FAIR Review

Issue No. 182 - Dec. 2019

Sierra Leone

A Country Floating on Investment Opportunities

- The Satellite Insurance Market
- 2018 FAIR Case Study Competition Winner
- 26th FAIR Conference


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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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Dec. 2019

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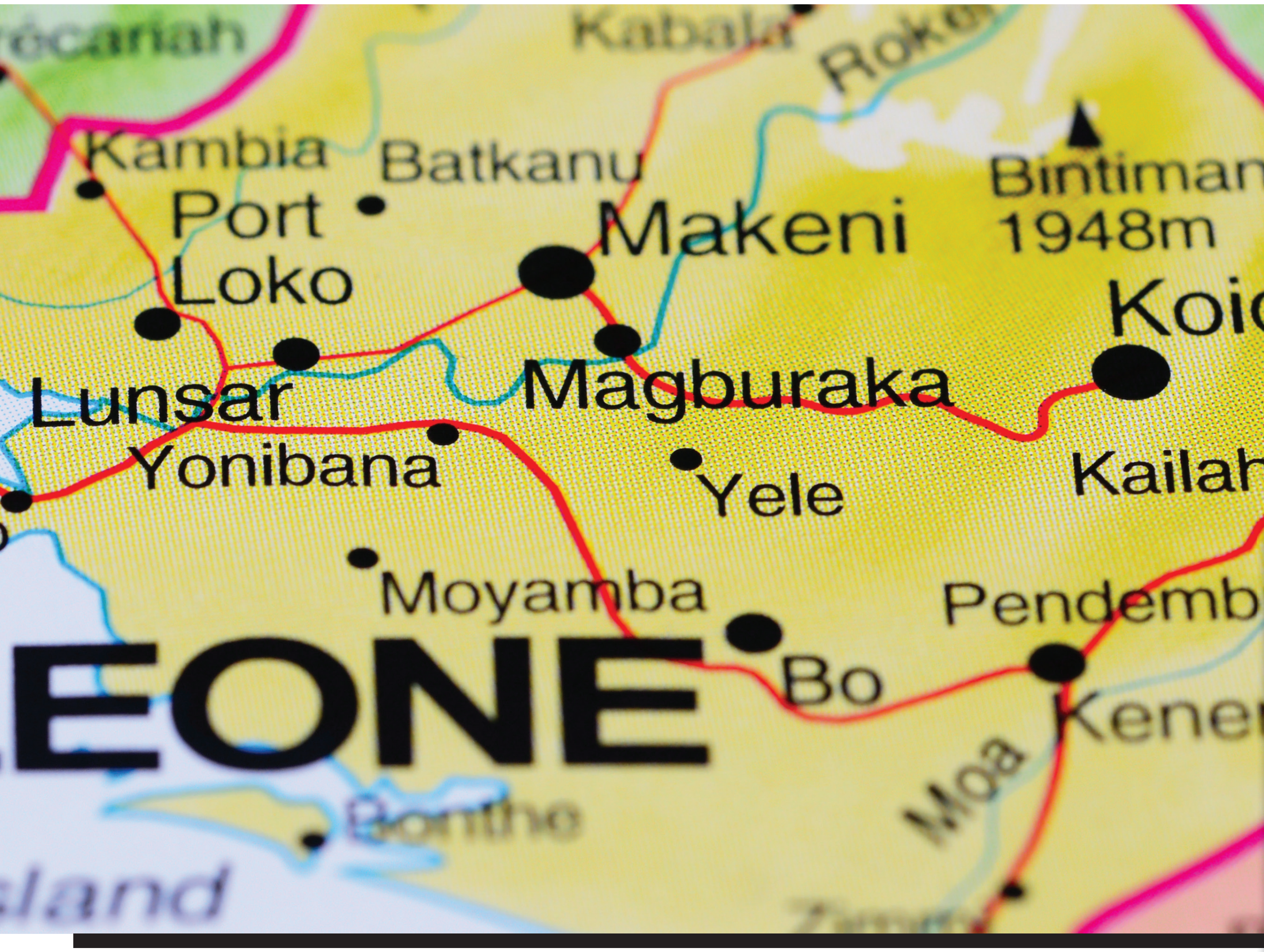
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26 FAIR CONFERENCE
MARRAKECH - MOROCCO
SEPTEMBER 23RD - 25TH 2019
NEW ECONOMIC BARRIERS IN AFRO ASIAN INSURANCE MARKETS

FAIR News

•General Assemblies of the Afro-Asian Federation of Insurance and Reinsurance Pools/ Syndicate

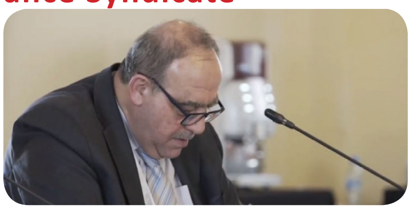
Within the framework of the 26th General Conference of the Federation of Afro-Asian Insurers and Reinsurers (FAIR), which was held on 22-25 September 2019 in Marrakech, Morocco, the General Assemblies of the Federation's Pools/ Syndicate were held: FAIR Non-Life Reinsurance Pool, FAIR Aviation Pool, FAIR Oil & Energy Insurance Syndicate, FAIR Natural Catastrophe Reinsurance Pool (FNCRIP).

The meetings were held in the presence of the General Secretariat of the Federation and the members of each pool/ Syndicate on Tuesday, September 24, where they discussed budgets and performance developments, keeping pace with market needs and trends, and dealing with challenges.

• General Assemblies of FAIR Non-Life Reinsurance Pool

The first assembly held was for the FAIR Non-Life Reinsurance Pool, managed by MiLLiRE in Turkey, represented by Ms. Aylin Kocatürk, and discussed developments in the Middle East, Indian Subcontinent, Far East, Sub-Saharan Africa, Turkey and Russia. They also reviewed the results of market visits and attending international conferences to strengthen relations between the members of the pool and to expand and maintain the pool's portfolio.

• General Assemblies of FAIR Oil & Energy Insurance Syndicate



The meeting of the FAIR Oil & Energy Insurance Syndicate , which is managed by Trust Re Company in Bahrain represented by Managing Director Mr. Nabil Hajjar, reviewed the developments of the world economy in general, and the insurance and reinsurance markets for oil and energy in particular. The meeting also pointed out that 2018 was a positive year with regards to claims.

A.M. Best upgraded the Syndicate's Financial Strength Ratings (FSR) to B+ (Good) with Stable outlook, and Issuer Credit Ratings (ICR) to bbb- with stable outlook, commenting "The ratings reflects 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."

• General Assemblies of FAIR Aviation Pool

The meeting of the FAIR Aviation Pool, which is managed by the La Société Centrale de Réassurance (Central Reinsurance Company) in Morocco, represented by Ms. Houda MCHICHE, held a meeting on the developments of the Aviation and Aerospace market conditions and its challenges and future plans to face these challenges and develop the productivity of the pool.

• General Assemblies of FAIR Natural Catastrophe Reinsurance Pool

The meeting of FAIR Natural Catastrophe Reinsurance Pool managed by GIC India, represented by its General Manager, Mr. Sushil Kumar discussed the increase of the members of the pool which resulted in increasing its capacity. The pool also requested an increase of its member's support to increase its efficiency in covering the risk of natural catastrophe once they occur.

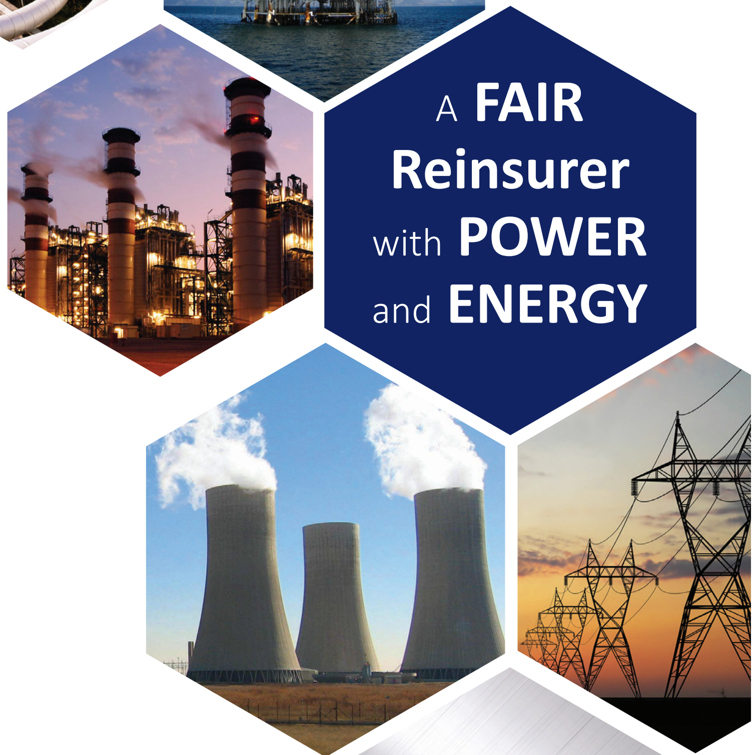
Mr. Yassir El Baharna
Fifth Recipient of the FAIR Hall of Fame

The initiative of instituting “**FAIR Hall of Fame**” has been adopted by the FAIR General Assembly in 2007 to honour the eminent professionals and leaders of the Insurance Industry in the Afro-Asian countries for their outstanding contribution.

FAIR Steering Committee in its 3rd meeting in Egypt resolved to choose **Mr. Yassir Al Baharna** as the Fifth recipient of the FAIR Hall of Fame.

He was honoured during the **FAIR 26th Conference** in Marrakech, Morocco 2019, which took place in Palmeraie Conference Center, by **Dr. Adel Mounir**, FAIR Secretary General, and **Mr. Youssef Fihri**, CEO of La Société Centrale de Réassurance (Central Reinsurance Company) in Morocco, and FAIR President.

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

"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.

Financial Strength Rating
A M BEST
B+ Good

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

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Global News

• EIOPA report highlights cyber risks for insurers

By Tony Dowding on September 27, 2019

The European cyber insurance industry is growing rapidly, seeing an increase of 72% in 2018 in terms of gross written premium – amounting to €295m in 2018, compared to €172m in 2017 – based on responses from 41 large (re) insurance groups across 12 European countries. This is according to a report from the European Insurance and Occupational Pensions Authority (EIOPA), Cyber Risk for Insurers – Challenges and Opportunities, which surveyed the 41 large European (re)insurance groups. It examined both cyber threats to insurers and the coverage for cyber risk that they offer.

The report states: "The increasing frequency and sophistication of cyberattacks, the fast digital transformation and the increased use of big data and cloud computing make insurers increasingly susceptible to cyber threats, in particular considering the amount of confidential policyholder information insurers are possessing. This calls for a sound cyber resilience framework for insurers."

It adds: "On the other hand, the digital economy and the advance of technology offer opportunities to cyber underwriters. Appropriate cyber insurance coverages can make a valuable contribution to manage cyber risk faced by businesses and organisations. A well-developed cyber insurance market can play a key role in enabling the transformation to the digital economy. Insurers play a key role in this transformation: not only are insurers susceptible to cyber threats directly themselves but they also offer coverage for cyber risk through their underwriting activities."

According to EIOPA, the findings show that clear, comprehensive and common requirements on the governance of cybersecurity as part of operational resilience would help ensure the safe provision of insurance services: "This would include a consistent set of definitions and terminology on cyber risks to enable a more structured and focused dialogue between the industry, supervisors and policymakers, which could further enhance the cyber resilience of the insurance sector."

On the underwriting side, the report notes that non-affirmative cyber exposures remain a source of concern: "While common efforts to assess and address non-affirmative cyber risks are underway, some insurers have adopted a 'wait-and-see' approach to address non-affirmative cyber risk, where the implementation of actions plans to address non-affirmative exposure depends on the materialisation of future events. Therefore, further effort is needed to properly tackle non-affirmative cyber exposures, to address the issue of potential accumulation risk and provide clarity to policyholders."

The report also states that having common and harmonised standards for both cyber risk measurement and cyber incident reporting purposes could greatly facilitate enhanced data collection on cyber incidents and losses. This should allow insurers to manage and price their affirmative cyber risk exposures more effectively. EIOPA says the creation of a European-wide cyber incident-reporting database, based on a common taxonomy, could be considered. ■

Source: Commercial Risk Website

27 September 2019

• 17 Cybersecurity Products, the Cyber Insurance Industry Says Are Worthwhile

Insurance broker Marsh has unveiled the inaugural class of cybersecurity products and services receiving a Cyber Catalyst designation that is part of an evaluation program its backers hope will bring greater clarity in the crowded cybersecurity marketplace.

Cyber Catalyst by Marsh, launched earlier this year, convened cyber insurers Allianz, AXIS, AXA XL, Beazley, CFC, Munich Re, Sompo International and Zurich North America to identify products and services they consider effective in reducing cyber risk. Marsh said more than 150 cybersecurity offerings, spanning a broad range of categories from hardware to messaging security to Internet of Things (IoT) security, were submitted for evaluation.

Under the program, the selected cyber insurers evaluate the cybersecurity offerings that address major cyber risks such as data breach, business interruption, data theft or corruption, and cyber extortion. Microsoft is a technical advisor to the insurers. Marsh does not itself take part in the evaluations.

Insureds that adopt Cyber Catalyst-designated products may be considered for enhanced terms and conditions on individually negotiated cyber insurance policies with participating insurers. Marsh said

Tom Reagan

it has worked with each participating insurer to establish endorsement wordings that reflect the coverage enhancements that those insurers might offer to Marsh clients that adopt one or more Cyber Catalyst-designated solution.

These 17 products have been rated worthy of the first-ever Cyber Catalyst designation:

1. Aruba Policy Enforcement Firewall
2. BigID Data Privacy Protection and Automated Compliance
3. CrowdStrike Adversary Emulation Penetration Testing
4. Crowdstrike Falcon Complete
5. Digital Guardian Data Protection Platform
6. FireEye Email Security
7. FireEye Endpoint Security
8. Forescout Device Visibility and Control Platform
9. HackerOne Bounty
10. HPE Silicon Root of Trust
11. KnowBe4 Security Awareness Training and Simulated Phishing Platform
12. Mimecast Secure Email Gateway with Targeted Threat Protection
13. Perspecta Labs SecureSmart critical infrastructure monitoring solution
14. RSA SecurID Suite
15. Trustwave DbProtect
16. Virsec Security Platform
17. Zingbox IoT Guardian

"Cyber Catalyst is a ground-breaking approach to help organizations make well-informed decisions in the complex $125 billion cybersecurity marketplace," said Tom Reagan, U.S. Cyber Practice Leader, Marsh. "This year's class of 17 Cyber Catalyst designated solutions leverages the experience and insights of the insurance industry to broaden the discussion around best practices and drive improved cyber risk management outcomes."

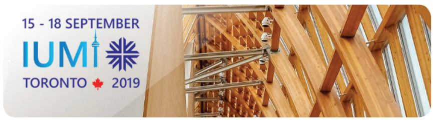
Reagan has likened the program to the industry's support for seat belts, air bags or building sprinklers. "This is a proven model for the insurance industry," he previously told Insurance Journal.

Marsh said it expects to open the next Cyber Catalyst program cycle in 2020. ■

Claims Journal - 25 September 2019

• *Cargo and hull markets have 'bottomed out' but 2018 premium rise not enough:* IUMI

By Ben Norris on September 17, 2019



The marine cargo and hull insurance markets appear to have "bottomed out" and are now showing "modest uplift", according to the International Union of Marine Insurance (IUMI). But it warned that the 1% rise in global marine premium last year will not be enough to address the sector's underlying problems.

At its annual conference in Toronto, Canada this week, IUMI said global marine underwriting premiums rose by 1% in 2018 to $28.9bn. But it said this "modest increase" will not bring an upturn in sector's fortunes, as it faces an uncertain future.

Philip Graham, chair of IUMI's facts and figures committee, said the bottoming out of the cargo and hull markets comes from a low base. And he added that growth in last year's global marine underwriting premiums "does not demonstrate any significant uplift to the current market and is more likely to have been driven by economic factors".

But it appears that further changes to market conditions are taking place.

Mr Graham said that since IUMI's 2018 conference, about 20 entities have stopped or severely restricted their marine hull or cargo underwriting activities.

Meanwhile, Sean Dalton, chair of IUMI's cargo committee, explained that the marine cargo market is in a state of "accelerating change" as underwriters take action to address unprofitable results and improve performance.

"On a global basis, the cargo line is unprofitable and has been for a number of years. Premiums have not been technically adequate to cover losses and expenses and, as such, have not delivered an acceptable return for capital providers. A significant reason for this ongoing situation is the commoditisation of this speciality line of business, which has lowered entry barriers and attracted new entrants, some of whom are now exiting," said Mr Dalton.

"As result, underwriters are addressing their portfolios with urgency and reviewing technical rate adequacy, expenses, terms and conditions, deductible levels, and capacity/limit deployment. A greater focus has been placed on commitment to business, stability and capabilities, to ensure underwriters deliver a stable offering that can be robustly delivered," he added.

Philip Graham

Cargo continued to represent the largest share of global marine premium (57.4%) in 2018, with hull next on 24.4%, offshore energy 11.4% and marine liability 6.7%.

Marine cargo premiums rose 2.5% to $16.6bn last year, according to IUMI. It said this "modest" increase is largely attributable to world trade growth and exchange rate fluctuations that affect cargo

Rama Chandran

premiums more strongly than other sectors.

It added that the risk of large cargo losses is "substantially" increasing on both single sites and single assets.

IUMI also explained that the cargo market's technical loss ratios are relatively stable at about 70% in Europe. Asia is still a developing account and loss ratios, now approaching 60%, are beginning to rise in that region.

IUMI explained that there have already been nine major cargo vessel fires this year, resulting in loss of life, injury and environmental damage. It said misdeclaration of cargo appears to be the main culprit and is driving some shipping companies to take the unprecedented step of announcing significant fines for those responsible.

IUMI has also called for **greater law enforcement and business action to mitigate the growing risk of cargo theft, which it warns has reached "alarming proportions"**.

Hull insurers saw global premiums unchanged in 2018 at $7bn. IUMI said this is a "concern when set against a continually increasing global fleet and higher single risk exposure (and the related risk of unprecedented major claims) resulting from the trend for ever-larger vessels".

Rama Chandran, chair of IUMI's ocean hull committee, said challenging market conditions have seen a reduction in overall hull capacity. This is likely to aid a "market recovery" for insurers, he added.

Mr Chandran said IUMI sees indications that the global hull premium base is beginning to grow and is "cautiously optimistic" of being able to deliver a more positive report on the hull insurance market next year.

Although IUMI predicts that hull premiums will increase in 2019, it stressed once again that this is from a very low base. It added that rising premiums should "marginally" alleviate the pressure on profitability but the return of major losses could offset any improvement for insurers.

IUMI added that with marine hull results under pressure, the trend towards using more advanced methods of technical underwriting and better risk estimation continues.

Its statistics show the hull sector currently continues to generate a technical loss, with the 2018 underwriting year forecast to record a gross loss ratio of about 90%. The hull sector has only made a technical profit in three years since 2005.

