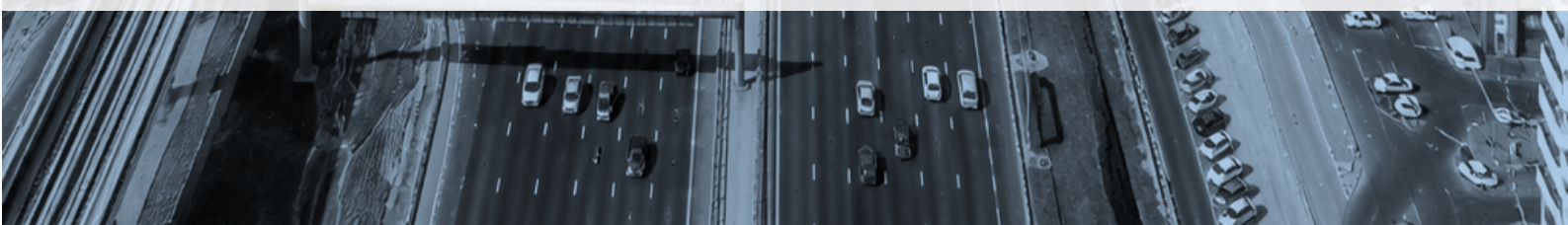




UAE and Saudi Arabia motor insurance 2026

Market view May 2026: recovery, bifurcation, and the operational ground





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Executive summary

The UAE and Saudi Arabia motor insurance markets entered 2026 on different trajectories. **UAE motor is in active recovery:** industry net combined ratio improved to 90.9% in Q1 2026, FY 2025 listed-industry profit grew 52%, and rate hardening from the 2024 floods is holding. **Saudi motor remains structurally weaker and sharply bifurcated:** industry motor net combined ratio sits at 103%, with the gap between disciplined operators (NCR 91-95%) and distressed motor-heavy carriers (NCR 105-155%) widening rather than narrowing. **In both markets, capital pressure on smaller motor-heavy insurers is intensifying,** regulators are tightening resolution powers, and the competitive battleground is moving from rate to operational efficiency: cycle time, leakage control, fraud detection, severity management.

Five takeaways

1. **UAE motor underwriting has recovered through 2024 repricing, but cost-of-claim pressure continues to build.** EV severity now runs approximately three times conventional vehicles; fraud leakage is estimated at AED 500 million annually; workshop quality remains fragmented with no federal QC regime.
2. **Saudi motor remains a structural-loss segment in aggregate.** The 103% NCR for Q1 2026 hides a clean split: motor-disciplined operators run profitable books at sub-95% NCR; motor-heavy challengers run 105-118% on the same line of business.
3. **Capital action follows the underwriting pattern.** Six UAE listed insurers sit below the CBUAE 100% solvency threshold; the Saudi Insurance Authority revoked 28 insurance broker and agent licenses in May 2025, and had 13 of 22 listed insurers in active merger discussion by June 2025.
4. **Regulatory frameworks are converging on resolution and capital.** The new CBUAE Law (Federal Decree-Law No. 6 of 2025, effective September 2025) gives the regulator stand-alone insurer resolution powers; the IA's risk-based capital regime runs in pilot through 2026 with full rollout from 1 January 2027.
5. **Investment income is masking the underwriting picture, but the mask is thinning.** Across the GCC, 29 of 74 listed insurers reported losses or declining profit in Q1 2026, weighted toward motor-heavy small-to-medium carriers. The gap between large diversified insurers and the motor-heavy tail is widening.

What is changing on the operating ground

The economic recovery in UAE motor and the partial recovery in Saudi motor mask a structural shift in where competitive advantage comes from. **Rate hardening has restored topline profitability for the larger carriers; it has not closed the cost-of-claim gap that has built up since 2022.** The carriers gaining ground in both markets are those bringing operational discipline to the post-loss process: parts cost containment, repair-network governance, cycle-time compression, and structured fraud screening at first notification of loss. Carriers without that operational layer are competing on rate in markets where rate is now broadly set by tariff or aggregator.



2. Sources and method

This view synthesizes four primary data sources covering the same period through Q1 2026:

- **BADRI Industry Performance Analysis – Year End 2025 (UAE)**, published 12 May 2026 by BADRI Consultancy. Covers 28 UAE-listed insurers.¹
- **Lux GCC Performance Periodical Q1 2026**, published 19 May 2026 by Lux Actuaries & Consultants in association with Insurance Monitor. Covers 74 listed insurers across all six GCC markets.²
- **Alpen Capital GCC Insurance Industry report**, published 20 May 2026 by Alpen Capital, citing the CBUAE Insurance Annual Report 2024 and the Insurance Authority of Saudi Arabia Saudi Insurance Market Report 2024.³
- **Regulator publications**: CBUAE Rulebook and Insurance Annual Report 2024; Insurance Authority of Saudi Arabia (IA) Saudi Insurance Market Report 2024 and post-2024 circulars; Saudi Press Agency.⁴

External validation draws on Moody's, Fitch, S&P, AM Best rating actions; broker and consulting commentary (AXA XL, Guy Carpenter, Swiss Re, Roland Berger, KPMG); and financial press through May 2026. Every quantitative claim in this paper is traceable to one of these sources via the footnotes at the end. Where data is not in the public domain, the gap is identified explicitly in section 7 rather than estimated.

