FAIR Review

Issue No. 179 - March 2019

Indonesia

Successful education efforts leading to rising awareness of insurance products

- **FAIR Signs an MOU with GAIF**
- **2nd FAIR Insurance Marketing Conference**


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NEW ECONOMIC BARRIERS IN AFRO ASIAN INSURANCE MARKETS
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FAIR Review

FAIR in Brief

Federation of Afro-Asian Insurers & reinsurers "FAIR" is a priceless instrument and media for cooperation, and our responsibility is to make it more responsive, more effective and more dynamic. FAIR was established in September 1964, to promote cooperation among insurance and reinsurance companies in Africa and Asia, through the regular exchange of information, experience and the development of business relations.

Vision:
FAIR aims to become a driving force international insurance cooperation by promting collaboration and adoption of international standards.

Mission:
FAIR will lead the effort to achieve harmonization of insurance markets by promoting the adoption and implementation of international standards among members facilitating the sharing of information and expertise and enhancing cooperation to be of added value to members.

FAIR's added value is based on:

- Wide recognition of brand and name of FAIR on the world scene,
- A broad range of deliverable affecting the members' interests,
- Strong national membership base,
- Extensive networking at both international and regional levels,
- Building regional bases (hub) that provides a variety of shared resources and services to local member companies.

FAIR Review

The "FAIR Review" is published quarterly by the central office and circulated to Members free of charge. It is devoted to disseminate the research work, articles and information, to enhance professional knowledge among insurance professionals.

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March 2019

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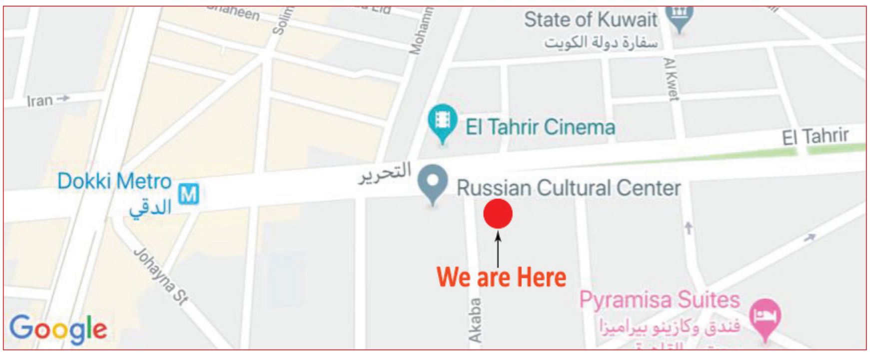
FAIR News

• FAIR New Head Office Opening

The Federation of Afro-Asian Insurers & Reinsurers officially opened its New Head Office on the 5th of March 2019, which is located at 129 ElTahrir st., Doqi - Giza, Egypt.

The opening ceremony started with the presence of FAIR Board of Directors, and the Afro-Asian Insurance Industry leaders.



FEDERATION OF AFRO-ASIAN INSURERS AND REINSURERS

F.A.I.R.

MALDIVES

Allied Insurance Company

FAIR Medical Insurance & Healthcare Congress

"World of Opportunities"

22 - 24 July 2019

Paradise Island Resort & Spa

Maldives

FAIR Medical Insurance & Healthcare Congress

FMIHC

www.fairhealthcongress.org

• FAIR Signs an MOU with GAIF

During the 2nd FAIR Insurance Marketing Conference opening cermony, which was held on the 25-26 Feb. 2019, at Marriott Mena House - Cairo hotel, the Federation of Afro-Asian Insurers & Reinsurers signed an MOU with the General Arab Insurance Federation.

This MOU aims to improve cooperation, knowledge and experience sharing, economic integration between Arabic and Afro-Asian regions.

Global News

Swiss Re Institute

• *Modest real growth of 3% p.a. expected in global insurance premium in 2019-20*

Positive but slowing economic momentum will support modest global insurance premium growth of around 3% annually in real terms over the next two years, a 1 ppt improvement from 2018, according to the latest sigma report by Swiss Re Institute.

In both non-life and life, the emerging markets remain the main driver of growth, in particular China, the report titled "Global economic and insurance outlook 2020" says.

Non-life insurance

Global non-life premiums will grow by around 3% on an inflation-adjusted basis in 2018, and Swiss Re forecasts similar growth over the coming two years. The global aggregate is being driven by the emerging markets, where Swiss Re estimates 8% premium growth this year, and around the same over 2019 and 2020.

Non-life business in China and India has been particularly strong, with combined premiums up 12% in real terms this year. Agriculture insurance has been a main growth driver in both countries.

For 2018, Swiss Re expects a positive underwriting result for the global non-life sector of around 1% of premiums. This will be mostly driven by a lower loss burden from natural catastrophes compared to 2017.

In the next several years, in the absence of clear direction on rates, Swiss Re expects underwriting results to remain stable at current levels. The recent improvement of property rates has been mainly felt in regions that suffered a high natural catastrophe burden last year, and is expected to fade.

Life insurance

Swiss Re estimates that global life insurance premiums will grow by 1.6% in real terms this year, slightly slower than the average annual growth rate of the last five years. Premiums in the advanced markets will grow by 1.7%, while emerging market premium growth will likely be much slower than usual (Swiss Re forecast: +1.3%).

Overall profitability in life insurance has improved this year, with outperformance in the US. The ongoing low interest rate environment, however, will remain a challenge, says the report.

InsurTech

A main enabler of future profitability in insurance and overall industry growth will be technology and data. Information, once digitalised, is being used to improve processes across the insurance value chain, including underwriting and pricing decisions, and outreach to customers. Policy and claims management is becoming more efficient as machine learning and pattern recognition are used to analyse handwritten and unstructured documents to expedite and detect false claims. The integration of cognitive computing systems with voice recognition and text reading algorithms will eventually make it possible to extract meaningful information from all sources of data, including unstructured medical reports.

So far, insurers' investments in technology have led to some efficiency gains and compressed margins for the distribution system in commoditised lines, the report says. Technology such as telematics and advanced analytics can also be used to reduce claims frequency and severity, reduce fraud and lower claims costs.

In Swiss Re's view, the scope for digital disruption is much further reaching. Crucially, technology can facilitate access to new risk pools. In the long run, this will help close existing protection gaps and improve economic and social resilience. ■

Source: Asia Insurance Review (AIR) -12 November 2018

THOMSON REUTERS
PRACTICAL LAW™

• *Limitation periods for making an insurance/reinsurance claim*

by Practical Law

This table is part of the global guide to insurance and reinsurance. For a full list of jurisdictional Q&As visit www.practicallaw.com/insurance-guide.

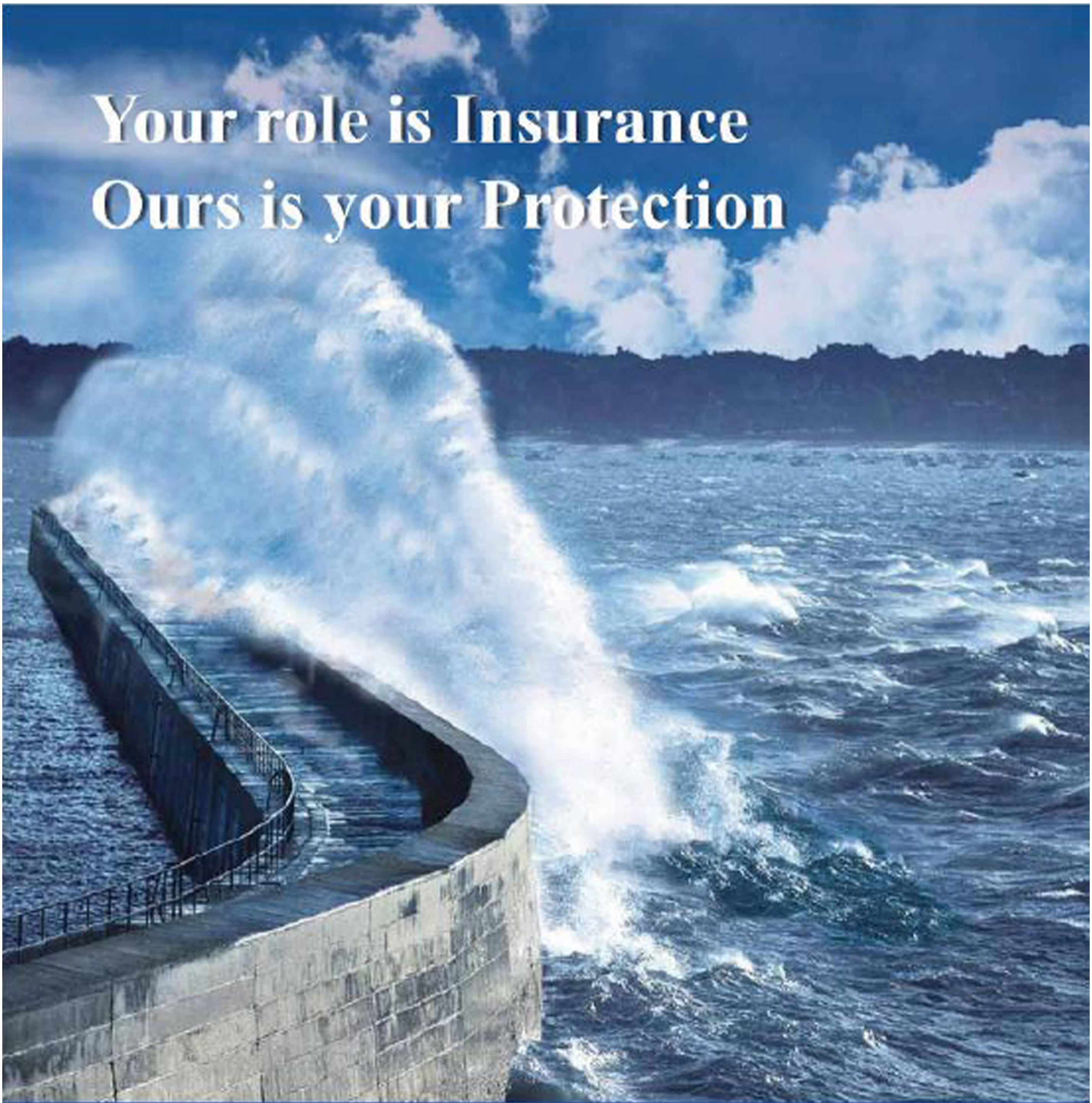
The contents of this table derive from Question 25 of the jurisdictional Q&As.

Please note that this is in the process of being updated and may not hold information from all available jurisdictions.

Jurisdiction	What is the time limit for the insured/reinsured to make a claim?
AUSTRALIA	There is no general statutory time limit for making a claim under an insurance policy, other than the usual six-year limitation period applicable to all contract claims. However, individual contracts of insurance can specify a time limit within which a claim must be made by the insured
AUSTRIA	The insured/reinsured is barred from making a claim in respect of the insurance policy after three years (section 12, Insurance Contracts Act). However, section 12 does not state when this limit begins, therefore civil law applies. Under section 1478 of the Civil Code, the time limit begins at the moment the extent, and amount, of the damages is possible to determine and the insurer has finished the necessary investigations to assess the insured event and the extent of the insurance benefit.
BELGIUM	In general, the period of limitation for insurance claims is three years. This period commences on the date of the event triggering the claim (or from the date the claimant became aware of the insured event). Specific periods apply in, for example, life insurance and liability. Periods can be extended, for example, in the event of fraud. For reinsurance contracts, the position is unclear because of confusion in the drafting of the relevant provisions of the Law of 4 April 2014 on insurance. The safer view is to apply the periods applicable to direct claims.
CAMBODIA	Five years from the date that the insured/ reinsured can make a claim.
CANADA	The time limit varies depending on the statutory laws and judicial interpretations of the particular province. For Ontario, the time limit is generally a two year period commencing from when the claim is discovered. However, if the loss or damage occurs in respect of fire insurance claims and claims based on loss or damage to an automobile or its contents, proceedings must be commenced within one year.
CHINA	The statute of limitation for an insurance claim that is unrelated to life insurance is two years. It is five years for life insurance claims.
FRANCE	• Insured: generally two years, with a possible extension to ten years in life insurance and personal injury. • Reinsured: five years.
GERMANY	Three years from end of the year in which the claim arose and the policyholder (should have) obtained knowledge of the underlying circumstances.
HONG KONG	The insured has six years to issue proceedings against the insurer. Time starts to run from the date liability is established by judgment, arbitration award or binding settlement.
INDIA	The limitation period for making an insurance or reinsurance claim is decided by the relevant policy. Where no time period is prescribed, a three-year limit applies.
INDONESIA	The time limit to make a claim is typically stipulated under the insurance/reinsurance policy. If not, the general statute of limitation under the Indonesian Civil Code will apply (that is, 30 years).
IRELAND	Six years from the date on which the cause of action accrued (section 11(1)(a), Statute of Limitations 1957).
ISLE OF MAN	For an action founded on simple contract, six years from the date on which the cause of action accrued.
ITALY	Under Article 2952 of the Civil Code, the insured party's right to be make a claim expires two years from when damage is sustained.
JAPAN	Three years. Policy conditions that aim to reduce this time limit are void.
KUWAIT	Actions arising under a general insurance policy must be brought within three years from the date of occurrence. Actions in relation to contracts of marine insurance must be brought within two years, although the date from which the limitation period runs depends on the nature of the claim.

Jurisdiction	What is the time limit for the insured/reinsured to make a claim?
LAO PEOPLE'S DEMOCRATIC REPUBLIC	Generally, one year from the date that the insured event occurred.
LEBANON	The right to make any and all claims arising out of, or in connection with, an insurance contract must be exercised within two years from the occurrence of the incident (Article 985, Lebanese Code of Obligations and Contracts). The two-year limitation period will not start running at the occurrence of the incident in the following circumstances: In the case of concealment of the insured risk, omission, false or invalid declaration, then the time limitation will commence as of the date the insurer becomes aware of the incident. In the case of an emergency, as of the day when the interested parties became aware of it, provided they are able to prove they were not aware of it until such time.
MEXICO	Two years following the date of the occurrence of the insured event, except for life insurance where the statute of limitation expires in five years.
NEW ZEALAND	Generally, six years from the date of the act or omission on which the claim is based.
POLAND	Claims arising from an insurance contract are barred by a limitation of three years, subject to certain exceptions stipulated in the provisions of law (Civil Code).
SAUDI ARABIA	Actions under the Unified Compulsory Motor Insurance Policy must be brought within three years of the incident. Other insurance claims must be brought within five years of the due date of the claimed amount.
SINGAPORE	A claim under a contract of insurance/reinsurance must be brought within six years from the date on which the claim accrues (Limitation Act (Cap 163)). Where the damages claimed are for personal injuries to the claimant or anyone else, the claim must be made within three years from the date of injury, or the earliest date on which the claimant had knowledge of the injury.
SPAIN	Two years for claims related to damage insurance contracts (Article 23, Insurance Contract Act). Five years for claims related to life, accidents and health insurance. Reinsurance contracts are deemed to be damage insurance contracts, scholars consider that the two-year limitation period applies to claims against a reinsurer.
SWEDEN	Ten years from the date when the claim was triggered according to the insurance policy. This can be shortened to one year in business insurance.
SWITZERLAND	Swiss statutory law provides for the following statutes of limitations: Insurance contracts. Two years from the date of the triggering event which raises the obligation to provide indemnification. This limitation period cannot be contractually shortened. A partial revision of the ICA is currently being prepared with the intention of increasing this limitation period to five years. Reinsurance contracts. Ten years from the date the claim becomes due. This limitation period cannot be contractually altered.
TAIWAN	In principle, two years from the day when it becomes possible for the insured/reinsured to exercise its right to make a claim.
THAILAND	Two years from the date of loss. The same time limit applies to direct claims and reinsurance claims.
TURKEY	General principle. Two years from payment due date, or six years from the insured event. Liability insurance. Ten years from the insured event. Material damages from motor vehicle accidents. Two years from payment due date, or ten years from the insured event (except where a longer period applies under criminal law).
UNITED ARAB EMIRATES	In the UAE (that is, not the Dubai International Financial Centre (DIFC)), it is generally three years from the date of loss or date on which the insured first became aware of loss. In the DIFC there is no specific insurance related limitation period therefore the general contract time limit applies, being six years from date of accrual of cause of action.
UNITED KINGDOM	There is no specific statutory limitation period for making a claim under an insurance or reinsurance contract. Insurance contracts are subject to the normal limitation period under the Limitation Act 1980 for causes of action founded on breach of contract (that is, six years from the date on which the cause of action accrues). The Enterprise Act 2016 gives policyholders a legal right to enforce prompt payment of insurance claims.
UNITED STATES	This will depend on the policy and the law of the applicable US state.
VIETNAM	One year from the date of the occurrence of the insured/reinsured event.

■


Your role is Insurance
Ours is your Protection

Africa News

• *Insurance Business in CIMA Zone*

In April 2016 the Inter-African Conference of Insurance Markets (Conférence Interafricaine des Marchés d' Assurances, CIMA), which oversees insurance regulation in 14 African countries adopted a major reform aimed to protect the region's reinsurance industry. Two years on, changes appear to be paying off for local companies.

CIMA

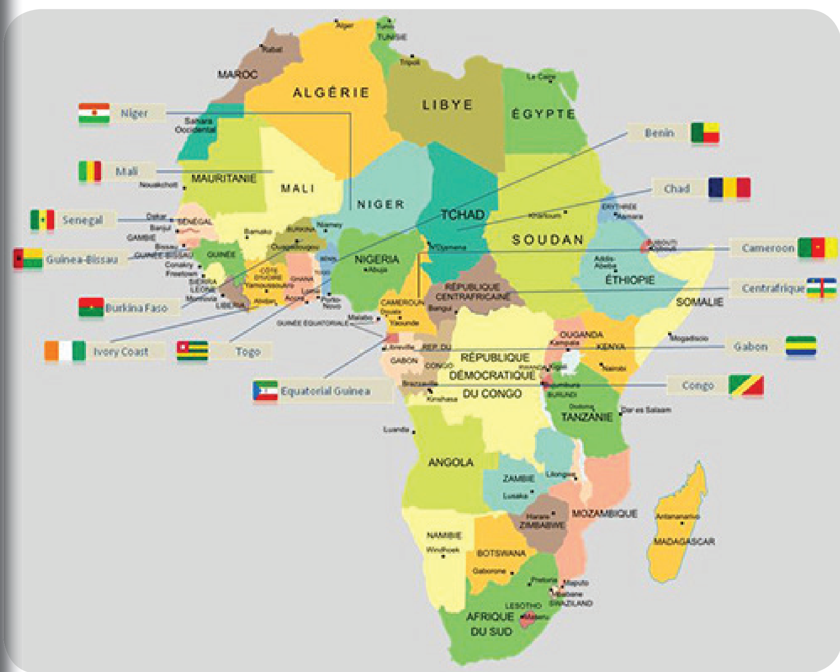
The reform of CIMA's Article 308 imposed more stringent limits for insurers willing to take out reinsurance in countries located outside CIMA, which covers Côte d'Ivoire, Gabon, Cameroon, Benin, the Central African Republic, Congo, Mali, Niger, Guinea, Equatorial Guinea, Chad, Togo, Senegal and Burkina Faso.

Under the changes, cover for small-scale risks – such as accident, health, automobile and life insurance – which could previously be 75% reinsured outside the zone, must now be 100% ceded locally. The proportion of medium-scale risks that can be reinsured outside CIMA was reduced from 75% to 50%. Due to the lack of strong regional players in francophone West and Central African countries, an exception was made for the costliest of risks – related to ships, trains and airplanes – which can still be reinsured up to 100% abroad.

The reform's objective was to strengthen the regional reinsurance market, and help local firms grow and collect more premium. It was estimated that 66% of CIMA reinsurance business in 2015 was placed abroad, while only 34% of sector activity was captured locally.

"The goal of reform is that more premium remain within the CIMA zone to help local reinsurers grow and become stronger," Mouhamed Diane, Abidjan-based West Africa underwriter at CICA-RE, told OBG. "The idea is also that premium can be used to participate in the countries' development. If more premium remain here, local reinsurance companies will be able to invest them in the region and therefore sustain economic growth."

In a July 2017 report, Casablanca-based consulting firm Finactu calculated that new rules could potentially bring at least CFA68bn (€102m) of additional premium to firms operating in the CIMA area in the short term. Small-risk premium would grow from CFA33bn (€50.3m) to CFA93bn (€141.8m) while medium-risk premium would increase from CFA53bn (€80.8m) to CFA75bn (€114.3m). By contrast, and because of the added pressure on local reinsurers from the small- and medium-scale risks segments, the proportion of large risks placed locally would decrease from CFA14bn (€21.3m) to zero, according to Finactu's forecasts.



Local Firms

Although it is too early to measure the economic benefits of the reform, local reinsurers are growing two years after introduction of the changes. Nigeria's Africa Re, the sector's leader in Côte d'Ivoire and CIMA, saw revenue grow from 10% to 15% annually. Olivier Nguessan-Amon, the firm's regional director for West and Central Africa, told media that, since the changes, the company's premium sales have increased in segments that used to be reinsured abroad, especially in the maritime transport of commodities such as cocoa, coffee and rice, and manufactured goods.

Other local firms are also benefitting from the reform. Lomé-based CICA-RE, which raised its capital from CFA20bn (€30.5m) to CFA50bn (€76.2m) in 2017, increased its revenue by 22% from CFA38bn (€57.9m) to CFA46.4bn (€70.7m). For its part, Ivorian reinsurance firm Aveni RE Assurance increased its capital from CFA10bn (€15m) to CFA16bn (€24m) and was set to reach CFA22bn (€33m) by late 2018. The company's net profit increased 29% in 2017 to CFA1.6bn (€2.4m).

"Business is going very well, even though there are some divestments taking place," François Nana, internal audit and risk management director at Aveni RE Assurance, told OBG. "The claims ratios in the region are better than in most parts of the world, and the level of profitability is good. There are claims of course, but the sector is admittedly profitable, which is certainly not the case everywhere," Nana added. The company's claims ratio improved from 56.2% in 2016 to 37.04% in 2017.

Foreign Players

Another effect of the reform has been that foreign reinsurers are increasingly seeking to enter the CIMA market. The UK's One Re started operations in Libreville, Gabon in November 2017, while Germany's Hannover Re, the world's third-largest reinsurer, opened a representative office in Abidjan in December 2017. In February 2018 the company was granted an operating licence for the CIMA region. The company said it seeks to cover health and life insurance, two segments that can no longer be taken out abroad.

The new regulation also pushed international companies that used to operate but had no formal presence in the region to ask for an official operating licence. Until 2015 CIMA's reinsurance sector has remained without a specific legislative framework. In 2015 new rules were introduced to the insurance code – Book VIII – requiring companies to get a formal licence to be allowed to operate in the region. The minimum capital of foreign companies' subsidiaries was set at CFA10bn (€15m), while representative offices were asked to have capital of CFA1bn (€1.5m). As a result, between November 2017 and January 2018 Kenya Re, ZEP-RE (Kenya), WAICA Re (Sierra Leone) and Société Centrale de Réassurance (Morocco) requested – and obtained – licences for their offices located in Abidjan.

"For a long time, reinsurance in the CIMA region was not fully regulated. But when anglophone markets like Ghana and Nigeria started to protect themselves, the regulator decided to also set up more rules for the CIMA region as well. One does not want to see the reinsurance premium placed abroad; it is important that premium be reinvested where they have been collected," said Nana. "So now, if a foreign reinsurance firm wants to work in the region, it needs to install formal operations here. It is not protectionism; it is regulation."

Regional Centre

With many firms locating their offices in Abidjan, the recent moves have reinforced Côte d'Ivoire's key position for reinsurance in the CIMA zone. The country is already the largest insurance market in the bloc, accounting for about a third of the sector's revenue. In September 2018 Kenya's ZEP-RE signalled its plan to relocate regional operations for the CIMA zone from Douala, Cameroon to Abidjan.

"Abidjan has become the regional centre for reinsurance. Many reinsurers are establishing their bases here," Diane said. "Abidjan is a strategic location because you can easily cover francophone West and Central Africa from there. The business environment is also good. The region as a whole is very attractive, so more companies will probably seek to enter the market in the future."

