

Saudi Insurance Sector Q1 2016

The report depicts the performance of insurance sector in Saudi Arabia in Q1 2016. The report shows the main insurance indicators as gross written premium, net earned premium, claims incurred and net income for the sector and individual companies.

Research Scope:

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

1. Saudi Reinsurance Company: The company is excluded as its activity is not consistent with the remaining listed insurance companies as the company operates in reinsurance activity only.
2. Weqaya Takaful Insurance and Reinsurance Co.: The exclusion was due to lack of company's data as the company did not announce its financials for Q1 2016.

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

Source: Insurance Companies filings, SAMA and Tadawul.

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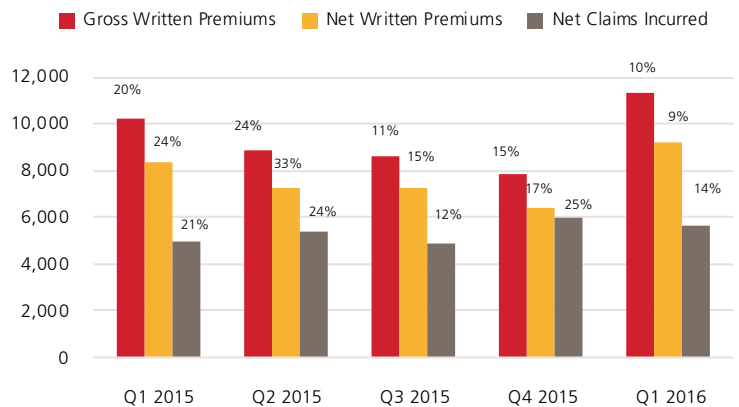
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Executive Summary

- In Q1 2016, gross written premiums in Saudi Arabia progressed by 10.4% over Q1 2015 coming in at SAR 11.3 billion (USD 3.0 billion) shifting from SAR 10.2 billion (USD 2.7 billion) in Q1 2015 driven by the acceleration of the growth in vehicle insurance with its gross premiums surging 25.8%.
- Insurance density stood at SAR 1,469 (USD 392) per capita in Q1 2016 compared to SAR 1,331 (USD 355) per capita in Q1 2015 edging up 10.4%.
- The claims ratio at the end of Q1 2016 fell to 77.7% compared to 82.9% in Q1 2015 slipping 521 bps.
- Consolidated profit of the insurers reached SAR 351 million by the end of Q1 2016 compared to SAR 23 million in Q1 2015. It is worth mentioning that 27 companies in the insurance sector made profits while 6 companies suffered losses in Q1 2016.
- The return on equity ratio surged to 10.0% in Q1 2016 versus 8.1% in Q1 2015 while return on assets stood at 2.3%. Net earned premiums to equity ratio posted 222% in Q1 2016 compared to 215% in Q1 2015. Finally, the equity to total assets improved to 22.7% in Q1 2016 compared to 21.0% in the comparable period of last year.
- SAMA issued "Insurance Consumer Protection Principles" in mid 2014 effective in September 2014. The principles reflected on consumer rights protection through standardizing the relationship between insurers and consumers.

Insurance Sector Quarterly Evolution with Growth Rates (SAR million)



Sector Overview

The Saudi insurance market grew 10.4% in Q1 2016 versus Q1 2015 hitting SAR 11.3 billion (USD 3.0 billion)⁽¹⁾ driven by the growth in health and vehicle insurance segments which contributed 86% of the market.

Insurance penetration hit 1.85% of nominal GDP up from 1.67% in Q1 2016 triggered by the growth in gross premiums written and the 13.3% decrease in nominal GDP in 2015 on lower oil prices. Compared to nominal non-oil GDP, the penetration rate reached 2.6% in Q1 2016 up from 2.4% in Q1 2015.

Insurance density stood at SAR 1,469 (USD 392) per capita in Q1 2016 compared to SAR 1,331 (USD 355) per capita in Q1 2015 edging up 10.4%.

In Q1 2016, the number of insurance and reinsurance companies licensed in the Saudi market reached 35 companies*, 33 of them⁽²⁾ are operating in at least one of the three main insurance line, namely general insurance, health insurance as well as protection and savings insurance. General insurance encompasses seven sub-activities: vehicles, marine, aviation, energy, engineering, accident and responsibilities, and finally property and fire insurance.

Out of 33 running companies, 26 are providing health insurance services, 27 companies are licensed in general insurance and 10 companies for providing protection and saving services. Moreover, there are other players in the insurance market such as: 80 insurance brokers, 84 insurance agents, 2 actuarial services providers⁽³⁾, 15 loss assessors and loss adjustors, 10 insurance claims settlement specialists and 8 insurance advisors.

Number of Insurance Licenses per Activity

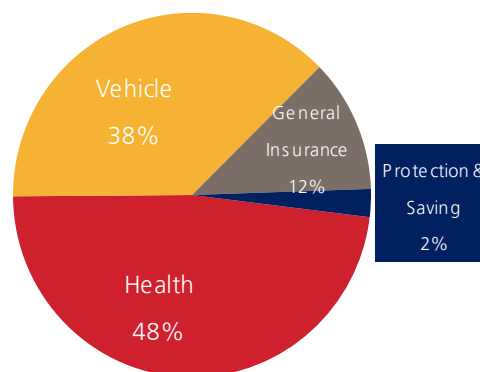
	Health	General	Protection & Saving
No. of Licenses	26	27	10

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

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

- The Saudi Monetary Agency (SAMA) - the regulator of insurance market in Saudi Arabia- issued three new regulations: "Surplus Distribution Policy", "Insurance Corporate Governing Policy" and "Audit Committee Regulation in Insurance and/or Reinsurance Companies" . It is expected that regulations will promote credibility in pricing and governance and enhances policy holders rights. On the side of consumer protection, SAMA issued "Insurance Consumer Protection Principles" in mid 2014 effective in September 2014. The principles reflected on consumer rights protection through standardizing the relationship between insurers and consumers.
- The Council Of Cooperative Health Insurance is the main driver for increasing demand for compulsory health insurance. The total number of health insurance policy holders reached 11 million by the end of 2015. Saudis constitute 30% (3.1 million) of total policyholders versus 70% for foreigners (7.9 million) through 26 health insurance providers with a network of 2,567 outlets.
- The growth of the real estate finance will contribute to the growth of property, casualty and responsibilities insurance.
- low interest rates curbed the return on insurance investments in the past years, however in the aftermath of the interest increase in December 2015, the return on the investments of the sector is expected to ameliorate in 2016.
- We believe growth potentials of insurance industry in Saudi Arabia will stimulate GCC insurers to try to build a presence in the market.
- Health insurance kept its position as the biggest insurance segment in Q1 2016 increasing its share of total insurance market to 48%. Vehicle insurance pushed its share by 462 bps constituting 37.7% of total market while general insurance posted a shrinkage of 407 bps contributing 11.8% of total market. Saving and protection segment stabilized at 2.57% of total market in Q1 2016.

