

# BAHRAIN

## Insurance Market Overview

by Hussein Elsayed – October 2024



## (1) BAHRAIN: General Information

### Country Information

<b>Official Name</b>	Kingdom of Bahrain
<b>Capital</b>	Manama
<b>Area</b>	780 square kilometers
<b>Location</b>	Bahrain is a small island nation located in the Arabian Gulf in the Middle East. Geographically, Bahrain is an archipelago, with the main island of Bahrain Island being the largest. Bahrain's strategic location in the Arabian Gulf has made it an important regional hub, historically for trade and currently for finance and oil-related industries.
<b>Borders</b>	<b>To the West: Saudi Arabia</b> , which is connected to Bahrain by the King Fahd Causeway, a 25-kilometer bridge. <b>To the East: Qatar</b> , located across the Gulf of Bahrain. There is no direct land connection to Qatar, but the two countries are separated by a maritime boundary. <b>To the North and South:</b> Bahrain is surrounded by the waters of the Arabian Gulf, with no land borders except the connection to Saudi Arabia.
<b>Population</b>	Approx. 1.7 million (2023)
<b>Official Language</b>	Arabic   English (Business)
<b>Currency</b>	Bahraini Dinar (BHD)
<b>Exchange Rate</b>	As at 31/12/2023: 1 BHD = 2.63643 US\$ ; 31/12/2022: 1 BHD = 2.63554 US\$
<b>Major Economic Sectors</b>	Financial services, Oil & Gas, Manufacturing, Tourism
<b>Government Type</b>	Constitutional Monarchy

### Socio-Economic Information

<b>UN Category</b>	High-income country
<b>GDP (Nominal)</b>	\$43.87 billion (2023)
<b>GDP Per Capita</b>	\$25,835 (2023)
<b>Inflation Rate</b>	1.6% (2023)
<b>Unemployment Rate</b>	4.2% (2023)
<b>Human Development Index (HDI)</b>	0.852 (High, 2022)
<b>Major Trading Partners</b>	Saudi Arabia, UAE, USA, China

### Country Risk

<b>Political Risk</b>	Moderate
<b>Social Risk</b>	Moderate
<b>Economic Risk</b>	Low
<b>Regulatory Risk</b>	Low
<b>Financial Risk</b>	Low
<b>Operational Risk</b>	Low
<b>Trade &amp; Investment Risk</b>	Low

### Natural Hazards Risk

<b>Extreme Heat</b>	High
<b>Drought</b>	Moderate
<b>Floods</b>	Moderate
<b>Earthquake</b>	Low
<b>Cyclone</b>	Low



## (II) BAHRAIN: Insurance Market

### KEY HIGHLIGHTS

- *The Bahraini insurance industry is regulated by the Central Bank of Bahrain*
- *The government of Bahrain allows 100% foreign direct investments in the insurance industry*
- *Composite insurance is not permitted in Bahrain since April 1, 2005. However, composite insurers established prior to April 1, 2005 are permitted to operate*
- *Motor third-party liability and workers' compensation insurance are mandatory in Bahrain*
- *Non-admitted insurance is prohibited in Bahrain. However, reinsurance companies can operate in the country on a cross-border basis only*

### (A) Insurance Market - Historical Landmarks and Regulatory Environment

#### ➤ Historical Landmarks

- 1950** The first insurance agency in Bahrain (and within the Arabian Gulf) was established by the Norwich Union Fire Insurance Society Ltd. A number of other, mainly British, agency operations followed.
- 1954** The *Road Traffic Act* required all vehicles to have unlimited third party bodily injury cover. The first national company, that is a company with a majority local shareholding, was established. Known as the Co-operative Compensation Society, it operated as a taxi drivers' mutual.
- 1961 to 1986** Some 10 foreign companies were registered during this period.
- 1969 to 1990** A further seven national insurance companies were established.
- 1977** *Ministerial Order No 25* outlined the regulations for exempt insurance companies.
- 1979** The first exempt company was established.
- 1982** The Co-operative Compensation Society was acquired by the Vehicles Insurance Fund.
- 1980** *Emiri Decree No 14* was passed allowing the Arab Insurance Group (ARIG) to be established.
- 1986** The four original national insurers set up a jointly owned company called United Insurance to provide motor third party liability for motorists entering and leaving Bahrain via the causeway linking the country with Saudi Arabia.
- 1987** *Decree No 3* extended the *Road Traffic Act* to include unlimited property damage.
- 1990** *Emiri Decree No 17* of 1987, which forms the basis of Bahrain's current insurance legislation, came into effect.
- 1994** *Emiri Decree No 8* was passed permitting the establishment of the Arab War Risks Insurance Syndicate.
- 1995** Gulf Union was admitted as a new national insurer, having agreed to handle the run-off of the Vehicles Insurance Fund, which was wound up in this year.
- 1996** *Decree No 7* restricted insurers' liability under the *Road Traffic Act* for third party property damage to BHD 500,000 (USD 1.33mn).
- 1999** FAIR Oil & Energy Insurance Syndicate "FOEIS" was established to serve FAIR Members in this vital field of business. It was incorporated in Bahrain as an independent legal entity by a Legislative Decree No. 7/1999
- 1999** Bahrain Insurance and National Insurance merged to form Bahrain National.
- 2002** Supervisory control passed from the Ministry of Commerce to the Bahrain Monetary Agency (BMA).
- 2003** The BMA granted licences to three insurance companies, Al Ahlia, Medgulf and Solidarity.
- 2004** The BMA lifted a key restriction on foreign insurance brokers and loss adjusters operating in Bahrain, permitting such companies to be 100% foreign-owned.
- 2005** *Volume 3* of the regulator's *Rulebook*, relating to insurance, was published in April.
- 2006** The Central Bank of Bahrain (CBB) was established as an autonomous financial organisation with a paid-up capital of BHD 500,000 (USD 1.33bn). It took over all of the responsibilities of the BMA. The first fully foreign-owned takaful insurance company and the first fully foreign-owned reinsurance company operating on sharia principles were established. The *Commercial Companies Law No 21/2001* came into effect allowing 100% foreign ownership of closed joint stock insurance companies.
- 2007-08** The market continued to grow with the entry of new and prestigious regional and international players attracted by its stability and high standards of governance.
- 2011** Political disturbances in February threatened to destabilise the country. The issue was firmly addressed by the declaration of a state of emergency and the entry into the country of armed forces from Saudi Arabia, restoring calm.

