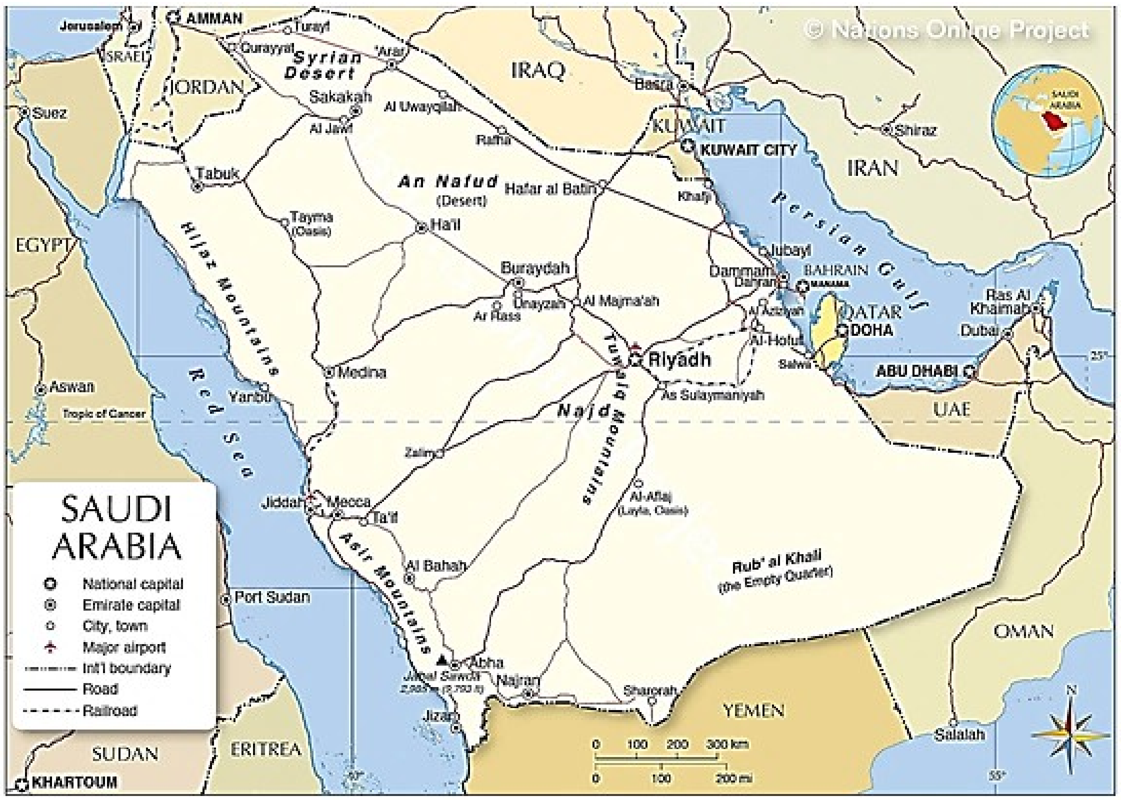
Kingdom of Saudi Arabia

Insurance Market Report

by Hussein Elsayed



Official Name: The Kingdom of Saudi Arabia (KSA) **Surface Area:** 2 million km²

Location: The kingdom is bounded by the Gulf of Aqaba and the Red Sea in the west and the Persian Gulf in the east. Border countries are Iraq, Jordan, Kuwait, Oman, Qatar, United Arab Emirates, and Yemen. Saudi Arabia shares maritime boundaries with Egypt, Sudan, and Eritrea in the Red Sea, and with Iran, and Bahrain in the Persian Gulf.

Capital: Riyadh **Religion:** Mostly Islam **Official Language:** Arabic | English

Currency: Saudi Riyal (SAR) which divided into 100 Halalas

- *KSA, with a population of 35,013,000 people, it is ranked at 41º position by population of 196 countries and it has a low population density, 16 people per km2.*
- *It is holding the 19 position by nominal GDP. Its national debt in 2021 was (250,241 millions of dollars), (30.02% debt-to-GDP ratio) and its public debt per capita is $7,147 dollars per inhabitant.*
- *In terms of the human development index (HDI) of KSA, which is the index used by the United Nations to measure the progress of a country, was 0.854 points in 2019, leaving it in 41th place in the table of 189 countries published.*
- *KSA is in the 92th of the Doing Business ranking , which provides objective measures of business regulations for local firms.*
- *Belongs to: ACD, Arab League, G20, GCC, IMF, UN, OPEC*

According to ***International Monetary Fund (IMF)*** forecasts, the size of Saudi Arabia's economy will exceed $1 trillion in 2022, for the first time in its history, Bloomberg Asharq reported on Wednesday.

The data of the Saudi General Authority for Statistics indicated that the Kingdom's economy grew during the first quarter of 2022, with the highest quarterly growth rate since 2011. The growth rate during the first quarter of this year was 9.6 percent, it added.

During the first quarter, oil activity in Saudi Arabia increased by 20.4 percent and non-oil activity by 3.7 percent, according to the data.

MACROECONOMIC FORECASTS (SAUDI ARABIA 2021-2026)

Indicator	2021e	2022f	2023f	2024f	2025f	2026f
Nominal GDP, USDbn	835.9	976.8	1,014.5	1,058.1	1,118.0	1,165.7
Nominal GDP, EURbn	706.6	864.4	874.5	881.8	908.9	940.1
Real GDP growth, % y-o-y	3.2	6.8	3.5	2.9	2.7	2.6
GDP per capita, USD	23,651	27,251	27,923	28,755	30,014	30,931
GDP per capita, EUR	19,994	24,116	24,072	23,963	24,402	24,944
Population, mn	35.34	35.84	36.33	36.80	37.25	37.69
Unemployment, % of labour force, eop	6.3	6.3	6.4	6.4	6.5	6.6
Consumer price inflation, % y-o-y, ave	3.1	2.2	0.9	1.1	2.1	2.2
Lending rate, %, ave	8.0	8.0	8.0	8.0	8.0	8.0
Central bank policy rate, % eop	0.50	2.25	2.75	2.75	2.75	2.75
Private final consumption, % of GDP	39.8	36.2	36.3	36.0	35.9	35.9
Private final consumption, real growth % y-o-y	7.4	4.0	3.2	2.4	3.2	2.2
Government final consumption, % of GDP	25.1	22.5	22.4	22.3	22.1	22.1
Government final consumption, real growth % y-o-y	1.8	2.6	2.8	2.5	2.6	2.3
Fixed capital formation, % of GDP	21.9	20.6	21.2	21.7	22.0	22.7
Fixed capital formation, real growth % y-o-y	12.0	7.7	6.0	5.5	5.0	5.5
Exchange rate SAR/USD, ave	3.75	3.75	3.75	3.75	3.75	3.75
Exchange rate SAR/EUR, ave	4.44	4.24	4.35	4.50	4.61	4.65
Goods and services exports, USDbn	290.2	416.1	430.2	447.0	467.3	474.1
Goods and services imports, USDbn	204.8	238.0	250.0	257.5	264.8	270.9
Balance of trade in goods and services, USDbn	85.4	178.1	180.3	189.6	202.5	203.2
Balance of trade in goods and services, % of GDP	10.2	18.2	17.8	17.9	18.1	17.4
Current account balance, USDbn	56.1	144.6	145.3	153.6	165.4	165.3
Current account balance, % of GDP	6.7	14.8	14.3	14.5	14.8	14.2
Foreign reserves ex gold, USDbn	460.2	487.8	512.2	545.5	581.0	617.3
Import cover, months	27.0	24.6	24.6	25.4	26.4	27.4
Budget balance, USDbn	-19.6	84.0	76.1	83.6	83.9	99.1
Budget balance, % of GDP	-2.3	8.6	7.5	7.9	7.5	8.5

e/f = Fitch Solutions estimate/forecast. Source: National sources, Fitch Solutions

