



إجازة تأمين رقم FIC20200005 شركة خاضعة لأحكام القانون رقم (125) لسنة 2019 في شأن تنظيم التأمين ولائحته التنفيذية رأس المال المدفوع 10,000,000. دينار كويتي، الأنشطة المرخصة : التأمينات العامة والممتلكات، تأمين المسؤوليات

## The Oriental Insurance Company Limited – Kuwait Branch Management's Report for the Year Ended 31 December 2025

### 1. Introduction and Company Overview

The Oriental Insurance Company Limited – Kuwait Branch (the “Company”) presents its Management Report together with the audited financial statements for the financial year ended 31 December 2025. The Company operates in the State of Kuwait as a branch of The Oriental Insurance Company Limited, India, and is licensed to conduct general insurance business across various lines of non-life insurance.

During the year under review, the Company faced a challenging regulatory environment following the temporary suspension of its underwriting activities by the Insurance Regulatory Unit (IRU). In response, the management, in coordination with the Head Office and relevant stakeholders, undertook comprehensive measures to address the regulatory observations and strengthen the Company's governance, compliance, and financial reporting frameworks. Significant efforts were directed toward meeting the requirements stipulated by the IRU, enhancing internal controls, improving reporting, and aligning operational practices with applicable regulatory standards.

While underwriting of new business remained restricted during this period, the Company continued to honor its commitments to policyholders through the effective servicing of existing policies, timely management of claims, and prudent financial oversight. The management remains committed to restoring normal business operations upon completion of the regulatory requirements and to reinforcing the Company's long-term presence in the Kuwaiti insurance market through improved governance, operational resilience, and regulatory compliance.

### 2. Business Review

#### 2.1 Underwriting Performance

During the year ended 31 December 2025, the Company recorded the Total Insurance Revenue of KWD 4.06 million (FY 2024: KWD 4.15 million), reflecting a decrease of 2.27%. However, the decrease in the Insurance Service Expenses amount to KWD 3.57 million as against KWD 4.59 million only in FY 2024, has resulted in an underwriting profit of KWD 0.65 million (FY 2024: Loss of KWD 0.65 million).

#### 2.2 Business Line Commentary:

- **Motor Insurance:** Continued to account for the largest share of premiums. However, profitability was impacted due to the suspension of underwriting activities from October 2025 and higher accident frequency during the year.
- **Fire and Property Insurance:** Demand remained relatively stable, though premium volumes declined compared to 2024 following the suspension of underwriting activities in the final quarter of 2025.
- **Marine Insurance:** Performance remained modest but stable, supported by regional trade flows.



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Overall, while premium volumes declined and claims ratios increased during the year, the Company maintained prudent expense management and strengthened its reinsurance arrangements. The underwriting results reflect the competitive nature of the Kuwaiti insurance market and the challenging regulatory environment during 2025.

### 2.3 Investment Performance

Investment income remained a vital source of support for overall profitability. The Company maintained a conservative investment strategy, with placements largely in fixed deposits and bank balances in Kuwait. Cash and cash equivalents stood at KWD 0.67 million, compared to KWD 1.73 million at the end of FY 2024, mainly due to the absence of new premium inflows following the suspension of underwriting activities on 2 October 2025. At the same time, fixed deposits with banks increased to KWD 1.55 million, reflecting a rise of KWD 0.19 million during 2025, which helped support the Company's financial stability and claims-paying capacity. Fixed deposits further increased during the first quarter of 2026 following additional fund support from the Head Office, strengthening the Company's liquidity position.

### 2.4 Key Financial Highlights

A summary of the Company's financial position as at 31 December 2025 is as follows:

- **Total Assets:** KWD 2.84 million (FY 2024: KWD 4.02 million)
- **Total Liabilities:** KWD 3.26 million (FY 2024: KWD 5.08 million)
- **Head Office funds:** A negative balance of KWD 0.416 million as compared to a negative of KWD 1.06 million as at the end of FY 2024.

## 3. Strategic Vision and Future Outlook

### 3.1 Strategic Initiatives

During the year under review, the Company focused on strengthening its governance, compliance, and operational frameworks in line with evolving regulatory requirements and long-term strategic priorities. Management, in coordination with the Head Office, undertook a series of initiatives aimed at reinforcing internal controls, enhancing financial reporting, strengthening risk management practices, and improving operational oversight. Emphasis was also placed on aligning underwriting governance and compliance processes with the standards prescribed by the Insurance Regulatory Unit (IRU), while reviewing existing operational structures to support sustainable and disciplined business practices. These initiatives are



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intended to strengthen the Company's institutional framework and position the branch for a stable and compliant return to normal business operations.

