

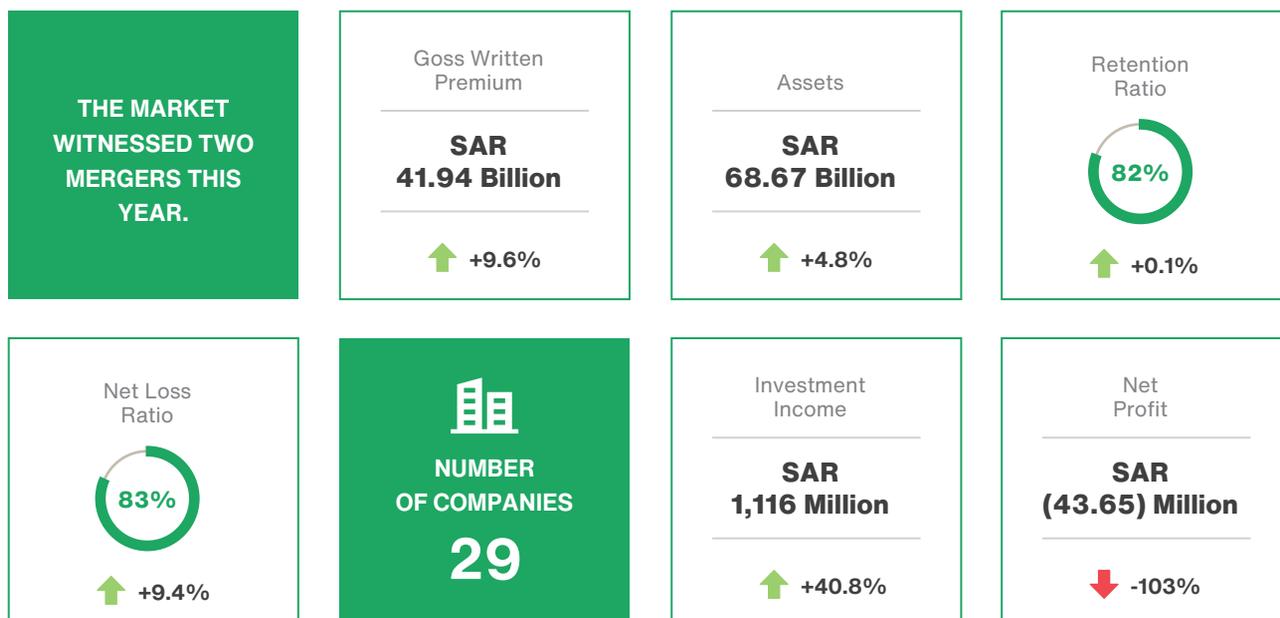


MARKET MONITOR - KSA

**KSA INSURANCE
INDUSTRY
REPORT 2021**

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KSA INSURANCE MARKET IN 2021, AT A GLANCE



MARKET OVERVIEW

The results displayed in this report are based on the 29 audited reports (referred to as "the market", the "companies" or "the industry" in this report) of the KSA insurance companies listed on Saudi Stock Exchange Tadawul.

The Gross Written Premium (GWP) grew by 9.6% to SAR 41.9b during 2021 following an increase of 1.4% in 2020. The increase in premiums can be attributed to higher volumes due to easing of the COVID-19 restrictions resulting in strong economic recovery in 2021 with higher oil prices and rebounding economic activities. Total assets of the companies recorded at 68.7b – an increase of 4.8% during 2021. Net profits of the companies took a huge hit, falling sharply from SAR 1.45b in 2020 to a loss of SAR 43.7m in 2021. The main driver behind this drop is a noticeable increase in motor and medical claims. The main reason for the increase in claims is transitioning back from Covid-19 to normality. Details of the reasons behind the increase are discussed at length later in report.

Overall market net loss ratio increased from 76% in 2020 to 83% in 2021. The biggest jump in loss ratio is recorded for motor business for which loss ratio increased from 67% in 2020 to 83% in 2021. Retention levels did not change across the market as retention ratio remained stable at around 82%, though retention levels for lines of business (LOB) other than motor, medical and P&C recorded a 15% decrease.

Gross Written Premium (GWP), market share of GWP and market rank by GWP are shown in Exhibit 1. Net profit, net profit participation and market rank by net profit are shown in Exhibit 2. Total assets and shareholders' equity are shown in Exhibit 3.

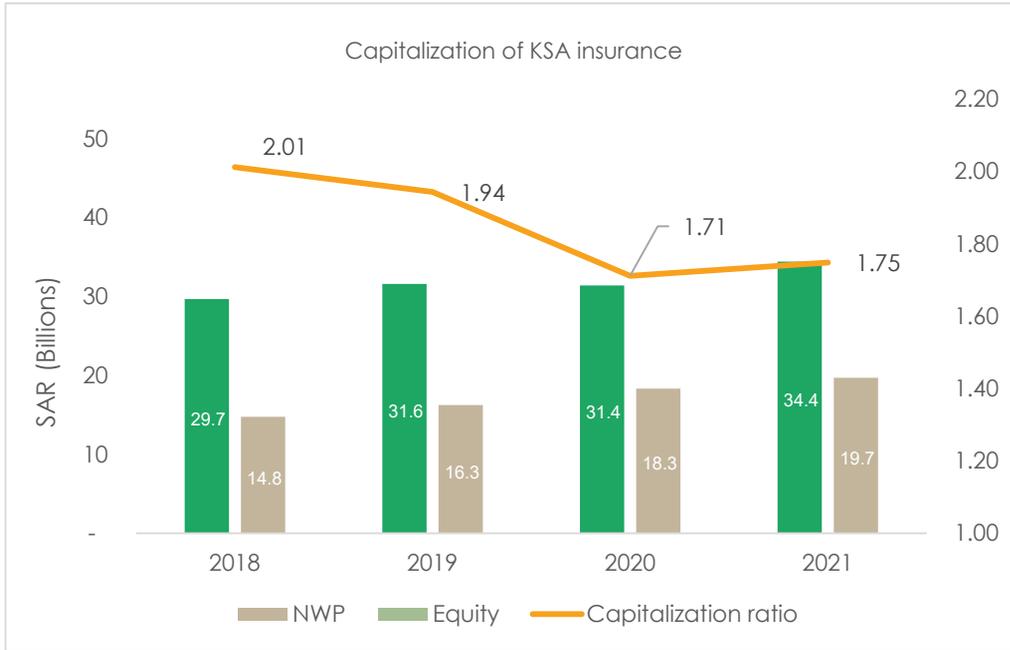
Where data for individual companies is shown, we have separated it into two categories of graphs: 'Top 10' in the main body of the report and 'Remaining data' in the Appendix of this report. Each 'Top 10' graph includes the top 10 companies for a specific statistic only. It means that each 'Top 10' graph will have a different set of companies, depending on their ranking with respect to the particular statistic.

The remaining report will deep-dive in the market statistics to unveil the latest trends.

The chart below illustrates the capitalization of KSA insurance companies which has been calculated as a ratio of Net Written Premium (NWP) over the Equity. The capitalization of KSA insurance companies has gone up, from 1.71 to 1.75, which is a healthy sign for the market however, it is still well below the 2018 level when the ratio was 2.01. For reference, the corresponding ratio in 2021 for the UAE market is only 0.54.

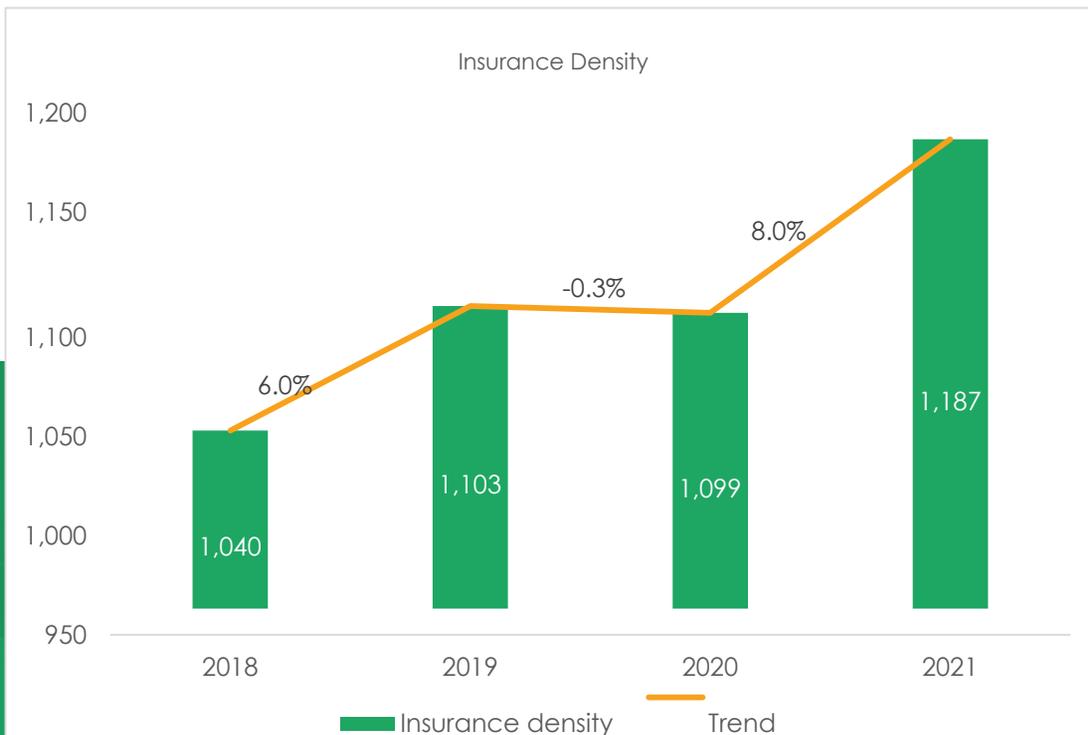
¹ The audited report for YE 2021 has not been published by Al Ahli Takaful Company (ATC). As on 31 December 2021, ATC was in the process of transferring all its assets and liabilities to Arabian Shield Cooperative Insurance Company and was exempted from publishing its audited report. The figures for ATC used in the report are based on its audited report as at 30 September 2021.

GRAPH 1 - CAPITALIZATION OF KSA INSURANCE COMPANIES



Insurance density is calculated as a ratio of GWP to the KSA population². The ratio has been registering growth since 2018 except over 2020 when it experienced a slight decrease of 0.3%. The insurance density improved by 8% during 2021.

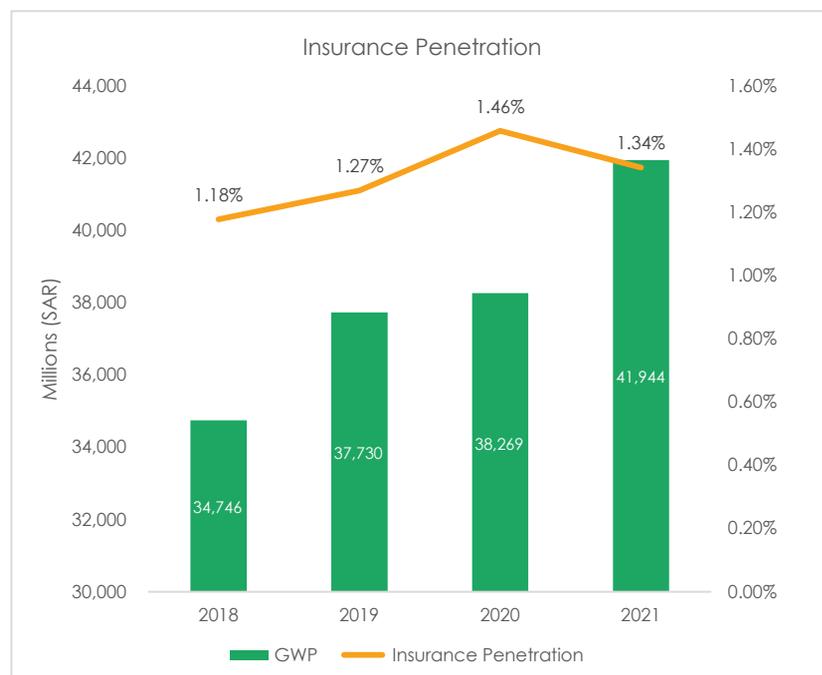
GRAPH 2 - INSURANCE DENSITY



²KSA population - Saudi Arabia Population 2022 (Demographics, Maps, Graphs) (worldpopulationreview.com)

The insurance penetration (calculated as a ratio of GWP to GDP³ between 2018 – 2021, illustrated in the chart below), has been increasing steadily until 2020 due to insurance industry growing at a faster pace than GDP. In 2021, the trend got reversed as GDP recorded a substantial growth not only due to the expansion of oil-based activities, but non-oil-based activities also grew at a dynamic rate. This resulted in GDP growth outpacing the growth in GWP for 2021.

GRAPH 3 – INSURANCE PENETRATION



Net profits decreased significantly for most companies compared to last year, primarily due to a decrease in motor premium rates and a noticeable increase in motor and medical claims during 2021.

During the pandemic, the number of cars on the road reduced significantly resulting in a reduction in accidents. As a result the number of policyholders eligible for one extra year of No claims discount increased significantly, reducing premium levels.

In addition, the Insurance sector provided an extension in coverage on motor retail policies with expiry date on or after 8 May 2020. The similar extension was also provided for the policies purchased between 5 May 2020 and 6 June 2020. Due to low claims, on renewal, companies offered further discounts leading to fierce competition in the market. The competition is further exacerbated by increased competition in aggregator business.

In post-pandemic phase, claims started creeping up and eventually went beyond pre-pandemic phase. Overall profits reduced significantly due to lower premium rates and higher claims costs.

For medical claims, the primary drivers include pent up demand from the pandemic, utilization of services stabilizing to pre-pandemic levels, changes in provider and patient behaviour post pandemic

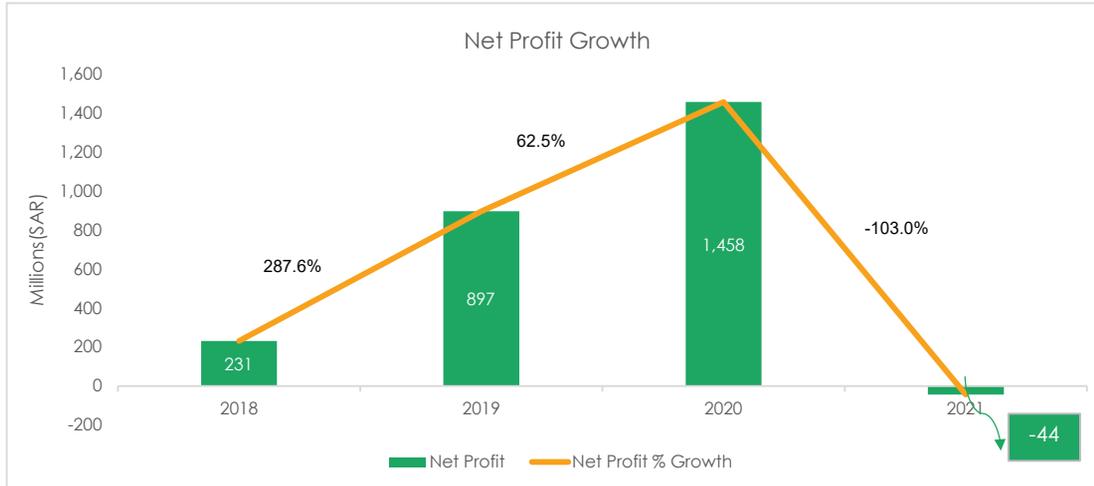
implementation of Article 11 by Council of Health Insurance under which insurance companies are now liable to pay for treatment of insured patients at public healthcare providers and implementation of unified electronic services platform “National Platform for Health and Insurance Exchange Services” (NPHIES) for transaction and consolidation of private health insurance claims.

The market, therefore, saw a decrease of around 103% in net profit (after Zakat and tax) from SAR 1,450m in 2020 to net loss of SAR 200m -44m in 2021 .



³KSA GDP - Gross Domestic Product | General Authority for Statistics (stats.gov.sa)

GRAPH 4 – NET PROFIT



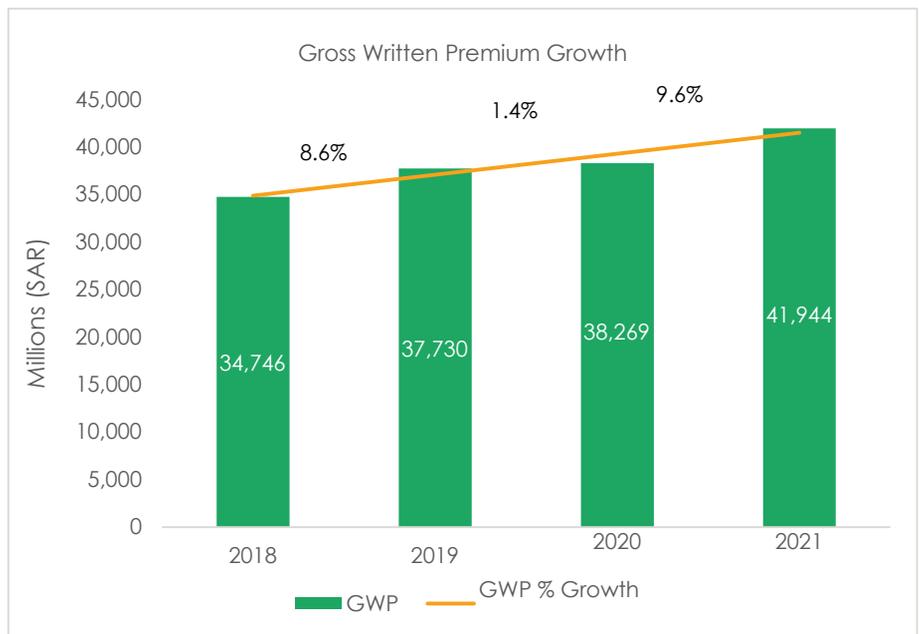
PREMIUM

This section provides a detailed analysis of gross and net premium by companies as well as by lines of business.

GWP in the KSA market has been increasing during 2018 - 2021. The increase was at its lowest during 2020 when the country was facing the pandemic. In 2021, the GWP growth appears to catch up to the pre-pandemic level. As discussed above in the report, motor premium rates have decreased significantly over the past couple of years and as a result 2021 motor GWP remained very similar to the corresponding 2020 level. Overall GWP growth is mainly due to an increase in GWP for medical business.

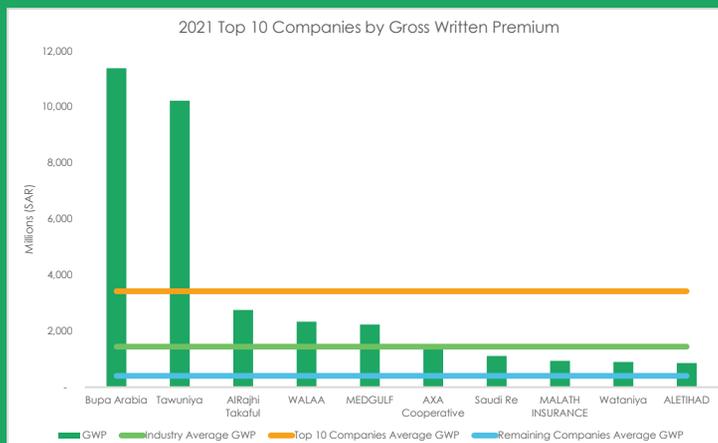
Bupa Arabia and Tawuniya dominate the market as their GWP crossed SAR 10b. Al Rajhi Takaful, Walaa and Medgulf wrote GWP of more than SAR 2b each, with Al Rajhi almost touching SAR 3b. It is worth noting the total GWP registered by the remaining 24 companies is only SAR 13.1 billion.

