0	-3.1
Net Written Premium	39.0	40.5	3.8	32.1	31.5	-1.9
Surplus from Takaful operations	17.3	18.4	6.2	13.6	14.5	6.2%
Net Profit / (Loss)	2.5	2.8	11.1	3.5	2.4	-31.6
Margin (%)	2.2	2.4		4.8	3.4	
ROAE (%)	4.1	4.8				
ROAA (%)	0.9	0.8				

Current Price (US\$) 0.2

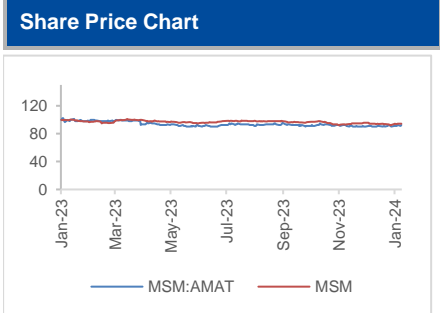
Price as on January 23, 2024

Stock Details	
Ticker	MSM:AMAT
52 week high/low	0.2/0.2
Market Cap (US\$ mn)	39.1
Enterprise value (US\$ mn)	20.7
Shares outstanding (mn)	175.0

Source: S&P Capital IQ

Average Daily Turnover		
	OMR	US\$
3M	9,394	24,721
6M	6,713	17,667

Source: S&P Capital IQ



Source: S&P Capital IQ

Valuation Multiples		
	2022	LTM
P/E (x)	10.8	10.8
P/B (x)	0.7	0.7
Market Cap/GWP	0.4	0.4
Dividend Yield (%)	8.3	NA

Source: S&P Capital IQ

Shareholding Structure	
MB Holding Company LLC	25.86%
Others	74.14%
<b>Total</b>	<b>100.00%</b>

Source: S&P Capital IQ

## Al-Rajhi Company for Cooperative Insurance (Publicly Listed) Saudi Arabia

### Company Description

Incorporated in 2008, Al-Rajhi Company for Cooperative Insurance (Al-Rajhi Takaful) offers Sharia-compliant life and non-life insurance services in various segments such as health, life, motor and travel. The company offers its products and services to individuals, SMEs and corporates. Najm for Insurance Service, a subsidiary of Al-Rajhi Takaful, offers accidents and vehicle-related insurance to both individual and corporates. Al-Rajhi Takaful operates through a network of retail branches across Saudi Arabia.

### Business Segments/Product Portfolio

- **Medical/Health:** The segment accounted for 23.5% of the company's total insurance revenue during 9M 2023.
- **Motor:** The segment contributed 54.0% to the company's total insurance revenue during 9M 2023.
- **Property & Casualty:** The segment contributed 17.2% of the company's total insurance revenue during 9M 2023.
- **Protection & Savings:** The segment accounted for 5.3% of the company's total insurance revenue during 9M 2023.

### Recent Developments/Future Plans

- In August 2023: Al-Rajhi Takaful entered into a partnership with Morni, an automotive services company. The partnership will support Al Rajhi Takaful's clients with motor insurance policies by providing access to Morni's various services through its technology platform and partnerships.
- In July 2023, Almosafer, a travel company, entered into a partnership with Al Rajhi Takaful to provide complimentary insurance for flight reservations to customers.

Financial Performance						
US\$ Million	2021 YE Dec	2022 YE Dec	Change y-o-y (%)	9M 2022	9M 2023	Change y-o-y (%)
Gross Written Premium	735.9	925.4	25.7	686.5	1144.9	66.8
Insurance Revenue	NA	NA	NA	584.0	790.1	35.3
Insurance Service Result	NA	NA	NA	12.1	76.4	530.7
Net investment Income	NA	NA	NA	17.2	29.6	71.9
Net Profit / (Loss)	26.3	23.9	-9.0	16.2	58.4	259.7
Margin (%)	3.6	2.6		2.4	5.1	
ROAE (%)	8.3	7.0				
ROAA (%)	2.2	1.8				

Source: Company Website, Company Filings, Financial Statements 2023 Q3

Current Price (US\$)	17.5
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Price as on January 23, 2024

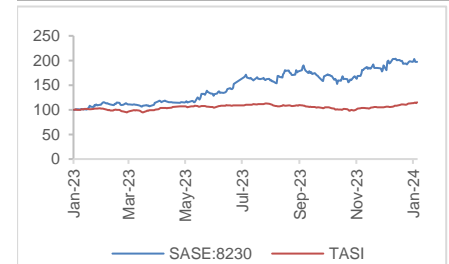
Stock Details	
Ticker	SASE:8230
52 week high/low	20.5/10.1
Market Cap (US\$ mn)	1,773.1
Enterprise value (US\$ mn)	1,532.1
Shares outstanding (mn)	100.0

Source: S&P Capital IQ

Average Daily Turnover		
	SAR	US\$
3M	22,697,608	6,052,696
6M	17,217,616	4,591,364

Source: S&P Capital IQ

### Share Price Chart



Source: S&P Capital IQ

### Valuation Multiples

	2022	LTM
P/E (x)	73.4	26.6
P/B (x)	5.1	4.1
Market Cap/GWP	1.9	1.9
Dividend Yield (%)	NA	NA

Source: S&P Capital IQ

### Shareholding Structure

Al Rajhi Banking & Investment Corp.	61.50%
Saud Bin Abdullah Sulaiman Al Rajhi	1.50%
BlackRock Inc.	0.43%
Others	36.57%
<b>Total</b>	<b>100.00%</b>

Source: S&P Capital IQ

## Arabian Shield Cooperative Insurance Co. (Publicly Listed)

Saudi Arabia

### Company Description

Operating since 1998 and officially incorporated in Saudi Arabia in 2007, Arabian Shield Cooperative Insurance Co. (Arabian Shield) offers a range of general insurance and medical insurance products in Saudi Arabia. The Company offers medical, motor, property, engineering, marine, liability, accident, casualty, protection and saving, travel, and medical malpractice insurance, as well as reinsurance products. The company is headquartered in Riyadh and has branches situated in Al-Khobar and Jeddah.

### Business Segments/Product Portfolio

- **Motor:** The 'Motor' segment contributed 15.1% to Arabian Shield's total GWP during 9M 2023. Under the segment, the company offers motor comprehensive and third-party liability insurance plans to individuals and corporations.
- **Medical:** The 'Medical' segment accounted for 37.8% of Arabian Shield's total GWP during 9M 2023. The company offers medical insurance policies for SMEs and individuals. Additionally, Arabian Shield also offers medical malpractice insurance.
- **Property and Casualty:** The segment accounted for 11.8% of the company's total GWP during 9M 2023.
- **Protection & Savings:** The segment contributed 35.3% to the company's total GWP during 9M 2023. Under the segment, Arabian Shield offers its 'AMAN' protection plan along with protection plans for education, marriage, ladies and retirement.

### Recent Developments/Future Plans

- In June 2023, Arabian Shield signed a merger deal with Alinma Tokio Marine Co. and the agreement will be facilitated through a share swap.
- In January 2023, Arabian Shield entered into a one-year contract with Saudi National Bank to provide mortgage life insurance coverage to the bank.

### Financial Performance

US\$ Million	2021 YE Dec	2022 YE Dec	Change y-o-y (%)	9M 2022	9M 2023	Change y-o-y (%)
Gross Written Premium	148.9	295.0	98.2	215.3	245.5	14.0
Insurance Revenue	NA	NA	NA	177.9	220.2	23.8
Insurance Service Result	NA	NA	NA	(3.2)	5.4	267.2
Net Investment Income	NA	NA	NA	(10.2)	23.2	327.4
Net Profit / (Loss)	7.0	7.4	6.8	-3.7	7.7	305.6
Margin (%)	4.7	2.5		-1.7	3.1	
ROAE (%)	5.5	3.5				
ROAA (%)	2.2	1.5				

Source: Company Website, Company Filings, Financial Statements 2023 Q3

Current Price (US\$) 4.9

Price as on January 23, 2024

### Stock Details

Ticker	SASE:8070
52 week high/low	6.1/4.0
Market Cap (US\$ mn)	393.3
Enterprise value (US\$ mn)	327.5
Shares outstanding (mn)	79.8

Source: S&P Capital IQ

### Average Daily Turnover

	SAR	US\$
3M	8,815,692	2,350,851
6M	9,287,737	2,476,730

Source: S&P Capital IQ

### Share Price Chart



Source: S&P Capital IQ

### Valuation Multiples

	2022	LTM
P/E (x)	42.4	16.6
P/B (x)	1.1	1.0
Market Cap/GWP	1.3	1.3
Dividend Yield (%)	NA	NA

Source: S&P Capital IQ

### Shareholding Structure

The Saudi National Bank	11.21%
Bahrain National Holding Co. BSC	9.40%
Sultan Holding Co.	8.93%
Others	70.46%
<b>Total</b>	<b>100.00%</b>

Source: S&P Capital IQ

## Bahrain Kuwait Insurance Co. BSC (Publicly Listed)

Bahrain

### Company Description

Established in 1975, Bahrain Kuwait Insurance Co. BSC (BKIC) provides life and non-life insurance services. The company operates in various segments such as fire, general accident, engineering, marine, motor, group life and health. BKIC also offers Islamic insurance products through its subsidiary, Takaful International Co. BSC (TIC), in which it has 81.9% stake. BKIC is listed on both the Bahrain Bourse (BHB) and the Boursa Kuwait. The company operates through its head office and maintains a network of three branches in Bahrain, along with a branch office in Kuwait. BKIC is amongst the founding members of United Insurance Co. and Gulf Assist in Bahrain.

### Business Segments/Product Portfolio

- **Fire & General Insurance:** The segment accounted for 77.8% of BKIC's insurance revenue during 9M 2023. Under the segment, BKIC offers insurance coverage plans for risks related to fire, general accident, engineering, travel, medical, group life and special contingency.
- **Motor:** The segment contributed 19.9% to the company's insurance revenue during 9M 2023. Under the segment, BKIC offers insurance plans for risks related to motor third party, motor comprehensive and extended warranty.
- **Marine & Aviation:** The segment accounted for 2.0% of BKIC's insurance revenue during 9M 2023.
- **Family Takaful:** The segment contributed 0.3% to BKIC's insurance revenue during 9M 2023.

### Recent Developments/Future Plans

- In October 2023, AM Best affirmed BKIC's Financial Strength Rating of 'A-' (Excellent) and the Long-Term Issuer Credit Rating of 'a-' with a 'stable' outlook.
- In November 2022, BKIC entered into a partnership with Beema Insurance to launch a cashback & pay-per-kilometer digital-only car insurance platform.