Segment Market Share Breakdown - Q1 2016



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

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

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

Sector Overview

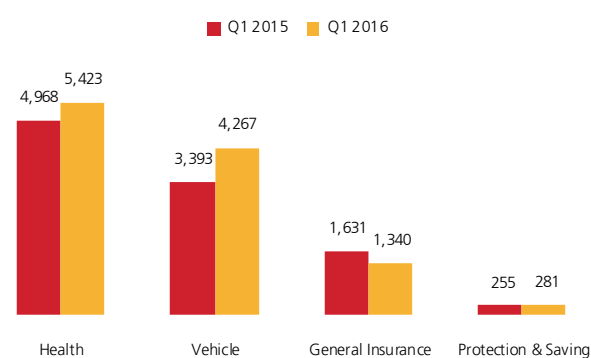
In Q1 2016, gross written premiums in Saudi Arabia progressed by 10.4% over Q1 2015 coming in at SAR 11.3 billion (USD 3.0 billion) shifting from SAR 10.2 billion (USD 2.7 billion) in Q1 2015 driven by the acceleration of the growth in vehicle insurance with its gross premiums surging 25.8% to SAR 4.3 billion (USD 1.1 billion) compared to SAR 3.4 billion (USD 0.9 billion) in Q1 2015 triggered by re-pricing of vehicle insurance policies, while health insurance premiums posted SAR 5.4 billion (USD 1.4 billion) versus SAR 5.0 billion (USD 1.3 billion) in Q1 2015. General insurance tumbled 17.8% in Q1 2016 posting SAR 1.3 billion (USD 0.3 billion) versus SAR 1.6 billion (USD 0.4 billion). As for protection and savings insurance, the figure surged 10.1% to SAR 281 million (USD 75 million) compared to SAR 255 million (USD 68 million) in Q1 2015.

In terms of net written premiums, the figure ascended 9.2% over Q1 2015 hitting SAR 9.2 billion (USD 2.5 billion) by the end of Q1 2016. The retention ratio slumped by 86 bps posting 81.2% versus 82.0% in Q1 2015 as the retention ratio of vehicle insurance were shifted down by 1186 and 80.7% versus 92.6% in Q1 2015. Retention ratio of health and general insurance surged to 97.6% and 24.0%, respectively

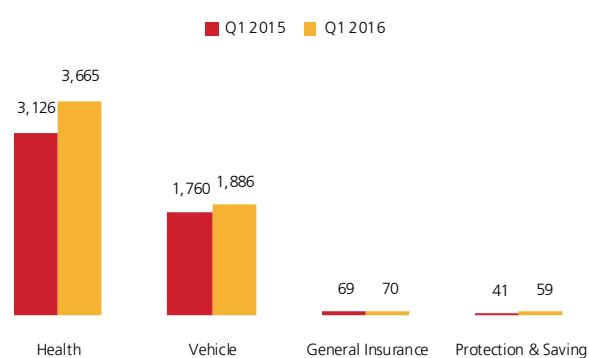
The growth in net earned premiums nudged up 21.3% posting SAR 7.3 billion (USD 1.9 billion), while net earned premiums for health insurance skyrocketed 22.9% to SAR 4.6 billion (USD 1.2 billion). Vehicle insurance mounted 19.1% posting SAR 2.3 billion (USD 0.6 billion). General insurance surged 14.6% to SAR 277 million (USD 73 million) while saving and protection segment tumbled 1.6% posting SAR 117 million (USD 31 million).

On the other hand, claims totaled SAR 5.0 billion (USD 1.3 billion) in Q1 2016 while net claims incurred mushroomed 17% to SAR 5.9 billion (USD 1.6 billion) compared to SAR 5.1 billion (USD 1.4 billion) in Q1 2015. It is noteworthy that health insurance and vehicle insurance claims contributed 65% and 33% of aggregate net claims incurred of the market, respectively.

Gross Premiums Written per Segment (SAR million)



Net Claims Incurred per Segment (SAR million)



Segment	GWP			NWP			NEP			NCI			Retention Ratio		Loss Ratio		Market Share	
	Q1 2015	Q1 2016	G	Q1 2015	Q1 2016	G	Q1 2015	Q1 2016	G	Q1 2015	Q1 2016	G	Q1 2015	Q1 2016	Q1 2015	Q1 2016	Q1 2015	Q1 2016
Health	4,968	5,423	9.2%	4,797	5,291	10.3%	3,731	4,587	22.9%	3,126	3,665	17%	96.6%	97.6%	83.8%	79.9%	48%	48%
Vehicle	3,393	4,267	25.8%	3,141	3,444	9.7%	1,956	2,330	19.1%	1,760	1,886	7%	92.6%	80.7%	90.0%	81.0%	33%	38%
General Insurance	1,631	1,340	(17.8%)	341	321	(5.7%)	242	277	14.6%	69	70	1%	20.9%	24.0%	28.7%	25.2%	16%	12%
Protection & Saving	255	281	10.1%	126	124	(1.6%)	98	117	18.9%	41	59	44%	-	-	41.8%	50.5%	2%	2%
Total	10,246	11,311	10.4%	8,405	9,181	9.2%	6,028	7,311	21.3%	4,997	5,680	14%	82.0%	81.2%	82.9%	77.7%	100%	100%

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

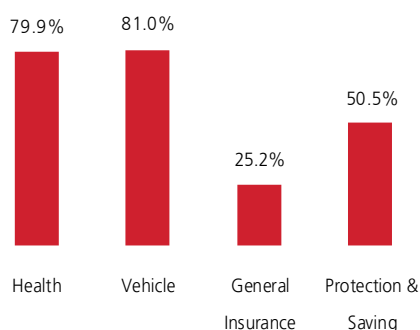
Financial Assessment

Gross written premiums grew by 10.4% in Q1 2016, while the retention ratio of the sector retracted to 81.2% down 86 bps in Q1 2016 driven by the lower retention ratios for vehicle insurance tumbling by 1186 basis points to 80.7%.

