

# Saudi Insurance Sector 9M 2015

The report depicts the performance of insurance sector in Saudi Arabia during 9M 2015 with the exception of Weqaya\*. The report also shows the main insurance indicators as gross written premium, net earned premium, claims incurred and net income for the sector and individual companies.

Source: Insurance Companies filings, SAMA and Tadawul.

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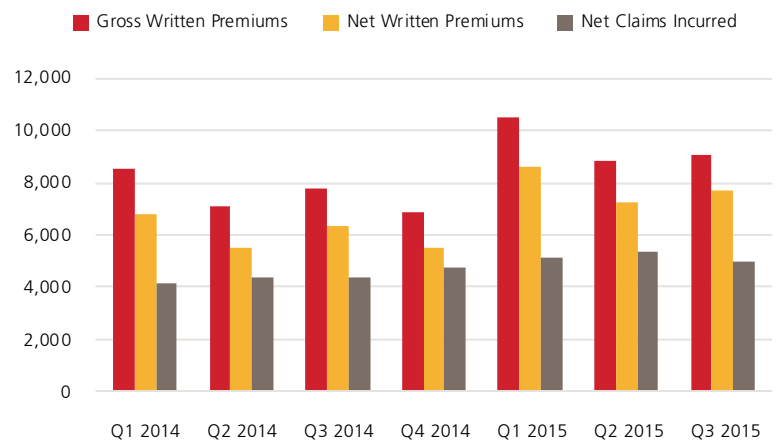
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## Summary

- Gross written premiums reached SAR 28.4 billion in 9M 2015 revealing growth of 21% over the same period of the previous year driven by the growth in compulsory insurance.
- Health insurance represented 52% of the size of the insurance sector, 29% for vehicle insurance, 17% for general insurance\* and 2% for protection and saving insurance
- The growth of the real estate finance will contribute to the growth of property, casualty and responsibilities insurance..
- Twenty two companies achieved profits in 9M 2015 while 12 companies suffered losses.
- Four companies seized 56% of the market size, and 10 companies have their market shares ranging from 2% to 5% representing a total of 29%. the 20 remaining companies accounted for 18% of total market.

## Insurance Sector Quarterly Evolution (SAR million)



\* The company has not released its financial statements of Q3 2015.

\* Excluding Vehicle Insurance

## Sector Overview

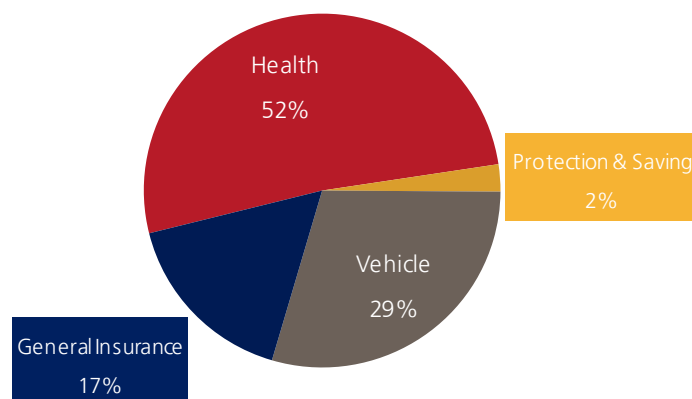
The Saudi insurance market is still one of the largest and fastest growing markets in the region growing 21% during the nine months of this year compared to the same period of last year coming in at SAR 28.4 billion. The figure is expected to reach SAR 37 billion at the end of 2015.

At the end of September 2015, the number of insurance and reinsurance companies licensed in the Saudi market reached 33 companies\* operating in at least one of the three main insurance activities which include general insurance, health insurance as well as protection and savings insurance. General insurance includes seven sub-activities: vehicles, marine, aviation, energy, engineering, accident and responsibilities, and finally property and fire insurance.

The driving growth factors and risks of the different insurance activities vary according to the type of insurance, competition as well as market growth. Despite the market is pushed by mandatory insurance lines – health and vehicle insurance constituting 90% of the insurance market – some regulations may stimulate other insurance lines. Therefore, some factors may affect one line or the sector overall. Accordingly, we believe the following factors to shape the sector in 2015:

- The Council Of Cooperative Health Insurance is the main driver of increasing demand for compulsory health insurance. By the end of 2006 the council started enforcing compulsory health insurance for all non-Saudi employees in the private sector. At the end of last year, the council issued a decision enforcing health insurance for all the families of foreign residents working in the private sector, which contributed to an increase of demand for health insurance services during the 9M this year by about 17%. We expect this growth to accelerate for the rest of the year by increasing health insurance for the families of Saudi employees working in the private sector totaling 5.5 million citizen where only 58% are covered, as well as expectations of mandatory insurance for visitors to Saudi Arabia starting from Q4 2015.
- Continuing low interest rates keep the return on insurance investments at low levels.
- The growth of the real estate finance will contribute to the growth of property, casualty and responsibilities insurance.
- We believe growth potentials of insurance industry in Saudi Arabia will stimulate GCC insurers to try to build a presence in the market.

Segment Market Share Breakdown - 9M 2015



\* Weqaya and SANAD are suspended from trading

## Sector Overview

In 9M 2015, gross written premiums in Saudi Arabia rose by 21% from the same period of last year reaching SAR 28.4 billion shifting from SAR 23.4 billion in 9M 2014 driven by the acceleration of growth in vehicle insurance where its gross premiums skyrocketed 44% coming in at SAR 8.3 billion compared to SAR 5.8 billion in 9M 2014 driven by rising prices vehicle insurance policies, while health insurance premiums posted SAR 14.6 billion versus SAR 12.5 billion in 9M 2014. General insurance grew 6% in 9M 2015 posting SAR 4.7 billion versus SAR 4.4 billion. As for protection and savings insurance, the figure surged 6% to SAR 705 million compared to SAR 668 million in 9M 2014.

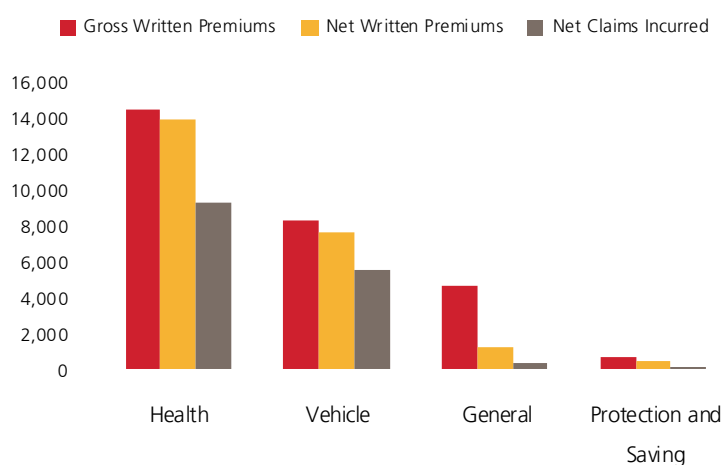
The growth of insurance market was motivated by the growth of vehicle insurance premiums by 48% in 9M 2015 accelerating from the 30% average growth in 2014 and 20% in 9M 2014, increasing vehicle insurance contribution in total insurance by 462 basis points to 29.5% compared to 24.8% in 9M 2014. Health insurance contribution retreated 193 basis points YoY to 51.5%. The saving and protection segment seized 2.48% of gross written premiums during the period shrinking 36 basis points YoY.

