



# **Insurer Financial Strength Rating Report**

**Saudi Arabian Cooperative Insurance Co. (SAICO)**

**March 2025**

## Rating Summary

### 1.1 TASSNIEF Opinion:

<i>Saudi Arabian Cooperative Insurance Co. – IFS Rating</i>	
<b><i>Domicile</i></b>	<i>Saudi Arabia</i>
<b><i>Insurer Financial Strength Rating</i></b>	<i>A-</i>
<b><i>Outlook</i></b>	<i>Stable</i>
<b><i>Rating Watch</i></b>	<i>NA</i>
<b><i>Action Type</i></b>	<i>Initial</i>
<b><i>Last Rating Action</i></b>	<i>NA</i>
<b><i>Type of Relationship</i></b>	<i>Solicited</i>

Tassnief has assigned the Insurer Financial Strength Rating of **“A-” (Single A Minus)** to Saudi Arabian Cooperative Insurance Co. The outlook on the rating is “Stable”. The assigned rating is indicative of robust financial profile, low risk factors and high prospect of meeting policyholder liabilities.

## 1.2 TASSNIEF Rating Rationale:

### **Mid-sized player with extensive track record of operations**

Saudi Arabian Cooperative Insurance Co. (SAICO) is a mid-sized insurance Company with a market share of around 2% in terms of gross premiums. The Company has extensive operating history and track record of operations. During 9M2024, gross premiums were reported at SAR 941m and increased by 10%. Growth in gross premiums was broad based besides the health segment which witnessed a decline due to discontinuation of partnership with another company. Adjusted growth in gross premiums during 9M2024 is much higher than reported premium and insurance revenue growth after accounting for premium lost due to discontinuation of the aforementioned partnership.

### **Diversification in premium and customer mix compares favorably as compared to peers and bodes well from a risk perspective**

The Company's business mix incorporates healthy presence across 3 main segments, i.e. health, motor and property & casualty segments. SAICO's market share in motor and P&C segment was reported at 3.7% and 6.4%, respectively, which is significantly higher than Company's overall market share. Diversification in premium mix compares favorably as compared to peers with motor and health representing around 55% of gross premiums as compared to 80% for the insurance industry. Gross premiums by customer mix has depicted an improving trend particularly during 9M2024 with individuals and SMEs accounting for around 50% of the gross premiums. Growing business from SMEs remains a key focus area for the Company.

### **Improving underwriting profitability and growing investment income; sustainability of the same remains important**

After posting sizeable underwriting losses in 2022, the Company has managed to improve underwriting profitability as reflected in improvement in combined ratio in 2023 and 9M24. Overall net combined ratio was reported at 92.7% at end-9M24 with insurance result for the period being reported at SAR 38m. Investment income generated by the Company has depicted an increasing trend given the higher benchmark rate. Accounting for investment income, finance and other operating expenses, SAICO reported a net profit of SAR 37.2m during 9M24. Return on equity during 9M24 at 14.1% is higher than industry median of 11.8%.

### **Conservative investment profile and adequate liquidity cushion**

The Company has a sizeable investments portfolio which amounted to SAR 642m (2023: SAR 516m) at end-September 2024, which has continued to support bottom line of the company. The Company continues to follow a conservative investment profile with low exposure to credit and market risk. Liquidity cushion in terms of liquid assets to net liabilities was at comfortable levels while asset liability matching is also satisfactory.

### **Strong risk adjusted capitalization levels**

Equity base of SAICO has grown over the last 2 years due to internal capital generation while the Company has also eliminated accumulated losses on the balance sheet. Risk adjusted capitalization indicators are sound given conservative investment profile with low quantum of high-risk assets and limited exposure to credit and market risk, satisfactory reinsurance program & credit quality of reinsurance panel and low net risk retention and adequate cushion over regulatory solvency. SAICO reported solvency margin of 141% (2023: 129%) as at end-September 2024.

### **Sound governance and risk management framework**

Governance assessment is supported by experienced board profile, presence of board level committees and well-structured oversight mechanisms. Board of Directors comprises five members representing diverse backgrounds, combining strong academic credentials from prestigious international institutions with extensive experience in insurance, finance, and corporate governance. The assessment further incorporates a diverse senior leadership team, with expertise across insurance, finance, technology, and risk management sectors. Comfort is drawn from SAICO's sound risk management practices. A comprehensive control framework is present with established policies, three-lines-of-defense risk management structure, and independent internal audit function overseeing 17 auditable units. Scope of risk management is comprehensive and is segregated into three broad sub-categories including Insurance, Financial and Operations risk.

## **1.3 Rating Triggers**

Key rating trigger for the Company would be an increase in market position and a greater diversification in business mix while maintaining current underwriting performance and capitalization buffers. Moreover, strengthening financial flexibility through increasing absolute quantum of profitability and equity base remains important.

## **1.4 About the Company**

Saudi Arabian Cooperative Insurance Co. ("SAICO" or the "Company") is a listed Saudi Joint Stock Company registered in KSA with CR#1010237214 dated August 2007. Currently, 30% shares in SAICO are held by Saudi Arabian Insurance Company B.S.C. Remaining 70% shareholding is held by other investors and the general public. Saudi Arabian Insurance Company B.S.C. is incorporated in the Kingdom of Bahrain and is a 100% owned subsidiary of Damana Holding W.L.L.

Classification: [Restricted](#)

## **RELATED CRITERIA AND METHODOLOGY**

Rating Methodology for Insurance Companies (v.2. 2019) can be found on the website:  
[www.tassnief.com](http://www.tassnief.com)

## **DISCLAIMER:**

- TASSNIEF has conducted the exercise based on its approved Rating Methodologies and Policies in order to derive the Insurer Financial Strength (IFS) rating opinion on Saudi Arabian Cooperative Insurance Co.. The ratings and observations contained herein are solely statements of opinion and not statements of fact or recommendations to purchase, hold or sell any securities or make any other investment decisions.
- All analyses related to the rating report are merely opinions of TASSNIEF on the rating date.
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- The analyses and forecasts in this rating report are inherently forward-looking and cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed.
- This rating has not been amended following disclosure to the rated entity or its related party(ies). The rating scale can be found in the link above. The rated entity has not conducted any rating activity with regards to its rating. No part of the rating activities were outsourced.

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