

GAIF Daily

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CEO Message

Middle East Insurance
Review and Asia
Insurance Review CEO
Sheela Suppiah

Middle East Insurance Review (MEIR) is most honoured and humbled to be engaged as the official publication of the 34th GAIF Conference held in the beautiful Sultanate of Oman. The prestigious gathering coincides with GAIF's diamond jubilee and Muscat is the perfect setting as both the Arab and international insurance markets bestow very high regard and confidence on Oman.

MEIR, launched in 2006, has played an active role in the past 18 years as a media partner of this, the largest regional gathering of insurers and reinsurers, and we look forward to bringing you fresh, comprehensive coverage over the next three days through our daily newsletter. We would like to acknowledge our appreciation of the Capital Market Authority

and the Oman Insurance Association as the organisers, as well as to Oman Re as the official sponsor of MEIR's daily newsletter, for this privilege.

The theme 'Sustainability and Inclusivity in the Arab insurance industry: How Arab insurers leverage the AI revolution' is indeed timely especially as the insurance world redefines itself to keep ahead of the AI revolution and all that it brings. This is a new horizon and a paradigm shift for the Arab insurance world not only to focus on financial and profitability issues but to cast their eyes wider to embrace ESG and broader societal goals. We salute the organising committee's choice of theme as this will surely reshape the industry's ethos. It is time for insurers to align themselves with global developments.

In addition, inclusivity, another focus for the industry, will allow insurers to reach a broader demographic, not only to address the new-age consumer, but also to offer workforce diversity and product offerings accordingly. And technology is an enabler for sustainability and inclusivity as it not only allows insurers to understand new diverse consumer needs better, it facilitates the customisation of new insurance solutions, instead of a one-size-fits-all approach, in a faster, more efficient way.

Oman's significant transformation especially in innovation and the adoption of digital technology has resulted in sophistication in its landscape. It is therefore apt for Oman to be hosting this event focused on the AI revolution where many advancements such as InsurTech solutions are now integral to the operational efficiency and diverse needs of the Omani consumer.

The well-chosen topics on the programme have been designed to address sustainability, resilience and the regulatory framework for AI adoption. We look forward to meeting the leading lights from the industry across the world as they descend on Oman's shores to provide you with on-the-spot coverage on how the insurance sector is embracing the opportunities that AI brings for both local and international stakeholders in facilitating more accurate risk assessments and enhancing the customer experience. Whilst the opportunities are plenty, the industry must also brace itself for the challenges it faces from geopolitical and global unrests, cyber security risks as well as global economic concerns. The year 2024 will be a litmus test and it remains to be seen what the future holds for the industry as a whole.

On behalf of MEIR, we wish all the sponsors, speakers and delegates the very best and look forward to working closely with you in 2024. Enjoy Muscat. 

Oman Reinsurance Company
CEO Romel Tabaja

“ At Oman Re, we recognise the power of collaboration and the importance of staying abreast of the latest industry developments. It is with immense pride that we align ourselves with Middle East Insurance Review, the region's preeminent insurance publication, to sponsor the GAIF Daily newsletter at the 34th GAIF Conference in Muscat, which is a distinguished gathering of industry luminaries from the region and beyond. ”

Further cooperation between Arab markets must be promoted



The primary challenge faced by the (re)insurance industry in Arab insurance markets is certainly the low insurance penetration compared to more developed insurance markets. Analysing the contributing factors to low insurance penetration leads to identifying the challenges that the insurance industry in the Arab world needs to navigate. These can be split into endogenous and exogenous factors:

Exogenous factors include cultural non-acceptance of the insurance concept as an important risk mitigation and transfer instrument. Despite the important progress made in past decades on this front, various stakeholders in the Arab insurance industry still have a lot to do to promote the importance of insurance solutions. Other evident exogenous factors are political instability in a growing number of Arab countries, the relative low level of GDP per capita, currency devaluation associated with high interest rates leading to claims inflation. Arab reinsurers are further affected by the low sovereign rating of many Arab countries, penalising them from securing competitive rating of their companies.