In terms of net written premiums, the figure rose 26.2% over the same period last year to reach SAR 23.5 billion by the end of the 9M of 2015; this increase was due to the growth of the written insurance premiums in the health insurance by 21.4% over the comparable period and vehicle insurance increase of 40.4% over 9M 2014, while slipping 5% in the case of protection and savings insurance.

The retention rate of the insurance sector increased by 339 basis points in the nine months of this year to 82.76% versus 79.37% in 9M 2014. This is due to the increase in the retention rate of health insurance and general insurance. The retention ratio of health insurance surged 329 basis points to 96.34% compared with 92.62% in 9M 2014. General insurance retention rate climbed 303 basis points to 26.29% versus 23.26% in 9M 2014. The retention rate reached 92.33% for vehicles insurance slumping 211 basis points in 9M 2015.

The growth in net earned premiums slowed from its 2014 level of 26% reaching 25% posting SAR 19.7 billion compared to SAR 15.8 billion in 9M 2014. Growth of net earned premiums for health insurance increased 25% to SAR 12.1 billion. General insurance surged 18% to SAR 1 billion while saving and protection segment decreased 23% posting SAR 352 million. On the other hand, total claims paid climbed 4% to SAR 14.8 billion while net claims incurred surged 21% to SAR 15.4 billion compared to SAR 12.8 billion in 9M 2014 driven by the growth of health insurance and vehicle insurance claims by 21% and 27%, respectively.

### Insurance Sector per Segment - 9M 2015 (SAR million)



Segment	GWP SAR mm		G	NWP SAR mm		G	NEP SAR mm		G	NCI SAR mm		G	Retention Ratio		Loss Ratio		Market Share	
	9M 2014	9M 2015		9M 2014	9M 2015		9M 2014	9M 2015		9M 2014	9M 2015		9M 2014	9M 2015	9M 2014	9M 2015	9M 2014	9M 2015
Health	12,523	14,612	25%	11,599	14,078	21%	9,666	12,068	25%	7,779	9,428	21%	93%	96%	80%	78%	53%	52%
Vehicle	5,819	8,354	44%	5,495	7,713	40%	4,851	6,319	30%	4,367	5,556	27%	94%	92%	90%	88%	25%	29%
General Insurance	4,428	4,700	6%	1,030	1,235	20%	849	998	18%	456	435	(5%)	23%	26%	54%	44%	19%	17%
Protection & Saving	668	705	6%	478	453	(5%)	455	352	(23%)	189	195	4%	-	-	41%	55%	3%	2%
<b>Total</b>	<b>23,438</b>	<b>28,371</b>	<b>21%</b>	<b>18,601</b>	<b>23,480</b>	<b>26%</b>	<b>15,820</b>	<b>19,738</b>	<b>25%</b>	<b>12,792</b>	<b>15,615</b>	<b>22%</b>	<b>79%</b>	<b>83%</b>	<b>81%</b>	<b>79%</b>	<b>100%</b>	<b>100%</b>

GWP: Gross Written Premium  
 NWP: Net Written Premium  
 NEP: Net Earned Premium  
 NCI: Net Claims Incurred

## Financial Assessment

Gross written premiums grew of 21% over the same period of the previous year. The sector retention ratio advanced to 82.76% up from 79.37% in 9M 2014 driven by the higher retention ratios for health insurance and general insurance. The ratio rose by 372 basis points to 96.34% in the case of health insurance, while the general insurance ratio edged up 303 basis points to 26.29%.

The claims ratio at the end of the nine months fell to 79.11% compared to 80.86% in 9M 2014 slipping 174 basis points with the decrease in the ratio stemming from the growth in net premium earned faster than the pace of net claims incurred. On the other side, the expenses ratio slumped from 21.6% in 9M 2014 to 21.0% by the end of 9M 2015.

This decrease in the two ratios led to an improvement in the combined ratio to 96.3% by the end of September 2015, compared to 99.3% by the end of 9M 2014, which means that the sector has returned to record profitability from insurance operations. This is due to the decrease in loss ratio in 9M 2015 by 174 basis points reaching 79.11%.

Consolidated profit of the insurers\* reached SAR 866 million by the end of the nine months compared to SAR 659 million in 9M 2014. It is worth mentioning that 22 companies in the insurance sector made profits while 12 companies suffered losses in 9M 2015.

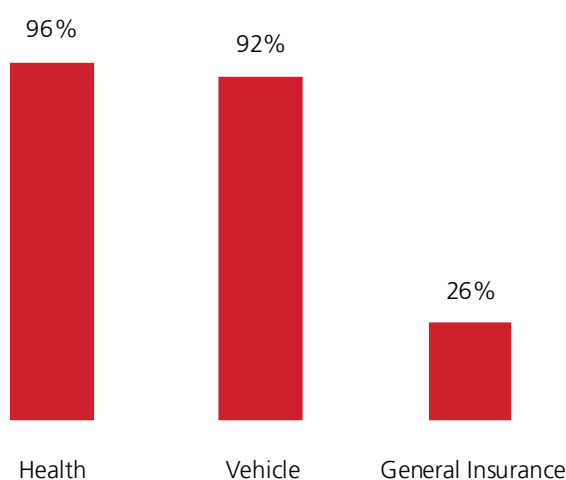
At the level of the assets of insurance operations, investments and cash at banks grew at rates of 30% and 26%, respectively, to reach SAR 6 billion and SAR 10 billion. The two items represented together 40% of total assets of insurance operations up from 37% in 9M 2014. Receivables increased 8% by the end of 9M 2015 to reach SAR 9.6 billion representing 24% of total assets increasing from 26% in 9M 2014. The total assets of insurance operations grew 17% YoY.

For the assets of shareholders, investments slipped 2% to SAR 8.1 billion while cash at banks surged 37% to SAR 3.2 billion. Total investments and cash at banks represented 79% of shareholders' assets down from 83% in 9M 2014. In addition, shareholders' assets grew 19% over the same period last year. The growth in the assets of the sector accelerated to 18% at the end of 9M 2015 versus 12.4% in 2014.

