

SHMACONSULTING

# INSURANCE INDUSTRY

KINGDOM OF SAUDI ARABIA

Q1 - 2023

[www.shmaconsulting.com](http://www.shmaconsulting.com)





## VISION

To nurture the lives of people everywhere and drive success by improving the decisions they make.



## MISSION

To bring the future in favor of people by partnering, simplifying and improving more lives every day.



## VALUES

People First | Learn & Grow | Excel & Innovate  
Integrity & Trust | Belong & Inspire

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## ABOUT US

SHMA Consulting is the outcome of an initiative taken by a team of dedicated, young, and dynamic Actuarial professionals aiming to provide specialized and client-focused Actuarial and financial consulting services on insurance, retirement, enterprise risk and investment management matters.

Over time and through continued success, SHMA Consulting has grown to cover even more areas of specialty. We now operate through three offices, covering Pakistan U.A.E. and KSA.

Setting benchmarks of excellence in Actuarial and Financial Services since 1987, SHMA Consulting serves a diverse clientele, giving them an edge over competitors in respective industries.

Supporting the decision-making process and simplifying complexity, SHMA Consulting offers invaluable expertise in the areas of valuation and underwriting, government advisory, provider service costing, employee benefits, amongst other key service offerings.



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
- Advising on benefit design and cost-benefit analysis
- Pension benefits administration
- Benefit 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 AND DISCLAIMERS

- ❖ The data used to prepare this report has been collected from Tadawul.
- ❖ The information, materials, and opinions presented in this report are for general information purposes only.
- ❖ The information presented in this report is 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.

## INDUSTRY HIGHLIGHTS

- ❖ According to Statista, the non-life insurance segment of the Saudi insurance industry is expected to grow to around 10.4 billion U.S. dollars by 2026. In comparison, the life insurance segment was projected to remain stable at 0.4 billion U.S. dollars.
- ❖ The Saudi Arabia health insurance market is expected to grow at a CAGR of around 5.4% during 2023-2030.
- ❖ The Saudi Cabinet, chaired by Crown Prince Mohammed bin Salman, approved the establishment of the Insurance Authority on 15th August 2023. Finance Minister Mohammed Al-Jadaan characterized this measure as pivotal within the developmental blueprint of the financial sector, a component of the Vision 2030 program designed to elevate the role of the insurance sector.
- ❖ The Saudi Central Bank (SAMA) approved the Insurtech Rules for the draft rules via National Competitiveness Center's Public Consultation Platform. This initiative is part of SAMA's continuous efforts to enhance the insurance sector for providing better services commensurate with developments in the insurance industry in general and insurance technology services in particular.

# IFRS 17 – OVERVIEW

## MEASUREMENT

New Measurement Models introduced that are largely projected cash-flow in nature, considering time value of money effects, risk adjustment and (where applicable) a residual profit margin.

## INSURANCE & NON-INSURANCE COMPONENTS

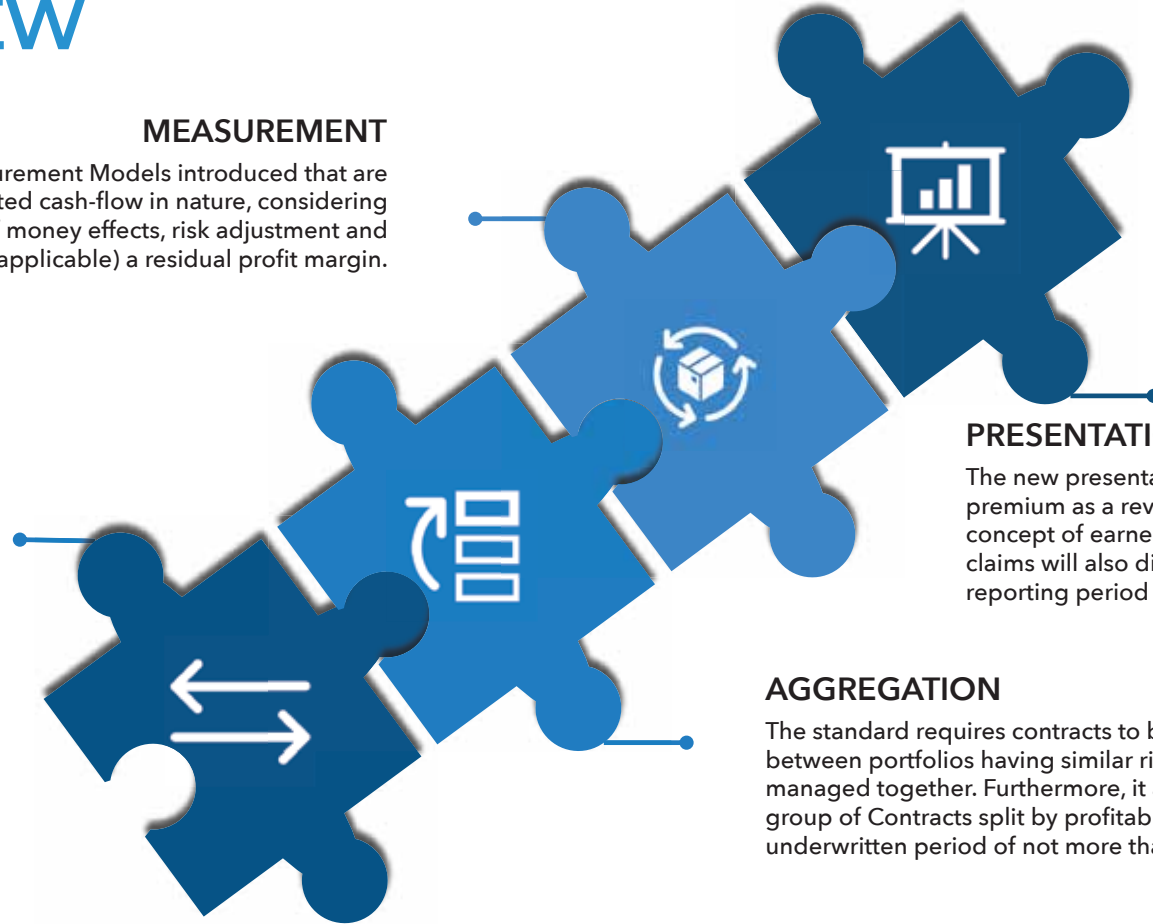
The standard has very specific definitions to segment between insurance and non-insurance components and requires separation in some cases.

## PRESENTATION

The new presentation style removes the written premium as a revenue item and goes with the concept of earned revenue. Other items as incurred claims will also distinguish incurrence during reporting period and those before reporting period.

## AGGREGATION

The standard requires contracts to be segmented between portfolios having similar risks and managed together. Furthermore, it also requires a group of Contracts split by profitability and an underwritten period of not more than 1 year apart.





# INCOME STATEMENT - ILLUSTRATION

| IFRS-4 P&L                                     | AMOUNT      |
|--|-------------|
| Gross Premium                                  | xx          |
| Premiums Ceded to Reinsurers                   | (xx)        |
| Change in NET UPR                              | (xx)        |
| Net Earned Premium                             | xx          |
| Investment Income                              | xx          |
| <b>Total Revenue</b>                           | <b>xx</b>   |
| Net Claims Benefits & Expenses                 | (xx)        |
| Claims & Expenses Ceded to Reinsurers          | (xx)        |
| Acquisition Cost Amortization                  | (xx)        |
| Change in Insurance Contract Liabilities (net) | (xx)        |
| <b>Total Expenses</b>                          | <b>(xx)</b> |
| <b>Profit Before Tax</b>                       | <b>xx</b>   |

| IFRS-17 P&L                               | AMOUNT      |
|---|-------------|
| <b>Insurance Revenue</b>                  | <b>xx</b>   |
| Expected Claims & Expenses                | xx          |
| Expected Acquisition Cost                 | xx          |
| CSM Release                               | xx          |
| Premium Experience Adjustments            | xx          |
| Risk Adjustment Release from LFRC         | xx          |
| PAA Revenue                               | xx          |
| <b>Insurance Expense</b>                  | <b>(xx)</b> |
| Actual Claims & Expenses                  | (xx)        |
| Actual Acquisition Cost                   | (xx)        |
| Changes in Prior Year Estimates           | (xx)        |
| <b>Insurance Service Result</b>           | <b>xx</b>   |
| <b>Net Reinsurance Result</b>             | <b>xx</b>   |
| Finance Expense from Insurance Contracts  | (xx)        |
| Finance Income from Reinsurance Contracts | xx          |
| <b>Total Finance Expense</b>              | <b>(xx)</b> |
| <b>Investment Income</b>                  | <b>(xx)</b> |
| Other Expenses                            | xx          |
| Other Income                              |             |
| <b>Profit Before Tax</b>                  | <b>xx</b>   |

GMM LFRC  
Release

PAA Revenue Only  
(Earned Premium)

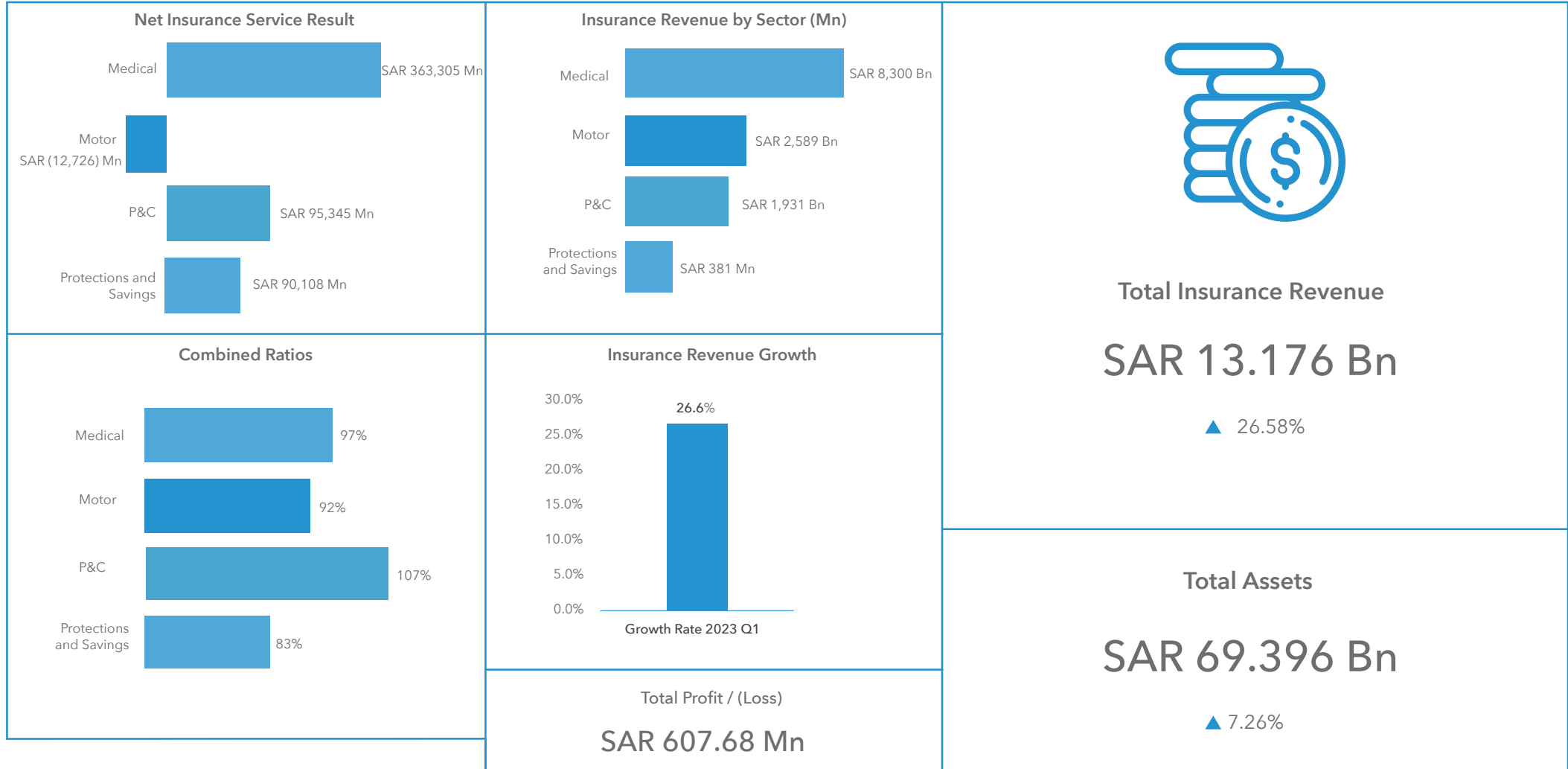
Relating to Claims  
Incurred in Reporting  
Period Only  
Past Loss Estimate  
Changes (Loss Date  
Before Opening)

