FAIR Review

Issue No. 200 (2024- Q2)

Market Overview of

Ethiopia

Market Overview of

India


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FAIR Review

FAIR in Brief

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FAIR Review

The "FAIR Review" is published quarterly by the central office and circulated to over 6000 of FAIR's members & friends from various insurance markets. It is devoted to disseminate the research work, articles and information, to enhance professional knowledge among insurance professionals.

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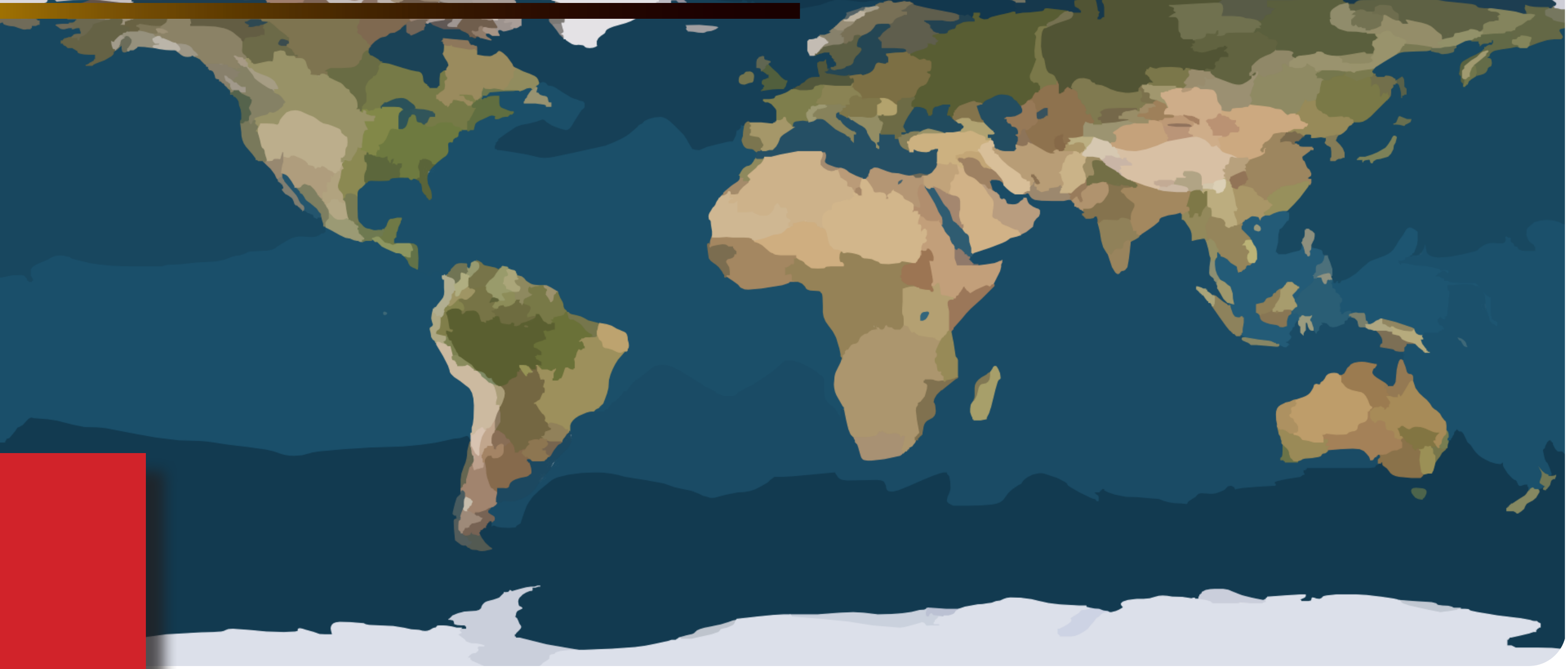
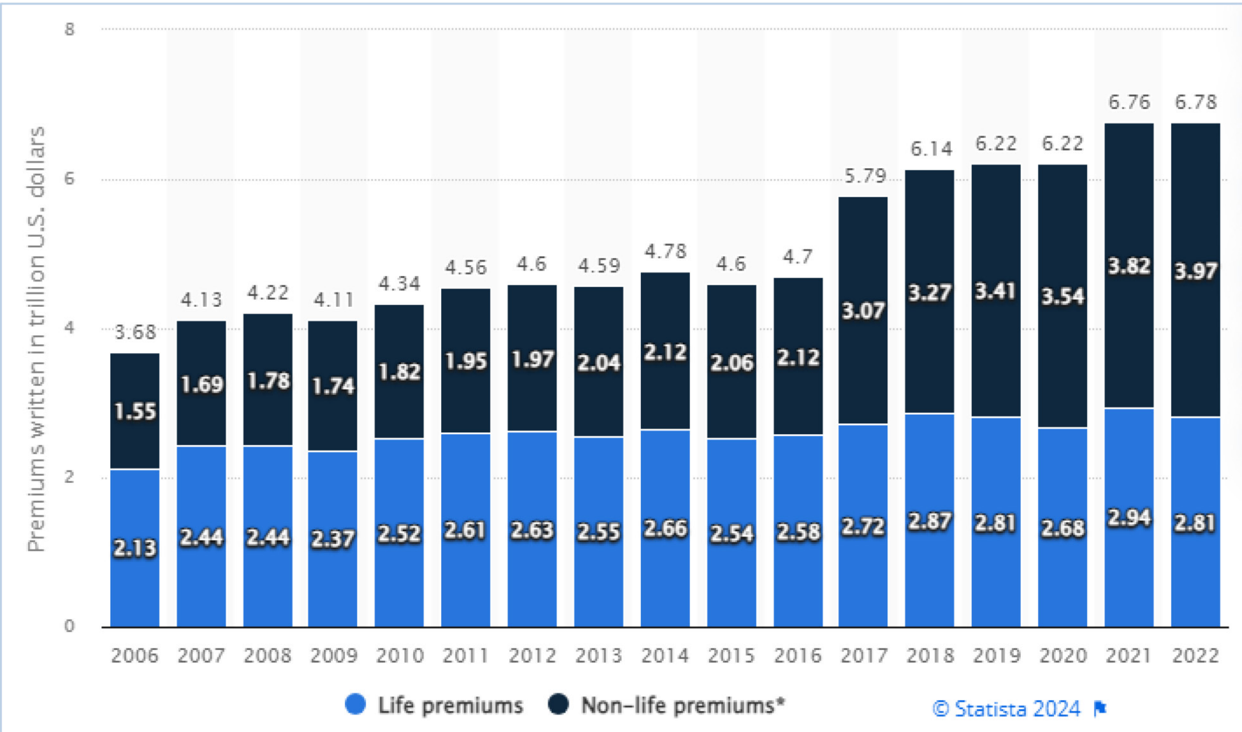


- ***Life and non-life insurance direct premiums written globally from 2006 to 2022***

(In trillion U.S. dollars)



This statistic shows life and non-life insurance direct premiums written globally from 2006 to 2022.

In 2022, the global insurance industry wrote life premiums worth approximately 2.81 trillion U.S. dollars, and non-life premiums to the value of around 3.97 trillion U.S. dollars. ■

Release date December 2023
Region Worldwide
Survey time period 2006 to 2022

Supplementary notes
* Nonlife premiums include accident and health insurance.

Figures have been rounded.
Before reinsurance transactions.
Values taken from multiple publications

Insurance & Reinsurance Laws and Regulations Rumours of the Death of the LMA3100 Sanctions Clause Are Greatly Exaggerated 2024

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Contributor

Arabella Ramage
Lloyd's Market Association

1. Overview

The Lloyd's Market Association (LMA) represents Lloyd's syndicates and therefore has been heavily involved over a long period of time in assisting the Lloyd's market to respond to sanctions legislation.

In this chapter, I explain the development of the use of sanctions clauses in the insurance market and why the LMA has decided to publish two new sanctions clauses after having relied upon our workhorse LMA3100 for over 13 years. It is a very unusual clause in that it has survived legal challenge and not been amended for such a long period within a rapidly developing world landscape. It has also been adopted not just within Lloyd's and the London market, but also worldwide and is used by insurers, reinsurers and brokers as a means of protection.

It is worth setting out the clause early in this chapter so that the features that have contributed to its success can be picked out.

Sanction Limitation and Exclusion Clause

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

Although the LMA has not withdrawn the clause (which remains a valuable tool for reasons I explore in this chapter), the new clauses are intended ultimately to be an improvement and will hopefully receive the same kind of uptake in the insurance market as LMA3100.

2. Sanctions Clauses

Sanctions clauses are used in insurance policies for various reasons:

1. To provide contractual certainty to the insured in terms of which sanctions the insurer will be applying in deciding whether it can provide coverage or pay claims.
2. To explain the way that the insurer will deal with any sanctions arising during the contract.
3. To provide protection for the insurer with respect to blocking legislation so that the insurer does not end up in a position where they fall between two regulators (for example, the US Cuban sanctions which UK and EU insurers are not permitted to apply due to EU and UK blocking legislation).
4. In the case of reinsurers, to allow them to demonstrate that they are not intending to cover anything that would place them in breach of sanctions, even though they are not able to do due diligence on all underlying business.

Sanctions clauses have become an essential part of every insurer and broker's compliance requirements in providing a contractual safety net to ensure that they are complying with applicable international

sanctions and have the ability to resist providing coverage or paying claims in any situation where sanctions apply. They are essential because insurance contracts do not all incept on one date in the year, so inconveniently, the position may change during the course of the contract. Insurers need to be able to deal with the fact that they might not be able to provide the same extent of coverage mid-term that they were legitimately able to provide at inception.

A sanctions clause is not a substitute for due diligence at the time of placement – insurers must be clear at inception with regard to what coverage they can provide. Similarly, a sanctions clause is not a protection at the time that a claim is due to be paid if the insurer has not done their due diligence and fails to identify applicable sanctions. You would, however, now expect to see a sanctions clause in every contract, and a very significant number of those contain LMA3100 or a variant of that clause. Brokers' compliance departments have also required the clauses to be in place for the reason that, as agent of the insured although not a party to the contract, brokers are indirectly protected from any breach of sanctions in carrying out their duties by the fact that underwriters would not be carrying out business in breach of sanctions.

3. A Brief History of Insurance Sanctions and Blocking Legislation

The insurance industry is unique in that it provides products which cover clients with respect to worldwide business. The clients of a Lloyd's insurer could come from any country in the world where Lloyd's has a direct licence (or where it does not have a licence it may well feature as a reinsurer of the local insurer). This has made it a useful pawn for governments wishing to indirectly impact world trade.

Neither sanctions nor economic crime generally were a significant feature of insurance until the 1990s. Indeed, most legal and compliance teams were managing this aspect of the business as part of their general workload "from the sides of their desk". This picture has changed entirely in the last 20 years and it is now a specialist area of legal and compliance, with professionals working full time to ensure that sanctions are complied with, and that insurers are able to carry out their day-to-day business at the same time as far as possible.

Although the US had imposed sanctions on Cuba in 1962, and insurers have always had to pay regard to dealings with weapons and other nefarious products, there was not really any significant impact upon insurers until the use of sanctions as a political tool was extended to Libya and Iran. It will be obvious why these impacted marine and energy insurers, as both countries were significant actors in the world energy market. Therefore, in terms of insurance, restricting access to insurance products could impact many areas of their economies such as hull insurance on tankers, and cargo insurance on the cargo. It would also impact insurance of the energy infrastructure within those countries and processing of the products in other third countries. Subsequently, other countries attracting attention in the form of sanctions were Myanmar, and then Russia due to the annexing of Crimea.

Since that time there have been increasingly ingenious and sophisticated constructs put in place by legislators, and many new governments have joined the party since LMA3100 was drafted (which only refers to the UK, US, EU and UN). For instance, China and Russia have enacted their own sanctions.

The oil price cap legislation marks a new high-water mark in complication and novelty. The legislation requires insurers to obtain attestations from insureds as to the price at which they are purchasing oil and oil products, and insurers are expected to refuse to do business with any party shipping Russian oil at a price below the oil price cap. This legislation has highlighted the limitations of using insurance as a method of restricting world trade. The intention behind the legislation is that the G7 countries can ensure that Russian oil continues to be traded, but that Russia receives less income than it would trading on the open market. At first glance, it seems to be a clever compromise between an absolute ban, which would cause prices to rise, and ensuring that Russia feels the pinch. However, it has in fact highlighted the fact that the G7 are unable to impose this restriction upon other countries. The impact appears to have been the partial shifting of trade (and the insurance of that trade) to countries outside the G7 such as India and China. For insurers within the G7 and other countries observing the oil price cap, the question is whether this is a permanent shift of the business (which will ultimately reduce the impact that those governments can make by imposing sanctions on insurers) or a temporary shift. The fact that there has been another round of sanctions to tighten the price cap requirements due to alleged widespread evasion is indicative of the limitations of the use of sanctions on western insurers, who only form part of the chain in the oil trade, and of the fact that insurance (and ownership of the vessels and cargo insured) can easily be shifted to other jurisdictions.

There have been several studies that question the effectiveness of these constructs.

4. Blocking Legislation

Insurers have also been faced with an added complication in the sanctions field by the enactment of the EU blocking legislation which barred UK and European insurers from complying with US extraterritorial legislation concerning Cuba and Iran. This blocking legislation meant that where the US has enacted sanctions legislation intended to apply extraterritorially to insurers that are based outside the US, those insurers were banned from complying with the extraterritorial sanctions. It can readily be appreciated that this creates a significant problem for the insurance industry.

A significant percentage of insurance transactions that take place are denominated in dollars and most international insurers also trade in the US market and often have a branch or company established within the US. As a consequence of these touchpoints, regardless of blocking legislation passed by the EU or UK, non-US insurers are "exposed" to the risk of breaching US extraterritorial sanctions, even though those sanctions technically do not apply to them and they are not permitted to comply with them. Non-US insurers were between a rock and a hard place, with the US requiring them to pay regard to US Cuban and Iranian extraterritorial sanctions and their own domestic legislation requiring that they should not pay attention to US extraterritorial legislation (sometimes with the threat of ignoring the blocking legislation, exposing the insurer and the employees within that insurer to making decisions at the risk of criminal sanction).

5. LMA3100

At the time that LMA3100 was drafted, sanctions clauses were not included in all insurance contracts or viewed as an essential tool for insurers. There was resistance to their introduction for various reasons such as that they were not required, as they simply reflected the legal position that insurers could not provide coverage or pay claims where it would be illegal.

In some classes of business, such as professional indemnity and directors' and officers' liability insurance, there was understandably reluctance to introduce exclusion clauses, as the insured needs to know how much coverage they are being given with certainty. There was scepticism as to whether sanctions were relevant to many classes. On the reinsurance side, there was concern about introducing difference in the conditions between insurers and reinsurers in different jurisdictions – so potentially being subject to different sanctions regimes.

The initial development of sanctions clauses was mainly within marine and energy insurance followed by the aviation market. Initially, the market adopted two different approaches. The first was a blunt instrument of simply excluding sanctioned countries which were listed in the contract. The second was an absolute exclusion to exclude coverage for any business impacted by sanctions. Neither approach was satisfactory to deal with the blocking legislation conundrum and the first approach was not flexible enough to deal with any new sanctions imposed on the market.

Turning back to LMA3100, it developed out of the clauses being drafted in the marine market, and its forerunners were joint hull and joint cargo clauses on identical terms which are still used in those markets. It was issued in 2010 and has survived scrutiny from regulators and in Court, and is a rarity in the way it has been adopted across most of the insurance industry and in most jurisdictions.
The clause is not a pure sanctions exclusion clause. Although the title says it is an exclusion, in fact it operates by deeming that no insurer shall provide cover, or be liable to pay any claim or provide any benefit to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that insurer to any sanction, prohibition or restriction under any UN, US, UK or EU resolutions or sanctions. It, therefore, refined the blunt instrument of an exclusion to a provision which suspends the contract coverage to the extent that sanctions are applicable. This is a more proportionate approach to a situation where not all of an insured's operations may be impacted.

<u>To illustrate the way this would work in a claims situation:</u>

1. If a valid claim had arisen but not been paid prior to sanctions being imposed, LMA3100 would mean the claim could not be paid unless sanctions are subsequently lifted (and the claim is not otherwise time-barred).
2. No claim arising after sanctions are imposed could arise while coverage is suspended as there is no coverage for it to attach to.
3. If the policy comes back into force, claims arising at that time could attach to the policy.

Parts of the policy not impacted by sanctions could still operate, such as a cancellation clause if sanctions had prevented premium being paid.

LMA3100 was the first widely used clause which addressed the issue of blocking legislation. It does this through the provision stating that an insurer does not have to provide coverage or pay a claim to the extent that it would be "exposed" to any sanction, prohibition or restriction under UN resolutions or the trade or economic sanctions, laws or regulations of the EU, UK or US. This solved the "rock and a hard place" quandary for insurers, in that its effect is that where there is blocking legislation put in place by an insurer's own regulator (which means that the insurer is technically not subject to another country's extraterritorial sanctions; for example, US extraterritorial sanctions with respect to Cuba), the insurer is still able to refuse to pay if it can show it is exposed to action from a regulator such as the US, due to use of dollars or a US subsidiary. An ordinary exclusion would require them to show they are actually subject to the extraterritorial legislation, which by definition they cannot if blocking legislation is in place.

This language led to the first significant Court case where LMA3100 was considered in the English Courts (Mamancochet).[i] The (non-US) defendant insurer was refusing to pay an Iranian claim to an insured on the basis that this would expose it to action from the US regulator. The English High Court considered LMA3100 to be a suspensory clause rather than an exclusion (despite the fact that the clause was called an exclusion in its title). Its effect, therefore, would be to suspend coverage to the extent that the insurer was either subject to sanctions or exposed to sanctions. The insurer, however, needed to prove that there was an actual exposure, not just that it considered there was a risk of exposure. In this case, the insurer lost because the US had in fact lifted Iranian sanctions at the time the claim arose so there was no actual "exposure".

The French Appeal Court then had a look at the clause with a different insurer as defendant (which was a US insurer). In the Lafarge decision the French Court assessed the clause on the basis that it was an exclusion (as set out in its title) and determined that it did not meet technical French law requirements to work as an exclusion.[ii] In particular it did not list with sufficient particularity the sanctions supposed to be excluded by the clause and it did not have the formal drafting requirements of a French exclusion (bold type).

Although the French decision was not binding, it was feasible that the same decision would be reached on a subsequent case. It was also concerning in that it appeared to require that an insurer could list out applicable sanctions at inception so that an insured has certainty at inception as to what is excluded. This is not workable for insurers since they need to be protected with respect to the imposition of new sanctions during the period of an insurance policy. In addition, there was concern that other clauses would be developed which would impact the general consensus that has developed around LMA3100. While the clause is not mandatory, it has been very useful for the market in that it has been possible to use as protection for lead and follow markets and parties from different jurisdictions participating in the same contract. It has also been used in contracts using many different laws.

6. Consultation on Updating LMA3100

Following these cases and concerns that had been raised as to the fact that LMA3100 only addresses UK, EU, US and UN sanctions, we decided to start a market consultation on updating LMA3100.

We started this consultation with some reluctance because of LMA3100's success. We instructed three external lawyers to assist us: DJ Wolff of Crowell Moring in the US; Jadat Khurshid KC of 7 King's Bench Walk (who had been counsel on the Mamancochet case); and Yannis Samothrakis (then at Clyde & Co but now a partner at Taylor Wessing) in France. We also met with the French Insurance Association and regulators in the UK and

US. We laid on industry events to discuss our analysis and received a considerable amount of feedback and interest.

The most common feedback was the same reluctance that we felt to change a clause that had stood the test of time and which regulators and the worldwide market were familiar with.

The other common feedback was to ask for the clause to be amended by adding various other jurisdictions which are now busy in the sanctions field, such as Australia and Canada.

During the course of the consultation, it became clear that there were some common misconceptions about LMA3100. Many market participants seemed to be unaware of the implications of Mamancochet – that the clause operated to suspend coverage (at least under English common law) for the period while coverage was impacted by sanctions and only to the extent that coverage could not be given. They understood the clause to be an exclusion or a clause that terminated coverage in the event of the imposition of sanctions.

The outcome of the LMA consultation is two new clauses:

1. LMA3100A, which simply changes the title of the clause to be clear that it is suspensory and not an exclusion clause.
2. LMA3200, which is a new clause and drafted as an agreement between the parties that if there are any sanctions impacting performance of the agreement, coverage is suspended. The advice from lawyers in France and also the UK and US is that this clause should achieve the same result as LMA3100, but it will not have to be interpreted by Civil Law Courts strictly as an exclusion with the resultant strict formalities under civil law. It is, therefore, more likely to be enforced on the basis of the parties' agreement.

These clauses were issued with a guidance note which suggested how the clauses could be adapted to add reference to the sanctions regimes of other countries.

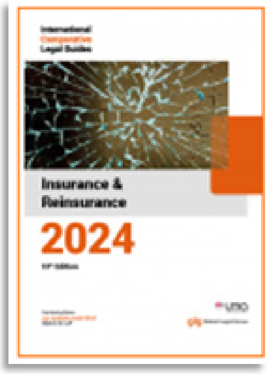
The LMA does not track use of its clauses, or mandate that they are used in the form issued. Parties are free to agree their own amendments to a clause, although in the case of LMA3100A and LMA3200, since they have been drafted carefully to protect the parties to the contract, it is hoped that any significant change will not be necessary. However, the informal feedback we have received is that LMA3100A is getting good take up and that LMA3200 is being used mainly where there is a touchpoint with France in the contract of insurance. While LMA3100 and its sister marine clauses have not been withdrawn, we hope that it will be possible to do so in due course, as we believe that the new clauses are improvements on a clause that has stood the test of time.

The new clauses have been blessed by HM Treasury in relation to the oil price cap sanctions, and they are listed in the official guidance as suitable clauses for use by reinsurers.

7. Conclusion

Sanctions clauses are here to stay so long as the insurance industry is used as a tool by governments and need to be wide enough and flexible enough to work to protect underwriters and brokers against novel sanctions requirements that very often cannot be anticipated at inception of a policy. We hope that we have achieved this with the new clauses and that they will stand the test of time for as long as LMA3100. ■

Source: ICLG Insurance & Reinsurance Laws and Regulations 2024



Endnotes

[i] Mamancochet Mining Ltd -v- Aegis Managing Agency Ltd & Ors [2018] EWHC 2643 (Comm).

[ii] Paris Court of Appeal, June 21, 2022, n°20/1083

• *The New Norm?*
Global Insured Losses for Nat Cats Keep Breaking Records:
Swiss Re

Global insured losses from natural catastrophes in 2023 exceeded US$100 billion for the fourth consecutive year — an indication of the new norm for nat cat losses, according to Swiss Re.

Other record-breaking numbers for 2023 included the total of insured-loss-inducing catastrophes (which hit a record 142), and the insured price tag for severe convective storms (SCS), which reached US$64 billion for the first time, said the report published by Swiss Re Institute, Swiss Re's research unit. The report is titled "Natural catastrophes in 2023: gearing up for today's and tomorrow's weather risks."

Although the earthquake in Turkey and Syria was last year's costliest catastrophe with estimated insured losses of US$6.2 billion, event frequency from severe convective storms was the main driver of 2023's nat cat losses, said Swiss Re.

The report describes SCS as an umbrella term for a range of hazards including tornadic and straight-line winds, as well as large hailstones.

The report said that 85% of total SCS insured losses originated in the United States and losses are growing the fastest in Europe where they have topped US$5 billion in each of the last three years.

Most of the record-breaking numbers of natural catastrophes were brought by medium-severity events, which Swiss Re defines as events with losses in the range of US$1 billion to US$5 billion. The number of medium-severity events, which can include SCS, has grown by an average of 7.5% each year since 1994, almost double the 3.9% increase of all catastrophes.

"After tropical cyclones, SCS have become the second largest loss-making peril. As with other perils, rising exposures due to economic and population growth, and urbanisation are the main forces driving SCS losses higher," the report continued.

Hailstorms are the main contributor to insured losses from SCS, responsible for 50%-80% annually of all SCS-driven insured losses, Swiss Re reported, pointing to the example of northern Italy where storms with giant hail stones brought insured damages of US$5.5 billion in 2023.

Global Protection Gap

Last year, economic losses from natural catastrophes reached US$280 billion, meaning that 62% of the global losses were uninsured, amounting to a global protection gap of US$172 billion in 2023, up from US$153 billion in 2022 and the previous 10-year average of US$134 billion. (Economic losses include all damage, both insured and uninsured.)

Swiss Re noted that global insured losses from natural disasters outpaced global economic growth over the past 30 years.

"From 1994 to 2023, inflation-adjusted insured losses from natural catastrophes averaged 5.9% per year, while global GDP grew by 2.7%. In other words, over the last 30 years, the relative loss burden compared to GDP has doubled," said a press release accompanying the report.

Swiss Re forecasts that annual insured losses will grow by 5%-7%

over the long term, which is in line with actual loss increases over the last 30 years.

"Several factors suggest losses will continue to rise: property exposures continue to grow, especially in areas of already high-value concentrations. Exposure growth also tends to be focused in areas of higher catastrophe risk such as flood plains or on coastlines," the report said. "So far, the impact of changing climates has been small. However, we expect that the contribution from severe weather and other events will likely rise. By extrapolating the aforementioned long-term growth trend, we estimate that today's insured losses could double in 10 years."

Accumulation of Assets in Vulnerable Regions

"Even without a historic storm on the scale of Hurricane Ian, which hit Florida the year before, global natural catastrophe losses in 2023 were severe," commented Jerôme Jean Haegeli, Swiss Re's group chief economist, in a statement.

"This reconfirms the 30-year loss trend that's been driven by the accumulation of assets in regions vulnerable to natural catastrophes. In the future, however, we must consider something more: climate-related hazard intensification," he added. "Fiercer storms and bigger floods fueled by a warming planet are due to contribute more to losses. This demonstrates how urgent the need for action is, especially when taking into account structurally higher inflation that has caused post-disaster costs to soar."

In its conclusion, the Swiss Re report stated: "To better deal with the losses of today and prepare for the weather of tomorrow, loss potential needs to be reduced so that insurance is more affordable, protection gaps are narrowed and the business of insurance remains sustainable. Lowering loss potential requires climate change mitigation, loss reduction, and prevention and adaptation actions to minimize exposure and vulnerability to hazards."

Other findings from the report include:

- Total insured losses, which include natural catastrophes (US$108 billion) and man-made losses (US$9 billion) were $117 billion for 2023.
- Total economic losses for the year were $291 billion, which comprised natural catastrophes costing $280 billion, and man-made events costing $11 billion.
- The costliest industry event, the earthquake in Turkey and Syria, had insured losses of US$6.2 billion, but given the region's low insurance penetration, 90% of all property damage was uninsured.
- The Turkey and Syria earthquake was the biggest humanitarian disaster of the year, claiming close to 58,000 lives. ■

Source: Insurance Journal – 15 April 2024

• *2023 Disasters in Numbers*

EM-DAT

In 2023,[1] the Emergency Events Database (EM-DAT) recorded a total of 399 disasters related to natural hazards.[2] These events resulted in 86,473 fatalities and affected 93.1 million people. The economic losses amounted to US$202.7 billion. The 2023 earthquake in Türkiye and the Syrian Arab Republic was the most catastrophic event of the year in terms of mortality and economic damage, with 56,683 reported deaths and damage worth US$42.9 billion damage. This earthquake impacted an estimated 18 million people, a total for both countries, making it the second most impactful event in terms of affected individuals. The first was the 2023 Indonesian Drought, which affected 18.8 million people from June to September 2023.

In the year under review there was a high level of disaster mortality, with a total of 86,473 deaths, exceeding the 20-year average of 64,148 deaths and the median value of 19,290 deaths[3] for the same period, mainly due to the dramatic earthquake in Türkiye and Syria in February 2023, counting for two-thirds of the EMDAT total deaths. The number of individuals affected by disasters, 93.1 million, is below the 2003-2022 annual average of 175.5 million.

The difference is mainly due to the relatively low number of new significant droughts. It is important to note that some events are still ongoing, so reports on droughts might be incomplete, making the current statistics provisional. The annual analysis highlights seasonal droughts beginning in 2023 but excludes ongoing multiyear droughts, such as the severe and long-lasting Horn of Africa Drought.

Furthermore, the report probably underestimates the mortality from heat waves and the number of heatwave events in 2023. Awaiting further information, the EM-DAT validation for the 2023 European heat waves remains incomplete, as it may well omit several high-mortality events. This issue is addressed in a section of the report dedicated to this issue.

In terms of economic losses, the reported figure of US$ 202.7 billion is slightly higher than the EM-DAT 2003-2022 annual average of US$196.3 billion. Notably, only one-third of disasters covered in this report for the 2003-2022 period benefit from documented total economic damage, with a remarkably lower reporting percentage of 12% for Africa. This discrepancy underscores, once again, the critical need to enhance global efforts in the evaluation, reporting, and dissemination of economic loss data resulting from disasters.

In Türkiye, a sequence of earthquakes with magnitudes of 7.8 Mw and 7.5 Mw on February 6 led to 50,783 casualties and affected approximately 9.2 million people. In the Syrian Arab Republic, reports indicate 5,900 deaths and 8.8 million people affected by this disaster. The total economic damage is currently estimated to be at least US$34 billion for Türkiye and US$8.9 billion for Syria. Additionally, two other seismic events are among the Top 10 deadliest disasters. On September 8, a magnitude 6.8 Mw earthquake in the High Atlas Mountain Region, southwest of Marrakesh, Morocco, resulted in 2,946 fatalities and economic losses estimated at US$7 billion. In Western Afghanistan, an earthquake on October 7 in the Herat province led to 2,445 reported fatalities.

As far as severe storm events are concerned, Storm Daniel struck Libya in September, causing floods that led to 12,352 casualties – including 8,000 missing persons – and economic losses of US$6.2 billion. This event was the second deadliest disaster of 2023, after the Türkiye and Syria Earthquake. Earlier in the year, Cyclone Freddy passed through Madagascar, Mozambique, and Malawi. The greatest impact was in Malawi, resulting in 1,209 fatalities and affecting 2.3 million individuals. Typhoon Doksuri, occurring at the end of July, hit the Philippines, followed by China where economic losses are estimated to be US$25 billion, making it the second most expensive disaster in 2023. There was also severe flooding in India due to Cyclone Michaung at the beginning of December, affecting 4.4 million people. In the Americas, two storms had notable economic impacts. In early March, the United States was hit by a storm that brought tornado outbreaks, strong winds, and floods, causing estimated costs of US$6 billion and 13 fatalities. Lastly, in October, Tropical Storm Otis in Mexico affected one million people, caused 104 fatalities, and resulted in damage worth US$12 billion, making it the costliest storm disaster ever recorded in Mexico.