- 2012** Law No 36 of 2012 (the new Labor Law) was signed into law replacing the previous labor law, Law No 23 of 1976.
- 2011 to 2015** The political impasse continued without resolution. In spite of occasional bombings and other violent and non-violent episodes of unrest the general situation has, however, remained relatively calm. Nevertheless strike, riot and civil commotion insurance coverage was redefined by the insurance market and made subject to limitations in coverage.
- 2017** Bahrain (together with Egypt, Saudi Arabia and UAE) imposed a diplomatic, trade and travel embargo against Qatar.
- 2018** In June the King of Bahrain ratified the National Health Insurance Law which was due to become operative in early 2019.
- 2019** Implementation of the National Health Insurance Law was postponed until 2020 pending review by external consultants.
- 2020** Introduction of a new unified motor comprehensive (own damage) insurance policy took place in January 2020 as per the regulator's Resolution No 4 (2020)
- 2022** The CBB in June 2022, required all insurance firms to establish an internal actuarial unit within their organization structure for which all insurance firms must appoint an in-house Bahraini Qualified Actuary (by 30th June 2029) and an in-house Bahraini Actuarial Analyst (by 30th June 2023).
- CBB has issued cyber security requirements for banks, insurance licensees, investment business firms, money changers and ancillary service providers.
  - Additionally, in November 2022 the CBB announced environmental, social and governance (ESG) disclosure guidelines for the financial sector, with reference to insurers and banks. These are expected to be issued in 2023 and follow an ESG reporting survey by the CBB earlier in 2022. Listed insurers have Bahrain Bourse's 2020 ESG Reporting Guidelines available to them, with both codes aiming to ensure transparency in ESG reporting, according to international best practices.
  - Recently the CBB has been part of Bahrain's Economic Recovery Plan to increase insurance sector contribution to GDP to 8% by 2026.
- 2023** The CBB in December 2023, introduced new requirements in the Business and Market Conduct Module of the CBB Rulebook Volumes 1 and 2 for conventional and Islamic to ensure that amounts recovered by retail banks from their customers, in respect of insurance on loans/financing, are not in excess of the cost borne by the banks of such insurance.
- These requirements include calculating the cost of insurance for loans/financing by banks, the methodology for calculating the amount of insurance coverage, disclosure requirements, and the customer's rights in this regard.
- Bapco Energies: a Bahrain-based company specializing in energy transition has signed a partnership agreement with ACE Gallagher and Artex Risk Solutions, both subsidiaries of the Gallagher Group. The agreement involves the creation and management of an insurance captive tailored to Bapco Energies.
- 2024** Gulf Tamin has acquired a 13.85% stake in Arab Insurance Group (ARIG). The transaction involves 30 466 862 ARIG shares held by the Emirates Investment Authority.
- This deal comes following the announcement made by Gulf Tamin in October 2023 regarding its intention to acquire a 10% stake in ARIG. Gulf Tamin was created for the sole purpose of acquiring shares in the Bahraini insurer. The company's shareholders include Lepercq Multi-Asset Fund SICAV (66.67%) and Callaway Capital Management (33.33%).
- Bahrain National Holding to sell its insurance subsidiaries to Solidarity: BNH received, on 8 August 2024, an offer from Solidarity Group Holding to acquire 100% of its subsidiaries Bahrain National Insurance Company and Bahrain National Life Assurance Company. The proposed purchase price for the two entities is 79 million BHD (208.3 million USD).

### ➤ REGULATORY AUTHORITY:

The Bahraini insurance industry is regulated by the **Central Bank of Bahrain (CBB)**.

- The organizational structure of the Central Bank of Bahrain (CBB) comprises 4 executive directors responsible for banking operations, corporate services, banking supervision and financial institutions supervision.
- The Financial Institutions Supervision Division of the CBB is responsible for the supervision of insurance companies, Islamic financial institutions and non-bank financial institutions including mutual funds, investment managers, money brokers and money changers. The division also supervises insurance brokers, agents, consultants, loss adjusters and actuaries.



- The CBB's regulatory requirements are contained in the CBB Rulebook, divided into 6 Volumes, each covering a different segment of the financial system.

### ➤ **Key Insurance Legislations:**

The sector is covered by a number of laws and authorise issued by the CBB, starting with [Law No. 17 of 1987](#), the Bahrain Insurance Law, and more recently by Law No. 23 of 2018, known as the National Health Insurance Law (NHIL). In 2019 the CBB also issued rules for insurance aggregators, opening the way for further development of insurance technology.

The CBB was the first authority in the region to recognise the takaful business in 2005 and issues regular updates for the sharia-compliant segment. A major revision was introduced in 2015, harmonising local sharia-compliant firms with global, Solvency II standards. Bahrain's takaful and re-takaful companies also have their own sharia compliance boards.

- [Central Bank of Bahrain and Financial Institutions Law 2006 \(English\)](#)
- [Central Bank of Bahrain and Financial Institutions Law 2006 \(Arabic\)](#)
- [Legislative Decree No. 34 of the year 2015 amending some of the provisions of the Central Bank of Bahrain and Financial Institutions Law No. 64 of the year 2006 \(Arabic\)](#)
- [Legislative Decree No. 34 of the year 2015 amending some of the provisions of the Central Bank of Bahrain and Financial Institutions Law No. 64 of the year 2006 \(English/Arabic\)](#)
- [Decree Law No. 21 of the year 2016 amending some of the provisions of the Central Bank of Bahrain and Financial Institutions Law No. 64 of 2006 \(Arabic\)](#)
- [Law No. \(14\) of 2020 amending some of the provisions of the Central Bank of Bahrain and Financial Institutions Law No. 64 of 2006 \(Arabic\)](#)
- [BSE Law 1987](#)
- [Commercial Companies Law 2001](#)
- [AML Law 2001](#)
- [Corporate Governance Code](#)
- [Law No. \(18\) of 2016 with respect to Investment Limited Partnerships \(English\)](#)
- [Law No. \(18\) of 2016 with respect to Investment Limited Partnerships \(Arabic\)](#)
- [Decree Law No. 22 of the year 2016 with respect to Protected Cells Companies \(English\)](#)
- [Decree Law No. 22 of the year 2016 with respect to Protected Cells Companies \(Arabic\)](#)
- [Decree Law No. 23 of the year 2016 with respect to Trusts \(Arabic\)](#)
- [Regulations and Resolutions](#)
- [Archive](#)



### ➤ **Insurance Association**

The **Bahrain Insurance Association (BIA)** was established by ministerial order in October 1993. Bahrain Insurance Association has about 50 members, Its membership includes local and foreign companies as well as the leading licensed international reinsurance, brokers and service providers.



