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First FAIR in the GCC opens amidst much fanfare

Bahrain made history yesterday as the first-ever GCC country to host a FAIR conference. Held at the ornately decorated Gulf Convention Centre, the opening ceremony of the 25th FAIR Conference was an impressive affair.

The Conference, with the theme “Insurance Transformation in FAIR-Land”, held under the patronage of HRH Prince Khalifa Bin Salman Al Khalifa, Prime Minister of Bahrain, was inaugurated by HE Rasheed Al Maraj, Governor of the Central Bank of Bahrain.

Tech innovation for edge in volatile world

In his opening address, Mr Nabil Hajjar, Chairman of FAIR 25th Conference organising Committee-Bahrain 2017, said that technology sweeping the insurance landscape today will define its future tomorrow. He was confident that the FAIR platform would provide participants insights and solutions to remain competitive in the volatile economic, political and technological environment.

Adopters of tech will emerge as winners

Mr Abd El Raouf Ahmed Kotb, outgoing President of FAIR, in his welcome address, spoke about the challenges that the reinsurance sector is facing globally, especially in the FAIR region.

He said the theme of the 25th Conference is very relevant as the technological advancements of today bring real opportunities, and only those who utilise these technological innovations will emerge as winners.

Glaring talent crunch needs to be addressed

In his industry keynote address “Propelling FAIR Insurance Industry through Innovation”, Mr Michael J Morrissey, President and CEO of International Insurance Society, touched on two important aspects: better customer experience through the use of technology and attracting and developing young talent for the insurance industry.

Elaborating on the second aspect, he said: “At the heart of every major FAIR issue – market development, customer centricity, Insurtech,



At the opening ceremony, Mr Abd El Raouf Kotb (second from right) passes the presidency of the Federation to Mr Yassir Albaharna (centre) CEO of Arab Insurance Group (Arig), in the presence of Mr Nabil Hajjar (extreme left), HE Rasheed Al Maraj (second from left) and Dr Adel Mounir (extreme right), Secretary General of FAIR

capital management, product innovation and others – is the urgency of regional talent development.” The insurance industry, across the globe today, has a glaring talent crunch, which needs to be addressed.

Mr Morrissey said the industry needs to communicate more with both its customers as well as its current and prospective employees, especially if it wants to remain relevant in the changing landscape.



Mr Michael J Morrissey

Economic and societal value of insurance

The international address delivered by Ms Anna Maria D’Hulster, Secretary General & Managing Director, The Geneva Association, focused on promoting the economic and societal value of insurance. She said the Association is currently focused on four programmes which include financial stability and regulations; extreme events and climate risk; global ageing and cyber innovation. “These issues that matter equally to the society and the insurance industry will lead to win-win solutions for all stakeholders,” she said.



Ms Anna Maria D’Hulster

The 25th FAIR Conference has been jointly organised by Arab Insurance Group (Arig) and Trust Re in collaboration with the Central Bank of Bahrain (CBB) and Bahrain Insurance Association (BIA). About 800 delegates from 62 Afro-Asian countries and globally are attending the three-day event.



A quick survey of CEOs' top concerns

Q What do you think is the most pertinent issue insurance CEOs need to address today?



"Keeping pace with digital transformation that impacts nearly every aspect of insurance today is becoming increasingly critical. From automating distribution, customer service, policy operations, data analytics and pricing, the technological demands are fervent and bring with it constant learning and system calibrations. But it also brings about innovation, like mobile apps that bring our customers closer to the solutions they need, or the use of drones for quicker aerial property risk surveys."

Mr Christos Adamantiadis
CEO, Oman Insurance Company



"Building a stronger regulatory framework is the hottest topic in our sector nowadays. Indeed, new laws and regulations strengthen the regional insurance market making it more resilient in a volatile business environment. The protection of our sector, especially in our region, is crucial given the economic, financial and political circumstances reigning in MENA countries. Regulators' insights and companies' strategies go hand-in-hand when it comes to the sector's main goals of profitability and shareholders' interests. In a highly competitive market, insurers must aim for a smart underwriting policy combined with an innovative high-tech customer-centric strategy both driven towards profits and growth."

