



Insurance Insight – UAE

Volume 4

Industry pulse and
regulatory update

KPMG 2021 CEO
outlook pulse survey

Q1 2021 financial
performance

From our global desk

About Insurance Insight

Insurance Insight is a quarterly publication which provides an overview of major developments shaping the UAE's insurance industry. We seek to provide you with an engaging compilation of performance metrics and key trends relevant to the industry.

Industry pulse

- Insurance companies are integrating digital technologies across the value chain, e.g. by leveraging artificial intelligence-based scoring algorithms to offer one of the best policies
- Some insurance companies have signed deals aimed at automating back-end processes and expanding their customer base
- The motor insurance segment continues to witness a lower premium rate due to intense competition, changing consumer behavior and discounting regulation by the Central bank of the UAE (CBUAE)

Regulatory update

- CBUAE announced an exemption from rating requirements for reinsurance providers for a period of one year, to mitigate the impact of Covid-19 and the pressure on capacity
- As part of efforts to monitor driving behavior, the CBUAE has also announced plans to grant additional discounts on motor premiums for drivers with telematics technology installed
- Emirates Insurance Association has proposed to electronically link vehicle licensing authorities and insurers, primarily aimed at improving traffic safety

“ Insurance CEOs are very confident about their organization’s ability to grow. However, the path to growth has changed dramatically since the pandemic, with the customer now driving the growth agenda. As a result, the insurance industry is channeling more capital towards investments that improve the customer experience. ”

Adil Abid
Partner, Head of Insurance
KPMG Lower Gulf



“ Before CEOs make any critical decisions, they want to be confident that their workforce is protected against the Covid-19 virus. The vaccine rollout provides leaders with a dose of optimism as they prepare for the new reality. In addition, CEOs are scenario-planning for specific markets that may experience vaccine shortages—impacting operations, the supply chain, and people—leading to uneven economic recovery. ”

Abbas Basrai
Partner, Head of Financial Services
KPMG Lower Gulf

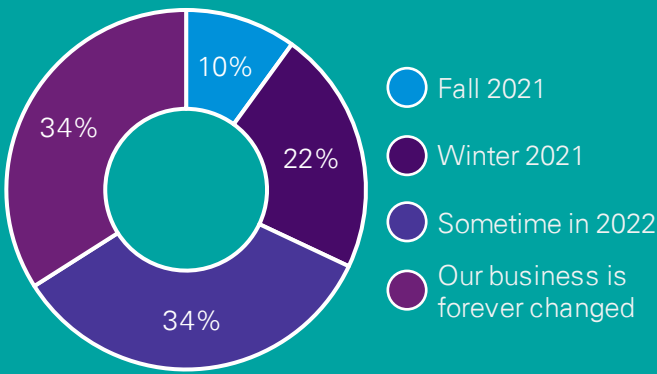


KPMG 2021 CEO outlook pulse survey - Insurance

Our 2021 pulse survey of 50 insurance CEOs in 9 key markets provides a timely snapshot of their views on business growth resumption, vaccine distribution, top-of-mind organizational risks, and business transformation priorities.

Pandemic response

When do CEOs envision that their company will return to a normal course of business?



9 out of 10 CEOs are eager to ensure **staff safety** by asking employees to notify the company when they have been **vaccinated**.

1/2 of insurance leaders are concerned that not all employees will have access to a **Covid-19 vaccine**, which may jeopardize their operations and competitive advantage.

Perspectives from insurance leaders

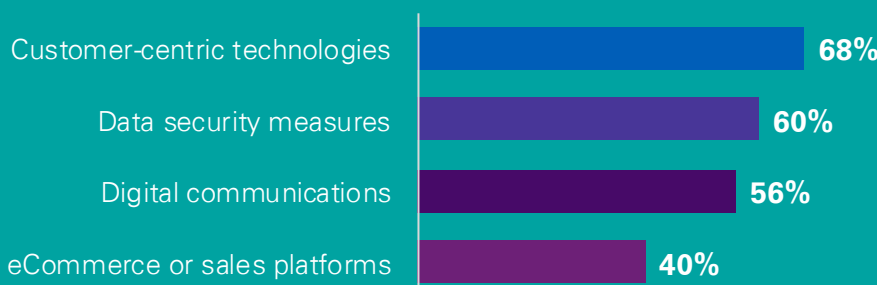
62% of insurance CEOs have an appetite for M&A.