IUMI added that claims frequency and cost per vessel remains stable and moderate for hull insurers, with the long-term trend for total losses stabilising.

However, IUMI said incidence of major hull losses appears to have returned in 2019 after unusually low numbers during the period 2016 to 2018. This is likely to impact the 2018 and 2019 underwriting years, it warned.

The union said that although

the hull sector suffered few major losses in the period 2016 to 2018, the share of attritional losses rose and income did not cover such claims or leave any buffer to cover major losses.

Mr Chandran also warned of growing and emerging hull risks.

"2018 saw a rise in the frequency and cost of machinery claims and we expect to see more, similar claims as the impact of the 2020 sulphur cap demands the wider use of low sulphur fuels. The issue of cat fines hasn't gone away and this will continue to impact machinery claims in the future. The unusually high frequency of containership fires is likely to persist at the current escalated level and it is particularly concerning to hear that shipping companies believe around 30% of containers are either misdeclared or underdeclared. This is a high-risk area for all marine underwriters and one that IUMI is addressing alongside other industry bodies," he said.

Adding: "We must also be mindful of new risks such as those generated from autonomous shipping and cyber activities. As an industry, we need to build more awareness of these issues and develop products that mitigate the risk and protect shipowners and others."

Meanwhile, global offshore premiums reduced 3% to $3.4bn in 2018, according to IUMI's figures. This follows a reduction of 5% in 2017 and 21% in 2016. The fall in premium income has followed the slide in oil, which now appears to be flattening out, noted IUMI.

Astrid Seltmann, vice-chair of IUMI's facts and figures committee, said: "High levels of technical losses continue to blight all [marine] sectors, particularly hull and cargo."

He stressed that a "normalisation" of major losses after several relatively benign years is likely to offset any rise in premiums achieved this year.

"Premiums had already plummeted to truly unsustainable levels in 2017, so any increase begins from a very low base. Only when the 2019 statistics become available will we understand to what degree marine underwriting might have returned to profitability," said Mr Seltmann.

He also warned that the growing frequency of fires on containerships, particular those starting in cargo areas, are a particular concern for IUMI and the maritime industry.

"This trend has been observed for some years and the newest statistics show a clear further increase in 2019. These fires pose a threat to the crew and cause severe damage to both vessel and cargo. IUMI is working with a range of industry bodies to improve the prevention of such events as well as fire-fighting capabilities onboard," said Mr Seltmann. ■

Source: Commercial Risk Website
17 September 2019

Astrid Seltmann

• *Personal injury claims and corporate insolvency: Thomas Cook Case*

The collapse of Thomas Cook will have far-reaching effects. The headlines will focus on the repatriation of those stranded across the world, thousands of job losses and the inevitable cancellations of previously booked holidays.

But what of those claimants who have valid personal injury claims against Thomas Cook in some form? Is the insolvency of a defendant company a bar to a personal injury claim?

From a casualty perspective, injured claimants may be required to pursue a claim against a company that has ceased to operate in the period following their injury.

In those circumstances, what actions can a claimant take, and what can insurers do to protect themselves against the risk associated with these latent claims?

Claimants

A claimant pursuing an insolvent company who did not hold relevant public liability insurance at the time of their accident face an uphill struggle to recover any sums of any meaningful nature.

Pursuing a claim against a company which has been liquidated, been subject to compulsory winding up or is in administration is beset by barriers, and is likely to be a fruitless exercise as the company will no longer have the assets to pay any damages awards.

For those claimants pursuing insolvent companies which had valid public liability insurance at the time of their accident, the Third Party (Rights Against Insurers) Act 2010 ("TPRAI") made this process significantly simpler.

Under TPRAI, a claimant can claim against the insolvent company's insurer directly, without first having to sue the insolvent company.

This meant that a claimant no longer needs to restore a dissolved company to the Companies Register or carry out additional actions before commencing proceedings. The Claimant may, during the same proceedings, seek a declaration from the Court for both the insolvent company's and its insurer's liability.

Insurers

Insurers are required, once their policyholder becomes insolvent, to provide details of their insurance cover when requested by the claimant within 28 days. Therefore, where insurers become aware of their policyholder's insolvency, they should be ready for these requests, and ensure that their records relating to this policyholder are maintained and accurate.

It may also be prudent to maintain contact with key individuals from the insolvent company, in the event that additional information is required in the event of a claim.

In addition, any rights transferred to the third party will be subject to the defences which the insurer could use against their insolvent policyholder, i.e if there was a breach of a warranty or condition precedent.

However, "technical" defences will not be accepted such as:

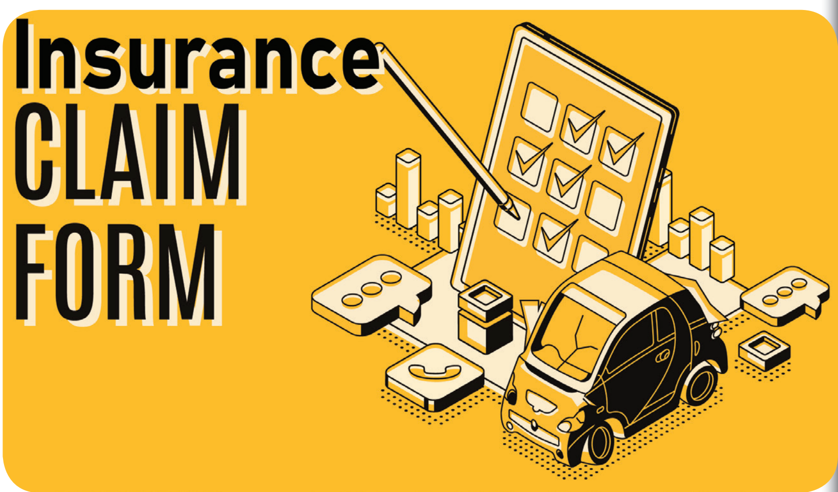
- Anything done by the third party which, if done by the insured, would have amounted to, or contributed to, fulfilment of the condition is to be treated as if done by the insured. So, for example, the third party will be able to give notification where a policy provides that the notification must be made by the insured itself.
- A defence of breach of duty to provide information, where the insolvent company has been dissolved, and thus is unable to comply.

However, the provisions of TPRAI should not mean that insurers should look to settle any claims for personal injury made against an insolvent company; but the provisions of the TPRAI are not without benefit.

As the insurers will be a party to the single action, they will be given the opportunity to consider the claim fully, both from a liability and quantum perspective. They will also be able to consider whether any defences under the policy apply, in respect of whether or not the claim should be subject to an indemnity under the policy.

In a climate of financial uncertainty, there will be corporate casualties. Nonetheless, for those insurers who provided cover to those defunct companies, the guidance is very clear on what is expected of them, and in being able to fully consider any subsequent personal injury claims from beginning to end, they are offered a level of control, not previously available before the introduction of TPRAI. ■

Source: Clyde & Co –23 September 2019



Best's Market Segment Report,
• "Global Reinsurance: Fighting the Last War

The global reinsurance market as a whole has exhibited more underwriting control as evidenced by a holding back of capacity at the midyear 2019 renewals; however, questions remain over the sustainability of this newfound discipline, according to a new report from ICMIF Supporting Member AM Best.

The new Best's Market Segment Report, "**Global Reinsurance: Fighting the Last War**," notes that the days of large catastrophic events triggering widespread market hardening are gone, replaced by pockets of microcycles, based on geography and loss experience.

The 2017-2018 catastrophes showed how the overall reinsurance market failed to recognize and price for the fundamental changes that had occurred operationally and structurally in Florida's property market. The 2018 California wildfires and Typhoon Jebi in Japan also caught many underwriters and capacity providers by surprise, due to a failure to manage appropriately and adequately price for the actual underlying risk.

The failure of some reinsurers to adapt to changing market dynamics has resulted in the global reinsurance composite producing a five-year average combined ratio (2014-2018) of 97.6% and a return on equity of 6.0%.

According to the report, however, the evolution of the market can favour reinsurers if they embrace change and innovation in their business models. While technology can be a key driver of change, it is not the only one. Paramount to the continued evolution in the reinsurance sector has been the sourcing of new, cheaper sources of capital on one end, and more-inventive ways to source risk on the other.

Third-party capital continues to proliferate as investor interest has increased alongside more varied reinsurance structures, and has become more closely aligned with traditional reinsurance capital. Despite the capital markets' increased influence, dedicated reinsurance capacity essentially remained flat in 2018, at $436 billion, with a single-digit percentage increase in convergence capital to $95 billion from $87 billion in 2017.

AM Best says it expects this trend to continue in 2019, and observed as third-party capital providers and traditional reinsurers pushed through increased rates at the midyear renewal for U.S. and Japanese programs. However, AM Best is concerned that supply-demand considerations drove the underwriting discipline as much as the pricing models, and therefore fear that overcapacity could push pricing to irrational levels again.

With the costly disasters of 2017 and 2018, reinsurers have entered into a period of seismic change. AM Best believes no two market cycles are ever quite the same, and so reinsurers that reposition their portfolios tactically could be better prepared for whatever challenges lie on the horizon. “Like the proverbial ‘generals always fight the last war,’ many reinsurers that allow past performance to shape their expectations of future performance will be the ones more likely to be caught off-guard again,” said Scott Mangan, associate director.

AM Best’s market segment outlook on the global reinsurance sector remains stable, according to the report, primarily reflecting a more-stabilized, non-life pricing environment, as well as a stable market environment in the global life reinsurance segment. Although the operating and competitive landscapes of these two major reinsurance business segments are distinct, the resulting diversification benefits the global reinsurance segment from an overall earnings perspective. Going forward, particularly for non-life reinsurers, the question is whether the lessons learned will result in any meaningful and sustainable change in the market.

Other highlights from this year’s report include:

• The most notable movement in AM Best’s highly regarded annual ranking of the Top 50 Global Reinsurance Groups was Swiss Re Ltd. moving back into the top spot as the world’s largest reinsurer, as measured by reinsurance gross premium written. Other than 2016, when Swiss Re was No. 1, Munich Reinsurance Company had held the top spot every year since 2010, and was No. 2 in this latest ranking. This report also breaks out two sub-rankings of top non-life and life global reinsurers.

• The 2017-2018 catastrophe events increased attention on the collateralized reinsurance market, as it absorbed a substantial amount of the related losses. However, it remains the fastest-growing segment of the insurance-linked securities market, with market capitalization of approximately $55 billion out of a roughly $98 billion ILS market.

• The global reinsurance report also provides in-depth looks at the Lloyd’s and life reinsurance markets, as well as geographic regions such as Latin America, MENA and Asia-Pacific. ■

Source: M. Best – 29 August 2019

Top 50 global reinsurers in 2018: ranking per turnover (in millions USD)

		Reinsurance Premiums Written				Total	Ratios[3]		
		Life & Non-Life		Non-Life Only		Shareholders			
Ranking	Company Name	Gross	Net	Gross	Net	Funds[2]	Loss	Expense	Combined
1	Swiss Re Ltd.	36,406	34,042	20,864	20,220	28,727	74.2	32.4	106.6
2	Munich Reinsurance Company	35,814	34,515	23,395	22,570	30,336	65.2	34.2	99.4
3	Hannover Rück SE[4]	21,952	19,791	13,709	12,368	10,923	66.9	29.5	96.4
4	SCOR S.E.	17,466	15,773	7,069	6,115	6,672	66.5	32.8	99.3
5	Berkshire Hathaway Inc.	15,376	15,376	9,930	9,930	352,500	88.6	21.9	110.4
6	Lloyd's[5,6]	14,064	9,926	14,064	9,926	34,846	72.2	33.8	106.0
7	China Reinsurance (Group) Corporation	11,564	10,681	3,942	3,809	12,689	58.0	40.9	98.8
8	Reinsurance Group of America Inc.	11,341	10,544	N/A	N/A	8,451	N/A	N/A	N/A
9	Great West Lifeco	7,737	7,647	N/A	N/A	20,096	N/A	N/A	N/A
10	Korean Reinsurance Company	6,803	4,786	5,972	4,058	2,014	83.7	17.8	101.5
11	General Insurance Corporation of India[7]	6,582	5,684	6,503	5,611	7,932	88.4	16.9	105.3
12	PartnerRe Ltd.	6,300	5,803	5,065	4,592	6,517	73.7	28.1	101.8
13	Everest Re Group Ltd.	6,225	5,706	6,225	5,706	7,904	86.6	26.3	113.0
14	XL Bermuda Ltd.	5,219	4,135	5,002	4,124	9,698	80.6	32.2	112.8
15	Transatlantic Holdings, Inc	4,451	3,969	4,451	3,969	4,724	72.8	32.6	105.4
16	MS&AD Insurance Group Holdings, Inc.[7,8]	3,657	N/A	3,657	N/A	25,058	N/A	N/A	N/A
17	RenaissanceRe Holdings Ltd.	3,310	2,132	3,310	2,132	5,045	56.7	30.9	87.6
18	R+V Versicherung AG[9]	3,231	3,164	3,201	3,146	2,461	73.8	25.3	99.1
19	MAPFRE RE, Compania de Reaseguros S.A.[10]	3,215	2,654	2,602	2,045	1,910	71.6	26.7	98.3
20	AXIS Capital Holdings Limited	3,112	2,334	3,112	2,334	5,030	69.8	28.6	98.4
21	Arch Capital Group Ltd.[11]	2,648	1,977	2,648	1,977	10,231	70.0	27.6	97.6
22	The Toa Reinsurance Company, Limited[7,8]	2,557	2,205	2,557	2,205	1,623	82.9	26.6	109.5
23	Assicurazioni Generali SpA	2,199	2,199	935	935	28,210	65.2	26.1	91.3
24	Sompo International Holdings, Ltd.	1,996	1,573	1,996	1,573	6,967	64.9	32.2	97.1
25	Pacific LifeCorp	1,981	1,981	N/A	N/A	13,072	N/A	N/A	N/A
26	Qatar Reinsurance Company, Limited	1,842	971	1,842	971	2,190	68.2	35.7	104.0
27	IRB - Brasil Resseguros S.A.	1,795	1,313	1,396	928	1,031	45.3	30.6	76.0
28	Taiping Reinsurance Co. Ltd[8]	1,731	1,049	1,126	960	1,032	59.4	39.2	98.7
29	Odyssey Re Holdings Corp.	1,702	1,595	1,702	1,595	4,016	57.6	32.4	89.9
30	Tokio Millennium Re AG	1,626	1,179	1,626	1,179	1,257	58.6	36.4	95.0
31	Caisse Centrale de Reassurance	1,569	1,437	1,399	1,271	2,817	86.6	10.5	97.2
32	Aspen Insurance Holdings Limited	1,496	1,183	1,496	1,183	2,656	73.8	30.2	104.0
33	Validus Reinsurance, Ltd.	1,432	951	1,432	951	3,259	81.9	36.8	118.7
34	Peak Reinsurance Company Ltd	1,382	991	1,313	924	965	72.3	30.6	102.8
35	Sirius International Insurance Group, Limited	1,367	1,037	1,367	1,037	1,938	71.9	27.4	99.3
36	Deutsche Rueckversicherung AG	1,269	834	1,186	797	321	65.3	31.7	97.0
37	QBE Insurance Group Limited	1,058	920	1,058	920	8,400	62.2	27.6	89.8
38	Markel Corporation	1,051	882	1,051	882	9,100	78.9	33.8	112.7
39	American Agricultural Insurance Company[12]	992	321	992	321	580	82.2	21.2	103.4
40	Qianhai Reinsurance Co., Ltd.	967	537	315	216	410	65.2	37.7	102.9
41	Hiscox Ltd	812	241	812	241	2,317	84.7	29.4	114.1
42	African Reinsurance Corporation	797	681	745	631	917	61.7	36.2	97.9
43	Chubb Limited	722	671	722	671	50,312	71.5	30.3	101.8
44	Allied World Assurance Company Holdings, AG	713	649	713	649	2,817	66.8	27.3	94.1
45	Nacional de Reaseguros, S.A.	650	516	546	413	395	62.4	30.5	92.9
46	Third Point Reinsurance Ltd	578	558	578	558	1,205	70.6	36.2	106.8
47	Argo Group International Holdings, Ltd	572	160	572	160	1,747	66.5	16.8	83.2
48	Greenlight Capital Re, Ltd.	568	465	568	465	478	71.6	33.6	105.1
49	ACR Capital Holdings Pte, Ltd.	548	479	548	479	784	74.4	38.5	112.9
50	W.R. Berkley Corporation	545	480	545	480	5,480	68.7	37.7	106.4

1. All non-USD currencies converted to USD using foreign exchange rate at company's fiscal year-end.
2. As reported on Balance Sheet, unless otherwise noted. 3. Non-Life only.
4. Net premium written data not reported, net premium earned substituted.
5. Lloyd's premiums are reinsurance only. Premiums for certain groups within the rankings also may include Lloyd's Syndicate premiums when applicable
6. Total shareholders' funds includes Lloyd's members' assets and Lloyd's central reserves.
7. Fiscal year-end March 31, 2019
8. Net asset value used for total shareholders' funds 9. Ratios are as reported and calculated on a gross basis.
10. Premium data excludes intergroup reinsurance.
11. Based on Arch Capital Group Ltd. consolidated financial statements and includes Watford Re segment
12. Data and ratios based on US Statutory Filing.
(N/A) – Information not applicable or not available at time of publication. ■ Source: Best's Market Segment Report: Global Reinsurance - 29 Aug 2019,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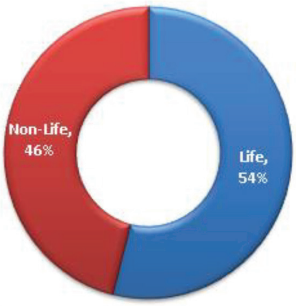
Africa News

AFRICA: Insurance Markets 2018

Prepared by
Hussein Elsayed

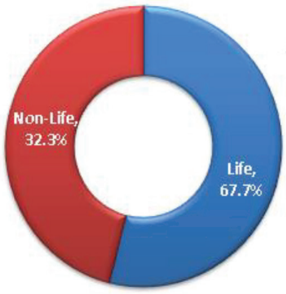
Based on SwissRe Sigma Explorer

Life and Nonlife Insurance Direct Premiums Written 2018 (1)



WORLD

Life	$2,820	(US$ billions)
Non-Life (2)	2,373	(US$ billions)
Total	**$5,193**	USD b



AFRICA

Life
Direct premiums written in USD m: 46 307
Share of world marke = 1.64%

Non-Life
Direct premiums written in USD m: 22 076
Share of world marke = 0.93%

Total	**68383** USD m

AFRICA 2018

Total Real premium growth adjusted for inflation: 0.9

Life Real premium growth adjusted for inflation: 1.3

Non-life Real premium growth adjusted for inflation: 0

Total Insurance penetration premiums as a % of GDP: 3

Life Insurance penetration premiums as a % of GDP: 2

Non-life Insurance penetration premiums as a % of GDP: 1

Total Insurance density premiums per capita, in USD: 54

Life Insurance density premiums per capita, in USD: 36

Non-life Insurance density premiums per capita, in USD: 17

Source: Swiss Re, sigma database, sigma No. 3/2019.

