UAE LISTED INSURANCE COMPANIES PERFORMANCE ANALYSIS FOR 2022-H1

August 18, 2022

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Solution architects strengthening our partners to optimize performance

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UAE MARKET OVERVIEW

Overview of 2022-H1

AED 16 Billion
(AED 15 Billion in 2021-H1)
Gross Premiums Written
Gross premiums for the Listed insurance Companies.

38%
(40% in 2021-H1)
Retention Ratio
The weighted average retention ratio of the Listed Insurance Companies.

AED 0.8 Billion
(AED 1.2 Billion in 2021-H1)
Profit
Profits by Listed Insurance Companies.

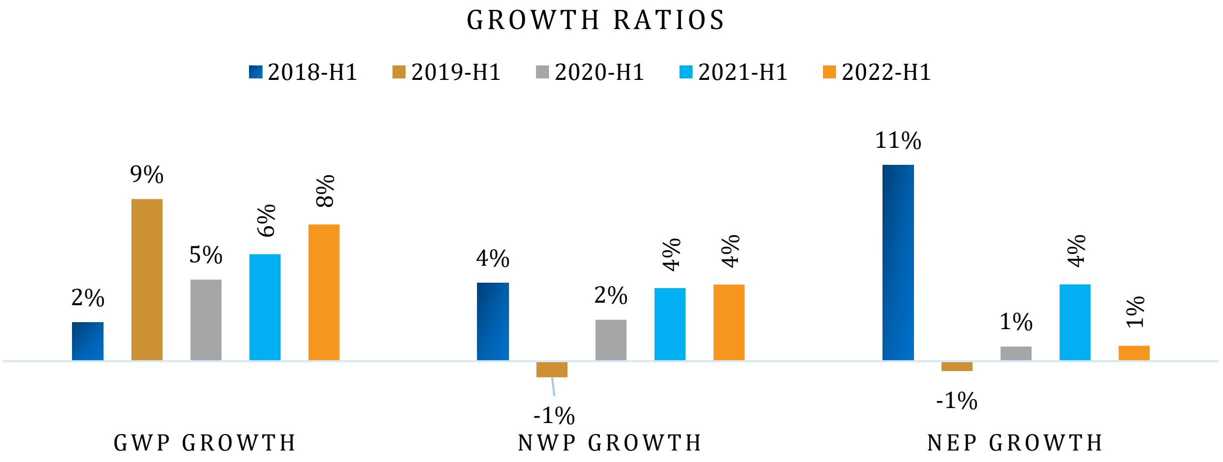
60%
(58% in 2021-H1)
Loss Ratio
Weighted Average loss ratio recorded for UAE Listed insurance Companies.

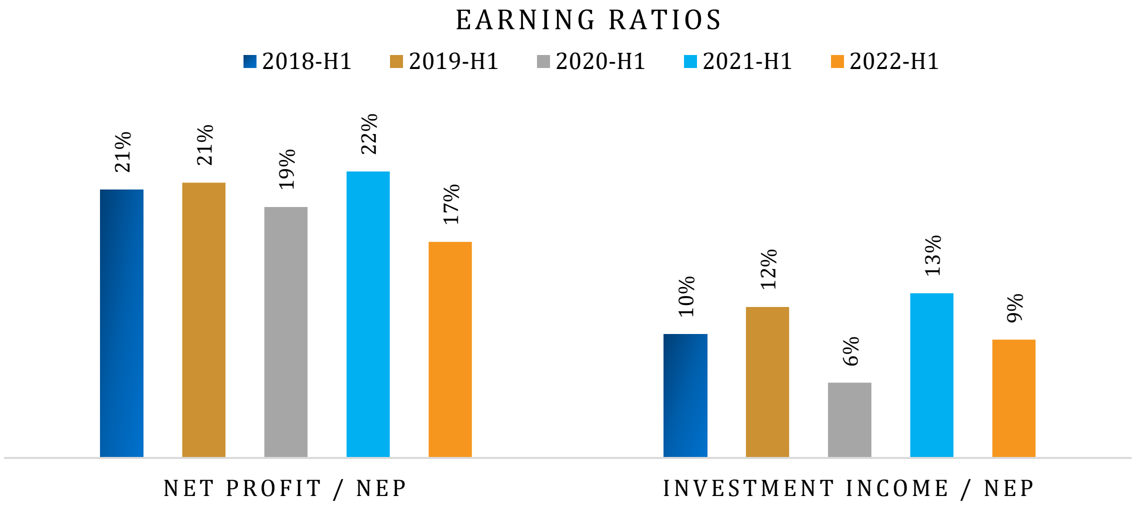
8%
(12% in 2021-H1)
Return on Equity
Weighted average return on equity by Listed Companies.

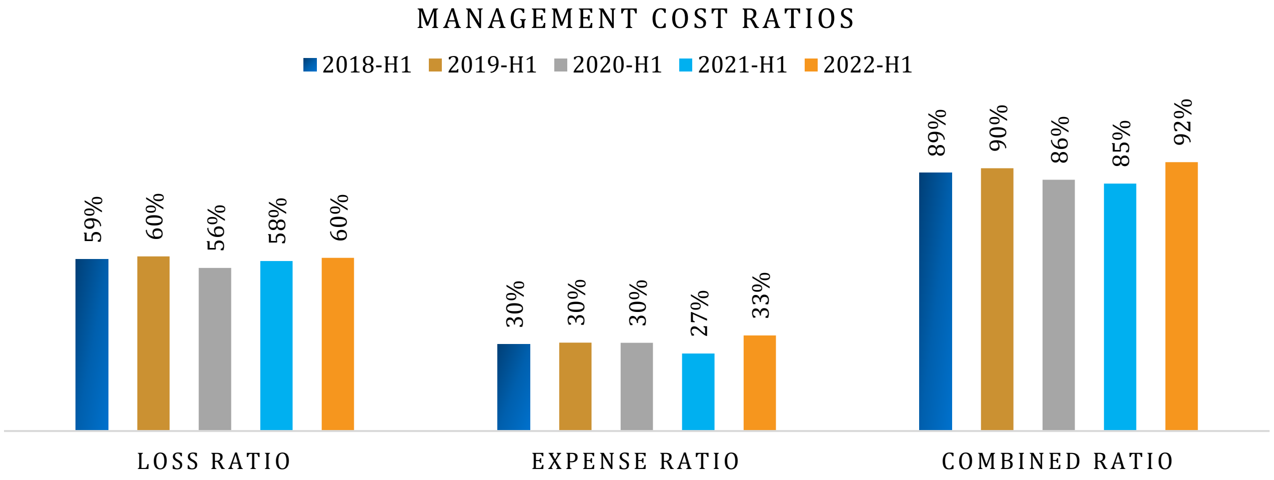
Performance Ratios

The Listed companies operating in the Emirates had been experiencing a continuous increase in business since 2018, as a growth of 8% is recorded in the first half of 2022. The loss ratio has slightly increased as at 2022-H1, a sudden spike in expense ratio is observed, where it has gone up to 33% in 2022-H1 from 27% in the corresponding period of last year.

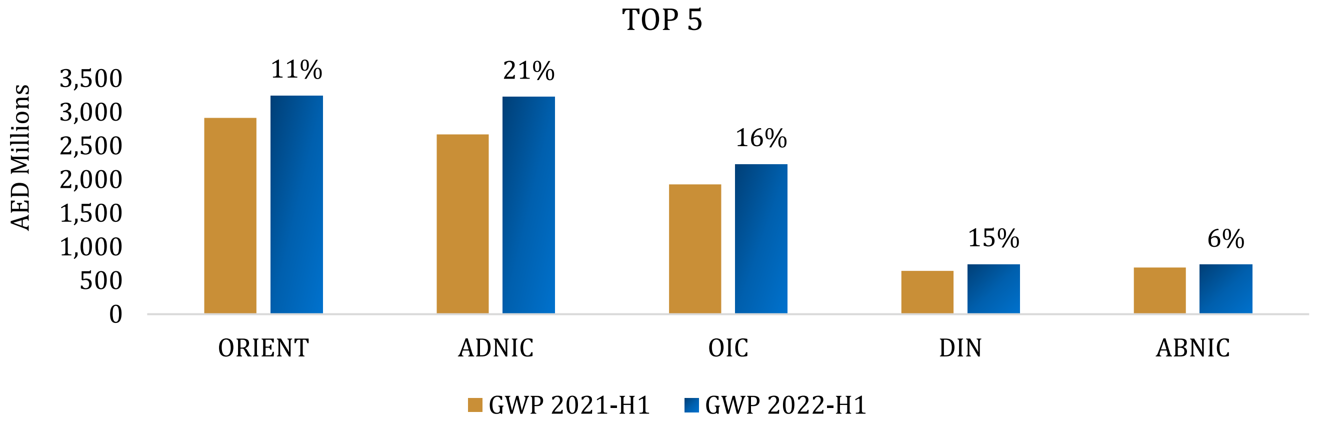
The Profit Earning ratio has decreased from 22% in 2021-H1 to 17% in 2022-H1 and on the other hand, the investment Earnings Ratio also observed a decline from 13% to 9%.

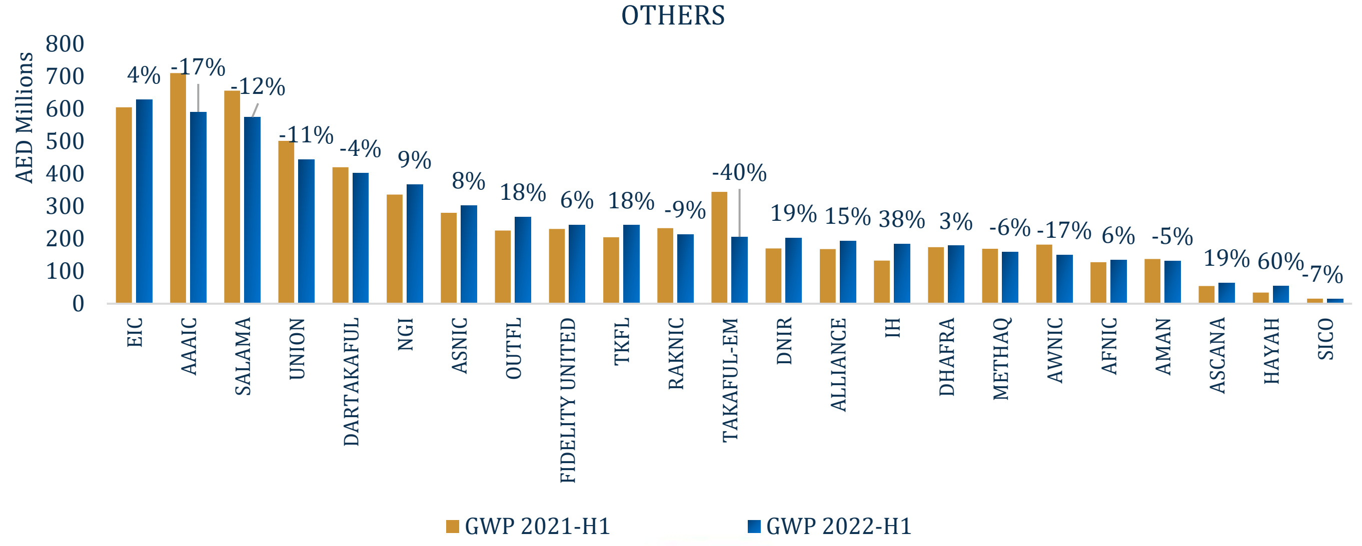






Gross Written Premiums





The business written by the listed companies grew by 8%. In the first half of 2022, where the total GWP amounted to AED 16.1 billion as compared to AED 15.0 billion in the corresponding period last year.

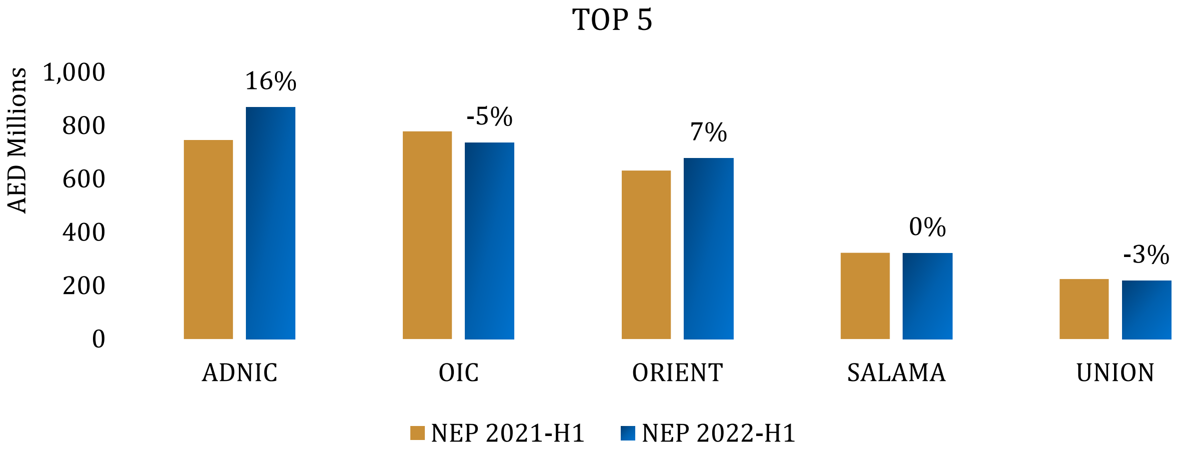
The market share of the top 5 companies in terms of the gross premium increased from 63% in 2022-H1 from 59% in 2021-H1. The collective premium of the top 5 companies accumulates to AED 10.2 billion.

DIN has made it to the top 5 in 2022-H1, while the other companies in top 5 remain unchanged in their position from 2021-H1 with ORIENT sustaining its top rank in the market in terms of highest written premium.

HAYAH (formerly known as GCIC) recorded the highest growth in 2022-H1 of 60% whereas the biggest decline in business was reflected by TAKAFUL-EM; a decrease from AED 344.1 million in 2021-H1 to AED 205.6 million in 2022-H1; a drop of 40%.

Overall, out of the 28 listed Companies included in this analysis, 18 displayed an increase in their topline while the remaining experienced a decrease.

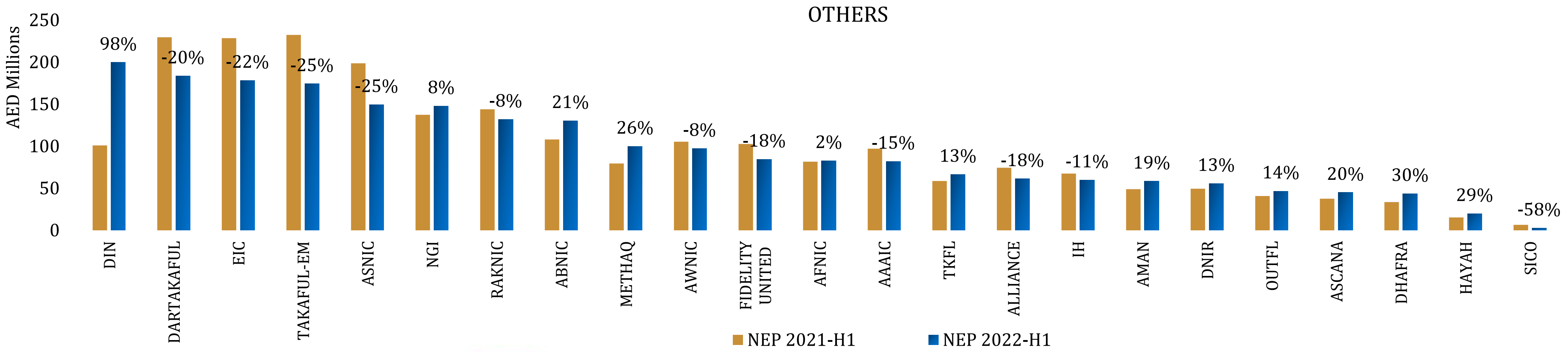
Net Earned Premiums



The total Net Premiums Earned by the insurance companies amounted to AED 5.03 billion in the first half of 2022, an increase of 1% from AED 4.98 billion in the corresponding period of 2021.

The net earned premiums of top 5 companies amounted to AED 2.8 billion, reflecting a contribution of 56% of the market share for 2022-H1. This contribution has increased by 2% when compared with same period of last year's net earned premium of the top 5 companies.

As depicted, DIN experienced an immense growth as of Q2-2022 of about 98% while the biggest decline in net earned premiums was exhibited by SICO of negative 58%.

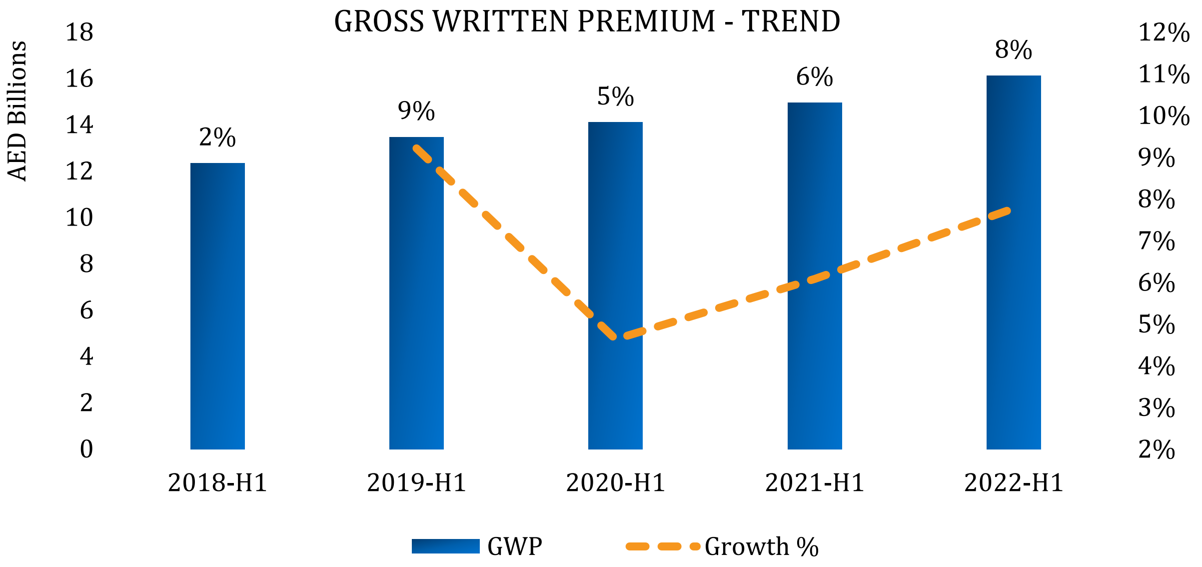


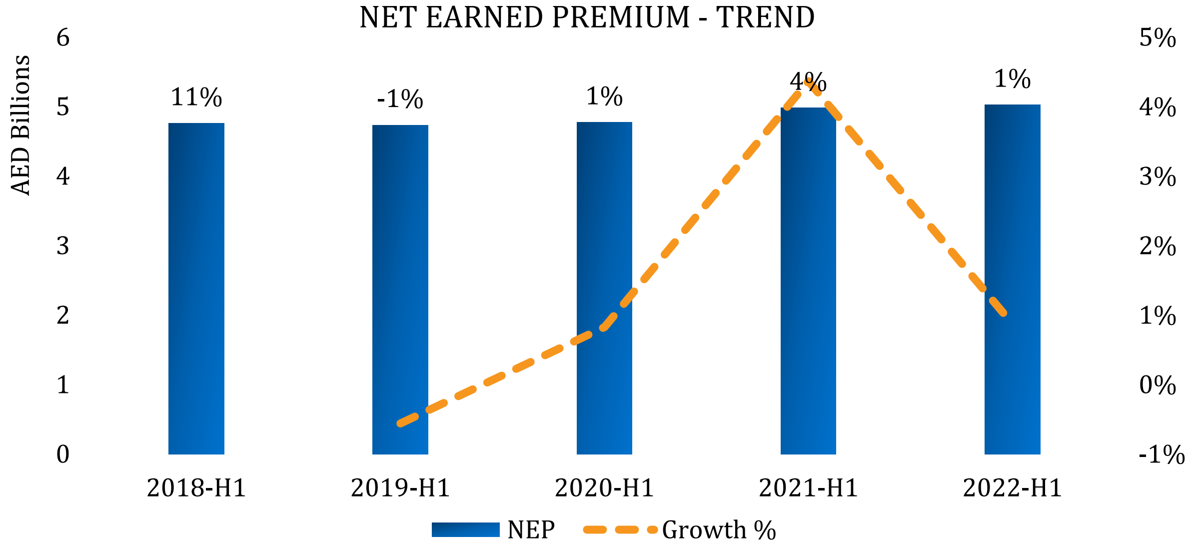
Premium Trend

As depicted, the growth of 8% in premiums of listed companies reflects the insurance industry and the economy as a whole recovering from the COVID-19 pandemic and returning to pre-pandemic trends.

