



**Saudi Arabian Monetary Agency – Insurance Supervision Department**

**The Saudi Insurance Market Survey Report  
2008**



# Table of Contents

▪ Introduction .....	3
▪ Overall Insurance Market Performance	
– Gross Written Premiums – Overall.....	5
– Insurance Penetration and Density.....	6
– Gross Written Premiums – Breakdown by Line of Business.....	7
– Gross Written Premium – Market Share of Insurance Companies.....	9
– Net Written Premiums by Line of Business.....	10
– Retention Ratio by Line of Business .....	12
– Commissions Paid by Line of Business .....	13
– Gross Claims Paid by Line of Business.....	14
– Capitalization of Insurance Companies.....	15
– Employees Breakdown by Nationality .....	16
▪ Appendix: Data Tables	
– Table 1: Gross Written Premiums by Line of Business.....	18
– Tables 2 & 3: Insurance Penetration and Density .....	19
– Table 4: Net Written Premiums by Line of Business.....	20
– Table 5: Retention Ratio by Line of Business.....	21
– Table 6: Commissions Paid by Line of Business.....	22
– Table 7: Gross Claims Paid by Line of Business.....	23



## Introduction



# Introduction

- In 2008, the insurance market in Saudi Arabia witnessed a strong growth, with gross written premiums reaching SR 10.9 Billion, up from SR 8.6 Billion in 2007. This represents an increase of 27%, compared to 24% in 2007.
  - General insurance gross written premiums, which represents 51% of the insurance market, increased by 6.3% to SR 5.5 Billion in 2008 compared to SR 5.2 Billion in 2007. Motor insurance constitutes 46% of the total General insurance business underwriting SR 2.5 Billion in 2008.
  - Health insurance gross written premiums, which represents 44% of the insurance market, increased by 57% to SR 4.8 Billion in 2008 compared to SR 3.1 Billion in 2007.
  - Protection & savings insurance gross written premiums, which represents 5% of the insurance market, increased by 82% to SR 0.59 Billion in 2008 compared to SR 0.33 Billion in 2007.
- Despite the global economic slowdown, and the local market reshuffling resulting from the end of the grace period, the performance of the Saudi insurance industry in 2008 is sustained and continues to be driven by the expansion of compulsory insurance lines, in particular Health insurance, which now represents 44% of the total insurance market, up from 36% in 2007.
- In 2008, 43 insurance companies were operating in the Saudi market. In accordance with the Law on Supervision of Cooperative Insurance Companies, companies that have not received a license are to exit the market, the grace period having ended in March of 2008.
- As of end of December 2008, 19 insurance companies are fully licensed to operate in the Kingdom. In addition, 8 insurance companies have obtained the approval from the Council of Ministers and 7 are under the process of licensing at the Ministry of Commerce and Industry. 21 insurance companies are listed on the Saudi stock market.



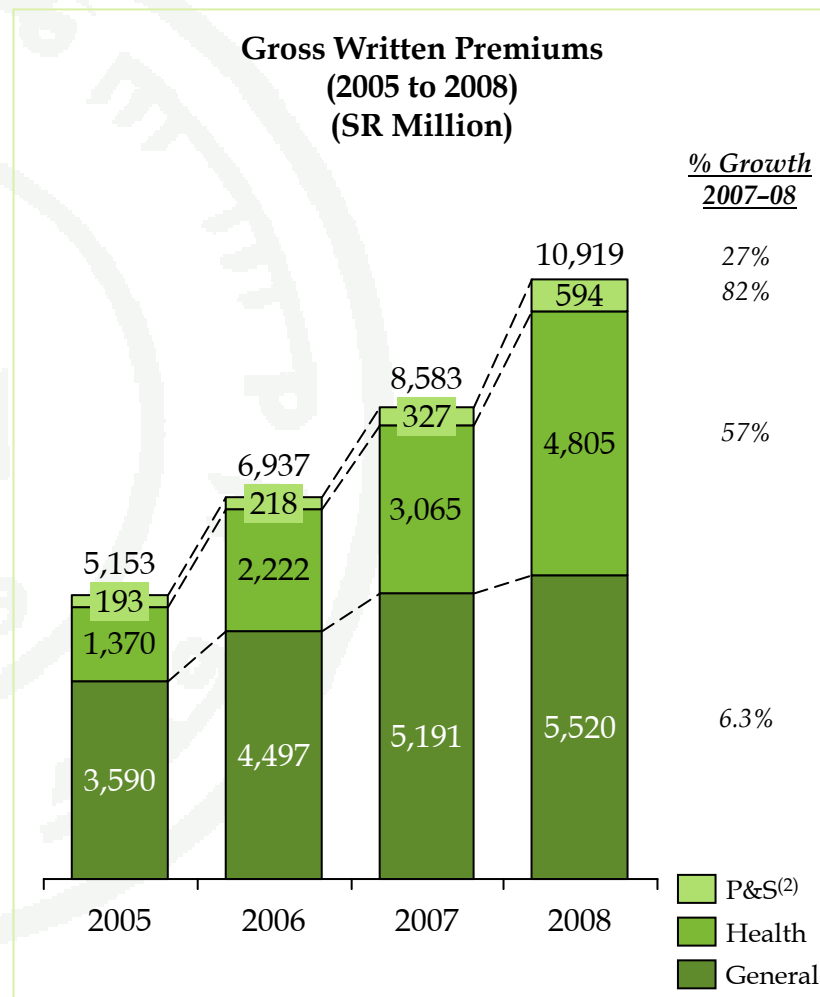
## Overall Insurance Market Performance



# Gross Written Premiums - Overall

- The overall insurance GWP reached SR 10.9 Billion<sup>(1)</sup> in 2008, compared to SR 8.6 Billion in 2007. This translates into an overall growth rate of 27%.
- General and Health insurance accounted for 51% and 44% of total GWP in 2008, respectively. Protection and Savings insurance remained a small market reaching SR 594 Million in 2008.
- The market growth was driven mainly by the 57% demand growth for Health insurance.

In SR Million	2005		2006		2007		2008	
	SR (M)	% Total	SR (M)	% Total	SR (M)	% Total	SR (M)	% Total
Protection & Savings	193	4%	218	3%	327	4%	594	5%
Health Insurance	1,370	26%	2,222	32%	3,065	36%	4,805	44%
General Insurance	3,590	70%	4,497	65%	5,191	60%	5,520	51%
<b>Total</b>	<b>5,153</b>	<b>100%</b>	<b>6,937</b>	<b>100%</b>	<b>8,583</b>	<b>100%</b>	<b>10,919</b>	<b>100%</b>



