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Market Overview of Qatar

Market Overview of Sudan

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FAIR in Brief

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FAIR Review

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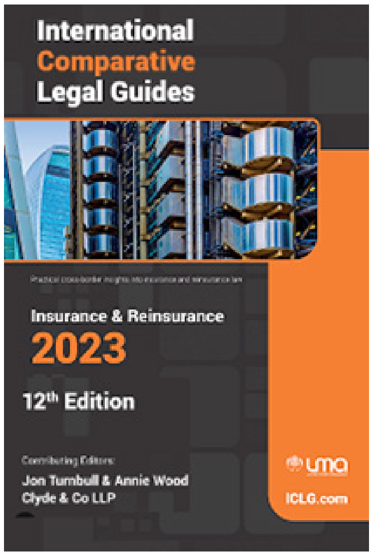

1. Overview

The debate about the effectiveness of sanctions is and should be ongoing. The Hufbauer, Schott and Elliot (HSE) database was the first modern attempt to analyse how effective sanctions were in achieving the demands of the party imposing the sanctions. They concluded that sanctions were perhaps 34% successful. This was comprehensively challenged by Robert Pape, who argued the definitions and basis were flawed and the real answer was actually less than 5%, but his thoughts were generally disregarded as they were unwelcome. The more modern Kiel-Drexel Global Sanctions Data Base (GSDB) is more nuanced and sub-categorised but could be said to allow those who set sanctions to take even very contingent successes as full justification. One problem rarely addressed is the uncontrollable nature of the unintended consequences.

The GSDB compilers state that: "Trade sanctions have a negative but heterogeneous effect on trade, which is most pronounced for complete bilateral sanctions, followed by complete export sanctions." Considering that sanctions can impose very marked trade impediments on friendly nations (characterised by some as blowback), are known to be only effective in a minority of limited cases and according to the GSDB have been declining in efficacy since 1995, it could reasonably be asked at policy level whether they are really fit to remain the policy crutch of choice.

2022 was an extraordinary year for sanctions. The Russian invasion of Ukraine served as the catalyst for an unprecedented flood of measures extended from individuals to the banking system, commodities and insurers. Lawyers and compliance teams were confronted by a deluge of legislation that had to be assimilated, compared and complied with. So far, the EU has issued nine packages and hundreds of pages of explanatory guidance. The UK has made 18 detailed amendments of varying extent to its Russian sanctions and the US has issued dozens of prohibitions. While there is some consistency in policy intent, the specific sanctions differ between territories.

In retrospect, it seems western governments failed to believe the growing evidence produced by their intelligence agencies. Warnings were given and even positioned in the free press weeks in advance, but nothing dynamic was done in terms of strongly deterrent sanctions before February 24th. The prevailing attitude appeared to be disbelief that such an invasion could be launched "in this day and age" as one underwriter memorably expressed it. The sanctions response has therefore all been after the event as Russia had already embarked on war.

There are those who claim that sanctions are the same as war. They are not. They are an alternative to military force and meant to prevent war through non-violent and mostly economic means. They are not embargoes either as those are enforced by naval power usually in time of war. Nor are they economic warfare designed to weaken an entire country to the point of collapse. They are instruments of policy, employing economic pressure for a variety of reasons in a variety of ways. Once the tanks rolled across the border, it was too late for sanctions to be decisive. One new phenomenon in this case has been the prevalence of self-sanctioning where entities (often with US links) have taken a political stance and ceased trading where Russia may be involved.

2. The Theory

The theory of sanctions as envisaged by Wilson and Truman was that they were worse than war and if exercised by the majority, should prevent a country embarking on war as the economic and social repercussions should be so awful that the country thought again.

There is no example in history where they have stopped a conflict in progress. Despite the flood of sanctions from a range of nations, the Russian war effort is ongoing and although roundly castigated for inefficiencies and mistakes by military thinkers, the fact is that the Russian army still occupies large areas of Ukraine. After nearly 20 years of being fed a Russian world view which features the country surrounded by enemies, domestic opposition to their military policy is either minimal or suppressed, and there is as yet no evidence that sanctions are having any impact in building opposition to the war. It seems that modern states are remarkably resilient to sanctions so long as the populace accept their domestic narrative along with the concomitant restrictions and reduced standards of living.

3. The Practice

As has been the case so often before, the outpouring of sanctions were not harmonised in a way that made it easy for industry to understand or work with. Although the legislators reached out to consult sectors of industry on a new scale that was very welcome, policy occasionally overrode industry advice so grey areas were produced. The lack of harmonisation in the details paralysed friends just as much as foe. One downside is that the west is losing strategic influence over an extended period by applying measures to opponents who gradually evade them (as Iran has), but leaving the measures in place so they end up effectively only targeting western companies through bureaucratic frictions. That either means increased compliance-related costs for companies or withdrawal, and business shifting to other countries that have not imposed sanctions (such as India and China).

4. Parliamentary Q&A

The Economic Affairs Committee of the House of Lords concluded in 2007 that "economic sanctions used in isolation from other policy instruments are extremely unlikely to force a target to make major policy changes, especially where relations between the states involved are hostile more generally". It could be ventured that weapons supply is a policy instrument but the fact that the war continues and escalation is certainly a risk, shows the path being followed is not deflecting the Russian trajectory.

A written question submitted in June 2022 to the UK's Foreign, Commonwealth and Development Office produced an illuminating answer. Lord Balfe (Conservative) wrote: "To ask Her Majesty's Government what assessment they have made of the report by Lord Skidelsky Economic Sanctions: A Weapon out of Control, published in April."

This penetrating analysis pointed out that sanctions have caused economic damage but targeted countries like Belarus, Cuba, Russia, Syria, Zimbabwe, Iran, North Korea, and Venezuela had not made concessions or changed their behaviour. This point is borne out by reports from the UN Panels of Experts that confirm long-term sanctions and extensive monitoring have not achieved their desired outcomes in Libya, North Korea, or Southern Sudan.

The report stated that "one obvious reason for this lack of success is that sanctions have not turned the people of sanctioned states against their rulers. Rather they blame the sanctioners for their hardships, not their governments". It was further observed that "aiming to inflict non-lethal pain on a lethally-armed adversary risks a lethal response" – the exact opposite of what western governments intended.

