Insurer Profile

The Source For Informed Financial Decision-Making

STANDARD & POOR'S

BBBpi

Al Sagr National Insurance Company (Public Shareholding Company)

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Insurer Profile dated: 6.11.2009

Al Sagr is a medium-sized insurer based in Dubai with branches across the Emirates, majority owned by Gulf General Investment Co with whom it has established real estate joint ventures in 2008 representing 11% of total assets. Al Sagr also has a 26% share in a new Saudi Arabian insurer, Al Sagr Co-Operative Insurance Co, having closed down its former Saudi operations previously conducted through a subsidiary in Bahrain. In March 2008 Al Sagr took over the management of Union Ins Co PSC (based in Ajman, UAE), and on June 30, 2009 the company's geographic presence was expanded following acquisition of a majority 84% of the share capital of Jordan Emirates Insurance Co PSC.

The company has continued to exhibit growth in gross premiums written, although the rate of growth abated slightly in 2008 and this trend of slower growth appears to be continuing in 2009. The majority of net retained business is motor (79% retained in 2008) and medical (90% retained); higher risk lines are heavily reinsured. The insurer financial strength rating reflects strong earnings and strong capitalisation offset by considerable reliance on reinsurers and material exposure to volatile local investment and property markets.

Earnings are strong. Al Sagr's gross incurred loss ratio improved in 2008 to 104% (2007 131%) and increased reinsurance commission costs contributed to the slight deterioration of the net combined ratio to 72% from 71% in 2007.

Capitalisation is considered strong. The solvency ratio (net premiums written/adjusted shareholders' funds) remained fairly steady through 2008 and at June 2009 is strong at 51% (2007 49%). Adjusted shareholders' funds at June 2009 have increased by a significant 37% since December 2007, largely out of retained profits and an increase in share capital of AED 50 m via a rights issue during 2008. Potential investment volatility remains a constraint to capitalisation.

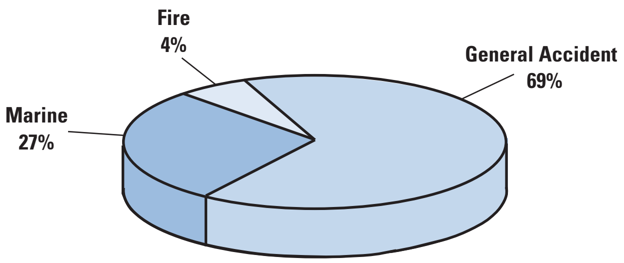
Technical reserves are considered adequate given the short tail business written and the historically profitable underwriting track record. Reserves are supported by the strength of the capital base and good asset liquidity.

Two Year Financial Statement (AED 000)

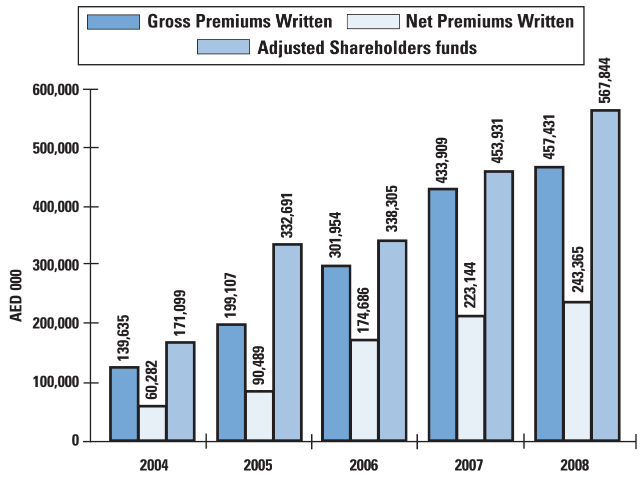
	2007	*2008*
Adjusted Shareholders Funds	453,931	567,844
Technical Reserves	155,378	160,384
Total Assets	770,519	1,050,270
Underwriting Profit	60,344	58,709
Net Investment Income	68,978	14,598
Combined Ratio (%)	71.6	73.6
Overall Operating Ratio (%)	55.7	55.6

**All financial data as reported in statutory statements.*

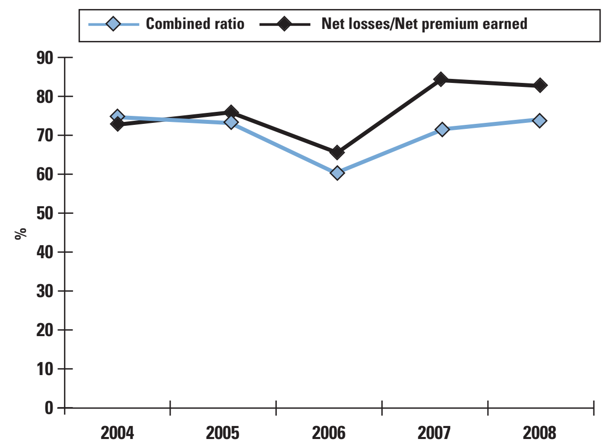
Business Type (%) 2008



Solvency Ratio (AED 000)



Underwriting Performance (%)



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Why Standard & Poor's Insurance Ratings Are Important To You

The financial strength of an insurer is often the most important part of the decision to buy the right insurance product. That's why it's vital to check the insurer's Standard & Poor's financial strength rating. Naturally, you also should consider the scope and terms of coverage, the quality of customer service and, of course, the price and benefits of the policy.

The Ratings Explained

Standard & Poor's ratings represent our opinions about the financial strength of 3,000 insurers and reinsurers around the globe. If you are a policyholder or are considering buying insurance products, these ratings help you make informed decisions about an insurer's financial strength.

Both the interactive and pi rating are broadly divided into two categories.

Secure Range	
AAA or AAApi	(Extremely Strong)
AA or AApi	(Very Strong)
A or Api	(Strong)
BBB or BBBpi	(Good)
Vulnerable Range	
BB or BBpi	(Marginal)
B or Bpi	(Weak)
CCC or CCCpi	(Very Weak)
CC or CCpi	(Extremely Weak)

'pi' Ratings, denoted with a 'pi' subscript, are insurer Financial Strength Ratings based on an analysis of published financial information and additional information in the public domain. They do not reflect in-depth meetings with an insurer's management and are therefore based on less comprehensive information than ratings without a 'pi' subscript. 'pi' ratings are reviewed annually based on a new year's financial statements, but may be reviewed on an interim basis if a major event that may affect an insurer's financial security occurs.

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