The historical performance of Net Earned Premiums have exhibited identical trends to that of gross written premiums for similar reasons, albeit with a year lag as business is earned over the next one year for the short-term business, that makes up majority of the industry premium of UAE market.

As portrayed, the Net earned premium growth is observed to be 1% in 2022-H1 when compared with 2021-H1.





Conventional Vs Takaful

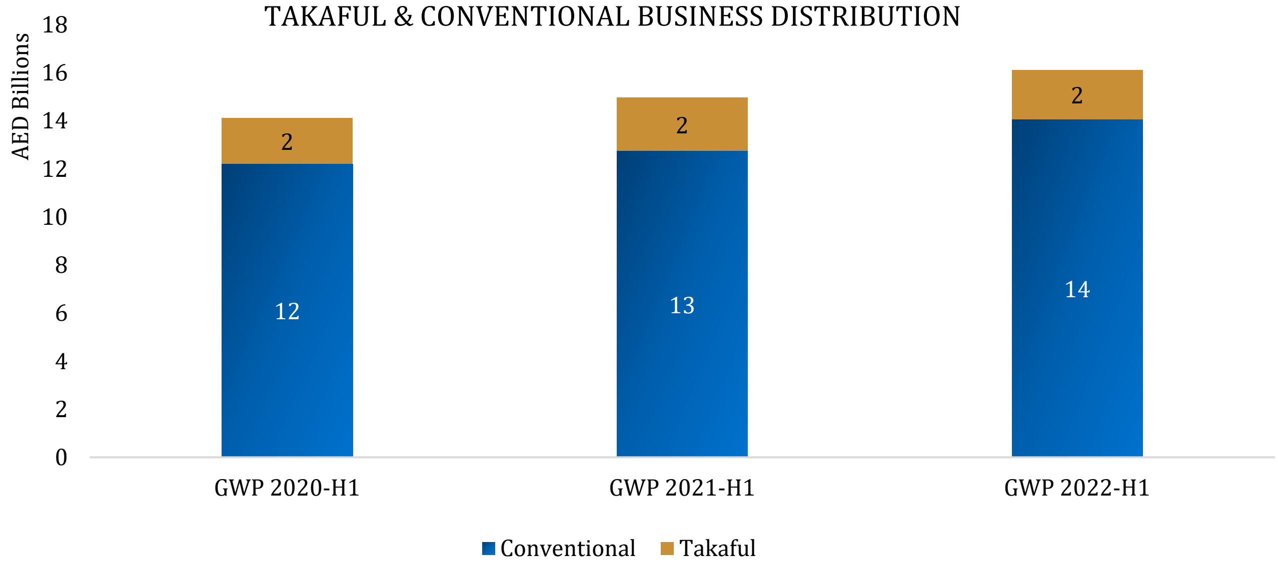
Out of 30 listed insurance companies, 9 operate as Takaful Insurers in the UAE market.

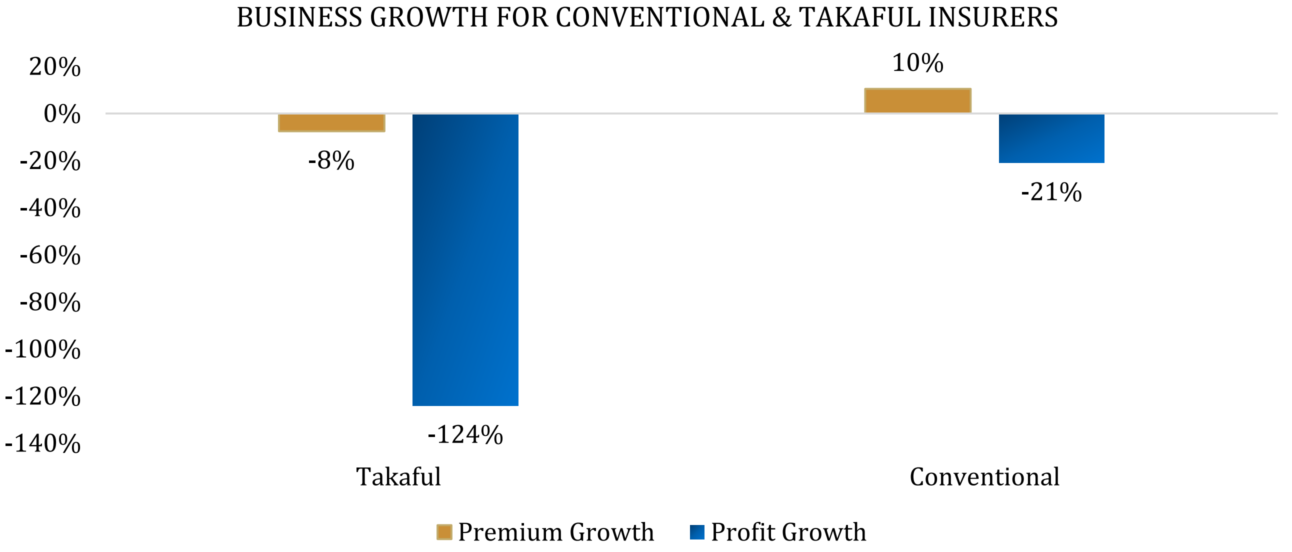
The business written by the Takaful companies contributed 13% of the total written business by the listed insurance companies in UAE in H1-2022.

For Takaful insurers, the written business declined by 8% (16% growth in 2021-H1) when compared with the corresponding period of last year, with contributions amounting to AED 2.04 billion in 2022-H1 (2021-H1: AED 2.21 billion). 3 out 8 Takaful companies included in this analysis demonstrated increase in their topline.

On the other hand, the consolidated profits for Takaful Insurers reflected a significant decrease of 124% in the 2022-H1 when compared with the profits generated in 2021-H1. As only three takaful companies managed to generate profits in the first half of 2022.

For Conventional Insurers, the GWP growth is observed to be 10% in 2022-H1 (4% in 2021-H1) while on the other hand, the profit growth has declined by 21% as compared to the growth of 27% recorded in 2021-H1.





Retention Ratio

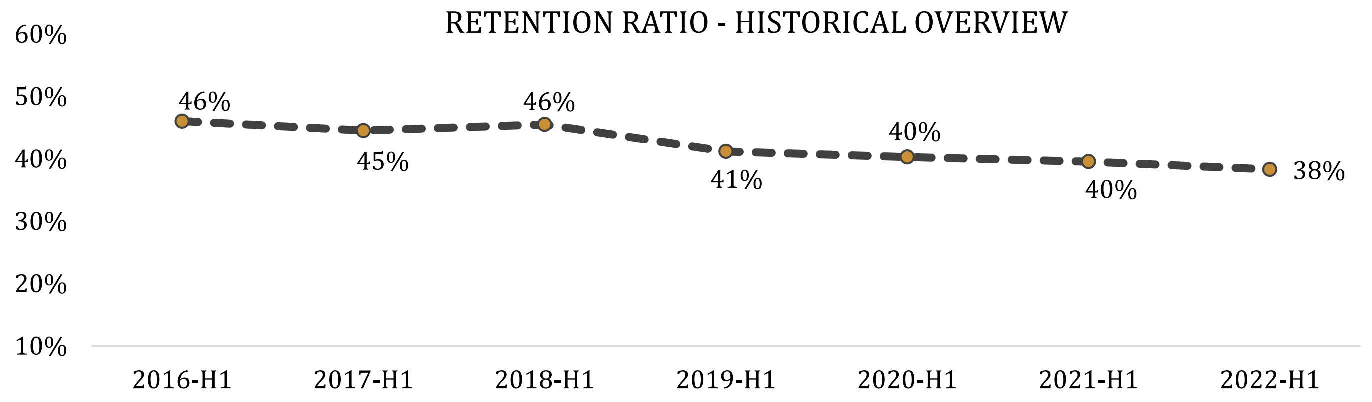
The weighted average retention ratio for 2022-H1 is recorded to be 38%, depicting a declining trend from the historical trends (2021-H1:40%, 2020-H1:40%, 2019-H1:41%, 2018-H1: 46%).

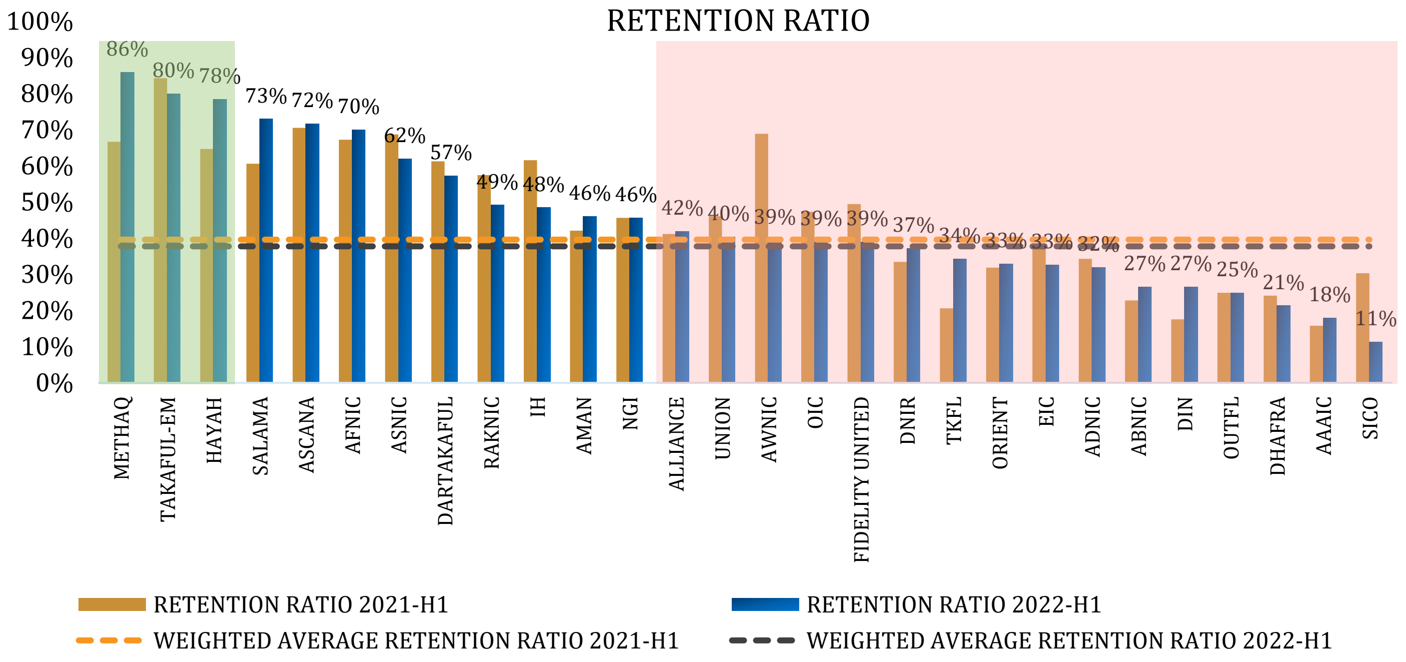
The highest retention was displayed by METHAQ of 86% while the lowest retention of 11% is reflected by SICO.

As per the CBUAE benchmark the recommended range for retention ratio is above 45%, while the preferred range is above 75%. The red zone reflects the companies falling in critical range which is below 45%.

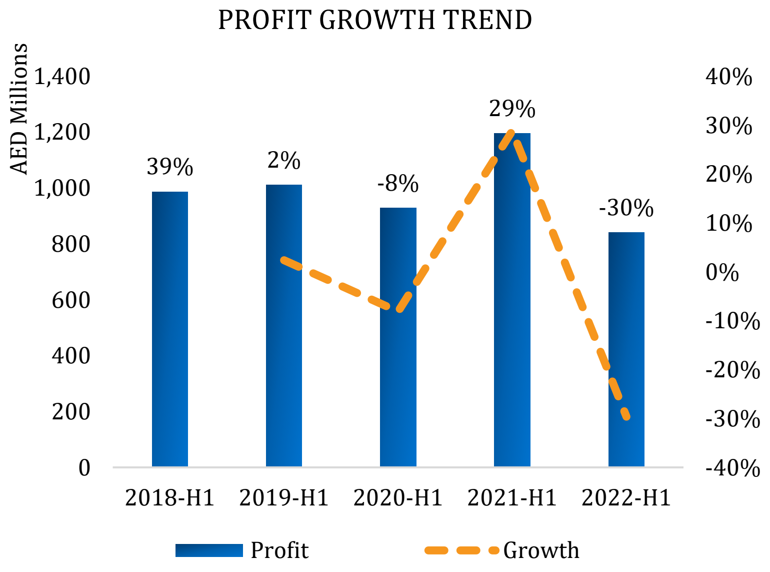
Although there may be exceptions, Retention ratios are generally reflective of the lines of business being underwritten; Motor and Medical generally tend to have high retention ratios, while commercial lines such as Aviation, Engineering and Fire tend to have lower retentions. Also, since this analysis does not segregate life and non-life business, the companies writing higher volumes of life, especially IL and PA, would also tend to show higher retention levels.

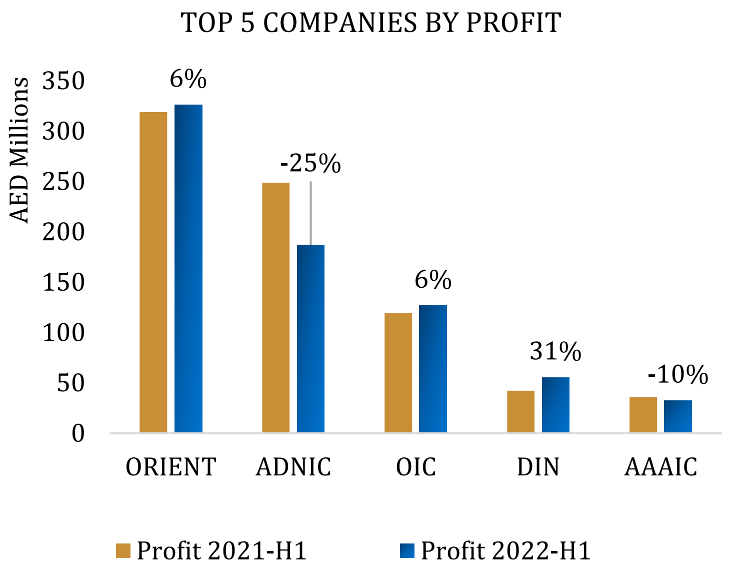
❖ The retention ratio is calculated as a ratio of net written premiums to gross written premium.

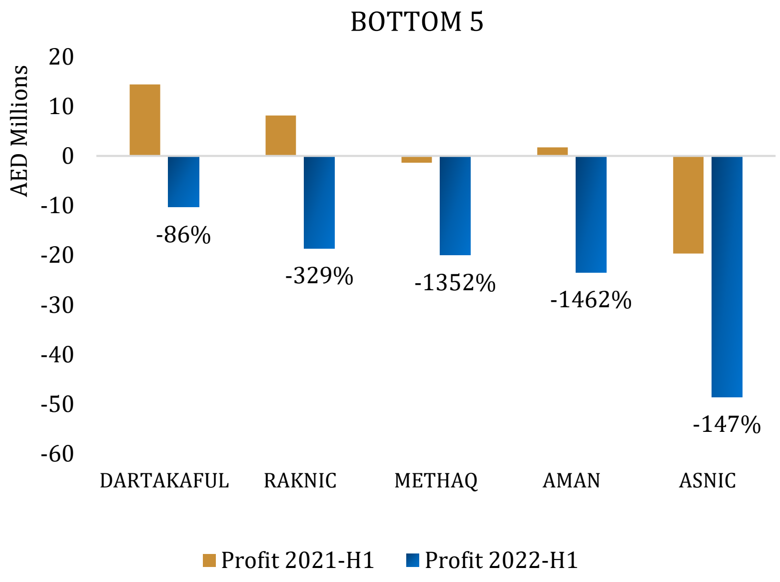




Profit Before Tax







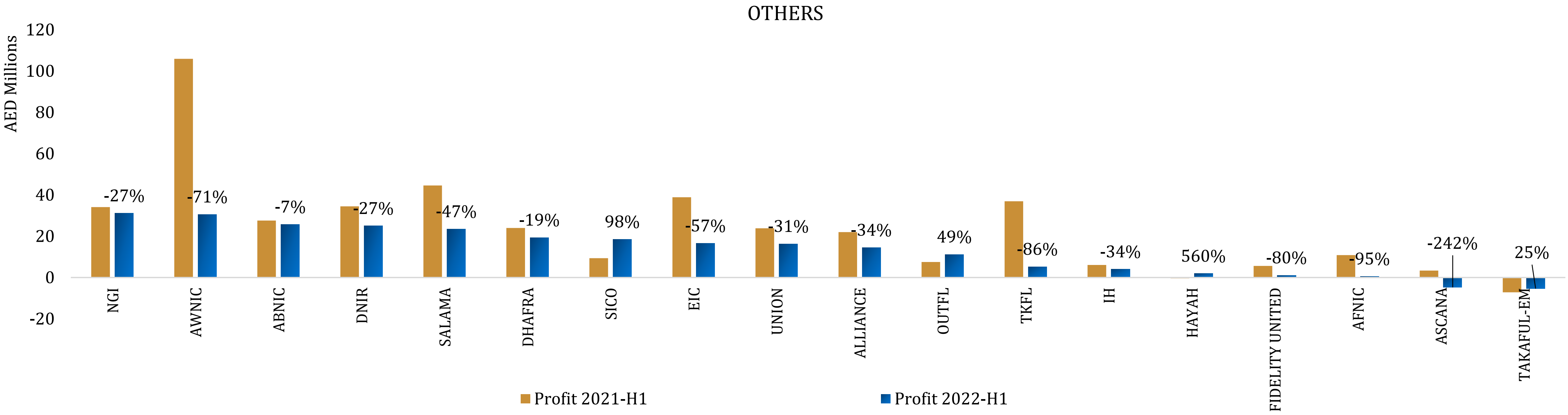
A decline of about 30% in profits is observed for the companies in 2022-H1. However, if we remove all the bottom five companies (having accumulated losses of AED 121.1 million), the decline percentage would drop down to 19% hence reflecting they have a significant impact on the market's decline.