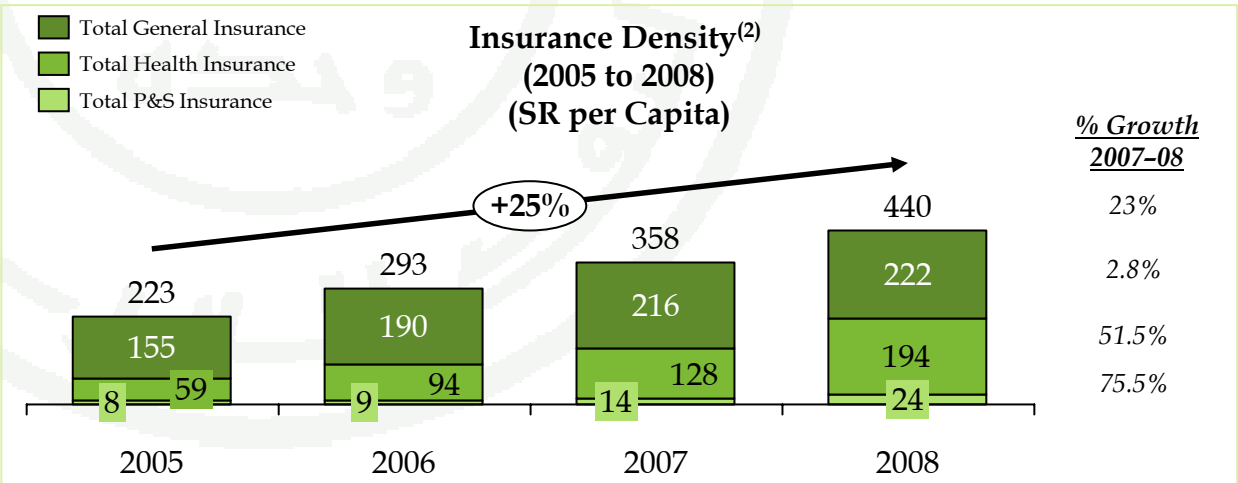
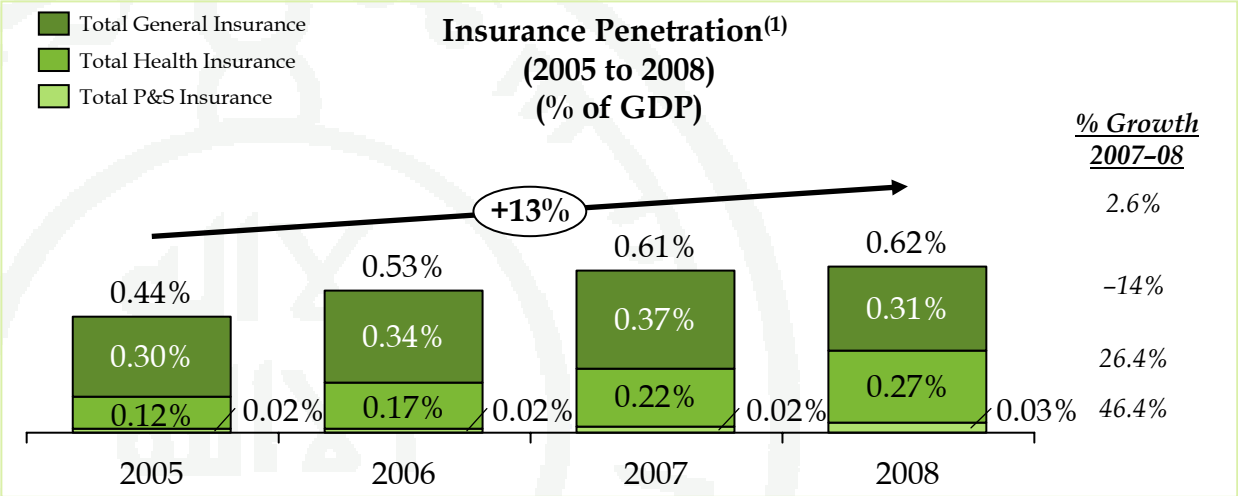
(1) The GWP is the total of accounted premiums. There may be double counting of facultative reinsurance premiums accepted from other Saudi Arabian insurers

(2) P&S stands for Protection and Savings insurance throughout the document  
The Saudi Insurance Market Survey Report (2008)



# Insurance Penetration and Density

- Insurance penetration is defined as Gross Written Premium as a percentage of Gross Domestic Product (GDP). The level of insurance penetration in Saudi Arabia was 0.61% in 2007 and increased to 0.62% in 2008. This slight increase in penetration is mainly due to the large increase in the country's GDP in 2008.
- Insurance density is defined as Gross Written Premium per Capita. The insurance density increased from SR 358 in 2007 to SR 440 in 2008, which represents an increase of 23%.
- The penetration and density of Protection and Savings insurance remain particularly low in absolute terms, and relative to General and Health insurance, at 0.03% and SR 24 per Capita.



(1) Saudi GDP of SR 1,183, SR 1,308, SR 1,414, and 1,753 Billion in 2005, 2006, 2007, and 2008 respectively

(2) Saudi population of 23.1, 23.7, 24.0, and 24.8 Million in 2005, 2006, 2007, and 2008 respectively



# Gross Written Premiums – Breakdown by Line of Business

- In 2008 around 67% of total GWP were generated by compulsory lines of business, namely Motor and Health insurance.
- In 2008, Health insurance remained the largest line of business accounting for 44% of total GWP compared to 36% in 2007. Motor insurance stood second in 2008, accounting for 23% of GWP.
- The fastest growing lines of business were Protection and Savings, and Health insurance, which realised a growth rate of 82% and 57%, respectively. The slowest growing lines of business were Motor, and Property insurance, which realised a growth rate of 4% and 8%, respectively, whilst Accidents and Liabilities and Energy premiums fell by 8% and 32%, respectively.

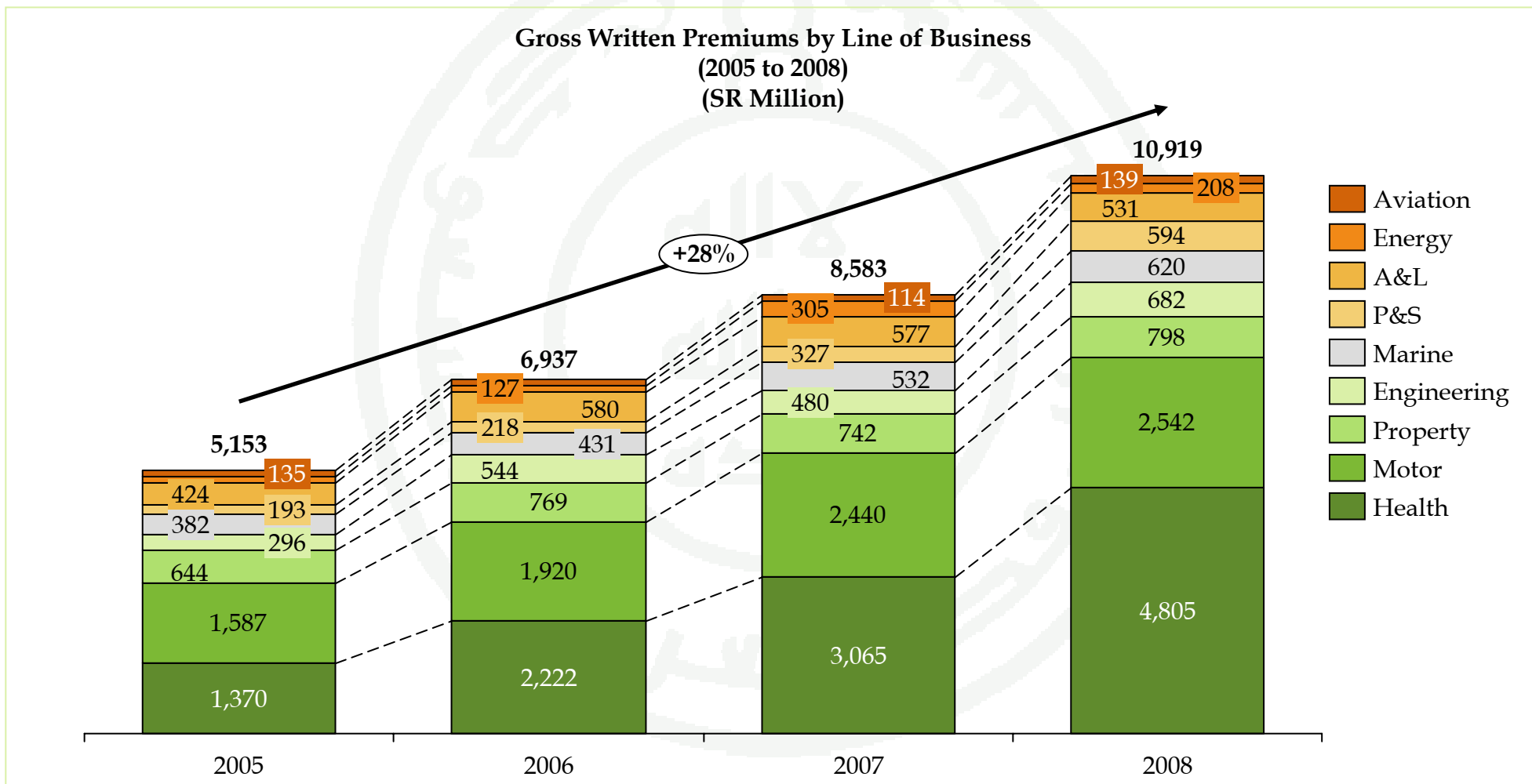
In SR Million	2005		2006		2007		2008		Growth
	SR M	% Total	SR M	% Total	SR M	% Total	SR M	% Total	% 07 – 08
Health	1,370	26%	2,222	32%	3,065	36%	4,805	44%	57%
Motor	1,587	31%	1,920	28%	2,440	28%	2,542	23%	4%
Property	644	13%	769	11%	742	9%	798	7%	8%
Engineering	296	6%	544	8%	480	6%	682	6%	42%
Marine	382	7%	431	6%	532	6%	620	6%	17%
P&S	193	4%	218	3%	327	4%	594	5%	82%
A&L <sup>(1)</sup>	424	8%	580	8%	577	7%	531	5%	-8%
Energy	122	2%	127	2%	305	4%	208	2%	-32%
Aviation	135	3%	126	2%	114	1%	139	1%	21%
<b>Total</b>	<b>5,153</b>	<b>100%</b>	<b>6,937</b>	<b>100%</b>	<b>8,583</b>	<b>100%</b>	<b>10,919</b>	<b>100%</b>	<b>27%</b>

