MOODY'S
RATINGS

Rating Action: Moody's Ratings affirms Mutakamela's A3 IFSR; outlook stable

21 November 2025

Limassol, November 21, 2025 - Moody's Ratings (Moody's) has today affirmed the A3 insurance financial strength rating (IFSR) of Mutakamela Insurance Company (Mutakamela). The outlook remains stable. Based in Saudi Arabia, Mutakamela is a mid-tier composite insurer, underwriting both life and property and casualty insurance. Mutakamela is a subsidiary of Abu Dhabi National Insurance Company P.J.S.C. (ADNIC).

RATINGS RATIONALE

Mutakamela's A3 IFSR reflects its good stand-alone credit fundamentals as well as one notch of support stemming from its majority ownership by ADNIC and our assessment of the strategic and financial alignment between these two groups.

Mutakamela's standalone credit profile reflects its: (i) moderately good market position and brand, as the thirteenth largest player in the Saudi Arabian insurance market; (ii) strong asset quality driven by a conservative invested asset strategy and strong reinsurance counterparties; (iii) strong capitalisation, with a significant buffer above regulatory solvency capital requirements; and (iv) good reserve adequacy with actuarial-led reserve setting and monitoring.

These strengths are partially offset by: (i) Mutakamela's concentration to highly competitive and commoditised motor and medical insurance in the Saudi insurance market which has an elevated level of competition, and (ii) high expense ratio that dampens underwriting profitability, albeit this has been improving.

Mutakamela has maintained a mid-tier market position in the local market, with a 1.4% share of insurance revenue in 2024. The company benefits from its brand affiliation with its parent, ADNIC and minority shareholder, Banque Saudi Fransi (BSF, A1 long-term deposit rating) which also provide good bancassurance distribution. Mutakamela's risk management and product development capabilities also benefit from its alignment with ADNIC, further supporting its ability to grow its market share, particularly with respect to retail and commercial insurance.

The company has recently reported a restatement to prior year retained earnings arising from the correction of material error. The restatement, which related to a misclassification of insurance contracts assets and insurance contract liabilities in prior years, resulted in a SAR110 million write down of retained earnings.

Despite this restatement and resultant deterioration in pro-forma financial metrics, we view Mutakamela's financial profile as good, with still strong capital adequacy evidenced by with a gross underwriting leverage (GUL) of 1.7x at YE 2024 and strong asset quality with high risk assets (HRA, which includes below-investment grade and unrated deposits and bonds as well as equity investments) as a percentage of consolidated (shareholders' and policyholders') equity of 9.3% at YE 2024. The company also benefits from strong reinsurance support, including from its parent, and other strong reinsurance counterparties.

Whilst Mutakamela continues to face market-wide profitability challenges which place pressure on its underwriting performance, the insurer's focus on disciplined underwriting and expense efficiency has resulted in recent improvements to profitability. This is evident from the continued improvement trend in its return on capital (ROC) which improved to 1.8% at YE 2024, from 0.8% at YE 2021, and improving further to 2.1% for the first nine months of 2025.

OUTLOOK

The stable outlook reflects our expectation that Mutakamela will continue to maintain underwriting discipline whilst growing its premiums and that its financial profile, including capital adequacy and asset quality will remain strong.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATING

The following factors could exert upward pressure on Mutakamela's rating: (i) improved market position with growth in market share of the overall market or a stronger position in the Saudi market for commercial insurance, (ii) improved consistency of underwriting performance, with a combined ratio (COR) of maximum 95% through the cycle; (iii) evidence of a greater degree of support from its parent.

Conversely, downward pressure would arise in event of: (i) weaker profitability, with for example, ROC below 1% or COR over 100% on a consistent basis; (ii) deterioration in market position, with for example, its market share in Saudi Arabia falling out of the top fifteen in terms of premiums; (iii) a deterioration in asset quality with HRA as a percentage of consolidated equity of over 50%; (iv) a weakening of capital adequacy with GUL consistently above 4.5x; (v) reserve adequacy deteriorates with consistent reserve strengthening required in subsequent years; or (vi) a diminished expectation of support from its parent.

PRINCIPAL METHODOLOGIES

The methodologies used in this rating were Property and Casualty Insurers published in April 2024 and available at https://ratings.moodys.com/rmc-documents/418354, and Life Insurers published in April 2024 and available at https://ratings.moodys.com/rmc-documents/418351. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of these methodologies.

Mutakamela's “Standalone Scorecard-indicated Outcome” of Baa1 is two notches below the “Preliminary Standalone Outcome” of A2. This reflects the constraint on the insurer's market position from it operating solely in a relatively small market and a more holistic assessment of Mutakamela's asset quality, profitability, capital adequacy and financial flexibility.

The local market analyst for this rating is Mohammed Ali Riyazuddin Londe, +971 (423) 795-03.

REGULATORY DISCLOSURES

For further specification of Moody’s key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody’s Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

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