The Saudi Takaful Market Prospects & Challenges

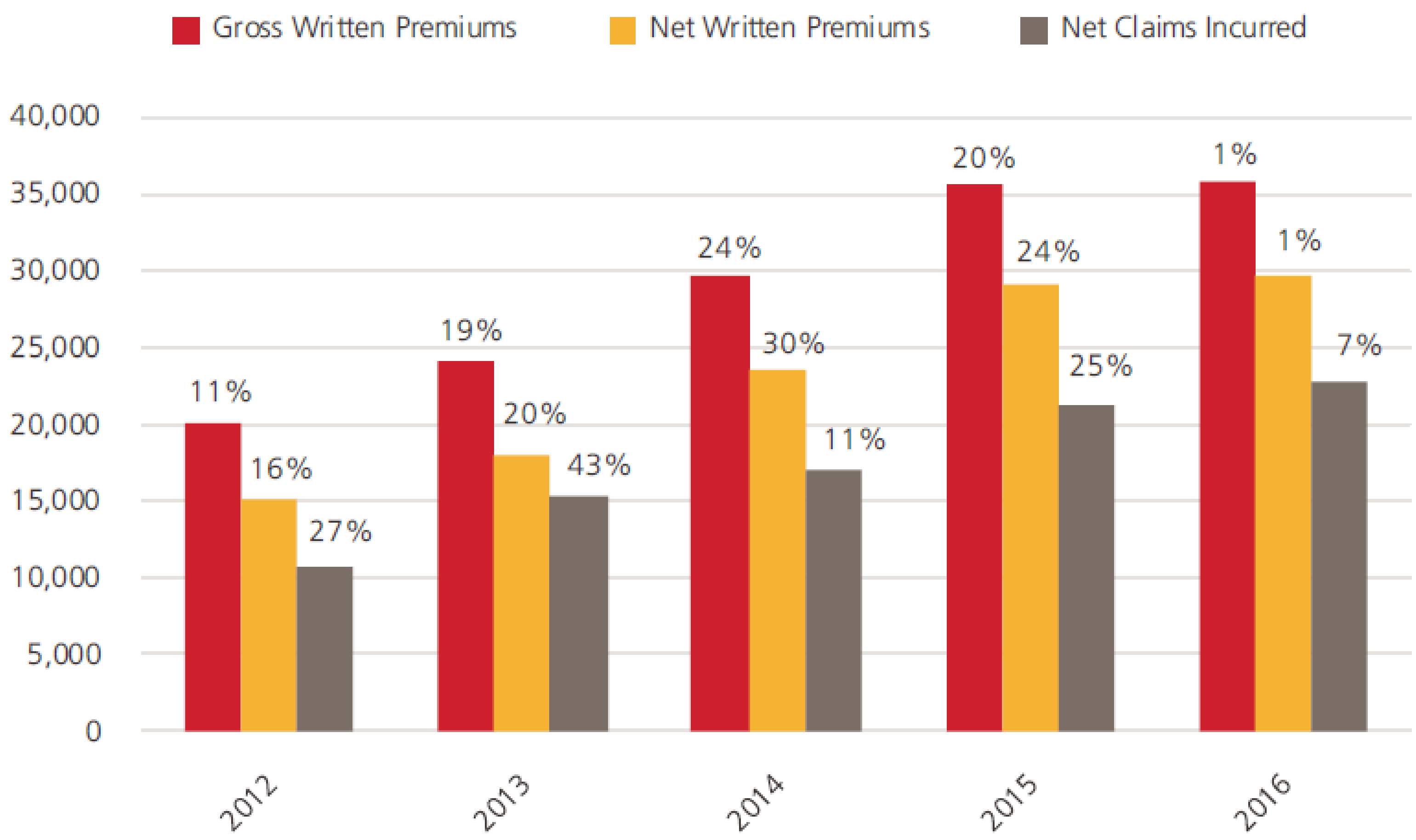
Steven Cosgrove - CEO – SABB Takaful

Agenda

- ✓ The Market
- ✓ Vision 2030 snap shot
- ✓ Opportunities for Insurers
    - Family Takaful
    - SME market
- ✓ Challenges

