Shaping transformation and diversification

Saudi Arabia insurance overview 2025

KPMG Middle East
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Foreword

Saudi Arabia's insurance industry has long been a key player in the region, becoming one of the largest insurance markets in the Gulf Cooperation Council (GCC). The sector has experienced notable growth and transformation over the past decade, driven by a combination of regulatory reforms, evolving market dynamics, and increasing demand for comprehensive risk management solutions. In particular, the sector is benefitting from Vision 2030 which is designed to diversify the Kingdom's economy away from oil dependency. As a result, insurance has become a critical component of Saudi Arabia's financial landscape.

The government, through various regulatory frameworks and initiatives, has contributed significantly to the growth of the insurance market. The demand for insurance products continues to rise as the country undergoes rapid economic diversification and modernizes key infrastructure projects. Moreover, with rising awareness among individuals and businesses about the importance of financial protection, the insurance industry is on a solid growth trajectory.

In this publication, we delve into the growth drivers of the insurance industry in the Kingdom, a detailed performance review for Q3 2024, insights from the KPMG Global Insurance CEO Outlook, and the broader outlook for the industry in the context of Saudi Arabia's economic transformation.

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Growth drivers in the local market

Government regulation and mandates

Regulatory reforms by the Insurance Authority (IA) have made it easier to conduct business in the insurance sector. IA's efforts to enhance market transparency and protect policyholders has created a more stable environment for insurers.

Additionally, mandatory motor insurance has created a steady demand for vehicle insurance policies. The government's emphasis on improving social welfare systems is also contributing to the broader adoption of personal and life insurance policies.

Technological advancements (InsurTech)

Digital transformation within the insurance sector, including the rise of InsurTech, is driving innovation and making insurance more accessible. The use of mobile apps, online platforms, and AI-driven solutions enhances customer experience, improves claims processes, and increases operational efficiency.

Insurers are offering customized products and digital services that meet the preferences of younger, tech-savvy customers.

Vision 2030 initiatives

Vision 2030 is a major driver of growth in various sectors, including insurance. The vision emphasizes economic diversification, modernization, and privatization, which encourages demand for various insurance products, particularly in health, life, and property insurance.

The government's efforts to boost the non-oil economy and increase private sector involvement foster a favorable environment for insurance. The expansion of small and medium-sized enterprises (SMEs) is also contributing to increased demand for business insurance products.

Expanding tourism and pilgrimage

With the growth of the tourism sector, including the rise in international visitors for Hajj and Umrah pilgrimages, there is an increased demand for insurance products for visitors.

The government's efforts to develop Saudi Arabia into a global tourist destination will further contribute to the need for comprehensive insurance coverage for tourists.

Challenges and risks facing the industry

1 Pricing pressure and market competition

Despite the growth in premiums, price competition remains a challenge in the Saudi insurance market, especially in the motor insurance segment. Many insurers face pressure to offer lower premiums to attract customers, which can lead to thinner margins. The growing popularity of direct insurance sales via digital channels further intensifies price-based competition.

2 Regulatory compliance and evolving standards

With the rapidly changing regulatory landscape, insurance companies must remain agile and adaptive to new regulatory requirements. This includes managing the introduction of new mandatory insurance laws and ensuring adherence to evolving financial solvency and corporate governance standards.

3 Geopolitical and economic risks

Geopolitical tensions and fluctuations in oil prices continue to pose risks to the broader economic environment. While Vision 2030 seeks to mitigate these risks by diversifying the economy, global market volatility could affect overall economic performance and, consequently, the demand for insurance.

Driving growth in an uncertain economy

74 percent of insurance CEOs say they are confident in their own company's growth prospects over the next three years.

Attracting talent and shaping the workforce

62 percent of insurance CEOs believe that talent gaps could negatively impact their organization's growth over the next three years.

Enabling the enterprise with Gen AI and digital transformation

81 percent of our insurance CEO respondents say that Gen AI is now a top investment priority, despite ongoing economic uncertainty.

Embracing ESG to achieve measurable outcomes

70 percent of insurance CEOs say they are willing to take a stand on a contentious issue but 54 percent say that stakeholder expectations change faster than they can adapt.

Source: KPMG Global Insurnce CEO Outlook 2024

Emerging trends in insurance

As Saudi Arabia continues to evolve economically and technologically, the insurance industry is poised for several key trends that will shape its future trajectory:

1 Rise of digital and InsurTech

The shift toward digital insurance solutions will accelerate in the coming years. InsurTech startups and digital transformation initiatives by traditional insurers are expected to drive efficiency and personalization in the market. Customers will increasingly seek online insurance products, making digital distribution a key pillar of the industry's growth.

2 Focus on customer-centric products

Insurance companies will focus more on personalized insurance solutions tailored to the needs of specific customer segments. Using artificial intelligence (AI) and data analytics, insurers will offer highly customized policies, predictive pricing, and real-time claims processing. The ability to harness data to anticipate risks and provide tailored coverage will help insurers stay competitive.

3 Sustainability and green insurance

As global awareness of environmental issues increases, there will be a growing demand for sustainable insurance products. Insurers will likely offer green insurance options that cover renewable energy projects, environmental liability, and climate-related risks. With Vision 2030's focus on sustainability and diversification, green insurance will play an integral role in the future of the industry.

4 Expansion of health and life insurance

With a young, growing population and an increasing focus on health and wellness, health and life insurance products will experience sustained growth. Private health plans will be more in demand, as will comprehensive coverage for critical illnesses, mental health support, and chronic conditions. As mandatory health insurance expands, both local and expatriate populations will increasingly seek out broader coverage options.

5 Emerging risks and new coverage areas

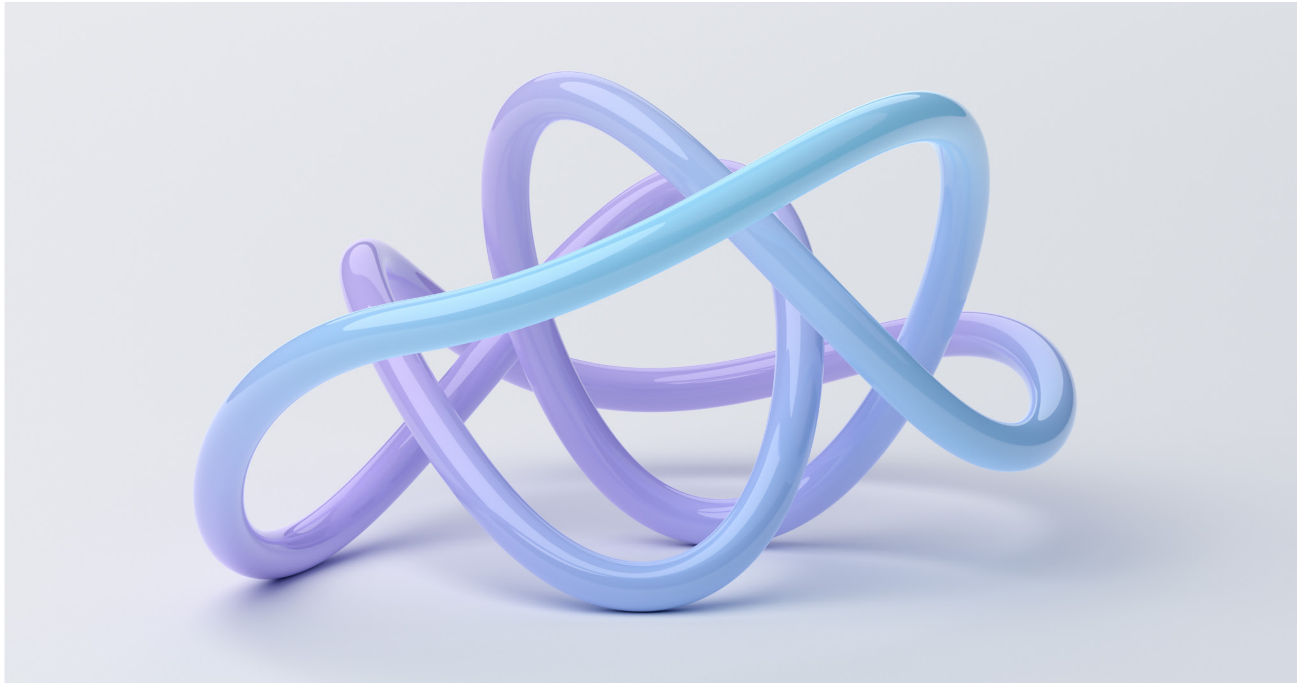
New and evolving risks, such as cybersecurity threats, climate change, and pandemics, will drive the creation of new insurance products. The growth of cyber insurance will be particularly pronounced as digital infrastructure grows. Likewise, products aimed at covering environmental damage, flooding, and climate-related disasters will see increased demand.

6 Growth of reinsurance

As large infrastructure projects take shape in Saudi Arabia, the reinsurance sector will play a crucial role in managing the risks associated with these developments.

Expansion of reinsurance sector

To foster the growth of the local reinsurance market, the Insurance Authority (IA) implemented a regulation in October 2022 mandating that local insurers cede a specified percentage of their treaty business (both proportional and non-proportional) to local reinsurers (either directly or through reinsurance brokers) before approaching international reinsurers. The circular established a 20 percent local cession requirement starting 1 January 2023, which has increased by 5 percent annually, reaching 30 percent local cession requirements from 1 January 2025.



The impact of this circular is already evident as the reinsurance revenue from Saudi Arabia business for the exclusive reinsurer, Saudi Reinsurance Company, surged by 77 percent during the nine-month period ended 30 September 2024, compared to the same period in 2023, driven by the local cession mandate.

To further strengthen the market, the IA issued a circular on 14 November 2024, reinforcing the requirement for insurers to cede 30 percent of their business (this time including both treaty and facultative reinsurance) to local reinsurers starting 1 January 2025. The circular outlines detailed procedures for implementing this 30 percent cession requirement, emphasizing the need for insurers to maintain documentation showing they offered the 30 percent share to local reinsurers. Additionally, licensed reinsurers must keep records of the insurance risks presented to them, along with the reasons for their participation or non-participation at specific share levels.

Currently, five insurance companies are licensed to conduct reinsurance activities in Saudi Arabia, along with Saudi Reinsurance Company that exclusively deals in reinsurance. All these companies have indicated that they expect increased revenue from reinsurance services starting in 2025 as a result of the IA's circular.

In line with these developments, the IA has mandated that all licensed reinsurers update their reinsurance strategies in accordance with the new guidelines and submit them for approval within 30 business days of the circular's issuance. Insurance companies holding reinsurance licenses may face challenges in strengthening their underwriting capabilities to effectively manage reinsurance policies, which carry unique risks compared to insurance business.

Life insurance

The insurance industry has experienced significant growth over the past five years, with gross premiums written rising by 72.8 percent, from SAR37.9 billion in 2019 to SAR65.5 billion in 2023. The primary drivers of this increase have been health and general insurance, which saw an increase of SAR16.2 billion and SAR10.0 billion, respectively. The breakdown of premiums written by line of business over the last five years is illustrated in the table below (non-percentage figures in SAR million).

	2019		2020		2021		2022		2023	
Health insurance	22,475	59.31%	22,837	58.89%	25,109	59.74%	31,830	59.65%	38,626	59.01%
General insurance	14,281	37.69%	14,678	37.85%	15,214	36.20%	19,653	36.83%	24,268	37.07%
Protection insurance	1,135	3.00%	1,263	3.26%	1,707	4.06%	1,874	3.51%	2,566	3.92%
Total	**37,891**	**100.00%**	**38,778**	**100.00%**	**42,030**	**100.00%**	**53,357**	**100.00%**	**65,460**	**100.00%**

As indicated by the table above, health and general insurance continue to represent the majority of insurance premiums over the past five years, with protection insurance comprising 3.9 percent of the total premiums written in 2023.