### Financial Performance

US\$ Million	2021 YE Dec	2022 YE Dec	Change y-o-y (%)	9M 2022	9M 2023	Change y-o-y (%)
Gross Written Premium	244.0	274.4	12.4	187.3	196.9	5.1
Insurance Revenue	NA	NA	NA	197.5	210.8	6.7
Insurance Service Result	NA	NA	NA	9.2	7.9	-14.1
Net Investment Income	4.6	7.9	71.5	7.0	9.1	30.5
Net Profit / (Loss)	11.4	13.0	14.1	12.2	10.7	-11.9
Margin (%)	4.7	4.7		6.5	5.5	
ROAE (%)	10.2	11.3				
ROAA (%)	1.7	2.3				

Source: Company Website, Company Filings, Financial Statements 2023 Q3

### Current Price (US\$)

Price as on January 23, 2024

Stock Details	0.9
Ticker	BAX:BKIC
52 week high/low	1.1/0.9
Market Cap (US\$ mn)	136.0
Enterprise value (US\$ mn)	88.6
Shares outstanding (mn)	149.0

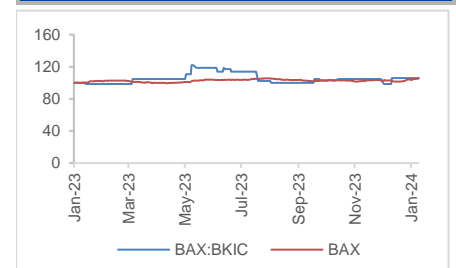
Source: S&P Capital IQ

### Average Daily Turnover

	BHD	US\$
3M	405	1,065
6M	350	920

Source: S&P Capital IQ

### Share Price Chart



Source: S&P Capital IQ

### Valuation Multiples

	2022	LTM
P/E (x)	10.8	12.3
P/B (x)	1.2	1.2
Market Cap/GWP	0.5	0.5
Dividend Yield (%)	6.2	NA

Source: S&P Capital IQ

### Shareholding Structure

Gulf Insurance Group KSCP	56.37%
Warba Insurance and Reinsurance Co. KSCP	13.39%
Bank of Bahrain & Kuwait BSC	6.86%
Others	23.38%
<b>Total</b>	<b>100.00%</b>

Source: S&P Capital IQ



## Bupa Arabia for Co-op Insurance Co. SJSC (Publicly Listed)

Saudi Arabia

### Company Description

Incorporated in 2008, Bupa Arabia for Cooperative Insurance Co. (Bupa Arabia) specializes in insurance products and services to individuals, families, and corporates throughout Saudi Arabia. The company was established as a collaborative effort between the UK-based Bupa Group and the Saudi Arabia-based Nazer Group. Bupa Arabia has offices and branches located in various cities throughout the country, including Jeddah, Riyadh, Khobar, Jubail, Madinah, Makkah, and Buraidah.

### Business Segments/Product Portfolio

- Bupa Arabia reports its revenues under two segments – 'Corporate' and 'SME & Others', of which 'Corporate' segment accounted for 87.6% of the company's total insurance revenue during 9M 2023, while 'SME & Others' accounted for 12.4%.
- Business:** Within the segment, Bupa Arabia offers the following services:
  - Corporate:** Bupa Arabia offers plans covering emergency, outpatient and inpatient, maternity, dental and optical treatments for organizations.
  - SME (Bupa Munsha'at):** The company offers various health insurance plans and solutions catering to small and medium businesses.
  - International Healthcare Program:** The program offers private health insurance scheme for business executives living/ working in Saudi Arabia.
- Family:** Bupa Arabia provides insurance for families, expats, and domestic help, including a specialized plan for Aramco staff, retirees, and the dependents.

### Recent Developments/Future Plans

- In July 2023, Bupa Arabia renewed its contract with SABIC to continue offering health insurance services to SABIC's employees and their families for one year.

### Financial Performance

US\$ Million	2021 YE Dec	2022 YE Dec	Change y-o-y (%)	9M 2022	9M 2023	Change y-o-y (%)
Gross Written Premium	3,035.3	3,705.8	22.1	3,040.0	3,708.2	22.0
Insurance Revenue	NA	NA	NA	2,520.9	3,127.5	24.1
Insurance Service Result	NA	NA	NA	150.8	212.7	41.0
Net investment Income	69.4	147.5	112.3	97.5	97.7	0.2
Net Profit / (Loss)	166.8	230.0	37.9	175.7	222.7	26.8
Margin (%)	5.5	6.2		5.8	6.0	
ROAE (%)	15.5	20.3				
ROAA (%)	5.2	6.5				

Source: Company Website, Company Filings, Financial Statements 2023 Q3

Current Price (US\$) 59.0

Price as on January 23, 2024

### Stock Details

Ticker	SASE:8210
52 week high/low	63.2/38.8
Market Cap (US\$ mn)	8,793.4
Enterprise value (US\$ mn)	8,461.2
Shares outstanding (mn)	148.8

Source: S&P Capital IQ

### Average Daily Turnover

	SAR	US\$
3M	33,470,875	8,925,567
6M	38,048,224	10,146,193

Source: S&P Capital IQ

### Share Price Chart



Source:

### Valuation Multiples

	2022	LTM
P/E (x)	38.	32.2
P/B (x)	7.8	7.5
Market Cap/GWP	2.4	2.4
Dividend Yield (%)	2.5	NA

Source: S&P Capital IQ

### Shareholding Structure

The British United Provident Association Ltd.	43.39%
Nazer Group Ltd.	7.36%
FMR LLC	2.03%
Others	47.22%
<b>Total</b>	<b>100.00%</b>

Source: S&P Capital IQ

## Dhofar Insurance Co. SAOG (Publicly Listed)

Oman

### Company Description

Established in 1989, Dhofar Insurance Co. SAOG (DIC) offers life and non-life insurance and reinsurance services to individuals and corporates. DIC operates through a network of 42 branches, including seven regional offices across Oman. DIC has five subsidiaries operating across Oman and Syria in multiple sectors. The company has a market share of 11.9 % in the Oman insurance market, based on GWP as at 31<sup>st</sup> December, 2022.

### Business Segments/Product Portfolio

- DIC categorizes its revenues into two primary segments- General Business and Life. During 6M 2023, the General Business segment accounted for 83.7% of the total, while Life Insurance constituted 16.3% of the company's GWP.
- Key offerings by DIC under corporate insurance includes life, medical, engineering projects, energy, marine (cargo and hull), motor, oil & petrochemical, industrial, property, travel and workmen's compensation. Offerings under retail insurance covers areas related to life, medical, motor, personal accident, property, travel, borrower's life and industrial assurance.

### Recent Developments/Future Plans

- In October 2023, Oman Cricket (OC) entered into a partnership with DIC to offer its cricketers a sports-centric health insurance policy for a period of three years.
- In May 2023, Dhofar Food & Investment SAOG agreed to purchase an additional 38.5% stake in Omani Gulf Food Company LLC from DIC for OMR 5.2 million (US\$ 13.7 million).

### Financial Performance

US\$ Million	2021 YE Dec	2022 YE Dec	Change y-o-y (%)	9M 2022	9M 2023	Change y-o-y (%)
Gross Written Premium	144.8	171.2	18.5	NA	NA	NA
Insurance Revenue	NA	NA	NA	133.5	143.1	7.2
Insurance Service Result	NA	NA	NA	(2.1)	4.5	311.0
Net investment Income	5.8	9.7	65.4	6.6	7.2	8.0
Net Profit / (Loss)	6.7	9.9	47.4	5.2	8.2	56.5
Margin (%)	4.7	5.9		NA	NA	
ROAE (%)	9.7	13.3				
ROAA (%)	2.2	2.9				

Source: Company Website, Company Filings, Financial Statements 2023 Q2

Current Price (US\$) 0.5

Price as on January 23, 2024

### Stock Details

Ticker	MSM:DICS
52 week high/low	0.6/0.5
Market Cap (US\$ mn)	59.5
Enterprise value (US\$ mn)	38.4
Shares outstanding (mn)	109.2

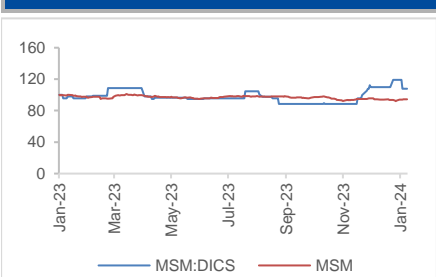
Source: S&P Capital IQ

### Average Daily Turnover

	OMR	US\$
3M	6,055	15,933
6M	4,942	13,006

Source:

### Share Price Chart



Source: S&P Capital IQ

### Valuation Multiples

	2022	LTM
P/E (x)	7.0	5.7
P/B (x)	0.7	0.7
Market Cap/GWP	0.4	0.4
Dividend Yield (%)	7.2	NA

Source: S&P Capital IQ

### Shareholding Structure

Dhofar Intl. Development and Investment Holding Co.	35.92%
Abdul Aleem Mustahil Rakhoyot	13.80%
Oman Investment & Finance Co. SAOG	6.88%
Trust Intl. Insurance & Reinsurance Co.	6.05%
Others	37.35%
<b>Total</b>	<b>100.00%</b>

Source: S&P Capital IQ

## Doha Insurance Group QPSC (Publicly Listed)

**Qatar**

### Company Description

Established in 1999, Doha Insurance Group QPSC (DIG) provides insurance and reinsurance services to individuals and corporates in the fields of motor, aviation, fire, health and travel. The group's subsidiaries include Doha Takaful (Islamic arm in Qatar), MENA Re (non-life reinsurance arm), Barzan (IT arm in Jordan), and MENA Re Life (Group's life and medical reinsurance arm in Lebanon). DIG mainly operates in Qatar, while rest of the operations that are carried outside of Qatar support core insurance and investment activities.

### Business Segments/Product Portfolio

DIG reports its revenues under four segments – motor; marine and aviation; fire, general and accident; and group life and health, which accounted for 16.5%, 18.9%, 42.8% and 21.8% of the group's total insurance revenue during 9M 2023, respectively.

- **Personal Insurance:** The group offers insurance coverage against risks associated with theft and damage to cars, yacht and emergencies or accidents during travel.
- **Corporate Insurance:** The group offers insurance coverage to corporate and commercial operations covering risks in areas of aviation, engineering, fire, health, marine and motor fleet.

### Recent Developments/Future Plans

- In November 2023, Qatar Chamber and DIG signed an agreement to support the ninth edition of the Made in Qatar 2023 exhibition as 'Service Sector Sponsor'.