Net Reinsurance  
Recoveries

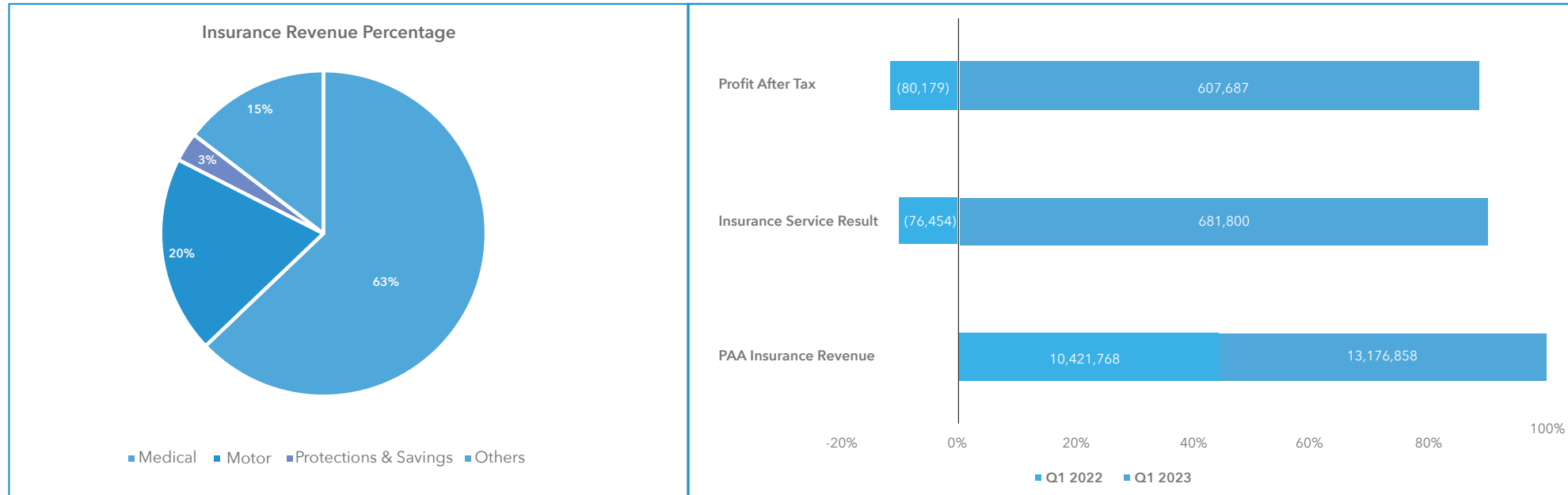
Movement in Liability  
due to Discount Rate  
Roll-forward

Unattributable  
Expenses

# PERFORMANCE HIGHLIGHTS

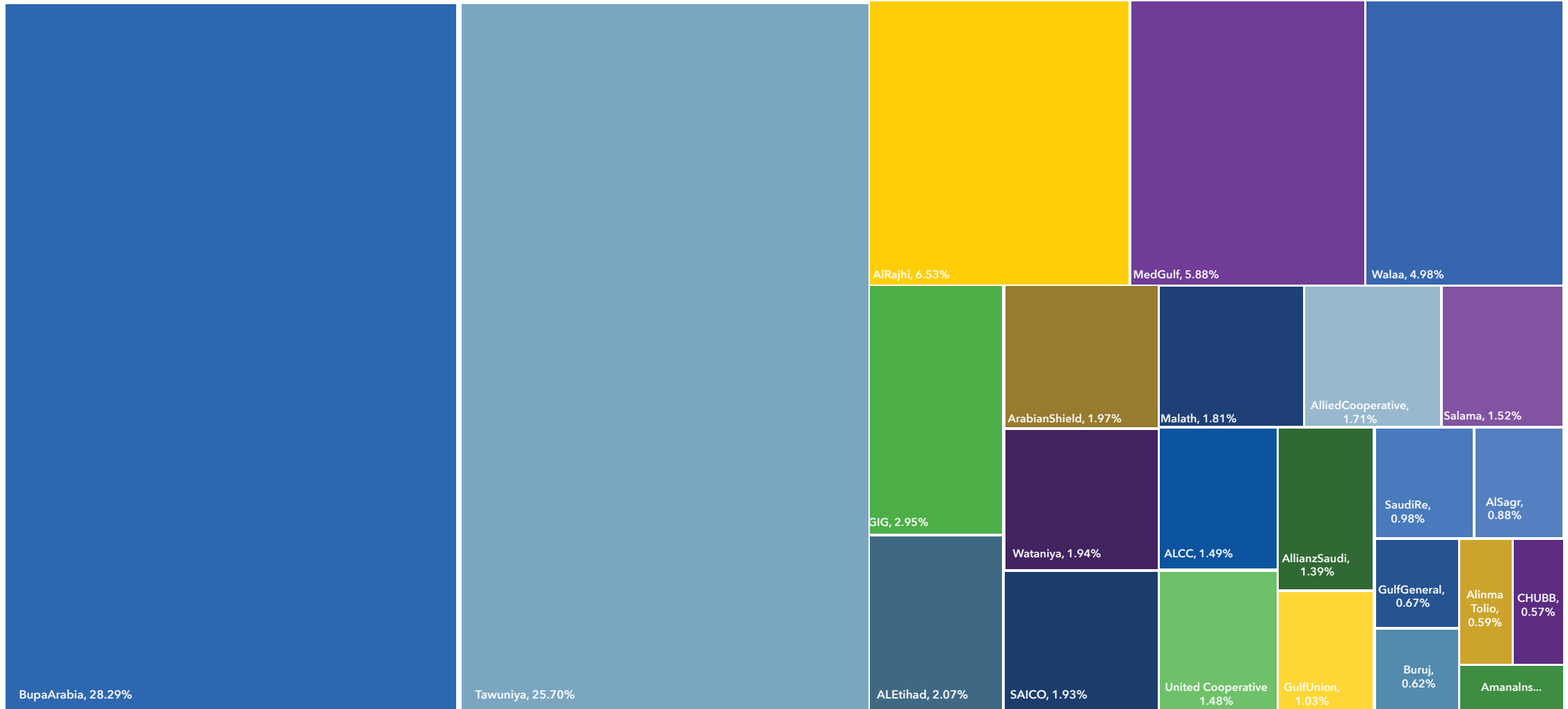


# AGGREGATE PERFORMANCE



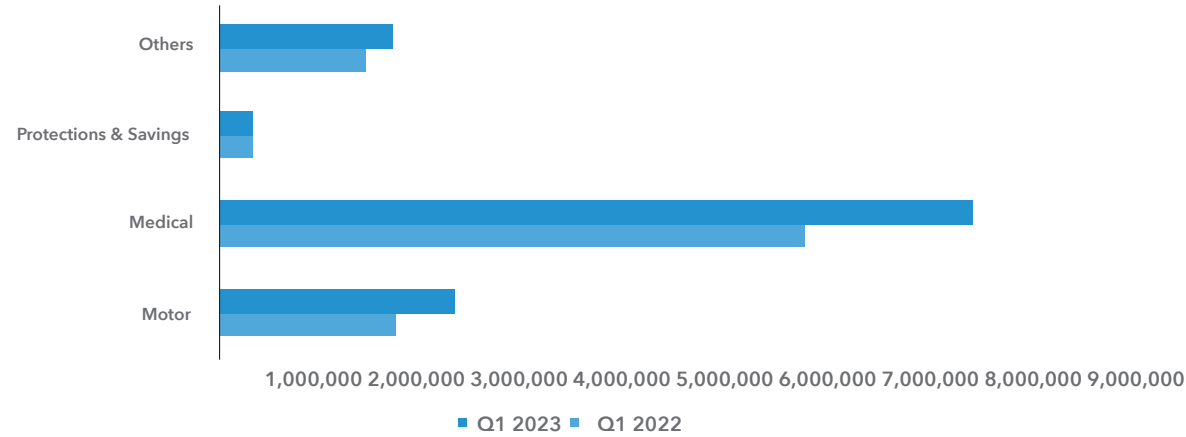
Medical, a highly lucrative LOB, witnessed a 28.5% increase in its revenue. With a value of 63%, it makes up the largest share of the Insurance Revenue. The medical sector was followed by motor insurance with a GWP of 20%. Savings and Protection continue to be the smallest sector, with a value of just 3%. PAA Insurance's revenue grew from SAR 10.421 billion (Q1 2022) to SAR 13.176 billion (Q1 2023), indicating successful customer acquisition, increased sales of insurance products, or potentially higher premiums charged. There was a remarkable transformation, achieving a positive insurance service result of 681,800 Mn. This indicates a substantial improvement in the efficiency and profitability of the insurance operations. Profit After Tax improved significantly, with a profit of 607,687 Mn. This indicates a substantial recovery and a positive turn in the industry's performance in Q1 2023.

# MARKET SHARE PROPORTION

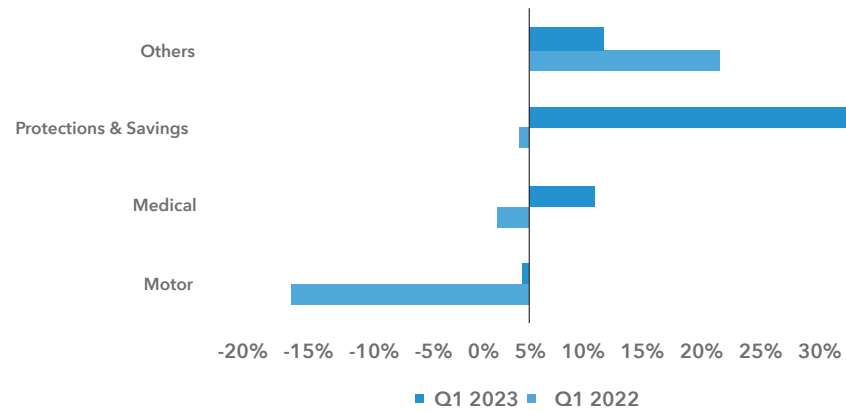


# INSURANCE REVENUE & RANKINGS

Insurance Revenue by Sector (Mn)

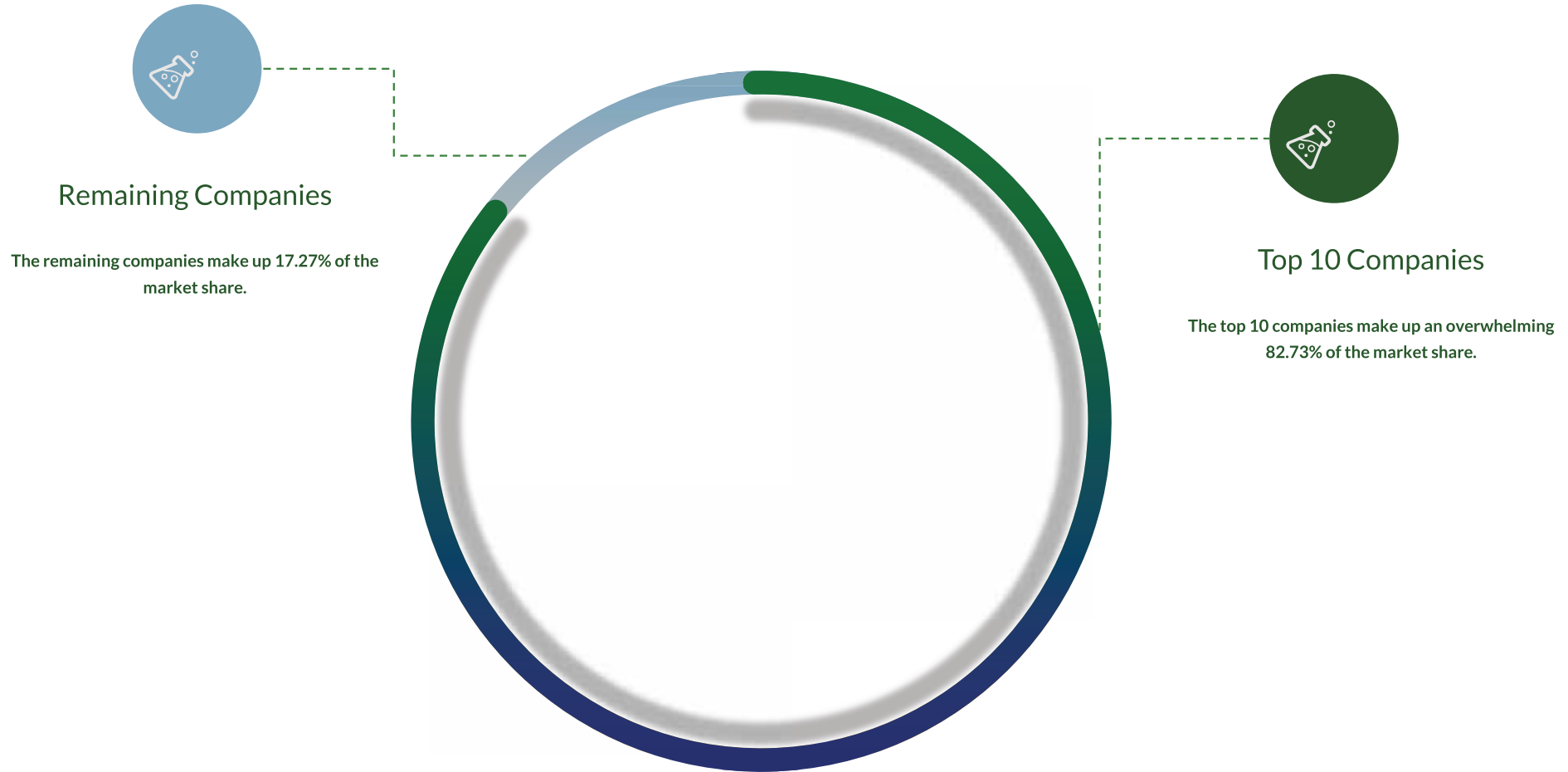


Insurance Service Ratio By Sector (Mn)



