FAIR Review

Issue No. 192 (2nd 2022)

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Topics:

* Role of Regulators in helping the industry navigate economic challenges

* Threats facing re/insurers on grounds of economic slowdown and rising inflation

* Impact of supply chain issues on re/insurance

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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 for international insurance cooperation by promoting 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:

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- 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.

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FAIR Review

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Global News

• *Allianz Global Insurance Report: 2021 was a good year*

by Roxanne Libatique

Global insurance premiums jumped by 5.1% in 2021, thanks to strong economic tailwinds, rising risk awareness, and record-high savings buoyed by booming markets, according to Allianz's latest Global Insurance Report.

The report, which delves into the latest insurance market developments globally, revealed that the total insurance premium income reached €4.2 trillion in 2021. However, despite the persistence of the COVID-19 pandemic, geopolitical issues, and other factors, what made the year remarkable was the composition of premium growth: more than two-thirds was generated in Western Europe and North America, with the US market accounting for half of the increase.

"Thus, 2021 represents an unusual end to the past decade in which growth was much lower (+3.6% per year on average) and driven by Asia, which accounted for 40% of all additional premiums, more than half of them written in China. As a consequence, China's global market share doubled to 12%," the report said.

For this year, Allianz analysts expect the Ukraine-Russia conflict to impact the global insurance industry, forecasting premium income to grow by roughly 1 percentage point slower than initially assumed as the conflict takes its toll on economic activity and confidence, even as inflation supports the top line.

"Overall, we now expect global premium income to grow by +4.8% in 2022, with life and P&C [property and casualty] developing almost in step (+4.9% and +4.6%, respectively). This figure must be considered against the backdrop of a global inflation rate of 6.2% this year," the analysts said.

Despite the uncertainties this year, Allianz analysts remain optimistic as they expect climate change and demographic change to be the main drivers of risk protection demand. They also forecast a +4.8% annual growth over the next 10 years (life: +4.9%; P&C: +4.6%), corresponding to an increase in premium income by +67% or €2.8 trillion, of which under €1.8 trillion will be generated by the life segment and over €1 trillion by the P&C segment (+63%).

"The pandemic and the war in Ukraine are wake-up calls for better risk management and even more demand for protection," said Ludovic Subran, chief economist of Allianz. "The industry must succeed in maintaining its economic and social relevance, offering innovative solutions for new and rising risks. The questions of insurability and affordability are likely to become increasingly urgent in the coming years. This requires a level of creativity and collaboration with all stakeholders, customers, carriers, and policymakers even beyond previous efforts." ■

Insurance Business Magazine - 24 May 2022

• *'Stagflation' is back, warns sigma*

Claims inflation is expected to affect non-life insurers' profitability in 2022, leading to further market hardening in 2023

In its new sigma report, Swiss Re Institute forecasts a stagflation-like economic environment for 2022 and 2023, characterised by higher inflation and lower real GDP growth.

Unlike the structural stagflation of the 1970s, this stagflation will be cyclical, with the slowdown in economic growth leading to lower but still very high inflation in 2023.

For the insurance industry, claims inflation is expected to affect non-life insurers' profitability in 2022, leading to further market hardening in 2023.

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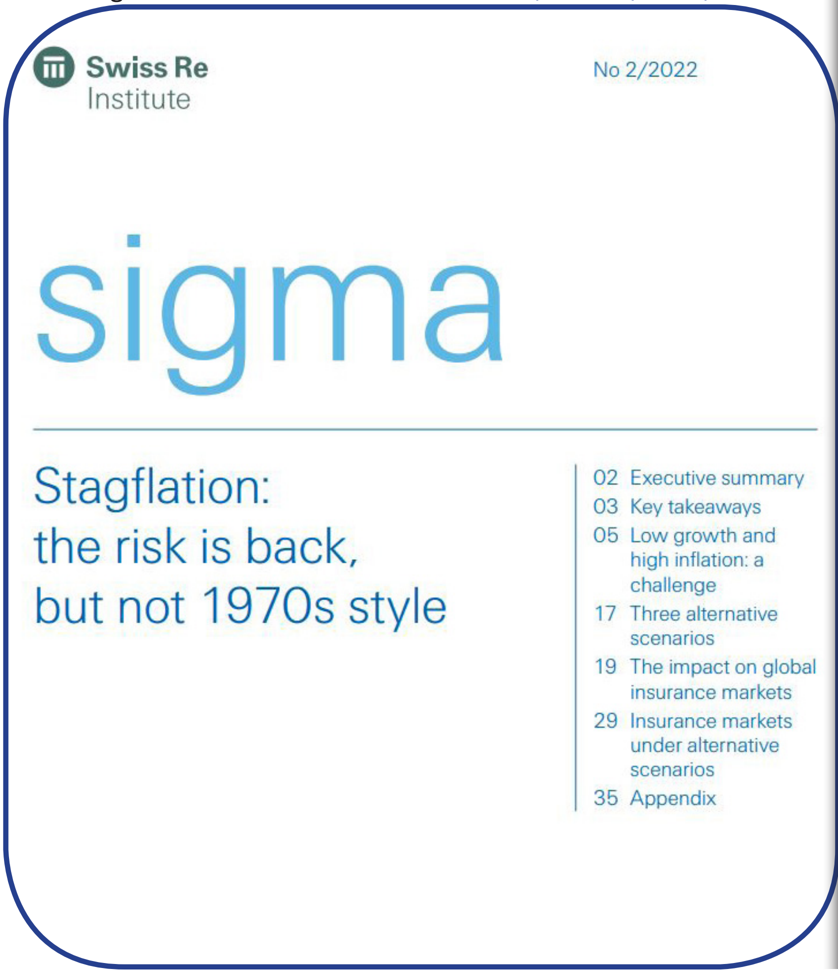


Swiss Re Group Chief Economist Jerome Haegeli said: “After a 50-year absence, stagflation is fully back on the radar and we now need to be particularly disciplined. 2022 will be a challenging year for insurers with both sides of the balance sheet under pressure.”

“The silver lining for insurers is that we are exiting the ‘low-for-longer’ and negative interest rate environment and this regime shift will benefit insurance companies over the medium and longer term. ‘Risk-free’ rates are finally not return-free anymore.”

“Fortunately, history is unlikely to repeat itself – today’s economic reality looks very different to the 1970s. Central banks are acting very forcefully to keep the downside risk of 1970s-style stagflation at bay.

”Consequently, and with aggressive Fed rate hiking ahead, a soft landing in the US looks to be wishful thinking.”

Key findings of the report:

Key factors driving a stagflation-like scenario include supply-side shocks from the war in Ukraine, which are already being felt in global commodity prices. This comes amid high inflation driven by policy stimulus and reopening after COVID-19. More aggressive monetary policy tightening in response to higher inflation will further weigh on growth.

In a stagflation-like environment, Swiss Re Institute forecasts an inflation surge, peaking in 2022, and slower but still positive real GDP growth in the US, UK, Euro area, Japan and China for both 2022 and 2023.

As the economic situation has become more uncertain, it will be difficult for the US Federal Reserve to engineer a soft landing. The estimated likelihood of a global recession over the next 12–18 months has risen to between 20–30%. This compares with a 55–70% likelihood of a stagflation-like baseline scenario.

The impact of a stagflation-like scenario will be felt in property and casualty insurance, which is subject to inflationary impacts. Property insurance is exposed to higher construction prices while motor lines are affected by higher car-part prices and wage increases. Casualty lines, however, are less impacted by general inflation.

For life and health insurance, the impact is mainly positive with benefits from higher interest rates on investment income. However, lower disposable incomes and a slower economy may eventually increase lapse rates and dampen demand for life insurance products.

Insurers can mitigate the downside risks of the economic situation through strong capital and risk management, repricing insurance risks to account for higher claims costs, reinsurance transactions, asset reallocation in investment portfolios and hedging against inflation.■

Global Reinsurance - 28 April 2022

• *Claims Inflation, Weakening Price Momentum Could Hit Reinsurer, London Market Profits*

The global reinsurance and London market sectors face increased risks from rising claims inflation, financial market volatility and weakening price momentum, according to a commentary published by Fitch Ratings.

As a result, Fitch has revised its outlooks for these sectors to neutral from improving.

"When we last updated the outlooks in 2021, we expected higher premium rates and a strong rebound in economic activity to significantly improve financial performance.

Although premium rates are still rising, they have begun to slow," said Fitch in its report titled "Reinsurance, London Market Sector Outlooks Lowered to Neutral," published on April 20.

While both the reinsurance and London markets should still report strong profit in 2022, Fitch no longer expects financial performance to improve significantly because it will be "difficult for companies to achieve above-inflation premium increases."

At the same time, the Russia-Ukraine war has exacerbated some negative macro-economic trends. "Rising inflation, which was already pushing up claims' costs, has accelerated.

Increased financial market volatility has led to higher regulatory capital requirements and, in some cases, to investment losses due to wider credit spreads and lower equity valuations."

Further, lower economic growth could reduce demand for insurance and reinsurance cover, said Fitch.

Claims Inflation

Higher claims inflation is already affecting short-tail business lines, with rising repair costs for buildings and vehicles, the report affirmed.

"Insurers and reinsurers may be able to increase premiums accordingly, but as high inflation becomes longer-lasting, reserve deficiencies will start to arise on long-tail lines," Fitch continued.

Fitch said the Russia-Ukraine war represents a midsize catastrophe event, which primarily affects specialty lines such as aviation, marine, political risk, trade credit and cyber insurance.

"In most cases, we expect insurers and reinsurers to suffer only a hit to earnings, rather than capital depletion, and we do not expect material ratings implications."

At the same time, the potential for increased frequency and severity of natural catastrophe losses also could hit market profitability, Fitch said.

However, the report noted that several factors are likely to protect global reinsurers' and London market insurers' credit profiles against rising claims inflation, financial market volatility and weakening price momentum.

"Capitalization is very strong, having recovered from the pandemic losses of 2020, and underwriting remains disciplined," Fitch explained.

"We expect the London market's financial performance to continue to benefit from the Lloyd's of London performance-management actions. Over time, higher interest rates to counter high inflation could lead to increased investment income, partially offsetting the effect of claims inflation on insurers' and reinsurers' overall profitability." ■

Carrier Management - 22 April 2022

• *Supply chain disruptions persist, fuelling further inflation*

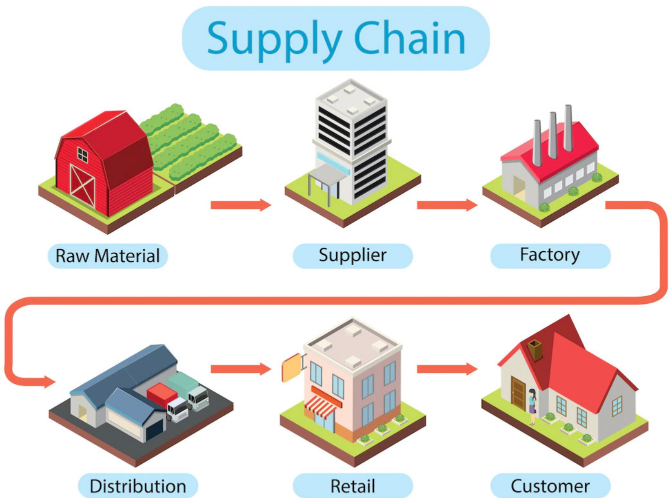
A range of manufacturing activities across the globe will be affected by the logjams

Once again global supply chain pressures are on the rise, as disruption of commodity supplies stemming from the Russia-Ukraine war stoke more inflationary pressures, according to Oxford Economics.

With no end to the conflict in sight, it expects global supply pressures to persist into 2023, with the supply shock reverberating acutely in Germany and the US.

Moreover, even if the war should end, protracted sanctions mean that disrupted commodity trades with Russia won't normalise quickly.

A range of manufacturing activities across the globe will be affected by the logjams, particularly those already facing significant shortages, such as semiconductors and chip-dependent sectors like automobiles. Construction firms are also directly hit by higher prices of energy and key construction materials due to disrupted supplies.



The protracted Covid lockdowns in China will further worsen global supply chain disruptions and cause ripple effects on consumers and businesses globally over the coming months. Asia production is especially vulnerable to the disrupted flow of Chinese intermediate goods.

However, Covid-related disruptions in China could be milder than the current Shanghai lockdown experience as the Chinese government fine-tunes its Covid policy. Still, it's not hard to imagine widespread Covid outbreaks will result in harsher and more prolonged restrictions, creating further problems for global supply chains.

Persistent supply-chain constraints will sustain global price pressures this year, prompting many central banks to raise policy rates. But inflation could fall back in 2023, as the demand for goods normalises, tighter monetary conditions begin to bite, and the risk of a global recession rises.

Still, the intricate nature of supply chains suggests disruptions in some sectors will need more time to resolve, so inflation in many economies should remain above their 2015-2019 pre-pandemic averages in 2023. Oxford Economics currently forecasts global CPI inflation at 7.2% in 2022 and 3.5% in 2023. ■

Strategic Risk - 24 May 2022

• *PCS: re/insurance loss from the Ukrainian war may exceed USD 20 billion*

The ultimate insurance and reinsurance industry loss from the ongoing conflict in Ukraine could rise above USD 20 billion, Artemis reported quoted an analysis from PCS, a Verisk company.

According to PCS, the industry loss will most probably come in between a low-end estimate of USD 13.05 billion, to more than USD 23 billion. PCS's current working estimate stands at USD 20.6 billion, based on its analysis of various specialty lines of business.

"It's still early in the conflict, though, and the flow of information is but a trickle compared to what will likely come through when loss adjusters eventually gain access to affected sites. As a result, the conflict in Ukraine has the potential to become the largest industry-wide insured loss, across all classes of business, in history, even exceeding that of the terror attacks of September 11, 2001," PCS said.

Aviation and marine insurance may be the areas of the reinsurance market that losses could come through the most.

For the aviation lines PCS's estimate of loss lies in the range of USD 7 to 13 billion, while for the marine sector the loss might total between USD 3 and 6 billion. Energy lines may add another USD 1 to 4 billion.

Property per risk exposure is another area of significant uncertainty, given the ongoing and already extended destruction wrought on the country by Russian forces, a course of action that will probably continue.

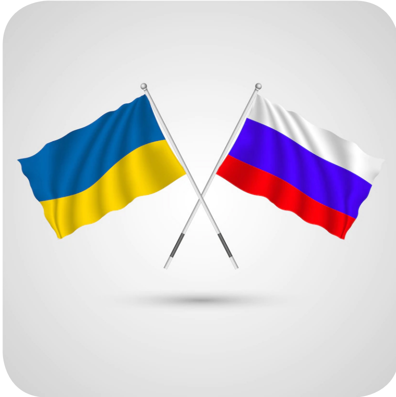
A"bare-minimum estimate based on specific estimated loss information received so far" by PCS is ofg USD 2 billion.

"It is extremely difficult to forecast the ultimate industry-wide insured loss from property per risk in the Ukraine conflict, and it will take some time for even a wide range to emerge.

So far, it seems likely to exceed USD 2 billion, based on intelligence received by PCS, but as with the energy sector estimate above, it's tough to determine more than that," the Verisk unit explained. ■

XPRIMM - 21 April 2022

• *Premiums up twofold for Ukraine-exposed specialty business:* reports



Insurance premiums are being hiked to double or more than their pre-conflict levels for some aviation and marine businesses with exposure to the war in Ukraine, industry sources have reported.

Reports from the Financial Express of India suggest that aviation war cover premiums have doubled globally, despite coverage already having been eliminated entirely for Ukraine, Russia and Belarus.

And for aircraft lessors with planes still stranded on the ground due to the conflict, one underwriting source said premiums were at 10 times their original level, while another said that insurers could effectively "name their price."

Turning to marine business, sources said that the additional breach premium paid by a ship for entering dangerous waters has increased from 0.0025% of the value of the vessel to around 5% for the area around Russian and Ukrainian waters.

This amounts to millions of dollars for a seven-day policy, the Financial Express notes, and

must be paid by a ship every time it enters waters in the Black Sea and Sea of Avov.
Rates for ships going into other Russian waters have also risen by at least 50 per cent after the Lloyd's market classified all Russian ports as high risk, two of the sources said.

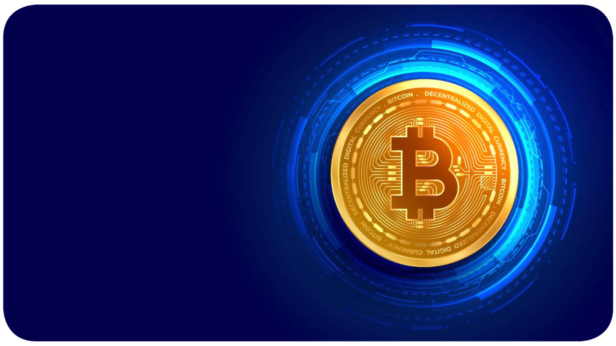
Analysts at S&P have estimated that a worst-case insurance loss related to the Russia-Ukraine conflict could total $35 billion, including $15 billion of aviation losses and $20 billion of other specialty losses.

PCS puts the figure at a more conservative $23 billion, but also recently warned that the conflict could represent an "industry-defining" moment for insurers and reinsurers of renewable energy infrastructure, which have not thus far been factored into many calculations.

But no matter the scale of the losses, industry leaders have maintained that there are no prospects of a return to a softening cycle in global commercial insurance prices while the current global volatility and its inflationary effect continues. ■

Reinsurance News (www.reinsurancene.ws) - 31 May 2022

• *Insurers Rethink Coverage of Crypto*



After years on the sidelines, the insurance industry is increasingly embracing the digital-assets sector.

Many crypto exchanges and custodians have for years been unable to get insurance or shied away from getting it because of high premiums stemming from the dearth of insurers willing to underwrite the industry's risk. Some big exchanges have chosen to insure themselves instead.

But that is slowly changing, as the traditionally risk-averse insurance industry -- from big brokers to new startups -- dips its toes into the water by setting up teams focusing on cryptocurrency, hoping to profit from the industry's rapid growth.

"Previously, there wasn't the demand that we're seeing now, and over the last six months of last year, there's been a real growth in demand from our clients to better understand this space and to be able to manage the risk in the space," said Luke Speight, who last month became the director of a newly created digital- assets team at insurance broker and consulting firm WTW, formerly known as Willis Towers Watson.

U.K. startup and Lloyd's of London-licensed broker Superscript this month launched a crypto insurance product called Daylight that will cover technology liability and cyber insurance, the company said. It plans to expand coverage this year to include directors and officers, custodianship and crypto mining.

The shift comes as the crypto market saw another wave of turmoil in recent weeks, a reminder of the highly volatile nature of an industry that still lacks significant oversight and investor protections. As traders take flight from risky investments amid rising interest rates and high inflation, more than $1 trillion in digital money has vanished since November.

The demand for digital-assets insurance also reflects a step in the evolution of the crypto industry, whose early supporters often expressed skepticism of the Wall Street establishment and government regulations.

The industry has been grappling with rising regulatory scrutiny while looking for ways to gain credibility with the public and investors and to attract more mainstream adoption.

Crypto firms typically look to insure against a loss of funds held by the exchanges on behalf of clients in case of incidents such as external thefts and employee thefts. They also often take out directors and officers insurance that protects executives and the companies from costs related to investigations or litigation, as well as cybersecurity insurance against hacks and professional liability insurance to protect against claims of negligence.

Having insurance coverage also lends crypto firms and exchanges wider credibility. Unlike most industries, some of the most popular crypto exchanges such as Coinbase Global Inc., Gemini Trust Co., Bittrex Inc. and Crypto.com, have announced they have hundreds of millions of dollars in digital-asset insurance.

Regulatory uncertainty around the cryptocurrency industry and several high-profile, significant crypto thefts have made insurers reluctant to wade into the crypto world, according to James Knox, a regional technology practice leader at professional-services firm Aon PLC. He said that for potential insurers, news of recent crypto losses has had “a chilling effect.” Although some insurers, mostly those based in London or Bermuda, are taking on the risk, several still aren’t comfortable with the risk involved in insuring crypto firms, he said.

Gemini said it offers $300 million in insurance for assets it holds on behalf of clients, covering theft, security breaches and fraudulent transfers, a spokeswoman said. The exchange, which worked with insurance broker Marsh & McLennan Cos., said it has demonstrated to insurers that it offers “a safe and secure exchange and custodian.” It expects the supply of digital-asset insurance to meet the growing demand in the coming years.

“Crypto evolved out of not wanting regulations and compliance, but they realized to gain the credibility of users, who were burned a bit in the past, some balance of compliance and regulations are necessary, as this industry grows,” said Neta Rozy, co-founder and chief technology officer of Parametrix Insurance, which covers businesses against technology downtime.

New York-based Parametrix began tailoring its products to the crypto industry this year, providing insurance to help crypto firms mitigate the financial risks during cloud outages. ■

Wall Street Journal, Eastern edition - 26 May 2022

• *Revisiting insurance's 'War Exclusion' in the age of cyberwarfare*

The conflict in Ukraine has led many to believe the "War Exclusion" needs to be updated for the modern era.

The increased use of computer-based technology has caused cybercrime to skyrocket worldwide, and the techniques hackers use are ever-evolving. Some estimate the cost of cybercrime globally could reach $10.5 trillion a year by 2025. The Russian attacks on Ukraine have ignited fears of increased cyber attacks, and governmental authorities are on high alert.

In response to these increased cyber threats, governments, businesses, and consumers alike are ramping up their cyber security measures. Many prudent businesses are also revisiting their insurance portfolio, seeking confirmation that their coverage will adequately protect them if they are victimized by increasingly sophisticated cyber attacks, including those connected to the acute conflict in Ukraine.

This exercise has put an oft-overlooked exclusion found in many types of insurance policies—the War Exclusion—directly in the spotlight. And while there have been various calls to action to address outdated War Exclusions in the last few years, to which the market has begun to respond, the results do not go far enough in modernizing the War Exclusion for our increasingly digital age or to provide the certainty policyholders' premiums should guarantee in light of the present Russia-Ukraine war.

Legacy War Exclusions

A staple exclusion in most types of insurance policies, the War Exclusion was introduced well before the advent of the internet and stand-alone cyber liability coverage. Its purpose: to avoid covering damage and losses posed by traditional, kinetic warfare, which is highly unpredictable, potentially catastrophic, and presents significant underwriting challenges. Consider two real examples of exclusions still used today:

1. This policy does not cover … Loss or damage caused by hostile or warlike action in time of peace or war, including action in hindering, combating, or defending against an actual, impending, or expected attack:
   a. by any government or sovereign power (de jure or de facto) or by any authority maintaining or using military, naval or air forces;
   b. or by military, naval or air forces;
   c. or by an agent of such government, power, authority or forces[.]
2. The Insurer shall not be liable to make any payment for Loss … arising out of, based upon or attributable to any war, invasion, military action (whether war is declared or not), civil war, mutiny, popular or military uprising, insurrection, rebellion, revolution, military or usurped power, or any action taken to hinder or defend against any of these events

This language is broad, and various terms (such as "hostile or warlike action") are left unde-

fined, leaving insureds to ponder precise nuances between, for example, a "mutiny" and an "insurrection." Obviously designed with boots-on-the-ground warfare in mind, these legacy Exclusions do not contemplate or address cyberattacks.

Take, for example, the well-reported NotPetya malware attack. In 2017, Merck & Co. suffered losses in the billions after more than 40,000 of its computers across the globe were infected with malware. Merck tendered this loss to its property insurers, who denied coverage based on the policy's War Exclusion, claiming that the cyberattack was sanctioned by the Russian government. Merck eventually prevailed on summary judgment, with the New Jersey Superior Court holding that the subject property policy's war exclusion was ambiguous and could not reasonably be interpreted to apply to its NotPetya-related cyberattack losses. But Merck was forced to bring a lawsuit to achieve this result, an unfortunate consequence of an outdated exclusion. And Merck is not the only company that has faced pushback from insurers related to legacy war exclusions and NotPetya—Mondelez International was also forced to resort to litigation after its insurer similarly denied coverage.

While courts may be reluctant to apply these exclusions designed for conventional armed conflicts to cyberattacks in the property insurance context, iterations of these exclusions appear in virtually all types of policies, including stand-alone cyber liability policies in use today. Policyholders often secure carve-backs to coverage for "cyber terrorism" (frequently defined as acts targeting computer systems for the purpose of furthering social, ideological, religious, or political objectives), but precedent is lacking regarding the scope of these carve-backs as applied to current events.

Market Reaction to Current Events

Until very recently, insurers have been slow to amend these outdated exclusions. For instance, it was not until November 2021, in the wake of the Merck case, that the Lloyd's Market Association (LMA) drafted four amended War Exclusions for its syndicates to be used in stand-alone cyber insurance policies.

These newer LMA exclusions take various forms, but each purports to exclude coverage for loss "directly or indirectly occasioned by" either "war" or a "cyber operation"—terms newly defined, albeit in ways that do not address the fundamental uncertainty in legacy exclusions.

For example, the definition of "war" used in these amended exclusions still refers to undefined "rebellion," "insurrection," or "revolution." A domestic hacker could arguably "rebel" against the United States by attempting to spread ransomware to government, corporate, and consumer computers.

Yet, whether a single individual's actions could ever constitute "rebellion" is not clear.
Moreover, these refined exclusions require that a cyberattack be "indirectly occasioned by" a war or cyber operation, which, particularly where the exclusion provides that war need not be officially declared, risks the exclusion swallowing coverage entirely.
And whether such operation is performed "on behalf of a state"

as these exclusions contemplate, is typically unclear at point of initial claim, as was the case in the NotPetya attacks and subsequent litigation.

Many other market players have recently introduced amendments aimed at modernizing the War Exclusion, too, in ways that are more affirmatively designed to clarify whether certain activities or actions constitute war and to "avoid surprises." See, e.g., Carolyn Cohn and Noor Zainab, Munich Re tightens up cyber insurance policies to exclude war, Reuters (April 8, 2022).

