

Detailed analysis of accumulated losses

Date	25-11-2024
Name of the Listed Company	Al Buhaira National Insurance Company
Define the period of the financial statements	Q3 2024
Value of the Accumulated losses	AED 112,978,831
Accumulated losses to capital ratio	45%
The main reasons leading to these accumulated losses and their history	<p>The technical company's losses are attributed mainly to the Motor department's performance, and the main reasons that led to this are summarized as follows:</p> <ol style="list-style-type: none"> 1. Low motor insurance premium rates during 2021 and 2022, in line with the prevailing rates during that period. 2. Discounts (50%) during the COVID-19 period, which continued until August 11, 2023. 3. Losses carried forward from previous years. 4. Unexpected damages caused by unseasonal rainfall in the country during the first and second quarters of 2024.
Measures to be taken to address accumulated losses:	<p>The company has implemented a set of measures, the most significant of which are:</p> <ul style="list-style-type: none"> • Gradually increased motor insurance premiums multiple times during 2023 and 2024, resulting in

	<p>the motor insurance pricing rate (salon) between 2.35% and 2%.</p> <ul style="list-style-type: none">● Ceased to offer discounts on the minimum rates in accordance with new instructions issued by the UAE Central Bank.● Adopted a selective policy in choosing risks.● Reviewed all individual and fleet policies, especially those sourced through brokers, to take appropriate actions.● Hired an internal actuarial expert to analyze the results of the motor insurance business and provide necessary suggestions/recommendations in collaboration with the Risk Manager.● Signed an agreement with a globally recognized pricing tools provider to assist the Company in determining motor insurance prices based on best practices of classification ratemaking and to ensure full cost recovery.● Hired a company-wide Risk Manager to review the actions taken, verify their adequacy to assess and to provide recommendations for the Company's exposure to risk.● Improving the terms of the motor reinsurance agreement, where the maximum limit of the company's share of claims, regardless of their value, was reduced from one million dirhams to four hundred thousand dirhams.● Intensifying meetings of Motor Insurance Performance Monitoring Committee to directly observe the development of the Loss Ratio concerning large accounts (motor fleets) and
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	<p>insurance broker accounts, with the aim of offering suggestions and solutions necessary.</p> <ul style="list-style-type: none"> The measures taken last year have positively impacted the financial results, with net losses decreasing from AED 85.17 million at the end of Q3 2023 to AED 34.53 million at the end of Q3 2024. Additionally, the loss ratio for motor insurance until the end of Q3 this year was 89%, including rainfall losses, and 71% excluding rainfall losses, compared to 119% at the end of 2023.
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The Name of the Authorized Signatory	Nader T. Qaddumi
Designation	CEO
Signature and Date	 26.11.2024
Company's Seal	