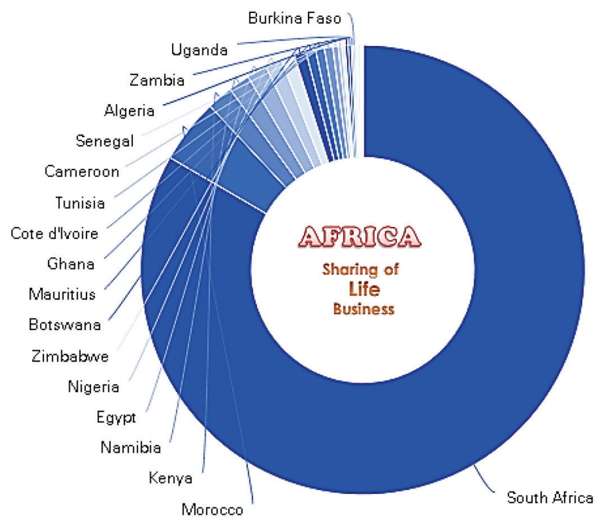
• ***AFRICA: 2018 TOTAL Direct premiums written in US$ mn***

No	Country	2018 Total Premium	Penetration	Density	2018 Share of World Total Business %	World Ranking	2018 Share of African Total Business %	African Ranking
1	South Africa	48269	12.9%	840	0.9295	19	70.59	1
2	Morocco	4579	3.9%	127	0.0882	51	6.70	2
3	Kenya	2134	2.4%	42	0.0411	59	3.12	3
4	Egypt	1579	0.6%	16	0.0304	63	2.31	4
5	Nigeria	1220	0.3%	6	0.0235	71	1.78	5
6	Algeria	1189	0.7%	28	0.0229	73	1.74	6
7	Namibia	1009	7.2%	390	0.0194	79	1.48	7
8	Tunisia	870	2.1%	75	0.0168	83	1.27	8
9	Zimbabwe	735	3.9%	43	0.0142	86	1.07	9
10	Cote D'ivoire	637	1.5%	26	0.0123		0.93	10
11	Mauritius	600	4.2%	473	0.0116		0.88	11
12	Angola	580	0.6%	19	0.0112		0.85	12
13	Ghana	569	1.1%	19	0.0110		0.83	13
14	Botswana	528	2.8%	226	0.0102		0.77	14
15	Cameroon	367	1%	15	0.0071		0.54	15
16	Libya	365	0.6%	56	0.0070		0.53	16
17	Ethiopia	328	0.4%	3	0.0063		0.48	17
18	Senegal	308	1.7%	19	0.0059		0.45	18
19	Zambia	306	1.1%	17	0.0059		0.45	19
20	Tanzania	302	0.5%	5	0.0058		0.44	20
21	Mozambique	238	1.6%	8	0.0046		0.35	21
22	Uganda	193	0.7%	4	0.0037		0.28	22
23	Gabon	186	1.1%	90	0.0036		0.27	23
24	Sudan	185	0.4%	4	0.0036		0.27	24
25	Burkina Faso	149	1%	8	0.0029		0.22	25
26	DR of Congo (*)	120						26
27	Rwanda	116	1.2%	9	0.0022		0.17	27
28	Togo	111	2.1%	14	0.0021		0.16	28
29	Rep of Congo	107	1.3%	20	0.0021		0.16	29
30	Malawi	100	1.4%	5	0.0019		0.15	30
31	Benin	98	0.9%	9	0.0019		0.14	31
32	Mali	87	0.5%	5	0.0017		0.13	32
33	Madagascar (*)	70						33
34	Niger	55	0.6%	2	0.0011		0.08	34
35	Guinea (*)	44						35
36	Chad	23	0.2%	1	0.0004		0.03	36
37	Eritrea (*)	21						37
38	Mauritania (*)	19						38
39	Seychelles (*)	18						39
40	Burundi (*)	17						40

(*) 2017 figures

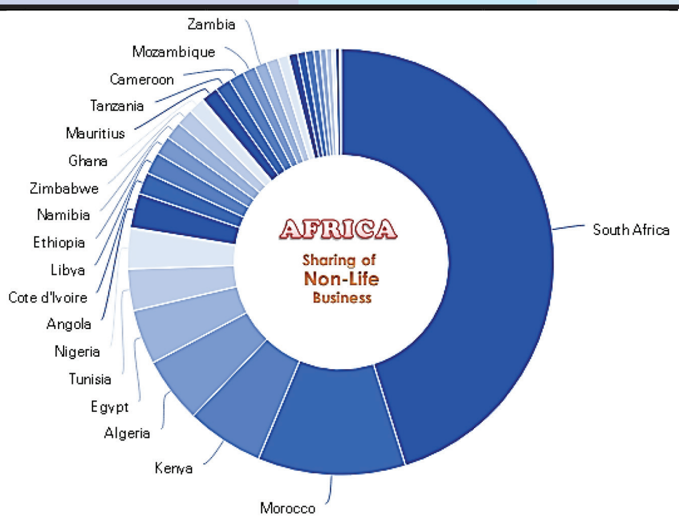
• AFRICA: 2018 Life Direct premiums written in US$ mn

Africa Ranking	Country	Life Premium	Share of African Life Business (%)
1	South Africa	38475	83.087
2	Morocco	2147	4.636
3	Kenya	861	1.859
4	Namibia	723	1.561
5	Egypt	677	1.462
6	Nigeria	549	1.186
7	Zimbabwe	459	0.991
8	Botswana	394	0.851
9	Mauritius	326	0.704
10	Ghana	293	0.633
11	Cote D'ivoire	278	0.600
12	Tunisia	186	0.402
13	Cameroon	113	0.244
14	Senegal	111	0.240
15	Algeria	105	0.227
16	Zambia	102	0.220
17	Uganda	59	0.127
18	Burkina Faso	56	0.121
19	Tanzania	47	0.101
20	Togo	46	0.099
21	Gabon	40	0.086
22	Benin	36	0.078
23	Malawi	35	0.076
24	Mozambique	28	0.060
25	Ethiopia	19	0.041
26	Mali	16	0.035
27	Rwanda	11	0.024
28	Niger	11	0.024
29	Angola	9	0.019
30	Libya	9	0.019
31	Sudan	8	0.017
32	Rep of Congo	8	0.017
33	Chad	2	0.004



• AFRICA: 2018 Non-Life Direct premiums written in US$ mn

Ranking	Country	Non- Life Premium	Share of African Non-Life Business (%)
1	South Africa	9794	44.365
2	Morocco	2432	11.016
3	Kenya	1273	5.766
4	Algeria	1084	4.910
5	Egypt	902	4.086
6	Tunisia	684	3.098
7	Nigeria	671	3.039
8	Angola	571	2.587
9	Cote D'ivoire	359	1.626
10	Libya	356	1.613
11	Ethiopia	309	1.400
12	Namibia	287	1.300
13	Zimbabwe	276	1.250
14	Ghana	275	1.246
15	Mauritius	274	1.241
16	Tanzania	255	1.155
17	Cameroon	254	1.151
18	Mozambique	209	0.947
19	Zambia	204	0.924
20	Senegal	198	0.897
21	Sudan	177	0.802
22	Gabon	145	0.657
23	Uganda	134	0.607
24	Botswana	133	0.602
25	Rwanda	105	0.476
26	Rep of Congo	98	0.444
27	Burkina Faso	93	0.421
28	Mali	71	0.322
29	Togo	65	0.294
30	Malawi	65	0.294
31	Benin	62	0.281
32	Niger	44	0.199
33	Chad	21	0.095



CIMA ZONE

• *CIMA insurers pledge to reduce insolvency risks*

By David Kaye on August 15, 2019

Insurers across the 14 countries of the CIMA (Francophone Africa) region are promising to use credit insurance products to help SMEs cope with insolvency risks.

The International Insurance Institute has urged African companies to use credit insurance-surety products to help their customers deal with insolvent customers.

CIMA has been searching for an insurance-led solution to the problem that small businesses face when larger customers fold.

The chief of staff at the Togolese Ministry of Economy and Finance, Kossi Tofio, said the use of this instrument will enable African companies to deal with bad payers.

In practice, he explained, the company collects the money it is due, while the risk of being unpaid is transferred to the insurance company. ■

Commercial Risk - 15 August 2019

CÔTE D'IVOIRE

• *African Risk Capacity Insurance Limited to Issue $738 835 Payout to Côte d'Ivoire*

The African Risk Capacity Insurance Limited (ARC Ltd) has confirmed that it will pay out the sum of $738, 835 to the Government of the Republic of Côte d'Ivoire following the severe rainfall deficits experienced in the central region of the country for the 2019 agricultural season.

The impending payout will be applied to help vulnerable families to better cope with the harsh effects of the rainfall deficit and ensure sustenance through a contingency plan developed between African Risk Capacity Agency and Côte d'Ivoire Government.

Cote d'Ivoire joined the ARC Ltd insurance risk pool in 2019. This payout will be the first made by the facility to the Government of Côte d'Ivoire.

The Government has disclosed that its officials will meet with relevant experts and other partners between, to discuss modalities to ensure that the funds from the planned payout promptly reaches the most affected population in line with the Contingency Plan.

"The Government of Cote d'Ivoire has been consistent in its relationship with African Risk Capacity. The expected trigger for a payout to the country will, once again, validate ARC's proof of concept and enable the Government to timeously assist the affected population thereby significantly reducing vulnerability and promoting resilience", said Dolika Banda, Chief Executive Office, ARC Insurance Limited.

As early as July 2019, Africa RiskView, the software underpinning the ARC parametric insurance model, signaled irregular and insufficient rainfall in the central region of Cote d'Ivoire providing an early warning that an estimated 400 000 people will be affected by the rainfall deficit by the end of the season.

The end of agricultural season for Cote d'Ivoire central region is set for 11 October 2019.

Commenting on the announcement made by the ARC, Mr. Assahoré Jacques, Director General of the Treasury and Public Accounting in Côte d'Ivoire and Supervisor of the ARC-CI programme, welcomed the vision of the Head of State, His Excellency Mr. Alassane Ouattara, who believed very early in this mechanism, the implementation of which will enable our populations affected by the rainfall deficit to benefit from this compensation. "Early warning

is key in the benefits we derive from our membership of African Risk Capacity. This is the first time we have received a payment from ARC Ltd and our officials and partners are ready to mobilize quickly in the affected region once the payments are made to ensure food security for the affected population."

With the support of the United Kingdom, Germany, Sweden, Switzerland, Canada, France, The Rockefeller Foundation and the United States, ARC assists AU Member States in reducing the risk of loss and damage caused by extreme weather events affecting Africa's populations by providing, through sovereign disaster risk insurance, targeted responses to natural disasters in a more timely, cost-effective, objective and transparent manner. ARC is now using its expertise to help tackle some of the other greatest threats faced by the continent, including outbreaks and epidemics.

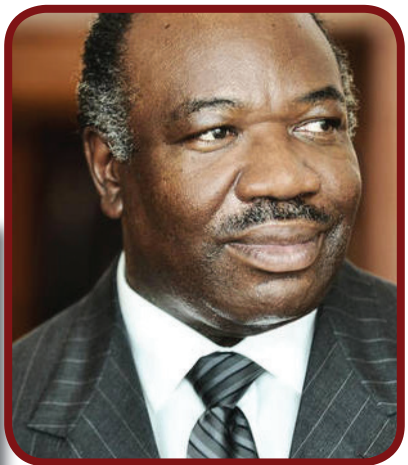
Since 2014, 32 policies have been signed by Member States with US$73million paid in premiums for a cumulative insurance coverage of US$553million for the protection of 55million vulnerable population in participating countries. ■

ReliefWeb – 12 September 2019

African Risk Capacity
Sovereign Disaster Risk Solutions
A Specialized Agency of the African Union

GABON

• Change in law could aid Gabon's oil sector



President Ali Bongo Ondimba

Gabon's new hydrocarbon law removes barriers to investment in the sector and could help arrest the declining trend in oil production as existing fields mature.

Fitch Ratings said this would support Gabon's sovereign credit profile, given its high dependence on the oil sector for fiscal revenues and export earnings, but the full extent of the potential benefits and of the appetite to develop new fields is uncertain.

President Ali Bongo Ondimba has signed the new law to incentivise investment by bringing tax and royalty rates closer to those of other oil- and gas-producing countries in the region and reducing the state's share of profits from future projects.

Large-scale investment in the sector has been on hold since 2014 when the previous hydrocarbon law was adopted, although this was also due to the fall in oil prices. Recent exploration efforts by oil majors highlight the potential for both oil and gas production in deep offshore waters, although the full extent of reserves is unclear.

The new law could make development of these fields commercially viable although such developments take time – potentially more than five years, suggested Fitch.

Given the likely timeframe for any new oil investment and uncertainty over its scale, the introduction of the new law does not have any effect on Fitch's near-term growth, fiscal or external forecasts, it said.

"The economy is slowly recovering and our forecasts – that GDP growth will rise to 2.8% in 2019 from 0.8% last year and the fiscal deficit will continue to narrow, to 1.2% of GDP on a cash basis – already factor in higher oil production following last year's contraction.

"The bounceback in oil production largely reflects the end of strikes in the sector, but they could recur, potentially deterring investment."

Fitch also pointed to a moderate increase in public investment and inflows of foreign direct investment in infrastructure, mining and agribusiness projects, as well as gradual repayment of domestic arrears by the government.

Fitch affirmed Gabon's B/stable sovereign rating in June, supported by relatively high GDP per capita and improving fiscal performance and membership of the CEMAC franc zone. ■

Commercial Risk - 19 August 2019

GHANA

• Ghana secures African Trade Insurance membership

AT A ceremony in Accra, the Ministry of Finance and KfW signed a financing agreement in the amount of 16M EURO that will enable Ghana to secure its shareholding and membership into the African Trade Insurance Agency (ATI), a multilateral investment guarantee institution that mitigates investment risks into Africa.

Ghana's shareholding in ATI enables the government to further develop the private sector, which is a key reform agenda under the Reform and Investment Partnership Agreement between Ghana and Germany.

Ghana will leverage on its membership to ATI to access insurance cover for billions of dollars of investment going forward.

As Ghana is becoming a full member, ATI will now be able to insure much greater volumes of transactions in Ghana, which are currently valued at approximately US $4 billion. ATI insures investors against non-payment and non-honouring of sovereign and corporate risks. As one of the largest providers of investment and political risk insurance, ATI presently insures upwards of US$6 billion worth of transactions in Africa.

Under the Bilateral Reform and Investment Partnership, the German Development Cooperation has provided the funds for the completion of the ATI membership of Ghana. The Bilateral Reform and Investment Partnership between Ghana and Germany, through the Federal Ministry for Economic Cooperation and Development (BMZ), was launched in 2017.

It's purpose is to promote private sector investments and sustainable economic development under the G20 'Compact with Africa'. Furthermore, it seeks to encourage a partnership model that is based on mutual trust and accountability.

The signing took place at a ceremony organised on September 26 at the Ministry of Finance and was attended by Deputy Minister for Finance, Hon. Charles Adu Boahen, the German Ambassador to Ghana, H.E. Christoph Retzlaff, the Director General and Special Envoy for the Reform and Investment Partnership from Germany, Dr. Stefan Oswald, the Acting CEO of ATI, John Lentaigne as well as the Director for Central Africa and

Hon. Charles Adu Boahen


H.E. Christoph Retzlaff


Dr. Stefan Oswald


John Lentaigne


Dr. Jan Martin Witte

Regional Funds of KfW, Dr. Jan Martin Witte.

Dr. Stefan Oswald, Director General and Special Envoy for the Reform and Investment Partnership said: "The agreement signed today will move Ghana towards a more investor-friendly and sustainable economy, which are both developments that will have a positive developmental impact. The Government of Germany welcomes the opportunity to support Ghana as it continues to make tremendous strides in reforms and transparency that have set an enviable pace for other countries to follow."

John Lentaigne, Acting CEO, African Trade Insurance Agency added: "ATI and Ghana have been waiting for this day to finally announce that Ghana is a full member of the ATI. Effectively, this means that ATI is open for business in Ghana.■

The VOICE – 28 September 2019

• *Compulsory workmen's compensation insurance in Ghana*

As of 2020, all Ghanaian employees will be covered by a workmen's compensation insurance. It is the new version of the 1987 Act that has imposed such a decision.

In Ghana, workers' compensation has been mandatory since 1987. However, the application terms of this text have never been specified by the regulator which made employers evade their legal obligations.

Henceforth, the new provisions ensure adequate compensation for victims of work-related accidents. This measure should also boost the Ghanaian insurance market which remains dominated by motor insurance. The latter accounting for more than 40% of non-life premiums. The insurance penetration rate also remained very low (less than 2%). ■

Atlas Magazine - 26 September 2019

KENYA

• Kenya insurance firms' profits drop by 61pc to $33m

Insurance companies in Kenya endured another difficult year after profits plunged by a staggering 61.5 per cent in 2018.

In a trend that has become familiar in recent years, the industry saw cumulative profit after tax nosedive to $33.7 million from $87.7 million posted in 2017.

Non-life business posted the biggest loss of 26.6 million compared with $9.5 million recorded in 2017 with the motor sector leading the pack in losses at $25.7 million.

Notably, a near flat growth in commissions and expenses of 1.1 per cent to $660.3 million from $652.7 million saved the industry from deeper losses coming at a time when it had migrated to the risk-based capital regime.

Industry insiders attributed the massive decline in profitability to the capping of interest rates introduced in 2016 which continues to have a ripple effect on business because lending to insurable investment projects and assets remains constrained.

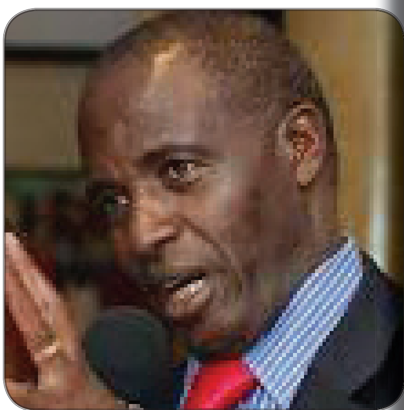
Besides, dwindling disposable income due to hard economic times has resulted in a decline in the uptake of insurance products, which has not only impacted insurance companies adversely but also led to a drop in penetration to 2.43 per cent from 2.71 in 2017.

"Hard economic times have led to the income sensitive population lowering the uptake of insurance due to reduced disposable income," states the Association of Insurer (AKI) Annual Report 2018.

Despite recording the worst performance in five years, Kenya is upbeat of a rebound this year after some insurance companies posted impressive results for the 2019 half-year.

Regional insurer Britam's half-year profit before tax rose by 78 per cent to $22.8 million, from $13.3 million over the same period last year, while Sanlam returned to profitability with net earnings of $6 million compared with $14.2 million loss in 2017.

"The industry braved a tough business environment in 2018," said AKI executive director Tom Gichuhi.



Tom Gichuhi

The amendment of the Insurance Act directing customers to remit premiums directly to insurance companies in a move aimed at curbing rogue brokers is particularly expected to have positive impacts on the industry.

Across the region, insurance companies are also hoping for improved performance following the drafting of the East Africa Insurance Bill, 2018 that aims to create an enabling environment for the development of an integrated, safe, stable and inclusive sector.

