

مؤسسة النقد العربي السعودي  
Saudi Arabian Monetary Authority



# The Saudi Insurance Market Report

The General Department of Insurance Control

2018

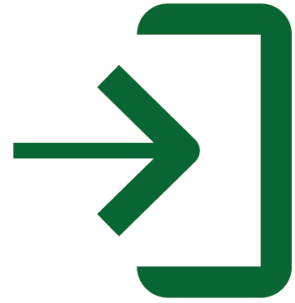


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# Introduction

## Introduction

- In 2018, Gross Written Premiums (GWP) in the Saudi insurance market reached SR 35.0 Billion, down from SR 36.5 Billion in 2017, which represents a decrease of (4.1%) compared to (1.0%) decrease in 2017
- Health insurance GWP increased by 4.5% in 2018 reaching SR 19.8 Billion, up from SR 19.0 Billion in 2017
- General insurance GWP, which represents 40.1% of the insurance market, decreased by (14.1%) in 2018, reaching SR 14.0 Billion, down from SR 16.3 Billion in 2017. Motor insurance representing 68.0% of General insurance GWP; decreased from SR 11.1 Billion in 2017 to SR 9.4 Billion in 2018
- Protection & Savings (P&S) insurance GWP, which represents 3.1% of the insurance market, decreased by (3.3%) to reach SR 1.1 Billion in 2018 compared to a growth rate of 8.4% in 2017
- Total number of insurance policies written increased to 6,037,326 in 2018 up from 5,666,234 in 2017

(\* ) This report is based on the data collected from 32 insurance and reinsurance companies

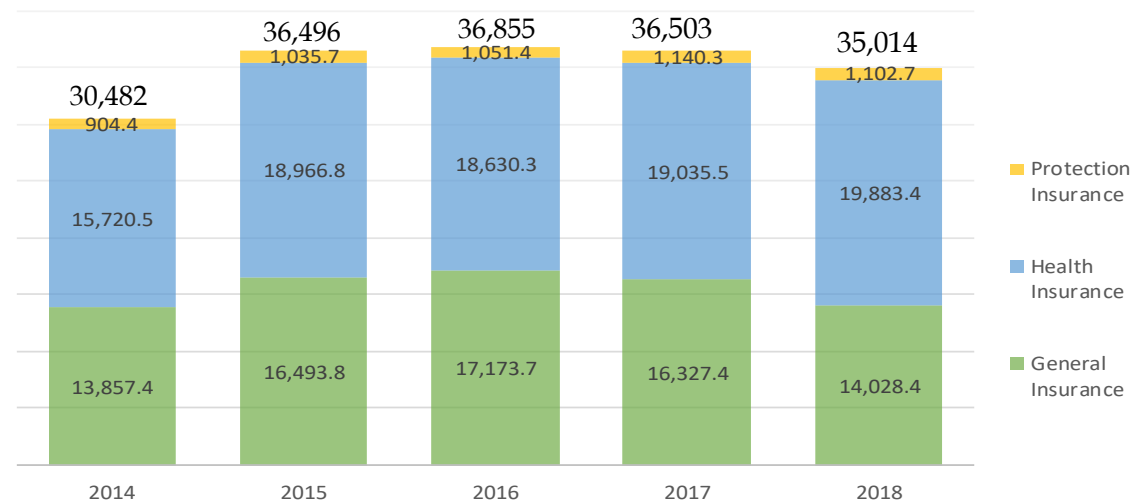


# Insurance Market Performance

## Gross Written Premiums

- The overall insurance Gross Written Premiums decreased by (4.1%) to reach SR 35.0 Billion (1) in 2018, compared to SR 36.5 Billion in 2017
- Health insurance remained the largest line of business in 2018. Its contribution to total GWP in 2018 reached 56.8% compared to 52.1% in 2017, while General insurance's contribution to total business volume in 2018 decreased to 40.1% from 44.7% in 2017
- Protection and Savings insurance represented the smallest line of business with 3.1% share.

### GROSS WRITTEN PREMIUMS



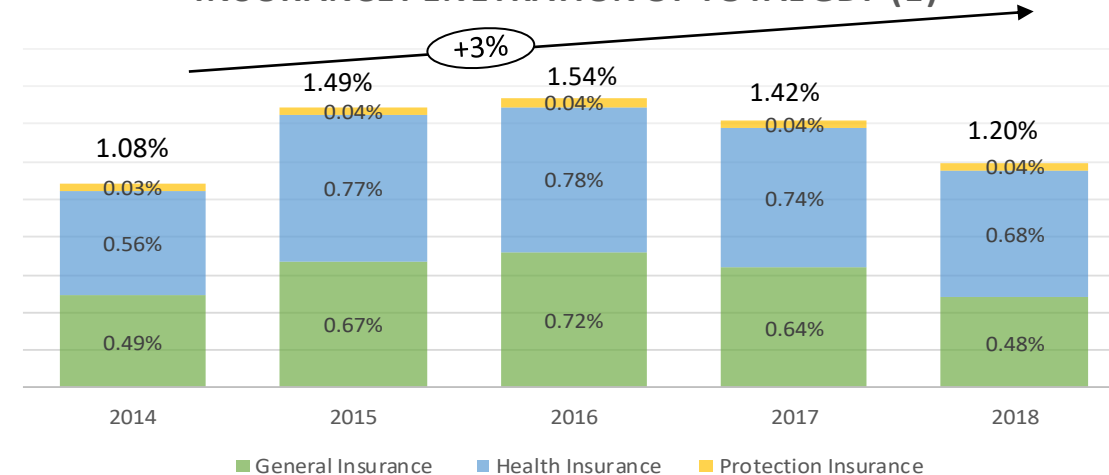
Line of Business	2014		2015		2016		2017		2018		Growth
	SR M	%	SR M	%	SR M	%	SR M	%	SR M	%	
Health Insurance	15,720.5	51.6%	18,966.8	52.0%	18,630.3	50.5%	19,035.5	52.1%	19,883.4	56.8%	4.5%
General Insurance	13,857.4	45.5%	16,493.8	45.2%	17,173.7	46.6%	16,327.4	44.7%	14,028.4	40.1%	(14.1)%
Protection Insurance	904.4	3.0%	1,035.7	2.8%	1,051.4	2.9%	1,140.3	3.1%	1,102.7	3.1%	(3.3)%
<b>Total</b>	<b>30,482.2</b>	<b>100.0%</b>	<b>36,496.3</b>	<b>100.0%</b>	<b>36,855.3</b>	<b>100.0%</b>	<b>36,503.2</b>	<b>100.0%</b>	<b>35,014.5</b>	<b>100.0%</b>	<b>(4.1)%</b>

(1) The GWP is the total of accounted premiums for domestic insurance and reinsurance companies. There might be slight of reinsurance premiums accepted by sole domestic reinsurance from other Saudi Arabian insurers or reinsurers

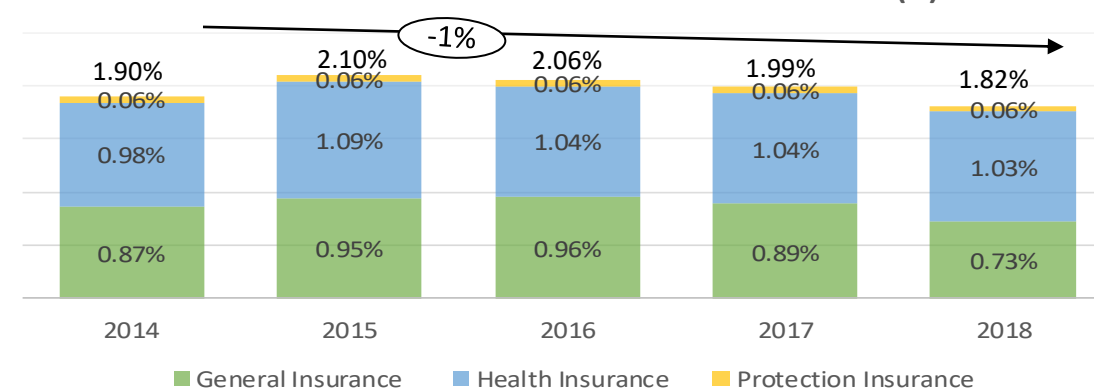
## Insurance Penetration

- Insurance penetration is defined as Gross Written Premiums divided by the total GDP
- In 2018, insurance penetration decreased to 1.2% down from 1.4% in 2017, both due to increase in GDP and a decrease in GWP
- Over the course of 5 years, compound annual growth rate for insurance penetration was 3.0%
- Insurance penetration of non-oil GDP is defined as Gross Written Premiums divided by non-oil GDP
- In 2018, Insurance penetration of non-oil GDP decreased to 1.8%, down from 2.0% in 2017

INSURANCE PENETRATION OF TOTAL GDP (1)



INSURANCE PENETRATION OF NON-OIL GDP (2)



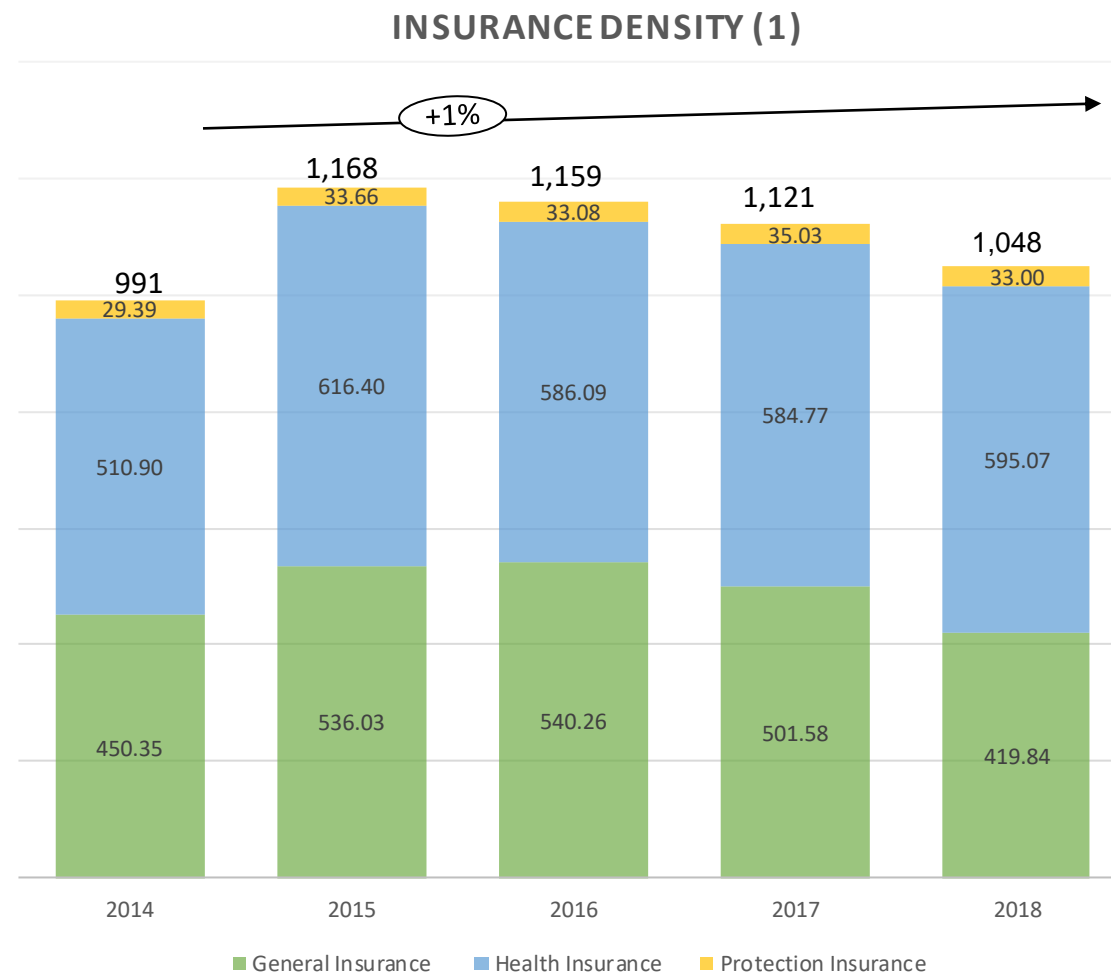
(1) Total GDP of SR 2,821 SR 2,449, SR 2,398, SR2,570 and SR 2.934 Billion in 2014, 2015, 2016, 2017 and 2018, respectively, General Authority for Statistics

(2) Non-oil GDP SR 1,601 SR 1,740, SR 1,791 SR 1,835 and SR 1.928 Billion in 2014, 2015, 2016, 2017 and 2018 respectively, General Authority for Statistics



## Insurance Density

- Insurance density is defined as Gross Written Premiums per Capita. In 2018, Insurance density decreased to SR 1,048, down from SR 1,121 per Capita in 2017.
- Over the course of 5 years, the compound annual growth rate for insurance density was 1.0%



(1) Saudi population of 30.77, 30.77, 31.78, 32.5 and 33.4 Million in 2014, 2015, 2016, 2017 and 2018, respectively, General Authority for Statistics

