

Insurance Industry

OMAN

2022

TABLE OF CONTENTS


SHMA CONSULTING

| | | |
|---|--------------------------------|----|
|  | ABOUT US..... | 03 |
| | OUR SERVICES..... | 04 |
| | LIMITATIONS & DISCLAIMERS..... | 05 |


PERFORMANCE SUMMARY

| | | |
|---|-----------------------------|----|
|  | Performance Highlights..... | 06 |
| | Industry Highlights..... | 07 |
| | Industry Benchmark..... | 08 |


MARKET SHARE & PREMIUM

| | | |
|---|-------------------------------------|----|
|  | Gross Premium and Ranking..... | 09 |
| | Market Share Proportion..... | 10 |
| | Gross Written Premium..... | 11 |
| | Gross Written Premium Movement..... | 12 |
| | Net Written Premium..... | 13 |
| | Net Written Premium Movement..... | 14 |

CLAIMS & RATIOS

| | | |
|---|--------------------------|----|
|  | Retention Ratio..... | 15 |
| | Retention Ratios..... | 16 |
| | Net Earned Premium..... | 17 |
| | Net Incurred Claims..... | 18 |

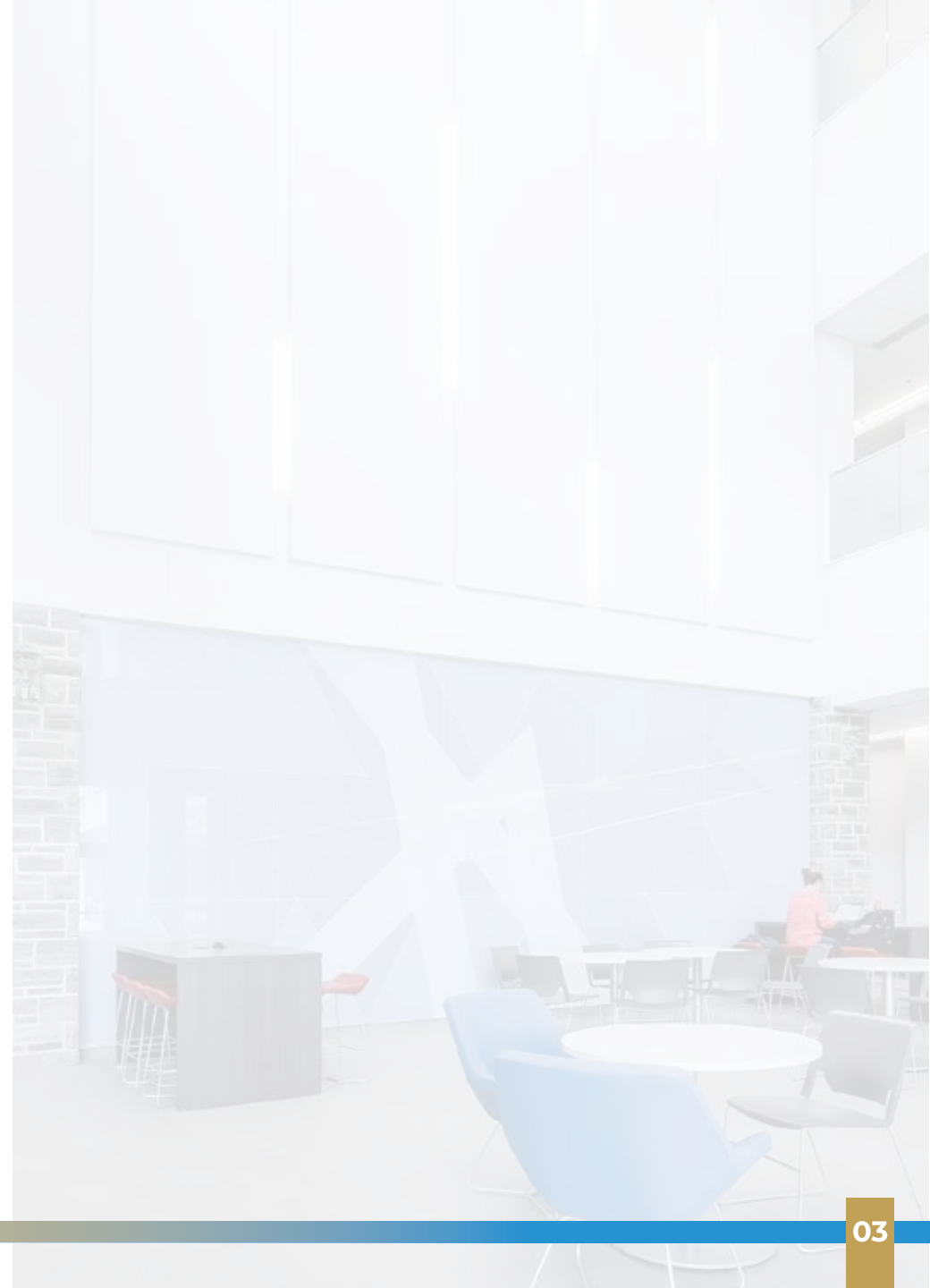
PROFITABILITY ANALYSIS

| | | |
|---|--|----|
|  | Loss Ratio..... | 19 |
| | Loss Ratios..... | 20 |
| | Expense Ratio..... | 21 |
| | Combined Ratios..... | 22 |
| | Net Profit/Loss | 23 |
| | Net Profit/(Loss) Movement..... | 24 |
| | Asset Classification Aggregate..... | 25 |
| | Liability and Equity Classification Aggregate..... | 26 |
| | Return on Equity (ROE)..... | 27 |
| | Return on Asset (ROA)..... | 28 |

ABOUT US

SHMA Consulting first offered actuarial services relating to insurance in Saudi Arabia in 2003 and currently provides actuarial services to 08 companies in Saudi Arabia, 11 insurance companies in the UAE and other insurance companies in the GCC (Kuwait, Oman, Qatar and Bahrain).

SHMA Consulting has been providing actuarial services to insurance companies since 1990 and to companies in the GCC (starting with the UAE) since early 1997. We are currently engaged with some of the biggest names in the UAE Insurance Sector, including ADNIC, ADNTC, Orient, etc.



We provide a range of services to our valued business partners across the globe including Europe, the Middle East, Southeast Asia and the Far East. Our specialty services include financial reporting, product and business development and enterprise risk management. In addition, our firm provides expert personnel outsourcing for allowing organizations to engage in full-time consulting for long-term cost effectiveness.

Life Insurance

- IFRS, statutory & embedded valuations
- Product development, pricing & reserving
- Experience studies
- Advising on agency & broker compensation structures, reinsurance arrangements, underwriting policies and capital adequacy

Retirement Benefits

- Valuations for financial reporting
- Advise on benefit design and cost benefit analysis
- Pension benefits administration
- Benefits communication material
- Provident Fund maintenance software and audit of retirement schemes and funds

Our Services

- Actuarial reserving and certifications
- Underwriting and pricing solutions
- Data and predictive analytics
- Advising on reinsurance arrangements, underwriting and claims practices
- Profitability and capital adequacy analysis

General Insurance

- ERM Framework and risk management policies and procedures
- Risk identification tools and training
- Risk measurement and quantification by using a capital model
- Asset liability management policy
- Advising on risk appetite and controls

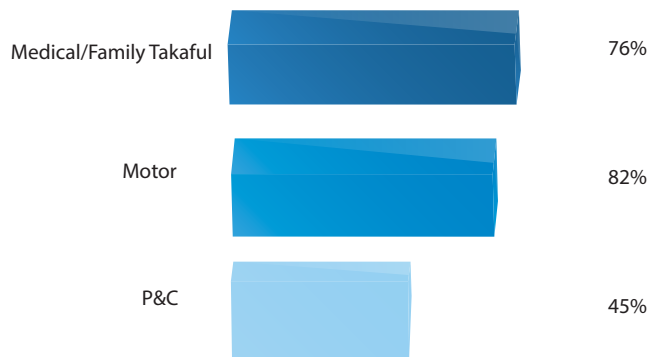
ERM and Capital Modeling

LIMITATIONS & DISCLAIMERS

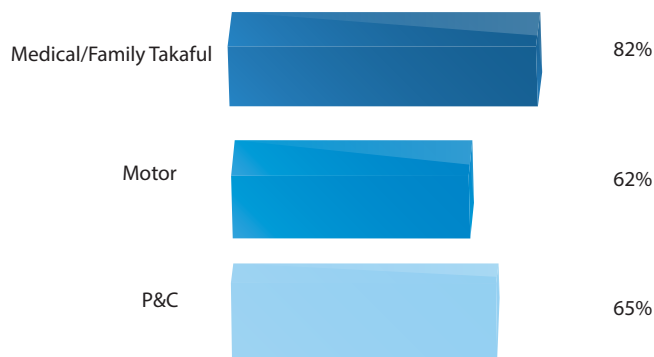
- ❖ The data used for the preparation of this report has been collected from Muscat Stock Exchange.
- ❖ The data represented in this report gathered from publicly available information and the financial statement released by the company.
- ❖ The information, materials and opinions presented in this report are for general information purposes only, are not intended to constitute legal or other professional advice and should not be relied on or treated as a substitute for specific advice relevant to particular circumstances. Although we make reasonable efforts to update the information in this report.