3. UAE motor: structure, recovery, and the post-flood reset

3.1 Market size and structure

The UAE listed insurance industry recorded gross written premium of AED 75.2 billion in FY 2025, up 15.5% on AED 65.1 billion in 2024. Insurance revenue across the 28 BADRI-analyzed listed companies grew 17% to AED 51.2 billion, profit after tax grew 46% to AED 3.6 billion, and insurance service results grew 64% to AED 3.1 billion. The headline trajectory is recovery from the 2024 flood event.¹

UAE listed insurance industry, FY 2024 and FY 2025

Metric	FY 2024	FY 2025	Change
Industry gross written premium	AED 65.1bn	AED 75.2bn	+15.5%
Insurance revenue (28 listed companies)	AED 44.0bn	AED 51.2bn	+17%
Insurance service results	AED 1.9bn	AED 3.1bn	+64%
Profit before tax	AED 2.7bn	AED 4.1bn	+52%
Profit after tax	AED 2.5bn	AED 3.6bn	+46%
Insurance service ratio (BADRI definition)	4%	6%	+2 pp



Q1 2026 data from Lux confirms the recovery continued into the new year. UAE listed insurers booked AED 11.4 billion in Q1 2026 insurance revenue (+11.2%), with the aggregate net combined ratio improving 1.6 percentage points to 90.9% as repricing actions from 2024 flowed through.²

UAE motor share of non-life GWP, per CBUAE

The CBUAE Insurance Annual Report 2024, cited by Alpen Capital, places motor at 14.0% of UAE non-life GWP in 2024, up from 12.0% in 2022. Applying that share to the published non-life total gives an implied 2024 UAE motor GWP of approximately AED 7.6 billion. Health and motor together account for approximately 68% of UAE non-life premium.³

UAE motor share	2022	2024
Motor as % of non-life GWP	12.0%	14.0%
Implied 2024 motor GWP	n/a	~AED 7.6bn

Concentration at the top is high. Orient, ADNIC, and Sukoon together held 54.4% of Q1 2026 insurance revenue across the 26 Lux-analyzed UAE entities; the top five (Orient, ADNIC, DAMAN, Sukoon, DIN) accounted for approximately 70% of FY 2025 listed-industry revenue.

3.2 The post-flood reset and the price hardening cycle

The April 2024 UAE flood event caused industry-aggregate insured losses in the range of AED 10.6 to 12.5 billion (Guy Carpenter, August 2024 revision), with property carrying the larger absolute share and motor the most visible affected line. Guy Carpenter's early estimate placed UAE motor-only insured loss at AED 550-920 million as a first-loss figure; between 30,000 and over 100,000 vehicles were affected.⁵

Property and motor insurance rates increased by an average of approximately 30% across the UAE market in response, with insurers also raising deductibles on subsequent renewals as catastrophe exposure was repriced.³

Q1 2026 results confirm the rate action has held. UAE listed insurers' Q1 2026 NCR of 90.9% reflects underwriting profitability driving earnings quality, with investment income actually declining 5.5% in the quarter while profit grew 10%.² Arab Re noted "stability in car insurance prices in 2025" following the 2024 step-up. The flood-claim run-off is largely complete, and the pricing benefit is now visible in margins rather than in headline reserves.

Operational implications: The recovery is durable but the visible margins reflect rate action rather than cost control. Carriers that secured 25-40% rate increases in 2024 now face two pressures: aggregator and broker reaction in 2026 renewals, and continued cost-of-claim inflation on the severity side. Margin durability over the next 24 months depends on whether the cost-of-claim curve can be flattened operationally rather than absorbed through further rate. The carriers building this discipline now will be the carriers defending their 2026 margins through 2027 and 2028.



3.3 Capital and solvency stress at the small-to-medium tail

Despite headline recovery, the long tail of the UAE market remains under pressure. Six listed insurers sat below the CBUAE 100% solvency threshold at Q1 2026 or FY 2025.²

UAE listed insurers below CBUAE 100% solvency threshold

Insurer	Solvency ratio	Recent capital action
ASNIC	-207%	Capital reduction (AED 80mn) cancelled; under regulatory review
IH	-40%	None disclosed in Q1 2026
FIDELITYUNITED	13%	AED 30mn rights issue Jan 2026; further AED 77mn planned
AMAN	41%	Q1 2026 financials not yet published
TAKAFUL-EM	59%	AED 25→210mn rights issue June 2024
ABNIC	67%	None disclosed in Q1 2026

Larger capital actions in the period: SALAMA wrote off AED 445 million of accumulated losses in December 2025 and raised AED 155 million via mandatorily convertible sukuk in Q1 2026, resolving its regulatory solvency deficit and securing a BBB- developing outlook from S&P. UNION wrote off AED 142.7 million in June 2025.