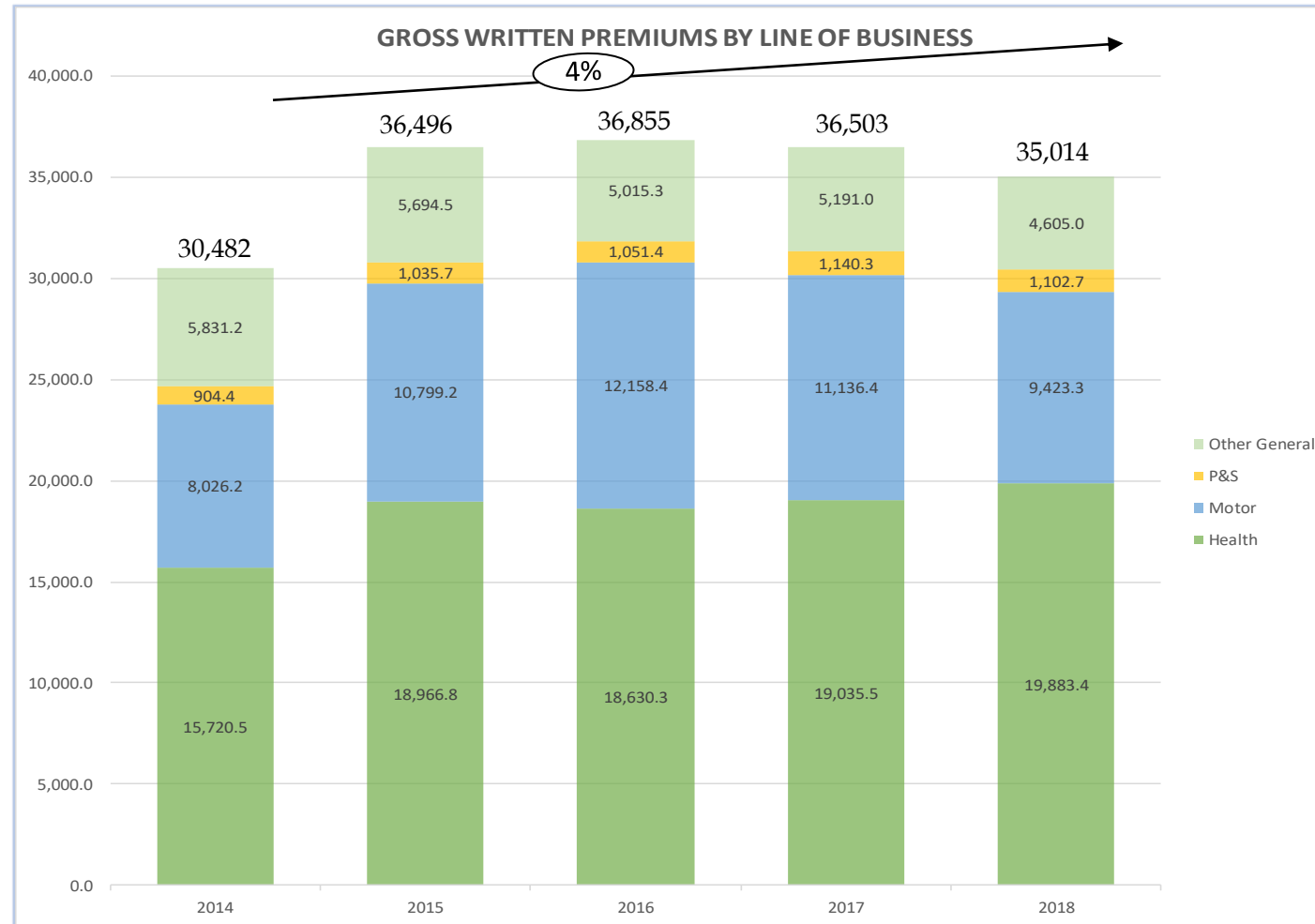
## Gross Written Premiums by Line of Business

- Motor and Health insurance represent 83.7% of total GWP in 2018
- Health insurance remained the largest line of business in 2018, accounting for 56.8% of total GWP
- Motor insurance stood in second place with a 26.9% share of total GWP
- Motor insurance gross written premiums decreased by (15.4%) in 2018

Line of Business	2014		2015		2016		2017		2018		Growth
	SR M	%	SR M	%	SR M	%	SR M	%	SR M	%	
Aviation	140.4	0.5%	146.6	0.4%	139.7	0.4%	134.9	0.4%	148.0	0.4%	9.7%
Energy	442.7	1.5%	562.6	1.5%	457.8	1.2%	739.0	2.0%	511.5	1.5%	(30.8)%
Engineering	1,434.1	4.7%	1,204.0	3.3%	908.4	2.5%	932.4	2.6%	701.7	2.0%	(24.7)%
Marine	811.4	2.7%	726.2	2.0%	634.1	1.7%	621.8	1.7%	544.6	1.6%	(12.4)%
Property / Fire	1,923.2	6.3%	1,961.9	5.4%	1,825.8	5.0%	1,708.5	4.7%	1,697.9	4.8%	(0.6)%
A&L and Other	1,079.4	3.5%	1,093.1	3.0%	1,049.5	2.8%	1,054.2	2.9%	1,001.3	2.9%	(5.0)%
P&S	904.4	3.0%	1,035.7	2.8%	1,051.4	2.9%	1,140.3	3.1%	1,102.7	3.1%	(3.3)%
Motor	8,026.2	26.3%	10,799.2	29.6%	12,158.4	33.0%	11,136.4	30.5%	9,423.3	26.9%	(15.4)%
Health	15,720.5	51.6%	18,966.8	52.0%	18,630.3	50.5%	19,035.5	52.1%	19,883.4	56.8%	4.5%
<b>Total</b>	<b>30,482.2</b>	<b>100.0%</b>	<b>36,496.3</b>	<b>100.0%</b>	<b>36,855.3</b>	<b>100.0%</b>	<b>36,503.2</b>	<b>100.0%</b>	<b>35,014.5</b>	<b>100.0%</b>	<b>(4.1)%</b>

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

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

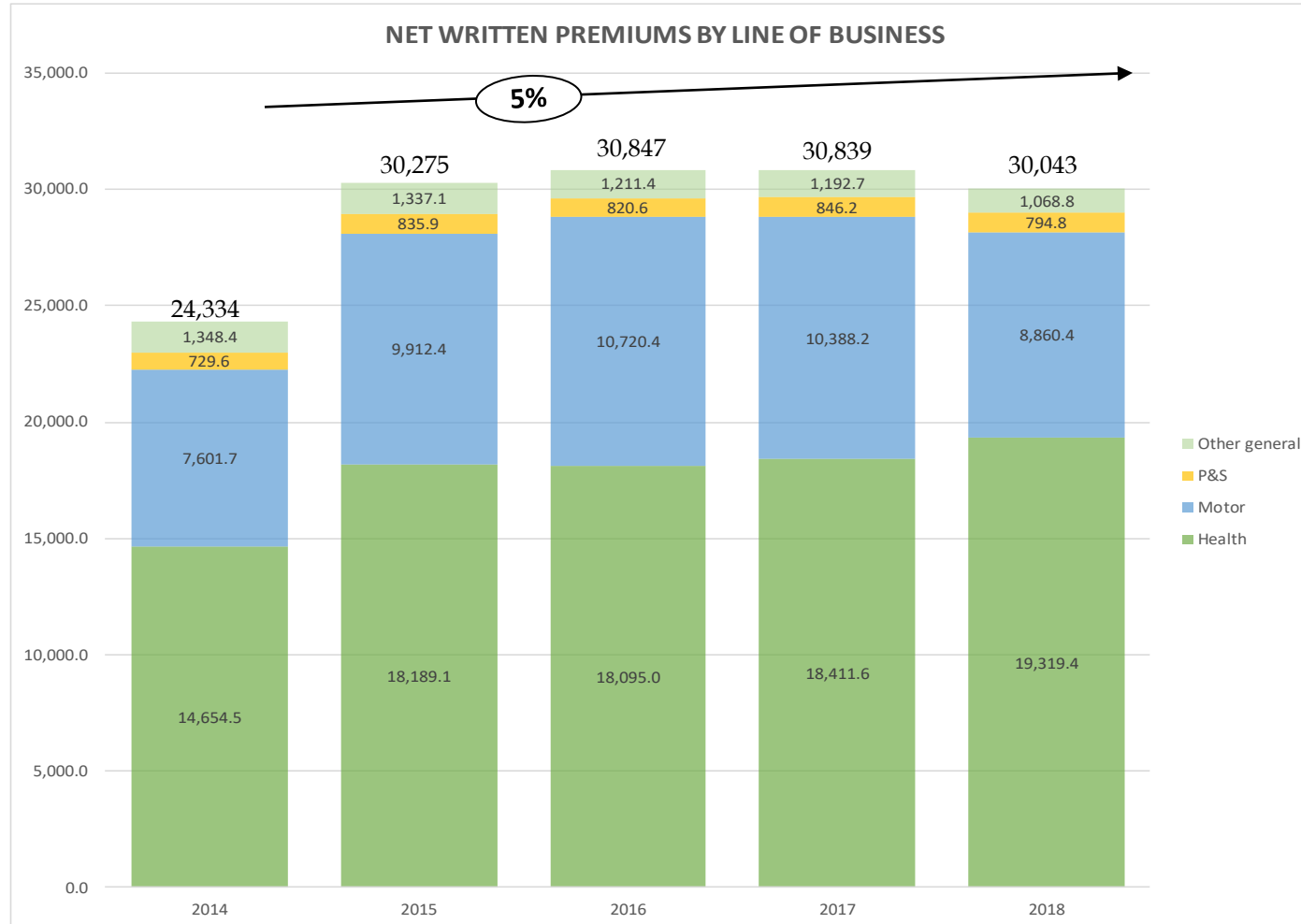


## Net Written Premiums by Line of Business

- Net Written Premiums (NWP) is defined as the premiums retained by the insurance company, after the subtraction of the premiums ceded to local or international reinsurers from Total GWP
- Total premiums ceded to local and international reinsurers amounted to SR 300 Million and SR 4.6 Billion respectively in 2018.
- Total NWP decreased from SR 30.8 Billion in 2017 to SR 30.0 Billion in 2018, a (2.6%) decrease
- Around 94.1% of total NWP in 2018 was generated by Motor and Health insurance
- Health insurance remained the largest line of business accounting for 64.3% of total NWP in 2018
- Motor insurance's share of total NWP remained in second place, which accounted for 29.4% of NWP in 2018

Line of Business	2014		2015		2016		2017		2018		Growth
	SR M	%	SR M	%	SR M	%	SR M	%	SR M	%	
Aviation	3.5	0.01%	2.9	0.01%	9.1	0.03%	5.7	0.02%	5.3	0.02%	(7.3)%
Energy	8.7	0.04%	11.1	0.04%	12.6	0.04%	17.2	0.06%	3.5	0.01%	(79.7)%
Engineering	204.9	0.84%	216.5	0.72%	199.2	0.65%	168.6	0.55%	120.2	0.40%	(28.7)%
Marine	251.5	1.03%	248.9	0.82%	192.3	0.62%	172.4	0.56%	155.4	0.52%	(9.9)%
Property / Fire	315.8	1.30%	330.3	1.09%	272.7	0.88%	322.4	1.05%	314.0	1.05%	(2.6)%
A&L and Other	564.1	2.32%	527.3	1.74%	525.4	1.70%	506.3	1.64%	470.4	1.57%	(7.1)%
P&S	729.6	3.00%	835.9	2.76%	820.6	2.66%	846.2	2.74%	794.8	2.65%	(6.1)%
Motor	7,601.7	31.24%	9,912.4	32.74%	10,720.4	34.75%	10,388.2	33.69%	8,860.4	29.49%	(14.7)%
Health	14,654.5	60.22%	18,189.1	60.08%	18,095.0	58.66%	18,411.6	59.70%	19,319.4	64.30%	4.9%
<b>Total</b>	<b>24,334.2</b>	<b>100.00%</b>	<b>30,274.5</b>	<b>100.00%</b>	<b>30,847.5</b>	<b>100.00%</b>	<b>30,838.7</b>	<b>100.00%</b>	<b>30,043.4</b>	<b>100.00%</b>	<b>(2.6)%</b>