The profit for the TOP 5 companies is recorded to be AED 727.5 million, reflecting a contribution of 86% (64% in 2021-H1) of market's profit share of the insurance companies in the Emirates.

ORIENT, ANDIC and OIC have maintained their ranks from 2021-H1. The highest growth in profits was recorded by HAYAH of 560%, as they have booked profits of AED 1.9 million in 2022-H1 from recording losses in 2022-H1. On the contrary, the biggest decline for the period was witnessed by AMAN.

ORIENT continues to maintain its top rank in terms of recording the highest profit consecutively for 6 years straight with profits amounting to AED 362.2 million in 2022-H1, an increase of 2% from 2021-H1 (AED 318.8 million).

Profit Before Tax

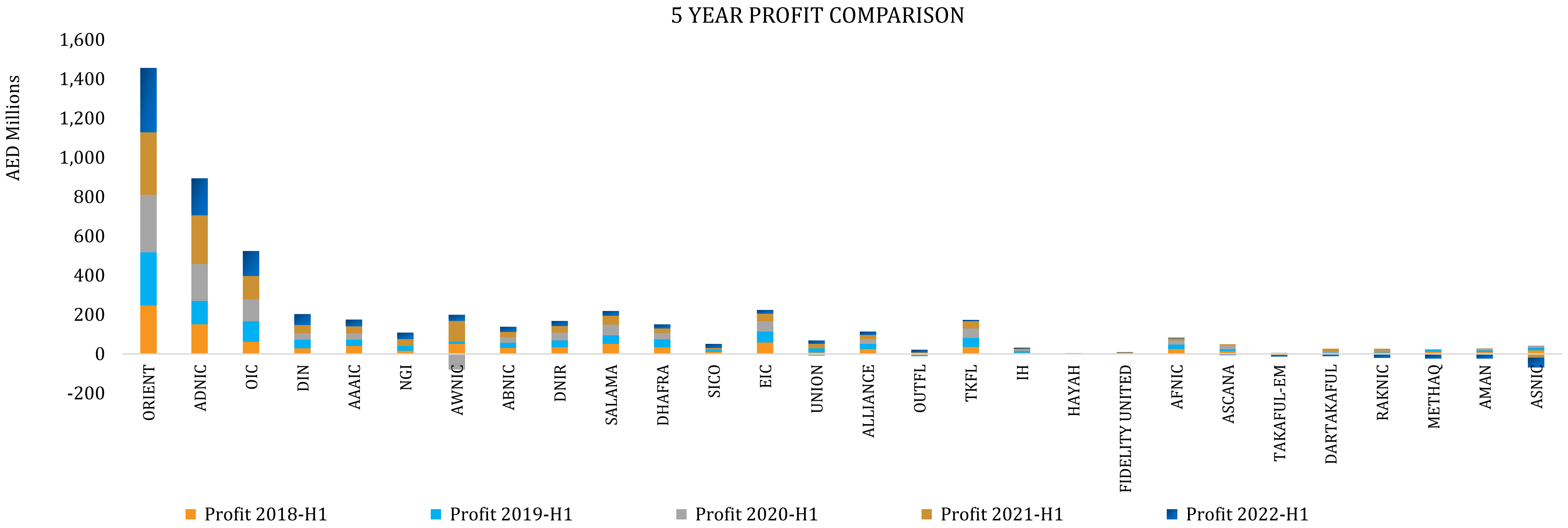


Total profit generated for 2022-H1 amounted to AED 0.8 billion, a decline of 30% when compared with AED 1.2 billion recorded in 2021-H1.

During the period 2022-H1, UNION and AWNIC have restated their profits for 2021-H1. In case of UNION, they have posted losses of AED 48.5 millions in 2021-H1, however, after restatements of about AED 72.2 million, they have posted profits of about AED 23.8 million for 2021-H1 as of 2022-Q2. Similarly, for AWNIC, they have made restatements of about AED 17.5 million in their profits.

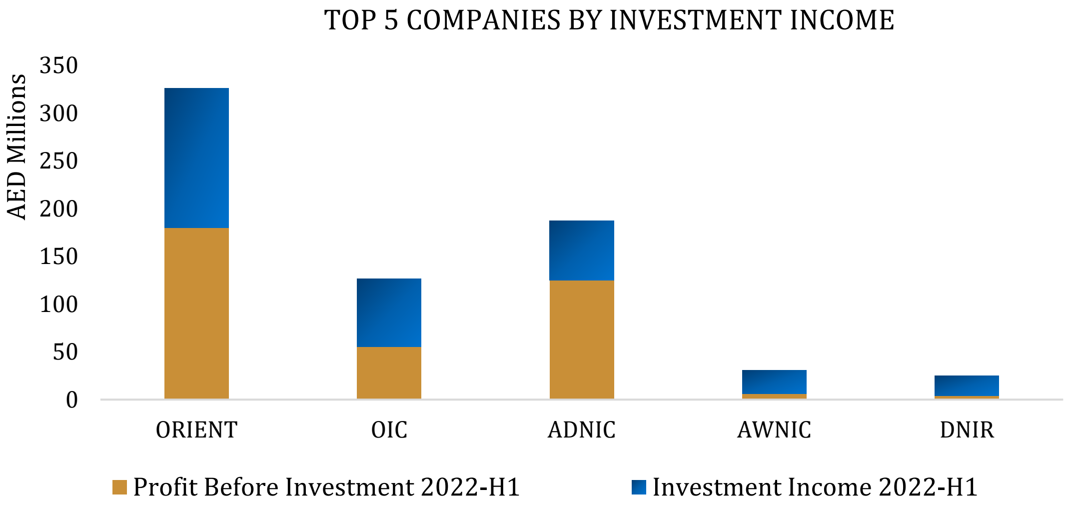
It is observed that 7 out of the 28 listed companies posted losses in 2022-H1. Of the remaining 21 companies that posted profits, only 1 of them had loss making books in 2021-H1

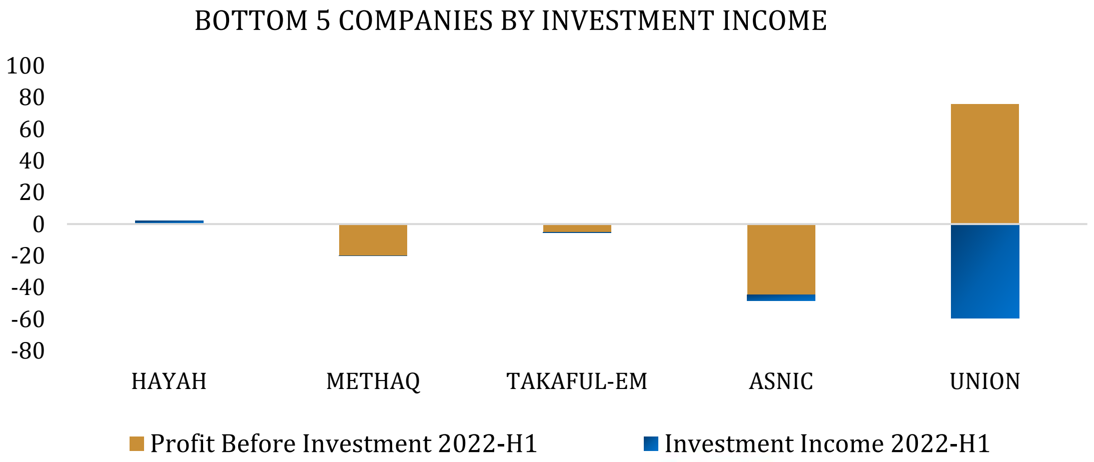
Profit Before Tax – 5 Year Trend

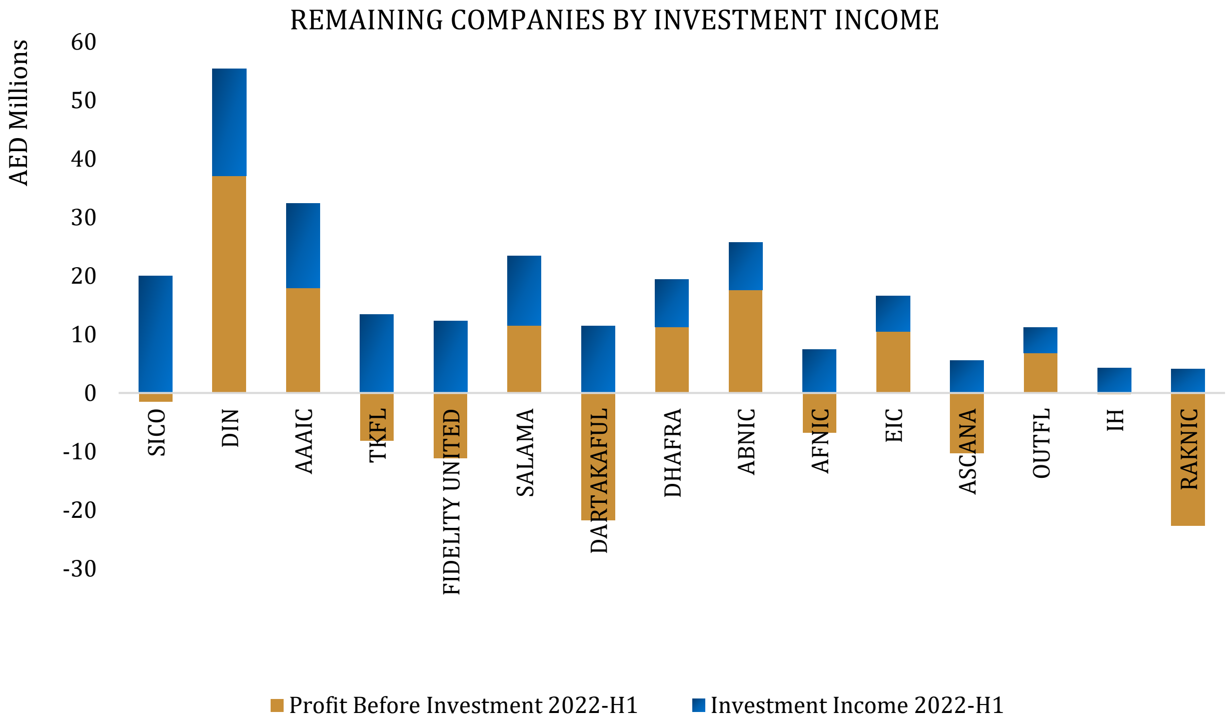


The above is sorted with reference to the combined net profits and shows the ranking for the companies based on their total profits over the last five years, in order to compare stability and consistency of returns. The Top 3 companies maintain their dominance on a 5-year combined basis as well. Orient is significantly ahead of the industry.

Profit Analysis



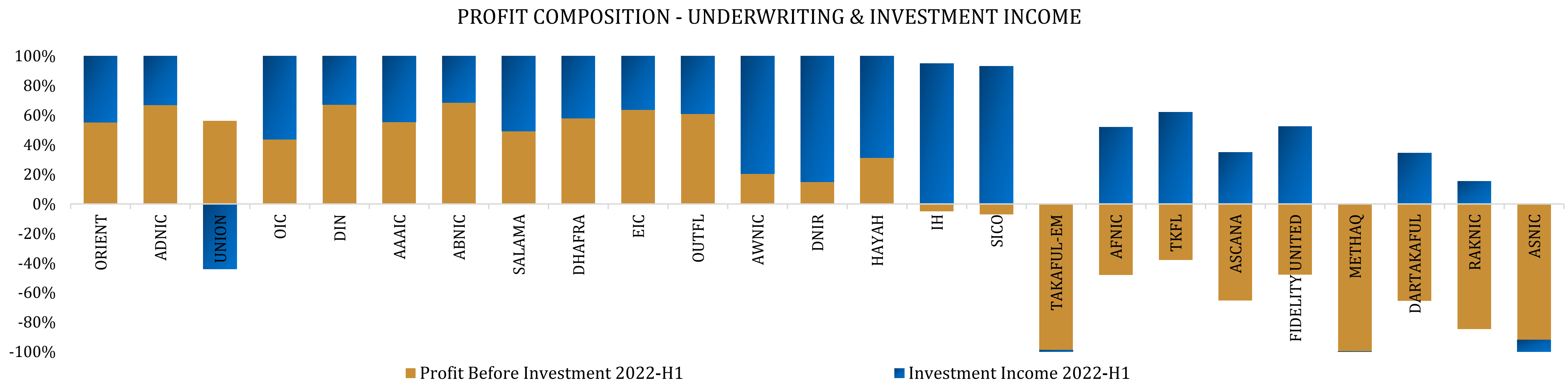




The analysis above is sorted by investment income.

Out of 25 companies in this analysis 11 have witnessed deficit in their underwritings while 4 companies have witnessed losses in their investments.

Profit Composition 2022-H1



It can be observed that insurance companies which recorded deficit from their underwriting business were able to minimize the impact from investment income.

16 out of the 28 listed companies have a higher contribution to profits from investments as compared to underwriting, meaning their investment income is higher than underwriting profits before investment income. This shows that there is a room for improvement in underwriting strategies in the market and companies should target underwriting income to be their primary source for generating profits.

Investment Income contributes a significant role in underwriting activities for Companies writing considerable Life business and since the financials are not segregated into Life and Non-life business segment, the performance is presented on overall Company level. Therefore, for the companies writing significant top line through Life portfolio like NGI, AMAN and ALLIANCE; these are excluded from this review as the results might not reflect the accurate comparative review.

Premium Benchmark On The Basis Of Profitability

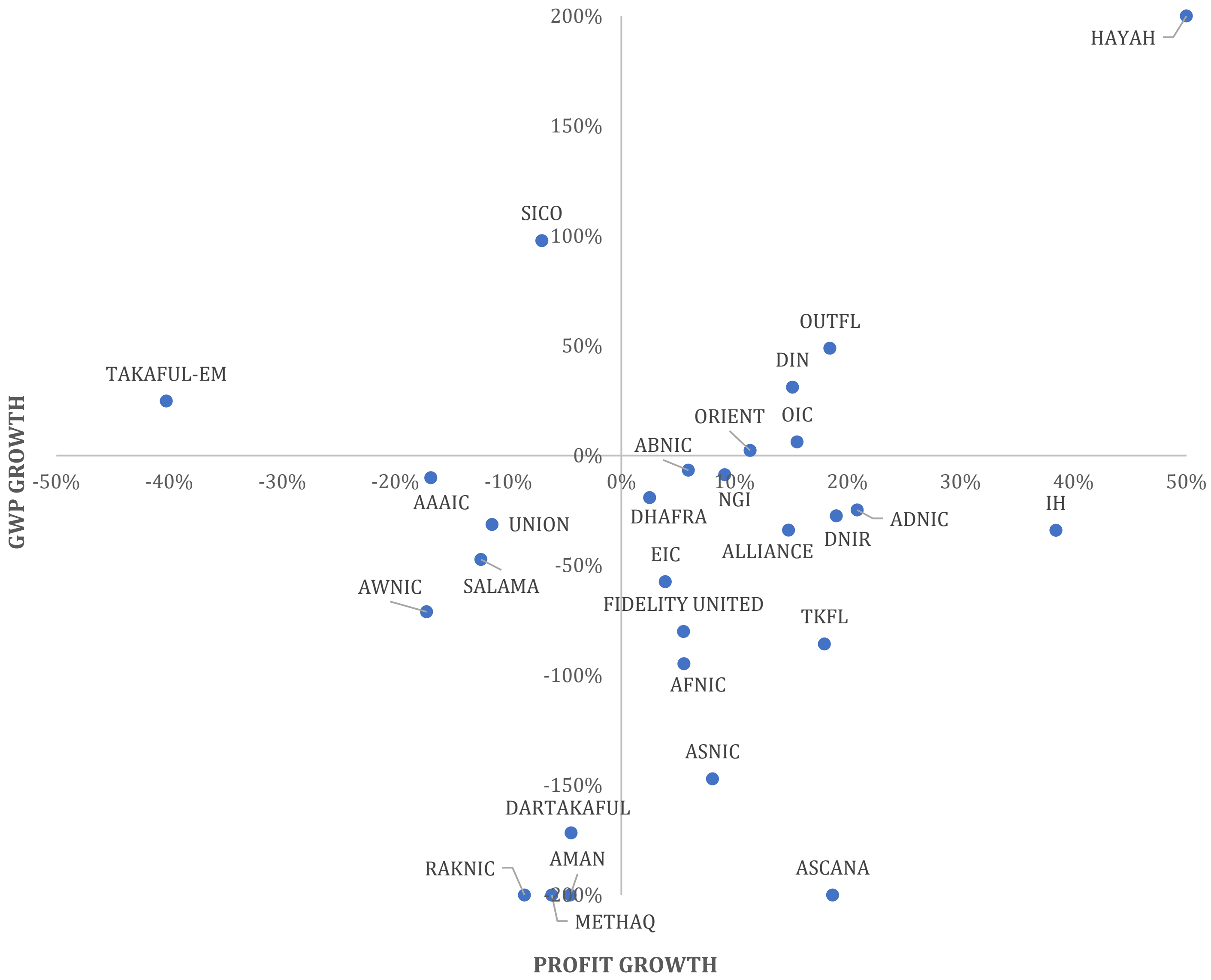
The Chart is sorted by Gross Premium and represents the company's movement based on their profitability.

Out of the top 10 companies by GWP, 7 companies remain in the top10 position by profitability.

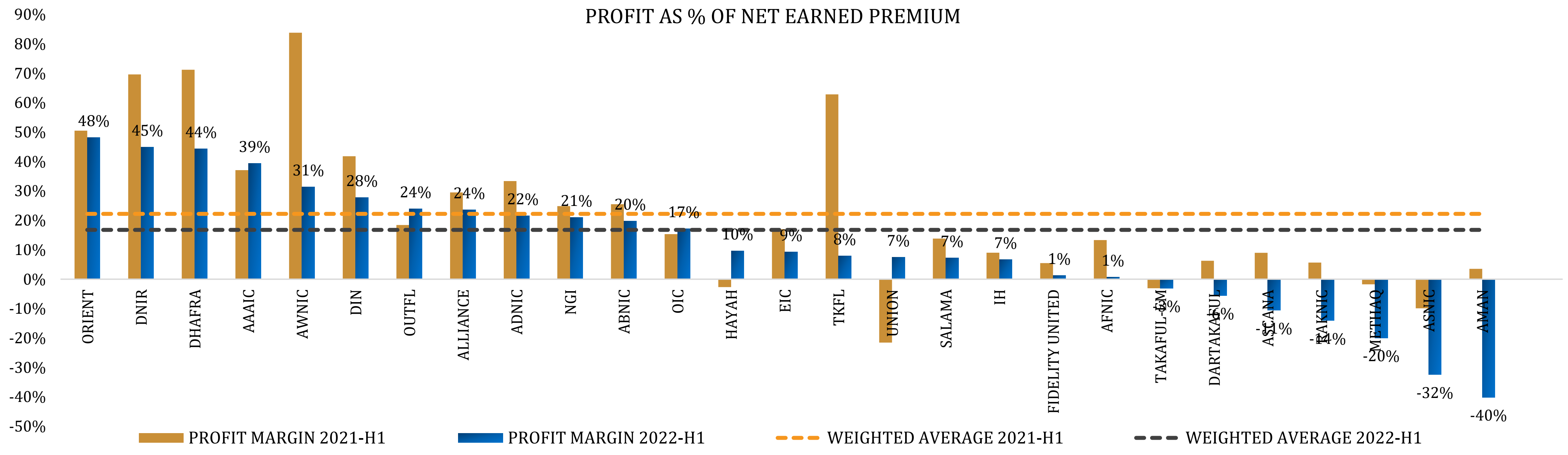
Company	Ranking Gross Premium	Ranking Profit	Indic
ORIENT	1	1	
ADNIC	2	2	
OIC	3	3	
DIN	4	4	
ABNIC	5	8	
EIC	6	13	
AAAIC	7	5	
SALAMA	8	10	
UNION	9	14	
DARTAKAFUL	10	24	
NGI	11	6	
ASNIC	12	28	
OUTFL	13	16	
FIDELITY UNITED	14	20	
TKFL	15	17	
FIDELITY UNITED	16	20	
TAKAFUL-EM	17	23	
DNIR	18	9	
ALLIANCE	19	15	
IH	20	18	
DHAFRA	21	11	
METHAQ	22	26	
AWNIC	23	7	
AFNIC	24	21	
AMAN	25	27	
ASCANA	26	22	
HAYAH	27	19	
SICO	28	12	

Premiums & Profit Analysis

The summary of premium and profitability growth in the year 2022-H1 from year end 2021-H1 is illustrated above. Companies exhibiting premium and profitability growth rate outside of the +-50% and +-200% range are capped, respectively.



