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Over \$13m cash windfall for Arig shareholders

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The overwhelming majority of the Arab Insurance Group (Arig) yesterday approved the payment of dividend of \$13.1 million for the year 2009.

Bahrain-based Arig concluded a year of strong performance with its 29th annual shareholders meeting, which was attended by 65.5% of the total shareholding of the company. Khalid Al Bustani Chairman of the bank chaired the meeting held at the Arig House in Diplomatic Area.

The chairman told shareholders that the company posted net profits of \$21.9 million for the year against the loss of 28.6 million in 2008.

The shareholders approved the Arig's Board recommendation of a cash dividend of 6.25% on the company's paid-up capital, or 6.25 cents per share.

The Company's reinsurance book and investment income both contributed to the rebound.

Net earnings for the 4th Quarter 2009 alone amounted to \$4.9 million (2008: loss of \$17.7

million). Arig's reinsurance performance was aided by the absence of large loss events, generating a 98.7% combined ratio for the year (2008: 99.8%) on its non-life book of business as well as a turnaround of its underwriting result to \$10.6

million (2008: loss of \$15.3 million). However, reduced demand for reinsurance, falling market rates and Arig's selective risk approach left limited potential for growth. Gross Written Premium of \$279.4 million came in close to previous year's level (-0.5%; 2008: \$280.7 million) while

net written premium increased slightly to \$270.7 million (+1%; 2008: 269.2 million).

Recoveries in the global financial markets allowed the Company to book \$33.7 million of investment income at year end, or a 5% average return on invested assets (2008: loss of \$26 million)

in a sharp reversal from the previous year when performance was marred by mostly unrealised losses.

"The company had performed exceedingly well in 2009 as the posted investment revenues of \$33 million and under writing profits of \$16.5 million," said Yassir

Albahama, Arig's CEO.

"While we are obviously pleased with our 2009 performance, I see the industry at crossroads in 2010. Investment returns are expected to be lower yet insurers continue to engage in price wars. Something will have to give. With the measures we have taken to write the good end of the market, I am confident that our Company's position is protected but appetite for growth may be reduced until conditions improve."

Arig's Shareholders' Equity had increased to \$267.3 million by the end of 2009 (end of 2008: \$239.6 million); Book Value per share registered \$1.27 at the same time (end of 2008: \$1.13).

Arig is listed on the stock exchanges of Bahrain, Dubai and Kuwait and offers a wide range of reinsurance products and services. Arig's subsidiaries include Takaful Re (Dubai), Gulf Warranties (Bahrain) and ARIMA Insurance Software (Bahrain). Arig is also an equal partner in the joint venture Hardy Arig Insurance Management (HAIM).



ABDULLAH KHAI

STRONG PERFORMANCE: Chairman Khalid Al Bustani with other board members after the company's AGM held yesterday.