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FAIR Review

FAIR in Brief

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

Vision:

FAIR aims to become a driving force 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:

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

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FAIR Review

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• *European insurers call for greater clarity and improvements to draft IAIS criteria on comparability of Aggregation Method and Insurance Capital Standard*

By Daniela GHETU

Insurance Europe has responded to a consultation conducted by the International Association of Insurance Supervisors (IAIS) on draft criteria to assess whether the Aggregation Method (AM) provides comparable outcomes to the Insurance Capital Standard (ICS).

Insurance Europe supports the ICS's objective to create a high-quality and robust global insurance standard that promotes a sound and level global regulatory playing field. While Insurance Europe supports the aim to take a quantitative approach to the comparability assessment, a number of key elements must be changed or clarified before the criteria are finalised and the comparability assessment begins.

These include:

- The fact that the AM can only be considered to produce comparable outcomes if any group's prescribed capital requirement (PCR) under the AM would be breached at similar points in time as its PCR under the ICS, leading to much the same supervisory outcomes.

- All criteria must be considered essential and all should be sufficiently met to achieve comparability.

- The fact that short-term market fluctuations cannot be excluded from the assessment.

- It is vital to compare outcomes under a suitable range of scenarios.

- A suitable sample of real company data should be included in the study. In addition, it may be necessary to also apply scenarios to model companies.

- It is essential to clarify in advance which factors will guide the IAIS when drawing a final conclusion, particularly with regards to the definition and interpretation of certain terms.

- The fact that the ICS is not yet final and must evolve after the monitoring period ends in 2024. Therefore, the comparability assessment will need to be updated using the improved ICS.

- If the AM is found to be comparable following this assessment, Insurance Europe takes the view that the assessment would need to be updated on a regular basis to provide assurance over time (model drift) and capture evolutions in the ICS and the AM frameworks.

It is also worth noting that other aspects of the ICS project remain under development and consideration by the IAIS. Insurance Europe's key high-level views on these aspects, therefore, also remain relevant. ■

Source: XPRIMM - 18 August 2022

• *How prepared are emerging market insurers for IFRS 17?*

- **New international accounting standards to be implemented in January 2023**
- **While a positive step, their application could pose challenges for emerging markets**
- **Countries with more mature financial industries are better prepared for the transition**
- **In some cases, insurance companies rather than regulators are driving the change**

As insurance companies prepare for the most significant change in global accounting standards in close to two decades, how well prepared are operators in emerging markets for the transition?

On January 1 the International Financial Reporting Standard 17 (IFRS 17) will come into effect.

Replacing the previous standard, IFRS 4, which was issued in 2004, IFRS 17 aims to standardise insurance accounting globally in order to improve comparability and increase transparency by applying an uniform approach. This is expected to help those in the industry better understand individual insurers' financial position, performance and risk exposure.

The forthcoming standard will be the first time that a single IFRS accounting model applies to all types of insurance contracts; it also seeks to align insurance accounting as much as possible with the general IFRS accounting of other industries.

Given that a lack of transparency and consistency in financial reports was seen as a major factor discouraging global investors, the implementation of the new standards is expected to facilitate an increase in capital and finance in the insurance industry.

The standards for IFRS 17 were developed by the International Accounting Standards Board, an independent body of the IFRS Foundation, with 144 jurisdictions fully adopting the standards to date.

Implementation challenges

While seen as a positive step towards aligning accounting practices and improving transparency, the introduction of the standards poses several challenges for insurers in emerging markets.

At a fundamental level, the transition to IFRS 17 will require a large number of insurance firms to alter their reporting practices.

In addition to changes to financial statement presentation, industry analysts expect the new standards to be accompanied by considerable data and IT upgrades, as they require greater depth and quality of data to fulfil.

These requirements present challenges for emerging markets, as insurers seek to balance the financial costs and human resource demands with the benefits of adoption.

Preparation in emerging markets

As the implementation date for IFRS 17 nears, the level of readiness among insurers varies by region, country and company.
Indeed, in a May report assessing MENA countries' readiness, US credit ratings agency AM Best noted that despite the fact that few companies in the region were fully prepared for the transition, the region's more mature financial markets had demonstrated a greater level of preparedness, particularly with regards to larger market-leading insurers.

Saudi Arabia has been particularly proactive on this front, with sector authorities requiring insurers to comply with a series of preparation and implementation milestones. For example, in December 2018 the Saudi Arabian Monetary Authority – now known as the Saudi Central Bank – launched a four-phase plan for the insurance sector to transition to IFRS 17.

In countries with less regulatory oversight and engagement with IFRS 17, AM Best notes that the level of preparedness has been less consistent, and that the transition has been largely market-driven and led by large insurers.

A similar market-driven approach has been seen in Latin America. Indeed, many insurers across the continent have begun implementing IFRS 17, despite the fact that Brazil, Colombia, Mexico and Peru are not signatories.

In some cases, the region's insurance companies operate internationally, in markets where IFRS 17 compliance is required. In other cases, the insurers either have or are subsidiaries of foreign insurance companies, in which case they have already been IFRS compliant for a number of years.

Mixed readiness in Asia-Pacific

The Asia-Pacific region, for its part, hosts some of the world's most prepared countries, led by South Korea, but also includes Australia, China, New Zealand and Singapore, which are all expected to implement IFRS 17 by the beginning of next year.

Meanwhile, in another example that underscores the relative preparedness of countries with mature financial services sectors, Malaysia is on track to meet the 2023 implementation deadline.

Despite this progress, several other countries are tipped to experience delays and difficulties in implementing IFRS 17 standards.

For example, Thailand has delayed its start date to January 1, 2024, while Indonesia and the Philippines have both pushed their implementation dates to 2025 in order to give the insurance industry more time to prepare. ■

Source: Oxford Business Group – 13 July 2022

• *"Huge work" required before IFRS 17 goes live – WTW*

Insurers have reported that there is still a huge amount of work to complete in order to successfully deliver IFRS 17 ahead of the 2023 deadline, according to a new survey by WTW.

The study polled 270 insurers from 45 countries and is believed to be the industry's most comprehensive IFRS 17 survey.

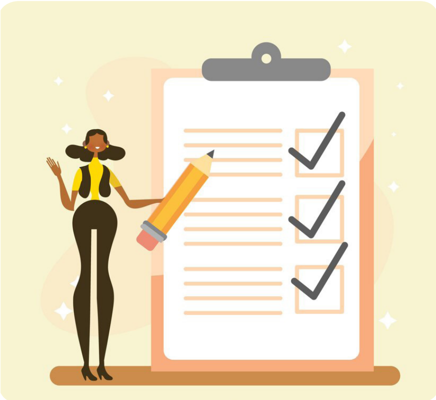
Material progress has been made since WTW's previous IFRS 17 poll in 2021, however most survey participants also express ongoing delivery concerns resulting in the need to apply more shortcuts and simplifications in order to deliver on time.

The total cost faced by the global insurance industry to implement IFRS 17 is now estimated to be between 18 and 24 billion dollars.

This represents a substantial increase of 20% compared to the original estimate made by WTW in 2021, primarily to reflect companies realising more work is required than first envisaged.

Kamran Foroughi, Global IFRS 17 Advisory Leader at WTW, said: "The next 12 months are critical for the industry to deliver IFRS 17 programmes on time.

The survey results lay bare the true scale of the challenge that inevitably means pushing more work post the "go live" date in order to maximise delivery confidence for the programme."



Other key findings from the survey include:

- IFRS 17 progress: Only 40% of the 26 large multinationals polled and 20% of the other 244 companies expect to deliver fully prepared programmes on time.
- People: More than 10,000 people will be required to deliver IFRS 17 in the next two to three years.
- Data, systems and processes: These are identified as top current concerns emerging from companies' dry runs, requiring some of the greatest investment.
- Disclosure plans varied: While 14 of the 26 participating large multinationals are planning a 2022 investor update on IFRS 17, most other firms are not.
- Business As Usual concerns: Most companies expect a significant increase in people required to run valuation processes under IFRS 17. ■

Reinsurance News – 17 June 2022

• *Pricing conditions to remain favourable for reinsurers in 2023: Moody's*

Analysts at Moody's have asserted that pricing conditions will remain favourable for reinsurers next year, with momentum expected to continue through the January 2023 renewal season.
With the Atlantic hurricane still to run its course this year, the rating agency believes it remains too early to determine whether reinsurers will post strong profit for the full year 2022.

But given inflationary pressures, particularly in rebuilding costs as well as higher frequency and severity of catastrophes, it anticipates that reinsurance rates will respond to these challenges with continued growth.

Against the headwinds of rising inflation and broader economic challenges, as well as the prospect of more catastrophe losses to come, Moody's notes that reinsurance management teams have generally decided to focus on improving the underlying margins for property catastrophe coverages.

"Despite the favorable pricing conditions, the sector remains exposed to potentially large catastrophe events, rising loss costs as a result of economic and social inflationary trends, and uncertainty with regard to exposures related to the ongoing military conflict in Ukraine," analysts concluded.

Reflecting on the mid-year renewals from 2021, Gallagher Re surmised that a seller's market persisted, with economic factors helping to sustain price hardening, despite no obvious lack of available capacity for reinsurance buyers.

Aon similarly described a "near-perfect storm" of constrained capacity and rising demand for reinsurance coverage at the important June and July renewals, with a "true hard" property market still to come.

And according to Guy Carpenter, property catastrophe reinsurance rates-on-line in the U.S. have risen by almost 15% so far this year, representing the largest increase in the Guy Carpenter U.S. Property Catastrophe Rate on Line Index since 2006. ■

Source: Reinsurance News - 25 Aug 2022

• *Lloyd's Insurers Must Exclude State-Backed Cyber-Attacks to Avoid Systemic Risks*

"Lloyd's remains strongly supportive of the writing of cyber-attack cover but recognises also that cyber related business continues to be an evolving risk," said the bulletin. "If not managed properly it has the potential to expose the market to systemic risks that syndicates could struggle to manage."

The bulletin explained "that losses have the potential to greatly exceed what the insurance market is able to absorb."

In a phased approach starting in 2020, Lloyd's began to require all policies to specify whether cyber cover is provided by either including affirmative cover (via a standalone cyber policy) or excluding it.

"[W]hen writing cyber-attack risks, underwriters need to take account of the possibility that state-backed attacks may occur outside of a war involving physical force.
The damage that these attacks can cause and their ability to spread creates a similar systemic risk to insurers," said the Lloyd's market bulletin No. Y5381 published on Aug. 16.

Many Lloyd's managing agents are already including clauses in their policies specifically designed to exclude cyber-attack exposure arising both from war and non-war, state-backed cyber-attacks, the bulletin affirmed.

"We wish to ensure, however, that all syndicates writing in this class are doing so at an appropriate standard, with robust wordings. We consider the complexities that can arise from cyber-attack exposures in the context of war or non-war, state-backed attacks means that underwriters should ensure that their wordings are legally reviewed to ensure they are sufficiently robust."

<u>At a minimum, the state-backed cyber-attack exclusion must:</u>

1. Exclude losses arising from a war (whether declared or not), where the policy does not have a separate war exclusion.
2. Exclude losses arising from state-backed cyber-attacks (subject to 3), which (a) significantly impair the ability of a state to function or (b) that significantly impair the security capabilities of a state.
3. Be clear as to whether cover excludes computer systems that are located outside any state which is affected in the manner outlined in 2(a) & (b) above, by the state-backed cyber-attack.
4. Set out a robust basis by which the parties agree on how any state-backed cyber-attack will be attributed to one or more states.
5. Ensure all key terms are clearly defined.

"For the 2023 year of account business planning process, we will be discussing with managing agents the clauses that they will be agreeing for use in standalone cyber-attack policies," said the bulletin.

Managing agents must demonstrate that the clauses they will be adopting meet the these requirements, it continued.

"Where managing agents wish to diverge from the requirements set out in this guidance, they will need to provide a robust explanation for their approach and receive agreement from Lloyd's.

LMA Model Clauses

The Lloyd's Market Association (LMA) has already produced suitable model clauses that address state-backed cyber-attacks, issued as "LMA21-043-PD," according to the bulletin, which would safisfy the requirements set out in the bulletin.

Managing agents must decide on which clause they wish to adopt, provided they can demonstrate the clause meets the market requirements, unless they receive a dispensation from Lloyd's.

The new requirements take effect from March 31, 2023, at the inception or on renewal of each policy. There is no requirement to endorse existing, in force policies, unless the expiration date is more than 12 months from March 31, 2023.

In implementing the requirements set out above, the bulletin reminded managing agents that they also need to have regard to the terms of their reinsurance programmes, to ensure they provide appropriate, back-to-back cover.

• *Ransomware to cause $30 bn in damage to govts, firms by 2023*

Ransomware is set to cause $30 billion in damages to global organisations by 2023, remaining the top cyber threat to the enterprises as well as governments, a report showed on Wednesday.

Cyber-attacks have contributed to a loss of more than $60 billion in decentralised finance (DeFi) currency since 2012 -- $44 billion of that vanished during the last 12 months, according to the report by cyber protection company Acronis.

Ransomware underlines how over-complexity in IT and infrastructure leads to increased attacks.

Nearly half of all reported breaches during the first half of 2022 involved stolen credentials, which enable phishing and ransomware campaigns, according to the report.

To extract credentials and other sensitive information, cybercriminals use phishing and malicious emails as their preferred infection vectors.

Nearly one per cent of all emails contain malicious links or files, and more than one-quarter (26.5 per cent) of all emails were delivered to the user's inbox (not blocked by Microsoft365).

"Organisations of all sizes need a holistic approach to cybersecurity that integrates everything from anti-malware to email-security and vulnerability-assessment capabilities," said Candid Wuest, VP of Cyber Protection Research.

Ransomware gangs, like Conti and Lapsus$, are inflicting serious damage.

The Conti gang demanded $10 million in ransom from the Costa Rican government and has published much of the 672GB of data it stole.

Lapsus$ stole 1 TB of data and leaked credentials of over 70,000 Nvidia users. The same gang also stole 30 GB worth of T-Mobile's source code.

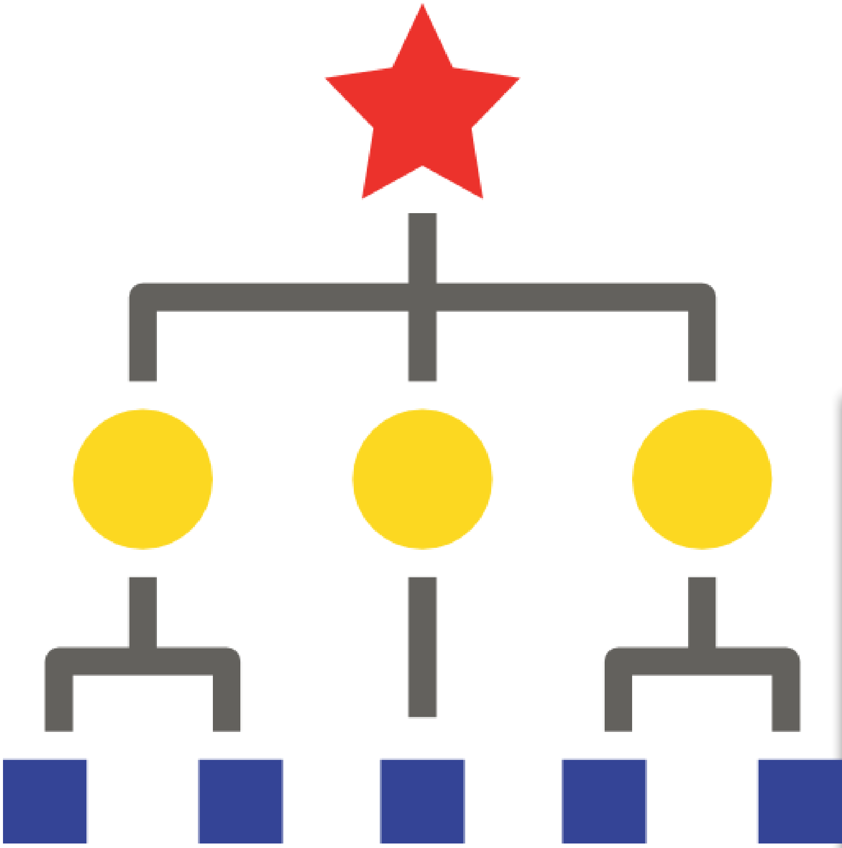
"Six hundred malicious email campaigns made their way across the internet in the first half of 2022 and 58 per cent of the emails were phishing attempts.

Another 28 per cent of those emails featured malware," the report noted.

The business world is increasingly distributed, and in Q2, an average of 8.3 per cent of endpoints tried to access malicious URLs. ■

Source: India Investing - 24 August 2022

• *Brokers and buyers welcome IUA's new model FINC clause*



Next step is to bring risk managers into discussion

A FINC clause covers the parent company for a loss suffered by a subsidiary and seems an increasingly viable solution for multinationals when local insurance regulations forbid non-admitted insurance.

They are used to insure the parent company's balance sheet for losses originating in foreign countries on top of exhausted local policy limits and conditions.

FINCs are a provision within a global or master policy that can step in where difference-in-conditions (DIC) and difference-in-limits (DIL) solutions do not work.

The clauses have been around for more than a decade but there has been heated discussion in the international commercial insurance market about the legal viability and practical feasibility of the FINC concept ever since.

Although there has been a lack of test cases, experts have argued that the fact claims have been paid under a FINC and not come to court suggests the principle works. And a ruling in India that upheld the FINC clause used by Adidas has given further validation to the concept.

“In 2019 the Indian tax tribunal ruled that the financial interest cover clause used by Adidas covered the intangible asset of the parent and not the tangible asset of the Indian subsidiary and so was a valid claim,” explained Sharma.

This ruling will have given risk managers more confidence to use FINC. But there are still many different FINC clauses used by insurers, which potentially makes them less appealing for customers that are seeking contract certainty and want to know they will work. The model IUA clause should go some way to reducing some of this ambiguity.

But while FINC clauses clearly have a role to play in multinational programme compliance, they are not without limitations. For example, an overseas subsidiary is not insured under FINC and there is no local premium allocation, with any financial interest loss payable to the parent/policyholder.

FINC may not be suitable for all classes of insurance, such as Side–A D&O. It is important therefore for clients and brokers to weigh up all the pros and cons when considering using a FINC clause.

Sharma reminded risk managers that FINC is a backup solution that should only be used when all other avenues have been pursued.

“FINC clauses are not the panacea to your compliance ailments. Let me put that straight. It should be used as a matter of absolute last resort once you have exhausted all other options. That’s when you fall on the FINC, not least because there are some tax implications to bear in mind,” he said.

This story comes from a report on Commercial Risk’s recent Global Programmes Conference 2022. The report covers highlights from the discussions, including the new IUA model FINC clause, better signs from the insurance market where hardening is easing, and how multinational insurance buyers can get the best out of this market, not least through the boom in captives.

It also focuses on the war in Ukraine and what it means for both risk and insurance managers, and we tackle some of the evergreen issues with global programmes such as delivering contract certainty, finding the right balance between costs and reward of uniform cover, and what insurance buyers want – and can expect – from the ongoing efforts to digitalise global programmes.■

Source: Commercial Risk Online – 8 Aug 2022

New Credit Risk Insurance Policy model form published

The Loan Market Association (LMA) has published a new model form of Credit Risk Insurance (CRI) Policy.

According to the association, this was done in conjunction with Lloyd's Market Association and the International Underwriting Association (IUA). It said that the CRI Policy is drafted for the purposes of insuring single borrower credit risk arising from a loan agreement and with a view to the CRR requirements for unfunded credit protection.

Amelia Slocombe, managing director and head of legal, at the LMA, said: "In view of our general recognition in the market as a provider of template loan documentation, we felt that we were well placed to assist with this project. We believe that this document will be extremely beneficial to new bank entrants in particular, and give well deserved recognition to a product which is fast becoming a very valuable risk mitigation tool for lenders."

She added: "The creation of this document is further evidence of the LMA's ongoing commitment to fostering market growth and liquidity throughout EMEA. This being the first time we have produced an insurance policy document, it is a very welcome addition to our existing suite of documents and one which we hope to continue to finesse over time, alongside all the members of our working party who were very much instrumental to this process."

The LMA said on behalf of all those involved that the CRI product is sophisticated and a template document cannot be used as a substitute for expert advice, which is needed to ensure that it is tailored to suit the particular needs of each client and the nature of the risk to be insured.

It also said that the policies are not intended to be a substitute for, or to override, terms already negotiated between, and agreed by, specific insured lenders and their insurers.

Arabella Ramage, director of legal for Lloyd's Market Association, said: "Insurers in Lloyd's and the wider London market have been embracing the expanding opportunity to support banking clients with individual credit insurance coverage. To support our members, the insurers, we brought together experts from across the market to set down a baseline for the coverage we are able to offer. This is especially valuable since blocks of risk are often shared between insurers; it allows everyone to approach such risks from an agreed starting point."

She added: "We expect the CRI Policy will encourage more insurance capacity (or supply) into the market. That said, the CRI Policy is not a prescribed form which must be used. We have delivered it as a starting point for each policy which, in the strongest tradition of Lloyd's and the London market, can be customised for each insurance case. These types of products never stand still so we expect it will be adapted and improved and look forward to working with the other associations on an on-going basis refining the product." ■

Reinsurance News - 11 Aug 2022

• Global insurers begin issuing local Ukrainian policies after pulling back

Exclusions can be watered down with right approach

Global insurers are beginning to write Ukrainian risks again under local policies as the market stabilises, having pulled back from issuing local policies in the immediate aftermath of Russia's invasion and providing cover under the master policy instead, according to Janet Pane, head of global services solutions at WTW.

But she warned buyers that insurers are returning to the market with more, and often broad, exclusions. However, some risk managers are successfully removing such language if they are prepared to make their case, the broker added.

Pane explained that following the outbreak of war in Ukraine, the big insurers pulled back on cover for multinationals with risks in both Ukraine and Russia.

Russian risks were met with "hard exclusions", so global brokers had to direct clients to Russian brokers to place local policies, she said. "That was challenging and clients needed a lot of hand holding through that because they are not markets they understand," Pane said. She added that while there was a "philosophical desire" to continue underwriting Ukrainian risks, this was challenging because insurers couldn't issue local policies.

Therefore, these risks tended to be put in the master programme and covered via a non-traditional use of the FINC clause, the broker explained. "But in general there was a lot of volatility in market response and a lot variance," she continued. Pane said a lot of the confusion and concern from insurers was driven by the tricky sectorial sanctions placed on various companies and industries operating in, and dealing with, Russia.

"It's easy when there are absolute sanctions. We know what that looks like and is easier to deal with. As new sanctions were being imposed, it created a very challenging landscape. Some legal teams within organisations take a more risk-based approach and others are very conservative. So we were seeing that play out in the market responses and who was willing to continue including coverage and who was quickly excluding and backing away," she said.

The good news is this has begun to settle down and the market has started to stabilise, continued the broker.

"There was a lot of confusion in the market early on about what could be done. I think we have now come out the other side and some of the legal departments have agreed yes, if done in the right way, carving the risks out and placing cover locally in that market is the best option," she said.

This has seen some of the big global players begin writing local Ukrainian policies again.

"We are seeing some markets come back onboard, starting to write those local policies in Ukraine. So that is really good news. Not everyone is there yet but we are seeing some of the bigger insurers being able to do that," said Pane.

With cover slowly returning, the biggest challenge facing insureds now is exclusionary language. But Pane encourages risk managers to work with the market, and said with the right information these exclusions can be removed.

"The advice we always give to clients is get out early, work with your underwriting community and challenge some of the exclusions. We see that some of them are fairly broad. If you have the right discussion and you run that up the flagpole from the local underwriter up to management, and if you are a good risk, we are seeing we are able to get most of that exclusionary language removed, particularly when it is overly broad," she said encouragingly.

And Pane added that events like the war in Ukraine are driving a shift from traditional insurance products to more niche lines such as trade credit and political risk.

"Political risk is a great product and one that is finally seeing its day because it is non-cancellable and is written on a multi-year basis. It becomes the wrapper over your property, terrorism or other coverages," she said.
"It is time for companies to start exploring what they can do when they come across standard exclusions. It will direct them to some of the solutions that have always been there but probably weren't bought as frequently as they are now," she added. ■
Source: Commercial Risk Online – 4 August 2022

• *VUSO acquires ASKA to create a major player in the insurance market in Ukraine*

By Marina MAGNAVAL
Shareholders of the VUSO insurance company (one of the top-10 in Ukraine) completed acquisition of UASK ASKA (operating under ASKA brand) in order to create a major player in the insurance market with Ukrainian capital, Forinsurer reports.

"Despite the war and this seemingly inopportune time to invest, we intend to complete our task of merging the two companies. We believe in the victory of Ukraine and its future! We hope that Ukrainians and Ukrainian enterprises will continue to use services of VUSO as a large Ukrainian company. It is symbolic for us that the date of the conclusion of the agreement, as well as the date of the beginning of the merge - August 24 - is the Independence Day of our country!", commented Mikhail NAZARCHUK, Chairman of the VUSO Supervisory Board.

The M&A agreement was announced at the end of November last year. After full registration, it is planned to merge ASKA and VUSO under VUSO brand by the end of 2022. The merger will expand VUSO's presence in the corporate insurance segment at the expense of ASKA's large corporate clients. The amount and terms of the deal were not disclosed.

Insurance company VUSO has been operating on the Ukrainian market since 2001. According to Insurance TOP, in 2021 the company ranked 8th on the market. It has 50 licenses: 33 for voluntary and 17 for compulsory types of insurance. The company specializes in motor, medical and travel insurance for private and corporate clients, has more than 30 representative offices throughout Ukraine. It is a member of the MTIBU, the Nuclear Pool, a participant in the direct settlement project. It is a member of the National Association of Insurers of Ukraine. The company has a financial rating of ua.

UASK ASKA is the first private insurance company that appeared in independent Ukraine and has been operating for over 30 years. It is a member of the MTIBU and one of the founders of the Nuclear Pool. The insurer has a license for mandatory insurance of civil liability of vehicle owners (including Green Card).■ Source: XPRIMM - 31 August 2022

• *Pool Re launches consultation with members over move to treaty model*

Pool Re, Britain's leading terrorism reinsurer, has begun a process of consultation with its members about moving its reinsurance scheme to a catastrophe treaty reinsurance model.

The consultation is the start of a process examining a move to a more contemporary way of providing cover to an insurance market that has changed significantly since Pool Re's scheme was set up in 1993. As part of the proposed treaty model, there is an intention to bifurcate terrorism between conventional and non-conventional risk, to enable members to increase retentions for conventional terrorism, thereby returning risk to the private market, without taking on any additional exposure to CBRN or cyber-triggered terrorism.

Running until the end of October 2022, the consultation will collect feedback from members, capture any issues involved in the change and highlight potential alternatives. The process will involve detailed dialogue with members throughout.

Tom Clementi, Pool Re's CEO, commented: "Central to Pool Re's success has been its ability to evolve whilst still delivering on its core purpose of providing confidence and resilience to the UK economy in the event of a catastrophic terrorist event. We have been discussing the idea of changing the way we provide terrorism reinsurance since 2018 and we believe there is a broad consensus that change would help deliver a scheme that better deals with the contemporary threat and is fit for the modern insurance marketplace.

Our twin objectives of returning more risk to the private market and driving greater awareness and penetration of terrorism cover, especially amongst SMEs, inform the proposal for a switch to a treaty reinsurance model. This should simplify the way in which our scheme operates and give members the flexibility to price terrorism cover for their policyholders as they see fit. We hope this could also encourage the re-incorporation of terrorism into many standard property packages. For most non-urban risks this could likely be achieved at little or no extra cost, a change which could see many more SMEs protected against terrorism up and down the country.

Should Pool Re transition to a treaty type mechanism, there will be a number of important changes to the way the scheme works. It is therefore vitally important that we get this right. The views of our members are a critical input into the process."

The process of transitioning to a treaty model will also require Pool Re to work closely with its regulators, HM Treasury and other stakeholders and will ultimately be subject to the approval of members and HM Treasury. ■

Source: Insurance Newslink - 21 Aug 2022

• *Global insurance market in 2021* [1]

Top 10 Countries by Life and Nonlife Direct Premiums Written

				(US$ millions)		
				Total premiums		
Rank	**Country**	**Life premiums**	**Nonlife premiums** [2]	**Amount**	**Percent change from prior year**	**Percent of total world premiums**
1	United States (3), (4), (5)	609,642	2,109,057	2,718,699	8.1%	39.6%
2	PR China	365,456	330,672	696,128	6.1	10.1
3	Japan (5), (6)	295,850	107,741	403,592	-2.6	5.9
4	United Kingdom (5)	284,284	114,858	399,142	16.7	5.8
5	France (5)	185,445	110,935	296,380	24.0	4.3
6	Germany (5)	109,961	165,818	275,779	5.9	4.0
7	South Korea (5), (6)	101,866	91,142	193,008	1.5	2.8
8	Italy	146,001	46,480	192,481	11.5	2.8
9	Canada (5), (7)	64,917	96,372	161,289	15.8	2.4
10	India (5), (6)	96,679	30,296	126,974	13.5	1.9

(1) Before reinsurance transactions.
(2) Includes accident and health insurance.
(3) Nonlife premiums include private medical insurance.
(4) Nonlife premiums include state funds; life premiums are net premiums and are supplemented by estimated premiums for group pension business.
(5) Estimated or provisional.
(6) Financial year April 1, 2021 – March 31, 2022.
(7) Life premiums are net premiums. ■

Source: Swiss Re, Sigma, No.4/2022, July 2022.

• *Forbes 2022: Top 20 largest insurance companies in the world*

The 2022 edition of "Forbes Global 2000" highlights insurance companies' decline in the annual ranking of the world's top companies.

Ping An Insurance Group, the leading insurer, dropped eleven places in 2021 to the 17th position. UnitedHealth Group, the second largest insurer on the list, fell one spot to 22nd.

Allianz, the third largest insurance company, ranked 35th largest in the world.
Reinsurer Munich Re was listed 156th in the Forbes 2022 report. Berkshire Hathaway, a well-known insurance company, was listed as the world's top company.

* Munich Re (reinsurer) and Berkshire (ranked in the "investment and services" category) do not ap-pear in the ranking of insurers.