Saudi Insurance Market

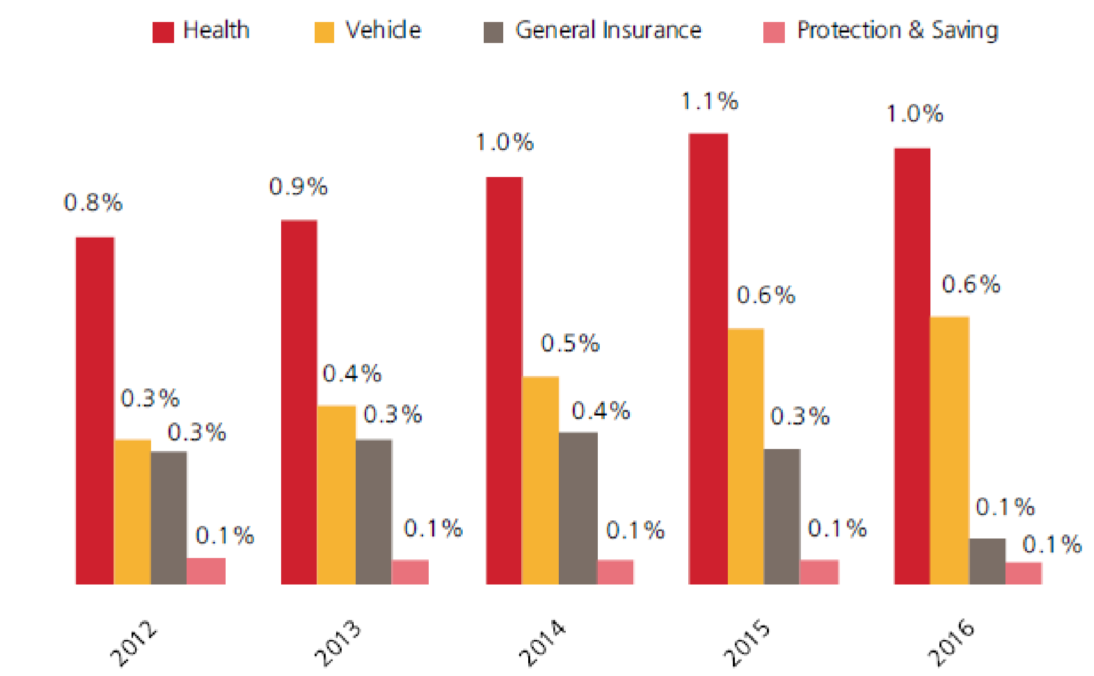
Insurance Sector Evolution with Growth Rates (SAR million)



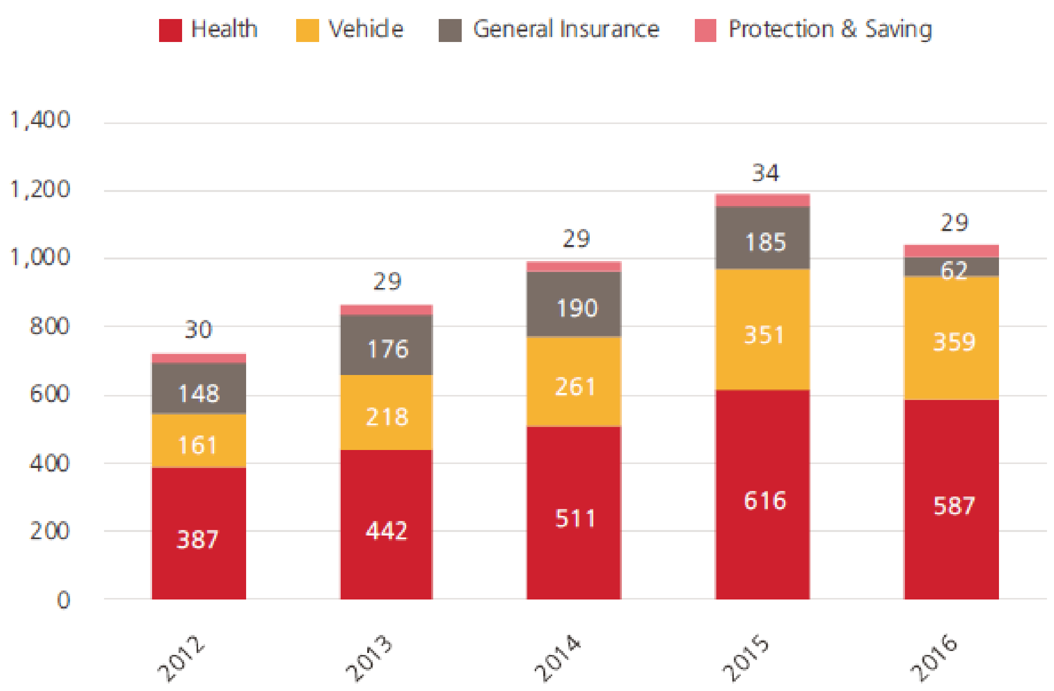
Source: Al Bilad Capital – Saudi Insurance Sector Reports Q4-2016

