

# GAIF Daily Day 1

Published by:

MIDDLE EAST  
INSURANCE REVIEW  
INCORPORATING GLOBAL TAKAFUL

Insurance Commission  
of Jordan

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## Dreaming Spires at the Dead Sea?

**E**xcitement abounds in the heart of the Dead Sea as the Arab insurance market takes centre stage on the global insurance scene. The Arab contribution to the global insurance pie in terms of premium is still less than 0.3%, with the 300-odd GAIF members accounting for US\$18 billion in premiums in 2008.

Yet the biennial GAIF Conference does pull in the crowds and is the most important insurance event for the year. There are at least 1,500 delegates here, with at least one third from non-Arab countries all looking to step up their business and contacts with the region. The promise of the Arab insurance markets has long been over-emphasised, but the potential has yet to be unleashed and released in full stream like much of the oil and gas reserves in the region.

There is something very stable and stolid about the Middle East insurance market – despite the global financial crisis and the worst-ever catastrophes and disasters around the world, business in the Middle East can float and bob along with minimal changes and drama.

Yet there are many leaders and movers and shakers in the insurance industry in the Arab region who are ready to make things change.

The individual regulators, on their part, are also working hard to nurture a sustainable insurance market that meets the needs of the individuals and corporate for protection, while at the same time trying to boost the image of insurance and its importance to the man in the street. The efforts of Amman, Manama, Doha and Dubai to nurture different and complementary regional insurance centres to serve the needs of the MENA markets have also added to the rush, though the recent financial crisis has dimmed the glow.

### Highest aspirations at the lowest point

If the Dead Sea is known as the “lowest point on earth”, then the dramatic, temptingly ironic challenge for this 28th GAIF is make this the watershed for the Arab insurance industry which will see a thousand flowers bloom, where CEOs commit to embrace excellence in business dynamics to produce technical underwriting results each year.

The theme of the Conference: “Secured Economy, Comprehensive Development” does set the tone for the industry to look to the future with a vision. This will include looking at consolidation too. With the shortage of qualified manpower and the intense cut-throat competition sometimes making the business uneconomic without reinsurance commissions or investment income, it makes sense for the smaller companies to merge as a strategic alternative. But in practice, it seems that much harder in the Arab world though realities will override sentiments soon.

### CEOs to lead

To reach the heights, the truth is simple: CEOs as the salt of the earth must summon the political will and wherewithal to be the best leaders they can be in the business as insurers whose core is underwriting for profit. There are no two ways about this.

But within that over-arching parameter of technical underwriting, there is a whole menu of choice to excel in, from risk adequate pricing, enterprise risk management, stricter corporate governance and closer benchmarking to investing in human resources and training, and developing sustainable long-term business in the face of greater global interdependence and climate change.

The list is long, but the Dead Sea beckons with the challenge. Don't get distracted by the sheer numbers and the lure and distraction of bilateral meetings. With the crowds, cedants will be spoilt for choice. And the search is on for new partners and new deals but always remember – whether you are buyer or seller – that old is gold, so treat them right with the best deals you can offer and not take them for granted.

At the end of the day, leave Jordan with the single conviction that Arab insurers want to be in the business as risk carriers should not be dismissed as just risk traders. It is easier said than done, but persistence will pay off when regional co-operation is enhanced and there is a moral policeman out there shaming companies that write risks at prices that bear no relevance to the risks assumed consciously or otherwise. Any takers?



# Welcome to



# GAIF 28<sup>th</sup>

It is with great pleasure and honour that I welcome all distinguished delegates to the 28th GAIF Conference in Jordan. The Organising Committee has been working hard to make the Conference this year unique and worthwhile. The theme, "Secured Economy, Comprehensive Development" is in line with the growth seen in the Arab region and the challenges it faces.

The GAIF Conference has gained in momentum over the years and has proved to be the most important pan-Arab insurance gathering. With over 310 members, GAIF has grown in size and achievements, and we hope this year's conference will add value to pan-Arab co-operation.

I wish everyone a successful Conference.

**Mr Abdul Khaliq R Khalil,**  
Secretary General, GAIF

Inspired by its forward thinking and wise Hashemite leadership, Jordan has taken considerable measures to nurture its human resources, placing investment in human capital at the forefront of its priorities. By giving special attention to training, the knowledge and expertise of our human capital are today the wealth of our nation.

Jordan's insurance sector, one of the key economic sectors of the country, has witnessed great prosperity and growth over the past five decades, significantly contributing to GDP. Throughout these years, the Jordanian Insurance Federation has served as an umbrella for the sector. And as a representative body, it has enhanced cooperation and partnership among companies, overseeing their interests and promoting best practices in insurance based on transparency, professionalism, and accountability. Today, the Federation encompasses 28 companies, which work together to provide coverage to individuals and institutions throughout the country.

GAIF, the "Arab Home of Insurance", was founded as a regional Arab federation over four decades ago in the land of the Nile – the cradle of human civilisations. Today, it is a symbol of Arab co-operation and partnership, and a fundamental foundation for the Arab insurance industry.

