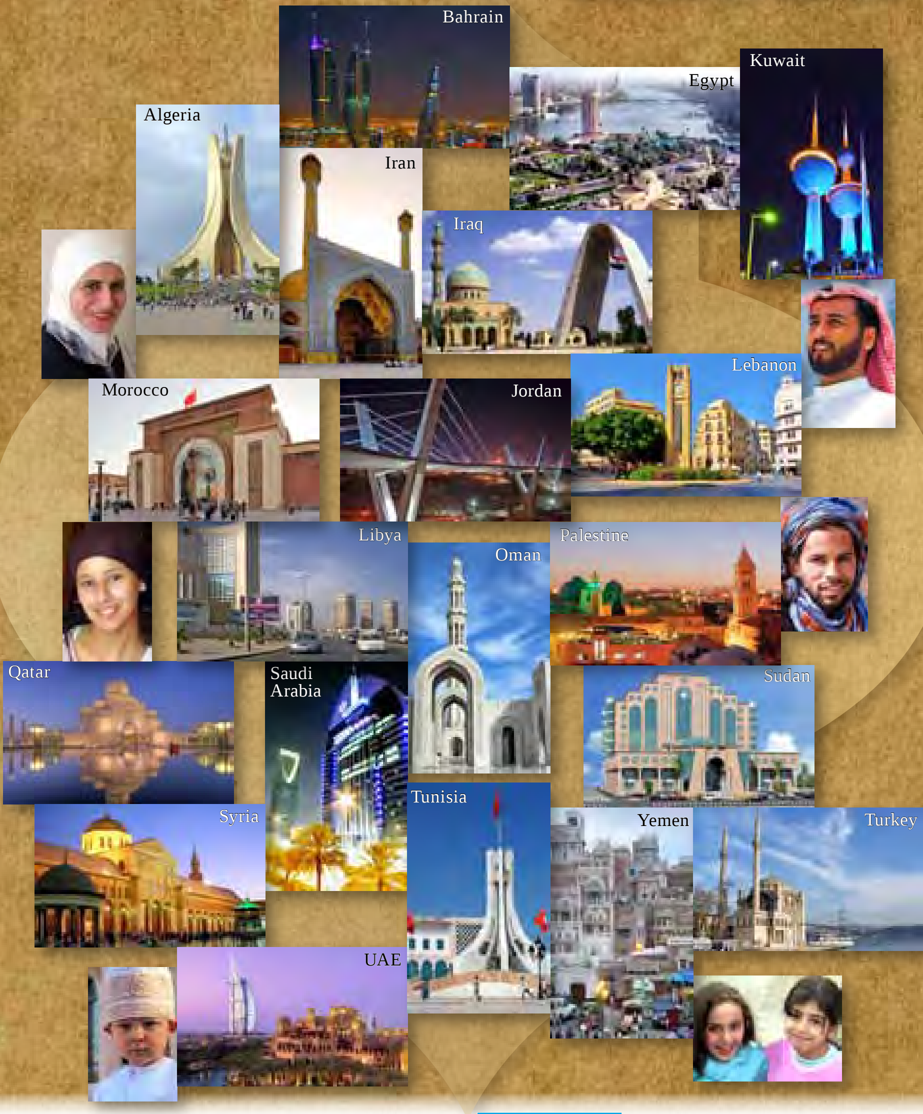
MENA Insurance Markets

A MINI GUIDE

A 7th Anniversary Special of MIDDLE EAST INSURANCE REVIEW



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MIDDLE EAST INSURANCE REVIEW

Foreword

Middle East Insurance Review (*MEIR*) celebrates its seventh anniversary since its launch in September 2006 during the heydays of the high oil prices and infrastructural boom in the MENA region. The boom was so powerful that every major insurer and reinsurer was bound for the Middle East.

But what a difference seven years makes. Market prospects are now more muted with the persistent Arab Spring moving into the Summer of Discontent, with two big countries still in a state of war and uncertainty, though Dubai has resoundingly recovered from the pangs of the global financial crisis. Takaful has also grown from its heydays of jubilant promises to be called to account for its returns and impact.

Looking back, we at *MEIR* are very proud to have survived the entire seven years, though many publishers and competitors have come and gone, slowed down to bi-monthly or just become virtual, and some have even become just a mirage. We have even outlived several big MNCs which had rushed into the heat of the region only to be burnt out quickly.

In the seven years we have been covering market developments and introducing all the players from the various nooks and corners of the region to the world, we have seen the market stagnate in some areas and regress in others but move forward in many more areas.

Just for the record: the market has grown from US$20.4 billion to $44.1 billion between 2006 and 2012. Although penetration has remained flat at 1.5%, insurance density has increased from $170.1 to $305.7 during the period. The life business remains small but greater attention is being paid to it and we are spreading the word.

I salute many of the outstanding CEOs, both locals and foreigners, who have gone out of their way to boost professionalism and standards in the market. Among the key developments in the market, growth aside, is the slew of regulations, the growing voice for uniform and actual enforcement of rules and the birth of the MENA Insurance CEO Club (MICC), aimed at providing thought leadership to the MENA insurance industry. The presence of such a dedicated pool of volunteers can only augur good tidings for the industry and *MEIR* is proud to have been chosen as the Secretariat to this Club that has hosted important milestone conferences for the region like the Political Risks Seminar and the Social Media Conference, both aimed at keeping the industry on its toes to respond to the needs of the day.

Over the past seven years and 84 monthly editions, *MEIR* has kept the faith in the market through thick and thin, and is confident of brighter days ahead as the industry gets more professional and more responsive to the changing needs of society and economy. We will be there to keep you posted of the next stage of development and zero in on all the key little critical and inspiring developments and nitty gritties in the market. You will never have to walk alone as a subscriber of *MEIR* with our arsenal of products to support your drive to boost your competitive edge to win in the long term!

And so it is with pride and commitment that we present our Third Mini Guide to the MENA Insurance Markets as a concise fact book on 20 markets in the region. We hope this up-to-date information will serve the needs of practitioners in the market and those keen to do business in the MENA region.

Sivam Subramaniam
Editor-in-Chief,
Middle East Insurance Review

Message from Sponsor

Welcome to *Middle East Insurance Review*'s guide to the insurance markets across the Middle East and North Africa (MENA) region.

This guide is a well-established and important reference tool for insurance practitioners, providing key details of each market in the MENA region.

AIG is proud to sponsor this guide and has maintained a presence in the MENA region for over 50 years, providing insurance solutions for both consumers and corporate clients and transacting business across the Middle East and North Africa.

Currently, AIG has operations in eight countries across MENA – Bahrain, Egypt, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

Over the last few years AIG has been recognised across the MENA region by the business community as well as the insurance industry. AIG was named Egypt Insurer of the Year, Kuwait Insurer of the Year and MENA Financial Lines insurer of the year with recognition for our strong customer focus, excellence in claims management, market leading products and insurance capacity. Most recently, AIG received the MENA Product Innovation award for the launch of CyberEdge Insurance, a first such product for the MENA region.

AIG is committed to the long-term development of the region and the respective insurance markets, and is confident that we will continue to see strong growth of the insurance industry over the next few years.