Yet, many of these revamped and untested War Exclusions circulating today (1) still refer to undefined terms such as "rebellion, revolution or insurrection," (2) introduce complexity around the chain of events that will trigger the exclusion, (3) indicate that the exclusion will apply to circumstances resulting in economic sanctions, (4) neglect to expressly reiterate coverage for cyber terrorism, or (5) include language tying the exclusion "in whole or in part" to not just cyber or hostile acts, but to any "similar" or "related" acts taken "by or on behalf of" a sovereign state actor or state-sponsored actor. In short, recent amendments are more prescribed but do not go far enough.

A Further Call to Action

But pointing out these uncertainties does not help policyholders who face current events without certain assurances on their bargained-for protections. Nor does it help carriers who have acted in response to calls for modernization. And waiting for lengthy and costly litigation on both sides could take years to reconcile. Instead, focusing collective efforts to further clarify War Exclusions is a reasoned next step.

To begin that discussion, exclusions should be further narrowed to make clear they apply only to kinetic warfare declared through resolution or other formal action taken by a sovereign state. Removing undefined and overly broad language such as "indirectly occasioned by," "whether war be declared or not," "on behalf of," or language that refers to related conduct or acts, will also help avoid confusion and arguments for an unintended expansion of this deliberate exclusion. And expressly reinforcing in cyber liability policies that coverage for cyber terrorism remains would also be beneficial.

Carriers are not the only ones with the capacity to achieve results on this front. Insurance regulators working to protect consumers, regulate premiums, and approve policy language, or the National Association of Insurance Commissioners (NAIC), could solicit and draft model language to guide the market. Indeed, NAIC has drafted model statutes regarding other exclusions—e.g., the Atomic Energy Exclusion (MO-700) in property and casualty policies.

Given the pervasive use of cyber technology in modern society and the crisis in Ukraine, clarity on the scope and import of the War Exclusion is essential to protect consumers and businesses. Policyholders paying significant premiums should not have to "wait and see" as cyberattacks and conflicts evolve. Earnest discussions among market players have much potential to benefit insurers and policyholders alike, and, accordingly, should be promptly undertaken. ■

Property & Casualty 360 - 23 May 2022

• *Marsh and Microsoft study reveals latest cyber risk trends*

After three years of unrelenting workplace disruption, digital transformation, and ransomware attacks, business leaders are no more confident in their ability to manage cyber risk than they were two years ago, to according to a study by global insurance broker Marsh and tech giant Microsoft.

With global organisations expecting to face more cyberattacks in 2022, the study by Marsh and Microsoft, called "2022 Marsh and Microsoft Cyber Risk Survey," aims to help leaders from all departments align and prioritise their cyber strategies for 2022 and beyond.

The study found that 41% of organisations engage legal, corporate planning, finance, operations, or supply chain management in making cyber risk plans. After analysing the survey respondents' answers, Marsh and Microsoft identified eight key cyber risk trends:

1. Cyber-specific enterprise-wide goals – including cybersecurity measures, insurance, data and analytics, and incident response plans – must be aligned to building cyber resilience rather than simply preventing incidents as every organisation expects a cyberattack.
2. Ransomware is considered the top cyber threat faced by companies, but not the only one. Other prevalent threats include phishing or social engineering, privacy breaches, and business interruption due to an external supplier being attacked. This aligns with the results of a 2022 survey from WTW and Clyde & Co, which found that directors and officers see cyber-related issues as the top risks facing leaders in 2022.
3. Insurance is an important part of cyber risk management strategy and influences the adoption of best practices and controls. Specifically, 61% of the respondents said their company buys cyber insurance coverage.
4. Adoption of more cybersecurity controls leads to higher cyber hygiene ratings. However, only 3% of the respondents rated their company's cyber hygiene as excellent.
5. Organisations lag in measuring cyber risk in financial terms, impacting their ability to effectively communicate cyber threats across the enterprise, with 26% of the respondents claiming their organisation uses financial measures for cyber risk.
6. Increased investment in cyber risk mitigation continues, although spending priorities vary across the enterprise, with 64% saying the spur to increasing cyber risk investments was having experienced an attack.
7. New technologies need to be assessed and monitored continuously, not only during exploration and testing before adoption, with 54% of companies saying they do not extend risk assessments of new technologies beyond implementation.
8. Firms take cybersecurity actions, but widely overlook their vendors or digital supply chains, with only 43% saying they had conducted a risk assessment of their vendor or supply chain.

Marsh and Microsoft emphasised the significance of understanding how professionals across an organisation view their role concerning cyber insurance, cyber incident management, and cybersecurity tools and services, among others. They also claimed that a best practice approach to cyber risk management spans organisational roles, including investing and engaging in a broad, balanced, and continuously updated array of resources and activities to mitigate cyber risks and reinforce cyber resilience. ■

Insurance Business Magazine - 26 May 2022

• *Most industries seeing relief from ransomware, but insurance isn't one*

Smaller insurers became a favorite target for the LockBit ransomware gang during Q1 2022.

The first quarter of 2022 closed with businesses seeing a 25% decline in the total number of ransomware attacks compared with the prior quarter, according to Abnormal Security Corp.

However, the finical service industry, including insurance, saw no such relief as the total sector saw attacks grow 35% quarter-on-quarter and 75% year-on-year.

Insurers saw a 13% increase in ransomware attacks during the first quarter, according to Crane Hassold, Abnormal Security's director of threat intelligence," who tells PropertyCasualty360.com that the financial service industry was the only sector that saw a net increase in overall ransomware attacks in Q1 2022.

While insurers saw an uptick in attacks, accounting for 10% of ransomware incidents during the period, manufacturers continued to be the most targeted by ransomware, drawing 25% of attacks, according to Abnormal Security.

The retail and wholesale trade saw the biggest drop in ransomware attacks during the period, declining 52% compared with the prior quarter.

LockBit loves insurers

Abnormal Security reported that LockBit, an affiliate-based ransomware-as-a-service (RaaS), has increased its focus on the financial service industry in general, and smaller accounting and insurance firms specifically.

Hassold explains this is because smaller companies typically lack the capital to robustly invest in cybersecurity, making them easier to exploit and more attractive targets for cybercriminals.

"Smaller organizations are also attractive targets for other types of attacks such as financial supply chain compromise, where small companies are exploited first with the goal of attacking large customers," he says, adding:
"Most of today's ransomware attacks are delivered indirectly through compromising an organization's network with malware."

Coveware, Inc., a ransomware remediation firm, reported that phishing is the most common attack vector targeted by LockBit, followed by software/hardware vulnerabilities and remote desktop protocol, respectively.

"Once an organization's network is compromised, the threat actors will leverage initial access to remotely deploy ransomware," Abnormal Security's Hassold said.

"The most important step organizations can take in protecting against ransomware today is ensuring that this initial compromise doesn't happen."

Earlier this year, the FBI cyber division released a flash bulletin regarding LockBit 2.0, an update to the RaaS, which noted these attacks are difficult to defend against because of the wide variety of tactics, techniques and procedures they employ.

However, the bureau did offer some tips to mitigate against risks from LockBit 2.0:

- Require all accounts with password logins (e.g., service account, admin accounts, and domain admin accounts) to have strong, unique passwords. Passwords should not be reused across multiple accounts or stored on the system where an adversary may have access. Devices with local administrative accounts should implement a password policy that requires strong, unique passwords for each individual administrative account.
- Require multifactor authentication for all services to the extent possible, particularly for webmail, virtual private networks, and accounts that access critical systems.
- Keep all operating systems and software up to date. Prioritize patching known exploited vulnerabilities. Timely patching is one of the most efficient and cost-effective steps an organization can take to minimize its exposure to cybersecurity threats.
- Remove unnecessary access to administrative shares, especially ADMIN$ and C$. If ADMIN$ and C$ are deemed operationally necessary, restrict privileges to only the necessary service or user accounts and perform continuous monitoring for anomalous activity.
- Use a host-based firewall to only allow connections to administrative shares via server message block from a limited set of administrator machines.
- Enable protected files in the Windows Operating System to prevent unauthorized changes to critical files. ■

Property & Casualty 360 - 20 May 2022

• *Insights into the environmental liability insurance market growth trend*

Environmental exposures that once would have gone unnoticed or ignored are now receiving attention thanks to heightened focus on pollutants

The environmental liability insurance market is experiencing significant growth due to several convergent factors impacting the supply chain and construction sector.

Passage of the Infrastructure and Jobs Act in November 2021 has cleared the way for a construction boom fueled by a $1 trillion investment in the United States' critical infrastructure. Many of these projects will create exposures that necessitate — either by contractual obligation or pragmatic self-interest — protection in the form of environmental liability insurance.

At the same time, ongoing supply chain disruptions are causing or extending delays in construction projects, creating compressed schedules for developers attempting to maintain deadlines. Rushed projects are more likely to lead to errors, and errors frequently result in claims — including claims related to environmental liability.

And that's not all. Like most American industries, the construction sector is feeling the effects of a significant labor shortage, forcing many contractors to work shorthanded or employ less-experienced workers. Understaffing and inexperience also increase the likelihood of errors that result in costly claims.

All of this comes at a time when regulatory enforcement is expected to increase under the Biden administration, bringing more fines, penalties and claims. Exposures that once would have gone unnoticed or ignored are now receiving attention thanks to heightened focus on pollutants such as poly- and perfluoroalkyl (PFASs), a class of chemicals found in many common household products and linked to serious medical problems. An increase in lawsuits involving pollution liability claims and greater severity in judgments are also driving growth in the environmental liability market.

Types of environmental liability coverage

Coverage for pollution damage is excluded in most general liability policies and was, until recently, considered a niche product necessary only for parties working with pollutants or engaged in projects on properties with known or suspected exposure to hazardous materials. The reality is that environmental exposures are wide-ranging, and something contractors in every field must consider. Obtaining adequate environmental liability insurance is essential to protect against property loss and costly pollution-related claims.

Environmental liability insurance falls into two main categories. First-party liability provides the insured with funding to clean up a spill or contamination from chemicals or hazardous waste. Third-party coverage provides protection against claims for personal or bodily damage or loss, or damage to property due to contamination or pollution.

Within those two categories is a vast array of specialized coverages allowing for customized solutions to meet the unique needs of the client. Examples include contractors pollution liability, site pollution liability, contractors indemnity for subcontractor's pollution liability, non-owned disposal site pollution legal liability and contractors asbestos pollution liability.

Environmental liability insurance outlook

Alera Group's Property and Casualty 2022 Market Outlook highlights the changing environmental liability insurance market.

- As forecasted, rates continue to increase for all risks, reflecting an increase in loss frequency and severity, while pricing pressure applies equally to primary and excess layers.

- Availability for most business classes remains stable for at least the near future.
- High-hazard risk classes, such as oil and gas, mining, chemical, habitational and hospitality, continue to find it difficult and expensive to fill their excess layers and may require multiple insurers to secure desired limits.
- Capacity also remains stable but is being judiciously allocated to risks meeting underwriters' risk guidelines. As much as $200 million in limits is available for exceptionally large and superior risks, while small-to-medium risks may find it difficult to renew with the same level of excess limits.
- Underwriting scrutiny continues to follow a disciplined approach to risk evaluations; risk control and safety programs are essential. The same level of scrutiny applies to excess layers.
- For habitational and hospitality risks, restrictions apply for mold and the potential for Legionnaire's Disease. Pandemic and communicable disease exclusions are commonly included in coverage forms. ■

Property & Casualty 360 - 19 May 2022

• *Swiss Re backs major carbon removal project*

Swiss Re has become one of the founding buyers of credits from a new Swiss company aiming to reduce the cost of atmospheric carbon removal, according to reports from Reuters.

The reinsurer joins banking giant UBS, Boston Consulting Group, private banking firm LGT, and shipping company Mitsui O.S.K. Lines in buying into carbon project developer South Pole's NextGen facility,

Via the facility, South Pole has committed to buying 1 million carbon removal credits from a range of projects by 2025.

By investing into these projects, the company says it can guarantee secure revenue streams and help to keep the cost of developing carbon removal technologies as low as possible.

"With this we can start moving these technologies down the cost curve, ideally the price levels you see today will come down in a similar way to what we have seen with solar PV," South Pole CEO Renat Heuberger told Reuters in an interview.

Supporting the carbon removal industry has formed part of Swiss Re's climate policy for some time now as a way to "compensate any emissions we cannot yet avoid."

Carbon removal involves a set of technologies or practices that result in negative emissions, by taking CO2 back from the atmosphere and storing it permanently.

The list of carbon removal methods ranges from nature-based solutions such as afforestation or soil carbon sequestration, to technical solutions such as direct air capture or mineralisation.

But while the cost of such projects has reduced significantly in recent years, they typically remain extremely pricey, with Reuters noting that costs can range from around $50 to $400 per ton of carbon removed from the atmosphere, depending on the method used.

As part of its CO2NetZero Programme, Swiss Re notes that "the carbon removal industry is still at a very early stage," meaning "the higher compensation cost provides the perfect incentive to reduce as much of our emissions as possible in the first place."

The reinsurers adds: "For the world to be at net-zero emissions by 2050, climate scientists predict a need for billions of tonnes of negative emissions. Swiss Re's early engagement will help the nascent carbon removal industry to develop on time and deploy its solutions at scale." ■

Reinsurance News – 23 May 2022

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Africa News

• *Sanlam and Allianz join forces to create African insurance giant*

Sanlam, the largest non-banking financial services company in Africa, and Allianz, one of the world's leading insurers and asset managers with a century of history in Africa, have agreed to combine their current and future operations across Africa to create the largest Pan-African non-banking financial services entity on the continent. This combination means that customers across Africa will benefit from the expertise and financial strength of two respected and well-known brands.

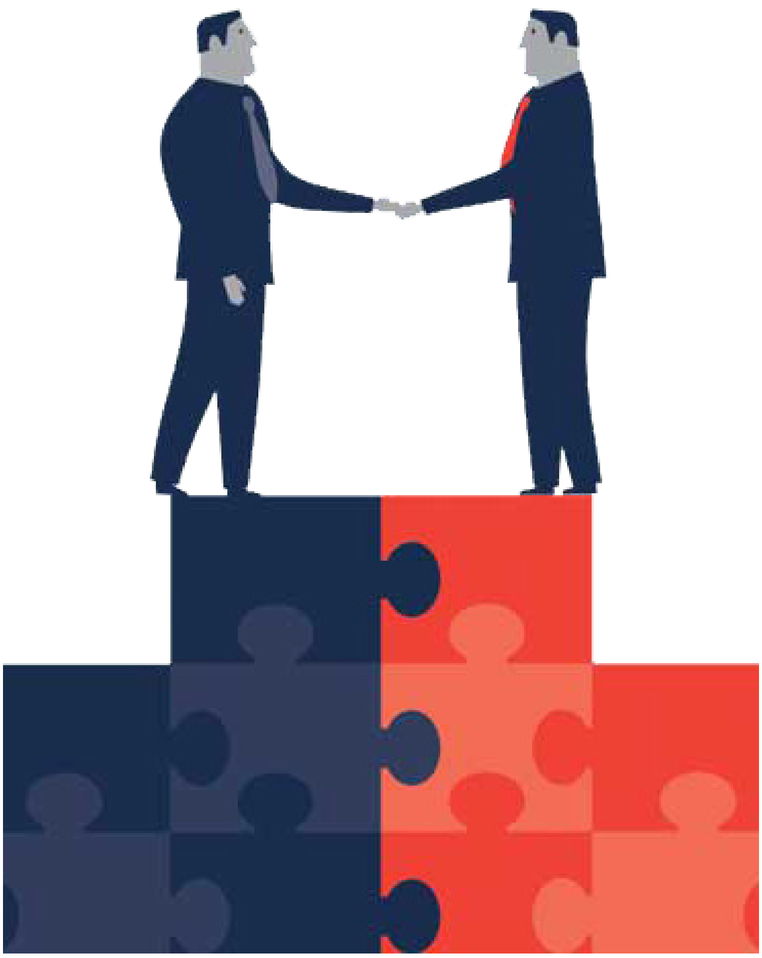
The joint venture will house the business units of both Sanlam and Allianz in the African countries where one or both companies have a presence. Namibia will be included at a later stage and South Africa is excluded from the agreement.

The combined operations of Sanlam and Allianz will create a premier Pan-African non-banking financial services entity, operating in 29 countries across the continent. The joint venture will be the largest Pan-African insurance player and is expected to be ranked in the top three, in the majority of the markets where the entity will operate. The entity is expected to have a combined total group equity value (GEV) in excess of 33 billion South African rand (approximately 2 billion euros).

Sanlam and Allianz will leverage each other's strengths to unlock synergies and provide customers with best-in-class, innovative insurance solutions and technical excellence. The joint venture will create value for all stakeholders through greater economies of scale, broader geographic presence, larger combined market share, and a more diversified product offering.

Combining Sanlam's expertise in Africa with Allianz's global capabilities and insurance solutions, particularly for multinational businesses, the partnership aims to increase life and general insurance penetration, accelerate product innovation and drive financial inclusion in high-growth African markets.

"In line with Sanlam's stated ambition to be a leading Pan-African financial services group, the proposed joint venture will enable us to take a significant step towards realising that ambition. It will also strengthen our leadership position in multiple key markets that are core to our Africa strategy, building quality and scale where it matters.



We are delighted to have Allianz as partners and believe their expertise and financial strength will add tremendous value to our businesses," says Sanlam Group CEO Paul Hanratty.

"In accordance with our enterprise strategy to expand our leadership position through scale and new partnership models, Allianz is pleased to accelerate its growth in this important region through a partnership with the undisputed market leader. Sanlam's capabilities extend our local reach and market penetration, and the joint venture allows us to establish leading positions in key growth markets for Allianz," says Member of the Board of Management of Allianz SE Christopher Townsend.

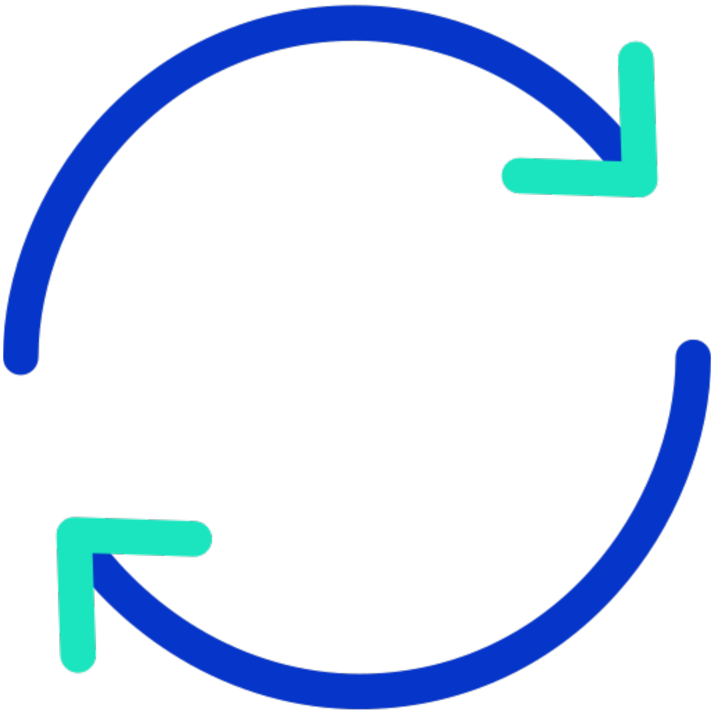
"Further, Sanlam shares our company values, our purpose of securing the future for our clients, and our long-term, generational approach to growing in new markets."

The chairmanship of the joint venture partnership will rotate every two years between Sanlam and Allianz. The CEO of the entity will be named in due course.

The agreement is subject to certain conditions precedent, including but not limited to the receipt of required approvals from competition authorities, financial/insurance regulatory authorities and any customary conditions that Sanlam and/or Allianz would be required to fulfil for each jurisdiction. ■

The Independent Uganda - 4 May 2022

• *French-speaking insurance markets in Africa face reshuffle following Sanlam-Allianz JV*



The proposed joint venture between German global insurer Allianz and South Africa's pan-African giant Sanlam, that will bring together their assets in Africa excluding South Africa, is expected upset the existing ranking of insurers in several French-speaking African countries.

Since the acquisition, in 2018 of Morocca's Saham, Sanlam and Allianz have been neck and neck at the top of this list in several countries, including Cameroon, Côte d'Ivoire and Senegal, according to a report in Jeune Afrique.

In Cameroon, in the property and casualty insurance market, the alliance between Allianz and Sanlam should enable them to overtake AXA.
Allianz already ranks Number One in life insurance in Cameroon.

In Côte d'Ivoire, Sanlam and Allianz are already the leaders in non-life insurance. In the life segment, Allianz is in the third position and Sanlam, in fourth, in terms of premiums.
An alliance between them would allow them to overtake Sunu and NSIA.

The same is true in Senegal, where the combined weight of Allianz and Sanlam would allow them to dislodge Axa from its first rank in non-life insurance and Sonam from its leading position in the life insurance niche.

On 4 May, Allianz and Sanlam announced that they had entered into a partnership in order to form a joint venture which will combine their assets on the continent, excluding South Africa.

The joint venture will consist of the business units of Sanlam and Allianz in 29 African countries where the two companies, or at least one of them, are present.

According to Allianz projections, the joint venture "will be the largest pan-African insurance player and should rank among the top three in the majority of markets where it will be present".

The joint venture is subject to regulatory approvals. ■

Middle East Insurance Review - 23 May 2022

• Marsh McLennan to place coverage for oil pipeline

by Claire Wilkinson

Marsh & McLennan Cos. Inc. is arranging insurance coverage for a controversial east African oil pipeline that major banks and insurers are distancing themselves from, the Financial Times and the Bureau of Investigative Journalism reported Thursday.

Marsh's involvement comes despite a letter of protest last year to management from more than 100 of its employees, the news reports said.

The $5 billion East Africa Crude Oil Pipeline, which will transport oil from Uganda to the Tanzanian coast, is being developed by France's TotalEnergies SE and Chinese state oil group CNOOC Ltd.

Major insurers and reinsurers, including Allianz SE, Munich Reinsurance Co. and Axa SA, have already refused to provide coverage for the 897-mile-long pipeline.

Marsh McLennan said in a statement Thursday it is committed to helping businesses develop low-carbon business models and manage risks associated with the transition from fossil fuels to renewable energy.

"Marsh McLennan has a long-standing policy of not confirming the identity of clients," the brokerage said.

"We believe all communities are best served by working with operators of clean energy assets to accelerate progress to a lower carbon world and with traditional energy clients to enable them to manage the risks associated with current projects and make the transition as quickly and responsibly as possible," Marsh added.■

Source: Business Insurance - 19 May 2022

• Africa Specialty Risks Increases Energy Portfolio's Capacity to $38 Million

Africa Specialty Risks (ASR), the pan-African focused reinsurance group, announced its energy division's capacity increased to $38 million, provided through its ongoing relationship with GIC Re and Peak Re.

This follows 12 months of profitable underwriting results for ASR's energy portfolio, said ASR, noting that it provides coverage for the entire African continent including upstream, downstream, power, utilities, and renewables. To date, ASR has provided insurance cover in more than 20 African countries.

"We are delighted with the significant increase in our overall capacity and are committed to providing insurance cover to support our clients and partners across the continent in the wake of the current energy crisis," commented Suzan Pardesi, head of Energy underwriting at ASR.

"Africa is endowed with abundant renewable energy sources, upon which it can sustainably base its ambitious socio-economic development and ASR will support energy offerings which will provide profound welfare and environmental benefits to people across the continent," Pardesi added. "Energy price, demand, and security is at the top of the global agenda, and it is important that individual insurers map a course that will realistically meet energy demand in Africa."

The London-based ASR was launched in September 2020 by Helios Investment Partners LLP in partnership with Mikir Shah, former CEO of AXA Africa Specialty Risks, and Bryan Howett, former CEO of Old Mutual's pan-African reinsurance operations. An appointed representative of Crispin Speers & Partners Ltd., ASR operates as a managing general agent.

