GCC Insurance Industry

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ALPEN CAPITAL

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Glossary

Insurance: A mechanism of contractually shifting burdens of pure risks by pooling them

Gross written premium: Total premium written and assumed by an insurer before deductions for reinsurance and ceding commissions for a policy that has already become effective

Insurance penetration: Gross written premium measured as a percentage of gross domestic product

Insurance density: Gross written premium measured per capita

Net written premium: Gross written premium less reinsurance ceded plus reinsurance assumed

Net Earned Premium: Total premiums collected over a period that have been earned based on the ratio of the time passed on the policies to their effective life

Cession rate: The percentage of written premium transferred to a reinsurer by a primary insurer (ceding company)

Retention rate: The percentage of written premium retained by a primary insurer

Net underwriting profit / (loss): Excess/deficit of premium earned after providing for all expenses directly attributable to underwriting activities and excluding investment income

Claims ratio: Net claims incurred as a percentage of net earned premium

Expense ratio: Underwriting and administrative expenses as a percentage of net earned premium

Combined ratio: The sum of claims ratio and expense ratio. A combined ratio of less than 100 indicates an underwriting profit

Investment returns: Calculated by dividing gross investment income over investments in securities, affiliates and property

Takaful: Follows Islamic religious principles such as bans on interest and pure monetary speculation. Here, risk is pooled among policyholders rather than being borne entirely by the company

Bancassurance: Involves the distribution of insurance products through the banking channel

"Following heavy losses in the motor insurance sector in the years 2014, 2015 and 2016, the UAE insurance regulator imposed minimum and maximum motor insurance rates. The market reaction was positive due to the severe impact on the bottom line of the companies prior to 2017. The year 2017 was therefore a turning point for the market for motor insurance where the rates increased substantially. This resulted in a major improvement in technical results of the market.

The introduction of mandatory health insurance in the Emirate of Dubai generated AED 4 billion of medical premium in the year 2017, which resulted in improving the market's technical profit. The year 2017 can be considered as one of the best years in the recent history of the UAE Insurance market. Regrettably, the market has a short memory. As a result of reduction in car sales and the desire of every player to maintain its previous market share, a price war started during the second half of 2018 and gained momentum towards the end of the year.

In the medical segment, policies for the purpose of visa renewal were issued for one year whilst the employment visas are for two years. This resulted in a major drop in health premiums in the year 2018. Regrettably, this also triggered a price war and resulted in a rate reduction between 35-40%.

Motor and medical segments are the battleground of the local market. This is due to the fact that in many cases those two classes of business are underwritten to net account without reinsurance arrangements. Surprisingly the reinsurance market across the GCC is showing a state of hardening especially in property and engineering segments. This is also in view of the fact that some regional reinsurers have either closed down or are facing major difficulties. It is my expectation that the technical performance of the market will show a deterioration in 2019 and unless some wisdom prevails, we will see further decline in 2020."

Omer Elamin

President - Orient Group

Orient Insurance PJSC

"The insurance industry landscape in the GCC has undergone a major transformation over the last few years. Increasing adoption of new technologies, such as, AI, data analytics and smartphone apps have changed the way insurers operate and engage with their policyholders. To elaborate: four key trends, namely - a personalized approach towards insurer-customer relationship, increased implementation of AI, adoption of omni-channel distribution models, and more effective quantification of risks and preventive measures have enhanced underwriting and optimized operational efficiency in the insurance sector across the GCC.

Customization has gained widespread popularity and has now emerged as one of the vital parameters when defining the ideal insurer-customer relationship instead of a one-size fits all solution. In fact, this proactive approach of designing bespoke products and services that match customer requirements has facilitated in cementing most insurer-customer relationships.

Another growing trend that seems to influence the regional markets is product bundling. For instance, Value Added Services (VAS) provide flexibility in payment of premiums and policy coverage. This enhanced flexibility is what insurers offer these days to win new customers and increase retention. Moreover, these measures help carriers to enhance their reputations and gain recognition as friendly insurers.

Insurers today are increasingly embracing digital transformation and embedding data science and AI to empower their Customer Relationship Management (CRM). The digitization of the insurance business model has helped to reduce delays and optimize processes, through simplification and streamlining. There is an ongoing paradigm shift away from legacy systems and towards a new client focused approach, which greatly enhances the customer journey: right from generating quick quotes, to taking out a policy, and to filing a claim online from anywhere and at any time.

With technological advancements and enhanced risk modelling capabilities, insurers now have better access to accurate and qualitative information to identify, analyze, and evaluate the effects of a risk while accepting it. This is an integral aspect of prudent underwriting, which drives stable and sustainable growth and development, both for individual insurers and the insurance sector at large."

Ali S. AlFadala

Senior Deputy Group President & CEO

QIC Group

"The Property & Casualty Industry typically grows in line with the growth in GDP and as drop in oil prices have slowed the growth in the region, the Insurance Industry in the last five years, have also witnessed a sluggish growth in most of its product segments except Motor and Health which accounts for 70% of GWP and has largely been fueled by the introduction of mandatory health in UAE and KSA.

The GCC governments have started to heavily promote / invest in industrial infrastructure under the current pressurized market conditions. Oman alone has a heavy project outlay of almost USD 65 billion over the next 10 to 15 years to develop infrastructure, which will result in the increase in premiums. However, the challenge is in market's capacity to retain these premiums as only a small fraction of premiums is retained, and rest get reinsured with large international reinsurers. Unless the insurance companies consolidate and can retain risks locally, these investment outlays will not move the needle forward for the Insurance Industry.

Another key development which we are all aware in the insurance industry is disruption – from technology, changing social norms, and the entry of big tech companies. The investment in InsurTech is increasing and in 2018 alone over US$ 4 bn was invested globally in InsurTech. The insurance industry has been much slower than its banking counterparts to embrace the digital transformation. The big tech companies like Amazon's entry into Insurance Distribution space is going to disrupt the traditional broker channel and will push insurers to be more digitally agile in both product innovation and in enhancing user experience.

We are living in a connected world and the insurance companies today have access to data and information which can be used in real time to innovate and price products in line with the customer requirements and profile. So gone are the days when an insurance company used static data like car model, claims experience, age and gender to price the insurance premiums. Today, companies are using drones, wearables and data from your mobile phone and watch to tailor and price a product specific to the risk profile of the individual customer. This will also lead to freeing up of capital and insurers will be able to accurately price and therefore carry provisions more realistically.

The customer today wants more visibility and transparency on his insurance and these changes will positively impact the insurance industry and increase the overall insurance penetration. GCC is a young region and with smart phone penetration amongst the highest in the world which will push the existing companies towards disrupting their own model or else create an opportunity for disruption from outside the industry, from the big tech or even telecom companies. The companies which can recognize this change and adapt will be the ones who will be succeeding in the next decade."

Neelmani Bhardwaj

Business Executive Officer - Insurance and Fintech

Oman International Development and Investment Company SAOG (OMINVEST)

"Growth of premiums in some of the GCC countries is likely to be slower than the last couple of years, but the long term prospect of the industry remains optimistic. The growth of the non-life segment for most of the GCC countries is highly dependent on the governed initiatives; such as infrastructure, medical covers, motor insurance, etc. With the continued implementation of mandatory insurance and massive infrastructure development for events like EXPO 2020, we expect the sector to pick up going forward. The life insurance sector is still under-developed but has an opportunity to grow owing to increasing awareness among the GCC nationals and rising expatriate population. Additionally, as the region's insurance penetration is lower than the emerging markets there is ample room for growth with gradual recovery in the economy.

Currently, the insurance market faces three main challenges. Firstly, the low oil prices, which have played a major role in determining growth rates and led to the current account surpluses into deficits, putting pressure on foreign exchange reserve. Secondly, the low productivity in manufacturing which may translate into lower growth rates in the medium to long term. And lastly, the changing demographics which remains an ongoing concern, needs to be resolved by bringing in structural reforms. Having said that, there are plenty of factors driving growth for the sector. The completion of projects in the run-up to hosting international events will create a large base of insurable assets, thus providing opportunities to insurance firms. Mandatory health insurance which has boosted the gross premiums in the UAE and Saudi Arabia will continue to play an important role. The region's evolving regulatory framework is likely to improve financial strength and market conducts of the firms. A consistent rise in population will also drive demand for life and non-life insurance products. A visible trend in the sector is the adoption of technology for the purpose of marketing products, applying claims and increasing awareness. Also, the regulatory initiatives being taken by the GCC governments to make the sector homogeneous and competitive will have a positive impact on the insurance sector."

Dr. Abdul Zahra A. Ali Al Turki

Chief Executive Officer

National General Insurance Company (PJSC)

"The GCC Insurance market is expected to reach a size of US$ 35 billion by end of 2020. The growth in the sector over the last few years has been largely due to compulsory medical insurance. Historically, governments in the GCC region accounted for most of the health care requirements of their nationals. However, recognizing that the "welfare state" approach is expensive and probably unsustainable in the long run, many countries have taken steps towards moving to an insurance based model. As a first step Saudi Arabia, Qatar and UAE have already introduced mandatory health insurance for residents, while Bahrain, Oman and Kuwait are in the process of implementing the same. During the next 3 to 5 years with strong government support, I expect to see significant development in health care infrastructure which will drive the GCC health insurance market.

Climate change will pose a big challenge to the insurance industry, though its effects are not fully understood at this point. The CAT losses across the globe due to extreme weather changes will result in the hardening of re-insurance rates. The other continuing challenge is that the benefit of insurance is still not well understood in the region and this is evident from the fact that penetration levels continue to be very low. Further, given the size of the insurance companies many of them in the region are unable to retain significant part of their business except for personal lines (most of the large projects are fully re-insured).

Given that the insurance penetration rates in the GCC are one of the lowest in the world, there is huge potential for growth in the GCC's insurance market. Moreover, the predominantly young population of the GCC and changing demography will surely attract more people into the insurance fold.

The next 2 to 3 years will see insurers moving to digital platform and FINTECH will play a very vital role. Digital platform will provide insurers with the ability to reach potential customers and help increase penetration. Platforms like Chatbots and Telematics will enhance the quality of service provided to existing customers. As I see 5 years down the line, most of the insurance business will happen through a digital platform which could result in reduction of physical branches. These trends bode well in terms of achieving greater operational scale and efficiencies within the sector in the coming years."

O.G.Ravishankar

General Manager

Takaful Oman Insurance SAOG

"The GCC insurance industry continues to witness rise in gross written premiums in line with the implementation of mandatory insurance coverage, evolving regulatory framework and infrastructure development. However, growth has subdued in recent years amidst constrained fiscal, business and consumer spending. The sector is likely to regain momentum over the next few years, primarily driven by governments' efforts to diversify the economy, rise in per capita income and continued introduction of mandatory insurance lines across the region. Penetration levels which continue to remain low offer potential for growth in the sector.

Over the last two years, strengthening regulatory environment that led to higher operating costs and weaker profitability, presented substantial investment opportunities especially for foreign players looking to enter the GCC market and expand their presence. The InsurTech segment has also started to draw significant investor interest as the role of insurance aggregators is gaining prominence. Going forward, we expect M&A activities in line with efforts of insurance companies to attain greater operational scale and efficiency."

Rohit Walia

Executive Chairman

Alpen Capital (ME) Limited

1. Executive Summary

The GCC insurance industry, which maintained a positive momentum over the years, witnessed a muted growth in the gross written premiums during the past 2 years due to softening economic activity. This is likely to continue over the forecasted period, although, the pace of growth will be higher than the levels witnessed during 2016-2018. Stringent regulations such as increased capitalization requirements are likely to result in consolidation within the industry amidst a subdued economic environment. However, the long-term growth prospects for the sector continue to remain positive on the back of sustained growth from economic diversification efforts, increase in population and substantial infrastructure development in the region. Additionally, the governments' efforts towards introducing mandatory lines and strengthening regulations are also likely to drive growth of the insurance industry.

1.1 Scope of the Report

This report is an update of Alpen Capital's GCC Insurance Industry Report dated December 13, 2017. It focuses on the current state of the insurance industry across the GCC nations, including recent trends, growth drivers and challenges. The report also provides an outlook of the industry until 2024, along with profiles of prominent insurance providers in the region and a brief analysis of the financial and market valuation metrics.

1.2 Industry Outlook

- The GCC insurance market is projected to grow from US$ 29.2 billion in 2019 to US$ 36.1 billion in 2024, registering a CAGR of 4.3%. This can be attributed to the steady increase in population and infrastructure development, as part of the region's broader diversification strategy. Additionally, governments' proactive economic and liberalization reforms and efforts to strengthen the regulatory environment will support the growth in the insurance sector going forward.
- Insurance markets in Kuwait and Saudi Arabia are expected to outperform the regional growth with annualized growth rates of 8.2% and 5.0%, respectively. UAE, the largest market in the region, is expected to grow at a CAGR of 4.2% during the forecasted period and maintain its position as the insurance hub of the GCC.
- Between 2019 and 2024, the life insurance market is projected to grow at a CAGR of 4.9% to reach US$ 4.7 billion, primarily driven by rising population and increasing awareness. The non-life insurance market is expected to grow at a CAGR of 4.3% to US$ 39.8 billion, supported by mandatory insurance business lines, new regulations improving the pricing of policies and rise in infrastructure investments in the run up to mega events such as the Expo 2020 and FIFA World Cup 2022.
- Insurance penetration in the GCC is projected to remain between 1.8% – 1.9%, while the density is expected to grow from US$ 502.9 in 2019 to US$ 555.8 in 2024.

1.3 Key Growth Drivers

- The GCC has continued with its economic recovery initiatives, investing resources through higher budget allocations to diversify their economies away from the hydrocarbon sector. The total active projects in the GCC amount to US$ 2.6 trillion, which will increase the amount of insurable assets going forward.
- Liberalization reforms such as opening up of sectors for 100% foreign direct investments, easing visa regulations for tourists and expatriates, coupled with Saudi Arabia lifting the ban on women from driving, are other measures that are likely to boost the premiums of the insurance sector across the region. Mandatory health insurance will continue to drive the insurance markets in the UAE and Saudi Arabia. Similar regulatory changes planned in other GCC countries will be a key factor for growth of the insurance sector.
- Steady rise in population base (comprising of the youth and working population) will boost the demand for life, motor, health and property insurance products across

the GCC. Moreover, the increase in senior population (age >50 years) is expected to increase premiums of the health segment.

- Strengthening regulatory environment and supervisory standards will improve compliance standards in accordance with the best international practices and lead to sustainable business models.

1.4 Key Challenges

- Weak consumer spending due to economic slowdown and volatility in oil prices will continue to pose challenges, affecting the overall demand for insurance products.
- Low awareness regarding the importance of insurance products and relatively underdeveloped life insurance market continue to pose challenges and result in lower penetration rates vis-à-vis the global average.
- Insurance firms in UAE, Qatar and Saudi Arabia have relatively higher exposure to the capital markets making them prone to volatility in equity markets and susceptible to market and economic surprises.
- The GCC insurance sector is highly fragmented with more than 200 insurers who are likely to face profitability pressure due to mounting competition, stringent regulatory requirements and strict accounting standards.
- Regulations governing the insurance sector vary significantly across the GCC nations, thereby limiting the number of insurers with pan-GCC presence. A uniform and transparent regulatory environment will encourage insurers to modernize their offerings and adopt effective international practices.

1.5 Key Trends

- High operating costs combined with a strengthening regulatory environment is driving the GCC insurance sector towards consolidation. Smaller companies may be compelled to merge with stronger players to strengthen their capital base and enhance product offerings in a highly competitive industry.
- The influx of foreign operators will facilitate the evolution of the GCC insurance industry as new entrants expand their product offerings and streamline business operations. With no restrictions on foreign ownership, onshore financial centers such as the Dubai International Financial Centre (DIFC) and Qatar Financial Centre (QFC) have emerged as a hub for foreign insurers, reinsurers and intermediaries.
- Regulators across the GCC are increasingly collaborating with insurance companies to educate consumers on protection and risk-mitigating insurance offerings to make a positive impact on the development of the industry.
- The bancassurance segment continues to gain traction, particularly in the UAE. With falling interest rates and declining credit growth, GCC banks are either offering insurance products as part of their wealth management services or bundling them with mortgage or personal loans.
- As insurance aggregators gain importance, insurance companies in the GCC are establishing presence across multiple platforms (websites, social media pages, digital kiosks and mobile apps) to interact with new-age customers. The increasing adoption of technologies will stimulate regional operators to develop technological capabilities or collaborate with InsurTech companies.

The GCC insurance industry landscape is maturing as regional governments are consistently seeking to enhance the regulatory environment to improve compliance and create sustainable business models.

2. The GCC Insurance Industry Overview

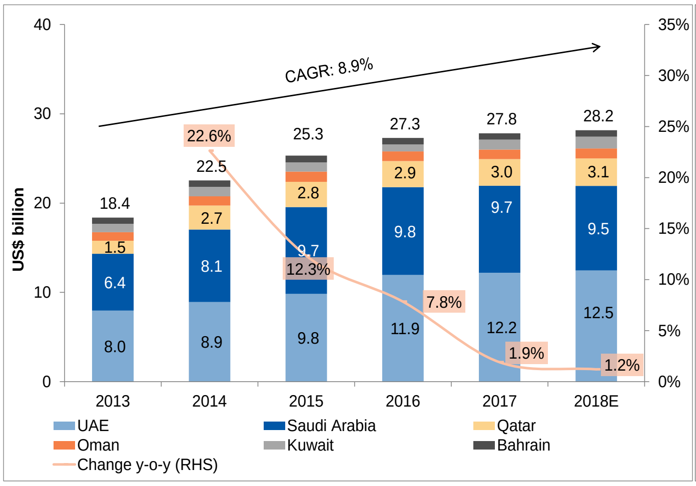
The GCC insurance industry has continued to witness increasing GWP, albeit slowly, despite the challenging economic and geopolitical conditions

The GCC insurance industry has continued to witness increasing gross written premiums, albeit slowly, despite challenging economic conditions. Driven by the introductions of mandatory insurance coverage, increased regulatory oversight and overall improvements in risk management, the GCC insurance market has grown at a CAGR of 8.9% from US$ 18.4 billion in 2013 to US$ 28.2 billion in 2018[1] (see Exhibit 1). However, the industry witnessed a relatively muted performance between 2016 and 2018, recording a CAGR of 1.6% amidst constrained fiscal, business and consumer spending.

GWP in the GCC insurance market grew at a CAGR of 8.9% from US$ 18.4 billion in 2013 to US$ 28.2 billion in 2018

Within GCC, UAE and Saudi Arabia retained their position as the 2 largest insurance markets, accounting for 44.3% and 33.6% of the region's GWP in 2018, respectively (see Exhibit 2). UAE maintained its position as the region's leading insurance market with its sustained and diversified expatriate population base, favorable demographics and business friendly environment. Additionally, the country has maintained its strong infrastructure pipeline in an effort to diversify its revenues away from the petrochemicals sector[2]. In Saudi Arabia, total GWP grew at a CAGR of 8.3% between 2013 and 2018 because of compulsory coverage under health and motor insurance[3]. However, over the same period, overall insurance market share held by the Kingdom declined by 1.0 percentage point (ppt). Qatar registered the fastest GWP growth across the region, recording a CAGR of 16.0%, primarily due to infrastructure developments ahead of the FIFA World Cup 2022 and rising inflow of expatriates. The share of the remaining GCC markets contracted marginally between 2013 and 2018 (see Exhibit 2) despite recording steady annualized growth rates.

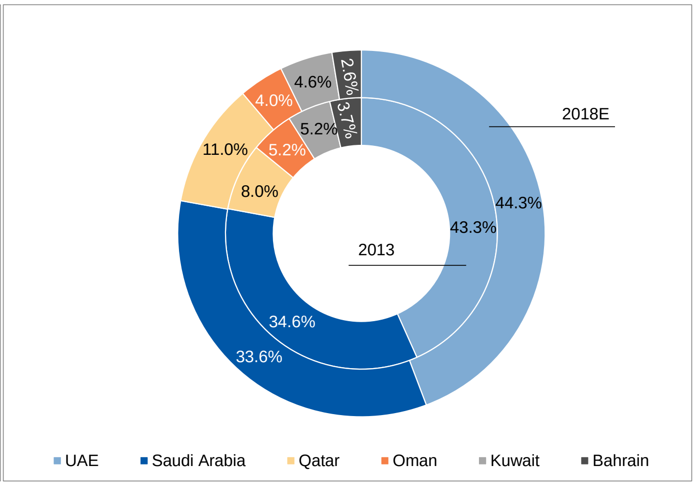
Exhibit 1: GCC Insurance Market Size (based on GWP)



Source: Swiss Re

Note: E – Estimated

Exhibit 2: Country-wise Share of GCC Insurance Market



Source: Swiss Re

Note: E – Estimated

Life and Non-life Insurance

The non-life insurance segment constitutes 87.0% of the total insurance premiums written in GCC in 2018

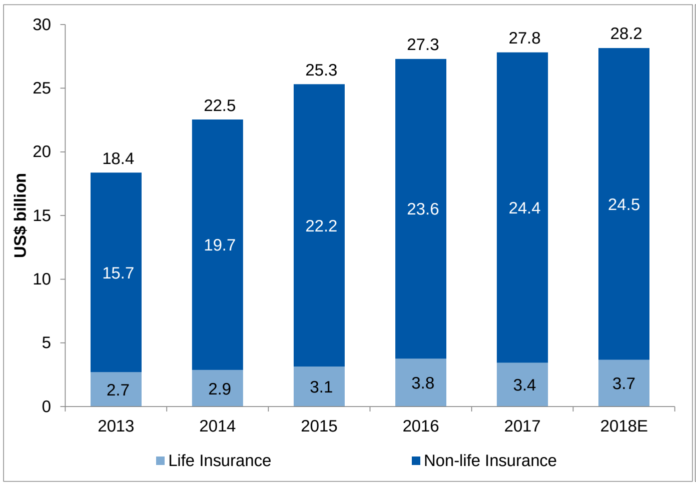
The non-life insurance segment constituted 87.0% of the total insurance premiums written in GCC in 2018[4] (see Exhibits 3 and 4). Between 2013 and 2018, non-life GWP grew at a CAGR of 9.3% owing to the rise in the motor and health insurance segments, which

[1] Source: "World Insurance Reports", Swiss Re
[2] Source: "Abu Dhabi crown prince approves $13.61 billion in economic stimulus", Reuters, June 6, 2018
[3] Source: "Women drivers to improve motor insurance results", ME Insurance Review, June 27, 2018
[4] Source: "World Insurance Reports", Swiss Re

contribute approximately 50% of the total non-life premiums in the region[5]. While motor insurance is compulsory across GCC, health insurance is currently mandatory only in Saudi Arabia and select Emirates within the UAE. However, in 2019, Oman issued its Unified Health Insurance Policy for private sector employees, including expatriates and visitors[6]. Bahrain is expected to rollout mandatory health insurance by 2020[7]. Similarly, Kuwait has passed a law for expatriates to apply for mandatory health insurance[8] and Qatar is in the midst of drafting a law on its new mandatory health insurance scheme[9].

GWP in the GCC life insurance segment grew at a CAGR of 6.4% between 2013 and 2018 to reach US$ 3.7 billion primarily driven by an expanding expatriate population base across the GCC. However, life insurance constitutes a small component of the total GCC insurance sector due to cultural reservations towards mortality-based insurance products and generous social welfare schemes provided by the states for nationals. UAE accounts for the largest life insurance market, constituting 77.8% of the total GCC life insurance GWP in 2018. Life GWP in Oman grew at the fastest pace in the GCC, recording a CAGR of 12.1%. The combined share of Saudi Arabia, Bahrain, Qatar and Kuwait decreased from 25.0% in 2013 to 18.0% in 2018.

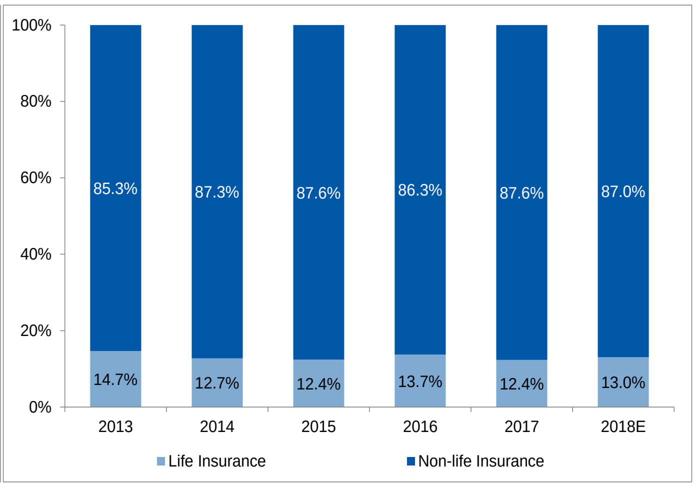
Exhibit 3: Segment-wise GCC Insurance Market Size



Source: Swiss Re

Note: E – Estimated

Exhibit 4: Proportion of the GCC Insurance Segments



Source: Swiss Re

Note: E – Estimated

Insurance penetration

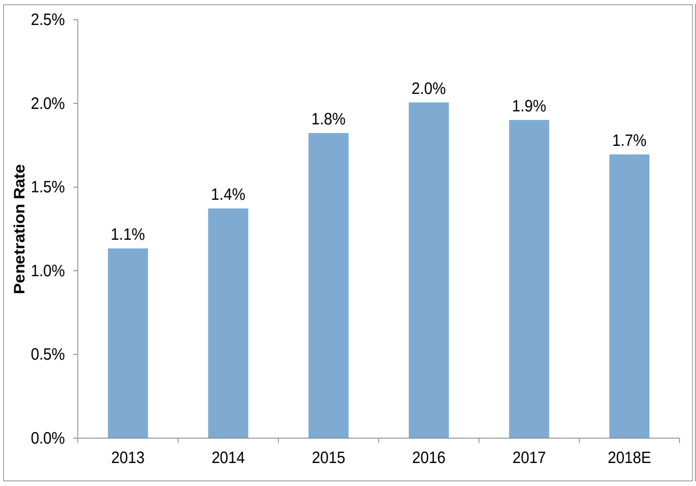
At an average of 1.7%, the penetration level in GCC is below the emerging market average of 3.2% and global average of 6.1%

The overall GCC insurance sector remains underpenetrated despite recording strong growth in premiums between 2013 and 2018. In 2018, the average GCC penetration level was 1.7%, considerably below the emerging market average of 3.2% and global average of 6.1%[10] (see Exhibits 5 and 6). Within the region, UAE (2.9%) and Bahrain (1.9%) registered the highest insurance penetration rates. At 0.9%, Kuwait has the lowest penetration due to its relatively underdeveloped insurance market and unstructured regulatory environment. At

[5] Source: "Insurance sector's profitability seen as lower this year and next", ME Insurance Review, May 29, 2018
[6] Source: "Details of mandatory health insurance in Oman revealed", Oman Daily Observer, April 1, 2019
[7] Source: "Health Insurance For Expats Mandatory By 2020", Gulf Insider, September 20, 2019
[8] Source: "Compulsory Health Insurance for expats in Kuwait", IMTJ, February 15, 2019
[9] Source: "Draft law on new health insurance system to be unveiled soon", June 17, 2019
[10] Source: "World Insurance in 2016", Swiss Re; "World Economic Outlook Database", IMF, October 2017

such penetration rates, the GCC insurance sector remains largely underpenetrated vis-à-vis the global average.

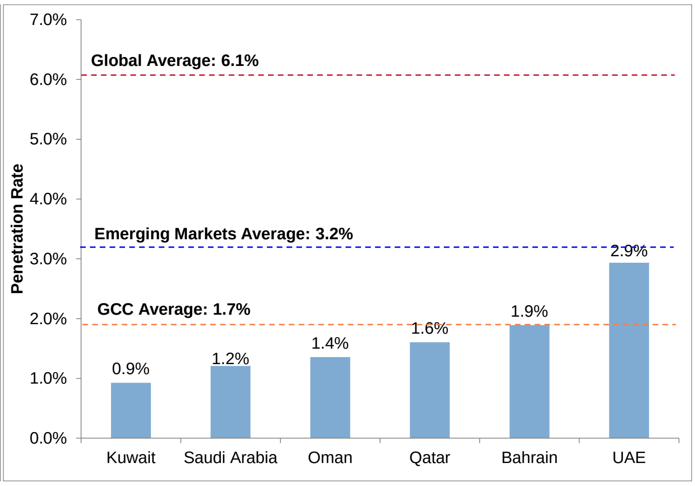
Exhibit 5: Trend in Insurance Penetration in the GCC



Source: Swiss Re, IMF

Note: E – Estimated

Exhibit 6: Country-wise Insurance Penetration (2018)



Source: Swiss Re, IMF

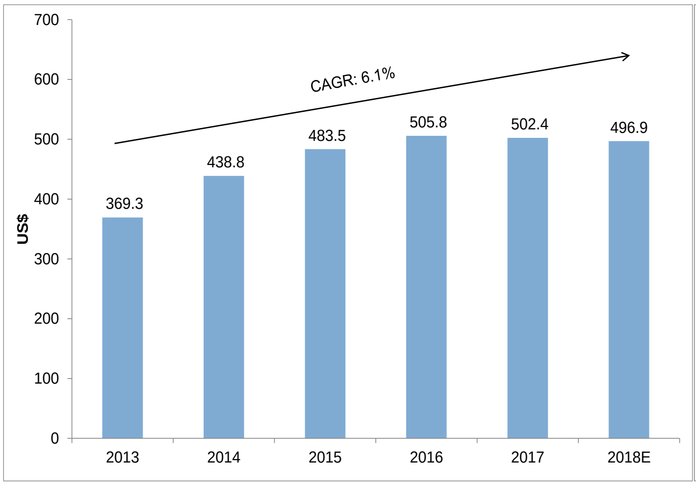
Insurance Density

The average insurance density in GCC grew at a CAGR of 6.1% between 2013 and 2018 to US$ 496.9

The average insurance density in GCC grew at a CAGR of 6.1%, between 2013 and 2018, in line with the overall trend in GWP, to reach US$ 496.9[11] (see Exhibit 7). However, between 2016 and 2018, insurance density declined marginally by 0.9% as growth in population outpaced the rise in GWP. Insurance density varies considerably among GCC nations, with UAE having the highest at US$ 1,194.7, followed by Qatar (US$ 1,135.3), Bahrain (US$ 488.9), Saudi Arabia (US$ 285.0), Kuwait (US$ 286.0) and Oman (US$ 261.9) (see Exhibit 8). The average insurance density in the GCC is higher than the emerging market average of US$ 169.0, primarily due to the comparatively lower population base and higher average per-capita income.

[11] Source: "World Insurance Reports", Swiss Re

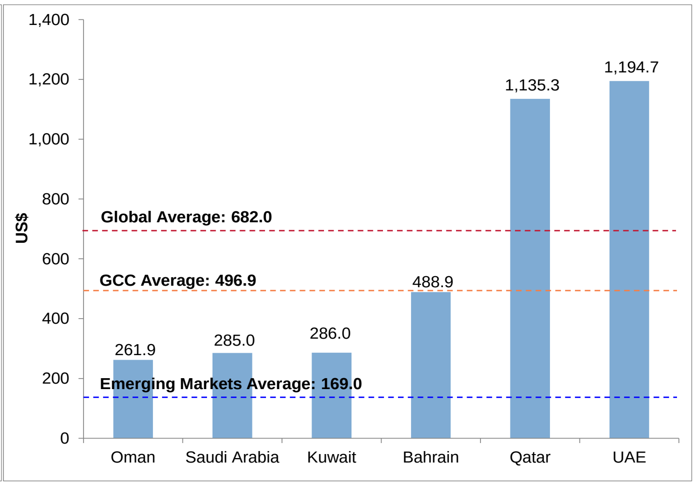
Exhibit 7: Trend in Insurance Density in the GCC



Source: Swiss Re, IMF

Note: E – Estimated

Exhibit 8: Country-wise Insurance Density (2018)



Source: Swiss Re, IMF

Takaful Insurance

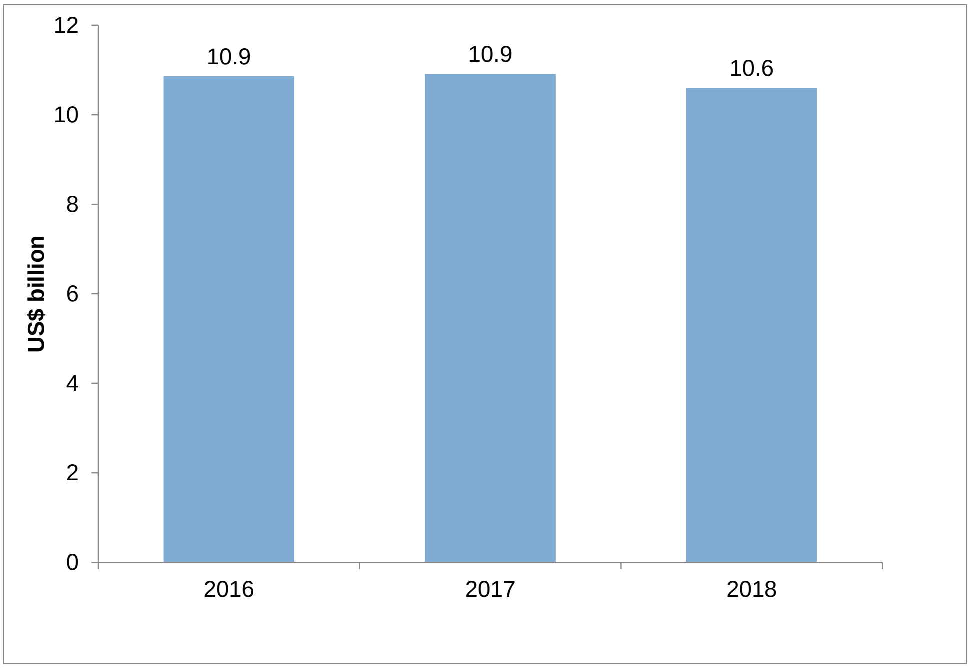
The combined premiums of the GCC Takaful operators declined to US$ 10.6 billion in 2018 from US$ 10.9 billion in 2016

There are more than 37 Takaful players in the region and together accounted for 77.2% of the global Takaful GWP[12]. The combined premiums of the GCC Takaful operators stood at US$ 10.6 billion in 2018, a decline from US$ 10.9 billion in 2016 (see Exhibit 9). Despite sustained GWP from compulsory motor and health insurance business lines[13], the Takaful market witnessed a challenging period between 2016 and 2018 due to economic headwinds affecting premium growth[14]. In contrast, between 2012 and 2015, the GCC Takaful market grew at an average annualized rate of 18.0%[15] because of a preference towards Sharia-compliant financial solutions and an expanding non-life market.

Most Takaful providers in GCC are relatively small and struggle to match the profitability of their conventional counterparts. Nevertheless, Takaful operations has been gaining preference in GCC, as penetration of conventional insurance is relatively low among the affluent Muslim society. Moreover, a maturing regulatory framework and an ethical investment policy adds to the strong growth prospects of Takaful insurance products among the GCC nationals.

[12] Source: "Global Takaful Report 2017", Milliman Research, July 2017
[13] Source: "Global Takaful Report 2017", Milliman Research, July 2017
[14] Source: "Islamic insurers could lead 'merger mania' in UAE, Saudi insurance sectors", S&P Global, July 29, 2019
[15] Source: "Global Takaful Report 2017", Milliman Research, July 2017; Swiss Re

Exhibit 9: GWP of Takaful Insurers in the GCC



Source: S&P Global
Note: Data as of 31st December, 2018

The profitability of Takaful firms in GCC witnessed a decline between 2016 and 2018, primarily due to pricing pressure, volatility in investment returns due to low interest rates and a stagnant real estate market. In 2018, the GCC Takaful insurance sector generated net profit of approximately US$ 281 million, compared with US$ 383 million in 2017 and US$ 674 million in 2016, while GWP remained stagnant[16] (see Exhibit 9). However, Takaful insurers in GCC recorded a 9.5% y-o-y increase in GWP in Q1 2019, complimented by a 13.4% y-o-y increase in net profits as a result of improved pricing due to regulatory changes, in particular across the motor and health segments, providing a much-needed impetus to the underwriting profitability of regional insurers[17].

Saudi Arabia is one of the most mature Takaful markets, accounting for approximately 50% of the global market

All insurance companies in Saudi Arabia follow a cooperative model, requiring those insurance companies to be Sharia-compliant. Consequently, Saudi Arabia is one of the most mature Takaful markets and accounts for approximately 50% of the global Takaful market[18]. GWP of Takaful operators in Saudi Arabia grew at a CAGR of 8.3% to US$ 9.5 billion in 2018 from US$ 6.4 billion in 2013[19], accounting for approximately 89.6% of the total GCC Takaful market. Moreover, Islamic premium income in Saudi Arabia increased 8.8% in Q1 2019, mainly due to a rise in health insurance following the introduction of mandatory cover for dependents of nationals[20].

In other GCC countries, the Takaful industry has gradually gained prominence. In UAE, the Takaful industry witnessed a rise in premiums because of the growing demand of ethical financial investment plans. In 2018, UAE-based Takaful companies recorded premiums of

[16] Source: “Islamic insurers could lead 'merger mania' in UAE, Saudi insurance sectors”, S&P Global, July 29, 2019
[17] Source: “GCC’s takaful outlook positive on strong underwriting profitability”, Gulf News, January 7, 2018
[18] Source: “Improved regulations spur Takaful growth”, Khaleej Times, April 12, 2019
[19] Source: “World Insurance Reports”, Swiss Re
[20] Source: “Islamic insurers could lead 'merger mania' in UAE, Saudi insurance sectors”, S&P Global, July 29, 2019

AED 3.7 billion (US$ 1.01 billion[21]), translating to a CAGR of 11.1% from 2016[22]. Despite the growth in GWP, Takaful operators accounted for approximately 17% market share of the UAE's overall insurance sector in 2018[23], an increase from 9.5% in 2015. The country's Takaful firms also maintained profitability for consecutive years in 2017 and 2018, primarily due to compulsory health and motor insurance regulations. Although the net profits of the UAE's listed Takaful operators grew 4% to AED 155 million (US$ 42.2 million) in 2018, the aggregate underwriting profits declined 9% to AED 357 million (US$ 97.2 million). Despite the decline, the Takaful operators' underwriting returns continue to benefit from improvements in pricing and underwriting discipline due to regulatory changes in 2017 in the key business lines of motor and health insurance.

In Oman, Al Madina Takaful and Takaful Oman, 2 operators within the Takaful segment, registered GWP of OMR 30.5 million (US$ 79.3 million[24]) and OMR 23.1 million (US$ 60.1 million) in 2018, an increase from OMR 29.9 million (US$ 77.7 million) and OMR 15.8 million (US$ 41.0 million) in 2017[25]. Going forward, improvements in the regulatory environment coupled with pricing and underwriting discipline are likely to bolster the overall GCC Takaful industry[26].

Reinsurance

Demand for reinsurance is continuing to grow with new reinsurance players providing additional capacity in the region's expanding non-life markets

Insurance companies in GCC rely heavily on reinsurance as 42.4% of total insurance premiums are ceded to reinsurers, significantly higher than the global average of 5.0% in 2018[27]. Demand for non-life reinsurance is continuing to grow with new reinsurance players providing additional capacity for the region's expanding non-life markets. GCC reinsurer's share of GWPs was US$ 6.9 billion in 2018, a growth of 1.2% from the previous year[28].

The economic slowdown witnessed from 2016, and subsequent reduction in spending on infrastructure, negatively affected the reinsurance sector. Together, the average cession rates for Oman, Qatar and Saudi Arabia, declined due to growing proportion of motor and health insurance business lines, which demonstrate lower cession rates than other property and liability claims.

Saudi Arabia had the highest retention rate in 2018 at 76.2%, while the lowest retention rate observed was in the UAE at 50.8% (see Exhibit 10). Risk retention levels in the Kingdom increased in the health segment from 78.0% in 2008 to 96.0% in 2017 [29]. The Property & Casualty segment drives the bulk of reinsurance business in Saudi Arabia, where retention rates are still low at 26.0%[30] due to the high underwriting risk involved in the property markets and large infrastructure projects. Notably, the Saudi Arabian Monetary Authority (SAMA) imposed a requirement of 30.0% of total ceded premium in order to reduce the dependency on foreign reinsurance institutions, driving the retention rates higher in the Kingdom[31].

Other nations such as the UAE and Qatar are also playing a vital role in the development of reinsurance industry, with the Dubai International Financial Centre (DIFC) and Qatar

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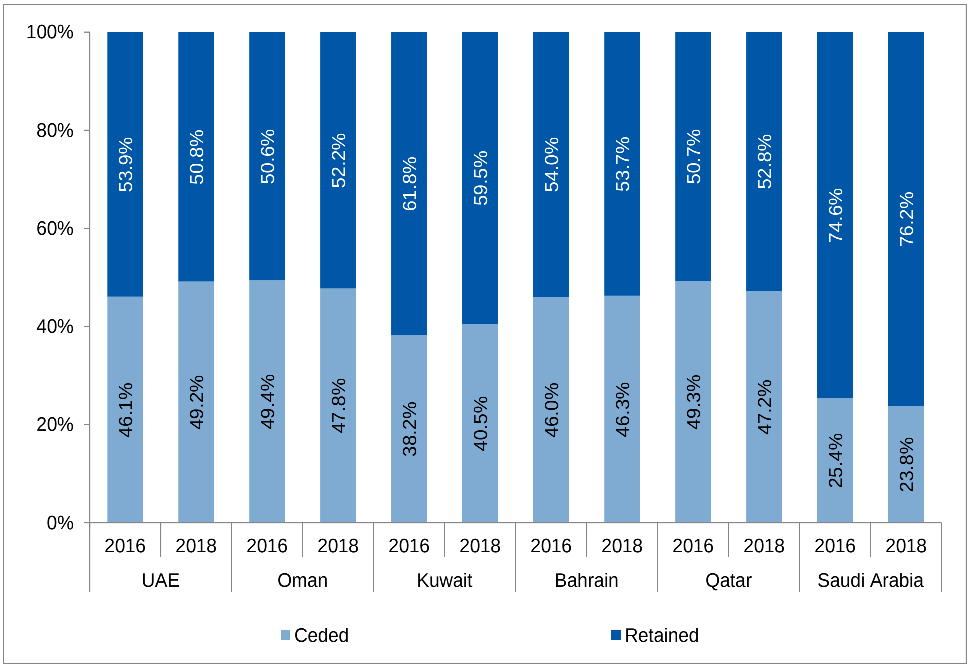
[21] At the exchange rate of 2.6008
[22] Source: "UAE Insurance Industry Report 2018", Milliman Research, April 2019
[23] Source: "Takaful companies catching up with conventional insurers", April 18, 2019
[24] At the exchange rate of 0.2723
[25] Source: "Company websites, Company Filings, Muscat Securities Market"
[26] Source: "Improved regulations spur Takaful growth", Khaleej Times, April 12, 2019
[27] Source: "Word Insurance Reports" Swiss Re
[28] Source: Company Filings (all listed insurance companies in GCC), 2017-2018
[29] Source: "Reinsurers see big reinsurance hub in Kingdom and also challenges", ME Insurance Review, July 1, 2019
[30] Source: "Reinsurers see big reinsurance hub in Kingdom and also challenges", ME Insurance Review, July 1, 2019
[31] Source: "Longstanding MENA Reinsurers demonstrate resilience in Tough market conditions", AM Best Report, September 4, 2018

Financial Centre (QFC) being home to several global reinsurers focusing on regional expansion. However, DIFC is witnessing several exits by reinsurance companies due to factors including poor underwriting results affecting the profitability of reinsurers in 2017 and 2018, particularly in property, energy and marine lines. Additionally, slowdown in business volume, rising operating costs in the DIFC, and terms and conditions becoming competitive have led to the departure of some reinsurance firms in recent years[32].