Operational implications: The small-to-medium motor-heavy tier carries the highest pain-per-AED-of-revenue ratio in the UAE market. These insurers cannot match the in-house claims investment of Orient, ADNIC, and Sukoon, but they cannot afford to carry the leakage that comes with under-resourced operations either. For this cohort, externalized claims discipline is the most direct route to cycle-time and severity improvement without committing capital to internal build.

3.4 The UAE regulatory framework in 2025-2026

The UAE regulatory ground shifted twice in two years. Federal Decree-Law No. 48 of 2023 (effective 30 November 2023) codified the transfer of insurance regulation to CBUAE. Federal Decree-Law No. 6 of 2025 (effective 16 September 2025) then repealed both the 2018 Central Bank Law and Decree-Law 48 of 2023, consolidating banking, finance, and insurance regulation in a single statute. The 2025 law gives CBUAE stand-alone resolution powers for distressed insurers (portfolio transfer, asset management vehicle, suspension of contractual payment obligations subject to safeguards), and brings insurance-related professions, including TPAs and loss adjusters, explicitly inside the CBUAE perimeter.⁶

At the distribution layer, the CBUAE Insurance Brokerage Regulation 2024 (effective 15 February 2025) requires premiums to be paid directly to insurers rather than collected by brokers, ending the broker premium-float model that had existed for decades. Broker minimum capital and minimum experience requirements were raised in the same regulation. Both changes are consolidating the broker base and shifting motor distribution economics toward direct and digital channels.³



UAE Unified Motor Insurance Policy: key surviving features

Provision	Detail
Maximum premium (saloon cars)	Up to 5% of vehicle value for comprehensive cover (rate ceiling)
Minimum premium discipline	CBUAE has issued circulars warning insurers against selling below sustainable minimum premiums, to limit destructive price competition
No-claim discount ladder	10% (1 year), 15% (2 years), 20% (3+ years)
Fleet discount	Up to 30%
Gas/electric vehicle discount	Up to 25% at renewal
Standard policy term	13 months (12 + 1 grace)
Total loss threshold	Repair cost \geq 50% of pre-loss value; or chassis unreparable; or structural pillar cut/pull/weld required
Total loss compensation	Sum insured less 20% depreciation; salvage transfers to insurer

IFRS 17 took effect 1 January 2023 without transition extension. No public CBUAE circular specifically on AI in motor claims, repair-network governance, or motor-only reserving has been issued; supervisory expectations on these topics appear to sit in private supervisory correspondence rather than rulebook content.

Operational implications: The new CBUAE perimeter raises the compliance bar for in-house claims operations and creates an opening for compliance-by-design TPA propositions that incumbents working without dedicated regulatory infrastructure cannot easily match. The premium-direct-to-insurer rule removes a long-standing broker working-capital benefit; carriers and brokers are both repositioning around it. Motor claims operations that interact with brokers (referrals, subrogation, recoveries) need to be re-papered against the new framework.



3.5 Claims cost drivers in UAE motor

Severity profile: EV vs ICE in the UAE

The single most measurable cost-pressure driver in UAE motor is the rising electric-vehicle severity gap. Tesla average at-fault claims now sit approximately three times equivalent German marques, before any consideration of parts wait-times or recalibration costs.⁷

Vehicle profile	Average at-fault claim (AED)	Notes
Tesla	14,200	Battery repair AED 50,000-100,000
Mercedes-Benz (ICE)	4,800	Established parts and repair network
Multiplier	3x	Excludes ADAS recalibration on bumper/windscreen claims

Chinese EV insurance enquiries (BYD, MG, Geely) rose 30-40% in the 12-18 months to mid-2025. Parts availability is uneven: BYD and Geely have built local stock; anecdotal three-month bumper waits and weeks-long sensor waits remain common for newer entrants. The first dedicated Chinese-EV motor policies launched in 2025 from eSanad, Shory, and GIG Gulf.⁷ ADAS-equipped vehicles routinely require sensor and camera recalibration on windscreen or bumper claims, materially raising severity even on small impacts.

Motor fraud leakage in the UAE

The industry-cited estimate is approximately AED 500 million per year drained from UAE motor through staged accidents, application-level misrepresentation, and inflated repair invoices.⁸ No cross-insurer fraud data layer operates across the UAE motor market today; the absence of shared fraud signals has been the structural weakness of motor anti-fraud since the market formed. Industry conversations on closing this gap exist, but the operational layer is not yet in place.

