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## A Challenging Market Environment Leaves Its Mark On Arig's 2015 Results



**Streamlining the Group for better performance and capital efficiency:** Yassir Albaharna, Arig Chief Executive Officer

Loss events, overcapacities in the reinsurance market and lower investment returns resulted in a US\$ 4.4 million loss to the Arig Group

loss of US\$ 5.8 million (Q4 2014: profit of US\$ 6.0 million).

Arig's Gross written premiums de-

creased to US\$ 220.4 million over the year (2014: profit of US\$ 15.6 million). Parent company Arig and its corporate member at Lloyd's generated gains of US\$ 2.1 million from underwriting activities (2014: US\$ 14.3 million) whereas Takaful Re, a subsidiary of Arig, produced a loss of US\$ 1.3 million (2014: loss of US\$ 8.3 million) to the Group. Investment returns reached US\$ 14.3 million but were down 30% year-on-year (2014: US\$ 20.5 million) as markets declined towards the end of 2015.

The Group's net result for the fourth quarter 2015 alone was a

loss of US\$ 5.8 million over the year (2014: US\$ 315.3 million) as a result of shifts in the Lloyd's portfolio, cyclical cutbacks and the influence of exchange rate developments. A series of mid-size insurance losses and the reduced premium pool pushed the Group's combined ratio up to 106.6% (2014: 101.7%).

Yassir Albaharna, CEO of Arig, commented: "We are obviously not satisfied with our 2015 result and are streamlining the Group for better performance and capital efficiency. It was therefore decided that Takaful Re, in which we hold a 54% stake, should cease underwriting. Equally we are revisiting activities that have remained below our expectations while boosting those with strong returns."

Arig's shareholders' equity stood at US\$ 244.2 million on 31 December 2015 (end of 2014: US\$ 264.5 million) with a book value per share of US\$ 1.23 (end of 2014: US\$ 1.34).

Arig is one of the largest Arab-owned, professional reinsurance providers in the Middle East and Africa. Arig is listed on the stock exchanges in Bahrain and Dubai and offers a wide range of reinsurance products and services. Arig's subsidiaries include Takaful Re (Dubai), Gulf Warranties (Bahrain) and Arig Capital Ltd. (UK).

Arab Insurance Group (B.S.C.) is a reinsurance firm regulated by the Central Bank of Bahrain (CBB).

### Financial Highlights as at 31 December 2015 (in US\$ million)

	2015	2014
Gross premiums written	220.4	315.3
Net premiums written	202.9	260.4
Technical result	13.2	16.1
Underwriting result	0.8	6.0
Combined ratio	106.6%	101.7%
Investment income	14.3	20.5
Operating expenses	28.6	28.7
Net (loss) profit	(4.4)	15.6
Investment assets	746.6	715.4
Net technical provisions	613.7	635.6
Shareholders' equity	244.2	264.5
Total assets	1,099.1	1,104.3
Book value per share (US\$)	1.23	1.34