Earlier in April 2022, the IMF revised its economic forecast for Saudi Arabia, anticipating a 2.8 percent growth, "reflecting higher oil productions in line with the OPEC+ agreement, reinforced by strong-than-anticipated growth in the non-oil sector."

"We raised our estimates of the growth rate of the Saudi economy by 2.8 percentage points, which reflects the increase in oil production in accordance with the OPEC+ agreement, in conjunction with the more non-oil output growth exceeding expectations," according to the report.

Saudi Arabia's insurance industry is the second largest in the GCC after the UAE, according to Alpen Capital. The Saudi Insurance market is expected to grow at a CAGR of 1.6% between 2021-2026 led by massive infrastructure development as part of its Vision 2030, health and motor insurance lines and expected recovery in business activity.

Accounting for 96.7% of the total GWP, the non-life insurance segment grew at an annualized rate of 1.1% since 2015 to reach US$ 10.0 billion in 2020. Growth in the segment was primarily led by health and motor insurance lines, which contributed 80.5% to the total non-life insurance GWP and 77.9% to the overall GWP, respectively, in 2020. The compulsory product lines also remained the ones with a very high retention rate at 96% and 93%, respectively, in 2020. While the contribution of the health insurance segment increased to 58.9% in 2020 from 52.0% in 2015, motor insurance composition declined to 21.6% in 2020 from 29.6% in 2015. The motor insurance product line has been largely affected due to weaker car sales and increasing price competition in the Kingdom. All insurance companies in Saudi Arabia announced market wide discounts between 10-15% during 2020, as an initiative to improve the coverage ratio.

Life insurance GWP accounted for a share of 3.3% to total GWP in the Kingdom during 2020, primarily due to cultural reservations and the availability of social welfare schemes for nationals. Nevertheless, the segment recorded comparatively higher growth rate of 4.1% CAGR between 2015 and 2020 driven by a growing expatriate population base, increasing spending power bundled with rising awareness for life insurance products. Benefits such as exemption from the standard VAT rate of 5% on all life insurance products in Saudi Arabia has also increased demand in the product line.

In 2021, Gross written premiums in the kingdom increased by 8.4% to SAR42bn ($11.2bn), as indicated by central bank data, with notable increases in protection and savings, and property insurance products. According to the Saudi Central Bank (SAMA), technology – online insurance platforms and aggregator channels – played an increased role in insurance sales in 2021, with the proportion growing from 6.9% to 7.5%.

The government data also point to increased levels of Saudization – from 75% in 2020 to 77% in 2021. The Saudi government is promoting localization in the private sector.

The Kingdom has identified the insurance sector to be an important industry in its Vision 2030 economic and social plan.

KSA Insurance Market

HISTORICAL LANDMARKS

Since its establishment in September 1932, the Kingdom has poured its considerable financial resources into a series of large-scale economic development, diversification and modernization initiatives. Saudi Arabia has attracted international attention for the momentum of its socio-economic transformation, taking place under the auspices of the Vision 2030 development blueprint.

Historically: The Kingdom resisted insurance activity for many years because it was deemed to be in contravention of sharia rules forbidding maisir (gambling, or games of chance), gharar (uncertainty) or riba (the charging of interest, or usury). A small nascent insurance sector in the 1950s was spurred on by the influx of foreign companies during the oil boom in the 1970s.

The insurance market in its modern form emerged in the 1970s, in 1977 religious scholars sitting on the Kingdom's Council of Senior Ulema (a national body of religious scholars) declared that some forms of sharia-compliant insurance could be permitted when foreign insurers, brokers and agents opened branches in the country to provide coverage for the spike in construction projects caused by the oil boom of that era. Over successive decades these firms expanded their business to segments that are related to other promising fields of economic activity, such as marine cargo, motor vehicles and contract work, and in more recent years the compulsory health and motor lines have emerged as the principal routes to premiums.

By 2004, and prior to the implementation of the new legal framework, the insurance sector consisted of one state-owned company, which subsequently became the publicly listed Tawuniya, and 130 unregulated insurers, many of which operated as agents for off-shore insurance companies.

In the wake of the recent oil price decline, Saudi Arabia's insurers have operated in a challenging environment. The sector has faced stability issues since its liberalization over a decade ago, and smaller players in the market are under increased scrutiny from a regulator keen to set the industry on a more solid footing. For the better capitalized insurers, however, the market is a young and increasingly promising one.

- **1950s** The first insurance companies began operating in Saudi Arabia.
- **1970s** The insurance industry grew as a result of the government development programme funded by the oil boom. All government imports and construction projects required to be insured, leading to an influx of insurance companies, underwriting agencies, foreign branches and brokers.
- **1980s** Insurance companies, brokers and loss adjusters formed unofficial groupings in each of the three main geographical areas.
- **1986** The government obtained the approval of the Ulema (religious scholars) to set up Saudi Arabia's first registered insurer, the National Company for Cooperative Insurance (NCCI), which was required to operate on a co-operative basis.
- **2002** Compulsory motor third party driving licence insurance was introduced by *Decision No 222*, issued in October 2001 and became effective from 20 November 2002.
- **2003** to **2005** The *Cooperative Insurance Companies Control Law* was passed and implemented.
  SAMA (originally established in 1952 to regulate the banking sector) became the insurance market regulator.
- **2004** NCCI (later Tawuniya) was privatised.
- **2008** to **2010** All foreign companies previously operating in the (previously unregulated) market through local agents were obliged by the regulator to cease their activities.
- **2011** By July, 30 insurance companies had received licences and were operational. Insurance market profitability declined, reportedly mainly as a result of the regulator's insistence on adequate reserving of outstanding losses to be validated by both internal and external actuaries.
- **2012** The blood money amount (diya) was increased from SAR 100,000 (USD 26,667) to SAR 300,000 (USD 80,000) as from 1 January. The regulator introduced new regulations relating to outsourcing by licensed insurance companies and service providers, the unified motor insurance policy, anti-money laundering and combating terrorism financing, and additional investment regulations.
- **2015** New regulations were issued in respect of corporate governance for insurance companies and the distribution of profits.
- **2016** New regulations were issued in respect of the role and responsibilities of actuaries in insurance companies. Circulars dealing with underwriting practices for property and engineering business were issued by SAMA.
- **2017** No Claims Discounts were introduced on motor TPL and comprehensive policies.
- In December **2018**; The regulations allow foreign investors to increase their share of ownership of Saudi insurers, with the aim of promoting competitiveness within the local market.
- In March **2020** the regulator made efforts to provide greater stability for the industry by improving actuarial performance through the issuance of the Actuarial Work Regulation for Insurance directive.

