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Insurance sector must embrace resilience, say industry leaders

The insurance industry must embrace resilience to build a better future amidst mounting challenges from climate volatility, economic uncertainty, and technological disruption. This was the core message from several speakers on the opening day yesterday of the 29th FAIR (Federation of Afro-Asian Insurers and Reinsurers) Conference.

By Jimmy John

From L to R: Mr Sanjay Mokashi, Mr Khaled Mohamed Al Badie, Mr Mo'men Mukhtar, Ms Girija Subramanian and Mr Hitesh Joshi

In his welcome speech, Mr Sanjay Mokashi, chairman of the Conference organising committee and GM of GIC Re, said that FAIR is a guiding force for emerging markets. He highlighted the significance of hosting the event in India, which is seeing a resurgence in economic growth.

"Our region needs multi-disciplinary collaboration. This Conference will strengthen partnerships and boost the insurance ecosystem," he said.

In his opening speech, FAIR secretary general, Mr Mo'men Mukhtar, said that the Conference's theme, "Emerging markets—Towards resilient growth', reflected the growing importance of resilience in a world marked by uncertainty.

"A significant insurance gap exists in the Afro-Asian region and we need to build a future-ready insurance landscape in these markets," he said.

FAIR president Mr Khaled Mohamed Al Badie said that over the past two years, FAIR had helped the industry strengthen cooperation, promote insurance knowledge, and broaden perspectives across Africa and Asia. "Let us work together in building a strong and resilient insurance industry," he added.

In his keynote speech, GIC Re executive director Mr Hitesh Joshi said the story of this century will be written by emerging markets in Asia and Africa. "Responsive, sustainable and inclusive growth will ensure resilience," he said. He called for public-private partnerships to facilitate insurance growth and coverage in emerging markets.

New India CMD Ms Girija Subramanian said that climate change is a stark reality. "Nat CAT losses are rising steadily and putting entire societies under pressure. The insurance industry has a critical role to play not just as risk bearer but also as resilience enabler," she said. She added that parametric solutions, green insurance, Nat CAT pools and reinsurance backed by public-private partnerships are all key steps in the right direction.

In his special keynote address, Mr M Nagaraju, secretary, Department of Financial Services, Finance Ministry, called for collaboration among different stakeholders in the insurance industry. "We must target innovative risk transfer solutions—parametric, cyber, surety and other innovative products—that can strengthen resilience," he said.

He added that insurance is also about human dignity, as it gives people the courage to take risks. "We need to innovate together and commit to lifting all countries across Asia and Africa."

Yesterday, the FAIR presidency was passed from the UAE to India.

The three-day Conference, held in Mumbai, has attracted over 650 delegates from 60 countries.

Passing of presidency

Navigating political risk and currency volatility

At the first plenary session of the 29th FAIR Conference yesterday morning, (re)insurance industry leaders discussed the mounting challenges of political instability and currency fluctuations across global markets, with Africa emerging as both a significant opportunity and a complex risk zone in an increasingly volatile world.

By Osama Noor

From L to R: Mr Amitabha Ray, Dr Abhijit Chattoraj, Mrs Prabha Chokhani, Mr Andrew Selous and Mr Ahmed Al-Jabr

Swiss Re CEO India Amitabha Ray, moderating the first plenary session, observed that geopolitical risks in various parts of the world have increased in areas such as the Red Sea and Ukraine, which pose additional challenges that need to be tackled by the insurance industry.

Mr Amitabha Ray

Panel participant, Dr Abhijit Chattoraj, vice president of the Risk Management Association of India and former professor of insurance and dean - BIMTECH, Risk Management Association of India, presenting an academic's perspective of the reality of political risk today, referred to the multiple dimensions of political risks worldwide, including government stability, regulatory and policy changes; expropriation/nationalisation; geopolitics; and societal polarisation. He added that the top 10 countries facing such risks are concentrated in Africa.

Dr Abhijit Chattoraj

Providing examples of the challenging environment for political risk insurers in a region like Africa, C&C Insurance group's UK director Andrew Selous also said that the continent represents a great opportunity for the (re)insurance industry. One appeal is that loss ratios are standing at a reasonable level. However, payments and currency fluctuations remain a serious challenge.