## Net Written Premiums by Line of Business (continued)



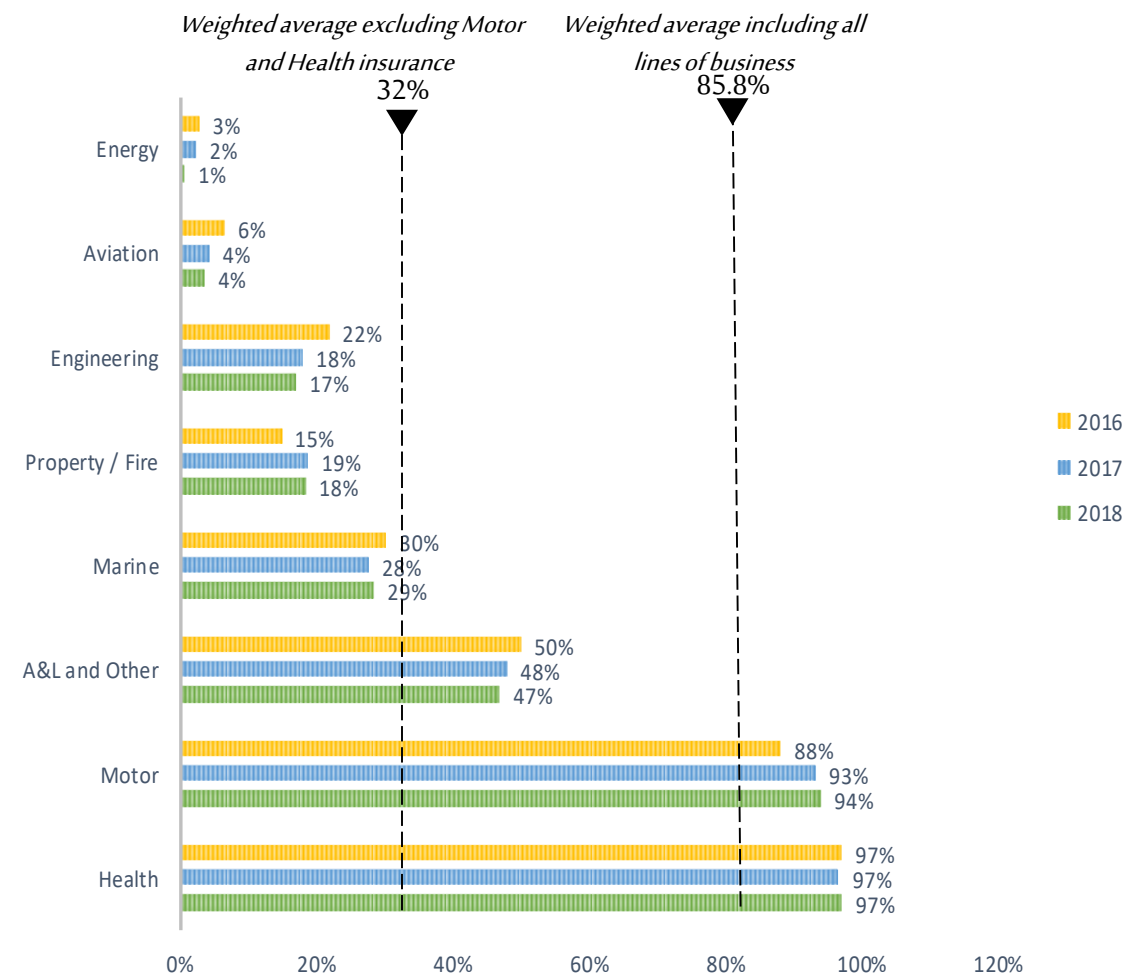
## Retention Ratio by Line of Business

- The retention ratio measures the written premiums retained by the insurance company after excluding the reinsurers share, which considered a measure of how much of the risk is being carried by the insurer. Retention ratio is calculated by dividing the NWP by the GWP
- In 2018, the overall retention ratio of insurance companies in the Saudi market reached 85.8%, up from 84% in 2017.
- In 2018, the retention ratios for Motor and Health insurance, which together represents 83.7% of total market GWP, increased to reach 94.0% and 97.2 % respectively
- The weighted average retention ratio of other General insurance lines of business (i.e., excluding Motor and Health insurance) remained unchanged at 32.0% in 2018

### Notes:

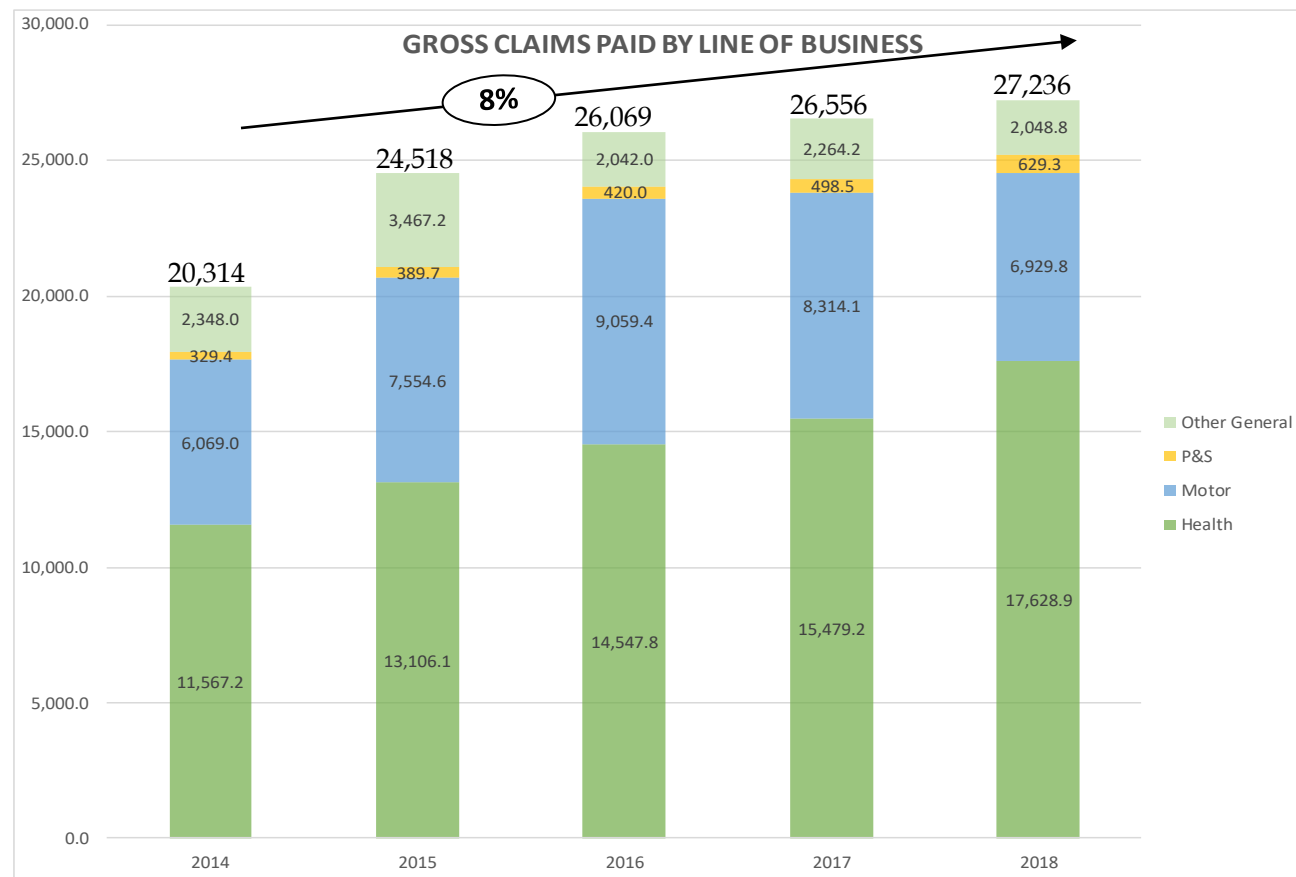
- All licensed companies are required to adhere to a minimum retention ratio of 30% of its total insurance premiums (as per Article 40 of the Implementing Regulations)
- Retention ratios are not shown for Protection & Savings insurance as the savings element of the contract must be retained in the Saudi Arabian company. Therefore retentions for Protection & Savings insurance are not directly comparable with other insurance lines of business

RETENTION RATIO BY LINE OF BUSINESS



## Gross Claims Paid by Line of Business

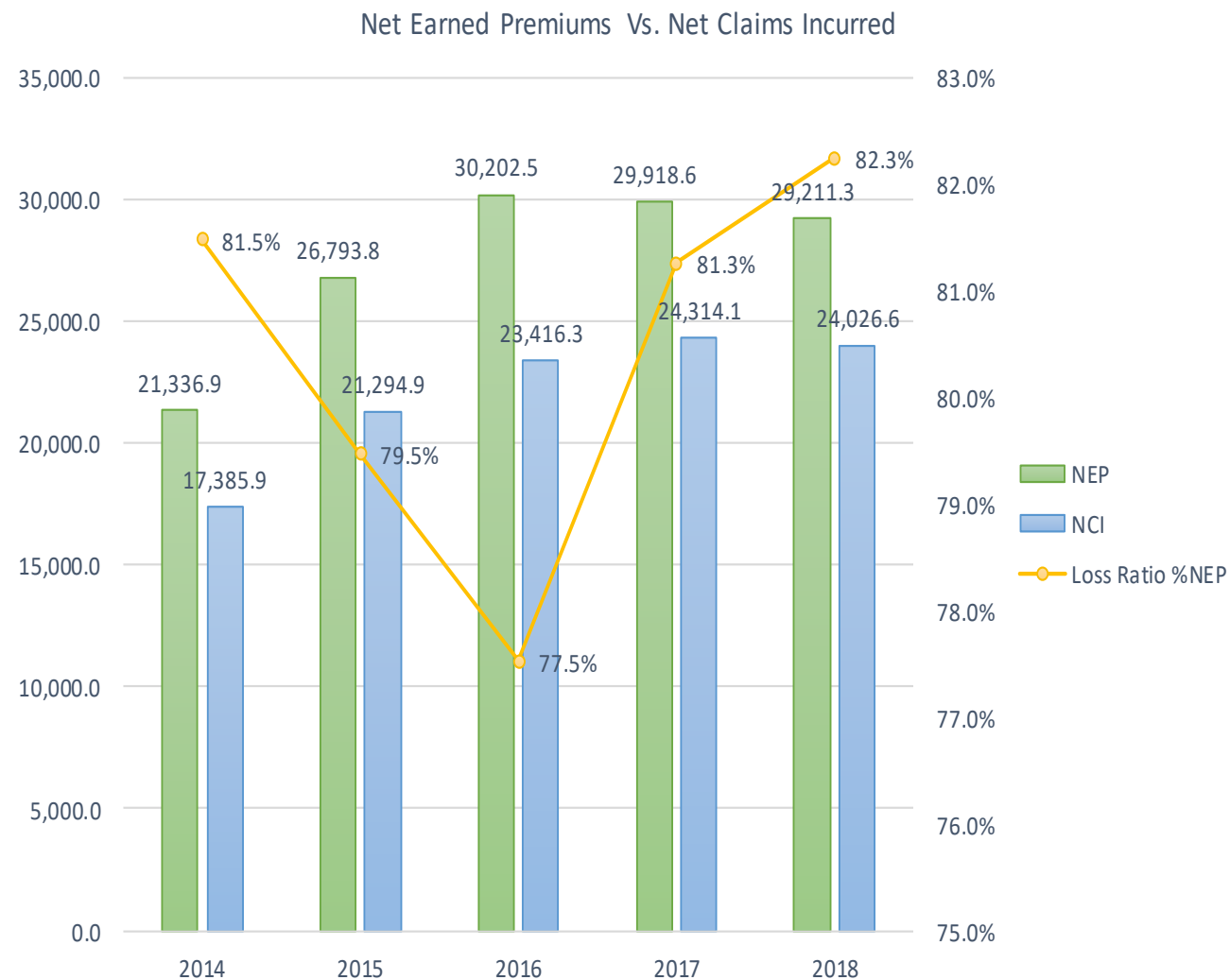
- Total gross claims paid increased from SR 26.5 Billion in 2017 to SR 27.2 Billion in 2018, which represent an increase of 2.6%
- In 2018, Health gross claims paid grew by 13.9% whereas Motor gross claims paid decreased by (16.7%) compared to 2017
- Energy gross claims paid increased from SR 18.6 Million in 2017 to SR 356.8 Million in 2018
- Table 7 in the appendix contains all the gross claims paid data by line of business from 2014 to 2018



% Growth	Health	Motor	Property / Fire	Engineering	P&S	A&L and Other	Marine	Energy	Aviation
	13.9%	(16.7)%	(35.0)%	(38.9)%	26.2%	(15.3)%	7.7%	1820.2%	585.9%

## General and Health Net Earned Premiums vs. Net Claims Incurred

- Net Earned Premiums (NEP) is equal to NWP minus the change in net unearned premiums reserve
- The insurance market's General and Health NEP totaled SR 29.2 Billion in 2018, compared to SR 29.9 Billion in 2017, a decrease of 2.3%
- General and Health Net Claims Incurred (NCI), is equal to the total of net claims paid plus the change in outstanding and IBNR claims reserve
- In 2018 General and Health net claims incurred decreased by (1.0%) to reach SR 24 Billion
- In 2018 General and Health net Loss ratio increased and reached 82.3% up from 81.3% in 2017

