The UAE Insurance Industry
2 August 2009
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Executive Summary

I. Scope of the report

This report caters to investors who are looking to invest in the UAE insurance sector (life and non-life). The primary focus of the report is on conventional (non-Islamic) insurers and factors that drive premium income and earnings growth, including opportunities, challenges and key trends facing the industry. The report also covers valuations, governance and liquidity of the major industry players.

II. Investment rationale

Notwithstanding the global recession, the UAE insurance industry’s long-term outlook remains positive. Although weakness in new car and home sales and construction project delays and cancellation will result in weaker growth in 2009 than over the past decade, we believe the sector will resume double digit growth rates in 2010 to 2012. The key factors underpinning the strong growth potential are (Chapter 7):

- Low insurance penetration. Regulation, greater affluence, growth in organized savings, greater availability of Takaful insurance products and changing consumer habits are some of the key drivers for spending on insurance products.

- Strong economic growth. Efforts to diversify local economies and greater investment in development of local economies (as opposed to investment abroad) than in the past.

- Favorable demographics.

We expect the UAE life and medical insurance industry to grow at a significantly faster pace than non-life insurance. Oman Insurance Company and Emirates Insurance Company are well placed to capitalize on this opportunity with 23.7% and 17.0% respectively of 2008 revenue accounted for by life premiums.

- Life and medical is growing faster than general insurance.

The UAE insurers are responding to slower growth in 2009 by ceding less business to reinsurance companies. This is the continuation of a long term trend that has seen the average ratio of ceded to retained premiums fall from about 61.3% in 2007 to about 56.4% in the second quarter of 2009. This trend signals greater sophistication and underwriting capacity of the UAE insurers, but also raises the question of the extent to which the insurers are equipped to handle the risks that are now retained, rather than passed on to reinsurance companies.

- The UAE insurers are responding to lower growth by ceding less business to reinsurance companies. In the second quarter of 2009 the ratio of ceded to retained premiums fell to an all time low of 56.4%.

While average growth in gross premium income was about 15.1% in the first and 0.8% in the second quarters of 2009, growth in net premium revenue (net of reinsurance and provisions for unearned premiums) was in excess of 20.0% in both the first and the second quarter. We view growth in gross premium income as a leading and growth in net premium revenue as a lagging indicator of growth.

- Gross premium income growth is slowing rapidly, while net premium income continues to grow fast, signaling slower revenue growth ahead in 2009.

The UAE insurers continue to perform very well in terms of underwriting performance (Chapter 2.1). The performance has been uneven however with about half the peer group reporting increasing and half decreasing underwriting profits over the past three years. Longer term, the average underwriting margin is on a declining path, although this remains very high by international standards. The decline is a reflection of rapid growth over the past few years and increasing competition. The earnings performance is also affected by cross-subsidization of unprofitable lines, such as 3rd party motor insurance.

- Very strong underwriting performance in the first half of 2009, but the long term trend points to greater competition.
All insurance companies surveyed, other than Arab Orient Insurance Company, have adopted very aggressive investment strategies, with an average of 65% of assets invested in equities and real estate, mostly locally (Chapter 2.1). This has resulted in very volatile investment returns, with significant losses incurred in 2006 and 2008. In the context of weak transparency and governance practices, we feel this approach is unappealing to potential investors, but at the same time presents a great opportunity to unlock shareholder value.

- Greater sophistication in investment strategy required.
- Higher asset allocation towards cash and bonds and less on equities and real estate. Better diversification of investments and higher allocation to international assets.

The UAE insurers are closely held and their stocks are inherently illiquid. The stocks are trading at relatively moderate valuations, similar to an international peer group (Chapter 3). The valuations are underpinned by strong growth and good underwriting performance, but hampered by aggressive investment strategies, lack of transparency and weak stock liquidity. We feel there is potential to unlock significant value by addressing relatively simple shortcomings in terms of investment strategy and transparency.

- Very illiquid stocks.
- Trading at an average P/E ratio of 13.7 times.
- Potential to unlock shareholder value by adopting more sophisticated investment strategy and providing greater transparency.

Conventional insurance continues to dominate the UAE market, but more and more players are also establishing Islamic compliant units (Chapter 8.1). We view exposure to Islamic insurance as a positive, given a somewhat higher growth rate than for conventional insurance, and favor players present in both segments, such as Arab Orient Insurance Company and Al Buhaira Insurance Company.

The UAE regulatory regime for the insurance industry is minimal. Significant changes are expected going forward however, with the introduction of a new regulatory body and the promise of a capital adequacy regime akin to Solvency II (Chapter 8.2). This should encourage more discipline in areas of investment strategy, underwriting, reinsurance and risk management. We believe the regulatory reform will also spur consolidation and cross boarder expansion, particularly into less penetrated markets in the MENA region, in the relatively fragmented industry.

Greater competition from foreign players entering the UAE market is encouraging local players to develop their distribution networks and strategies, enter into joint ventures with their bank counterparts (bancassurance), and place more emphasis on product development and innovation (Chapter 8.3).

We have identified the following key risks to investors in the UAE insurance industry (Chapter 9):

- Very high exposures to local equities and real estate and hence high earnings volatility.
- Weakening underwriting performance on the back of rapid growth, lack of claims history in some lines of insurance, shortage of qualified staff (e.g. actuaries) and cross-subsidy of unprofitable lines.
- Increasing competition and pressure on premiums.
- Construction project delays and cancellations particularly in Dubai.
- Increasing use of captive insurance.
- Weakness in governance and transparency.
1. Middle East Insurance Industry

1.1. Overview

The Middle East insurance industry is relatively small and underdeveloped, accounting for less than 0.7% of the global insurance market of US$4.27 trillion in 2008 (See chart 1).

![Chart 1: Global insurance market, 2008](image)

Source: Swiss Re, "Incl. newly industrialized Asian countries"

The average insurance penetration (gross premium written as a percentage of GDP) is very low at 1.5% compared to a global average of 7.1% (See chart 2), suggesting there is significant room for growth.

![Chart 2: Global insurance premiums and penetration](image)

Source: Swiss Re, "Incl. newly industrialized Asian countries"

Religious and cultural factors and lack of regulatory controls have historically suppressed the growth of the insurance sector in the Middle East. However, in the last decade the market has grown rapidly, faster than any other region of the world.

According to Swiss Re, non-life insurance premiums in the Middle East & Central Asia grew 10.7% in 1998 to 2007 and 3.1% in 2008, far outpacing the growth rate of 3.4% and -0.8% globally (See chart 3).

![Chart 3: Non-life insurance market growth (%)](image)

Source: Swiss Re, "Incl. newly industrialized Asian countries"

Life insurance premiums in the Middle East & Central Asia grew 6.0% in 1998 to 2007 and 9.3% in 2008, significantly higher than 4.1% and -3.5% globally (See chart 4).

![Chart 4: Life insurance market growth (%)](image)

Source: Swiss Re, "Incl. newly industrialized Asian countries"

Thus, the total insurance premiums in the Middle East & Central Asia grew 4.7% in 2008, compared to a decline of 2.0% globally (See chart 5). The prospect for the Middle East insurance industry is positive with potential for annual premiums to grow by over three times before the insurance density reaches the global average.

![Chart 5: Insurance premium growth, 2008, (%)](image)

Source: Swiss Re, "Incl. newly industrialized Asian countries"
1.2. The GCC

1.2.1. Overview

The UAE hosts the GCC’s largest and the most developed insurance market. The UAE and Bahrain has the highest insurance penetrations, more than double the rate of Saudi Arabia and Kuwait (See chart 6). The growth rate is effectively a function of the insurance penetration, with Kuwait and Saudi Arabia growing faster than the UAE and Bahrain.

In 2008, gross premium income for the UAE insurers grew by 26.3%, while the insurance penetration stood at 2.0%, highest amongst the GCC countries. Despite the rapid growth, the relatively low insurance penetration rates suggest there is still strong potential for growth.


Source: Swiss Re, June 2009, Size of bubbles indicate gross premium income (US$ million) in 2008

1.2.2. Conventional vs. Takaful

The GCC insurers can be broadly categorized as either conventional or Islamic (Takaful), with some players present in both categories. Takaful premiums represent around 20% of the GCC insurance market, whereas the Saudi Arabian market is dominated by Takaful (See also chapter 8.1). While conventional insurance is viewed as a form of risk management tool primarily used to hedge against the risk of contingent (uncertain) financial losses in exchange for a pre-specified premium, Takaful is based on the principles of Tawun (mutual assistance) and Tabaru (voluntary). Moreover, being subject to the laws of Sharia, Takaful prohibits investments in Haram industries (gambling, liquor etc) and advocates usage of instruments that are free of Riba (usury) (See chart 7).

![Chart 7: Conventional versus Islamic insurance](Image)

Source: Alpen Capital

Conventional insurance remain dominant, accounting for the majority of the GCC market, however the Takaful market is also growing fast. The Saudi insurance regulator, SAMA, has made it compulsory for new insurers to comply with Sharia law. As a result, the number of Takaful insurers in the region has risen rapidly. No such requirement is imposed in the UAE and conventional insurance remain dominant.