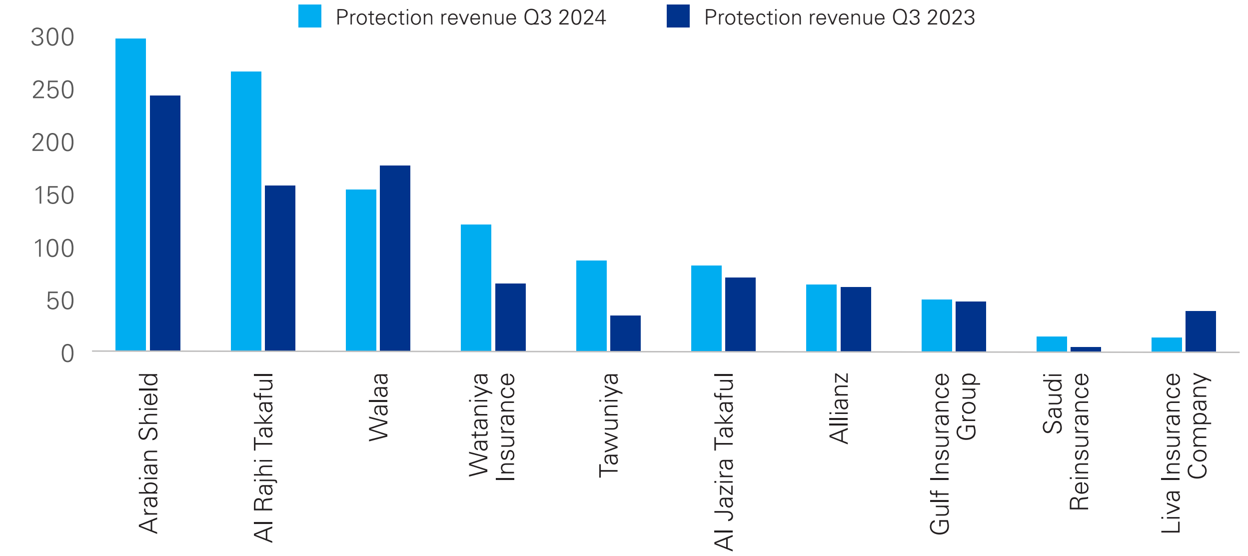
Upon further analysis, we observed that while protection's gross written premium (GWP) as a percentage of total premiums remains between 3-4 percent, the sector has experienced a remarkable growth of 126 percent over the past five years. In comparison, health and general insurance premiums have increased by 71.9 percent and 69.9 percent, respectively, during the same period. This growth trend is illustrated in the table below.

	2023	2019	Increase	Percentage
	In SAR million			
Health insurance	38,626	22,475	16,151	71.86%
General insurance	24,268	14,281	9,987	69.93%
Protection insurance	2,566	1,135	1,431	126.08%
Total	**65,460**	**37,891**	**27,569**	**72.76%**

It is important to note that the growth of health and general insurance has been largely driven by laws and regulations requiring employers to provide health insurance for their employees and their families, as well as mandatory coverage such as third-party motor insurance and inherent defect insurance for buildings. In contrast, the increase in life insurance products has occurred without specific legal mandates indicating a change in the public's perception and approach to life insurance.

The revenue from the protection business has remained steady for the nine-month period ending 30 September 2024. Below, we present the revenue from the protection business of the top 10 companies offering life products, including but not limited to individual life, term life, group life, and credit life policies.

Protection revenue



As evident from the graph and table above, while the protection business, of life insurance, is still on the lower end of the spectrum, it has a significant potential for growth specifically with Vision 2030 which is a blueprint that is diversifying the economy, empowering citizens, creating a vibrant environment for both local and international investors, and establishing Saudi Arabia as a global leader.

As the Kingdom strives to become a regional and global business hub, it is experiencing diversification and population growth. This creates opportunities for the overall insurance sector, particularly for life insurers to expand their business, and for general insurers to diversify their portfolios by incorporating life insurance products. With the right approach—offering tailored products, innovation, and ease of access—the life insurance sector has the potential to grow rapidly alongside the expansion of other sectors.

Bancassurance

Bancassurance refers to a strategic partnership between a bank and an insurance company, enabling the insurance provider to offer its products to the bank's customer base. This collaboration benefits both parties: banks generate additional revenue through the sale of insurance products, while insurance companies expand their reach and customer base without the need to increase their sales force.

The IA introduced a new regulation that govern bancassurance to help boost the Saudi Insurance market in 2020. The Insurance Authority's aim to expand the scope of distribution and marketing of insurance products through banks and help facilitate the access of insurance products in obtaining a client's financial needs from one place by regulating the practices of bancassurance in the Kingdom, as well as regulating the relation between the insurance company and the bank.

Global bancassurance market size

The global bancassurance market was valued at US%1,487.12 billion in 2023 and is projected to reach US$2,517.67 billion by 2033, according to a research report published by Spherical Insights & Consulting. Notable companies in the market include AXA, Allianz, ING Group, BNP Paribas Cardif, Aviva, Prudential plc, MetLife, Zurich Insurance Group, Assicurazioni Generali S.p.A., Ping An Insurance, China Life Insurance Company, HSBC Insurance, and other key industry players.*

Bancassurance landscape in Saudi Arabia

Since the introduction of bancassurance regulations by Insurance Authority in 2020, few insurance companies have teamed up with banks to make their products available to the banks' customers. This could be due to challenges that still exist within the sector. While demand for financial services, including insurance, increases, addressing issues like low customer awareness, a limited understanding of customer needs, and a lack of education about the importance of insurance will be crucial to driving stronger engagement. Additionally, reinforcing that insurance companies in the Saudi Arabia follow Shariah principles is vital, as these values are prioritized by customers in the Kingdom.

*Global Bancassurance Market Size To Worth USD 2517.67.

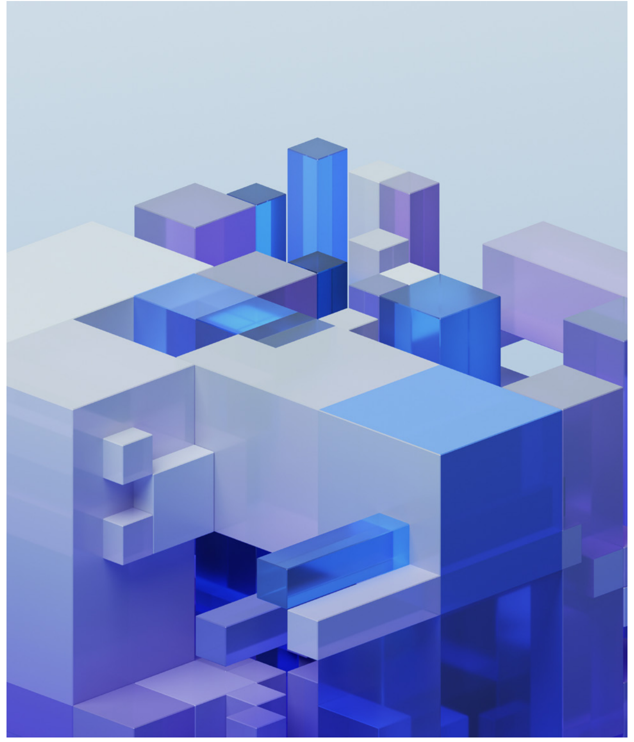
Pursuit of digital innovation

Despite the rapid advancement of technology in many sectors, insurance has – until recently – been described as a laggard in the adoption of innovative technology solutions. Leading insurance executives have warned that unless the insurance industry moves to the forefront of technological change, it will disappear.

Competitive pressures, changing customer expectations and the rise of digitalization and mobile use have prompted both traditional insurers and innovative start-up companies to embrace technology in recent years. This use of technology to drive innovation within insurance is known as InsurTech.

InsurTech plays a pivotal role in reshaping the insurance landscape. It fosters greater efficiency, transparency, and accessibility within the industry, benefitting both insurance providers and customers. By automating processes, improving risk assessment accuracy, and offering tailored coverage, InsurTech disrupts the conventional insurance model to meet evolving consumer demands and expectations.

With the digital age upon us, insurers are now increasingly turning to technology and innovation and new distribution channels. The emergence of InsurTech in recent years has helped insurance companies to improve their customers' experience, develop new products, lower costs and enhance underwriting and actuarial processes.



Types of InsurTech

InsurTech can be broken down into several types and models.

Digital brokers and platforms: These InsurTech companies operate as digital-first insurance brokers or platforms, offering a range of insurance products online. They simplify the process of comparing and purchasing insurance, often providing enhanced customer experiences through user-friendly interfaces and personalized recommendations. BCare and Tameeni are examples of digital brokers and platform in Saudi Arabia.

P2P insurance: P2P InsurTech models involve groups of individuals pooling their premiums together to insure against a shared risk. In some models, unclaimed money can be returned to members or donated to charity, fostering a community-based approach. Lemonade initially started with a P2P model, and although it is evolving, the company still represents a modern take on pooling resources for insurance.

On-demand insurance: This type allows customers to purchase insurance coverage instantly and for a specific duration—often just for when it's needed. It's popular in travel, gadget, and short-term event insurance.

Telematics and usage-based insurance (UBI): Particularly prevalent in auto insurance, telematics and UBI adjust premiums based on the actual usage or behavior of the policyholder. This is made possible through devices that track driving behavior, distance traveled, or other relevant metrics. Root Insurance offers car insurance based on driving behavior, tracked through a mobile app.

Parametric insurance: Unlike traditional insurance that pays out after assessing the damage, parametric insurance triggers a predetermined payout if certain parameters are met, such as a hurricane reaching a specific wind speed or an earthquake of a certain magnitude. Jumpstart Insurance provides earthquake insurance that pays out based on the intensity of the quake, not the incurred damage.

Microinsurance: Targeting low-income customers or those requiring small-scale insurance coverage, microinsurance offers highly affordable policies with low premiums and low coverage limits. It's often used in developing regions for health, life, or property insurance. For example, microinsurance company Bima delivers microinsurance products to underserved families in emerging markets, focusing on health, life, and accident insurance.

Blockchain-based insurance: These InsurTech models leverage blockchain technology for transparency, fraud prevention, and efficient claims processing. Smart contracts automate payouts when certain conditions are met, without the need for traditional claims processes. Etherisc develops decentralized insurance applications, aiming to make the purchase and sale of insurance more efficient and cost-effective.

AI and ML: InsurTech companies using broad AI and machine learning focus on enhancing underwriting processes, personalizing policies, automating claims handling, and improving customer service through chatbots and predictive analytics. Lemonade, for example, utilizes AI for everything from handling customer inquiries through its chatbot "AI Jim" to processing claims and underwriting policies, aiming for fast and efficient service.

Cyber InsurTech: With the rise of cyber threats, some InsurTech companies specialize in offering cyber insurance, providing coverage for data breaches, cyber-attacks, and other digital risks. CyberCube provides data-driven analytics and modeling to help insurers understand and underwrite cyber risk more effectively.

Health and wellness tech: Focusing on health insurance, these InsurTech companies often integrate with wellness apps and health-tracking devices, offering incentives for healthy behaviors and personalized health plans. Oscar Health focuses on health insurance with a tech-driven approach to customer service and care management, encouraging healthy habits through its app.

Artificial intelligence

AI is a catch-all term for a range of computer systems that can perform tasks that normally require human intelligence. These include activities such as visual perception, speech recognition and decision-making.