Michael Whitwell
President, MEA,
AIG

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Insurance statistics of MENA countries 2012

	Total premiums (US$ million)	% growth over previous year	% of world market share
Middle East (ME)			
Turkey	10,882	8.0	0.24
Iran	8,222	0.7	0.18
UAE	7,190	10.4	0.16
Saudi Arabia	5,455	10.5	0.12
Qatar	1,300	8.6	0.03
Lebanon	1,295	4.0	0.03
Kuwait	970	18.5	0.02
Oman	762	4.1	0.02
Jordan	659	7.2	0.01
Bahrain	627	9.6	0.01
Sub-total Middle East	37,362	7.1	0.81
North Africa (NA)			
Morocco	2,857	-2.5	0.06
Egypt	1,818	6.1	0.04
Algeria	1,250	5.2	0.03
Tunisia	816	-2.4	0.02
Sub-total North Africa	6,741	1.1	0.15
MENA	44,103	6.2	0.96
Asia incl Japan	1,346,223	5.3	29.19
Africa	71,891	3.8	1.56
Europe	1,535,176	-5.6	33.28
Total World	4,612,514	1.0	100.00

	Life premiums (US$ million)	% growth over previous year	% of world market share	Non-life premiums (US$ million)	% growth over previous year	% of world market share
Middle East (ME)						
Turkey	1,742	8.5	0.07	9,140	7.9	0.46
Iran	652	0.7	0.02	7,570	0.7	0.38
UAE	1,443	12.9	0.06	5,747	9.8	0.29
Saudi Arabia	235	-2.7	0.01	5,220	11.2	0.26
Qatar	58	8.6	0.00	1,242	8.6	0.06
Lebanon	377	4.9	0.01	918	3.7	0.05
Kuwait	181	18.5	0.01	789	18.5	0.04
Oman	126	4.1	0.00	637	4.1	0.03
Jordan	62	7.1	0.00	598	7.2	0.03
Bahrain	142	9.6	0.01	484	9.6	0.02
Sub-total Middle East	5,018	8.0	0.19	32,345	7.0	1.62
North Africa (NA)						
Morocco	930	-2.5	0.04	1,927	-2.5	0.10
Egypt	785	6.1	0.03	1,033	6.1	0.05
Algeria	89	-3.9	0.00	1,161	6.0	0.06
Tunisia	123	-2.4	0.00	694	-2.4	0.03
Sub-total North Africa	1,927	0.7	0.07	4,815	1.3	0.24
MENA	6,945	5.9	0.26	37,160	6.2	1.87
Asia incl Japan	957,712	4.3	36.54	388,511	7.8	19.51
Africa	49,888	6.1	1.90	22,002	-1.2	1.10
Europe	876,444	-6.6	33.44	658,732	-4.1	33.07
Total World	2,620,864	0.4	100.00	1,991,650	1.9	100.00

Source: Swiss Re *sigma* No 3/2013

Insurance statistics of MENA countries 2012

Insurance penetration (Premiums as a % of GDP)

	Total business	Life business	Non-life business
Middle East (ME)			
Lebanon	2.85	0.83	2.02
Jordan	2.13	0.20	1.93
UAE	1.98	0.40	1.58
Bahrain	1.97	0.45	1.52
Iran	1.65	0.13	1.52
Turkey	1.37	0.22	1.15
Oman	1.01	0.17	0.84
Saudi Arabia	0.75	0.03	0.72
Qatar	0.63	0.03	0.60
Kuwait	0.50	0.09	0.40
Average (ME)	1.48	0.26	1.23
North Africa (NA)			
Morocco	2.95	0.96	1.99
Tunisia	1.80	0.27	1.53
Egypt	0.73	0.31	0.41
Algeria	0.67	0.05	0.62
Average (NA)	1.54	0.40	1.14
Average (MENA)	1.50	0.30	1.20
Asia incl. Japan	5.73	4.09	1.64
Africa	3.65	2.53	1.12
Europe	6.73	3.89	2.84
Total (World)	6.50	3.69	2.81

Insurance density (Premiums per capita in US$)

	Total business	Life business	Non-life business
Middle East (ME)			
UAE	1,464.2	293.9	1,170.3
Qatar	695.9	31.2	664.6
Bahrain	449.6	102.2	347.4
Kuwait	337.1	63.0	274.1
Lebanon	301.9	87.9	214.0
Oman	263.6	43.5	220.1
Saudi Arabia	190.2	8.2	182.0
Turkey	145.9	23.4	122.5
Iran	108.8	8.6	100.2
Jordan	102.5	9.6	93.0
Average (ME)	406.0	67.2	338.8
North Africa (NA)			
Morocco	87.6	28.5	59.1
Tunisia	76.3	11.5	64.8
Algeria	34.3	2.4	31.9
Egypt	21.7	9.4	12.3
Average (NA)	55.0	13.0	42.0
Average (MENA)	305.7	51.7	254.0
Asia incl. Japan	321.7	229.8	91.9
Africa	67.3	46.7	20.6
Europe	1,724.4	996.0	728.3
Total (World)	655.7	372.6	283.1

Source: Swiss Re *sigma* No 3/2013

Algeria

GDP	US$207.8 billion (2012 est.)
GDP real growth rate	2.5% (2012 est.)
Population	38,087,812 (July 2013 est.)
Age structure (2013 est.)	0-14 years: 28.1% 15-24 years: 18.1% 25-54 years: 42.7% 55-64 years: 6% 65 years and over: 5.1%
Insurance regulator	Insurance Regulatory Authority, Ministry of Finance
Insurance association	National Insurance Council (CNA)
Minimum capital requirements	Life insurers: DZD1 billion (US$12.4 million)
	Non-life insurers: DZD2 billion
	Reinsurers: DZD5 billion
Total number of insurers/reinsurers	23
Premiums (Life)	US$89 million (2012)
Premiums (Non-life)	US$1,161 million (2012)
Insurance density	US$34.3 (2012)
Insurance penetration	0.67% (2012)

Insurance

Top 5 companies by gross premiums (2012)

	DZD million
Societe Nationale d’Assurance (SAA)	22,982
Compagnie Algerienne d’Assurances (CAAT)	15,306
Compagnie Algérienne d’Assurance et de Réassurance (CAAR)	13,455
Compagnie d’Assurance des Hydrocarbures (CASH)	8,374
Caisse Nationale de Mutualite Agricole (CNMA)	7,869

Source: Compagnie Centrale de Réassurance (CCR)

- Total premiums grew 23% y-o-y to DZD30.7 billion in the first quarter of 2013, with motor accounting for around 55% of market share.
- The sector was estimated to grow at a CAGR of 9% during 2008-2012, due mainly to an improved regulatory framework with more liberal policies relating to private participation, and the introduction of bancassurance channels and compulsory third-party liability insurance
- Despite being made compulsory in 2003, Nat CAT premiums accounted for only 2% of total market share in 2012
- The Natural Disaster Guarantee (CAT-Nat) will be introduced in all contracts of damage insurance starting from September 2013
- The regulator authorised 10 new foreign reinsurance brokers to operate in the Algerian market this year: Marsh, Komill Global NR Service, Market Insurance Brokers, General Reinsurance Services, JLT Specialty, Butcher Robinson & Staples International, AXA Cessions Broker, Al Wasl Insurance Brokers, Faber Global, and Kite Warren & Wilson

Economic

- Algeria’s large reserves of natural gas and other hydrocarbons account for more than 98% of export earnings and almost half of the country’s GDP
- Economic growth is projected to slow further in 2013 on the back of projected lower oil and gas prices from reduced global demand.
- Strong increases in social spending and investment from the government’s five-year plan should help bolster the economy, but falling oil prices will curtail further fiscal stimulus
- Long-term economic challenges include diversification from hydrocarbons, relaxing state control of the economy, and providing adequate jobs for younger Algerians

Political

- In the May 2012 elections, the National Liberation Front (FLN) solidified their political dominance
- Terrorist attacks in Algeria have picked up in recent years. Dozens of foreign hostages were killed by Islamist militants during a four-day siege at a remote gas complex, which ended when Algerian special forces stormed the site

DZD10 = US$0.12

Bahrain

GDP	US$27.03 billion (2012 est.)
GDP real growth rate	3.9% (2012 est.)
Population	1,281,332 (July 2013 est.)
Age structure (2013 est.)	0-14 years: 20% 15-24 years: 15.9% 25-54 years: 56.2% 55-64 years: 5.2% 65 years and over: 2.6%
Insurance regulator	Central Bank of Bahrain (CBB)
Insurance association	Bahrain Insurance Association (BIA)
Minimum capital requirements	Insurers: BHD5 million (US$13.3 million)
	Reinsurers: BHD10 million
Total number of insurers/reinsurers	39
Premiums (Life)	US$142 million (2012)
Premiums (Non-life)	US$484 million (2012)
Insurance density	US$449.6 (2012)
Insurance penetration	1.97% (2012)

Insurance

Top 5 companies by gross premiums (2011)

	BHD million
Bahrain Kuwait Insurance	23.9
Life Insurance Corporation	20.1
MetLife Alico	17.9
Takaful International	15.9
AXA Insurance (Gulf)	15.8