African reinsurers will need to upgrade their technology systems and risk-measurement tools, and absorb larger risks while increasing their capacity to adapt to international standards. In Côte d'Ivoire, the two largest players remain CICA-RE and Africa Re, two intra-governmental African reinsurers. With an 80% share of the Ivorian market, Africa Re is by far the biggest player. In 2017 it ranked 41st in the world among reinsurance companies, with a premium of $747m, compared with $37.8bn for Munich Re and $34.8bn for Swiss Re. ■

Source: The Report: Côte d'Ivoire 2019 - by Oxford Business Group

• FANAF: CIMA Zone insurers ordered to triple their size within 3 months

The CIMA's general secretary, Issofa Nchare confirmed on the occasion of the CIMA/FANAF round table, held on Monday 18 February 2019, as part of the FANAF 43rd General Assembly, the deadline for the capital increase of insurance companies of the CIMA zone, which is still set at 31 May 2019.

Issofa Nchare

The insurance companies have a little more than 90 days to increase their minimum capital from 1 billion FCFA (1.7 million USD) to 3 billion FCFA (5.2 million USD). Inspections will be held within the companies in June to monitor the implementation of the new capital-intensive standards.

Out of the 180 companies in the CIMA zone, only 20 were compliant with the standards according to a toll t established in mid-November at the market forum held in Cotonu. Apart from the profits associated with the consolidation of the sector and the emergence of giant insurers, the measure raises the following problems:

- the withdrawal of certain players from small markets resulting in a monopolistic situation,
- the degradation in the quality of customer service due to the declining competition.

Although the reporting of the last audit of the companies being reviewed shows that the majority of companies are able to adapt to the new regulations, several concerns emerge, namely:

- the decrease in the return on the shareholders' equity,
- the difficulty of finding local partners for the acquisition of shares
- the exchange policy which hampers the investors during the transfer of funds from the UEMOA Zone (West African Economic and Monetary Union) to the CEMAC area (Central African Economic and Monetary Community). ■

Source: Atlas Magazine – 29 February 2019

• Revision of CICA-Re's legal cession

The Compagnie Commune de Réassurance des Etats membres de la CIMA (CICA-Re) prepares for the legal cession on each and every policy issued by direct insurance companies. It was in October 2018 that the revision in the legal cession, enjoyed by the reinsurer since its inception in 1984, was decided.

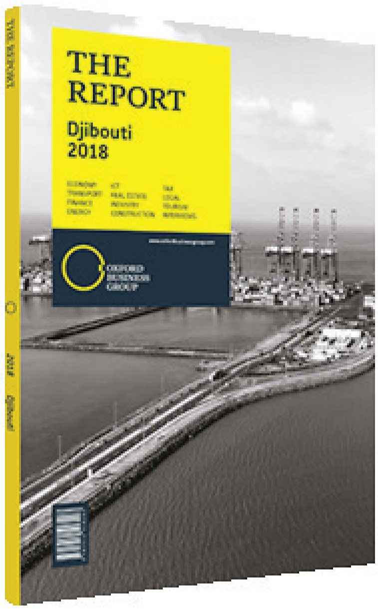
CICA-Re is currently taking advantage of a 15% legal cession on reinsurance treaties. As from 1 January 2020, this cession mode will be revised. The present legal cession rate of 15% on the treaties will be reduced to 10%. In return, the reinsurer will benefit from a cession 5% on all direct business of insurance companies of the CIMA zone. The health and life savings classes are not concerned by this measure.

To prepare for the deadline of 1 January 2020, a delegation of CICA-Re led by its general manager Jean-Baptiste Kouamé travelled to Libreville, where they were received by Andrew Crépin Gwodock, director and general manager of SCG Ré. CICA-Re wishes to share the experience of the Gabonese reinsurer regarding the management of the legal cession on each and every policy issued by direct insurers. ■

Source: Atlas Magazine – 13 February 2019

DJIBOUTI

• Opportunities ahead: New developments and alliances could bolster insurance uptake



Although it remains a relatively small market with only two players, insurance in Djibouti continues to align with economic development.

Most of the sector's business is driven by the automotive line; however, new economic activities are expanding the market's offerings. International cooperation with Djibouti's neighbours has improved, as stronger commercial links have made cross-border transport and regional automotive insurance critical for seamless trade activities across the Horn of Africa.

Despite the opportunities for sector expansion, data shows that further efforts are needed to unlock the market's potential. As of December 2016 insurance premium as a percentage of GDP stood at 1%, according to the Ministry of Economy and Finance, in Charge of Industry (Ministère de l'Economie et des Finances, Chargé de l'Industrie, MEFI).

SECTOR FIGURES:

The low contribution of insurance premium to GDP, however, is partly due to the country's significant economic acceleration. Djibouti's GDP has been expanding rapidly in recent years, growing by 6% in 2014 and by 6.5% for 2015 and 2016, according to the IMF. In its 2017 annual report, the Central Bank of Djibouti reported that GDP rose by 6.2% that year.

Though insurance premium have been on the rise, their growth has been outpaced by that of GDP. As a result, insurance premium as a percentage of GDP dipped from 1.2% in 2014 to 1% in 2016. Nevertheless, sector premium have been increasing steadily over the years, up from DJF2.4bn ($13.5m) in 2010 to DJF3.3bn ($18.6m) in 2016.

Sector profit margins also increased from 32.5% to 38.2% in 2016, which is considerably higher than the profitability of many other markets. The Inter-African Conference for Insurance Markets, which oversees the performance of insurance in 14 countries, including Cameroon and Côte d'Ivoire, reported that these nations had average profit margins of 8.4%.

A fundamental reason that profitability has remained elevated compared to other countries is the establishment of a maximum compensation payout for several insurance segments, including third-party liability motor vehicle insurance, which accounts for more than half of the market.

"Before this regulation was implemented in 2000 there was inflation on insurance payouts," Aden Saleh Omar, sub-director for insurance at MEFI, told OBG. "Because there were no limits, payouts for corporeal damages could vary from case to case, even if the accidents were similar. By setting a regulatory framework for this, we have been able to help maintain the sector's profitability. Moreover, it is also advantageous for the injured person, who now has the right to an established amount determined in a transparent and equitable way."

INSURANCE SEGMENTS:

The insurance market is driven by a number of key business segments. Chief among them is the automotive segment, which accounted for 62.6%, or roughly DJF2bn ($11.3m), of premium in 2016. This is largely due to the fact that third-party liability coverage is compulsory for all drivers in Djibouti, as well as for cargo imports.

The second-biggest line is fire insurance and other damages, which accounted for 12% of total premium in 2016, up from 9.1% in 2014. Other risks and direct damages made up 10.9% of total premium in 2016, according to government figures.

The potential for further sector growth is expanding thanks to the development of new sectors. For instance, the opening of the country's first modern retail shopping centre, the Bawadi Mall, in mid-March 2018 is expected to result in the expansion of formal retail operations. "The new mall has been very positive for the sector," David Boucher, commercial director at GXA Assurances, one of the two insurance companies in Djibouti, told OBG. "This new type of entertainment has been warmly welcomed, and insurance companies are ready to accompany these new businesses," he added.

REGULATION:
The emergence of a domestic insurance sector in Djibouti came about with sector reforms in 1999/2000. Up until that point insurance services in the country had been provided by foreign companies with local agencies. The lack of a comprehensive insurance regulation permitted foreign operators to maintain their accounting and assets abroad, preventing insurance activities from having any real impact on the economy, and making it difficult for Djiboutian authorities to enforce the payment of insurance liabilities.

The implementation of the new law reversed the situation, compelling local insurance providers to keep all their assets and accounting inside the country. This resulted in the establishment of the market's two operators – GXA Assurances and Assurance AMERGA – in 2001. As of 2016 GXA Assurances had the largest share of the market, with 55.4%, followed by Assurance AMERGA, with the remaining 44.6%. Market shares have become more balanced between the two insurance companies over time; in 2014 GXA Assurances held a bigger slice of the market, with 59.6%.

The sector is regulated by a dedicated insurance directorate at the MEFI. Regulation for Islamic insurance was passed in 2012 and reinforced with specific application directives in 2014. Recently, as competition began to push auto insurance prices downwards in some segments, the government implemented minimum prices for third-party liability insurance in early 2018. The measure, which has been adopted in other African insurance markets, was implemented to avoid a slowdown in the market's key insurance segment, but also to protect the long-term solvability of the two insurance companies. "Ultimately you need to ensure that companies are able to pay those that are insured," Omar told OBG.

INSURANCE INTEGRATION:

The limited size of the market, as well as the absence of a domestic reinsurer, has forced local operators to turn to international reinsurance companies. In order to keep some reinsurance premium in the market, however, Djibouti integrated its insurance market with that of COMESA. In 2014 it became compulsory for Djiboutian insurance firms to reserve 30% of all reinsurance and 15% of all fronting agreements with regional reinsurer PTA Reinsurance Company, which is owned by the governments of Djibouti, Rwanda, Mauritius, Sudan and Kenya, among others. Besides regional financial integration, the move also allows for the securing of some reinsurance volumes in the Djiboutian economy, as both the government and the two private insurance operators have stakes in the regional reinsurance firm.

Integration has also taken place under the Yellow Card insurance scheme, a third-party motor vehicle insurance that covers material and health costs for drivers travelling across 13 COMESA countries. Effectively, the scheme eliminates the need for individual insurance coverage in each of the COMESA member states. In 2017 Djibouti accounted for 3.7% of the DJF1.6bn ($9m) in premium linked to the "yellow card" insurance system.

GROWTH POTENTIAL:

Despite gradual improvement in the sector, as well as its more cohesive integration in the region, insurance intake remains limited. A lack of a deeply ingrained insurance culture, coupled with high levels of poverty, have served as obstacles to higher penetration rates. "Insurance in Djibouti is still a novel thing and somewhat misunderstood," Nasir Abdo Abdallah, technical director at GXA Assurances, told OBG. "And so the sector faces challenges in terms of reaching new customers."

Spending figures can attest to this claim. The average annual expenditure per capita on insurance coverage in Djibouti is $23, less than half the African average of $50 per person per year. Bringing Djibouti up to speed on this front will depend on regulatory backing and product sophistication that can adapt market offerings to the country's specific needs. ■

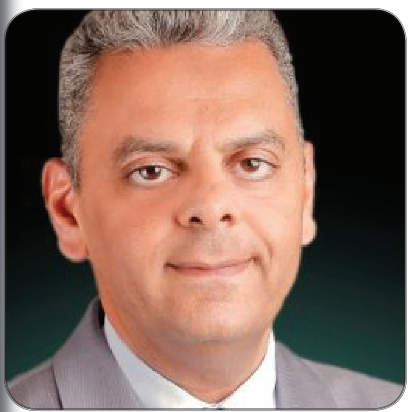
Source: The Report: Djibouti 2018 - by Oxford Business Group

EGYPT

• Insurance industry chalks up 32% growth in premiums to US$2.7bn in 2018

Insurance companies in Egypt posted total premiums of EGP46.7bn ($2.7bn) during 2018, representing growth of 32% compared to EGP35.5bn in 2017, according to data from the Financial Regulatory Authority (FRA).

Total premiums of property insurance companies amounted to EGP14.1bn in 2018, a growth rate of 15% compared to EGP12.3bn in 2017.
Life insurance companies outpaced their non-life counterparts as the former posted total premiums of EGP32.6bn in 2018, compared to EGP23.1bn in 2017, a growth rate of 41%.
Insurance companies paid a total of EGP13.9bn in compensation or benefits to their clients last year, compared to EGP11.7bn in 2017. This represented an increase of 19%. General insurers paid out EGP7.1bn in 2018, 40% higher than in 2017. Life insurers paid compensation of EGP6.8bn last year, 2.3% higher than in 2017.



Alaa Al-Zuheiry

On the other hand, Mr. Alaa Al-Zuheiry; Chairman of The Insurance Federation of Egypt ; said: "We are trying to develop the market and new mandatory products, such as compulsory insurance, professional liability, public liability and student insurance, which will lead to an increase in the volume of premiums.
He said that a proposed new insurance law, currently being finalised, will contribute to the development of the sector. An important feature is the proposal to increase the minimum capital of insurance companies from the current minimum of EGP60m to EGP150m. The new law will also allow the establishment of separate health insurance companies.
The new insurance bill in Egypt proposes to increase the minimum capital of life and non-life insurers by 150%, from 60 million EGP (3.3 million USD) to 150 million EGP (8.4 million USD).
The minimum capital of non life insurers covering oil and aviation risks will be 300 million EGP (16.7 million USD). The minimum capital of reinsurers is set at 500 million EGP (27.9 million USD).
The implementation of a takaful insurance regulation and the introduction of compulsory motor insurance through the creation of a specialized insurance pool for this purpose, are included in the provisions of this draft.

With the introduction of the new amendments, health care companies will be controlled by the Financial Regulatory Authority (FRA). The latter will also set the creation rules and the conditions governing these companies' activities.
The bill, proposed to the Egyptian Insurance Federation (IFE) by FRA, will be presented at the beginning of 2019 to the various actors operating in the insurance sector in Egypt. ■

Sources:
Middle East Insurance Review – 14 Jan & 7 Feb 2019
Atlas Magazine – 16 Jan 2019

Côte d'Ivoire

• Côte d'Ivoire expands insurance coverage for small-scale farmers facing climate change

Agriculture accounts for almost one-fourth of GDP and more than 50% of the nation's export revenue. The country is the world's largest producer of cocoa beans and the biggest exporter of cashew nuts. It also grows a wide range of cash crops, such as rubber, palm, cotton and coffee as well as food crops.

However, like many of their African counterparts, Ivorian farmers are facing growing risks linked to climate change resulting in significant production volatility. The vast majority of them, especially small-scale growers, are not covered by any insurance policy coverage. In 2017 the insurance penetration rate in Côte d'Ivoire, all sectors and regions combined, was estimated at only 1.7% of GDP, and it is believed that the rate is even lower within rural communities.

Feasibility Study

To help Ivorian farmers better comprehend climate risks and protect them against the effects of climate change on certain crops, the World Bank in mid-2017 conducted a feasibility study for the potential development of index-based agricultural insurance in Côte d'Ivoire.

Index insurance is an innovative form of insurance that calculates benefits using a predetermined index for losses – assets or working capital – resulting from natural disasters. A statistical index is developed prior to the start of the insurance period to then assess divergence from benchmarked levels that can take into account parameters such as average annual rainfall, temperature, earthquake magnitude, wind speed, crop yield and livestock mortality rates.

The reflection was undertaken by the Global Index Insurance Facility (GIIF), a programme of the World Bank funded by the EU, Germany, Japan and the Netherlands. In the outcome of the study presented early 2018 in Abidjan, the GIIF recommended the launch of a pilot phase for index insurance for four specific crops – cocoa, cotton, rice and corn – before potentially expanding it to some other crops, depending on the outcome of the scheme and the interest of sector players. The pilot phase was expected to start in June 2018

Global Index Insurance Facility

MANAGED BY WORLD BANK GROUP


Rosalie Logon

ATLANTIQUE ASSURANCES
GROUPE BANQUE CENTRALE POPULAIRE

with three insurance companies.

Climate Risks

Although Côte d'Ivoire is a powerful actor in the cocoa industry, accounting for more than 40% of the world's production, output mostly fluctuates because of rain and sun. In the 2015/16 season lack of rainfall cut cocoa production by 12%. The following season, output rose again by 27%. Given that the cocoa sector alone employs 800,000 farmers and provides a living to about one-quarter of the Ivorian population, the repercussions of this volatility are significant.

"Climate change is real and strongly affecting farmers who experience periods of heavy rain or drought. There is a need to find mechanisms to make agriculture sustainable in our countries. We believe index insurance is one of them," Rosalie Logon, director-general of Atlantique Assurances, which is part of the World Bank's pilot phase programme, told OBG.

According to the World Bank, index insurance could strengthen the resilience of farmers in face of the climate change, while at the same time increasing their productivity and helping them access finance.

Going Rural

For insurers, index insurance is also a way to reach out in rural settings where very few people have been introduced to the concept of insurance. "Insurance penetration is very low in Côte d'Ivoire and is even lower in rural communities. Insurance firms are struggling to penetrate the rural market," Logon said. "Small farmers do not feel concerned by insurance policies. That is why we need to set up a product that farmers can understand and accept."

Unlike traditional insurance products that are usually addressed to individuals or small groups, index insurance can reach a greater number of people. It significantly reduces costs because the distribution component is not necessarily required. According to the World Bank, index insurance does not necessitate the usual services of insurance claims assessors, making settlement processes both quicker and cheaper. ■

Source: The Report: Côte d'Ivoire 2019 - by Oxford Business Group

• *Insurance used to seal private-public partnership in Ivory Coast energy sector*

The Ivory Coast government has restructured the debt of a nationally owned oil refinery, using an insurance instrument.

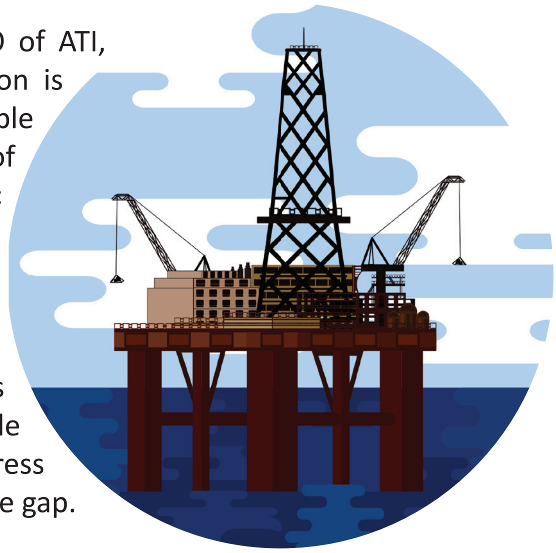
Ivory Coast's economy is one of the strongest in Sub Saharan Africa, with an anticipated 2018 GDP growth of 7.6%. In recent years, the country has prioritised a comprehensive programme of economic reforms aimed at achieving a sustainable balance of payment position.

One of the target areas in this reform agenda is the energy sector – a critical growth area for the country.
In this transaction, the government has restructured the debt of Société Ivoirienne de Raffinage (SIR), the national oil refinery, with a €577m debt financing facility.

The facility is in place to help SIR repay historical obligations on crude supply, provide access to longer debt tenures and reduce the all-in interest rate on its stock of debt. It will enable SIR to upgrade its plant and to align it to international environmental emissions standards, with a view to business expansion.

To support the government's drive to sustainably manage the debt of this vital company, the Africa Finance Corporation, the sole mandated lead arranger, and Texel Finance (Texel), a London-headquartered specialist credit and political risk insurance broker, approached ATI to provide comprehensive credit risk insurance cover on the transaction.

George Otieno, CEO of ATI, said "This transaction is yet another example of the importance of both private-public partnerships as well as African institutions working together with international counterparts to bring workable solutions that address Africa's infrastructure gap.



"New estimates by the African Development Bank place Africa's infrastructure needs at \$130bn-\$170bn a year, with an annual financing gap of \$68m-\$108m."

Andy Lennard, chairman of Texel, added: "We are thrilled that this transaction was executed as it clearly demonstrates that there is appetite in the financial services market for this type of transaction, both from not only a risk [perspective] but also a financing perspective.

"We believe that this type of structure can be replicated with the insurance market helping to provide support, to reduce the funding gap that exists between the amounts needed for infrastructure projects and the present deficit." ■

Source: Commercial Risk Africa – 23 January 2018

George Otieno

Andy Lennard

GHANA

• AFIG acquires 29.9% of the NEM Insurance

Following the sale of NEM Insurance's shares, Advanced Finance & Investment Group (AFIG) becomes the majority shareholder of NEM. AFIG holds henceforth 29.9% of the company's shares.

AFIG is partnering, through this operation, with a high-growth and constant-profitability actor underlines Papa Madiaw Ndiaye, CEO of AFIG funds.

For NEM, this partnership is the result of a long strategic process whose objective is to identify and build a long-term relationship a with appropriate partner.

NEM Insurance was created in 1948. It markets a range of non-life insurance products designed for individuals and local companies. The company expanded its activities in Ghana in 2009. ■

Source: Atlas Magazine – 28 January 2019

GUINEA CONAKRY

• A meager result of the insurance sector

Insurance market turnover relative to nominal gross domestic product (GDP) still remains low compared to the African average, according to an information note from the governor of the Central Bank of the Republic of Guinea (BCRG) published on Friday.

The turnover of the insurance sector represents 0.36% of GDP in 2017, while the average premium per capita (turnover / population) is 31,668 Guinean francs (less than 4 dollars) in 2017, against 762 $ 5 in South Africa and $ 6.2 in Nigeria

In terms of investment, the Central Bank specified that the insurance sector contributed 0.48% to national investment and 0.54% to investment in the sector as an institutional investor private.

Like other countries in the West African sub-region, the insurance sector in Guinea is facing some difficulties related to the weakness of the insurance culture in Guinea, the non-respect of compulsory insurance and the phenomenon offshoring of major risks, particularly in the mining and transportation sectors.

In addition, the low retention of premiums at the market level leading to a flight of capital due to the absence of a reinsurance company, the low performance of the sector as well as the low support of agricultural producers are all major difficulties the insurance sector is facing the Guinean market.

In addition, due to increased investment in the mining sector in recent years, the share of insurance in private sector investment has declined since 2015. ■

Source: African Daily Voice (https://africandailyvoice.com) – 28 Jan 2019

• *APAG, toll 2018 and perspectives in Guinea*

The professional insurers' association of Guinea (APAG) has made an assessment of its entity for the year 2018 at a meeting in Conakry on January 4, 2019. The APAG now has 12 insurance companies, 11 non-life companies and one life company. Distribution is provided by 38 brokers and 23 general agents.

Despite the presence of insurance actors, the insurance penetration rate remains one of the lowest in the sub-region. The insurance market is facing several problems with mailny the failure to comply with mandatory motor insurance. Almost 70% of vehicles are uninsured.

The non-compliance of mandatory insurance of import goods and the relocation of

The Republic of Guinea

Capital: Conakry

Population 10.5 million

Area 245,857 sq km (94,926 sq miles)

Languages French, Susu, Fulani, Mandingo

Religions Islam, Christianity, indigenous beliefs

Life expectancy 53 years (men), 56 years (women)

Currency Guinean franc

mining operations risks are also obstacles.

In order to overcome these difficulties, a long-term reform programme was launched in 2018. This has been achieved in particular via the establishment of the advisory committee on insurance.

The reform provides for the renewal of APAG's executive boards and of the brown card of the Economic Community of West African States (ECOWAS). The other projects relate to the restructuring of the Motor Guarantee Fund as well as to unifying and securing motor insurance certificates.

The organization of the insurance days is still a topical project, just as the creation of the Public Passenger Transport Pool, of the agricultural insurance company and of the national reinsurance company. ■

Atlas Magazine – 30 January 2019

KENYA

• *Consolidated Bank of Kenya opens its new Bancassurance subsidiary*

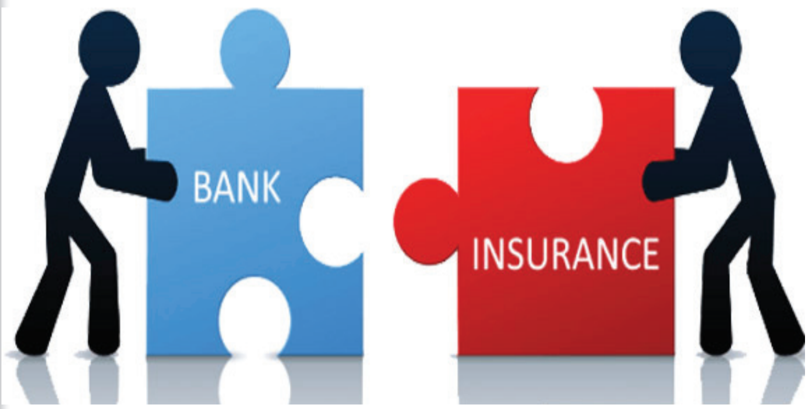
Consolidated Bank of Kenya has announced the opening of its new Bancassurance subsidiary for the end of March 2019. The bank, which recorded a loss of 404.8 million KES (3.9 million USD) during the first nine months of the year 2018, is embarking on the bancassurance sector to boost its income streams.

Consolidated Bank foresees the entry of a strategic investor into its capital, held to-date at 85.8% by the State. The new partner should bring 3.5 billion KES (34.5 million USD).

The company also intends to reorganize its trade finance services and focus on its digital products.