PERFORMANCE HIGHLIGHTS

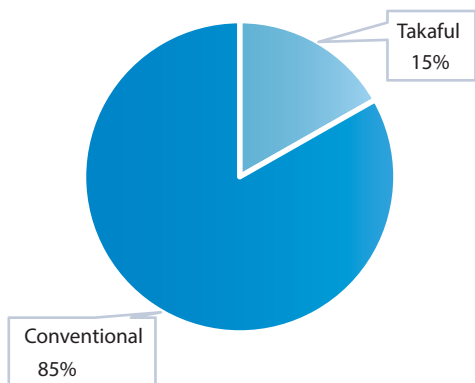
Retention Ratios



Loss Ratios



Takaful vs Conventional Business



Total Gross Written Premium

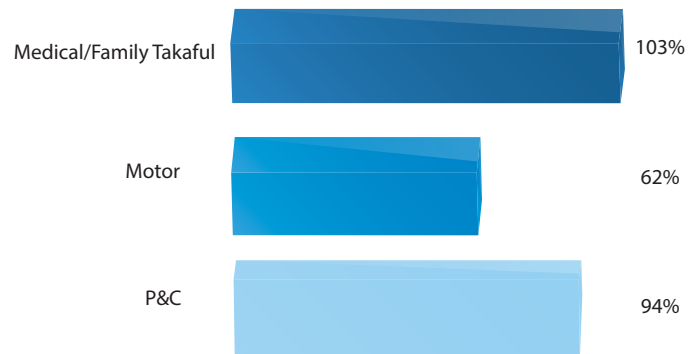
OMR 523 Mn

▲ 29.41%

Total Profit / Loss

OMR 18 Mn

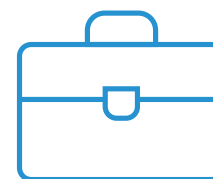
Combined Ratio



Total Assets

OMR 1,234 Mn

▲ 30.39%

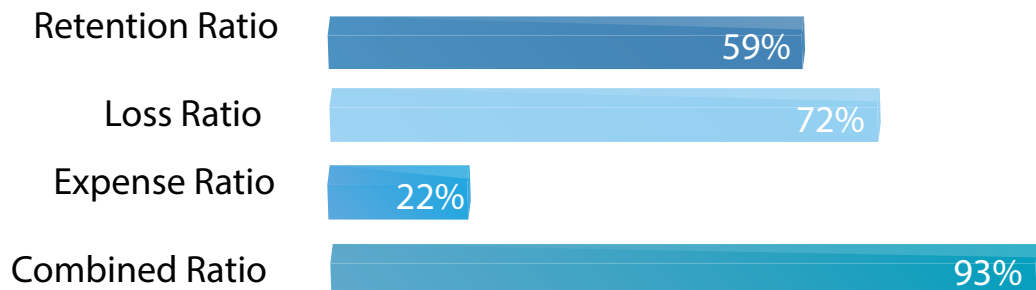


INDUSTRY HIGHLIGHTS

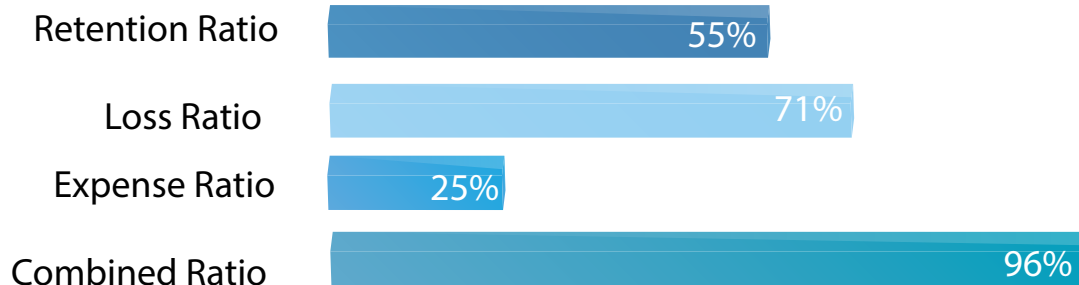
- ❖ The merger between Oman Qatar Insurance, a subsidiary of Qatar Insurance Company (QIC) and Omani company Vision Insurance was finalized on 16 February, 2023. The transaction was approved by the Omani government. As a result of this transaction, Vision Insurance's shares have been delisted from the Muscat Stock Exchange.
- ❖ AM Best has removed the review of National Life & General Insurance Company (NLGIC) with positive implications. It has also upgraded the Omani insurer's Financial Strength Rating to "A-" (Excellent) from "B++" (Good) and the Long-Term Issuer Credit Rating to "A-" (Excellent) from "BBB+" (Good).
- ❖ The mandatory health insurance scheme (Dhamani) will be implemented starting in 2023. The program, which will be gradually rolled out, covers private sector employees, their dependents, tourists and foreign visitors.
- ❖ The Unified Agreement for Health Insurance Scheme came into effect in January 2023. Set up by the Omani Capital Market Authority (CMA), this document aims to regulate the relationship between the different market stakeholders : insurers, private health institutions and health insurance claims management companies.
- ❖ The Sultanate of Oman is preparing to host the 34th conference of the General Arab Insurance Federation (GAIF). The biennial event will be organized in 2024 by Oman's Capital Market Authority (CMA) and the Omani Insurance Association.
- ❖ Oman Reinsurance Company has set up its new website at <https://www.omanre.com/>. The page reflects the company's journey since the beginning of its operations in 2009 and reflects its transformation into a regional reinsurer.
- ❖ The Capital Market Authority (CMA) in Oman has required local insurers to introduce natural disaster coverage in home, office and business insurance policies. Contracts issued or renewed shall henceforth include this coverage.
- ❖ The Omani government has established a Supreme Sharia Supervisory Board (SSSB) in the Capital Market Authority (CMA). The board aims to improve the legislative and regulatory processes for companies engaged in Takaful insurance activities in the Sultanate.

INDUSTRY BENCHMARK

2022

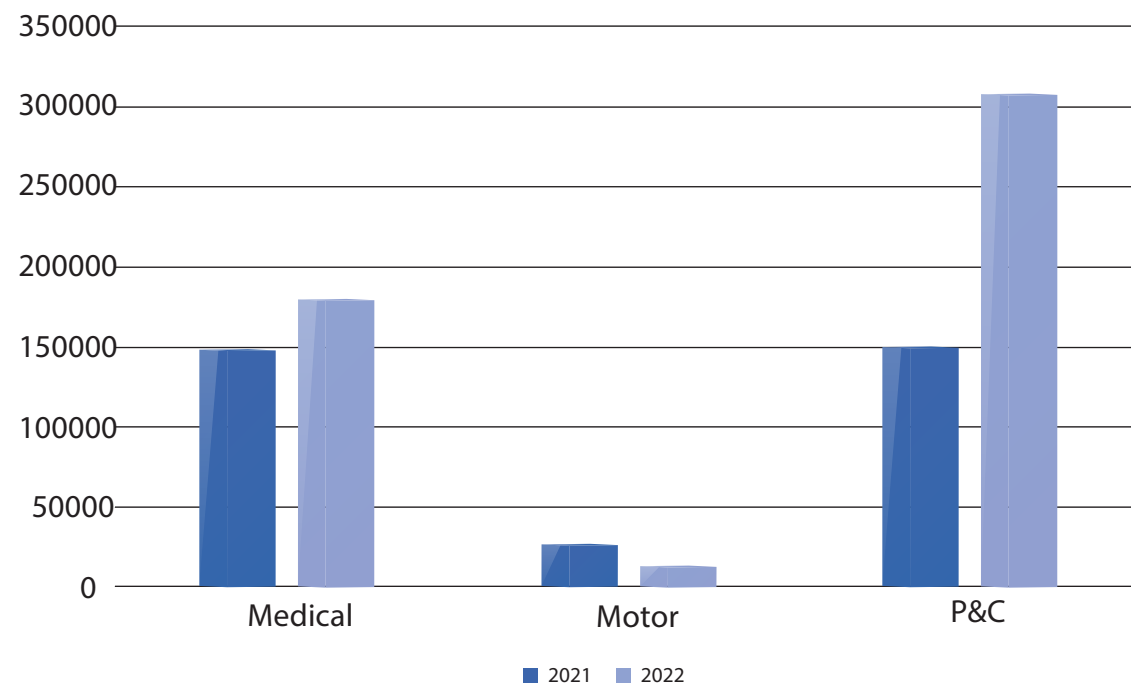
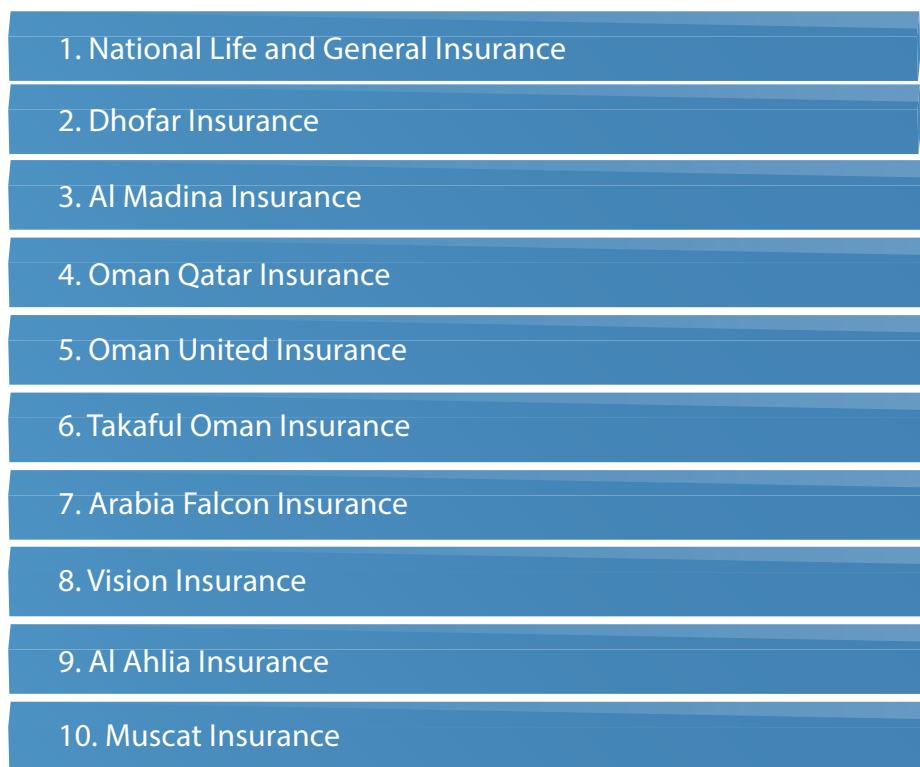


2021

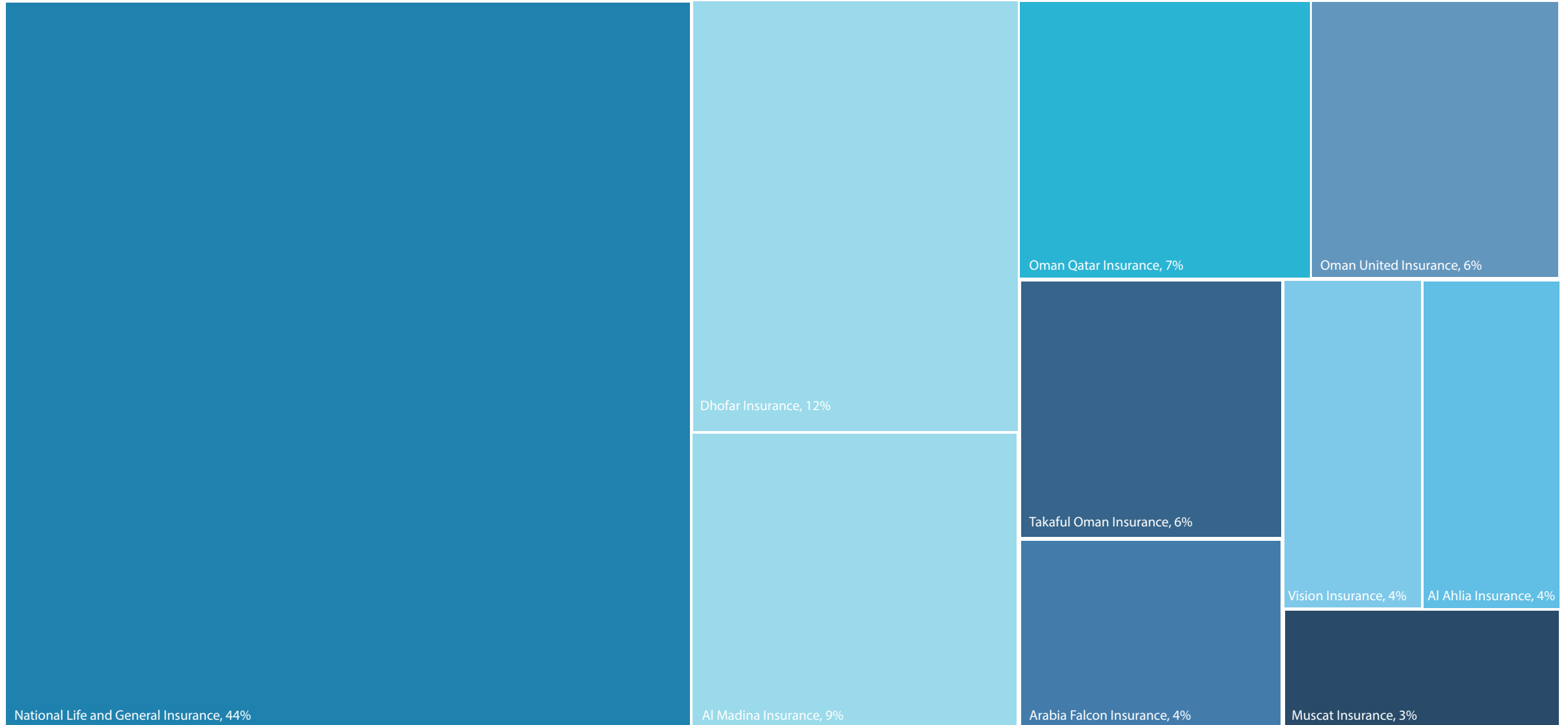


GROSS PREMIUM AND RANKING

National Life and General Insurance, Dhofar Insurance and Al Madina Insurance retained their positions of being the top 3 insurance companies in Oman. Most of the gross written premium comes from the Medical/Family Takaful and P&C Line of Business, while Motor provides 3 to 4 times less of the gross written premium of Medical/Family Takaful and P&C.



