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# UAE

## INDUSTRY REPORT PRELIMINARY

# 2023

### **INSURANCE INDUSTRY REPORT**

BASED ON PRELIMINARY RESULTS FOR YEAR-END 2023

Insurance revenue continued to increase as the industry continues to show strong growth; resulting in higher profits in 2023 compared to 2022.

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# TRANSITION TO IFRS 17

Starting from 1st January 2023, IFRS 17 has replaced IFRS 4 as the new standard for the accounting and financial reporting of insurance companies in the UAE. The new standard establishes principles for the recognition, measurement and disclosures of insurance and reinsurance contracts.

Financial Statements published under IFRS 17 have introduced new line items as part of the income statement such as insurance revenue, insurance service expenses, net expenses from reinsurance contracts, insurance finance expenses etc. These replace line items under IFRS 4 such as written premium, earned premium, claims incurred etc.

- **Insurance Revenue\***: This represents the amount that is charged for insurance coverage as it is earned, rather than when the company receives premiums. For premium allocation approach (PAA), this is comparable to the earned premium that the companies booked under IFRS 4. For GMM, this comprises of expected claims, expected expenses, contractual service margin (CSM) and changes in risk adjustment relating to the liability for remaining coverage. Going forward, insurance revenue will replace the top line or the gross written premium as the key revenue metric of an insurance company.
- **Insurance Service Expenses\***: This represents the sum of all insurance expenses i.e., incurred claims, maintenance expenses, changes in risk adjustment for incurred claims for non-financial risk, losses on onerous (loss-making) contracts etc.
- **Net expense/income from Reinsurance\***: This comprises of the net expense / income from the reinsurance contracts held including reinsurance revenue and reinsurance expense which are defined in a similar manner like insurance revenue and insurance service expense but for reinsurance held.
- **Insurance finance Income/Expenses**: This comprises of the change in the carrying amount arising from:
  - the changes and effect of the time value of money
  - the changes and effect of financial risk

*\*Please note that these key measures are calculated differently for contracts run under the different measurement models i.e., Premium Allocation Approach (PAA), General Measurement Model (GMM) and Variable Fee Approach (VFA).*



## IFRS 4 YE 2022 TO IFRS 17 YE 2022 (RESTATED)

UAE insurance companies were required to publish comparatives under IFRS 17 in the financial statements for all quarters of 2023. Hence, IFRS 17 financial statements published at YE 2023 had restated YE 2022 figures as per IFRS 17. The restated figures of YE 2022 under IFRS 17 differ from the YE 2022 figures reported under IFRS 4.

A comparison of the year-end 2022 IFRS 4 vs IFRS 17 (restated) total equity showed a decrease under IFRS 17. The total equity under IFRS 17 restated figures has gone down by about 2% from 19.9 billion to 19.5 billion as a result of implementation of the new accounting standard. The revenues under the IFRS 17 restated figures have gone down by about 10% from 28.8 billion to 25.9 billion. Similarly, the net profit has also seen a decrease of about 2% from 1,473.9 million to 1,449.9 million for the 27 listed insurance companies.

**The rest of the report compares restated numbers under IFRS 17 for YE 2022 with YE 2023. The restated YE 2022 numbers under IFRS 17 are different for all companies from the numbers reported under the IFRS 4 financials at the time of YE 2022 reporting.**

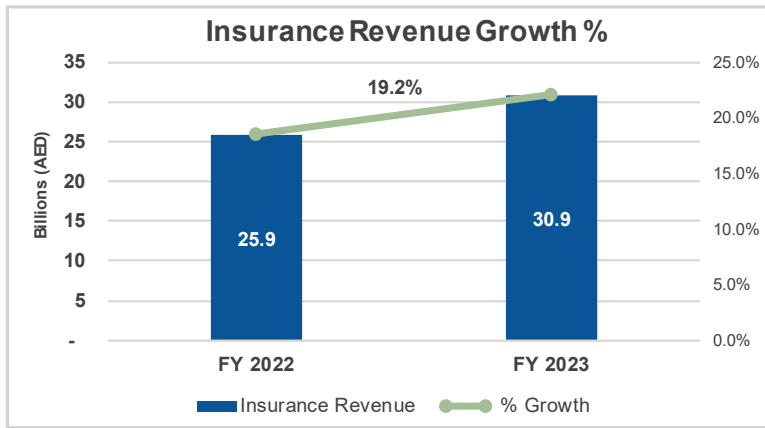
# MARKET OVERVIEW

Our report is based on the preliminary reports of 28 insurance companies listed on the Abu Dhabi Securities Exchange (ADX) and Dubai Financial Market (DFM). In this report, these companies are collectively referred to as "the listed market." Further, full year of 2023 is often referred to as "YE 2023" in this report.

## INSURANCE REVENUE:

Insurance revenue saw a significant increase of 19.2% from AED 25.9 billion in YE 2022 to AED 30.9 billion in YE 2023. This boost in insurance revenue can be attributed to a growing population and robust economic growth and increased tourism. The growth in the insurance revenue under IFRS 17 may not reflect similar magnitude of the growth that would have been seen under IFRS 4 i.e., a different growth rate would have been seen under IFRS 4 due to the change in the definitions of insurance revenue under IFRS 17, especially for companies with large long term life insurance book where revenue is earned proportionately to the services offered and not as premium is collected.