Saudi Insurance Market

Insurance Penetration Breakdown - 2016



Insurance Density Breakdown - 2016



Source: Al Bilad Capital – Saudi Insurance Sector Reports Q4-2016

Saudi Insurance Market – by segment

	Gross Written Premium (SAR million)			Net Written Premium (SAR million)			Net Earned Premium (SAR million)			Net Claims Incurred (SAR million)			Retention Ratio		Loss Ratio		Market Share	
Segment	2015	2016	Groth	2015	2016	Growth	2015	2016	Growth	2015	2016	Growth	2015	2016	2015	2016	2015	2016
Health	18,962	18,645	(%1.7)	18,177	18,089	(%0.5)	16,556	18,236	%10.1	12,804	14,144	%10.5	%95.9	%97.0	%77.3	%77.6	%53.3	%52.1
Vehicle	10,273	11,392	%10.9	9,387	9,959	%6.1	8,713	9,759	%12.0	7,857	8,105	%3.2	%91.4	%87.4	%90.2	%83.1	%28.9	%31.9
General Insurance	5,390	4,786	(%11.2)	1,142	1,077	(%5.7)	1,042	1,113	%6.9	376	313	(%16.8)	%21.2	%22.5	%36.1	%28.1	%15.2	%13.4
Protection & Savings	939	935	(%0.5)	485	483	(%0.4)	437	480	%9.8	197	204	%3.5	%0.0	%0.0	%45.1	%42.5	%2.6	%2.6
Total	**35,564**	**35,758**	**%0.5**	**29,190**	**29,608**	**%1.4**	**26,748**	**29,587**	**%10.6**	**21,235**	**22,766**	**%7.2**	**%82.9**	**%83.6**	**%79.4**	**%76.9**	**%100**	**%100**

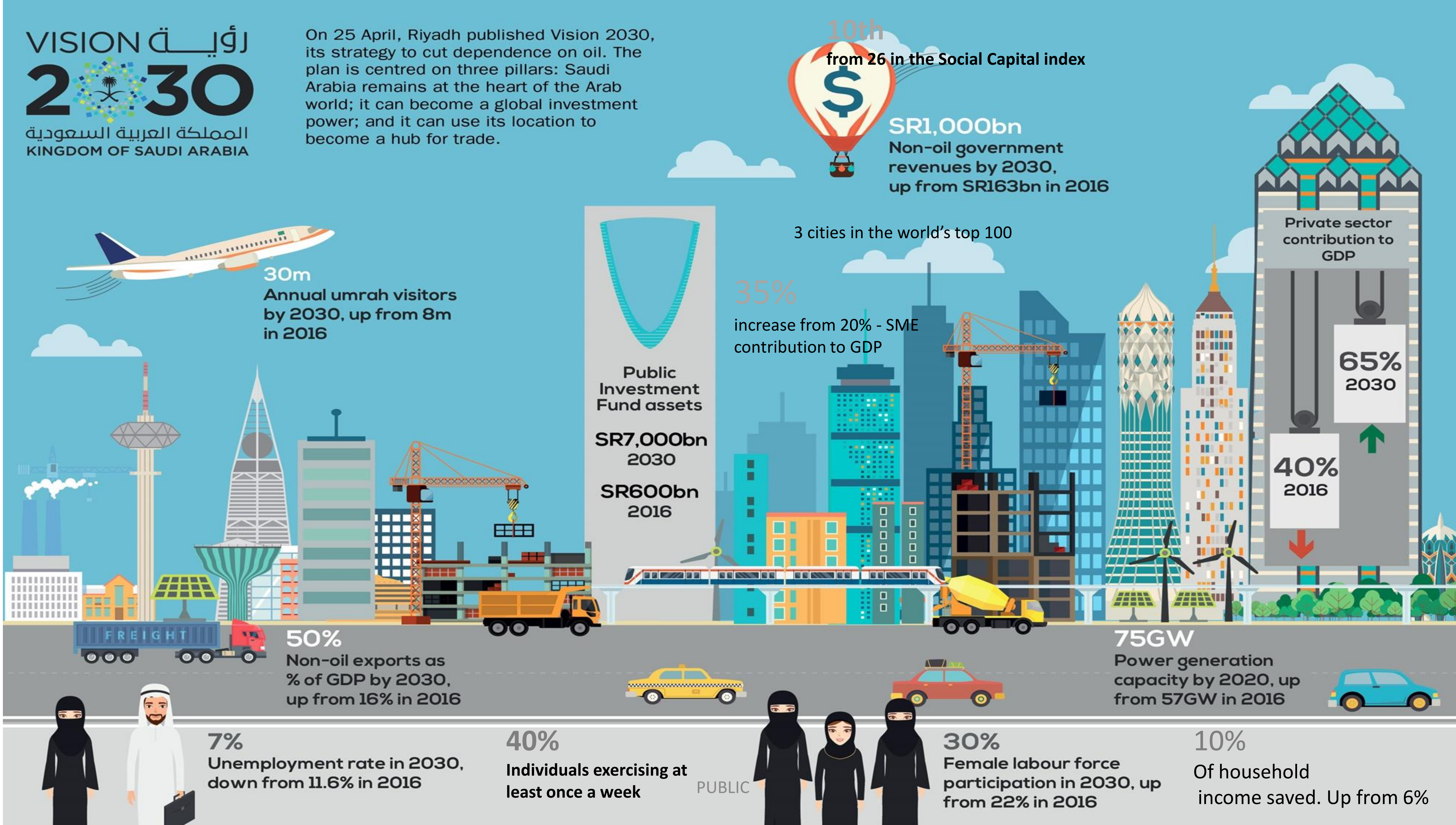
Source: Al Bilad Capital – Saudi Insurance Sector Reports Q4-2016