(1) A&L stands for Accidents and Liabilities insurance throughout the document





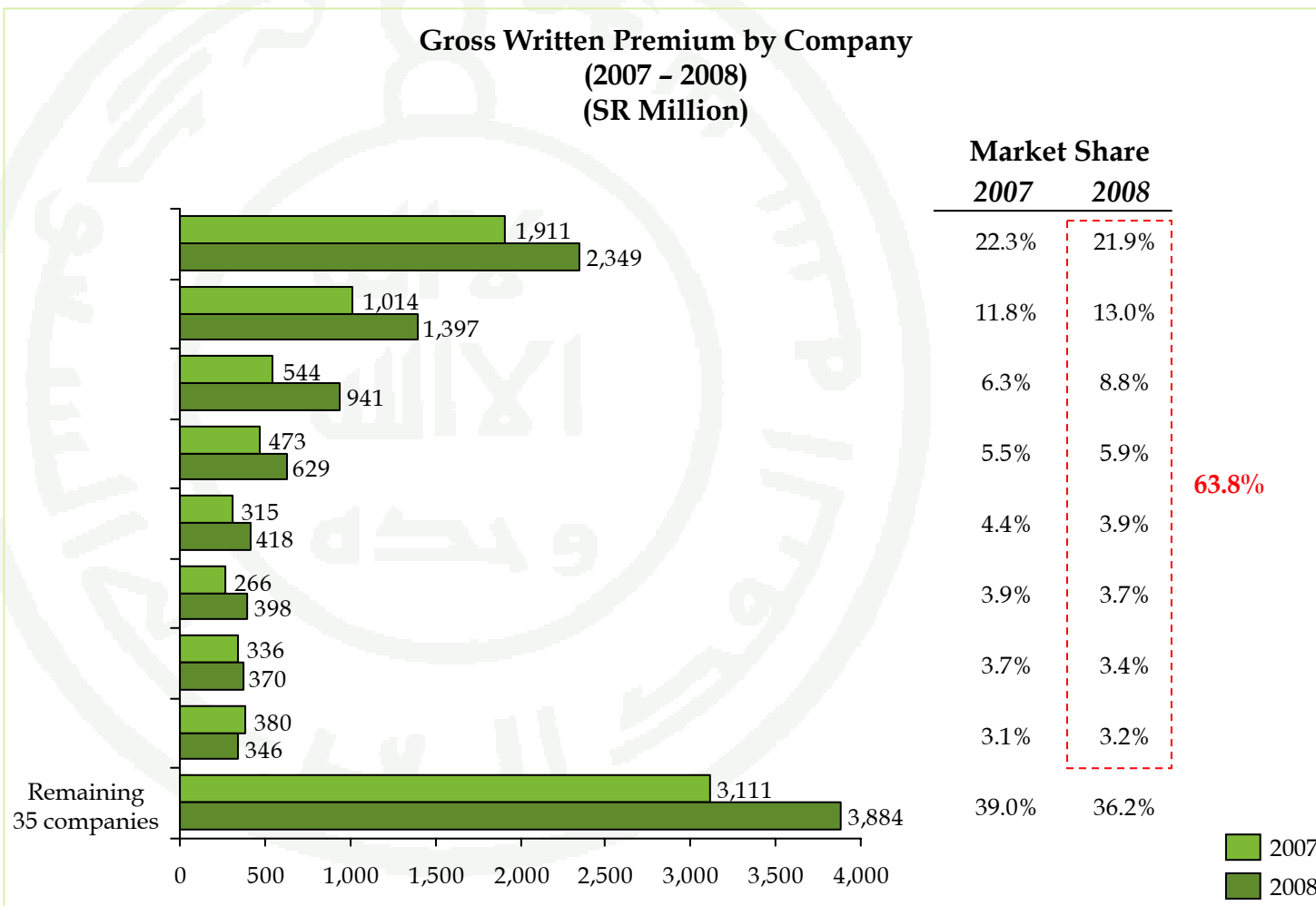
# Gross Written Premiums - Breakdown by Line of Business (continued)





# Gross Written Premium - Market Share of Insurance Companies

- In 2008, the top 8 insurance companies generated 63.8% of the insurance market's GWP, representing an increase from 61% in 2007.
- The remaining 35 insurance companies included in the survey accounted for the remaining 36.2% of total market premiums.





