

Saudi Insurance Sector 2015

The report depicts the performance of insurance sector in Saudi Arabia in 2015. The report shows the main insurance indicators as gross written premium, net earned premium, claims incurred and net income for the sector and individual companies.

Research Scope:

The statistics in this reports include all the date of the listed insurance companies that are licensed to issue insurance policies in any insurance activity. However, we have excluded the following companies:

1. Saudi Reinsurance Company: The company is excluded as its activity is not consistent with the remaining listed insurance companies as the company operates in reinsurance activity only.
2. Weqaya Takaful Insurance and Reinsurance Co.: The exclusion was due to lack of company's data as the company did not announce its financials for 2015.

Thus, the total number of companies under coverage in this report totaled 33 companies out of 35 listed companies.

Source: Insurance Companies filings, SAMA and Tadawul.

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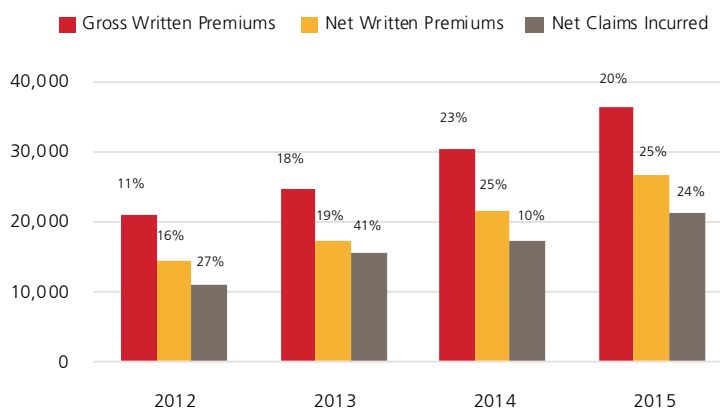


* The company has not released its financial statements of Q3 2015.

Executive Summary

- In 2015, gross written premiums in Saudi Arabia progressed by 19% over 2014 coming in at SAR 35.6 billion (USD 9.5 billion) shifting from SAR 29.8 billion (USD 7.9 billion) in 2014 driven by the acceleration of the growth in vehicle insurance with its gross premiums surging 29%.
- Insurance penetration hit 1.45% of nominal GDP up from 1.08% in 2014 triggered by the growth in gross premiums written and the 13.3% decrease in nominal GDP in 2015 on lower oil prices. The Saudi penetration rate is lower than the world penetration rate of 6.3% and the emerging economies rate of 2.7% according to IMF. Compared to nominal non-oil GDP, the penetration rate reached 2.05% in 2015 up from 1.9% in 2014.
- Insurance density stood at SAR 1,129 (USD 301) per capita in 2015 compared to SAR 991 (USD 264) per capita in 2014 edging up 13.9%.
- The claims ratio at the end 2015 fell to 79.28% compared to 79.98% in 2014 slipping 71 bps.
- Consolidated profit of the insurers reached SAR 955 million by the end 2015 compared to SAR 872 million in 2014. It is worth mentioning that 19 companies in the insurance sector made profits while 14 companies suffered losses in 2015.
- The return on equity ratio dwindled to 7.68% in 2015 versus 8.24% in 2014 while return on assets stood at 1.8%. Net earned premiums to equity ratio posted 215% in 2015 compared to 213% in 2014. Finally, the equity to total assets improved to 23.5% in 2015 compared to 21.9% in the previous year.
- SAMA issued "Insurance Consumer Protection Principles" in mid 2014 effective in September 2014. The principles reflected on consumer rights protection through standardizing the relationship between insurers and consumers.

Insurance Sector Quarterly Evolution (SAR million)



* Excluding Vehicle Insurance

Sector Overview

The Saudi insurance market is still one of the largest and fastest growing markets in the region growing 19% in 2015 versus 2014 hitting SAR 35.6 billion (USD 9.5 billion)⁽¹⁾ in line with our estimate of SAR 36.9 billion (USD 9.8 billion)⁽²⁾ driven by the growth in health and vehicle insurance segments which contributed 81% of the market.

Insurance penetration hit 1.45% of nominal GDP up from 1.08% in 2014 triggered by the growth in gross premiums written and the 13.3% decrease in nominal GDP in 2015 on lower oil prices. The Saudi penetration rate is lower than the world penetration rate of 6.3% and the emerging economies rate of 2.7% according to IMF. Compared to nominal non-oil GDP, the penetration rate reached 2.05% in 2015 up from 1.9% in 2014.

Insurance density stood at SAR 1,129 (USD 301) per capita in 2015 compared to SAR 991 (USD 264) per capita in 2014 edging up 13.9%.

In 2015, the number of insurance and reinsurance companies licensed in the Saudi market reached 35 companies*, 33 of them⁽³⁾ are operating in at least one of the three main insurance line, namely general insurance, health insurance as well as protection and savings insurance. General insurance encompasses seven sub-activities: vehicles, marine, aviation, energy, engineering, accident and responsibilities, and finally property and fire insurance.

Out of 33 running companies, 26 are qualified to provide health insurance services, 27 companies are licensed in general insurance and 10 companies for providing protection and saving services. Moreover, there are other players in the insurance market such as: 80 insurance brokers, 84 insurance agents, 2 actuarial services providers, 15 loss assessors and loss adjustors, 10 insurance claims settlement specialists and 8 insurance advisors.

Health insurance fortified its position as the largest contributor to insurance market in 2015 augmenting its market share by 46 basis points (bps) to 53.32% of total GWP. Vehicle insurance posted a 28.89% market share in 2015 rising 210 bps, while general insurance share contracted 238 bps to 15.23%. Furthermore, the share of saving and protection segment shrank 18 bps to 2.57% by the end of 2015.