Earning Ratios

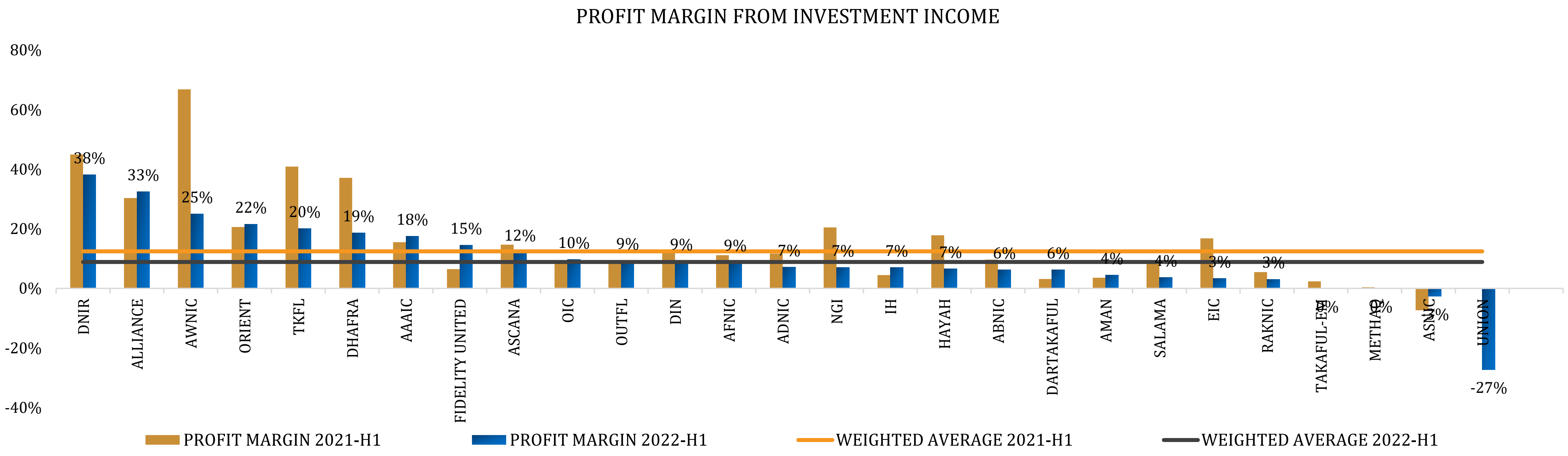


The weighted average net profit margin for the year 2022-H1 is recorded to be 17% (2021-H1: 22%).

The highest margin of 48% is depicted by ORIENT, after excluding SICO which exhibited a profit margin of 682% and hence distorting the presentation above; this is followed by negative 40% margin exhibited by AMAN for 2022-H1.

Profit Margin is computed as net profit (before tax) on every unit of net earned premium.

Earning Ratios

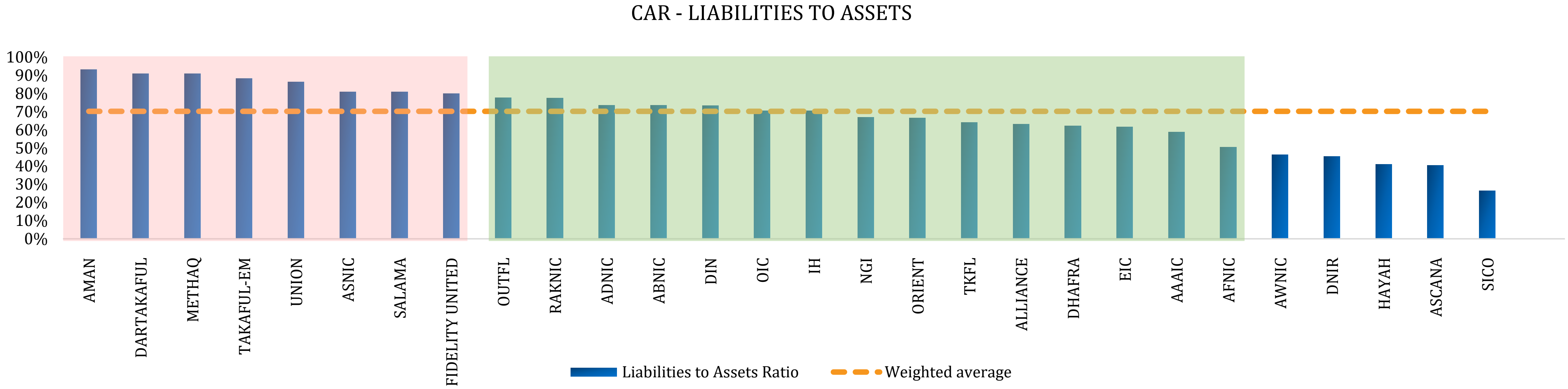


The weighted average profit margin from investment activities for 2022-H1 stood at 9%, portraying a decline when compared with the corresponding period of last year of 12%.

SICO recorded the highest profit margin of 737% from investment income, therefore it was excluded from the above chart as it was distorting the presentation. This is then followed by DNIR with a profit margin of 38% from investments in 2022-H1 (45% in 2021-H1).

Profit Margin from Investment income is computed as Investment Income on every unit of net earned premium.

Capital Adequacy Ratio



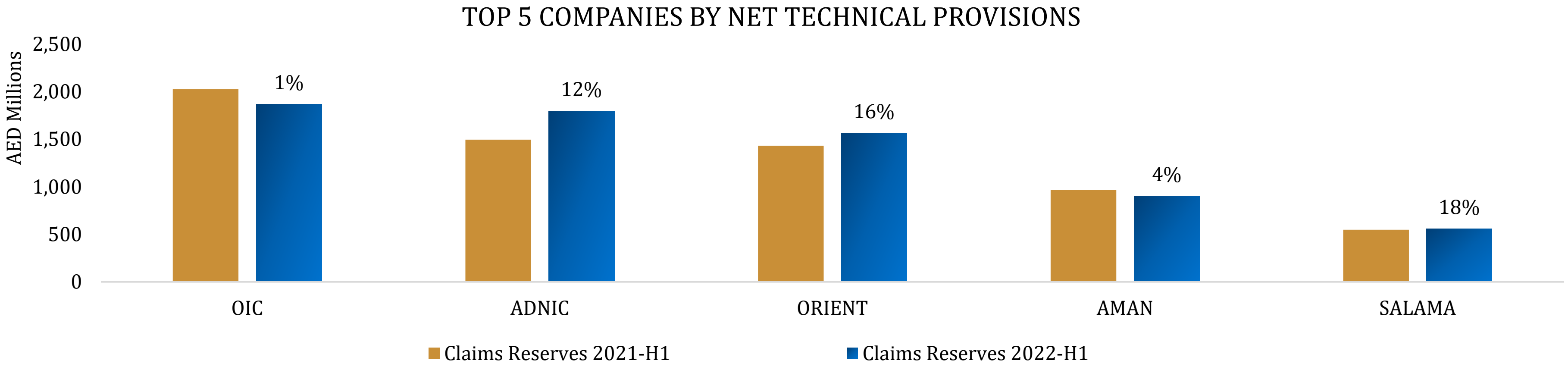
The Capital Adequacy Ratio (CAR) indicates how much a company is capable to absorb any unexpected risks, hence depicting a company's financial position to meet policyholders' liabilities. Therefore, a higher ratio indicates that the companies' liabilities are on the higher side. As per the CBUAE threshold, the red zone indicates an alarming scenario for the company while the green zone is between 50% to 80%.

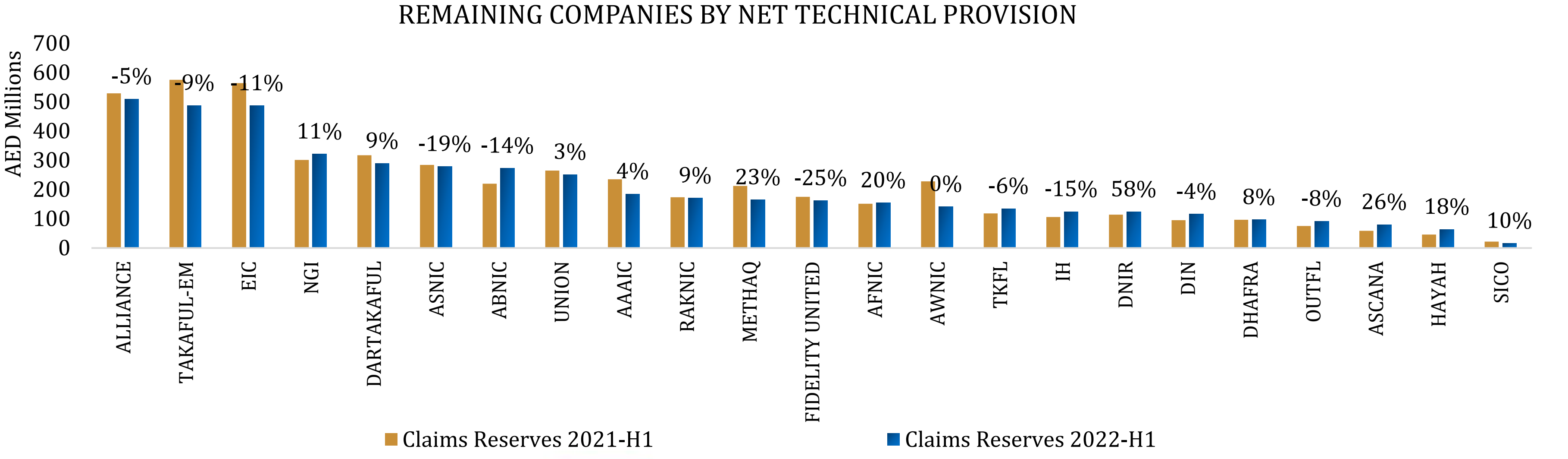
Capital Adequacy Ratio (CAR) is calculated as a ratio between total liabilities and total assets of a company.

Majority of the companies have demonstrated a favorable ratio. 15 out of the 28 listed companies analyzed fall in the green zone, 5 are in the caution area while 8 are in the red zone.

The Takaful companies may have inter-fund receivables and payables inflating the assets and liabilities. Total assets and liabilities as per the financials are used without removing these common balances as the CBUAE threshold is applicable on the value inclusive of these balances.

Net Technical Provisions





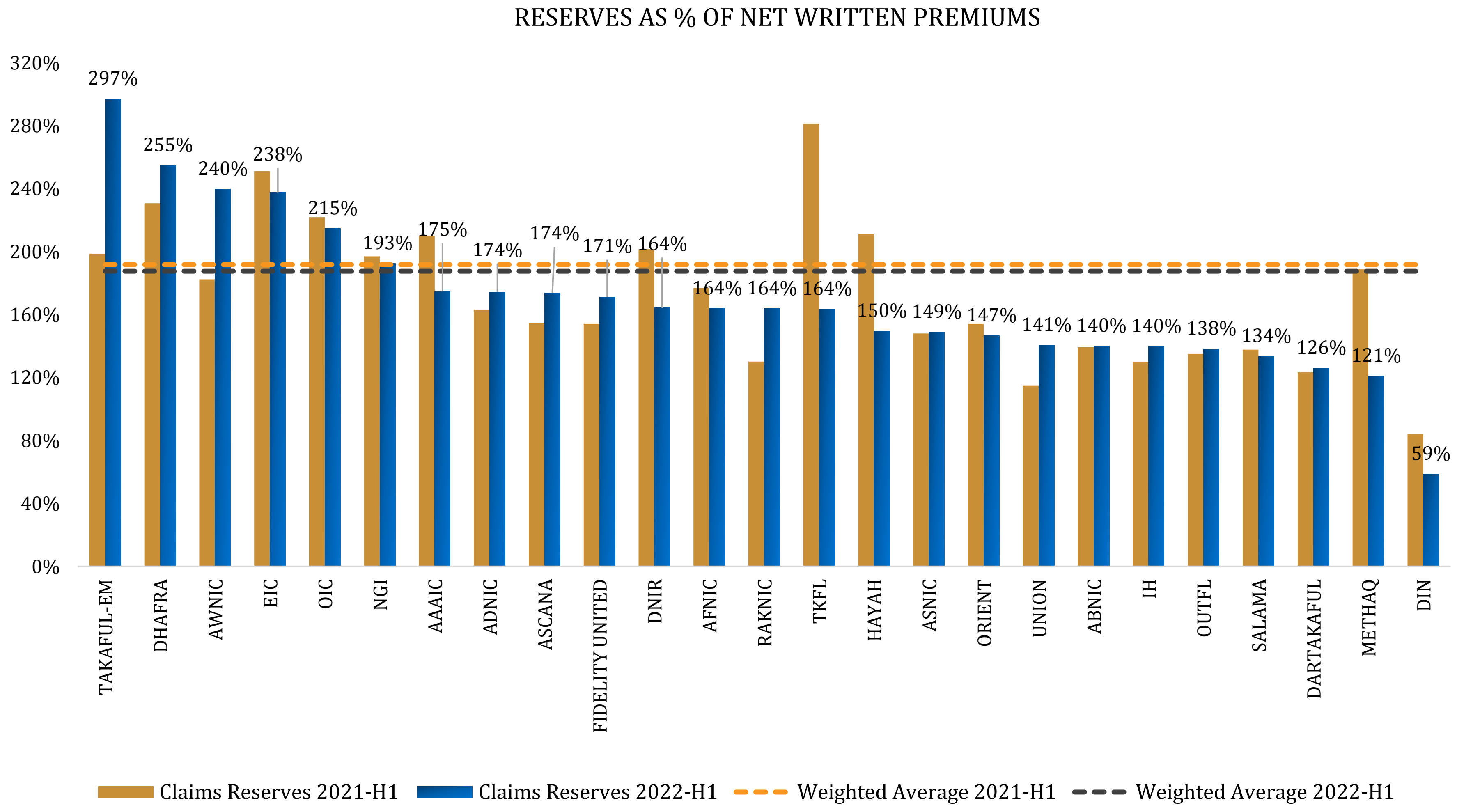
As at 2022-H1, the Net Technical Reserves have remained stable when compared with reserves booked in 2021-H1.

The position of the top 4 companies remains the same as was in 2021 however SALAMA has moved up to the 5th position replacing TAKAFUL-EM.

OIC secured the highest rank in terms of booking net technical provisions, exhibiting an increase of 1% in the reserves booked by the company.

The major change in reserves was depicted by DNIR where they have increased their net reserves by 58% when compared with 2021-H1.

Net Reserves as a Percentage of Net Written Premiums



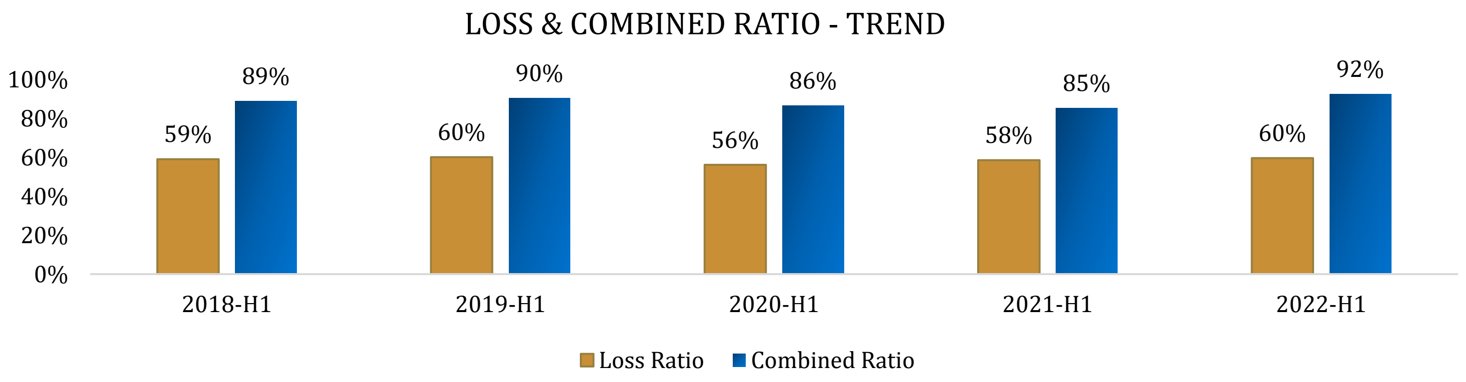
AMAN, ALLIANCE, and SICO were observed to be outliers, and thus excluded from the above analysis. AMAN and ALLIANCE have significant reserves for investment-linked life insurance policies, whereas SICO reflected a 992%, caused by significant drop in their retained premiums.

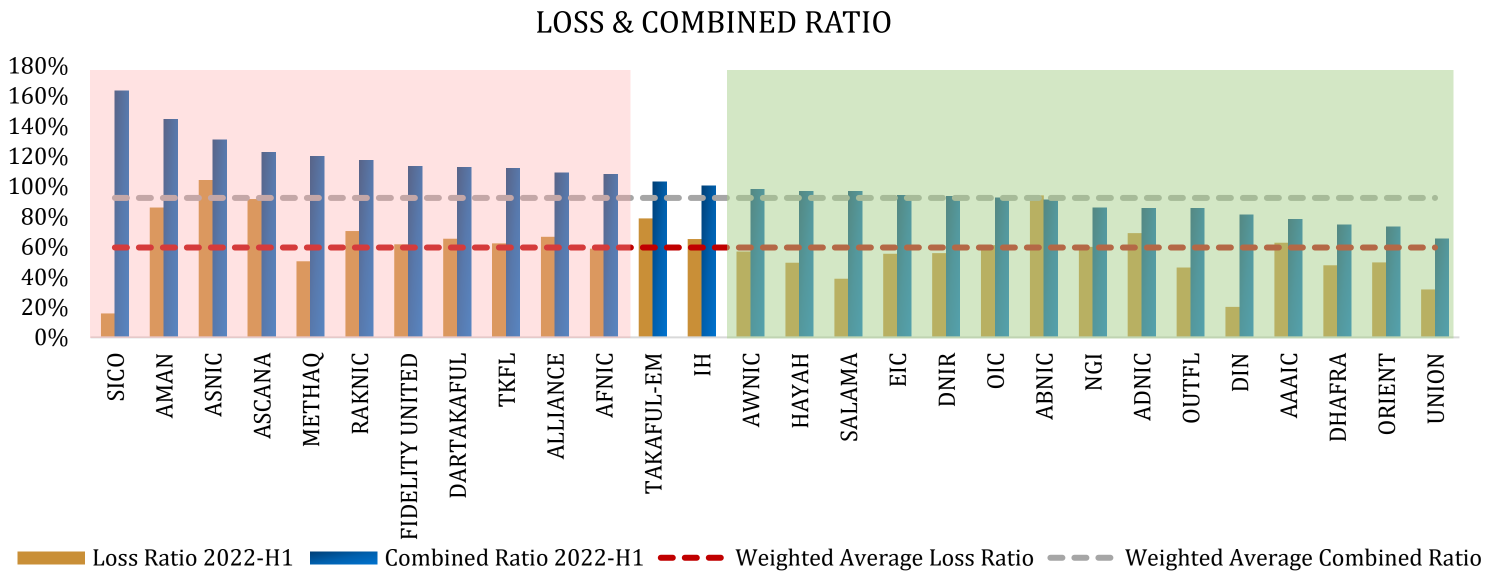
Apart from the outliers mentioned above, the highest ratio of 297% is exhibited by TAKAFUL-EM. On the other hand, the lowest ratio of 59% is depicted by DIN.