Top drivers for investment

- On-board new digital technology to transform the customer experience/value proposition
- Increase market share
- Develop disruptive technologies that have potential to transform their operating model

Digital acceleration priorities

CEOs are planning to invest more in technologies such as



Customers and technology are key focus areas for insurers.

Source: [KPMG 2021 CEO Outlook Pulse](#)

Results snapshot for the three months to March 2021



Total assets increased
by **10.0%** to

USD 12.5 billion

Net profit after tax
increased by **34.7%** to

USD 137.4 million

Average premium
retention ratio
decreased by **1.3%** to

39.1%

Gross written
premium (GWP)
increased by **0.4%** to

USD 1.8 billion

Average loss ratio
decreased by **0.2%** to

55.5%

Insurance receivables
increased by **42.1%** to

USD 1.7 billion

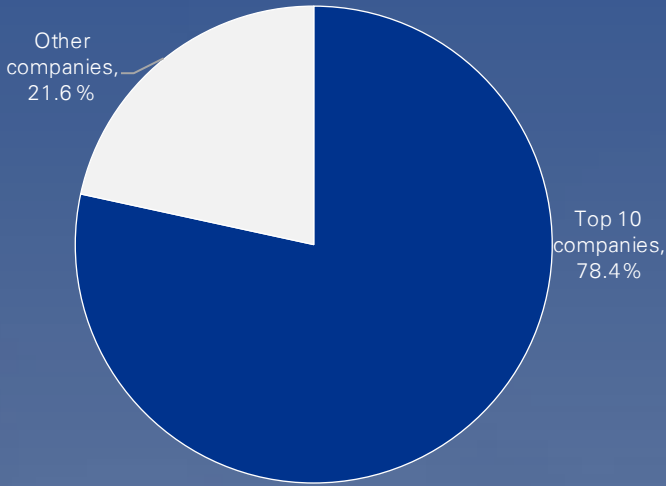
1. Representation based on top 10 listed UAE insurance companies by gross written premium (GWP) as of 31 March 2021
2. Net profit after tax, GWP, average premium retention ratio and loss ratio movements are in comparison to 31 March 2020 results
3. Total assets and insurance receivables movements are in comparison to YE 2020, as published in the Q1 2021 financial statements
4. Currency conversion rate used:
 - a) UAE dirham (AED)/USD [2021: 0.2722, 2020: 0.2722]

Insurance companies as of 31 March 2021 (1/3)

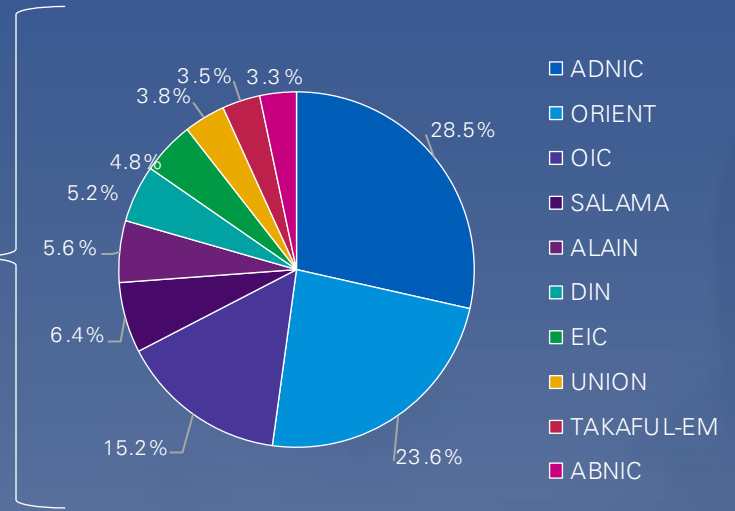
Gross written premium (GWP) market share Q1 2021

(Listed insurance companies)