In Kenya, more than 26 banks and 47 insurance companies have adopted the bancassurance model. These include equity Bank, Diamond Trust Bank and Faulu Bank. ■

Source: Atlas Magazine – 23 January 2019



NIGERIA

• *Agusto & Co. Assigns 'BB'rating to Nigerian Insurance Industry*

Pan-African credit rating agency in Nigeria, Agusto & Co. has assigned a "Bb" rating to the insurance industry in its newly published 2019 Nigerian Insurance Industry report.

This rating was assigned based on the size and strategic importance of the industry in Nigeria, and its satisfactory capitalisation ratios. This is expected to further strengthen on the back of anticipated changes in capital requirements for operators across different segments, although it notes that a number of fringe players remain undercapitalised.

The assigned rating reflects heightened risks in Nigeria's geopolitical and macroeconomic environment, weak gross domestic product (GDP) growth, and inflationary pressures. In addition, dwindling crude oil prices, and a contractionary monetary policy stance aimed at forestalling speculative activities on the Naira both impact the rating.

Agusto & Co's rating, it said in a statement in Lagos, takes into cognisance the size and strategic importance of the Insurance Industry in Nigeria. Though relatively small, with a Gross Premium Income as a percentage of GDP at 0.4%, the industry's economic importance is noteworthy.

Notwithstanding, the Agency's short-term outlook on the Industry is stable. The performance of underwriters is expected to improve as political uncertainties subside and business operations pick up in the second half of the year. Buoyed by stronger regulatory support and anticipated recapitalisation requirements from the National Insurance Commission (NAICOM), the Insurance underwriting capacity is expected to improve in the medium to long term.

The Agency highlights the primary responsibility of insurers in supporting businesses and individuals recover from unexpected losses promptly, through claims payments, thereby promoting economic growth by mobilising domestic savings most of which are used to fund the budget deficit through investments in treasury bills. Analyst at Agusto & Co, noted that there has been an influx of foreign direct investments (FDIs) over the last two years, which resulted in changes in the industry's shareholding structure.
A large number of these investors are prominent international insurance companies seeking to take advantage of opportunities lurking in Africa, and indeed Nigeria. Nigeria has a large underserved population, which presents enor-

mous growth opportunities in the retail and corporate markets. In addition, increased activities in the oil & gas, construction and manufacturing sectors are bright spots for industry growth.

Investors remain attracted by low share prices of the few listed insurance companies on the Nigerian Stock Exchange (NSE), and NASD OTC Securities Exchange, which makes acquisition relatively cheaper. Total market capitalisation of about 26 underwriters listed on both the NSE and the NASD OTC Securities Exchange as at December 2017, collectively amounted to circa ₦160 billion ($438.4 million at ₦365/$).

Also, its profitability lags behind the Industry's banking counterpart, which recorded an estimated return on average equity (ROE) of 13.3% in 2018 (Insurance ROE: 9.8%). Furthermore, the Industry's ROE was significantly lower than the average yield on 365-day treasury bills of about 14% in the same year.

From the agency's findings, key pressure points are rising claims expenses, high underwriting & operating costs driven by investments in growing its agency network to service the retail market. ■

Source: The Guardian – 15February 2019

Agusto&Co.
Research, Credit Ratings, Credit Risk Management

NAICOM
National Insurance Commission

THE Nigerian STOCK EXCHANGE

NASD OTC Securities Exchange

• Sector to lose N46 billion income to 9.2m uninsured vehicles

The gale of premium losses to the nation's insurance industry has continued with estimated N46 billion on the line from non-insurance of 9.2 million vehicles across the country.According to the Nigerian Bureau of Statistics(NBS) report, out of estimated 11.7 million vehicles in the country at the end of second quarter of 2018, only 2.5 million are captured in the motor insurance policy records.

With only 2.5 million vehicles having valid and active motor insurance policy, the 9.2 million vehicles uninsured, according to industry sources are either carrying fake insurance certificates or failed to renew their expired policy. Non-insurance of vehicles is a violation of the Federal Roads Safety Corp (FRSC) Act, which mandated all vehicles on Nigerian roads to carry, at least, third party motor insurance policy.

Third Party Vehicle Insurance comes at a fixed price of N5, 000 for privately used saloons and SUVs, while commercially used vehicles are charged N7, 500 and in some cases, N5,000.Investigations revealed that most drivers go for fake insurance papers, because it is cheap, as well as to avoid the wrath of the law enforcement agents, as they have little or no knowledge of the benefits of buying original insurance cover.

While some motorists prefer to bribe their way out with law enforcement agents when accosted, some uninsured vehicle owners are unaware that their insurance policy has expired as they were not notified by their insurers. Speaking on the development, the Nigerian Insurers Association (NIA) Director of Operations, Lanre Ojuola,in Lagos, affirmed that the number of active motor insurance policies registered on the Nigerian Insurance Industry Database (NIID) now stood at 2.5 million, even though the total registered motor policies on the platform is over three million.


Tope Smart

Earlier, the Chairman of NIA, Tope Smart, advised insurance companies to promptly upload Motor policy on the NIID platform as soon as it is purchased by policyholders, to avoid the insured being embarrassed by the law enforcement agents on the roads.He warned operators to avoid selective uploading of motor policies on the platform. Smart, who is also the Group Managing Director of NEM Insurance Plc, said: “We instruct operators to upload 100 per cent because selective uploading will embarrass your clients.

“When such vehicle owner is penalised, he transfers the cost back to the company because its the fault of the insurer and not his. In the end, insurance company will have to pay additional cost for something that could have avoided.”The Director-General of the association, Mrs. Yetunde Ilori, called on Nigerians to insure their lives and properties, as well as subscribe to motor insurance, promising that insurance companies are ready to pay genuine claims.

She said the claims profile of the industry has improved over time and that the industry is piortising claims payments, warning policyholders filling fraudulent claims to insurers to desist from such act. She noted that NIID and the recently launched USSD are mechanism to detect fake insurance policies and claims, noting that, the interest of policyholders remain crucial to insurance business.

Section 38 of the National Insurance Act 2003, currently in use, states that Third Party Motor Insurance is required as part of the minimum amount of auto cover one must carry as a road user. Penalties for non-compliance can include a fine of up to N250,000 and/or one-year imprisonment. ■

Source: The Guardian – 18February 2019

• *NSIA Insurance launches a new health insurance product*

NSIA Insurance has launched, in partnership with the American insurer Cigna and the South African Hollard, “NSIA Health Insurance”.

This health product provides employees of local and multinational companies operating in Nigeria with medical health care in Africa and around the world.

NSIA Insurance Limited reported a turnover of 5.5 billion NGN (15 million USD) and a net profit of 40 million NGN (111 000 USD) in 2017. ■

Source: Atlas Magazine – 12 February 2019

Yetunde Ilori

Ridha Chalghoum

TOGO

• Progress of the Togolese insurance industry in 2017

The Togolese insurance market recorded an 11% increase in premiums in 2017, that is 58 billion FCFA (106 million USD).

It is the non-life class of business which drove growth in the market with a 15% increase and 34 billion FCFA (62 million USD).

Regarding the life branch, it achieved only a 7% growth in one year with a turnover of 24 billion FCFA (43 million USD), against 22.5 billion FCFA (36 million USD) in 2016. ■

Source: Atlas Magazine – 1 October 2018

TUNISIA

• The new insurance code in Tunisia

The Finance Minister Ridha Chalghoum announced on Monday, February 18, 2019, during the FANAF 43rd General Assembly, the forthcoming adoption of the new insurance code in Tunisia. The latter will be approved by the Council of Ministers in March 2019.

Since its enactment in 1992, the insurance code has been amended several times. The latest developments relate mainly the introduction of the supervisory authority (CGA) in 2008 and Takaful insurance in 2015.

The aim of this text is not only to remedy the legal inadequacies found in the current legislation but also to bring it into line with international standards. The main amendments relate to the establishment of a legal framework for life insurance, the improvement of insurance companies' governance, the simplification of contracts and the reduction of compensation deadlines. ■

Source: Atlas Magazine – 18 February 2019

• *Double-digit growth continues for insurance sector*

The insurance sector in Tunisia continued to register impressive growth rates in 2018 led by active life business and is projected to continue its double-digit growth this year, says Mr Hafedh El Gharbi, President of the General Insurance Committee (Comité Général des Assurances or CGA).

The CGA, the regulatory body of the insurance sector in Tunisia, projects the GWP of the insurance industry to have reached around TND2.34bn ($772.3m) in 2018, about 12% increase from the preceding year. In 2017, the industry grew by 12.6% over 2016.

Mr Gharbi attributed the growth achieved in 2018 to notable activity in life insurance business. Life business was the fastest growing line in 2018 with premiums estimated to have grown by around 17% to TND518m, accounting for 22% of the overall insurance market share.

Life insurance in Tunisia has maintained its double-digit growth trend despite the various socio-political difficulties that hit the country over the past decade.

Mr Gharbi said life insurance was a major growth driver in 2018 “thanks to the increase in premium income of companies that write life insurance, especially in the savings segment, which accounts for a notable size of the life premiums at around 48.6%”.

The GWPs of the life and non-life sectors in 2018 are as shown:

Class of business	2018 (TND m)	2017 (TND m)	% Change	GWP Share 2018
Life & savings	518	443	16.5	22.1%
Non-life	1,822	1645	8.1	77.8%
Total	2,340	2,088	12.6	100.00%

Note: 2018 results are based on CGA projections

Positive outlook for 2019

The double-digit growth achieved by the insurance industry in the past two years is expected to continue this year, according to the CGA. Mr Gharbi believes the market will cross the TND2.16bn mark in 2019, registering a growth rate of around 11.5%. He also predicts that the life insurance portfolio will see a 16% growth rate to exceed TND600m and raise its market share to 23% of the market GWP. The non-life segment would also post a 10.7% growth rate reaching TND2.0bn in 2019, controlling around 77% of total market premiums.

Hafedh El Gharbi

The Tunisian insurance market represents about 3% of the total African market and the objective is to raise this to 5% in the coming years, according to Mr Kamel Chibani, executive director of the Tunisian Federation of Insurance Companies (FTUSA). ■

Source: Middle East Insurance Review – 14&20 February 2019

UGANDA

• New regulation in Uganda "no premium, no insurance cover"

As of January 1st, 2019, Ugandan insurance companies will apply the new regulation "No premium, No insurance cover". The objective of this initiative is to strengthen the measures that have been established in order to reform the insurance sector.

Insurers are now required to collect the premium before issuing any insurance contract. This is a legal provision introduced by the 2017 insurance legislation according to which any holder of an insurance policy must pay the full premium no later than the date of inception of the policy or the date of its renewal.

As a reminder, the Ugandan insurance market generated 737.2 billion UGX (204 million USD) in premiums in 2017, up by 16% compared to 634.8 billion UGX (178.7 million USD) in 2016. This performance is due, in part, to the introduction in 2017 of an agricultural insurance cover which is highly subsidized by the State.
The spread of health insurance for employees has also contributed to this growth.

The non-life class of business accounted for 70% of the premiums, increasing by 14,6% from 450.1 billion UGX (126.70 million USD) in 2016 to 516 billion UGX (142.88 million USD) in 2017.

In 2017, the Ugandan non-life market was ranked 127th globally

The aggregate market share (%) of the top 5 non-life companies over 2017 is 68% and the top 10 is 85%.

In the first nine months of 2018, Uganda recorded a 12.7% premium increase. ■

Sources: Atlas Magazine & AXCO

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ASIA PACIFIC

• Policyholder Protection in Asia Pacific: A Comparative Review

Prepared by Hussein Elsayed

Cambodia

Apart from the solvency margin requirement and the mandatory deposit, there is no protection fund for policyholders (that is the purpose of the deposit).

On liquidation of a life insurance company there is no priority for policyholders, however the policies and the reserve fund shall be transferred to another life insurance company. This provision has never been used, so no details of its practical application are available.

However, the new Law on Insurance imposes a priority of repayment of debt in case of liquidation of an insurance company. The priority of repayment of debt is determined as follows

- Remuneration and other expenses related to the provisional governance and the liquidation.
- Claim for the insurance indemnity.
- Claim by the insurance policy holder.
- Salary of employee and worker, administrative fees, court fees and other taxes of the court proceeding.
- Secured claim.
- Tax duty of the state without deposit of the notification.
- Recognised unsecured claim.

People's Republic of China

Yes, funded by industry levies.

In the event of insolvency or revocation of licence of a non-life insurer whose assets are insufficient to pay benefits, a non-life policyholder protection fund covers 100 per cent of losses up to RMB50,000 and thereafter, 90 per cent of losses for individual policyholders and 80 per cent for corporate policyholders.

In the event of insolvency or revocation of licence of a life insurer, the policies are required to be transferred to a new insurer and the policyholder protection fund will make up the shortfall in supporting assets to 90 per cent of individual policyholder liabilities and 80 per cent of corporate policyholder liabilities.

Hong Kong

There is currently no compensation scheme for life insurance policies and certain types of general insurance policies. However, there are two funds to protect the interests of policyholders or claimants of certain statutory general business in the event of insurer insolvency: (a) the Insolvency Fund operated by the Motor Insurers' Bureau of Hong Kong is available to meet claims for bodily injuries or death arising from motor accidents; and (b) the Employees Compensation Insurer Insolvency Scheme operated by the Employees Compensation Insurer Insolvency Bureau is available to meet employees' compensation claims.

The consultation process for the establishment of a policyholder protection fund (PPF) for direct general (other than motor vehicle and employees' compensation claims which are covered by the existing schemes) and life insurance policies concluded in January 2012 and the drafting of legislation is underway. It is proposed that there will be separate life and general policyholder protection schemes, which will be established on a statutory basis and administered by a statutory body under independent oversight of the PPF Board.

Policyholders have priority in the distribution of an insurer's assets in the event of its insolvency.

India

The IRDA (Protection of Policyholders' Interests) Regulations, 2017 (Policyholders' Regulations) provides for protection of the interest of the policyholders. Pursuant to the Policyholders' Regulations every insurer is required to have in place a board approved policy for protection of policyholders' interests which shall prescribe certain minimum parameters and procedures as mentioned in the Policyholders' Regulations.

The Corporate Governance Guidelines for Insurance Companies 2016 require each insurer to, inter alia, form a Policyholder Protection Committee except reinsurance companies and branches of foreign reinsurers in India.

The committee is responsible for addressing the various compliance issues relating to protection of the interests of

policyholders and keeping the policyholders well informed of, and educated about, insurance products and complaint-handling procedures.
The committee will directly report to the board of directors of the insurance companies.

Indonesia

Each insurance company must form its own protection fund to serve as a "last resort" to protect the interests of its policyholders. The protection fund must constitute at least 20 per cent of the insurer's own equity, which must be adjusted to the development of the insurance company's business volume. The funds representing the protection fund must be deposited with a bank. The Insurance Law mandates that the protection fund will be replaced by a policy assurance program by October 2017. However, as at the date of writing, the policy assurance program has not yet been launched. Once this program comes into effect, the protection fund requirement will no longer apply and all insurance companies must be a member of the program.
All insurance companies must also be a member of a mediation institution for resolving disputes between insurance companies and their policyholders.
The Insurance Law gives policyholders preferential rights in liquidation ahead of secured and unsecured creditors, but behind preferred creditors (as well as tax liabilities and employee compensation).
OJK Regulation No. 1 of 2013 gives a policyholder the right to report a complaint to the OJK over a dispute between an insurance company and the policyholder and/or an alleged violation of the financial laws and regulations. Insurance companies must implement an annual customer and/or public education program to promote financial (insurance) literacy.

Japan

There are two policyholder protection corporations: Life Insurance Policyholders Protection Corporation of Japan and the Non-Life Insurance Policyholders Protection Corporation of Japan. There is no such corporation covering SASTI.
They will protect the policy reserves depending on the type of insurance. Basically, up to 90 per cent (life insurance) or 80 per cent (non-life insurance) of the policy reserves will be protected.
In addition, they may

- Provide financial assistance for the transfer or payment of insurance contracts of a bankrupt insurer.
- Assume insurance contacts of a bankrupt insurer.
- Purchase rights to insurance claims of a bankrupt insurer.

The corporations are funded by industry levies.

South Korea

Yes. The Korea Deposit Insurance Corporation (KDIC) maintains a deposit insurance fund that is dedicated to protecting policyholders and other customers in the event of insurer default. Coverage is capped at

KRW50 million per insurance policy.

Macau

Two public funds have been set up to protect policyholders' rights: the Automobile and Recreational Boats Guarantee Fund (FGAM) and the Employment Credits Guarantee Fund (FGCL).

FGAM is a public organization, financed by insurance companies, established to safeguard the interests of insured parties and beneficiaries of the mandatory motor vehicle and recreational boats insurances. FGAM may advance claims payments to beneficiaries in case an insurance company is declared bankrupted or in case the responsible party does not hold a valid policy at the time damage is caused.

FGCL is a public organization mainly financed by the Macau Social Security Fund. FGCL guarantees employee's credits arising from employment related accidents in the event an employer has not purchased the relevant mandatory insurance. FGCL also guarantees several other credits arising from an employment relationship.

AMCM has also established the Arbitration Center for Insurance and Private Pension Funds Disputes, with the purpose of setting up an alternative dispute resolution forum for insurance related matters. The resolution of disputes under the Center is voluntary and free of charge.

Malaysia

The Malaysia Deposit Insurance Corporation (MDIC) administers the Deposit Insurance System (DIS) and the Takaful and Insurance Benefits Protection System (TIPS) which protects specific benefits under life and general insurance, subject to specific limits for different classes of coverage.

Mongolia

There are statutory funds designed to protect policyholders. These are the long term fund, the insurance reserve fund and the reinsurer's protection fund.

Myanmar

The IBRB has the power to establish a fund for the protection of life assurance policy-holders.

Policyholders get priority over an insurer's assets in the event of insolvency (subject to certain preferential payments – section 391 Myanmar Companies Law of 2017 which became effective on August 1, 2018).

Philippines

Each insurer contributes to a Security Fund, depending on whether it is engaged in life or non-life insurance business. The Security Fund has a Life Account and Non-Life Account. The contribution of each insurer to the Security Fund is in direct proportion to the ratio that that insurer's net worth bears to the total net worth of the life/non-life industry. The aggregate contribution of all relevant insurers to each account is PHP5 million.

Singapore

The Policy Owners' Protection Scheme (PPF Scheme) provides 100 per cent coverage to individuals for guaranteed benefits of life insurance policies (subject to caps), to all insureds for compulsory general insurance policies and to individuals with Singapore policies of specified personal lines policies.

Sri Lanka

The Minister of Finance has levied a "Cess" on the annual net premium income of insurers for the creation of the Policyholders Protection Fund. 0.2 per cent of the annual net premium of long term insurance business and 0.4 per cent of the annual net premium of general insurance business is credited to the Policyholders' Protection Fund. As per the 2016 Annual Report of the IRCSL this amount is invested in government securities and the accumulated amount in the Fund as at December 31, 2016 was LKR 3.30 billion.

Taiwan

Yes. The Stabilization Fund is a private organisation, sponsored by insurance companies, established to stabilize the market and safeguard the interests of insured parties. The Stabilization Fund may provide loans to insurers experiencing business difficulties, advance claims payments to insureds or beneficiaries if an insurer is unable to make payments, and make other payments approved by the FSC.

Thailand

Yes. The General Insurance Fund and the Life Insurance Fund (funded by industry levies) assist policyholders of non- life and life insurers respectively in the event of revocation of an insurance licence. Payments are limited to THB1 million.

Following revocation of an insurance licence and prior to commencement of bankruptcy/liquidation proceedings, any insured with a claim under a policy will be entitled to payment firstly from securities placed by the insurer with the OIC, and secondly from the relevant fund. In insolvency proceedings, the policyholder will have priority over other creditors against any securities and unearned premiums reserves of the relevant insurer placed with the OIC.

Vietnam

Insurers and foreign general insurers' branches (except reinsurers) must contribute to the insured person protection fund to protect insured persons in the event that the insurer becomes insolvent or bankrupt. The rate of appropriation for this fund will be announced by the MOF annually, but will not exceed 0.3 per cent of the total premium revenue retained from primary insurance contracts. Contributions will be made biannually on a 50/50 basis, and will be required until the accumulated fund amounts to 5 per cent of total assets of a general insurer, a health insurer or a foreign general insurer's branch, or to 3 per cent in the case of a life insurer.

Australia

Life insurer

Life insurers are required to maintain statutory funds, which act as a mechanism for quarantining the life insurance business of the company from any other business of the company.

General insurer

APRA administers the Financial Claims Scheme (FCS), which makes payments to certain policyholders with valid claims on an insolvent general insurer. The Australian Government funds the payments made under the scheme and then seeks recovery from the general insurer in the winding up process. Any shortfall may be recovered through a levy on the general insurance sector.

New Zealand

Life Insurers must maintain and keep distinct and separate from other assets, one or more statutory funds into which all amounts received by the insurer in respect of the business of that fund must be credited. Investments made are assets of the fund.

There is no legislative requirement to maintain a protection fund for non-life policyholders.

Overseas insurers are required to disclose the nature and extent of any overseas policyholder preferences in relation to recognition and priorities of claims in the event of the insurer's insolvency.

Any provision in a licensed insurer's constitution that permits a director of the insurer to act in a manner believed to be in the interests of the insurer's holding entity, even though it may not be in the interests of the insurer, is of no effect.

On liquidation of an insurer (other than from a life insurer's statutory fund), there is no priority for policyholders and

the Court has the power to reduce the value of contracts of insurance.

Papua New Guinea

There are no separate policyholder protection funds.

Policyholders have the benefit of the deposits and guarantees.

Life insurance policyholders also have the benefit of the statutory fund relating to the life insurance business. The fund gives priority to the interest of the policyholders and has restrictions on its liabilities and expenditure. ■

Source:
2019: Insurance Regulation in Asia Pacific: Ten things to know about 20 countries
Norton Rose Fulbright, January 2019

• China Credit Guarantee & Credit Insurance – High Loss Ratios in Focus

Credit guarantee and credit insurance (collectively "Credit Insurance") is an increasingly important tool in China for debt and funding purposes. Although it would be wrong to characterise Credit Insurance as "booming" in China, the past few years have seen high rates of growth in Credit Insurance gross written premium.

As at the end of quarter three 2018, the premium for Credit Insurance in China was up 44% from the same period in 2017, standing at more than 47 billion RMB. However, due to the intrinsic complexity of Credit Insurance business, together with the challenges posed by such complexities for insurance companies' risk management ability, the high rate of premium growth of Credit Insurance in China has also brought its own, significant, risks.

As just one example of such risks, a China P&C insurer recently incurred a single-claim loss of RMB 4.2 billion from one of its internet peer-to-peer ("P2P") lender insureds (whose P2P borrowers experienced mass defaults), pushing this insurer into serious and material regulatory insolvency.

Separately, in 2017 another China P&C insurer suffered a single claim loss, stemming from private-debt Credit Insurance exposure, of RMB 1.1 billion, prompting the China Banking & Insurance Regulatory Commission ("CBIRC") to issue on 11 July 2017 new 'Regulations Governing Credit Insurance Business' (the "Regulations") in order to strengthen macro governance of the Credit Insurance sector.

<u>The Regulations now require that in order to write Credit Insurance business, China insurers must:</u>

1. ensure that at any given time, their gross retained liability/exposure to Credit Insurance risk does not exceed ten times such insurer's net asset value, as measured at the end of the previous quarter, with any retained exposure in excess of this amount to be reinsured off such insurer's books;
2. ensure that the retained exposure to any single Credit Insurance insured (singly or as an affiliated group) does not exceed 5% of such insurer's net asset value, as measured at the end of the previous quarter, with any retained exposure in excess of this amount to be reinsured off such insurer's books; and
3. not offer or underwrite Credit Insurance for any online lending platform operator, unless such online lending platform operator is duly licenced and fully compliant with all online lending regulations. ■

Source: Mondaq Website – 11 January 2019

INDIA

• IRDAI Re-insurance Regulations 2018: Overview of The Key Changes

Article by Celia Jenkins and Anuj Bahukhandi (Tuli & Co)

On 12th December 2018 the IRDAI (Re-insurance) Regulations 2018 (the "2018 Regulations") were notified. The 2018 Regulations came into force on 1st January 2019 and consolidate the provisions governing reinsurance business in India into one set of applicable regulations along with introducing new requirements for both life and general reinsurance business.