Operational implications: The EV severity gap is structural and growing: as Chinese EVs scale from a 5% to a 15% share of new vehicle sales, the blended portfolio severity is going up regardless of pricing discipline. Containment requires brand-specific surveying capability, OEM-versus-aftermarket parts policy, and ADAS recalibration cost discipline that few in-house teams have built. On fraud, the operational entry point sits at first notification of loss, where structured screening, data capture, and decision rules either contain leakage or let it through. Carriers that build this layer now will be best placed to feed and benefit from any industry-level cross-insurer fraud initiative as and when it forms, and to influence the design of such an initiative if it is convened. The case for a cross-insurer layer is mathematical: a fraudster turned away by one carrier is otherwise free to test the next.



3.6 UAE competitive structure: distribution and TPA capacity

Motor-heavyweight UAE insurers are a consistent set across BADRI, Atlas Magazine, and Mordor: Orient, Sukoon, ADNIC, Emirates Insurance Company (EIC), GIG Gulf (formerly AXA Gulf), and NGI. Brokers account for 40-50% of motor distribution revenue. Direct (insurer.com, branch, call center) is the fastest-growing channel at approximately 9.94% CAGR. Aggregators (YallaCompare, Policybazaar UAE, Souqalmal, Aqeed, Bayzat, Insurancemarket.ae, Shory) hold approximately 10-15% of total motor GWP; YallaCompare alone holds approximately three-quarters of the aggregator subsegment.⁹

The UAE motor TPA segment has historically been served by insurer in-house teams and a small number of global firms (Sedgwick, Crawford & Company, Charles Taylor) whose attention has skewed toward commercial property, marine, and complex liability rather than high-volume retail motor.¹⁰ Axxion is the UAE's first dedicated motor TPA and the only operator in the market built specifically for high-volume retail motor at scale. Workshop networks otherwise remain insurer-by-insurer, with no public federal QC regime for repair networks. Each carrier publishes its own approved garage list; OEM-versus-aftermarket parts policies are not standardized; repair tariff governance is decentralized. Trade press repeatedly flags this decentralization as a weak link in the motor value chain.

Operational implications: Until Axxion's launch, the UAE motor market had no dedicated retail-motor TPA layer. That gap is the most direct competitive opening in the market, and the only one currently being addressed. Insurers face a choice: continue investing in in-house claims build (which Orient and Sukoon have publicly committed to, including sub-3-day AI-driven settlement targets), partner with the dedicated motor TPA built specifically for high-volume retail motor, or accept the leakage that under-resourced in-house operations carry. The choice is increasingly visible in margins.

4. Saudi Arabia motor: scale, bifurcation, and the Najm overlay

4.1 Market size and structure

Motor GWP in Saudi Arabia totaled SAR 13.9 billion in 2024 per the Insurance Authority Saudi Insurance Market Report 2024, representing 53% of general-insurance GWP of SAR 26.2 billion on a total market GWP base of SAR 76.1 billion (+16% YoY).⁴ The Saudi insurance sector grew at a 15.0% CAGR from 2019 to 2024 per Alpen Capital, with motor specifically at a 10.1% CAGR, slower than the wider market and consistent with sustained aggregator-driven TPL price compression over the period.³



Saudi Arabia insurance market, 2024 actuals

Metric	2024	Note
Total market GWP	SAR 76.1bn	+16% YoY
General insurance GWP	SAR 26.2bn	Non-life excluding health and life
Motor GWP	SAR 13.9bn	53% of general insurance
Motor share of total market	18.3%	Derived
Net industry profit	SAR 3.6bn	vs SAR 3.2bn in 2023
Insurance penetration (non-oil GDP)	2.59%	Target ~4% by 2030 (National Insurance Sector Strategy)

A critical anomaly explains the late-2025 reflation Lux observed in Q1 2026: **Saudi motor GWP softened in 2024 even as overall premiums grew, while gross motor claims paid rose sharply following the April floods (specific magnitudes cited by Alpen Capital; underlying primary-source page references pending verification).**³ The combination of falling premiums and surging claims is the structural cause of the 105% Q1 2025 motor NCR; the partial recovery to 103% in Q1 2026 reflects discipline returning rather than a fundamental fix.

Q1 2026 data from Lux shows acceleration: insurance revenue of SAR 18.68 billion (+14.7%), GWP of SAR 26.7 billion (+12.6%), and a sharp lift in motor share of GWP from 15% to 18% year-on-year. Annualized motor revenue at Q1 2026 run-rate implies roughly SAR 19 billion in 2026, against SAR 13.9 billion full-year 2024, a meaningful step-up reflecting both rate hardening and motor-mix gain in the wider portfolio.²

4.2 The motor profitability bifurcation

The 103% industry motor NCR for Q1 2026 hides a sharp split between disciplined and distressed operators. Three motor-heavy operators consistently underwrite to a profit; ten more run structural losses on the same line of business. The bifurcation is the defining feature of the Saudi motor market today.²