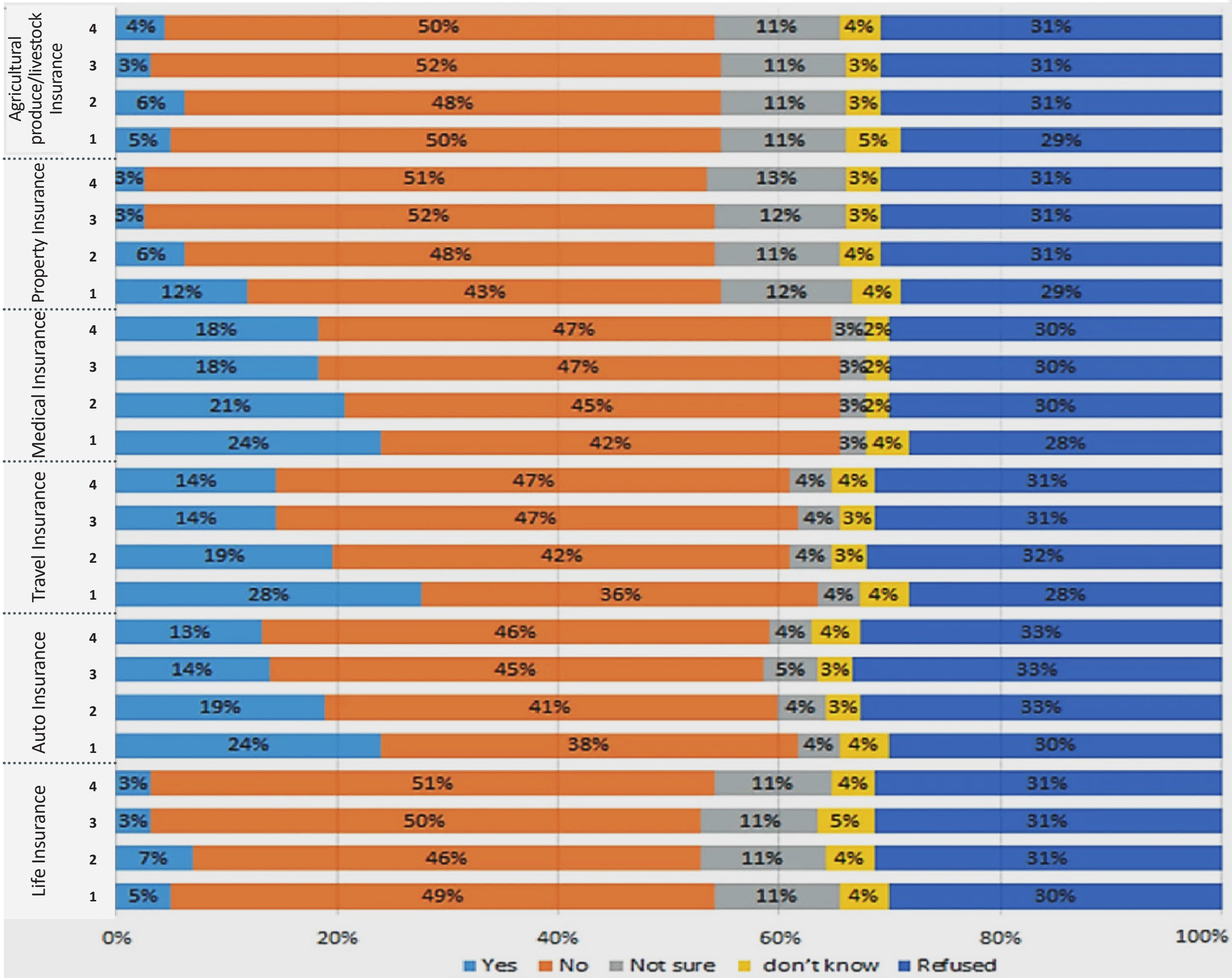
■ Insurance Journal - 13 May 2022

COMOROS

• *Empowering Women Through Islamic Financial Inclusion in Comoros: Insurance Dimension*

Discussions between academics and practitioners reveal that insurance is a very essential and effective tool for alleviating poverty through risk mitigation. Insurance helps those who recently got out of poverty and starting up businesses to manage their risk and avoid living in poverty again. Further, recent innovations in technology help the insurance sectors to develop effective products to target disadvantaged and low-income groups, particularly when it is combined with education and health care services. It is critically important to assist the poor and the disadvantaged by helping them access insurance services.

The surveyed sample was asked about their view on the insurance services provided and the opportunities they might have in Comoros. The following figure represents these results.



Similar to the previous questions, the respondents were asked four questions for each insurance service: if they or any one in their immediate family has subscribed now, or in the past 12 months, to any means of insurance services; if it was possible to get it if it was available; if they were willing to pay for it; if they could pay for it.

The results in previous figure show that only 5% of the surveyed sample or their immediate family subscribed to life insurance services.

More than 90% of the respondents were not able to subscribe. The results revealed that the surveyed women could not afford to pay for life insurance services and some lacked the knowledge of why, how, and where to get the life insurance services.

The demand was higher for other types of insurance such as auto insurance (24%), travel insurance (28%), and medical insurance (24%).

However, this is still considered far too low to achieve the sustainable development standard. Medical insurance is a basic need, yet the survey indicates that 76% of the sampled women were not medically insured.

Usage of property insurance services was also very low with only 12% of women taking out property insurance and only 3% willing to take it if it was available.

The majority of the sample could not bear the cost of insurance services or were unaware of its advantages even if they could afford to pay for it.

Since more than 31% of the respondents were living in rural areas, agriculture insurance could be very important for risk mitigation and hence financial inclusion. The results showed that the demand for this type of insurance services was very low (5%). More than 90% of the respondents were either not insured or did not know what this type of service provided.

Agriculture insurance is an essential tool for alleviating poverty in the rural areas. The mentioned results show that the respondents either lack the financial capacity to subscribe to the insurance services or lack enough literacy to demand it.

There is also an implication that there is a large supply barrier in terms of insurance services, so women may not have relevant products to use. ■

Source: Elzahi Saaid Ali, A. (2022). Empowering Women Through Islamic Financial Inclusion in Comoros. In: Empowering the Poor through Financial and Social Inclusion in Africa. Palgrave

COMOROS

- *Economic Outlook*

Recent macroeconomic and financial developments

Economic activity rebounded in 2021 with GDP growth of 1.9%, up from 0.2% in 2020. On the supply side, it was supported by agriculture, which grew by 3.7% and which benefited from favorable weather conditions. On the demand side, it was driven by external demand— exports grew by 19.5% in 2021 after a crash of 52.4% in 2020. The central bank continued its expansionary monetary policy in 2021 by maintaining the reserve requirement rate, which it had lowered to 10% in March 2020. The rate of NPLs in the banking system remained high, at 20.3% in 2021. Inflation reached 1.4% in 2021, up from 0.9% in 2020, owing to increasing food prices resulting from supply constraints in imported goods. Transfers from the diaspora increased by 18.3% in the first 9 months of 2021; foreign exchange reserves are estimated at 9 months of imports. The budget deficit widened to 2.3% of GDP, given increased public expenditure (44.8% year on year in June 2021) generated by the economic recovery. The country received $24.3 million under the SDR allocation. Public debt is estimated at 29.8% of GDP in 2021, but the risk of debt distress is high mainly because of the large volume of nonconcessional loans. The current account deficit widened in 2021 to 3.6% of GDP from 2% in 2020 due to the drop in external aid, coupled with the trade deficit increase. The poverty rate is estimated at 39.8% in 2021, little changed from the 40.4% in 2020.

Outlook and risks

The outlook is favorable, with average growth of 2.8% in 2022–23, but remains fragile. It is buttressed by good vaccination coverage against COVID-19, implementation of the Emerging Comoros Plan, and the IMF's Staff-Monitored Program. Services and agriculture should remain the engines of growth, buoyed by the rise in prices of the main export products, particularly cloves. Inflation is expected to increase, owing to the rising price of food products and oil, due to the Russia– Ukraine conflict. The budget deficit is likely to remain high at 5.1% of GDP in 2022, reflecting the increase in public spending to support economic recovery. The current account deficit is projected to widen further to 8.0% of GDP in 2022 owing to large needs for external resources. In 2022, public debt is projected to rise to 33.1% of GDP and foreign exchange reserves to decline to 8.6 months of imports. Risks to the outlook include new waves of COVID-19 and declines in external funding. ■

Source: African Development Bank

EGYPT

• Regulator sets out 2022-2026 strategy for insurance sector

The Financial Regulatory Authority (FRA) seeking to double the insurance sector's annual premium income to EGP100bn ($5.4bn) by 2026, compared to EGP47.5bn in 2021, according to the agency's chairman Dr Mohamed Omran.

He made these comments as he outlined the FRA's strategy for the 2022-2026 period, reported Al Mal News.

He also said that efforts to boost the insurance sector would be helped by the implementation of the much-awaited new unified insurance law.

Dr Omran said that important initiatives that the FRA would undertake in order to achieve its 2026 goals include:

- continuing to promote takaful and microinsurance,
- introducing regulations for online insurance business,
- encouraging government agencies to insure state-owned assets and to apply risk management measures and standards,
- cooperating with the relevant authorities to obtain some tax or fiscal incentives for private insurance funds, so as to enhance their role as savings tools as well as that of being one of the main investors in the stock market,
- working with the Egyptian Credit Bureau to design a system for insurers to carry out inquiries about customers, and to create insurance products for consumer finance in cooperation with the Insurance Federation of Egypt. ■

MEIR - 1 June 2022

• Insurers study introducing new agricultural insurance policy

The Insurance Federation of Egypt (IFE) is currently working to provide services to farmers and companies working in the agricultural field, according to the association's chairman Mr. Alaa El-Zoheiry. The initiative involves designing a new agricultural insurance policy.

He revealed that the IFE is currently conducting talks with three foreign reinsurers with the aim of providing reinsurance cover for agricultural insurance, reported Amwal Alghad. The three reinsurers are from the French, Swiss and Indian markets, as these countries have extensive experience in agricultural insurance, he said.

He pointed out that the reinsurance coverage will be discussed through the IFE's General Committee for Agricultural Insurance —after its formation is completed — as well as a study on the extent to which these coverages are compatible with the requirements of the agricultural sector in Egypt.

Mr El-Zoheiry added that the General Committee for Agricultural Insurance in the Federation would also study a proposal to set up an agricultural insurance pool and issue recommendations that would boost insurance market growth.
Up to 2021, there are 6 insurance pools in the Egyptian market:

1. Personal Accident Pool for metro/railway and high road passengers. (2002)
2. Decennial Risks Pool. (2003)
3. Nuclear Risks Pool (1983)
4. Railway transportation of general goods and cotton Pool. (2006)
5. Compulsory Motor Insurance Pool. (2019)
6. Travel Insurance Pool. (2021).

■ MEIR - 1 June 2022

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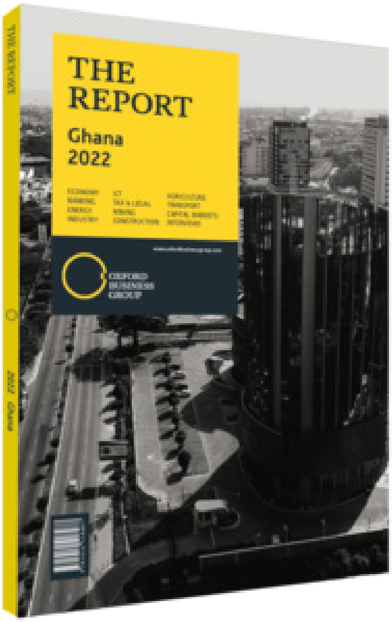
GHANA

Ghana is well positioned to develop its insurance sector – an imperative made more pressing in recent years due to the Covid-19 pandemic and increasingly frequent weather disasters linked to climate change. According to a 2021 survey conducted by the UN Development Programme, around 70% of Ghanaians do not have access to insurance of any kind, and many of the products available in the market do not respond to the needs of the population. Even so, the sector's value grew 10-fold between 2011 and 2021. The market has been able to expand its breadth through the introduction of micro-insurance, bringing customers previously underserved by traditional financial services into the fold.



This chapter is from
The Ghana 2022 Report
by OXFORD BUSINESS GROUP

The digitalisation of services should also help to expand the industry's consumer base, especially due to the fact that many financial offerings shifted online after the outbreak of Covid-19. While banks in Ghana offer a wide variety of digital services, the country's insurance industry lags behind in this respect. The restrictions on movement and physical contact made necessary by pandemic have exacerbated this gap, negatively impacting business-to-consumer interactions and insurance sector revenue. To address this, insurance firms have prioritised the acceleration of the adoption of digital tools to make their offerings more accessible and the sector more resilient to shocks.

• *What is Ghana doing to broaden its insurance penetration?*

Structure & Oversight

The National Insurance Commission (NIC) oversees Ghana's insurance sector, which comprised 49 insurance providers – 29 in the non-life and 20 in the life segment – as of late 2021. There were also three reinsurers, 103 brokerages and around 7000 agents licensed to operate in the country.

Public and private pension schemes are integrated in Ghana and run separately from insurance activities. They function according to a three-tiered system, overseen and managed by the National Pensions Regulatory Authority, and the Social Security and National Insurance Trust.

The first tier is publicly administered and contributed to by all formal sector workers through compulsory payments, and operates on a pay-as-you-go basis.

The second tier receives contributions from both workers and employers, with payments made either incrementally each month or in lump sums.

The third tier involves voluntary, tax-deductible individual payments. The administration of tiers two and three is handled by private enterprises.

Regulations

The authorities have worked to overhaul insurance-related legislation to facilitate growth. The Insurance Act of 2021 aims to modernise the sector and increase penetration through the introduction of a special licence for companies with new or innovative products or services, among other measures (see analysis). It added three compulsory products: public liability, professional indemnity and marine cargo insurance. Prior to the law, only auto and fire insurance were required. Also included in the legislation was the creation of the Insurance Education Fund to provide support for training the industry's workforce and the Agriculture Insurance Fund to develop that segment.

In addition to promoting modernisation, the NIC is working to bolster the sector's financial stability. In 2019 it announced it would increase minimum capital requirements for insurance firms from GHS15m ($2.6m) to GHS50m ($8.5m), while reinsurers would need GHS125m ($21.4m), up from GHS40m ($6.8m), and brokers GHS500,000 ($85,500), up from GHS300,000 ($51,300).

The NIC had set a compliance deadline of June 2021, but in January of that year the sector received a six-month reprieve, with the new requirements set to come into force in January 2022.

"Companies that have not already met the new minimum capital requirements plan to raise the missing capital either through private placements, the issue of additional shares, capital markets or some form of merger," Kyeame Ghansah, head of research at the NIC, told OBG.

Performance & Size

Insurance penetration – gross premium as a share of GDP – has remained at around 1% since 2016, according to a November 2021 report from the Bank of Ghana (BoG), the country's central bank. To put that figure into regional context, South Africa has the continent's highest penetration rate, at 17%, followed by Namibia with 6.3%. Ghana's relatively low premium are partially responsible for the country's muted penetration; for example, life insurance has a coverage rate of 32%, according to the NIC.

NIC data shows that total industry assets grew by 17% between 2019 and 2020, from GHS7.6bn ($1.3bn) to GHS8.6bn ($1.7bn).

Life companies contributed some GHS4.6bn ($786.1m) to the 2020 figure, up 20% over 2019; non-life GHS3.2bn ($546.9m), up 10%; and reinsurance GHS900m ($153.8m).

Gross premium, meanwhile, increased from GHS3.5bn ($598.2m) in 2019 to GHS4.2bn ($717.8m) in 2020, mirroring the 21% growth experienced in 2019. Of 2020 total gross premium, non-life accounted for GHS2.2bn ($376m) and life

GHS2bn ($341.8m) – 22% more than in 2019. The sector closed 2020 with a capital base of GHS2.9bn ($495.6m), compared to GHS2.5bn ($427.3m) in 2019.

Distribution Channels

The most recent available NIC data shows that individual agents and those tied to insurance companies distributed 61% of life insurance products in 2019, while direct business, bancassurance and brokers were responsible for 13%, 13% and 8%, respectively.

Life insurance in Ghana is also distributed by telecom companies and corporate agents. Brokers were the top distributors of non-life products, accounting for 44% of premium distribution. Individual and tied agents, and corporate agents weighed in at 27% and 23%, respectively.

The pandemic constricted premium inflows, but as the economy recovered starting in late 2020 industry revenue have begun to improve in kind.

Non-life

The five largest non-life insurance companies by assets at the end of the second quarter of 2021 were SIC Insurance (GHS561.6m, $96m), Star Assurance (GHS506m, $86.5m), Enterprise Insurance (GHS384.5m, $65.7m), Hollard Insurance Ghana (GHS266.9m, $45.6m) and Ghana Union Assurance (GHS192.9m, $33m). The market is highly concentrated, with the combined market share of these firms totalling around 48%.

Business line premium was also concentrated, with motor insurance accounting for more than 50% of non-oil, non-life premium, at GHS648.2m ($110.8m), followed by fire, theft and property (GHS296.5m, $50.6m); engineering (GHS78.3m, $13.4m); liability (GHS69.4m, $11.9m); marine and aviation (GHS57.5m, $9.8m); personal, accident, health and medical (GHS51.7m, $8.8m); bonds and financial guarantees (GHS49.2m, $8.4m); and other lines (GHS10m, $1.7m).

Life

Ghana's life insurance segment was even more concentrated than non-life at the end of the second quarter of 2021, with the five largest companies measured by total assets accounting for 71.1% of the market. The largest life insurance operations were Enterprise Life Assurance (GHS1.1bn, $188m), StarLife Assurance (GHS1bn, $179.9m), SIC Life Insurance (GHS921.7m, $157.5m), Glico Life Insurance (GHS446.2m, $76.3m) and Old Mutual Assurance Ghana (GHS344.3m, $58.8m).

Premium inflows were dominated by the universal life and investment product line, which registered GHS597.2m ($102.1m) and accounted for close to 50% of gross life premium. This was followed by whole life and endowment (GHS333m, $56.8m), group life (GHS95.4m, $26.3m), term (GHS71.8m, $12.3m), credit life (GHS49.7m, $8.5m), dread disease (GHS313,000, $53,500), disability and income protection (GHS134,000, $22,900), and others (GHS65m, $11.1m).

Technology

Insurance technology, or insurtech, helps firms use digital technology and data collection to provide personalised policies, and a range of insurtech products have been introduced to the market in recent years.
For example, in April 2021 Hollard Life – a pan-African insurance provider and the fourth-largest non-life provider in Ghana – partnered with financial technology firm Cassava Fintech and Vodafone Cash to create MeBano, a micro-insurance programme that provides funeral and disability coverage for the underserved.

Hollard Ghana also partnered with e-commerce giant Jumia to sell general and life insurance products in June 2021. With the global insurtech market valued at over $9.4bn in 2020 and set to grow at a compound annual growth rate of 32.7% to $158bn by 2030, Ghanaian insurers are keen to implement insurtech solutions in their business models. Indeed, the simplification of payments through digital channels is a key area of focus for the industry as it looks towards innovative technologies to broaden its client base.

Oil & Gas

In 2019 the NIC issued regulations to enable Ghana to harness the potential of its oil and gas insurance industry more efficiently, and provide a more equitable profit model for the Ghana Oil and Gas Insurance Pool (GOGIP). Established in 2010, GOGIP comprises 22 non-life providers and allows them to combine resources, and underwrite the large and complex insurance policies required by oil and gas operators.

Prior to the reforms, member companies received profits in proportion to company size, but under the new guidelines insurers responsible for securing business for GOGIP are paid a commission of 4% of the initial premium by other firms granted part of the business. Due to the complexities and level of capital involved in providing cover for oil and gas operations, GOGIP has played an important role in boosting both the financial and intellectual capacity of the reinsurance market by investing heavily in training for local companies.

Reinsurance

A substantial portion of the implicit risk assumed by Ghanaian insurers has traditionally been transferred to foreign reinsurers, resulting in foreign exchange outflows. The transfer of risk to foreign reinsurers also exposes the domestic sector to exchange rate volatility. In order to alleviate this imbalance, the NIC has mandated that insurers exhaust local reinsurance capacity before looking to overseas reinsurers. Kwabena Larbi, the head of technical at GOGIP, told local media in August 2021 that between 2018 and 2021 domestic underwriting capacity expanded from $30m to $200m. The proportion of the local reinsurance market's risk retention on assets also grew over this period, from 2% to 7%. It is hoped that new capital requirements will help the sector build on this momentum and further reverse foreign exchange outflows.

Outlook

Buoyed by successive years of sustained growth, the future looks promising for Ghana's insurance sector, but challenges remain. "Insurance penetration hovering around 1% highlights significant potential for growth," Shaibu Ali, managing director of KEK Insurance Brokers, told OBG.

"At the same time, the sector is facing the challenges of limited liquidity and the potential for further economic contraction to postpone new contracts as consumer spending is diverted to more immediate needs." Much depends on the rollout of reforms implemented in recent years, as well as the sector's ability to adapt to Ghanaians' specific needs. Improved access, the introduction of more relevant products and enhanced information dissemination are vital if the country is to improve upon its relatively low penetration. Encouragingly, the pandemic injected an added sense of urgency to create a more modern, dynamic insurance sector that is well equipped to serve individuals and businesses alike.

• *Can Ghana's new legislative framework modernise the insurance market?*

Ghana's National Insurance Commission (NIC) has been working in recent years to implement a series of changes aimed at enhancing access to coverage, diversifying products and bolstering awareness in the general public about the importance of insurance. The Covid-19 pandemic further underscored the need to bolster the market. "The financial sector and insurance companies in particular have shown resilience throughout 2021," Yasmin Essilfie-Mensah, executive director of Accra-based insurance firm Edward Mensah, Wood & Associates, told OBG. "The pandemic has brought awareness of the importance of having health insurance at a time when private health provision has seen significant growth." Even with these efforts, however, there remains room for improvement amid persistently low penetration rates.

Legislation

Ghana's Insurance Act of 2021 is the new overarching policy framework aimed at modernising the country's insurance industry. Through the law the NIC aims to boost both insurance penetration and the industry's contribution to GDP. The law introduced three new categories of compulsory insurance – for public liability, professional indemnity and marine cargo – which are expected to support growth in the sector while increasing coverage for individuals and commercial entities.

Public liability insurance will protect businesses from liability related to persons incurring injury or property damage through contact with the insured businesses' operations or premises.

Professional indemnity insurance will cover businesses that employs professionals – such as doctors, lawyers and accountants – whose errors, negligence, omissions or breaches could cause loss or damage to clients.

For marine cargo, the legislation mandated that insurance for imported cargo shipments be purchased from Ghanaian firms.

As of mid-2021 approximately 6% of importers purchased such policies from local companies, according to the NIC, highlighting the potential to not only support the segment, but also bring in foreign exchange.

This is particularly important in light of new minimum capital requirements aimed at bolstering local capacity.

Agriculture

Increasingly intense adverse weather events and droughts have been increasingly a problem for Ghana's agriculture sector.
To help rural and farm-oriented communities cope with these pressures, the Insurance Act established the Agriculture Insurance Fund to subsidise agricultural insurance premium, educate farmers on the importance of agricultural insurance, train extension officers and bolster the capacity of state institutions to provide the necessary information for the initiative's successful implementation.

It also provided financing to the Ghana Insurance College.

Moreover, legislation aimed at facilitating access to agriculture insurance is being drafted, according to the NIC.

New Database

Building on efforts to diversify offerings, the NIC has made changes aimed at supporting digitalisation. The Motor Insurance Database (MID) went into operation on January 1, 2020, centralising vehicle registration records and facilitating the tighter regulation of compulsory third-party motor insurance.
Prior to the database rollout, fake vehicle insurance policies were common. The MID allows citizens, law enforcement and security agencies to perform on-the-spot verification of vehicle insurance via text message or by scanning insurance stickers' QR codes.

Since the MID's implementation, premium rates, set by the NIC, have risen. The commission attributed this to more companies complying with mandated rates rather than undervaluing vehicles to stand out amid fierce competition, as had traditionally been the case.

Under previous market conditions, insurers were at times unable to honour claims, particularly those related to severe injury or death, as unrealistic premium levels resulted in insufficient liquidity and thus contributed to a lack of public trust. ■

OXFORD BUSINESS GROUP

TUNISIA

• Tunisian insurers claims increase in 2021

According to the General Insurance Committee (CGA), the claims and benefits paid by the Tunisian insurance companies rose by 11% at the end of 2021. As of 31 December 2021, they reached 1.497 billion TND (519.5 million USD) compared to 1.349 billion TND (497.75 million USD) over the same period in 2020.

Motor claims stood at 670.8 million TND (232.788 million USD), which represents an increase of 5.4% compared to 636.2 million TND (234.743 million USD) in 2020.

In 2021, the premiums underwritten by the market totaled 2.8 billion TND (971.68 million USD), with an increase of 8% compared to 2020.

As of 31 December 2021, the Tunisian market recorded 2 840 709 underwritten insurance policies compared to 2 712 722 in 2020.■

Atlas Magazine – 11 March 2022

• Tunisian insurance market: turnover increase in 2021

The General Insurance Committee (CGA) has published preliminary data indicating that all Tunisian insurers closed the year 2021 with an 8% turnover increase. The latter rose from 2.572 billion TND (949.01 million USD) as of 31 December 2020, to 2.776 billion TND (963.36 million USD) one year later.

Non-life premiums stood at 2.082 billion TND (722.52 million USD) compared to 693.6 million TND (240.7 million USD) for the life and capitalization class of business.
The non-life activity is dominated by the motor class of business which accounts for 43.5% of the market share, followed by health insurance (14.2%) and fire insurance (5.6%). ■

Atlas Magazine – 15 March 2022

• Regulator seeks presidential decree to enact insurance law

Tunisia's General Insurance Committee (CGA) is seeking a presidential decree to pass an amended insurance law that will allow insurers to merge, among other moves, according to its head Hafedh Gharbi. This could halve the number of insurance companies that currently operate in the country.

In an interview with Al-Shorouk, Mr Gharbi said the CGA, which is part of the Finance Ministry, made amendments to the insurance law (Law No. 08 of 2008) which have undergone all the legislative stages, including debate in parliament.

However, parliament was suspended before the amendments could be enacted.

In July 2021, Tunisia president Kais Saied sacked the government and suspended parliament. In December 2021, he extended the suspension of parliament until new elections in December 2022, while calling for a July referendum on constitutional reforms. He has since been ruling by decree since last July.

Mr Gharbi added that there is an urgent need for the amended law to be passed quickly. However, he does not rule out the possibility that the passing of the amended law could take place after the elections.

Minimum capital requirement could prod insurers into mergers

Current Tunisian law requires that the minimum capital of an insurance company be at least \$3m. Under the proposed legislative amendment, this is to be increased to \$20m to improve the solvency of insurers.

Mr Gharbi expects that the new minimum capital requirement, if the law is approved, would prompt the merger of Tunisian insurance companies, reducing their current number from 24 to 10-12 companies.

While the CGA enjoys administrative and financial independence, the issuance or withdrawal of insurance licences requires the approval of the Ministry of Finance. The proposed legislative amendment was drafted to grant the CGA complete autonomy.

He added that the CGA is following in the footsteps of the Tunisian Central Bank which made a similar move. The central bank had been subject to the same rule, but it effected a legislative amendment, giving it complete independence and flexibility, and "following this step, we have amended the related clause".