REGULATORY ENVIRONMENT

Insurance Law & Insurance Regulator:

- The primary regulator of the insurance and reinsurance sector in Saudi Arabia is ***Saudi Central Bank (SAMA)*** while health insurers are also supervised by ***Council of Cooperative Health Insurance (CCHI)***.
- Insurance companies are governed by the Law on Supervision of Cooperative Insurance Companies and its Implementation Regulations, and the Investment Regulations issued by the SAMA. Every insurance company must adopt an investment policy approved by the SAMA, and any material changes to the investment policy must also be approved by the SAMA. The Insurance Law applies to all registered companies undertaking businesses in Saudi Arabia, including insurance brokers and insurance providers.

The Insurance Law is supplemented by the Implementing Regulations 2003 published by SAMA in April 2004 and other regulations issued by SAMA including:

- *Insurance Market Code of Conduct Regulations 2008*
- *Risk Management Regulation 2008*
- *The Regulation of Reinsurance Activities 2010*
- *Insurance Intermediaries Regulation 2011*
- *Investment Regulation 2012*
- *Outsourcing Regulation for Insurance and Reinsurance Companies and Insurance Service Providers 2012*
- *Surplus Distribution Policy 2015*
- *Insurance Corporate Governance Regulations 2015*
- *Audit Committee Regulation in Insurance and/or Reinsurance Companies 2016*
- *Actuarial Work Regulation for Insurance and/or Reinsurance Companies 2016*

All insurance/reinsurance companies must be publicly listed joint stock companies (Article 3, Insurance Law). Insurers are also subject to the laws and regulations of the Capital Market Authority and its Listing Rules (issued in 2004, amended in 2012 and in 2016) as well as the laws and regulations of the Ministry of Commerce and Investment and the Companies Law.

Insurance Association

There is a national insurance which is semi-official but it is understood that the regulator attends its meetings. There is a steering committee comprising CEOs of insurance companies.

There are also technical committees in respect of:

- motor
- health
- non-motor/non-medical including reinsurance
- legal
- finance.

The Jeddah Chamber of Commerce and Industry has an insurance committee. It does not appear that similar committees exist in other Chambers of Commerce and Industry in Saudi Arabia.

Major Regulatory Developments 2019-2021

2019	2020	2021
• The draft of new actuarial work regulations was issued for public consultation during the year (final regulations were issued in Q1 2020); the new regulations are expected to enhance the technical rigor in the sector by streamlining and expanding the input from the actuarial profession. • The sector successfully completed Phase 1 of the IFRS17 implementation-journey, and moved on to Phase 2 of the four-phase implementation-journey laid out by the regulator (Phase 2 is due for completion in the first half of 2020). • The year also saw an increase in consolidation activities, where six companies announced signing of preliminary memorandum of understanding to assess the feasibility of three mergers in the insurance sector.one of these materialized in the first quarter of 2020 between Walaa Cooperative Insurance Company and MetLife AIG ANB Cooperative Insurance Company, being the first-ever consolidation in the Kingdom's insurance sector. • The aggregator sales channel expanded rapidly during 2019, particularly for motor policies, enabling the general public to make informed purchase-decisions at favorable prices.	• The Central Bank conducted a number of supervisory visits and inspections as part of its risk-based supervision framework. A total of 261 supervisory visits and inspections were carried out during 2020 covering the insurance sector. In line with the Central Bank's aim to measure the overall performance of the sector, the Market Conduct program for insurance intermediary was introduced during 2020 in order to prevent and control market misconduct activities, including unlicensed activities. • In 2020, SAMA continued to refine the existing regulations and also introduced new regulations in order to respond to the evolving business environment in a timely manner. The highlighted regulations are as follows: – *Rules governing the activities of Insurance Aggregators, which are expected to streamline the operations and facilitate easy access to affordable insurance cover for the masses* – *New rules for Insurance Products Approval by SAMA were issued, aimed at making the approval process more efficient as well as strengthing the internal review process at insurance companies* – *Bancassurance activities with the objective of increasing awareness and reach of insurance savings products* – *Actuarial Work Rules, which are expected to significantly strengthen the role of actuarial expertise in the sector and increase the level of technical sophistication in the sector, ultimately increasing the*	• The Cooperative Insurance Companies Control Law was amended as part of continuing governmental efforts towards ensuring the sustainability and stability of the financial sector, These amendments are expected to enhance the Central Bank's ability to preserve the rights of policyholders, beneficiaries and investors • Rules and regulations in several other areas were improved/issued. Among those, the following two were of particular importance: – *Rules of Forming and Managing Health Insurance Risk Pools through Brokers, which aims to support SMEs by facilitating to their access to adequate insurance coverages at affordable prices* – *The Standard Insurance Policy of Medical Malpractice, which sets the minimum coverage to be obtained by medical practitioners to cover against claims of medical malpractice* • As a continuation of the role of the Central Bank to develop insurance industry in the Kingdom, a number of insurance products were introduced, most notably: coverage of self-driving vehicles, third-party liability insurance for a crafters and professional business, private sports insurance product to cover property risks and injuries to players and participants at such sports facilities, and parcel insurance • Significant progress was made during the year in the 'four phase'

2019	2020	2021
• Pursuant to the issuance of the Rules for Licensing and Supervision of Branches of Foreign Insurance and/or Reinsurance Companies in Saudi Arabia allowing foreign companies to operate in the Kingdom via branch operations, initial approval was granted to a foreign insurance company to open a branch in the Kingdom.	*reliability of results produced by insurance companies.* *– Issuance of at least 44 circulars on a range of subjects* • SAMA also proactively facilitated introduction of a number of new insurance products in line with its mandate to promote and develop the insurance industry, some of which are: drone risk insurance, insurance against cancellation of live-events, and unified policy for Inherent Defects Insurance aimed at protecting policy holders and beneficiaries in the construction and housing sector.	implementation road map for IFRS17 issued by the Central Bank. Phase 3 was completed successfully and the sector moved on to the fourth and final phase. A key milestone was achieved in Phase 4 during 2021 as all insurance companies completed the first dry run exercise, with the remaining two dry runs due to be completed in 2022. This new reporting standard is intended to provide more accurate, transparent and quality information to the users of insurance companies' financial statements • In addition to the two existing aggregator licenses, approval was granted to two more aggregators to launch pilot programs. Moreover, Health insurance was added to the existing aggregator channels, increasing ease of access particularly for SMEs

Form of Insurance organization:

All insurance and reinsurance companies in Saudi Arabia must be established as a publicly listed joint stock company (PJSC). As per Saudi Arabia's accession agreement to the World Trade Organization, branches of foreign insurance companies can be established and the FIB Rules now provide the regulatory framework applicable to such branches.