1.2.3. Non-life insurance dominates

The UAE insurance market is dominated by non-life business, driven by mandatory third-party motor insurance and health insurance for expatriates and the enormous growth in the construction and real estate sectors over the past decade. Non-life insurance accounted for 81.3% of the total gross premiums in 2008 (See chart 8). This is in contrast to a market share of around 59% for life insurance
and 41% for non-life insurance globally, underscoring the growth potential for life insurance in the region.

**Chart 8: Life and Non-Life insurance in the GCC, 2008**

<table>
<thead>
<tr>
<th>Country</th>
<th>Life (US$ million)</th>
<th>Non-Life (US$ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The UAE</td>
<td>5,016.0</td>
<td>81.3%</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>3,070.0</td>
<td>94.8%</td>
</tr>
<tr>
<td>Kuwait</td>
<td>914.0</td>
<td>76.9%</td>
</tr>
<tr>
<td>Oman</td>
<td>578.0</td>
<td>81.2%</td>
</tr>
<tr>
<td>Bahrain</td>
<td>451.0</td>
<td>71.4%</td>
</tr>
</tbody>
</table>

**Source: Swiss Re, June 2009**

The UAE does not only boast a higher insurance penetration, but it is also the largest in absolute terms among the GCC countries (See chart 9).

**Chart 9: Non-Life insurance in the GCC, 2008**

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>The UAE</td>
<td>3,252</td>
<td>4,079</td>
<td>25.4%</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>2,203</td>
<td>2,912</td>
<td>32.2%</td>
</tr>
<tr>
<td>Kuwait</td>
<td>520</td>
<td>703</td>
<td>35.2%</td>
</tr>
<tr>
<td>Oman</td>
<td>356</td>
<td>470</td>
<td>32.0%</td>
</tr>
<tr>
<td>Bahrain</td>
<td>258</td>
<td>322</td>
<td>24.8%</td>
</tr>
</tbody>
</table>

**Source: Swiss Re, June 2009**

Property and miscellaneous accident insurance accounts for the majority of the non-life insurance business, while motor insurance accounts for about 30%, according to the Arab Insurance Market Review. (See chart 10).

**Chart 10: The UAE non-Life insurance, 2007**

<table>
<thead>
<tr>
<th>Category</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor</td>
<td>30.3%</td>
</tr>
<tr>
<td>Marine &amp; Aviation</td>
<td>13.8%</td>
</tr>
<tr>
<td>Property &amp; Misc. Accident</td>
<td>55.9%</td>
</tr>
</tbody>
</table>

**Source: Arab Insurance Market Review, 2008**

Life insurance premiums in the GCC (excluding Qatar) grew 34.4% in 2008 compared to 28.8% for non-life insurance. The most populated economy of the GCC, Saudi Arabia, recorded the highest growth rate of 81.6%, albeit from a relatively low base. The UAE grew at a more moderate rate of 30.0%. The UAE is far the largest market in absolute terms with life insurance gross premium income of US$937.0 million in 2008 (See chart 11). According to the Emirates Insurance Association, the UAE life insurance market is expected to grow at least 16% to 20% annually up to 2012.

**Chart 11: Life insurance in the GCC**

**1.2.4. ‘National’ insurers**

Some UAE insurance companies have been granted the status of ‘national’ insurer. National insurers have privileged access to risks with ‘national’ status - generally high-risk-value projects of state-owned companies. The Emirate of Abu Dhabi dominates this market, since it hosts most of the large scale energy related projects. The remainder of the insurance market is open to competition, whereby insurance companies with or without ‘national’ insurer status compete on equal terms. The Dubai insurance market is considered more open and competitive, with not ‘national’ insurer status.
2. Financial performance

2.1. Financial performance

Defining the peer group

In this chapter we are assessing the financial performance of ten of the largest publicly listed conventional insurers in the UAE by total revenue for 2008. This group is referred to as 'the UAE insurers' throughout the report.

Insurance penetration in the UAE increased from 1.5% in 2005 to 2.0% in 2008 but remains well below the global average of 7.1% (See chart 12). The UAE insurance market is highly fragmented with 57 insurance companies present, well above the norm for a country of its size. This suggests there is a need for consolidation within the industry.

Chart 12: Insurance penetration in the UAE

![Graph showing insurance penetration in the UAE from 2005 to 2008]

Source: Swiss Re, June 2009

The UAE insurance industry has been somewhat less affected by the global financial turmoil than the energy, banking and realty industries. Over the past three years, the ADX Insurance Index (ADII Index) and the DFM Financial Insurance Index (DFINSU Index) yielded negative returns of 11.1% and 25.1% respectively compared to the ADX Energy Index (ADEG Index), the DFM Financial Banks Index (DFIBANK Index) and the Dubai Financial Realty Index (DFREALTY Index) which recorded negative returns of 38%, 60% and 66% respectively (See chart 13).

Chart 13: 3-year stock market return* (%)  

Source: Bloomberg, *as at July 31, 2009

Gross premiums written by the UAE insurers grew by an average CAGR of 30.5% in 2006 to 2008 (See chart 14). All players posted positive double digit growth rates. Oman Insurance Company, Abu Dhabi National Insurance Company and Arab Orient Insurance Company are the market leaders. However, the growth rate fell significantly in the first half of 2009, to 15.1% in the first quarter and 0.8% in the second (Only seven of the ten companies had reported first half results at the time of this report). Given the rapid decline in the second quarter, we expect the growth rate to be weaker in the second half of the year.

Chart 14: Gross premiums written, 2006 to 1H2009

![Graph showing gross premiums written by UAE insurers from 2006 to 2009]

Source: Company website, Zawya, CAGR for Al Ain Ahlia, Al Sagr and Dubai Insurance is for 2006 to 2008 as 1H2009 results are not yet available

The UAE insurance industry is highly dependent on the reinsurance sector, ceding over half of gross premiums to international and increasingly local reinsurance companies. Premium retention is gradually improving however with the
local insurers growing in size and sophistication. In 2008, 58.9% of net premiums were ceded to reinsurers, compared to 62.0% in 2006 (See chart 15).

The trend of increasing premium retention by the UAE insurers continued in the first half of 2009. Notably, average premiums ceded fell to about 57.7% in the first half of 2009 and 56.4% in the second quarter alone (See chart 16).

Profitability

While all players have reported strong top line growth, the same is not true for underwriting profits. About half of the players have improved their underwriting profits over the past three years, whereas half have recorded declines (See chart 17). In 2008, the average growth in underwriting profits for the peer group was 7.0%, compared to 18.8% in 2007.

Over the last three years, the average combined ratio of the peer group increased from 64.6% in 2006 to 75.4% in 2008, primarily due to higher claims ratios. This is a reflection of the rapid growth rate experienced during this period, increased competition and cross-subsidization of less profitable lines, such as 3rd party motor insurance. That said, the average combined ratio remains very strong by international standards. Nine out of the ten companies have combined ratios below the critical 100% mark. Arab Orient Insurance Company is by far the most efficient overall with a combined ratio below 50%. Oman Insurance Company and Dubai Insurance Company also stand out with relatively healthy loss ratios. The good underwriting performance continued in 2009, with an average combined ratio of 73.4% for the seven companies that had reported by the time this report was produced (See chart 18).

1 Combined ratio = Expense ratio (Net underwriting expense/Net premium earned) + Loss ratio (Net claims incurred/Net premium earned)
Contrary to insurers in developed markets, the UAE peer group has a very high exposure to regional equity and real estate markets. This has resulted in high volatility in investment returns. Some players have tried to mitigate this by reclassifying some investments from ‘trading’ to ‘available-for-sale’, in order that changes in fair value can be taken straight to equity rather than through the income statement.

When including fair value changes in ‘available-for-sale’ assets, the average investment return was -18.5% in 2006 and -19.0% in 2008. The return in the first half of 2009 was 5.5% (See chart 19). It is important to understand that by investing in the UAE insurers, you get a very significant exposure to regional equity markets and the investment return will have a large impact on earnings.

The shape of the return graph, clearly illustrates how players with low investment risk (e.g. Arab Orient Insurance Company) have a smoother return profile than the sharp V-shape for those with more aggressive investment profiles.

### Shareholder return

The UAE insurers reported an average ROE of 17.4% in the first half of 2009, compared to -10.3% in 2008, 33.0% in 2007 and -13.5% in 2006. The performance has been very volatile due to the high exposure to local equity and real estate markets. Arab Orient Insurance Company has outperformed its peers by reporting consistent ROE of over 20% in the last three years, thanks to its more conservative investment strategy, demonstrating the strength of the local insurance industry absent of investment returns (See chart 20).
Capital Adequacy and Leverage

Gross underwriting leverage (net premiums written to shareholder funds) increased to 34.9% in 2008 from 23.6% in 2006, indicating that the regional insurance players have been assuming gradually higher levels of risk in their business (See chart 21). It is of course also important to consider what type of risk is being underwritten (long or short tail for example) and what type of controls are in place to manage underwriting risk.