Financial Performance						
US\$ Million	2021 YE Dec	2022 YE Dec	Change y-o-y (%)	9M 2022	9M 2023	Change y-o-y (%)
Gross Written Premium	308.0	408.3	32.6	NA	NA	NA
Insurance Revenue	NA	NA	NA	253.6	284.4	12.1
Insurance Service Result	NA	NA	NA	45.6	51.6	13.0
Net Investment Income	NA	NA	NA	5.5	14.6	163.9
Net Profit / (Loss)	20.1	28.1	39.3	24.7	36.7	48.3
Margin (%)	6.5	6.9		NA	NA	
ROAE (%)	6.8	8.7				
ROAA (%)	2.6	3.2				

**Current Price (US\$)** 0.7

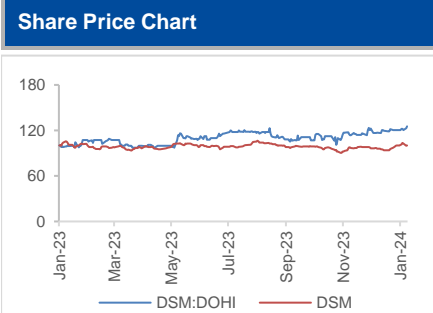
Price as on January 23, 2024

Stock Details	
Ticker	DSM:DOHI
52 week high/low	0.7/0.5
Market Cap (US\$ mn)	352.0
Enterprise value (US\$ mn)	322.3
Shares outstanding (mn)	500.0

Source: S&P Capital IQ

Average Daily Turnover		
	QAR	US\$
3M	252,657	69,411
6M	209,848	57,651

Source: S&P Capital IQ



Source: S&P Capital IQ

Valuation Multiples		
	2022	LTM
P/E (x)	12.7	8.9
P/B (x)	1.1	1.1
Market Cap/GWP	0.9	0.9
Dividend Yield (%)	6.1	NA

Source: S&P Capital IQ

Shareholding Structure	
Dimensional Fund Advisors LP	0.32%
Acadian Asset Management LLC	0.01%
Others	99.67%
<b>Total</b>	<b>100.00%</b>

Source: S&P Capital IQ

## Dubai Insurance Co. PSC (Publicly Listed)

UAE

### Company Description

Founded in 1970, Dubai Insurance Co. PSC (DIN) offers life, non-life and reinsurance services to individuals and corporates. DIN has collaborations with several international reinsurance companies such as Swiss Life Network, Max Health, Integra Global, and Harel, among others. The company is headquartered in Dubai and has a branch office in Abu Dhabi.

### Business Segments/Product Portfolio

DIN offers a diverse range of products and services, including composite Property & Casualty (P&C) and Life Insurance, Property, Liability, Marine, Group Life, Medical, and a number of other speciality lines.

- **Motor and General Insurance:** This segment contributed 60.7% to the company's total insurance revenue during 9M 2023. The segment offers insurance policies covering marine & in-transit, fleet, specialty lines (miscellaneous professional indemnity, cyber liability), engineering and property, among others.
- **Life and Medical Insurance:** The 'Medical & Life' segment accounted for 39.3% of the company's total insurance revenue in 9M 2023. The segment covers life

### Recent Developments/Future Plans

- In July 2023, Dubai Aviation City corporation and Dubai South signed an agreement with DIN to initiate an employee protection insurance programme.
- In September 2023, Astra Tech, a consumer technology holding group in the MENA region, announced a partnership with DIN to provide the Involuntary Loss of Employment (ILOE) Insurance Scheme through the Botim platform.

Financial Performance						
US\$ Million	2021 YE Dec	2022 YE Dec	Change y-o-y (%)	9M 2022	9M 2023	Change y-o-y (%)
Gross Written Premium	334.0	400.1	19.8	NA	NA	NA
Insurance Revenue	NA	NA	NA	216.0	384.1	77.8
Insurance Service Result	NA	NA	NA	16.9	30.7	81.5
Net Investment Income	5.1	7.4	44.8	5.5	8.0	47.5
Net Profit / (Loss)	21.9	25.1	14.4	20.0	34.8	74.1
Margin (%)	6.6	6.3		NA	NA	
ROAE (%)	13.9	14.0				
ROAA (%)	6.1	3.8				

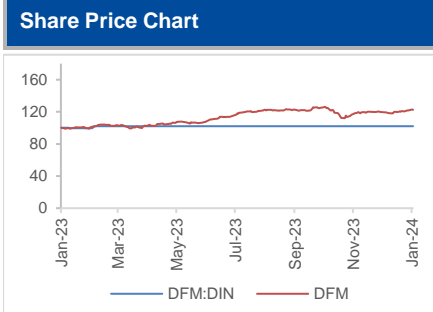
Current Price (US\$)	2.0
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Price as on January 23, 2024

Stock Details	
Ticker	DFM:DIN
52 week high/low	2.0/2.0
Market Cap (US\$ mn)	202.8
Enterprise value (US\$ mn)	118.0
Shares outstanding (mn)	100.0

Source: S&P Capital IQ

Average Daily Turnover		
	AED	US\$
3M	NA	NA
6M	NA	NA



Source: S&P Capital IQ

Valuation Multiples		
	2022	LTM
P/E (x)	8.6	5.2
P/B (x)	1.1	0.9
Market Cap/GWP	0.5	0.5
Dividend Yield (%)	5.5	NA

Source: S&P Capital IQ

Shareholding Structure	
A W Rostamani Holdings Co.	17.71%
Barah Investment LLC	16.47%
Buti Obaid Buti Al Mulla	13.27%
Others	52.55%
<b>Total</b>	<b>100.00%</b>

Source: S&P Capital IQ

## Dubai National Insurance & Reinsurance Co. PSC (Publicly Listed)

UAE

### Company Description

Established in 1991, Dubai National Insurance & Reinsurance Co. PSC (DNI) provides insurance and reinsurance products in the UAE for individuals and corporations. The company offers a diverse range of policies covering property, liability, accident, engineering, motor, life and medical insurance. DNI is backed by international insurers such as Swiss Re (Switzerland), SCOR (France) and Munich Re (Germany). DNI is headquartered in Dubai and has a branch office situated in Abu Dhabi.

### Business Segments/Product Portfolio

DNI reports its business in two main segments:

- **Underwriting:** The 'Underwriting' segment contributed 19.4% to the company's net profit during 9M 2023. Under the segment, DNI offers general insurance, group life and health insurance.
- **Investments:** The segment accounted for 80.6% of DNI's net profit during 9M 2023. The 'Investments' segment of the company comprises of investment property and financial assets.

### Recent Developments/Future Plans

- In January 2023, DNI entered into a partnership with Takalam, a company with a mental health and well-being platform. The partnership enables users to select from a range of mental health professionals, tools, and solutions included in the DNI package.
- In December 2022, AM Best upgraded the Financial Strength Rating of DNI from 'B++' to 'A-' (Excellent) and the Long-Term Issuer Credit Rating from 'bbb+' to 'a-' (Excellent) with a 'stable' outlook.

### Financial Performance

US\$ Million	2021 YE Dec	2022 YE Dec	Change y-o-y (%)	9M 2022	9M 2023	Change y-o-y (%)
Gross Written Premium	82.0	114.1	39.1	NA	NA	NA
Insurance Revenue	NA	NA	NA	65.9	93.3	41.6
Insurance Service Result	NA	NA	NA	2.8	2.3	-17.3
Net Investment Income	6.2	6.3	2.2	5.8	6.4	11.2
Net Profit / (Loss)	16.0	12.0	-25.1	9.4	9.4	0.4
Margin (%)	19.5	10.5		NA	NA	
ROAE (%)	9.4	6.2				
ROAA (%)	5.7	3.7				

Source: Company Website, Company Filings, Financial Statements 2023 Q3

Current Price (US\$) 1.2

Price as on January 23, 2024

### Stock Details

Ticker	DFM:DNIR
52 week high/low	1.5/1.2
Market Cap (US\$ mn)	141.5
Enterprise value (US\$ mn)	91.7
Shares outstanding (mn)	115.5

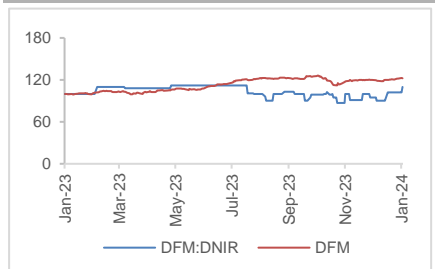
Source: S&P Capital IQ

### Average Daily Turnover

	AED	US\$
3M	8,134	2,216
6M	10,402	2,834

Source: S&P Capital IQ

### Share Price Chart



Source: S&P Capital IQ

### Valuation Multiples

	2022	LTM
P/E (x)	11.8	11.8
P/B (x)	0.8	0.7
Market Cap/GWP	1.2	1.2
Dividend Yield (%)	6.0	NA

Source: S&P Capital IQ

### Shareholding Structure

Al Habtoor Investment	28.27%
Khalaf Ahmad Al Habtoor	26.03%
Al Habtoor Group LLC	10.22%
Others	35.48%
<b>Total</b>	<b>100.00%</b>

Source: S&P Capital IQ

## Emirates Insurance Co. PJSC (Publicly Listed)

UAE

### Company Description

Established in 1982, Emirates Insurance Co. PJSC (EIC) provides non-life insurance and reinsurance services across various business lines. The Company is headquartered in Abu Dhabi and has branch offices in Al Ain, Dubai, and Mussafah. The company's key international reinsurance partners include Guy Carpenter & Company in the United States, Hannover Re and Hanse Merkur in Germany, Hiscox, Lloyd's, and Cathedral Underwriting Ltd. in the United Kingdom, SCOR and CCR in France, and Mitsui Sumitomo Reinsurance Ltd. in Japan.

### Business Segments/Product Portfolio

EIC is organized into two business segments – Underwriting of general insurance business, which made up 94.4% of the company's total revenue during 9M 2023, and Investments, which accounted for 5.6% of the total revenue. The investments segment comprises income generated from marketable equity securities, investment funds, bonds, bank term deposits, investment properties, and various other securities.

- **Commercial Insurance:** The plan offers insurance policies related to property, engineering, employee benefit, motor, marine & aviation, oil & gas, financial covers, and liability, among others.
- **Individual Insurance:** The plan offers insurance policies related to motor, home, domestic healthcare and yacht & pleasure crafts, among others.

### Recent Developments/Future Plans

- In August 2023, AM Best affirmed EIC's Financial Strength Rating of 'A-' (Excellent) and the Long-Term Issuer Credit Rating of 'a-' with a 'stable' outlook.