Licensing of Insurance/reinsurance providers

- To conduct insurance business in Saudi Arabia, insurance/reinsurance companies must be licensed by the Saudi Arabian Monetary Agency (SAMA), operate in the co-operative manner and in accordance with the principles of sharia. Any company/individual operating within the Saudi Arabia insurance sector is prohibited from dealing with unlicensed insurers/insurance service providers (Article 19, Implementing Regulations).
- If the insurance/reinsurance company is to be owned by a non-Saudi Arabia national, a foreign investment licence from the Saudi Arabia General Investment Authority (SAGIA) is additionally required.
- As all Saudi Arabia insurance companies must be public companies and listed, they are also subject to the Listing Rules, and, in particular, Article 45 which establishes a mandatory notification to the Capital Market Authority (CMA) if one shareholder in a listed company becomes the owner of, or interested in, 5% or more of any class of voting shares or convertible debt instrument

Capital Requirements:

- Capital requirements are still projected to increase from a minimum of SAR100 million to SAR500 million. This new threshold is meant to strengthen the sector and safeguard it from industry shocks.
- Likewise capital requirement for reinsurers are projected to increase from a minimum of SAR200 million to SAR1 billion.
- Insurance companies operating in the Saudi Arabia must comply with the following minimum requirements:
  - *Have a paid up capital of SAR100 million (for insurance activities) or SAR200 million (for reinsurance activities) (although these requirements are projected to increase).*
  - *Set aside no less than 20% of their profits as a statutory reserve until the reserve amounts to 100% of paid capital.*
  - *Provide a statutory deposit of 10% of the paid up capital (15% if the Saudi Arabian Monetary Agency (SAMA) decides that the risk profile of the company warrants it) into a bank designated by SAMA within three months of the date of SAMA issuing the licence in favour of the company.*

Insurance Brokers

- Local insurance brokers are required under the Cooperative Insurance Companies Control Law to be registered and licensed for business in Saudi Arabia. Brokers are required to have a paid-up capital of SAR 3mn (USD 800,000). A separate licence and paid-up capital is required for a broking organization wanting to act as a reinsurance broker.
- Brokers are also required to arrange professional indemnity insurance of at least SAR 3mn (USD 800,000) and in the case of a reinsurance broker the minimum coverage limit is SAR 6mn (USD 1.60mn).
- A separate licence is required where a broking organization wants to provide consulting services, which would bring them into the category of an insurance adviser.
- There is no brokers' association.

Statutory Tariffs

There are no statutory tariffs in Saudi Arabia.

Compulsory Insurances

List of Compulsory Insurances

- Motor third party bodily injury and property damage insurance.
- Professional indemnity insurance for brokers, reinsurance brokers, insurance agencies, actuaries, loss assessors/adjusters, claims settlement/third party administrators and insurance advisers.
- Health insurance in a stipulated form for resident expatriates and Saudi nationals employed in the private sector (including dependants).
- Medical malpractice for physicians and dentists.
- Workers' compensation (state scheme).
- Compulsory insurance on domestic workers.
- Third party liability insurance for all locations which may be hazardous to the public such as petrol stations or factories handling hazardous materials in suburban areas and all public gathering venues of any size.
- Liability insurance for taxi drivers and passengers.
- Insurance against any wrongdoing by companies involved in contracting and construction activities when executing any project after issuing or renewing the licence.
- Shipowners' liability for marine oil pollution (financial guarantee or insurance).
- Clinical trials liability (involving medical devices).
- Compulsory Insurance on Inherent Defects that may discovered on Premises and constructions after occupation in non-governmental construction projects.

Types of Policy

- Lloyd's LM7 and ABI all risks property wordings are used although manuscript policy wordings are used from time to time for the major accounts.
- Bankers' blanket policy wordings are provided by international reinsurers. Engineering policies, including construction works and erection all risks, are generally based upon standard Munich Re wordings.
- Package policy wordings are offered by some companies for personal lines (including travel) and small commercial business, otherwise a standard range of policies is available based upon UK-style wordings.

Policy Wordings

- According to the Insurance Market Code of Conduct Regulation (August 2008) policies must be written in Arabic and be made available in English upon customer request. In a dispute, the Arabic version would prevail.
- The Insurance Code of Conduct also stipulates that policies must be written in plain language with simple sentence structures and no small print.
- In November 2012 the regulator published regulations entitled The Unified compulsory motor insurance policy. Compliance with these regulations is compulsory for all companies underwriting motor third party insurance.
- LM7 and Association of British Insurers (ABI) wordings are used for all risks coverage. Broker wordings are allowed, but all wordings have to be filed with the regulator which has wide powers to amend or decline proposed wordings. There are no specific non-standard exclusions.

Consumer Protection

The regulator introduced the Insurance Code of Conduct in August 2008. It applies to all insurance companies and service providers, including brokers and agents.

The code of conduct covers the following issues:

- general requirements, including transparency, honesty, integrity, competence, skills, discrimination, adequacy of resources, disclosures to clients, data protection, security of customers' assets, conflicts of interest and service provider contracting
- policy forms and rates, including policy wordings, packaging, policy amendments, cancellations, cooling-off period, pricing, discrimination
- advertising and promotion, including honest representation, defamatory statements, pre-sale customer contact, customer needs assessment, advice to customers, broker requirement to obtain more than one quotation
- sale of insurance policies and services, including required disclosures to customers, informing customers of their rights, confirmation of coverage, documentation, related parties, premium collection
- post-sale customer services, including after-sales service, claims handling and declinature, claims settlement, credit control, handling of complaints, cancellation, renewal and expiry, distribution of surplus.

It should be noted that the provisions in the Insurance Code of Conduct regarding cooling-off periods solely apply to protection and savings (life) insurance.