In Uganda, regulatory changes and the launch of a 10-year market growth and development plan is targeting to drive penetration from less than one per cent to three per cent by 2025.

In Tanzania the industry has come up with initiatives to propel uptake including amending the insurance act to force importers to procure local marine cover while Rwanda has seen the introduction of higher capital requirements to safeguard the interests of companies and boost confidence.

"The levels of poverty, inequality and unemployment still remain very high within the region, as a result the insurance penetration remains low," states the AKI report.

In Kenya, the AKI report shows that in a year when the economy experienced growth of 5.9 per cent from 4.9 per cent in 2017, the insurance industry continues to struggle posting a paltry three per cent growth in gross written premiums to $2 billion from $1.9 billion in 2017.

Non-life insurance continues to take the lion's share of the total premium income at 60 per cent translating into $1.2 billion, a 2.2 per cent growth from 2017 while life insurance took the remaining 40 per cent share of total premium income at $831 million, representing a 4.3 per cent growth compared with 2017.

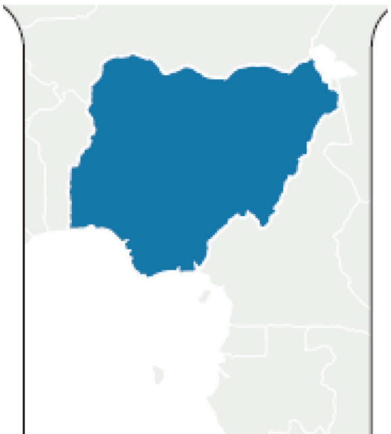
Medical insurance remains a bane with 16 out of 24 companies posting losses in the segment that also had the highest net claims incurred of $198.5 million. ■

The East African - 8 September 2019

NIGERIA

67
GLOBAL P/C MARKET RANKING

In 2014, Nigeria overtook South Africa to become the largest economy in Africa. However, the Nigerian insurance market is operating far below its potential. The country remains dependent on its volatile oil and gas sector, and its human capital and infrastructure development are limited. A large part of the population — the largest in Africa — works in subsistence farming and in the informal sector, and has therefore had little need for insurance. But efforts toward establishing a microinsurance market may address that. The National Insurance Commission, or NAICOM, introduced specific microinsurance guidelines at the beginning of 2018, and another new insurance act is expected to include provisions for risk-based solvency that will add further complexity to the market.



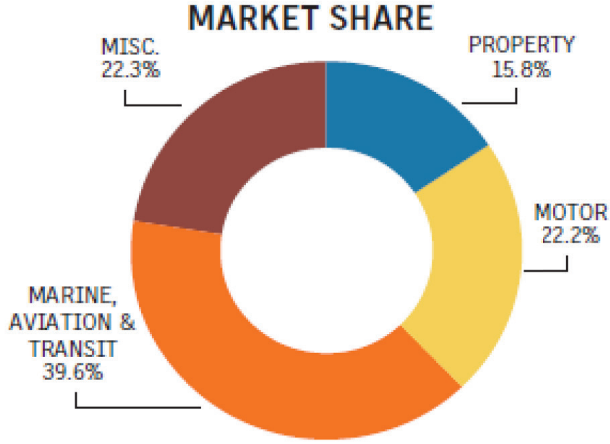
AREA
351,650
square miles

POPULATION
201.5
million

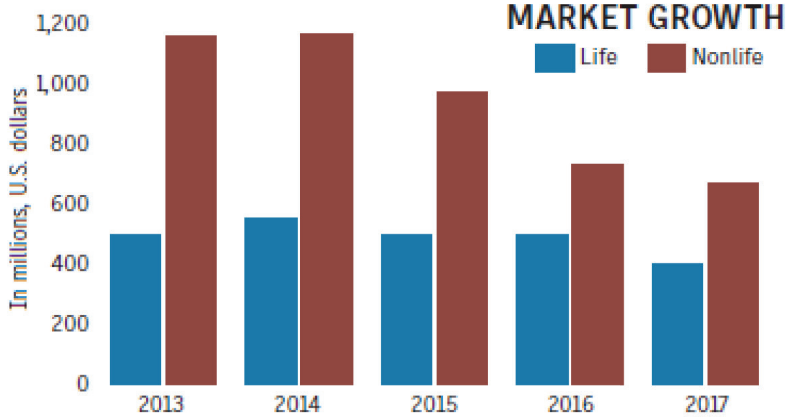
MARKET CONCENTRATION
41.6%
market share of top five insurers

2019 GDP CHANGE (PROJECTED)
1.9%

MARKET SHARE



MARKET GROWTH



Source: Axco Global Statistics/Industry Associations and Regulatory Bodies

COMPULSORY INSURANCE

- Auto third-party bodily injury and property damage
- Marine cargo imports
- Professional indemnity for insurance brokers
- Liability for vessel and tanker owners against oil pollution of Nigerian waters
- Third party liability for construction projects of more than two floors
- Workers compensation

NONADMITTED

Nonadmitted insurance is not permitted because the law provides that insurance must be purchased from locally authorized insurers. There are no exceptions specified in the legislation to the general prohibition on nonadmitted placements, other than permission may be sought from the regulator to effect such a placement.

INTERMEDIARIES

Intermediaries must be authorized to do insurance business. They are not allowed to place business with nonadmitted insurers unless given a specific exemption by NAICOM. Intermediaries involved in nonadmitted placements have to be registered with NAICOM. Brokers involved in nonadmitted placements do not have to warn buyers that their insurer is not subject to local supervision.

MARKET PRACTICE

Market practice appears to largely conform to insurance legislation. Given the onerous penalties for noncompliance, market sources have indicated that applications for nonadmitted placements are made to the commissioner regarding all classes of insurance.

MARKET DEVELOPMENTS Updated June 2019

- A regulation for minimum paid-up share capital policy for insurers and reinsurers was issued by NAICOM on May 20. It increased the minimum paid-up share capital for property/casualty insurers to NGN 10 billion ($31.7 million), composite insurers to 18 billion Nigerian naira and reinsurers to NGN20 billion. Existing insurers and reinsurers must comply with the new requirements by June 30, 2020.
- In June 2018, NAICOM published draft guidelines for the regulation of insurance brokers. They introduce two types of broker licenses, corporate and partnership. Apart from their organizational structure and a separate application process, both types follow the same guidelines and code of conduct.
- In March 2018, NAICOM announced that composite licenses would no longer be issued and that insurers would have to operate on either a general or life insurance license. Existing composite insurers continued their operations in 2019.
- Allianz SE entered the Nigerian market in 2018 through the acquisition of Ensure Insurance. The company was rebranded as Allianz Nigeria and is offering property/casualty and life.
- NAICOM introduced new specific microinsurance guidelines effective Jan. 1, 2018. The guidelines replace previous regulation; apply to all operators, including intermediaries and loss adjusters, within the microinsurance market; and require specific licenses and qualifications. GOXI Microinsurance Co. Ltd. was granted a license in early 2019 and is the first stand-alone microinsurer in Nigeria.

Information provided by Axco Insurance Information Services.
www.axcoinfo.com

Business Insurance Magazine – September 2019

• *Recapitalization of Nigerian insurers*

In accordance with the regulators' instructions, several Nigerian insurance and reinsurance companies have submitted their recapitalization plans to the National Insurance Commission (NAICOM) on time. The companies concerned are:AXA Mansard Insurance, Allianz Nigeria Insurance, SUNU Assurances, FBNInsurance, NEM Insurance, Cornerstone Insurance, LASACO Assurance, AIICO Insurance and Mutual Benefit Assurance.

NAICOM set the deadline for submitting the recapitalisation plans at August 20, 2019. The latter shall review the files received before September 17, 2019.

As a reminder, **NAICOM has decided on a significant increase in the minimum capital** that will be raised:

1. from 2 billion NGN (5.4 million USD) to 8 billion NGN (21.9 million USD) for life insurers.
2. from 3 billion NGN (8.2 million USD) to 10 billion NGN (27.4 million USD) for non-life insurers.
3. from 5 billion NGN (13.7 million USD) to 18 billion NGN (49.4 million USD) for composite insurers.
4. from 10 billion NGN (27.4 million USD) to 20 billion NGN (54.9 million USD) for reinsurers. ■

SENEGAL

• Almost all insurers join oil risk pool

To date, 28 out of 29 insurers which are members of the Association of Insurers of Senegal have signed up to join an oil risk pool, said Mr Mr Adama Ndiaye, president of African Federation of Insurance Companies (FANAF).

In an interview with Reussir Business, he said that the insurers delegate to the pool the power to negotiate, subscribe and manage oil contracts on their behalf. Each pool member companies will have an equal share of the risk. The pool also collaborates with Senegalese Reinsurance as well as representatives of oil companies. It is responsible too for building the capacity of manpower in the insurance sector to raise the level of expertise.

Oil majors are known for their propensity to play on the division among the different insurance players, Mr Ndiaye said. He added that oil companies engage in fronting, leaving little business for the local market.

Aware of this situation, the authorities have adopted, since 2016, a very protective regulation which, if it is properly applied, will allow the domestic economy to retain more business. He said, "This will can only be fully implemented if the market shows solidarity, adopts common rules and favours general interests." ■

Middle East Insurance Review – 26 August 2019

• Senegalese insurance market: provisional 2018 results

In 2018, the Senegalese insurance market reported a turnover of 174 359 million FCFA (304,03 million USD), up by 7.31% compared to the 162 476 million FCFA (283,31 million USD) of 2017.

With 113 608 million FCFA (198,09 million USD), that is 65.16% of the total written premiums, non-life insurance's turnover rose by 8.61% in one year.

For its part, life insurance accounted for 34.84% of the market premiums i.e 60.751 million FCFA (105,93 million USD). It reported an annual growth of 4.96%.

Investments grew by 7.86% to reach 302 billion FCFA (526,6 million USD) at the end of 2018. Bank deposits represented 45.03% of these investments, followed by securities 21.6%. ■

Atlas Magazine - 5 september 2019

• Senegal insurers enjoy 7% growth

The insurance sector in Senegal grew by about 7% in 2018, according to preliminary financial figures.

The 29 insurers in the country posted a premium income of CFA174.36bn ($296m), an increase of 7.3% on 2017, according to Reussir, which said this growth is attributable to both non-life and life business, which expanded by 8.6% and 4.96% respectively.

At 31 December 2018, investments made by insurance companies amounted to CFA302bn, an increase of CFA22bn compared to 12 months previously. In 2018, investments remained dominated by bank deposits, securities, equities and deposits and real estate holdings, respectively.

The following table summarizes the financial performance of the insurance market:

	2016 FCFA m	2017 FCFA m	2018 FCFA m	Change (2017/2016)	Change (2018/2017)
Non-life premiums	94,807	104,597	113,608	10.3%	8.6%
Life premiums	45,868	57,879	60,751	26.2%	5.0%
Total	140,675	162,476	174,359	15.5%	7.3%
Non-life market share	67.4%	64.4%	65.2%		
Life market share	32.6%	35.6%	34.8%		

■

Middle East Insurance Review, 9 Sep & Commercial Risk - 12 Sep 2019

TOGO

• Moov Togo and NSIA-Togo to launch Zem Assur the first e-insurance for motorcycle taxis

Atlantic Telecom Togo (Moov Togo) and NSIA-Togo have joined forces to launch "Zem Assur", the first insurance for motorcycle taxis underwritten via a mobile phone. This online insurance is also available to all two wheels and tricycles.

The premium is set at 75 FCFA (0.13 USD) per day. The insured capital is capped at 100 000 FCFA (168 USD) per accident. The coverage for the first aids is limited to 50.000 FCFA (84 USD). The remaining capital is intended for the compensation of the bodily injuries.

In case of disability or death, the compensation paid to the right holders is raised to 500 000 FCFA (838.5 USD). ■

Atlas Magazine - 26 September 2019

ZIMBABWE

• *Govt tightens supervision of insurers' asset management*

The government has gazetted new regulations that, among other things, increase minimum prescribed asset ratios for insurers.

Under the new rules, insurance companies will have to undergo monthly self audits to ensure that they meet prescribed ratios based on management accounts, reported The Herald.

The new regulations, first proposed in the 2019 National Budget last November, stipulate that life insurers are to have a minimum prescribed asset ratio of 15% of total market value. The previous ratio was 7.5%.

Non-life insurance and reinsurance business are required to have 10% of total adjusted value (previously 5%). Funeral assurers have their ratio increased from 7.5% to 10 %.

Composite companies shall have 15% of the adjusted value of the respective component of the business and 10% of insurance business other than the entity's life business.

An insurer that fails to comply with the new prescribed asset ratios is required to, within 30 days from the date it becomes aware of such, advise the IPEC of the non-compliance and take corrective plans within a period of six months.

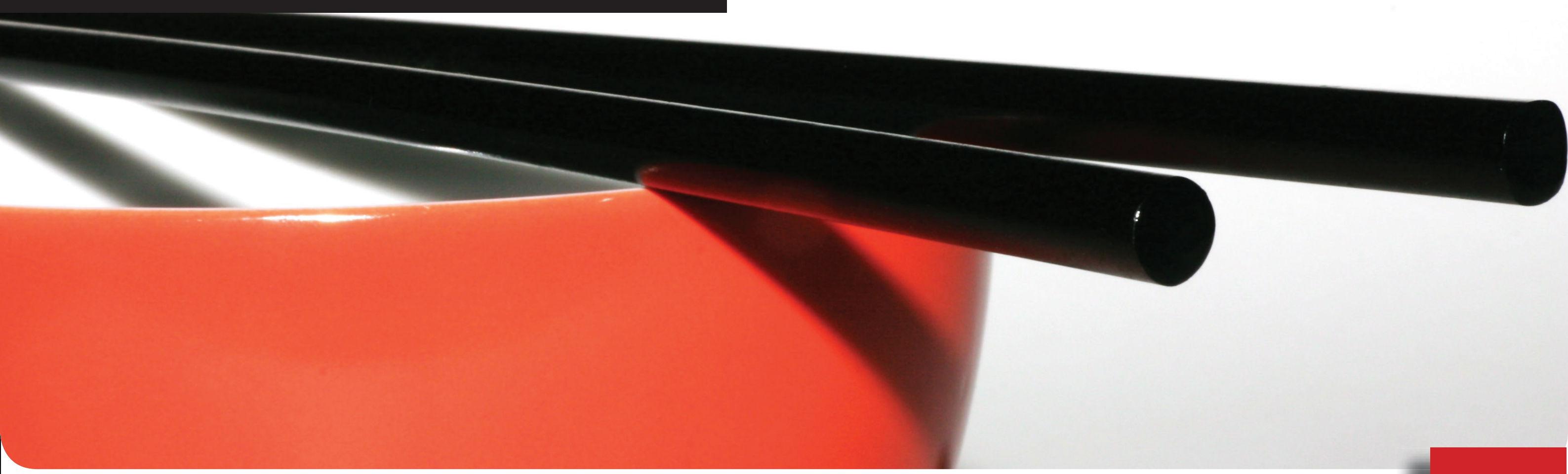
Prescribed assets are the percentage of assets that, by law, have to be allocated to certain government-approved instruments. Where the assets have sufficient investment merits, there would be no need to prescribe them.

The regulations empower the insurance regulator, the Insurance and Pensions Commission (IPEC), to take punitive or corrective measures to enforce compliance with the prescribed asset requirements. The action to be taken can include revocation of insurance licences.

Insurers have reportedly been lobbying for the prescribed asset ratios to be eased to give them leeway to invest in operations for improved performance. ■

Middle East Insurance Review - 30 Sep 2019

Asian News



ASIA & OCEANIA

Insurance Markets 2018

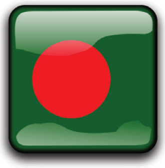
PREPARED BY HUSSEIN ELSAYED

2018 Direct Premiums Written in US$ mn

World Ranking	Country	Total ↓	Penetration	Density	Life	Non-Life
2	China	574877	4.2	406	313365	261511
3	Japan	440648	8.9	3466	334243	106405
7	Korea (Republic of)	179024	11.2	3465	98072	80951
10	Taiwan	121908	20.9	5161	102044	19864
11	India	99838	3.7	74	73735	26102
13	Australia	79098	5.6	3160	30115	48983
17	Hong Kong	65912	18.2	8863	61013	4899
24	Singapore	30609	7.8	4958	22456	8153
27	Thailand	26622	5.3	385	18136	8485
28	Russia	23593	1.5	164	7220	16374
31	Indonesia	20383	2	76	15520	4863
33	Malaysia	16634	4.8	518	11581	5053
39	Turkey	10452	1.3	127	1417	9035
40	New Zealand	10406	5.1	2146	1777	8629
44	Iran	7688	2	94	1010	6678
46	Philippines	6018	1.8	56	4172	1846
47	Vietnam	5839	2.4	61	3799	2040
56	Pakistan	2636	0.9	13	1923	713

World Ranking	Country	Total ↓	Penetration	Density	Life	Non-Life
60	Ukraine	1774	1.4	42	145	1629
66	Bangladesh	1540	0.6	9	1093	447
76	Sri Lanka	1026	1.2	49	476	551
77	Kazakhstan	1018	0.6	55	259	759
	Macau (*)	997	2	1604	758	238
	Estonia	652	1.9	495	113	
	Belarus	582	1	62	56	526
	Nepal (**)	525	2.2	17.9	343.27	182.06
	Azerbaijan	357	0.8	36	114	243
	Brunei Darussalam	242	1.7	557	89	153
	Georgia	196	1.2	50	11	185
	Uzbekistan	139	0.4	4	0	139
	Cambodia	108	0.4	7	20	88
	Laos	97	0.5	14	4	94
	Armenia	80	0.6	27	0	80
	Myanmar (*)	45	0.1	1	3	42
	Mongolia (**)	58.5	0.5	19	0.17	58.4
	Tajikistan (**)	27.6	0.4	3.1	NA	27.6

(*) 2017 figures (**) 2017 figures by AXCO



BANGLADESH

• *Bangladesh to make property insurance compulsory*

By Tony Dowding on September 24, 2019

AHM Mustafa Kamal

Bangladesh is set to make insurance compulsory for certain classes, including all residential and commercial property, according to a report in the Dhakar Tribune. The paper reported that the finance minister AHM Mustafa Kamal said insurance would be made compulsory for flats, residential buildings, corporate offices, commercial buildings and structures, crops and livestock in phases.

"Our plan is to make insurance compulsory for flats/apartments, in which we live. Even offices, where we work every day, need to be covered by insurance," he told a news briefing.

The minister said insurance companies were being directed to introduce new diversified products to minimise risks for citizens and their property, according to the paper. It quoted the minister: "Office buildings where we have to go regularly need to be insured. We now travel to office by cars, which are not fully covered by insurance. Car parking places are also not insured. If we want to strengthen our economy, every component of the economy must be insured. Every building, small or big, must have hundred percent insurance coverage."

There are 32 life insurers and 46 non-life insurers in operation in Bangladesh. The finance minister said 31 insurance companies were given licences on the pre-condition that they would go to the capital market within three years of launching their operation, which many of the insurance companies failed to comply with, reported the Dhakar Tribune.