GRAPH 5 – GROSS WRITTEN PREMIUM GROWTH

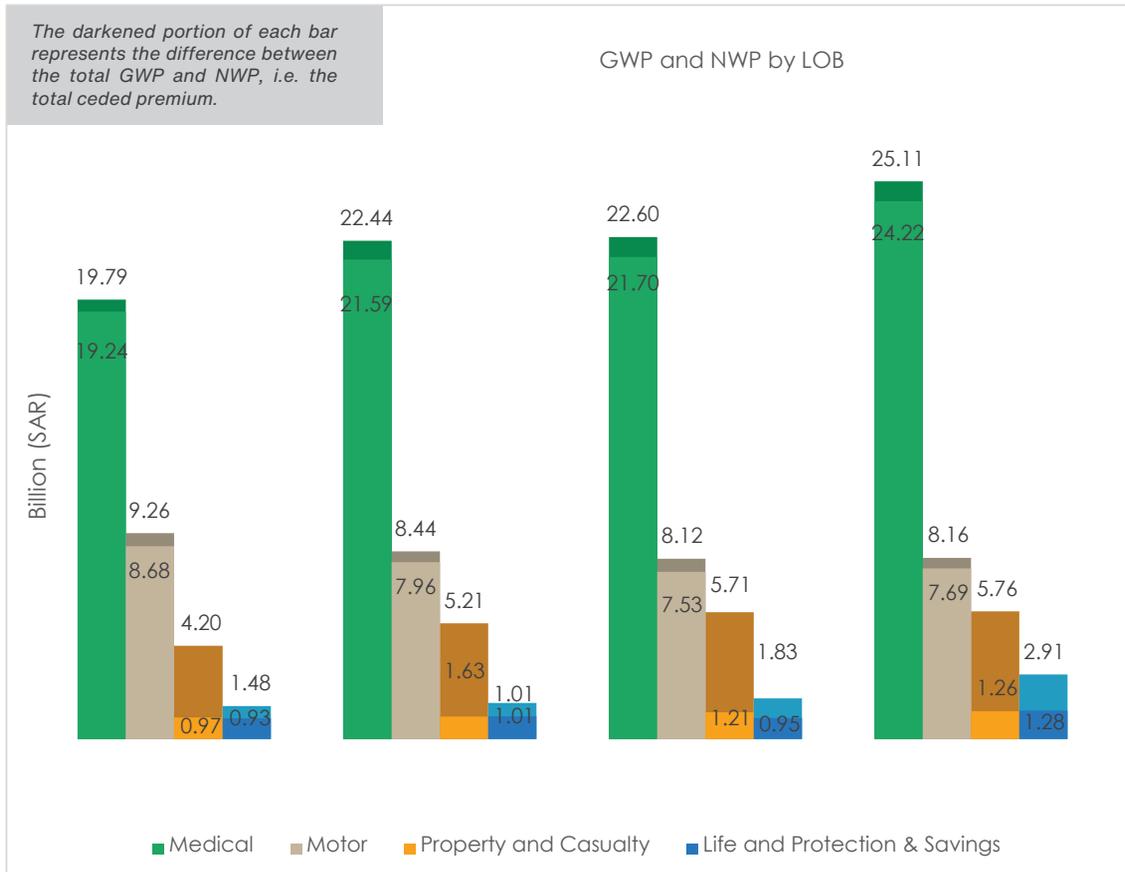


The first chart on the next page is a comprehensive snapshot of GWP and NWP by line of business (LOB). More than half of the premium in the market is attributed to medical LOB which has been showing an increasing trend over FY 2018 -2021. The market is retaining most of medical and motor premium. Conversely, a big portion of Property and Casualty premium is ceded to reinsurers. Both GWP and NWP for medical has been increasing during 2018 - 2021.

GRAPH 6 – 2021 TOP 10 COMPANIES BY GROSS WRITTEN PREMIUM

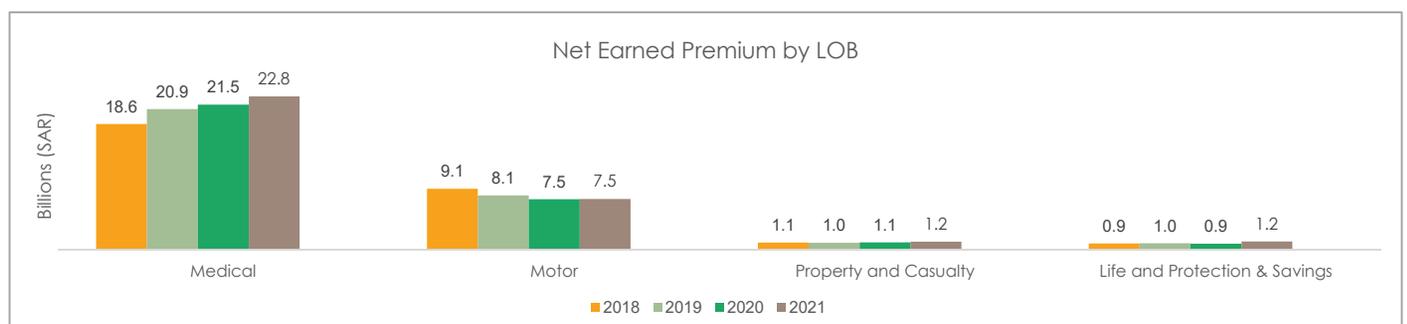


GRAPH 7 - 2021 GROSS WRITTEN PREMIUM AND NET WRITTEN PREMIUM BY LINE OF BUSINESS



The highest net earned premium (NEP) for years 2018-21 attributed to medical LOB. The overall net earned premium for medical for FY 2021 was SAR 22.8b with an increase of 5.7%. NEP has been reducing for motor line of business except for FY 2021 when net earned premium stayed almost unchanged compared to FY 2020. The net earned premium for Life and Protection & Savings LOB for FY 2021 is SAR 1.2b.

GRAPH 8 - 2021 NEP EARNED PREMIUM BY LOBS



CLAIMS

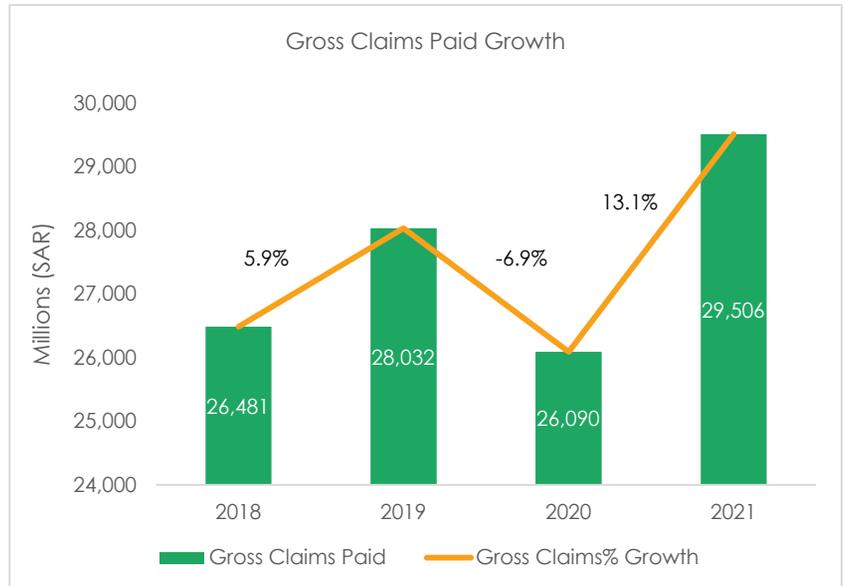
This section provides a detailed analysis of gross paid and net incurred claims by companies as well as by lines of business.

Gross claims paid took a dip in 2020 as the claims reduced by 6.9% compared to 2019. This trend reversed during 2021 as the country was recovering from Covid-19 impacts and gross claims paid grew by 13.1% to reach SAR 29.5b.

In post-pandemic phase, claims started creeping up and went beyond pre-pandemic phase.

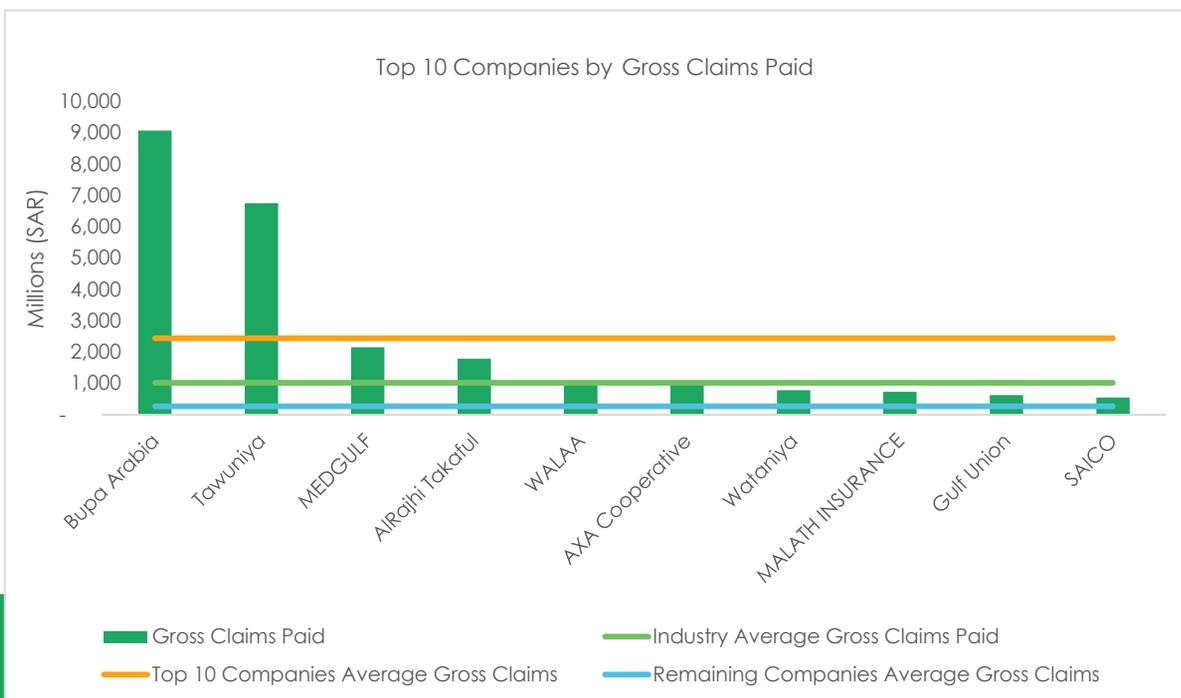
For medical claims, the primary drivers include pent up demand from the pandemic, utilization of services stabilizing to pre-pandemic levels, changes in provider and patient behaviour post pandemic implementation of Article 11 by Council of Health Insurance under which insurance companies are now liable to pay for treatment of insured patients at public healthcare providers and implementation of unified electronic services platform NPHIES for transaction and consolidation of private health insurance claims.

GRAPH 9 - GROSS CLAIMS PAID GROWTH



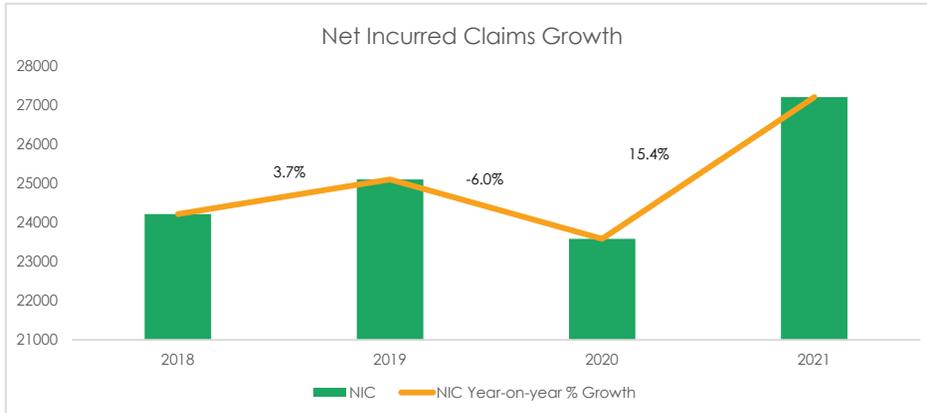
Similar to written premium, gross claims paid for Bupa Arabia and Tawuniya far exceeded than those for rest of companies. Gross claims paid by Bupa Arabia and Tawuniya stood at SAR 15.8b while gross claims paid by the remaining 27 companies stood at SAR 13.7b.

GRAPH 10 - 2021 TOP 10 COMPANIES BY GROSS CLAIMS PAID



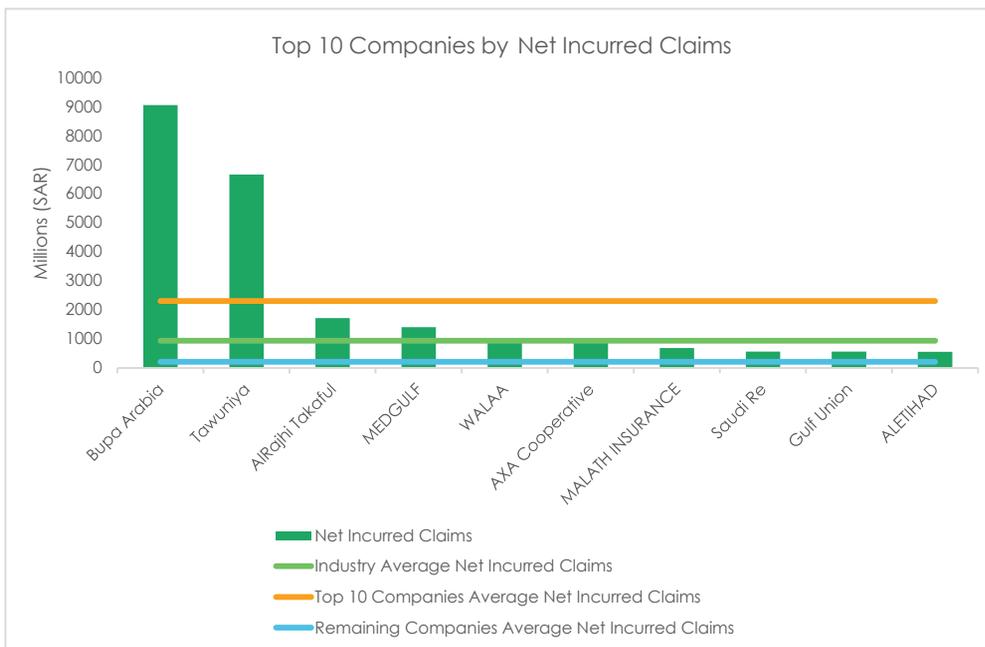
Net claims paid are following the trend of gross claims paid as they registered an increase during 2019 and 2021 while a reduction was registered during 2020. This is understandable as most of the business is retained by the companies.

GRAPH 11 - NET INCURRED CLAIMS GROWTH



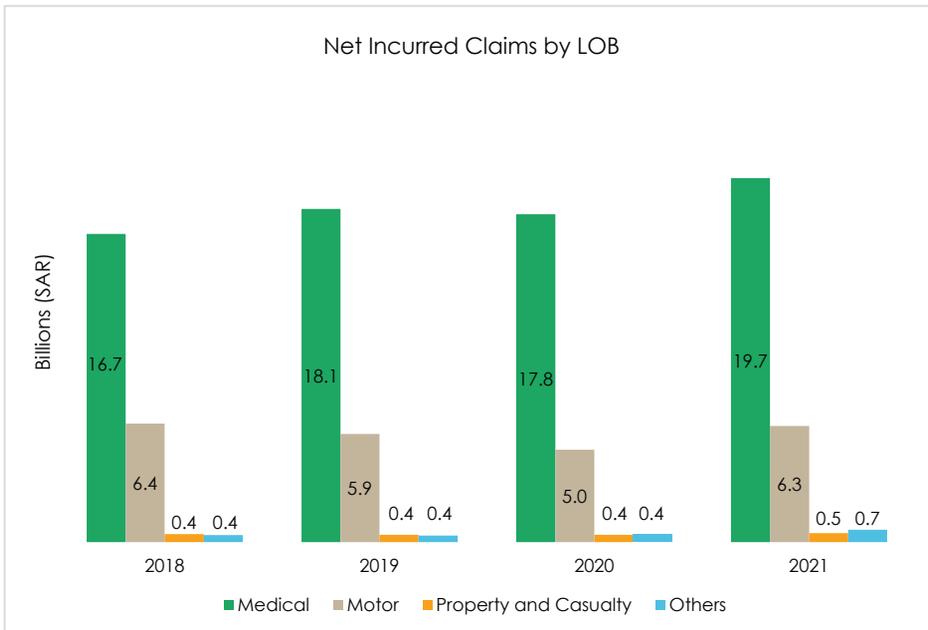
Industry average of net incurred claims (NIC) for top 10 companies by NIC is SAR 2,306m and the same average for the remaining companies is only SAR 218m.

GRAPH 12 - 2021 TOP 10 COMPANIES BY NET INCURRED CLAIMS



NIC levels were generally lower in 2020 and they bounced back and gone beyond pre-pandemic levels in 2021. Medical claims dominated the market as this is the biggest LOB.

GRAPH 13 – 2021 NET INCURRED CLAIMS BY LOB



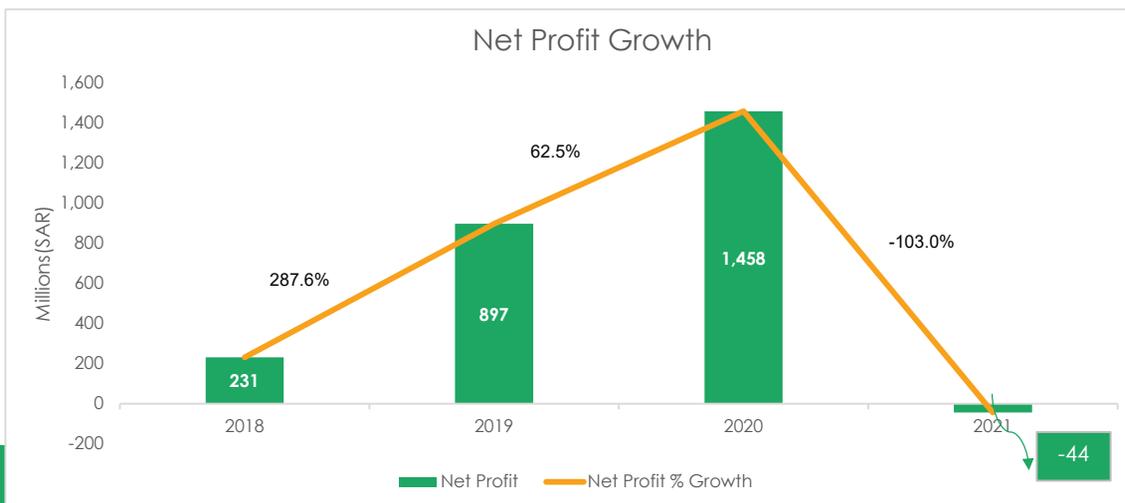
NET PROFIT

The companies enjoyed a steady growth in their profits until 2020 when the industry recorded net profit of SAR 1,450m but in 2021 net profit of the industry dived to SAR 200m -44m only. The main driver behind the low net profit is a sharp increase in incurred claims.

As discussed earlier, the Insurance companies extended the coverage for retail motor policies by 2 months and after the pandemic the market is facing intense competition among the companies. Aggregator business is also putting an extra pressure on premium rates and claims are going beyond pre-pandemic level due to increasing inflation. All these factors have contributed to lower premium rates and as a result, worse profitability.

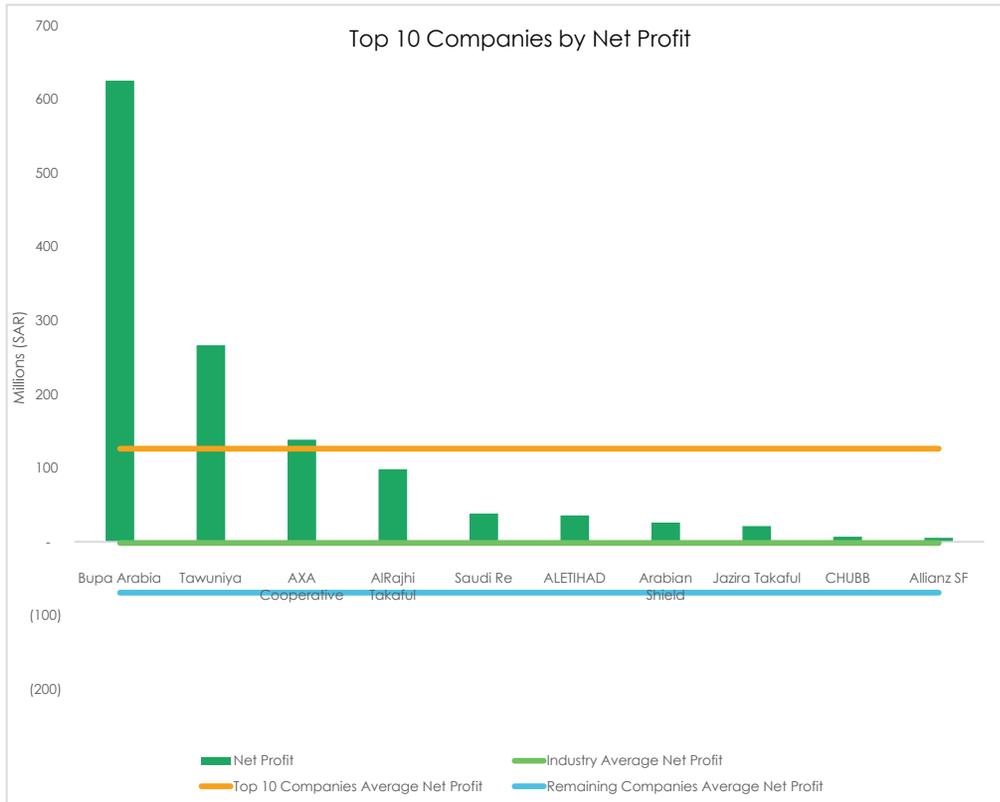
For medical, this is due to incurred claims reverting back to the pre-pandemic levels along with the pent-up demand resulting from deferred medical treatment and implementation of Article 11 resulting in claims from public providers that were not allowed for in the claims experience previously along with increased inflation resulting from post pandemic norms.

GRAPH 14 – NET PROFIT GROWTH



The following graph summarizes net profit of top 10 companies. Total net profit for top 10 companies stood at SAR 1,264m which was offset by a loss SAR 1,307m for the remaining companies. Hence, the industry reported total net loss of 44m. It is worth mentioning that 18 out of 29 companies included in this analysis, reported losses for 2021. Figures for net profit for remaining companies are provided later in the report.