Financial Performance						
US\$ Million	2021 YE Dec	2022 YE Dec	Change y-o-y (%)	9M 2022	9M 2023	Change y-o-y (%)
Gross Written Premium	304.5	309.5	1.6	255.4	264.2	3.4
Insurance Revenue	NA	NA	NA	225.3	234.8	4.2
Insurance Service Result	NA	NA	NA	16.5	15.9	-3.3
Net Investment Income	16.1	6.1	-62.0	2.3	17.2	652.8
Net Profit / (Loss)	19.3	19.5	1.0	13.4	24.0	78.5
Margin (%)	6.3	6.3		5.3	9.1	
ROAE (%)	6.3	6.2				
ROAA (%)	2.3	2.5				

Source: Company Website, Company Filings, Financial Statements 2023 Q3

Current Price (US\$) 1.9

Price as on January 23, 2024

Stock Details	
Ticker	ADX:EIC
52 week high/low	2.2/1.6
Market Cap (US\$ mn)	289.9
Enterprise value (US\$ mn)	272.0
Shares outstanding (mn)	150.0

Source: S&P Capital IQ

Average Daily Turnover		
	AED	US\$
3M	29,146	7,942
6M	28,834	7,857

Source: S&P Capital IQ



Source: S&P Capital IQ

Valuation Multiples		
	2022	LTM
P/E (x)	15.0	19.0
P/B (x)	0.9	1.0
Market Cap/GWP	0.9	0.9
Dividend Yield (%)	7.4	NA

Source: S&P Capital IQ

Shareholding Structure	
Mazrui Holdings L.L.C.	15.12%
Al Dhabi Investment PJSC	12.33%
Mamoura Diversified Global Holding PJSC	11.81%
Others	60.74%
<b>Total</b>	<b>100.00%</b>

Source: S&P Capital IQ



## Gulf Insurance Group KSCP (Publicly Listed)

Kuwait

### Company Description

Established in 1962, Gulf Insurance Group KSCP (GIG) offers conventional and Takaful life and non-life insurance solutions. The group operates in Kuwait, Jordan, Bahrain, Egypt, Iraq, Lebanon, Turkey, Algeria, Syria, Saudi Arabia and the UAE through over 50 branches. GIG has over 10 subsidiaries including Arab Orient Insurance (UAE), Alliance Insurance (UAE), Bahrain Kuwait Insurance Co. (Bahrain), Gulf Insurance & Reinsurance (Kuwait), Buruj Co-op. Insurance Co. (Saudi Arabia), and Arab Misr Insurance Group (Egypt).

### Business Segments/Product Portfolio

- **General Risk:** This segment accounted for 54.2% of GIG's insurance service result. The segment offers insurance plans covering property, engineering, marine, aviation, and general accidents for individuals and businesses.
- **Life & Medical:** This segment accounted for 45.8% of the group's insurance service result during 9M 2023. The segment offers medical insurance, long-term life covers, and savings plans.

### Recent Developments/Future Plans

- In April 2023, GIG announced that Fairfax will acquire KIPCO's entire stake in GIG, amounting to 46.3%, at a total of KWD 263.7 million (US\$ 860 million). The acquisition will make Fairfax the company's largest shareholder, with an overall ownership stake of 90.0%.
- In May 2023, GIG's credit rating was upgraded from 'A3' to 'A2' with a 'stable' outlook by Moody's Investors Service.

### Financial Performance

US\$ Million	2021 YE Dec	2022 YE Dec	Change y-o-y (%)	9M 2022	9M 2023	Change y-o-y (%)
Gross Written Premium	1,769.3	2,682.8	51.6	NA	NA	NA
Insurance Revenue	NA	NA	NA	1,887.2	1,950.5	3.4
Insurance Service Result	NA	NA	NA	129.8	129.8	0.0
Net Investment Income	79.4	99.8	25.7	71.2	82.8	16.2
Net Profit / (Loss)	246.8	138.9	-43.7	95.7	93.7	-2.1
Margin (%)	13.9	5.2		NA	NA	
ROAE (%)	30.9	12.1				
ROAA (%)	6.7	2.8				

Current Price (US\$) 6.1

Price as on January 23, 2024

### Stock Details

Ticker	KWSE:GINS
52 week high/low	6.2/3.1
Market Cap (US\$ mn)	1,730.8
Enterprise value (US\$ mn)	1,515.9
Shares outstanding (mn)	283.8

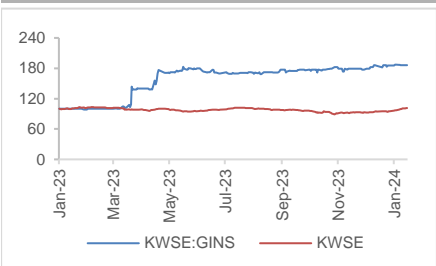
Source: S&P Capital IQ

### Average Daily Turnover

	KWD	US\$
3M	38,728	124,928
6M	36,806	118,728

Source: S&P Capital IQ

### Share Price Chart



Source: S&P Capital IQ

### Valuation Multiples

	2022	LTM
P/E (x)	14.5	14.5
P/B (x)	2.3	2.8
Market Cap/GWP	0.6	0.6
Dividend Yield (%)	3.4	NA

Source: S&P Capital IQ

### Shareholding Structure

Kuwait Projects Company Holding K.S.C.P.	46.32%
Fairfax Financial Holdings Limited	43.69%
Others	9.99%
<b>Total</b>	<b>100.00%</b>

Source: S&P Capital IQ

## Mediterranean & Gulf Co-op. Ins. & Reins. Co. (Publicly Listed) Saudi Arabia

### Company Description

Incorporated in 2006, the Mediterranean and Gulf Cooperative Insurance & Reinsurance Co. (MEDGULF) offers insurance and reinsurance services across sectors such as cooperative health, motor, property, marine, fidelity and engineering. The company conducts its business through three points of sale and four branches across Saudi Arabia. MEDGULF also operates in Lebanon, Jordan, Bahrain, Turkey, the UK and UAE, among others. The company owns stake in Al Waseel for Electronic Transportation in Saudi Arabia.

### Business Segments/Product Portfolio

- **Medical:** This segment accounted for 77.0% of the company's total GWP during 9M 2023. The segment provides group and individual health plans and Medical Refill services. Coverage for the risks associated with diabetes, cancer, and mental health is also offered under the segment.
- **Motor:** This segment contributed 11.7% to the company's GWP during 9M 2023. It offers third party liability and comprehensive motor insurance plans.
- **Property & Casualty:** This segment contributed 11.3 % to the company's total GWP during 9M 2023.
- **Others:** Offers plans covering risks in aviation, engineering and marine sectors.

### Recent Developments/Future Plans

- In March 2023, MEDGULF announced that Newgen Software will revamp the company's motor claims process, aiming to enhance efficiency and productivity using Newgen's Insurance Claims Processing Solution.
- In November 2022, MEDGULF secured a contract from the Saudi Electricity Co. (SEC) to offer health insurance services to SEC's employees and their families for a duration of one year.

### Financial Performance

US\$ Million	2021 YE Dec	2022 YE Dec	Change y-o-y (%)	9M 2023	9M 2023	Change y-o-y (%)
Gross Written Premium	596.3	761.2	27.7	572.1	689.0	20.4
Insurance Revenue	NA	NA	NA	481.2	675.2	40.3
Insurance Service Result	NA	NA	NA	(82.3)	16.6	120.1
Net Investment Income	NA	NA	NA	13.4	21.4	59.6
Net Profit / (Loss)	-37.5	-84.1	-124.2	-46.3	37.5	180.9
Margin (%)	-6.3	-11.0		-8.1	5.4	
ROAE (%)	-15.9	37.9				
ROAA (%)	-3.5	-7.7				

Source: Company Website, Company Filings, Financial Statements 2023 Q3

Current Price (US\$) 3.7

Price as on January 23, 2024

### Stock Details

Ticker	SASE:8030
52 week high/low	4.2/2.0
Market Cap (US\$ mn)	386.4
Enterprise value (US\$ mn)	278.1
Shares outstanding (mn)	105.0

Source: S&P Capital IQ

### Average Daily Turnover

	SAR	US\$
3M	10,982,438	2,928,650
6M	12,078,889	3,221,037

Source: S&P Capital IQ

### Share Price Chart



Source: S&P Capital IQ

### Valuation Multiples

	2022	LTM
P/E (x)	NM	NM
P/B (x)	2.3	1.7
Market Cap/GWP	0.5	0.5
Dividend Yield (%)	NA	NA

Source: S&P Capital IQ

### Shareholding Structure

The Saudi Investment Bank	19.00%
Rakan Abdullah Abunayyan .	12.06%
SLH Holdings	11.42%
Others	57.52%
<b>Total</b>	<b>100.00%</b>

Source: S&P Capital IQ

## National General Insurance Co. PJSC (Publicly Listed)

**UAE**

### Company Description

Established in 1980, National General Insurance Co. PJSC (NGI) provides life and non-life insurance and reinsurance services to individuals and corporates. NGI operates its business through a network of seven branches and two point-of-sale locations. The company offers a wide range of insurance products covering medical, motor, travel, home, personal, accident, life, energy, marine and others. Some of the company's key reinsurance partners include Hannover Re (Germany); Allianz (Germany); SCOR and CCR (France).

### Business Segments/Product Portfolio

- **General Insurance:** This segment contributed 91.2% to the company's total insurance revenue during 9M 2023. The 'General Insurance' segment offers policies covering health, motor, property, marine, engineering, energy and casualty. The company also offers many other insurance plans such as group medical, marine cargo, motor fleet, credit, cyber liability and jewelers block, among others.
- **Life Assurance:** The 'Life Assurance' segment contributed 8.8% to NGI's total insurance revenue during 9M 2023. Various plans offered under this segment include individual life products, unit linked products, endowment products, term products, and single premium products.

### Recent Developments/Future Plans

- In May 2023, AM Best affirmed the Financial Strength Rating of 'A-' (Excellent) and the Long-Term Issuer Credit Rating of 'a-' (Excellent) for National General Insurance Co. with a 'stable' outlook.