Chart 21: Net Premium Written / Equity (%)

A more static measure of leverage is the equity to total assets ratio. This ratio has also declined over the past three years with an average of 46.6% at the end of 2008 (See chart 22). The best capitalized was Dubai Insurance Company, followed by Abu Dhabi National Insurance Company and Al Khazna National Insurance Company.

Chart 22: Total Equity / Total Assets (%)

Asset Quality

The UAE insurers in general pursue very aggressive investment strategies, with high exposures to risky assets like regional equities and real estate. Concentration risk is also high. The asset-mix has changed somewhat over the past two years with cash and cash equivalent now accounting for a larger proportion of the overall asset base while the proportion of high-risk investments has declined (See chart 23). Falling equity markets and a decline in the value of property investments explains the decline in proportion of risky assets. Moreover, an increase in liquidity levels also reflects efforts by insurance companies to reduce asset risk. For example, Oman insurance Company reported a 45% increase in cash levels in 2008, while Dubai Insurance Company reported an increase of 64%.

Chart 23: High Risk Assets / Invested Assets (%)

The UAE insurers rely to a great extent on reinsurance to mitigate concentration risk and to avoid underwriting risks beyond their capacity and capabilities. As a consequence, UAE insurers are exposed to credit risk of reinsurance counterparts. Reinsurance recoverable as a percentage of equity of our UAE peer group rose from an average of 24.1% in 2006 to 33.2% in 2008. For some insurers, including Al Buhaira National Insurance Company and Arab Orient Insurance Company, the exposure is in excess of 50% of equity.
Reserve Adequacy

Average reserve levels of the UAE insurers declined over the past two years to 77.7% of net premiums earned in 2008 from 86.9% in 2006 (See chart 24). The reserve level is generally a function of the nature of the risks underwritten (short or long tail in particular) and the speed at which claims are settled.

**Chart 24: Total Reserves to Net Premium Earned, 2008 (%)**

<table>
<thead>
<tr>
<th>Insurer</th>
<th>2008 Reserve Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Al Ain Ahlia</td>
<td>80%</td>
</tr>
<tr>
<td>Abu Dhabi National</td>
<td>67%</td>
</tr>
<tr>
<td>Arab Orient</td>
<td>87%</td>
</tr>
<tr>
<td>Al Wathba</td>
<td>100%</td>
</tr>
<tr>
<td>Oman Insurance</td>
<td>81%</td>
</tr>
<tr>
<td>DBU Insurance</td>
<td>52%</td>
</tr>
<tr>
<td>Al Segf</td>
<td>76%</td>
</tr>
<tr>
<td>Emirates Insurance</td>
<td>82%</td>
</tr>
<tr>
<td>Al Buhaira</td>
<td>72%</td>
</tr>
<tr>
<td>Al Khazna</td>
<td>75%</td>
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</tbody>
</table>

Average = 77.7%

Source: Company website, Zawya

2.2. Takaful and life insurance attractive growth areas

Historically the UAE insurers focused primarily on general insurance, although today most of them have also moved into life insurance. Notably, for Oman Insurance Company and Emirates Insurance Company, life insurance accounted for 23.7% and 17.0% respectively of gross premium revenue in 2008. We consider exposure to life insurance a strength, given the segments excellent growth potential (See chapter 4).

Some of the major players, including Al Buhaira National Insurance Company and Arab Orient Insurance Company offer both conventional insurance and Takaful. We consider this a competitive strength, given the excellent growth potential of both segments. In 2008 UAE Islamic insurers grew at a somewhat faster pace than conventional insurance. A challenge faced by the Takaful industry is the relative shortage of suitable investment opportunities. Like

their conventional counterparts, the Islamic insurance companies reported negative returns on capital in 2008 due to poor investment returns and negative fair value adjustments.

2.3. Comparative Financial Performance

Chart 25 summarizes the performance of the UAE insurance companies compared to the average of the peer-group on parameters such as asset quality, capital adequacy, profitability and reserve adequacy.
## Chart 25: Comparative financial performance of the UAE insurers in 2008

<table>
<thead>
<tr>
<th>Source: Alpen Capital</th>
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<table>
<thead>
<tr>
<th><strong>Average</strong></th>
<th><strong>Better than peers</strong></th>
<th><strong>Worse than peers</strong></th>
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<tbody>
<tr>
<td><strong>Asset Utility</strong></td>
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<table>
<thead>
<tr>
<th><strong>Liabilities</strong></th>
<th><strong>Operating</strong></th>
<th><strong>Profitability</strong></th>
<th><strong>Return on Assets</strong></th>
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</tbody>
</table>

### Asset Utility

- **Non life assets as a % of invested assets**: Average Better than peers Worse than peers
- **Mortgage reserves as a % of equity**: Average Better than peers Worse than peers
- **Treasury reserves as a % of total investments**: Average Better than peers Worse than peers

### Liabilities

- **Underwriting average (net premium written/dividend paid)**: Average Better than peers Worse than peers
- **Total assets/total liabilities**: Average Better than peers Worse than peers

### Profitability

- **Match on equity**: Average Better than peers Worse than peers
- **Loss ratio (net claims incurred/earned claims)**: Average Better than peers Worse than peers
- **Expense ratio**: Average Better than peers Worse than peers
- **Investment margin**: Average Better than peers Worse than peers

### Return on Assets

- **Return on equity**: Average Better than peers Worse than peers
- **Total return on net premiums earned**: Average Better than peers Worse than peers
3. Valuations

The valuation part of this report should be read in the context of limited free floats and extremely low stock liquidity of UAE insurers (See section 4). The P/E and P/B ratios are calculated based on share prices sourced from Bloomberg and includes stocks that have not traded for weeks or in some instances for months.

The UAE insurers are trading at relatively moderate valuations compared to international peers considering the superior growth of the UAE insurance market. The P/E ratio of the UAE peer group (excluding Al Wathba Insurance and Abu Dhabi National Insurance Co.) is 13.7 times (x), similar to an international peer group of 14.0x (See chart 26).

The valuations of the UAE insurers are underpinned by strong growth and good underwriting performance. However, we feel the aggressive investment strategy, lack of transparency and weak stock liquidity weigh on the stock valuations. There appears to be potential to unlock significant value by addressing relatively simple shortcomings in terms of investment strategy and transparency.

The UAE insurers are trading at an average price-to-book ratio (P/BV) of 1.7x. (See chart 27).

4. Stock Liquidity

Although the UAE insurers appear to have significant free floats, extremely low turnover velocity suggest the stocks are very closely held. All the ten stocks covered in this survey are very thinly traded, as demonstrated by an average turnover velocity\(^3\) of 0.36% (See chart 28). This suggests only 0.36% of the shares change hands during a year.

---

\(3\)Turnover Velocity (%) = Annual traded volume/Market capitalization
5. Growth Illustration

The growth potential of the GCC insurance industry is very good, particularly in view of relatively low insurance penetration rates. Below we illustrate the impact on growth in aggregate insurance premiums based on a central macroeconomic scenario.

5.1. Assumptions

For the purpose of the illustration, we have considered the life and non-life segments separately. The central scenario is based on the following assumptions:

- We assume non-life premiums are driven by growth in nominal GDP and by changes in non-life penetration (i.e. non-life premiums as a percentage of GDP). We have assumed the non-life penetration level to grow at a 0.1%-point in 2009 and by 0.2%-points per annum in 2010 to 2012. We have used IMF’s April 2009 forecast for nominal GDP growth.

The link to GDP is by no means exact, and may fluctuate from year to year, since the UAE GDP is to a large degree driven by oil prices. In addition, historically oil revenues were to a large extent invested abroad. This has changed in the last few years, with more investments aimed at developing the local economies.

- We assume that life premiums are driven by population growth and by changes in life density (i.e. per capita premiums). We have assumed life density increases by 15% in 2009 and 25% per annum in 2010 to 2012. We have used IMF’s April 2009 forecast for population growth.

Some of the key reasons for an increase in the UAE insurance penetration rates towards global averages include the introduction of regulation for health and home insurance, growth in organized savings, greater availability of Takaful insurance products, greater affluence and changing consumer habits.

5.2. Non-life insurance penetration

The non-life insurance penetration in the UAE was about 1.6% in 2008 - approximately half of the global average of 2.95%. The penetration rate increased by about 0.35%-points in 2006 to 2008, reaching 1.6% in 2008 from 1.25% in 2005. In our model we assume the non-life insurance penetration reaches 2.3% by 2012 (See chart 29).

Chart 29: Non-life insurance penetration, (%)

The UAE Kuwait Oman Saudi Arabia The US Europe Emerging Markets World

Source: Swiss Re

5.3. Life Density

The life insurance density in the UAE increased at a CAGR of 40.7% in 2005 to 2008 compared to 7.3% globally. However, life insurance density in the UAE of US$208.1 in 2008 is approximately half of the global average of US$369.7 and only one-sixth of the European average of US$1,244.1. In our model we have assumed the life insurance density reaches US$467 by 2012 (See chart 30).