Reinsurance Business

- There is no state reinsurance company.
- Only one pure reinsurance company, Saudi Re,
- Any insurance or reinsurance company registered in the Saudi Arabia must both:
  - *retain at least 30% of its total insurance premium; and*
  - *reinsure at least 30% of its total premium in the Saudi Arabia (Article 40, Implementing Regulations).*
  - *To depart from these percentages, the written approval of SAMA is required.*
- If an insurance or reinsurance company obtains reinsurance from a reinsurer outside Saudi Arabia, it must comply with a number of requirements as set out in Article 42 of the Implementing Regulations, including:

- *the insurance supervisor of the foreign reinsurer must authorise the exchange of relevant information with SAMA; and*
- *the foreign reinsurer must retain separate records of all Saudi Arabia-related business and be ready to provide these to SAMA on request.*

- In addition, the foreign reinsurer must have, at a minimum, any of the following ratings:
  - *A.M. Best Company: B+;*
  - *Fitch: BBB;*
  - *Moody's: Baa; or*
  - *Standard & Poor's: BBB.*
- If the foreign reinsurer's ratings fall below these levels, the cedant must immediately notify SAMA and take appropriate steps to protect its policyholders.
- If the foreign reinsurer is located in a country with a sovereign debt rating from Standard & Poor of less than BBB (or equivalent from the other ratings agencies), or the country is not rated, then written approval from SAMA is required (Article 16, Regulation of Reinsurance Activities 2010).
- Reinsurance treaties must be submitted to SAMA to obtain SAMA's "no objection" within two months of the reinsurance treaty renewal date. SAMA must be notified within seven days of the cancellation or termination of any reinsurance treaty for any reason.
- Facultative reinsurance (that is, reinsurance covering a single risk) that can be placed if either:
  - *the size of the risk exceeds the capacity of the company's treaty (that is, a reinsurance contract covering all risks of a certain class); or*
  - *if no treaty is in place.*
- SAMA's approval is required where the insurance/reinsurance company wishes to place facultative reinsurance that exceeds the capacity of its treaty by more than three times.
- Article 17 of the Regulation of Reinsurance Activities 2010 provides that insurance companies must demonstrate that their insurance policies are "no wider" than the relevant reinsurance policies behind them. Any exclusions in the reinsurance policy must be reflected in the direct insurance policy. The insurance company must report on any discrepancies between its insurance coverage provided and reinsurance protection obtained and take steps to reconcile the differences (Article 41, Implementing Regulations).

Fronting

- Fronting is not expressly prohibited by the provisions relating to locally placed reinsurance. In the context of Article 40 of the Implementing Regulations the required volume of local reinsurance placement is normally taken to apply on a total gross premium basis and not on a per policy or per class of insurance basis.
- Fronting commissions are variable but would generally be in a range of 5.0% to 7.5%. Some local companies are in principle willing to front for foreign insurers, subject to satisfying themselves as to the security provided, and where appropriate obtaining letters of credit or similar. It is potentially debatable whether cut-through clauses would be recognized under local law, and companies are aware of the need to protect their own potential exposure when fronting.

Pools

The non-life market does not operate any insurance pools.يتم المراجعة

A.R.T. & Risk Management

Alternative risk transfer is not known to be a feature of the market. The use of finite risk reinsurance is prohibited in respect of locally licensed insurance and reinsurance companies as per the Regulations of reinsurance activities.


Natural Hazards

EARTHQUAKE:

Saudi Arabia's western seaboard is considered most vulnerable as a fault line runs down through the Red Sea. The principal concern for insurers is the development of industry, commerce and residential construction along the western seaboard in places such as Yanbu and Jeddah, although these areas were unaffected by the events of 1982 and 1995. It is believed that shock waves from earthquakes in the Red Sea rarely develop due to the partially melted, uppermost mantle materials found along the trough. Most earthquakes in the Red Sea are of a shallow focal depth and are unlikely to be felt over large areas.

Accumulations and PMLs: At the insistence of international reinsurers insurance companies in Saudi Arabia monitor their earthquake accumulations, but they do not all use this information to monitor their own net exposures. Companies do not calculate PMLs for the different zones although reinsurers set PMLs and monitor their treaty and facultative exposures accordingly.

The return periods for the Red Sea region are:

· magnitude 5 - 2.3 years

· magnitude 6 - 15.0 years.

Local insurance companies do not generally appear to use models, although it is known that some of the larger companies refer to proprietary models.

Limits and Scope of Cover: Cover, including shock damage and ensuing fire, is granted as part of the allied perils package attached to the majority of fire policies by many companies. The cover is normally on a full sum insured basis but some companies may apply sub-limits. It is unusual for first loss policies to be issued. Most industrial/commercial and simple risks are extended to include earthquake cover either in a fire and extended perils policy or an industrial all risks (IAR) cover. No state pools or catastrophe funds exist.

Rating and Deductibles: Rates for earthquake cover are charged in the total fire and perils or industrial all risks premium. In theory, the earthquake component of the rates is about 0.025%, but this cannot be relied upon, and cover, after discounts, can often be granted almost for no extra premium (especially in non-exposed areas). The deductible is 1% of the sum insured.

In 2015 the regulator decreed that insurance companies must begin setting aside a proportion of their earthquake premiums to build catastrophe reserves. As the earthquake premiums are not explicit, companies have allocated a notional 0.01% for the earthquake proportion. As they also have to build a flood catastrophe reserve and have allocated a similar amount of premium for the flood risk, there is not much left for the fire risk from which to pay normal losses..

SUBSIDENCE:

Subsidence is not generally an issue in Saudi Arabia, and few clients seek cover.

WINDSTORM:

Severe windstorms occur during the months of October to April. The whole of the country is exposed, but the eastern and central provinces are the most vulnerable. The abrasive effect of severe sandstorms can cause more damage than the wind itself. Windstorms are also associated with heavy rain and hail which have caused insurance claims in the past. The risk of material damage from sandstorm has greatly diminished due to good standards of new building construction.

Accumulations and PMLs: Companies monitor windstorm exposures for their treaty reinsurers, but otherwise do not appear to be concerned with accumulations. Unless risk surveys are conducted by reinsurers, direct companies tend to pay much more attention to fire and explosion exposures when setting PMLs for individual risks. Direct insurers do not set PMLs for windstorm by zone.

Local companies do not generally use models.

Limits and Scope of Cover: A UK-style windstorm wording is used. A number of companies provide hailstorm damage under their motor policies, which can give rise to accumulation losses, as damage to vehicles from hail can be surprisingly heavy in KSA.

It is estimated that more than 90% of fire policies have extended storm, tempest and flood (STF) cover and it is covered in all IAR polices.

The Regulation of reinsurance activities (November 2010) stipulates mandatory annual scenario (including hurricane) testing of the adequacy of per risk and per event retentions and limits of each company to be reported on an annual basis to the regulator.

Rating and Deductibles: The storm, tempest and flood extension is normally granted for an additional premium of 10% of the basic fire rate.

Windstorm **deductibles** start at an average SAR 5,000 (USD 1,333) and can go up to SAR 10,000 (USD 2,666).

FLOOD:

The severity of the flooding is influenced by both natural and man-made factors. The soil bakes solid during the summer so that rain runs off it rather than being absorbed and most towns in Saudi Arabia were not built with storm drains.

Accumulations and PMLs: Companies are monitoring flood exposures for their treaty reinsurers and following the flooding in Jeddah in 2009 and 2011 are taking this matter much more seriously than in the past. Direct insurers do not set PMLs for areas (zones).

Most insurers exercise care in the selection of risks to avoid granting flood cover on risks which are known to be in flood-prone areas. Models are used by only a few local insurers to monitor accumulations.

Limits and Scope of Cover: A UK-style flood wording is used.

It is estimated that more than 90% of fire policies have the cover and flood is covered in all IAR policies. The Regulation of reinsurance activities (November 2010) stipulates mandatory annual scenario (including flood) testing of the adequacy of per risk and per event retentions and limits of each company to be reported on an annual basis to the regulator.