Exhibit 10: Proportion of Insurance Premiums Ceded to Reinsurance Companies



Source: Company Filings

The GCC reinsurance industry is facing several challenges, due to its highly fragmented market, leading to pricing pressure, oversupply of reinsurers and losses recorded from the stagnation in real estate markets[33]. A decline in cession rates, alongside the economic slowdown since 2016 and the subsequent reduction in spending on infrastructure has not been favorable for reinsurers.

Regulatory Environment

Regional regulators are actively introducing new norms aimed at harmonizing the rules and encouraging the domestic firms to enhance their corporate governance

The GCC insurance industry has witnessed a major overhaul of its regulatory framework, as governments deployed more efficient and stringent guidelines to keep the sector on par with global practices. Regional regulators are actively introducing new norms to harmonize rules and encourage domestic firms to enhance their corporate governance practices. These regulations aim to standardize processes, strengthen technical provisions and protect the interest of policyholders. Although regulatory frameworks are taking shape across GCC, each country varies in its approach and the policies adopted by the respective insurance authorities are not standardized. Consequently, the insurance sector continues to face challenges due to the lack of regulatory uniformity across the region.

[32] Source: "Is Dubai's regional hub status at risk?", ME Insurance Market, July 2019
[33] Source: "Reinsurance market pressured by overcapacity, huge losses", ME Insurance Review, September 19, 2018

Exhibit 11: GCC Insurance Regulatory Landscape

	Bahrain	Kuwait	Oman	Qatar	Saudi Arabia	UAE
Regulator	Central Bank of Bahrain (CBB)	Ministry of Commerce and Industry (MoCI)	Oman Capital Market Authority (CMA)	Qatar Central Bank (QCB); Qatar Financial Centre Regulatory Authority (QFCRA) for entities registered in the Qatar Financial Centre (QFC)	Saudi Arabia Monetary Authority (SAMA); The Council of Cooperative Health Insurance (CCHI) oversees the Kingdom's health insurance system	Federal Level - UAE Insurance Authority (IA); Dubai Financial Services Authority (DFSA) for entities registered in the DIFC; Financial Services Regulatory Authority (FSRA) for entities registered in the ADGM; Dubai Health Authority (DHA) and Department of Health Abu Dhabi (HAAD) oversee the health insurance systems
Association	Bahrain Insurance Association (BIA)	Kuwait Insurance Federation (KIF)	Oman Insurance Association (OIA)	NA	NA	Emirates Insurance Association (EIA)
Regulatory Law or Reference Work	Insurance Rulebook, April 2005	Law No. 125 of 2019, regulating insurance	Royal Decree 90/2004 (CMA July 2014), legislation governing companies operating in the sector	Law No. 13 of 2012 (QCB Law), regulation and supervision; Law No. 7 of 2005 (QFC Law), the rules and regulations of the QFC	Cooperative Insurance Companies Control Law, 2005; Anti-Money Laundering Law, 2017	Federal Law No. 6 of 2007 regarding the incorporation of the insurance authority and organization of its operations
Capital Requirements	BHD 5 million (US$ 13 million) for insurance companies; BHD 10 million (US$ 26 million) for reinsurance companies	KWD 5 million (US$ 16 million[34]) for companies carrying out life and non-life insurance activities; KWD 15 million (US$ 49 million) for companies carrying out conventional or Takaful re-insurance activities	OMR 10 million (US$ 26 million)	QAR 100 million (US$ 27 million) above their risk-based capital (RBC) requirement for listed companies; Unlisted companies must have capital greater than their RBC	Insurance services (only): SAR 100 million (US$ 27 million); Insurance and Reinsurance services: SAR 200 million (US$ 53 million)	AED 100 million (US$ 27 million) for insurance companies; AED 250 million (US$ 68 million) for reinsurance companies

Source: Respective Regulatory Authorities

The number of mandatory insurance lines have continued to grow in the region. The addition of government-led compulsory insurance coverage across the healthcare and motor segments have facilitated the growth of the industry. With the exception of Bahrain[35] and

[34] At the exchange rate of 3.2950
[35] Source: "Health Insurance For Expats Mandatory By 2020", Gulf Insider, September 20, 2019

Oman[36], all other GCC nations require their expatriate population to avail mandatory health coverage. Expatriates, who currently seek medical services in their home countries due to the high cost and lack of some specialties in GCC[37], are likely to benefit from the introduction of such arrangements and increase GWP for the segment. Other common mandatory requirements include workman's compensation, and insurance consultants indemnity (see Exhibit 12).

Exhibit 12: Compulsory Insurance Lines (2019)

Stage	Bahrain	Kuwait	Oman	Qatar	Saudi Arabia	UAE
Expatriate - Health		●		●	●	●
National – Health					●	●
Third Party Liability						
Motor Liability	●	●	●	●	●	●
Workman's Compensation	●	●	●	●	●	●
Pleasure Craft		●				●
Professional Liability						
Engineers				●		●
Construction Professionals				●		●
Health			●		●	
Insurance Consultants	●	●	●	●	●	●

Source: Respective Regulatory Authorities, World Bank

Market Structure

The market is largely concentrated with the top 20 listed insurance companies in GCC (based on GWP) accounting for 57.7% of the total insurance market in 2018

The GCC insurance market is highly competitive and fragmented with a large number of domestic and foreign players. To sustain the increasing demand for insurance, GCC witnessed a steep rise in the number of domestic and foreign insurance providers. As of 2018, the top 20 listed insurance companies in the region (based on GWP) accounted for 57.7% of the total insurance market, up from 56.5% in 2017[38]. Moreover, for the same period, the 90 listed insurance companies in GCC accounted for 80.9% of the total insurance market. As a result, smaller and less capitalized insurance companies are competing for the remaining market share.

Across sales channels, agents and brokers remain the primary avenues for the distribution of insurance products, whereas bancassurance continues to maintain its position as one of the fastest sales channels of insurance in the region. Recently, the region has witnessed a rise in digital distribution channels including platforms such as online websites, social media pages, digital kiosks and mobile apps, which have gained increasing popularity.

[36] Source: "Mandatory health insurance likely from mid-2020", Times of Oman, September 24, 2019
[37] Source: "Expats prefer medical treatment outside UAE", January 25, 2015
[38] Source: "Swiss Re, Thomson Reuters, Company Filings", 2018-19

Exhibit 13: Industry Structure (2019)

Country	Total No. of Insurers	Type of Insurers		Domicile		No. of Public-Listed Insurers	Top 3 Companies (by GWP)
		Conventional	Takaful	Foreign Insurers	National Insurers		
Bahrain	36	30	6	12	24	5	• Bahrain Kuwait Insurance Co BSC • Bahrain National Holding Co BSC • Solidarity Bahrain BSC
Kuwait	39	26	13	11	28	7	• Gulf Insurance Group KSCP • Al Ahleia Insurance Co SAKP • Kuwait Reinsurance Co KSCP
Oman	20	18	2	10	10	10	• National Life and General Insurance Co SAOC • Dhofar Insurance Co SAOG • Oman United Insurance Co SAOG
Qatar	12	8	4	8	4	5	• Qatar Insurance Co QSPC • Doha Insurance Group QPSC • Qatar General Insurance and Reinsurance Co QPSC
Saudi Arabia	35	-	35	-	35	33	• Bupa Arabia for Cooperative Insurance Co SJSC • Co for Cooperative Insurance SJSC • Al Rajhi Co for Cooperative Insurance SJSC
UAE	62	50	12	27	35	30	• Oman Insurance Co PSC • Orient Insurance PJSC • Abu Dhabi National Insurance Co PSC

Source: Respective Regulatory Authorities, Regional Indexes

2.1 Country-wise Insurance Market Overview

UAE

Segment-wise Insurance Market

The UAE registered GWP of US$ 12.5 billion in 2018, growing at a CAGR of 9.4% from US$ 8.0 billion in 2013

UAE has continued to rank as the largest insurance market in the MENA region for more than a decade and stands 37th globally in terms of GWP written during 2017-18[39]. A well-diversified economy, strong demographics including a high proportion of expatriate population[40], introduction of mandatory health and motor insurance and an overhaul of the regulatory environment have been some of the major driving forces of the country's insurance industry. Additionally, strong government-led infrastructure stimulus and increased construction activities, in particular to the run up to Expo 2020, have been auguring growth for the industry. The country registered GWP of US$ 12.5 billion in 2018, growing at a CAGR of 9.4% from US$ 8.0 billion in 2013 (see Exhibit 14)[41]. UAE recorded the second fastest average annualized growth in terms of GWP in GCC, behind Qatar. However, growth decelerated in 2017 and 2018 due to challenges in the economic

[39] Source: "World insurance: the great pivot east continues", Swiss Re, Sigma No 03/2019
[40] Source: "UAE Population Statistics", Global Media Insight, September 1, 2019
[41] Source: "World Insurance Report", Swiss Re,

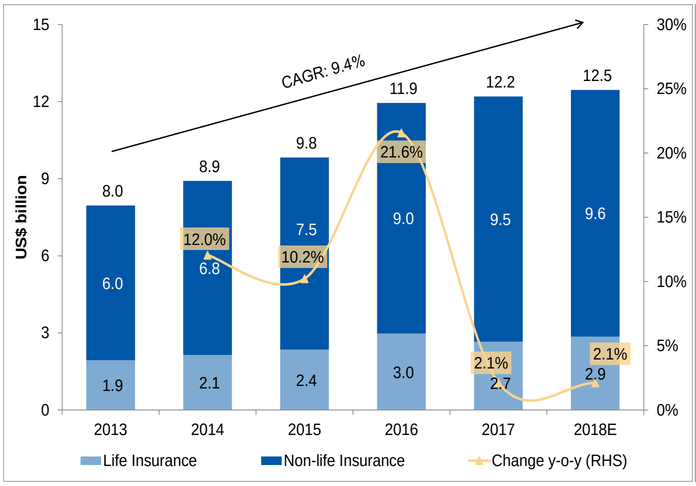
environment[42], introduction of VAT, cost-cutting measures by corporates and lack of new mandatory insurance covers[43].

UAE's non-life insurance segment grew at a CAGR of 9.8% between 2013 and 2018 with health, accident & liability business lines accounting for over 80% of the total

The non-life insurance segment accounted for 77.1% of total GWP in 2018, growing at a CAGR of 9.8% from 2013. One of the primary drivers for this growth was the introduction of high and unified motor premium rates and mandatory health insurance covers[44]. As a result, the contribution of the health insurance segment increased to 55.8% in 2018 from 44.1% in 2013[45]. Health, accident & liability are the key non-life insurance business segments and jointly account for over 80% of the total non-life insurance market (see Exhibit 15). In 2018, the share of motor insurance GWP, which is comprised within accident & liability segment, was recorded at 19.6%, a decline from 21.5% in 2017 due to the declining number of traffic deaths and serious accidents[46]. Moreover, increased competition and liberalization of motor rates led to declining premium volumes[47]. The introduction of no-claims bonuses by the UAE Insurance Authority (IA) also impacted the motor segment, as safer drivers were rewarded with discounts on premiums for policyholders with claims-free records[48]. Other non-life business segments such as fire & marine, aviation & inland transportation also recorded a reduction in market share during 2018 (see Exhibit 15), impacting the overall growth of the non-life sector in the last 2 years.

UAE also has the largest life insurance GWP within GCC. The total life insurance GWP grew from US$ 1.9 billion in 2013 to US$ 2.9 billion in 2018[49] supported by the on-going insurance coverage and support provided by employers as well as issuance of single premium investment products by banks.

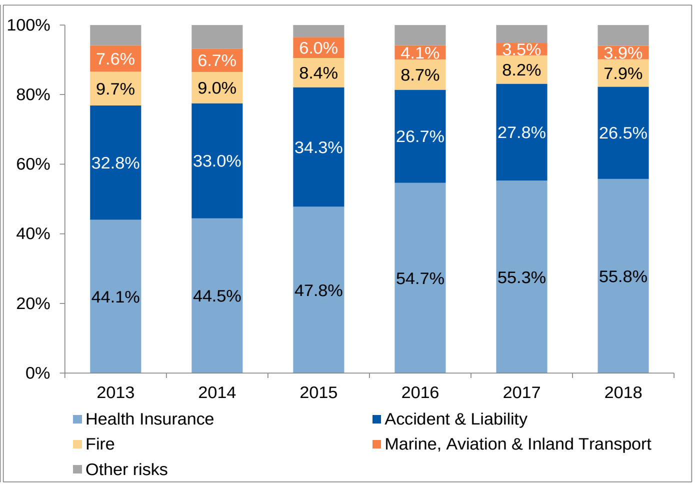
Exhibit 14: Segment-wise GWP in the UAE



Source: Swiss Re

Note: E- Estimated

Exhibit 15: Composition of Non-life in the UAE



Source: UAE Insurance Authority

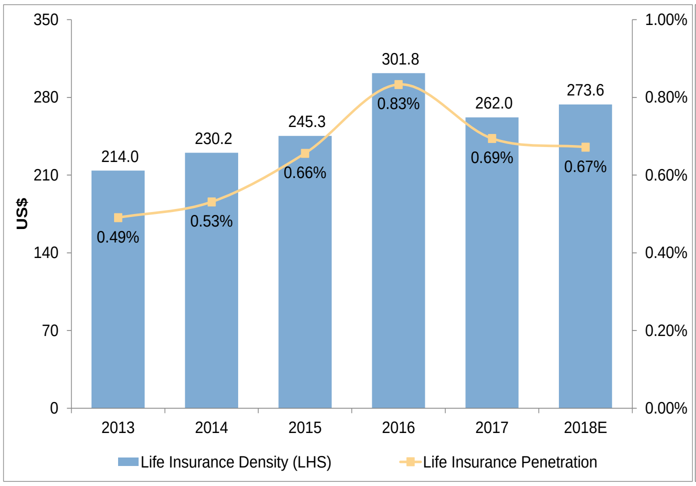
Note: Accident & Liability segment includes GWPs from sub-segments Motor and Engineering Insurance Policies

[42] Source: "World Insurance Report 2018", Swiss Re
[43] Source: "GCC insurers to face pressure on earnings in 2019", February 26, 2019
[44] Source: "World Insurance Report, 2017", Swiss Re
[45] Source: "UAE Insurance Authority", 2019
[46] Source: "Traffic deaths fall by 34 % in five years", ME Insurance Review, September 26, 2019
[47] Source: "Slow growth expected in non-life markets" ME Insurance Review, July 7, 2019
[48] Source: "Motor premiums fall in 1H2018", ME Insurance Review, June 23, 2019
[49] Source: "World Insurance Report", Swiss Re

The UAE had the highest life and non-life insurance penetration in GCC region at 0.7% and 2.3%, respectively, in 2018

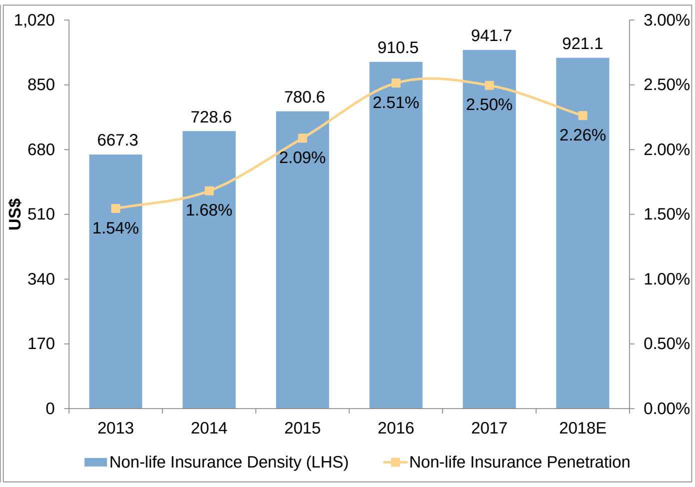
The UAE had the highest life and non-life insurance penetration in GCC region at 0.7% and 2.3%, respectively, in 2018[50] (see Exhibits 16 and 17), lower than global averages of 3.3% and 2.8%, respectively[51]. The rise in the total density and penetration rates of life and non-life insurance segments over the 5-year period remain on par with increasing GWP levels. Since 2013, life insurance density in the UAE has grown at a CAGR of 5.0%, reaching US$ 273.6 in 2018. However, insurance density recorded a decline of 4.8% CAGR between 2016 and 2018. Life insurance products remain popular amongst the expatriate community since the local community remain covered under the state welfare program. On the other hand, compulsory motor and health insurance regulations supported the growth of the non-life insurance density, which reached US$ 921.1 in 2018 from US$ 667.3 in 2013. This is significantly higher than the global and Asian market averages of US$ 297.0 and US$ 123.0, respectively[52].

Exhibit 16: Life Density and Penetration in the UAE



Source: Swiss Re, IMF

Exhibit 17: Non-life Density and Penetration in the UAE



Source: Swiss Re, IMF

Recent Regulatory Developments

The UAE regulatory framework is amongst the most progressive in GCC and continues to strengthen with the adoption of international best practices. In 2017, the country witnessed a number of regulatory developments across the general and specialized lines of insurance and reinsurance businesses. Some of the key initiatives included tightening of control in motor insurance premium pricing, introduction of no-claims bonuses, licensing of actuaries, reduction in minimum shareholding required by UAE nationals in local insurers from 75.0% to 51.0% and imposition of a commission cap on health insurance[53].

In 2018, the UAE Insurance Authority (IA) issued new rules and regulations on capital requirements for foreign branches to monitor their solvency and compliance requirements, in line with IFRS 17 standard roadmap[54]. Furthermore, the IA issued a draft Electronic Insurance Regulation to govern all insurance businesses carried out online or electronically in the UAE. This prohibits selling life insurance and funds accumulation policies, including protection and savings, through the company's online distribution channels[55]. Introduced in

[50] Source: "World Insurance in 2018", Swiss Re; IMF
[51] Source: "World Insurance 2019", Swiss Re
[52] Source: "World Insurance in 2017: solid, but mature life market weigh on growth", Swiss Re, 2018
[53] Source: "UAE Insurance Regulatory Round-up 2017", Mondaq, February 13, 2018
[54] Source: UAE Insurance Authority Website
[55] Source: "Missed Opportunity: The UAE's New Electronic Insurance Regulations", Clyde&Co, April 4, 2019

October 2018, the Workers' compensation insurance scheme has further strengthened the competitiveness of the UAE business environment, while spreading insurance protection over a wider coverage of workers' benefits and work-related injuries[56]. The IA also introduced new regulations relating to life insurance and family Takaful insurance to ensure greater transparency during its sales distribution. The new regulations require insurers to present at least 2 scenarios for an insurance policy based on rates of return on investment and the investment rate used for calculation should not exceed EIBOR +4.0% published during the previous 3 months[57]. The combination of these initiatives will support the alignment of regulations in the UAE in concurrence with the more developed markets. In addition, these regulations are likely to foster significant opportunities for insurance providers and intermediaries through a transparent business environment.

Saudi Arabia

Segment-wise Insurance Market

Saudi Arabia registered GWP of US$ 9.5 billion in 2018, growing at a CAGR of 8.3% from US$ 6.4 billion in 2013

Saudi Arabia is the second largest insurance market in GCC and ranked 41st globally based on GWP during 2017-18[58]. The Kingdom registered GWP of US$ 9.5 billion in 2018, growing at a CAGR of 8.3% from US$ 6.4 billion in 2013 (see Exhibit 18)[59]. Factors supporting the industry growth include a large and growing population base and compulsory coverage under health and motor insurance. Moreover, government-led reforms to develop infrastructure and create jobs, as part of its Vision 2030, has augured well for the insurance sector. However, growth in GWP contracted between 2016 and 2018 due to increased competition, the application of higher no-claims discounts for motor policies, effects of economic slowdown on consumer spending and migration of expatriates due to the government's localization initiative[60]. Moreover, tightening of regulatory oversight, including the introduction of risk-based supervision framework, and strict actuarial pricing adversely affected the industry[61].

Saudi Arabia's non-life insurance segment grew at a CAGR of 9.8% between 2013 and 2018 with motor and health business lines contributing 86.4% to the total

The non-life insurance segment grew at a CAGR of 9.8% between 2013 and 2018. The key segments leading the growth for the sector are motor and health lines, which contributed 86.4% to the total non-life insurance GWP (see Exhibit 19) and approximately 82.1% to the overall GWP[62], respectively, in 2018. Both segments recorded a CAGR of 8.2% and 9.0%, respectively, between 2013 and 2018. The major factor that contributed to increasing GWP in the health segment was the introduction of the unified policy by the Council of Cooperative Health Insurance (CCHI) in July 2018.

However, between 2016 and 2018, the Kingdom recorded a decline in the non-life insurance segment of 2.1% CAGR. The share of motor insurance GWP declined to 27.8% in 2018, from 34.2% in 2016, due to increased competition, the effects of commercial vehicles insured as private vehicles and the increased base of eligible customers earning loyalty and no claims discounts[63]. Excluding aviation, GWP in other commercial segments such as marine, property & fire, accidents & liability, engineering and energy also declined in 2018[64], contributing to the fall in GWP recorded within the non-life segment.

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[56] Source: "GWP growth eases in 2018", ME Insurance Review, October 22, 2019
[57] Source: "Insurance Authority issues new life insurance & family takaful rules", ME Insurance Review, October 15, 2019
[58] Source: "World insurance: the great pivot east continues", Swiss Re, Sigma No 03/2019
[59] Source: "World Insurance Report", Swiss Re
[60] Source: "Saudi insurance market sees 28% profit drop in 2018", Zawya, April 10, 2019
[61] Source: Financial Stability Report 2019, SAMA
[62] Source: "The Saudi Insurance Market Report 2018", Saudi Arabian Monetary Authority (SAMA)
[63] Source: "Insurers see premium slowdown, yet several positive market factors prevail", ME insurance Review, June 18, 2019
[64] Source: "Financial Stability Report 2018", Saudi Arabian Monetary Authority (SAMA)

ALPEN CAPITAL

Exhibit 18: Segment-wise GWP in KSA

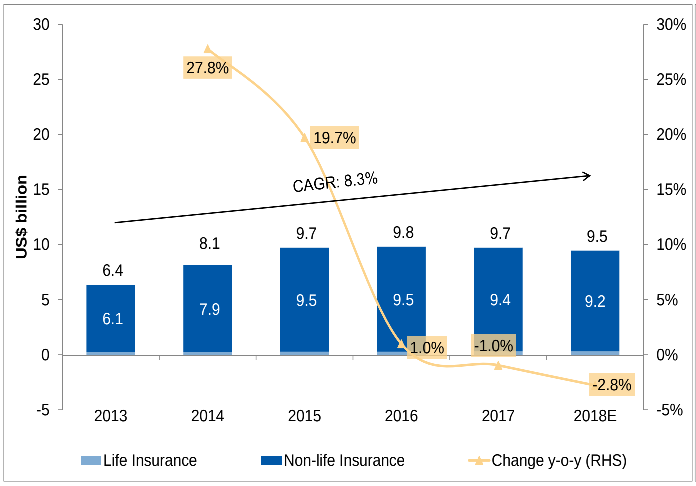
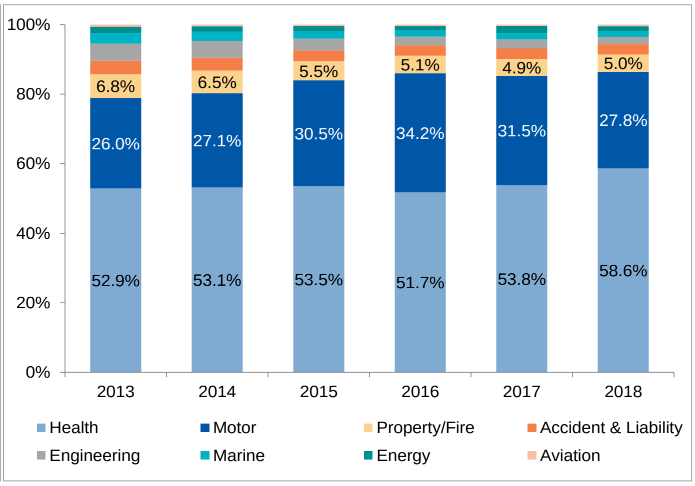


Exhibit 19: Composition of Non-life in KSA



Source: Swiss Re

Note: E – Estimated

Source: SAMA

Premiums from life insurance policies contribute a very small share of 3.2% of total GWP

Premiums from life insurance policies contribute a share of 3.2% to total GWP[65], primarily due to cultural reservations and the availability of social welfare schemes for nationals. As a result, penetration and density levels of life insurance are extremely low (see Exhibit 20). Between 2016 and 2018, penetration levels recorded a decline due to the slowdown in economic conditions affecting the premium growth. The overall penetration rate, which stood at 1.2% in 2018, is lower than the emerging market average of 3.2% and global average of 6.1%[66].

Exhibit 20: Life Density and Penetration in KSA

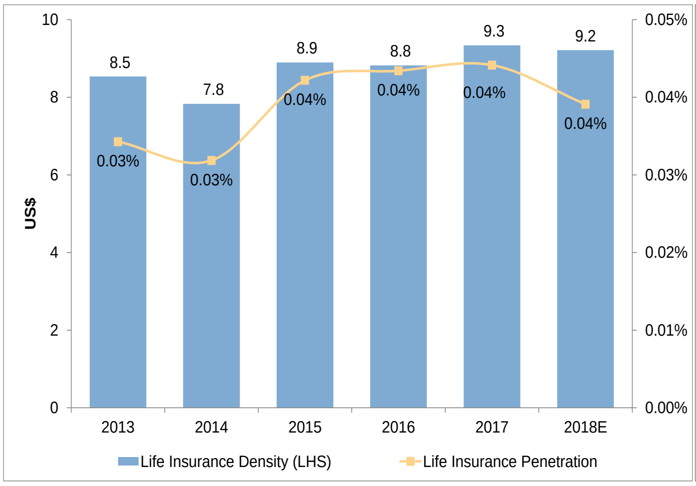
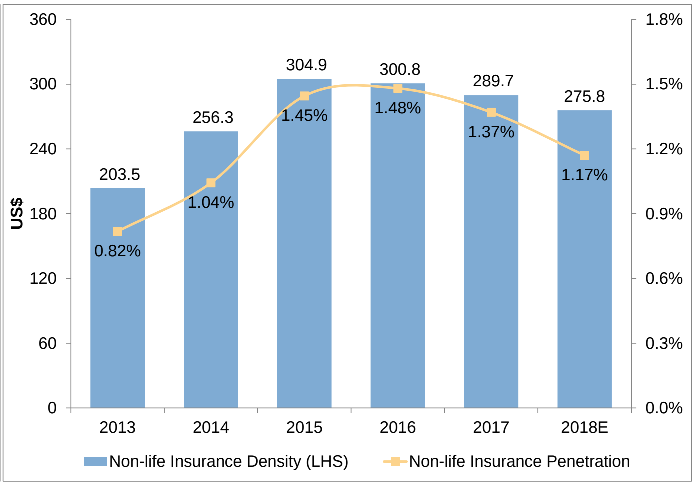


Exhibit 21: Non-life Density and Penetration in KSA



Source: Swiss Re, IMF

Source: Swiss Re, IMF

65 Source: World Insurance report series, Swiss Re

66 Source: "World Insurance in 2016", Swiss Re; "World Economic Outlook Database", IMF, October 2017

Recent Regulatory Developments

In 2018, SAMA introduced a number of regulatory reforms to improve supervision and facilitate foreign investments in the insurance sector. For instance, SAMA allowed business incorporation through branch operations to facilitate entry of large foreign insurance companies. Simultaneously, it introduced a Risk-based Supervision Framework to effectively monitor insurance companies and its intermediaries[67]. It also encouraged insurers to hold a large percentage of capital in order to improve internal risk controls, which in turn will help drive demand for reinsurance protection[68]. SAMA also implemented standard reserve reporting templates for annual and quarterly submissions and introduced benchmarking techniques for assessment and monitoring the adequacy of technical provisions held by the insurance companies. In July 2018[69], SAMA announced the establishment of a resolution center to handle insurance complaints and subsequently followed it up with a revised unified motor insurance program in August 2018[70]. In December 2018[71], the Kingdom also announced the issuance of licensing and control rules for insurance and reinsurance companies to promote fair competition[72]. To further strengthen the sector, SAMA is planning to impose a 5-time increase in the minimum capital requirements for insurance and reinsurance activities to SAR 500.0 million (US$ 133.4 million[73]) and SAR 1.0 billion (US$ 266.7 million), respectively[74].

In the motor insurance segment, SAMA introduced the No Claims Discount (NCD) framework while amending the existing framework for third party liabilities to encourage higher uptake of insurance. The regulator offered a one-time discount to female drivers, permitted to drive since July 2018, and for new male drivers as part of the new NCD framework[75].

In the health segment, the CCHI overhauled the Kingdom's health policy in 2018 and introduced new electronic infrastructure for the segment aimed at reducing fraud and administrative costs. The CCHI also introduced compulsory health insurance policy for tourists to purchase in conjunction with applications of tourist visas to Saudi Arabia[76]. Overall, SAMA has been strengthening its regulatory oversight to ensure prudent practices in order to improve compliance and brace the industry for stability and sustained growth.

Qatar

Segment-wise Insurance Market

Qatar registered GWP of US$ 3.1 billion in 2018, growing at a CAGR of 16.0% from US$ 1.5 billion in 2013

Qatar was the fastest growing insurance market in GCC and ranked 54th globally based on GWP during 2017-18[77]. Qatar registered GWP of US$ 3.1 billion in 2018, growing at a CAGR of 16.0% from US$ 1.5 billion in 2013 (see Exhibit 22)[78]. Robust infrastructural development in the run up to the 2022 FIFA World Cup, a period of elevated oil prices and the country's growing population have been key factors boosting industry growth, especially within the non-life insurance segment. A government ruling stipulating minimum capital requirements for insurance companies in 2016, improved regulations, controls, risk management,

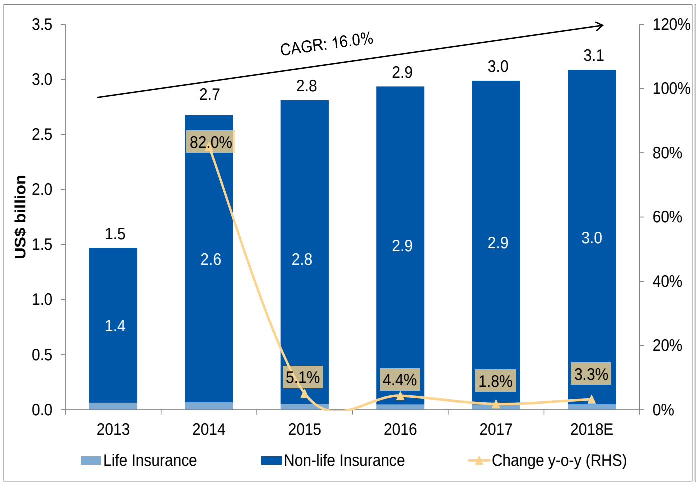
[67] Source: Financial Stability Report 2019, SAMA
[68] Source: "Saudi Arabia issues new rules for foreign re/insurance branches", Reinsurance News, December 20, 2018
[69] Source: "SAMA launches a resolution center to handle insurance complaints", Atlas Magazine, July 2018
[70] Source: "Entry into force of the new unified motor insurance program in Saudi Arabia", Atlas Magazine, August 2018
[71] Source: "SAMA issues licensing, controlling rules for insurance/reinsurance companies", SAMA, December 17, 2018
[72] Source: "SAMA issues licensing, controlling rules for insurance/reinsurance companies", SAMA, December 17, 2018
[73] At the exchange rate of 0.2667
[74] Source: "Share capital increase for the Saudi insurance companies", Atlas Magazine, April 2019
[75] Source: Financial Stability Report 2019, SAMA
[76] Source: "Regulator introduces medical insurance policy for tourists", ME Insurance Review, October 10, 2019
[77] Source: "World insurance: the great pivot east continues", Swiss Re, Sigma No 03/2019
[78] Source: World Insurance report series, Swiss Re

accounting and actuaries' reports also augured well for the industry[79]. In 2014, Qatar recorded a, one-time, 82.0% increase in GWP. This was because of the big-ticket contract awarded to a consortium of 5 listed insurance companies in April 2014[80] for the country's metro rail project. However, the growth slowed between 2016 and 2017 due to diplomatic tensions with the rest of the GCC nations, leading to the imposition of economic sanctions and withdrawal of investments from the domestic market. Moreover, intense competition in the motor insurance business, the largest insurance line, constrained growth.

The non-life insurance market in Qatar recorded a CAGR of 16.6% between 2013 and 2018, the fastest in the region

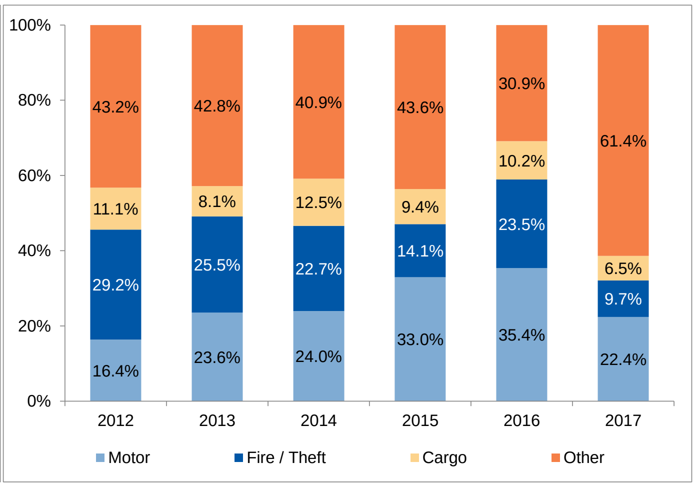
The non-life insurance market recorded the fastest annualized growth rate of 16.6% over the 5-year period to reach US$ 3.0 billion in 2018[81]. In 2017, the share of key non-life insurance business segments such as motor and fire & theft accounted for 22.4% and 9.7%, respectively, of the country's insurance GWP[82] (see Exhibit 23). Prior to 2016, the share of motor insurance continued to increase, supported by rising sale of vehicles and mandatory vehicle insurance policy. However, the share of motor, fire & theft and cargo business lines also declined in 2017 due to diplomatic tensions between Qatar and other GCC countries, which affected trade ties and led to job losses[83]. The health insurance segment is categorized under 'Others', without any further breakdown being available.

Exhibit 22: Segment-wise GWP in Qatar



Source: Swiss Re

Exhibit 23: Composition of Non-life in Qatar



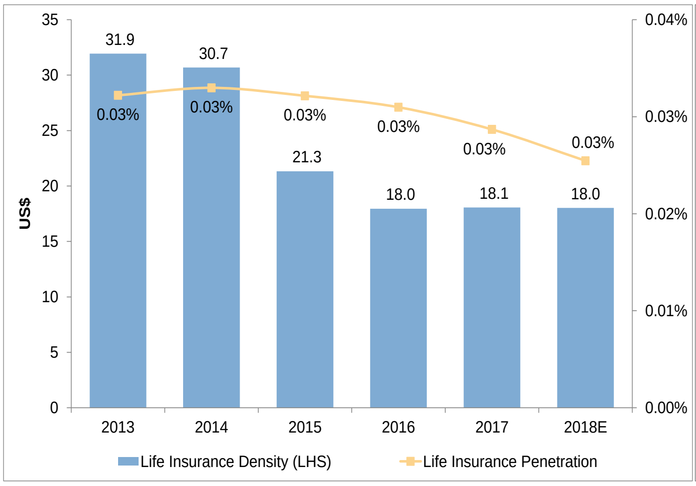
Source: Ministry of Development Planning and Statistics of Qatar

Accounting for 1.6% of the total GWP in 2018, the life insurance segment in Qatar remains underdeveloped

Accounting for 1.6% of the total GWP in 2018[84], the life insurance segment in Qatar remains underdeveloped, with a penetration rate of 0.03% and density of US$ 18.0 (see Exhibit 24). On the other hand, the non-life insurance segment dominated the industry, accounting for 98.4% of the total insurance GWP in 2018[85]. Subsequently, the penetration level has risen from 0.7% in 2013 to 1.6% in 2018 (see Exhibit 25) while the density grew at a CAGR of 9.7% over a 5-year period. While the overall penetration rates continue to remain between 1.6% and 1.9%, the density has declined over the last 2 years due to a decline in premiums.

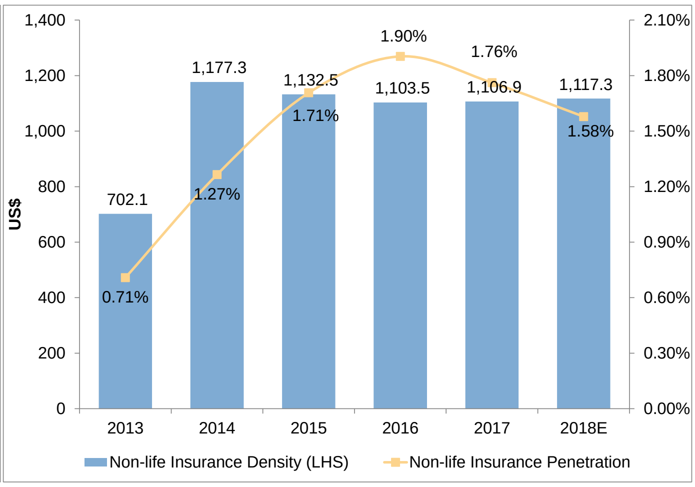
[79] Source: "The Issues Decision On Executive Instructions For Insurance Sector By Qatar Central Bank", QCB, March 30, 2016
[80] Source: "Qatar Rail awards 'largest-ever' single-project insurance policy", Saudi Gazette, April 21, 2014
[81] Source: World Insurance report series, Swiss Re
[82] Source: "Banks and Insurance", Ministry of Development Planning and Statistics of Qatar
[83] Source: "Diplomatic rift in Gulf squeezes business, putting rights of migrant workers at risk", Business & HR Resource Centre
[84] Source: World Insurance report series, Swiss Re
[85] Source: World Insurance report series, Swiss Re

Exhibit 24: Life Density and Penetration in Qatar



Source: Swiss Re, IMF

Exhibit 25: Non-life Density and Penetration in Qatar



Source: Swiss Re, IMF

Recent Regulatory Developments

Over the past 2 years, the Qatar Central Bank (QCB) introduced minimum capital requirements of QAR 100.0 million (US$ 27.4 million[86]) and instructed the country's insurers to schedule reports on automated systems, in accordance with modern international standards. Moreover, the regulator has implemented stringent compliance rules in line with the second strategic plan for the Regulation of the Financial Sector between 2017 and 2022[87]. Recently, QCB issued a decree that specifies instructions for licensing, regulation and supervision of insurance-related services, effective from April 2019[88]. These new regulations aim to develop the insurance sector by building the required legal framework and protecting the rights of policyholders.

Kuwait

Segment-wise Insurance Market

Kuwait's insurance sector grew at an average annualized rate of 6.6% to reach US$ 1.3 billion in 2018 from US$ 1.0 billion in 2013

Kuwait's insurance sector is the second smallest market in GCC and ranked 70th globally based on GWP during 2017-18[89]. Kuwait's insurance sector grew at an average annualized rate of 6.6% to reach US$ 1.3 billion in 2018 from US$ 1.0 billion in 2013[90] (see Exhibit 26). The growth in premiums remained volatile during the period, with a decline in 2015 and 2016 due to economic headwinds. However, the market made a strong rebound in 2017 by growing at 40.4%, the highest across all of the GCC countries after a decision from the Ministry of Health to raise fees for health services[91].

The non-life insurance GWP reached US$ 1.15 billion in 2018, growing at a CAGR of 8.3% from US$ 0.77 billion in 2013. The growth was primarily aided by an increase in the motor insurance business line and implementation of the Dhaman project, Kuwait's health

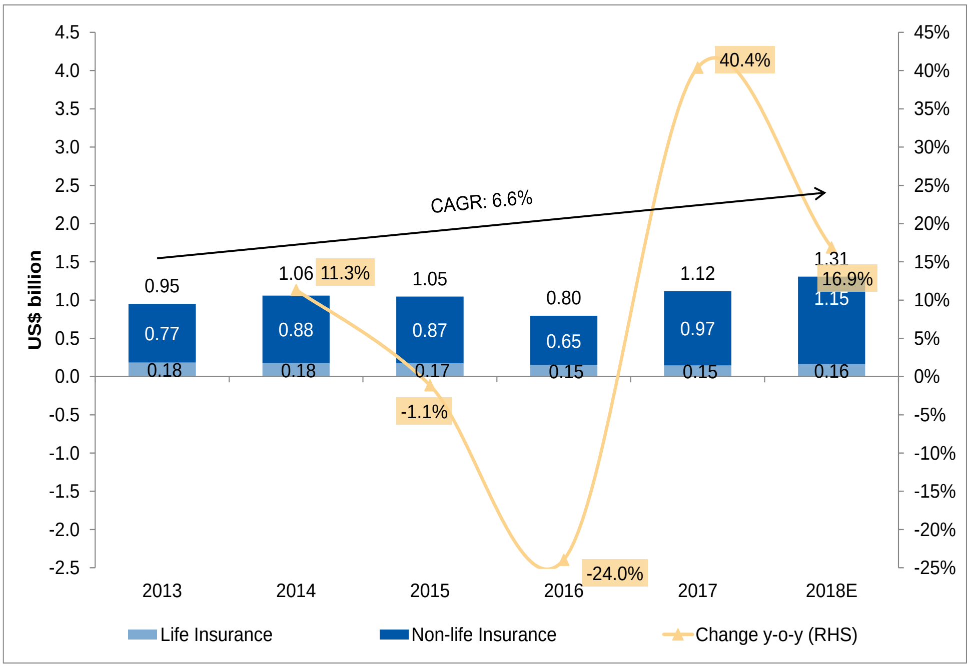
[86] At the exchange rate of 0.2747
[87] Source: "Financial Stability Review 2018", Qatar Central Bank
[88] Source: "Central Bank issues licensing rules for insurance firms", Middle East Insurance Review, April 11, 2019
[89] Source: "World insurance: the great pivot east continues", Swiss Re, Sigma No 03/2019
[90] Source: World Insurance report series, Swiss Re
[91] Source: "Insurance market posted 34% jump in premiums in 1H 2017", ME Insurance Review, January 2018

insurance scheme for foreigners working in the private sector[92]. The non-life insurance market accounted for 87.5% of the total insurance market in 2018, an increase from 80.9% in 2013[93].

The life insurance market is weak due to limited availability of products, lack of expertise among local companies and lack of distribution networks

On the other hand, life insurance segment accounted for 12.5% of the total GWP reaching over US$ 0.16 billion in 2018. During the 5-year period, life insurance GWP fell due to cultural reservations, resulting in the segment recording a negative growth of 2.2% CAGR[94]. The life insurance market remains weak due to the limited availability of products, lack of expertise among local companies compared to foreign insurers and lack of distribution networks as banks are prohibited from operating bancassurance[95].