The weighted average net reserves to net premium ratio is recorded to be 188%, however if we exclude the outliers, the ratio drops to 168%.

The ratio above is calculated as a ratio of net reserves booked over the business retained by the company.

Loss & Combined Ratio





The listed Insurance companies in the Emirates had experienced an increase in their loss ratios in 2022-H1 and seem to have risen to levels similar to the pre-pandemic period. The weighted average loss and combined ratio for 2021-H1 culminates to be 60% and 92% respectively.

SICO recorded the highest combined ratio of about 164% whereas the lowest combined ratio of 65% was depicted by UNION. SICO combined ratio was 96% in 2021-H1; this is due to the decrease in retention, hence making the net earning base lower and causing the Expense and commission ratios to be on the higher end.

For Takaful companies we have consolidated the Policyholders and Shareholders P&L for comparative purposes.

A company is deemed profitable from an underwriting perspective if the combined ratio is below 100%, thus the companies falling in green zone are considered profitable from their underwriting activities.

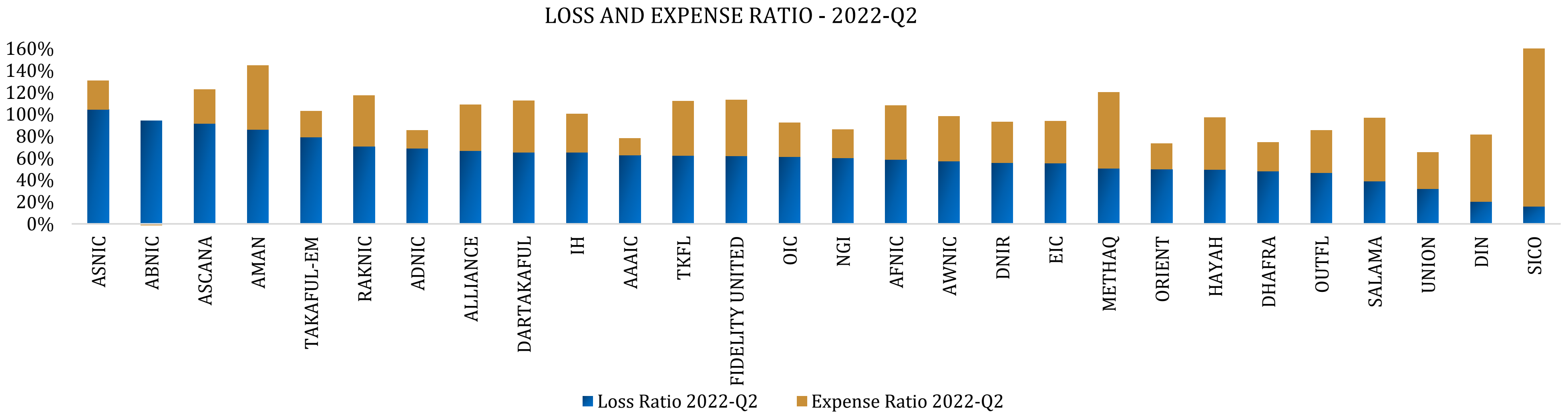
Loss ratio is computed as Net Claims Incurred over Net Earned Premium

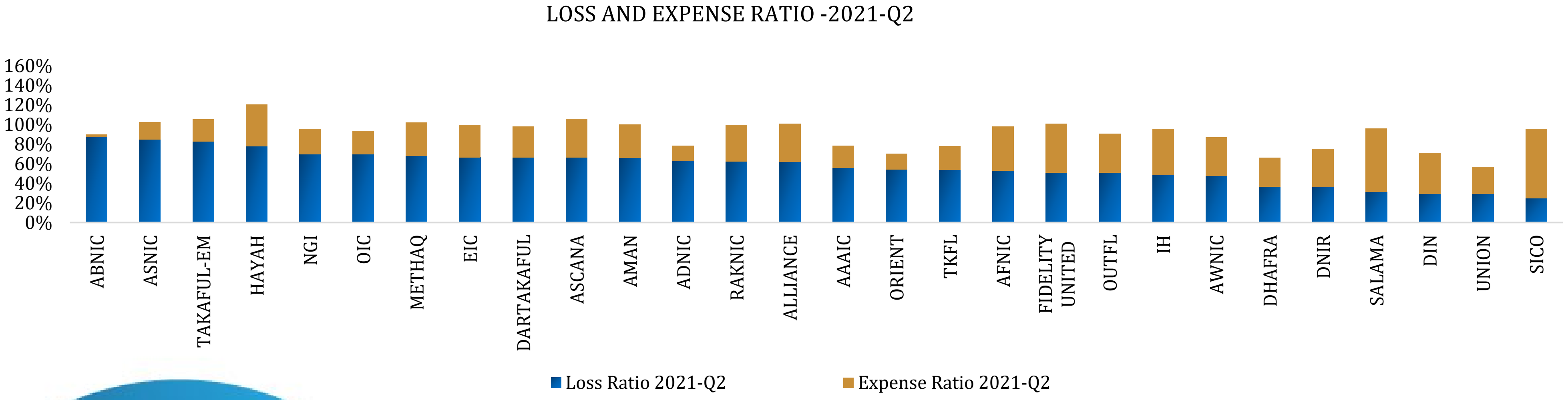
Combined ratio is calculated as ratio of Net Claims Incurred along with the expenses and net commissions over Net Earned Premium

Loss & Expense Ratio

13 out 28 companies included in this analysis have experienced the combined ratio of above 100%. It is observed that few companies have low loss ratios, but the expenses push the combined ratio nearly to 100%.

As can be seen, SICO has low loss ratio in 2022-H1 but the expenses push the combined ratio above 100% resulting in an underwriting loss for the Company. In addition, SALAMA also have a low loss ratio, but the expenses push the combined ratio to near 100%.



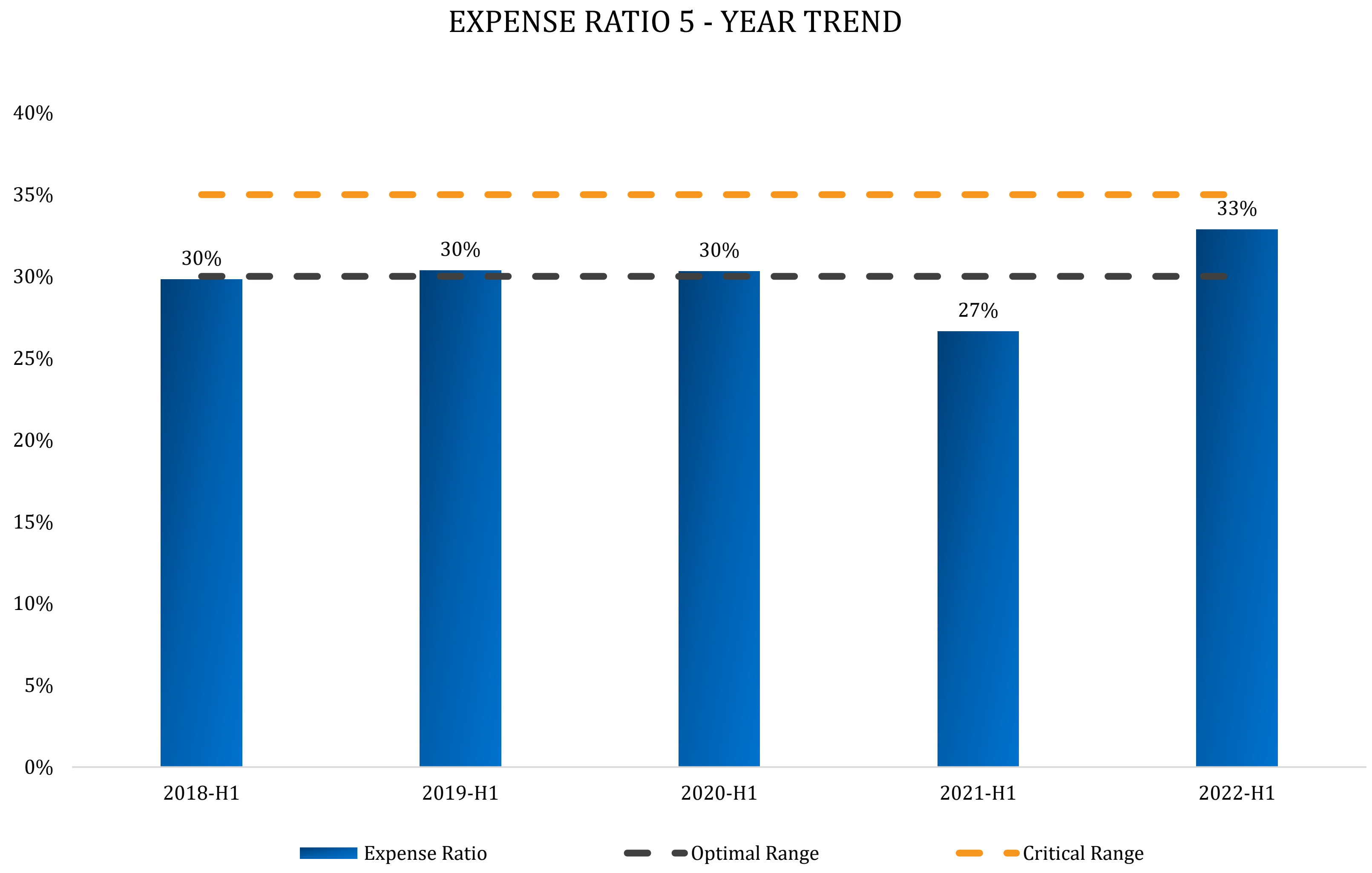


Expense Ratio

As portrayed, the industry average expense ratio experienced by the listed companies has been fairly consistent hovering around 30% from 2018-H1 to 2020-H1which was followed by a drop in 2021-H1 to 27%, however, this drop was not reflected in 2022-H1 where a significant increase was observed, with the Expense ratio at 33%.

The CBUAE has provided the industry with benchmark expense ratio where the optimal range is below 30% while expenses above 35% are not preferred and actions should be taken to bring them within the defined ranges.

The expense ratio is computed as the G&A expenses plus the net commissions (commissions paid less commissions earned) along with other operational expenses and income recorded for the period by the companies as a proportion of net earned premiums



Expense Ratio

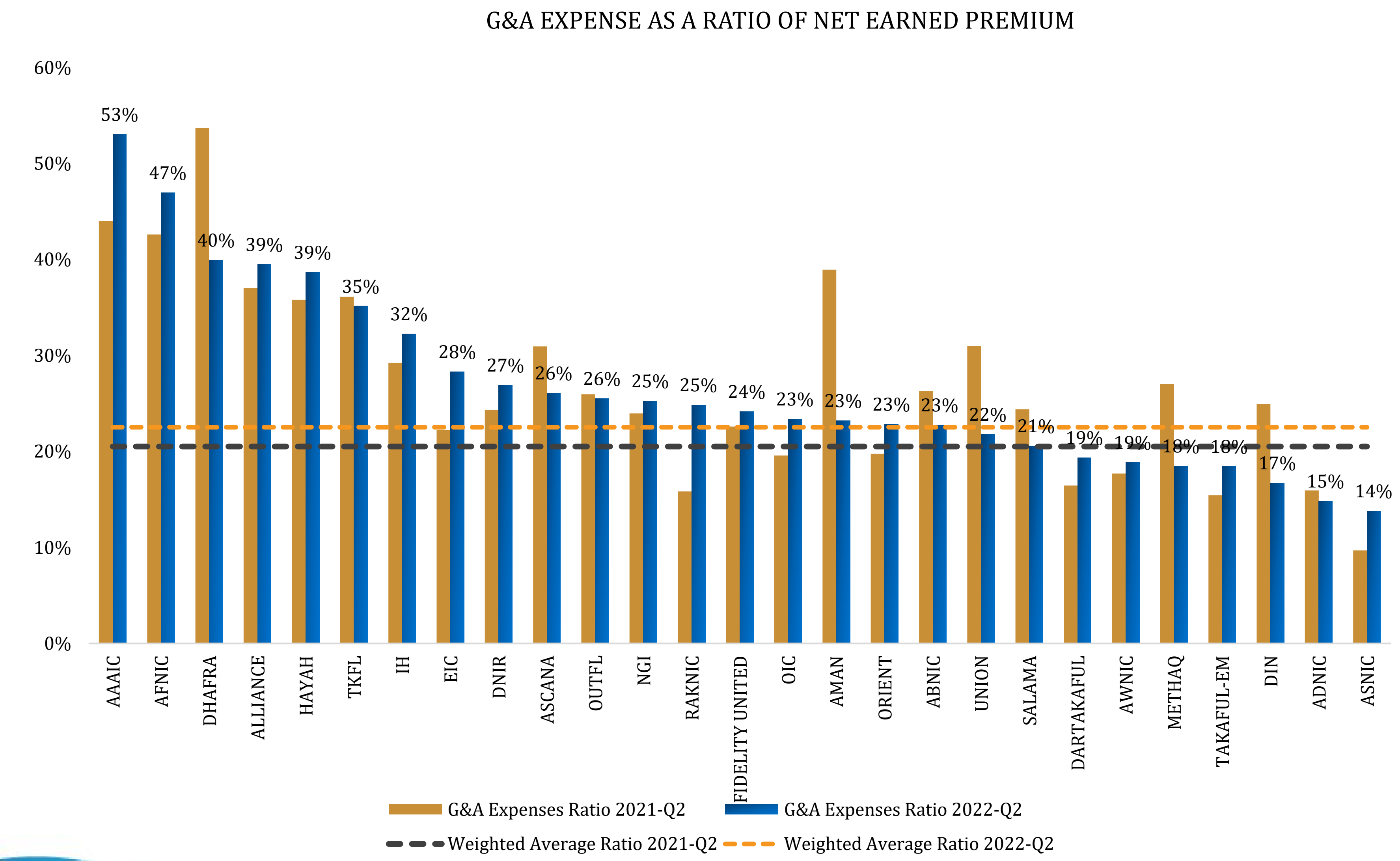
The weighted average General & Admin expense ratio of the industry as at 2022-Q2 works out to be 23% as compared to the ratio of 21% recorded as at 2021-Q2.

The highest expense ratio for 2022-H1 is depicted by SICO of about 234% and hence excluded from the presentation as it was distorting the graph, whereas the lowest expense ratio of 14% is exhibited by ASNIC.

The expense ratio is worked out as:

Expense Ratio = General and administrative expense / Net Earned Premium

For Takaful companies, same has been used for comparative purposes and Wakala fees is ignored, as Wakala fees is positive in one account and negative in the other.



Expense Ratio

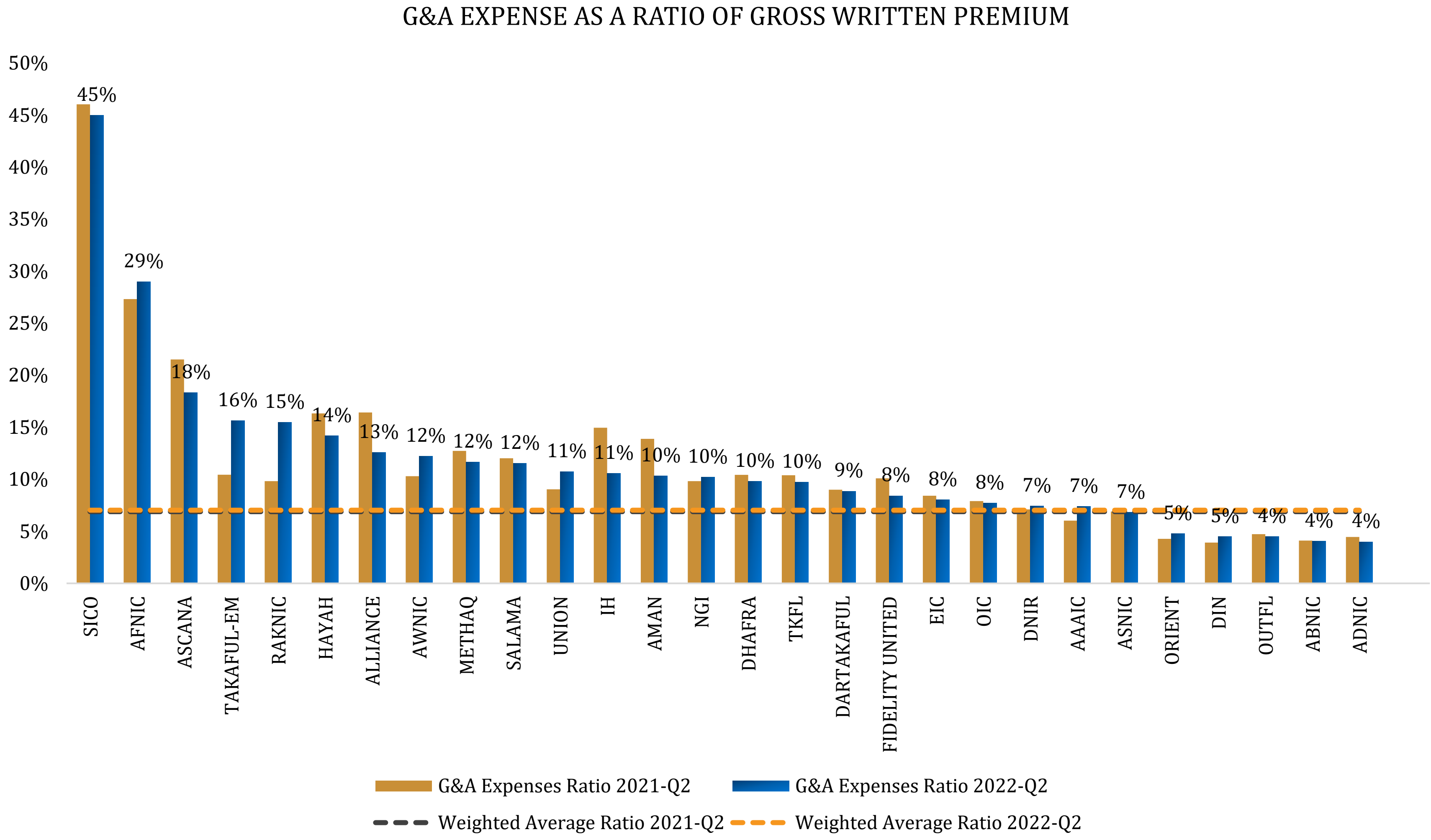
It is commonly believed that G&A expense ratio should be analyzed on the basis of gross written premium for the Company hence, the same is included in our analysis.