Saudi motor performance by insurer cohort, Q1 2026

Cohort	Insurer	Motor share of GWP	Motor NCR
Disciplined (motor-profitable)	GIG Saudi	58%	91%
	SAICO	49%	91%
	Al Rajhi Takaful	41%	95%
Distressed (motor-loss-making)	Gulf General	90%	118%
	Aletihad	79%	112%
	ACIG	75%	108%
	LIVA KSA	65%	108%
	Wataniya	63%	108%
	Salama KSA	62%	104%
	Alsagr	60%	116%
	Amana	26%	155%
	Mutakamela (ex-Allianz SF)	21%	113%
	Malath	17%	118%

At the cohort level the gap is widening, not narrowing. S&P reported in August 2025 that **Saudi insurers outside the top five recorded an aggregate H1 2025 loss of approximately SAR 612 million, a 209% deterioration on H1 2024 (BADRI cited by Arabian Business)**, driven primarily by motor and medical claims pressure. The top three insurers (Tawuniya, Bupa Arabia, Al Rajhi Takaful) remain consistently profitable.³

Recent rating actions confirm the pattern: Moody's downgraded Aletihad to Baa2 on 15 April 2026 (under review for further downgrade) following a FY 2025 combined ratio of 123% and a 36.8% decline in shareholders' equity; Fitch revised Gulf Union Ahlia outlook to Negative on 28 April 2026 after a SAR 84 million net loss in FY 2025. Fitch's commentary captures the pattern: "smaller Saudi insurers with limited scale and pricing power continue to face challenges in restoring profitability."²

Operational implications: The bifurcation is not a question of pricing power. Three motor-heavy operators carry 41-58% motor share of book and run at sub-95% NCR; the distressed cohort carries similar motor shares and runs 105% plus. The differentiator is operational: claims discipline, repair-network governance, and severity management. For the distressed cohort, closing the gap to the disciplined cohort would require a structural shift in claims operations, not a rate adjustment. The carriers that get this right hold their motor market share through the consolidation wave; those that do not become consolidation targets.



4.3 The Saudi regulatory framework in 2025–2026

The Insurance Authority (IA) was formally established by Royal Order in November 2023 and has since absorbed insurance supervisory functions previously held by SAMA. Six regulatory actions are reshaping the Saudi motor market:¹¹

Action	Detail	Effective
License cancellations	IA revoked the operating licenses of 28 insurance brokerage and agency entities (not carriers) following corrective measures initiated 28 August 2024	May 2025
Merger pressure	13 of 22 listed insurers in active merger discussion	June 2025
Risk-based capital (RBC) regime	Pilot through 2026 alongside existing solvency regime; full rollout 1 January 2027	2026-2027
Mandatory local cession	20% (2023) → 25% (2024) → 30% (2025) of reinsurance treaty and facultative risk; local capacity must be exhausted before foreign placement	Phased
UCA motor suspension	Suspended from issuing/renewing motor policies for operational deficiencies; expected resumption Q3 2026	19 February 2026
Draft Insurance Law	Replaces Cooperative Insurance Companies Control Law (2003) and Cooperative Health Insurance Law (1999); grants IA enhanced supervisory powers	Published June 2025; pending enactment
Circular No. 85 of August 2025	Foreign reinsurance companies must register on IA platform before entering/renewing Saudi-risk contracts	Registration deadline 1 March 2026
Health insurance under IA	Supervisory responsibility moved from Council of Health Insurance to IA, unifying oversight	2024

Operational implications: The combination of license cancellations, merger pressure, RBC rollout, and the foreign-reinsurer registration deadline puts motor-heavy distressed carriers on a tight timeline. RBC in particular will raise capital requirements for poorly performing motor books, exposing the bifurcation directly in regulatory capital ratios. The carriers that close the operational gap in the next 18 months hold their position; those that do not face capital action or merger. The IA appears comfortable using the toolkit it has built.



4.4 Najm: the structural difference vs UAE

The single most important Saudi-specific feature of motor claims is Najm Cooperation Company. Established in 2007 as a joint SAMA / General Department of Traffic vehicle, Najm is the mandatory accident-reporting gateway. Every motor accident in Saudi Arabia must be reported through Najm within 24 hours. Najm assigns fault percentages, runs a remote-assessment platform for minor accidents, operates the Najm Repair Network as an accreditation overlay, and runs the fraud-detection program. In July 2024 Najm launched a telematics initiative with Cambridge Mobile Telematics feeding driving data into underwriting and claims pipelines.¹²

Najm fraud taxonomy (2019 baseline, framework refreshed September 2024)

Fraud type	Share of confirmed fraud cases	Description
Damage mismatches	47%	Claimed damage inconsistent with the reported accident circumstances (impact direction, force, vehicle position)
Old damage claimed as new	22%	Pre-existing damage submitted as caused by the current accident
Engineered (staged) accidents	21%	Accidents arranged in advance between two or more parties, typically to trigger comprehensive cover or third-party liability payouts
Phantom drivers	10%	Driver at the wheel during the accident is misreported. Common pattern: an uninsured, unlicensed, or fleeing driver is replaced on the accident report by an insured family member or friend, who accepts liability so the insurance cover responds