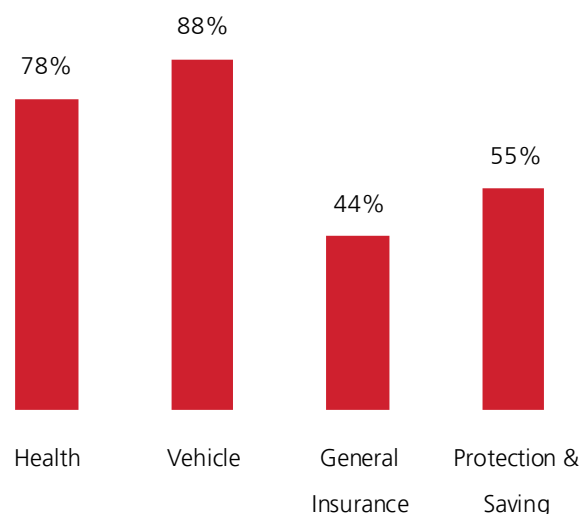
Total liabilities rose 18% to SAR 54.3 billion by the end of 9M 2015 with insurance liabilities accounting for 73% of total liabilities versus 27% for shareholders' liabilities and equity.

Technical reserves mounted 16% coming in at SAR 32.2 billion representing 82% of the total insurance liabilities, which amounted to SAR 39.9 billion. On the other hand, shareholders' equity grew by 19% posting SAR 14.4 billion by the end of 9M 2015.

Retention Ratio per Segment - 9M 2015



Claims Ratio per Segment - 9M 2015



\* 34 insurance companies unveiled their financial results in Q3 2015.

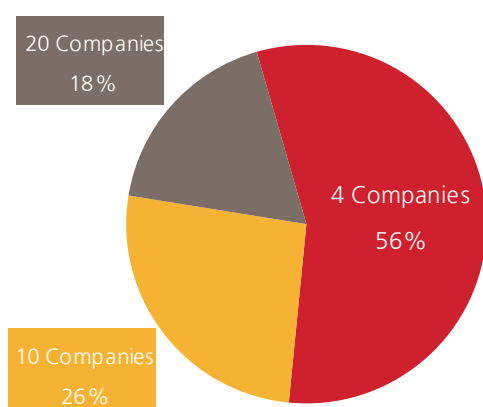
## Market Structure

The insurance sector is still remarkably concentrated as four companies seized 56.2% of the market size. Bupa, Tawuniyah and Medgulf constituting 22%, 17%, 12% and 5.4% of total insurance market in 9M 2015, respectively. Bupa and Malath shares increased 96 and 204 basis points, respectively while Tawuniyah and Medgulf shares decreased 169 and 316 basis points, respectively

Ten companies have their market shares 2% to 5% representing a total of 26%. On the other side, 20 companies held a combined 18% of the market share with shares less than 2% each.

Regarding the activities of insurance companies, 26 companies are licensed by The Council of Cooperative Health Insurance to offer health insurance services while 29 companies operate in the segment of general insurance and only 10 companies are active in saving and protection insurance.

### Market Share Concentration of Insurance Companies - 9M 2015



Total Market Share	9M 2014	9M 2015
Bupa Arabia	21.0%	22.0%
Tawuniya	18.5%	16.9%
MEDGULF	15.2%	12.0%
Malath Insurance	3.3%	5.4%
Al Rajhi Takaful	3.1%	3.5%
AXA-Cooperative	3.3%	3.5%
U C A	3.5%	3.2%
SAICO	2.8%	2.7%
Saudi Re	2.2%	2.6%
Trade Union	2.6%	2.4%
Walaa Insurance	2.3%	2.2%
ALLIANZ SF	2.2%	2.1%
Sagr Insurance	0.8%	2.1%
AICC	2.3%	2.0%
Arabian Shield	1.6%	1.6%
Wataniya	1.5%	1.6%
ACIG	0.8%	1.6%
WAFA Insurance	0.6%	1.3%
Buruj	1.4%	1.1%
Amana Insurance	1.5%	1.1%
Al Alamiya	1.0%	1.1%
SALAMA	1.1%	1.1%
Gulf General	1.3%	1.0%
Solidarity	0.6%	0.8%
Al-Ahlia	0.8%	0.8%
ATC	0.9%	0.8%
ACE	0.8%	0.7%
Gulf Union	1.2%	0.6%
Alinma Tokio M	0.3%	0.6%
SABB Takaful	0.6%	0.6%
ANB Insurance	0.0%	0.4%
Enaya	0.1%	0.2%
Jazira Takaful	0.1%	0.2%
SANAD	0.5%	0.0%

Insurance Sector (SAR million)	9M 2014	9M 2015	Growth
Gross Premium Written	23,438	28,371	21%
Net Premium Written	18,601	23,480	26%
Net Premium Earned	15,820	19,738	25%
Net Claims Incurred	12,792	15,615	22%
Retention Ratio	79%	83%	-
Claims Ratio	81%	79%	-

## Market Structure

### Health Insurance

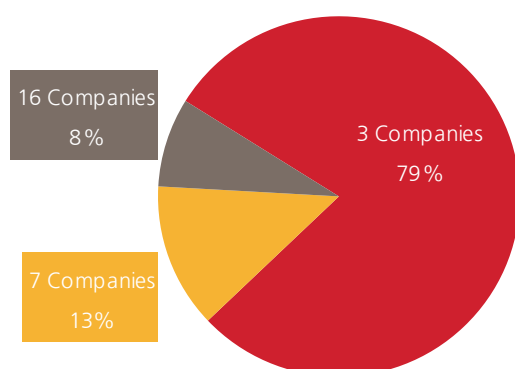
In the health insurance sector, written premiums totaled SAR 14.6 billion shifting up 17%, while net written premiums surged 21% to SAR 14.1 billion. Similarly, net earned premiums amounted to SAR 12.1 billion skyrocketing 25% over the same period of the previous year.

As the growth in net written premium surpassed the growth of gross written premiums, the retention ratio advanced to 96.34% compared to 92.62% at the end of the 9M 2014. Furthermore, net incurred claims grew by 25% to SAR 6.4 billion, thus pushing the losses ratio in this activity to 78.12% compared to 80.49% for 9M 2014.

Out of 28 insurers operate in health insurance, only 26 are qualified by the Council of Cooperative Health Insurance to provide their services as of the date of this publication. Three of them seized 79% of the market, while seven companies received 14%, and 16 companies shared the remaining 8% of the market for less than 1% for each company.

The biggest change has occurred in the market share of Bupa which increased 334 basis points, while the market share of Tawuniya and Medgulf dwindled 178 and 358 basis points, respectively.

