



## Management Discussion & Analysis - 2020

The Management discussion report presented below is a summary on the FY 2020 performance and is in line with the financial statements of the year under review.

### Operating Performance

The year 2020 witnessed a very challenging environment due to Coronavirus pandemic situation and stiff competition in the Insurance Market. This had a negative impact on the rates of over the counter (OTC) products especially motor insurance. Weak oil price coupled with low construction activity and tighter liquidity put additional pressure on credit risk as well.

We continued our efforts to improve the portfolio balance and prudent underwriting for all lines of business including motor based on statistical and actuarial analysis. The Company ended the year with total premium of RO 48.5 million against RO 45.63 million last year, representing a growth of 6% year on year. The sound underwriting had a positive impact on the bottom line and helped us to post a pretax profit of 4.48 million in 2020 against pretax profit of 3.23 in 2019.

The Company has a market share of 10.3 % based on GWP as at 31<sup>st</sup> December 2020, ranking it the second largest insurer in the Sultanate of Oman.

Particulars	31st December 2020 (R.O)	31st December 2019 (R.O)	Change %
<b>Gross Written Premium</b>	<b>48,495,409</b>	<b>45,632,470</b>	<b>6%</b>
Net Underwriting Results	8,766,721	7,604,326	15%
Investment Income & Other Income	3,279,841	2,470,461	33%
General and Administration Expenses	(7,117,924)	(6,381,139)	12%
Finance Costs	(444,494)	(457,696)	-3%
<b>Profit after Tax</b>	<b>3,851,634</b>	<b>2,706,246</b>	<b>42%</b>
Other comprehensive loss	(231,551)	(150,588)	54%
<b>Total comprehensive Income / (loss)</b>	<b>3,620,083</b>	<b>2,555,658</b>	<b>42%</b>

### Actuarial Assessment of Insurance Liabilities

For a sound balance sheet, the Company has appointed an independent actuarial firm to recommend the appropriate amount of reserve to be maintained for UPR (Unearned Premium Reserve), Additional UPR, URR (Unexpired Risk Reserve), OSLR (Outstanding Loss Reserve), IBNR (Incurred But Not Reserved) and IBNER (Incurred But Not Enough Reserved). Based on the actuarial advice received appropriate reserves have been maintained by the Company.

### BRANCHES :

SALALAH - Tel.: 23294370	HAMA - Tel.: 23436058	QURIYAT - Tel.: 24846383	INDUSTRIAL - Tel.: 23211541
SOHAR - Tel.: 26842640	BARKA - Tel.: 26884749	AL AMIRAT - Tel.: 24875683	IZKI - Tel.: 25341606
SUR - Tel.: 25543380	SINAW - Tel.: 26524970	AL SUVAIQ - Tel.: 26860297	AL GUBRAH - Tel.: 24493905
NIZWA - Tel.: 25412034	MIRBAT - Tel.: 23264534	SAMAIL - Tel.: 23350559	SHINAS - Tel.: 26747479
SEEB - Tel.: 24423075	KHASAB - Tel.: 26731705	JALAN BANI BUALI - Tel.: 25554157	AL RUSAIL - Tel.: 24443893
BURAIMI - Tel.: 25655221	MAZIYUNAH - Tel.: 23271338	AL MHAFIS (WALAJAH) - Tel.: 26949905	GRAND MALL - Tel.: 24486772
IBRI - Tel.: 25692254	SALALAH - Tel.: 23297034	BAHLA - Tel.: 25421021	YASMEEN MALL - Tel.: 24481528
IBRA - Tel.: 25570742	SARFAIT - Tel.: 93297730	SAHAM - Tel.: 26854991	AL KHUD BRANCH - Tel.: 24288034
DIBBA - Tel.: 26836808	AL KHABOORAH - Tel.: 26885150	AL UNWALAH (SOUTH) - Tel.: 24510932	
DUQUM - Tel.: 25215112	THUMIRAIT - Tel.: 23279588	AL SAADA - Tel.: 23226273	
RUSTAQ - Tel.: 26875147	MAHDHA - Tel.: 25659322	TAQAH - Tel.: 23258033	