*The BIA acts as the co-ordinating and educational body for the industry and its current stated objectives are to:*

- collaborate with the CBB (the regulator) and other authorities and bodies in other industries to represent member's interests.
- promote the insurance industry and encourage public awareness in Bahrain.

- develop sound and ethical professional standards within the insurance industry.
- assist with the reporting of information and statistics and the solving of issues impacting the insurance industry.
- further education and training and to ensure technical skills are enhanced within the insurance industry.
- promote Bahrain as a regional insurance centre.

### ➤ **Reinsurance Companies and Entities in Bahrain:**

Bahrain's reinsurance market includes both local and international reinsurers operating through branches or subsidiaries.



The local reinsurance entities are:

- **Arab Insurance Group (ARIG)** [ceased writing reinsurance business in 2020],
- **Trust Re.** (Trust International Insurance & Reinsurance Co.)

The international reinsurance entities operating in Bahrain servicing both domestic and regional markets:

Hannover Re. Munich Re, Swiss Re.

Bahrain is also home for:

- **Arab War Risks Insurance Syndicate (AWRIS)** a reinsurance Syndicate established in 1980 providing war risks and other related reinsurance facilities exclusively to its current 194 Arab insurance & reinsurance companies members of the Syndicate.  
The Syndicate is rated B++ by A.M. Best.
- **FAIR Oil & Energy Insurance Syndicated** a reinsurance Syndicate established in 1999 under the wings of the Federation of Afro Asian Insurers & reinsurers (FAIR) providing Oil & Energy related reinsurance capacity on facultative basis to its current 20 Afro-Asian insurance & reinsurance companies from Africa & Asia also accept business from non-members and brokers like any other conventional reinsurer. It is an independent entity managed by Trust Re.  
The Syndicate is rated B+ by A.M. Best.

#### ***Reinsurance Market Dynamics:***

- **Takaful Reinsurance (Retakaful):** Bahrain also has a growing market for retakaful, which is the Islamic alternative to conventional reinsurance. Several Islamic insurance companies (takaful) in Bahrain and the Gulf Cooperation Council (GCC) region use retakaful for their reinsurance needs.
- **Proportional and Non-Proportional Treaties:** Reinsurance in Bahrain is structured through a mix of proportional treaties, where reinsurers share premiums and losses with direct insurers, and non-proportional treaties, where reinsurers cover excess losses beyond a certain threshold (such as catastrophe reinsurance). Bahrain-based insurance companies cede a significant portion of their premiums to reinsurers, particularly for specialized lines of business such as aviation, marine, and property risks. This is in line with the regional trend, where primary insurers rely heavily on reinsurance support for managing large-scale risks.
- Bahrain's reinsurance market is closely linked to the global reinsurance industry. Reinsurers in Bahrain typically place a portion of their risks with major international reinsurance markets in Europe (such as Lloyd's of London) and the U.S., ensuring a diverse spread of risk.
- Bahrain does not have extensive compulsory reinsurance requirements like some other GCC countries, there are guidelines encouraging local retention of risk and the use of Bahrain-based reinsurance companies, particularly for certain high-risk sectors.



## (B) BAHRAIN: Insurance Market Performance & Statistics



### Insurance Companies and Organisations Authorized in Bahrain (2014-2023)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Bahraini Insurance Firms	21	21	21	22	23	23	24	25	25	25
Overseas Insurance Firms (Foreign Branches)	10	10	10	11	12	12	12	11	11	11
Insurance Licensees Limited to Operation Outside Bahrain	13	15	15	16	17	20	25	25	25	28
Representative Offices	2	2	2	2	3	4	4	4	4	5
Insurance Brokers	33	32	35	34	34	32	31	31	31	31
Insurance Consultants	4	3	3	3	4	4	4	4	4	4
Loss Adjusters	14	13	12	12	12	13	13	13	11	11
Actuaries	32	30	30	30	30	29	29	27	27	23
Insurance Pools & Syndicates	2	2	2	2	2	2	2	2	2	2
Insurance Ancillary Services	6	6	7	7	7	7	7	6	6	6
Insurance Managers	3	3	3	4	4	4	4	4	5	3
Insurance Society	1	1	1	1	1	1	1	1	1	1
TOTAL	141	138	141	144	149	151	156	153	152	150

 <b>21</b> Locally Incorporated Insurance Firms	 <b>10</b> Overseas Insurance Firms	 <b>33</b> Insurance Brokers	 <b>32</b> Actuaries
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### Bahrain Insurance Market Manpower (2019 - 2023)

	Bahraini Ins. Firms		Overseas Ins. Firms		Reinsurance / Retakaful Firms		TOTAL			
	Bahraini	Non Bah.	Bahraini	Non Bah.	Bahraini	Non Bah.	Bahraini	Non Bah.	Total	% of Bah.
<b>2023</b>	992	281	88	58	139	85	1,219	424	1,643	74%
<b>2022</b>	940	287	68	58	178	139	1,186	484	1,670	71%
<b>2021</b>	868	316	50	53	182	143	1,100	512	1,612	68%
<b>2020</b>	874	309	46	52	183	150	1,103	511	1,614	68%
<b>2019</b>	802	275	44	50	187	156	1,033	481	1,514	68%