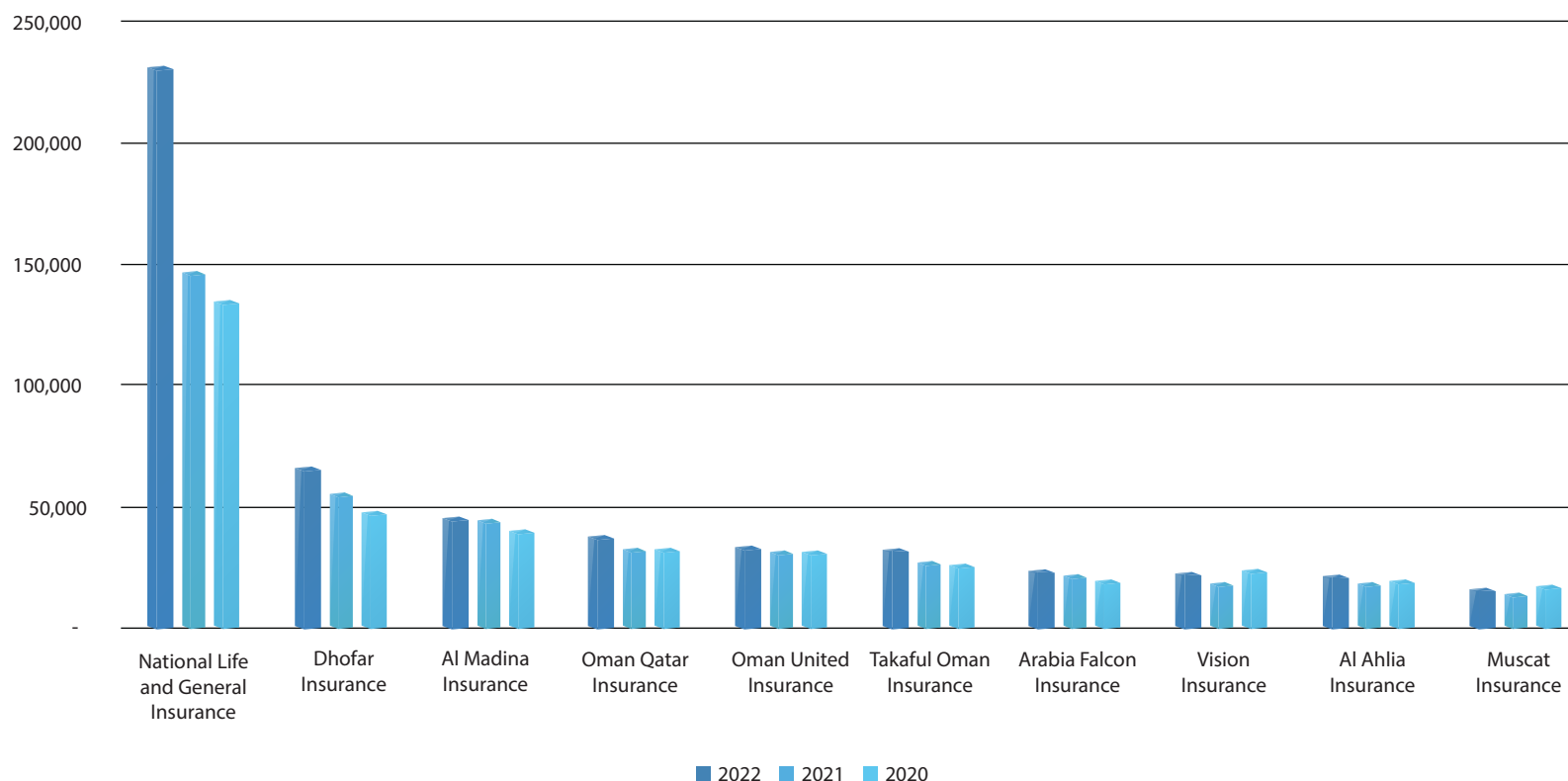
MARKET SHARE PROPORTION



GROSS WRITTEN PREMIUM

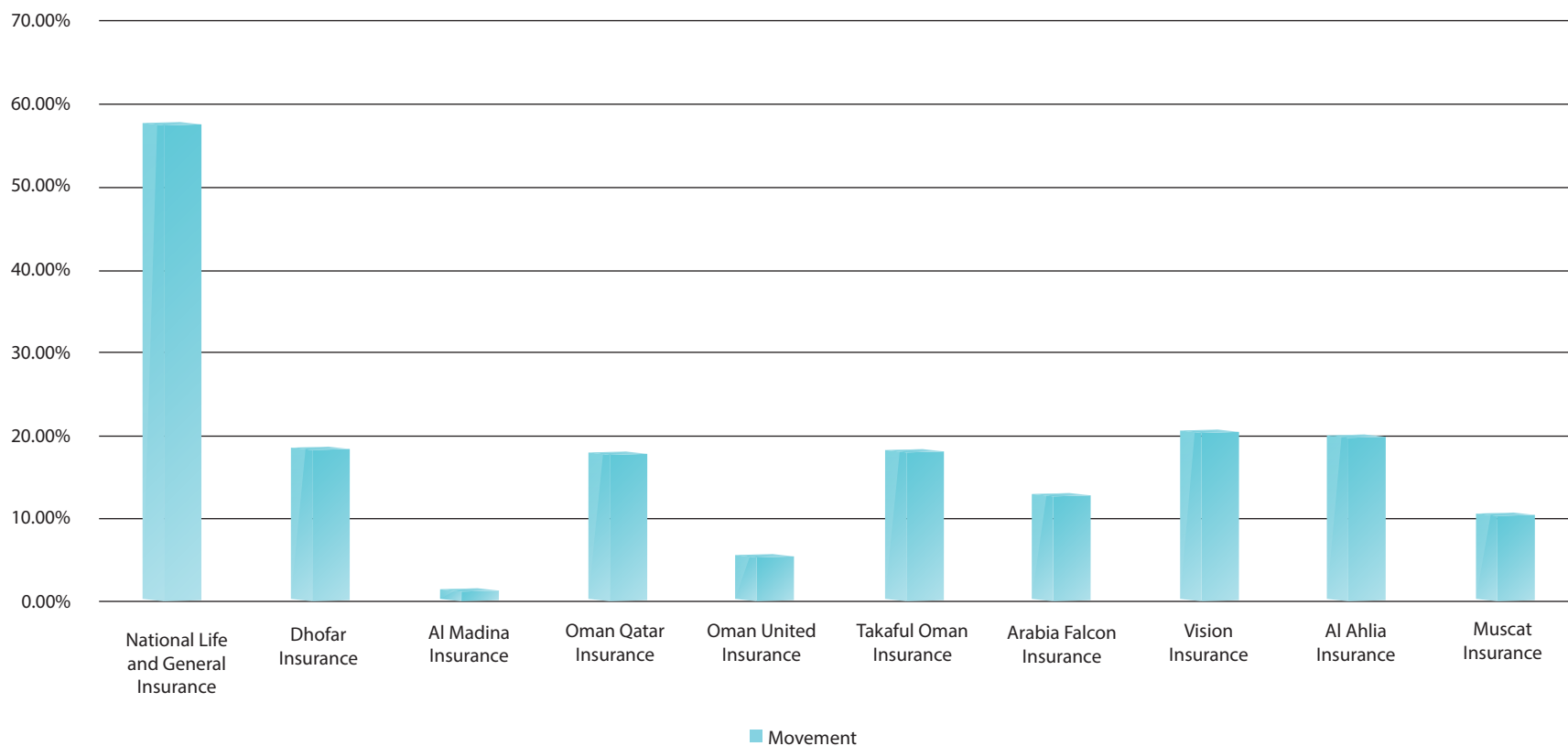
(OMR 000's)

National Life and General Insurance is the largest insurance company in Oman in terms of GWP, with a substantial increase from OMR 146,459 million in 2021 to OMR 231,076 million in 2022. Dhofar Insurance and Al Madina Insurance are the second and third largest insurance companies in Oman in terms of GWP respectively, with significant growth from OMR 55,021 million to OMR 65,069 million and from OMR 44,124 million to OMR 44,708 million, respectively. Arabia Falcon Insurance and Vision Insurance also showed growth in 2022, but at a slower rate compared to other companies. Overall, the Oman insurance market seems to be growing, and most of the insurance companies are experiencing a positive trend in their GWP.



GROSS WRITTEN PREMIUM – MOVEMENT

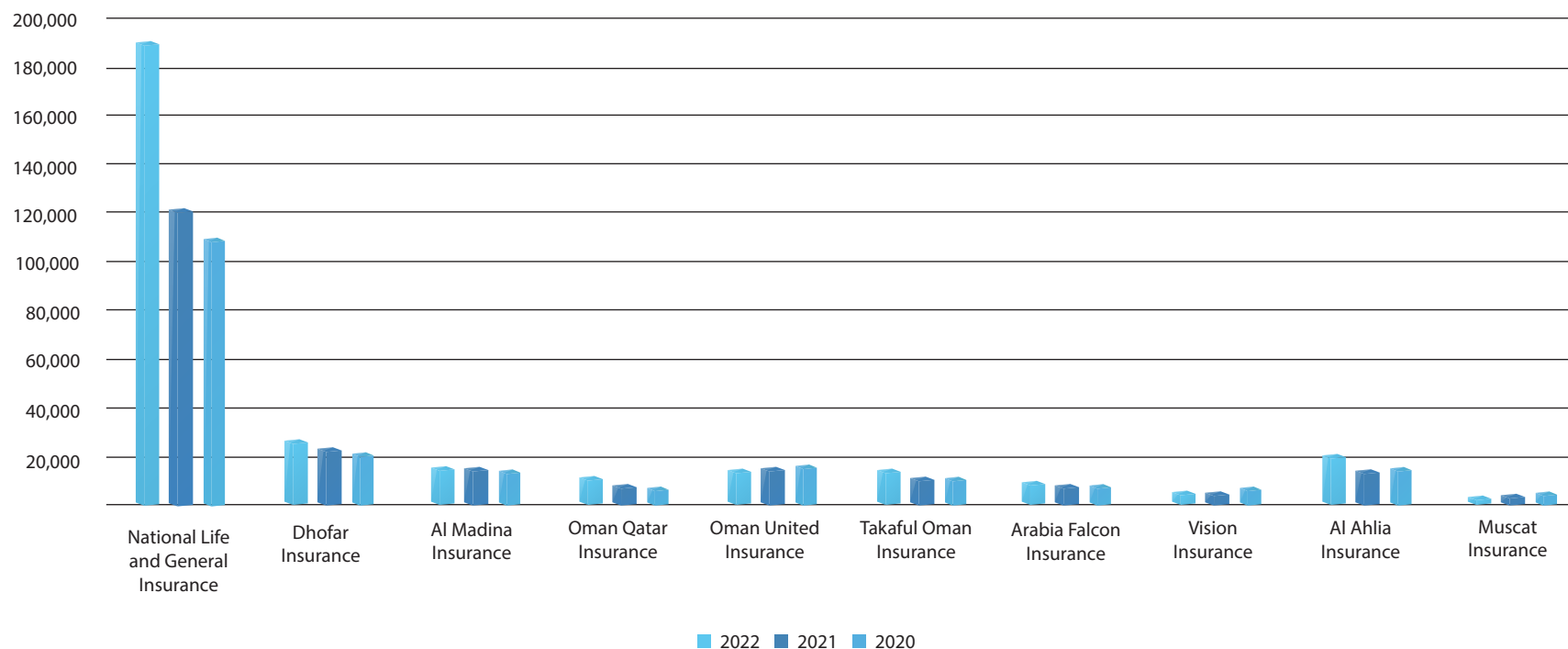
National Life and General Insurance recorded the highest percentage movement in GWP, with a significant increase of 58% in 2022. This is a strong indication of the company's impressive growth in the Oman insurance market. Al Ahlia Insurance, Dhofar Insurance, and Takaful Oman Insurance all recorded a percentage movement of 18%, showing significant growth in GWP. Al Ahlia Insurance and Dhofar Insurance are two of the largest insurance companies in Oman, and their steady growth trend is a positive sign for the insurance market in Oman. Al Madina Insurance and Oman United Insurance recorded the lowest percentage movement at 1% and 6% respectively. Although the percentage movement is low, any growth is still positive, and it shows that these companies are still relevant in the Oman insurance market.



