شركة عمان للتأمين
Oman Insurance Company

Management Discussion and Analysis	
Date	3rd February 2020
Name of the Listed Company	Oman Insurance Company P.S.C.
Example: Annual Financials, First Quarter, Second Quarter, Third Quarter, or Preliminary Annual Financials.	Annual Financials
The period of the financial statements covered by the report	1st January 2019 - 31st December 2019
Overview of the main results during the financial period	• Gross Written Premium was AED 3.55 billion (vs AED 3.70 billion prior year) • Net Earned Premium at AED 1.63 billion (compared to AED 1.57 billion) was the highest amongst listed UAE peers • Net Underwriting Income improved to AED 432.0 million supported by proactive measures taken by the management • Net Investment Income increased 87% to AED 91.7 million from AED 49.1 million the previous year • Overall Net Income was AED 190.5 million vs. AED 10.1 million prior year • Total Assets stood at AED 7.02 billion, up 2.9% vs 2018 • Total Shareholders' Equity increased 14.6% to AED 1.92 billion
Securities issued during the financial period	None
Summary of the most important non-financial events and developments during the financial period	• Standard & Poor's Global Ratings noted that OIC's liquidity position has remarkably improved to 'exceptional' from 'very strong' due to efforts in de-risking the investment portfolio and completely repaying bank borrowings • OIC's overall customer satisfaction metrics improved significantly over prior year, supported clear focus on providing exceptional customer experience in line with our core strategies
Summary of operational performance during the financial period	In terms of the volume of business, and in spite the very competitive environment and our pruning strategy in order to remove the loss-making accounts, our overall Gross Written Premium has only slightly declined against last year at AED 3.55 billion while certain businesses, like Life Assurance and Medical, grew modestly by 1.8%. However, and in alignment with our strategy to better select risks and retain more of these healthy risks on our balance sheet, our Net Earned Premium increased to AED 1.63 billion compared to AED 1.57 billion, reflecting an increase of 4.3%. This level of Earned Premiums confirms our clear leading position as insurer amongst the listed companies in the UAE. Proactive measures also helped enhance underwriting profit which increased 14.7% to AED 432.0 million from AED 376.8 million
Summary of profit and loss during the financial period	• The Company posted a Net income of AED 190.5 million in 2019 as against AED 10.1 million in 2018. • Return on Equity was 10.6% in 2019 vs 0.5% in 2018
Summary of financial position as at the end of the financial period	The robust collection efforts and credit management has further reduced Net Receivables by 12% to AED 587.5 million in 2019 compared to AED 669.6 million in 2018, with net receivables ratio being one the lowest amongst listed peers in UAE. Total assets of the Company at the end of year 2019 stood at AED 7.02 billion as against AED 6.82 billion at the end of year 2018.

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	Total shareholders' equity of the Company at the end of year 2019 stood at AED 1.92 billion as against AED 1.67 billion at the end of year 2018.
Summary of cash flows during the financial period	Net Cash Generated from Operating Activities was AED 185.5 million. AED 205.7 million was used for Investing Activities and AED 74.2 million was used to repay the bank borrowings.
Main performance indicators	Loss ratio: 70.1% Net Commission Ratio: 3.5% Administrative and Other Expense Ratio: 19.5% Combined Ratio: 93.1%
Expectations for the sector and the company's role in these expectations	The insurance sector accounted for ~3-4% of UAE's GDP, and the overall market is expected to grow by ~4% CAGR between 2019 to 2024.
Expectations regarding the economy and its impact on the company and the sector	Expo 2020 is expected to boost the economic activity in UAE and will create several opportunities for the insurance sector. New regulations in healthcare will improve turnaround time for existing customers and improve internal efficiencies, while regulations to life will improve disclosure to clients and increase compliance across the industry. Though 2020 may have some challenges but it also brings opportunities.
Future plans for growth and changes in operations in future periods	Growth will largely focus on increasing risk retention through selective and prudent underwriting. Expenses management will remain a priority with focus on being leaner, more efficient and less costly by revisiting all the processes of our value chain. OIC will continue to be relentless and non-compromise on cash collection and free cash flow generation and ensure that the company will generate free cash flow. The company will pursue a balance investment strategy while keeping in mind optimal solvency utilization.
The size and impact of current and projected capital expenditures on the company	Net capital expenditure for 2019 was AED22M and expected capital expenditure in 2020 is AED25M, with majority diverted to improving our technological platforms and implementation of our digital transformation strategy.
The developments of the implementation of projects, plans and transactions and deals that were discussed by the company's board of directors in the report for the previous fiscal year	The board discussed and approved the acquisition of 49% of Dubai Star Signora A.S, which is subject to regulatory approval. This transaction and its financial effect will be reflected in the consolidated financial statements once the transaction is completed.

On behalf of the Board of Directors,

Abdul Aziz Abdulla Al Ghurair

Chairman
Signature:



03 February 2020