### الفروع :

هيماء - هاتف: ٢٣٢٩٤٣٧٠	صلالة - هاتف: ٢٣٢٩٤٣٧٠
بيرسكاه - هاتف: ٢٣٨٤٧٤٩٠	صحرار - هاتف: ٢٣٨٤٧٤٩٠
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	السيب - هاتف: ٢٤٤٢٣٠٧٥
	البريمي - هاتف: ٢٥٥٥٧٢١٠
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	النقم - هاتف: ٢٥٢١٥١١٢
	الرسناق - هاتف: ٢٣٨٥٧١٤٧
	محضة - هاتف: ٢٥٦٥٩٣٢٢

**Investment Income**

The Company reported an investment income of RO 2.97 million for the year ended 31<sup>st</sup> December 2020 as against a RO 1.92 million in the same period last year.

**SWOT Analysis****Strengths**

- **Brand strength and reputation in the market – The Company has a strong market presence and reach in majority of the Wilayats in the Sultanate.**
- **Claims customer service – The Company has focus on customer centricity to ensure that policyholders receive claim payments in timely manner.**
- **Strong relationship with reinsurers – The Company has a long standing relationship with global reinsurers.**
- **Strong Management team – The Board has actively supported the Management team in various endeavors . Highly qualified personnel in senior management positions are steering the company in key functions such as sales & marketing, internal audit, accounts, credit control, Reinsurance, underwriting and claims management.**

**Weakness**

**Rebalancing of Portfolio – The Company has a fairly large motor portfolio and is conscious of the risks over the long term. The Management has identified new product lines that it intends to develop and launch during the course of the next financial year to diversify the portfolio mix.**

**Opportunities**

- **Maximising the potential of branch network The Company has the largest branch network in the country and our reach to the customer is available at the smallest of towns of the Sultanate of Oman. The team is motivated to provide highest standards of the service to the customers at their door steps and harness the true potential of our reach.**
- **Digitizing of Customer Service –Digital customer service facilities will be implemented which will allow customers to have a better experience.**
- **Medical Insurance -- Medical insurance is underpenetrated and there is a substantial potential to make this socially relevant product accessible to the general public.**



**Threats**

- **Sustained economic pressures and low oil prices** – Low oil prices and unforeseen events like Corona virus outbreak may result in adversely impacting growth opportunities.
- **Excess capacity** – With over 20 companies vying for market share in a somewhat saturated market, especially motor, margin compression will continue to have an adverse impact on the Company's largest product line.

**Human Resources**

The most critical of our priorities is to protect and retain all that was good at the workplace and build on a foundation of meritocracy. The Management has initiated a number of steps to impart training to the employees. The Omanisation rate as on 31<sup>st</sup> December 2020 was 76%

**Future Outlook**

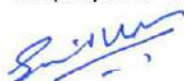
The Oman GDP is expected to grow by 2% in year 2021. The 2021 budget of Sultanate of Oman aims at maintaining financial stability, controlling deficit, reviewing priorities and public spending, boosting non-oil revenues and expanding tax base. The Youth now represents a majority of the Omani population, with these positives, we are confident that there will be a boost in retail spending.

We are implementing business plans with focus on customers and stakeholders. This would transform the company as the Insurer of Choice for all Stakeholders.

**Acknowledgments**

We would like to extend our sincere best wishes to His Majesty Sultan Haitham Bin Tarik, and we pledge our constant support and commitment for the economic development of the Sultanate under his leadership.

We thank our Customers, the Capital Market Authority, Shareholders and Board of Directors for the continued support and guidance to the Company as well as the unstinted hard work of all the employees. A sincere thanks and gratitude to them all.



**Sunil Kohli**  
**Chief Executive Officer**