

Detailed analysis of accumulated losses

Date	01-05-2024
Name of the Listed Company	Al Buhaira National Insurance Company
Define the period of the financial statements	Year 2023
Value of the Accumulated losses	74,178,917
Accumulated losses to capital ratio	%29,6
The main reasons leading to these accumulated losses and their history	<p>The technical company's losses are attributed to Motor department performance, and the main reasons that led to this are summarized as follows:</p> <ol style="list-style-type: none"> 1. Low Motor premium rates. 2. Exceptional Discounts granted during the pandemic, which continued until 11/8/2023. 3. Increased cost of Vehicles repairs. 4. Severe damage caused by unseasonal rainfall and unusual floods in the country. <p>It's worth noting that the Motor department showed no losses at the end of 2021, as confirmed by the external auditor's report presented to the Audit Committee, which was derived from the company's Board of Directors during their session on March 20, 2024. The auditor indicated that the losses in the Motor department began to manifest towards the end of 2022. This was attributed to receiving notifications of a batch of delayed claims from the Emirates Transport Authority and some insurance companies, the amounts of which exceeded</p>

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	<p>the provision for incurred but not reported (IBNR) claims. Consequently, the company implemented a series of measures, the most important of which were:</p>
<p>Measures to be taken to address accumulated losses:</p>	<p>The company has implemented a set of measures, the most significant of which are:</p> <ul style="list-style-type: none"> ● Increased insurance premiums multiple times during 2023 ● Ceasing to offer discounts on the premiums rates in accordance with new instructions issued by the UAE Central Bank. ● Adopting a selective policy in choosing risks. ● Reviewing all individual policies, fleets, and business routed through brokers to take appropriate actions. ● Hiring resident actuarial expert to Analyze the results of the motor insurance business and provide necessary suggestions. ● Signing an agreement with Badri Management Consultancy to develop an advanced program for pricing and mitigating risks of motor insurance. ● Appointing a company-wide Risk Management Director to review actions taken and verify their adequacy, as well as to establish pricing foundations that ensure good results. ● Improving the terms of motor reinsurance agreement, where the maximum limit of the company's share of claims, regardless of their value, was reduced from one million dirhams to four hundred thousand dirhams. ● Intensifying meetings of Motor Insurance Performance Monitoring Committee to directly observe the development of the Loss Ratio

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	<p>concerning large accounts (motor fleets) and insurance broker accounts, with the aim of offering suggestions and solutions necessary to avoid losses similar to those experienced in the past two years.</p>
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The Name of the Authorized Signatory	Nader T. Qaddumi
Designation	General Manager
Signature and Date	<i>Nader T. Qaddumi</i> - 01/05/2024
Company's Seal	