### Insurance Penetration & Density (2021-2023)

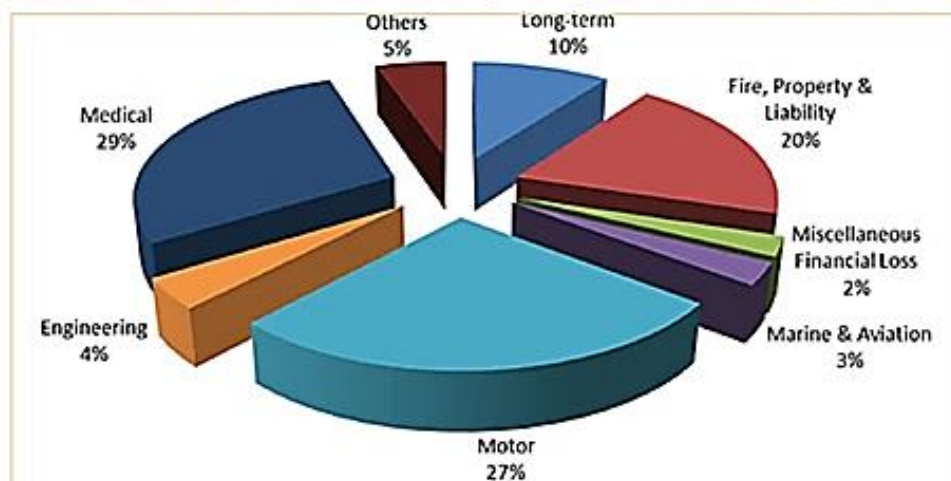
Year	Total Penetration %	Life Penetration %	Non-Life Penetration %	Density (USD)
<b>2021</b>	2.2%	0.6%	1.6%	488
<b>2022</b>	2.3%	0.7%	1.6%	525
<b>2023</b>	1.7%	0.2%	1.5%	489

### Premiums and Claims of Insurance Firms Operating in Bahrain (By Class)

BD' 000	Gross Premiums			Net Premiums Written			Gross Claims			Net Claims		
	2023	2022	% Δ	2023	2022	% Δ	2023	2022	% Δ	2023	2022	% Δ
Long-term	29,658	35,721	-17%	24,781	30,617	-19%	31,178	23,678	32%	27,877	21,787	28%
Fire, Property & Liability	57,518	53,328	8%	4,940	5,922	-17%	12,935	8,383	54%	2,315	1,849	25%
Miscellaneous Financial Loss	7,496	6,630	13%	794	795	0%	867	638	36%	78	51	52%
Marine & Aviation	8,558	9,005	-5%	1,268	1,522	-17%	504	1,274	-60%	19	84	-77%
Motor	78,193	74,643	5%	76,065	72,050	6%	54,485	49,092	11%	45,303	41,518	9%
Engineering	11,777	8,514	38%	520	1,030	-49%	6,595	6,649	-1%	(432)	480	-190%
Medical	83,824	74,406	13%	54,848	48,010	14%	62,901	51,581	22%	45,601	36,103	26%
Others	15,240	17,191	-11%	4,308	4,654	-7%	7,305	8,028	-9%	924	2,030	-54%
<b>Total</b>	<b>292,264</b>	<b>279,438</b>	<b>4.6%</b>	<b>167,524</b>	<b>164,600</b>	<b>1.8%</b>	<b>176,772</b>	<b>149,323</b>	<b>18%</b>	<b>121,685</b>	<b>103,902</b>	<b>17%</b>

Note: Certain items have been restated or reclassified and have been retrospectively adjusted in 2022.

### Gross Premiums of Insurance Firms Operating in Bahrain for the year 2023



### Retention Ratio and Loss Ratio (By Class)

	Retention Ratio <sup>1</sup>		Loss Ratio <sup>2</sup>	
	2023	2022	2023	2022
Long-term	84%	86%	127%	79%
Fire, Property & Liability	9%	11%	46%	30%
Miscellaneous Financial Loss	11%	12%	8%	9%
Marine & Aviation	15%	17%	1%	5%
Motor	97%	97%	60%	57%
Engineering	4%	12%	-72%	43%
Medical	65%	65%	83%	75%
Others	28%	27%	22%	44%

<sup>1</sup> Net Premiums Written / Gross Premiums

<sup>2</sup> Net Claims Incurred / Net Premiums Earned



## Consolidated data – Financial Position

BD '000	Bahraini Insurance Firms				Overseas Insurance Firms		Total	
	Conventional		Takaful					
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Assets</b>								
<b>General Insurance Business</b>								
Total investments in group undertakings and participating interests	142,582	144,278	10,250	475	0	0	152,832	144,753
Total Investments	485,430	448,367	32,710	47,407	48,153	42,027	566,292	537,801
Deposits with ceding undertakings	0	0	0	0	0	0	0	0
Total reinsurance assets	150,217	144,576	0	0	8,902	4,594	159,118	149,170
Total Insurance receivables	121,844	103,064	0	0	5,108	3,756	126,953	106,819
Total other receivables	4,702	5,224	2,763	2,868	386	888	7,851	8,980
Tangible assets	11,177	14,844	1,876	2,041	67	217	13,119	17,102
Total cash at bank and in hand	79,682	77,622	3,098	3,279	7,588	13,649	90,368	94,551
Total prepayments and accrued income	48,191	43,985	3,435	3,374	1,472	1,380	53,098	48,739
Total other assets	5,516	5,602	4,748	4,797	205	110	10,469	10,509
<b>T. Shareholders assets (Takaful)</b>			<b>58,879</b>	<b>64,242</b>			<b>58,879</b>	<b>64,242</b>
Total General insurance business assets	1,049,341	987,562	97,172	92,710	71,881	66,620	1,218,395	1,146,893
Long-Term Business Assets	650,618	734,205	27,310	26,867	19,664	18,140	697,592	779,212
Linked long term assets	95,871	96,140	14,868	14,632	111,107	103,569	221,847	214,341
<b>Total Assets</b>	<b>1,795,830</b>	<b>1,817,907</b>	<b>198,230</b>	<b>198,451</b>	<b>202,653</b>	<b>188,330</b>	<b>2,196,714</b>	<b>2,204,688</b>
<b>Liabilities</b>								
Shareholders liabilities (Takaful)			7,679	8,699			7,679	8,699
Total General insurance business liabilities	592,660	580,028	96,319	92,419	26,392	18,397	715,371	690,843
Long term business liabilities	647,744	699,827	27,616	27,254	144,680	138,001	820,040	865,082
<b>Total Liabilities</b>	<b>1,240,403</b>	<b>1,279,855</b>	<b>131,614</b>	<b>128,372</b>	<b>171,072</b>	<b>156,398</b>	<b>1,543,090</b>	<b>1,564,624</b>
<b>Capital Resources <sup>1</sup></b>								
Eligible Paid-up ordinary shares	190,079	190,187	33,494	33,494	-	-	223,573	223,681
Total Tier 1 Capital	561,816	526,492	57,915	54,600	-	-	619,731	581,092
<b>Total Capital Resources</b>	<b>311,256</b>	<b>312,763</b>	<b>44,723</b>	<b>43,180</b>	<b>27,223</b>	<b>28,356</b>	<b>383,201</b>	<b>384,298</b>

Note: Capital Resources in accordance with CBB rules.