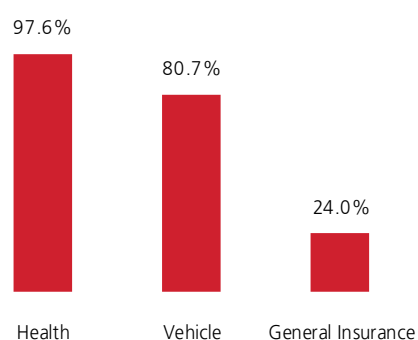
The claims ratio at the end of Q1 2016 fell to 77.7% compared to 89.9% in Q1 2015 slipping 521 bps with the decrease in the ratio stemming from the growth in net premium earned faster than the pace of net claims incurred. On the other side, the expenses ratio slumped from 20.72% in Q1 2015 to 20.37% by the end of Q1 2016.

This decrease in the two ratios led to an improvement in the combined ratio by 93 bps to 95.15% by the end of Q1 2016, compared to 100% by the end of Q1 2015, which means that the sector has returned to record profitability from insurance operations. This is due to the decrease in loss ratio in Q1 2016 by 77 basis points reaching 77.7%.

Claims Ratio per Segment - Q1 2016



Retention Ratio per Segment - Q1 2016



Balance Sheet (SAR million)	Q1 2015	Q1 2016	Growth
Policyholders (PH) Assets:			
Investments	8,459	11,575	37%
Cash at Banks	6,334	6,058	(4%)
Receivables, Net	8,851	9,962	13%
Other PH Assets	12,752	12,199	(4%)
Total PH Assets	36,397	39,794	9%
Shareholders (SH) Assets			
Investments	7,463	8,864	19%
Cash at Banks	2,777	2,639	(5%)
Other SH Assets	1,349	2,403	78%
Total SH Assets	11,590	13,906	20%
Total Assets	47,987	53,700	12%
PH Liabilities			
Reinsurers Balances Payable	1,805	2,156	19%
Technical Reserves	30,134	32,674	8%
Other Liabilities	4,458	4,964	11%
Total PH Liabilities	36,397	39,794	9%
SH Liabilities			
SH Liabilities	1,873	1,943	4%
Capital	11,617	10,792	2%
SH Equity	9,717	11,963	23%
Total SH Liabilities and Equity	11,590	13,906	20%
Total Liabilities	47,987	53,700	12%
Income Statement (SAR million)			
Gross Premium Written	10,246	11,311	10%
Net Premium Written	8,405	9,181	9%
Net Premium Earned	6,028	7,311	21%
Investment Income	58	34	(42%)
Gross Claim Paid	5,703	4,906	(14%)
Net Claim Incurred	4,997	5,680	14%
Accumulated PH Surplus End of Period	48	213	345%
SH Appropriation From Net Surplus	22	401	-
Net Income (Loss) for the Period	23	351	-

Financial Assessment

At the level of the assets of insurance operations, investments grew at rate of 37% while cash at banks slumped 4% to reach SAR 11.6 billion for investments and SAR 6.1 billion for cash at banks. The two items represented together 44% of total assets of insurance operations up from 41% in March 2015. Receivables increased 13% by the end of March 2016 to reach SAR 10.0 billion representing 25% of total assets increasing from 24% in March 2015. The total assets of insurance operations grew 9% YoY posting SAR 40.0 billion in Q1 2015.

For the assets of shareholders, investments surged 19% to SAR 8.8 billion. Cash at banks slumped 5% to SAR 2.6 billion. Total investments and cash at banks represented 83% of shareholders' assets down from 88% in Q1 2015. In addition, shareholders' assets grew 20% over the last year. The growth in the assets of the sector accelerated to 12% at the end of Q1 2016 versus 16.5% in Q1 2015.

Total liabilities rose 12% to SAR 53.7 billion by the end of Q1 2016 with insurance liabilities accounting for 74% of total liabilities versus 26% for shareholders' liabilities and equity.

Technical reserves mounted 8% coming in at SAR 32.7 billion representing 82% of the total insurance liabilities, which amounted to SAR 39.8 billion. On the other hand, shareholders' equity grew by 20% posting SAR 13.9 billion by the end of Q1 2015.

Consolidated profit of the insurers reached SAR 351 million by the end Q1 2016 compared to SAR 23 million in Q1 2015. It is worth mentioning that 19 companies in the insurance sector made profits while 14 companies suffered losses in 2015. Shareholders equity surged 23% posting SAR 12.0 billion.

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

Important Indicators	Q1 2015	Q1 2016	Change
Return on Equity	8.9%	10.7%	1.8%
Return on Assets	1.8%	2.4%	0.6%
NEP to Equity	233%	235%	2.0%
Equity to Total Assets	20.2%	22.3%	2.0%

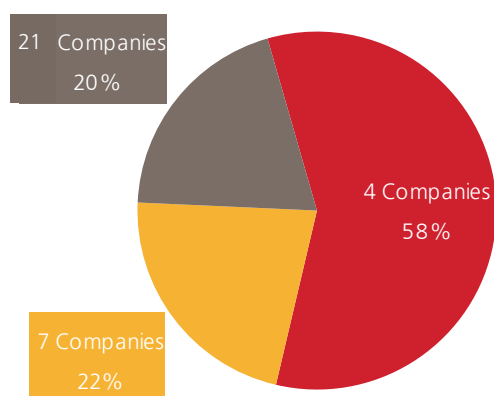
Market Structure

The insurance sector is still remarkably concentrated as four companies seized 58% of the market size. Bupa, Tawuniyah, Medgulf and Malath constituting 21.6%, 15.0%, 10.9% and 10.5% of total insurance market in Q1 2016, respectively. Bupa and Tawuniyah shares increased 133 and 35 basis points, respectively while Medgulf shares decreased 389 bps.

Seven companies have their market shares between 2% to 5% representing a total of 22%. On the other side, 21 companies held a combined 20% of the market share with shares less than 2% each.