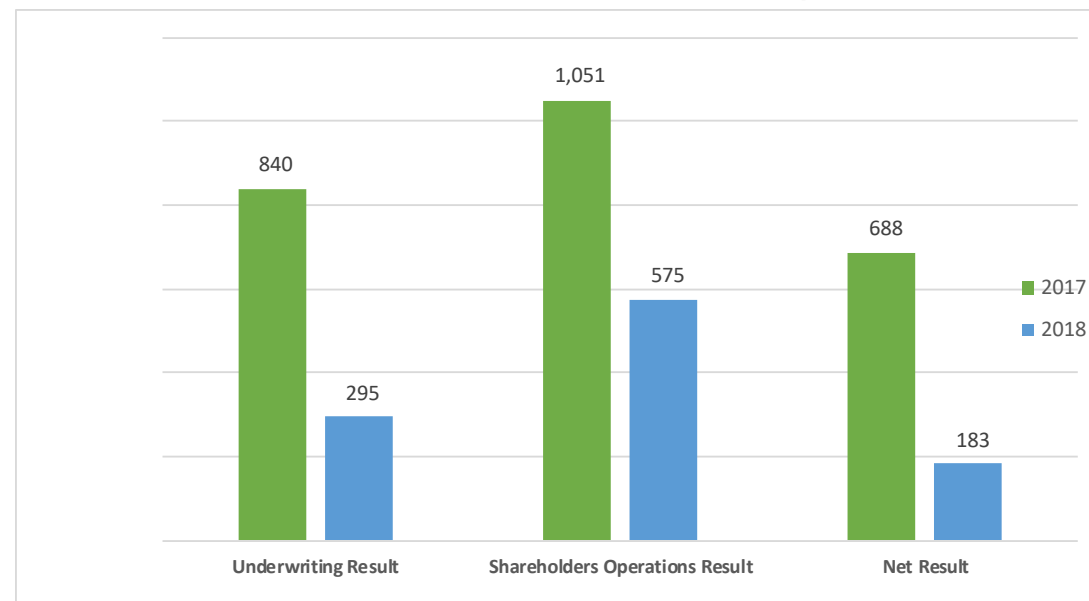




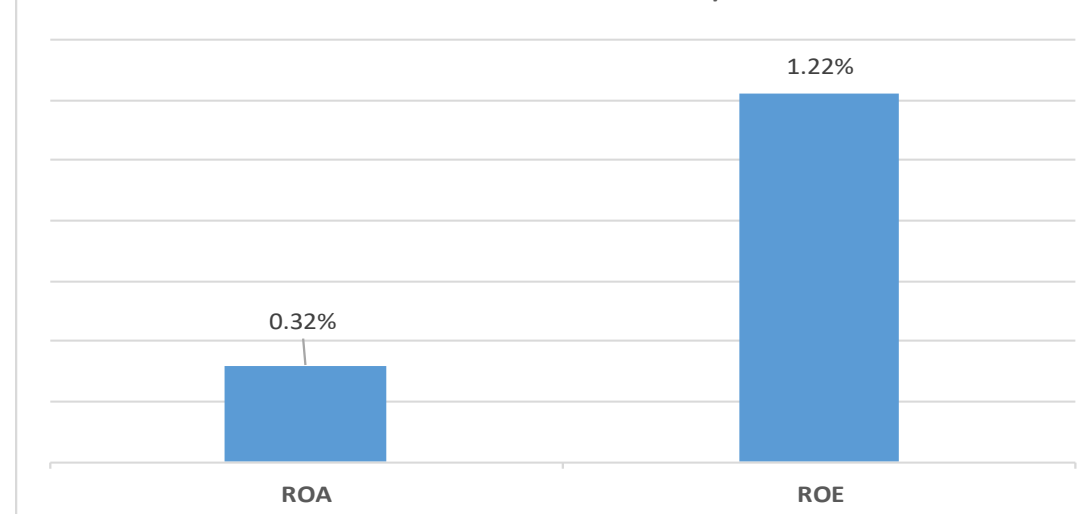
## Market Profitability

- Underwriting result is equal to insurance revenues including insurance investment income minus related insurance expenses.
- Shareholders operations Results includes the share of shareholders from underwriting result and the shareholder investment income minus others G&A expense.
- The net result is equal to the sum of revenues minus the sum of expenses and Zakat & Tax.
- In 2018, the underwriting result decreased to SR 295 million, compared to 840 million in 2017.
- Shareholders operations results decreased to SR 575 million in 2018, compared to SR 1,051 million in 2017.
- The insurance market's net result declined to 183 million in 2018, compared to SR 688 million in 2017.
- Return on Assets (ROA) is the ratio of net result to total assets. In 2018, insurance market's ROA was 0.32%
- Return on Equity (ROE) is the ratio of net result to total equity. In 2018, Insurance market's ROE was 1.22%

Insurance Market Profitability



Insurance Market ROA/ROE



## Balance Sheet - Policyholders' Assets

- At the end of 2018 insurance companies held SR 5.3 Billion in cash and cash equivalents in their policyholders' accounts compared to SR 5.5 Billion in 2017
- Investments accounted for the largest share of policyholders' assets, with a value of SR 15.3 Billion in 2018 compared to SR 15.4 Billion in 2017
- Total Policyholders' assets amounted to SR 41.1 Billion in 2018 compared to SR 41.2 Billion in 2017

	General and Health Insurance		Protection and Savings Insurance		Total Insurance	
	2017	2018	2017	2018	2017	2018
Cash and cash equivalents	5,264,564	5,107,189	231,908	220,542	5,496,472	5,327,731
Receivables, net	7,688,326	6,857,595	171,350	120,823	7,859,676	6,978,418
Reinsurance recoverables	7,583,680	8,505,915	380,814	412,569	7,964,494	8,918,484
Deferred policy acquisition cost	802,215	776,887	3,444	3,149	805,658	780,036
Prepaid expenses	874,206	970,851	3,698	2,042	877,904	972,893
<b>Investments</b>	<b>12,556,920</b>	<b>12,553,051</b>	<b>2,848,046</b>	<b>2,743,164</b>	<b>15,404,966</b>	<b>15,296,215</b>
Deposits at financial institutions	9,004,633	9,203,094	23,401	15,458	9,028,034	9,218,552
Loans	-	-	-	-	-	-
Debt securities and fixed income	2,738,460	2,681,152	28,728	-	2,767,188	2,681,152
Shares (common, preferred)	92,794	208,970	-	-	92,794	208,970
Real estate	9,861	9,861	-	-	9,861	9,861
Investment in subsidiaries & affiliate	-	-	1,069,813	1,044,975	1,069,813	1,044,975
Other	711,172	449,974	1,726,104	1,682,731	2,437,277	2,132,705
<b>Tangible assets</b>	<b>419,229</b>	<b>413,813</b>	<b>5,809</b>	<b>1,972</b>	<b>425,038</b>	<b>415,785</b>
<b>Intangible assets</b>	<b>24,950</b>	<b>52,905</b>	<b>-</b>	<b>2,347</b>	<b>24,950</b>	<b>55,252</b>
<b>Other policyholders assets</b>	<b>2,252,767</b>	<b>2,361,099</b>	<b>118,625</b>	<b>54,763</b>	<b>2,371,392</b>	<b>2,415,861</b>
<b>Total</b>	<b>37,466,856</b>	<b>37,599,304</b>	<b>3,763,694</b>	<b>3,561,370</b>	<b>41,230,550</b>	<b>41,160,675</b>

\* Other investments consists mainly of investments in funds related to saving products

## Balance Sheet - Shareholders' Assets

- At the end of 2018, insurance companies' shareholders held SR 2.7 Billion in cash and cash equivalents compared to SR 2.4 Billion in 2017
- Investments accounted for the largest share of shareholders' assets, with a value of SR 13.3 Billion in 2018 compared to SR 12.7 Billion in 2017
- Shareholders' assets amounted to SR 17.4 Billion in 2018 compared to SR 17.9 Billion in 2017
- Insurance companies' total assets amounted to SR 58.5 Billion in 2018 compared to SR 59.1 Billion in 2017

	2017	2018
Cash and cash equivalents	2,451,944	2,759,936
Receivables, net	5,606	7,596
Investments	12,716,063	13,367,883
Deposits at financial institutions	6,820,310	7,329,389
Loans	-	-
Debt securities and fixed income	3,083,525	3,461,761
Shares (common, preferred)	914,727	1,048,308
Real estate	6,997	6,832
Investment in subsidiaries & affiliates	255,192	309,828
Other	1,635,312	1,211,766
Tangible assets	215,759	170,454
Accrued interest, rent, income	148,359	90,634
Intangible assets	762,470	339,874
Distributions due from policyholders account	973,558	559,776
Other shareholders assets	597,893	93,051
<b>Total Shareholders Assets</b>	<b>17,871,653</b>	<b>17,389,204</b>
<b>Total Assests</b>	<b>59,102,203</b>	<b>58,549,879</b>

## Balance Sheet - Policyholders' Liabilities and Equity

- At the end of 2018, insurance companies held SR 30.9 Billion in technical reserves, which consist of unearned premiums, outstanding claims, IBNR and adjustment expense reserves compared to SR 30 .1 Billion in 2017
- Mathematical reserves amounted to SR 2.9 Billion in 2018 compared to SR 3.0 Billion in 2017
- Policyholders' liabilities and equity amounted to SR 41.1 Billion in 2018 compared to SR 41.2 Billion in 2017

	General and Health Insurance		Protection and Savings Insurance		Total Insurance	
	2017	2018	2017	2018	2017	2018
<b>Total Policyholders liabilities</b>	37,062,912	37,293,047	3,712,312	3,524,111	40,775,223	40,817,158
Policyholders payables	647,065	659,629	1,698	9,172	648,763	668,801
Reinsurance balances payable	1,574,625	1,110,176	113,213	107,641	1,687,839	1,217,817
<b>Technical reserves</b>	29,812,991	30,585,317	374,519	406,783	30,187,510	30,992,100
Unearned premium	15,536,113	15,033,581	84,626	84,570	15,620,739	15,118,151
Outstanding claims, IBNR and adjustment expenses	14,276,878	15,551,737	289,893	322,212	14,566,771	15,873,949
<b>Mathematical reserves</b>	-	13,604	3,093,654	2,902,851	3,093,654	2,916,455
<b>Other reserves</b>	333,355	408,042	2,994	1,292	336,349	409,334
Unearned reinsurance commissions	272,591	223,443	4,709	3,094	277,300	226,538
Accrued expense and deferred income	2,360,697	2,994,152	45,446	56,693	2,406,143	3,050,845
Declared dividend payable	111,566	-	-	-	111,566	-
Distribution due to shareholders account	919,725	578,290	53,833	18,177	973,558	596,467
Other policyholders liabilities	1,030,295	720,394	22,246	18,408	1,052,541	738,802
Accumulated surplus	392,471	299,088	51,382	55,579	443,853	354,667
<b>Total Policyholders liabilities and Equity</b>	37,455,382	37,592,135	3,763,694	3,579,690	41,219,076	41,171,825

## Balance Sheet - Shareholders' Liabilities and Equity

- At the end of 2018, shareholders' liabilities decreased to SR 2.4 Billion from SR 3.1 Billion in 2017 while shareholders' equity increased to SR 14.9 Billion in 2018 compared to SR 14.7 Billion in 2017
- Share capital increased to SR 11.8 Billion in 2018 compared to SR 11.3 Billion in 2017
- Shareholders' liabilities and equity decreased to SR 17.3 Billion in 2018 compared to SR 17.8 Billion in 2017

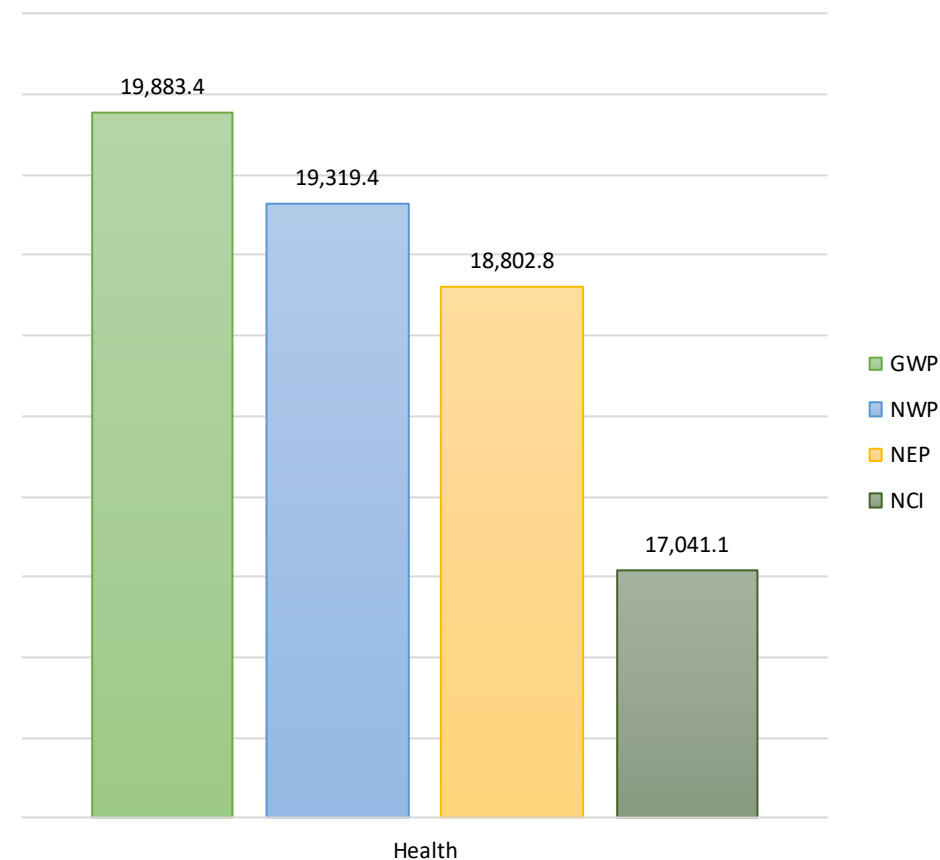
	2017	2018
<b>Total Shareholders liability</b>	<b>3,150,867</b>	<b>2,399,505</b>
Sharholders payables	475,038	535,538
Zakat	882,129	1,019,844
Accrued expenses and deferred income	181,097	166,861
Other shareholders liabilities	1,612,603	677,262
<b>Total Shareholders equity</b>	<b>14,732,260</b>	<b>14,978,548</b>
Share capital	11,358,667	11,826,667
Statutory reserves	2,112,089	2,297,414
Retained earnings	1,331,334	966,057
Other shareholders equity	(69,830)	(111,591)
<b>Total Sharholders Liabilities &amp; Equity</b>	<b>17,883,127</b>	<b>17,378,053</b>
<b>Total Liabilities &amp; Equity</b>	<b>59,102,203</b>	<b>58,549,878</b>