Rating and Deductibles: Except in Jeddah the STF extension is normally granted for an additional premium of 10% of the basic fire rate. Rates in the Jeddah area can be higher, dependent on perceived exposure. It remains to be seen whether the eventual effect of the extensive flood prevention work which has been carried out in Jeddah since 2011 will have the effect of moderating premium rates in due course.

Deductibles in the Jeddah area have now generally changed from flat monetary amounts to a percentage of the loss, such as 10%. Otherwise flood deductibles start at an average SAR 5,000 (USD 1,333) and can go up to SAR 10,000 (USD 2,666).

HAIL:

Hail storms do occur, and have caused considerable damage from time to time.

BUSHFIRE:

There is no real bushfire exposure as there is very little vegetation.

Insurance Market Performance and Statistics

- After relatively good results in 2020, the insurance industry in the Kingdom has faced the worst year for profitability over the last 7 years. Overall gross written premiums have increased by 9.7% from to SAR 42 billion but profitability after zakat & tax has plummeted by -103% from SAR 1.4 billion last year to only SAR -45 million in 2021.
- A total of 17 companies reported losses totaling over SAR 1.3 billion in 2021. Were it not for positive investment results, the position would have been significantly worse.
- For Motor, GWP is similar to last year but underwriting profits have fallen by 78%. Premiums will inevitably increase in 2022 as these heavy losses are clearly not sustainable. The third party aggregator channel has been challenging with heavy losses for many small to mid size insurers. As have seen from other developed markets, a dynamic pricing strategy and investment in a strong actuarial and data analytics capability is critical to be profitable in this highly competitive segment.
- For Medical, GWP has grown substantially by 11% but underwriting profits reduced by 21%. Last years positive results were driven by potentially lower, or delayed claims due to covid so it may not be a fair comparison. Nonetheless, as the industry reverts to pre covid levels, there is also pressure on medical premiums to increase sharply.
- In 2021, the top 8 insurance companies generated 77.2% of the insurance market's GWP. The remaining 21 insurance companies included in the report accounted for the remaining 22.8% of total market premiums.
- The Industry Combined Ratio has increased sharply by 6% to 104%, comparatively to the year 2020. The increase in the combined ratio is due to an increase in the Industry loss ratio by 7% offset by a decrease of 1% in the Industry expense ratio.
- The overall industry retention ratio of 83% is quite similar to the year 2020 implying that the overall industry's Operating and Underwriting Expenses have increased significantly. Claims incurred have been significantly higher than expected. Insurers have also been investing in IFRS 17 capability
- General and Administrative expense ratio has decreased by approximately 1% and 1% decrease in the commission expense ratio is observed.
- There is a wide range of investment returns from 1% to 9% showing potential for driving higher returns for many companies with a review of investment strategy.
- In terms of Shareholder's equity, Walaa is the 4th largest Company in KSA in 2021 with Al Rajhi being the 3rd largest whereas, in the same period of 2020 Saudi Re was the 4th largest company and Al Rajhi was the 3rd largest. Bupa and Tawuniya remained at the 1st and the 2nd position in both periods with the profitable year significantly increasing their Shareholder's equity.
- Motor and Medical are the backbone of the KSA Insurance industry that altogether contributes 80% of GWP in the insurance sector of KSA. Protection and Saving Insurance is emerging in the industry and is expected to contribute significantly to the total business written in the Insurance sector of KSA in future, saw an increase of 31% and the profitable Property and Casualty lines saw an increase of 11%, however this continues to be heavily reinsured.
- M&A activity is increasing and there is likely to be more consolidation as the minimum capital requirements increase and it becomes more challenging for smaller insurers to remain competitive.
- Finally, on a more positive note, under the stewardship of SAMA, much hard work remains, but the IFRS 17 preparations for the industry are firmly on track for the 1 January 2023 implementation date.

Source: BADRI-KSA-Insurance-Industry-Performance-Analysis-—-For-the-year-2021

Number of Insurance Companies

Licensed Companies	Total No. of Insurers	Type of Insurers		Domicile		No. of Public-Listed Insurers
		Conventional	Takaful	Foreign Insurers	National Insurers	
	29	-	29	-	29	29

Employees of Insurance Companies

	2020		Total 2020	2021		Total 2021
Nationality	Non-Managerial	Managerial		Non-Managerial	Managerial	
Non-Saudi	1,814	889	2,703	1,724	731	2,455
Saudi	6,645	1,667	8,312	6,921	1,526	8,447
Total	8,459	2,556	11,015	8,645	2,257	10,902
Saudization Ratio	79%	65%	75%	80%	68%	77%

Employees of Insurance intermediaries

	2021		Total 2021
Nationality	Non-Managerial	Managerial	
Non-Saudi	1,168	297	1,465
Saudi	4,186	835	5,021
Total	5,354	1,132	6,486
Saudization Ratio	78%	74%	77%

Gross Written Premiums by Line of Business (2019 To2021)

	2019		2020		2021		Change 2020-2021
Line of Business	SR Million	% of Total	SR Million	% of Total	SR Million	% of Total	
General Insurance	14,280.7	37.7%	14,678.3	37.9%	15,213.9	36.2%	3.6%
A&L and Other	1,121.4	3.0%	1,369.9	3.5%	1,586.4	3.8%	15.8%
Motor	8,603.6	22.7%	8,358.0	21.6%	8,162.6	19.4%	(2.3%)
Property / Fire	1,844.6	4.9%	2,109.2	5.4%	2,282.1	5.4%	8.2%
Marine	653.6	1.7%	690.0	1.8%	696.3	1.7%	0.9%
Aviation	158.5	0.4%	178.6	0.5%	189.1	0.4%	5.9%
Energy	700.4	1.8%	910.8	2.3%	1,295.3	3.1%	42.2%
Engineering	1,198.4	3.2%	1,061.8	2.7%	1,002.0	2.4%	(5.6%)
Health Insurance	22,474.9	59.3%	22,836.8	58.9%	25,109.3	59.7%	10.0%
P&S Insurance	1,134.9	3.0%	1,263.6	3.3%	1,707.2	4.1%	35.1%
Total	37,890.5	100%	38,778.7	100%	42,030.5	100%	8.4%

Insurance Penetration % (2019 To 2021)

Line of Business	2019	2020	2021	Change 2020-2021
General Insurance	0.48%	0.56%	0.49%	(12.9%)
Health Insurance	0.76%	0.87%	0.80%	(7.6%)
Protection Insurance	0.04%	0.05%	0.05%	13.5%
Total	1.27%	1.48%	1.34%	(9.0%)

Insurance Density (SR) (2019 To 2021)

Line of Business	2019	2020	2021	Change 2020-2021
General Insurance	417.34	414.42	434.52	4.9%
Health Insurance	656.82	644.76	717.14	11.2%
Protection Insurance	33.17	35.68	48.76	36.7%
Total	1,107.33	1,094.86	1,200.42	9.6%