Exhibit 26: Segment-wise GWP in Kuwait



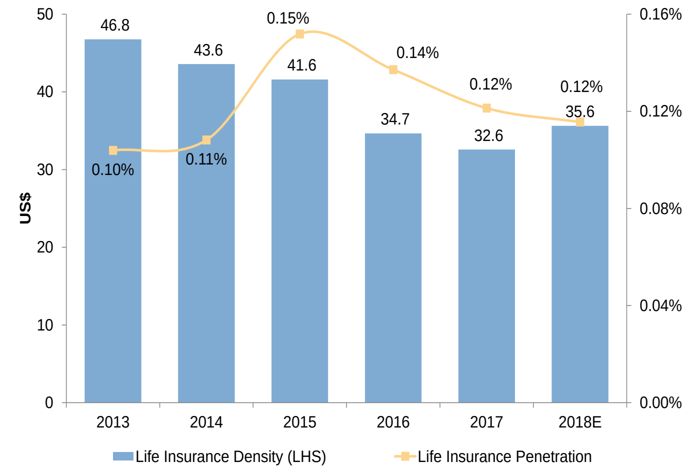
Source: Swiss Re

Kuwait's life insurance density gradually declined between 2013 and 2018 as penetration levels remained flat during the period

Life insurance density in Kuwait gradually declined from US$ 46.8 in 2013 to US$ 35.6 in 2018, however, the penetration levels remained flat during the period. On the other hand, the non-life insurance density remained volatile over the last few years and stood at US$ 250.3 in 2018[96] (see Exhibits 27 and 28) while the non-life penetration levels doubled from 0.4% in 2013 to 0.8% in 2018. Such low penetration levels in both segments provide significant opportunities for the insurance operators to cover the untapped market.

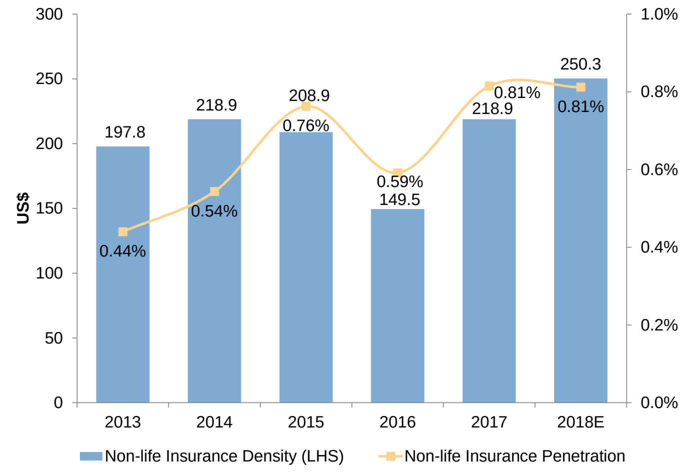
[92] Source: "First phase of health insurance scheme to start in 1Q17", ME Insurance Review, December 2016
[93] Source: World Insurance report series, Swiss Re
[94] Source: World Insurance report series, Swiss Re
[95] Source: "Life market faces lack of expertise and other challenges", ME Insurance Review, January 6, 2019
[96] Source: World Insurance report series, Swiss Re

Exhibit 27: Life Density and Penetration in Kuwait



Source: Swiss Re, IMF

Exhibit 28: Non-life Density and Penetration in Kuwait



Source: Swiss Re, IMF

Recent Regulatory Developments

In January 2019, the Ministry of Commerce and Industry approved the establishment of a separate regulatory body for the Kuwaiti insurance sector. The new insurance regulator, under the supervision of the Minister of Commerce and Industry, will supervise insurance companies, their establishment and control procedures[97]. The Kuwaiti government also approved a new insurance law, which is expected to cover supervisory tools across the insurance sector[98]. In March 2019, the government introduced compulsory health insurance for foreign visitors and expatriates living and working in Kuwait in a bid to reduce the burden on public healthcare spending[99].

Oman

Segment-wise Insurance Market

The insurance sector in Oman grew at a CAGR of 3.3% between 2013 and 2018 to US$ 1.1 billion

Ranked 75th globally based on GWP during 2017-18[100], the insurance sector in Oman grew at a CAGR of 3.3% between 2013 and 2018 to US$ 1.1 billion[101] (see Exhibit 29). The growth in Omani insurance sector was undermined by government-led austerity measures to mitigate risks arising from oil price volatility. After witnessing a substantial fall in 2016 due to slowdown in economic conditions, the insurance market posted a modest recovery owing to a rise in the health insurance segment.

The non-life insurance segment, which account for 86.0% of the total insurance GWP, grew at a CAGR of 2.2% between 2013 and 2018. One of the main drivers of the segment was health insurance, whose share of non-life GWP grew from 18.1% in 2013 to 37.7% in 2018[102] (see Exhibit 30), primarily aided by the growing awareness of insurance and increased coverage by employers. The number of employees in the private sector covered by health

[97] Source: "Insurance sector to have its own regulator", ME Insurance Review, January 3, 2019
[98] Source: "Lawmakers approve new insurance law", ME Insurance Review, May 20, 2019
[99] Source: "Kuwait makes insurance mandatory for visitors", Gulf News, March 6, 2019
[100] Source: "World insurance: the great pivot east continues", Swiss Re, Sigma No 03/2019
[101] Source: World Insurance report series, Swiss Re
[102] Source: "Insurance Market Index 2017-2018", Capital Market Authority of Oman

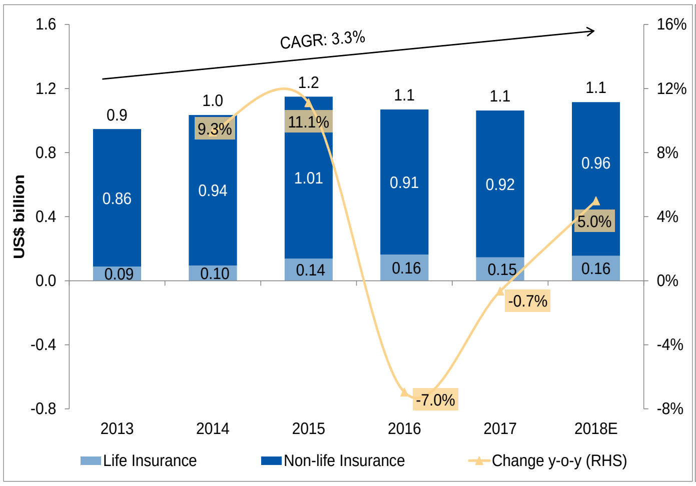
insurance in the Sultanate increased to 450,000 (22.7% of the total) as of 2018[103], up from 171,763 (9.9% of the total) in 2017[104]. Consequently, the health insurance segment has overtaken the motor segment to become the biggest market segment (37.7%), in terms of insurance premiums, in Oman[105].

The share of property insurance segment in Oman increased from 11.9% in 2016 to 12.1% in 2018 due to increased frequency of natural catastrophic events

Despite a decline in market share since 2013, motor insurance remains the second largest insurance business segment representing 35.9% of the non-life GWP in 2018, aided by compulsory third-party policy requirements. The share of property insurance segment increased marginally from 11.9% in 2016 to 12.1% in 2018 because the increased frequency of natural catastrophic events that has led to stronger public awareness of acquiring insurance protection. For example, the Mekunu Cyclone that hit the southern part of Oman caused catastrophic damages in 2018, resulted in companies receiving insurance claims amounting to OMR 150.0 million (US$ 390.1 million). This led to a 22.0% rise of property insurance policies from homeowners insuring their assets against such natural disasters[106].

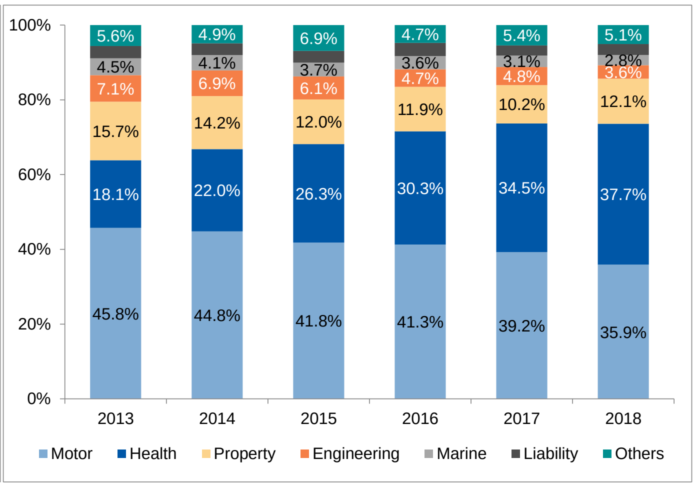
Other key insurance business segments such as engineering and marine witnessed a decline in market share in 2018 due to tepid business environment.

Exhibit 29: Segment-wise GWP in Oman



Source: Swiss Re

Exhibit 30: Composition of Non-life in Oman



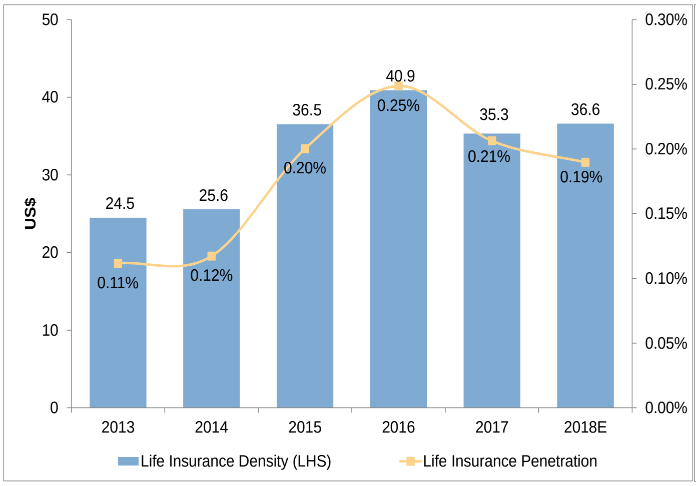
Source: Capital Market Authority of Oman

The life insurance segment recorded an average annualized growth of 12.1% over the 5-year period

The life insurance segment recorded an average annualized growth of 12.1% over the 5-year period[107]. As Oman's population grew at a faster pace of 3.5% CAGR compared to rise in GWP, the overall insurance density declined marginally between 2013 and 2018 (see Exhibits 31 and 32). The life density recorded a growth of 8.4% CAGR during this period; however, life insurance penetration in Oman remains very low compared to the advanced economies.

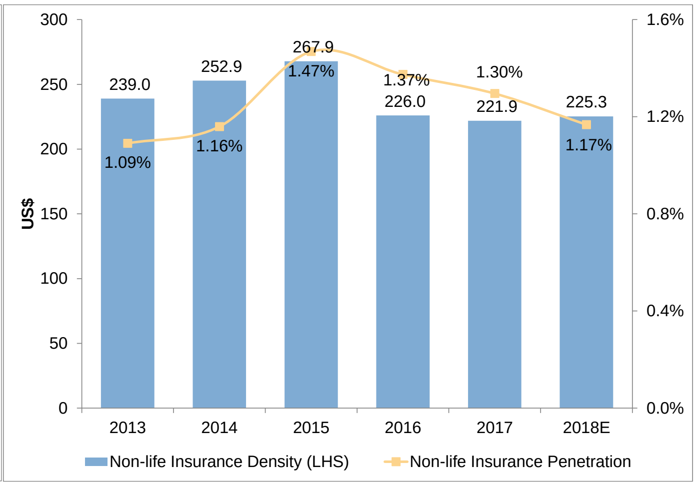
[103] Source: "Health insurance is now biggest market segment in Sultanate", April 15, 2019
[104] Source: Private Sector Labour Market Indicators, National Centre for Statistics & Information, 2017-2018
[105] Source: "Insurance market seen as maintaining reasonable growth in 2018", ME Insurance Review, May 27, 2019
[106] Source: "22 per cent spike in property insurance post-Mekunu", Times of Oman, July 10, 2019
[107] Source: World Insurance report series, Swiss Re

Exhibit 31: Life Density and Penetration in Oman



Source: Swiss Re, IMF

Exhibit 32: Non-life Density and Penetration in Oman



Source: Swiss Re, IMF

Recent Regulatory Developments

In 2014, the Capital Market Authority (CMA) increased the capital requirements for insurance providers from OMR 5 million (US$ 13 million) to OMR 10 million (US$ 26 million). The authority imposed the regulation after all national insurers were obligated to become public joint stock companies, hold public stock offerings and list their shares on the Muscat Securities Market (MSM). In April 2017, the CMA introduced a new set of broker regulations, which include levying a minimum capital requirement of OMR 100,000 (US$ 259,670), an increase in minimum bank guarantee requirements, as well as changes to laws pertaining to insurance brokerage licenses[108]. Moreover, the CMA issued the unified health insurance policy for employees in the private sector, including expatriates and foreigners, visiting the country in April 2019[109]. The unified health insurance policy, which is expected to be rolled out from 2020, is anticipated to benefit over 2 million workers in the private sector and visitors with a guarantee of minimum basic health coverage for inpatients and outpatients, emergency conditions, treatment of disease and out-of-pocket expenditure[110]. While the provision of mandatory health insurance is likely to aid towards industry growth and attract foreign insurance players to establish their operations in the country, the CMA is planning new investment regulations related to takaful and the underwriting process.

Bahrain

Segment-wise Insurance Market

With a GWP of US$ 0.72 billion in 2018, Bahrain remains the smallest market in GCC

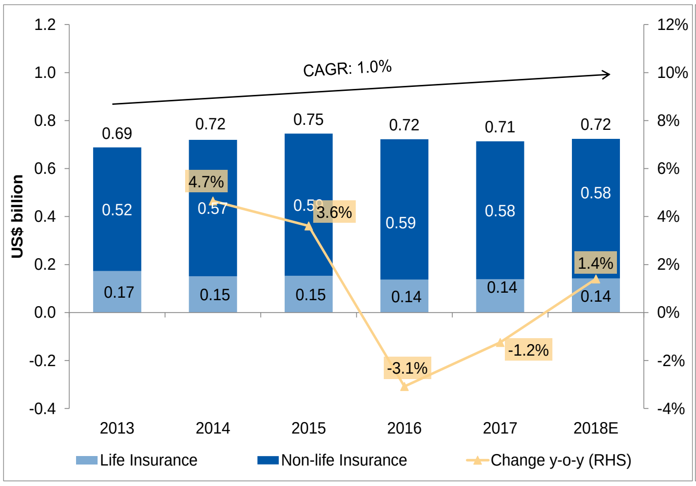
Bahrain's insurance sector is the smallest market in GCC and ranked 88th globally based on GWP during 2017-18[111]. Measured by GWP, Bahrain's insurance sector grew at a CAGR of 1.0% to reach US$ 0.72 billion in 2018 from US$ 0.69 billion in 2013, recording the slowest

[108] Source: "Growth to accelerate in Oman's insurance sector", Oxford Business Group
[109] Source: "Details of mandatory health insurance in Oman revealed", Oman Daily Observer, April 1, 2019
[110] Source: "Details of mandatory health insurance in Oman revealed", Zawya. March 31, 2019
[111] Source: "World insurance: the great pivot east continues", Swiss Re, Sigma No 03/2019

annualized growth in GCC[112] (see Exhibit 33). The share of life insurance segment continued to decline since 2013 and recorded GWP of US$ 0.14 billion in 2018.

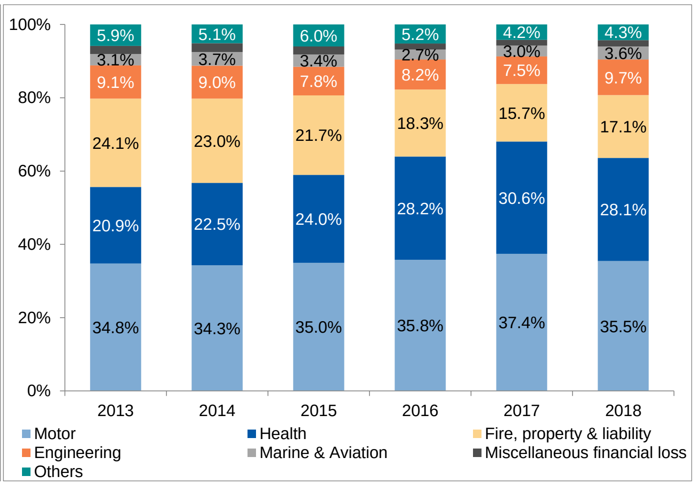
On the other hand, the non-life insurance segment grew at a CAGR of 2.5% between 2013 and 2018, accounting for 80.4% of the country's total GWP in 2018. Growth in the non-life insurance segment was largely due to an increase in premiums in the marine, health and motor insurance sub-segments[113]. The market shares of motor and health sub-segments in the total non-life GWP expanded significantly over the last 5 years. The fire, property & liability business segment accounted for 17.1% of the non-life GWP while engineering and marine & aviation segments accounted for 9.7% and 3.6% in 2018, respectively (see Exhibit 34).

Exhibit 33: Segment-wise GWP in Bahrain



Source: Swiss Re

Exhibit 34: Composition of Non-life in Bahrain



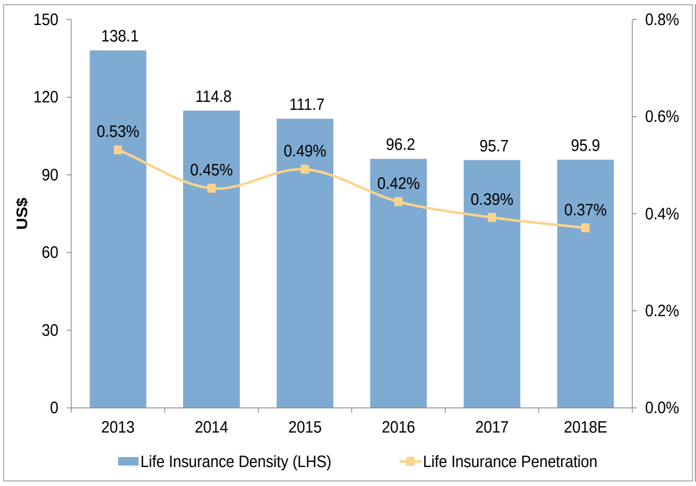
Source: Central Bank of Bahrain

The overall insurance penetration in Bahrain is higher than the GCC average of 1.7% as of 2018

Despite being a small market, the overall insurance penetration in Bahrain stood at 1.9%, higher than the GCC average of 1.7% in 2018. Life and non-life insurance penetration rates, which stood at 0.4% and 1.5%, respectively, in 2018 (see Exhibits 35 and 36) are the second highest in GCC, behind UAE. On the other hand, Bahrain's total insurance density in 2018 was US$ 488.9, slightly below the GCC average of US$ 496.9. The penetration and density in the life insurance segment have dropped since 2013 as growth in GDP and population outpaced that in GWP.

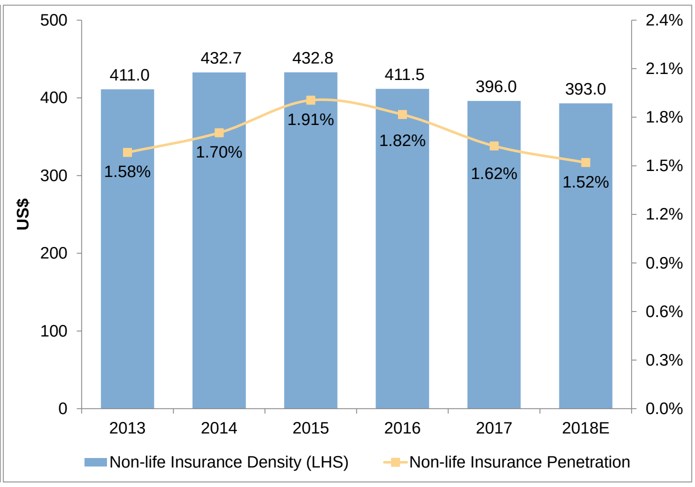
112 Source: World Insurance report series, Swiss Re
113 Source: "Insurance Market Review 2017", Central Bank of Bahrain

Exhibit 35: Life Density and Penetration in Bahrain



Source: Swiss Re, IMF

Exhibit 36: Non-life Density and Penetration in Bahrain



Source: Swiss Re, IMF

Recent Regulatory Developments

The Central Bank of Bahrain (CBB), the insurance regulatory body in the country, is actively working towards enhancing transparency and raising awareness of the insurance market. In 2019, CBB circulated a list of proposed rules, including the introduction of training & competency module, a unified motor comprehensive policy, and solvency control levels[114]. Furthermore, the CBB also issued rules regarding the introduction of insurance aggregators, a strategic move towards establishing InsurTech solutions created by the rising demand from the millennial community[115]. The government also plans to roll out mandatory health insurance from 2020[116].

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[114] Source: Bahrain Insurance Volume 3-Insurance, Central Bank of Bahrain
[115] Source: "Regulator issues draft rules for insurance aggregators", MiddleEast Insurance Review, April 25, 2019
[116] Source: "Health Insurance For Expats Mandatory By 2020", Gulf Insider, September 20, 2019

3. The GCC Insurance Industry Outlook

3.1 Forecasting Methodology

This report provides an outlook of the GCC insurance industry in terms of the market size (by GWP) of the life and non-life insurance segments in each constituent country between 2019 and 2024.

The factors considered for the projections include:

- Population, Inflation and GDP (at current prices)[117] from the IMF (last updated October 2019)
- Historical life and non-life insurance GWP from Swiss Re
- Historical Health insurance GWP for UAE, Saudi Arabia and Qatar are from UAE Insurance Authority, SAMA and Qatar Planning and Statistics Authority, respectively

The methodology adopted for projecting the market size is as below:

- Life insurance – Density x Population, where the life insurance density across each country is forecasted based on inflation.

- Non-life insurance – Projected by using 2 different approaches, as below:
    - For UAE, Saudi Arabia and Qatar, that constitute approximately 89% of the GCC market, a more detailed approach has been used, wherein GWP for health and property & casualty (P&C) segments are calculated separately. Health GWP has been derived by calculating health density x population, where the health density across the countries is forecasted based on inflation. P&C GWP has been arrived at using regression analysis.
    - For Oman, Kuwait and Bahrain, the long-term forecasts have been arrived at using regression analysis, as the statistical technique has shown a correlation with GDP (at current prices) and population in the historical years.

Note: This report is an update to Alpen Capital's GCC Insurance Industry report dated December 13, 2017. The variations are a result of revised macro projections by IMF, revised base numbers of insurance industry size and evolving industry dynamics.

Macro Assumptions

- The GCC population is projected to grow at a CAGR of 2.3% to reach 65.0 million in 2024 from 58.1 million in 2019.
- The region's GDP at current prices is forecasted to grow at a CAGR of 3.3% from US$ 1,629.3 billion in 2019 to US$ 1,917.0 billion in 2024.
- The general inflation rate in the region is expected to range between -1.5% and 4.2% during the forecast period.

[117] Source: GDP at current prices has been used throughout the report

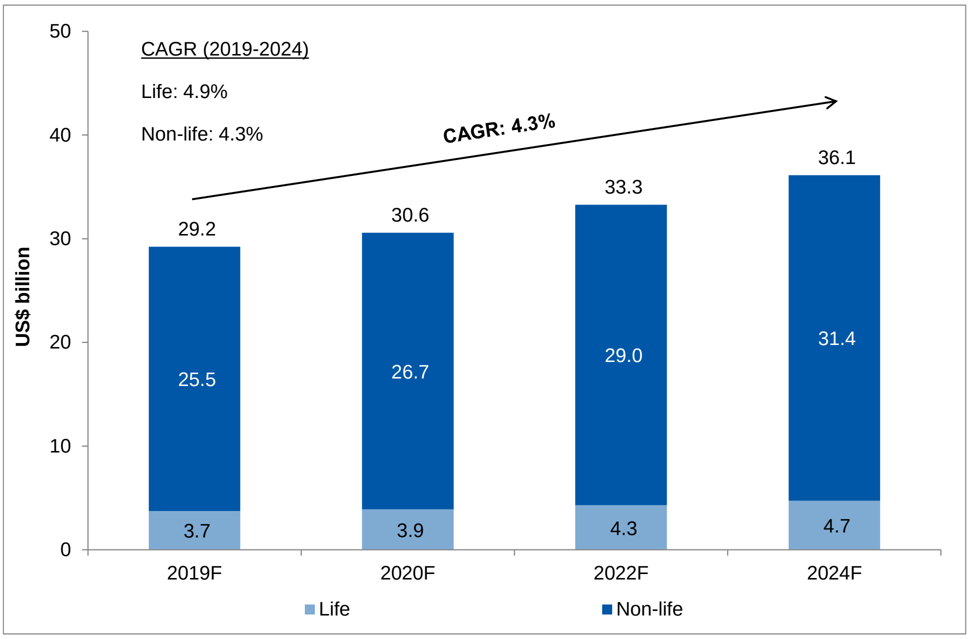
3.2 GCC Insurance Market Forecast

The GCC insurance market is projected to grow at a CAGR of 4.3% from US$ 29.2 billion in 2019 to US$ 36.1 billion in 2024

The GCC insurance market is projected to grow at a CAGR of 4.3% from US$ 29.2 billion in 2019 to US$ 36.1 billion in 2024 (see Exhibit 37). The outlook of the industry remains positive with a modest growth in GWP during the forecast period. Sustained economic growth, increase in population and infrastructure development projects are among the leading factors that will facilitate the growth of the sector. Additionally, governments' efforts to strengthen regulations, introduce mandatory lines and diversify the economy are also likely to drive GWP for the insurance industry[118].

Since 2016, the insurance industry witnessed a gradual slowdown, the effect of which is likely to continue into the forecasted period. Slower growth comes on the heels of industry players adapting to new regulations such as increased capitalization requirements, amidst a slow pick-up in economic activity[119]. Moderate economic growth across GCC will lead to limited public spending and softening of demand, which will continue to put pressure on the insurance industry. However, GWP is expected to improve compared to the subdued levels of growth witnessed between 2016 and 2018 as long-term growth prospects continue to remain positive. A modest rise in population and per capita income in GCC is expected to aid the growth for the insurance industry.

Exhibit 37: GCC Insurance Market Size Forecast



Source: Alpen Capital, Swiss Re, IMF
Note: F – Forecast

Life and Non-life Insurance Forecast

The life insurance GWP is projected to grow at a CAGR of 4.9% while non-life insurance market is expected to grow at a CAGR of 4.3%

During the forecast period, the life insurance GWP is projected to grow at a CAGR of 4.9% to reach US$ 4.7 billion in 2024. Growth rates across each country vary based on their projected population increases. On the other hand, the non-life insurance market is expected to grow at a CAGR of 4.3% (see Exhibit 37), primarily aided by mandatory insurance

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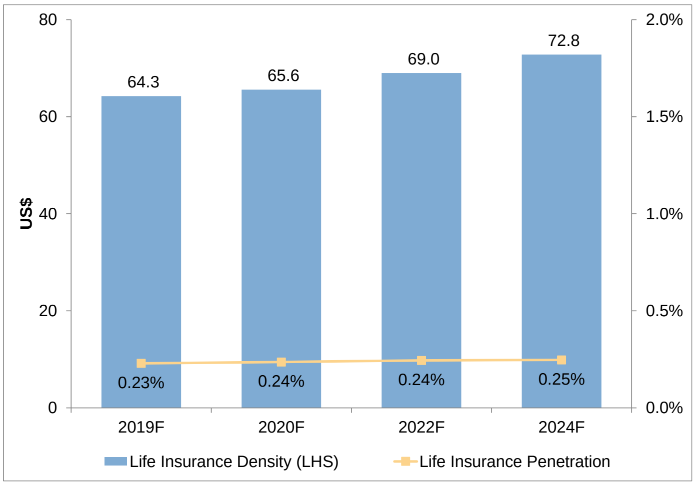
118 Source: "Insurance market outlook improved and revised to Stable", Middle East Insurance Review, February 26, 2019
119 Source: "GCC insurers to face pressure on earnings in 2019", Gulf News, February 26, 2019

business lines, new regulations improving the pricing of policies, expected recovery in economic activity, and subsequent rise in infrastructure investments. The non-life segment will continue to comprise 86.9% of the total insurance market at US$ 31.4 billion in 2024.

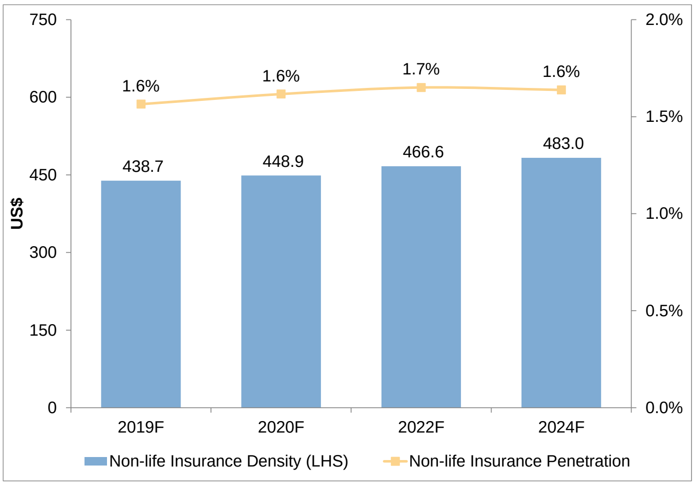
Insurance penetration in the region is expected to remain between 1.8% - 1.9% from 2019 - 2024 (see Exhibits 38 and 39), well below the global average, offering scope of growth for the sector. Insurance density in the region is expected to increase from US$ 502.9 in 2019 to US$ 555.8 by 2024, of which life insurance density is expected at US$ 72.8 and non-life density at US$ 483.0.

Exhibit 38: Forecast of Life Insurance Density and Penetration in the GCC



Source: Alpen Capital, Swiss Re, IMF
Note: F – Forecast

Exhibit 39: Forecast of Non-life Insurance Density and Penetration in the GCC



Source: Alpen Capital, Swiss Re, IMF
Note: F – Forecast

Country wise Growth Forecast

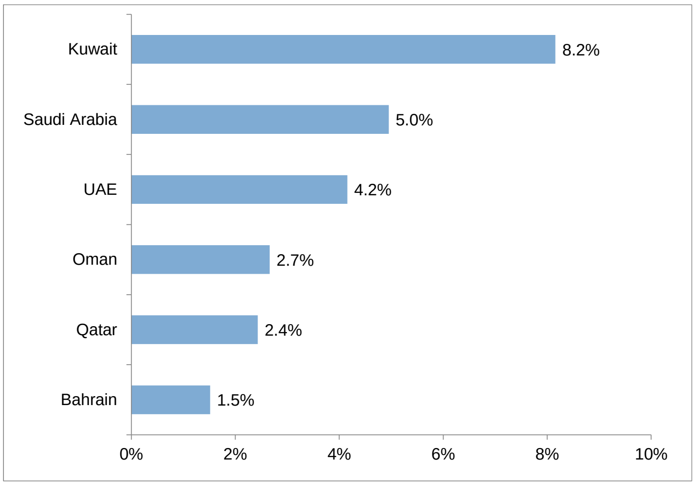
Between 2019 and 2024, the insurance market in UAE and Saudi Arabia is expected to grow at a CAGR of 4.2% and 5.0%, respectively

Between 2019 and 2024, the insurance market in the UAE and Saudi Arabia is expected to grow at a CAGR of 4.2% and 5.0%, respectively (see Exhibit 40). In the UAE, infrastructure spending, led by the Abu Dhabi government's multiyear stimulus package of AED 50.0 billion (US$13.6 billion) and Expo 2020 led investments in Dubai, will drive overall growth in the sector. Moreover, mandatory insurance business lines coupled with a new labor insurance system to replace bank guarantees for workers would lead to higher premium volumes in the UAE[120]. Saudi Arabia is expected to benefit from the significant infrastructural developments planned as part of its Vision 2030[121], coupled with new business (decision to allow 100% FDI) and tourist visa regulations[122], which are slated to improve the economic and commercial ecosystem. Across GCC, Kuwait is projected to grow at the fastest annualized rate of 8.2%. The growth in premiums is likely to be driven by the establishment of separate insurance regulatory body, new insurance laws and increased government investments in infrastructure projects. Additionally, macroeconomic factors that lead to the revival of business activity, a growing population base and infrastructure developments will propel growth across the region[123]. The market share of each GCC country is expected to remain constant through 2024. UAE will continue to maintain its position as the largest

[120] Source: "GCC insurers to face pressure on earnings in 2019", Gulf News, February 26, 2019
[121] Source: "Vision 2030: Saudi Arabia seeks to attract $425 billion with infrastructure plan", LiveMint, January 27, 2019
[122] Source: "Saudi Arabia will issue new visas, relax dress code for tourists", Al Jazeera, September 27, 2019
[123] Source: "GCC insurance outlook: sector must balance growth with key challenges", The National, May 27, 2018

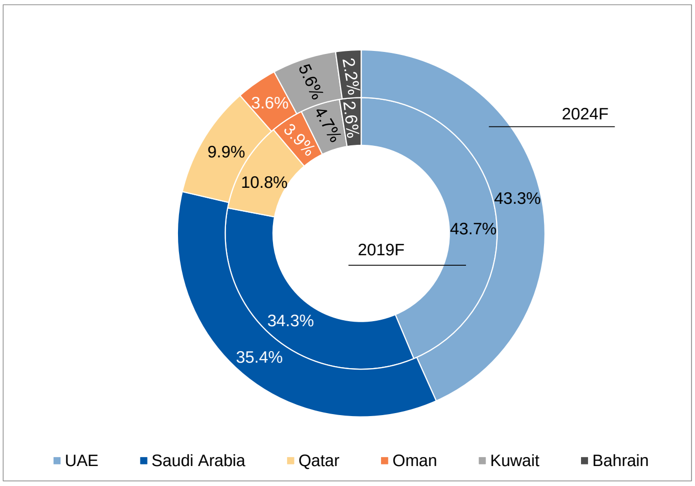
market in the region, while the share of Saudi Arabia and Kuwait is likely to record marginal growth (see Exhibit 41).

Exhibit 40: Insurance Market Growth (CAGR: 2019F – 2024F)



Source: Alpen Capital, Swiss Re, IMF

Exhibit 41: Contribution to the GCC Insurance Market



Source: Alpen Capital, Swiss Re, IMF

Note: F – Forecast

3.3 Country-wise Market Size Forecast

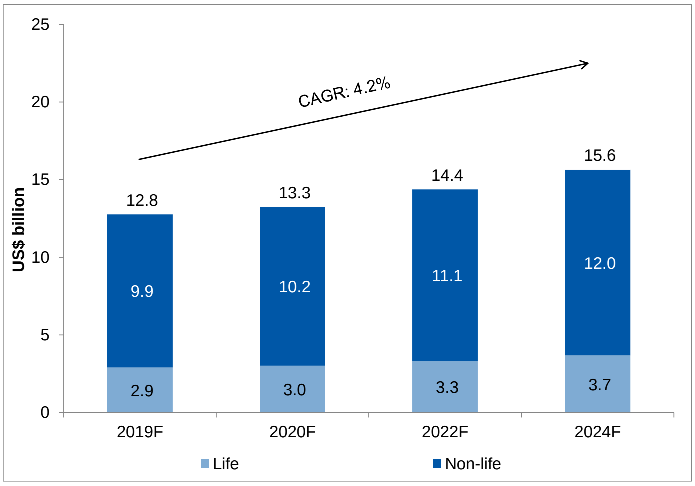
UAE

The UAE insurance market is estimated to reach US$ 15.6 billion in 2024, registering a CAGR of 4.2% from 2019

The UAE insurance market is estimated to reach US$ 15.6 billion in 2024, registering a CAGR of 4.2% from 2019 (see Exhibit 42). The non-life segment is estimated to grow at a CAGR of 3.9% to reach US$ 12.0 billion in 2024, led by growth in premiums from mandatory health and motor insurance lines and the development of large-scale infrastructure projects ahead of the Dubai Expo 2020. The market is also expected to benefit from the phased introduction of mandatory health insurance in its remaining Emirates. Meanwhile, non-life business lines such as property and fire insurance are likely to continue to gain prominence with the rise in awareness for risk coverage and the government's increased focus on infrastructure development as part of its Vision 2021. The country's construction industry is expected to grow at a CAGR of 4.6% between 2019 and 2023, compared to a moderate 1.1% between 2014 and 2018, driven by government initiatives and recovery in crude oil prices[124]. As a result, non-life GWP in the UAE is expected to remain the largest contributor with 38.1% share of the total non-life GWP in GCC by 2024. The life segment is estimated to grow at a CAGR of 4.9% and reach US$ 3.7 billion, led by the rise in population and introduction of new regulations enforcing fee limits on life insurance policies. The UAE IA plans to limit fees and commissions charged to those buying plans and offer better protection to customers[125]. Life insurance GWP in the UAE is projected to contribute approximately 77.6% of the total life GWP in GCC over the same period. With the largest proportion of expatriates in GCC, UAE's insurance penetration is expected to improve to 3.2% with a density of US$ 1,251.9 by 2024 (see Exhibit 43).

[124] Source: "UAE's construction sector will thrive beyond 2020", Zawya, May 4, 2019
[125] Source: "Selling life insurance in UAE is up for a radical shift", Gulf News, February 28, 2019

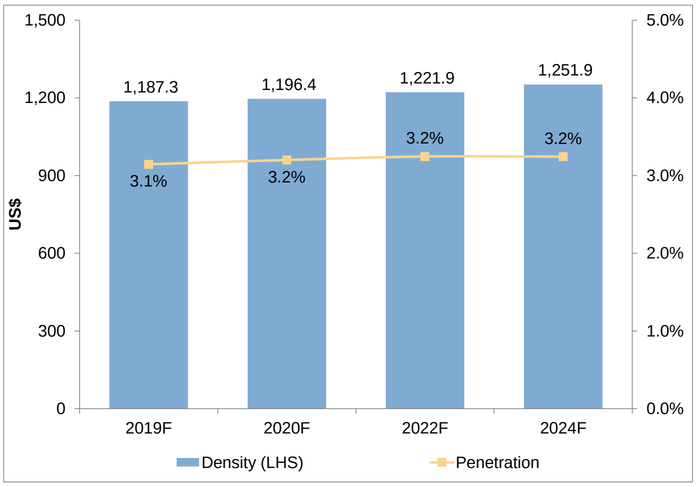
Exhibit 42: Forecast of Insurance Market in the UAE



Source: Alpen Capital, Swiss Re, IMF

Note: F – Forecast

Exhibit 43: Forecast of Density and Penetration in the UAE



Source: Alpen Capital, Swiss Re, IMF

Note: F – Forecast

Saudi Arabia

Saudi Arabia's insurance market is estimated to reach US$ 12.8 billion in 2024, registering a CAGR of 5.0% from 2019

Saudi Arabia's insurance market is estimated to reach US$ 12.8 billion in 2024, registering a CAGR of 5.0% from 2019 (see Exhibit 44). The non-life segment is expected to grow at a CAGR of 5.0% to reach US$ 12.4 billion in 2024, primarily led by mandatory insurance business lines[126]. Furthermore, an increase in the number of women drivers, which is likely to grow by 3.0 million in 2020 [127], is expected to facilitate the growth of the motor insurance segment. Other factors, such as an increased focus towards investments in the non-hydrocarbon sectors aiding job creation and visa reforms for tourists, as part of the Kingdom's 2030 vision, is likely to drive the scope of insurable assets. Saudi Arabia currently has more than 5,000 capital projects worth approximately US$ 1.6 trillion in the pre-execution stage, which hold significant potential for the Kingdom's insurance sector[128].

The life insurance segment is estimated to grow at a CAGR of 4.2% to reach US$ 0.4 billion in 2024. Despite having a large population base, the departure of expatriates from the Kingdom due to localization drive[129] and the lack of awareness of life products amongst locals[130] is expected to slow down the underwriting business in the short-term. The slowdown in population growth, coupled with tight regulatory oversight,[131] will also continue to weigh on growth of life premiums. Nevertheless, the gradual pick-up of economic conditions and introduction of minimum capital requirements for Saudi Arabian insurers, which could lead to a wave of consolidation[132] in the country, are likely to strengthen the position of the sector. Consequently, insurance penetration and density in Saudi Arabia are expected to reach 1.4% and US$ 339.5, respectively, in 2024 (see Exhibit 45).

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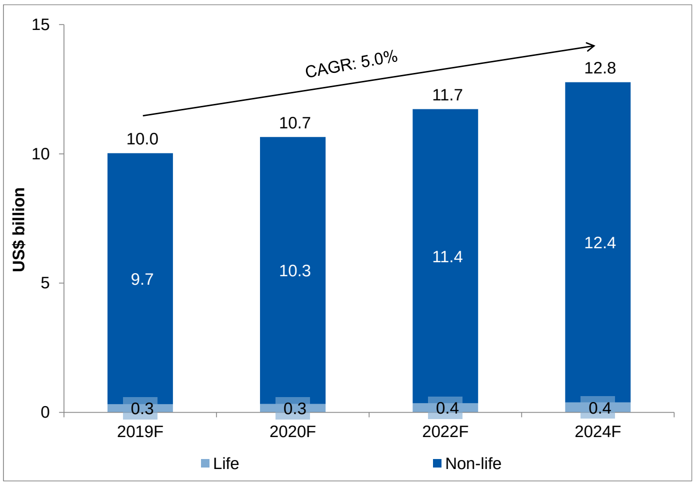
[126] Source: "Health and motor to drive insurance industry performance", Middle East Insurance Review, May 15, 2018
[127] Source: "Three million Saudi women 'on the roads by 2020", Arab News, June 24, 2018
[128] Source: "Saudi Arabia's $1.6trn construction projects largest in GCC region", Saudi Gazette, August 28, 2019
[129] Source: "Saudi Arabia encouraged foreign workers to leave", SCMP, February 3, 2019
[130] Source: "Insurers should expand awareness and diversify their offerings", Middle East Insurance Review, April 2, 2019
[131] Source: Financial Stability Report 2019, SAMA
[132] Source: "Saudi Arabia's new capital rules could hit 27 insurers, drive M&A", S&P Global, April 9, 2019

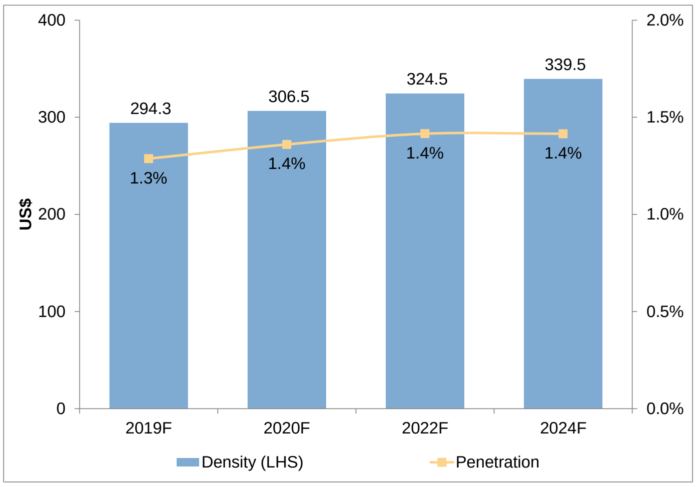
Exhibit 44: Forecast of Insurance Industry in KSA



Source: Alpen Capital, Swiss Re, IMF

Note: F – Forecast

Exhibit 45: Forecast of Density and Penetration in KSA



Source: Alpen Capital, Swiss Re, IMF

Note: F – Forecast

Qatar

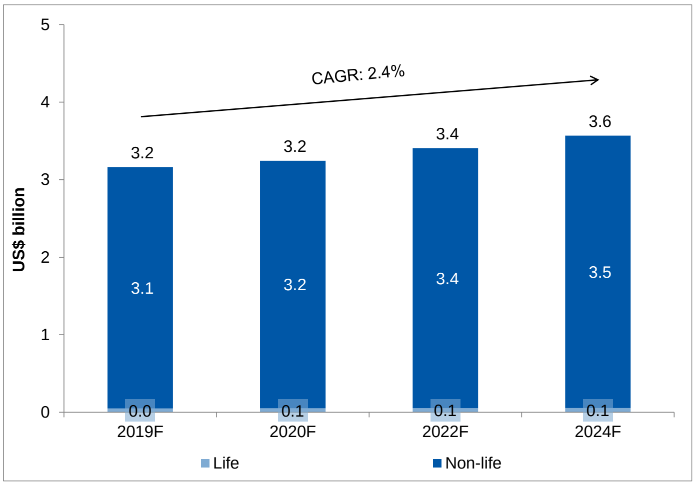
Qatar's insurance market is estimated to reach US$ 3.6 billion in 2024, registering a CAGR of 2.4% from 2019

Qatar's insurance market is estimated to reach US$ 3.6 billion in 2024, registering a CAGR of 2.4% from 2019 (see Exhibit 46). The expected recovery in energy prices, increased infrastructure spending by the government in the run up to FIFA World Cup 2022 and introduction of new products focused on SMEs are expected to drive the growth of its insurance market[133]. The life insurance segment is estimated to grow at a moderate CAGR of 2.3% during the forecast period because of a muted growth in population[134].