The growth and risk factors of insurance activities vary according to the type of insurance, competition as well as market growth. The market is pushed by mandatory insurance lines, however some regulations may stimulate other insurance lines. Accordingly, we believe the following factors to drive the sector in 2016:

- The Saudi Monetary Agency (SAMA) - the regulator of insurance market in Saudi Arabia- issued three new regulations: "Surplus Distribution Policy", "Insurance Corporate Governing Policy" and "Audit Committee Regulation in Insurance and/or Reinsurance Companies" . It is expected that regulations will promote credibility in pricing and governance and enhances policy holders rights. On the side of consumer protection, SAMA issued "Insurance Consumer Protection Principles" in mid 2014 effective in September 2014. The principles reflected on consumer rights protection through standardizing the relationship between insurers and consumers.
- The Council Of Cooperative Health Insurance is the main driver for increasing demand for compulsory health insurance. The total number of health insurance policy holders reached 11 million by the end of 2015. Saudis constitute 30% (3.1 million) of total policyholders versus 70% for foreigners (7.9 million) through 26 health insurance providers with a network of 2,567 outlets.
- The growth of the real estate finance will contribute to the growth of property, casualty and responsibilities insurance.
- low interest rates curbed the return on insurance investments in the past years, however in the aftermath of the interest increase in December 2015, the return on the investments of the sector is expected to ameliorate in 2016.
- We believe growth potentials of insurance industry in Saudi Arabia will stimulate GCC insurers to try to build a presence in the market.
- Health insurance kept its position as the biggest insurance segment in 2015 increasing its share of total insurance market to 53.32% up 46 bps. Vehicle insurance pushed its share by 210 bps constituting 28.89% of total market while general insurance posted a shrinkage of 238 bps contributing 15.23% of total market. Saving and protection segment dropped 18 bps posting 2.57% of total market in 2015.

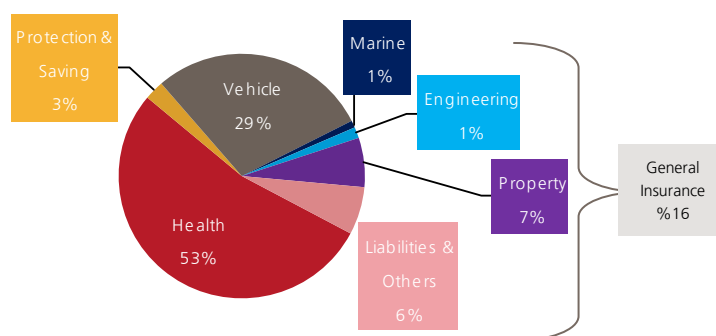
Insurance Penetration Rate and Density

	2014	2015
Penetration	1.08%	1.45%
Penetration (Non-Oil GDP)	1.90%	2.05%
Density (SAR per Capita)	991	1,129

Number of Insurance Licenses per Activity

	Health	General	Protection & Saving
No. of Licenses	27	27	10

Segment Market Share Breakdown - 2015



(1) Gross written premiums for all listed insurance companies excluding Saudi Re company.

(2) Mentioned in our H1 2015 insurance sector report.

(3) After banning Sanad and Weqaya from issuing new policies.

(4) The actuarial specialist is the person who applies the principles of statistics and probabilities which are important factors for policies pricings where liabilities and provisions are constructed upon.

Sector Overview

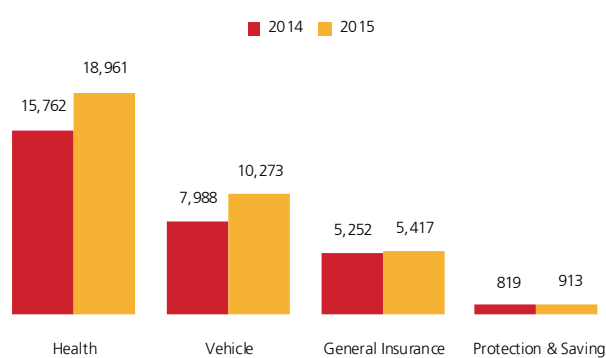
In 2015, gross written premiums in Saudi Arabia progressed by 19% over 2014 coming in at SAR 35.6 billion (USD 9.5 billion) shifting from SAR 29.8 billion (USD 7.9 billion) in 2014 driven by the acceleration of the growth in vehicle insurance with its gross premiums surging 29% to SAR 10.3 billion (USD 2.7 billion) compared to SAR 8 billion (USD 2.1 billion) in 2014 triggered by re-pricing of vehicle insurance policies, while health insurance premiums posted SAR 18.9 billion (USD 5.04 billion) versus SAR 15.8 billion (USD 4.2 billion) in 2014. General insurance grew 3% in 2015 posting SAR 5.4 billion (USD 1.44 billion) versus SAR 5.2 billion (USD 1.4 billion). As for protection and savings insurance, the figure surged 12% to SAR 913 million (USD 243 million) compared to SAR 819 million (USD 218 million) in 2014.

In terms of net written premiums, the figure ascended 24% over 2014 hitting SAR 29.8 billion (USD 7.9 billion) by the end of 2015. The retention ratio improved by 311 bps posting 82.08% versus 78.97% in 2014 as the retention ratio of health insurance and general insurance were elevated by 286 and 514 bps to 95.86% and 21.46% in 2015 from 93% and 16.32% in 2014, respectively.

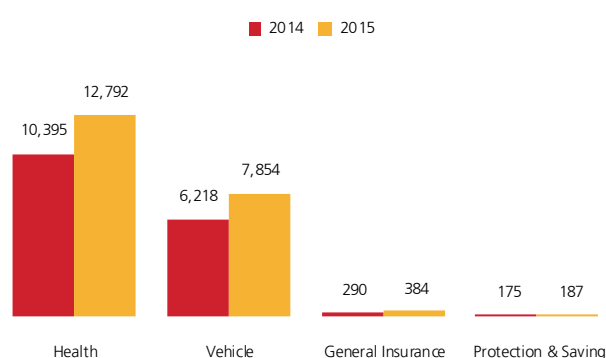
The growth in net earned premiums nudged up 25% posting SAR 26.8 billion (USD 7.8 billion), while net earned premiums for health insurance skyrocketed 25% to SAR 16.6 billion (USD 4.4 billion). Vehicle insurance mounted 28% posting SAR 8.7 billion (USD 2.3 billion). General insurance surged 34% to SAR 1.05 billion (USD 0.28 billion) while saving and protection segment tumbled 14% posting SAR 433 million (USD 115 million).

On the other hand, claims totaled SAR 20.2 billion (USD 5.4 billion) in 2015 while net claims incurred mushroomed 24% to SAR 21.2 billion (USD 5.7 billion) compared to SAR 17 billion (USD 4.5 billion) in 2014. It is noteworthy that health insurance and vehicle insurance claims contributed 60% and 37% of aggregate net claims incurred of the market, respectively.