Chart 30: Life insurance density, (US$)

The UAE Kuwait Oman Saudi Arabia The US Europe Emerging Markets World

Source: Swiss Re

There are good reasons why the UAE life density should not reach the levels of Europe or the US. The UAE has a high income disparity, with life insurance more prevalent in high income groups. Tax incentives, both in terms of income and heritance tax, boosts the demand for certain long term
savings schemes and annuities in the developed world. Such
tax incentives are not applicable to the UAE. The population
is also characterized by a relatively young local population
with a good social safety net, not inclined to buy pension and
long term saving products, and an expatriate population that
is more inclined to remit savings to their home countries.

On the basis of the above assumptions, the UAE insurance
market will grow at a CAGR of 15.3% in 2008 to 2012. With
the life segment growing more than twice as fast as the non-
life segment (See chart 31). The growth in gross premium
income reported so far by the UAE insurers for the first half
of 2009 has been stronger than our forecast for the full year
of 2009, however there is a distinct slowdown in growth from
14.9% in the first quarter of 2009 to only 0.8% in the second
quarter.

**Chart 31: The UAE insurance market, 2008 to 2012 (US$ million)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Life premiums, US$ million</th>
<th>Total Non-life premiums, US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>1,394</td>
<td>307</td>
</tr>
<tr>
<td>2006</td>
<td>2,476</td>
<td>2,096</td>
</tr>
<tr>
<td>2007</td>
<td>3,973</td>
<td>3,252</td>
</tr>
<tr>
<td>2008</td>
<td>5,016</td>
<td>4,079</td>
</tr>
<tr>
<td>2012</td>
<td>6,369</td>
<td>2,506</td>
</tr>
</tbody>
</table>

CAGR 15.3%
CAGR 43.0%

Source: Alpen Capital
6. Corporate Governance

Corporate governance standards and transparency are critical aspects to potential investors. This is an area where UAE insurers have potential to improve (See chart 32).

Some of the key shortcomings in our sample of UAE insurers include the following: limited financial information is available on the respective websites and investors have to look to the respective stock exchanges for audited financial statements. Normally only three years of historical financial information is available. None of the insurers have a dedicated investor relations department to handle investor queries. Only Oman Insurance Company and Emirates Insurance Company have a contact list of their management departments displayed on the website. Limited information is available on the composition of investment portfolios.

However, as per stock exchange regulations, all player report quarterly results, most of which contain appropriate disclosure of related notes to financial statements. The majority of the insurers are rated by an international rating agency, most commonly Standard & Poor's or AM Best.

Chart 32: Corporate governance and transparency

<table>
<thead>
<tr>
<th>Company Name</th>
<th>History of publicly available accounts</th>
<th>Latest annual report available on website</th>
<th>Availability of investor relations contact details</th>
<th>Level of interim results disclosure</th>
<th>Frequency of reporting on the website</th>
<th>Rated by rating agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abu Dhabi National Insurance</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Al Ain Ahlia Insurance Company</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
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<tr>
<td>Al Buhaira National Insurance</td>
<td>☐</td>
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<td>☐</td>
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<tr>
<td>Al Khazna Insurance Company</td>
<td>☐</td>
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<td>☐</td>
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<td>☐</td>
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<tr>
<td>Al Sagr National Insurance Company</td>
<td>☐</td>
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<td>☐</td>
<td>☐</td>
<td>☐</td>
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<tr>
<td>Al Wathba National Insurance</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
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<tr>
<td>Arab Orient Insurance Company</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
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<tr>
<td>Dubai Insurance Company</td>
<td>☐</td>
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<tr>
<td>Emirates Insurance Company</td>
<td>☐</td>
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<tr>
<td>Oman Insurance Company</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>The UAE Average</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

Source: Bloomberg, Zawya, Alpen Capital
7. Key Growth Drivers

7.1. Favorable demographics

The UAE population is expected to grow at a CAGR of 3.0% in 2009 to 2012 to reach 5.4 million, according to IMF. It grew at a CAGR of 5.1% in 2003 to 2008. An increasing role in this is being played by expatriates. Expatriates are expected to constitute 82% of the UAE population in 2009 according to MEED (See chart 33).

The UAE demography is characterized by a relatively young population. In spite of the UAE’s median age of 30.1 years, higher than the average median age of India and China of 29.7 years, 99.1% of the UAE population is aged below 65 years, compared to an average of 93.3% for India and China and 85.5% for the US and the UK (CIA Factbook, April 2009 estimates). Also, the UAE labor force is expected to grow at a fast pace, as the age bracket of 15 to 64 years is expected to account for 79.9% of the overall population in 2010 and 80.1% in 2015, higher than the world average of 65.5% and 65.8% respectively. A young working population in the UAE augurs well for the non-life insurance industry.

Moreover, life expectancy at birth in the UAE is rising steadily. According to the United Nations, life expectancy at birth is expected to reach 78.1 years by 2010-2015 (See chart 34). This is considered positive for both non-life and life insurance industries.

7.2. High and rising GDP per capita

With a GDP per capita of US$54,607 in 2008, second only to Qatar, the UAE is one of the richest economies of the GCC. Notably, buoyed by oil revenues, GDP per capita in the UAE more than doubled in the past five years. According to the IMF, UAE GDP per capita is expected to increase at a CAGR of 6.2% in 2010 to 2013 after growing at 16.9% in 2003 to 2008, and a sharp correction of -19.7% in 2009 (See chart 35). Greater affluence will drive demand for all types of insurance products.

7.3. Economic diversification

The demand for non-life insurance has increased at a rapid pace, as the GCC economies continue to diversify away from oil dependence. With more and more projects coming to fruition, this should spur demand for property and casualty insurance products. Notably, the property and casualty insurance business in the GCC grew at a CAGR of 26.8% in 2003 to 2007, lead by the UAE that grew by 34.7%.
The growth in the region seems unabated. Despite many project cancellations in the last six months, there are approximately US$2.1 trillion of projects either planned or currently underway in the GCC over the next five to seven years (See chart 36). This reflects a year-on-year growth of 8.9% at June 2009. Notably, the UAE commands a lion share of the total GCC projects (approximately 44%).

Compulsory health insurance has been gradually implemented across the GCC. Compulsory health insurance for expatriates has been in force since 2006 in Saudi Arabia. Mandatory health insurance for expatriates and their dependents was introduced in Abu Dhabi in two steps in July 2006 and January 2007. Dubai was expected to follow suit in January 2009, but this has now been delayed until 2010. The Dubai health insurance regime is expected to cover all residents, local as well as expatriates.

The Strata Law in Dubai (not yet released) requires property owners to have home insurance cover. However, in practice, only mortgage property owners have home insurance cover as it is legally binding. Notably, as per Hadeef & Partners, a legal firm based in Dubai, most of self-financed properties are uninsured. However, with the regulations under the Strata Law to be released soon, all owners’ associations will have to take building and public liability insurance. The Strata law is also expected to apply to property owners who have rented out their properties. The effective implementation of the Strata Law is likely to boost not only to home insurance but also home contents, fire and public liability insurance.

7.4. Regulation driving growth

A key driver of insurance penetration in emerging markets is the introduction of compulsory insurance cover, including third party motor, health and home insurance.

Motor insurance is a low margin business in the UAE and many other GCC countries due to caps being imposed on the price of third party motor cover. Nevertheless, motor premiums in the GCC grew at a CAGR of 21.2% in 2003 to 2007. The growth was led by the UAE and Saudi Arabia, where premium income grew at 28.0% and 20.4%, respectively (See chart 38).
8. Emerging Trends

8.1. Islamic Insurance making inroads

Though not very prominent in the UAE, the religiously acceptable takaful insurance (Islamic non-life insurance) and family takaful (Islamic life insurance) is picking up pace in the region. Takaful in the UAE grew at a CAGR of 52.1% in 2004 to 2007, albeit from a low base, compared to 38.9% for the GCC as a whole. Consequently, takaful penetration (insurance premiums / GDP) in the UAE increased from 0.10% in 2005 to 0.15% in 2007, whereas takaful penetration in the GCC reached 0.28% in 2007 from 0.21% in 2005 (See chart 38). With gross takaful contributions of US$1,695 million in 2007, Saudi Arabia is the world’s largest Islamic insurance market.

Given its low penetration level in the GCC, we expect Islamic insurance to witness substantial growth over the medium to long term. The World Takaful Report 2009 projects the GCC takaful market to grow at a CAGR of about 13.1% in 2009 to 2012 reaching US$3.8 billion (See chart 39).

8.2. Regulatory framework

The UAE insurance regulation is currently minimal, although some initiatives are underway to improve the regulatory framework. A new insurance law came into force in August 2007 establishing a new regulatory body, the Insurance Commission, for the industry. In addition, Solvency II, the updated set of regulatory requirements for insurance firms operating in the EU, is expected to be implemented by 2012. The Solvency II rules limit the amount of risk that insurance companies can underwrite in relation to their capital bases (See chart 40).

In fact, the Emirates Insurance Association (EIA) has advised its members to align their capital risk balance in line with the new solvency rules. The new rules will also force insurers to make significant changes to their financial reporting systems including fair-valuation of their balance sheets and greater public disclosure of financial statements, risk measures and capital calculations. The new capital requirements should induce greater discipline in areas of
investment strategy, underwriting, reinsurance and risk management and may result in consolidation amongst the many UAE insurance companies currently owned and operated by families and business groups.