Financial Performance						
US\$ Million	2021 YE Dec	2022 YE Dec	Change y-o-y (%)	9M 2023	9M 2023	Change y-o-y (%)
Gross Written Premium	175.9	177.1	0.7	NA	NA	NA
Insurance Revenue	NA	NA	NA	126.3	147.5	16.8
Insurance Service Result	NA	NA	NA	13.1	9.0	-31.2
Net investment Income	NA	NA	NA	1.2	10.2	778.0
Net Profit / (Loss)	19.3	14.6	-24.2	14.4	16.9	17.7
Margin (%)	11.0	8.2				
ROAE (%)	13.8	10.1				
ROAA (%)	4.9	3.5				

Source: Company Website, Company Filings, Financial Statements 2023 Q3

Current Price (US\$)	1.3
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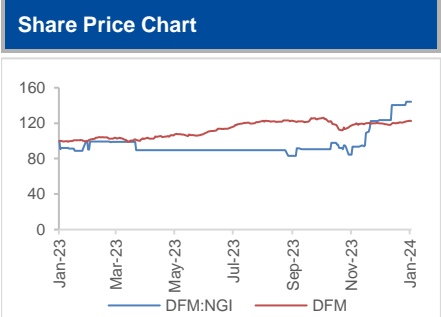
Price as on January 23, 2024

Stock Details	
Ticker	DFM:NGI
52 week high/low	1.3/0.7
Market Cap (US\$ mn)	191.9
Enterprise value (US\$ mn)	170.9
Shares outstanding (mn)	150.0

Source: S&P Capital IQ

Average Daily Turnover		
	2022	LTM
3M	245,280	66,834
6M	122,070	33,262

Source: S&P Capital IQ



Source: S&P Capital IQ

Valuation Multiples		
	2022	LTM
P/E (x)	13.1	11.2
P/B (x)	1.3	1.3
Market Cap/GWP	1.1	1.1
Dividend Yield (%)	9.2	NA

Source: S&P Capital IQ

Shareholding Structure	
Dubai Investments PJSC	48.34%
Commercial Bank of Dubai	17.75%
Malika Ahmed Alzarouni	10.95%
Mohd Bin Omar Investment	8.05%
Manaa Khalifa Al Maktoum	5.00%
Others	9.91%
<b>Total</b>	<b>100.00%</b>

Source: S&P Capital IQ

## National Life & General Insurance Co. SAOG (Publicly Listed)

Oman

### Company Description

Incorporated in 1995, National Life and General Insurance Co. SAOG (Liva Group) is a subsidiary of Oman International Development and Investment Co. SAOG. The group has operations in five major geographic locations in the Middle East - Oman, UAE, Kuwait, Saudi and Bahrain. In Oman, NLGIC has a network of 24 branches, a head office, and 190+ points of sale through which it offers life, health, and general insurance products.

### Business Segments/Product Portfolio

NLGIC provides Life Insurance and General Insurance products and services to both individual and corporate clients. The offerings under these segments include:

- **Life Insurance:** This segment accounted for 53.3% of the company's total insurance revenue during 9M 2023. It covers life and health insurance for individuals, groups and employees. Product offerings include life, medical and credit life for both corporates and individuals.
- **General Insurance:** This segment contributed 46.7% to the company's total insurance revenue during 9M 2023. It offers insurance products related to motor fleet, fire, marine cargo and accident for corporates as well as automotive, home, accident and travel for individuals.

### Recent Developments/Future Plans

- In Aug 2023, AM Best affirmed NLGIC's Financial Strength Rating of 'A+' and the Long-Term Issuer Credit Rating of 'aa-' with a 'stable' outlook.
- In Jan 2023, NLGIC completed the acquisition of a 47.5% stake in Al Ahlia Insurance Company to expand its customer reach and product portfolio in the region.

### Financial Performance

US\$ Million	2021 YE Dec	2022 YE Dec	Change y-o-y (%)	9M 2022	9M 2023	Change y-o-y (%)
Gross Written Premium	385.4	608.1	57.8	NA	NA	NA
Insurance Revenue	NA	NA	NA	384.3	604.1	57.3
Insurance Service Result	NA	NA	NA	22.8	12.7	-44.5
Net Investment Income	15.2	17.9	17.2	11.3	22.6	
Net Profit / (Loss)	19.7	8.2	-58.4	7.6	0.9	-88.0
Margin (%)	5.1	1.9		NA	NA	
ROAE (%)	11.2	3.2				
ROAA (%)	3.8	2.1				

Current Price (US\$) 0.9

Price as on January 23, 2024

### Stock Details

Ticker	DFM:NGI
52 week high/low	0.9/0.9
Market Cap (US\$ mn)	346.6
Enterprise value (US\$ mn)	494.9
Shares outstanding (mn)	398.4

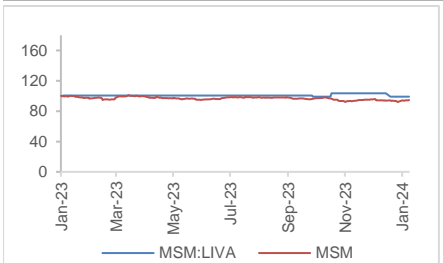
Source: S&P Capital IQ

### Average Daily Turnover

	OMR	US\$
3M	94	248
6M	192	506

Source: S&P Capital IQ

### Share Price Chart



Source: S&P Capital IQ

### Valuation Multiples

	2022	LTM
P/E (x)	37.2	NM
P/B (x)	1.2	1.2
Market Cap/GWP	0.6	0.6
Dividend Yield (%)	NA	NA

Source: S&P Capital IQ

### Shareholding Structure

Oman International Development and Investment Co. SAOG	48.86%
Riyad Bank	14.35%
Abdullah & Said Mohammad M.O. Binzagr Co.	6.38%
Others	30.41%
<b>Total</b>	<b>100.00%</b>

Source: S&P Capital IQ

## Oman Insurance Co. PSC (Sukoon Insurance) (Publicly Listed)

UAE

### Company Description

Established in 1975, Oman Insurance Co. PSC ("Sukoon"), a subsidiary of Mashreq Bank, offers a wide range of life and general insurance products to individuals and commercial clients across different industries such as marine, construction, energy, engineering and more. The company's head office is located in Dubai, along with five branches across the UAE and one branch in Oman.

### Business Segments/Product Portfolio

- **General Insurance:** This segment accounted for 89.6% of the company's insurance service result during 9M 2023. The plans offered include coverage for property, engineering, motor, energy, aviation and marine risks, among others. Sukoon's Business 360 insurance product covers all aspects of a business including group medical, motor fleet and liability covers. The company also offers unique covers and insurance solutions to protect expensive, luxurious homes and prized yachts.
- **Life Assurance:** The segment accounted for 10.4% of Sukoon's insurance service result during 9M 2023. Plans cover individual life, medical, group life and personal accident along with investment linked products. OIC also offers LivFit Wellness program, a corporate wellness program offered with group healthcare plans.

### Recent Developments/Future Plans

- In August 2023, Sukoon acquired the UAE Life insurance portfolio of Chubb Tempest Life Reinsurance Ltd. This strategic move was undertaken with the objective of accelerating Sukoon's portfolio expansion.
- In August 2023, Sukoon launched a new subsidiary called Oman Insurance Workplace Savings Solution (OIWSS) in Dubai International Financial Centre.

Financial Performance						
US\$ Million	2021 YE Dec	2022 YE Dec	Change y-o-y (%)	9M 2022	9M 2023	Change y-o-y (%)
Gross Written Premium	963.8	1,195.5	24.0	NA	NA	NA
Insurance Revenue	NA	NA	NA	771.7	914.1	18.4
Insurance Service Result	NA	NA	NA	55.7	42.7	-23.4
Net Investment Income	37.7	34.3	-8.9	26.1	34.1	30.8
Net Profit / (Loss)	56.1	60.9	8.5	56.0	50.3	-10.1
Margin (%)	5.8	5.1		NA	NA	
ROAE (%)	9.6	9.5				
ROAA (%)	2.7	2.7				

Current Price (US\$)	1.1
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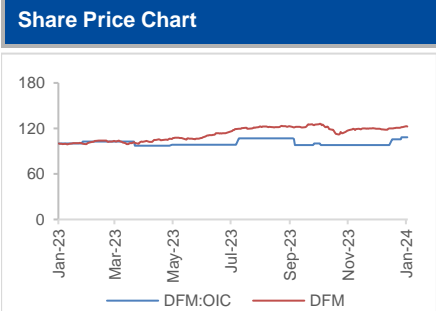
Price as on January 23, 2024

Stock Details	
Ticker	DFM:OIC
52 week high/low	1.1/1.0
Market Cap (US\$ mn)	490.4
Enterprise value (US\$ mn)	431.2
Shares outstanding (mn)	461.9

Source: S&P Capital IQ

Average Daily Turnover		
	AED	US\$
3M	617,721	168,316
6M	363,997	99,182

Source: S&P Capital IQ



Source: S&P Capital IQ

Valuation Multiples		
	2022	LTM
P/E (x)	8.1	8.9
P/B (x)	0.7	0.7
Market Cap/GWP	0.4	0.4
Dividend Yield (%)	5.6	NA

Source: S&P Capital IQ

Shareholding Structure	
Mashreqbank PSC	64.76%
Others	35.23%
<b>Total</b>	<b>100.00%</b>

Source: S&P Capital IQ

## Oman Qatar Insurance Co. SAOG (Publicly Listed)

Oman

### Company Description

Established in 2004, Oman Qatar Insurance Co. SAOG (OQIC) provides life and general insurance products in Oman. OQIC is headquartered in Ruwi and has a network of 18 branches across the Sultanate of Oman. OQIC is a subsidiary of Qatar Insurance Company, which owns 56.0% of the company.

### Business Segments/Product Portfolio

The company reports its business through the following segments:

- **Marine & Energy:** The 'Motor and Retail' segment accounted for 11.7% of the company's insurance revenue during 9M 2023. Under the segment, OQIC offers motor, home and travel insurance.
- **Property & Casualty:** The segment contributed 60.6% to the company's insurance revenue during 9M 2023. The 'Property, Marine and Casualty' segment offers property, engineering, energy, general accident, third party liability, marine cargo, marine hull & machinery and aviation insurance.
- **Medical and Life:** The segment accounted for 27.7% of the company's total GWP during 9M 2023. Under the 'Medical and Life' segment, OQIC provides health, group life and credit life insurance.

### Recent Developments/Future Plans

- In February 2023, OQIC completed the acquisition of Vision Insurance SAOG
- In October 2022, Al-Hosn Investment Company successfully completed the acquisition of additional 11.5% in OQIC. As of November 2023, Al-Hosn Investment Company holds a 35.1% stake in OQIC.

