



دار التأمين
INSURANCE HOUSE
ش.م.ع. - P.S.C.

Chairman's Report for the financial year ended 31 December 2016

On behalf of the Board of Directors, I hereby present the audited financial statements of Insurance House P.S.C. (IH) as at 31 December 2016 and the results of its operations for the 12 month period ended 31 December 2016.

For the financial year ended 31 December 2016, IH has registered a Total Comprehensive Loss of AED 5.28 million, which is significantly lower than the Total Comprehensive Loss of AED 18.15 million registered during the previous financial year ended 31 December 2015. It is gratifying to note that throughout 2016, the core insurance business maintained its robust recovery momentum by registering a Net Underwriting Income of AED 21.30 million, which is nearly double the size of the Net Underwriting Income of AED 11.01 million registered in 2015. This dramatic turnaround in underwriting results is directly attributable to a series of corrective actions initiated by the IH Management under the active guidance of the IH Board, focused on streamlining underwriting procedures, changing the product mix and tightening the claims assessment & settlement processes.

Gross Premiums Written (GPW) during the 12 month period ended 31 December 2016 grew by an impressive 26.3% to AED 159.84 million, compared to AED 126.51 million underwritten during the previous reporting period ended 31 December 2015. Net Premium Earned surged by 33.8% in 2016 to AED 104.94 million, compared to AED 78.41 million in the previous year. Net Claims Incurred in 2016 as a percentage of Gross Underwriting Income dropped further by 5.3 percentage points to 81.2% compared to 86.5% in the previous year. Our Technical Provisions as of 31 December 2016 are fully compliant with the UAE Insurance Authority's New Regulations, as confirmed by an independent actuary. All of these are very positive and encouraging developments that bear testimony to the fact that the revised strategies put into action are working well as intended.

Since inception, IH's Investment Strategy continues to be well thought out, clearly documented and professionally managed. Despite significant levels of volatility in local and global equity & debt capital markets during the year, net income from investing activities during 2016 soared by 326% to AED 9.35 million compared to AED 2.87 million in the previous year. It is pertinent to point out that IH's well diversified Investment Portfolio is now fully compliant with the revised Investment Guidelines issued by the UAE Insurance Authority that comes into force with effect from 29 January 2017.

Liquidity position remains exceptionally strong with Cash & Cash Equivalents plus bank fixed deposits maturing within 30 days (Liquid Assets) accounting for an enviable 36.45% of Total Assets. Total Assets as of 31 December 2016 aggregated to AED 217.24 million.

دار التأمين ش.م.ع.؛ ص.ب. ١٢٩٩٢١، أبوظبي، ا.ع.م؛ هاتف: ٤٤٤ ٤٩٣٤ (٢) +٩٧١؛ فاكس: ٤٠٠ ٤٩٣٤ (٢) +٩٧١
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شركة مساهمة عامة برأس مال وقدره ١٢٠ مليون درهم إماراتي Public Joint Stock Company and the share capital is AED 120 million

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General, Administrative and Other Operating expenses for the 12 month period ended 31 December 2016 were higher by 12.2% at AED 35.93 million compared to AED 32.04 million during the previous year. We believe this is reasonable for a full-fledged insurance operation that has registered a top-line growth of 26.3% during 2016, covering our Abu Dhabi headquarters and 5 operational branches located in Dubai, Sharjah, Al Samha, Mussafah and Mahawi.

12% of the Company's current work force comprises of UAE nationals, manifesting our continued commitment to the development of UAE nationals in the insurance sector.

Despite challenging market conditions, we remain optimistic of our profitable growth potential in 2017 and beyond. Our strategy is to compete on the basis of innovative product offerings and superior service quality. Going forward, enhanced profits from core insurance activities will continue to be driven by careful fine tuning of our risk underwriting policies & capabilities and through further streamlining of our claims management procedures.

On behalf of the Board of Directors,

Mohammed Abdulla Jumaa Alqubaisi

Chairman

Abu Dhabi

31 January 2017

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