Foreign ownership of local UAE-based insurers is currently capped at 25%.

Many of the UAE insurance companies are rated by Standard & Poor’s and/or AM Best. The rating agencies provide a substitute to regulation by subjecting the companies to capital adequacy tests and comprehensive reviews of business and financial profiles, strategy and governance. The rating agencies also help to address some of the shortcomings in terms of transparency by publishing regular updates on their rating assessments.

<table>
<thead>
<tr>
<th>Regulator</th>
<th>Bahrain Central Bank</th>
<th>Ministry of Commerce and Industry</th>
<th>Oman Capital Markets Authority</th>
<th>Qatar Financial Center Authority (QFCRA)</th>
<th>Saudi Arabian Monetary Agency</th>
<th>Insurance Companies Division at UAE Ministry of Economy, Dubai Financial Services Authority for entities registered at the DIFC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Association</td>
<td>Bahrain Insurance Association</td>
<td>Kuwait Insurance Companies Union</td>
<td>Oman Insurance Association (under formation)</td>
<td>N.A.</td>
<td>N.A.</td>
<td>Emirates Insurance Association</td>
</tr>
<tr>
<td>Capital requirements</td>
<td>Tier 1 capital: BHD 5 million (US$10 million) Tier 2 Capital: Max. 100% of tier 1 capital, Overseas and Captives not subject to minimum capital</td>
<td>Local insurers: KD50,000 (US$525,000) Foreign Insurers: KD225,000 (US$35 million)</td>
<td>OMR5 million (US$13 million)</td>
<td>US$10 million</td>
<td>Insurance services (only): SR100 million (US$27 million), Insurance and Reinsurance services: SR200 million (US$54 million)</td>
<td>AED50 million (US$14 million)</td>
</tr>
</tbody>
</table>

Source: The GCC Insurance regulators
8.3. Leveraging distribution channels

Being a relatively young insurance market, distribution in the UAE is achieved through traditional channels of local offices and tie-ups such as agencies, brokers and banks. According to EIA, there are approximately 230 brokers in the UAE but only 20% have adequate professional and education qualifications. Moreover, approximately 70% of the brokers are marginal and rely only on motor insurance business. Although conventional distribution channels, such as brokers and agents, enable insurers to control expenses, diversification into bancassurance, online and telemarketing offers attractive growth potential. The most promising is bancassurance, which offers a win-win situation for both parties wherein a bank receives fee-based income and an insurance company gets access to a larger pool of customers. According to the Middle East Bancassurance Conference, May 2007, bancassurance sales in the Middle East could reach US$100 million by 2010.

Recent distribution channel related initiatives include:

- **AXA Insurance Gulf** launched an online service in June 2009 enabling purchase and renewal of motor policies online.

- **National General Insurance (NGI)** has partnered with Aviva Life Insurance and Emirates National Bank of Dubai to increase life assurance sales. NGI has also started offering insurance products online.

8.4. Cross-border expansion

To capture growth opportunities outside the home markets, several insurance players in the GCC have either established or acquired operations abroad, especially in the MENA region. Some of the most recent announcements:

- **July 2009**: T’azur, the Bahrain based Islamic insurer, is planning to expand its operations in the UAE, Saudi Arabia and Qatar as it expects Islamic insurance products to form 50% of the Gulf insurance industry in the near term.

- **May 2009**: Gulf Insurance Company of Kuwait, acquired 36% of Jordan based Arab Orient Insurance for US$19.6 million.

- **October 2008**: Emirates Insurance Company is planning to expand outside its traditional Abu Dhabi base in a bid to capture more of the growing insurance market in the country.

- **May 2008**: Abu Dhabi based Al Khazna Insurance Company acquired a 15% stake in Saudi Arabia’s Sanad for Co-operative Insurance and Reinsurance to offer new insurance covers in the Saudi market.

- **May 2008**: Arab Orient Insurance Company, Abu Dhabi Islamic Bank (Egypt) and Amlak Finance signed a MoU to launch a joint venture insurance firm in Egypt. The management of the joint entity, the Arab Orient Takaful Insurance Company, is overseen by Arab Orient Insurance Company.

- **December 2007**: Tokio Marine Group, a leading takaful insurance services provider in the UAE and Saudi Arabia, is planning to expand across the MENA region through its new company Tokio Marine Middle East Limited.

- **March 2007**: AXA Insurance Gulf acquired 10% in United Insurance Company, Bahrain.

8.5. Advent of foreign players leading to increased competition

An attractive market coupled with low minimum capital requirements has attracted an increased number of foreign players to the UAE thereby increasing competition. The UAE Ministry of Economy granted licenses to four new insurance firms in February 2009 (See chart 42).

![Chart 42: The UAE insurance companies by nationality](chart.png)

Source: EIA, *Includes other GCC countries.
According to Oman Insurance Company, foreign insurance companies constitute around 30% of the total volumes of insurance premiums in the UAE.

Gradually weaker average underwriting margin over the past three years suggests that the market is turning more competitive. The foreign players that have entered the market over the past couple of years have brought with them product innovation, greater efficiency, technical and marketing capabilities etc. With greater competition naturally comes downward pressure on the premiums.

8.6. Focus on core activities

After having suffered significant erosion in share capital in 2006 and again in 2008 due to equity market volatility, we expect that local insurers will begin to run their businesses more like insurance companies and less like investment holding companies. For someone that wants exposure to the UAE insurance industry there is not much choice, with all players heavily invested in local equity and property markets. The player with the most conservative investment strategy, Arab Orient Insurance, is also the one with the best return on capital.

The share of liquid assets of the UAE conventional insurers has increased as they adopt more risk-averse profiles. The share of cash and cash equivalents as a percentage of total investments increased from 24.8% in 2006 to 34.8% in 2008, while the share of investment securities and properties decreased from 75.2% in 2006 to 65.2% in 2008. The shift has to a large extent been involuntary as equity and property prices have declined (See chart 43).

8.7. Expected consolidation

There are 57 insurance companies operating in the UAE, a significantly higher representation than in both mature and developing nations. Foreign ownership restrictions have historically hampered effective consolidation in the industry.

We expect the implementation of Solvency II by 2012 to increase consolidation efforts in order to strengthen balance sheets and to diversify investment, reinsurance and insurance risk exposures. A greater part of risks currently reinsured could be retained in the future.

Chart 43: Investment profile of the UAE insurers

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>100% = (in US$ millions) 2,679.4</td>
<td>3,529.3</td>
<td>3,073.2</td>
<td></td>
</tr>
<tr>
<td>Investment Securities 17.9%</td>
<td>17.3%</td>
<td>23.5%</td>
<td></td>
</tr>
<tr>
<td>Liquid Investments 24.8%</td>
<td>31.9%</td>
<td>34.8%</td>
<td></td>
</tr>
<tr>
<td>Investment properties 57.2%</td>
<td>50.7%</td>
<td>41.7%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Company website, Zawya, Data represent an average of the ten largest players
9. Key Risks

9.1. Equity and property market volatility
The UAE insurers are pursuing very aggressive investment strategies, with high exposure to local stock and real estate markets. This may be acceptable in the context of strong capitalizations, but makes for very volatile and unpredictable earnings and return on capital. The performance of the UAE insurers has been more driven by investment returns than by underwriting performance over the past three years. In addition, there is very little disclosure into the investment strategies and investment composition.

We see an opportunity here for the insurance sector to adopt more traditional and conservative investment strategies, thereby offering potential investors an opportunity to invest in the local insurance market without exposure to the local equity and real estate markets. This will reduce earnings volatility, raise the risk adjusted return and ultimately stock prices.

9.2. Weakening underwriting performance
The underwriting performance of the UAE insurers has weakened gradually over the past three years. This is a function of growing competition, rapid growth and to some extent relaxation of underwriting standards. That said, underwriting performance still remains good compared to developed markets, with an average combined ratio of 77% for our sample in 2008.

9.3. Project delays and cancellations
The global downturn has led to an increased number of projects being put on hold or cancelled, thereby reducing the potential insurable property in the GCC. According to MEED, projects in the GCC worth about US$0.5 trillion are either on hold or have been cancelled. Around 77% of the projects in question are located in the UAE (See chart 44). An increasing number of projects being put on hold or cancelled could hamper the growth of the non-life insurance business in the UAE.

9.4. Increased use of captive insurance
Captive insurance, or “self insurance”, is most prevalent in Bahrain, Dubai and Qatar as these countries have regulations for establishing captives (See chart 45). Large corporations commit part of their own capital to cover their risks. Captive insurance is particularly useful when insurance for certain risks are either unavailable or only available at unacceptable terms. The move to captive is encouraged by the lower expense ratios for captive compared to commercial insurers. According to Marsh’s Global Captive Benchmark Report 2008, 65% of captives have an expense ratio of less than 5% compared to an average of 25% for commercial insurers.