#### Market Share Concentration of Health Insurance - 9M 2015



#### Health Insurance Market Share

	9M 2014	9M 2015
Bupa Arabia	39.3%	42.6%
Tawuniya	21.5%	19.7%
MEDGULF	20.2%	16.7%
Sagr Insurance	0.7%	3.5%
SAICO	2.2%	2.2%
AXA-Cooperative	2.3%	2.1%
Amana Insurance	1.0%	1.9%
AICC	1.3%	1.5%
Arabian Shield	1.2%	1.2%
Al Rajhi Takaful	1.3%	1.2%
ACIG	0.7%	1.0%
WAFI Insurance	0.6%	0.8%
Solidarity	0.2%	0.7%
U C A	1.1%	0.7%
ALLIANZ SF	0.4%	0.6%
Malath Insurance	0.4%	0.5%
Al-Ahlia	0.8%	0.4%
Gulf General	0.5%	0.4%
ANB Insurance	0.0%	0.4%
Enaya	0.2%	0.4%
Buruj	0.9%	0.4%
Walaa Insurance	0.3%	0.3%
Trade Union	1.4%	0.3%
SALAMA	0.2%	0.2%
Gulf Union	0.9%	0.2%
Al Alamiya	0.0%	0.0%

Health Insurance (SAR million)	9M 2014	9M 2015	Growth
Gross Premium Written	12,523	14,612	25%
Net Premium Written	11,599	14,078	21%
Net Premium Earned	9,666	12,068	25%
Net Claims Incurred	7,779	9,428	21%
Retention Ratio	93%	96%	-
Claims Ratio	80%	78%	-

## Market Structure

### Vehicle Insurance

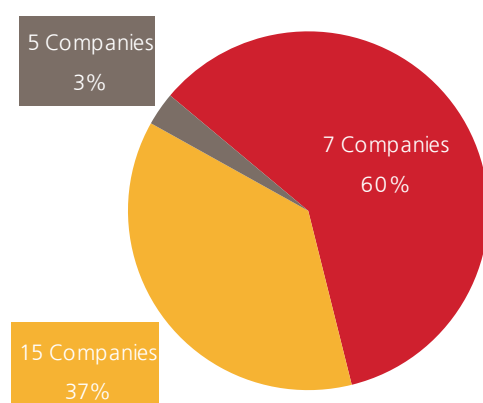
By the end of 9M 2015, the growth of gross written premiums for vehicle insurance amounted to 44% posting SAR 8.4 billion. Meanwhile, net written premiums edged up 40% coming in at SAR 7.7 billion, while net earned premiums hit SAR 6.3 billion surging 30% over 9M 2014.

Retention ratio stood at 92.33% compared to 94.43% at the end of 9M 2014. Net incurred claims soared 27.2% to SAR 5.6 billion thus trimming the claims ratio by 210 basis points to 82.93% compared to 90.02% in the 9M 2014.

In this type of insurance, seven companies captured 60% of the market, 15 other players shared 37%, and 5 insurers collectively accounted for the remaining 4% of the market.

Malath Insurance increased its market share by 544 basis points while Medgulf's share slumped 275 basis points.

#### Market Share Concentration of Vehicle Insurance - 9M 2015



#### Vehicle Insurance

Market Share	9M 2014	9M 2015
Malath Insurance	10.0%	15.5%
Tawuniya	13.5%	10.7%
Al Rajhi Takaful	8.3%	8.3%
MEDGULF	9.7%	6.9%
U C A	7.1%	6.4%
Trade Union	5.2%	6.1%
AXA-Cooperative	5.2%	6.0%
Walaa Insurance	3.0%	4.1%
Saudi Re	0.4%	3.6%
SALAMA	3.6%	3.2%
ACIG	1.0%	3.0%
AICC	4.7%	2.8%
Wataniya	2.6%	2.7%
SAICO	2.7%	2.6%
WAFI Insurance	0.8%	2.6%
Buruj	2.7%	2.5%
Arabian Shield	2.8%	2.2%
Al Alamiya	1.7%	1.7%
Al-Ahlia	1.3%	1.7%
ALLIANZ SF	2.3%	1.6%
Gulf General	2.2%	1.4%
Solidarity	1.5%	1.1%
Alinma Tokio M	0.3%	0.8%
Gulf Union	1.0%	0.8%
ACE	0.8%	0.7%
Sagr Insurance	0.8%	0.5%
Amana Insurance	3.7%	0.5%
SANAD	1.1%	0.0%

Vehicle Insurance (SAR million)	9M 2014	9M 2015	Growth
Gross Premium Written	5,819	8,354	44%
Net Premium Written	5,495	7,713	40%
Net Premium Earned	4,851	6,319	30%
Net Claims Incurred	4,367	5,556	27%
Retention Ratio	94%	92%	-
Claims Ratio	90%	88%	-

## Market Structure

### General Insurance

By the end of 9M 2015, the growth of gross written premiums for general insurance amounted to 6% posting SAR 4.7 billion. Meanwhile, net written premiums edged up 20% coming in at SAR 1.2 billion, while net earned premiums hit SAR 1 billion surging 18% over 9M 2014.

The higher percentage growth in net written premiums versus the gross figure pushed the retention ratio to 26.29% compared to 23.26% at the end of 9M 2014. Net incurred claims slumped 4.6% to SAR 0.4 billion thus trimming the claims ratio to 43.60% compared to 53.78% in the 9M 2014.

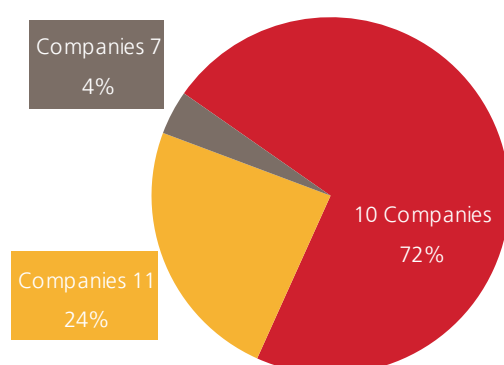
In this type of insurance, 10 companies captured 72% of the market, 11 other players shared 24%, and 7 insurers collectively accounted for the remaining 5% of the market.

Tawuniyah Insurance increased its market share by 170 basis points while Wala's share slumped 256 basis points.

#### General Insurance

Market Share	9M2014	9M 2015
Tawuniya	19.6%	21.3%
Saudi Re	9.2%	8.7%
MEDGULF	10.6%	8.6%
U C A	6.2%	6.1%
SAICO	4.8%	5.3%
ALLIANZ SF	4.6%	5.3%
Walaa Insurance	7.5%	5.0%
Wataniya	4.1%	4.3%
AXA-Cooperative	3.4%	3.5%
Al Alamiya	3.2%	3.5%
Malath Insurance	3.1%	3.2%
ACE	3.2%	3.2%
Trade Union	3.1%	2.8%
Gulf General	2.7%	2.4%
Al Rajhi Takaful	1.8%	2.4%
AICC	2.1%	2.3%
Arabian Shield	1.5%	2.0%
Gulf Union	2.5%	1.9%
Alinma Tokio M	1.0%	1.7%
Buruj	1.1%	1.1%
Sagr Insurance	1.0%	1.0%
ACIG	0.7%	0.9%
Solidarity	0.4%	0.9%
ANB Insurance	0.0%	0.7%
Al-Ahlia	0.6%	0.6%
WAFA Insurance	0.4%	0.6%
SALAMA	0.4%	0.4%
Amana Insurance	0.2%	0.2%
SANAD	0.8%	0.0%

#### Market Share Concentration of General Insurance - 9M 2015



General Insurance (SAR million)	9M 2014	9M 2015	Growth
Gross Premium Written	4,428	4,700	6%
Net Premium Written	1,030	1,235	20%
Net Premium Earned	849	998	18%
Net Claims Incurred	456	435	(5%)
Retention Ratio	23%	26%	-
Claims Ratio	54%	44%	-



## Market Structure

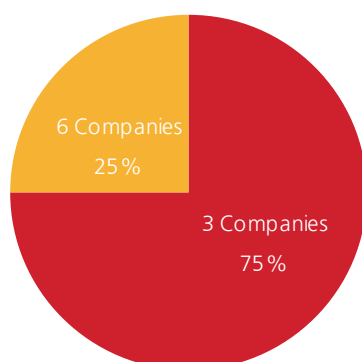
### Protection and Savings Insurance

Gross written premiums for the protection and savings insurance shifted up 6% in 9M 2015 standing at SAR 704 million, while net written premiums slipped 5% to SAR 453 million. Simultaneously, net earned premiums amounted to SAR 352 million, tumbling 23% versus the same period the previous year.