Source: CBB

- The pace of insurance growth in Bahrain has moderated in recent times, from a high of 33% in 2008 to a modest 2.4% in 2011
- The political and social unrest which erupted in 2011 has been a factor in the slowdown, contributing to delays in several planned infrastructure projects and government spending
- However, the insurance sector is still likely to continue expanding in the coming years, with investments expected to continue pouring into infrastructure, real estate and industry, albeit at a slower pace
- Bahrain's robust regulation has enabled the country to maintain its financial hub status
- Despite the unrest, Bahrain remains the chosen domicile for several regional and international reinsurance and retakaful companies

Economic

- Bahrain is the least oil-dependent of all GCC states. Nonetheless, oil accounts for a quarter of GDP and more than 70% of government revenue
- Manufacturing has become an increasingly large secondary export market
- Bahrain's economic prospects have been dampened by social unrest over the past two years
- Reduced foreign direct investments and a struggling tourism sector are among the longer-term consequences of protests, which have continued since February 2011

Political

- Social unrest that began in 2011 continues to weigh heavily on the country's political stability
- Unemployment and poverty remain key issues
- The next parliamentary elections are scheduled for 2014
- Reliant upon its relationships with its regional neighbours and its Western trading partners, Bahrain attempts to maintain a careful balance of neutrality in international politics

BHD1 = US$2.65

Egypt

GDP	US$256.7 billion (2012 est.)
GDP real growth rate	2.2% (2012 est.)
Population	85,294,388 (July 2013 est.)
Age structure (2013 est.)	0-14 years: 32.3% 15-24 years: 18% 25-54 years: 38.3% 55-64 years: 6.6% 65 years and over: 4.8%
Insurance regulator	Egyptian Financial Supervisory Authority (EFSA)
Insurance association	Insurance Federation of Egypt (IFE)
Minimum capital requirements	EGP60 million (US$8.7 million)
Total number of insurers/reinsurers	29
Premiums (Life)	US$785 million (2012)
Premiums (Non-life)	US$1,033 million (2012)
Insurance density	US$21.7 (2012)
Insurance penetration	0.73% (2012)

Insurance

Top 5 companies by net premiums (FY2011/ 2012)

	EGP million
Misr Insurance	1,906.5
Misr Life	1,570.2
Alianz Life	869.1
MetLife Alico	789.2
Commercial International Life	499.0

Source: EFSA

- The insurance sector has suffered around EGP1 billion in losses since the outbreak of the 2011 revolution, most of which are from property damages due to increased rates of violence and rioting
- In May 2013, the Central Bank of Egypt (CBE) introduced long-awaited regulations allowing banks to offer insurance. The new regulations require risks related to bancassurance to be covered, and the complete separation between the activities of the banks and the insurance companies.
- EFSA also plans to revise laws in areas such as microinsurance and private pension plans and submit these to the Cabinet before being passed by the Parliament
- Going forward, the insurance sector will be affected by the slower economic growth and a possible pause in the positive trends in the sector that had been taking place. These include opening up to foreign competition and a trend towards financial liberalisation and governance

Economic

- Egypt's economy grew 2.2% in 1Q 2013, unchanged from the previous quarter, but slower than the 5.2% recorded a year earlier. Economic growth is expected to slow in 2013, as a result of the worsening of the political situation and declining investor confidence
- The social unrest has kept tourism, a key sector for the country contributing 16% of GDP, at a comparatively low level
- Inflationary pressures remain high, exacerbated by the depreciation of the Egyptian pound, bottlenecks in the production sector and imperfections in distribution

Political

- The political transition in Egypt remains chaotic. Recurring protests against the regime culminated in enormous demonstrations towards the end of June 2013 and triggered the deposal of the elected President by the army
- Egypt's interim President Adly Mansour will lead a transitional government with "full powers" until presidential and legislative elections are held, possibly in early 2014, with the current Constitution being amended at the same time
- This is a very delicate task in a country seriously split between non-radical Islamists and radical Islamists, who, despite having suffered a severe setback, remain a powerful force. Any normalisation of the political situation is, in any case, not likely ahead of the planned elections

EGP1 = US$0.14

Iran

GDP	US$548.9 billion (2012 est.)
GDP real growth rate	-0.9% (2012 est.)
Population	79,853,900 (July 2013 est.)
Age structure (2013 est.)	0-14 years: 23.8% 15-24 years: 19.8% 25-54 years: 45.3% 55-64 years: 6.1% 65 years and over: 5.1%
Insurance regulator	Bimeh Markazi Iran
Insurance association	Iran Insurance Syndicate
Minimum capital requirements	Insurers: IRR100 million (US$8,140)
	Companies operating in Iran's six free trade zones: Direct insurers: IRR15 billion
	Mutual insurers: IRR200 million
	Reinsurers: IRR85 billion
Total number of insurers/reinsurers	25
Premiums (Life)	IRR6,869.8 billion (year ending March 2012)
Premiums (Non-life)	IRR79,038.9 billion (year ending March 2012)
Insurance density	US$108.8 (2012)
Insurance penetration	1.65% (2012)

Insurance

Top 5 companies by gross premiums (March 2011 – March 2012)

	IRR billion
Iran	40,224.2
Asia	10,169.4
Alborz	5,321.1
Dana	4,576.5
Parsian	4,566.6

Source: Bimeh Markazi

- State-owned insurer, Bimeh Iran, dominates the market with a share of more than 46%
- Leading lines of business are motor third-party liability (TPL), health and life. Motor TPL grew the fastest in 2011-2012, while health suffered the highest loss ratio at over 100%
- Despite Iran's vulnerability to earthquakes, such risks are covered only as part of fire insurance policies, and almost all losses caused by earthquakes are currently transferred to the public sector
- Although EU sanctions have stopped European insurers from covering oil tankers carrying Iranian crude since July 2012, this has failed to disrupt the flow of Iranian oil to Iran's major customers in Asia - China, India, South Korea and Japan
- In July 2012, Iran set up a domestic consortium to provide insurance cover for oil tankers which carry Iran's oil for export. Iran has also expressed willingness to provide cover for all foreign ships and oil tankers

Economic

- With negative growth, the economy is in recession
- The inflation rate is officially nearly 30%, unofficially much higher
- Unemployment is around 12% and rising
- Sanctions on Iran's oil exports have reduced its main source of income by about 65%
- Banking sanctions have had an even more disruptive impact on Iran's trade with the outside world, making it impossible for Iran to bring its petrodollars back into the country - hence the shortage of hard currency that has led to a drop of about 80% in the value of the Iranian rial in the last year

Political

- Mr Hassan Rouhani was elected president of Iran in June 2013 - the only cleric to contest the poll, and politically the most moderate of the contenders
- Among the immediate demands facing Mr Rouhani is the release of around 800 political prisoners
- Whether Mr Rouhani can deliver on this and many other issues will depend on his relationship with Supreme Leader Ayatollah Ali Khamenei, who is effectively the leader of the Islamic hardliners and has the last say on many crucial and strategic issues

IRR1,000 = US$0.08

Iraq

GDP	US$212.5 billion (2012 est.)
GDP real growth rate	8.4% (2012 est.)
Population	31,858,481 (July 2013 est.)
Age structure (2013 est.)	0-14 years: 37.2% 15-24 years: 19.6% 25-54 years: 35.8% 55-64 years: 4.2% 65 years and over: 3.2%
Insurance regulators	Central Iraq: Iraqi Insurance Diwan (IID)
	Kurdistan: Ministry of Finance (MOF)
Insurance association	Iraq Insurance and Reinsurance Association
Minimum capital requirements (IID)	Non-life insurers: IQD500 million (US$429,850)
	Life insurers: IQD750 million
	Composite insurers: IQD750 million
	Reinsurers: IQD1 billion
Minimum capital requirements (MOF)	Local and foreign insurers: IQD25 billion
Total number of insurers/reinsurers	29
Premiums (Life)	US$30 million (2012)
Premiums (Non-life)	US$80 million (2012)
Insurance density	US$3.28 (2012)
Insurance penetration	0.08% (2012)

Insurance

Top 5 companies by gross premiums (2010)

	IQD million
National Insurance	63,830.8
Iraq Insurance	21,194.7
Wadi Al-Rafidian Insurance	2,407.9
Al-Hamra'a Insurance	2,020.4
Kurdistan Insurance	849.3

