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Arig posts $8.8m net profit in H1

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Regional re-insurance major, Arab Insurance Group (Arig) said yesterday it posted a net profit of $8.8 million for the first-half of the current fiscal, down form $11.4 million in the corresponding period last year.

Following a full-year loss in 2008, Arig returned to profitability in the first-quarter of the fiscal with a net profit of $1.5 million (Q1 2008: $3 million) backed by strong technical result of $8.6 million (Q1 2008: $3.3 million) across its reinsurance portfolio, before experiencing a marginal drop in profit for the first-half of the fiscal. The company's reinsurance underwriting result, which includes investment income on insurance funds and related operating expenses, was up 67 per cent from the same period last year, generating $6.2 million.

In line with recovery trends in the global financial markets, the re-insurer said investment results turned the corner during the second-quarter of the year producing overall earnings of $15.4 million for the six-month period (H1 2008: $15.3 million).

Life and non-life classes continued to perform at a robust combined ratio of 94.31 per cent (H1 2008: 94.26 per cent). The group's reinsurance portfolio reached $163 million for the first-half of the year, down from $184 million during the corresponding period last year. It reached $111.8 million for the first-quarter of the fiscal.

"The drop in gross premium is the result of lower trading volumes in the cyclical lines of business that would recover in tandem with the economies of the emerging markets, which form Arig's core business area," the insurer said.

Personal line classes, especially medical business performed strongly, reflecting increased demand for such classes in the regional insurance markets.

Shareholder equity amounted to $250.3 million as on June 30 (December 2008: $239.6 million). It was $241 million at the end of the first-quarter of the year. Book value per share stood at $1.18 as on June 30 (December 2008: $1.13).

Arig, one of the largest Arab-owned, professional reinsurance providers in the Middle East and North Africa, is listed on the Bahrain, Dubai and Kuwait bourses and offers a wide range of reinsurance products and services. Its subsidiaries include Takaful Re (Dubai), Gulf Warranties (Bahrain) and ARIMA Insurance Software (Bahrain).