GRAPH 15 - 2021 TOP 10 COMPANIES BY NET PROFIT

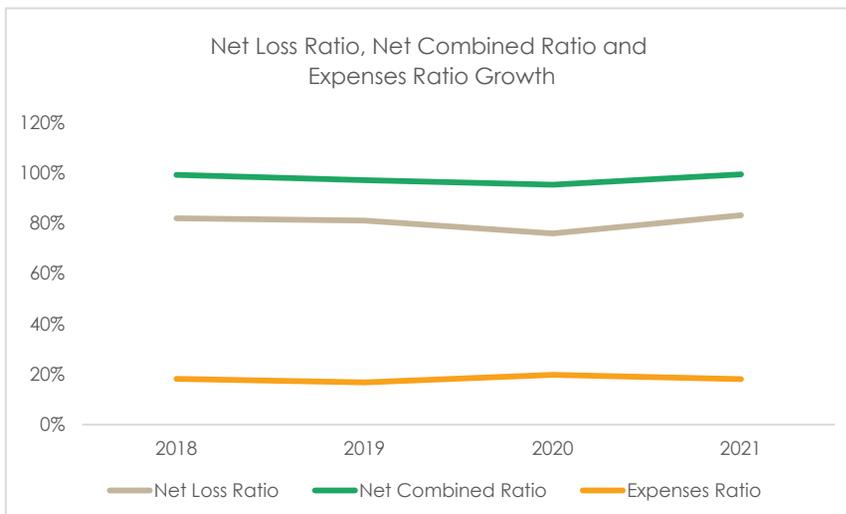


RATIOS

This section provides a detailed analysis of different ratios by companies as well as by lines of business.

Both net loss ratio and net combined ratio increased for 2021 after recording a decreased in 2020. Expense ratio for the market decreased from 20% in 2020 to 18% in 2021.

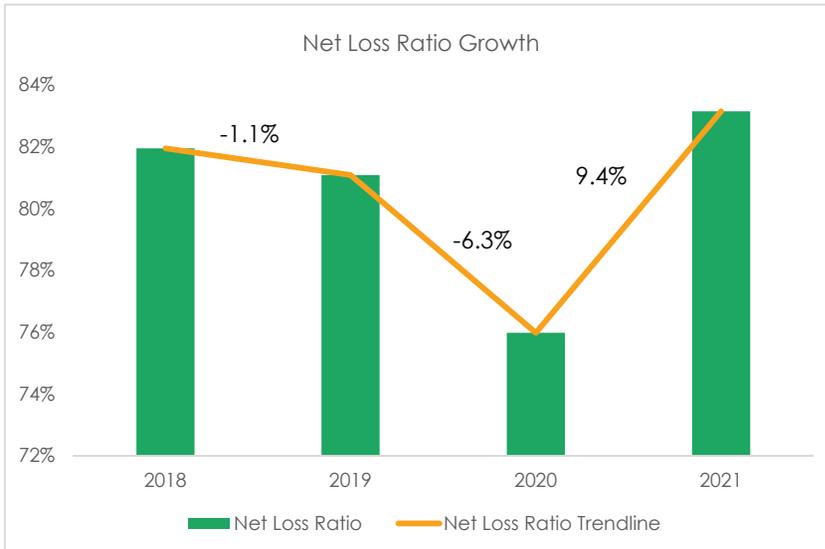
GRAPH 16 - NET LOSS RATIO, NET COMBINED RATIO AND EXPENSES RATIO



Net Loss Ratio

(calculated as a ratio of net incurred claims to net earned premiums)

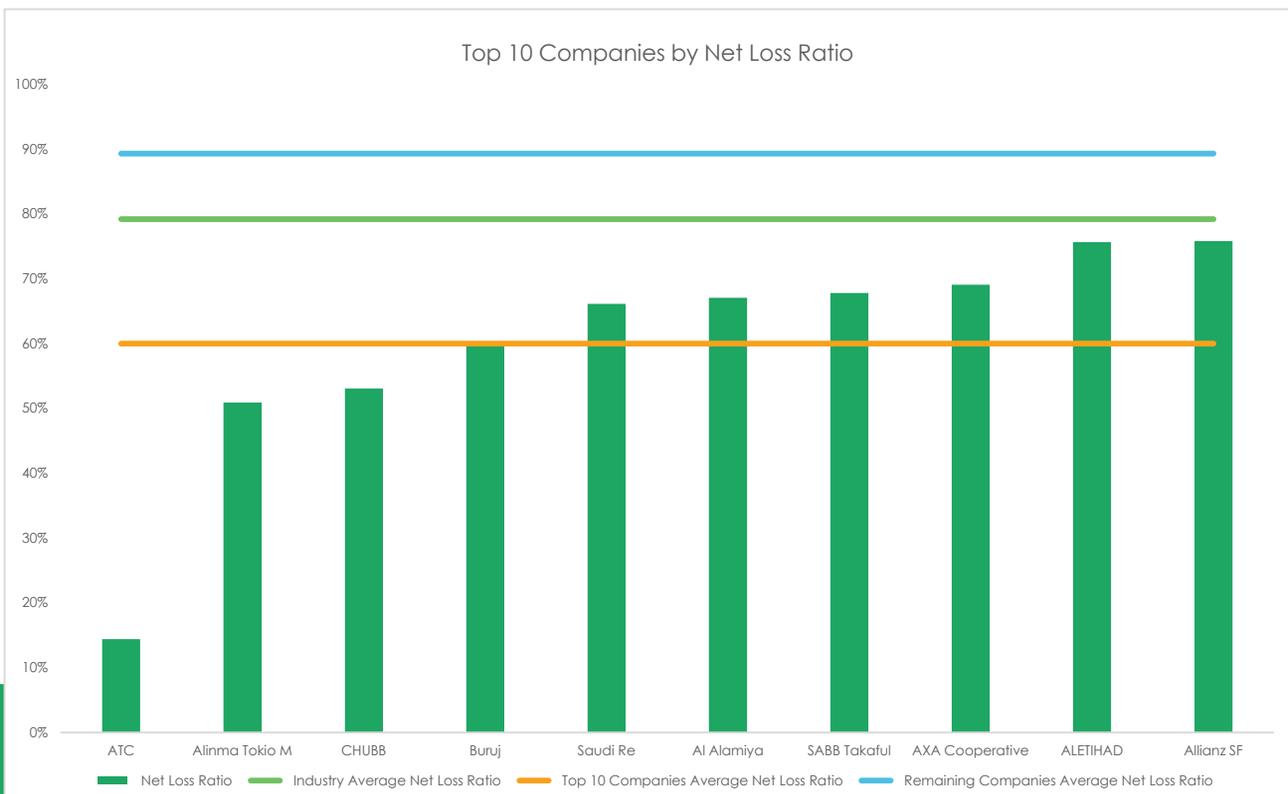
GRAPH 17 - NET LOSS RATIO



For FY 2021, the industry net loss ratio was 83%, a 9.4% increase from 76% in FY 2020. This increase was driven by an increase in net incurred claims from 23.6b in FY 2020 to 27.2b in 2021 (~15.4%). Correspondingly, there has been a lesser increase in the net earned premiums from 31b in FY 2020 to 32.7b in FY 2021 (~5.4%).

ATC registered the best loss ratio at 14%. As mentioned earlier in the report that financial statement as at 30 September 2021 is used for ATC as this is the last published report by the company. Net earned premium for the first three quarters of 2021 is reported as SAR 150m and net profit for the same period is SAR 31m. It is worth noting that all the top 10 companies by net loss ratio are relatively smaller companies in size. As given in Appendix, Amana Insurance reported the worst net loss ratio at 110%.

GRAPH 18 - 2021 TOP 10 COMPANIES BY NET LOSS RATIO

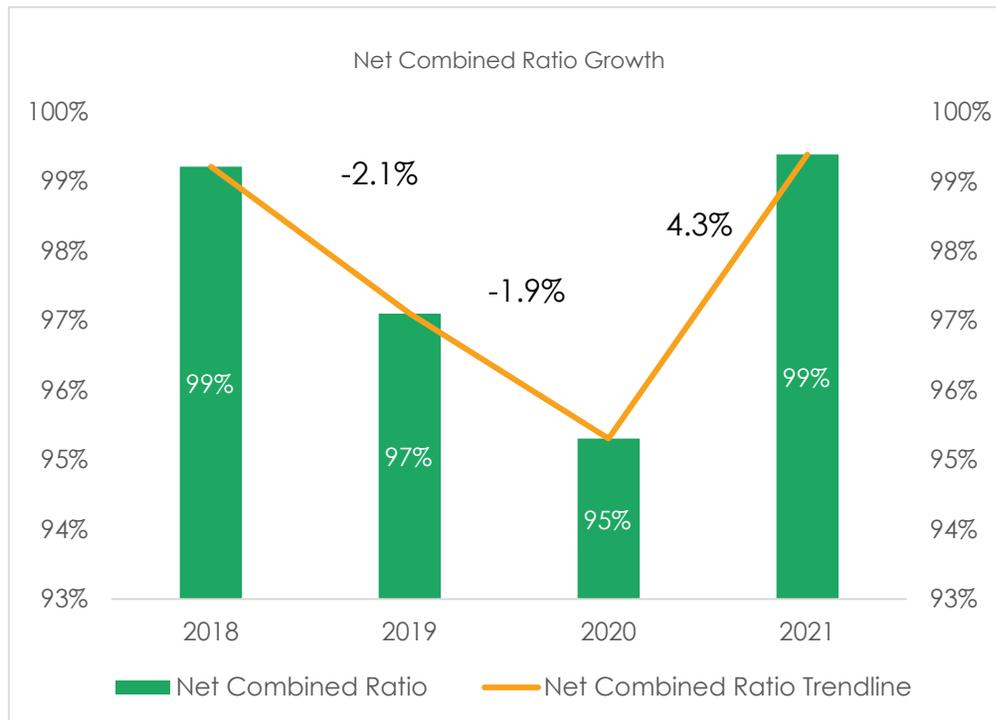


Net Combined Ratio

(calculated as $\{1 - (\text{Net Underwriting income} - \text{General \& Admin Expenses}) / (\text{Net Earned Premiums})\}$)

For FY 2021, the market's net combined ratio was 99%, a 4.3% increase from 95% in FY 2020 resulting primarily from the increase in net loss ratios.

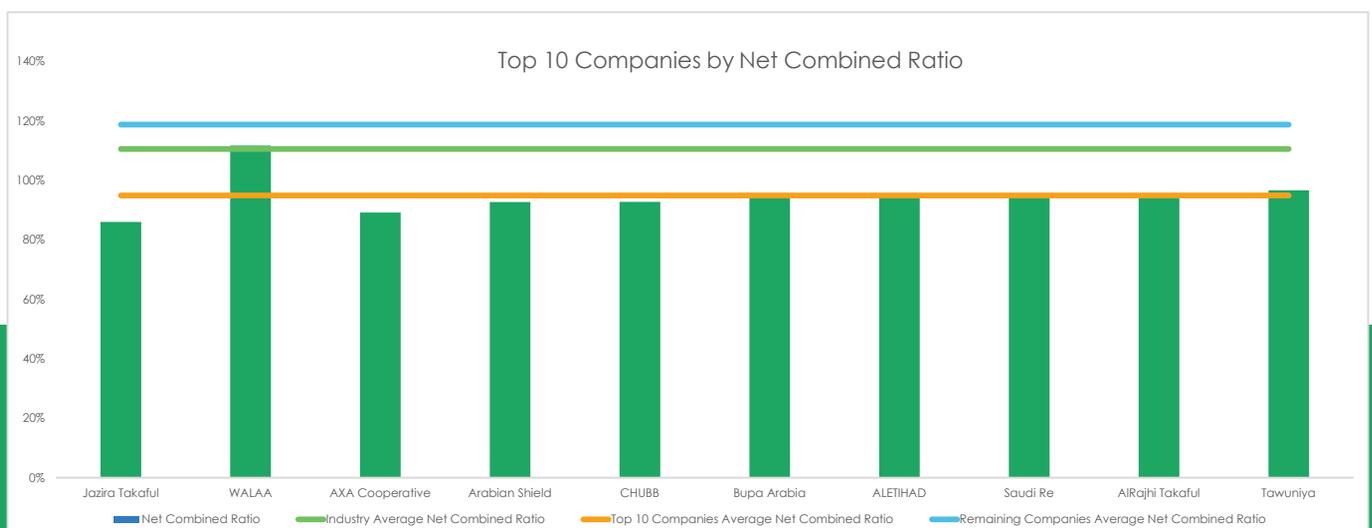
GRAPH 19 - NET COMBINED RATIO GROWTH



*Total assets do not include Other Shareholder Assets

Highest net combined ratio was shown by Amana Insurance at 148% while the lowest net combined Ratio was shown by Jazira Takaful at 86%.

GRAPH 20 - TOP 10 COMPANIES BY NET COMBINED RATIO

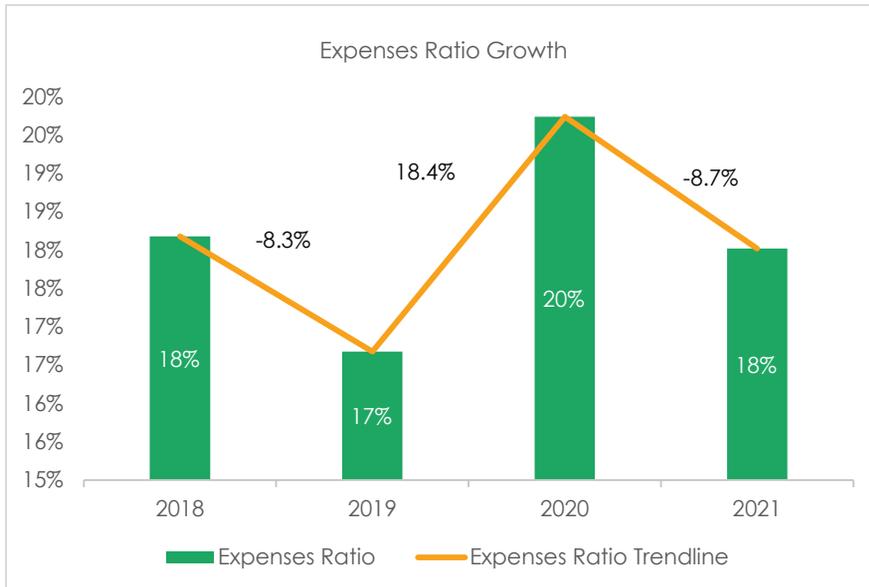


Expenses Ratio

(calculated as a ratio of total expenses to net earned premiums)

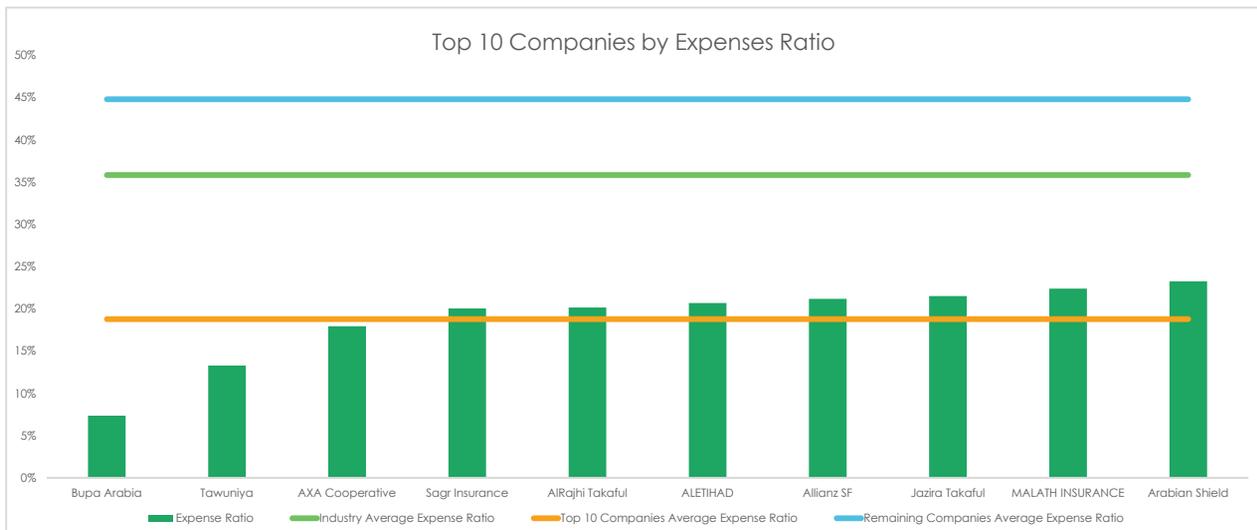
For FY 2021, the market's expense ratio was 18%, a 1.1% decrease from 20% in FY 2020. This ratio has historically been in late teens in terms of percentage.

GRAPH 21 - EXPENSES RATIO GROWTH



The companies bigger in size normally have better expense ratios as demonstrated in the following graph. Bupa Arabia recorded the lowest expense ratio at 7% while the highest expense ratio was reported by AlAhli Takaful Company at 85%.

GRAPH 22 - 2021 TOP 10 COMPANIES BY EXPENSES RATIO



Retention Ratio

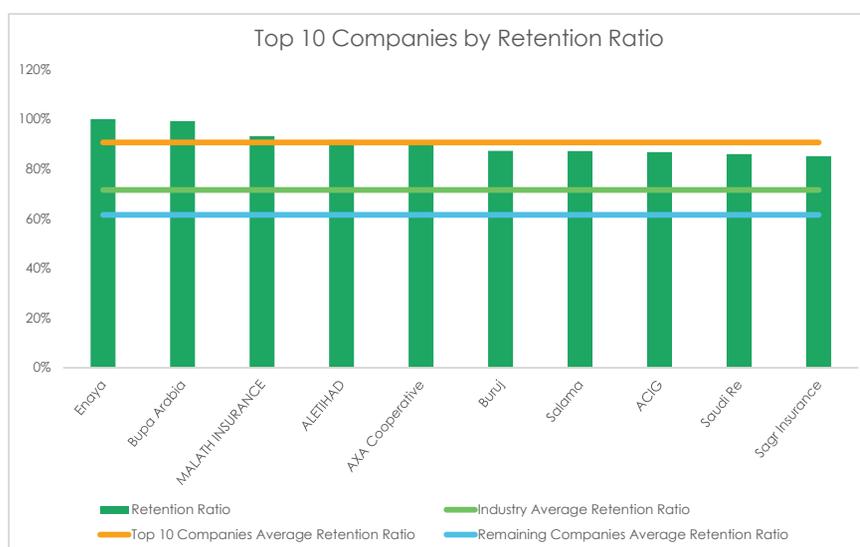
calculated as a ratio of net written premium (NWP) to gross written premium (GWP)

When compared with FY 2020, the market retention ratio for FY 2021 remained almost unchanged at 82%.

Saudi Enaya Cooperative Insurance Company (Enaya) had the highest retention ratio at 100%, while Jazira Takaful had the lowest retention ratio at 30%. Enaya writes only medical insurance and retaining the whole portfolio. On the other hand, 75% of Jazira Takaful's business is individual and group life business - majority of which is reinsured.

Medical and Motor lines of business generally have high retention ratios, while life insurance and commercial lines such as Property and Casualty tend to have lower retention ratios. LOB-wise retention ratios have been discussed in the subsequent sections of this report.