GRAPH 1 - INSURANCE REVENUE (AED BILLIONS)

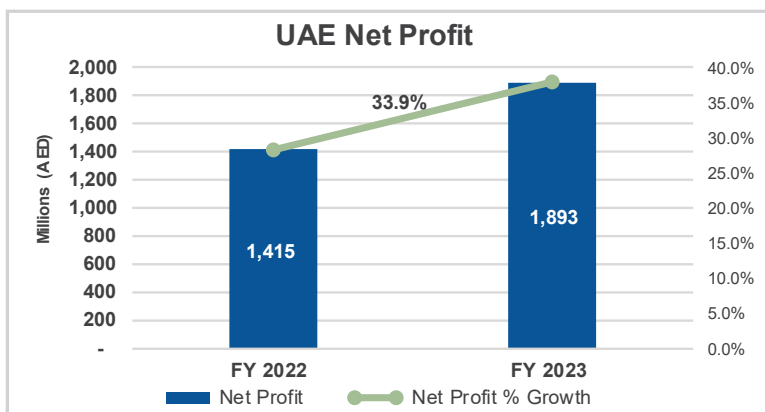


## NET PROFIT:

In 2023, net profits surged by 33.9% to AED 1,893.5 million, an improvement from the AED 1,414.6 million recorded in the same period in 2022. This boost in profitability can be primarily attributed to the overall increase in revenue from insurance services.

Out of the 28 companies listed, 9 registered a net loss in 2023, same number for the companies that registered a net loss in 2022. However, 5 out of the 9 companies which were making losses in 2022 are now profitable namely Watania International Holding, Al Sagr National Insurance Company, Ras Al Khaimah National Insurance Company, Dubai Islamic Insurance and Reinsurance Company and Al Khazna Insurance Company. Certain companies like Islamic Arab Insurance Company, Union Insurance, United Fidelity Insurance Company, Takaful Emarat and Hayah Insurance Company reported losses in 2023, reversing their earlier positions of profitability from the same period of 2022.

GRAPH 2 - NET PROFIT (AED MILLIONS)



The Insurance Revenue, Net Profit and the Total Equity for the 28 listed insurance companies are shown in Exhibit 1. The preliminary financial statement for YE 2023 has not yet been published for one of the listed company, namely Methaq Takaful Insurance Company, at the time of compiling these statistics. Therefore, we have excluded this Company from this report.

Sukoon Insurance completed the acquisition of Arabian Scandinavian Insurance Company (ASCANA) and is now renamed as Sukoon Takaful.

The other companies operating in UAE are not listed and are therefore excluded from this report.

“The market experienced an overall growth in the insurance revenue in 2023 compared to 2022.”

21 of the 28 companies showed an increase in Insurance Revenue in YE 2023 over YE 2022. Orient Insurance Company remained at the top with Sukoon Insurance Company taking the second spot in YE 2023, one place higher compared to YE 2022. Consequently, Abu Dhabi National Insurance Company (ADNIC) moved from second position in YE 2022 to third position in YE 2023.

“Net Profits increased by 33.9% to AED1,893.5m in YE 2023, compared to AED 1,414.6m in YE 2022. This is majorly driven by the increase in Insurance Revenue where the Insurance Expenses have not grown at the same pace.”

17 out of the 28 companies improved their net results compared to YE 2022. Similar to YE 2022, Orient Insurance Company, Abu Dhabi National Insurance Company (ADNIC), and Sukoon Insurance Company continued to spearhead the insurance sector's overall profitability in the UAE in 2023.

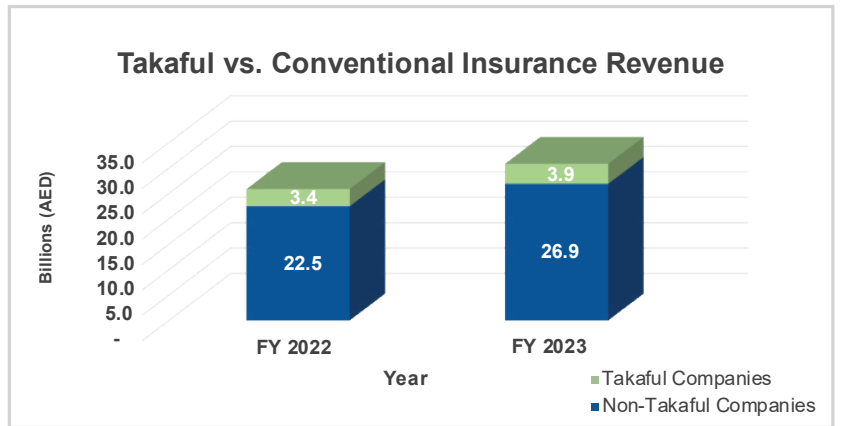
4 out of the 7 Takaful operators reported profits in YE 2023.

19 of the 28 companies experienced an increase in shareholder equity. Overall, the 28 companies experienced a 7.2% increase in equity from YE 2022. This is majorly due to the transition impact on IFRS 17.