Najm's September 2024 framework refresh introduced seven new fraud detection indicators covering accident timing, driver profile, accident circumstances, accident documentation, damage discrepancies, pre-existing damage, and evidence at the scene. The percentage breakdown above predates this refresh but remains the only published structural view of Saudi motor fraud composition.¹²

Operational implications: Najm sits upstream of insurer decisioning. Any Saudi motor TPA proposition is necessarily a downstream-of-Najm proposition built on cycle-time optimization, repair coordination, leakage control, and analytics. Najm already owns the first-notification-of-loss layer. The Saudi opportunity for TPA discipline sits in the gap between Najm's intake and the insurer's settlement; this is the workflow window where most of the leakage is generated.



4.5 Tameeni and aggregator dynamics

Tameeni is the dominant Saudi motor aggregator, regulated under the IA's broker licensing regime via parent Rasan Information Technology. In August 2024 the IA granted Tameeni a no-objection letter permitting comprehensive motor cover for leased vehicles, expanding beyond TPL-only aggregation. Rasan disclosed FY 2025 revenue of approximately SAR 650 million (+82% YoY), net profit SAR 250 million, and intermediated GWP of approximately SAR 8.6 billion across all products.¹³

Aggregator-driven TPL price competition drove rates down through 2024 and into mid-2025 before rate reflation began Q3 2025. Mordor Intelligence reports TPL at 69.4% of motor share in 2025 versus comprehensive at 30.6%, indicating the Saudi motor book remains materially more TPL-heavy than UAE motor; it is therefore more exposed to aggregator price competition on tariff-line cover.

Operational implications: Tameeni's grip on TPL retail turns motor into a near-commodity at point of sale. With pricing increasingly determined upstream, the competitive battleground for carriers moves downstream: underwriting selection, claims cost, customer service. Three of these four levers sit downstream of the broker, and downstream of Najm. Disciplined claims operations are the proximate route to margin defense in a near-commodity TPL market.

4.6 Saudi claims cost drivers and competitive structure

The Saudi spare parts market reached SAR 20.3 billion in 2025, growing at approximately 5.8% CAGR. Genuine OEM parts run 70-150% above non-genuine alternatives, which makes workshop selection the primary cost-containment lever.¹⁴ No formal CPI-style spare-parts inflation index, no published Saudi labor rate index, and no EV-specific repair cost premium specific to KSA exist in authoritative form; the international benchmark of 15-30% EV repair premium versus ICE is widely cited but not Saudi-specific.

International loss adjusters with confirmed Saudi presence include McLarens (offices in Jeddah, Riyadh, Al Khobar) and Crawford & Company (GCC coverage via correspondent network). Tawuniya established Riyadh Re as a wholly-owned reinsurance subsidiary in November 2025 with SAR 550 million in capital and an S&P A- rating; S&P expects gross written premium of SAR 500 million in 2026 rising to SAR 1.3 billion by 2028. Chubb International Investment is establishing a Saudi-based reinsurance company in partnership with Al Khereiji Investment Company. Lockton secured a Saudi reinsurance license in 2025.



Recent Saudi motor-relevant M&A and corporate events 2025-2026

Event	Date	Status
BURUJ → MEDGULF merger	Oct-Nov 2025	Completed; creates fourth-largest insurer by GWP
Enaya / Salama merger	February 2026	Terminated after Enaya shareholder rejection
AICC / UCA merger	March 2026	Terminated by mutual consent
LIVA / Malath merger	March 2026	Expired after multiple extensions
Bupa Arabia demerger	March 2026	Insurance operations to wholly-owned subsidiary; health-only carrier; no direct motor impact
Gulf General SSA with BlueFive Investments	30 April 2026	SAR 176mn capital reduction (SAR 300mn to SAR 124mn), then SAR 176mn rights issue at par; BlueFive subscribes for 12.6mn shares (42% post-completion), existing shareholders convert SAR 50mn loan for 5mn shares

5. Cross-market themes

5.1 Investment income masks underwriting weakness, but the mask is thinning

Across the GCC, listed insurers reported Q1 2026 net combined ratio of 96.3%, essentially flat against 96.2% in Q1 2025. Net profit grew 14.7% on the back of strong investment income performance (+8.5% to approximately AED 2.10 billion). The UAE is the standout exception: profit grew despite investment income falling 5.5%, with underwriting carrying the result. KSA recorded investment income growth of 10.7%; without that growth, the 23.7% jump in net profit would have looked very different given motor at 103% NCR.²

For the motor-distressed tail in both markets, investment income is the only thing standing between operating performance and capital impairment. Twenty-nine of 74 GCC listed insurers reported losses or declining profit in Q1 2026, heavily weighted toward motor-heavy small-to-medium carriers.