As a result of its actuarial nature, focused on predicting claims and hence setting appropriate premiums and reserves, insurance is a data-driven industry. Consequently, there are many potential applications for AI, including to:

- Enrich customer experience, such as providing initial quotations with minimal customer input.
- Enhance claims handling, such as to expedite claims, car insurance policy-holders can submit photographs, which are then run through image analysis.
- Improve efficiencies, such as operating as a insurance carrier providing situations, including quotations, switching policies and claims handling, through use of AI-powered chatbots and 100% digital coverage.
- Reduce fraud, such as identifying indicators of fraud and implementing automated checks in the system to monitor them continually.

According to GlobalData, the general insurance industry in Saudi Arabia is projected to grow at a compound annual growth rate (CAGR) of 8.9 percent, increasing from SAR68.8 billion in 2024 to SAR105.3 billion in 2029. This growth is driven by the Kingdom's ongoing economic expansion under Vision 2030, which aims to diversify the economy beyond oil and develop other sectors.

This growth presents significant opportunities for entrepreneurs to introduce smart, data-driven InsurTech solutions. These solutions can enhance the customer experience, support data-driven risk management, and enable insurance companies to make more informed decisions, particularly in terms of pricing.

In the InsurTech space, most solutions in Saudi Arabia are focused on price aggregation services. These platforms allow consumers to compare the terms, conditions, and pricing of various insurance providers, particularly in the motor insurance sector. Given that vehicle insurance is a relatively straightforward product, with minimal ongoing engagement required between the insurer and the policyholder (aside from claims related to accidents), the aggregator model has proven successful in this segment.

However, there remains considerable untapped potential in the AI and advanced InsurTech sectors. The local market has yet to fully capitalize on the opportunities to leverage AI and data analytics for more sophisticated applications, such as personalized pricing models, and advanced risk management.

Sources: InsurTech: what is it and what does it mean for insurance? - Economics Observatory and InsurTech: Types, top trends, companies, & AI's impact.

Accounting and regulatory changes

IFRS 17 implementation

After a prolonged period of preparation and significant effort dedicated to implementation projects, IFRS 17 Insurance Contracts (IFRS 17) came into effect on January 1, 2023. Thanks to a comprehensive and well-structured plan outlined by the Insurance Authority, which included auditors' involvement through audits of dry runs, most insurance companies in the Kingdom were well-positioned during the preparation of their annual financial statements for FY 2023.

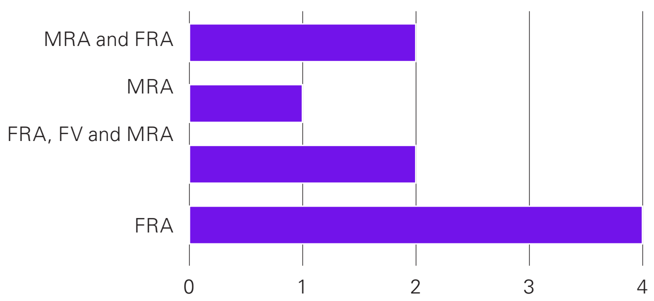
Equity impact on adoption

Of the top ten insurance companies analyzed, seven experienced an increase in equity as a result of adopting IFRS 17, while three saw a decrease in equity. The impact of the transition ranged primarily from -5 percent to 5 percent, with only one company reporting a slightly higher impact, at 6 percent.

Transition approach

Of the ten insurers analyzed, four adopted the full retrospective approach, two applied all three transition approaches, one used the modified retrospective approach, and two employed both the modified retrospective and full retrospective approaches. One insurer did not disclose the transition approach applied. The following graph illustrates the distribution of transition approaches used.

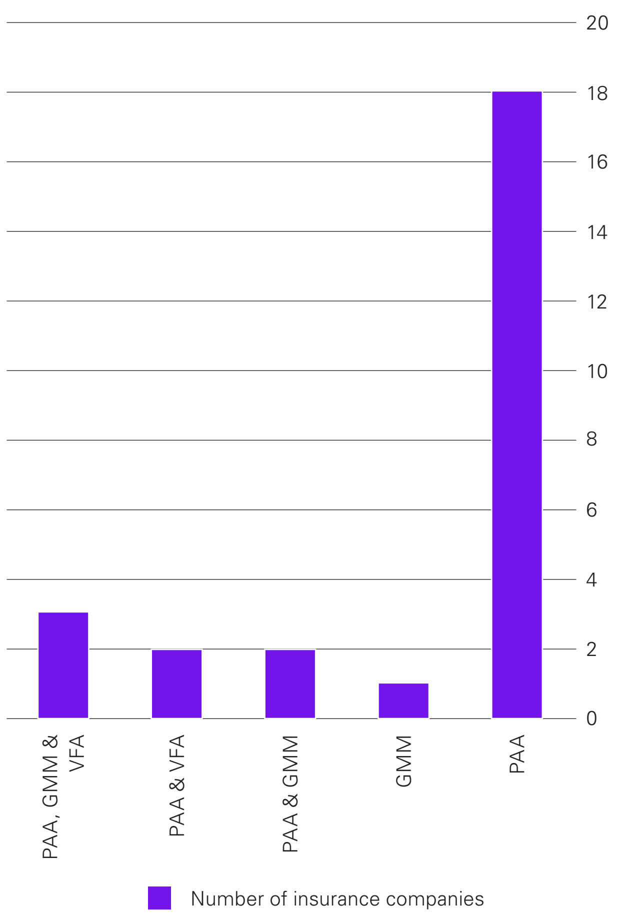
Transition approaches applied



Measurement model

Given the dominance of shorter-term motor and medical insurance contracts in the Saudi insurance market, the Premium Allocation Approach (PAA), or simplified approach, was the most widely used measurement model. Details of the measurement models applied by the 26 insurance companies are as follows:

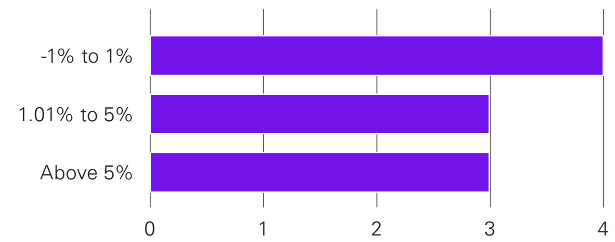
Measurement models applied



Adoption of IFRS 9

Among the ten companies analyzed, only one did not delay the adoption of IFRS 9 to align with IFRS 17. The impact of IFRS 9 adoption on net equity ranged from -1 percent to 17 percent. The following graph illustrates the impact on equity for the top ten insurers analyzed, with the most significant effect resulting from the fair valuation of investment in equity shares of Najm for Insurance Services.

Impact on equity on initial application of IFRS 9



Insights from review of global insurers

IFRS 17 has introduced standardized accounting principles allowing for greater comparability between insurers, compared to under IFRS 4. Insurers across all sectors are incorporating IFRS 17 into their performance indicators.

Combined ratio: Combined ratios are commonly used by nearly all non-life insurers, although significant variations can occur depending on the methodology employed. The standard calculation for the combined ratio is insurance service expenses (ISE) divided by insurance revenue (IR).

However, there are several variations in how the ratio may be calculated. For example, differences may arise based on whether the calculation is performed on a discounted or undiscounted basis, and whether expenses not directly attributable to specific insurance contracts are included. Additionally, the combined ratio may be adjusted to account for the impact of reinsurance contracts held. As a result, the combined ratio can serve as both a gross and a net KPI, depending on the specific approach used.

Contractual service margin and revenue assurance release

The CSM provides valuable new insights into insurers' profitability, offering a more detailed perspective on their financial performance. However, it has certain limitations, particularly in that it does not account for the value of the premium allocation approach (PAA). As the industry evolves, new performance metrics may emerge that offer a more comprehensive analysis of insurers' growth and profitability.

- **Revenue analysis – RA release vs CSM released:** Comparing the release of the RA with the release of the CSM over a period provides valuable insights into how each factor influences profitability and highlights their respective impacts on overall financial performance. However, it is important to note a limitation in this analysis: the CSM does not capture the value of the PAA, whereas insurance revenue includes the impact of the PAA.

CSM release over CSM balances

The release of the CSM relative to the CSM balances may reveal the release pattern over time, illustrating how the duration of contracts and the insurer's expectations for the pattern of service delivery impact the recognition of the CSM.

CSM growth

The CSM represents the unearned profit on insurance contracts. For contracts measured under the general measurement model (GMM) or the VFA, several valuable insights can be derived, including:

- Analyzing the movement of the CSM to help users assess the growth of an insurer's business over a specific period.
- Comparing the CSM recognized for new contracts issued during the period with the CSM released in that period, providing insights into the release of unearned profit and the overall growth trajectory of the insurer's business.

Saudi Arabia insurance market performance for Q3 2024

Overall market growth

In the third quarter of 2024, the Kingdom's insurance sector continued its upward trajectory, registering a 16.9 percent increase in insurance revenue compared to the same period in 2023. This growth is reflective of several underlying factors:

- Medical insurance revenue rose by 13.6 percent, driven by expanding mandatory coverage and increasing demand for private health insurance.
- Motor insurance revenue showed a more moderate increase of 22.7 percent, driven by new vehicle registrations and mandatory third-party liability insurance requirements.
- Property and casualty (P&C) insurance revenue rose by 20.4 percent driven by increase in industrial activity and economy growth.
- Others revenue increased by 26.3 percent, highlighting the strong appeal of Shari'ah-compliant products.

Profitability and underwriting results

The combined ratio of insurers in Saudi Arabia stood at 93.69 percent as of Q3 2024, compared to 92.59 percent as of Q3 2023. This signifies that although incurred claims have increased however insurance companies continue to maintain strong profitability on an underwriting basis, meaning they are paying out fewer claims relative to the premiums they receive.

Q3 2024 – Nine months financial performance

Net profit before Zakat and tax

↑ 25.9%

Q3 - 2024: SAR3.90 billion
(Q3 - 2023: SAR3.10 billion)

Insurance revenue

↑ 26.8%

Q3 - 2024: SAR49.10 billion
(Q3 - 2023: SAR42.10 billion)

Total assets

↑ 20.0%

As of Q3 - 2024: SAR84.91 billion
(As of YE - 2023: SAR75.48 billion)

Total investments

↑ 18.65%

As of Q3 - 2024: SAR54.62 billion
(As of YE - 2023: SAR46.03 billion)

Loss ratio

↑ 1.10%

Q3 - 2024: 93.69%
(Q3 - 2023: 92.59%)