Gross Premiums Written per Segment 2015 (SAR million)



Net Claims Incurred per Segment 2015 (SAR million)



Segment	GWP SAR mm			NWP SAR mm			NEP SAR mm			NCI SAR mm			Retention Ratio		Loss Ratio		Market Share	
	2014	2015	G	2014	2015	G	2014	2015	G	2014	2015	G	2014	2015	2014	2015	2014	2015
Health	15,762	18,961	25%	14,658	18,176	24%	13,257	16,556	25%	10,395	12,792	23%	93%	96%	78%	77%	53%	53%
Vehicle	7,988	10,273	29%	7,577	9,382	24%	6,809	8,729	28%	6,218	7,854	26%	95%	91%	91%	90%	27%	29%
General Insurance	5,252	5,417	3%	857	1,162	36%	781	1,046	34%	290	384	32%	16%	21%	37%	37%	18%	15%
Protection & Saving	819	913	12%	457	471	3%	504	433	(14%)	175	187	7%	-	-	35%	43%	3%	3%
Total	29,821	35,564	19%	23,550	29,191	24%	21,351	26,764	25%	17,078	21,217	24%	79%	82%	80%	79%	100%	100%

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

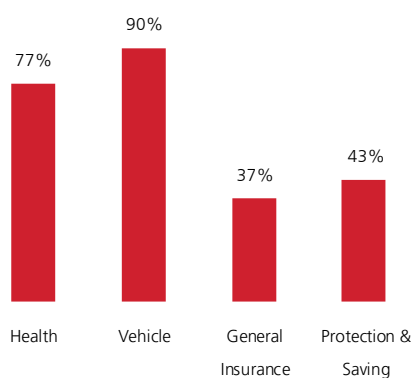
Financial Assessment

Gross written premiums grew by 19% in 2015, while the retention ratio of the sector advanced to 82.08% up 311 bps in 2015 driven by the higher retention ratios for health insurance and general insurance. The ratio rose by 286 basis points to 95.86% in the case of health insurance, while the general insurance ratio edged up 514 basis points to 21.46%.

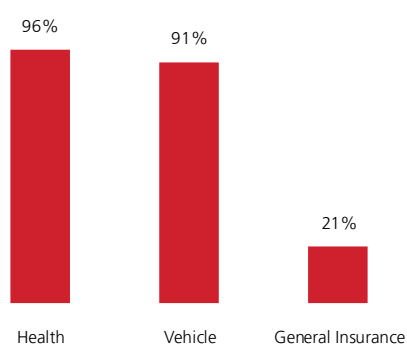
The claims ratio at the end 2015 fell to 79.28% compared to 79.98% in 2014 slipping 71 bps with the decrease in the ratio stemming from the growth in net premium earned faster than the pace of net claims incurred. On the other side, the expenses ratio slumped from 21.53% in 2014 to 21.17% by the end of 2015.

This decrease in the two ratios led to an improvement in the combined ratio by 42 bps to 97.64% by the end of 2015, compared to 98.05% by the end of 2014, which means that the sector has returned to record profitability from insurance operations. This is due to the decrease in loss ratio in 2015 by 71 basis points reaching 79.27%.

Claims Ratio per Segment - 2015



Retention Ratio per Segment - 2015



Balance Sheet (SAR million)	2014	2015	Growth
Policyholders (PH) Assets:			
Investments	7,757	11,723	51%
Cash at Banks	6,132	5,440	(11%)
Receivables, Net	6,825	8,223	20%
Other PH Assets	13,129	12,900	(2%)
Total PH Assets	33,843	38,285	13%
Shareholders (SH) Assets			
Investments	8,152	9,670	19%
Cash at Banks	2,435	2,603	7%
Other SH Assets	1,503	2,413	61%
Total SH Assets	12,090	14,685	21%
Total Assets	45,934	52,970	15%
PH Liabilities			
Reinsurers Balances Payable	1,430	1,847	29%
Technical Reserves	28,316	31,424	11%
Other Liabilities	4,097	5,014	22%
Total PH Liabilities	33,843	38,285	13%
SH Liabilities			
SH Liabilities	2,046	2,259	10%
Capital	10,182	12,297	21%
SH Equity	10,044	12,427	24%
Total SH Liabilities and Equity	12,090	14,685	21%
Total Liabilities	45,934	52,970	15%
Income Statement (SAR million)			
Gross Premium Written	29,821	35,564	19%
Net Premium Written	23,550	29,191	24%
Net Premium Earned	21,351	26,764	25%
Investment Income	133	273	104%
Gross Claim Paid	20,458	20,234	0%
Net Claim Incurred	17,078	21,217	24%
Accumulated PH Surplus End of Period	190	1,171	515%
SH Appropriation From Net Surplus	574	968	68%
Net Income (Loss) for the Period	817	955	15%

Financial Assessment

At the level of the assets of insurance operations, investments grew at rate of 51% while cash at banks slumped 11% to reach SAR 11.7 billion for investments and SAR 5.4 billion for cash at banks. The two items represented together 40% of total assets of insurance operations up from 41% in 2014. Receivables increased 20% by the end of 2015 to reach SAR 8.2 billion representing 24% of total assets increasing from 20% in 2014. The total assets of insurance operations grew 13% YoY posting SAR 38.3 billion in 2015.

For the assets of shareholders, investments surged 19% to SAR 9.7 billion. Cash at banks rose 7% to SAR 2.6 billion. Total investments and cash at banks represented 89% of shareholders' assets down from 87% in 2014. In addition, shareholders' assets grew 21% over the last year. The growth in the assets of the sector accelerated to 15% at the end of 2015 versus 12.4% in 2014.

Total liabilities rose 15% to SAR 52.9 billion by the end of 2015 with insurance liabilities accounting for 74.7% of total liabilities versus 25.3% for shareholders' liabilities and equity.

Technical reserves mounted 11% coming in at SAR 31.4 billion representing 82% of the total insurance liabilities, which amounted to SAR 38.3 billion. On the other hand, shareholders' equity grew by 21% posting SAR 14.7 billion by the end of 2015.

Consolidated profit of the insurers reached SAR 955 million by the end 2015 compared to SAR 872 million in 2014. It is worth mentioning that 19 companies in the insurance sector made profits while 14 companies suffered losses in 2015. Shareholders equity surged 24% posting SAR 12.4 billion as 12 companies increased their capital (11 of them through stock dividends and 1 through rights issue). The total increase in capital for these companies reached SAR 2,435 million SAR.

Equity to capital ratio for 10 companies stood above 1 while 22 companies posted less than 1 in the same ratio implying that two third of the insurance companies are suffering severe losses.