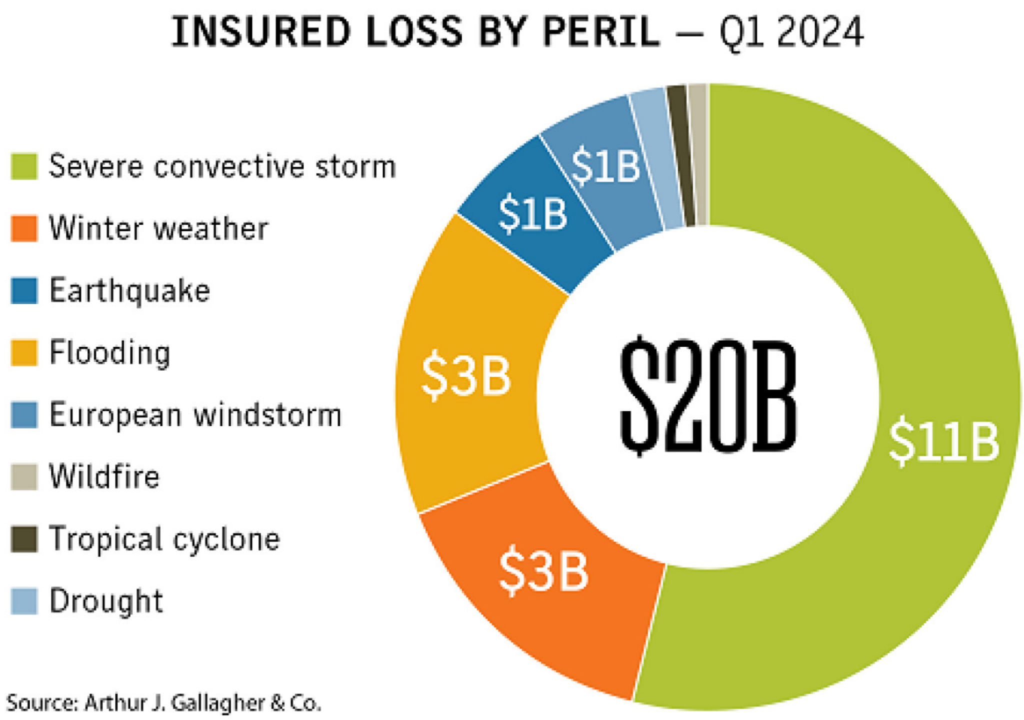
Regarding the most prominent floods, in the Democratic Republic of the Congo there was severe flooding and landslides in May due to torrential rainfall in South Kivu province. The death toll, which remains uncertain, is currently estimated at 2,970, with 470 confirmed deaths and thousands missing. In North-East Nigeria, floods in October resulted in 275 fatalities. In December, Somalia experienced torrential rains during its rainy season, affecting approximately 2.5 million individuals, while a flood in the United Republic of Tanzania impacted 2.9 million people. In January, the Philippines were struck by nationwide floods and landslides, resulting in 52 deaths and affecting 2.1 million individuals. Monsoon floods also struck Pakistan and India from April to July, with India recording at least 1529 fatalities and 10.2 million people affected between June and September 2023. In addition, Yemen experienced a prolonged and intense annual rainy season between March and September 2023, with 248 reported deaths during this period. In Guatemala, heavy rainfall from May onward led to significant flooding and landslides, affecting over 4.4 million people and causing 78 deaths. In Europe, the mid-May floods in the Emilia-Romagna region resulted in 15 casualties and were among the costliest floods of 2023, with economic damage estimated at US$9.8 billion.

Regarding drought-related events, Indonesia's dry season – from May to October – severely impacted approximately 18.8 million residents. In the United States of America, the Southern and Midwestern regions experienced a significant drought, coupled with a heat wave, which was recorded as the costliest event of 2023 in the USA, with damage evaluated at US$14.5 billion. Additionally, in August, the Lahaina Wildfire on Maui Island in Hawaii was identified as one of the Top 10 costliest disasters, with economic losses amounting to US$5.5 billion. ■

Source: EM-DAT, April 2024

- ***Nat cat insured losses at least $20B in Q1:***

Gallagher Re



Insured losses from natural catastrophes totaled at least $20 billion in first-quarter 2024, a third lower than the $33 billion in insured losses in first-quarter 2023 but a shade higher than the 10-year average of $18 billion, according to a report Wednesday from Gallagher Re, the reinsurance business of brokerage Arthur J. Gallagher & Co.

Severe convective storm was the leading cause of loss, $11 billion, with $10 billion of that in the U.S. Three of these events are already billion-dollar losses, and Gallagher Re said further development was "likely" from the largest first-quarter SCS outbreaks.

First-quarter severe convective storm insured losses were the second highest on record, after first-quarter 2023's $15 billion. Insured losses from severe convective storm were a record $63 billion in 2023, making this year's first quarter a potentially ominous harbinger.

Hail was cited as the "primary sub-peril," and drove the bulk of insured losses across the central and eastern U.S. "In any given year, hail drives 50% to 80% of all thunderstorm-related claims," the report said.

The U.S. accounted for three-quarters, or $15 billion, of the first-quarter insured losses, with Asia next closest with $3 billion in insured losses, driven by the Jan. 1 Japanese Noto Peninsula earthquake of magnitude 7.5. ■

Source: Business Insurance Magazine – 17 April 2024

• World Bank Issues $420 Million in Catastrophe Bonds for Renewed Disaster Risk Protection for Mexico

New issuance to replace and increase the previous $60 million afforded for named perils

Washington D.C., April 17, 2024 –

The World Bank (International Bank for Reconstruction and Development, or IBRD, AAA/Aaa), issued three catastrophe (cat) bonds that finance $420 million of insurance coverage for the Government of Mexico against named storm events along the Atlantic coast of Mexico and earthquake events. The cat bonds replace and increase by $60 million the previous cat bonds for these perils.

Mexico is highly exposed to many natural hazards. Over 40 percent of the country's territory and nearly a third of the population is exposed to hurricanes, storms, floods, earthquakes, and volcanic eruptions. In economic terms, this translates to 30 percent of the country's GDP considered to be at-risk from three or more hazards and more than 70 percent at risk from two or more hazards. In 2006, Mexico was the first Government to use the cat bond market for its risk financing needs, and since then has sponsored 20 cat bonds.

The cat bonds were issued under IBRD's "capital at risk" notes program, which can be used to transfer risks related to natural disasters and other risks from developing countries to the capital markets. The bonds attracted 27 institutional investors from around the world, providing financing for catastrophe insurance to Mexico for four years, with payouts triggered if an earthquake or named storm event meets the parametric criteria for location and severity set forth in the bond terms. Payouts, funded by principal reductions of the bonds, will be passed by IBRD to the Government of Mexico through the intermediation of Munich Re, and Agroasemex, S.A., a Mexican state-owned insurance company.

"For almost two decades, Mexico has been partnering with the World Bank to access the risk-bearing capacity of the capital markets for its disaster risk management. The continued success of these transactions is a good example for other countries we are working with, as they consider the capital markets as a resource for financial protection against unpredictable natural events," said **Jorge Familiar, Vice President and Treasurer of the World Bank**.

"The issuance of the 2024-2028 Cat Bonds is a fundamental part of the federal strategy for Financial Management of Disaster Risks and reaffirms the commitment of the Government of Mexico to increase protection to the population affected by a disaster, to safeguard macroeconomic stability and have additional resources to deal with potential external shocks caused by natural disasters", said **Héctor Santana Suárez, Head of Insurance, Pensions and Social Security in the Ministry of Finance of México**. "The new coverage includes a higher insured amount, optimizes risk modeling and incorporates improvements in the exposure and parameters for the activation of the Bonds".

"Mexico has been a leader in having a comprehensive disaster risk financing strategy and using innovative instruments, such as cat bonds to mitigate disasters' impact on public finances," said Mark Roland Thomas, World Bank Country Director for Mexico.

GC Securities, a division of MMC Securities LLC, Aon, and Munich Re were the joint structuring agents. GC Securities and Aon were joint bookrunners for the transaction. AIR Worldwide is the risk modeler and calculation agent.

"Aon Securities is pleased to partner with the World Bank to help the Government of Mexico bring another successful transaction to the capital markets. The Government of Mexico is very focused on activities and projects, including risk management, that generate positive impacts on society and the environment. We're very proud to be a part of this mission and to also contribute to the Government of Mexico's continued capital markets leadership," said Paul Schultz, CEO, Aon Securities.

"We are delighted to have structured and placed Mexico's catastrophe bond renewal, which provides Mexico with enhanced protection to April 2028 for Atlantic hurricanes and earthquakes affecting Mexico, demonstrating our commitment to empowering sustainable futures for Mexico. We celebrate Mexico's almost 20-year commitment to protecting its country from the significant financial effects of Atlantic hurricane and earthquakes through the use of catastrophe bonds and partnership with the World Bank and its Capital-at-Risk Notes program," Cory Anger, Managing Director, GC Securities, a division of MMC Securities LLC.

"Munich Re congratulates and is pleased that we had the opportunity to support the Mexican Secretariat of Finance and Public Credit as well as the World Bank by structuring and acting as fronting reinsurer in order to facilitate this successful capital market risk transfer," said Andreas Müller, Head of Global Retro and ILS, Munich Re. ■

Catastrophe Bonds Investor Distribution

Geographic Distribution			Investor Type	
Europe	44%		ILS Fund	65%
North America	44%		Insurer / Reinsurer	7%
Bermuda	10%		Pension Fund	7%
Asia / Australia	2%		Asset Management / Hedge Fund	21%

Summary Bond Terms and Conditions

Type of Note	CAR
Issuer	World Bank (International Bank for Reconstruction and Development, IBRD)
Covered Perils	Class A: Earthquake event Class B: Earthquake event Class C: Named Storms – Atlantic Coast
Size (Aggregate Nominal Amount) *	US $420 million catastrophe bond Class A: $225 million Class B: $70 million Class C: $125 million
Trigger Type	Parametric, Per Occurrence
Trade Date	April 4, 2024
Settlement Date	April 17, 2024
Scheduled Maturity Date	April 24, 2028
Issue Price	100%
Coupon (per annum)	Compounded SOFR + Funding Margin + Risk Margin
Funding Margin	0.22% per annum
Risk Margin (Risk Period)	Class A: 4% Class B: 11% Class C: 13.5%
Redemption Amount	The Outstanding Nominal Amount on each Class reduced by any Principal Reductions and/or Partial Repayments on that Class of bond

Source: The World Bank (WB) – 17 April 2024

• *PV fears on the rise globally*

Allianz Commercial

Some $13bn in economic and insured losses came from just seven civil unrest incidents in recent years, according to a report by Allianz Commercial on political violence and civil unrest.

Businesses are more concerned about political risks and political violence (PV) than they have been for many years, according to Allianz Commercial.

Security and supply chains have been rocked by ongoing international conflicts, the insurer noted, most notably in the Middle East and Ukraine, with security around the globe undermined by the impacts of civil war, lawlessness and organised crime.
Social unrest incidents around the world are on the rise, Allianz warned.
Anti-government protests erupted in 83 countries during 2023,including in seven countries that had not experienced major protests in the past five years, the paper reported.

This was driven by factors such as high inflation, wealth inequality, food and fuel prices, climate anxieties, and concerns about civil liberties or perceived assaults on democracy, the insurer observed.

"We anticipate further challenges to come as we move through 2024 and beyond, particularly around election related SRCC [strikes, riots, and civil commotion] events," Allianz said.

"So many elections in one year raise concerns about the fuelling of populism and polarization, with tensions potentially playing out in heightened civil unrest," the insurer added.
Disputed elections and climate related political activism were highlighted as likely causes of social unrest.

"The threat landscape is evolving. In previous years, large-scale terrorist attacks were the biggest losses in the political violence and terrorism insurance space, but in certain regions this has now been overtaken by major losses from SRCC events," Allianz said.

Trends to watch

Almost half the world's populations will go to the polls before the year is out, in a 'super-cycle' of elections in 2024, the report emphasised.

Security is a concern in many territories, Allianz noted, not only from the threat of localised unrest but because of the wider-reaching consequences of electoral outcomes on foreign policy, trade relations, and supply chains.

"The headline election will be in the US in November, when a narrow result could inflame existing tensions, particularly in the battleground states that could dictate the election's outcome," Allianz said.

European Parliament elections in June could see radical right parties gaining votes and seats, the insurer's report warned.
This shift builds on electoral trends seen in Europe in 2023 and risks intensifying cultural and ideological divisions, Allianz observed.

Other potentially inflammatory elections include those in India in April and May, South Africa, also in May, and Mexico in June, the insurer highlighted.
"Widespread disaffection among voters could be exploited by misinformation created by artificial intelligence and spread via social media. Deepfakes, disinformation and repurposed imagery, as well as customised messaging, could galvanize unrest or influence small but potentially decisive parts of electorates," Allianz said.

Public protests have skyrocketed in recent years, Allianz warned. Incidents of civil unrest doubled in the decade 2010-2020, and economic and insured losses from just seven civil unrest incidents in recent years cost approximately $13bn, Allianz said.

"Recently, farmers have mobilised across Europe, attracting support from populist politicians, and prompting policy concessions from European leaders, amid fears of a 'greenlash' against net-zero transition plans," said Allianz.

In India, too, farmers have taken to the streets, reviving a movement from 2020-21, when dozens of protestors died.

"Climate change is likely to remain a key issue, with 2024 forecast to be possibly hotter than the record-breaking 2023 – a trigger that could result in more and increasingly extreme environmental protests," the insurer said.

Activists are already intensifying their activities with a trend towards more targeted tactics and sabotage, Allianz suggested.

"Between 2022 and 2023, environmental activism incidents increased by around 120%. Businesses seeking to diversify supply chains by 'friend[1]shoring' or 'near-shoring' to mitigate geopolitical risks could find themselves facing hidden exposures in alternative markets. Civil unrest is the main threat but government instability and exposure to conflict are also concerns," said Allianz.

"In Latin America, businesses could be indirectly impacted by the destabilising effects of organised crime on government resources and democracies in the region. The number of terrorist incidents around the world in recent years has fallen, but the number of deaths has increased, with violent conflict the primary driver of activity," the report said.

"The attack on Moscow's Crocus City Hall in March 2024 showed the catastrophic effects on life and property damage these perils can still wreak. Terrorism risk is likely to increase in Western Europe and the USA, largely driven by the Israel-Hamas conflict leading to a radicalisation of certain parts of the population in these regions, as well as the exploitation of security vacuums in certain regions of Africa," Allianz added.

Victims of locality

Some targets can be specific, Allianz noted, but businesses are often victims of their locality and their footprint.

Targets can include government buildings, transport infrastructure, retail premises, private enterprises, and distribution centres for critical goods, the report noted.

"Businesses need to protect their people and property with forward planning, such as ensuring safe and robust business continuity planning is in place in the event of an incident, increasing security and reducing or relocating inventory if they are highly likely to be affected by an event," Allianz warned.

"Using scenario planning and tracking risks in areas key to their operations, particularly transport and manufacturing centers, can raise businesses' awareness of where the risk of political violence or unrest might be intensifying.

"Review your insurance policies. Property policies may cover political violence claims in some cases but insurers also offer specialist coverage via the political violence market," the insurer advised. ■

Source: Global Reinsurance - 11 April 2024

• *Credit and Political Risk Insurance Capacity Survey and Market Update 2024*

by Stuart Ashworth (WTW)

The 2024 CPRI survey looks at current market trends, as well as a detailed view of notional maximum line sizes and tenors available per transaction across the principal CPRI products.

According to a 2023 global survey conducted by the IACPM (International Association of Credit Portfolio Managers) and ITFA (International Trade and Forfaiting Association), credit and political risk insurance (CPRI) continues to rank as the second most important market tool for credit risk mitigation. This appears consistent with our findings as the WTW insured portfolio grew by 25% in 2023, and it seems from the WTW 2024 Market Survey that the insurance industry is responding to this demand with increased capability and broader appetite.

Insurers are facing elevated reinsurance rates and an ever-increasing risk landscape.

On the demand side, an analysis of WTW's in-house broking platform (which records data across the company from enquiry stage through to policy expiry, providing a global view of all our trading activities) corroborates the IACPM and ITFA survey as we saw a 35% increase in enquiry submissions in 2023; and on the supply side, this demand was being addressed as the total capacity available for transactional credit insurance is rising 17% in 2024 (following a similar rise in 2023).

The geopolitical landscape is forcing a market-wide flight to quality. At the same time, insurers are facing elevated reinsurance rates and an ever-increasing risk landscape. These factors combined means that insurance companies are looking to support lines of business where they see strong historical returns as well as product diversification. CPRI appears to be well positioned to receive insurance company management support. However, that support is not universal and is more focused on certain risk areas (notably credit and contract frustration) and for the first time in many years, we have seen a drop in capacity and tenor appetite for political risks.

The number of insurers in this space continues to grow year-on-year with a number of MGA's and new entrants coming into the CPRI space.

Against this background of political and economic uncertainty, our annual survey shows that the insurance market has made a clear pivot away from emerging markets, and towards more developed economies. This is understandable as fiscal constraints and the spectre of losses continue to hang over emerging market economies. That is not to say that insurance markets are not supporting the mobilisation of capital, but this is increasingly done through the support of multilaterals.

The number of insurers in this space continues to grow year-on-year with a number of MGA's and new entrants coming into the CPRI space. As the field becomes more crowded and more competitive, we are starting to see insurers specialize their offering to focus on sub-sets of the market, in order to retain market share and a competitive edge. ■

• *Insurers wary about Gen AI's impact on the evolution of cyber threats*

The rise of Generative AI (Gen AI) is leading to increased cyber threats for insurers, highlighting the need for enhanced cybersecurity measures. However, there is a significant protection gap in addressing these evolving threats effectively.

GlobalData's Q2 2023 poll on Verdict Media sites, targeted at insurance executives, has revealed a concerning trend within the insurance industry: 58.5% of industry professionals anticipate an increase in cyberattacks facilitated by AI.

These cyber threats, particularly those driven by Gen AI, have raised alarms across the sector. Munich Re has underscored the escalating risks associated with rapid technological advancements, with ransomware playing a significant role in recent cyber incidents.

The findings from GlobalData further underscore the gravity of the situation. With UK cyber insurance penetration for SMEs at 14.7% in 2023, as per GlobalData's 2023 UK SME Insurance Survey, it is evident that many businesses may be vulnerable to the damages of cyberattacks.

Despite the low cyber penetration rate, GlobalData's 2022–2023 UK SME Insurance Surveys reveal that SME concerns about cybercrime have risen from 50.7% in 2022 to 57% in 2023. This highlights how imperative it is for industry providers to acknowledge AI as a serious threat and ensure that SMEs have adequate insurance coverage to mitigate potential damages.

Munich Re's Cyber Risk and Insurance Survey 2024 presents a stark reality, indicating that an alarming 87% of global decision-makers believe their companies are inadequately protected against cyberattacks. This protection gap highlights the urgent need for enhanced cybersecurity measures and increased awareness. Munich Re has also pointed out that there were twice as many software supply chain attacks in 2023 as there were in the preceding three years combined, further emphasizing the evolving nature of cyber threats and the necessity for preventive strategies. ■

Insurance DECODED (GlobalData) - 11 April 2024

• *How technology will reshape reinsurance*

EVP on the impact being made by artificial intelligence

The future of the reinsurance industry is set to be dominated by technological advancements – specifically around generative AI. Accordingly, EY's Global Insurance Outlook 2024, 52% of insurance CEOs plan on investing significantly into AI this year, with 59% adding that any jobs impacted by AI will be counterbalanced by new roles.

Speaking to Re-Insurance Business, Thom Smith (pictured), executive vice president at G. J. Sullivan - Reinsurance, said that while it's always a challenge to predict future trends, the impact of new technologies on the industry is most likely a given.

"As an industry, we've begun to embrace things like machine learning and blockchain technology," he said. "But I think we really need to delve more deeply into artificial intelligence, because it has the potential to create a much broader impact. It can help us enhance our underwriting processes, claims management and customer interactions. At GJS Re, we're anxious to learn how AI can help enhance our business and provide new opportunities."

Artificial intelligence as a force for good

Smith isn't alone in his predictions. According to EY's report, despite employee anxiety around AI stealing their jobs, 58% of insurance CEOs believe that AI is a force for good. For Smith, a commitment to understanding the right ways to implement AI has culminated in him serving as an advisory board member for a newly launched program at the University of San Francisco's School of Management – the Strategic AI Certificate Program.

"I'm among 25 other advisors but I'm the only one from the insurance world," he told Re-Insurance Business. "So, I hope to be able to not only learn how other industries and intellectuals view AI and its applications to the real world, but also figure out how AI might help the insurance business. The goal is to be able to share what I learn with clients and with industry associations."

Another emerging trend Smith sees is the increased collaboration between insurers and other industries – specifically technology companies, healthcare providers and product manufacturers.

"We think these partnerships will provide tailored and more comprehensive insurance solutions," he said. "We call them ecosystem partnerships. You look at all aspects of a particular business and try to determine who the players are that can help that business improve in whatever areas are needed to make them more insurable."

For example, Smith said that GJS Re has worked with a software think tank who helps identify and categorize harmful environmental chemicals in industrial operations and consumer products, serving as a valuable resource for underwriters.

"Their data also helps companies improve their processes which can make them more insurable while also benefiting the environment," he said. "Another aspect is emerging risks. If you see how much new risk has been created by the COVID pandemic, electronic vehicles, evolving technology or even changes in our climate, you begin to understand how valuable the financial protection is that can be offered by insurance to all affected consumers and in all of these industries."

Getting ahead of new risks

As an industry, Smith acknowledged that it's traditionally taken a long time to understand new risks – how best to protect the client and at what price. However, he believes that insurance professionals need to consistently ask whether it's possible to accelerate that process in order to thrive in 2024.

"New insurance products may be required that change the structure of traditional insurance, but we should be willing to search for and adopt those unique concepts," he said. "A good example is parametric insurance coverage, which is coming into its own. It pays out based on predefined parameters such as weather conditions or seismic activity. It can provide faster claims payments and reduces ambiguity of coverage. We have several clients where this product is a perfect fit for their needs."

And looking ahead to the future of the sector, Smith thinks there's a lot of interesting developments on the horizon – and a lot of success for companies willing to adopt them.

"Many people believe the insurance industry is boring," added Smith. "But there are exciting things happening today and in the future. And if one makes the effort to participate in helping manage risk, it can be quite interesting and rewarding. GJS Re continually surveys the landscape and tries to embrace new information that can help our clients achieve excellence." ■

Source: Reinsurance Business, 16 April 2024

• *Reinsurance concerns over wind turbine failures*

Who bears the cost, asks a reinsurance broker?

By Kenneth Araullo

Gallagher Re has shed light on the significant challenges insurers face when providing coverage for the rapidly expanding wind turbine industry, asking an important question: who bears the cost?

Recent instances of wind turbine collapses and other failures have prompted a closer examination of the risks associated with insuring such projects. While catastrophic collapses are rare, more frequent are minor failures that demand maintenance or component replacement, leading to operational disruptions and financial losses.

In its newest study, Gallagher Re explains that the primary cause of wind turbine damage is often adverse weather, though manufacturing defects also contribute significantly. Typically, if a failure occurs within the standard five-year warranty period for offshore wind projects, manufacturers are responsible for the costs. This responsibility is sometimes reflected in their financial outcomes.

"All risks" policies are common – but manufacturers should still exercise caution

Insurance policies covering "all risks" are common for project owners and wind turbine manufacturers, ensuring payouts regardless of the loss cause. However, if a defect is identified as the cause, insurers might seek reimbursement from the manufacturers, a process known as subrogation. This process, however, comes with its complexities.

The global wind energy sector, according to the Global Wind Energy Council, expected to achieve a total generation capacity of 1TW by last year. The vast majority of turbines operate efficiently, with availability rates between 95% to 98%. However, the trend towards larger, more complex turbines, especially offshore, increases the potential costs associated with failure remediation.

Insurance policies like "construction all risks" or "operations all risks" are pivotal in covering these risks, absorbing most of the premium paid. Yet, insurers must navigate several pitfalls when a wind farm incurs damage and a manufacturer's fault is suspected:

- Co-insurance status – Manufacturers often obtain co-insurance or additional insured statuses, complicating subrogation efforts for insurers
- Defect coverage level – Understanding "physical damage" varies by jurisdiction, affecting the scope of coverage for defects
- Burden of proof – Insurers rely on policyholders to support claims against manufacturers, yet proving fault can be challenging
- Liability limitations by manufacturers – Manufacturers may limit their liability to replacement costs, excluding compensation for delays or lost production
- Manufacturer's financial health – The financial stability of manufacturers can impact their ability to fulfill commitments, highlighted by instances of insolvency
- Warranty period duration – Warranty periods typically expire a few years post-completion, with maintenance agreements not extending the original warranty scope
- Serial loss clause – This clause restricts the number of turbines claimable for the same technical fault, necessitating careful consideration by insurers

Gallagher Re emphasizes the importance of insurers and reinsurers understanding these complexities to realistically assess their risk exposure. The goal is to ensure comprehensive coverage for the wind turbine sector while managing the potential pitfalls associated with manufacturer-related issues. ■

Source: Reinsurance Business, 19 Mar 2024

• *Industrial insurer launches climate risk reporting service*

New initiative to help clients with EU Taxonomy guidelines

HDI Global, through its subsidiary HDI Risk Consulting GmbH, has launched a new service called "Climate Risk Reporting", designed to assist businesses in analyzing and managing location-specific physical climate risks.

The company has aligned the release of this new offering with EU Taxonomy guidelines, so companies can comply with emerging legal requirements and regulatory frameworks concerning climate risks.

The service is tailored for companies that, starting in 2024, are subject to the Corporate Sustainability Reporting Directive (CSRD) and need to align with the EU Taxonomy.

HDI Global explained that its service utilises a detailed grid that assesses about 30 potential physical climate risks, categorizing customer sites into a six-level scale based on their vulnerability.

The insurer's service highlights specific data, such as water depths, maximum temperatures, and heatwave durations, which businesses can use to implement risk mitigation strategies at their locations. This data is also crucial for supporting investment decisions and selecting new business sites.

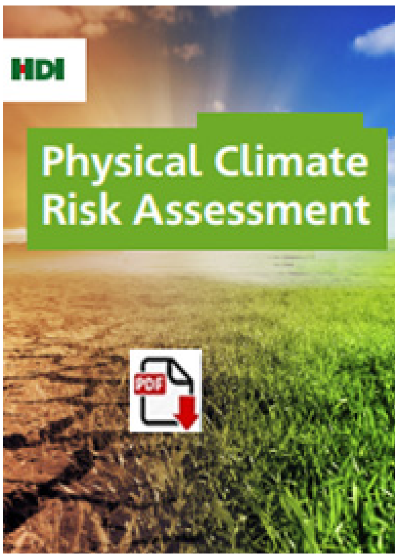
By partnering with Mitiga Solutions, HDI has also expanded its database with scientifically validated data, which includes projections based on widely recognized climate change models from the IPCC. This enables not only compliance with regulatory demands but also supports more precise investment due diligence and future location planning.

Dr Dirk Höring (pictured above), a member of the HDI Global SE executive board overseeing property, engineering, marine insurance, and HDI Risk Consulting, explained this new proposition and the benefits for clients.

"With our climate risk reporting service, we are setting a new standard in the insurance industry. We are proud of our approach to act as a true partner in transformation. We not only highlight risks but also provide recommendations for action on how our customers can mitigate risks and seize opportunities," he said.

The introduction of this new service also comes at the heels of a recent major expansion for the group, with HDI Global ramping up its mid-market efforts through new services. ■

Source: HDI Global



S&P Global Ratings

Latin American Insurance Sector View 2024: A Balance Between Risks And Opportunities

Country-Specific Expectations for 2024 – S&P

Key Takeaways

Latin America (LatAm) still lags behind other emerging markets in terms of access to insurance products. This is because of structural factors such as poor infrastructure, a large informal labor market, the lack of private- and public-sector investment, insecurity, and political uncertainty in some countries.

S&P Global Ratings expects gross premiums' written (GPW) growth to moderate in 2024 to 5%-7% in real terms, with the pace in Mexico at the top of the range while those in Brazil and Colombia at the bottom. We forecast GPW in Argentina to contract in real terms this year.

In our view, downside risks could stem from weaker-than-expected growth across the world's major economies--with potentially significant repercussions for LatAm--along with a potential for further inflationary pressures that could extend the period of high interest rates.

However, there are growth opportunities for the sector stemming from the nearshoring trend and potentially higher energy production and the expanding use of customer data analytical tools. We expect insurers to maintain their conservative risk management and underwriting policies, along with sound capitalization and sufficient liquidity, to transit a complex economic scenario in 2024.

Our view of the LatAm insurance sector's credit quality remains steady, balancing its risks and opportunities.

Brazilian insurers' profits to return to a historical average, but should remain sound

After a jump in profits in Brazil's P/C sector in 2023, we expect them to normalize in 2024. Solid results for P/C companies stemmed from lower claims for auto insurers and from high interest rates that supported profits. We project the sector's return on equity (ROE) in 2024 to be close to its past five-year average. This expectation incorporates our view that the sector's combined ratio will return to historical figures, after bottoming out in 2023, and that the investment yield will continue contributing to profitability, despite declining interest rates in Brazil. The policy interest rate is currently at 11.75%, and we expect it to drop to 9.0% by year-end. We also forecast that P/C GPW will continue to outpace slightly Brazil's inflation. We also expect solid bottom-line results for the life insurance segment in 2024, as the sector continues to gradually expand in real terms and to generate healthy loss ratios and reasonable returns from investments.

Mexican insurers' decelerating GPW growth, but profitability to remain resilient

For 2024, we forecast GPW growth will slip to 6%-7% in real terms from about 10% in 2023. This will be mainly due to slower economic activity and the rise in unemployment that could depress saving and purchase capacity, whereas the post-pandemic risk awareness may fade away along with demand for medical and life insurance. Also, we believe the rise in new vehicle sales, could partly compensate for the pause in the tightening of auto insurance rates. The GPW to GDP ratio will remain low at 2.5%, with plenty of room for insurers to redesign their products and costumer experience and take advantage of potential nearshoring business.

On the other hand, we expect premium adjustments will reduce non-life loss ratios towards historic averages of 67% in 2024 from 69%, with a minor impact from Hurricane Otis. New prices now incorporate inflation in hospital services and auto claims due to spare parts shortages and longer repair times. The sector estimates claims resulting from Hurricane Otis close to $2.2 billion, of which about 23% have already been paid, supporting economic activity in the affected area. However, most of these losses will be ceded to global reinsurers, which will relieve pressure on Mexican insurers. Additionally, we think the mortality rate will remain stable. But we could observe a slight increase in surrenders and withdrawals from savings and unit-link products that, along with economic pressures, could curtail the life insurance segment's profitability. Finally, the industry will maintain solid investment returns in 2024 amid still high interest rates. We anticipate investment portfolios will remain concentrated in government securities, given the benefit these instruments offer through the yield significantly above inflation. These returns, coupled with better pricing, will allow the industry to reverse operating losses in the life insurance segment and support profitability in the non-life segment. The industry's ROE and return on revenue (ROR) will increase slightly to 8.2% from 7.9% and to 23.0% from 20.2%, respectively.

Colombian insurers' healthy profits

We project GPW growth of about 5% in real terms in 2024 despite the slower economic and lending momentum. Although inflation will partially recede this year following the effects of an aggressive contractive monetary policy adopted in 2022-2023, we think insurers will continue increasing prices to absorb higher claims and operational costs. Stable car sales will help keep auto insurance volumes growing, while public healthcare shortages will continue generating growth opportunities for the health insurance sector. In addition, government-sponsored agricultural insurance offers growth prospects.