Savings insurance and takaful

Among the most important amendments to the law are provisions related to life insurance and savings that currently account for 25% of the overall insurance market in terms of premiums. Mr Gharbi said that savings are the most important because they affect the development of the pension system. The proposed legislative amendment aims to improve the retirement income system by promoting private insurance funds.

Takaful is also covered by the amendments that would allow Islamic insurers to set aside reserves. Mr Gharbi said, "According to Islamic law, companies must distribute their takaful surpluses at the end of the year, and if they post losses, they obtain a loan from the shareholders' fund in favour of the subscribers' fund, which creates a confusing situation. So, we amended the law regarding this issue." There are at present only three takaful companies in Tunisia.

"The issue of these surpluses and how to deal with them remains. If they accumulate for several years, then it is assumed that they are invested in legitimate, low-risk sectors such as sukuk, but this does not exist in Tunisia at present," he added.

Although the law in Tunisia since 2013 has allowed the issuance of sukuk, political instability has prevented Islamic bonds from being issued so far, he said. ■

Source: Middle East Insurance Review | May 2022

UGANDA

Insurance Market Fact Sheet

Identity

Population: 45 741 000 inhabitants
PIB : 37.372 billion USD
GDP per inhabitant: 817 USD
GDP growth rate: 2.85 %
Inflation rate: 3.8 %

Data as of 31/12/2019, Source: World Bank

The ugandan insurance market: main indicators

	2020
Turnover	281.430 millions USD
Penetration rate	0.75%
Insurance density	6 USD

Structure of the ugandan insurance market

Insurance and reinsurance companies	
Non-life	21
Life	9
Reinsurance	2
Total	32
Intermediaries	
Insurance brokers	41
Reinsurance brokers	2
Total	43

Data as of 31/12/2019 , Source: Insurance Regulatity Authority of Uganda (IRA)

Supervisory authority	
Insurance Regularity Authority of Uganda (IRA)	www.ira.go.ke
Professional body	
Uganda Insurers Association	www.uia.co.ug

The ugandan insurance market: evolution of premiums

Figures in million USD

Activities	2016	2017	2018	2019	2020
Non-life	121.527	136.958	173.319	188.486	181.670
Life	35.775	45.503	58.852	74.606	99.760
Total	**157.302**	**182.461**	**232.171**	**263.092**	**281.430**

Source: Insurance Regularity Authority of Uganda (IRA) & Atlas Magazine

Exchange rate as at 31/12/2016: 1 UGX = 0.00027 USD
31/12/2017: 1 UGX = 0.00027 USD
31/12/2018: 1 UGX = 0.00027 USD
31/12/2019: 1 UGX = 0.00027 USD
31/12/2020: 1 UGX = 0.00027 USD

Atlas Magazine – 16 Feb 2022

Key Updates and Forecasts - by Fitch Solutions

- We have revised our premiums written growth outlook in Uganda's smaller life insurance segment. We now estimate life insurance premiums grew by 5.1% in 2021 (previously +6.0%) to UGX341.0bn, and we expect growth of 8.0% (up from +5.1%) to UGX368.3bn in 2022. The sector, which represents about one third of the total industry, is currently expected to be worth UGX467.8bn by 2026.
- Uganda's non-life premiums are expected to rise by an average of 8.0% a year in local currency terms over our medium-term forecast period, representing a slight downward revision to our previous outlook. Non-life premiums are expected to grow by 7.1% (previously +7.2%) in 2022 to UGX742.2bn and then to UGX1.0trn in 2026.
- In April 2022, Uganda's Insurance Regulatory Authority announced the launch of assured lives mortality tables, to help support more accurate pricing for life insurance products. The tables are used to inform the construction of insurance policies and other forms of liability management.
- Also in the same month, the Minister of State for Finance-in-charge of General Duties stated it is looking to remove stamp duty tax on agriculture insurance, which could amount to UGX35,000 per farmer. The potential move is likely designed to help encourage farmers to take out insurance policies to help them cope with natural disasters affecting their livelihoods.
- April 2022 was a busy month for insurance-related new as it also saw Stanbic Uganda launched a new product - Schools Comprehensive Insurance - to provide some financial assistance to schools in the case of property damage, accidents involving students and any thefts of students' personal items.

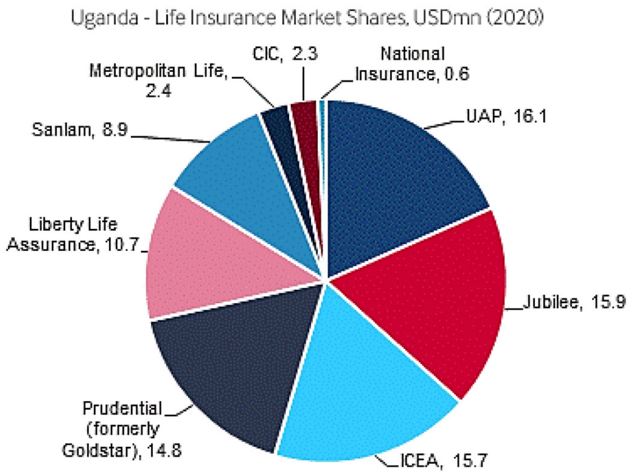
Uganda Insurance Report Q3 2022

by Fitch Solutions, April 2022

LIFE INSURANCE PREMIUMS BY COMPANY, USDMN (2015-2020)

	2015	2016	2017	2018	2019	2020
UAP	5.8	8.8	12.5	12.8	12.8	16.1
Jubilee	3.0	4.3	6.0	7.4	12.2	15.9
ICEA	5.6	6.7	7.6	9.0	10.7	15.7
Prudential (formerly Goldstar)	0.1	0.6	1.9	5.4	9.8	14.8
Liberty Life Assurance	10.8	11.5	10.4	9.6	11.2	10.8
Sanlam	4.8	6.2	7.0	9.4	10.8	8.9
Metropolitan Life	na	na	0.2	1.4	2.7	2.4
CIC	0.0	0.1	0.9	2.7	2.0	2.3
National Insurance	0.6	0.4	0.5	0.5	0.5	0.6

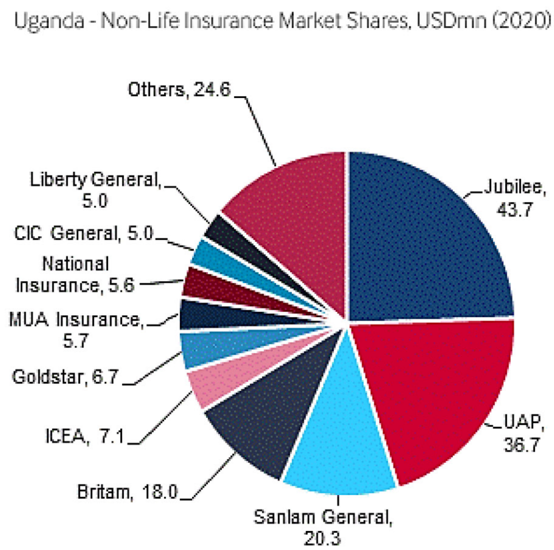
na = not available. Source: Insurance Regulatory Authority Uganda, Fitch Solutions



NON-LIFE INSURANCE SECTOR MARKET SHARE BY COMPANY, USDMN (2015-2020)

	2015	2016	2017	2018	2019	2020
Jubilee	33.3	33.6	37.0	39.3	42.0	43.7
UAP	31.6	23.9	28.6	30.0	30.0	36.7
Sanlam General	10.9	8.5	8.0	19.2	21.8	20.3
Britam	7.9	8.9	12.2	15.2	17.0	18.0
ICEA	6.4	5.9	5.5	5.9	6.5	7.1
Goldstar	8.3	6.6	5.8	6.6	7.0	6.7
MUA Insurance	4.5	4.3	4.6	5.0	5.4	5.7
National Insurance	3.2	3.8	4.4	4.3	4.9	5.6
CIC General	0.2	0.9	2.8	3.6	5.4	5.0
Liberty General	3.2	3.2	3.5	3.7	4.7	5.0
APA	4.6	3.9	4.2	4.2	4.1	4.6
Alliance	1.1	1.8	2.8	3.4	4.1	4.1
Swico	3.7	3.9	3.8	4.4	4.0	4.0
Mayfair	0.0	0.0	0.0	0.0	1.4	2.8
TransAfrica	2.9	2.5	2.0	2.1	1.7	2.5
Excel	3.3	2.5	2.1	2.4	2.5	2.5
PAX	1.2	1.3	1.5	1.6	1.4	1.3
FICO	0.9	1.1	1.1	1.1	1.4	1.2
GA Insurance	0.3	0.4	0.5	0.7	0.6	1.1
AIG	12.7	9.3	13.4	na	0.1	0.4

na = not available. Source: Insurance Regulatory Authority Uganda, Fitch Solutions



Uganda Insurance Report Q3 2022 by Fitch Solutions, April 2022 ■

Asia News

• *Region's insurance market shows lowest growth rates globally in 2021*

Despite the rising uncertainties from the Russia-Ukraine war and COVID-19, Asia's insurance growth is likely to accelerate to 7.2% in 2022 (life: 7.0%, P&C 7.6%), forecasts German global insurer Allianz in its latest "Global Insurance Report", which analyses the development of insurance markets worldwide.

Average growth in Asia over the next 10 years is expected to settle at 7.3% (life: 7.5%, non-life: 6.8%), slightly below the level of the last decade (7.5%), says the report that was released yesterday.

Globally, premium income is likely to grow by roughly 1pp slower than originally assumed as the Russia-Ukraine war takes its toll on economic activity and confidence, even as inflation supports the top line. Overall, Allianz now expects global premium income to grow by +4.8% in 2022, with life and P&C developing almost in step (+4.9% and +4.6% respectively). This figure must be considered against the backdrop of a global inflation rate of 6.2% this year.

The Russia-Ukraine war will have far-reaching consequences for the global risk landscape, says Allianz. As the global division of labour is reorganised, the role of emerging markets is likely to shrink: the era of the emerging global middle class as a reliable growth driver might be over.

On the other hand, the reconfiguration of international supply chains offers new opportunities as this process, at its core, is nothing but "applied risk management" – the core competence of insurers. It will accelerate the shift from a pure product logic to a more service-oriented business model.

In the life business, demographic change is likely to be the decisive growth driver. This applies for both advanced and emerging markets: Unrelenting ageing and social change combined with rising public debt and often inadequate social security systems speak loudly for the need to increase individual provisions. This development is likely to benefit from two crisis-related developments in the coming years: increased risk awareness in the wake of the COVID-19 crisis, and the inflation-triggered end of zero interest rates, which should make many savings and pension products more attractive again.

In the P&C business, climate change is the main topic in two respects. First, extreme weather events will increase in the coming years, driving claims and premiums higher. On the other hand, climate-mitigation efforts will intensify, first and foremost the decarbonisation of energy supply, even more important now amid the Russia-Ukraine war and the resulting quest for energy independence. This requires major investments from both the private and public sectors and creates a high need for risk protection as new risks will emerge with this radical transformation of the economy.

2021

The Asian insurance market lagged behind the rest of the world in 2021 in terms of growth rates.

According to the report, Asia (excluding Japan) recorded a meagre increase of only 0.6% in total premium income (life: 0.3%, P&C: 1.4%). The main reason was the setback in China (-1.7%).

In comparison, global premiums grew by 5.1% in 2021 (life: +4.4%; P&C: +6.3%), thanks to strong economic tailwinds, rising risk awareness and record-high savings buoyed by booming markets. Total premium income reached EUR4.2tn [$4.5bn] (life: EUR2.5tn and P&C: EUR1.7tn).

Asia's non-life insurance premiums grew by +1.7% last year, which was faster than the growth in premiums for life insurance products, but significantly below the global average. Here, the weak performance was mainly due to the negative development in China (-1.7%). In addition, Japan, where premium volume almost stagnated (+0.2%), pushed down the regional average growth. Excluding China and Japan, the Asian region saw non-life insurance premiums increase by almost +8%.

As for the life insurance business, with a growth rate of only +0.9%, the development of the Asian life insurance market was significantly weaker than the global average.

Asia's share of the absolute premium growth in 2021 was 8.2% for life insurance and 4.4% for non-life business.

Insurability and affordability

Good prospects lie ahead for the insurance industry only if it succeeds in maintaining its economic and social relevance, says Allianz. The upcoming upheavals will give birth to new risks, for instance, risks related to data protection, new green technologies or AI and climate liability.

So there will hardly be a lack of demand for protection and prevention. However, the industry is called upon to offer solutions for these risks so that they do not remain uninsurable or have to be assumed willy-nilly by the state. The question of insurability – and closely related: affordability – is likely to become increasingly urgent in the coming years, not least with regard to natural hazards. This requires a level of creativity and collaboration with customers and governments that goes beyond previous efforts.

The industry must move beyond pricing and transferring risk to changing outcomes. It needs to actively reduce risk in the system by impact underwriting and investing, and thus leading the pivot to sustainability. ■

Asia Insurance Review - 25 May 2022

• *Asia hit by "increasingly volatile" weather* – Aon

by Gabriel Olano

Many areas in Asia are experiencing "increasingly volatile" weather conditions, which are, in part, enhanced by the growing effects of climate change, Aon said in its 2021 Weather, Climate and Catastrophe Report.

These weather conditions include record-setting rainfall and flooding, intense landfalling tropical cyclones, droughts and winter storms. These disasters are also becoming more costly and severe, as growing urbanisation in the region causes population concentration and asset accumulations.

In Taiwan, a new national temperature record was set on Aug. 11, at 40.6°C (105.1°F).
The deadliest tropical cyclone in 2021 was Super Typhoon Rai in the Philippines. It made landfall in late December, causing 409 fatalities, with more casualties reported in Vietnam. Rai was recorded as the third-costliest typhoon to hit the Philippines.

In India, seasonal flooding resulted in 1,282 deaths, and Cyclone Yaas became the costliest tropical cyclone in Asia at almost US$3 billion in economic losses.

Malaysia encountered its costliest and most extensive flood event in December, with total economic losses exceeding US$2 billion.

China recorded above-average catastrophe losses in 2021. While typhoon activity was relatively calm, flash flooding, such as in Henan Province in July, inflicted severe losses. The insurance bill for the flash flooding totalled US$1.9 billion, the costliest on record for China.

In Japan, earthquakes were the most damaging catastrophes in 2021. Combined economic losses were at around US$9 billion, mainly from the Fukushima and Miyagi events. The 7.1-magnitude Fukushima quake caused insured losses close to US$2.5 billion. ■

Insurance Business Magazine - 26 May 2022

• *Creation of the Turkic World Insurance Union*

The Association of Insurers of Azerbaijan (ASA) and the Turkish Insurance Union have decided to establish a Turkic World Insurance Union, ASA Executive Director Elmar Mirsalayev told Report.

According to him, the union will include representatives of the insurance sector of six Turkic states:

The Turkic World Insurance Union will include representatives from Azerbaijan, Turkey, Turkmenistan, Kazakhstan, Kyrgyzstan, and Uzbekistan. The main goal is to exchange insurance

experience and staff exchange between these countries. It is also planned to create an insurance pool for members of the Turkic World Insurance Union. The founding conference and signing ceremony are scheduled for the last week of May in Istanbul. This union will be led by Turkey and Azerbaijan.

Elmar Mirsalayev added that ASA signed a memorandum of cooperation with the Turkish Insurance Union in 2020. ■

Azarbaycan24 - 29 April 2022

• *Chubb, JA Assure launch online cyber insurance platform for Asian SMEs*

Chubb and Singaporean insurtech firm JA Assure have launched Haxsafe, a cyber insurance portal for small and medium enterprises (SMEs) in Asia.

The platform, which is initially available in Hong Kong, Malaysia and Singapore, provides instant quote and policy issuance services.

The coverage is underwritten by Chubb, which has been providing cyber insurance for more than 20 years. The policy being offered on the platform is a comprehensive risk management solution providing clients with pre-loss risk mitigation and incident response services.

The pre-loss mitigation services include complimentary access to a password management tool and regular spam tests designed to help keep organisations' cyber assets safe.

In the event of a cyber incident, clients can access the Chubb Incident Response Platform to help contain the threat and limit potential damage to their businesses.

The incident response manager assigned to the client will help triage the issues, develop a plan of action to contain the threat, as well as appoint specialist vendors to assist with loss prevention and business recovery.

"Haxsafe will be a game-changer for SMEs as it simplifies the insurance buying process for small business owners who simply do not have the time and resources to go through lengthy insurance purchase processes," said Japhire Gopi, CEO of JA Assure.
"We are in the business of innovation and I'm excited to make insurance more accessible to those who need it."

"Our data shows that SMEs, like large organisations, are vulnerable to cyber attacks, despite the popular belief that SMEs are too small to be of interest to threat actors," said Grant Cairns, regional head of property and casualty, Asia-Pacific at Chubb. "I'm pleased that we are now able to bring Chubb's cyber risk management solution closer to SMEs, underscoring our commitment to better serve the small commercial segment. ■

Insurance Business Magazine - 03 Jun 2022

AFGHANISTAN

• Taliban suspends insurance companies operations in Afghanistan

In an official letter sent to the insurance companies, the acting government announced the suspension of all the activities of the public and private insurance firms, reported Khaama Press.

The letter says the spirit of the insurance industry is under discussion in the Science Academy of Afghanistan to decide whether it is against Islamic practices or not.

The suspension spells doom for insurance companies who have invested and carried out financial risks in the country for the last 20-year of the democratic era and open market in Afghanistan.

Several private insurance companies in addition to a government-owned insurance entity, have invested and carried out financial risks.

The Afghanistan economy went into crisis after the collapse of the Afghanistan government in the hands of the Taliban on August 15 of last year. Hundreds of companies, organizations and projects were shut down, reported Khaama Press.

The acting Taliban government in Afghanistan emphasizes Islamic norms but has never issued any written Islamic policies yet.

Insurance is practised in almost all other Islamic countries for the purpose of risk management; however, in some Islamic states, it is undertaken under the term of Takaful, an Islamic insurance concept. ■

Business Standard - 18 March 2022

• Afghanistan Insurance Industry: Key Highlights

- The Afghanistan Insurance Authority, under the Ministry of Finance, regulates the Afghan insurance industry.
- 100% FDI is permitted in the Afghan insurance industry.
- Non-admitted insurance is not permitted in the Afghan insurance industry.
- Fire insurance for properties located in commercial areas, air carriers and aircraft operators insurance, health insurance for expats and motor third-party liability insurance (only in Kabul) are the key classes of compulsory insurance in Afghanistan.
- Insurance and financial services (% of commercial service imports) in Afghanistan was reported at 1.3999 % in 2020, according to the World Bank collection of development indicators, compiled from officially recognized sources.
- Insurance and financial services (% of commercial service imports) in Afghanistan was reported at 1.3999 % in 2020, according to the World Bank collection of development indicators, compiled from officially recognized sources.
- Currently, there are five insurance companies in Afghanistan including a state-owned firm, they all provide group insurance coverages to cooperate and businesses only.
- Afghanistan's Banking and Telecom industries have had rapid growth in the past 19 years, but insurance remained less developed mainly due to the country's legislation issues, no law enforcement and lack of state attentions to developing this sector.
- Almost all government agencies and state-owned enterprises have never included insurance in their annual budgeting plans.
- Travel insurance is a popular coverage issued by travel agents and is obligatory for travelers and visa applicants. ■

Sources:
- ReportLinker ,October 2021
- Afghan Telegraph, Nov 2021

BAHRAIN

• *Insurance Market Developments and Forecasts 2021*

Key View:

Growth rates across insurance lines will be strong this year as pent-up demand over the Covid-19 pandemic makes its way through the system. As a result, 2022 will be characterised by very strong growth rates, which will moderate from 2023 onwards. Non-life accounts for a larger proportion of the overall insurance industry, with mature lines, such as motor vehicle insurance, being among the largest lines. A number of domestic and international firms operate in Bahrain's insurance space, with future growth across lines highly likely.

Life Recent Developments and Trends

- In 2022, we forecast growth in gross life premiums written of 0.4%, reaching BHD65.3mn, or USD174mn.

- Growth rates are set to moderate slightly over our forecast period, averaging at 1.2% between 2022 and 2026.

•

- By the end of our forecast period in 2026, we forecast that the life insurance market in Bahrain will have a total value of BHD68.5mn or USD182.0mn.

- As of January 1 2022, the VAT rate in Bahrain increased from 5% to 10%. This will increase the cost of insurance provision and raise premiums, adding downward pressure to the market

- As a proportion of GDP, we forecast for penetration of life insurance to remain stable at 0.4%.

- In October 2021, it was announced that Solidarity Bahrain and t'azur would merge their operations. Upon completion of the merger, all of t'azur's operations, assets and liabilities were transferred to Solidarity.

- In February 2021, it was reported that Bahraini MPs were to vote on a draft law that would amend the Unemployment Insurance Law to pay 50% of wages of insured Bahraini workers impacted by Covid-19, backdated to October 2020. Three months worth of wages would be paid to workers, said the Ministry of Labour and Social Development. The payment will benefit companies worst impacted by the Covid-19 pandemic.

- In January 2021, Munich Re Automation Solutions announced it was entering into a partnership with MetLife Gulf which would allow the implementation of Munich Re's ALLFINANZ system, which is a software package that enables companies to access consumer information more easily, thereby providing a more streamlined service to customers.

- A continued trend towards digitalisation in the marketplace will continue in coming years, reducing premium prices. The Central Bank of Bahrain (CBB) has been willing to accommodate technological innovations, which we expect to see reflected in coming years with greater implementation of new technology platforms.

Non Life Recent Developments and Trends

- Non-life lines will recover strongly from last year's downturn, with average growth of 30.7% anticipate this year. This will bring the combined non-life sector to a value of BHD210.0mn, or USD558.4mn.

- Throughout our forecast period, we anticipate more moderate rates of growth through to 2026, averaging at 2.0% y-o-y and resulting in a total sector value of BHD227.0mn (USD603.6mn).

- The non-life sector outweighs its life counterpart significantly, with 76.3% of all premiums written being in non-life lines. This proportion is set to remain fairly constant over our forecast period.

- As of 1 January 2022, the VAT rate in Bahrain has doubled from 5% to 10%. This will affect insurance premiums and will, therefore, increase the cost of providing insurance within the country, with the possibility of negatively impact demand.

- In early 2022, it was announced that the Bahraini government was looking to move ahead with plans that specify mandatory health insurance coverage for expatriates living in the Kingdom. Employers would be required to pay for this package.

- In November 2021, Bahrain National Insurance (BNI) launched the first motor insurance policy developed specifically for electric vehicles.

- In September 2021, it was announced that Gulf Insurance Group had completed its acquisition of AXA's Gulf operations. The deal involved the transfer of 50% of AXA's stake in AXA Gulf (which includes Bahrain), and the 34% stake it has in AXA Cooperative Insurance Company. The entire deal with reported to have a value of USD264.0mn.

- In July 2021, Bahraini authorities introduced a new mobile phone application through which those involved in minor road accidents could use resolve claims directly through insurers. It would only be necessary to involve authorities in the case of disputes. ■

Sources:
- Bahrain Banking & Financial Services Report – by Fitch Solutions, Feb 2022
- Bahrain Insurance Report Q3 2022 - by Fitch Solutions, April 2022

HEADLINE INSURANCE FORECASTS (BAHRAIN 2019-2026)

Indicator	2019	2020	2021	2022f	2023f	2024f	2025f	2026f
Gross life premiums written, BHDmn	67.7	62.4	42.7	65.3	65.6	67.0	67.5	68.5
Gross life premiums written, BHD, % y-o-y	32.1	-7.7	-31.6	53.1	0.4	2.2	0.8	1.4
Gross life premiums written, USDmn	180.0	166.1	113.5	173.8	174.4	178.2	179.6	182.1
Gross life premiums written, USD, % y-o-y	32.1	-7.7	-31.6	53.1	0.4	2.2	0.8	1.4
Gross non-life premiums written, BHDmn	219.7	214.4	160.6	210.0	214.2	218.8	223.2	227.0
Gross non-life premiums written, BHD, % y-o-y	1.7	-2.4	-25.1	30.7	2.0	2.2	2.0	1.7
Gross non-life premiums written, USDmn	584.3	570.3	427.2	558.4	569.6	582.0	593.7	603.6
Gross non-life premiums written, USD, % y-o-y	1.7	-2.4	-25.1	30.7	2.0	2.2	2.0	1.7

e/f = Fitch Solutions estimate/forecast. Source: Central Bank of Bahrain, Fitch Solutions

CAMBODIA

• *Cambodia's insurance industry grows by 9.5% in 2021 despite pandemic*

Cambodia's insurance industry reported a total premium of 293.4 million U.S. dollars in 2021, up 9.5 percent year-on-year, despite the economic fallout from the COVID-19 pandemic, according to a report of the Insurance Regulator of Cambodia (IRC) on Saturday.

The growth was generated from 18 general insurers, 14 life insurers, seven micro-insurance companies and one reinsurance firm, the report said.

The gross premium of general insurance market in 2021 was almost 123 million dollars, an increase of 7.4 percent compared to 2020, while life insurance premium totaled 170.4 million dollars, up 11 percent, the report added.

IRC's director general Bou Chanphirou said at a dissemination seminar on sub-decree on insurance on Friday that the insurance industry has been playing an important role in supporting social and economic sectors.

"With Cambodia's political stability and positive economic growth under the leadership of Prime Minister Samdech Techo Hun Sen, the insurance market has been growing rapidly," he said.

Chanphirou said the insurance industry contributed about 1.1 percent to the kingdom's gross domestic product (GDP).

According to the IRC, the country's insurance penetration stood at 1.1 percent last year, slightly up from 1.04 percent in the year before, while insurance density amounted to 17.5 dollars per capita, up from 16.3 dollars

Cambodia's Insurance Market Key Highlights

- The Ministry of Economy and Finance supervises the Cambodian insurance industry.
- 100% FDI is permitted in the Cambodian insurance industry.
- Non-admitted insurance is permitted only for insurance of marine, cargo imports and reinsurance.
- New insurance law introduced in Cambodia replacing the Insurance Law 2000.
- Composite insurance is permitted in Cambodia.