	Total Market Share	Q1 2015	Q1 2016
1 Bupa Arabia	20.3%	20.3%	21.6%
2 Tawuniya	14.7%	14.7%	15.0%
3 MEDGULF	14.8%	14.8%	10.9%
4 Malath Insurance	7.2%	7.2%	10.5%
5 Al Rajhi Takaful	3.6%	3.6%	4.7%
6 AXA-Cooperative	3.9%	3.9%	4.0%
7 U C A	3.3%	3.3%	3.1%
8 SAICO	4.4%	4.4%	3.0%
9 Trade Union	2.1%	2.1%	2.7%
10 Arabian Shield	2.5%	2.5%	2.4%
11 Walaa Insurance	1.9%	1.9%	2.3%
12 Wataniya	2.0%	2.0%	1.9%
13 WAFA Insurance	1.0%	1.0%	1.8%
14 Alinma Tokio M	0.6%	0.6%	1.4%
15 ALLIANZ SF	1.8%	1.8%	1.4%
16 ACIG	1.8%	1.8%	1.3%
17 SALAMA	1.1%	1.1%	1.3%
18 AICC	1.9%	1.9%	1.2%
19 Buruj	1.0%	1.0%	1.1%
20 Gulf General	1.4%	1.4%	1.0%
21 ATC	0.9%	0.9%	1.0%
22 Al Alamiya	1.1%	1.1%	1.0%
23 Solidarity	0.9%	0.9%	0.9%
24 ACE	0.9%	0.9%	0.7%
25 Gulf Union	1.0%	1.0%	0.7%
26 Amana Insurance	0.8%	0.8%	0.6%
27 Sagr Insurance	1.2%	1.2%	0.6%
28 ANB Insurance	0.3%	0.3%	0.5%
29 Al-Ahlia	0.7%	0.7%	0.5%
30 SABB Takaful	0.6%	0.6%	0.5%
31 Enaya	0.1%	0.1%	0.3%
32 Jazira Takaful	0.1%	0.1%	0.1%

Market Share Concentration of Insurance Companies - Q1 2016



Insurance Sector (SAR million)	Q1 2015	Q1 2016	Growth
Gross Premium Written	10,246	11,311	10.4%
Net Premium Written	8,405	9,181	9.2%
Net Premium Earned	6,028	7,311	21.3%
Net Claims Incurred	4,997	5,680	14%
Retention Ratio	82.0%	81.2%	-
Claims Ratio	82.9%	77.7%	-

Market Structure

Health Insurance

In the health insurance sector, written premiums totaled SAR 5.4 billion shifting up 9.2%, while net written premiums surged 10.3% to SAR 5.3 billion. Similarly, net earned premiums amounted to SAR 4.6 billion skyrocketing 23% over the same period of last year.

The retention ratio advanced to 97.6% compared to 96.6% at the end of Q1 2015. Furthermore, net incurred claims grew by 17.2% to SAR 3.7 billion, thus lowering the losses ratio in this activity to 79.9% compared to 83.8% for Q1 2015.

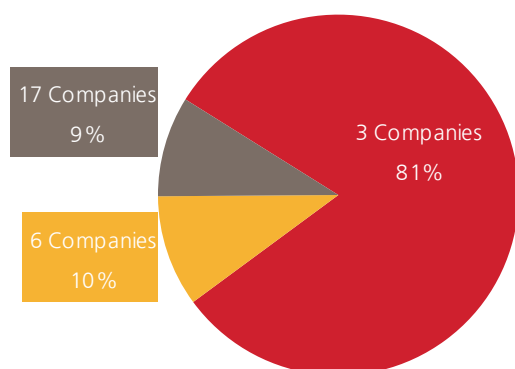
Out of 26 insurers operate in health insurance, only 24 are qualified by the Council of Cooperative Health Insurance to provide their services as of March 2016

Three of health insurance companies seized 81% of the market, while six companies received 10%, and 17 companies shared the remaining 9% of the market for less than 1% for each company.

The biggest change has occurred in the market share of Bupa and Tawuniya which increased 325 and 222 bps, respectively while the market share of Medgulf dwindled 506, respectively.

Health Insurance Market Share		Q1 2015	Q1 2016
1	Bupa Arabia	41.9%	45.1%
2	Tawuniya	17.4%	19.6%
3	MEDGULF	21.3%	16.3%
4	AXA-Cooperative	2.3%	2.1%
5	Arabian Shield	1.9%	1.9%
6	SAICO	3.5%	1.8%
7	Al Rajhi Takaful	1.9%	1.7%
8	Solidarity	0.6%	1.3%
9	Trade Union	0.2%	1.1%
10	AICC	0.7%	0.9%
11	Buruj	0.1%	0.9%
12	ACIG	1.3%	0.8%
13	Malath Insurance	0.9%	0.8%
14	Walaa Insurance	0.2%	0.8%
15	Sagr Insurance	1.8%	0.8%
16	WAFA Insurance	0.9%	0.7%
17	Amana Insurance	1.0%	0.7%
18	ANB Insurance	0.1%	0.6%
19	Enaya	0.2%	0.6%
20	U C A	0.6%	0.4%
21	ALLIANZ SF	0.3%	0.3%
22	Gulf General	0.3%	0.3%
23	SALAMA	0.2%	0.2%
24	Al-Ahlia	0.2%	0.2%
25	Gulf Union	0.1%	0.1%
26	Al Alamiya	0.0%	0.0%

Market Share Concentration of Health Insurance - Q1 2016



Health Insurance (SAR million)	Q1 2015	Q1 2016	Growth
Gross Premium Written	4,968	5,423	9.2%
Net Premium Written	4,797	5,291	10.3%
Net Premium Earned	3,731	4,587	22.9%
Net Claims Incurred	3,126	3,665	17%
Retention Ratio	96.6%	97.6%	-
Claims Ratio	83.8%	79.9%	-

Market Structure

Vehicle Insurance

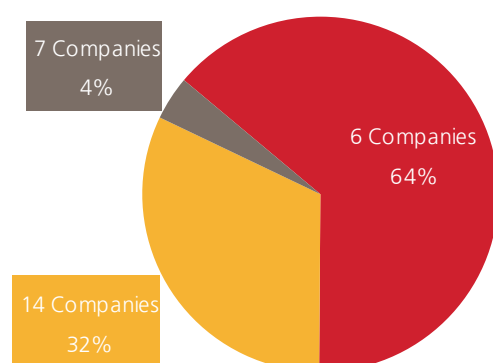
By the end of Q1 2016, the growth of gross written premiums for vehicle insurance amounted to 26% posting SAR 4.3 billion. Meanwhile, net written premiums edged up 9.7% coming in at SAR 3.4 billion, while net earned premiums hit SAR 2.3 billion surging 19.1% over Q1 2015.