We expect the industry's profitability to remain healthy this year owing to sound underwriting, stable claim rates, and steady investment gains thanks to their conservative investment strategies. The life sector's ROE will return to pre-pandemic levels of about 16% this year as inflation returns to the central bank's target range. However, we expect the P/C sector's underwriting results to remain weak, given high competition across the intermediary and policyholder markets. In addition, auto insurers will have to continue managing the rising costs of auto spare parts. The severe deficiencies in the underwriting model of the mandatory third-party liability and health insurance for car accidents (also known as SOAT) will keep the combined ratio above 103%. High interest rates during part of 2024 will continue supporting sound investment yields this year, offsetting pressure on the combined ratio. Thus, we forecast the P/C sector's ROE to reach about 10% this year.

Argentine insurers' profitability and growth prospects to continue shrinking

Insurers continue operating in a very challenging business environment, given economic woes, tightening controls on the foreign exchange market, and very high inflation and unemployment. Macroeconomic and policy factors have exacerbated distortions in the insurance sector. The volatility and unpredictable policies have led to swings in exchange-rate regimes, approaches to monetary policy, the state's huge role in the economy, and its deleterious influence on investment and growth, all of which contribute to structurally low growth prospects. Raising the pace of GDP growth in the medium term would require addressing macroeconomic imbalances and easing microeconomic obstacles, including a complex tax burden and rigid labor laws. We expect real GDP to contract 1% in 2024.

As of the end of June 2023 (fiscal year-end), very high inflation continues to undercut the industry's profitability. The sector posted real ROE of negative 6% and the combined ratio of 94%, narrowing from a negative 11% and almost 97%, respectively, in June 2022. On the other hand, GPW jumped 114% year on year in nominal terms, in line with the accumulated inflation as of the same date (116%). The industry faces considerable product risk from high inflation, a volatile exchange-rate policy, and foreign-exchange controls. These factors cause uncertainties in both pricing and reserve adequacy. For the next 12-24 months, we expect real ROE of negative 10% to negative 8%, with a combined ratio of 95%-100%, significantly affected by inflation adjustment. Also, we estimate premiums will contract in real terms by 5%-8%, expanding below inflation rate as insurers focus on retaining customers and collecting premiums. ■

Source:
"Latin American Insurance Sector View 2024: A Balance between Risks and Opportunities" –

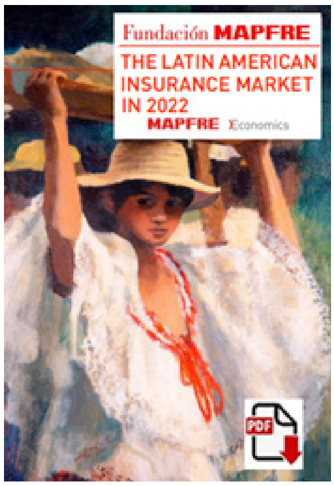
By S&P Global Ratings, 20 February 2024

For more details follow
THIS LINK

Further Reading

The Latin American Insurance Market in 2022

by MAPFRE Economics, 390p, Nov 2023



• *Zurich Insurance to stop underwriting new oil and gas projects*

ZURICH Insurance Group will no longer underwrite new oil and gas projects, and is cracking down on clients planning to expand in metallurgical coal mining.

The restrictions also entail asking the highest-emitting corporate customers to reduce their carbon footprints, the company told Bloomberg. Further details of the policy will be included in the insurer's climate-transition plan, which will be announced later this year.

Sierra Signorelli, chief executive of commercial insurance at Zurich, said the decision reflects the disconnect between such activities and the insurer's overall goal of achieving net zero emissions by 2050.

"Further exploration and development of fossil fuels isn't required for the transition," she said in an interview. "We think it's the right time to evolve our position."

The move represents a meaningful policy shift for a company that currently insures fossil-fuel infrastructure spanning North Sea drilling to US natural gas terminals. Exposure to such clients generated about US$2.1 billion in premiums for Zurich last year, including its alternative energy business. That's equivalent to 7 per cent of the insurer's total commercial premiums.

Zurich says its policy update is limited to new fossil-fuel projects, and that it will continue to underwrite existing ones. The company also says the measures are unlikely to have a significant impact on its bottom line.

The insurance industry has struggled to find a workable balance when it comes to tackling the issue of climate change. Zurich was one of a group of insurers that withdrew from the Net Zero Insurance Alliance last year amid GOP-led attacks questioning the legality of such coalitions.

Zurich CEO Mario Greco has since spoken out about the move, calling such climate alliances "political and bureaucratic." Instead, he said in an August interview that "every company needs to stand for what they believe in" and not "hide behind" alliances.

Zurich has previously faced criticism for backing new oil and gas extraction projects. In a 2023 ranking of about 30 insurers' fossil-fuel policies, the Swiss firm came in seventh, having dropped from fourth place in 2020, according to an annual scorecard published by the Insure Our Future campaign.

Nora Scheel, a climate campaigner at Swiss nonprofit Campax, which contributed to the Insure Our Future scorecard, said the new restrictions planned by Zurich mark an "important step" that will help bring the firm closer in line with some of its European peers.

Zurich plans to target 65 corporate clients this year that have the highest insurance-associated emissions, and expand that engagement to 450 of its largest customers by 2030. It wants all oil and gas customers to set interim emissions targets, to make clear and measurable commitments, and to present a credible strategy to achieve net zero by 2050.

Signorelli said clients should expect to be asked to demonstrate "meaningful investment" toward net zero goals, "not just a PowerPoint presentation."

If Zurich doesn't see real progress, "we would view exiting customers as a path of last resort," she said.

Insurers will play a crucial role determining the speed and direction of the transition toward cleaner and more sustainable fuels. Few projects, whether based on fossil fuels or renewable energy sources, can get off the ground without insurance protection.

In addition to its new restrictions on some fossil-fuel clients, Zurich intends to provide more cover for newer forms of clean-energy infrastructure, including carbon capture and hydrogen power.

Signorelli said the insurer plans to expand in this area while "knowing we're going to take some risks." BLOOMBERG ■

Source: The Business Times - 8 April 2024

• *Hannover Re partners up for cloud outage cat bond*

Coverage is triggered in the event of longer services interruptions in US cloud regions

Hannover Re, in partnership with cloud monitoring and insurance services firm Parametrix, has sponsored a $13.75 million catastrophe bond, an industry-first that covers sustained computer cloud outage loss accumulation risks.

Cumulus Re, the catastrophe bond issued by Hannover Re's wholly owned Bermuda-based reinsurer Kaith Re, aims to provide Hannover Re with incremental retrocession protection. This protection is triggered if specific cloud services in designated US cloud regions are interrupted for longer than a set waiting period, as detailed in the terms of the bond.

This bond is part of Hannover Re's cyber reinsurance portfolio, with Parametrix serving as the modeling and calculation agent for the bond, placed with multiple investors.

This new "cat bond lite" also aims to address the increasing demand for specialized reinsurance coverage against cloud outages.

Henning Ludolphs, managing director of retrocession and capital markets at Hannover Re, highlighted the growing reliance of businesses on cloud services, and the associated risks.

"Businesses are increasingly reliant on cloud services for storage and computing power, which has driven exposure to cloud outage," Ludolphs said. "Cloud outage can lead to significant business interruption losses for the insured, and subsequently for the re/insurance market."

He further emphasized the strategic importance of this new financial instrument amid the severity that can arise from cloud outages.

"Cloud outage is one of the main risks within cyber re/insurance, and the involvement of capital markets is crucial to satisfy capacity needs in the mid- to long-term. This cover is a first step towards getting investors involved, and we envisage growing the cover over time together with our investors," Ludolphs said.

Sharon Haran, chief commercial officer at Parametrix, also commented on the critical need for such solutions in the insurance industry.

"To ensure the stability and sustainability of the fast-growing cyber insurance market, it is important to manage systemic risk effectively, which demands large capital resources," Haran said. "This is essential for both re/insurers and investors as cloud outage is a major concern and therefore constitutes the primary coverage trigger." ■

Source: Insurance Business Magazine - 16 April 2024

CYPRUS

• Cyprus insurance market increased to EUR 1.3 billion in 2023

Cypriot insurers reported FY2023 aggregate GWP of EUR 1.31 billion, up by 13.3% y-o-y, according to the year-end market figures report published by the Insurance Association of Cyprus - IAC.

The GWP from non-life insurance lines totaled EUR 581 million (up by 9% y-o-y), while the life insurance segment generated premiums of EUR 729.5 million, or 17% more y-o-y.

During the period, the value of gross claims incurred was EUR 508.5 million (up by 9% y-o-y), of which EUR 258 million related to life insurance, EUR 133.2 million - motor, EUR 69.6 million - accidents & health.

The largest life insurers in the country in terms of GWP were EUROLIFE, CNP CYPRIALIFE and UNIVERSAL Life - which accounted together for 66% of life premiums, while in the non-life insurance segment, the Top 3 insurers (CNP Asfalistiki, General Insurance of Cyprus and Trust) accounted for about 31.4% of non-life GWP. ■

Source: XPRIMM - 9 April 2024

• Insurance Market Main Indicators 2022

Market's main indicators-timeline

		2018	2019	2020	2021	2022
GDP, current prices	EUR billion [1]	21.68	23.18	21.90	24.02	27.01
GDP per capita, current prices	EUR [1]	25,080	26,460	24,656	26,806	29,857
Unemployment rate	% of total labor force [1]	8.35	7.08	7.58	7.48	6.73
Population	Millions [1]	0.86	0.88	0.89	0.90	0.91
Gross written premiums	EUR million [2]	860.29	892.06	917.14	961.92	1,053.25
Paid claims	EUR million [2]	481.93	497.75	477.35	428.26	466.65
Insurance penetration degree	% in GDP [3]	3.97%	3.85%	4.19%	4.00%	3.90%
Insurance density	EUR/capita [3]	995.70	1,018.33	1,032.82	1,073.57	1,163.81

Market porfolio at December 31st, 2022

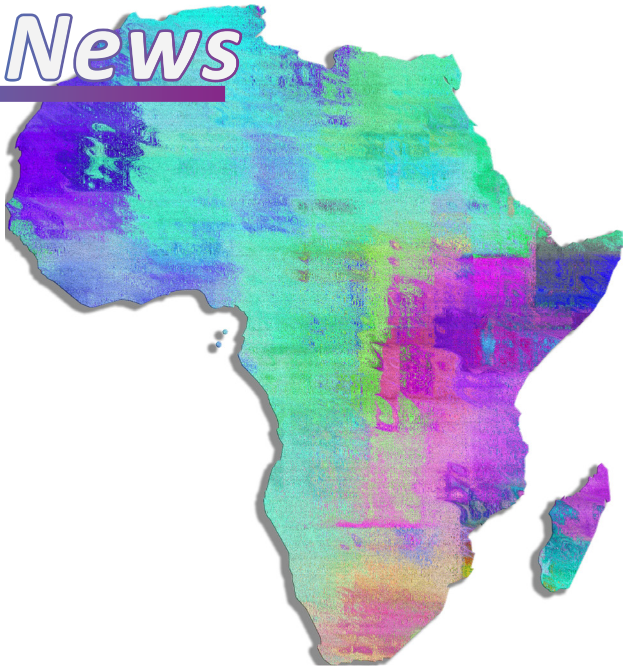
Business line	GROSS WRITTEN PREMIUMS			INCURRED CLAIMS			Weight in all GWP	
	2022 EUR m	2021 EUR m	Change %	2022 EUR m	2021 EUR m	Change %	2022 %	2021 %
TOTAL MARKET	1,053.25	961.92	9.49	466.65	428.26	8.96	100.00	100.00
TOTAL LIFE**	520.07	449.51	15.70	231.29	208.64	10.86	49.38	46.73
TOTAL NON-LIFE	533.17	512.41	4.05	235.36	219.62	7.16	50.62	53.27
Accident & health*	135.83	136.62	-0.57	66.39	63.51	4.52	12.90	14.20
Motor	198.15	189.36	4.64	130.49	118.95	9.70	18.81	19.69
MAT	3.93	3.27	20.05	0.95	0.34	174.61	0.37	0.34
Fire	122.73	115.17	6.56	24.89	20.47	21.59	11.65	11.97
Liability	63.89	60.00	6.48	12.03	15.29	-21.32	6.07	6.24
Credit	0.15	0.15	-1.53	-0.05	-0.04	27.50	0.01	0.02
Miscellaneous	8.49	7.83	8.48	0.66	1.09	-39.29	0.81	0.81

* Including A&H premiums by Life Companies

** In case of life claims, the figures include Death Claims, Maturitites, Surrenders & Other insured events

Cyprus currency: EURO

Source:
XPRIMM Insurance Report Full Year 2022



AM BEST SINCE 1899

BEST'S COMMENTARY

February 22, 2024 Advantage™

Impact on (Re)Insurance Markets Likely Limited Amid Heightened Political Tension in West Africa

Principal Takeaways

- The potential withdrawal of Niger, Mali and Burkina Faso from the Economic Community of West African States is the latest sign of political turmoil in the region, but should have relatively little impact on those countries' insurance markets for now.
- Insurance penetration in Niger, Mali and Burkina Faso remains low but there is solid demand for reinsurance for larger commercial risks, including retrocession into international markets.
- Commercial relationships between domestic insurers and regional reinsurers are likely to persist, even if the trio withdraw from regional political, customs and economic unions.
- However, departure from the Conférence Interafricaine des Marchés d'Assurances (CIMA) community could have regulatory implications for those countries' (re)insurers.
- AM Best analysts continue to monitor developments.

(Re)insurance markets in West Africa are likely to remain largely unaffected by the political and economic uncertainty besetting parts of the region, according to analysis from AM Best.

Five West African countries—Gabon, Guinea, Niger, Mali and Burkina Faso—have experienced military coups since 2020. More recently three of those countries—Niger, Mali and Burkina Faso—have signalled their intention to leave the Economic Community of West African States (ECOWAS), a political and economic union of 15 states, and set up their own trading bloc, the Alliance of Sahel States/l'Alliance des États du Sahel.

Withdrawal from ECOWAS requires 12 months written notice, which each of the three submitted at the end of January. However, there is some speculation that the junta-led nations are looking to secure concessions from ECOWAS rather than to fully withdraw.

In a separate sign of regional upheaval, Senegal—regarded as one of the region's more politically stable countries—looks set to experience a wave of instability following its president's decision to postpone the 25 February presidential election until the end of 2024. This has prompted anger among some political rivals and drawn condemnation from ECOWAS.

Potential ECOWAS Withdrawal

The threat of withdrawal from ECOWAS by Niger, Mali and Burkina Faso had been widely predicted. The three countries have accused ECOWAS of straying from pan-African principles and falling under the influence of external forces such as France, the US, UK and the European Union. Reports suggest Western governments fear the three countries are becoming more closely aligned with China and Russia.

ECOWAS had imposed economic sanctions on each of the trio's transitional governments and had demanded elections within a reasonable timeframe. The sanctions added to inflationary pressures in each of the affected countries, and while some of them sanctions were lifted in July 2022, political resentment has remained.

As a result of the sanctions, borders between the three countries and other ECOWAS members were largely closed except for essential supplies, and economic activity with other ECOWAS members was severely curtailed.

Reports suggest the trio are seeking bilateral trade arrangements with neighbouring countries, notably Togo, either individually or under the auspices of the newly formed Alliance of Sahel States.

Criticism has also been levelled by the trio towards the CFA Franc, the common currency of The West African Economic and Monetary Union (UEMOA), a customs and currency union of eight ECOWAS countries established in 1994. Preliminary discussions of withdrawal from UEMOA and establishment of a separate currency have taken place, although Mali has stated its intention to remain part of UEMOA, despite its ECOWAS withdrawal.

Insurance Implications

Insurance markets in Niger, Mali and Burkina Faso remain relatively small and immature.

Political upheaval in those countries is unlikely to significantly affect the levels of demand for insurance, AM Best believes. Penetration rates (currently around 1%) are likely to remain low, especially for personal lines, though commercial risks will still require reinsurance. This is predominantly provided through mandated cessions to national and regional carriers (and retroceded to international markets) and traditional reinsurance buying.

The Role of Regional Reinsurers

Despite solid growth in capital in recent years, the capacity offered by Africa-domiciled reinsurers remains low, and insufficient to meet the needs of local primary markets fully, particularly where major property and energy risks are concerned.

As the region's economies have industrialised, their insurance needs have grown at a faster pace than the local market's capacity. This is evidenced by rising levels of premium written but declining levels of retention for sub-Sahara African reinsurers who have relied on retrocession to provide capacity. As well as capacity, local players often lean on more sophisticated global reinsurers for the expertise needed to underwrite complex risks.

The region remains attractive as a profitable market for international reinsurers, in part because of the relative lack of natural catastrophe exposures, in conjunction with the market's profitability.

Niger, Mali and Burkina Faso are members of the Conférence Interafricaine des Marchés d'Assurances (CIMA), an organisation established in its current form in 1992 with the aim of harmonising insurance regulations among member countries in sub-Saharan Africa.

Insurers operating within CIMA face restrictions on the amount of business they can cede to reinsurers outside the regulatory bloc. Locally licensed insurers are required to cede a percentage of their direct premium to the regional reinsurer, CICA-RE.

There are also compulsory reinsurance cessions to CICA-Re and Africa Re, and certain member countries also require local insurers to cede a portion of their business to state reinsurers, such as Société Commerciale Gabonaise de Réassurance in Gabon.

AM Best considers the relationships between local insurers and regional insurers to be commercial rather than purely driven by regulation. As such, even if the trio were to leave ECOWAS, AM Best would expect insurers in those three countries to continue to cede business to the cadre of regional reinsurers, much as they do today. However, as the situation generates increased risks (in particular political) for reinsurers, reinsurance and retrocession rates are likely to be adjusted accordingly.

None of the trio have given an indication of any change to their future involvement with CIMA. However, if any of those countries were to leave that community there would be regulatory implications for their domestic insurers as insurance regulation is managed through CIMA (see **CIMA Overview** box).

Fallout from the End of Free Movement?

AM Best recognises that insurers in the three countries could see some negative repercussions were they to withdraw from ECOWAS and especially from UEMOA, albeit with the impact being manageable.

Although Niger, Mali and Burkina Faso together account for nearly a quarter of the population of ECOWAS, the three countries make up only 8% of the community's gross domestic product (GDP).

There is more concern that the exit of these countries from the community could further affect the flow of goods and services. Any increase in costs would likely have a knock-on effect on insurance claims costs, potentially causing a spike in claims inflation.

Furthermore, there would likely be a more limited range of assets in which domestic insurers could invest.

Withdrawing from ECOWAS would end the free movement of persons between Niger, Mali and Burkina Faso and other members of the community. That could contribute to greater trade frictions, and further increase inflation. That upward pressure on costs would likely be exacerbated in countries leaving the customs union of UEMOA.

In general, AM Best views these countries similarly to other emerging markets: Domestic (re)insurers' enterprise risk management (ERM) and solvency are affected by high levels of risk, compounded by relatively unsophisticated capital management, compared to more mature markets.

However, similar to other emerging markets, their domestic insurers benefit from good growth and technical margins.

Therefore, from a ratings perspective, AM Best considers the implications of these developments to be limited. However, it will continue to monitor developments.

• East Africa launches strategic plan to boost insurance penetration

East Africa launches strategic plan to boost insurance penetration

East African countries unveiled a strategic plan on Thursday aimed at increasing insurance penetration in the region.

Kaddunabbi Ibrahim Lubega, Chairman of the East African Insurance Supervisors' Association and CEO of the Insurance Regulatory Authority of Uganda, announced the plan in Nairobi, Kenya.

Lubega said that the plan outlines a roadmap to enhance the region's low insurance penetration rate, which currently stands at about 2.5 percent of Kenya's gross domestic product and less than 1.5 percent for the rest of the region. "The plan also aims to harmonize legal frameworks for insurance operations in East Africa," Lubega added.

He said that the plan includes strategies for adopting emerging technologies such as data analytics, blockchain and artificial intelligence to digitally transform the regional insurance industry.

Njuguna Ndungu, Kenya's cabinet secretary for national treasury and economic planning, said that the plan also focuses on establishing and strengthening insurance consumer protection mechanisms across East Africa. The plan emphasizes the importance of strengthening insurance market conduct supervision to ensure compliance with the insurance core principles of the International Association of Insurance Supervisors, he added. ■

Source: Xinhua | 5 April 2024

• Insurance Firms Abandons East African Crude Oil Pipeline Project

Yemisi Izuora

Citing lack of environmental considerations and reported community pollution, key Re- insurance companies have backed out of the East African Crude Oil Pipeline (EACOP) project.

The companies SiriusPoint, Riverstone International, Enstar Group, and specialty insurers Blenheim and SA Meacock, have reportedly ruled out involvement in the controversial project.

About 28 re-insurers are said to have declared they will not offer insurance for EACOP because of the significant pollution and human rights risks it poses.

These decisions come after months of targeted efforts by environmental organisations, including Coal Action Network, Insure Our Future and StopEACOP, to hold insurance firms accountable for their involvement in dirty energy projects that endanger local communities and pollute vital ecosystems.

Observers believe that pressure will now grow on remaining insurers, including AIG, Tokio Marine, Chaucer and Hiscox, to rule out involvement in the pipeline.

Blenheim and SA Meacock offered equally clear statements, while SiriusPoint confirmed: "(We are) not participating in the EACOP tender."

According to StopEACOP officials, these companies' decisions to publicly distance themselves from EACOP underscore the project's increasing financial risk and the growing consensus on the need to protect current and future generations from dangerous overheating

and extreme weather events.

The proposed pipeline is majority-owned (62%) by French oil giant Total, with stakes also held by the state oil companies of China, Uganda and Tanzania. However, the project has struggled to raise adequate insurance, as well as $3 billion needed in financing, causing construction to be delayed by over four years.

Uganda's Energy Minister said in October 2023 that securing insurance has been the biggest challenge to the pipeline's construction. Industry sources say local and international criticism has led Western banks to recoil from the project, while Chinese lenders are still months from making a final decision as they assess potential blowback.

There is agreement among climate scientists that new or expanded fossil fuel projects, like EACOP, threaten the future of human life on Earth.

Plans for the 1443 km pipeline, intended to stretch from Hoima in Uganda to Tanga in Tanzania, have been marred by disturbing crackdowns on environmental and human rights defenders by authorities in Uganda and Tanzania.

Reports from Global Witness and Human Rights Watch have detailed harassment, rights infringements and dozens of arbitrary arrests, while the European Parliament has condemned the project.

Faith leaders have also discovered massive disruption of sacred burial grounds to make way for the pipeline.

Seven Ugandan university students were recently imprisoned for peacefully petitioning their government to halt EACOP and were held at the Luzira Maximum Security Prison for weeks prior to their release.

Meanwhile, seven other peaceful protesters, arrested on November 20, 2023, have been charged with "incitement to violence" for delivering a petition to the Chinese embassy in Kampala and are currently awaiting trial. The arrests have been condemned by the UN Special Rapporteur on human rights defenders.

The recent COP28 reportedly made history, as over 190 nations finally acknowledged the necessity of transitioning away from fossil fuels and the importance of financial institutions investing in clean solutions.

Building on that momentum, the insurance industry was urged to take responsibility to help steer the world towards a safe, healthy and just future. The withdrawal of SiriusPoint, Riverstone, Blenheim, Enstar and SA Meacock from the EACOP project is seen as a step in that direction.

Will Attenborough, Climate Finance Strategist for Coal Action Network, said: "Insurers are the great enablers. They can determine whether polluters continue to put our kids and communities in danger, or whether we build clean energy

solutions that will protect us from global overheating. What will AIG and Chaucer choose at this crucial moment? Short-term profits from dirty energy, leading to increasingly violent wildfires, floods and rising food prices? Or the safe, healthy world we all want for our loved ones? We need companies like Tokio Marine and Hiscox to make the right choice now – later is too late."

StopEACOP Campaign Coordinator, Zaki Mamdoo said: "The decision by SiriusPoint, Riverstone International, Enstar Group, Blenheim and SA Meacock to rule out involvement in the EACOP project is a significant win and further proof that even the insurance industry, with its deep-seated history in providing cover for the harmful and damaging projects of profit-driven corporations, is waking up to the enormous climate and socio-economic risks of supporting new oil and gas projects. We urge the remaining insurers linked to EACOP, including Lloyd's and Liberty Mutual, to follow suit and withdraw in the face of widespread human rights abuses and threats to communities and protected ecosystems across East Africa."

Samuel Okulony, Director of Environment Governance Institute Uganda, said: "The withdrawal of these insurers deals a major blow to the viability of the EACOP project and provides hope to local communities facing displacement and activists risking their lives to defend land and nature. The lack of insurance and rising costs reinforce that this pipeline contradicts Uganda's climate commitments and the need for a just transition that protects human rights. Given the devastating social and environmental consequences, we call on all remaining project partners to put frontline communities above profit." ■

Source: Oriental News – 9 March 2024

CAMEROON

• *Insurance market grows by 6.3% to US$455m in 2023*

The insurance industry in Cameroon posted a turnover of FCFA272.44bn ($454.76m) in 2023, 6.3% higher than the FCFA256.34bn recorded for 2022, according to provisional data from the Association of Insurance Companies of Cameroon (ASAC).

Of the total, the non-life insurance sector saw its premium income rise by 8.91% year on year to FCFA183.65bn. The life market reported a marginal 1.23% increase in premium income to FCFA88.79bn in 2023 compared to 2022.

AXA Assurance was the biggest insurer in Cameroon in 2023 with a premium income of FCFA23.10bn. The figure was 3.3% higher than in 2022 and represented a market share of 8.48% for AXA.

The African Insurance and Reinsurance Company (SAAR) ranked second with a premium income of FCFA20.55bn in 2023, representing robust growth of 13.70% over 2022. Its market share in 2023 was 7.54%.

Cameroon's National Institute of Statistics indicated that the inflation rate in the country would hover around 7% throughout 2024. In 2023, the rate was 7.4%. ■

MEIR – 14 March 2024

D R of Congo (DRC)

• CG Re (Africa) to manage new Reinsurance Facility in the Democratic Republic of Congo

by Kassandra Jimenez-Sanchez

CG Re (Africa) has obtained a mandate by the Minister of Finance of the Democratic Republic of Congo (DRC) to assist with the setup and management of a new specialty lines Reinsurance Facility.

Administered by the Autorité de Régulation et de Contrôle des Assurances (ARCA), this new Facility for the Oil, Gas and Mining industries and for Political Violence Terrorism risks was created with the aim of combating the evasion of insurance premiums in the DRC.

Moreover, it will be the only provider of facultative reinsurance capacity for cedants subscribing to risks emanating from these industries.

The Facility will have a number of objectives, such as organising the subscription of insurable risks for all companies operating in the Oil, Gas and Mining industries, as well as organising the subscription of Political Violence Terrorism risks for all sectors of activity.

Other objectives also include conducting all negotiations relating to insurance for companies operating in the Oil, Gas, and Mining industries, subcontractors, licensees or other entities operating in these sectors in the DRC; and developing the retention capacity of insurable risks in the DRC insurance market.

It will also work towards building, negotiating and implementing, in partnership with the various insurance companies in the DRC, risk transfer mechanisms in order to secure reinsurance from international reinsurance markets.
Other targets include participating in the fight against insurance premium evasion and underinsurance: and establishing a map of localised risks in the DRC.

CG Re (Africa) will manage the Facility and it and/or the reinsurance brokers mandated by the manager are also authorised to place the risks mentioned above with local and foreign reinsurers emanating from the oil, gas and mining industries and political violence terrorism risks for all sectors of activity, according to the announcement.

As part of these operations, the ARCA will ensure that:

1. Legal and regulatory obligations are respected in all transactions;
2. The risk was presented either directly or through a broker approved by ARCA and remunerated in accordance with legal and regulatory provisions;
3. Subscription and issue of the entire insurance policy were made by one or more insurance companies approved by ARCA;
4. The reinsurance commissions to be earned by the cedant were set in accordance with professional standards and guarantee the cedant a remuneration which covers its expenses, in particular the remuneration of intermediaries and a margin (a differential between the reinsurance commission and the local brokerage commission) which cannot be less than 15% of the premium ceded for a risk ceded to the extent of more than 75%.

The use of the Reinsurance Facility platform will take effect on April 15, 2024 with a transition period of one month.

According to the announcement, the transition period only relates to insurance policies currently being negotiated whose expiry date is before May 15, 2024.

The Minister's Office warned that any offending party will be prosecuted and punished in accordance with the laws and regulations in force in our country. ■

Source: Reinsurance News - 15 April 2024

KENYA

- ***2022 Insurance Market: Statistical Key Highlights:***

➢ Trend in Some Key Performance Indicators

No.	Item	2021 KES'000'	2022* KES'000'	Annual Growth (2021/2022) %
1	Gross Premium Income	273,710,831	310,273,121	13.4
2	Net Premium Written	221,133,803	249,190,282	12.7
3	Claims Incurred (general insurance)	69,835,739	77,095,546	10.4
4	Total benefits (long term insurance)	80,997,572	82,128,249	1.4
5	Net Commissions	13,521,942	15,341,050	13.5
6	Expenses of Management	46,513,557	50,280,749	8.1
7	Underwriting Results (general insurance	(6,333,631)	(3,270,383)	-48.4
8	Investment Income**	70,308,222	66,827,002	-5.0
9	Operating Profit/Loss after taxation**	8,645,622	14,715,312	70.2
10	Investments**	733,461,323	833,722,972	13.7
11	Assets**	850,506,378	956,871,096	12.5
12	Shareholder's Funds**	167,914,107	184,166,513	9.7

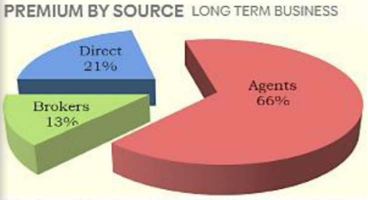
**Provisional*
***Amounts include reinsurance business*

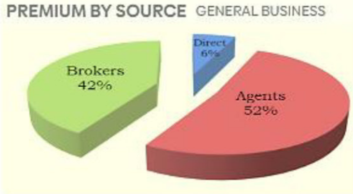
➢ Trend in Key Performance Ratios

No.	Ratio	2021 %	2022* %
1	Net Commission Ratio	5.7	5.6
2	Management Expense Ratio	13.7	13.5
3	Retention Ratio	92.7	91.5
4	Surplus to Actuarial Liabilities	9.5	8.6
1	Net Commission Ratio	6.9	7.0
2	Management Expense Ratio	30.4	28.6
3	Retention Ratio	71.0	71.0
4	Incurred Claims Ratio	68.9	67.2
5	**Combined Ratio**	**106.2**	**102.9**
6	Investment Income Ratio	7.3	6.3
7	**Operating ratio**	**98.9**	**96.6**

** Provisional*

➢ Insurance Distribution by Source





Note: The long-term business excludes deposit administration and investment linked policies.

See Also

KENYA: Insurance Market Overview

FAIR Review, Issue 191, Mar 2022

Source: IRA INSURANCE INDUSTRY ANNUAL REPORT 2022 – September 2023

NIGERIA

• *Insurers optimistic about meeting IFRS 17 deadline despite challenges*

Insurers, striving to submit financial statements based on International Financial Reporting Standard (IFRS) 17 by 30 June 2024, have said that their efforts are hampered by the shortage of actuaries and the high cost of software.

Some managing directors told the online insurance and pension reporting channel Inspenonline.com that the process of adopting IFRS 17 has not been easy as they have to spend heavily to acquire the required software for the migration.

Those with in-house actuaries said they are almost done with the process, as their external auditors are putting the finishing touches to the accounts, in readiness for submission to the National Insurance Commission (NAICOM). Others still struggling with the process are optimistic that they will be able to comply with the standard on time.