Net Written Premiums by Line of Business (2019 To2021)

	2019		2020		2021		Change 2020-2021
Line of Business	SR Million	% of Total	SR Million	% of Total	SR Million	% of Total	
General Insurance	9,260.6	29.2%	9,202.2	28.8%	9,301.5	26.9%	1.1%
A&L and Other	486.6	1.5%	637.2	2.0%	773.8	2.2%	21.4%
Motor	8,117.1	25.6%	7,763.5	24.3%	7,691.1	22.2%	(0.9%)
Property / Fire	314.6	1.0%	362.7	1.1%	422.5	1.2%	16.5%
Aviation	4.0	0.01%	8.7	0.03%	7.9	0.02%	(9.3%)
Marine	181.2	0.6%	176.6	0.6%	194.4	0.6%	10.1%
Energy	12.8	0.04%	16.9	0.1%	22.7	0.1%	34.3%
Engineering	144.2	0.5%	236.5	0.7%	189.1	0.5%	(20.1%)
Health Insurance	21,622.0	68.3%	21,924.7	68.5%	24,221.7	70.0%	10.5%
P&S Insurance	797.2	2.5%	859.4	2.7%	1,078.5	3.1%	25.5%
Total	31,679.7	100%	31,986.3	100%	34,601.6	100%	8.2%

Gross Written Premiums by Distribution Channel

	Direct Sales				Agent				Broker				Total	
Year	2020		2021		2020		2021		2020		2021		2020	2021
Line of Business	SR Million	% of Total	SR Million	% of Total	SR Million	% of Total	SR Million	% of Total	SR Million	% of Total	SR Million	% of Total	SR Million	SR Million
General Insurance	6,847	48.2%	6,414	47%	1,166	7.9%	635.2	4%	6,664	45.4%	8,164	54%	14,678	15,214
A&L and Other	386	42.6%	757	47.2%	72	5.2%	45	2.8%	912	66.6%	800	49.9%	1,370	1,602
Motor	5,072	58.0%	4,268	52.4%	903	10.8%	421	5.2%	2,383	28.5%	3,458	42.4%	8,358	8,147
Property/Fire	561	28.2%	623	27.3%	113	5.4%	101	4.4%	1,435	68.0%	1,558	68.3%	2,109	2,282
Marine	278	41.8%	309	44.4%	45	6.5%	35	5.0%	367	53.2%	352	50.6%	690	696
Aviation	36	34.0%	35	18.3%	1	0.6%	1	0.5%	142	79.4%	153	81.1%	179	189
Energy	97	20.5%	107	8.2%	0	0.0%	0	0.0%	814	89.4%	1,189	91.8%	911	1,295
Engineering	404	35.3%	316	31.6%	34	3.2%	32	3.2%	624	58.8%	654	65.2%	1,062	1,002
Health Insurance	14,971	64.3%	16,355	65.1%	1,124	4.9%	1,004	4.0%	6,742	29.5%	7,750	30.9%	22,837	25,109
P&S Insurance	547	36.8%	955	55.9%	447	35.4%	534.2	31.3%	269	21.3%	217.9	12.8%	1,264	1,707
Total	22,452	57.4%	23,725	56.4%	2,732	7.0%	2,173	5.2%	13,595	35.1%	16,133	38.4%	38.779	42,030

Gross Written Premiums by Client Segments

	2020										
Client Segment	Retail		Micro Enterprises		Small Enterprises		Medium Enterprises		Large Enterprises		Total
Line of Business	SR Million	% of Total	SR Million	% of Total	SR Million	% of Total	SR Million	% of Total	SR Million	% of Total	SR Million
Health	554.22	2.4%	1,180.96	5.2%	1,725.97	7.6%	3,117.94	13.7%	16,257.75	71.2%	22,836.84
Motor	4,329.09	51.8%	103.98	1.2%	305.88	3.7%	752.52	9.0%	2,866.50	34.3%	8,357.97
P&C	196.95	3.1%	83.91	1.3%	264.95	4.2%	788.47	12.5%	4,985.99	78.9%	6,320.28
P&S Insurance	586.45	46.4%	0.52	0.0%	3.74	0.3%	63.05	5.0%	609.88	48.3%	1,263.64
Total	5,666.71	14.6%	1,369.38	3.5%	2,300.55	5.9%	4,721.98	12.2%	24,720.13	63.7%	38,778.74

	2021										
Client Segment	Retail		Micro Enterprises		Small Enterprises		Medium Enterprises		Large Enterprises		Total
Line of Business	SR Million	% of Total	SR Million	% of Total	SR Million	% of Total	SR Million	% of Total	SR Million	% of Total	SR Million
Health	212.61	0.8%	1,332.60	5.3%	1,811.95	7.2%	3,114.90	12.4%	18,637.27	74.2%	25,109.34
Motor	4,343.47	53.2%	225.23	2.8%	461.73	5.7%	756.94	9.3%	2,375.28	29.1%	8,162.64
P&C	247.06	3.5%	113.33	1.6%	383.86	5.4%	728.89	10.3%	5,578.12	79.1%	7,051.27
Protection and Savings	598.97	35.1%	23.85	1.4%	4.36	0.3%	91.18	5.3%	988.87	57.9%	1,707.23
Total	5,402.31	12.9%	1,695.01	4.0%	2,661.86	6.3%	4,691.87	11.2%	27,579.41	65.6%	42,030.47

Retention Ratio by Line of Business % (2019- To 2021)

Line of Business	2019	2020	2021	Change 2020-2021
General Insurance	64.8%	62.7%	61.1%	(2.5%)
A&L and Other	43.4%	46.5%	48.8%	4.9%
Motor	94.3%	92.9%	94.2%	1.4%
Property / Fire	17.1%	17.2%	18.5%	7.6%
Marine	27.7%	25.6%	27.9%	9.1%
Aviation	2.5%	4.9%	4.2%	(14.3%)
Energy	1.8%	1.9%	1.8%	(5.5%)
Engineering	12.0%	22.3%	18.9%	(15.3%)
Health Insurance	96.2%	96.0%	96.5%	0.5%
Total	83.6%	82.5%	82.3%	(0.2%)

Gross Commissions Incurred by Line of Business (2019 To 2021)

	2019		2020		2021		Change 2020-2021
Line of Business	SR Million	% of Total	SR Million	% of Total	SR Million	% of Total	
General Insurance	941.1	53.4%	1,016.6	44.8%	1,150.5	54.9%	13.2%
A&L and Other	119.5	6.8%	141.6	6.2%	171.5	8.2%	21.1%
Motor	521.1	29.6%	560.2	24.7%	644.0	30.7%	14.9%
Property / Fire	169.4	9.6%	156.6	6.9%	180.5	8.6%	15.2%
Marine	58.1	3.3%	64.0	2.8%	52.0	2.5%	(18.8%)
Aviation	2.0	0.1%	2.8	0.1%	3.4	0.2%	23.4%
Energy	5.5	0.3%	9.5	0.4%	11.3	0.5%	19.1%
Engineering	65.5	3.7%	81.9	3.6%	87.9	4.2%	7.4%
Health Insurance	769.7	43.6%	1,180.7	52.0%	894.5	42.7%	(24.2%)
P&S Insurance	52.7	3.0%	73.9	3.3%	51.5	2.5%	(30.3%)
Total	1,763.5	100%	2,271.2	100%	2,096.6	100%	(7.7%)

