

# **United Arab Emirates Motor Insurance Market By Insurance Type (Third Party Liability, Comprehensive), By Distribution Channel (Agents/Broker, Bank, Online, Others), By Region, Competition, Forecast & Opportunities, 2020-2030F**

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## **Abstracts**

The United Arab Emirates Motor Insurance market was valued at USD 1.41 Billion in 2024 and is expected to grow to USD 1.77 Billion by 2030 with a CAGR of 4.23% during the forecast period. The United Arab Emirates Motor Insurance market is driven by several key factors such as a significant increase in vehicle sales, spurred by the country's growing population and strong economic growth, has led to a higher demand for motor insurance. The UAE's strict road safety regulations and mandatory third-party liability insurance further fuel market growth. Also, rising road accidents and a greater focus on vehicle protection have encouraged consumers to seek comprehensive insurance policies. The growing adoption of digital platforms has also transformed the motor insurance landscape, allowing consumers to easily compare, purchase, and manage policies online. Also, the expansion of the electric vehicle market in the UAE is driving the need for specialized insurance coverage tailored to new car technologies.

### **Key Market Drivers**

#### **Rising Vehicle Ownership Across the Region**

Rising vehicle ownership across the United Arab Emirates (UAE) is a significant driver of the motor insurance market. The UAE's growing population, coupled with its status as an economic hub in the Middle East, has contributed to a steady increase in the number of vehicles on the road. As a part of this, according to a recent study, as of August 2023, the number of cars in operation per 1,000 persons in the United Arab

Emirates is expected to increase by 22.2 cars between 2023 and 2028 (+8.19%). The number of cars is expected to reach 293.22 by 2028. With more individuals and businesses purchasing cars, there is a corresponding rise in demand for motor insurance products, ranging from mandatory third-party liability insurance to comprehensive coverage. The expanding vehicle ownership base is also influenced by the country's favorable economic conditions, including low taxes, easy access to financing, and government incentives that make car ownership more accessible. Also, the UAE's high standard of living, rapid urbanization, and robust infrastructure have encouraged car ownership, especially among expatriates and residents.

This surge in vehicle ownership is prompting consumers to seek enhanced protection against potential risks, such as accidents, theft, and damage. Insurers are responding by offering customized motor insurance policies that cater to a diverse range of vehicles, including electric cars, luxury vehicles, and fleet insurance for businesses. Also, the increasing awareness of the importance of insurance and evolving regulatory requirements for car insurance coverage are reinforcing the demand for motor insurance in the UAE, contributing to sustained market growth.

### Rising Road Accidents Is Influencing Its Market Growth

Rising road accidents in the United Arab Emirates (UAE) are significantly influencing the growth of the motor insurance market. The UAE has one of the highest road accident rates in the world, driven by factors such as high traffic volumes, fast driving speeds, and occasionally hazardous road conditions. As accidents result in substantial damages and medical costs, there is an increasing need for motor insurance coverage that can mitigate these financial risks. As a part of this, according to a recent study, as of September 2024, the emirate of Dubai in the United Arab Emirates had approximately 3.6 thousand traffic incidents in 2022. In that year, the number of traffic accident injuries caused by failure to maintain a safe distance was the highest, with 683 casualties.

This heightened accident frequency is encouraging both individuals and businesses to invest in comprehensive insurance policies, which cover not only vehicle damage but also third-party liability and personal injury protection. Insurance providers are expanding their offerings to address the growing need for coverage against accidents, offering customizable policies that provide a higher level of protection. Also, the UAE government's strict enforcement of road safety laws, including mandatory insurance coverage for all vehicles, has further contributed to the market's growth. With the increasing number of vehicles on the road, accidents have become a critical concern, prompting both new car owners and experienced drivers to secure the necessary

insurance to safeguard their financial well-being. As the frequency of road accidents continues to rise, the demand for motor insurance products in the UAE will likely keep growing, encouraging insurers to develop innovative solutions tailored to the needs of the market.

### Rapid Urbanization & Surging Economic Growth

Rapid urbanization and surging economic growth in the United Arab Emirates (UAE) are key drivers of the motor insurance market. As a part of this, according to a recent study, the UAE urban population for 2023 was 8,353,814, up 1.07% from 2022. The UAE has witnessed significant urban development, particularly in cities like Dubai and Abu Dhabi, where high population densities and modern infrastructure have led to an increase in vehicle ownership. As more people move to urban areas for work and lifestyle opportunities, the demand for private vehicles has surged, further driving the need for motor insurance.