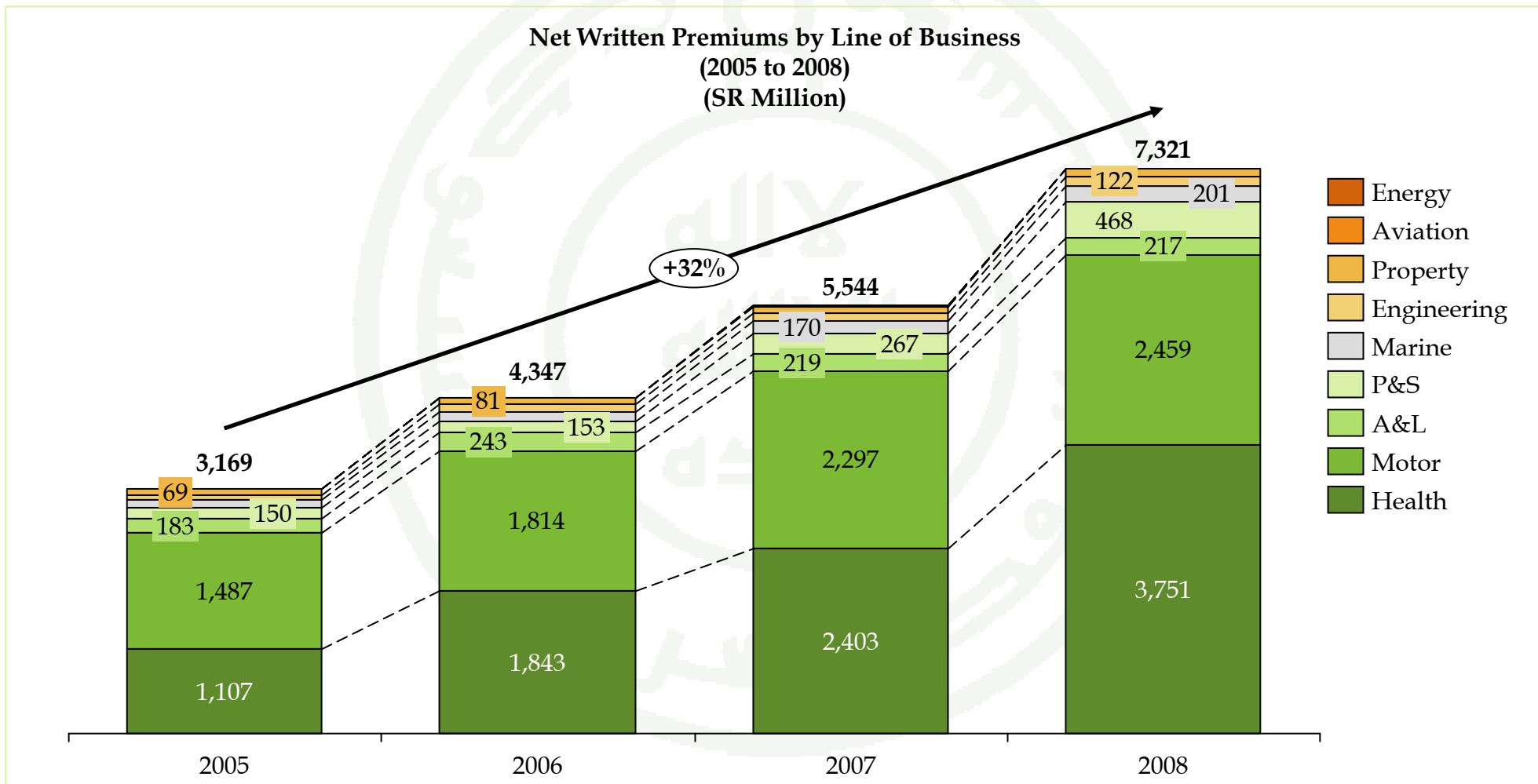
## Net Written Premiums by Line of Business

- Net Written Premium is defined as the premium retained by the insurance company, after the subtraction of the premiums ceded to local or international reinsurers from the total gross written premiums by line of business.
- Around 85% of total NWP in 2008 was generated by compulsory lines of business, namely Motor and Health insurance.
- In 2008, Health insurance remained the largest line of business accounting for 51% of total NWP compared to 43% in 2007. Motor insurance remained in second place in 2008, accounting for 34% of NWP even after a substantial drop in the share of the market from 41% in 2007.
- In terms of NWP, the fastest growing line of business was Protection and Savings insurance which realized a growth rate of 75% in 2008.

In SR Million	2005		2006		2007		2008		Growth % 07 - 08
	SR M	% Total	SR M	% Total	SR M	% Total	SR M	% Total	
Health	1,107	35%	1,843	42%	2,403	43%	3,751	51%	56%
Motor	1,487	47%	1,814	42%	2,297	41%	2,459	34%	7%
A&L	183	6%	243	6%	219	4%	217	3%	-1%
P&S	150	5%	153	4%	267	5%	468	6%	75%
Marine	113	4%	124	3%	170	3%	201	3%	19%
Engineering	57	2%	84	2%	98	2%	122	2%	25%
Property	69	2%	81	2%	84	2%	95	1%	13%
Aviation	4	0%	4	0%	4	0%	6	0%	54%
Energy	0	0%	0	0%	2	0%	1	0%	-61%
<b>Total</b>	<b>3,169</b>	<b>100%</b>	<b>4,347</b>	<b>100%</b>	<b>5,544</b>	<b>100%</b>	<b>7,321</b>	<b>100%</b>	<b>32%</b>



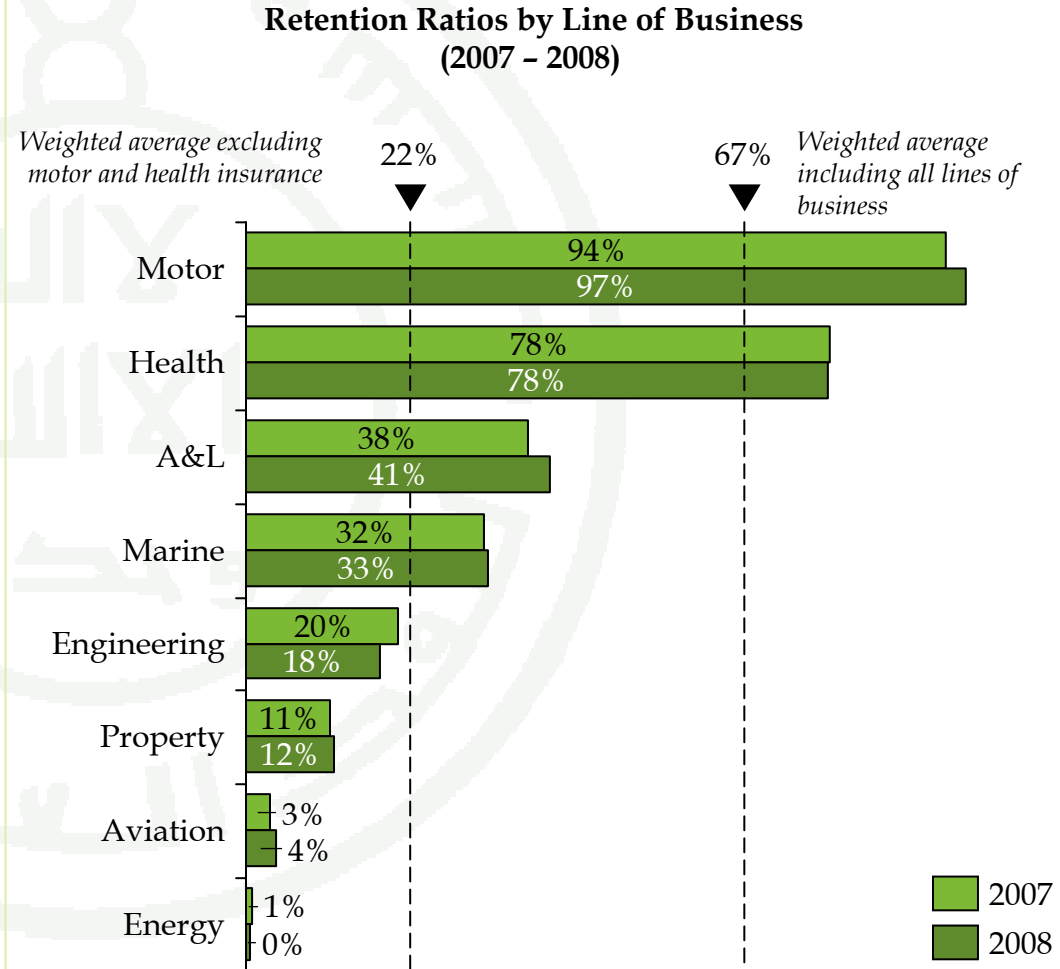
# Net Written Premiums by Line of Business (continued)