Chart 44: Projects cancelled or on hold, (US$ billion)

<table>
<thead>
<tr>
<th>Country</th>
<th>Cancelled or on hold, (US$ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bahrain</td>
<td>6.0</td>
</tr>
<tr>
<td>Qatar</td>
<td>37.2</td>
</tr>
<tr>
<td>Oman</td>
<td>11.1</td>
</tr>
<tr>
<td>Kuwait</td>
<td>9.9</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>53.2</td>
</tr>
<tr>
<td>UAE</td>
<td>389.8</td>
</tr>
</tbody>
</table>

Source: MEED, Gulf projects (June 22, 2009)

Chart 45: Captive Insurance Regulations

<table>
<thead>
<tr>
<th>Issue</th>
<th>Dubai International Financial Centre</th>
<th>Central Bank of Bahrain</th>
<th>Qatar Financial Center</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum capital required</td>
<td>Class I Captive-US$150,000</td>
<td>Captive (SPV) - US$200,000</td>
<td>Class I Captive-US$150,000</td>
</tr>
<tr>
<td></td>
<td>Class 2 Captive-US$250,000</td>
<td></td>
<td>Class 2 Captive-US$1 million</td>
</tr>
<tr>
<td></td>
<td>Class 3 Captive-US$1 million</td>
<td></td>
<td>Class 3 Captive-US$250,000</td>
</tr>
<tr>
<td>Solvency margin requirements</td>
<td>Minimum base capital or the risk based capital, whichever is higher</td>
<td>Category C1 firm - US$200,000</td>
<td>Minimum base capital or the risk based capital, whichever is higher</td>
</tr>
<tr>
<td>Application fees</td>
<td>US$15,000</td>
<td>US$265</td>
<td>US$10,000</td>
</tr>
<tr>
<td>Tax regime</td>
<td>50 year tax-holiday</td>
<td>No corporate taxes (except for oil companies)</td>
<td>Tax-exempt</td>
</tr>
</tbody>
</table>

Source: Middle East Insurance Review, 2008
According to AON Consulting, there are seven captives in the Middle East, with many more in the making. The most notable among these is Saudi Armaco (Stellar Insurance), the UAE-based Tabreed (Tabreed Cooperative Insurance) and Qatar Petroleum (Al Koot Insurance and Reinsurance).

As large firms set up their own captives, a sizeable portion of the country’s premium income goes beyond the reach of the commercial insurers.

9.5. Shortage of skilled labor

With an increasing number of insurance firms being established in the GCC, the industry is witnessing a shortage of professionals, such as underwriters. Underwriting skills are a key requirement in growing insurance operations. The Arab Forum of Insurance Regulatory Commission (AFIRC)-Hawakamah survey also notes that the recruitment of qualified board members and management remains a challenge in MENA insurance markets.
Appendix: Company Profiles
Established in 1972, Abu Dhabi National Insurance Company (ADNIC) is the largest of the Abu Dhabi based ‘national’ insurers. It offers all classes of life and non-life insurance and reinsurance products and services. It categorizes its insurance products into personal insurance, business insurance and overseas insurance. The personal insurance segment covers home, car, life & health and accident insurance, while business insurance covers fire & property, aviation, marine hull, engineering, energy and cargo insurance. ADNIC offers aviation, energy, cargo, marine, property and engineering insurance to its overseas clients through its overseas insurance segment.

Recent Events:

- Net premium for the first half of 2009 increased 29.7% year on year to US$93.0 million. However, ADNIC reported a net loss of US$41.0 million in the first half of 2009 compared to net income of US$74.3 million in same period in 2009.

- In February 2009, ADNIC launched ‘Shifa’, a medical insurance product, in partnership with Vanbreda International, a global health insurance consultant and administrator. Shifa offers customers an extensive network of more than 10,000 medical service providers worldwide.

- In January 2009, ADNIC launched a new brand campaign introducing a “revitalized look and feel” for its corporate identity.

PERFORMANCE SUMMARY*

<table>
<thead>
<tr>
<th>(US$ million)</th>
<th>2007</th>
<th>2008</th>
<th>2007-'08 (% change)</th>
</tr>
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<tbody>
<tr>
<td>Gross premium written</td>
<td>315.2</td>
<td>369.4</td>
<td>17.2</td>
</tr>
<tr>
<td>Net premium earned</td>
<td>90.0</td>
<td>115.1</td>
<td>27.8</td>
</tr>
<tr>
<td>Underwriting profit</td>
<td>29.1</td>
<td>28.7</td>
<td>(1.3)</td>
</tr>
<tr>
<td>Underwriting profit margin (%)</td>
<td>32.3</td>
<td>25.0</td>
<td>-</td>
</tr>
<tr>
<td>Net profit</td>
<td>90.0</td>
<td>57.2</td>
<td>(36.3)</td>
</tr>
<tr>
<td>ROE (%)</td>
<td>16.4</td>
<td>10.5</td>
<td>-</td>
</tr>
<tr>
<td>ROA (%)</td>
<td>10.2</td>
<td>6.3</td>
<td>-</td>
</tr>
</tbody>
</table>

S&P Financial Strength Credit Rating: A-/Stable

Zawya

COMPANY DESCRIPTION

Abu Dhabi National Insurance Company (ADNIC) DH Equity

Bloomberg Ticker: ADNIC DH
Exchange Ticker: ADNIC.ADSM
Price (July 23, 2009) 5.5
52 Week High/Low 9.75/5.5
Mkt. Cap (AED million) 2,062.5
(US$ million) 561.5
Enterprise value (AED million) 1,181.4
(US$ million) 321.6

STOCK DATA

SHAREHOLDER STRUCTURE

KEY INSURANCE RATIOS (%)
**PERFORMANCE SUMMARY**

<table>
<thead>
<tr>
<th>(US$ million)</th>
<th>2007</th>
<th>2008</th>
<th>2007-’08 (% change)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross premium written</td>
<td>172.9</td>
<td>189.6</td>
<td>9.7</td>
</tr>
<tr>
<td>Net premium earned</td>
<td>61.4</td>
<td>74.2</td>
<td>20.8</td>
</tr>
<tr>
<td>Underwriting profit</td>
<td>12.0</td>
<td>5.0</td>
<td>(58.2)</td>
</tr>
<tr>
<td>Underwriting profit margin (%)</td>
<td>19.5</td>
<td>6.7</td>
<td>-</td>
</tr>
<tr>
<td>Net profit</td>
<td>56.7</td>
<td>39.2</td>
<td>(30.9)</td>
</tr>
<tr>
<td>ROE (%)</td>
<td>20.5</td>
<td>13.3</td>
<td>-</td>
</tr>
<tr>
<td>ROA (%)</td>
<td>12.4</td>
<td>7.0</td>
<td>-</td>
</tr>
</tbody>
</table>

S&P Financial Strength Credit Rating: **BBBpi**

*Zawya

**COMPANY DESCRIPTION**

Established in 1975, Al Ain Ahlia Insurance Company (AAAIC) is the second largest of the Abu Dhabi-based ‘national’ insurance companies. It offers all classes of insurance and re-insurance services. AAAIC’s offering includes motor, engineering, property, marine, energy, aviation, life and health insurance.

**Recent Events:**

- Net premium income and net profit for the first quarter of 2009 were US$18.3 million and US$10.4 million, representing an increase of 10.3% and 19.7% respectively year on year

- In February 2009, AAAIC approved the distribution of a cash dividend of AED 10 per share for the year 2008

- In February 2008, Saudi Arabian insurer Tawuniya, AAAIC and Bahrain Kuwait Insurance Company launched Manasik, an insurance plan for the pilgrims of Haj and Umrah in Saudi Arabia

**STOCK DATA**

- Bloomberg Ticker: ALAIN UH
- Exchange Ticker: ALAIN.ADSM
- Price (June 23, 2009): AED 64.0
- 52 Week High/Low: 97.5/64.0
- Mkt. Cap (AED million): 960.0
- *US$ million: 261.4
- Enterprise value (AED million): 541.3
- *US$ million: 147.4

**SHAREHOLDER STRUCTURE**

- Abu Dhabi Investment Council: 19.70%
- Mohammad Bin Juan Rached Al Badie Al Thaheri: 10.28%
- Khaled Mohammad Bin Juan Rashed Al Badie Al Thaheri: 5.45%
- Public: 64.57%

**KEY INSURANCE RATIOS (%)**

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claims ratio</td>
<td>70.2</td>
<td>76.7</td>
<td>94.6</td>
</tr>
<tr>
<td>Combined ratio</td>
<td>75.2</td>
<td>80.5</td>
<td>93.3</td>
</tr>
<tr>
<td>Investment return*</td>
<td>13.0</td>
<td>11.6</td>
<td>7.9</td>
</tr>
</tbody>
</table>

*Excluding change in fair value
Established in 1978, Al Buhaira National Insurance Company (ABNIC) is the fifth largest insurer in the UAE and a ‘national’ insurer of Sharjah. It underwrites all types of insurance risks, except savings and accumulation of funds. ABNIC provides property, engineering, energy, marine & aviation, medical, motor and travel insurance.