• *Ranking of the 20 largest insurance companies according to Forbes*

In billions USD

Ranking	Company	Global ranking	Country	Class of business	Turnover	Profits	Assets	Market value
1	Ping An Insurance Group	17	China	Life and non-life	181.37	15.74	1587.11	121.69
2	UnitedHealth Group	22	United States	Life and health	297.55	17.45	221.24	490.15
3	Allianz	35	Germany	Life and non-life	138.62	7.81	1324.62	96.42
4	AXA Group	48	France	Life and non-life	145.19	8.39	839.85	65.75
5	China Life Insurance	71	China	Life and health	130.5	7.87	769.88	43.02
6	AIA Group	73	Hong Kong	Life and health	45.16	7.43	334.88	120.19
7	MetLife	74	USA	Life and non-life	71.08	6.55	759.71	57.39
8	Zurich Insurance Group	80	Switzerland	Life and non-life	69.58	5.21	410.15	69.22
9	Cigna	84	USA	Life and health	174.27	5.37	151.02	81.21
10	American International Group	90	USA	Life and non-life	52.06	9.39	521.83	48.73
11	Chubb	95	Switzerland	Non life	40.95	8.54	181.75	87.31
12	Manulife	131	Canada	Life and health	47.17	5.67	691.18	39.76
13	Munich Re	156	Germany	Life and non-life	84.88	3.47	358.97	35.48
14	Generali Group	160	Italy	Life and non-life	102.13	3.37	664.52	31.36
15	Tokio Marine Holdings	178	Japan	Life and non-life	50.57	3.85	234.91	35.19
16	ING Group	183	Netherlands	Life and non-life	21.49	5.65	1081.81	39.03
17	Allstate	203	United States	Life and non-life	50.59	5.69	90.66	36.45
18	China Pacific Insurance	208	China	Life and non-life	68.07	4.16	300.52	22.69
19	Dai-ichi Life Insurance	213	Japan	Life	66.73	4.47	571.45	19.9
20	Travelers	220	United States	Non life	35.31	3.92	108.59	41.54

Atlas Magazine – 28 June 2022

• *2021 Top 20 insurance and reinsurance brokers*

Rank		Broker	Country	Turnover		2020-2021 Turnover
				In millions USD		
2021	2020			2021	2020	
1	1	Marsh McLennan	USA	19.80	17.20	15.12%
2	2	Aon	UK	12.20	11.07	10.21%
3	3	Willis Towers Watson	UK	9.00	9.35	-3.74%
4	4	Arthur J. Gallagher & Co.	USA	6.90	6.00	15.00%
5	5	Hub International	USA	3.23	2.70	19.63%
6	6	Brown & Brown	USA	3.05	2.61	16.86%
7	9	Acrisure	USA	2.97	2.04	45.59%
8	11	Alliant Insurance Services	USA	2.90	1.80	61.11%
9	7	Truist Insurance Holdings	USA	2.88	2.44	18.03%
10	8	Lockton	USA	2.80	2.10	33.33%
11	10	USI Insurance Services	USA	2.30	1.98	16.16%
12	12	AssuredPartners	USA	2.04	1.71	19.30%
13	13	NFP Corp.	USA	1.90	1.60	18.75%
14	14	Amwins Group	USA	1.80	1.50	20.00%
15	15	Howden Group Holdings	UK	1.57	0.99	58.43%
16	16	The Ardonagh Group	UK	1.30	0.97	33.61%
17	17	CBIZ	USA	1.10	0.96	14.11%
18	18	EPIC insurance Brokers & Consultants	USA	0.81	0.73	11.02%
19	-	AmeriTrust Group	USA	0.67	-	-
20	19	Fanhua	China	0.51	0.50	2.40%

Source: A.M. Best

• *Top reinsurance companies grow premiums 10% on rate firming*

Munich Re continues to top a list of the world's largest reinsurance companies, while the top 50 global reinsurance groups according to rating agency AM Best grew their premiums nearly 10% across the last year on the back of firming rates and price increases.

The latest data on the 50 largest reinsurance groups in the world, from rating agency A.M. Best, shows a few changes, but a general story of premium growth. The data on these top reinsurance companies in the world is available to analyse here over at our sister publication Reinsurance News.

AM Best has updated its analysis this year, with only year-end gross reinsurance premiums written included, eliminating any primary premiums.

Rankings of the top 50 reinsurers from before 2021 had included primary premium that was less than 25% of a reinsurers' total premium volume.

As of year-end 2021, these reinsurance firms had largely grown. This is, in the main, thanks to premiums increasing on the back of higher rates and pricing, helping to expand their numbers.

Total reinsurance gross premiums written by the top 50 reinsurance groups increased by 9.8% to US $353 billion in 2021, up from US $321 billion in the previous year.

"Many of the reinsurance companies AM Best rates reported that a third to half of their premium growth could be attributed to pricing increases, as opposed to exposure growth," explained Clare Finnegan, senior financial analyst, AM Best. "Rate increases in many of the reinsurance lines are expected in 2023, although they will vary by line of business and territory."

Interestingly, AM Best said that a reduction in property catastrophe reinsurance premium may counter growth, given a number of reinsurers have begun to withdraw or substantially reduce their participation in that market.

The top three reinsurers remain the same, in Munich Re, Swiss Re and Hannover Re, but there was movement among the other companies in the top 10 in the latest ranking.

Of these, life and longevity reinsurance specialist Canada Life Re moved up to No. 4, the first time a dedicated life reinsurance group has ever made the top four, AM Best said. SCOR is now in fifth, while Berkshire Hathaway and Lloyd's come in sixth and seventh, followed by China Re, Reinsurance Group of America (RGA) and Everest Re, completing the top-10 reinsurers.

Profitability looks better as well for 2021, with the average combined ratio of the top 10 reinsurers 99.2%, significantly better than the 104.9% posted in 2020.

The top 50 global reinsurers posted an average combined ratio under 100% for the first time in five years, which is a notable improvement, despite catastrophe losses still being elevated in 2021.

Once again, a good number of reinsurance groups that leverage a relatively significant amount of third-party capital from investors, alongside their own balance-sheet capital, feature in the list, with premium growth evident from the likes of RenaissanceRe, PartnerRe, TransRe, AXA XL and Validus.

The Bermudian, third-party capital user reinsurance groups make up a strong contingent in the top-20 of the list.

It would be interesting to understand how the third-party and insurance-linked securities (ILS) capital these reinsurers manage assists them in growing into the current marketplace. ■

Source: Reinsurance News - 18 August 2022

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Africa News

• *Indian Ocean off Coast of Somalia to Lose 'High-Risk Area' Designation as Piracy Drops*

By Mohamed Sheikh Nor and Simon Marks

The global shipping industry agreed to declassify the Indian Ocean coastline off Somalia as a "high-risk area" following years of successful counter-piracy operations.

The change was approved by marine groups including the International Chamber of Shipping and will be operational from January next year, they said in an emailed statement on Monday.

"No piracy attacks against merchant ships have occurred off Somalia since 2018," according to the statement.

For more than a decade, pirates from Somalia launched hundreds of attacks on commercial vessels in East African waters, in some cases earning millions of dollars in ransom and forcing shipping companies to adopt security measures such as employing armed guards and installing barbed wire. The dangers were depicted in the 2013 Oscar-nominated movie Captain Phillips, starring Tom Hanks.

International navies and a European Union anti-piracy task force have in recent years managed to crack down on pirates by patrolling waters with armed vessels and using satellite imagery. The seas off West Africa have become more dangerous, with piracy having surged over the past decade. ■

Source: Insurance Journal - 25 August 2022

• Japan's export credit insurer to back loans for decarbonisation projects

Japan's state-owned Nippon Export and Investment Insurance (NEXI) will partner with the African Export-Import Bank (Afreximbank) to support Africa's decarbonisation efforts.

Japan will encourage companies to pursue decarbonisation projects in Africa through a new financing and insurance framework designed to mitigate potential risks of doing business on the continent, according to a Nikkei Asia report.

Many businesses hesitate to make inroads into Africa, owing to political instability in parts of the continent. At least 30 of 54 African countries are rated in the riskiest of eight tiers by the Organization for Economic Cooperation and Development. Japan is looking to help insure loans by Afreximbank and big Japanese banks to decarbonisation-related businesses on the continent through the new deal.

The framework is expected to apply to Japanese companies as well as African state-owned businesses. It will cover the development of renewable energy, including solar, wind and geothermal power, as well as transition projects aimed at reducing emissions in stages, such as through switching facilities in heavily coal-reliant countries like South Africa to run on natural gas.

NEXI has invested in the Nairobi-based African Trade Insurance Agency as well. ■

Source: Middle East Insurance review - 29 Aug 2022

• Insurance Market 2021 Statistics

According to IMARC Group report published June 2022, The Africa insurance market reached a value of US$ 75.3 Billion in 2021. Looking forward, IMARC Group expects the market to reach US$ 115.9 Billion by 2027, exhibiting a CAGR of 7.45% during 2021-2027. Keeping in mind the uncertainties of COVID-19.

The presence of numerous untapped markets is one of the key factors driving the insurance industry in the African region. However, there are a few developed markets, such as South Africa, which are highly competitive due to the presence of well-capitalized local players.

Key players from the global market seek to exploit these untapped regional opportunities, along with exploring ventures in concentrated markets. Furthermore, a significant rise in literacy levels, coupled with the increasing number of educated youths, is creating a positive outlook for the market. An overall improved educational scenario is expected to create significant awareness regarding the associated benefits of insurance, thus creating lucrative opportunities for the market players. Rapid urbanization, emerging middle class, and growing working population, along with improving internet connection and technological advancements, are some of the other factors catalyzing the growth of the insurance sector in the African region.

Sources: Atlas Magazine- Aug 2022 & IMARC Group report, June 2022

• *Insurance Market 2021 Statistics*

African insurance market: turnover in 2021

Rank Regional	Rank Global	Country	Turnover (in US$ M) 2021	Turnover (in US$ M) 2020	2020-2021 evolution	2021 shares	2021 Penetration	2021 Density (in US$)
1	19	**South Africa**	51 215	41 110	24.58%	69.03%	12.2%	852
2	49	**Morocco**	5 343	4 774	11.92%	7.20%	4%	143
3	55	**Egypt**	2 808	2 390	17.49%	3.78%	0.6%	27
4	56	**Kenya**	2 422	2 190	10.59%	3.26%	2.2%	44
5	70	**Nigeria**	1 582	1 433	10.40%	2.13%	0.4%	7
6	79	**Algeria**	1 075	1 095	-1.83%	1.45%	0.7%	24
7	81	**Tunisia**	985	900	9.44%	1.33%	2.2%	83
8	83	**Namibia**	867	788	10.03%	1.17%	7.1%	335
9	86	**Côte d'Ivoire**	844	694	21.61%	1.14%	1.2%	31
10	88	**Ghana**	814	686	18.66%	1.10%	1.1%	26
Total top 10 markets			**67 955**	**56 060**	**21.22%**	**91.60%**		
Rest of the market			**6 235**	**5 821**	**7.11%**	**8.40%**		
Total			**74 190**	**61 881**	**19.89%**	**100.00%**		

African non-life insurance market in 2021

Rank Regional	Rank Global	Country	Turnover (in US$ M) 2021	Turnover (in US$ M) 2020	2020-2021 evolution	2021 shares	2021 Penetration	2021 Density (in US$)
1	35	**South Africa**	9 260	7 478	23.83%	40.48%	2.2%	154
2	46	**Morocco**	2 890	2 627	10.01%	12.63%	2.2%	77
3	58	**Egypt**	1 522	1 295	17.53%	6.65%	0.4%	15
4	63	**Kenya**	1 320	1 231	7.23%	5.77%	1.2%	24
5	72	**Algeria**	977	994	-1.71%	4.27%	0.6%	22
6	77	**Tunisia**	749	687	9.02%	3.27%	1.6%	63
7	79	**Nigeria**	710	749	-5.21%	3.10%	0.2%	3
8	84	**Côte d'Ivoire**	495	393	25.95%	2.16%	0.7%	18
9	86	**Ghana**	421	337	24.93%	1.84%	0.6%	13
10	88	**Namibia**	243	212	14.62%	1.06%	2%	94
Total top 10			**18 587**	**16 003**	**16.15%**	**81.25%**		
Rest of Africa			**4 288**	**4 049**	**5.90%**	**18.75%**		
Total			**22 875**	**20 052**	**14.08%**	**100.00%**		

African life insurance market in 2021

Rank Regional	Rank Global	Country	Turnover (in US$ M) 2021	Turnover (in US$ M) 2020	2020-2021 evolution	2021 shares	2021 Penetration	2021 Density (in US$)
1	14	**South Africa**	41 955	33 633	24.74%	81.76%	10%	698
2	43	**Morocco**	2 453	2 148	14.20%	4.78%	1.8%	66
3	54	**Egypt**	1 286	1 095	17.44%	2.51%	0.3%	12
4	55	**Kenya**	1 102	959	14.91%	2.15%	1%	20
5	56	**Nigeria**	872	684	27.49%	1.70%	0.2%	4
6	62	**Namibia**	624	576	8.33%	1.22%	5.1%	241
7	70	**Ghana**	393	348	12.93%	0.77%	0.5%	12
8	72	**Côte d'Ivoire**	349	301	15.95%	0.68%	0.5%	13
9	78	**Tunisia**	236	213	10.80%	0.46%	0.5%	20
10	87	**Algerian**	98	101	-2.97%	0.19%	0.1%	2
Total top 10			**49 368**	**40 058**	**23.24%**	**96.21%**		
Rest of Africa			**1 947**	**1 771**	**9.94%**	**3.79%**		
Total			**51 315**	**41 829**	**22.68%**	**100.00%**		

Sources: SwissRe Sigma 4_2022 - Global Insurance - by Swiss Re Institute, 13 Jul 2022 & Sigma Explorer (www.sigma-explorer.com) ■

- ***Evolution of insurance premiums***

Worldwide, Africa and FANAF zone (2010-2020)

Global insurance market: evolution of life and non-life premiums

Figures in millions USD

	Year	Life premiums	Evolution	Non life premiums	Evolution	Total premiums	Evolution
WORLDWIDE	2020	2 797 436	-3.1%	3 489 608	2.8%	6 287 044	0.0%
	2019	2 888 248	0.20%	3 396 112	4.00%	6 284 360	2.20%
	2018	2 882 179	5.80%	3 266 841	46.30%	6 149 020	24.00%
	2017	2 724 017	5.50%	2 233 490	5.30%	4 957 507	5.40%
	2016	2 581 972	1.40%	2 120 869	3.40%	4 702 841	2.30%
	2015	2 546 941	-4.10%	2 050 739	-2.30%	4 597 680	-3.30%
	2014	2 655 593	4.30%	2 099 118	2.50%	4 754 711	3.50%
	2013	2 545 045	-3.20%	2 048 587	4.10%	4 593 632	-0.10%
	2012	2 630 274	0.70%	1 968 677	0.70%	4 598 951	0.70%
	2011	2 611 718	3.80%	1 954 445	7.40%	4 566 163	5.30%
	2010	2 516 377	6.30%	1 819 310	4.40%	4 335 687	5.50%

African insurance market: evolution of life and non-life premiums

Figures in millions USD

	Year	Life premiums	Evolution	Non life premiums	Evolution	Total premiums	Evolution
AFRICA	2020	41 097	-10.5%	19 093	-10.7%	60 190	-10.5%
	2019	45 911	-2.60%	21 371	-3.90%	67 282	-3.00%
	2018	47 127	8.30%	22 247	2.70%	69 374	6.50%
	2017	43 503	10.20%	21 662	8.60%	65 165	9.70%
	2016	39 465	-8.20%	19 943	-4.80%	59 408	-7.10%
	2015	42 987	-9.70%	20 955	-6.90%	63 942	-8.80%
	2014	47 605	0.50%	22 511	-1.80%	70 116	-0.30%
	2013	47 370	-3.20%	22 924	1.60%	70 294	-1.60%
	2012	48 919	4.10%	22 553	1.30%	71 472	3.20%
	2011	47 007	19.20%	22 267	-47.00%	69 274	-15.00%
	2010	39 435	-2.80%	42 031	149.10%	81 466	41.80%

FANAF insurance market: evolution of life and non-life premiums

Figures in millions USD

	Year	Life premiums	Evolution	Non life premiums	Evolution	Total premiums	Evolution
FANAF	2020	905	19.2%	1 604	14.1%	2 509	15.9%
	2019	759	3.30%	1 406	-7.60%	2 165	-4.10%
	2018	735	1.70%	1 522	0.00%	2 257	0.60%
	2017	723	27.10%	1 522	16.30%	2 245	19.50%
	2016	569	9.20%	1 309	-4.70%	1 878	-0.90%
	2015	521	-1.50%	1 374	1.50%	1 895	0.60%
	2014	529	-4.20%	1 354	-9.70%	1 883	-8.20%
	2013	552	13.60%	1 499	18.10%	2 051	16.90%
	2012	486	15.70%	1 270	14.30%	1 756	14.70%
	2011	420	6.00%	1 111	5.50%	1 531	5.60%
	2010	396	8.50%	1 053	-0.30%	1 449	2.00%

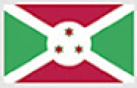
Atlas Magazine – 1 June 2022 ■

BURUNDI

• Insurance Market Fact Sheet 2015-2019

Identity

Population: 11 530 500 inhabitants	
PIB : 3.012 billion USD	
GDP per inhabitant: 261 USD	
GDP growth rate: 1.8%	
Inflation rate: -0.7%	



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

The burundian insurance market: main indicators

	2019
Turnover	28.796 millions USD
Penetration rate	0.95%
Insurance density	2.5 USD

Structure of the burundian insurance market

Insurance and reinsurance companies	
Composite	1
Non-life	8
Life	5
Total	14
Intermediaries	
Insurance brokers	25
Authorized agents	354
Total	379

Data as at 31/12/2019 , Source: Agence de régulation et de Contrôle des Assurances (ARCA)

Supervisory authority	
Agence de régulation et de Contrôle des Assurances (ARCA)	www.arca.bi

Professional body
Association des Assureurs du Burundi

The burundian insurance market: evolution of premiums

Figures in million USD

Activities	2015	2016	2017	2018	2019
Non-life	16.206	14.690	14.607	15.970	17.147
Life	7.045	7.102	8.135	9.556	11.649
Total	23.251	21.792	22.742	25.526	28.796

Source: Agence de régulation et de Contrôle des Assurances (ARCA)

Exchange rate as at 31/12/2015: 1 BIF= 0.00063 USD ; at 31/12/2016: 1 BIF= 0.00059 USD ; at 31/12/2017: 1 BIF= 0.00056 USD ; at 31/12/2018: 1 BIF= 0.00055 USD ; at 31/12/2019: 1 BIF= 0.00053 USD

Source: Atlas Magazine

Insurance Market Key Highlights

- The Burundian insurance industry is regulated by the ARCA
- Motor third-party liability insurance, professional indemnity insurance for doctors, professional indemnity insurance for lawyers, insurance for administrative buildings against fire or explosion, civil liability insurance for operators of commercial buildings against fire or explosion, construction risk insurance, professional liability insurance for brokers and import insurance are compulsory in Burundi
- Composite insurance is not permitted in Burundi.
- Non-admitted insurance is not permitted by law. However, risks for which local capacity is not available are permitted to be placed with unauthorized insurers
- 100% FDI is permitted in the Burundian insurance industry.
- The Burundi insurance market size was valued at $34.4 million in 2021. The industry is expected to grow at a CAGR of more than 9% during the period 2020-2025.
- Key life insurance competitors are Socabu Vie, Societe Commerciale D'Assurances Et De Reassurance Socar S.A, Union Commerciale d'assurances et de Reassurance, Burundi Insurance Corporation Bicor Sa, and Jubilee Vie
- key general insurance companies are Socabu, Societe Commerciale D'Assurances Et De Reassurance Socar S.A, Jubilee, EGIC-NV, Burundi Insurance Corporation Bicor Sa, BIC- Nonvie, and INKINZO Insurance S.A

Source: GlobalData Report 2022

CAMEROON

• Cameroonian insurance market: premium growth in 2021

According to provisional data published by the Association of Insurance Companies of Cameroon (ASAC), the Cameroonian insurance market has recorded a turnover of 228.9 billion FCFA (396 million USD) as at 31 December 2021. This amount is 8.6% higher than the 210.7 billion FCFA (394 million USD) of premiums posted in 2020.

With 152.6 billion FCFA (264 million USD), the 2021 turnover of the non-life class of business shows a progression of 8.4% compared to that of 2020. This segment accounts for 67% of total premiums. AXA Assurance is in first place with 14.1% of non-life premiums. With market shares of 11.2% and 10.5%, Activa and Chanas Assurances are second and third respectively in the non-life ranking.

Life insurance has shown a 9% increase during the financial year 2021 as the turnover went from 69.9 billion FCFA (130.7 million USD) in 2020 to 76.3 billion FCFA (132 million USD) a year later. All ten insurance companies operating in the life class of business account for 33% of the market's overall premiums. Allianz Vie is at the top of the life companies' ranking with a 27.3% share of the life premium income. Next in the ranking are Prudentiel Beneficial life (23.1%) and Activa Vie (11.05%).

- The Cameroonian insurance industry is regulated by the CRCA at the regional level and by the MoF at the national level.
- Key classes of compulsory insurance include motor third-party liability insurance and professional indemnity insurance for insurance intermediaries.
- Insurance companies from CIMA member states are permitted to operate in Cameroon without a license.
- 100% FDI is permitted in the Cameroonian insurance industry.
- Composite insurance is not permitted in Cameroon

Cameroonian insurance market: 25.6% turnover increase for the period 2015-2021

Classes of business	2015	2016	2017	2018	2019	2020	2021
Non-life	217.7	211.3	250.7	248.5	241.4	263.9	264
Life	85.8	87.3	109.6	111.2	116	130	132
Total	303.5	298.6	360.3	359.7	357.4	393.85	396

The key Cameroon insurance market trends:

- The Cameroon insurance market size was $396 million in 2021. The market is expected to grow at a CAGR of more than 3% from 2020 to 2025.
- **Life insurance market in Cameroon**: Endowment, universal life, and term life were the three highest categories of life insurance segment in 2020. The government of Cameroon revoked the value-added tax (VAT) applied to life insurance contracts and the commissions on savings-type life insurance for the fiscal year (FY) 2020, to promote the mobilization of long-term savings.
- **General insurance market in Cameroon**: The Cameroon insurance industry was dominated by the general insurance segment in 2020. Motor insurance was the highest contributing line in 2020, followed by personal accident and health, and property insurance.
- A private-public-partnership project led by the Cameroonian government to make healthcare more accessible and affordable and to meet the United Nation's target of universal health coverage for all by the year 2030. The pilot phase of the service is expected to start in the first half of 2022.
- The insurance firm Prudential Beneficial, based in Cameroon, and mobile network operator MTN Cameroon launched an insurance product that guarantees uninterrupted education for a low yearly premium, in the case of accidents that stop parents from paying the fees.
- Chanas Assurance launched a new product called Quick Paiement Auto, which will enable the insured to be rapidly compensated and to repair their car in the event of an accident so that the service is provided within 24 hours. ■

Source: Atlas Magazine & GlobalData Report

EGYPT

• Egyptian insurance market in 2021

Turnover per class of business

Figures in thousands USD

Class of business	2017	2018	2019	2020	2021	2021 shares
Motor	205266	241214	289351	313782	374411	12.39%
Health	114200	163609	221225	267644	300240	9.94%
Fire	106533	161972	199142	232602	264184	8.74%
Accident	69608	119740	142728	154526	174936	5.79%
Engineering	56945	80820	96687	136260	151963	5.03%
Energy	60265	111039	121036	107097	114724	3.80%
Marine (1)	66490	90667	113289	118422	114244	3.78%
Total non-life	**679307**	**969061**	**1183458**	**1330333**	**1494702**	**49.47%**
Life	**560811**	**678948**	**915409**	**1141267**	**1526525**	**50.53%**
Grand total	**1240118**	**1648009**	**2098867**	**2471600**	**3021227**	**100%**

(1) Including land, marine and aviation transportation

Exchange rate as at 30/06/2021 : 1 EGP = 0.06367 USD at 30/06/2020 : 1 EGP = 0.06177 USD ; at 30/06/2019 : 1 EGP = 0.0598 USD ; at 30/06/2018 : 1 EGP = 0.05581 USD ; at 30/06/2017 : 1 EGP = 0.0551 USD

Insurance companies in Egypt - Ranking 2021 per GWP

Life insurance companies in Egypt: 2021 ranking

In thousands

Rank	Companies	2021 turnover		2020 turnover		2020-2021	2021
		EGP	USD	EGP	USD	evolution *	shares
1	**Misr Life Insurance Company**	7652574	487239	4961503	306472	54.24%	31.92%
2	**Allianz Life Egypt**	5042720	321070	4216677	260464	19.59%	21.03%
3	**Metlife Egypt**	4085402	260118	3685876	227677	10.84%	17.04%
4	**AXA Life Egypt**	3308188	210632	2529557	156251	30.78%	13.80%
5	**QNB Alahli Life Insurance**	933680	59447	735854	45454	26.88%	3.90%
6	**Egyptian Life Takaful Insurance**	923044	58770	632883	39093	45.85%	3.85%
7	**Suez Canal Life Insurance**	673136	42859	560355	34613	20.13%	2.81%
8	**Libano-Suisse Takaful**	261861	16673	255706	15795	2.41%	1.09%
9	**Chubb Life Egypt**	267133	17008	242958	15008	9.95%	1.11%
10	**Delta Life Assurance**	272968	17380	241067	14891	13.23%	1.14%
11	**Misr Emirates Takaful Life Insurance**	207151	13189	147046	9083	40.87%	0.86%
12	**Mohandes Life Insurance Company**	103312	6578	91077	5626	13.43%	0.43%
13	**Arope Life Insurance**	88483	5634	74454	4599	18.84%	0.37%
14	**Sarwa Life**	106508	6781	58763	3630	81.25%	0.44%
15	**KAF Life Takaful Insurance** (1)	49410	3147	42291	2611	16.83%	0.21%
	Total life	**23975570**	**1526525**	**18476067**	**1141267**	**29.77%**	**100%**

* Growth rate in local currency

(1) Ex. Tokyo Marine Family Takaful

Non-life insurance companies in Egypt: 2021 ranking

In thousands

Rank	Companies	2021 turnover		2020 turnover		2020-2021 evolution *	2021 shares
		EGP	USD	EGP	USD		
1	GIG Egypt	1463391	93174	1314953	81225	11.29%	6.23%
2	Allianz Insurance Egypt	1237482	78790	1139678	70398	8.58%	5.27%
3	Bupa Egypt	1126780	71742	1100640	67987	2.37%	4.80%
4	Suez Canal Insurance	1114279	70946	1001006	61832	11.32%	4.75%
5	Orient Takaful Insurance Co.	1283501	81721	973785	60151	31.81%	5.47%
6	Egyptian Takaful Insurance	974526	62048	932631	57609	4.49%	4.15%
7	Royal Insurance	801402	51025	602057	37189	33.11%	3.41%
8	Delta Insurance	736954	46922	600072	37066	22.81%	3.14%
9	Wethaq Takaful Insurance	601330	38287	516661	31914	16.39%	2.56%
10	Mohandes Insurance Company	545164	34711	504143	31141	8.14%	2.32%
11	Egyptian Saudi Insurance House	543340	34594	441254	27256	23.14%	2.31%
12	AIG Insurance	203001	12925	245605	15171	-17.35%	0.87%
13	Iskan Insurance	231521	14741	223030	13777	3.81%	0.99%
14	Co. Operative Insurance Society	275059	17513	204126	12609	34.75%	1.17%
15	Egyptian Takaful Insurance	219620	13983	194757	12030	12.77%	0.94%
16	Tokio Marine Egypt General Takaful	220498	14039	189998	11736	16.05%	0.94%
17	Arope Insurance	179125	11405	161726	9990	10.76%	0.76%
18	Sarwa Insurance	300308	19121	158764	9807	89.15%	1.28%
19	Chubb Insurance	68968	4391	83782	5175	-17.68%	0.29%
20	Export Credit Guarantee Co.	70027	4459	25497	1574	174.65%	0.30%
21	Al Wataniya Insurance	25945	1652	-	-	-	0.11%
22	Mada Insurance	70240	4471	-	-	-	0.30%
23	Medgulf Insurance (1)	-	-	-	-	-	-
	Total non-life	23475771	1494702	21536887	1330333	9.00%	100%

* Growth rate in local currency (1) Data unavailable for Medgulf Insurance

Exchange rate EGP/USD as at: 31/12/2020 = 0.06177 | 31/12/2021 = 0.06367

Atlas Magazine – 2 Aug 2022

Key Updates and Forecasts

- Life insurance market is forecast to grow by about 1.8% in US dollar terms to USD1.4bn (EGP26.2bn) in 2022. In 2026, the sector's gross premiums written should reach USD1.9bn (EGP41.0bn). This is a negative revision than our earlier forecast.
- We forecast non-life insurance sales to grow by 20.5% to EGP27.4bn (3.0% y-o-y in US dollar terms to USD1.5bn) in 2022. Over the medium term to 2026, premiums in the non-life sector will grow to EGP42.5bn (USD1.9bn), rising at an average annual pace of 13.4% y-o-y.
- We note that inflationary pressures will continue to suppress effective growth, as our Country Risk team forecasts consumer price inflation to average 13.2% in 2022.
- In March 2022, it was reported that the Misr Insurance Holding Company had hired legal firm Zaki Hashem and Partners to represent the firm in the upcoming initial public offering (IPO) for the upcoming Misr Life Insurance. The IPO is presently expected in October 2022 but delays could potentially push it back to H123.
- In December 2017, the Egyptian parliament approved a comprehensive health insurance bill. The Universal Health Care Act would be implemented gradually over 2018-2035, with compulsory subscription set to generate EGP-600bn in cover. In February 2022, the Egyptian government stated that it had raised USD582mn from a number of sources, including the French Development Agency and the World Bank, to implement its long-term health insurance law by 2030/2035.
- In 2021, the Insurance Federa-

tion of Egypt announced that a greater degree of digitalisation was required within the Egyptian insurance and healthcare industry, as demand for health coverage continues to grow amid wealthy areas during the pandemic.

- We expect both local and foreign carriers to invest into their digital e-commerce sales platforms over the 2022 period, as Covid-19 reshapes business operations.

LIFE Latest Updates:

- The Egyptian pound is unlikely to see further significant depreciation, despite high inflation, which should enable the life insurance market to grow by about 1.8% in US dollar terms to USD1.4bn (EGP26.2bn) in 2022. In 2026, the sector's gross premiums written should reach USD1.9bn (EGP41.0bn). This is a negative revision than our earlier forecast.
- Risks are weighed to the downside to the life insurance sector in 2022 and soaring inflation, rising food prices and shocks to tourism and other key sectors could bode ill for life and savings demand over H222-H123.
- In 2020, Misr Insurance Holding Company and a consortium of partners including the National Bank of Egypt stated that they would create a takaful insurance company with a paid capital of EGP150mn. The move will support greater life insurance prospects in the market as premiums per capita remain small at USD14.4 in 2022. The initial public offering of Misr Life is now expected to take place in October 2022 and should support market prospects.