VISION رؤية

2030

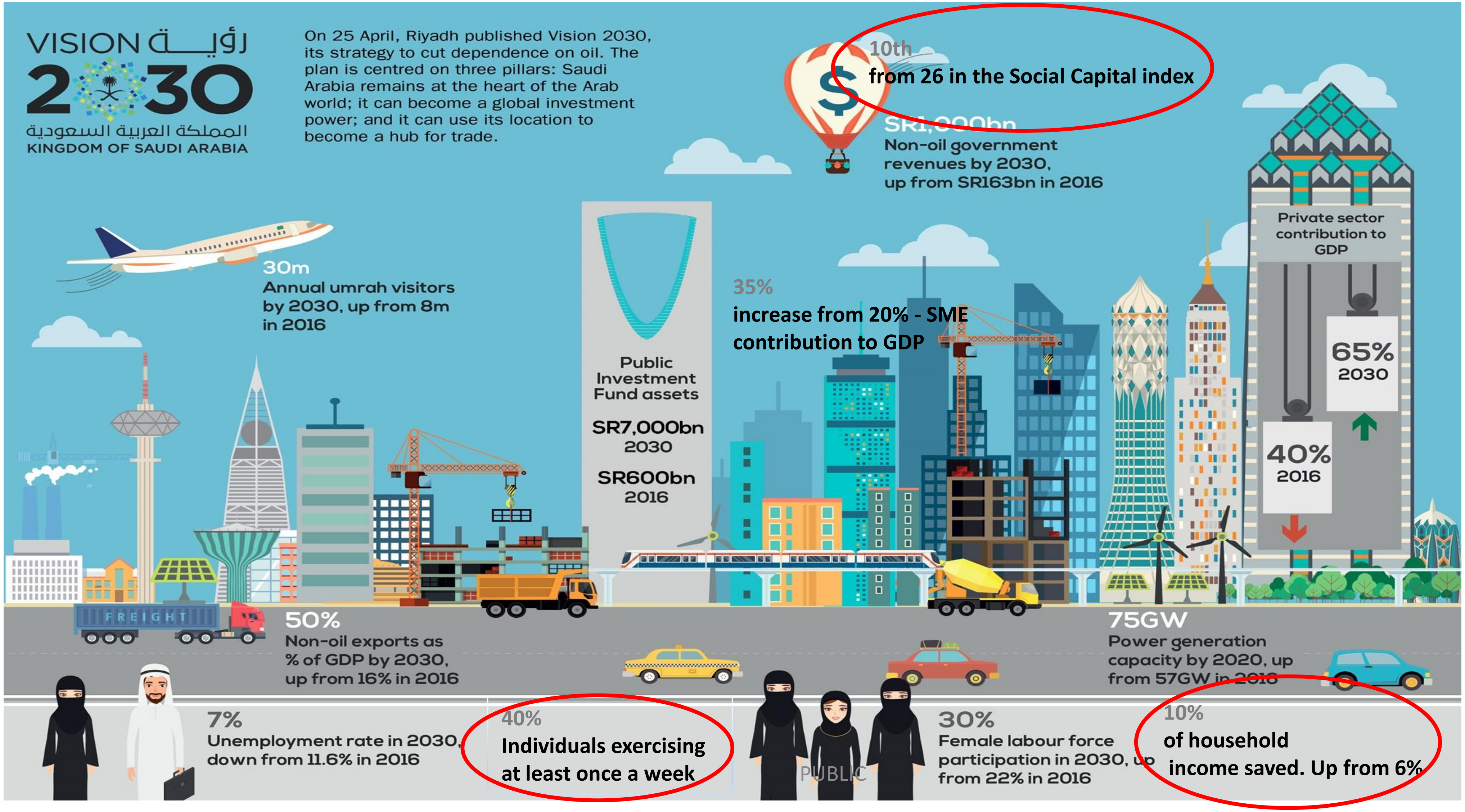
المملكة العربية السعودية

KINGDOM OF SAUDI ARABIA

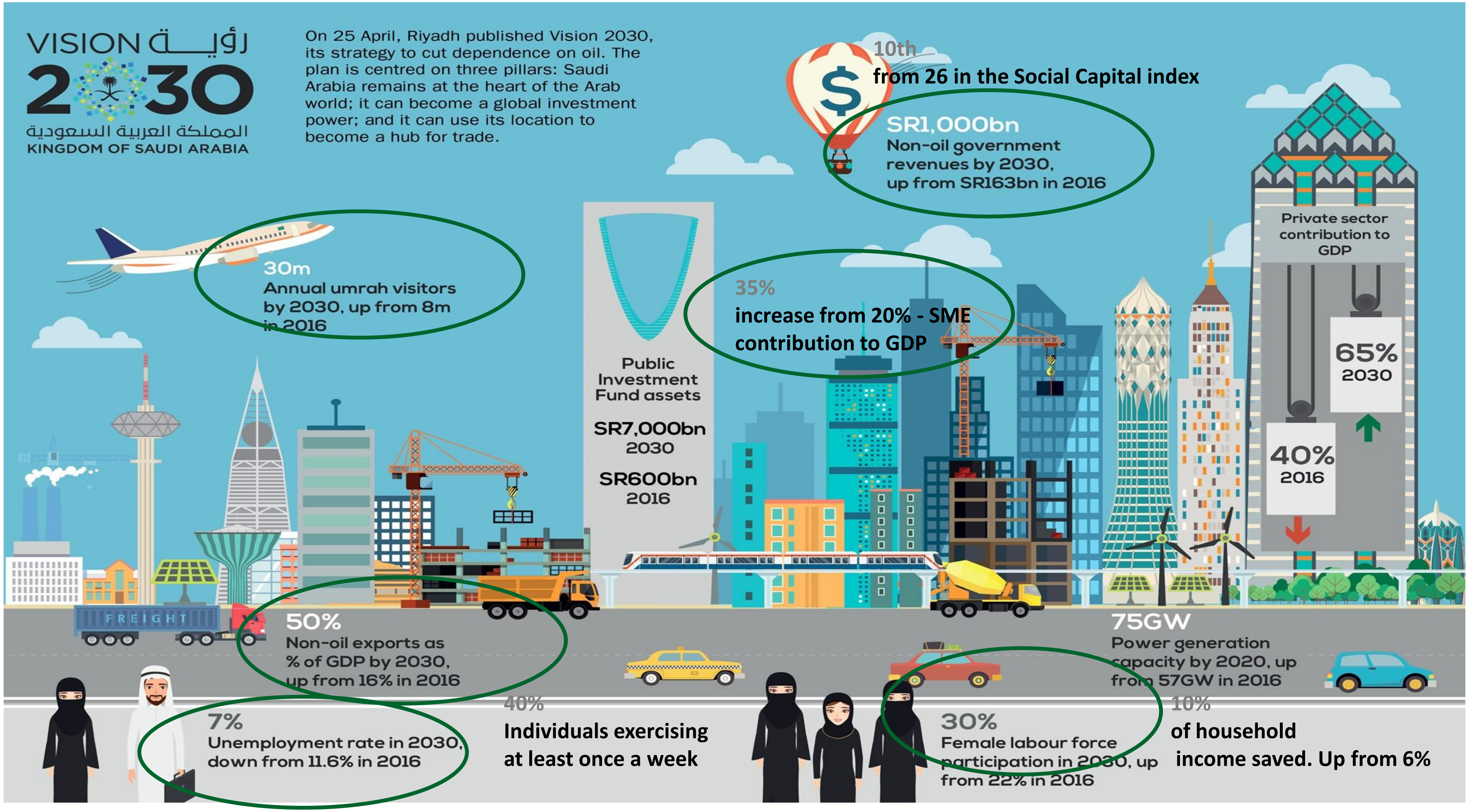


VISION رؤية 2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA
On 25 April, Riyadh published Vision 2030, its strategy to cut dependence on oil. The plan is centred on three pillars: Saudi Arabia remains at the heart of the Arab world; it can become a global investment power; and it can use its location to become a hub for trade.
10th
from 26 in the Social Capital index
SR1,000bn
Non-oil government revenues by 2030, up from SR163bn in 2016
3 cities in the world's top 100
30m
Annual umrah visitors by 2030, up from 8m in 2016
Public Investment Fund assets
SR7,000bn 2030
SR600bn 2016
35%
increase from 20% - SME contribution to GDP
Private sector contribution to GDP
65% 2030
40% 2016
FREIGHT
50%
Non-oil exports as % of GDP by 2030, up from 16% in 2016