# Insurance Market Performance By Line of Business

## Health Insurance

- Health insurance, which includes both compulsory and non-compulsory lines, accounted for 56.8% of the 2018 total market gross written premiums (GWP) with SR 19.9 Billion in underwritten premiums
- Health insurance accounted for 64.3% of the market's net written premiums (NWP) as insurance companies retained SR 19.3 Billion of their Health insurance GWP, which was the highest of all business lines representing a 97.2% retention ratio
- Health insurance's net earned premiums (NEP) registered SR 18.8 Billion, representing 63.0% out of the market earned premiums
- Health insurance's net claims incurred (NCI) amounted to SR 17.0 Billion, and resulted in a loss ratio of 90.6%



% Total	GWP	NWP	NEP	NCI
	56.8%	64.3%	63.0%	69.9%

Retention Ratio
97.2%

Loss Ratio
90.6%

## Protection and Savings Insurance

- Protection and Savings insurance's GWP totaled SR 1.1 Billion in 2018, which represent a 3.1% contribution to the market's total business volume
- Protection and Savings insurance accounted for 2.6% of the market's NWP, as insurance companies retained SR 794.8 Million of GWP
- Protection and Savings insurance's NEP registered SR 634.6 Million, which represents a share of 2.1% of total NEP
- Protection and Savings insurance accounted for 1.5% of total market's NCI in 2018 and amounted to SR 357.5 Million



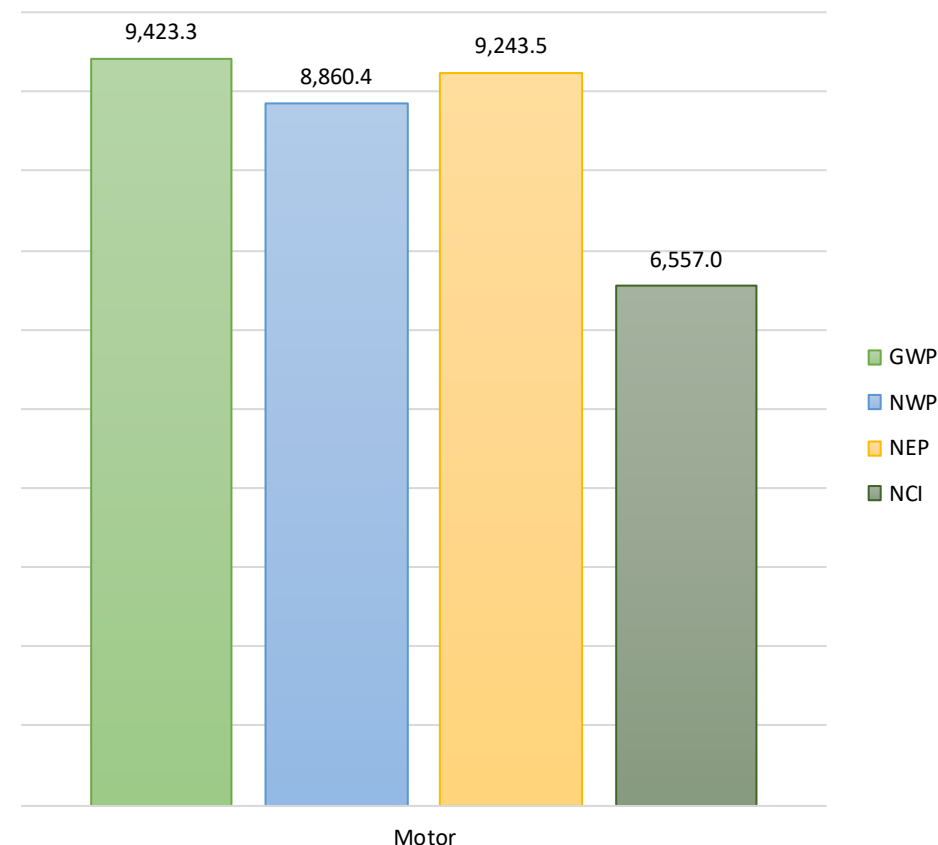
% Total	GWP	NWP	NEP	NCI
	3.1%	2.6%	2.1%	1.5%

Retention ratio and loss ratio are not shown due to the savings part of the premium which distorts the ratios



## Motor Insurance

- Motor insurance's GWP totaled SR 9.4 Billion in 2018, which represent a 26.9% share of total market GWP
- Insurance companies retained 94.0% of their Motor underwritten premiums .Motor insurance NWP totaled SR 8.8 Billion
- Motor insurance's NEP amounted to SR 9.24 Billion and accounted for 31.0% of the insurance market's NEP
- Insurance companies recorded SR 6.5 Billion in Motor insurance's NCI and resulted in a loss ratio of 70.9%



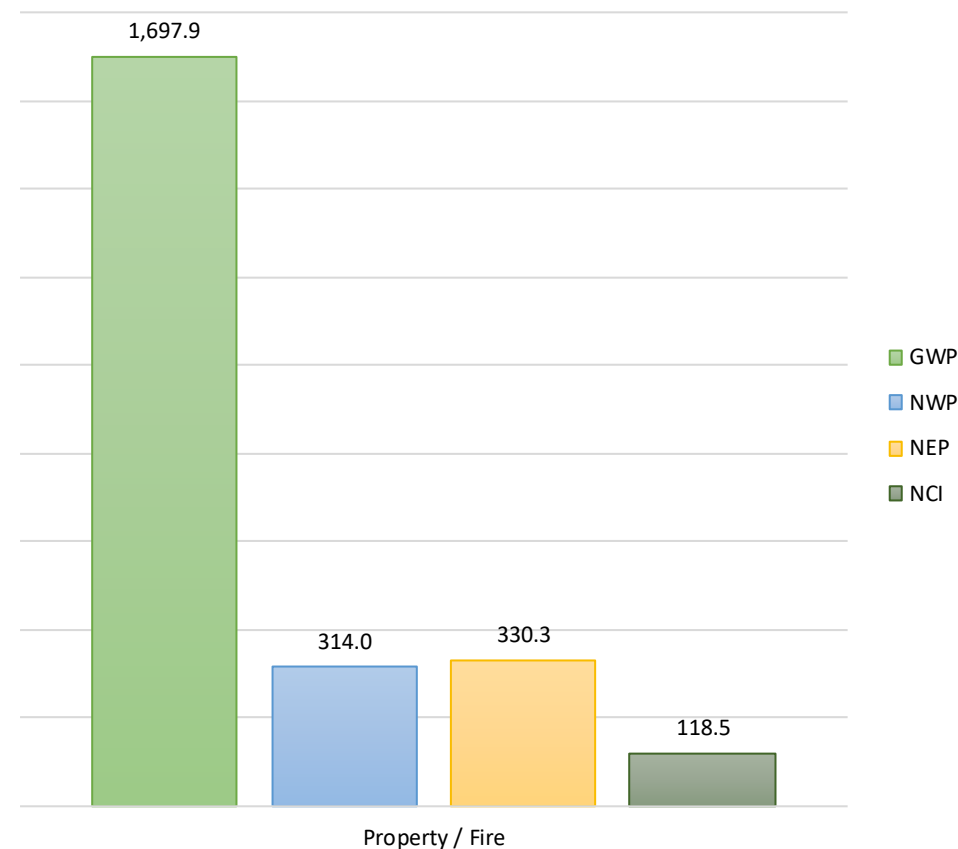
% Total	GWP	NWP	NEP	NCI
	26.9%	29.5%	31.0%	26.9%

Retention Ratio
94.0%

Loss Ratio
70.9%

## Property/ Fire Insurance

- Property/ Fire insurance's GWP totaled SR 1.6 Billion in 2018, which represent a 4.8% share of total market GWP
- Insurance companies retained 18.5% of their Property/ Fire insurance premiums, as the business line's NWP amounted to SR 314.0 Million. Property/ Fire insurance contributed 1.1% to total market NWP in 2018
- Property/ Fire insurance's NEP registered SR 330.3 Million
- Insurance companies recorded SR 118 Million in Property/ Fire insurance's NCI, and resulted in a loss ratio of 35.9%



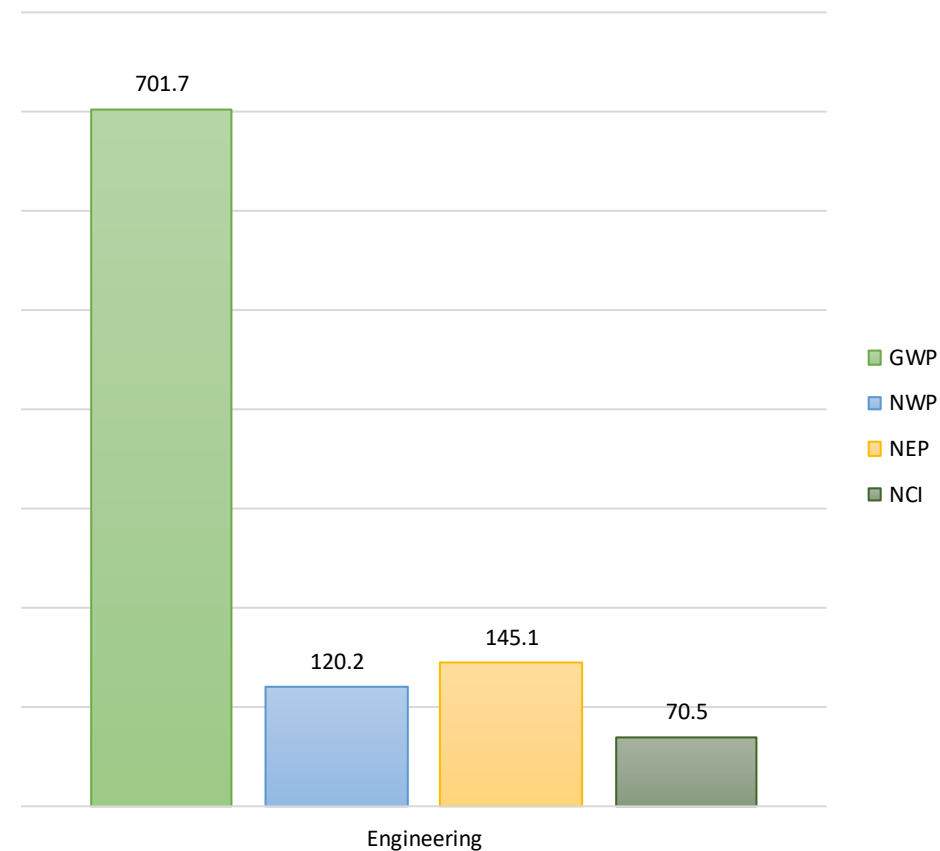
% Total	GWP	NWP	NEP	NCI
	4.8%	1.05%	1.1%	0.5%

Retention Ratio
18.5%

Loss Ratio
35.9%

## Engineering Insurance

- Engineering insurance's GWP totaled SR 701.7 Million in 2018, which represent a 2.0% contribution to total market GWP
- Insurance companies retained 17.1% of their Engineering underwritten premiums. Engineering insurance NWP registered SR 120.2 Million
- Engineering insurance NEP amounted to SR 145.1 Million and accounted for 0.5% of the insurance market's NEP
- Engineering insurance recorded a loss ratio of 48,6%, with NCI, totaling SR 70.5 Million