“ Shareholder equity also improved in the year of 2023, mirroring the increase in profits. ”

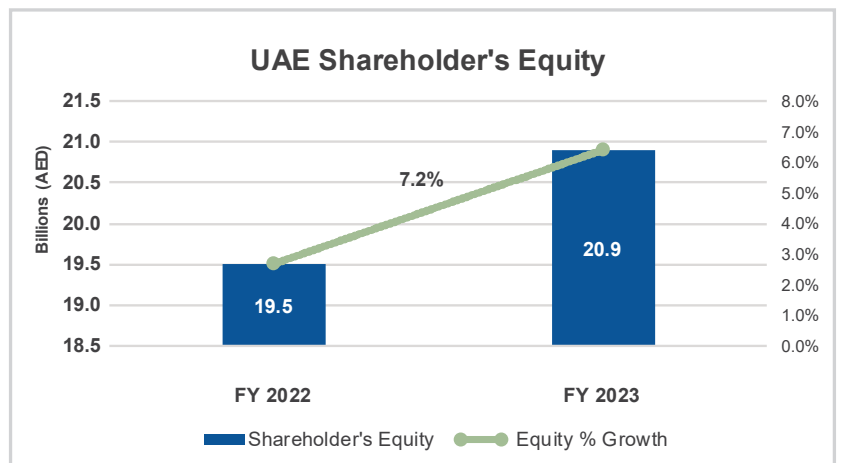
Takaful companies saw a 16.2% increase in their Insurance Revenue in YE 2023 in comparison to 19.6% increase for the traditional players. Total Insurance Revenue for Takaful operators now stands at AED 3.9b compared to AED 26.9b for traditional companies.

GRAPH 3 - TAKAFUL VS CONVENTIONAL INSURANCE REVENUE

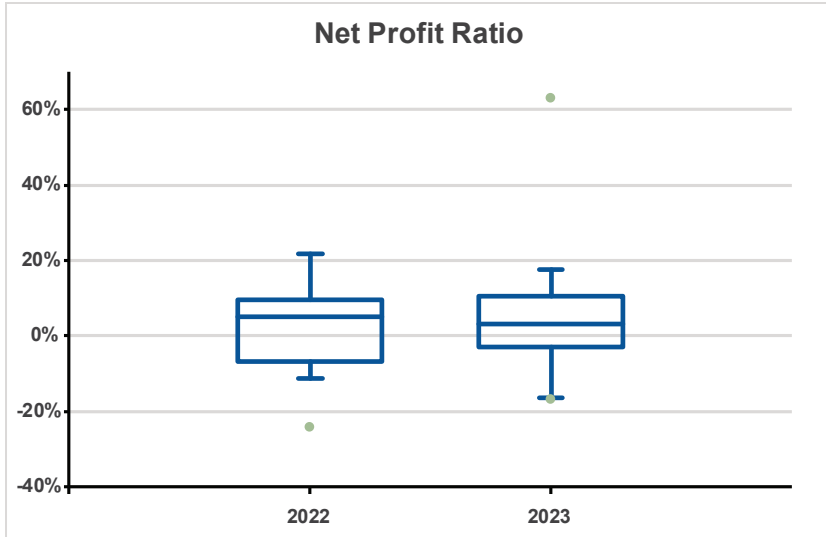


The shareholder equity for the 28 companies increased by 7.2% from AED 19.5b at YE 2022 to AED 20.9b at YE 2023.

GRAPH 4 - SHAREHOLDER'S EQUITY (AED BILLIONS)