It went on to draw eight very cogent conclusions that contrast quite strongly with current practice. The most important three were that economic sanctions regimes should be strictly time-limited in support of clear policy objectives, whose success or failure can be properly assessed; they should always have in mind the importance of preserving economic and cultural links between different parts of the world and the danger of splitting the world into autarkic blocs; and it should be recognised they could be possible precursors to war between the sanctioner(s) and the sanctioned.

It is instructive to quote the reply of Lord Ahmad of Wimbledon, Minister of State in full:

"*The Government uses our sanctions regimes as part of an integrated approach to promote our values and interests, and to combat state threats, terrorism, cyber-attacks, and the use and proliferation of chemical weapons. The UK considers the impact and effectiveness of sanctions, and works with our international partners to ensure sanctions regimes support our objectives and minimise unintended impacts.*
In lockstep with our allies, we have announced the strongest set of economic sanctions ever imposed against a major economy in response to Russia's unprovoked and illegal invasion of Ukraine, cutting off funding for Putin's war machine. The UK's sanctions have been strategically coordinated with international allies to impose a severe cost. Sanctions imposed by the UK and its international partners are having deep and damaging consequences for Putin's ability to wage war, with around £275 billion - up to 60% of Russian foreign currency reserves - currently frozen."

This answer is factual in terms of policy and gives an interesting assessment on frozen currency reserves. Unfortunately, it does not answer the question nor address any of the conclusions in the paper.

5. The Grain Corridor

In July, mentions were first made of a truly unique scheme. The UN sought to broker a deal whereby the combatant nations would allow grain to be exported via a blue corridor from selected Ukrainian ports as a way of suppressing a spike in the world grain price and simultaneously keeping supplies moving to vulnerable countries that had previously depended on Ukrainian and Russian grain. The resulting grain corridor was remarkable in many ways, not least because the two combatant powers have agreed to help others while engaged in a major conflict.

With over 10 million tons of grain transported, the corridor has been a notable success with no marine losses sustained during transits. The London insurance market played a key role in supporting the humanitarian initiative from the beginning both behind the scenes and more publicly with the Ascot and QBE facilities. The agreement has allowed trapped ships to leave as long as inspection teams confirmed they were carrying agreed products, either grain, foodstuffs or ammonia fertiliser. To date, 29 of 41 trapped in the three included ports have been able to leave. That still leaves 12 stranded plus more than 40 other vessels trapped in other ports.

The price for its grain corridor was an initially lesser known and not exactly correspondent UN MoU with Russia to allow Russian grain, foodstuffs and any fertiliser to also be traded. Sanctions meant this would be problematic. The situation was complicated by the general ban on Russian ships along with Russia's own version of sanctions where it had designated 56 unfriendly countries that had meant many deals were terminated at the start of the conflict. The US provided a licence to insurers before the programme began, the UK provided one fairly soon after, but despite close discussion with EU representatives, industry was unable to make headway on securing the legal comfort that could be derived from the EU issuing appropriate dispensation, despite their parallel ability to issue sanctions packages. One problem was that EU Package 5 stipulated types of fertiliser whereas the UN MoU did not. The impasse has left individual traders and insurers to ensure their respective deals are compliant.

6. The Oil Cap Project

The EU progressively reinforced its strategic measures against Russia during 2022 and made its position on oil relatively clear in Package 5 by banning trade in Russian oil in stages. Fairly soon after, it became apparent there was a proposed US plan to allow people to trade Russian oil as long as the price was acceptable. This was said to build on EU Package 5, although it seemed to contradict it at least in part. The goal of this measure was to reduce revenues to Russia and stabilise the global oil price.

7. Problems Foreseen

There was considerable interaction with industry as the drafters tried to establish the framework. There was disagreement amongst the EU members as to the future price level, with stories circulating that the cap was actually above what the Russians were already receiving. The Baltic states were reported to be particularly uncomfortable, and shipowners and traders were bemused. At the same time, Russian statements that they would not deal with any state exercising the cap were largely disregarded. The very significant Russian shift towards trading through India and China (who were not imposing the price cap) was also thought an aside. A complicating factor was an insistence on the price cap applying during the voyage, rather than until the point that the cargo had passed out of Russian ownership.

Nonetheless, the concept was policy for the G7 and Australia so insurers scrambled to find a way to be compliant. Enforcement of the cap was one sticking point and what degree of co-mingling was allowed was another. In negotiations, it had been agreed that because insurers did not have access to the trading price, they were to be counted as Tier 3 under the legislation for reporting purposes (Tier 3 participants being those not having ready access to the price). However, there were no certainties over reporting mechanisms. Working without full details, with guidance not released until the late evening of Sunday December 4th, the day before the scheme went live, the LMA produced attestation clauses that would enable trade to be facilitated where parties attempted such deals.

8. Problems Unresolved

This was a case where the EU, UK and US worked closely together and with the other G7 countries to put together a novel concept. However, it has served to demonstrate that the very different ways of imposing sanctions and dealing with enabling legislation produces diverging results in each jurisdiction. What was intended to be a consistent set of measures has also produced disparate outcomes for insurers depending on each jurisdiction, with the UK requiring significantly more reporting and a licence to be put in place whereas the US has been comparatively and deliberately "light touch".

The guidance put out was predictably the victim of circumstance. World trade is highly geared in its interactions so interfering with it is complex, meaning any guidance is inevitably also complex. With complexity came issues and inconsistencies. There was confusion around the requirement for the oil to clear customs when this does not happen in reality as most countries apply tax or tariffs but not customs. There was a lack of clarity as to what emergency services might be allowed for the in-scope tanker cargoes where there is an obvious possibility of significant pollution from an oil spill.

Under the scheme, if the cap was breached, further insurance coverage would be an illegal act. Insurers cannot be on risk for illegal acts or following a sanction, so that meant they would be either off risk (P&I) or have suspended cover (direct market). Thus, if there were to be an oil spill after the cap was breached, the ship would have no cover. Despite this, the EU was seemingly minded to give latitude if insurers wanted it. The difficulty was whether the intentions of the regulators were also clear as a matter of law. This is what lay behind the dispute between Turkey and P&I insurers. The Turkish administration for a time insisted that insurers give cover regardless of circumstances, a point which it was eventually accepted would not in fact be possible, although not before a backlog of vessels had built up.