The country's economic prosperity, fuelled by oil revenues, a thriving real estate market, and diversification into sectors like tourism and technology, has contributed to higher disposable incomes. This, in turn, allows more individuals and families to afford vehicles, boosting car sales. Businesses are also increasingly investing in vehicle fleets, adding to the demand for commercial vehicle insurance. Alongside this, rapid urbanization has led to congested roads and an increased risk of accidents, further encouraging vehicle owners to seek comprehensive motor insurance to protect against potential damages or liabilities. The combination of increased vehicle ownership, the need for financial protection, and the country's economic growth is creating a strong demand for motor insurance products. Insurers in the UAE are responding by offering more tailored policies, including those for luxury cars, electric vehicles, and business fleets, to cater to the growing and diverse market.

### Key Market Challenges

#### Rising Premium Rates

The rising premium rates present a significant challenge in the United Arab Emirates (UAE) motor insurance market. Over the past few years, insurers have faced increasing claims costs, particularly due to rising repair and replacement costs for vehicles, coupled with higher medical expenses. As a result, insurance providers have been forced to raise premiums to maintain profitability. These increased rates have led to consumer dissatisfaction, especially among price-sensitive buyers who may opt for

lower coverage or even forgo insurance altogether. Also, rising premiums can make it harder for insurers to attract new customers or retain existing ones, affecting overall market growth. Balancing competitive pricing with rising operational costs remains a key challenge for the industry.

### Increased Competition Among Key Players

Increased competition among key players is a notable challenge in the United Arab Emirates (UAE) motor insurance market. The market has seen an influx of both local and international insurers, all vying for market share. This competitive environment has led to aggressive pricing strategies, with insurers often lowering premiums to attract customers, sometimes at the cost of profitability. While consumers benefit from lower prices, this intense competition can lead to reduced margins for insurers, making it difficult for them to maintain financial stability and provide the level of service they desire.

Also, insurers are under pressure to differentiate themselves in a crowded market. Many companies are offering similar products, and distinguishing based on price alone is not sustainable in the long run. This has pushed insurers to innovate, offering additional services, bundling packages, or implementing digital solutions to enhance customer experience and improve efficiency. However, these innovations come with their own costs, further increasing operational pressure. Also, the rise of InsurTech companies has disrupted traditional business models, offering customers online platforms and more personalized, tech-driven insurance products. While this has contributed to industry growth, it also adds to the competitive pressure, forcing established players to adapt quickly to the evolving digital landscape or risk losing market share. This heightened competition presents both opportunities and challenges for insurers operating in the UAE motor insurance market.

### Key Market Trends

#### Digitalization of Motor Insurance Industry

The digitalization of the motor insurance industry is a significant trend reshaping the market in the United Arab Emirates (UAE). With the increasing reliance on technology, insurers are adopting digital platforms for a more streamlined and efficient customer experience. Consumers now prefer the convenience of researching, comparing, purchasing, and renewing their motor insurance policies online. This shift has led to the rise of InsurTech startups, which offer easy-to-use mobile apps and websites that

simplify the insurance process.

Also, digitalization is enhancing claims processing, with many insurers introducing online claim submission portals and AI-driven tools to expedite approvals and payments. This reduces the time and effort required for claims settlement, improving overall customer satisfaction. Also, insurers are leveraging data analytics and AI to offer personalized pricing based on individual driving behaviour, vehicle usage, and risk profiles, leading to the rise of usage-based insurance policies. The adoption of digital tools is also allowing insurers to improve their marketing strategies, targeting customers with personalized ads and offers through social media and online platforms. As the demand for convenience and accessibility grows, the digitalization trend is driving innovation in the UAE's motor insurance market, encouraging both new entrants and established players to invest in technology-driven solutions.