Recent Events:

- Net premium for the first half of 2009 of US$48.0 million increased by 31.0% year on year. ABNIC reported a net income of US$17.2 million in the first half of 2009 compared to US$21.8 million in the same period in 2008, a decrease of 21.0% year on year

- In March 2008, ABNIC, in partnership with Uniqua Group, a group which owns 30 insurers in 20 European countries, established Takaful Al Emarat insurance. Takaful Al Emarat provides health and life insurance through the largest network based on Islamic Shariah in the Gulf region, the Middle East and other Islamic countries

**PERFORMANCE SUMMARY***

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2007-‘08 (% change)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross premium written</strong></td>
<td>142.5</td>
<td>198.6</td>
<td>39.4</td>
</tr>
<tr>
<td><strong>Net premium earned</strong></td>
<td>48.9</td>
<td>65.8</td>
<td>34.6</td>
</tr>
<tr>
<td><strong>Underwriting profit</strong></td>
<td>20.9</td>
<td>27.5</td>
<td>31.6</td>
</tr>
<tr>
<td><strong>Underwriting profit margin (%)</strong></td>
<td>42.8</td>
<td>41.9</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>43.8</td>
<td>13.7</td>
<td>(68.8)</td>
</tr>
<tr>
<td><strong>ROE (%)</strong></td>
<td>23.9</td>
<td>7.3</td>
<td>-</td>
</tr>
<tr>
<td><strong>ROA (%)</strong></td>
<td>11.6</td>
<td>2.8</td>
<td>-</td>
</tr>
</tbody>
</table>

S&P Financial Strength Credit Rating: **BBB/Negative**

**COMPANY DESCRIPTION**

**Stock Data**

- **Bloomberg Ticker:** ABNIC UH
- **Exchange Ticker:** ABNIC.ADSM
- **Price (February 22, 2009):** 10.3
- **52 Week High/Low:** 10.3/8.4
- **Mkt. Cap (AED million):** 2,575.0
- **Enterprise value (AED million):** -

**SHAREHOLDER STRUCTURE**

- **HH Sheikh Abdullah Bin Mohammed Bin Ali Al Thani:** 13.47%
- **Al Qasimi Group:** 11.22%
- **HH Sheikh Tarek Bin Faisal Khaled Al Qasimi:** 9.59%
- **The Private Investment Group:** 27.65%
- **Public:** 38.07%

**KEY INSURANCE RATIOS (%)**

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Claims ratio</strong></td>
<td>88.5</td>
<td>93.9</td>
<td>88.5</td>
</tr>
<tr>
<td><strong>Combined ratio</strong></td>
<td>49.6</td>
<td>57.2</td>
<td>58.1</td>
</tr>
<tr>
<td><strong>Investment return</strong></td>
<td>7.3</td>
<td>8.6</td>
<td>-4.3</td>
</tr>
</tbody>
</table>

*Excluding change in fair value
Al Khazna Insurance Company (AKIC) is a ‘national’ insurer based in Abu Dhabi. It is authorized to write all classes of life and non-life insurance business. Its offerings include marine cargo & hull, energy & aviation, property, engineering, general accidents, motor and medical & life insurance.

**Recent Events:**

- Net premium for the first quarter of 2009 of US$5.8 million decreased by 11.2% year on year. Also, AKIC reported a net loss of US$3.1 million in the first quarter of 2009 compared to net income of US$2.8 million in the same period in 2008

- In May 2008, AKIC acquired a 15% stake in Saudi Arabian Sanad for Co-operative Insurance and Reinsurance

### PERFORMANCE SUMMARY*

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2007-'08 (% change)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross premium written</strong></td>
<td>43.5</td>
<td>59.3</td>
<td>36.3</td>
</tr>
<tr>
<td><strong>Net premium earned</strong></td>
<td>21.1</td>
<td>26.5</td>
<td>25.5</td>
</tr>
<tr>
<td><strong>Underwriting profit</strong></td>
<td>(1.7)</td>
<td>(1.8)</td>
<td></td>
</tr>
<tr>
<td><strong>Underwriting profit margin (%)</strong></td>
<td>(7.9)</td>
<td>(6.9)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>37.8</td>
<td>9.2</td>
<td>(75.8)</td>
</tr>
<tr>
<td><strong>ROE (%)</strong></td>
<td>22.2</td>
<td>4.9</td>
<td>-</td>
</tr>
<tr>
<td><strong>ROA (%)</strong></td>
<td>13.0</td>
<td>2.7</td>
<td>-</td>
</tr>
</tbody>
</table>

S&P Financial Strength Credit Rating: **Not Rated**

*Zawya

### COMPANY DESCRIPTION

Incorporated in 1996, Al Khazna Insurance Company (AKIC) is a ‘national’ insurer based in Abu Dhabi. It is authorized to write all classes of life and non-life insurance business. Its offerings include marine cargo & hull, energy & aviation, property, engineering, general accidents, motor and medical & life insurance.

### STOCK DATA

- **Bloomberg Ticker:** AKIC UH
- **Exchange Ticker:** AKIC.ADSM
- **Price (July 6, 2009):** 0.93
- **52 Week High/Low:** 2.61/0.73
- **Mkt. Cap (AED million):** 372.0
- **Enterprise value (AED million):** 493.6
- **Price (US$ million):** 101.3
- **Enterprise value (US$ million):** 134.4

### SHAREHOLDER STRUCTURE

- **Public:** 89.99%
- **Ocha Hamad Eid:** 5.01%
- **Hazaa Mohammed Abdulaziz Rabih Chahine Al Mohairi:** 5.00%

### KEY INSURANCE RATIOS (%)

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Claims ratio</strong></td>
<td>85.9</td>
<td>77.4</td>
<td>72.9</td>
</tr>
<tr>
<td><strong>Combined ratio</strong></td>
<td>103.6</td>
<td>94.9</td>
<td>91.8</td>
</tr>
<tr>
<td><strong>Investment return</strong></td>
<td>15.1</td>
<td>18.1</td>
<td>7.4</td>
</tr>
</tbody>
</table>

*Excluding change in fair value
Established in 1979, Al Sagr National Insurance Company (ASNIC) offers all classes of life and non-life insurance, reinsurance products and services. Its main insurance offerings are fire and general accident, marine, motor, life and medical insurance. ASNIC operates in Saudi Arabia through its subsidiary, Al Sagr Company for Co-operative Insurance and has plans to establish a subsidiary in Qatar.

Recent Events:

- Net premium for the first quarter of 2009 of US$18.8 million increased by 28.7% year on year. ASNIC reported a net income of US$9.1 million in the first quarter of 2009 compared to US$12.2 million in the same period in 2008, a decrease of 25.5% year on year

- In March 2009, ASNIC issued 30 million bonus shares worth AED30 million (US$8.16 million) taking the total number of shares to 230 million

- In 2008, Al Sagr took a 26% share in a new Saudi insurer, Al Sagr Company for Co-Operative Insurance, and closed down its former Saudi operations previously conducted through a subsidiary in Bahrain

- In 2008 it bought 55% of an insurer based in Jordan and took over the management of Union Insurance Co PSC based in Ajman, UAE
Al Wathba National Insurance Company (AWNIC UH Equity)

PERFORMANCE SUMMARY*

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2007-08 (% change)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross premium written</td>
<td>47.0</td>
<td>75.7</td>
<td>60.9</td>
</tr>
<tr>
<td>Net premium earned</td>
<td>20.2</td>
<td>34.9</td>
<td>73.1</td>
</tr>
<tr>
<td>Underwriting profit</td>
<td>2.2</td>
<td>2.4</td>
<td>6.7</td>
</tr>
<tr>
<td>Underwriting profit margin (%)</td>
<td>11.1</td>
<td>6.8</td>
<td>-</td>
</tr>
<tr>
<td>Net profit</td>
<td>18.5</td>
<td>8.7</td>
<td>(53.2)</td>
</tr>
<tr>
<td>ROE (%)</td>
<td>14.6</td>
<td>6.6</td>
<td>-</td>
</tr>
<tr>
<td>ROA (%)</td>
<td>8.5</td>
<td>3.5</td>
<td>-</td>
</tr>
</tbody>
</table>

S&P Financial Strength Credit Rating: **Not Rated**

*Zawya

STOCK DATA

- **Bloomberg Ticker:** AWINC UH
- **Exchange Ticker:** AWINC ADSM
- **Price (March 10, 2009):** 7.69
- **52 Week High/Low:** 10.4/6.3
- **Mkt. Cap (AED million)*:** 922.8
- **(US$ million)*:** 251.2
- **Enterprise value (AED million):** -
- **(US$ million):** -

* Source: Zawya, July 13, 2009

COMPANY DESCRIPTION

Established in 1997, Al Wathba National Insurance Company (AWNIC) offers general insurance and re-insurance services. Its offerings include fire & general accident, engineering, motor, marine, oil & energy, health and personal insurance.

Recent Events:

- Net premium for the first half of 2009 of US$26.8 million increased by 50.1% year on year. However, AWNIC reported a net income of US$2.7 million in the first half of 2009 compared to US$10.6 million in the same period in 2008, a decrease of 74.8% year on year.

- In January 2009, AWNIC acquired technology to enhance its internal communication network through Unified Communications, a Nortel and Microsoft's product. Unified Communications converges voice and data services with telephony, fax, email, video and instant messaging to strengthen communication between employees and its outside contacts.