Xinhua - 5 March 2022

CAMBODIA

Economic SWOT

SWOT Analysis

Strengths

- Cambodia's main strength is a cheap labour force which has supported low-end textile manufacturing and tourism.
- The economy boasts a high degree of openness to foreign trade, with exports amounting to around 60% of GDP, which has led to relatively high levels of foreign direct investment.

Weaknesses

- The lack of skilled labour makes it difficult for Cambodia to move up the value chain in the manufacturing sector.
- Electricity costs are high due to a lack of investment in the energy sector, which partly offsets the county's competitive advantage of low wages.

Opportunities

- Cambodia has an opportunity to benefit from increased regional economic integration under the Association of Southeast Asian Nations Economic Community, which should help the manufacturing sector integrate into regional supply chains.
- The country's geographic location means that it stands to benefit from rapid real GDP growth in surrounding countries such as Vietnam.
- High levels of foreign investment are supporting key infrastructure upgrades.
- Before the Covid-19 outbreak, the tourist sector was posting stellar growth, with a surge in arrivals from China.

Threats

- The real estate sector is prone to bubbles due to the lack of domestic monetary policy levers, which are, in turn, the result of the high level of dollarisation.
- The EU's decision to review the country's preferential trade access could cause short-term disruption to trade and investment flows, especially in the garment sector.
- The increasing reliance on the Chinese economy, in terms of trade, investment and financial assistance, exposes the economy to changes in Chinese economic fortunes.

Political SWOT

SWOT Analysis

Strengths

- Cambodia boasts a high degree of policy continuity due to Prime Minister Hun Sen's long-held (since 1985) tenure as prime minister, which ensures a high degree of stability in the country's business environment.
- Cambodia's homogenous society has kept religious and ethnic tensions subdued.

Weaknesses

- The ruling Cambodian People's Party's dominant political position has led to a perceived lack of government accountability.Cambodia ranked 157th out of 180 countries and territories in Transparency International's 2021 Corruption Perceptions Index, with its score of 23 out of 100 well below the global average.
- The banning of the main opposition Cambodia National Rescue Party (CNRP) in 2017 means that there is little competitive discourse surrounding economic policies

Opportunities

- Greater political participation, particularly among the youth population, would help to strengthen the country's democracy over the long term.
- Pressure from Western powers could eventually push some reforms that improve the country's democratic credentials.

Threats

- Cambodia's close alignment with China over recent years has come at the expense of relations with the US and the EU, and could reduce Cambodia's geopolitical flexibility.
- Concerns over a potential Chinese military presence in Cambodia could stoke geopolitical tensions in the region.
- The banning of the opposition CNRP may cause the US and the EU to impose further sanctions on Cambodia or reduce the country's trade privileges, which could undermine the garment export sector.
- An economic slowdown could lead to renewed labour unrest with the potential for violent clashes, as was seen in 2013-2014 .

CHINA

• *Investment losses hit largest insurers*

Five of the country's largest listed insurers saw their investment books impacted by stock losses in the first quarter this year due to strict Covid-19 lockdowns to curb the Omicron wave.

New China Life's net profit fell by a whopping 78.7% to CNY1.34 billion year-on-year. Its investment income fell 39.3% to CNY11.9 billion in Q1 this year from the CYN19.6 billion in the same quarter last year. It cited a steep pullback in equity markets for the weaker results.

China Life Insurance suffered a 46.9% drop year-on-year in net profit to CNY15.2 billion (US$2.28 billion). Income from its pool of CNY4.72 trillion of investment assets fell to CNY54.0 billion during the quarter, down 26.5% from the CNY73.5 billion in the same quarter last year.

The China Pacific Insurance group, which underwrites both life and non-life businesses, also experienced a setback as its earnings declined 36.4% to CNY5.44 billion yuan.
The Ping An Insurance group, which has both life and non-life insurance arms, suffered a 24.1% drop in earnings to CNY20.7 billion from a year earlier, mainly due to volatile capital markets as yields from its CNY4.1 trillion investment portfolio shrank.

Meanwhile, the People's Insurance of China group recorded a 12.9% fall in net profit to CNY8.74 billion.

"The big drop is pressuring their whole-year performance. In the short term, the impact of the pandemic will still hurt. It will be difficult for life insurance businesses to develop as it relies on face-to-face sales by agents," said Gigi Chen, insurance analyst at CMB International.

Stock losses have deepened this year amid recession fears as Covid-19 lockdowns upended supply chains and forced factory closures. They added to a broad sell-off in 2021 caused by China's crackdown on the tech sector. At the same time, bond prices also suffered amid a surge in debt defaults and risk premium, according to South China Morning Post.
■

Asia Advisers Network – 10 May 2022

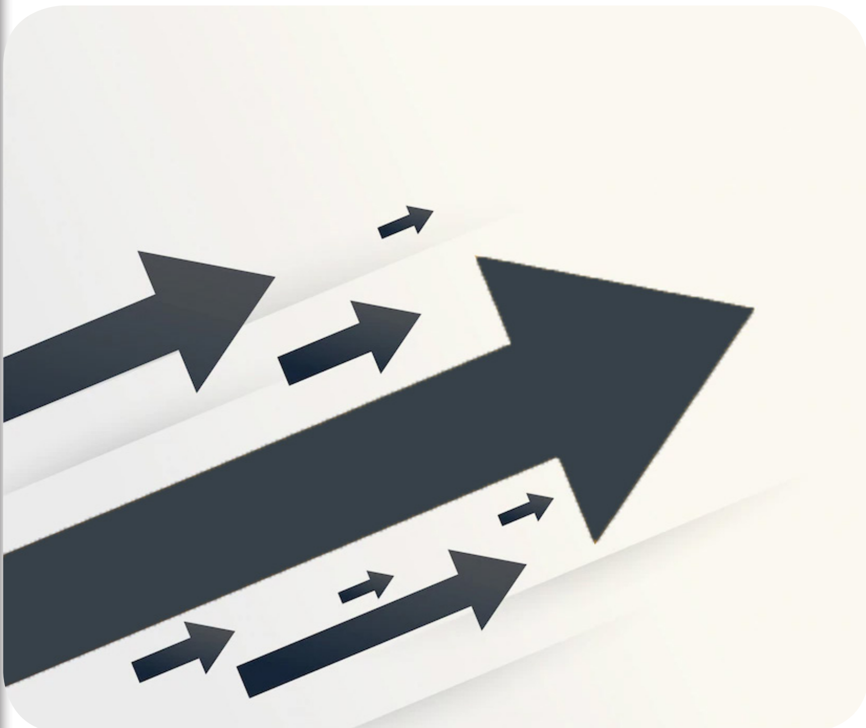
CHINA

- ***How will China's economic slowdown affect emerging markets?***

- **China's "zero-Covid" strategy is limiting output and suppressing consumer demand**
- **The slowdown is also weighing on demand in countries that export to China**
- **Commodities exporters have remained comparatively resilient**
- **There is the opportunity for emerging markets to fill gaps in global supply chains**

With China's economy slowing on the back of a strict Covid-19 containment strategy, there are concerns about the effects this might have on several emerging markets.

Since the beginning of the year Chinese authorities have implemented a series of lockdowns and curfews, including in major cities Beijing and Shanghai, to help combat a spike in coronavirus case numbers. The widespread measures have included restrictions on movement for individuals, as well as the closure of restaurants and other face-to-face businesses.



While this so-called zero-Covid strategy is helping to contain the spread of the virus, the strict lockdowns and curfews are having an impact on Chinese consumer demand and manufacturing output.

According to year-on-year (y-o-y) figures for April, retail sales fell by 11.1%, industrial production by 2.9% and manufacturing by 4.6%. Meanwhile, the Chinese yuan and the MSCI Emerging Markets Currency Index both fell in tandem in April.

In terms of the broader economy, in March Chinese officials set a GDP growth target of around 5.5% for this year, the lowest official target for three decades and well down on the nearly 10% average annual growth the country has enjoyed for four decades. Highlighting how difficult even this figure may be to achieve, in early May ratings agency Fitch downgraded its full-year outlook for China to 4.3%.

Effect on emerging markets

A Chinese economic slowdown, particularly in the industrial sector, could pose challenges for emerging markets, especially those that export a significant amount of goods to China or who rely on Chinese manufacturing inputs.

For example, Mongolia sent 48.2% of its exports to China in 2019, the most of any country. Taiwan was second at 33.5%, followed by Vietnam (22.6%), Singapore (20.7%), the Republic of Congo (18.7%), Oman (16.7%) and Namibia (16%).

Highlighting its significant position in global trade, China accounted for roughly 12% of all global imports in 2021, although this figure is far higher in specific sectors. In 2019 China imported 24.5% of the global trade in electronics, 16.4% of minerals, 11.4% of machinery and 10.5% of agriculture, most of which came from emerging markets.

With China's Covid-19 strategy suppressing demand for imports of foreign goods, the effects are being felt across Asia.

Taiwan's manufacturing production, which had boomed from the middle of 2020 to the end of 2021 on the back of sales of electronics components, slowed in the first three months of 2022.

Covid-19-related plant disruptions at Taiwanese firms in China in April are expected to further dampen production.

Meanwhile, Thailand has downgraded its own growth forecast by one percentage point to 2.5-3.5%, citing the challenges of a slowdown in China and the ongoing effects of Russia's war in Ukraine.

Resilient raw materials

Commodity-rich emerging markets are somewhat less impacted by curtailed domestic demand in China and a shortage of manufacturing inputs. China relies on raw minerals and energy from many of these markets, and demand remains relatively robust.

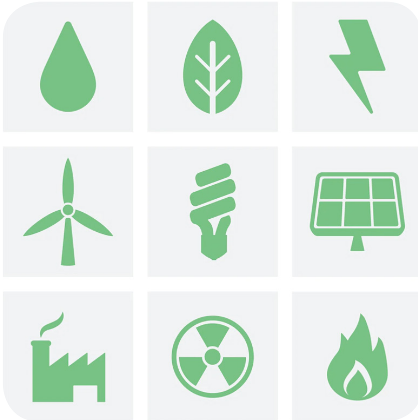
The Democratic Republic of Congo is the largest exporter of cobalt, and China is the largest importer. Global cobalt prices fell 6% in April due to the curtailment of China's cathode production during the lockdowns, but electric vehicle manufacturers are optimistic that sales will catch up later this year.

Namibia, which exports large quantities of copper and uranium to China, has not experienced any significant dips so far this year.

Meanwhile, oil prices remain high, buffeting concerns from oil-exporting countries like Oman and Kuwait.

The importance of the energy transition and concerns about energy security mean that emerging markets that export either the minerals needed for manufacturing clean-energy technologies or traditional hydrocarbons are only expected to experience minor disruption from a slowdown in China.

Yet, if other global macroeconomic forces like inflation and mounting debt service requirements continue to gain steam, demand for oil and other raw minerals could soften in the medium term.



Opportunities for trade and investment

While China's slowdown has undoubtedly brought about some challenges for emerging markets, it has nevertheless created some potential opportunities for several countries.

Indeed, although the economic slowdown has impacted China's demand for imports, the closure of factories has also affected exports, with export growth slowing to 3.9% y-o-y in April, down from 14.7% in March.

This could present emerging markets with opportunities to fill the attendant gaps in global supply chains.

For example, despite China's slowdown, Myanmar and the Philippines saw exports hold steady or even rise in recent months, thanks to demand from other markets, including the US.

Meanwhile, Malaysia experienced greater domestic demand in recent months thanks to the relaxing of Covid-19-related restrictions. Palm oil exports also rose as neighbouring Indonesia, a top producer, banned exports shipments last month due to rising prices for its citizens.

Although these economic indicators have been reasonably positive, a prolonged downturn in China's economic situation could pose a risk to Malaysia, given the two countries' strong trading partnership.

Aside from capitalising on the downturn in Chinese export growth, a number of emerging markets could benefit from the current situation by attracting more investment.

Since the initial pandemic-related supply chain disruptions in 2020, many businesses and governments have pursued a so-called China+1 strategy, diversifying production capacity by setting up in other countries while maintaining significant operations in China.

Perhaps no country is better placed to benefit from the situation than Vietnam, which has taken major steps in recent years to attract foreign investment and provide a regional manufacturing and supply chain alternative to China.

While undoubtedly affected by the disruption of inputs from China, these investments of recent years and increasing exports to the US and other markets have helped stabilise the economy.

Vietnam's GDP expanded by 5.03% y-o-y over the first three months of the year, only down slightly from the 5.22% growth recorded in the previous quarter. Meanwhile, the country's manufacturing output has held largely steady over the first four months of 2022. ■

Oxford Business Group - 26 May 2022

Hong Kong

• *Hong Kong insurance industry shows mild increase of premiums in Q1 2022*

by Kassandra Jimenez-Sanchez

Total gross premiums written across the Hong Kong insurance industry in the first quarter of 2022 grew by 0.5% when compared to the same period in 2021, to $158.2 billion according to the region's Insurance Authority (IA).

Provisional statistics of the Hong Kong insurance industry released by the IA shows that total revenue premiums of long term in-force business were $138.9 billion in the first quarter of 2022, showing a decrease of 0.2% compared to the same period in 2021.

This comprises revenue premiums of individual life and annuity (non-linked) business that grew by more than 0.1% to $113.3 billion, while those of individual life and annuity (linked) business declined by 17% to $7.9 billion.

At the same time, contributions of retirement scheme business totalled $15.8 billion in the same period, an increase of 9.2%.

The total amount of payment made to policy holders in terms of claims and benefits saw a decrease of 4.1%, $71.6 billion.

Overall, gross and net premiums of general insurance business during the first quarter of 2022 totalled $19.3 billion and $12 billion, respectively. Against which total gross claims payment was $7.2 billion, a decline of 0.9% compared to last year. The overall underwriting profit rose sharply from $512 million to $1.063 billion.

Regarding reinsurance inward business, gross and net premiums totalled $5.1 billion and $2.3 billion, respectively. The IA explained the increment of gross premiums was led by Ships business, Property Damage business and Accident & Health business, attributable to rates hardening and new business.

Nevertheless, the overall underwriting profit dropped from $117 million to $98 million, with the net claims incurred ratio edging up from 61.2% to 61.5%.

On direct insurance business, the IA revealed that gross premiums increased by 1.5%, to $14.2 billion, while net premiums decreased by 1.1%, to $9.6 billion.

General Liability (comprising Employees' Compensation) business and Pecuniary Loss (Others) business grew by 9.2% and 32.8% respectively, supported by rates hardening and new business, partly offset by reduction in Ships business and Motor Vehicles business of 4.5% and 4.9% respectively.

Overall, direct business generated an underwriting profit of $965 million, which is up by 144% in the same period last year. The IA stated that this result benefitted from favourable claims experience in Ships business and General Liability business.

Despite this visible improvement, according to the IA, the underwriting profit of Accident & Health business narrowed from $211 million to $151 million, but still compares well with a loss of $58 million in the fourth quarter of 2021. ■

Source: Reinsurance News (ReinsuranceNe.ws) – 9 June 2022

INDIA

• *IRDAI (Surety Insurance Contracts) Guidelines 2022*

by Celia Jenkins and Anuj Bahukhandi (Tuli & Co)

Introduction

On 8 September 2021, the IRDAI had issued an "Exposure Draft on IRDAI (Surety Insurance Contracts) Guidelines 2021" (Draft Guidelines) with the objective of promoting and regulating surety insurance business in India, and invited comments from all stakeholders. Our views on the norms proposed under the Draft Guidelines may be viewed here. Pursuant to the comments received, the IRDAI notified "IRDAI (Surety Insurance Contracts) Guidelines 2022" on 3 January 2022 (Surety Insurance Guidelines), which shall come into force from 1 April 2022.

Surety Insurance Guidelines

A surety insurance contract is a contract of guarantee under §126 of the Indian Contract Act 1872. It is a contract to perform the promise, or discharge the liability of a third person in case of his default. The person who gives the guarantee is called the "surety"; the person in respect of whose default the guarantee is given is called the "principal debtor", and the person to whom the guarantee is given is called the "creditor". Surety insurance business has been classified under "Miscellaneous" line of insurance business.

<u>While most of the provisions under the Draft Guidelines have been retained in the original form, there are a few changes in the recently issued Surety Insurance Guidelines. The key differences are as follows:</u>

a. Only Insurers registered to transact general insurance business may offer surety insurance products. In this context, the Draft Guidelines proposed that: (i) those applicants for registration whose promoters are already engaged in carrying out surety insurance business in any jurisdiction shall be given preference; (ii) an applicant who desires to register as specialized/monoline Insurer for offering surety insurance may also underwrite trade credit insurance subject to the IRDAI's guidelines in this regard. However, the Surety Insurance Guidelines neither specify where any preference may be accorded nor allow such new category of insurers to write surety and trade credit insurance.

b. While the Draft Guidelines proposed that Insurers may consider personal guarantees of promoters of principals/contractors as security for issuance of sureties, the Surety Insurance Guidelines have omitted this suggestion. Further, the Surety Insurance Guidelines have expressly added that surety insurance contracts shall not cover financial guarantee in any form.

c. The Draft Guidelines expressly prohibited issuance of surety insurance contracts for credit enhancement of any financial instruments. This has not been retained under the Surety Insurance Guidelines.

d. The Draft Guidelines made express note of the IRDAI's powers to call, inspect or investigate documents etc, if it believed that: (i) an Insurer carrying on surety insurance business is acting in a manner likely to be prejudicial to the interests of policyholders; and (ii) continued writing of surety insurance business is detrimental to the financial soundness of the Insurer. The Surety Insurance Guidelines do not make any express reference to such powers

Inclusion of surety contracts under insurance has been deliberated for some time, and was sought by various market players in India. This was particularly prevalent in the construction/projects sector, where, until now, parties had to avail either bank guarantees (which involved certain collateralisation and commissions), or surety insurance offered by overseas insurance companies, which required separate regulatory approvals in India.

While press reports indicate that the sector appears to have positively received the new Surety Insurance Guidelines, we understand that high incidence of defaults by contractors in India and relatively slow recovery mechanisms are expected by some stakeholders to remain the significant roadblocks in the implementation and operation of such surety products. ■

Mondaq - 16 March 2022

• *General insurers seek clarity on various provisions from IRDAI*

General insurance companies have sought clarity from the Insurance Regulatory and Development Authority of India (IRDAI) on various provisions relating to surety bonds.

While the product came into effect from April 1, most general insurers have evinced interest, but have indicated that they cannot move ahead without more clarity on the structure and pricing of these bonds. There are also concerns relating to default, reinsurance support as well as experience and capacity to underwrite such bonds.

"We are working with the IRDAI and have sought clarifications," said executives with two general insurance firms.

Risk assessment

A top concern is that general insurers do not have the same understanding of customers as banks. "We are not placed at par with banks in terms of assessing risks and underwriting for such products. We need to understand how to move forward on this," said one executive.

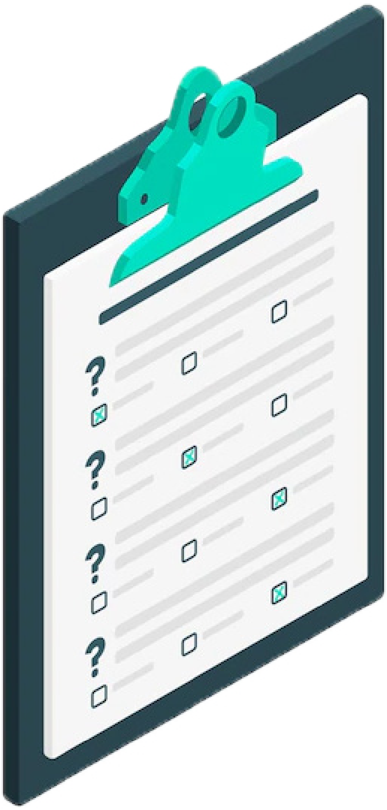
Another insurer noted that there has to be clarity on where these bonds stand under the Insolvency and Bankruptcy Code. "Without any clawback that banks have through the IBC process, we can't offer these bonds," he noted.

The industry is hopeful of IRDAI's quicker response after which insurers plan to take a call on offering such products.

IRDAI guidelines

The IRDAI had in January this year issued guidelines to regulate and develop the surety insurance business.

A surety is a contract to perform the promise or discharge the liability of a third person in case of his default. The person who gives the guarantee is called the surety; the person in respect of whose default the guarantee is given is called the principal debtor, and the person to whom the guarantee is given is called the creditor.



General insurers can offer surety insurance contracts to infrastructure projects of the government and private in all modes, it had said.

Finance Minister Nirmala Sitharaman had in the Union Budget 2022-23 announced that to reduce indirect cost for suppliers and work-contractors, the use of surety bonds as a substitute for bank guarantee will be made acceptable in government procurements. "Business such as gold imports may also find this useful. IRDAI has given the framework for issue of surety bonds by insurance companies," she had said.

Experts take

Experts said that while the bonds will benefit smaller companies, especially MSMEs, there are some ground challenges due to which its acceptance is slow.

Saurabh Bhalerao, Associate Director – BFSI Research, CARE Edge Ratings said, "There are questions about how the product will be priced and how would reinsurance support will be available. Further, under IRDAI guidelines, insurers need to maintain 1.25 times solvency margin to offer surety bonds. This requirement, in effect, will mean that the effective solvency margin needed would be 1.875 times," he said.

Another question is what happens in case of a default and where do these bonds and the insurer offering them stand in the IBC, he further said, adding that the pricing will also have to be built accordingly.

"Insurers also need to develop the capability to assess the risk for such bonds. This will take time," he said.

According to some players, there are also some concerns about the size of the business

IRDAI norms stipulate that the premium charged for all Surety Insurance policies underwritten in a financial year should not exceed 10 per cent of the total gross written premium of that year, subject to a maximum of Rs. 500 crore. ■

Source: Business line; Chennai – 16 Apr 2022

• *Insurers get nod to design products for fire, allied perils*

In order to increase insurance penetration and provide a wider choice to policyholders, the Insurance Regulatory and Development Authority of India (IRDAI) has allowed insurance companies to design new and customized products for dwellings, micro and small enterprises for fire and allied perils.

The regulator has issued a circular in this regard. "This move willenable insurance companies to broaden the coverage already provided in the standard products by offering innovative addons or varying the existing provisions to meet the needs of the policyholders in terms of suitability and affordability," IRDAI said in a release.

The move by the regulator comes after the introduction of standard products in this segment, namely Bharat Griha Raksha, Bharat Sookshma Udyam Suraksha and Bharat Laghu Udyam Suraksha in April 2021.

Clarity to insurers

IRDAI has clarified that it does not impose any minimum rate for premium setting by insurance and reinsurance companies in order to provide clarity to insurers.

“It has come to the notice of IRDAI that policy holdersare being led to believe that the burning cost released by the Insurance Information Bureau of India (IIB) is ‘minimum mandated rate’. Industry burning costs are only a reference point to understand claims experience in fire perils across the industry,” it said.

The burning cost should not be construed as aminimum mandated rate laid down by IRDAI. A circular confirming the same has been issued, reiterating to the insurance companies the purpose of publishing the industry’s burning cost by IIB.

The regulator has also advised the insurance companies to ensure that there is no misinformation to policyholders and other stakeholders in this matter. IRDAI will does not impose mandate any minimum rate for premium setting by insurers, reinsurance firms. ■

Source: Business line; Chennai – 14 May 2022

- ***Howden Gets Regulatory Nod to Raise Stake in Howden India to 100%***

Howden, the international insurance broker, announced it has obtained approval from the Insurance Regulatory and Development Authority of India (IRDAI) to increase its shareholding in Howden India from 49% to 100%. The move is subject to post completion approval from the Reserve Bank of India.

Howden India’s leadership team remains unchanged with Praveen Vashishta as chairman of Howden India, Anil Varma as director and head of Non-Liability Business, Mahesh Chainani as director and principal officer, Amit Agarwal as head of Liability & Specialty Business and Girish Mantri as chief financial officer.

Howden India – known formally as Howden Insurance Brokers India Private Ltd. – received its trading license from IRDAI in February 2004 as a composite insurance broker and operates through offices in seven cities including Mumbai, Delhi, Bengaluru, Kolkata, Chennai, Hyderabad, and Pune.

Howden India specializes in key product lines such as construction and property, liability and specialty risks, and employee benefits, managing over 16 billion Indian rupees ($206.4 million) in premiums.

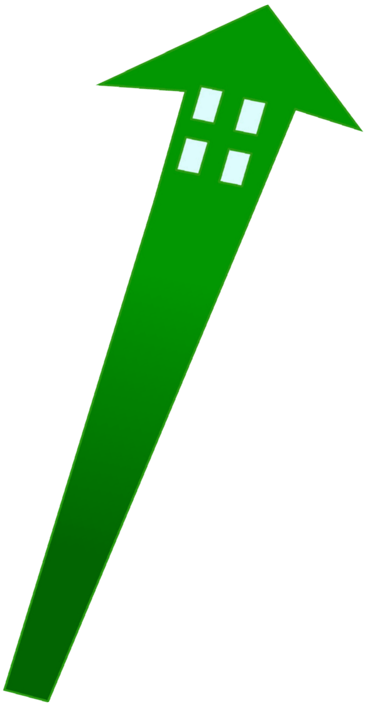
“This is an exciting development for Howden that will further strengthen our position in one of the world’s fastest growing insurance markets. Our increased stake in Howden India reflects our commitment to build a leading broking business where we continue to focus on investing in data and technology, and to build long-term partnerships with our clients,” commented José Manuel González, CEO Howden Broking Group.