Net claims incurred soared 4% to SAR 195 million, thus it has led to an increase in the loss ratio to 55.49% compared to 41.44% in the 9M 2014.

The segment is consisted of 10 insurers; three of them held a 75% market share, versus 25% for the six other companies. The biggest change has occurred in the market share of Ahli Takaful which increased 236 basis points reaching 32.78%.

#### Market Share Concentration of Protection and Saving - 9M 2015



#### Protection & Savings Insurance Market

Share	9M 2014	9M 2015
ATC	30.4%	32.8%
SABB Takaful	22.2%	23.0%
SALAMA	19.6%	19.1%
Jazira Takaful	3.8%	8.4%
Saudi Re	13.8%	5.2%
Wataniya	4.5%	3.4%
AXA-Cooperative	3.5%	3.0%
Alinma Tokio M	1.9%	2.2%
ANB Insurance	0.0%	2.0%
Al Rajhi Takaful	0.3%	0.9%

Protection & Savings Insurance (SAR million)	9M 2014	9M 2015	Growth
Gross Premium Written	668	705	6%
Net Premium Written	478	453	(5%)
Net Premium Earned	455	352	(23%)
Net Claims Incurred	189	195	4%
Claims Ratio	41%	55%	-

## Concentration of Insurance Segments per Company

The following table reflects the concentration of insurance segment for every company in the sector at the end of Q3 2015 and gives signals regarding the sensitivity of each company for the change in the distribution of its insurance portfolio.

Health insurance represented 100% in the cases of Bupa Arabia and Enaya, more than 70% for Medgulf and Tawuniya. In the vehicle sector, Salama and Malath held the highest concentration with 82% and 75%, respectively. In protection and saving insurance, 100% of the operations of Jazira Takaful, SABB and Ahli Takaful focused on this type of insurance.

Company	Health Insurance	Vehicle Insurance	General Insurance	Protection & Savings	Total
<b>Health Insurance</b>					
Bupa Arabia	100%	-	-	-	100%
Enaya	100%	-	-	-	100%
MEDGULF	71%	16%	13%	-	100%
Tawuniya	62%	18%	20%	-	100%
ACIG	50%	32%	18%	-	100%
<b>Vehicle Insurance</b>					
SALAMA	11%	82%	6%	-	100%
Malath Insurance	7%	75%	18%	-	100%
Al Rajhi Takaful	22%	66%	11%	0.3%	100%
Solidarity	22%	65%	12%	-	100%
Amana Insurance	35%	62%	3%	-	100%
AICC	30%	52%	18%	-	100%
SANAD	21%	51%	29%	-	100%
U C A	17%	50%	33%	-	100%
<b>General Insurance</b>					
ANB Insurance	-	-	100%	-	100%
Saudi Re	-	5%	78%	18%	100%
ACE	0.4%	25%	75%	-	100%
Walaa Insurance	7%	32%	61%	-	100%
Al Alamiya	2%	40%	58%	-	100%
Alinma Tokio M	-	26%	56%	17%	100%
Wataniya	-	42%	50%	8%	100%
<b>Protection &amp; Savings</b>					
Jazira Takaful	-	-	-	100%	100%
SABB Takaful	-	-	-	100%	100%
ATC	-	-	-	100%	100%
<b>Multi-Line</b>					
ALLIANZ SF	10%	26%	39%	25%	100%
AXA-Cooperative	38%	39%	19%	3%	100%
Gulf Union	40%	21%	39%	-	100%
Gulf General	20%	41%	39%	-	100%
U C A	17%	50%	33%	-	100%
SAICO	42%	25%	33%	-	100%
Sagr Insurance	50%	25%	25%	-	100%
Trade Union	28%	49%	22%	-	100%
ACIG	50%	32%	18%	-	100%
Arabian Shield	40%	43%	17%	-	100%
Buruj	36%	49%	15%	-	100%
Al-Ahlia	48%	39%	13%	-	100%

## Financial Indicators

Company	Issued Shares (MN)	Free Floating Shares (MN)	Net Income LTM Ending Sep 2015 (MN)	Net Income 9M 2015 (MN)	Shareholders Equity (MN)	Market Cap.	12M EPS	PE	P/BV	Equity to Capital Paid
Tawuniya	100	53	658	542.8	2,255	7,151	6.58	10.86	3.17	2.25
ANB Insurance	18	5	(31)	(23.5)	97	926	(1.79)	N	9.58	0.55
Jazira Takaful	35	11	10	12.4	367	1,110	0.30	107.44	3.02	1.05
Malath Insurance	30	30	6	11.5	276	580	0.20	99.30	2.10	0.92
MEDGULF	100	37	(84)	(135.5)	1,042	2,289	(0.84)	N	2.19	1.04
ALLIANZ SF	20	7	28	16.7	197	779	1.41	27.69	3.95	0.98
SALAMA	25	18	2	6.0	175	308	0.09	143.26	1.75	0.70
Walaa Insurance	40	38	(77)	(68.0)	318	405	(1.92)	N	1.27	0.79
Arabian Shield	20	11	23	13.5	255	525	1.16	22.62	2.05	1.28
SABB Takaful	34	12	19	13.6	365	1,101	0.57	56.90	3.01	1.07
SANAD	20	14	-	1.9	-	-	-	-	-	-
SAICO	25	17	25	25.9	238	401	0.99	16.23	1.68	0.95
Wafa	21	17	(6)	(7.6)	121	264	(0.28)	N	2.17	0.59
Gulf Union	22	15	4	6.2	120	266	0.19	64.61	2.20	0.55
ATC	17	7	39	28.9	190	712	2.34	18.24	3.74	1.14
Al-Ahlia	32	30	(55)	(34.4)	138	227	(1.73)	N	1.64	0.43
ACIG	20	12	13	11.0	117	308	0.64	23.92	2.63	0.58
AICC	40	26	(4)	(16.9)	235	286	(0.10)	N	1.21	0.59
Trade Union	28	18	27	26.3	257	547	0.97	20.50	2.12	0.93
Sagr Insurance	25	18	41	44.1	351	725	1.66	17.47	2.06	1.40
U C A	49	32	(24)	36.1	387	548	(0.50)	N	1.41	0.79
Saudi Re	100	90	(51)	(43.9)	764	710	(0.51)	N	0.92	0.76
Bupa Arabia	80	56	560	435.7	1,466	7,875	7.00	14.07	5.37	1.83
Weqaya	20	14	-	-	-	-	-	-	-	-
Al Rajhi Takaful	40	18	33	36.8	336	804	0.82	24.45	2.39	0.84
ACE	10	6	16	6.5	190	506	1.61	31.46	2.66	1.90
AXA-Cooperative	45	20	17	22.6	465	684	0.38	39.86	1.47	1.03
Gulf General	20	13	1	(9.9)	194	365	0.06	294.19	1.87	0.97
Buruj	25	14	27	24.2	226	404	1.08	15.00	1.79	0.90
Al Alamiya	40	12	25	23.1	293	2,412	0.62	98.05	8.23	0.73
Solidarity	56	40	(104)	(61.5)	192	408	(1.87)	N	2.12	0.35
Wataniya	10	3	14	4.1	71	623	1.36	45.77	8.82	0.71
Amana Insurance	32	25	(9)	(22.5)	103	266	(0.28)	N	2.56	0.32
Enaya	40	16	(60)	(40.3)	209	580	(1.50)	N	2.78	0.52
Alinma Tokio M	45	14	(32)	(19.9)	315	1,141	(0.72)	N	3.62	0.70
<b>Total</b>	<b>1,282</b>	<b>770</b>	<b>1,051</b>	<b>866.0</b>	<b>12,323</b>	<b>36,928</b>	<b>0.82</b>	<b>17.74</b>	<b>3.00</b>	<b>0.96</b>