Mr Andrew Selous

Sending a message to governments, he emphasised the importance of having competent solvent governments, embedding enterprise culture among stakeholders. On climate change, he urged governments to build resilience and preparedness as well as cooperate with the insurance sector.

Sharing lessons on how (re)insurance providers can succeed in a highly turbulent region, Saudi Reinsurance Company (Saudi Re) CEO Ahmed Al-Jabr said that as a reinsurer, the company shares capacity, making sure of its adequacy through deploying it on select risks.

Mr Ahmed Al-Jabr

He emphasised the importance of developing new solutions to remain in line constantly with market needs. "Whether it's through product innovation or partnerships... the focus should be on adaptability to market needs and to create solutions that respond to the current circumstances... This will help turn challenges into opportunities."

The world is currently going through an extraordinary stage of instability that is marked by a high level of vulnerability, uncertainty and complexity, said WTW Insurance Brokers, India head of broking and placement Mrs Prabha Chokhani. Political risks are among the top five concerns of insurance companies.

Mrs Prabha Chokhani

She outlined the top five geopolitical risks, namely, global trade protectionism; the ongoing Russia-Ukraine war; the escalating conflict in the Middle East with its resultant geopolitical effect on the insurance industry; the increased scale and sophistication of cyber attacks; and climate change.

FAIR Non-Life Pool charts new growth course under Misr Insurance's leadership

The rapidly evolving insurance markets across Africa and Asia present both substantial opportunities and significant challenges for the Non-Life Reinsurance Pool of the Federation of Afro-Asian Insurers and Reinsurers (FAIR), according to Mr Mohamed Mahran, managing director and CEO of Misr Insurance, which manages the Pool. While growth prospects are strong, the Pool must navigate rising risks, and increasingly complex market dynamics.

By Sarah Si

The Non-Life Reinsurance Pool ('Pool') of the Federation of Afro-Asian Insurers and Reinsurers (FAIR) serves as a strategic platform enabling Afro-Asian insurance companies to share risks and reduce reliance on international reinsurers.

The Pool is a testament to the spirit of collaboration among FAIR members, said Misr Insurance's managing director and CEO Mohamed Mahran.

In an interview with *Middle East Insurance Review*, Mr Mahran—who assumed his leadership role in August 2025—emphasised that the Pool's business performance is tied closely to economic conditions, regulatory developments, climate-related risks and capacity limitations.

Opportunities

According to Mr Mahran, the Pool is well-positioned to capture new demand in emerging markets. Key opportunities include: Rising reinsurance needs in fast-growing economies; increased awareness of climate-related risks and demand for green insurance solutions and stronger regional cooperation and efforts to reduce reliance on international reinsurers.

Challenges

On the other hand, the Pool faces several headwinds that could hinder growth. Mr Mahran listed several key areas of concern: Persistent inflation and rising claims costs; currency volatility and the risk of economic slowdown; regulatory fragmentation and compliance barriers; increased frequency and severity of catastrophic climate events and capacity constraints in key markets.

Strategic Priorities for the Pool

Mr Mahran outlined the Pool's key strategic measures:

- **Regulatory engagement:** Work with African and Asian regulators to streamline cross-border reinsurance
- **Capacity building:** Strengthen the Pool's regional presence by extending capacity and providing technical assistance to smaller and newly established cedants, particularly across the MENA region and Africa
- **Technical leadership:** Assume a leadership role within the FAIR system by delivering training programmes, supporting capacity-building initiatives, and providing underwriting expertise
- **Regional resilience:** Offer a viable regional alternative that enhances risk retention within local markets and mitigates foreign exchange exposure (e.g. reliance on US$/EUR reinsurance).

FAIR Pool's contribution to Middle East growth

Given that many national markets in the region are either too small or too volatile to absorb large risks, the Pool enables: multi-country participation, risk diversification across geographies, underwriting of large and complex risks, and reduced volatility for individual markets.

Before 1974, Middle Eastern insurers were heavily dependent on European reinsurers such as Lloyd's and Swiss Re.