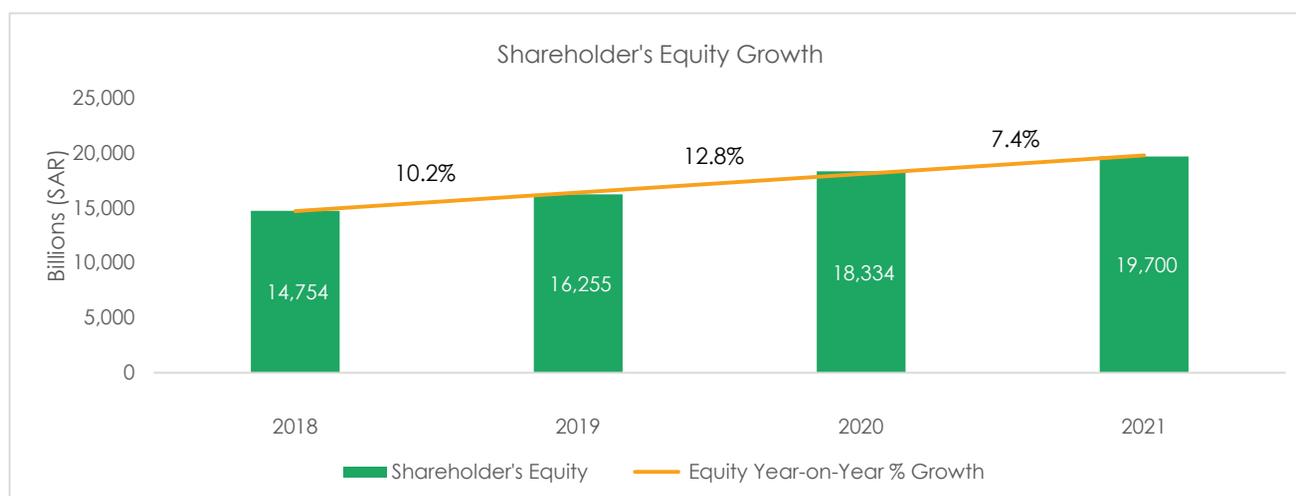
GRAPH 23 - 2021 TOP 10 COMPANIES BY RETENTION RATIO



Equity to Total Assets Ratio

(calculated as a ratio of shareholder's equity to total assets as at end of 2020)

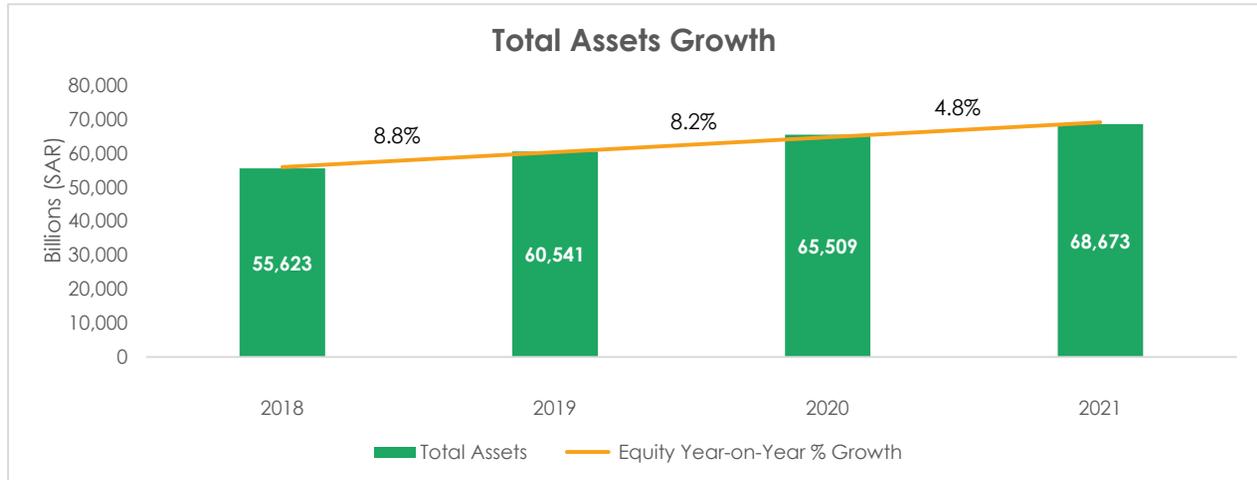
GRAPH 24 - SHAREHOLDER'S EQUITY



The overall shareholder's equity at end of FY 2021 was SAR 19.7b. 12 out of 29 companies experienced an increase in total equity, with the total for the 29 companies showing an overall increase of 7.4% from SAR 18.3b at end of FY 2020.

The total assets* at end of FY 2021 were SAR 68.7b. 19 out of 29 companies experienced an increase in total assets, with the total for the 29 companies showing an overall increase of 4.8% from SAR 65.5b at end of FY 2020.

GRAPH 25 – TOTAL ASSETS

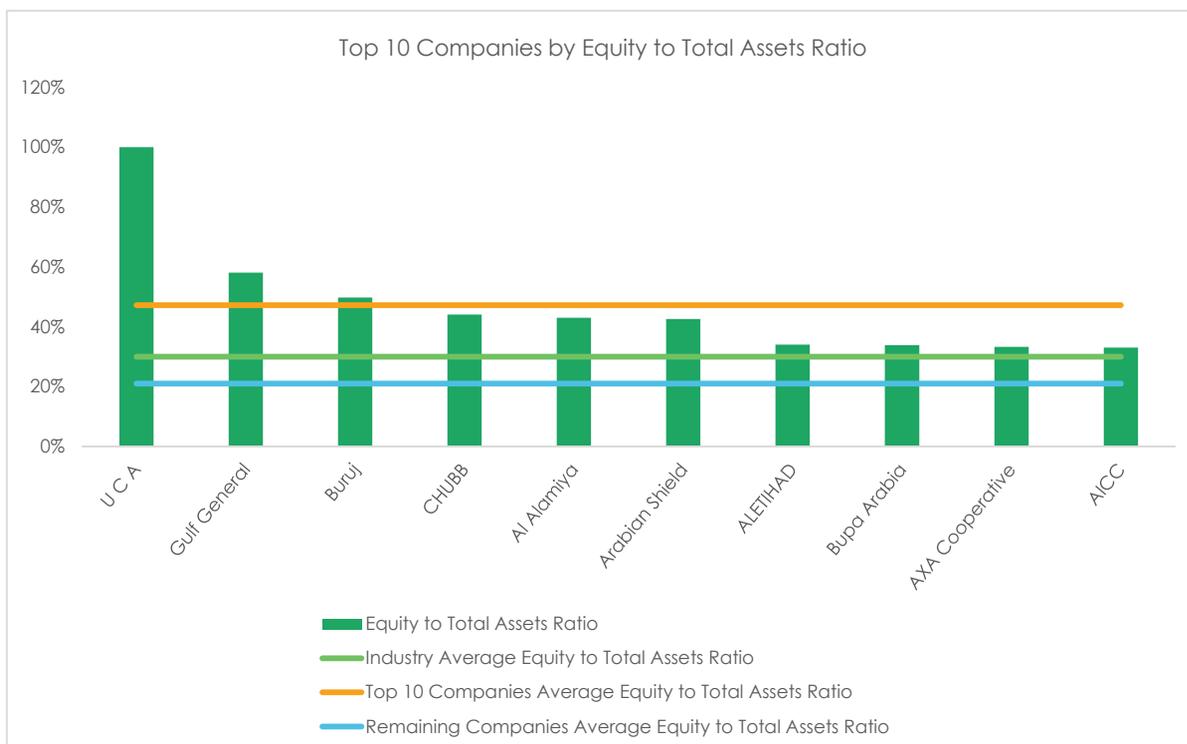


*Total assets do not include Other Shareholder Assets

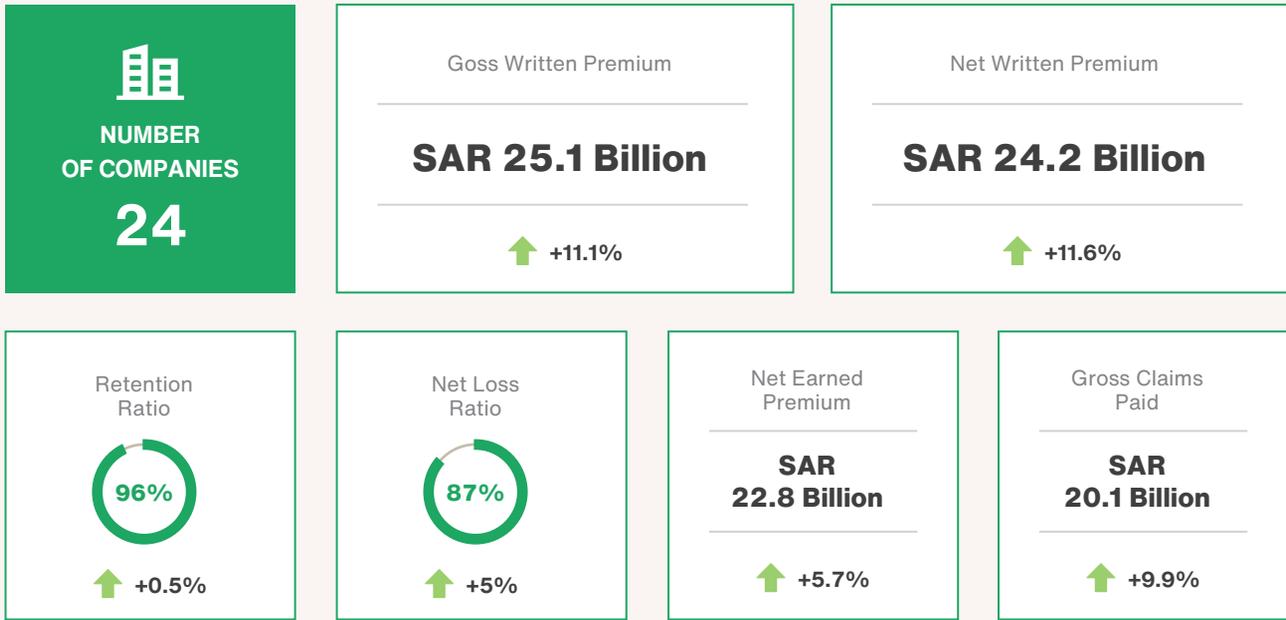
For FY 2021, the industry equity to total assets ratio for the market was 27%.

The highest equity to total assets ratio for FY 2021 was shown by Al Alamiya for Cooperative Insurance Company at 50%, and the lowest Equity to Total Assets ratio for FY 2021 was shown by Jazira Takaful Company at 17%.

GRAPH 26 – 2021 TOP 10 COMPANIES BY EQUITY TO TOTAL ASSETS RATIO



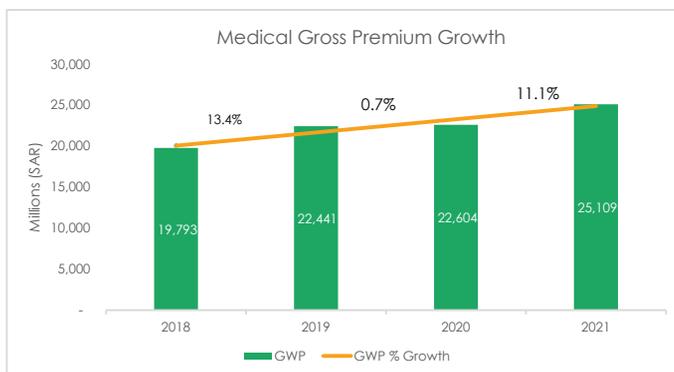
MEDICAL



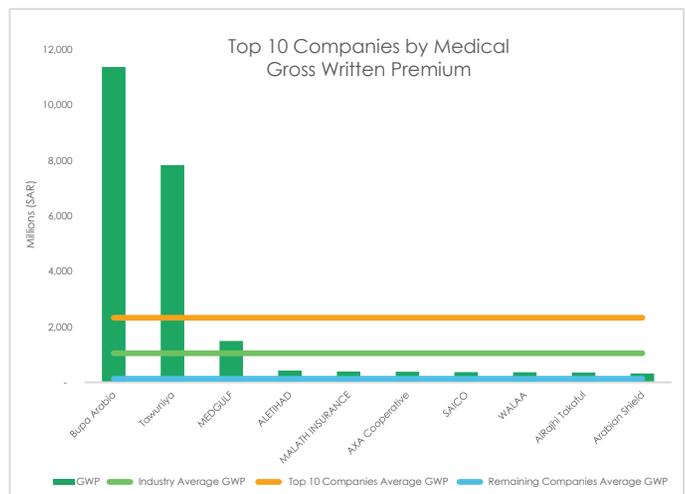
Medical GWP grew by 11.1% during FY 2021 to reach at SAR 25.1b. Bupa Arabia and Tawuniya are leading the market by a big margin as their combined GWP is SAR 19.2b while the total GWP for the rest of the market is SAR 5.9b.

Gross claims paid during FY 2021 grew at 9.9% as the companies recorded SAR 20.1b of gross claims paid in total. Retention of medical business is very high in the market as the companies are retaining more than 90% of this business.

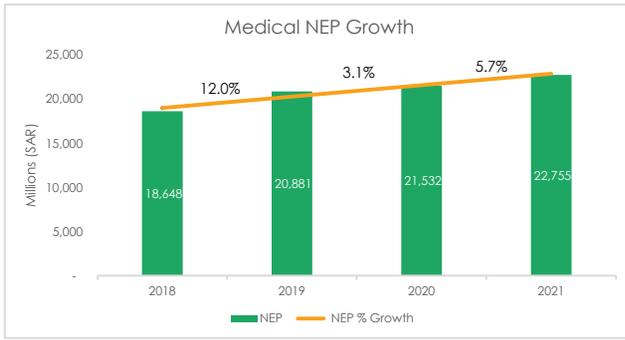
GRAPH 27 - MEDICAL GROSS PREMIUM GROWTH



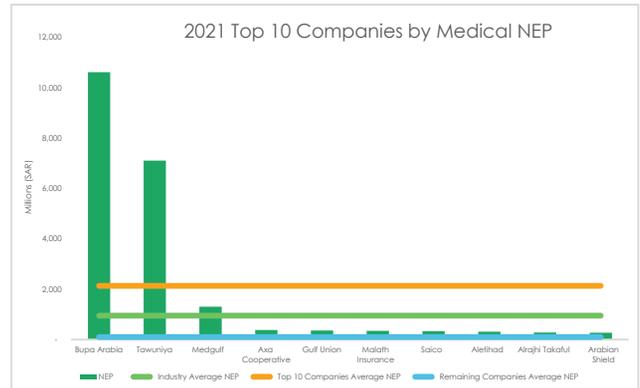
GRAPH 28 - 2021 TOP 10 COMPANIES BY MEDICAL GROSS WRITTEN PREMIUM



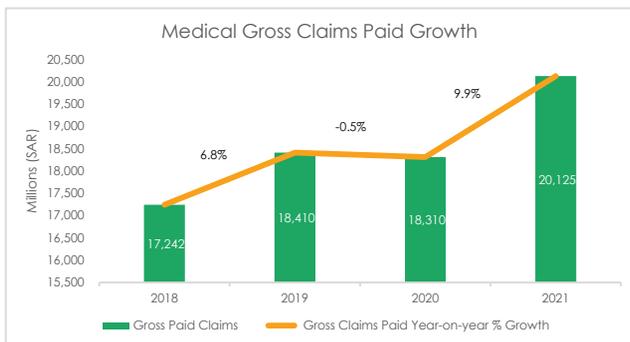
GRAPH 29 - MEDICAL NET EARNED PREMIUM GROWTH



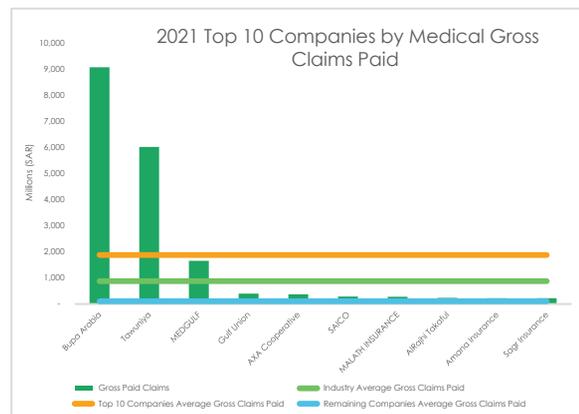
GRAPH 30 - 2021 TOP 10 COMPANIES BY MEDICAL NET EARNED PREMIUM BY COMPANY



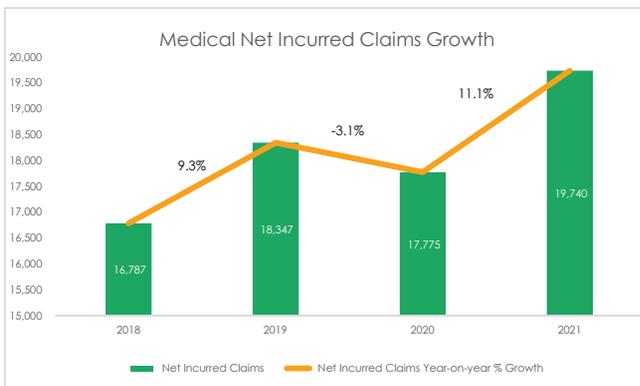
GRAPH 31 - MEDICAL GROSS CLAIMS PAID GROWTH



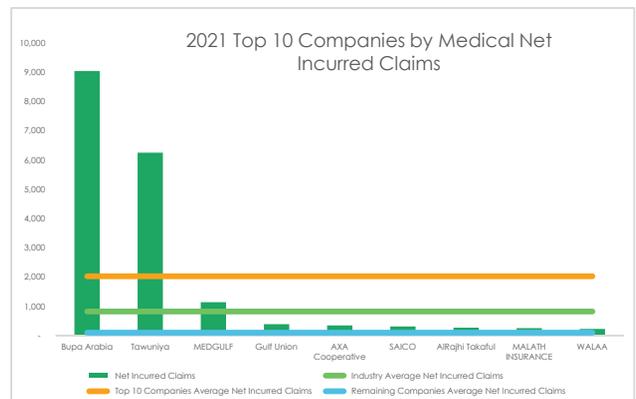
GRAPH 32 - 2021 TOP 10 COMPANIES BY MEDICAL GROSS CLAIMS PAID



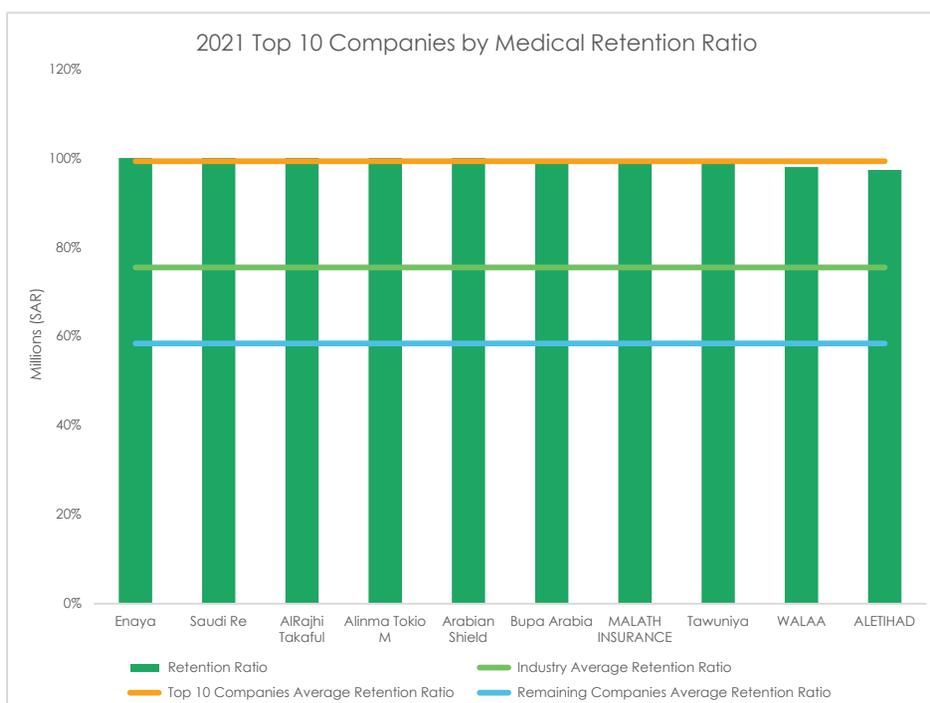
GRAPH 33 - MEDICAL NET INCURRED CLAIMS GROWTH



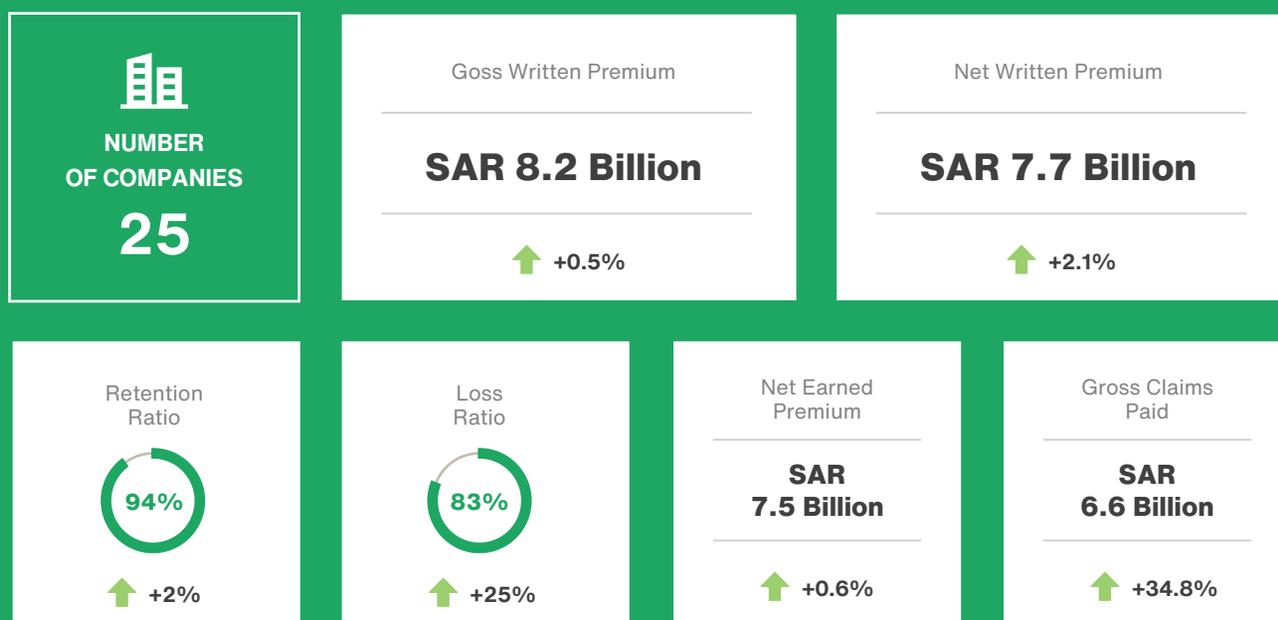
GRAPH 34 - 2021 TOP 10 COMPANIES BY MEDICAL NET INCURRED CLAIMS



GRAPH 35 – 2021 TOP 10 COMPANIES BY MEDICAL RETENTION RATIO



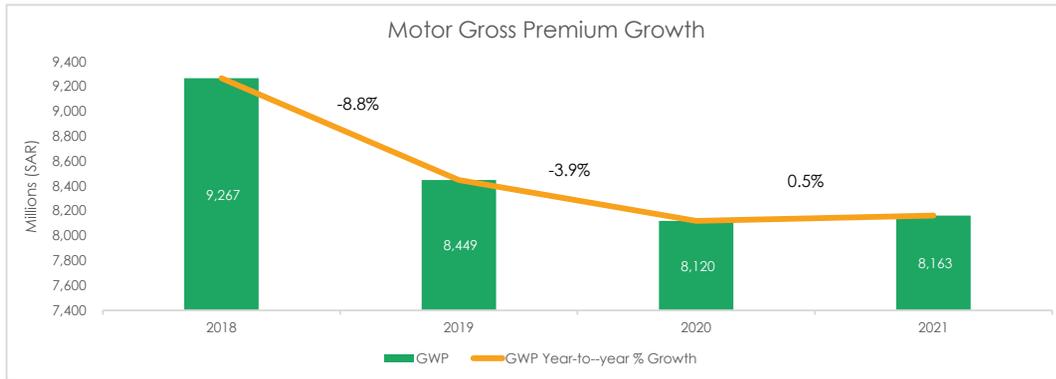
MOTOR



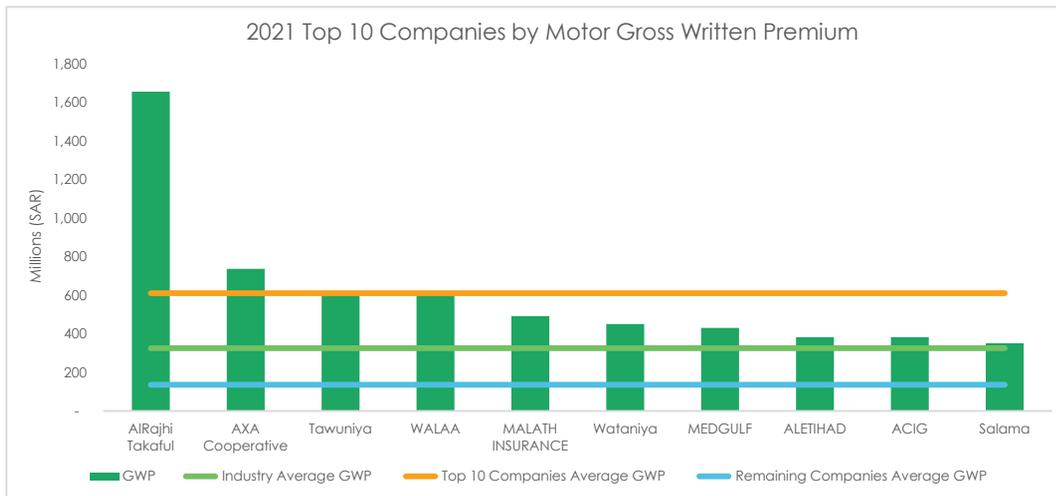
Motor GWP decreased by 0.5% during FY 2021 to reach at SAR 8.2b. Al Rajhi Takaful is leading the market by a big margin as it recorded SAR 1.7b of GWP which represents 20% of market GWP. The combined premium of top 5 companies represents more than 50% of market GWP.