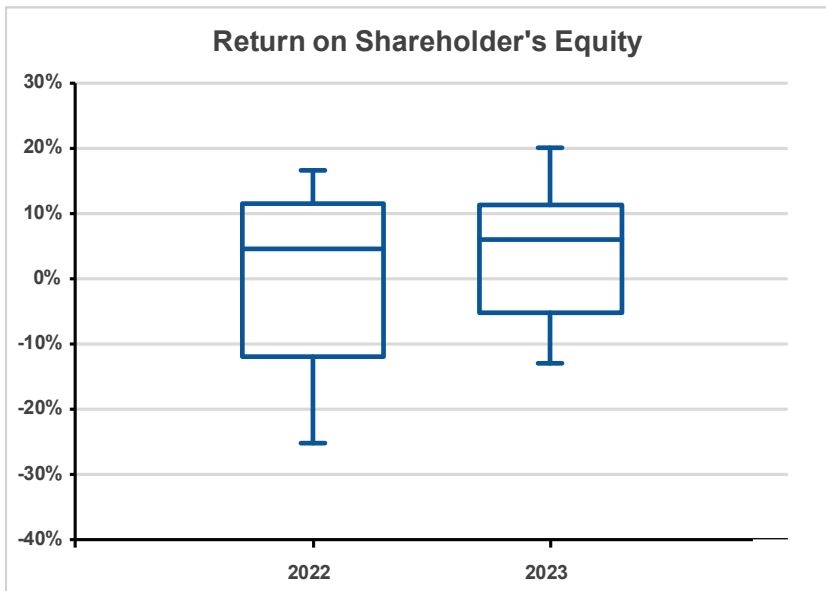


GRAPH 5 - DISTRIBUTION OF NET PROFIT RATIO



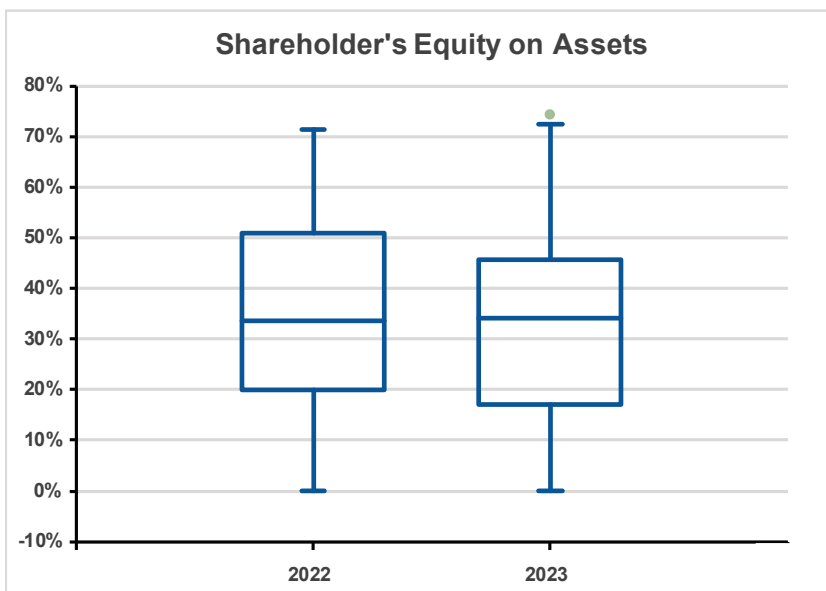
$Net\ Profit\ Ratio = Net\ Profit / Insurance\ Revenue$

GRAPH 6 - DISTRIBUTION OF RETURN ON SHAREHOLDERS' EQUITY



$Return\ on\ Shareholder's\ Equity = Net\ Profit / Shareholder's\ Equity$

GRAPH 7 - DISTRIBUTION OF SHAREHOLDERS' EQUITY TO ASSETS



$Shareholders'\ Equity\ on\ Assets = Shareholders'\ Equity / Assets$

“

The net profit ratio varies between the companies, with majority of the companies reporting a ratio between -3% to 10% in 2023. 9 companies have a net profit ratio of more than 10% and 9 companies have a negative net profit ratio.

”

Overall, the median net profit has reduced from 5% to 3% from 2022. However, both the upper and lower quartiles have increased. Further, the gap in the profit margins between the 1st and 3rd quartile has decreased, indicating decreased volatility.

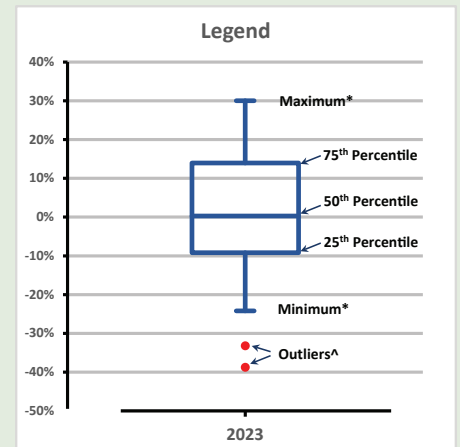
The median for the return on shareholder's equity has increased from 5% in 2022 to 6% in 2023. The return on shareholder's equity has been positive for most companies except for 9 companies with negative return on shareholder's equity in 2023. The gap between the 1st and 3rd quartile for the return on shareholder's equity has also decreased compared to 2022, implying decreased volatility in results.

The shareholder's equity to assets ratio has remained in a similar range as compared to 2022.

“

The market return on Shareholder's Equity is 9% for 2023 year-end results compared to 7% for 2022.

”



\* Largest / smallest value within 3 times the range from the 25th to 75th percentiles.

^ Values outside 3 times the range from the 25th to 75th percentiles.

# EXHIBIT 1

## INSURANCE REVENUE, NET PROFIT AND SHAREHOLDER'S EQUITY (AED MILLIONS)

| INSURANCE COMPANY                              | INSURANCE REVENUE |               | NET PROFIT   |              | SHAREHOLDER'S EQUITY |               |
|--|-------------------|---------------|--------------|--------------|----------------------|---------------|
|  | FY 2023           | FY 2022       | FY 2023      | FY 2022      | FY 2023              | FY 2022       |
| Orient Insurance                               | 6,372             | 4,961         | 636          | 519          | 4,337                | 3,891         |
| Sukoon Insurance Company                       | 4,644             | 3,875         | 257          | 259          | 2,754                | 2,551         |
| Abu Dhabi National Insurance Company           | 4,641             | 4,663         | 401          | 358          | 2,919                | 2,728         |
| Dubai Insurance Company                        | 2,150             | 1,195         | 142          | 90           | 791                  | 644           |
| Al Ain Al Ahlia Insurance Company              | 1,429             | 1,107         | 35           | 59           | 1,330                | 1,312         |
| Al Buhaira National Insurance Company          | 1,201             | 880           | (48)         | (66)         | 506                  | 553           |
| Emirates Insurance Company                     | 1,134             | 1,101         | 127          | 56           | 1,280                | 1,148         |
| Islamic Arab Insurance Company                 | 1,111             | 924           | (43)         | 35           | 683                  | 746           |
| Watania International Holding                  | 922               | 820           | 14           | (53)         | 230                  | 217           |
| Al Sagr National Insurance Company             | 917               | 634           | 11           | (49)         | 218                  | 206           |
| National General Insurance Company             | 745               | 621           | 75           | 61           | 573                  | 539           |
| Abu Dhabi National Takaful Company             | 675               | 448           | 103          | 69           | 515                  | 417           |
| Orient UNB Takaful                             | 640               | 467           | 50           | 29           | 284                  | 234           |
| Union Insurance Company                        | 634               | 763           | (12)         | 3            | 195                  | 208           |
| United Fidelity Insurance Company              | 566               | 395           | (17)         | 4            | 134                  | 136           |
| Ras Al Khaimah National Insurance Company      | 464               | 459           | 15           | (35)         | 160                  | 140           |
| Dubai National Insurance & Reinsurance Company | 451               | 350           | 46           | 44           | 729                  | 687           |
| Takaful Emarat                                 | 399               | 354           | (65)         | 2            | 9                    | 126           |
| Al Dhafra Insurance Company                    | 327               | 317           | 47           | 23           | 464                  | 443           |
| Alliance Insurance                             | 305               | 291           | 54           | 63           | 560                  | 536           |
| Al Wathba National Insurance Company           | 285               | 303           | 180          | 28           | 1,270                | 973           |
| Al Fujairah National Insurance Company         | 282               | 232           | (8)          | (21)         | 302                  | 292           |
| Insurance House                                | 252               | 250           | (42)         | (28)         | 19                   | 61            |
| Sukoon Takaful                                 | 127               | 128           | (77)         | (31)         | 175                  | 251           |
| Hayah Insurance Company                        | 89                | 72            | (6)          | 7            | 119                  | 121           |
| Dubai Islamic Insurance & Reinsurance Co.      | 70                | 254           | 1            | (10)         | 77                   | 79            |
| Sharjah Insurance Company                      | 21                | 23            | 16           | 34           | 253                  | 250           |
| Al Khazna Insurance                            | 0                 | 1             | 1            | (35)         | 19                   | 18            |
| <b>TOTAL</b>                                   | <b>30,855</b>     | <b>25,889</b> | <b>1,893</b> | <b>1,415</b> | <b>20,905</b>        | <b>19,507</b> |