### Rising Demand for Customized Policies

The rising demand for customized policies is a notable trend in the United Arab Emirates (UAE) motor insurance market. Consumers are increasingly seeking tailored insurance solutions that meet their specific needs, preferences, and lifestyles. This trend is being driven by a combination of factors, including the growing awareness of the importance of insurance and the desire for more flexibility in coverage. In response, insurers are offering more personalized motor insurance products, allowing customers to select coverage based on their driving habits, vehicle type, and specific risks. For example, policies are becoming more flexible with options to add or remove coverage for specific risks like natural disasters, vehicle theft, or damage. Also, insurers are introducing usage-based insurance (UBI), where premiums are determined by the distance driven, driving behaviour, and even vehicle type, providing more affordable and relevant coverage for consumers.

The rise of digital platforms also supports this trend, enabling customers to easily customize their policies and receive instant quotes based on their specific requirements. As customer preferences continue to evolve, insurers in the UAE are adapting by offering innovative, flexible policies that cater to individual needs, ultimately driving customer satisfaction and market growth.

### Rise of Telematics & Usage Based Insurance

The rise of telematics and usage-based insurance (UBI) is a significant trend transforming the United Arab Emirates (UAE) motor insurance market. Telematics

technology involves the installation of devices in vehicles to monitor driving behaviour, including speed, braking patterns, and overall driving habits. This data is then used by insurers to offer personalized insurance premiums based on individual driving behaviour, rather than relying on traditional rating factors such as age, gender, or vehicle type models allow consumers to pay premiums that are directly linked to their driving habits, making insurance more affordable for safe drivers. In the UAE, where a large proportion of the population consists of young and tech-savvy individuals, the demand for UBI is growing rapidly. Insurers are increasingly offering telematics-based policies that reward good driving with lower premiums, encouraging safer road behaviour.

Also, the growing popularity of electric vehicles (EVs) and hybrid cars has further fuelled the adoption of telematics, as these vehicles often feature built-in telematics systems. As the UAE continues to embrace digital transformation, telematics and UBI are expected to gain even more traction, providing consumers with more personalized, flexible, and cost-effective motor insurance options while promoting safer driving habits.

## Segmental Insights

### Distribution Channel Insights

Agents/Brokers dominated the United Arab Emirates Motor Insurance market, acting as the primary intermediaries between insurance companies and consumers. These professionals play a crucial role in guiding customers through the process of selecting the most appropriate coverage based on individual needs and preferences. Given the complexity of insurance products, many consumers rely on agents and brokers for expert advice, especially when choosing between various policy options, discounts, and coverage terms. Also, agents and brokers have established strong relationships with insurers, offering access to a wide range of policies and competitive pricing. While digital platforms are gaining traction, agents and brokers remain the preferred choice for many customers in the UAE due to their personalized service, local expertise, and trustworthiness.

## Regional Insights

Dubai dominated the United Arab Emirates Motor Insurance market, due to its position as the country's economic and commercial hub. With a large, diverse population and high vehicle ownership, Dubai drives significant demand for motor insurance products. The city's rapid urbanization, increasing number of vehicles on the road, and bustling

tourism industry contribute to its leadership in the market. Also, Dubai's advanced infrastructure, thriving business sector, and stringent regulatory requirements have led to a robust demand for both personal and commercial vehicle insurance. The growing awareness of insurance, coupled with higher disposable incomes, further strengthens Dubai's dominance in the UAE motor insurance market.

### Key Market Players

Sukoon Insurance PJSC

Abu Dhabi National Insurance Company

The New India Assurance Co. Ltd

Union Insurance Company

Abu Dhabi Commercial Bank PJSC

Dubai National Insurance

Mashreqbank PSC

Yalla Compare

Etiqua

The Chubb Corporation

### Report Scope:

In this report, the United Arab Emirates Motor Insurance Market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

United Arab Emirates Motor Insurance Market, By Insurance Type:

Third Party Liability

Comprehensive

United Arab Emirates Motor Insurance Market, By Distribution Channel:

Agents/Brokers

Bank

Online

Others

United Arab Emirates Motor Insurance Market, By Region:

Dubai

Abu Dhabi

Sharjah

Ajman

Rest of UAE

Competitive Landscape

Company Profiles: Detailed analysis of the major companies presents in the United Arab Emirates Motor Insurance Market.

Available Customizations:

United Arab Emirates Motor Insurance Market report with the given market data, TechSci Research offers customizations according to a company's specific needs. The following customization options are available for the report:

Company Information

Detailed analysis and profiling of additional market players (up to five).



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