### 3.2 Market Outlook

Global economic growth remained moderate in 2025, reflecting continued uncertainty in the international economic environment. After growing by around 3.2% in 2024, the global economy is projected to maintain a similar pace, although still below its long-term historical average of approximately 3.8%. While inflationary pressures have started to ease compared to the higher levels seen in recent years, the global economy continues to face several challenges. These include elevated public debt levels, relatively high interest rates, tighter financial conditions, and ongoing geopolitical tensions. In particular, recent developments in certain regions have contributed to volatility in energy markets and global trade, adding to the uncertainty surrounding the near-term economic outlook.

Against the backdrop of the global economic environment, the Kuwaiti economy returned to moderate growth in 2025, supported by improving oil production and continued resilience in the non-oil sector. Real GDP is estimated to have grown by around 2.6%, reflecting the gradual easing of earlier OPEC+ oil production cuts and strengthening activity across several sectors.

The non-oil sector continued to expand steadily, supported by investment activity, infrastructure spending, and improved performance in services and manufacturing. Inflation remained contained at around 2.3%, reflecting easing price pressures and stable domestic demand.

Monetary policy remained supportive, with the Central Bank of Kuwait maintaining its discount rate at around 4%. Meanwhile, Boursa Kuwait recorded strong performance during 2025, with market capitalization rising to approximately KWD 52.6 billion, supported by improved liquidity and investor confidence.

These developments are expected to support steady growth in insurance demand, particularly across key segments such as motor, property, medical, and liability insurance, as economic activity continues to strengthen.

### 3.3 Future Prospects

Looking ahead, the Company's strategic focus will be on the following key priorities:

- Completing regulatory requirements to facilitate the restoration of full operational activities.
- Rebuilding market presence through prudent and disciplined underwriting practices.
- Rebuilding relationships with brokers, corporate clients, and business partners.
- Focus on long-term profitability through disciplined underwriting and claims efficiency.



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- Strengthening reinsurance partnerships and technical expertise.
- Enhancing operational reporting and strengthening internal processes and controls.
- Maintaining strong governance and financial discipline in line with regulatory expectations.
- Leveraging technology and operational improvements to enhance efficiency and service delivery.
- Gradually rebuilding the Company's business portfolio and reinforcing its position as a reliable insurer in the Kuwaiti market.

## 4. Corporate Governance

### 4.1 Risk Management

The Company maintains a robust risk management framework to identify, assess, and mitigate key risks including underwriting, operational, market, credit, and liquidity risks. Regular monitoring, stress testing, and compliance with head office guidelines ensure that risk exposures remain within acceptable thresholds.

### 4.2 Compliance

- The Company reaffirms that it has complied with all applicable laws and regulations of the State of Kuwait, including those issued by the Ministry of Commerce & Industry, the Insurance Regulatory Unit (IRU), and other competent authorities.
- The Company adopted the new International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), including IFRS 17 – Insurance Contracts and IFRS 9 – Financial Instruments, effective 1 January 2023, and continued their application in 2025. The auditors have confirmed that the Company's financial statements for the year ended 31 December 2025 have been prepared in accordance with these requirements, ensuring enhanced reliability and comparability of financial information.

### 4.3 Corporate Social Responsibility

The Oriental Insurance Company Limited remains committed to contributing positively to society. The Kuwait Branch continues to support initiatives aimed at community welfare, financial awareness, and sustainable practices, in line with the Company's values and international standards.

## 5. Acknowledgement

The Company wish to express its humility & gratitude to the Government of Kuwait, the Insurance Regulatory Unit (IRU), the Ministry of Commerce and Industry (MOCI), the Kuwait Direct Investment Promotion Authority (KDIPA), and other Government bodies for their continued guidance and support.

**THE ORIENTAL INSURANCE COMPANY LIMITED**  
(A GOVT. OF INDIA UNDERTAKING)

IRU license No: FIC20200005  
Comm. Reg. No : 482917



**شركة أورينتال إنشورنس ليمتد**

(تعهد حكومي هندي)

رخصة وحدة تنظيم التأمين رقم : FIC20200005

سجل تجاري رقم : 482917

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We also extend our gratitude to our clients, reinsurers, agents, and employees for their trust, cooperation, and dedication, which remain the cornerstone of our operations in Kuwait.

Despite global and local challenges, the Company remains well-positioned to sustain growth, enhance profitability, and uphold its obligations to policyholders and stakeholders.

On behalf of The Oriental Insurance Company Limited – Kuwait Branch

  
Shyam Sunder  
Resident Manager  
Signature  
Date