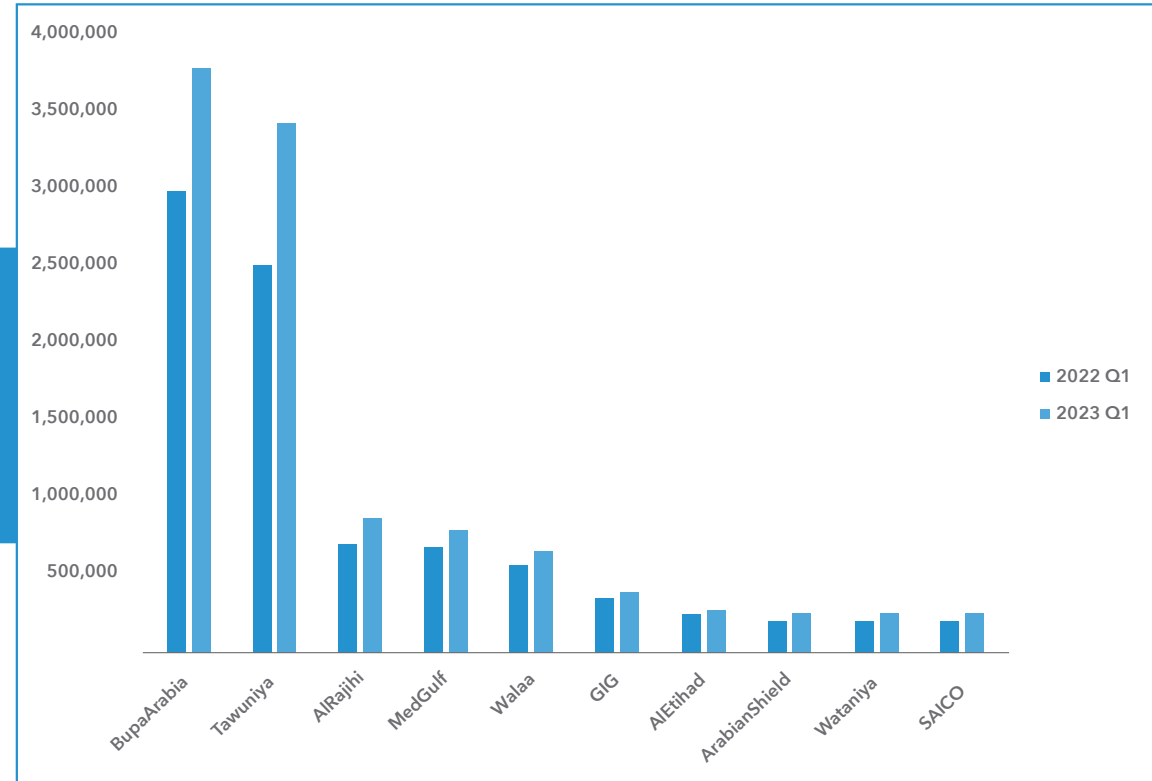
|                          |                       |
|--------------------------|-----------------------|
| 1. Bupa Arabia —         | 18. Al Alamiya ▲      |
| 2. Tawuniya —            | 19. Saudi Re ▼        |
| 3. Al Rajhi —            | 20. Al Sagr ▼         |
| 4. MedGulf —             | 21. Gulf General ▲    |
| 5. Walaa —               | 21. Buruj ▼           |
| 6. GIG —                 | 22. Al Jazira ▲       |
| 7. Al Etihad ▲           | 24. Alinma tokio ▼    |
| 8. Arabian Shield ▲      | 25. CHUBB ▼           |
| 9. Wataniya ▲            | 26. Amana Insurance ▼ |
| 10. SAICO ▲              | 27. Saudi Enaya ▼     |
| 11. Malath ▼             |                       |
| 12. Allied Cooperative ▲ |                       |
| 13. Salama ▲             |                       |
| 14. AICC ▲               |                       |
| 15. United Cooperative ▲ |                       |
| 16. Allianz Saudi ▼      |                       |
| 17. Gulf Union ▼         |                       |

# INSURANCE REVENUE COMPOSITION TOP 10 VS REMAINING COMPANIES

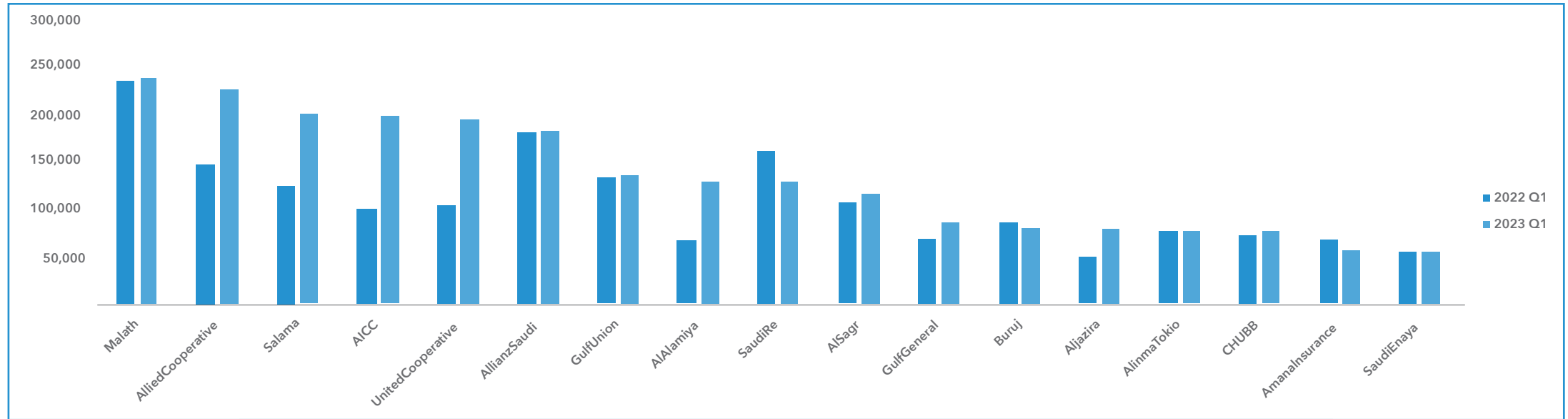


# INSURANCE REVENUE – TOP 10 COMPANIES

In the first quarter of 2023, the top 10 insurance companies in Saudi Arabia exhibited a consistent growth trend compared to the same period in 2022. The overall industry saw a notable increase in revenue, with Bupa Arabia leading the pack with the highest growth from 2.94 billion to 3.75 billion. Tawuniya also demonstrated substantial growth, rising from 2.49 billion to 3.40 billion. AlRajhi, MedGulf, and Walea followed suit with significant revenue boosts, reflecting an upward trajectory in the insurance sector. Smaller yet noteworthy advancements were observed in companies like GIG, AlEtihad, ArabianShield, Wataniya, and SAICO, showcasing a collective pattern of positive expansion across the industry during the first quarter of 2023.



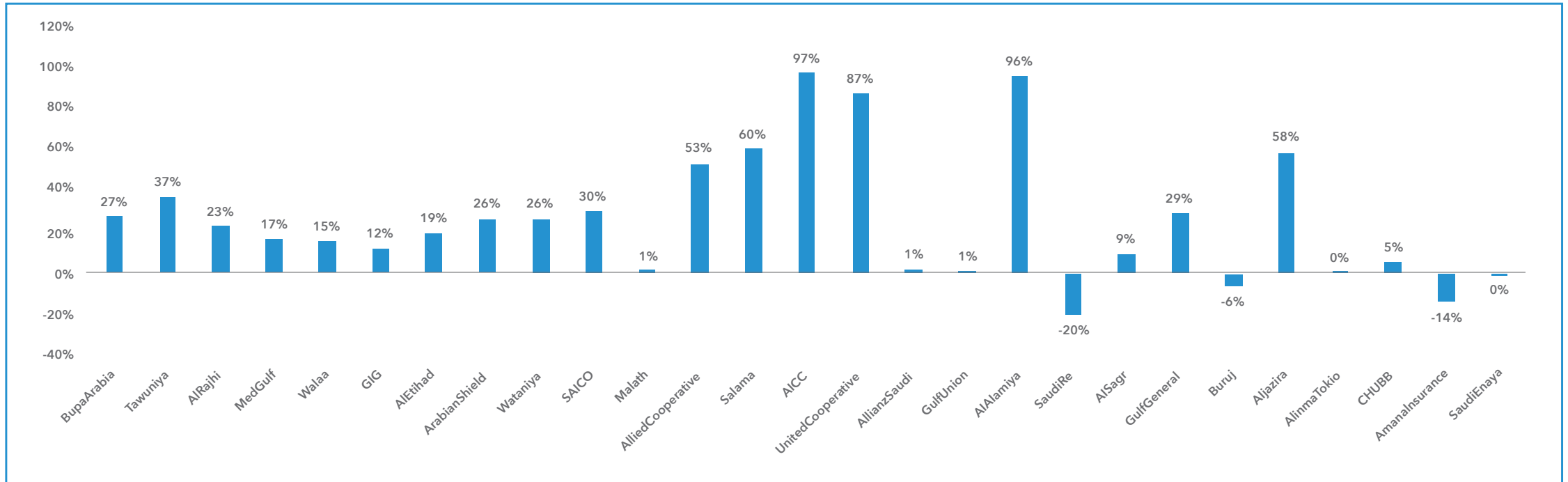
# INSURANCE REVENUE – OTHER COMPANIES



The revenue performance of smaller insurance companies in Saudi Arabia during Q1 2023 varied. While some, like United Cooperative, Al Alamiya, and AICC, experienced significant growth, others had marginal increases or minor declines. Notably, Allianz Saudi, Gulf Union, and Malath saw slight increases, while Buruj, SaudiRe, and Amana Insurance displayed a decline in their revenue. Overall, the quarter showcased a diverse range of revenue trends among these companies.



# INSURANCE REVENUE – MOVEMENT



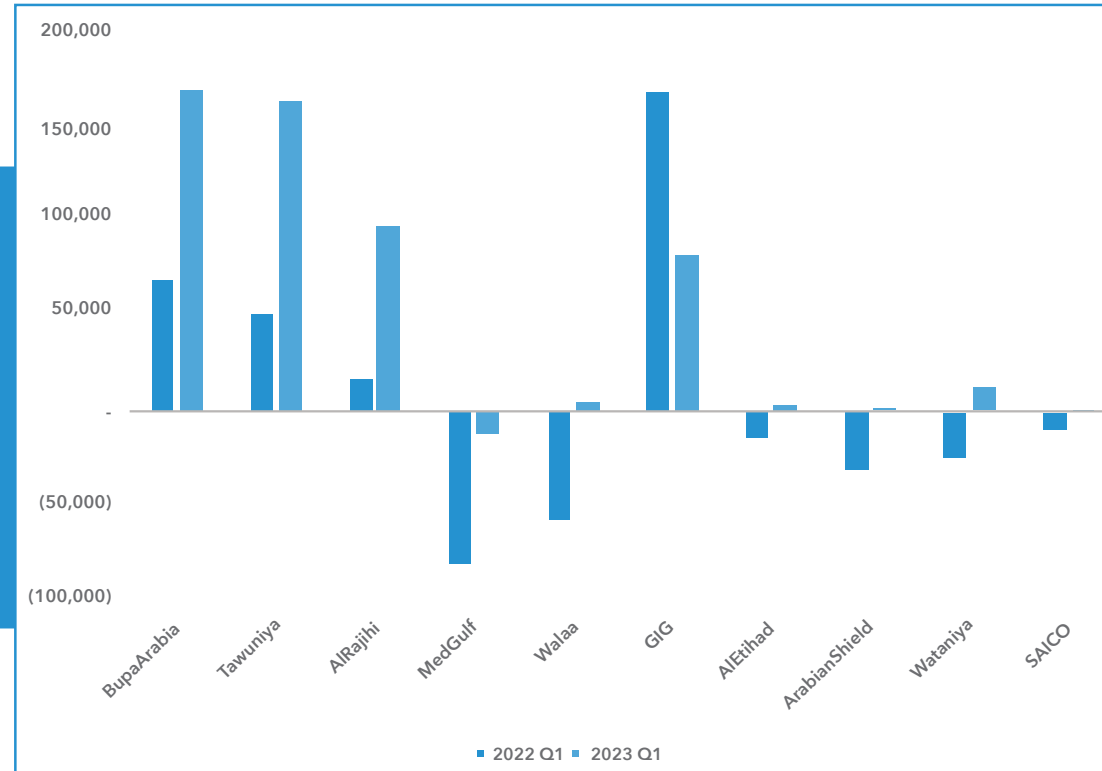
The company with the largest growth was Arabia Insurance, whose revenue rose by 97% in the most recent year. Second place went to Al Alamiya with a 96% movement. Saudi Re, Buruj and Amana Insurance were the only companies to experience a fall in their Insurance Revenue.

# NET INSURANCE SERVICE RESULTS – TOP 10 COMPANIES

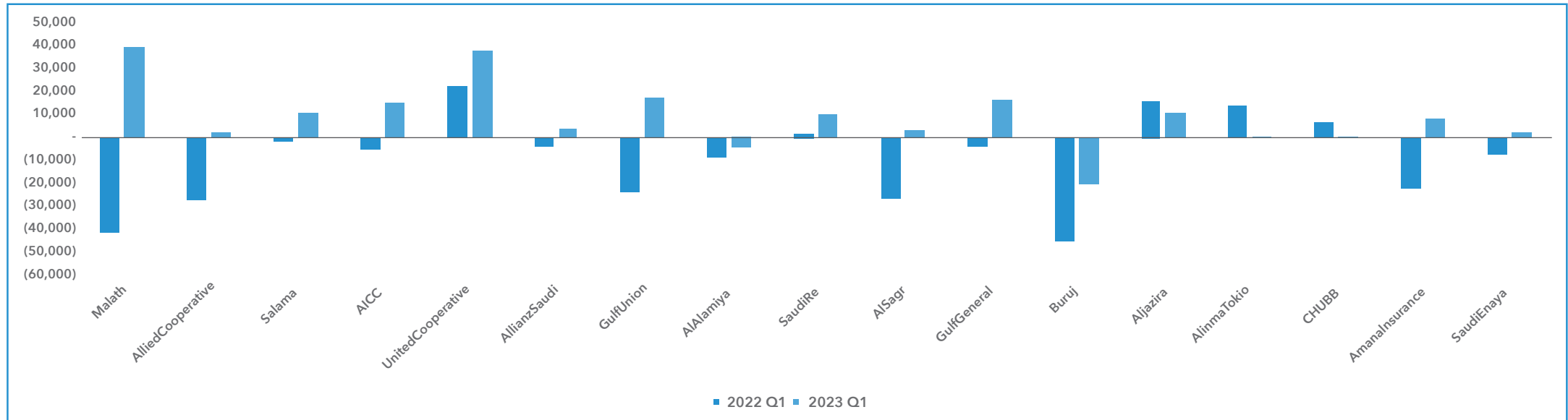
The net insurance service results of the top 10 insurance companies in Saudi Arabia for Q1 2023 compared to Q1 2022 reflect a mixed performance landscape. Bupa Arabia and Tawuniya demonstrated substantial growth, with Bupa Arabia's result increasing from 68,526 Mn to 168,483 Mn and Tawuniya's from 50,712 Mn to 162,309 Mn. Conversely, Med Gulf displayed a significant improvement, moving from a negative value of (79,690 Mn) to (11,794 Mn), indicating a reduction in losses. Walaa exhibited a considerable turnaround, transitioning from a negative value of (57,449 Mn) to a positive 4,335 Mn. GIG experienced a decrease from 166,809 Mn to 81,247 Mn in Q1 2023.