Retention ratio dropped to 80.7% compared to 92.6% at the end of Q1 2015. Net incurred claims soared 7.2% to SAR 1.9 billion thus trimming the claims ratio by 901 basis points to 81.0% compared to 90.0% in Q1 2015.

In this type of insurance, six companies captured 64% of the market, 14 other players shared 32%, and 7 insurers collectively accounted for the remaining 4% of the market.

Malath Insurance increased its market share by 657 basis points while Axa's share slumped 17 basis points.

Market Share Concentration of Vehicle Insurance - Q1 2016



Vehicle Insurance Market Share		Q1 2015	Q1 2016
1	Malath Insurance	19.5%	26.0%
2	Tawuniya	8.9%	10.1%
3	Al Rajhi Takaful	6.9%	9.2%
4	AXA-Cooperative	6.7%	6.6%
5	U C A	6.1%	6.2%
6	MEDGULF	8.5%	5.6%
7	Trade Union	4.1%	4.4%
8	WAFA Insurance	1.6%	3.5%
9	Walaa Insurance	4.2%	3.5%
10	SALAMA	2.8%	2.9%
11	Alinma Tokio M	1.2%	2.7%
12	Wataniya	2.4%	2.3%
13	ACIG	3.2%	2.2%
14	Arabian Shield	2.8%	2.2%
15	SAICO	3.6%	2.1%
16	Buruj	2.4%	1.5%
17	ALLIANZ SF	1.2%	1.5%
18	Gulf General	2.1%	1.4%
19	AICC	3.3%	1.2%
20	Al Alamiya	1.9%	1.2%
21	ACE	1.1%	0.8%
22	Gulf Union	1.3%	0.8%
23	Al-Ahlia	1.3%	0.7%
24	Amana Insurance	0.7%	0.6%
25	Sagr Insurance	0.7%	0.5%
26	Solidarity	1.4%	0.3%
27	ANB Insurance	0.0%	0.2%

Vehicle Insurance (SAR million)	Q1 2015	Q1 2016	Growth
Gross Premium Written	3,393	4,267	25.8%
Net Premium Written	3,141	3,444	9.7%
Net Premium Earned	1,956	2,330	19.1%
Net Claims Incurred	1,760	1,886	7%
Retention Ratio	92.6%	80.7%	-
Claims Ratio	90.0%	81.0%	-

Market Structure

General Insurance*

By the end of Q1 2016, the growth of gross written premiums for general insurance amounted to 17.8% posting SAR 1.3 billion. Meanwhile, net written premiums edged down 5.7% coming in at SAR 0.3 billion, while net earned premiums hit SAR 0.3 billion surging 14.6% over Q1 2015.

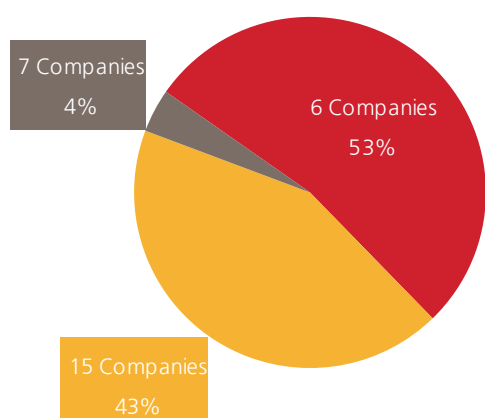
The retention ratio edged up 24.0% compared to 20.9% at the end of Q1 2015. Net incurred claims ascended 0.5% to SAR 0.07 billion thus trimming the claims ratio to 25.2% compared to 28.7% in Q1 2015.

In this type of insurance, 6 companies captured 53% of the market, 15 other players shared 43%, and 6 insurers collectively accounted for the remaining 4% of the market.

Tawuniyah Insurance increased its market share by 542 basis points while Saico's share slumped 189 basis points.

General Insurance			
Market Share	Q1 2015	Q1 2016	
1 Tawuniya	20.8%	15.4%	
2 SAICO	9.7%	11.6%	
3 MEDGULF	10.2%	8.3%	
4 Wataniya	6.1%	7.7%	
5 Arabian Shield	3.8%	5.5%	
6 Wala Insurance	2.7%	5.3%	
7 U C A	6.0%	4.6%	
8 Trade Union	4.0%	4.2%	
9 Al Alamiya	2.9%	3.6%	
10 ALLIANZ SF	5.1%	3.4%	
11 ACE	3.3%	3.3%	
12 Gulf General	3.4%	3.2%	
13 AXA-Cooperative	2.9%	3.2%	
14 Gulf Union	3.2%	3.1%	
15 Alinma Tokio M	1.3%	3.1%	
16 Al Rajhi Takaful	2.4%	3.1%	
17 AICC	3.1%	2.4%	
18 Malath Insurance	2.1%	2.3%	
19 WAFA Insurance	0.5%	1.1%	
20 Buruj	1.2%	1.1%	
21 Al-Ahlia	0.7%	1.0%	
22 ACIG	0.7%	0.7%	
23 Amana Insurance	0.1%	0.6%	
24 ANB Insurance	1.5%	0.6%	
25 Sagr Insurance	0.8%	0.6%	
26 SALAMA	0.5%	0.5%	
27 Solidarity	1.0%	0.4%	

Market Share Concentration of General Insurance - Q1 2016



General Insurance (SAR million)	Q1 2015	Q1 2016	Growth
Gross Premium Written	1,631	1,340	(17.8%)
Net Premium Written	341	321	(5.7%)
Net Premium Earned	242	277	14.6%
Net Claims Incurred	69	70	1%
Retention Ratio	20.9%	24.0%	-
Claims Ratio	28.7%	25.2%	-

* Does not include vehicle insurance

Market Structure

Protection and Savings Insurance

Gross written premiums for the protection and savings insurance shifted up 10.1% in Q1 2016 standing at SAR 281 million, while net written premiums slumped 1.6% to SAR 124 million. Simultaneously, net earned premiums amounted to SAR 117 million, surging 18.9% versus Q1 2015.

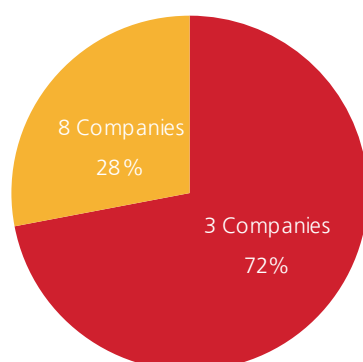
Net claims incurred soared 43.6% to SAR 59 million, thus it has led to an increase in the loss ratio to 50.2% compared to 41.8% in Q1 2015.