Insurers were required to adopt the new accounting standard by 31 December 2023 and prepare their accounts in line with the standard.

Understanding the challenges involved, NAICOM in collaboration with the Nigerian Insurers Association's Accounting Technical Committee are charting ways to ensure IFRS 17 is implemented effectively. ■

The insurance market in Nigeria: main indicators

	2022
Turnover	1.619 billion USD
Penetration rate	0.37%
Insurance density	7.58 USD

Structure of the insurance market in Nigeria

Composite companies	12
Non-life	15
Life	13
Takaful	4
Microinsurance	7
Reinsurance companies	3
Total	54

Data as of 05/06/2023, Source: National Insurance Commission (NAICOM)

The insurance market in Nigeria: premium evolution

Figures in million USD

Activities	2018	2019	2020	2021	2022
Non-life	672 427	770 890	571 000	863 136	930 133
Life	495 391	621 661	642 000	635 202	689 293
Total	1 167 818	1 392 551	1 213 000	1 498 338	1 619 426

Sources : Swiss Re Institute & National Insurance Commission (NAICOM)

Exchange rate as at 31/12/2018: 1 NGN = 0.00274 USD ; at 31/12/2019: 1 NGN = 0.00274 USD ; at 31/12/2020: 1 NGN= 0.00261 USD ; 31/12/2021: 1 NGN = 0.00243 USD ; at 31/12/2022: 1 NGN = 0.00223 USD

Sources: Atlas Magazine – 5 June 2023 & Middle East Insurance Review - 17 April 2024

SEE ALSO

NIGERIA:
Insurance Market Overview

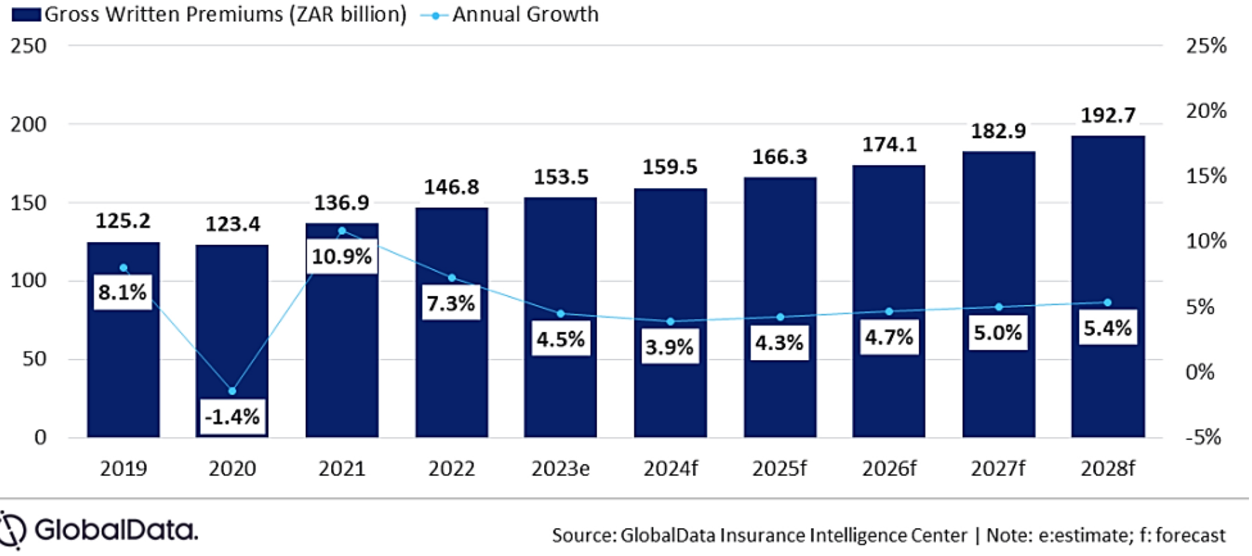
FAIR Review, Issue 199, Mar 2024

SOUTH AFRICA

- ***South Africa general insurance to exceed $10bn by 2028***

The general insurance sector in South Africa is predicted to grow at a CAGR of 4.8% from ZAR159.5bn ($9.4bn) in 2024 to $10.4bn in 2028 in terms of GWP.

South Africa General Insurance - Gross written premiums (ZAR billion) and annual growth, 2019–2028f



Source: GlobalData Insurance Intelligence Center | Note: e:estimate; f: forecast

This is according to GlobalData, which also expects general insurance in South Africa to grow by 3.9% in 2024. The growth is thanks to motor and property insurance lines, which accounted for around 83.6% of the market in 2023.

Sravani Ampabathina, insurance analyst at GlobalData, said: "The South African general insurance industry's growth rate slowed down by 2.8 percentage points (pp) in 2023, driven by weak business sentiment, as the country's real GDP grew marginally by 0.5% last year. While the slowdown is expected to continue in 2024, general insurance industry growth is poised to gain traction from 2025 onwards in line with the economic recovery."

Motor insurance is the leader in South Africa general insurance, making up 42.6% of the sector in terms of GWP in 2023. It also grew by 4.8% in 2023 despite flat vehicle sales.

In addition, motor insurance growth is also expected to be driven by increased premium rates due to high instances of vehicle theft. According to Statistics South Africa, vehicle theft incidences increased to around 98,000 in 2022–23 from around 42,000 in 2021–22.

Moreover, GlobalData forecasts motor insurance to grow at a CAGR of 4.9% over 2024–28.

Ampabathina added: "Increasing claims from nat-cat events have also prompted reinsurers to increase reinsurance rates. This will increase the premium rates of home and construction insurance policies, which will support property insurance growth." ■

Source: Insurance DECODED (GlobalData) - 9 Apr 2024

TANZANIA

- *Insurance companies in Tanzania: 2022 ranking*

➢ Non life insurance companies in Tanzania

In thousands

Companies	2022 turnover		2021 turnover		2021-2022 evolution (1)	2022 shares
	TZS	USD	TZS	USD		
NIC	139980000	60191	70203000	30187	99.39%	12.31%
Strategis	93325000	40130	82967000	35676	12.48%	8.21%
Alliance	90309000	38833	76233000	32780	18.46%	7.94%
Jubilee Allianz	71542000	30763	93495000	40203	-23.48%	6.29%
Heritage	55288000	23774	56971000	24498	-2.95%	4.86%
Phoenix	42057000	18084	36194000	15563	16.20%	3.70%
Reliance	40664000	17485	34588000	14873	17.57%	3.58%
ZIC	34910000	15011	20325000	8740	71.76%	3.07%
Sanlam General	34297000	14748	27506000	11828	24.69%	3.02%
Mayfair	33468000	14391	27081000	11645	23.58%	2.94%
Britam	32854000	14127	36172000	15554	-9.17%	2.89%
Jubilee Health	31702000	13632	-	-	-	2.79%
Assemble	30106000	12946	31243000	13434	-3.64%	2.65%
Meticulous	25525000	10976	28922000	12436	-11.75%	2.24%
MO	24241000	10424	20633000	8872	17.49%	2.13%
ICEA Lion	18699000	8041	17255000	7420	8.37%	1.64%
Tanzindia	16583000	7131	13060000	5616	26.98%	1.46%
UAP	16530000	7108	16016000	6887	3.21%	1.45%
Bumaco	16348000	7030	14450000	6213	13.13%	1.44%
First	15150000	6514	12760000	5487	18.73%	1.33%
GA	11093000	4770	8240000	3543	34.62%	0.98%
Maxinsure	7190000	3092	3262000	1403	120.42%	0.63%
Milembe	5425000	2333	4053000	1743	33.85%	0.48%
Mgen	5406000	2324	4137000	1779	30.67%	0.47%
IGT	2430000	1045	6884000	2960	-64.70%	0.21%
Resolution (2)	-	-	3796000	1632	-	-
Beema Star	-	-	-	-	-	-
Total non-life	**895122000**	**384903**	**746446000**	**320972**	**19.92%**	**78.71%**
Grand total	**1137285000**	**489033**	**911491000**	**391941**	**24.77%**	**100%**

➢ Life insurance companies in Tanzania

In thousands

Companies	2022 turnover		2021 turnover		2021-2022 (1)	202 shares
	TZS	USD	TZS	USD		
Sanlam Life	163114000	70139	110067000	47328	48.20%	14.34%
Alliance Life	33761000	14517	20327000	8741	66.09%	2.97%
NIC	19135000	8228	10993000	4727	74.07%	1.68%
Jubilee Life	14286000	6143	13021000	5599	9.72%	1.26%
Metropolitan Life	11542000	4963	10483000	4508	10.10%	1.01%
Bumaco Life	325000	140	154000	66	111.04%	0.03%
Total life	**242163000**	**104130**	**165045000**	**70969**	**46.73%**	**21.29%**
Total non-life	**895122000**	**384903**	**746446000**	**320972**	**19.92%**	**78.71%**
Grand total	**1137285000**	**489033**	**911491000**	**391941**	**24.77%**	**100%**

(1) Evolution in local currency (2) In liquidation

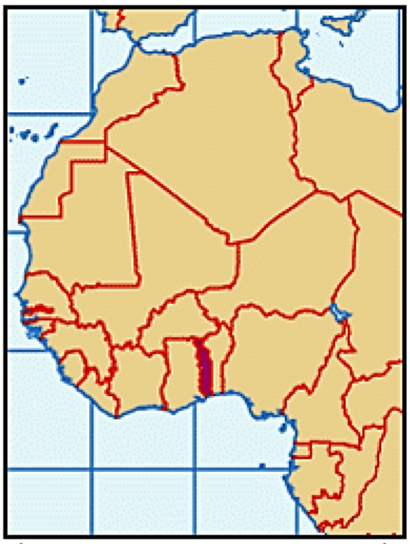
Exchange rate as at 31/12/2022 : 1 TZS = 0.00043 USD ; as at 31/12/2021 :1 TZS = 0.00043 USD *Atlas Mag- 26/03/2024*

TOGO

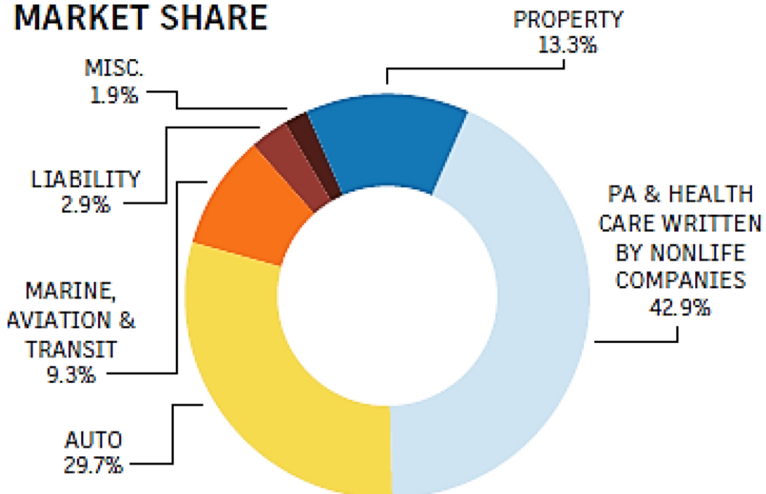
• *Insurance Market Profile*

154
GLOBAL P/C MARKET RANKING

The African nation of Togo has a small nonlife market, with a relatively low level of insurance penetration at 0.5% of GDP. Excluding personal accident and health care, the market saw growth of 7.9% in 2022, with the aviation and other transport sectors doing particularly well. Further growth in the market will be dependent on continued investment in roads, bridges, electrification and other infrastructure. Constraints on the market remain the lack of a meaningful industrial base and the low level of awareness of the benefits of insurance. Many small and medium-sized enterprises tend not to take out insurance because it eats into their profit margins. There are few new risks entering the market, and observers say business tends to merely circulate among existing insurers at lower prices.

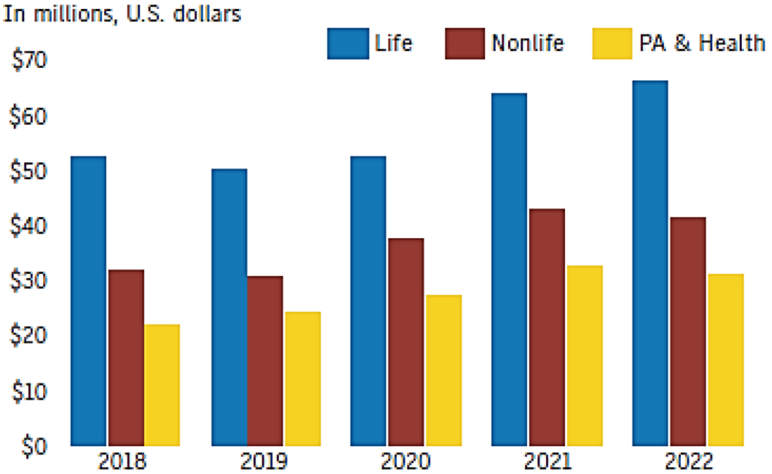


MARKET SHARE

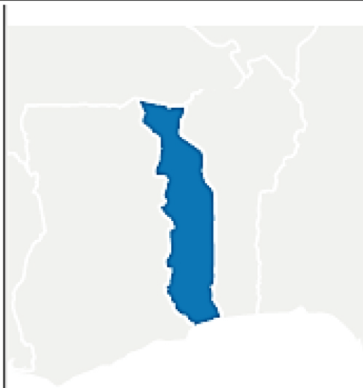


MARKET GROWTH

In millions, U.S. dollars



Source: Axco Global Statistics/Industry Associations and Regulatory Bodies



AREA
21,924
square miles

POPULATION
8.7
million

MARKET CONCENTRATION
75.4%
market share of
top three insurers

2023 GDP CHANGE (PROJECTED)
5.3%

COMPULSORY INSURANCE

- Auto third-party liability
- Workers compensation (part of state-run social security)
- Import insurance
- Professional indemnity for insurance brokers
- Shipowners liability for marine oil pollution (financial guarantee or insurance)
- Liability of air carriers and aircraft operators for third-party property damage or injury to third parties on the ground as well as injury to passengers and damage to baggage or goods being transported

NONADMITTED

Nonadmitted insurance is not permitted in Togo because the law provides that insurance must be purchased from locally licensed insurers with the exception of companies providing specialized insurance services to one or more CIMA member states, although this is subject to supervisory approval.

INTERMEDIARIES

Brokers and agents must be locally licensed to do insurance business. They are not allowed to place business with nonadmitted insurers.

MARKET PRACTICE

The application of the law forbidding nonadmitted insurance is said to be total. Coinsurance is commonly practiced in Togo, and fronting is the accepted solution to finding cover for any risks that need to be insured abroad because they exceed the capacity or technical skills of local insurers.

MARKET DEVELOPMENTS

Updated February 2024

- The government's National Development Plan, known as Togo Roadmap 2025, includes ambitious projects aimed at turning the country into a logistics excellence hub and world-class business center, and developing manufacturing and extractive industries. These efforts should lead to more insurable risks.
- A parametric flood insurance project is to be launched this year in three cities, including Lome, that will cover more than 700,000 inhabitants. The initiative is being co-funded by the InsuResilience Solutions Fund and developed by Axa Climate and Howden in conjunction with Togo-based Pioneers in Action for Integrated Development with the Environment.
- It was reported in June 2023 that the African Risk Capacity Group had launched a parametric flood insurance product in Togo and other African markets to help build resilience to climate-related disasters. ARC partnered with JBA Risk Management to develop the product.
- In 2023, there were five nonlife companies and seven life companies operating in the market following some consolidation. The larger regional African insurance groups operate in the market and competition is fierce. The nonlife market leader in 2022 was Sanlam Assurance (formerly SAHAM Assurance) with a market share of 35.3%, followed by SUNU Assurances and GTA Assurances.
- Conference Interafricaine des Marches d'Assurances has invited comments from interested parties on draft regulation related to digital insurance with a view to submitting the finalized recommendations to CIMA's committee of experts. No date has been set for their publication.

Information provided by Axco. For free trial access to global insurance intelligence, visit axcoinfo.com.

Source: Business Insurance Magazine - April 2024

• *AM Best confirms CICA-RE's rating*

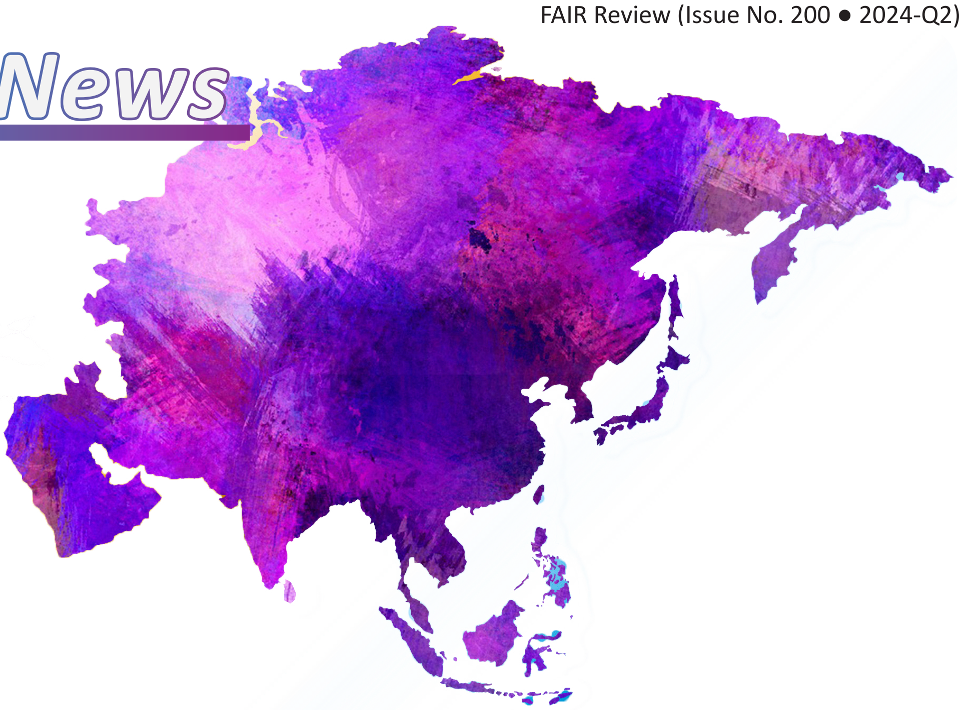
AM Best has confirmed the "B+" (good) financial strength and "bbb -" long-term credit ratings of the Joint Reinsurance Company of Member States of the Inter-African Conference for Insurance Markets (CICA-RE). The outlook remains stable.

The rating reflects the company's solid balance sheet, adequate operating performance, neutral business profile and marginal enterprise risk management.

The average combined ratio and average return on equity (ROE) over the 2018-2022 period stood at 94% and 9% respectively. ■

Source: Atlas Mag- 28/03/2024

Asia News



Best's Rankings

Largest Asia-Pacific Insurers – 2024 Edition

Ranked by 2022 gross premiums written (US$ Thousands)

Rank	Company	AMB#	Country of Domicile	Gross Premiums Written	Capital & Surplus
1	Ping An Ins (Group) Co of China Ltd	086446	China	$111,173,487	$124,035,604
2	China Life Ins (Group) Co	052446	China	108,575,409	27,903,840
3	People's Ins Co (Group) of China Ltd	085320	China	90,399,699	32,034,821
4	Life Ins Corp of India	085485	India	57,767,112	5,557,965
5	China Pacific Ins (Group) Co Ltd	090598	China	57,609,260	32,999,025
6	Dai-ichi Life Hldgs, Inc.	046417	Japan	50,034,196	21,664,421
7	Nippon Life Ins Co	090826	Japan	48,059,169	52,077,298
8	Tokio Marine Hldgs Inc	050962	Japan	38,315,019	27,380,090
9	AIA Group Ltd	052599	Hong Kong	36,519,000	38,096,000
10	China Taiping Ins Group Ltd.	055742	China	32,864,864	5,048,760
11	MS&AD Ins Group Hldgs, Inc.	052662	Japan	30,882,673	30,801,614
12	SOMPO Hldgs, Inc.	052641	Japan	30,212,023	13,983,129
13	Taikang Ins Group Inc.	077638	China	29,283,626	15,383,492
14	Meiji Yasuda Life Ins Co	090828	Japan	27,674,844	27,808,837
15	Prudential Hldgs of Japan, Inc.	058645	Japan	24,547,139	4,275,678
16	China Reins (Group) Corp	090958	China	24,522,619	12,425,251
17	New China Life Ins Co Ltd	091605	China	23,559,651	14,861,594
18	QBE Ins Group Ltd	085434	Australia	20,001,000	8,990,000
19	Sumitomo Life Ins Co	091242	Japan	19,477,434	5,731,307
20	MetLife Ins K.K.	084748	Japan	17,940,761	3,145,297

21	Hanwha Life Ins Co., Ltd.	092839	South Korea	16,505,069	5,354,180
22	Japan Post Hldgs Co. Ltd.	053008	Japan	16,468,120	75,989,097
23	Samsung Fire & Marine Ins Co Ltd	093102	South Korea	16,307,114	8,700,682
24	T&D Hldgs Ltd	052951	Japan	14,962,604	7,443,657
25	Samsung Life Ins Co Ltd	093248	South Korea	14,911,700	17,602,593
26	Cathay Finl Hldg Co., Ltd.	059995	Taiwan	14,442,211	19,533,082
27	Great Eastern Hldgs Ltd	058610	Singapore	13,848,745	7,030,826
28	DB Ins Co., Ltd.	094051	South Korea	13,744,963	4,245,737
29	China Post Life Ins Co Ltd	091551	China	13,207,641	3,157,388
30	Hyundai Marine & Fire Ins Co Ltd	093505	South Korea	12,860,747	3,338,693

Source: BESTLINK; data as of Feb. 23, 2024.

Source: Bests Review Magazine - April 2024

BELARUS

- ***FY2023: voluntary insurance generates over 65% of the total premiums***

In 2023, total GWP of insurance organizations amounted to BYN 2,215.8 million (EUR 626.60 million), which is 20.42% more y-o-y, according to data published by the Ministry of Finance of the Republic of Belarus.

Voluntary insurance reached BYN 1,452.4 million. In 2023, there was more rapid growth in voluntary insurance compared to mandatory insurance. As a result, the share of voluntary insurance in the total portfolio amounted to 65.5% (in 2022 – 64.3%). Mandatory insurance amounted to BYN 763.4 million. The share of mandatory insurance in the total market is 34.5%.

In 2023, 10,641.8 thousand insurance contracts were concluded, which is 4.6% more y-o-y.

Total paid claims in the republic amounted to BYN 1,303.85 million (EUR 368.70 million), which is 5.56% more y-o-y. Of that amount voluntary insurance accounts for 67.2%, mandatory – 32.8%. The payout ratio in 2023 decreased by 8.3 p.p. y-o-y and amounted to 58.8%.

At the end of 2023, total insurance reserves of the republic amounted to BYN 3,592.5 million, which is 20.4% more y-o-y. Total assets of the insurance sector reached BYN 6,762.6 million (+11.8%). ■

Source: XPRIMM - 17 April 2024

SEE ALSO

BELARUS:
Insurance Market Overview

FAIR Review, Issue 188, June 2021

CAMBODIA

• *Cambodia's insurance industry grows by 3% in 2023*

Cambodia's insurance industry recorded a total premium of 342 million U.S. dollars in 2023, up 3% from 331.8 million dollars in a year earlier, a report according to data from the Insurance Regulator of Cambodia (IRC).

The growth was generated from 18 general insurers, 15 life insurers, seven micro-insurance companies and one reinsurance firm, the report said.

It added that the total amount of claims paid out by the insurers was 60.8 million dollars last year, an increase of 30 percent from 46.6 million dollars in the year before.

According to the report, Cambodia's insurance industry currently has around 1 billion dollars in total assets.

Speaking at an insurance seminar here in Phnom Penh on Thursday, IRC's director general Bou Chanphirou said the insurance industry plays an important role in supporting the country's social security and economy.

"Based on the insurance penetration rate of about 1.14 percent and insurance density of 20.72 U.S. dollars per person in 2023, the insurance sector in Cambodia still has vast potential for growth in the future," he said. ■

Source: Xinhua - 15 February 2024

• *Cambodians surrender fewer insurance policies in 2023*

In a positive indicator of the financial awareness in the country, Cambodians surrendered fewer insurance policies in 2023.

The total number of surrender claims in the life insurance industry declined by about 44% year-over-year. In 2023, surrender claims were 8,101, down 43.9% from 14,452 the previous year.

Insurers say this is a positive trend that needs to be highlighted. During the pandemic, there was an economic downturn, followed by job loss or business losses for many.

Insurers say they worked towards making premium payments more flexible to prevent policyholders from dropping out of the scheme.

"From my experience during 2021-2022, many clients couldn't renew the policies given the economic impacts of COVID and requested to surrender the policies, a significant change in their long-term financial planning direction. For the first several years of the policies, the surrender value is normally not much compared to the premium paid. This is how life insurance policy works. We managed to successfully convince some to renew, some changed premium mode to quarterly or semi-annually and some got their policies reinstated," said Mr Prou Sythan, CEO, Forte Life Insurance Company.

Other insurers also say the industry as a whole has tried to adapt to economic headwinds. "I observe very proactive approaches by many life insurance companies to offer more options in premium renewals, including different premium modes (monthly, quarterly) and simplified underwriting requirements for customers to reinstate rather than to close their lapsed insurance coverage," said Mr Rotha Chan, CEO, Manulife (Cambodia) Plc.

The Insurance Regulator of Cambodia (IRC) has also heightened its efforts to increase financial awareness in the country. "We have held many workshops and conducted seminars to educate the public on the need for insurance," said Mr Bou Chanphirou, Director General, Insurance Regulator of Cambodia, at a recent event in Phnom Penh.

On the flip side, even though COVID-19 and its resultant economic challenges made things difficult for people, it also caused a shift in mindset, where more people realised the need for life insurance coverage especially for critical illnesses and mortgage protection.

Now even though surrender claims were down by 44%, the surrender value of the claims was up 76% year-over-year. The surrender value of claims went up to $3.6 million in 2023, up 75.6% from $2 million in 2022, reported Khmer Times. ■

Source: Asia Advisers Network - 21 Mar 2024

CHINA

Insurance Disputes:

- ***2023 Regulation Developments in Chinese Insurance Industry***

The past two decades have witnessed rapid growth in the Chinese insurance industry, which is presented as an average annualized growth rate of more than 15% in original premium income.

Accompanying the high-speed development, various issues have also surfaced, such as intense sales competition, lax expense management, aggressive fund utilization and imbalanced corporate governance. As the institutional reform proposal of the State Council was passed during the Two Sessions in March 2023, the National Financial Regulatory Administration ("NFRA"), which is in charge of regulating the financial industry except the securities sector, has been established on the basis of China Banking and Insurance Regulatory Commission ("CBIRC"), which will not be retained.

Thereafter, the NFRA issued a series of policy documents to drive the reform of the insurance industry, aiming to give full play to the functions of the insurance industry as an economic shock absorber and social stabilizer. Among these documents, the Measures for the Administration of Insurance Sales Practices (hereinafter referred to as the "New Sales Regulations"), which focused on prominent issues in insurance sales practices, have regulated all coverage across all channels and processes; and the Notice on Regulating Insurance Products in Bank Agency Channels has initiated the reform of sales expenses. Additionally, in the press conference on statistics of the banking and insurance sectors in the third quarter, it announced that the "unified commission fees in reporting and underwriting" would be implemented overall.

In 2023, the takeover of four insurance institutions previously controlled by Tomorrow Holding was successfully completed as scheduled, marking that China has entered a new stage of cautious and orderly risk disposal of high-risk institutions. ■

The full report is accessible and can be found for download via THIS LINK.

MALAYSIA

• *Insurers optimistic about meeting IFRS 17 deadline despite challenges*

Underwriting results of general insurers fall despite higher GWP in 2023

Malaysia's general insurance industry recorded an increase in gross written premiums (GWP) of 7.8% to MYR21.4bn ($4.53bn) for 2023 compared to the previous year, according to a statement released yesterday by the General Insurance Association of Malaysia (PIAM).

Despite the positive trajectory, the underwriting profit contracted by 26% to MYR1.16bn. This decline was largely due to losses in the motor and fire insurance branches.

Motor and fire lines of business also continue to dominate as top premium contributors.

Motor insurance

Motor retained its position as the largest line of business with a 45% share of total premium. Despite a 9% growth in GWP, reaching MYR9.8bn in 2023, motor insurance saw an underwriting loss of MYR156m with net claims incurred ratio of 66.7%, reverting to pre-COVID-19 pandemic levels.

The loss has been attributed to deterioration in the motor claim experience, which edged closer to pre-pandemic levels due to inflationary cost pressures on vehicle spare parts and an increase in the road accident rate.

Fire

The fire line of business, which is the second largest line of business accounting for a 21% share of total premiums, recorded an 8% increase in premium in 2023 to MYR4.4bn. However, the fire portfolio experienced a decline in underwriting profit with the combined ratio approaching 69.5%. This decline has been attributed to increasingly volatile weather events including various flood events in 2023, coupled with rising reinsurance costs which will continue to exert pressure on underwriting margins.

Claims

The general insurance industry settled claims totalling MYR21m a day on average in 2023, an 11% increase year on year. Over the past decade (2014-2023), motor claims payouts stood on average at MYR13.4m per day, constituting 72% of the total payout. In 2023, motor daily claims payouts increased to MYR15.1m per day, the highest in the past five years. ■

Source: Asia Insurance Review - 2 April 2024

• *Malaysia - Service Tax Increase*

The tax authorities and Insurance Regulator in Malaysia have proposed an increase in the Goods and Service Tax on local policy premiums. This increase will be from 6% to 8%. The hike in rate will be effective from 1 March 2024. This will apply to all policies (new and renewal business) transacted on or after 1 March 2024 with inception/renewal dates on or after 1 March 2024. ■

Source: Globex Update Bulletin, Feb 2024

PHILIPPINES

• Life & Non-Life Insurance Market to 2027:

Key Highlights

Non-Life

- Non-life insurance is typically defined as any insurance not determined to be life insurance. It includes automobile and homeowners' policies and provides payments depending on the loss from a particular financial event.
- The Filipino non-life insurance market had total gross written premiums of $2.1 billion in 2022, representing a compound annual growth rate (CAGR) of 8.6% between 2017 and 2022.
- The property segment accounted for the market's largest proportion in 2022, with total gross written premiums of $0.8 billion, equivalent to 37.4% of the market's overall value.
- The expansion of microinsurance is supporting the market growth. According to the Philippines Insurance Commission, the microinsurance premium collection by mutual benefit associations (MBAs) from non-life insurance witnessed an annual growth of 84.1% in Q2 2023.

Life

- The market is segmented into Life Insurance and Pension/Annuity.
- The Filipino life insurance market had total gross written premiums of $5.4 billion in 2022, representing a compound annual growth rate (CAGR) of 8.4% between 2017 and 2022.
- The life insurance segment accounted for the market's largest proportion in 2022, with total gross written premiums of $4.8 billion, equivalent to 89.5% of the market's overall value.
- Life insurance coverage in the Philippines population is relatively low due to lower financial literacy. According to in-house research, in 2022, life insurance penetration (ratio of premiums to GDP) in the Philippines was 1.5 %.