Raising standards and building capacity

To enhance the Pool's technical and service standards, Mr Mahran outlined a multifaceted strategy focused on professional development, governance, and innovation:

Continuous professional development

- Conduct technical training sessions and workshops. Promote internationally recognised certifications—such as CII qualifications, CPCU and ARe—to elevate expertise and reinforce the Pool's collective credibility.

Benchmarking against global standards

- Benchmark key performance indicators against leading global reinsurers. Adopt internationally recognised best practices in underwriting, risk assessment and claims management.

Investing in technology

- Deploy modern reinsurance platforms with data analytics and portfolio management tools

Strengthening governance and compliance

- Conduct periodic internal audits to ensure full compliance with international standards and regulatory requirements

Collaboration and knowledge sharing

- Foster collaboration among FAIR member companies, international reinsurers, and industry institutions.

Established in 1974, the Pool operates primarily within the Afro-Asian market. Misr Insurance took over the management of the FAIR Non-Life Reinsurance Pool in 2024. It implements the resolutions and decisions adopted by both the FAIR General Assembly and the Technical Board. The Pool achieved a gross premium of GBP42.8m ($57.8m) in 2024.

Africa Re's Asian and Middle East portfolios grow rapidly

Africa Re's overall business performance across its home continent was mixed. However, its international wing delivered strong performance. Slower growth on the continent was partly driven by currency depreciation in several countries.

By Mary Kwang

Table 1: International market's contributions to Africa Re's total reinsurance revenue

Market segment	2024		2023		2022	
	Reinsurance revenue $m	Share of total %	Reinsurance revenue $m	Share of total %	Reinsurance revenue $m	Share of total %
a) Asia	178.73	14.9	138.63	13.2	76.23	8.3
b) Middle East	116.16	9.7	77.90	7.5	50.54	5.5
c) Others	36.60	3.0	25.01	2.4	14.54	1.6
International (a+b+c)	331.49	27.6	241.54	23.1	141.31	15.4
Total	**1,200.35**	**100.0**	**1,045.52**	**100.0**	**917.11**	**100.0**

Source: Africa Re

African Reinsurance Corporation (Africa Re), the leading reinsurer in Africa, has significantly expanded its reinsurance business in Asia and the Middle East in recent years, according to financial data from the company.

Table 1 shows Africa's topline performance in its international market.

Africa Re's international segment includes markets like Asia, the Middle East and Brazil.

The reinsurer's international business portfolio has gained partly from positive rate movements and relatively stable currencies compared to the depreciation seen in many African markets.

Africa Re said that fluctuations in exchange rates adversely impacted its reinsurance revenue in some African countries following the significant depreciation of currencies, such as the Nigerian naira, Egyptian pound and Ethiopian birr, against the US dollar.

In 2024, Africa Re's total reinsurance revenue rose by 14.8% year on year to $1,200.35m. In comparison, revenue from international business grew at a much faster pace, jumping by 37.2% to $331.49m.

Middle East reinsurance revenue surged by 49.1% year on year to $116.16m in 2024 (2023: $77.90m). This was a correction after the Turkiye's Kahramanmaras Earthquake and UAE floods in the direct insurance market.

Meanwhile, revenue from Asia climbed by 28.9% to $178.73m in 2024 from $138.63m in 2023, mainly as a result of strong performance in Fire, Life and Non-Marine classes of business.

Africa reinsurers

Africa Re operates mainly on the continent. Table 2 presents a summary of Africa Re's reinsurance revenue distribution, highlighting contributions from different parts of the continent with international business providing a contrast:

The data indicate that some African markets contributed less proportionally to the reinsurer's overall business. While two African regions recorded a higher market share, their growth lagged behind that of the international market.

Dr Corneille Karekezi, group managing director/CEO of Africa Re, in comments in the company's 2024 annual report released recently, said that African reinsurers have not been able to maximise the positive global momentum. This situation is due to socio-economic environment characterised by inflationary pressures, political instability, market fragmentation, low capitalisation and depreciation of local currencies against the US dollar. The movements of African currencies, retrocession protection and capitalisation are key drivers of performance.