75GW
Power generation capacity by 2020, up from 57GW in 2016
7%
Unemployment rate in 2030, down from 11.6% in 2016
40%
Individuals exercising at least once a week
PUBLIC
30%
Female labour force participation in 2030, up from 22% in 2016
10%
Of household income saved. Up from 6%

Opportunity No 1 – Savings and Protection Vision 2030 compatible

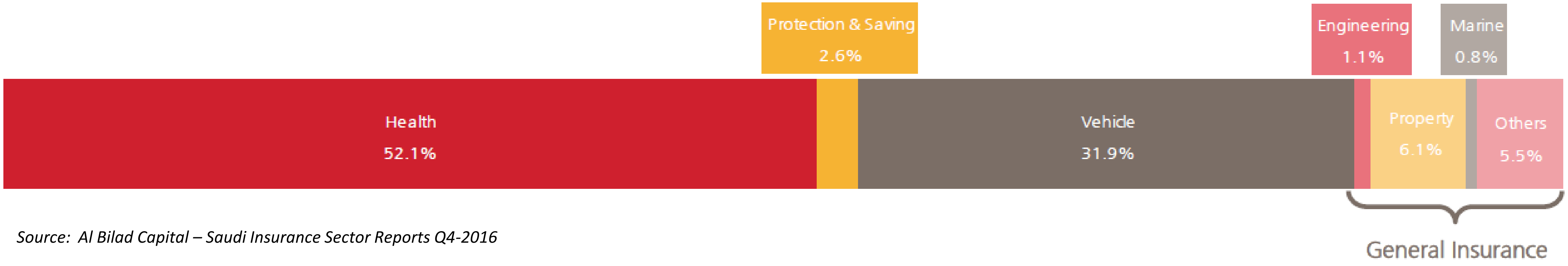


Opportunity No 2 – SME Vision 2030 compatible



Opportunity no. 1– Savings and Protection – Boxes well below its weight

Segment Market Share Breakdown - 2016



Source: Al Bilad Capital – Saudi Insurance Sector Reports Q4-2016

Global Insurance Premiums

Opportunity No 1 – Savings and Protection
Young Population

LIVING

31.7M people live in the Kingdom v 27.2M in 2010 (+ 2.54% p.a)
20.04M are Saudis (63%) v 18.77M (69%) in 2010
57%/43% Male / Female split
The average age in 2015 was 28 years old (UN Dept Economic and Social Affairs)

DEATHS (Peace be upon them)

58,000 people passed away within a 12 month period (General Authority of Statistics 2016)
WHY:
46% due to illness v WHO reported 54% globally due to top 10 diseases
19% due to motor vehicle accidents v WHO reported 2.3% globally

Opportunity No 2 – SME
Growing importance within the Kingdom

- Currently 1.9M SMEs in the Kingdom
- 74% in trade or construction
- Comprise 25% of labour force of which 10% are Saudis
- Seeking growth in healthcare, transportation, smart manufacturing including hi-tech and bio-products

(Source: Jeddah Chamber, www.jcci.org.sa; Small-medium enterprises in Saudi Arabia report, April 2016)

Challenges

Industry Specific	Company Specific
• Dependence on the Government	• Getting product to the Customer
• Paradigm Shift ✓ Education program	• Quality of Products
• Industry Image	• Industry Image
• Saudization	• Skilled Saudis