Mr Fateh Bekdache
Vice Chairman & General Manager,
ARPE Insurance SAL



"A key challenge CEOs face is the ability to grow successfully their companies' profile, whilst maintaining or improving earnings in a competitive, volatile and uncertain market environment. Continued pressures from shareholders to achieve enhanced returns in an overcrowded market where rates have softened also create a real dilemma for CEOs, who must balance the desire for market profile over profitability. We believe that adopting appropriate market strategies and risk practices remain essential to the future success of (re)insurers."

Dr Roger Sellek
CEO, EMEA & Asia Pacific, A.M. Best



"The Middle East insurance markets are going through a four-pronged disruption, which is originating from: increasing customer expectations, regulatory changes, technological advancements, and economic pressures due to lower oil prices. Whilst we see pockets of growth, how individual insurers respond to these emerging challenges, will define the future leaders of the business."

Mr Sanjay Jain
MENA Insurance Leader, EY



Insurance in Bahrain*

Total GWP dropped 0.3%
from **BHD272.81 mln** in 2015 to **BHD272.04 mln** in 2016
General insurance business, including medical insurance formed **81%** of the market share.

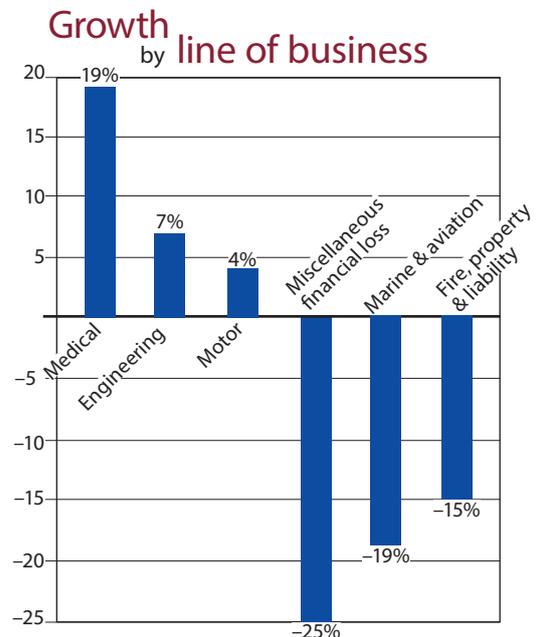
By **gross premiums** Bahrain's **top 5 insurers** were

Insurer	BHD mln
Bahrain Kuwait Insurance	26.2
Bahrain National Insurance	21.8
Life Insurance Corporation (International)	20.0
Takaful International	19.6
Al Ahlia Insurance	19.4

BHD1 = US\$2.65
* All data is for 2016 unless otherwise stated

Insurance penetration was **2.27%**, while **insurance density** reached **US\$461.3**.

Bahrain's six **takaful operators** produced **gross contributions** of **BHD60.43 mln**, down **4.4% y-o-y** and made up **22.2%** of total gross premiums/contributions.



Source: Swiss Re's sigma, Central Bank of Bahrain

GIC Re and FAIR: A time-tested relationship

In this exclusive interview, **Mrs Alice G Vaidyan**, Chairman-cum-Managing Director of **GIC Re**, shares her views about the FAIR market, the protection gap in FAIR member countries, while touching on GIC Re's performance, plans and strategies.

In 2016, among Asian reinsurers, growth was primarily driven by GIC Re, according to A.M. Best's Global Reinsurance Review 2017 which features world's Top 50 reinsurance groups.

In the global rankings of reinsurers released at Monte Carlo in September this year, GIC Re was ranked 12th, a two-spot improvement over the previous year. It has also emerged as the third-largest reinsurer in Asia. GIC Re also shares the distinction of being a founding member of FAIR.