NET WRITTEN PREMIUM

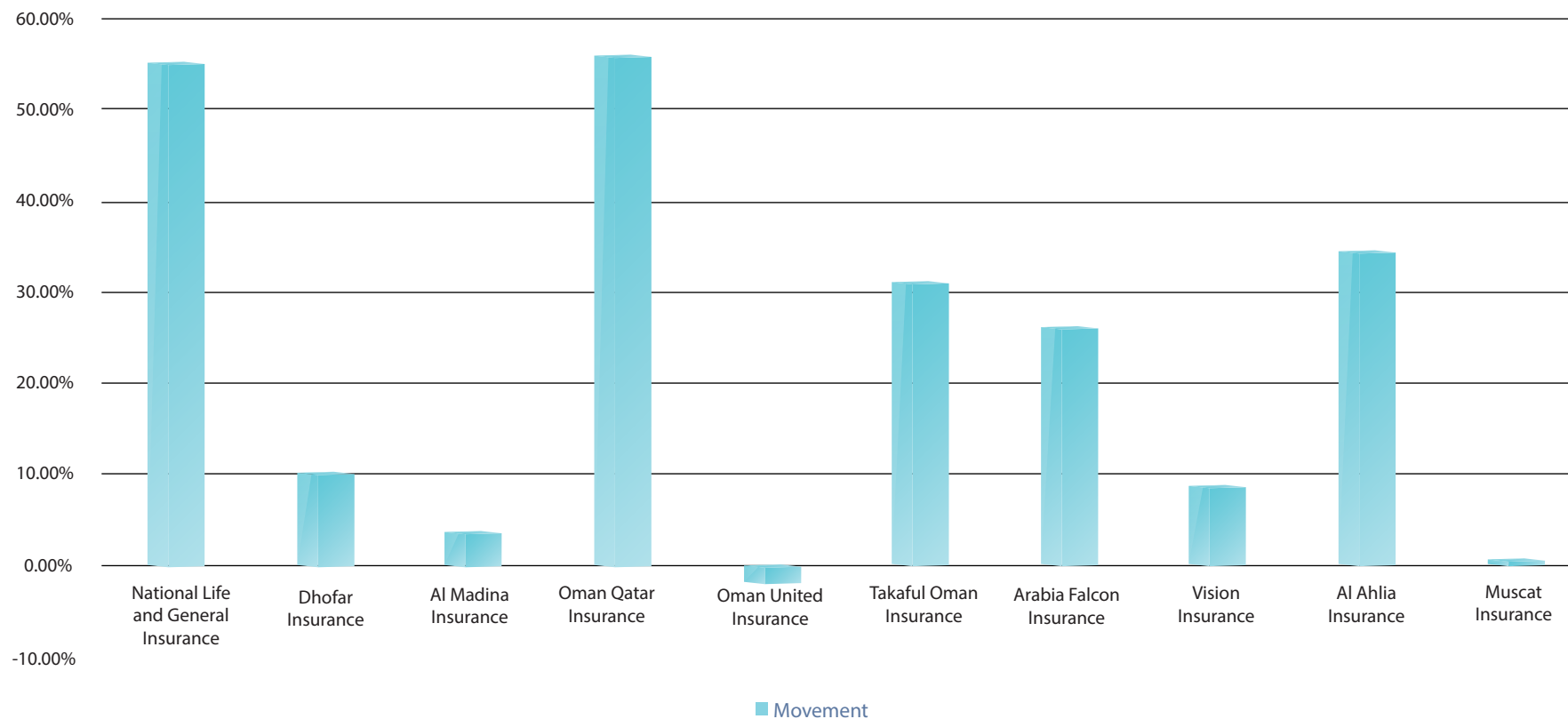
(OMR 000's)

National Life and General Insurance is the largest insurance company in Oman in terms of NWP, with a substantial increase from OMR 122,164 million in 2021 to OMR 189,714 million in 2022. This indicates that the company has been successful in generating more revenue and retaining its position as the leading insurer in Oman. Al Ahlia Insurance and Dhofar Insurance are the second and third largest insurance companies in Oman in terms of NWP respectively, with a significant growth trend from OMR 14,696 million to OMR 19,825 million and from OMR 23,661 million to OMR 26,098 million, respectively. Oman United Insurance, showed a slight decrease in NWP in 2022, with a decline from OMR 14,332 million to OMR 14,072 million.



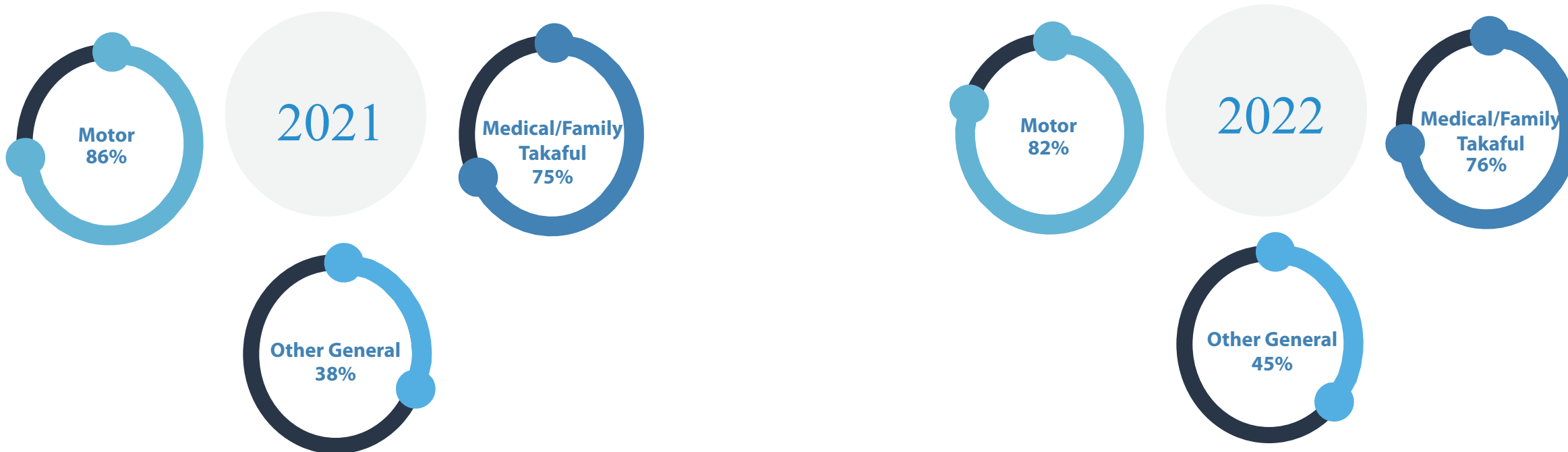
NET WRITTEN PREMIUM – MOVEMENT

Oman Qatar Insurance showed the highest growth in NWP, with a movement of 56%. This indicates that the company has been successful in generating more revenue and retaining its position as the leading insurer in Oman. National Life and General Insurance had the second highest growth rate with a movement of 55%, indicating that the company has experienced significant growth in its NWP in 2022. Al Ahlia Insurance had a growth rate of 35%, indicating a positive trend in the company's NWP in 2022. Takaful Oman Insurance had a growth rate of 31%, Arabia Falcon Insurance had a growth rate of 26%, while Dhofar Insurance had a growth rate of 10%. These companies have also shown positive growth in their NWP but not as much as the top three companies. Overall, the insurance market in Oman seems to be growing experiencing positive growth in their NWP.



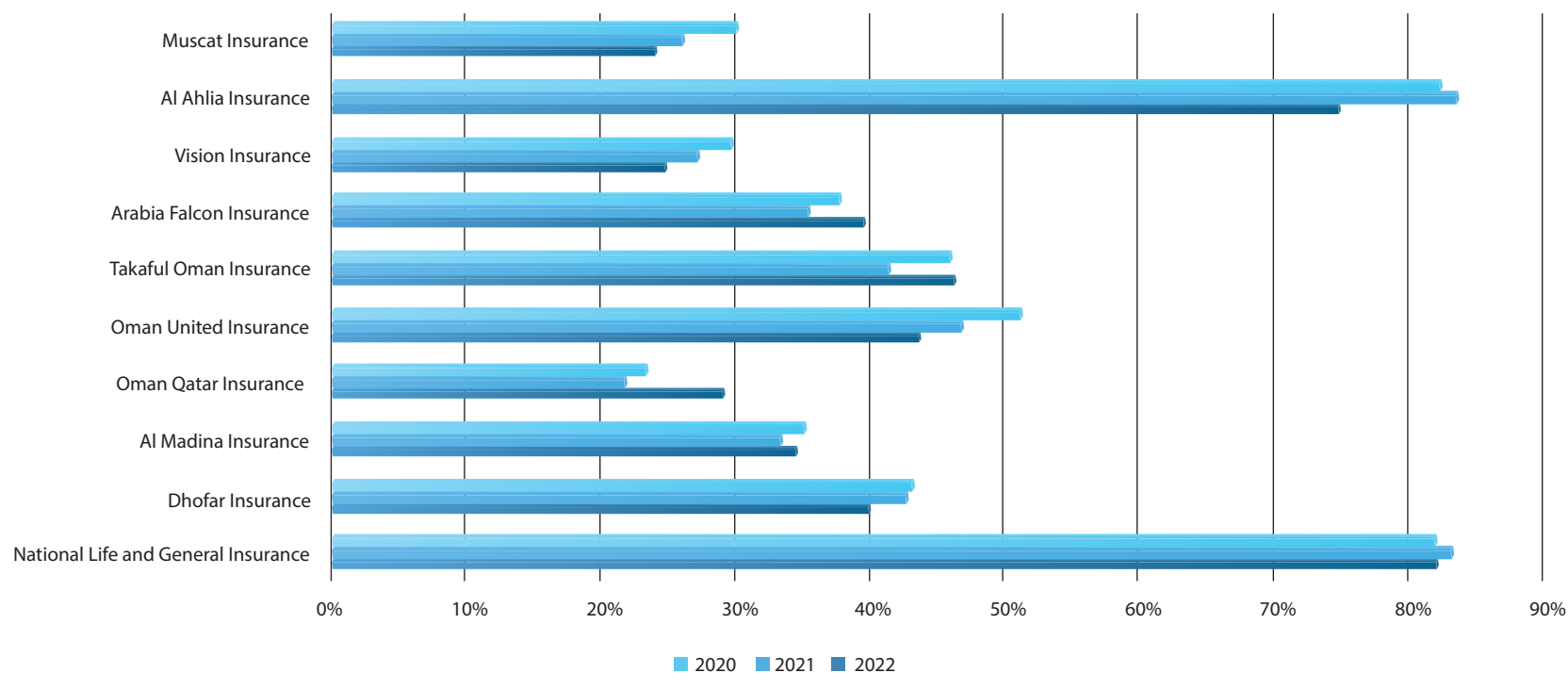
RETENTION RATIO

The retention ratio for P&C line of business and Medical line of business increased by 18% and 1% respectively, while for Motor line of business there is a decrease in retention ratio by 5% for the year 2022.