Total GWP – US\$2.3 billion¹



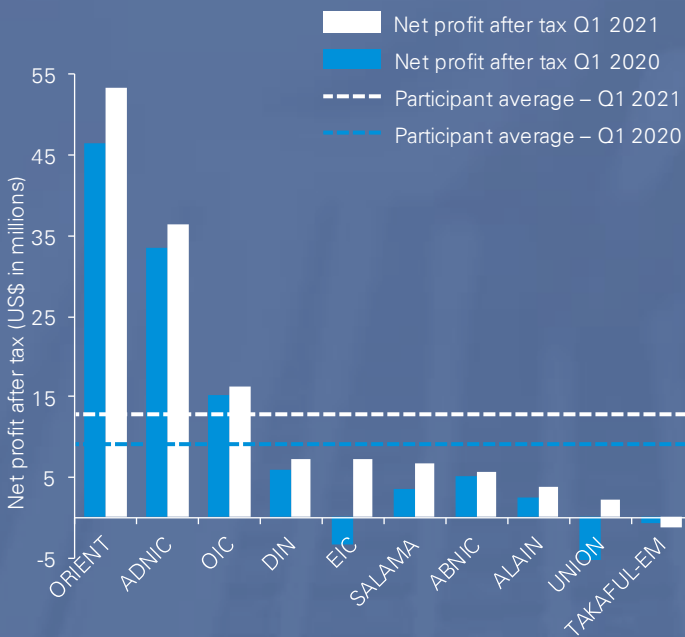
Total GWP – US\$1.8 billion²



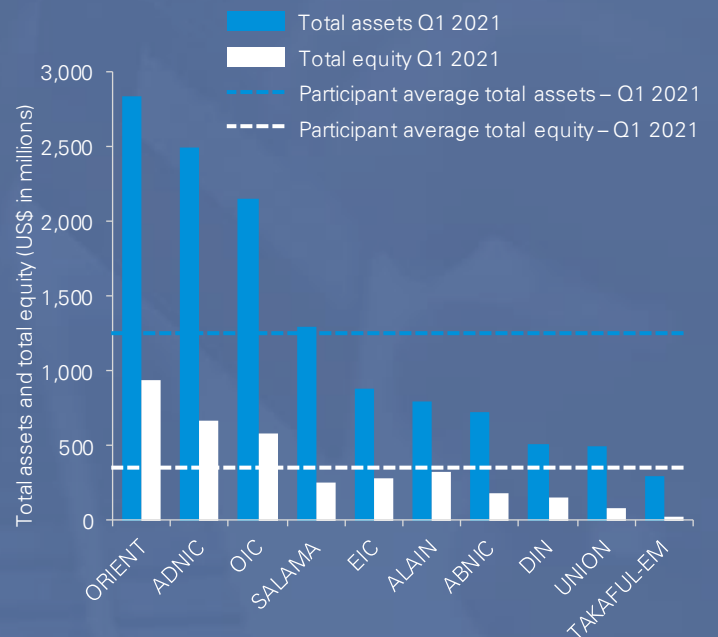
¹ Representation includes all the listed insurance companies in the UAE as of 31 March 2021

² Representation includes top 10 listed insurance companies in the UAE based on GWP as of 31 March 2021

Net profit after tax



Total assets and total equity



Legend:

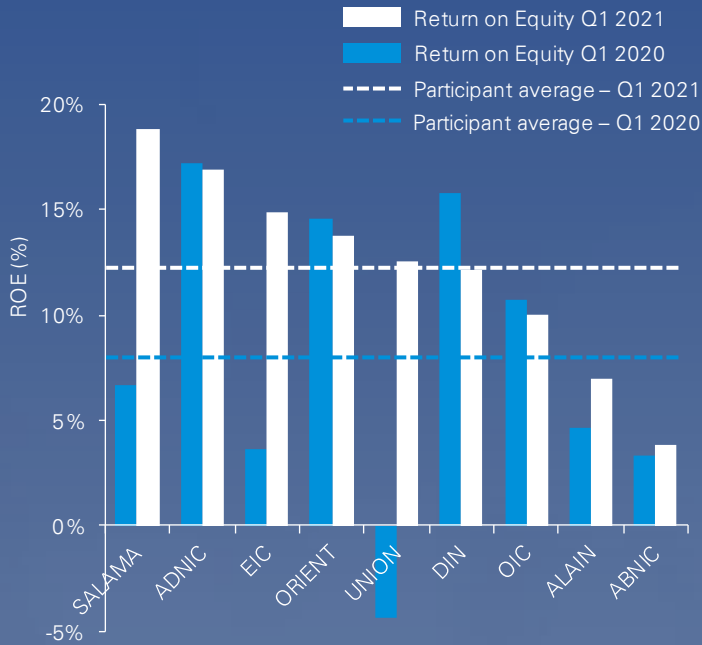
Orient Insurance Company	ORIENT
Abu Dhabi National Insurance Company	ADNIC
Oman Insurance Company	OIC