Commitment to FAIR

GIC Re, the manager of the FAIR Nat CAT Pool, has been a leader on various treaty and facultative business accounts in the Afro-Asian markets.

In addition, GIC Re is a member on the technical board of FAIR Aviation Pool and is a significant aviation underwriter globally.

Mentioning the company's long association with FAIR, Mrs Vaidyan said: "GIC Re has always been committed to FAIR. Our initiative to establish the FAIR Natural Catastrophe Reinsurance Pool is an example of this commitment."



Mrs Alice G Vaidyan

Africa, a benign CAT market

Traditionally Africa has been considered benign as far as CAT risks are concerned, and the region has significant over-capacity. However, perhaps due to the impact of climate change, the CAT market has picked up, with the region seeking increased CAT reinsurance support.

In 2016, Asia suffered 47% of the total global economic losses from Nat CATs, while its insured losses accounted for only 16% of total global insured losses.

Referring to the low insurance penetration in most of the member nations of FAIR, Mrs Vaidyan said that though reinsurers have a duty to help insurers introduce affordable products in their respective markets so that the penetration increases, they also have to ensure the sustainability of the industry. "GIC Re has always been a market-friendly reinsurer, and we will continue to further enhance that image," she said.

GIC Re's IPO

Speaking about GIC Re's impending IPO, Mrs Vaidyan said: "Going public will bring more visibility, transparency and accountability to our functioning, in addition to improving corporate governance and risk management in the organisation." She added that the IPO will unlock value for the company's existing shareholders.



An overview of India's non-life insurance industry

These are interesting times for the Indian insurance industry. Several Indian insurers are poised to go public, and work is in progress for these insurers to be listed on bourses.

The sole Indian reinsurer in public sector, GIC Re is to be listed very soon.

Record growth in 2016-17

The non-life industry closed the fiscal 2016-17 with a gross premium income of INR1.27 trillion (US\$19.5 billion), registering a growth of over 33% over the previous fiscal 2015-16. This record growth was achieved largely on the back of government sponsored Prime Minister's crop insurance scheme.

The beginning of the year also saw the India branches of major overseas reinsurers, including Lloyd's, commencing their operations on-shore. This translates into more capacity, better products and improved insurance penetration in the country.

Agriculture boosts GIC Re growth in 2016-17

Crop insurance has emerged as one of the largest portfolios of GIC Re, said Mrs Vaidyan. The reinsurer posted an 82% growth in its overall gross premiums in FY17 compared to FY16, on the back of the Pradhan Mantri Fasal Bima Yojana (PMFBY), the government-backed crop insurance scheme.

The reinsurer's net profit grew by 10% for the financial year ended 31 March 2017. It posted an after-tax profit of INR31.27 billion (US\$480.8 million) in FY17 compared to INR28.48 billion posted in FY16.