Gross Claims Paid by Line of Business (2019 To 2021)

	2019		2020		2021		Change 2020-2021
Line of Business	SR Million	% of Total	SR Million	% of Total	SR Million	% of Total	
General Insurance	9,333.5	32.8%	7,592.7	28.2%	8,590.4	28.8%	13.1%
A&L and Other	265.2	0.9%	336.5	1.3%	289.6	1.0%	(13.9%)
Motor	6,507.0	22.9%	5,478.6	20.4%	6,842.6	22.9%	24.9%
Property / Fire	699.1	2.5%	303.3	1.1%	488.5	1.6%	61.1%
Marine	444.3	1.6%	269.2	1.0%	221.6	0.7%	(17.7%)
Aviation	84.8	0.3%	27.9	0.1%	15.7	0.1%	(43.7%)
Energy	1,048.5	3.7%	909.9	3.4%	98.0	0.3%	(89.2%)
Engineering	284.6	1.0%	267.3	1.0%	634.3	2.1%	137.3%
Health Insurance	18,540.9	65.2%	18,664.6	69.4%	20,217.5	67.8%	8.3%
P&S Insurance	578.8	2.0%	652.2	2.4%	1,029.9	3.5%	57.9%
Total	28,453.2	100%	26,909.5	100%	29,837.8	100%	10.9%

Saudi Insurance Companies in 2021

Results (US 000)

Rank	Company Name	Gross Written Premium 2021	Gross Written Premium 2020	Net Premuim Earned 2020	Net Premuim Earned 2020	Assets 2021	Assets 2020	Shareholders Equity 2021	Profits 2021	Profits 2020
01	BUPA ARABIA	3,035,250	2,785,960	2,831,390	2,862,520	3,306,430	3,065,600	1,116,280	194,850	219,640
02	TAWUNIYA	2,724,960	2,416,470	2,120,100	1,883,880	3,902,140	3,801,980	787,450	71,080	104,890
03	AL RAJHI TAKAFUL	735,890	728,770	605,800	624,330	1,237,690	1,162,740	338,020	30,770	67,160
04	WALAA	623,690	392,720	277,740	212,430	919,250	768,030	216,170	-28,130	14,790
05	MEDGULF	596,330	675,870	417,710	393,880	1,100,080	1,026,260	272,910	-36,160	14,640
06	AXA COOPERATIVE	387,860	378,090	341,790	337,310	797,620	771,270	262,640	44,470	44,490
07	MALATH	251,230	208,420	207,660	197,040	348,360	351,480	99,090	-19,420	6,050
08	WATANIYA	240,560	209,570	140,100	111,380	374,310	425,260	56,320	-14,530	2,090
09	AL ETIHAD	230,800	197,780	202,830	197,270	434,410	389,930	147,830	8,920	-7,360
10	SAICO	207,350	212,010	151,210	140,900	361,450	349,710	78,060	-16,700	12,620
11	ALLIANZ SAUDI FRANSI	203,500	179,930	111,410	138,470	688,900	701,840	187,240	4,400	-4,700
12	ACIG	158,030	137,370	129,100	118,780	167,160	161,980	8,960	-27,730	950
13	GULF UNION AL AHLIA	152,670	148,570	151,960	115,970	303,620	348,270	34,650	-37,120	-12,160
14	ARABIAN SHIELD	148,850	147,390	96,320	93,070	306,300	322,280	131,060	6,970	8,440
15	SALAMA	124,680	114,050	106,490	96,000	163,880	189,700	25,730	-29,970	1,600
16	SAGR COOP	116,880	101,100	86,940	107,300	226,390	242,000	55,790	-19,390	-28,260
17	ARABIA COOP	112,620	92,390	71,670	64,180	180,100	179,260	57,510	1,140	3,270
18	UCA	109,300	164,500	49,040	36,770	260,910	338,560	66,700	-17,500	-4,230
19	AL INMA TOKIO MARINE	81,480	84,350	39,980	37,920	182,390	176,270	49,910	-3,960	-1,410
20	ALJAZIRA TAKAFUL	79,750	62,390	40,950	54,290	743,660	538,870	216,730	5,860	10,670
21	GULF GENERAL	79,130	85,580	65,300	57,960	170,410	114,050	98,780	-22,420	1,210
22	BURUJ	77,550	53,950	43,200	50,600	250,000	272,000	118,000	4,300	4,550
23	CHUBB ARABIA	77,500	73,260	28,020	23,900	215,790	202,640	95,970	3,610	9,820
24	AMANA COOPERATIVE	73,470	87,870	65,830	63,070	70,520	122,650	-6,950	-31,400	-17,230
25	ALAMIYA (RSA)	70,300	50,980	24,980	18,000	227,660	206,150	97,820	-9,440	-1,640
26	SABB TAKAFUL (3)	60,780	53,780	38,220	32,800	274,200	251,100	78,080	250	-7,080
27	SAUDI ENAYA	58,270	44,240	47,280	46,480	129,550	110,730	15,670	-16,530	-7,570
28	SAUDI SOLIDARITY TAKAFUL (1)	-	89,950	-	83,720	-	190,000	-	-	-18,630
29	AHLI TAKAFUL (2)	-	66,200	-	49,660	-	290,350	-	-	3,750
	TOTAL (US $ 000)	**10,818,680**	**10,043,510**	**8,493,020**	**8,249,880**	**17,343,180**	**17,070,960**	**4,706,420**	**46,220**	**420,360**
	SAUDI RE	297,570	249,370	227,930	172,570	845,650	759,460	258,000	14,220	16,190

(1) Merged with Al Jazira Takaful (2) Merged with Arabian Shield (3) Merged with Walaa

FitchSolutions

Due to the generous social security system available to citizens, Saudi Arabia's expatriate workforce is the main market for life insurance in the country, which goes some way to explain its still early stage of development. As such, the segment remains characterized by low rates of penetration and density, although government diversification efforts to reduce the economy's reliance on the oil sector are continuing, which combined with the country's high average income levels will provide scope for growth as demand for investment linked life insurance products slowly expands over the coming years.

Saudi Arabia's non-life insurance sector accounts for the vast majority of underwriting activity - just under 97% - of its insurance industry. However, despite this dominant market share, significant growth potential remains on offer, largely due to the gaps that remain across all segments including the leading and most well developed health insurance line. As such, the expansion of market appropriate product lines and increased digital sales channels would support providers aiming to reach more first-time users.

Fitch Solution key view (Saudi Arabia Insurance Report Q3_2022):