

**Oriental Insurance Company Limited – Kuwait Branch**  
**Management Report for the Year Ended 31 December 2023**

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## **1. Introduction and Company Overview**

The Oriental Insurance Company Limited, Kuwait Branch (the “Company”), is pleased to present their report together with the audited financial statements for the financial year ended 31 December 2023.

The Company operates in the State of Kuwait as a branch of Oriental Insurance Company Limited, India, under the agency of **M/s. Bader Al Mulla & Bros. Co. Kuwait**, and is engaged in the business of general (non-life) insurance. Our portfolio covers a broad spectrum of insurance products including motor, fire & property, engineering, marine, liability, and others, catering to both retail and corporate clients.

Despite a challenging macroeconomic environment, the Company continued to strengthen its underwriting practices, prudently manage its investments, and uphold its commitments to policyholders, regulators, and stakeholders.

## **2. Market Outlook**

During the year 2023, the global economy experienced a growth rate of 2.9%, compared to 3.2% in the previous year, reflecting the ongoing impacts of global economic challenges including high inflation, rising interest rates, and geopolitical tensions. On the other hand, global inflation rates decreased to 6.9% from 8.8% in 2022, indicating some improvement in global inflationary pressures. However, during the period 2000 to 2019, the global economic growth rate remains below the historical average of 3.8%, highlighting the major obstacles, which is still facing the global economy.

At the local level, the Kuwaiti economy ended the year 2023 with notable improvements in its overall financial position due to the rise in oil prices, shifting paths of bank credit, real estate activity, stock market performance; and increase in public expenditure during 2023. This improvement resulted in a budget surplus of 11.8% of GDP, marking the first surplus recorded, since 2014. The year was also characterized by an acceleration in the pace of government legislation. Several laws were passed including abolishing the local agent requirement for foreign companies allowing it to enter tenders directly; combating the monopoly of vacant lands to increase supply in the residential sector; and others. Besides, several measures with potential to cast positive financial impacts, have also been proposed including the imposition of some selective taxes. Inflation remained relatively stable at around 3.7%, driven by strong consumer demand, rising housing costs, and challenges facing the supply chain. Additionally, the Central Bank of Kuwait raised the interest rate to 4.25%, at a slower pace than the US Federal Reserve during 2023.

According to recent global outlook reports from OECD, Deloitte, Allianz, and Swiss Re, the insurance premiums are expected to grow by 3–4% globally in 2024, led by health, motor, and specialty lines. Further, the rising interest rates are likely to support investment income, though inflationary pressures in claims and catastrophe losses will remain key risks.

### 3. Key Financial Highlights

The Company's financial performance during FY2023 reflects both global headwinds and local competitive pressures. Key highlights are set out below:

- **Insurance Revenue:** KWD 2.44 million (FY 2022: KWD 3.58 million), reflecting a decline of 31.8% due to lower new business generation and competitive pricing.
- **Insurance Service Result:** Net deficit of KWD 137,091 compared with a surplus of KWD 857,541 in FY 2022.
- **Overall Net Loss:** KWD 523,880 (FY 2022: loss of KWD 927,998). The improvement in loss reflects cost discipline, though earnings were impacted by higher administrative costs.
- **Head Office Account:** KWD 11.52 million at year end, with accumulated losses at KWD 11.93 million resulting into the Net Equity remaining in negative at KWD 409,221.

Despite the net loss, the branch has maintained adequate solvency support from its Head Office in India, ensuring continuity of operations and fulfillment of policyholder obligations.

### 4. Operational Developments

- **Underwriting Discipline:** The Company strengthened risk selection and reinsurance placements to mitigate volatility in claims, particularly in property and motor lines.
- **Technology Enablement:** Continued focus on digital processes for policy issuance and claims handling, aligned with global industry moves toward automation and customer experience enhancement.
- **Regulatory Compliance:** The Company ensured compliance with evolving requirements of the Insurance Regulatory Unit (IRU) and Kuwait Direct Investment Promotion Authority (KDIPA) in Kuwait, particularly with respect to solvency, reporting, and consumer protection.
- **Cost Management:** Steps were initiated to rationalize overheads, though general and administrative expenses rose in 2023 due to restructuring and compliance-related costs.

### 5. Strategic Priorities

Insurers are focusing on technology adoption, climate-related risk management, and narrowing the protection gap. In line with these trends, the Company's priorities for 2024 will be to:

- Strengthen underwriting profitability and expand in profitable segments.
- Enhance customer engagement through digital channels.
- Optimize reinsurance structures to manage catastrophe exposure.
- Improve operational efficiency and cost management.
- Support Head Office initiatives on compliance, ESG, and risk governance.

## 6. 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.

## 7. 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.

## 8. 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.

## 9. Acknowledgements

The Company wishes to express its humility & gratitude to the Government of Kuwait, the Insurance Regulatory Unit (IRU), the Kuwait Direct Investment Promotion Authority (KDIPA), and other Govt. bodies for their continued guidance and support. It also extends its gratitude to its clients, reinsurers, agents, and employees for their trust, cooperation, and dedication, which remain the cornerstone of its operations in Kuwait. The management of The OICL Kuwait branch also acknowledges the guidance and capital support provided by its Head Office in India, which remains vital to the branch's operations.

The year 2023 was challenging, but the Company preserved its solvency and operational resilience in a demanding market. With supportive global and regional trends, and through focused execution of its strategic priorities, The Oriental Insurance Company Limited – Kuwait Branch is well positioned to improve performance and deliver enhanced value in 2024 and beyond.

**For and on behalf Oriental Insurance Company Limited – Kuwait Branch**

**Sd/-**

**Resident Manager**

Date: \_\_\_\_\_  
Place: Kuwait