Source: Iraq Insurance and Reinsurance Association

- Iraq's insurance sector is dominated by three state-owned companies. Although all licensed insurers may participate in public tenders, the state-owned insurance companies are generally awarded the government contracts
- Reinsurance is not widely used and is believed to amount to 15-25% of gross written premium
- Most insurers have a low capital base, which limit their ability to underwrite large risks
- The public sector covers roughly 75% of all health facilities, while the private sector represents the remaining 25%. There is no health insurance and patients must pay in full for private health care. Moreover, there is a nationwide lack of malpractice insurance

Economic

- Economic growth accelerated from 5.9% in 2010 to 8.4% in 2012, when oil production averaged 3 million barrels per day, the highest in 30 years
- With massive hydrocarbon reserves and low oil production costs, Iraq is set to benefit from an estimated US$5 trillion of revenue from oil exports over the period to 2035
- Nevertheless, Iraq's economic prospects continue to be subject to significant risks, as a result of institutional and capacity constraints, volatility in oil prices, delays in the development of oil infrastructure, and an extremely fragile political and security situation

Political

- Iraq's key political risks continue to emanate from the failure of the post-2005 state apparatus to command legitimacy
- The security situation remained critical in 2013 in parallel to the political crisis, with July recording the highest number of casualties in five years
- The risks posed by terrorism in Iraq remain extremely high, although the severity of threat varies across the country. A spike in violence is possible in the short and medium term, due to scheduled governorate and parliamentary elections in 2013 and 2014

IQD1,000 = US$0.86

Jordan

GDP	US$31.21 billion (2012 est.)
GDP real growth rate	2.8% (2012 est.)
Population	6,482,081 (July 2013 est.)
Age structure (2013 est.)	0-14 years: 34.6% 15-24 years: 19.9% 25-54 years: 36.2% 55-64 years: 4.3% 65 years and over: 5.1%
Insurance regulator	Insurance Commission of Jordan
Insurance association	Jordan Insurance Federation (JOIF)
Minimum capital requirements	Life or non-life insurers: JOD25 million (US$35.3 million)
	Reinsurers: JOD100 million
Total number of insurers/reinsurers	27
Premiums (Life)	US$62 million (2012)
Premiums (Non-life)	US$598 million (2012)
Insurance density	US$102.5 (2012)
Insurance penetration	2.13% (2012)

Insurance

Top 5 companies by gross premiums (2012)

	JOD million
Arab Orient	77.6
Jordan	52.1
Middle East	33.3
Jordan French	21.5
First	21.3

Source: Company websites

- As of the start of 2013, there were 27 insurance companies operating in Jordan, down from 28 in 2012, after Gerasa Insurance's licence was revoked
- The industry posted a net profit of JOD5.4 million in the first half of 2012, up 5.9% y-o-y. Nine insurers reported net losses during the first half of 2012, compared to 11 companies in the same period in 2011
- Motor insurance constituted 39.5% of total premiums but accounted for almost 53% of overall paid claims in the first half of 2012. In total, 18 insurers out of 27 insurance companies recorded losses in total compulsory motor insurance
- Compulsory TPL motor rates will be partially liberalised before the end of 2013

Economic

- The regional turmoil has imposed considerable costs on the Jordanian economy, with real GDP growth at relatively low levels of 2.6% in 2011 and 2.8% in 2012
- The economy has been struggling with high energy prices, a shortfall in foreign grants, budget cuts and the influx of Syrian refugees which are putting a strain on resources
- Other economic challenges include chronically high rates of poverty, unemployment, and inflation

Political

- A wave of demonstrations since early 2011 prompted King Abdullah II to appoint several new Prime Ministers and dissolve parliament in October 2012
- The new government, in place since mid-March 2013, will have to balance the contradictory demands of loyalists and tribes on one side and the opposition on the other, in particular the Islamic Action Front, an offshoot of the Muslim Brotherhood, which is calling for a constitutional monarchy
- Despite embarking on reforms, King Abdullah – who still enjoys broad public support and the backing of the armed forces – intends to maintain the main levers of power
- Jordan is very exposed to regional political instability, especially in Egypt and Syria

JOD1 = US$1.41

Kuwait

GDP	US$173.4 billion (2012 est.)
GDP real growth rate	5.1% (2012 est.)
Population	2,695,316 (July 2013 est.)
Age structure (2013 est.)	0-14 years: 25.6% 15-24 years: 15.4% 25-54 years: 52.3% 55-64 years: 4.5% 65 years and over: 2.1%
Insurance regulator	Insurance Directorate, Ministry of Commerce & Industry
Insurance association	Kuwait Insurance Companies Union
Minimum capital requirements	Composite insurers: KWD10 million (US$35 million)
	Reinsurers: KWD15 million
Total number of insurers/reinsurers	37
Premiums (Life)	KWD181 million (2012)
Premiums (Non-life)	KWD789 million (2012)
Insurance density	US$337.1 (2012)
Insurance penetration	0.50% (2012)

Insurance

Top 5 companies by gross premiums (2012)

	KWD million
Gulf	145.4
Kuwait	33.3
Al Ahleia	32.9
Warba	26.3
Bahrain Kuwait	9.4

Sources: Capital Standards, company annual reports, *MEIR* research

- Kuwait's insurance penetration is the lowest in the GCC
- The fact that there are 35 direct insurers despite the low penetration suggests that there are many under-explored segments. Commercial lines form the bulk of business, while personal lines are not widely sold
- Takaful market share has remained relatively stable at about 20%, despite the influx of takaful operators in the past few years
- Increased competition, meanwhile, has denied companies the expected growth and resulted in increasing underwriting losses for the non-life sector
- The ban on bancassurance is likely to continue indefinitely, as the Central Bank deems it essential for the soundness of the banking sector

Economic

- After growing by 7.9% in 2010, Kuwait's growth slowed somewhat in 2011 and 2012 to between 5% and 6%, driven by lower oil revenues
- The IMF has revised its real growth estimate for Kuwait down from 1.8% to 1.1% in 2013, given the absence of both private and public investments
- Kuwait is endowed with 9% of the world's supply of oil. The industry represents 50% of Kuwait's GDP and 95% of its export revenues
- In 2010, the government rolled out a KWD130-billion development plan to diversify the economy, reduce dependence on oil revenues, enhance the private sector and attract foreign direct investment. However, implementation of the plan's initiatives remains uncertain

Political

- A new cabinet was formed following parliamentary elections in July 2013 – the third in 17 months - in which liberals made slight gains
- None of the parliaments elected in Kuwait since 2003 have managed to complete their four-year tenure, and there is a growing call from citizens for more political stability
- The fact that Kuwait has had six National Assemblies since 2003 has contributed to a growing number of challenges facing the country, including sluggish infrastructure development and slow economic reforms

KWD1 = US$3.51

Lebanon

GDP	US$41.35 billion (2012 est.)
GDP real growth rate	1.5% (2012 est.)
Population	4,131,583 (July 2013 est.)
Age structure (2013 est.)	0-14 years: 22.1% 15-24 years: 17.5% 25-54 years: 42.4% 55-64 years: 8.7% 65 years and over: 9.4%
Insurance regulator	Insurance Control Commission, Ministry of Economy & Trade
Insurance association	Association of Insurance Companies in Lebanon (ACAL)
Minimum capital requirements	US$1.5 million
Total number of insurers/reinsurers	53
Premiums (Life)	US$377 million (2012)
Premiums (Non-life)	US$918 million (2012)
Insurance density	US$301.9 (2012)
Insurance penetration	2.85% (2012)

Insurance

Top 5 companies by gross premiums (2012)

	US$ million
Medgulf	114
Allianz SNA	104
MetLife Alico	100
Arope	95
Bankers	91

Source: *MEIR* research

- The civil war in Syria has affected Lebanon's economy and insurance sector. Premiums grew only 4% in 2012 to reach US$1.3 billion, due more to inflationary pressure than an increase in market size
- The economic slowdown has affected consumer spending and investments, resulting in few new construction projects which has, in turn, affected the growth in the engineering line
- The slump in travel between Lebanon and its Arab neighbours, particularly Syria, has led to a drastic decline in premiums from the Orange Card, a short-term liability policy that vehicles need in order to travel between Arab countries