Source: MarketLine Reports, Nov 2023

• Insurance Industry Indicators in 2023

Non-life sector drives profit growth in 2023

The Insurance Commission (IC) has announced that the net income of the insurance industry, comprising life and non-life insurance companies and mutual benefit associations (MBAs), reached PHP48.46bn ($848m) in 2023, 3.8% higher than the PHP46.69bn chalked up in 2022.

In a statement, the IC attributed the slight increase in net income to non-life insurance companies which recorded PHP9.11bn in net income, up by 30.1% from PHP7.00bn in 2022.

On the other hand, the net income of life insurance companies dipped by 0.72% year on year to PHP33.63bn. The net income of MBAs in 2023 fell by 1.55% year on year to PHP5.73bn in 2023.

Meanwhile, the IC reported that the total premium collection by the insurance industry last year grew by 2.36% to PHP389.61bn, with all three categories — life and non-life and MBA— reporting increases.

Premiums from traditional life insurance products collected increased by 11.52% to PHP105.19bn, and those from variable life insurance products decreased by 4.84% to PHP204.80bn, it added.

Non-life insurance companies and MBAs posted an increase in their net premiums written by 12.9% to PHP64.24bn and by 8.29% to PHP15.38 bn, respectively.

Meanwhile, benefit payments by life insurance companies and MBAs declined by 3.8% and 25.41%, respectively, while non-life insurance companies' benefit payouts rose by 18.85% to reach PHP26.10bn.

Insurance penetration fell from 1.73% in 2022 to 1.60% in 2023.

The insurance industry's total assets posted growth of 8.02% to PHP2.31tn as of 31 December 2023 from PHP2.14tn 12 months previously. ■

Source: Asia Insurance Review - 11 April 2024

Saudi Arabia

• *Insurance companies in Saudi Arabia: ranking*

In thousands

Rank	Companies	2023 turnover		2022 turnover		2022-2023 evolution [1]	2023 shares
		SAR	USD	SAR	USD		
1	Bupa Arabia	15887715	4234076	12873111	3428109	23.42%	27.87%
2	Tawuniya	15265424	4068235	11408348	3038043	33.81%	26.78%
3	Al Rajhi Takaful	4236470	1129019	2934503	781458	44.37%	7.43%
4	Medgulf	3332154	888019	2643129	703865	26.07%	5.85%
5	Walaa [3]	2887642	769557	2572335	685013	12.26%	5.07%
6	Gulf Insurance Group [4]	1564749	417006	1480637	394294	5.68%	2.75%
7	Wataniya Insurance	1378636	367406	835084	222383	65.09%	2.42%
8	Al Etihad Cooperative	1202169	320378	1072869	285705	12.05%	2.11%
9	Arabian Shield [5]	1145711	305332	918720	244655	24.71%	2.01%
10	UCA	1061771	282962	634333	168923	67.38%	1.86%
11	SAICO	1044519	278364	911675	242779	14.57%	1.83%
12	ACIG	974681	259752	672811	179170	44.87%	1.71%
13	Malath Insurance	934712	249101	973092	259134	-3.94%	1.64%
14	Allianz Saudi Fransi	862625	229890	735650	195904	17.26%	1.51%
15	Arabia Insurance Cooperative	838947	223579	560651	149301	49.64%	1.47%
16	Salama	802288	213810	598351	159341	34.08%	1.41%
17	Gulf Union Al Ahlia [6]	624483	166425	506772	134953	23.23%	1.10%
18	Liva Insurance [7]	513629	136882	337947	89995	51.99%	0.90%
19	Sagr Cooperative	486225	129579	473348	126053	2.72%	0.85%
20	Buruj Insurance	373444	99523	417103	111075	-10.47%	0.66%
21	Chubb Arabia	329438	87795	299356	79719	10.05%	0.58%
22	Gulf General	315646	84120	315686	84067	-0.01%	0.55%
23	Aljazira Takaful Taawuni	301954	80471	220579	58740	36.89%	0.53%
24	Saudi Enaya	250880	66860	226930	60431	10.55%	0.44%
25	Amana Cooperative	184638	49206	237700	63300	-22.32%	0.32%
	Total	**56800550**	**15137347**	**44860720**	**11946410**	**26.62%**	**99.65%**
	Rest of the market [8]	**199450**	**53153**	**8495480**	**2262346**	**-97.65%**	**0.35%**
	Total market [9]	**57000000**	**15190500**	**53356200**	**14208756**	**6.83%**	**100%**

[1] Companies listed on the stock exchange
[2] Growth rate in local currency
[3] Merger with SABB Takaful
[4] Ex. AXA Cooperative Insurance Company
[5] Merger with Al Ahli Takaful and Alimna Tokio Marine
[6] Merger with Al Ahlia Cooperative Insurance
[7] Ex. Al Alamiya for Cooperative Insurance Company
[8] 3 companies
[9] Badri Management estimate
Sources : Rapports compagnies and www.sama.gov.sa
Exchange rate as at 31/12/2023 : 1 SAR = 0.2665 USD ; 31/12/2022 : 1 SAR = 0.2663 USD

SINGAPORE

• *General insurance market chalks up growth of 10.1% in 2023*

The General Insurance Association of Singapore (GIA) yesterday announced year-on-year growth for both its domestic and offshore general insurance segments, with a combined increase of 10.1% in gross written premiums to S$10.2bn ($7.6bn).

The sector also recorded an underwriting profit of S$608.1m in 2023.

GIA president Ronak Shah said, "The sector's sustained growth this year reflects its resilience and underscores our enduring commitment to safeguarding the interests of consumers and businesses. Despite the positive results, we remain keenly aware of economic headwinds and the continued threat posed by fraudulent activities. Protecting and supporting our motoring public will remain a key focus for the sector in the coming year."

Major domestic market segments

The domestic segment saw 7.3% growth in gross written premiums, amounting to S$5.2bn, while underwriting profit fell by 11.2% to S$262.9m. Net incurred claims rose 44%, driven by an increase in claims across most business segments. In particular, the motor segment saw the largest increase in claims by 73.3% to S$573.4m, as traffic accidents rose in 2023.

Across the various business segments, travel insurance emerged top with a 37.6% increase in gross written premiums. This is in line with the strong recovery in business and leisure travel globally.

The health segment recorded an increase of 12.1% in gross written premiums. However, it concurrently observed an underwriting loss of S$10.6m, reversing the profit experienced in 2022. This was contributed by the 10.3% increase in claims, signifying rising healthcare costs.

Gross written premiums for employer's liability observed a 10.2% increase, consistent with the expansion of the resident and foreign labour market. The segment achieved an increase in underwriting profit to S$45.7m, as workplace safety and deaths in the workplace fell in Singapore last year.

Looking ahead

The sector remains committed to meeting consumers' and businesses' evolving needs and ensuring protection remains accessible amid a more volatile global landscape. Beyond ongoing fraud-mitigation initiatives, the sector continues to proactively assess and implement approaches to safeguard Singaporeans' interests.

Domestic market statistics

Gross written premiums and market share of top five domestic segments

S$'000	2023	2022	Change
Motor	1,088,800	1,072,852	21.0%
Health	995,328	888,238	19.2%
Property	774,939	758,131	14.9%
Employer's Liability	463,168	420,472	8.9%
Travel	295,096	214,472	5.7%
Total domestic market	**5,187,324**	**4,836,324**	**351,000**

Underwriting performance across top five domestic segments

S$'000	2023	2022	Change
Motor	(7,715)	(21,585)	13,870
Health	(10,575)	64,541	(75,117)
Property	45,543	49,891	(4,347)
Employer's Liability	45,671	23,990	21,680
Travel	30,572	13,694	16,878
Total domestic market	**262,906**	**295,913**	**(33,007)**

Offshore market statistics

Gross written premiums of top five offshore segments

S$'000	2023	2022	Change
Property	3,052,933	2,505,966	546,967
Liability and Others	783,353	782,976	377
Marine Hull	361,902	361,872	30
Cargo	355,401	322,152	33,259
Engineering	347,167	315,836	31,331
Total offshore market	**4,973,742**	**4,390,313**	**583,429**

Underwriting performance across top five offshore segments

S$'000	2023	2022	Change
Property	312,919	215,469	97,450
Liability and Others	26,880	54,894	(28,013)
Marine Hull	9,391	29,043	(19,652)
Cargo	40,341	16,831	23,509
Engineering	(46,717)	26,681	(73,398)
Total offshore market	**345,173**	**347,399**	**(2,226)**

Source: MEIR 19 March 2024

TAIWAN

- ***Property insurers in Taiwan expected to remain profitable despite recent earthquake,*** **says GlobalData**

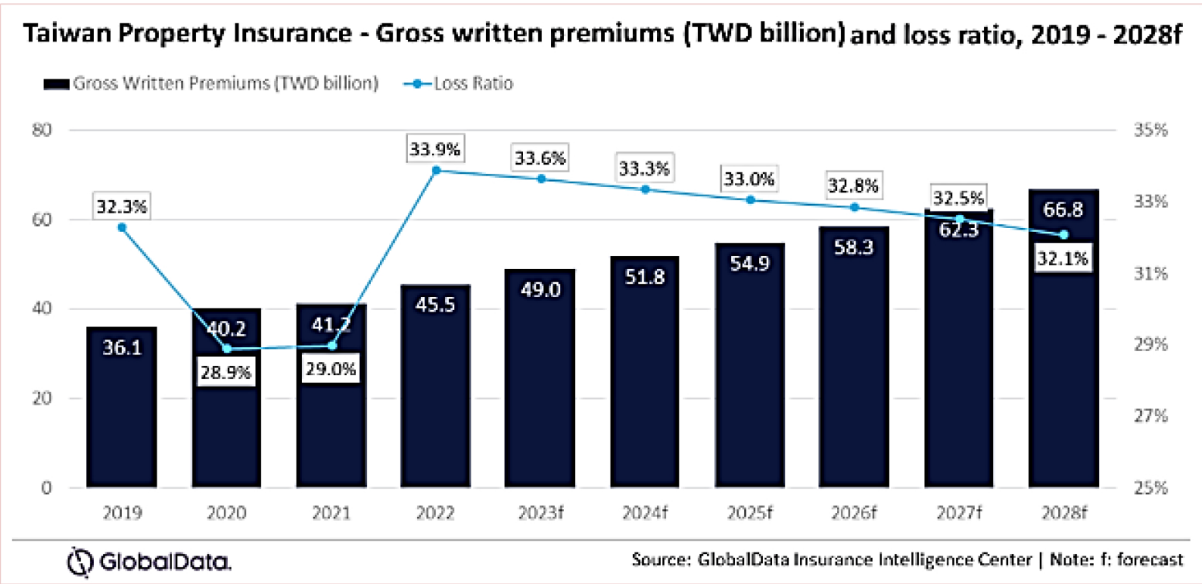
The 7.2 magnitude earthquake that struck Taiwan's east coast recently has brought significant challenges to the insurance industry. Despite causing substantial damage, particularly in Hualien with collapsed buildings and infrastructure disruptions, insurers are expected to weather the financial impact well. Government-backed schemes are anticipated to mitigate losses, although insurers may re-evaluate risk exposure and adjust premiums to maintain profitability, according to GlobalData, a leading data and analytics company.

Aarti Sharma, Insurance Analyst at GlobalData, comments: "Being located in one of the three major seismic regions globally, Taiwan is prone to natural calamities, especially earthquakes. As a result, the penetration of earthquake insurance is moderately high in Taiwan, and the current earthquake is expected to result in high claims for local insurers and reinsurers."

According to GlobalData's Global Insurance Database, property insurance claims are expected to account for an 11.6% share of the total general insurance claims in 2024, amounting to TWD14.1 billion ($0.5 billion). However, with this event, the actual claims in 2024 might increase once the complete impact of the earthquake is realized.

Despite the losses, the overall profitability of the general insurance industry in Taiwan is not expected to be significantly impacted, as the average loss ratio of property insurance remained low at 31.5% during 2019–23.

Additionally, most of the losses will be borne by the Taiwan Residential Earthquake Insurance Fund (TREIF). The government established the TREIF in 1999 to create an earthquake insurance pool and strengthen the earthquake insurance mechanism in the country.



The earthquake insurance that is underwritten by the general insurers is ceded to the TRIEF which retains most of the risk and transfers the remaining to domestic and international reinsurers. Effective April 1, 2024, the liability assumption limit of the residential earthquake insurance's risk has been increased to TWD120 billion ($3.7 billion).

Sharma adds: "However, in the short term, to maintain profitability, property insurers might re-assess their risk exposure, which is expected to increase the premium rates for property insurance policies and support property insurance growth."

As a result, the property insurance industry is expected to grow from TWD51.8 billion ($1.7 billion) in 2024 to TWD66.8 billion ($2.2 billion) in 2028, in terms of gross written premiums (GWP) at a compound annual growth rate (CAGR) of 6.5% over 2024–28.

With the considerable impact of the recent earthquake on residential and commercial property, the demand for fire and natural hazard policies that cover earthquake insurance is also expected to increase in 2024 and 2025. Fire and natural hazard policies are expected to account for an 80.4% share of total property insurance GWP in 2024.

Sharma concludes: "The recent earthquake could translate into higher claims than anticipated for insurers and reinsurers in Taiwan. The increased frequency of such large-scale natural calamities is expected to further create demand for the fire and natural hazard policies in the country, which will support property insurance growth over the next five years." ■

Source: GlobalData - 5 Apr 2024

VIETNAM

- ***Vietnam's insurance premium revenue down 4.3% in Q1_2024***

Vietnam's insurance premium revenue in the first quarter of this year continued to drop to more than 53.29 trillion Vietnamese dong (2.13 billion U.S. dollars), down 4.3 percent from a year earlier, the General Statistics Office has reported.

Of the total revenue, the life insurance sector accounted for 33.74 trillion dong (1.35 billion dollars), down 10.9 percent year on year, and the non-life insurance sector contributed more than 19.55 trillion dong (782 million dollars), up 9.8 percent year on year, Vietnam News reported Thursday.

The insurance premium revenue has declined for the fourth consecutive quarter, the newspaper reported, adding that the rate of decrease in the first quarter of 2024 slowed compared to previous quarters.

By the end of the first quarter, total assets of the insurance companies in the Southeast Asian country were estimated at nearly 932.87 trillion dong (37.3 billion dollars), representing a 10.2 percent growth.

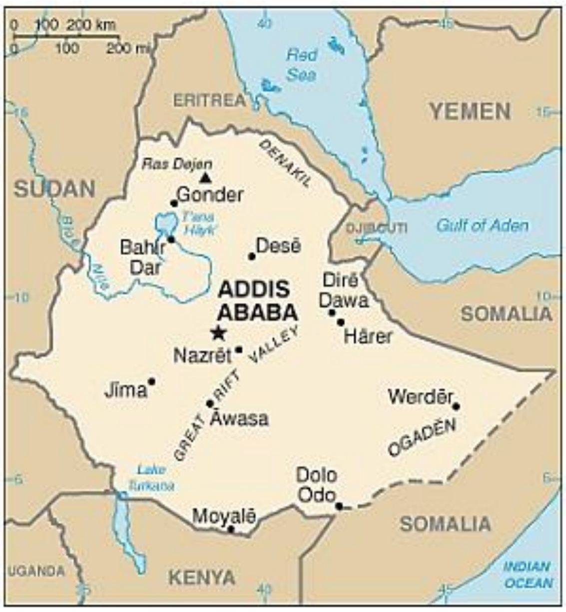
Prior to 2023, Vietnam's insurance business saw a double-digit premium revenue growth annually in approximately 10 years. However, insurance premium revenue has been on the decline since 2023, following an insurance crisis. ■

Source: Xinhua - 11 April 2024

ETHIOPIA

Insurance Market Overview

by Hussein Elsayed



Official Name: *Federal Democratic Republic of Ethiopia*

Location: *Ethiopia is a country located in the Horn of Africa. It shares borders with Eritrea to the north and northeast, Djibouti and Somalia to the east, Sudan and South Sudan to the west, and Kenya to the south.*

Surface Area: *Total area 1,104,300 km^2.*

Time Zone: *EAT (UTC+3).*

Income Category: *lowest level of income*

Religion: *Christianity 62.8% | Islam (33.9%) | traditional faiths (2.6%).*

Language: *Oromo 33.8%, Amharic 29.3%, Somali 6.2%, Tigrigna (Tigrinya) 5.9%, Sidamo 4%, and English is major foreign language taught in schools.*

Government: *Ethiopia is a multi-party federal democracy with legislative authority resting with the government headed by an executive prime minister and the elected House of Representatives (547 members) and the House of Federation (110 members).*
The Prime Minister is chosen by the party in power following multi-party democratic national and federal state elections which are held every 5 years. Parties can be registered at either the national or the federal state level. The President is elected by the members of the House of People's Representatives.

Climate: *tropical monsoon with wide topographic-induced variation.*

Natural Hazards: *geologically active Great Rift Valley susceptible to earthquakes, volcanic eruptions; frequent droughts.*

River flood: High | Urban flood: High | Extreme heat: High | Wildfire: High | Landslide: High | Volcano: High | Earthquake: Medium | Water scarcity: Medium | Tsunami: No Data |

ThinkHazard! WORLD BANK GROUP

(I) ETHIOPIA: Socio-Economic Information

Region	Eastern Africa	UN membership date	13 November 1945
Population (000, 2023)	123 380[a,b]	Surface area (km2)	1 104 300[c]
Pop. density (per km2, 2023)	123.4[a,b]	Sex ratio (m per 100 f)	100.9[a,b]
Capital city	Addis Ababa	National currency	Ethiopian Birr (ETB)
Capital city pop. (000, 2023)	4 592.0[d]	Exchange rate (per US$)	53.3[b]

Economic indicators	2010	2015	2023
GDP: Gross domestic product (million current US$)	26 311	63 079	99 269[c]
GDP growth rate (annual %, const. 2015 prices)	12.6	10.4	5.6[c]
GDP per capita (current US$)	294.8	615.6	825.3[c]
Economy: Agriculture (% of Gross Value Added)	45.3	38.8	39.2[c]
Economy: Industry (% of Gross Value Added)	10.4	17.5	22.8[c]
Economy: Services and other activity (% of GVA)	44.3	43.7	38.1[c]
Employment in agriculture (% of employed)[e]	73.6	68.3	63.7[c]
Employment in industry (% of employed)[e]	7.9	8.9	10.1[c]
Employment in services & other sectors (% employed)[e]	18.4	22.8	26.2[c]
Unemployment rate (% of labour force)[e]	2.3	2.6	4.0
Labour force participation rate (female/male pop. %)[e]	74.3 / 88.8	74.4 / 87.6	75.1 / 86.1
CPI: Consumer Price Index (2010=100)[f]	100	205	652[b]
Agricultural production index (2014-2016=100)	82	101	116[c]
International trade: exports (million current US$)	2 330	2 024	7 128[e,b]
International trade: imports (million current US$)	8 602	17 686	101 088[e,b]
International trade: balance (million current US$)	- 6 272	- 15 662	- 93 960[e,b]
Balance of payments, current account (million US$)	- 635	- 7 567	- 4 507[c]

Major trading partners						2022
Export partners (% of exports)[e]	Somalia	11.8	United States	10.8	Germany	8.0
Import partners (% of imports)[e]	China	26.4	India	15.7	United States	7.6

Social indicators	2010	2015	2023
Population growth rate (average annual %)	2.8	2.7	2.5[a,b]
Urban population (% of total population)	17.3	19.4	21.2[d]
Urban population growth rate (average annual %)[g]	4.6	4.9	...
Fertility rate, total (live births per woman)	5.2	4.5	4.1[a,b]
Life expectancy at birth (females/males, years)	61.8 / 57.7	66.3 / 61.1	68.9 / 62.6[a,b]
Population age distribution (0-14/60+ years old, %)	45.1 / 4.4	42.5 / 4.6	39.6 / 4.9[a,b]
International migrant stock (000/% of total pop.)[h]	568.7 / 0.6	1 161.6 / 1.2	1 085.5 / 0.9[i]
Refugees and others of concern to the UNHCR (000)	155.4[j]	705.7	5 370.5[b]
Infant mortality rate (per 1 000 live births)	54.4	43.2	31.9[a,b]
Health: Current expenditure (% of GDP)[k]	5.5	3.8	3.5[i]
Health: Physicians (per 1 000 pop.)	~0.0[l]	...	0.1[i]
Education: Government expenditure (% of GDP)	4.5	4.7	3.7[b]
Education: Primary gross enrol. ratio (f/m per 100 pop.)	88.0 / 95.2	96.1 / 105.8	101.1 / 110.8[c]
Education: Lowr. sec. gross enrol. ratio (f/m per 100 pop.)	39.5 / 46.2	42.0 / 43.9	40.9 / 45.8[m]
Education: Upr. sec. gross enrol. ratio (f/m per 100 pop.)	13.4 / 19.1	17.4 / 17.7	10.5 / 11.7[n]
Intentional homicide rate (per 100 000 pop.)	...	8.6[o]	...
Seats held by women in the National Parliament (%)	21.9	27.8	41.3[p]

Environment and infrastructure indicators	2010	2015	2023
Individuals using the Internet (per 100 inhabitants)	0.8[e]	13.9	16.7[q,c]
Research & Development expenditure (% of GDP)	0.2[r]	0.6[s]	0.3[r,m]
Threatened species (number)	120	145	237[b]
Forested area (% of land area)	15.8	15.4	15.1[i]
CO2 emission estimates (million tons/tons per capita)[t,u]	16.4 / 0.1	22.2 / 0.1	27.9 / 0.1[i]
Energy production, primary (Petajoules)[t]	1 212	1 327	1 441[i]
Energy supply per capita (Gigajoules)[t]	14	14	14[i]
Tourist/visitor arrivals at national borders (000)[v,w]	468	864	518[c]
Important sites for terrestrial biodiversity protected (%)	13.1	15.0	16.4[b]
Pop. using safely managed drinking water (urban/rural, %)	36.9 / 1.6	37.6 / 3.1	38.6 / 5.8[b]
Pop. using safely managed sanitation (urban/rural %)	14.3 / 2.5	15.7 / 3.4	17.4 / 4.2[b]
Net Official Development Assist. received (% of GNI)	11.58	5.04	3.68[c]

a Projected estimate (medium fertility variant). **b** 2022. **c** 2021. **d** 2019. **e** Estimate. **f** Calculated by the UN Statistics Division from national indices. **g** Data refers to a 5-year period preceding the reference year. **h** Including refugees. **i** 2020. **j** Data as at the end of December. **k** Data refer to fiscal years beginning 8 July. **l** 2009. **m** 2017. **n** 2018. **o** 2012. **p** Data are as at 1 January of reporting year. **q** Population aged 10 years and over. **r** Break in the time series. **s** 2013. **t** Excluding Eritrea. **u** Data refer to fiscal years beginning 1 July. **v** Arrivals through all ports of entry. **w** Including nationals residing abroad.

World Statistics Pocketbook 2023

(II) ETHIOPIA: Insurance Market

Key Highlights

- ***The Ethiopian insurance industry is regulated by The National Bank of Ethiopia (NBE).***
- ***Motor third-party liability insurance and professional indemnity insurance for insurance intermediaries are compulsory classes of insurance.***
- ***Composite insurance is permitted in Ethiopia.***
- ***The government does not permit FDI in the insurance industry.***
- ***Non-admitted insurance is prohibited in Ethiopia. However, unauthorized reinsurance companies can reinsure risks located in Ethiopia on a cross-border basis.***

(A) Historical Landmarks and Regulatory Environment

- 19th c The earliest insurance transactions were reported.
- 1905 The Bank of Abyssinia started underwriting fire and marine business on an agency basis.
- 1923 The Swiss insurer Baloise set up a branch office in Addis Ababa and was soon followed by other foreign companies working on an agency basis.
- 1939 During the Italian occupation (1936 to 1941), Italian companies operated but, when Ethiopia was liberated, other European insurance companies restarted activities.
- 1951 The first national company, the Imperial, was set up. The company started selling policies in 1952.
- 1950s / 1960s More local companies were established, reaching a total of 13.
- 1975 All insurers were nationalized by the communist government and the Ethiopian Insurance Corporation (EIC) was formed.
- 1994 The market reopened, but for local insurers only.
- The supervision of banks and insurers became governed by the *Monetary and Banking Proclamation No 83/1994*.
- 2012 Under the terms of the *Vehicle Insurance Against Third Party Risks Proclamation No 559/2008* gazetted on 9 January 2009 and enforceable from 1 January 2012, it became compulsory for all vehicle owners to effect suitable motor insurance.
- The most recent legal basis for the insurance industry in Ethiopia became *Proclamation No 746/2012, A Proclamation to Provide for Insurance Business*, of 22 August 2012.
- 2013 The *Minimum Paid up Capital for Insurers Directives No SIB/34/2013* issued by the National Bank of Ethiopia came into force on 15 April 2013 establishing a considerably higher level of capital as a minimum requirement.
- 2014 The *Reinsurance Company Establishment Directive No SRB/1/2014* paved the way for the first local reinsurer with a 31 December 2015 deadline for capital to be in place for the first application with trading due to commence in 2016.
- 2015 New microinsurance legislation was introduced under the *Licensing, License Renewal and Product Approval for Microinsurance Providers Directive No SMIB/1/2015*.
- 2016 Ethiopian Reinsurance SC was established and began trading on 1 July 2016. New legislation was introduced for insurers to implement policies and procedures for reinsurance under *Manner and Criteria of Transacting Reinsurance Directives No SIB/44/2016* including compulsory cessions.
- 2017 On 1 January new legislation took effect to address insurance company solvency under *Licensing and Supervision of Insurance Business Margin of Solvency Directives No. SIB/45/2016.*
- *In 2018, the Insurance Fund announced plans to develop a database collecting all motor accident related information. The system (Motor Third Party Liability System) will include a vehicle database and interlink all official parties involved in motor liability issues, from insurers to medical institutions and government entities as well as allowing for settlement of medical expenses.*
- *In July 2019, the Ethiopian Council of Ministers passed two draft Bills, among other things, envisage allowing foreign nationals of Ethiopian origin to engage in the financial sector.*
- *In 2021, Parhelion, a UK-based specialist energy and climate risk finance company, and FSD Africa, the UK Government's flagship financial sector programme in Africa, have announced plans to launch a first-of-its-kind underwriting facility, backed by East African insurers, to de-risk early-stage development of geothermal*

energy projects with the capacity to significantly expand electricity access and energy sector resilience in Kenya and Ethiopia.

- *Also in 2021, Reinsurers advise insurance firms in Ethiopia to suspend accepting new applications from customers seeking to buy political violence and terrorism cover.*
- *In 2022, The National Bank of Ethiopia (NBE) has raised the minimum capital for insurance companies by 567%. This new requirement came into effect on 15 September 2022. This change is the first of its kind since 2013. On the other hand, the National Bank of Ethiopia (NBE), is considering opening up the insurance and microfinance sectors.*
- *Also, in 2022, African Reinsurance Corporation has announced that it would lift partially its unilateral ban on the issuance of new political violence treaty (PVT) insurance cover for capital assets in regions in Ethiopia under a state of emergency.*
- *In 2023, The National Bank of Ethiopia (NBR) has set up a deposit insurance fund to serve as a financial safety net for depositors of commercial banks and microfinance institutions. The Ethiopian Deposit Insurance Fund has been established as per Council of Ministers Regulation No. 482/2021.*
- *Also, in 2023, Amhara Bank, incorporated in June 2022, and other promoters are working to establish an insurance company in Ethiopia with a paid-up capital of ETB2bn ($37.7m), the largest amount of initial capital for a new insurer in the country.*
- *It was reported in 2018 that the insurance industry had been targeted by the Ethiopian Revenue & Customs Authority (ERCA) for payment of up to ETB 1bn (USD 36.41mn) on expired customs guarantee bonds. The bonds had been issued to the construction industry to cover machinery on major projects.*
- *In 2024, The National Bank of Ethiopia (NBE), has announced that an independent insurance regulatory agency will be established by June 2025 in what will be a game-changing development.*
- *Also, in 2024, The UNDP has established an Insurance Risk Financing Facility (IRFF) to help communities and businesses in Ethiopia manage shocks.*

Insurance Regulator

The National Bank of Ethiopia (NBE) https://nbe.gov.et/

Ethiopia's insurance sector remains strictly regulated, with direct bans and product controls by the National Bank of Ethiopia (NBE).
Notably, foreign participation in the sector is largely prohibited with an outright ban on FDIs, which limits available capital and reduces competition. Non-admitted insurance is also strictly prohibited with some exceptions made for reinsurers. In 2019, the Insurance Business Proclamation was amended to allow Ethiopian-born foreign nationals to operate in the sector, while also introducing rules for Islamic insurance (takaful).

The NBE, and other government entities, retain considerable latitude to enforce regulations and set the parameters of business operations. That said, regulation of the insurance sector is relatively less intrusive than that of the commercial banking sector.

Insurance Professional Bodies:

- Association of Ethiopian Insurers (AEI) was reinstated in 2002
- The Association of Ethiopian Insurance Brokers was established in 2003.
- Society of Insurance Professionals (licensed in April 2003).

Key Insurance Legislations & Regulations:

The following regulatory provisions govern the insurance sector in Ethiopia:

- **Proclamation No. 746/2012:** Disseminated on August 22 2012, the directive covers the guidelines for the establishment of insurance businesses in the country. The law reiterates the prohibition on foreign ownership and grants the NBE the right to approve any substantial transfer of shares, as well as a say in shareholder meetings. It also limits individuals to a maximum 5% of total shares and, as is the case with commercial banks, gives the NBE the authority to dismiss senior leadership as it sees fit.

- **The Minimum Paid up Capital for Insurers Directives No SIB/34/2013** issued by the National Bank of Ethiopia establishing a considerably higher level of capital as a minimum requirement, and its amendments by **Directives No SIB/57/2022**.
- SIB/39/2014 – **Insurance and Reinsurance Business Fraud Monitoring**.
- **Proclamation No. 1163/2019 (Amendments):** Amendments to the cornerstone 2012 legislation, which introduced rules for licencing *takaful* companies, supervision for reinsurance and opened up ownership to Ethiopian-born foreign nationals.
- SRB/2/2022 - **Prudential Requirements for Reinsurance Companies**
- SIB/60/2023 – **Motor Insurance Minimum Premium Rate**

▪ Form, Company Registration and Licences:

The NBE is responsible for the licensing and supervision of insurance businesses.
All insurance companies are required to be licensed. Foreign applicants, however, or applications from organisations with even partial foreign ownership would not be granted a licence. Since February 2015, it has been possible for a microfinance institution to provide insurance subject to specific conditions.
Insurance company licensing requirements are in terms of the Requirements for Licensing and Licence Renewal of Insurance Business Directive No SIB/33/2013.
<u>The requirements include:</u>

- *completed application form*
- *Ministry of Trade and/or Regional Trade Bureau registration*
- *company prospectus*
- *evidence of paid-up capital*
- *articles and memorandum of association*
- *proof of ownership or lease agreement in respect of company premises*
- *full disclosure of influential shareholders (holdings of 2% or more) and office holders*
- *in-depth business plan*
- *specimen wordings, endorsements and proposal forms*
- *schedule of premium and commission rates*
- *reinsurance programme.*

▪ Types of Licences:

- *Composite insurance companies are permitted but separate licences are required for general and long-term business.*
- *"Long-term" is defined as life insurance, annuity, pension, permanent health insurance and personal accident or sickness insurance written as a rider to other defined long-term business. All other business is regarded as "general".*
- *By definition, health insurance other than permanent health, is classed as general or non-life business. In practice, however, the life departments of local companies often deal with health insurance as a life class.*
- *Microinsurance may be provided by either a life or general insurer under their existing licence. Under recent legislation a specialist microinsurer may apply for a suitable licence. Microinsurance may be provided by a microfinance provider which, though not possessing an insurance licence, must hold a valid microfinance licence amongst other operating criteria.*

▪ Capital Requirements:

The National Bank of Ethiopia (NBE) has raised the minimum capital for insurance companies by 567%. This new requirement came into effect on 15 September 2022 (Directives No SIB/57/2022). This change is the first of its kind since 2013 (Directives No SIB/34/2013).