RETENTION RATIOS

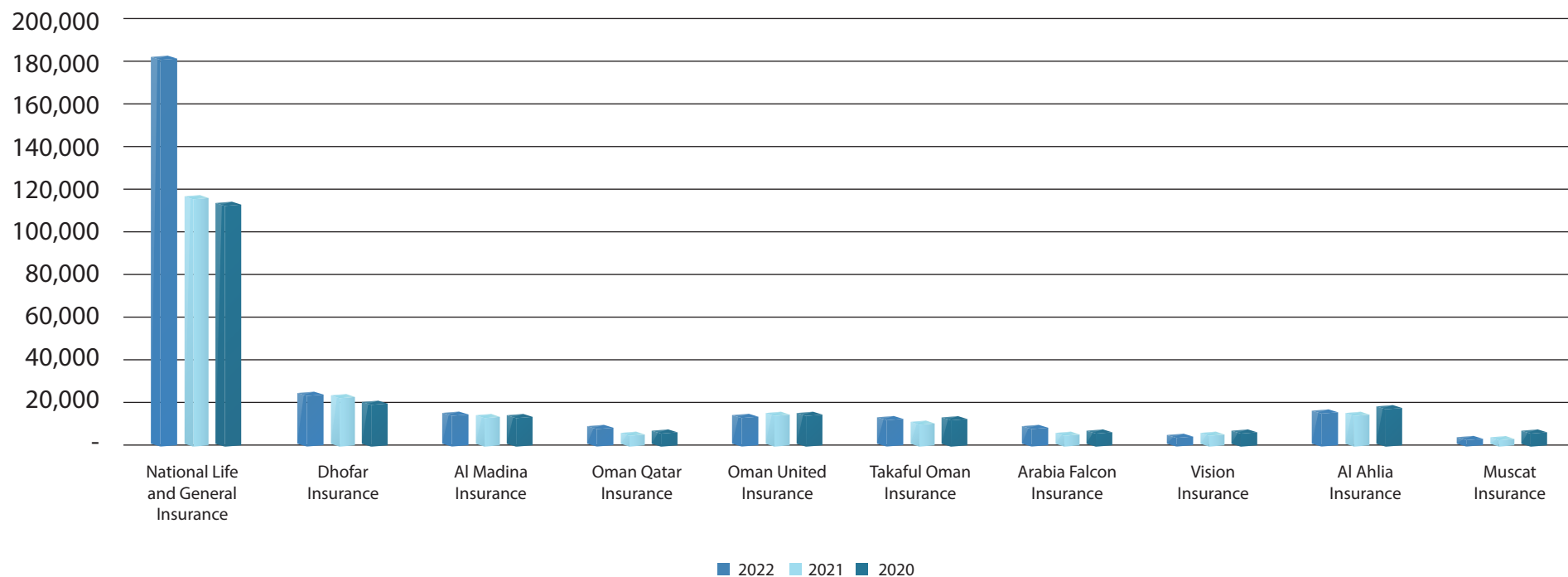
Al Ahlia Insurance had the highest retention rate in 2021 and 2022, with a retention ratio of 84% in 2021, which increased to 94% in 2022. This indicates that the company has been successful in retaining its customers and building loyalty. National Life and General Insurance had the second highest retention rate in 2021 and 2022, with a retention ratio of 83% in 2021, which slightly decreased to 82% in 2022. This indicates that the company has a high level of customer loyalty but may need to take measures to improve retention rates. Oman United Insurance showed a retention ratio of 47% in 2021, which decreased to 44% in 2022. This indicates that the company needs to take measures to retain its customers. Overall, the retention ratio data suggests that some insurance companies in Oman have been successful in retaining their customers, while others need to take measures to improve their customer retention rates.



NET EARNED PREMIUM

(OMR 000's)

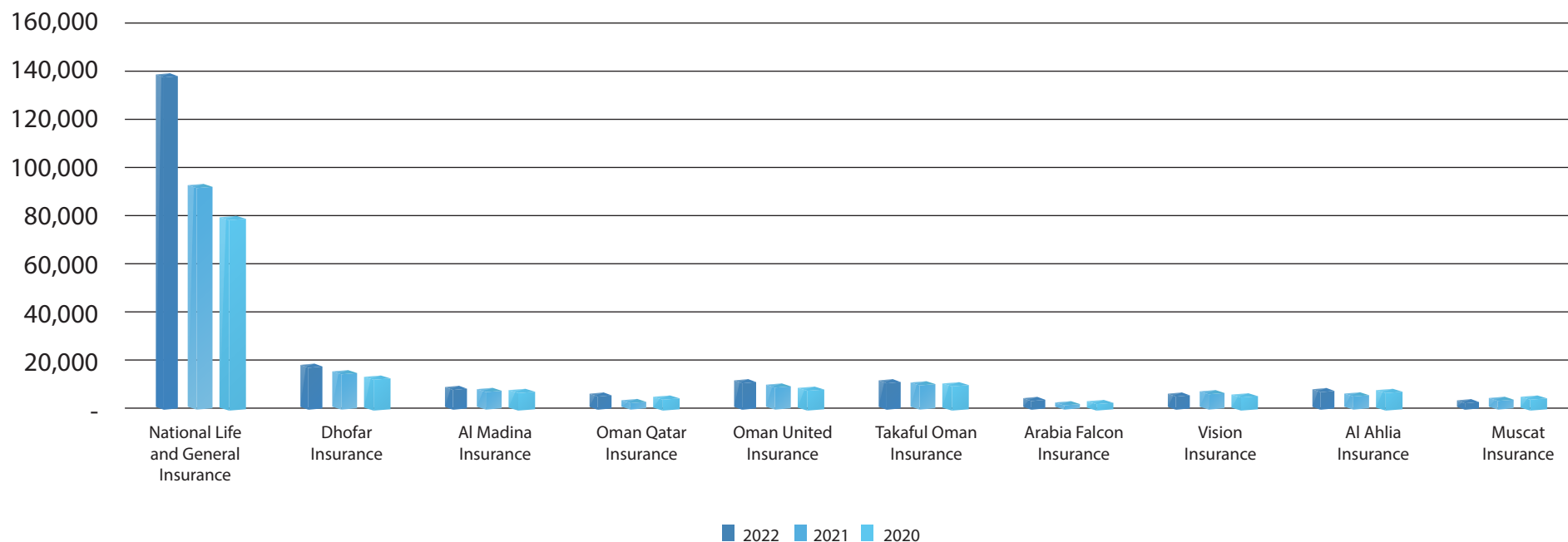
NEP (Net Earned Premium) is the revenue earned by insurance companies after deducting reinsurance and other expenses. National Life and General Insurance had the highest NEP in both 2021 and 2022, with a significant increase of 55% from 2021 to 2022. Muscat Insurance and Oman United Insurance had a decline in NEP, with a decrease of 26% and 11% respectively. The NEP of Arabia Falcon Insurance, Oman Qatar Insurance, Vision Insurance, Al Madina Insurance, and Takaful Oman Insurance had moderate growth.



NET INCURRED CLAIMS

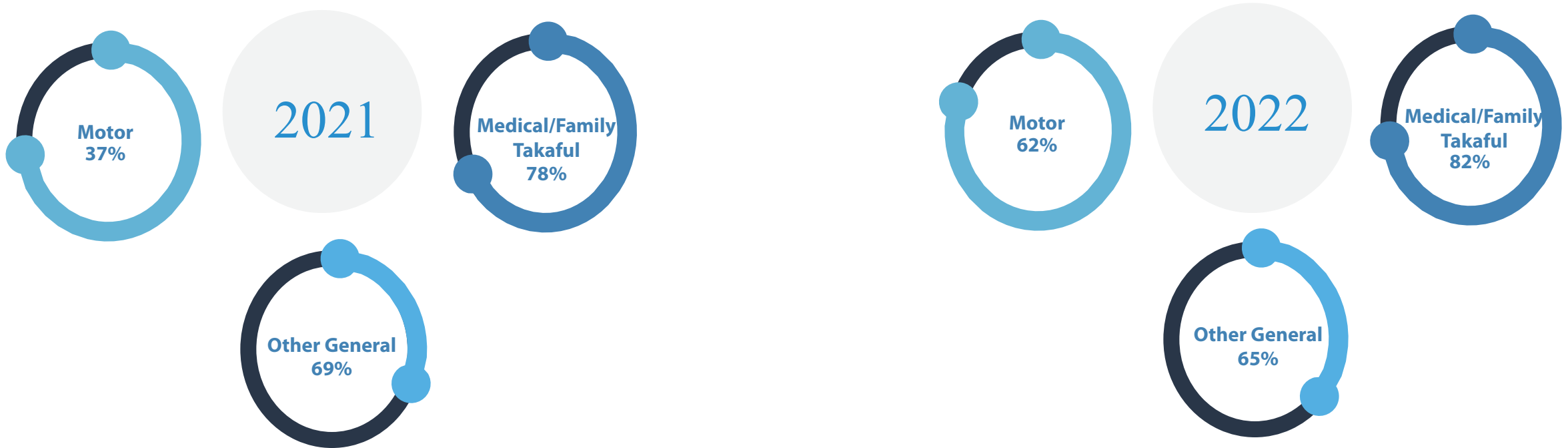
(OMR 000's)

Net Incurred Claims is the amount of claims that an insurance company has paid out after deducting reinsurance and other recoveries. National Life and General Insurance had the highest Net Incurred Claims in both 2021 and 2022, with a significant increase of 50% from 2021 to 2022. Dhofar Insurance and Al Ahlia Insurance also had significant growth in Net Incurred Claims, with 15% and 16% growth respectively. Vision Insurance had a decrease of 25% in Net Incurred Claims. The Net Incurred Claims of Arabia Falcon Insurance, Oman Qatar Insurance, Muscat Insurance, Al Madina Insurance, and Takaful Oman Insurance had moderate to marginal changes.



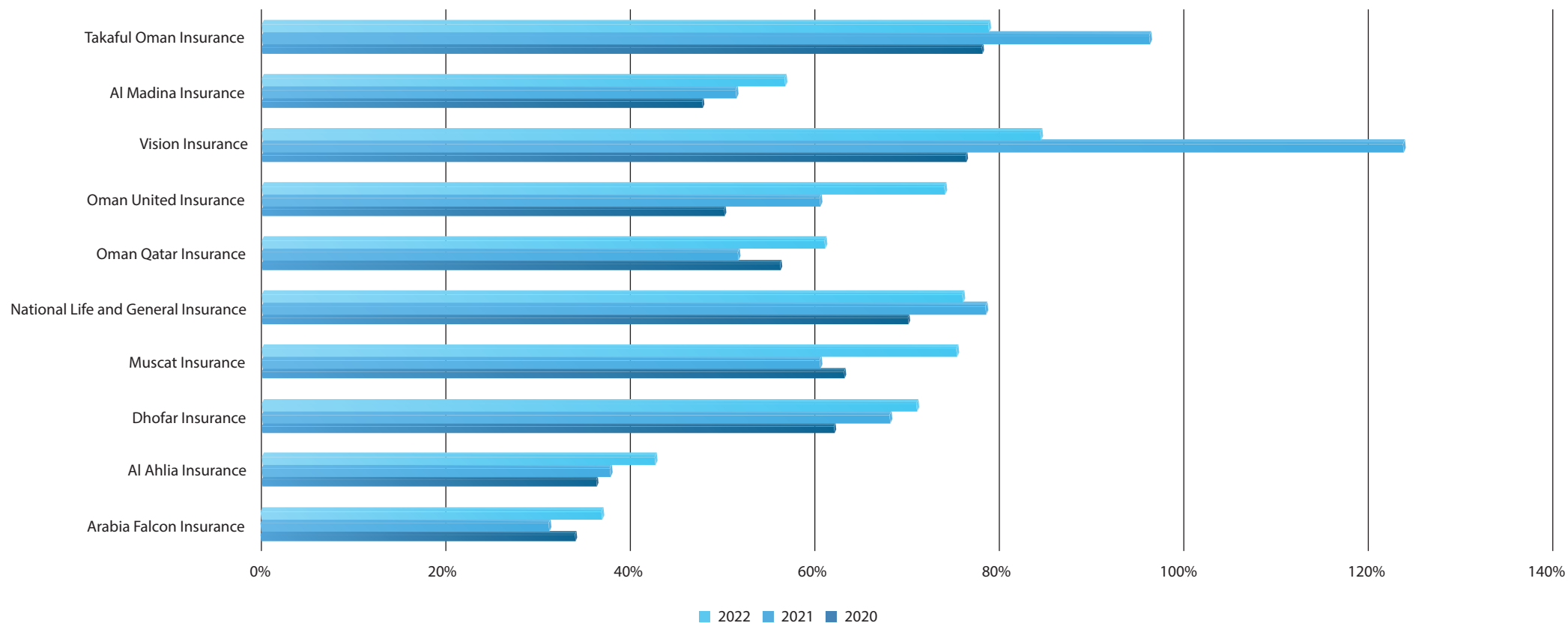
LOSS RATIO

Loss Ratio increased for the business of Motor in 2022 by 69%, while for the business of Medical, loss ratio increased by 23% and for Other General business, loss ratio remained same at 63% for both years 2021 and 2022.