### Financial Performance

US\$ Million	2021 YE Dec	2022 YE Dec	Change y-o-y (%)	9M 2022	9M 2023	Change y-o-y (%)
Gross Written Premium	82.6	99.1	19.9	NA	NA	NA
Insurance Revenue	NA	NA	NA	67.1	120.3	79.3
Insurance Service Result	NA	NA	NA	6.5	4.9	-24.8
Net Investment Income	8.0	8.2	2.1	7.7	5.3	-31.0
Net Profit / (Loss)	8.3	7.6	-8.4	11.1	5.8	-47.5
Margin (%)	10.0	7.6		NA	NA	
ROAE (%)	16.1	13.2				
ROAA (%)	3.6	3.9				

Current Price (US\$) 0.5

Price as on January 23, 2024

### Stock Details

Ticker	DFM:OIC
52 week high/low	0.5/0.4
Market Cap (US\$ mn)	78.3
Enterprise value (US\$ mn)	55.5
Shares outstanding (mn)	161.2

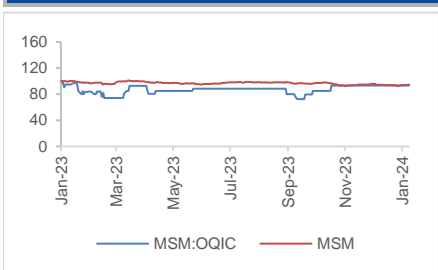
Source: S&P Capital IQ

### Average Daily Turnover

	OMR	US\$
3M	0	0
6M	349	917

Source: S&P Capital IQ

### Share Price Chart



Source: S&P Capital IQ

### Valuation Multiples

	2022	LTM
P/E (x)	6.4	9.4
P/B (x)	0.8	0.9
Market Cap/GWP	0.8	0.8
Dividend Yield (%)	3.5	NA

Source: S&P Capital IQ

### Shareholding Structure

Qatar Insurance Co. QSPC	55.99%
Al-Hosn Investment Co.	35.11%
Others	8.90%
<b>Total</b>	<b>100.00%</b>

Source: S&P Capital IQ



## Orient Insurance PJSC (Privately Owned)

UAE

### Company Description

Founded in 1982 as a part of Al-Futtaim Group, Orient Insurance Co. PJSC (ORI) offers life and general insurance products and services. The company offers services to its customers through a network of branches in the UAE, Oman and Bahrain. ORI has several subsidiaries outside the GCC in Syria, Egypt, Sri Lanka and Turkey that offer conventional and Takaful insurance services.

### Business Segments/Product Portfolio

ORI offers a wide range of insurance products for large-scale organizations, businesses and individuals. The company reports its business under two segments:

- **General Insurance:** The 'General Insurance' segment contributed 88.3% to the company's insurance service result during 9M 2023. The plans offered under the segment include coverage for property, engineering, motor, marine, miscellaneous accidents and medical.
- **Life Insurance:** The 'Life Insurance' segment contributed 11.7% to the company's insurance service result during 9M 2023. The segment offers various coverage options, including group life and individual life.

### Recent Developments/Future Plans

- In May 2023, S&P Global Ratings upgraded ORI's Long-Term Issuer Credit Rating and Financial Strength Rating from 'A' to 'A+' with a 'stable' outlook.
- In May 2023, ORI entered into a partnership with Jebel Ali Free Zone to provide insurance solutions to over 9,500 businesses and industries situated within the free zone.
- In February 2023, ORI established a partnership with Mashreq, to launch 'Orient Educare', a savings, investment, and insurance plan with guaranteed returns.

### Financial Performance

US\$ Million	2021 YE Dec	2022 YE Dec	Change y-o-y (%)	9M 2023	9M 2023	Change y-o-y (%)
Gross Written Premium	1,363.8	1,653.3	21.2	NA	NA	NA
Insurance Revenue	NA	NA	NA	1,002.7	1,271.7	26.8
Insurance Service Result	NA	NA	NA	83.6	85.0	1.7
Net Investment Income	NA	NA	NA	56.9	80.7	41.8
Net Profit / (Loss)	129.7	142.0	9.5	115.7	137.3	18.7
Margin (%)	9.5%	8.6		NA	NA	
ROAE (%)	13.2	13.4				
ROAA (%)	4.9	4.7				

Source: Company Website, Company Filings, Financial Statements 2023 Q3

Current Price (US\$)	N/A
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Price as on January 23, 2024

Stock Details	
Ticker	NA
52 week high/low	NA
Market Cap (US\$ mn)	NA
Enterprise value (US\$ mn)	NA
Shares outstanding (mn)	NA

Source: S&P Capital IQ

Note: The stock is not traded due to closed shareholding

Valuation Multiples		
	2022	LTM
P/E (x)	NA	NA
P/B (x)	NA	NA
Market Cap/GWP	NA	NA
Dividend Yield (%)	NA	NA

Source: S&P Capital IQ

Shareholding Structure	
Al Futtaim Development Services Co.	90.00%
Al Futtaim Private Co. LLC	5.00%
Al Futtaim Co. LLC	5.00%
<b>Total</b>	<b>100.00%</b>

Source: S&P Capital IQ

## Qatar Insurance Co. QSPC (Publicly Listed)

Qatar

### Company Description

Established in 1964, Qatar Insurance Co. QSPC (QIC), along with its group of companies offers insurance, reinsurance, real estate, financial advisory and information technology services to individuals and corporates. QIC has branch offices in Dubai and Abu Dhabi and the group operates in the UAE, Qatar, Oman, Kuwait, United Kingdom, Switzerland, Bermuda, Singapore, Cayman Islands, Gibraltar, Jersey and Malta.

### Business Segments/Product Portfolio

- QIC offers a diverse range of personal and commercial insurance plans. Personal insurance includes coverage for car, residences, travel, boats, personal accidents, while commercial insurance includes plans for energy, marine and aviation, property and commercial, medical, and motor. The group reports its business under the following segments:
- Marine and aviation:** The segment accounted for 26.6% of the group's total insurance revenue during 9M 2023.
- Property and casualty:** The segment contributed 62.6% to the group's total insurance revenue during 9M 2023.
- Health and life:** The segment contributed 10.7% to the group's total insurance revenue during 2023.

### Recent Developments/Future Plans

- In February 2023, QIC group announced the successful completion of the merger process involving its subsidiary, Oman Qatar Insurance Co SAOG, and Vision Insurance SAOG.
- In March 2023, QIC launched a completely digital mandatory visitors' health insurance solution, providing international visitors with a fast option to obtain such insurance plans in Qatar.

### Financial Performance

US\$ Million	2021 YE Dec	2022 YE Dec	Change y-o-y (%)	9M 2023	9M 2023	Change y-o-y (%)
Gross Written Premium	2,725.7	2,705.6	-0.7	2,142.9	1,923.1	-10.3
Insurance Revenue	NA	NA	NA	1,470.3	1,276.8	NA
Insurance Service Result	NA	NA	NA	3.7	184.8	NA
Net Investment Income	NA	NA	NA	161.27	164.01	1.7
Net Profit / (Loss)	253.2	61.0	-75.9	(36.1)	124.3	444.8
Margin (%)	9.3	2.3		-1.7	6.5	
ROAE (%)	8.3	2.2				
ROAA (%)	1.4	-1.6				

Source: Company Website, Company Filings, Financial Statements 2023 Q3

Current Price (US\$) 0.6

Price as on January 23, 2024

### Stock Details

Ticker	DSM:QATI
52 week high/low	0.7/0.4
Market Cap (US\$ mn)	2,040.1
Enterprise value (US\$ mn)	2,262.8
Shares outstanding (mn)	3,266.1

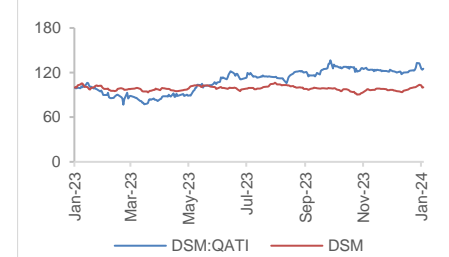
Source: S&P Capital IQ

### Average Daily Turnover

	2022	LTM
3M	1,720,548	472,678
6M	3,829,774	1,052,136

Source: S&P Capital IQ

### Share Price Chart



Source: S&P Capital IQ

### Valuation Multiples

	2022	LTM
P/E (x)	NM	NM
P/B (x)	1.2	1.3
Market Cap/GWP	0.8	0.8
Dividend Yield (%)	5.2	NA

Source: S&P Capital IQ

### Shareholding Structure

Civil Service Retirement Fund	10.59%
General Pension & Social Security Authority	10.54%
Burooq Trading Co	5.37%
Others	73.50%
<b>Total</b>	<b>100.00%</b>

Source: S&P Capital IQ

## QLM Life & Medical Insurance Co. QPSC (Publicly Listed)

**Qatar**

### Company Description

Established in 2011, QLM Life & Medical Insurance Co. QPSC (QLM) is a Life and Medical Insurance Company, headquartered in Doha. QLM is primarily engaged in medical, credit life, group life and individual life insurance operations. Qatar Insurance Company holds a major stake in QLM, amounting to 25%. QLM's international partners include Healix Insurance Services (UK), United Healthcare (USA), Paramount Health (India) and Premier Healthcare (Germany), among others.

### Business Segments/Product Portfolio

The company offers life and medical insurance plans-

- **Medical:** The segment accounted for 18.8% of the company's insurance service result during 9M 2023. Under the segment, QLM offers individual and group coverage plans such as prenatal, delivery and postnatal coverage; physiotherapy and alternative medicine coverage; and dental coverage.
- **Life:** The segment contributed 81.2% to the company's insurance service result during 9M 2023. Under the segment, QLM offers individual and group life insurance plans along with the company's 'SeQure Series', which encompasses plans for retirement and for securing children's future.

### Recent Developments/Future Plans

- In October 2023, QLM launched a new medical insurance product, 'QLM Care' for the citizens and residents of Qatar. The plan includes the coverage of fees for health services provided by private medical facilities, including hospitals, health centers, private clinics, and pharmacies.
- In November 2022, QLM opened three customer service centers situated in both the arrivals and departure halls of Hamad International Airport (HIA), Doha.

### Financial Performance

US\$ Million	2021 YE Dec	2022 YE Dec	Change y-o-y (%)	9M 2022	9M 2023	Change y-o-y (%)
Gross Written Premium	282.1	288.1	2.1	NA	NA	NA
Insurance Revenue	NA	NA	NA	245.0	223.4	-8.8
Insurance Service Result	NA	NA	NA	4.3	8.3	91.2
Net Investment Income	NA	NA	NA	9.8	10.3	4.7
Net Profit / (Loss)	29.2	22.9	-21.6	11.1	14.6	30.9
Margin (%)	10.3	7.9		NA	NA	
ROAE (%)	18.6	14.1				
ROAA (%)	5.8	4.4				

Source: Company Website, Company Filings, Financial Statements 2023 Q3

**Current Price (US\$)** 0.6

Price as on January 23, 2024

### Stock Details

Ticker	DSM:QLMI
52 week high/low	1.2/0.6
Market Cap (US\$ mn)	221.1
Enterprise value (US\$ mn)	117.3
Shares outstanding (mn)	350.0

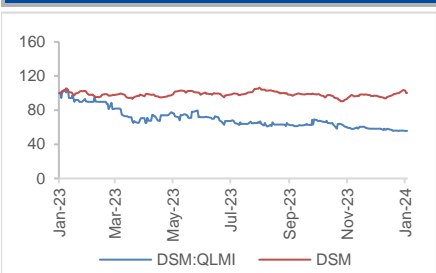
Source: S&P Capital IQ

### Average Daily Turnover

	QAR	US\$
3M	792,651	217,761
6M	456,065	125,293

Source: S&P Capital IQ

### Share Price Chart



Source: S&P Capital IQ

### Valuation Multiples

	2022	LTM
P/E (x)	9.6	8.8
P/B (x)	1.4	1.4
Market Cap/GWP	0.7	0.7
Dividend Yield (%)	4.6	NA

Source: S&P Capital IQ

### Shareholding Structure

Qatar Insurance Co. QSPC	25.00%
General Retirement & Social Insurance Authority	5.64%
Burooq Trading Co	5.00%
Others	64.36%
Total	100.00%

Source: S&P Capital IQ

## Ras Al Khaimah National Insurance Co. PSC (Publicly Listed)

UAE

### Company Description

Established in 1974, Ras Al Khaimah National Insurance Co. PSC (RAKNIC) provides life and non-life insurance and reinsurance services across the UAE. The company operates its business through its head office and three other branches in Ras Al Khaimah, Dubai and Abu Dhabi. National Bank of Ras Al Khaimah PJSC (RAK Bank) holds a majority stake in RAKNIC, in which the government of Ras Al-Khaimah owns a 49.3% stake.