### PLEASE NOTE:

- As per 2023 preliminary financials for full year, 2022 full year results for all companies have been restated to be reported under IFRS 17. Hence, we have used the most recent published figures above.

- Some companies changed their name and hence, the results of these companies in the Exhibit 1 and 2 of this report are represented now with the following names:

| Previous Company Name                  | Current Company Name          |
|--|-------------------------------|
| AXA Green Crescent Insurance Company   | Hayah Insurance Company       |
| Dar Al Takaful                         | Watania International Holding |
| Oman Insurance Company                 | Sukoon Insurance Company      |
| Arabian Scandinavian Insurance Company | Sukoon Takaful                |

- The above Insurance Revenue for Orient Insurance and Sukoon Insurance is based on their consolidated financials. Since, Orient UNB Takaful and Sukoon Takaful are subsidiaries of Orient Insurance and Sukoon insurance respectively, a proportion of the Insurance Revenue of the subsidiaries is also included in the Insurance Revenue shown above for the parent companies.
- Net profit after tax has been shown in Exhibit 1.

## EXHIBIT 2

### INSURANCE REVENUE - RANKED BY COMPANY

| INSURANCE COMPANY                              | MARKET SHARE |         | MARKET SHARE RANK |         |        |
|--|--------------|---------|-------------------|---------|--------|
|  | FY 2023      | FY 2022 | FY 2023           | FY 2022 | CHANGE |
| Orient Insurance                               | 20.7%        | 19.2%   | 1                 | 1       | 0      |
| Sukoon Insurance Company                       | 15.1%        | 15.0%   | 2                 | 3       | +1     |
| Abu Dhabi National Insurance Company           | 15.0%        | 18.0%   | 3                 | 2       | -1     |
| Dubai Insurance Company                        | 7.0%         | 4.6%    | 4                 | 4       | 0      |
| Al Ain Al Ahlia Insurance Company              | 4.6%         | 4.3%    | 5                 | 5       | 0      |
| Al Buhaira National Insurance Company          | 3.9%         | 3.4%    | 6                 | 8       | +2     |
| Emirates Insurance Company                     | 3.7%         | 4.3%    | 7                 | 6       | -1     |
| Islamic Arab Insurance Company                 | 3.6%         | 3.6%    | 8                 | 7       | -1     |
| Watania International Holding                  | 3.0%         | 3.2%    | 9                 | 9       | 0      |
| Al Sagr National Insurance Company             | 3.0%         | 2.4%    | 10                | 11      | +1     |
| National General Insurance Company             | 2.4%         | 2.4%    | 11                | 12      | +1     |
| Abu Dhabi National Takaful Company             | 2.2%         | 1.7%    | 12                | 15      | +3     |
| Orient UNB Takaful                             | 2.1%         | 1.8%    | 13                | 13      | 0      |
| Union Insurance Company                        | 2.1%         | 2.9%    | 14                | 10      | -4     |
| United Fidelity Insurance Company              | 1.8%         | 1.5%    | 15                | 16      | +1     |
| Ras Al Khaimah National Insurance Company      | 1.5%         | 1.8%    | 16                | 14      | -2     |
| Dubai National Insurance & Reinsurance Company | 1.5%         | 1.4%    | 17                | 18      | +1     |
| Takaful Emarat                                 | 1.3%         | 1.4%    | 18                | 17      | -1     |
| Al Dhafra Insurance Company                    | 1.1%         | 1.2%    | 19                | 19      | 0      |
| Alliance Insurance                             | 1.0%         | 1.1%    | 20                | 21      | +1     |
| Al Wathba National Insurance Company           | 0.9%         | 1.2%    | 21                | 20      | -1     |
| Al Fujairah National Insurance Company         | 0.9%         | 0.9%    | 22                | 24      | +2     |
| Insurance House                                | 0.8%         | 1.0%    | 23                | 23      | 0      |
| Sukoon Takaful                                 | 0.4%         | 0.5%    | 24                | 25      | +1     |
| Hayah Insurance Company                        | 0.3%         | 0.3%    | 25                | 26      | +1     |
| Dubai Islamic Insurance & Reinsurance Co.      | 0.2%         | 1.0%    | 26                | 22      | -4     |
| Sharjah Insurance Company                      | 0.1%         | 0.1%    | 27                | 27      | 0      |
| Al Khazna Insurance                            | 0.0%         | 0.0%    | 28                | 28      | 0      |



# REGULATORY UPDATES

The CBUAE conducted its annual workshops for the industry in December 2023 setting out its main priorities for the reporting requirements and timelines during 2024. This was followed up by the annual notice no. 6163 dated 15th December 2023.