There were questions of what to do where there was a first-tier foreign party who fell outside the licence regime. It was not clear whether the insurer and/or the broker would need to submit information to apply for the UK general licence and there were further unknowns around those policies with assigned beneficiaries or mortgagees. It was also hoped that reinsurers would be allowed to rely on a sanctions clause and due diligence as they would not have access to price information for declarations to their treaties. This appears to accepted in the US but not in the UK.

9. The Oil Cap in Practice

When finally announced, the $60 cap was above the $52 that the Russians were reportedly able to get already so that in practice, more money would go to Russia. This was swiftly criticised as "weak" by President Zelensky who thought the construct not "serious" enough to damage the Russian economy.

There was a notable absence of reporting during the early weeks of the oil cap even though without it, there would have been an EU ban in place. The consensus appeared to be that the policy has been largely ineffective because the price set had meant business mostly as usual other than the restrictions on Russian oil and vessels going to western states. Russian trades elsewhere were unaffected. Data from the Finland-based Centre for Research on Energy and Clean Air confirmed Greek-owned tankers were operating as before and continuing to carry Russian oil. According to

Lloyd's List, the lead time had allowed Russia to build its own fleet of 10 tankers and reports indicated it may have access to 150 more with permission from sympathetic countries like Iran and Venezuela.

The head of oil market research at Rystad Energy, Bjornar Tonhaugen, predicted that Russia would lose perhaps 1.1 million barrels per day of crude and product exports in 2023 (10 million barrels a day were produced before the war), with nearly two-thirds of the loss related to product exports after February. In other words, the oil cap was predicted to reduce Russian oil revenue by just 4%, but rising to 11% when the products cap is enacted. Whether this transpires in fact or this exercise can be deemed to have successfully reduced revenues or stabilised the global oil price remains to be seen.

10. Where Now?

The EU sanctions already barred access to insurance and services for any ship transporting Russian oil. The cap allows theoretical access to those services, but only if the crude is purchased below a certain level, being transported outside the EU and not using Russian ships. A significant limiter has been the reinsurance markets' aggressive caution. Having suffered a pandemic and being aware of the potential for a large aviation loss, the C-suite decided enough was enough and insisted on exclusions for Russian and Ukrainian exposures. The full impact of this did not really emerge till after January 1st, but it would necessitate a different approach from direct insurers wishing to support the UN grain corridor programme. Without the comfort of a reinsurance backstop, risks would be assessed as net exposures and the process would take more time. Leaders and followers would need to be comfortable with the risks being accepted and brokers would need to be alert to handle any shortfalls for their clients.

There are over 40 pages of guidance for the oil cap but as at early January, there still remained significant areas of uncertainty over enforcement. Insurance is binary and depends on certainty. It would be interesting to know how the banks are coping and also how traders are reacting to the limitation on trading during the voyage.

To further complicate the picture, a petroleum products cap would follow from February 5th. The US produced preliminary guidance in late December, but it seems that practical realities may have rendered the proposition mainly redundant before it starts. Business sentiment could be encapsulated as being broadly disinterested as where the oil is of non-Russian origin (the majority of western-related business), the cap is irrelevant. In any case, Russia has vowed not to deal with oil cap proponents except where it suits (for instance, Japan – which has a carve-out for Sakhalin LNG). The prevalence of Russia exclusions in the reinsurance market will feed through to reduce insurance market appetite and there are contingent problems where standard perils have been excluded across the board, such as the cargo market finding itself potentially without protection for confiscation in China and Indonesia. Nor has Russia lifted its unfriendly countries designations. Another element that has not been fully assimilated is the moral distaste for Russian actions and still more so for the perceived enrichment of Russia, which has meant many insurance entities simply disengaging.

Although some London market carriers have seen and written some oil cap business, like a large iceberg, the mass of the commercial world appears to be gently drifting away from the scheme under its own momentum, indicating that disengagement can be the nemesis of sanctions implementation against the supply chain. As far back as the 1930s, sanctions were known to be less efficient against stronger nations and if the events over the last year are any guide, it might be more realistic to consider them ineffective as a means to deal with a conflict. It is evident that the policy aims have rarely been achieved despite sanctions having been deployed on an unparalleled scale.

Using trade as a weapon is an old and proven concept, certainly when embargo is employed, but in the modern interconnected world, the very omnipresence of trade tends to require exceptions to sanctions that militate against efficacy, particularly when there are differences between programmes. The outcome has been increased bureaucracy, avoidance by the target and, in part, a redistribution of the supply chain. Meanwhile, the conflict continues.

• *5 Emerging Risks & Markets to Know About*

Cyber Complexities; The Food Network; Renewable Energy; Environmental, Social and Governance & Political Risk

Insurance Journal examined industries experiencing changes and a few challenges due to economic forces, tough insurance market conditions, and societal pressure. Here are 5 industry sectors that could see new and emerging risks in 2023 and beyond.

01 - Cyber Complexities

It may be a long time before cyber risk finds itself off a list of emerging risks. Though firmly established as a well-known concern, cyber risk remains dynamic and complex.

Rate increases for cyber insurance started to stabilize in 2022 following a period of recalibration by cyber insurers to stem loss ratios as they put even more emphasis on underwriting discipline with a focus on a policyholder's controls and overall cyber hygiene.

Primary and excess cyber insurance renewals were flat to +25% in the fourth quarter 2022 — a big change from possible +200% renewals seen not too long ago. There are signs that capacity is broadening, according to WTW's "Insurance Marketplace Realities 2023."

"An increased level of competition from cyber underwriters eager to write new business following the recalibration of cyber rates last year has led to more nominal rate increases when organizations can demonstrate good cyber security controls year over year," the broker summed up the situation.