Nevertheless, Dr Karekezi said, positive sentiments are expected to continue amid improving regulatory interventions to strengthen capitalisation and increase insurance penetration with underwriting discipline and industry coalition to strengthen market fundamentals.

Highlighting some opportunities in Africa, he said, "There is an increasing demand for reinsurance in specialty lines of business such as cyber liability insurance, trade credit and political risks, political violence and terrorism and other related emerging risks on the continent."

Table 2: Geographical distribution of reinsurance revenue (%)

Market	2024	2023
South Africa	12.7	12.6
East Africa	19.3	20.4
Anglophone West Africa	8.5	12.4
Francophone West Africa & Central Africa	13.8	12.2
Northeast Africa	3.3	3.8
Maghreb	7.1	7.7
African Indian Ocean Islands & Portuguese-speaking African nations	3.4	3.2
Retakaful	4.4	4.7
International (including Asia, Middle East, and Brazil)	27.6	23.1
Total	100.0	100.0
Reinsurance revenue	**$1,200.35m**	**$1,045.52m**

Source: Africa Re's 2024 annual report

Reinsurance's current dual reality: High capital and protection gaps

Reinsurance capital has reached an all-time high in 2025, creating favourable conditions for insurers as market competition begins to pressure reinsurance pricing. Asian Reinsurance Corporation's Mr Anil Sant, notes that despite the availability of reinsurance funds and strong reinsurers' earnings, emerging economies face significant protection gap in areas such as Nat CAT, health and cyber risks.

By Reva Ganesan

Reinsurers in Asia are increasingly integrating climate risk into underwriting decisions and pricing, said Asian Reinsurance Corporation (Asian Re) president and CEO Anil Sant.

"And Asian Re intends to do the same," he said in an interview with Asia Insurance Review. He added, "At Asian Re, we monitor and manage our catastrophe exposures by analysing Probable Maximum Losses using catastrophe models."

Referring to the current trend in which global reinsurance capital—including both traditional and alternative capital—has climbed to a new high this year, he said that the abundant capital is ushering in a softening phase in the reinsurance market cycle.

"The ample capacity available to insurers is making the reinsurance market favourable for buyers," he said.

Furthermore, he added most reinsurers have reported strong earnings in 2024, supported by healthy underwriting results and robust investment income, amid the elevated interest-rate environment.

"Some competitive pressures are beginning to emerge, potentially constraining future earnings growth, particularly as pricing softens in better performing business segments," he said.

Opportunities amidst challenges

Despite the positive capital environment, Mr Sant pointed out that significant challenges remain — especially in emerging markets, where the protection gap for natural catastrophe (Nat CAT) coverage remains substantial.

"In most emerging economies, the Nat CAT protection gap still ranges between 90% and 95%. Combined with the strong economic growth in these regions, this presents a significant opportunity to expand insurance penetration," he said.

"Moreover, the protection gap that is to be addressed is not only limited to Nat CAT, but also healthcare, cyber insurance etc. (Re)insurance companies along with other stakeholders must work and contribute towards reducing the protection gap which usually affects the vulnerable sections of the society the hardest," he said.

Rising Nat CAT risks

Mr Sant emphasised that natural disasters continue to pose a major challenge for the regional reinsurance market. Examples of major Nat CAT events include:

- Thailand floods in 2011
- Nepal earthquake in 2015
- Typhoon Haiyan in 2013 and Rai in 2021 in the Philippines
- floods and cyclones in India
- Typhoon Yagi in 2024 in Vietnam, Laos, Thailand and Myanmar

FAIR membership

Asian Re has been a long-standing member of FAIR and continues to provide capacity to FAIR pools, Mr Sant said. He added that Asian Re has built enduring business relationships with several FAIR members. He said, "Our intention is to continue existing relationships and augment cooperation wherever possible."

"FAIR can work to provide coverage for emerging risks, such as cyber and contribute to provide insurance support to under-penetrated groups and assist in reducing the natural catastrophe protection gap," he added.

Outlook

"We believe FAIR in the coming years can continue to build on its important core activities to provide additional underwriting capacity to members," Mr Sant said.

