INSURER FINANCIAL STRENGTH RATING SUMMARY REPORT

Saudi Arabian Cooperative Insurance Company (SAICO)

Public Joint Stock Company

August 2026

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Related Criteria and Methodology

The specific rating methodologies and criteria applied in this analysis are available on the Tassnief website. To view or download these documents, please visit www.tassnief.com.

Jazib Ahmed, CFA
Rating Manager

T: 011-250-2030
E: jahmed@tassnief.com

Talha Iqbal
Rating Analyst

T: 011-250-6627
E: tiqbal@tassnief.com

Table of Contents

1. Tassnief's Rating Opinion

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

About the Company:

Saudi Arabian Cooperative Insurance Co. ("SAICO" or "the Company") is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia with Commercial Registration No. 1010237214 dated August 2007. The Company is engaged in cooperative insurance operations in accordance with applicable regulations in KSA. SAICO's product portfolio majorly comprises general insurance, medical insurance, and protection & savings segments. The Company is headquartered in Riyadh and operates through two registered branches located in Jeddah and Khobar. SAICO is licensed by the Insurance Authority (formerly Saudi Central Bank) to conduct insurance activities under the cooperative insurance framework pursuant to the relevant regulatory approvals issued in 2006 and 2007.

Saudi Arabian Cooperative Insurance Company (SAICO)	
Domicile	Saudi Arabia
Insurer Financial Strength Rating	A-
Outlook	Positive
Rating Watch	None
Rating Action	Maintained
Rating Type	Solicited
Date of Initial Rating	March 2025
Date of Last Review	N/A
Methodologies Deviation	None

2. Rating Rationale

The Positive Outlook reflects SAICO's proven underwriting discipline during an industry downcycle and its favorable positioning for an expected market recovery. Anticipated market-wide rate adjustments and moderating price competition are expected to support expanded technical profitability over the rating horizon.

Well-structured governance and risk controls enforced by public standards

Governance standards are supported by SAICO's status as a publicly listed company, ensuring alignment with Capital Market Authority (CMA) corporate governance regulations. Board oversight is anchored by experienced directors with broad legal, financial, and insurance backgrounds, supported by a high degree of independent representation and active committee structures. Senior leadership demonstrates extensive sector expertise across technical and operational domains. SAICO enforces a structured "Three Lines of Defense" risk model, overseen by a dedicated Risk Management Committee and an independent Internal Audit function. Operational control and financial reporting integrity are further reinforced through the rollout of an upgraded core insurance platform.

Medium scale player with extensive track record of operations

The Company maintains a stable market footprint within the domestic insurance sector, holding a modest overall market share that reflects a medium-scale operating posture relative to industry leaders. SAICO benefits from a solid operating history and a long-standing track record in the Kingdom. Market presence is most pronounced across commercial property and casualty as well as motor lines, where SAICO's segmental standing compares favorably to overall market share. Management continues to demonstrate a clear commitment to underwriting discipline and the bottom-line over top-line expansion, selectively scaling back volatile SME accounts to insulate the balance sheet from broader market price competition. While technical results remain subject to calendar seasonality, pricing discipline across primary distribution channels is expected to support sustainable, profitability-driven growth.

Diversified product mix with strategic shift toward corporate account stability

The Company's business profile reflects healthy product diversification and a balanced segment mix, supported by lower exposure to volatile retail lines compared to the broader market. Commercial lines and corporate motor drive primary expansion, while medical exposures are defensively managed to preserve margins. Geographic risk is heightened due to premium concentration in the Central province. Customer profile metrics reflect an institutional concentration, with recent strategic adjustments actively rebalancing the book away from loss-making SME accounts toward stable corporate clients. This operational shift enhances client quality and supports long-term technical margins.

Outperforming underwriting profitability amidst industry-wide margin compression; forward outlook supported by expected rate hardening

While the broader insurance sector faced margin compression and technical losses, SAICO maintained technical underwriting profitability, outperforming the industry median. Profitability continues to be supported by solid performance in core lines and steady net investment yields. Looking forward, SAICO's healthy baseline positions it well to capture prospective margin expansion as widespread industry losses, rising compliance costs, and regulatory capital requirements force market-wide rate increases and moderate aggressive price competition.

Conservative investment profile with liquidity cushion sufficient to cover liabilities

SAICO maintains a sizeable, low-risk investment framework, with the total investment portfolio expanding to SAR 897.3 million at end 1Q2026. Asset allocation is heavily anchored in high-grade liquid instruments, primarily short-term bank deposits, cash equivalents, and fixed-income Sukuk. Fixed-income allocations focus on high-caliber financial institutions rated in the 'A' to 'AA-' bands as well as sovereign Saudi Government Sukuk. While select bank Sukuk issues contain loss-absorbency clauses, prospective capital risk is evaluated as remote due to the credit strength and sovereign backing of the counterparties. Net liquidity coverage strengthens significantly when adjusted for reinsurance contract assets, demonstrating adequate balance sheet backing against net policyholder obligations. Actuarial assessments highlight some liquidity risk driven by concentration in reinsurance recoverable.

Adequate risk-adjusted capitalization and favorable RBC positioning

SAICO's equity base continues to expand, supported by steady internal capital generation and the complete clearance of legacy accumulated losses. Risk-adjusted capitalization remains satisfactory due to a low-risk investment framework, a conservative reinsurance structure with low net retention thresholds per risk, and strong counterparty credit quality. Under Risk-Based Capital (RBC) parallel-run modeling, SAICO reports an improved solvency ratio compared to traditional metrics, benefiting from low asset-risk penalties and low retention charges. However, capital flexibility remains somewhat constrained by the prominent receivables balance, keeping overall solvency cover sensitive to broader balance sheet stress.

3. Rating Triggers

Upward rating trigger hinges on the Company's ability to enhance its market position and diversify its portfolio without compromising current underwriting margins or capitalization strength. Furthermore, growing absolute net profits and building a larger capital base will be key to improving overall financial flexibility.

Insurer Financial Strength Rating Definitions

IFS Rating Scale	Definitions
AAA	**Extremely Robust;** Tassnief considers risk factors as **insignificant**. **Highest** prospect of policyholder liabilities to be met.
AA+ AA AA-	**Very Robust;** Tassnief considers risk factors as **minute**. **Very high** prospect of policyholder liabilities to be met.
A+ A A-	**Robust;** Tassnief considers risk factors as **low**. **High** prospect of policyholder liabilities to be met. Risk profile may vary with changes in economic / sector conditions.
BBB+ BBB BBB-	**Average;** Tassnief considers risk factors as **average**. **Moderate** prospect of policyholder liabilities to be met. Risk profile may exhibit moderately high variation with changes in economic / sector conditions.
BB+ BB BB-	**Fragile;** Tassnief considers risk factors as **high**. **Low** prospect of policyholder liabilities to be met. Risk profile may exhibit wide variation with changes in economic / sector conditions.
B+ B B-	**Very Fragile;** Tassnief considers risk factors as **very high**. **Very low** prospect of policyholder liabilities to be met.
CCC CC C	Tassnief considers risk factors as **significant**. **Extremely low** prospect of policyholder liabilities to be met.
D	Insurer has **defaulted** or **may default** soon on its policyholder liabilities

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