Local insurers are now required to have the following minimum capital:

- *400 million ETB (7.5 million USD) instead of 60 million ETB (1.1 million USD) for non-life companies*
- *100 million ETB (1.9 million USD) instead of 15 million ETB (283 450 USD) for life companies*

Compulsory Insurances

<u>*List of Compulsory Insurances*</u>

- Motor insurance in respect of death or injury to third parties and also damage to third party property. Compulsory third party motor covers are subject to a rating tariff. The tariff is established by the Ministry of Transport Insurance Fund Board.
- Marine cargo imports.
- Professional indemnity insurance for insurance brokers, insurance agents, insurance surveyors and loss adjusters.
- Aviation third party liability: In terms of Article 63 of Civil Aviation Proclamation No 616/2008, effective as at February 2009, air carriers are required to have in place an insurance policy that meets the minimum requirements of both local laws and international agreements.
- Insurance, not defined - assumed to be liability, in respect of insurance company premises.
- Personal accident insurance for domestic workers seeking to obtain visas to work in Arab countries.

Pools:

<u>The pools operating in the Ethiopian market are as below.</u>

- The Vehicle Insurance Against Third Party Risks Proclamation No 559/2008 gazetted on 9 January 2009 and enforceable from 1 January 2012 provides for the creation of an insurance fund designed to pay for emergency medical treatment in respect of any person injured by a motor accident. The fund also provides compensation to third party victims of motor accidents where the damage is inflicted by an uninsured or unidentified vehicle. The fund, known as the Insurance Fund, is run by the Ethiopian Insurance Corporation (EIC) on behalf of the Ministry of Transport. It is paid for by a 10% levy applied to third party motor premiums and paid by insurers directly to the fund. In 2013, changes made by the council of ministers led to the establishment of the Insurance Fund Administration Agency (IFAA).

Foreign Ownership:

As specified under Articles 2.8 and 10 of Proclamation No 746/2012, A Proclamation to Provide for Insurance Business, no foreign ownership of insurance companies, even minority holdings, is permitted in Ethiopia.
The foreign ownership rules apply to insurance, reinsurance and microinsurance providers alike.

Position of Non-Admitted Insurers:

Non-admitted insurance is prohibited in Ethiopia. However, unauthorized reinsurance companies can reinsure risks located in Ethiopia on a cross-border basis.

Statutory Tariffs

Compulsory third party motor covers are subject to a rating tariff. The tariff is established by the Ministry of Transport Insurance Fund Board.

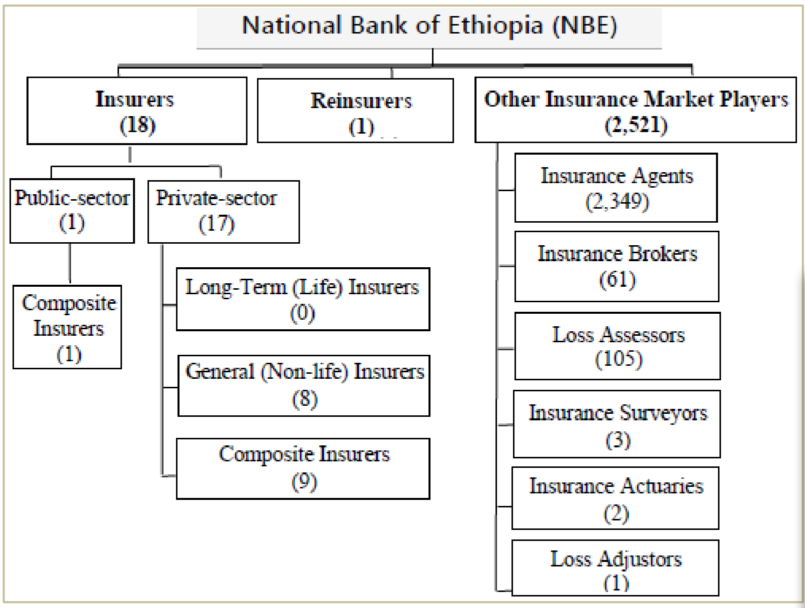
Reinsurance Business:

<u>*Reinsurance business is subjects to the following regulations:*</u>

- SRB/1/2014 – Reinsurance Company Establishment
- SRB/2/2022 - Prudential Requirements for Reinsurance Companies
- SRB/3/2022 – Fees on A Reinsurance Company

(B) Insurance Market Statistics & Performance

▪ Structure of the Ethiopian Insurance Sector:



Ethiopia's insurance sector consists of general insurance and long-term insurance, and insurance companies need to have separate licenses for each.

At end-June 2023, the insurance industry in Ethiopia consisted of 18 Insurers; 1 state-owned and 17 private insurers – 12 operate in both general and long-term insurance and the remaining 6 in general insurance only.
At present, there are no insurance companies dedicated exclusively to providing long-term coverage.

In addition, 1 locally incorporated Reinsurance Company (Ethio-Re), around 2,716 insurance agents, 62 insurance brokers, 114 loss assessors and 3 surveyors are operating in the sector.

Africa Re and PTA Reinsurance Company (ZEP-RE), which have considerable presence in the sector, have contact offices in Ethiopia. These two reinsurance companies transact their reinsurance business in local currency.

List of insurance companies 2022 (in alphabetic order)

S/N	Name	Establishment Year
1	Abay Insurance Company	2010
2	Africa Insurance Company S.C	1995
3	Awash insurance company S.C	1994
4	Berhan Insurance Company S.C	2011
5	Buna insurance company	2013
6	Ethiopian Insurance Corporation	1995
7	Ethiopia life and general insurance company	2008
8	Global Insurance Company S.C	1997
9	Lion Insurance Company S.C	2007
10	Lucy insurance company	2012
11	National insurance company	1994
12	NIB insurance company	2002
13	Nile insurance company	1995
14	Nyala Insurance company S.C	1995
15	Oromia insurance company	2009
16	Tsehay insurance company	2012
17	The United Insurance S.C	1997
18	Zemen insurance company	2020

The largest single company by far is the state-owned Ethiopian Insurance Corporation (EIC). The EIC was established in 1976 and enjoyed a market monopoly on all forms of insurance until 1994, when the market was opened up to private investors. As of the end of June 2022, NBE data show that EIC had 91 branches across the country and total capital stood at ETB2,924mn - almost double the size of the second largest insurer Awash Insurance Company (ETB1,551mn). EIC offers a wide range of products in both the life and non-life segments, and continues to grow strongly, benefiting from its scale and dominant position.

Branch Network & Capital of Insurance Companies as at June 30, 2022

(Branch in Number and Capital in Millions of Birr)

No.	Insurance Companies	Branch 2020/21 A.A	Branch 2020/21 Regions	Branch 2020/21 Total	Branch 2021/22 A.A	Branch 2021/22 Regions	Branch 2021/22 Total	Capital 2020/21 A	Capital 2021/22 B	% Change C=B/A
1	Ethiopian Insurance Corporation	25	65	90	25	66	91	2,924.0	3,376.0	15.5
2	Awash Insurance Company	29	23	52	30	26	56	1,551.0	1,898.0	22.4
3	Africa Insurance Company	18	14	32	18	14	32	367.0	410.0	11.7
4	National Insurance Corporation of Ethiopia	22	17	39	22	17	39	206.0	296.0	43.7
5	United Insurance Company	28	12	40	30	13	43	723.0	797.0	10.2
6	Global Insurance Company	12	8	20	12	8	20	230.0	280.0	21.7
7	Nile Insurance Company	29	22	51	33	24	57	678.0	940.0	38.6
8	Nyala Insurance Company	17	18	35	18	18	36	1,049.0	1,260.0	20.1
9	Nib Insurance company	28	14	42	30	15	45	718.0	844.0	17.5
10	Lion Insurance Company	16	20	36	19	22	41	380.0	346.0	-8.9
11	Ethio-Life & General Insurance S.C	18	6	24	20	6	26	187.0	228.0	21.9
12	Oromia Insurance Company	22	21	43	25	25	50	690.0	972.0	40.9
13	Abay Insurance S.C	15	14	29	16	15	31	382.0	516.0	35.1
14	Berhan Insurance S.C	13	8	21	15	8	23	215.0	266.0	23.7
15	Tsehay Insurance S.C	19	9	28	22	10	32	310.0	378.0	21.9
16	Lucy Insurance	16	6	22	18	6	24	112.0	162.0	44.6
17	Bunna Insurance S.C.	16	12	28	17	12	29	214.0	255.0	19.2
18	Zemen Insurance S.C.	2	1	3	12	3	15	130	154.0	18.5
	Total	345	290	635	382	308	690	11,066	13,378	20.9

Source: Insurance Companies　　Note: A.A=Addis Ababa

Source: NBE 2021-22-Annual-report

▪ Life and Non-Life main indicators 22018-2022

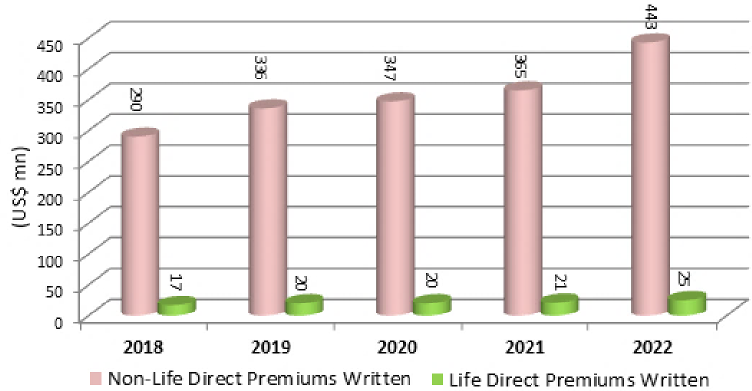
Direct Premiums Written 2018-2022

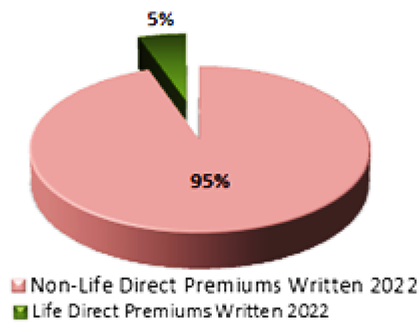
Total Direct Premiums Written	2018	2019	2020	2021	2022
Direct Premiums Written (US$ mn)	306	356	368	387	469
Total Insurance Growth (%) inflation-adjusted	4.9%	6.1%	3%	3.8%	7.5%
Penetration (%)	0.4%	0.4%	0.4%	0.4%	0.4%
Density (US$)	3	3	3	3	4

Life Direct Premiums Written	2018	2019	2020	2021	2022
Direct Premiums Written (US$ mn)	17	20	20	21	25
Life Insurance Growth (%) inflation-adjusted	3.1%	8.7%	3%	3.7%	4.7%
Penetration (%)	-	-	-	-	-
Density (US$)	-	-	-	-	-

Non-Life Direct Premiums Written (*)	2018	2019	2020	2021	2022
Direct Premiums Written (US$ mn)	290	336	347	365	443
Non-Life Insurance Growth (%) inflation-adjusted	5%	5.9%	3%	3.9%	7.7%
Penetration (%)	0.4%	0.4%	0.4%	0.4%	0.4%
Density (US$)	3	3	3	3	4

(*) Including PA & H Business





Source: *Swiss Re Sigma Explorer* (http://www.sigma-explorer.com) *accessed on April 10, 2024*

▪ Ethiopian Insurance Industry's Performance as of June 30, 2023

		In '000 Birr		
		2022/23		2021/22
Item	Non-Life	Life	Total	Total
Gross Premium	21,459,674	1,462,714	22,922,388	16,665,406
Net Premium	14,587,698	1,198,414	15,786,112	10,310,303
Ret Ratio (%)	68	82	69	62
Net Earned Premium	11,692,646	1,136,898	12,829,544	9,212,955
Net Claims Incurred	6,823,961	717,393	7,541,354	5,127,770
Loss Ratio (%)	58	63	59	56
Total Asset	46,021,291	3,707,011	49,728,302	40,857,679
Total Capital	14,729,144	1,624,984	16,354,128	13,380,124
Profit after Tax	3,239,654	392,963	3,632,617	2,824,014

Source: *EthiopianRe Annual Report JUNE-2023* - *December 2023*

At end-June 2023, total assets, liabilities, and capital of the insurance sector stood at Birr 49.7 billion, Birr 33.4 billion and Birr 16.3 billion, respectively (Table 11). While general insurance accounted for 90% or more of each, life insurance remained a nascent business. The insurance industry accounted for slightly less than 2% of the total assets of the financial sector, but saw an increase of 21.8% from the previous year.

The growth in assets is largely attributed to the increase in current assets of bank deposits, which constituted 39.0% of total assets and increased by 34.7% from the previous year. The 21.8% growth of total assets was financed by an increase in liabilities (by Birr 6.0 billion; 67.4% of the total asset increase) and equity (by Birr 2.9 billion, 32.6% of the total increase).

Financial Performance of the Insurance Sector (billion Birr)

Item	June 2019	June 2020	June 2021	June 2022	June 2023	Change 2022-2023 (%)
Assets						
Total Assets	**20.8**	**29**	**39.1**	**40.8**	**49.7**	**21.8%**
Total Investment	13.2	15	19	22	28.9	31.4%
Investment In Equity	2.6	2.8	3.6	4.9	5.9	20.4%
Bank Deposit	9.5	10.3	13.3	14.4	19.4	34.7%
Current Assets	13.3	20.3	29.1	28.3	35.1	24.0%
Liabilities and Capital						
Total Liabilities	**12.7**	**19.4**	**28**	**27.4**	**33.4**	**21.9%**
Total Equity	**8.2**	**9.5**	**11.1**	**13.4**	**16.3**	**21.6%**
Current Liability	12.2	18.9	27.3	26.7	32.5	21.7%
Outstanding Claims	3.6	7.6	13.5	10.4	11.6	11.5%
Net profit/loss Before tax	1.9	2.3	2.7	3.3	4.1	24.2%

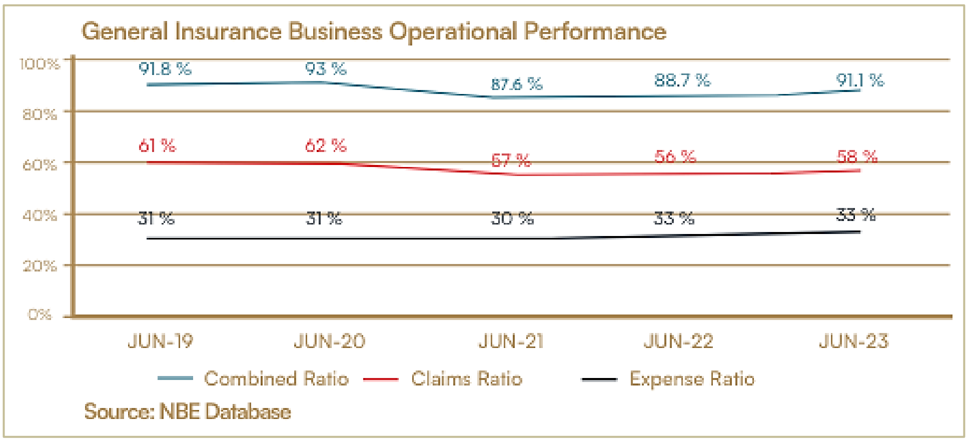
Source: NBE Database

The profitability of the sector is sound. It generated a net income before tax of Birr 3.7 billion and Birr 0.4 billion from the general and long-term insurance business, respectively, corresponding to a return on equity of 25.0% for both classes of business. However, inflation led to losses on insurers' fixed income holdings of bank deposits, their largest asset class. 5-year average return on investment of the sector was 10.0%.

The insurance sector's premium grew by 37.5% to Birr 22.9 billion at end-June 2023, roughly in line with the level of inflation (or reflecting about zero real growth). Compared to 7.8% growth of life insurance, the general insurance business increased at a faster rate by 40.1% to reach Birr 21.5 billion.

Profitability of the sector as measured by a combined ratio – the aggregation of the loss ratio (net incurred claims relative to net earned premium) and the expense ratio (underwriting expenses relative to net earned premium) – remained below 100% in 2019–2023, indicating that the sector is making profits from insurance operations.

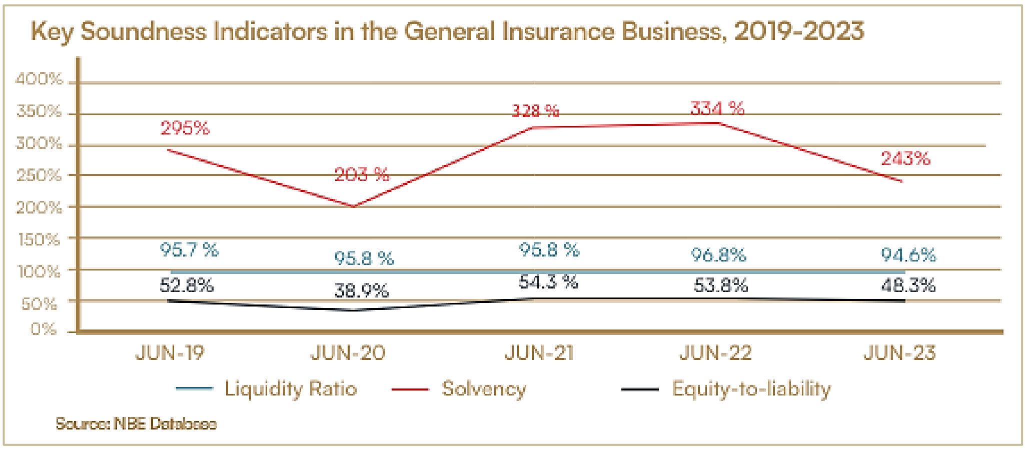
During this period, the historic loss-making motor class of the business exhibited improvements in claims ratio due to measures taken, which included increasing premium rates and a more cautious management of risks covered in this class of business.



Net claims to the industry grew by 46 % from the previous year at end-June 2023, higher than inflation.

Equity as a percentage of liability stood at 48.3%, which is well above the 20% minimum prudential requirement.

Solvency ratio – statutory capital to required capital – which is expected not to fall below 100%, stood at 243.0%. The sector is liquid with a liquidity ratio of 94.6%.



Source: *Financial Stability Report* - *by National Bank of Ethiopia, April 2024*

Ethio-Re: 2018-2023 financial performance

Ethiopian Reinsurance (Ethio-Re) has published its key business indicators for the last five years, from 30 June 2018 to 30 June 2023. The company's turnover has progressed by 204% in five years, going from 661.492 million ETB (23.7 million USD) in 2018 to 2.01 billion ETB (36.4 million USD) five years later. Over the period running from June 2022 to June 2023, the turnover has grown by 48.1%.
The combined ratio has deteriorated by 9.16% from 95.1% at the end of June 2022 to 103.82% at the end of June 2023.
The company's pre-tax result for the six months ending 30 June 2023 amounted to 219.014 million ETB (4 million USD), against 78.631 million ETB (2.8 million USD) for the same period in 2018.

Source: *EthiopianRe Annual Report JUNE-2023* - *December 2023*

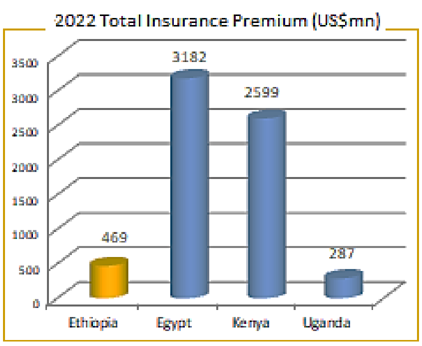
➢ *Ethiopian Insurance Market: Regional Comparison*

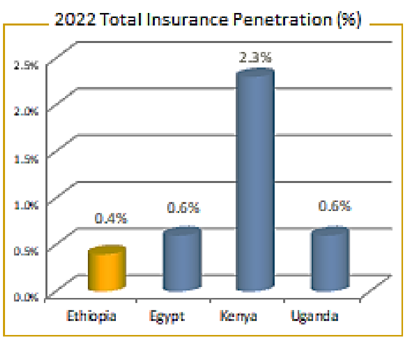
SUB-SAHARAN AFRICA INSURANCE RISK/REWARD INDEX

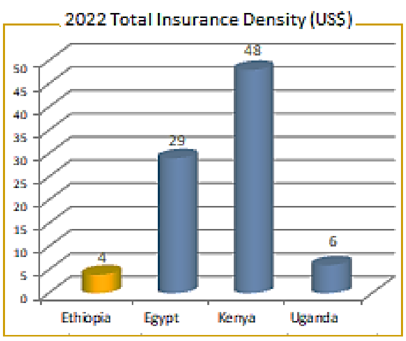
	Industry Rewards	Industry Rewards Non-Life	Industry Rewards Life	Country Rewards	Rewards	Industry Risk	Country Risks	Risks	Insurance Risk/ Reward Score	Rank
South Africa	70,00	67,50	72,50	56,75	64,70	65,00	65,90	65,54	64,95	1
Mauritius	30,00	30,00	30,00	61,36	42,54	60,00	69,48	65,69	49,49	2
Botswana	23,75	20,00	27,50	53,43	35,62	60,00	67,63	64,58	44,31	3
Namibia	28,75	20,00	37,50	42,41	34,21	40,00	53,75	48,25	38,43	4
Ghana	20,00	22,50	17,50	40,07	28,03	50,00	57,84	54,71	36,03	5
Kenya	26,25	30,00	22,50	33,87	29,30	45,00	40,92	42,55	33,28	6
Nigeria	15,00	12,50	17,50	41,66	25,66	25,00	47,09	38,25	29,44	7
Uganda	16,25	17,50	15,00	33,42	23,12	40,00	41,29	40,77	28,41	8
Senegal	18,75	20,00	17,50	30,80	23,57	30,00	44,96	38,97	28,19	9
Zambia	13,75	17,50	10,00	40,66	24,51	15,00	44,30	32,58	26,93	10
Zimbabwe	28,75	32,50	25,00	29,27	28,96	20,00	23,13	21,88	26,83	11
Tanzania	12,50	15,00	10,00	29,47	19,29	40,00	47,01	44,21	26,76	12
Cote d Ivoire	17,50	20,00	15,00	31,82	23,23	40,00	30,89	34,54	26,62	13
Gabon	8,75	12,50	5,00	37,16	20,12	30,00	48,93	41,36	26,49	14
Malawi	10,00	10,00	10,00	33,40	19,36	40,00	43,09	41,85	26,11	15
Angola	13,75	20,00	7,50	32,05	21,07	40,00	36,26	37,76	26,08	16
Burkina Faso	11,25	15,00	7,50	26,49	17,35	30,00	44,25	38,55	23,71	17
Cameroon	13,75	17,50	10,00	24,94	18,23	30,00	38,08	34,85	23,21	18
Benin	7,50	7,50	7,50	25,34	14,64	30,00	42,61	37,57	21,52	19
Mali	7,50	10,00	5,00	27,97	15,69	20,00	42,76	33,65	21,08	20
Togo	10,00	10,00	10,00	26,66	16,66	20,00	35,20	29,12	20,40	21
Rwanda	5,00	7,50	2,50	34,79	16,92	10,00	39,59	27,75	20,17	22
Congo-Brazzaville	7,50	10,00	5,00	21,14	12,96	20,00	39,64	31,78	18,60	23
Madagascar	3,75	5,00	2,50	27,30	13,09	10,00	39,97	27,98	17,92	24
Guinea	2,50	2,50	2,50	23,22	10,79	20,00	35,08	29,05	16,27	25
Ethiopia	2,50	2,50	2,50	29,66	13,36	10,00	31,46	22,88	16,22	26
Niger	3,75	5,00	2,50	25,99	12,65	15,00	30,12	24,07	16,07	27
Burundi	5,00	5,00	2,50	24,61	12,84	20,00	27,72	24,63	16,02	28
Chad	3,75	5,00	2,50	24,07	11,88	20,00	24,25	22,55	15,08	29
Central African Republic	3,75	5,00	2,50	24,38	12,00	20,00	22,34	21,40	14,82	30
DRC	3,75	5,00	2,50	17,34	9,19	10,00	31,48	22,89	13,30	31
Regional Average	14,35	15,48	13,15	32,63	21,66	29,84	41,52	36,85	26,22	

Note: Scores out of 100; higher score = lower risk. Source: Fitch Solutions

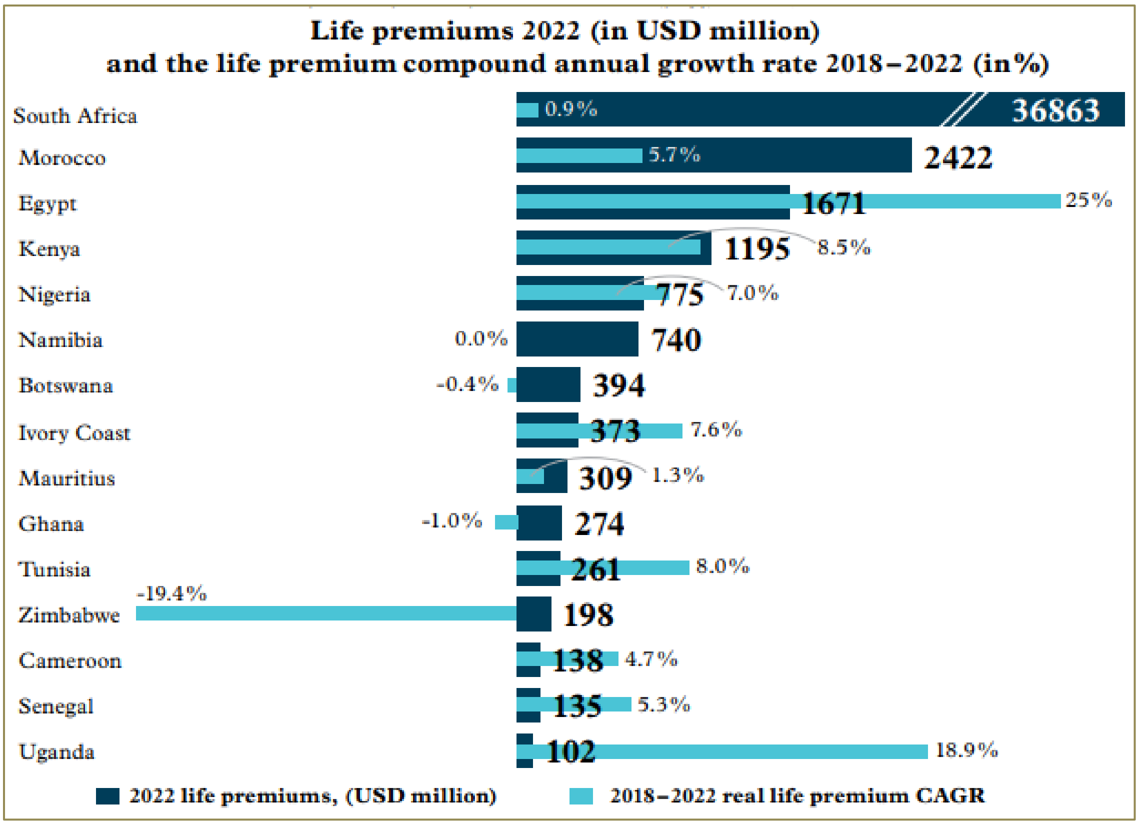
Source: Ethiopia Insurance Report Q2_2023 - by Fitch Solutions, February 2023

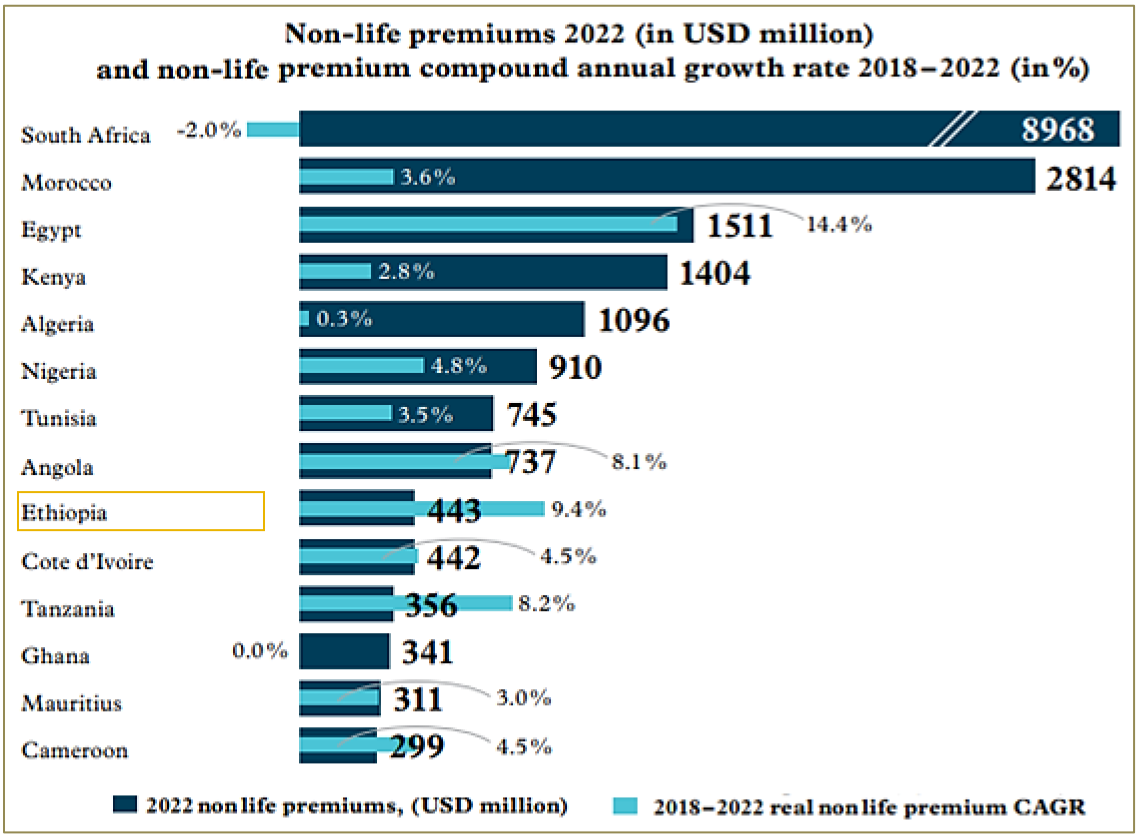






Source: SwissRe Sigma Explorer (http://www.sigma-explorer.com)





Source: Faber Consulting AG, based on data from Swiss Re Institute, sigma explorer

➢ *Ethiopia : Insurance Market SWOT Analysis*

FitchSolutions

Strengths	▪ Ethiopia is one of the larger markets in Africa by overall GDP. ▪ Its economy is relatively diversified and continues to grow robustly. ▪ Several domestic insurers have a solid presence in the market, particularly for basic motor insurance lines. ▪ The infrastructure pipeline is robust and is slated for healthy growth.
Weaknesses	▪ The market remains closed to international providers, with few options for overseas investors. ▪ Uptake of formal banking services is limited, hindering demand for various non-life and life products. ▪ Home and vehicle ownership are low, even by Sub-Saharan Africa standards, limiting the use of household insurance products. ▪ The market is dominated by small domestic firms with limited capital. ▪ Ethnic and sectarian violence remains potent in the country.
Opportunities	▪ There is potential for microinsurance products to gain prominence in a low-income market. ▪ Takaful insurance could also prove a growth area. ▪ There is growth in the use of mobile banking technology, which is being used by insurers. ▪ The opening up of the market to overseas firms, while unlikely, would be a potential game changer. ▪ A robust infrastructure pipeline will support overall growth and underpin premium expansion.
Threats	▪ State control of the banking sector is extensive and barriers to foreign investment remain. ▪ Ethiopia's dependence on Mainland Chinese foreign investment exposes the country to risks generated by China's economic slowdown. ▪ Ethiopia's security forces violently suppressed dissent in late 2020, and further discontent could transpire in the future. ▪ Currency volatility will remain a constant challenge to the economic environment.