- Outstanding shares of insurance sector reached 1.3 billion shares making 2.5% of total outstanding shares in the Saudi Market.
- Market Cap.\* reached SR 50.2 billion making 2.5% of total market cap. of Saudi Market.
- Twenty two companies achieved profits in 9M 2015 while 12 companies suffered losses.
- The sector's aggregate 12M net Income ending Q3 2015 amounted to SR 1,051 million with 12M EPS of SR 0.82.
- By the end of September 2015, the equity-to-capital ratio went above 1.00x for 10 companies where the equity-to-capital ratio reached 0.96x for the total sector.
- 10 Saudi Banks are main shareholders of 10 insurance companies.

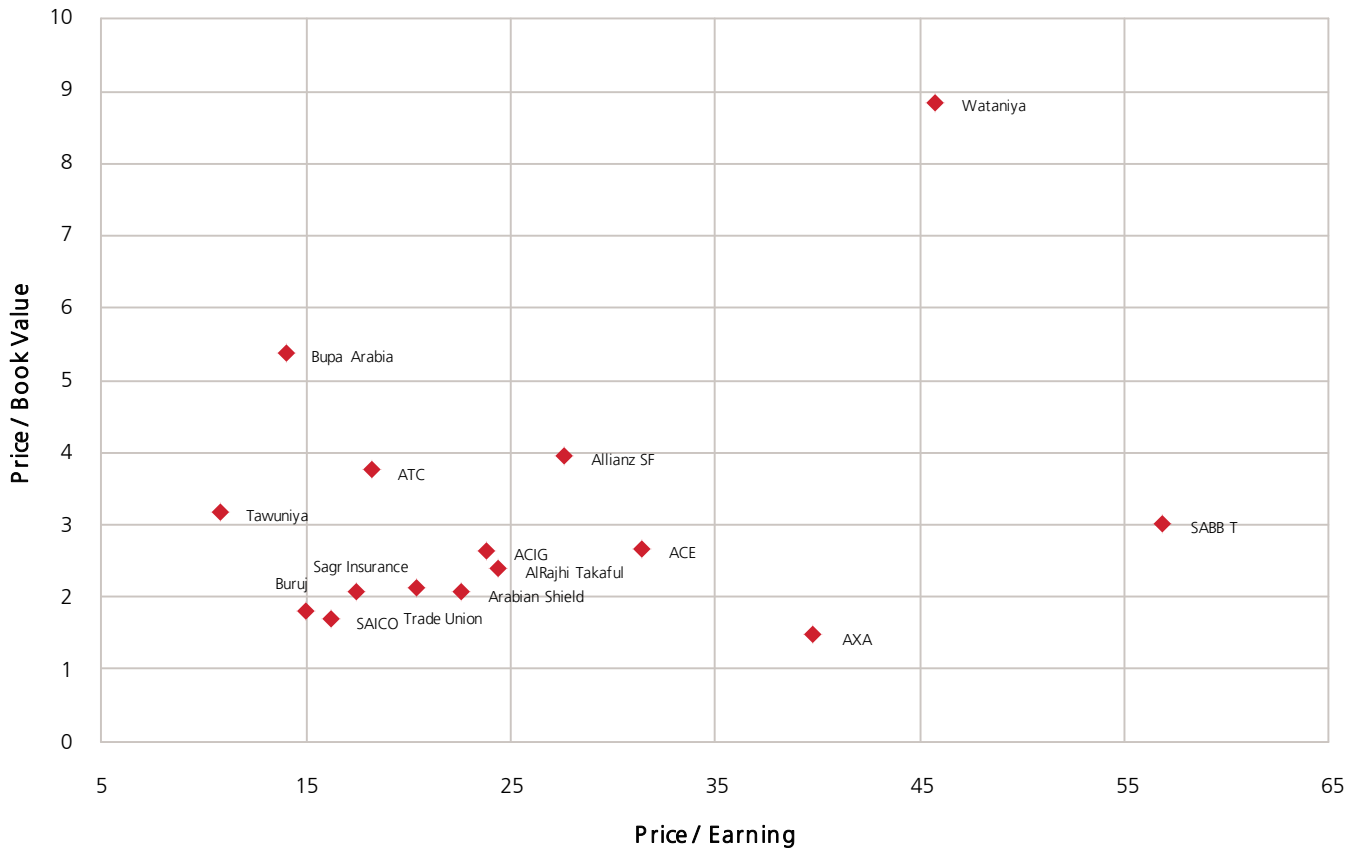
Company	Associate Bank	Ownership
ANB Insurance	Arab National Bank	%29.94
Alinma Tokio M	Alinma Bank	%28.75
Jazira Takaful	Aljazira Bank	%30.00
Wataniya	Saudi Hollandi Bank	%20.00
MEDGULF	Saudi Investment Bank	%19.00
ALLIANZ SF	Banque Saudi Fransi	%32.50
SABB Takaful	Saudi British Bank	%32.50
ATC	National Commercial Bank	%29.99
Al Rajhi Takaful	Al Rajhi Bank	%22.50
Al Alamiya	Riyad Bank	%19.92

LTM: Last Twelve Months Ending Q3 2015  
Market Cap., PE and P/BV as of December 13, 2015

## Valuation

Twenty two companies in the sector generated profits in the four quarters ending September 2015.