Noteworthy during the workshop was the focus, by the CBUAE, on the importance of implementing corporate governance regulations and standard, and risk management and internal controls regulations pursuant to notice no. 4639 dated 16 November 2022 and notice no. 1825 dated 07 April 2023, respectively. Companies are therefore encouraged to show positive progress for their upcoming quarterly submission reviews. **The key messages from the CBUAE were:**

- **Own Risk and Solvency Assessment (ORSA) for year ending 2023;** companies are required to submit ORSA report to the CBUAE on or before 30 April 2024. ORSA is an internal process undertaken by a Company/Group to assess the adequacy of its Risk Management and current and prospective solvency positions under normal and severe stress scenarios. This process is expected to further encourage the management to anticipate potential business challenges, capital needs and to take proactive steps to reduce risks.
- **IFRS 17 reporting for year ending 2023;** as of 1 January 2023 insurance companies switched to financial reporting on IFRS 17 basis, thus all published financial statements are expected to be on the same basis. To bolster the supervisory review of IFRS 17 reports, insurance companies are required to provide an IFRS 17 actuarial certification of (re)insurance contracts assets and liabilities as well as completing eForms - IFRS 4 to IFRS 17 reconciliation template, with detailed explanation of material changes. It is important to note that eForms are still part of regulatory submission requirements.
- **Corporate Governance & Risk management and Internal Controls Regulations;** while insurance companies are required to submit quarterly Corporate Governance Review checklist, the CBUAE underscored the requirement for companies to comply with the requirements of Risk Management regulation as a part of Article 7 of Corporate Governance regulation. By the same token, pursuant to notice no. 3162 dated 17 June 2023, insurance companies are required to implement three lines of defense including Risk Management Function by April 30, 2024.
- **Solvency Recovery plans (for insolvent companies).** There is a continued focus on ensuring the solvency of all companies from the CBUAE. Solvency Recovery Plans should realistically demonstrate that the Company is expected to become solvent as per the required timelines of Section (2) Article (8) of the Financial Regulations. The Plan should be certified by the appointed actuary of the company and its board of directors, before being submitted to the CBUAE. The plan should be clear with respect to the actions and their timelines and should have sensitivity analysis with probable consequences.



# MARKET DEVELOPMENTS & UPDATES

## IFRS 17 RELATED UPDATES

**The first full year IFRS 17 financial statements have been published for 2023.** IFRS 17 implementation has been a major challenge for many insurance companies. YE 2023 financial statements are the first set of full year audited financial statements to be reported under IFRs 17.

**Companies are reminded that the CBUAE has clarified the approach for adopting IFRS 17 in the UAE.** As required by UAE Law, companies will use IFRS 17 for general purpose accounting starting from 1 January 2023. For regulatory reporting, however, companies are required to continue using the current reporting basis supported by the eForms. CBUAE will continue to monitor the quality of audited IFRS 17 general purpose financial statements for the foreseeable future as it considers whether to adopt IFRS 17 for regulatory reporting as well. This approach was well-received by the industry as it provides clarity of approach, removes regulatory risks, is not inconsistent with other developed insurance markets which also have more than one valuation basis (for example, Europe has IFRS 4 for those entities that are not required to report on an IFRS 17 basis, IFRS 17 for those entities that are required to report on an IFRS 17 basis and Solvency II for regulatory reporting for all entities) and it aligns with other developments like internal controls over financial reporting (ICFR).



## HEALTH INDUSTRY UPDATES ACROSS THE UAE

### Dubai

#### **Circular GC 06-2023: Notification on the launch of the new E-Claim system**

The Dubai Health Authority (DHA) issued Circular GC 06-2023 on 13/10/2023, expressing gratitude towards healthcare and insurance partners for their service contributions. The circular announces the launch of a new electronic claims system set to go live early 2024, aimed at enhancing Dubai's health insurance ecosystem. Stakeholders, including healthcare providers, insurance companies, and third-party administrators authorized by DHA, were required to ensure their systems are compatible for a smooth transition.

Source:

<https://www.isahd.ae/content/docs/GC%2006-2023.pdf>

#### **Circular GC 05-2023: Influenza Vaccination**

The Dubai Health Authority (DHA) issued Circular GC 05-2023 on October 13, 2023 and expresses gratitude to its strategic health insurance partners for their contributions to enhancing healthcare. The circular announces an influenza vaccination campaign for low-income individuals, in collaboration with private healthcare providers in Dubai. Insurance companies and claims administrators must approve vaccination claims, whether services are within or outside their network. Effective from the date of publication, adherence is mandatory to avoid legal repercussions. The circular is regulatory, not for media release, with violations subject to legal action.