Source: Ethiopia Insurance Report Q2_2023 - by Fitch Solutions, February 2023

➢ *Ethiopia: Insurance Market Forecast:*

FitchSolutions

Gross Insurance Premiums Written (ETHIOPIA 2021-2026)

Indicator	2021e	2022e	2023f	2024f	2025f	2026f
Total gross premiums written, ETBbn	4.26	4.83	5.46	6.10	6.74	7.39
Total gross premiums written, ETB, % y-o-y	12.9	13.2	13.2	11.7	10.4	9.7
Gross life premiums written, ETBbn	0.34	0.38	0.41	0.45	0.48	0.52
Gross life premiums written, ETB, % y-o-y	9.1	9.5	9.3	8.4	7.7	7.9
Gross non-life premiums written, ETBbn	3.92	4.45	5.05	5.66	6.26	6.87
Gross non-life premiums written, ETB, % y-o-y	13.2	13.6	13.5	12.0	10.6	9.9

e/f = Fitch Solutions estimate/forecast. Source: CSA, Fitch Solutions

Gross Insurance Premiums Written (ETHIOPIA 2027-2032)

Indicator	2027f	2028f	2029f	2030f	2031f	2032f
Total gross premiums written, ETBbn	8.09	8.79	9.50	10.25	11.03	11.80
Total gross premiums written, ETB, % y-o-y	9.4	8.7	8.0	7.9	7.6	6.9
Gross life premiums written, ETBbn	0.56	0.61	0.65	0.71	0.77	0.83
Gross life premiums written, ETB, % y-o-y	8.2	8.0	7.7	8.4	8.7	8.0
Gross non-life premiums written, ETBbn	7.53	8.19	8.85	9.54	10.27	10.97
Gross non-life premiums written, ETB, % y-o-y	9.5	8.8	8.0	7.9	7.6	6.9

f = Fitch Solutions forecast. Source: CSA, Fitch Solutions

NON-LIFE INSURANCE PREMIUMS BY PRODUCT LINE (ETHIOPIA 2020-2027)

Indicator	2020e	2021e	2022e	2023f	2024f	2025f	2026f	2027f
Motor vehicle insurance, ETBmn	1,431.0	1,656.0	1,917.5	2,221.9	2,526.3	2,830.7	3,135.1	3,439.5
Motor vehicle insurance, ETB, % y-o-y	15.7	15.7	15.8	15.9	13.7	12.0	10.8	9.7
Motor vehicle insurance, % of non-life insurance	41.4	42.3	43.1	44.0	44.7	45.2	45.6	45.7
Property insurance, ETBmn	212.4	233.4	256.7	282.8	309.0	335.4	361.9	393.0
Property insurance, ETB, % y-o-y	3.7	9.9	10.0	10.2	9.3	8.5	7.9	8.6
Property insurance, % of non-life insurance	6.1	6.0	5.8	5.6	5.5	5.4	5.3	5.2
Transport insurance, ETBmn	822.4	922.3	1,038.3	1,173.4	1,308.5	1,443.6	1,578.7	1,713.8
Transport insurance, ETB, % y-o-y	11.7	12.1	12.6	13.0	11.5	10.3	9.4	8.6
Transport insurance, % of non-life insurance	23.8	23.5	23.3	23.2	23.1	23.1	23.0	22.8
Other insurance, ETBmn	994.8	1,107.2	1,237.9	1,372.8	1,514.1	1,646.7	1,799.2	1,982.8
Other insurance, ETB, % y-o-y	10.2	11.3	11.8	10.9	10.3	8.8	9.3	10.2
Other insurance, % of non-life insurance	28.7	28.3	27.8	27.2	26.8	26.3	26.2	26.3

e/f = Fitch Solutions estimate/forecast. Source: CSA, Fitch Solutions

Source: Ethiopia Insurance Report Q2_2023 - by Fitch Solutions, February 2023

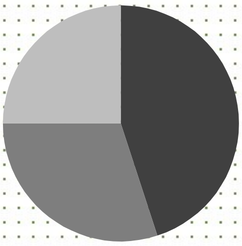
REFERENCES & RESOURCES

FAIR AVIATION POOL

FAIR AVIATION POOL's UNDERWRITING CAPACITY

TREATY

- Treaty (Non Proportional)
  $ 4 000 000
- Treaty (Proportional)
  $ 4 000 000



FACULTATIVE

Facultative (Airline)
<u>HULL</u> **$ 4 000 000**
<u>LIABILITY</u> **$ 26 000 000**

Facultative (Non Airline)
<u>HULL</u> **$ 3 000 000**
<u>LIABILITY</u> **$ 15 000 000**

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INDIA

Insurance Market Overview

by Hussein Elsayed

Official Name: *Republic of India; Bharat Ganrajya*

Location: *The Indian peninsula is separated from mainland Asia by the Himalayas. The Country is surrounded by the Bay of Bengal in the east, the Arabian Sea in the west, and the Indian Ocean to the south. Afghanistan and Pakistan to the north-west; China, Bhutan and Nepal to the north; Myanmar to the far east; and Bangladesh to the east of West Bengal. Sri Lanka is separated from India by a narrow channel of sea, formed by Palk Strait and the Gulf of Mannar.*

Surface Area: *3.3 Million Sq km.*

Time Zone: *GMT + 05:30.*

Income Category: *Lower middle income*

Religion: *According to the 2001 census, out of the total population of 1,028 million in the Country, Hindus constituted the majority with 80.5%, Muslims came second at 13.4%, followed by Christians, Sikhs, Buddhists, Jains, and others.*

Language: *There are 22 different languages that have been recognized by the Constitution of India, of which Hindi is an Official Language. Article 343(3) empowered Parliament to provide by law for continued use of English for official purposes.*

Government Type: *Sovereign Socialist Democratic Republic with a Parliamentary system of Government.*

Legal System: *The Constitution of India is the fountain source of the legal system in the Country.*

Climate: *The climate of India can broadly be classified as a tropical monsoon one. The Indian Meteorological Department (IMD) designates four official seasons:*

1- Winter, from December to early April

2- Summer or pre-monsoon, from April to June (April to July in north-western India)

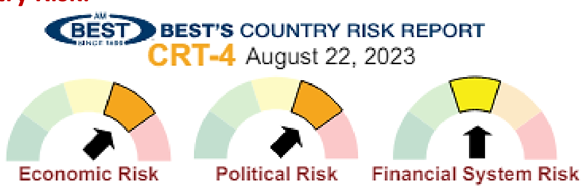
3- Monsoon or rainy, from June to September

4- Post-monsoon, from October to December.

Natural Hazards: ThinkHazard! WORLD BANK GROUP

River flood: High | Urban flood: High | Coastal flood: High | Earthquake: High | Landslide: High | Tsunami: Medium | Volcano: Low | Cyclone: High | Water scarcity: High | Extreme heat: High | Wildfire: High

Country Risk:



(I) INDIA: Socio-Economic Information

Region	Southern Asia	UN membership date	30 October 1945
Population (000, 2023)	1 417 173 [a,b]	Surface area (km2)	3 287 263 [c]
Pop. density (per km2, 2023)	476.7 [a,b]	Sex ratio (m per 100 f)	106.6 [a,b]
Capital city	New Delhi	National currency	Indian Rupee (INR)
Capital city pop. (000, 2023)	29 399.1 [d,e]	Exchange rate (per US$)	82.8 [b]

Economic indicators	2010	2015	2023
GDP: Gross domestic product (million current US$)	1 669 620	2 146 759	3 201 471 [c]
GDP growth rate (annual %, const. 2015 prices)	8.5	8.0	8.7 [c]
GDP per capita (current US$)	1 345.8	1 622.8	2 274.5 [c]
Economy: Agriculture (% of Gross Value Added) [f,g]	18.4	17.7	18.6 [c]
Economy: Industry (% of Gross Value Added) [g,h]	33.1	30.0	28.7 [c]
Economy: Services and other activity (% of GVA) [g]	48.5	52.3	52.7 [c]
Employment in agriculture (% of employed)	51.5	45.2 [i]	44.0 [c]
Employment in industry (% of employed)	20.8 [i]	24.6 [i]	25.3 [c]
Employment in services & other sectors (% employed)	26.7	30.3 [i]	30.7 [i,c]
Unemployment rate (% of labour force) [i]	8.3	7.9	7.3
Labour force participation rate (female/male pop. %)	28.8 / 79.3	23.7 / 75.9 [i]	24.1 / 73.8 [i]
CPI: Consumer Price Index (2010=100) [j]	100	149	212 [b]
Agricultural production index (2014-2016=100)	86	98	122 [c]
International trade: exports (million current US$)	220 408	264 381	452 684 [b]
International trade: imports (million current US$)	350 029	390 745	732 566 [b]
International trade: balance (million current US$)	- 129 621	- 126 364	- 279 882 [b]
Balance of payments, current account (million US$)	- 54 516	- 22 457	- 80 433 [b]

Major trading partners						2022
Export partners (% of exports)	United States	17.7	United Arab Emirates	6.9	Netherlands	4.1
Import partners (% of imports)	China	14.0	United Arab Emirates	7.4	United States	7.1

Social indicators	2010	2015	2023
Population growth rate (average annual %)	1.4	1.2	0.7 [a,b]
Urban population (% of total population)	30.9	32.8	34.5 [e]
Urban population growth rate (average annual %) [k]	2.6	2.4	...
Fertility rate, total (live births per woman)	2.6	2.3	2.0 [a,b]
Life expectancy at birth (females/males, years)	68.6 / 65.3	71.1 / 68.3	69.4 / 66.3 [a,b]
Population age distribution (0-14/60+ years old, %)	31.0 / 7.8	28.6 / 8.9	25.3 / 10.5 [a,b]
International migrant stock (000/% of total pop.) [l]	5 574.0 / 0.5	5 210.8 / 0.4	4 878.7 / 0.4 [m]
Refugees and others of concern to the UNHCR (000)	193.7 [n]	205.8	249.5 [b]
Infant mortality rate (per 1 000 live births)	45.2	34.7	26.3 [a,b]
Health: Current expenditure (% of GDP) [o]	3.3	3.6 [p]	3.0 [i,m]
Health: Physicians (per 1 000 pop.)	...	...	0.7 [m]
Education: Government expenditure (% of GDP)	3.4	4.1	4.6 [c]
Education: Primary gross enrol. ratio (f/m per 100 pop.)	110.7 / 107.7 [i]	102.2 / 98.3	112.0 / 111.0 [b]
Education: Lowr. sec. gross enrol. ratio (f/m per 100 pop.)	78.9 / 81.0	90.5 / 84.9	90.7 / 87.7 [b]
Education: Upr. sec. gross enrol. ratio (f/m per 100 pop.)	47.4 / 52.5	62.6 / 64.2	69.9 / 72.2 [b]
Intentional homicide rate (per 100 000 pop.)	3.7	3.4	2.9 [c]
Seats held by women in the National Parliament (%)	10.8	12.0	15.1 [q]

Environment and infrastructure indicators	2010	2015	2023
Individuals using the Internet (per 100 inhabitants)	7.5 [i]	14.9 [i]	46.3 [c]
Research & Development expenditure (% of GDP)	0.8	0.7	0.7 [i,r]
Threatened species (number)	758	1 039	1 355 [b]
Forested area (% of land area)	23.4	23.8	24.3 [m]
CO2 emission estimates (million tons/tons per capita) [o]	1 625.1 / 1.3	2 094.1 / 1.6	2 135.2 / 1.5 [m]
Energy production, primary (Petajoules)	21 105	21 875	23 600 [m]
Energy supply per capita (Gigajoules)	22	27	27 [m]
Tourist/visitor arrivals at national borders (000)	5 776	13 284 [s]	7 010 [s,c]
Important sites for terrestrial biodiversity protected (%)	1.5	6.2	6.3 [b]
Pop. using safely managed drinking water (urban/rural, %)	... / 43.8	... / 52.6	... / 66.0 [b]
Pop. using safely managed sanitation (urban/rural %)	29.7 / 23.8	34.8 / 38.0	42.7 / 57.4 [b]
Net Official Development Assist. received (% of GNI)	0.17	0.15	0.10 [c]

a Projected estimate (medium fertility variant). **b** 2022. **c** 2021. **d** Refers to the Delhi metropolitan area that is not restricted to state boundaries (National Capital Territory), includes contiguous suburban cities and towns, such as Faridabad, Gurgaon, and Ghaziabad. **e** 2019. **f** Excludes irrigation canals and landscaping care. **g** Data classified according to ISIC Rev. 4. **h** Excludes publishing activities, recycling. Includes irrigation canals. **i** Estimate. **j** Industrial workers. **k** Data refers to a 5-year period preceding the reference year. **l** Including refugees. **m** 2020. **n** Data as at the end of December. **o** Data refer to fiscal years beginning 1 April. **p** Break in the time series. **q** Data are as at 1 January of reporting year. **r** 2018. **s** Including nationals residing abroad.

World Statistics Pocketbook 2023

(II) INDIA: Insurance Market

Key Highlights

- *IRDAI regulates the Indian insurance industry*
- *Composite insurance is not permitted in the Indian insurance industry.*
- *The gross written premium of India life insurance market was INR8.5 trillion ($102.8 billion) in 2023 and will achieve a CAGR of more than 9% during 2024-2028.*
- *The gross written premium of the Indian general insurance market was INR3 trillion ($36.5 billion) in 2023. The Indian general insurance sector growth peaked in 2022 and slowed down the following year majorly due to a decrease in liability, crop, credit guarantee, and marine, aviation, and transit (MAT) insurance premiums. The growth is anticipated to slow down over 2024–28 at a CAGR of more than 9%, due to elevated interest rates and medical inflation.*
- *Factors such as rapid urban economic expansion and increasing household income are driving India's non-life insurance market.*
- *The practice of non-admitted insurance is limited to the reinsurance segment.*

(A) Historical Landmarks and Regulatory Environment

- 1829 : Creation of Madras Equitable Life Insurance Company.
- 1850: Creation of Triton Insurance Company; the first non-life insurance company set up by the British.
- 1870: Enactment of the British Insurance Act.
- 1871: Creation of Bombay Mutual Life Assurance Society, the first nationally owned insurance company.
- 1897: Creation of Empire of India Life Assurance Company.
- 1907: Creation of Indian Mercantile Insurance, the first company to market all non life classes of business.
- 1912: Publication of the first Life Insurance Companies Act.
- 1914: First publication of insurance market results.
- 1928: Enactment of the Indian Insurance Companies Act, a law that authorizes the government to collect statistical data on the life, non-life and pension transactions of Indian and foreign insurers.
- 1938: Updating the Insurance Act. Introducing new standards for controlling insurance activities.
- 1947: Creation of Oriental Insurance Company in Mumbai, the first non-life state-owned company. It is currently based in Delhi.
- 1950: Adoption of the decision to nationalize the insurance market.
- 1956:
  - Nationalisation of the life market.
  - Creation of Life Insurance Corporation (LIC), which takes over the portfolios of 154 Indian insurers, 26 foreign insurers and 75 pension companies, that is a total of 245 entities.
- 1957: Creation of the General Insurance Council, a body reporting to the Insurance Association of India, which is responsible for developing a Code of Conduct in non life insurance.
- 1968: Amendment of the Insurance Act: the amendments include investment regulation, minimum solvency margin determination and the creation of a tariff advisory committee.
- 1972:
  - Nationalization of non life insurance "General Insurance Business Act". The activities of 107 property and casualty insurers are divided into four national entities.
  - General Insurance Corporation (GIC) begins.
- 1993: Setting up a committee to reform the insurance sector.
- 1994: Reform Committee report delivered: reform committee calls for market reopening to private sector.
- 1999: Creation of the Insurance Regulatory and Development Authority (IRDAI), an independent body responsible for overseeing the insurance industry.
- April 2000: Change in the status of IRDAI from an independent body to a statutory body.

- August 2000: Opening up the market to foreign investors. The ceiling on foreign direct investment (FDI) is set at 26% of the company's capital.
- December 2000:
  - Restructuring of General Insurance Corporation (GIC). Insurer's subsidiaries become full-fledged independent companies.
  - GIC transforms into a national reinsurance company.
- 2015: Raising the limit of foreign direct investment (FDI) from 26% to 49% of the company's capital.
- 2019: Foreign investors may hold 100% of the share capital of a brokerage company.
- 2020
  - Sep 2020; Within the context a pandemic, the IRDAI is enabling all health insurers to provide health insurance policies via digital means.
  - Oct 2020; Drone insurance in India. The product covers third party liabilities, the drone itself and bodily injuries. An accidental medical cover is also provided to the operator.
  - Dec 2020; The IRDAI requires non-life and health insurers to offer a standard insurance product for the underwriters of individual accident policies.
  - Dec 2020; WhatsApp, the Facebook-owned instant messaging platform, is marketing two microinsurance products for its users in India.
  - Dec 2020; The broker Aon is acquiring 49% of the Indian brokerage firm Anviti. This transaction would strengthen Anviti's operations in India.
- 2021
  - Jan 2021; Motor premium linked to traffic violations in India.
  - Feb 2021; IRDAI is calling on all insurers to use an online digital service (Digilocker) to offer insurance policies for their customers.
  - March 2021; The Indian government approved the Insurance Law Amendment Bill of 1938. The main amendments focus on increasing the foreign direct investment (FDI) cap to 74% as opposed to the current 49%. In 2015, the government had already raised the FDI cap from 26% to 49%.
  - June 2021; IRDAI has made it mandatory for insurance intermediaries engaged in the distribution of insurance products to underwrite a professional third-party liability insurance policy. The guidelines came into effect on 1 July 2021.
  - June 2021; The Pension Funds Regulatory and Development Authority (PFRDA) has raised the maximum age of entry into the National Pension System (NPS) from 65 to 70 years.
  - Sep 2021; IRDAI has issued revised guidelines on credit insurance. The new regulations will come into force on 1 November 2021. The Indian non-life insurance companies will be able to provide credit insurance coverage to suppliers, licensed banks and other financial institutions to help businesses better manage risk.
- 2022
  - Jan 2022; HDFC Life, India's leading private life insurer, has received approval from the IRDAI and CCI to acquire the entire share capital of Exide Life Insurance.
  - March 2022; The Ministry of Road Transport has suggested that Indian insurers increase motor third party liability (MTPL) rates for specific types of cars. The decision, which is pending the approval of the IRDAI and relevant stakeholders, will come into effect on 1 April 2022.
  - April 2022; The Indian government is injecting 50 billion INR (655.34 million USD) in the capital of three state-owned insurance companies. From that amount, 37 billion INR (484.95 million USD) are intended for National Insurance, 12 billion INR (157.28 million USD) for Oriental Insurance and 1 billion INR (13.11 million USD) for United India Insurance. The new funds infusion will allow the insurers to improve their solvency and their capital management after several years of unprofitable underwriting.
  - May 2022; Generali becomes majority shareholder of its Indian non-life joint venture. Generali has received the approval of the competent authorities to buy from Future Group 25% of the capital of its non-life subsidiary Future Generali India Insurance (FGII).
  - June 2022; Insurance product approval procedures loosened in India. IRDAI is now allowing local insurers to market health and other non-life products without prior IRDAI approval.

  - July 2022; Swiss Re has signed a memorandum of understanding with the Institute of Insurance and Risk Management (IIRM), an Indian organization dedicated to the training of executives in the financial sector.
  - Sep 2022; IRDAI has urged insurers to open online insurance accounts (e-AI) for their customers. This is a first step towards the dematerialization of insurance policies, which consists of converting physical documents into an online format.
  - IRDAI has approved the implementation of a digital platform dedicated to the underwriting, management and settlement of claims. Called "Bima Sugam", the solution is expected to be operational in 2023.
  - Oct 2022; IRDAI has authorized foreign reinsurance branches (FRBs) and Lloyd's India to repatriate excess capital. This decision, which took effect on 26 October 2022 is subject to certain conditions, including the prior approval of IRDAI and the compliance with a minimum shareholder's equity requirement.
  - Oct 2022; IRDAI is giving non-life insurance companies more flexibility in designing, pricing and marketing their insurance products. Indian insurers are now allowed to market non-life policies without prior approval from IRDAI.
  - Oct 2022; Mandatory mental illness coverage in health insurance policies. Starting 31 October 2022, all health insurance policies must provide coverage for mental illness treatment on the same basis as that available for physical illness treatment.
- 2023
  - March 2023; The Indian regulator (IRDAI) allowing insurers to set an overall limit on the amount of commissions paid to insurance intermediaries. The regulator has thus replaced the former individual limit with a global limit on insurers' management expenses.
  - Oct 2023; AXA has sold its 49% stake in its Indian joint venture Bharti AXA Life Insurance to its partner Bharti Group.
  - Aon has acquired Global Insurance Brokers, a composite broker licensed by the Indian regulatory authority (IRDAI).
  - Nov 2023; The Swiss Zurich Insurance Group has agreed to acquire 51% of the capital of non-life insurer Kotak Mahindra General Insurance.
  - This year, IRDAI also expanded the scope of Use & File procedure for life insurance industry, which was earlier introduced only for general insurance products
- 2024
  - Jan 2024; Himalayan Re (which was founded in 2021 as Nepal's first private reinsurance company) obtains license to operate in India.
  - On March 22, 2024, the Official Gazette published Notification No. IRDAI/Reg/11/205/2024 of the IRDAI stipulated regulations aimed at enhancing policyholder protection, refining insurance operations, and promoting sound management practices within the industry. The "Protection of Policyholder Interest Regulation 2024" takes effect 1 April 2024, mandating that all insurance policies be issued in electronic form.
  - IRDAI has removed the age cap on buying health insurance policies, effective from 1 April 2024.
  - April 2024; India's Goods and Services Tax (GST) Council is set to review exempting reinsurance business from GST
  - The IRDAI has announced its decision to allow general insurers to change the wordings in all corporate insurance policy documents, except motor third party.
  - IRDAI freed all tariffs such as for fire, motor and engineering insurance, with effect from 1 April 2024.
  - May 2024; IRDAI has issued a directive making it mandatory for all life, general and stand-alone health insurers to provide a minimum level of coverage in villages or gram panchayat. The objective is to realise the vision of "Insurance for All" by 2047.
  - May 2024; The IRDAI has issued a Master Circular on Actuarial, Finance and Investment Functions of Insurers.
  - May 2024; The government is planning to launch a centralised platform that would process health insurance claims across hospitals all over the country.

- May 2024; The IRDAI has issued a comprehensive Master Circular on Health Insurance Products, which aims to empower policyholders, ensure that they receive the highest standards of care and service, foster trust and transparency and bolster inclusive health insurance.
- May; Indian Government plans to sell a stake in Corporation of India (GIC Re) and Life Insurance Corporation of India (LIC) in the 2024-2025 financial year
- May 2024; The IRDAI has updated regulations to improve transparency in surrender charges and strengthen governance in product design and pricing. The revised rules, effective April 1 2024. These regulations are part of a broader regulatory overhaul to streamline insurance operations and enhance policyholder protection.
- June 2024 The first phase of Bima Sugam, a proposed ground-breaking one-stop online platform for insurance services, is expected to be launched around April next year, IRDAI chairman said at a 7 June meeting with the CEOs of life, general and health insurers. The objective of operating Bima Sugam is to make insurance more accessible, affordable and user-friendly. It is a platform where customers can buy a suitable insurance plan after making comparisons among various products. It also provides for a streamlined claim settlement process.

▪ Key Legislation: Sources of Insurance and Reinsurance Law:

The key legislation for the regulation of insurance activities in India is Insurance Act, 1938 (Read a copy Incorporating all amendments till 2021)

▪ Industry Regulator

Insurance Regulatory and Development Authority of India (IRDAI) was set up in 1999 upon the recommendation of the Malhotra (1) Committee report set up by the government. It was in 2000 that IRDAI became a governmental entity in charge of regulating insurance operations in the country.
The IRDAI's main activity consists in overseeing the financial stability of insurance companies and supervising the operations of various market entities: insurers, reinsurers and intermediaries.

IRDAI's duties and responsibilities

- Grant, renew, modify, withdraw, suspend or cancel licenses of companies intent on operating or that are already operating on the insurance market,
- Protect the interests of the insured in case of disputes (indemnification, choice of policy beneficiary, …)
- Specify the required qualifications, the code of good conduct and the appropriate training for insurance intermediaries, agents and brokers,
- Publish a code of good conduct for auditors and statutory auditors,
- Promote and coach professional insurance and reinsurance associations,
- Collect royalties in order to finance IRDAI's missions,
- Carry out inspection and auditing tasks with insurance and reinsurance companies and associations,
- Control and monitor tariffs, terms and conditions of contracts delivered by insurers and reinsurers on the market,
- Establish the form and procedure for the presentation of the accounts and financial statements that insurers and insurance intermediaries are required to submit,
- Supervise the financial investments made by insurance companies,
- Set the level of solvency margin,
- Arbitrate disputes arising between insurers and insurance intermediaries,
- Supervise the activities of the Tariff Advisory Committee (TAC).

▪ Industry Associations

Life Insurance Council

Life Insurance Council is a forum that connects the various stakeholders of the Life Insurance sector. It develops and coordinates all discussions between the Government, Regulatory Board and the Public. Constituted under Sec.64C of Insurance Act 1938, the Life Insurance Council functions through several sub-committees and includes all 24 life insurance companies in India.

Some of LI Council functions are

- *Creating a positive image of the industry and enhancing consumer confidence.*
- *Maintaining high standards of ethics and governance.*
- *Promoting awareness of the role and benefits of life insurance.*
- *Organizing structured and proactive discussions with Government, lawmakers and regulators.*
- *Conducting research in life insurance, publish monographs and contribute to development of the sector.*
- *Acting as forum of interaction with other organizations of the financial services sector.*
- *Playing a leading role in insurance education, research, training and conferences.*
- *Providing help and guidance to members when necessary.*
- *Be an active link between the Indian life insurance industry and the global markets.*

General Insurance Council

Together We Serve General Insurance Council https://www.gicouncil.in/

The General Insurance Council (GI Council) is a representative body of general insurers including Stand-alone Health Insurers, Specialized Insurers, Reinsurers, Foreign Reinsurer Branches(FRBs) and Lloyd's India, registered with IRDAI. As per Section 64C of the Insurance Act, 1938 (and amended in January 2015) all general insurers, health insurers and reinsurers granted registration and licence by IRDAI to carry out business in India are members of the General Insurance Council. After the passage of the Insurance Laws(Amendment) Act in April 2015, GI Council is a Self Regulatory Organization for the non-life insurance industry's market conduct and practices.

As per Section 64L (1) of the Insurance Act,1938 the GI Council has the following functions:

- *to aid and advise insurers, carrying on generalinsurance business, in the matter of setting up standards of conduct and sound practice and in the matter of rendering efficient service to holders of policies of general insurance*
- *to render advise to IRDAI in the matter of controlling the expenses of such insurers carrying on business in India in the matter of commission and other expenses*
- *to bring to the notice of IRDAI the case of any such insurer acting in a manner prejudicial to the interests of holders of general insurance*

Council for Insurance Ombudsmen

The Offices of Insurance Ombudsman are under the administrative control of Council for Insurance Ombudsmen (CIO), which has been constituted under the Insurance Ombudsman Rules, 2017.

Office of Insurance Ombudsman is an alternate Grievance Redressal platform which has been setup with an aim to resolve grievances of aggrieved policyholders against Insurance Companies and its Intermediaries or Insurance Brokers in a speedy and cost-effective manner.

Related Organizations

- *Institute of Actuaries of India*
- *Insurance Brokers Association of India*
- *Indian Institute of Insurance Surveyors & Loss Assessors*
- *Insurance Information Bureau of India*

▪ Pools:

- ***Terrorism Risk Pool:*** The Indian Market Terrorism Risk Insurance Pool (IMTRIP) was formed with the initiative of all non-life insurers in India in April 2002, after terrorism cover was withdrawn by international reinsurers post 9/11 incident. The pool is administered by GIC Re. The Pool provides support to insurance of terrorism risks covered under property insurance policies, including cover to dwellings and fixed assets in multiple locations.

The Pool's premium income for 2022-23 was ₹Crore 1,809 crore as against ₹Crore 1,226.80 crore in 2021-22. The claims paid by the Pool during 2022-23 were ₹Crore 2.10 crore.

- ***Nuclear Insurance Pool:*** The enactment of Civil Liability for Nuclear Damage Act, 2010 mandates protection of unknown and potentially catastrophic risk arising out of nuclear events. Generally, nuclear perils are excluded from conventional insurance covers as it requires a large insurance capacity.
  Therefore, to protect the liability arising out of nuclear perils, Indian Nuclear Insurance Pool (INIP) was formed in 2015 which is also managed by GIC Re. The pool provides coverage to nuclear operators in the country and also to suppliers. The Pool's premium income for 2022-23 has been same as that of previous year i.e. ₹Crore 103.50 crore. No claim has been paid by the pool during the year 2022-23.
- ***Marine Cargo Excluded Territories Pool (MCETPool):*** Pursuant to the Russia-Ukraine war, international sanctions were imposed on doing business with Russia. Due to the same, reinsurance capacity was not available for Marine Cargo shipments of fertilizers and other commodities for Indian Insured's from the territories of the Republic of Belarus, Ukraine and/or the Russian Federation (called as 'Excluded Territories'). Hence, to address the issue, Marine Cargo Excluded Territories Pool (MCET Pool) was formed in the year 2022 with the initiative of the General Insurance Council and the pool is managed by GIC Re. The main objectives of the Pool are to enable pool members to provide insurance cover for Marine Cargo shipments of fertilizers imports and exports only for Indian Insured's from Excluded Territories and to cover other commodities for Indian Insureds as may be required and with rates/terms to be agreed in consultation with the Underwriting Committee of the Pool. The Pool's premium income for 2022- 23 was ₹Crore 26.59 crore. No claim has been paid by the pool during the year2022-23.

Form and Structure of Insurers

The Insurance Act specifies that an insurer must be one of the following:

- *a public limited company formed under the Companies Act 2013;*
- *a statutory body established by an Act of Parliament to carry on insurance business;*
- *an insurance cooperative society; or*
- *a foreign company engaged in reinsurance business through a branch established in India.*

Insurance companies structured and funded:

Currently, foreign investment in an insurance company is allowed up to 74% of the paid-up equity capital. In terms of structuring, there are broadly two structures that are prevalent in India:

- *Direct investment: Shareholders and investors invest directly in the insurance company.*
- *Indirect investment: A special purpose vehicle (SPV) is formed in accordance with the Insurance Regulatory and Development Authority of India (Investment by Private Equity Funds in Indian Insurance Companies) Guidelines 2017 and the shareholders/investors/promoters invest in the insurance company through that SPV.*

Further, there are certain restrictions set out in the insurance regulatory framework, including in relation to the shareholding percentage of Indian investors and the transfer of shares, which must be adhered to at the time of structuring the shareholding of an insurance company in India.