The graph highlights the diverse financial trajectories of these companies during Q1 2023, with some companies achieving growth, reducing losses, or reversing negative trends.

Insurance Service Result is computed as (Revenue - Insurance service expense + Net Expenses from Reinsurance Contracts held).

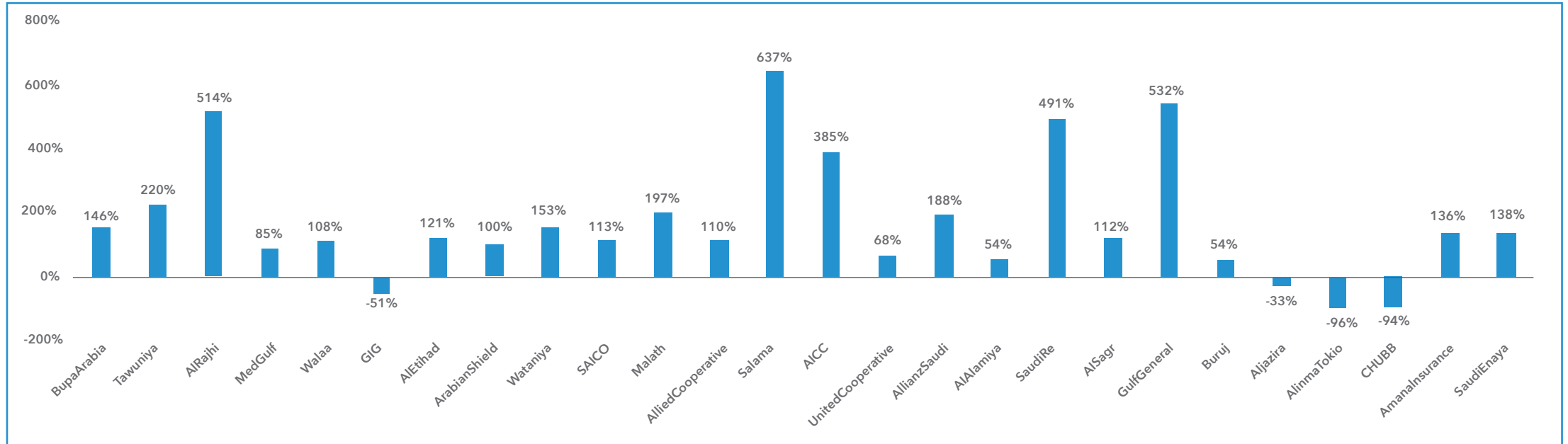


# NET INSURANCE SERVICE RESULTS – OTHER COMPANIES



The net insurance service results of non-top 10 insurance companies in Saudi Arabia for Q1 2023 compared to Q1 2022 reflect a diverse landscape of financial performance. Notably, several companies have managed to reverse negative trends and achieve positive results, demonstrating improved profitability. Allied Cooperative, Salama, AICC, Allianz Saudi, Gulf Union, Al Sagr, Gulf General, Amana Insurance, and Saudi Enaya have all transitioned from losses to gains or improved their positive values. Conversely, a few companies like Al Alamiya and Buruj continue to grapple with losses, with varying degrees of change. Overall, the graph portrays a dynamic and mixed financial landscape among these non-top 10 insurance companies, where some have successfully turned the corner while others continue to address profitability challenges.

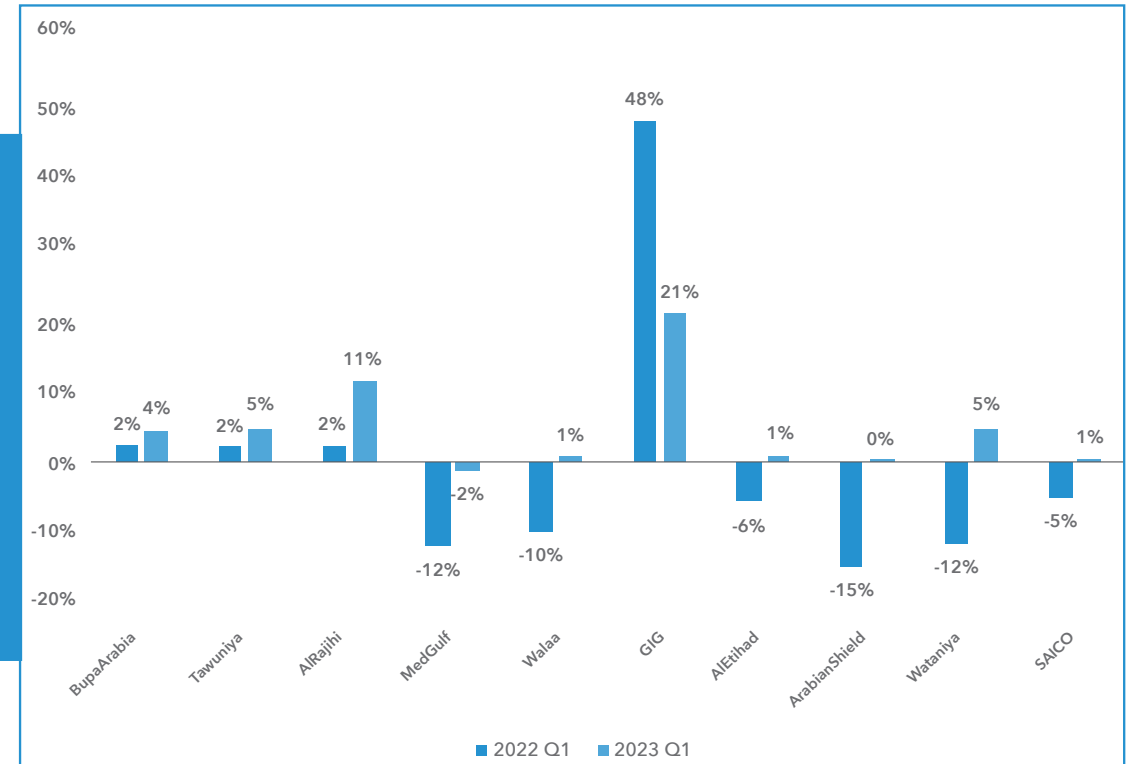
# NET INSURANCE SERVICE RESULTS – MOVEMENT



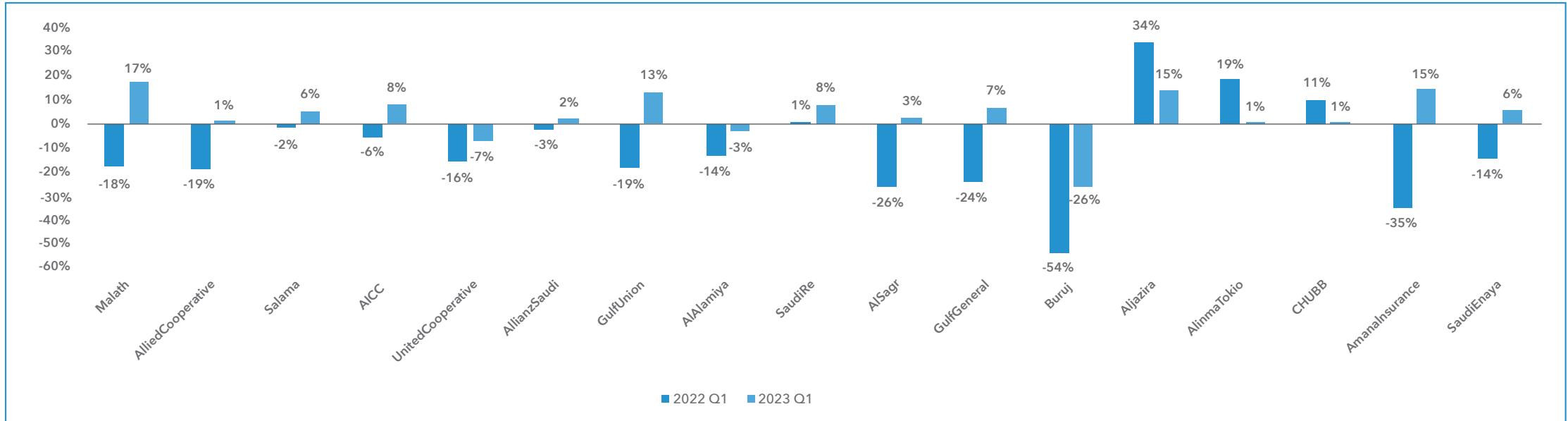
The change in net insurance service results for Saudi Arabian insurance companies between Q1 2022 and Q1 2023 reveals a diverse spectrum of shifts in performance. A number of companies, including Al Rajhi, Salama, AICC, Saudi Re, and Gulf General have demonstrated substantial positive changes, signifying improved profitability. These positive shifts range from moderate to remarkable, indicating successful strategic initiatives, enhanced risk management, or better operational efficiency. Conversely, a few companies like GIG, Aljazira, Alinma Tokio, and CHUBB have experienced negative changes, potentially pointing to challenges in maintaining or increasing their profitability during this period. The data illustrates a wide array of performance dynamics within the Saudi Arabian insurance industry, underlining both successes and areas that require attention across different companies.

# INSURANCE SERVICE RATIO - TOP 10 COMPANIES

The insurance service ratio data for the top 10 insurance companies in Saudi Arabia during Q1 2022 and Q1 2023 illustrates varying trends in efficiency and operational performance. Bupa Arabia, Tawuniya, and AlRajhi exhibited consistent growth in their ratios, suggesting improved efficiency in delivering insurance services, with AlRajhi notably showing a significant increase from 2% to 11%. MedGulf and Walaa managed to mitigate their ratio declines, with MedGulf moving from -12% to -2% and Walaa improving from -10% to 1%. GIG experienced a substantial decline in its ratio from 48% to 21%, signifying a potentially heightened cost of services relative to premiums earned. Al Etihad, Arabian Shield, and SAICO showed marginal improvements in their ratios, indicating slight operational efficiencies. Wataniya also managed to shift from a -12% to a positive 5% ratio, indicating a more favorable cost structure relative to premium income. The graph highlights diverse trends among these top 10 companies, reflecting their efforts to optimize service delivery and operational effectiveness in the Saudi Arabian insurance sector.



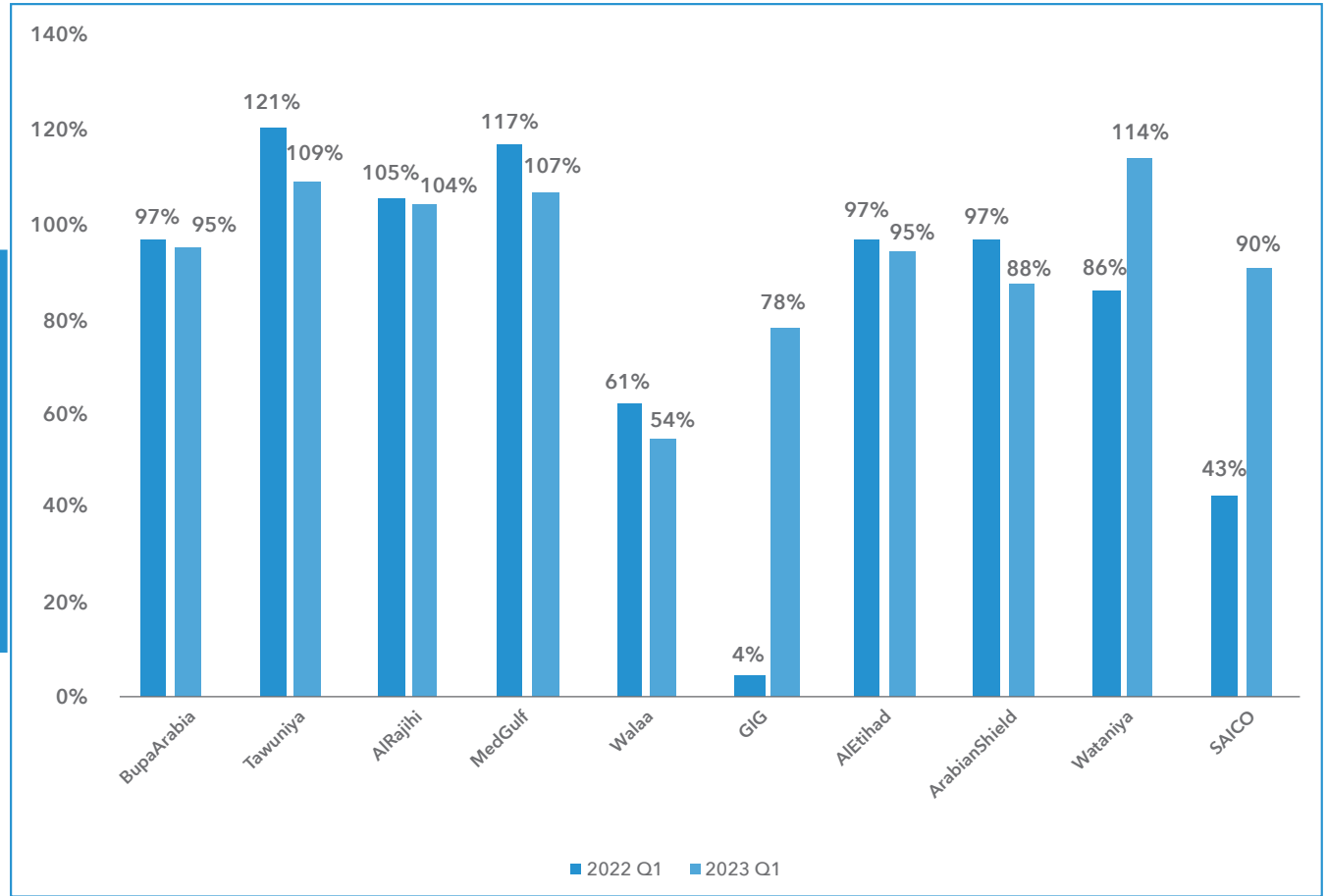
# INSURANCE SERVICE RATIO – OTHER COMPANIES