Source:

<https://www.isahd.ae/content/docs/GC%2005-2023.pdf>

#### **Circular GC 07-2023: The New Online Complaints System**

The Dubai Health Authority (DHA) issued circular GC 07-2023 on October 16, 2023, expressing gratitude to its healthcare and health insurance partners and announcing the launch of a new electronic platform for health insurance complaints. This platform aims to enhance insurance practices and regulations within Dubai's health insurance system. DHA has scheduled an online training workshop for health insurance companies, TPAs, and brokers, urging them to direct their complaints teams to attend.

Source:

<https://www.isahd.ae/content/docs/GC%2007-2023.pdf>

### Circular GC - 08-2023: Circular / Email Notification for 2024 INVs

The Dubai Health Insurance Corporation (DHIC) circular dated 11/12/2023 outlines the permit renewal process for 2024, adhering to Dubai Health Insurance law 11/2013, Executive Council resolution no. 7 of 2016, and related circulars. It mandates a 30-day prior notice for renewals to healthcare facilities, TPAs, brokers, and insurance companies, with specific invoicing procedures. Healthcare providers and companies are required to update contact details daily via eClaimLink, pay fees through the Dubai Government Smart Payment Gateway, and address any payment issues promptly. Invoices must be settled within 30 days to avoid service disruption and legal action. Facilities with multiple eClaimLink IDs should report to prevent duplicate invoices.

Source:

<https://www.isahd.ae/content/docs/GC%2008-2023.pdf>

#### Abu Dhabi

### Circular 2023 / 139: Updated Drug Dosage and Frequency Mandatory Submission Requirements

Circular No. 2023/139, dated 16/08/2023, addressed to healthcare providers, insurance companies, and TPAs licensed by the Department of Health (DoH) for health insurance operations, announces new mandatory requirements for drug dosage and frequency submissions through the Pharmacy Benefit Manager (PBM) system, effective 01/10/2023. This initiative aims to enhance patient care and ensure the appropriate dispensing of medication at correct dosages. The DoH will provide further technical details in preparation for the implementation. Stakeholders are encouraged to comply for efficient claims submission and are directed to contact the DOH Healthcare Payers Sector for inquiries.

Source:

<https://www.doh.gov.ae/-/media/89284E6F7D5A42529EC5B173B7FE78A2.ashx>

### Circular 2023 / 147: Implementation of IR-DRG Version 3.3 in the Emirate of Abu Dhabi

The Department of Health - Abu Dhabi has announced the implementation of IR-DRG Version 3.3 for inpatient reimbursement, starting September 15, 2023. This update will only include essential adjustments to the current IR-DRG system, ensuring the same statistical measures for relative weight, average stay duration, and trim points are maintained. Healthcare service providers are urged to collaborate promptly with 3M Health Information Systems for a smooth transition.

Source:

<https://www.doh.gov.ae/-/media/47B8575738FA4BE0BA80D00A6D2FAE21.ashx>

### Circular 2023 / 172: Update Drug Dosage and Frequency Mandatory Submission Requirements.

The circular, dated 10/10/2023, addresses licensed healthcare service providers, health insurance companies, and third-party administrators, informing them of the completion of updates in the Shafafiya system for the mandatory inclusion of drug doses and frequency as per Circular No. 139/2023. Starting October 1, 2023, data reporting begins on a voluntary basis, becoming compulsory on December 1, 2023. DOH inspectors will assess healthcare providers' readiness between November 1-15, 2023. The circular emphasizes the importance of adherence to ensure timely claim submissions and directs to a link for technical information, urging contact with DOH for inquiries and highlighting the circular's regulatory purpose.

Source:

<https://www.doh.gov.ae/-/media/AB03D60757B54737807A051693DBDB4C.ashx>

### Circular 2023 / 174: Update on The Coverage of Coronavirus Disease (COVID-19) Diagnostic and Treatment Services

The Department of Health – Abu Dhabi announced updates to COVID-19 diagnostic and treatment service coverage effective October 9, 2023. Coverage now applies only to medically indicated services, adhering to current clinical standards, under the health insurance and Thiqa program. Non-diagnostic and non-clinically indicated tests, such as those for public health surveillance, will not be covered. This circular supersedes previous directives on COVID-19 service coverage, emphasizing regulatory procedures over media publication, and seeks adherence for the best interest of work, thanking partners for their cooperation.

Source:

<https://www.doh.gov.ae/-/media/BA57B796714043758150B37C3E3E50AE.ashx>

### Circular 2023 / 179: Implementation of 2021 code sets for ICD-10-CM and CPT©AMA in the Emirate of Abu Dhabi

The Department of Health - Abu Dhabi will implement the 2021 code sets for ICD-10-CM and CPT©AMA effective 1st January 2024, to enhance the reimbursement system in the healthcare sector. Amendments to the mandatory tariff and related prices will be adopted. Relevant tools and documents for the new coding set will be available on the DOH website for review and preparation. A pre-implementation phase includes a healthcare market consultation and a workshop, with details to be announced. The circular emphasizes adherence to these changes for the sector's benefit and specifies contact details for further inquiries.

Source:

<https://www.doh.gov.ae/-/media/E7535EFB42BD4018A289F4E8C4FD67D3.ashx>

### Circular 2023 / 186: Compliance with Abu Dhabi Healthcare Information Security Program – AAMEN

The Department of Health (DoH) in Abu Dhabi has issued a reminder to all healthcare and pharmaceutical facilities, professionals, and health insurance companies about the importance of adhering to the Abu Dhabi Healthcare Information and Cyber Security standards. This includes compliance with specific circulars issued between 2019 and 2022, covering cyber security standards, audit programs, cyber learning programs, and patient authentication in healthcare facilities. Non-compliance may result in penalties, including suspension or revocation of licenses and exclusion from the Thiqa network. All parties are urged to ensure ongoing compliance to maintain the integrity and security of healthcare information.