The weighted average General & Administrative expense ratio (as a proportion of Gross Written Premium) of the industry for 2022-H1 stood at 7%, which has remained stable from 2021-H1.

The highest expense ratio of 45% is reflected by SICO while the lowest expense ratio of 4% is reflected by ADNIC.

As may be expected, larger companies that have extensive business scale have lower expense ratio, as they have sufficient business to absorb the cost base.

The expense ratio is worked out as:
Expense Ratio = General and administrative expense / Gross Written Premium



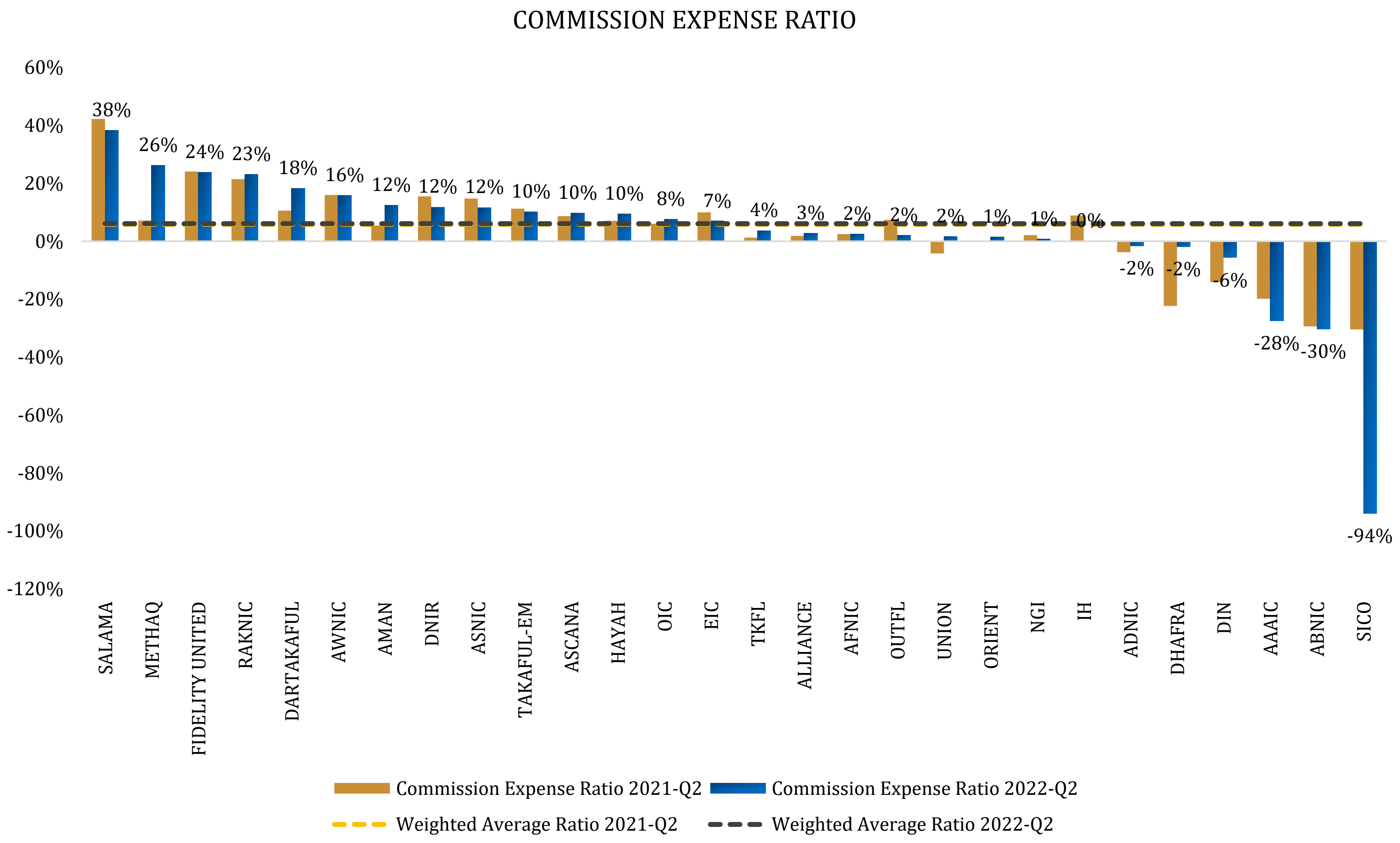
Commission Ratio

The highest commission ratio of 38% for the period 2022-H1 is depicted by SALAMA whereas the lowest commission ratio is reflected by SICO with a ratio of negative 94%

The weighted average commission ratio is recorded to be 6% (2021-H1: 6%)

The commission expense considered is the net commission (commissions paid less commissions earned); a negative ratio signifies that the commissions earned outweigh the commissions paid. In UAE, it is common practice for the companies to cede out large proportion of commercial lines business and benefit from the reinsurance commissions, which is also evident by the low net commission ratio.

It is felt that there is an inherent need to optimize reinsurance arrangements so that companies can benefit from underwriting profitable business without passing the risk and reward to re-insurers and just acting as fronting partners; at the same time not effecting their solvency position.



Return on Equity

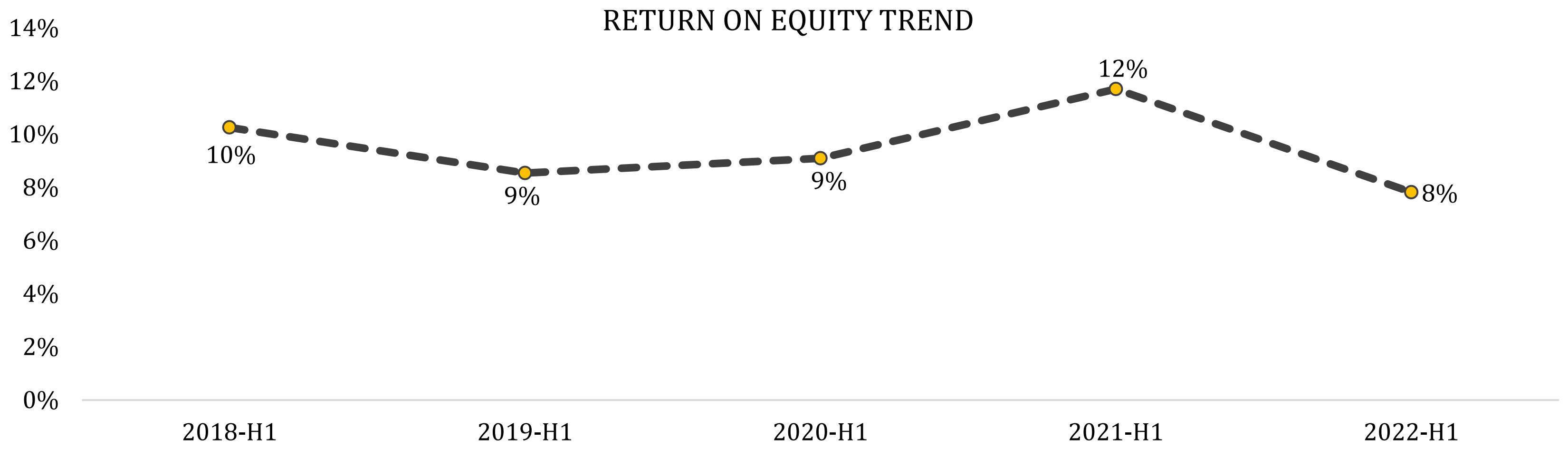
The shareholders of the listed insurance companies had exhibited an increasing trend in return on equity since 2019-H1, however, 2022-H1 has observed a decline of 4% when compared with 2021-H1.

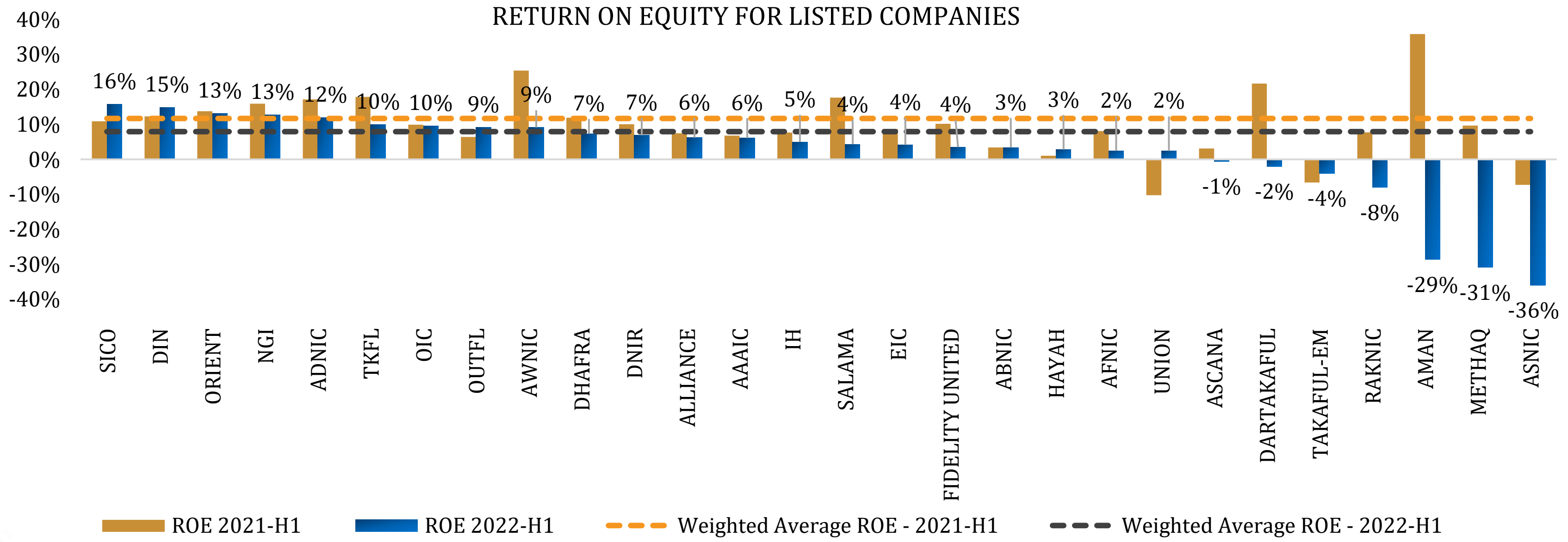
The weighted average return on equity recorded to be 8% for 2022-H1.

In 2022-H1, the highest return on equity of 16% is depicted by SICO (2021-H1: 11%); followed by DIN at 15% (2021-H1: 12%). ASNIC on the other hand, observed to have the lowest returns of negative 36%.

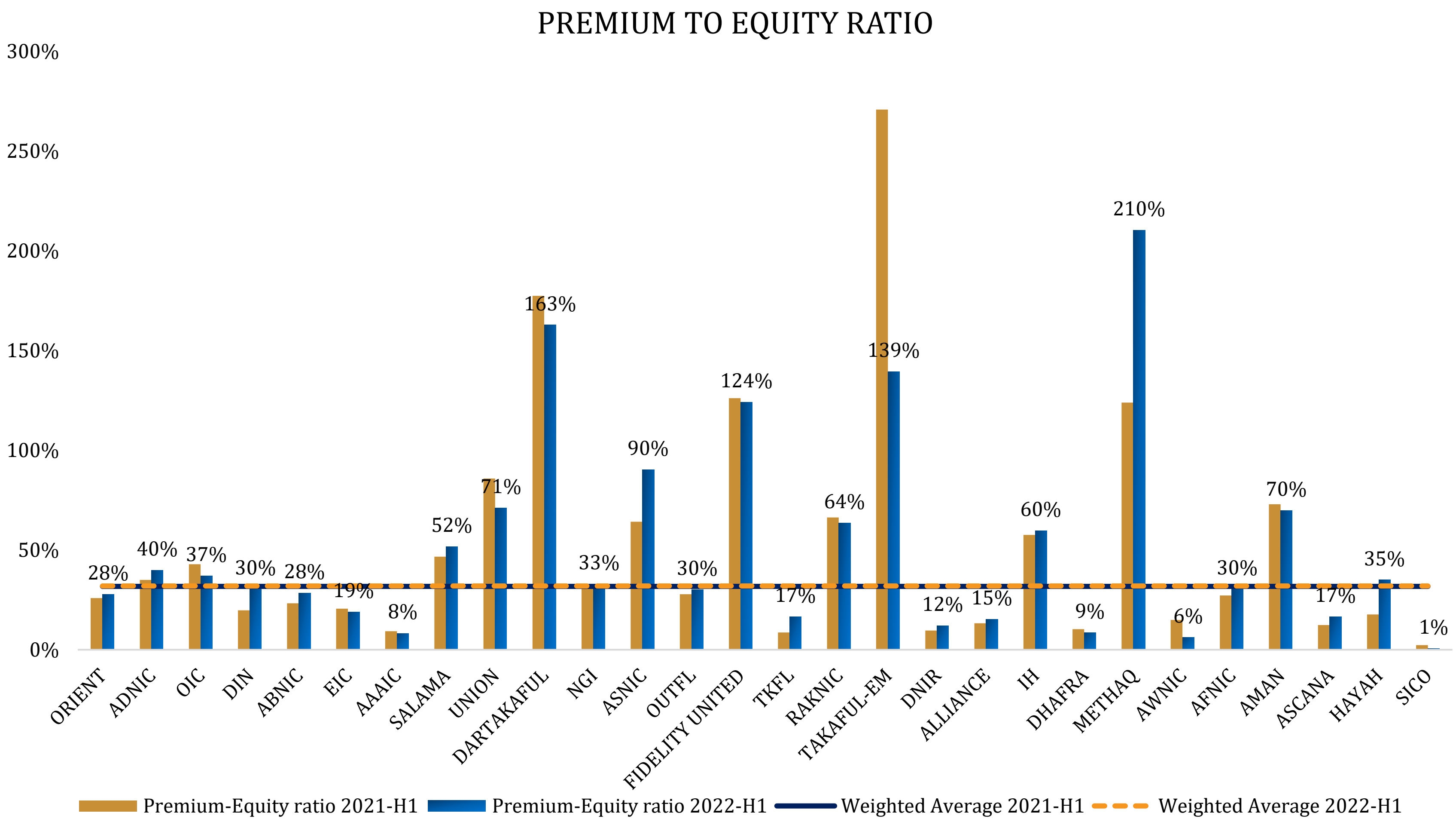
For takaful companies while we have combined shareholder and policyholder profits in other analysis, for the purpose of ROE calculations, only the shareholder profits as per the financial statements are considered.

The Return on Equity is calculated as a ratio of rolling 12 months net profit (before tax) to total of shareholder's equity at the beginning of the period 2022.





Premium To Equity



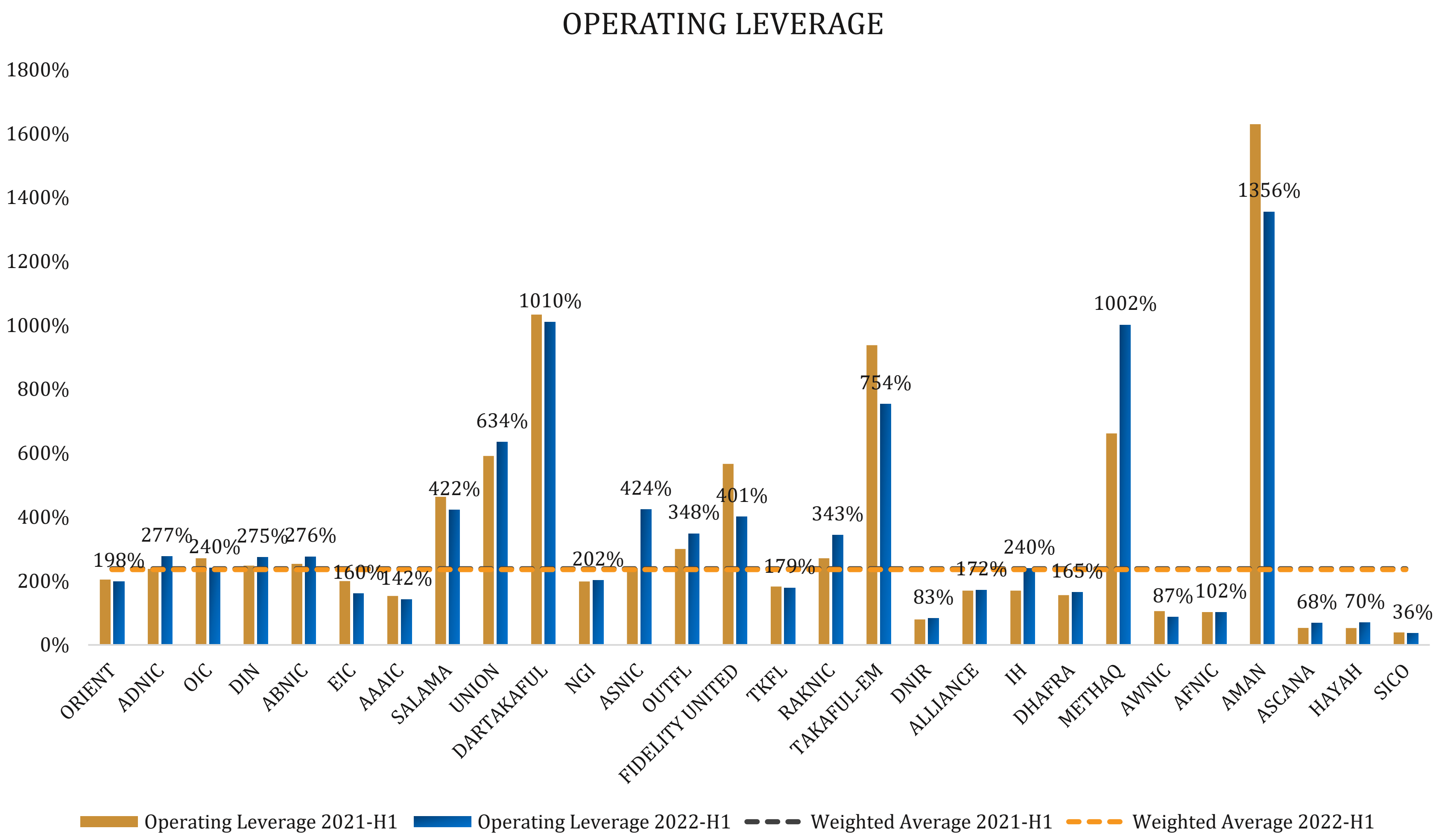
The highest Premium to Equity ratio for 2022-H1 is 210% depicted by METHAQ. The lowest ratio of 1% is reflected SICO.

Weighted average Premium to Equity ratio for 2022-H1 is 32% (2022-H1: 32%).

The Premium to Equity ratio is calculated by taking the proportion of Net Written premium for 2022-H1 to Total Equity as at June 30, 2022. It represents the premium that pertains to each amount of equity held by the companies.

