

GAIF Daily

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Sustainable insurance practices brought to life

Day three of GAIF 34 began with a stellar session on ‘Sustainable insurance practices - strategies and initiatives adopted by Arab insurers to promote sustainability in the industry’ in which delegates were privileged to hear cutting-edge thinking from industry leaders.

By Paul McNamara

The session on sustainable insurance was moderated expertly by Oman Qatar Insurance chief executive officer Hasan Al Lawati who laid the ground for the morning’s discussion when he said, “We are operating in an environment where change is the only constant,” and asked the big question: “How do we make our businesses sustainable?”



Mr Hasan Al Lawati

sector as a whole.

“All of this,” she said, “is putting pressure on insurers to react.” This is manifest in the Muscat Stock Exchange that now expects all listed entities to report on their ESG efforts and the exchange is “encouraging companies to establish a robust framework for diverse sustainable endeavours.”

Ms AlHinai then went on to talk about the Oman sustainable finance framework itself and its efforts to fund environmental and social initiatives to combat climate change. She then detailed how the framework fits within Oman Vision 2040.

Ms Al Hinai concluded by turning to Oman’s insurance industry and how it could integrate sustainable practices for resilient underwriting. “The Oman insurance industry’s response to climate risks is evolving rapidly,” she said. “Insurers must embrace sustainable practices to mitigate risks associated with climate change, natural disasters and societal challenges.

“We aim to integrate sustainability principles into our operations, products and services, ensuring long-term value creation for our stakeholders and the communities we serve,” she said.

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Meeting the climate challenge

Mr Al Lawati then introduced the first speaker, Liva Insurance chief executive officer Hanaa Al Hinai.



Ms Hanaa Al Hinai

Ms Al Hinai gave a brief preamble that outlined the realities of rising climate risks in recent years in Oman before turning her attention to the financial impact of climate change on the insurance industry.

She pointed to the findings of Oman’s central bank on the risks to the finance



First session of day three, GAIF 34

Reinsurer perspective

Saudi Re chief strategy and technology officer Isa Ali then took up the baton and focused closely on the four barriers to ESG integration – which included limited awareness and understanding, regulatory and legal uncertainty, lack of data availability and the quality and transformation to sustainable practices.



Mr Isa Ali

Mr Ali then picked up on the emerging technologies that might help facilitate sustainable insurance practices – with a focus on advanced analytics and AI, the internet of things, process automation and InsurTech platforms.

He then revealed the practical implications of implementing ESG directives in day-to-day business with a look at what Saudi Re had done in the area of sustainability and said that the

reinsurer was one of the first reinsurers to integrate ESG into its operations.

This commitment from Saudi Re fell under six pillars – including national contribution, strong governance and economic performance, responsible customer relations, environmental protection, sustainable insurance and people and community care.

Mr Ali's parting message was particularly relevant. "Insurance is inherently dynamic," he said. "Challenges are inevitable. Innovation is crucial for maintaining competitiveness and meeting the evolving needs of stakeholders.

"Technology-led innovations could be a strategy to boost productivity, efficiency and ESG goals simultaneously," he said.

Useful in every application

The final speaker, Ripple Effect chief executive officer Katja Rieger began by making the stark statement that

"being good makes good business sense" and went on to explore how ESG is all about risk and opportunities.

"Insurers can come together and work on risks to enable better solutions for society," she said. "And they will reap the benefits too."

She added a note of caution. "ESG is a process. You won't do it perfectly on day one. You will make mistakes – and that's what makes it so valuable," she said. "No one expects you to be perfect in the first year – because next year the bar will be set even higher."

The morning session concluded with a lively debate that teased out more thoughts, concerns and insights and provided delegates with plenty of food for thought about the central place of sustainability of insurance in the Arab world. ▣



Ms Katja Rieger

How insurance regulators cope with AI

If there was every any doubt that the insurance regulators of the Arab world were taking AI seriously, then any such uncertainty would have been dispelled by the insurance regulation session on day three of GAIF 34.

By Paul McNamara

That AI is soon to affect every facet of the modern business world is no longer in much doubt. But are the insurance regulators of the region on top of the coming tsunami of change? Very much so, if the insurance regulation session on day three of GAIF 34 is anything to go by.

The session was titled, 'Regulatory frameworks for AI adoption - regulatory environment and policy considerations that facilitate responsible AI adoption while ensuring inclusivity and sustainability in the Arab insurance sector', which neatly summed up what was foremost in the minds of three of the MENA region's leading insurance regulators.

GAIF 34 host Capital Market Authority of Oman executive president Abdullah Al Salmi

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L-R: Messrs Abdullah Al Salmi, Naji Al Tamimi and Dr Mohamed Farid Saleh

was joined by Insurance Authority of Saudi Arabia chief executive officer Naji Al Tamimi and Finance Regulatory Authority of Egypt executive chairman Mohamed Farid Saleh for a lively discussion that addressed many of the big issues facing insurance regulators.

Setting the scene

Mr Al Tamimi set the scene when he portrayed the role of the insurance regulators looking at AI as being about “protecting citizens from AI. Regulation is geared towards allowing innovation,” he said, “so that regulation does not become an obstacle to innovation.”

Dr Saleh offered the insight that, “AI is complementary to technology innovation in insurance. The question is how we deal with it,” he said. He pointed out that the question is not as simple as it first looks – is the regulator to monitor the data – or the application – or the outcome?

“We need to be clear what it is that we are regulating,” he said and went on to make the point that insurance regulation itself can get help from AI. “AI could be treated like an employee,” Dr Saleh said. “AI is coming and there is no stopping it,”

he said. “We are at an inflection point.”

AI and sustainability

Mr Al Salmi said, “We have adapted to give the government enough space to innovate and explore what AI can do – and then we can develop regulation to suit the reality.”

He went on to say that the InsurTech and fintech sandboxes that have been developed for more general technology solutions can be adapted to become testing grounds for AI in insurance. “After that, we can export them from the sandbox for application in wider society,” he said.

Mr Al Tamimi made note of the fact that insurance regulators in the region can look to learn lessons from the overseas experience – and he pointed to the US, the UK and Europe as markets that had already taken strides to allow for the regulation of AI in insurance.

The Financial Conduct Authority in the UK, said Mr Al Tamimi, was using AI and machine learning to spot potential breaches or misconduct. “In the US, they are using AI in underwriting risks,” he said, “and so we are still watching.”

In Saudi Arabia, insurance entities that wish to use AI in their business will have to seek permission to do so – and will form part of a register “We encourage those that want to use AI to do so very cautiously,” he said.

Responsibility

Dr Saleh pointed out that Egypt has a long history of insurance regulation – dating from 1975 and which have been updated since. “We need a regulatory framework that allows the use of data,” said Dr Saleh.

One worry is that AI could lead to the loss of jobs. “But it opens up other jobs and provides solutions,” said Mr Al Tamimi. “AI will increase productivity ... insurance deals a lot with people and data and we believe it adds value to the sector. This technology is part of our future.”

Mr Al Salmi concurred. “We will be changing school curriculums to teach about AI,” he said. “There will be a new generation that knows how to deal with AI. We cannot stop change. We need to adapt to it and deal with the negative aspects that come with it.”

Celebrating 60 years of collaboration

The 34th GAIF Conference kicked off with a grand opening ceremony including performances by the Muscat Royal Philharmonic Orchestra and Opera Choir Group.



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