Press Release

13 November 2011

Arig Posts Loss On Reduced Investment Income

Bahrain: Nominal investment returns and lower underwriting income proved insufficient to prevent Arig from increasing its 2011 deficit to an accumulated loss of US$ 11.5 million at the end of the first nine months of 2011 (Q3 2010: profit of US$ 11.5 million). The net result for the third quarter 2011 alone was a loss of US$ 7.4 million (third quarter 2010: profit of US$ 14.3 million).

Despite finishing on a combined ratio of 97.2% for the non-life book (Q3 2010: 98.4%), marginal earnings from investments of only US$ 0.2 million (Q3 2010: US$ 20.5 million) meant that little additional income was available to support the Company's operations. Arig has limited exposure to volatile asset classes, but a global decline in share values paired with historically low levels in interest rates kept invested assets mostly flat.

2011 has been a testing year for the global reinsurance industry so far with insured losses from natural catastrophes estimated at an extraordinary US$ 75 billion at the end of September, with more claims yet expected. Arig managed to escape the brunt while maintaining a positive Technical Result of US$ 6.1 million (Q3 2010: US$ 12.3 million), though the Company was moderately affected by losses in Asia Pacific, weather events in the GCC region and claims related to the Arab Spring unrest. Meanwhile, lackluster performance of the regional and most leading economies kept markets' pricing levels low, albeit with some emerging positive trends.

Gross premiums written grew by 15.4% overall to US$ 239.0 million for the reporting period (Q3 2010: US$ 207.0 million), largely supported by additional business acquired through Arig's corporate membership at Lloyd's of London and increased cessions from Africa, the Far East and in Specialty Lines.

Financial Highlights as at 30 September 2011 (in US$ million)

	As at 30 September		Year 2010
	2011	**2010**	
Gross premiums written	239.0	207.0	239.5
Technical result	6.1	12.3	16.2
Underwriting result	(7.9)	6.1	12.2
Investment income	0.2	20.5	34.0
Operating expenses	24.8	26.8	35.5
Net (loss) profit	**(11.5)**	**11.5**	**20.8**
Investment assets	652.1	641.8	646.9
Net technical provisions	601.9	593.1	569.4
Shareholders' equity	232.8	258.5	260.1
Total assets	1,142.8	1,129.1	1,100.3
Book value per share (US$)	**1.18**	**1.26**	**1.31**

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About Arig

Arig is one of the largest Arab-owned, professional reinsurance providers in the Middle East and North Africa. Arig is listed on the stock exchanges in Bahrain, Dubai and Kuwait and offers a wide range of reinsurance products and services. Arig's subsidiaries include Takaful Re (Dubai), Gulf Warranties (Bahrain) and ARIMA Insurance Software (Bahrain) and Arig Capital Ltd, UK. Arig is also an equal partner in the joint venture Hardy Arig Insurance Management (HAIM). Additional information about Arig can be obtained at www.arig.net

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