NON LIFE Latest Updates:

- We forecast non-life insurance sales to grow by 20.5% to EGP27.4bn (3.0% y-o-y in US dollar terms to USD1.5bn) in 2022. Over the medium term to 2026, premiums in the non-life sector will grow to EGP42.5bn (USD1.9bn), rising at an average annual pace of 13.4% y-o-y.
- We note that inflationary pressures will continue to suppress effective growth, as our Country Risk team forecasts consumer price inflation to average 13.2% in 2022.
- Our Country Risk team has revised down the real GDP and private final consumption growth outlook on the back of inflationary pressures, soaring import costs and tourism linked slowdown since the start of the Russia-Ukraine crisis.
- The government remains committed towards long-term health insurance and social reform, with the target of achieving universal health insurance by 2030-2035. To this end, the government secured financing of over USD580mn in H122 to work towards this objective.

Partnership between the Egyptian Post and the AXA Group

Egypt Post and Postal Investment Company (the investment subsidiary of the Egyptian Post) are forming a partnership with AXA Egypt. The three partners will conduct a joint study to create a local micro-insurance company. The aim is to develop insurance solutions for small and micro-enterprises, seasonal workers, small farmers and low-income people.

The new company will start its operations immediately after the promulgation of the new insurance law in Egypt. ■

Atlas Magazine – 5 Aug 2022

GHANA

- ***Ghana's 1st foreign, private Reinsurer***

Ghana's reinsurance industry has become increasingly crowded over the past few years, bringing lots of competition to an industry that used to be dominated by the state-owned Ghana Reinsurance Plc. – which however remains the industry leader. Over the past couple of decades, private competition in Ghana's reinsurance market has come in the form of Mainstream Re and GN Re, although foreign global reinsurers have had big pickings from the Ghana market too, operating through extensive corporate networks.

Now, however, Ghana's reinsurance industry is about to witness a first which will have a major impact on the market, and that of primary underwriters.

W-Safe Re has submitted its application for a licence to operate as both a life and non-life reinsurer, thus becoming the first international, privately-owned reinsurer in Ghana and massively developing the Agriculture insurance space across the African continent as well.

To be sure, W-Safe Re is not one of those 'time-honoured' insurance practitioners which have over time won business here and there. While comparisons can be drawn with regard to how old W-Safe Re is in the industry relative to other key players, it is a reinsurance company born into the new era of a digitised, global economy, replete with international value chains and major financing requirements.

Although the company was only established in 2018, it already has a presence in the Caribbean islands and now Ghana. Ghana will be followed by Cameroon, Rwanda/Uganda and the Dubai Financial Centre. These strategically selected locations will enable W-Safe Re to diversify its portfolio and mitigate the effect of country exposures.

Applications pending for licences to be granted in Rwanda and Uganda are a clear indication that Africa is a priority.

But W-Safe Re has already decided on Ghana as its continental hub for West Africa and selected markets.

The company's Managing Director explains that he is not perturbed by Ghana's ongoing economic difficulties. "Ghana is not alone in the economic difficulties instigated by the global COVID-19 pandemic," says Ashishkumar Bhatt, "and it has been rebounding strongly." He expects Ghana's current economic troubles to plateau and be replaced by resumed growth before end of the year.

To be sure, W-Safe Re aims to offer a broad range of reinsurance services. It has already proved adept across business lines – Life, Health, and Personal Accident reinsurance along with general business, particularly Engineering – but the most popular can be expected to be insurance bonds.

The industry regulator has regarded insurance bonds with suspicion – and for good reason. Performance bonds issued for government contractors often default as a result of delayed payments.

W-Safe Re, though, reckons that insurance bonds of various types will do customers a world of good; and asserts that it has worked out the ways in which such positively impactful insurance bonds can be issued safely. This means primary underwriters will be able to step up an area of insurance highly demanded by needy business clients, but avoided by most insurers with the industry regulator's tacit support.

Crucially, W-Safe Re will be operating in Ghana with sturdy financial solidity – at least US$15 million in core capital and another third as much in reserves – and be combined with its already successful model for managing contingent liabilities created out of performance bonds.

Already, W-Safe Re has begun building its Africa team. In Ghana, the widely experienced and accomplished Kwaku Baah-Nuakoh is the company's Country Manager, ably assisted by Mr. Alex Amartefio, a Director. After getting its licence, a few more seasoned staff will expectedly join to augment various positions in the Ghana Office: such as Life, Business Analyst and Technical/Marketing roles as part of winning market share quickly, and imparting global reinsurance practice to Ghana's expanding market. ■

Source: Business and Financial Times - 19 August 2022

KENYA

- ***Sanlam Kenya narrows half year net loss to Sh287m on lower taxes.***

Insurance firm Sanlam Kenya narrowed its net loss to Sh287.7 million in the half year ended June on the back of a lower tax bill and reduced expenses. The company had posted a net loss of Sh291.8 million a year earlier.

Sanlam's tax expenses collapsed to Sh2.8 million from Sh68.9 million. The company did not disclose the reason for the sharp reduction in its tax bill.

Sanlam has recently revised the reserves for claims besides correcting earlier accounting errors which could have an impact on taxes payable.The insurer's operating and other expenses declined to Sh1.47 billion from Sh1.79 billion, helping to cut the losses.

The Nairobi Securities Exchange (NSE)-listed firm saw its net earned premiums grow 5.5 percent to S.6 billion from S.3 billion.

Net claims meanwhile increased to S.2 billion from S billion.
Investment income dropped by 33.4 percent to Sh1.02 billion. The fall of share prices on the NSE is part of the factors hurting returns for underwriters with significant exposure to the stock market.

The insurer's South Africa-based parent firm is creating a joint venture with Allianz SE, a move that could have an impact on their local subsidiaries (Sanlam Kenya and Jubilee Allianz General Insurance Kenya). Allianz earlier told Business Daily that it will take time to review the fate of its newly acquired local subsidiary Jubilee Allianz under its pan-African partnership with South Africa's Sanlam Limited.

Allianz Africa regional head of mergers and acquisitions and General Counsel Nandini Wilcke said no decision has yet been reached on how to treat the new company under the 10-year joint venture that will bring together the multinationals' interests in their local subsidiaries."At the moment Allianz is focused on completing the Allianz acquisition of the majority shareholdings in Tanzania and Mauritius as previously announced, as well as to continuing to strengthen the Jubilee Allianz businesses in Kenya, Uganda and Burundi," she said recently.

"For now the focus is on business as usual. No decisions have yet been made about the Sanlam or Allianz business operations in Kenya.

"Under the 10-year deal between insurance giants Allianz SE and Sanlam Limited, the latter will own a 60 percent stake in the joint venture while Allianz will hold a 40 percent interest with an option to buy an additional nine percent ownership in the future. ■

Business Daily(Nairobi ANPAK) – 4 August 2022

- ***India accounts for 1/3 of Kenya Re's total business***

India has grown to become Kenya Re's second largest source of business contributing 32% of the reinsurer's gross premiums behind 38% from Kenya in the year ended December 2021, according to South African rating firm Global Credit Rating (GCR).

Kenya Re has traditionally depended on the Kenyan market — from which it gets a mandatory 20% premiums from primary underwriters — which made up around half of the company's business over the years. The company has, however, diversified into multiple markets, growing its potential for premium diversification with India leading in market growth to rival the Kenyan business.

For a long time, the Kenyan business has contributed nearly 49% of gross premiums, 20% from India with the balance from 80 other markets.

GCR noted a contraction in Kenya Re's market share in the local market on account of stiff competition mainly due to price wars in the market, increased retention capacity among cedants and reduced participation in some accounts.

Kenya Re posted a 10% rise in gross written premiums to KES20.36bn ($170m) in 2021 from KES18.54bn in the year 2020. ■

Asia Insurance review – 22 August 2022

NIGERIA

• Regulator to implement RBC regime in 2023 or 2024

Nigeria's insurance industry regulator, the National Insurance Commission (NAICOM), plans to carry out the full implementation of a risk-based capital (RBC) regime in 2023 or 2024.

This was disclosed by Mr Sabiu Abubakar, NAICOM's deputy commissioner (Technical), who represented Mr Sunday Thomas, the Commissioner for Insurance at a recent event organised by the Chartered Insurance Institute of Nigeria (CIIN) in Lagos.

Mr Abubaker said that the Commission conducted a pilot Risk-Based Supervision (RBS)/Risk-Based Capital Examination in 2021 with seven insurance companies. The regulator has also selected another eight insurers for the RBS examination for the second half year of this year, commencing this month, reported Inspenonline, an online insurance and pension news website.

He also said that NAICOM has started training its staff on RBC in collaboration with FSD Africa, a specialist development agency working to build and strengthen financial markets across sub-Saharan Africa. He added that insurers have to build up RBC capability among their staff because the implementation of the RBC regime is very demanding in terms of human technical capacity and other resources.

Mr Abubakar outlined as well a number of initiatives that NAICOM has launched with a view to stimulating growth in the industry. These include market development and restructuring, compulsory insurance, collaboration with state governments, financial inclusion, takaful, and microinsurance. The regulator has also issued guidelines covering web aggregators, regulatory sandboxes and the insurance of government assets.

He said that, at present, the insurance penetration rate in Nigeria still remains low at 0.5%, which he described as the lowest in Africa. ■

Source: Middle East Insurance Review - 22 Aug 2022

• Insurance- A Viable Means of Securing Tangible Assets

by Dayo Adu and Esther Randle

On the 17th July 2021, a popular supermarket in Abuja, Next Cash and Carry located in the Kado area of the Federal Capital Territory in Abuja was gutted by fire.

This was also the fate of a popular Ebeano Supermarket, in the Lokogoma area of Federal Capital Territory (FCT) Abuja, on the 26th December 2021.

One of the most effective ways of securing your office spaces, equipment, tools as well as other office machinery is through insurance.

Insurance is a form of risk management, primarily used to hedge against the risk of a contingent or uncertain loss. It allows the insured to make claims for reimbursement as long as they are covered by the risk.

There are two parties in an insurance transaction, the insurer and the insured. The insurer is a company that underwrites an insurance risk while the insured is a person or company covered by the insurance.

This brings to reason how the law and insurance have absorbed business owners of potential losses arising from accidental fire, natural disasters such as earthquakes or floods, theft, or burglary.

The principal legislation in Nigeria that governs all insurance businesses is the Insurance Act, 2003. The Act governs insurance businesses and insurers other than insurer businesses established to collect contributions or subscriptions from its members or businesses established outside Nigeria engaged solely in re-insurance transactions.

Does the Insurance Act, 2003, provide for fire insurance?

The answer is in the affirmative. Section 2 of the Insurance Act, 2003, clearly provides for two main classes of the insurance business which are the life insurance business and the general insurance business. The general insurance business is further subdivided to include fire insurance business, and general accident insurance business among others.

Is it mandatory for owners or occupiers of public buildings to insure their Property?

Section 65(1) makes it mandatory for owners or occupiers of public buildings to insure such public buildings with a registered insurer against the hazards of collapse, fire, earthquake, storm, and flood. An occupier or owner who defaults in insuring his or her public building is liable to a fine of not more than N100,000 or imprisonment for one year or both.

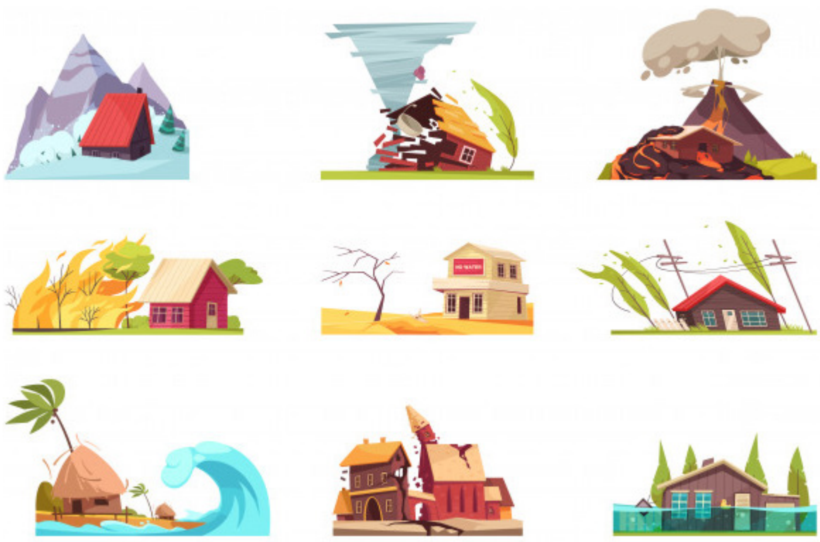
A public building has been defined under the Act to include a tenement house and any building in which members of the public have ingressed and regress for obtaining educational or medical service, or for recreation or transaction of business.

The insurance policy shall cover the legal liabilities of an owner or occupier of premises in respect of loss of or damage to property or bodily injury or death suffered by a user of the premises.

How then can business owners be absorbed from loss occasioned by fire outbreaks?

A house or building insured against loss by fire will be reinstated or repaired where there is no reasonable ground to suspect that the owner, occupier, or other persons who insured the house or other building is guilty of fraud in respect of the insurance or willfully caused the fire. Section 66 of the Insurance Act.

It is also pertinent to note that an insured can elect to receive the insured sum instead of reinstatement or repairing of the insured property however, the insured claiming the insurance money shall within 60 days after the claim is agreed, give security to the satisfaction of the insurer that the insurance money shall be paid and expended for that purpose. Section 66 of the Insurance Act.



Is there any obligation imposed by law on the insurer to ensure accountability?

Yes. Section 70 of the Insurance Act imposes an obligation on the insurer to settle claims made in writing by the insured or any other party entitled to the insurance policy not later than 90 days after the issuance of a discharge voucher.

Also, where the claim remains unpaid after 90 days of the issuance of the discharge voucher, the insured may request the Commission to effect the payment from the statutory deposit of the insurer and the Commission shall have the power to effect such payment.

In the event the insurer denies liability of the claim, the insurer is statutorily required to deliver a statement in writing stating the reason for disclaiming such liability to the person making the claim or his authorized representative not later than 90 days from the date on which the person delivered his claim to the insurer.

Any insurer who contravenes this section commits an offence and on conviction is liable to a fine of N500,000.

In conclusion, it is paramount for business owners to insure their properties to mitigate potential losses arising from accidental fire, natural disasters such as earthquakes or floods, theft, or burglary. ■

The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

Source: Mondaq - 15 August 2022

SUDAN

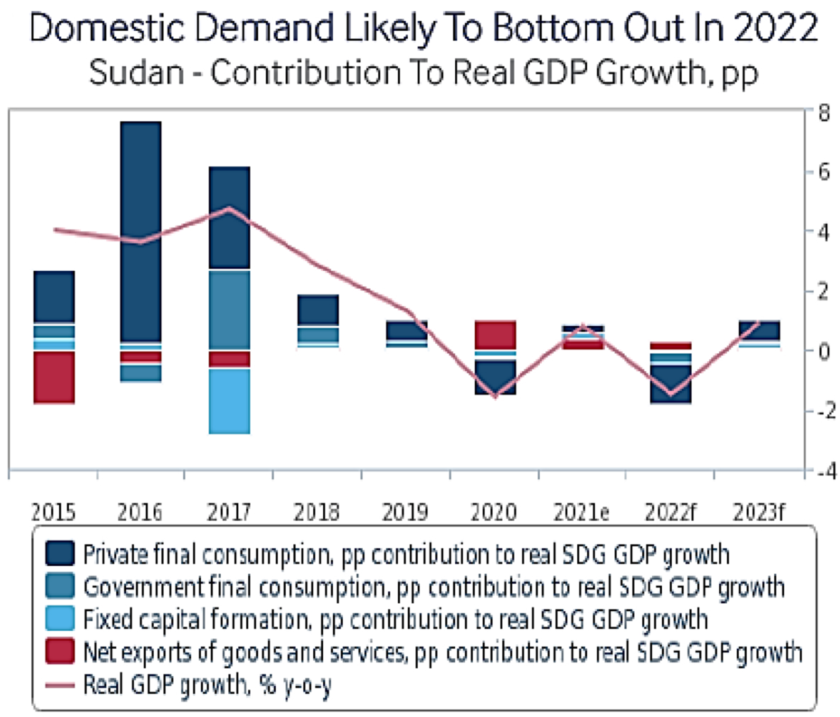
ECONOMIC OUTLOOK

- ***Economic growth prospects unlikely to improve in the near term***

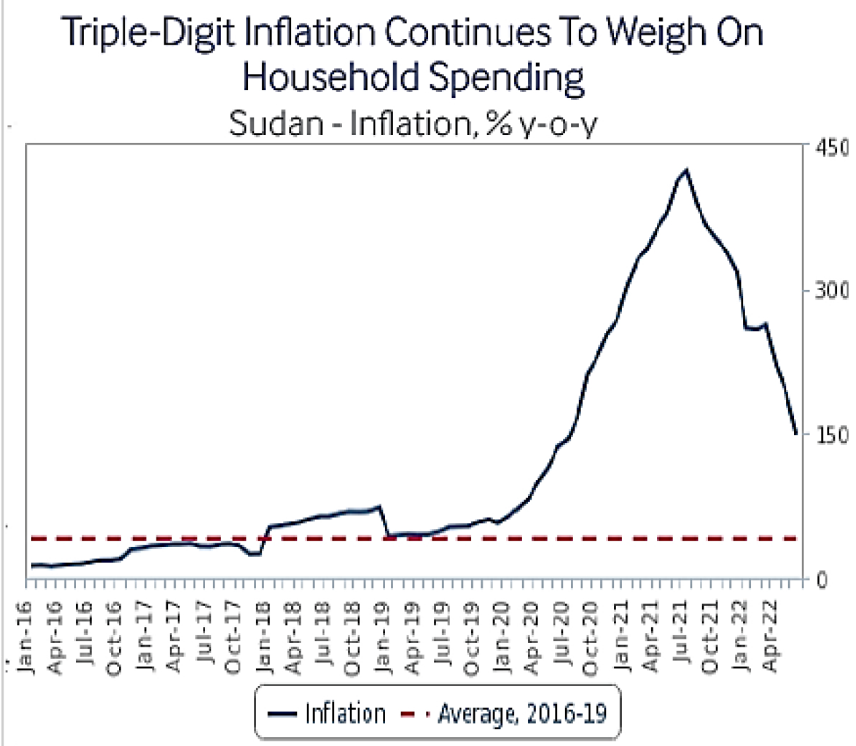
Key View

- **We at Fitch Solutions forecast that Sudan's real GDP will contract by 1.5% in 2022.**
- **Widespread unrest and rising prices will weigh on private consumption and investment, while government spending will fall as direct budget support from Western donors remains frozen.**
- **While we expect that the economy will exit recession in 2023, as strengthening agricultural output supports household incomes and exports, it will expand by just 0.9% as political instability persists.**

We at Fitch Solutions retain our forecast that Sudan's real GDP will contract by 1.5% in 2022 due to political instability and rising



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



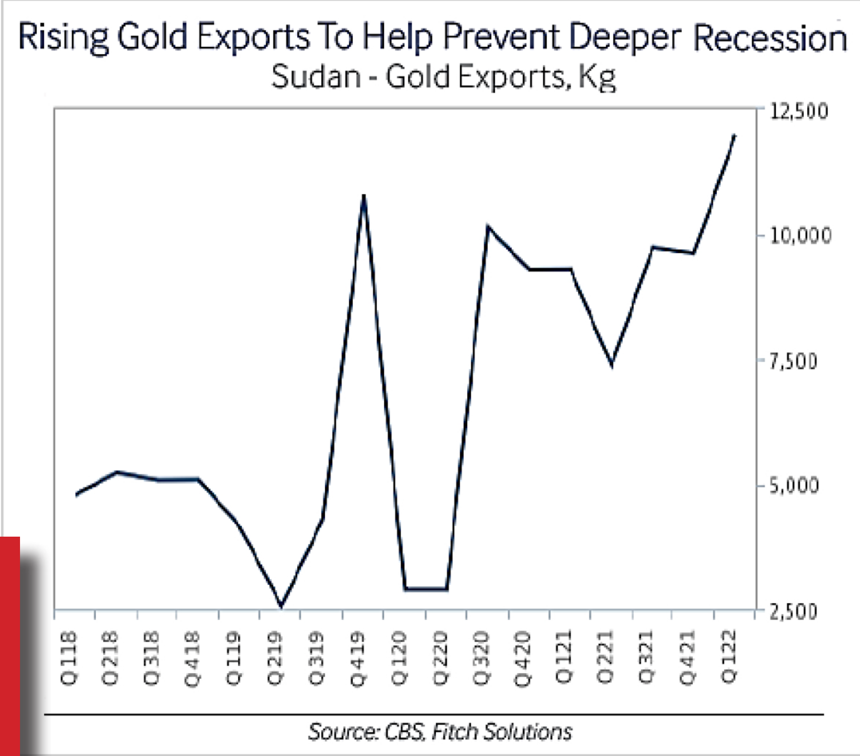
Source: Central Bank of Sudan, Fitch Solutions

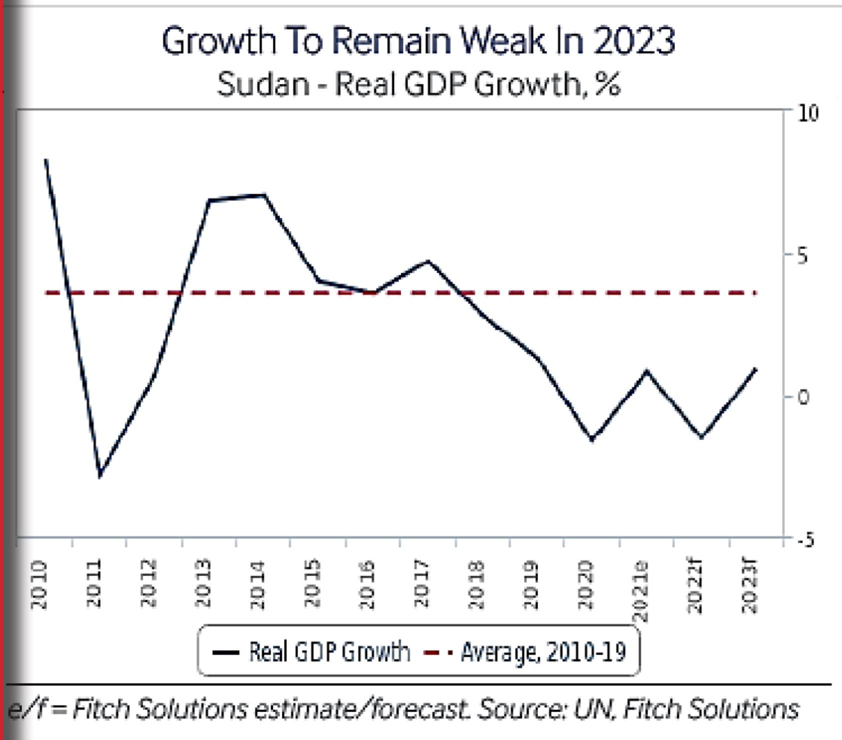
living costs. Economic conditions have continued to deteriorate since the October 2021 military coup and the increase in global grain prices in Q222 caused by Russia's invasion of Ukraine. We expect that elevated inflation, social unrest and the ongoing freeze of billions of dollars in aid will continue to weigh on growth in the coming quarters.

Private consumption will act as a drag on growth in 2022 as poverty increases. While inflation has slowed from an average of 359.7% in 2021 to 148.9% y-o-y in June 2022, prices are still more than doubling, and suppressing household purchasing power. Moreover, limited foreign-currency availability and disruptions to global grain supplies are exacerbating domestic goods shortages, further constraining consumption. Near-daily protests since the coup have brought economic activity in major cities to a halt, while rising inter-communal violence in Darfur, South Kordofan and Blue Nile is displacing thousands, disrupting economic activity and fuelling poverty. Given these constraints, the number of people facing acute food insecurity is projected to reach 11.7mn (25.4% of the population) by September 2022. Overall, we forecast that private consumption will subtract 1.4 percentage points (pp) from headline growth in 2022.

Investment will also decline. While the partial liberalisation of gold mining in 2020 and elevated gold prices will continue to incentivise investment in the mining sector, many businesses in other sectors are shutting down due to the sharp rise in input costs, and investment plans will likely be put on hold, particularly given the negative impact of protests on business revenues. We thus expect fixed investment to decline by 1.7% in 2022, shaving 0.1pp off headline growth.

Meanwhile, the government has limited options to finance spending. The suspension of direct budget support by Western





and multilateral donors in Q421 – including a USD2.0bn grant from the World Bank and USD700.0mn from the US – has left the government with limited fiscal resources.

Emergency aid, including a recently approved USD100.0mn programme for food and cash transfers to vulnerable people, funded by the World Bank, is bypassing the government and being wholly implemented by humanitarian agencies. The freeze in budget support, and a limited tax base to draw from given plunging economic activity, will weigh on government consumption, which we forecast will subtract 0.3pp from GDP growth in 2022.

However, a slight rise in net exports will prevent a deeper recession. While higher fertiliser costs are likely to limit production of key agricultural exports (which account for around half of Sudan's goods exports), exports of gold (another 25.2% of exports) rose by 33.4% y-o-y in Q122, and are likely to rise further over the year as relatively high gold prices incentivise production. Moreover, our Oil & Gas team forecasts production of oil (14.1% of exports) to rise by 3.0% in 2022.

As a result, we expect total exports to rise by 2.0%, and imports to fall by 1.4% as domestic demand weakens, causing net exports to contribute 0.3pp to headline growth.

Domestic demand is likely to bottom out in 2022, and we forecast that real GDP will expand by 0.9% in 2023. The latest forecasts by the Intergovernmental Authority on Development point to above-average rainfall in Q322, raising output prospects for the November-December 2022 millet and sorghum harvests. This will support incomes of farmers (38.0% of the workforce) and thus household purchasing power in 2023, particularly if weather conditions remain favourable through the March 2023 wheat harvest season. We expect that, as agricultural output strengthens, export growth will accelerate to 3.0% in 2023, and net exports will add 0.1pp to headline growth.

However, growth will remain well below Sudan's 2010-19 average of 3.6%, and below population growth of around 2.4%, meaning that incomes will continue to fall. Our 2023 forecast is more bearish than the IMF's projection of 3.9%, reflecting our scepticism that the country's democratic transition will make significant progress over the coming quarters. This will both keep unrest elevated in 2023, capping private consumption growth at just 0.8%, and prevent a resumption in aid from Western and multilateral donors, weighing on government consumption and investment.