The Arab insurance industry's endogenous challenges are various, the most important being non-adherence to best practices of corporate governance by many players in the region. This is a joint responsibility of the insurance

players and the insurance authorities. This translated into fragmented markets with high number of insurance companies that is way beyond market needs, low retention levels of insurance players, non-technical pricing and poor claims services affecting the reputation of the industry.

Hopes for reinsurance in 2024

As an Arab reinsurer, our role consists primarily of supporting growth and prosperity of people and businesses in our region. That can be achieved through improved insurance penetration which is a joint responsibility of insurance authorities and insurance players in the Arab world.

We believe that insurance market consolidation is needed. The recent mergers and acquisitions in the GCC are a good development and we hope that further M&A will materialise in the coming years. We believe this will gradually lead to better corporate governance, increased business retention and ultimately will result in improved services and fair insurance products pricing.

Despite the role played by the GAIF since its establishment, we believe that further cooperation between Arab insurance markets needs to be promoted. Focus should be on easing the protectionist policies for Arab (re)insurers introduced in many Arab countries such as:


- Restrictions on foreign investments in the local (re)insurance industry
- Excessively high local compulsory cessions
- Imposing challenging FSR rating requirements
- Solvency advantages for locally registered and capitalised (re)insurance companies
- Imposing a minimum levels of market retentions
- Higher corporate taxes imposed on foreign (re)insurance
- Government assets insured only with national companies

Moving towards sustainability

Consolidation and cross-border cooperation between Arab (re)insurance companies is the priority, in our opinion, allowing for the creation of well-managed large (re) insurance entities able to compete against international players and capable to meet Arab insurance markets' growing needs.

The role of the Arab insurance authorities is quite important in this process through harmonisation of insurance legislations in the Arab region with focus on corporate governance implementation, ERM standard enforcement, introduction of compulsory insurance products and the encouragement of Arab investments in the Arab (re)insurance sector.

The Arab region is facing risks beyond the capabilities of single (re)insurance companies such as Nat CAT, war, political violence and strikes, riots and civil commotion risks. Currently, most of the portfolios are placed internationally. The establishment of Arab (re)insurance pools, largely placed within the Arab insurance markets and supported by Arab governments, could be an efficient and sustainable model to promote insurance penetration and to meet insurance market's protection needs.

The Arab insurance authorities might also consider easing eligibility criteria for cross-border Arab reinsurers to promote cooperation and contemplate joining forces for the establishment of an Arab financial strength ratings agency. 



How do you think Arab insurers can use AI to promote sustainability and inclusivity?

“ Insurance companies can optimise resource allocation, automate processes, elevate client experiences and nurture sustainable practices by incorporating AI into many facets of their operations.



- Trust Re CEO Yassir Albaharna ”

“ AI offers various possibilities to promote sustainability and inclusiveness in the Arab insurance industry, which should significantly change the operating way of the insurers.



- CASH Assurances CEO Wided Belhouchet ”

“ AI enables precise risk assessment through data analysis, allowing us to develop insurance products that incentivise environmentally conscious behaviour ... By embracing AI, we not only enhance risk management but also contribute to the development of a sustainable and inclusive insurance industry in the Arab region.



- ACE Gallagher Holding CEO Yolla El Khoury ”

“ AI can solve those limitations, streamline operations and improve the cost of gathering, analysing data, as well as facilitating the development and administration of products that caters for underserved segments and hence improve sustainability and inclusiveness.



- Kuwait Re CEO Dawoud Al Duwaisan ”

“ AI can easily calculate the probability of a risk occurring at the level of the individual and allow the insurance inclusion of such an individual.



- Insurance Federation of Egypt chairman and GIG Egypt CEO Alaa El Zoheiry ”

“ Arab insurers can leverage AI to enhance sustainability by implementing predictive analytics for risk assessment, thus promoting eco-friendly policies.



- Emirates Insurance Association secretary general Fared Lutfi ”

“ The use of AI in insurance has the potential to yield economic and societal benefits that go beyond insurers and their customers by improving risk pooling and enhancing risk reduction, mitigation and prevention.



- Milli Re international underwriting manager Gokhan Aktas ”

“ AI's risk assessment and pricing utilising capabilities can assist Arab insurers in analysing a vast amount of data to assess risk associated with environmental factors such as climate change better.



