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Insurance Market to Reach SR15bn

Khalil Hanware, Arab News

JEDDAH, 10 March 2008 — The Saudi insurance market is expected to more than double to SR15 billion over the next five years. In 2007, it was SR6.8 billion, Loay H. Nazer, chairman of Nazer Group, said yesterday.

While addressing a press conference at Qasr Al-Sharq here yesterday, Nazer also announced the SR160 million initial public offering (IPO) of BUPA Arabia, the health care specialist insurer, which opened for subscription on Saturday. The share issue, which is open to Saudis only, will close on March 15.

The offering consists of 16 million shares, representing 40 percent of the company's share capital after the IPO.

Nazer said the share price has been set at SR10. The minimum subscription is 50 shares and the maximum is 100,000 shares.

"It is too early to talk about subscription rates but initial indications are very promising," Nazer said.

BUPA Arabia plans to implement new projects and programs to serve 1.5 Million customers.

The allocation to retail subscribers will be performed in two stages. In the first stage, each subscriber will receive a minimum of 50 shares. During the second stage, and in the event there is a sufficient demand by retail subscribers, each subscriber for 50 shares or less will receive the full allocation of what he applied for, provided that total shares allocated do not exceed total shares offered to retail subscribers (16,000,000 shares). The balance of the offer shares (if available) will be allocated on a pro-rata basis.

Tal Hisham Nazer, managing director, BUPA Middle East, said shares may be bought online, through phone banking, ATMs and from branches of any of the five receiving banks - SABB, Riyadh Bank, The National Commercial Bank, Arab National Bank and Samba financial Group.



Loay H. Nazer, chairman of Nazer Group, center, Tal Hisham Nazer, managing director, BUPA Middle East, right, and David Warren, finance director, BUPA Arabia, address a press conference in Jeddah on Sunday. (AN photo by Khalil Hanware)

BUPA started in 1997 as a joint venture between the Nazer Group and BUPA International. Today BUPA International has established a customer base of more than 450 businesses in more than 1300 companies. The BUPA Group operating for more than 60 years, serves more than 8 million members in over 190 countries and employs over 46,000 worldwide.

Meanwhile, the Saudi stock market suffered 83.97 points fall yesterday. The Tadawul All-Share Index (TASI) closed at 9,834.41 points. The market is down 12 percent so far this year after rising over 40 percent in 2007.

In the banking sector, shares in Bank AlJazira and Saudi Hollandi Bank were in the black, while all other shares declined yesterday.

Saudi Basic Industries Corp. (SABIC) and Al-Rajhi Bank shares continued to fall yesterday. SABIC and Al-Rajhi Bank shares fell to SR97.75 and SR176.50 respectively.

In the insurance sector shares in Sanad Insurance & Reinsurance Cooperative Co. and Al-Sagr Company for Cooperative Insurance edged higher while all other companies were in the red yesterday.

Over SR5.34 billion worth of shares changed hands yesterday.

Stocks in Negative Territory

The BMG Saudi Index landed in negative territory yesterday. The index lost 3.18 points, a fall of 0.6 percent, to a closing level of 539.74 points. The market turnover also declined by 19.8 percent to SR2.5 million (\$663 million), against SR3.1 billion (\$827 million) attained in Saturday's session.

The sectors' performance followed the index's performance, with the exception of the telecommunications sector, which saw its closing level increase by 0.4 percent. The insurance and electricity sectors moved down by 2.6 percent and 1.8 percent, respectively, while the industrial and banking sectors dipped by 0.7 percent and 0.5 percent, respectively.

The agricultural sector depreciated by 0.4 percent, whilst the services sector went down by 0.2 percent. The majority of the shares ended yesterday's session in negative territory. Only 3 shares appreciated, led by Tabuk Agriculture Development Co., rising by 1.1 percent to SR45.75.

The worst performer was Saudi Indian Company for Cooperative Insurance, whose share price dropped by 3.8 percent to SR88.50.

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