Company	Previous Capital (SAR million)	New Capital (SAR million)	Increase Method
Salama	100	250	Rights Issue
Walaa	200	400	Rights Issue
SAICO	100	250	Rights Issue
Wafaa	100	205	Rights Issue
Arabian Insurance	200	400	Rights Issue
United Insurance	280	490	Rights Issue
Bupa Arabia	400	800	Stock dividends
Rajhi Takaful	200	400	Rights Issue
AXA	200	450	Rights Issue
Buruj	130	250	Rights Issue
Al Alamiya	200	400	Rights Issue
Alinma Tokio M	200	450	Rights Issue
Sector	2,310	4,745	-

Important Indicators	2014	2015	Change
Return on Equity	8.24%	7.68%	-0.56%
Return on Assets	1.8%	1.8%	-
NEP to Equity	213%	215%	2.0%
Equity to Total Assets	21.9%	23.5%	1.6%

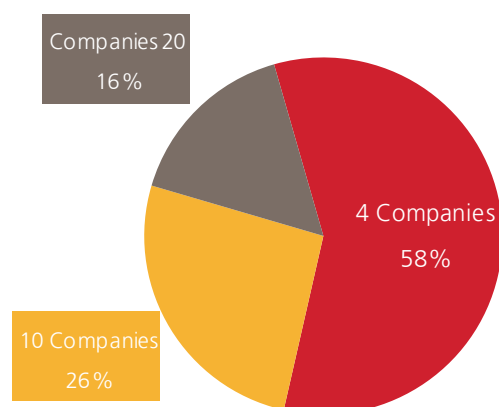
Market Structure

The insurance sector is still remarkably concentrated as four companies seized 58% of the market size. Tawuniyah, Bupa, Medgulf and Malath constituting 21.2%, 20.6%, 11.3% and 5.2% of total insurance market in 2015, respectively. Bupa and Tawuniyah shares increased 136 and 40 basis points, respectively while Medgulf shares decreased 356 bps.

Ten companies have their market shares between 2% to 5% representing a total of 26%. On the other side, 20 companies held a combined 16% of the market share with shares less than 2% each.

	Total Market Share	2014	2015
1 Tawuniya		20.8%	21.2%
2 Bupa Arabia		19.2%	20.6%
3 MEDGULF		14.8%	11.3%
4 Malath Insurance		4.7%	5.2%
5 Al Rajhi Takaful		3.2%	3.8%
6 U C A		3.9%	3.6%
7 AXA-Cooperative		3.5%	3.2%
8 SAICO		2.7%	2.5%
9 Sagr Insurance		0.8%	2.4%
10 Trade Union		2.7%	2.4%
11 ALLIANZ SF		2.4%	2.3%
12 Walaa Insurance		2.2%	2.1%
13 AICC		2.2%	1.8%
14 ACIG		1.0%	1.5%
15 Arabian Shield		1.5%	1.5%
16 WAFA Insurance		0.7%	1.5%
17 Wataniya		1.5%	1.5%
18 Buruj		1.3%	1.3%
19 Amana Insurance		1.3%	1.2%
20 Al Alamiya		1.1%	1.1%
21 SALAMA		1.1%	1.1%
22 ATC		1.1%	1.0%
23 Gulf General		1.2%	1.0%
24 Solidarity		0.6%	0.9%
25 ACE		0.8%	0.8%
26 Al-Ahlia		0.8%	0.7%
27 Gulf Union		1.1%	0.6%
28 Alinma Tokio M		0.3%	0.6%
29 SABB Takaful		0.6%	0.6%
30 ANB Insurance		0.0%	0.4%
31 Jazira Takaful		0.1%	0.2%
32 Enaya		0.1%	0.2%
33 SANAD		0.4%	0.0%

Market Share Concentration of Insurance Companies - 2015



Insurance Sector (SAR million)	2014	2015	Growth
Gross Premium Written	29,821	35,564	19%
Net Premium Written	23,550	29,191	24%
Net Premium Earned	21,351	26,764	25%
Net Claims Incurred	17,078	21,217	24%
Retention Ratio	79%	82%	3.1%
Claims Ratio	80%	79%	-0.7%

Market Structure

Health Insurance

In the health insurance sector, written premiums totaled SAR 19 billion shifting up 25%, while net written premiums surged 24% to SAR 18.2 billion. Similarly, net earned premiums amounted to SAR 16.6 billion skyrocketing 25% over the previous year.

The retention ratio advanced to 95.86% compared to 93.00% at the end of 2014. Furthermore, net incurred claims grew by 23% to SAR 12.8 billion, thus lowering the losses ratio in this activity to 77.26% compared to 78.42% for 2014.

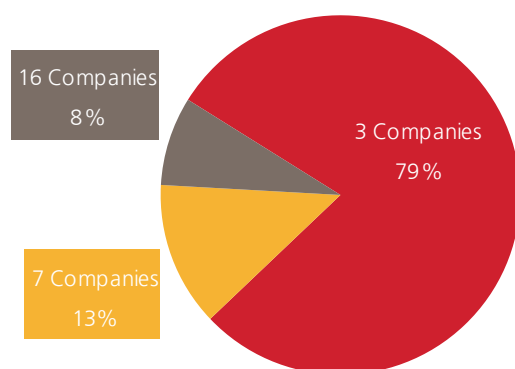
Out of 28 insurers operate in health insurance, only 26 are qualified by the Council of Cooperative Health Insurance to provide their services as of 2015. In March 2016, Solidarity Takaful have been banned from issuing health insurance policies and Alrajhi Takaful have been granted the authority to issue health insurance policies.

Three of health insurance companies seized 79% of the market, while seven companies received 13%, 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 Sagr Insurance which increased 315 basis points, while the market share of Tawuniya and Medgulf dwindled 45 and 404 basis points, respectively.

Health Insurance Market Share		2014	2015
1	Bupa Arabia	36.4%	38.6%
2	Tawuniya	26.4%	25.9%
3	MEDGULF	18.9%	14.8%
4	Sagr Insurance	0.8%	4.0%
5	Amana Insurance	0.9%	1.9%
6	AXA-Cooperative	2.3%	1.9%
7	SAICO	2.0%	1.8%
8	AICC	1.1%	1.3%
9	Al Rajhi Takaful	1.2%	1.1%
10	Arabian Shield	1.1%	1.1%
11	Wafa Insurance	0.8%	1.1%
12	ACIG	0.8%	0.9%
13	Solidarity	0.3%	0.7%
14	U C A	1.1%	0.7%
15	ALLIANZ SF	0.4%	0.5%
16	Buruj	0.7%	0.5%
17	Malath Insurance	0.6%	0.5%
18	ANB Insurance	0.0%	0.5%
19	Gulf General	0.4%	0.4%
20	Enaya	0.2%	0.4%
21	Walaa Insurance	0.3%	0.4%
22	Al-Ahlia	0.7%	0.4%
23	Trade Union	1.6%	0.3%
24	Gulf Union	0.8%	0.2%
25	SALAMA	0.2%	0.2%
26	Al Alamiya	0.1%	0.0%