The 2018 Regulations repeal the IRDAI (General Insurance – Reinsurance) Regulations 2016 (the "2016 Regulations") and IRDAI (Life Insurance – Reinsurance) Regulations 2013 (the "2013 Regulations"). They also amend to relevant extent the IRDAI (Registration and Operations of Branch Offices of Foreign Reinsurers Other than Lloyd's) Regulations 2015 (the "Branch Office Regulations") and the IRDAI (Lloyd's India) Regulations 2016 (the "Lloyd's India Regulations").

The key changes introduced by the 2018 Regulations are summarised below.

Applicability

The 2018 Regulations are applicable to an "Indian Insurer", which means an "Insurer" defined under §2(9) of the Insurance Act 1938 (the "Act"), International Financial Services Centre ("IFSC") Insurance Offices ("IIOs"), and "Exempted Insurers" as defined under Section 118(c) of the Act. Per §2(9) of the Act, "Insurer" includes Indian Insurance Companies, insurance co-operative societies, statutory bodies carrying on insurance business, and Foreign Reinsurer's Branches in India ("FRBs").

Further, in addition to the insurance segments expressly covered by the 2016 Regulations and 2013 Regulations, the 2018 Regulations are stated to also cover Engineering, Aviation, Crop, Trade Credit, Liability, Oil and Energy. The life insurance segment also expressly includes health insurance policies issued by Life Insurers.

Reinsurance Programme

The 2018 Regulations retain the objectives of the Reinsurance Programme under the erstwhile regulations but the guidance towards maximising retention within India is now subject to "*proper and adequate diversification of risks*".

Retention Policy

In relation to the retention policy that Indian Insurers are required to have in place, the 2018 Regulations introduce the following changes:

- Indian Insurers are required to formulate a suitable retention policy per insurance segment. In this regard, the 2013 Regulations were more specific and required formulation of a retention policy for each type of product/ risk, and the 2016 Regulations contained the same requirement if the insurance segment consisted of more than one product.

- Every Indian Insurer transacting life insurance business is required to maintain a minimum retention of 25% of sum at risk for the pure protection life insurance business portfolio, and 50% for the other than pure protection life insurance business portfolio. This appears to be a more uniform limit as compared to the 2013 Regulations, which imposed various monetary limits on retention on the basis of (i) either the age of the Insurer or of the product, and (ii) the type of product, such as ULIPs. The restrictions on quota share for health insurance and group term insurance business under the 2013 Regulations no longer apply.
- Separately, both Indian Reinsurers and FRBs are required to maintain a minimum retention of 50% of their Indian business.

Reinsurance Arrangements

This part of the 2018 Regulations appears to align fairly closely with the provisions of the 2016 Regulations. Therefore, it would be a change for Life Insurers who earlier followed the procedure under the 2013 Regulations. In addition, these provisions modify the existing guidance under the 2016 Regulations, and introduce a number of new requirements for entering into reinsurance arrangements.

The significant new filing provisions are as follows:

***Indian Insurers are required to file:**

- A declaration by their CEO that the entity has not made any change in the Reinsurance Programme filed with the IRDAI within 30 days of the commencement of the financial year.
- Reinsurer wise details of actual placements during the previous financial year for each insurance segment within 30 days of the commencement of the financial year.
- Any new reinsurance arrangements or revisions thereof, after the submission of a final Reinsurance Programme giving full details and reasons for the arrangement within 15 days of the Board's approval.

***The Reinsurance Programme is now generally required to include insurance segment-wise information, a change from the previous product-wise requirement. In addition to the details stipulated in the 2016 Regulations,**

the Reinsurance Programme is also required to include:

- Reasons for variation in retention limits for the proposed financial year from the current financial year.
- Segment-wise statement of the net retention ratio and the actual Gross Written Premium Income for the current financial year (estimated).
- Segment-wise statement showing actual reinsurance cost for the previous three financial years (changed from two), including the estimated cost for the current financial year.
- Details of inward reinsurance business, if any, separately for domestic and foreign business.
- Details of inter-company reinsurance arrangements, if any, with other Indian Insurers transacting direct insurance business.

***Every Indian Reinsurer, FRB and IIO writing reinsurance business is required to file a Board approved underwriting policy, and any subsequent change to it.**

Maintenance of Records

Indian Insurers are required to submit each and every reinsurance contract, list of Reinsurers with their credit rating, and their shares in the proportional and non-proportional Reinsurance arrangement, expressly in soft copy format. The hard copies are required to be maintained as per the previous regulations and may be inspected by the IRDAI.

Cross Border Reinsurer (CBR)

The definition of Cross Border Reinsurer ("CBR") has been modified to mean a foreign "Reinsurer" only, including Lloyd's Syndicates. It also includes parent or group companies of FRBs and IIOs. The definition therefore now excludes foreign Insurers. While the eligibility criteria to be satisfied by CBRs in order for an Indian Insurer to place business with them remains broadly the same, CBRs are now expressly required to be entities authorized in their home country to conduct reinsurance business for the past three (3) continuous years.

Procedures for Reinsurance Placements

These provisions replace the earlier provisions regarding order of preference set out in the Branch Office Regulations, and apply only to "Cedants", where Cedant is defined under the 2018 Regulations as an Indian Insurer writing direct insurance business, who contractually cedes a portion of the risk. These provisions do not apply to (a) reinsurance placements of Indian Insurers

transacting life insurance business; (b) retrocession or reinsurance placements of Indian Reinsurers, FRBs, IIOs and Insurance Pools; and (c) existing inter-company arrangements of the Indian Insurers transacting direct insurance business.

Obtaining Best Terms

Every Cedant shall be free to obtain best terms for its reinsurance coverage requirements, subject to the following:

- Every Cedant is required to seek terms from (i) all Indian Reinsurers, who have been transacting reinsurance business (other than emanating from obligatory cession) during the immediate past three (3) continuous years, and (ii) at least from four FRBs.
- No Cedant can seek terms from IIOs and CBRs having a credit rating below A- from Standard and Poor's, or an equivalent rating from any other International Rating Agency.
- Further, the Cedant is responsible for complying with the 2018 Regulations, irrespective of the involvement of a Reinsurance Broker.

Offer for Participation

- Every Cedant is required to comply with the following order of preference for its reinsurance placements:
    - Indian Reinsurers transacting reinsurance business (other than emanating from obligatory cession) during the immediate past three (3) continuous financial years;
    - Other Indian Reinsurers and FRBs (FRBs have been moved up with other Indian Reinsurers);
    - IIO meeting the required credit rating, which provided the best and lead terms with capacity of not less than 10%;
    - CBR meeting the required credit rating, which provided the best and lead terms with capacity of not less than 10%;
    - Other IIOs;
    - Indian Insurers (only Facultative) and CBRs.
- There are also specific requirements as to the total sum insured required in order for a Cedant to be eligible to make an offer to CBRs which are "applicant companies" of any FRBs (for property insurance, material damage and business interruption combined, and for liability cover).

Cession Limits

Cession limits for reinsurance placements with CBRs by Cedants transacting other than life insurance business remain the same. However, the percentages of the cession limits are now to be calculated on the total reinsurance premium ceded outside India. Previously the limits were calculated on the total reinsurance premium ceded in India and outside India, for each insurance segment.

It will be noted from the definition of "Cedant" set out above, that the term no longer includes Reinsurers ceding risk to a retrocessionaire.

Alternative Risk Transfer (ART)

The 2018 Regulations define "Alternative Risk Transfer" as non-traditional structured reinsurance solutions that are tailored to specific needs and profile of an Insurer or Reinsurer (also called "Financial Reinsurance" in life reinsurance business). Indian Insurers are required to submit ART proposals to the IRDAI, which may allow the ART solution on a case by case basis.

Specific Reforms for Life Insurance Business

Although the order of preference does not apply to Indian Insurers transacting life insurance business, the 2018 Regulations require them to endeavor to utilize the Indian domestic capacity before offering reinsurance placements to the CBRs. Life Insurers are also required to obtain the prior approval of the IRDAI before entering into reinsurance arrangements with their promoter company, or associate or group companies, except where the arrangements are on commercially competitive terms and an arm's length basis.

Amendments to Branch Office Regulations and Lloyd's India Regulations

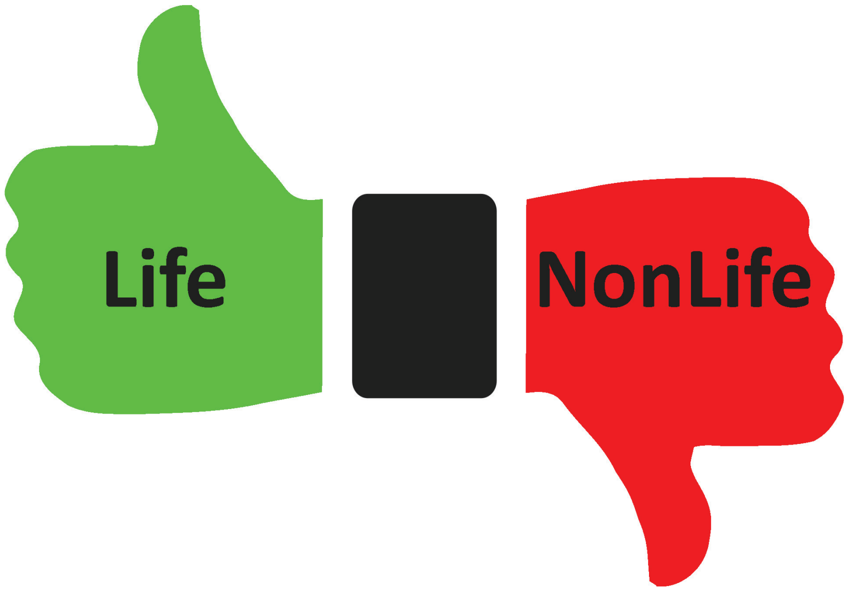
The Branch Office Regulations and the Lloyd's India Regulations categorised applicants, for the purpose of opening a FRB, into two categories: Category – I where the minimum retention is 50% of the applicant's Indian reinsurance business, and Category – II where the minimum retention is 30% of the applicant's Indian reinsurance business. The 2018 Regulations have done away with Category - II, and now all applicants are required to maintain a minimum retention of 50% of the Indian reinsurance business.

Concluding Remarks

The 2018 Regulations consolidate the existing regulations for life and general reinsurance business into a uniform set of provisions for reinsurance business in India. There has also been a streamlining of filing requirements and processes. While the 2018 Regulations retain the objective of maximising retention within the country, there has been significant reform to the order of preference in allowing FRBs to compete with other Indian Reinsurers for reinsurance of general insurance risks. This change appears to have been welcomed by foreign players writing reinsurance business in India. ■

Source: Mondaq Website – 9 January 2019

KAZAKHSTAN



• FY2018: non-life dropped by almost 3%, while life keeps strengthening

A 6.4 magnitude shallow earthquake and over 60 aftershocks struck the Indonesian island of Lombok on Sunday morning.

For 2018 Kazakh market increased by about 4%, total GWP amounted to KZT 384.8 billion (EUR 875.9 million). However, data denominated in European currency saw an opposite trend, showing a market decline by 5.77%, as statistical figures of the National Bank of Kazakhstan show.

Holding a market share of 23.18%, life GWP are growing rapidly (+34.76%), at that life paid claims dropped by almost 21%. Such a significant GWP growth makes the life sector the market's driver, taking into consideration that non-life sector in 2018 decreased by 2.74%. Non-life market share went down from 82.12% to 76.82% as well.

The biggest portion of non-life GWP was generated by motor insurance. The class went up by almost 22% y-o-y. Its premiums increased in both: MTPL and Motor Hull. The most impressive growth rate was recorded in insurance against accidents (~+65%), and the most dramatic decline saw cargo insurance (~-49%).
Total market paid claims in local currency increased by 7.26%. Paid claims increased only in non-life classes. A significant increase of paid claims was recorded in cargo (+172.04%) and also in property insurance (+120.3%). However, due to depreciation of tenge against euro, the market paid claims in EUR, to the contrary, dropped by 2.78%.

According to the market specialists, non-life decline was caused mostly by new legisla on changes introduced by the regulator in part of its approach to reinsurance in civil liability and prohibi on for non-life insurers to provide insurance of employer's liability. The local experts believe that the non-life por olio will keep its decline trend in 2019 as well.

As of January 1, 2019, the Kazakh market was represented by 29 ac ve re/insurers. Their total assets amounted to KZT 1 048.5 billion (+13.3% in 2018). Total liabili es of re/insurers in 2018 increased by 13% to KZT 580.2 billion, and insurance reserves - by 12.8% (KZT 519.5 billion). Total equity amounted to KZT 468.3 billion (+13.7%).

The market leader in terms of GWP and market share is s ll EURASIA, its GWP went up by 28%. However, the most impressive growth was demonstrated by Halyk - Kazakhinstrakh (+73.48%) and NOMAD Life (+70.46%), included into TOP-5 market insurers. In terms of paid claims EURASIA is leading both by volume and by growth rates (+108.22). In life sector the leading posi ons are kept by Halyk-Life with its share of 41.29%. Totally in 2018 the life sector was represented by 6 companies, TOP-3 life insurers also include NOMAD Life and European Insurance Company.

■

1 EUR = 439.37 Tenge - KZT (December 31st, 2018)

xprimm.com
INSURANCE IN CEE • SEE • CIS

Source: XPRIMM - 30 January 2019

KUWAIT

• *Law to be amended to shift insurance supervision from commerce ministry*

Amendments are to be made to the insurance law to allow for the transfer of supervision of the insurance sector from the Ministry of Commerce and Industry to the Capital Markets Authority (CMA).

A recent meeting was held in the presence of Minister of Trade and Industry Khaled Al-Roudhan to discuss the amendments. Parties at the meeting included representatives of the Chamber of Commerce and Industry, the Kuwait Insurance Federation and the Finance and Economic Committee of the National Assembly.

At the meeting, it was decided to form a quadripartite committee comprising the attendees to coordinate among themselves the amendments in preparation for the presentation of the Bill to the National Assembly, sources told the financial news portal Argaam.

The sources pointed out that the models of control of the insurance sector regionally and globally are limited to three parties, either the market authority, as in the case of Oman, either the central bank such as in Saudi Arabia and Bahrain or an independent agency as in the UAE.

The sources pointed out that in light of the refusal of the Central Bank of Kuwait to supervise the insurance sector, and the government ruling out the establishment of an independent regulatory body, the CMA remains the only body capable of fulfilling this role.

The insurance industry has been calling for a new independent agency to regulate the sector. The proposal was rejected by the government on the grounds that the country needed to rationalise spending instead of burdening public coffers with new expenses for the establishment of an independent body.

Insurers are also advocating the reorganisation of the market through regulations that will help inculcate freer and more transparent approaches in the sector. Advocates say that the insurance market has been affected by decisions made by other supervisory bodies in the banking and fi-

هيئة أسواق المال
Capital Markets Authority
State Of Kuwait دولة الكويت

nancial sectors that did not align with the interests of the insurance sector. ■

Middle East Insurance Review (MEIR) - 21 Nov 2018

• *Kuwait Re's 2018 profit up on investment and premium growth*

Dawoud Al-Duwaisan

Kuwait Reinsurance Company K.S.C.P. has reported that an improved investment performance and higher net earned premiums contributed to a 10% rise in net income for the 2018 financial year.

The reinsurer's net income spiked from KD 3.06 million (USD 10 million) in 2017 to KD 3.37 million (USD 10.9 million) in 2018.

Kuwait Re states that higher investment income, which increased from KD 2.36 (USD 7.8 million) to KD 2.96 million (USD 9.7 million) and higher net earned premiums, which increased to KD 37.93 million (USD 124.9 million), greatly contributed to the 10% rise in net income for the 2018 financial year.

Gross written premiums increased substantially in the period, up 33% to KD 46.56 million (USD 153.3 million), which the reinsurer says is in line with its approved business plan.

Commenting on the company's 2018 results, Chief Executive Officer (CEO) Dawoud Al-Duwaisan, said: "We are glad to report that the objectives of 2018 business plan were achieved. While the market remained soft and competitive, Kuwait Re endeavoured to enhance its geographical diversification and business mix, while maintaining a disciplined approach to underwriting, and prudent risk management. We continue to focus on our mission to be a preferred partner in Risk Management by being approachable, professional, and agile."

The reinsurer's underwriting result also improved dramatically in 2018, jumping 30% year-on-year to KD 3.25 million (USD 10.7 million), helping the firm's combined ratio strengthen from 98% to 97%.

Net claims did increase for the reinsurer year-on-year, up from KD 18.91 million (USD 62.3 million) in 2017 to KD 24.86 million (USD 81.8 million) in 2018, while acquisition costs also increased year-on-year, to KD 9.82 million (USD 32.3 million).

Despite the increased claims and acquisition costs, Kuwait Re's improved underwriting result, investment performance and higher net earned premiums resulted in a solid overall 2018 performance for the company. ■

Source: www.reinsurancene.ws - 18 February 2019

MALAYSIA

•Malaysia gives insurers until April to comply with foreign ownership rules

Malaysia has given foreign-owned insurance companies until April to outline their plans to comply with local shareholding requirements, the central bank said on Thursday.

Bank Negara Malaysia, which regulates insurers, is pushing to enforce a 2009 rule that sets a 70 percent cap on foreign ownership of local insurance businesses. The central bank had issued a directive in 2017 urging insurers to comply.

The bank is expecting insurers to come up with "concrete plans" by early April on how they will comply - via divestments, listings or corporate social responsibility contributions, central bank governor Nur Shamsiah Mohd Yunus told media after announcing Malaysia's fourth-quarter economic performance.

Cutting back shareholding to increase domestic participation could thrust total deals worth more than $2 billion on foreign players, such as UK-based Prudential, Japan's Tokio Marine Holdings Inc and Zurich Insurance.

Singapore-based Great Eastern Holdings has opted to contribute 2 billion ringgit ($492 million) to a national health insurance scheme, which the finance minister said was an alternative to complying with the ownership cap.

Foreign insurers have been expanding in Southeast Asian countries, attracted by the strong economic growth, rising middle-class income and lower insurance penetration.

Malaysia's economy expanded at a faster pace in the final quarter of 2018 at 4.7 percent, ending a year of weakening momentum as resilient exports helped to shore up growth amid a slowdown in global demand from the U.S.-China trade war. ■

($1 = 4.0670 ringgit)

Source: Reuters - 14 February 2019

REUTERS

SINGAPORE

• Singapore announces formation of world's first commercial cyber pool

Singapore is establishing the world's first commercial cyber risk pool to strengthen the region's resilience to cyber threats, announced its Finance Minister Heng Swee Keat at the opening of the 15th Singapore International Reinsurance Conference.


Heng Swee Keat

"Initiated in collaboration with the Singapore Reinsurers' Association and cyber security expert Peter Hacker, the pool will commit up to $1bn in capacity and bring together both traditional insurance and insurance-linked securities markets to provide bespoke cyber coverage," said Mr Heng, who delivered the official keynote address as guest of honour.

To date, twenty insurance firms have indicated their interest to participate in this pool, which will allow corporates in ASEAN and Asia to be protected against cyber-related losses.

Mr Heng noted that Asia appears to be the world's most targeted area for cyber attacks, with hackers 80% more likely to target organisations in Asia.

Yet, Asian organisations take 1.7 times longer than the global average do discover cyber breaches, with more than 60% of Asian companies not having proper cyber threat monitoring systems.

"Whether in Asia or around the world, as digital technologies become more widely integrated into our economy and society, cyber threats will increase, and the cost of attacks multiply. We need to invest in cybersecurity, to prevent and deter attacks, and we need to mitigate the consequences of attacks, through better risk pooling. We need to work together with all stakeholders, in our country, and with the international community, to coordinate action and assist one another," he said.

"The cyber risk pool reflects Singapore's standing as a specialty insurance hub, and our commitment to driving forward-looking insurance solutions to tackle new and emerging risks."

Mr Heng called for SIRC participants to join the new cyber risk pool to work together to develop better risk models to price cyber risks appropriately. With proper pricing, more corporates will be encouraged to take-up cyber risk protection, he said.

Other Singapore-based regional initiatives to combat cyber threats include an ASEAN-Singapore Cybersecurity Centre of Excellence last month to build up ASEAN member states' cyber strategy development and capabilities and the Cyber Risk Management Project, an insurance industry and academic collaboration to foster a cyber-efficient marketplace that was launched in 2016.

Global-Asia Insurance Partnership

At the 15th SIRC, Mr Heng also announced and called for the industry to participate in the Global-Asia Insurance Partnership, a new centre of excellence which aims to be a focal point for the global insurance industry, regulators and academia, to collaborate and deepen capabilities in risk management and insurance. This will be done via a three-pronged approach of a 'living lab' to develop solutions for new risks, a regulatory think-tank and a talent development pillar.

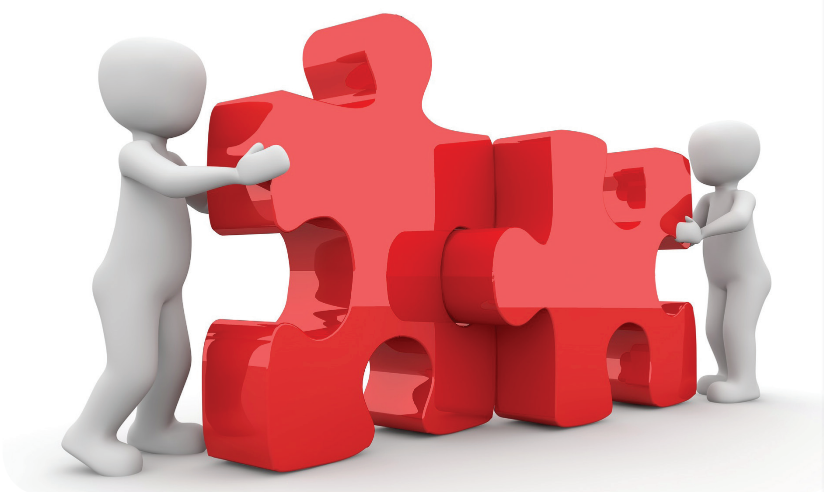
The Living Lab will incubate innovative solutions for new and nascent risks, such as supply chain risks, and risks arising from Industry 4.0, while the regulatory think-tank will conduct independent research to support policy decisions in assessing, quantifying, and mitigating emerging risks in the insurance industry. Meanwhile the talent development effort will train insurance talents in emerging areas like big data and artificial intelligence.

The Monetary Authority of Singapore is collaborating with Nanyang Technological University (NTU) on this partnership, with former IAIS Secretary General Yoshihiro Kawai to play a key role, in particular to lead the regulatory think tank effort.

"I strongly encourage all of you to join this Global-Asia Insurance Partnership initiative as an industry partner," said Mr Heng.

"As Asia continues to transform into a knowledge-centred, technology-based and innovation-driven economy, new risks will continue to emerge. This presents new opportunities for the insurance sector to create value. At the same time, new solutions are needed to address age-old catastrophe risks." ■

Source: Asia Insurance Review – 31 October 2018



UNITED ARAB EMIRATES:

• *Cyber Liability Insurance*

Article by STA Law Firm

The Cyberspace

The world is in a continually developing state, with new and exciting inventions and technologies arising on a regular basis. It would take some form of expert, or perhaps your average teenager, to entirely keep up to date with all that is new. However, while the new technologies are often hard to keep up with, this does not mean the world is becoming more difficult or complicated.

These new technologies have made life more comfortable and accessible than ever before. With mobile phones and computers now widely available to almost any who wish to obtain one. Through these devices, it is possible to live a great deal of one's life online.

A significant proportion of jobs, especially office jobs, take place through a computer, and this has led to a most significant change in the in the ways jobs are performed. Often, duties are performable from more than just an office desk, and due to mobile communications, workers are always reachable. Beyond work, most things that one could need can now are accessible and found online, from grocery shopping to recreational items or services.

So much is now present or available online, and this also includes information. With security generally increasing online, and peoples trust increasing overtime in the tech security measures that are in place, more and more people are open to providing their details and confidential information to many online sources.

Beyond this, the ability of people to access information is far higher than in the past. Whereas in years gone by, one would have to go to the library for general information, or official organizations to obtain more confidential information. Now, we have seemingly all the information we could ever need on the web. Further to this while, there are usually many security measures in place to protect information; this does not make it inaccessible to those who can dig deeper.

There are laws in place which aim to prevent and punish those would seek to steal information not rightfully their own. The fundamental regulation on this matter is the **Federal Decree-Law Number 5 of 2012** on combatting cybercrimes.