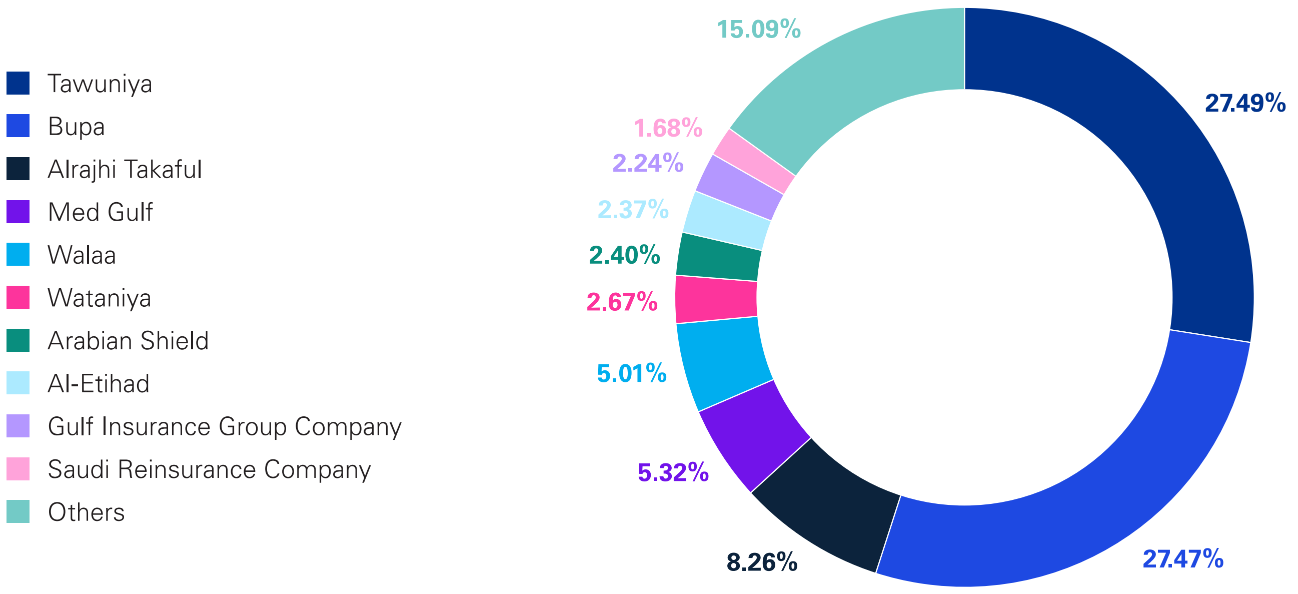
Retention ratio

↓ 2.30%

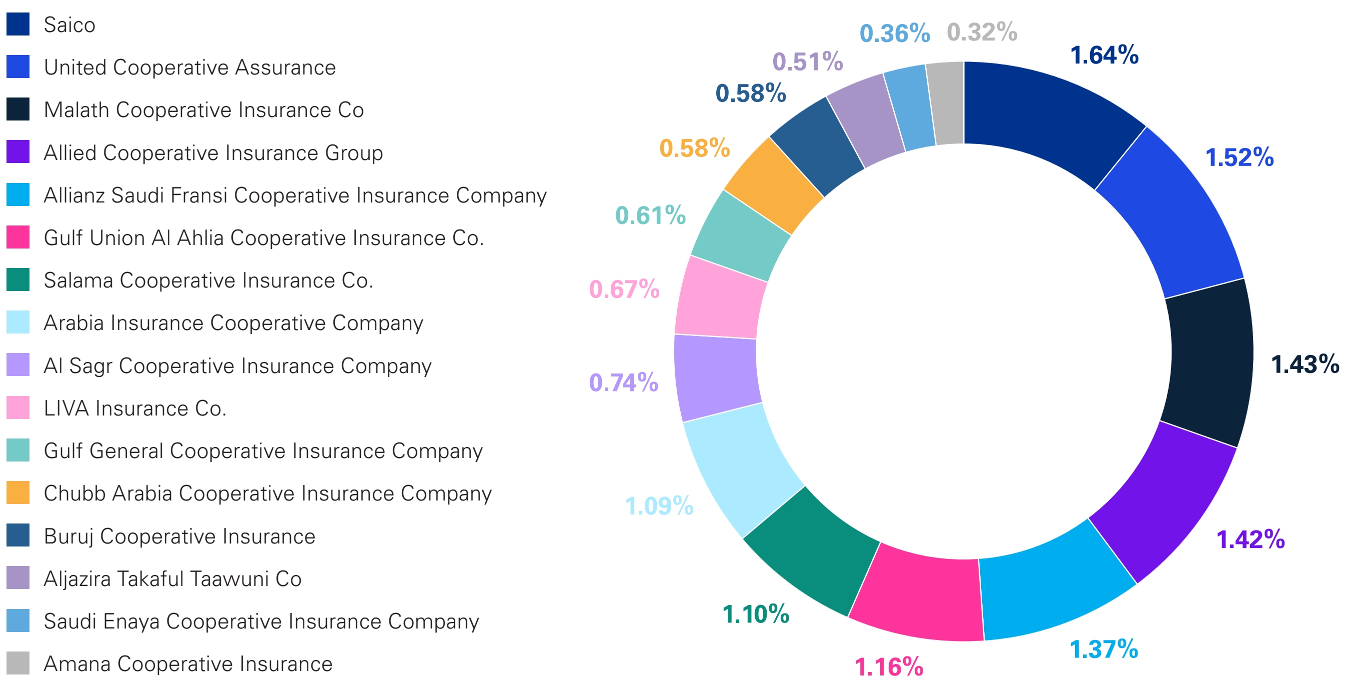
Q3 - 2024: 88.08%
(Q3 - 2023: 90.38%)