- GIG Jordan CEO Ali Al Wazani ”

“ It's important that individuals act diligently to ensure that AI operates sustainably and inclusively when processing data.



- CII MEA regional director Gaenor Jones ”

“ AI has the capability to analyse vast amounts of data and provide information that can help insurers to identify, assess and manage emerging risks related to climate change, natural disasters or other sustainability challenges leading to more sustainable underwriting practices.



- FAIR secretary general Mo'men Mukhtar ”

“ Through AI, companies will also be well placed to manage their environmental responsibilities in usage of energy, transport, office air-conditioning and many other areas which enables them to improve their carbon footprint while reducing costs.



- Watania Takaful CEO Gautam Datta ”

“ The increased use of technology to underwrite risks and manage the claims process has led to a shift away from paper-based processes and has helped to promote sustainable practices. The next phase of that transition is to implement AI tools to further accelerate growth and efficiency in a sustainable and inclusive way.



- Norton Rose Fullbright (Middle East) partner Shabnam Karim ”

The state of Arab insurance markets today

In its 60th year, the General Arab Insurance Federation continues its mission of supporting growth in Arab markets while playing its role in achieving an integrated and developed regional insurance industry.

By Osama Noor

The Arab insurance industry has kept pace with the development witnessed by many countries in the region and it has also formed a pillar of guarantee and protection for other countries where development is moving at a slower pace.

In general, it can be said that the stability and steadfastness of the Arab insurance industry in the face of many economic, social and political challenges is a major achievement for companies, regulatory bodies and other institutions operating in the insurance sectors in the region, said General Arab Insurance Industry (GAIF) secretary general Chakib Abouzaid.

“However, the Arab markets still have a lot to do in order to raise the level of the insurance industry and place it in the ranks of the developed countries, in which insurance contributes to an acceptable extent to their economies; yet, it is fair to say that some Arab markets have made significant strides,” he said.

Growth factors

Mr Abouzaid said that the Arab insurance industry is evolving in a very positive manner, it is still dependent on factors that include the geopolitical situation, the economy in oil and gas producing countries versus non producers and the insurance legal framework.

“The geopolitical situation in many countries is impacting six economies and their neighbours in the region. The war on Gaza has almost paralysed the Palestinian economy and impacted Jordan and Egypt. Moreover, sanctions on Syria

are preventing any foreign investment or funds transfer,” he said.

As for the insurance legal framework, it has evolved in many countries in the past years, he said. “The regulators are now either independent authorities, such as Egypt, Morocco and KSA recently; or operating under the umbrella of central banks, including Bahrain, Jordan, Qatar and UAE. The takaful framework has been adopted in many countries like Morocco and Algeria; whereas there is a new insurance act being discussed in the parliament in Egypt.”

GAIF keeping pace with progress

GAIF is actively pursuing the digitalisation of its operations and realising the importance of technology in developing and progressing the Arab insurance industry, said Mr Abouzaid.

“We have finalised the digitalisation of the GAIF Orange Card and we are currently working on the claims module, intimation and processing. The long-term objective is to create a body, a pool or syndicate to manage the Orange Card and reduce the delays of payments. This is a strategic project.”

He said that there are other ambitious projects and initiatives that will make a notable contribution to the development of the insurance industry in the region. This includes the Arab Nat CAT initiative.

“We hope for the markets to react positively to our proposal to launch an Arab pool that caters for the needs of protection against the risks emerging from this area, which are increasing in effect



General Arab Insurance Federation secretary general Chakib Abouzaid

and frequency.”

This year, GAIF’s 34th General Conference in Muscat will witness the presentation of a new set of bylaws to strengthen GAIF corporate governance and to align its internal rules with the Arab Unity Economic Council requirements, said Mr Abouzaid.

“More importantly, we will be celebrating GAIF’s 60th anniversary. The Muscat conference, held with the theme ‘Sustainability and Inclusivity in the Arab Insurance Industry: How Arab Insurers Leverage the Artificial Intelligence Revolution’, will be an important milestone and confirms the role this organisation plays in supporting development of the Arab insurance markets which hopefully will see further growth in the future.

“Other than that, GAIF will continue working based on the objectives and roadmap approved by its board of directors and to keep our members and insurance professionals updated on the recent developments on the global and regional markets.”

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