The non-life segment is estimated to grow at a CAGR of 2.4% to reach US$ 3.5 billion by 2024, aided by the planned introduction of mandatory health insurance[135]. Moreover, under the National Vision 2030, the country will continue to invest in infrastructure spending related to transportation, education, sport and leisure, healthcare, telecommunication and hospitality towards its long-term diversification goals which in turn will boost the non-life segment[136]. For example, Qatar plans to spend US$ 100.0 billion on infrastructure related to the World Cup event alone[137]. Insurance density in Qatar is expected to grow at a CAGR of 2.2% to US$ 1,280.0 by 2024 while penetration is expected to slightly drop to 1.5% (see Exhibit 47).

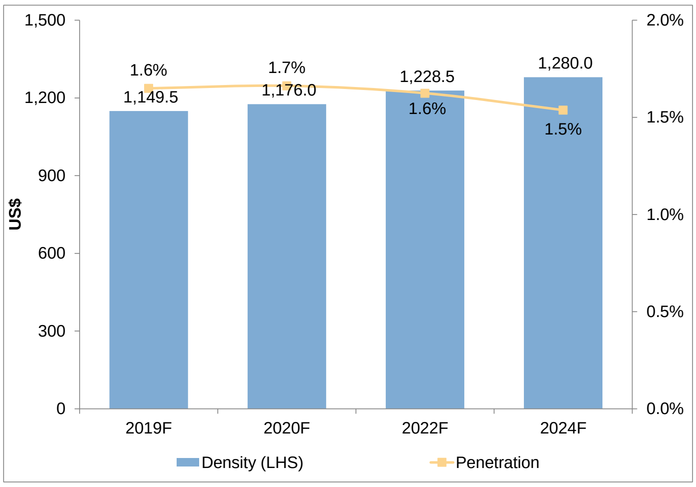
[133] Source: "Significant potential for further growth in Qatar's insurance industry", Gulf Times, April 20, 2019
[134] Source: IMF, October 2019
[135] Source: "Draft law on new health insurance system to be unveiled soon", Gulf News, June 17, 2019
[136] Source: "Qatar National Vision 2030", Planning and Statistics Authority
[137] Source: "$100 billion on world cup infrastructure", We Build Value, August 1, 2018

Exhibit 46: Forecast of Insurance Industry in Qatar



Source: Alpen Capital, Swiss Re, IMF
Note: F – Forecast

Exhibit 47: Forecast of Density and Penetration in Qatar



Source: Alpen Capital, Swiss Re, IMF
Note: F – Forecast

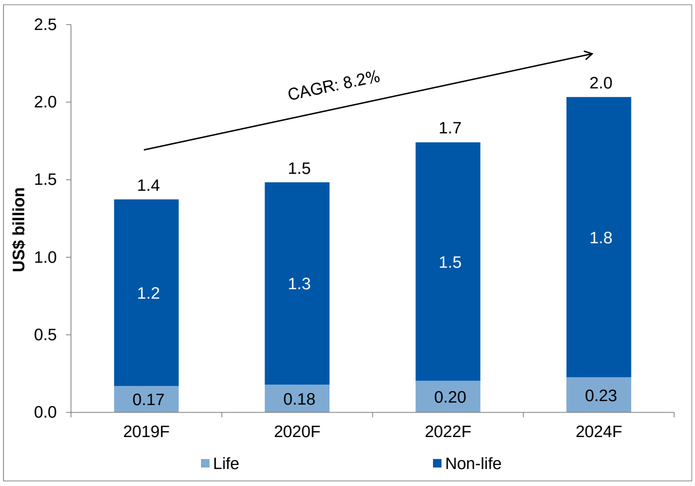
Kuwait

Kuwait's insurance market is estimated to reach US$ 2.0 billion in 2024, registering a CAGR of 8.2% from 2019, the highest growth rate in the GCC

Kuwait's insurance market is estimated to reach US$ 2.0 billion in 2024, registering a CAGR of 8.2% from 2019, the highest growth rate in the region (see Exhibit 48). The life insurance segment is estimated to grow at a CAGR of 5.8% during the forecast period, while the non-life segment is estimated to grow at a CAGR of 8.5% to reach US$ 1.8 billion by 2024. Factors driving the market include healthy population growth at a CAGR of 2.8% between 2019 and 2024[138], strong infrastructure projects pipeline worth US$ 494.0 billion[139] and the establishment of a separate regulatory body for the insurance sector. The establishment of a regulatory body will enhance the supervision of insurance companies, offer better control procedures and bring about necessary reforms, leading to stakeholder protection and increased confidence in the sector[140]. Notably, Kuwait has already executed projects worth more than US$ 60 billion as part of its Vision Kuwait 2035 diversification strategy and has allocated a further US$ 100 billion for further investments across several sectors. Such initiatives by the government will continue to benefit the insurance industry and increase the capacity for insurable assets[141]. Moreover, the introduction of mandatory health insurance for visitors[142] will support the non-life segment grow in the near term. Insurance penetration and density in the country are expected to reach 1.2% and US$ 376.9 by 2024 (see Exhibit 49).

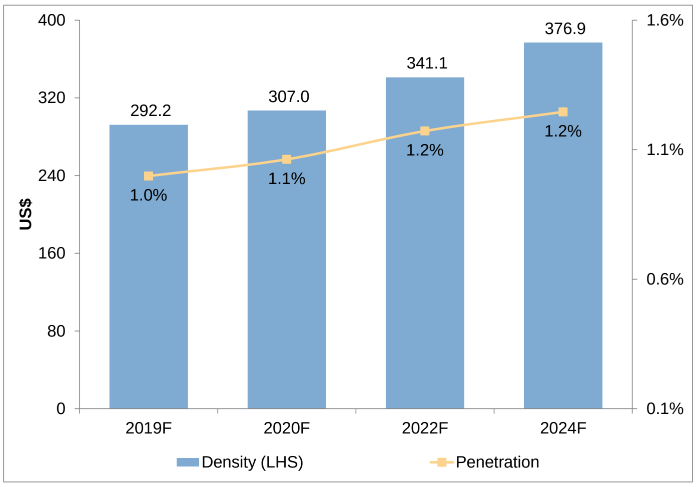
[138] Source: IMF, October 2019
[139] Source: "$494 billion worth of construction projects are currently active in Kuwait", Architect, June 23, 2019
[140] Source: "Insurance sector to have its own regulator", Middle East Insurance Review, January 3, 2019
[141] Source: "Kuwait spends $60bn on 2035 Vision, another $100bn to be invested", Arabian Business, November 23, 2018
[142] Source: "Kuwait makes insurance mandatory for visitors", Gulf News, March 6, 2019

Exhibit 48: Forecast of Insurance Industry in Kuwait



Source: Alpen Capital, Swiss Re, IMF
Note: F – Forecast

Exhibit 49: Forecast of Density and Penetration in Kuwait



Source: Alpen Capital, Swiss Re, IMF
Note: F – Forecast

Oman

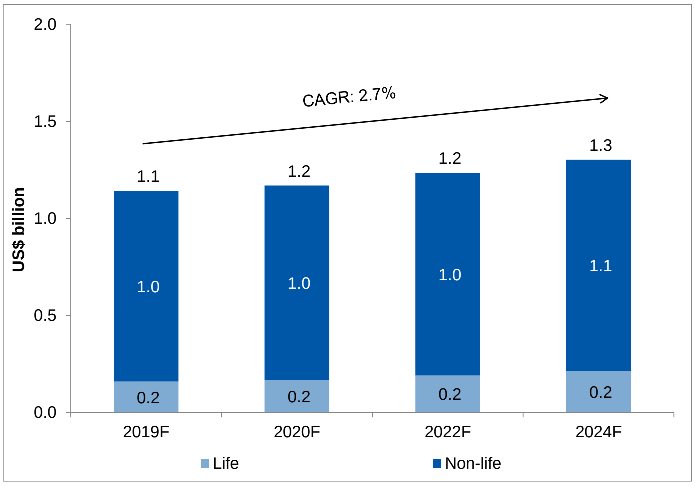
Oman's insurance market is estimated to reach US$ 1.3 billion in 2024, registering a CAGR of 2.7% from 2019

Oman's insurance market is estimated to reach US$ 1.3 billion in 2024, registering a CAGR of 2.7% from 2019 (see Exhibit 50). The life segment is estimated to grow at a CAGR of 6.1% while the non-life segment is estimated to grow at a CAGR of 2.1% between 2019 and 2024. Growth in life segment is expected to be the highest in the region and is supported by rising population, which is projected to grow at a CAGR of 3.1% between 2019 and 2024[143]. The implementation of mandatory health insurance from 2020[144] and continuation of health cover by employers will support the growth of the non-life segment. The number of employees covered under the new mandatory health insurance scheme is expected to surpass than 2 million, in addition to Omanis working in the private sector and visitors to the Sultanate[145].

Furthermore, Oman is witnessing a series of construction projects as the government diversifies away from its traditional sectors. In 2019, the government allocated US$ 9.6 billion for infrastructure development, industrial and services projects and, today, the country has approximately 2,410 active construction projects with a combined value of over US$ 190.0 billion[146]. The strong infrastructure developments are likely to expand the underwriting base for non-life commercial lines. However, insurance penetration and density in the country are expected to slightly drop to 1.4% and US$ 259.3 by 2024 (see Exhibit 51).

[143] Source: IMF, October 2019
[144] Source: "Details of mandatory health insurance in Oman revealed", Oman Daily Observer, April 1, 2019
[145] Source: "Health insurance is now biggest market segment in Sultanate", ME Insurance Review, April 15, 2019
[146] Source: "Oman construction sector has 2,410 active projects worth $190bn", ME Construction News, May 8, 2018

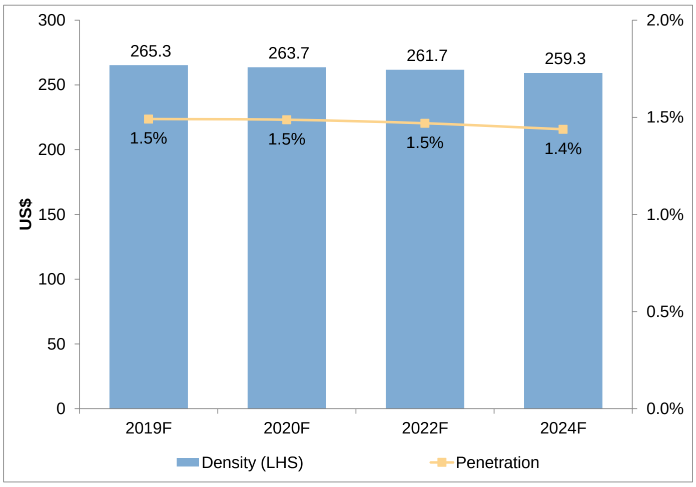
Exhibit 50: Forecast of Insurance Industry in Oman



Source: Alpen Capital, Swiss Re, IMF

Note: F – Forecast

Exhibit 51: Forecast of Density and Penetration in Oman



Source: Alpen Capital, Swiss Re, IMF

Note: F – Forecast

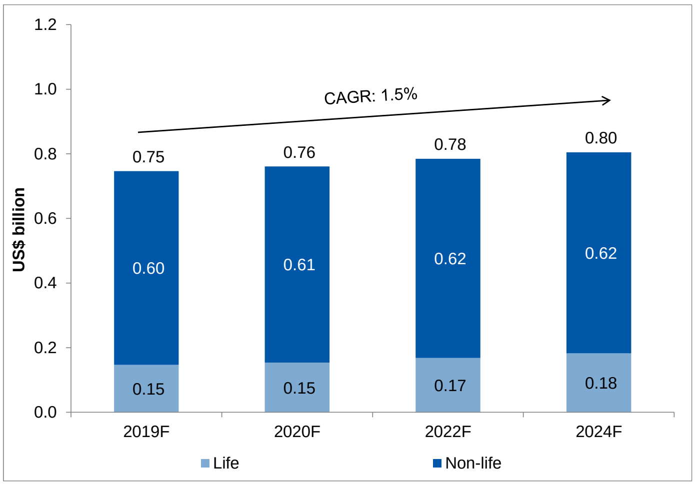
Bahrain

Bahrain's insurance market is estimated to reach US$ 0.8 billion in 2024, registering a CAGR of 1.5% from 2019

Bahrain's insurance market is estimated to reach US$ 0.8 billion in 2024, registering a CAGR of 1.5% from 2019 (see Exhibit 52). The overall growth of the sector is expected to be supported by the recovery in economic activity, large investments in infrastructure and construction projects and further enhancement of regulatory and supervisory standards[147]. According to the draft national budget for 2019 and 2020, Bahrain plans to spend more than BHD 1.3 billion (US$ 3.5 billion[148]) on 66 new projects spanning several sectors over the next 2 years[149]. Despite the introduction of mandatory health insurance by 2020[150], the non-life segment is estimated to grow at a modest CAGR of 0.7% during the forecast period. On the other hand, the life segment is estimated to grow at a CAGR of 4.4%, primarily aided by population expansion, which is expected to grow at a CAGR of 2.0% between 2019 and 2024[151]. The insurance penetration and density are expected to marginally decline to 1.7% and US$ 482.6 by 2024 (see Exhibit 53).

[147] Source: Bahrain Insurance Volume 3-Insurance, Central Bank of Bahrain
[148] Source: At the exchange rate of 2.6596
[149] Source: "Bahrain planning to spend $3.4bln on 66 new projects", Zawya, March 12, 2019
[150] Source: "Compulsory medical insurance to be implemented fully in 2020", ME Insurance Review, January 23, 2019
[151] Source: IMF, October 2019

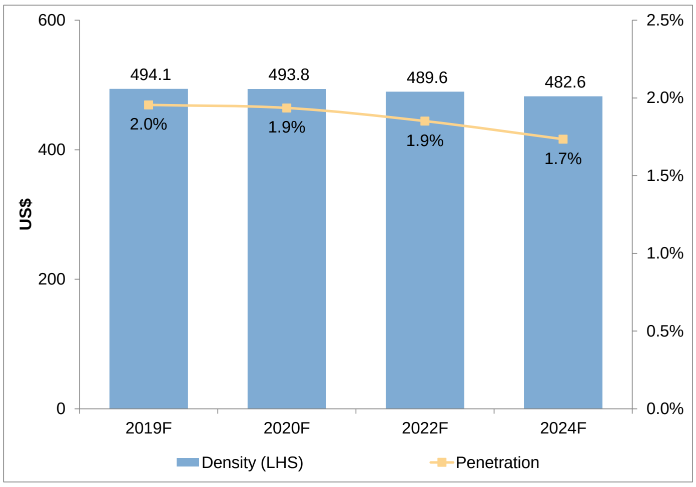
Exhibit 52: Forecast of Insurance Industry in Bahrain



Source: Alpen Capital, Swiss Re, IMF

Note: F – Forecast

Exhibit 53: Forecast of Density and Penetration in Bahrain



Source: Alpen Capital, Swiss Re, IMF

Note: F – Forecast

4. Growth Drivers

Economic Growth

Economic growth in GCC has remained resilient despite the prolonged correction in oil prices

Economic growth in GCC has remained resilient despite the prolonged correction in oil prices, production cuts as part of the OPEC agreement and temporary weakness in domestic demand. According to the IMF, real GDP growth in GCC is forecast to slow to 0.7% in 2019 from 2.0% in 2018. Between 2016 and 2018, real GDP growth slowed to a CAGR of 0.8% as hydrocarbon production cuts and lower oil prices weighed heavily on GCC economies. However, long-term growth prospects remain positive, with real GDP growth expected to rebound to 2.5% in 2020 and remain stable until 2024, driven by a recovery in real oil GDP growth of 1.9% compared to 1.4% in 2019[152]. Moreover, non-oil GDP growth is expected to rise from 2.4% this year to 2.8% in 2020 and increase to 3.3% thereafter[153]. Overall, GDP at current prices across GCC is estimated to grow at a CAGR of 3.3% between 2019 and 2024[154] (see Exhibit 54), translating to higher per capita earnings. Sectors such as tourism, aviation, retail, hospitality, real estate and construction, alongside significant infrastructure spending in the run up to Expo 2020 and World Cup 2022, will provide a boost to the regional economies.

Exhibit 54: Gross Domestic Product (GDP) at current prices (US$ billion)

Country	2019F	2020F	2022F	2024F	CAGR (2019-24)
Saudi Arabia	779.3	783.3	829.1	902.6	3.0%
UAE	405.8	414.0	442.9	482.2	3.5%
Qatar	191.8	195.2	209.8	232.1	3.9%
Oman	76.6	78.7	84.1	90.6	3.4%
Kuwait	137.6	139.6	148.6	163.2	3.5%
Bahrain	38.2	39.3	42.4	46.4	4.0%
GCC	1,629.3	1,650.1	1,756.8	1,917.0	3.3%

Source: IMF – October 2019
Note: F – Forecast

GCC economies have continued with their economic recovery plans by investing resources through higher budget allocations

GCC economies have continued with their economic recovery plans by investing resources through higher budget allocations. For instance, both, UAE[155] and Saudi Arabia[156] announced their highest ever budgets in 2019 and expect to continue investments through 2021, with higher budgetary allocation towards education, healthcare, and infrastructure and development spending. These budgets reflect the resilience of the 2 largest economies in GCC and sustainability of their resources to finance economic and social development projects.

[152] Source: IMF, October 2019
[153] Source: IMF, October 2019
[154] Source: IMF, October 2019
[155] Source: "UAE Cabinet approves biggest-ever budget of Dh180B", Khaleej Times, October 1, 2018
[156] Source: "Saudi Arabia reveals largest budget to date", The National, December 18, 2018

As part of the economic recovery efforts, regional governments have also undertaken a series of measures to improve the business environment, drive job creation, and boost demand in key sectors. For example, UAE recently approved 100% foreign ownership across 13 sectors[157]. Similarly, Bahrain had permitted full onshore foreign ownership in tourism and mining sectors, while Saudi Arabia and Kuwait, too, permit 100% foreign ownership in certain sectors[158]. Moreover, Abu Dhabi[159] and Dubai[160], announced economic stimulus packages aimed to improve business environment for local companies, particularly SMEs. Economic benefits from these packages are supported by recent amendments to visa rules, which are largely targeted at job creation. UAE introduced 10-year residency visas for 5 categories of expatriates including investors, entrepreneurs, chief executives, scientists and outstanding students[161]. Furthermore, visit visa holders can get a 30-day extension without leaving the country, providing a big boost for tourism in the UAE[162]. In the healthcare sector, Dubai continues to attract medical tourists by introducing specific visas and medical tourism packages, which cover the cost of treatment, visa's, airfares and other leisure activities, thus creating demand for the growing industry[163]. Similarly, Saudi Arabia recently announced a new e-visa program that will allow people from 49 countries to enter the country for tourism, for stays as long as 3 months[164]. Several other tourism related projects and the potential in providing services in the meetings, incentives, conferences and exhibitions sector in GCC is expected to boost the economies[165].

Economic Diversification Efforts

Diversification efforts have resulted in an increase in construction activities, thereby creating a large base of insurable assets

GCC nations are undergoing major economic transformation to diversify their economies away from the hydrocarbon sector. The region's 2 largest economies, Saudi Arabia and the UAE, have adopted long-term strategies such as Vision 2030 and Vision 2021, respectively, which will provide a fresh impetus to their economies. For example, Saudi Arabia's Vision 2030 aims to diversifty the Kingdom's economy by increasing its share of non-oil exports from 16% to 50% and raise the private sector's contribution to GDP from approximately 40% to 65%[166] by 2030. Both, UAE and Saudi Arabia also aim to increase the SME contribution to GDP to 60.0%[167] and 35.0%[168], respectively. Such comprehensive plans are critically important not only for economic growth but also for the region's young population base as it would create jobs in the private sector while fostering entrepreneurship. The number of new jobs created by the UAE's private sector during Q2 2019 reached 40,000, a 1.0% increase compared to a 0.1% rise in the previous quarter[169]. The UAE further plans to create more than 20,000 jobs for Emiratis across multiple sectors in the next 3 years. Similarly, Saudi Arabia announced investments of more than US$ 426 billion in infrastructure development that will add 1.6 million new jobs by 2030[170], aiding the growth of health insurance segment, which is mandatory across the Kingdom.

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[157] Source: "UAE approves 13 sectors eligible for up to 100% foreign ownership", Reuters, July 2, 2019
[158] Source: "GCC raises ownership limits to catalyse diversification", PwC, May 2018
[159] Source: "Abu Dhabi's $13.6bn stimulus package to provide jobs, SME boost", Arabian Business, June 6, 2018
[160] Source: "SME stimulus plan to increase Dubai's long-term growth potential", Khaleej Times, September 3, 2019
[161] Source: "Who is eligible and how to apply for the UAE's 10-year golden residency visa", The National, June 26, 2019
[162] Source: "UAE expats laud new visa policy changes", Gulf News, October 24, 2018
[163] Source: "Dubai rolls out medical tourism strategy", Gulf News, March 24, 2014
[164] Source: "Saudi Arabia launches new tourist visa policy for 49 countries, no abaya rule", Khaleej Times, September 27, 2019
[165] Source: "GCC tourism sector rapidly developing to meet growing demand", ME Construction NEWS, August 7, 2019
[166] Source: "Saudi Vision 2030", Saudi Government
[167] Source: "UAE Vision 2021", UAE Government
[168] Source: "Saudi Vision 2030", Saudi Government
[169] Source: "40,000 new jobs created by UAE private sector in Q2 2019", Gulf News, October 4, 2019
[170] Source: "Saudi Arabia Kicks Off $426 Billion Infrastructure Bonanza", Bloomberg, January 26, 2019

Moreover, the long-term diversification strategies are likely to contribute to increased construction activities. Amidst such a backdrop, governments' have encouraged public-private partnerships (PPPs) and are reviving stalled projects. The role of private sector is particularly important as GCC countries could save up to US$ 164.0 billion in capital expenditures by 2021 and achieve operational efficiencies between 10.0% - 20.0%[171]. These initiatives hold particular importance as the region has a strong project pipeline worth US$ 2.6 trillion, including the on-going construction activities in the UAE and Qatar in the run up to Dubai Expo 2020 and FIFA World Cup 2022, respectively[172]. Notably, the strong construction pipeline of projects worth US$ 494.0 billion that are currently active in Kuwait[173], coupled with the diversification plans under Vision 2035 programme, remain instrumental for the country's insurance market growth. The completion of these projects, coupled with the government's initiatives to boost human capital, are likely to translate into a larger base of insurable assets, adding to the growth and opportunities for the regional insurance companies.

In addition to increased infrastructure spending, GCC has concurrently sought for measures to create demand across key economic sectors. For example, the long-term 10 years expatriate visas in the UAE may increase the incentives to acquire property and support real estate demand, especially where sales volumes and prices across the country have been subdued over the past 2 years[174]. These residency visas are not only restricted to investors, entrepreneurs, specialists and students but also extends to their wider family, aiding population growth. The permanent residency scheme will not only encourage expatriates to invest in property but also settle in the UAE, thus enhancing the scope for insurable assets[175].

GCC nations have also introduced liberalization reforms, which would aid the growth of the insurance industry. For example, in June 2019, Saudi Arabia legally lifted the ban on women from driving, due to which the total number of women drivers in the Kingdom is likely to grow by nearly 3.0 million in 2020[176]. Consequently, the Kingdom's motor insurance segment is likely to witness a CAGR of 9.0% by 2020[177].

Mandatory Health Insurance

Health insurance remains one of the most important business lines in GCC that has continued to evolve with numerous regulatory changes in recent years

Health insurance remains one of the most important business lines in GCC. Historically, GCC nations have followed the welfare state approach, wherein the state is accountable for the healthcare requirements of its nationals. The existing health system places a large burden on state finances and governments' are gradually introducing reforms to make health insurance mandatory. Currently, GCC countries are each at different stages of rolling out mandatory health insurance. However, it is likely to be implemented in most countries by 2020. In UAE, Abu Dhabi was the first Emirate to introduce such a scheme in 2006[178], while Dubai completed the final phase of compulsory health insurance scheme in March 2017[179]. Buoyed by the implementation, health insurance GWP in the UAE grew at a CAGR of approximately 24.3% between 2012 and 2017[180]. In Saudi Arabia, Health insurance GWP grew at a CAGR of approximately 11% between 2012 and 2017[181]. The first phase of

[171] Source: "Private-sector participation in the GCC", Strategy&, January 2017
[172] Source: "Has the industry turned the corner? Deloitte GCC Powers of Construction 2018", Deloitte
[173] Source: "$494 billion worth of construction projects are currently active in Kuwait", Architect, June 23, 2019
[174] Source: "The UAE Real Estate Market", JLL, 2018 and Q2 2019
[175] Source: "UAE's new permanent residency rule to help property market", LiveMint, May 30, 2019
[176] Source: "Three million Saudi women 'on the roads by 2020", Arab News, July 7, 2018
[177] Source: "Saudi women driving auto insurance growth", Zawya, October 26, 2018
[178] Source: "UAE Health Insurance", Global Surance
[179] Source: "Dubai Mandatory Health Insurance Scheme Enters Final Phase", Hadef & Partners, April 03, 2017
[180] Source: "World Insurance Report 2017", Swiss Re
[181] Source: "World Insurance Report 2017", Swiss Re

compulsory health insurance began in July 2016 and the number of insurees in the Kingdom stood at over 10.8 million as of December 2018. This included over 1.0 million Saudi employees along with over 1.8 million of their dependents and over 6.0 million expatriate employees along with over 1.9 million of their dependents[182]. According to the Council of Cooperative Health Insurance, new regulations are likely to add another 2.0 million people to the overall number of insurees by the end of 2019[183]. In Oman, the CMA recently issued the Unified Health Insurance Policy, which is to be implemented for private sector employees, including expatriates and visitors to the Sultanate[184]. Meanwhile, mandatory health insurance is expected to be rolled out in phases from 2020 in Bahrain[185]. In Kuwait, the National Assembly approved a draft law to establish a mandatory health insurance scheme for expatriates in December 2018[186], while Qatar is currently in the midst of drafting a law on the new mandatory health insurance scheme[187].

Given the governments' compulsory health insurance push and its steady implementation, the GCC health insurance market is expected to maintain a steady growth trajectory in the coming years. Furthermore, the growing expat population and demand for quality and preventive care will continue to drive healthcare costs and hence the overall cost of insurance.

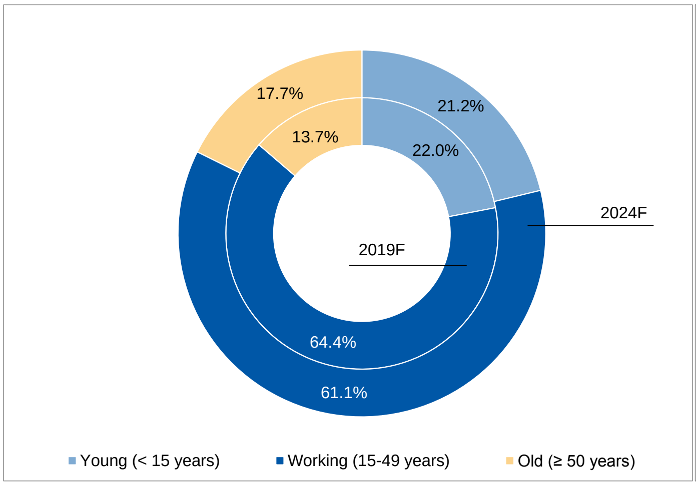
Favorable Demographics

Growing population, largely comprising of young and working class people, together with high proportion of expatriates continue to be a major driver of GCC's insurance sector

Growing population, largely comprising of young and working class professionals, together with high proportion of expatriates continue to be a major driver for the GCC's insurance sector. The working class, which account for approximately 64.4% of the GCC population in 2019[188] (see Exhibit 55), continue to drive demand for life, motor, and health products. In GCC, more women are gaining tertiary education and entering the labor force, thus increasing their ability to spend on insurance products. The region's female labor force grew at a CAGR of 4.9% between 2013 and 2018[189], with Saudi Arabia experiencing the highest growth at a CAGR of 5.5% during the 5-year period, closely followed by Oman and Qatar at 5.2% CAGR, respectively. Moreover, with the increase in old-aged population (age >50 years), premiums on health are likely to increase, resulting in growth in GWP.

[182] Source: "2019 Saudi Arabia Healthcare Industry Overview", Global Health Exhibition
[183] Source: "2019 Saudi Arabia Healthcare Industry Overview", Global Health Exhibition
[184] Source: "Details of mandatory health insurance in Oman revealed", Oman Daily Observer, April 1, 2019
[185] Source: "Health Insurance For Expats Mandatory By 2020", Gulf Insider, September 20, 2019
[186] Source: "Committee approves Bill for mandatory health insurance for expats", December 12, 2018
[187] Source: "Draft law on new health insurance system to be unveiled soon", June 17, 2019
[188] Source: "World Population Prospects: 2019 Revision", United Nations Population Division
[189] Source: International Labour Organization (ILO) Statistics, World Bank, 2018

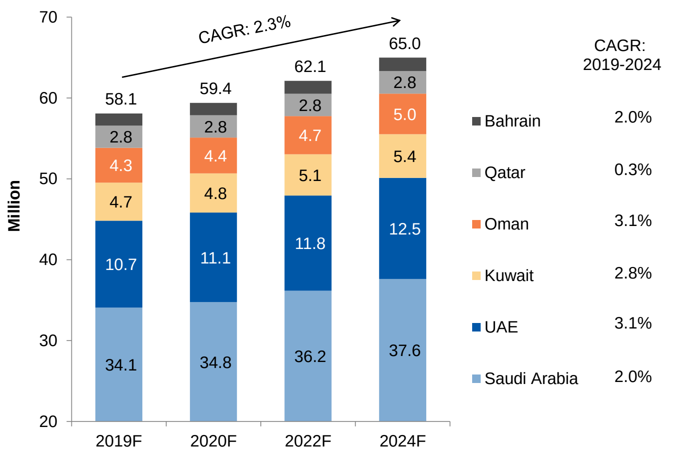
Exhibit 55: Population Age Distribution



Source: United Nations Population Division

Note: F – Forecast

Exhibit 56: GCC Population Forecast



Source: IMF – October 2019

Note: F – Forecast

The expatriate population in GCC accounts for approximately 52% of the total population, with the UAE and Qatar having a high concentration of more than 88%[190]. Considering expats are more accustomed to the concept of insurance as a risk mitigation tool, the demand for insurance products is higher amongst this group. As a result, several insurance companies have launched expat oriented insurance schemes to strengthen their coverage. For instance, Gargash Insurance Services and National Takaful Company (Watania), launched an affordable insurance product (My India Care) specially designed for Indian expats in the UAE, offering medical and accident insurance schemes in India, post retirement[191]. Such plans bode well for the industry, especially boosting the health insurance segment, as the GWP increases in line with the wider population coverage.

Strengthening Government Regulations

GCC insurance authorities are harmonizing rules and encouraging the companies to enhance their corporate governance structures and embrace new changes

GCC nations have rapidly evolved to keep pace with the changing industry dynamics and maintain its standards in line with global peers. The region's respective insurance authorities are harmonizing rules and encouraging insurance companies to enhance their corporate governance structures and embrace new changes. In January 2019, the UAE IA issued a third draft of its proposed changes of the life insurance and Takaful sector that particularly focuses on offering investor transparency and protection. The measures include caps on commission paid to financial advisors selling lump sum investments as well as fixed-term contractual savings plans, and bring about transparency in fees and commissions[192]. Earlier in 2017, UAE witnessed a number of regulatory developments across the general and specialized lines of insurance and reinsurance. Some of the key initiatives included tightening of the control on motor insurance premium pricing, licensing of actuaries, reduction in the minimum shareholding by UAE nationals in local insurers from 75.0% to 51.0%, and imposition of a commission cap on health insurance, among others[193]. These have resulted in aligning the industry standards to developed markets while adhering to

[190] Source: Gulf Labour Market and Migration, 2017-2018
[191] Source: "New Insurance scheme launched for Indian Expats in UAE", Gargash Insurance Services, May 9, 2018
[192] Source: "What the UAE's new life insurance regulations mean", The National, February 17, 2019
[193] Source: "UAE Insurance Regulatory Round-up 2017", Mondaq, February 13, 2018

compliance requirements in line with IFRS 17 standard roadmap[194]. In Saudi Arabia, SAMA announced the establishment of a resolution center to handle insurance complaints in July 2018[195] and later followed it up with an update of the unified motor insurance program in August 2018[196]. The Kingdom also announced the issuance of licensing and control rules for the insurance and reinsurance companies to promote fair competition in December 2018[197]. In order to further strengthen the sector, SAMA is planning to impose a 5-time increase in the minimum capital requirements for insurance and reinsurance activities to SAR 500.0 million (US$ 133.4 million) and SAR 1.0 billion (US$ 266.7 million), respectively[198]. Kuwait, which recently approved the establishment of a separate regulatory body for the insurance sector, is also contemplating a new law with higher capital requirements for implementation in 2020[199].

Although these regulations are currently putting pressure on overall industry profitability, they are likely to assist in improving insurer's credit profiles and asset quality in the long-term. The developing regulatory environment and supervisory standards in these countries will make the market more competitive, improve compliance in accordance with international best practices and create sustainable business models.

[194] Source: UAE Insurance Authority Website
[195] Source: "SAMA launches a resolution center to handle insurance complaints", Atlas Magazine, July 2018
[196] Source: "Entry into force of the new unified motor insurance program in Saudi Arabia", Atlas Magazine, August 2018
[197] Source: "SAMA issues licensing, controlling rules for insurance/reinsurance companies", SAMA, December 17, 2018
[198] Source: "Share capital increase for the Saudi insurance companies", Atlas Magazine, April 2019
[199] Source: "Insurance sector to have its own regulator", MiddleEast Insurance Review, January 3, 2019

5. Challenges

Weak Consumer Spending

GDP per capita in GCC economies has been volatile due to economic headwinds, leading to weak consumer spending

GDP per capita in GCC economies has been volatile over the past 5 years as headwinds from global economic slowdown, volatile oil prices and geopolitical issues continue to weigh heavily on private sector activity in the region. Measures such as raising energy prices, cutting subsidies[200] (e.g. fuel subsidy) and introduction of VAT in the UAE and Saudi Arabia adversely affected consumer and corporate spending. Slowdown in sectors such as energy, construction, travel and tourism led cutbacks from approximately 35% of GCC employers in 2017[201], therefore affecting the overall consumer sentiment. Moreover, localization policies such as Saudi Arabia's expatriate dependent levy resulted in thousands of expats leaving the region[202] while the oversupply of housing units and introduction of mortgage cap significantly weighed on property demand. Therefore, weak consumers' spending led to the drop in sales of vehicles and real estate, affecting the overall demand for related insurance products.

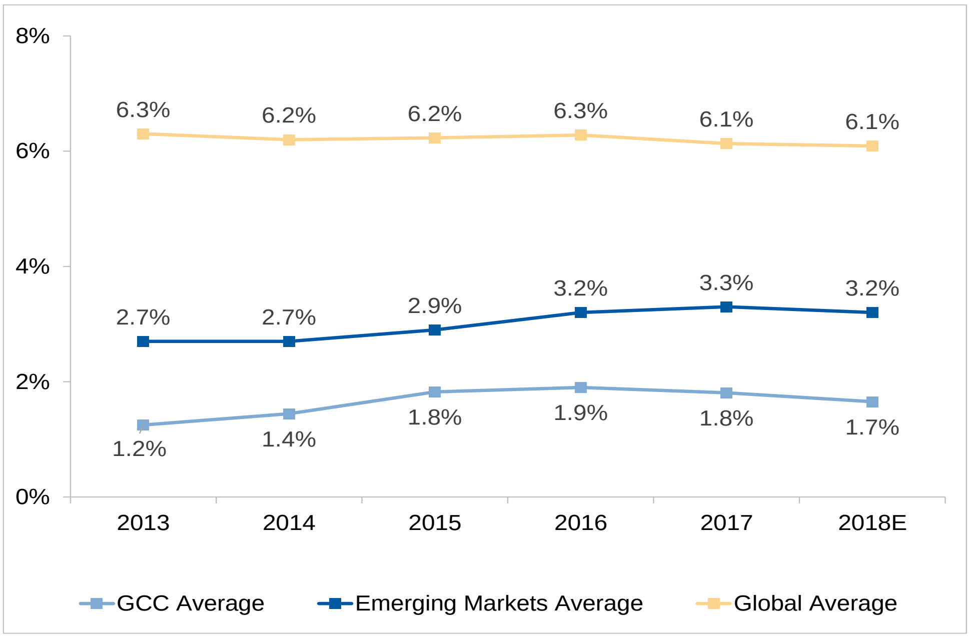
Low Penetration Rate

The average insurance penetration in GCC stood at approximately 1.7% in 2018, below the emerging markets and global market averages of 3.2% and 6.1%, respectively

The average insurance penetration in GCC stood at approximately 1.7% in 2018, below emerging market and global market averages of 3.2% and 6.1%, respectively (see Exhibit 57). Insurance penetration in individual GCC markets differ significantly with the UAE averaging at 2.9%, followed by Bahrain (1.9%), Qatar (1.6%), Oman (1.4%), and Saudi Arabia (1.2%). Kuwait recorded the lowest average insurance penetration at 0.9% in 2018[203]. Low penetration is primarily attributed to low awareness regarding the importance of insurance products and relatively underdeveloped life insurance market. Moreover, monetary support provided to nationals in the region make the need for insurance redundant for that segment of the population[204]. In the UAE, the rate of insurance penetration remains the highest compared to other GCC countries, largely owing to the diversified population base that majorly comprises of expatriates, and the rollout of mandatory health and motor insurance schemes.

[200] Source: "Energy Pricing Reforms in the Gulf: A trend but not (yet) a norm", GSI Report, January 2018
[201] Source: "Hiring and cutbacks: mixed fortunes for the 2017 GCC jobs market", The National, January 9, 2018
[202] Source: "GCC employment policies threaten livelihood of 25m expats", Middle East Monitor, March 26, 2019
[203] Source: Swiss Re
[204] Source: "Middle East insurers face headwinds yet opportunities abound amid low penetration", The National, January 27, 2018

Exhibit 57: Average Insurance Penetration (GCC vs Emerging Markets vs Global)



Source: Swiss Re

Note: E – Estimate. The 2018 number is expected by Swiss Re

GCC life insurance segment constituted only 13.0% of the total insurance GWP in 2018

In particular, the life insurance segment in the region remains relatively immature compared to developed countries, where the proportion of premium from life insurance is larger or similar to non-life insurance[205]. In GCC, life insurance GWP constituted only 13.0% of total insurance GWP in 2018[206]. UAE has the highest life insurance penetration rate at 0.7% while contribution from Saudi Arabia, Qatar and Kuwait remain insignificant due to cultural reservations, lack of awareness and social security arrangements[207].

Exposure to Risky Assets

Investment returns for insurers has declined between 2016 and 2018 due to stagnation in domestic real estate activity and volatility in capital markets

Investment returns that form an integral part of insurers' profits declined steadily between 2016 and 2018 due to stagnation in domestic real estate activity and volatility in capital markets. For example, insurance firms in the UAE have 37.0% of their assets in the form of equity and real estate investments[208], making them vulnerable to market and economic volatility. Similarly, among the top 20 listed insurance players in GCC based on GWP (refer to 'Financial Performance' section of the report), companies in Qatar (1), UAE (7) and Saudi Arabia (8), have a high exposure to shares at 63.0%, 54.0% and 50.0%, respectively, exposing them to volatility in the capital markets[209]. The exposure to high-risk investments has negatively affected their profitability making them susceptible to market and economic surprises.

[205] Source: "GCC insurance outlook: sector must balance growth with key challenges", The National, May 27, 2018
[206] Source: "Swiss Re"
[207] Source: "Islamic insurance could benefit from Sharia standardisation", Gulf News, March 11, 2019
[208] Source: "Annual Report of the UAE Insurance Sector 2017", UAE Insurance Authority
[209] Source: Company filings (all 20 companies), Q4 financial statement – 2016, 2017 and 2018

Weak Profitability

Aggregate underwriting profits have been weak for the regional insurers over the last 2 years due to fragmentation and pricing pressures

The GCC insurance sector is highly fragmented with 200 insurers operating within the region. In 2018, the top 20 listed insurers (based on GWP) accounted for 57.9% of the total insurance market[210]. Fragmentation among the middle market and smaller companies is particularly high due to the lack of homogenous regulations across GCC countries. Hence, regional insurers face intense price competition augmented by the lack of diversified product offerings. In such scenarios, market participants are compelled to offer higher commissions and discounts on policies to secure business, thus increasing their operating cost. In Saudi Arabia, pre-tax income of listed insurance players declined by approximately 28% to SAR 754.0 million (US$ 201.0 million) in 2018 from SAR 1.1 billion (US$ 293.4 million) in 2017[211]. GWP of listed companies declined in 2018 due to pricing pressures, application of higher no-claims discounts for motor policies and the departure of more than 1.5 million expatriates since the end of 2016[212]. The Saudi Arabian insurance companies also reported a fall of 55.0% in net profits during 2017[213]. Additionally, accumulated losses in recent years weakened capital buffers, resulting in negative ratings, consequently leading to solvency issues and license suspensions for a number of Islamic insurers in the Kingdom[214]. In 2018, UAE's GWP growth slowed to 2.1% due to the impact of VAT from approximately 21.6% in 2016[215], when mandatory health cover and minimum motor insurance rates in Dubai led to a strong growth in premiums. The slowdown was also due to cost cutting measures by corporates and a lack of new mandatory insurance covers[216]. Consequently, aggregate underwriting profits for UAE-listed insurers experienced a marginal decline of 1.7%, as many firms did not include a clause regarding VAT in their policies, limiting their right to recover the tax from policyholders. Moreover, intensifying competition led to a drop in rates for motor and health insurance lines, resulting in thinner profit margins. Similarly, profit margins for health insurance firms were relatively thin in Oman[217].

Going forward, GCC insurance companies are likely to face profitability pressure due to mounting competition, volatile investment returns, high regulatory costs, and strict accounting standards[218]. Companies may also witness pressure on margins due to implementation of VAT in the GCC region and the costs incurred to remain compliant with new policies.