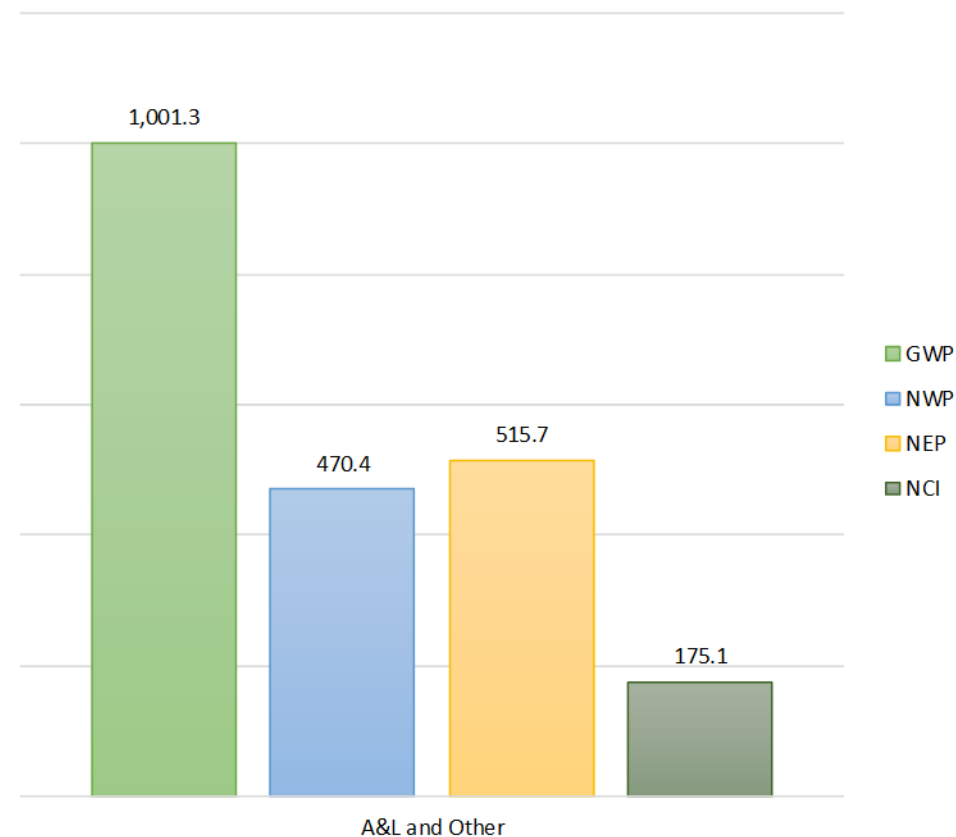
% Total	GWP	NWP	NEP	NCI
	2.0%	0.4%	0.5%	0.3%

Retention Ratio
17.1%

Loss Ratio
48.6%

## A&L and Other Insurance

- Accident and Liability (A&L) insurance includes the following lines of business: personal accident, work related, employer’s liability, third party liability, general liability, product liability, medical liability, professional liability, theft & burglary, fidelity, safe burglary inside the premises and in transit and other liability products
- Insurance companies underwrote SR 1.0 Billion in A&L and Other general insurance premiums in 2018
- Insurance companies retained SR 470.4 Million of A&L and Other general insurance underwritten premiums, with a 47.0% retention ratio
- A&L and Other general insurance NEP totaled SR 515.7 Million, which represents a 1.7% contribution to market’s NEP
- Insurance companies recorded SR 175.1 Million in A&L and Other general insurance’s NCI, and resulted in a loss ratio of 34.0%



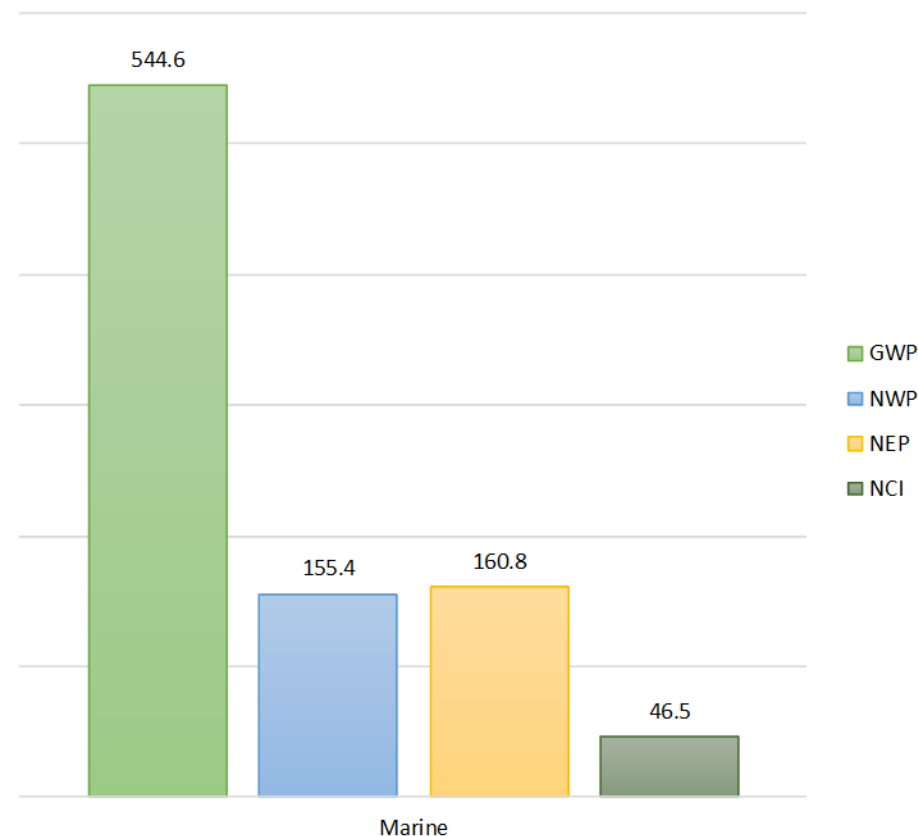
A&L and Other				
% Total	GWP	NWP	NEP	NCI
	2.9%	1.6%	1.7%	0.7%

Retention Ratio
47.0%

Loss Ratio
34.0%

## Marine Insurance

- The Marine insurance line of business includes both marine cargo and marine hull insurance
- Marine insurance GWP totaled SR 544.6 Million in 2018, which represents a 1.6% contribution to market's GWP
- Insurance companies retained 28.5% of their Marine insurance underwritten premiums, as the business line's NWP amounted to SR 155.4 Million
- Marine insurance's NEP recorded SR 160.8 Million, which represents a 0.5% share of market's NEP in 2018
- Marine insurance's NCI amounted to SR 46.5 Million. This resulted in a loss ratio of 28.9%



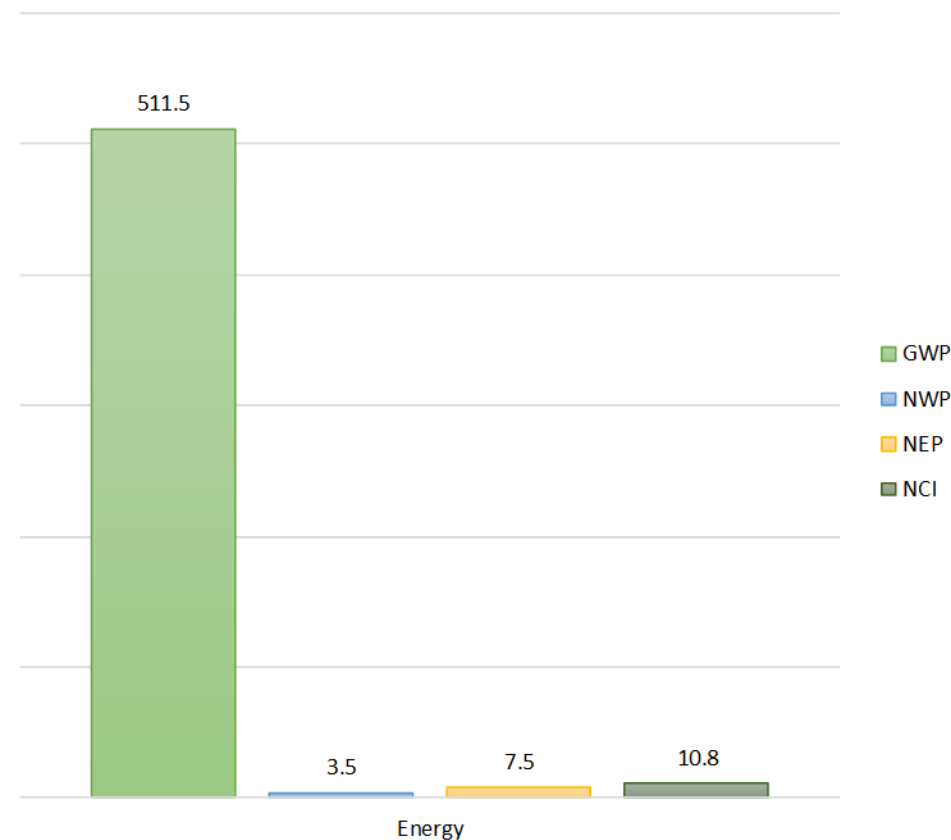
	GWP	NWP	NEP	NCI
% Total	1.6%	0.5%	0.5%	0.2%

Retention Ratio
28.5%

Loss Ratio
28.9%

## Energy Insurance

- In 2018, Energy insurance GWP totaled SR 511.5 Million, which represents a 1.5% share of total market's GWP
- Energy insurance NWP amounted to SR 3.5 Million, accounting for only 0.01% of the insurance market's NWP
- Energy insurance's NEP amounted to SR 7.5 Million, accounting for only 0.03% of the insurance market's NEP
- Energy insurance's NCI amounted to SR 10.8 Million. This resulted in a loss ratio of 143.7%



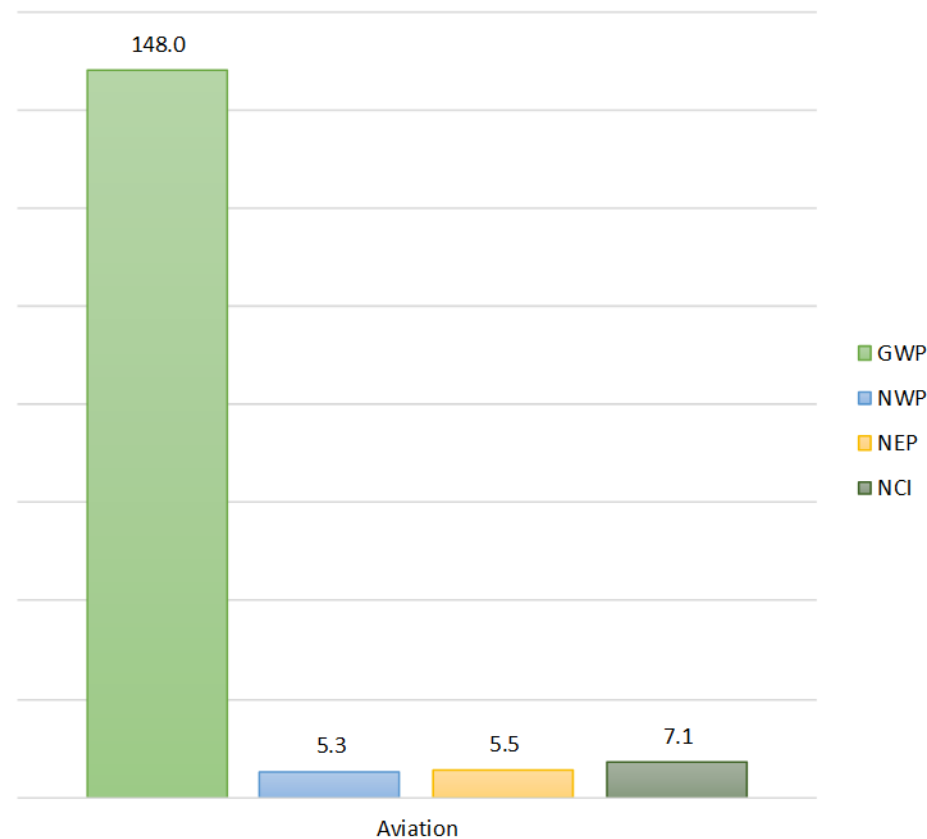
% Total	GWP	NWP	NEP	NCI
	1.5%	0.012%	0.03%	0.04%

Retention Ratio
0.7%

Loss Ratio
143.7%

## Aviation Insurance

- Aviation insurance GWP reached SR 148.0 Million in 2018, a 0.4% contribution to market's GWP
- NWP for Aviation insurance reached SR 5.3 Million, resulting in a retention ratio of 3.6%
- Aviation insurance's NEP totaled SR 5.5 Million, accounting for only 0.02% of the insurance market's NEP
- Aviation insurance's NCI amounted to SR 7.1 Million. This resulted in a loss ratio of 128.4%