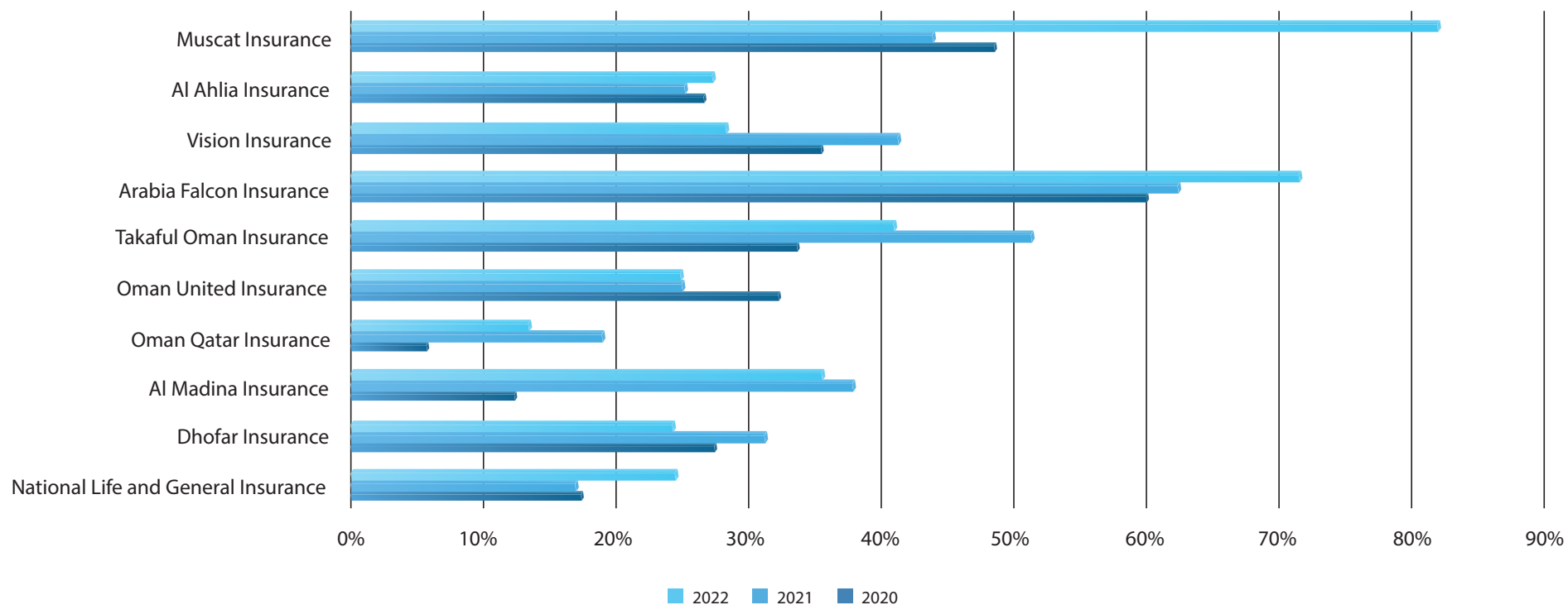
LOSS RATIOS

In general, there is an increase in the loss ratio of most insurance companies from 2021 to 2022. This may indicate an increase in the number of claims and payouts made by the insurance companies. Vision Insurance had a significantly high loss ratio of 124% in 2021, which may suggest that the company's claims and payouts exceeded its premium income. However, this loss ratio reduced to 85% in 2022, indicating that the company may have taken steps to manage its losses. National Life and General Insurance had a consistently high loss ratio of 79% and 76% in both years, which could suggest that the company needs to take measures to manage its claims and payouts. Takaful Oman Insurance had a significantly high loss ratio of 96% in 2021, which reduced to 79% in 2022, suggesting that the company may have taken steps to manage its losses. Overall, the increase in loss ratios of most insurance companies in Oman from 2021 to 2022 could indicate a challenging year for the insurance industry.



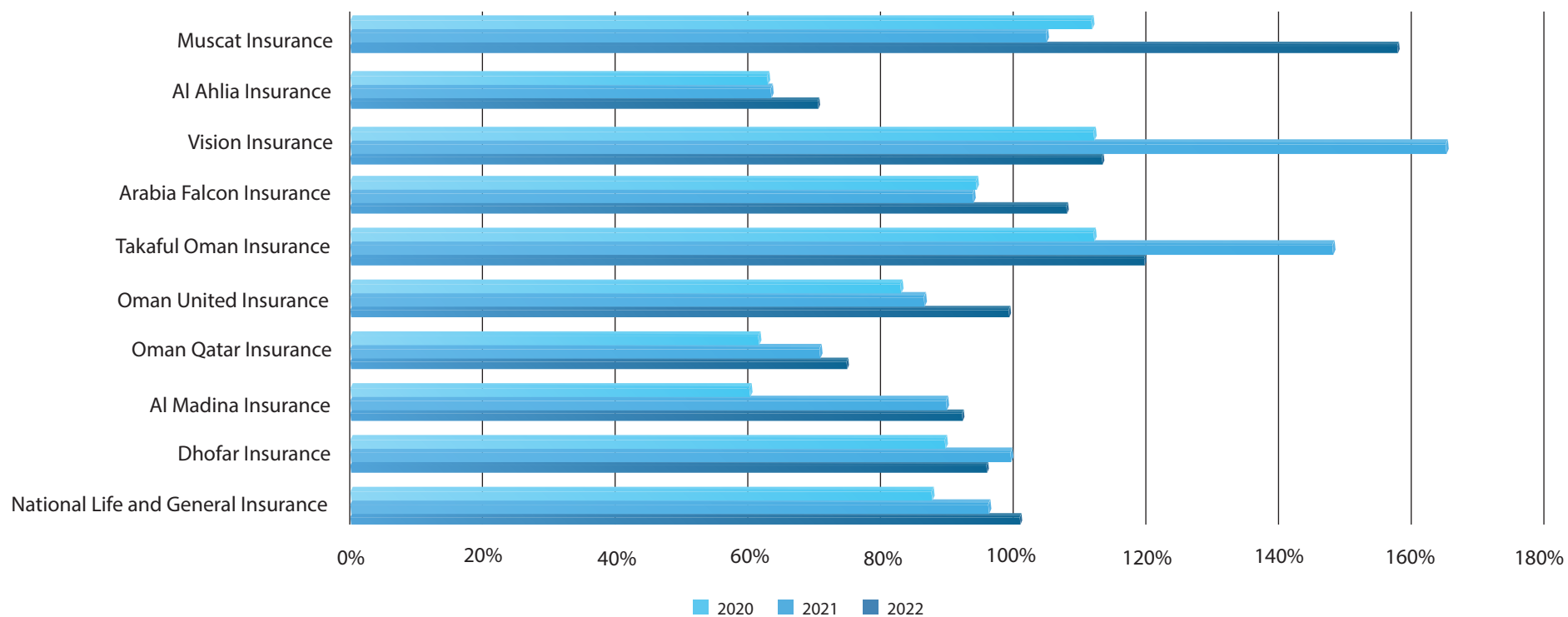
EXPENSE RATIO

The expense ratios of most companies fall in the range of 14% to 72% in 2022. There are some companies that have high expense ratios which indicate that they are spending more on operational costs and administrative expenses. For example, Muscat Insurance has the highest expense ratio of 82% in 2022, which suggests that the company may need to implement cost-cutting measures to improve its profitability. National Life and General Insurance, Oman Qatar Insurance, and Oman United Insurance had relatively low expense ratios in both years, which suggests that they are more efficient in managing their costs. Dhofar Insurance and Vision Insurance had a decrease in their expense ratio from 2021 to 2022, which indicates an improvement in their efficiency.



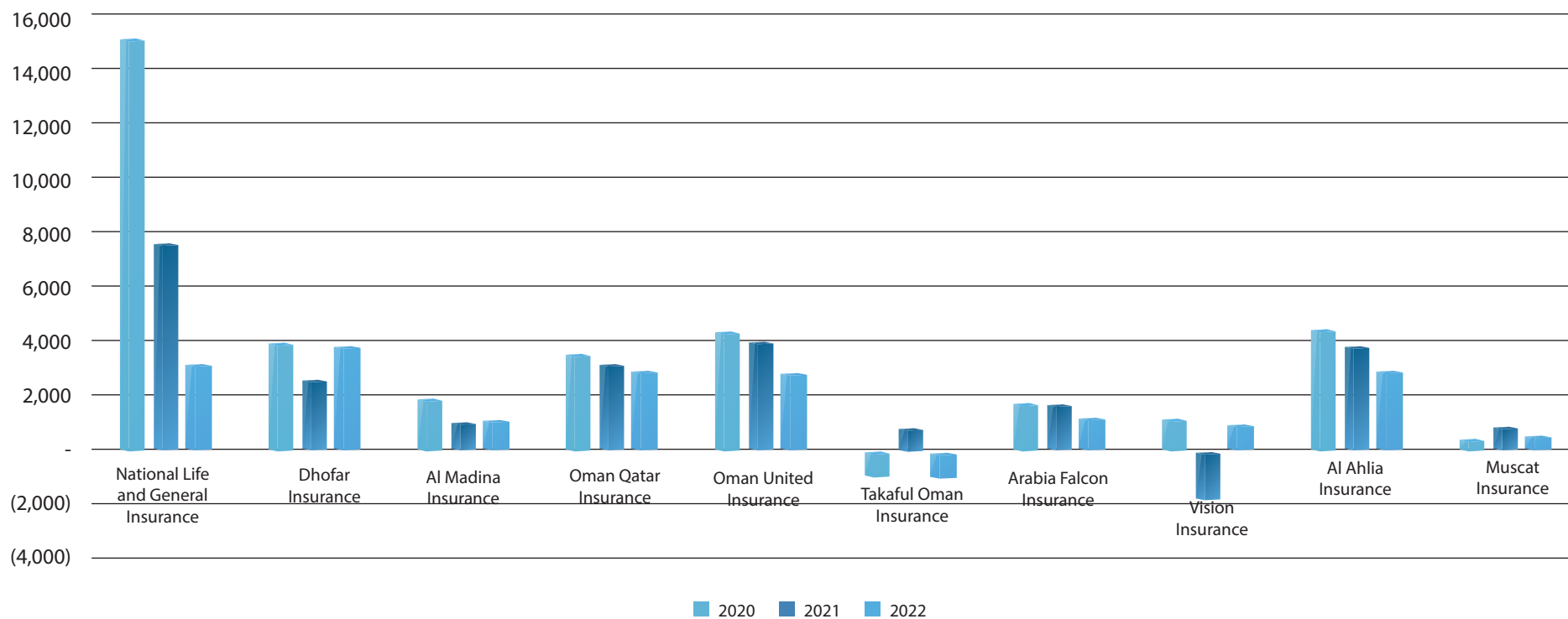
COMBINED RATIOS

The combined ratio is a measure used in the insurance industry to evaluate the profitability of an insurance company. It represents the sum of the company's loss ratio (claims paid out as a percentage of premiums). Vision Insurance had the highest combined ratio in both 2021 and 2022, which indicates that the company is paying out more in claims and expenses than it is earning in premiums. Muscat Insurance had a combined ratio of 160% in 2022. Al Ahlia Insurance, Al Madina Insurance, Oman Qatar Insurance, and Oman United Insurance had combined ratios below 100% in both years, indicating that they are earning more in premiums than they are paying out in claims and expenses. Muscat Insurance had increase in its combined ratio from 105% to 160% from 2021 to 2022, which indicates a decline in its profitability.