2023 has already seen two significant developments in the cyber market. Specialist insurer Beazley launched the market's first cyber catastrophe bond. The $45 million bond gives Beazley indemnity against all perils more than a $300 million catastrophe event, with the potential for additional tranches to be released through 2023 and beyond.

Beazley said this is the first time that a liquid Insurance-Linked Securities (ILS) instrument has been created for cyber catastrophe risks.

“Given the ongoing challenge of the imbalance of supply and demand for insurance capacity, the opportunity for material ILS transactions to occur there is to be seized in 2023,” said Oliver Brew, cyber practice leader at Lockton Re. “This year could prove to be an inflection point, in which ILS becomes a regular source of capital to address the catastrophe components of cyber risk. This will provide much needed additional capacity to flow into the market.”

Additionally of note already this year, the Lloyd’s Market Association issued a bulletin to update exclusions for state-backed cyberattacks in standalone cyber policies to continue efforts to limit systemic risk and clear up coverage uncertainty. Eight new clauses replace the original suite of cyber war clauses published in November 2021.

Systemic risk will get increased regulatory scrutiny in 2023, according to market players. A focus will be on critical infrastructure industries such as financial services, energy, health care and communications, and will extend to several other sectors,” said a 2023 cyber insurance market outlook from Arthur J. Gallagher.

02 - The Food Network

The food supply chain that runs from farms to tables is enormous, complex and, obviously, supremely important. Agriculture, food, and related industries contribute 5.4% to U.S. gross domestic product and provide 10.5% of U.S. jobs. On average, Americans spend 12% of their household budgets on food.

The food chain includes people and companies in production, processing, distribution, consumption and disposal.

The network includes owners, growers, pickers, animals, crops, shippers, truckers, cargo, butchers, packers, grocers, cooks, caterers, waiters, food trucks, pantries and recyclers. Their operations are different, but they depend on one another and on insurance to manage some unprecedented risks. The pandemic exacerbated certain vulnerabilities in the network, and then inflation came along.

The other risks the network faces include extreme weather, labor shortages, shipping disruptions, materials scarcity, energy costs, import restrictions, safety requirements, wage pressures, government regulations, equipment breakdowns, chemical exposures, liability issues, changing consumer preferences and cyber risks. Not to mention human errors, mental stress, bad actors, employee attitudes and generous juries.

Wherever or whenever the risks descend, insurance is critical including: To rebuild a vineyard destroyed by a wildfire and implement a recall of contaminated peanut butter. To nurse a waitress injured after slipping on a greasy floor and care for workers burned in a poultry plant accident. To defend a claim that a granola is organic and replace inventory after the refrigeration fails. To settle discrimination claims by former employees and respond to an allegation of food poisoning.

Current trends are a recipe for challenge and change. Consumers are demanding increased transparency over where and how their food is produced. Farms are diversifying by adding specialty crops such as hemp, herbs and mushrooms. Meats are being grown in labs. Kitchens are cooking up plant-based foods, mood foods and butter boards. Technology is also on every menu. Be on the lookout for more regenerative farming, smart packaging, DNA fingerprinting, biosensor testing, autonomous trucks and tractors, ghost kitchens, robochefs and even bioplastics.

Like businesses in other sectors, many are also looking to reflect social responsibility in their operations. Insurers will need to know what controls and monitoring systems a business has in place and what changes a business makes. Insureds should be hungry for custom risk management and insurance. But the question is: Will they be able to stomach the prices?

03 - Renewable Energy

The renewable energy insurance market is set to grow by more than $200 billion worldwide in the next decade. Solar and wind outpace other forms of renewable energy deployment in North America, while the continent trails Europe and parts of Asia in developing offshore renewable sources.

Solar, in particular, is on the rise, driven by its affordability as well as federal incentives included in the Inflation Reduction Act. Solar has experienced a 33% average annual growth rate in the last decade, according to Solar Energy Industries Association, and with that expansion comes increased exposure to natural catastrophe risks.

An October report from GCube Underwriting found that natural catastrophe and extreme weather event claims continue to hit the renewables sector with greater frequency and severity. The report found that Texas hailstorms resulted in solar losses almost twice as severe as the other top renewable losses of the last three years combined. Advancements in solar engineering have led to the development of panels that are more resistant by moving away from hail or turning in the right direction to protect themselves. However, this emerging technology comes at a much higher price tag that may not appeal to buyers.

Plus, carriers have begun charging solar developers higher premiums with large deductibles in response to recent hail losses. “In 2019 it was really cheap for a solar developer to pay someone else to take the risk at the end of the day,” said Jason Kaminsky, CEO of kWh Analytics, an insurtech that delivers data-enabled insurance for zero-carbon assets. That’s changed, he said. “In the last two or three years, clients are now realizing, ‘Oh I have to wear the risk. I’m wearing a huge deductible and a sublimit and my lender is more exposed to these risks.’” Now that owners are more on the hook, the solar industry has begun an era of “really high innovation” to understand what’s working and what’s not, said Kaminsky.

The wind energy sector, the most prevalent source of renewable electricity in the U.S., has also experienced multiple significant loss events in the past few years, including Hurricane Hanna in 2020 and Tropical Storm Nicholas in 2021. The storms led to losses of $25 million and $35 million, according to GCube. 2021 Winter Storm Uri proved that wind is also susceptible to freezes.

While the U.S. renewable energy market growth slowed its pace in 2022 due to rising costs and project delays driven by supply chain disruption, trade policy uncertainty, inflation, increasing interest rates, and other delays, growth in this emerging sector is likely to accelerate in 2023, according to a recent report by Deloitte.

In 2023, the sector is expected to see continued growth in new areas, such as offshore wind, clean hydrogen production and low-income solar programs.

"Overall, as the industry heads into 2023, soaring demand and attractive, long-term incentives are creating strong tailwinds, but there's still a patch of turbulence to get through," Deloitte says.

04 - Environmental, Social and Governance

Environmental, social and governance continues to be an important topic across all industries but being ESG and promoting a company as being ESG is not without risks.

Credit rating agency Moody's recently forecast heightened ESG credit risks this year. The risks were heightened by economic and political turbulence caused by the COVID-19 pandemic and Russia's invasion of Ukraine.