"Unfortunately, many of the insurance companies have not complied with the pre-condition. I urge those companies to initiate the due procedure to enter the capital market in the next three months. Within the timeline, they all must go to the capital market. They must comply with the rules. If any of the companies fail to be compliant, their licences will be suspended as a first step of penalty. If they are not rectified, their licences will then be cancelled, leading to closure of business," said the minister. ■

Source: Commercial Risk Website - 26 September 2019

HONG KONG

• New Regulatory Regime for Insurance Intermediaries In Hong Kong Takes Effect

The new statutory regime for the regulation of insurance intermediaries in Hong Kong takes effect today.

This represents the final stage of implementation of the reforms which established the Insurance Authority (**IA**) as Hong Kong's independent insurance regulator. The IA assumed the regulatory responsibilities of the Office of the Commissioner of Insurance in June 2017 and has taken over the regulation of insurance intermediaries (agents and brokers) from three self-regulatory organisations (**SROs**) from today. Requirements relating to the intermediary management function, one of the control functions of an authorised insurer, have also come into effect.

The IA will be responsible for all aspects of regulation of insurance intermediaries, including issuing rules, codes and guidelines, approving licences, monitoring compliance, conducting inspections and investigations, and imposing disciplinary sanctions where breaches have occurred.

New rules, codes and guidelines

In preparation for the launch of the new regime, the IA consulted on and finalised a set of new rules, codes and guidelines applicable to insurance intermediaries.

The amendments to the Insurance Ordinance which relate to the new regime, together with the new rules, codes and guidelines, have also come into effect, except for the requirements relating to the new minimum continuing professional development (**CPD**) hours under the Guideline on Continuing Professional Development for Licensed Insurance Intermediaries, which toke effect at the start of the CPD assessment period beginning on 1 August 2021.

HONG KONG MONETARY AUTHORITY
香港金融管理局

Licensing status post 23 September 2019

All insurance intermediaries (including brokers, agents, their chief executives / responsible officers and their technical representatives) who were validly registered with the SROs immediately before today will be deemed as licensees under the new regime for a three-year transitional period.

Individuals who were validly registered as responsible officers of insurance agencies or chief executives of broker companies will also be deemed as responsible officers under the new regime over the transitional period.

The categories of licences under the new regime, as mirrored against the categories of registrations under the previous regime, are set out in an earlier bulletin.

There is no need for deemed licensees to lodge applications for formal licences under the new regime at this stage. The IA will advise the deemed licensees to make such applications during the transitional period.

All deemed licensees will be assigned a licence number for the new regime. The IA will add a search function to its website to enable deemed licensees to search for their licence numbers based on their SRO registration numbers.

Separately, the Hong Kong Monetary Authority (**HKMA**) has issued a circular to authorised institutions who are (or intend to apply to be) licensed insurance intermediaries to provide guidance regarding the sufficiency of authority of responsible officers.

Ongoing complaint and disciplinary cases

Complaint and disciplinary cases that are not yet resolved by the SROs will be handled by the IA but with reference to the relevant SROs' codes and guidelines. The new regime will therefore not have any retrospective effect.

Key persons in "intermediary management" function of authorised insurers

One of the new provisions under the Insurance Ordinance is section 13AE(2)(f) relating to the "intermediary management" function of an authorised insurer.

The intermediary management function is one of the control functions of an authorised insurer designated under the Insurance Ordinance, involving establishing and maintaining internal control measures for administering licensed insurance agents in relation to the regulated activities carried on by them, and their compliance with the ordinance, codes and guidelines.

An authorised insurer must not appoint an individual as a key person for its intermediary management function unless the IA considers that the individual is a fit and proper person to be appointed, and grants approval for such appointment.

In a circular issued on 30 August 2019, the IA provided guidance on:

- who a key person in the intermediary management function is, and his/her role;
- whether every authorised insurer needs to appoint such key person;
- board oversight; and
- applications for approval to appoint such key person, together with transitional arrangements.

In order to provide authorised insurers with additional time to prepare and submit their applications for approval to appoint such key persons, the IA adopted a transitional arrangement whereby authorised insurers were required to confirm by 20 September 2019 whether they intend to appoint such key person. They will then be required to submit the full application by 20 December 2019. Further details are set out in the circular.

New memorandum of understanding between IA and HKMA on regulation and supervision of dual-regulated entities

The HKMA and the IA have recently signed a memorandum of understanding (**MoU**) on collaborative arrangements for the regulation and supervision of entities or financial groups in which both parties have regulatory interest, including financial groups with authorised institutions, authorised insurers and/or licensed insurance intermediaries.

The MoU also takes effect today and sets out collaborative arrangements on insurance regulated activities relating to authorised institutions, including arrangements regarding:

- licensing;
- making of rules, regulations, codes and guidelines;
- complaint handling;
- delegation of inspection and investigation powers under the Insurance Ordinance (the IA will delegate its inspection and investigation powers to the HKMA in relation to insurance regulated activities of authorised institutions, although this will not prevent the IA from concurrently performing the functions delegated);
- disciplinary actions and reviews. ■

Mondaq Website - 27 September 2019

INDIA

• Govt may create 'de-risk pool' for crop-cover claims settlement

Move intended to address perception that insurers are profiting at farmers' cost.

The government is looking to create a pool for claim settlement under its crop insurance scheme in order to diversify the risks for insurers — and to lower the cost of re-insurance. The measure is also intended to address the erroneous perception that insurers are profiting unduly from the crop insurance scheme.

Insurers re-insure their crop portfolio, mostly with foreign companies; nearly 50 per cent of the crop re-insurance goes to global players. Typically, insurance players retain 25 per cent of the risk and premium, and hive off the rest to re-insurance companies.

The creation of a pool for claim settlement under the Pradhan Mantri Fasal Bima Yojana (PMFBY) will likely redress a situation where a substantial portion of the surplus goes to re-insurers.

Joint settlement

Under the proposed pool, insurance companies will keep 25 per cent of the premium/risk (as they do now), and hive off the rest to the pool. Claims will be settled jointly by the insurance company and the pool in the ratio of the premium, that is 1:3.

The pool will be managed by a pool manager/administrator, which will be a government entity. Premium rates will be fixed by a government-appointed technical committee, and any surplus generated will remain in the pool, and be invested.

Such a model will likely help insurance players diversify their risk, and also lower reduce re-insurance costs (if the government opts to take a re-insurance cover for the pool in the initial years). The pool model of crop insurance works successfully in Spain and Turkey, and can work well for India, too, say experts. However, insurance regulator IRDAI has to first come up with guidelines and framework.

Currently, listed companies in the general insurance space have been incurring loss in their crop insurance portfolio. Yet, the aggregate industry claims ratio (that is, incurred claims/premiums) is less than 100 per cent, which suggests insurance companies are registering a surplus.

Claims ratio

Indicatively, the claims ratio was 73.5 per cent in 2016-17, the first year of PMFBY. In 2017-18, it rose to 81 per cent. Insurers' administration and re-insurance costs add up to 10-12 per cent, but the rest is their surplus.

Farmers' organisations and political parties had claimed that insurance companies were profiting at the expense of farmers. Yet, many insurers currently face a major risk, given their exposure to just two or three States, and their re-insurance cost is high.

Sample these claim ratios across a few States in the past six crop seasons: in kharif 2016, the claim ratio 209 per cent in Kerala and 134 per cent in Karnataka. In rabi 2017, it was 286 per cent in Tamil Nadu and 172 per cent in Andhra Pradesh172 per cent.

In kharif 2017, it was 451 per cent in Chhattisgarh; 269 per cent in Haryana; and 216 per cent in Odisha. In rabi 2018, it was 226 per cent in Odisha and 122 per cent in Tamil Nadu. In kharif 2018, it was 215 per cent in Himachal Pradesh; 120 per cent in Haryana; and 115 per cent in Uttarakhand.

With the pool model, the high risk arising from a concentrated portfolio will likely be addressed. ■

The Hindu Business Line - 26 September 2019

• IRDAI working group to revisit norms on trade credit insurance

The Insurance Regulatory and Development Authority of India (IRDAI) has formed a working group on revisiting guidelines on trade credit insurance. The regulator had issued trade credit insurance guidelines in 2016. "Thereafter, representations have been received from various stakeholders to revisit the scope of the trade credit insurance," it said in a circular.

The nine-member working group will look into various aspects, including current regulatory framework, need for changes, risk management, claims handling, pricing, reserving, and availability of re-insurance support in domestic and international markets. ■

The Hindu Business Line - 5 September 2019

MALAYSIA

• *Malaysian general insurance sees fall in premium for first-half 2019*

Malaysia's general insurance industry recorded MYR8.92bn in gross direct premiums for the first six months of 2019, a 1.4% fall compared to the same period last year, according to the General Insurance Association of Malaysia (PIAM). The main class of insurance, motor, was relatively flat with a marginal decline of 0.2% at MYR4.18bn, while fire insurance grew 2.5% to MYR1.73bn.

Looking ahead, PIAM said the business outlook will continue to be challenging given the uncertainties in the external environment with the ongoing trade tensions between US and China. PIAM added that it expects recovery in the next six months to be slow and the industry is likely to stagnate for full-year 2019.

PIAM said the industry is confronted with twin challenges: a low penetration rate and escalating claims. The general insurance penetration rate in Malaysia is low (1.23% for 2018 compared to the global average of 3%) said PIAM, adding that rising claims particularly for medical and health as well as motor were major concerns for insurers.

In addition, medical inflation has been on an upward trend, with double-digit increases in recent years, and is projected to reach 14% in 2019. PIAM noted that the insurance industry has set up a joint taskforce to study the cost drivers in medical inflation and will submit recommendations to the authorities to contain medical costs for the benefit of all stakeholders and the insuring public.

Insurers paid out MYR14.9m per day in motor claims covering property damage, bodily injury and vehicle theft. Although road fatalities decreased 6.7% from 6,740 in 2017 to 6,284 in 2018, the number of road accidents continued to go up.

PIAM chairman Antony Lee said: “PIAM will adopt a targeted and focused approach in an industry-wide effort to inculcate safe driving behaviour and reduce road accidents. The plan is to implement this at state level by zooming into the high accident-prone areas and collaborating with relevant authorities and enforcement agencies. States which achieved significant reductions in both accidents and fatalities will be incentivised in a road safety campaign, which PIAM is planning to launch in the coming months. The industry looks forward to further liberalisation of the motor tariff, which will allow premiums to be priced according to the risk profile of motorists.”

PIAM said the Malaysian insurance industry has launched more new insurance products to provide better protection and serve the evolving needs of consumers. As at 25 August 2019, there were 66 new motor and 50 new fire products in the market.

“The ongoing phased liberalisation of the tariff has generally benefited consumers across all segments,” said PIAM CEO Mark Lim. “Apart from the innovative products being offered for consumers’ selection, insurance premiums have been on a downward trend, with healthy competition in the marketplace. Average insurance premium per motor policy decreased from MYR611 in 2015 to MYR584 in 2018.”

Marine aviation and transit insurance rose 9.0% to MYR0.80bn, boosted by the recovery of the oil and gas sector as well as a 15.3% surge in marine hull insurance. However, the industry was weighed down by weak performances in both medical and health insurance, as well as the miscellaneous class comprising bonds, liabilities, engineering and workers compensation, said PIAM.

Medical and health insurance declined 14.8% to MYR0.57bn, while miscellaneous shrunk 9.8% to MYR1.04bn. PIAM said this was due to two factors: a 27.2% drop in contractors all-risk and engineering insurance resulting from certain large constructions projects being downsized or put on hold, and a 58% decline in workers compensation and employer liability insurance with the transfer of the Foreign Workers Compensation Scheme to the Social Security Organisation. ■

Antony Lee

Commercial Risk Online | 30 Aug 2019

MONGOLIA

• Non-Life Insurance Market Statistics

Non-Life Premiums and Loss Ratios 2015-2017

		2015	2016	2017
Property	Prem MNT mn	41,593.96	32,965.45	39,127.95
	Growth %	25.45%	(20.74)%	18.69%
	Prem USD mn	21.11	15.40	16.04
	Growth %	15.74%	(27.04)%	4.12%
	Loss ratios %	6.27%	6.95%	18.74%
Construction & Engineering	Prem MNT mn	2,002.55	3,266.53	7,408.14
	Growth %	39.68%	63.12%	126.79%
	Prem USD mn	1.02	1.53	3.04
	Growth %	28.88%	50.16%	98.95%
	Loss ratios %	77.13%	0.28%	21.77%
Motor	Prem MNT mn	38,993.43	42,736.32	49,430.28
	Growth %	0.52%	9.60%	15.66%
	Prem USD mn	19.79	19.97	20.26
	Growth %	(7.25)%	0.89%	1.47%
	Loss ratios %	60.18%	53.20%	48.64%
Liability	Prem MNT mn	7,335.78	7,857.25	10,766.78
	Growth %	24.08%	7.11%	37.03%
	Prem USD mn	3.72	3.67	4.41
	Growth %	14.49%	(1.40)%	20.21%
	Loss ratios %	4.33%	7.29%	7.96%
Surety, Bonds & Credit	Prem MNT mn	3,967.14	4,265.16	6,116.52
	Growth %	(33.52)%	7.51%	43.41%
	Prem USD mn	2.01	1.99	2.51
	Growth %	(38.66)%	(1.03)%	25.80%
	Loss ratios %	93.80%	66.53%	51.57%
Miscellaneous	Prem MNT mn	25.29	280.58	273.47
	Growth %	(59.01)%	1,009.33%	(2.54)%
	Prem USD mn	0.01	0.13	0.11
	Growth %	(62.18)%	921.22%	(14.50)%
	Loss ratios %	47.86%	7.57%	12.63%
Marine, Aviation & Transit	Prem MNT mn	7,683.15	7,973.52	10,200.26
	Growth %	(35.20)%	3.78%	27.93%
	Prem USD mn	3.90	3.73	4.18
	Growth %	(40.22)%	(4.46)%	12.22%
	Loss ratios %	2.99%	5.49%	21.94%

Vital Statistics 2018		
Nominal GDP	USD bn	13.04
Population	mil	3.2
GDP Per Capita	USD	4,026
Real GDP Growth	%	6.9
Inflation Rate	%	7.7
United Nations Estimates		
Literacy Rate	%	98.3
Urbanization	%	68.4
Dependency Ratio	%	50.8
Life Expectancy	Years	69.5
Median Age	Years	27.1
Insurance Statistics		
Insurance Regulator	Financial Regulatory Commission (FRC)	
Premiums Written (Life)	USD mil	0
Premiums Written (Non-Life)	USD mil	58
Premiums Growth	%	10.7
Regional Comparison	Country Risk Tie	
Mongolia	CRT-5	
China	CRT-3	
India	CRT-4	
Kazakhstan	CRT-4	
Pakistan	CRT-5	
Russia	CRT-4	

Source: IMF, UN, Swiss Re, Axco and AM Best

Top 10 Non-Life Insurance Companies

Rank	Insurance Companies	Written Premiums 2017 MNT mn	Written Premiums 2017 USD mn	Growth MNT %	Market Share %	Written Premiums 2016 MNT mn
1	Bodi Daatgal	28,214.54	11.56	40.03%	19.98%	20,148.30
2	Mongol Daatgal	24,788.59	10.16	0.26%	17.56%	24,724.79
3	Mandal Daatgal	22,533.09	9.24	72.10%	15.96%	13,092.83
4	MIG Daatgal	13,908.30	5.70	23.00%	9.85%	11,307.77
5	Tenger Daatgal	12,175.20	4.99	35.21%	8.62%	9,004.40
6	Ard Daatgal	10,355.13	4.24	44.38%	7.33%	7,172.29
7	Practical Daatgal	8,193.10	3.36	9.14%	5.80%	7,506.95
8	Khaan Daatgal	4,678.22	1.92	6.02%	3.31%	4,412.44
9	Nomin Daatgal	4,645.57	1.90	8.13%	3.29%	4,296.19
10	Soyombo Daatgal	4,635.13	1.90	(1.98)%	3.28%	4,728.69

SOUTH KOREA

• Growth accelerates in loans against insurance policies

Insurance policy-backed loans grew by 21% over the past three years to KRW63.9tn ($53.4bn) in 2018, data from the Financial Supervisory Service show.

This indicates that more people took out loans despite the risk of cancelling insurance plans before maturity amid a slowing economy, reported Korea Bizwire.

Compared with 2017 and 2016, outstanding policy loans grew 8.8% and 6.3%, respectively.

A rise in insurance policy loans is typically seen as a sign that more people are feeling the pinch of a slowing economy, as policy loans make it easier to borrow money. However, borrowers will be forced to cancel their insurance schemes if they fail to make interest payments.

South Korea's economy expanded 2.7% in 2018, down from 3.1% the previous year. In July, South Korea cut its economic growth outlook for this year to between 2.4% and 2.5% from its previous forecast of 2.6- 2.7%, citing weak exports and sluggish investment. ■

Asia Insurance Review – 26 Sep 2019

• Only market in world's top 10 to see reduced premiums last year

South Korea was the only country among the world's 10 biggest insurance markets that suffered negative growth last year.

The combined income premiums of domestic insurance firms reached$179.02bn last year, according to data released by global reinsurer Swiss Re on 16 September. The figure represented a reduction of $2.19bn from a year earlier, reported Business Korea. The South Korean insurance market recorded a growth rate of -1.214% last year.

South Korea ranked seventh in terms of income premiums in the global insurance market for two years in a row.

Swiss Re attributes the negative growth of the South Korean insurance market to a fall in sales of savings insurance products, that is related to the scheduled introduction of a new financial reporting standard (IFRS17) in 2022. As interest rates have been kept low, insurance companies focused on selling protection insurance products rather than savings insurance plans. ■

Asia Insurance Review - 30 September 2019

TAIWAN

• *Life insurers see 43% jump in profit*

Taiwanese insurers posted a NT$101bn ($3.25bn) pre-tax profit at the June 2019 with NT$92.7bn from life insurers and NT$8.3bn from non-life insurers. While life insurers saw a 43% increase in pre-tax profit compared with the same period in 2018, non-life insurers did not fare as well and saw a 10.1% drop in profit according to a monthly publication from local regulator Financial Supervisory Commission (FSC).

At the same time, owner's equity of insurance companies posted a 25.9% increase to NT$1.72tn for life insurers and 8.4% increase to NT$126.9bn compared with the same period last year.

Life insurers also saw a 17% drop in the premium revenue from foreign-currency denominated products which posted around NT$247.59bn at the end of May 2019. Among these products, investment-linked insurance plans accounted for NT$73.55bn or around 30% of the total which marked a 9% decrease compared to the same period last year. Meanwhile, the sales of traditional insurance products fell by 2% to NT$174.04bn.

Up to the end of June 2019, the depreciation of the NT$/$ exchange rate was 1.10% and the balance of foreign exchange valuation reserve of life insurers stood at NT$83.7bn, decreasing NT$18.3bn from last month.

Moving forward to the second quarter of 2019, 21 insurance products with 'spillover' benefits, such as policies whereby insureds enjoy reduction in premium if they lower their risk, from eight life insurers have been approved and filed for reference by the FSC.

Eleven policies with 'in-kind' benefits that do away with monetary claims payments, such as policies that compensate via direct use of medical services, from six life insurers have been approved and filed for reference by the FSC as well.