The government is likely to receive some financial support from its Gulf partners, although recent speculation about a planned USD6.0bn investment by the UAE in a new port in Sudan has not been confirmed by official sources, and we have not factored it into our forecasts. ■

SUDAN – DATA & FORECASTS

	2018	2019	2020	2021e	2022f	2023f	2024f
Population, mn	41.80	42.81	43.85	44.91	45.99	47.10	48.22
Nominal GDP, USDbn	48.4	35.1	62.1	37.4	67.8	130.9	177.3
GDP per capita, USD	1,156	820	1,415	832	1,473	2,779	3,677
Real GDP growth, % y-o-y	2.8	1.3	-1.6	0.8	-1.5	0.9	2.5
Consumer price inflation, % y-o-y, ave	63.3	50.4	146.2	359.7	180.0	110.0	45.0
Consumer price inflation, % y-o-y, eop	72.9	57.0	269.3	318.2	110.0	60.0	25.0
Exchange rate SDG/USD, ave	24.33	45.77	54.00	375.00	585.00	655.00	721.00
Exchange rate SDG/USD, eop	47.50	45.00	55.00	430.00	610.00	700.00	742.00
Budget balance, SDGbn	-107.9	-219.6	-259.9	-63.0	-945.6	-1,805.7	-2,822.2
Budget balance, % of GDP	-9.2	-13.7	-7.8	-0.4	-2.4	-2.1	-2.2
Goods and services exports, USDbn	5.0	5.1	5.1	6.2	6.8	6.9	7.0
Goods and services imports, USDbn	8.2	9.8	10.5	9.7	10.6	10.9	11.5
Current account balance, USDbn	-4.7	-4.8	-5.8	-2.5	-2.9	-3.2	-3.8
Current account balance, % of GDP	-9.7	-13.6	-9.4	-6.6	-4.3	-2.4	-2.1
Foreign reserves ex gold, USDbn	0.2	0.2	0.2	1.1	0.9	0.9	0.8
Import cover, months	0.3	0.2	0.2	1.3	1.1	1.0	0.8
Total external debt stock, USDbn	21.5	22.3	23.0	28.1	33.2	38.2	43.3
Total external debt stock, % of GDP	86.9	62.3	37.7	86.3	51.1	31.2	25.1
Crude, NGPL & other liquids prod, 000b/d	67.3	69.9	64.7	66.9	68.9	69.6	68.9
Total net oil exports (crude & products), 000b/d	-65.9	-66.1	-61.7	-63.2	-62.4	-64.4	-69.1
Dry natural gas production, bcm	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dry natural gas consumption, bcm	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

SUDAN

• SUDAN: Insurance Market in 2020

Insurance Industry - Governance, Risk and Compliance' Key Highlights

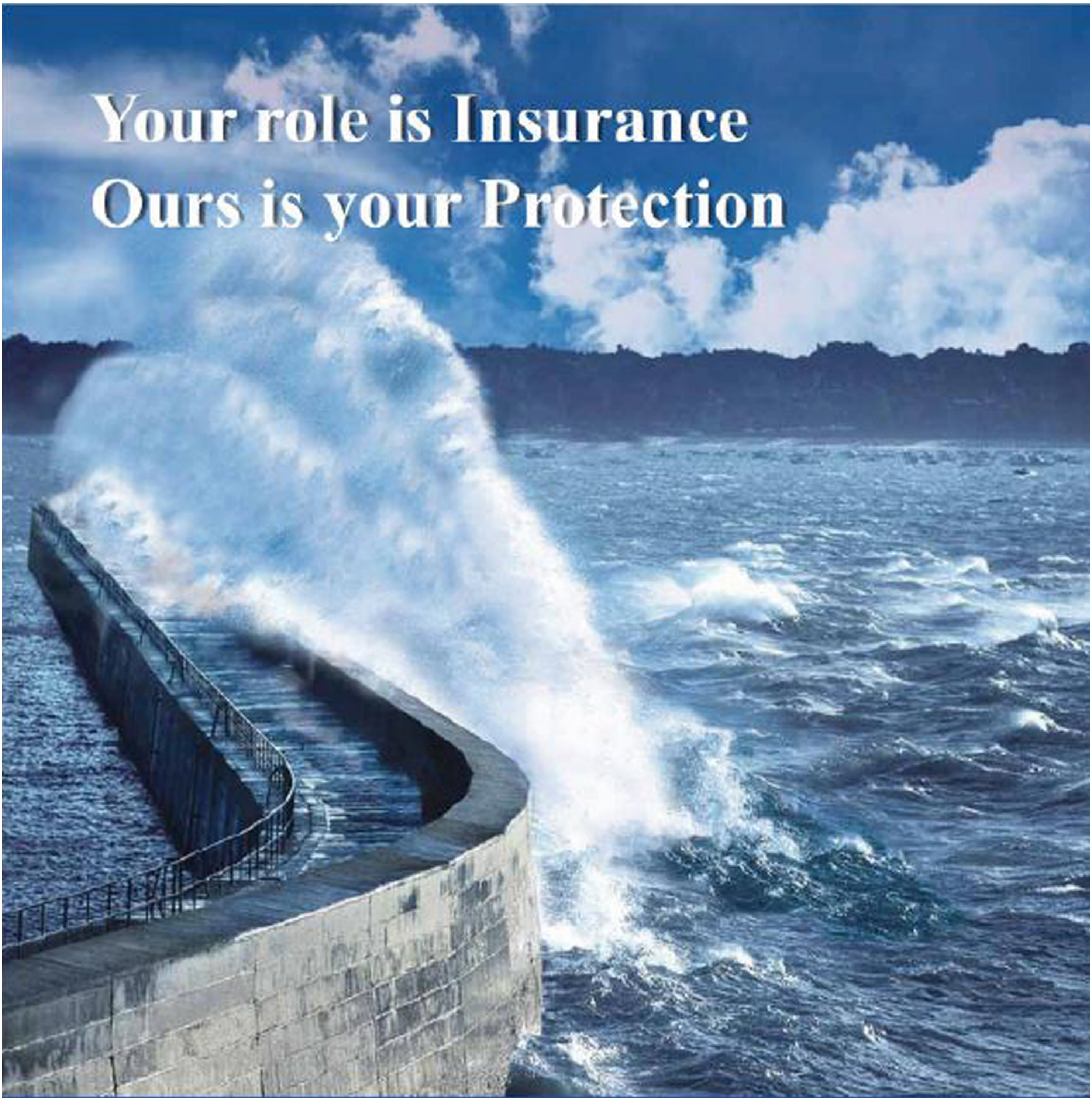
- The Sudanese insurance industry is regulated by the ISA.
- The Sudanese insurance industry is regulated by the provisions of the Insurance Supervision Act 2001 and the Insurance Act 2003.
- Motor third-party liability insurance, marine cargo insurance and aviation third-party liability insurance are the key classes of compulsory insurance.
- 100% FDI is permitted in the Sudanese insurance industry.
- The placement of non-admitted insurance is prohibited in the Sudanese insurance industry with a few exceptions. ■

Source: GlobalData's 'Sudan Insurance Industry - Governance, Risk and Compliance' report - February, 2022

SUDAN (US$000)

Rank	Company Name	Premium Written 2020	Premium Written 2019	Assets 2020	Assets 2019	Shareholders Equity 2020	Shareholders Equity 2019	Net Profit 2020	Net Profit 2019	Roe (%)
001	SHIEKAN	66,700	45,660	-	-	-	-	-	-	-
002	ISLAMIC	48,300	33,510	N/A	N/A	N/A	N/A	N/A	N/A	-
003	UNITED	21,500	18,340	18,200	17,880	1,100	530	1,700	1,350	154.55
004	TAAWUNIYA	19,800	6,500	-	-	-	-	-	-	-
005	BARAKA	18,390	11,360	-	-	-	-	-	-	-
006	NILEIN	18,310	11,220	-	-	-	-	-	-	-
007	SUDANESE	18,120	12,820	20,730	-	2,560	-	4,210	-	164.45
008	SALAMA	17,210	10,450	-	-	-	-	-	-	-
009	MIDDLE EAST	13,950	10,930	N/A	N/A	N/A	N/A	N/A	N/A	-
010	BLUE NILE	6,440	4,240	-	-	-	-	-	-	-
011	MMI	5,020	2,940	-	-	-	-	-	-	-
012	JUBA	4,920	4,780	-	-	-	-	-	-	-
013	SAVANNA	3,470	2,560	-	-	-	-	-	-	-
014	GENERAL	910	820	-	-	-	-	-	-	-
	TOTAL (US$ 000)	**263,040**	**176,130**	**38,930**	**17,880**	**3,660**	**530**	**5,910**	**1,350**	

Source: Al Bayan Magazine Supplement: "MENA Insurance, Reinsurance and Reinsurance Brokers 2020 Ranking" - OctOber 2021 ■


Your role is Insurance
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UGANDA

- ***Uganda's insurance premiums up 18.5% to Shs711.6bn***

The market boasts of two reinsurance companies, 29 insurance players, and three HMOs

Insurers in Uganda have recorded an 18.5% growth in gross written premiums for the six-month period ending June.30 to Shs 711.6bn.

Results released in Kampala on Aug.18 indicate that the non-life insurance business generated Shs406.37bn as the life insurance business generated Shs242.7 billion.

The Health Membership Organisation and a dedicated health insurer generated Shs21.97bn and Shs40.24bn during the same period under review.

The Ugandan insurance market

Evolution of premiums 2016-2020

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 ; at 31/12/2017: 1 UGX = 0.00027 USD ; at 31/12/2018: 1 UGX = 0.00027 USD ; at 31/12/2019: 1 UGX = 0.00027 USD ; at 31/12/2020: 1 UGX = 0.00027 USD

"This growth is a statement of resilience in a contracting economy as a result of a challenging environment," said Ibrahim Kaddunabbi, the Chief Executive Officer of the Insurance Regulatory Authority of Uganda.

Like most developing countries, Uganda's economy has been battered by a difficult economic environment, characterized by increased inflationary and currency pressures.

This has been largely influenced by higher fuel prices, rising domestic food prices due to dry weather conditions across the country, as well as persistent global production and supply chain challenges.

Gross claims paid on account of both life and non-life insurance business including HMOs stood at Shs242.5 billion, signaling increased commitment of players to honor obligations.

Micro-insurance business generated Shs317million, representing a 5.4% reduction compared to the same period last year, demonstrating a hardening economy and the impact it had on the population at the lowest levels of the economic pyramid.

In terms of market concentration, non-life insurance accounted for 57% of the aggregate industry written premiums, 2.7% points lower than the market share index of 59.8% in the corresponding period of 2021.

On the other hand, life business accounted for 34% of the aggregate industry written premiums, 0.86% points higher than the market share of 33% in the corresponding period.

Bancassurance growth

Insurance services sold through commercial banks commonly known as bancassurance recorded an increase in insurance premiums from Shs-49bn to Shs62bn.

Also, gross written premiums collected through the brokerage distribution channel stood at Shs186.3bn, accounting for 26% of the total premium during the half year. Brokers are critical players in the market as they play a critical role in providing expert, value-adding advice on risk management to their clients.

Kaddunabbi also revealed that the regulator has operationalised the Insurance Appeal Tribunal, digitalisation of insurance complaint management of the complaints bureau, operationalisation of the localisation of marine insurance, and the initiation of the process to operationalise IRA's regional establishments.

Resilient market

Kaddunabbi said, whereas the economy continues to harden amidst the challenging macro-economic fundamentals with heightened costs of living and disposable income, they project the industry on a positive growth trajectory of about 15% in the next quarter, declining to about 12% by end of the year.

Last year, the country's insurance industry recorded gross written premium growth of 10% to Shs1.18trillion driven by enhanced distribution, customer confidence, risk awareness, and a growing middle class.

Non-life insurance business recorded an increase in gross written premiums from Shs665billion in 2020 to Shs706billion last year while life business increased from Shs324billion to Shs391.7billion during the same period under review.

Comparatively, non-life insurance businesses contributed 59.8% to the aggregate industry written premiums, 2.5 percentage points lower than the market share index of 62.4% in 2020.

On the other hand, the life insurance business accounted for 33.2% of the gross written premiums, 2.8percentage points higher than the market index of 30.4% recorded in the previous year.

The country's insurance market boasts of two reinsurance companies, 21 non-life players, 8 life companies, 2 micro insurance companies, and 3 Health Membership Organisations. ■

The Independent - August 24, 2022

- *In April 2022 the Insurance Regulatory Authority of Uganda 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.*

- *April 2022 was a busy month for insurance-related news, as it also saw Stanbic Uganda launch 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. The removal of stamp duty tax on agricultural insurance was mooted, which would boost take up of insurance among farmers.* ■

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IN MIDDLE EAST AND AFRICA

WHO WE ARE

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- MISCELLANEOUS ACCIDENT & LIABILITIES
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- TRADE / CREDIT INSURANCE
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Asia News

• *APAC insurers report aggregate premium of $908.6bn in 2021*

By Kassandra Jimenez-Sanchez

Growing awareness regarding the importance of insurance, alongside renewed economic growth post-pandemic have helped towards the growth of Asia-Pacific (APAC) public insurance companies, with the top 20 APAC insurers reporting an aggregate premium of $908.6 billion in 2021, according to GlobalData.

Analysts at the data and analytics company revealed that the top 20 insurers in the region reported a year-over-year (yoy) growth of around 5% in their top-line performance in 2021.

Eight insurers reported more than 7% rise in premiums earned. Additionally, the top 20 companies maintained financial robustness through flexible hedging of assets under management.

Murthy Grandhi, Company Profiles Analyst at GlobalData, comments: “In 2021, the COVID-19 pandemic continued to put the global financial market and insurance industry under severe stress. Consequently, insurance companies changed their operation philosophy and adopted new technologies to reevaluate from product design to cost control.

“The APAC region also witnessed economic rebound with successful control of the COVID-19 infection rates and supportive monetary and fiscal policies.”

According to the report, China dominates the list with seven companies. New China Life Insurance outperformed the top players, with its revenue growth surpassing 15%, as the first-year premiums from long-term insurance business were up by 5% and renewal premiums by 3.5% yoy. It also reported a total investment yield of 5.9%.

China Taiping Insurance was also one of the most notable performers in the region, reporting 15% rise in revenue due to 13.6% and 24.3% growth in premiums written and net investment income, respectively, from life insurance business.

The remaining insurers reported moderate revenue growth with China Pacific Insurance, China Life Insurance reporting a yoy growth of 11%; and The People’s Insurance Company, PICC Property and Casualty, T&D Holdings, and Life Insurance Corporation of India reporting growth between 5-10%.

The only insurer to have a loss in revenue was Japan Post Insurance. It reported a 10.3% decline in revenue on the back of a 11.6% drop in annualised premiums from individual insurance and medical care insurance.

Grandhi added: “With home to one-third of the world’s population, some of the world’s fastest growing economies and significant uninsured population, APAC region has the potential to become the world’s largest market for insurance. Insurers with presence in the region can capitalise on the positive outlook by adopting strategies such as new, impact-based insurance offerings, and introducing hybrid distribution channels.” ■

Source: Reinsurance News - 18 August 2022

• ASIA: Insurance Market 2021 Statistics

Insurance market: turnover in 2021

Rank Global	Country	Turnover (in US$ M) 2021	Turnover (in US$ M) 2020	2021 Global share	2021 Penetration	2021 Density (in US$)
2	PR China	696,128	655,874	10.15%	3.9%	482
3	Japan	403,592	414,805	5.88%	8.4%	3202
7	South Korea	193,008	193709	2.81%	10.9%	3735
10	India	126,974	107993	1.85%	4.2%	91
11	Taiwan	113,423	113304	1.65%	14.8%	8043
15	Hong Kong	72,227	73131	1.05%	19.6%	9556
24	Singapore	44,158	35061	0.64%	9.3%	6742
28	Thailand	27,610	26765	0.4%	5.4%	387
33	Malaysia	19,709	18427	0.29%	5.3%	600
34	Indonesia	19,417	20542	0.28%	1.6%	70

Non-life insurance market in 2021

Rank Global	Country	Turnover (in US$ M) 2021	Turnover (in US$ M) 2020	2021 Global share	2021 Penetration	2021 Density (in US$)
2	PR China	696,128	655,874	10.15%	3.9%	482
3	Japan	403,592	414,805	5.88%	8.4%	3202
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33	Malaysia	19,709	18427	0.29%	5.3%	600
34	Indonesia	19,417	20542	0.28%	1.6%	70

Life insurance market in 2021

Rank Global	Country	Turnover (in US$ M) 2021	Turnover (in US$ M) 2020	2021 Global share	2021 Penetration	2021 Density (in US$)
2	PR China	696,128	655,874	10.15%	3.9%	482
3	Japan	403,592	414,805	5.88%	8.4%	3202
7	South Korea	193,008	193709	2.81%	10.9%	3735
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34	Indonesia	19,417	20542	0.28%	1.6%	70

Sources: SwissRe Sigma 4_2022 - Global Insurance - by Swiss Re Institute, 13 Jul 2022
& Sigma Explorer (www.sigma-explorer.com) ■

BEST'S RANKINGS

BEST'S REVIEW

Largest 30 Asia-Pacific Insurers – 2022 Edition

Ranked by 2020 gross premiums written. (US$ thousands)

Rank	Company/Group	AMB #	Country of Domicile	Gross Premiums Written	Capital & Surplus
1	Ping An Ins (Group) Co of China Ltd	086446	China	122,291,068	116,877,571
2	China Life Ins (Group) Co	052446	China	115,251,530	29,030,564
3	People's Ins Co (Group) of China Ltd	085320	China	86,384,198	31,034,110
4	China Pacific Ins (Group) Co Ltd	090598	China	55,493,549	32,987,382
5	Life Ins Corp of India	085485	India	55,068,779	868,553
6	Nippon Life Ins Co	090826	Japan	47,099,747	78,280,296
7	Dai-ichi Life Holdings, Inc.	046417	Japan	42,927,009	43,624,215
8	Tokio Marine Hldgs Inc	050962	Japan	37,257,855	33,272,195
9	AIA Group Ltd	052599	Hong Kong	35,780,000	63,200,000
10	MS&AD Ins Group Hldgs, Inc.	052662	Japan	33,787,731	37,389,804
11	China Taiping Ins Group Ltd.	055742	China	31,854,592	6,328,107
12	SOMPO Hldgs, Inc.	052641	Japan	28,720,334	18,320,662
13	Taikang Ins Group Inc.	077638	China	26,153,993	16,444,798
14	China Reins (Group) Corp	090958	China	24,764,423	14,258,473
15	New China Life Ins Co Ltd	091605	China	24,448,251	15,582,501
16	Japan Post Holdings Co. Ltd.	053008	Japan	24,339,490	125,182,456
17	Meiji Yasuda Life Ins Co	090828	Japan	24,224,157	41,089,369
18	Sumitomo Life Ins Co	091242	Japan	21,921,129	19,091,185
19	Cathay Financial Holding Co., Ltd.	059995	Taiwan	21,634,666	31,850,160
20	Fubon Life Ins Co Ltd	093804	Taiwan	19,751,808	17,246,592
21	Prudential Holdings of Japan, Inc.	058645	Japan	19,334,011	6,856,241
22	Samsung Fire & Marine Ins Co Ltd	093102	South Korea	18,426,841	14,971,950
23	Samsung Life Ins Co Ltd	093248	South Korea	16,338,020	38,573,753
24	T&D Hldgs Ltd	052951	Japan	15,998,495	14,027,146
25	Hanwha Life Ins Co., Ltd.	092839	South Korea	14,941,432	11,662,361
26	QBE Ins Group Ltd	085434	Australia	14,643,000	8,491,000
27	DB Ins Co., Ltd.	094051	South Korea	14,230,926	5,905,733
28	Sunshine Ins Group Corp Ltd	052976	China	14,188,013	8,549,520
29	Nan Shan Life Ins Co., Ltd.	095275	Taiwan	13,332,488	18,138,231
30	Hyundai Marine & Fire Ins Co Ltd	093505	South Korea	13,249,852	4,423,788

Source: BESTLINK Data as of March 4, 2022

• *Asia-Pacific MAT market to surpass $16 billion by 2026*

China, India, Australia, and South Korea are among the major markets for wind and hydro energy in the region

The marine, aviation and transit (MAT) insurance industry in Asia-Pacific will grow from an estimated $11.9 billion in 2021 to $16.2 billion in 2026, in terms of written premium, driven by positive economic developments, forecasts GlobalData.

According to GlobalData, MAT insurance in Asia-Pacific is estimated to grow at a compound annual growth rate (CAGR) of 6.4% over 2021-26, supported by increasing trade activities, recovery in flight services, and demand from renewable energy infrastructure projects.

Deblina Mitra, senior insurance analyst at GlobalData, comments: "MAT insurance is estimated to have recovered in 2021 with 7.2% growth after remaining almost flat in 2020 as the COVID-19 pandemic adversely impacted air travel, and caused supply chain issues."

The establishment of the Regional Comprehensive Economic Partnership (RCEP) in January 2022 is one of the major developments that is expected to create new business opportunities for insurers in Asia-Pacific. Involving 15 regional markets including China, Japan, and South Korea, RCEP aims to remove up to 90% tariff on goods.

RCEP is expected to increase trade among the member nations by $42 billion, out of which 40% will be from new trade creation, according to the United Nations Conference on Trade and Development (UNCTAD). The increased foreign trade through road, maritime, and air facilitated by RCEP will create new business opportunities for the MAT insurance industry.

Transition opportunities

MAT insurers will also benefit from the ongoing shift towards clean energy in the Asia-Pacific region. The construction of offshore energy plants to replace fossil fuels, such as wind power projects, have gained traction in the region creating demand for marine renewable insurance lines within MAT insurance.

China, India, Australia, and South Korea are among the major markets for wind and hydro energy in the region.

Deblina continues: “The ongoing Russia-Ukraine crisis will be a prime focus area for the regional MAT insurers, and it is expected that policy wordings might be revised, and premiums will be increased at the time of renewals to re-assess the insurers’ exposure to war risks.”

Lloyd’s Market Association (LMA), for example, announced high-risk status for all of Russia’s territorial waters in April 2022. Before that, in February 2022, the Joint War Committee assigned high-risk status to the Sea of Azov and the Black Sea waters.

These straits are a prominent gateway for crude and agriculture transport between the Asia-Pacific and European countries. Vessels crossing these straits will be required to inform their insurer/ broker beforehand to negotiate their policy terms.

Deblina concludes: “The Asia-Pacific MAT insurance industry will present expansion opportunities for domestic insurers, as many foreign insurers, especially from Europe, are either reducing their presence in the region or exiting from the market due to unsustainable natural hazard losses.

”Also, their withdrawal from coal-related underwriting, to comply with ESG targets, enhances opportunities for the domestic insurers. The profitability of insurers, however, remain exposed to enhanced security threats posed by geopolitical tensions, supply-chain issues, volatility in oil prices, and extreme weather repercussions.” ■

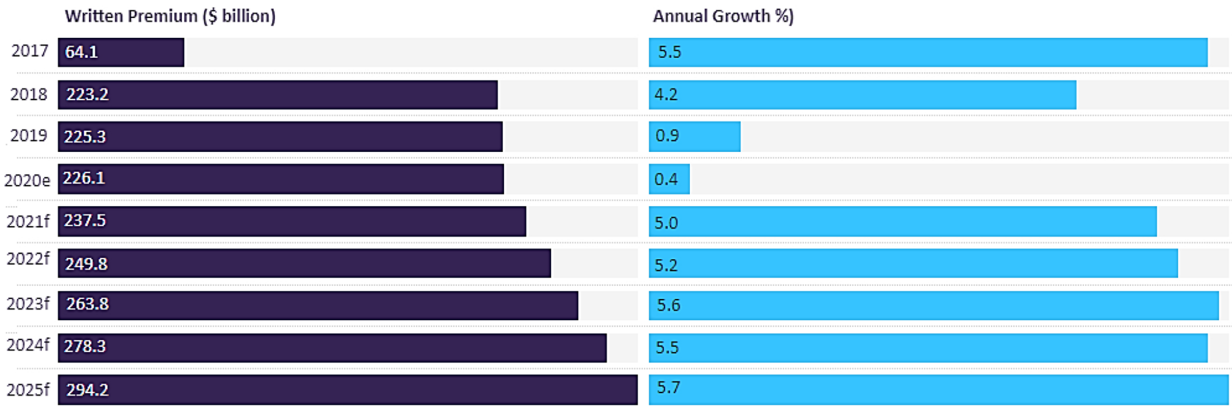
Source: Strategic Risk - 2 Aug 2022

• *Property Insurance Industry in Asia-Pacific will Continue its Growth Momentum Until 2025*

- **The property insurance industry in the Asia-Pacific (APAC) region is expected to grow by 9.0% and reach $103.0bn in 2022**
- **Japan was the leading market in the region with 30.5% share in 2020. The other top markets are – China, Australia, India and South Korea with a collective share of 56.8%**
- **The top 10 insurers accounted for 79.9% of the APAC’s property insurance premiums in 2020.**
- **The top three insurers held 70% share, indicating a concentrated market. The remaining market is highly competitive and fragmented**
- **A challenging property market, along with severe natural catastrophe events, contributed to the growth of the specialty insurance market. The report provides an insight into key trends, the impact of climate change, technology developments, and potential disruptors in the property insurance industry.**

As per GlobalDatas’s Property Insurance Industry Outlook in Asia-Pacific in 2022 report, the global property insurance industry recorded a CAGR of 4.1% during the period 2016–20, backed by an increase in weather-related events, which fueled the demand for property insurance. Among all the regions, Asia-Pacific recorded the highest increase in this industry. Its share in global premiums increased from 14.3% to 17.2% during 2016–20.

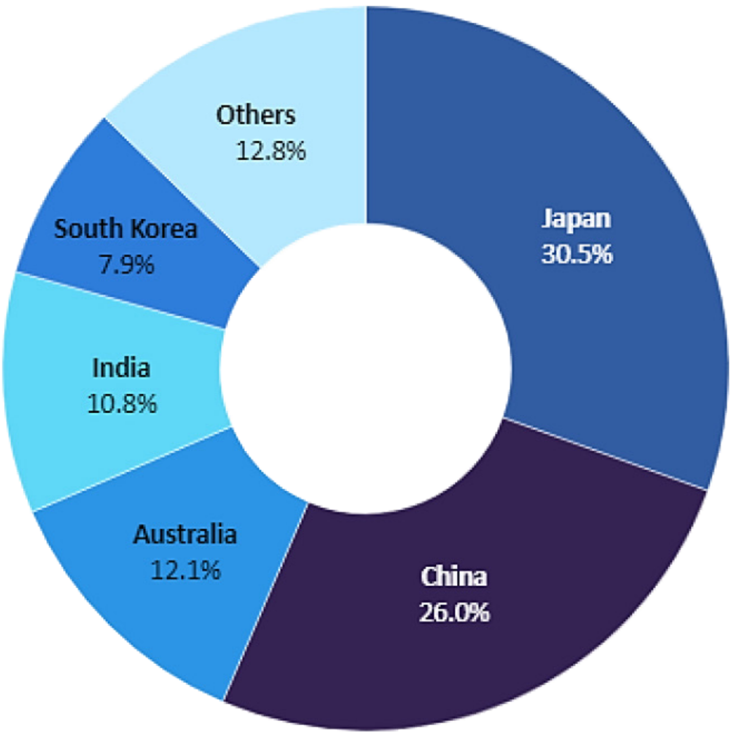
APAC Property Insurance Industry - Written Premium (2017 - 2025, $ billion)



e: estimated; f: forecast

Published: June 2022 • Source: GlobalData Insurance Intelligence Center

Country-Wise Distribution of Property Insurance Premium, 2020



Published: June 2022 • Source: GlobalData Insurance Intelligence Center

Outlook

Escalating natural catastrophe losses, wildfire and Coronavirus (COVID-19) outbreak impacted property underwriting and claims exposure in 2020. Asia-Pacific property insurers were also impacted by contentious claims and lawsuits in business interruption and event cancellation insurance due to lack of clarity in policy wordings on epidemic and pandemic coverage.

The unprecedented situation caused by COVID-19 highlighted the importance of clear policy wording compelling insurers to make changes in the risks covered in those policies.

Despite the outbreak, Asia-Pacific exhibited strong growth of 10.4% in 2020, supported by growth from developing economies in the region. China and India registered double-digit growth of 14.2% and 21.4% respectively in

2020. Demand in these markets was strongly backed by commercial and industrial developments.

Clean energy, climate change and environmental, social and governance (ESG) considerations are expected to remain key focus areas for property insurers. With increasing awareness towards climate change and new standards laid under the COP26, property insurers are expected to reduce carbon footprints at the operational level, as well as review investment strategy and underwriting.

Insurers are focusing on prudential underwriting practices and technology to safeguard their losses

Given the region's high vulnerability to natural hazard risk, insurers are wary about their exposure and are turning to insurtech to improve industry practices. Japan-based MS&AD Insurance Group and Sompo Japan are among the leading regional insurers that have partnered with tech companies to access AI-enabled geospatial data for hazard mapping and improved claim settlements.

Competitive landscape

MS&AD Insurance Group, Tokio Marine, Sompo Holdings, Fubon Insurance and Axa were the top five insurers, with a collective share of 73.8% in 2020.

Overall, five out of the top 10 insurers were based out of Japan. Apart from the top three, The Kyoei Fire & Marine Insurance and Secom General Insurance were the other two Japanese insurers that were ranked seventh and eighth, respectively, in 2020. ■

Source: GlobalData Report "Property Insurance Industry Outlook in Asia-Pacific in 2022"

- ***With most of the continent now treating COVID as endemic, consumption growth will remain resilient - Oxford Economics***

Despite an Omicron wave at the start of the year, worsening stagflation shocks due to the war in Ukraine, and China's lockdowns, private consumption growth has been robust across Asia Pacific, according to Oxford Economics.

Unlike most Western economies, real incomes have not declined in Asia. With wage growth outpacing inflation, consumption has been boosted by re-openings and rebounding tourism.

At the same time, governments have stepped up measures to shield consumers from the increase in consumer prices and normalising financial conditions. Nevertheless, confidence indices are generally trending lower, with Indonesia, India, and the Philippines notable exceptions. While China's re-opening will impart a positive impulse to exports in Q3 and support earnings and consumption, Oxford Economics expects momentum to slow thereafter and remain muted in 2023 as the external backdrop weakens considerably.

In line with this, it forecasts Asia ex-China's consumption growth to slow to 3.2% in 2023 from 4.6% in 2022. But in the short term, Asia seems better placed than others. Globally, Asia's consumption is likely to continue growing at a faster pace than other regions in 2023. ■

Source: Strategic Risk - 9 Aug 2022

• *Tokio Marine HCC joins ADB to increase lending capacity in APAC*

by Jack Willard

Tokio Marine HCC (TMHCC) and Tokio Marine & Nichido Fire Insurance Co., Ltd. (TMNF) have partnered up with Asian Development Bank (ADB), along with four other global insurers to participate in ADB's new framework credit insurance program.

The program covers loans for financial institutions, and also increases lending capacity by $1 billion in the Asia-Pacific region. Moreover, the Tokio Marine Group will provide the largest portion of capacity.

The Asia-Pacific region accounts for more than one-third of the world's GDP, however while it plays an important role in the global economy, it faces a wide range of social issues such as poverty.

ADB has been working to resolve these social issues through funding, knowledge and technology, as well as promoting local policies consistent with major international programs such as the United Nations' Sustainable Development Goals and the Paris Agreement.

At the same time, ADB's program utilizes credit insurance which covers losses in the event of non-payments by borrowers under loan agreements, to cover its loans to financial institutions meeting certain criteria over the next three years. The program will also enable ADB to mitigate its credit risk exposure and provide funding to organizations throughout the Asia-Pacific region.

Furthermore, the program also gives both TMHCC and TMNF the opportunity to address social issues within this region by promoting access to financial services, increasing job creation, expanding access to housing and advancing gender equality.

"Tokio Marine HCC is pleased to partner with ADB and offer our underwriting expertise to a program that increases lending in ways which help elevate some of the poorest people in Asia-Pacific. ADB's corporate social responsibility endeavors are closely aligned with our own Good Company vision and efforts. At Tokio Marine HCC and throughout the Tokio Marine Group, we are committed to a safe, secure and sustainable future for all," said Susan Rivera, Tokio Marine HCC's Chief Executive Officer.

Jerome Swinscoe, President of Tokio Marine HCC – Credit Group, added: "With the international expertise necessary to underwrite insurance designed to protect against financial losses originating from credit and political risks, Tokio Marine HCC is well positioned to support ADB's credit insurance program. We know the risks related with political instability, economic uncertainty, government interventions and social discontent." ■

Source: Reinsurance News - 25 August 2022

BANGLADESH

• *1H 2022: Profit declines for insurers*

Fall in marine insurance business, bearish stock market, economic slowdown to blame

Ahsan Habib

Most of the listed non-life insurance companies in Bangladesh posted lower profits in the first half of 2022 largely due to a decrease in premium incomes from their marine insurance segment as the country moved to curb imports.

A sharp fall in third-party insurance and lower earnings from the stock market investments were also responsible for the fall in profits.

Of the 43 non-life insurance companies listed on the Dhaka Stock Exchange (DSE), 40 published their financial reports for the first half of 2022. Of them, 22 posted lower profits compared to a year ago.

The profits of five non-life insurance companies were almost flat while the rest made higher profits, according to their financial statements.

"The overall business activities of the country squeezed because of the coronavirus pandemic and this has impacted the insurance sector as well. The gross premium income declined for many insurers," said Sheikh Kabir Hossain, president of the Bangladesh Insurance Association.

In Bangladesh, non-life insurance companies do business mainly in three segments—fire, transport and marine.

The marine insurance business fell in the January-June period of 2022 as the opening of the letters of credit (LCs) has begun plummeting since March.

The insurers' profit was significantly impacted in the second quarter because of the outbreak of Russia's war in Ukraine as the conflict forced the government to curb imports to save US dollars and keep inflation in check.

"Due to the dollar shortages, the LC opening fell," said Hossain.

Half-yearly profits of Sonar Bangla Insurance, where Hossain is the chairman, dropped to Tk 6.7 crore from Tk 7.4 crore during the same period last year.

Industry people say a big blow came from a sharp fall in automobile insurance as third-party insurance has become largely non-existent in the country.

Third-party insurance is a policy purchased by the insured from the insurer for the protection against the claims of the third party. But in Bangladesh, none buys third-party insurance products since it is not mandatory.

As per Motor Vehicles Ordinance 1983, third-party insurance was compulsory. It is not mandatory under the existing Road Transport Act 2018.

"The income from the segment has fallen drastically after the withdrawal of the insurance requirement," Hossain added.

Green Delta Insurance registered the highest profit of Tk 38 crore among the listed non-life insurance companies followed by Reliance Insurance, which clocked a profit of Tk 35 crore in the January-June period.