% Total	GWP	NWP	NEP	NCI
	0.42%	0.02%	0.02%	0.03%

Retention Ratio
3.6%

Loss Ratio
128.4%

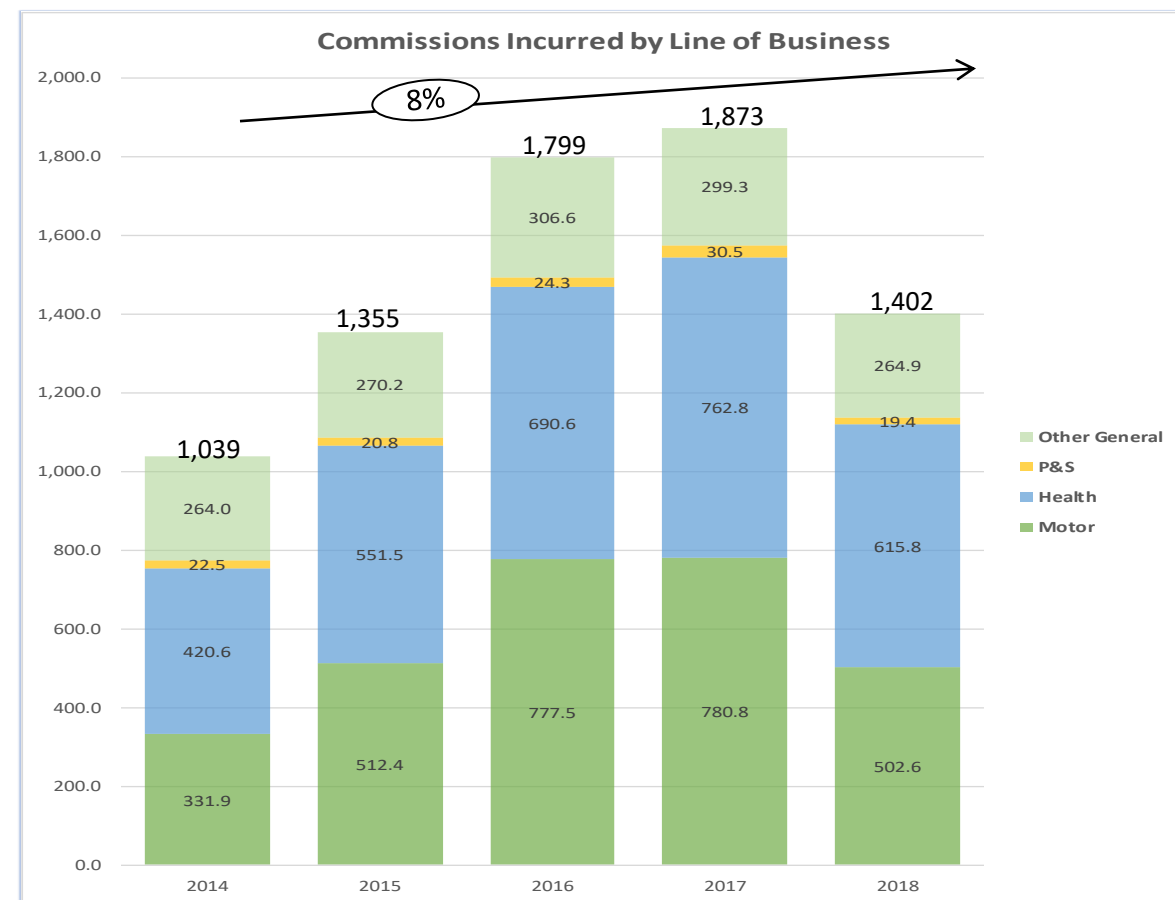


## Other Market Indicators



## Gross Commissions Incurred by Line of Business

- Total commissions incurred amounted to SR 1.4 Billion in 2018, compared to SR 1.8 Billion in 2017, which represents a decrease of 25.1%
- General insurance related commissions accounted for 54.7% of total commissions incurred in 2018
- Health insurance's share of total commissions incurred represented 43.9% in 2018
- Protection and Savings insurance's commissions incurred was 1.4% of total commissions incurred in 2018



	Motor	Health	Property / Fire	A&L and Other	Engineering	Marine	P&S	Aviation	Energy
% Growth	(35.6)%	(19.3)%	(11.8)%	1.6%	(28.9)%	(16.9)%	(36.4)%	20.8%	8.8%
% Total	35.8%	43.9%	7.4%	6.2%	2.6%	2.6%	1.4%	0.1%	0.1%

## Employees Breakdown by Nationality

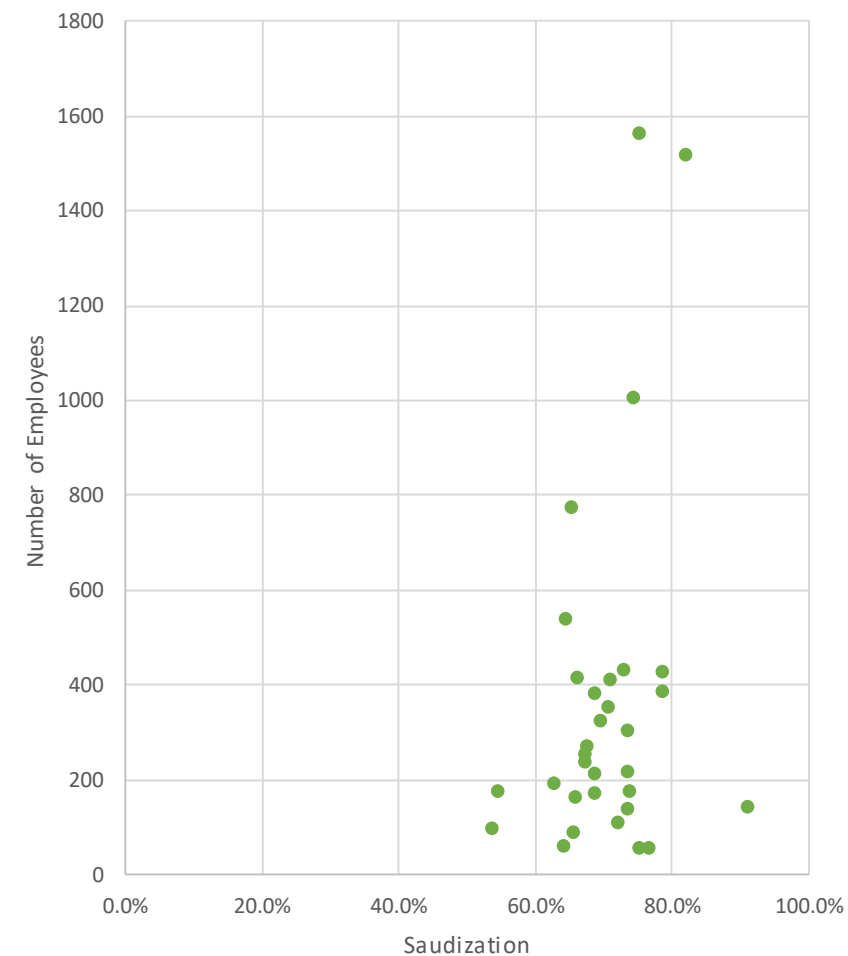
- The total number of insurance companies' employees in Saudi Arabia reached 11,726 in 2018, compared to 11,272 in 2017
- The ratio of Saudi nationals employed by insurance companies in 2018 increased to 72.3% of the total workforce
- The Saudization ratio for non-managerial positions increased to 76.0%, while the Saudization ratio for managerial positions increased to 55.0%
- Note: A newly licensed insurance company is required to adhere to a Saudization ratio of 30% at the end of its first year of operation and shall increase the ratio annually, according to its Saudization plan (as per Article 79 of the Implementing Regulations)

Nationality	2017		2017 Total	2018		2018 Total
	Non-Managerial	Managerial		Non-Managerial	Managerial	
Saudi	6,765	984	7,749	7,418	1,065	8,483
Other Arab	1,042	226	1,268	1,135	507	1,642
Other Non-Arab	1,474	781	2,255	1,226	375	1,601
<b>Total</b>	<b>9,281</b>	<b>1,991</b>	<b>11,272</b>	<b>9,779</b>	<b>1,947</b>	<b>11,726</b>

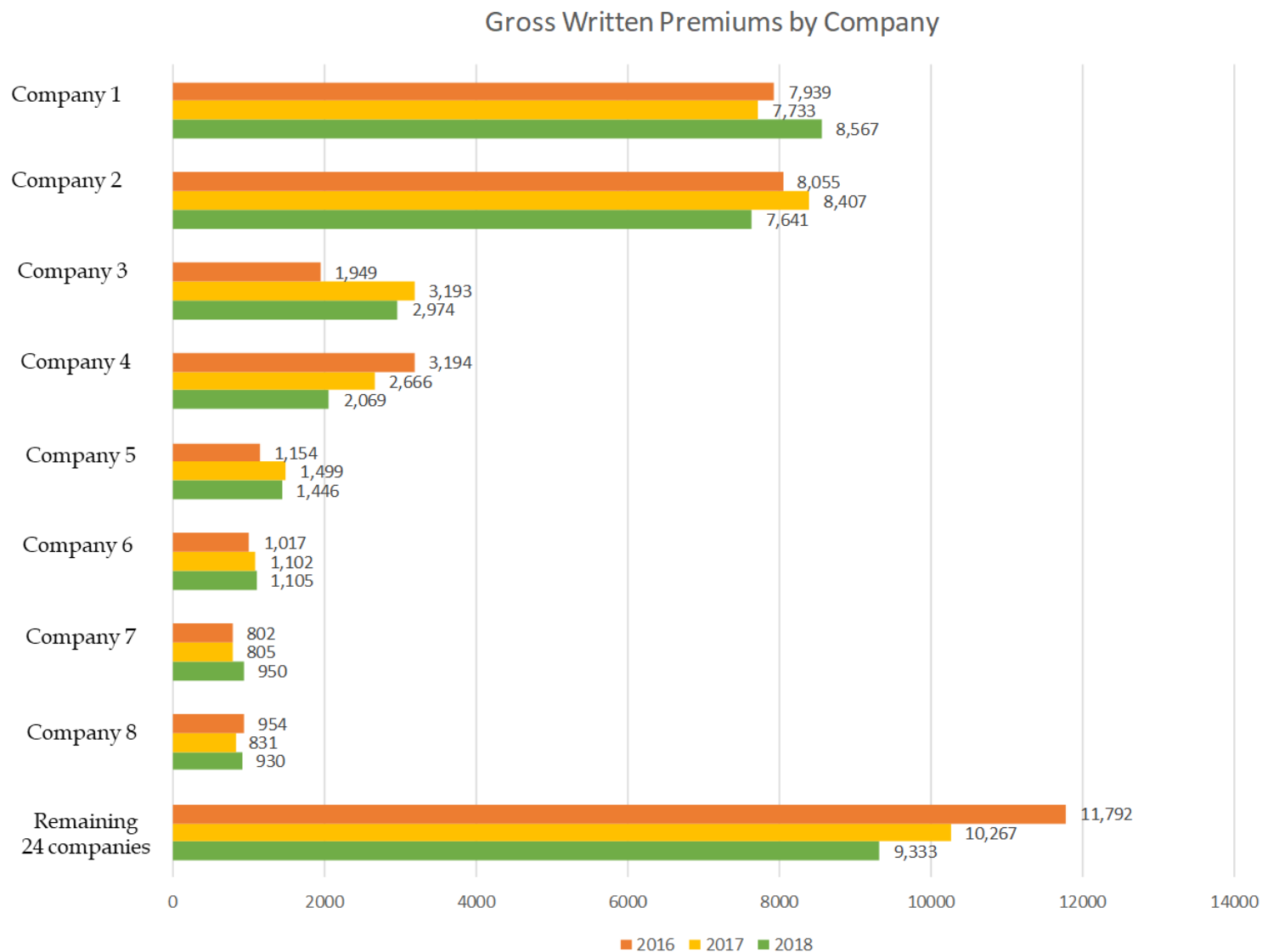
Saudization Ratio	73%	49%	69%	76%	55%	72%
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Number of Employees vs. Saudization Ratio



## Insurance Market Structure

- In 2018, the top 8 insurance companies generated 73.4% of the insurance market's GWP
- The remaining 24 insurance companies included in the report accounted for the remaining 26.6% of total market premiums



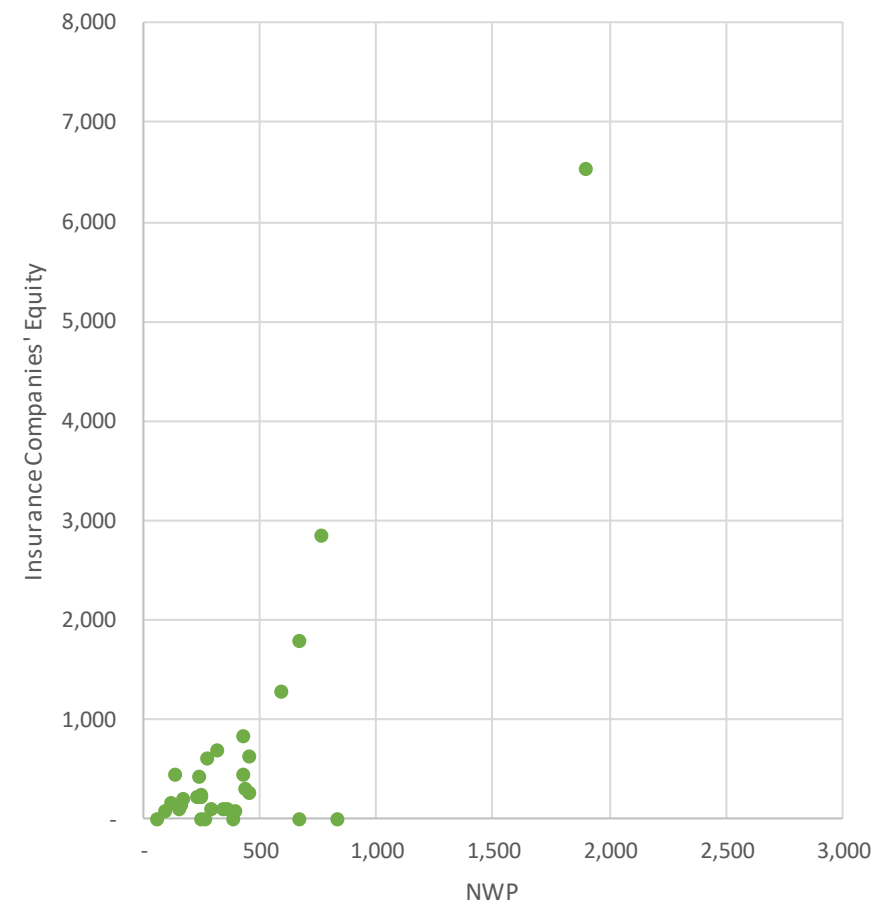
## Capitalization of Insurance Companies