As of the second quarter of 2019, 13,302 new policies with 'spillover' benefits have been sold marking a 548% jump from 2,051 in the second quarter of 2018. The premium revenue for such policies in its first year was NT$148.55m up by 1339% from NT$10.32m.

43%

In the same period, 80,171 new policies with 'in-kind' benefits have been sold, up by 6% from 75,984 compared to the second quarter of 2018. Its premium revenue was NT$17.16m for the first year, down by 22% from NT$22m compared to corresponding period last year. ■

Asia Insurance Review – 25 September 2019

TURKEY

• *1H2019: market GWP stable in real terms; Motor Hull, Fire insurance and Health Insurance lines have outpaced inflation*

The Turkish insurance market recorded again a double-digit nominal growth rate in 1H2019, with GWP increasing by 19.23% in local currency, to TRY 33.23 billion. However, considering the high inflation rate (15.72% y-o-y at the end of June), the market growth in real terms was rather close to nil. In European currency, given the about 20% y-o-y depreciation of the Turkish lira, the GWP dynamic was negative (3.37% down y-o-y, to EUR 5.06 billion).

There were no significant changes in portfolio terms: life insurance accounts for 13.8% of the total GWP, while most of the non-life lines maintained their portfolio weight almost unaltered. Among the business lines with a relevant contribution to the market GWP, Motor Hull, Fire insurance and Health have recorded a real positive dynamic (growth rates exceeding the inflation index).

The MTPL line, still affected by the price cap, saw a nominal growth rate of 12.9%, while in European currency the GWP volume for this line shrunk by 8.5% y-o-y, to EUR 1.33 billion. In May, the Ministry of the Treasury and Finance of Turkey added a new amendment to current MTPL Tariffs Principles Regulation, according to which insurance companies can use drivers' history to determine the final MTPL price. The new paragraph introduces penalties for drivers, saying that traffic rule violations can be used in the process of risk assessment to determine insurance premiums, as well as the period in which the driver got his/her documents suspended and the reasons that led to these measures.

Allianz Sigorta, Anadolu Anonim Turk Sigorta Sirketi, Aksigorta remained the Top 3 market leaders, with market shares of 10.08%, 9.8% and 6.45% respectively. ■

XPRIMM – 19 September 2019

• *Ministry establishes state owned reinsurer*

The Turkish Ministry of Treasury & Finance has established Turk Reasurans (Turk Re) to support the local insurance sector. The ministry is the reinsurer's only shareholder.

Turk Re was launched to meet capacity requirements of the local insurance sector and promote healthy and sustainable growth in the insurance sector under the country's economic programme unveiled in September last year, reported Anadolu Agency. Turk Re aims to ensure that reinsurance premiums are retained in the country. In a statement, Turk Re says it will also undertake the management of the natural disaster risk pool and is expected to provide domestic reinsurance capacity to the pool by creating a cost advantage

Selva Eren

Ms Selva Eren has been appointed the general manager of the reinsurer. ■

Middle East Insurance Review - 29 September 2019

• *Asset risk a drag on insurers' credit profiles*

The credit quality of the Turkish insurance sector may continue to weaken given the macro-economic pressure on the quality of insurers' assets, said Fitch Ratings in a recent report. Asset quality is likely to remain the key rating weakness for Turkish insurers in the medium term.

About two thirds of the sector's assets are held as cash deposits in banks whose Local-Currency Issuer Default Ratings (LC IDRs) are mostly 'BB-' following widespread bank downgrades this year, said the report, 'Turkish Insurance: Asset Risk a Drag on Credit Profiles'. Most of the banks' ratings are on negative outlook, signalling a risk of further downgrades, which would cause insurers' asset quality to weaken further.

Insurers' holdings of Turkish sovereign debt are also an important influence on their asset quality. Fitch downgraded the Turkish sovereign's LC IDR to 'BB-'/Negative in July 2019.

Foreign owned

About 70% of Turkish insurers are partly or fully foreign-owned, an increasingly important benefit to their credit profile given the decline in their asset quality, which could lead to capital depletion.

Insurers with a strong foreign parent are likely to have greater scope for financial support to reinforce their capital than domestically-owned insurers, whose owners may be constrained by the local economy.

Fitch believes that foreign owners are likely to remain committed to the market as it has long-term growth potential despite the present macro-economic weakness.

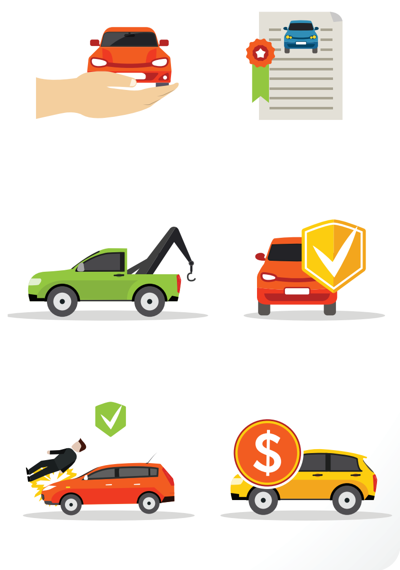
Motor third-party liability business

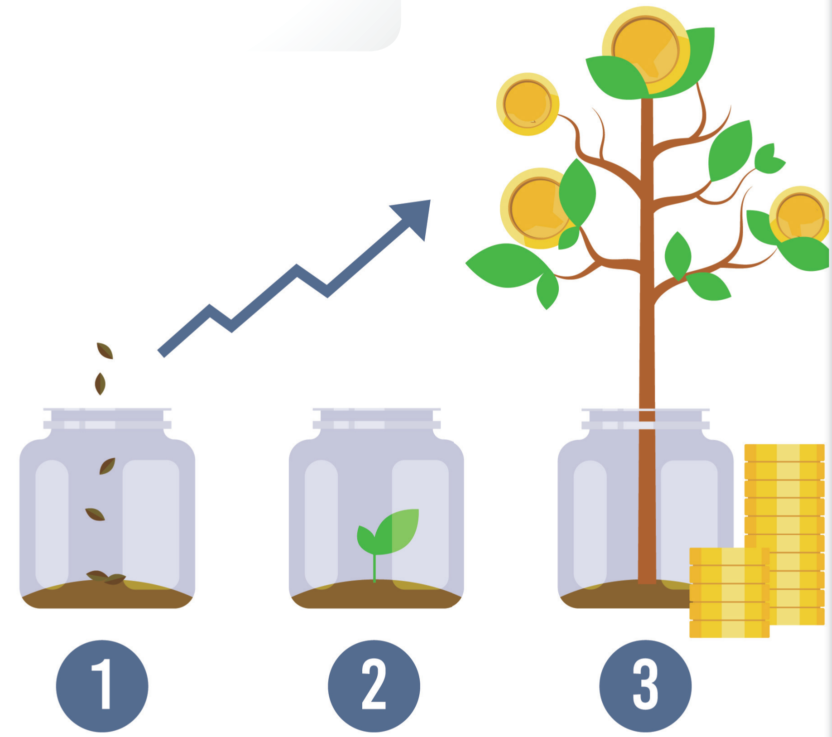
The price cap on compulsory motor third-party liability (MTPL) insurance introduced in 2017 has left Turkey's motor insurance market in a flux, and is proving credit negative for the sector. The cap has led to underwriting losses, causing several insurers to slow their MTPL growth. Insurers that grow at below-average rates in MTPL business could suffer a weakened overall market position as MTPL is Turkey's largest insurance business line. However, those that maintain their position are at risk of continued underwriting losses and shortfalls in their reserves, the rating agency said.

Investment

Turkish non-life insurers rely on investment income to support their profitability, particularly interest on bank deposits. The benchmark interest rate was cut to 19.75% from 24% in July 2019 and, while this is still high in nominal terms, it is unlikely to be enough to generate an above-inflation return on equity (ROE) for the non-life sector given weak prospects for MTPL underwriting profitability and high inflation (about 15% in August 2019). Fitch estimates that the sector's ROE was 18% in 2018, compared with inflation of about 20%, and the combined ratio was 106%, significantly worse than breakeven (100%). ■

Middle East Insurance Review – October 2019





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Sierra Leone

INSURANCE MARKET OVERVIEW

By Hussein Elsayed
Misr Insurance Company

OFFICIAL NAME: Republic of Sierra Leone ***REGION:*** Sub-Saharan Africa

INCOME CATEGORY: Low income ***AREA:*** 71,740 km^2

LOCATION: country on the southwest coast of West Africa. It is bordered by Liberia to the southeast and Guinea to the northeast.

CAPITAL: Freetown

CLIMATE: Sierra Leone has a tropical climate, with a diverse environment ranging from savanna to rainforests.

POPULATION: 7,650,154 (2018)

LIFE EXPECTANCY: 52.21 Years ***MEDIAN AGE:*** 18.3 Years

ETHNIC GROUPS: Sixteen ethnic groups inhabit Sierra Leone, each with its own language and customs. The two largest and most influential are the Temne and Mende.

LANGUAGE: The official language is English, although a number of local languages, such as Krio, are also spoken.

RELIGIONS: Sierra Leone is a Muslim-majority country 77%, with an influential Christian minority at 22%.

GOV. HEALTH EXP.: 69.9 M.$ (2016) Gov.

HEALTH EXP. (%BUD.): 7.91%

Gov. Health Exp. PER CAPITA: 10$

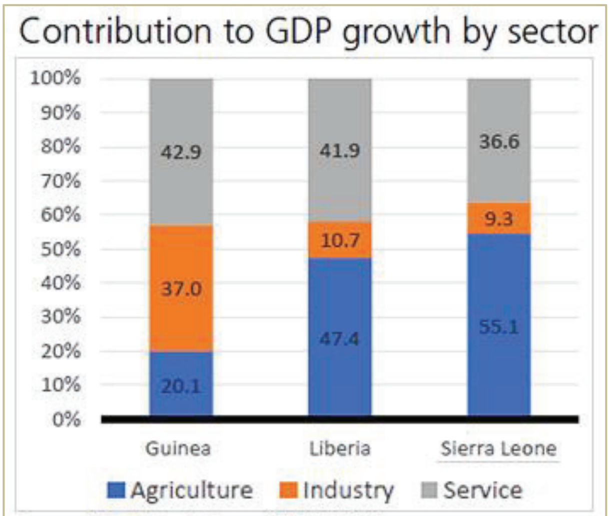
CURRENCY Leone (SLL) [which is equal to 100 cents]

EXCHANGE RATE:

Leones per US Dollar	2012	2013	2014	2015	2016	2017
USD Rate, End of Period	4,334.11	4,356.37	4,953.34	5,639.10	7,195.37	7,536.96
USD Rate, Period Average	4,344.04	4,332.50	4,524.16	5,080.75	6,289.94	7,384.43

GDP (US$): 4,000 M.$ (2018)
GDP Growth (%) 3.8% (2017) | 3.7% (2018)
GDP/CAPITA: 506$ (2017) | 523$ (2018)

INFLATION RATE: 9.7% (2016)



Source: World Bank Group WDI (2017).

DEBT (2017) 2,159 M.$ ***DEBT (%GDP) :*** 57.59% ***DEBT PER CAPITA:*** 291$

EXPORTS (2017) 794.0 M.$ ***EXPORTS % GDP:*** 21.18%

Sierra Leone's main exports are in the mining and agriculture sectors. In 2014, iron ore accounted for approximately 60% of Sierra Leone's annual export revenues. This fell to 15.8% in 2016, as iron ore price growth remained volatile, and processed crustaceans emerged as Sierra Leone's largest single export (representing 17.7% of export revenue in 2016) with diamonds retaining a historically high proportion at 13%. In 2017, iron ore exports saw a slight revival and increased to 25% of total exports, followed by titanium ore at 16.8%.1 Other major non-mining exports include cocoa, coffee and fish. Sierra Leone's main export partners are Belgium- Luxembourg, Netherlands, Romania, China and the US.

IMPORTS (2017) 926.0 M.$ ***IMPORTS % GDP:*** 24.71%

Sierra Leone's imports are varied but include rice (14.7%), machinery and transport equipment (largely relating to mining and oil investment projects) and cars (3.2%). Sierra Leone's main import partners are China, India, US, Belgium- Luxembourg, Netherlands, Turkey, Pakistan and South Africa.

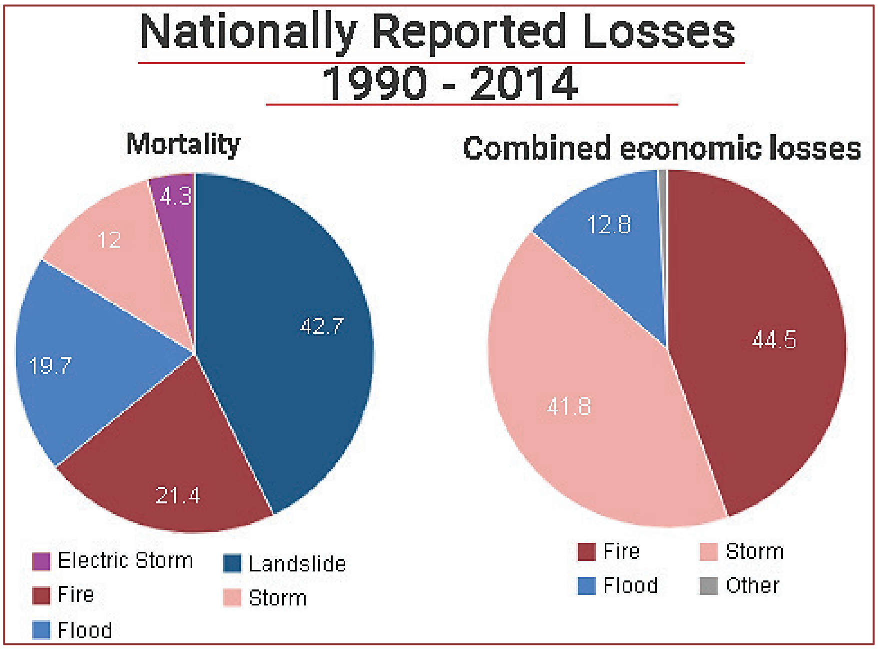
TRADE BALANCE (2017): -132.0 M.$ ***TRADE BALANCE % GDP:*** -3.52%

DOING BUSINESS: 161 out of 190 *(The World Bank 2019)*
COMPETITIVENESS RANKING: 134º (2018)
CORRUPTION INDEX: 30 (2018)
GLOBAL PEACE RANKING: 52º (2019)
ANTI-MONEY LAUNDERING: Sierra Leone is not on the Financial Action Taskforce list of countries suffering from strategic deficiencies in AML provision

Country Risk

A.M Best - 22 Aug 2019

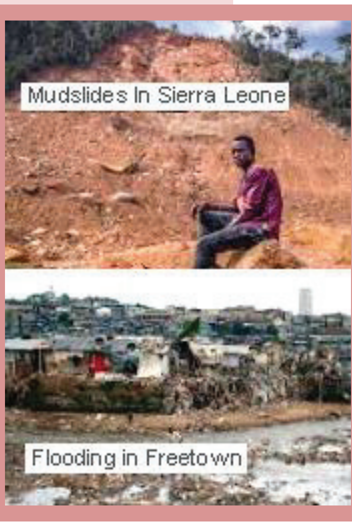
DISASTER RISK



In the last 15 years, Sierra Leone has experienced 5 major floods, including the recent August 2019 floods, with casualties and severe economic damages, affecting over 500,000 people.

Today, as Sierra Leoneans remember the catastrophic mudslides and flood disaster victims, the nation is again experiencing ongoing floods and a mudslide reminiscent of that August 14, 2017 catastrophe at the same Sugar Loaf mountain, bay slums, valleys and waterway flood epicenters around the peninsula.

According to a World Bank/UN damage and loss assessment report on the August 14, 2017 mudslides and floods in the western area, a total of 6000 people were affected; 1141 persons dead or missing and 3000 people lost homes.



FOR MORE INFORMATION VISIT THIS WEBSITE

Insurance Market Key Highlights:

REGULATORY BODY:

Sierra Leone Insurance Commission (SLICOM) www.slicom.gov.sl

INSURANCE LAW:

The Insurance Act 2016 following the presidential assent in July 2016.

NUMBER OF LICENSED COMPANIES OPERATING IN THE COUNTRY

Insurers: 11 Re-insurers: 1

Insurance Brokers: 10 Other Support Services: 10

Domestic life insurers	1	Domestic non-life insurers	3
Domestic composite insurers	7	Domestic reinsurers	1
State-owned insurers	1 [1]		

Two World Bank affiliated risk insurance agencies operate in Sierra Leone: the African Trade Insurance Agency and the Multilateral Investment Guarantee Agency. Both agencies provide various kinds of insurance (including against political risk) to investors, suppliers and lenders.

The Insurance Market Companies:

- National Insurance Co
- Aureol Insurance Co
- Commercial Insurance Co
- Medical and General Insurance Co
- Motor and General Insurance Co
- New India Assurance Co.
- Reliance Insurance Trust Co
- RITCORP
- Sierra Leone Insurance Co
- Transworld Insurance Co
- Activa International Insurance Sierra Leone Limited
- WAICA Re

COMPULSORY INSURANCE

1. Compulsory tenantable or public properties insurance against fire.
2. Employers liability insurance.
3. Building above two storeys under construction- public liability.
4. Professional indemnity insurance for certain professions.

