



Chairman's Report for the half year ended 30 June 2016

On behalf of the Board of Directors, I am pleased to present the financial statements of Insurance House P.S.C (IH) as at 30 June 2016 and the results of its operations for the six months ended 30 June 2016.

IH has posted a negligible Total Comprehensive Loss of AED 0.23 million for the six months ended 30 June 2016, compared to a Comprehensive Loss of AED 6.13 million registered in the corresponding period of the previous year. This is a commendable turnaround in the overall operating results of the Company, under challenging local, regional & global market conditions.

Gross Premiums Written (GPW) during the six months ended 30 June 2016 totaled AED 86.45 million, which is nearly 38% higher compared to AED 62.72 million underwritten during the first six months of the previous year. Net Earned Premiums during the first six months of 2016 soared by 54.3% to reach AED 62.81 million, compared to AED 40.71 million during the same period in the previous year. Gross Underwriting Income for the six months ended 30 June 2016 grew by a robust 48% to reach AED 57.63 million compared to AED 38.95 million during the same period last year. Net Underwriting Income for the half year ended 30 June 2016 more than doubled to AED 8.92 million compared to AED 4.31 million during the same period last year. This outstanding improvement in Underwriting Performance is primarily the result of a series of carefully planned changes effected in the motor insurance and commercial lines business segments in 2015 & 2016. As a combined result of these targeted initiatives, the ratio of Net Claims Incurred as a percentage of Net Premiums Earned, significantly improved from 85.1% in the first half of 2015 to 77.5% in the first half of 2016.

Despite the unprecedented intense competition amongst insurance companies, the Company's business portfolio grew significantly in terms of volume and performance, due to the necessary corrective measures that we have initiated to rejig our product-mix, weed-out unprofitable businesses and/or re-price them in line with known risk characteristics, especially in the motor insurance and commercial lines business segments. Concurrently, we have improved our claims management procedures to ensure that loss ratios fall in line with or lower than our estimates for such product lines. This has had a positive impact on the Company's overall business portfolio in the first half of 2016. The challenge ahead is to replicate this success in the medical insurance portfolio and we are ready for this challenge.

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Public Joint Stock Company and the share capital is AED 120 million

شركة مساهمة عامة برأس مال وقدره 120 مليون درهم إماراتي



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

Income from investing activities during the first six months of 2016 was higher at AED 6.52 million compared to AED 5.20 million in the same period last year. This is despite the fact that we have off loaded a number of high yielding fixed income assets to make the Company's investment portfolio fully compliant (ahead of the deadline) with the Insurance Authority's new regulations governing investment activities, that come into full force with effect from January 2017.

We have also updated our reserving policy in line with the Insurance Authority's new regulations, which caused a 20% approximate increase in the technical reserves. The technical reserves in the first half of 2016 soared by 36% to reach AED 83.78 million, compared to AED 61.60 million during the same period in the previous year.

In the first half of 2016, General & administrative expenses as well as other operating expenses continued to be on a tight leash, increasing by only a modest 6%, year on year. This compares favorably with the 38% year on year increase in Gross Premiums Written during the first half of 2016, compared to the first half of 2015.

Despite tough market conditions, we remain optimistic of our profitable growth potential in the near future. Our strategy is to compete on the basis of innovative product offerings and superior service quality. Going forward, profits from core insurance activities will be driven by continuous fine tuning of our risk underwriting policies & capabilities and through enhanced claims management processes.

On behalf of the Board of Directors,

Mohammed Abdulla Alqubaisi
Chairman

Abu Dhabi

26 July 2016