Graph is sorted as per decreasing trend of GWP 2022-H1

Operating Leverage



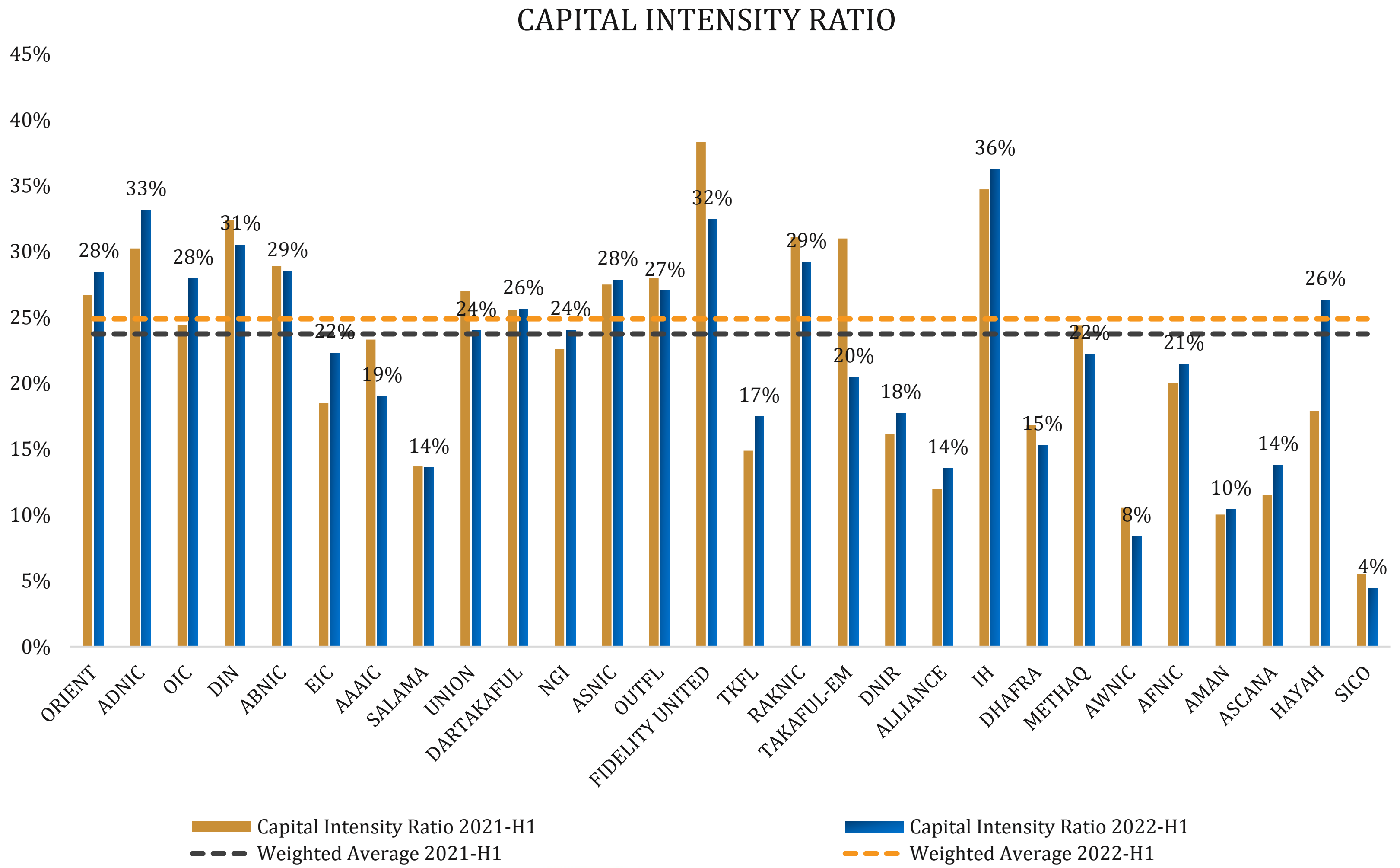
The highest Operating leverage ratio for 2022-H1 is 1356% shown by AMAN , whereas the lowest of 30% is reflected by SICO.

For 2022-H1, the weighted average Operating leverage ratio for the market is at 236% (2021-H1: 238%).

The Leverage ratio is calculated by taking the proportion of Total Liabilities at June 30, 2022, to Net equity of the Company at June 30, 2022.

Graph is sorted as per decreasing trend of GWP 2022-H1

Capital Intensity Ratio



Capital Intensity Ratio shows how much business does a company generates. That is, the premium written per AED invested in the company. A high CIR shows that per AED invested, the company can maximize gross written premium.

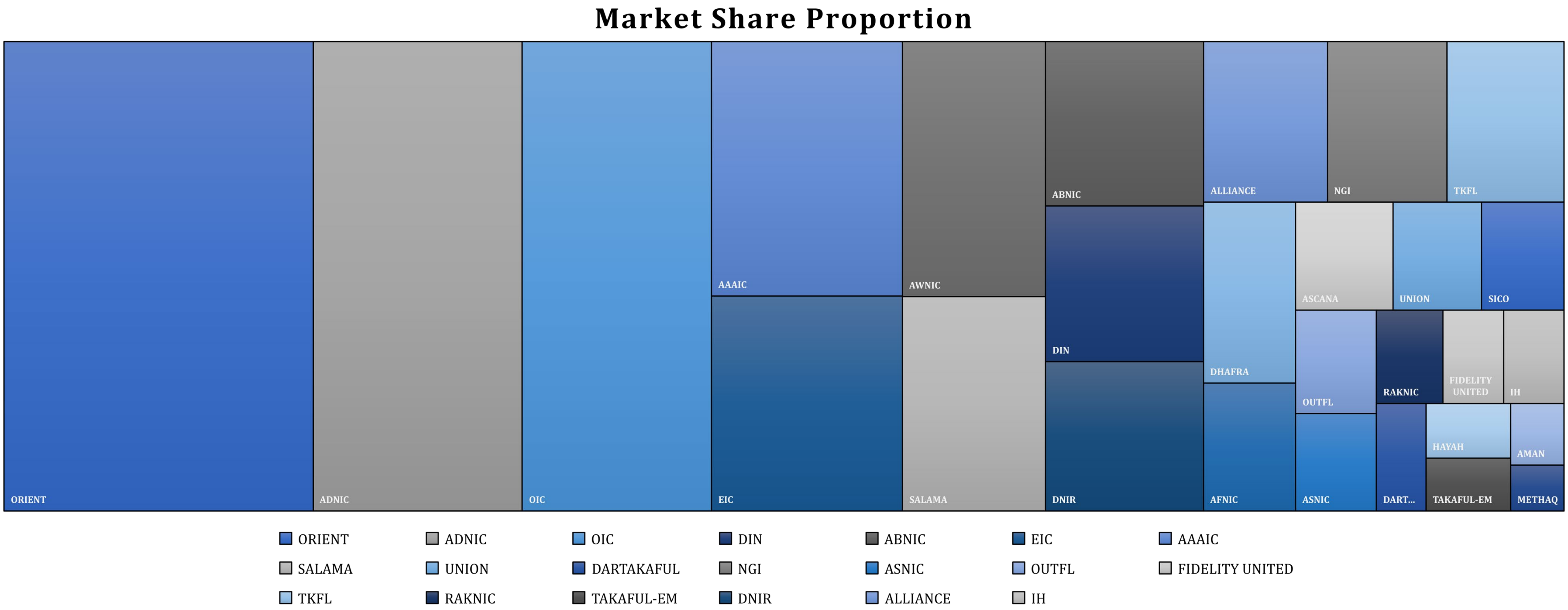
It is calculated by taking a proportion of gross written premium for 2022-H1 to Total Assets as at June 30, 2022

The Industry weighted Average Capital Intensity ratio for 2022-H1 is 25%.

IH attains highest CIR of 36% whereas, lowest of 4% CIR is attained by SICO.

Graph is sorted as per decreasing trend of GWP 2022-H1

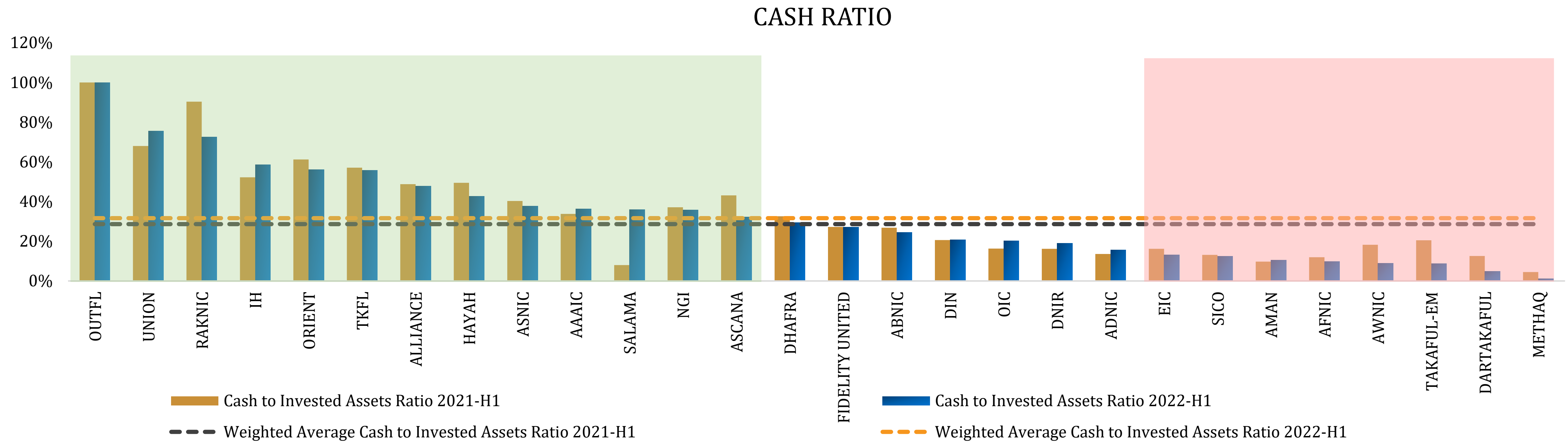
Market Share Proportion



Earning Per Share

Company	EPS 2021-H1	EPS 2022-H1
ADNIC	0.440	0.330
AAAIC	2.400	2.160
ABNIC	0.110	0.100
DHAFRA	0.240	0.190
AFNIC	8.160	0.430
HAYAH	0.002	0.010
METHAQ	0.009	0.133
SICO	0.060	0.120
UNION	0.072	0.049
FIDELITY UNITED	0.056	0.007
ASNIC	(0.090)	(0.210)
ALLIANCE	21.960	14.500
ASCANA	0.020	(0.030)
DARTAKAFUL	0.096	(0.069)
DIN	0.423	0.547
AMAN	0.053	(0.023)
DNIR	0.300	0.220
EIC	0.260	0.110
SALAMA	0.029	0.010
NGI	0.230	0.210
OIC	0.250	0.270
TAKAFUL-EM	(0.048)	(0.036)
TKFL	0.470	0.130
AWNIC	0.510	0.150
IH	0.050	0.030
RAKNIC	0.070	(0.150)
ORIENT	59.340	62.660
OUTFL	3.770	5.610
ADNIC	0.440	0.330

Cash To Invested Assets



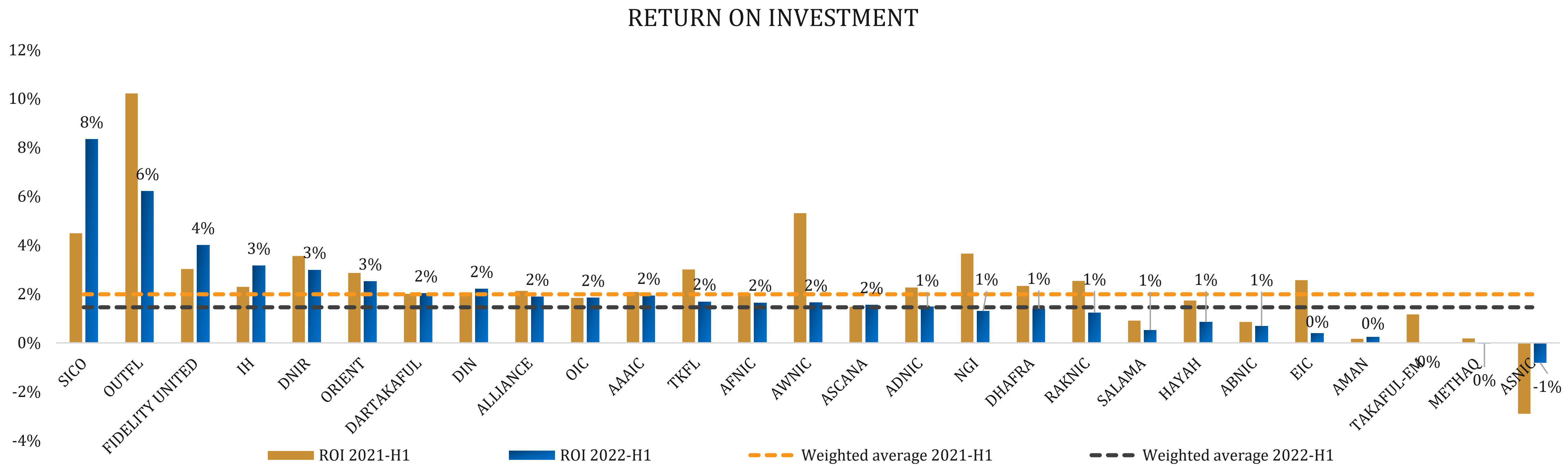
The weighted average cash to invested assets ratio is observed to be around 30% for 2022-H1, a slight increase in the ratio when compared with the corresponding period of last year's ratio of 29%.

OUTFL has all of its invested assets maintained as cash, hence depicting a 100% cash ratio, while the lowest ratio is observed to be at 1% by METHAQ.

As per the CBUAE benchmarks, the cash to invested assets ratio for the companies should not fall below 15% of the total invested assets while the optimal area is beyond 30%.

❖ *The cash to invested assets ratio has been taken as the ratio of cash & deposits to total invested assets.*

Return on Investments



The weighted average Return on investments recorded for listed companies is observed to be 1% for 2022-H1 (2021-H1: 2%).

The highest return on investments is recorded by SICO of 8% (2021-H1: 4%) whereas the lowest returns is observed by UNION of -18% (2021-H1: 20%), however, Union has been excluded from the graph above as it is an outlier. If Union is excluded, then ASNIC has exhibited the lowest returns on investments of -1% (2021-H1: -3%).

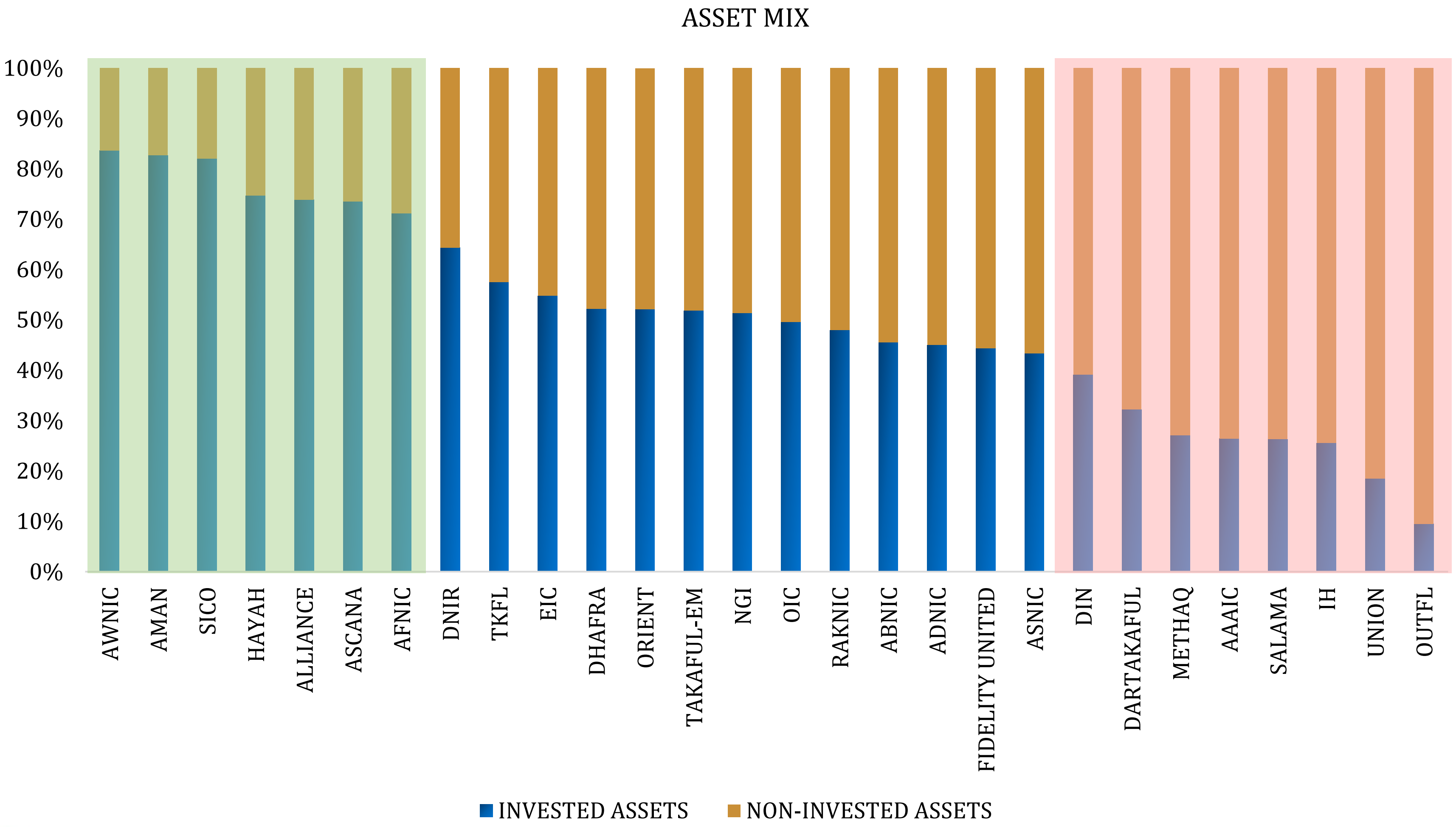
The Return on Investment is computed as the ratio of investment income to the average invested assets as of 2021-H1 and 2022-H1.