Lack of Standardized Regulations and Transparency

Regulations governing the insurance sector vary across the member states, thereby limiting the number of insurers with pan-GCC presence

Regulations governing the insurance sector vary significantly across the GCC region, thereby limiting the number of insurers with pan-GCC presence. While the UAE has adopted a risk-based capital practice for insurers, Saudi Arabia and Bahrain follow a solvency framework. Actuarial reserving has been adopted in the UAE and Saudi Arabia but is yet to be implemented in other countries. Similarly, foreign ownership requirements for insurance companies vary drastically, with UAE, Bahrain, Oman, and Saudi Arabia allowing foreign ownership up to a limit as compared with the complete prevention of foreign ownership in Kuwait and Qatar (except for companies established under Qatar Financial Centre). While Oman and Saudi Arabia allow foreign ownership in insurance companies up to 70.0% and 49.0%, respectively, UAE prevents foreigners from owning more than 49.0% in national

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[210] Source: "Swiss Re, Thomson Reuters, Company Filings", 2018-19
[211] Source: "Saudi insurance market sees 28% profit drop in 2018", Zawya, April 10, 2019
[212] Source: "As Expats Leave Saudi Arabia, No One Is Replacing Them", Bloomberg, April 3, 2019
[213] Source: "Insurers see fall in net profits for 2018", Middle East Insurance Review, April 14, 2019
[214] Source: "Higher capital rules key to bolster GCC insurance sector", Trade Arabia, July 15, 2019
[215] Source: "Swiss Re", 2016-2018
[216] Source: "GCC insurers to face pressure on earnings in 2019", February 26, 2019
[217] Source: "UAE insurers report region's highest combined profits in 2018", February 28, 2019
[218] Source: "GCC insurers to face pressure on earnings in 2019", Gulf News, February 26, 2019

insurance companies. There are no restrictions on foreign ownership of insurance companies in Bahrain[219]. Although all GCC countries are converging towards risk-based capital requirements and actuarial reserving, there is a need to maintain a uniform and transparent regulatory environment to encourage domestic and foreign insurers to modernize their offerings and adopt international best practices.

[219] Source: "Regulatory challenges in the Levant and GCC insurance markets", LEVANT Law Practice

6. Trends

Growing Consolidation

High operating costs combined with strengthening regulatory environment is driving the GCC insurance sector towards consolidation

High operating costs combined with a strengthening regulatory environment is driving the GCC insurance sector towards consolidation. As a result, the share of the top 20 listed insurance companies in the region (based on GWP) increased from 50.9% in 2016 to 57.9% in 2018[220]. The region witnessed 22 M&A transactions (including on-going deals) between 2017 and Q3 2019 with UAE (8 deals) and Saudi Arabia (6 deals) cumulatively accounting for approximately 64% of the total deal volume. In 2019 alone, the region observed 6 M&A transactions and the trend is expected to continue in order for firms to increase their operational efficiencies and reduce costs.

Smaller insurance companies will be compelled to consolidate given the stringent reserve and solvency requirements. For instance, Saudi Arabia's 3 major operators - Bupa Arabia, Tawuniya and Med Gulf accounted for 79.4% of the health GWP in 2018[221], while the other 24 companies made up for the remaining share. Similarly, approximately 90% of insurers in Saudi Arabia would be required to raise fresh capital, consolidate or exit the market entirely if SAMA proceeds with its planned imposition of a 5-time increase in minimum capital requirement for all insurance activities[222]. In the UAE, approximately 40% of Takaful players, who do not comply with the country's new solvency requirements adopted in January 2018, would also need to increase their capital or consolidate[223].

Strengthening regulatory environment across the UAE, Saudi Arabia and Oman will continue to facilitate consolidation as the regulators plan for increasing minimum capital requirements to improve risk controls, improve insurers' economies of scale and underwriting capability. This will create several opportunities for large operators, especially foreign players, to scout for smaller firms with relatively sound solvency capital to gain market share and expand their business. Going forward, consolidation will streamline the industry leading to higher profitability for the insurers while aiding the overall industry growth.

Influx of Foreign Players in Onshore Financial Centers

QFC and DIFC have emerged as a hub for foreign insurers, reinsurers and intermediaries

The influx of foreign operators will facilitate the evolution of the GCC insurance industry as they introduce new product offerings and streamline business operations. With no restrictions on foreign ownership, onshore financial centers such as the Qatar Financial Centre (QFC) and Dubai International Financial Centre (DIFC) have emerged as a hub for foreign insurers, reinsurers and intermediaries. Onshore financial centers also have a strong presence of local insurance companies, which often require underwriting support from their foreign counterparts. For example, DIFC is home to more than 200 underwriters, 98 insurance-related entities, including 6 of the world's top 10 insurance companies such as AIG, HanseMerkur Global Insurance Management and Zurich Insurance, among others[224]. In February 2018, Berkshire Hathaway Specialty Insurance Asia Middle East, part of Berkshire Hathaway's National Indemnity group of insurance companies, established its presence in DIFC. Additionally, DIFC has become a hub for InsurTech, with foreign players such as UK-based Charles Taylor InsurTech already having established their presence. Similarly, several international insurance providers have set up their base in QFC. For

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[220] Source: "Swiss Re, Thomson Reuters, Company Filings", 2018-19
[221] Source: "Q4 2018 investor presentation, Bupa Arabia
[222] Source: "Islamic insurers could lead 'merger mania' in UAE, Saudi insurance sectors", S&P Global, July 29, 2019
[223] Source: "Consolidation on cards for UAE, Saudi islamic insurers over stricter capital norms", Zawya, July 16, 2019
[224] Source: "Dubai International Financial Centre Reports Strong Start to 2018", DIFC, July 15, 2018

example, AIG established its office in the QFC in 2007 as a branch of AIG MEA Ltd. while Seib & Meyer opened its office in 2019 and launched several innovative insurance products to retail and corporate clients[225]. With low premium retention rates across GCC, many foreign firms have focused their attention on reinsurance activity and lend their underwriting capabilities to local firms.

Industry Stakeholders Collaborate to Drive Consumer Awareness

Regulators across GCC are collaborating with insurance companies to educate the consumers on protection and risk-mitigating insurance options

Regulators across GCC are collaborating with insurance companies to educate consumers on protection and risk-mitigating insurance options. Industry stakeholders are actively organizing educational campaigns on the significance of insurance products, mitigating risks, especially life insurance, as the market remains relatively immature compared to other developed nations[226]. For instance, the Central Bank of Bahrain, in collaboration with the Bahrain Insurance Association, conducts an annual 'Insurance Week' to educate its population on the significance of health, home and life insurance products. The UAE Insurance Authority launched a new campaign to raise awareness of policyholders, partners, and customers about insurance rights and obligations prior to purchasing policies. Similarly, international insurance companies such as AXA launched dedicated campaigns in the UAE for creating awareness towards hypertension and risks arising from high blood pressure, signifying the importance of life and health insurance policies[227]. Regional players have also conducted comprehensive awareness sessions on the insurance sector. For instance, Saudi Arabia-based Najm for Insurance Services launched its second phase of 'Insure It Right' campaign in March 2019 to raise awareness on motor insurance and related topics including combating insurance fraud[228]. The Kingdom's Media & Insurance Committee, in collaboration with local insurance companies, also launched an anti-fraud insurance campaign to strengthen transparency and create awareness on fraudulent insurance claims[229]. The CMA in Oman hosted health insurance awareness campaign in collaboration with the health insurance 'Dhamani' team for the employees of the private sector and expatriates in April 2019. The campaign exhibited the economic and social benefits of the awareness scheme[230].

Continued Popularity of Bancassurance

Life insurance products are the most popular segment within the bancassurance market

With lowering interest rates and declining credit growth, GCC banks continue to offer insurance products as part of their wealth management services or bundle them with mortgage or personal loans. Simultaneously, foreign insurers are collaborating with international banks to tap the expatriate population, who prefer to maintain their life insurance after relocating from their home country. Such arrangements provide insurance companies access to a larger customer base at a relatively lower cost. As a result, the bancassurance segment is gaining traction, particularly in the UAE, which has a strong legal framework governing its activity. In the UAE, bancassurance accounted for approximately 10.7% (AED 4.8 billion, US$ 1.3 billion) of the total GWP in 2017 (AED 44.8 billion, US$ 12.2 billion), of which approximately 76% was comprised of products from foreign insurers[231]. Life insurance products are the most popular within the bancassurance market,

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[225] Source: Qatar Financial Centre – Client Portfolio
[226] Source: "GCC insurance outlook: sector must balance growth with key challenges", The National, May 27, 2018
[227] Source: "AXA provides free screenings in Dubai, as part of hypertension awareness campaign", Zawya, July 2, 2019
[228] Source: "Najm launches 'Insure It Right' to stress value of motor insurance", Saudi Gazette, March 24, 2019
[229] Source: "Anti-fraud insurance campaign in Saudi Arabia", Atlas Magazine, February 26, 2019
[230] Source: "CMA hosts health insurance awareness campaign", Times of Oman, April 8, 2019
[231] Source: "UAE Bancassurance Regulations 2018", Mashreq, September 2018

with banks in the UAE accounting for a cumulative 38.2% share of the total life GWP compared to 1.1% of total non-life GWP in 2017[232]. Meanwhile, other GCC nations have limited regulations in place to govern the bancassurance segment and remain at a nascent stage of development. For instance, there is no legal framework in Kuwait and Qatar for the distribution of bancassurance[233]. However, banks in Qatar traditionally sell insurance, via their website, through dedicated teams with insurance expertise[234]. Kuwait is expected to provide a regulatory framework for bancassurance in accordance with the new insurance law[235]. Thus, implementation of favorable regulations and legal framework for onshore bancassurance activities will drive growth in this business segment.

Digitization and Technological Advancements

With the advent of technology, digitization is sweeping across the insurance landscape driven by new generation of consumers

The advent of technology is sweeping across the insurance landscape. Driven by the new generation of consumers, millennials, who represent a large part of the GCC population, with the median age ranging between 29 and 33 years[236], have compelled insurance companies to create a new ecosystem in accordance with their changing digitization preferences. Young customers are increasingly looking for customized products, convenient offerings and hassle-free sales channels through digital platforms. As a result, insurance companies are establishing their presence across multiple platforms such as websites, social media pages, digital kiosks and mobile apps to interact with customers.

As the region's insurance sector embraces technology, the role of insurance aggregators is gaining importance. In UAE, Souqalmal, Comapreit4me (rebranded to Yallacompare), Bayzat and Nexus Advice, some of the prominent aggregators, offer quotes from multiple insurers. Working through a lead-based compensation model or a performance-based commission model, these platforms contribute approximately 3%-5% of the overall sales in the country[237]. As a result, the nascent aggregator market continues to attract new entrants and private sector funding given its potential to transform traditional sales channels. The market witnessed the entry of 2 new players, Policybazaar UAE and Aqeed, in 2018 while Yallacompare, the largest insurance aggregator in the UAE, raised US$ 8.0 million in 2019[238], signifying increasing investor confidence in such platforms.

Increasing adoption of technologies such as IoT, cloud computing, blockchain, big data analytics and AI is driving the InsurTech market

The increasing adoption of technologies such as Internet of Things (IoT), cloud computing, blockchain, big data analytics and artificial Intelligence (AI) by regional insurers, is driving the InsurTech market. In August 2019, 5 regional insurance players including Aman Insurance, Al Wathba Insurance, National Takaful Co. (Watania), Noor Takaful and Oriental Insurance collaborated with InsurTech firm Addenda to adopt its blockchain platform as a part of their digitization strategy. The InsurTech segment has also started drawing significant investor interest, as more than 15% of the applicants in the 2019 DIFC FinTech Hive's accelerator programme comprised of InsurTech firms. Local start-ups such as Bayzat, Democrance, and Felix Technologies are amongst the few that garnered investments from both domestic and foreign private equity firms over the last 2 years[239].

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232 Source: "UAE Insurance Authority Annual Report 2017", July 26, 2018
233 Source: "Bancassurance Regulations in the GCC", BSABH, May 2019
234 Source: "Bancassurance Regulations in the GCC", BSABH, May 2019
235 Source: "Bancassurance Regulations in the GCC", BSABH, May 2019
236 Source: "World Population Prospects: 2019 Revision", United Nations Population Division
237 Source: "Competition heats up in UAE insurance aggregation market", S&P Global, February 4, 2019
238 Source: "yallacompare raises $8 million in latest round", Wamda, January 6, 2019
239 Source: Thomson Reuters, ThomsonOne Banker

Going forward, millennials' demand for innovative, customized and convenient solutions will stimulate regional operators to either develop technological capabilities or collaborate with InsurTech companies that can deliver improved customer experience.

7. Merger and Acquisition (M&A) Activities

M&A activity in the GCC insurance sector has picked up as companies are looking for strategic expansion or mergers to form stronger entities

The GCC region has experienced a surge in M&A activities in the insurance sector. While the region observed a handful of cross-border acquisitions, there were several intra-regional deals as companies are looking to form stronger entities to offset weak profitability. Particularly, the region saw 13 intra-regional deals between 2017 and Q3 2019, while there were 9 deals wherein overseas insurers acquired stakes in local companies to penetrate into the market. Regional players also made strategic investments in foreign companies to diversify their geographical presence. In 2019, there were 6 M&A deals recorded as of October, at par with the total number of deals recorded in 2018.

Exhibit 58: Major M&A Deals in the GCC Insurance Industry

Acquirer	Acquirer's Country	Target Company	Target's Country	Year	Consideration (US$ Million)	Percent Sought (%)	Sales# Multiple (x)
AXA Mediterranean Holding SA	France	AXA Green Crescent Insurance Co. PJSC	UAE	2019	N/A	7.8%	N/A
Aljazira Takaful Taawuni Co. SJSC*	Saudi Arabia	Solidarity Saudi Takaful Co. JSC	Saudi Arabia	2019	N/A	N/A	N/A
Warba Insurance Co. KSC	Kuwait	WAPMED TPA Services Co. KSCP	Kuwait	2019	N/A	28.0%	N/A
MetLife AIG ANB Cooperative Insurance Co. SJSC*	Saudi Arabia	Walaa Cooperative Insurance Co. SJSC	Saudi Arabia	2019	N/A	N/A	N/A
Investor Group	UAE	Wefox Germany GmbH	Germany	2019	125	N/A	N/A
Elseco Ltd.*	UAE	Malakite Underwriting Partners Ltd.	UAE	2019	N/A	N/A	N/A
Ib Capital BSC	Bahrain	Solidarity Group Holding BSC	Bahrain	2018	N/A	N/A	N/A
Goldilocks Investment Co. Ltd.	UAE	Takaful Emarat Insurance PJSC	UAE	2018	N/A	29.5%	N/A
Investor Group	UAE	Islamic Arab Insurance Co. PSC	UAE	2018	42	31.1%	0.7
Axa Liabilities Managers	France	Emirates Retakaful Ltd.	UAE	2018	N/A	92.7%	N/A
ARC Investment	UAE	Takaful Emarat Insurance PJSC	UAE	2018	13	17.8%	0.9
Al Ahleia Insurance Co. SAKP	Kuwait	Trade Union Insurance Co. BSCC	Bahrain	2018	N/A	37.0%	N/A
Bupa Investments Overseas Ltd.	UK	Bupa Arabia for Cooperative Insurance Co.	Saudi Arabia	2018	107	5.0%	1.0
Howden Broking Group Ltd.	UK	New Generation Insurance Services LLC	Oman	2017	N/A	N/A	N/A

Source: Thomson Reuters

*Note: *Deals pending completion (as on November 14, 2019); #Based on LTM sales as on the date of deal announcement*

Exhibit 58: Major M&A Deals in the GCC Insurance Industry (Continued…)

Acquirer	Acquirer's Country	Target Company	Target's Country	Year	Consideration (US$ Million)	Percent Sought (%)	Sales# Multiple (x)
Allianz SE	Germany	Allianz Saudi Fransi Cooperative Insurance Co. SJSC	Saudi Arabia	2017	22	18.5%	0.7
Saudi British Bank JSC	Saudi Arabia	SABB Takaful Co.	Saudi Arabia	2017	31	32.5%	2.5
Saudi Reinsurance Co.*	Saudi Arabia	Probitas Holdings (Bermuda) Ltd.	Bermuda	2017	25	N/A	N/A
Cigna Corp	US	Zurich Insurance Middle East SAL	UAE	2017	N/A	100.0%	N/A
The British United Provident Association Ltd.	UK	Bupa Arabia for Cooperative Insurance Co.	Saudi Arabia	2017	244	8.0%	1.5
Solidarity General Takaful BSCC	Bahrain	Al Ahlia Insurance Co. BSC	Bahrain	2017	N/A	N/A	N/A
Bahrain Kuwait Insurance Co. BSC	Bahrain	Takaful International Co. BSC	Bahrain	2017	6	3.6%	3.8
Arabia Insurance Co. Sal	Lebanon	Falcon Insurance Co. SAOC	Oman	2017	N/A	100.0%	N/A
Bahrain Kuwait Insurance Co. BSC	Bahrain	Takaful International Co. BSC	Bahrain	2017	4	22.8%	0.4
Asia Capital Reinsurance Group Pte Ltd.	Singapore	ACR Retakaful Holdings Ltd.	UAE	2017	N/A	80.0%	N/A

Source: Thomson Reuters

*Note: *Deals pending completion (as on November 14, 2019); #Based on LTM sales as on the date of deal announcement*

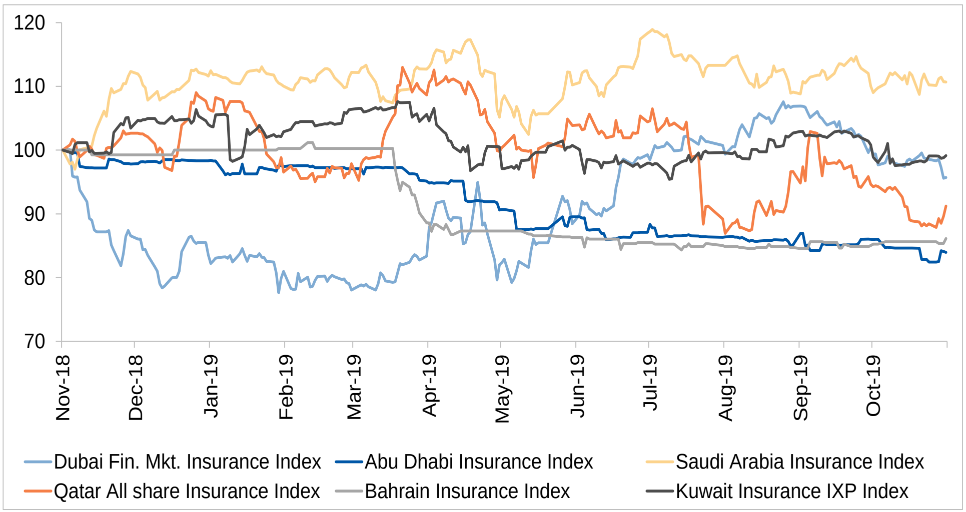
8. Financial and Valuation Analysis

Stock Market Performance

In the last 52 weeks ended November 14, 2019, the insurance indices in GCC have been volatile and posted negative annual returns

Insurance indices in GCC exhibited a negative performance over the past 52 weeks* (see Exhibit 59). The performance was influenced by the region's subdued growth outlook because of rising competition and volatile investment returns'[240]. In the last 52 weeks, only Saudi Arabia Index outperformed its regional peers, recording gains of 10.7%, which was supported by an inflow of funds from the MSCI emerging market inclusion. On the other hand, the Abu Dhabi Index was the weakest performer, recording losses of 16.0%, followed by Bahrain (13.9%) and Qatar (8.8%).The insurance index in Dubai and Kuwait fell 4.3% and 0.9%, respectively, over the past 52 weeks.

Exhibit 59: GCC Insurance Indices Performance



*Source: Thomson Reuters, *Data as on November 14, 2019*

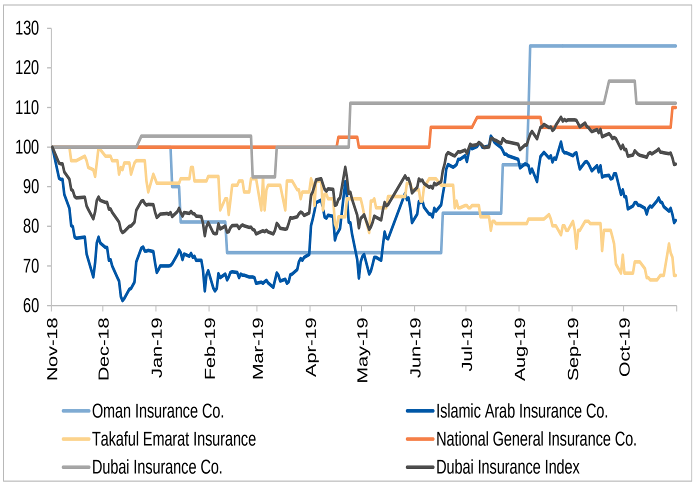
UAE – The Largest Insurance Market Witnessed Negative Trends

Dubai and Abu Dhabi insurance indices recorded losses of 4.3% and 16.0%, respectively

The insurance sector indices in the UAE observed a negative trend over the past 52 weeks, with Dubai and Abu Dhabi insurance indices recording losses of 4.3% and 16.0%, respectively. In Dubai, Takaful Emarat Insurance underperformed the top 5 insurers with losses of 32.4%, followed by losses of 18.5% in Islamic Arab Insurance Co., both of which contributed to the decline of the Dubai index. Among the gainers, Oman Insurance Co. was the best performer with gains of 25.6%, followed by a Dubai Insurance Co with a gain of 11.1%. In the Abu Dhabi index, Abu Dhabi National Insurance Co and Al Ain Ahlia Insurance Co., recorded the largest declines in share price, falling 26.2% and 13.2%, respectively. The worst performer within the Abu Dhabi index was Union Insurance Co, declining 41.3%, however, its impact was limited due to its low weightage. In contrast, Emirates Insurance Co. recorded a gain of 13.0%, supported by superior financial performance.

[240] Source: "GCC insurance firms forecast to see 'sluggish' growth in 2019", Arabian Business, March 16, 2019

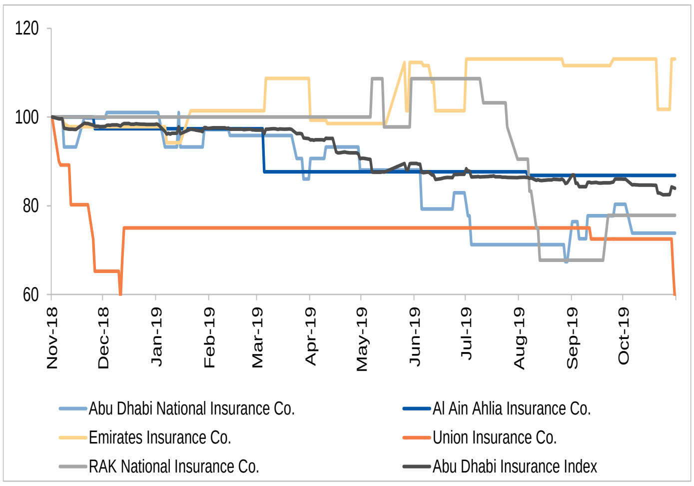
Exhibit 60: Share Price Performance of Top 5 Insurers in Dubai



Source: Thomson Reuters, Data as on November 14, 2019

Note: The companies are selected based on GWP in 2018; Orient Insurance is excluded due to no trading activity

Exhibit 61: Share Price Performance of Top 5 Insurers in Abu Dhabi



Source: Thomson Reuters, Data as on November 14, 2019

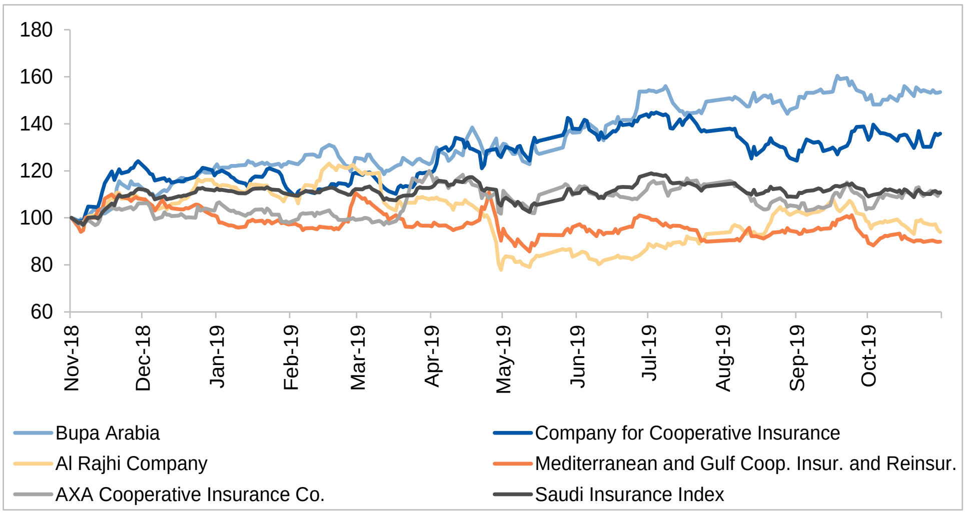
Note: The companies are selected based on GWP in 2018

Saudi Arabia – Funds Inflow from MSCI Inclusion Boosted Sector Returns

Saudi Arabia's insurance sector indices observed a positive trend in the past 52 weeks, led by gains of 50.5% in index heavyweight BUPA Arabia

Saudi Arabia's insurance index observed a positive trend in the past 52 weeks, led by gains of 50.5% in index heavyweight BUPA Arabia, followed by a gain of 35.8% in Company for Cooperative Insurance. The country's 2 largest insurance providers and other index stocks have benefitted from the country's inclusion in the MSCI EM index. Meanwhile, Mediterranean & Gulf Co-op Insurance and Reinsurance Co, and Al Rajhi Co, recorded negative return of 10.1% and 6.1%, resulting from their financial performance.

Exhibit 62: Share Price Performance of Top 5 Insurers in Saudi Arabia



Source: Thomson Reuters, as on November 14, 2019

8.1 Financial Performance

In GCC, Qatar Insurance Company recorded the highest GWP in 2018

In this section, we have analyzed the 3-year financial performance of the top 20 listed insurance companies ("Selected Companies") in GCC based on GWP (see Exhibit 63). The companies selected include a mix of conventional and Islamic insurance providers from Saudi Arabia (8), UAE (7), Bahrain (2), Kuwait (2) and Qatar (1). Across GCC, Qatar Insurance Company recorded the highest GWP in 2018. The table below represents the financial performance (including market capitalization, growth in GWP and net profit along with 3-year average of cession rate and ROE) for the Selected Companies only.

Exhibit 63: Financial Performance of the Selected Insurance Companies in the GCC

Company Name	Country	Short Form	Market Cap (US$ Million)	GWP 2018 (US$ Million)	GWP (2-yr CAGR %)	Net Profit (2-yr CAGR %)	Cession Rate (3-yr avg. %)	ROE (3-yr avg. %)
Qatar Insurance Co.	Qatar	QIC	2,853.4	3,610.2	16.5%	-20.5%	15.2%	8.7%
Bupa Arabia Co-op Insurance Co.	KSA	BUPA	3,398.3	2,283.9	3.9%	-8.7%	0.9%	26.2%
Company for Co-op Insurance	KSA	CCI	2,363.3	2,032.9	-2.7%	NM	13.2%	3.8%
Gulf Insurance Group	Kuwait	GINS	379.0	1,116.8	26.6%	0.9%	54.0%	12.7%
Oman Insurance Co.	UAE	OIC	284.2	1,007.2	2.0%	-64.2%	59.7%	3.3%
Orient Insurance	UAE	ORI	NM	1,001.3	19.4%	13.0%	67.5%	13.7%
Al Rajhi Co for Co-op Insurance	KSA	AARC	624.0	792.8	23.5%	36.7%	3.5%	29.5%
Abu Dhabi National Insurance Co.	UAE	ADNI	291.0	792.2	10.7%	7.2%	54.5%	12.4%
Mediterranean & Gulf Co-op Insurance and Reinsurance Co.	KSA	MGCI	299.5	551.7	-19.5%	NM	15.0%	-27.5%
Al Ain Ahlia Insurance Co.	UAE	AAIC	134.8	412.3	25.3%	-11.7%	69.7%	4.6%
AXA Co-op Insurance Co.	KSA	AXACI	301.2	385.5	11.9%	33.8%	10.6%	11.3%
Walaa Co-op Insurance Co. SJSC	KSA	WCI	193.2	294.6	4.3%	-7.5%	26.6%	25.1%
Islamic Arab Insurance Co.	UAE	IAI	184.2	289.4	16.8%	NM	29.1%	-4.9%
Emirates Insurance Co.	UAE	EI	318.6	284.1	1.0%	14.4%	52.0%	9.7%
Al Ahleia Insurance Co.	Kuwait	AAI	283.4	277.1	17.0%	3.9%	32.4%	8.5%
Arab Insurance Group	Bahrain	ARIG	71.9	262.8	3.5%	NM	17.4%	-4.7%
Union Insurance Co.	UAE	UI	63.5	259.2	4.2%	NM	48.9%	0.7%
Allianz Saudi Fransi Co-op Insurance Co.	KSA	ASFCI	136.0	232.1	2.0%	23.2%	30.7%	13.6%
Bahrain Kuwait Insurance Co.	Bahrain	BKIC	117.6	216.6	39.3%	7.0%	62.0%	8.2%
Saudi Re for Co-op Reinsurance Co.	KSA	SRCR	190.5	192.4	-14.4%	-13.8%	13.3%	2.9%
Consolidated				*16,295.0*	*8.2%*	*-23.7%*	*26.5%*	*8.8%*
Average				*814.7*	*9.6%*	*0.9%*	*33.8%*	*7.9%*
High				*3,610.2*	*39.3%*	*36.7%*	*69.7%*	*29.5%*
Low				*192.4*	*-14.9%*	*-64.2%*	*0.9%*	*-27.5%*

Source: Thomson Reuters Eikon

Notes: Last updated November 14, 2019; NM – Not Meaningful; Figures in red indicate below GCC average and those in green suggest at par with or above GCC average

GWP – Up

Consolidated GWP of the Selected Companies stood at US$ 16.3 billion in 2018, recording a CAGR of 8.2% from 2016

The consolidated GWP of the Selected Companies stood at US$ 16.3 billion in 2018, recording a CAGR of 8.2% from 2016 (see Exhibit 64). A large segment of this growth is attributed to the UAE market, which implemented minimum motor insurance rates and mandatory health cover across its key Emirates in 2017. The implementation of mandatory health coverage for expatriates in Kuwait drove the total premium higher by 38.5%[241]. The combination of these factors augmented the growth of the insurance industry during 2017, which saw a growth of approximately 13%[242]. In contrast, a decline in consumer spending and subdued growth during 2018 led to a marginal increase in GWP for the top 20 companies in the GCC region.

Exhibit 64: Trend in GWP (2016-2018)

Source: Company Reports, Alpen Capital

From exhibit 64, it can be observed that QIC, BUPA and CCI maintained their leading position within the region. Collectively, the 3 companies accounted for 48.0% of the consolidated GWP, where as the top 6 companies accounted for 66.6% of the total consolidated GWP in 2018[243]. QIC strengthened its leadership position by growing at a CAGR of 16.5% compared to an average 8.2% of growth reported by the Selected Companies during the past 3 years[244]. BUPA, a dominant player within the health insurance market, experienced a nominal CAGR growth of 3.9% over the past 3 years, below the consolidated annual average rate of the top 20 listed insurance companies during the same period. The subdued performance by BUPA can be largely attributed to decline in insured lives due to migration of the expatriate population in 2017[245], leading to a reduction in premiums. However, in 2018, BUPA witnessed a 10.8% y-o-y growth in GWP due to healthy pricing and growth in new business[246], which increased its total insurance market share to

[241] Source: “Kuwait expats could be hit with mandatory health insurance fees”, Expat Health, June 22, 2017
[242] Source: Company filings (all 20 companies), Q4 financial statement- 2017
[243] Source: Company filings (all 20 companies), Q4 financial statement- 2018
[244] Source: QIC company filing, Q4 2018 financial statement
[245] Source: “Saudi Arabia encouraged foreign workers to leave”, SCMP, February 3, 2019
[246] Source: BoD Report (FY 2018), Bupa Arabia for Cooperative Insurance Company, 2018

24.0% from 21.0% in the previous period[247]. The GWP of CCI fell by 2.7% in the past 3 years, mainly due to lower premiums from the motor insurance and Manafeth segments.

BKIC and GINS were the top performers, increasing at a CAGR of 39.3% and 26.6%, respectively

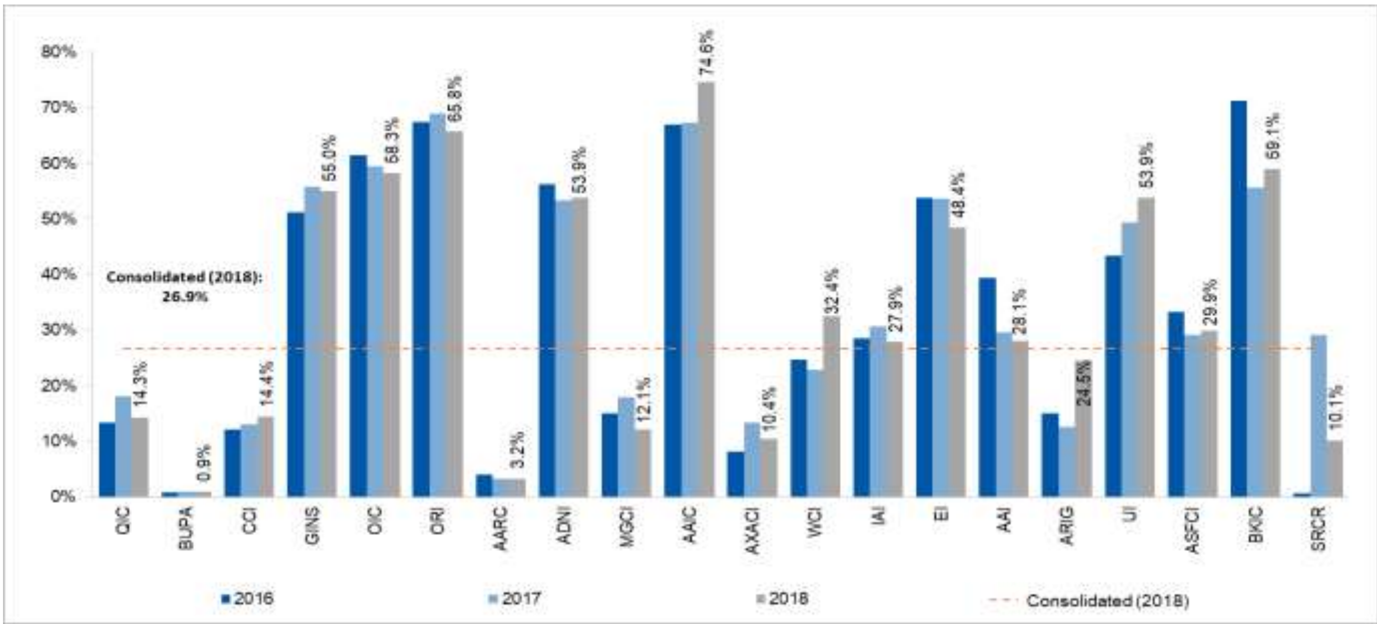
BKIC and GINS were the top performers, increasing at a CAGR of 39.3% and 26.6%, respectively. The gross premiums of BKIC was driven by its majority acquisition of Takaful International Company in 2017 and GINS's growth was driven by an increase in motor insurance premiums over the past 3 years. 2 additional Saudi Arabia based companies, MGCI and SRCR, also reported a decline in GWP between 2016 and 2018. Among other reasons, this was because of a combination of higher discounts on motor policies and migration of expatriate population due to the Kingdom's nationalization policies.

Cession Rate – Stable

The cession rates averaged 26.9% in 2018 compared to 32.6% in 2017 and 19.9% in 2016, respectively

The cession rates averaged 26.9% in 2018 compared to 32.6% in 2017 and 19.9% in 2016, respectively[248]. Dependency on reinsurance players continued to vary, ranging from an average of 14.2% in Saudi Arabia to 59.1% in Bahrain[249]. Although cession rates remained constant between countries in the past 3 years, it remains relatively higher than the global average[250]. The higher dependency on reinsurers can be attributed to lack of expertise and low risk appetite of the local companies.

Exhibit 65: Trend in Cession Rate (2016-2018)



Source: Company Reports, Alpen Capital

In 2018, the cession rate of 8 companies was below the consolidated average of 26.9% of the Selected Companies in GCC. Cession rate of Saudi Arabian companies are low compared to regional peers. Amongst the Selected Companies, BUPA and AARC (Saudi Arabia) have the lowest cession rates of 0.9% and 3.2%, respectively[251], with BUPA having

[247] Source: BUPA company filing Q4 2018 and Q4 2017 financial statement
[248] Source: Company filings (all 20 companies), Q4 financial statements – 2016, 2017 and 2018
[249] Source: Company filings (all 20 companies), Q4 financial statement - 2017
[250] Source: "Global reinsurance: Fit for the future?" McKinsey&Co, September 2017
[251] Source: BUPA and AARC company filings, Q4 2018 financial statement

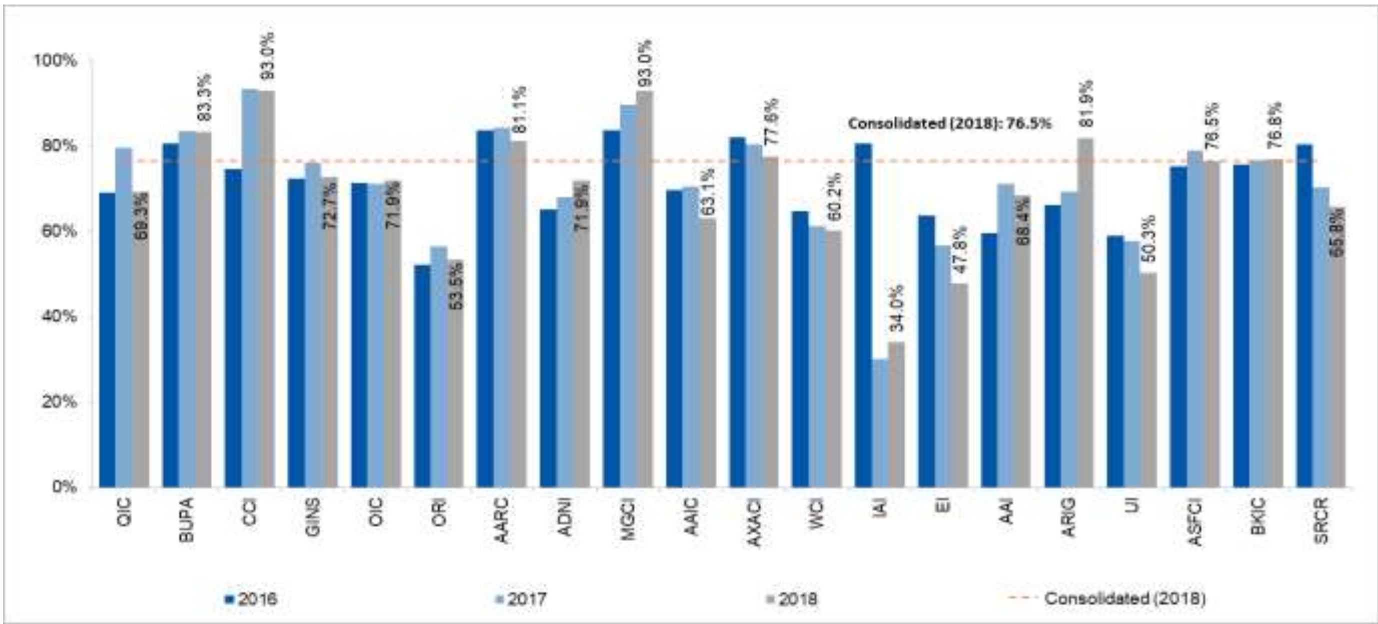
maintained a cession rate of below 1%[252] in the past 3 years. Additionally, Islamic insurance providers also show a lower cession rate compared to regional peers due to restrictive regulatory requirements and limited re-Takaful companies. AAIC recorded the highest cession rate at 74.6% as the company maintained a very low retention level for general accident, fire, and engineering[253].

Claims Ratio – Up

Average claims ratio of the Selected Companies stood at 76.5% in 2018, up from 74.3% in 2016

The rise in claims ratio can be attributed to higher claims incurred by insurance companies in Saudi Arabia without any fallback on reinsurance players, evident from their cession rates. On the other hand, companies in the UAE have one of the lowest claims ratio within the region, down from 66.0% in 2016 to 56.1% in 2018. This can be attributed to prudent risk management practices and transferring of risk to reinsurances to reduce the overall claims during the past 2 years.

Exhibit 66: Trend in Claims Ratio (2016-2018)



Source: Company Reports, Alpen Capital

Amongst the Selected Companies, IAI reported the lowest claims ratio of 34.0% in 2018 compared to 80.5% in 2016 . CCI and MGCI of Saudi Arabia had the highest claims ratio of 93.0% each in 2018.

Net Underwriting Profit – Down

The combined net underwriting profit of the Selected Companies declined to US$ 1.3 billion in 2018, a fall of 6.7% from 2016[254]. Underwriting income was mainly impacted by a decline

[252] Source: BUPA company filing, Q4 financial statements - 2016, 2017 and 2018
[253] Source: AAIC company filing, Q4 2018 financial statement
[254] Source: Company filing (all 20 companies), Q4 financial statements – 2016 and 2018

Combined net underwriting profit of the Selected Companies declined by 6.7% from 2016

of 18.5% in 7 Saudi Arabian companies due to an increase in claims incurred[255], specifically from the health insurance segment during the past 3 years. Excluding Saudi Arabian companies, the remaining 13 Selected Companies grew at a CAGR of 8.5% from US$ 583.7 million in 2016 to US$ 687.3 million in 2018[256].

Exhibit 67: Trend in Net Underwriting Result (2016-2018)

Source: Company Reports, Alpen Capital

The top 3 companies by GWP accounted for nearly 50.0% of the total net underwriting income in 2018[257]. However, between 2016 and 2018, net underwriting income of the top 3 companies declined at a CAGR of 8.4%. Amongst the Selected Companies, OIC reported the highest growth in the underwriting profit with 2-year CAGR of 88.6% (see Exhibit 67), while ARIG and CCI recorded a drop of 78.8% and 78.0%, respectively, for the same period. Since 2016, net underwriting income of ARIG declined on the back of higher claims incurred. CCI, however, recorded a modest recovery in net underwriting income in 2018.

Investment Mix and Return

Investment portfolio of regional insurance companies are highly skewed towards traditional asset classes, such as equities and bonds

Investment returns continue to be an integral source of income for insurers in the region. Funds deployed into various asset classes generate recurring income, which improve the overall returns to shareholders. Investment portfolio of regional insurance companies are highly skewed towards traditional asset classes, such as equities and bonds. UAE-based companies are an exception within the region since they tend to have higher exposure towards riskier asset classes, such as real estate. However, this trend has gradually shifted as regulators capped the limits for allocation within each asset class[258].