He said Asia and Africa are home to many emerging and developing countries with the potential to contribute to the global insurance market development. He added, "FAIR, on account of its unique formation, experience and reach, should have bright prospects for growth and development."

Bangkok-headquartered Asian Re is an intergovernmental reinsurer established in 1979 under the auspices of the United Nations Economic and Social Commission for Asia and the Pacific (UN-ESCAP). Membership is open to all state members or associate members of UN-ESCAP. Asian Re commenced operations in 1980.

Reinsurers' Net-Zero activities lead to transition risks and reinsurance gap

While most discussion around climate change and reinsurance is focused on its role in providing coverage for physical risks, reinsurance can also have an impact from a transition risk perspective. Authors Christoph Mohr, Jeffery Yong and Manuela Zweimueller, elaborate on reinsurers' activities in addressing climate challenges as well as the risks arising from moving to Net-Zero.

From a pricing and underwriting perspective, reinsurers pursue their Net-Zero goals in various ways, including by providing coverage for new green technologies ("scaling up") and/or limiting coverage for carbon-intensive sectors ("phasing down"). The approaches—scaling up and phasing down—may result in what is described as transition risk, leading to broader economic and financial stability implications.

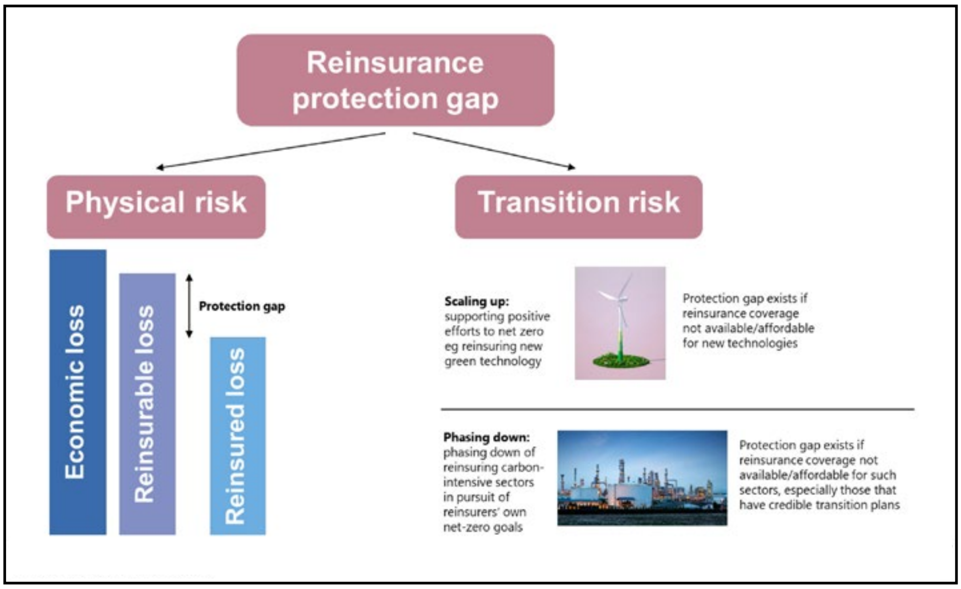
Green technologies

Reinsurance can contribute to "scaling up" green technologies that enable the reduction of greenhouse gas emissions. Scaling up involves reinsurers actively facilitating the growth of sustainable technologies and renewable energy projects by offering reinsurance coverage solutions to address the unique risks associated with these innovations.

Reinsurers may, through their underwriting, provide cover across the value chain for products or services that support climate risk mitigation. These include renewable energy such as photovoltaic installations, heat pumps and wind farms, as well as rail systems, greener buildings, environmental restoration, carbon sequestration and carbon credits.

For renewable energy, for example, reinsurance might cover the risks associated with the construction (engineering), operations (property) and performance (financial losses) of solar or wind parks, including damage from physical risk. It is estimated that insurance cover may be required for $10tn of investment in financing the climate transition through to 2030. Reinsurers could be considered "transition enablers".

Components of the reinsurance protection gap



Source: Authors' elaboration

Reinsurers may have commercial interests in reinsuring new technologies or supporting their development through their risk management expertise. This could be a forward-looking move for access to alternative sources of business in the future to compensate for the loss of existing business such as carbon-intensive sectors/assets that may disappear due to transition efforts.

