Detailed analysis of accumulated losses

This form has been prepared in accordance with the disclosure requirements included in the SCA Board of Directors' Decision No. (32/R.M.) of 2019 concerning procedures for companies whose shares are listed on the market, and whose accumulated losses amount to (20%) or more of their paid-up capital. Listed Companies are required to comply with the provisions of the decision as soon as their accumulated losses reach (20%) or more of their paid-up capital.

Date:	31st July 2023
Name of the Listed Company:	Takaful Emarat Insurance (PSC)
Define the period of the financial statements:	Q1 2023
Value of the Accumulated losses:	AED 72,252 (in Thousands)
Accumulated losses to paid-up capital ratio (%):	48.2%
The main reasons for accumulated losses and the period in which these losses began. (Determine the period in which these losses began to appear in the company's financial statements):	1. During 2019 the medical insurance portfolio has recorded losses due to reduced margin and incurred higher medical claims expenses than expected. 2. Investments have generated lower returns during the period. Furthermore, the company historically had invested into technology digitizing its sales and operations processes. However, some of these investments did not yield the desired output leading to writing off these investments during the previous periods. 3. Due to Merger and Acquisition project from 2020 – 2022, the market distribution channels preferred to write the business with other companies which led to decline in the business, as a result there was a pressure on the company profitability to be able to control the accumulated losses.
Summary of the steps and initiatives undertaken by the company to address the accumulated losses:	1. The company is planning to recover the lost business from the market due to the M&A activities that happened during the period from 2020-2022 by pushing the sales team to compensate the lost business through other lines. 2. Further work is underway to take other measures such as reviewing the underwriting guidelines and portfolio losses with a view to pricing modules appropriately. 3. Building up long term achievable business plan which will reduce the accumulated losses through solid profitable business. 4. Also, we are working on enhancing our systems and bringing in advanced technologies to improve the business processes and automation.

The Measures that will be taken to deal with the accumulated losses				
Actions	**The time frame for implementing the action**	**What has been implemented of the action and the percentage of implementation**	**Reasons for not implementing or delaying**	**Any modifications or changes made**
Action 1	During 2023	Discussed with distribution team to revise and enhance the business plan for 2023	Not applicable	Not applicable
Action 2	During 2023	Working closely with the TPAs on implementing strict guidelines adhering to policy terms and conditions on claims processing, Case management activities	Not applicable	Not applicable
Action 3	During 2023 and 2024 to 2026	Initiated the revised business plans in coordination with the distribution team and the management for the remaining 6 months and for the period from 2024 to 2026.	Not applicable	Not applicable
Action 4	During 2023	Initiated the discussions with the Vendors to bring in more advanced technologies to enhance business processes, prudent data management and analysis	Not applicable	Not applicable

The Name of the Authorized Signatory	Salman Qureshi
Designation	Senior Compliance Manager
Signature and Date	31 July 2023 
Company's Seal	