Al Ain Al Ahlia Insurance Company	ALAIN
Islamic Arab Insurance Company	SALAMA
Emirates Insurance Company	EIC

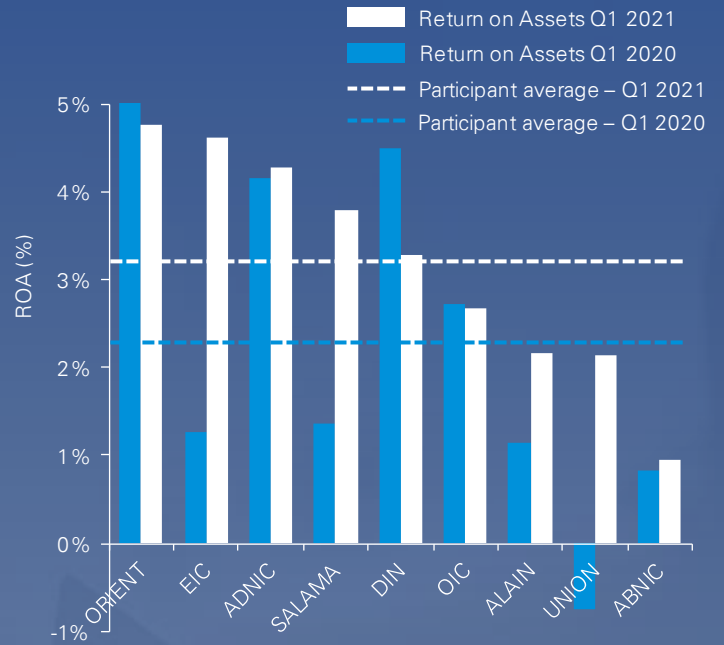
Al Buhaira National Insurance Company	ABNIC
Union Insurance Company	UNION
Dubai Insurance Company	DIN
Takaful Emarat	Takaful-EM

Insurance companies as of 31 March 2021 (2/3)