- Insurance companies' equity increased from SR 14.7 Billion at the end of 2017 to SR 14.9 Billion at the end of 2018

Notes: 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 undertake insurance and reinsurance activities

Shareholders' Equity	Number of Companies
500 M and Above	7
200 M to 500 M	18
150 M to 200 M	3
100 M to 150 M	2
50 M to 100 M	2

Insurance Companies' Equity vs. NWP





# Appendix: Data Tables

## Table 1: Gross Written Premiums by Line of Business (2014 to 2018)

Line of Business	2014		2015		2016		2017		2018		Change
	SR Million	%	SR Million	%	SR Million	%	SR Million	%	SR Million	%	
<b>General Insurance</b>	13,857.4	45.5%	16,493.8	45.2%	17,173.7	46.6%	16,327.4	44.7%	14,028.4	40.1%	(14.1)%
A&L and Other	1,079.4	3.5%	1,093.1	3.0%	1,049.5	2.8%	1,054.2	2.9%	1,001.3	2.9%	(5.0)%
Motor	8,026.2	26.3%	10,799.2	29.6%	12,158.4	33.0%	11,136.4	30.5%	9,423.3	26.9%	(15.4)%
Property / Fire	1,923.2	6.3%	1,961.9	5.4%	1,825.8	5.0%	1,708.5	4.7%	1,697.9	4.8%	(0.6)%
Marine	811.4	2.7%	726.2	2.0%	634.1	1.7%	621.8	1.7%	544.6	1.6%	(12.4)%
Aviation	140.4	0.5%	146.6	0.4%	139.7	0.4%	134.9	0.4%	148.0	0.4%	9.7%
Energy	442.7	1.5%	562.6	1.5%	457.8	1.2%	739.0	2.0%	511.5	1.5%	(30.8)%
Engineering	1,434.1	4.7%	1,204.0	3.3%	908.4	2.5%	932.4	2.6%	701.7	2.0%	(24.7)%
<b>Health Insurance</b>	15,720.5	51.6%	18,966.8	52.0%	18,630.3	50.5%	19,035.5	52.1%	19,883.4	56.8%	4.5%
<b>P&amp;S Insurance</b>	904.4	3.0%	1,035.7	2.8%	1,051.4	2.9%	1,140.3	3.1%	1,102.7	3.1%	(3.3)%
<b>Total</b>	30,482.2	100.0%	36,496.3	100.0%	36,855.3	100.0%	36,503.2	100.0%	35,014.5	100.0%	(4.1)%

## Tables 2 & 3: Insurance Penetration and Density (2014 to 2018)

Table 2: Insurance Penetration ( % )						
Line of Bussines	2014	2015	2016	2017	2018	% Change
General Insurance	0.49%	0.67%	0.72%	0.64%	0.48%	(24.7)%
Health Insurance	0.56%	0.77%	0.78%	0.74%	0.68%	(8.5)%
Protection Insurance	0.03%	0.04%	0.04%	0.04%	0.04%	(15.3)%
<b>Total</b>	<b>1.08%</b>	<b>1.49%</b>	<b>1.54%</b>	<b>1.42%</b>	<b>1.19%</b>	<b>(16.0)%</b>

Table 3: Insurance Density (SR)						
Line of Bussines	2014	2015	2016	2017	2018	% Change
General Insurance	450.35	536.03	540.26	501.58	419.84	(16.3)%
Health Insurance	510.90	616.40	586.09	584.77	595.07	1.8%
Protection Insurance	29.39	33.66	33.08	35.03	33.00	(5.8)%
<b>Total</b>	<b>990.65</b>	<b>1,186.08</b>	<b>1,159.43</b>	<b>1,121.37</b>	<b>1,047.91</b>	<b>(6.6)%</b>

## Table 4: Net Written Premiums by Line of Business (2014 to 2018)

Line of Business	2014		2015		2016		2017		2018		Change
	SR Million	%	SR Million	%	SR Million	%	SR Million	%	SR Million	%	
<b>General Insurance</b>	8,950.2	36.8%	11,249.5	37.2%	11,931.8	38.7%	11,580.9	37.6%	9,929.2	33.0%	(14.3)%
A&L and Other	564.1	2.3%	527.3	1.7%	525.4	1.7%	506.3	1.6%	470.4	1.6%	(7.1)%
Motor	7,601.7	31.2%	9,912.4	32.7%	10,720.4	34.8%	10,388.2	33.7%	8,860.4	29.5%	(14.7)%
Property / Fire	315.8	1.3%	330.3	1.1%	272.7	0.9%	322.4	1.0%	314.0	1.0%	(2.6)%
Aviation	3.5	0.0%	2.9	0.0%	9.1	0.0%	5.7	0.0%	5.3	0.0%	(7.3)%
Marine	251.5	1.0%	248.9	0.8%	192.3	0.6%	172.4	0.6%	155.4	0.5%	(9.9)%
Energy	8.7	0.0%	11.1	0.0%	12.6	0.0%	17.2	0.1%	3.5	0.0%	(79.7)%
Engineering	204.9	0.8%	216.5	0.7%	199.2	0.6%	168.6	0.5%	120.2	0.4%	(28.7)%
<b>Health Insurance</b>	14,654.5	60.2%	18,189.1	60.1%	18,095.0	58.7%	18,411.6	59.7%	19,319.4	64.3%	4.9%
<b>P&amp;S Insurance</b>	729.6	3.0%	835.9	2.8%	820.6	2.7%	846.2	2.7%	794.8	2.6%	(6.1)%
<b>Total</b>	24,334.2	100.0%	30,274.5	100.0%	30,847.5	100.0%	30,838.7	100.0%	30,043.4	100.0%	(2.6)%



## Table 5: Retention Ratio by Line of Business (2014 to 2018)

Line of Bussine	2014	2015	2016	2017	2018	% Change
General Insurance	64.6%	68.2%	69.5%	70.9%	70.8%	(0.2)%
A&L and Other	52.3%	48.2%	50.1%	48.0%	47.0%	(2.2)%
Motor	94.7%	91.8%	88.2%	93.3%	94.0%	0.8%
Property / Fire	16.4%	16.8%	14.9%	18.9%	18.5%	(2.0)%
Marine	31.0%	34.3%	30.3%	27.7%	28.5%	2.9%
Aviation	2.5%	2.0%	6.5%	4.2%	3.6%	(15.5)%
Energy	2.0%	2.0%	2.8%	2.3%	0.7%	(70.6)%
Engineering	14.3%	18.0%	21.9%	18.1%	17.1%	(5.3)%
Health Insurance	93.2%	95.9%	97.1%	96.7%	97.2%	0.5%
Total	79.8%	83.0%	83.7%	84.5%	85.8%	1.6%

Retention ratios are not shown for Protection & Savings in this table 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 Incurred by Line of Business (2014 to 2018)

Line of Business	2014		2015		2016		2017		2018		Change
	SR Million	%	SR Million	%	SR Million	%	SR Million	%	SR Million	%	
<b>General Insurance</b>	<b>595.9</b>	<b>57.4%</b>	<b>782.6</b>	<b>57.8%</b>	<b>1,084.2</b>	<b>60.3%</b>	<b>1,080.0</b>	<b>57.7%</b>	<b>767.6</b>	<b>54.7%</b>	<b>(28.9)%</b>
A&L and Other	71.6	6.9%	70.9	5.2%	101.8	5.7%	85.0	4.5%	86.3	6.2%	1.6%
Motor	331.9	31.9%	512.4	37.8%	777.5	43.2%	780.8	41.7%	502.6	35.8%	(35.6)%
Property / Fire	90.9	8.7%	97.4	7.2%	109.2	6.1%	117.4	6.3%	103.6	7.4%	(11.8)%
Marine	51.5	5.0%	44.2	3.3%	39.3	2.2%	43.2	2.3%	35.9	2.6%	(16.9)%
Aviation	0.8	0.1%	1.0	0.1%	0.8	0.0%	1.1	0.1%	1.3	0.1%	20.8%
Energy	0.0	0.0%	0.0	0.0%	1.6	0.1%	1.1	0.1%	1.2	0.1%	8.8%
Engineering	49.2	4.7%	56.7	4.2%	53.9	3.0%	51.5	2.7%	36.6	2.6%	(28.9)%
<b>Health Insurance</b>	<b>420.6</b>	<b>40.5%</b>	<b>551.5</b>	<b>40.7%</b>	<b>690.6</b>	<b>38.4%</b>	<b>762.8</b>	<b>40.7%</b>	<b>615.8</b>	<b>43.9%</b>	<b>(19.3)%</b>
<b>P&amp;S Insurance</b>	<b>22.5</b>	<b>2.2%</b>	<b>20.8</b>	<b>1.5%</b>	<b>24.3</b>	<b>1.4%</b>	<b>30.5</b>	<b>1.6%</b>	<b>19.4</b>	<b>1.4%</b>	<b>(36.4)%</b>
<b>Total</b>	<b>1,039.0</b>	<b>100.0%</b>	<b>1,355.0</b>	<b>100.0%</b>	<b>1,799.0</b>	<b>100.0%</b>	<b>1,873.3</b>	<b>100.0%</b>	<b>1,402.8</b>	<b>100.0%</b>	<b>(25.1)%</b>

## Table 7: Gross Claims Paid by Line of Business (2014 to 2018)

Line of Business	2014		2015		2016		2017		2018		Change
	SR Million	%	SR Million	%	SR Million	%	SR Million	%	SR Million	%	
<b>General Insurance</b>	<b>8,417.0</b>	<b>41.4%</b>	<b>11,021.8</b>	<b>45.0%</b>	<b>11,101.4</b>	<b>42.6%</b>	<b>10,578.3</b>	<b>39.8%</b>	<b>8,978.6</b>	<b>33.0%</b>	<b>(15.1)%</b>
A&L and Other	207.1	1.0%	200.2	0.8%	240.7	0.9%	310.8	1.2%	263.3	1.0%	(15.3)%
Motor	6,069.0	29.9%	7,554.6	30.8%	9,059.4	34.8%	8,314.1	31.3%	6,929.8	25.4%	(16.7)%
Property / Fire	1,312.0	6.5%	2,367.0	9.7%	1,033.8	4.0%	961.1	3.6%	624.4	2.3%	(35.0)%
Marine	261.2	1.3%	216.2	0.9%	263.7	1.0%	207.7	0.8%	223.7	0.8%	7.7%
Aviation	7.1	0.0%	51.3	0.2%	92.6	0.4%	18.1	0.1%	123.8	0.5%	585.9%
Energy	1.2	0.0%	1.2	0.0%	53.2	0.2%	18.6	0.1%	356.8	1.3%	1820.2%
Engineering	559.4	2.8%	631.3	2.6%	358.0	1.4%	748.0	2.8%	456.8	1.7%	(38.9)%
<b>Health Insurance</b>	<b>11,567.2</b>	<b>56.9%</b>	<b>13,106.1</b>	<b>53.5%</b>	<b>14,547.8</b>	<b>55.8%</b>	<b>15,479.2</b>	<b>58.3%</b>	<b>17,628.9</b>	<b>64.7%</b>	<b>13.9%</b>
<b>P&amp;S Insurance</b>	<b>329.4</b>	<b>1.6%</b>	<b>389.7</b>	<b>1.6%</b>	<b>420.0</b>	<b>1.6%</b>	<b>498.5</b>	<b>1.9%</b>	<b>629.3</b>	<b>2.3%</b>	<b>26.2%</b>
<b>Total</b>	<b>20,313.7</b>	<b>100.0%</b>	<b>24,517.6</b>	<b>100.0%</b>	<b>26,069.2</b>	<b>100.0%</b>	<b>26,556.0</b>	<b>100.0%</b>	<b>27,236.8</b>	<b>100.0%</b>	<b>2.6%</b>

مؤسسة النقد العربي السعودي  
Saudi Arabian Monetary Authority