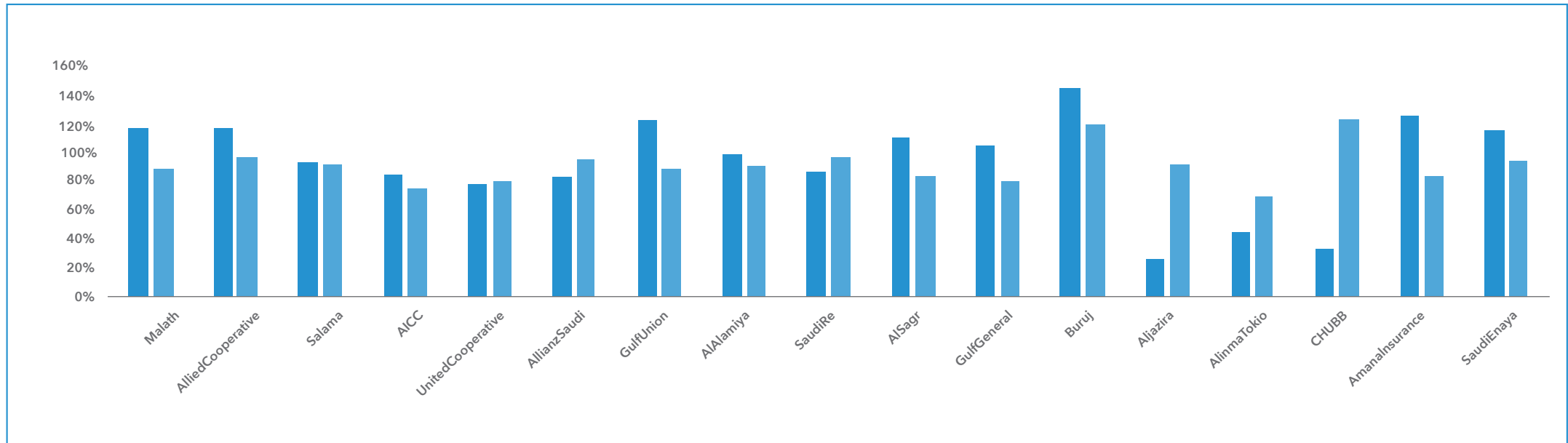
The insurance service ratio data for non-top 10 insurance companies in Saudi Arabia during Q1 2022 and Q1 2023 portrays a diverse spectrum of changes in operational efficiency. Several companies including Malath, Allied Cooperative, Salama, AICC, Allianz Saudi, Saudi Re, Saudi Enaya, Gulf General, and Amana Insurance have managed to improve their ratios, signifying enhanced effectiveness in delivering insurance services. Conversely, some companies such as Al Jazira, Alinma Tokio and CHUBB experienced declining ratios, possibly indicating challenges in managing operational costs relative to generated premiums. The graph reflects a dynamic landscape where various companies have shown improvements in efficiency, while others face the task of optimizing their operational performance in the Saudi Arabian insurance market.

# COMBINED RATIO - TOP 10 COMPANIES

The combined ratio data for the top 10 insurance companies in Saudi Arabia during Q1 2022 and Q1 2023 reveals fluctuations in operational performance. While Bupa Arabia, Tawuniya, and AlRajhi managed to maintain relatively stable combined ratios, indicating a consistent balance between incurred losses and earned premiums, several other companies showed improvements. Notably, Walaa, Al Etihad, Arabian Shield, and Med Gulf demonstrated reductions in their combined ratios, suggesting enhanced efficiency in managing underwriting and claims costs. Conversely, GIG experienced a substantial increase in its combined ratio from 4% to 78%, potentially indicating a less favorable balance between costs and premiums earned. Wataniya also exhibited an increase in its combined ratio from 86% to 114%, potentially indicating increased costs relative to earned premiums.



## COMBINE RATIO – OTHER COMPANIES

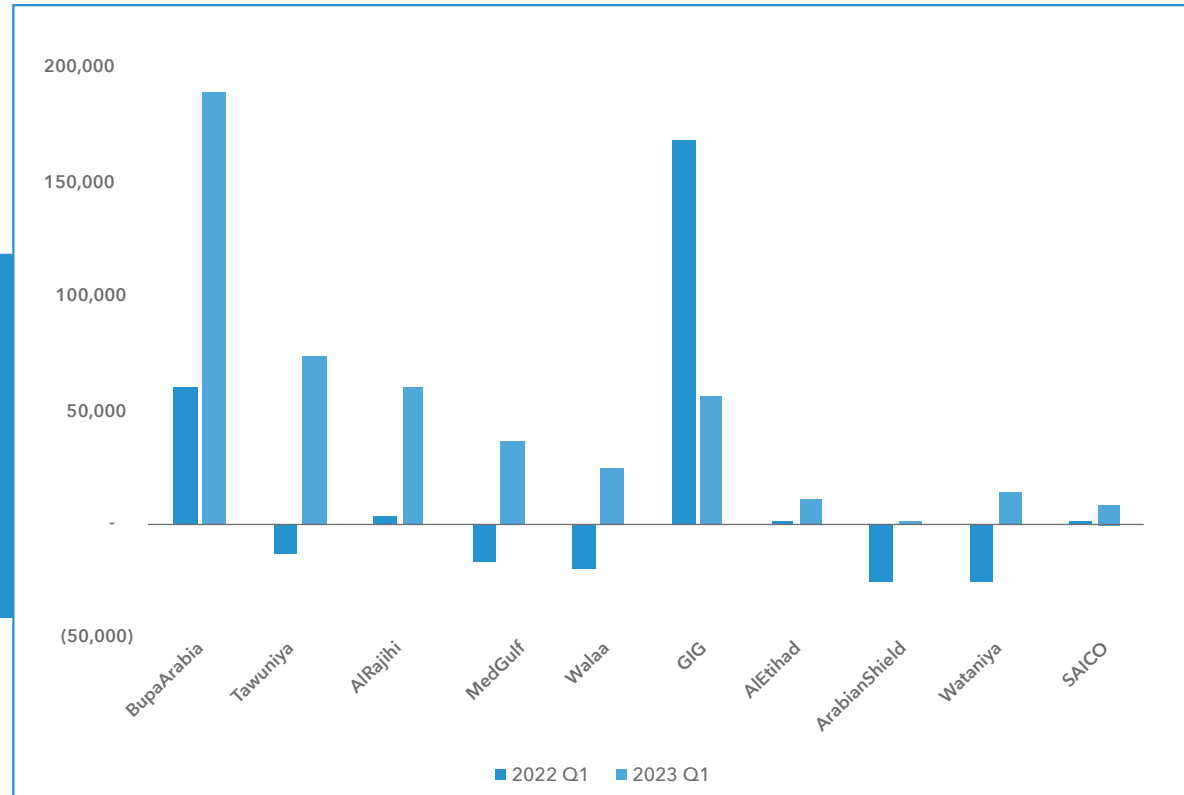


The combined ratio data for non-top 10 insurance companies in Saudi Arabia during Q1 2022 and Q1 2023 reveals a diverse range of operational efficiencies. Several companies like Al Jazira, Alinma Tokio, and CHUBB demonstrated improved ratios, indicating better control over underwriting and claims costs relative to premiums earned. Notably, companies like Amana Insurance, Gulf General and Gulf Union experienced decreases in their combined ratios, suggesting more effective management of costs and claims during this period. However, there were instances of both decreases and increases in combined ratios, highlighting variations in approaches to managing costs and claims within the Saudi Arabian insurance market.

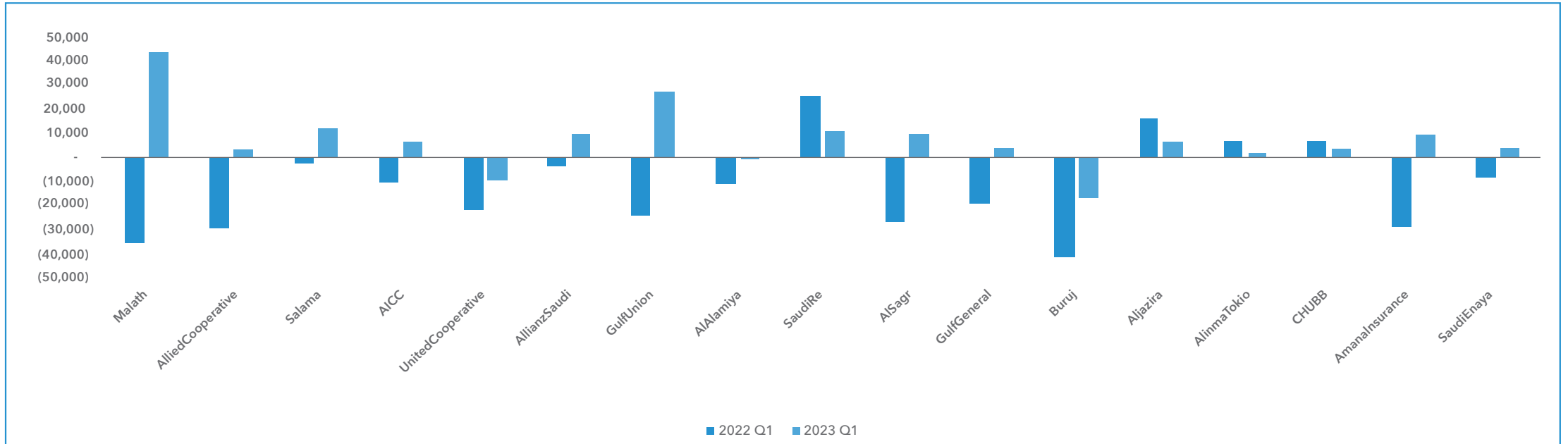


# PROFIT AFTER TAX - TOP 10 COMPANIES

The profit after-tax data for the top 10 insurance companies in Saudi Arabia for Q1 2022 and Q1 2023 reveals a mixed landscape of financial performance. Bupa Arabia exhibited substantial growth, with profits increasing from 60,280 Mn to 188,596 Mn showcasing a positive trend. Tawuniya managed to shift from a loss of (13,674 Mn) to a profit of 74,468 Mn indicating a significant turnaround in profitability. Al Rajhi also demonstrated growth, moving from 3,763 Mn to 61,282 Mn in profits. Med Gulf improved its performance, transitioning from a loss of (17,205 Mn) to a profit of 36,195 Mn. GIG's profits decreased from 167,939 Mn to 56,691 Mn reflecting a potential challenge in sustaining the previously high profitability. Arabian Shield and Wataniya also managed to shift from losses to profits, showcasing improvements in financial performance. The graph depicts a range of trajectories within the Saudi Arabian insurance sector, with companies navigating diverse profit trends during this period.