Note: Certain items have been restated or reclassified and have been retrospectively adjusted in 2022.

## Key Performance Figures – Income Statement

BD '000	Bahraini Insurance Firms				Overseas Insurance Firms		Total	
	Conventional		Takaful					
	2023	2022	2023	2022	2023	2022	2023	2022
Gross Premiums/Contributions	530,599	509,299	89,428	84,832	40,711	41,453	660,738	635,584
Reinsurance/Retakaful Ceded	157,949	145,967	36,971	34,938	13,781	12,729	208,701	193,635
<b>Net Premiums/Contributions Written</b>	<b>372,650</b>	<b>363,332</b>	<b>52,457</b>	<b>49,894</b>	<b>26,930</b>	<b>28,724</b>	<b>452,037</b>	<b>441,950</b>
<b>Net Premiums/Contributions Earned</b>	<b>354,870</b>	<b>357,515</b>	<b>53,378</b>	<b>52,190</b>	<b>26,899</b>	<b>28,561</b>	<b>435,146</b>	<b>438,266</b>
<b>Total Underwriting Revenue</b>	<b>354,876</b>	<b>357,706</b>	<b>57,008</b>	<b>55,501</b>	<b>19,756</b>	<b>20,724</b>	<b>431,641</b>	<b>433,932</b>
<b>Total Claims and Expenses</b>	<b>375,187</b>	<b>383,878</b>	<b>58,054</b>	<b>56,051</b>	<b>18,915</b>	<b>18,536</b>	<b>452,156</b>	<b>458,465</b>
<b>Underwriting Profit (Loss)</b>	<b>(20,069)</b>	<b>(26,323)</b>	<b>(1,045)</b>	<b>(550)</b>	<b>841</b>	<b>2,189</b>	<b>(20,273)</b>	<b>(24,684)</b>
<b>Net Investment Income</b>	<b>72,928</b>	<b>34,186</b>	<b>1,708</b>	<b>1,176</b>	<b>2,171</b>	<b>1,447</b>	<b>76,807</b>	<b>36,808</b>
<b>Net Profit (Loss) of Conventional</b>	<b>53,490</b>	<b>4,365</b>	<b>-</b>	<b>-</b>	<b>3,045</b>	<b>4,050</b>	<b>56,535</b>	<b>8,415</b>

### Takaful Net Income

Surplus (deficit) of Takaful Funds	663	626
Profit (loss) of Shareholders Fund	6,397	5,638

Note: Results include both Bahrain and Non-Bahrain business.

Note: Certain items have been restated or reclassified and have been retrospectively adjusted in 2022.

## Top 5 insurance companies in Bahrain per turnover

2021

Figures in thousands USD

Company	Turnover					2020-2021 evolution <sup>(1)</sup>	2021 shares
	2017	2018	2019	2020	2021		
GIG Bahrain	157 168	215 746	215 290	225 358	244 470	8.53%	33.60%
Bahrain National Holding	76 295	88 775	89 126	96 812	105 108	8.62%	14.45%
Solidarity Bahrain	41 915	79 499	81 343	79 676	83 395	4.72%	11.46%
GIG Takaful International	51 910	58 250	57 269	60 301	65 405	8.52%	8.99%
SNIC Insurance	29 048	3 405	27 391	26 123	33 689	29.02%	4.63%
<b>Total</b>	<b>356 336</b>	<b>445 675</b>	<b>470 419</b>	<b>488 270</b>	<b>532 067</b>	<b>9.02%</b>	<b>73.13%</b>
Rest of the market <sup>(2)</sup>	353 209	305 177	287 173	242 099	195 467	-19.22%	26.87%
<b>Grand total</b>	<b>709 545</b>	<b>750 852</b>	<b>757 592</b>	<b>730 369</b>	<b>727 534</b>	<b>-0.34%</b>	<b>100%</b>

(1) Growth rate in local currency

(2) 26 companies

Exchange rate as at 31/12/2021 : 1 BHD = 2.63667 USD at 31/12/2020 : 1 BHD = 2.63793 USD; at 31/12/2019 : 1 BHD = 2.63655 USD ; at 31/12/2018 : 1 BHD = 2.64362 USD; at 31/12/2017 : 1 BHD = 2.64117 USD

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2022-2023

Figures in thousands

2022 rank	Companies	Insurance revenue				2022-2023 evolution <sup>(1)</sup>
		2023		2022		
		BHD	USD	BHD	USD	
1	GIG Bahrain	109 988	289 976	101 926	268 630	7.91%
2	Solidarity Bahrain	50 907	134 213	46 228	121 836	10.12%
3	Bahrain National Holding	45 054	118 782	45 450	119 785	-0.87%
4	GIG Takaful International	24 363	64 231	23 994	63 237	1.54%
5	SNIC Insurance	12 632	33 303	13 590	35 817	-7.05%
<b>Top 5 companies total</b>		<b>242 944</b>	<b>640 505</b>	<b>231 188</b>	<b>609 305</b>	<b>5.09%</b>

(1) Growth rate in local currency

\* According to the new IFRS 17 accounting standards

Exchange rate as at 31/12/2023: 1 BHD = 2.63643 USD ; 31/12/2022: 1 BHD = 2.63554 USD