According to Moody's, company emission reduction efforts will come under increased scrutiny as more ambitious, transparent and credible objectives are required by investors despite short-term energy security concerns.

Some lawsuits began to emerge last year over companies overstating their ESG practices. Jonathan Meer, an attorney with Wilson Elser, talked to Insurance Journal for a recent podcast about the risks.
Meer is advising clients to look closely at the ESG claims being made.

"Is that something you're saying, but you're not going to do it, or try to do it, or make substantial efforts to do it?" he said. "So, if you're a company that says, I am going to invest in ESG-type entities, but you are not, that's when the liability could potential be."

He added: "Are you going to walk the walk? Are you going to … have diversity in the workforce and actually do something about it? Are you going to try to have the best cyber policies as you say? Or you're just saying it to get the companies to feel better about you, that's where the potential concerns can come in from, for those D&Os."

While ESG seems to be all the rage, it may not be as big a deal as some think.
Bloomberg recently reported the U.S. market for ESG-related products is less than half the size previously reported.

The U.S. SIF Foundation reported sustainable assets totaled roughly $8.4 trillion in 2022, down from the $17.1 trillion stated two years ago.

One reason for the drop could be tied to the risk of companies overstating their ESG attainments.
Europe has started stripping ESG labels from funds amid stricter rules in the region, and Asian regulators have also set stricter standards, Bloomberg reported.

05 - Political Risk

Economic uncertainty and disruptions in the global supply chain continue to worry business leaders who report feeling unprepared for growing geopolitical risks and inflation.

The geopolitical and macroeconomic shocks that occurred during 2022 included the war in Ukraine, fractured energy markets, 40-year high inflation, interest rate hikes, depleted capital and Hurricane Ian, the second most expensive natural disaster.

Aside from war, businesses are also concerned about increasing disruption from strikes, riots and civil commotion activity as the cost-of-living crisis affects many countries, according to Allianz's Risk Barometer 2023.

Across the UK and U.S., fewer business leaders feel well prepared to manage geopolitical risks and concerns about the possible consequences of war — notably, war and terrorism risks and economic unrest — are off the scale compared with a year ago.

Inflation is a dominating concern, said Beazley in its report titled Spotlight on Geopolitical Risks published in mid-2022.

The report emphasized that business leaders need to better understand their geopolitical risks and prepare for and seek to mitigate them where possible. Specialist political risk, trade credit and terrorism insurers have a role to play in providing appropriate cover that provides the risk mitigation that they need, it explained.

Further, businesses will need to consider the likely heightened need for additional insurance cover such as D&O and trade credit.

Commenting on the scourge of deadly weapons attacks in the U.S., the report said, the U.S. domestic threat environment "is almost as challenging as overseas."

The report indicated that it is vital that U.S. risk managers are not complacent about this risk. They need to actively prepare "to help prevent and mitigate the impact of these horrendous incidents," according to Chris Parker, head of Terrorism and Kidnap & Ransom, who was quoted in the report. ■

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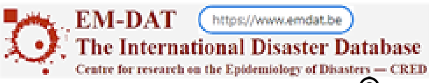


• *Natural Catastrophes 2022*

Natural disasters caused 30,000 deaths, $220bn losses in 2022 – EM-DAT

ISLAMABAD:

An estimated 387 natural hazards and disasters resulted in the death of 30,704 people and caused economic losses of around $223.8 billion all over the world in 2022.

The disasters, recorded by the Emergency Event Database (EM-DAT), affected 185m individuals. The EM-DAT has been maintained by the Brussels-based Centre for Research on the Epidemiology of Disasters since 1988.

According to the database, heat waves caused over 16,000 deaths in Europe, while droughts affected 88.9m people in Africa. Hurricane Ian single-handedly caused damage of around $100bn in the Americas.

The human and economic impact of disasters was relatively higher in Africa, with 16.4 per cent of the total deaths taking place in the continent compared to 3.8pc in the previous two decades. In Nigeria, floods caused 603 deaths and resulted in an economic cost of $4.2 bn, while there were 544 flood-related lives lost in South Africa.

The toll was relatively lower in Asia despite experiencing some of the most destructive disasters in 2022.

The floods in Pakistan from June-September 2022 affected 33m people, causing 1,739 deaths and an economic damage of $15bn. Monsoon floods also struck India (2,035 deaths, $4.2bn losses), Bangladesh (7.2m people affected), and China ($5bn in economic losses).

The February flood in Brazil killed 272 people and the floods in Eastern Australia in February and March resulted in an economic cost of $6.6bn.

The number of catastrophic events in 2022 was slightly higher than average from 2002 to 2021 — 370. The death toll of 30,704 was three times higher than in 2021 but below the 2002-2021 average of 60,955 deaths, the latter being influenced by a few mega-disasters, such as the 2010 Haiti earthquake (222,570 deaths). For a more useful comparison, the 2022 toll is almost twice the 2002-2021 median of 16,011 deaths.

The heat wave-related excess mortality in Europe was estimated to be 16,305 deaths, accounting for over half of the total death toll in 2022. There were at least five record-breaking heat waves in Europe in 2022, with summer temperatures reaching 47C.

The drought-induced famine in Uganda caused 2,465 deaths, making it the second deadliest disaster event in 2022 after the European heat waves. In addition, droughts impacted 88.9m people in six African countries — Congo, Ethiopia, Nigeria, Sudan, Niger and Burkina Faso. Notable drought events also occurred in China where 6.1m people were affected, costing damage of around $7.6b. The droughts in the US and Brazil had an economic cost of $22bn and $4bn, respectively.

The year 2022 was also marked by three major storm events, including two in the Philippines: Tropical Storm Megi in April (346 deaths) and Tropical Storm Nalgae in October (3.3m people affected). Hurricane was the costliest disaster event with economic losses of $100bn.