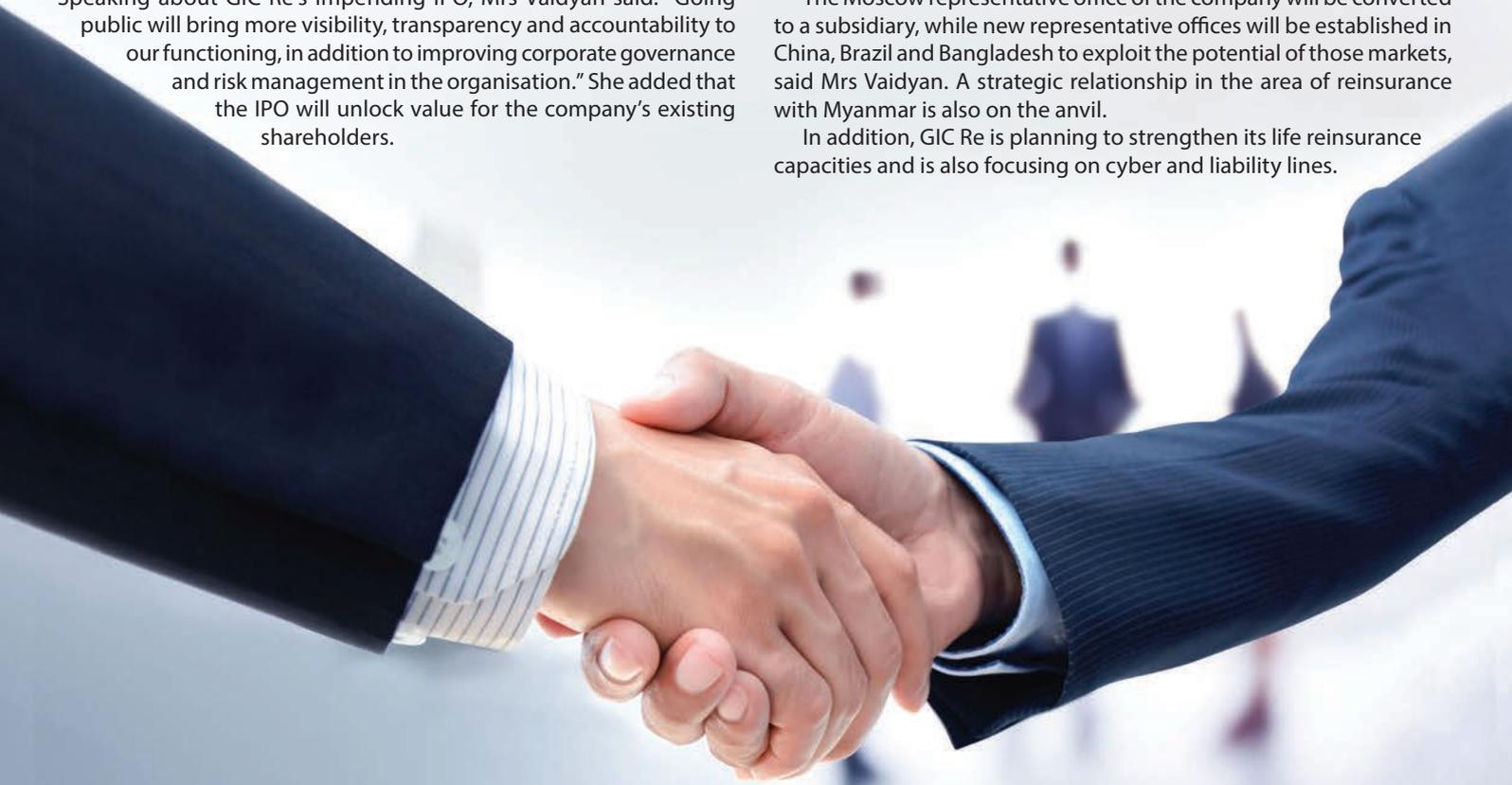
Enlarging footprint

On the expansion front, the Indian reinsurer wants to have a presence in virtually all geographies.

"Our growth plans include establishing a syndicate at Lloyd's of London and gradually expanding our relationship with US insurers and venturing more into that market," said Mrs Vaidyan.

The Moscow representative office of the company will be converted to a subsidiary, while new representative offices will be established in China, Brazil and Bangladesh to exploit the potential of those markets, said Mrs Vaidyan. A strategic relationship in the area of reinsurance with Myanmar is also on the anvil.

In addition, GIC Re is planning to strengthen its life reinsurance capacities and is also focusing on cyber and liability lines.



Association welcomes FAIR to Bahrain

Bahrain Insurance Association hosted an outdoor welcome reception on the first night of the Conference at the beautiful garden of the Gulf Hotel. After a long day of meetings and networking, guests appreciated the chance to relax and socialise under the moonlight, enjoying good food and drinks, while a violinist serenaded for guests.



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