And today, after 27 stops throughout the Arab world, we meet at this unique location on the shores of the Dead Sea. Together, at this Conference, we celebrate the Federation's accomplishments and successful programmes, and through continued dialogue, we will pave the way for future triumphs.

For the third time, Jordan embraces its friends and family as we convene for the 28th General Arab Insurance Conference. The land of the black iris proudly celebrates your presence and welcomes you home once again. Welcome to Jordan, a nation of heritage founded on the wealth of its people and the beauty of its culture, welcome to GAIF28th.

**Dr Ali Al Wazani,**  
Spokesman for the 28th GAIF Conference



## GAIF facts and figures



Cairo is the permanent headquarters of GAIF

GAIF boasts more than **310** members

including insurance companies, associations, regulators and national unions across the region

**Mr Jawad Hadid,** President of the Jordan Insurance Federation, is President of GAIF for the 2010-12 term



The Arab Insurance Institute,

a GAIF initiative, was established in August 2009 with a paid-up capital of US\$10 million

**Mr Abdul Khaliq R Khalil** has been the GAIF Secretary General since 1998



GAIF launched the **Orange Card** system following a 1975 agreement allowing the free movement of vehicles across borders. Close to **20** countries participate in the scheme

# Reasons to choose JORDAN as your REGIONAL CENTRE

“The Insurance Commission continues to highlight aspects that make Jordan an ideal domicile for foreign international investments in re/insurance. These include, among others, the strategic location of the country, political stability and security, integration with the global economy and adherence to free market principles, skilled local workforce, and competitive business and labour costs. We are seeing increasing interest from international players to come to Jordan, and hope to report a few success stories later in the year.”

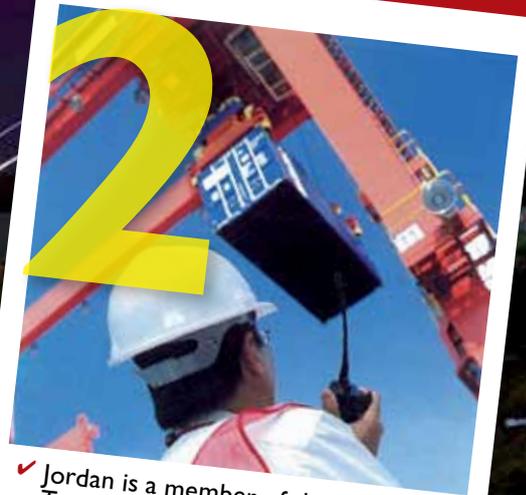
**HE Dr Bassel Hindawi,**  
Director General,  
The Insurance Commission of Jordan



## Population

- ✓ 6.1 million
- ✓ Relatively young
- ✓ Among the most educated and empowered in the Middle East
- ✓ Strong female participation in the workforce
- ✓ Large pool of high-calibre intellectual and professional expertise
- ✓ Ongoing training of some 12,000 people in the financial services sector
- ✓ Increasing numbers of insurance professionals seeking continuous training and obtaining accredited professional qualifications

## Trade



- ✓ Jordan is a member of the World Trade Organization
- ✓ FTAs with Europe, the US, Singapore and greater Arab region
- ✓ Several bilateral agreements

## Political situation



- ✓ Stable and secure
- ✓ Working towards greater democracy and liberalisation

## Geographical location



- ✓ Strategically connected to Asia, Africa and Europe
- ✓ Accessible to many regional markets in the Levant and North Africa

## Business-friendly



- ✓ Reasonable costs for setting up businesses
- ✓ International investors enjoy perks such as tax holidays, income tax exemptions and unrestricted transfer of capital and profits
- ✓ Regional offices and offshore firms enjoy the same privileges accorded to local businesses
- ✓ Full foreign ownership of insurance and reinsurance companies
- ✓ The Aqaba Special Economic Zone, a liberalised, low-tax, multi-sector development zone, offers world-class infrastructure
- ✓ Jordan is home to over 1,070 international businesses and regional offices, and 550 registered commercial agents representing international firms

# Dead Sea lowdown



**Cleopatra** ordered **cosmetic factories** and **resorts** to be built along the **Dead Sea's shores**

It is **not** actually a **sea**, but a **saltwater lake**

Depths vary from **4 metres** near the southern end to more than **400 metres** in the northern part

The Dead Sea is called "**dead**" because its water is **extremely saline**, making it **impossible** for any fish, animal or vegetable life to **survive**



Egyptians used **mud** from the Dead Sea to **mummify** their deceased

It is one of the **saltiest** body of water in the world, with a **salt content** of **34%**



Chemical products such as **potash** (an ingredient for fertilizer) and **salt** are **extracted** profitably from the Dead Sea



At 422 metres below sea level, **sunbathing** here is **relatively safe** given the distance from the sun



The **water level** of the Dead Sea is dropping by about **30cm** a year. Scientists predict that it may **dry up** by **2050**

## A pictorial walk down the last GAIF



# GAIF 2008

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### The Middle East Insurance Review team



Sivam Subramaniam, Osama A Noor, Sheela Suppiah-Raj, Alda Yeo, Rugia A Salahat, Wong Mei-Hwen, Cynthia Ang, Ridwan Abbas, Charles Chau