Market Share Concentration of Health Insurance - 2015



Health Insurance (SAR million)	2014	2015	Growth
Gross Premium Written	15,762	18,961	25%
Net Premium Written	14,658	18,176	24%
Net Premium Earned	13,257	16,556	25%
Net Claims Incurred	10,395	12,792	23%
Retention Ratio	93%	96%	2.9%
Claims Ratio	78%	77%	-1.2%

Market Structure

Vehicle Insurance

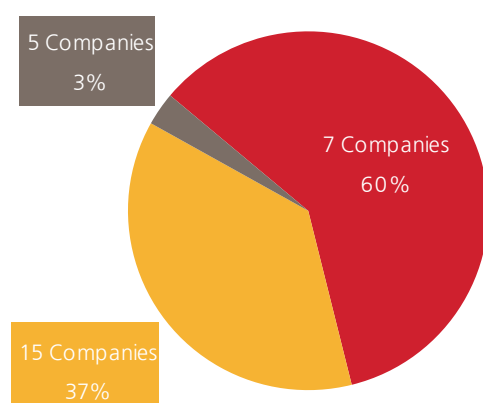
By the end of 2015, the growth of gross written premiums for vehicle insurance amounted to 29% posting SAR 10.3 billion. Meanwhile, net written premiums edged up 24% coming in at SAR 9.4 billion, while net earned premiums hit SAR 8.7 billion surging 28% over 2014.

Retention ratio stood at 91.33% compared to 94.85% at the end of 2014. Net incurred claims soared 26% to SAR 7.9 billion thus trimming the claims ratio by 133 basis points to 89.98% compared to 91.31% in 2014.

In this type of insurance, seven companies captured 63% of the market, 15 other players shared 34%, and 5 insurers collectively accounted for the remaining 3% of the market.

Alrajhi Takaful Insurance increased its market share by 136 basis points while Medgulf's share slumped 210 basis points.

Market Share Concentration of Vehicle Insurance - 2015



Vehicle Insurance Market Share		2014	2015
1	Malath Insurance	14.5%	15.4%
2	Tawuniya	13.1%	12.6%
3	Al Rajhi Takaful	8.2%	9.6%
4	U C A	7.3%	7.7%
5	MEDGULF	8.6%	6.5%
6	Trade Union	4.7%	6.0%
7	AXA-Cooperative	5.8%	5.3%
8	Walaa Insurance	3.0%	4.1%
9	SALAMA	3.3%	3.3%
10	ACIG	1.6%	3.1%
11	Buruj	2.6%	2.8%
12	WAFa Insurance	0.8%	2.8%
13	AICC	4.3%	2.6%
14	SAICO	2.9%	2.6%
15	Wataniya	2.3%	2.5%
16	Arabian Shield	2.6%	2.1%
17	ALLIANZ SF	1.9%	1.9%
18	Al Alamiya	1.6%	1.6%
19	Al-Ahlia	1.3%	1.5%
20	Gulf General	1.9%	1.4%
21	Solidarity	1.4%	1.0%
22	Alinma Tokio M	0.3%	0.8%
23	Gulf Union	0.9%	0.8%
24	ACE	0.7%	0.7%
25	Sagr Insurance	0.7%	0.6%
26	Amana Insurance	3.0%	0.5%
27	SANAD	0.8%	0.0%

Vehicle Insurance (SAR million)	2014	2015	Growth
Gross Premium Written	7,988	10,273	29%
Net Premium Written	7,577	9,382	24%
Net Premium Earned	6,809	8,729	28%
Net Claims Incurred	6,218	7,854	26%
Retention Ratio	95%	91%	-3.5%
Claims Ratio	91%	90%	-1.3%

Market Structure

General Insurance

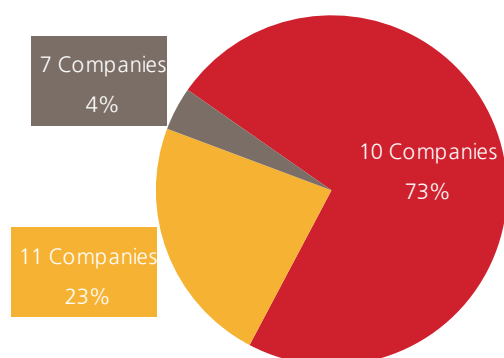
By the end of 2015, the growth of gross written premiums for general insurance amounted to 3% posting SAR 5.4 billion. Meanwhile, net written premiums edged up 36% coming in at SAR 1.2 billion, while net earned premiums hit SAR 1 billion surging 34% over 2014.

The retention ratio edged up 21.46% compared to 16.32% at the end of 2014. Net incurred claims ascended 32% to SAR 0.4 billion thus trimming the claims ratio to 36.76% compared to 37.16% in 2014.

In this type of insurance, 10 companies captured 73% of the market, 11 other players shared 23%, and 7 insurers collectively accounted for the remaining 4% of the market.

Tawuniyah Insurance increased its market share by 548 basis points while Wala's share slumped 471 basis points.

Market Share Concentration of General Insurance - 2015



General Insurance Market Share		
	2014	2015
1 Tawuniya	19.2%	24.7%
2 MEDGULF	14.4%	9.7%
3 U C A	7.9%	6.5%
4 ALLIANZ SF	6.4%	6.1%
5 SAICO	4.9%	5.0%
6 Wala Insurance	6.9%	4.9%
7 Wataniya	4.2%	4.3%
8 Al Alamiya	3.8%	4.2%
9 AXA-Cooperative	3.7%	3.9%
10 ACE	3.6%	3.6%
11 Malath Insurance	3.2%	3.4%
12 Trade Union	3.6%	2.9%
13 Al Rajhi Takaful	1.8%	2.7%
14 AICC	2.5%	2.6%
15 Gulf General	2.9%	2.6%
16 Alinma Tokio M	1.1%	2.3%
17 Gulf Union	2.6%	2.1%
18 Arabian Shield	1.4%	1.9%
19 Buruj	1.1%	1.1%
20 Sagr Insurance	1.0%	1.0%
21 ACIG	0.9%	1.0%
22 Solidarity	0.4%	0.9%
23 Al-Ahlia	0.7%	0.7%
24 ANB Insurance	0.1%	0.7%
25 WAFA Insurance	0.4%	0.6%
26 SALAMA	0.3%	0.4%
27 Amana Insurance	0.3%	0.2%

General Insurance (SAR million)	2014	2015	Growth
Gross Premium Written	5,252	5,417	3%
Net Premium Written	857	1,162	36%
Net Premium Earned	781	1,046	34%
Net Claims Incurred	290	384	32%
Retention Ratio	16%	21%	5.1%
Claims Ratio	37%	37%	-0.4%

Market Structure

Protection and Savings Insurance

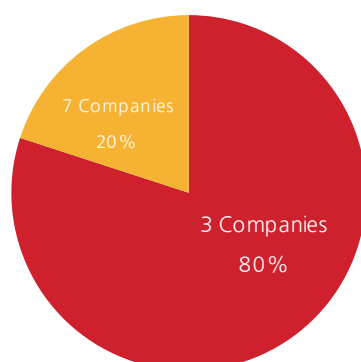
Gross written premiums for the protection and savings insurance shifted up 12% in 2015 standing at SAR 913 million, while net written premiums surged 3% to SAR 471 million. Simultaneously, net earned premiums amounted to SAR 433 million, tumbling 14% versus 2014.