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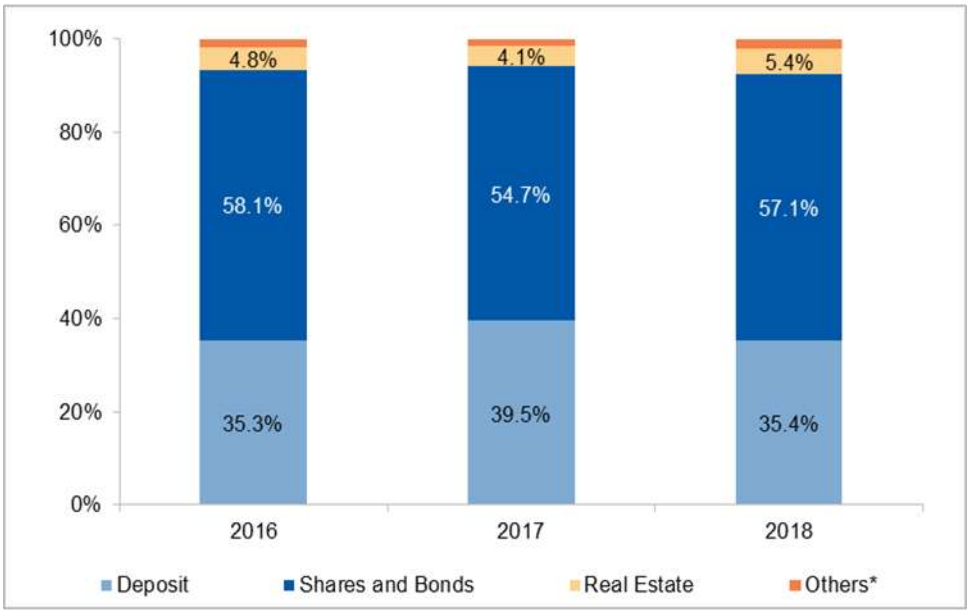
255 Source: Company filings (Saudi Arabia's selected seven companies), Q4 2018 – financial statement
256 Source: Company filing (Excluding Saudi Arabia's company) Q4 2018 financial statement
257 Source: Company filings (all 20 companies), Q4 2018 financial statement
258 Source: "Upgrading the UAE's insurance market", ME Insurance Review, April, 2015

Exhibit 68: Investment Mix of Select Insurance Players



Source: Company Reports, Alpen Capital
** Includes investments in affiliates*

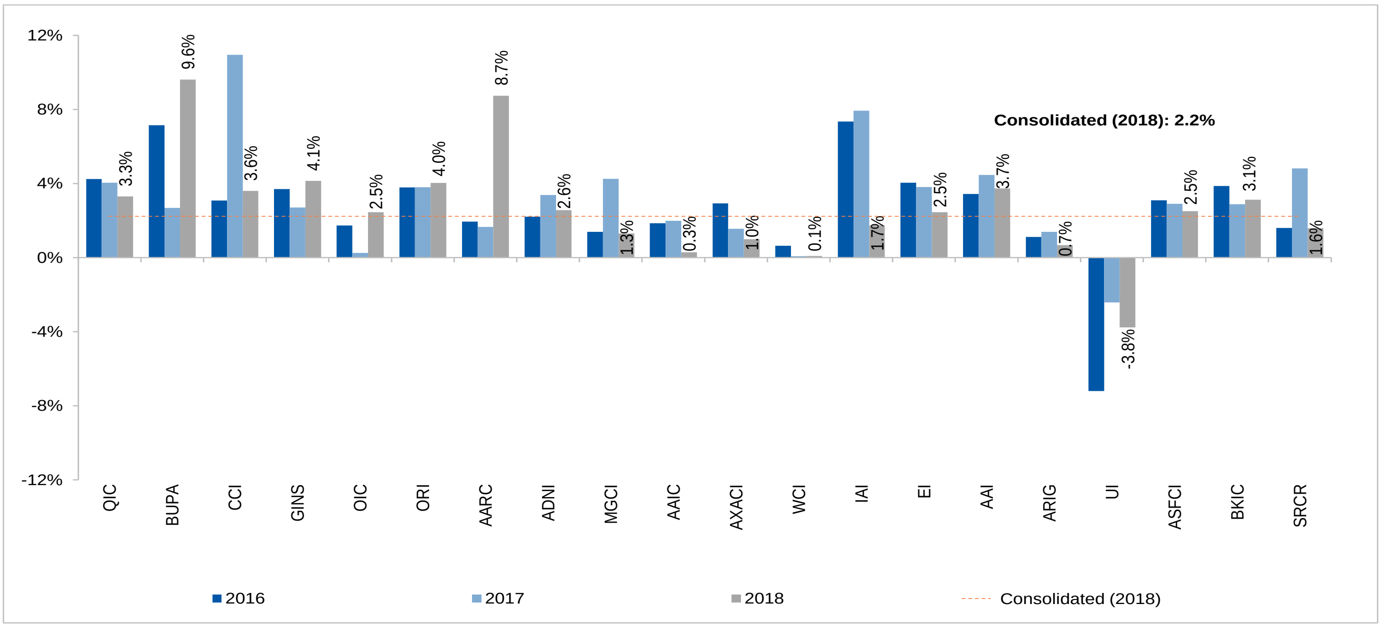
Shares and bonds accounted for 57.1% of the total investment portfolio of the Selected Companies in 2018

At the end of 2018, shares and bonds accounted for 57.1% of the total investment portfolio of the Selected Companies (see Exhibit 68)[259]. The weightage for shares and bonds improved in 2018 compared to 2017, led by improving macroeconomic environment and favorable valuations. Additionally, the surge in bond issuances by sovereign and corporates prompted investment managers to increase allocations by reducing exposure in lower interest paying deposits[260]. As a result, exposure to deposits have declined from 39.5% in 2017 to 35.4% in 2018. Real estate accounted for 5.4% of the investment portfolio in 2018 compared to 4.1% in 2017, while investment in associates contributed 2.1% in 2018, an increase from 1.7% in the previous year[261].

UAE companies had an average exposure of 12.6% towards real estate in the past 3 years, while companies from Saudi Arabia and Bahrain have no expsoure in this sector. The portfolio of Saudi Arabian and Bahrain insurance companies is highly skewed towards deposits, share & bonds. Amongst the Selected Companies, AAIC witnessed signficant increase in real estate exposure by 58.6% in 2018, mainly due to changes in accounting treatment[262]. Meanwhile, AAI investments in other assets (investment in associates) jumped to 10.7% in 2018 from 3.1% in 2017 on the back of acquisition of Trade Union Holding CO. B.S.C[263]. ASFCI, BUPA, CCI and EIC have an exposure of more than 70% in shares and bonds, while the rest of the Selected Companies have an exposure of approximately 40%[264].

[259] Source: Company filings (all 20 companies), Q4 financial statements - 2016 and 2018
[260] Source: "How the GCC outperformed peers in bond markets", The National, December 18, 2018
[261] Source: Company filings (all 20 companies), Q4 financial statements - 2017 and 2018
[262] Source: AAIC company Q4 2018 financial statement
[263]Source: AAI company Q4 2018 financial statement
[264] Source: Company filings (all 20 companies), Q4 financial statements - 2016 and 2018

Exhibit 69: Trend in Return on Investments (2016-2018)



Source: Company Reports, Alpen Capital

Average return on investment of the Selected Companies stood at 2.2% in 2018 compared to its 3-year average of 2.5%

Average return on investment of the Selected Companies stood at 2.2% in 2018 (see Exhibit 69), compared to its 3-year average of 2.5%. On the upper end of the spectrum, BUPA and GINS reported return on investment of 9.6% and 4.1%[265], respectively, for 2018. BUPA's return on investment was supported by an increase in commission income and recovery from equity exposure. GINS reported a higher return due to a one-time gain from change in fair value of investment properties[266]. On the other hand, WCI reported the lowest investment return of 0.1%[267], in line with its historical returns.

Return on Average Equity

The average ROE of the Selected Companies stood at 6.8% in 2018, a decline from 7.4% in 2017

The average ROE of the Selected Companies stood at 6.8% in 2018, a decline from 7.4% in 2017. The net profit of the Selected Companies declined by 18.7% in 2018 on the back of lower underwriting and investment income[268]. Insurance companies from Saudi Arabia witnessed a drop in average ROE from 7.0% in 2017 to 4.7% in 2018[269]. Similarly, companies in the UAE experienced a drop in average ROE from 9.2% in 2017 to 7.5% in 2018[270]. Conversely, rest of the companies from the region reported an increase in net profits, which led to rise in average ROE from 9.2% in 2017 to 11.4% in 2018.

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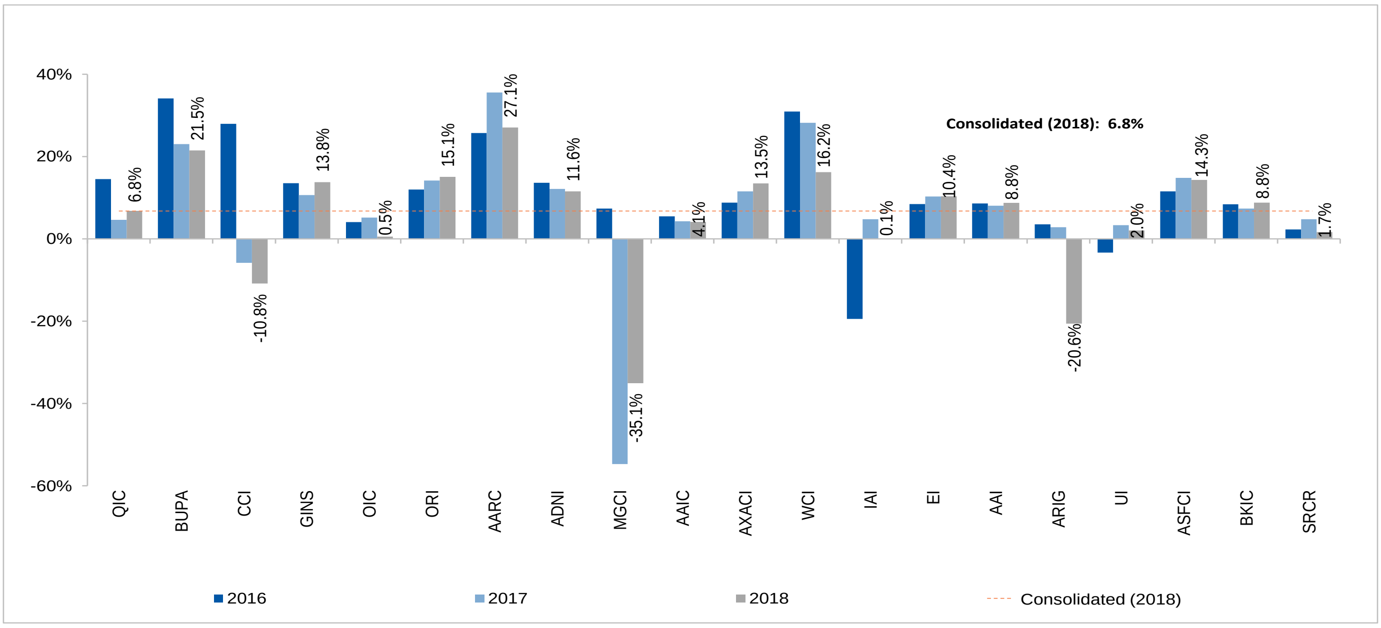
[265] Source: BUPA and GIG company filings, Q4 2018 financial statement
[266] Source: GIC company filing, Q4 2018 financial statement
[267] Source: WCI company filing, Q4 2018 financial statement
[268] Source; Company filings (Saudi Arabia's selected seven companies), Q4 financial statements - 2017 and 2018
[269] Source: Company filings (Saudi Arabia's selected seven companies), Q4 financial statements - 2017 and 2018
[270] Source: Company filings (UAE's selected seven companies), Q4 financial statements - 2017 and 2018

Exhibit 70: Trend in Return on Average Equity (2016-2018)



Source: Company Reports, Alpen Capital

Amongst the Selected Companies, AARC and BUPA reported the highest average ROEs. Moreover, the 2 companies consistently outperformed the Selected Companies average in the past 3 years. On the other hand, MGCI and ARIG underperformed compared to its peers within the region as both companies reported losses in the year 2018. The profitability of both the companies were negatively impacted by higher claims ratio, resulting in lower underwriting income. ORI and GINS reported an increase in average ROE of 15.1% and 13.8% in 2018 compared to 14.2% and 10.7% in 2017, respectively[271].

8.2 Valuation Analysis

This section presents an analysis of the valuation ratios of the Selected Companies in GCC. We have used the P/E, P/B and Market Capitalization/GWP multiples to measure the valuation parameters of the listed companies.

The average trading P/E and P/B multiples of the Selected Companies were 14.6x and 1.5x

As on November 14, 2019, the Selected Companies were trading at an average P/E multiple of 14.6x and P/B multiple of 1.5x (see Exhibit 71). Insurance companies from Saudi Arabia were trading at a P/E multiple of 17.0x, markedly higher compared to the average of 14.6x of the Selected Companies. In terms of P/B multiple, Saudi Arabia's insurance companies continue to trade at a premium since they are valued at a multiple of 2.2x compared to the average of 1.5x of the Selected Companies.The inclusion of Saudi Arabia into MSCI Emerging market index led to inflow of funds, which supported the valuation multiples of its listed companies.

Amongst the Selected Companies, IAI and BUPA had high valuation multiples as they traded at a P/E of 27.3x and 19.8x, respectively, based on the last 12 month earnings. IAI is trading at higher multiples due to strong performance for the 9M period in 2019.

[271] Source: ORI and GINS company filings, Q4 2018 financial statement

Additionally, the sentiments improved due to an upgrade in ratings from BBB- in 2018 to BBB with a stable outlook in 2019[272]. On the other hand, the news of inclusion of BUPA in the MSCI EM led to the multiples' expansion. WCI was another company that was trading at a P/E of 19.6x as talks of potential merger with MetLife AIG ANB Co-op Insurance Co. drove stock price higher[273]. ADNI recorded one of the lowest P/E multiple at 7.7x within the Selected Companies in GCC as it reported a drop of 11.1% in net profits for the 9M period in 2019.

The average market capitalization to GWP multiple for the Selected Companies stood at 0.7x, slightly lower in comparison to the previous 2 years. The underperformance of the Selected Companies has negatively influenced the market capitalization in 2018, which has been the primary reason for overall drop in GWP multiples.

[272] Source: "S&P Upgrades SALAMA's Rating to BBB, maintains Stable outlook", IAI, July 21, 2019
[273] Source: "Saudi insurers Walaa, Metlife AIG ANB consider merger", Al Arabiya, June 18, 2019

Exhibit 71: Key Valuation Ratios of Insurance Companies in the GCC

Company Name	LTM		Current Market cap /GWP in 2018 (x)
	P/E Ratio (x)	P/B Ratio (x)	
Qatar Insurance Co.	14.8	1.1	0.8
Bupa Arabia Co-op Insurance Co.	19.8	4.3	1.5
Company for Co-op Insurance	NM	3.8	1.2
Gulf Insurance Group*	8.2	1.2	0.3
Oman Insurance Co.	16.1	0.6	0.3
Orient Insurance	NM	NM	NM
Al Rajhi Co for Co-op Insurance	18.5	2.8	0.8
Abu Dhabi National Insurance Co.	7.7	0.7	0.4
Mediterranean & Gulf Co-op Insurance and Reinsurance Co.	NM	1.6	0.5
Al Ain Ahlia Insurance Co.*	14.3	0.4	1.0
AXA Co-op Insurance Co.	12.0	1.7	0.8
Walaa Co-op Insurance Co. SJSC	19.6	1.1	0.7
Islamic Arab Insurance Co.	27.3	0.9	0.3
Emirates Insurance Co.*	8.0	1.0	1.1
Al Ahleia Insurance Co.	8.8	0.8	0.4
Arab Insurance Group	NM	0.3	0.3
Union Insurance Co.	12.8	0.7	1.0
Allianz Saudi Fransi Co-op Insurance Co.	16.3	1.7	0.6
Bahrain Kuwait Insurance Co.	12.9	1.2	0.8
Saudi Re for Co-op Reinsurance Co.	15.8	0.8	1.0
Average	**14.6**	**1.5**	**0.7**
Median	**14.6**	**1.1**	**0.7**
High	**27.3**	**1.7**	**1.5**
Low	**7.7**	**0.4**	**0.3**

Source: Thomson Reuters Eikon, Company filing

Notes: Last updated November 14, 2019; NM – Not Meaningful; Figures in red indicate below GCC average and those in green suggest at par with or above GCC average; TTM PE for the companies with (*) are up until Q2 2019 (latest available data).

Country Profiles

UAE

Key Growth Drivers

- **Demographic Factors:** An expanding population base, high per capita income, increasing number of women in the workforce and rising urbanization are major drivers for the UAEs insurance industry. Between 2019 and 2024, IMF projected population to grow at a CAGR of 3.1%.
- **Mandatory Insurance:** The insurance industry in the UAE is been driven by mandatory motor and health insurance, the latter of which is mandatory across Dubai and Abu Dhabi. On the other hand, motor insurance is mandatory across the country. As of year-end 2018, motor and health insurance contributed more than 75.4% to the country's total GWP.
- **New Regulations:** The UAE IA issued new rules and regulations on the capital requirements for foreign branches to monitor their solvency and compliance requirements in line with IFRS 17 standard roadmap. It also listed out 204 prohibitory activities for insurance and brokerage firms and introduced the new draft Electronic Insurance Regulations to align the industry with global best practices.
- **Infrastructure Developments:** Increased budget allocation to infrastructure spending, especially in Abu Dhabi, following the adoption of an US$ 13.6 billion multi-year stimulus package and other investments related to the Expo 2020 in Dubai is expected to drive of non-life insurance premium growth.

Recent Industry Developments

- In August 2019, Etihad Credit Insurance - UAE's Federal export credit company - launched a new specialized insurance cover for UAE based trade companies, to help manage their trade finance needs and support their international expansion plans.
- In May 2019, the UAE IA indicated that it is considering permitting full foreign ownership of insurance companies in the Middle Eastern markets from the earlier limit of 49.0%.
- In December 2018, Abu Dhabi-based Goldilocks Investment Company announced its acquisition of a 29.5% stake in Dubai-listed insurance firm Takaful Emarat. Goldilocks seeks to help Takaful Emarat take advantage of the strong market dynamics, which are driving significant opportunities for growth.

Source: Thomson Reuters, UAE Insurance Authority, Zawya, Media Reports

Macro-economic Indicators

Indicators	Unit	2019F	2020F	2024F
GDP growth at current prices	%	-4.4	2.0	4.5
GDP per capita, at current prices	US$	37,749.9	37,375.3	38,586.5
Population	mn	10.7	11.1	12.5
Inflation	%	-1.5	1.2	2.1
Insurance penetration	%	3.1	3.2	3.2
Insurance density	US$	1,187.3	1,196.4	1,251.9

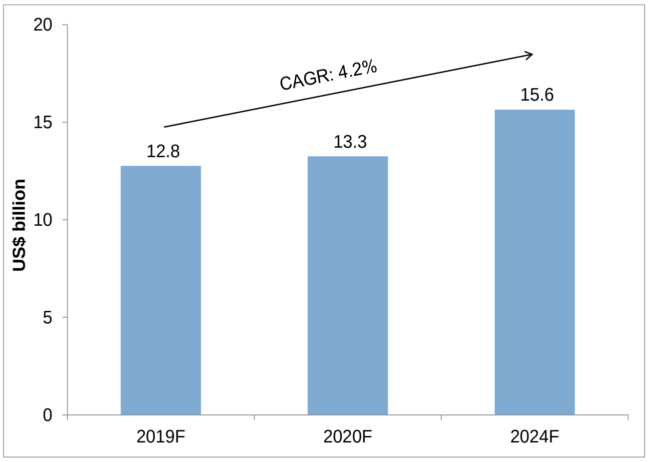
Source: IMF – October 2019, Swiss Re, Alpen Capital
Note: F – Forecast

Select Players

Company	GWP in 2018 (US$ mn)
Oman Insurance Co. PSC	1,007.3
Orient Insurance PJSC	1,001.4
Abu Dhabi National Insurance Co.	792.2
Islamic Arab Insurance Co.	289.4
Emirates Insurance Co.	284.1
Union Insurance Co.	259.2
Dubai Insurance Co. PSC	144.8

Source: Thomson Reuters Eikon, Company Filings

Forecast of Insurance Industry



Source: Swiss Re, Alpen Capital
Note: F – Forecast

Saudi Arabia

Key Growth Drivers

- **Demographic Factors:** The Kingdom has a low insurance density of US$ 285.0, however, rising urbanization and a younger population base present an opportunity for insurers to expand its insurance business. Between 2019 and 2024, IMF projected the population to grow at a CAGR of 2.0%.
- **Economic Diversification:** The Kingdom's economic diversification efforts, primarily aimed at job creation in the private sector, remains key to the insurance industry's growth. Moreover, the government's focus on encouraging private investments is likely to increase construction and business activities, thus creating demand for insurance products.
- **Regulations:** At the end of 2017, the Kingdom lifted the ban on women driving. This is expected to increase the number of women drivers to 3.0 million in 2020. SAMA introduced several regulatory reforms to improve supervision and facilitate foreign investment in the insurance sector. In order to further strengthen the sector, SAMA is planning to impose a 5-time increase in the minimum capital requirements for insurance and reinsurance activities to SAR 500.0 million (US$ 133.4 million) and SAR 1.0 billion (US$ 266.7 million), respectively.

Recent Industry Developments

- In June 2019, Saudi Arabia-based MetLife AIG ANB Cooperative Insurance Co. signed a non-binding MoU with its local competitor, Walaa Cooperative Insurance Co., to evaluate a merger between the 2 companies.
- In December 2018, CCHI announced new disciplinary measures, including halting of computer services against private sector companies that fail to provide health insurance to Saudi and non-Saudi employees and their family members.
- In December 2018, SAMA issued a new set of rules for licensing and supervision of foreign branches of insurance and reinsurance companies in the Kingdom. The regulations were established to support the development of the insurance industry, while ensuring the stability and resilience of its financial systems.

Source: Thomson Reuters, SAMA, Zawya, Media Reports

Macro-economic Indicators

Indicators	Unit	2019F	2020F	2024F
GDP growth at current prices	%	-0.4%	0.5%	4.5%
GDP per capita, at current prices	US$	22,865.2	22,533.3	23,985.6
Population	mn	34.1	34.8	37.6
Inflation	%	-1.1	2.2	2.1
Insurance penetration	%	1.3	1.4	1.4
Insurance density	US$	294.3	306.5	339.5

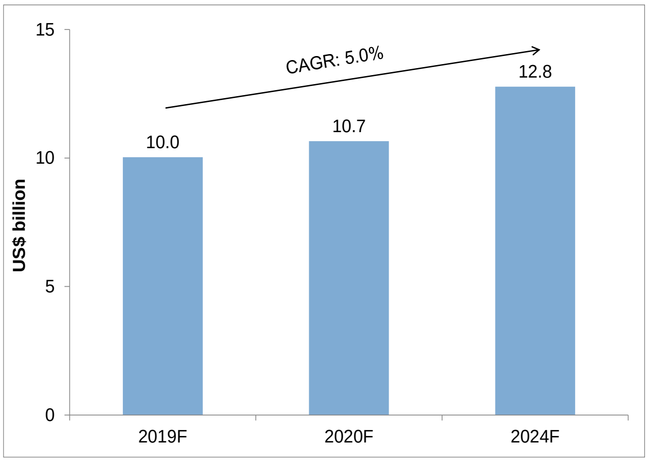
Source: IMF – October 2019, Swiss Re, Alpen Capital
Note: F – Forecast

Select Players

Company	GWP in 2018 (US$ mn)
Bupa Arabia for Co-op. Insurance Co. SJSC	2,284.7
The Company for Cooperative Insurance SJSC	2,037.9
The Mediterranean and Gulf Insurance and Reinsurance Co.	552.1
AXA Cooperative Insurance Co. SJSC	385.6
Walaa Cooperative Insurance Co. SJSC	294.6
Allianz Saudi Fransi Cooperative Insurance Co.	232.2
Salama Cooperative Insurance Co.	196.0

Source: Thomson Reuters Eikon, Company Filings

Forecast of Insurance Industry



Source: Swiss Re, Alpen Capital
Note: F – Forecast

Qatar

Key Growth Drivers

- **Per capita Income:** Qatar is one of the richest economies in the world in terms of GDP per capita. IMF expects the country's GDP per capita to grow at a CAGR of 3.6% between 2019 and 2024. The country's on-going economic diversification efforts and gradual recovery in oil prices is likely to result in an increase in disposable income.
- **Infrastructure Developments:** Infrastructure development programmes worth approximately US$ 170 billion under the Qatar National Vision 2030 is expected to aid growth of the insurance industry. Additionally, the country is likely to spend US$100.0 billion on infrastructure, including roads, hotels and stadiums in build up to the FIFA World Cup in 2022. The completion of these projects are likely to translate into a large base of insurable assets, adding to the growth and opportunities for the regional insurance companies.
- **Regulations:** The Qatar Central Bank (QCB) implemented stringent compliance rules in line with the second strategic plan for the Regulation of the Financial Sector between 2017 and 2022. Recently, the QCB issued a decree that specifies instructions for licensing, regulation and supervision of insurance-related services, effective April 2019. These regulations aim to develop the insurance sector by building the required legal framework and protecting the rights of policyholders.

Recent Industry Developments

- In July 2019, QIC Insured, the retail arm of Qatar Insurance Co. (QIC) announced that it is offering business insurance to the F&B segment of Qatar's SME sector.
- In April 2018, QIC launched 'QIC Anaya', a unique initiative in the health insurance sector across the Middle East. Anaya caters to the citizens and residents in Qatar, covering health service charges of private medical service providers.
- In March 2018, Qatar General Insurance and Reinsurance Co. (QGIRC) made a bancassurance agreement with Qatar-based Ahlibank, a partnership aimed at selling motor and travel plans.

Source: Thomson Reuters, QCB, Zawya, Media Reports

Macro-economic Indicators

Indicators	Unit	2019F	2020F	2024F
GDP growth at current prices	%	-0.3	1.8	5.7
GDP per capita, at current prices	US$	69,687.5	70,736.9	83,263.5
Population	mn	2.8	2.8	2.8
Inflation	%	-0.4	2.2	2.0
Insurance penetration	%	1.6	1.7	1.5
Insurance density	US$	1,149.5	1,176.0	1,280.0

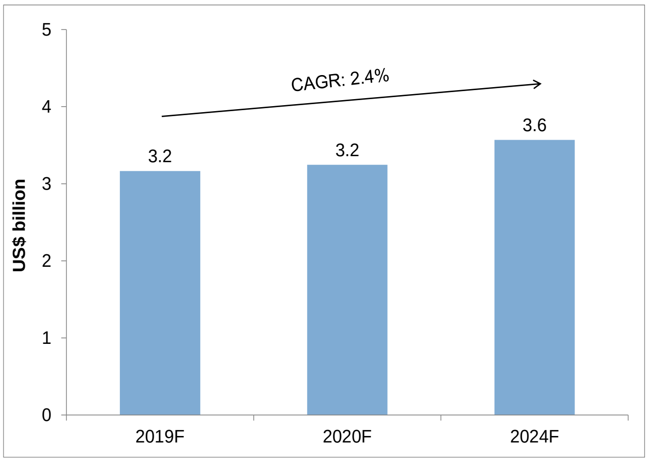
Source: IMF – October 2019, Swiss Re, Alpen Capital
Note: F – Forecast

Select Players

Company	GWP in 2018 (US$ mn)
Qatar Insurance Co. SAQ	3,462.8
Doha Insurance Co. QSC	171.4
Qatar General Insurance and Reinsurance Co. SAQ	150.2
Qatar Islamic Insurance Co.	105.0
Al Khaleej Takaful Insurance Co.	73.5

Source: Thomson Reuters Eikon, Company Filings

Forecast of Insurance Industry



Source: Swiss Re, Alpen Capital
Note: F – Forecast

Kuwait

Key Growth Drivers

- **Demographic Factors:** IMF has projected the population of Kuwait to grow at a CAGR of 2.8% between 2019 and 2024 to reach 5.4 million. The growing population base coupled with relatively strong per capita income will drive demand for housing, automobiles and healthcare, providing a significant opportunity for insurance players in the country.
- **Infrastructure Developments:** Kuwait's 2018-2019 development plan includes 20 large infrastructure and housing projects worth approximately US$ 71.6 billion. Additionally, the country's economic diversification strategy encompasses government partnerships with the private sector to drive infrastructure development.
- **Regulations:** The Kuwaiti government is seeking to implement new insurance laws and establish an autonomous body to regulate the insurance industry. Furthermore, the country has also introduced mandatory health insurance for visitors, in a move to reduce the burden of health costs on the government. Such developments are likely to boost the insurance industry.

Recent Industry Developments

- In May 2019, Kuwait's National Assembly approved a new insurance law calling for the insurance sector to be supervised and regulated by the Central Bank or continue under the Commerce Ministry.
- In April 2019, the Kuwaiti Government formed a committee to check the accounts of all insurance companies to ensure the validity of their financial transactions. The move was in line to detect any violations committed by the companies.
- In March 2019, Kuwait's National Assembly passed a law making it mandatory for foreigners visiting the country to obtain a health insurance to cover their stay.

Source: Thomson Reuters, Zawya, Media Reports

Macro-economic Indicators

Indicators	Unit	2019F	2020F	2024F
GDP growth at current prices	%	-2.5	1.4	5.1
GDP per capita, at current prices	US$	29,267.0	28,882.7	30,257.0
Population	mn	4.7	4.8	5.4
Inflation	%	1.5	2.2	2.5
Insurance penetration	%	1.0	1.1	1.2
Insurance density	US$	292.2	307.0	376.9

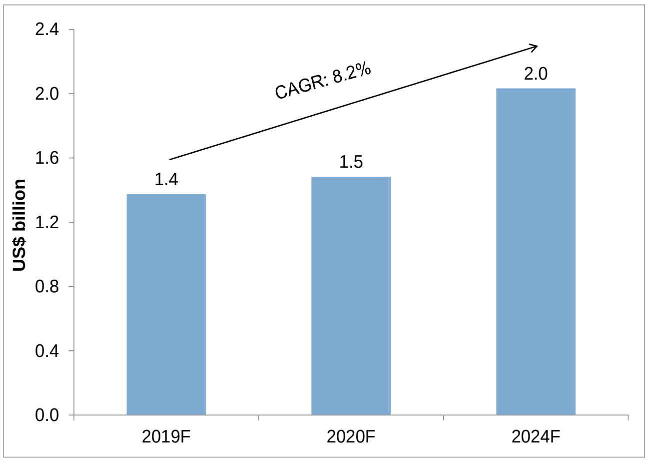
Source: IMF – October 2019, Swiss Re, Alpen Capital
Note: F – Forecast

Select Players

Company	GWP in 2018 (US$ mn)
Gulf Insurance Group KSC	1,106.3
Al Ahleia Insurance Co. SAKP	276.7
Kuwait Reinsurance Co. KSPC	145.3
Kuwait Insurance Co.	119.9
Warba Insurance Co. KSCP	94.1
First Takaful Insurance Co. KCS	17.3
Wethaq Takaful Insurance Co. KCS	16.5

Source: Thomson Reuters Eikon, Company Filings

Forecast of Insurance Industry



Source: Swiss Re, Alpen Capital
Note: F – Forecast

Oman

Key Growth Drivers

- **Demographic Factors:** The population in Oman majorly constitutes expatriates and young working professionals. Both of these segments are expected to grow and contribute to the demand for life and non-life insurance products. Between 2019 and 2024, IMF projected population to grow at a CAGR of 3.1%, the fastest in the region.
- **Infrastructure Developments:** The government has allocated US$ 9.6 billion for infrastructure development, industrial and services projects in its 2019 state budget. Furthermore, the Sultanate is also witnessing increased activity in other sectors such as manufacturing and services, presenting significant opportunities for insurers.
- **Mandatory Health Insurance:** The implementation of mandatory health insurance from 2020 and employers providing medical cover will support growth of the non-life segment. Upon implementation of the mandatory health insurance, the number of employees covered is likely to cross 2 million, in addition to Omanis working in the private sector and visitors to the Sultanate.
- **Regulations:** The insurance industry in Oman has continued to witness multiple regulatory changes, such as minimum capital requirement, reserve calculations, reporting requirements, among others. These regulatory reforms are likely to aid the growth in the insurance industry.

Recent Industry Developments

- In April 2019, Oman initiated a new health insurance scheme for domestic workers as part of the mandatory health insurance plan rolled out by the government for professionals in the private sector.
- In November 2018, Oman-based Al Ahlia Insurance Co. announced an innovative new proposition offering customers to purchase or renew insurance policies via WhatsApp.
- In March 2018, Howden Broking Group, a UK-based specialist insurance broker, announced the launch of its insurance broking business in Oman in collaboration with local business partner OTE Group.

Source: Thomson Reuters, Zawya, Media Reports

Macro-economic Indicators

Indicators	Unit	2019F	2020F	2024F
GDP growth at current prices	%	-6.9	2.7	4.1
GDP per capita, at current prices	US$	17,791.0	17,723.1	18,019.4
Population	mn	4.3	4.4	5.0
Inflation	%	0.8	1.8	2.5
Insurance penetration	%	1.5	1.5	1.4
Insurance density	US$	265.3	263.7	259.3

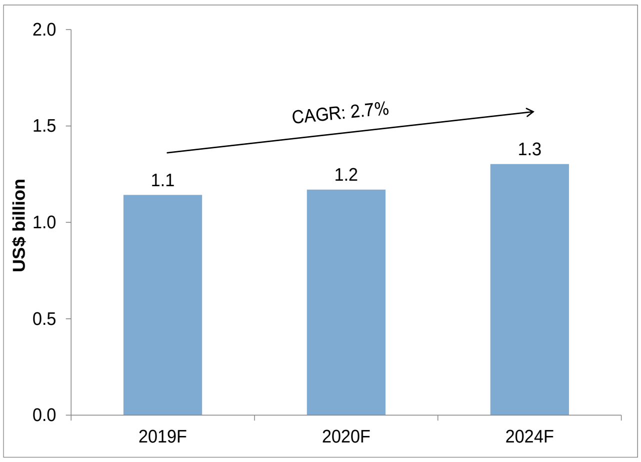
Source: IMF – October 2019, Swiss Re, Alpen Capital
Note: F – Forecast

Select Players

Company	GWP in 2018 (US$ mn)
National Life & General Insurance Co. SAOC	350.1
Dhofar Insurance Co. SAOG	104.1
Oman United Insurance Co. SAOG	95.3
Oman Qatar Insurance Co. SAOG	73.5
Takaful Oman Insurance SAOG	60.1
Muscat Insurance Co. SAOG	48.3
Arabia Falcom Insurance SAOG	41.8

Source: Thomson Reuters Eikon, Company Filings

Forecast of Insurance Industry



Source: Swiss Re, Alpen Capital
Note: F – Forecast

Bahrain

Key Growth Drivers

- **Demographic Factors:** Rising population and an increasing expatriate workforce is likely to support the demand for insurance products in Bahrain. Between 2019 and 2024, IMF has projected the population to grow at a CAGR of 2.0%.
- **Per capita income:** Bahrain's GDP is projected to grow at 1.9% CAGR between 2019 and 2024. Increasing disposable income is likely to increase spending on insurance products.
- **Mandatory Health Insurance:** The country is considering implementing compulsory national health insurance scheme by 2020. Once implemented, the scheme will provide a significant boost to the overall insurance premiums.
- **Infrastructure Development:** According to the draft national budget for 2019 and 2020, Bahrain plans to spend more than US$ 3.5 billion (BHD 1.3 billion) on 66 new projects spanning several sectors over the next 2 years. Such developments are likely to expand the underwriting base for regional insurers.

Recent Industry Developments

- In August 2019, the Central Bank of Bahrain (CBB) introduced rules relating to insurance aggregators to enhance its position as a leading FinTech hub in the MENA region.
- In May 2019, Insurance group, Bahrain National Holding become a major shareholder in Health 360 Ancillary Services, which provides health insurance claims management services.
- In April 2019, France-based insurance company AXA signed a MoU to build its new headquarters in the country.
- In August 2018, the Government of Bahrain issued a new law that will make health insurance coverage compulsory for all citizens, residents, and visitors to the country. This scheme is expected to be rolled out from 2020.

Macro-economic Indicators

Indicators	Unit	2019F	2020F	2024F
GDP growth at current prices	%	-0.3	2.9	4.8
GDP per capita, at current prices	US$	25,273.1	25,507.5	27,815.1
Population	mn	1.5	1.5	1.7
Inflation	%	1.4	2.8	2.2
Insurance penetration	%	2.0	1.9	1.7
Insurance density	US$	494.1	493.8	482.6

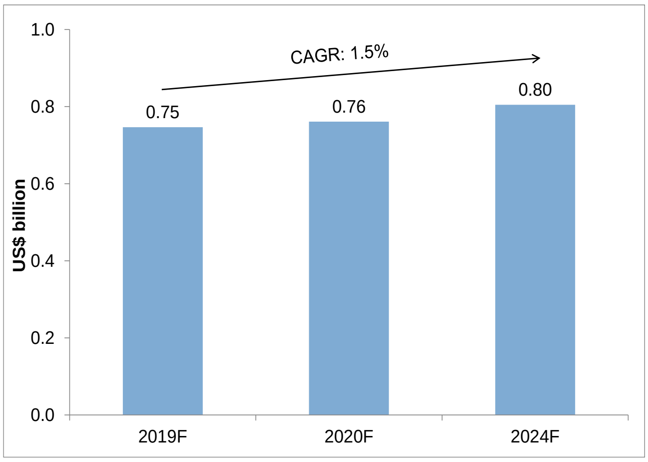
Source: IMF – October 2019, Swiss Re, Alpen Capital
Note: F – Forecast

Select Players

Company	GWP in 2018 (US$ mn)
Arab Insurance Group BSC	262.8
Bahrain Kuwait Insurance Co. BSC	217.0
Bahrain National Holding Co. BSC	89.3
Solidarity Bahrain BSC	80.0
Takaful International Co.	58.6

Source: Thomson Reuters Eikon, Company Filings

Forecast of Insurance Industry



Source: Swiss Re, Alpen Capital
Note: F – Forecast

Source: Thomson Reuters, Zawya, Media Reports

Company Profiles

Abu Dhabi National Insurance Co. PSC (Publicly Listed) UAE

Company Description

Founded in 1972, Abu Dhabi National Insurance Co. PSC (ADNIC) offers both life and non-life insurance services covering medical, personal accident, travel, aviation, motor, marine, property, engineering and construction for individuals and corporates. ADNIC also provides risk-underwriting solutions to the UAE and the wider MENA region. The company has 20 branches, offices, sales and service centers in the UAE.

Business Segments/Product Portfolio

- **Commercial:** This segment contributed 55.2% to the company's GWP during 6M 2019. Under this segment, ADNIC offers insurance policies related to aviation, engineering, construction, energy, property and marine (cargo and hull).
- **Consumer:** This segment accounted for the remaining 44.8% of the company's GWP during 6M 2019. It includes insurance policies related to home, life, medical, motor, personal watercraft, personal accident, travel and wedding.
- ADNIC also offers **Bancassurance**, **Affinity Programs** and **Reinsurance Solutions** to select communities.

Recent Developments/Future Plans

- In July 2019, ADNIC collaborated with First Abu Dhabi Bank to offer easy payment options through 'PayIt' to its customers.
- In February 2019, ADNIC expanded its footprint in Sharjah to provide motor insurance services at 2 new locations at Tasjeel (Auto Village and Abu Shaghara).
- In February 2019, ADNIC signed an agreement with the Dubai Government Workshop (DGW) to provide them innovative motor fleet insurance.

Financial Performance						
US$ Million	**2017 YE Dec**	**2018 YE Dec**	***Change y-o-y (%)***	**6M 2018**	**6M 2019**	***Change y-o-y (%)***
Gross Written Premium	719.8	792.2	*10.1*	493.6	639.3	*29.5*
Net Written Premium	335.6	365.5	*8.9*	262.7	208.2	*-20.8*
Net Underwriting Profit / (Loss)	82.8	100.6	*21.5*	52.6	45.0	*-14.3*
Margin (%)	11.5	12.7		10.7	7.0	
Net Profit / (Loss)	61.9	64.2	*3.7*	41.0	32.3	*-21.2*
Margin (%)	8.6	8.1		8.3	5.1	
Return on Equity (%)	12.2	11.6				
Return on Assets (%)	3.4	3.4				

Source: Company Website, Company Filings, Thomson Reuters

Current Price (US$)	**0.78**

Price as on November 14, 2019

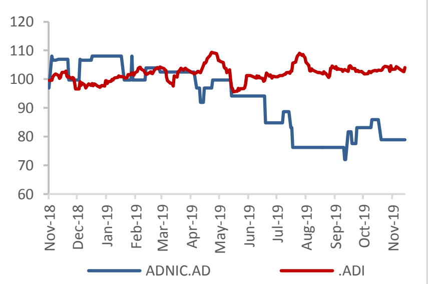
Stock Details	
Thomson Reuters ticker	ADNIC.AD
52 week high/low	1.06/0.71
Market Cap (US$ mn)	290.9
Enterprise value (US$ mn)	314.1
Shares outstanding (mn)	375.0

Source: Thomson Reuters

Average Daily Turnover ('000)		
	AED	**US$**
3M	15.4	4.2
6M	80.5	21.9

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples		
	2018	**LTM**
P/E (x)	9.3	7.7
P/B (x)	0.7	0.7
Market Cap/GWP	0.4	0.5
Dividend Yield (%)	7.7	10.5

Source: Thomson Reuters

Shareholding Structure	
Abu Dhabi Investment Council	23.80%
Al Otaibah	10.11%
Al Nahyan	5.30%
Al Dhabi Investment LLC	5.12%
Others	55.67%
Total	**100.00%**

Source: Thomson Reuters

Allianz Saudi Fransi Co-op Insurance Co. SJSC (Publicly Listed) Saudi Arabia

Company Description

Founded in 2007, Allianz Saudi Fransi Cooperative Insurance Co. (ASFCI) provides general insurance services to individuals and corporates in the areas of automotive, engineering, healthcare, property, aviation and marine, among others. ASFCI is a joint venture between the Allianz Group (Germany-based multinational financial services company) and Banque Saudi Fransi (Saudi Arabia-based commercial bank). ASFCI operates its business from 5 branches and its head office in Saudi Arabia.

Business Segments/Product Portfolio

- **Property & Casualty:** This segment accounted for 33.7% of the company's GWP in 6M 2019.
- **Motor:** This segment accounted for 27.5% of the company's GWP in 6M 2019.
- **Health:** This segment accounted for 22.3% of the company's GWP in 6M 2019.
- **Protection & Savings:** This segment accounted for 16.5% of the company's GWP in 6M 2019. It offers a range of savings and retirement products such as Waad Al Ajyal Gold, Waad Al Isteqrar Gold and Waad Al Ousra Gold.
- **Other Products:** ASFCI offers insurance products for corporates in the aviation, marine and engineering sectors. It also provides solutions for protecting business against several risks through offerings such as credit insurance, employee benefit plans and liability insurance.

Recent Developments/Future Plans

- In August 2019, ASFCI announced the submission of an increase in its capital by offering a right issue application to the Capital Market Authority.
- In March 2018, Allianz Group purchased an additional 18.5% stake in ASFCI from Banque Saudi Fransi, increasing its holding to 51.0%.