About Howden Broking : Howden Broking is headquartered in London and comprises owned businesses across Europe, Asia, Australia & New Zealand, Africa, Latin America, and the Middle East. Established in 1994, Howden today employs more than 9,000 people worldwide. Together with network partners aligned to its specialty-led proposition, Howden operates in more than 90 territories

■ Insurance Journal – 26 May 2022

MALAYSIA

- ***Malaysian property and casualty insurance segment returned to growth in 2021***



KUALA LUMPUR:

The Malaysian property and casualty insurance market returned to growth with a solid 3% in 2021 after declining 0.6% in the previous year, said Allianz in its latest Global Insurance Report.

In a statement, the insurer said the life segment continued to experience robust growth of 8% as it benefitted from the increased risk awareness in the wake of the Covid-19 crisis.

On average, the total market expanded 6.5% in 2021.

"For 2022, we expect growth to slightly accelerate to 8.3% (Life: 9.1%, P&C: 6.3%).

"Over the entire next decade, average growth should reach 6.7% per year (life: 6.9%, P&C: 6.1%). This would be above the pace of the previous decade (4.5%), reflecting the improved growth outlook," said Allianz.

Meanwhile, global premiums rose 5.1% in 2021 (life:4.4%; P&C:6.3%), due to strong economic headwinds, rising risk awareness and record-high savings buoyed by booming markets

Allianz added that total premium income reached EUR4.2 trillion with the life and property and casualty segments contributing EUR2.5 trillion and EUR1.7 trillion respectively.

"But what made 2021 really remarkable is the composition of premium growth: More than two-thirds were generated in Western Europe and North America, with the US market alone accounting for half of the increase.

"Thus, 2021 represents an unusual end to the past decade in which growth was much lower (+3.6% per year on average) and driven by Asia, which accounted for 40% of all additional premiums, more than half of them written in China," it said.

Consequently, China's global market share doubled to 12%.

Allianz however is turning less optimistic on 2022 growth prospects, which it had forecast to be another bumper year for the insurance industry.

It said premium income is likely to grow about one percentage point slower than originally assume as invasion of Ukraine takes it toll on economic activity and confidence, even as inflation supports the top line.

"Overall, we now expect global premium income to grow by 4.8% in 2022, with life and p&c developing almost in step (4.9% and 4.6% respectively).

"This figure must be considered against the backdrop of a global inflation rate of 6.2% this year," it said.

For the next 10 years however, annual growth is forecast at 4.8%, with life at 4.9% and property and casualty at 4.6% growth. This will correspond to an increase in premium income by 67% or EUR2.8 trillion, comprising 69% growth in the life segment and 63% in property and casualty. ■

The Star (Malaysia) - 1 June 2022

QATAR

• *Insurance Market Key Indicators 2017-2021*

Insurance Companies Balance Sheet

In millions of QR

End of Period	Cash Balance and Deposits	Recivables and Reinsurance Recivables	Investments	Fixed Assets	Other Assets	Total Assets = Total Liabilities	shareholder Equity	Account Payable	Insurance, Reinsurance Payables	Insurance Contract Liabilities/Technical Reserves	Other Liabilities
2017	4,856.9	3,462.3	20,295.1	389.8	1,609.3	30,613.4	15,778.8	6,554.0	966.3	5,171.1	2,143.2
2018	4,104.2	3,833.9	21,891.0	388.9	2,060.0	32,278.0	15,684.4	7,000.8	1,007.8	5,959.4	2,625.6
2019	5,357.7	7,620.0	22,369.7	408.8	564.1	36,320.3	15,436.0	10,227.5	1,384.8	8,558.1	713.9
2020	5,924.0	5,860.9	24,088.2	401.4	973.2	37,247.7	16,619.5	4,983.0	1,791.3	7,688.2	6,165.7
2021	6,847.5	4,273.3	25,213.9	400.8	2,747.8	39,483.3	17,392.3	1,047.3	1,584.3	8,183.5	11,275.9

Insurance Companies Shareholders' Equity

In millions of QR

End of Period	Paid Up Capital	Legal Reserves	General Reserve	Fair Value Reserve	Other Reserves	Retained Earnings	Non-Controlling Assets	Total Shareholders Equity
2017	5,077.0	4,636.7	438.6	371.8	64.1	5,195.9	-5.3	15,778.8
2018	5,493.0	4,695.5	438.6	370.7	186.0	4,478.0	22.6	15,684.4
2019	5,955.0	4,917.6	438.5	610.1	2,464.3	1,043.6	6.9	15,436.0
2020	5,955.1	4,961.0	438.6	593.6	2,629.9	2,039.3	2.0	16,619.5
2021	5,950.3	4,998.2	439.1	656.1	2,663.2	2,685.4	0.0	17,392.3

Net Insurance Premium for all companies inside Qatar

In millions of QR

End of Period	National			Foreign Branches	Total
	Conventional	Takaful	Total		
2017	911.7	816.9	1,728.6	246.2	1,974.8
2018	887.3	893.9	1,781.2	279.3	2,060.5
2019	2,063.3	887.3	2,950.6	887.3	3,837.9
2020	2,113.1	845.5	2,958.6	532.4	3,491.0
2021	2,172.2	1,113.3	3,285.5	658.5	3,944.0

Net Insurance Claims Paid for All Companies Inside Qatar

In millions of QR

End of Period	National			Foreign Branches	Total
	Conventional	Takaful	Total		
2017	521.6	474.4	996.0	73.2	1,069.2
2018	582.5	499.7	1,082.2	68.5	1,150.7
2019	1,501.8	531.8	2,033.6	76.5	2,110.1
2020	1,341.8	359.4	1,701.2	65.8	1,767.0
2021	1,122.2	414.7	1,536.9	207.9	1,744.8

Source:
Qatar Central Bank:
Quarterly Statistical Bulletin For Non-Banking Financial Sector

• *Qatari listed insurers: strong profit growth in 2021*

The six insurers listed on the Qatar Stock Exchange closed the year 2021 with a 137.9% increase in net result. The latter went from 426.37 million QAR (116.461 million USD) in 2020 to 1.014 billion QAR (276.72 million USD) in 2021. Qatar Insurance alone posted a sharp net profit growth of 509.68% reaching 615.88 million QAR (168.073 million USD). The company comes after Qatar Life and Medical Insurance (QLM) which realized a net profit of 106.17 million QAR (28.9 million USD).

On the other hand, Qatar General Insurance and Reinsurance posted a 24.55% decrease of its net result in 2021 which stood at 98.73 million QAR (26.9 million USD).

Al Khaleej Takaful was back in black in 2021, reporting a net profit of QAR40.1m during 2021 compared to a net loss of QAR39.3m in 2020. ■

Atlas Magazine – 4 April 2022

SINGAPORE

• *Life ins industry records S$1.21B in new business premiums for 1Q2022*

Singapore's life insurance industry recorded a total of S$1.21 billion (US$868 million) in weighted new business premiums for 1Q2022, a slight 2% dip compared to 1Q2021, according to The Life Insurance Association, Singapore (LIA). Mr Khor Hock Seng, President, LIA Singapore, said, "Life insurance was one of the few sectors that grew over the past two years as consumers increasingly recognised the importance of life insurance as a crucial component to financial planning and protection. As the country steadily emerges from the pandemic's headwinds, life insurers have noted the sustained popularity of single-premium products for their relatively attractive yields."

Single-premium products recorded a 21% quarter-on-quarter increase in weighted premiums amounting to S$655.4 million in total for 1Q2022. Meanwhile, sales of annual premium products recorded a reduction of 20% from the same period last year, amounting to S$555.1 million in total weighted annual premiums.

The online purchase of policies grew significantly, with the number of new policies bought online rising to 214,372 in 1Q2022 compared to 88,565 in 1Q2021.

These are purchases transacted online by customers without financial advisory. Specifically, micro-insurance products sold by an insurer had contributed to the large increase in the policy count observed. These online purchases totalled S$27 million in weighted premiums, accounting for 2% of the total weighted premiums for 1Q2022.

For the health insurance segment, 40,000 more Singaporeans and permanent residents were covered by Integrated Shield Plans (IPs) as of 31 March 2022. In total, 2.86 million lives – approximately 70% of Singapore residents – are protected by IPs, which provide coverage on top of MediShield Life.

Total new business premiums for individual health insurance for 1Q2022 amounted to S$82.9 million. Overall, IPs and IP rider premiums accounted for 83% (S$69.1 million) and the remaining 17% (S$13.8 million) comprised other medical plans and riders.

Between 1 January 2022 and 31 March 2022, the life insurance industry paid out S$2.29 billion to policyholders and beneficiaries. Of this amount, S$1.92 billion was for policies that matured. The remaining S$364 million was for death, critical illness or disability claims. ■

Asia Advisers Network – 17 May 2022

SRI LANKA

• *State-owned fund to bear riot-related losses of up to US$2.8m*

Sri Lanka's state-owned National Insurance Trust Fund Board's Strike, Riot, Civil Commotion and Terrorism (SRCCT) fund will bear the brunt of losses stemming from recent riots in the country, with primary insurers experiencing little impact, says Fitch Ratings.

Fitch says it believes gross losses from the riots are likely to exceed LKR1bn ($2.8m). However, NITF's net loss will be limited to this amount due to the protection provided by its excess of loss reinsurance cover. Fitch expects NITF to have sufficient liquid assets to meet its claim obligations.

Widespread riots broke out in Sri Lanka following an attack on anti-government protests in Colombo on 9 May. Rioters set vehicles on fire and destroyed property; including houses belonging to politicians, according to reports. It is too early to estimate losses from the event, although NITF has started to receive claims from primary insurers.

Primary insurers

The SRCCT fund, which is managed by NITF, provides cover against losses to property due to strikes, riots, civil commotion and terrorism. Primary insurers provide such cover as an add-on to their non-life products. Regulation requires NITF to administer the SRCCT fund separately from its other business lines.

Primary insurers have net retention of LKR2.5m per policy for motor claims under the SRCCT cover, subject to an aggregate amount of LKR10.0m, with additional losses passed on to NITF. Non-motor claims are fully passed on to NITF, subject to any excess borne by the policyholder. Once total losses exceed LKR1bn, NITF is able to recover additional losses under its excess of loss reinsurance cover up to a maximum of LKR10bn. NITF's reinsurance cover for SRCCT, which is placed with international reinsurers, is effective from February 2022 to July 2023.

NITF's net assets exceeded LKR-14bn at end-2020, while the SRCCT line recorded a net profit of LKR-5bn for the year. The fund's assets were predominantly invested in local-currency-denominated securities issued by the government of Sri Lanka. Fitch affirmed Sri Lanka's Long-Term Local-Currency Issuer Default Rating at 'CCC' on 19 May, as the government has continued to service local-currency debt and the global credit rating agency assumes this will continue, despite defaulting on its foreign-currency debt obligations.

Losses in near-term

Fitch believes the SRCCT fund could see elevated losses in the near term as a result of the ongoing civil unrest amid Sri Lanka's weak economic conditions. Cover provided by the SRCCT fund saw an increased uptake following the Easter Sunday terrorist attacks in 2019, with annual premiums rising to LKR6.1bn in 2020, from LKR4.6bn in 2018. SRCCT is NITF's most profitable business line, with a loss ratio of less than 2% in the past five years, except in 2019, when the loss ratio reached 12%.

Fitch does not expect claims from the recent riots to affect NITF's capital position. However, weakness in its non-SRCCT business lines could affect the rating, as reflected in the Rating Watch Negative. Fitch recently placed the National Ratings of all rated Sri Lankan insurers, including NITF, on Rating Watch Negative, due to elevated investment and liquidity risks, pressure on regulatory capital positions and a likely worsening in financial performance. ■

Asia Insurance Review - 27 May 2022

THAILAND

New regulations prescribe which buildings must apply for legal liability insurance

The Thai Government has updated laws on compulsory liability insurance. This will have significant consequences for many private sector property owners or occupiers.

The Ministerial Regulations are issued in accordance with the Building Control Act B.E. 2522 (1979) and came into effect on 6 November 2021. The Regulations are broadly split into those relating to buildings under construction or refurbishment and those already in use.

Buildings under construction or modification

Clause 3 of the Regulations relates to coverage against liability for life, body, and property of a third party as a result of construction, modification, relocation, or demolition of private buildings. The building owner, occupier or operator shall obtain an insurance policy for the following buildings:

- High buildings (over 23m)
- Large buildings (the legislation is silent on the precise definition)
- Extra large buildings (over 10,000sqm).

Before carrying out any works under a permit for construction, modification, relocation, or demolition, the building owner, occupier, or operator is required to obtain third party liability coverage (in accordance with limits below) and maintain the relevant documents for the local official to inspect at any time.

If the construction, modification, relocation, or demolition of a building is unfinished prior to the date the Regulations come into force, the owner, occupier or operator must obtain such insurance within 30 days from the date the Regulations come into force. The period of insurance shall not be less than the period under the construction permit.

Buildings in use

Subject to clause 4, during the use of a building by the private sector, the building owner or the building occupier must obtain an insurance policy which provides coverage against liability for life, body, and property of a third party, for the following buildings:

- Public assembly buildings (all or part of a building where people may enter for assembly, having an area over 10,000sqm, or capacity for 500+ people).
- Hotels under the Hotel Act, with 80 rooms or more.
- Service facilities with space exceeding 200sqm.
- Signboards installed more than 50m from the ground or from rooftop of building height greater than 25m; or occupying space of 50sqm or more.

The building owner or occupier must maintain the insurance policy at all times the building is being used, and retain the relevant documents for local officials to inspect at any time.

The obligations under this clause must be completed within 30 days from the date of any completion of construction, modification or change of use of the building.

Third party liability policy requirements

The building owner, occupier, or operator under clause 3 or clause 4 has to obtain a third party liability policy, which provides coverage amounts of not less than:

- THB 100,000 per person for death or infirmity
- THB 100,000 per person for medical expenses
- Combined coverage for (1) and (2) must be at least THB 5,000,000 per occurrence.
- THB 500,000 per occurrence for damage to property.

Building owners or occupiers under clause 4 shall obtain the insurance under these Regulations within 30 days from the date the Regulations come into force, and shall maintain such insurance policy documents for the local official to inspect at any time.

Note: The insurance documents required under the Regulations may be kept electronically.

Conclusion

Building owners/occupiers should note that the legislation specifically provides that the payment of insurance compensation under these regulations shall not prejudice the rights of the injured persons to demand compensation under other laws. Consequently, these Regulations should be seen as a minimum level of cover, not necessarily the limit of cover.

Failure to maintain appropriate insurance may result in imprisonment for up to three months, a fine of up to THB 60,000, or both. In addition, there may be a penalty of up to THB 10,000 per day until compliance is achieved.

Individuals responsible for violation by a juristic person may also be liable to these punishments. Consequently all building owners, occupiers and operators would be prudent to review their insurance cover with their broker or insurer to ensure they are compliant with the new laws and avoid potential penalty. ■

Kennedys Law LLP - 25/02/2022

Turkey

• Q1 2022: Insurers' business expanded by 70% in Turkish Lira and by only 2% in Euro due to the local currency's depreciation

by Andrei Victor

Total premium generated in the Turkish insurance market increased in local currency by 70.41% during January-March 2022 to TRY 43.10 billion, according to the preliminary figures released by the Insurance Association of Turkey (TSB).

In European currency, due to depreciation on Turkish Lira against EUR from 1 EUR = 9.7688 Turkish lira - TRY (March 31st, 2021) to 1 EUR =16.2855 Turkish lira - TRY (March 31st, 2022), the local insurance market increased by only 2.22% y-o-y to ~EUR 2.64 billion.

Analyzing the Turkish insurance market figures in local currency, Q1 2022 non-life insurance premiums grew by 74.17% in nominal terms to TRY 37.30 billion. Life insurance premiums increased by 49.65% y-o-y to TRY 5.79 billion.

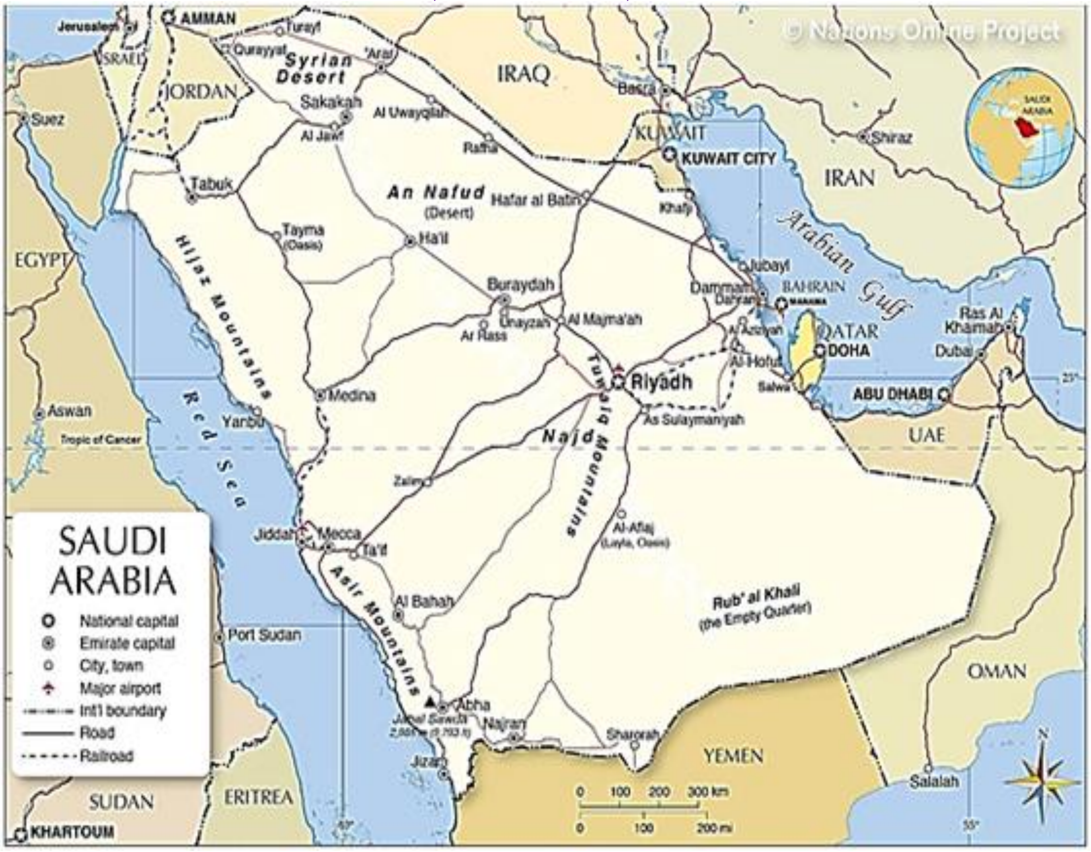
Of the 60 active members of TSB, the company which generated the largest premium volume was the non-life state-owned Turkiye Sigorta with a 13.15% market - GWP of TRY 5.66 billion, followed by Anadolu Sigorta (market share of 9.62%) and Allianz Sigorta (9.25%). ■

XPRIMM - 25 May 2022

Kingdom of Saudi Arabia

Insurance Market Report

by Hussein Elsayed



Official Name: The Kingdom of Saudi Arabia (KSA) **Surface Area:** 2 million km²

Location: The kingdom is bounded by the Gulf of Aqaba and the Red Sea in the west and the Arabian Gulf in the east. Border countries are Iraq, Jordan, Kuwait, Oman, Qatar, United Arab Emirates, and Yemen. Saudi Arabia shares maritime boundaries with Egypt, Sudan, and Eritrea in the Red Sea, and with Iran, and Bahrain in the Arabian Gulf.

Capital: Riyadh **Religion:** Islam **Official Language:** Arabic

Currency: Saudi Riyal (SAR) which divided into 100 Halalas

- *KSA, with a population of 35,013,000 people, it is ranked at 41º position by population of 196 countries and it has a low population density, 16 people per km2.*
- *It is holding the 19th position by nominal GDP. Its national debt in 2021 was (250,241 millions of dollars), (30.02% debt-to-GDP ratio) and its public debt per capita is $7,147 dollars per inhabitant.*
- *In terms of the human development index (HDI) of KSA, which is the index used by the United Nations to measure the progress of a country, was 0.854 points in 2019, leaving it in 41st place in the table of 189 countries published.*
- *KSA is in the 92nd of the Doing Business ranking, which provides objective measures of business regulations for local firms.*
- *Belongs to: ACD, Arab League, G20, GCC, IMF, UN, OPEC*

According to ***International Monetary Fund (IMF)*** forecasts, the size of Saudi Arabia's economy will exceed $1 trillion in 2022, for the first time in its history, Bloomberg Asharq reported on Wednesday.

The data of the Saudi General Authority for Statistics indicated that the Kingdom's economy grew during the first quarter of 2022, with the highest quarterly growth rate since 2011. The growth rate during the first quarter of this year was 9.6 percent, it added.

During the first quarter, oil activity in Saudi Arabia increased by 20.4 percent and non-oil activity by 3.7 percent, according to the data.

MACROECONOMIC FORECASTS (SAUDI ARABIA 2021-2026)

Indicator	2021e	2022f	2023f	2024f	2025f	2026f
Nominal GDP, USDbn	835.9	976.8	1,014.5	1,058.1	1,118.0	1,165.7
Nominal GDP, EURbn	706.6	864.4	874.5	881.8	908.9	940.1
Real GDP growth, % y-o-y	3.2	6.8	3.5	2.9	2.7	2.6
GDP per capita, USD	23,651	27,251	27,923	28,755	30,014	30,931
GDP per capita, EUR	19,994	24,116	24,072	23,963	24,402	24,944
Population, mn	35.34	35.84	36.33	36.80	37.25	37.69
Unemployment, % of labour force, eop	6.3	6.3	6.4	6.4	6.5	6.6
Consumer price inflation, % y-o-y, ave	3.1	2.2	0.9	1.1	2.1	2.2
Lending rate, %, ave	8.0	8.0	8.0	8.0	8.0	8.0
Central bank policy rate, % eop	0.50	2.25	2.75	2.75	2.75	2.75
Private final consumption, % of GDP	39.8	36.2	36.3	36.0	35.9	35.9
Private final consumption, real growth % y-o-y	7.4	4.0	3.2	2.4	3.2	2.2
Government final consumption, % of GDP	25.1	22.5	22.4	22.3	22.1	22.1
Government final consumption, real growth % y-o-y	1.8	2.6	2.8	2.5	2.6	2.3
Fixed capital formation, % of GDP	21.9	20.6	21.2	21.7	22.0	22.7
Fixed capital formation, real growth % y-o-y	12.0	7.7	6.0	5.5	5.0	5.5
Exchange rate SAR/USD, ave	3.75	3.75	3.75	3.75	3.75	3.75
Exchange rate SAR/EUR, ave	4.44	4.24	4.35	4.50	4.61	4.65
Goods and services exports, USDbn	290.2	416.1	430.2	447.0	467.3	474.1
Goods and services imports, USDbn	204.8	238.0	250.0	257.5	264.8	270.9
Balance of trade in goods and services, USDbn	85.4	178.1	180.3	189.6	202.5	203.2
Balance of trade in goods and services, % of GDP	10.2	18.2	17.8	17.9	18.1	17.4
Current account balance, USDbn	56.1	144.6	145.3	153.6	165.4	165.3
Current account balance, % of GDP	6.7	14.8	14.3	14.5	14.8	14.2
Foreign reserves ex gold, USDbn	460.2	487.8	512.2	545.5	581.0	617.3
Import cover, months	27.0	24.6	24.6	25.4	26.4	27.4
Budget balance, USDbn	-19.6	84.0	76.1	83.6	83.9	99.1
Budget balance, % of GDP	-2.3	8.6	7.5	7.9	7.5	8.5

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

Earlier in April 2022, the IMF revised its economic forecast for Saudi Arabia, anticipating a 2.8 percent growth, "reflecting higher oil productions in line with the OPEC+ agreement, reinforced by strong-than-anticipated growth in the non-oil sector."

"We raised our estimates of the growth rate of the Saudi economy by 2.8 percentage points, which reflects the increase in oil production in accordance with the OPEC+ agreement, in conjunction with the more non-oil output growth exceeding expectations," according to the report.

Saudi Arabia's insurance industry is the second largest in the GCC after the UAE, according to Alpen Capital. The Saudi Insurance market is expected to grow at a CAGR of 1.6% between 2021-2026 led by massive infrastructure development as part of its Vision 2030, health and motor insurance lines and expected recovery in business activity.

Accounting for 96.7% of the total GWP, the non-life insurance segment grew at an annualized rate of 1.1% since 2015 to reach US$ 10.0 billion in 2020. Growth in the segment was primarily led by health and motor insurance lines, which contributed 80.5% to the total non-life insurance GWP and 77.9% to the overall GWP, respectively, in 2020. The compulsory product lines also remained the ones with a very high retention rate at 96% and 93%, respectively, in 2020. While the contribution of the health insurance segment increased to 58.9% in 2020 from 52.0% in 2015, motor insurance composition declined to 21.6% in 2020 from 29.6% in 2015. The motor insurance product line has been largely affected due to weaker car sales and increasing price competition in the Kingdom. All insurance companies in Saudi Arabia announced market wide discounts between 10-15% during 2020, as an initiative to improve the coverage ratio.

Life insurance GWP accounted for a share of 3.3% to total GWP in the Kingdom during 2020, primarily due to cultural reservations and the availability of social welfare schemes for nationals. Nevertheless, the segment recorded comparatively higher growth rate of 4.1% CAGR between 2015 and 2020 driven by a growing expatriate population base, increasing spending power bundled with rising awareness for life insurance products. Benefits such as exemption from the standard VAT rate of 5% on all life insurance products in Saudi Arabia has also increased demand in the product line.

In 2021, Gross written premiums in the kingdom increased by 8.4% to SAR42bn ($11.2bn), as indicated by central bank data, with notable increases in protection and savings, and property insurance products. According to the Saudi Central Bank (SAMA), technology – online insurance platforms and aggregator channels – played an increased role in insurance sales in 2021, with the proportion growing from 6.9% to 7.5%.