SM Mahbubul Karim, chief executive officer of Nitol Insurance, says the Russia-Ukraine war hit the insurance business at a time when the economy of Bangladesh was on its way to recovering from the coronavirus pandemic fully.

Profits of Nitol Insurance went down to Tk 4 crore in January-June from Tk 5 crore, according to its financial reports.

Karim says export and import businesses have slowed and people are struggling to make a living as their expenses have surged owing to higher inflation.

"In line with the downward trend of all other businesses, our insurance business was hampered considerably in the first half of 2022."

Meanwhile, the re-insurance premium of fire insurance has gone up.

"This is because we can't assume the full burden of the risks related to such insurance products," said Ahmed Saifuddin Chowdhury, managing director of Bangladesh General Insurance Company.

Reinsurance is the practice where insurers transfer a portion of their risk portfolios to other parties with a view to reducing the likelihood of paying a large obligation resulting from an insurance claim.

Bangladesh General Insurance Company's profits slipped to Tk 6.8 crore in the first half of 2022. It was Tk 8.5 crore during the identical period in 2021.

The marine insurance business fell in recent months due to the lower LC opening, according to Chowdhury.

"This trend is common worldwide and Bangladesh is not an exception," he said.

Chowdhury says the investment income of the insurance companies was good except that from the stock market.

Insurers with significant exposure to the stock market were hit by the falling trend in the first half owing to the macroeconomic instability caused by higher imports, dollar shortages, and runaway inflation.

The DSEX, the benchmark index of the premier bourse in Bangladesh, tumbled 6.96 per cent in the first half, data from the DSE showed. The index had surged 9.46 per cent during the same period last year.

Zharna Parul, company secretary of Paramount Insurance, says the income from investment was lower this year due to the bearish run in the stock market.

She identified the fall in marine insurance income as the main factor for the decline in profits in the industry.

"Almost all companies faced the same situation as the overall LC opening dropped because of a costlier US dollar."

The US dollar was up at least 10 per cent against the taka in June as the country's foreign exchange market began facing a shortage of US dollars. ■

The Daily Star - 23 Aug 2022

CHINA

• China regulator launches new probe into banks' property loan exposure - sources

By Engen Tham and Ziyi Tang

SHANGHAI/BEIJING, Aug 18 (Reuters) - China's banking regulator is scrutinising property loan portfolios of some local and foreign lenders to assess systemic risks, sources with knowledge of the matter said, as a crisis in the real estate sector worsens and weighs heavily on the economy.

As part of their assessment, the China Banking and Insurance Regulatory Commission (CBIRC) is looking at banks' loan book exposure to developers to find out if those credit decisions were made according to the rules, one of the sources said.

The aim is to measure risks to the financial system from the ongoing property sector turmoil in the world's second-largest economy, two of the sources said. It was not immediately clear what action the regulator might take after the investigation.

The probe is different to the routine self-reporting the regulator requires from banks, the sources said.

China's economy narrowly avoided contracting in the second quarter as widespread COVID-19 lockdowns and the slumping property sector badly damaged consumer and business confidence. July data was much weaker than expected, with further signs of deterioration in the housing and construction markets.

The CBIRC did not respond to Reuters requests for comment.

All the sources declined to be identified due to the sensitivity of the matter.

The latest probe comes as policymakers have been trying to stabilise the property sector, which accounts for a quarter of the economy, after a string of defaults among developers on their bond repayments and a slump in home sales.

The investigation underscores the challenges for Beijing in its efforts to encourage banks to extend fresh loans to embattled developers, while managing lending risks.

Property loans accounted for 25.7% of total banking sector credit in China as of end-June, central bank data showed. The banking sector's total outstanding loans was 206 trillion yuan ($30.3 trillion) at the end of the first half.

While Chinese banks have the biggest exposure to local developers and homebuyers, foreign lenders including HSBC Holdings and Standard Chartered lend to property firms.

Reuters could not determine whether HSBC and StanChart, two of the biggest foreign banks in China, are part of the latest investigation. HSBC and StanChart declined to comment.

The debt crisis in China's property sector has worsened in recent weeks after a growing number of homebuyers threatened to stop making mortgage payments on stalled property projects, aggravating a crisis that could lead to social instability.

The CBIRC is also asking some developers for details of their cash positions and the source of money for debt repayments, a third banking source said.

Beijing's launch of tough leverage rules for developers in recent years has led to cashflow issues for many, leaving some scrambling from one month to the next to pay upcoming debt and sometimes failing.

"The regulator wants to know how to tailor policy and assess risk," said one banker at a foreign lender, who has been asked for property sector-related lending documents over the last couple of weeks.

The investigation is very detailed and loan officers are being approached multiple times, sometimes over many weeks for additional documents on lending to specific developers, two of the sources said.
A potential rise in mortgage defaults raises risks for banks and developers.

"The risk of new NPLs (non-performing loans) will remain a threat to banks' asset quality," said rating agency Moody's in a June note.

Commercial banks' non-performing loan ratio stood at 1.67% at the end of June, down from 1.73% at the beginning of this year, according to CBIRC data, though many analysts believe the real number is much higher.

New bank lending in China tumbled more than expected in July while broad credit growth slowed, as fresh COVID-19 flare-ups, worries about jobs and the property crisis made companies and consumers wary of taking on more debt.

The property sector's credit troubles risk seeping into secondary industries such as asset management companies, privately-owned construction firms and small steelmakers, said Fitch Ratings in an August note. ■

($1 = 6.7890 Chinese yuan)

Source: Reuters – 18 Aug 2022

• *China's Ping An Insurance H1 Profit Rises 3.9%*

Ping An Insurance Group Co. of China, China's largest insurer by market value, reported a 3.9% rise in first half net profit, the first increase over this period in three years, a filing with the Hong Kong stock exchange showed on Tuesday.

The group posted a net profit of 60.3 billion yuan ($8.81 billion), from 58 billion yuan a year earlier, after two successive years of first half net profit dips as the

insurer battled a 54 billion yuan exposure to indebted developer China Fortune.

The group's gross written premiums fell 2.5% to 283.6 billion yuan from the year before, while the number of retail customers rose 3.2% from the end of last year to 122 million.

Despite the profit rise, Ping An remains cautious.

"Substantial uncertainties will remain regarding COVID-19 as well as the domestic and overseas environment in the second half of 2022," the chairman of the insurer said in the results, adding that the group faces "severe challenges."
Its banking unit Ping An Bank posted 25.6% growth in first-half net profit, with a non-performing loan ratio of 1.02%, holding steady from the end of 2021. ■

($1 = 6.8459 Chinese yuan renminbi)

Source: Insurance Journal - 23 Aug 2022

• *Mapfre Re opens a subsidiary in Beijing*

Mapfre Re has been granted the approval of the Chinese supervisory authority (CBIRC) for the establishment of a subsidiary in Beijing. The new entity will have a share capital of 500 million CNY (74 million USD).

Ignacio Rodríguez Arteche has been appointed General Manager of the Spanish reinsurer's Chinese subsidiary.

Mapfre Re, the reinsurance entity of the Mapfre group, has been present for several years on the Chinese market where it has maintained relationships with several local companies. In 2015, the company opened a representative office in Beijing. ■

Source: Atlas Magazine, 19 Aug 2022

INDIA

• *Accelerating growth in the Indian insurance sector: The EoDB approach*

There are several growth drivers endemic to India that can boost its insurance industry. These include a young working demographic, rise in nuclear family structures, sustained increase in formalisation of household savings, awareness about financial products, a growing digital economy and various government schemes to increase mass insurance coverage. In addition, the Covid-19 pandemic has fuelled a demand for life, health and other related insurance products. Despite these favourable demand side factors, systemic changes are needed within the insurance industry to push supply to higher levels. To this end, the ease of doing business (EoDB) in the industry merits a thorough reimagination.

EoDB Reforms by IRDAI

Recently, the IRDAI has introduced two key regulatory reforms in the insurance sector.

First, it has extended the 'use and file' procedure for all health products and almost all general insurance products. This will allow insurers to launch a product first and thereafter file the requisite particulars with IRDAI, resulting in a more innovative product in response to faster emerging market needs, as opposed to the earlier system that required prior regulatory approvals leading to delay in product launch. However, insurers that route their launches through the 'use and file' procedure must comply with a host of regulations.

These include instituting suitable board-approved product management and pricing policy (BAPMPP), constituting a Product Management Committee (PMC), making regulatory filings within 7 days of product launch, complying with the provisions of the Insurance Act, 1938 and ensuring viability, self-sustainability and affordability for the target market, among others.

In case of non-compliance, the insurer may be directed to withdraw the product and/or the 'use and file' facility may be revoked for such insurer for a given period of time.

Second, it has rationalised the compliance requirements for all Foreign Reinsurance Branches (FRBs). FRBs and Lloyd's India are no longer required to publish half-yearly and annual revenue account, profit and loss account, balance sheet, analytical ratios, etc.

The entities whose investment policies do not permit equity investment are exempt from the Common Stewardship Code, disclosure requirements and returns.

The public disclosure under Form – NL 40 (pertaining to underwriting performance) on the respective websites of the insurers has also been discontinued. This compliance rationalisation was effectuated only after several representations were made by FRBs and non-life insurers.

The Way Forward

The three decades of liberalisation and privatisation reforms have bode well for the sustained growth of the insurance industry. In a similar vein, IRDAI has

now embarked on a reforms journey to ensure "insurance for all" by 2047, as a part of the government's overall vision of India@100.
In particular, the two foregoing regulatory reforms will enable the insurance industry in launching suitable, customised and innovative products in a timely manner. It will also expand the choices available to the policyholders, thereby increasing competitiveness in the insurance market.
Lastly, it will help address the dynamic needs of the market, which will enhance insurance density and insurance penetration in the country.

Be that as it may, further steps can be taken towards EoDB in the insurance sector.
At the outset, the benefits of digitisation should be reaped through better integration with internet ecosystems such as e-commerce, fin-tech and logistics, among others.

Currently, India has about 110 InsurTech startups. This number can be amped up significantly through simplification and rationalisation of compliances for setting up and operationalisation of InsurTech companies. Going forward, big data solutions such as cloud computing, artificial intelligence and machine learning should be promoted through appropriate avenues within the insurance sector. This can help improve underwriting, claims management, policy renewals and fraud management.
Lastly, regulatory norms must be eased for micro insurance providers in order to enhance insurance coverage among lower-income households in tier II, III and IV cities. ■

Source: Times of India – 21 Aug 2022

• *The Indian insurance market to reach 6th place globally by 2032*

According to Swiss Re's projections, insurance premiums in the Indian market are expected to grow by an average of 9% per year over the next decade. This is higher than the average annual growth rate of 7.5%, recorded in India during the period 2015-2021.

At this rate of growth, India could rank 6th in the world in terms of premiums by 2032, surpassing Germany, Canada, Italy and South Korea.

In its forecasts, the Swiss reinsurer is taking into account the improvement of economic growth, the increasing level of income, the growing awareness of risks, the development of digital technology and the evolution of regulations.

With nearly 127 billion USD of premiums collected in 2021, India is now ranked 10th in the global insurance market. ■

Atlas Magazine, 15 July 2022

INDIA

• State-owned general insurers to revamp organisational structure

India's four government-owned general insurers are expected to undergo major organisational restructuring soon to cut costs, redeploy staff and improve customer service, say industry officials.

The four insurers are Oriental Insurance, National Insurance, United India Insurance and the publicly-listed New India Assurance.

Under the restructuring, the insurers will shift from a four-tier structure comprising branch and divisional/regional/head offices, to one consisting of operating offices, claims hubs, and regional/ head offices, reported Indo-Asian News Service.

The four insurers have hired Ernst & Young (EY) as the consultant for the revamp for the purpose dubbed "Organisational Efficiencies and Performance Management in Public Sector General Insurance Companies".

In the restructuring, claims processing will be taken out of branch/divisional offices and transferred to claims hubs. There will be four types of claims hubs: health, vehicle damage, motor third-party and general.

The change will enable operating offices/ branches/ divisions to focus on marketing.

The four companies have about 44,750 employees operating out of about 6,760 offices. Already the insurers have started to reduce the number of operating offices through mergers and closures.

While the majority of the revamp revolves around a common approach for all the four insurers, implementation is executed at individual company level. ■

Source: Asia Insurance review – 19 August 2022

• Regulator considers several changes to insurance operations

The board of the IRDAI has discussed a number of proposed changes to the operations of insurers, including increasing the number of insurers that corporate agents can work with.

The IRDAI is considering allowing corporate agents to tie up with up to nine insurers in the general, life, and health insurance branches each, reported Business Standard. This would provide a significant boost to the bancassurance channel. Currently, corporate agents are permitted to distribute the products of three insurers in each branch.

Furthermore, the IRDAI board is proposing to allow corporate agents to place general insurance commercial lines without any limit on the sum insured.

The IRDAI is considering too to allow insurance marketing firms (IMFs) to tie up with six insurance companies in the life, health, and general insurance branches each. Currently, they can market insurance products of two insurers in each branch.

Investments

Apart from distribution, the regulator has also proposed major changes to the investment rules for insurers. It seeks to revise the criteria for insurers to invest in debt securities of infrastructure Investment Trusts (InVITs), real estate investment trusts (REITs), in additional Tier 1 (AT1) bonds, among other things.

At present, insurance companies can invest in bonds of InvITs or REITs of any ratings, but if an instrument has a rating below AA, it becomes part of 'Other than approved investments'. Those rated above AA are approved investments.
Furthermore, the IRDAI is evaluating permitting equity derivatives for the sole purpose of hedging.

These and several other proposals are under consideration by the IRDAI. They will be tabled by the regulator for stakeholder consultation and feedback before amendments are made to regulations for the changes to take effect. ■

Asia Insurance Review – 29 July 2022

• *IRDAI proposes 20% cap on insurance agents' commissions*

The Insurance Regulatory and Development Authority of India (IRDAI) has released draft regulations proposing a 20% cap on insurance agents' commission. The draft regulations would also require insurers to have a board-approved policy on commissions, rewards, and remunerations paid to agents.

In the "exposure draft", IRDAI proposed that the commission payable to agents under general insurance products – including health insurance – offered by general insurers be capped at 20% of the gross written premium "written in India" in a given year. It proposed the same commission cap for health insurance products offered by standalone health insurers.

The regulatory body proposed these policy changes with the twin goals of providing insurers "the flexibility to manage their expenses" while improving insurance penetration in the country.

The IRDAI has requested stakeholders to submit comments and suggestions on the proposed draft regulations by Sept. 14. ■

Insurance Business Magazine - 25 Aug 2022

IRAN

• TehranRe: a fifth reinsurer for Iran

In March 2021, the Iranian regulatory authorities approved the establishment of Tehran Ruck Reinsurance Company (TehranRe). The company then reached an agreement in principle in July 2021 followed by an IPO in December of the same year.

This will be the fifth reinsurance company licensed in Iran after Amin Re, Iranian Re, Saman Reinsurance and Pars Reinsurance.

With a share capital of 20 million USD, TehranRe will provide reinsurance capacity to the local market.

Esmaiel Davarpanah, Mostafa Nourollahi and Mohsen Gharahkhani have been respectively appointed General Manager, Chairman of the Board and Vice Chairman of the new company.

It is worth to be mentioned that Central Insurance of Iran (CII), the state regulator of the insurance industry, is focusing on increasing the number of firms operating in Iran's insurance industry, which it believes has the capacity for 56 companies (there were 33 in the market as of March 2021).

In March 2022, Central Insurance of Iran issued an operating licence for Saman Reinsurance Company, allowing the private firm to start operations, covering risks related to all categories.

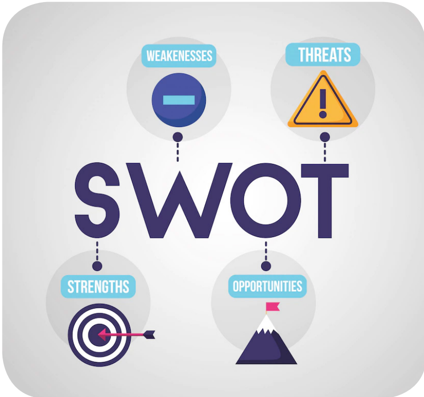
The regulator also issued a licence allowing Iran Moein Insurance Company to move from general insurance to reinsurance. The company has therefore discontinued its insurance business as of the beginning of the fiscal year that started on March 21.

In August 2021, the regulator issued permission for Farda Insurance to begin operating in the non-life market as the third new entry to the general insurance space in recent months.

In May 2022, CII reported that insurance companies in Iran generated IRR115trn in premium income in the last fiscal year (ending March 2022), posting 41% growth on the year before. Mandatory third-party motor insurance alone generated one-third of these premiums. ■

Sources:
- Atlas Magazine, 24 Aug 2022
- Iran Insurance Report Q4_2022– by Fitch Solutions

• *Iran Insurance Market SWOT*



STRENGTHS

- Regionally, the sector has considerable scale, and the largest insurer, Bimeh Iran, is one of the most significant players in the Middle East.
- While basic lines still dominate, there is considerable scope for smaller non-life lines to grow, including general liability.
- In the absence of access to global markets, the sector has displayed significant resilience.

WEAKNESSES

- US sanctions are crippling the economy.
- Despite a degree of diversification, basic motor lines still dominate the non-life sub-sector.
- In some segments, particularly health insurance, claims are rising faster than premiums.
- Heavy-handed government intervention in areas it deems strategic has reduced competitiveness and bloated the main state insurer.
- The decline in the value of the rial leads to premium contractions in US dollar terms.
- Iran continues to be shut out of the global community owing to its poor relations with a number of Western powers.
- Hyperinflation continues to plague household spending power, while unemployment levels are in the double digits.

OPPORTUNITIES

- The entry of new players in both the life and non-life markets should increase levels of competition and innovation.
- The government's divestment of its stake in Bimeh Alborz in May 2020 should increase competitiveness and innovation in the market.
- The January 2020 decision to exempt life insurance, insurance coverage for agricultural products and complementary medical insurance policies from VAT should boost the appeal of these products.
- The Covid-19 outbreak has accelerated the movement towards digital distribution channels.
- Growth in car ownership will spur demand for motor insurance.
- Potential government macroeconomic reforms would help stabilise inflation, which would drive the life insurance sub-sector.
- Rapprochement with the West would facilitate greater access to global capital markets.
- Rising morbidity coupled with a growing middle class should give the health insurance segment considerable long-term upside potential.
- A period of market consolidation would significantly improve net premiums and boost profit levels across the insurance sector.

THREATS

- The market's competitive landscape remains fragmented. Therefore, the sector remains focused on pricecompetitive, basic lines, yielding low profits.
- Diplomatic relations with Western governments continue to deteriorate, boding ill for market growth. ■

Source: - Iran Insurance Report Q4_2022– by Fitch Solutions

JAPAN

- ***Japan general insurance market to top USD133bn by 2026 – GlobalData***

Leading data and analytics company GlobalData has released its forecast for the general insurance market in Japan, estimating growth at a compound annual growth rate (CAGR) of 3% from JPY11.15 trillion (US$101.6 billion) in 2021 to JPY12.92 trillion (US$133.1 billion) in 2026 in terms of gross written premiums.

The growth will primarily be driven by an increased demand for commercial insurance lines such as property and liability insurance, which in turn will be driven by an increased frequency of natural catastrophic events, cyber attacks, and geopolitical risks, GlobalData said.

Motor insurance was Japan's leading insurance line in the general insurance segment, accounting for a 50.5% share in terms of GWP in 2021. While it registered a decline in premium since the onset of the pandemic – a trend GlobalData expected to continue well into this year due to inflation and global automobile chip shortage – the segment is expected to recover from 2023.

Property insurance was the second largest segment in the country, with a 25.5% share in 2021. The year saw an earthquake in Fukishima which caused an insured loss of more than US$2.5 billion.

GlobalData predicted that the regular occurrence of natural catastrophic events in Japan would support the growth of property insurance at a CAGR of 4.9% from 2021 to 2026. Senior insurance analyst Shabbir Ansari added that the increased spending on infrastructure projects which began earlier this year, such as the Abukuma onshore wind farm and Logiport Nagoya, would also help grow the segment.

Liability insurance accounted for 8.1% of general insurance GWP in 2021, driven by a growth in demand for cyber liability and political risk insurance. With increased remote working situations and the ongoing Russia-Ukraine conflict, liability insurance was expected to grow at a CAGR of 4.7% during 2021 to 2026. Personal accident and health, marine, aviation and transit, and financial lines insurance accounted for the remaining 16% GWP share.

"The Japanese general insurance industry is expected to maintain an upward growth trend during the next five years…," Ansari said. "The profitability of insurers, however, will remain shadowed due to rising inflation."

On the other hand, AM Best has upgraded its outlook for the Japanese life insurance market from negative to stable.

This decision follows the improved competitiveness of local insurers who are able to achieve a higher production level than prior to the pandemic.

According to the rating agency, the majority of life insurance companies have maintained very strong capital positions and are able to withstand the potential impacts of global financial market volatility.

AM Best also expects life insurance companies' operating performance to improve as a result of recovering top-line growth, higher foreign interest rates, lower domestic interest rates, and new product launches. ■

Source: Insurance Business Magazine - 25 Aug 2022 & AM Best

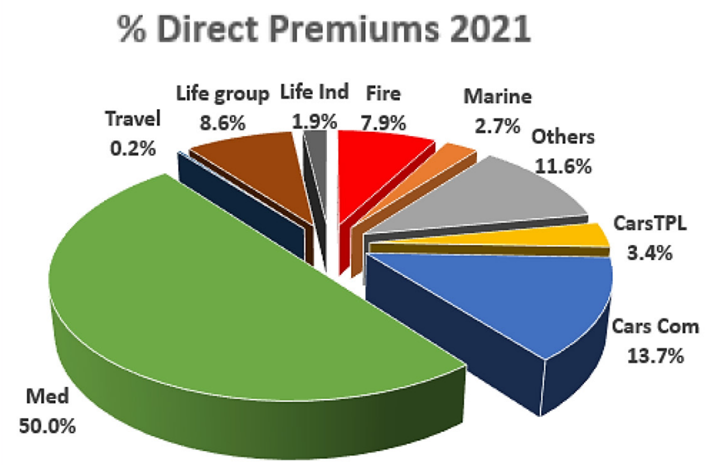
KUWAIT

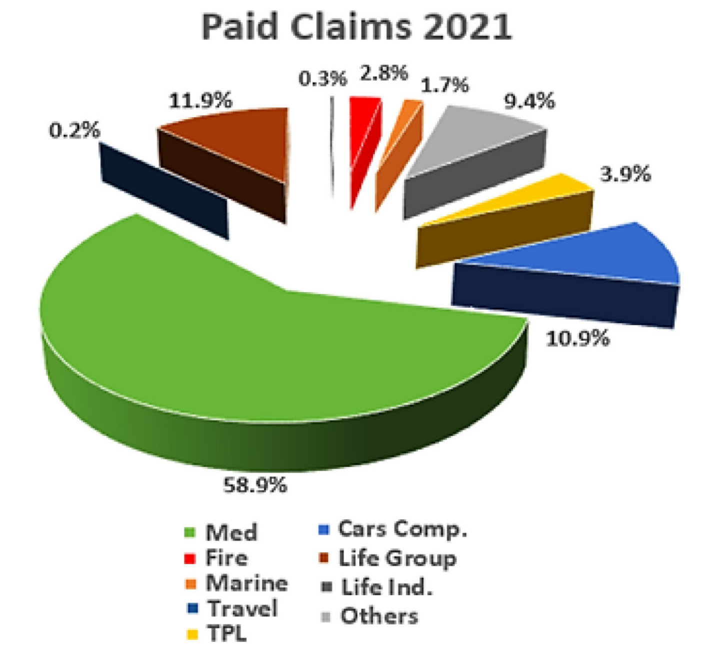
• *Kuwaiti insurance market in 2021*

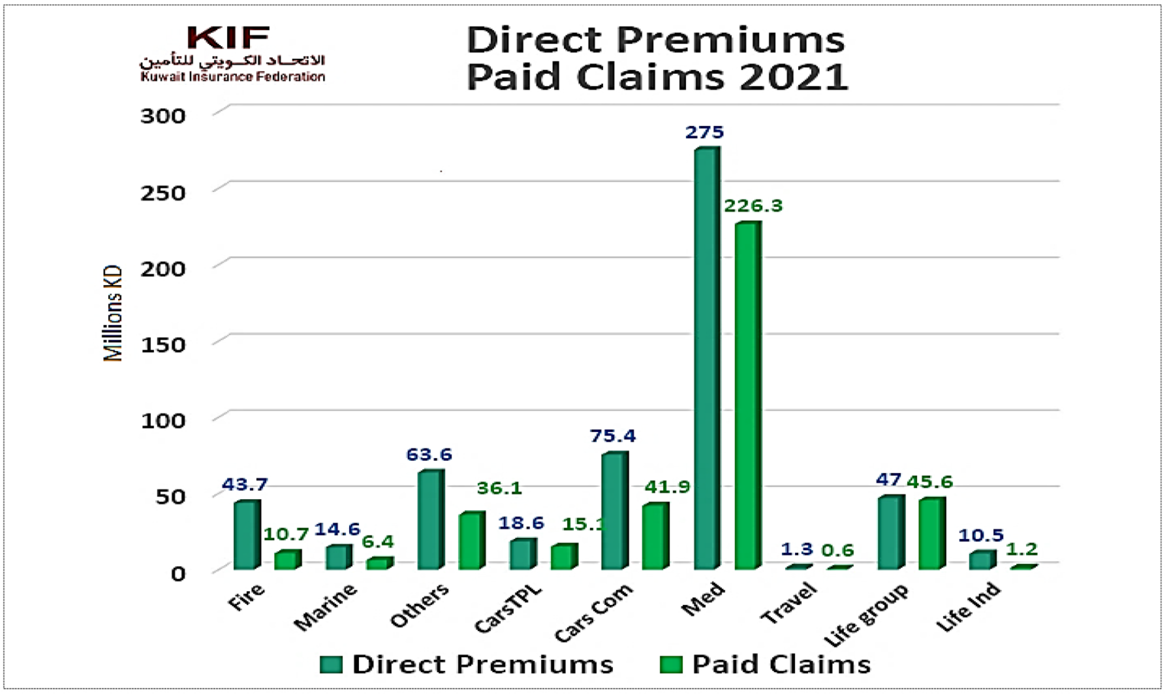
According to the data published by the Kuwait Insurance Federation (KIF), the sector as a whole recorded a 4.3% increase of its overall turnover in 2021. Direct premiums went from 527 million KWD (1.7 billion USD) in 2020 to 549.7 million KWD (1.8 billion USD) a year later.

The market is dominated by health insurance with a 275 million KWD (906.824 million USD) turnover, representing 50% of the total premium income. In second and third position are the comprehensive motor and third party liability classes of business with premiums amounting to 75.4 million KWD (248.635 million USD) and 18.6 million KWD (61.334 million USD) respectively.

In 2021, the amount of claims settled by insurance companies reached 383.9 million KWD (1.265 billion USD), growing by 15% over one year.







The following table summarizes the performance of the Kuwaiti insurance sector in 2021:

<table>
<tr><th rowspan="2">Branch</th><th colspan="4">Direct premiums</th><th colspan="2">Paid claims</th></tr>
<tr><th>2021 KWDm</th><th>2020 KWDm</th><th>Y-o-Y Change</th><th>2021 % of total</th><th>2021 KWDm</th><th>2021 % of total</th></tr>
<tr><td>Medical</td><td>275.0</td><td>267.8</td><td>2.7%</td><td>50.0%</td><td>226.3</td><td>58.9%</td></tr>
<tr><td>Motor - comprehensive</td><td>75.4</td><td>68.4</td><td>10.2%</td><td>13.7%</td><td>41.9</td><td>10.9%</td></tr>
<tr><td>Motor - TPL</td><td>18.6</td><td>15.5</td><td>20.0%</td><td>3.4%</td><td>15.1</td><td>3.9%</td></tr>
<tr><td>Life - group</td><td>47.0</td><td rowspan="2">60.2</td><td rowspan="2">-4.5%</td><td>8.6%</td><td>45.6</td><td>11.9%</td></tr>
<tr><td>Life - individuals</td><td>10.5</td><td>1.9%</td><td>1.2</td><td>0.3%</td></tr>
<tr><td>Fire</td><td>43.7</td><td>39.2</td><td>11.5%</td><td>7.9%</td><td>10.7</td><td>2.8%</td></tr>
<tr><td>Marine</td><td>14.6</td><td>15.9</td><td>-8.2%</td><td>2.7%</td><td>6.4</td><td>1.7%</td></tr>
<tr><td>Travel</td><td>1.3</td><td rowspan="2">59.9</td><td rowspan="2">8.3%</td><td>0.2%</td><td>0.6</td><td>0.2%</td></tr>
<tr><td>Others</td><td>63.6</td><td>11.6%</td><td>36.1</td><td>9.4%</td></tr>
<tr><td>Total</td><td>549.7</td><td>526.90</td><td>4.3%</td><td>100.0%</td><td>383.9</td><td>100.0%</td></tr>
</table>

Source: Kuwait Insurance Federation

• *Govt to step up localisation in insurance sector*

The government's decision to determine the proportion of Kuwaitis hired in the private sector will be issued by the end of this year and could create hundreds of employment opportunities for citizens. ■

MACAU

• *MACAU Insurance Market 2021: Statistical Key Highlights*

	Ranking		Premium volume (in millions of USD)			Change (in %) 2021		Share of total business 2021 (in %)	Share of world market 2021 (in %)	Insurance Density Premiums Per Capita in USD in 2021	Insurance penetration Permiums in % of GDP in 2021
	2021	2020	2021		2020	nominal (in USD)	inflation-adjusted[15]				
Total premium volume	51	51	4538	+	4189	8.3	8.5		0.1	6 892	7.0
Life premium volume	39	40	4167	+	3843	8.4	8.6	91.8	0.1	6 329	6.4
Non-life premium volume	87	87	371	+	345	7.5	7.6	8.2	0.0	563	0.6

Sources: SwissRe Sigma 4_2022 - Global Insurance - by Swiss Re Institute, 13 Jul 2022

• *Financial regulator issues warning about unlicensed insurers*

The Monetary Authority of Macao (AMCM) has urged the public to be vigilant of product sales by unlicensed insurance companies to avoid being cheated.

The AMCM found that several institutions, online platforms and individuals that are not licensed by the authorities, purported to offer wealth management services in Macau and China, promoted life insurance products and financial products that were advertised as equivalent to savings accounts and financial management. Terminology like "high yield" and "high dividend" was used to attract the public's attention, but this language was all in service of defrauding members of the public.

The authorities noted that the illegal sales may involve misleading or fraudulent activities, and because such actors are not licensed to sell insurance products, they may also violate the legal framework governing the carrying on of an insurance intermediary business, which is possibly also in violation of the regulations of mainland China.