As for earthquakes, three events stood out in 2022, with two of these ranking among the top ten deadliest disaster events: the southeastern Afghanistan earthquake in June (1,036 fatalities) and the November earthquake in Indonesia (334 fatalities). ■

Source: Dawn – 20 March 2023

Natural catastrophes and inflation in 2022: a perfect storm - SwissRe Sigma 1_2023

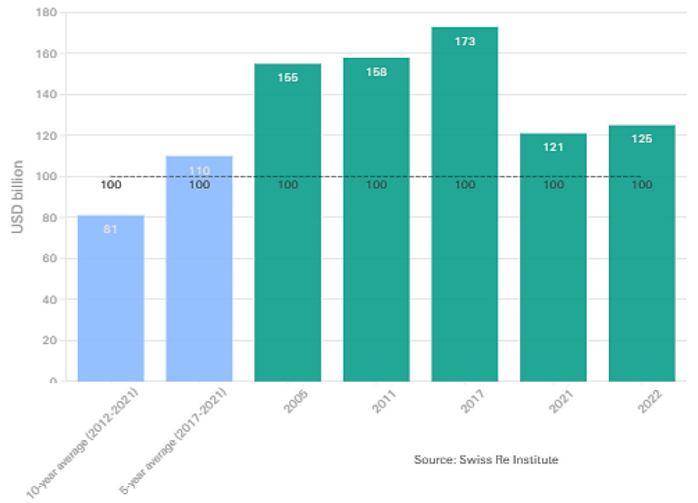
The loss generating power of nature, alongside the socio-economic and geopolitical crises of recent years helped pushed property reinsurance rates to close to 20-year highs in the January 2023 renewals season.

Global economic losses from natural disasters mounted to USD 275 billion in 2022. At USD 125 billion, insured losses covered 45% of the damage, the fourth highest total for a single year on sigma records. Today, annual global insured losses of more than USD 100 billion from natural catastrophes are standard.

A prevailing economic storm in 2022 was high inflation, which, by raising the nominal value of buildings, motor vehicles and other fixed assets that insurers cover, pushed up claims to cover the cost of repairs. Hurricane Ian was the costliest event of 2022, resulting in insured losses estimated at USD 50-65 billion. The storm made landfall in an area of high economic value, urbanisation and population growth, demonstrating the role these factors play as the main drivers of heavy losses inflicted by natural catastrophes.

Rising losses from catastrophes point to the need for full understanding of all risk factors, in particular with respect to secondary perils, which are not always monitored as closely as primary peril risks. The 2022 loss experience offers insights for re/insurers including a need for better monitoring and sharing of granular exposure data; the importance of observation periods and a debiasing of historical losses; and the need for models and underwriting decisions to adjust readily to rapidly changing physical and socio-economic conditions.

Global catastrophe insured losses, in USD billion at 2022 prices



We expect hard markets conditions to persist in 2023, based on rising demand for coverage and inflation-driven higher values of insured assets. On the supply side, a reduction in risk appetite on the part of capital providers has constrained market capacity. Interest rate hikes to fight inflation have also played a role, by increasing the cost of capital and reducing the value of financial assets. ■

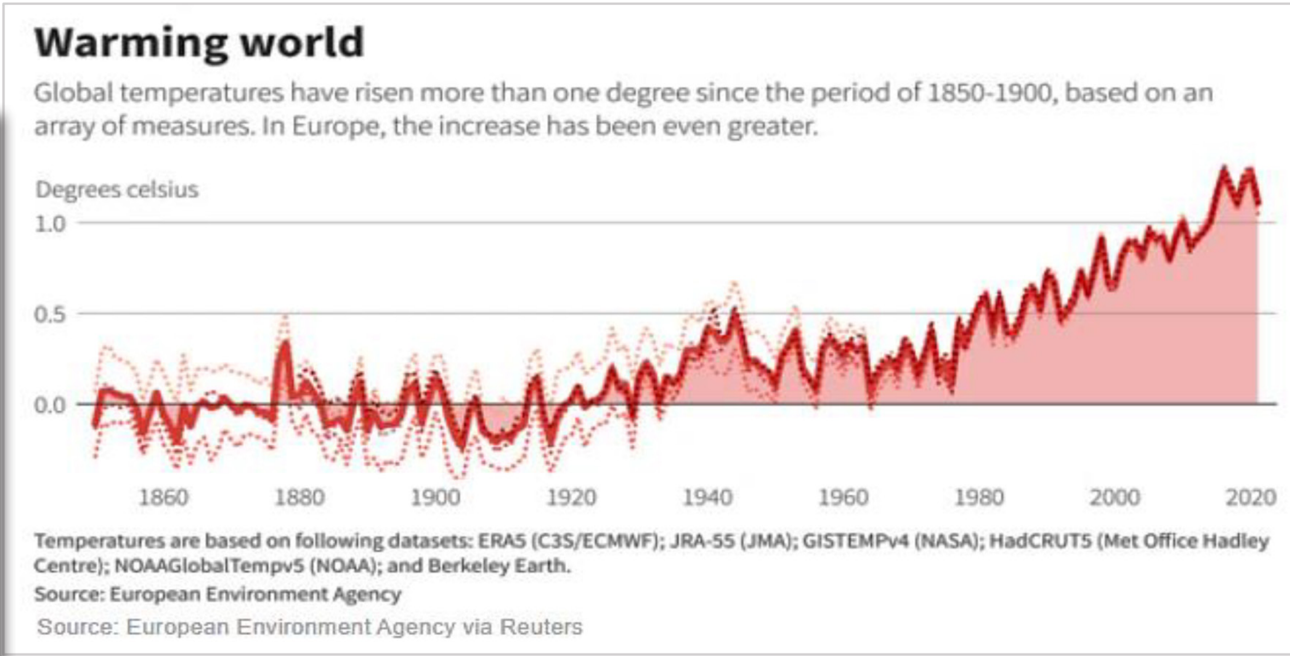
Source: Swiss Re Institute | 22 March 2023

• *Climate Change*

Climate Activists Tell Insurance CEOs to Stop Covering Carbon Projects 'Immediately'

(Reporting by Tom Sims and Simon Jessop; editing by Jane Merriman and David Holmes)

A group of climate activists has called on 30 insurance company bosses to "immediately" stop underwriting new fossil fuel projects in the wake of a stark climate warning from U.N. scientists, a letter seen by Reuters showed.



Source: European Environment Agency via Reuters

Insure our Future, a global consortium of activists, said it sent the letter dated March 21 to companies including Munich Re, Zurich Insurance and AXA.

