

Watania Takaful announces strong first quarter 2021 results

Net Profit grows by 74%

Abu Dhabi- 9 May 2021:

The National Takaful Company (Watania) today announced financial results for the quarter ended March 31, 2021, reporting a net profit of AED 3.9 million which is an increase of 74% compared to the same quarter last year.

“Despite the challenges faced by the insurance industry, The National Takaful Company (Watania) delivered a strong financial performance in the first quarter of 2021 thanks to the improvement in underwriting and investment income”, said the Company’s Chairman Dr. Ali Saeed Bin Harmel Aldhaheeri. “We are pleased to see a healthy ROE of 15% driven by our investment income that rose to AED3.6mn from AED2.3mn in the same quarter of 2020, a growth of 67%”. He also added, “Strict underwriting discipline led to a lower claims ratio giving rise to an increase in underwriting income by 238%”.

Press Release

Quarterly Results Offer Cautious Optimism

While it's expected that 2021 will be very challenging for the Company in terms of growth in Gross Written Contribution and constraints in liquidity, they are cautiously optimistic about their capacity to weather the aftermath of the pandemic and pleased with their team's ability to adapt under pressure.

The Company's motor and medical lines of business are expected to remain under severe pressure due to very competitive pricing and high acquisition costs, but the team has made the necessary changes to the Medical & Motor product lines to maintain their profitability and continue to meet and exceed their customer's needs in spite of a rapidly shifting business landscape.

Watania's net claims loss ratio improved to 61.7% compared to 68.4% in the same quarter last year. The Company's combined operating ratio showed a marginal improvement at 99.3% due to increase in the expense ratio on account of negative growth.

Press Release

UAE Takaful Market Overview

After a difficult 2020 where the GDP fell to negative 6%, it is expected that growth in GDP in 2021 will be around 2%. A strong vaccination program in the country, recovery in the oil prices ahead of projection, the Abraham Accords and the easing of relations with Qatar are positive developments for the nation. However, the effect of these positive developments will likely only be felt in the latter part of 2021 and should give rise to higher consumer demand and an increase in retail business. This will be good news for Takaful companies that focus on the SME segment. The merger of the Insurance Authority with the UAE Central Bank will mean a greater focus on regulation and compliance. Aldhaheri believes that this will lead to a stronger financial services industry, providing a higher level of financial security to its customers.

As for the future, Aldhaheri remains optimistic, adding that, “despite a decline in Gross Written Contribution compared to this time last year, we believe the worst impact of the pandemic on our business performance is behind us, and the Company is well-positioned to deliver on its commitments to stakeholders. We have demonstrated a strong performance with an increase in net profits, healthy ROE and a continued ability to retain customers by providing superior customer service”.

-END-