Losses Resulting from Cybercrimes

Crimes of the technological variety are the new frontier. Much of the world's information has moved online, a lot of which is highly confidential. Therefore, some find the temptation to hack and steal too much to bear. Some of the most common forms of cybercrimes are as follows:

To ensure security within the country, even obtaining access to websites and other areas within the cyberspace that one is not authorized to can result in a prison sentence and a fine between AED 100,000 to 300,000 as per **Article 2 (1)**

i. Beyond personal information, there are also many documents present online that are either stored thereof transferred between individuals or entities. **Article 2** of the law also covers this type of cybercrime. **Subsection 2** states that a prison sentence of at least six months of imprisonment and a fine of between AED 150,000 to 750,000 for the deletion, destruction, alteration, copying or re-publishing of any data or information.

ii. One of the most common forms of cybercrimes is the theft of details; this would allow the perpetrator to access accounts, documents, and assets of another individual that could lead to said individual's losses. **Article 2 (3) of the Decree Number 5 of 2012** states some of the repercussions for the theft of personal information, which includes at least one year of imprisonment and a fine of between AED 250,000 to 1 million.

There are many further Articles which discuss different penalties for even more crimes, though the dominant issues that arise.

To an extent, these might be seen by some as quite severe punishments. However, when one considers the potential damage that is possible through the cyberspace. The fact that peoples not only personal information but also highly confidential documents of businesses and the government can be found means that the utmost protection is required.

The reason for the flexibility provided in the penalty is due to this very previously mentioned point. While some crimes may be severe for individuals, the repercussions will be limited compared to the

most sensitive of information.

As of late, a rising trend among businesses involves taking out insurance for protection against such forms of hacking or illegal theft of their Intellectual property and. For businesses, intellectual properties and trade secrets are of utmost importance, as they are what provide the companies with their USPs. Therefore, they would do well to protect them.

The Dubai Police are also involved in attempting to limit and catch those who attempt to commit cybercrimes. One such instance in which this occurred was in 2016 when AED 800,000 was found to have been transferred illegally from the account of a UAE resident to a European country through a hack. The police managed to restore the AED 800,000. Beyond this, the police are responsible for thwarting hundreds if not thousands of cyber and hacking related crimes every year.

Insurance against Cybercrimes

Before the implementation of the regulations, there was a lot less certainty and security for the digitally held elements of a business. An entity would have to have excellent security measures in place should they have information requiring protection, and this could come at a tremendous financial cost. Furthermore, it would rarely if ever be able to guarantee stability, as where there is a will, there is a way.

Relying on different regulations for cyber protection is not a hopeless cause though. An example of this was in a DIFC case (DIFC and some further free zones will have different regulations on the topic of cybercrimes) under the Judicial Authority of the Dubai International Financial Centre: Court of First Instance, 13/2015. In this case, the claimant's IT system was sabotaged by the defending party when they were wrongfully interfering with the claimant's property. The claimant successfully sued the defending party and was awarded USD 690,533. The total, which is far above the previously mentioned UAE mainland limit, was meant to cover for the damages that the Claimant endured as a result of the breach.

With the regulations now in place, there is some greater deal of trust in the system, but as with the ever-growing complexity and depth of the digital world, there are new potential methods of further assurance and security. Theft or hacking can occur at any point, and there is no real way to predict it. One of the ways a company can feel more financially safe is to get insurance that covers them at all time, and so if something terrible does come to pass, assurance will be available straight away. In 2017, there was around AED 4 billion lost due to cybercrimes; this should show just how serious the issue is to businesses.

Any regulation does not explicitly cover insurance of this kind. Instead, there is the general **Federal Law Number 6 of 2007** which relates to Insurance for businesses. The number of policies being given out is regularly growing as the issue is severe and the potential risks and losses are genuinely an issue.

However, the topic is one shrouded in complications. Perhaps the biggest question is of how calculations of losses and cover will occur. With things being online and intangible, damages can be quite complex, and disagreements may arise regarding them. Though it must be said, the process is becoming much more comfortable to manage, and this is somewhat of an inevitability. Some businesses nowadays are entirely online and being unable to ensure them due to this, would be a grave mistake and business loss for insurance companies. As we move forward, all must get with the times at the risk of being left behind is a bygone era.

The Future of Cybercrime Insurance

The cybercrime insurance market is one which is growing fairly quickly. The driving force behind this growth is that it is necessary. The future is online, and there is every advantage to moving into the cyberspace. The change has arrived in a short period, and so the laws and regulations, as well as the companies that offer insurance, have yet to catch up fully.

Some significant steps are being taken though. Companies such as HSBC now offer cyber insurance and see it very much as a necessity. The fact that large entities are starting to expand into this new market is a good sign, and the hope is that many more will follow suit.

Currently, due to the complex nature of cyber insurance and the time and effort that goes into ensuring calculations are correct and appropriate, the costs for these insurance policies are high. In time as the certainty levels rise, this will become far less of an issue and accessibility will be on a higher level.

The issue present is a global one with many billions of dollars in losses occurring annually. There is a great deal of awareness on the matter, and some of the most prominent insurance entities in the world are working towards a smooth and natural system. ■

Source: Mondaq Website – 20 November 2018

Statistics

• 2017 Top 10 in Insurance

Compiled by Hussein Elsayed

• Global Top 10 Countries by Life and Nonlife Direct Premiums Written 2017 (1)

(US$ millions)

				Total premiums		
Rank	Country	Life premiums	Nonlife premiums (2)	Amount	Percent change from prior year	Percent of total world premiums
1	United States (3), (4)	$546,800	$830,315	$1,377,114	-0.1%	28.15%
2	P.R. China (5)	317,570	223,876	541,466	16.2	11.07
3	Japan (4), (6)	307,232	114,818	422,050	–6.5	8.63
4	United Kingdom (4)	189,833	93,499	283,331	–2.6	5.79
5	France (8)	153,520	88,083	241,603	1.8	4.94
6	Germany (7), (8)	96,973	126,005	222,978	3.8	4.56
7	South Korea (4), (6)	102,839	78,378	181,218	2.4	3.70
8	Italy (4)	113,947	41,562	155,509	–2.6	3.18
9	Canada (4), (9)	51,592	67,927	119,520	5.5	2.44
10	Taiwan	98,602	18,873	117,474	15.8	2.40

(1) Before reinsurance transactions.
(2) Includes accident and health insurance.
(3) Nonlife premiums include state funds; life premiums include an estimate of group pension business.
(4) Estimated.
(5) Provisional
(6) April 1, 2017 to March 31, 2018
(7) Life premiums are estimated
(8) Nonlife premiums are provisional
(9) Life premiums are net premiums

Source: Swiss Re, sigma, No. 3/2018

• Global Top 10 Countries by Total Insurance Premiums Per Capita and Percent of Gross Domestic Product (GDP), 2017 (1)

Rank	Country	Total premiums per capita	Rank	Country	Total premiums as a percent of GDP
1	Cayman Islands	$12,122	1	Taiwan	21.32%
2	Hong Kong	8,313	2	Cayman Islands	19.61
3	Switzerland	6,811	3	Hong Kong	17.94
4	Denmark	5,772	4	South Africa	13.75
5	Luxembourg	5,011	5	South Korea (2)	11.57
6	Taiwan	4,997	6	Finland	10.65
7	Singapore	4,749	7	Denmark	10.21
8	Finland	4,737	8	United Kingdom	9.58
9	Ireland	4,687	9	Netherlands	9.56
10	Netherlands	4,631	10	France	8.95
	Total world	$650		Total world	6.13%

(1) Includes nonlife and life insurance and cross-border business.

(2) April 1, 2017 to March 31, 2018.

Source: Swiss Re, sigma, No. 3/2018.

•Top 10 Emerging Markets by Insurance Density, 2017 (1)

		Total premiums (2)	
Rank	Country	Per capita (US$)	As a percent of GDP (3)
1	Bahamas	$1,976	8.59%
2	Macao	1,552	1.98
3	United Arab Emirates	1,436	3.65
4	Slovenia	1,184	4.94
5	South Africa	842	13.75
6	Trinidad and Tobago	777	4.07
7	Chile	736	4.88
8	Czech Republic	609	2.85
9	Bahrain	577	2.22
10	Malaysia	486	4.77

(1) Based on total insurance premiums per capita. Excludes cross-border business.
(2) Life and nonlife premiums. Data are estimated for Bahrain, Chile, Malaysia, South Africa and the United Arab Emirates.

(3) Gross Domestic Product.

Source: Swiss Re, sigma, No. 3/2018

• Global Top 10 Insurance Companies by Revenues, 2017 (1)

(US$ millions)

Rank	Company	Revenues	Country	Industry
1	Berkshire Hathaway	$242,137	U.S.	Property/casualty
2	AXA	149,461	France	Life/health
3	Ping An Insurance	144,197	China	Life/health
4	Allianz	123,532	Germany	Property/casualty
5	China Life Insurance	120,224	China	Life/health
6	Japan Post Holdings	116,616	Japan	Life/health
7	Prudential	111,458	U.K.	Life/health
8	Assicurazioni Generali	100,552	Italy	Life/health
9	State Farm Insurance Cos.	78,331	U.S.	Property/casualty
10	People's Insurance Company of China	71,579	China	Property/casualty

(1) Based on an analysis of companies in the Global Fortune 500. Includes stock and mutual companies

Source: Fortune

• 2016 FANAF market: Top 10 insurance companies in USD

in thousands USD

Ranking (1) 2016	Ranking (1) 2015	Company	Class of business	Country	2016 turnover	2015 turnover	Combined ratio 2016	Combined ratio 2015
1	2	SAHAM Assurance CI	NL	CIV	82 301	75 141	60.1%	59.5%
2	3	SUNU Assurances Vie Côte d'Ivoire	L	CIV	70 235	65 719	NA	NA
3	1	Assurances et Réassurances du Congo	NL	COG	45 854	94 464	27.7%	12.3%
4	4	OMNIUM Gabonais d'Assurances et de Réassurances	NL	GAB	43 174	50 352	50.7%	52.8%
5	5	NSIA Vie Côte d'Ivoire	L	CIV	41 966	35 899	NA	NA
6	6	Assurances et Réassurances Omni-branches	NL	MDG	35 929	34 343	42.5%	41.3%
7	11	SAHAM Assurance Vie	L	CIV	33 270	30 006	NA	NA
8	8	AXA Assurances	NL	CMR	32 868	32 452	71.8%	68.0%
9	10	ALLIANZ Côte d’Ivoire Assurances	NL	CIV	31 122	32 220	72.4%	89.6%
10	12	SAAR Assurances	NL	CMR	30 424	29 959	92.3%	84.1%

(1) 2015 figures and rankings revised at 31/12/2016 L : Life insurer NL : Non life insurer NA: Not available

Source: Atlas Magazine – 6 February 2018

• Ghana insurance market: Ranking 2016 of Non-Life insurers per turnover

	2016 turnover		2015 turnover		2016 shares	2015-2016 evolution(2)
	In GHS(1)	In USD	In GHS(1)	In USD		
SIC Insurance	160111229	37807065	138984920	36519678	15%	15.2%
Enterprise Insurance	135446537	31982991	100996493	26537838	12.7%	34.1%
Star Assurance	119710991	28267356	91584258	24064680	11.2%	30.7%
Vanguard Assurance	97100246	22928281	72775120	19122390	9.1%	33.4%
Hollard Insurance	84094685	19857278	77273501	20304385	7.9%	8.8%
Glico General	69660874	16449022	68638428	18035433	6.5%	1.5%
Phoenix Insurance	46278553	10927755	34770287	9136241	4.3%	33.1%
Activa International	40818428	9638455	38268180	10055347	3.8%	6.7%
Ghana Union	33526207	7916543	31536467	8286522	3.1%	6.3%
Equity Assurance	31468150	7430574	21294662	5595385	2.9%	47.8%
Quality Insurance	30946446	7307384	23090012	6067132	2.9%	34%
Donewell Insurance	30530398	7209143	20357071	5349024	2.9%	50%
Prime Insurance	29389566	6939758	12158093	3194660	2.7%	141.7%
RegencyNEM	28733674	6784882	17807025	4678974	2.7%	61.4%
Allianz Insurance	27183279	6418788	21858529	5743547	2.5%	24.4%
Provident Insurance	20364746	4808728	14952407	3928894	1.9%	36.2%
Wapic	15289696	3610356	11211667	2945978	1.4%	36.4%
Millennium Insurance	12930952	3053386	8161485	2144512	1.2%	58.4%
Saham Insurance	11207580	2646446	12913133	3393055	1.1%	-13.2%
Unique Insurance	11167973	2637093	7856036	2064252	1.0%	42.2%
NSIA Ghana	10998238	2597014	7948287	2088492	1.0%	38.4%
Imperial General	9239314	2181679	6508200	1710095	0.9%	42.0%
Priority Insurance	8940836	2111200	3872158	1017448	0.8%	130.9%
Best Assurance	4918453	1161394	3287646	863862	0.5%	49.6%
Heritage Energy	-	-	6721760	1766210	-	-
Total	1070057051	252672571	854825825	224614034	100.0%	25.2%

(1) Ghanaian cedi (2) Growth rate in local currency

• Ghana insurance market: Ranking 2016 of Life insurers per turnover

	2016 turnover		2015 turnover		2016 shares	2015-2016 evolution (2)
	In GHS(1)	In USD	In GHS(1)	In USD		
Enterprise Life	235311893	55564197	200438627	52667254	27.4%	17.4%
SIC Life	212960892	50286455	181272376	47631130	24.8%	17.5%
Starlife Assurance	105620200	24940098	82520271	21683026	12.3%	28.0%
Glico Life Insurance	82733226	19535797	64926000	17059956	9.6%	27.4%
Prudential Life	33814009	7984502	20720285	5444462	3.9%	63.2%
Old Mutual Assurance	33425000	7892645	22765849	5981954	3.9%	46.8%
Metropolitan Life	31595032	7460535	29924473	7862955	3.7%	5.6%
Vanguard Life	22009604	5197128	18126941	4763035	2.6%	21.4%
UT Life	19634602	4636319	18872345	4958897	2.3%	4%
Ghana Life Insurance	17911223	4229377	14740234	3873144	2.1%	21.5%
Esich Life	12375460	2922217	8200464	2154754	1.4%	50.9%
Phoenix Life Insurance	10224115	2414220	8029873	2109929	1.2%	27.3%
Quality Life Assurance	9424765	2225470	8972136	2357518	1.1%	5%
Ghana Union Life	7636506	1803208	7395373	1943208	0.9%	3.3%
GN Life Assurance	7270045	1716676	1179090	309818	0.9%	516.6%
Donewell Life	7134666	1684709	7705518	2024702	0.8%	-7.4%
Saham Life	5999595	1416684	4563663	1199148	0.7%	31.5%
Beige Assure	3700690	873844	5022477	1319706	0.4%	-26.3%
Aviance Life	-	-	477366	125433	-	-
Total	**858781523**	**202784081**	**705853361**	**185470029**	**100%**	**21.7%**

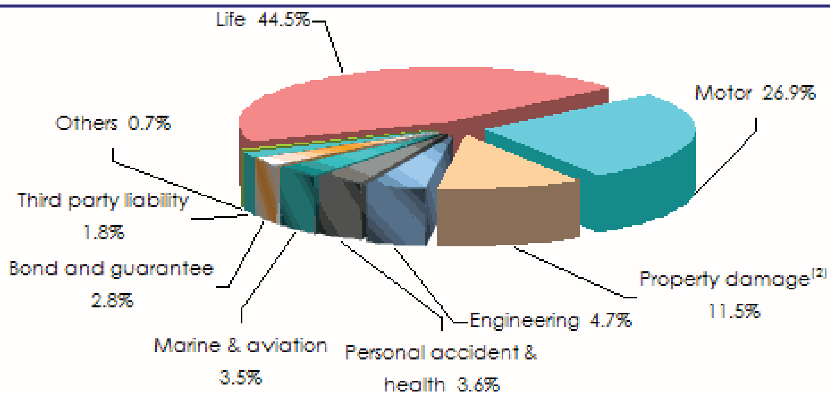
(1) Ghanaian cedi (2) Growth rate in local currency

• Ghana Turnover per Class of Business (2015-2016)

	2016 turnover		2015 turnover		2016 shares
	In GHS(1)	In USD	In GHS(1)	In USD	
Property damage(2)	221506349	52304294	198072421	52045509	11.5%
Motor	518257208	122376075	355227506	93339579	26.9%
Personal accident and health	68659141	16212483	84671194	22248203	3.6%
Marine & aviation	68497311	16174270	62446511	16408445	3.5%
Third Party Liability	34083134	8048050	28707779	7543256	1.8%
Bond and guarantee	54654670	12905607	41777399	10977429	2.8%
Engineering	90035148	21259999	61571738	16178590	4.7%
Others	14364090	3391793	22351277	5873023	0.7%
Total Non-Life	**1070057051**	**252672571**	**854825825**	**224614034**	**55.5%**
Life	858781523	202784081	705853361	185470029	44.5%
Grand total	**1928838574**	**455456652**	**1560679186**	**410084063**	**100%**

(1) Ghanaian cedi (2) Including theft and fire
Source: Atlas Magazine – 21 June 2018

Turnover's breakdown per class of business in 2016



(2) Including theft and fire
Source: National Insurance Commission (NIC)
Exchange rate GHS/USD as at 31/12
0.23613 (2016) 0.26276 (2015)

• Kenyan insurance market: 2017 turnover

Kenyan insurance market: turnover per life insurance company

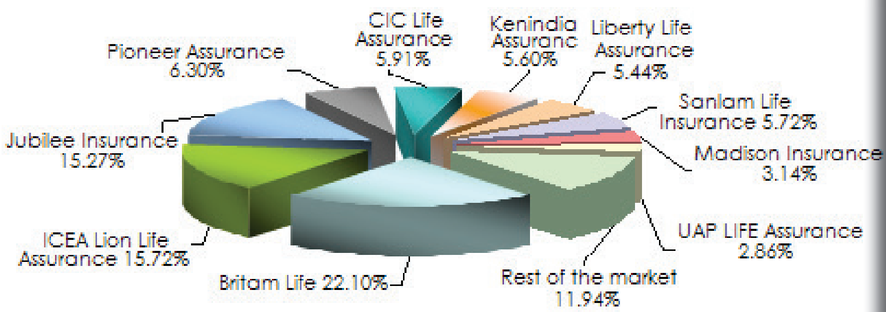
In thousands

	2017 turnover		2016 turnover		2016-2017 evolution (1)	2017 market shares
	In KES	In USD	In KES	In USD		
Britam Life	18297485	178949	17179320	170762	6.51%	22.10%
ICEA Lion Life Assurance	13015715	127294	9525606	94685	36.64%	15.72%
Jubilee Insurance Company	12643723	123656	10360845	102987	22.03%	15.27%
Pioneer Assurance Company	5213923	50992	5292116	52604	-1.48%	6.30%
CIC Life Assurance Company	4895175	47875	4352847	43267	12.46%	5.91%
Kenindia Assurance Company	4641315	45392	3947011	39233	17.59%	5.60%
Liberty Life Assurance Company	4502800	44037	4325797	42998	4.09%	5.44%
Sanlam Life Insurance	4738729	46345	4669643	46416	1.48%	5.72%
Madison Insurance Company	2604247	25470	2381167	23669	9.37%	3.14%
UAP Life Assurance Company	2365623	23136	2581975	25665	-8.38%	2.86%
Old Mutual Life Assurance	1919636	18774	2038363	20261	-5.82%	2.32%
GA Life Assurance Company	1618442	15828	1525305	15162	6.11%	1.95%
APA Life Assurance Company	1492952	14601	1223439	12161	22.03%	1.80%
Barclays Life	1380330	13500	1252818	12453	10.18%	1.67%
The Kenyan Alliance Insurance	778597	7615	812717	8078	-4.20%	0.94%
Metropolitan Cannon Insurance	609958	5965	393863	3915	54.87%	0.74%
Kenya Orient Life Assurance	422987	4137	290023	2883	45.85%	0.51%
Prudential Life Assurance	318189	3112	158781	1578	100.39%	0.38%
Capex Life Assurance Company	313340	3064	56647	563	453.14%	0.38%
Corporate Insurance Company	278949	2728	295766	2940	-5.69%	0.34%
Saham Assurance	221543	2167	250595	2491	-11.59%	0.27%
Geminia Insurance Company	178136	1742	288016	2863	-38.15%	0.22%
First Assurance Company	168783	1651	103450	1028	63.15%	0.20%
Cannon Assurance Company	81846	800	116719	1160	-29.88%	0.10%
Takaful Insurance Of Africa	58896	576	52657	523	11.85%	0.07%
The Monarch Insurance	46507	455	43695	434	6.44%	0.06%
Total	**82807826**	**809861**	**73519181**	**730781**	**12.63%**	**100%**

(1) Growth rate in local currency

Exchange rate as at 31/12/2017 : 1 KES = 0.00978 USD; as at 31/12/2016 : 1 KES = 0.00994 USD

Market share of the ten main life insurance companies in 2017



Kenyan Insurance Market: Turnover Per Non-Life Insurance Company

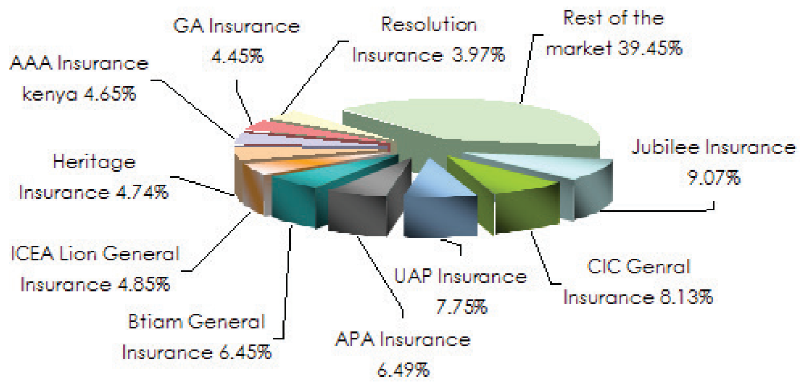
In thousands

	2017 turnover		2016 turnover		2016-2017 evolution (1)	2017 market shares
	In KES	In USD	In KES	In USD		
Jubilee Insurance Company	11313366	110645	14089298	140048	-19.70%	9.07%
CIC General Insurance Company	10141110	99180	8407498	83571	20.62%	8.13%
UAP Insurance Company	9668823	94561	10982069	109162	-11.96%	7.75%
APA Insurance Company	8100695	79225	8995974	89420	-9.95%	6.49%
Britam General Insurance	8042401	78655	6997226	69552	14.94%	6.45%
ICEA Lion General Insurance	6051487	59184	6304587	62668	-4.01%	4.85%
Heritage Insurance Company	5914746	57846	5340179	53081	10.76%	4.74%
AAA Insurance Kenya	5799296	56717	6489197	64503	-10.63%	4.65%
GA Insurance Company	5547253	54252	4782084	47534	16.00%	4.45%
Resolution Insurance Company	4947647	48388	3926111	39026	26.02%	3.97%
Madison Insurance Company	3887817	38023	3102440	30838	25.31%	3.12%
AIG Insurance Company	3647387	35671	3669939	36479	-0.61%	2.92%
Geminia Insurance Company	3367416	32933	2223150	22098	51.47%	2.70%
Directline Assurance Company	3086231	30183	3224740	32054	-4.30%	2.47%
Kenindia Assurance Company	2966570	29013	2995960	29780	-0.98%	2.38%
First Assurance Company	2907036	28431	3930952	39074	-26.05%	2.33%
Occidental Insurance Compnay	2586468	25296	2033090	20209	27.22%	2.07%
African Merchant Assurance	2470947	24166	3162248	31433	-21.86%	1.98%
Fidelity Shield Insurance	2360848	23089	1717327	17070	37.47%	1.89%
Mayfair Insurance Company	2353359	23016	2302051	22882	2.23%	1.89%
Sanlam General Insurance	2154916	21075	1002199	9962	115.02%	1.73%
Saham Insurance Company	2138854	20918	1563081	15537	36.84%	1.71%
Invesco Assurance Company	2070192	20246	2300894	22871	-10.03%	1.66%
Kenya Orient Insurance	1847116	18065	2525565	25104	-26.86%	1.48%
Trident Insurance Company	1331851	13026	1295773	12880	2.78%	1.07%
Cannon Assurance Company	1269815	12419	1725576	17152	-26.41%	1.02%
Pacis Insurance Company	1217078	11903	1042138	10359	16.79%	0.98%
The Monarch Insurance	1160023	11345	1051639	10453	10.31%	0.93%
The kenyan Alliance Insurance	1156074	11306	1095923	10893	5.49%	0.93%
Tausi Assurance Company	1045524	10225	963338	9576	8.53%	0.84%
Intra-Africa Assurance	1034427	10117	1014260	10082	1.99%	0.83%
Takaful Insurance Of Africa	847828	8292	816450	8116	3.84%	0.68%
XPLICO Insurance Company	804370	7867	1229298	12219	-34.57%	0.64%
Phoenix Of East Africa	557912	5456	438726	4361	27.17%	0.45%
Allianz Insurance Company	346886	3393	63060	627	450.09%	0.28%
Pioneer General Insurance	325518	3184	-	-	-	0.26%
Corporate Insurance Company	310323	3035	312615	3107	-0.73%	0.25%
Total	**124779610**	**1220345**	**123116655**	**1223780**	**1.35%**	**100%**