Invested Assets to Total Assets

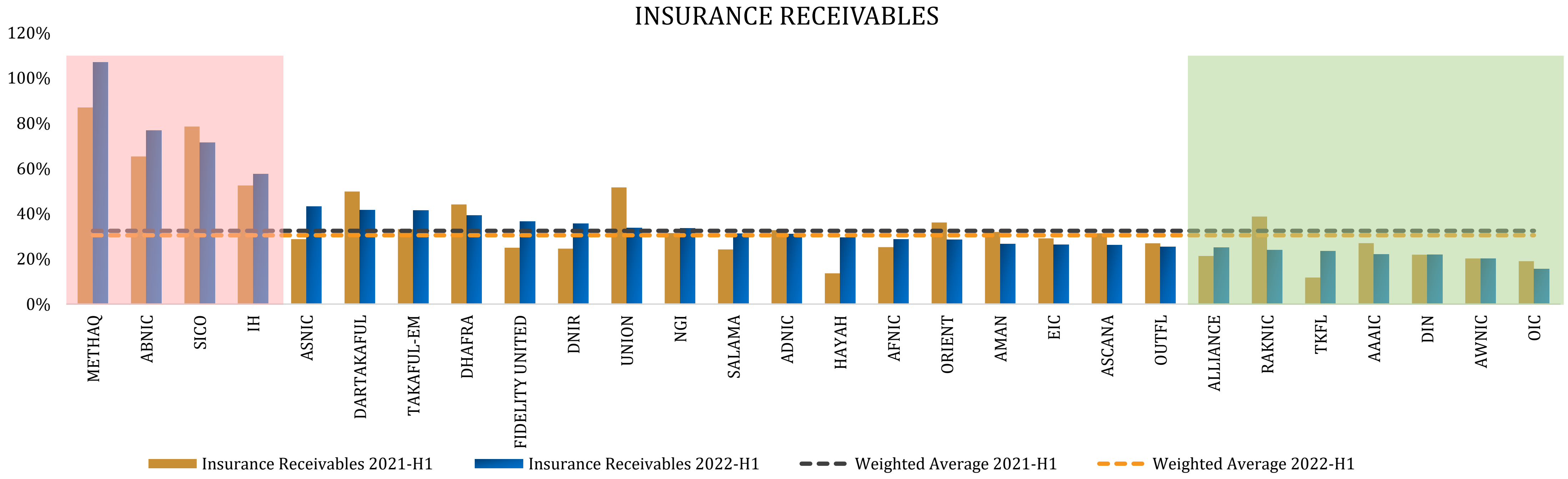
Asset Mix compares the proportion of invested assets and non invested assets for 2022-H1.

AWNIC has the highest proportion of 84% of their assets invested, while OUTFL has only invested 9% of their assets.

The prescribed range for Invested assets to total assets as per CBUAE is greater than 70%. 40% - 70% is the zone of caution and companies falling in critical range of below 40% are under red zone.



Insurance Receivables

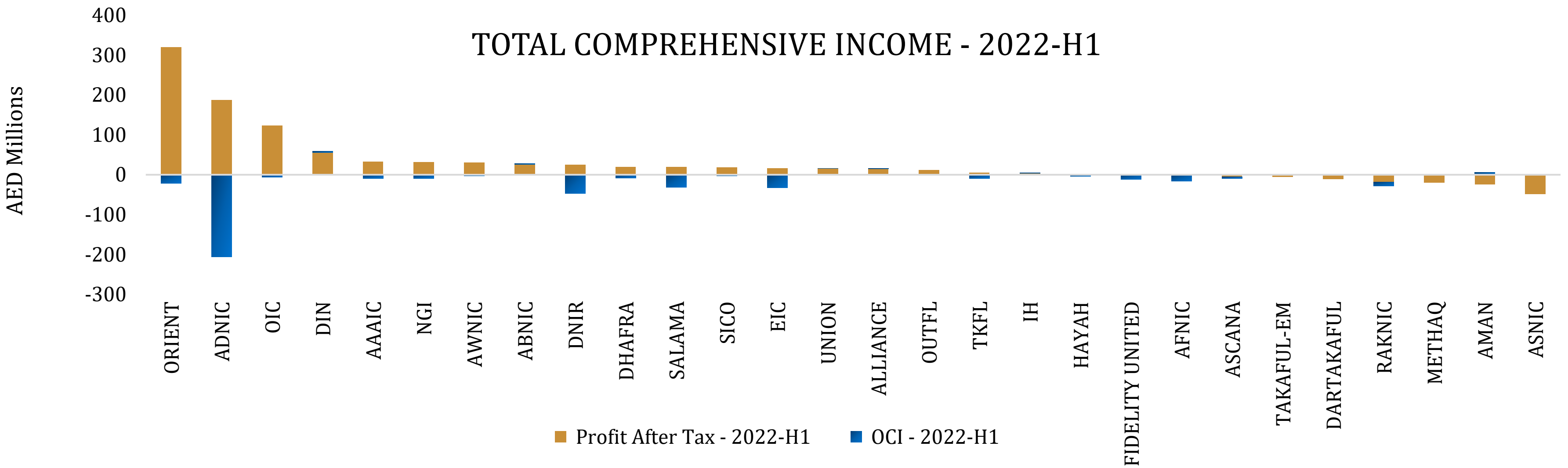


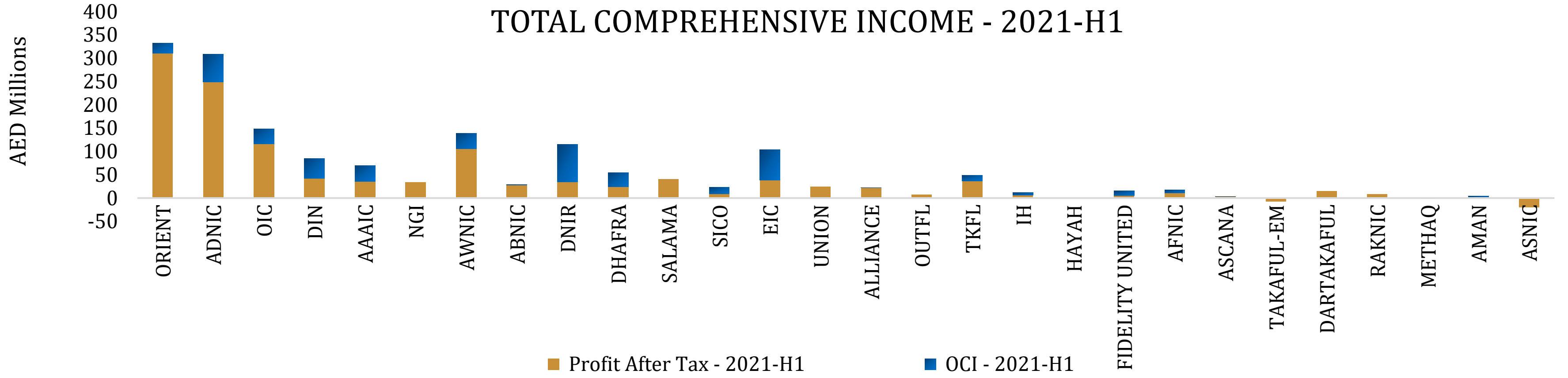
The highest receivable ratio of 107% is reflected by METHAQ whereas the lowest receivables of 16% has been observed for OIC.

The prescribed range for insurance receivables as a proportion of gross written premium is less than 25% while above 45% as per the Central Bank of UAE is the red zone. As of 2022-Q2, 7 out of 28 companies lie in the acceptable range for this KPI while 4 of the 28 companies stand in the red zone.

The weighted average insurance receivables stood at 30% in 2022-H1 (32% in 2021-H1).

Total Comprehensive Income





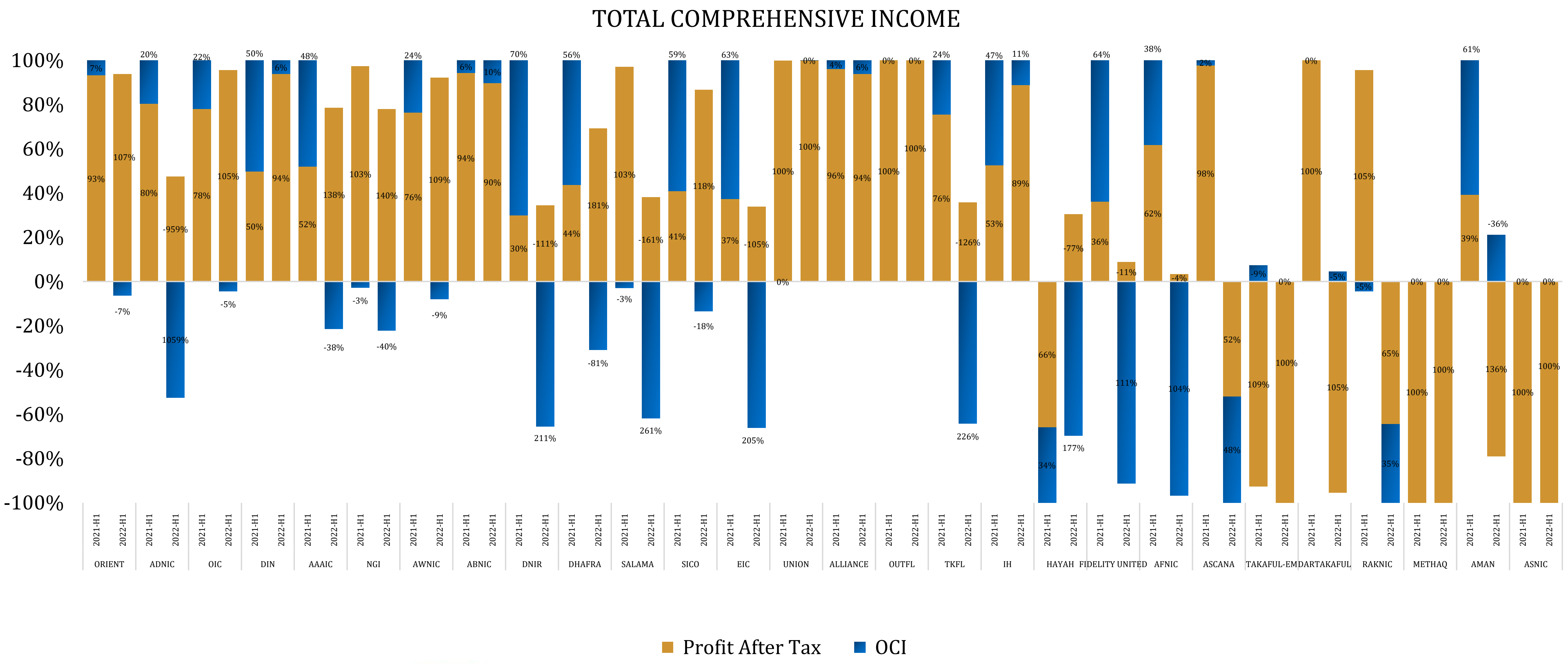
The Total Comprehensive Income for 2022-H1 exhibited a substantial drop of 75% when compared with the corresponding period of 2021, as inflation hit the global market hard this year. The investment portfolios have been the biggest casualty of the uncertainty that has dominated in 2022-H1.

Only 7 out of 28 companies in this analysis have shown profits in their OCI, as compared to 19 companies having profits on their OCI statements in 2021.

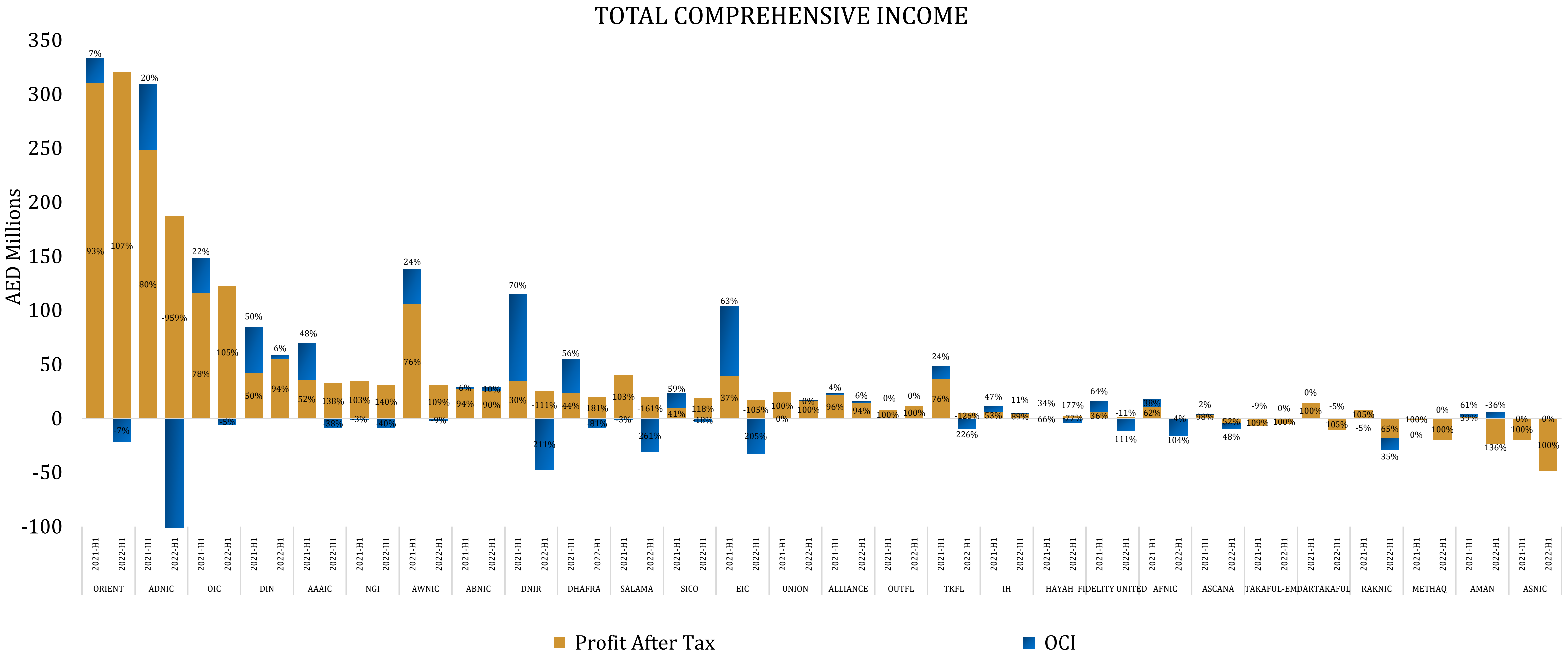
For Takaful companies we have consolidated the Policyholders and Shareholders P&L for comparative purposes.

The Total Comprehensive Income is the sum of the Profit After Tax and the Other Comprehensive Income (OCI).

Total Comprehensive Income



Total Comprehensive Income



Net Profit Breakdown

Particulars	2022-H1	2021-H1	Variance
	AED billion	AED billion	AED billion
Total UW Profit	0.4	0.6	(0.2)
Investment Income	0.4	0.6	(0.2)
Total Net Profit	0.8	1.2	(0.4)

KEY TAKEAWAY POINTS

Key Takeaway Points

INDUSTRY GWP GROWTH TIMELINE

2018-H1	2019-H1	2020-H1	2021-H1	2022-H1
AED 12bn	AED 13bn	AED 14bn	AED 15bn	AED 16bn

INDUSTRY PROFIT GROWTH TIMELINE

2018-H1	2019-H1	2020-H1	2021-H1	2022-H1
AED 1.0bn	AED 1.0bn	AED 0.9bn	AED 1.2bn	AED 0.8bn

Highest Growth in Profit by HAYAH at 560%

Highest Growth in GWP Recorded by HAYAH at 60%

Highest ROE by SICO at 16%

Highest Retention Recorded by METHAQ at 86%

Highest GWP recorded by ORIENT at 3bn

Highest Net Earned Premium Growth by DIN at 98%

Highest Investment Income recorded by ORIENT at 146mn

Conclusion

The listed insurance companies in UAE saw the loss ratios increase to 60% in the first half of 2022 and the combined ratio increased to 92% compared to the 2021-H1 numbers of 58% and 85% respectively. The increase in loss ratios observed in the latest year brings the industry average back to pre-covid levels which was expected given that covid imposed restrictions have now dissipated. But the expense ratios have increased to levels not seen in the preceding 5 years, leading to the highest combined ratio in the last 5 years for the industry.

The profits for the listed companies fell by 30% from AED 1.2 billion to AED 841 million in 2022-H1. The Return on Equity also reduced to 8% in 2022-H1 compared to a 12% return observed in 2021-H1. The weighted average profits from Investment Income also dropped this half year compared to the same period in 2021. The Earnings Ratio (Net Profit/ Net Earned Premium) of 17% observed for the first half of 2022 is the lowest in the last 5 years.

On the other hand, premiums written have increased by AED 1 billion for the industry compared to last year resulting in GWP of AED 16 billion (2021-H1: AED 15 billion). Most of this increase is coming through from Conventional insurers, while Takaful insurers observe a decrease in contributions.

13 out of 28 listed companies had a combined ratio in excess of 100% and 7 out of 28 listed companies had a negative ROE for the year.

After the covid impacted year of 2020 and the stabilizing year that was 2021, the global economies are now in full swing, and the industry has recovered to pre-covid levels in 2022. The effects of the pandemic had hit the investment market and the recovery from this resulted in profits in 2021. However, 2022 has shown a much more subdued performance with a decrease in investment income, increase in loss ratios driven by a highly competitive market and rise in expenses driven in part by the global inflation. It is time for Companies to stop focusing on increasing top line by competing solely on price which tends to be an unsustainable long-term strategy, and focus instead on all the levers available like underwriting, risk selection, better claims management, operational efficiency etc.

Companies Included in the Analysis

Listed Insurance Companies			
Sr. No.	**Symbol**	**Name**	**Market**
1	AAAIC	Al Ain Al Ahlia Insurance Co.	ADX
2	ABNIC	Al Buhaira National Insurance Company	ADX
3	ADNIC	Abu Dhabi National Insurance Co.	ADX
4	AFNIC	Al Fujairah National Insurance Co.	ADX
5	ALLIANCE	Alliance Insurance	DFM
6	AMAN	Dubai Islamic Insurance and Reinsurance Co.	DFM
7	ASCANA	Arabian Scandinavian Insurance Co.	DFM
8	ASNIC	Al Sagr National Insurance Company	DFM
9	AWNIC	Al Wathba National Insurance Co	ADX
10	DARTAKAFUL	Dar al Takaful (Takaful House)	DFM
11	DHAFRA	Al Dhafra Insurance Co.	ADX
12	DIN	Dubai Insurance Co , PSC	DFM
13	DNIR	Dubai National Insurance & Reinsurance Co.	DFM
14	EIC	Emirates Insurance Co.	ADX
15	HAYAH	HAYAH Insurance company formerly known as GCIC	ADX
16	IH	Insurance House P.S.C	ADX
17	METHAQ	Methaq Takaful Insurance Co.	ADX
18	NGI	National General Insurance Company	DFM
19	OIC	Oman Insurance Company (P.S.C.	DFM
20	ORIENT	Orient Insurance PJSC	DFM
21	OUTFL	Orient UNB Takaful PJSC	DFM
22	RAKNIC	Ras Al Khaimah National Insurance Co.	ADX
23	SALAMA	Islamic Arab Insurance Company	DFM
24	SICO	Sharjah Insurance Company	ADX
25	TAKAFUL-EM	Takaful Emarat (PSC)	DFM
26	TKFL	Abu Dhabi National Takaful Co. PJSC	ADX
27	FIDELITY UNITED	United Fidelity Insurance (PSC)	ADX
28	UNION	Union Insurance Company	ADX

Disclaimer

- We have undertaken an analysis of the Key Performance Indicators (KPIs) of the listed insurance companies for the first half of 2022. The data has been extracted from the financial statements of those companies which were publicly listed and available till the compilation of this report.

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- Due to availability of limited information, we were unable to segregate further. Once all companies start publishing preliminary reports with uniform level of segregation, this can be done.

- AKIC and Watania have been excluded from all analysis since they were not published as of compilation of this report.

About Our Team

UAE/Oman Actuarial 31 staff	KSA Actuarial 19 staff	Medical 6 staff	IFRS-17 12 staff
Business Intelligence 7 staff	End of Service 5 staff	HR Consulting 2 staff	Support Functions 24 staff

Total Strength
106

Our Team

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Subhan Naeem

Hassan Athar

Our Feedback

Badri Management Consultancy is proud to present UAE's Insurance Industry Performance analysis 2022-H1. We have a dedicated team that is working to bring you research reports. Our doors are open for feedback, and we welcome them. Feel free to inquire about the report.

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