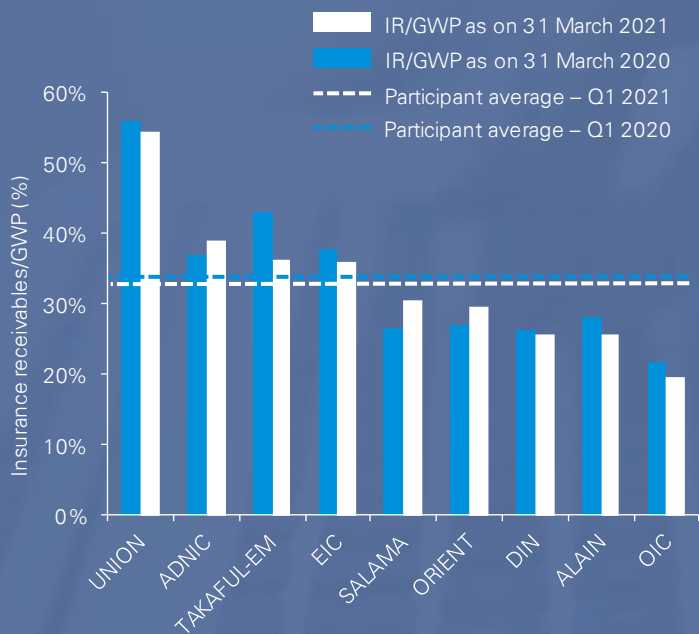
Return on equity (ROE)**



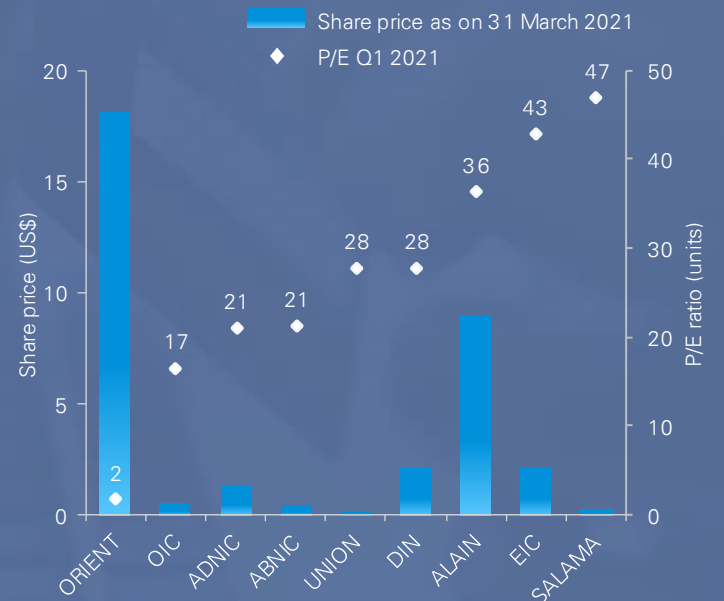
Return on assets (ROA)**



Insurance receivables (IR)/GWP**



Share price and price earnings ratio**

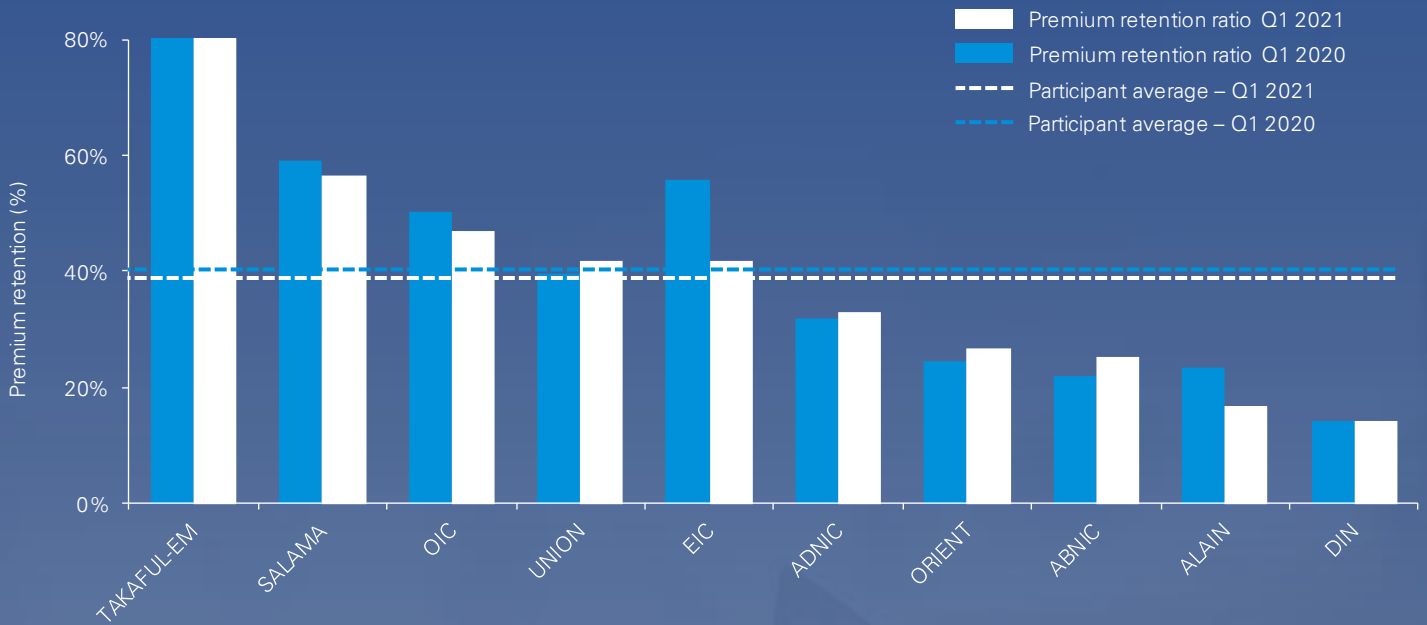


Glossary

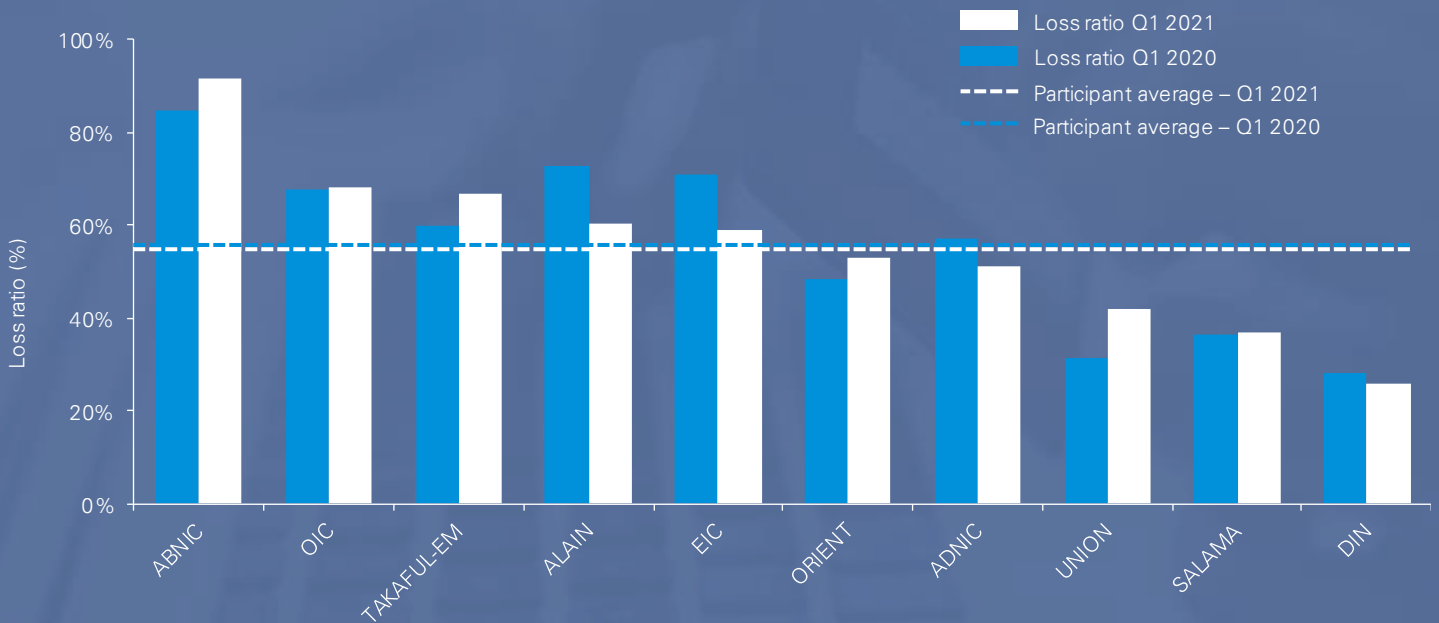
** **ROE** and **ROA** are the ratios of the last 12 months' net income after income tax to average total equity and average total assets respectively as of 31 March 2020 and 31 March 2021. **Insurance receivables/GWP** is the ratio of average insurance receivables over gross written premium of the last 12 months. **P/E ratio** is calculated as the closing share price as of 31 March 2021 quoted on EPS. Takaful-EM is not considered in share prices, P/E ratio, ROE and ROA due to significant deviation from other participants. ABNIC has not been considered in average insurance receivables/GWP due to significant deviation from other participants.

Insurance companies as of 31 March 2021 (3/3)

Premium retention ratio**



Loss ratio**



Glossary

** **Premium Retention Ratio** is calculated by netting reinsurance premium from gross written premium. **Loss ratio** is calculated by dividing net claims incurred to net earned premium.

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A more dynamic path to growth



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