The AMCM calls on the public to obtain insurance products and services through insurance companies or intermediaries approved by authorities so as to avoid financial loss and the risk of being involved in illegal financial activities, or even criminal offences. ■

Asia Insurance Review – 27 July 2022

MALAYSIA

• Crop insurance in Malaysia

The Malaysian government will soon be offering crop insurance policies to compensate farmers for losses incurred as a result of natural disasters. This initiative is part of the government's efforts to enhance food security.

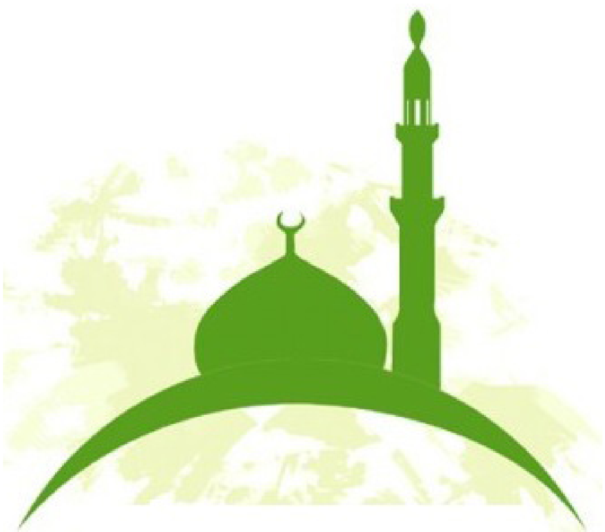
Initially intended for rice farmers, the new coverage will be extended to other sectors of the food industry. ■

Source: Atlas Magazine, 9 Aug 2022

• Takaful unlikely to face negative impact of MFRS

The new Malaysian Financial Reporting Standards (MFRS) 17 will not have an impact on the fundamentals of Syarikat Takaful Malaysia Keluarga Bhd's (STMK) business, in terms of its financial strength, ability to pay claims and dividend distribution.

This was revealed by STMK corporate finance and strategy general manager, Juliana Lo, at an expert speaker session on MFRS 17, organised by CGS-CIMB Research for institutional investors recently.



To put it into perspective, MFRS 17 is a new accounting standard for insurance and takaful contracts that will be adopted by insurance companies and takaful operators (ICTO) effective Jan 1, 2023.

Based on STMK's guidance on the MFRS 17 impact on its financial year 2023 performance, CGS-CIMB Research said the establishment of contract service margin (CSM) is expected to reduce the group's retained earnings by about 30% to 45%. The group's takaful contract liabilities will also increase, mainly due to CSM, said the research house in its note to clients.

Upon transition, CGS-CIMB Research expects STMK's profit for the year to decline by 15% to 20%, mainly due to the recognition of new business profits in CSM and the change in the timing of earnings from investment-related activities. However, the group's earnings are expected to normalise within five to six years, the research house noted.

"STMK projects a return on equity (ROE) of 22% to 25% upon adoption of MFRS 17. This is higher than our projected ROE of 17.3% in FY22 due to the reduction in its retained earnings by 30% to 45%," said CGS-CIMB Research.

The potential decline in STMK's retained earnings from the MFRS 17 adoption was due to the "carve-out" of some of the retained earnings into CSM, which is the future profits to be released by STMK to its profit and loss statement over the tenors of its takaful contracts.

CGS-CIMB Research, however, does not expect MFRS 17 to trigger any equity capital raising by STMK in the next two years.

"We think that the CSM will be included in its capital positions for the calculation of capital adequacy ratio under the risk-based capital framework. This is despite certain risk weights could be applied to the CSM," the research house pointed out.

STMK also does not expect the adoption of MFRS 17 to materially alter its underwriting strategies as the adoption of MFRS 17 will not change the profitability of its takaful products, said CGS-CIMB Research.

The research house had also factored in the impact of MFRS 17 in its earnings forecasts for STMK in June, leading to a cut of 29% in FY23 and FY24's net profit forecasts, together with the impact of the higher assumed tax rate.

Hence, it has retained FY22 to FY24 net profit forecasts with an "add" call on the stock at a target price of RM4 per share.

The potential re-rating catalysts to its call include strong growth in its gross earned contributions.

In addition, and despite the year-on-year decline, STMK's FY22 to FY24 ROE of about 17% is one of the highest in the financial services sector, said CGS-CIMB Research. ■

Source: The Star - 23 Aug 2022

• *Liberty Mutual Insurance completes acquisition of Malaysian insurer AmGeneral*

Liberty Insurance Berhad (LIB), the Malaysian subsidiary of the American group Liberty Mutual Insurance, has been granted regulatory approval to acquire AmGeneral Insurance Berhad (AmGeneral), an insurance company based in Kuala Lumpur, Malaysia from AMBank.

As part of the transaction, the operations of both AmGeneral and LIB will soon be combined to create Malaysia's largest motor insurer and one of the leading non-life insurers.

The merged entity will enter into a 20-year bancassurance partnership with AmBank to distribute non-life insurance products.■

Source: Atlas Magazine, 1 Aug 2022

• *Generali Completes Acquisition of AXA's Malaysian P/C and Life Businesses*

Generali has completed the acquisition of the majority stakes in the AXA's property/casualty and life businesses in Malaysia, which will position it as a top-tier general (or P/C) insurer in the country, in line with its strategy to strengthen its leadership position in high potential markets.

Generali has acquired a 70% stake in the AXA Affin Life Insurance joint venture (49% from AXA and 21% from Affin) and approximately a 53% stake in the AXA Affin General Insurance joint venture (49.99% from AXA and 3% from Affin). The total consideration for the combined transactions is €262 million ($261.2 million) in the deal that was first announced in June 2022.

Generali has also increased its current 49% stake in MPI Generali Insurans Berhad to 100%, acquiring the shares held by its Malaysian joint venture partner, Multi-Purpose Capital Holdings Berhad (MPHB Capital). Generali plans to integrate the businesses of MPI Generali and AXA Affin Generali Insurance and on completion will hold 70% of the combined business. Affin Bank will hold 30% of both the Life and General Insurance businesses. All entities will continue to operate under their current brands until the single unified brand "Generali Malaysia" is launched in early 2023.

The acquisitions position Generali as one of the leading insurers in the Malaysian market and will allow Generali to access the country's life insurance segment. Generali said it has also entered into an exclusive bancassurance agreement with Affin Bank for the sale of conventional General and Life insurance products.

"The transactions are fully aligned with Generali's 'Lifetime Partner 24: Driving Growth' strategy to strengthen our leadership position in high potential markets," commented Jaime Anchústegui Melgarejo, CEO International of Generali. "We are now one of the largest General Insurance players in Malaysia – a country with strong potential for further growth thanks to economic development and its current low-insurance penetration."

"This is a unique opportunity to combine our talents and resources to create a unified brand that will have the scale, breadth, and capabilities to compete more effectively and profitably in the Malaysian insurance market, and provide greater value for our customers," said Rob Leonardi, regional officer, Generali Asia.

HSBC acted as exclusive financial adviser to Generali on the transactions. The law firm Wong & Partners was the legal adviser. ■

Source: Insurance Journal - 30 August 2022


Peace of Mind
and Safe Tomorrow
Tomorrow Starts Today

NEPAL

• *IB issues reinsurance broking licenses to 10 firms*

The Insurance Board (IB) has provided 10 companies with licenses to conduct reinsurance brokerage.

As of now, Nepali insurance companies have been purchasing reinsurance policies of foreign companies via India-based brokers. Citing an urgency of such brokers with a growing reinsurance business inside the country, the board has issued the licenses, according to the IB.

There are two reinsurance companies — Nepal Reinsurance Company and Himalayan Reinsurance Company – operating in the country at present. In July, the IB allowed the domestic companies to accept up to cent percent of the insured amount.

Raju Raman Poudel, executive director of the IB, said out of over a dozen applicants, 10 eligible applicants were issued the licenses. JB Boda Insurance and Reinsurance, Hub International, Alliant Reinsurance Brokers, Federal Reinsurance Brokers, Global Insurance and Reinsurance Brokers, Trust Insurance Brokers, STC Reinsurance Brokers and Subha Reinsurance Services and Aon Reinsurance are among the firms receiving the license.

Last year, the IB endorsed Reinsurance Broker Related Directive 2021. According to the rule, a reinsurance brokerage company needs to have a paid-up capital of Rs 50 million and an issued capital of Rs 100 million. The validity of the brokerage license is one year.

The Nepalese market currently includes: 20 non-life companies, 19 life companies and 2 reinsurance companies; Nepal Reinsurance Company & Himalayan Reinsurance Company . ■

Source: My Republica (www.myrepublica.nagariknetwork.com) - 11 Aug 2022

• *IB opens licenses for micro insurers while exerting pressure on existing insurance companies for merger*

The Insurance Board (IB) has opened licenses for micro insurance companies, contradicting its own policy to reduce the number of insurers operating in the country.

IB, the regulatory body of the country's insurance business, has been pressurizing the existing insurance companies into merger, arguing that there is not enough business for a large number of insurers. But on the other hand, it has opened the license to new firms.

Issuing a 35-day public notice on Friday, the IB called firms willing to start micro insurance businesses. According to the IB, it is issuing insurer licenses to seven firms. Of them, three will work in life insurance while remaining four will be non-life insurers.

The regulator has fixed a requirement of Rs 750 million as paid up capital for the new insurers. Likewise, the interested companies should not have cross holdings to get new licenses.

The government is said to have opened the new insurer licenses bowing to the pressure of the country's big business groups that include Vishal Group, IME Group and Chaudhary Group. Many of them have already submitted their proposals to obtain insurance licenses before the IB made the public call for the micro insurance companies.

Muktinath Insurance, Mahalaxmi General Insurance, Annapurna General Insurance, Manakamana Insurance, Abhiyaan General Insurance and Upakar General Insurance have filed their applications for non-life insurance. Similarly, Uni Life Insurance, Standard Life Insurance and Upakar Life Insurance have sought to take new licenses of life insurers.

Giving a deadline of mid-April 2023, the IB has been pushing the insurers to either increase their capital base or go into a merger if they fail to do so. According to the regulator, the life insurance companies will have to increase their paid-up capital to Rs 5 billion from the existing Rs 2 billion. Similarly, non-life insurers will have to raise their capital to Rs 2.50 billion from Rs 1 billion.

As of now, Himalayan Everest Insurance, the organization formed after merging Himalayan General Insurance and Everest Insurance, has already started its integrated transaction. Prabhu Life Insurance and Mahalaxmi Life Insurance also signed an agreement to merge.

Prabhu Insurance Limited and Ajod Insurance Limited have also agreed to go into unification. Similarly, Prime Life, Union Life and Gurans Life have already signed agreements for merger. Sagarmatha Insurance Company and Lumbini General Insurance Company have also inked a memorandum of understanding for merger. ■

Source: My Republica (www.myrepublica.nagariknetwork.com) - 27 Aug 2022

PAKISTAN

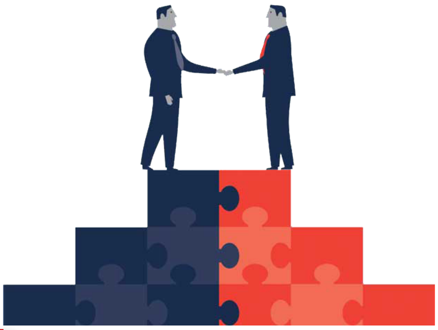
• Regulator to develop risk-based capital regime for insurance sector

The Securities & Exchange Commission of Pakistan (SECP) has formed a technical working group to develop a preliminary model for a risk-based capital regime for the insurance sector. This work is to be completed by 30 June 2022. The SECP said, “The graduation of the insurance sector in Pakistan from factor-based capital requirements to risk-based capital requirements will help increase the resilience of the insurance sector towards risks faced by it and improve its compliance with the international standards.”

The regulatory reforms aimed to be introduced through Insurance Ordinance (Amendment) Bill, 2021 are expected to bring a shift in insurance sector regulation by creating a conducive environment for market development, alignment of the regulatory framework with international insurance supervisory standards and strengthening the supervisory powers of SECP.

The draft regulatory framework for registration of digital-only insurers and dedicated microinsurers is expected to be finalised by end FY2022. It will lower the barriers to entry and enable small and tech-based entities to enter the insurance market, thereby increasing insurance penetration in underserved markets.

A road map is devised for the development of risk-based capital regime and implementation of International Financial Reporting Standard 17 (Insurance Contracts). To ensure a smooth transition to the adoption of IFRS17, the SECP has taken a phased manner approach covering gap analysis and the financial impact assessment which will be followed by system design and methodology and parallel run. ■ Asia Insurance Review – July 2022



QATAR

• *Proposed merger, when completed, will create biggest insurer*

Gulf International Services (GIS) and Doha Insurance Group have announced that they intend to engage in initial negotiations on a potential all-share merger of Al Koot Insurance and Reinsurance Company, a wholly owned subsidiary of GIS, with Doha Insurance Group.

The merger, which is a joint strategic priority, will create on completion one of the largest local insurance companies with a highly competitive edge and financial strength, that could provide world-class insurance services in various segments in line with Qatar National Vision 2030. It would enhance the potential for growth and expansion both domestically and internationally, says a statement issued jointly by the two parties.

The merger, when completed, will realise major commercial and operational synergies relating to service-oriented platforms, human resources, and financial, marketing and management capabilities of both companies.

Qatar Central Bank has provided an in-principle no-objection statement to both companies.

The merger decision and its structure are subject to the outcome of due diligence exercises to be conducted by each party, a detailed joint valuation exercise, shareholders' and all relevant regulatory approvals.

Analysis

Commenting on the proposed merger, QNB Financial Services (QNBFS), a securities company, said in a report that the merger could create a local insurance powerhouse. This is indicated by a combined GWP of QAR1.45bn ($398m) in the first half of 2022, with 59% of the total contributed by Doha Insurance and 41% by Al Koot, reported Qatar Tribune.

This would make the merged entity the Number One insurance player in Qatar, exceeding the current market leader Qatar Insurance Company which had roughly QAR945m in domestic GWP in the first half of 2022.

QNBFS also noted that Al Koot and Doha Insurance have limited business overlap. It said, "While Al Koot is exclusively focused on the corporate segment through general insurance predominately oil and gas or energy and medical insurance, Doha Insurance has a presence in both corporate and retail through fire and general accident insurance (low overlap with Al Koot) and motor, marine and aviation insurance (no overlap in motor, where Doha Insurance has second largest market share after Qatar Insurance Company.

"Doha Insurance also has a Shariah-compliant takaful licence in Qatar, providing motor, travel and medical insurance. Finally, Doha Insurance has a small international presence, providing reinsurance underwriting from Dubai and Beirut." ■

Source: Middle East Insurance Review - 28 August 2022

TAIWAN

- ***Increase in profits still too slow for Taiwan's insurance industry***

For a developed country, insurance penetration remains low at 1%.

On the surface, Taiwan's insurance industry may appear to be winning in terms of its financial report. But GlobalData is reporting otherwise, describing the industry's growth to be moving at a "snail's pace."

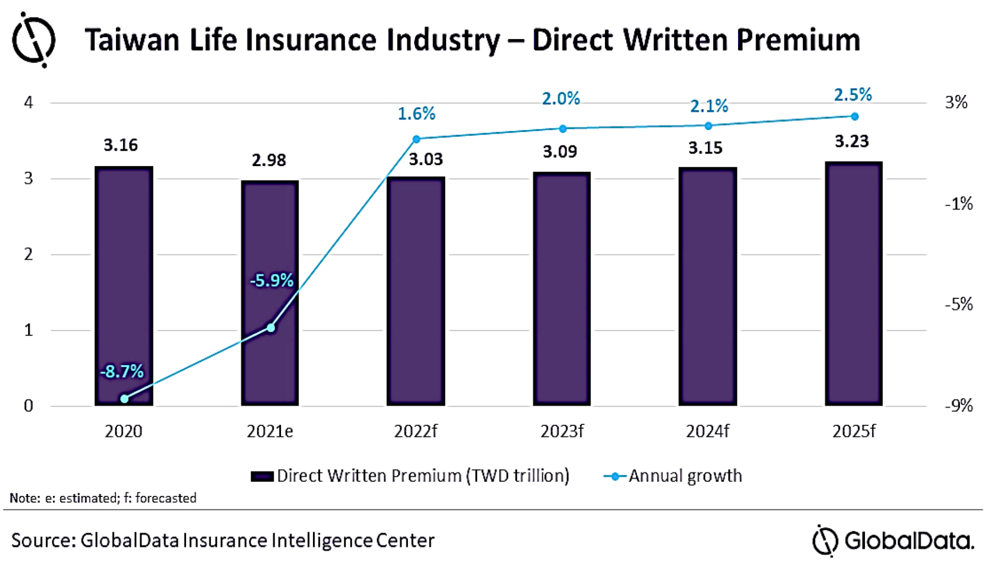
The insurance industry recorded a 2021 pre-tax profit of $14.15b, according to the Financial Supervisory Commission. Out of the total, the life insurance industry's profits reached $13.37b for the year, an 88.5% increase compared to 2020. Meanwhile, non-life insurers logged $780m in profit for 2021, a 32.9% increase from the previous year.

With the demand for foreign-currency-denominated investment products and the ageing population, the growth in life insurance is even expected to pick up in 2022. GlobalData, however, estimates that Taiwan's life segment will only grow at a compound annual growth rate (CAGR) of 0.4%, from $107b in 2020 to $121.2b in 2025 in terms of direct written premiums (DWP).

According to GlobalData's Senior Insurance Analyst Deblina Mitra, after contracting in 2019 following years of slowdown, the industry had further contracted in 2020. Mitra said this was mainly due to persistently low interest rates and capital market fluctuations that reduced yields from insurance investment products, lowering their demand. The trend continued in 2021 with a decline of 5.9%.

The report identified that the decline was most prominent in whole life, term life, and endowment business lines which collectively accounted for 75% of the life insurance DWP in 2020, registering a decline of 11.1%.

Amidst the snail-paced growth, the government has not been idle. In June last year, the regulator increased the limit for life insurers who are operating in foreign-currency-denominated insurance businesses, which offer better returns compared to the Taiwanese dollar, from 35% to 40%.



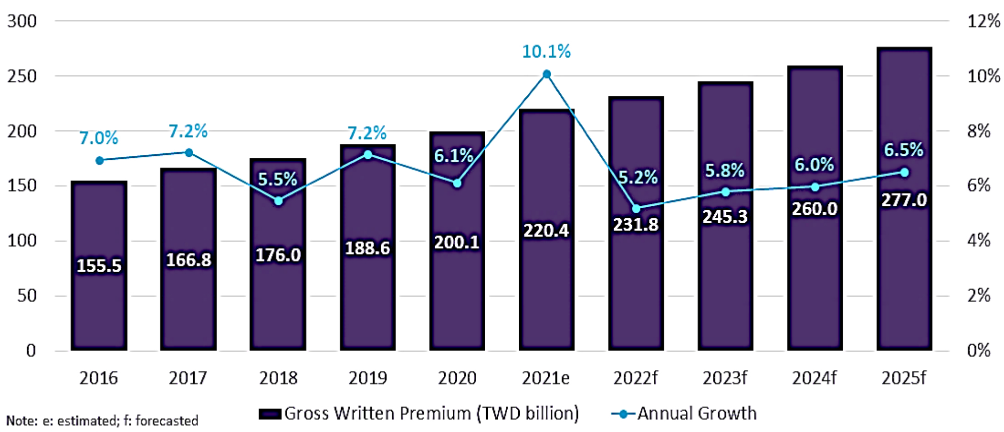
"Taiwan's life insurance industry's growth momentum is expected to remain subdued over the next five years as challenges related to adverse market conditions, declining working-age population, and an existing mature market will continue to oppress the demand. The demographic shift towards the super-ageing population is expected to be a focus area for insurers with more products being launched targeting this age group," Mitra said.

Low penetration

Meanwhile, the general insurance industry may have logged a greater CAGR than the life segment, but it remains to be inconsequential on the grounds that general insurance penetration in the country is very low.

The industry is currently growing at a CAGR of 6.7% to $10.4b in 2025 in terms of gross written premiums (GWP). However, Mitra pointed out that despite Taiwan being a developed economy, the penetration rate, as a percentage of the gross domestic product (GDP), is at 1%, which is way below the developed markets' average of 4%.

Taiwan General Insurance Industry – Gross Written Premium



Source: GlobalData Insurance Intelligence Center

GlobalData.

Mitra blames this on the low uptake of insurance lines such as property and liability.

What most affected the industry is the decline in motor insurance which accounts for 53.7% of the general insurance industry's GWP. Despite getting a boost from an increase in premium prices and strong growth in vehicle sales, the outlook for motor insurance, in the short term, remains negative due to the global shortage of semiconductors used for motor vehicle production.

However, Mitra observed that Taiwan's low insurance penetration and strong export-oriented manufacturing sector provide ample room for the growth of the insurance industry. "Stable economic factors coupled with the government's initiatives to expand the general insurance industry through new product development are expected to support its growth over the next five years," Mitra said.

The government, for its part, has been introducing several resolutions to bridge the insurance gap. One example is the Farmers' Insurance Act in 2021, which prompted insurers to develop solutions such as covering risks faced by farmers. This has positively raised the CAGR of the property insurance lines by 5.3%.

National health insurance

One of Taiwan's edges in the insurance industry is the government's National Health Insurance (NHI) under the National Health Insurance Administration (NHIA). The NHI was first introduced back in 1995 and has undergone many changes.

In the "An overview of the healthcare system in Taiwan" paper by Tai-Yin Wu, Taiwan's healthcare was said to be characterised by good accessibility, comprehensive population coverage, short waiting times, low cost, and the use of national data collection systems for planning and research.

However, it is still plagued by problems, namely the quality of outpatient visits, a weak referral system, and its financial capabilities.

For its outpatient problems, the paper said that the health-seeking behaviour of Taiwan is at a very high level. Meaning it is part of Taiwanese culture to take medicines or seek medical help frequently, even for minor ailments. In fact, outpatient visits per person can sometimes be up to 14 times per year, a substantially higher rate than in other countries with the same NHI such as the UK.

This results in general practitioners always seeing a minimum of 50 patients per morning, which amounts to about five minutes per person. This short time may result in poor patient-physician rapport and hasten medical judgment. As a result, many patients often inquire for a second or even third opinion contributing to even higher patient volumes and higher medical costs.

Problems such as this are now being addressed by the NHIA. According to its annual report, NHI is now strengthening primary care capabilities and developing effective cooperation mechanisms amongst primary care clinics and hospitals.

This is in hopes of enhancing not just medical quality and capabilities but also that primary care providers such as doctors can offer the public more superior care services to reduce the burden on large hospitals so they can direct their focus on emergency and critical care. ■

Insurance Asia – 5 July 2022

UAE

• Conglomerate mulls setting up a reinsurance company

The insurance committee of the conglomerate, Al Habtoor Group, is studying the establishment of a reinsurance company in the UAE, the chairman of the group, Khalaf Ahmad Al Habtoor, has said.

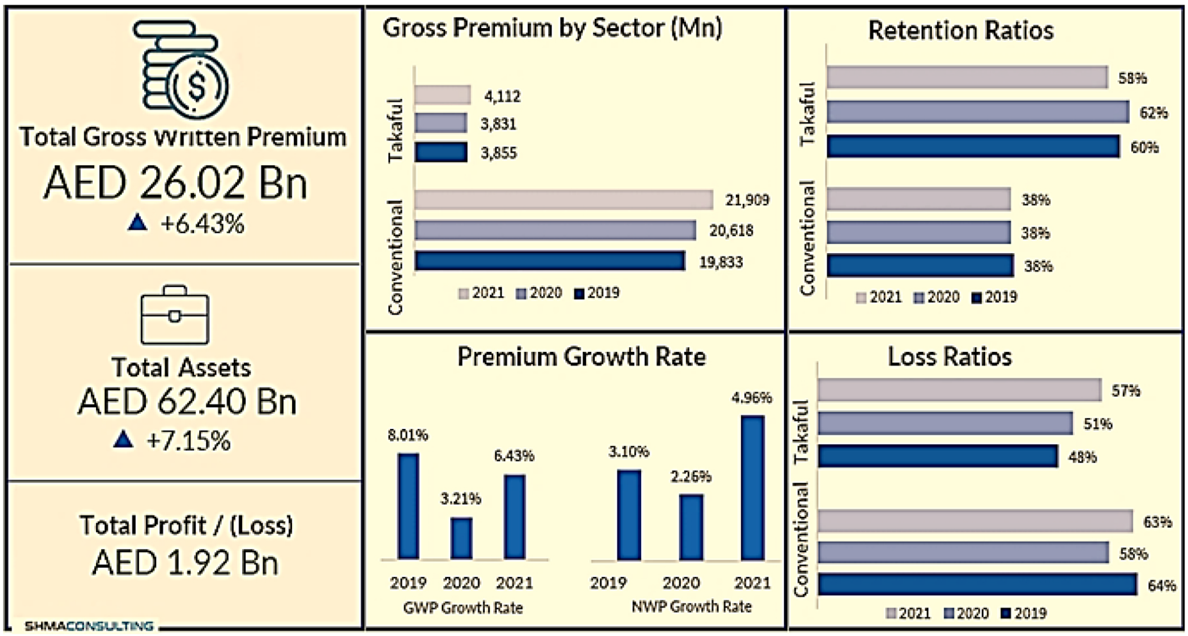
The proposed reinsurer would be established in partnership with local institutions, reported Mubasher quoting Mr Al Habtoor. He indicated in a tweet on his Twitter account that the proposed reinsurance company would be of world-class calibre and would allow premiums paid in the insurance sector to remain in the local market.

Mr Al Habtoor is the founder of the conglomerate which started out as a small engineering firm in 1970. The group has interests in the hospitality, automobile, real estate, education, insurance and publishing sectors. He is also a chairman of Dubai National Insurance & Reinsurance Co (DNIR). He owns a stake of 26.03% in DNIR while Al Habtoor Investment holds 28.27% of the insurer. ■

Source: Middle East Insurance Review – 24 August 2022

UAE

• *Insurance Market 2021: Performance Highlights*



Source: SHMA Consulting, June 2022

• *What You Need To Know About Insurance Litigation Proceedings In The United Arab Emirates?*

by Hassan Elhais (Al Rowaad Advocates & Legal Consultancy)

Insurance in the United Arab Emirates is governed broadly by Federal Law No. 6/2007 On the Regulation of Insurance Operations (UAE Insurance Law), along with various other regulations, resolutions, and decisions issued by the Insurance Authority Board from time to time.

Insurance Litigation in the UAE

In terms of insurance litigation in the UAE, the UAE Insurance Law sets out the appropriate process.

Committees:

According to Article 110/3 of the UAE Insurance Law, disputes related to insurance policies, activities and services would first need to be settled by referring the matter to the Committee established under the UAE Insurance Law before courts can be approached.

The Committee, called the Committee for Settlement and Resolution of Insurance Disputes, is responsible for settling insurance disputes. In this connection, Insurance Authority Board Resolution No. (33) of 2019 Concerning the Regulation of the Committees for the Settlement and Resolution of Insurance Disputes (Resolution for Committees) was issued on 15 July 2019.

According to Article 2/2 of the Resolution for Committees, the Committee is to hear the insurance disputes filed before it in an objective matter, taking into account the legal provisions, subject matter of the dispute, regulations, instructions and resolutions issued and insurance principles.

Article 4 of the Resolution for Committees further clarifies that the

Committees will be competent to settle and resolve insurance disputes of all types and classes of insurance arising from the complaints of the insured, the beneficiaries or an injured party against the company, irrespective of the value of the complaint.

However, based on Article 5 of the Resolution for Committees, the Committee is not competent to settle disputes that are subject to arbitration.

How Does the Committee Resolve Disputes?

The Committee will settle the insurance dispute through reconciliation. The language of the Committees would be Arabic and all statements of non-Arabic speaking parties, witnesses or experts will be heard through an interpreter who would have taken an oath. This is in line with Article 2 of the Resolution for Committees.

The Committee is entitled to review papers, documents and other evidence as it deems appropriate without adhering to the Civil Procedural Law under Article 2 of the Resolution for Committees. The Committee also has the right to seek the views of consultants, surveyors, and experts under Article 16 of the Resolution for Committees.

The Committee will resolve the dispute within 15 days under Article 11/3 of the Resolution for Committees, which can be further extended. In accordance with Article 11/4 of the Resolution for Committees, the settlement between the parties shall be documented by way of a settlement, which will be attested by the chairman and members of the Committee.

If the settlement cannot be reached, the Committee will proceed to resolve the dispute through the resolution process and issue an award/decision on the dispute.

Court Proceedings

The award of the Committee may be challenged before the Court of First Instance within a period of 30 days from the date of notification of award. If no challenge has been made within this period, the award/decision will be treated as final and enforceable. This is in accordance with Article 110/4 of the UAE Insurance Law and Article 16/3 of the Resolution for Committees.

Arbitration

The parties can also choose to resolve their disputes through arbitration. For this purpose, the arbitration clause has to be issued as a different agreement, which is separate from the general terms and conditions of the insurance policy agreed between the insurer and the insured.

As mentioned above, where the parties are subject to arbitration to settle their disputes, the Committee will not be competent to hear such matters. ■

Source: Mondaq - 30 August 2022


FEDERATION OF AFRO-ASIAN INSURERS AND REINSURERS
F.A.I.R.

TÜRKIYE

Insurance Market Review

by Hussein Elsayed

Map Sources: UNGIS, ESRI.
The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations. Map created in Jun 2022.

Official Name: Türkiye
Since 1 June 2022, the official name of Turkey in the United Nations, and by extension in the international community, has been changed from Turkey to Türkiye.
Surface Area: 783,356 km²; of which 3% is in Europe and the rest in Asia.
Location: Southeastern Europe and Southwestern Asia (the West of the Bosporus portion is geographically part of Europe), bordering the Black Sea, the Aegean Sea and the Mediterranean Sea;
Neighbours: Cyprus, Greece, Bulgaria, Georgia, Armenia, Azerbaijan, Iran, Iraq, Syria.
Capital: Ankara **Currency:** Lira | Code: TRY
Population: 84.34 million (WB 2020)
Religion: 98% of people in Turkey are Muslim. The Christian accounts for less than 0.1% of the population.
Language: The official language is Turkish. Other languages include Kurdish, Greek, Armenian, Arabic and Georgian. English, French, Russian and German may all be spoken in business circles.
Climate: Temperate; hot, dry summers with mild, wet winters; harsher in interior.
Natural hazards:

Earthquake represents a very real hazard in Turkey, as demonstrated by the devastating Izmit earthquake in August 1999, and several major cities including Istanbul are prone to earthquake damage.