MINIMUM CAPITAL IN LOCAL CURRENCY:

Insurer: 2.5 billion Leones
Re-insurer: 24 billion Leones
Broker: 50 million Leones

[1] Source: Sierra Leone Investment Guide

- **COMPOSITE INSURANCE:** Composite insurance is permitted in Sierra Leone.
- **PRODUCT AUTHORIZATION:** Prior Authorization.
- **RBC (RISK-BASED CAPITAL) PRINCIPLES APPLIED:** Yes
- **ESTABLISHED GUARANTEE OR POLICYHOLDER PROTECTION FUND:** Yes
- **REQUIREMENT FOR INDEPENDENT AUDITS:** Yes
- **REQUIREMENT TO APPOINT ACTUARIES:** Yes
- **BANCASSURANCE IS ALLOWED:** No
- **MANDATORY CESSIONS:** No
- **INSURANCE TAXATION:**
  1. The insurance companies: Pays 1% levy on Gross Annual premiums to the supervisory authority.
  2. The insurance Brokers: Pays 3% levy on Annual Commissions received to the supervisory authority.
- **MARKET ACCESS:** Liberal
- **LICENSING OF FOREIGN COMPANIES:** Allowed
- **MAXIMUM FOREIGN OWNERSHIP:** No Limit, but encouraged to have local shareholders.
- **NON-ADMITTED INSURANCE:** Not permitted.
- **EXCHANGE CONTROL SYSTEM:** Controlled
- **BASIS/CALCULATION OF SOLVENCY MARGIN:**
  1. The solvency margin of an insurer carrying on life insurance business, the liabilities of the insurer shall not exceed the amount of the life insurance fund of the insurer.
  2. In case of any other class of insurance business, the assets of the insurer shall exceed its liabilities by a minimum of one tenth of the premium.
  3. Further approved weighted methods prepared by the Commission are also used in assessing assets and liabilities of the insurers.
- **MINIMUM RESERVE REQUIREMENTS FOR INSURANCE COMPANIES** (2)

	Unexpired risks	Outstanding claims	Contingency claims
Life insurance	General reserve fund equal to net liabilities	..	1% of premiums
Marine hull insurance	75% of net premiums	Amount of claims plus a margin of 20%	The greater of: 3% of premiums and 20% of net profits
Other insurance businesses	45% of net premiums	Amount of claims plus a margin of 20%	The greater of: 3% of premiums and 20% of net profits

2 - Source: Sierra Leone: Doing Business, Investing in Sierra Leone Guide Volume 1

Insurance Market Performance & Statistics

Results of the insurance industry: Leone (L) (in millions)

	2015	2016	2017
Insurance Premium:	(000)	(000)	(000)
Non-Life Insurance Premium	87,969,000	99,669,647	119,603,576
Life Insurance Premium	27,465,000	22,787,522	27,345,026
Total	115,434,000	122,457,169	146,948,602
Reinsurance Premium:			
Non-Life Reinsurance Premium	18,110,683	17,823,576	21,388,291
Life Reinsurance Premium	-	1,191,523	1,429,827
Total	18,110,683	19,015,098	22,818,118
Gross Claims Incurred			
Non-Life	25,124,097	31,280,909	37,537,091
Life	9,625,000	8,665,247	10,398,296
Total	34,749,099	39,946,156	47,935,387
Reinsurer's Share of Claims			
Non-Life	8,183,299	2,493,292	2,991,950
Life	-	301,211,366	361,453,640
Total	8,183,299	2,794,503	3,353,404

in US$ million

	2015	2016	2017
Insurance Premium:			
Non-Life Insurance Premium	15,600	13,853	15,869
Life Insurance Premium	4,871	3,167	3,628
Total	20,471	17,020	19,497
Reinsurance Premium:			
Non-Life Reinsurance Premium	3,212	2,477	2,838
Life Reinsurance Premium		166	199
Total	3,212	5,552	3,027
Gross Claims Incurred			
Non-Life	4,455	4,348	397
Life	1,707	1,204	1,380
Total	6,162	5,552	6,360
Reinsurer's Share of Claims			
Non-Life	1,451	347	397
Life		41,864	47,957
Total	1,451	388	445

Insurance Statistics 2018

Non-Life Insurance Premium:
18 US$ mil

Life Insurance Premium:
4 US$ mil

Total:
22 US$ mil

Premium Growth:
-2.8 %

Insurance Penetration:
0.4 %

Insurance Density:
1.7 US$ mil

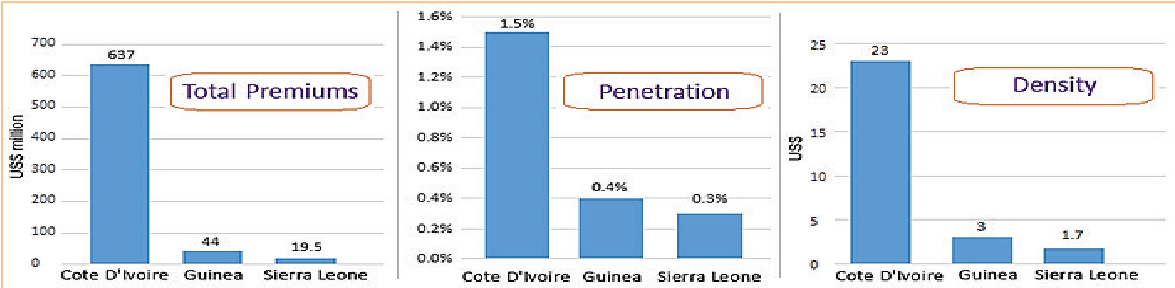
EXCHANGE RATE:

Source: IMF

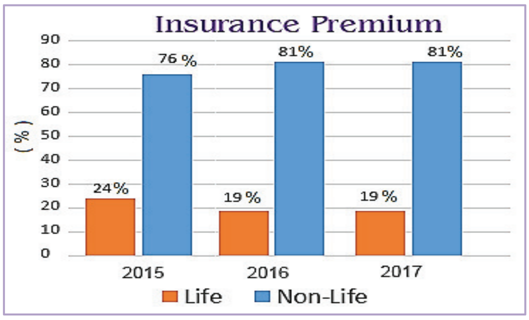
Leones per US Dollar	2012	2013	2014	2015	2016	2017
USD Rate, End of Period	4,334.11	4,356.37	4,953.34	5,639.10	7,195.37	7,536.96
USD Rate, Period Average	4,344.04	4,332.50	4,524.16	5,080.75	6,289.94	7,384.43

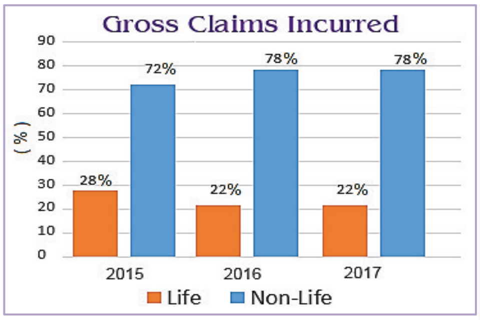
View over Freetown

Market premium as a percentage of GDP and expenditure on a per capita basis expressed in US$ are shown below for the year 2017; *comparisons are made with Cote D'Ivoire and Guinea.*



INSURANCE PREMIUMS AND CLAIMS





Market Challenges:

It is envisaged that with knowledge of the central role insurance and risk management plays in a modern economy, the New Direction government should deem it appropriate to embark on developing a national insurance policy plan to serve as a vehicle for sustainable public - private sector development.

Over the decades several challenges to the insurance sector in Sierra Leone have been identified - including the low usage of insurance services by government and MDAs, low capacity of professionals, low penetration rate of insurance, low underwriting capacity of the industry, the low level of public awareness on insurance products and services and lack of an adequate legal and regulatory framework.

The limited availability of compulsory insurance requirements and regulations, especially in the commercial and public liability line of business is a cause for grave concern.

The adequacy of the third party liability motor coverage currently in force to cover catastrophic injuries and death requires governmental intervention to protect injured parties.

Finally, the goal of the proposed national insurance policy plan, when fully designed and implemented will serve to generate and enhance new business opportunities for the entire insurance and risk management sector.

This policy will provide support to government in the management of the nation's budget utilizing risk transfers between various insurance mechanisms.

It is also envisaged that implementation of such a policy plan will boost the public image of the insurance sector from its current moribund nadir with concomitant benefits to the private sector with a robust investment environment.

The Satelite Insurance Market [1]

MAPFRE Global Risks

Risk Management and Insurance

Paola Serrano

Paola Serrano[2], Director of Aviation and Transport at MAPFRE Global Risks, has participated as a speaker at the Conference on Spanish Regulations and requirements for placing a satellite in orbit, organized by the Spanish Association of Aeronautical and Space Law (AEDAE), during which the main characteristics of this market were analyzed.

Characteristics of the satellite insurance market

Satellite insurance has very special characteristics that distinguish it from other insurance products.

To begin with, it should be pointed out that insurable satellites are artificial satellites, which, unlike natural satellites, have been built by man and their use is fundamentally focused on two purposes:

1. **Observation**: satellites take photographs and collect data for very diverse uses, such as meteorology, helping to monitor and determine climate, and to predict natural disasters, such as hurricanes and tsunamis.

In addition, they are used for observing outer space, searching for planets, measuring atmospheric composition, etc.

2. **Communication**: satellites allow the retransmission of signals from one point on the Earth to another in real time, making radio, televi-

(1) This article was published originaly By MAPFRE Global Risks|07-03-2019
https://www.mapfreglobalrisks.com/gerencia-riesgos-seguros/article/the-satelite-insurance-market/?lang=en

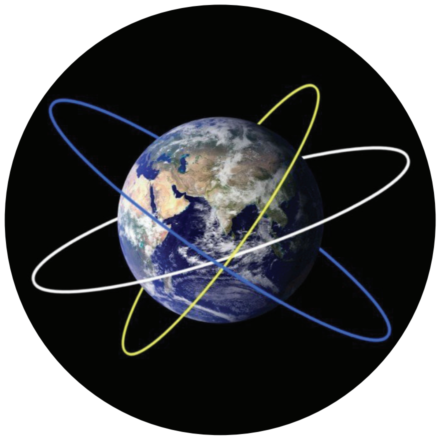
(2) **Paola Serrano García, Director of Aviation and Transport, MAPFRE Global Risks**
Paola has a degree in Law and Economics from the Universidad Pontificia Comillas. She joined MAPFRE INDUSTRIAL in 2001 as Branch Manager, and in 2005 she was appointed Director of the Aviation and Space Business Area.
She is currently the Director of Aviation and Transport at MAPFRE's Global Risks Unit.

sion, internet, telephony or geo-positioning system transmissions possible.

In addition to their type of use, they can be distinguished according to their orbital position. The most used in all of space history can be classified under five types: LEO, MEO, GEO, HEO and SSO. Each has its advantages and disadvantages, and they are used according need.

GEO and LEO satellites are used in communication and observation, and weigh more than 150 kg.

GEO satellites, or geostationary satellites, are located 36,000 km from the Earth, exactly on the equator line and, as their name indicates, they rotate in tune with the geostationary orbit, in such a way that it seems like they remain static from the surface of the Earth. These are large, robust, highly-tested satellites whose price can exceed USD 500 million. They are designed to operate for periods of 15 years, move slowly and are ideal for ensuring telecommunications.

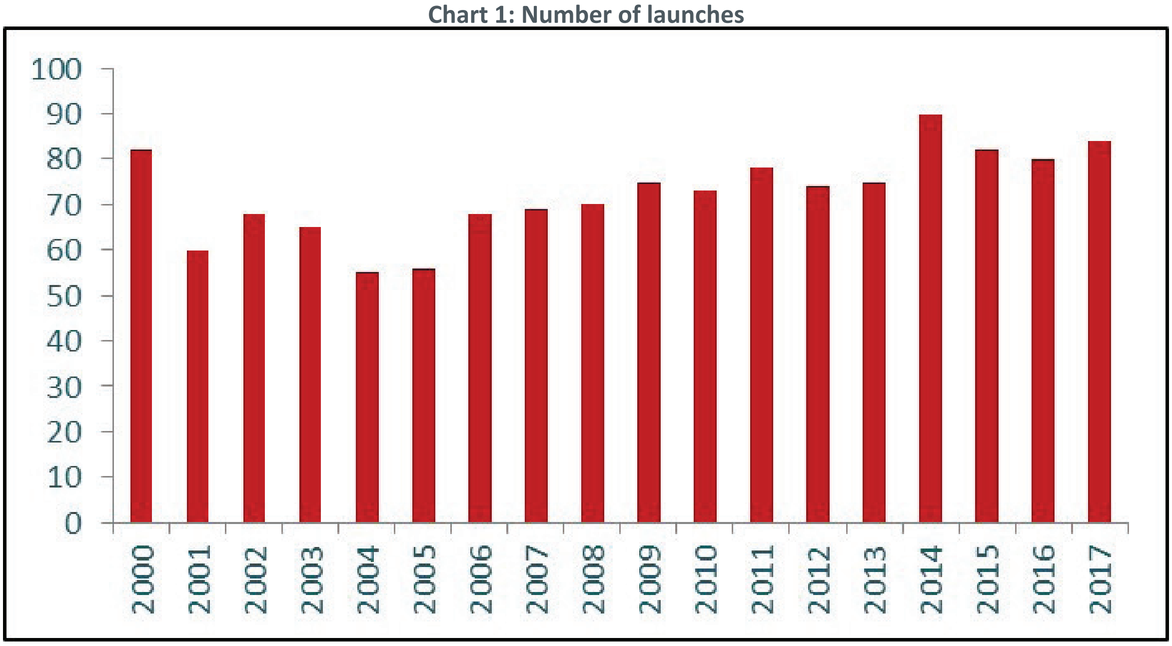


On the other hand, there are the so-called LEO (Low Earth Orbit) satellites, smaller in size, which are located 2,000 km from the Earth and revolve quickly around it. Their price is lower compared to geostationaries and they provide service for a maximum of 5 years. These satellites are suitable for Earth observation functions.

MEO (Medium Earth Orbit) satellites are located in an intermediate circular orbit, between 2,000 and 36,000 km from the Earth's surface, with an average orbital period of several hours (12 hours on average).

The chart below shows the number of GEO and LEO satellites weighing more than 150 kg placed in orbit annually since 2000.

Chart 1: Number of launches



Number of launches. Source: XL Group

According to this table, the number of satellites remains stable and shows no sign of growth. As can be seen, the minimum of 60 satellites was launched in 2004, giving an annual global average of 75 launched satellites.

It is also important to note that not all satellites that are launched are insured. Insurance policies are only taken out for a percentage of them to cover damage during launch.

According to the data presented in Chart 2, 2010 was the year with the fewest secured satellite launches (36%) compared to 2017, which is presented as the year with the highest number of secured satellites (60%). In summary, taking into account that 85 satellites were launched in 2017, it can be observed that only 51 secured their launch, and the rest were launched without coverage for this risk.

Insurers who underwrite space risks must have specialized equipment and a great deal of knowledge of the product's technical characteristics.

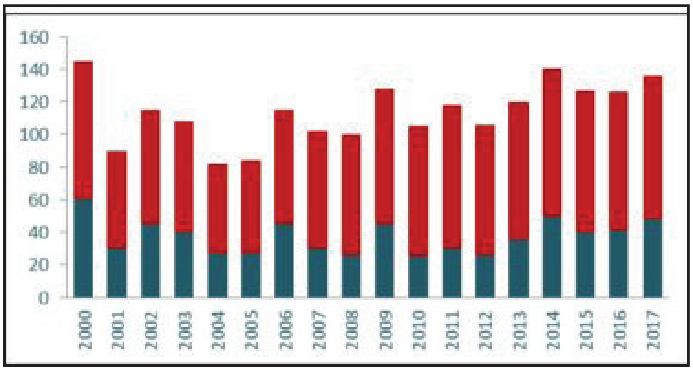
What is satellite insurance?

Satellites have two critical moments for which there are two coverages: their launch and their life in orbit.

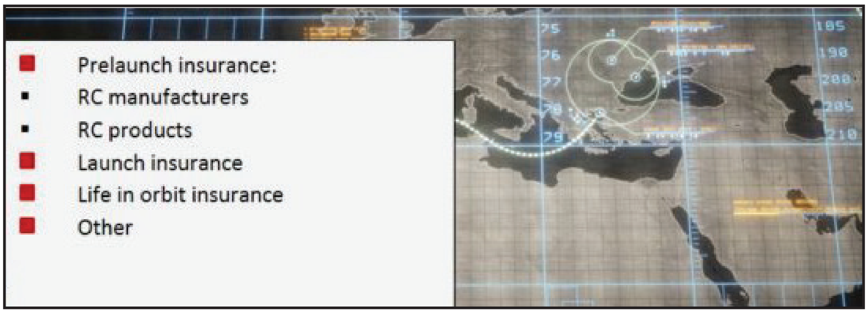
1. **The launch phase**: this is the moment when their engines are switched on (the moment of greatest risk in their operation), and although technological advances have brought greater security in this regard, it still involves an important risk. This phase is considered to end when the satellite is separated from its launch vehicle. This is when the phase known as life in orbit begins.

2. **Life in orbit**: once the satellite has been separated from the launch vehicle, the 12-month life in orbit coverage comes into force and is renewed annually until the end of satellite's useful life, which is usually around 15 years for communications satellites.

Chart 2: Market for insured and uninsured satellites



Satellite Insurance Coverage



Insured sum

On the other hand, it should be stressed that the insured sums in this market are very high, since the insured value of a geostationary satellite can reach USD 500 million. It should also be noted that several satellites can be projected from the same launcher at the same time. This can lead to an accumulation in the insurance markets, a situation that every insurer wants to avoid, as it involves the possibility of suffering a high potential loss.

In line with the above characteristics, it is logical to guess that the number of insurers operating in this sector is also small: only about 40 worldwide.

It is important to consider that all insurance companies underwriting satellite insurance must operate globally and be able to insure any satellite anywhere in the world in order to have a balanced and dispersed portfolio of risks.

In addition, insurers who underwrite space risks must have specialized equipment and a great deal of knowledge of the product's technical characteristics.

High insured sums: up to 500 million per satellite and launch

In line with the characteristics already mentioned, claims in this market are extremely complex. Leaving aside the assumption of total loss, where the settlement of the claim is made on the insured sum, the settlement of a partial loss involves the establishment of a series of working hypotheses to conclude what percentage of the useful life of the satellite has been affected by the loss and, therefore, how much compensation is due to the insurer.

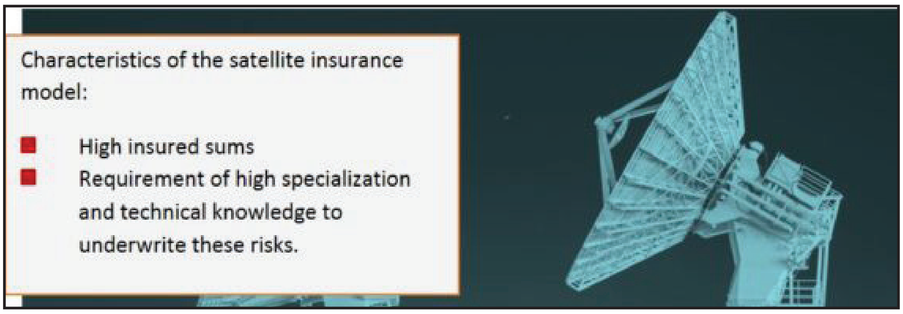
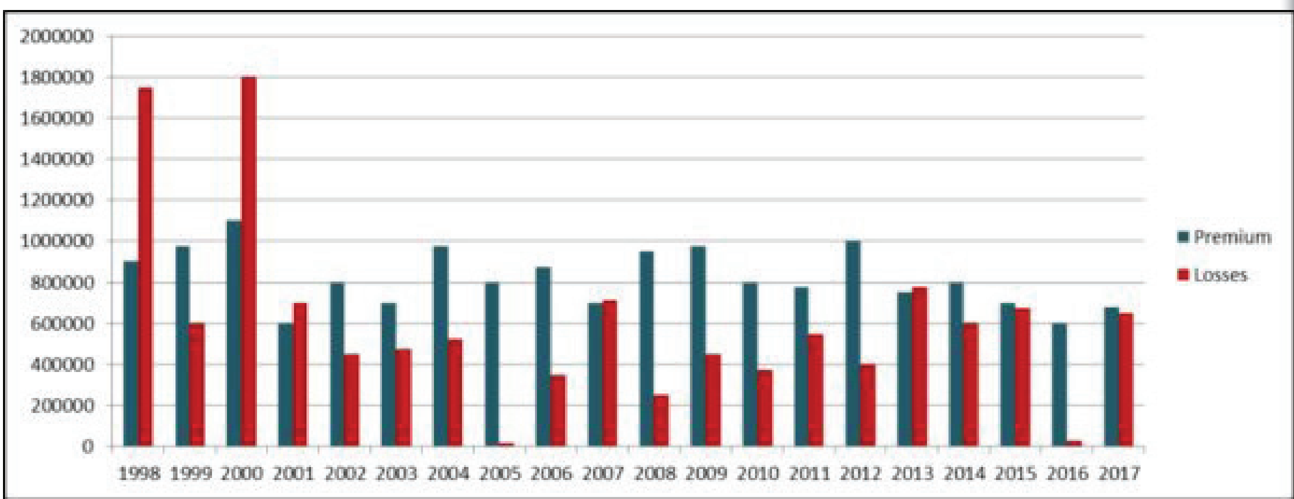


Chart 3: Worldwide Statistics – Annual Premium vs. Claims



Source: XL Group

These difficulties are aggravated by the simple fact that the insurer cannot send its expert to analyze the claim and has to base all its contribution on the information supplied by the insured party.