Gross claims paid during FY 2021 grew by 34.8% as the companies recorded SAR 6.6b of gross claims paid in total, compared to the figure of SAR 4.9b in FY 2020. Retention of motor business is also very high in the market as most of the companies are retaining more than 90% of this business.

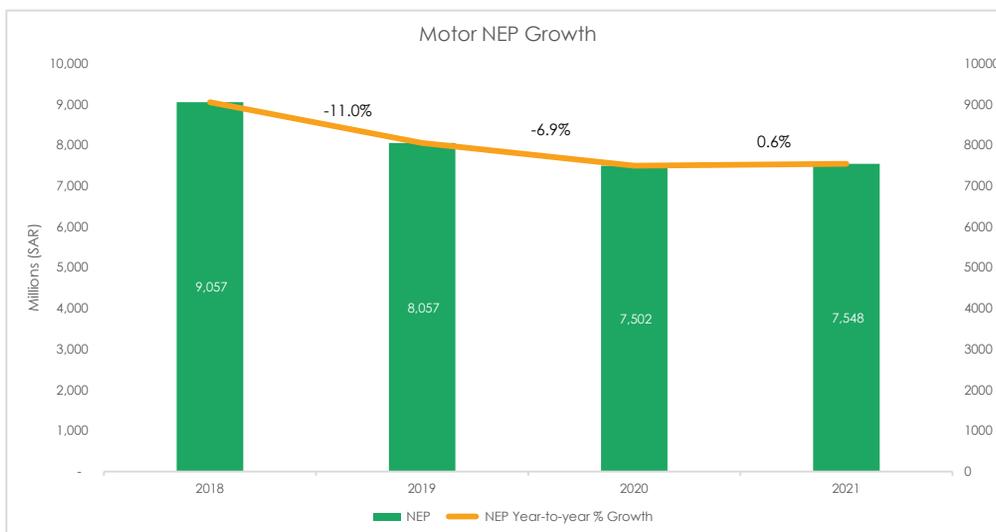
GRAPH 36 - MOTOR GROSS WRITTEN PREMIUM GROWTH



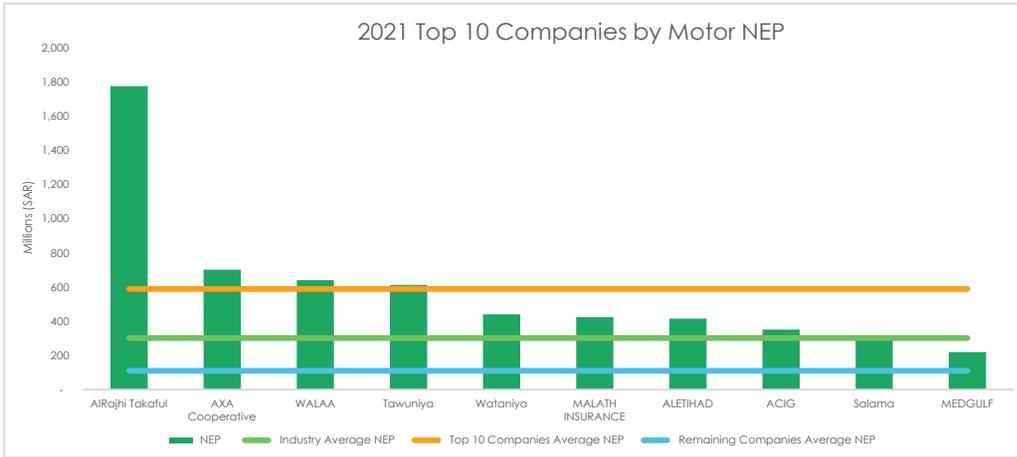
GRAPH 37 - 2021 TOP 10 COMPANIES BY MOTOR GROSS WRITTEN PREMIUM



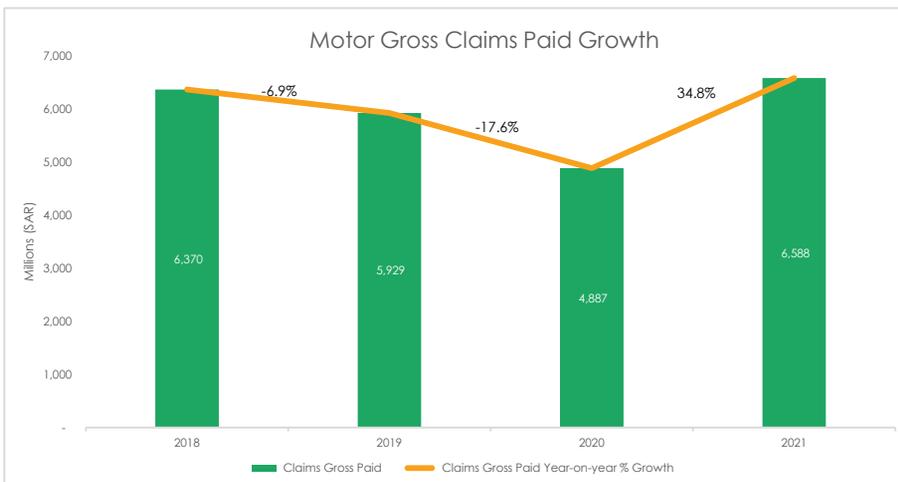
GRAPH 38 - MOTOR NET EARNED PREMIUM GROWTH



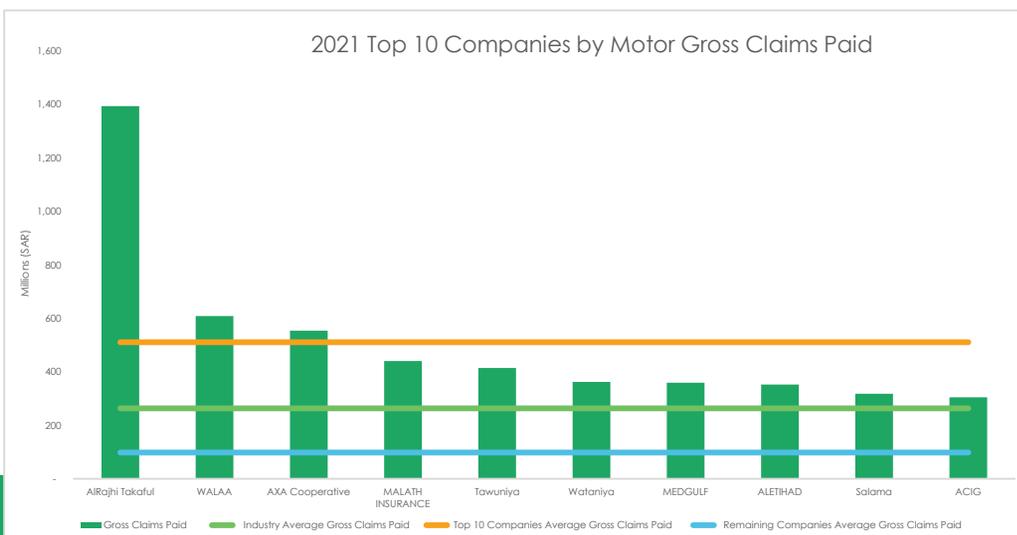
GRAPH 39 – TOP 10 COMPANIES BY MOTOR NET EARNED PREMIUM



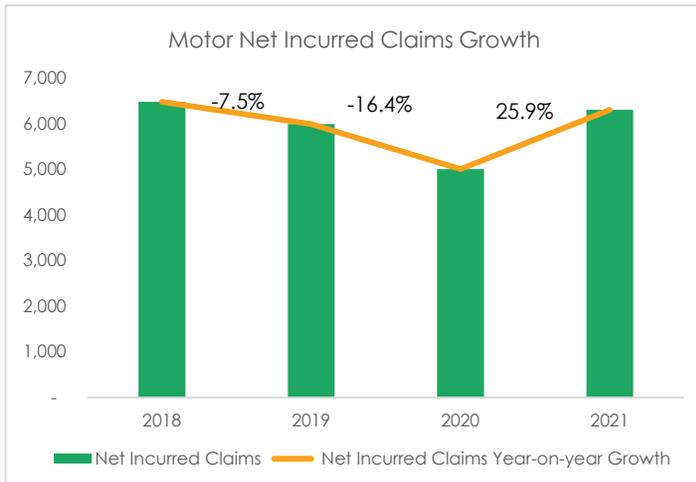
GRAPH 40 – MOTOR GROSS CLAIMS PAID GROWTH



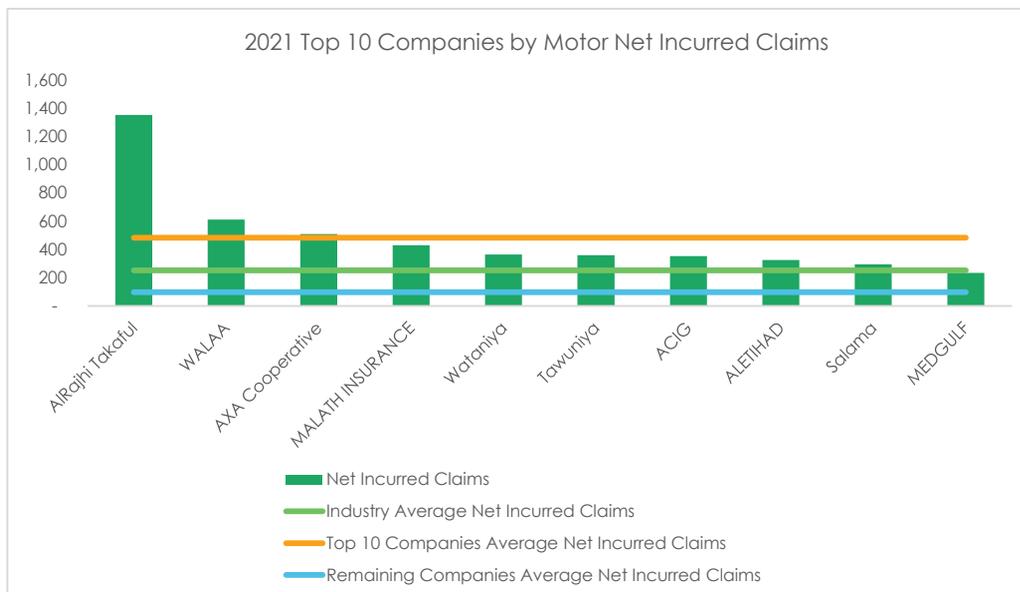
GRAPH 41 – 2021 TOP 10 COMPANIES BY MOTOR GROSS CLAIMS PAID



GRAPH 42 – MOTOR NET INCURRED CLAIMS GROWTH



GRAPH 43 – TOP 10 COMPANIES BY MOTOR NET INCURRED CLAIMS



GRAPH 44 – 2021 TOP 10 COMPANIES BY MOTOR RETENTION RATIO

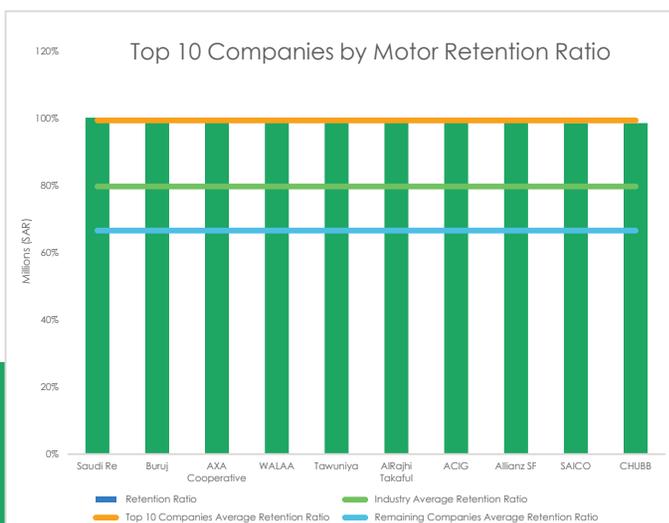


Exhibit 1

GWP (SAR Thousands)

INSURANCE COMPANY	GWP		MARKET SHARE BY GWP		MARKET RANK BY GWP		
	2021	2020	2021	2020	2021	2020	CHANGE
Bupa Arabia	11,382,194	10,447,353	27.14%	27.30%	1	1	0
Tawuniya	10,223,072	9,068,435	24.37%	23.70%	2	2	0
Alrajhi Takaful	2,759,590	2,732,873	6.58%	7.14%	3	3	0
Walaa	2,338,834	1,472,703	5.58%	3.85%	4	5	-1
Medgulf	2,236,222	2,534,501	5.33%	6.62%	5	4	1
Axa Cooperative	1,454,470	1,417,826	3.47%	3.70%	6	6	0
Saudi Re	1,115,880	935,114	2.66%	2.44%	7	7	0
Malath Insurance	942,107	781,568	2.25%	2.04%	8	10	-2
Wataniya	902,100	785,881	2.15%	2.05%	9	9	0
Aletihad	865,478	741,665	2.06%	1.94%	10	11	-1
Saico	777,538	795,038	1.85%	2.08%	11	8	3
Allianz Sf	764,490	675,974	1.82%	1.77%	12	12	0
Acig	592,588	515,117	1.41%	1.35%	13	16	-3
Gulf Union	572,523	557,123	1.36%	1.46%	14	14	0
Arabian Shield	558,166	552,708	1.33%	1.44%	15	15	0
Salama	467,531	427,623	1.11%	1.12%	16	17	-1
Sagr Insurance	438,300	379,114	1.04%	0.99%	17	18	-1
Aicc	422,323	346,432	1.01%	0.91%	18	19	-1
U C A	409,756	616,861	0.98%	1.61%	19	13	6
Alinma Tokio M	305,598	316,353	0.73%	0.83%	20	22	-2
Jazira Takaful	299,031	233,934	0.71%	0.61%	21	25	-4
Gulf General	296,751	320,955	0.71%	0.84%	22	21	1
Buruj	290,712	202,252	0.69%	0.53%	23	26	-3
Chubb	290,582	274,663	0.69%	0.72%	24	23	1
Amana Insurance	275,487	329,519	0.66%	0.86%	25	20	5
Al Alamiya	263,637	191,170	0.63%	0.50%	26	28	-2
Atc	252,527	248,234	0.60%	0.65%	27	24	3
Sabb Takaful	227,946	201,681	0.54%	0.53%	28	27	1
Enaya	218,502	165,874	0.52%	0.43%	29	29	0
Total	41,943,933	38,268,544	100.00%	100.00%			

Exhibit 2

Net Profit (SAR Thousands)

INSURANCE COMPANY	NET PROFIT		NET PROFIT PARTICIPATION		MARKET RANK BY NET PROFIT		
	2021	2020	2021	2020	2021	2020	CHANGE
Bupa Arabia	625,570	696,128	-1433.02%	47.76%	1	1	0
Tawuniya	266,560	393,330	-610.62%	26.98%	2	2	0
AXA Cooperative	138,523	138,501	-317.32%	9.50%	3	4	-1
WALAA	98,471	227,046	-225.57%	15.58%	4	3	1
AlRajhi Takaful	38,309	45,918	-87.76%	3.15%	5	7	-2
Saudi Re	35,941	39,187	-82.33%	2.69%	6	8	-2
ALETIHAD	26,153	31,657	-59.91%	2.17%	7	11	-4
Arabian Shield	21,420	38,764	-49.07%	2.66%	8	9	-1
Jazira Takaful	7,162	30,288	-16.41%	2.08%	9	12	-3
CHUBB	5,619	-27,348	-12.87%	-1.88%	10	23	-13
Allianz SF	4,314	5,737	-9.88%	0.39%	11	18	-7
Buruj	-858	8,019	1.97%	0.55%	12	13	-1
ATC	-5,517	6,257	12.64%	0.43%	13	16	-3
AICC	-5,919	-31,302	13.56%	-2.15%	14	25	-11
SABB Takaful	-14,403	-5,823	32.99%	-0.40%	15	21	-6
Alinma Tokio M	-35,377	-6,146	81.04%	-0.42%	16	22	-6
Al Alamiya	-54,476	7,838	124.79%	0.54%	17	14	3
Wataniya	-61,972	-28,413	141.96%	-1.95%	18	24	-6
Enaya	-62,635	47,322	143.48%	3.25%	19	6	13
SAICO	-73,671	-43,880	168.76%	-3.01%	20	26	-6
U C A	-74,471	-112,479	170.59%	-7.72%	21	29	-8
Sagr Insurance	-85,660	7,548	196.22%	0.52%	22	15	7
MALATH INSURANCE	-86,776	3,753	198.78%	0.26%	23	19	4
Gulf General	-112,410	6,050	257.50%	0.42%	24	17	7
Salama	-114,584	-917	262.48%	-0.06%	25	20	5
ACIG	-119,136	-61,837	272.91%	-4.24%	26	28	-2
Amana Insurance	-122,054	51,123	279.59%	3.51%	27	5	22
MEDGULF	-140,588	36,913	322.05%	2.53%	28	10	18
Gulf Union	-141,189	-45,577	323.43%	-3.13%	29	27	2
Total	-43,654	1,457,657	100.00%	100.00%			

Exhibit 3

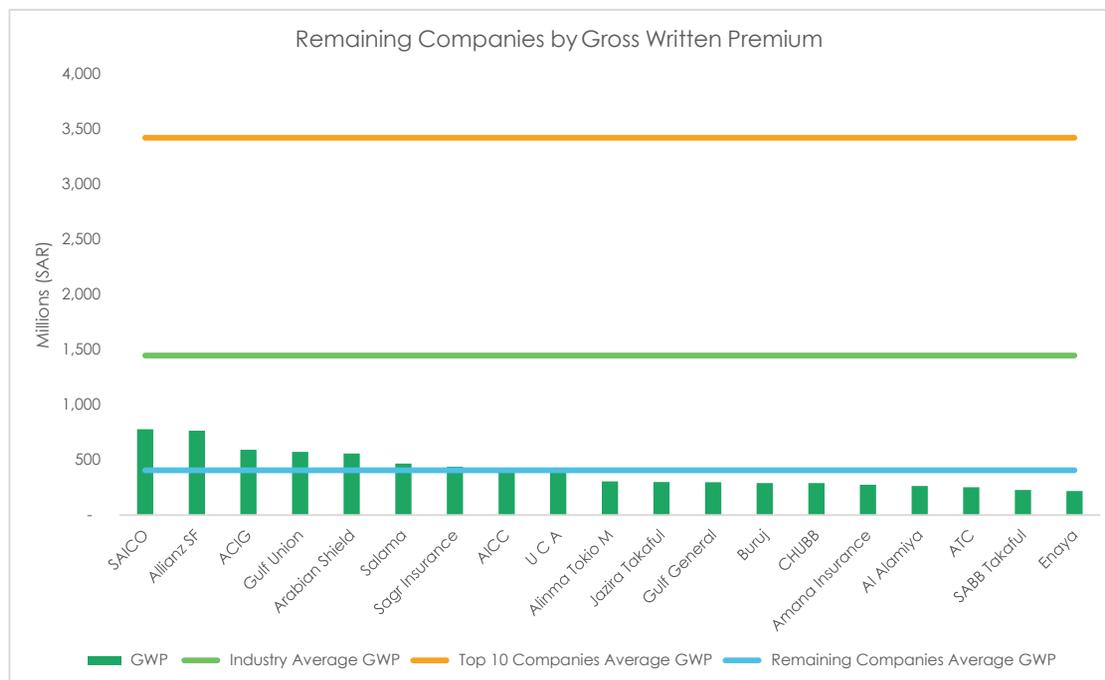
Total Assets and Shareholder's Equity (SAR Thousands)