TCIP paid throughout 20 years a total cost of 1.248 billion TRY for earthquake losses

The 17 August 1999 earthquake prompted the government to establish the Turkish Catastrophe Insurance Pool (TCIP) and to make earthquake insurance compulsory in Turkey. The decision on the Compulsory Earthquake Insurance Regulation was taken by the Council of Ministers on 25 November 1999 based on the authority provided by Law No. 4452 and dated 27 August 1999, and amended under Law No. 4484.

Since the establishment of the TCIP in 2000, a total of 1.248 billion TRY (70 million USD) has been paid out to property owners for earthquake damages.

In Turkey, 10.8 million homes, or 53.9% of the housing stock, are insured against earthquake risks.

Since the devastating Marmara earthquake in 1999, the number of homes with natural catastrophe coverage has risen significantly, Currently about 56% of the Turkish housing units have earthquake insurance coverage, the ratio ranging across different region from 44.8% in the Karadeniz Region, to 68% in the Marmara region.

Flood and **windstorm** represent less of a hazard but caused severe damage in 2017 in parts of Istanbul.

Credit Ratings:

S&P Rating
B, Stable
30 Sep 2022

Moody's Rating
B3, Stable
12 Aug 2022

Fitch Rating
B, Negative
08 July 2022

TURKEY – DATA & FORECASTS

	2018	2019	2020	2021e	2022f	2023f	2024f
Population, mn	82.34	83.43	84.34	85.04	85.56	85.96	86.32
Nominal GDP, USDbn	778.5	761.0	720.1	814.5	718.5	957.0	1,298.0
GDP per capita, USD	9,454	9,121	8,538	9,578	8,397	11,133	15,037
Real GDP growth, % y-o-y	3.0	0.9	1.8	11.0	3.3	2.4	3.7
Exchange rate TRY/USD, ave	4.83	5.67	7.01	8.85	16.43	16.10	14.45
Budget balance, TRYbn	-72.1	-124.9	-175.7	-196.9	-538.5	-674.7	-551.7
Budget balance, % of GDP	-1.9	-2.9	-3.5	-2.7	-4.6	-4.4	-2.9
Goods and services exports, USDbn	237.5	245.0	203.8	281.6	337.9	346.7	370.1
Goods and services imports, USDbn	248.1	227.7	230.2	285.6	372.8	380.0	395.6
Current account balance, USDbn	-21.7	5.3	-35.6	-14.7	-46.4	-44.5	-37.8
Current account balance, % of GDP	-2.8	0.7	-4.9	-1.8	-6.5	-4.7	-2.9
Foreign reserves ex gold, USDbn	71.4	77.1	48.5	64.8	61.1	55.0	57.2
Total external debt stock, USDbn	446.0	440.8	435.9	465.5	498.8	535.9	568.5
Total external debt stock, % of GDP	62.5	60.7	63.5	83.9	79.4	53.6	40.9

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

TÜRKIYE and Emerging Europe Insurance Risk/Reward Index

	Industry Rewards	Industry Rewards Non-Life	Industry Rewards Life	Country Rewards	Rewards	Industry Risk	Country Risks	Risks	Insurance Risk/Reward Score	Rank
Portugal	63,75	57,50	70,00	57,59	61,28	85,00	73,91	78,34	66,40	1
Poland	62,50	67,50	57,50	50,05	57,52	70,00	67,10	68,26	60,74	2
Slovenia	50,00	60,00	40,00	58,46	53,39	70,00	81,46	76,88	60,43	3
Czech Republic	53,75	60,00	47,50	49,98	52,24	75,00	78,62	77,17	59,72	4
Cyprus	47,50	50,00	45,00	62,85	53,64	75,00	72,28	73,37	59,56	5
Greece	50,00	50,00	50,00	56,66	52,67	85,00	60,55	70,33	57,96	6
Slovakia	47,50	50,00	45,00	49,99	48,50	75,00	73,16	73,90	56,12	7
Estonia	37,50	45,00	30,00	57,48	45,49	70,00	87,97	80,78	56,08	8
Hungary	50,00	50,00	50,00	48,38	49,35	75,00	63,86	68,32	55,04	9
Lithuania	40,00	45,00	35,00	55,76	46,30	70,00	74,71	72,83	54,26	10
Croatia	41,25	50,00	32,50	58,04	47,97	75,00	64,42	68,65	54,17	11
Turkey	52,50	60,00	45,00	48,78	51,01	75,00	49,01	59,41	53,53	12
Bulgaria	42,50	50,00	35,00	48,18	44,77	75,00	62,89	67,73	51,66	13
Latvia	36,25	42,50	30,00	54,31	43,47	70,00	70,44	70,26	51,51	14
Romania	42,50	47,50	37,50	50,93	45,87	75,00	57,35	64,41	51,43	15
Russia	52,50	55,00	50,00	46,10	49,94	65,00	48,04	54,83	51,41	16
Serbia	31,25	40,00	22,50	52,45	39,73	75,00	50,71	60,43	45,94	17
Macedonia	18,75	25,00	12,50	57,14	34,10	55,00	49,73	51,84	39,42	18
Kazakhstan	25,00	30,00	20,00	49,55	34,82	65,00	39,95	49,97	39,37	19
Bosnia-Herzegovina	30,00	37,50	22,50	46,67	36,67	60,00	35,65	45,39	39,29	20
Ukraine	35,00	43,75	26,25	34,97	34,99	60,00	32,41	43,45	37,53	21
Montenegro	16,25	17,50	15,00	49,95	29,73	60,00	46,21	51,72	36,33	22
Georgia	20,00	27,50	12,50	44,89	29,96	50,00	45,19	47,11	35,10	23
Albania	16,25	22,50	10,00	42,35	26,69	60,00	43,97	50,38	33,80	24
Moldova	16,25	22,50	10,00	40,86	26,09	45,00	42,17	43,30	31,26	25
Azerbaijan	15,00	17,50	12,50	44,12	26,65	35,00	43,27	39,96	30,64	26
Armenia	7,50	15,00	0,00	40,55	20,72	40,00	40,79	40,47	26,65	27
Belarus	20,00	27,50	12,50	29,52	23,81	35,00	28,61	31,17	26,02	28
Uzbekistan	12,50	17,50	7,50	32,22	20,39	50,00	21,15	32,69	24,08	29
Regional Average	**35,65**	**40,82**	**30,47**	**48,92**	**40,96**	**64,66**	**55,36**	**59,08**	**46,39**	

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

Turkey Insurance Report - Q4 2022 - by Fitch Solutions, July 2022

Turkish Insurance Market

HISTORICAL LANDMARKS and DEVELOPMENTS

- **19th C** Insurance was introduced to Turkey in the 19th century by agencies and branches of European companies.
- **1862** Riunione Adriatica of Italy was established for marine and fire business (becoming Sark in 1923, Koc Allianz in 1998 and Allianz Sigorta in 2008).
- **1872** Following the great Pera fire of 1870, which destroyed 3,000 houses, British insurance companies commenced activities in Turkey and the first risk maps of Constantinople were drawn up.
- **1900** The first fire tariff was established.
- **1925** Anadolu was the first national company formed at the request of Kemal Ataturk.
- **1926** The first insurance law on the Inspection and Supervision of Insurance Companies appeared.
- **1929** Milli Re was established, also at the request of Kemal Ataturk.
- **1945** Destek Re was established to further increase retentions.
- **1959** The Insurance Supervision Law No 7397 came into force.
- **1960** Aksigorta was created.
- **1963** The Insurance Supervisory Board was set up.
- **1976** The present Insurance Association of Turkey was founded.
- **1979** Istanbul Re was established.
- **1980** Halk Re was established.
- **1990** All tariffs ceased to be applicable, with the main exceptions of earthquake and agricultural insurance.
- **1994** A constitutional court decision effectively suspended all insurance legislation in Turkey.
- **1998** Legislation was passed prohibiting the same companies from trading in both life and non-life business.
- **2001** Halk Re and Istanbul Re ceased writing business.
- **2002** Compulsory cessions to Milli Re ceased. The weakness of the banking sector led to questions about the financial strength of associated insurers.
- **2004** Milli Re acquired Destek Re, becoming the sole domestic reinsurer.
- **2005** Official talks on EU accession began and Turkey started to adapt its legislation, including insurance legislation, to conform to the EU body of laws.
- **2007** A new insurance law, Law No 5684, and associated regulations were published bringing the market more into line with EU insurance legislation.
- **2012** A new Commercial Code took effect, replacing the previous code of 1956.
- **2014** With effect from 1 January, MTPL insurance rating was totally liberalised. Allianz completed its acquisition of the Yapi Kredi non-life, life and pension companies, making it the leading non-life and life/healthcare insurer in Turkey.
- **2016** With losses under MTPL business ever increasing, important measures were taken to improve the claims experience for insurers and control premium increases for consumers.
- **2017** To try and further improve the market for MTPL and address the recent rapid rise in premiums, the Turkish government introduced a cap on MTPL insurance premiums in a new rating scheme, which took effect from 12 April. In a related move, a "Risky Insurance Pool" was set up to share premium and claims between all MTPL insurers. In September the insurance supervisory authority announced the setting up of a pool to cover compulsory medical malpractice insurance. A new regulation, Regulation on Working Procedures and Principles of Participation Insurance, governing the operation and principles of ''participation insurance'' (takaful) came into effect on 20 December 2017.In December 2017 it was announced that the Turkish Natural Catastrophe Insurance Pool would set up and operate a nuclear insurance pool providing cover for each of Turkey's new nuclear power stations. The two hailstorm and flood events, which hit Istanbul and the surrounding area in the summer of 2017, are estimated to have cost the insurance industry over TRY 750mn (USD 205mn).

- ***In the last quarter of 2018, the Ministry of Treasury and Finance announced the New Economic Programme, which outlines that 2019 to 2021*** will be years of fiscal discipline accompanying a rebalancing of the economy to overcome rapid inflation and reduce the budget deficit. Within the scope of this programme, Berat Albayrak, the Minister of Treasury and Finance, announced that the Turkish insurance and reinsurance market will undergo a transformation as, thus far, it has failed to provide sufficient cover for every type and magnitude of risk. This is why building completion insurance policies, among others, have not gained momentum until now. Against this background, Turk Re was established on 6 September 2019, with a capital of 600 million Turkish lira and its sole shareholder being the Ministry of Treasury and Finance. Ms Selva Eren, general manager of Turk Re, has stated that they plan to keep 1.2 billion Turkish lira domestically out of 8 billion Turkish lira transferred abroad through reinsurance.

- As another feature of the transformation, IRSA was incorporated on 18 October 2019 with Presidential Decree No. 47 to act as the new insurance regulatory agency in replacement of the former Under secretariat of Treasury. As the most significant benefit, IRSA is expected to adopt a friendlier approach towards the market participants and react more quickly to the market's needs for secondary legislation. At the same time IRSA aims to foster the popularity of insurance and enhance awareness on the part of consumers.

- Referring to the New Economic Programme, the Turkish Wealth Fund announced in December 2019 that insurance and personal retirement insurance companies controlled by public banks were being merged into one under the Fund. Reportedly, this merger will give birth to a strong insurance movement capable of offering building completion insurance, surety insurance, credit insurances and the like, which have long been awaited by the real sector. On a broader scale; this transaction ultimately aims to increase the share of the insurance market in financial services, which is currently 4 per cent and underachieving.

- Building completion insurance policies, credit insurance policies and short-term trade credit for small and medium-sized enterprises (SMEs) were introduced in 2015 as products, serving the purpose of limiting the effects of economic slowdown and currency volatility.[33] Building completion insurance, in particular, was aimed at providing relief to the construction sector. However, the contractors' access to this tool was very limited as the insurance companies were reportedly unable to secure reinsurance coverage for themselves. Similar difficulties in obtaining insurance and reinsurance cover had been reported in other sectors, such as textiles and chemicals.[34] However, the endeavour for transformation of the local (re)insurance market, which now involves a state-owned reinsurance company, is seen as a promising development. In this vein, IRSA took over the flag from the Undersecretariat, which issued a communiqué on 24 December 2018, effective as of 1 January 2019, setting the guidelines and tariffs to be adopted by insurance companies for credit insurance foreseen for SMEs.

- Apart from the above cornerstones of structural reforms, the Ministry highlighted legal protection insurance in its 2018 Activity Report. Although this insurance tool, together with the approved general conditions, was announced back in 2006, it turned out be a dead duck because of its incompatibility with the practice and lack of awareness on the part of consumers. Against this backdrop the Ministry currently endeavours to adopt the existing general conditions to the market needs and relevant legislation as well as taking actions to increase awareness and education on this specific insurance tool.

- Another concept on which the Ministry conducted studies was the concept of surety insurances. The Ministry announced that it had included surety insurances in its agenda, as specified in the Export Master Plan. With the amendment made to the Public Procurement Law published in the Official Gazette on 5 December 2017, it was allowed for companies to give surety policies to the banks instead of letters of guarantee. Recently, the Association of Insurance, Reinsurance and Pension Companies announced it was working on a system that will enable verification of the validity and authenticity of the security bonds that are presented as security in tenders.

- One of the main hot topics continues to be the private pension scheme that became compulsory for employees and public servants. The government is encouraging private pension systems and annuity products by providing contributions to the premiums paid by the policyholders and introducing compulsory pension schemes. With the amendment of the Personal Pension Savings and Investment System Law, employees under 45 were automatically included in the pension system, the premium for which is deducted from the insured's salary. The latest finance news, however, reports that this product has not been as successful as hoped, as 60 per cent of the insureds opted to abandon the scheme shortly after their automatic inclusion.[40] The number of contracts has been at a standstill since 2017.[41] Being unsatisfied with the level of remaining participants, the Presidency recently issued a new regulation which allows those who leave the system to re-enter the system with further incentives.[42] With the new 'Supplementary Pension Scheme', on the other hand, it is projected that employer contribution will be integrated into the participants' savings in addition to the current governmental incentives and wage stoppages.

- Another hot topic on the insurance sector's agenda was cybersecurity. The cyberattack on 27 October 2019 targeting some banking and telecommunication institutions in Turkey brought to the fore the importance of the issue. The attacks have caused the banking systems and communication operators to stop serving, and disabled access to their digital channels. The experts reiterated the importance of investing in cyber infrastructure and drawing up a cybersecurity strategy. Being aware of the demands and the necessity, the private sector took the initiative to place insurance products covering the damages incurred due to attacks targeting digital platforms.

- Climate change is the other critical field where the private sector took the initiative. In September 2019, one of the insurance companies introduced the first ever climate insurance in Turkey, in the context of a social responsibility project named 'Respect for Earth'.

- On 25 November **2021**, the Turkish supervisory authority published a new regulation on internal systems in the insurance and private pension sectors. The new law came into force directly after its issuance in the Official Gazette. The texts establish the functions of internal control, risk management, actuarial, internal audit and the staff qualifications in charge of the internal control systems of an insurance company. This initiative aims to strengthen the institutional structures of private insurance and pensions.

- In **2022 :** The Turkish government has passed a draft law establishing the **Istanbul Financial Center (IFC).** The IFC will bring together public and private banks, insurance, brokerage and asset management companies as well as other local and international financial institutions.
  Financial companies that will set up in the hub will be able to benefit from deductions, exemptions and other tax advantages. The Central Bank of the Republic of Turkey (CBRT) is considering moving its operations from the capital Ankara to the IFC. The IFC consists of office space, a shopping mall, a conference center, auditoriums, a five-star hotel and a parking capacity of 26 000 vehicles. The hub is expected to accommodate 100 000 employees and visitors on a daily basis.

- Creation of the **Turkic World Insurance Union**: Azerbaijan and Turkish insurers' associations have signed an agreement to establish the Turkic World Insurance Union. The member countries of the new union include Azerbaijan, Turkey, Kazakhstan, Uzbekistan, Kyrgyzstan and Turkmenistan.
  The objective of this initiative is to strengthen the insurance sectors in the Turkish speaking states and create a unified insurance pool for the members of the union.

REGULATORY ENVIRONMENT

Key Legislation

- **2001 Law On Individual Pension Savings And Investment Systems (No.4632):**
  - This was implemented as a supplement to the public social security system, and has been revised a number of times to increase pension coverage.
  - In June 2012, the 2001 Law on Individual Pension Savings and Investment was modified to make pension plans more attractive. The law outlined that the state would match 25.0% of all annual contributions paid by individuals, as of January 2013. This did help increase pension contributions by 33.0% to 4.2mn in the first year, as tax benefits and incentives became more visible, but it was decided a further boost was necessary.

  - In January 2017, unless employees requested to opt-out, all employees under 45 years old were automatically enrolled into a pension plan and had to contribute 3.0% of earnings. It is likely this scheme will boost enrolment for first-time savers, but the opt-out rate was 54.0% in 2018, the latest available data.
- **2007 Insurance Law (No.5674):**
  - The main legislation governing the sector, regulating the establishment, management, operations, supervision and audit of insurance, reinsurance and pension companies.
  - Under this law, insurers are able to operate only in either the life sector or the non-life sector, but this does not apply to reinsurers.
- **2011 Turkish Commercial Code (No.6102):**
  - Outlines insurance contract legislation including the necessary provisions and terms that apply to all contracts, as well as which risks are covered and excluded from coverage.
- **2012 Catastrophe Insurance Law No. 6305**
  - Published in Official Gazette Number: 28296 dated Friday 18 May 2012 and relevance to "The Turkish Catastrophe Insurance Pool (TCIP)"

Industry Regulators

- The main regulatory body in Turkey is the ***Insurance and Private Pension Regulation and Supervision Agency (IRSA),*** officially established on June 5 2020 by Presidential Decree No.47. This replaced the General Directorate of Insurance, which was part of the MTF.
- IRSA **conducts** activities as an institution under the MTF, but carries out duties and responsibilities independently, and is subject to supervision and regulatory, a popular topic for many years.
- The **IRSA's** main duties include implementing and monitoring legislation related to private pension, insurance, national insurance, producing reports and evaluations on the market and the related players, as well as conducting investigations and audits.

Industry Associations

- ***The Insurance Association of Turkey (TSB) :***
  - TSB is a specialist institution which operates as a non-governmental institution established by law and is the largest body representing the Turkish insurance industry.
  - The association became a legal entity, with the status of a public institution, as of 14 June 2017 and was established under the Article 24 of Insurance Law.
  - All local or foreign insurance, reinsurance and pension companies operating in Turkey are members of the TSB. The aim of the association is to develop a professional and effective insurance sector, and to prevent unfair competition.
  - As of June 2022, the association claims 67 members, comprising 42 non-life companies, 21 life and private pension companies and four reinsurers.

Insurance Association of Türkiye
https://tsb.org.tr/en

- ***Natural Disaster Insurance Institution:***
  - DASK, the Turkish natural disaster insurance institution https://dask.gov.tr/tcip established in 2000 after the 1999 earthquake, is responsible for providing, implementing, and managing compulsory earthquake insurance.

Form of Insurance organization:

The rules for the establishment of a new insurance or reinsurance company are set out in Article 3 of Insurance Law No 5684. It may only be established as a joint stock company or co-operative and must carry out insurance business exclusively.

Capital Requirements:

On 30 November 2021, the Turkish supervisory authority (SEDDK) issued a circular defining the new minimum capital requirements for insurance and reinsurance companies.

Companies are now required to have the following minimum share capital:

- 175.562 million TRY (12.82 million USD) instead of 120 million TRY (8.76 million USD) for non-life companies
- 215.067 million TRY (15.7 million USD) instead of 147 million TRY (10.7 million USD) for life insurers
- 124.358 million TRY (9.08 million USD) instead of 85 million TRY (6.2 million USD) for reinsurers

Foreign Ownership

Foreign insurers licensed to trade in their home country may operate in Turkey by purchasing up to 100% of the equity of domestic companies, without restriction or by establishing branch offices.

There are no bilateral or multilateral trade agreements in force that have implications for foreign company access to the market.

Compulsory Insurances

- Motor third party liability for bodily injury and property damage.
- Third party liability for bodily injury and medical expenses for passengers on intercity and international transport.
- Third party liability to passengers on vessels registered to carry 12 or more passengers.
- Personal accident cover for intercity coach passengers.
- Personal accident cover for miners.
- Building completion guarantee for residential building contractors.
- Liability of companies engaged in the production, storage and handling of LPG cylinders.
- Liability of companies engaged in the production, storage, transport and sale of combustible, explosive or flammable materials.
- Professional indemnity insurance for insurance brokers and, at regulator's discretion, agents.
- Professional indemnity insurance for electronic signature certificate providers.
- Professional indemnity insurance for companies providing professional services to banks.
- Professional indemnity insurance for credit agencies.
- Professional liability cover for tour operators.
- Professional indemnity for property valuers, a requirement of the Capital Markets Board.
- Public liability insurance for private security guards.
- Sea pollution liability for companies situated near the shoreline.
- Workers' compensation (state scheme).
- Earthquake insurance on private dwellings.
- Medical malpractice insurance for doctors and dentists.
- Liability for clinical trials.
- Third party legal liability and passenger liability for aircraft, and third party legal liability for drones with a take-off weight of more than 25 kg.
- Third party liability for the operation of a nuclear installation.
- Insurance of goods that are subject to finance leasing.
- Shipowners' liability for marine oil pollution (financial guarantee or insurance).
- P&I insurance cover for vessels of 300 gross tonnage (GT) that fly the Turkish flag and all vessels flagged in other countries irrespective of gross tonnage using Turkish ports.
- P&I cover for vessels carrying hazardous materials through the Turkish Straits.

Pools:

The market includes four significant insurance pools.

The Turkish Catastrophe Insurance Pool was created after the 1999 earthquake. The program is designed to provide compulsory insurance for all urban residential properties for property damages caused directly by earthquakes and other perils of fire, explosion, tsunami, or landslide following earthquake. . Studies on the design of a disaster insurance product that covers a broader range of natural disasters have been initiated and are planned to be completed by 2023.

The Green Card Pool was established to cover motor third part liability claims of Turkish residents travelling abroad in Europe and to handle claims of accidents in Turkey caused by foreign plated vehicles which have a valid green card.
All insurers licensed to write motor third party liability insurance in Turkey are required to be members of the pool which is run by an independent board of managers in conjunction with the Turkish Motor Insurance Bureau (TMIB). Green cards are issued by local insurers and all premiums are ceded to the pool. Claims are handled by

the TMIB and settlement is made in accordance with the laws of the country where the accident occurred. Members share in the profits or losses of the pool in proportion to the volume of business ceded.

The Federation of Afro-Asian Insurers and Reinsurers (FAIR) Pool accepts reinsurance and retrocession business from African and Asian markets for fire, engineering, marine hull and cargo, and certain types of accident insurance. The program is run by Milli Reinsurance S.A. All cessions are voluntary and business is retroceded back to members in proportion to the amount of business they cede.

The Agriculture Insurance Pool (TARSIM) provides standardized agricultural insurance cover to farmers in Turkey.
The Pool is run by a special purpose company set up by the companies writing agricultural insurance business. It is overseen by a Board comprising government and industry members and a member from the Union of Turkish Chambers of Agriculture. It receives a government subsidy of a minimum 50 percent of the premiums written. Insurance companies issue insurance policies with their own name, however all of the risk and the premium must be transferred to the Agriculture Insurance Pool. These insurance companies can optionally take a share from the Pool through retrocession.

Insurance and reinsurance intermediaries

Under the Insurance Law, intermediaries consist of agents and brokers.
Insurance agency activities can be carried out by real persons or legal entities subject to:

- Obtaining a certificate from the IRSA confirming their qualifications.
- Application to the Union of Chambers and Commodity Exchanges of Turkey to be recorded in the Register.

Real person agents must declare a minimum personal wealth of TRY50,000. Legal entity agents must have a minimum paid-in capital of TRY50,000, and the minimum capital for branches is TRY300,000 for the headquarters and TRY25,000 for each branch. The minimum capital for agents performing distance sales is TRY300,000.

Similarly, brokerage activities can be performed by real persons or legal entities on obtaining a broker licence from the IRSA. This is obtained by submitting an application to the Insurance and Reinsurance Brokers Association.

Legal entity brokers must have a minimum paid-in capital of TRY250,000 and an additional amount of TRY50,000 for each licence. Brokers must have equity capital amounting to not less than the sum of:

- 10% of their annual operating revenues.
- An amount corresponding to the total due debts of the broker multiplied by a specific co-efficient (which varies depending on the debt maturity date).

Foreign legal entity agent or brokers can be involved in operations in Turkey only by opening a branch and cannot perform commercial activities through liaison offices.
Real person agents and brokers are also subject to similar financial requirements in terms of declared wealth.

Taxation

Insurance company transactions remain exempt from value added tax but are subject to a banking and insurance transaction tax (BSMV) and fire insurance tax. Except for the specific exemptions, the general rate of BSMV is determined as 5 per cent of the insurance companies' transactions and the fire insurance tax, levied at 10%, applies to insurance premiums collected on fire insurance purchased for movable and immovable properties within municipal boundaries and adjacent areas.

Insurance Market Statistics and Performance

Number of Companies and Employees

	2016	2017	2018	2019	2020
Number of companies					
Life					
Domestic undertakings	22	22	22	22	21
Foreign controlled undertakings	15	15	15	15	15
Foreign companies (branches)	0	0	..	..	..
All undertakings	22	22	22	22	21
Non-life					
Domestic undertakings	35	37	36	37	37
Foreign controlled undertakings	23	23	20	19	18
Foreign companies (branches)	2	2	2	2	2
All undertakings	37	39	38	39	39
Composite					
Domestic undertakings	0	0	0	..	3
Foreign controlled undertakings	0	0	0	..	1
Foreign companies (branches)	0	0	0	..	..
All undertakings	0	0	0	..	3
Reinsurance					
Domestic undertakings	2	2	2	3	..
Foreign controlled undertakings	1	1	1	1	..
Foreign companies (branches)	0	0	0	..	..
All undertakings	2	2	2	3	..
Total					
Domestic undertakings	59	61	62	62	61
Foreign controlled undertakings	39	39	38	35	35
Foreign companies (branches)	2	2	2	2	2
All undertakings	61	63	62	64	63
Number of employees					
Insurance undertakings	19 240	19 883	19 117	14 228	..
Intermediaries	35 992	40 231	20 605	40 000	..
Total	55 232	60 114	39 722	54 228	..