Market share by revenue - Q3 2024

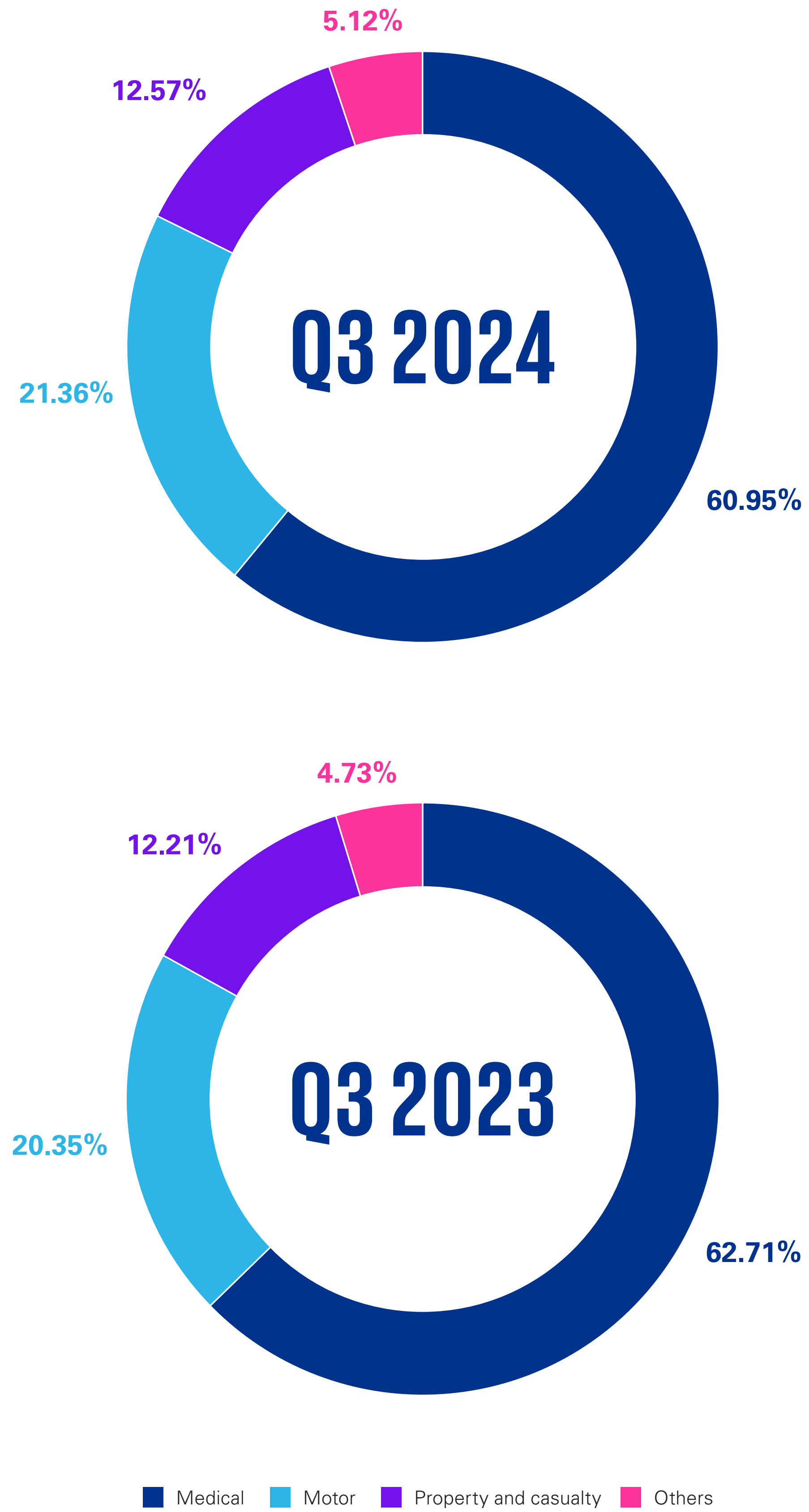
Tier I insurance firms



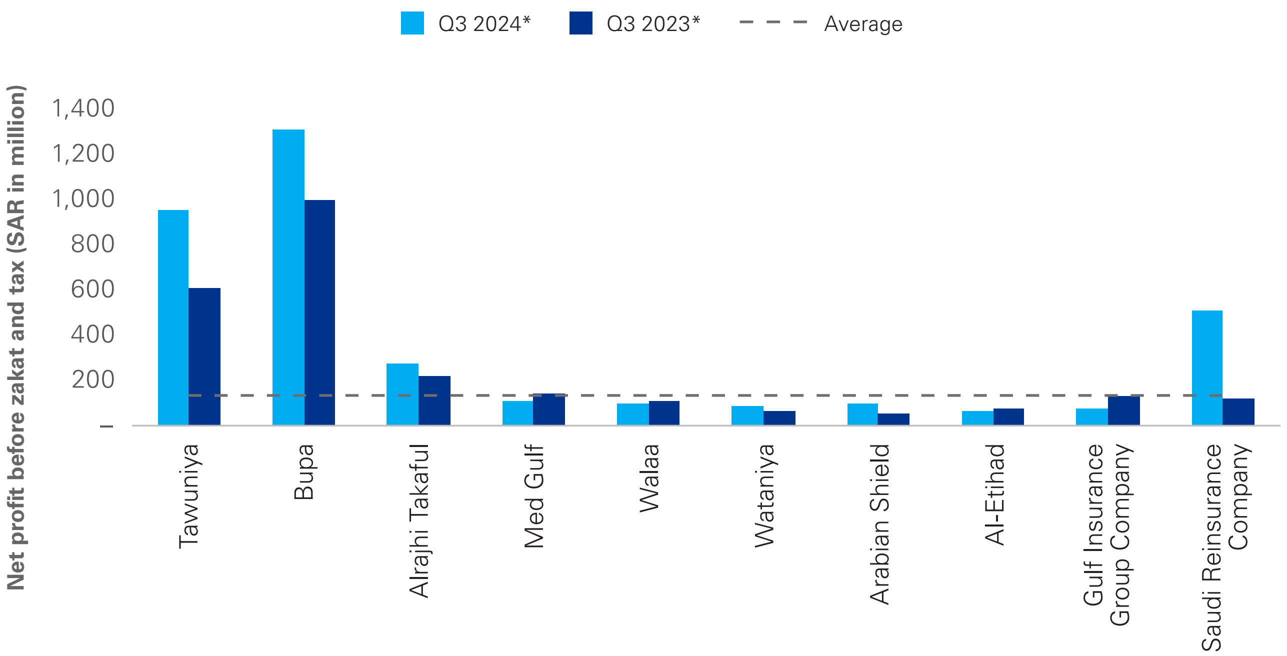
Tier II insurance firms

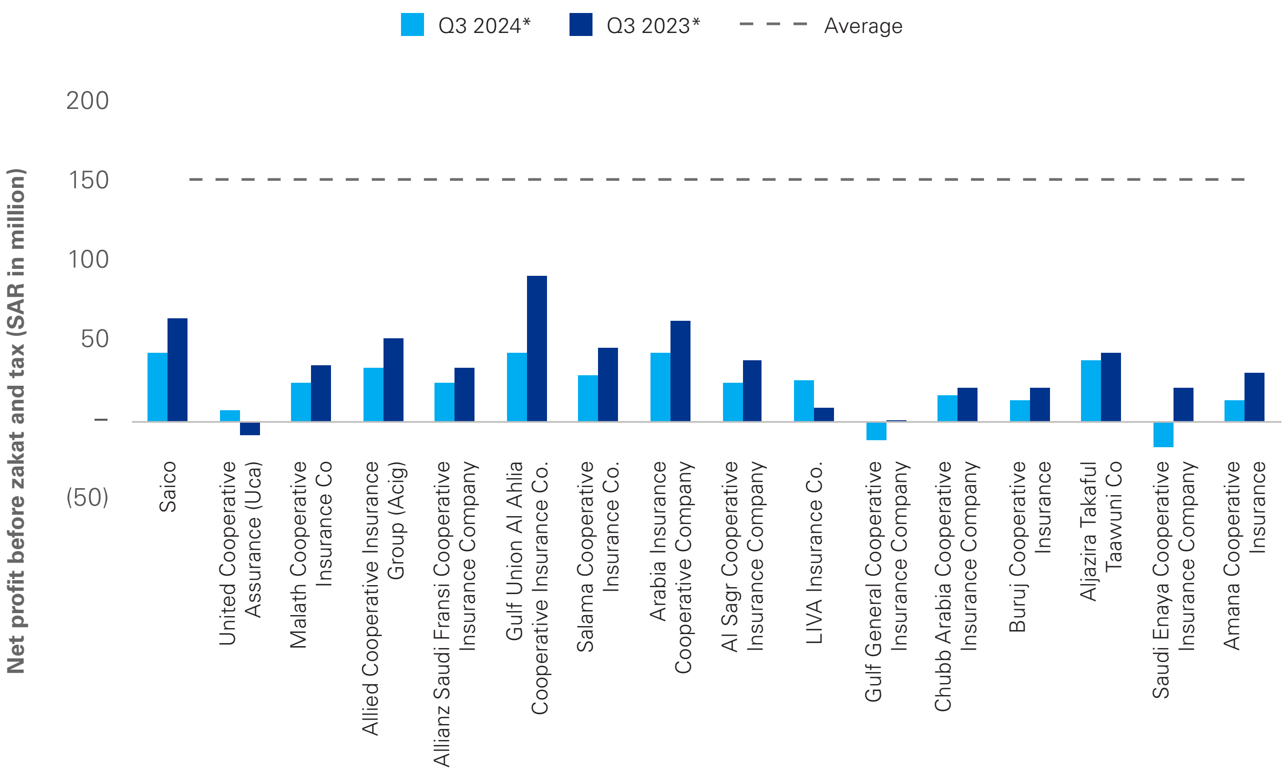


Revenue per segment Q3 2024 vs Q3 2023

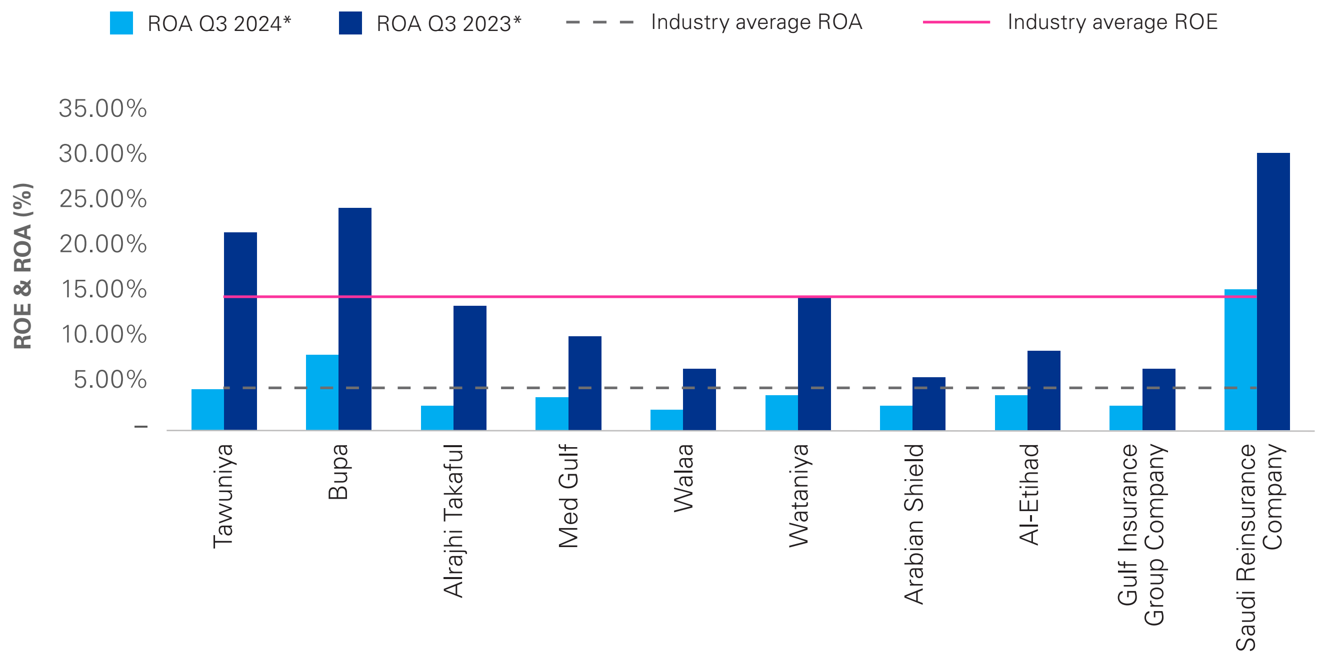


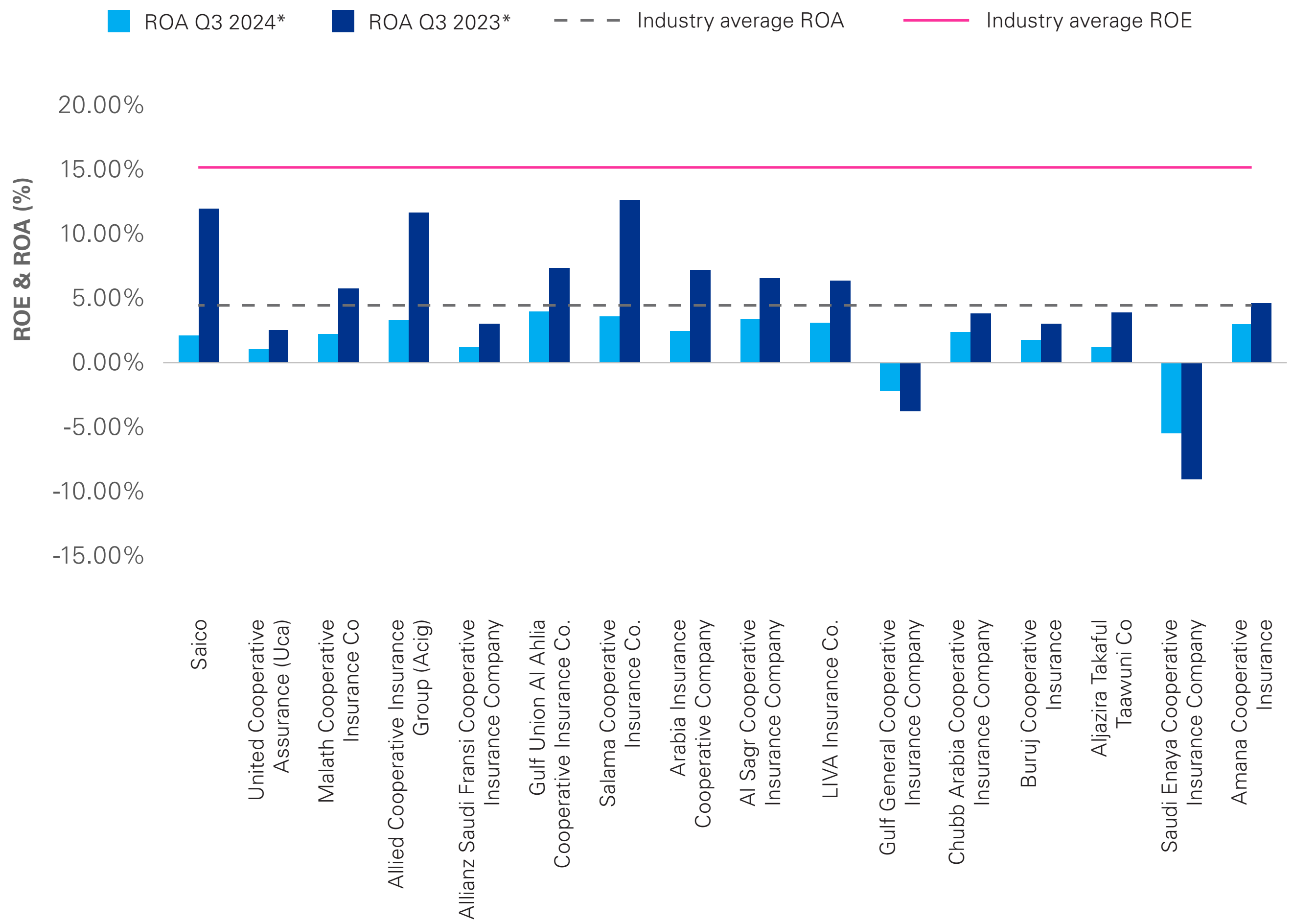
Net profit before zakat and tax (SAR in million)