INSURANCE COMPANY	TOTAL ASSETS		SHAREHOLDER'S EQUITY	
	2021	2020	2021	YE 2020
Tawuniya	14,633,017	14,416,794	3,039,064	2,809,362
Bupa Arabia	12,399,102	11,496,355	4,195,024	3,902,853
AlRajhi Takaful	4,641,318	4,360,262	1,270,416	1,112,381
MEDGULF	4,125,281	3,848,469	1,014,649	759,697
WALAA	3,447,181	2,880,102	810,626	915,234
Saudi Re	3,117,469	2,808,210	963,996	923,179
AXA Cooperative	2,991,069	2,766,218	996,019	870,902
Jazira Takaful	2,788,718	2,020,755	813,972	472,948
Allianz SF	2,583,326	2,631,899	711,293	714,738
ALETIHAD	1,629,021	1,459,987	554,361	512,556
SAICO	1,355,444	1,311,432	292,736	356,505
Wataniya	1,347,237	1,594,728	211,195	265,832
MALATH INSURANCE	1,306,340	1,318,044	371,576	460,460
Arabian Shield	1,148,622	1,208,565	488,713	461,904
ATC	1,126,660	1,088,807	248,965	249,946
SABB Takaful	1,028,271	941,659	292,277	297,343
U C A	978,405	1,236,881	978,405	335,063
Gulf Union	930,757	1,139,718	132,025	272,332
Buruj	889,952	834,897	442,421	444,519
Al Alamiya	853,731	773,081	366,831	403,681
CHUBB	809,217	759,884	356,702	350,118
Sagr Insurance	753,782	804,001	213,277	287,782
Alinma Tokio M	676,876	655,997	186,909	201,763
AICC	652,158	630,305	215,639	221,766
Gulf General	639,050	427,688	370,873	163,134
Salama	614,541	711,332	96,484	208,646
ACIG	595,600	607,410	32,036	145,631
Enaya	345,925	315,981	59,688	121,735
Amana Insurance	264,435	459,900	(26,084)	92,239
Total	68,408,070	65,049,462	19,726,172	18,242,010

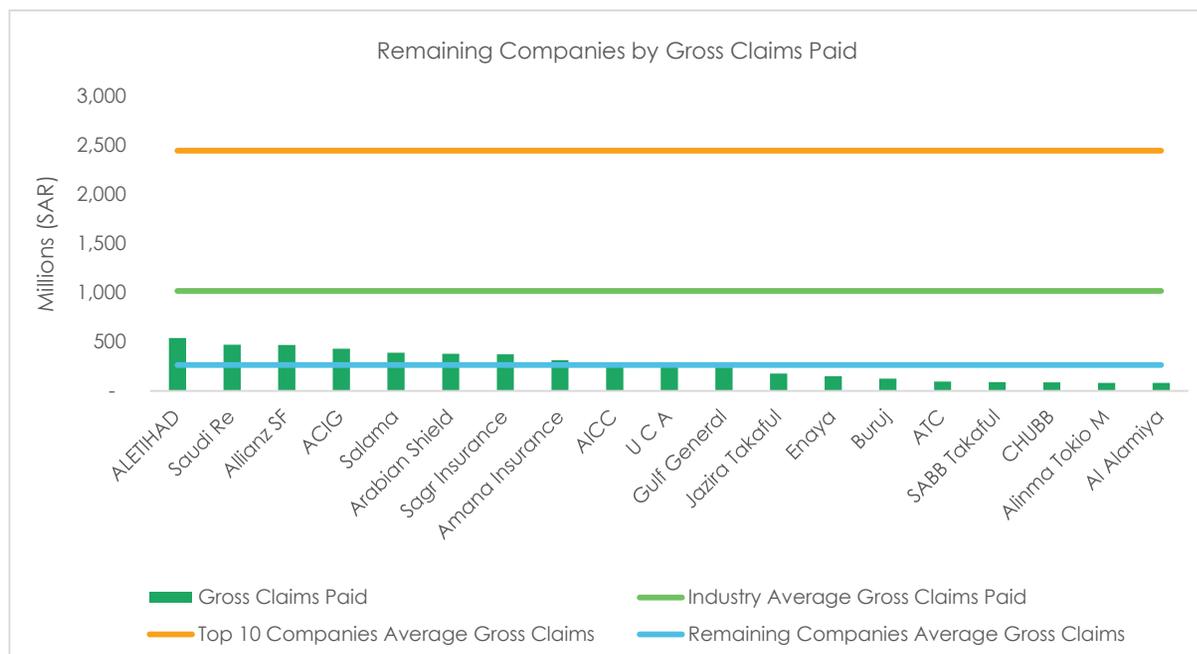
Total

APPENDIX

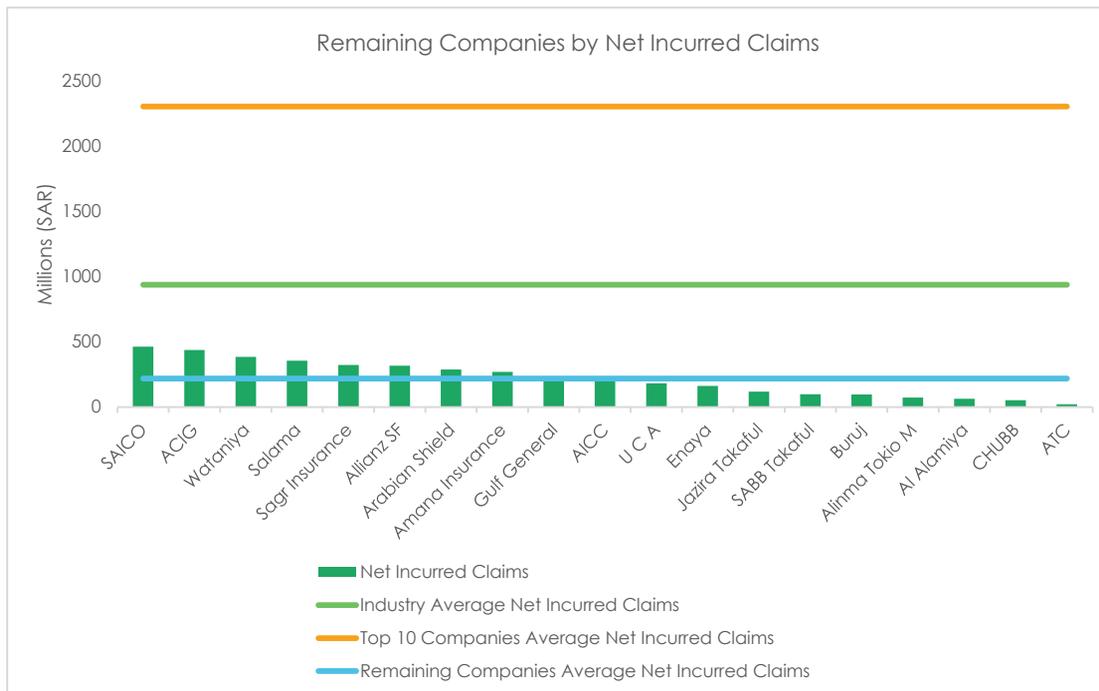
GRAPH 45 - 2021 REMAINING COMPANIES BY GROSS WRITTEN PREMIUM



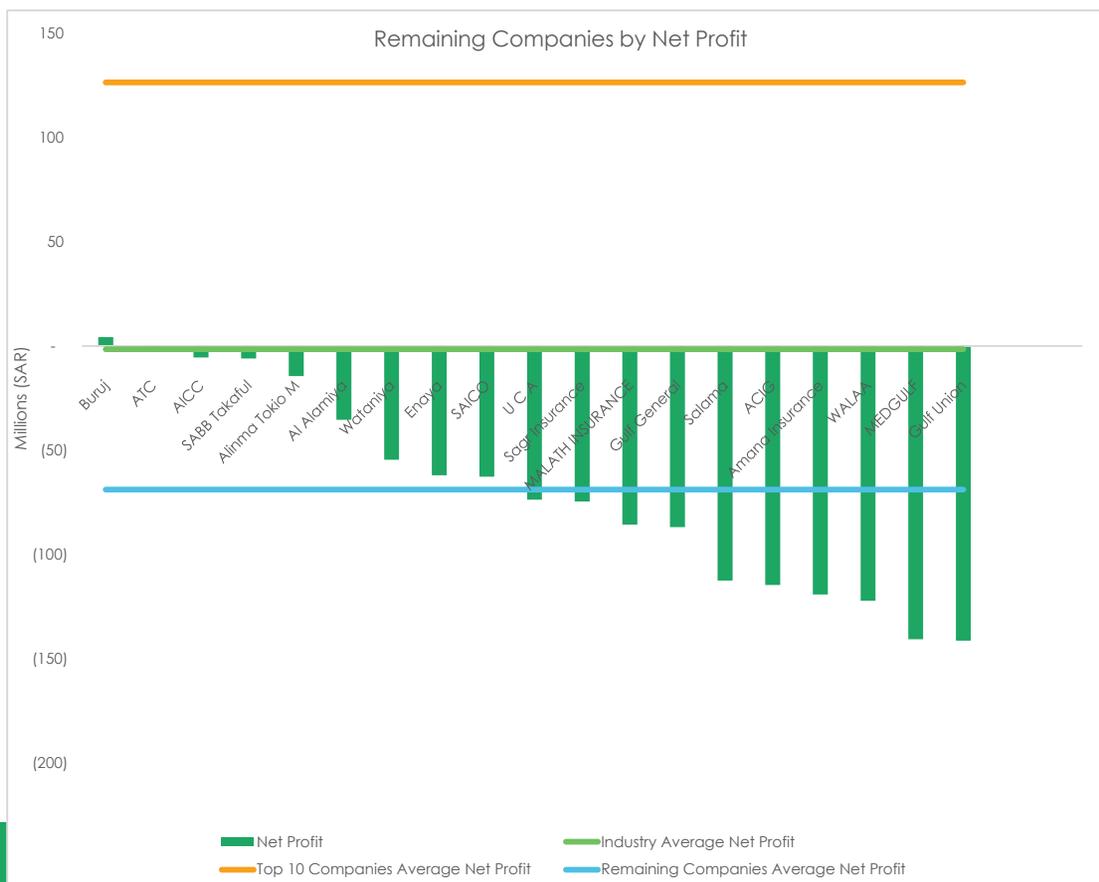
GRAPH 46 - 2021 REMAINING COMPANIES BY GROSS CLAIMS PAID BY COMPANY



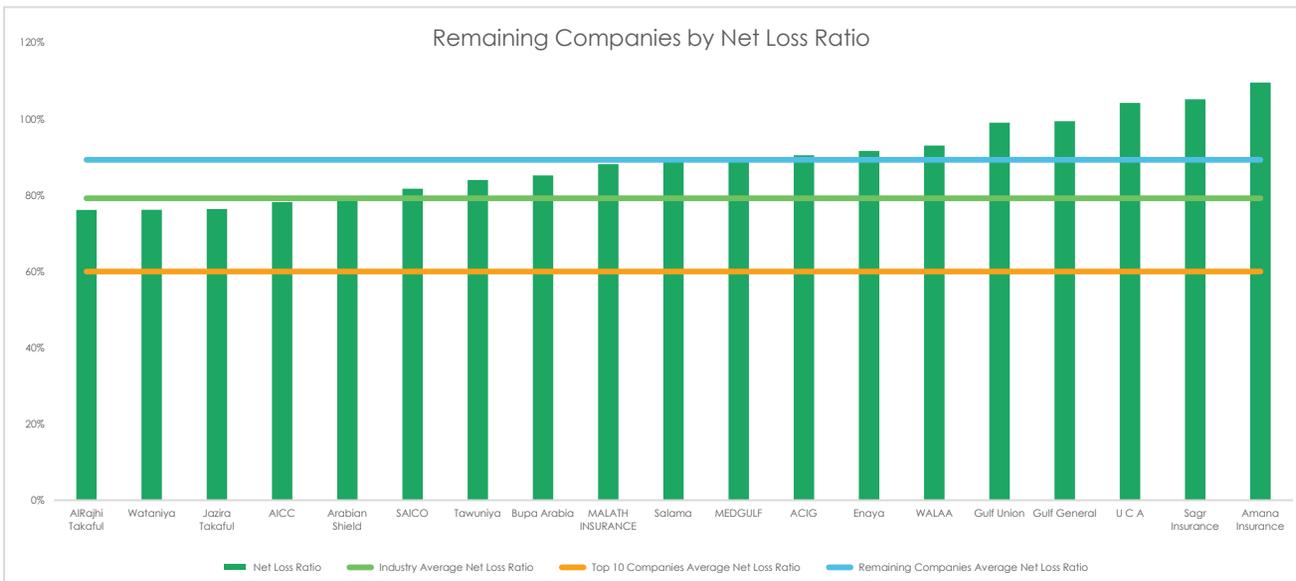
GRAPH 47 – 2021 REMAINING COMPANIES BY NET INCURRED CLAIMS



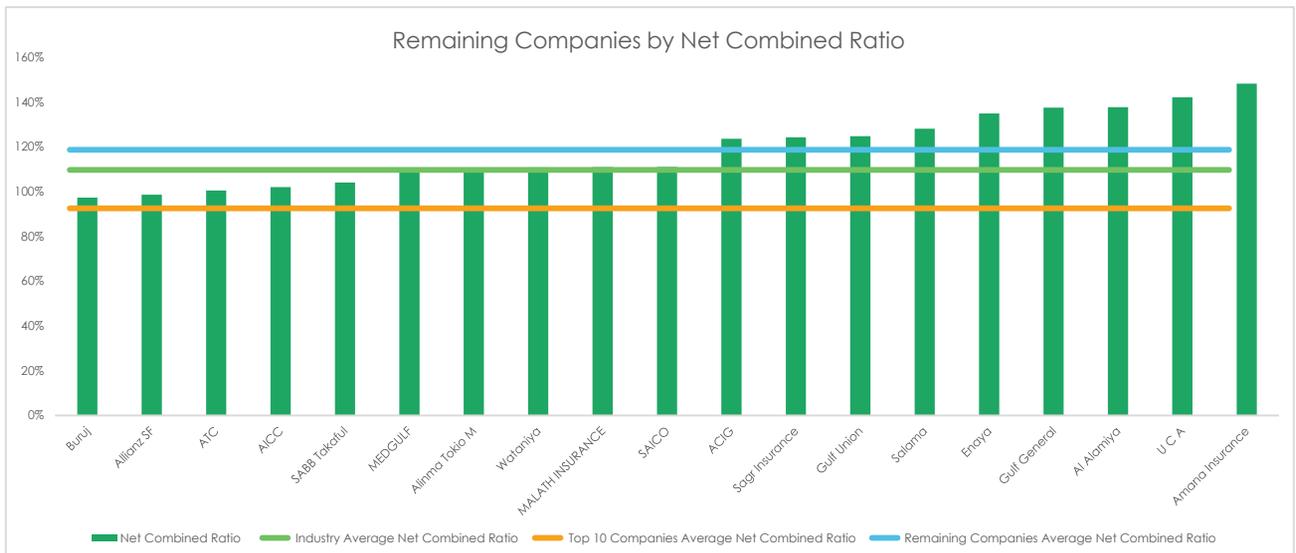
GRAPH 48 – 2021 REMAINING COMPANIES BY NET PROFIT



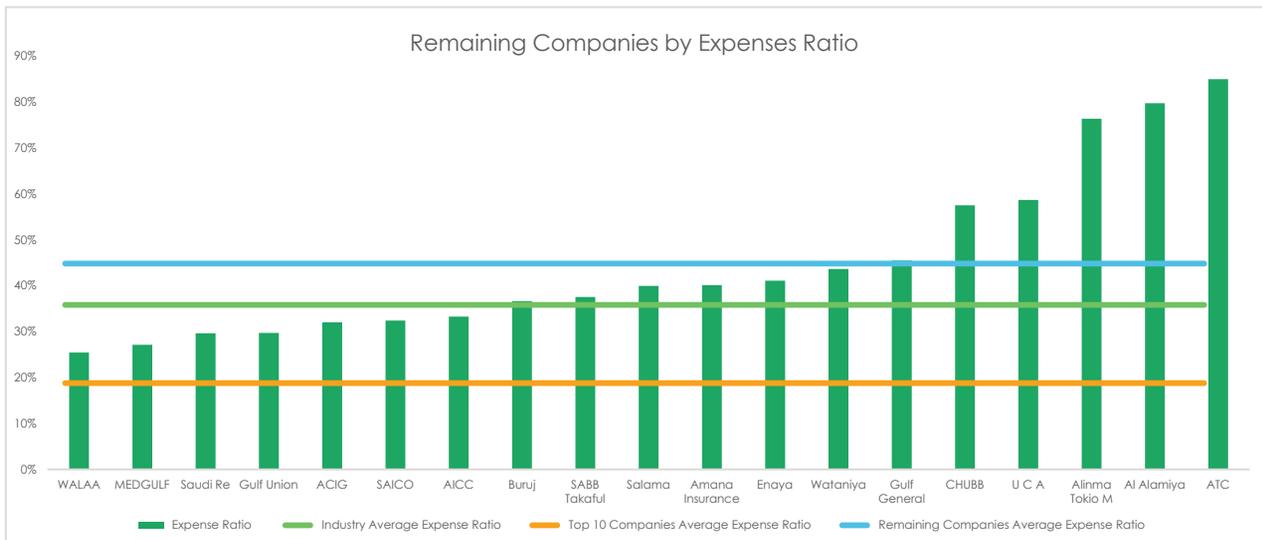
GRAPH 49 – 2021 REMAINING COMPANIES BY NET LOSS RATIO



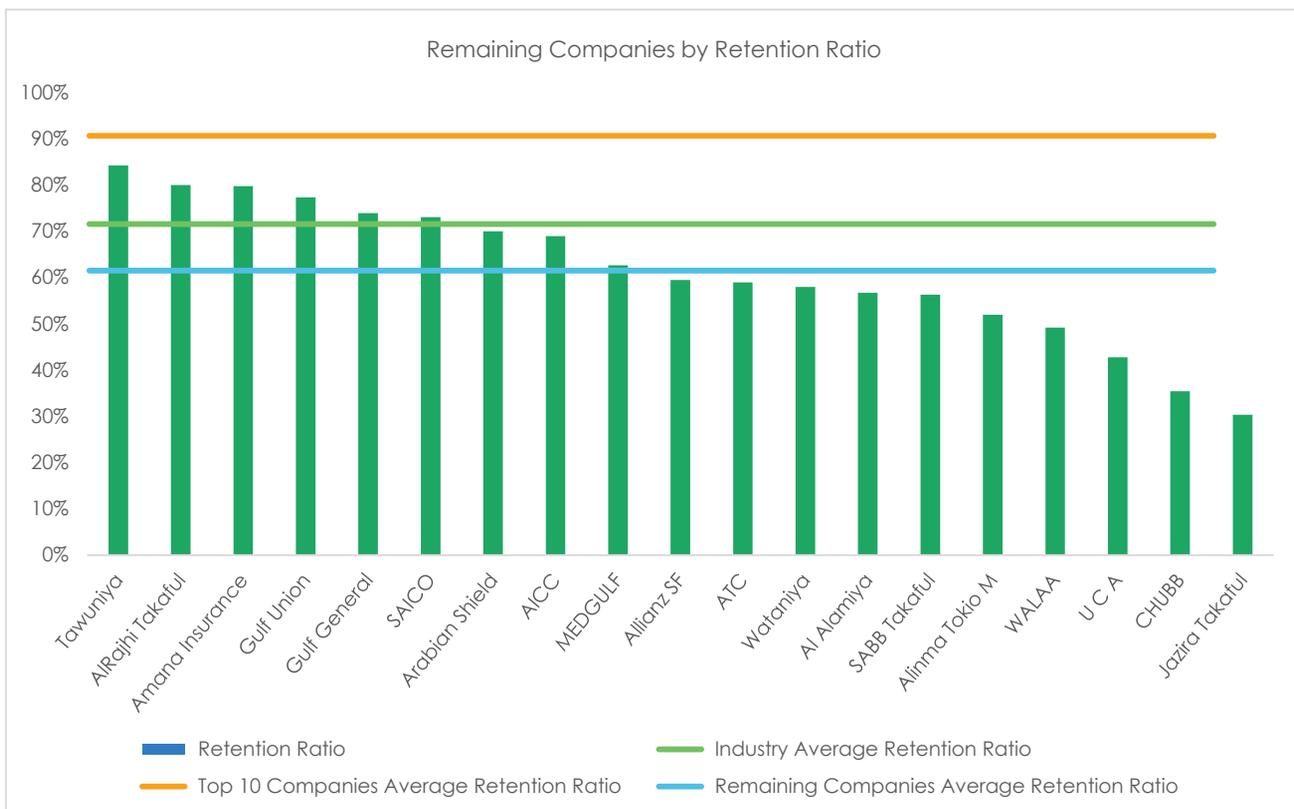
GRAPH 50 – 2021 REMAINING COMPANIES BY NET COMBINED RATIO