5.2 Reinsurance dependency and cession dynamics

Alpen Capital's analysis of 20 large GCC insurers shows average cession rates rising from 21.2% in 2022 to 24.6% in 2024. The UAE runs the highest cession rate at **56.2%**, with Kuwait second at 29.5%. The high UAE cession rate reflects structural dependence on reinsurance to manage motor and property catastrophe risk; it also explains why the 2024 floods triggered such a fast hardening cycle.³



Market	Cession rate
UAE	56.2%
Kuwait	29.5%
GCC average (20 large insurers, 2024)	24.6%
GCC average (20 large insurers, 2022)	21.2%

Reinsurers responded to the 2024 floods by simultaneously reassessing regional exposure across motor, property, business, and travel lines, then reducing capacity for secondary perils such as floods while raising prices and tightening terms. Saudi insurers face additional pressure: from 1 January 2025, at least 30% of reinsurance treaty and facultative risk must exhaust local-market capacity before foreign placement.¹¹

Operational implications: Insurers under reinsurance cost pressure should look harder at primary-market leakage control and expense ratios. The reinsurance line cannot be moved at will; the claims operation can. For UAE carriers running 56% cession, every percentage point of NCR improvement on the retained book is amplified in the reinsurance reciprocity over time. Operational discipline at the claims level is one of the few levers an insurer can pull unilaterally.

5.3 Takaful and Shariah-aligned exposure

The GCC accounted for 59.9% of global Takaful gross written contributions in 2024 at approximately AED 62.8 billion of a roughly AED 105 billion global total. GCC Takaful net profit reached approximately AED 4.0 billion in 2024, up from approximately AED 3.45 billion in 2023, with Saudi insurers contributing 87.3% (approximately SAR 3.6 billion).¹⁵

Takaful as share of insurance assets, by GCC market (2024)

Market	Takaful share of insurance assets
Saudi Arabia	100%
Oman	17.8%
Qatar	12.0%
Bahrain	9.2%
UAE	6.9%
Kuwait	0.9%

The UAE Takaful market booked AED 5.4 billion in gross written contributions in 2024 (+10.2% YoY).



Operational implications: Shariah-compliant motor service propositions (terminology, wakala and mudarib structure compatibility, governance) are a near-universal requirement in Saudi Arabia and a 6.9% requirement in the UAE, modest but non-trivial. Designing this into the operating model is materially cheaper than retrofitting it after the first Takaful contract. Service providers without explicit Shariah-aligned operating discipline narrow their addressable market.

5.4 Geopolitical and claims-inflation risk

Fitch warned in April 2026 that GCC insurer underwriting profitability is at risk from potential disruption around the Strait of Hormuz, with the exposure for motor indirect but real: parts cost inflation through supply chain disruption, reinsurance terms tightening if regional conflict persists, and higher cost of capital. Lux flagged the same risk vector in its Q1 2026 commentary.¹⁶ While Q1 2026 results did not yet reflect material US-Iran impact, the forward look on motor severity is more exposed than headline numbers currently show.

5.5 Data, AI, and the embedded-insurance shift

Orient and Sukoon have publicly signaled investment in AI-driven claims triage with sub-3-day settlement targets. Najm has rolled out CMT telematics across Saudi accident reporting since July 2024. Yasmina, Saudi Arabia's first embedded-insurance platform, secured SAR 7.5 million in seed funding in July 2025 and is building distribution partnerships across HR, auto, travel, point-of-sale, and real estate platforms targeting 1.5 million customers. The IA released a draft Open Insurance and Insurance Technology Regulations framework in Q1 2026 covering sandbox operations, digital distribution, and third-party platforms.¹⁷ In the UAE, InsuranceMarket.ae continues to consolidate the comparison-and-purchase aggregator space.

Operational implication. The competitive ground in both markets is moving from rate to operational efficiency: cycle time, leakage control, fraud detection, severity management. Embedded and digital-first distribution is the channel innovation to track over the next 18 months. AI-augmented claims triage is becoming a baseline expectation for the larger carriers; for the small-to-medium tier, the choice is build or partner.

6. What this means for insurers in 2026

Three operating questions sit at the top of the agenda for any UAE or Saudi motor insurer entering H2 2026.

6.1 Are the 2024 rate gains durable through 2027?

UAE motor's 2024-2025 rate hardening has delivered the headline recovery. Two pressures will test its durability through 2027: aggregator and broker reaction in renewal cycles, and continued cost-of-claim inflation on the severity side (EV mix shift, Chinese brand parts wait-times, ADAS recalibration costs). Carriers that defend their 2026 margins through 2027 and 2028 will be those who flatten the cost-of-claim curve operationally rather than relying on further rate action.