# Retention Ratio by Line of Business

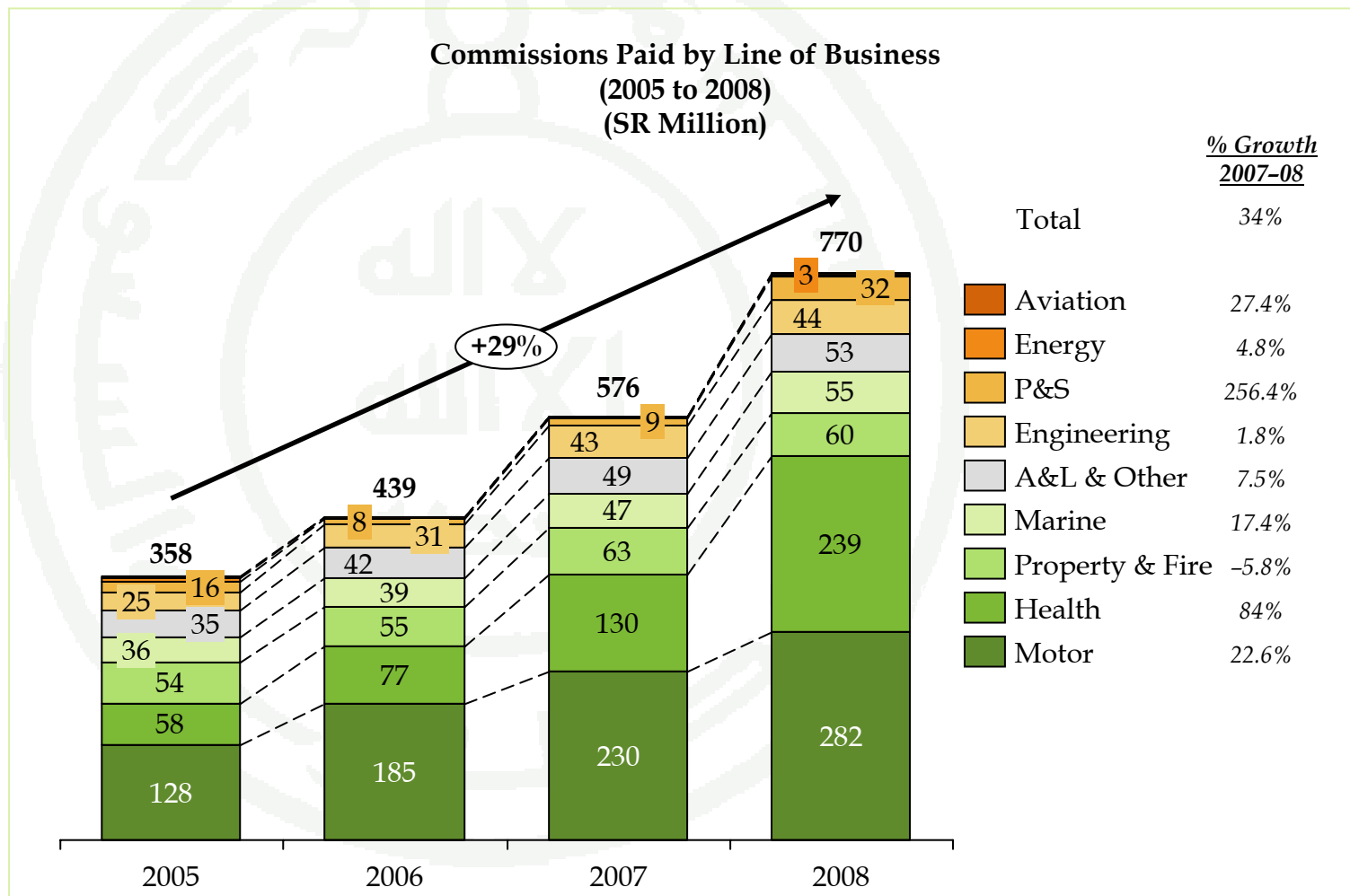
- The retention ratio is a measure of the written premiums retained by the insurance company. It is calculated by dividing the NWP by GWP.
- The overall retention ratio of insurance companies in the Saudi market was 67%. This ratio is largely skewed by the high retention ratio of motor and health insurance which collectively account for around 67% of total GWP. In 2008, the retention ratios for motor and health insurance were 97% and 78%, respectively.
- The weighted average retention ratio of other insurance lines of business (i.e., excluding motor and health insurance) was 22%.
- The lowest retention ratios were for aviation and energy insurance of 4% and 0.4%, respectively.
- Note: the newly licensed companies are required to adhere to a minimum retention ratio of 30% (Article 40 of the Implementing Regulations).
- Retention ratios are not shown for Protection & Savings insurance as the savings element of the contract must be retained in the Saudi Arabian company, so retentions are not directly comparable with other insurance contracts.