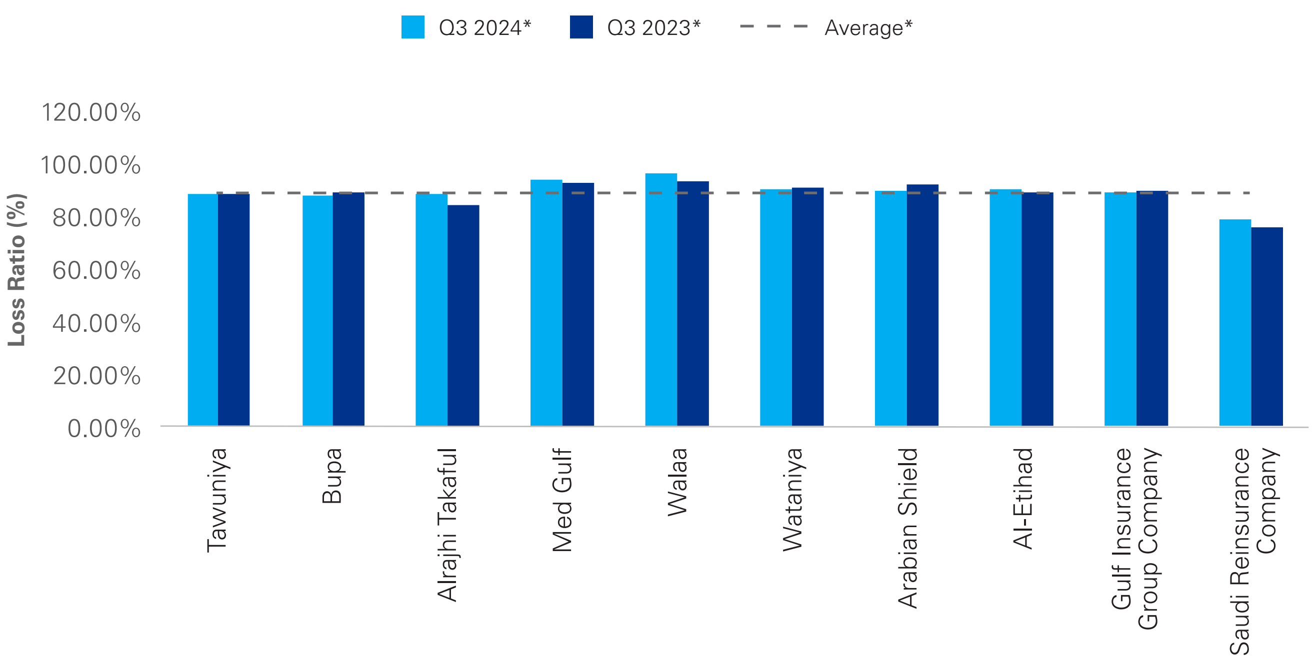
ROE & ROA

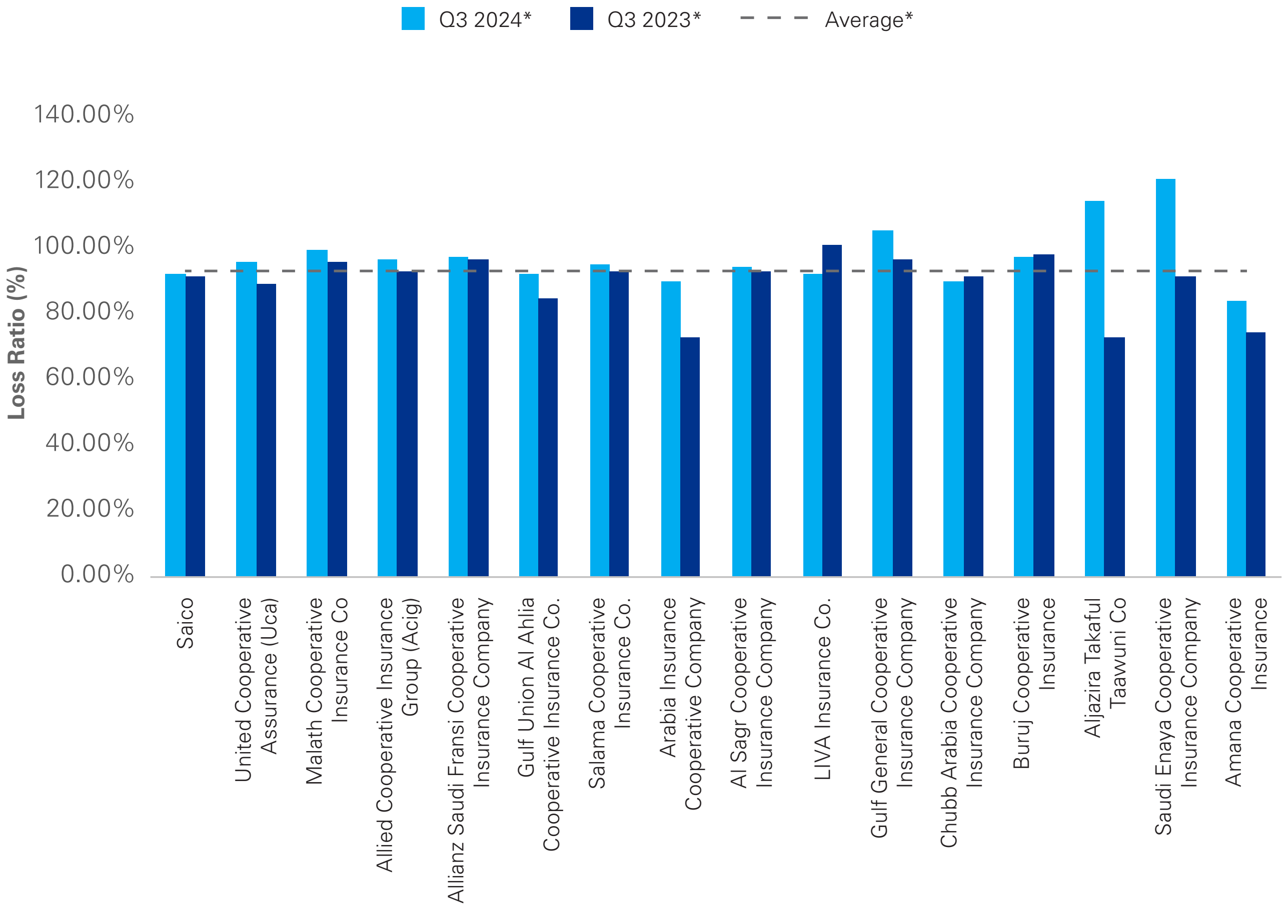




***ROE** is the ratio of net income before Zakat and tax to total equity as of 30 September 2024. ROA is the ratio of net income before Zakat and tax to total assets as of 30 September 2024.

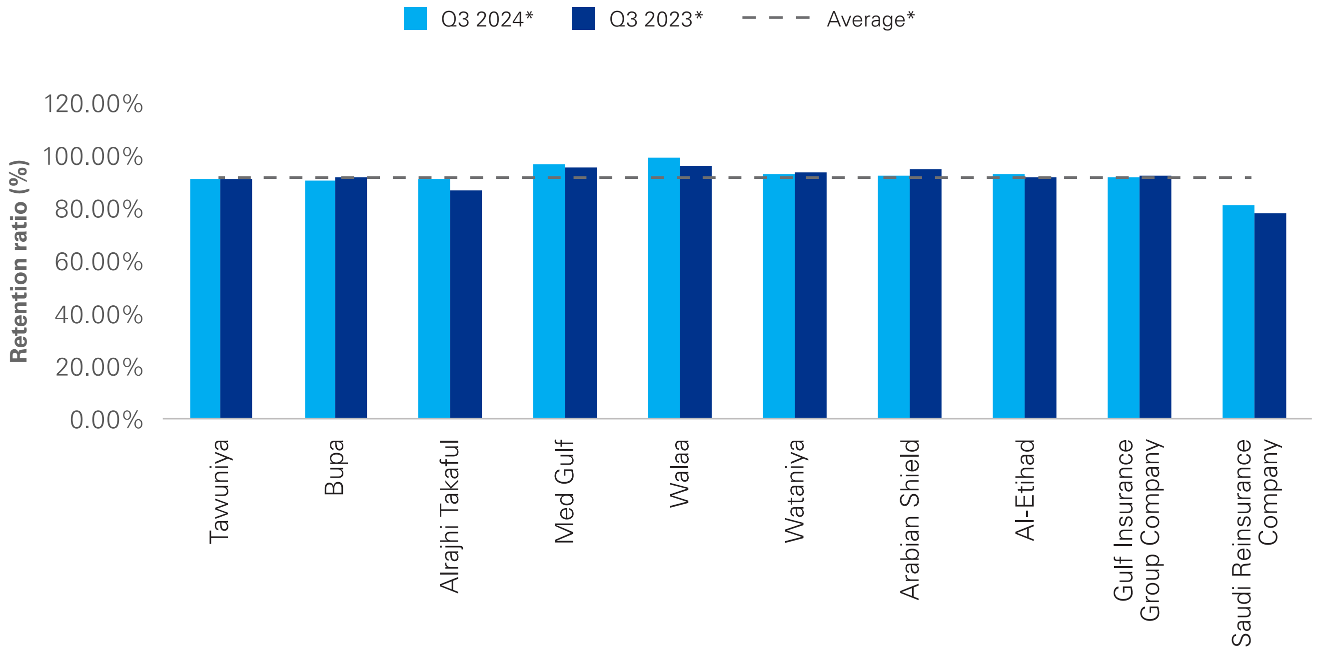
Loss ratio

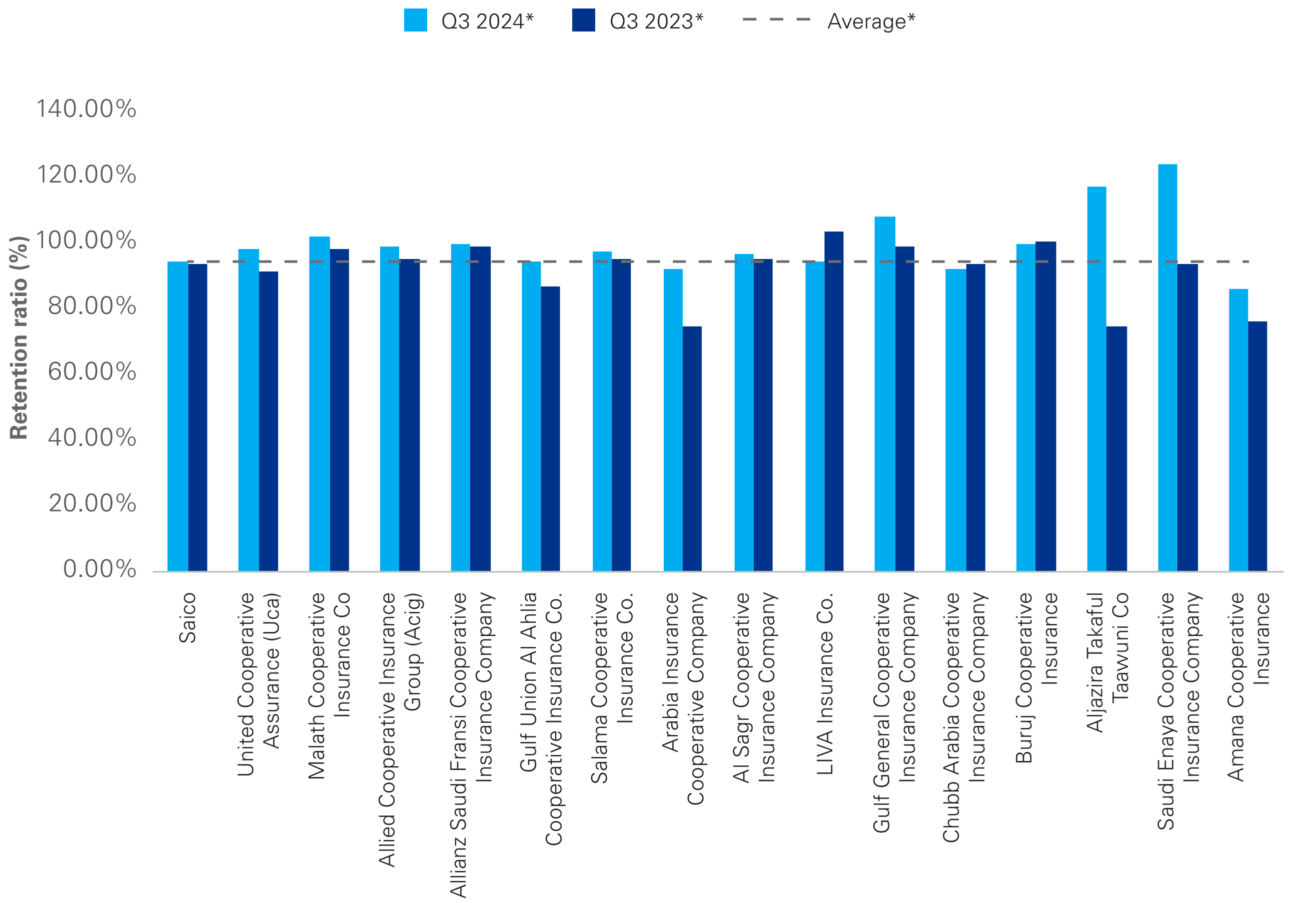




*__Loss ratio__ is computed as Insurance expense (net of amounts recoverable from reinsurers for incurred claims) divided by Insurance revenue (net of allocation for reinsurance premium)