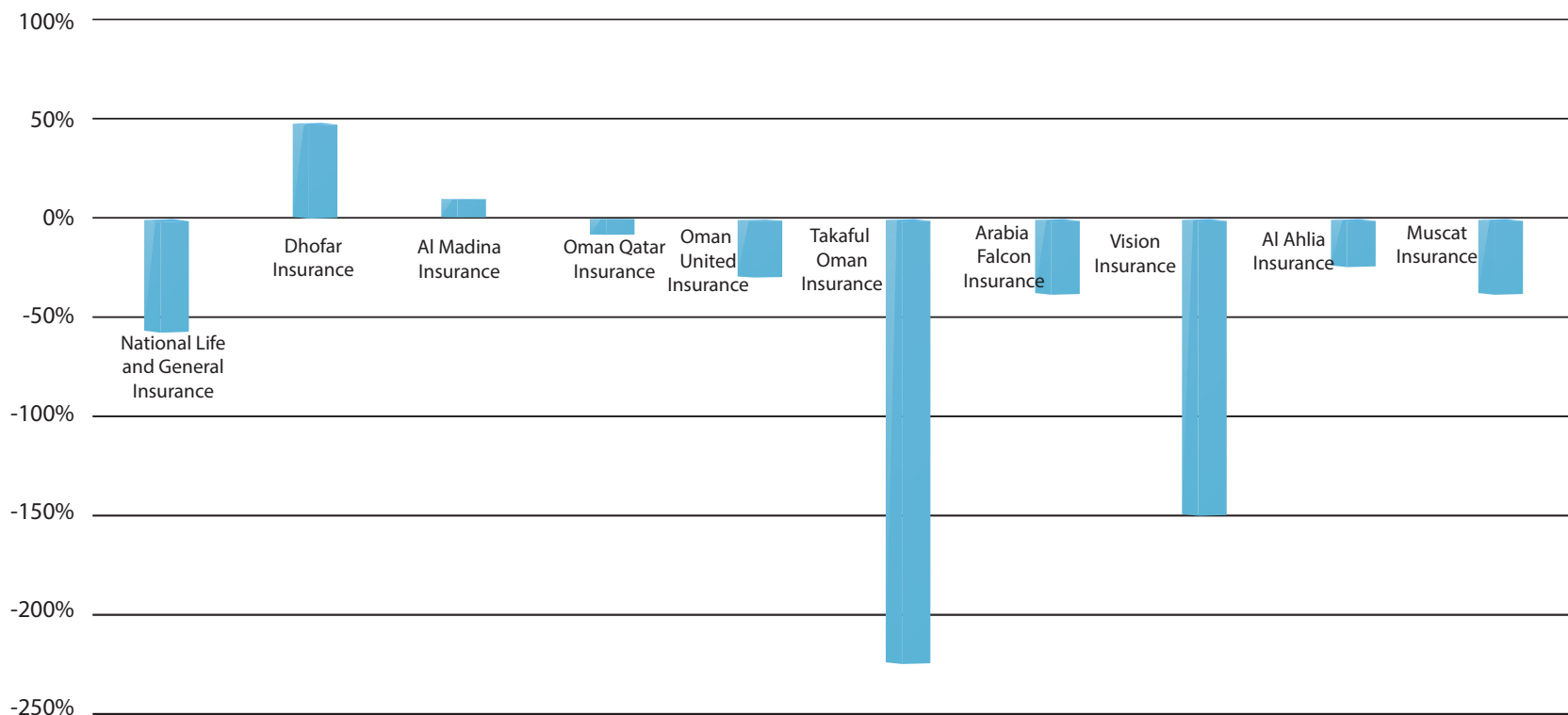
NET PROFIT/LOSS

Dhofar Insurance shows a major increase in its net profit by 47% and remains at top of the list. Al Ahlia Insurance, Oman Qatar Insurance, and Oman United Insurance all had a decrease in net profit from 2021 to 2022. Muscat Insurance also had a significant decrease in net profit from 2021 to 2022. National Life and General Insurance, which had the highest net profit in 2021, shows a decrease of 58% in its net profit for 2022. Vision Insurance had a significant improvement in net profit from a negative value in 2021 to a positive value in 2022. Al Madina Insurance also had a slight increase in net profit from 2021 to 2022.



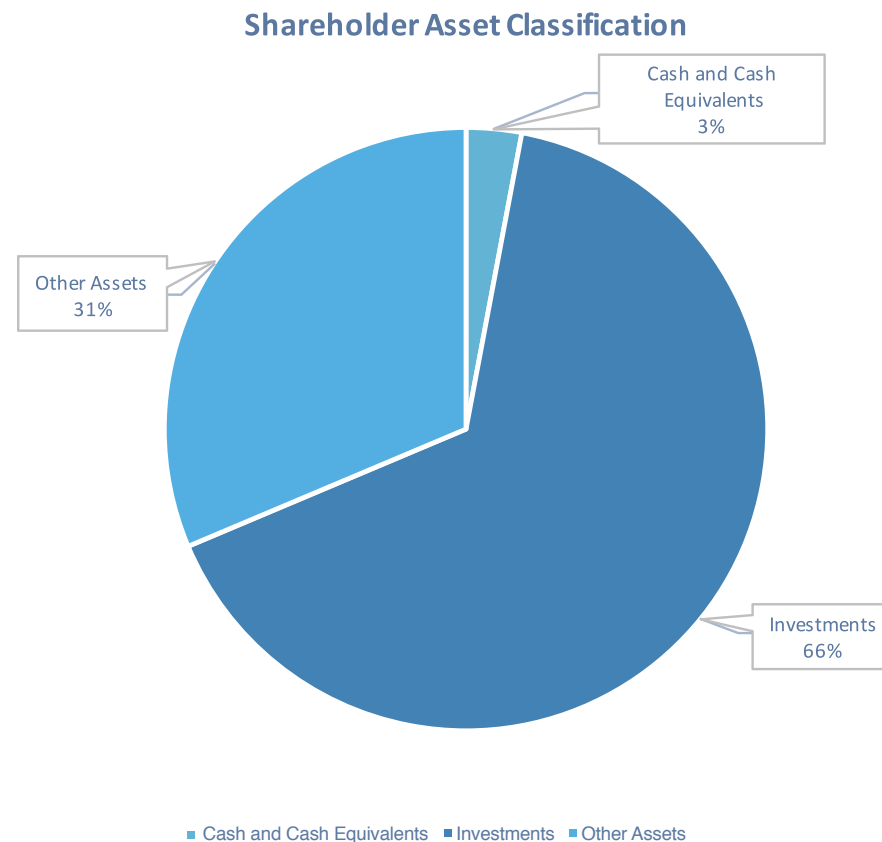
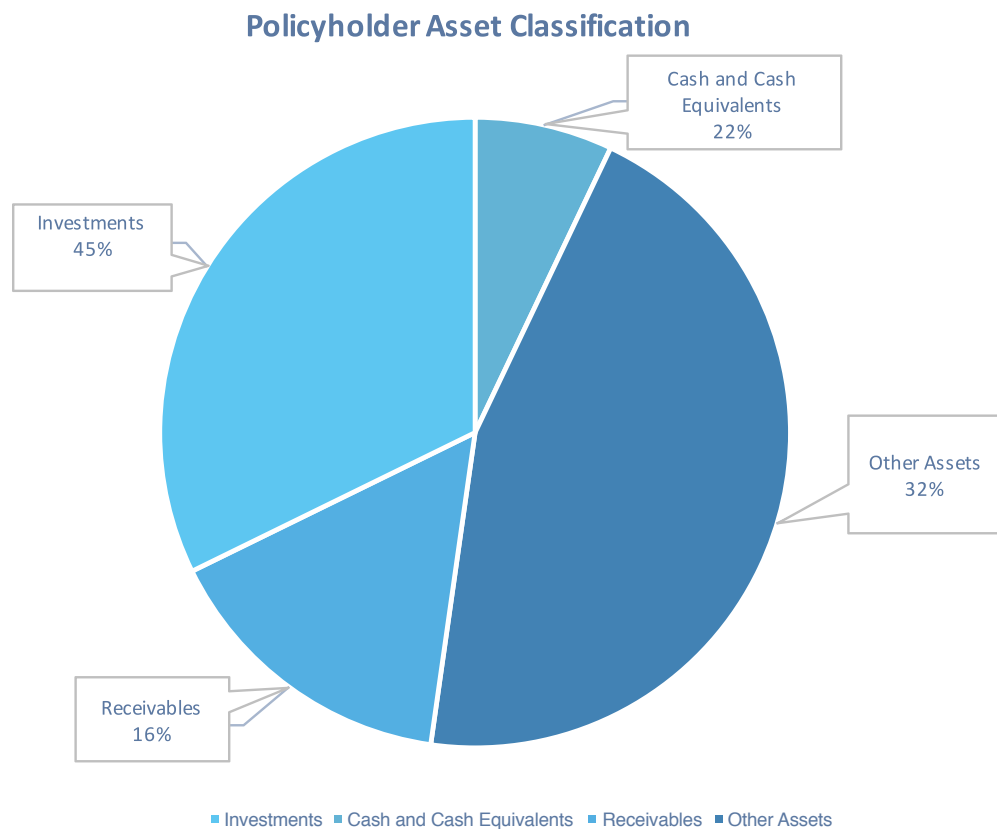
NET PROFIT/(LOSS) - MOVEMENT

Takaful Oman Insurance shows a decrease of 242%, followed by Vision Insurance with a decrease of 151%. Other companies also experienced a decline in net profit, including National Life and General Insurance with a decrease of 58%, Arabia Falcon Insurance with a decrease of 37%, and Muscat Insurance with a decrease of 38%. On the other hand, some companies had an increase in net profit, with Dhofar Insurance seeing the highest increase with a growth of 47%. Oman Qatar Insurance had a slight decrease of 8%.