2021

The Turkish Insurance market consists of 69 companies includes:

43
Non-Life companies;

7
Life companies;

15
Pension companies;

4
Reinsurance companies

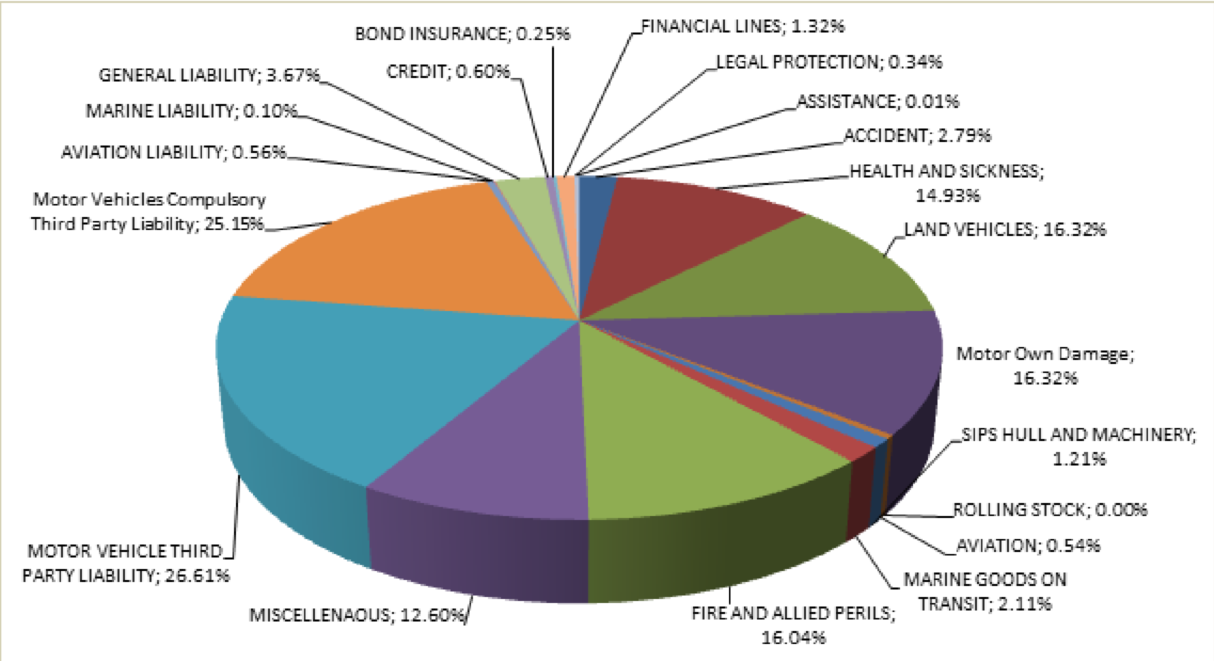
Insurance Business Written (in million TRY)

	2016	2017	2018	2019	2020
1 Insurance business, by ownership					
Gross premiums					
Domestic undertakings	41 280	47 495	54 416	68 247	84 802
Foreign controlled undertakings	25 640	26 984	29 792	35 819	41 950
Foreign companies (branches)	152	201	304	553	805
All undertakings	41 431	47 696	54 720	68 800	85 607
Premiums ceded					
Domestic undertakings	9 816	13 268	15 814	19 346	22 795
Foreign controlled undertakings	5 482	6 672	7 850	8 518	9 719
Foreign companies (branches)	76	96	131	288	505
All undertakings	9 892	13 364	15 945	19 634	23 300
Net written premiums					
Domestic undertakings	31 464	34 227	38 601	48 901	60 416
Foreign controlled undertakings	20 158	20 312	21 942	27 300	31 549
Foreign companies (branches)	76	105	173	265	300
All undertakings	31 540	34 332	38 774	49 166	60 716
2 Insurance business on foreign risks, gross premiums					
Life	6 166	..	..	..	..
Non-life	34 322	..	..	..	..
Composite	943	..	..	..	..
of which:					
Life	19	..	..	..	..
Non-life	924	..	..	..	..
Total	41 431	..	..	..	..
3 Life insurance payments, by class, gross premiums					
Annuities	..	..	..	..	..
Unit linked	..	..	..	..	..
Other life insurance	..	..	..	..	..
Total life insurance	5 916	6 766	6 835	13 340	14 291
***of which:** Pension contracts*	..	..	..	..	..
4 Non-life insurance payments, by class, gross premiums					
Motor vehicle insurance	19 156	19 981	23 614	26 466	31 232
Marine, aviation and other transport insurance	455	490	706	929	1 348
Freight insurance	585	652	828	922	1 204
Fire and other property damage insurance	9 032	10 101	12 208	14 193	18 548
Pecuniary loss insurance	439	549	666	901	1 071
General liability insurance	863	1 028	1 389	1 698	2 190
Accident and health	4 582	6 708	8 051	9 798	12 333
***of which:** Health*	..	5 025	6 245	8 190	10 096
Other non-life insurance	134	226	167	197	225
Treaty reinsurance	..	..	..	..	..
Total non-life insurance	35 246	39 735	47 628	55 104	68 152

2020-2021 Total Written Premium

Branch Names	2021 Total Written Premium (TL)	2021 Share	2020 Total Written Premium (TL)	2020 Share	Change	Reel Change
ACCIDENT	2,443,378,083	2.79%	2,237,228,258	3.28%	9.2%	-19.74%
HEALTH AND SICKNESS	13,078,386,991	14.93%	10,095,658,299	14.82%	29.5%	-4.80%
LAND VEHICLES	14,291,889,908	16.32%	10,737,408,691	15.76%	33.1%	-2.19%
Motor Own Damage	14,291,889,908	16.32%	10,737,408,691	15.76%	33.1%	-2.19%
ROLLING STOCK	30,962	0.00%	15,272	0.00%	102.7%	48.98%
AVIATION	469,039,408	0.54%	**369,664,551**	0.54%	26.9%	-6.76%
SIPS HULL AND MACHINERY	1,058,942,244	1.21%	621,688,667	0.91%	70.3%	25.17%
MARINE GOODS ON TRANSIT	1,844,392,319	2.11%	1,204,301,235	1.77%	53.2%	12.54%
FIRE AND ALLIED PERILS	14,046,572,235	16.04%	10,585,802,519	15.53%	32.7%	-2.49%
MISCELLENAOUS	11,038,240,939	12.60%	7,962,465,095	11.68%	38.6%	1.87%
MOTOR VEHICLE THIRD PARTY LIABILITY	23,308,761,216	26.61%	20,487,192,290	30.06%	13.8%	-16.39%
Motor Vehicles Compulsory Third Party Liability	22,030,263,710	25.15%	19,564,267,538	28.71%	12.6%	-17.25%
AVIATION LIABILITY	488,973,998	0.56%	298,548,469	0.44%	63.8%	20.36%
MARINE LIABILITY	88,526,945	0.10%	57,810,503	0.08%	53.1%	12.53%
GENERAL LIABILITY	3,213,054,072	3.67%	2,189,994,820	3.21%	46.7%	7.82%
CREDIT	528,327,801	0.60%	399,061,225	0.59%	32.4%	-2.71%
BOND INSURANCE	221,493,082	0.25%	123,951,705	0.18%	78.7%	31.31%
FINANCIAL LINES	1,154,007,399	1.32%	547,980,509	0.80%	110.6%	54.76%
LEGAL PROTECTION	300,224,816	0.34%	224,970,145	0.33%	33.5%	-1.93%
ASSISTANCE	6,028,376	0.01%	1,928	0.00%	312513.5%	229627.74%
TOTAL NON LIFE	**87,580,270,796**	**83.2%**	**68,143,744,181**	**82.5%**	**28.5%**	**-5.6%**
LIFE	**17,726,737,287**	**16.8%**	**14,431,913,855**	**17.5%**	**22.8%**	**-9.7%**
GENERAL TOTAL	**105,307,008,083**	**100.0%**	**82,575,658,036**	**100.0%**	**27.5%**	**-6.3%**

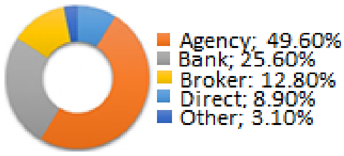
2021 Market Share by Branch



2021 Breakdown of Written Premiums per Distribution Channel

in million TRY

	Direct	Agency	Bank	Broker	Other	Total
TOTAL NON LIFE	7,693	50,228	13,042	13,415	3,202	87,580
TOTAL LIFE	1,722	1,990	13,889	106	19	17,727
GENERAL TOTAL	**9,415**	**52,218**	**26,931**	**13,521**	**3,221**	**105,307**



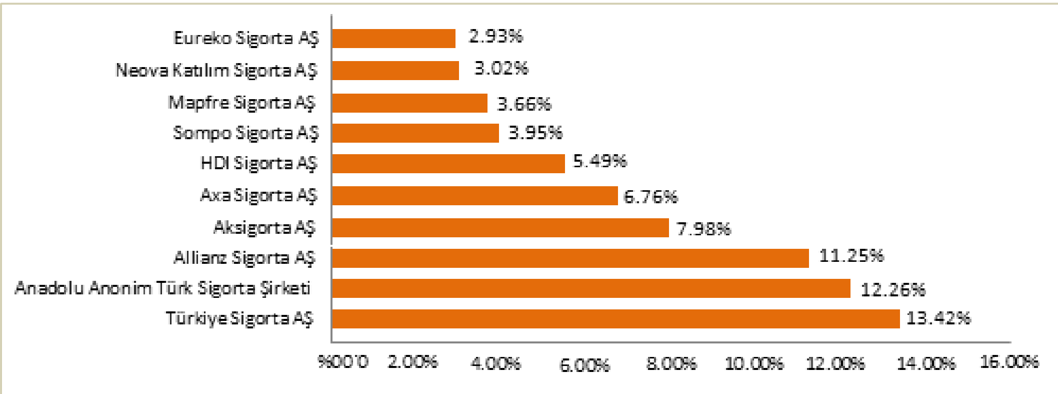
2021 Market Share by Company

Rank	Company Name	2021 Total Written Premium (TL)	2021 Share	2020 Total Written Premium (TL)	2020 Share	Change
1	Türkiye Sigorta AŞ	11,749,646,570	11.16%	8,887,128,129	10.76%	32.21%
2	Anadolu Anonim Türk Sigorta Şirketi	10,735,252,002	10.19%	8,015,704,097	9.71%	33.93%
3	Allianz Sigorta AŞ	9,854,147,770	9.36%	8,135,360,848	9.85%	21.13%
4	Aksigorta AŞ	6,987,620,746	6.64%	5,272,142,057	6.38%	32.54%
5	Axa Sigorta AŞ	5,923,588,615	5.63%	4,657,374,373	5.64%	27.19%
6	HDI Sigorta AŞ	4,808,378,460	4.57%	3,475,893,762	4.21%	38.34%
7	Türkiye Hayat ve Emeklilik AŞ	3,948,446,433	3.75%	4,188,831,835	5.07%	-5.74%
8	Sompo Sigorta AŞ	3,455,290,096	3.28%	3,332,694,565	4.04%	3.68%
9	Mapfre Sigorta AŞ	3,205,315,905	3.04%	2,558,437,769	3.10%	25.28%
10	Neova Katılım Sigorta AŞ	2,648,372,639	2.51%	1,899,270,816	2.30%	39.44%
	FIRST 10 COMPANIES	**63,316,059,236**	**60.13%**	**50,422,838,250**	**61.06%**	**25.57%**
11	Eureko Sigorta AŞ	2,565,437,298	2.44%	1,836,042,276	2.22%	39.73%
12	Bupa Acıbadem Sigorta AŞ	2,232,175,715	2.12%	1,839,049,165	2.23%	21.38%
13	Ray Sigorta AŞ	2,220,372,315	2.11%	1,699,439,187	2.06%	30.65%
14	Doga Sigorta AŞ	2,143,340,348	2.04%	1,781,139,497	2.16%	20.34%
15	Bereket Sigorta AŞ	2,080,840,319	1.98%	1,419,236,646	1.72%	46.62%
16	AgeSA Hayat ve Emeklilik AŞ	2,020,098,908	1.92%	1,331,872,294	1.61%	51.67%
17	Anadolu Hayat Emeklilik AŞ	1,969,830,111	1.87%	1,685,081,367	2.04%	16.90%
18	Allianz Yaşam ve Emeklilik AŞ	1,871,473,298	1.78%	1,457,739,998	1.77%	28.38%
19	Metlife Emeklilik ve Hayat AŞ	1,791,682,264	1.70%	1,623,275,938	1.97%	10.37%
20	Groupama Sigorta AŞ	1,768,423,212	1.68%	1,381,947,063	1.67%	27.97%
	FIRST 20 COMPANIES	**83,979,733,025**	**79.75%**	**66,477,661,680**	**80.51%**	**26.33%**
21	Ethica Sigorta AŞ	1,654,450,727	1.57%	1,586,091,732	1.92%	4.31%
22	Aegon Emeklilik ve Hayat AŞ	1,632,994,956	1.55%	1,006,474,669	1.22%	62.25%
23	Quick Sigorta AŞ	1,582,974,509	1.50%	1,607,499,014	1.95%	-1.53%
24	Garanti Emeklilik ve Hayat AŞ	1,456,674,753	1.38%	1,111,760,598	1.35%	31.02%
25	Unico Sigorta AŞ	1,263,270,820	1.20%	745,409,331	0.90%	69.47%
26	Cigna Sağlık Hayat ve Emeklilik AŞ	1,105,275,539	1.05%	923,160,205	1.12%	19.73%
27	Zurich Sigorta AŞ	1,100,383,612	1.04%	987,502,469	1.20%	11.43%
28	Türk Nippon Sigorta AŞ	1,035,599,522	0.98%	837,374,704	1.01%	23.67%
29	Ankara Anonim Türk Sigorta Şirketi	975,615,957	0.93%	648,719,649	0.79%	50.39%
30	Gulf Sigorta AŞ	912,207,144	0.87%	584,051,177	0.71%	56.19%
31	Chubb European Group SE Merkezi Fransa Türkiye İstanbul	865,635,223	0.82%	729,390,492	0.88%	18.68%
32	Koru Sigorta AŞ	710,844,704	0.68%	643,411,756	0.78%	10.48%
33	Fiba Emeklilik ve Hayat AŞ	606,656,805	0.58%	451,096,015	0.55%	34.49%
34	BNP Paribas Cardif Emeklilik AŞ	504,983,813	0.48%	315,139,184	0.38%	60.24%
35	Corpus Sigorta AŞ	492,337,280	0.47%	405,499,711	0.49%	21.41%
36	BNP Paribas Cardif Sigorta AŞ	483,362,677	0.46%	240,218,288	0.29%	101.22%
37	BNP Paribas Cardif Hayat Sigorta AŞ	467,911,493	0.44%	233,495,705	0.28%	100.39%
38	Şeker Sigorta AŞ	457,916,238	0.43%	402,164,183	0.49%	13.86%

Rank	Company Name	2021 Total Written Premium (TL)	2021 Share	2020 Total Written Premium (TL)	2020 Share	Change
39	Dubai Sigorta AŞ	397,724,158	0.38%	298,179,949	0.36%	33.38%
40	Magdeburger Sigorta AŞ	387,782,518	0.37%	332,797,553	0.40%	16.52%
41	Bereket Emeklilik ve Hayat AŞ	303,231,347	0.29%	180,722,995	0.22%	67.79%
42	Generali Sigorta AŞ	296,661,294	0.28%	231,746,854	0.28%	28.01%
43	Türk P&I Sigorta AŞ	285,113,309	0.27%	181,831,638	0.22%	56.80%
44	Gri Sigorta AŞ	282,211,792	0.27%	1,568,958	0.00%	17887.21%
45	Allianz Hayat ve Emeklilik AŞ	240,676,253	0.23%	146,903,322	0.18%	63.83%
46	NN Hayat ve Emeklilik AŞ	233,773,121	0.22%	252,978,484	0.31%	-7.59%
47	Ana Sigorta AŞ	231,113,804	0.22%	59,645,567	0.07%	287.48%
48	Coface Sigorta AŞ	207,324,950	0.20%	132,189,708	0.16%	56.84%
49	Katılım Emeklilik ve Hayat AŞ	166,247,714	0.16%	147,224,645	0.18%	12.92%
50	Demir Sağlık ve Hayat Sigorta AŞ	159,361,408	0.15%	109,771,842	0.13%	45.18%
51	Euler Hermes Sigorta AŞ	159,099,712	0.15%	104,020,163	0.13%	52.95%
52	Orient Sigorta AŞ	136,543,040	0.13%	107,656,183	0.13%	26.83%
53	SS Atlas Karşılıklı Sigorta Kooperatifi	119,343,431	0.11%	77,595,289	0.09%	53.80%
54	Atradius Crédito y Caución S.A. de Seguros y Reaseguros,	108,852,095	0.10%	75,739,270	0.09%	43.72%
55	Mapfre Yaşam Sigorta AŞ	80,465,828	0.08%	61,114,853	0.07%	31.66%
56	Bereket Katılım Sigorta AŞ	69,813,865	0.07%	29,017,598	0.04%	140.59%
57	SS TMT Karşılıklı Sigorta Kooperatifi	42,856,308	0.04%	41,807,390	0.05%	2.51%
58	Bereket Katılım Hayat AŞ	38,063,272	0.04%	18,208,585	0.02%	109.04%
59	Axa Hayat ve Emeklilik AŞ	26,672,469	0.03%	16,146,388	0.02%	65.19%
60	Groupama Hayat AŞ	23,939,954	0.02%	32,670,238	0.04%	-26.72%
61	Arex Sigorta AŞ	21,307,644	0.02%	0	0.00%	0.00%
	MARKET TOTAL	105,307,008,083	100.00%	82,575,658,036	100.00%	27.53%

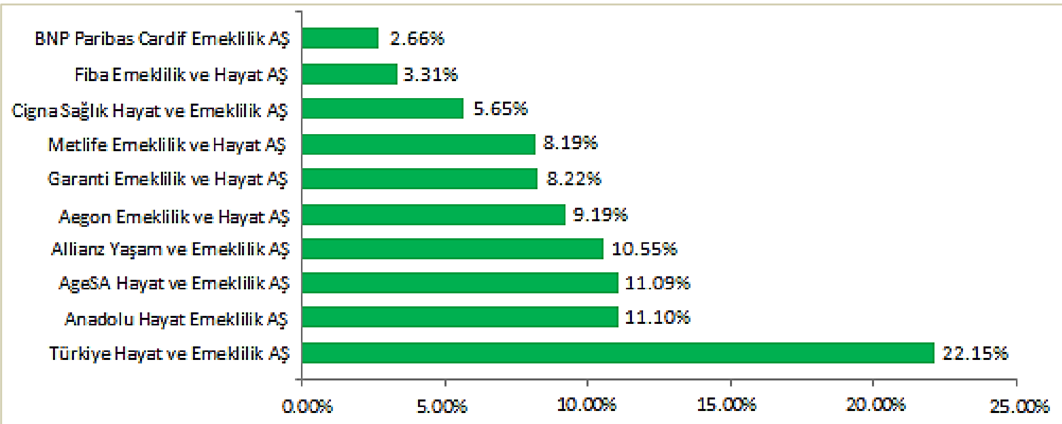
Non-Life Companies (GWP) 2021

Top 10 Market Share



Life Companies (GWP) 2021

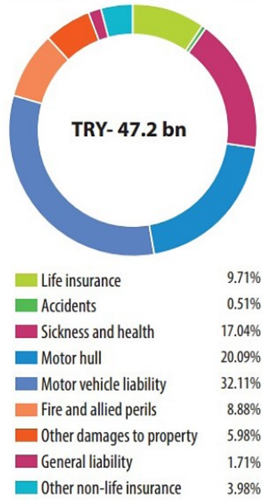
Top 10 Market Share



Gross Claims Payments (in million TRY)

	2016	2017	2018	2019	2020
Life					
Domestic undertakings	2 957	3 293	3 609	4 776	5 461
Foreign controlled undertakings	1 485	1 757	2 061	2 685	3 074
Foreign companies (branches)	0	..	0	..	0
All undertakings	2 957	3 293	3 609	4 776	5 461
Non-life					
Domestic undertakings	15 041	18 341	23 049	27 354	27 473
Foreign controlled undertakings	-9 940	11 648	13 543	15 282	15 007
Foreign companies (branches)	128	77	121	86	90
All undertakings	15 168	18 417	23 170	27 440	27 563
Composite					
Domestic undertakings	572	617	771	..	1 321
Foreign controlled undertakings	..	1	5	..	32
Foreign companies (branches)	..	..	..	..	..
All undertakings	572	617	771	..	1 333
of which:					
Life	9	15	7	..	11
Domestic undertakings	9	15	7	..	11
Foreign controlled undertakings	..	0	0	..	0
Foreign companies (branches)	..	..	..	..	..
All undertakings	9	15	7	..	11
Non-life	564	602	764	..	1 321
Domestic undertakings	564	602	764	..	1 321
Foreign controlled undertakings	..	1	5	..	32
Foreign companies (branches)	..	..	..	..	..
All undertakings	564	602	764	..	1 321
Total					
Domestic undertakings	18 570	22 251	27 430	32 130	34 255
Foreign controlled undertakings	-8 455	13 406	15 609	17 967	18 113
Foreign companies (branches)	128	77	121	86	90
All undertakings	18 698	22 328	27 551	32 216	34 357

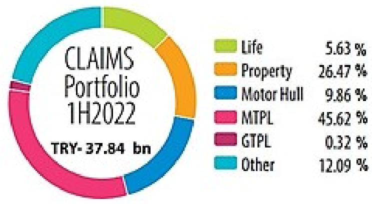
Claims Portfolio - 2021



Gross Operating Expenses (in million TRY)

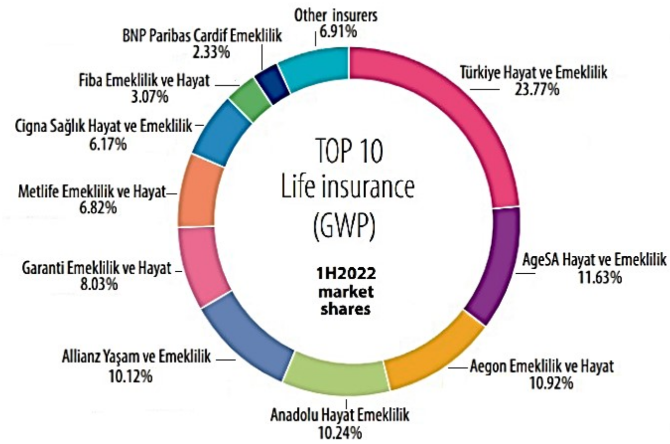
	2016	2017	2018	2019	2020
Life					
Domestic undertakings	1 970	2 644	2 961	4 103	5 307
Foreign controlled undertakings	1 241	1 724	1 926	2 376	3 025
Foreign companies (branches)	..	..	..	..	..
All undertakings	1 970	2 644	2 961	4 103	5 307
Non-life					
Domestic undertakings	5 579	6 263	6 689	8 211	9 770
Foreign controlled undertakings	3 847	4 170	4 183	4 821	5 700
Foreign companies (branches)	26	30	44	122	159
All undertakings	5 604	6 293	6 733	8 333	9 929
Composite					
Domestic undertakings	316	333	436	..	772
Foreign controlled undertakings	5	2	3	..	6
Foreign companies (branches)	..	..	..	..	..
All undertakings	316	333	436	..	772
of which:					
Life	10	5	8	..	13
Domestic undertakings	10	5	8	..	13
Foreign controlled undertakings	..	0	0	..	0
Foreign companies (branches)	..	..	..	..	..
All undertakings	10	5	8	..	13
Non-life	306	328	429	..	759
Domestic undertakings	306	328	429	..	759
Foreign controlled undertakings	5	2	3	..	6
Foreign companies (branches)	..	..	..	..	..
All undertakings	306	328	429	..	759
Total					
Domestic undertakings	7 865	9 240	10 087	12 314	15 849
Foreign controlled undertakings	5 092	5 895	6 112	7 197	8 731
Foreign companies (branches)	26	30	44	122	159
All undertakings	7 890	9 270	10 130	12 436	16 008

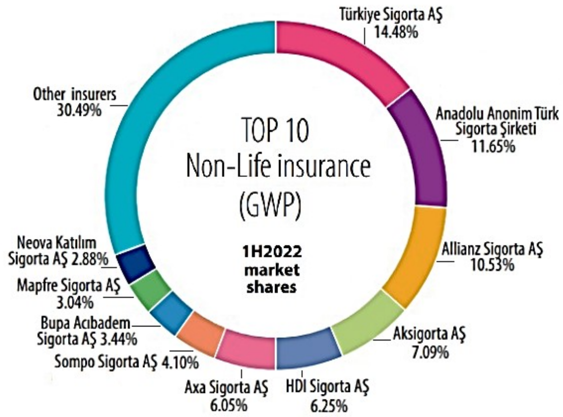
TURKISH INSURANCE MARKET in 1H2022



Market Portfolio at June 30th 2022

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2022	1H2021	Change (TRY)	1H2022	1H2021	Change (TRY)	1H2022	1H2021
	TRY m	TRY m	%	TRY m	TRY m	%	%	%
TOTAL MARKET	90,949.32	47,102.31	93.09	37,846.34	19,901.98	90.16	100.00	100.00
TOTAL LIFE	13,261.28	7,685.59	72.55	3,158.82	2,177.79	45.05	14.58	16.32
TOTAL NON-LIFE	77,688.04	39,416.72	97.09	34,687.53	17,724.19	95.71	85.42	83.68
Accident	1,797.15	1,070.27	67.92	157.11	111.73	40.61	1.98	2.27
Health	12,091.26	6,424.39	88.21	6,512.56	3,601.62	80.82	13.29	13.64
Aviation hull	261.14	131.01	99.33	44.17	216.19	-79.57	0.29	0.28
Ships hull	1,085.65	468.36	131.80	444.78	174.72	154.58	1.19	0.99
Goods in transit	1,772.49	813.24	117.95	443.81	238.15	86.35	1.95	1.73
Overall property insurance	21,649.57	12,005.55	80.33	5,341.13	2,781.24	92.04	23.80	25.49
Fire and allied perils	10,965.39	6,169.68	77.73	3,465.96	1,657.10	109.16	12.06	13.10
Damages to property	10,684.19	5,835.86	83.08	1,875.18	1,124.14	66.81	11.75	12.39
Overall motor insurance	34,559.57	16,070.10	115.06	20,720.03	10,003.90	107.12	38.00	34.12
Motor Hull	14,732.43	5,963.69	147.04	8,017.55	3,628.91	120.94	16.20	12.66
MTPL	19,827.15	10,106.42	96.18	12,702.48	6,374.99	99.25	21.80	21.46
Aviation liability	178.55	92.67	92.67	24.22	42.24	-42.67	0.20	0.20
Marine liability	123.54	43.53	183.77	34.31	4.99	587.85	0.14	0.09
GTPL	2,597.89	1,460.95	77.82	564.04	358.74	57.23	2.86	3.10
Credit	502.76	275.36	82.58	49.63	22.30	122.55	0.55	0.58
Suretyship	106.37	75.09	41.66	154.26	10.35	1,390.50	0.12	0.16
Financial losses	630.64	359.92	75.22	196.06	157.03	24.86	0.69	0.76
Legal expenses	230.93	125.92	83.39	1.42	0.99	44.32	0.25	0.27
Assistance	100.53	0.33	29,934.89	0.00	0.00	-100.00	0.11	0.00





FAIR held its 3rd FAIR Reinsurance Forum on 21-24 September 2022 at Hilton Istanbul Bosphorus Hotel, Istanbul - Turkey, under the theme:

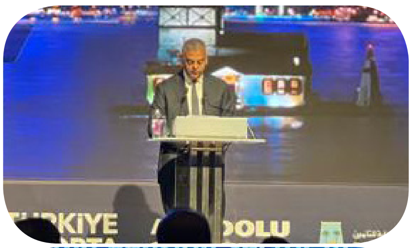
"Impact of Rising Inflation & Resilience of the Re/Insurance Industry"

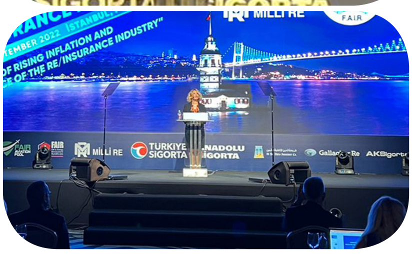
The Forum aimed to discuss the drastic consequences of recent escalating inflation trend, rising geo-political tense and disturbance of supply chains will not leave any social or economic sector, including insurance, without being harshly affected.

The Forum's opening ceremonies was initiated by:

- Fikret Utku Ozdemir, Director and General Manager - Milli Re, Turkey
- Mo'men Mukhtar, FAIR Secretary General
- Alaa El-Zoheiry, FAIR President
- Atilla Benli, President, Insurance Association of Turkey/ General Manager of Turkiye Sigorta
- Mehmet Akif Eroglu, Chairman, Insurance and Pension Regulation and Supervision Authority, Turkey
- Murat Zaman, Republic of Türkiye Ministry of Treasury and Finance





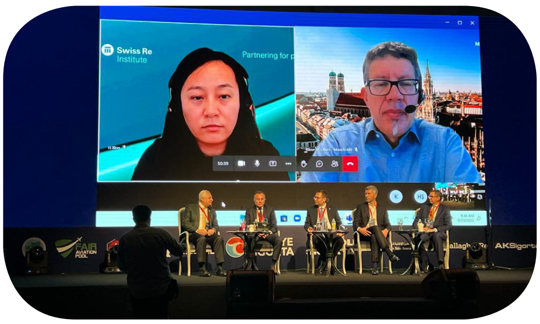



The Forum included 3 Plenary Sessions:
1) Role of Regulators in helping the industry to navigate Economic Challenges
2) Threats facing Re/Insurers on Grounds of Economic Slowdown and Rising Inflation
3) Impact of Supply Chain Issues on Re/Insurance.

FAIR sincerely thanks the honorable and professional insurance leaders, for speaking during the Forum's plenary sessions:

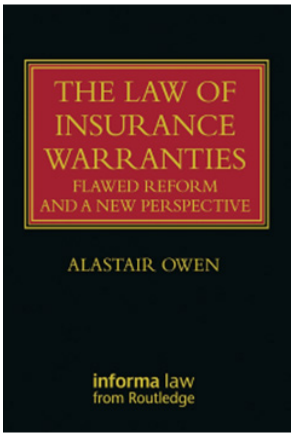
- Dr. Mazen Abouchakra, Regional Director, Gen Re
- Prof. Abhijit Chattoraj, Dean - Students Welfare and Support Services, Birla Institute of Management Technology
- Remzi Duman, Executive Vice President, Underwriting & Claims – Türkiye Sigorta
- Dr. Oliver Busse, Head of Economic Research Department, Munich Re
- Hedi Hachicha, Chief Underwriting Officer for Middle East and Africa, Scor Re
- Li Xing, Head of Insurance Market Analysis, Swiss Re
- Mario Baotic, Managing Director, Guy Carpenter
- Oussama Kaissi, CEO, Islamic Corp. for Insurance of Investments and Export Credit
- Mr. Brian Shea, Managing Director and Head of Strategic and Financial Analysis & President of Strategic Advisory Unit, Gallagher Re
- Dawoud Al Duwaisan, CEO, Kuwait Re
- Omar Gouda, Managing Director, CEO, Misr Insurance Company
- Yavuz Ölken, CEO – AXA Sigorta
- Fahri Altıngöz, Chairman of Turkish Insurance Practitioners Association

The Forum was attended by delegates of over 135 companies of over 40 countries





Title	:	The Law of Insurance Warranties: Flawed Reform and a New Perspective
Edited by	:	Alastair Owen
Publisher	:	Routledge
Publishing Date	:	2021
Number of Pages	:	275
Keywords	:	Insurance law | Insurance law—Great Britain | Marine insurance—Law and legislation | Warranty



Warranties made their first appearance in marine policies well over 300 years ago. The warranty was in essence an unconditional promise by the policyholder that he would act or not act in a given way, and his failure to adhere to the promise would discharge the underwriters from liability.

The early warranties were largely concerned with subject matter security in time of war, and the absence of speedy communications and the all too common lack of evidence as to the circumstances of a loss required wording that allowed the underwriters to walk away from liability without being required to prove that the breach had caused the loss. Proof of breach sufficed. In the eighteenth century the courts recognized an implied obligation in both insurance contracts and charterparties – with the consequences of a breach of warranty – for a vessel to be seaworthy.

The initial justification for the use of warranties had largely disappeared by the middle of the nineteenth century. Economic warfare at sea had largely come to an end, the telegraph made communication much speedier, and iron steam vessels were less likely than wooden sail vessels to disappear without trace. However, warranties continued to be used, the insurance market extended them to the many new forms of insurance in the nineteenth century, and Chalmers in his codification of the law in the Marine Insurance Act 1906 rather confusingly converted settled legal principles relating to legality into warranties.

With the rise of consumerism, warranties were increasingly criticised by courts, academics and practitioners. However, they survived a Law Reform Commission Report in 1957 and a Law Commission Report in 1980. In the meantime, New Zealand in 1977 and Australia in 1984 legislated to impose a causation requirement as between breach and loss.

All of this came to an end with the Insurance Act 2015, the product of a decade of consultation by the English and Scottish Law Commissions. Under the Act warranties can no longer be used against consumers, and the default rule is that they cannot be used against businesses: there has to be some relationship between breach and loss.

This background makes Dr Alastair Owen's text both timely and invaluable. There is as yet no guidance, although much speculation, on the meaning of sections 9, 10 and 11 of the 2015 Act and their impact on warranties. This book examines the pre-existing law (which will still be relevant when the parties have contracted out of the 2015 Act as well as in the 70 or so jurisdictions that have retained English common law principles) and then considers whether the 2015 Act operates in the same way as the Australian and New Zealand legislation.

The same issues arise under all three Acts, but each is differently expressed and the outcomes are not necessarily the same in any one case. By discussing the Australian and New Zealand measures, and the copious case law that they have spawned, Dr Owen has been able to identify the problem areas and to show how they have been addressed. That is not to say that the rather unique formulations adopted in the 2015 Act – which were the product of much discussion and redrafting, a process traced in the work – will be construed in the same way, but it is at least possible to demonstrate a range of possibilities. A key feature of the book is indeed the use of scenarios to explore those matters.

England, unlike Australia and, seemingly, New Zealand, has chosen to extend the new regime to marine warranties, thereby raising a series of additional problems of compatibility with the implied warranties set out in the Marine Insurance Act 1906.

Dr Owen expertly addresses these issues. Dr Owen's book, like many monographs, began its life as a PhD thesis, but it has been greatly expanded. With so much unresolved, Dr Owen has provided lawyers, insurance professionals and academics with a detailed and analytical study of the changes to English law. Nothing equivalent to it has been written, and this book will deservedly become the key reference point for those seeking answers to the various conundrums posed by the 2015 Act.

Contents:

Staying up-to-date makes a difference

To keep you informed of the must-to-know industry-related news and events, Arab Re goes beyond traditional reinsurance boundaries by bringing to you its

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Fire harnesses the strength within us to stand strong
and forge a bright future, even in the face of adversity.
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