Financial Performance						
US$ Million	**2017 YE Dec**	**2018 YE Dec**	***Change y-o-y (%)***	**6M 2018**	**6M 2019**	***Change y-o-y (%)***
Gross Written Premium	246.8	232.2	*-5.9*	139.6	172.6	*23.7*
Net Written Premium	173.9	162.0	*-6.9*	91.2	118.5	*29.8*
Net Underwriting Profit / (Loss)	35.6	35.0	*-1.9*	20.0	19.2	*-4.0*
Margin (%)	14.4	15.0		14.3	11.1	
Net Profit / (Loss)	9.3	9.9	*6.1*	4.8	3.7	*-23.4*
Margin (%)	3.8	4.3		3.4	2.1	
Return on Equity (%)	14.8	14.3				
Return on Assets (%)	1.7	1.8				

Source: Company Website, Company Filings, Thomson Reuters

Current Price (US$)	**6.8**

Price as on November 14, 2019

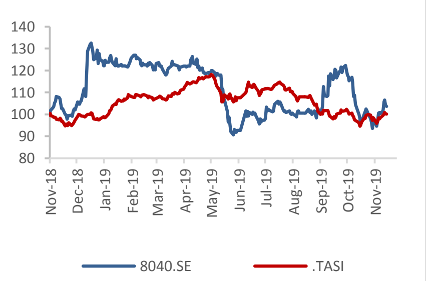
Stock Details	
Thomson Reuters ticker	8040.SE
52 week high/low	9.17/5.89
Market Cap (US$ mn)	135.9
Enterprise value (US$ mn)	135.4
Shares outstanding (mn)	20.0

Source: Thomson Reuters

Average Daily Turnover ('000)		
	SAR	**US$**
3M	7,562.1	2,016.8
6M	5,326.2	1,420.5

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples		
	2018	**LTM**
P/E (x)	16.2	16.3
P/B (x)	2.3	1.7
Market Cap/GWP	0.6	0.8
Dividend Yield (%)	N/A	N/A

Source: Thomson Reuters

Shareholding Structure	
Allianz SE	51.00%
Banque Saudi Fransi SJSC	14.00%
Others	35.00%
Total	**100.00%**

Source: Thomson Reuters

Bahrain Kuwait Insurance Co. BSC (Publicly Listed) — Bahrain

Company Description

Established in 1975, Bahrain Kuwait Insurance Co. BSC (BKIC) provides life and non-life insurance services in various segments such as fire, general accident, engineering, marine, motor, group life and health. BKIC also offers Islamic insurance products through its subsidiary, Takaful International Co. BSC (TIC), in which it has 81.9% stake. BKIC is listed on both Bahrain Bourse (BHB) and Boursa Kuwait. The company operates through its head office and a network of 4 branches in Bahrain and a branch office in Kuwait. BKIC is amongst the founding members of United Insurance Co. and Gulf Assist in Bahrain.

Business Segments/Product Portfolio

- **Fire & General Insurance:** This segment accounted for 41.8% of the company's revenues during 6M 2019. BKIC under this segment provides insurance coverage solutions for risks related to fire, general accident, engineering, travel, medical, group life and special contingency.
- **Motor:** This segment contributed 53.7% of BKIC's revenue during 6M 2019.
- **Marine & Aviation:** This segment contributed 4.5% of BKIC's revenue during 6M 2019.
- **Family Takaful:** Includes Islamic insurance plans covering risks of group life, education, protection and savings, among others.

Recent Developments/Future Plans

- In August 2019, AM Best affirmed the company's Financial Strength Rating with 'A-' (Excellent) and the Long-Term Issuer Credit Rating of 'a-' with a 'stable' outlook.
- In January 2019, BKIC acquired an additional 4.7% equity shareholding in TIC for BHD 340.2 million (US$ 901.9 million), increasing its stake to 81.9% from 77.3%.

Financial Performance

US$ Million	2017 YE Dec	2018 YE Dec	*Change y-o-y (%)*	6M 2018	6M 2019	*Change y-o-y (%)*
Gross Written Premium	158.3	217.0	*37.1*	93.1	91.4	*-1.8*
Net Written Premium	64.3	84.4	*31.2*	41.1	44.7	*8.6*
Net Underwriting Profit / (Loss)	3.1	5.2	*66.1*	3.2	4.0	*26.4*
Margin (%)	2.0	2.4		3.4	4.4	
Net Profit / (Loss)	6.9	8.7	*26.1*	4.6	5.7	*22.6*
Margin (%)	4.4	4.0		5.0	6.2	
Return on Equity (%)	7.6	9.4				
Return on Assets (%)	2.1	2.0				

Source: Company Website, Company Filings, Thomson Reuters

Current Price (US$)	0.82

Price as on November 14, 2019

Stock Details	
Thomson Reuters ticker	BKIC BH
52 week high/low	0.90/0.80
Market Cap (US$ mn)	117.6
Enterprise value (US$ mn)	N/A
Shares outstanding (mn)	142.9

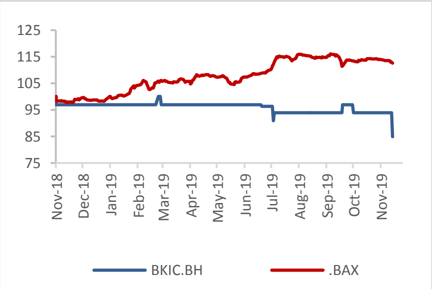
Source: Thomson Reuters

Average Daily Turnover

	BHD	US$
3M	923.3	2,455.7
6M	1,002.0	2,664.9

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2018	LTM
P/E (x)	N/A	12.9
P/B (x)	N/A	1.2
Market Cap/GWP	0.5	1.3
Dividend Yield (%)	N/A	4.8

Source: Thomson Reuters

Shareholding Structure

Kuwait Projects Co. Holding	56.12%
Warba Insurance Co. KSCP	13.33%
Bank of Bahrain & Kuwait	6.83%
Others	23.72%
Total	**100.00%**

Source: Thomson Reuters

Bupa Arabia for Co-op Insurance Co. SJSC (Publicly Listed) Saudi Arabia

Company Description

Founded in 1997, Bupa Arabia for Co-op Insurance Co. (Bupa Arabia) offers health insurance products and services for individuals, companies and families across Saudi Arabia. Bupa Arabia was formed as a joint venture between Bupa Group (UK-based international healthcare provisioning and multi-insurance group) and Nazer Group (Saudi Arabia-based investment holding company). Bupa Arabia operates through its head office and a network of 5 branches in Saudi Arabia.

Business Segments/Product Portfolio

Bupa Arabia reports its revenue under 2 segments - Major Customers and Non-major Customers, of which the Major Customers segment accounted for 60.9% of the company's total GWP during 6M 2019.

- **Business:** Within this segment, Bupa Arabia offers the following services:
  - **Corporate:** Insurance plans covering emergency, outpatient and inpatient, maternity, dental and optical treatments for large organizations.
  - **SME (Bupa Munsha'at):** Offers plans covering various health insurance options and solutions to small and medium businesses.
  - **International Health Plan:** Includes an exclusive private health insurance scheme for business executives in Saudi Arabia.
- **Family:** Bupa Arabia offers insurance policies to families, expats and domestic help. It also offers an insurance policy called 'Aramco Family', made especially for Saudi Aramco employees, retirees and their dependent family members.
- **Health Programs:** Offers special programs such as Tebtom and Rahatkom, which provide round the clock doctor's assistance and reduce waiting time at hospital networks under Bupa coverage for the members.

Recent Developments/Future Plans

- In August 2019, Bupa Arabia introduced a new health insurance product called 'Bupa Munsha'at' aimed at offering various benefits for SMEs in Saudi Arabia.

Current Price (US$)	28.3

Price as on November 14, 2019

Stock Details	
Thomson Reuters ticker	8210.SE
52 week high/low	29.97/17.76
Market Cap (US$ mn)	3,398.3
Enterprise value (US$ mn)	2,514.5
Shares outstanding (mn)	120.0

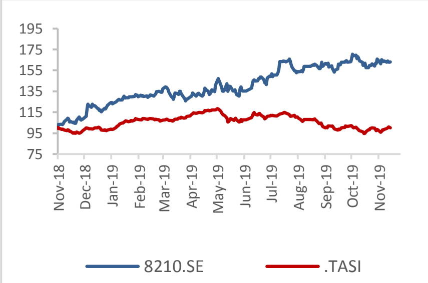
Source: Thomson Reuters

Average Daily Turnover ('000)

	SAR	US$
3M	13,741.6	3,664.9
6M	16,199.4	4,320.4

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2018	LTM
P/E (x)	18.4	19.8
P/B (x)	3.8	4.4
Market Cap/GWP	1.5	2.4
Dividend Yield (%)	1.9	1.4

Source: Thomson Reuters

Shareholding Structure

British United Provident Association Ltd	39.25%
Nazer Group Holding Co.	9.00%
Norges Bank Investment Management (NBIM)	2.10%
Others	49.65%
Total	**100.00%**

Source: Thomson Reuters

Financial Performance

US$ Million	2017 YE Dec	2018 YE Dec	*Change y-o-y (%)*	6M 2018	6M 2019	*Change y-o-y (%)*
Gross Written Premium	2,062.4	2,284.7	*10.8*	1,202.5	1,425.3	*18.5*
Net Written Premium	2,044.2	2,263.2	*10.7*	1,190.8	1,411.7	*18.5*
Net Underwriting Profit / (Loss)	289.4	310.4	*7.2*	146.7	180.7	*23.2*
Margin (%)	14.0	13.6		12.2	12.7	
Net Profit / (Loss)	133.5	140.1	*5.0*	38.5	69.8	*81.4*
Margin (%)	6.5	6.1		3.2	4.9	
Return on Equity (%)	23.0	21.5				
Return on Assets (%)	6.9	6.7				

Source: Company Website, Company Filings, Thomson Reuters

Dhofar Insurance Co. SAOG (Publicly Listed) — Oman

Company Description

Incorporated in 1989, Dhofar Insurance Co. SAOG (DIC) provides life and non-life insurance and reinsurance services. DIC operates through a network of 42 branches, including 7 regional offices across Oman. DIC has 5 subsidiaries operating across Oman and Syria in multiple sectors. The company own a 34.0% stake in Trust Syria Insurance Co. SASC.

Business Segments/Product Portfolio

DIC reports revenue under 2 main segments – General Business and Life, of which the General Business segment contributed around 86.2% of the company's total GWP during 6M 2019.

Some of the key insurance plans offered by DIC include coverage against risks related to life, medical emergencies, personal accident, engineering projects, energy, marine (cargo and hull), motor, oil & petrochemical, industrial, property, travel, workmen's compensation and borrowers life.

Recent Developments/Future Plans

- In June 2018, DIC selected Beyontec (US-based IT company) as its preferred technology partner to implement the Beyontec Suite insurance solution. The partnership aimed at increasing operational efficiency and customer satisfaction in all insurance segments.
- In January 2018, DIC raised its authorized share capital from OMR 20.0 million (US$ 52.0 million) to OMR 30.0 million (US$ 78.0 million) and reduced its issued and paid-up capital to OMR 10.0 million (US$ 26.0 million) from OMR 20.0 million (US$ 52.0 million) to write-off part of its accumulated losses.

Financial Performance

US$ Million	2017 YE Dec	2018 YE Dec	*Change y-o-y (%)*	6M 2018	6M 2019	*Change y-o-y (%)*
Gross Written Premium	116.4	104.1	*-10.6*	53.5	63.8	*19.2*
Net Written Premium	59.9	50.8	*-15.3*	28.9	31.0	*7.5*
Net Underwriting Profit / (Loss)	9.0	17.9	*98.6*	9.2	9.6	*4.4*
Margin (%)	7.7	17.2		17.2	15.0	
Net Profit / (Loss)	-3.4	3.0		1.7	3.9	*129.1*
Margin (%)	-2.9	2.8		3.2	6.2	
Return on Equity (%)	-7.7	6.4				
Return on Assets (%)	-1.2	0.9				

Source: Company Website, Company Filings, Thomson Reuters

Current Price (US$)	0.44

Price as on November 14, 2019

Stock Details

Thomson Reuters ticker	DICS.OM
52 week high/low	0.47/0.40
Market Cap (US$ mn)	44.2
Enterprise value (US$ mn)	N/A
Shares outstanding (mn)	100.0

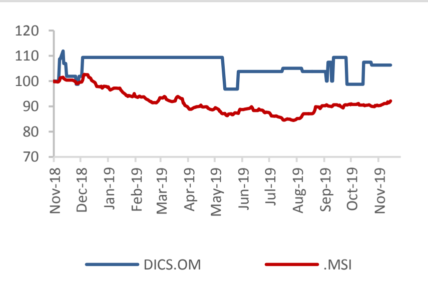
Source: Thomson Reuters

Average Daily Turnover

	OMR	US$
3M	381.8	992.9
6M	247.7	644.3

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2018	LTM
P/E (x)	N/A	8.8
P/B (x)	N/A	0.8
Market Cap/GWP	0.4	0.7
Dividend Yield (%)	N/A	N/A

Source: Thomson Reuters

Shareholding Structure

Dhofar Intl. Development and Investment Holding Co.	36.59%
Rakhyout (Abdul Alem Mustahil Naseeb)	15.06%
Qatar General Insurance & Reinsurance Co.	6.45%
Abu Nahl (Ghazi Kamil Abdul Rahman)	6.31%
Others	35.59%
Total	**100.00%**

Source: Thomson Reuters

Doha Insurance Group QPSC (Publicly Listed) Qatar

Company Description

Founded in 1999, Doha Insurance Group QPSC (DIG) provides insurance and reinsurance services in the areas of motor, aviation, fire and health, among others. Some of the company's wholly owned subsidiaries include Doha Takaful (Islamic arm in Qatar), Mena Re Underwriters (non-life reinsurance arm in the UAE) and Mena Re Life (life and health reinsurance arm in Lebanon). DIG primarily operates in Qatar, while its operations outside Qatar support its core insurance and investment operations.

Business Segments/Product Portfolio

DIG reported GWP of approximately 25.0% from Motor business, 15.9% from Marine & Aviation and approximately 59.1% from Fire & General Accident segments during 6M 2019.

- **Personal Insurance:** Offers insurance policies covering risks such as theft and damage to cars, yacht and emergencies or accidents during travel.
- **Corporate Insurance:** Offers insurance policies covering risks to corporate and commercial operations in the fields of aviation, engineering, fire, health, marine and motor fleet.

Recent Developments/Future Plans

- In June 2019, S&P's Rating Services affirmed the company's Financial Strength at 'A-' with a 'stable' outlook.
- In June 2019, DIG executed a stock split in the ratio of 1:10, raising the total number of shares to 500 million from 50 million.
- In January 2019, DIG sold one of its investment properties in Doha for US$ 10.4 million.

Financial Performance						
US$ Million	**2017 YE Dec**	**2018 YE Dec**	***Change y-o-y (%)***	**6M 2018**	**6M 2019**	***Change y-o-y (%)***
Gross Written Premium	149.2	171.4	*14.9*	87.5	86.7	*-0.9*
Net Written Premium	60.3	70.4	*16.7*	40.8	35.2	*-13.7*
Net Underwriting Profit / (Loss)	19.6	19.0	*-3.1*	11.3	12.4	*9.7*
Margin (%)	13.1	11.1		12.9	14.3	
Net Profit / (Loss)	11.6	16.6	*42.9*	9.6	9.7	*1.3*
Margin (%)	7.8	9.7		11.0	11.2	
Return on Equity (%)	4.0	5.7				
Return on Assets (%)	2.4	3.1				

Source: Company Website, Company Filings, Thomson Reuters

Current Price (US$)	**0.29**

Price as on November 14, 2019

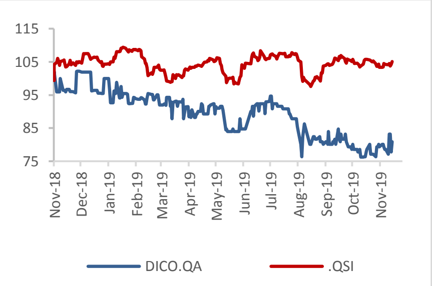
Stock Details	
Thomson Reuters ticker	DICO.QA
52 week high/low	0.37/0.26
Market Cap (US$ mn)	145.6
Enterprise value (US$ mn)	74.8
Shares outstanding (mn)	500.0

Source: Thomson Reuters

Average Daily Turnover ('000)		
	QAR	**US$**
3M	52.0	14.3
6M	64.2	17.6

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples		
	2018	**LTM**
P/E (x)	10.9	8.1
P/B (x)	0.6	0.5
Market Cap/GWP	0.8	1.7
Dividend Yield (%)	6.1	7.6

Source: Thomson Reuters

Shareholding Structure	
Kamal (Yousef Hussein Ali Abdullah)	7.55%
Al Thani (Al Shaikh Hamad Bin Jassem Bin Jabr)	5.40%
Others	87.05%
Total	**100.00%**

Source: Thomson Reuters

ALPEN CAPITAL

Dubai Insurance Co. (PSC) (Publicly Listed) UAE

Company Description

Founded in 1970, Dubai Insurance Co. PSC (DIC) provides life, non-life and reinsurance services. DIC has collaborated with several international reinsurers such as SCOR (France), Hanover Re and CCR (Germany) and Partner Re (Bermuda), among others. The company operates its business through 2 offices in the UAE. DIC also invests in properties and securities through its British Virgin Island-based wholly owned subsidiary, Vattaun Ltd.

Business Segments/Product Portfolio

- **General Insurance:** This segment accounted for 57.4% of the company's GWP during 6M 2019. It offers insurance policies to individuals and corporates covering risks to marine (cargo and hull), motor, property, specialty lines (financial line policies, cyber liability, jewelers block, and warranty/indemnity), public and product liability and third party liability.
- **Health & Life Insurance:** This segment accounted for 42.6% of the company's GWP during 6M 2019, this segment includes plans covering life and health insurance for individuals, groups and employees.

Recent Developments/Future Plans

- In August 2019, the Ajman Free Zone signed a MoU with DIC to provide insurance services to workers employed by organizations operating within the free zone. The new service will replace the current bank guarantee system and will cover all the workers' dues, including the end of service gratuity and annual leave unpaid salaries.
- In May 2019, AM Best affirmed the Financial Strength Rating of 'A-' (Excellent) and the Long-Term Issuer Credit Rating of 'a-' for DIC with a 'stable' outlook.

Financial Performance

US$ Million	2017 YE Dec	2018 YE Dec	*Change y-o-y (%)*	6M 2018	6M 2019	*Change y-o-y (%)*
Gross Written Premium	129.7	144.8	*11.6*	86.3	143.9	*66.7*
Net Written Premium	34.3	34.9	*1.7*	23.8	23.1	*-2.7*
Net Underwriting Profit / (Loss)	7.5	11.8	*56.4*	5.4	8.8	*61.5*
Margin (%)	5.8	8.1		6.3	6.1	
Net Profit / (Loss)	10.2	13.8	*34.6*	7.9	11.8	*49.4*
Margin (%)	7.9	9.5		9.2	8.2	
Return on Equity (%)	7.9	10.6				
Return on Assets (%)	3.2	4.0				

Source: Company Website, Company Filings, Thomson Reuters

Current Price (US$)	**1.09**

Price as on November 14, 2019

Stock Details	
Thomson Reuters ticker	DINC.DU
52 week high/low	1.14/0.91
Market Cap (US$ mn)	108.9
Enterprise value (US$ mn)	N/A
Shares outstanding (mn)	100.0

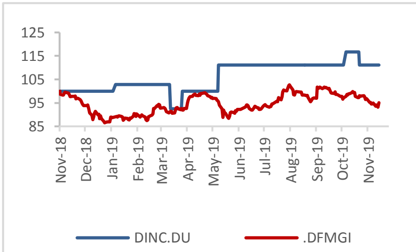
Source: Thomson Reuters

Average Daily Turnover ('000)

	AED	US$
3M	63.2	17.2
6M	35.4	9.6

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2018	LTM
P/E (x)	N/A	6.5
P/B (x)	N/A	0.8
Market Cap/GWP	0.8	0.8
Dividend Yield (%)	N/A	7.5

Source: Thomson Reuters

Shareholding Structure	
Al Rostamani (Abdul Wahed Hassan Mohammed) .	17.21%
Barrah Investment Co.	16.47%
Mohammad & Obaid Al Mulla	8.45%
Muhairi (Bati Obeid Bati Al Mulla)	8.27%
Al Futtaim (Abdullah Hamad Majed)	7.20%
Others	42.40%
Total	**100.00%**

Source: Thomson Reuters

Dubai Islamic Insurance & Reinsurance Co. (PSC) (Publicly Listed) UAE

Company Description

Established in 2002, Dubai Islamic Insurance & Reinsurance Co. PSC (AMAN) provides general Takaful, retakaful and life Takaful services to individuals and corporates. The company operates through 4 branches. AMAN's subsidiaries include Nawat Investments LLC, Technic Auto Service Centre Co. LLC and Amity Health LLC in the UAE.

Business Segments/Product Portfolio

- AMAN reports its insurance business under 7 different segments. The company's Motor insurance business accounted for 30.0% of the GWP during 6M 2019, followed by General Insurance & Liabilities (25.2%), Life (16.6%), Medical (14.6%), Fire (7.7%), Marine & Aviation (5.2%) and Engineering (0.7%). Below are the insurance plans offered by the company to individuals, groups and corporates:
- **General Insurance:** This segment offers insurance policies related covering risks against fire, cyber security, engineering services, general accident, liabilities, marine & aviation and motor, among others.
- **Family & Banca Takaful:** This segment offers group insurance policies covering life/medical and personal accidents under family Takaful and SME family Takaful plans. It also offers Banca Takaful providing regular premium savings & investments, single premium savings & investments, global/international saving plans and lifetime protection.
- **Health Insurance Programs:** This segment offers health insurance programs such as Al Shamel, Wiqaya, Himaya, Mo'azara and Sanad.

Recent Developments/Future Plans

- In April 2019, AMAN launched a 5 year plan (2019-2023), aimed at bolstering its position, financial status and increasing its earnings.

Financial Performance

US$ Million	2017 YE Dec	2018 YE Dec	*Change y-o-y (%)*	6M 2018	6M 2019	*Change y-o-y (%)*
Gross Written Premium	103.7	102.3	*-1.3*	35.4	37.5	*6.0*
Net Written Premium	30.8	20.0	*-34.9*	13.2	12.6	*-4.4*
Net Underwriting Profit / (Loss)	20.6	21.5	*4.5*	10.4	11.4	*9.7*
Margin (%)	19.8	21.0		29.3	30.3	
Net Profit / (Loss)	-0.1	3.1	*22.2*	1.1	0.5	*-52.9*
Margin (%)	-0.1	3.0		3.2	1.4	
Return on Equity (%)	11.8	1.3				
Return on Assets (%)	0.7	0.1				

Source: Company Website, Company Filings, Thomson Reuters

Current Price (US$)	0.12

Price as on November 14, 2019

Stock Details	
Thomson Reuters ticker	AMAN.DU
52 week high/low	0.17/0.11
Market Cap (US$ mn)	26.8
Enterprise value (US$ mn)	7.65
Shares outstanding (mn)	225.8

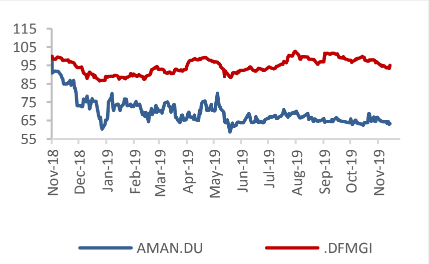
Source: Thomson Reuters

Average Daily Turnover ('000)

	AED	US$
3M	185.8	50.6
6M	219.4	59.7

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2018	LTM
P/E (x)	10.4	9.6
P/B (x)	2.1	1.7
Market Cap/GWP	0.3	0.7
Dividend Yield (%)	N/A	N/A

Source: Thomson Reuters

Shareholding Structure	
Al Muhairi (Mohamed Omeir Yousef Ahmed)	7.41%
Al Humairi (Khalifa Mohammad Omair Yousuf Ahmad)	5.74%
Others	86.85%
Total	**100.00%**

Source: Thomson Reuters

Emirates Insurance Co. PSC (Publicly Listed) UAE

Company Description

Established in 1982, Emirates Insurance Co. PSC (EIC) provides insurance and reinsurance services across various non-life business lines. EIC operates through a wide network of 30 offices across the UAE and employs over 250 staff. Emirates International, the international division of EIC, headquartered in Dubai, operates the company's reinsurance business. Some of its key reinsurance international partners include Hannover Re and Hanse Merkur (Germany), Hiscox and Lloyd's (UK), SCOR and CCR (France) and Mitsui Sumitomo Reinsurance Ltd. (Japan).

Business Segments/Product Portfolio

EIC reports its insurance business under 7 different segments. The company's Fire & General insurance business accounted for 34.6% of the GWP during 6M 2019, followed by Motor (28.8%), Energy, Oil & Gas (13.1%), Medical (9.8%), Engineering (5.4%), Marine & Aviation (5.4%) and Employee Benefits (2.9%). Below are the insurance plans offered by the company to individuals, groups and corporates.

- **Commercial Insurance:** Under this segment, EIC offers insurance policies related to property, engineering, employee benefit, motor, marine & aviation, oil & gas and financial covers, among others.
- **Individual Insurance:** Under this segment, EIC offers insurance policies related to motor, home, domestic healthcare and yacht and pleasure crafts, among others.
- **Emirates International:** Their reinsurance division offers services in areas of energy, property and engineering facultative and non-marine treaty.

Recent Developments/Future Plans

- In August 2019, AM Best affirmed EIC's Financial Strength Rating of 'A-' (Excellent) and the Long-Term Issuer Credit Rating of 'a-' with a 'stable' outlook.

Financial Performance

US$ Million	2017 YE Dec	2018 YE Dec	*Change y-o-y (%)*	6M 2018	6M 2019	*Change y-o-y (%)*
Gross Written Premium	293.4	284.1	*-3.2*	157.4	175.6	*11.5*
Net Written Premium	136.1	146.5	*7.6*	82.2	95.4	*16.0*
Net Underwriting Profit / (Loss)	43.6	55.7	*27.6*	25.3	29.6	*17.3*
Margin (%)	14.9	19.6		16.1	16.9	
Net Profit / (Loss)	29.8	31.1	*4.1*	16.0	24.5	*53.4*
Margin (%)	10.2	10.9		10.2	14.0	
Return on Equity (%)	10.3	10.4				
Return on Assets (%)	4.7	4.5				

Source: Company Website, Company Filings, Thomson Reuters

Current Price (US$)	2.12

Price as on November 14, 2019

Stock Details	
Thomson Reuters ticker	EIC.AD
52 week high/low	2.12/1.77
Market Cap (US$ mn)	318.6
Enterprise value (US$ mn)	N/A
Shares outstanding (mn)	150.0

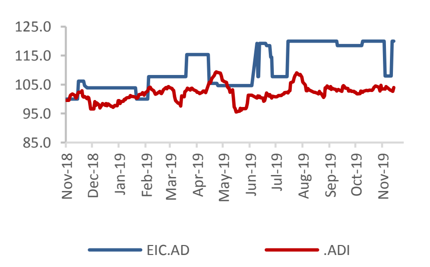
Source: Thomson Reuters

Average Daily Turnover ('000)

	AED	US$
3M	8.6	2.3
6M	38.8	10.6

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2018	LTM
P/E (x)	N/A	8.0
P/B (x)	N/A	1.0
Market Cap/GWP	1.1	1.8
Dividend Yield (%)	N/A	7.1

Source: Thomson Reuters

Shareholding Structure

Al Mazroui (Rashid Mohammed)	15.12%
Al Dhabi Investment, L.L.C.	12.33%
Abu Dhabi Investment Council	11.81%
Others	60.74%
Total	**100.00%**

Source: Thomson Reuters

Gulf Insurance Group KSCP (Publicly Listed) — Kuwait

Company Description

Established in 1962, Gulf Insurance Group KSCP (GIG) provides conventional and Takaful life and non-life insurance services. The group has a geographic presence in Kuwait, Jordan, Bahrain, Egypt, Turkey, Algeria, Syria, Iraq, Lebanon, Saudi Arabia and the UAE. GIG operates its business through more than 20 subsidiaries. Its key subsidiaries in the GCC include Gulf Insurance & Reinsurance Co. (Kuwait, 99.8%), Arab Orient Insurance (UAE, 90.5%), Bahrain Kuwait Insurance Co. (Bahrain, 56.1%), Buruj Co-op. Insurance Co. (KSA, 28.5%) and Alliance Insurance (UAE, 20.0%).

Business Segments/Product Portfolio

- **General Risk:** This segment accounted for 47.3% of the group's revenue during 6M 2019. GIG offers insurance plans covering marine, aviation, property, engineering and general accidents for individuals and businesses. The motor business line accounted for 58.7% of the segment revenue during 6M 2019, followed by property (13.5%), general accidents (13.1%), engineering (9.1%) and marine & aviation (5.6%).
- **Life & Health:** This segment accounted for 52.7% of the group's revenue during 6M 2019. Under this segment, GIG offers medical insurance, long-term life covers and savings plans. The health insurance product line accounted for 83.9% of the segment revenue during 6M 2019, followed by life insurance (16.1%).

Recent Developments/Future Plans

- In August 2019, AM Best affirmed GIG's Financial Strength Rating at 'A' (Excellent), and the Long-Term Issuer Credit Ratings at 'a'. However, its outlook was revised to 'negative' from 'stable'.
- In May 2019, GIG won US$ 1.0 billion contract from the Kuwaiti Health Ministry to provide healthcare services to retired citizens in Kuwait.

Financial Performance

US$ Million	2017 YE Dec	2018 YE Dec	*Change y-o-y (%)*	6M 2018	6M 2019	*Change y-o-y (%)*
Gross Written Premium	1,004.2	1,110.5	*10.6*	556.0	569.6	*2.5*
Net Written Premium	443.4	499.6	*12.7*	280.0	294.9	*5.3*
Net Underwriting Profit / (Loss)	27.2	39.6	*45.7*	25.7	35.9	*39.7*
Margin (%)	2.7	3.6		4.6	6.3	
Net Profit / (Loss)	35.5	48.5	*36.7*	24.4	30.4	*24.7*
Margin (%)	3.5	4.4		4.4	5.3	
Return on Equity (%)	10.7	13.8				
Return on Assets (%)	2.5	2.9				

Source: Company Website, Company Filings, Thomson Reuters

Current Price (US$)	2,025.11

Price as on November 14, 2019

Stock Details	
Thomson Reuters ticker	GINS.KW
52 week high/low	2,403.8/ 1,926.3
Market Cap (US$ mn)	379.0
Enterprise value (US$ mn)	402.6
Shares outstanding (mn)	179.0

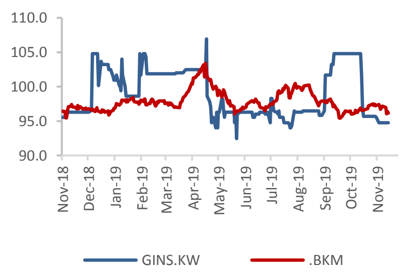
Source: Thomson Reuters

Average Daily Turnover ('000)

	KWD	US$
3M	76,633.7	252,147.8
6M	44,025.0	144,855.4

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2018	LTM
P/E (x)	9.9	8.2
P/B (x)	1.3	1.2
Market Cap/GWP	0.3	0.7
Dividend Yield (%)	5.5	5.9

Source: Thomson Reuters

Shareholding Structure

Kuwait Projects Co. Holding KSCP	44.04%
Fairfax Financial Holdings Ltd	41.43%
Others	14.53%
Total	**100.00%**

Source: Thomson Reuters

National General Insurance Co. PJSC (Publicly Listed) — UAE

Company Description

Established in 1980, National General Insurance Co. PSC (NGI) provides life and non-life insurance and reinsurance services. The company conducts business through its head office and 12 branches in the UAE. NGI's main products include HealthNet medical insurance and Motornet automobile insurance. Some of its key reinsurance partners include Hannover Re (Germany), Generali (Italy), SCOR and CCR (France).

Business Segments/Product Portfolio

- **General Insurance:** This segment accounted for 91.7% of NGI's GWP during 6M 2019 and includes policies covering health, motor, property, marine, engineering, energy and casualty. The company also offers many other insurance plans such as group medical and life, credit, computer crime, cyber liability and jewelers block, among others.
- **Life Insurance:** This segment accounted for 8.3% of the NGI's GWP during 6M 2019. It includes plans such as individual life plans, unit linked products, endowment products, term products and single premium products.

Recent Developments/Future Plans

- In October 2019, the Middle East & North Africa Business Aviation Association entered into an agreement with NGI to provide health insurance schemes for member companies operating within UAE.
- In April 2019, AM Best affirmed NGI's Financial Strength Rating at 'A-' (Excellent) and the Long-Term Issuer Credit Rating at 'a-' with a 'stable' outlook.

Financial Performance

US$ Million	2017 YE Dec	2018 YE Dec	*Change y-o-y (%)*	6M 2018	6M 2019	*Change y-o-y (%)*
Gross Written Premium	155.7	150.1	*-3.5*	75.6	84.6	*11.9*
Net Written Premium	74.6	69.9	*-6.3*	36.8	42.2	*14.9*
Net Underwriting Profit / (Loss)	10.3	9.9	*-3.1*	5.2	4.0	*-22.1*
Margin (%)	6.6	6.6		6.9	4.8	
Net Profit / (Loss)	10.1	8.5	*-15.2*	4.7	6.4	*35.3*
Margin (%)	6.5	5.7		6.3	7.6	
Return on Equity (%)	8.1	6.8				
Return on Assets (%)	3.0	2.6				

Source: Company Website, Company Filings, Thomson Reuters

Current Price (US$)	0.60

Price as on November 14, 2019

Stock Details

Thomson Reuters ticker	NGIN.DU
52 week high/low	0.60/0.54
Market Cap (US$ mn)	89.8
Enterprise value (US$ mn)	N/A
Shares outstanding (mn)	150.0

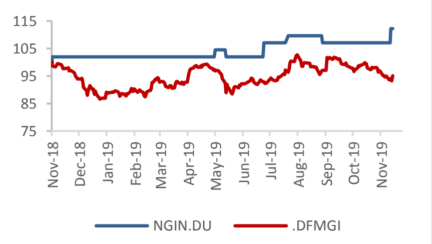
Source: Thomson Reuters

Average Daily Turnover

	AED	US$
3M	1,313.9	357.8
6M	1,126.4	306.7

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2018	LTM
P/E (x)	N/A	14.3
P/B (x)	N/A	0.7
Market Cap/GWP	0.6	1.1
Dividend Yield (%)	N/A	6.8

Source: Thomson Reuters

Shareholding Structure

Emirates NBD PJSC	36.72%
Commercial Bank of Dubai	17.75%
Alzarouni (Malika Ahmed Merdas)	10.95%
Al Zarawani (Mohammad Saleh Ali Naqi)	10.95%
Dubai Investments PJSC	8.46%
Mohammed Omar Bin Haider	8.05%
Others	7.12%
Total	**100.00%**

Source: Thomson Reuters

National Life & General Insurance Co. SAOC (Publicly Listed) — Oman

Company Description

Incorporated in 1995, National Life and General Insurance Co. SAOG (NLGIC) offers life and general insurance products in Oman, Kuwait and the UAE. In Oman, NLGIC offers life, health and general insurance through a wide network of 17 branches and its head office. The company also has operations in the UAE and it commenced its business in Kuwait during 2018 where it offers life, medical and general insurance products from a single branch office. The company is majority held by Oman International Development and Investment Co. SAOG.

Business Segments/Product Portfolio

- NLGIC provides Life Insurance and General Insurance products and services to both individual and corporate clients. The offerings under these segments include:
  - **Life & Health Insurance:** This segment accounted for 90.5% of the company's total GWP during 6M 2019. Product offerings include life, medical, workmen's compensation and credit life for both corporates and individuals. It also offers childcare savings, education savings, wedding savings, term assurance, mortgage protection and supplementary benefits for individuals.
  - **General Insurance:** This segment accounted for 9.5% of the company's total GWP during 6M 2019. Product offerings include coverage against motor fleet, fire, engineering, liability, marine and accident for corporates. It offers cover for automotive, home, accident and travel for individuals.

Recent Developments/Future Plans

- In May 2019, AM Best affirmed NLGIC's Financial Strength Rating of 'B++' (Good) and the Long-Term Issuer Credit Rating of 'bbb+' with a 'stable' outlook.
- During Q1 2019, NLGIC launched a mobile app for customers to avail its varied product offerings. NLGIC also expanded its presence in Oman by opening 2 new branches in Shinas and Suwaiq as well as a claims service center in Maabela.

Financial Performance

US$ Million	2017 YE Dec	2018 YE Dec	*Change y-o-y (%)*	6M 2018	6M 2019	*Change y-o-y (%)*
Gross Written Premium	298.1	350.1	*17.4*	212.5	231.5	*9.0*
Net Written Premium	182.8	205.0	*12.1*	100.1	133.8	*33.6*
Net Underwriting Profit / (Loss)	43.0	50.0	*16.3*	26.9	28.1	*4.5*
Margin (%)	14.4	14.3		12.7	12.2	
Net Profit / (Loss)	21.9	24.2	*10.7*	13.3	13.4	*0.6*
Margin (%)	7.3	6.9		6.3	5.8	
Return on Equity (%)	17.9	18.0				
Return on Assets (%)	6.1	6.1				

Source: Company Website, Company Filings, Thomson Reuters

Current Price (US$)	0.82

Price as on November 14, 2019

Stock Details	
Thomson Reuters ticker	NLIF.OM
52 week high/low	0.84/0.70
Market Cap (US$ mn)	217.6
Enterprise value (US$ mn)	N/A
Shares outstanding (mn)	N/A

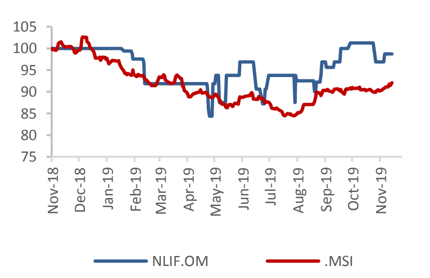
Source: Thomson Reuters

Average Daily Turnover

	OMR	US$
3M	6,672.9	17,354.8
6M	4,018.2	10,450.5

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2018	LTM
P/E (x)	N/A	N/A
P/B (x)	N/A	N/A
Market Cap/GWP	0.6	0.9
Dividend Yield (%)	N/A	N/A

Source: Thomson Reuters

Shareholding Structure	
Oman International Development and Investment Company SAOG	73.45%
Oman Investment Fund	5.91%
Ubhar Capital SAOC	5.20%
Others	15.44%
Total	**100.00%**

Source: Thomson Reuters

Oman Insurance Co. PSC (Publicly Listed) — UAE

Company Description

Established in 1975, Oman Insurance Co. PSC (OIC) offers life and general insurance products across different categories for medium to large industrial and commercial enterprises. Headquartered in Dubai, OIC has 13 branches in the UAE, and 1 each in Oman and Qatar. The company is a subsidiary of Mashreq Bank, Dubai.

Business Segments/Product Portfolio

- **General Insurance:** This segment contributed 41.6% to the company's GWP during 6M 2019. The plans offered under this segment include coverage for motor fleets, aviation, marine, engineering and property. It also offers workplace savings and retirement plan for employers and their employees. Additionally, OIC's Business 360 product offers SME insurance covering multiple lines such as group medical, motor fleet, all property risks, and liability.
- **Life Insurance:** This segment contributed 58.4% to the company's GWP during 6M 2019. The plans offered under this segment include term insurance, invest protect, international health insurance, unit linked, group and employee onboarding, LivFit Wellness programs, and plans for individuals and large corporations, SMEs and banks.

Recent Developments/Future Plans

- In July 2019, S&P Global Rating reaffirmed the 'A-' 'stable' outlook rating for OIC, backed by its strong credit worthiness and capital adequacy above the 'AAA' threshold.
- In February 2019, OIC entered into a partnership with Shukran, a retail loyalty programme. As part of the partnership, both, Shukran members and OIC customers shopping at various Landmark retail outlets are entitled to avail exclusive insurance offers from OIC.

Financial Performance

US$ Million	2017 YE Dec	2018 YE Dec	*Change y-o-y (%)*	6M 2018	6M 2019	*Change y-o-y (%)*
Gross Written Premium	1,012.5	1,007.3	*-0.5*	599.1	556.5	*-7.1*
Net Written Premium	395.9	426.9	*7.8*	210.6	224.3	*6.6*
Net Underwriting Profit / (Loss)	111.3	102.6	*-7.8*	59.3	61.3	*3.4*
Margin (%)	11.0	10.2		9.9	11.0	
Net Profit / (Loss)	28.5	2.8	*-90.3*	16.4	28.8	*75.4*
Margin (%)	2.8	0.3		2.7	5.2	
Return on Equity (%)	5.2	0.5				
Return on Assets (%)	1.4	0.1				

Current Price (US$)	0.62

Price as on November 14, 2019

Stock Details	
Thomson Reuters ticker	OIC.DU
52 week high/low	0.62/0.36
Market Cap (US$ mn)	284.2
Enterprise value (US$ mn)	N/A
Shares outstanding (mn)	461.9

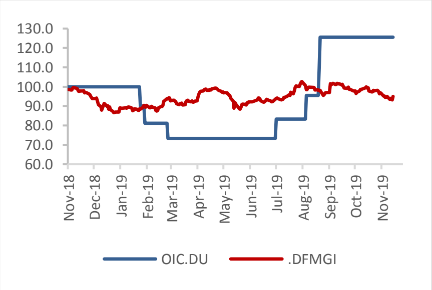
Source: Thomson Reuters

Average Daily Turnover

	AED	US$
3M	330.2	89.9
6M	800.7	218.0

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2018	LTM
P/E (x)	N/A	16.1
P/B (x)	N/A	0.6
Market Cap/GWP	0.3	0.5
Dividend Yield (%)	N/A	N/A

Source: Thomson Reuters

Shareholding Structure

Mashreqbank PSC	63.94%
Others	36.06%
Total	**100.00%**

Source: Thomson Reuters

Source: Company Website, Company Filings, Thomson Reuters

Oman United Insurance Co. SAOG (Publicly Listed) — Oman

Company Description

Established in 1985, Oman United Insurance Co. SAOG (OUIC) provides insurance and reinsurance services under 2 reporting segments - General Insurance and Life Insurance. The general insurance segment includes insurance and reinsurance of motor, fire, general accident, marine (cargo and hull), workmen's compensation, engineering and aviation. The life insurance segment includes individual & group life and group medical insurance plans.

Business Segments/Product Portfolio

The company's General Insurance segment accounted for 88.1% of the total Net Written Premium during 6M 2019 and the Life Insurance business segment contributed the remaining 11.9%. Key insurance plans offered under these 2 segments for individuals and corporates include:

- **Individual Insurance:** Offers comprehensive plans covering against risks related to motor, travel, life, medical expenses, home/property and personal accident.
- **Corporate Insurance:** Offers plans covering against risks related to property, marine, engineering and construction projects, group personal accident and workers compensation. It also offers plans such as group medical & life insurance, group credit life insurance, and Himaya (plan for domestic workers) for businesses.

Recent Developments/Future Plans

- In May 2017, S&P Global Ratings confirmed a 'BBB' rating for the financial strength of OUIC. However, the outlook was revised to 'negative' from 'stable' due to the country's Sovereign downgrade.

Financial Performance

US$ Million	2017 YE Dec	2018 YE Dec	*Change y-o-y (%)*	6M 2018	6M 2019	*Change y-o-y (%)*
Gross Written Premium	99.9	95.3	*-4.6*	54.9	46.9	*-14.5*
Net Written Premium	62.9	63.2	*0.4*	29.5	24.1	*-18.2*
Net Underwriting Profit / (Loss)	18.2	18.9	*3.8*	10.0	10.3	*3.0*
Margin (%)	18.2	19.8		18.2	21.9	
Net Profit / (Loss)	8.7	8.2	*-6.3*	4.9	0.0	*-99.5*
Margin (%)	8.7	8.6		9.0	0.1	
Return on Equity (%)	11.5	10.9				
Return on Assets (%)	3.2	2.9				

Source: Company Website, Company Filings, Thomson Reuters

Current Price (US$)	0.76

Price as on November 14, 2019

Stock Details	
Thomson Reuters ticker	OUIS.OM
52 week high/low	0.79/0.42
Market Cap (US$ mn)	77.9
Enterprise value (US$ mn)	76.6
Shares outstanding (mn)	100.0

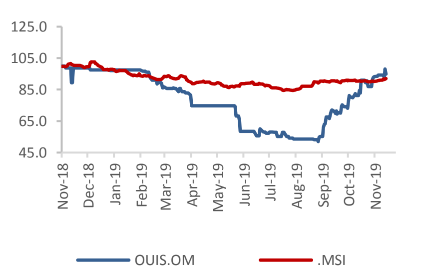
Source: Thomson Reuters

Average Daily Turnover ('000)

	OMR	US$
3M	84.7	220.4
6M	46.4	120.6

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2018	LTM
P/E (x)	9.7	17.2
P/B (x)	1.1	1.1
Market Cap/GWP	0.8	1.7
Dividend Yield (%)	9.9	10.0

Source: Thomson Reuters

Shareholding Structure	
Al Busaidi (Salim Nassir Khalfan)	33.45%
Bank Muscat Asset Management	7.46%
Suhail Bahwan Group	5.54%
Others	53.55%
Total	**100.00%**

Source: Thomson Reuters

Orient Insurance PJSC (Publicly Listed) — UAE

Company Description

Established by the Al-Futtaim Group in 1982, Orient Insurance Co. PJSC (ORI) provides life and general insurance products and services. ORI operates through its network of 12 branches and a head office in the UAE, 2 branches in Oman and 1 in Bahrain. Outside of the GCC, ORI has several subsidiaries, with 1 each in Egypt, Sri Lanka and Turkey and as well as an associate company in Syria offering conventional and Takaful insurance services. ORI also invests its funds in investment securities and properties.