Authorizations are required to provide insurance services:

An entity must be registered with the Insurance Regulatory and Development Authority of India (IRDAI) and obtain a certificate of registration under the applicable laws to undertake insurance activities in India.
The scope of insurance activities may vary based on the registration with the IRDAI and various conditions broadly encompassed under applicable regulations, guidelines and circulars. For instance, an applicant for registration as an insurer may undertake insurance business under the classes specified in the IRDAI (Registration of Indian Insurance Companies) Regulations 2000; whereas an insurance broker registered under the IRDAI (Insurance Broker) Regulations 2018 may exclusively carry on the business of an insurance broker as permitted under these regulations. Similarly, a corporate agent may be registered under the IRDAI (Registration of Corporate Agents) Regulations 2015 where its principal business is other than the distribution of insurance products and insurance distribution is a subsidiary activity. Thus, the scope of activities undertaken by an entity is determined based on the conditions and restrictions applicable to it under its certificate of registration and the relevant norms governing its operations.

▪ Capital Requirements

Minimum paid-up capital requirements

- Insurer INR1bn
- Reinsurer INR2bn
- Direct broker INR7.5m
- Reinsurance broker INR40m
- Composite broker INR50m

INR 82.75 = US$1.00 as at January 1, 2023.

A foreign company carrying on reinsurance business through a branch in India is required to have net owned funds of INR50bn. However, a foreign company engaged in the re-insurance business through a branch established in an IFSC in the SEZ is required to have net owned funds of not less than INR 10bn.

Equity shares having a single face value and other forms of capital as may be specified by regulations are allowed. However, voting rights of shareholders are restricted to equity shares only.
The minimum registered and paid-in capital of an insurer is RMB 200 million or its equivalent in a foreign currency.
A broker with a nationwide business permit must have a paid-in capital of no less than RMB 50 million, whereas a broker with only a regional business permit must have a paid-in capital of no less than RMB 10 million.
For a professional agent, the paid-in capital must be no less than RMB 50 million for nationwide business and no less than RMB 20 million for regional business.

▪ Compulsory Insurances

List of Compulsory Insurances

- *Motor third party liability.*
- *Third party liability for manufacturers of hazardous materials.*
- *Professional indemnity for direct brokers, reinsurance brokers and stockbrokers.*
- *Aviation carriers' liability.*
- *Professional indemnity for mutual fund managers.*
- *Professional indemnity for insurance marketing firms.*
- *Shipowners' liability for marine oil pollution (a financial guarantee or insurance).*

▪ Risk based capital – insurers

Every insurer and re-insurer shall at all times maintain an excess of value of assets over liabilities of not less than 50 per cent of the amount of minimum capital that such insurer or re-insurer is required to bring.

Available Solvency Margin (ASM) i.e. excess of the value of assets over the value of insurance liabilities and other liabilities of policyholders' funds and shareholders' funds, shall not be less than the higher of (a) 50 per cent of the amount of minimum capital prescribed under the Insurance Act and (b) 100 per cent of the Required Solvency Margin (RSM). An insurer is required to maintain a control solvency margin as stipulated by the IRDAI, which currently is a solvency ratio of 150 per cent. In this regard, the Insurance Act prescribes that if at any time the insurer is not able to maintain the required control level of solvency margin, without prejudice to taking any other action as deemed fit by the IRDAI, the IRDAI may require such insurer to submit a financial scheme indicating a plan of action to correct the deficiency within a specified period not exceeding six months.

Risk management requirements

The CG Guidelines require all insurers to establish a risk management committee to implement the insurer's risk management strategy and formulate an effective risk management framework and risk management policy. The risk management committee is also required, among other things, to:

- *advise the board on risk management decisions in relation to strategic and operational matters;*
- *maintain an aggregated view on the risk profile of the insurer for all categories of risks;*
- *review and monitor the solvency position and business continuity of the insurer; and*
- *formulate and implement the board-approved fraud monitoring policy.*

Further, the board of directors must disclose the risk management architecture in its annual accounts. The IRDAI also reviews the quality of risk management functions while assessing the corporate governance of the insurer.

Restructuring and insolvency

The Insolvency and Bankruptcy Code 2016 governs the law relating to the insolvency of corporate persons, partnership firms and individuals. The definition of 'corporate persons' under Section 3(7) of the code excludes 'financial service providers', including insurers. The code also provides the government with the power to introduce specific rules on the insolvency of financial service providers.

Pursuant to this power, the government notified the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules 2019. The rules apply to such financial service providers as may be notified. To date, the rules have only been notified for non-banking finance companies, including housing finance companies.

Consequently, the insolvency of insurers is still governed by the Insurance Act and the relevant provisions of the Companies Act 2013.

Consumer Protection:

The Policyholders Regulations issued by the Insurance Regulatory and Development Authority of India are the primary regulations on the protection of policyholders' interests. The Policyholders Regulations prescribe the practices that must be undertaken by insurers and insurance intermediaries at the point of sale of the insurance policy to ensure that the policyholder understands the terms of the policy properly.

In addition, the Policyholders Regulations prescribe the claims procedure that must be followed by insurers to ensure the timely processing of claims. Insurers must pay interest at 2% above the prevalent bank rate where payment of the claim amount is delayed.

Insurers must also put in place proper grievance redressal procedures and mechanisms in accordance with the applicable provisions for the resolution of grievances of policyholders.

(B) INDIA: Insurance Market Statistics & Performance

Main Indicators

	2023
Turnover	126 446 million USD
Penetration rate	3.7%
Insurance density	89.05 USD

Market Structure

Market players	Total
Non-life insurance companies	25
Life insurance companies	25
Reinsurance companies	12
Stand-Alone Health Insurers (1)	5
Specialized companies	2
Total	69

Data as of 31/03/2023

(1) Companies specializing in health insurance

Figures in millions USD

Evolution of Life and Non Life Premiums (2019-2023)

	2019	2020	2021	2022	2023
Life	24 350	25 107	27 085	29 177	31 264
Non-life	72 965	76 090	85 641	91 508	95 182
Total	**97 315**	**101 197**	**112 726**	**120 685**	**126 446**

Indicators as at 31 March. In India, the financial year begins on 1 April of year Y and ends on 31 March of Y+1.
Exchange rate as at 31/03/2023: 1 INR = 0.01217 USD, at 31/03/2022: 1 INR = 0.01322 USD, at 31/03/2021: 1 INR = 0.01363 USD, at 31/03/2020: 1 INR = 0.01329 USD, at 31/03/2019: 1 INR = 0.01437 USD

Figures in millions USD

Turnover by Class of Business (2019-2023)

Class of business	2019	2020	2021	2022	2023	2023 shares
Motor	9 272	9 164	9 240	9 311	9 892	9.53%
Health	7 305	7 557	8 690	10 643	11 886	7.50%
Fire	1 677	2 090	2 741	2 849	2 913	1.72%
Marine	465	470	476	551	615	0.48%
Other risks	5 631	5 826	5 938	5 823	5 958	5.79%
Non-life total	**24 350**	**25 107**	**27 085**	**29 177**	**31 264**	**25.02%**
Life total	**72 965**	**76 090**	**85 641**	**91 508**	**95 182**	**74.98%**
Grand total	**97 315**	**101 197**	**112 726**	**120 685**	**126 446**	**100%**

Figures in millions

Net loss ratio 2023 by type of non-life insurance company

	Net earned premiums		Net incurred losses		Net loss ratio
	In INR	In USD	In INR	In USD	
Stand-Alone Health Insurers	208 120	2 532	127 873	1 556	61.44%
Specialized companies	77 065	938	56 804	691	73.71%
Private companies	801 307	9 752	602 016	7 327	75.13%
Public companies	713 458	8 683	706 435	8 597	99.02%
Non-life total	**1 799 950**	**21 905**	**1 493 128**	**18 171**	**82.95%**

Figures in millions

Net loss ratio 2023 by non-life class of business		Net earned premiums		Net incurred losses		Net loss ratio
		In INR	In USD	In INR	In USD	
	Fire	89 071	1 084	51 656	629	57.99%
	Marine	28 736	350	21 588	263	75.13%
	Motor	686 423	8 354	579 913	7 057	84.48%
	Health	791 148	9 628	690 430	8 402	87.27%
	Other risks	204 572	2 489	149 541	1 820	73.10%
	Non-life total	**1 799 950**	**21 905**	**1 493 128**	**18 171**	**82.95%**

Source: Insurance Regulatory and Development Authority of India (IRDAI)

▪ List of main insurance companies in India: ranking per 2023 turnover

Life insurance companies in India

Figures in millions

Life Indian insurers	2023 turnover		2022 turnover		2022-2023 evolution [1]	2023 shares
	INR	USD	INR	USD		
State-owned companies						
Life Insurance Corporation of India	4 742 634	57 718	4 276 052	56 529	10.91%	60.64%
Private companies						
SBI Life Insurance Company	673 156	8 192	587 596	7 768	14.56%	8.61%
HDFC Life Insurance Company	575 334	7 002	459 628	6 076	25.17%	7.36%
ICICI Prudential Life Insurance Co.	399 328	4 860	374 580	4 952	6.61%	5.11%
MaxLife Insurance Company	253 419	3 084	224 142	2 963	13.06%	3.24%
TATA AIA Life Insurance Co.	205 035	2 495	144 450	1 910	41.94%	2.62%
Bajaj Allianz Life Insurance Co.	194 614	2 369	161 271	2 132	20.68%	2.49%
Kotak Mahindra Life Insurance	153 205	1 865	130 151	1 721	17.71%	1.96%
Aditya Birla Sunlife Insurance Co.	150 697	1 834	121 402	1 605	24.13%	1.93%
PNB Metlife India Insurance Co.	87 852	1 069	73 483	971	19.55%	1.12%
Canara HSBC OBC Life Ins. Co.	71 974	876	58 899	779	22.20%	0.92%
IndiaFirst Life Insurance Co.	60 745	739	51 866	686	17.12%	0.78%
Star Union Dai-ichi Life Ins. Co.	57 464	699	41 368	547	38.91%	0.73%
Reliance Nippon Life Ins. Co.	51 221	624	50 366	666	1.70%	0.65%
Bharti AXA Life Insurance Company	29 206	355	26 016	344	12.26%	0.37%
Shriram Life Insurance Company	25 464	310	23 496	311	8.38%	0.32%
Ageas Federal Life Insurance Co.	22 890	279	22 073	292	3.70%	0.29%
Future Generali India Life Ins. Co.	17 580	214	14 335	189	22.64%	0.22%
Edelweiss Tokio Life Insurance Co.	16 905	206	14 642	194	15.46%	0.22%
Pramerica Life Insurance Company	14 954	182	10 988	145	36.09%	0.19%
Aviva Life Ins. Company India	13 174	160	12 681	167	3.89%	0.17%
Aegon Life Insurance Company	3 699	45	4 165	55	-11.19%	0.05%
Sahara India Life Insurance Co.	442	5	614	8	-28.01%	0.01%
Exide Life Insurance Company	-	-	37 680	498	-	-
Total	**3 078 358**	**37 464**	**2 645 892**	**34 979**	**16.34%**	**39.36%**
Life total	**7 820 992**	**95 182**	**6 921 944**	**91 508**	**12.99%**	**100%**

[1] Growth rate in local currency

Non-life insurance companies India

Figures in millions

Non-life Indian insurers	2023 turnover		2022 turnover		2022-2023 evolution [1]	2023 shares
	INR	USD	INR	USD		
State-owned companies						
The New India Assurance	344 841	4 197	325 739	4 306	5.86%	13.42%
United India Insurance	176 443	2 147	157 222	2 078	12.23%	6.87%
The Oriental Insurance	156 149	1 900	137 110	1 813	13.89%	6.08%
National Insurance	151 480	1 844	130 257	1 722	16.29%	5.90%
Total	**828 913**	**10 088**	**750 328**	**9 919**	**10.47%**	**32.27%**
Private companies						
ICICI Lombard General Insurance	210 251	2 559	179 769	2 377	16.96%	8.18%
HDFC ERGO General Insurance	166 358	2 025	134 975	1 784	23.25%	6.48%
Bajaj Allianz General Insurance	153 366	1 866	136 886	1 810	12.04%	5.97%
Tata AIG General Insurance	131 760	1 604	100 250	1 325	31.43%	5.13%
SBI General Insurance	108 284	1 318	91 662	1 212	18.13%	4.21%
Reliance General Insurance	103 390	1 258	94 090	1 244	9.88%	4.02%
IFFCO Tokio General Insurance	98 710	1 201	84 529	1 117	16.78%	3.84%
Go Digit General Insurance	61 601	750	46 739	618	31.80%	2.40%
Cholamandalam MS General Ins.	61 560	749	48 241	638	27.61%	2.40%
Future Generali India Insurance	45 462	553	41 380	547	9.86%	1.77%
Universal Sompo General Insurance	41 031	499	34 561	457	18.72%	1.60%
Royal Sundaram General Insurance	33 798	411	28 666	379	17.90%	1.31%
Magma HDI General Insurance	25 341	308	17 572	232	44.21%	0.99%
Shriram General Insurance	22 658	276	17 529	232	29.26%	0.88%
Liberty General Insurance	19 573	238	15 065	199	29.92%	0.76%
Acko General Insurance	15 094	184	9 882	131	52.74%	0.59%
Kotak Mahindra General Insurance	11 341	138	7 425	98	52.74%	0.44%
Zuno General Insurance	5 335	65	3 489	46	52.91%	0.21%
Raheja QBE General Insurance	3 799	46	3 758	50	1.09%	0.15%
Navi General Insurance Limited	706	9	1 066	14	-33.77%	0.03%
Kshema General Insurance [2]	-	-	-	-	-	-
Bharti AXA General Insurance [3]	-	-	-	-	-	-
HDFC ERGO General Insurance [4]	-	-	-	-	-	-
Total	**1 319 418**	**16 057**	**1 097 534**	**14 510**	**20.22%**	**51.36%**
Stand-Alone Health Insurers						
Star Health & Allied Insurance	129 525	1 576	114 635	1 516	12.99%	5.04%
Care Health Insurance	51 416	626	38 809	513	32.48%	2%
Niva Bupa Health Insurance	40 730	496	28 100	372	44.95%	1.58%
Aditya Birla Health insurance	27 170	331	17 266	228	57.36%	1.06%
ManipalCigna Health Insurance	13 598	165	9 862	130	37.88%	0.53%
HDFC ERGO Health Insurance [2]	-	-	-	-	-	-
Reliance Health Insurance [3]	-	-	-	-	-	-
Total	**262 439**	**3 194**	**208 672**	**2 759**	**25.77%**	**10.21%**
Specialized companies						
Agriculture Ins. Company of India	146 198	1 779	139 402	1 843	4.88%	5.69%
ECGC	11 975	146	11 066	146	8.21%	0.47%
Total	**158 173**	**1 925**	**150 468**	**1 989**	**5.12%**	**6.16%**
Non-life total	**2 568 943**	**31 264**	**2 207 002**	**29 177**	**16.40%**	**100%**

(1) Growth rate in local currency.

(2) HDFC ERGO Health Insurance merged with HDFC Ergo General Insurance Co on 1 March 2020.

(3) Out of business.

Source: Atlas Mag - 01/04/2024

➢ *INDIA Insurance Market: SWOT Analysis*

FitchSolutions

Strengths	▪ India offers one of the largest consumer bases globally. ▪ The market is increasingly open to foreign competition, with the barriers to entry gradually diminishing, leading to increased foreignect investment in the insurance sector, particularly in the life market. ▪ Life insurance plays an important role as a conduit for organized savings among those Indian households that can afford it. ▪ The non-life market is especially fragmented, which provides for mergers and partnerships.
Weaknesses	▪ The market is still heavily dominated by state-owned players, which creates challenges for private insurance providers. ▪ Widespread poverty, particularly in rural areas, means that the majority of the population still does not use insurance and awareness is limited. ▪ Price competition is constraining the growth of motor vehicle insurance. ▪ Microinsurance is still at an early stage of development.
Opportunities	▪ The regulator is moving towards implementing a risk-based capital framework and consolidated, principles-based regulations, which will support the stability and growth of the sector. ▪ The regulator's 'file-and-use' policy will improve the ease of doing business in the insurance sector and facilitate quicker launches of new products.. ▪ Low levels of penetration and density, especially in the non-life sub-sector, indicate that this market offers considerable long-term growth opportunities. ▪ Rising income levels and affordability will continue to drive demand for insurance products from first-time users.
Threats	▪ Volatility in financial markets can impact investment returns. ▪ Barriers to foreign investment and ownership remain. ▪ Claims costs from large-scale natural disasters are surging. ▪ Fraud remains an issue, particularly in the life insurance market, pushing up claims.

Source: Business Monitor Online, 7 Feb 2024

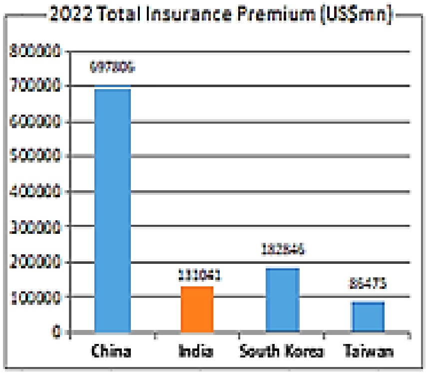
➢ *INDIA Insurance Market: Regional Comparison*

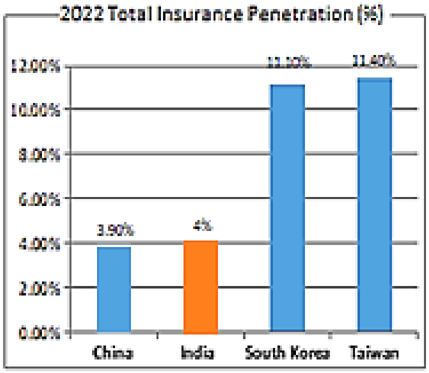
ASIA-PACIFIC INSURANCE RISK/REWARD INDEX

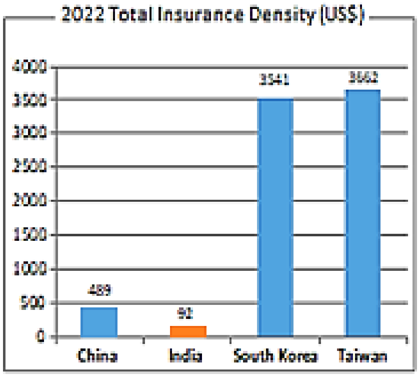
	Industry Rewards	Industry Rewards Non-Life	Industry Rewards Life	Country Rewards	Rewards	Industry Risk	Country Risks	Risks	Insurance Risk/ Reward Score	Rank
Singapore	83,75	75,00	92,50	71,62	78,90	95,00	77,11	84,27	80,51	1
Hong Kong, China	76,25	60,00	92,50	71,28	74,26	100,00	67,47	80,48	76,13	2
South Korea	83,75	82,50	85,00	63,16	75,51	60,00	78,92	71,35	74,27	3
Australia	70,00	80,00	60,00	62,08	66,83	90,00	84,64	86,78	72,82	4
Taiwan, China	78,75	75,00	82,50	59,71	71,13	70,00	75,62	73,37	71,81	5
Japan	77,50	72,50	82,50	53,57	67,93	65,00	81,12	74,67	69,95	6
New Zealand	51,25	57,50	45,00	67,66	57,81	90,00	80,45	84,27	65,75	7
Mainland China	72,50	70,00	75,00	43,49	60,90	55,00	60,30	58,18	60,08	8
Malaysia	52,50	47,50	57,50	61,06	55,93	75,00	61,20	66,72	59,16	9
Thailand	60,00	55,00	65,00	53,35	57,34	70,00	58,44	63,07	59,06	10
India	65.00	60.00	70.00	42.99	56.20	45.00	64.31	56.59	56.31	11
Macao, China	40,00	27,50	52,50	64,27	49,71	65,00	55,67	59,40	52,61	12
Philippines	45,00	40,00	50,00	46,40	45,56	75,00	56,21	63,72	51,01	13
Indonesia	48,75	42,50	55,00	47,68	48,32	55,00	57,12	56,27	50,71	14
Vietnam	46,25	40,00	52,50	42,53	44,76	55,00	50,14	52,08	46,96	15
Sri Lanka	18,75	15,00	22,50	40,16	27,32	45,00	46,13	45,68	32,82	16
Mongolia	11,25	15,00	7,50	48,56	26,17	40,00	53,45	48,07	32,74	17
Fiji	18,75	20,00	17,50	42,28	28,16	50,00	32,63	39,58	31,59	18
Pakistan	21,25	17,50	25,00	37,23	27,64	40,00	35,75	37,45	30,59	19
Bangladesh	21,25	22,50	20,00	36,93	27,52	20,00	46,74	36,04	30,08	20
Cambodia	7,50	15,00	0,00	39,96	20,48	40,00	30,24	34,14	24,58	21
Regional Average	50.00	47.14	52.86	52.19	50.88	61.90	59.70	60.58	53.79	

Note: May include territories, special administrative regions, provinces and autonomous regions.
Scores out of 100; higher score = lower risk. Source: BMI

Fitch Solutions







Source: Swiss Re Sigma: www.sigma-explorer.com

➢ *INDIA: Insurance Market Forecast:*

Source: Business Monitor Online, 7 Feb 2024

- India's insurance industry is vibrant and growing rapidly, which is attracting new market entrants and high levels of foreign investment. An active regulator is effectively enhancing the competitiveness, efficiency, transparency and innovativeness of the sector, which is increasing its appeal and prospects. Both sub-sectors are benefitting from volume- and value-based growth in premiums as the market's robust economic performance boosts disposable incomes among the widening pool of potential customers.
- In January 2024, India's Insurance Regulatory and Development Authority (IRDA) announced the launch of the first consolidated regulation aimed at promoting a favourable business environment and empowering boards of insurance companies to make operational decisions with sufficient flexibility. The 2024 Expenses of Management, including Commission, of Insurers Regulations outlines the regulations pertaining to management expenses and the payment of commissions. This initiative is part of a broader regulatory overhaul, driven by the objective of streamlining the existing array of regulatory stipulations to ensure a more coherent and efficient regulatory framework for the insurance sector and enhance transparency and accountability.
- New players continue to enter India's attractive insurance industry. In January 2024, IRDA announced that it had granted a Certificate of Registration to a new health insurer (Narayana Health Insurance) to carry out health insurance business in India. Between March and June 2023, IRDA granted licences to three new life insurers to begin operating in the market, namely Go Digit Life Insurance, Acko Life Insurance and Credit Access Life Insurance. These were the first new life insurance registrations granted since 2011. As of June, IRDA reported that another 20 applications across the life, non-life and reinsurance markets were in the pipeline at various stages of registration.
- In September 2023, IRDA introduced measures allowing more choices and benefits for policyholders with withdrawn life insurance products that are no longer available for sale but are still serviced by insurers. Companies can offer new riders to the existing policyholders of withdrawn products. An option to change the premium paying mode can be provided. Interest rates for policy revivals and policy loans, if any, can be reduced. Policyholders can choose how often they receive certain benefits from policies with income benefit payments.
- Life insurance premiums are expected to increase by 12.1% in 2024 to INR8.8trn (USD108.3bn), while non-life premiums will expand by a weaker 11.5% to INR2.9trn (USD35.4bn).
- Through to 2028, life insurance premiums are set to rise by 10.2% a year to reach INR12.7trn (USD147.4bn). Medium-term growth in non-life insurance premiums is forecast to average a slightly slower 9.5% annually to take premiums to INR4.1trn (USD46.9bn) in 2028.

Headline Insurance Forecasts (India 2021-2028)

Indicator	2021	2022	2023	2024f	2025f	2026f	2027f	2028f
Gross life premiums written, INRbn	6,287.31	6,926.14	7,825.04	8,768.81	9,623.08	10,566.83	11,601.23	12,732.15
Gross life premiums written, INR, % y-o-y	9.7	10.2	13.0	12.1	9.7	9.8	9.8	9.7
Gross life premiums written, USDbn	85.06	88.11	94.85	108.26	118.80	127.27	136.99	147.40
Gross life premiums written, USD, % y-o-y	10.0	3.6	7.6	14.1	9.7	7.1	7.6	7.6
Gross non-life premiums written, INRbn	1,987.15	2,207.00	2,568.94	2,864.02	3,134.61	3,423.56	3,730.62	4,054.72
Gross non-life premiums written, INR, % y-o-y	5.2	11.1	16.4	11.5	9.4	9.2	9.0	8.7
Gross non-life premiums written, USDbn	26.88	28.08	31.14	35.36	38.70	41.24	44.05	46.94
Gross non-life premiums written, USD, % y-o-y	5.4	4.4	10.9	13.6	9.4	6.6	6.8	6.6

f = BMI forecast. Source: IRDA, BMI

- Life insurance premiums in India are expected to remain on a strong upward trajectory, underpinned by positive demographic and income trends. The market boasts a high domestic savings rate, and the insurers' offerings are seen as an important part of the long-term savings and investment portfolios of households that can afford them. As the industry makes efforts to improve the accessibility and affordability of products and educate consumers about benefits, new users of life insurance will continue to enter the market.

- Life premiums are projected to expand by 12.1% in 2024, reaching INR8.8trn (USD108.3bn). This short-term increase will be far above the level of inflation, indicating ongoing real growth in the market.
- Over the medium term, life premiums are expected to average 10.2% annual growth, reaching INR12.7trn (USD147.4bn) by 2028. The annual increases will be stable from 2025 and faster than those seen in the non-life sub-sector.

Life Premiums (India 2021-2028)

Indicator	2021	2022	2023	2024f	2025f	2026f	2027f	2028f
Gross life premiums written, INRbn	6,287.31	6,926.14	7,825.04	8,768.81	9,623.08	10,566.83	11,601.23	12,732.15
Gross life premiums written, INR, % y-o-y	9.7	10.2	13.0	12.1	9.7	9.8	9.8	9.7
Gross life premiums written, USDbn	85.06	88.11	94.85	108.26	118.80	127.27	136.99	147.40
Gross life premiums written, USD, % y-o-y	10.0	3.6	7.6	14.1	9.7	7.1	7.6	7.6
Gross life premiums written, % of GDP	2.7	2.5	2.6	2.7	2.7	2.7	2.7	2.7
Gross life premiums written, % of gross premiums written	76.0	75.8	75.3	75.4	75.4	75.5	75.7	75.8

f = BMI forecast. Source: IRDA, BMI

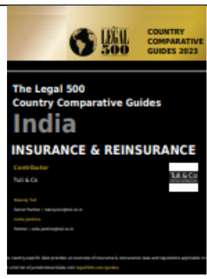
- We estimate non-life insurance premiums growth to robustly continue over the medium term, supported by solid rates of expansion in the core motor, property and health insurance lines, with faster increases in smaller segments. The demand for a range of non-life covers is picking up as purchases of insurable goods and services rise, driven by the rapidly developing middle class. The market's large population and currently significant gaps in coverage indicate the long-term organic growth potential of the sub-sector.
- In 2024, we expect health insurance premiums to rise by a robust 9.8% to INR1.1trn (USD13.2bn) and by an annual average of 7.7% to reach INR1.4trn (USD16.4bn) by 2028.
- In 2024, motor insurance premiums are forecast to grow by 9.7% to INR901.9bn (USD11.1bn). Through to 2028, we project premiums in this line to increase by an average of 8.8% a year to INR1.3trn (USD14.5bn).
- The property insurance line, which is the third-largest separately identifiable segment, is set to witness strong premium growth over the short and medium terms. In 2024, property premiums are expected to surge by 15.1% to INR255.5bn (USD3.1bn) and by an average of 10.2% annually to reach INR360.2bn (USD4.1bn) in 2028.

Non-Life Premiums (India 2021-2028)

Indicator	2021	2022	2023	2024f	2025f	2026f	2027f	2028f
Gross non-life premiums written, INRbn	1,987.15	2,207.00	2,568.94	2,864.02	3,134.61	3,423.56	3,730.62	4,054.72
Gross non-life premiums written, INR, % y-o-y	5.2	11.1	16.4	11.5	9.4	9.2	9.0	8.7
Gross non-life premiums written, USDbn	26.88	28.08	31.14	35.36	38.70	41.24	44.05	46.94
Gross non-life premiums written, USD, % y-o-y	5.4	4.4	10.9	13.6	9.4	6.6	6.8	6.6
Gross non-life premiums written, % of GDP	0.8	0.8	0.9	0.9	0.9	0.9	0.9	0.9
Gross non-life premiums written, % of gross premiums written	24.0	24.2	24.7	24.6	24.6	24.5	24.3	24.2

f = BMI forecast. Source: IRDA, BMI

References & Resources



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Book Review

Business Interruption Policy Wordings; Challenges Highlighted

2024 Edition

by Claims Experience (CILA & IIL), 139p, Feb 2024

Business Interruption Policy Wordings - Challenges Highlighted by Claims Experience (February 2024)

In June 2009, the Chartered Institute of Loss Adjusters (CILA) organized a seminar in London to highlight confusion and uncertainty within BI policy wordings. CILA was mandated to take that project forward, and a working group was formed representative of the whole market. The issues identified were then subjected to two tests – first, is this a common problem? Second, can it be resolved by tweaking policy wordings? If the answer to both was 'yes', then this work incorporated the issue. So, following that distillation of the initial ideas, they had to be grouped into chapters. The initial report was published in 2012 by the IIL, benefitting from cross-market input, including brokers, underwriters, loss adjusters, lawyers, and loss assessors.

For each issue identified as a problem, potential solutions were offered. Every effort was made to avoid dictating one remedy alone. Some Insurers adopted elements of the reports, but wholesale adoption of the recommendations did not occur.

In 2019, the report was refreshed. Although this meant adding a second preface, the content remained unchanged. But the refresh was essential to avoid any perception that these were historical problems that had been resolved across the market. Covid-19 entered at the end of that year, and business interruption insurance became a topic for discussion in parliament and the focus of legal action, with cases still progressing through the courts.

In business interruption, anything that pre-dates Covid-19 feels like ancient history. So, the first reason this report is being refreshed again in 2024 is to avoid any presumption that the content is no longer relevant. The second reason is to highlight some key issues and be more pointed about those than the reports have been in the past. So, in response to the two most common causes of business interruption under-insurance (or under-declaration), this update:

Suggests that it is now time to stop using the term 'Gross Profit', and
Highlights the recommendation that insurers take responsibility to multiply annual amounts for longer maximum indemnity periods.
Continuing to use terminology that the evidence shows confuses people is not going to produce the Good Outcomes required by the FCA in the Consumer duty that came into force last July.

Depreciation: given that the Mobis Parts case in Australia came to the opposite conclusion to the UK courts regarding whether this is a saving, clarification is needed in policies.

The commercial tension in encouraging mitigation whilst retaining a retrospective economic test is highlighted.

The Wide Area Damage content has been removed now that the FCA Test case has clarified the position (albeit the solution recommended back in 2012 was not inconsistent with the outcome of that case).

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