Net claims incurred soared 7% to SAR 187 million, thus it has led to an increase in the loss ratio to 43.19% compared to 34.63% in 2014.

The segment is consisted of 10 insurers; three of them held a 80% market share, versus 20% for the six other companies. The biggest change has occurred in the market share of Aljazirah Takaful which strengthened 410 bps and shrinking share of Allianz SF by 311 bps.

Protection & Savings Insurance Market Share		2014	2015
1	ATC	41.6%	39.5%
2	SABB Takaful	23.6%	22.1%
3	ALLIANZ SF	21.8%	18.7%
4	Jazira Takaful	3.7%	7.8%
5	Wataniya	4.0%	3.2%
6	AXA-Cooperative	3.3%	2.6%
7	ANB Insurance	0.0%	1.8%
8	Alinma Tokio M	1.6%	1.7%
9	Al Rajhi Takaful	0.4%	1.4%
10	Solidarity	0.0%	1.0%

Market Share Concentration of Protection and Saving - 2015



Protection & Savings Insurance (SAR million)	2014	2015	Growth
Gross Premium Written	819	913	12%
Net Premium Written	457	471	3%
Net Premium Earned	504	433	(14%)
Net Claims Incurred	175	187	7%
Claims Ratio	35%	43%	8.6%

Concentration of Insurance Segments per Company

The following table reflects the concentration of insurance activities for every company in the sector in 2015 which provides signals for the vulnerability to the change in the distribution of its insurance portfolio.

Health insurance represented 100% in the cases of Bupa Arabia and Enaya, more than 80% for Sagr, Amanah and Medgulf. In the vehicle sector, Salama and Malath held the highest concentration with 87% and 85%, 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
Health Insurance					
Bupa Arabia	100%				100%
Enaya	100%				100%
Sagr Insurance	87%	7%	7%		100%
Amana Insurance	86%	11%	3%		100%
MEDGULF	70%	17%	13%		100%
Tawuniya	65%	17%	18%		100%
ANB Insurance	63%	0.1%	25%	12%	100%
Vehicle Insurance					
SALAMA	8%	87%	5%		100%
Malath Insurance	5%	85%	10%		100%
Trade Union	8%	73%	19%		100%
Al Rajhi Takaful	16%	72%	11%	1%	100%
Buruj	22%	65%	14%		100%
U C A	10%	62%	28%		100%
Al-Ahlia	26%	60%	14%		100%
ACIG	32%	58%	9%		100%
Walaa Insurance	9%	56%	35%		100%
WAFA Insurance	39%	55%	6%		100%
General Insurance					
ACE		27%	73%		100%
Al Alamiya	1%	41%	57%		100%
Alinma Tokio M		38%	55%	7%	100%
Gulf Union	13%	36%	50%		100%
Protection & Savings					
Jazira Takaful	-	-	-	100%	100%
SABB Takaful	-	-	-	100%	100%
ATC	-	-	-	100%	100%
Multi-Line					
ALLIANZ SF	13%	25%	41%	21%	100%
Wataniya		50%	45%	6%	100%
Solidarity	45%	35%	17%	3%	100%
AXA-Cooperative	31%	48%	19%	2%	100%
Gulf General	20%	40%	39%		100%
SAICO	39%	30%	31%		100%
AICC	37%	41%	22%		100%
Arabian Shield	39%	41%	20%		100%