The six-page letter, signed by 23 climate groups, including non-governmental organizations (NGOs), said the insurance industry had failed to do enough to meet the world's climate goal of limiting global warming to 1.5 degrees Celsius.

Other demands included stopping insurance for new fossil fuel customers not aligned with the goal, and adopting binding targets to reduce insured emissions by July 2023.

"Insurers, as society's risk managers, have a special responsibility to act and the power to drive change: without insurance most new fossil fuel projects cannot go ahead and existing ones cannot continue to operate," it read.

The letter follows last week's warning from U.N. Secretary General Antonio Guterres that the "climate time bomb is ticking" and urged rich countries to cut emissions sooner after a new assessment from scientists said there was little time to lose in tackling climate change.

While some insurers have tightened underwriting and investment policies to exclude some polluting industries from their business, the most stringent policies have focused primarily on coal rather than oil and gas.

"Numerous loopholes in policies and standards allow insurers to continue underwriting the expansion of fossil fuel production," the letter said.

Peter Bosshard, one of the letter's authors with The Sunrise Project, said in an interview that climate-related resolutions were already on the agenda at U.S. insurers, and more could follow.

U.S. insurers Chubb, Hartford and Travelers are among companies facing climate-focused shareholder resolutions at upcoming annual shareholder meetings.

"We are considering doing the same with Japanese insurers for next year. And also with the European insurers if they don't get more serious," Bosshard said.

Neither Munich Re nor Zurich Insurance responded specifically to questions about the letter but both said they were in regular contact with NGOs.

Munich Re said it was "in a constant process" in its path to net-zero carbon emissions. Zurich said it was "not a major insurance provider" to the fossil fuel industry and had reduced its market share, a trend it expected would continue.

AXA said its commitment to financing the energy transition was "ambitious," but it did not plan to stop investing in oil and gas "which are now essential for households and businesses, and therefore for our economies."

Some industry executives have argued that if they sever ties too quickly with polluting industries unemployment would rise, and activists were too focused on stopping activities rather than on transformation. ■

Source: Insurance Journal - 28 March 2023

REUTERS

Practical steps to achieve net-zero underwriting – Set a baseline, define targets and take action

2023 is expected to be a pivotal year for insurers' and reinsurers' efforts to achieve net-zero greenhouse gas emissions in their underwriting portfolios by 2050. The Partnership for Carbon Accounting Financials launched the first version of its accounting and reporting standard for insurance-associated emissions in November 2022, which formed part of the foundation for the Net-Zero Insurance Alliance's first target-setting protocol, unveiled in January 2023. This protocol commits the United Nations-convened initiative's existing members, which include some of the world's biggest insurers and reinsurers, to set and disclose initial targets by July 31.

Even with these winds at their back, insurers face a range of challenges on their road to net-zero underwriting. In addition to internal considerations, insurers are under heavy pressure from activists to cease coverage for fossil fuels altogether on one side, and there is growing opposition to environmental, social and governance initiatives in some areas on the other. All this makes taking the first steps towards net-zero underwriting a daunting prospect.

In the latest webinar in conjunction with Oxbow Partners, S&P Global Market Intelligence's Raphael Zindi sat down with Olivia Brindle, head of sustainability at Fidelis Insurance, and Miqdaad Versi, partner at Oxbow Partners, to discuss how insurers can make progress towards net-zero underwriting in this tough environment. The view the on-demand replay of the webinar, click here.

Below are the key takeaways from the session.

Net-zero underwriting will require operational change

If insurers want to achieve net-zero in their underwriting portfolios, they will need to adapt their business practices. "The detailed process around underwriting needs to change if we're going to embed net-zero. And that starts with collecting data around emissions," Brindle said. This means underwriters asking clients for emissions data in the same way they would collect other standard information about a risk, such as insured values. "This really needs to be part of the day-to-day," Brindle said. Brokers could play a "critical role" in collecting the data, removing the need for individual insurers to ask clients for it, she said.

Data challenges should not be an excuse for doing nothing

One of the reasons net-zero underwriting has taken a backseat to cutting emissions from investment portfolios and operations so far is a lack of data. Versi said that on the investment side insurers have some emissions information about 50% to 70% of their portfolio, but on the underwriting side, this can be 10% or even less, meaning companies have to use proxies and assumptions for net-zero underwriting decisions. However, both panelists felt a lack of data should not be a barrier to starting on the path to net-zero underwriting. "If you really look for perfect data, you will be able to use that as an excuse for inaction for quite a long time," Brindle said. And with regulators around the globe pushing companies to disclose greenhouse gas emissions, data will "become less of an issue year by year," Versi said.

The NZIA target-setting protocol could spur more action…

The first wave of targets that Net-Zero Insurance Alliance members will publish in July may give others the confidence to start their own net-zero underwriting journey. A lot of insurers are waiting to see what the first round of target-setting reveals, such as the level of detail required, Brindle said. "Hopefully, what will happen is we will have a good set of tangible commitments from existing members. That will provide reassurance to some others who are… waiting on the sidelines. They will see that actually, you can start to make commitments — other companies are doing this." Whether an industry-wide standard now emerges is still yet to be seen, Brindle said, although that "would obviously be a desirable outcome."

…but criticism of the protocol could hold back progress.

The NZIA's target-setting protocol has drawn heavy fire from climate activists. Insure Our Future, a network of activist groups pushing the industry to stop insuring fossil fuels, criticized the protocol for not requiring insurers to set targets for reducing their customers' Scope 3 emissions and allowing insurers to choose between targets for emissions reduction, insuring clean energy solutions and corporate engagement. Versi said the NZIA has been "thoughtful" and "inclusive" with the protocol, allowing even those who are early in their net-zero underwriting journeys to participate, and that the protocol is "a driver for good." But he acknowledged the potential for greenwashing accusations if, for example, an insurer touted NZIA membership to burnish its green credentials but used the flexibility in the protocol to set itself unambitious goals. A bigger backlash to the NZIA's approach "might hold back the growth of the NZIA as the mechanism to drive the industry forward in this space," Versi said. But he added that the NZIA approach could be the industry's driving force if regulators began pushing the importance of net-zero plans and "as long as some of these backlashes are limited."