Atlas Magazine - 18/06/2024

## Bahraini insurance market in 2023

### Bahrain insurance market: turnover per class of business

Figures in thousands

Class of business	2023 turnover		2022 turnover		2022-2023 evolution (1)	2023 shares
	BHD	USD	BHD	USD		
Health	83 824	220 996	74 406	196 100	12.66%	28.68%
Motor	78 193	206 150	74 643	196 725	4.76%	26.76%
Fire	42 085	110 954	38 836	102 354	8.37%	14.40%
Engineering	11 777	31 049	8 514	22 439	38.33%	4.03%
Third party liability	8 447	22 270	8 022	21 142	5.30%	2.89%
Miscellaneous financial losses	7 496	19 763	6 630	17 474	13.06%	2.56%
Property damage	6 986	18 418	6 469	17 049	7.99%	2.39%
Marine	4 602	12 133	5 528	14 569	-16.75%	1.58%
Aviation	3 956	10 430	3 477	9 164	13.78%	1.35%
Other risks	15 240	40 179	17 192	45 310	-11.35%	5.21%
<b>Non-life total</b>	<b>262 606</b>	<b>692 342</b>	<b>243 717</b>	<b>642 326</b>	<b>7.75%</b>	<b>89.85%</b>
<b>Life total</b>	<b>29 658</b>	<b>78 191</b>	<b>35 721</b>	<b>94 144</b>	<b>-16.97%</b>	<b>10.15%</b>
<b>Grand total</b>	<b>292 264</b>	<b>770 533</b>	<b>279 438</b>	<b>736 470</b>	<b>4.59%</b>	<b>100%</b>

(1) Evolution in local currency

Source: CBB, Bahrain

Atlas Magazine - 07/10/2024

## Bahrain insurance market: Turnover by company type

Figures in thousands

Type of companies	2023 turnover		2022 turnover		2022-2023 evolution (1)	2023 shares
	BHD	USD	BHD	USD		
Traditional companies	166 748	439 619	157 630	415 440	5.78%	57.05%
Takaful companies	84 805	223 582	80 354	211 776	5.54%	29.02%
Local companies	251 553	663 202	237 984	627 216	5.70%	86.07%
Foreign companies	40 711	107 332	41 454	109 254	-1.79%	13.93%
<b>Grand total</b>	<b>292 264</b>	<b>770 533</b>	<b>279 438</b>	<b>736 470</b>	<b>4.59%</b>	<b>100%</b>

(1) Evolution in local currency

Source: CBB, Bahrain

Exchange rate as at 31/12/2023 : 1 BHD = 2.63643 USD ; as at 31/12/2022 : 1 BHD = 2.63554 USD

Atlas Magazine - 07/10/2024

## Analysis of Bahrain's Top 5 Insurance Companies (2022-2023)

### Key Observations:

#### 1. Overall Growth:

- The total insurance revenue of the top 5 companies grew by 5.09% in 2023, from BHD 231.188 million (USD 609.305 million) in 2022 to BHD 242.944 million (USD 640.505 million) in 2023.
- This growth reflects steady performance across the leading insurers, despite the implementation of new financial standards (IFRS 17).

#### 2. Top Performers:

- **GIG Bahrain** (Ranked 1):
  - Maintained its leadership position with the highest insurance revenue of BHD 109.988 million (USD 289.976 million) in 2023, a 7.91% growth from BHD 101.926 million (USD 268.630 million) in 2022.
  - This performance underscores its strong market presence and ability to capture a larger market share.
- **Solidarity Bahrain** (Ranked 2):
  - Achieved notable revenue growth of 10.12%, increasing from BHD 46.228 million (USD 121.836 million) in 2022 to BHD 50.907 million (USD 134.213 million) in 2023.
  - Solidarity Bahrain had the highest growth rate among the top 5, indicating effective business strategies and customer acquisition.

#### 3. Stable and Declining Performers:

- **Bahrain National Holding** (Ranked 3):
  - Experienced a slight decline in revenue of -0.87%, with revenue decreasing marginally from BHD 45.450 million (USD 119.785 million) in 2022 to BHD 45.054 million (USD 118.782 million) in 2023.
  - This drop may suggest challenges in maintaining growth amidst market competition or adjusting to the new IFRS 17 standards.
- **GIG Takaful International** (Ranked 4):
  - Showed modest growth of 1.54%, with revenues rising from BHD 23.994 million (USD 63.237 million) to BHD 24.363 million (USD 64.231 million). This reflects consistent performance, though the growth is relatively low.
- **SNIC Insurance** (Ranked 5):
  - Reported the most significant decline among the top 5, with a -7.05% drop in revenue, decreasing from BHD 13.590 million (USD 35.817 million) in 2022 to BHD 12.632 million (USD 33.303 million) in 2023.
  - This could indicate competitive pressures or challenges in adapting to market changes.

### Market Insights and Exchange Rate Impact:

- The exchange rate stability between 2022 (1 BHD = 2.63554 USD) and 2023 (1 BHD = 2.63643 USD) minimized currency fluctuation impacts on the reported USD values, keeping the USD conversion nearly identical year-over-year.

- Given the new IFRS 17 standards, the slight declines or modest growth for some companies may be attributed to adjustments in financial reporting and valuation methods.

**Conclusion:**

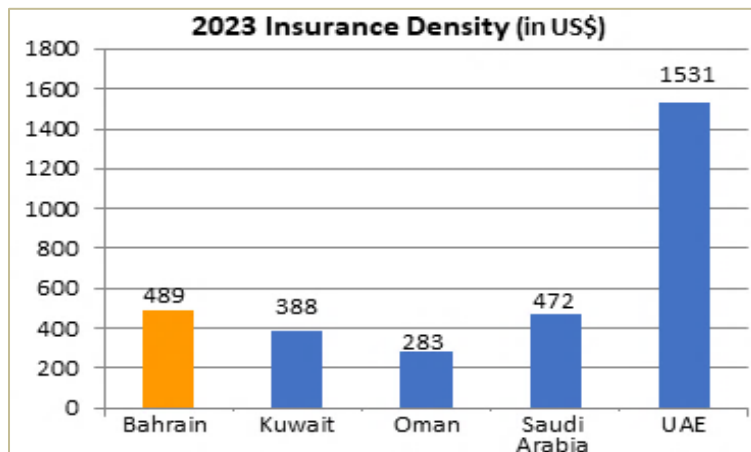
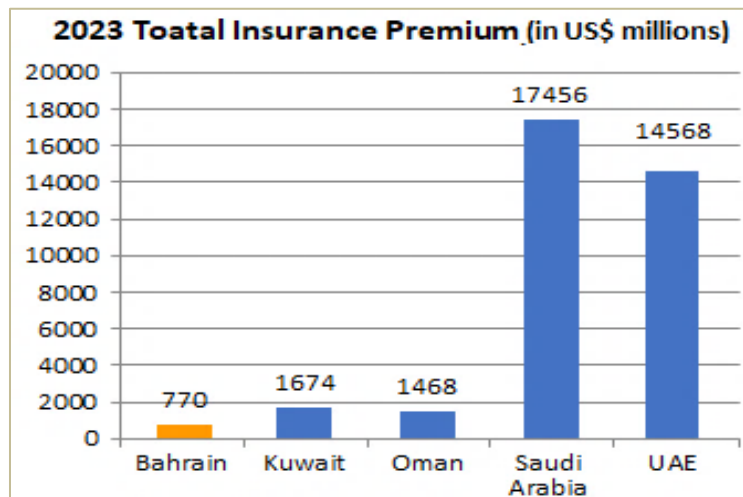
- The Bahraini insurance market, represented by its top 5 companies, experienced a healthy overall growth of 5.09% in local currency terms in 2023.
- GIG Bahrain and Solidarity Bahrain outperformed their peers with substantial revenue growth, while Bahrain National Holding and GIG Takaful International remained stable, and SNIC Insurance faced challenges with a decline.
- The IFRS 17 standards may have played a role in the differing growth rates, and this will likely influence future performance as companies fully adapt to the new regulations.