The following figure reflects the valuation levels of these companies based on P/E and P/B\* based on last 12 months ending Q3 2015 figures:



\*As of closing prices of December 13, 2015.

## Insurance Premiums Breakdown

SAR MN Company	GWP			NWP			NEP			Net Claims Incurred			Retention Ratio		Claims Ratio	
	9M 2014	9M 2015	G	9M 2014	9M 2015	G	9M 2014	9M 2015	G	9M 2014	9M 2015	G	9M 2014	9M 2015	9M 2014	9M 2015
Tawuniya	4,346	4,781	%10	3,550	4,014	%13	3,542	4,075	%15	2,836	3,065	%8	%81.7	%84.0	%80.1	%75.2
ANB Insurance	2	111		1	68		0	11		0	9		%34.7	%61.3	%79.7	%83.6
Jazira Takaful	25	59	%135	18	37	%105	8	16	%110	1	3		%71.6	%62.7	%18.5	%16.0
Malath Insurance	778	1,520	%95	657	1,310	%99	633	1,282	%103	560	1,075	%92	%84.4	%86.2	%88.4	%83.8
MEDGULF	3,566	3,418	(%4)	2,709	2,910	%7	2,374	2,610	%10	1,991	2,416	%21	%76.0	%85.1	%83.9	%92.6
ALLIANZ SF	518	605	%17	318	344	%8	323	278	(%14)	254	198	(%22)	%61.4	%56.7	%78.5	%71.2
SALAMA	257	312	%21	239	293	%22	184	251	%36	150	206	%38	%93.2	%94.1	%81.1	%82.4
Walaa Insurance	547	624	%14	250	431	%72	180	297	%65	146	276	%89	%45.7	%69.0	%81.2	%92.9
Arabian Shield	377	460	%22	242	286	%18	200	247	%24	160	194	%22	%64.3	%62.1	%80.1	%78.8
SABB Takaful	149	162	%9	126	130	%3	173	100	(%42)	10	3	(%74)	%84.5	%79.9	%5.9	%2.6
SANAD	122	1	(%100)	72	2-	(%102)	114	14	(%87)	80	4	(%95)	%59.0	(%309.6)	%70.1	%25.5
SAICO	647	778	%20	425	494	%16	314	471	%50	238	365	%53	%65.7	%63.5	%75.8	%77.5
Wafa	140	361	%157	91	286	%213	96	171	%79	62	137	%122	%65.3	%79.2	%64.6	%80.2
Gulf Union	289	178	(%39)	162	78	(%52)	156	95	(%39)	132	68	(%48)	%55.9	%44.1	%84.5	%71.7
ATC	203	231	%14	93	101	%9	57	56	(%2)	8	10	%17	%45.7	%43.8	%14.1	%17.0
Al-Ahliya	197	234	%19	178	217	%22	179	149	(%17)	142	111	(%22)	%90.2	%92.8	%79.4	%74.2
ACIG	183	444	%143	132	365	%176	160	269	%68	113	204	%81	%72.3	%82.2	%70.6	%75.8
AICC	528	556	%5	366	322	(%12)	308	313	%2	259	259	%0	%69.4	%57.9	%84.0	%82.7
Trade Union	608	687	%13	417	535	%28	510	413	(%19)	449	326	(%27)	%68.6	%77.9	%88.1	%78.8
Sagr Insurance	187	600	%221	135	544	%303	125	272	%118	95	175	%85	%72.3	%90.7	%76.1	%64.5
U C A	828	921	%11	590	669	%13	570	541	(%5)	506	424	(%16)	%71.3	%72.7	%88.8	%78.5
Saudi Re	522	744	%42	493	703	%43	374	333	(%11)	318	266	(%16)	%94.4	%94.6	%85.1	%79.9
Bupa Arabia	4,919	6,228	%27	4,839	6,210	%28	3,193	4,928	%54	2,564	3,774	%47	%98.4	%99.7	%80.3	%76.6
Weqaya	0	0	%0	0	0		0	0		0	0					
Al Rajhi Takaful	727	994	%37	654	902	%38	508	738	%45	409	567	%39	%89.9	%90.8	%80.5	%76.8
ACE	191	212	%11	82	102	%24	71	84	%19	41	51	%23	%43.1	%48.1	%58.2	%60.1
AXA-Cooperative	762	990	%30	668	891	%33	575	743	%29	476	615	%29	%87.7	%90.0	%82.8	%82.8
Gulf General	312	294	(%6)	159	142	(%11)	141	125	(%11)	103	83	(%19)	%51.0	%48.3	%73.3	%66.5
Buruj	320	320	%0	273	270	(%1)	191	244	%28	136	175	%29	%85.5	%84.4	%71.2	%71.6
Al Alamiya	245	313	%28	120	126	%5	118	76	(%36)	112	91	(%19)	%49.1	%40.3	%94.4	%119.8
Solidarity	136	236	%74	96	167	%74	146	139	(%5)	144	138	(%4)	%70.8	%70.7	%98.5	%99.4
Wataniya	362	453	%25	141	207	%47	149	151	%1	118	113	(%5)	%38.9	%45.6	%79.4	%74.7
Amana Insurance	344	320	(%7)	251	246	(%2)	98	198	%101	143	178	%25	%73.1	%76.9	%144.9	%89.8
Enaya	28	62	%119	26	37	%41	25	15	(%38)	22	13	(%41)	%92.5	%59.7	%88.8	%84.5
Alinma Tokio M	76	163	%116	27	46	%67	24	32	%31	14	24	%66	%36.2	%28.1	%57.9	%73.8
Sector	23,438	28,371	%21	18,601	23,480	%26	15,820	19,738	%25	12,792	15,615	%22	%79.37	%82.76	%80.86	%79.11

