



Board of Directors' Report

Dear Shareholders,

On behalf of the Board of Directors of Union Insurance Company P.J.S.C. we have the pleasure in presenting our Report on the performance of the Company along with the Audited Financial Statements for the year ended 31st December 2021.

The Company registered another successful year of Underwriting performance during 2021 despite continued challenges faced by the local insurers and global economy due continuing outbreak of the COVID 19 pandemic for the second year, The Company took several timely measures to mitigate the effects of the pandemic which resulted in successfully sustaining the business and improving the premium during the year 2021.

Notable events/achievements during the year were:

- The Company registered a Gross Premium of AED 900 million in 2021 as against Premium of AED 868 million during 2020.
- The Company continues to carry technical provisions as recommended by the Actuary in compliance with the Insurance Authority regulations.
- The Company's Financial Strength Rating of B+ (Good) and Issuer Credit Rating of (BBB-) was affirmed by the International Credit Rating Agency A. M. Best. According to AM Best's Press Release on 09th December 2021 – "these ratings reflect Union's Balance Sheet strength, which A.M. Best categorises as strong, as well as its adequate operating performance, limited business profile and appropriate enterprise risk management".
- During the year 2021, the new Board of Directors, elected on 08-06-2021 discovered the non existence of real estate investments amounting to AED 73 million that were registered in the Company's books and included in its financial statements issued in the year 2020 (before restated). The Company has submitted an initial solvency recovery plan on 11 November 2021 detailing the proposed course of action. The CBUAE has vide its communication dated 13 January 2022 gave the company time till 30 September 2022 towards the restoration of solvency.

The Company, as part of its submitted action plan, divested the concentrated equity position on one investment during November 2021. This has resulted in reducing the solvency deficiency by 94%. The solvency deficit as at 31 December 2021 stands at AED (2.3 million) and the company is confident of restoring the solvency during the 1st quarter 2022.

Classification: **Public**





2021 Financial results

- The Underwriting Profit for 2021 amounted to AED 19.4 million (2020: AED 24.7 million).
- The company reported investment profit of AED 5.4 million compared to loss of AED (2) million for the year 2020.
- The Net Profit for the year 2021 amounted to AED 13.2 million as against the Net Loss of AED (3.9) million for the year 2019.
- Total Equity of the Company increased to AED 235.4 million in 2021 from AED 222 million at the end of the 2020 (Restated).
- Total Assets of the Company as at 31.12.2021 is AED 1.998 billion compared to AED 1.626 billion as at the end of 2020.

The new Board of Directors confirms that they will continue to sue some of previous Board members and one current Board member in relation to fictitious real estate investments (AED 73 million), as well as suing three former Board members and one current board member to recover what the previous Board of Directors had previously paid to themselves. - Unjustly - from fees and allowances (AED 400,000 per member) before their resignation on 11-04-2021.

The Management take this opportunity to thank all the shareholders and customers for their continued support and also express their sincere appreciation to Company managers and staff for their dedication and hard work.

For and on behalf of Union Insurance Co. P.J.S.C.

Chairman of the Board

Nasser Rashid Abdulaziz Almoalla