Market outlook and the challenge of the insurance market

The vertiginous evolution of the activity linked to satellites shows a trend of continued growth in the coming decades through the manufacture of smaller devices, and the performance of multiple, more economical, launches.

Nanosatellites have opened up a new paradigm in terms of access to space, something that was previously accessible only to large companies. However, they are still in a very early stage and, according to the statistics, still have a high mortality rate.

Nanosatellites often use commercial components that are unprepared for space. They also do not implement redundancy systems in the event that something goes wrong, thus reducing their complexity and cost.

The fact is that the rapid evolution of new applications and technologies poses a challenge for the insurance industry, as it entails a diversity of risks that must be assessed and responded to.

In this sense, the challenge that the insurance industry must face is to act as a driving force for innovation and to collaborate in order to understand the complexity and dynamism of the space industry.

MAPFRE's beginnings in satellite insurance

The Aviation area at MAPFRE is almost as old as the activity itself in Spain, as the company has been offering its insurance programs since the founding days of the commercial airlines.

Subsequently, with the development and commercialization of communications satellites in Spain, MAPFRE began to participate actively in space risk policies, first with the HISPASAT 1 A satellite in 1990 and then HISPASAT 1B, and the 1C, until becoming the leading insurance company in Spain for the insurance of this industry.

In this way, the Aviation and Space area was formed, which progressively extended beyond Spanish borders, by participating in programs involving a large number of international satellites, positioning MAPFRE as one of the main insurance companies dedicated to this insurance worldwide. ■

2018 FAIR Case Study Competition Winner

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COMPREHENSIVE TECHNICAL PROGRAMME IN GENERAL INSURANCE (NON-LIFE)
11.11.2019 TO 29.11.2019

Left to Right

Sitting on Chairs: 1) Mr. Manoj Chandak 2) Mr. Asim Kumar Pattnaik (Faculty Member) 3) Dr. Suresh Sarswar (Faculty Member) 4) Mr. Segar Sampathkumar (Chair Professor, Non-Life) 5) Dr. G. Srinivasan (Director) 6) Ms. Jayashree Sridhar (Programme Co-ordinator) 7) Ms. Ruchika Yadav (Programme Co-ordinator)

Standing in 1st Row: 1) Abel Gichana Matoke 2) Wubalem Habtamu 3) Haika Metta 4) Dorji Yangzom 5) Amira John 6) Lydiah N. Karanja 7) Rojalia Charlej Minja 8) Amina Elmy 9) Gyem 10) Karma Wangmo 11) Emnet Mebrahtu

Standing in 2nd Row: 1) Sonam Lethro 2) Nahom 3) Rashikul Haque 4) Madhav Suberi 5) Cheki Dorji 6) MD. Riajul Islam 7) Joseph Mardai 8) Steven Mazola 9) Gibson Kinyua 10) Erick Komolo

Standing in 3rd Row: 1) Zachary Openda 2) Tedros Habtom 3) Sonam Phuntsho 4) Ramji Dhakal 5) Yogendra Gautam 6) Erick Mkwizu 7) Kuenzang Rabten 8) Goodluck Nyiti

With Appreciation from FAIR

Ms. Lydiah N. Karanja, APA Insurance Ltd, Kenya, winner of <u>**2018 FAIR Case Study Competition**</u>, attending the ***Comprehensive Technical Programme in General Insurance (Non-Life)*** 11.11.2019 to 29.11.2019, by **National Insurance Academy**, Pune – India, as a reward from FAIR recognizing her study on

"**CYBER INSURANCE & RISK MANAGEMENT: CLOSING THE GAP**"

Which was aslo published within FAIR Review issue no. 181 ■

Ms. Lydiah N. Karanja


Our foundation
goes real deep.
Total Assets: US $ 12 billion
Net Worth: US $ 5.7 billion
(including US $ 3.5 billion on Fair Value Change Account)
Global Ranking (2015):
14th among Global Reinsurers (A M Best)
18th among Global Reinsurers (S & P)
Ratings:
Financial Strength: A- (Excellent) A M Best Company
Claims Paying Ability: "AAA(In)" by CARE
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GIC Re
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Website: www.gicofindia.in
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FEDERATION OF AFRO-ASIAN INSURERS AND REINSURERS
F.A.I.R.

26TH FAIR CONFERENCE MARRAKECH - MOROCCO

SEPTEMBER 23RD - 25TH 2019

Under The High Patronage Of His Majesty **King Mohammed VI of Morocco**

Organized by

الشركة المركزية لإعادة التأمين
Société Centrale de Réassurance
GROUPE CDG
Réassureur depuis 1960

FAIR held its 26th FAIR Conference during 23 – 25 September 2019, at the Palmeraie Conference Center, Marrakech-Morocco, under the theme of:

"New Economic Barriers In Afro Asian Insurance Markets"

The conference was attended by 1000 participants from 64 countries representing 740 companies and associations from various Afro-Asian insurance markets. They exchanged views and experiences in the developments of the Afro-Asian insurance markets.

The conference's speakers were worldwide insurance market leaders and decision-makers, Insurers, Reinsurers, and Re/Insurance Brokers. They gave dynamic sessions included interaction between panellists and the attendees, covering:

- Insurance and Microinsurance success stories in Africa and Asia
- New Economic Barriers in Afro-Asian insurance and reinsurance markets
- When innovation meets regulation
- Means to strengthen Afro-Asian cooperation in areas of insurance and reinsurance
- And a special session on Takaful

Africa and Asia have many things in common including a great potential for continued growth, similar challenges and shared objectives such as the goal to increase the wealth of their large populations.

The level of development and growth these two regions seek is however currently impeded by existing economic challenges and legislative barriers. These factors, coupled with geographic distance and differences in culture and language have rendered mutual sustained efforts and goodwill crucial to the achievement of measurable, sustainable growth and prosperity for both regions.

Multi-regional insurers, through their robust financial standing and risk diversification capabilities on one side, their high quality service and superior claim paying abilities on the other side, are currently able to design the perfect insurance product along with the appropriate services and offer the same in the right place at the right time.

For this reason, and in order to be equally competitive on a regional and global level, Afro Asian insurance companies need to come together and create strong, strategic alliances.

Mr. Youssef Fassi Fihri

Dr. Adel Mounir

Jointly, they must address dominant regional challenges they all face including: modernization, human capital development, skills enhancement, underwriting risk management, technological advancement implications, ERM, NPD....

In his welcome message, **Mr. Youssef Fihri, SCR CEO, and the president of FAIR,** expressed his pleasure in welcoming the speakers and delegates, clarifying that the potential for economic growth is carried by Afro-Asian regions of the world and despite an environment marked by various barriers, not only legislative, but also linguistic and cultural, certain opportunities and common challenges are to be put in place.

A gateway to excellence should be set up to share best practices and proven products which have been adapted for our countries in insurance sectors such as health, automobile and agriculture as well as micro-insurance.

Dr. Adel Mounir, FAIR Secretary General, welcomed and expressed his thanks and gratitude to the speakers and delegates during his welcome message, and to the leaders of the Moroccan Insurance Industry, who joined FAIR conference this year for the third time after FAIR conferences in 1983 & 2007, which is another testimony of their support to FAIR.

He gave a brief on FAIR organization, stating that the number of Member Companies reached 250 mem-bers representing 53 Afro-Asian Countries.

Economic barriers are the obstacles arising from economic factors and causing difficulty/ constraint to en-hancing individual or group or national or societal welfare, economic growth or efficiency.

Economies in the region are starting to show signs of real growth on the back of recovering global com-modity prices. Insurers are looking for new ways to take advantage of the renewed economic growth and opportunities arising. But, while the economies are recovering, there are other significant challenges and developments which insurers need to consider in order to take full advantage of the growth potential.

• INSURANCE AND MICROINSURANCE SUCCESS STORIES IN AFRICA AND ASIA

The first session's was titled "**Insurance And Microinsurance Success Stories In Africa And Asia**" and the speakers were: **Mr. Beat Strebel,** Market Executive, Middle East & Africa Swiss Re, **Mr. Omer ElAmin**, Group President, Orient Insurance PJSC, **Mr. Echchihab Slimane**, DGD WAFA Assurance, **Mr. Martin Reto Buehler**, IFC Senior Insurance Specialist IFC.

Mr. Omer ElAmin gave a brief on Orient Insurance company, stating that it has been rated A by S&P, and A+ by AM Best, and been awarded by Middle East Insurance Industry Awards for General Insurance Company of the year (2016), Life Insurance Company of the year (2017 & 2018), and Health Insurance Company of the year (2018), it has been also awarded by Mohammed Bin Rashed Al Maktom Business Award (2017), and MENAIR Insurance Awards 2018 for Commercial Lines Insurer & Insurer – Overall (2018).

He also stated that UAE Market Performance during 2018 made progress as Gross Premium reached 21,935 AED Millions, which Orient has a 17% market share of it.

MR. Beat Strebel talked about closing the protection gap, giving an example with the intense tropical Cyclone Idai, which was one of the worst tropical cyclones on record to affect Africa and the Southern Hemisphere, causing catastrophic damage in Mozambique, Zimbabwe, and Malawi, leaving more than 1,300 people dead and many more missing and US$ 2 billion losses. He added that only 7% of the affected areas by the cyclone were insurance covered, and stated that they have the tools to close the gap, and they need the partnerships.

Mr. Beat Strebel

Mr. Omer ElAmin

Mr. Echchihab Slimane

Mr. Martin Reto Buehler

Session One

• NEW ECONOMIC BARRIERS IN AFRO ASIAN INSURANCE AND REINSURANCE MARKETS

Mr. Youssef Fassi Fihri

Mr. Henner Alms

Mr. Kamal Tabaja

Mr. Mutsunge NAZARE

Mr. HACHICHA Hedi

The second session's speakers were: **Mr. Youssef Fassi Fihri,** CEO of SCR, **Mr. Henner Alms**, Partner I Dr. Schanz, Alms & Company, **Mr. Kamal Tabaja**, COO Trust RE, **Mr. Mutsunge Lawrence Nazare**, Group Executive Director – Continental Re, and **Mr. HACHICHA Hedi**, Chief Underwriting Officer, Head Middle East & Africa, – Treaty P&C, SCOR.

Mr. Youssef Fassi discussed the Advantages and Disadvantages of Liberalization, stating that since liberalization the local reinsurer faces many challenges, such as loss of significant amount of premium, and fragile position of the national insurer, commenting that in the absence of the regulatory framework favouring local reinsurers, the business model of the latter may be negatively impact.

Also there is the risk of negative spiral for local reinsurer caused by Impact on rating – Decrease in the local activities – more limited access to profitable business - Degradation of cash and solvency ratios.

The most promising opportunities are the size of the African insurance market which is 64 Billion USD representing 1.5% of the world market, the size of the African reinsurance market is 7.5 billion USD, representing 3% of the global market, and also new opportunities are coming up such as the many projects launched in African countries in different sectors.

Mr. Henner Alms's presentation was titled Mechanisms of cooperation among emerging market reinsurers, which discussed Emerging market reinsurers underrepresented showing that in reinsurance emerging market premiums today account for 25%, adding the market share of reinsurers originating from emerging markets is considerable smaller. In the S&P top 40, 7 players are from emerging markets, in the AM Best Top 50 it is again 7 players that originate from emerging markets.

He enlisted measures to diversify in other emerging market regions as:

- Inward reinsurance premiums
- Shareholdings
- Intra-regional retrocession and reciprocal exchanges
- Risk swaps
- Partnerships

He also enlisted measures of collaboration to broaden portfolio:

- Shareholdings
- Retrocession and reciprocal exchanges
- Risk Swaps
- Partnership

• *WHEN INNOVATION MEETS REGULATION*

The third session's speakers were: **Mr. Vasilis Katsipis,** General manager, Market development A.M. BEST MENA, South & Central Asia, **Mr. Salvatore Orlando**, Head of P&C MEAR – PartnerRe, **Mr. Othman Khalil El Alamy**, Secretary General ACAPS, **Mr. XU Chunwu**, Director General of Finance and Accounting Department – CBIRC.

Mr. Salvatore Orlando's presentation was about the "International Insurance Trends and Best Practices". He discussed Challenges for the insurance industry such as Change of climate, Deregulation, Regulation, Capital markets, Economical Environment, Stakeholder value thinking, adding that these challenges leads to the fact that "The insurance industry has to focus on capital management with respect to risk / return considerations".

Mr. Orlando said that Technology start ups are disrupting many existing business models, with significant impact on the insurance industry.

Most trends in the insurance industry now are either technology related or have technology as one of its drivers.

The Internet of Things has transformational impact on the insurance industry with potential to transform many parts of the insurance value chain over the next few years.

New technology creates new risks, such as Peer to Peer Economy, Drivers less cars, Increased demand of Cyber Insurance. It also allows emergence of new products, new marketing approaches, new distribution channels, new insurance business model, and new processes.

Mr. Othman Khalil El Alamy discussed in his presentation the Supervision of the insurance sector in Morocco. He gave a brief about the Supervisory Authority of Insurance and Social Welfare (ACAPS). Pointing out that its mission is prudential supervision and market practices with the objective of guaranteeing the protection of policyholders and market stability, licensing for businesses and intermediaries, and it has regulatory power.

He mentioned ACAPS main developments and regulatory projects starting with Risk-based solvency (SBR), Coverage for catastrophic events, Decadal TRC / RC coverage obligation, Takaful Insurance, Dematerialization of car insurance and online subscription, Inclusive insurance, Rise in charge of the policyholder protection system.


Mr. Vasilis Katsipis


Mr. Salvatore Orlando


Mr. Othman El Alamy


Mr. XU Chunwu

Session Three

• *MEANS TO STRENGTHEN AFRO ASIAN COOPERATION IN AREAS OF INSURANCE AND REINSURANCE*

Session Four


Mr. Antoine Bavandi


Mr. Januario Aliwalas


Mr. LI WEI


Mr. Joe Asmar

The Fourth session's speakers were: **Mr. Antoine Bavandi,** Crisis and Disaster Risk Finance World Bank Group, **Mr. Januario Aliwalas**, Secretary General – AIRDC, **Mr. LI WEI**, General Manager, Strategic Client Department – China Re, **Mr. Joe Asmar**, Executive Director, Group Head of Facultative – CHEDID RE.

Mr. Antoine Bavandi Introduced the Crisis & Disaster Risk Finance Analytics, which is an Initiative led by the World Bank's Crisis & Disaster Risk Finance (CDRF) team, to increase the financial resilience of developing countries against non-modelled disasters and shocks. This is supported by partnership between the CDRF team and the European Space Agency (ESA) to leverage large amounts of near real-time satellite data for earlier financial response

This Initiative include three main factors:

Problem Statement: Insufficient risk information, tools, triggers to support scaled-up risk financing especially in data-poor environments.

Development Objective: To support scaled-up and strengthened operations and risk transfer products in crisis and disaster risk financing and response.

Planned Activities (2019-2022):

- Forecast and near real-time risk information
- Risk models for unaddressed perils/territories
- Improved risk transfer products

Mr. Januario Aliwalas gave a brief on the Association of Insurers and Reinsurers of Developing Countries (AIRDC), which presently has 125 members from 30 member countries.

He discussed What are the common areas that will compel cooperation in Asia & Africa? Adding that their population will become almost similar in size but Africa growing faster; The 2 continents will have over 4 Billion people each in 2100. UN projects that Africa will be home to almost 40% of the world's population in 2100, they are home to many poor individuals facing same risks.

He said that the biggest gap is talent, stating that In addition to the high retirement rate among insurance workers, the Bureau of Labor Statistics reports that less than a third of insurance employees are under the age of 35. According to the Insurance Information Institute, there will be at least 400,000 open positions by 2020.

Clarifying that several actions has to be done such as joining forces to develop human capital and address succession problem and the lack of qualified manpower.

• SPECIAL SESSION ON TAKAFUL

The last session's speakers were: **Mr. Omar Gouda,** Regional Director, North East Africa and Middle East Region, Africa Re, **Mr. Fadhel Al-Sabea**, Head of General Treaty Department – Hannover ReTakaful, **Mr. Essam Al Ansari**, CEO Takaful, GIG, **Mr. Christos Adamantiadis**, CEO, Marsh Middle East & Africa.

Mr. Omar Gouda discussed Takaful in Africa: Characteristics, Challenges, Opportunities and Solutions.

As for **Characteristics**, he said that Takaful started in Africa, first issued policy was in Egypt in 1964, while first Takaful operator was Islamic Insurance Co in Sudan in 1979, the African Takaful industry is growing and wining more land, pointing out that the industry is in its early stage of development, and Takaful products satisfy Muslims needs as well as non-Muslims.

Challenges are the absence of appropriate legal framework for carrying out Islamic Banking and Insurance operations in most of the Islamic countries, shortage of trained manpower to conduct business complying with Shariah Rules, low Level of Takaful awareness among the Muslims, and limited Retakaful capacity.

While **opportunities** are penetration potentials are high in many African countries, substantial Muslim populations, realization of Oil and Gas potentials for many African countries, better economic growth and policies for sustainable development, increased focus on insurance products specially SMEs.

He pointed out methods to **Accelerate Takaful Growth in Africa** such as investment in Infrastructure/Supporting institutions, promote/develop products to meet expectations, building relationship between market players & Govt., training R&D, public awareness, supportive Retakaful market providing necessary capacity, the distributed surplus can maintain a better balanced technical portfolio of Takaful operators, also encourage and develop the Enterprise Risk Management concepts for the Takaful industry, adopt the insurtech concept/products/tools to reach customers.

Mr. Omar Gouda

Mr. Fadhel Al-Sabea

Mr. Essam Al Ansari

Mr. Christos Adamantiadis

FAIR Medical Insurance & Healthcare Congress

Announcing 2020 Congress Awards
15 Categories - 15 Winners

Submission Date: 1 November 2019
Submission Deadline: 31 January 2020
Awarding Night: 12 April 2020

Categories

1) Life Insurance Company of the year
2) General Insurance Company of the year
3) General Takaful Company of the year
4) Family Takaful Company of the year
5) Reinsurance Company of the year
6) Innovative Individual Health Insurance product of the year
7) Innovative Group Health Insurance product of the year
8) Outstanding Contribution of the year – Individual
9) Outstanding Contribution of the year – Company
10) TPA of the Year
11) Technology Initiative of the Year
12) Insurance Broker/Agent of the year
13) Insurance Consultant of the Year
14) Innovative Service Provider of the Year
15) Customer service Provider

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