ASSET CLASSIFICATION - AGGREGATE

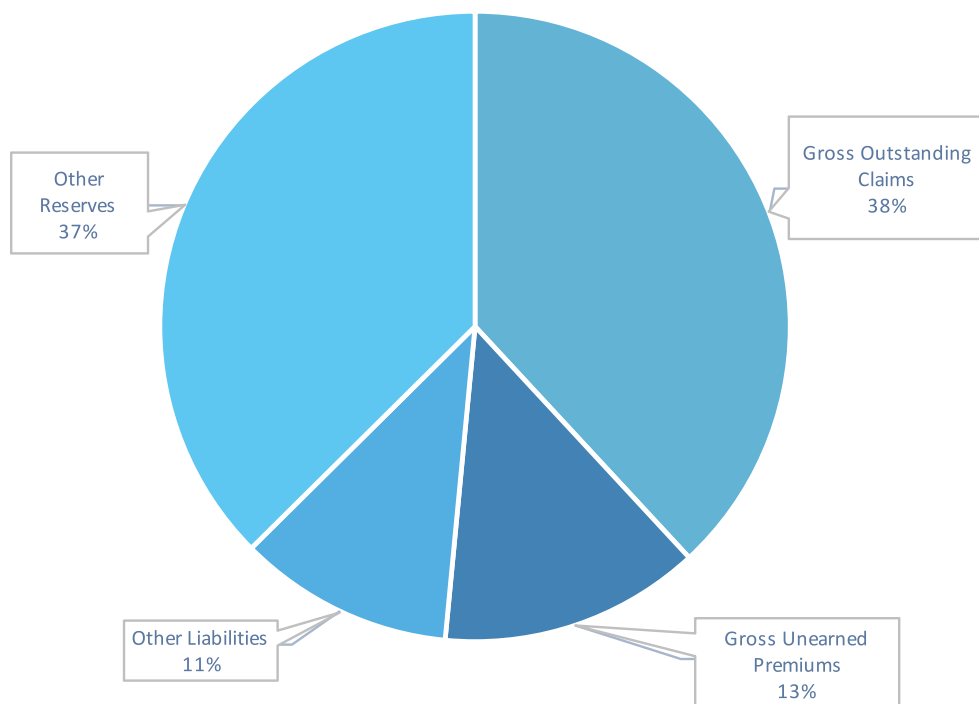
About 45% of policyholder assets relate to Investments, 16% to Receivables, 22% to Cash and Cash Equivalents and 32% to Other Assets. For shareholder assets, 66% of the Assets relate to Investments, 31% to Other Assets, and 3% to Cash and Cash Equivalent. Investments constitute most of the part of the policyholder and shareholder assets.



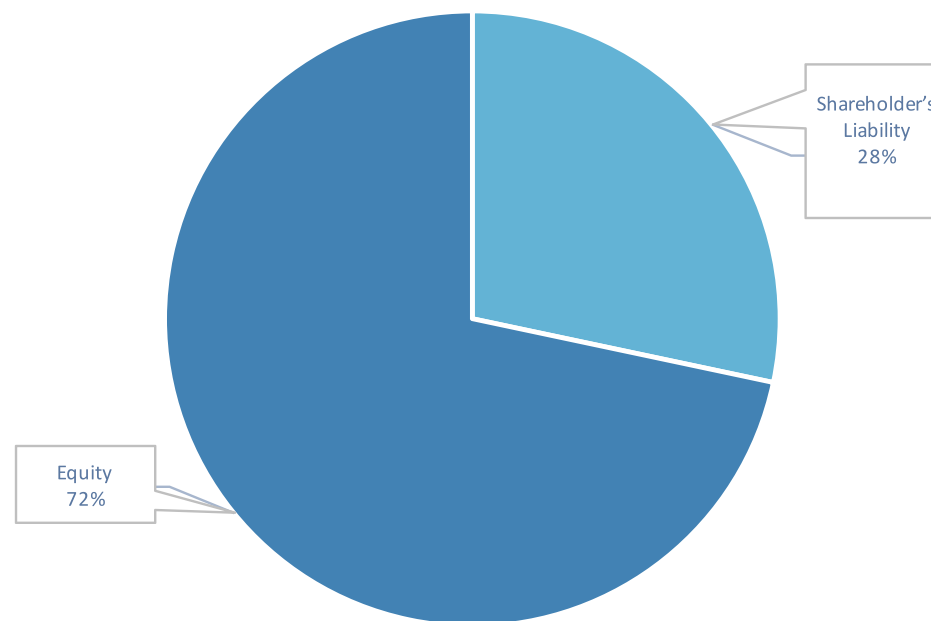
LIABILITY AND EQUITY CLASSIFICATION - AGGREGATE

About 28% of the assets are financed by shareholder's liabilities, and about 72% are financed by equity. Moreover, reserves constitute 37% and outstanding claims constitute 38% of the total liabilities.

Policyholder Liability Classification

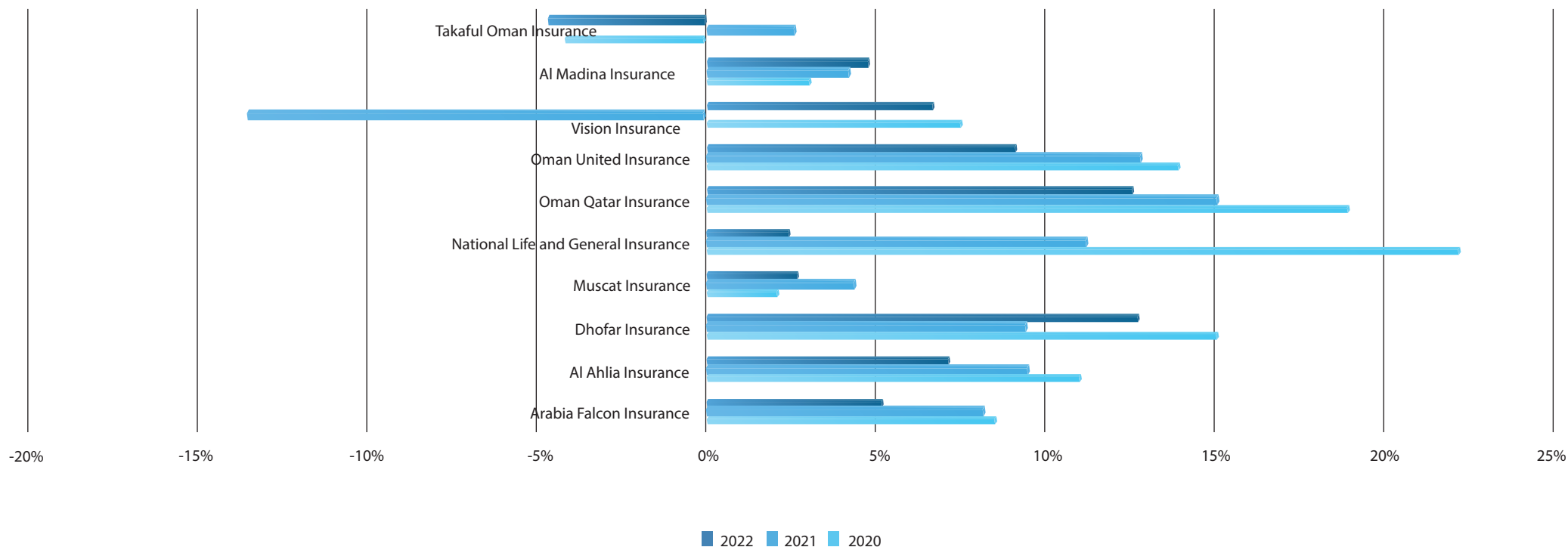


Shareholder Liability and Equity Classification



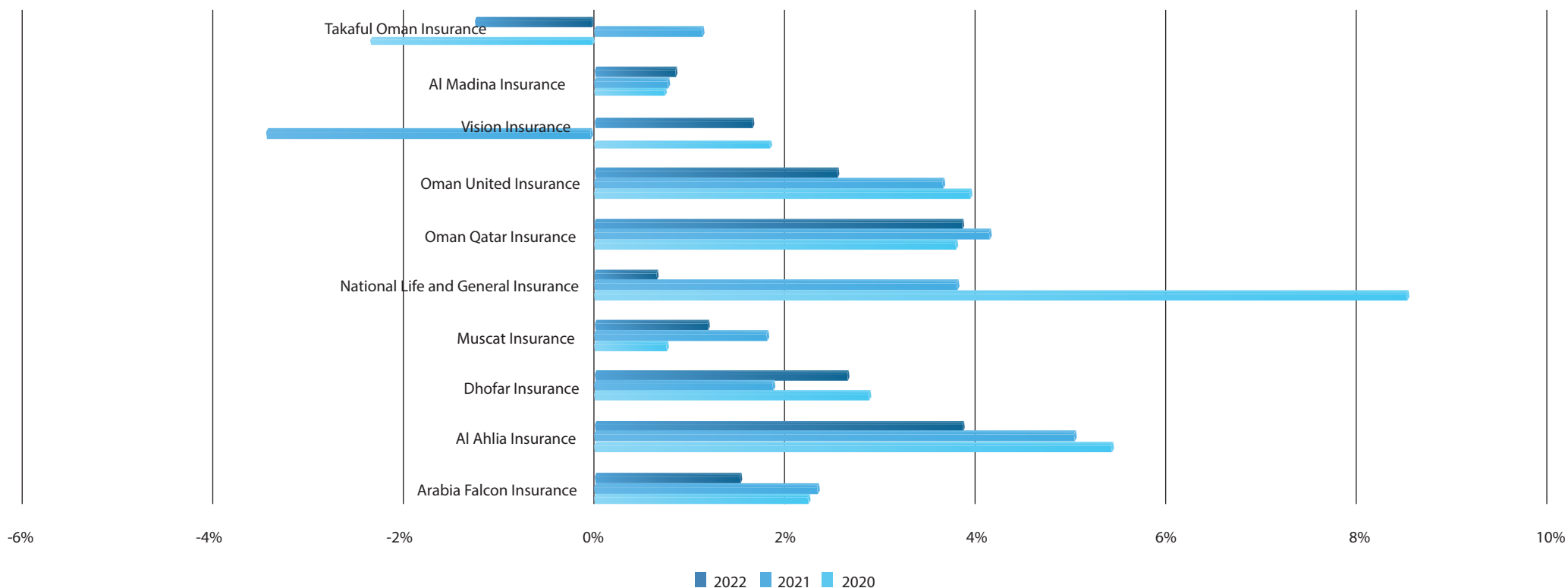
RETURN ON EQUITY (ROE)

The Return on Equity ratio essentially measures the rate of return that the owners of common stock of a company receive on their shareholdings. Return on equity signifies how good the company is in generating returns on the investment it received from its shareholders. The insurance industry in Oman has witnessed mixed performance in 2021 and 2022. While some companies have witnessed an improvement in their return on equity (ROE) in 2022 compared to 2021, others have seen a decline. Dhofar Insurance, Oman Qatar Insurance, and Oman United Insurance have consistently performed well with high ROE figures in both years. Vision Insurance shows negative ROE figure with performance being particularly weak in 2022. National Life and General Insurance has witnessed a significant decline in its ROE from 11% in 2021 to 2% in 2022.



RETURN ON ASSET (ROA)

Return on Asset (ROA) is an indicator of how profitable a company is, relative to its total assets. Comparing profits to revenue is a useful operational metric but comparing them to the resources a company used to earn them cuts to the very feasibility of that company's existence. The insurance industry in Oman has shown relatively stable ROA figures over the two-year period, with most companies exhibiting consistent performance. Al Ahlia Insurance, Oman Qatar Insurance, and Oman United Insurance have consistently shown higher ROA figures than other companies in both years. Vision Insurance shows negative ROA figure from -3% in 2021 to 1% in 2022. Dhofar Insurance has shown a slight increase in its ROA from 2% in 2021 to 3% in 2022.





MEET THE TEAM

Aisha Ishfaq

Actuarial Analyst

Hiba Ibad

Actuarial Trainee

Rida Hanif

Data and Research Trainee

SHMACONSULTING

Feedback

SHMA Consulting is proud to present Insurance Industry Analysis – OMAN for the Year-End 2022. We have a dedicated and talented pool of individuals to bring you industry insights in the form of this report.

We welcome your feedback on the analysis presented in this report.



<https://www.linkedin.com/company/shma-consulting/>



www.shmaconsulting.com

About Us

SHMA Consulting has been providing actuarial services to insurance companies since 1990 and to companies in the GCC (starting with the UAE) since early 1997.



info@shmaconsulting.com
P.O. Box 340505, Dubai, UAE.



+971 56 183 1095, +971 52 831 4612