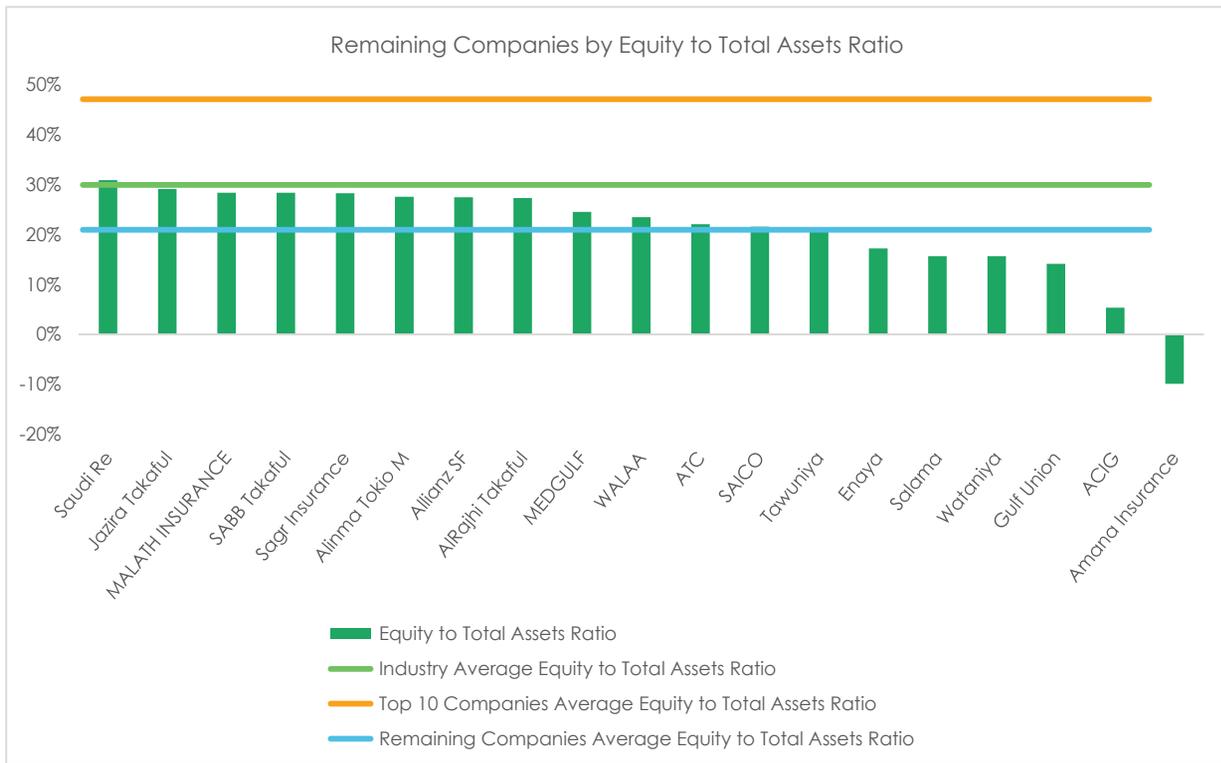
GRAPH 51 – 2021 REMAINING COMPANIES BY EXPENSES RATIO



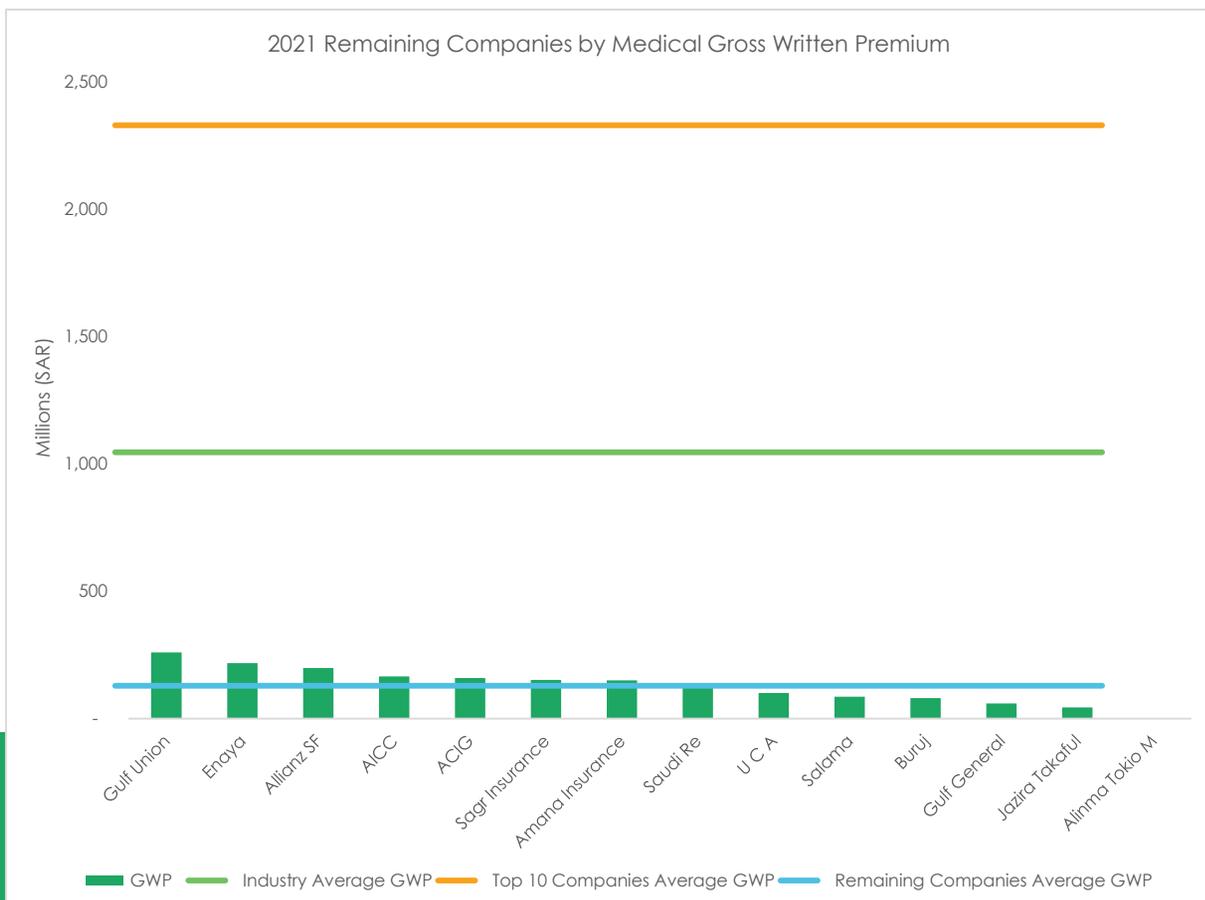
GRAPH 52 – 2021 REMAINING COMPANIES BY RETENTION RATIO



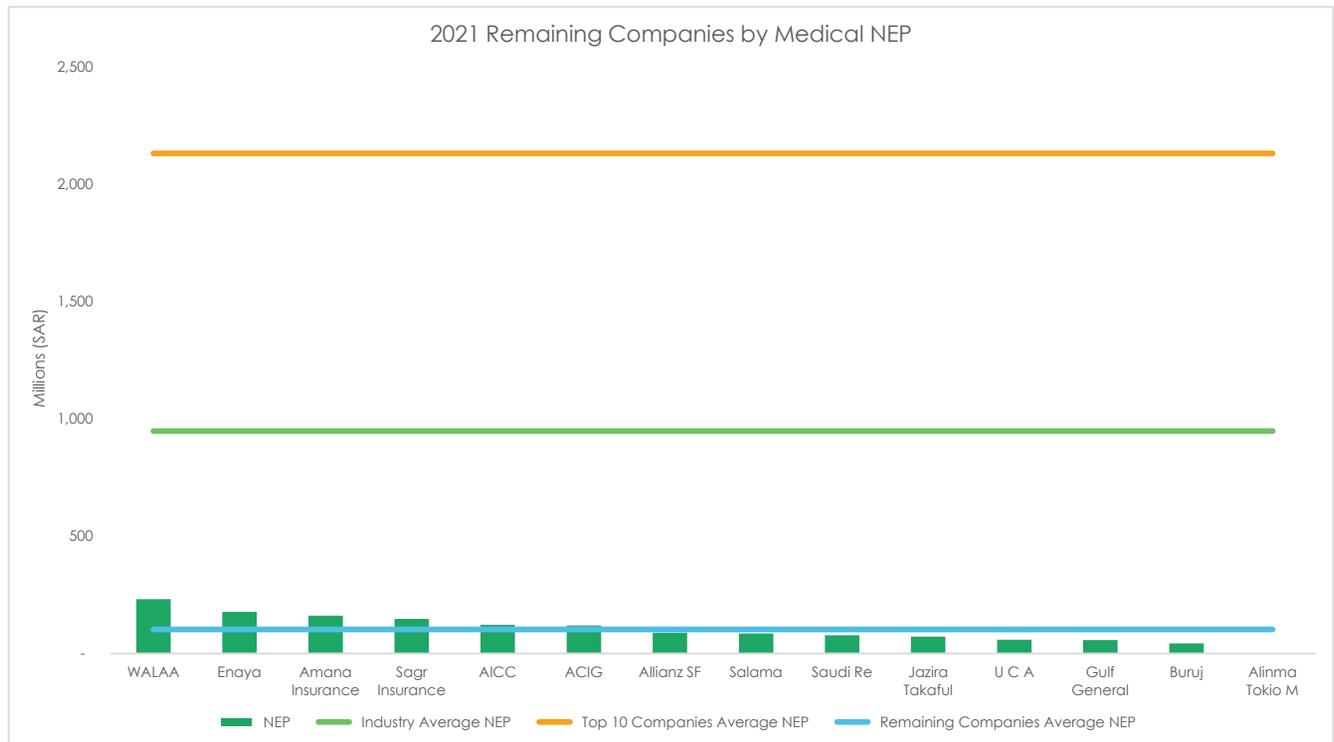
GRAPH 53 – 2021 REMAINING COMPANIES BY EQUITY TO TOTAL ASSETS RATIO



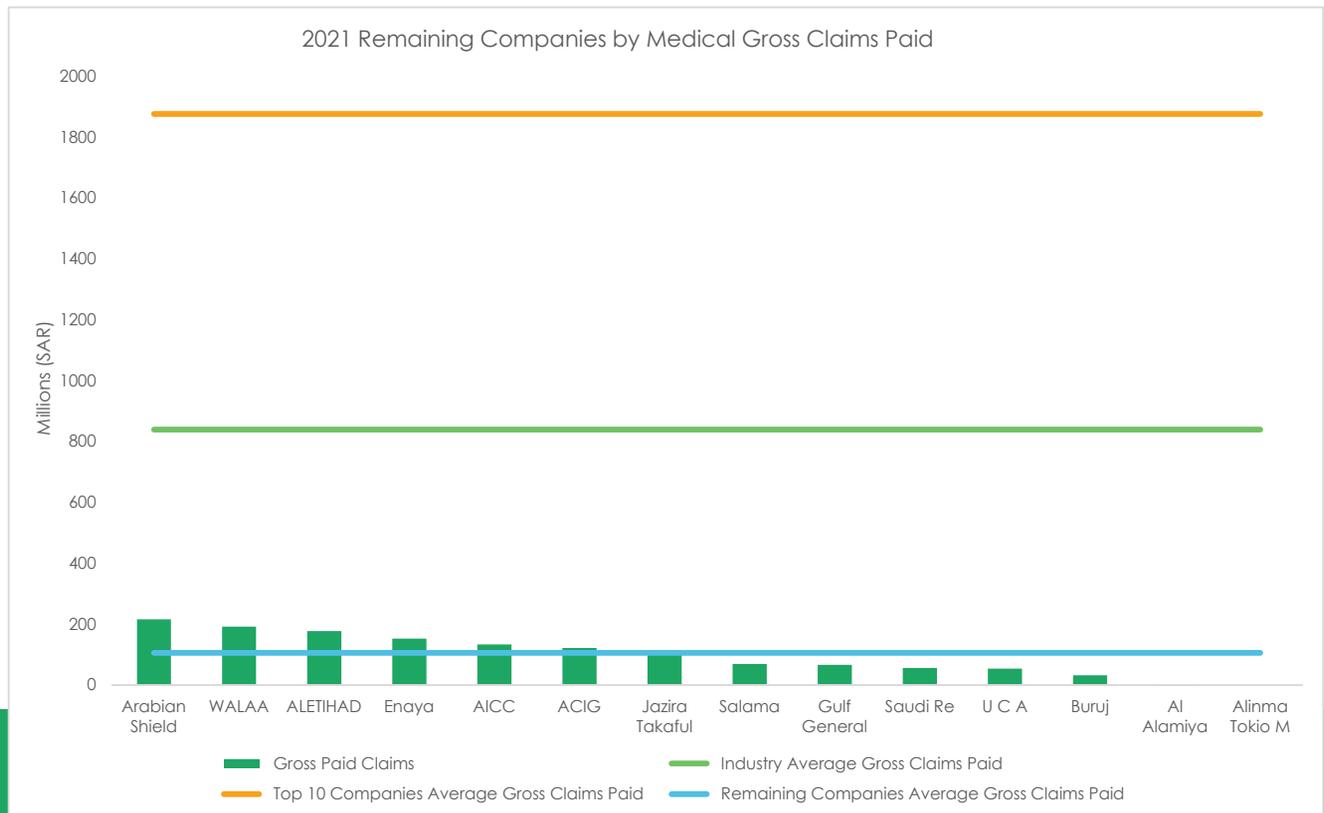
GRAPH 54 – 2021 REMAINING COMPANIES BY MEDICAL GROSS WRITTEN PREMIUM



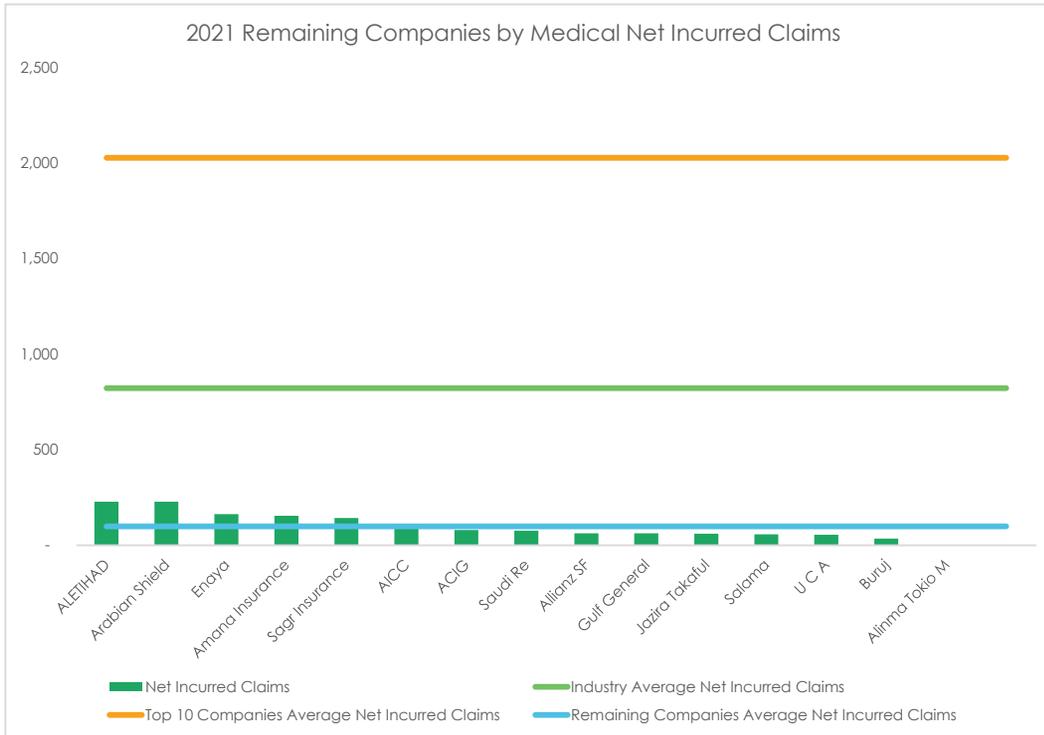
GRAPH 55 – 2021 REMAINING COMPANIES BY MEDICAL NET EARNED PREMIUM



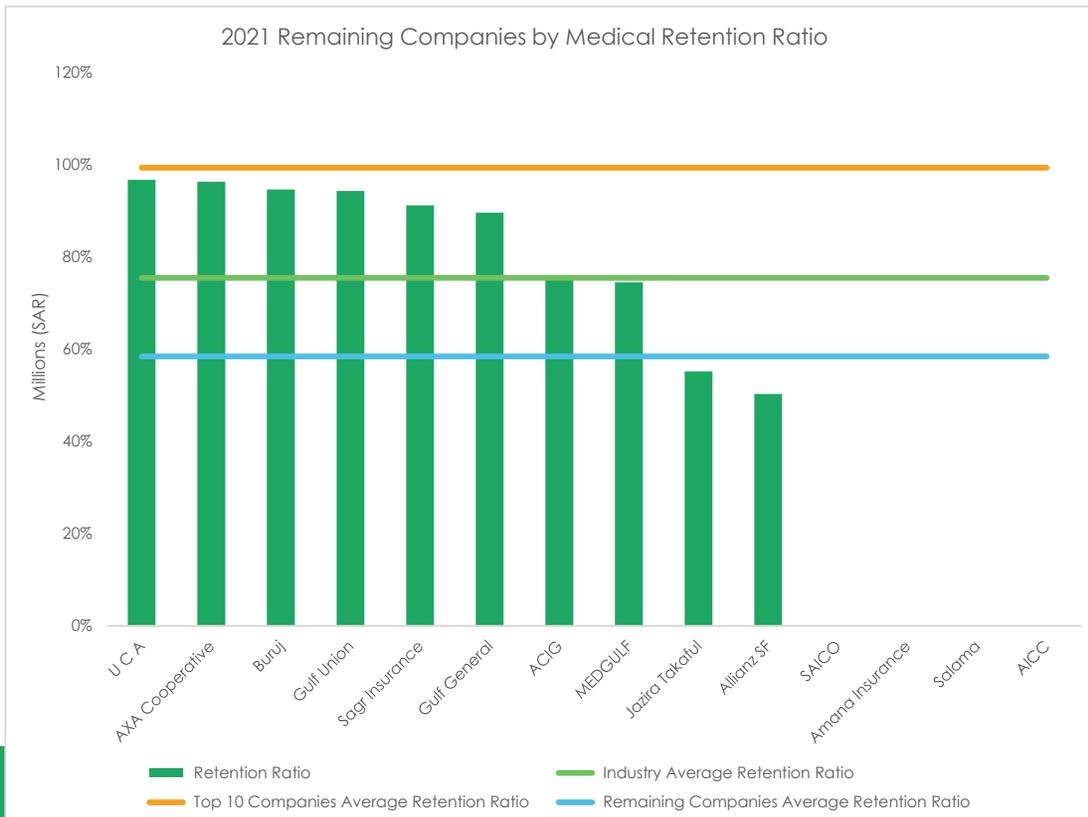
GRAPH 56 – 2021 REMAINING COMPANIES BY MEDICAL GROSS CLAIMS PAID



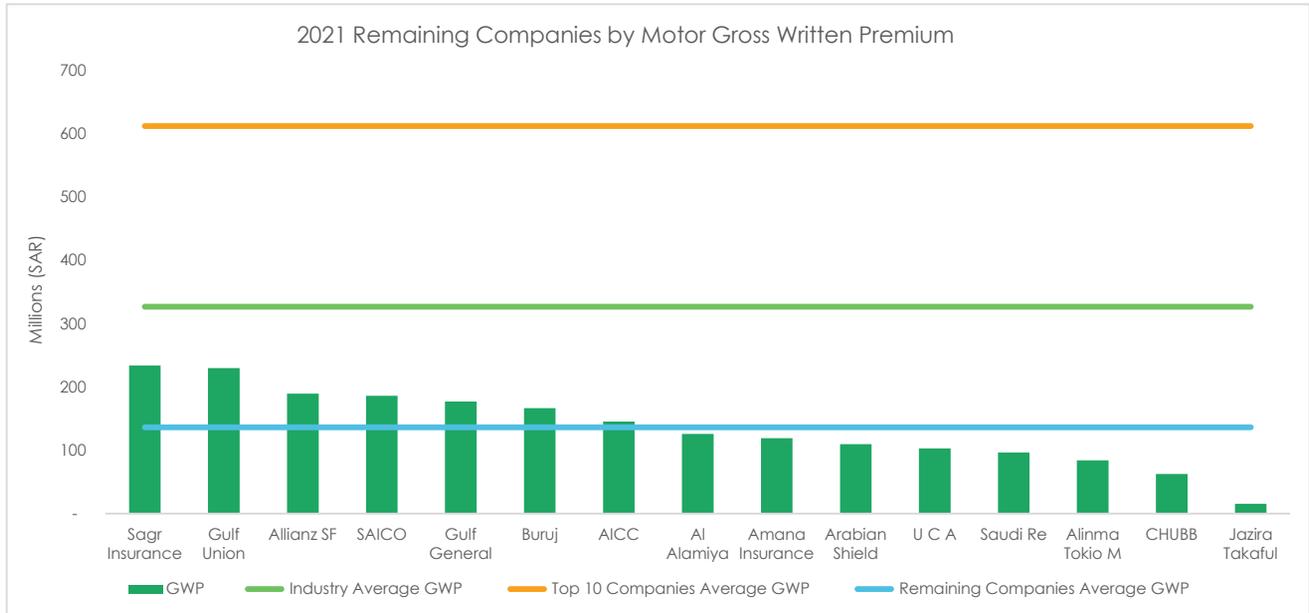
GRAPH 57 - 2021 REMAINING COMPANIES BY MEDICAL NET INCURRED