The government data also point to increased levels of Saudization – from 75% in 2020 to 77% in 2021. The Saudi government is promoting localization in the private sector.

The Kingdom has identified the insurance sector to be an important industry in its Vision 2030 economic and social plan.

SAUDI Insurance Market

HISTORICAL LANDMARKS

Since its establishment in September 1932, the Kingdom has poured its considerable financial resources into a series of large-scale economic development, diversification and modernization initiatives. Saudi Arabia has attracted international attention for the momentum of its socio-economic transformation, taking place under the auspices of the Vision 2030 development blueprint.

Historically: The Kingdom resisted insurance activity for many years because it was deemed to be in contravention of sharia rules. A small nascent insurance sector in the 1950s was spurred on by the influx of offshore foreign companies during the oil boom in the 1970s.

The insurance market in its modern form emerged in the 1970s. In 1977 religious scholars sitting on the Kingdom's Council of Senior Scholars (a national body of religious scholars) declared that some forms of sharia-compliant insurance could be permitted when foreign insurers, brokers and agents opened branches in the country to provide coverage for the spike in construction projects caused by the oil boom of that era. Over successive decades these firms expanded their business to segments that are related to other promising fields of economic activity, such as property, marine cargo and motor vehicles, and in more recent years the compulsory health and motor lines have emerged as the principal routes to premiums.

By 2004, and prior to the implementation of the new legal framework, the insurance sector consisted of one state-owned company, which subsequently became the publicly listed Tawuniya, and tens of unregulated insurers, operating as agents for off-shore insurance companies.

In the wake of the recent oil price decline, Saudi Arabia's insurers have operated in a challenging environment. The sector has faced stability issues, caused mainly by decline in premium income in contrast with increased expense ratio and all players in the market became under increased scrutiny from a regulator keen to set the industry on a more solid footing and promote best practices. However, for the well-equipped better capitalized insurers, the market is a young and increasingly promising one.

- **1950s** The first insurance companies began operating in Saudi Arabia.
- **1970s** The insurance industry grew as a result of the government development programme funded by the oil boom. All government imports and construction projects required to be insured, leading to an influx of insurance companies, underwriting agencies, foreign branches and brokers.
- **1980s** Insurance companies, brokers and loss adjusters formed unofficial groupings in each of the three main geographical areas.
- **1986** The government obtained the approval of the Ulema (religious scholars) to set up Saudi Arabia's first registered insurer, the National Company for Cooperative Insurance (NCCI), which was required to operate on a co-operative basis.
- **2002** Compulsory motor third party driving licence insurance was introduced by *Decision No 222*, issued in October 2001 and became effective from 20 November 2002.
- **2003** to **2005** The *Cooperative Insurance Companies Control Law* was passed and implemented.
  SAMA (originally established in 1952 to regulate the banking sector) became the insurance market regulator.
- **2004** NCCI (later Tawuniya) was privatised.
- **2008** to **2010** All foreign companies previously operating in the (previously unregulated) market through local agents were obliged by the regulator to cease their activities.
- **2011** By July, 30 insurance companies had received licences and were operational. Insurance market profitability declined, reportedly mainly as a result of the regulator's insistence on adequate reserving of outstanding losses to be validated by both internal and external actuaries.
- **2012** The blood money amount (diya) was increased from SAR 100,000 (USD 26,667) to SAR 300,000 (USD 80,000) as from 1 January. The regulator introduced new regulations relating to outsourcing by licensed insurance companies and service providers, the unified motor insurance policy, anti-money laundering and combating terrorism financing, and additional investment regulations.
- **2015** New regulations were issued in respect of corporate governance for insurance companies and the distribution of profits.
- **2016** New regulations were issued in respect of the role and responsibilities of actuaries in insurance companies. Circulars dealing with underwriting practices for property and engineering business were issued by SAMA.
- **2017** No Claims Discounts were introduced on motor TPL and comprehensive policies.
- **2018**; The regulations allow foreign investors to increase their share of ownership of Saudi insurers, with the aim of promoting competitiveness within the local market.
- **2020** the regulator made efforts to provide greater stability for the industry by improving actuarial performance through the issuance of the Actuarial Work Regulation for Insurance directive.

REGULATORY ENVIRONMENT

Insurance Law & Insurance Regulator:

- The primary regulator of the insurance and reinsurance sector in Saudi Arabia is ***Saudi Central Bank (SAMA). In the meantime, insurance companies writing*** health insurance are also supervised by ***Council of Cooperative Health Insurance (CCHI)***.

- Insurance companies are governed by the Law on Supervision of Cooperative Insurance Companies and its Implementation Regulations, and the Investment Regulations issued by the SAMA. Every insurance company must adopt an investment policy approved by the SAMA, and any material changes to the investment policy must also be approved by the SAMA. The Insurance Law applies to all registered companies undertaking businesses in Saudi Arabia, including insurance brokers and insurance providers.

The Insurance Law is supplemented by the Implementing Regulations 2003 published by SAMA in April 2004 and other regulations issued by SAMA including:

- *Insurance Market Code of Conduct Regulations 2008*
- *Risk Management Regulation 2008*
- *The Regulation of Reinsurance Activities 2010*
- *Insurance Intermediaries Regulation 2011*
- *Investment Regulation 2012*
- *Outsourcing Regulation for Insurance and Reinsurance Companies and Insurance Service Providers 2012*
- *Surplus Distribution Policy 2015*
- *Insurance Corporate Governance Regulations 2015*
- *Audit Committee Regulation in Insurance and/or Reinsurance Companies 2016*
- *Actuarial Work Regulation for Insurance and/or Reinsurance Companies 2016*

All insurance/reinsurance companies must be publicly listed as joint stock companies (Article 3, Insurance Law). Insurers are also subject to the laws and regulations of the Capital Market Authority and its Listing Rules (issued in 2004, amended in 2012 and in 2016) as well as the laws and regulations of the Ministry of Commerce and Investment and the Companies Law.

Insurance Association

There is a national insurance committee which is semi-official but the regulator attends its meetings to give it more power and support.
There is a steering committee comprising CEOs of insurance companies.

There are also technical committees in respect of:

- motor
- health
- non-motor/non-medical including reinsurance
- legal
- finance.

The Jeddah Chamber of Commerce and Industry has an insurance committee. It does not appear that similar committees exist in other Chambers of Commerce and Industry in Saudi Arabia.

Saudi Central Bank
The General Department of Insurance Control

Council of Cooperative Health Insurance

Major Regulatory Developments 2019-2021

2019	2020	2021
• The draft of new actuarial work regulations was issued for public consultation during the year (final regulations were issued in Q1 2020); the new regulations are expected to enhance the technical rigor in the sector by streamlining and expanding the input from the actuarial profession. • The sector successfully completed Phase 1 of the IFRS17 implementation-journey, and moved on to Phase 2 of the four-phase implementation-journey laid out by the regulator (Phase 2 is due for completion in the first half of 2020). • The year also saw an increase in consolidation activities, where six companies announced signing of preliminary memorandum of understanding to assess the feasibility of three mergers in the insurance sector.one of these materialized in the first quarter of 2020 between Walaa Cooperative Insurance Company and MetLife AIG ANB Cooperative Insurance Company, being the first-ever consolidation in the Kingdom's insurance sector. • The aggregator sales channel expanded rapidly during 2019, particularly for motor policies, enabling the general public to make informed purchase-decisions at favorable prices.	• The Central Bank conducted a number of supervisory visits and inspections as part of its risk-based supervision framework. A total of 261 supervisory visits and inspections were carried out during 2020 covering the insurance sector. In line with the Central Bank's aim to measure the overall performance of the sector, the Market Conduct program for insurance intermediary was introduced during 2020 in order to prevent and control market misconduct activities, including unlicensed activities. • In 2020, SAMA continued to refine the existing regulations and also introduced new regulations in order to respond to the evolving business environment in a timely manner. The highlighted regulations are as follows: – *Rules governing the activities of Insurance Aggregators, which are expected to streamline the operations and facilitate easy access to affordable insurance cover for the masses* – *New rules for Insurance Products Approval by SAMA were issued, aimed at making the approval process more efficient as well as strengthing the internal review process at insurance companies* – *Bancassurance activities with the objective of increasing awareness and reach of insurance savings products* – *Actuarial Work Rules, which are expected to significantly strengthen the role of actuarial expertise in the sector and increase the level of technical sophistication in the sector, ultimately increasing the*	• The Cooperative Insurance Companies Control Law was amended as part of continuing governmental efforts towards ensuring the sustainability and stability of the financial sector, These amendments are expected to enhance the Central Bank's ability to preserve the rights of policyholders, beneficiaries and investors • Rules and regulations in several other areas were improved/issued. Among those, the following two were of particular importance: – *Rules of Forming and Managing Health Insurance Risk Pools through Brokers, which aims to support SMEs by facilitating to their access to adequate insurance coverages at affordable prices* – *The Standard Insurance Policy of Medical Malpractice, which sets the minimum coverage to be obtained by medical practitioners to cover against claims of medical malpractice* • As a continuation of the role of the Central Bank to develop insurance industry in the Kingdom, a number of insurance products were introduced, most notably: coverage of self-driving vehicles, third-party liability insurance for a crafters and professional business, private sports insurance product to cover property risks and injuries to players and participants at such sports facilities, and parcel insurance • Significant progress was made during the year in the 'four phase'

2019	2020	2021
• Pursuant to the issuance of the Rules for Licensing and Supervision of Branches of Foreign Insurance and/or Reinsurance Companies in Saudi Arabia allowing foreign companies to operate in the Kingdom via branch operations, initial approval was granted to a foreign insurance company to open a branch in the Kingdom.	*reliability of results produced by insurance companies.* *– Issuance of at least 44 circulars on a range of subjects* • SAMA also proactively facilitated introduction of a number of new insurance products in line with its mandate to promote and develop the insurance industry, some of which are: drone risk insurance, insurance against cancellation of live-events, and unified policy for Inherent Defects Insurance aimed at protecting policy holders and beneficiaries in the construction and housing sector.	implementation road map for IFRS17 issued by the Central Bank. Phase 3 was completed successfully and the sector moved on to the fourth and final phase. A key milestone was achieved in Phase 4 during 2021 as all insurance companies completed the first dry run exercise, with the remaining two dry runs due to be completed in 2022. This new reporting standard is intended to provide more accurate, transparent and quality information to the users of insurance companies' financial statements • In addition to the two existing aggregator licenses, approval was granted to two more aggregators to launch pilot programs. Moreover, Health insurance was added to the existing aggregator channels, increasing ease of access particularly for SMEs

Form of Insurance organization:

All insurance and reinsurance companies in Saudi Arabia must be established as a publicly listed joint stock company (PJSC). As per Saudi Arabia's accession agreement to the World Trade Organization, branches of foreign insurance companies can be established and the FIB Rules now provide the regulatory framework applicable to such branches.

Licensing of Insurance/reinsurance providers

- To conduct insurance business in Saudi Arabia, insurance/reinsurance companies must be licensed by the Saudi Arabian Monetary Agency (SAMA), operate in the co-operative manner and in accordance with the principles of sharia. Any company/individual operating within the Saudi Arabia insurance sector is prohibited from dealing with unlicensed insurers/insurance service providers (Article 19, Implementing Regulations).
- If the insurance/reinsurance company is to be owned by a non-Saudi Arabia national, a foreign investment licence from the Saudi Arabia General Investment Authority (SAGIA) is additionally required.
- As all Saudi Arabia insurance companies must be public companies and listed, they are also subject to the Listing Rules, and, in particular, Article 45 which establishes a mandatory notification to the Capital Market Authority (CMA) if one shareholder in a listed company becomes the owner of, or interested in, 5% or more of any class of voting shares or convertible debt instrument

Capital Requirements:

- Capital requirements are still projected to increase from a minimum of SAR100 million to SAR500 million. This new threshold is meant to strengthen the sector and safeguard it from industry shocks.
- Likewise capital requirement for reinsurers are projected to increase from a minimum of SAR200 million to SAR1 billion.
- Insurance companies operating in the Saudi Arabia must comply with the following minimum requirements:
  - *Have a paid up capital of SAR100 million (for insurance activities) or SAR200 million (for reinsurance activities) (although these requirements are projected to increase).*
  - *Set aside no less than 20% of their profits as a statutory reserve until the reserve amounts to 100% of paid capital.*
  - *Provide a statutory deposit of 10% of the paid up capital (15% if the Saudi Arabian Monetary Agency (SAMA) decides that the risk profile of the company warrants it) into a bank designated by SAMA within three months of the date of SAMA issuing the licence in favour of the company.*

Insurance Brokers

- Local insurance brokers are required under the Cooperative Insurance Companies Control Law to be registered and licensed for business in Saudi Arabia. Brokers are required to have a paid-up capital of SAR 3mn (USD 800,000). A separate licence and paid-up capital is required for a broking organization wanting to act as a reinsurance broker.
- Brokers are also required to arrange professional indemnity insurance of at least SAR 3mn (USD 800,000) and in the case of a reinsurance broker the minimum coverage limit is SAR 6mn (USD 1.60mn).
- A separate licence is required where a broking organization wants to provide consulting services, which would bring them into the category of an insurance adviser.
- There is no brokers' association.

Statutory Tariffs

There are no statutory tariffs in Saudi Arabia.

Compulsory Insurances

List of Compulsory Insurances

- Motor third party bodily injury and property damage insurance.
- Professional indemnity insurance for brokers, reinsurance brokers, insurance agencies, actuaries, loss assessors/adjusters, claims settlement/third party administrators and insurance advisers.
- Health insurance in a stipulated form for resident expatriates and Saudi nationals employed in the private sector (including dependents).
- Medical malpractice for physicians and dentists.
- Workers' compensation (state scheme).
- Compulsory insurance on domestic workers.
- Third party liability insurance for all locations which may be hazardous to the public such as petrol stations or factories handling hazardous materials in suburban areas and all public gathering venues of any size.
- Liability insurance for taxi drivers and passengers.
- Insurance against any wrongdoing by companies involved in contracting and construction activities when executing any project after issuing or renewing the licence.
- Shipowners' liability for marine oil pollution (financial guarantee or insurance).
- Clinical trials liability (involving medical devices).
- Compulsory Insurance on Inherent Defects that may discovered on Premises and constructions after occupation in non-governmental construction projects.

Types of Policy

- Lloyd's LM7 and ABI all risks property wordings are used although manuscript policy wordings are used from time to time for the major accounts.
- Engineering policies, including construction works and erection all risks, are generally based upon standard Munich Re wordings.
- Package policy wordings are offered by some companies for personal lines (including travel) and small commercial business, otherwise a standard range of policies is available based upon UK-style wordings.

Policy Wordings

- According to the Insurance Market Code of Conduct Regulation (August 2008) policies must be written in Arabic and be made available in English upon customer request. In a dispute, the Arabic version would prevail.
- The Insurance Market Code of Conduct also stipulates that policies must be written in plain language with simple sentence structures and no small print.
- In November 2012 the regulator published regulations entitled The Unified Compulsory Motor Insurance Policy. Compliance with these regulations is compulsory for all companies underwriting motor third party insurance.
- LM7 and Association of British Insurers (ABI) wordings are used for all risks coverage. Broker wordings are allowed, but all wordings have to be filed with the regulator which has wide powers to amend or decline proposed wordings. There are no specific non-standard exclusions.

Consumer Protection

The regulator introduced the Insurance Code of Conduct in August 2008. It applies to all insurance companies and service providers, including brokers and agents.

The code of conduct covers the following issues:

- general requirements, including transparency, honesty, integrity, competence, skills, discrimination, adequacy of resources, disclosures to clients, data protection, security of customers' assets, conflicts of interest and service provider contracting
- policy forms and rates, including policy wordings, packaging, policy amendments, cancellations, cooling-off period, pricing, discrimination
- advertising and promotion, including honest representation, defamatory statements, pre-sale customer contact, customer needs assessment, advice to customers, broker requirement to obtain more than one quotation
- sale of insurance policies and services, including required disclosures to customers, informing customers of their rights, confirmation of coverage, documentation, related parties, premium collection
- post-sale customer services, including after-sales service, claims handling and declinature, claims settlement, credit control, handling of complaints, cancellation, renewal and expiry, distribution of surplus.

It should be noted that the provisions in the Insurance Code of Conduct regarding cooling-off periods solely apply to protection and savings (life) insurance.

Reinsurance Business

- There is no state reinsurance company.
- Only one pure reinsurance company, Saudi Re,
- Any insurance or reinsurance company registered in the Saudi Arabia must both:
  - *retain at least 30% of its total insurance premium; and*
  - *reinsure at least 30% of its total premium in the Saudi Arabia (Article 40, Implementing Regulations).*
  - *To depart from these percentages, the written approval of SAMA is required.*
- If an insurance or reinsurance company obtains reinsurance from a reinsurer outside Saudi Arabia, it must comply with a number of requirements as set out in Article 42 of the Implementing Regulations, including:

- *the insurance supervisor of the foreign reinsurer must authorise the exchange of relevant information with SAMA; and*
- *the foreign reinsurer must retain separate records of all Saudi Arabia-related business and be ready to provide these to SAMA on request.*

- In addition, the foreign reinsurer must have, at a minimum, any of the following ratings:
  - *A.M. Best Company: B+;*
  - *Fitch: BBB;*
  - *Moody's: Baa; or*
  - *Standard & Poor's: BBB.*
- If the foreign reinsurer's ratings fall below these levels, the cedant must immediately notify SAMA and take appropriate steps to protect its policyholders.
- If the foreign reinsurer is located in a country with a sovereign debt rating from Standard & Poor of less than BBB (or equivalent from the other ratings agencies), or the country is not rated, then written approval from SAMA is required (Article 16, Regulation of Reinsurance Activities 2010).
- Reinsurance treaties must be submitted to SAMA to obtain SAMA's "no objection" within two months of the reinsurance treaty renewal date. SAMA must be notified within seven days of the cancellation or termination of any reinsurance treaty for any reason.
- Facultative reinsurance (that is, reinsurance covering a single risk) that can be placed if either:
  - *the size of the risk exceeds the capacity of the company's treaty (that is, a reinsurance contract covering all risks of a certain class); or*
  - *if no treaty is in place.*
- SAMA's approval is required where the insurance/reinsurance company wishes to place facultative reinsurance that exceeds the capacity of its treaty by more than three times.
- Article 17 of the Regulation of Reinsurance Activities 2010 provides that insurance companies must demonstrate that their insurance policies are "no wider" than the relevant reinsurance policies behind them. Any exclusions in the reinsurance policy must be reflected in the direct insurance policy. The insurance company must report on any discrepancies between its insurance coverage provided and reinsurance protection obtained and take steps to reconcile the differences (Article 41, Implementing Regulations).

Fronting

- Fronting is not expressly prohibited by the provisions relating to locally placed reinsurance. In the context of Article 40 of the Implementing Regulations the required volume of local reinsurance placement is normally taken to apply on a total gross premium basis and not on a per policy or per class of insurance basis.
- Fronting commissions are variable but would generally be in a range of 5.0% to 7.5%. Some local companies are in principle willing to front for foreign insurers, subject to satisfying themselves as to the security provided, and where appropriate obtaining letters of credit or similar. It is potentially debatable whether cut-through clauses would be recognized under local law, and companies are aware of the need to protect their own potential exposure when fronting.

Pools

The non-life market does not operate any insurance pools.

A.R.T. & Risk Management

Alternative risk transfer is not known to be a feature of the market. The use of finite risk reinsurance is prohibited in respect of locally licensed insurance and reinsurance companies as per the Regulations of reinsurance activities.


Natural Hazards

EARTHQUAKE:

Saudi Arabia's western seaboard is considered most vulnerable as a fault line runs down through the Red Sea. The principal concern for insurers is the development of industry, commerce and residential construction along the western seaboard in places such as Yanbu and Jeddah, although these areas were unaffected by the events of 1982 and 1995. It is believed that shock waves from earthquakes in the Red Sea rarely develop due to the partially melted, uppermost mantle materials found along the trough. Most earthquakes in the Red Sea are of a shallow focal depth and are unlikely to be felt over large areas.

Accumulations and PMLs: At the insistence of international reinsurers insurance companies in Saudi Arabia monitor their earthquake accumulations, but they do not all use this information to monitor their own net exposures. Companies do not calculate PMLs for the different zones although reinsurers set PMLs and monitor their treaty and facultative exposures accordingly.

The return periods for the Red Sea region are:

· magnitude 5 - 2.3 years

· magnitude 6 - 15.0 years.

Local insurance companies do not generally appear to use models, although it is known that some of the larger companies refer to proprietary models.

Limits and Scope of Cover: Cover, including shock damage and ensuing fire, is granted as part of the allied perils package attached to the majority of fire policies by many companies. The cover is normally on a full sum insured basis but some companies may apply sub-limits. It is unusual for first loss policies to be issued. Most industrial/commercial and simple risks are extended to include earthquake cover either in a fire and extended perils policy or an industrial all risks (IAR) cover. No state pools or catastrophe funds exist.

Rating and Deductibles: Rates for earthquake cover are charged in the total fire and perils or industrial all risks premium. In theory, the earthquake component of the rates is about 0.025%, but this cannot be relied upon, and cover, after discounts, can often be granted almost for no extra premium (especially in non-exposed areas). The deductible is 1% of the sum insured.

In 2015 the regulator decreed that insurance companies must begin setting aside a proportion of their earthquake premiums to build catastrophe reserves. As the earthquake premiums are not explicit, companies have allocated a notional 0.01% for the earthquake proportion. As they also have to build a flood catastrophe reserve and have allocated a similar amount of premium for the flood risk, there is not much left for the fire risk from which to pay normal losses..

SUBSIDENCE:

Subsidence is not generally an issue in Saudi Arabia, and few clients seek cover.

WINDSTORM:

Severe windstorms occur during the months of October to April. The whole of the country is exposed, but the eastern and central provinces are the most vulnerable. The abrasive effect of severe sandstorms can cause more damage than the wind itself. Windstorms are also associated with heavy rain and hail which have caused insurance claims in the past. The risk of material damage from sandstorm has greatly diminished due to good standards of new building construction.

Accumulations and PMLs: Companies monitor windstorm exposures for their treaty reinsurers, but otherwise do not appear to be concerned with accumulations. Unless risk surveys are conducted by reinsurers, direct companies tend to pay much more attention to fire and explosion exposures when setting PMLs for individual risks. Direct insurers do not set PMLs for windstorm by zone.

Local companies do not generally use models.

Limits and Scope of Cover: A UK-style windstorm wording is used. A number of companies provide hailstorm damage under their motor policies, which can give rise to accumulation losses, as damage to vehicles from hail can be surprisingly heavy in KSA.
It is estimated that more than 90% of fire policies have extended storm, tempest and flood (STF) cover and it is covered in all IAR polices.
The Regulation of reinsurance activities (November 2010) stipulates mandatory annual scenario (including hurricane) testing of the adequacy of per risk and per event retentions and limits of each company to be reported on an annual basis to the regulator.

Rating and Deductibles: The storm, tempest and flood extension is normally granted for an additional premium of 10% of the basic fire rate.

Windstorm **deductibles** start at an average SAR 5,000 (USD 1,333) and can go up to SAR 10,000 (USD 2,666).

FLOOD:

The severity of the flooding is influenced by both natural and man-made factors. The soil bakes solid during the summer so that rain runs off it rather than being absorbed and most towns in Saudi Arabia were not built with storm drains.

Accumulations and PMLs: Companies are monitoring flood exposures for their treaty reinsurers and following the flooding in Jeddah in 2009 and 2011 are taking this matter much more seriously than in the past. Direct insurers do not set PMLs for areas (zones).
Most insurers exercise care in the selection of risks to avoid granting flood cover on risks which are known to be in flood-prone areas. Models are used by only a few local insurers to monitor accumulations.

Limits and Scope of Cover: A UK-style flood wording is used.
It is estimated that more than 90% of fire policies have the cover and flood is covered in all IAR policies. The Regulation of reinsurance activities (November 2010) stipulates mandatory annual scenario (including flood) testing of the adequacy of per risk and per event retentions and limits of each company to be reported on an annual basis to the regulator.

Rating and Deductibles: Except in Jeddah the STF extension is normally granted for an additional premium of 10% of the basic fire rate. Rates in the Jeddah area can be higher, dependent on perceived exposure. It remains to be seen whether the eventual effect of the extensive flood prevention work which has been carried out in Jeddah since 2011 will have the effect of moderating premium rates in due course.

Deductibles in the Jeddah area have now generally changed from flat monetary amounts to a percentage of the loss, such as 10%. Otherwise flood deductibles start at an average SAR 5,000 (USD 1,333) and can go up to SAR 10,000 (USD 2,666).

HAIL:

Hail storms do occur, and have caused considerable damage from time to time.

BUSHFIRE:

There is no real bushfire exposure as there is very little vegetation.

