Daily Bulletin

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SAUDI RE: Path to 50% local cessions by 2030 to lift reinsurance revenue by >5% from 2027

Last Price: SAR 26.8 | YoY Performance: -14.2% | Consensus Target Price: SAR 33.2

Saudi Reinsurance Co. (Saudi Re) announced the expected financial impact of the Insurance Authority's (IA) circular dated 15 November 2026, which raises the minimum share of ceded reinsurance premiums that primary insurers must offer to the local market to 35% in 2027, 40% in 2028, 45% in 2029 and 50% in 2030, from 30% currently. Local reinsurers will also have the right of first refusal on these cessions. Saudi Re expects the mechanism to increase its reinsurance revenue by more than 5% of total reinsurance revenue, based on 2025 results, with the financial impact expected to start from 2027.

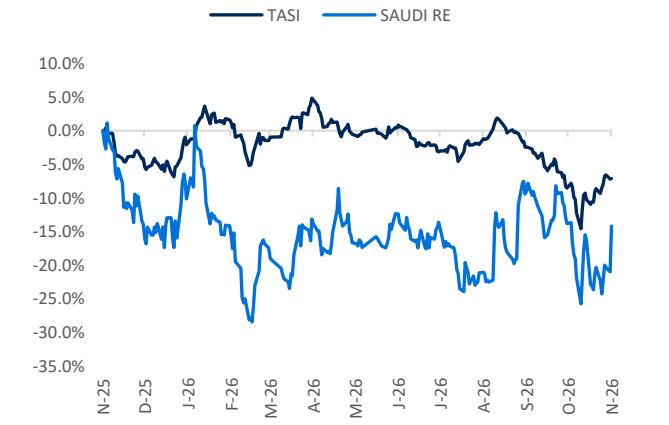
Based on 2025 reinsurance revenue of SAR 1,672.5 mn, the guided uplift implies at least SAR 83.6 mn of additional reinsurance revenue. The incremental business falls under Saudi Re's local segment, which generated SAR 900.3 mn of reinsurance revenue in 2025, accounting for 53.8% of the total, and a reinsurance service result of SAR 106.2 mn, implying a margin of 11.8%. The minimum uplift is equivalent to 9.3% of 2025 local revenue. At the local segment's 2025 margin, it could translate into around SAR 9.9 mn of additional reinsurance service result, equivalent to 5.8% of the company's 2025 total reinsurance service result.

The earlier phase of the mechanism, which raised the minimum local share from 20% in 2023 to 25% in 2024 and 30% in 2025, and extended it to facultative business from January 2025, has already reshaped Saudi Re's book. Local reinsurance revenue rose 87.6% YoY to SAR 900.3 mn in 2025, lifting its share of total revenue to 53.8% from 42.5% in 2024, while local GWP more than doubled to SAR 1,878 mn in 2025 from SAR 783 mn in 2023. The announcement follows strong 9M26 results, with reinsurance revenue up 73.3% YoY to SAR 2,074.8 mn and GWP up 49.9% YoY to SAR 3,926 mn.

The circular sets a clear timeline for raising the minimum local cession to 50% by 2030, with the share increasing by 5 ppt annually from 2027. The first step up coincides with the Insurance Authority's planned implementation of Risk Based Capital (RBC) in 2027, which is likely to encourage capital constrained primary insurers to cede more risk. As the largest and only listed domestic reinsurer, Saudi Re is well placed to benefit from both changes.

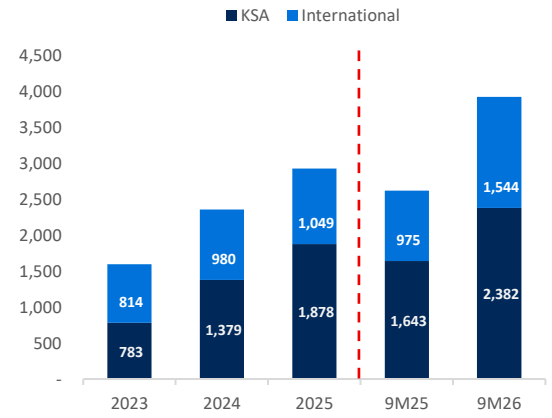
The stock has declined 14.2% YoY, as of last close of SAR 26.8, underperforming TASI, which declined 7.1% during the same period. The stock trades at a 2027f P/E of 15.4x and P/B of 1.7x, while the consensus target price of SAR 33.2/share implies an upside of 23.8%.

Relative price chart



Source: Bloomberg, anbc research

SAUDI RE GWP (SAR Mn)



Source: Company announcements, anbc research

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