### Business Segments/Product Portfolio

RAKNIC offers a range of personal and business insurance plans. Personal insurance plan includes motor, home, travel, life, and medical coverage while business insurance plan includes engineering, group health, marine, fleet, property, and cyber coverage. Ras Al Khaimah National Insurance Co. reports its revenues under the following two segments:

- **Life and Medical:** The segment accounted for 66.5% of the company's insurance revenue during 9M 2023.
- **General and Motor:** The segment accounted for 33.5% of the company's insurance revenue during 9M 2023.

### Recent Developments/Future Plans

- RAKNIC's 9M 2023 Net Profit stood at US\$ 1.5 million compared to US\$ -7.6 million a year ago.

### Financial Performance

US\$ Million	2021 YE Dec	2022 YE Dec	Change y-o-y (%)	9M 2021	9M 2022	Change y-o-y (%)
Gross Written Premium	127.8	117.9	-7.7	NA	NA	NA
Insurance Revenue	NA	NA	NA	126.3	93.2	-26.2
Insurance Service Result	NA	NA	NA	13.1	(2.6)	-119.5
Net Investment Income	1.9	0.0	-99.0	1.8	3.1	69.9
Net Profit / (Loss)	2.9	(9.5)	-434.0	(7.6)	1.5	119.6
Margin (%)	2.2	-8.1				
ROAE (%)	5.2	-20.1				
ROAA (%)	13.5	-4.5				

Source: Company Website, Company Filings, Financial Statements 2023 Q3

Current Price (US\$) 1.0

Price as on January 23, 2024

### Stock Details

Ticker	ADX:RAKNIC
52 week high/low	1.1/1.0
Market Cap (US\$ mn)	122.2
Enterprise value (US\$ mn)	134.0
Shares outstanding (mn)	121.3

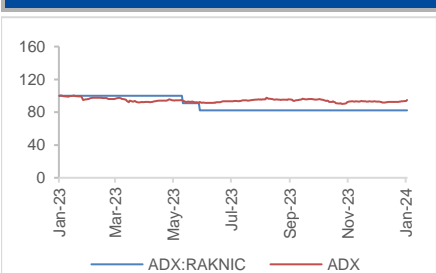
Source: S&P Capital IQ

### Average Daily Turnover

	AED	US\$
3M	NA	NA
6M	NA	NA

Source: S&P Capital IQ

### Share Price Chart



Source: S&P Capital IQ

### Valuation Multiples

	2022	LTM
P/E (x)	NM	NM
P/B (x)	3.1	3.1
Market Cap/GWP	1.0	1.0
Dividend Yield (%)	1.8	NA

Source: S&P Capital IQ

### Shareholding Structure

The National Bank of Ras Al-Khaimah PSC	79.23%
Al Naeem (Ahmed Isa Ahmed)	15.90%
Others	4.87%
<b>Total</b>	<b>100.00%</b>

Source: S&P Capital IQ

## Solidarity Bahrain BSC (Publicly Listed)

Bahrain

### Company Description

Incorporated in 1976, Solidarity Bahrain BSC (Solidarity) offers a wide range of conventional and Islamic insurance products for both individuals and corporates. Solidarity is a subsidiary of Solidarity Group Holding, one of the largest Sharia-compliant insurance institutions. The Company has five branches across Bahrain. Situated at Seef, Sitra, Arad, Sanad and Wadi Al Sail.

### Business Segments/Product Portfolio

- **Medical:** The segment accounted for 46.1% of the Company's total GWP during 9M 2023.
- **Motor:** The segment contributed 26.6% to the Company's GWP during 9M 2023.
- **Non-motor:** The segment contributed 22.3% to the Company's total GWP during 9M 2023. The segment offers coverage for plans in areas such as fire, marine, general accident, liability, aviation, and engineering.
- **Group Life:** The segment contributed 4.1% to the Company's total GWP during 9M 2023. The segment offers group life and credit life plans.
- **Family Takaful:** The segment contributed nearly 0.9% of the Company's total GWP during 9M 2023.

### Recent Developments/Future Plans

- In October 2023, Solidarity signed a share sale and purchase agreement with Ahli United Bank (AUB) to acquire 100% stake in Al Hilal Life and its subsidiary, Al Hilal Takaful.
- In June 2023, Solidarity established a specialized claims center in Sanad, designed to serve as a one-stop-shop for all customer requirements. The initiative is aimed at streamlining processes through digitization and enhancing the overall customer experience across various channels.

### Financial Performance

US\$ Million	2021 YE Dec	2022 YE Dec	Change y-o-y (%)	9M 2022	9M 2023	Change y-o-y (%)
Gross Written Premium	83.2	121.7	46.2	84.2	96.7	14.8
Net Written Premium	37.9	62.2	64.0	44.8	52.3	16.8
Surplus from Takaful operations	1.5	1.7	15.8	0.8	0.4	-43.3
Net Profit / (Loss)	8.7	12.0	37.9	8.3	9.6	16.5
Margin (%)	10.5	9.9		9.8	10.0	
ROAE (%)	11.4	14.5				
ROAA (%)	4.3	5.7				

Current Price (US\$) 0.8

Price as on January 23, 2024

### Stock Details

Ticker	BAX:SOLID
52 week high/low	0.8/0.6
Market Cap (US\$ mn)	109.6
Enterprise value (US\$ mn)	95.3
Shares outstanding (mn)	133.3

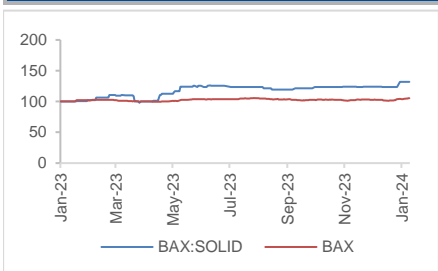
Source: S&P Capital IQ

### Average Daily Turnover

	BHD	US\$
3M	487	1,282
6M	1,289	3,393

Source: S&P Capital IQ

### Share Price Chart



Source: S&P Capital IQ

### Valuation Multiples

	2022	LTM
P/E (x)	10.3	10.3
P/B (x)	1.2	1.2
Market Cap/GWP	0.9	0.9
Dividend Yield (%)	7.6	NA

Source: S&P Capital IQ

### Shareholding Structure

Solidarity Group Holding BSC	75.79%
Others	24.21%
<b>Total</b>	<b>100.00%</b>

Source: S&P Capital IQ

## The Company for Cooperative Insurance (Publicly Listed)

Saudi Arabia

### Company Description

Incorporated in 1986, The Company for Cooperative Insurance (Tawuniya) offers Islamic insurance and reinsurance services to individuals and corporates. Tawuniya has a strong sales network with about 45 branches across Saudi Arabia.

### Business Segments/Product Portfolio

Tawuniya's insurance products and services are categorized into six segments:

- **Medical:** The segment contributed 66.0% to Tawuniya's total GWP during 9M 2023.
- **Medical Umrah:** The segment includes coverage for health insurance for pilgrims and contributed 2.9% to the company's total GWP during 9M 2023.
- **Motor:** Under the segment, Tawuniya offers coverage for motor insurance and Manafeth third party liability insurance for foreign vehicles. This segment accounted for 16.7% of the company's total GWP during 9M 2023.
- **Property and casualty:** The segment contributed 12.6% to Tawuniya's total GWP during 9M 2023.
- **General accidents – Hajj & Umrah insurance:** The segment accounted for 1.6% of the company's total GWP during 9M 2023.
- **Protection and Savings –** The segment contributed 0.2% to the company's total GWP during 9M 2023.

### Recent Developments/Future Plans

- In October 2023, Tawuniya was awarded a contract by Saudi Telecom Company (STC) to provide health insurance services to STC's employees.
- In June 2023, Elm Co. awarded a SAR 71.8 million (US\$ 19.2 million) contract to Tawuniya to offer health insurance services for the company's employees.

Financial Performance						
US\$ Million	2021 YE Dec	2022 YE Dec	Change y-o-y (%)	9M 2022	9M 2023	Change y-o-y (%)
Gross Written Premium	2,725.0	3,826.6	40.4	2,574.7	3,459.5	34.4
Insurance Revenue	NA	NA	NA	2,172.9	2,950.8	35.8
Insurance Service Result	NA	NA	NA	75.7	191.0	152.2
Net Investment Income	75.8	74.9	-1.2	NA	NA	NA
Net Profit / (Loss)	71.1	104.3	46.7	18.3	140.4	665.5
Margin (%)	2.6	2.7		0.7	4.1	
ROAE (%)	9.1	12.2				
ROAA (%)	1.8	2.3				

Source: Company Website, Company Filings, Financial Statements 2023 Q3

Current Price (US\$) 33.4

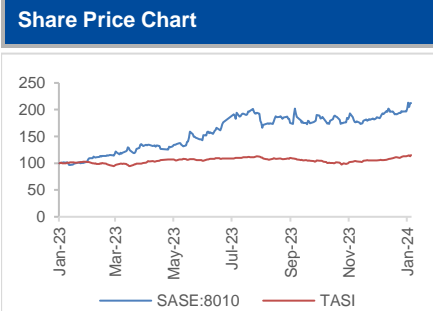
Price as on January 23, 2024

Stock Details	
Ticker	SASE:8010
52 week high/low	38.3/17.8
Market Cap (US\$ mn)	5,015.5
Enterprise value (US\$ mn)	4,324.5
Shares outstanding (mn)	150.0

Source: S&P Capital IQ

Average Daily Turnover		
	SAR	US\$
3M	43,473,730	11,592,995
6M	49,027,142	13,073,904

Source: S&P Capital IQ



Source: S&P Capital IQ

Valuation Multiples		
	2022	LTM
P/E (x)	48.0	22.1
P/B (x)	5.6	5.3
Market Cap/GWP	1.3	1.3
Dividend Yield (%)	NA	NA

Source: S&P Capital IQ

Shareholding Structure	
General Organization for Social Insurance	25.86%
Vanguard Group Inc.	1.96%
BlackRock Inc.	1.48%
Others	70.70%
<b>Total</b>	<b>100.00%</b>

Source: S&P Capital IQ



## Union Insurance Co. PJSC (Publicly Listed)

UAE

### Company Description

Established in 1998, Union Insurance Co. PJSC (UIC) offers a comprehensive range of life and non-life insurance products in various areas such as health, automotive, property, liability, engineering and marine. UIC caters to clients in the UAE, as well as in the wider Middle East through a head office and seven branches across the UAE. The Company has collaborated with international reinsurers such as Swiss Re (Switzerland), SCOR (France), Hannover Re (Germany), Generali (Italy), Lloyds (UK), and QBE Europe (UK).