SHAREHOLDER STRUCTURE

- **Public:** 27.80%
- **Saif Darweesh Ahmad Al Ketbi:** 19.15%
- **HH Sheikh Saif Bin Mohammed Bin Butti Al Hamed:** 13.20%
- **Abu Dhabi Cooperative Society:** 9.27%
- **Ali Rashid Nasser Al Omeira:** 7.06%
- **Rashed Darweesh Ahmad Al Ketbi:** 9.27%
- **Ahmad Bin Ali Khalfan Al Dhaheri:** 5.25%
- **Abu Dhabi National Company for Building Materials:** 3.40%
- **Mohammed Ahmad Al Kassemi:** 5.60%

KEY INSURANCE RATIOS (%)

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Claims ratio</strong></td>
<td>64.8</td>
<td>70.2</td>
<td>77.3</td>
</tr>
<tr>
<td><strong>Combined ratio</strong></td>
<td>80.4</td>
<td>88.9</td>
<td>93.2</td>
</tr>
<tr>
<td><strong>Investment return</strong></td>
<td>5.2</td>
<td>8.5</td>
<td>3.1</td>
</tr>
</tbody>
</table>

*Excluding change in fair value
### PERFORMANCE SUMMARY*

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2007-'08 (% change)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross premium written</strong></td>
<td>208.7</td>
<td>272.3</td>
<td>30.5</td>
</tr>
<tr>
<td><strong>Net premium earned</strong></td>
<td>52.9</td>
<td>67.9</td>
<td>28.5</td>
</tr>
<tr>
<td><strong>Underwriting profit</strong></td>
<td>24.7</td>
<td>36.9</td>
<td>49.5</td>
</tr>
<tr>
<td><strong>Underwriting profit margin (%)</strong></td>
<td>34.5</td>
<td>49.5</td>
<td></td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>37.1</td>
<td>40.9</td>
<td>10.3</td>
</tr>
<tr>
<td><strong>Net profit margin (%)</strong></td>
<td>43.2</td>
<td>10.3</td>
<td></td>
</tr>
<tr>
<td><strong>ROE (%)</strong></td>
<td>31.1</td>
<td>27.5</td>
<td></td>
</tr>
<tr>
<td><strong>ROA (%)</strong></td>
<td>11.0</td>
<td>9.7</td>
<td></td>
</tr>
</tbody>
</table>

S&P Financial Strength Credit Rating: A/Stable

*Zawya

### COMPANY DESCRIPTION

Established in 1980, Arab Orient Insurance Company operates into two main insurance segments, namely personal insurance and commercial insurance. The personal insurance segment offers motor, comprehensive household, personal accident, medical, individual life and travel insurance. Its commercial insurance segment offers property, engineering, liability, money, fidelity guarantee, contingency, marine, workmen's compensation, group life, group medical, motor fleet, and bond insurances.

**Recent Events**

- Gross premium and net profit for the first half of 2009 were US$150.0 million and US$28.8 million, an increase of 10.0% and 30.0% respectively year on year
- Arab Orient Insurance Company, Abu Dhabi Islamic Bank and Union National Bank recently established a Takaful insurance company in Egypt
- In April 2007, the company commenced operations in Syria

### STOCK DATA

<table>
<thead>
<tr>
<th></th>
<th>AED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bloomberg Ticker</strong></td>
<td>AOIC UH</td>
</tr>
<tr>
<td><strong>Exchange Ticker</strong></td>
<td>AOIC.DFM</td>
</tr>
<tr>
<td><strong>Price (na)</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>52 Week High/Low</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Mkt. Cap (AED million)</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>(US$ million)</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Enterprise value (AED million)</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>(US$ million)</strong></td>
<td>-</td>
</tr>
</tbody>
</table>

### SHAREHOLDER STRUCTURE

| Al Futtaim Development Services Company | 90.00% |
| Al Futtaim Private Company | 5.00% |
| Al Futtaim Group | 5.00% |

### SHAREHOLDER STRUCTURE

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Claims ratio</strong></td>
<td>49.0</td>
<td>50.5</td>
<td>44.8</td>
</tr>
<tr>
<td><strong>Combined ratio</strong></td>
<td>54.4</td>
<td>53.3</td>
<td>45.7</td>
</tr>
<tr>
<td><strong>Investment return</strong></td>
<td>6.7</td>
<td>7.1</td>
<td>0.2</td>
</tr>
</tbody>
</table>

*Excluding change in fair value
Dubai Insurance Company (DIC) offers all classes of general life and non-life insurance products. DIC mainly offers short term insurance contracts for fire and engineering, motor, marine, general accident, medical and group life risks.

Recent Events:

- In July 2009, DIC and the UK based insurance specialist William Russell Limited introduced global life insurance plans for GCC residents, offering cover of up to 20 times the salary up to a maximum of US$1.5 million.
- Net premium and net profit for the first quarter of 2009 were US$8.1 million and US$3.7 million, an increase of 43.5% and 26.9% respectively year on year.
- In March 2009, DIC distributed AED 3 per share cash dividend for the year ended December 31, 2008.
- In March 2008, DIC distributed bonus shares of 33.3% of the paid up capital.
**PERFORMANCE SUMMARY***

<table>
<thead>
<tr>
<th>(US$ million)</th>
<th>2007</th>
<th>2008</th>
<th>2007-'08 (% change)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross premium written</td>
<td>133.2</td>
<td>180.5</td>
<td>35.5</td>
</tr>
<tr>
<td>Net premium earned</td>
<td>31.7</td>
<td>51.8</td>
<td>63.7</td>
</tr>
<tr>
<td>Underwriting profit</td>
<td>12.6</td>
<td>13.8</td>
<td>9.5</td>
</tr>
<tr>
<td>Underwriting profit margin</td>
<td>39.7</td>
<td>26.6</td>
<td>-</td>
</tr>
<tr>
<td>Net profit</td>
<td>37.0</td>
<td>30.9</td>
<td>(16.5)</td>
</tr>
<tr>
<td>ROE (%)</td>
<td>10.8</td>
<td>10.2</td>
<td>-</td>
</tr>
<tr>
<td>ROA (%)</td>
<td>7.5</td>
<td>6.1</td>
<td>-</td>
</tr>
</tbody>
</table>

S&P Financial Strength Credit Rating: **BBB+/Stable**

*Zawya

**COMPANY DESCRIPTION**

Incorporated in 1983, Emirates Insurance Company (EIC) is the third largest of the Abu Dhabi based ‘national’ insurers and the sixth largest in the UAE. EIC offers a comprehensive range of insurance products to both corporate and individual customers. EIC offers the following classes of insurance services: aviation, bankers’ blanket bond insurance, cargo, fidelity guarantee, fire, marine, money, motor and life insurance.

**Recent Events:**

- Net premium for the first half of 2009 of US$31.9 million increased by 33.4% year on year. EIC reported a net income of US$11.5 million in the first half of 2009 compared to US$25.9 million in the same period in 2008, a decrease of 55.5% year on year

- In July 2008, EIC was the first Abu Dhabi insurance company to be awarded a fully interactive insurance company financial strength rating of BBB+ from Standard & Poor’s

**KEY INSURANCE RATIOS (%)**

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claims ratio</td>
<td>80.5</td>
<td>63.6</td>
<td>67.8</td>
</tr>
<tr>
<td>Combined ratio</td>
<td>72.3</td>
<td>60.3</td>
<td>73.4</td>
</tr>
<tr>
<td>Investment return*</td>
<td>5.1</td>
<td>6.3</td>
<td>7.8</td>
</tr>
</tbody>
</table>

*Excluding change in fair value
Established in 1975, Oman Insurance Company (OIC) is the largest insurer in the UAE, with its base in Dubai. It mainly issues short term insurance contracts for property, marine and motor risks and medical, group life and personal accident risks. OIC also invests its funds in investment securities and properties through its wholly-owned subsidiary, Equator Trading Enterprises LLC.

Recent Events:

- Net premium for the first half of 2009 of US$175.1 million increased by 26.6% year on year. OIC reported a net income of US$38.8 million in the first half of 2009 compared to US$97.6 million in the same period in 2008, a decrease of 60.3% year on year
- In Q1 2009, OIC commenced operations in Qatar
- In March 2009, OIC distributed AED 0.5 per share cash dividend for the year ended December 31, 2008
For more information:

<table>
<thead>
<tr>
<th>Name</th>
<th>Tommy Trask</th>
</tr>
</thead>
<tbody>
<tr>
<td>Designation</td>
<td>Executive Director</td>
</tr>
<tr>
<td>Contact détails</td>
<td><a href="mailto:t.trask@alpencapital.com">t.trask@alpencapital.com</a></td>
</tr>
<tr>
<td>Tel</td>
<td>+971 (0) 4 363 4322</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name</th>
<th>Sanjay Vig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Designation</td>
<td>Managing Director</td>
</tr>
<tr>
<td>Contact détails</td>
<td><a href="mailto:s.vig@alpencapital.com">s.vig@alpencapital.com</a></td>
</tr>
<tr>
<td>Tel</td>
<td>+971 (0) 4 363 4307</td>
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</tbody>
</table>
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