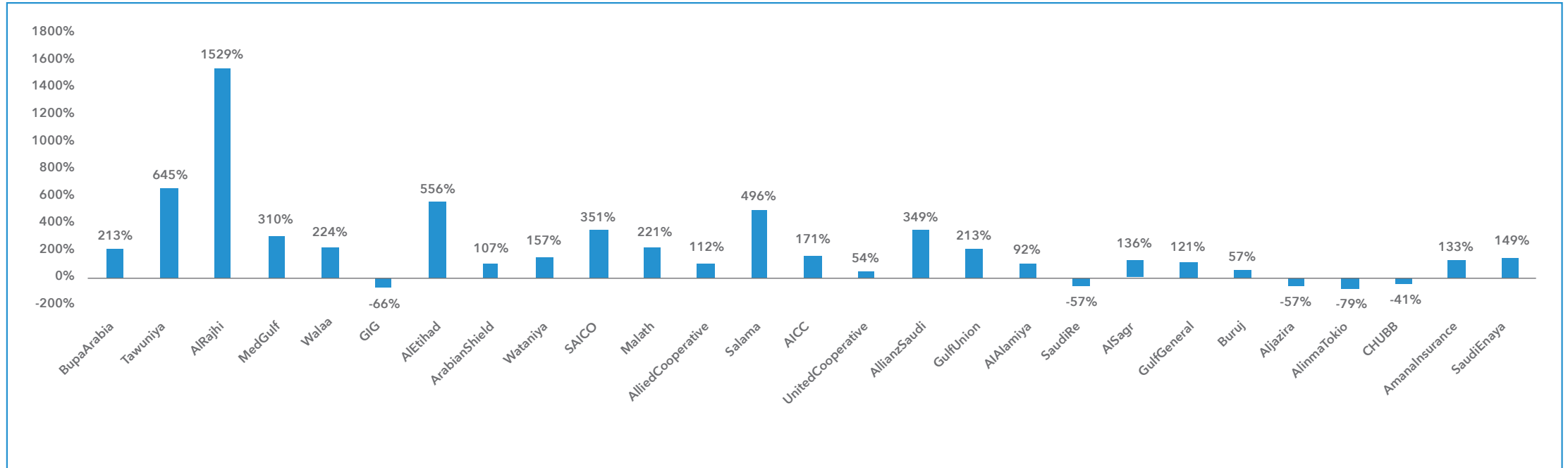


# PROFIT AFTER TAX - OTHER COMPANIES



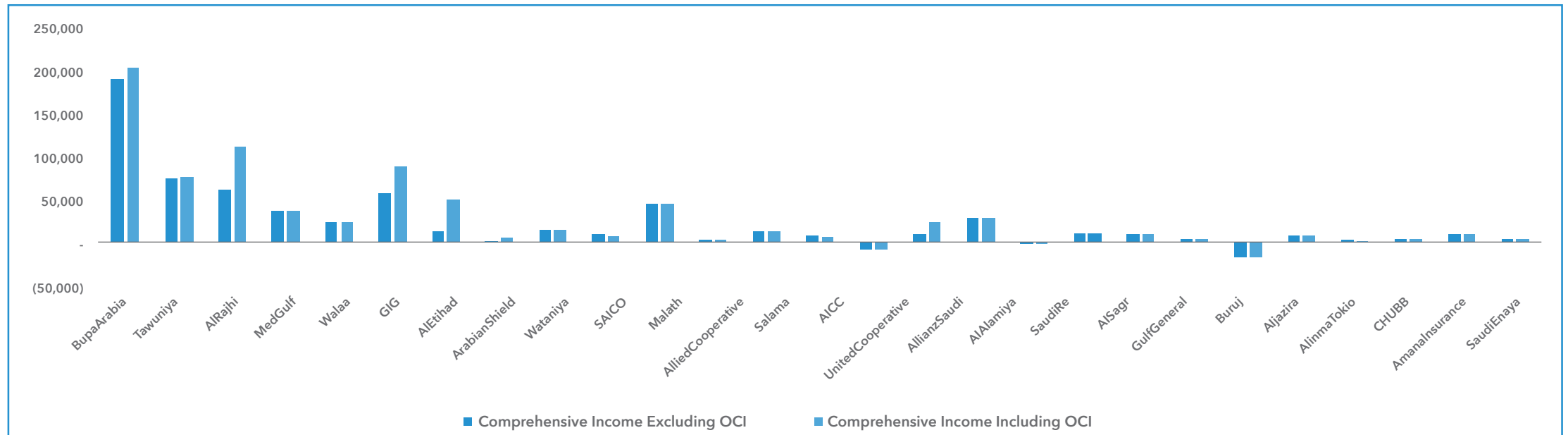
The profit after-tax data for non-top 10 insurance companies in Saudi Arabia for Q1 2022 and Q1 2023 reflects a diverse landscape of financial performance. Notably, several companies including Malath, Allied Cooperative, Salama, AICC, Allianz Saudi, Gulf Union, Al Sagr, Gulf General, Saudi Enaya, and Amana Insurance have managed to reverse losses and achieve profits in Q1 2023, signaling significant improvements in their financial standings. Conversely, United Cooperative and Al Alamiya faced challenges, with both companies experiencing persistent losses despite slight improvements in Q1 2023. The graph portrays a diverse range of financial trajectories among these non-top 10 insurance companies, with some successfully turning around losses while others still navigating profitability challenges within the Saudi Arabian insurance sector.

# PROFIT AFTER TAX - MOVEMENT



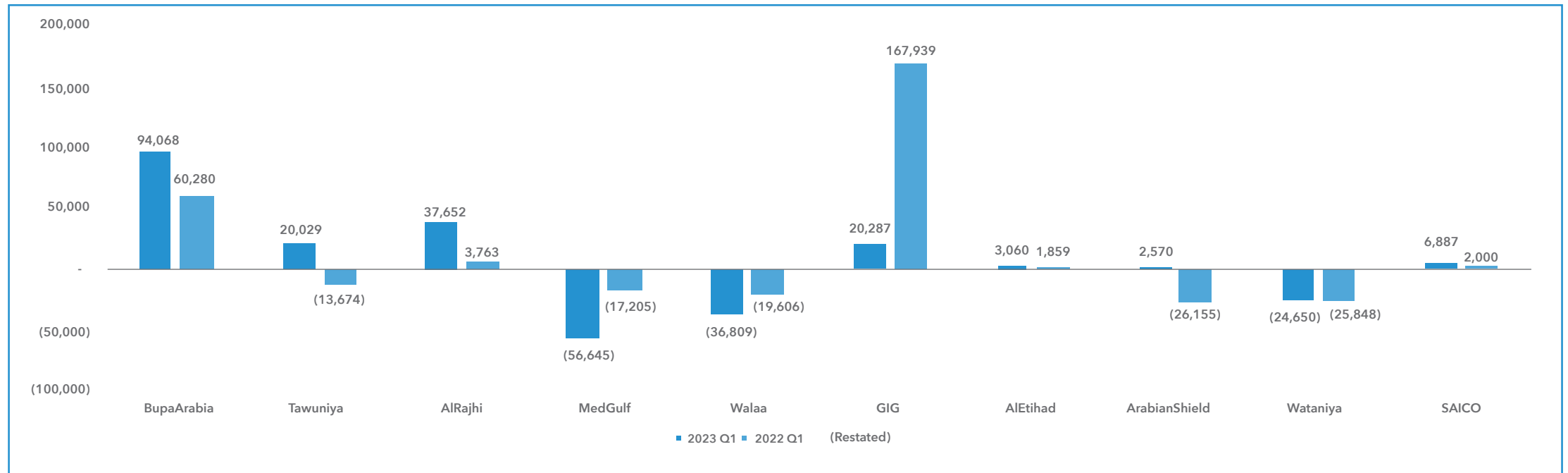
The change in profit after tax data for Saudi Arabian insurance companies during Q1 2022 and Q1 2023 underscores a diverse range of financial shifts. A number of companies, such as Tawuniya, Al Rajhi, Al Etihad, Salama, Allianz Saudi, and SAICO. These positive shifts vary in magnitude, potentially suggesting effective strategic initiatives, better risk management, or operational efficiency gains. Conversely, SaudiRe, GIG, Alinma Tokio, CHUBB, and Aljazira experienced negative changes, possibly indicating challenges in maintaining or increasing profitability during the same period. AlSagr and GulfGeneral, on the other hand, showed notable improvements, highlighting successful efforts in enhancing profitability. Overall, the graph underscores the dynamic nature of the insurance industry in Saudi Arabia, revealing a range of successful and challenging financial trajectories across these companies.

# OTHER COMPREHENSIVE INCOME



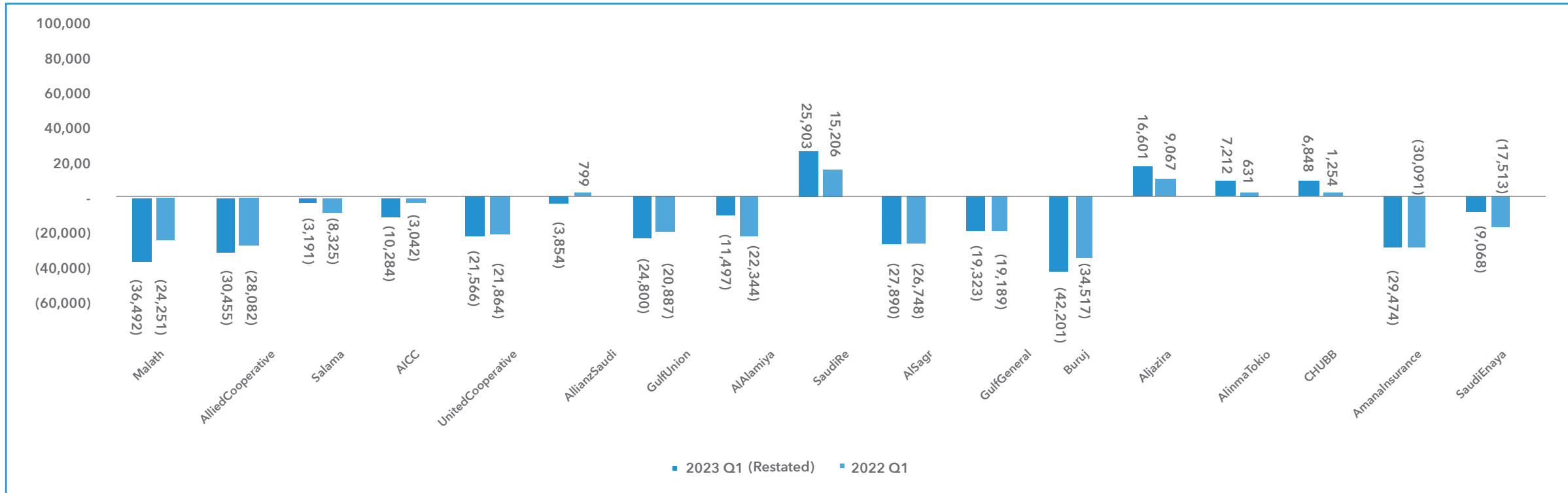
The Q1 2023 Comprehensive Income data for Saudi Arabian insurance companies illustrates diverse financial performance trends. Companies like Bupa Arabia, Tawuniya, Al Rajhi, Med Gulf, Walea, GIG, Al Etihad, Arabian Shield, Wataniya, SAICO, Malath, Allied Cooperative, Salama, AICC, and Amana Insurance show varying Comprehensive Income patterns. Some companies, including Allianz Saudi and Gulf Union, exhibit significant increases in Comprehensive Income Including OCI. Conversely, United Cooperative, Al Alamiya, and Buruj face challenges, with losses in both comprehensive income metrics. This graph shows insight into the multifaceted financial performance of these companies during the specified quarter.

# PROFIT TRANSITION (Q1 2022) – TOP 10 COMPANIES



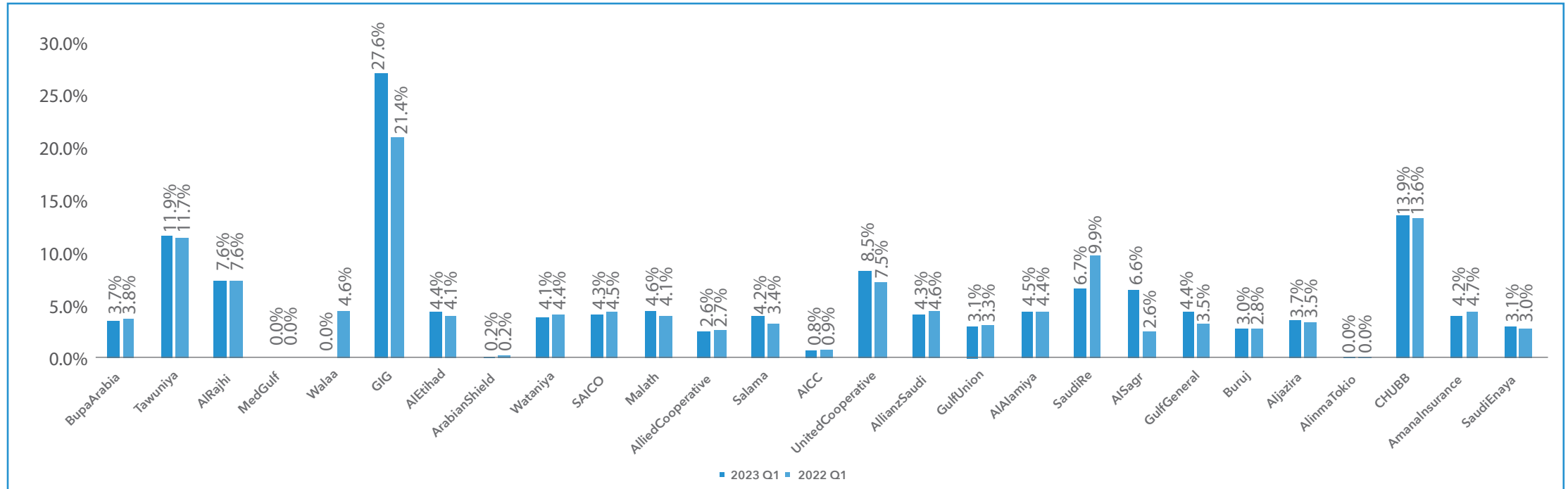
The Profit Transition analysis compares Q1-2022 profits reported under IFRS4 last year with Q1-2022 profits based on IFRS17 financials published this quarter, offering insights into the impact of the accounting standard transition on reported profits. Among the top 10 companies, GIG has the highest increase of 828% and Arabian Shield has the highest decrease of -1018%.

# PROFIT TRANSITION (Q1 2022) - OTHER COMPANIES



From other companies, Alinma Tokio exhibited the highest growth of 1143% when comparing Q1 2022 profits under IFRS 17 restated figures to those under IFRS 4. Notably, AICC and CHUBB also demonstrated impressive transitions under IFRS 17, with growth rates of 338% and 546%, respectively. Overall, the combined profit for all 27 companies in Q1 2022, as reported under IFRS 4, amounted to SAR 629,497 million. In the current year's Q1 2022, under IFRS 17, the total profit decreased to SAR (80,179) million.