The segment is consisted of 11 insurers; three of them held a 72% market share, versus 28% for the eight other companies. The biggest change has occurred in the market share of Alahli Takaful which strengthened 450 bps and shrinking share of Allianz SF by 453 bps.

Protection & Savings Insurance Market Share

	Q1 2015	Q1 2016
1 ATC	37.0%	41.5%
2 SABB Takaful	22.1%	18.5%
3 ALLIANZ SF	16.2%	11.7%
4 Wataniya	9.8%	6.5%
5 AXA-Cooperative	5.7%	4.1%
6 Jazira Takaful	3.4%	4.0%
7 Al Alamiya	2.0%	3.9%
8 Solidarity	0.0%	3.2%
9 Alinma Tokio M	1.8%	2.5%
10 ANB Insurance	1.5%	2.4%
11 Al Rajhi Takaful	0.5%	1.9%

Market Share Concentration of Protection and Saving - Q1 2016



Protection & Savings Insurance (SAR million)	Q1 2015	Q1 2016	Growth
Gross Premium Written	255	281	10.1%
Net Premium Written	126	124	(1.6%)
Net Premium Earned	98	117	18.9%
Net Claims Incurred	41	59	44%
Claims Ratio	41.8%	50.5%	-

Concentration of Insurance Segments per Company

The following table reflects the concentration of insurance activities for every company in the sector in Q1 2016 which provides signals for the vulnerability to the change in the distribution of its insurance portfolio.

Health insurance represented 100% in the cases of Bupa Arabia and Enaya, more than 70% for Solidarity and Medgulf. In the vehicle sector, Malath and Salama held the highest concentration with 94% and 87%, respectively. In protection and saving insurance, 100% of the operations of Jazira Takaful, SABB and Ahli Takaful focused on this type of insurance.

Company	Health Insurance	Vehicle Insurance	General Insurance	Protection & Savings	Total
Health Insurance					
Bupa Arabia	100%	-	-	-	100%
Enaya	100%	-	-	-	100%
Solidarity	74%	12%	6%	9%	100%
MEDGULF	72%	19%	9%	-	100%
Tawuniya	62%	25%	12%	-	100%
ANB Insurance	60%	13%	14%	12%	-
Sagr Insurance	60%	30%	11%	0%	-
Amana Insurance	52%	36%	11%	0%	-
Vehicle Insurance					
Malath Insurance	4%	94%	3%	-	100%
SALAMA	8%	87%	5%	-	100%
U C A	7%	76%	18%	-	100%
WAFA Insurance	19%	74%	7%	-	100%
Al Rajhi Takaful	18%	74%	8%	1%	100%
Alinma Tokio M	-	71%	25%	4%	100%
ACIG	30%	64%	6%	-	100%
AXA-Cooperative	26%	62%	10%	3%	100%
Trade Union	20%	62%	19%	-	100%
Walaa Insurance	16%	56%	27%	-	-
Al-Ahlia	20%	56%	25%	-	-
Buruj	38%	51%	11%	-	-
General Insurance					
ACE	-	45%	55%	-	100%
Gulf Union	4%	43%	53%	-	100%
Protection & Savings					
Jazira Takaful	-	-	-	100%	100%
SABB Takaful	-	-	-	100%	100%
ATC	-	-	-	100%	100%
Multi-Line					
Wataniya	-	45%	47%	8%	100%
SAICO	29%	26%	45%	-	100%
Al Alamiya	-	46%	44%	10%	100%
Gulf General	13%	50%	37%	-	100%
ALLIANZ SF	11%	40%	29%	21%	100%
Arabian Shield	38%	34%	27%	-	100%