Economic

- The government has been running a large budget deficit and government debt is high, at around 160% of GDP. Almost half of the debt is denominated in foreign currency
- Wide-ranging reforms are needed for the release of donor funding to revitalise the economy, including rationalisation and privatisation of the water, power and telecommunication sectors

Political

- Unrest in Lebanon has increased fears that the Syrian conflict is crossing the border. Tens of thousands of Syrians have fled to Lebanon to escape the violence, and at least two car bombs have exploded in Beirut in the past year
- Over the last few years, pro-Syrian forces have been ascending. A government comprised mostly of Hizbollah and its pro-Syrian allies was formed in June 2011 after the collapse of the previous regime earlier in the year
- Tensions remain between Hizbollah and other pro-Western political factions, especially the Sunnis. The group is now said to be stronger than the Lebanese army itself

Libya

GDP	US$78.63 billion (2012 est.)
GDP real growth rate	104.5% (2012 est.)
Population	6,002,347 (July 2013, est.)
Age structure (2013 est.)	0-14 years: 27.3% 15-24 years: 18.6% 25-54 years: 45.6% 55-64 years: 4.6% 65 years and over: 3.9%
Insurance regulator	Insurance Supervision and Control Authority
Insurance association	Libyan Federation for Insurance Companies
Minimum capital requirements	Insurers: LYD10 million (US$8 million)
	Reinsurers: LYD30 million
Total number of insurers/reinsurers	13
Premiums (Life)	US$10 million (2012)
Premiums (Non-life)	US$190 million (2012)
Insurance density	US$30.3 (2012)
Insurance penetration	0.27% (2012)

Insurance

Top 5 companies by gross premiums (2011)

	LYD million
Libya Insurance	92.1
United Insurance	48.0
African Insurance	27.2
Sahara Insurance	7.0
Trust Insurance	5.3

Source: Company reports, Libyan Federation of Insurance Companies

- Libya's insurance sector has long suffered from inadequate attention from the authorities, though there were attempts at improvement starting 2005 when the sector was opened to newcomers
- Political unrest caused a 52% decline in premiums in 2011, but analysts expect that the industry will grow at a CAGR of 6.1% between 2012 and 2017
- Energy accounts for a considerable market share, but fronting continues to be an issue due to the sophistication of this line
- In late 2012, health insurance became mandatory. Four specialist healthcare insurance providers are expected to enter the market by the end of 2013
- Takaful has been gaining traction and almost all players have windows. Libya Insurance, the market's oldest and largest insurer, plans to become a full-fledged takaful operator and the rest of the market is expected to follow suit
- Improving the regulatory environment and creating a new insurance law are amongst the sector's most pressing needs. However, this might take some time as there are other more critical concerns on the government's agenda

Economic

- With its large oil and gas reserves and relatively small population, Libya is one of Africa's wealthiest countries. The rapid resumption of hydrocarbon production and exports in 2012 helped the economy recover and restore its real GDP growth to an estimated 105% compared to a contraction of 62% in 2011, the year of the revolution
- The over-reliance on the energy sector, however, poses a serious challenge for the country
- The economy is expected to continue to grow, boosted by reconstruction projects following the war

Political

- In July 2012, Libya conducted elections for the General National Congress (interim parliament) which formed a government integrating all Libyan society components
- The government has been preparing Libya's new constitution and working on holding parliamentary elections. However, the transition process has been hampered by insecurity and political volatility
- An improvement in the political situation is needed to boost local and foreign investments

LYD1 = US$0.79

Morocco

GDP	US$97.53 billion (2012 est.)
GDP real growth rate	3% (2012 est.)
Population	32,649,130 (July 2013 est.)
Age structure (2013 est.)	0-14 years: 27.1% 15-24 years: 18% 25-54 years: 41.7% 55-64 years: 7% 65 years and over: 6.3%
Insurance regulator	Department of Insurance and Social Welfare (DAPS), Ministry of Economy and Finance
Insurance association	Moroccan Federation of Insurance and Reinsurance Companies (FMSAR)
Minimum capital requirements	MAD50 million (US$5.9 million)
Total number of insurers/reinsurers	18
Premiums (Life)	US$930 million (2012)
Premiums (Non-life)	US$1,927 million (2012)
Insurance density	US$87.6 (2012)
Insurance penetration	2.95% (2012)

Insurance

Top 5 companies by gross premiums (2012)

	US$ million
Wafa Assurance	680.1
RMA Watanya	603.8
Axa Assurance Maroc	413.5
Cnia Saada Assurance	383.2
Sanad	170.8

Source: *Atlas Magazine*

- The government is creating a new insurance regulatory agency, the Insurance and Social Welfare Regulatory Authority (ACAPS), to replace the DAPS. A draft law was prepared and introduced to the Council of Ministers at the end of May 2012
- The 2011 Insurance Programme Contract (for the period 2011-2015) covers aspects including:
  - The introduction of new compulsory insurance products;
  - Protection against catastrophic risks;
  - The development of insurance products for those uninsured and excluded from traditional insurance systems;
  - Mobilising long-term savings through life insurance through fiscal incentives; and
  - Converging prudential rules with international standards.
- Compulsory cessions to national reinsurer SCR is being gradually phased out and will be totally removed by end-2013
- Takaful sales have yet to be authorised
- The sector is preparing to implement Solvency II standards by 2015

Economic

- The Moroccan economy grew by 3.2% in 2012, driven by internal consumption and public investment
- This was below the forecast 5% due to sluggish world demand and a below-average performance in agriculture, but should pick up in 2013 to reach 4.6%, driven by growth in non-agricultural GDP and in agricultural added value
- Growth continues to be driven by domestic demand: household consumption rose by 3.2% in 2012 and should rise to 4.2% in 2013, thanks to measures supporting the middle class and extending social protection such as health coverage and pensions

Political

- Morocco faces short-term political uncertainty. Major coalition partner Istiqlal (Independence) Party withdrew from the coalition government in July 2013, creating a political impasse and forcing the ruling Justice and Development Party (PJD) to reshuffle its cabinet
- The government's weak fiscal position has hampered the coalition's ability to enact substantial reforms to improve socio-economic conditions. Persistently high levels of poverty and youth unemployment have led to widespread discontent

MAD1 = US$0.12

Oman

GDP	US$76.46 billion (2012 est.)
GDP real growth rate	5% (2012 est.)
Population	3,154,134 (July 2013 est.)
Age structure (2013 est.)	0-14 years: 30.6% 15-24 years: 20.2% 25-54 years: 42.1% 55-64 years: 3.9% 65 years and over: 3.2%
Insurance regulator	Capital Market Authority (CMA)
Insurance association	Oman Insurance Association
Minimum capital requirements	OMR5 million (US$13 million)
Total number of insurers/reinsurers	23
Premiums (Life)	US$126 million (2012)
Premiums (Non-life)	US$637 million (2012)
Insurance density	US$263.6 (2012)
Insurance penetration	1.01% (2012)

Insurance

Top 5 companies by gross premiums (2012)

	US$ million
Dhofar Insurance	141
National Life & General Insurance	114
Oman United Insurance	94
Al Ahlia Insurance	87
New India Assurance	68

Source: *Atlas Magazine*

- Oman's insurance sector is set for major changes in the light of new draft regulations for both conventional and takaful businesses
- Salient features of the draft insurance law include a doubling of capital to OMR10 million and a separation of life and non-life licences
- Takaful operators must also have paid-up capital of OMR10 million and offer their shares in a public offering within three years
- CMA has already issued three in-principle approvals for takaful operators
- A new insurance brokers regulation and amendments to certain provisions of the unified motor insurance policy are also being reviewed

Economic

- Oman is a middle-income economy that is heavily dependent on dwindling oil resources
- Because of declining reserves and a rapidly growing labour force, Muscat has actively pursued a development plan focussing on diversification, industrialisation and privatisation, aimed at reducing the oil sector's contribution to GDP to 9% by 2020 and creating more jobs for Omanis
- In 2012, continued surpluses resulting from sustained high oil prices and increased enhanced oil recovery allowed the government to maintain growth in social subsidies and public sector job creation
- However, Sultan Qaboos made widely reported statements indicating this would not be sustainable, and called for expanded efforts to support SME development and entrepreneurship
- Government agencies and large oligarchic group companies heeded his call, announcing new initiatives to spin off non-essential functions to entrepreneurs, incubate new businesses, train and mentor up-and-coming business people, and provide financing for start-ups