### Business Segments/Product Portfolio

- **General Insurance:** The 'General insurance' segment contributed 86.8% to the company's insurance revenue during 9M 2023. Under the segment, the company offers plans to individuals, and businesses covering against risks related to marine (cargo and hull), property, engineering projects, aviation, motor, health, and travel, among others.
- **Life Insurance:** The segment contributed 13.2% to the Company's insurance revenue during 9M 2023 and offers various individual and group life insurance policies.

### Recent Developments/Future Plans

- In August 2023, UIC launched 'Delighted Care,' an individual health insurance solution that provides customers with both local and global coverage options.
- In December 2022, AM Best affirmed the Financial Strength Rating of 'B+' (Good) and the Long-Term Issuer Credit Rating of 'bbb-' (Good) for UIC with a 'negative' outlook.

Financial Performance						
US\$ Million	2021 YE Dec	2022 YE Dec	Change y-o-y (%)	9M 2022	9M 2023	Change y-o-y (%)
Gross Written Premium	245.1	236.5	-3.5	NA	NA	NA
Insurance Revenue	NA	NA	NA	164.4	128.5	-21.8
Insurance Service Result	NA	NA	NA	9.2	0.7	-92.7
Net Investment Income	1.5	1.6	10.4	1.8	4.1	125.1
Net Profit / (Loss)	3.6	5.0	38.6	8.4	0.6	-93.0
Margin (%)	1.5	2.1				
ROAE (%)	5.7	7.5				
ROAA (%)	0.7	0.4				

Source: Company Website, Company Filings, Financial Statements 2023 Q3

Current Price (US\$)	0.2
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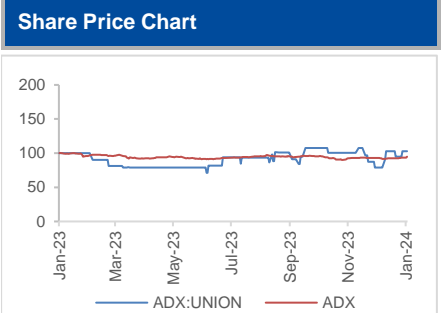
Price as on January 23, 2024

Stock Details	
Ticker	ADX:UNION
52 week high/low	0.2/0.1
Market Cap (US\$ mn)	62.2
Enterprise value (US\$ mn)	57.0
Shares outstanding (mn)	330.9

Source: S&P Capital IQ

Average Daily Turnover		
	AED	US\$
3M	625	170
6M	1,442	393

Source: S&P Capital IQ



Source: S&P Capital IQ

Valuation Multiples		
	2022	LTM
P/E (x)	12.5	9.2
P/B (x)	0.9	1.1
Market Cap/GWP	0.3	0.3
Dividend Yield (%)	NA	NA

Source: S&P Capital IQ

Shareholding Structure	
American Century Investment Management Inc	0.07%
Dimensional Fund Advisors LP	0.06%
Acadian Asset Management LLC	0.01%
Others	99.86%
<b>Total</b>	<b>100.00%</b>

Source: S&P Capital IQ

## Walaa Cooperative Insurance Co. SJSC (Publicly Listed)

Saudi Arabia

### Company Description

Founded in 2007, Walaa Cooperative Co. SJSC (WCIC) offers general insurance and reinsurance services related to motor, property, engineering, and medical, among others. WCIC, formerly known as Saudi United Cooperative Insurance Co SJSC, is headquartered in Al-Khobar - Eastern province and operates through a network of four branches and more than 70 retail offices across Saudi Arabia.

### Business Segments/Product Portfolio

WCIC reports its business in the following seven segments:

- **Motor:** The segment contributed 20.3% to the Company's GWP during 9M 2023, comprising comprehensive and third-party liability insurance coverage for vehicles.
- **Medical:** The segment accounted for 20.3% WCIC's GWP during 9M 2023.
- **Property:** The segment contributed 6.1% to WCIC's GWP during 9M 2023.
- **Engineering:** The segment contributed 7.8% to the Company's GWP during 9M 2023.
- **Protection & Savings:** The segment contributed 9.1% to the Company's total GWP during 9M 2023.
- The **'Energy'** segment accounted for 20.9% of the Company's total GWP, while the **'Others'** segment contributed 15.5% during 9M 2023.

### Recent Developments/Future Plans

- In July 2023, Moody's Investors Service affirmed WCIC's Financial Strength Rating of 'A3' with a 'stable' outlook.
- In March 2023, WCIC entered into an insurance coverage agreement with Aramco, with the contract value surpassing 15% of the total GWP for 2022.

### Financial Performance

US\$ Million	2021 YE Dec	2022 YE Dec	Change y-o-y (%)	9M 2022	9M 2023	Change y-o-y (%)
Gross Written Premium	623.7	704.5	13.0	159.0	202.8	27.6
Insurance Revenue	NA	NA	NA	499.4	561.7	12.5
Insurance Service Result	NA	NA	NA	(15.5)	5.8	137.7
Net Investment Income	NA	NA	NA	7.9	27.2	245.2
Net Profit / (Loss)	(32.5)	(7.3)	77.6	(15.1)	27.4	281.3
Margin (%)	-5.2	-1.0		-9.5	13.5	
ROAE (%)	-14.1	-2.9				
ROAA (%)	-3.8	-0.6				

Source: Company Website, Company Filings, Financial Statements 2023 Q3

Current Price (US\$) 4.8

Price as on January 23, 2024

### Stock Details

Ticker	SASE:8060
52 week high/low	5.3/3.5
Market Cap (US\$ mn)	400.1
Enterprise value (US\$ mn)	241.1
Shares outstanding (mn)	85.1

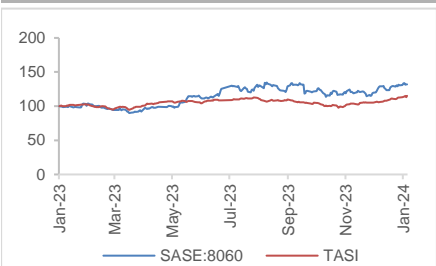
Source: S&P Capital IQ

### Average Daily Turnover

	SAR	US\$
3M	6,241,631	1,664,435
6M	10,100,443	2,693,452

Source: S&P Capital IQ

### Share Price Chart



Source: S&P Capital IQ

### Valuation Multiples

	2022	LTM
P/E (x)	NM	22.9
P/B (x)	1.4	1.3
Market Cap/GWP	0.6	0.6
Dividend Yield (%)	NA	NA

Source: S&P Capital IQ

### Shareholding Structure

Saudi Awwal Bank	15.60%
Arab National Bank	4.17%
Khalid Bin Abdulrahm Bin Mohammed Al Omran	2.42%
Others	77.81%
<b>Total</b>	<b>100.00%</b>

Source: S&P Capital IQ

## INDUSTRY RESEARCH



GCC Retail Industry  
2009, 2010, 2011,  
2012, 2015, 2017, 2019 & 2022



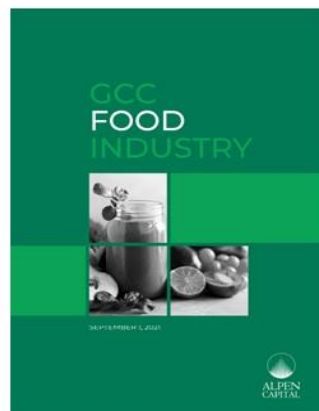
GCC Hospitality Industry  
2011, 2012, 2014,  
2016, 2018 & 2022



GCC Insurance Industry  
2009, 2011, 2013,  
2015, 2017, 2019 & 2022



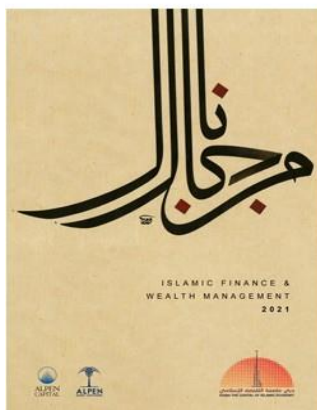
GCC Education Industry  
2010, 2012, 2014,  
2016, 2018 & 2021



GCC Food Industry  
2011, 2013, 2015,  
2017, 2019 & 2021



GCC Healthcare Industry  
2009, 2011, 2014,  
2016, 2018 & 2020



Islamic Finance  
and Wealth Management  
2021

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**Sale of 51% Equity Stake in  
Al Kabeer Group of Companies**



to  
**Savola Group**



Financial Advisor



**RBL BANK LIMITED**  
US\$ 100,000,000  
Unsecured Tier 2 Sub-ordinated Loan  
Investor



Financial Advisor



**Sale of 100% Equity Stake in  
Al Faysal Bakery and Sweets**



to  
**Agthia Group PJSC**



Financial Advisor



**Chola**  
Enter a better life  
**Cholamandalam Investment and Finance  
Company Limited**

**INR 10,570,000,000  
(~US\$150 million)**  
Non Convertible Debentures

Investor



**Asian Development Bank**

Financial Advisor



**SAHYADRI FARMS POST HARVEST CARE LTD.**

**INR 3,10,00,00,000  
(~EUR 40 million)**

Equity Capital

Investors



Financial Advisor



**Sale of 60% Equity Stake in Multi-Speciality  
Healthcare Partner Holding Ltd.**



**GFH Financial Group B.S.C.**

Financial Advisor



**IndusInd Bank**

**US\$ 75,000,000  
Long Term Debt**

Investor



GRUPE AGENCE FRANÇAISE DE DÉVELOPPEMENT

Financial Advisor



**Sale of 100% equity stake in  
Seven Seas Technology, UAE**

to



**Softline Group Inc**  
(A London Stock Exchange Listed Entity)

Financial Advisor



**SOUND  
SOLUTIONS**

Debt Advisory • Mergers & Acquisitions and Equity Advisory



**ALPEN  
CAPITAL**

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