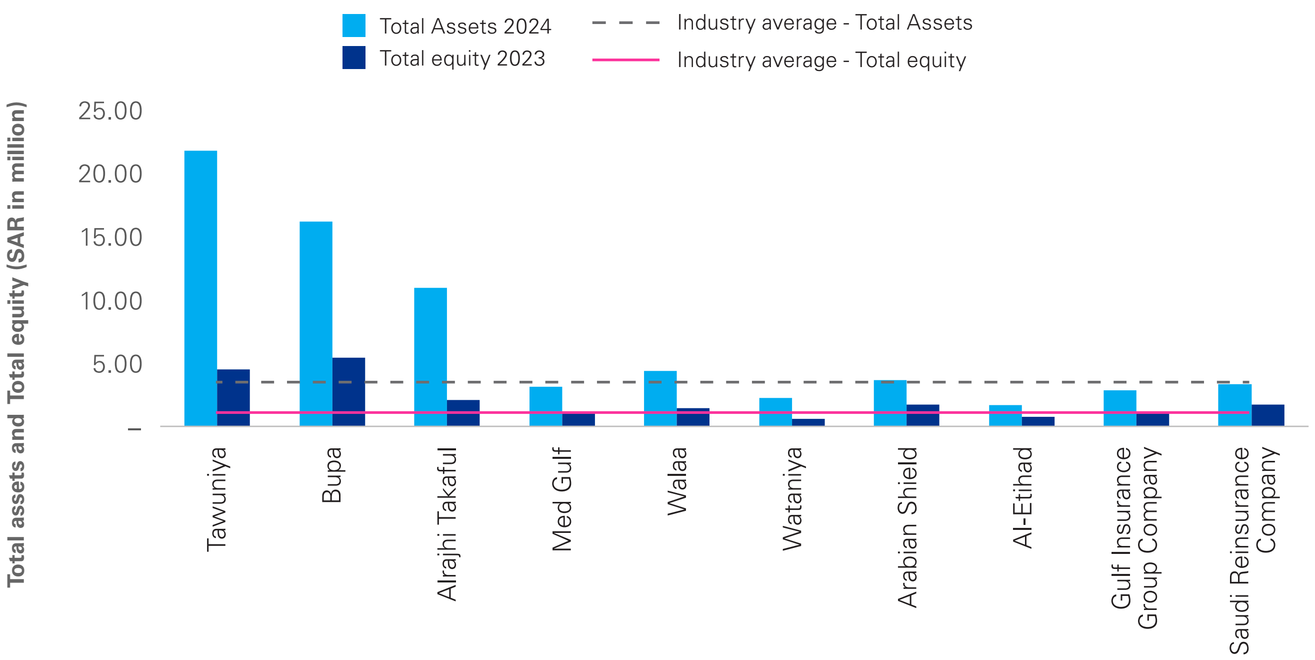
Retention ratio

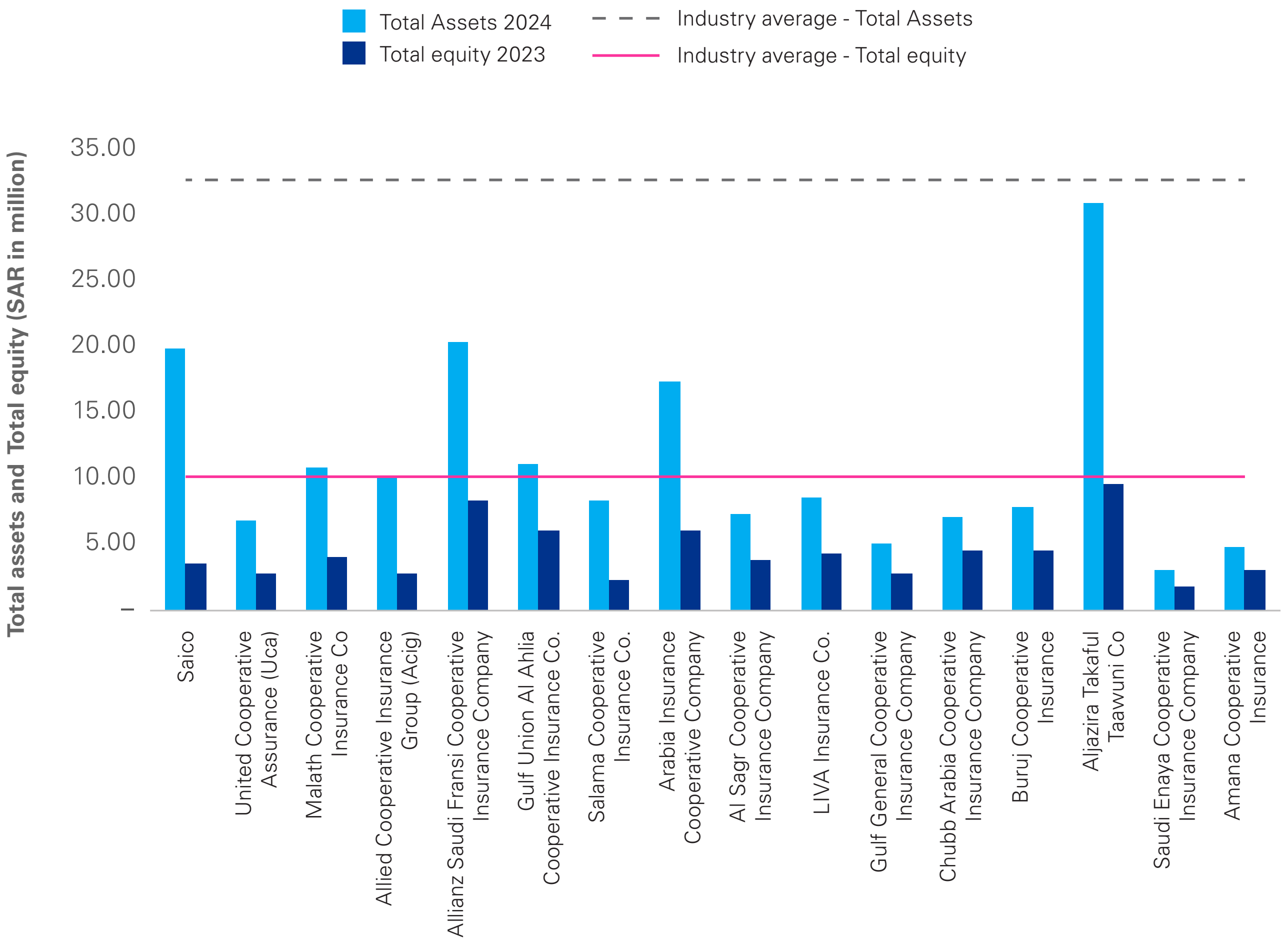




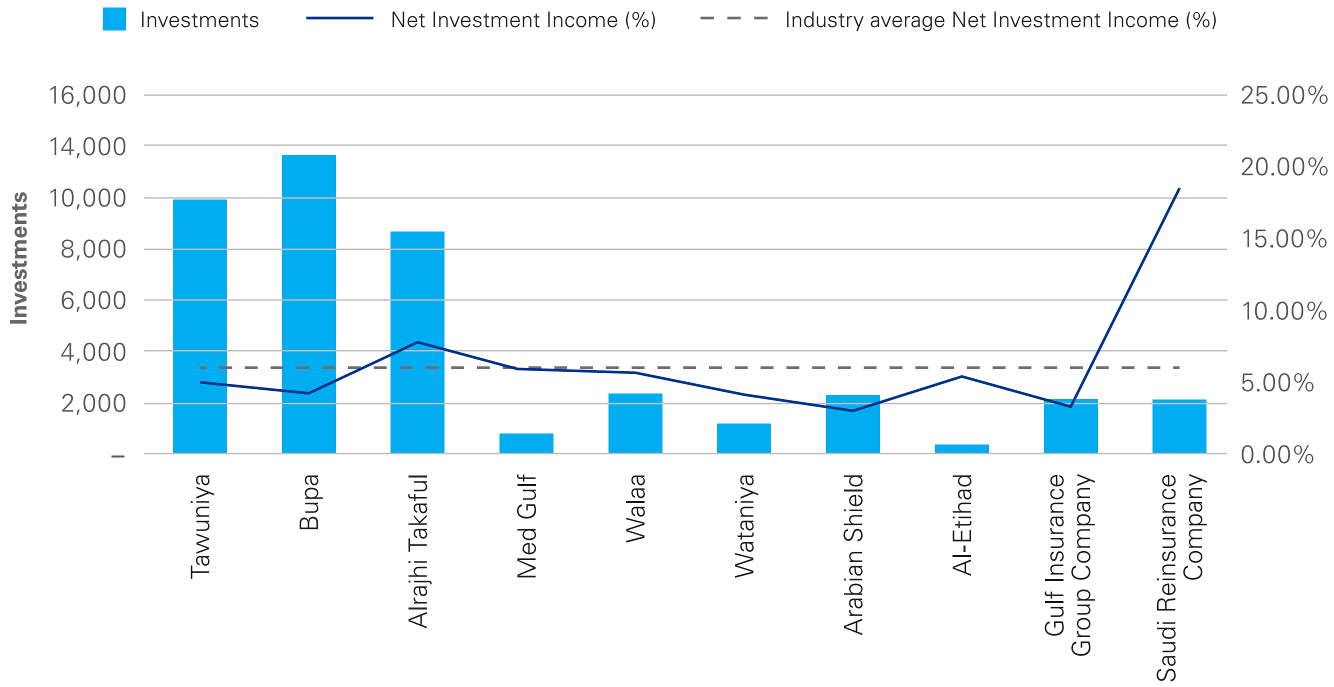
*__Retention ratio__ is computed as Insurance revenue (net of allocation for reinsurance premium) divided by Insurance revenue