Politics

- In July 2013, Sultan Qaboos pardoned the roughly 14 activists jailed in 2011 for taking part in anti-government protests
- The pardon coincided with the anniversary of his accession to power in 1970
- Along with the pardon, the Sultan ordered those dismissed from private and public jobs after the 2011 protests to be reinstated
- The Sultan had earlier pardoned some Omanis jailed for defaming the country's ruler or taking part in protests in March

OMR1 = US$2.6

Palestine

GDP (nominal)	US$10.26 billion
GDP real growth rate	5.9%
Population	4.293 million
Insurance regulator	Palestinian Capital Market Authority (PCMA)
Insurance association	Palestinian Insurance Federation (PIF)
Minimum capital requirements	Non-life or life operators: US$5 million
	Composite insurers: US$8 million
Total number of insurers/reinsurers	10
Total premiums	US$152 million
Insurance density	US$35
Insurance penetration	1.45%

All information as of 2012

Insurance

Top 5 companies by gross premiums (2012)

	US$ million
Trust	36.45
National	30.06
Global United	27.44
Al-Ahleia	17.43
Al-Takaful	12.35

Source: PCMA

- Much has been done to restructure the capital markets, including the insurance sector, over the past 10 years
- In 2004, the PCMA was established and included an Insurance Directorate to oversee the sector
- In 2005, a new insurance law was issued setting minimum capital requirements and other regulations to organise the industry
- The market's 10 operators include eight composite players, one life insurer and one mortgage insurer
- In 2012, the PCMA introduced measures to enhance the sector's financial strength and technical standards. This included requiring players to appoint actuarial experts and organising the motor underwriting process to stop unprofessional practices and limit losses
- The lack of new investments, an unstable socio-political environment and inadequate supervision are among the sector's main challenges

Economic

- Economic growth slowed in 2012 (real GDP grew by 5.9% against 12.2% in 2011, according to the PCMA). A further decline is expected with continuing fiscal austerity measures, and especially with the constant drop in external support
- The Palestinian Authority (PA) continues to rely heavily on donor aid. Although it has made several attempts at economic and security reforms, Israeli closure policies continue to disrupt economic progress
- The Palestinian economy continues to face import and export restrictions and the inability to utilise resources in Israeli-controlled areas
- As the PA employs about 25% of the workforce, the market and business environment continues to be highly vulnerable to government economic policies and public sector stability
- The private sector has been weak due to unstable conditions
- In 2012, unemployment increased to 23% from 21% in 2011

Political

- The political situation in Palestine remains unstable, especially with the continuing standstill in the peace process, pending the resolution of issues including the construction of Israeli settlements in the West Bank
- Internally, the reconciliation between PA and Hamas has not been achieved after the latter took over Gaza in 2007. Despite many attempts and Arab-brokered draft agreements, the two parties have so far failed to reach a settlement
- This has further exacerbated political instability and entrenched the separation between the two semi-independent government bodies in West Bank and Gaza

Qatar

GDP	US$183 billion (2012 est.)
GDP real growth rate	6.3% (2012 est.)
Population	2,042,444 (July 2013 est.)
Age structure (2013 est.)	0-14 years: 12.5% 15-24 years: 13.9% 25-54 years: 69.5% 55-64 years: 3.3% 65 years and over: 0.8%
Insurance regulator	Qatar Central Bank
Insurance association	Nil
Minimum capital requirements	Public shareholding companies (shares can be traded on the Qatar Exchange): QAR10 million (US$2.7 million)
	Private shareholding companies (shares cannot be traded on the Qatar Exchange): QAR2 million
	Direct insurers operating in the Qatar Financial Centre (QFC): US$10 million
	Reinsurers operating in the QFC: US$20 million
Total number of insurers/reinsurers	23 (15 in the QFC)
Premiums (Life)	US$58 million (2012)
Premiums (Non-life)	US$1,242 million (2012)
Insurance density	US$695.9 (2012)
Insurance penetration	0.63% (2012)

Insurance

Top 5 companies by gross premiums (2012)

	QAR million
Qatar Insurance	2,558
Qatar General Insurance and Reinsurance	500
Al Khaleej Takaful	272
Doha Insurance	468
Qatar Islamic Insurance	206

Source: Qatar Exchange

- The first phase of Qatar's five-stage mandatory national health insurance scheme was launched in July 2013. By the end of 2015, Qatar's entire population, including visitors, is expected to have mandatory health cover
- A law effective January 2013 sees the Qatar Central Bank acting as a single regulator for insurers, banks and other financial institutions, as well as entities licensed by the QFC
- Previously, insurers and reinsurers not licensed by the QFC were regulated by the Ministry of Business and Commerce

Economic

- Qatar's economy has been experiencing very rapid growth over the past few years (GDP grew by 16% in 2010 and 15% in 2011)
- This growth has, in large part, been driven by the production of oil and liquefied natural gas (LNG)
- Going forward, growth is expected to moderate between 4% and 5%

Political

- In June 2013, the Emir of Qatar, Sheikh Hamad bin Khalifa Al Thani, handed over power to his son, Sheikh Tamim bin Hamad Al Thani, who is now the youngest leader in the Arab world
- Sheikh Tamim will inherit strained relations with some of Qatar's Gulf neighbours, notably Bahrain and the UAE, who have been frustrated with Qatar's perceived closeness with the regional Islamist movement, the Muslim Brotherhood
- Qatar is also trying to increase its diplomatic clout further afield. In June 2013, Afghanistan's Taliban movement opened its first office in Doha to facilitate peace talks with the US

QAR1 = US$0.27

Saudi Arabia

GDP	US$727.3 billion (2012 est.)
GDP real growth rate	6.8% (2012 est.)
Population	26,939,583 (July 2013 est.)
Age structure (2013 est.)	0-14 years: 28.2% 15-24 years: 19.6% 25-54 years: 44.8% 55-64 years: 4.3% 65 years and over: 3.1%
Insurance regulator	Saudi Arabia Monetary Agency (SAMA)
Insurance association	Nil
Minimum capital requirements	Insurers: SAR100 million (US$26.7 million)
	Reinsurers: SAR200 million
Total number of insurers/reinsurers	31
Premiums (Life)	US$235 million (2012)
Premiums (Non-life)	US$5,220 million (2012)
Insurance density	US$190.2 (2012)
Insurance penetration	0.75% (2012)

Insurance

Top 5 companies by gross premiums (2012)

	SAR million
Tawuniya	5,634.6
MedGulf	3,318.0
BUPA Arabia	2,194.3
United Cooperative Assurance	1,024.0
Allianz Saudi Fransi	621.2

Source: Tadawul

- Saudi Arabia's insurance sector is one of the fastest growing insurance markets in the world, expanding at an average of 21.5% over the past four years
- This has been fuelled by the introduction of compulsory covers, most notably medical insurance and various professional indemnity liability covers
- The market has been further supported by the steady growth in insurable activity, with infrastructure spending, property development and the increase in general commerce boosting economic activity
- Growth drivers in the near term include plans to expand medical cover to foreign domestic helpers and the passing of new mortgage regulations that would expand the home loan market and increase the need for credit life insurance

Economic

- Saudi Arabia is the world's largest producer and exporter of petroleum - home to 20% of the world supply. Oil export revenues account for almost half of GDP
- Diversification efforts have been launched, but with relatively limited success
- Government spending, in the form of social payments, has increased in response to the social unrest in the region
- Credit conditions have improved, thanks to strengthening domestic activity from the massive public spending push as banks continue to wind down their provisioning for non-performing loans

Political

- King Abdullah has already started to install some younger-generation figures into key leadership positions
- Defense Minister Prince Salman bin Abdulaziz al-Suad was named Crown Prince in June 2012
- Viewed as a pragmatist, he is likely to support King Abdullah's reform agenda going forward
- Prince Muqrin bin Abdulaziz was recently named Deputy Prime Minister, a position viewed as the "Crown Prince in waiting"
- However the recent appointment of Prince Mohammed bin Naif, son of the late Crown Prince Naif bin Abdulaziz, as Interior Minister has led some Saudi commentators to wonder if he is a future King-in-waiting and as such, the first of a new generation of Saudi rulers