(1) Growth rate in local currency

Exchange rate as at 31/12/2017 : 1 KES = 0.00978 USD; as at 31/12/2016 : 1 KES = 0.00994 USD

Market share of the ten main non-life insurance companies in 2017



Kenya Insurance Market: Evolution of Premiums per Class of Business: 2016-2017

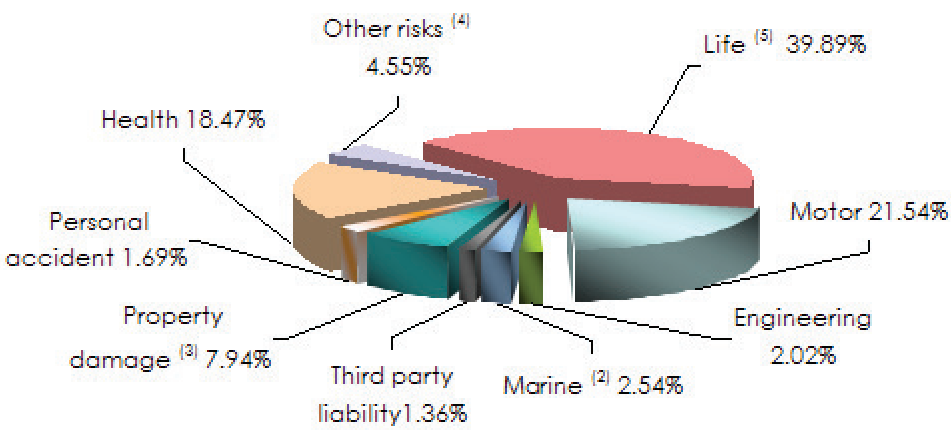
In thousands

	2017 turnover		2016 turnover		2016-2017 evolution(1)	2017 market shares
	In KES	In USD	In KES	In USD		
Motor	44711255	437276	44518826	442517	0.43%	21.54%
Engineering	4190323	40981	3723075	37007	12.55%	2.02%
Marine(2)	5282135	51659	4128481	41037	27.94%	2.54%
Third party liability	2817584	27556	2613482	25978	7.81%	1.36%
Property damage(3)	16485752	161231	15946244	158506	3.38%	7.94%
Personal accident	3516204	34388	4060785	40364	-13.41%	1.69%
Health	38337371	374939	38703497	384713	-0.95%	18.47%
Other risks(4)	9438986	92313	9422265	93657	0.18%	4.55%
Total non life	124779610	1220345	123116655	1223780	1.35%	60.11%
Total life(5)	82807826	809861	73519181	730781	12.63%	39.89%
Grand total	**207587436**	**2030205**	**196635836**	**1954560**	**5.57%**	**100%**

Exchange rate as at 31/12/2017 : 1 KES = 0.00978 USD; as at 31/12/2016 : 1 KES = 0.00994 USD

(1) Growth rate in local currency (2) including aviation (3) including theft and fire
(4) including workmen's compensation (5) including group heath, pension and sinking fund insurance

Turnover per Class of Business in 2017



Source: Atlas Magazine – 22 November 2018

FAIR Oil & Energy Insurance Syndicate

Capacity
Sizeable underwriting capacity for Oil & Energy related business.

Geographical Scope
Risks located in Afro-Asian countries and Russia.

Acceptance Scope
Business offered by Members, Non-Members, Brokers and all other insurers and reinsurers.

Underwriting Scope
The Syndicate underwrites on Facultative basis; Oil & Energy related business including but not limited to:

- Energy: Onshore and Offshore
- Power Plants
- Renewable Energy
- Energy related Constructions
- Nuclear Risks including Radioactive Contamination
- Operators Extra Expenses (Cost of Well Control/Re-drilling Expenses/Seepage and Pollution)
- Business Interruption when written in conjunction with other classes
- Liability when written in conjunction with other classes
- Energy package policies

A.M Best has assigned the Syndicate the following upgraded ratings:

Financial Strength Rating (FSR) B+ (Good) with stable outlook.
Issuer Credit Rating (ICR) bbb- with stable outlook

Financial Strength Rating
AM BEST
B+ Good

"The ratings reflect the Syndicate's balance sheet strength, which A.M. Best categorizes as strong, as well as its adequate operating performance, neutral business profile and appropriate enterprise risk management. The rating upgrades reflect the material growth in the syndicate's absolute capital base and the resulting significant improvement in its risk-adjusted capitalization." – A.M Best.

FAIR Oil & Energy Insurance Syndicate is proud to be the first entity of its kind to be rated by a reputable international rating agency.

Incorporated in the Kingdom of Bahrain by Law Decree 7/1999

Managed by
TRUST RE

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• Senegal Insurance industry in 2017

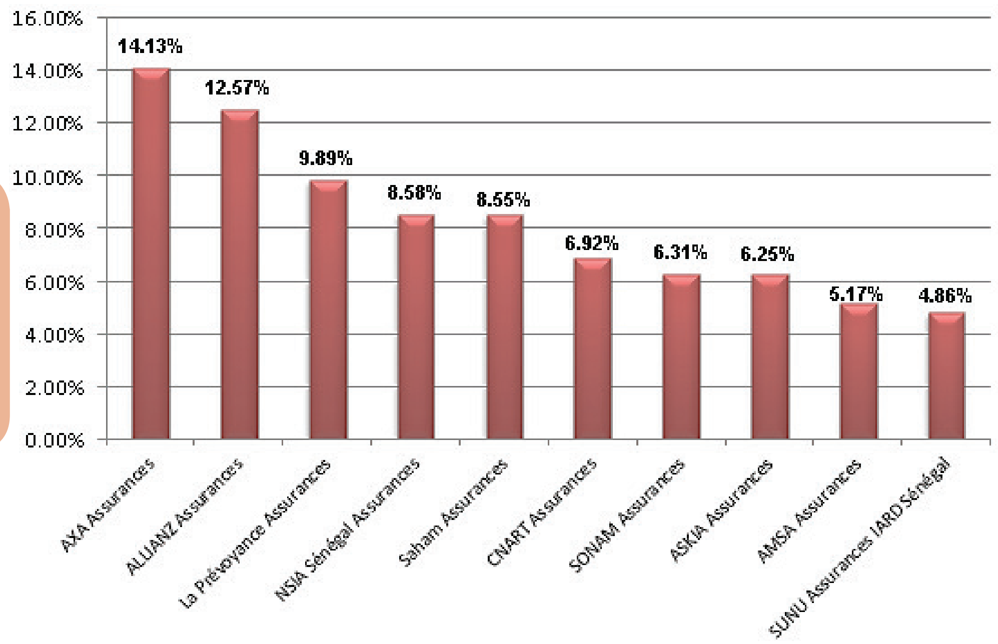
The insurance industry in Senegal: 2017 turnover per Non Life insurance company

In thousands

	2017 turnover		2016 turnover		2016-2017 evolution(1)	2017 market shares
	In FCFA	In USD	In FCFA	In USD		
AXA Assurances	14770000	27029	12741000	20513	15.92%	14.13%
ALLIANZ Assurances	13137000	24041	11326000	18235	15.99%	12.57%
La Prévoyance Assurances	10337000	18917	9133000	14704	13.18%	9.89%
NSIA Sénégal Assurances	8968000	16411	9588000	15437	-6.47%	8.58%
Saham Assurances	8934000	16349	9110000	14667	-1.93%	8.55%
CNART Assurances	7231000	13233	6687000	10766	8.14%	6.92%
SONAM Assurances	6599000	12076	6026000	9702	9.51%	6.31%
ASKIA Assurances	6539000	11966	6442000	10372	1.51%	6.25%
AMSA Assurances	5407000	9895	5183000	8345	4.32%	5.17%
SUNU Assurances IARD Sénégal	5086000	9307	4031000	6490	26.17%	4.86%
Assurance Sécurité Sénégalaise (ASS)	3968000	7261	3900000	6279	1.74%	3.80%
SONAM Mutuelle	3831000	7011	3851000	6200	-0.52%	3.66%
Salama Assurances Sénégal	3052000	5585	2100000	3381	45.33%	2.92%
Wafa Assurance	1641000	3003	1089000	1753	50.69%	1.57%
Société Nationale d'Assurances du Crédit & du Cautionnement (SONAC)	1614000	2954	1519000	2446	6.25%	1.54%
SAAR Assurances	1395000	2553	1042000	1678	33.88%	1.33%
Compagnie Nationale d'Assurance Agricole du Sénégal (CNAAS)	1109000	2029	862000	1388	28.65%	1.06%
La Providence	799000	1462	-	-		0.76%
Mutuelle d'Assurances Agricoles du Sénégal (MAAS)	127000	232	118000	190	7.63%	0.12%
Total	**104544000**	**191316**	**94748000**	**152544**	**10.34%**	**100%**

(1) Growth rate in local currency

2017 Market Shares of Top 10 Non-Life Insurance Companies



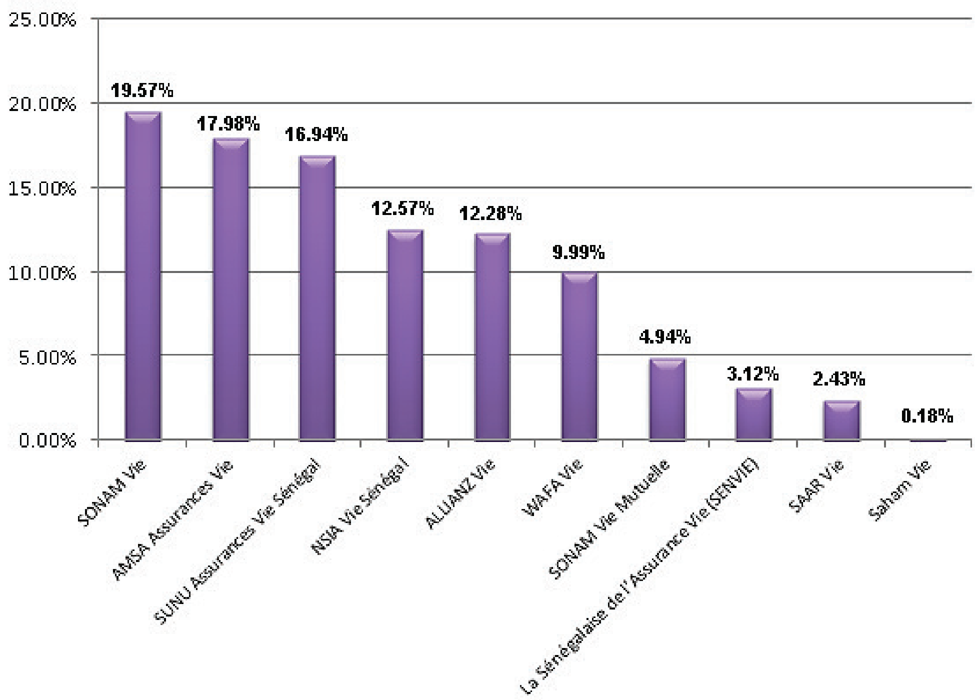
The insurance industry in Senegal: 2017 turnover per Life insurance company

In thousands

Company	2017 turnover		2016 turnover		2016-2017 evolution (1)	2017 market shares
	in FCFA	in USD	in FCFA	in USD		
SONAM Vie	11329000	20732	7638000	12297	48.32%	19.57%
AMSA Assurances Vie	10405000	19041	8026000	12922	29.64%	17.98%
SUNU Assurances Vie Sénégal	9805000	17943	7670000	12349	27.84%	16.94%
NSIA Vie Sénégal	7274000	13311	7732000	12449	-5.92%	12.57%
ALLIANZ Vie	7105000	13002	6209000	9996	14.43%	12.28%
WAFA Vie	5783000	10583	3346000	5387	72.83%	9.99%
SONAM Vie Mutuelle	2862000	5237	2386000	3841	19.95%	4.94%
La Sénégalaise de l'Assurance Vie (SENVIE)	1804000	3301	1431000	2304	26.07%	3.12%
SAAR Vie	1407000	2575	1430000	2302	-1.61%	2.43%
Saham Vie	105000	192	-	-		0.18%
Total	**57879000**	**105919**	**45868000**	**73847**	**26.19%**	**100.00%**

(1) Growth rate in local currency

2017 Market Shares of Life Insurance Companies



Source: Atlas Magazine – 13 November 2018

• TOP 30 ASIA INSURERS

Rank	Company Name	Country of domicile	Gross written premium 2017 ($m)	Gross written premium 2016 ($m)	Increase	Profit after tax 2017 ($m)	Profit after tax 2016 ($m)
1	People's Ins Co (Group) of China Ltd	China	53,901	44,809	20.3%	3,541	2,977
2	Tokio Marine Holdings, Inc	Japan	35,349	32,914	7.4%	2,694	2,477
3	MS&AD Insurance Group Holdings, Inc	Japan	33,525	31,613	6.0%	1,891	2,587
4	Ping An Ins (Group) Co of China Ltd	China	33,240	25,663	29.5%	15,358	10,417
5	Sompo Holdings, Inc	Japan	28,654	24,638	16.3%	1,286	1,498
6	National Mut Ins Fed Agricultural Coop	Japan	20,559	27,036	-24.0%	1,935	159
7	Samsung Fire & Marine Insurance Co Ltd	South Korea	17,353	15,324	13.2%	911	714
8	China Pacific Insurance (Group) Co Ltd	China	16,261	13,906	16.9%	2,303	1,768
9	QBE Insurance Group Ltd	Australia	14,191	14,395	-1.4%	(1,253)	844
10	Hyundai Marine & Fire Insurance Co Ltd	South Korea	12,091	10,491	15.2%	437	340
11	DB Insurance Co Ltd	South Korea	11,520	9,976	15.5%	629	443
12	China Life Prop and Cas Ins Co Ltd	China	10,177	8,605	18.3%	128	174
13	KB Insurance Co Ltd	South Korea	9,142	7,818	16.9%	342	251
14	Insurance Australia Group Ltd	Australia	8,604	8,767	-1.9%	742	773
15	Suncorp Group Limited	Australia	7,061	7,247	-2.6%	792	832
16	Meritz Fire & Marine Insurance Co Ltd	South Korea	6,043	4,980	21.3%	362	197
17	China United Property Insurance Company	China	5,982	5,569	7.4%	196	113
18	China Continent Prop & Cas Ins Co Ltd	China	5,725	4,616	24.0%	181	180
19	AIG Japan Holdings KK	Japan	n/a	5,691	n/a	n/a	(66)
20	Sunshine Property & Casualty Ins Co Ltd	China	5,169	4,102	26.0%	218	147
21	China Taiping Insurance Holdings Co Ltd	Hong Kong	5,080	4,257	19.3%	1,019	827
22	Hanwha General Insurance Co Ltd	South Korea	4,961	4,098	21.1%	139	93
23	The New India Assurance Company Ltd	India	4,120	3,587	14.9%	337	159
24	Allianz Australia Ltd	Australia	3,666	3,300	11.1%	278	236
25	Accident Compensation Corporation	New Zealand	n/a	2,999	n/a	n/a	433
26	Heungkuk Fire & Marine Insurance Co Ltd	South Korea	2,971	2,767	7.4%	80	26
27	NongHyup Property & Casualty Ins Co Ltd	South Korea	2,954	2,469	19.7%	25	29
28	China Export & Credit Insurance Corp	China	2,841	2,492	14.0%	96	114
29	United India Insurance Company Ltd	India	2,725	2,536	7.5%	153	(292)
30	National Insurance Company Ltd	India	2,549	2,250	13.3%	(334)	7

Insurance POST Magazine
November 2018

• Chinese Non-Life insurers and 2017 turnover

List of Non-Life Domestic Insurers

Company	2017 turnover	
	In CNY	In USD
PICC Property and Casualty	315 990 218 800	48 520 298 097
Ping An Property and Casualty Insurance Co. of China	193 234 418 800	29 671 145 007
China Pacific Property Insurance	93 497 895 200	14 356 601 808
China Life Property and Casualty Insurance	59 230 583 000	9 094 856 020
China United Property Insurance	35 774 842 800	5 493 227 112
China Continent Property & Casualty Insurance	33 766 442 700	5 184 837 277
Sunshine Property and Casualty Insurance	30 290 143 500	4 651 051 534
Taiping General Insurance	19 685 434 800	3 022 698 514
China Export & Credit Insurance Corporation	13 783 756 200	2 116 495 765
Tian An Insurance	12 840 970 500	1 971 731 020
Sinosafe Insurance	10 226 428 700	1 570 268 127
Yong An Insurance	7 945 978 400	1 220 104 983
Yingda Taihe Property Insurance	7 844 489 200	1 204 521 317
Huatai Property & Casualty Insurance	7 168 892 000	1 100 783 367
AnBang Property & Casualty Insurance	6 245 821 800	959 045 937
Alltrust Insurance	5 846 948 200	897 798 896
ZhongAn Online Property & Casualty Insurance	5 272 287 400	809 559 730
BOC Insurance	4 947 291 400	759 656 594
Anhua Agricultural Insurance	4 670 735 500	717 191 436
Guoyuan Agricultural Insurance	4 645 711 000	713 348 924
Zking Property & Casualty Insurance	4 532 737 300	696 001 812
Dubon Property & Casualty Insurance	3 714 796 100	570 406 941
Ancheng Property & Casualty Insurance	3 673 350 300	564 042 939
Dinghe Property Insurance	3 592 125 200	551 570 824
Bohai Property Insurance	3 544 256 100	544 220 524
Zheshang Property & Casualty Insurance	3 278 572 800	503 424 853
Sunlight Agricultural Mutual Insurance	3 200 583 200	491 449 550
Cinda Property & Casualty Insurance	2 888 855 200	443 583 716
The Asia-Pacific Property & Casualty Insurance	2 768 982 400	425 177 248
Chang An Property & Liability Insurance	2 734 924 300	419 947 626
Funde Property & Casualty Insurance	1 861 766 500	285 874 246
Beibu Gulf Property & Casualty Insurance	1 785 300 300	274 132 861
TK.CN Insurance	1 540 602 800	236 559 560
Huahai Property & Casualty Insurance	1 349 938 700	207 283 087
Taishan Property & Casualty Insurance	1 343 033 100	206 222 733
Jintai Insurance	1 314 225 200	201 799 279
China Coal Insurance	1 218 951 200	187 169 957
China Huanong Property & Casualty Insurance	1 204 527 900	184 955 259
Urtrust Insurance	1 138 079 400	174 752 092
Zhongyuan Agricultural Insurance	1 004 681 100	154 268 783
Anxin Agricultural Insurance	940 572 000	144 424 831
Champion Property & Casualty Insurance	890 984 800	136 810 716
Yanzhao Property & Casualty Insurance	772 018 100	118 543 379
E An Property & Casualty Insurance	769 517 100	118 159 351
Anxin Property & Casualty Insurance	695 274 100	106 759 338

Company	2017 turnover	
	In CNY	In USD
Changjiang Property & Casualty Insurance	690 968 100	106 098 152
China Railway Captive Insurance	569 108 300	87 386 579
Xinjiang Qianhai United Property & Casualty Insurance	527 073 300	80 932 105
CNPC Captive Insurance	484 373 900	74 375 612
Sanguard Automobile Insurance	457 016 700	70 174 914
Hengbang Property Insurance	451 974 500	69 400 684
Qomolangma Property & Casualty Insurance	371 598 800	57 058 996
Haixia Goldenbridge Insurance	335 702 500	51 547 119
Zhonglu Property & Casualty Insurance	322 027 600	49 447 338
China COSCO Shipping Captive Insurance	177 816 700	27 303 754
Long Property & Casualty Insurance	158 621 600	24 356 347
CCB Property & Casualty Insurance	148 396 700	22 786 313
Donghai Marine Insurance	136 435 000	20 949 594
Sunshine Surety Insurance	114 474 600	17 577 575
Union Property & Casualty Insurance	92 780 700	14 246 476
Public Mutual Insurance	57 805 300	8 876 004
Hero Mutual Property Insurance	2 866 000	440 074

List of Foreign Non-Life Insurers

Company		2017 turnover	
	Parent company and part owned	In CNY	In USD
AXA Tianping Property & Casualty Insurance	AXA VersicherungIN AG (50%)	7223254100	1109130667
Groupma AVIC Property Insurance	Groupama (50%)	1771156800	271961127
Liberty Insurance	Liberty Mutual Insurance (100%)	1378073200	211603140
AIG Insurance Co. China	American Home Assurance (100%)	1314108600	201781376
Cathay Insurance	Cathay Life Insurance (24.5%) et Cathay Century Insurance (24.5%)	1115042900	171214837
Allianz China General Insurance	Allianz SE (100%)	869097000	133449844
Fubon Property & Casualty Insurance	Fubon Life Insurance (40%) et Fubon Property & Casualty Insurance (40%)	849429500	130429900
Samsung Property & Casualty Insurance (China)	Samsung Fire Marine Insurance (100%)	785826500	120663659
Generali China Insurance Co	Assicurazioni Generali (49%)	515143800	79100330
The Tokio Marine & Nichido Fire Insurance (China)	Tokio Marine & Nichido Fire Ins. (100%)	476784300	73210229
Chubb Insurance (China)	Federal Insurance (100%)	440243900	67599451
Zurich General Insurance (Chine)	Zurich Insurance (100%)	438173600	67281556
Mitsui Sumitomo Insurance (China)	Mitsui Sumitomo Insurance (100%)	400366100	61476215
Sompo Japan Insurance (China)	Sompo Japan Nipponkoa Ins. (100%)	336126500	51612224
Starr Property & Casualty Insurance (China)	Starr Ins. & Reins. (72.42%) et Starr Indemnity & Liability (20%)	174267900	26758836
Swiss Re Corporate Solutions Insurance China	Swiss Re International (100%)	129654500	19908448
LIG Property Insurance (China)	KB Insurance (100%)	100283600	15398547
Hyundai Insurance (China)	Hyundai Marine & Fire Insurance (100%)	99865200	15334301
Nipponkoa Insurance (China)	Sompo Japan Nipponkoa Ins. (100%)	55098800	8460421
Aioi Nissay Dowa Insurance (China)	Aioi Nissay Dowa Insurance (100%)	49175500	7550898
XL Insurance (China)	XL Reinsurance (America) (51%) et XL Insurance (49%)	30838300	4735221
Lloyd's Insurance (China)	Lloyd's of London (100%)	10053900	1543776

Source: www.winston.com/images/content/1/3/v2/134460/2017-China-Insurance-Review.pdf

Country Profile

INDONESIA:

INSURANCE MARKET OVERVIEW

by Hussein Elsayed
Misr Insurance Company

Capital: Jakarta

Land Area
1,811,570 sq km

Population
261.99 million (2017)*
World ranking: 4/191

Language*
Bahasa Indonesia (Official)
English
Dutch

Religion
Muslims (87.2%)
Protestants (6.9%)
Catholics (2.9%)

Median Age
28.0 (2015)
World ranking: 101/201

Political System
Multiparty republic

Currency
(Period Average)
Indonesian Rupiah
13,380.87 per US$ (2017)

GDP (US$)
1,010.94 billion (2017)*
World ranking: 16/191

Indonesian economy and, with it, the financial services sector, has experienced growth since 2015, spurring demand for a diverse portfolio of insurance products.
Life insurance is the country's dominant segment, accounting for nearly two-thirds of the sector, but demand for general insurance products has risen in recent years.