# Commissions Paid by Line of Business

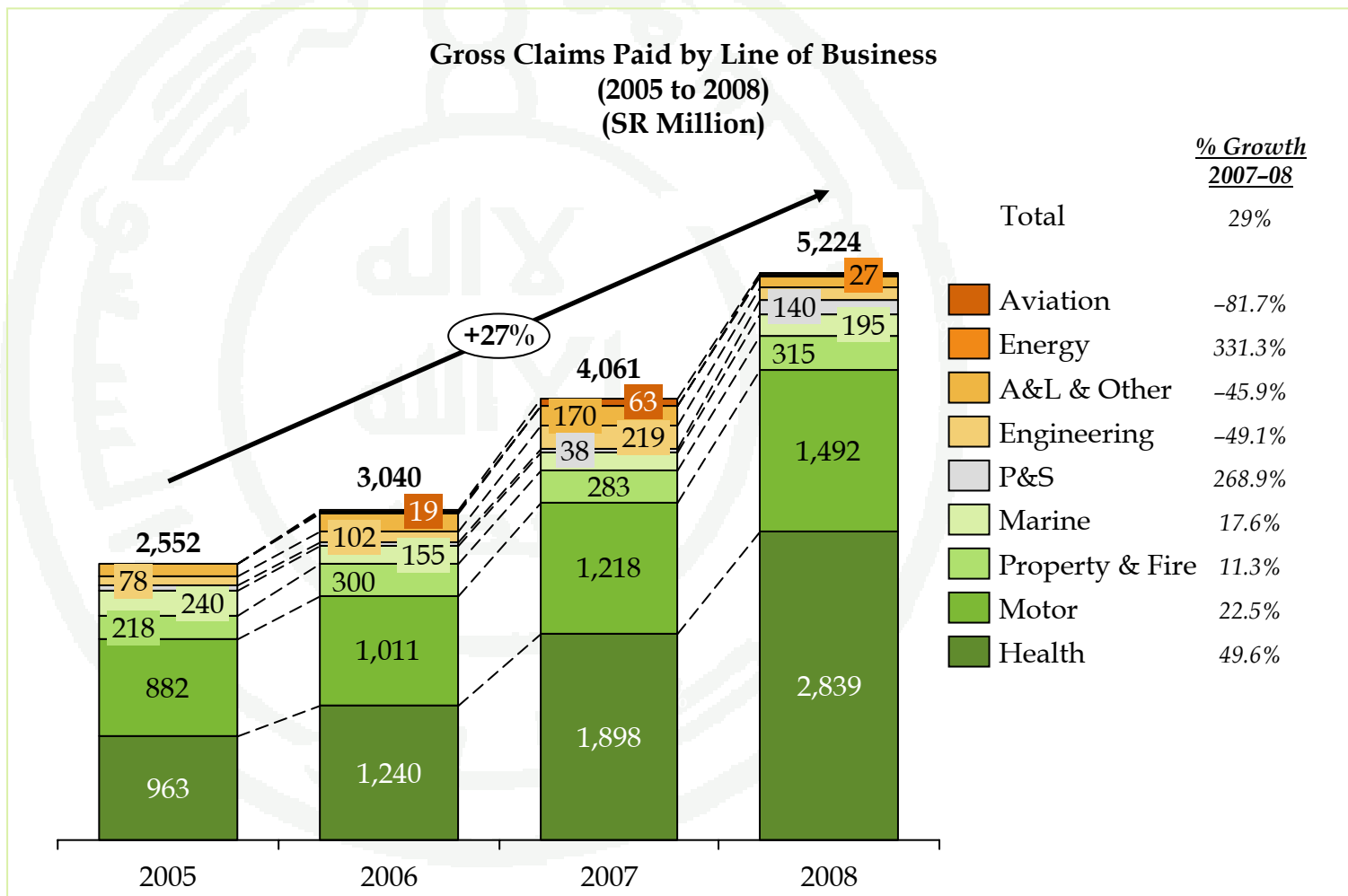
- Total commissions paid by insurance companies amounted to SR 770 Million in 2008, compared to SR 576 Million in 2007. This translates into a growth rate of 34%.
- General insurance related commissions accounted for 76% and 65% of total commission paid in 2007 and 2008, respectively.
- Protection and Savings insurance commissions paid witnessed the largest growth rate of 256% between 2007 and 2008.





# Gross Claims Paid by Line of Business

- Total gross claims paid increased by 29% from SR 4.0 Billion in 2007 to SR 5.2 Billion in 2008.
- Health and Motor insurance accounted for 77% and 83% of all gross claims paid in 2007 and 2008, respectively.
- In 2008, the highest growth rate in gross claims paid are related to Energy insurance.



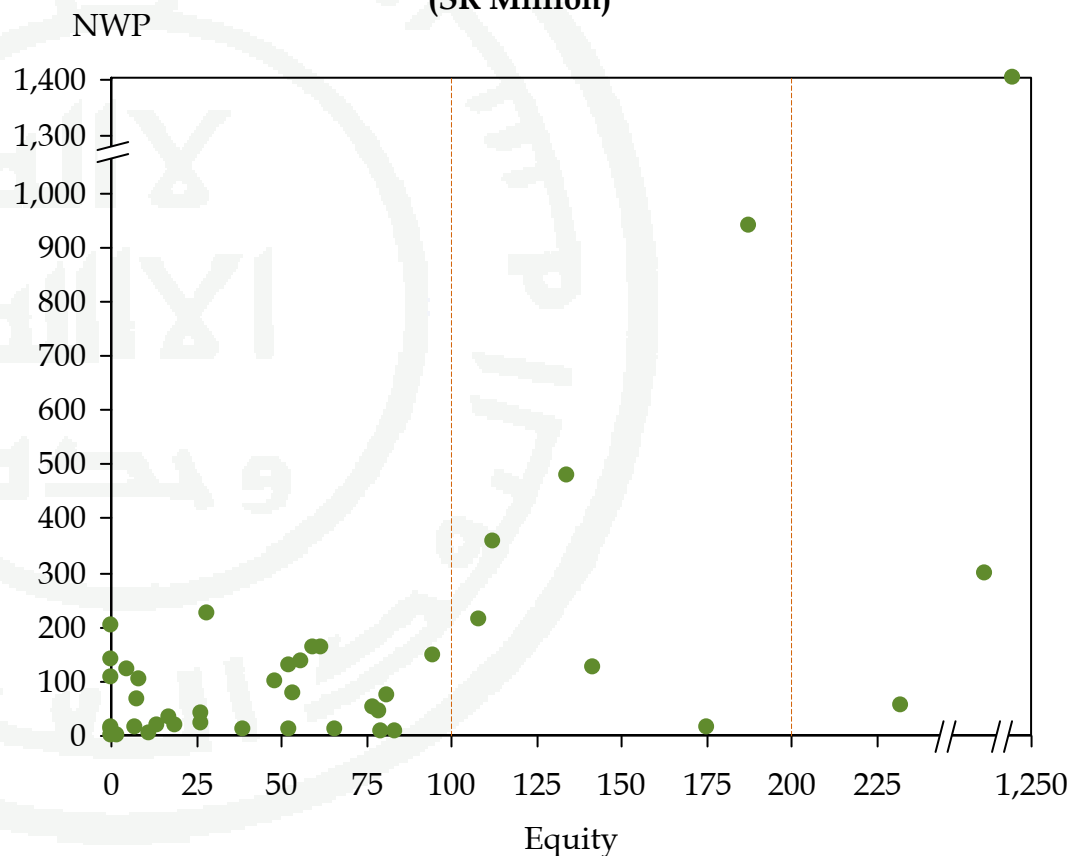


# Capitalization of Insurance Companies

- In 2008, the insurance market remains composed of a large number of companies, most of which have a capital below SR 100 Million. The largest company by total equity is Tawuniya, with total equity of SR 1.2 Billion following a drop from SR 1.7 Billion in 2007.
- Note: the Law on Supervision of Cooperative Insurance Companies stipulates a minimum capital of SR 100 Million for insurance companies and SR 200 Million for companies that will undertake insurance and reinsurance activities.

Shareholder Equity (2008)	Number of Companies
Up to SR 50 M	21
SR 50 M to SR 100 M	13
SR 100 M to SR 150 M	4
SR 150 M to SR 200 M	2
SR 200 M to SR 500 M	2
More that SR 500 M	1