Business Segments/Product Portfolio

ORI reports its insurance business under 2 segments - General Insurance and Life Insurance. The General Insurance segment accounted for 90.8% of the company's GWP during 6M 2019. Below are the various insurance plans offered by the company to individuals and corporate consumers:

- **Commercial Insurance:** For large-scale organizations and businesses, ORI offers insurance plans in the areas of property, engineering, accident, marine cargo, public and product liability, energy, aviation, credit, group life and medical.
- **Personal Insurance:** ORI provides plans related to life and medical (individual/family), motor, travel, home, medical malpractice (liability insurance for healthcare professionals) and third party liability.

Recent Developments/Future Plans

- In September 2019, ORI received initial approval from SAMA to establish branches in the Kingdom with a paid-up capital of SAR 300 million (US$ 79.9 million).
- In July 2019, AM Best upgraded the company's Long-Term Issuer Credit Rating to 'a+' from 'a' and affirmed the Financial Strength Rating of 'A' (Excellent).
- In November 2018, ORI was been named the official insurance provider for Dubai Expo 2020's site and operations. ORI will provide property insurance for the Expo site and offer its services through a digital platform to more than 200 participants.

Financial Performance

US$ Million	2017 YE Dec	2018 YE Dec	*Change y-o-y (%)*	6M 2018	6M 2019	*Change y-o-y (%)*
Gross Written Premium	1,096.5	1,001.4	*-8.7*	601.9	613.6	*1.9*
Net Written Premium	339.2	342.4	*0.9*	202.9	201.5	*-0.7*
Net Underwriting Profit / (Loss)	120.3	138.1	*14.8*	74.1	75.2	*1.5*
Margin (%)	11.0	13.8		12.3	12.3	
Net Profit / (Loss)	98.1	109.2	*11.3*	66.4	73.6	*10.8*
Margin (%)	8.9	10.9		11.0	12.0	
Return on Equity (%)	14.2	15.1				
Return on Assets (%)	5.4	5.8				

Source: Company Website, Company Filings, Thomson Reuters

Current Price (US$)	18.05

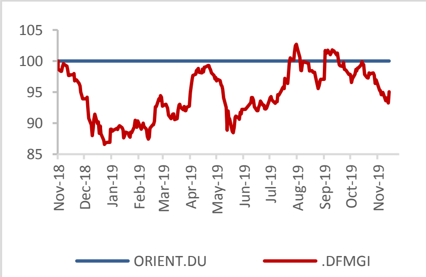
Price as on November 14, 2019

Stock Details	
Thomson Reuters ticker	ORIENT.DU
52 week high/low	18.05/18.05
Market Cap (US$ mn)	N/A
Enterprise value (US$ mn)	N/A
Shares outstanding (mn)	5.0

Source: Thomson Reuters

Note: The stock is not traded due to closed shareholding

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2018	LTM
P/E (x)	N/A	N/A
P/B (x)	N/A	N/A
Market Cap/GWP	N/A	N/A
Dividend yield (%)	N/A	N/A

Source: Thomson Reuters

Shareholding Structure	
Al Futtaim (Abdullah Hamad & Family)	95.00%
Al Futtaim (Abdullah Hamad)	5.00%
Total	**100.00%**

Source: Thomson Reuters

ALPEN CAPITAL

Qatar General Insurance & Reinsurance Co. SAQ (Publicly Listed) Qatar

Company Description

Founded in 1979, Qatar General Insurance & Reinsurance Co. SAQ (QGIRC) provides conventional and Takaful insurance and reinsurance products to individuals, families and businesses. The company operates through 5 branches including its head office in Qatar and an overseas branch in the UAE. Its key wholly owned subsidiaries include General Takaful Co., Mozoon Insurance Marketing Services, Qatar General Holding Co. and General Real Estate Co. GQIRC also offers real estate and investment management services through its subsidiaries.

Business Segments/Product Portfolio

QGIRC reports revenues under 2 main segments – Insurance and Investments. The key products and services offered under the insurance division include:

- **Personal Insurance:** This segment offers insurance products covering risks against personal vehicle, villa/home, personal accident, medical and travel expenses.
- **Corporate Insurance:** This segment offers insurance plans for corporates covering risks against medical & life, energy (fertilizer and hydrocarbon businesses), motor, engineering projects, marine (cargo and hull) and casualty (public and product liability, workers compensation, and fidelity guarantee). Under this segment, QGIRC also provides specialized plans that cater to specific businesses such as restaurant, education, supermarket, pharmacy and salon, among others.

Recent Developments/Future Plans

- In February 2019, AM Best reaffirmed the 'A-' (Excellent) Financial Strength Rating and 'a-'Long-Term Issuer Credit Rating for QGIRC with a 'stable' outlook.

Financial Performance						
US$ Million	**2017 YE Dec**	**2018 YE Dec**	***Change y-o-y (%)***	**6M 2018**	**6M 2019**	***Change y-o-y (%)***
Gross Written Premium	138.8	150.2	*8.2*	73.0	97.4	*33.3*
Net Written Premium	38.5	36.1	*-6.0*	18.1	17.9	*-1.0*
Net Underwriting Profit / (Loss)	27.3	24.4	*-10.6*	11.4	9.5	*-16.8*
Margin (%)	19.7	16.3		15.6	9.8	
Net Profit / (Loss)	71.7	75.2	*5.0*	14.6	6.0	*-59.0*
Margin (%)	51.6	50.1		20.0	6.1	
Return on Equity (%)	4.1	4.4				
Return on Assets (%)	2.7	2.8				

Source: Company Website, Company Filings, Thomson Reuters

Current Price (US$)	**0.71**

Price as on November 14, 2019

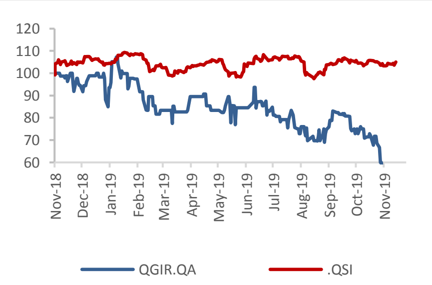
Stock Details	
Thomson Reuters ticker	QGIR.QA
52 week high/low	1.43/0.63
Market Cap (US$ mn)	622.6
Enterprise value (US$ mn)	1,528.1
Shares outstanding (mn)	875.1

Source: Thomson Reuters

Average Daily Turnover ('000)		
	QAR	**US$**
3M	241.4	66.3
6M	373.0	102.5

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples		
	2018	**LTM**
P/E (x)	16.1	12.6
P/B (x)	0.6	0.4
Market Cap/GWP	4.1	6.4
Dividend yield (%)	2.2	3.9

Source: Thomson Reuters

Shareholding Structure	
Abu Nahl (Ghazi Kamil Abdul Rahman)	9.99%
Al Thani (Sheikh Naser Ali)	7.32%
Al Thani (Ahmed Ali Saud Thani)	5.63%
Others	77.06%
Total	**100.00%**

Source: Thomson Reuters

Qatar Insurance Co. SAQ (Publicly Listed) — Qatar

Company Description

Founded in 1964, Qatar Insurance Co. SAQ (QIC) provides insurance, reinsurance, real estate and financial advisory services across key markets in the MENA region. QIC conducts its business through 38 subsidiaries extending across Qatar, UAE, Oman, Kuwait, UK, Switzerland, Bermuda, Singapore, Malaysia, Gibraltar, Italy, Jersey and Malta. The company's insurance operations consist of QIC Doha and QIC International, which operates in Kuwait, Oman, UAE and Malta.

Business Segments/Product Portfolio

QIC's Property & Casualty business accounted for 81.4% of the total GWP during the 6M 2019, followed by Health & Life (11.5%) and Marine & Aviation (7.1%) segments.

- **Direct Insurance:** This segment offers products for personal and commercial lines such as motor, home, travel, energy, marine & aviation, medical and property.
- **Reinsurance:** QIC conducts its reinsurance business through Bermuda-based Qatar Reinsurance Co. Ltd., a global multiline reinsurer.
- **Specialty Insurance:** QIC conducts this business through Antares Holdings Ltd., a specialist insurer and reinsurer operating in the Lloyd's London Insurance market.
- **Life & Health:** QIC conducts this business through Q Life & Medical, offering plans such as group life, medical life, mortgage life and group medical.

Recent Developments/Future Plans

- In September 2019, QIC Insured, its retail arm, launched an updated version of its application featuring an array of enhanced insurance offerings.
- In August 2019, QIC installed a self-service kiosk for buying and renewing third party liability boat or yacht insurance for private and commercial use at the Ministry of Transport and Communications in Qatar.
- In July 2019, S&P Global Ratings reaffirmed its 'A' Issuer Credit and Financial Strength ratings on QIC and its guaranteed subsidiaries.

Financial Performance

US$ Million	2017 YE Dec	2018 YE Dec	*Change y-o-y (%)*	6M 2018	6M 2019	*Change y-o-y (%)*
Gross Written Premium	3,202.6	3,462.8	*8.1*	1,805.5	1,754.0	*-2.8*
Net Written Premium	2,623.4	2,969.2	*13.2*	1,549.2	1,552.0	*0.2*
Net Underwriting Profit / (Loss)	31.6	158.3	*401.3*	90.6	90.8	*0.2*
Margin (%)	1.0	4.6		5.0	5.2	
Net Profit / (Loss)	116.4	182.4	*56.8*	110.1	115.1	*4.6*
Margin (%)	3.6	5.3		6.1	6.6	
Return on Equity (%)	4.6	6.8				
Return on Assets (%)	1.3	1.8				

Source: Company Website, Company Filings, Thomson Reuters

Current Price (US$)	0.87

Price as on November 14, 2019

Stock Details	
Thomson Reuters ticker	QINS.QA
52 week high/low	1.11/0.78
Market Cap (US$ mn)	2,853.3
Enterprise value (US$ mn)	2,388.8
Shares outstanding (mn)	3,266.1

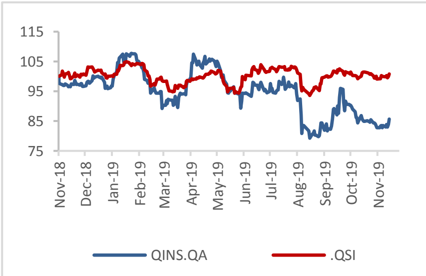
Source: Thomson Reuters

Average Daily Turnover ('000)

	QAR	US$
3M	3,976.8	1,092.4
6M	3,988.6	1,095.7

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2018	LTM
P/E (x)	20.1	14.8
P/B (x)	1.2	1.1
Market Cap/GWP	0.8	1.6
Dividend yield (%)	4.2	4.7

Source: Thomson Reuters

Shareholding Structure	
The Vanguard Group, Inc.	1.63%
Government of Qatar	1.36%
BlackRock Institutional Trust	0.86%
Qatar National Bank QPSC	0.75%
Others	95.40%
Total	**100.00%**

Source: Thomson Reuters

Ras Al Khaimah National Insurance Co. PSC (Publicly Listed) UAE

Company Description

Established in 1974, Ras Al Khaimah National Insurance Co. PSC (RAK) provides life and non-life insurance and reinsurance services across the UAE. RAK conducts the business through its head office and 3 branches in Ras Al Khaimah, Dubai and Abu Dhabi. RAK is a subsidiary of National Bank of Ras Al Khaimah PJSC (RAK Bank), in which the government of Ras Al Khaimah owns a 49.3% stake.

Business Segments/Product Portfolio

- **Underwriting:** This segment comprises of the company's insurance business activities. Plans offered under this segment for corporates and individuals include:
    - **Life & Health:** This segment accounted for 77.7% of the company's GWP in 6M 2019.
    - **Engineering, Fire, & General Accident:** This segment accounted for 14.5% of the company's GWP in 6M 2019.
    - **Motor:** This segment accounted for 6.9% of the company's GWP in 6M 2019.
    - **Marine & Aviation:** This segment accounted for 0.9% of the company's GWP in 6M 2019.
- **Investments:** RAK also earns income from investments into marketable equity securities, term deposits with bank, properties, trading and other securities.

Recent Developments/Future Plans

- In July 2019, RAK Bank signed a 5-year group credit protection agreement with RAK, supported by Munich Re, to provide a financial protection programme to their borrowers and credit card holders in emergencies.
- In December 2018, S&P Global Ratings affirmed its 'BBB+' Issuer Credit Rating and Financial Strength Rating on RAK with a 'stable' outlook.

Financial Performance

US$ Million	2017 YE Dec	2018 YE Dec	*Change y-o-y (%)*	6M 2018	6M 2019	*Change y-o-y (%)*
Gross Written Premium	128.5	138.8	*8.1*	63.0	90.5	*43.6*
Net Written Premium	77.2	81.6	*5.7*	35.6	52.3	*46.8*
Net Underwriting Profit / (Loss)	10.3	4.0	*-61.2*	1.9	0.8	*-57.5*
Margin (%)	8.0	2.9		3.0	0.9	
Net Profit / (Loss)	7.6	5.6	*-26.4*	2.0	1.2	*-39.0*
Margin (%)	5.9	4.0		3.2	1.4	
Return on Equity (%)	13.1	9.9				
Return on Assets (%)	3.6	2.4				

Source: Company Website, Company Filings, Thomson Reuters

Current Price (US$)	0.59

Price as on November 14, 2019

Stock Details	
Thomson Reuters ticker	RAKNIC.AD
52 week high/low	0.82/0.51
Market Cap (US$ mn)	67.6
Enterprise value (US$ mn)	N/A
Shares outstanding (mn)	115.5

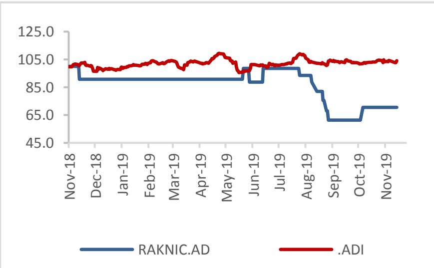
Source: Thomson Reuters

Average Daily Turnover ('000)

	AED	US$
3M	84.5	23.0
6M	58.1	15.8

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2018	LTM
P/E (x)	N/A	16.9
P/B (x)	N/A	1.3
Market Cap/GWP	0.5	0.7
Dividend yield (%)	N/A	4.4

Source: Thomson Reuters

Shareholding Structure	
National Bank of Ras Al-Khaimah	79.23%
Al Naeem (Ahmed Isa Ahmed)	12.79%
Others	7.98%
Total	**100.00%**

Source: Thomson Reuters

Solidarity Bahrain BSC (Publicly Listed) | Bahrain

Company Description

Established in 1976, Solidarity Bahrain BSC (Solidarity) provides various insurance plans and Islamic insurance products for individuals and corporates. Solidarity has 2 subsidiaries - Amar for Finance and Leasing (Kuwait) and United Insurance (Bahrain), for other diversified financial services and multi-sector holdings. In December 2017, Solidarity Group Holding B.S.C completed the merger between its 2 subsidiaries, Solidarity General Takaful and Al Ahlia Insurance Co., resulting in the establishment of Solidarity Bahrain.

Business Segments/Product Portfolio

- **Health:** This is the major business segment of the company, accounting for approximately 44.8% of the company's GWP during 6M 2019.
- **Motor:** This segment accounted for 31.9% of the company's GWP during 6M 2019.
- **Non-motor:** This segment accounted for 16.3% of the company's GWP during 6M 2019. It offers plans in areas such as marine, property, engineering and travel.
- **Group Life:** This segment accounted for 6.1% of the company's GWP during 6M 2019 and comprises group medical, life and credit assurance plans.
- **Family Takaful:** Accounted for nearly 0.9% of the company's GWP during 6M 2019.

Recent Developments/Future Plans

- In June 2019, Solidarity launched Video Insurance, a technology-backed initiative that enables customers to interact with the company's service representatives through a video call. The facility helps the customer to conduct various transactions.
- In February 2019, Solidarity launched its new call center in collaboration with Invita (a Bahrain-based IT company), with bilingual dedicated team of agents to provide timely assistance to its customers.
- In January 2019, Solidarity signed an agreement with Tata Consultancy Services (TCS) to collaborate with and deploy TCS BaNCS insurance system as its core platform for digital transformation.

Financial Performance

US$ Million	2017 YE Dec	2018 YE Dec	*Change y-o-y (%)*	6M 2018	6M 2019	*Change y-o-y (%)*
Gross Written Premium	42.2	80.0	*89.5*	40.2	40.9	*1.8*
Net Written Premium	19.6	39.9	*103.9*	19.2	20.2	*4.8*
Net Underwriting Profit / (Loss)	1.2	1.3	*6.1*	0.2	-0.2	*-223.1*
Margin (%)	2.9	1.6		0.4	-0.5	
Net Profit / (Loss)	0.4	6.9	*150.0*	3.1	3.5	*10.4*
Margin (%)	1.0	8.6		7.8	8.5	
Return on Equity (%)	0.9	10.4				
Return on Assets (%)	0.3	3.8				

Source: Company Website, Company Filings, Thomson Reuters

Current Price (US$)	0.58

Price as on November 14, 2019

Stock Details	
Thomson Reuters ticker	SOLID.BH
52 week high/low	0.58/0.50
Market Cap (US$ mn)	70.0
Enterprise value (US$ mn)	N/A
Shares outstanding (mn)	120.0

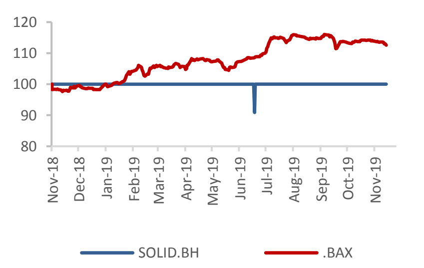
Source: Thomson Reuters

Average Daily Turnover

	BHD	US$
3M	23.8	63.2
6M	429.7	1,142.8

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2018	LTM
P/E (x)	N/A	N/A
P/B (x)	N/A	N/A
Market Cap/GWP	0.9	1.7
Dividend yield (%)	N/A	5.7

Source: Thomson Reuters

Shareholding Structure	
Solidarity Group Holding BSCC	84.17%
Others	15.83%
Total	**100.00%**

Source: Thomson Reuters

ALPEN CAPITAL

Takaful Oman Insurance SAOG (Publicly Listed) — Oman

Company Description

Founded in 2014, Takaful Oman Insurance SAOG (TAOI) provides family Takaful and general insurance plans. TAOI operates through its network of 7 branches and head office in Oman.

Business Segments/Product Portfolio

TAOI reports revenues under 2 main segments – General Takaful and Family Takaful. TAOI's General Takaful segment accounted for 83.3% of the total GWP during the 6M 2019, while Family Takaful accounted for the remaining 16.7%.

- **General Takaful:** This segment offers Takaful products plans covering against risks related to motor, property, fidelity guarantee (risk of loss of money, securities or inventory), fire and perils, travel, money, contractors (loss or damage to plant and equipment), personal accident, workmen's compensation, marine (cargo and hull), domestic helper and public liability (protection against legal liability claims), among others.
- **Family Takaful:** This segment offers Takaful products such as group family plan (covering against risk of death or disability), group health plan (covering risk of illness, accident and medical expenses) and group creditor plan (debt protection in case of death or disability of the creditor seeking bank finance).

Recent Developments/Future Plans

- In March 2019, TAOI raised its authorized capital to OMR 20.0 million (US$ 52.0 million) from OMR 10.0 million (US$ 26.0 million).
- In December 2018, Oman-based Bank Nizwa collaborated with TAOI to offer Sharia-compliant car insurance to its growing customer base across the Sultanate.
- In September 2018, TAOI launched a mobile app designed for the people of Oman to access its wide range of customized services.

Financial Performance

US$ Million	2017 YE Dec	2018 YE Dec	*Change y-o-y (%)*	6M 2018	6M 2019	*Change y-o-y (%)*
Gross Written Premium	41.2	60.1	*45.8*	32.0	34.6	*8.1*
Net Written Premium	24.2	40.7	*68.4*	23.5	20.0	*-14.7*
Net Underwriting Profit / (Loss)	-2.5	-12.8	*-409.0*	-1.8	-3.7	*-104.5*
Margin (%)	-6.1	-21.2		-5.6	-10.6	
Net Profit / (Loss)	-1.3	-11.9	*-846.3*	-1.2	-1.4	*-14.0*
Margin (%)	-3.0	-19.7		-3.8	-4.0	
Return on Equity (%)	13.2	13.7				
Return on Assets (%)	12.7	13.3				

Source: Company Website, Company Filings, Thomson Reuters

Current Price (US$)	0.31

Price as on November 14, 2019

Stock Details	
Thomson Reuters ticker	TAOI.OM
52 week high/low	0.37/0.30
Market Cap (US$ mn)	30.9
Enterprise value (US$ mn)	32.7
Shares outstanding (mn)	100.0

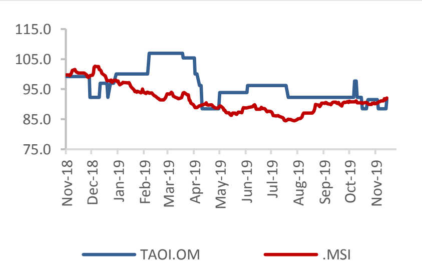
Source: Thomson Reuters

Average Daily Turnover

	OMR	US$
3M	119.3	310.3
6M	92.4	240.4

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2018	LTM
P/E (x)	5.6	4.5
P/B (x)	0.7	0.6
Market Cap/GWP	0.5	0.9
Dividend yield (%)	N/A	N/A

Source: Thomson Reuters

Shareholding Structure	
Oman Intl. Development and Investment Co.	17.35%
Al Khonji Holding Co., L.L.C.	15.01%
Bank Alkhair B.S.C.	15.00%
Oman National Investments Development Co.	10.11%
Oman Investment Corporation	10.00%
Government of Oman	5.77%
Others	26.76%
Total	**100.00%**

Source: Thomson Reuters

The Company for Cooperative Insurance (Publicly Listed) — Saudi Arabia

Company Description

Established in 1986, the Company for Cooperative Insurance (Tawuniya) offers Islamic insurance and reinsurance services to individuals and corporates. Tawuniya operates its business through a wide network of 115 regional and sales offices across Saudi Arabia.

Business Segments/Product Portfolio

Tawuniya's Medical business segment accounted for 74.6% of the company's total GWP during 6M 2019, followed by Property & Casualty (16.5%), Motor (7.0%), Manafeth (1.7%), and Protection & Savings (0.2%). The company divides its insurance products and services into personal and corporate insurance:

- **Personal Insurance:** Tawuniya offers insurance programs such as International Travel Insurance Program, Comprehensive Private Motor Insurance (AL-SHAMEL) Program, SANAD Private Motor Vehicle Third Party Liability Insurance Program and 'My Family' Medical Insurance Program.
- **Corporate Insurance:**
  - **Enterprise:** This segment offers a wide range of plans for large-scale organizations, such as motor insurance, medical and Takaful, engineering and contractors insurance, services insurance, industrial and energy insurance, telecommunication and IT insurance, transportation insurance, retail and trading insurance and financial & investment insurance.
  - **SME:** This segment offers plans such as motor insurance, property and casualty, and medical and Takaful for SME businesses.

Recent Developments/Future Plans

- In June 2019, Tawuniya was awarded 'Best Insurance Company Offering Electronic Services' in Saudi Arabia by Global Banking and Finance Review.

Financial Performance

US$ Million	2017 YE Dec	2018 YE Dec	*Change y-o-y (%)*	6M 2018	6M 2019	*Change y-o-y (%)*
Gross Written Premium	2,242.1	2,037.9	*-9.1*	1,027.2	1,188.6	*15.7*
Net Written Premium	1,941.7	1,740.8	*-10.3*	880.3	999.5	*13.5*
Net Underwriting Profit / (Loss)	-30.7	8.7		31.1	78.6	*152.9*
Margin (%)	-1.4	0.4		3.0	6.6	
Net Profit / (Loss)	-39.1	-56.9	*-45.6*	13.5	21.5	*59.5*
Margin (%)	-1.7	-2.8		1.3	1.8	
Return on Equity (%)	-5.8	-10.8				
Return on Assets (%)	-1.1	-1.7				

Source: Company Website, Company Filings, Thomson Reuters

Current Price (US$)	18.91

Price as on November 14, 2019

Stock Details

Thomson Reuters ticker	8010.SE
52 week high/low	20.27/13.60
Market Cap (US$ mn)	2,363.3
Enterprise value (US$ mn)	1,712.6
Shares outstanding (mn)	125.0

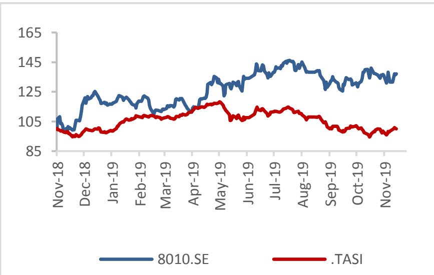
Source: Thomson Reuters

Average Daily Turnover ('000)

	SAR	US$
3M	19,216.5	5,125.1
6M	18,650.6	4,974.1

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2018	LTM
P/E (x)	N/A	N/A
P/B (x)	4.2	3.8
Market Cap/GWP	1.2	2.0
Dividend yield (%)	N/A	N/A

Source: Thomson Reuters

Shareholding Structure

Government of Saudi Arabia	36.77%
The Vanguard Group, Inc.	0.86%
BlackRock Institutional Trust Co.	0.66%
BlackRock Advisors (UK) Limited	0.49%
QIC Limited	0.15%
Others	61.07%
Total	**100.00%**

Source: Thomson Reuters

Mediterranean & Gulf Co-op. Ins. & Reins. Co. (Publicly Listed) Saudi Arabia

Company Description

Incorporated in 2006, the Mediterranean and Gulf Cooperative Insurance & Reinsurance Co. (MGCI) provides cooperative health, motor, property and other insurance and reinsurance services in Saudi Arabia. The company conducts its business through 4 branches and 31 points of sales across the Kingdom. MGCI also has a presence in Lebanon, Jordan, Saudi Arabia, Bahrain, Turkey and UK. The company's key subsidiaries include Al Waseel for Electronic Transportation and Najm for Insurance Services in Saudi Arabia.

Business Segments/Product Portfolio

- **Health:** This is the key business segment of the company, accounting for 73.8% of the GWP during 6M 2019. Under this segment, MGCI offers group and individual health plans covering medical consultation, pregnancy and childbirth expenses, medical hearing aids, diagnostic, surgical operations and lab tests.
- **Motor:** This segment accounted for 14.1% of the company's GWP during 6M 2019 and offers both, third party liability and comprehensive motor insurance plans.
- **Property & Casualty:** This segment accounted for 12.1% of the company's GWP during 6M 2019.
- **Others:** Plans covering risks in the aviation, engineering and marine sectors.

Recent Developments/Future Plans

- In June 2019, MGCI renewed its cooperative health insurance agreement with Binladin Group. Under the deal, MGCI will provide health insurance services to the employees of Binladin Group.
- In May 2019, MGCI entered into a multi-year agreement with Shariyah Review Bureau (SRB) for its Sharia audit services. Under the deal, SRB will review and audit MGCI's cooperative health, motor, property and other insurance and reinsurance products along with its investments and operations.

Financial Performance

US$ Million	2017 YE Dec	2018 YE Dec	*Change y-o-y (%)*	6M 2018	6M 2019	*Change y-o-y (%)*
Gross Written Premium	710.9	551.9	*-22.4*	184.4	364.8	*97.8*
Net Written Premium	579.0	481.0	*-16.9*	158.3	237.0	*49.7*
Net Underwriting Profit / (Loss)	43.4	5.7	*-86.8*	24.6	36.9	*50.0*
Margin (%)	6.1	1.0		13.3	10.1	
Net Profit / (Loss)	-103.5	-54.5		-9.3	1.0	
Margin (%)	-14.6	-9.9		-5.0	0.3	
Return on Equity (%)	-54.7	-35.1				
Return on Assets (%)	-9.4	-5.7				

Source: Company Website, Company Filings, Thomson Reuters

Current Price (US$)	3.74

Price as on November 14, 2019

Stock Details	
Thomson Reuters ticker	8030.SE
52 week high/low	4.75/3.56
Market Cap (US$ mn)	299.5
Enterprise value (US$ mn)	45.9
Shares outstanding (mn)	80.0

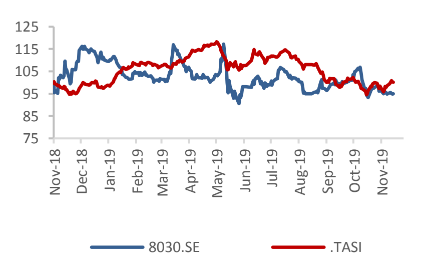
Source: Thomson Reuters

Average Daily Turnover ('000)

	SAR	US$
3M	4,176.9	1,114.0
6M	5,770.8	1,539.1

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2018	LTM
P/E (x)	N/A	N/A
P/B (x)	1.9	1.6
Market Cap/GWP	0.5	0.8
Dividend yield (%)	N/A	N/A

Source: Thomson Reuters

Shareholding Structure

Mediterranean & Gulf Insurance & Reinsurance Co.	20.25%
Abdullah Abunayyan Trading	19.99%
The Saudi Investment Bank	19.00%
The Vanguard Group, Inc.	0.76%
Others	40.00%
Total	**100.00%**

Source: Thomson Reuters

Union Insurance Co. PJSC (Publicly Listed) UAE

Company Description

Established in 1998, Union Insurance Co. PJSC (UIC) provides a wide range of life and non-life insurance products in various areas such as health, automotive, property, liability, engineering and marine. The company operates its business in the Middle East region through 8 branches in the UAE. UIC has collaborated with international reinsurers such as Swiss Re (Switzerland), SCOR (France), Hannover Re (Germany), Generali (Italy), Lloyds (UK) and QBE Europe (UK).

Business Segments/Product Portfolio

- **General Insurance:** This segment accounted for 70.5% for the company's GWP during 6M 2019. Under this segment, UIC offers plans to individuals, SMEs and corporates covering against risks related to marine (cargo and hull), property, engineering projects, energy (upstream, midstream, and downstream operations), aviation, motor, health, and travel, among others. It also provides products to maximize investments such as Flexi Life, Single Premium Plan and International Income Protection Plans.
- **Life Insurance:** This segment accounted for 29.5% of the GWP during 6M 2019. Here, UIC offers various individual and group life insurance policies.

Recent Developments/Future Plans

- In January 2019, UIC collaborated with Sharaf Exchange to introduce 'Emergency Travel Assistance Insurance', the first policy of its kind to launch in the UAE.
- In December 2018, UIC collaborated with Dubai Electricity and Water Authority (DEWA) to offer DEWA Store customers tailored motor insurance solutions.
- In December 2018, UIC developed an artificial intelligence system to issue motor policies in less than one-minute for the first time in the UAE.

Financial Performance

US$ Million	2017 YE Dec	2018 YE Dec	*Change y-o-y (%)*	6M 2018	6M 2019	*Change y-o-y (%)*
Gross Written Premium	285.7	259.2	*-9.3*	130.7	131.3	*0.4*
Net Written Premium	144.6	119.5	*-17.3*	62.7	57.0	*-9.2*
Net Underwriting Profit / (Loss)	10.2	11.4	*11.9*	7.2	4.5	*-37.3*
Margin (%)	3.6	4.4		5.5	3.4	
Net Profit / (Loss)	2.8	1.7	*-39.3*	2.5	5.3	*117.4*
Margin (%)	1.0	0.7		1.9	4.1	
Return on Equity (%)	3.4	2.0				
Return on Assets (%)	0.6	0.4				

Source: Company Website, Company Filings, Thomson Reuters

Current Price (US$)	0.19

Price as on November 14, 2019

Stock Details	
Thomson Reuters ticker	UNION.AD
52 week high/low	0.29/0.19
Market Cap (US$ mn)	63.5
Enterprise value (US$ mn)	77.3
Shares outstanding (mn)	330.9

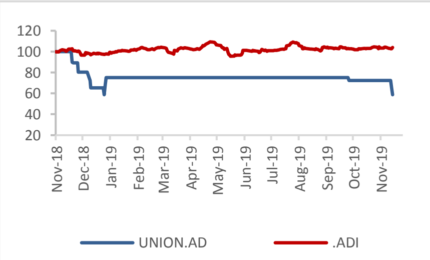
Source: Thomson Reuters

Average Daily Turnover ('000)

	AED	US$
3M	269.7	73.5
6M	141.3	38.5

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2018	LTM
P/E (x)	48.1	12.8
P/B (x)	1.0	0.7
Market Cap/GWP	0.2	0.5
Dividend yield (%)	N/A	N/A

Source: Thomson Reuters

Shareholding Structure	
Invest AD	21.96%
Al Hosani (Salem Abdulla Salem)	15.48%
Falcons Gulf General Trading Company	14.32%
Al Sari Family	13.50%
Others	34.74%
Total	**100.00%**

Source: Thomson Reuters

ALPEN CAPITAL

United Cooperative Assurance Co. (Publicly Listed) — Saudi Arabia

Company Description

Established in 2008, United Cooperative Assurance Co. (UCA) provides insurance and reinsurance services through its 4 branches in Saudi Arabia. The company's products range across various business lines such as aviation, marine, energy, engineering, automotive, property and health.

Business Segments/Product Portfolio

- **Motor:** This segment accounted for 11.6% of the GWP during 6M 2019 and comprises of comprehensive and third party liability motor insurance products.
- **Health:** This segment accounted for 7.0% to the company's GWP during 6M 2019 and offers plans covering medical costs, medicines, surgeries, seasonal vaccination, maternity and all other medical supplies and services.
- **Energy:** This segment accounted for 34.9% to the company's GWP during 6M 2019. Under this segment, UCA offers coverage for a wide range of activities within the upstream and midstream sectors of the oil and gas industry.
- **Engineering:** This segment accounted for 19.7% of the company's GWP during 6M 2019. UCA offers comprehensive plans covering all risks of contractors, plant & machinery, inventory, equipment, engineering and machinery breakdown.
- **Others:** UCA also offers other insurance plans covering risks related to aviation, trade credit (protection against the risk of non-payment of accounts receivable to suppliers), general accidents, marine (cargo and hull) and property.

Recent Developments/Future Plans

- In September 2019, UCA opened its new center for motor insurance claims in Jeddah.

Financial Performance						
US$ Million	**2017 YE Dec**	**2018 YE Dec**	***Change y-o-y (%)***	**6M 2018**	**6M 2019**	***Change y-o-y (%)***
Gross Written Premium	154.8	104.5	*-32.5*	51.4	53.5	*4.1*
Net Written Premium	38.6	27.6	*-28.4*	14.6	7.7	*-47.1*
Net Underwriting Profit / (Loss)	45.6	14.2	*-68.8*	16.5	13.4	*-18.8*
Margin (%)	29.5	13.6		32.1	25.1	
Net Profit / (Loss)	9.8	-16.0	*-264.4*	-2.1	-0.1	
Margin (%)	6.3	-15.4		-4.2	-0.1	
Return on Equity (%)	9.0	-15.4				
Return on Assets (%)	2.4	-4.5				

Source: Company Website, Company Filings, Thomson Reuters

Current Price (US$)	**2.11**

Price as on November 14, 2019

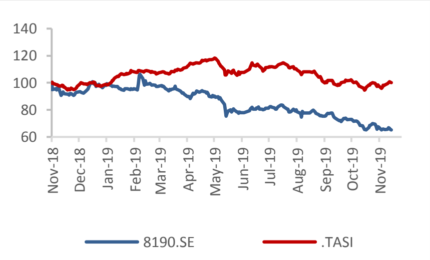
Stock Details	
Thomson Reuters ticker	8190.SE
52 week high/low	3.54/2.08
Market Cap (US$ mn)	84.3
Enterprise value (US$ mn)	102.8
Shares outstanding (mn)	40.0

Source: Thomson Reuters

Average Daily Turnover ('000)		
	SAR	**US$**
3M	3,833.3	1,022.3
6M	2,505.1	668.1

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples		
	2018	**LTM**
P/E (x)	N/A	N/A
P/B (x)	1.3	0.9
Market Cap/GWP	0.8	1.6
Dividend yield (%)	N/A	N/A

Source: Thomson Reuters

Shareholding Structure	
UCA Insurance Company	32.50%
Others	67.50%
Total	**100.00%**

Source: Thomson Reuters

Walaa Cooperative Insurance Co. SJSC (Publicly Listed) Saudi Arabia

Company Description

Established in 2007, Walaa Cooperative Co. SJSC (WCIC), formerly known as Saudi United Cooperative Insurance Co SJSC, provides general insurance and reinsurance services in the areas of medical, motor, property and engineering, among others. WCIC operates through a wide network of 4 branches and more than 70 retail offices in Saudi Arabia.

Business Segments/Product Portfolio

- **Motor:** This segment accounted for 60.1% of the company's GWP during 6M 2019, comprising comprehensive and third party liability insurance products for vehicles.
- **Property:** This segment accounted for 16.2% of WCIC's GWP during 6M 2019.
- **Engineering:** This segment accounted for 7.0% of WCIC's GWP during 6M 2019.
- **Health:** This segment accounted for 5.3% to the company's GWP during 6M 2019.
- **Miscellaneous Accidents:** This segment accounted for 11.4% to the company's GWP during 6M 2019. It includes specialized plans such as travel, general liability, medical malpractice liability, fidelity guarantee, personal accident, workmen's compensation & employer's liability, marine (cargo and hull) and aviation.

Recent Developments/Future Plans

- In July 2019, Moody's Investors Service affirmed the 'A3' Insurance Financial Strength Rating of WCIC and changed its outlook to 'negative' from 'stable'.
- In June 2019, MetLife AIG ANB Cooperative Insurance Co. signed a non-binding MoU with WCIC to evaluate a potential merger between the 2 companies.
- In May 2019, WCIC approved a 20.0% capital hike via issuing bonus shares to raise the company's capital base and future activities. WCIC will increase its capital to US$ 142.1 million, at 1:5 ratio.

Financial Performance

US$ Million	2017 YE Dec	2018 YE Dec	*Change y-o-y (%)*	6M 2018	6M 2019	*Change y-o-y (%)*
Gross Written Premium	294.0	294.7	*0.2*	149.0	153.0	*2.7*
Net Written Premium	224.5	195.0	*-13.1*	102.3	104.9	*2.5*
Net Underwriting Profit / (Loss)	68.5	64.8	*-5.4*	34.7	14.0	*-59.7*
Margin (%)	23.3	22.0		23.3	9.1	
Net Profit / (Loss)	37.8	26.8	*-29.2*	17.4	-1.9	*-110.8*
Margin (%)	12.9	9.1		11.7	-1.2	
Return on Equity (%)	28.2	16.2				
Return on Assets (%)	8.5	5.3				

Current Price (US$)	3.66

Price as on November 14, 2019

Stock Details	
Thomson Reuters ticker	8060.SE
52 week high/low	6.21/3.50
Market Cap (US$ mn)	193.2
Enterprise value (US$ mn)	-45.8
Shares outstanding (mn)	52.8

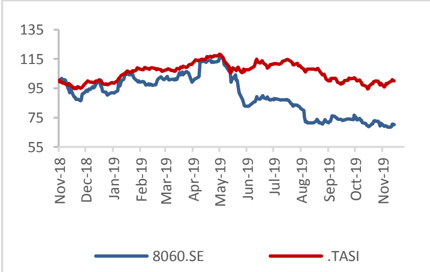
Source: Thomson Reuters

Average Daily Turnover ('000)

	SAR	US$
3M	2,415.3	644.2
6M	3,514.0	937.2

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2018	LTM
P/E (x)	9.5	19.6
P/B (x)	1.4	1.1
Market Cap/GWP	0.7	1.3
Dividend yield (%)	4.6	6.1

Source: Thomson Reuters

Shareholding Structure	
International General Insurance Holdings, Ltd.	5.25%
Norges Bank Investment Management (NBIM)	4.39%
Others	90.36%
Total	**100.00%**

Source: Thomson Reuters

Source: Company Website, Company Filings, Thomson Reuters

Glossary

Life insurance: Involves the distribution of insurance products such as whole life insurance and term insurance

Health/Medical insurance: Involves the distribution of insurance products covering the insurer for in-patient and outpatient medical expenses, maternity, optical and dental treatments, accidental death, disability due to accident or sickness and emergency medical repatriation. Health and Medical insurance can be used interchangeably

Property & casualty insurance: Involves the distribution of insurance products covering for loss of or damage to buildings, furniture, plant and machinery, fixtures and fitting, due to fire, explosion, burglary, natural calamities and terrorism, among others

Motor insurance: Involves the distribution of insurance products covering for loss of or damage to the insured's vehicle by accidental collision or overturning, fire, theft and while being transported (including the process of loading / unloading), among others

Travel insurance: Involves the distribution of insurance products covering the insurer during travel period for any medical and hospitalization expenses, loss of cash and baggage, trip cancellation and repatriation in case of death, serious illness or accident, among others

Marine insurance: Involves the distribution of insurance products covering the risks of transit for all types of cargo transported by sea and air freight, land transit, in addition to hull and machinery, excess liabilities risks, loss of hire, protection and indemnity risks

Aviation insurance: Involves the distribution of insurance products covering all risks in the sector such as maintenance, repairs/overhaul liability, hull war, manufacturers hull and liability, loss of license, spares all risks and comprehensive, aviation third party war liabilities, operators liability and hangar keepers liability

Engineering & construction insurance: Involves the distribution of insurance products covering against all risks related to engineering and construction activities such as contractors plant, equipment and machinery, electronic equipment, machinery breakdown, sabotage and terrorism, among others

Oil & gas insurance: Involves the distribution of insurance products covering against various risks including onshore and offshore activities, and operational assets for oil & gas entities. Product offerings also include solutions for alternative/renewable energy sectors

Workmen's compensation & benefits insurance: Involves the distribution of insurance products covering legal liability of employers to compensate their employees for death, disablement or injury due to an accident at work during the period of employment contract

Public & product liability insurance: Involves the distribution of insurance products such as public liability insurance that includes cover against property damage or personal injury caused through business activities, and product liability insurance that includes cover for property damage or bodily injury arising out of a defective product manufactured

Third party liability insurance: An insurance policy purchased for protection against the claims of another

Fidelity guarantee products: Involves the distribution of insurance products covering common fidelity claims such as employee dishonesty, embezzlement, forgery, robbery, safe burglary, computer fraud and wire transfer fraud, among others

Protection & savings insurance: Involves the distribution of insurance products providing covers for children's education expenses, retirement covers, personal protection and family protection plans

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