سلامة
SALAMA
الشركة الإسلامية العربية للتأمين (ش.م.ع.)
ISLAMIC ARAB INSURANCE CO. (P.S.C.)
معاً. لمستقبل آمن.
SECURING OUR FUTURE. *together.*

مقيدة تحت الرقم (١٧) بموجب القانون الاتحادي رقم (٦) لسنة ٢٠٠٧.
Registration No. (17) under Federal Law No. (6) of 2007.

Detailed analysis of Accumulated Losses

Islamic Arab Insurance Company PSC (SALAMA)			
Date:	10 Nov 2019	Period of Financial Statements	Q3 2019
Accumulated losses:	AED 393,778,000	Accumulated losses to capital ratio	32.5%
Main reasons leading to these accumulated losses and their history:	These losses were accumulated over a number of previous years due to significant losses in 2012-2013 and 2015-2016, totaling UAE dirham (AED) 843 million, primarily from the loss-making UAE motor business and Best Re. Losses as reported above are technical losses from subsidiary Best Re due to mainly Thailand Floods and other technical losses in year 2012. According to reports, it was the worst flooding in last five decades with economic loss of USD 45.7 billion (AED 168 billion) and hence it is considered as one of the top five costliest natural disasters in modern history. The other area that has contributed to losses is Motor business in the UAE which by its very nature is highly competitive and volatile. In 2015 the motor insurance business faced many challenges leading to losses for many operators in the market. From 2017, the company managed to turn around its operating performance and constantly reporting net profits. SALAMA reported net profit of AED38 million in 2017, AED 0.5 million in year 2018 and AED 35 million so far in 2019 up to Q3.		
Measures to be taken to address accumulated losses:	The Board of Directors decided to offset these losses by reducing the Company's paid up capital of 1,210,000,000 (One Billion, Two Hundred and Ten Million Dirhams). As a consequence, the paid-up capital of the company as well as the number of issued shares will be reduced by one third approximately, which should reflect positively on the financial structure of the Company and put it on track towards starting a dividend distribution. It is worthwhile noting that, even after reduction of capital as mentioned above, the Company will continue to have a high and healthy solvency that exceeds the regulatory requirements, and maintaining 'AAA' level capital adequacy as per Standard & Poors.		

Parvaiz Siddiq
Chief Executive Officer

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