**Insurance Companies' Equity vs. NWP  
(2008)  
(SR Million)**





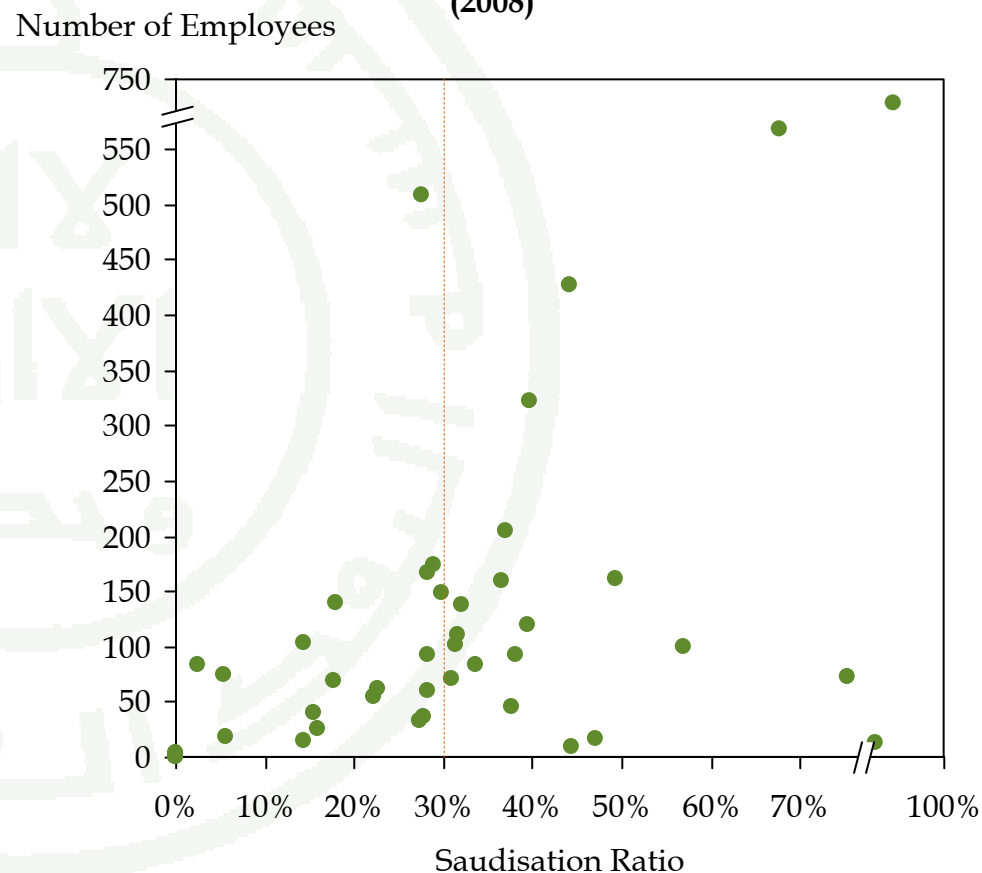


# Employees Breakdown by Nationality

- The total number of insurance companies' employees in Saudi Arabia reached 5,447 in 2008.
- Saudi nationals employed by insurance companies account for 45% of the total work force, and hold 33% of management positions. This ratio is skewed by the high Saudisation ratio of a few large companies, whereas many smaller companies have a Saudisation ratio below 30%.
- Note: The newly licensed insurance companies are required to adhere to a Saudisation ratio of 30% during the first year of operations (Article 79 of the Implementing Regulations).

Nationality (2008)	No. of Non-managerial Employees	%	No. of Managerial Employees	%	Total No. of Employees	%
Other Arab	1,152	25%	301	38%	1,453	27%
Other Non-Arab	1,320	28%	234	29%	1,554	28%
Saudi	2,176	47%	264	33%	2,440	45%
<b>Total</b>	<b>4,648</b>	<b>100%</b>	<b>799</b>	<b>100%</b>	<b>5,447</b>	<b>100%</b>

**Number of Employees vs. Saudisation Ratio (2008)**





## Appendix: Data Tables



## Table 1: Gross Written Premiums by Line of Business (2005 to 2008)

Table 1: Gross Written Premiums by Line of Business (2005 to 2008)									
Line of Business	2005		2006		2007		2008		% Change
	SR Million	%	SR Million	%	SR Million	%	SR Million	%	
<i>A&amp;L and Other</i>	424.0	8.2%	579.6	8.4%	577.3	6.7%	531.3	4.9%	(8.0)%
<i>Motor</i>	1,587.3	30.8%	1,920.2	27.7%	2,440.2	28.4%	2,542.1	23.3%	4.2%
<i>Property/ Fire</i>	643.5	12.5%	769.2	11.1%	742.2	8.6%	798.4	7.3%	7.6%
<i>Marine</i>	382.0	7.4%	431.4	6.2%	531.6	6.2%	619.6	5.7%	16.6%
<i>Aviation</i>	135.1	2.6%	126.1	1.8%	114.5	1.3%	138.5	1.3%	21.0%
<i>Energy</i>	121.6	2.4%	126.7	1.8%	305.3	3.6%	208.2	1.9%	(31.8)%
<i>Engineering</i>	296.4	5.8%	543.7	7.8%	479.7	5.6%	682.1	6.2%	42.2%
<b>Total General Insurance</b>	<b>3,589.9</b>	<b>69.7%</b>	<b>4,497.1</b>	<b>64.8%</b>	<b>5,190.7</b>	<b>60.5%</b>	<b>5,520.1</b>	<b>50.6%</b>	<b>6.3%</b>
<b>Total Health Insurance</b>	<b>1,370.3</b>	<b>26.6%</b>	<b>2,222.2</b>	<b>32.0%</b>	<b>3,065.0</b>	<b>35.7%</b>	<b>4,805.2</b>	<b>44.0%</b>	<b>56.8%</b>
<b>Total P&amp;S Insurance</b>	<b>193.2</b>	<b>3.7%</b>	<b>217.9</b>	<b>3.1%</b>	<b>327.0</b>	<b>3.8%</b>	<b>593.7</b>	<b>5.4%</b>	<b>81.6%</b>
<b>Total</b>	<b>5,153.4</b>	<b>100.0%</b>	<b>6,937.3</b>	<b>100.0%</b>	<b>8,582.7</b>	<b>100.0%</b>	<b>10,918.9</b>	<b>100.0%</b>	<b>27%</b>



## Tables 2 & 3: Insurance Penetration and Density (2005 to 2008)

Table 2: Insurance Penetration (2005 to 2008)					
Line of Business	2005	2006	2007	2008	% Change
	%	%	%	%	
Total General Insurance	0.30%	0.34%	0.37%	0.31%	-14.2%
Total Health Insurance	0.12%	0.17%	0.22%	0.27%	26.4%
Total P&S Insurance	0.02%	0.02%	0.02%	0.03%	46.4%
<b>Total</b>	<b>0.44%</b>	<b>0.53%</b>	<b>0.61%</b>	<b>0.62%</b>	<b>2.6%</b>

Table 3: Insurance Density (2005 to 2008)					
Line of Business	2005	2006	2007	2008	% Change
	SR	SR	SR	SR	
Total General Insurance	155.3	189.9	216.5	222.5	2.8%
Total Health Insurance	59.3	93.8	127.8	193.7	51.5%
Total P&S Insurance	8.4	9.2	13.6	23.9	75.5%
<b>Total</b>	<b>223.0</b>	<b>292.9</b>	<b>357.9</b>	<b>440.1</b>	<b>23.0%</b>