SAR1 = US$0.27

Sudan

GDP	US$58.8 billion (2012)
GDP real growth rate	-4.4 (2012 est.)
Population	34,847,910 (year not given by CIA)
Age structure (2013 est.)	0-14 years: 41.4% 15-24 years: 20% 25-54 years: 31.4% 55-64 years: 3.8% 65 years and over: 3.3%
Insurance regulator	Insurance Supervisory Authority (ISA)
Insurance association	Association of the Sudanese Insurance and Reinsurance Companies (ASIRC)
Minimum capital requirements	SDG5 million (US$1 million)
Total number of insurers/reinsurers	14
Premiums (Life)	US$39.9 million (2010)
Premiums (Non-life)	US$276.8 million (2010)
Insurance density	US$5 (2008)
Insurance penetration	0.5% (2008)

Insurance

Top 5 companies by gross contributions (2010)

	SDG million
Shiekan Insurance & Reinsurance Co	419.8
Islamic Insurance Co	99.4
Juba Insurance Co	44.4
The Sudanese Insurance & Reinsurance Co	35.5
The United Insurance Co	31.0

Source: *World Islamic Insurance Directory 2013*

- In 2012, ISA raised insurers' minimum capital requirement to SDG5 million from SDG3 million and gave companies until the end of 2013 to comply. However, the requirement remains modest and the depreciation of the Sudanese pound offsets the raise altogether
- Despite notable growth rates during the economic boom from 2000 to 2010, the Sudanese insurance sector has yet to reach its full potential
- Energy and other sophisticated projects are mostly insured abroad by fronting and little has been done to curb this practice
- Low levels of disposable income and the unstable political environment continue to restrict the sector's development

Economic

- Since the 2011 secession of South Sudan, the country has lost three quarters of oil production, which had driven the GDP growth since oil exports started in 1999. GDP declined by 3.3% in 2011 and a drop of over 11% in 2012 is expected
- A 2012 agreement with South Sudan is expected to see a resumption of oil exports, but some disruptions continue to take place
- To make up for the shortfall in budget revenues, Sudan has started tapping into new sources of revenue, such as gold mining, and taking austerity measures
- Close to half of Sudan's population live below the poverty line, and unemployment exceeds 20%
- In 2012, the Central Bank decided to monetise the public deficit and devalue the Sudanese pound
- The inflation rate reached 37.2% in July 2013

Political

- Border disputes, especially those over certain oilfields with South Sudan, led to the suspension of oil production and exports in the beginning of 2012
- The civil wars in Darfur and the border states of Kordofan and Blue Nile, in addition to US sanctions, continue to undermine the country's endeavours to create socio-political stability
- Locally, the economic downturn which caused an increase in inflation rates and prices of basic commodities has prompted anti-government riots over the past two years. Plans to continue with austerity measures and a further removal of subsidies are threats to local stability

SDG1 = US$0.23

Syria

GDP	US$107.6 billion (2011 est.)
GDP real growth rate	-2.3% (2011 est.)
Population	22,457,636 (July 2013 est.)
Age structure (2013 est.)	0-14 years: 33.9% 15-24 years: 20.8% 25-54 years: 36.9% 55-64 years: 4.6% 65 years and over: 3.9%
Insurance regulator	Syrian Insurance Supervisory Commission (SISC)
Insurance association	Syrian Insurance Federation (SIF)
Minimum capital requirements	General insurers: SYP700 million (US$6.6 million)
	Composite insurers: SYP850 million
	Reinsurers: SYP1.2 billion
Total number of insurers/reinsurers	14
Premiums (Life)	SYP265.34 million (2010)
Premiums (Non-life)	SYP18,556.86 million (2010)
Insurance density (Non-life)*	US$15.28 (2012)
Insurance penetration (Non-life)*	0.69% (2012)

** Only non-life figures available for penetration and density*

Insurance

Top 5 companies by gross premiums (2010)

	SYP million
Syrian Insurance	8,959.4
National Insurance	1,298.8
Syria International Insurance (Arope)	1,115.6
United Insurance	1,106.0
Aqeela Takaful	926.0

Source: SIF

- The market grew rapidly after liberalisation in 2005, with GWP jumping from US$145 million in 2005 to $405 million in 2010
- The trend, however, was reversed by the ongoing unrest. Although the sector was reported to have grown in 2011, it was expected to have contracted by at least 12% in 2012, according to the SISC
- Since the beginning of the Syrian crisis, strikes, riots and civil commotion (SRCC) premiums were reported to have reached SYP6 million with claims paid exceeding SYP15 million
- Insurers are also suffering from international sanctions and face difficulty in obtaining the necessary reinsurance backup

Economic

- Before the unrest, the Syrian economy was going through reforms aimed at encouraging the growth of the private sector and loosening the state's grip on the economy
- Since the unrest started in 2011, the Syrian economy has been deteriorating on all fronts
- In 2012, under the pressure of sanctions and skyrocketing inflation rates, GDP was estimated to have contracted by 15%
- The economic decline has also led to a serious reduction in foreign exchange reserves and the value of the Syrian pound, and rising budget and trade deficits. Oil exports, the country's main source of revenue, remain on hold

Political

- Inspired by the Arab Spring, the Syrian uprising began in March 2011
- Demands soon grew for the resignation of President Bashar Al-Assad, whose family has ruled through the Baath Party since 1971
- Although the constitution was amended in 2012, this did not appease the opposition
- The situation has now developed into an armed conflict between the Syrian army and the opposition forces, which include members from within Syria and abroad

SYP1,000 = US$9.47

Tunisia

GDP	US$45.61 billion (2012 est.)
GDP real growth rate	3.6% (2012 est.)
Population	10,835,873 (July 2013 est.)
Age structure (2013 est.)	0-14 years: 23% 15-24 years: 16.5% 25-54 years: 44.7% 55-64 years: 8.1% 65 years and over: 7.7%
Insurance regulator	General Insurance Committee (CGA), Ministry of Finance
Insurance association	The Tunisian Federation of Insurance Companies (FTUSA)
Minimum capital requirements	Composite insurers: TND10 million (US$6 million)
	Single-line insurers: TND3 million
	Co-operative insurers: TND1.5 million
Total number of insurers/reinsurers	22
Premiums (Life)	US$123 million (2012)
Premiums (Non-life)	US$694 million (2012)
Insurance density	US$76.3 (2012)
Insurance penetration	1.80% (2012)

Insurance

Top 5 companies by gross premiums (2011)

	TND million
STAR	205.7
COMAR	138.5
GAT	107.0
ASTREE	101.2
MAGHREBIA	94.4

Source: FTUSA

- Tunisia's insurance sector has managed to attract investors, even though it has yet to return to the double digit growth rate seen before the financial crisis.
- In December 2012, Tunisia's Attijari Bank and Morocco's Wafa Assurance set up a life joint venture, and global giant ACE Group is planning to set up a regional reinsurance office in Tunisia
- The government has been promoting Islamic finance since the revolution in 2011, and interest in takaful is on the rise
- Last year, a committee was formed under the CGA to look into the best means of promoting takaful. This resulted in a proposal to insert an additional title in the insurance code to define the regulatory and legal aspects of takaful in Tunisia. The title has been submitted to the Constituent Assembly for approval
- There is currently one takaful operator in Tunisia – Zitouna Takaful – while three more companies have applied for takaful licences

Economic

- Although Tunisia's economy started to recover in 2012, the increasing political and social instability, as well as the difficult external environment, continue to hamper growth
- Unemployment fell from 18.9% in 2011 to 16.7% in 2012, still well above the pre-revolution level of 13%
- The economy turned around in 2012, with growth driven mostly by a rebound in tourism and mining, heavily hit in 2011, and the increased consumption resulting from large public expenditures on wages and social programmes