Source:

<https://www.doh.gov.ae/-/media/8C71BF34DA364E009F51169B1F4F4850.ashx>

### Circular 2023 / 194: Mandatory Update of Personal Records of All Insured Members Electronically within 7 Working Days on Shafafiya

The circular, issued on November 29, 2023, mandates healthcare service providers, health insurance companies, and Third-Party Administrators (TPAs) licensed in Abu Dhabi to electronically update personal records of all insured members within 7 working days on Shafafiya platform, following previous circulars and standards. Updates include additions, deletions, or modifications of records, ensuring Emirates ID details are complete. Non-compliance is a violation of Health Insurance Law no. 23/2005. The circular emphasizes regulatory adherence for operational efficiency and warns against using the information for media publication.

Source:

<https://www.doh.gov.ae/-/media/259243ADE4894BA18A0D3D5FD2335988.ashx>

## MOTOR INDUSTRY UPDATES ACROSS THE UAE

The motor industry had seen a drop in profitability in 2022 and the first half of 2023 due to higher loss ratio and commission ratio. The high loss ratio had resulted from high discount on the rates charged as well as an increase in claims' frequency and severity. Consequently, the Central Bank has restricted the issuance of discounts below the minimum premium in the second half of 2023. This, combined with the hardening of rates is expected to improve the profitability of motor industry in 2024.

## MERGERS AND ACQUISITIONS

Dar al Takaful and National Takaful Company (Watania) merged to form one of the leading national (Takaful) Islamic Insurance providers in the UAE in July 2022 and the merged company started trading on the DFM as DARTAKAFUL, from 4 July 2022. On 27th June 2023, Dar Al Takaful announced that the listed company's name has been changed to Watania International Holding and the company has started trading on the DFM as WATANIA.

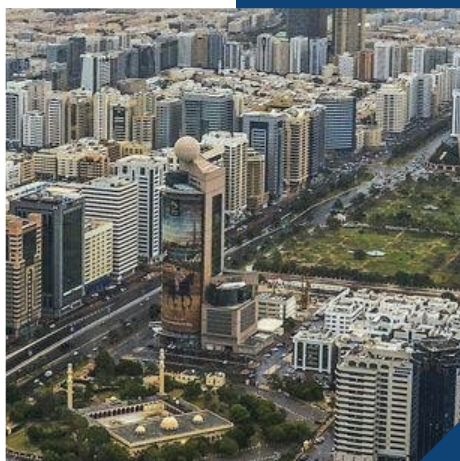
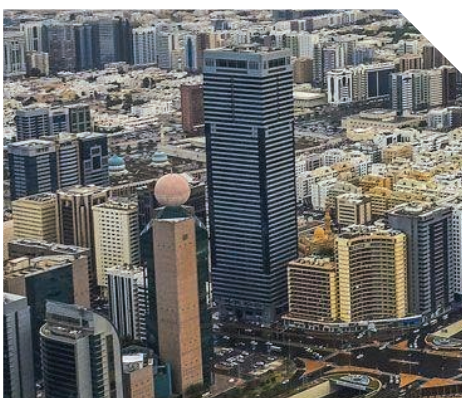
Takaful Emarat was expected to be merged with Islamic Arab insurance company. However, the planned merger has been called off. Further, the two companies will be proceeding with exploring options for 'alternative arrangements' which may include acquiring the takaful operations of Takaful Emarat and not the assets of the company.

Sukoon Insurance Company previously known as Oman Insurance Company, completed the acquisition of 93% of the share capital of Arabian Scandinavian Insurance Company (ASCANA). Going forward, ASCANA will be known as Sukoon Takaful.

References:

[https://www.watania.ae/press-releases/dar-al-takaful-changes-its-name-to-watania-international-holding-and-its-dfm-trading-symbol-to-watania#:~:text=Dar%20Al%20Takaful%20PJSC%20\('DAT.has%20changed%20to%20%5BWATANIA%5D.](https://www.watania.ae/press-releases/dar-al-takaful-changes-its-name-to-watania-international-holding-and-its-dfm-trading-symbol-to-watania#:~:text=Dar%20Al%20Takaful%20PJSC%20('DAT.has%20changed%20to%20%5BWATANIA%5D.)

<https://www.meinsurancereview.com/News/View-NewsLetter-Article?id=84620&Type=MiddleEast>



# APPENDIX

## KEY TERMS INTRODUCED UNDER IFRS 17:

### INSURANCE REVENUE

The amount that is charged for the insurance coverage provided as it is earned. For PAA, this can be comparable to the earned premium under IFRS 4. For GMM, this comprises of multiple components such as expected claims and expenses, release of CSM and risk adjustment.



### INSURANCE SERVICE EXPENSE

The sum of all expenses i.e., incurred claims, maintenance expenses, changes in risk adjustment for incurred claims for non-financial risk, losses on onerous (loss-making) contracts etc.



### NET EXPENSE/INCOME FROM REINSURANCE

This is the sum of income from reinsurance contracts held (commission from reinsurance and reinsurer's share of claims) minus the expenses from reinsurance contracts (ceded premiums).



### INSURANCE FINANCE INCOME/EXPENSES

This is the change in the carrying amount arising from the changes and effect of time value of money and financial risk.



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