6.2 What separates the disciplined cohort from the distressed cohort?

The Saudi bifurcation provides the clearest signal in the GCC. Three motor-heavy operators (GIG Saudi, SAICO, Al Rajhi Takaful) carry 41-58% motor share and run sub-95% NCR. Ten motor-heavy peers carry similar shares and run 104-155%. The differentiator is operational. Insurers in the distressed cohort that close the operational gap defend market share through the consolidation wave; those that do not become targets. The same dynamic applies in the UAE to the small-to-medium tier sitting below CBUAE 100% solvency.

6.3 Build, partner, or accept the leakage?

Three options exist for any insurer in 2026:

Path	Profile	Trade-off
Build in-house claims discipline	Public commitment by Orient and Sukoon, sub-3-day AI-driven settlement targets	Capital intensive; takes 18-24 months; requires technical and operational talent that is scarce in the market
Partner with a dedicated motor TPA	Axxion is the UAE's first dedicated motor TPA and the only operator built specifically for high-volume retail motor at scale in either market	Requires contractual discipline on data sharing, KPIs, and exception handling; results dependent on partner quality and on the carrier's readiness to operationalize the partnership
Accept the leakage	The default position for insurers not actively investing in operational discipline	Margins compress as cost-of-claim inflation continues; visible in NCR within 12-24 months

The choice is increasingly visible in margins. Carriers that defer the decision past 2027 will find the RBC capital framework (Saudi Arabia) and the new CBUAE resolution powers (UAE) make the question increasingly difficult to avoid.

The structural ground in 2026. Rate has done what rate can do in UAE motor; it has not been allowed to do its work in Saudi motor because of aggregator pressure. In both markets, the next 24 months of margin performance will be driven by operational discipline at the claims level. The insurers that recognize this and act on it hold their position. The insurers that wait pay for the delay in NCR points, in capital action, or in consolidation outcome.



7. Limitations and data gaps

This paper acknowledges several data gaps that warrant explicit identification:

- BADRI does not break out motor as a separate line of business; motor sits inside Property & Liability AED 30.0 billion in the FY 2025 listed industry view. The CBUAE Insurance Annual Report 2024 publishes motor's 14.0% share of non-life GWP (cited via Alpen Capital) but does not appear to publish a motor-only loss ratio or combined ratio in the public domain.
- Third-party UAE motor GWP estimates for 2024 vary by a factor of 2.5× depending on scope. The CBUAE 14.0% non-life share applied to the published non-life total resolves the directional question; the precise number requires the CBUAE Annual Report itself.
- For Saudi Arabia: full-year 2025 motor GWP is not yet publicly disclosed by the IA; no motor-only insurer league table is available; CMTPL tariff floors and caps are not disclosed publicly (pricing appears risk-based under IA supervision).
- EV repair premium specific to KSA, labor rate index, and Najm-accredited workshop tariff schedules are not in the public domain.
- The 47% damage-mismatch figure in Najm's fraud taxonomy originates from a Najm communication around April 2019. Najm's September 2024 framework refresh introduced seven new indicators but did not republish the percentage breakdown; the 2019 figures remain the only public structural view of Saudi motor fraud composition.

Where data is unavailable, this paper says so rather than estimating. External-facing claims based on these figures should re-verify against primary sources before publication.



About Axxion

[Axxion Claims Settlement Services L.L.C.](#) is the UAE's first dedicated motor third-party administrator. From Dubai, Axxion manages the full motor claims lifecycle for insurance partners: first notification of loss, surveying, repair coordination, quality control, recovery, and settlement. The company serves UAE insurers across both large and small-to-medium carriers and is preparing to extend into Saudi Arabia and the wider GCC.

Compliance by design. Axxion was built to operate inside a tightening regulatory environment. The Central Bank of the UAE absorbed insurance regulation in 2020 and consolidated the framework under Federal Decree-Law No. 6 of 2025, which brings TPAs and loss adjusters explicitly inside the CBUAE perimeter. Every claim Axxion handles passes through formal compliance gates covering UAE PDPL data protection, policyholder-consent requirements, settlement-authority bands, sanctions screening, and audit-trail completeness. Compliance is not an overlay; it is the operating substrate.

The Axxion Intelligent Operating System (AIOS). The Claims OS that Axxion presents to insurer partners runs on the AIOS, a unified operating layer orchestrating a seven-stage claims pipeline across surveying, estimation, repair coordination, quality control, recovery, settlement, and reporting. The AIOS integrates human operators with structured AI-assisted decision points at every stage. Insurers receive cleaner data, faster cycle times, lower per-claim cost, and a complete audit trail, without giving up control over their portfolio.

Axxion is led by Managing Director and Co-Founder [Frederik Bisbjerg](#). Frederik has spent over two decades in international insurance in operating and transformation roles, with a particular focus on motor claims, distribution, and AI-enabled insurance models. He has been a public voice on insurance modernization in the GCC and writes regularly on the operational shifts reshaping motor underwriting. Axxion is the operating expression of his thesis: that disciplined claims operations, built on AI-enabled but human-led decisioning, will define the next decade of competitive advantage in motor insurance.

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