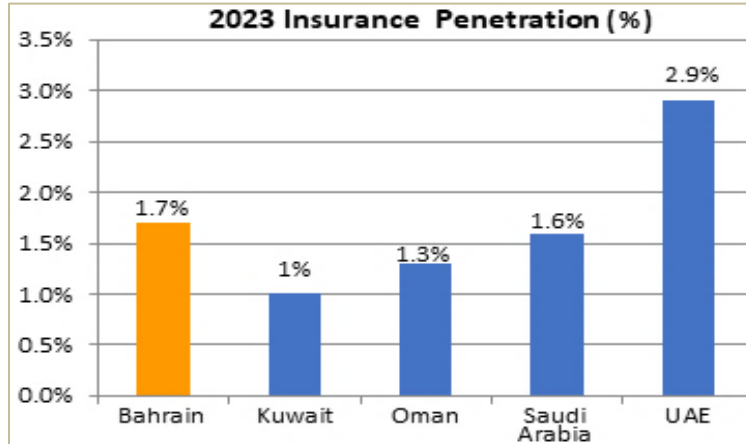
**BAHRAIN: Insurance Market: Global & Regional Comparison**

➤ **Global Ranking in 2023**

<b>Total Gross Premium Ranking in 2023 =</b>	<b>68</b>
<i>Life Gross Premium Ranking in 2023 =</i>	<b>68</b>
<i>Non-Life Gross Premium Ranking in 2023 =</i>	<b>66</b>
<b>Total Insurance Penetration Ranking in 2023 =</b>	<b>54</b>
<b>Total Insurance Density Ranking in 2023 =</b>	<b>36</b>

*Source: Sigma 3\_2024 (World Insurance in 2023) - by Swiss Re, 11 June 2024*





Source: Sigma 3\_2024 (World Insurance in 2023) - by Swiss Re, 11 June 2024

	Industry Rewards	Industry Rewards Non-Life	Industry Rewards Life	Country Rewards	Rewards	Industry Risk	Country Risks	Risks	Insurance Risk/Reward Score	Rank
Qatar	24.4	43.8	5.0	70.2	42.7	55.0	41.8	47.1	44.0	1
UAE	56.3	45.0	67.5	35.8	48.1	30.0	54.9	45.0	47.1	2
Bahrain	71.3	65.0	77.5	30.2	54.8	15.0	45.1	33.0	48.3	3
Morocco	58.8	55.0	62.5	53.9	56.8	30.0	52.6	43.5	52.8	4
Saudi Arabia	63.8	47.5	80.0	34.4	52.0	40.0	67.6	56.6	53.4	5
Kuwait	73.8	72.5	75.0	30.4	56.4	50.0	50.2	50.1	54.5	6
Jordan	75.0	70.0	80.0	45.0	63.0	30.0	39.3	35.6	54.8	7
Oman	73.8	65.0	82.5	36.3	58.8	35.0	53.0	45.8	54.9	8
Tunisia	75.0	70.0	80.0	56.1	67.4	45.0	49.4	47.7	61.5	9
Egypt	73.8	75.0	72.5	57.2	67.1	40.0	56.4	49.9	62.0	10
Lebanon	87.5	87.5	87.5	47.2	71.4	35.0	49.0	43.4	63.0	11
Yemen	86.3	85.0	87.5	66.3	78.3	40.0	47.2	44.3	68.1	12
Algeria	85.0	80.0	90.0	72.9	80.1	50.0	63.1	57.8	73.5	13
Iran	86.3	82.5	90.0	62.5	76.8	80.0	67.2	72.3	75.4	14
Libya	96.3	95.0	97.5	62.0	82.6	85.0	64.4	72.6	79.6	15
Regional Average	72.5	69.3	75.7	50.7	63.8	44.0	53.4	49.7	59.5	

Note: Scores out of 100; lower score = more attractive market. Source: BMI Insurance Risk/Reward Index

Source: UAE Insurance Report Q3 2024 - by Fitch Solutions, June 2024

## BAHRAIN: Insurance Market SWOT Analysis



Bahrain's insurance sector's successes are tied to those of the market's broader economic performance, which is heavily influenced by global macroeconomic conditions and oil prices. Demand is forecast to grow amid broadly positive conditions, with innovation a key feature of the sector and a supportive regulator fostering market growth.