## Table 4: Net Written Premiums by Line of Business (2005 to 2008)

Table 4: Net Written Premiums by Line of Business (2005 to 2008)									
Line of Business	2005		2006		2007		2008		% Change
	SR Million	%	SR Million	%	SR Million	%	SR Million	%	
<i>A&amp;L and Other</i>	182.7	5.8%	243.4	5.6%	219.2	4.0%	217.3	3.0%	(0.9)%
<i>Motor</i>	1,486.9	46.9%	1,814.1	41.7%	2,297.3	41.4%	2,458.7	33.6%	7.0%
<i>Property/ Fire</i>	69.2	2.2%	80.8	1.9%	84.1	1.5%	95.4	1.3%	13.4%
<i>Marine</i>	112.7	3.6%	124.4	2.9%	169.8	3.1%	201.5	2.8%	18.7%
<i>Aviation</i>	4.0	0.1%	4.3	0.1%	3.6	0.1%	5.5	0.1%	54.2%
<i>Energy</i>	0.1	0.0%	0.0	0.0%	2.4	0.0%	0.9	0.0%	(60.8)%
<i>Engineering</i>	56.8	1.8%	84.2	1.9%	97.6	1.8%	122.2	1.7%	25.2%
<b>Total General Insurance</b>	<b>1,912.5</b>	<b>60.4%</b>	<b>2,351.2</b>	<b>54.1%</b>	<b>2,873.9</b>	<b>51.8%</b>	<b>3,101.6</b>	<b>42.4%</b>	<b>7.9%</b>
<b>Total Health Insurance</b>	<b>1,106.6</b>	<b>34.9%</b>	<b>1,842.5</b>	<b>42.4%</b>	<b>2,403.1</b>	<b>43.3%</b>	<b>3,750.9</b>	<b>51.2%</b>	<b>56.1%</b>
<b>Total P&amp;S Insurance</b>	<b>149.7</b>	<b>4.7%</b>	<b>153.2</b>	<b>3.5%</b>	<b>266.8</b>	<b>4.8%</b>	<b>468.2</b>	<b>6.4%</b>	<b>75.5%</b>
<b>Total</b>	<b>3,168.8</b>	<b>100.0%</b>	<b>4,346.9</b>	<b>100.0%</b>	<b>5,543.8</b>	<b>100.0%</b>	<b>7,320.6</b>	<b>100.0%</b>	<b>32%</b>



## Table 5: Retention Ratio by Line of Business (2005 to 2008)

Table 5: Retention Ratio by Line of Business (2005 to 2008)					
Line of Business	2005	2006	2007	2008	% Change
	%	%	%	%	
<i>A&amp;L and Other</i>	43.1%	42.0%	38.0%	40.9%	7.7%
<i>Motor</i>	93.7%	94.5%	94.1%	96.7%	2.7%
<i>Property/ Fire</i>	10.8%	10.5%	11.3%	11.9%	5.4%
<i>Marine</i>	29.5%	28.8%	31.9%	32.5%	1.8%
<i>Aviation</i>	2.9%	3.4%	3.1%	4.0%	27.5%
<i>Energy</i>	0.1%	0.0%	0.8%	0.4%	(42.5)%
<i>Engineering</i>	19.2%	15.5%	20.3%	17.9%	(11.9)%
<b>Total General Insurance</b>	<b>53.3%</b>	<b>52.3%</b>	<b>55.4%</b>	<b>56.2%</b>	<b>1.5%</b>
<b>Total Health Insurance</b>	<b>80.8%</b>	<b>82.9%</b>	<b>78.4%</b>	<b>78.1%</b>	<b>(0.4)%</b>
<b>Total</b>	<b>60.9%</b>	<b>62.4%</b>	<b>64.6%</b>	<b>67.0%</b>	<b>3.8%</b>

Retention ratios are not shown for Protection & Savings as the savings element of the contract must be retained in the Saudi Arabian company, so retentions are not directly comparable with other insurance contracts.



## Table 6: Commissions Paid by Line of Business (2005 to 2008)

Table 6: Commissions Paid by Line of Business (2005 to 2008)									
Line of Business	2005		2006		2007		2008		% Change
	SR Million	%	SR Million	%	SR Million	%	SR Million	%	
<i>A&amp;L and Other</i>	34.7	9.7%	41.8	9.5%	49.2	8.5%	52.8	6.9%	7.5%
<i>Motor</i>	128.4	35.9%	185.2	42.1%	229.6	39.9%	281.6	36.6%	22.6%
<i>Property/ Fire</i>	54.4	15.2%	54.8	12.5%	63.2	11.0%	59.5	7.7%	(5.8)%
<i>Marine</i>	35.6	10.0%	38.5	8.8%	46.8	8.1%	54.9	7.1%	17.4%
<i>Aviation</i>	2.0	0.6%	2.3	0.5%	1.9	0.3%	2.4	0.3%	27.4%
<i>Energy</i>	3.9	1.1%	0.9	0.2%	2.9	0.5%	3.0	0.4%	4.8%
<i>Engineering</i>	24.6	6.9%	31.4	7.1%	43.5	7.5%	44.3	5.8%	1.8%
<b>Total General Insurance</b>	<b>283.7</b>	<b>79.3%</b>	<b>354.8</b>	<b>80.7%</b>	<b>437.1</b>	<b>75.9%</b>	<b>498.7</b>	<b>64.8%</b>	<b>14.1%</b>
<b>Total Health Insurance</b>	<b>57.6</b>	<b>16.1%</b>	<b>76.9</b>	<b>17.5%</b>	<b>129.8</b>	<b>22.5%</b>	<b>238.9</b>	<b>31.0%</b>	<b>84.0%</b>
<b>Total P&amp;S Insurance</b>	<b>16.4</b>	<b>4.6%</b>	<b>7.7</b>	<b>1.8%</b>	<b>9.0</b>	<b>1.6%</b>	<b>32.0</b>	<b>4.2%</b>	<b>256.4%</b>
<b>Total</b>	<b>357.7</b>	<b>100.0%</b>	<b>439.4</b>	<b>100.0%</b>	<b>575.9</b>	<b>100.0%</b>	<b>769.6</b>	<b>100.0%</b>	<b>34%</b>



## Table 7: Gross Claims Paid by Line of Business (2005 to 2008)

Table 7: Gross Claims Paid by Line of Business (2005 to 2008)									
Line of Business	2005		2006		2007		2008		% Change
	SR Million	%	SR Million	%	SR Million	%	SR Million	%	
<i>A&amp;L and Other</i>	111.7	4%	169.8	6%	170.2	4%	92.0	2%	(45.9)%
<i>Motor</i>	882.0	35%	1,010.5	33%	1,217.9	30%	1,492.4	29%	22.5%
<i>Property/ Fire</i>	217.7	9%	299.9	10%	283.0	7%	314.9	6%	11.3%
<i>Marine</i>	240.2	9%	154.9	5%	165.9	4%	195.1	4%	17.6%
<i>Aviation</i>	12.8	1%	18.5	1%	62.8	2%	11.5	0%	(81.7)%
<i>Energy</i>	1.2	0%	9.0	0%	6.2	0%	26.5	1%	331.3%
<i>Engineering</i>	78.1	3%	102.2	3%	219.2	5%	111.7	2%	(49.1)%
<b>Total General Insurance</b>	<b>1,543.7</b>	<b>60%</b>	<b>1,764.9</b>	<b>58%</b>	<b>2,125.3</b>	<b>52%</b>	<b>2,244.1</b>	<b>43%</b>	<b>5.6%</b>
<b>Total Health Insurance</b>	<b>963.0</b>	<b>38%</b>	<b>1,240.4</b>	<b>41%</b>	<b>1,897.9</b>	<b>47%</b>	<b>2,839.2</b>	<b>54%</b>	<b>49.6%</b>
<b>Total P&amp;S Insurance</b>	<b>44.9</b>	<b>2%</b>	<b>34.9</b>	<b>1%</b>	<b>38.0</b>	<b>1%</b>	<b>140.3</b>	<b>3%</b>	<b>268.9%</b>
<b>Total</b>	<b>2,551.6</b>	<b>100%</b>	<b>3,040.2</b>	<b>100%</b>	<b>4,061.2</b>	<b>100%</b>	<b>5,223.6</b>	<b>100%</b>	<b>29%</b>