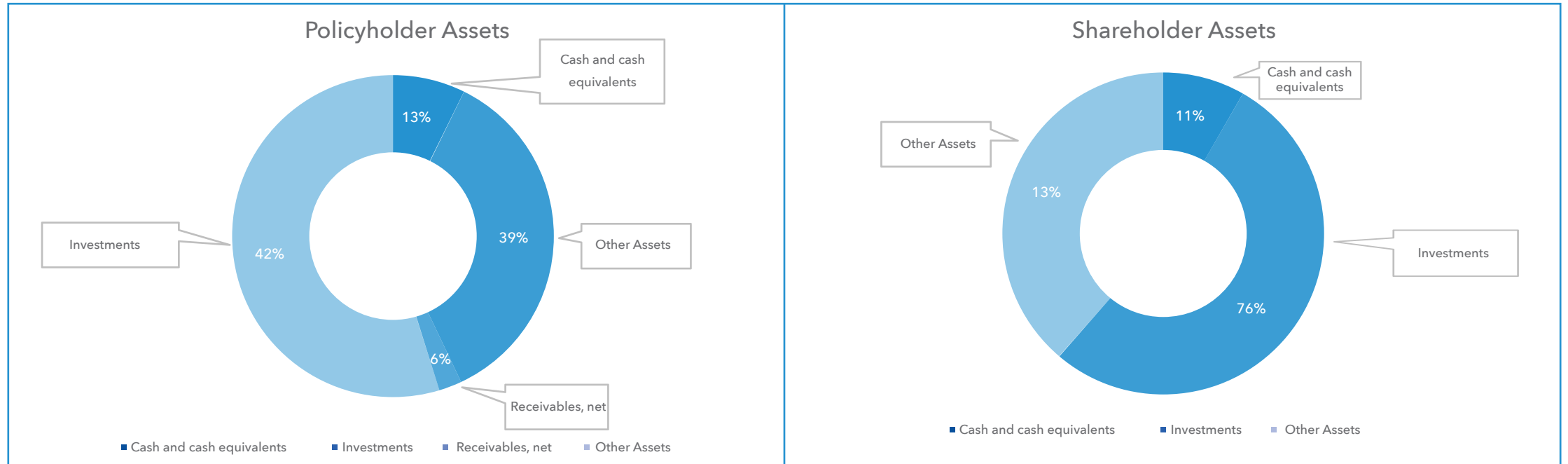
# RISK ADJUSTMENT AS % OF LIC



In the context of all IFRS 17 models, Risk Adjustment holds significant importance within the balance sheet. It is defined as the compensation that an entity deems necessary to account for the uncertainty surrounding the amount and timing of cash flows resulting from non-financial risk, specifically as the entity fulfills its insurance contracts. Risk Adjustment plays a vital role in recognizing and addressing uncertainties related to insurance obligations in the financial reporting process.

The analysis reveals that the weighted average proportion of Risk Adjustment in LIC as of 31st March 2023 is calculated to be 5%. GIG exhibits the highest ratio of 21%, indicating its strong financial position, while Arabian Shield and Alinma Tokio display the lowest ratios both at 0.245% and 0.020%, suggesting comparatively weaker financial standing.

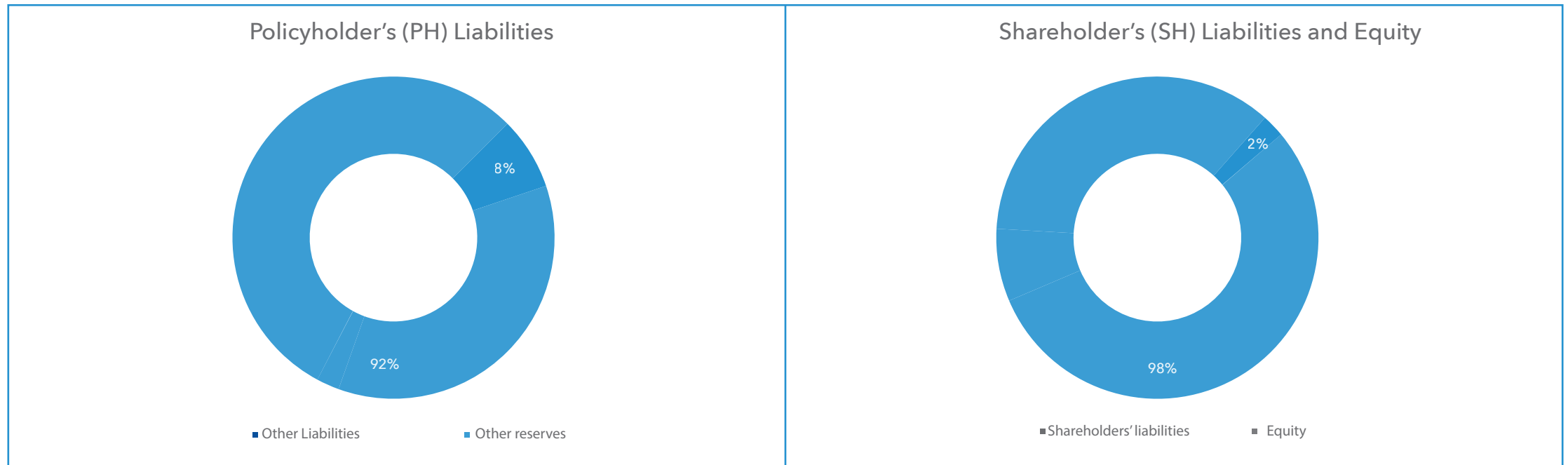
# ASSET CLASSIFICATION - AGGREGATE



Most of the policyholder assets were kept as other assets 42% and 39% as investments. While 76% of the Shareholder Assets were kept as investments and 13% were kept as other assets.

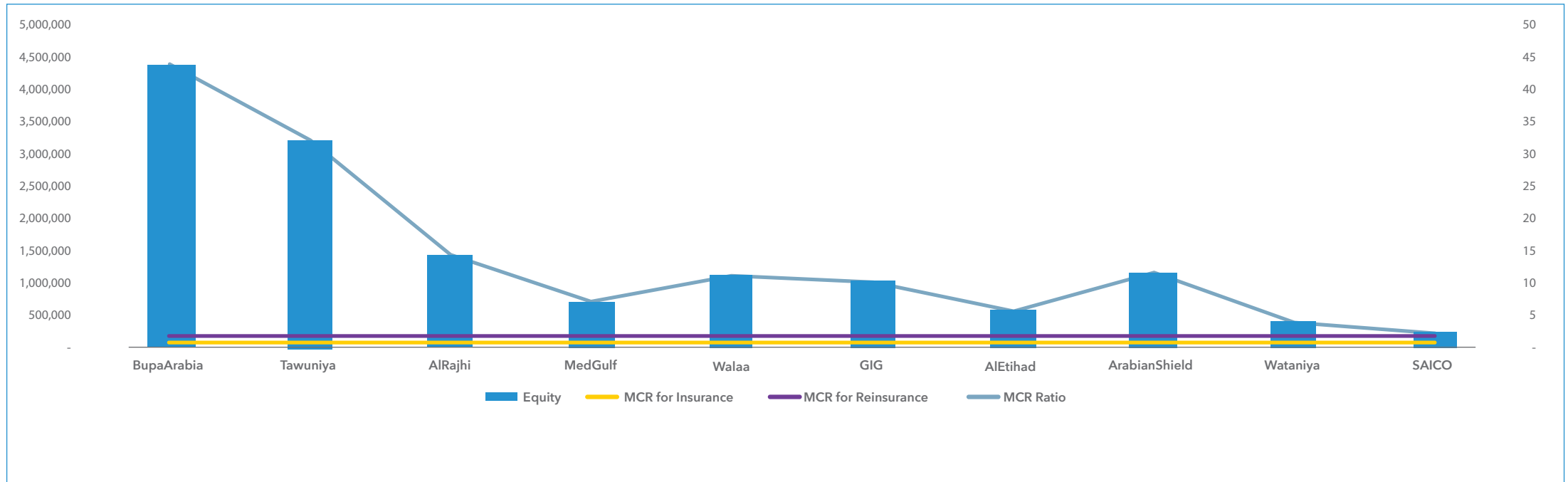


# LIABILITIES & EQUITY CLASSIFICATION - AGGREGATE



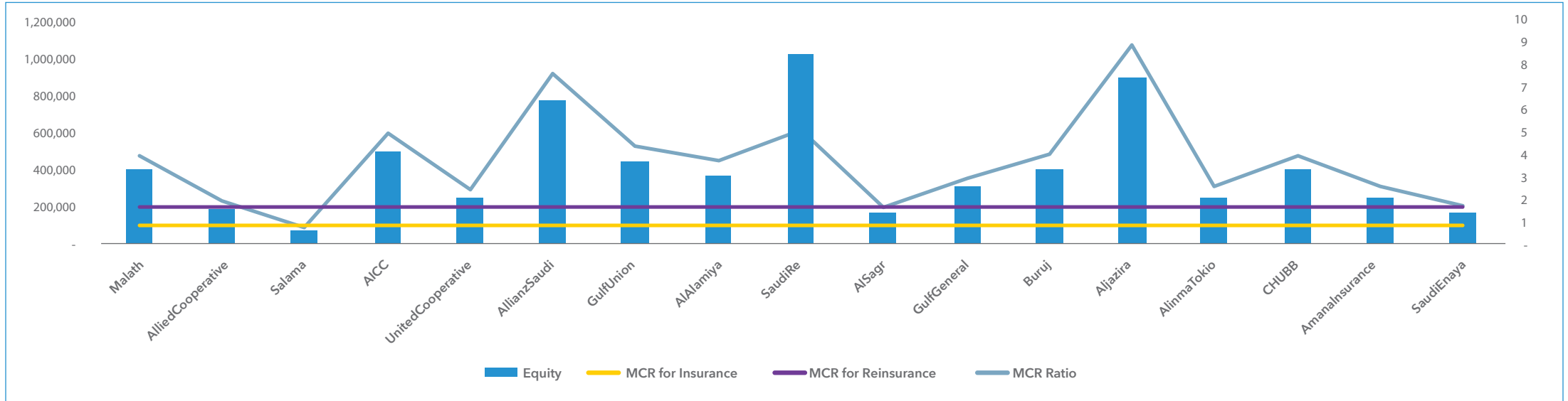
For policyholders, other liabilities made up the biggest share of 92% of their liabilities. For shareholders, their equity covers the largest share of 98%.

# SOLVENCY ANALYSIS – TOP 10 COMPANIES



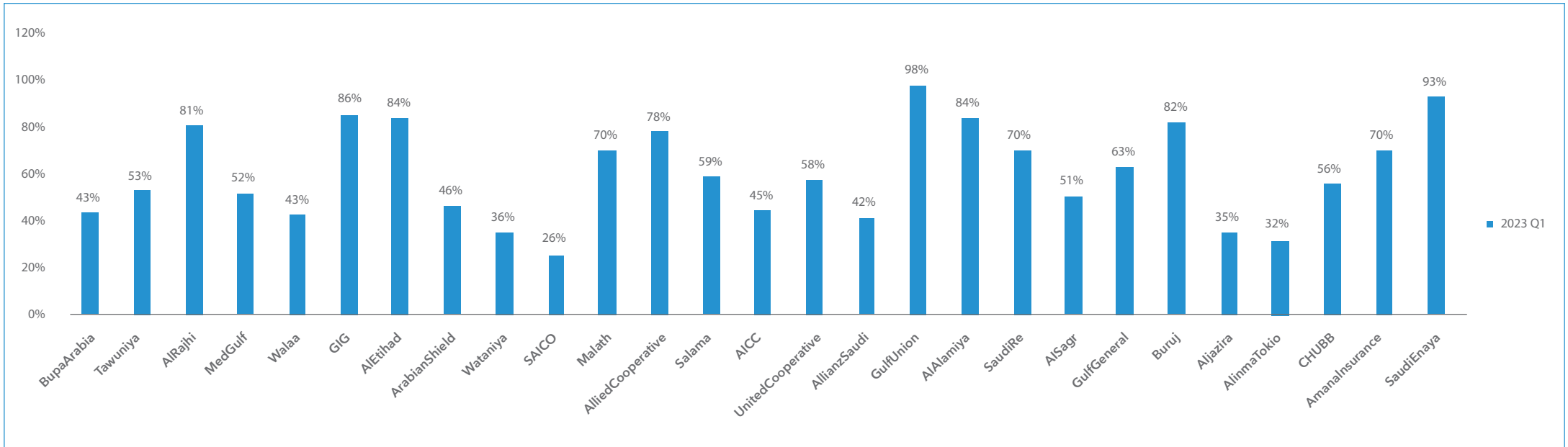
The MCR Ratio is a solvency ratio that simply tells us if a company has enough equity to meet its MCR requirements. For KSA, the Minimum Capital Requirement is SAR 100 million for insurers and SAR 200 million for reinsurers. The solvency analysis data for the top 10 insurance companies in Saudi Arabia reveals a wide spectrum of financial positions. Companies like Bupa Arabia, Tawuniya, Walaa, GIG, Al Rajhi, and Arabian Shield exhibit robust solvency with substantial equity exceeding the Minimum Capital Requirement (MCR) for insurance. Notably, Wataniya and SAICO's solvency ratio of 415% and 243% falls slightly short of the MCR requirements.