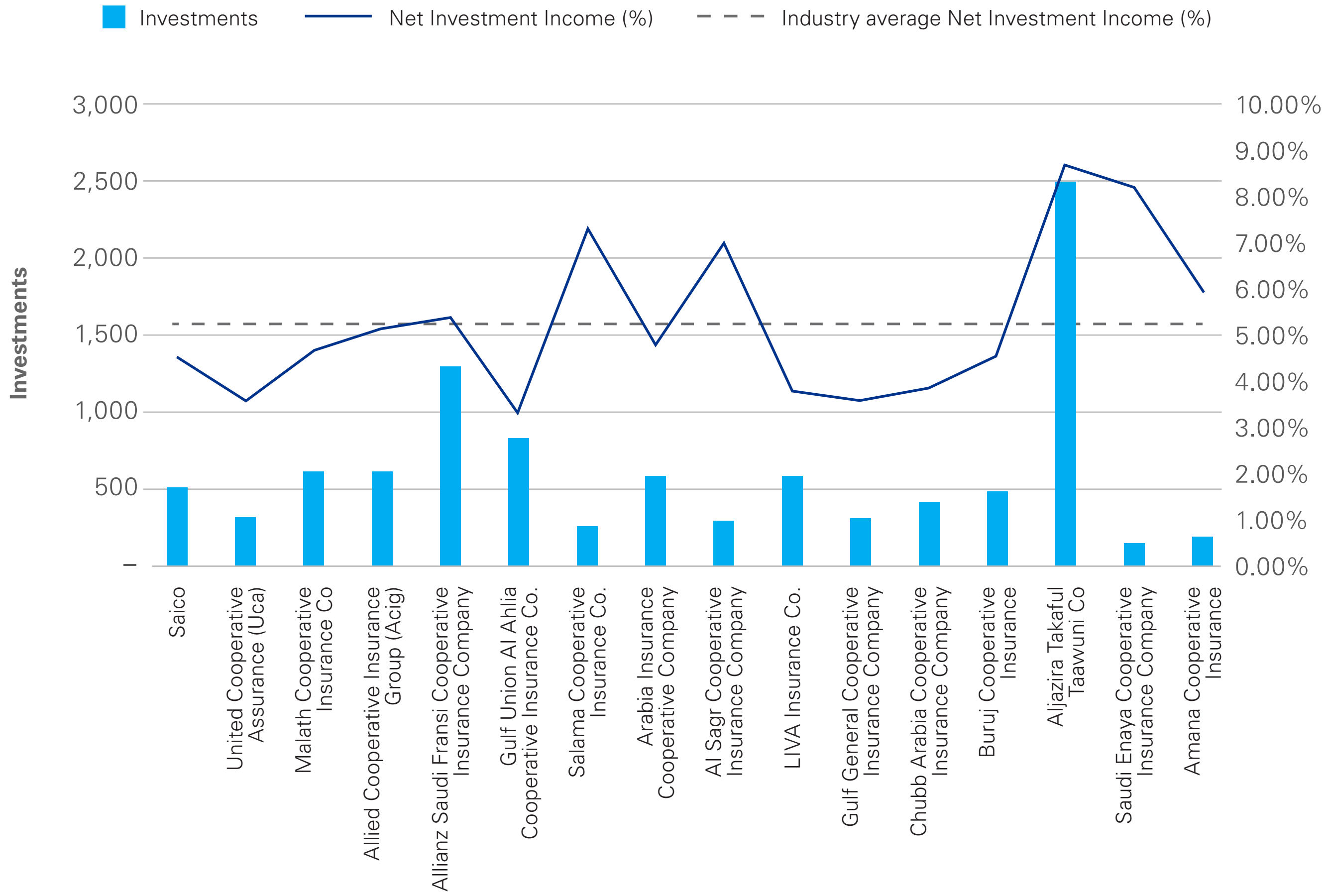
Total assets & Total equity





Net Investment Income





***Net Investment Income (percentage)** is the ratio of net investment income to total investments as of 30 September 2024.

KPMG Global Insurance CEO Outlook 2024

Key highlights

Economic outlook

74%

of insurance CEOs are **confident** about their company's **growth prospects**

Top challenges in 2024

1. Economic uncertainty
2. Gen AI and other technologies
3. Geopolitical complexities

Top operational priorities for growth

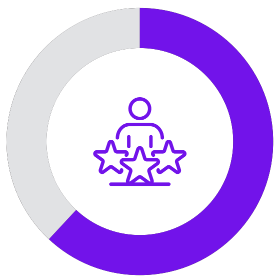
- **21%** Advancing digitalization and connectivity
- **18%** Execution of ESG initiatives
- **15%** Employee value proposition (EVP) to attract and retain the top talent

Technology

68% think that Gen AI is a **big threat**, but **81%** agree it's a **top investment** priority

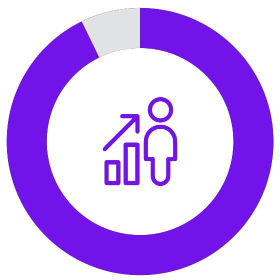
0% say implementation of **Gen AI** will eliminate more jobs than it creates.

Talent



62%

of insurance CEOs are worried about **talent gaps** impacting their business



93%

expect to **increase the size** of their workforce in the next **three years**

ESG

63% are confident they will meet their **Net Zero** goals by 2030

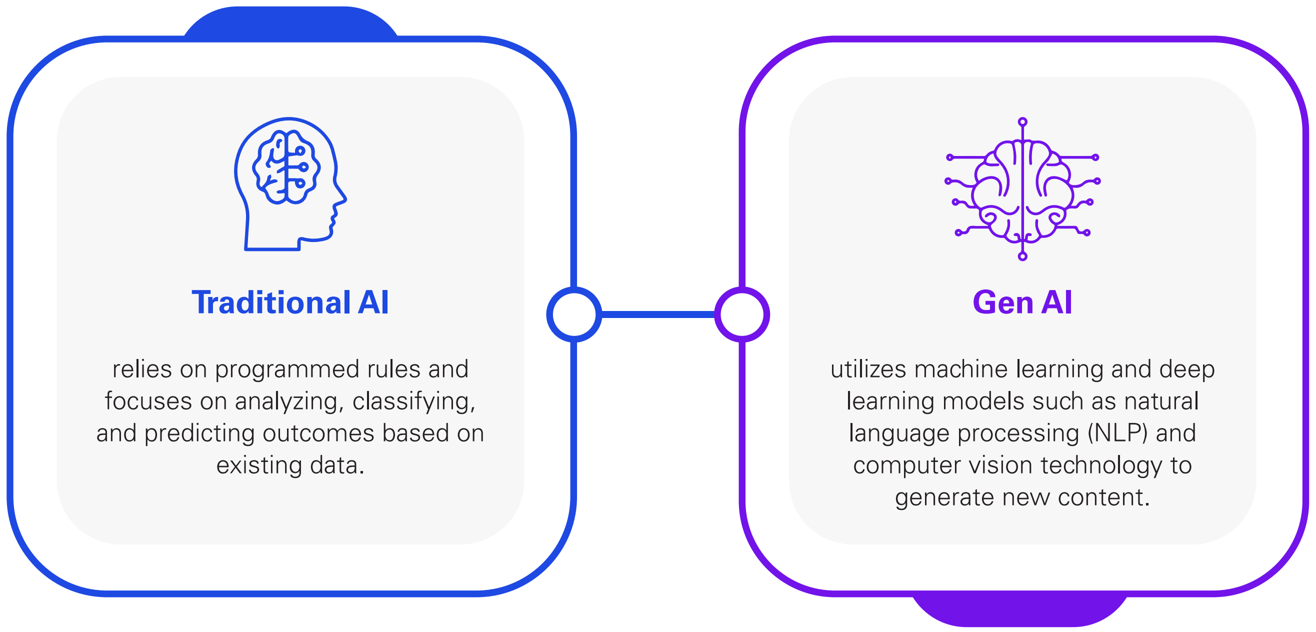
54% say **ESG** expectations change faster than they can keep up

Enabling the enterprise with Gen AI and digital transformation

As insurance organizations refocus on digital transformation and optimizing performance, new technologies — Gen AI in particular — are at the top of the CEO agenda.

Gen AI offers untapped potential for those willing to embrace change, but it also brings new and evolving risks and challenges. The survey reveals that one of the top challenges on insurance CEO's minds today is the race to embrace and embed Gen AI into their organization. And more than two-thirds say that Gen AI represents a big threat to their organization's growth over the next three years.

That does not mean that insurance firms will remain passive participants. Far from it. In fact, 81 percent of our insurance CEO respondents believe that Gen AI is now a top investment priority, despite ongoing economic uncertainty. Only technology CEOs were more focused on Gen AI (the global all-industry average was just 64 percent) reflecting the significant value that CEOs associate with the emerging technology.



In 2024, insurance CEOs were more than twice as likely as the all-industry average to agree they were utilizing AI to help speed up data analysis.

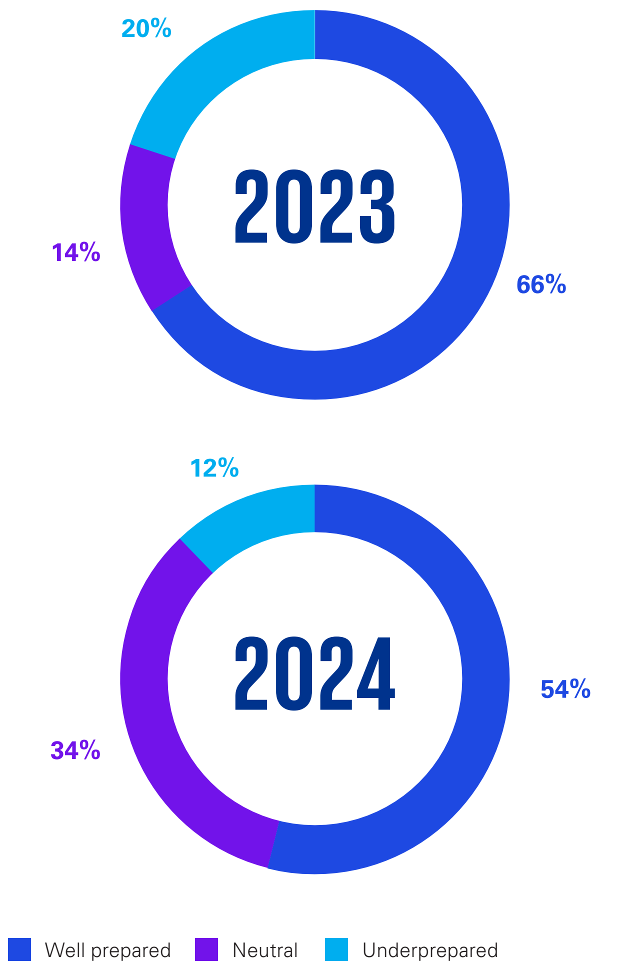
Less surprisingly, given the nature of the business, they were also much more likely than the average to say they were expecting benefits in their fraud detection and cyber security.

At the same time, the survey reveals key risks that may be slowing down the adoption of AI in the insurance sector. Eighty-six percent of respondents say they are concerned about the ethical challenges of using AI. Nearly three-quarters are worried about security and compliance — particularly given regulators' scrutiny of new technologies. And 72 percent specifically say that the pace of progress on Gen AI regulations will be a barrier to their organization's success.

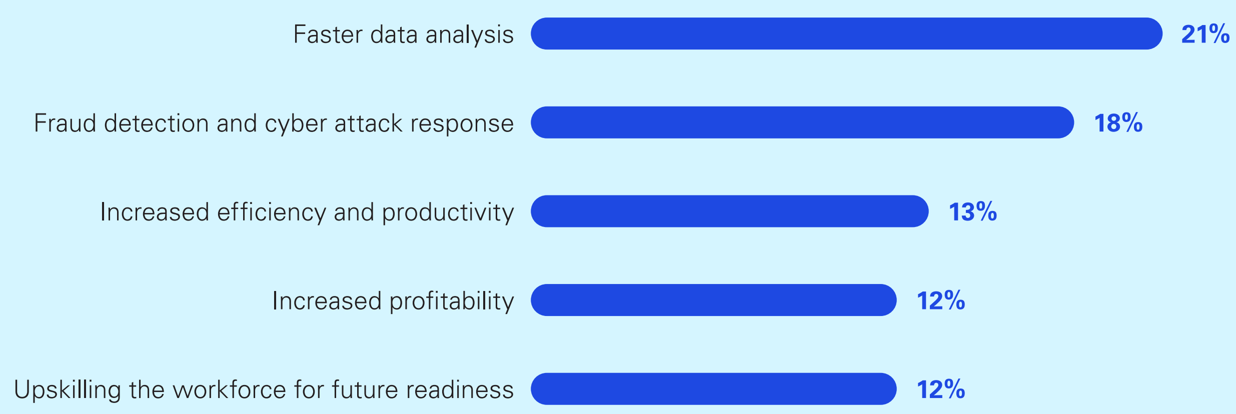
As noted in our Financial Services top risks forecast 2024 report, developing a strategic AI framework — one that comprehends both the technical and ethical risks of AI — should be a top priority for financial services firms in 2025, particularly because of AI's rapid advancement.

Cybercrime is also a top consideration. Against a backdrop of a number of high-profile cyber-attacks over the past year, insurance CEOs are reassessing their cyber security posture. Only 54 percent of our respondents say they are 'well prepared' for a cyber attack (down from 66 percent last year). And just 43 percent think their cyber strategy can keep up with the rapid advancements enabled by AI.

Readiness for cyber attacks



Top five benefits of Implementing Gen AI



Source: KPMG Global Insurance CEO Outlook 2024

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