Financial Indicators

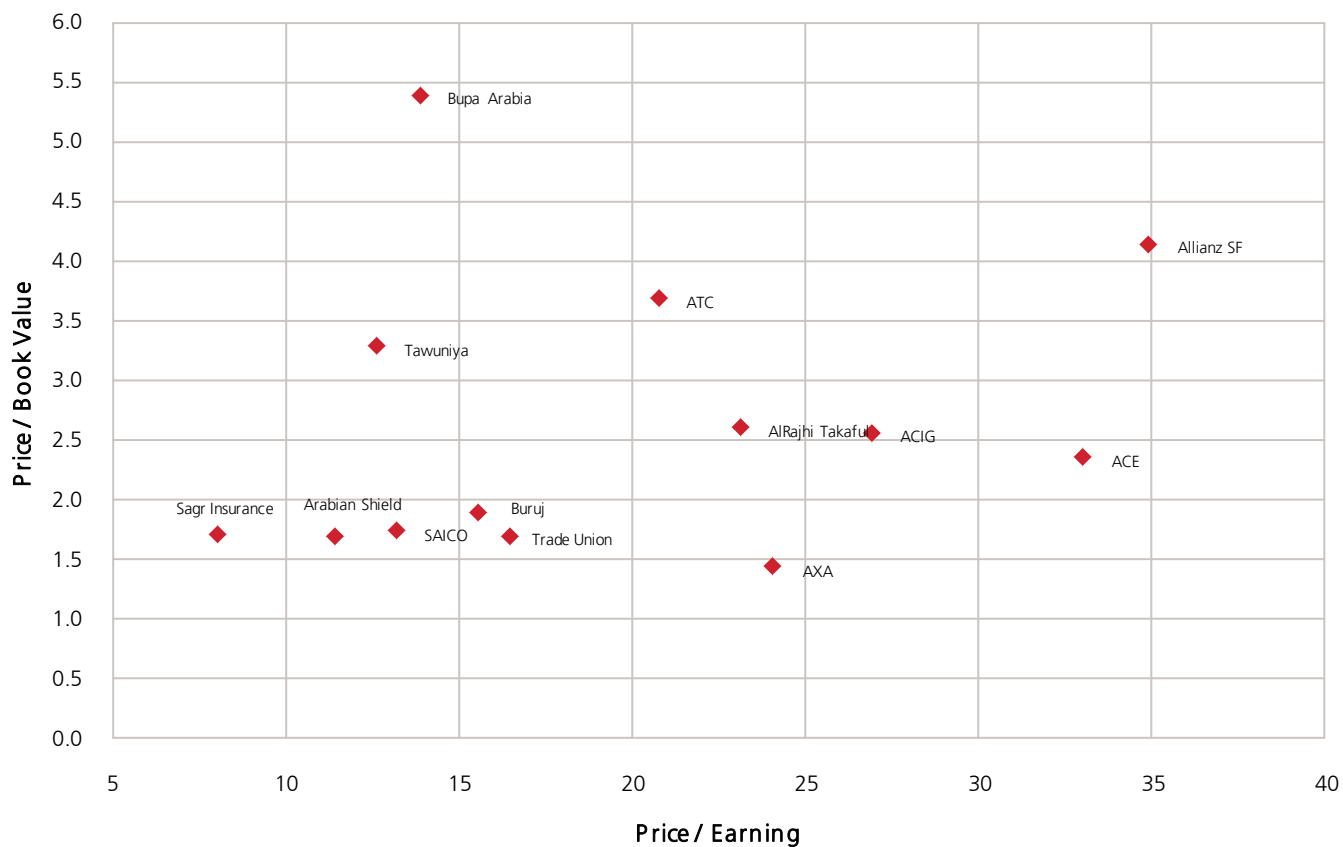
Company	Closing Price (SAR)	Issued Shares (MN)	Free Floating Shares (MN)	Net Income LTM Ending Sep 2015 (MN)	Shareholders Equity (MN)	Market Cap.	12M EPS	PE	P/BV	Equity to Capital Paid
Tawuniya	75.96	100.0	53.4	598.4	2,309	7,596	5.98	12.69	3.28	2.31
ANB Insurance	37.53	35.0	10.5	(31.5)	89	1,314	(0.90)	N	14.82	0.25
Jazira Takaful	34.37	35.0	10.5	17.7	372	1,203	0.51	68.12	3.23	1.06
Malath Insurance	15.82	30.0	30.0	(9.9)	258	475	(0.33)	N	1.83	0.86
MEDGULF	21.58	100.0	36.5	(261.3)	912	2,158	(2.61)	N	2.36	0.91
ALLIANZ SF	41.69	20.0	7.0	23.8	201	834	1.19	34.97	4.14	1.00
SALAMA	11.10	25.0	17.5	1.9	172	278	0.08	147.61	1.61	0.69
Walaa Insurance	10.15	40.0	37.8	(56.3)	323	406	(1.41)	N	1.25	0.81
Arabian Shield	23.62	20.0	11.0	41.3	280	472	2.07	11.44	1.68	1.40
SABB Takaful	26.77	34.0	12.3	3.6	355	910	0.11	250.05	2.56	1.04
SANAD	15.23	20.0	14.2	5	32	305	-	-	-	-
SAICO	17.15	25.0	17.3	32.3	247	429	1.29	13.27	1.73	0.99
Wafa	9.98	20.5	17.4	(63.0)	67	205	(3.07)	N	3.06	0.33
Gulf Union	10.11	22.0	15.0	12.4	127	222	0.56	18.00	1.75	0.58
ATC	42.94	16.7	7.4	34.4	194	716	2.06	20.80	3.68	1.17
Al-Ahlia	6.34	32.0	30.2	(53.9)	121	203	(1.69)	N	1.67	0.38
ACIG	15.02	20.0	12.0	11.1	117	300	0.56	26.99	2.56	0.58
AICC	7.55	40.0	26.2	(10.4)	238	302	(0.26)	N	1.27	0.59
Trade Union	15.46	27.5	18.4	25.7	252	425	0.94	16.52	1.68	0.92
Sagr Insurance	27.83	25.0	17.5	86.1	406	696	3.45	8.08	1.71	1.62
U C A	9.84	49.0	32.1	(53.0)	295	482	(1.08)	N	1.63	0.60
Bupa Arabia	112.49	80.0	56.0	645.1	1,667	8,999	8.06	13.95	5.39	2.08
Weqaya	19.39	20.0	13.9	-	-	388	-	-	-	-
Al Rajhi Takaful	22.15	40.0	17.8	38.2	341	886	0.96	23.17	2.60	0.85
ACE	46.10	10.0	6.0	13.9	196	461	1.39	33.07	2.35	1.96
AXA-Cooperative	14.94	45.0	20.3	27.9	468	672	0.62	24.13	1.43	1.04
Gulf General	17.55	20.0	13.0	(31.9)	176	351	(1.60)	N	1.99	0.88
Buruj	17.62	25.0	14.2	28.2	233	441	1.13	15.60	1.89	0.93
Al Alamiya	31.16	40.0	12.0	27.3	292	1,246	0.68	45.69	4.26	0.73
Solidarity	8.20	55.5	39.9	(51.5)	203	455	(0.93)	N	2.23	0.37
Wataniya	52.37	10.0	3.5	(10.9)	56	524	(1.09)	N	9.42	0.56
Amana Insurance	8.18	32.0	25.1	(12.8)	111	262	(0.40)	N	2.35	0.35
Enaya	11.42	40.0	16.0	(51.3)	200	457	(1.28)	N	2.28	0.50
Alinma Tokio M	22.78	45.0	14.1	(21.9)	313	1,025	(0.49)	N	3.27	0.70
Total		1,199.2	685.8	950.0	11,591	36,096	0.79	16.42	2.96	0.95

Closing prices of March 20, 2016.

P/E and P/BV for Insurance Companies

Nineteen companies in the sector generated profits in the four quarters ending December 2015.

The following figure reflects the valuation levels of these companies* based on P/E and P/B** based on 2015 figures:



* Excluding six companies with very inflated multiples

** Closing prices of March 20, 2016.

Insurance Premiums Breakdown

SAR MN Company	GWP			NWP			NEP			Net Claims Incurred			Retention Ratio		Claims Ratio	
	2014	2015	G	2014	2015	G	2014	2015	G	2014	2015	G	2014	2015	2014	2015
Tawuniya	6,208	7,545	22%	5,293	6,422	21%	4,804	5,665	18%	3,659	4,144	13%	85.3%	85.1%	76.2%	73.2%
ANB Insurance	6	145		2	97		0	34		0	31		30.6%	66.7%	98.9%	91.8%
Jazira Takaful	30	71	136%	18	28	57%	6	23	280%	3	3		-	-	44.0%	12.1%
Malath Insurance	1,413	1,863	32%	1,266	1,524	20%	1,033	1,721	67%	927	1,486	60%	89.6%	81.8%	89.7%	86.4%
MEDGULF	4,416	4,002	(9%)	3,198	3,359	5%	3,127	3,467	11%	2,622	3,269	25%	72.4%	83.9%	83.8%	94.3%
ALLIANZ SF	725	803	11%	398	460	16%	421	388	(8%)	317	278	(12%)	54.9%	57.3%	75.3%	71.6%
SALAMA	319	392	23%	299	369	23%	257	341	33%	219	292	33%	93.8%	94.2%	85.2%	85.4%
Walaa Insurance	650	753	16%	335	539	61%	269	449	67%	206	383	86%	51.6%	71.6%	76.6%	85.4%
Arabian Shield	453	531	17%	290	332	14%	273	330	21%	215	238	11%	64.1%	62.5%	78.7%	72.1%
SABB Takaful	193	202	5%	165	170	3%	226	128	(43%)	13	6	(51%)	-	-	5.6%	4.8%
SANAD	124	0.1	(100%)	73	-3	(103%)	141	13	(90%)	100	-17	(117%)	58.9%		71.2%	(125.9%)
SAICO	804	888	11%	545	560	3%	462	602	30%	359	460	28%	67.8%	63.1%	77.7%	76.3%
Wafa	214	522	144%	141	408	189%	129	264	105%	81	276	240%	65.9%	78.2%	62.9%	104.4%
Gulf Union	342	225	(34%)	187	100	(47%)	197	121	(39%)	186	81	(57%)	54.6%	44.3%	94.2%	66.6%
ATC	341	361	6%	78	74	(5%)	79	74	(5%)	15	15	2%	-	-	18.8%	20.2%
Al-Ahlia	238	260	9%	213	235	10%	229	209	(9%)	182	161	(11%)	89.5%	90.6%	79.5%	77.2%
ACIG	297	549	85%	229	456	99%	213	384	81%	149	291	95%	77.1%	83.0%	70.2%	75.8%
AICC	644	654	2%	443	379	(15%)	413	414	0%	325	327	1%	68.8%	57.9%	78.6%	78.8%
Trade Union	808	846	5%	563	668	19%	648	580	(11%)	589	480	(19%)	69.6%	78.9%	90.8%	82.7%
Sagr Insurance	240	864	260%	181	793	339%	162	445	174%	106	256	142%	75.3%	91.8%	65.3%	57.7%
U C A	1,165	1,272	9%	796	892	12%	782	739	(6%)	794	688	(13%)	68.3%	70.1%	101.5%	93.1%
Bupa Arabia	5,740	7,328	28%	5,659	7,286	29%	4,595	6,739	47%	3,649	5,211	43%	98.6%	99.4%	79.4%	77.3%
Al Rajhi Takaful	945	1,362	44%	856	1,228	44%	712	1,019	43%	563	791	41%	90.6%	90.2%	79.1%	77.6%
ACE	248	269	8%	99	121	21%	94	115	22%	55	70	28%	40.1%	44.9%	57.8%	60.4%
AXA-Cooperative	1,040	1,128	8%	911	1,002	10%	851	996	17%	714	827	16%	87.6%	88.8%	83.9%	83.0%
Gulf General	367	352	(4%)	186	171	(8%)	190	169	(11%)	123	144	17%	50.6%	48.7%	64.8%	85.2%
Buruj	379	447	18%	325	386	19%	274	332	21%	198	255	29%	85.7%	86.2%	72.3%	76.9%
Al Alamiya	335	402	20%	172	255	49%	160	235	47%	141	140	(1%)	51.2%	63.5%	87.9%	59.6%
Solidarity	187	303	62%	135	210	55%	156	205	31%	151	172	14%	72.4%	69.2%	96.5%	83.7%
Wataniya	434	519	20%	166	234	41%	191	209	9%	149	176	17%	38.3%	45.2%	78.1%	84.1%
Amana Insurance	392	414	6%	275	334	21%	191	277	45%	213	228	7%	70.3%	80.8%	111.8%	82.2%
Enaya	33	71	117%	20	42	117%	30	27	(12%)	22	20	(9%)	59.8%	59.7%	73.7%	76.6%
Alinma Tokio M	93	220	138%	33	61	88%	33	46	40%	33	36	8%	35.2%	27.7%	100.4%	77.8%
Sector	29,821	35,564	19.3%	23,550	29,191	24.0%	21,351	26,764	25.3%	17,078	21,217	24.2%	78.97%	82.08%	79.98%	79.28%

GWP: Gross Written Premium NWP: Net Written Premium NEP: Net Earned Premium

Retention Ratio Breakdown - 2015

Company	Health Insurance	Vehicle Insurance	General Insurance	Total
Tawuniya	97.7%	100.0%	24.5%	85.1%
ANB Insurance	98.0%	99.1%	6.4%	66.7%
Jazira Takaful	-	-	-	-
Malath Insurance	100.0%	87.5%	23.7%	81.8%
MEDGULF	99.8%	68.2%	18.6%	83.9%
ALLIANZ SF	47.6%	97.8%	19.3%	57.3%
SALAMA	93.7%	98.5%	19.5%	94.2%
Walaa Insurance	100.0%	99.7%	19.2%	71.6%
Arabian Shield	100.0%	53.0%	7.9%	62.5%
SABB Takaful	-	-	-	-
SANAD	58.0%	-	-	-
SAICO	77.9%	98.7%	9.3%	63.1%
Wafa	59.4%	99.1%	13.2%	78.2%
Gulf Union	95.0%	58.6%	20.4%	44.3%
ATC	-	-	-	-
Al-Ahlia	92.6%	97.8%	56.5%	90.6%
ACIG	74.2%	98.1%	20.1%	83.0%
AICC	53.9%	84.5%	13.8%	57.9%
Trade Union	40.4%	95.1%	31.8%	78.9%
Sagr Insurance	97.5%	92.7%	14.9%	91.8%
U C A	100.0%	91.5%	11.7%	70.1%
Bupa Arabia	99.4%	-	-	99.4%
Al Rajhi Takaful	97.2%	98.2%	25.7%	90.2%
ACE	-	97.5%	25.2%	44.9%
AXA-Cooperative	99.8%	99.5%	45.0%	88.8%
Gulf General	40.9%	83.1%	17.5%	48.7%
Buruj	98.2%	96.3%	19.6%	86.2%
Al Alamiya	39.4%	98.7%	38.6%	63.5%
Solidarity	61.9%	96.8%	34.5%	69.2%
Wataniya	-	81.1%	9.9%	45.2%
Amana Insurance	86.4%	54.7%	20.7%	80.8%
Enaya	59.7%	-	-	59.7%
Alinma Tokio M	-	51.8%	9.8%	27.7%
Sector	95.86%	91.33%	21.46%	82.08%

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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