Financial Indicators

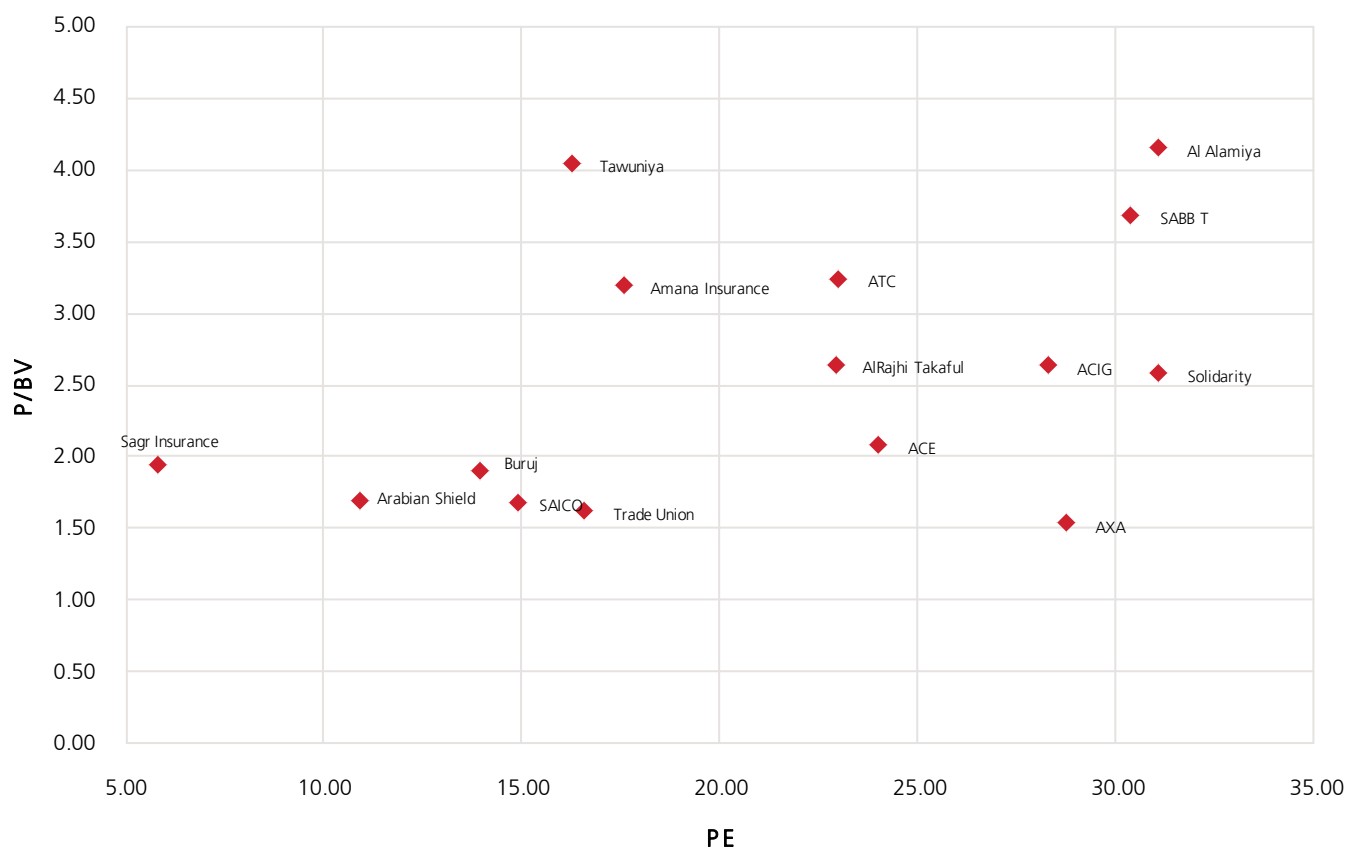
Company	Closing Price (SAR)	Issued Shares (MN)	Free Floating Shares (MN)	Net Income LTM Ending Mar 2016 (MN)	Shareholders Equity (MN)	Market Cap.	12M EPS	PE	P/BV	Equity to Capital Paid
Tawuniya	90.86	100	53	47.2	2,248	9,086	5.58	16.29	4.04	2.25
ANB Insurance	27.49	35	11	(3.7)	256	962	(0.78)	N/A	3.76	0.73
Jazira Takaful	33.46	35	11	5.7	377	1,171	0.58	57.38	3.10	1.08
Malath Insurance	15.94	30	30	0.7	254	478	0.12	131.74	1.88	0.85
MEDGULF	22.72	100	37	13.8	921	2,272	(1.95)	N/A	2.46	0.92
ALLIANZ SF	38.13	20	7	6.8	207	763	1.25	30.41	3.68	1.03
SALAMA	15.15	25	18	1.25	173	379	0.04	435.34	2.18	0.69
Walaa Insurance	12.26	40	38	20.4	334	490	(0.67)	N/A	1.46	0.84
Arabian Shield	24.14	20	11	7.4	285	483	2.21	10.92	1.69	1.42
SABB Takaful	27.41	34	12	3.8	357	932	0.13	218.77	2.60	1.05
SAICO	16.59	25	17	0.3	248	415	1.11	14.91	1.67	0.99
Wafa	19.65	21	17	36.5	103	403	(1.41)	N/A	3.92	0.50
Gulf Union	12.75	22	15	1.4	128	281	0.58	21.91	2.19	0.58
ATC	38.9	17	7	7.7	200	648	1.69	23.04	3.24	1.20
Al-Ahlia	8.34	32	30	(8.2)	113	267	(1.96)	N/A	2.37	0.35
ACIG	15.67	20	12	3.8	119	313	0.55	28.31	2.63	0.59
AICC	9.13	40	26	3.2	240	365	(0.24)	N/A	1.52	0.60
Trade Union	14.87	28	18	1.4	251	409	0.90	16.60	1.62	0.91
Sagr Insurance	36.78	25	18	68.4	473	920	6.29	5.85	1.94	1.89
U C A	11.37	49	32	19.2	311	557	(0.82)	N/A	1.79	0.63
Bupa Arabia	141.97	80	57	72.6	1,713	11,358	13.96	10.17	6.62	2.14
Al Rajhi Takaful	22.99	40	18	7.6	348	920	1.00	22.94	2.64	0.87
ACE	41.14	10	6	2.2	197	411	1.71	24.04	2.08	1.97
AXA-Cooperative	16.25	45	22	13.2	476	731	0.56	28.79	1.53	1.06
Gulf General	16.11	20	13	(5.1)	171	322	(1.85)	N/A	1.88	0.86
Buruj	18.65	25	14	10.2	244	466	1.34	13.97	1.90	0.98
Al Alamiya	31.86	40	12	15.7	306	1,274	1.02	31.13	4.15	0.77
Solidarity	9.62	56	40	3.5	206	534	0.31	31.13	2.58	0.37
Wataniya	50.03	10	3	6.3	61	500	(0.77)	N/A	8.14	0.61
Amana Insurance	11.71	32	25	8.2	117	375	0.67	17.59	3.19	0.37
Enaya	12.7	40	16	(9.8)	189	508	(1.29)	N/A	2.68	0.47
Alinma Tokio M	20.26	45	14	(7.4)	306	912	(0.57)	N/A	2.98	0.68
Total		1,299	778	351.4	12,714	41,271	1.32	14.50	3.25	0.98

Closing prices of May 22, 2016.

P/E and P/BV for Insurance Companies

22 companies in the sector generated profits in the four quarters ending March 2016.

The following figure reflects the valuation levels of these companies* based on P/E and P/B** based on Q1 2016 figures:



* Excluding seven companies with very inflated multiples

** Closing prices of May 22, 2016.

Insurance Premiums Breakdown

SAR MN Company	GWP			NWP			NEP			Net Claims Incurred			Retention Ratio		Claims Ratio	
	Q1 2015	Q1 2016	G	Q1 2015	Q1 2016	G	Q1 2015	Q1 2016	G	Q1 2015	Q1 2016	G	Q1 2015	Q1 2016	Q1 2015	Q1 2016
Tawuniya	1,506	1,701	13%	1,247	1,581	27%	1,285	1,623	26%	984	1,268	29%	82.9%	92.9%	76.6%	78.1%
ANB Insurance	33	55		7	41		1	29		1	22		20.4%	75.2%	87.4%	75.0%
Jazira Takaful	9	11	29%	4	2	(41%)	4	2	(49%)	0	1		43.4%	19.8%	12.7%	52.7%
Malath Insurance	741	1,186	60%	711	726	2%	396	347	(12%)	333	292	(12%)	95.9%	61.2%	84.1%	84.3%
MEDGULF	1,516	1,234	(19%)	1,300	1,075	(17%)	829	807	(3%)	792	674	(15%)	85.7%	87.1%	95.5%	83.6%
ALLIANZ SF	180	159	(12%)	99	117	18%	82	116	42%	51	82	61%	54.9%	73.8%	62.3%	70.4%
SALAMA	114	142	25%	107	134	25%	80	80	0%	66	66	0%	94.0%	94.4%	82.2%	82.2%
Walaa Insurance	197	262	33%	166	201	21%	88	136	55%	70	83	18%	84.4%	76.8%	80.2%	60.8%
Arabian Shield	252	270	7%	147	158	7%	77	84	9%	61	67	10%	58.5%	58.6%	78.2%	79.1%
SABB Takaful	56	52	(8%)	43	37	(14%)	33	43	32%	2	3	40%	77.0%	71.7%	7.1%	7.5%
SAICO	455	342	(25%)	282	195	(31%)	155	134	(14%)	117	103	(12%)	62.1%	57.0%	75.0%	76.4%
WAFA Insurance	107	200	87%	82	171	109%	44	109	147%	25	50	100%	76.3%	85.3%	56.4%	45.6%
Gulf Union	98	80	(19%)	39	33	(16%)	32	23	(29%)	16	15	(8%)	39.4%	40.9%	50.1%	65.0%
ATC	94	116	24%	25	28	12%	18	18	2%	3	3	(6%)	26.5%	24.1%	18.7%	17.2%
Al-Ahliya	67	54	(20%)	60	48	(20%)	51	60	18%	31	50	62%	89.8%	89.8%	60.8%	83.0%
ACIG	187	147	(21%)	161	130	(19%)	66	107	62%	49	84	70%	86.1%	88.1%	75.0%	79.1%
AICC	197	132	(33%)	136	82	(40%)	112	97	(13%)	92	68	(26%)	69.3%	61.7%	82.1%	70.1%
Trade Union	212	303	43%	138	236	71%	110	175	60%	91	138	53%	65.2%	77.9%	82.7%	78.9%
Sagr Insurance	127	69	(45%)	113	59	(48%)	50	200	302%	42	86	105%	89.0%	84.9%	84.1%	43.0%
U C A	336	348	4%	255	154	(40%)	174	189	9%	141	153	8%	75.9%	44.2%	81.1%	81.0%
Bupa Arabia	2,079	2,446	18%	2,073	2,434	17%	1,514	1,882	24%	1,302	1,604	23%	99.7%	99.5%	86.0%	85.2%
Al Rajhi Takaful	373	533	43%	341	501	47%	217	325	50%	176	271	54%	91.4%	94.0%	81.2%	83.4%
ACE	91	81	(11%)	54	49	(10%)	26	28	8%	20	17	(15%)	59.7%	60.5%	75.3%	59.4%
AXA-Cooperative	403	451	12%	377	431	14%	232	253	9%	189	207	10%	93.5%	95.5%	81.4%	81.9%
Gulf General	142	118	(17%)	76	61	(19%)	40	37	(9%)	32	23	(28%)	53.3%	52.2%	79.2%	62.5%
Buruj	104	126	22%	85	116	36%	81	99	22%	64	64	1%	82.2%	92.1%	79.0%	65.3%
Al Alamiya	118	109	(7%)	72	62	(14%)	50	61	23%	32	30	(7%)	60.8%	56.5%	64.9%	48.9%
Solidarity	93	98	5%	69	88	28%	51	61	20%	93	29	(69%)	74.4%	90.1%	182.7%	47.3%
Wataniya	206	220	7%	80	99	23%	46	64	38%	35	45	30%	38.8%	44.9%	75.1%	70.7%
Amana Insurance	78	71	(9%)	35	49	40%	61	87	43%	78	52	(33%)	45.1%	68.9%	128.4%	60.4%
Enaya	10	31	220%	6	19	232%	3	12	237%	3	10	194%	58.0%	60.2%	98.8%	86.2%
Alinma Tokio M	65	164	150%	14	65	351%	9	24	173%	6	19	216%	21.9%	39.4%	67.9%	78.5%
Total	10,246	11,311	10.4%	8,405	9,181	9.2%	6,028	7,311	21.3%	4,997	5,680	13.7%	82.0%	81.2%	82.9%	77.7%

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

Retention Ratio Breakdown - Q1 2016

Company	Health Insurance	Vehicle Insurance	General Insurance	Total
Tawuniya	99.2%	100.0%	46.0%	92.9%
ANB Insurance	95.1%	97.4%	6.8%	75.2%
Jazira Takaful	-	-	-	19.8%
Malath Insurance	100.0%	61.1%	10.7%	61.2%
MEDGULF	99.9%	69.4%	24.2%	87.1%
ALLIANZ SF	46.3%	98.4%	31.3%	73.8%
SALAMA	96.6%	98.2%	27.6%	94.4%
Walaa Insurance	100.0%	98.9%	17.1%	76.8%
Arabian Shield	100.0%	51.3%	10.4%	58.6%
SABB Takaful	-	-	-	71.7%
SAICO	99.6%	98.6%	6.0%	57.0%
WAFI Insurance	60.2%	99.1%	10.5%	85.3%
Gulf Union	78.8%	56.3%	25.1%	40.9%
ATC	-	-	-	24.1%
Al-Ahlia	100.0%	98.3%	62.5%	89.8%
ACIG	76.9%	98.3%	40.5%	88.1%
AICC	55.7%	95.5%	17.9%	61.7%
Trade Union	61.5%	98.4%	28.0%	77.9%
Sagr Insurance	92.9%	90.0%	26.3%	84.9%
U C A	90.8%	47.1%	13.8%	44.2%
Bupa Arabia	99.5%	-	-	99.5%
Al Rajhi Takaful	99.6%	99.2%	32.6%	94.0%
ACE	-	97.2%	30.6%	60.5%
AXA-Cooperative	99.7%	99.7%	66.1%	95.5%
Gulf General	45.7%	80.0%	17.2%	52.2%
Buruj	99.5%	98.5%	38.8%	92.1%
Al Alamiya	-	96.9%	23.5%	56.5%
Solidarity	99.1%	96.4%	26.8%	90.1%
Wataniya	-	88.8%	10.0%	44.9%
Amana Insurance	100.6%	39.7%	16.6%	68.9%
Enaya	60.2%	-	-	60.2%
Alinma Tokio M	-	52.5%	2.4%	39.4%
Total	97.58%	80.71%	23.98%	81.2%

Definitions

Gross Premium written:

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

Net Premium written:

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

Net Premium Earned:

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

Net Claims Paid:

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

Net Claims Incurred:

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

Retention Ratio:

Percentage of net premium written to gross premium written.

Claims Ratio:

Claims owed as a percentage of net premium earned.

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CMA Authorization Number 08100-37