Press Release

14 February 2012

Arig Posts Net Loss Following A Difficult Year

Bahrain: Arig reported a net loss of US$ 19.1 million for its 2011 Financial Year (2010: profit of US$ 20.8 million). The net result for the fourth quarter 2011 alone was a loss of US$ 7.6 million (fourth quarter 2010: profit of US$ 9.2 million).

Catastrophe losses, mainly from Asia and Australasia, created the highest claims load the global insurance industry has ever recorded from natural events in a single year. Arig was also affected and saw its combined ratio for the non-life portfolio slip to 108.6% in 2011 (2010: 104.1%). Losses from earthquakes in Japan, New Zealand and the Thai floods alone pushed up the loss ratio by 10.8%, or US$ 20.5 million.

Contrary to previous years, investment income offered no relief. With yields from fixed term deposits at historical lows and financial markets under pressure throughout 2011, investment income reduced to US$ 4 million over the period (2010: US$ 34 million), representing a return of less than 1%.

Gross premiums written grew by 3.3% overall to US$ 247.5 million for the year (2010: US$ 239.5 million), mainly from new business written through Arig's corporate membership at Lloyd's of London.

Yassir Albaharna, CEO of Arig, commented: "There is no doubt that 2011 was an exceptionally difficult year for most reinsurers world-wide. The good news is that massive earthquakes have long return periods and apart from these losses, all of our key business lines were profitable. We are also starting to see an improvement in the trading terms in certain markets, but the investment climate remains challenging. We must intensify our efforts to manage cost and efficiencies within our Group."

Despite of the annual loss, Arig's capital position remains strong with Shareholders' Equity standing at US$ 222.4 million at the end of 2011 (2010: US$ 260.1 million).

Financial Highlights as at 31 December 2011 (in US$ million)

	2011	2010
Gross premium written	247.5	239.5
Technical Result	1.4	16.2
Underwriting result	(14.5)	12.2
Investment income	4.0	34.0
Operating expenses	31.5	35.5
Net (loss) profit	(19.1)	20.8
Invested assets	652.8	646.9
Net technical provisions	564.8	569.4
Shareholders' equity	222.4	260.1
Total assets	1024.3	1038.4
Book value per share (US$)	1.12	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), 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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