	<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>▪ An expanding population with high living standards provides a stable demand base for life and non-life products.</li> <li>▪ Large expatriate population supports strong demand for life insurance products, especially life and health insurance.</li> <li>▪ Many insurers enjoy high retention ratios, particularly among life insurance providers.</li> <li>▪ Well-developed takaful insurance sector, with room for further expansion in this market.</li> <li>▪ The insurance market is supported by a strong regulatory regime and is welcoming of foreign entrants, especially in the reinsurance segment.</li> </ul>
	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>▪ A small indigenous population is a limiting factor on long-term growth in demand for life insurance products.</li> <li>▪ Few active insurers with sufficient expertise to stimulate the development of life insurance.</li> <li>▪ High levels of non-life competition, especially among motor insurance providers, resulting in downward price pressures and low profitability.</li> <li>▪ Economic growth and demand for insurance is highly sensitive to the fortunes of the oil industry.</li> </ul>
	<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>▪ Life insurance penetration can be supported by improved distribution strategies, including bancassurance.</li> <li>▪ Demand for health insurance will be boosted by compulsory medical cover for foreigners as well as Bahrain nationals.</li> <li>▪ Growth in construction, infrastructure and heavy industry should support demand for property and other non-life insurance lines.</li> <li>▪ Strong innovation and uptake of new technologies will open future growth possibilities</li> </ul>
	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>▪ Oil price volatility is a threat to Bahrain economy.</li> <li>▪ Tensions between Saudi Arabia and Iran in the Persian Gulf could potentially flare up and cause logistical and geopolitical problems.</li> <li>▪ With more than half of Bahrain's population being non-national, a protracted economic downturn has the potential to severely curtail demand for some lines of insurance should it lead to expatriates returning home.</li> <li>▪ Restrictions on people's ability to travel may affect expatriates' ability to work and live in Bahrain.</li> <li>▪ Heightened geopolitical tensions may lead to global economic ructions.</li> </ul>

Source: Business Monitor Online - 2 September 2024

- We are forecasting moderate growth in Bahrain's insurance market over the medium term, with non-life premiums set to see faster growth than the smaller life sector.
- Growing demand across a number of lines, notably health, and innovation in the market, through increased use of fintech, will support growth. Thanks in part to forward-thinking regulation, particularly around digital development and infrastructure, insurers in Bahrain are well placed to serve not only the national market, but also the broader regional insurance market.
- Insurers enjoy a significant cost advantage relative to Dubai and Qatar, and many insurers take advantage of Bahrain's well developed financial services sector, using the country as a base for their regional operations, particularly in Saudi Arabia.
- In 2024, gross written non-life premiums will increase by 2.1% to BHD0.27bn. Over the rest of our forecast period to 2033, growth will remain fairly robust, at just under 3% a year, taking premiums to BHD0.35bn.
- Life premiums to grow by a strong 6.4% in 2024, to BHD0.03bn. Over the rest of the forecast period, growth will be slower than the non-life market, averaging 2.2% a year to take premiums to BHD0.04bn.
- The non-life market will remain significantly larger than the life market, accounting for around 90% of total premiums.
- Fairly low levels of penetration, at 1.7% of GDP for non-life and only 0.2% for life, indicate the potential for long-term growth in the market.

Source: Business Monitor Online - 2 September 2024

<b>References &amp; Resources</b>																																												
	<a href="#">BAHRAIN; Insurance Market Review 2021</a> by Central Bank of Bahrain August 2022	<a href="#">BAHRAIN; Insurance Market Review 2022</a> by Central Bank of Bahrain, July 2023	<a href="#">BAHRAIN; Insurance Market Review 2023</a> by Central Bank of Bahrain July 2024	<a href="#">Bahrain - Insurance Industry 2023</a> by SHMA Consulting, April 2024																																								
	<table border="1"> <tr> <td><b>6. PERFORMANCE OF THE INSURANCE SECTOR</b></td> <td><b>44</b></td> </tr> <tr> <td>6.1 Overview</td> <td>44</td> </tr> <tr> <td>6.2 Financial Position and Profitability of Insurance Sectors</td> <td>45</td> </tr> <tr> <td>6.2.1 Conventional Insurance Firms</td> <td>45</td> </tr> <tr> <td>6.2.2 Takaful Insurance Firms</td> <td>46</td> </tr> <tr> <td>6.3 Insurance Premiums and Claims Analysis</td> <td>46</td> </tr> <tr> <td>6.3.1 Conventional Insurance Firms</td> <td>47</td> </tr> <tr> <td>6.3.2 Takaful Insurance Firms</td> <td>49</td> </tr> <tr> <td>6.3.3 Retention Ratio and Loss Ratio (By Class)</td> <td>49</td> </tr> <tr> <td>6.4 Regulatory Changes, Market trends and Risks</td> <td>50</td> </tr> </table>		<b>6. PERFORMANCE OF THE INSURANCE SECTOR</b>	<b>44</b>	6.1 Overview	44	6.2 Financial Position and Profitability of Insurance Sectors	45	6.2.1 Conventional Insurance Firms	45	6.2.2 Takaful Insurance Firms	46	6.3 Insurance Premiums and Claims Analysis	46	6.3.1 Conventional Insurance Firms	47	6.3.2 Takaful Insurance Firms	49	6.3.3 Retention Ratio and Loss Ratio (By Class)	49	6.4 Regulatory Changes, Market trends and Risks	50	<table border="1"> <tr> <td><b>6. PERFORMANCE OF THE INSURANCE SECTOR</b></td> <td><b>48</b></td> </tr> <tr> <td>6.1 Overview</td> <td>48</td> </tr> <tr> <td>6.2 Financial Position and Profitability of Insurance Sectors</td> <td>49</td> </tr> <tr> <td>6.2.1 Conventional Insurance Firms</td> <td>49</td> </tr> <tr> <td>6.2.2 Takaful Insurance Firms</td> <td>50</td> </tr> <tr> <td>6.3 Insurance Premiums and Claims Analysis</td> <td>50</td> </tr> <tr> <td>6.3.1 Conventional Insurance Firms</td> <td>51</td> </tr> <tr> <td>6.3.2 Takaful Insurance Firms</td> <td>53</td> </tr> <tr> <td>6.3.3 Retention Ratio and Loss Ratio (By Class)</td> <td>53</td> </tr> <tr> <td>6.4 Regulatory Changes, Market trends and Risks</td> <td>54</td> </tr> </table>		<b>6. PERFORMANCE OF THE INSURANCE SECTOR</b>	<b>48</b>	6.1 Overview	48	6.2 Financial Position and Profitability of Insurance Sectors	49	6.2.1 Conventional Insurance Firms	49	6.2.2 Takaful Insurance Firms	50	6.3 Insurance Premiums and Claims Analysis	50	6.3.1 Conventional Insurance Firms	51	6.3.2 Takaful Insurance Firms	53	6.3.3 Retention Ratio and Loss Ratio (By Class)	53	6.4 Regulatory Changes, Market trends and Risks	54
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