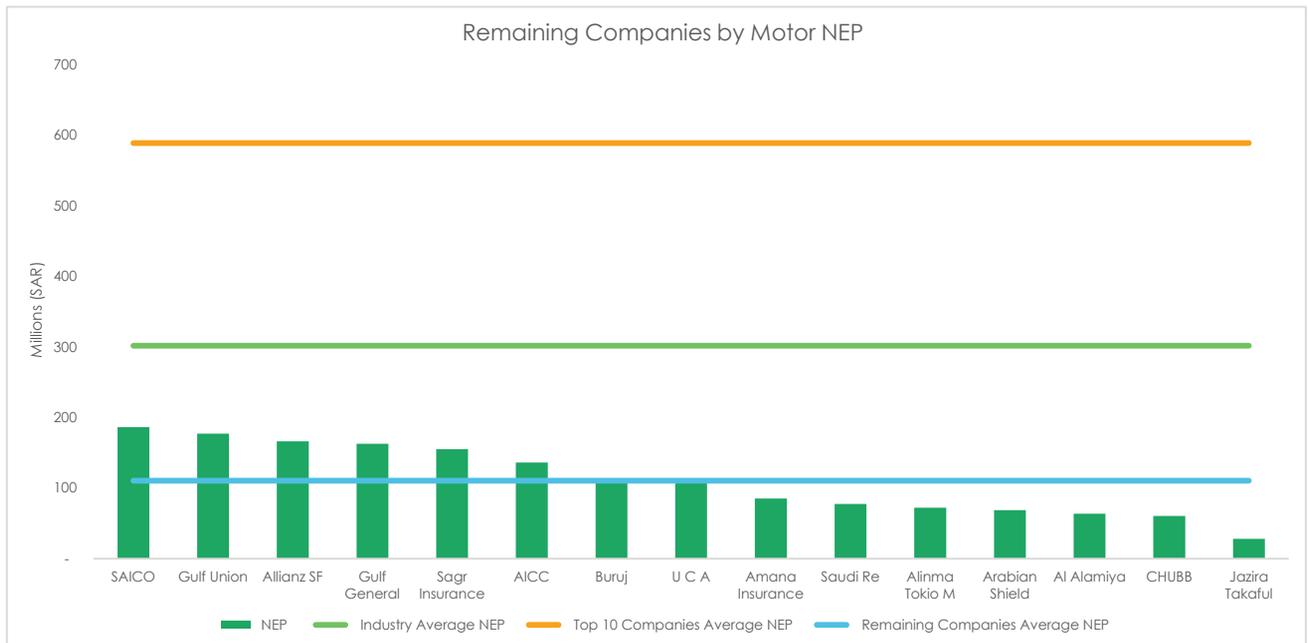
GRAPH 58 - 2021 REMAINING COMPANIES BY MEDICAL RETENTION RATIO



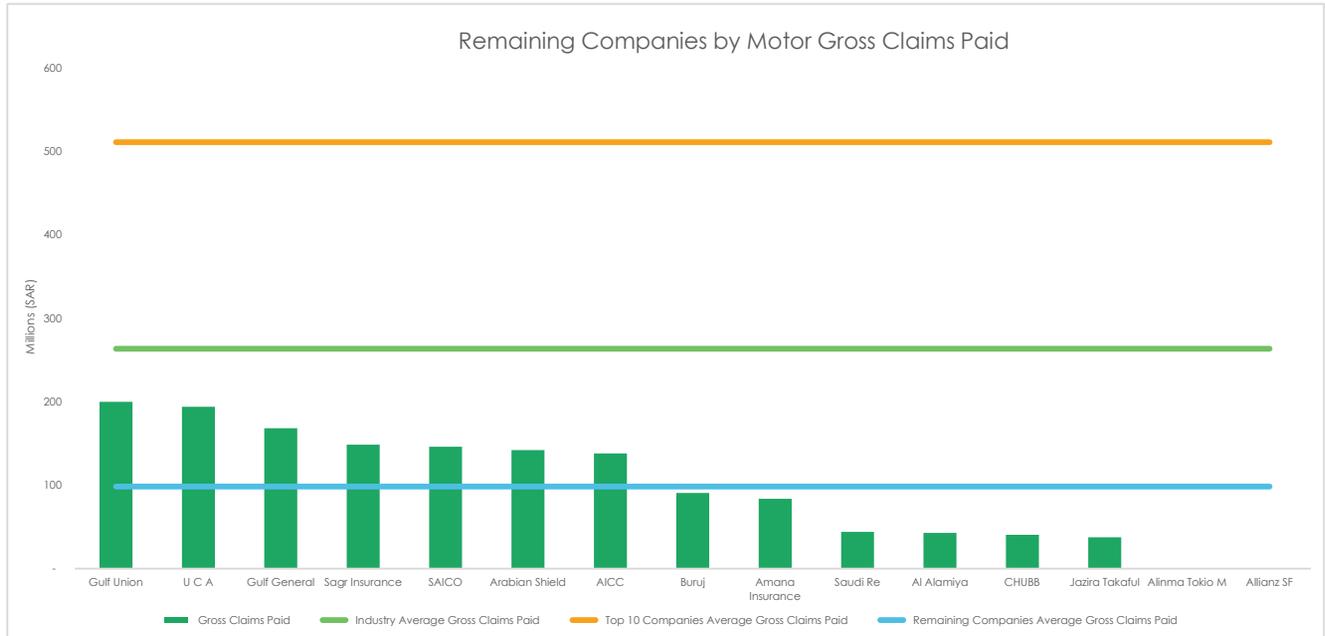
GRAPH 59 – 2021 REMAINING COMPANIES BY MOTOR GROSS WRITTEN PREMIUM



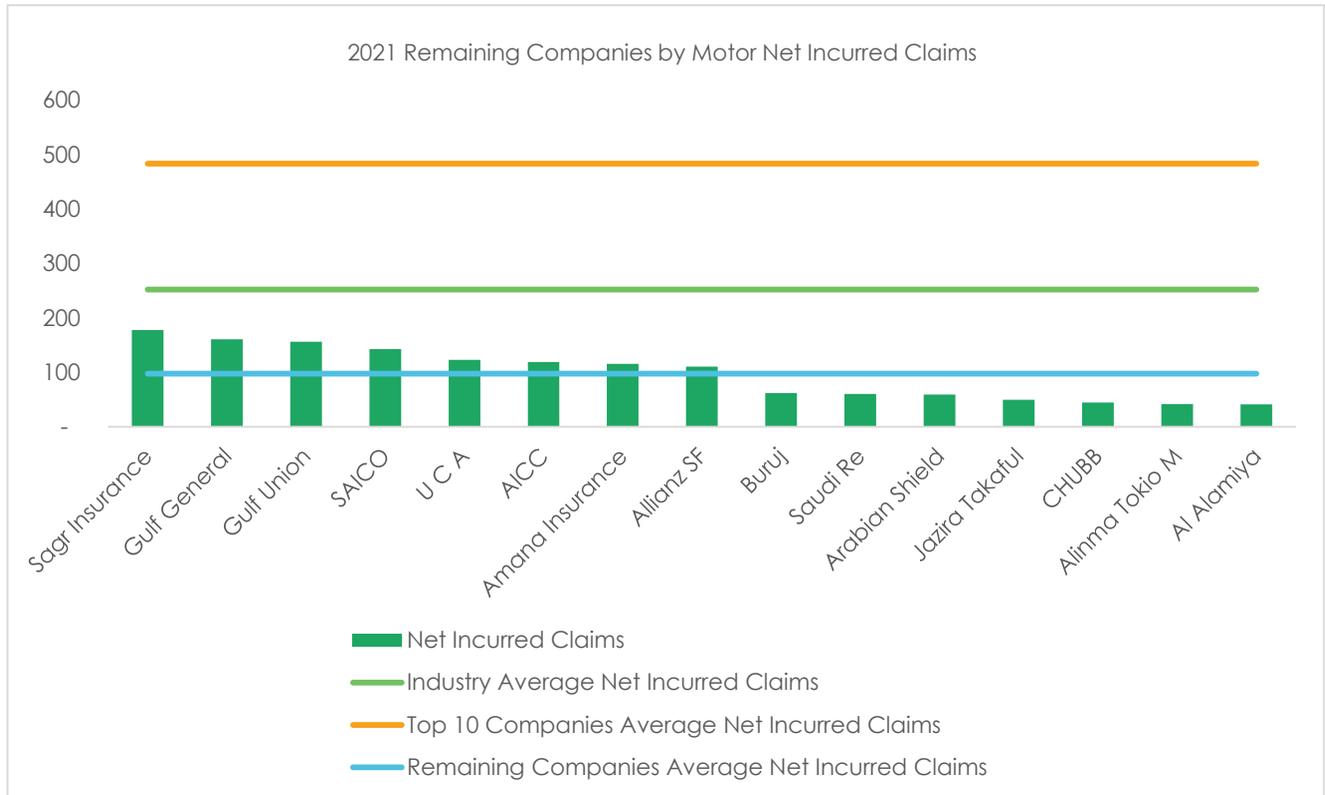
GRAPH 60 – 2021 REMAINING COMPANIES BY MOTOR NET EARNED PREMIUM



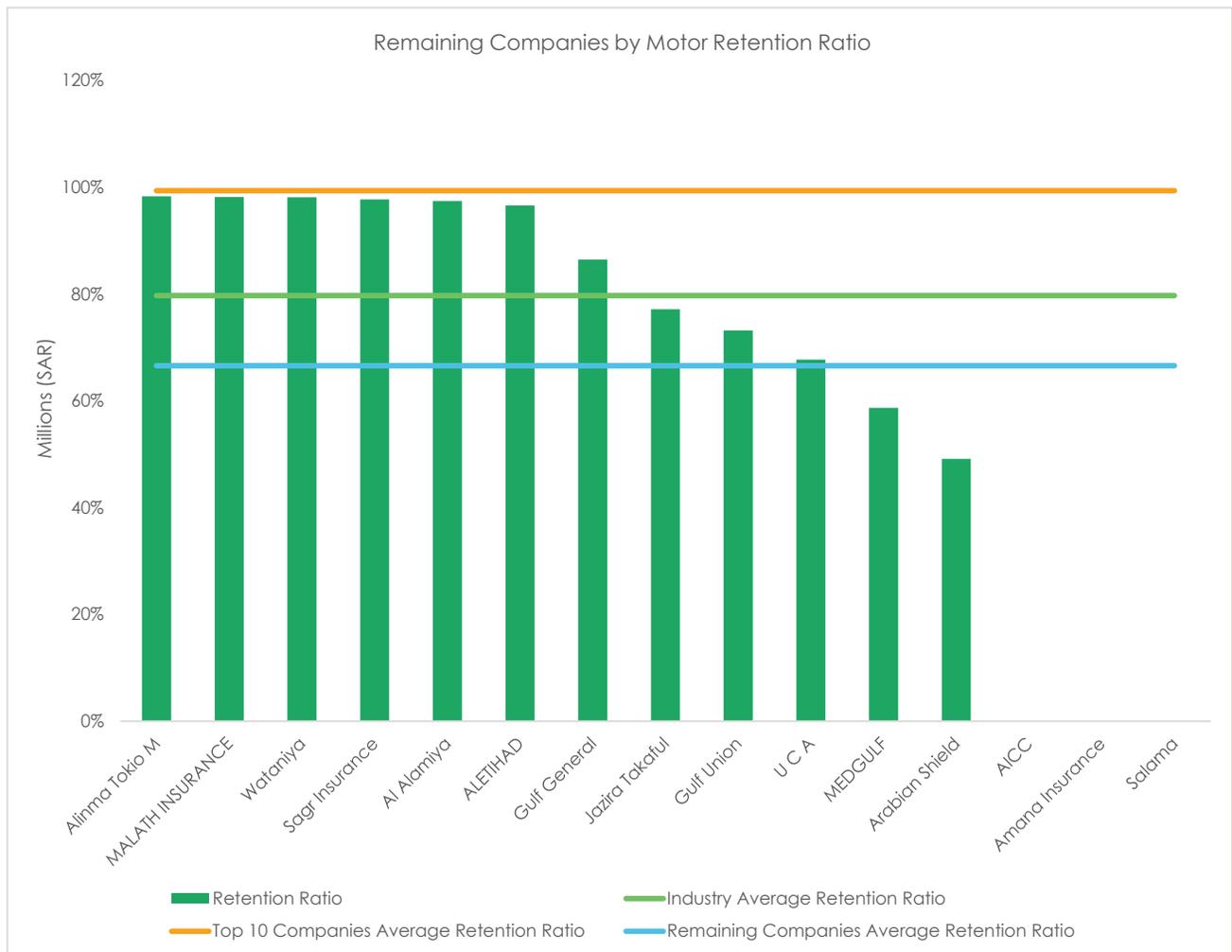
GRAPH 61 – 2021 REMAINING COMPANIES BY MOTOR GROSS CLAIMS PAID



GRAPH 62 – 2021 REMAINING COMPANIES BY MOTOR NET INCURRED CLAIMS



GRAPH 63 – 2021 REMAINING COMPANIES BY MOTOR RETENTION RATIO



Companies with retention ratio equal to zero do not sell Motor product, as Amana Insurance, Salama and AICC.

REGULATORY UPDATES

The highlights of the Saudi Central Bank (SAMA) activities include the following:

- Najm for Insurance Services has announced that it is now managing the 'Manafeth' portfolio - effective date Jan 1st 2021, which specialises in selling third party liability insurance for non-Saudi vehicles entering and transiting through Saudi Arabia's land and seaports. Through 'Manafeth', Najm will act as a mediator for marketing and selling third party liability insurance to foreign vehicles on behalf of insurance companies enrolled in the portfolio through Najm's sequential electronic distribution solution. Additionally, Najm is also offering foreign vehicles coverage against traffic accidents within Saudi Arabia.
- Decision No. (509) of 09/21/1439 AH was issued, requiring contractors in non-governmental sector projects to insure against inherent defects discovered in buildings and construction after their occupation. SAMA has appointed Malath Cooperative Insurance Company to manage the insurance program for inherent defects on behalf of the insurance sector and to sell this product and provide insurance coverage by establishing a joint insurance portfolio together with several licensed insurance companies.
- In June 2021, SAMA issued regulations relating to controls for the establishment and management of health insurance risk pools for small and medium enterprises and a draft regulation for unified compulsory motor insurance policies. These risk pools are expected to provide SMEs the ability to secure the appropriate health insurance coverage at the competitive prices.
- SAMA and the Council of Health Insurance (CHI) announced **updates to the insurance policies for non-Saudi visitors** coming from abroad for the purposes of tourism, visit and Umrah, by adding coverage for risks related to Covid-19. These updates are aimed at providing the necessary healthcare services for non-Saudis diagnosed with Covid-19 while they are in the Kingdom.
- On 19 December 2021, SAMA launched the first version of open data platform which contains economic, financial and monetary statistics and indicators for Saudi Arabia aimed at providing up-to-date information and data for specialists and stakeholders.
- SAMA issued standard insurance policy of medical malpractice that comes into force on 1 January 2022 illustrating the insurance coverage, exclusions, notifications and claim settlements, extended reporting period, cancelation, general conditions along with policy schedule.



MARKET DEVELOPMENTS & UPDATES

Insurance Market Mergers

Al-Jazirah Takaful Tawuni and Solidarity Saudi Takaful merged on 28 February 2021 as this the third merger in the insurance sector. It was preceded by the merger of Walaa cooperative insurance and MetLife, which took place on 03 March 2020, and the merger of Gulf Union and Al-Ahlia on December 2020.

Saudi Arabia's General Authority of Competition approved the merger of Arabian Shield Cooperative Insurance Company and AlAhli Takaful Company on 8 August 2021. This merger marks the fourth merger in the insurance sector during the last two years.

The Saudi Cabinet approved the merger of Public Pensions Agency (PPA) and General Organization for Social Insurance (GOSI) as of 1 August 2021, allowing for latter to replace PPA in all its responsibilities and liabilities.

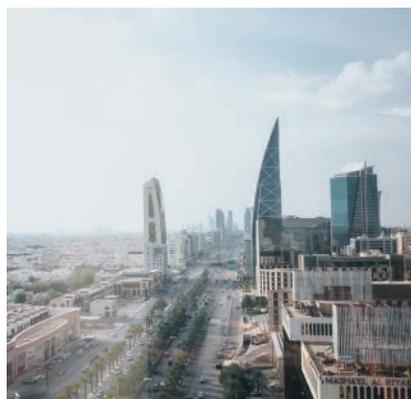
IFRS 17

Implementation of IFRS 17 continues to be a major focus for the Insurance Industry in KSA. In December 2018, SAMA rolled out its IFRS17 road map comprising of four phases. Phase 1, gap analysis was completed in 2019. Phase 2, financial impact assessment was completed in April 2020. As a part of this phase, each company was required to submit the financial impact assessment report, operational impact assessment report and certificates of review by Chief Financial Officer and the Appointed Actuary.

SAMA carried out an exhaustive review of these submissions and had shared the results of the review with the companies' management setting future expectations of the companies in various areas related to IFRS17.

With this, the insurance companies in KSA completed the first two phases of IFRS 17 implementation. For the third phase (Design phase), SAMA had set the deadline of 15th April 2021. The companies were expected to submit the reports related to the design phase based on the gaps identified in phase 1 and SAMA's feedback on phase 2 submission.

The guidelines for submissions related to design phase were shared by SAMA with the industry. The industry is expected to have made significant progress towards implementation of IFRS 17, especially related to design of policies, processes and systems.



Medical Insurance

The Council of Health Insurance (CHI), (previously known as the Council of Cooperative Health Insurance) regulator of the private health insurance market has developed a strategy for the five-year period (2020 to 2024) with several programmes and initiatives aimed at achieving the following objectives:

- Full coverage and protection of the targeted population segments
- Improvement of payer and provider services through progressive policies
- Promote sustainability and innovation in the sector
- Catalyse the digital transformation of the sector

CHI along with other stakeholders has also been involved in developing coding and billing standards for the medical services provided under private health insurance.

CHI along with the National Center for Health Information (NHIC) has launched a unified electronic services platform “National Platform for Health and Insurance Exchange Services” (NPHIES) to consolidate comprehensive private health insurance data to support with the successful implementation of value-based healthcare and diagnosis related groupings (DRGs). The first phase of NPHIES’ governance completed with 8.4 million processes, among more than 140 entities.

The platform provides health services through a unified health record of the patient to improve the efficiency, quality and cost effectiveness of the services provided and improve health care decision-making by linking all stakeholders in the health insurance sector with the aim of improving the efficiency of services and reducing the cost and time of providing health insurance services.

The linkage rate in the health insurance sector through NPHIES was about 65 percent with more than 140

entities, including insurance companies, health service providers and third-party administrators (TPAs).

In addition, Article 11 of the Royal Decree no. M/10 and Council of Minister’s Regulation No. 71, requires CHI to determine the charges for the services provided by the government health facilities under the health insurance. To comply with this decree, CHI has developed rate schedules for such services and is in consultation with the Health Insurance Industry to finalise these rate schedules and implement them in the market.

CHI launched the Dhaman Fund in October 2021. This Fund is aimed at covering expenses that exceed the insurance coverage specified under the health insurance policy for specified facilities in accordance with specific procedures and controls. The launch of this Fund is a collaboration between the Council and the Central Bank of Saudi Arabia to reduce the risks for health insurance companies and contributes to reducing the cost of the insurance policy for employers.

CHI and the General Organization for Social Insurance (GOSI) signed a cooperation agreement at the council’s headquarters on 19th October 2021 to exchange data in order to converge different sectors motivated by quality and digital transformation to achieve Kingdom’s Vision 2030. This Convention is part of the strengthening of the obligation in social and health insurance.



Motor Insurance

In 2021 the insurance companies experienced worsening profitability for their motor portfolio. The Insurance companies extended the coverage for retail motor policies by 2 months and after the pandemic the market is facing intense competition among the companies. Aggregator business is putting further pressure on premium rates while claims are increasing beyond pre-pandemic level due to increasing inflation. All these factors have contributed to higher claims, lower premium rates and as a result, worse profitability.





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