# SOLVENCY ANALYSIS – REMAINING COMPANIES



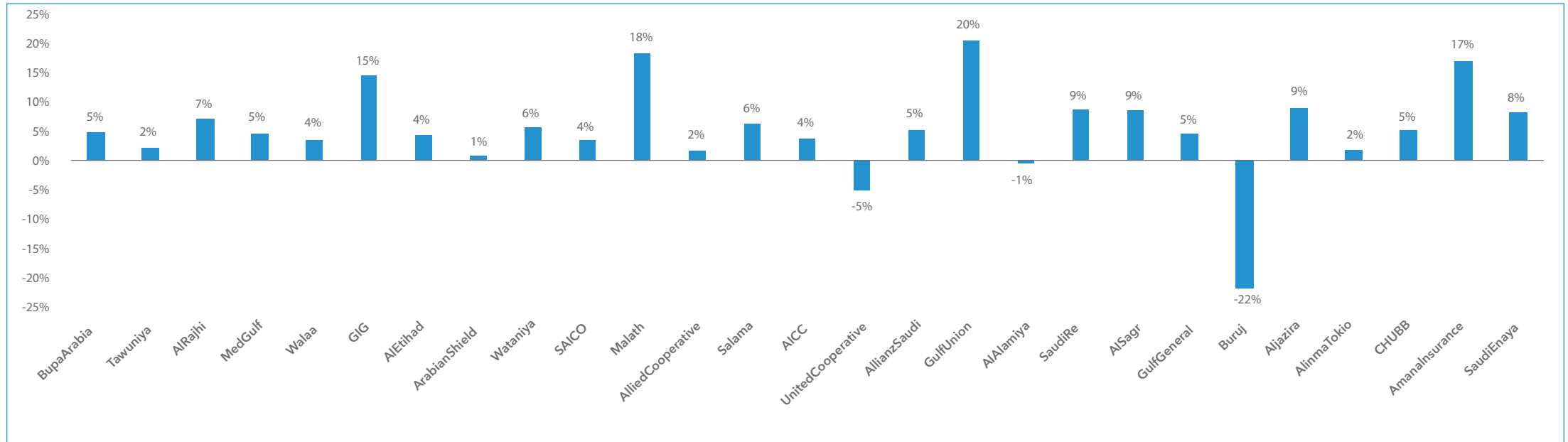
The solvency analysis data for non-top 10 insurance companies in Saudi Arabia underscores their financial robustness and ability to meet regulatory solvency requirements. Companies such as Malath, Allied Cooperative, AICC, United Cooperative, Allianz Saudi, Gulf Union, Al Alamiya, Al Sagr, Gulf General, Buruj, Al Jazira, Alinma Tokio, CHUBB, Amana Insurance, and Saudi Enaya exhibit strong solvency positions, with ratios ranging from 192% to 1028%. These ratios, which represent the multiple of capital resources over the Minimum Capital Requirement (MCR) and MCR for reinsurance, highlight these companies' capacity to endure financial challenges and meet their obligations effectively. Overall, the graph reflects the favorable financial standing of these non-top 10 insurance companies in the Saudi Arabian market.

# PROPORTION OF INVESTED ASSETS



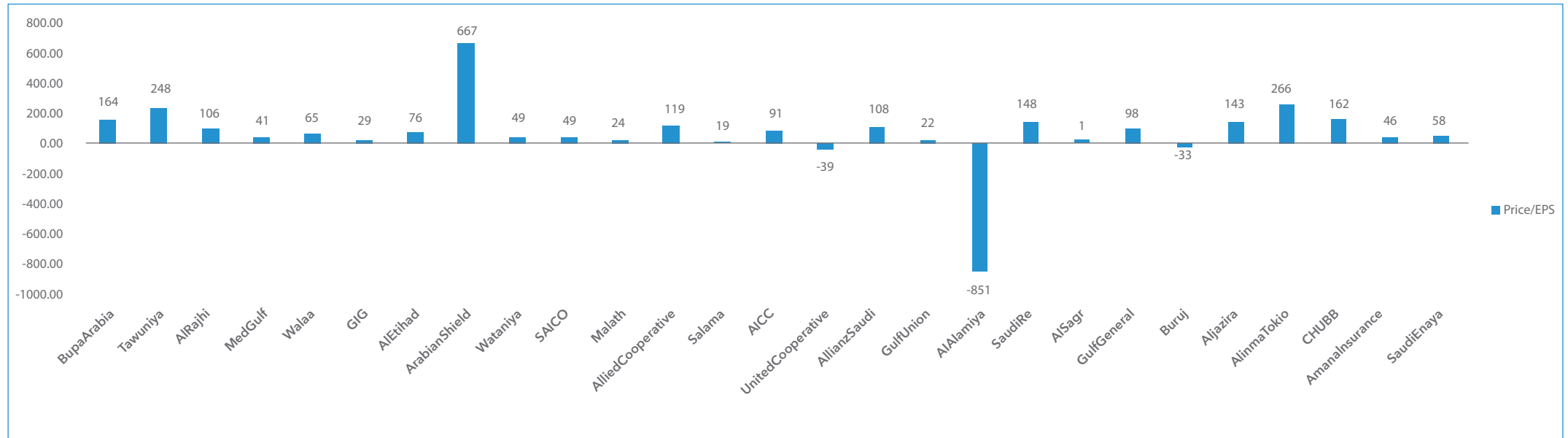
18 out of the 27 companies had investments and cash equivalents of greater than 50% of their total assets. The highest proportion belonged to Gulf Union, with 98% of its assets in investments and cash equivalents.

# NET MARGIN



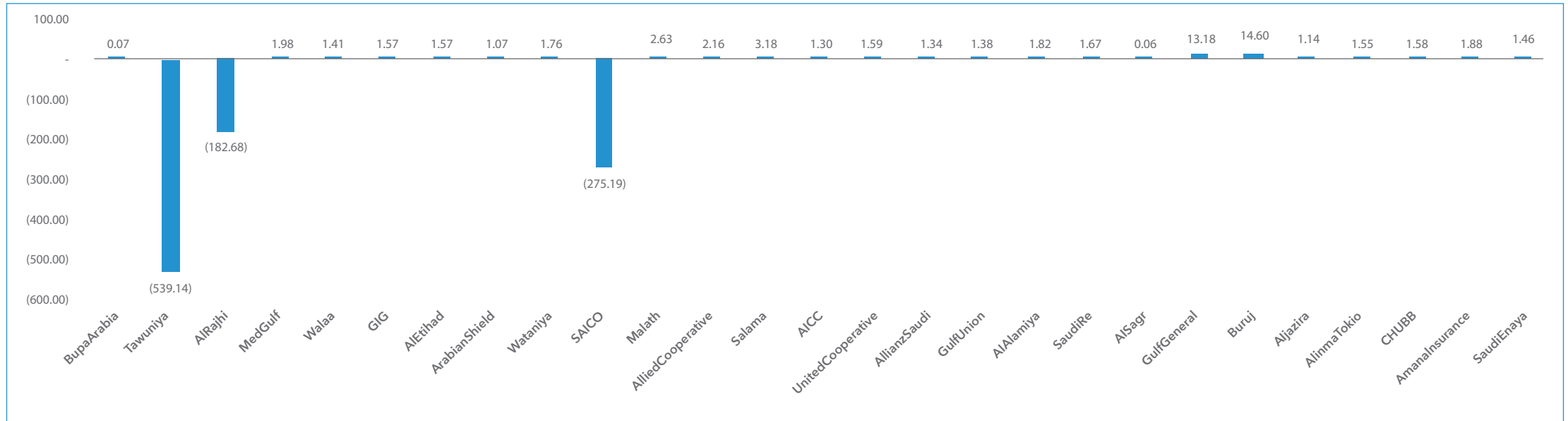
The Net Margin is one of the most important indicators of a company's overall financial health. It measures how much profit a company generates as a percentage of its revenue. Gulf Union had the highest net margin of 20%, while Buruj had the lowest of -22%. 24 of the 27 companies had positive net margins. The average net margin of KSA's industry was 5%, indicating the industry as a whole is not efficient at generating profits from its revenues.

# PRICE TO EARNINGS (P/E)



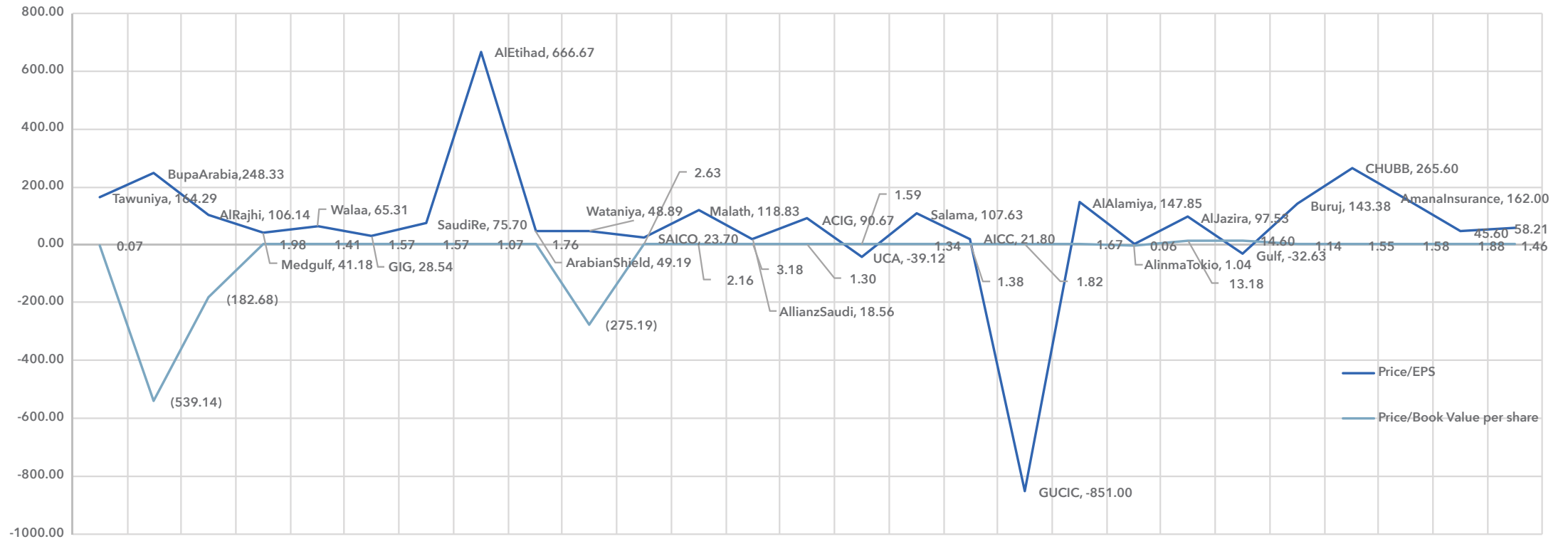
The Price-to-Earnings (P/E) ratio is also sometimes known as the price multiple or the earnings multiple. A high P/E ratio suggests that the market has high expectations of future growth for the company. Arabian Shield had the highest ratio of 667, suggesting that investors have confidence in the performance of the company. On the other end, Al Alamiya had the lowest ratio of -851. The average ratio of the industry was 69 for this year.

# PRICE TO BOOK VALUE (P/B)



Companies use the Price-to-Book (P/B) ratio to compare their market capitalization with their book value. It is calculated by dividing the company's stock price per share by its book value per share. Moreover, a high price-to-book ratio may also mean that the stock is overvalued and thus the price of such shares may decrease over time. In the same way, a low book-to-price ratio may mean that the stock is undervalued, and its price may increase over time. Buruj had the highest P/B ratio of 14.60, suggesting that its price is greater than its book value per share, while Tawuniya, Al Rajhi, and SAICO had negative P/B ratios, which means that their prices are lower than their book value.

# PRICE TO BOOK AND EARNING RATIO





# APPENDIX A: LISTED INSURANCE COMPANIES IN KSA USED IN OUR REPORT

| Sr. No. | Company Name   | Symbol |
|---------|--|--------|
| 1       | Bupa Arabia for Cooperative Insurance Co.                | BACIC  |
| 2       | The Company for Cooperative Insurance                    | TCCI   |
| 3       | Aljazira Takaful Taawuni Co.                             | AJTTC  |
| 4       | Malath Cooperative Insurance Co.                         | MCIC   |
| 5       | The Mediterranean and Gulf Insurance and Reinsurance Co. | TMGIRC |
| 6       | Allianz Saudi Fransi Cooperative Insurance Co.           | ASFCIC |
| 7       | Salama Cooperative Insurance Co.                         | SCIC   |
| 8       | Walaa Cooperative Insurance Co.                          | WCIC   |
| 9       | Arabian Shield Cooperative Insurance Co.                 | AICC   |
| 10      | Saudi Arabian Cooperative Insurance Co.                  | SAICO  |
| 11      | Gulf Union Al Ahlia Cooperative Insurance Co.            | GUCIC  |
| 12      | Allied Cooperative Insurance Group                       | ACIG   |
| 13      | Arabia Insurance Cooperative Co.                         | AICC   |
| 14      | Al Etihad Cooperative Insurance Co.                      | ATCIC  |

| Sr. No. | Company Name                               | Symbol  |
|---------|--|---------|
| 15      | Al Sagr Cooperative Insurance Co.          | ASCIC   |
| 16      | United Cooperative Assurance Co.           | UCA     |
| 17      | Al-Rajhi Company for Cooperative Insurance | ARCCI   |
| 18      | CHUBB Arabia Cooperative Insurance Co.     | CACIC   |
| 19      | Gulf Insurance Group.                      | GIG     |
| 20      | Gulf General Cooperative Insurance Co.     | GGCIC   |
| 21      | Buruj Cooperative Insurance Co.            | BCIC    |
| 22      | Al Alamiya for Cooperative Insurance Co.   | AACIC   |
| 23      | Wataniya Insurance Co.                     | WIC     |
| 24      | Amana Cooperative Insurance Co.            | ACIC    |
| 25      | Saudi Enaya Cooperative Insurance Co.      | SECIC   |
| 26      | Alinma Tokio Marine Co.                    | ATMC    |
| 27      | Saudi Reinsurance Company                  | SaudiRe |

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# SHMACONSULTING

## Feedback

SHMA Consulting is proud to present Insurance Industry Analysis - Kingdom of Saudi Arabia for the quarter one of 2023. 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.



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## 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.



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**THANK YOU**