Growing interest has been driven by a number of factors, including successful education efforts by the public and private sector, leading to rising awareness of insurance products among different demographics. Prudent investment practices, the overall strength of the national economy and more robust reinsurance coverage has also led to a trend of increased uptake.

The Indonesian insurance market had total gross written premiums of $24.0bn in 2017, representing a compound annual growth rate (CAGR) of 20.1% between 2013 and 2017.

Consultancy firm KPMG forecasts that in the years to 2020 premiums will see compound annual growth rates of 13% in life insurance and 10% in property and casualty lines, reaching ID243trn ($18.32bn) and 81trn ($6.11bn), respectively. With wage levels increasing at just under double digit levels annually in recent years, demand for insurance has been strong, especially as the life insurance penetration level stands at 1.9% according to Swiss Re, which is extremely low.

Key Highlights

- **The OJK is the government regulatory body supervising and regulating the insurance industry of Indonesia.**
- **The government permits 80% FDI in the Indonesian insurance industry.**
- **The Insurance Law 1992 was replaced by the new Insurance Law 2014.**
- **The placement of non-admitted insurance is not permitted.**
- **Composite insurance is not permitted.**
- **Earthquake and volcanic eruption are ever-present hazards. Heavy flooding exposure is also present, particularly in Jakarta.**

(I) INDONESIAN ECONOMIC DATA

	2013	2014	2015	2016	2017
Population (million)	249	252	255	259	262
GDP per capita (USD)	3,672	3,532	3,369	3,605	3,876
GDP (USD bn)	914	891	861	933	1,015
Economic Growth (GDP, annual variation in %)	5.6	5.0	4.9	5.0	5.1
Consumption (annual variation in %)	5.4	5.1	5.0	5.0	4.9
Investment (annual variation in %)	5.0	4.4	5.0	4.5	6.2
Manufacturing (annual variation in %)	4.4	4.6	4.3	4.3	4.3
Retail Sales (annual variation in %)	12.9	14.5	13.3	11.0	2.9
Unemployment Rate	6.2	5.9	6.2	5.6	5.5
Fiscal Balance (% of GDP)	-2.2	-2.1	-2.6	-2.5	-2.6
Public Debt (% of GDP)	22.0	24.3	27.5	28.9	30.5
Money (annual variation in %)	12.8	11.9	9.0	10.0	8.3
Inflation Rate (CPI, annual variation in %, eop)	8.1	8.4	3.4	3.0	3.6
Inflation Rate (CPI, annual variation in %)	6.4	6.4	6.4	3.5	3.8
Inflation (WPI, annual variation in %)	-	-	-	-	-
Policy Interest Rate (%)	7.50	7.75	7.50	4.75	4.25
Stock Market (annual variation in %)	-1.0	22.3	-12.1	15.3	20.0
Exchange Rate (vs USD)	12,170	12,385	13,788	13,473	13,568
Exchange Rate (vs USD, aop)	10,449	11,866	13,392	13,302	13,383
Current Account (% of GDP)	-3.2	-3.1	-2.0	-1.8	-1.7
Current Account Balance (USD bn)	-29.1	-27.5	-17.5	-17.0	-17.5
Trade Balance (USD billion)	-4.1	-2.2	7.7	9.5	11.8
Exports (USD billion)	183	176	150	145	169
Imports (USD billion)	187	178	143	136	157
Exports (annual variation in %)	-3.9	-3.6	-14.6	-3.4	16.3
Imports (annual variation in %)	-2.6	-4.5	-19.9	-4.9	15.7
International Reserves (USD)	99.4	112	106	116	130
External Debt (% of GDP)	29.1	32.9	36.1	34.3	34.8

Sovereign Credit Ratings

	Rating (Outlook)	Rating Date
Moody's	Baa2 (Stable)	13/04/2018
S&P	BBB- (Stable)	19/05/2017
Fitch	BBB (Stable)	02/09/2018

Country Risk Metrics

Country	Operational Risk	Labour Market Risk	Trade and Investment Risk	Logistics Risk	Crime and Security Risk
Singapore	83.1	77.8	89.9	74.9	89.7
Hong Kong	81.6	71.2	88.5	77.0	89.5
Taiwan	73.3	66.4	74.3	73.4	79.2
South Korea	70.9	63.5	67.5	79.6	73.1
Malaysia	67.8	61.6	73.5	75.7	60.5
Macau	62.8	64.2	66.9	52.0	68.0
Brunei	61.4	62.8	57.2	55.0	70.6
Thailand	58.9	56.7	65.2	68.4	45.2
China	56.7	53.9	52.2	66.3	54.4
Vietnam	53.7	52.6	55.5	55.6	51.3
Indonesia	**52.6**	**51.5**	**53.9**	**56.8**	**48.4**
Mongolia	51.3	57.8	52.4	40.9	54.1
Philippines	43.1	51.3	47.3	42.4	31.3
Cambodia	42.5	46.7	46.0	37.7	39.5
Laos	38.3	44.2	38.0	34.2	36.7
North Korea	33.1	49.6	20.3	31.5	30.8
Myanmar	32.1	45.5	28.2	30.0	24.9
Timor-Leste	30.1	40.5	26.6	21.0	32.5
Regional Averages	55.2	56.5	55.7	54.0	54.4
Emerging Markets Averages	46.8	48.0	47.5	45.7	46.0
Global Markets Averages	49.6	49.7	49.9	49.1	49.8

100 = Lowest risk, 0 = Highest risk

Source:
Fitch Solutions Operational Risk Index
Date last reviewed: October 18, 2018

FitchSolutions

(II) INDONESIAN INSURANCE MARKET

Market Development

- Insurance in various forms has been available in Indonesia since the colonial period, when a number of leading Dutch firms operated in the country. In 1992 the government passed a legislative framework for the insurance industry through to the end of 2014, when the OJK introduced the new insurance law. The modern insurance sector developed rapidly beginning in the 1980s and 1990s, particularly following the 1997 Asian financial crisis and the restructuring of the country's financial sector in the early 2000s. Since 2006 both the life and non-life segments have seen rapid expansion.

- Until early 2013, the insurance sector was regulated by the Capital Market and Financial Institutions Supervisory Agency (Bapepam-LK), which fell under the jurisdiction of the Ministry of Finance. Bapepam-LK was also responsible for overseeing the nation's capital markets sector. In 2011 the government formally established the OJK, in an effort to consolidate and streamline the nation's financial regulatory framework. The new authority took over regulatory functions for the insurance industry in January 2013. Since then the OJK has been a decidedly more proactive regulator than its predecessor, introducing a significant number of major new initiatives and policies. In addition to the new insurance law, which was rolled out in 2014, the authority fixed tariff rates for a wide range of risks in 2015, including those related to motor coverage, property, aircraft and natural disasters. Other areas that have been impacted by new rules introduced by the OJK include bancassurance, reinsurance, fintech and Islamic insurance, among others.

- Perhaps the most comprehensive change introduced by the OJK is the New Insurance Law, which replaced Law No. 2 of 1992 as the backbone of the nation's insurance sector regulatory framework. The new law introduced a handful of major changes to the industry.

- For instance, in terms of ownership, the new law requires all insurers and insurance-related firms be owned either directly by an Indonesian individual or legal entity that is wholly owned (directly or indirectly) by an Indonesian individual. This rule precludes complex ownership structures, whereby a foreign entity or individual would establish an Indonesian holding company with which to purchase an insurer, thereby effectively enabling 100% foreign ownership. Most sector players have expressed optimism for these changes. Although regulations still need improvement, especially on issues surrounding clarity, there have been sustained efforts and obvious will from the regulator to enhance the framework.

- Furthermore, under the new rule a party may only be a controlling shareholder of one insurance firm in each of a number of categories, including general insurers, life insurers, reinsurers, and the sharia-compliant versions of each of these categories. This rule, which was enacted in an effort to combat monopoly ownership, could eventually lead to a round of mergers and acquisitions, which is a long-term goal of the OJK. Another key change in the new insurance law relates to Islamic insurance. Under the new law, sharia-compliant underwriters are required to be separated or spun off into standalone operators by 2024.

- As noted recently in a policy review on Indonesia issued by Practical Law, a Thomson-Reuters-affiliated legal publication, due to the new law, "an increase in restructurings of insurance and reinsurance companies is expected, particularly to meet the requirements on local shareholding, the single-presence policy and separation of sharia units". More broadly, the 2014 law organised the sector into two major components, namely the insurance business itself, which includes insurance and reinsurance companies (both conventional and sharia-compliant) brokerage firms, and loss adjusters; and other insurance-related businesses, which includes actuary consultants, public accountants, appraisers and other related professions. "The new insurance law does not present any real challenges to the industry, and will probably strengthen it over the long term.

Regulatory Framework

➢ SUPERVISORY AUTHORITY:

The Financial Services Authority (***Otoritas Jasa Keuangan*** **"OJK")** supervises all financial institutions. The government act to establish the OJK was signed by parliament on 27 October 2011 and enacted as Law No 21 of 2011 on the Financial Services Authority.
www.ojk.go.id/en/Default.aspx

OJK | OTORITAS JASA KEUANGAN

➢ INSURANCE LAW:

Law No. 40 of 2014 on Insurance which was enacted on October 17, 2014 is the principal legislation relating to insurance business (Insurance Law).

➢ INSURANCE ASSOCIATION:

The insurance association (Dewan Asuransi Indonesia - DAI) represents the interests of life and non-life insurance companies. The association was established in 1957 and acts as the interface between insurers, government and the public. It also acts in partnership with the regulator in its day-to-day supervision of the insurance market.

DAI consists of the following associations:

- Indonesian Life Insurance Association - Asosiasi Asuransi Jiwa Indonesia (AAJI)
- General Insurance Association of Indonesia - Asosiasi Asuransi Umum Indonesia (AAUI)
- Indonesian Social Insurance Association - Asosiasi Asuransi Jaminan Sosial Indonesia (AAJSI)
- Islamic Insurance Association of Indonesia - Asosiasi Asuransi Syariah Indonesia (AASI).

Insurance companies are members of one or other of the associations, each of which is a member of DAI.

D A I
Dewan Asuransi Indonesia
(Insurance Council of Indonesia)

➢ COMPULSORY INSURANCES:

- Fund for road, rail, sea and air transport passengers - State Social Insurance Scheme.
- Professional indemnity insurance for insurance and reinsurance brokers.
- Work injury (state scheme).
- Liability insurance for licensed drones.
- Shipowners' liability for marine oil pollution (a financial guarantee or insurance).

➢ STATUTORY TARIFFS:

There are statutory tariffs and conditions in respect of property (including business interruption) insurance and motor vehicle insurance. On 26 January 2017 the regulator published Circular No 6/SEOJK.05/2017 introducing revised property and motor insurance tariffs, effective from 1 April 2017.

➢ POOLS:

Indonesia has a number of pools, which are described below.

- Priority property quota share of 2.5% managed by Reasuransi Internasional Indonesia (ReINDO) now part of Indonesia Re.
- Property Pool (Konsorsium Asuransi Risiko Khusus-KARK) for pasars (markets). The pool handles property risks in respect of markets, which were and still are considered by insurers and reinsurers to be undesirable risks, and which were at the time of establishment of KARK prone to very heavy loss experience.
- Pool for Custom Bonds (Pool Kerjasama Custom Bond Indonesia - Pool KCBI)
- Oil and Gas Pool (Konsorsium Pengembangan Industri Asuransi Indonesia - Migas - KPIAI). This pool had 7 members in 2016.
- Terrorism Pool. This pool has nearly 50 pool members.
- Crop Pool for standing timber - little or no activity.

➢ FOREIGN OWNERSHIP & FDI RESTRICTIONS

A decision related to foreign ownership of insurance companies is yet to be taken: currently the maximum limit is 80%: majority opinion in the market is that it is likely to be retained. It was proposed in early 2016 that the foreign ownership limit would be reduced to 30 per cent.

Government Regulation No. 14 of 2018 provides a grandfathering clause for an insurance company exceeding the current 80% limit of foreign ownership at the time of the enactment of this regulation. However, if the insurance company increases its paid up capital, it must comply with the 80% limitation.

➢ Subsidiary/branch

Branches of foreign insurers are not permitted. Only an Indonesian incorporated legal entity can apply for a licence to engage in business as an insurer.

➢ Control approvals

Any transfer of shares in an insurance company requires approval from the OJK.

All key parties must pass the OJK "fit and proper" test before being appointed or acquiring shares. Key parties include controlling shareholders, controllers, members of the Board of Directors, Board of Commissioners, Sharia Supervisory Board, the Internal Auditor and the Company's Actuaries.

A controlling shareholder is a shareholder (a legal entity, a person and/or a group of businesses that holds either 25 per cent or more interest in the company, or less than 25 per cent but can be proven to have control over the company, either directly or indirectly.

A "controller" is a party which directly or indirectly has power to nominate members of the Board of Directors and the Board of Commissioners and/ or can influence the decisions of the Board of Directors and the Board of Commissioners (including a controlling shareholder, a shareholder which is determined by the company to be a controller, and/or a non-shareholder which is determined by OJK to be a "controller").

An insurance company must have at least one controlling shareholder determined by the general meeting of shareholders, who will require approval for ceasing to be a controller from the OJK.

A party (other than the Indonesian Government) may only be a controlling shareholder in one life insurance company, general insurance company, reinsurance company, sharia life insurance company, sharia general insurance company or sharia reinsurance company. Controlling shareholders have three years to comply with this requirement under the Insurance Law.

➢ Capital Requirement

OJK has set higher minimum paid-up capital requirements for an establishment of insurance company, as follows

Insurer	**IDR 150 billion**
Sharia insurer	**IDR 100 billion**
Reinsurer	**IDR 300 billion**
Sharia reinsurer	**IDR 175 billion**

IDR 14,338.89= US$1 as at January 1, 2019

The above changes are based on OJK Regulation No. 67/POJK.05/2016 on the Business Licensing andOrganization of Insurance Companies, Sharia Insurance Companies, Reinsurance Companies and Sharia Reinsurance Companies which was enacted in late December 2016.

Solvency Margins

- In December 2016 the regulator issued several implementing regulations for Law No 40/2014, including OJK Regulation No 71/POJK.05/2016, on the Financial Soundness of Insurance and Reinsurance Companies. The regulation restates the previous rules on solvency margins: insurance companies must set an annual solvency target of 120% of the minimum risk-based capital (RBC) and the solvency margin must be at all times at least 100% of the minimum RBC (known as MMBR).
- The regulation took effect on 28 December 2016 and was subsequently amplified by guidelines published under Circular 24/SEOJK.05/2017 (in respect of conventional insurers and reinsurers) and Circular 25/SEOJK.O5/2017 (in respect of sharia insurers and reinsurers).
- Computation of the RBC formula is based on a series of complex calculations which take into account a number of factors, which include:
  - Asset default risk
  - Cash-flow mismatch
  - Risk of deterioration in anticipated loss experience
  - Reinsurance risk
  - Risk of insufficient premium due to investment results.

- All risk factors are allocated loadings (charges) or discounts, depending on their likely effect on the company, in order to arrive at the final ratio.
- Where a company fails to meet the MMBR requirement it must submit a financial restructuring plan to the regulator and is prohibited from paying dividends to shareholders. Where MMBR falls below 40%, a company shall receive a final warning.
- The same requirements apply to reinsurers. Circular 25/SEOJK.O5/2017
- Circular 25/SEOJK.O5/2017 contains guidelines relating to the calculation of minimum risk-based tabarru funds and tauhid funds and minimum risk-based capital for sharia insurers and reinsurers. The minimum risk-based tabarru fund is known as the DTMBR.

Reserve Requirements

- Circular 27/SEOJK.O5/2017, issued in conjunction with OJK Regulation 71/POJK.05/2016, provides guidelines for the calculation of technical reserves in respect of conventional insurers and reinsurers and Circular 28/SEOJK.05/2017, issued in conjunction with OJK Regulation 72/POJK.05/2016 provides guidelines for the calculation of technical reserves in respect of sharia insurers and reinsurers.

- Circular 27/SEOJK.O5/2017 specifies primary technical reserves for conventional insurers and reinsurers as unearned premium reserves, claims reserves and catastrophe reserves. Claims reserves include known outstanding loss reserves, IBNR reserves and reserves for claims payments which have been approved but which have not been paid at the date of valuation. The scope for permitted catastrophe reserves depends on the adequacy of catastrophe reinsurance that has been arranged. Calculation details for all reserves are appended to Circular 27/SEOJK.O5/2017.

- Circular 28/SEOJK.05/2017 specifies primary technical reserves for sharia insurers and reinsurers as unearned contribution tabarru and tanahud funds which have not yet become revenue, claims provisions and permitted catastrophe reserves. Calculation details for all reserves are appended to Circular 28/SEOJK.05/2017.

Policyholder protection

Each insurance company must form its own protection fund to serve as a "last resort" to protect the interests of its policyholders.

The protection fund must constitute at least 20 per cent of the insurer's own equity, which must be adjusted to the development of the insurance company's business volume. The funds representing the protection fund must be deposited with a bank. The Insurance Law mandates that the protection fund will be replaced by a policy assurance program by October 2017.

However, as at the date of writing, the policy assurance program has not yet been launched. Once this program comes into effect, the protection fund requirement will no longer apply and all insurance companies must be a member of the program.

All insurance companies must also be a member of a mediation institution for resolving disputes between insurance companies and their policyholders.

The Insurance Law gives policyholders preferential rights in liquidation ahead of secured and unsecured creditors, but behind preferred creditors (as well as tax liabilities and employee compensation).

OJK Regulation No. 1 of 2013 gives a policyholder the right to report a complaint to the OJK over a dispute between an insurance company and the policyholder and/or an alleged violation of the financial laws and regulations. Insurance companies must implement an annual customer and/or public education program to promote financial (insurance) literacy.

Portfolio transfers

The consent of the OJK is required. If the transfer involves all portfolios, the shareholders of the transferor must submit an application to OJK for the return of its insurance business licence after the transfer has been completed.

The policyholders must be informed of the transfer in writing. Announcements in national circulated newspapers must also be made by the transferor.

Any policyholders may submit their objections to the transfer within one month from the announcement date. If there is any objection to the transfer, the transferor must return all entitlements of the policyholders and the insurance protection will cease.
A report to the OJK on the result of the transfer must be submitted by the transferor upon completion of the transfer.

REINSURANCE

- In general Indonesian insurance companies (from the largest to the smallest) have significant reinsurance needs, especially considering the acute natural catastrophe hazards present in the country.

- Insurance companies are required to cede 2.5% to Reasuransi International Indonesia (ReINDO, now part of Indonesia Re) on all property risks, under the government central statistics department (BPPDAN) scheme, which ReINDO in turn retrocedes to participating insurance companies after deducting its own retention.
- Domestic reinsurers are not allowed to write any direct insurance business and are thought to have little or no involvement in alternative risk transfer (ART).
- Regulation No 14/POJK.05/2015 and Circular Letter No 31/SEOJK.05/2015 which were issued by the regulator in November 2015 and came into effect on 1 January 2016 set out new requirements regarding own retention limits, priority cessions to domestic reinsurers and reporting of reinsurance/retrocession.
- The regulator has confirmed that, in the context of OJK Regulation No 14/POJK.05/2015 foreign reinsurance brokers are allowed to continue to work directly with Indonesian insurance and reinsurance ceding companies.
- Pure fronting is not permitted without specific permission from the regulator to waive the requirements regarding own retention limits, priority cessions to domestic reinsurers and reporting of reinsurance/retrocession contained in Regulation No 14/POJK.05/2015 and Circular Letter No 31/SEOJK.05/2015.
- Indonesia is exposed to a number of catastrophic perils such as earthquake and volcanic eruption, flood and riot, strike and malicious damage.
  Circulars SE 6087/LK/2001 of 28 December 2001 and SE 1505/LK 2002 issued by the Ministry of Finance established an earthquake pool which commenced on 1 January 2003. The pool was subsequently transformed into a public liability company, Asuransi Maipark, and a compulsory cession was introduced. The current compulsory earthquake cession is 25% of the total sum insured subject to a maximum of IDR 60bn (USD 44.96mn) any one risk. A compulsory earthquake tariff applies.

OUTSOURCING

Except for underwriting, actuarial and claim settlement functions, insurance companies may outsource their functions to third party service providers which meet certain regulatory requirements (such as an Indonesian legal entity holding a valid business license which has no conflict of interest with the insurance company outsourcing the functions).

Any outsourcing to Foreign Service providers is only allowed for limited functions, which include product research, information system and other services which cannot be provided by Indonesian service providers. An outsourcing to Foreign Service providers must also be reported to the OJK 14 days prior to the engagement of the providers.

Insurance Market Performance and Statistics

- According to latest information available from the regulator there were 78 non-life companies in the market in 2015.
- The OJK reported 54 licensed life insurance companies as of August 2017 an increase of 4 since previously reported in December 2015. There were a further 30 sharia licensees, 23 of which were life company sharia units with a further 7 specialist sharia providers.
- The OJK reported 6 registered domestic reinsurance companies as of March 2018

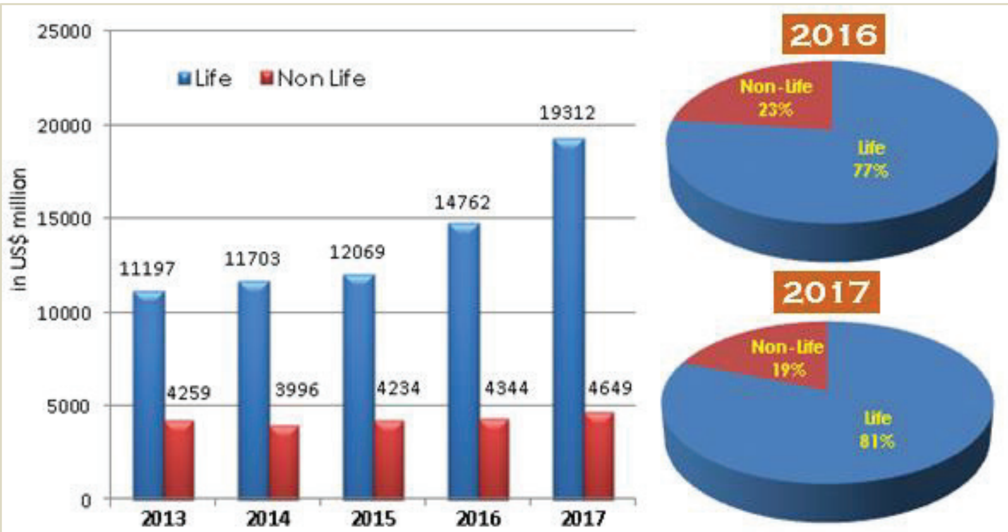
Total Premiums	2013	2014	2015	2016	2017
Total Direct Premiums (US$ m)	15453	15699	16303	19105	23960
Real Premium Growth (%) inflation-adjusted	0.6%	8.6%	10.4%	12.4%	21.5%
Penetration (% of GDP)	1.7%	1.8%	1.9%	2%	2.4%
Density (per capita in US$)	61	61	63	73	91
Share of Total World Premiums (%)	0.40%	0.32%	0.33%	0.42%	0.49%
Global Ranking (WP)	31	36	33	28	28
Global Ranking (Penetration)	58	68	68	60	55
Global Ranking (Density)	75	74	74	71	71

Life Premiums	2013	2014	2015	2016	2017
Life Direct Premiums (US$ m)	11197	11703	12069	14762	19312
Share of Country Total Premiums (%)	72%	75%	74%	77%	81%
Real Premium Growth (%) inflation-adjusted	-2.5%	11.3%	9.6%	17.3%	26.7%
Life Penetration (% of GDP)	1.2%	1.3%	1.4%	1.6%	1.9%
Life Density (per capita in US$)	44	46	47	56	73
Global Ranking (WP)	27	31	29	26	24

Non-Life Premiums *	2013	2014	2015	2016	2017
Non-Life Direct Premiums (US$ m)	4254	3996	4234	4344	4649
Share of Country Total Premiums (%)	28%	25%	26%	23%	19%
Real Premium Growth (%) inflation-adjusted	9.7%	0.3%	12.6%	-1.6%	3.7%
Non-Life Penetration (% of GDP)	0.5%	0.4%	0.5%	0.5%	0.5%
Non-Life Density (per capita in US$)	17	16	16	17	18
Global Ranking (WP)	42	41	43	-	42

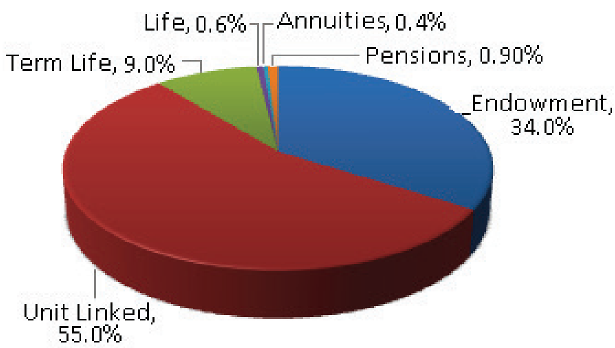
* *Include PA&H Insurance* *Source: Swissre Sigma Explorer*

Market Premium (Life & Non-Life)



LIFE BUSINESS:

Breakdown of Life by Line of Business 2017



Distribution Channels

Life Business	2014	2015	2016
Agent	48%	45%	41%
Bancassurance	31%	33%	40%
Other *	20%	23%	19%

* Includes direct marketing, microinsurance and sales through independent agents.