In terms of supporting new technologies, Lloyd's of London has traditionally been a global reinsurance marketplace that enables the underwriting of new risks. It continues to provide reinsurance for new green technologies. Other large (re) insurance players are also exploring innovations and providing cover for green technologies. Transition to net zero may therefore play a role in their longer-term business strategy.

Pricing of reinsurance coverage

The pricing approaches that support the scaling up of transition activities may need to be adjusted due to the lack of historical data. Assessing and pricing risks associated with new technologies and activities can be more uncertain, especially given limited loss experience. Some direct insurers may thus not currently be inclined to write much of this business or may reinsure out most of the risks. Alternative approaches may be used to price new innovative scaling up of reinsurance products.

For example, Lloyd's of London is considering using environmental, social and governance (ESG) ratings when pricing insurance products.

Another pricing approach is to find existing products with similar features and use these as proxies. Through trial and error in a controlled fashion (eg limiting the volume of business), pricing can improve over time as loss experience emerges. Some reinsurers may allocate a certain portion of their underwriting volume to such risks to gain insights and expertise (eg through their risk engineers). For reinsurance covering green technologies, a good understanding of the manufacturers, production processes and products can help reinsurers to price appropriately.

Limiting coverage

Some reinsurers may seek to limit coverage for carbon-intensive sectors with a view to pursuing their own Net-Zero transition goals. Where it occurs, this involves a strategic and gradual reduction in underwriting certain sectors that are heavily reliant on fossil fuels and other carbon-intensive activities.

Such underwriting policies may not necessarily be driven by perceived or evidenced higher insured risks. On a voluntary basis, some large insurers and reinsurers have committed, eg in their transition plans, to transition to net zero and publish their efforts. The commitment could involve slowing down or stopping (new) reinsurance coverage for certain carbon-intensive sectors.

It is critical that the reduction in reinsurance capacity in carbon-intensive sectors, where it occurs, is done in a thoughtful way. An abrupt and indiscriminate withdrawal could lead to economic disruptions with potential financial stability implications. Some reinsurers may provide continued reinsurance of these sectors, gradually phasing them down on the basis that their underwriting approach has an effect on how these industries reduce their carbon impact.

Reinsurers can also support insurers' efforts by sharing knowledge. This is, for example, also promoted by the United Nations-led and convened Forum for Insurance Transition to Net Zero (FIT). Engaging with counterparties to support them in transitioning to a lower carbon footprint may be deemed more desirable than withdrawing reinsurance coverage to such entities.

For example, while Japan's Stewardship Code does not explicitly refer to the transition to net zero, it fosters the principle of engagement and dialogue with investee companies, ie clients, with regard to sustainability, including ESG factors.

Emerging markets

The underwriting policy of some global reinsurers to phase down coverage of carbon-intensive sectors may also have unintended consequences for emerging markets and developing economies (EMDEs).

In practice, it seems that such reductions are primarily being undertaken by reinsurers based in the European Union due to the European Commission's commitments to reduce greenhouse gas emissions to zero by 2050.

As primary insurers, especially in EMDEs, may rely on reinsurance capacity based in the EU to support their vital (yet potentially carbon-intensive) economic sectors, reinsurance withdrawal can have wide-ranging economic impacts in these jurisdictions.

Reinsurers' policies, that are set by the groups' headquarters based in advanced jurisdictions can leave a reinsurance protection gap open in EMDEs. Such gaps may ultimately need to be covered by governments in those jurisdictions. Other players, including captive reinsurers, may enter the market and address the gap to a certain extent.

This commentary was first published in a section of the FSI Insights paper titled "Mind the climate-related protection gap–reinsurance pricing and underwriting considerations", released by the Financial Stability Institute (FSI) of the Bank for International Settlements (BIS) and the International Association of Insurance Supervisors (IAIS). FSI Insights are written by FSI members often in collaboration with staff from supervisory agencies and central banks. The views expressed in this paper are solely those of the authors. Free access to the paper is available on the BIS website (www.bis.org).

An evening of music, fun and camaraderie















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