Insurance Market Performance and Statistics

- After relatively good results in 2020, the insurance industry in the Kingdom has faced the worst year for profitability over the last 7 years. Overall gross written premiums have increased by 9.7% from to SAR 42 billion but profitability after zakat & tax has plummeted by -103% from SAR 1.4 billion last year to only SAR -45 million in 2021.
- A total of 17 companies reported losses totaling over SAR 1.3 billion in 2021. Were it not for positive investment results, the position would have been significantly worse.
- For Motor, GWP is similar to last year but underwriting profits have fallen by 78%. Premiums will inevitably increase in 2022 as these heavy losses are clearly not sustainable. The third party aggregator channel has been challenging with heavy losses for many small to mid size insurers. As have seen from other developed markets, a dynamic pricing strategy and investment in a strong actuarial and data analytics capability is critical to be profitable in this highly competitive segment.
- For Medical, GWP has grown substantially by 11% but underwriting profits reduced by 21%. Last years positive results were driven by potentially lower, or delayed claims due to covid so it may not be a fair comparison. Nonetheless, as the industry reverts to pre covid levels, there is also pressure on medical premiums to increase sharply.
- In 2021, the top 8 insurance companies generated 77.2% of the insurance market’s GWP. The remaining 21 insurance companies included in the report accounted for the remaining 22.8% of total market premiums.
- The Industry Combined Ratio has increased sharply by 6% to 104%, comparatively to the year 2020. The increase in the combined ratio is due to an increase in the Industry loss ratio by 7% offset by a decrease of 1% in the Industry expense ratio.
- The overall industry retention ratio of 83% is quite similar to the year 2020 implying that the overall industry’s Operating and Underwriting Expenses have increased significantly. Claims incurred have been significantly higher than expected. Insurers have also been investing in IFRS 17 capability
- General and Administrative expense ratio has decreased by approximately 1% and 1% decrease in the commission expense ratio is observed.
- There is a wide range of investment returns from 1% to 9% showing potential for driving higher returns for many companies with a review of investment strategy.
- In terms of Shareholder’s equity, Walaa is the 4th largest Company in KSA in 2021 with Al Rajhi being the 3rd largest whereas, in the same period of 2020 Saudi Re was the 4th largest company and Al Rajhi was the 3rd largest. Bupa and Tawuniya remained at the 1st and the 2nd position in both periods with the profitable year significantly increasing their Shareholder's equity.
- Motor and Medical are the backbone of the KSA Insurance industry that altogether contributes 80% of GWP in the insurance sector of KSA. Protection and Saving Insurance is emerging in the industry and is expected to contribute significantly to the total business written in the Insurance sector of KSA in future, saw an increase of 31% and the profitable Property and Casualty lines saw an increase of 11%, however this continues to be heavily reinsured.
- M&A activity is increasing and there is likely to be more consolidation as the minimum capital requirements increase and it becomes more challenging for smaller insurers to remain competitive.
- Finally, on a more positive note, under the stewardship of SAMA, much hard work remains, but the IFRS 17 preparations for the industry are firmly on track for the 1 January 2023 implementation date.

Source: BADRI-KSA-Insurance-Industry-Performance-Analysis-—-For-the-year-2021

Number of Insurance Companies

Licensed Companies	Total No. of Insurers	Type of Insurers: Conventional	Type of Insurers: Takaful	Domicile: Foreign Insurers	Domicile: National Insurers	No. of Public-Listed Insurers
	29	-	29	-	29	29

Employees of Insurance Companies

Nationality	2020 Non-Managerial	2020 Managerial	Total 2020	2021 Non-Managerial	2021 Managerial	Total 2021
Non-Saudi	1,814	889	2,703	1,724	731	2,455
Saudi	6,645	1,667	8,312	6,921	1,526	8,447
Total	8,459	2,556	11,015	8,645	2,257	10,902
Saudization Ratio	79%	65%	75%	80%	68%	77%

Employees of Insurance intermediaries

Nationality	2021 Non-Managerial	2021 Managerial	Total 2021
Non-Saudi	1,168	297	1,465
Saudi	4,186	835	5,021
Total	5,354	1,132	6,486
Saudization Ratio	78%	74%	77%

Gross Written Premiums by Line of Business (2019 To2021)

	2019		2020		2021		Change 2020-2021
Line of Business	SR Million	% of Total	SR Million	% of Total	SR Million	% of Total	
General Insurance	14,280.7	37.7%	14,678.3	37.9%	15,213.9	36.2%	3.6%
A&L and Other	1,121.4	3.0%	1,369.9	3.5%	1,586.4	3.8%	15.8%
Motor	8,603.6	22.7%	8,358.0	21.6%	8,162.6	19.4%	(2.3%)
Property / Fire	1,844.6	4.9%	2,109.2	5.4%	2,282.1	5.4%	8.2%
Marine	653.6	1.7%	690.0	1.8%	696.3	1.7%	0.9%
Aviation	158.5	0.4%	178.6	0.5%	189.1	0.4%	5.9%
Energy	700.4	1.8%	910.8	2.3%	1,295.3	3.1%	42.2%
Engineering	1,198.4	3.2%	1,061.8	2.7%	1,002.0	2.4%	(5.6%)
Health Insurance	22,474.9	59.3%	22,836.8	58.9%	25,109.3	59.7%	10.0%
P&S Insurance	1,134.9	3.0%	1,263.6	3.3%	1,707.2	4.1%	35.1%
Total	37,890.5	100%	38,778.7	100%	42,030.5	100%	8.4%

Insurance Penetration % (2019 To 2021)

Line of Business	2019	2020	2021	Change 2020-2021
General Insurance	0.48%	0.56%	0.49%	(12.9%)
Health Insurance	0.76%	0.87%	0.80%	(7.6%)
Protection Insurance	0.04%	0.05%	0.05%	13.5%
Total	1.27%	1.48%	1.34%	(9.0%)

Insurance Density (SR) (2019 To 2021)

Line of Business	2019	2020	2021	Change 2020-2021
General Insurance	417.34	414.42	434.52	4.9%
Health Insurance	656.82	644.76	717.14	11.2%
Protection Insurance	33.17	35.68	48.76	36.7%
Total	1,107.33	1,094.86	1,200.42	9.6%

Net Written Premiums by Line of Business (2019 To2021)

	2019		2020		2021		Change 2020-2021
Line of Business	SR Million	% of Total	SR Million	% of Total	SR Million	% of Total	
General Insurance	9,260.6	29.2%	9,202.2	28.8%	9,301.5	26.9%	1.1%
A&L and Other	486.6	1.5%	637.2	2.0%	773.8	2.2%	21.4%
Motor	8,117.1	25.6%	7,763.5	24.3%	7,691.1	22.2%	(0.9%)
Property / Fire	314.6	1.0%	362.7	1.1%	422.5	1.2%	16.5%
Aviation	4.0	0.01%	8.7	0.03%	7.9	0.02%	(9.3%)
Marine	181.2	0.6%	176.6	0.6%	194.4	0.6%	10.1%
Energy	12.8	0.04%	16.9	0.1%	22.7	0.1%	34.3%
Engineering	144.2	0.5%	236.5	0.7%	189.1	0.5%	(20.1%)
Health Insurance	21,622.0	68.3%	21,924.7	68.5%	24,221.7	70.0%	10.5%
P&S Insurance	797.2	2.5%	859.4	2.7%	1,078.5	3.1%	25.5%
Total	31,679.7	100%	31,986.3	100%	34,601.6	100%	8.2%

Gross Written Premiums by Distribution Channel

	Direct Sales				Agent				Broker				Total	
Year	2020		2021		2020		2021		2020		2021		2020	2021
Line of Business	SR Million	% of Total	SR Million	% of Total	SR Million	% of Total	SR Million	% of Total	SR Million	% of Total	SR Million	% of Total	SR Million	SR Million
General Insurance	6,847	48.2%	6,414	47%	1,166	7.9%	635.2	4%	6,664	45.4%	8,164	54%	14,678	15,214
A&L and Other	386	42.6%	757	47.2%	72	5.2%	45	2.8%	912	66.6%	800	49.9%	1,370	1,602
Motor	5,072	58.0%	4,268	52.4%	903	10.8%	421	5.2%	2,383	28.5%	3,458	42.4%	8,358	8,147
Property / Fire	561	28.2%	623	27.3%	113	5.4%	101	4.4%	1,435	68.0%	1,558	68.3%	2,109	2,282
Marine	278	41.8%	309	44.4%	45	6.5%	35	5.0%	367	53.2%	352	50.6%	690	696
Aviation	36	34.0%	35	18.3%	1	0.6%	1	0.5%	142	79.4%	153	81.1%	179	189
Energy	97	20.5%	107	8.2%	0	0.0%	0	0.0%	814	89.4%	1,189	91.8%	911	1,295
Engineering	404	35.3%	316	31.6%	34	3.2%	32	3.2%	624	58.8%	654	65.2%	1,062	1,002
Health Insurance	14,971	64.3%	16,355	65.1%	1,124	4.9%	1,004	4.0%	6,742	29.5%	7,750	30.9%	22,837	25,109
P&S Insurance	547	36.8%	955	55.9%	447	35.4%	534.2	31.3%	269	21.3%	217.9	12.8%	1,264	1,707
Total	22,452	57.4%	23,725	56.4%	2,732	7.0%	2,173	5.2%	13,595	35.1%	16,133	38.4%	38.779	42,030

Gross Written Premiums by Client Segments

	2020										
Client Segment	Retail		Micro Enterprises		Small Enterprises		Medium Enterprises		Large Enterprises		Total
Line of Business	SR Million	% of Total	SR Million	% of Total	SR Million	% of Total	SR Million	% of Total	SR Million	% of Total	SR Million
Health	554.22	2.4%	1,180.96	5.2%	1,725.97	7.6%	3,117.94	13.7%	16,257.75	71.2%	22,836.84
Motor	4,329.09	51.8%	103.98	1.2%	305.88	3.7%	752.52	9.0%	2,866.50	34.3%	8,357.97
P&C	196.95	3.1%	83.91	1.3%	264.95	4.2%	788.47	12.5%	4,985.99	78.9%	6,320.28
P&S Insurance	586.45	46.4%	0.52	0.0%	3.74	0.3%	63.05	5.0%	609.88	48.3%	1,263.64
Total	5,666.71	14.6%	1,369.38	3.5%	2,300.55	5.9%	4,721.98	12.2%	24,720.13	63.7%	38,778.74

	2021										
Client Segment	Retail		Micro Enterprises		Small Enterprises		Medium Enterprises		Large Enterprises		Total
Line of Business	SR Million	% of Total	SR Million	% of Total	SR Million	% of Total	SR Million	% of Total	SR Million	% of Total	SR Million
Health	212.61	0.8%	1,332.60	5.3%	1,811.95	7.2%	3,114.90	12.4%	18,637.27	74.2%	25,109.34
Motor	4,343.47	53.2%	225.23	2.8%	461.73	5.7%	756.94	9.3%	2,375.28	29.1%	8,162.64
P&C	247.06	3.5%	113.33	1.6%	383.86	5.4%	728.89	10.3%	5,578.12	79.1%	7,051.27
Protection and Savings	598.97	35.1%	23.85	1.4%	4.36	0.3%	91.18	5.3%	988.87	57.9%	1,707.23
Total	5,402.31	12.9%	1,695.01	4.0%	2,661.86	6.3%	4,691.87	11.2%	27,579.41	65.6%	42,030.47

Retention Ratio by Line of Business % (2019- To 2021)

Line of Business	2019	2020	2021	Change 2020-2021
General Insurance	64.8%	62.7%	61.1%	(2.5%)
A&L and Other	43.4%	46.5%	48.8%	4.9%
Motor	94.3%	92.9%	94.2%	1.4%
Property / Fire	17.1%	17.2%	18.5%	7.6%
Marine	27.7%	25.6%	27.9%	9.1%
Aviation	2.5%	4.9%	4.2%	(14.3%)
Energy	1.8%	1.9%	1.8%	(5.5%)
Engineering	12.0%	22.3%	18.9%	(15.3%)
Health Insurance	96.2%	96.0%	96.5%	0.5%
Total	83.6%	82.5%	82.3%	(0.2%)

Gross Commissions Incurred by Line of Business (2019 To 2021)

	2019		2020		2021		Change 2020-2021
Line of Business	SR Million	% of Total	SR Million	% of Total	SR Million	% of Total	
General Insurance	941.1	53.4%	1,016.6	44.8%	1,150.5	54.9%	13.2%
A&L and Other	119.5	6.8%	141.6	6.2%	171.5	8.2%	21.1%
Motor	521.1	29.6%	560.2	24.7%	644.0	30.7%	14.9%
Property / Fire	169.4	9.6%	156.6	6.9%	180.5	8.6%	15.2%
Marine	58.1	3.3%	64.0	2.8%	52.0	2.5%	(18.8%)
Aviation	2.0	0.1%	2.8	0.1%	3.4	0.2%	23.4%
Energy	5.5	0.3%	9.5	0.4%	11.3	0.5%	19.1%
Engineering	65.5	3.7%	81.9	3.6%	87.9	4.2%	7.4%
Health Insurance	769.7	43.6%	1,180.7	52.0%	894.5	42.7%	(24.2%)
P&S Insurance	52.7	3.0%	73.9	3.3%	51.5	2.5%	(30.3%)
Total	1,763.5	100%	2,271.2	100%	2,096.6	100%	(7.7%)

Gross Claims Paid by Line of Business (2019 To 2021)

	2019		2020		2021		Change 2020-2021
Line of Business	SR Million	% of Total	SR Million	% of Total	SR Million	% of Total	
General Insurance	9,333.5	32.8%	7,592.7	28.2%	8,590.4	28.8%	13.1%
A&L and Other	265.2	0.9%	336.5	1.3%	289.6	1.0%	(13.9%)
Motor	6,507.0	22.9%	5,478.6	20.4%	6,842.6	22.9%	24.9%
Property / Fire	699.1	2.5%	303.3	1.1%	488.5	1.6%	61.1%
Marine	444.3	1.6%	269.2	1.0%	221.6	0.7%	(17.7%)
Aviation	84.8	0.3%	27.9	0.1%	15.7	0.1%	(43.7%)
Energy	1,048.5	3.7%	909.9	3.4%	98.0	0.3%	(89.2%)
Engineering	284.6	1.0%	267.3	1.0%	634.3	2.1%	137.3%
Health Insurance	18,540.9	65.2%	18,664.6	69.4%	20,217.5	67.8%	8.3%
P&S Insurance	578.8	2.0%	652.2	2.4%	1,029.9	3.5%	57.9%
Total	28,453.2	100%	26,909.5	100%	29,837.8	100%	10.9%

Saudi Insurance Companies in 2021

Results (US 000)

Rank	Company Name	Gross Written Premium 2021	Gross Written Premium 2020	Net Premuim Earned 2020	Net Premuim Earned 2020	Assets 2021	Assets 2020	Shareholders Equity 2021	Profits 2021	Profits 2020
01	BUPA ARABIA	3,035,250	2,785,960	2,831,390	2,862,520	3,306,430	3,065,600	1,116,280	194,850	219,640
02	TAWUNIYA	2,724,960	2,416,470	2,120,100	1,883,880	3,902,140	3,801,980	787,450	71,080	104,890
03	AL RAJHI TAKAFUL	735,890	728,770	605,800	624,330	1,237,690	1,162,740	338,020	30,770	67,160
04	WALAA	623,690	392,720	277,740	212,430	919,250	768,030	216,170	-28,130	14,790
05	MEDGULF	596,330	675,870	417,710	393,880	1,100,080	1,026,260	272,910	-36,160	14,640
06	AXA COOPERATIVE	387,860	378,090	341,790	337,310	797,620	771,270	262,640	44,470	44,490
07	MALATH	251,230	208,420	207,660	197,040	348,360	351,480	99,090	-19,420	6,050
08	WATANIYA	240,560	209,570	140,100	111,380	374,310	425,260	56,320	-14,530	2,090
09	AL ETIHAD	230,800	197,780	202,830	197,270	434,410	389,930	147,830	8,920	-7,360
10	SAICO	207,350	212,010	151,210	140,900	361,450	349,710	78,060	-16,700	12,620
11	ALLIANZ SAUDI FRANSI	203,500	179,930	111,410	138,470	688,900	701,840	187,240	4,400	-4,700
12	ACIG	158,030	137,370	129,100	118,780	167,160	161,980	8,960	-27,730	950
13	GULF UNION AL AHLIA	152,670	148,570	151,960	115,970	303,620	348,270	34,650	-37,120	-12,160
14	ARABIAN SHIELD	148,850	147,390	96,320	93,070	306,300	322,280	131,060	6,970	8,440
15	SALAMA	124,680	114,050	106,490	96,000	163,880	189,700	25,730	-29,970	1,600
16	SAGR COOP	116,880	101,100	86,940	107,300	226,390	242,000	55,790	-19,390	-28,260
17	ARABIA COOP	112,620	92,390	71,670	64,180	180,100	179,260	57,510	1,140	3,270
18	UCA	109,300	164,500	49,040	36,770	260,910	338,560	66,700	-17,500	-4,230
19	AL INMA TOKIO MARINE	81,480	84,350	39,980	37,920	182,390	176,270	49,910	-3,960	-1,410
20	ALJAZIRA TAKAFUL	79,750	62,390	40,950	54,290	743,660	538,870	216,730	5,860	10,670
21	GULF GENERAL	79,130	85,580	65,300	57,960	170,410	114,050	98,780	-22,420	1,210
22	BURUJ	77,550	53,950	43,200	50,600	250,000	272,000	118,000	4,300	4,550
23	CHUBB ARABIA	77,500	73,260	28,020	23,900	215,790	202,640	95,970	3,610	9,820
24	AMANA COOPERATIVE	73,470	87,870	65,830	63,070	70,520	122,650	-6,950	-31,400	-17,230
25	ALAMIYA (RSA)	70,300	50,980	24,980	18,000	227,660	206,150	97,820	-9,440	-1,640
26	SABB TAKAFUL [3]	60,780	53,780	38,220	32,800	274,200	251,100	78,080	250	-7,080
27	SAUDI ENAYA	58,270	44,240	47,280	46,480	129,550	110,730	15,670	-16,530	-7,570
28	SAUDI SOLIDARITY TAKAFUL [1]	-	89,950	-	83,720	-	190,000	-	-	-18,630
29	AHLI TAKAFUL [2]	-	66,200	-	49,660	-	290,350	-	-	3,750
	TOTAL (US $ 000)	10,818,680	10,043,510	8,493,020	8,249,880	17,343,180	17,070,960	4,706,420	46,220	420,360
	SAUDI RE	297,570	249,370	227,930	172,570	845,650	759,460	258,000	14,220	16,190

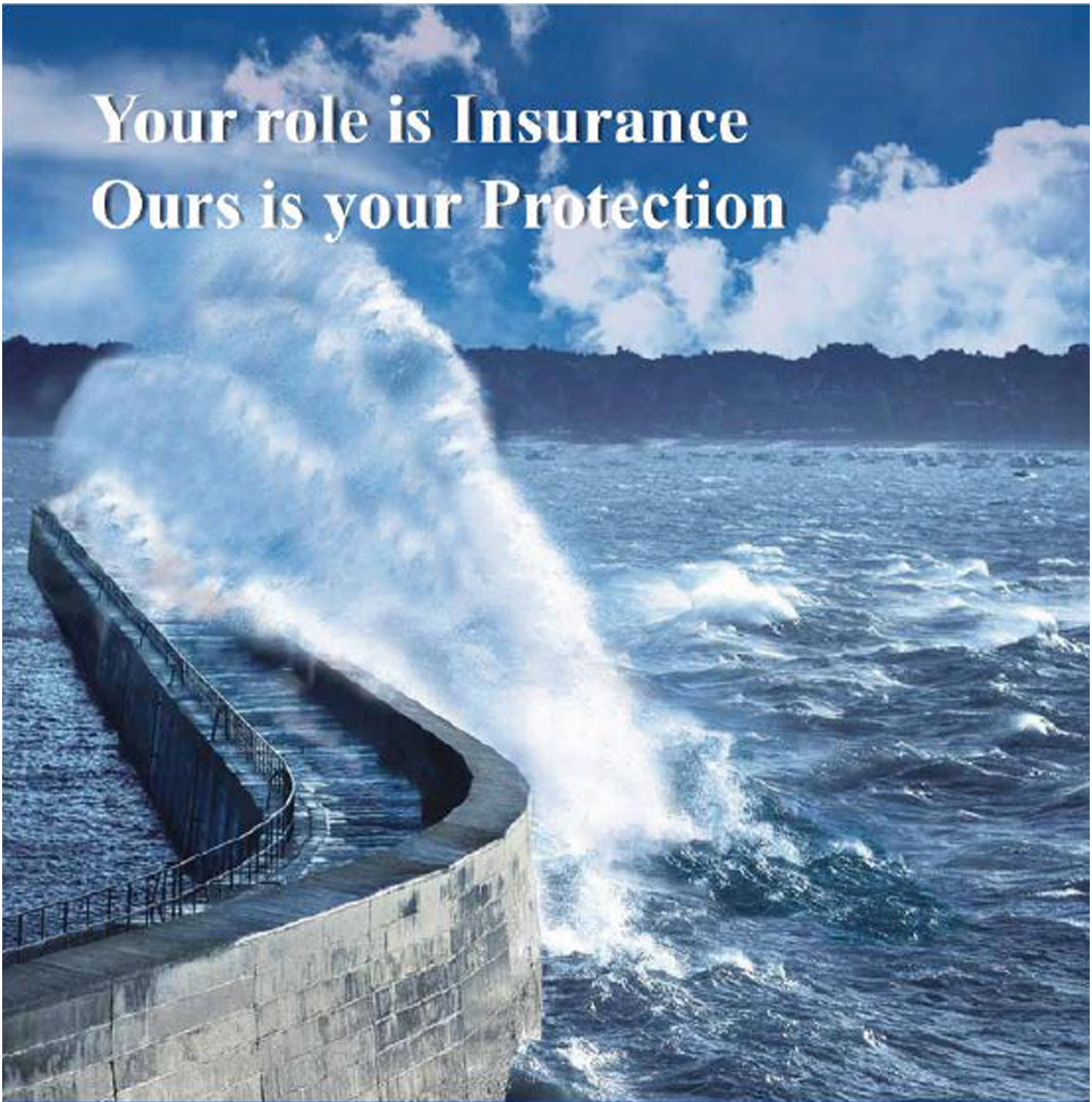
(1) Merged with Al Jazira Takaful (2) Merged with Arabian Shield (3) Merged with Walaa

FitchSolutions

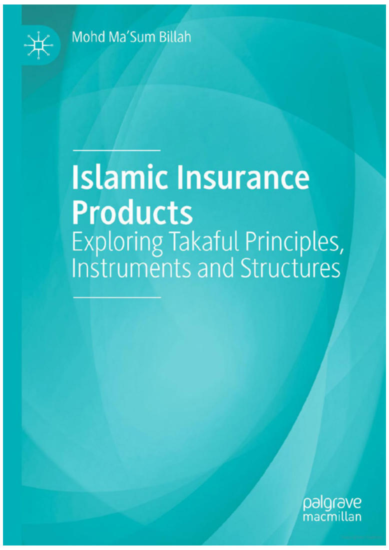
Due to the generous social security system available to citizens, Saudi Arabia's expatriate workforce is the main market for life insurance in the country, which goes some way to explain its still early stage of development. As such, the segment remains characterized by low rates of penetration and density, although government diversification efforts to reduce the economy's reliance on the oil sector are continuing, which combined with the country's high average income levels will provide scope for growth as demand for investment linked life insurance products slowly expands over the coming years.

Saudi Arabia's non-life insurance sector accounts for the vast majority of underwriting activity - just under 97% - of its insurance industry. However, despite this dominant market share, significant growth potential remains on offer, largely due to the gaps that remain across all segments including the leading and most well developed health insurance line. As such, the expansion of market appropriate product lines and increased digital sales channels would support providers aiming to reach more first-time users.

Fitch Solution key view (Saudi Arabia Insurance Report Q3_2022):


Your role is Insurance
Ours is your Protection

Book Review



Title:	**Islamic Insurance Products: Exploring Takaful Principles, Instruments and Structures**
Edited by:	Prof Mohd Ma'Sum Billah
Publisher:	Palgrave Macmillan
Publishing Date:	2019
Number of Pages:	500
Keywords	Islamic insurance | Takaful | Shari'ah compliant

The growth of Islamic finance today is undeniable given its services, product innovation, performance and achievements, with the Islamic insurance market being no exception; it has retained global market recognition in a parallel platform as Islamic finance moves forward. There is much written regarding the Islamic insurance system, but rarely do researchers present the various Islamic insurance products and their structures in one collective place. This book is a timely addition in meeting contemporary market demands by providing a much-needed overview of the Islamic insurance products and their Shari'ah compliant structures. This book would be of interest to academics, researchers, students and professionals who are seeking to understand the products offered.

PART-1: An Overview of Takaful and Re-takaful

1. An Overview of Takaful Products
2. Re-takaful Products in a Nutshell
3. Governing Principles of Takaful and Re-takaful Products

PART-2: General Takaful Products

4. Preview of General Takaful
5. Motor Takaful
6. Accident Takaful
7. Fire Takaful Plan
8. Experience in Fire Takaful
9. Medical Takaful Plan
10. Health Takaful Rider Plan
11. Group Takaful Plan
12. Group Takaful Plan for Health Care
13. Pilgrimage (Hajj) Takaful
14. Hajj Badal (Substitute Hajj) Takaful
15. Ziarah (Visit) Takaful
16. Group Islamic Cashline Takaful
17. Sukuk Takaful Plan
18. Online Takaful Business
19. Digital Currency Takaful

PART-3: Family Takaful Products

20. Preview of Islamic Life Insurance Products
21. Family Takaful Plan
22. Personal Accident Takaful
23. Critical Illness Takaful
24. Group Students' Takaful Plan
25. Education Takaful
26. Senior Citizen Takaful
27. Endowment (Ma'asyi) Takaful
28. Foreign Worker Takaful
29. Mortgage Takaful
30. Breast Cancer Takaful (Takaful Hawa)
31. Pregnancy Takaful (Takaful Wiladah)
32. Saving Takaful (Takaful Mesra)
33. Unit Trust Takaful
34. Online Family Takaful

PART-4: Re-takaful Products

35. Re-takaful Products
36. Structure of Re-takaful Products
37. Management of the Re-takaful Fund
38. Investment of Re-takaful Funds

PART-5: Claim and Quantum

39. Claims Procedure in General Takaful
40. Claims Procedure in Family Takaful
41. Quantum of Damages in Takaful
42. Correction to: Islamic Insurance Products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