Political

- The birthplace of the Arab Spring, Tunisia has been in turmoil since the overthrow of President Zine al-Abidine Ben Ali in 2011
- The assassination of a second opposition politician in 2013 escalated the pressure on Tunisia's troubled Islamist-led coalition government, which came to power in the wake of the Arab Spring
- The assassination of Mohammed Brahmi came just five months after that of well-respected opposition leader Chokri Belaid in February 2013, which led to the resignation of Prime Minister Hamadi Jebali

TND1 = US$0.60

Turkey

GDP	US$794.5 billion (2012 est.)
GDP real growth rate	2.6% (2012 est.)
Population	80,694,485 (July 2013 est.)
Age structure (2013 est.)	0-14 years: 25.9% 15-24 years: 17% 25-54 years: 42.7% 55-64 years: 7.9% 65 years and over: 6.6%
Insurance regulator	Directorate General of Insurance, Undersecretariat of Treasury
Insurance association	Association of Insurance and Reinsurance Companies of Turkey (TSRSB)
Minimum capital requirements	TRY5 million (US$2.6 million) initial capital
	TRY5 million per line
Total number of insurers/reinsurers	62
Premiums (Life)	US$1,742 million (2012)
Premiums (Non-life)	US$9,140 million (2012)
Insurance density	US$145.9 (2012)
Insurance penetration	1.37% (2012)

Insurance

Top 5 companies by gross premiums (2012)

	US$ million
AXA	1,343.3
Anadolu	1,258.0
Allianz	813.4
Ak	738.2
Yapi Kredi	690.9

Source: Milli Re

- The market is highly competitive, price oriented and agency driven (brokers' share is approximately 11%)
- The major growth areas have been in financial lines, power and energy
- With the changing commercial code in Turkey, D&O liabilities are becoming clearer, and the demand for this line of business is increasing
- The insurance market is still soft, with regards to retaining renewals and writing profitable business
- However, insurers are more regulated than ever through European rules and solvency

Economic

- Turkey's largely free-market economy is increasingly driven by its industry and service sectors, although its traditional agriculture sector still accounts for about 25% of employment
- The economy has experienced erratic growth over the last few years, due to a weak banking system, large current account deficits, and a lack of structural reforms. The government is committed to greater fiscal austerity and clarity going forward in order to mitigate investor concerns
- Although economic growth has decelerated, economic expansion continues to be driven by export gains to the Middle East and a boost in investment spending

Political

- Protests and police intervention have continued since a nationwide wave of demonstrations in June against Prime Minister Recep Tayyip Erdogan, accused by his critics of becoming increasingly authoritarian
- Security risks have increased as the Syrian crisis continues and thousands of refugees seek asylum in Turkey. Once-close ties to Syria have been cut
- Turkey seeks membership in the European Union (EU), but some strong opposition among current EU members suggests that accession is not likely to occur in the near term
- Issues such as the status of the Kurds in Turkey and the political treatment of Cyprus will negatively impact prospects of EU membership

TRY1 = US$0.52

UAE

GDP	US$361.9 billion (2012 est.)
GDP real growth rate	4% (2012 est.)
Population	5,473,972 (July 2013 est.)
Age structure (2013 est.)	0-14 years: 12.5% 15-24 years: 13.9% 25-54 years: 69.5% 55-64 years: 3.3% 65 years and over: 0.8%
Insurance regulator	Onshore (national) companies: Insurance Authority, Ministry of Economy
	Offshore (non-domestic) companies based in the Dubai International Financial Centre): Dubai Financial Services Authority
Insurance association	Emirates Insurance Association
Minimum capital requirements	AED100 million (US$27.2 million)
Total number of insurers/reinsurers	63
Premiums (Life)	US$1,443 million (2012)
Premiums (Non-life)	US$5,747 million (2012)
Insurance density	US$1,464.2 (2012)
Insurance penetration	1.98% (2012)

Insurance

Top 5 national companies by gross premiums (2012)

	AED million
Oman Insurance	2,443.3
Daman	2,321.4
Abu Dhabi National Insurance	2,299.2
Salama – Islamic Arab Insurance	1,892.5
Orient Insurance	1,400.1

Source: Abu Dhabi Securities Exchange, Dubai Financial Market, *MEIR* research

- The UAE has the largest insurance market in the GCC, accounting for 44% of the region's GWP in 2012
- It is also arguably the most fragmented and competitive in the GCC. Rates reached a record low level in 2012, especially in motor and medical, as a result of an overcrowded market
- With seven companies controlling 60% of the market, there seems to be little hope for improvement unless consolidation takes place
- The Insurance Authority expects to issue new regulations concerning brokers and financial aspects of insurance operations in the second half of 2013

Economic

- The UAE's economy gained momentum in 2011 and 2012, with GDP growth exceeding 4%
- Going forward, however, growth is expected to slow to 2-3% with reduced oil output and lower oil prices
- Petroleum dominates the economy and 90% of the oil production is located in Abu Dhabi
- Hydrocarbons account for 80% of all government revenue

Political

- While the UAE was not directly impacted by the Arab Spring, it does remain a concern for the country
- Some UAE Islamists, inspired by the successes of their counterparts in countries such as Egypt and Tunisia, have stepped up their activities
- In June 2013, the UAE government said it would put on trial 30 Emiratis and Egyptians accused of setting up an illegal branch of Egypt's Muslim Brotherhood
- In July 2013, a UAE court convicted and jailed most of the 94 Emiratis accused of plotting a coup
- Social unrest could further develop due to the high unemployment rate of the young (over 23% for workers aged 15-24) and a growing youth population in the coming years

AED1 = US$0.27

Yemen

GDP	US$35.6 billion (2012 est.)
GDP real growth rate	0.1% (2012 est.)
Population	25.408 million (July 2013 est.)
Age structure (2013 est.)	0-14 years: 42% 15-24 years: 21.1% 25-54 years: 30.6% 55-64 years: 3.7% 65 years and over: 2.6%
Insurance regulator	Ministry of Trade and Industry
Insurance association	Yemen Insurance Federation
Minimum capital requirements	YER200 million (US$930,860)
Total number of insurers/reinsurers	13
Premiums (Life)	YER1.7 billion (2012)
Premiums (Non-life)	YER19.3 billion (2012)
Insurance density	US$3.87 (2012)
Insurance penetration	0.23% (2012)

Insurance

Top 5 companies by gross premiums (2012)

	YER million
United	8,916.6
Trust	2,691.4
Mareb	1,543.4
Medical	1,418.7
CAC	1,358.2

Source: United Insurance, Yemen Insurance Federation

- Yemen has a very underdeveloped insurance market, with GWP standing around US$100 million in the past two years
- United Insurance Co (UIC) is the market leader with a 42% share
- The market's sluggish growth has been attributed to several socio-economic factors, mainly the very low disposable incomes and the country's deep-rooted tribal social system which does not believe in resorting to insurance to resolve disputes. The government has also given little attention to developing the insurance industry
- The insurance law needs to be updated to cope with market changes and many regulations need to be enforced, including those dealing with fronting
- Takaful has been making progress and many players have opened windows since 2009, following UIC's step in this direction. There is one full-fledged takaful operator operating in Yemen since 2001

Economic

- Yemen is one of the poorest Arab states and has the weakest economy in the Arabian Peninsula
- It is highly dependent on its declining hydrocarbon resources which account for 90% of exports, over 60% of the government revenues and around 25% of the country's GDP
- Economic reforms were disrupted by political unrest in 2011 as the government introduced economic stimulus measures to reduce public tension. GDP in 2011 fell by more than 15% and around 2% in 2012
- Yemen continues to face a host of serious challenges, with 45% of the population below the poverty line, a 35% unemployment rate, corruption and poor infrastructure

Political

- 2011 demonstrations led to the resignation of Ali Abdullah Saleh, who was President for 30 years, under a GCC-brokered plan
- The plan included the establishment of a national unity government charged with drafting a new constitution and preparing for new presidential and parliamentary elections at the end of 2014
- Though Yemen's political transition has been hailed for being relatively smooth compared to some Arab countries, various challenges remain. The old guards are still in control of certain military positions causing clashes with opposition parties. In the south, secessionist sentiments have grown while in the north, the risk of clashes with Shiite Zaydite tribes remains worrisome. Moreover, the Al Qaeda insurrection has a strong presence in Yemen

YER100 = US$0.47

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