GWP: Gross Written Premium

NWP: Net Written Premium

NEP: Net Earned Premium

## Retention Ratio Breakdown - 9M 2015

Company	Health Insurance	Vehicle Insurance	General Insurance	Total
Tawuniya	99.3%	100.0%	25.2%	84.0%
ANB Insurance	97.1%	-	6.3%	61.3%
Jazira Takaful	-	-	-	62.7%
Malath Insurance	100.0%	93.9%	14.3%	86.2%
MEDGULF	99.8%	68.4%	20.5%	85.1%
ALLIANZ SF	49.6%	97.9%	19.7%	56.7%
SALAMA	96.4%	98.4%	22.9%	94.1%
Walaa Insurance	100.0%	99.6%	18.0%	69.0%
Arabian Shield	100.0%	52.9%	6.9%	62.1%
SABB Takaful	-	-	-	79.9%
SANAD	30.1%	-361.5%	-168.5%	-309.6%
SAICO	82.8%	98.6%	8.4%	63.5%
Wafa	59.3%	99.1%	12.4%	79.2%
Gulf Union	93.8%	58.2%	20.2%	44.1%
ATC	-	-	-	43.8%
Al-Ahliya	97.8%	98.5%	54.2%	92.8%
ACIG	74.9%	98.3%	16.0%	82.2%
AICC	54.0%	82.6%	13.1%	57.9%
Trade Union	26.5%	94.8%	29.2%	77.9%
Sagr Insurance	97.7%	93.8%	15.3%	90.7%
U C A	99.4%	99.7%	13.6%	72.7%
Saudi Re	-	100.0%	90.5%	94.6%
Bupa Arabia	99.7%	-	-	99.7%
-	-	-	-	-
Al Rajhi Takaful	99.5%	99.1%	25.7%	90.8%
ACE	-	97.8%	27.4%	48.1%
AXA-Cooperative	99.6%	99.5%	46.0%	90.0%
Gulf General	39.6%	82.8%	18.3%	48.3%
Buruj	98.3%	96.3%	19.4%	84.4%
Al Alamiya	37.4%	73.2%	12.2%	40.3%
Solidarity	60.6%	97.4%	37.0%	70.7%
Wataniya	-	81.6%	10.3%	45.6%
Amana Insurance	81.9%	57.7%	18.9%	76.9%
Enaya	59.7%	-	-	59.7%
Alinma Tokio M	-	48.6%	7.9%	28.1%
Sector	96.3%	92.3%	26.3%	82.8%

## Proforma Income Statement and Balance Sheet for Insurance Companies\*

Balance Sheet (SAR million)	2013	2014	Growth	9M 2014	9M 2015	Growth
<b>Policyholders (PH) Assets:</b>						
Investments	5,934	7,757	%31	7,707	10,039	%30
Cash at Banks	4,210	6,132	%46	4,818	6,069	%26
Receivables, Net	6,381	6,825	%7	8,842	9,564	%8
Other PH Assets	12,558	13,129	%5	12,624	14,260	%13
<b>Total PH Assets</b>	<b>29,084</b>	<b>33,843</b>	<b>%16</b>	<b>33,991</b>	<b>39,929</b>	<b>%17</b>
<b>Shareholders (SH) Assets</b>						
Investments	7,780	8,152	%5	8,316	8,146	(%2)
Cash at Banks	2,710	2,435	(%10)	2,354	3,228	%37
Other SH Assets	1,362	1,503	%10	1,413	3,037	%115
<b>Total SH Assets</b>	<b>11,791</b>	<b>12,090</b>	<b>%3</b>	<b>12,083</b>	<b>14,411</b>	<b>%19</b>
<b>Total Assets</b>	<b>40,875</b>	<b>45,934</b>	<b>%12</b>	<b>46,074</b>	<b>54,340</b>	<b>%18</b>
<b>PH Liabilities</b>						
Reinsurers Balances Payable	1,664	1,430	(%14)	2,148	2,260	%5
Technical Reserves	24,098	28,316	%18	28,030	32,587	%16
Other Liabilities	3,321	4,097	%23	3,813	5,082	%33
<b>Total PH Liabilities</b>	<b>29,084</b>	<b>33,843</b>	<b>%16</b>	<b>33,991</b>	<b>39,929</b>	<b>%17</b>
<b>SH Liabilities</b>						
SH Liabilities	2,533	2,046	(%19)	2,112	2,058	(%3)
Capital	9,762	10,182	%4	10,182	12,217	%20
SH Equity	9,257	10,044	%9	9,971	12,354	%24
<b>Total SH Liabilities and Equity</b>	<b>11,791</b>	<b>12,090</b>	<b>%3</b>	<b>12,083</b>	<b>14,411</b>	<b>%19</b>
<b>Total Liabilities</b>	<b>40,875</b>	<b>45,934</b>	<b>%12</b>	<b>46,074</b>	<b>54,340</b>	<b>%18</b>
<b>Income Statement (SAR million)</b>						
<b>Statement of Insurance Operations &amp; Surplus</b>						
Gross Premium Written	24,671	30,289	%23	23,437	28,372	%21
Net Premium Written	18,661	24,064	%29	18,599	23,546	%27
Net Premium Earned	17,362	21,840	%26	15,828	19,841	%25
Reinsurance Commission	789	776	(%2)	577	592	%3
Other Underwriting Income	156	193	%23	97	101	%4
Investment Income and Other Income	224	133	(%40)	165	191	%15
<b>Total Revenues</b>	<b>18,531</b>	<b>22,942</b>	<b>%24</b>	<b>16,667</b>	<b>20,735</b>	<b>%24</b>
Gross Claim Paid	16,663	20,458	%23	14,194	14,819	%4
Net Claim Incurred	15,799	17,562	%11	12,817	15,474	%21
Policy Acquisition Costs	1,321	1,461	%11	1,117	1,300	%16
Excess of Loss Expenses	94	66	(%29)	45	98	%115
Other Expenses	2,768	3,153	%14	2,305	2,761	%20
<b>Total Costs and Expenses</b>	<b>19,960</b>	<b>22,242</b>	<b>%11</b>	<b>16,285</b>	<b>19,664</b>	<b>%21</b>
Net Surplus after SH Appropriation	30	126	%324	100	146	%46
<b>Accumulated PH Surplus End of Period</b>	<b>99</b>	<b>190</b>	<b>%92</b>	<b>245</b>	<b>780</b>	<b>%219</b>
<b>Statement of SH Operations</b>						
Investment and Management Fee Income	461	507	%10	508	334	(%34)
Other Income	36	55	%53	45	9	(%80)
SH Appropriation From Net Surplus	(1,479)	574	(%139)	274	755	%176
General and Administrative Expenses	279	319	%14	269	304	%13
<b>Net Income ( Loss ) for the Period</b>	<b>(1,277)</b>	<b>817</b>	<b>(%164)</b>	<b>560</b>	<b>789</b>	<b>%41</b>

\* Does not include Weqaya

## Definitions

### Gross Premium written:

The total premiums on policies issued by an insurance company during a specific period of time regardless of what portions have been earned. Written premiums are the amount of premium charged for a policy that has already become effective.

### Net Premium written:

It is equal to gross premium written minus the amount the company allocated for reinsurance, as well as premium losses surplus.

### Net Premium Earned:

The amount of total premiums collected by an insurance company over a period that have been earned based on the ratio of the time passed on the policies to their effective life and adjusted to reinsurance. This pro-rated amount of paid-in-advance premiums have been "earned" and now belong to the insurer. It can be calculated as net premiums written minus changes in net premiums unearned.

### Net Claims Paid:

Total amount of paid liabilities for a policy over a given valuation period minus reinsurers share.

### Net Claims Incurred:

Net claims paid plus a reasonable estimate of unpaid liabilities. It is calculated by adding paid claims and unpaid claims minus the estimate of unpaid claims at the end of the prior valuation period.

### Retention Ratio:

Percentage of net premium written to gross premium written.

### Claims Ratio:

Claims owed as a percentage of net premium earned.



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