Market Concentration

	2014	2015	2016
Top 5 companies	52.86%	46.85%	47.42%
Top 10 companies	76.61%	72.57%	71.55%

Top 10 Life Insurance Companies

Rank	Insurance Companies	Written Premiums		Growth	Market Share	Written Premiums
		2017	2017	IDR		2016
		IDR mn	USD mn	%	%	IDR mn
1	PT Prudential Life Assurance	25,138,775.40	1,878.71	1.29%	14.53%	24,819,517.30
2	PT Asuransi Jiwasraya (Persero)	21,915,142.30	1,637.80	21.22%	12.67%	18,079,546.20
3	PT Asuransi Simas Jiwa	16,400,023.60	1,225.63	25.74%	9.48%	13,042,868.20
4	PT Asuransi Allianz Life Indonesia	11,231,741.90	839.39	11.19%	6.49%	10,101,253.60
5	PT Asuransi Jiwa Adisarana Wanaartha	10,466,354.60	782.19	69.09%	6.05%	6,189,791.50
6	PT AIA Financial	10,208,759.70	762.94	11.86%	5.90%	9,126,651.60
7	PT Indolife Pensiontama	10,118,623.60	756.20	6.66%	5.85%	9,486,432.30
8	PT AXA Mandiri Financial Services	8,501,171.80	635.32	(0.79)%	4.91%	8,569,080.30
9	PT BNI Life Insurance	5,710,686.10	426.78	20.35%	3.30%	4,745,215.10
10	PT Capital Life Indonesia	5,708,307.80	426.60	155.06%	3.30%	2,238,054.80

Total Assets

	2015	2016	2017
Total Assets (IDR mn)	354,219,625.00	424,151,851.00	512,947,824.20
Growth (%)	1.90%	19.74%	20.93%

Investments

	2015	2016	2017
Invested assets (IDR mn)	308,073,400.00	372,060,789.00	458,589,903.11
Net investment income (IDR mn)	(1,580,984.00)	31,408,853.00	47,758,422.39
Investment yield (%)	(0.51)%	8.44%	10.41%

Expense Ratios

	2015	2016	2017
Administrative expenses (%)	11.61%	9.94%	17.88%
Acquisition costs (%)	12.50%	10.15%	10.39%
Total (%)	24.10%	20.09%	28.26%

Profitability

	2015	2016	2017
Underwriting profit/loss (IDR mn)	11,961,104.00	(24,446,019.00)	(16,171,396.54)
% of net earned premium	11.57%	(15.92)%	(9.06)%
Pre-tax profit/loss (IDR mn)	13,503,706.00	10,793,854.00	13,080,848.94
% of net earned premium	13.06%	7.03%	7.33%

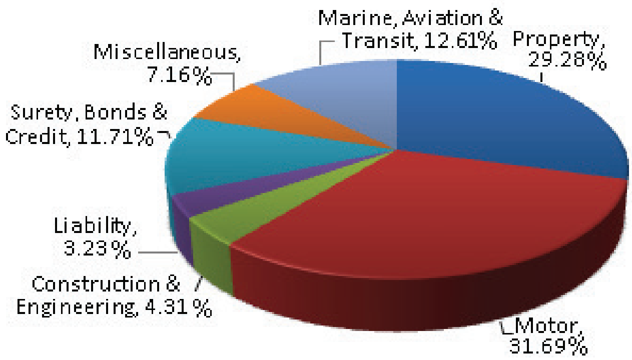
Retention Ratio

2015	2016	2017
96.87%	97.46%	97.39%

Source: AXCO Insurance Information Service

Non-Life Business:

Breakdown of Non-Life by Line of Business 2017



Distribution Channels

Non-Life Business	2014	2015	2016
Direct	24%	23%	22%
Broker	44%	45%	46%
Agent	21%	21%	21%
Bancassurance	10%	10%	10%
Internet	1%	1%	1%

Market Concentration

	2014	2015	2016
Top 5 companies	35.44	36.16	35.1%
Top 10 companies	54.13	54.51	52.1%

Top 10 Non-Life Insurance Companies

Rank	Insurance Companies	Written Premiums		Growth	Market Share	Written Premiums
		2017	2017	IDR		2016
		IDR mn	USD mn	%	%	IDR mn
1	PT Asuransi Sinar Mas	5,747,009.00	429.49	9.69%	9.03%	5,239,511.00
2	PT AsuransiJasa Indonesia (Persero)	5,366,063.00	401.02	3.09%	8.43%	5,205,194.00
3	PT Asuransi Astra Buana	4,444,317.00	332.14	4.42%	6.98%	4,256,161.00
4	PT Asuransi Kredit Indonesia (Persero)	3,720,484.00	278.04	56.10%	5.85%	2,383,333.00
5	PT Asuransi Central Asia	2,794,914.00	208.87	(5.76)%	4.39%	2,965,791.00
6	PT Asuransi Bangun Askrida	2,745,840.00	205.21	16.26%	4.32%	2,361,767.00
7	PT Tugu Pratama Indonesia	2,399,401.00	179.32	(29.82)%	3.77%	3,418,898.00
8	PT Asuransi Wahana Tata	2,139,832.00	159.92	7.55%	3.36%	1,989,546.00
9	PT Asuransi Adira Dinamika	2,021,655.00	151.09	(1.99)%	3.18%	2,062,709.00
10	PT Sompo Insurance Indonesia	1,634,857.00	122.18	17.21%	2.57%	1,394,842.00

Non-Life Loss Ratios 2015-2017 (%)

	2015	2016	2017
Property	44.96%	40.57%	38.53%
Motor	61.90%	62.01%	61.33%
Construction & Engineering	75.17%	70.08%	62.68%
Liability	3.56%	15.00%	7.94%
Surety, Bonds & Credit	52.47%	65.94%	56.88%
Miscellaneous	52.23%	36.63%	42.03%
Marine, Aviation & Transit	85.01%	59.46%	64.39%

Total Assets

	2014	2015	2016
Total Assets (IDR mn)	113,171,346.00	120,213,666.00	124,437,393.87
Growth (%)	15.62%	6.22%	3.51%

Technical Reserves

	2014	2015	2016
Technical Reserves (IDR mn)	51,711,222.00	54,763,336.00	52,945,801.84
% of gross written premium	103.09%	98.79%	99.41%

Expense Ratios
Total non-life market

2014	2015	2016
32.23%	33.59%	NA

		2014	2015	2016
Profitability	Underwriting profit/loss (IDR mn)	2,060,141.00	2,095,959.00	1,644,005.51
	% of net earned premium	6.97%	6.26%	5.63%
	Pre-tax profit/loss (IDR mn)	6,387,197.00	7,502,829.00	5,480,792.64
	% of net earned premium	21.60%	22.41%	18.77%

	2014	2015	2016
Retention Ratio	59.05%	59.58%	NA

Source: AXCO Insurance Information Service

Reinsurance Business:

- The domestic reinsurers cannot write direct insurance business.
- Indonesia is not a major market for inwards international reinsurance acceptance.
- In April 2017, the compulsory earthquake cession to Asuransi Maipark was increased from 15% to 25% of the total sum insured subject to a maximum of IDR 60bn (USD 44.96mn) any one risk (defined as the total sum insured of all risks at the same location for each insurance company).

- *<u>The OJK reported 6 registered domestic reinsurance companies as of March 2018</u>*
  - Reassurance Company of Indonesia (PT Maskapai Reasuransi Indonesia Tbk - Marein)
  - PT Reasuransi Indonesia Utama (Persero) (Indonesia Re)
  - PT Reasuransi Maipark Indonesia
  - PT Reasuransi Nasional Indonesia
  - PT Reasuransi Nusantara Mukmur
  - PT Tugu Reasuransi Indonesia (Tugu Re).

  - The state-owned PT Reasuransi Indonesia Utama (Persero) relaunched in October 2016 following merged operations with the state credit agency, Asei Re and PT Reasuransi Internasional Indonesia (ReINDO).
  - A further merger with PT Reasuransi Nasional Indonesia (Nasional Re) was anticipated in 2017 but no further progress was reported at the time this report was in preparation.
  - Marein is a private company joined from January 2018 by PT Reasuransi Nusantara Mukmur, established by the Indonesian conglomerate Sinarmas Group.
  - Maipark is a catastrophe risk specialist with share ownership between non-life insurers. The other reinsurers are state-controlled.
  - Nasional Re is owned by Askrindo, which is owned by the Ministry of Finance and Bank Indonesia.
  - Tugu-Re is majority-owned by Pertamina, the state-owned oil company, via subsidiary Tugu Pratama (37.67%) and its pension scheme (13.92%). The company provides life and non-life conventional reinsurance.

The ranking of non-life reinsurers in 2015 *(prior to the merger concluded between Indonesia Re and PT Reasuransi Umum, the holding company of Reasuransi Internasional Indonesia)* is shown below

Rank	Reinsurance Companies	Written Premiums		Growth	Market Share	Written Premiums
		2017	2017	IDR		2016
		IDR mn	USD mn	%	%	IDR mn
1	PT Reasuransi Nasional Indonesia	5,613,402.00	419.51	15.10%	34.28%	4,876,871.00
2	PT Reasuransi Indonesia Utama	5,392,500.00	403.00	73.15%	32.94%	3,114,350.00
3	PT Tugu Reasuransi Indonesia	3,007,567.00	224.77	33.21%	18.37%	2,257,767.00
4	PT Maskapai Reasuransi Indonesia	1,805,139.00	134.90	24.39%	11.03%	1,451,202.00
5	PT Reasuransi Maipark Indonesia	300,643.00	22.47	19.20%	1.84%	252,218.00
6	PT Reasuransi Nusantara Makmur	253,524.00	18.95	NA	1.55%	NA
	MARKET TOTAL	**16,372,775.00**	**1,223.60**	**36.98%**	**100.00%**	**11,952,408.00**

Source: AXCO Insurance Information Service

AM Best's Credit Ratings

AMB#	Name	Ultimate Parent	ICR	Outlook/ Implication	FSR	Outlook/ Implication
078591	PT Asuransi Jasa Indonesia (Persero)	PT Asuransi Jasa Indonesia (Persero)	bbb+	Stable	B++	Stable
091075	PT Asuransi Samsung Tugu	Samsung Fire & Marine Insurance Co, Ltd	a-	Stable	A-	Stable
086731	PT Asuransi Tokio Marine Indonesia	Tokio Marine Holdings, Inc.	a-	Stable	A-	Stable
086732	PT Asuransi Tugu Pratama Indonesia, Tbk	PT Pertamina (Persero)	a-	Negative	A-	Negative

Source: AM Best – February 2019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2nd FAIR Insurance Marketing Conference
25 - 26 February 2019
Mena House Hotel - Cairo, Egypt

“Marketing Strategies: Driving Innovation & Talent Transformation”

Under the patronage of H.E. Minister of Public Enterprise, and in cooperation with the Egyptian Financial Regulatory Authority, **The Federation of Afro-Asian Insurers and Reinsurers “FAIR” held the** 2nd FAIR Insurance Marketing Conference **during 25 - 26 February 2019, at Mena House Hotel - Cairo, Egypt, under the theme of:**

“Marketing Strategies: Driving Innovation & Talent Transformation”

The Conference gave an excellent platform for participants from all the markets to meet and discuss the current developments in Insurance Marketing Strategies, and High-profile speakers from the industry as well as in-depth debates provided the delegates with insights about the current developments in Insurance Marketing and the future of the industry and solutions to remain competitive in an increasingly volatile economic, technological and political environment.

This major insurance event gathered a wide range of the industry’s leaders from all around the globe, starting with Dr. Adel Mounir, FAIR Secretary General, Mr. Alaa El Zoheiry, FAIR Vice President & Chairman of Insurance Federation of Egypt, Mr. Basel AlHiny, Chairman of Misr Holding Insurance Company, Dr. Mohammed Omran, Chairman of the Egyptian Financial Regulatory Authority, in addition to more than 400 participants from 17 countries representing 140 insurance, reinsurance and brokerage companies attended the conference.

By the end of the conference’s opening ceremonies, The Federation of Afro-Asian Insurance and Reinsurance (FAIR) and the General Arab Insurance Federation (GAIF) have signed an MoU to improve joint cooperation and strengthen bilateral relations with the aim of developing the insurance and reinsurance industry in the Arab and Afro-Asian regions.

In his welcome speech, **Dr. Adel Mounir** asserted on the essentiality of the conference's theme which covers five important subjects:

- Role of Regulators, Federations, & Associations in Markets Development
- Digital Marketing: Challenges & Opportunities
- Experiences of Innovations and Product Development
- The Story Telling of Science of Selling
- Premier Debate: Can you handle the TRUTH

He pointed out how necessary is to take advantage of the modern technologies, and make the best use of it in improving all aspects of the insurance industry.

Dr. Adel added that this conference represents an important dialogue platform for more than 8000 natural insurance brokers and 80 brokerage companies working in the Egyptian insurance industry, representing the link between the client, whether individual or institution on the one hand and the insurance companies on the other hand, exchanging the experiences of digital transformation in the insurance industry.

Mr Alaa El Zoheiry, said that modern technology has helped boost the insurance industry and insurers need to continuously explore innovative ways to increase their activity and serve customers efficiently.
Mr El Zoheiry stressed the need to deepen and strengthen regional cooperation and increase channels of communication between Afro-Asian insurance companies.

Mr. Basel AlHiny, said that Egypt is an open and excellent market for conducting business, and is wishing to see more investments in Egypt, especially in the insurance sector, which is not where it should be, and there is no better to help achieving more and more than Egypt's partners and colleagues in Africa & Asia.

Dr Mohammed Omran, said that the FRA is giving a lot of attention towards supporting the insurance sector in Egypt this year. He noted that the penetration rate still stands at a mere 1% though GWP has been growing at an annual average rate of 15% over the past few years. "This requires increasing growth rates of an average of 25-35% per annum in order to double the sector's contribution to GDP to 2%."
Dr Omran said the final draft of the new insurance law is supposed to be presented to the cabinet and the Ministry of Justice for approval before the end of this year.

Dr. Adel Mounir

Alaa El Zoheiry

Basel AlHiny

Dr Mohammed Omran

Session One

The first session was titled "**Role of Regulators, Federations, & Associations in Markets Development**", moderated by Mr. Alaa El Zoheiry, and the speakers were Cons. Reda Abdel Moaty, Deputy Chairman, Financial Regulatory Authority, Egypt, and Mr. Maher AlHussein, Director, Jordan Insurance Federation.

Alaa El Zoheiry

Cons. Reda Abdel Moaty

Maher AlHussein

This session discussed how the insurance industry is a large market both locally and globally. It provides a wide range of services to almost all segments of consumers, through companies of different specialties and sectors, which requires the existence of legislative and regulatory entities to ensure the provision of insurance services while preserving the rights of both consumers Insurance companies.

Mr. Alaa El Zoheiry outlined the role and duties of the Insurance Federation of Egypt, and explained its business plane for 2018-2022, to raise the level of the insurance industry and related insurance professions and modernize them and to consolidate the concepts and customs of the correct insurance performance, Coordination on common issues to regulate competition and prevent conflict and settle disputes between members in a market economy environment, To strengthen cooperation and coordination between the Federation and the Financial Regulatory Authority to achieve the benefit of the insurance market and the national economy, and to strengthen the links between the Federation and other governmental and non-governmental bodies and agencies concerned with insurance activity in Egypt and abroad.

Cons. Reda Abdel Moaty said that the Egyptian Financial Regulatory Authority operates within the Egyptian constitution, in order to organize the insurance market and establish balance between all parties rights, and to provide utilities, systems , and rules that guarantee the transparency of the market and its activities.

Mr. Maher AlHussein said that in the light of the challenges of the current phase and with the opening of markets and the application of liberalization policies, the development, strengthening of supervision and regulation systems are imperative to keep pace with the global trend towards competitive markets that can withstand this new competitive environment.

The second session was titled" **Digital Marketing: Challenges & Opportunities**", moderated by Mr. Khaled El Shaarany – Deputy CEO AXA Egypt, and the speakers were Mr. Ahmed Hosni, Founder & Managing Director, BrokNet Group MEA - UAE, Mr. Joseph Alapatt, Senior Vice President, AGILE Financial Technologies, Mr. Shadi Saadeh, General Manager, UAE Eskadenia Software, Mrs. Dady Geagea, CMO at TEKNOLOGIIA.

This session discussed how Digital transformation of marketing channels has brought a change in consumer expectations. Going digital calls for revised culture and process of work. Industries across sectors are reaping the benefits of digitization.
A digital transformation in the insurance industry refers to an outside-in approach in line with a customer-centric view of the business. Development with new technology helps in bringing innovation and therefore creating new revenue streams.

Mr. Khaled said commenting on the session topic that it's not about the technology, it's about the change that this technology has had on the behavior of customers on the 21st century. Customers nowadays wants services that are simpler, faster, and smarter.

Mr. Ahmed said that in MEA region, individuals are already engaged with internet and social networks, which give great opportunities to penetrate and communicate with them, but the challenge, will be building the digital infrastructure from companies perspective, broker perspective, and regulatory perspective.

Ms. Dady added that social media is the right tool to communicate with customers where we can directly respond to their needs, and have a directly two ways communication.

Mr. Shady pointed out that insurers have gone beyond digital marketing to the extent of measuring risks through analyzing insured members' behaviors. Insurers has to transform issuing policies into an automated process to lessen human error for example.

Mr. Joseph said that there is going to be companies coming in giving peer to peer insurance, which is a group of people going on the digital space, sharing the risk, and there will be common investors investing in this business.


Khaled El Shaarany


Ahmed Hosni


Dady Geagea


Shadi Saadeh

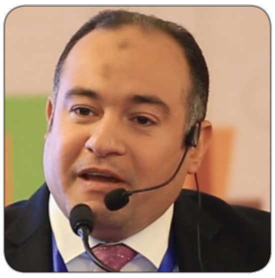

Joseph Alapatt

Session Two

Session Three


Mohamed Mahran


Ahmed Khalifa


Mohamed Saad


Axel Bromley


Sarah Salem

The third session was titled "**Experiences of Innovations and Product Development**", moderated by Mr. Mohamed Mahran, M.D Allianz,Egypt, and the speakers were Mr. Ahmed Khalifa, Sarwa Capital, Egypt, Mr. Axel Bromley, M.D ,Chubb Life, Egypt, Mr. Mohamed Saad Zaghloul, Assistant Director, Africa Re, and Ms. Sarah Salem, Senior Account Manager, Genre, Lebanon.

The Afro-Asian insurance industry is experiencing an unprecedented period of change, with the advent of digital technology, mobile connectivity and the social media.
Digitalization of the insurance industry has helped reduce costs. Social media and the emergence of powerful social networks are leading to innovation in distribution.
With excess capacity available in the region, insurance companies need to find innovative ways to do business and service customers. Supply is not going to change and so we need to innovate to stimulate demand.

Mr. Mohamed Mahran listed some of the challenges that face digitalization such as regulatory environment, the needed funds and investments, customer and companies mind sets, brokers readiness.

Mr. Ahmed Khalifa went through how the development of the world results in the need for a developed services and products, such as cyber insurance to face internet risks.

Mr. Mohamed Saad explained that Great products, services and actions that changed the world have all started with An Idea, adding that corporates should create a channel to all employees to give ideas. He pointed out new product development process starting with Idea generation and screening, Concept Development and Testing, Marketing Strategy, Business Analysis, Product Development, Test Marketing, Commercialization.

Mr. Axel Bromley asserted that the core of any single product, should be focusing on making the client's life always better, safer, and always improving.

Ms. Sarah Salem gave a demo on two applications dedicated to life and health insurance products, and explained how these application which have different interacting styles, can be smart, easy, and efficient, while issuing an almost tailored different life or health insurance product policy depending on each different client using these applications.

The Fourth session was titled" **The Story Telling of Science of Selling**", moderated by Dr. Walif Auf, M.D. Medmark, Egypt, and the speakers were Mr. Hamed Mabrouk, Head of North Africa of Willis Towers Watson, Mr. Talaat AbouKalam, Chairman & CEO, GIG-SAE Insurance Brokers, Mr. Samir AlHussainy, Misr Life, Ms. Joziane Hakim, Chairman & Managing Director, HIB Insurance Brokerage.

Using stories can make a strong impact on audience, differentiate you and share your success.
Stories work for several reasons: they are more memorable than numbers, names and dates, and listeners enjoy the details. Also, your listener can find himself in the story.
Storytelling about science of selling can demonstrate the professionalism, customer service, researching ability, creativity or other strengths.
Success story demonstrate the teller's ability to solve problems, dedication, leadership and independence.

Dr. Walid Auf pointed out the main keys to career success from his point of view as having the spirit of initiative, passion, continues learning, course adjusting whenever necessary.

Ms. Joziane Hakim believes in expecting the best, and be prepared for the worst.

Mr. Talaat AbouKalam said that life doesn't stop at a certain success, and ambition shouldn't have limits, and always care for honesty and transparency.

Mr. Samir AlHussainy advised to take care self-appearance, reputation, trust, telling only confirmed facts, and individual brokers to merge with other colleagues and establish a bigger entity which results in more stability and efficiency

Mr. Hamed Mabrouk said that when an opportunity comes, and and processed with innovation and adding value, it will certainly lead to a total success

Dr. Walif Auf

Joziane Hakim

Talaat AbouKalam

Samir AlHussainy

Hamed Mabrouk

Session Four

Session Five


Dr.Adel Mounir


Sherif Moussa


Abeer Saleh


Adel Fatoury


Mohamed AlMorsy

The fifth session was titled "**Premier Debate: Can you handle the TRUTH**", moderated in a different style as a talk show by Dr.Adel Mounir, FAIR Secretary General, and the speakers were Mr. Adel Fatoury, M.D, Wethaq Takaful Insurance Egypt, Ms. Abeer Saleh, MD, Bupa Egypt Insurance, Egypt, Mr. Mohamed AlMorsy, M.D. Future Insurance Brokerage, and Mr. Sherif Moussa, Head of Internal Audit & Quality Management Division, Federal Express, Egypt.

This session is all about honesty, being completely frank and open minded, between insurance service providers, insurance service broker, and insurance service consumer, spreading out all criticizing issues about each other, and discussing how all can cooperate in harmony, and work out these issues.

Dr. Mounir pointed out that to achieve the highest improvement within insurance industry, the client's opinions the point of view has to be heard and taken into account

Mr. Sherif Moussa told his experience with a number of insurance brokers and companies, and asserted that from a client perspective, serving the client with honesty and transparency is the most essential aspect, and added that he encourages the idea of individual brokers establishing together a big brokerage entity that could be able to govern and control brokerage process in order to stop actions that could give an unpleasant reputation to insurance brokerage and even to the entire insurance industry. He asked how how a client should choose an insurance company.

Ms. Abeer Saleh answered that clients has to first determine what they really need. She advised also insurers to be transparent about what they really provide.

Mr. Adel Fatoury added that laws & regulations directs insurers to seek honesty and transparency.

Mr. Mohamed AlMorsy urged clients to be realistic and choose insurers on an institutional basis.
He also asked why are brokers blamed for lowering prices while prices is up to only insurers.

Mr. Fatoury answered that it's not right to put all the blame on the brokers, but sometimes the competition between them do affects the prices.

He then asked why does a broker transferes clients from an insurer to another?
Mr. AlMorsy answered that this is done when the services provided to the client from the insurer is not satisfying.
While **Mr. Moussa** said that this is sometimes done when some brokers get a better commission offering from another insurer regardless of their service quality.

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