The journey has just begun, but the direction of travel is clear

While there are some leaders in net-zero underwriting, the industry overall is still very much at the beginning of its journey. A poll during the session showed that 57% of the audience are at an early stage of achieving net-zero underwriting, while 37% are not underway. However, there is little doubt about the direction the industry will take. According to another session poll, 69% of the audience expect net-zero underwriting to become an industry standard in the near future. The flaws and limitations in current practices should not hold the industry back. “We’ve got to make a start and recognize that this is not perfect, but it will evolve, and starting is definitely a good thing to get done,” Brindle said. “We are moving forward and that’s very, very exciting.”

Climate change will drive disruption within food & drink sector – WTW

Three quarters of food & drink firms cite lack of supply chain insurance solutions as among their biggest challenges

79% of global companies in the food and drink sector said that a lack of insurance solutions is among their greatest challenges in addressing supply chain risks over the last three to five years, according to WTW.

Less than a third of food and beverage companies feel confident they have sufficient insurance to cover the impact of extreme weather on their supply chain.

Sue Newton, director, GB Food & Drink Practice Leader at WTW says: “The food and drink sector has always been exposed to supply chain disruption, but it’s likely the industry will face increasingly difficult challenges in the future from ongoing logistics and raw material shortages to the long-term impacts of climate change on agriculture and increasing competition for land and natural resources.

Mapping the supply chain

Businesses also face considerable obstacles getting hold of all the data they need to achieve full visibility of their supply chain risks.

More than three-quarters (78%) said they lacked the data and knowledge to understand their risks. A similar number (76%) said supplier concerns about proprietary knowledge and intellectual property was an impediment to transparency. “Using tools that map the supply chain can help businesses start to understand where the information gaps are and begin to fill them,” added Newton.

”A third of businesses in the sector said using supply chain mapping software was among the measures that would have a beneficial impact in managing risks.”

Multiple disruptive impacts

While food, beverage and agricultural supply chains appeared to have held up well in the face of recent challenges, most notably the pandemic and Ukraine war, the industry has been deeply impacted by production shutdowns, commodity shortages, energy prices hikes and inflation.

Almost three quarters (73%) of respondents in WTW’s [2023 Food, Beverage and Agricultural Supply Chain Risk Report] said their losses specifically related to supply chain risk were higher or much higher than expected over the last two years – compared to 65% across all sectors.

Experiences and learnings from this period have motivated businesses to increase resilience against future shocks.

StrategicRISK

A large majority surveyed (68%) said they have made some improvements in their approach to supply chain management in response to the pandemic. A further 20% said they have completely transformed their approach. ■

Source: Strategic Risk – 29 March 2023

• *Livestock Operations Grow as Demand Rises;*

Nationwide's Cumings Sees Direct-to-Consumer Models Adding Additional Liability Risk

Specialization is critical in the cattle business and increased consumer demand for protein is driving new trends, including niche farms that offer direct-to-consumer strategies.

by Allen Laman

In today's evolving and growing livestock landscape, deep knowledge of market conditions and specialization is key to success, according to Erin Cumings, a senior consultant with Nationwide's sponsor relation team who has years of agribusiness underwriting expertise. But for those agents willing to develop that expertise, she sees opportunities for agents in this changing and dynamic market.

According to Allied Market Research, the global livestock insurance market will soon double in value. A recent report reviewed that the worldwide market was valued at $2.79 billion in 2021 but is estimated to reach $5.77 billion by 2031. Those estimates show the market growing at a compound annual growth rate of 7.9% from 2022 to 2031.

"I think it's all about protein demand," Cumings said. "And as we see more demand for our products that we produce in the U.S. around protein, that's more opportunity for hopefully less market volatility and more profitability for farmers."

Coverage

The three main livestock policy types are broad peril, livestock mortality and livestock risk insurance. Broad, named peril coverage is generally included in farm and ranch property and casualty policies, while livestock mortality policies are life insurance policies usually purchased for high-value livestock. Risk insurance is administered through the USDA.

Broad peril coverage dominates, according to Cumings. "And as we see the industry evolve, I think that will continue to evolve," she said.

Cumings said as the number of livestock production contracts increases integrators and producers — and all parts of the agrifood value chain — more liability coverage is needed. Insurers can read these evolving contracts and match insurance coverage to them. [Editor's note: An integrator is a type of livestock operation where the owner of the livestock (integrator) pays the farmer as a contract grower. The farmer does not own the livestock.]

She noted that rate increases driven by weather related incidents have affected the livestock market in recent years. While availability has largely remained the same, some carriers have reduced capacity for livestock in confined spaces — specifically on risks that have weather exposure.

At the same time, more and more livestock operations are growing, and large operations bring their own amount of risk. Cumings said the industry is also seeing an increase in "niche operations" — specifically those who implement direct-to-consumer strategies. These bring "a lot more general liability exposure," she said.

Anyone working with these farms needs to understand what safeguards are in place, how risk management fits in and then what insurance products could be added to better protect the farmer, she added.

"That is really important," she added, "and something that I think not all agents may think about. But to be that expert in the industry, (those are) some things that would really come in handy."

Weather Woes

The two main challenges cattle producers face are market volatility and weather. Cumings owns a family farm with a spring calving herd, and she has seen firsthand "significant weather changes," she said, that are forcing reassessments of the operation's timing and system.

Scientists point to more frequent and disruptive weather events as current-day impacts of climate change. Cumings predicts these events will prompt a shift in geography — and endorsements will be used in places they haven't been before.

"I think it's a great opportunity for agents to understand what's available in the market," Cumings said, "so as they see these impacts and things impacting their farmers and ranchers, they can offer coverages that maybe they didn't think about in the past — but would be really useful."

Livestock risk protection through the USDA covers market volatility. Weather-related livestock loss, however, can be covered by traditional property and casualty products, as can livestock related structures that could be lost during storms or wildfires.

Cumings also noted that confined livestock hold a lot of exposure to risk due to malfunction of ventilation systems. More pressure on the grid or through weather in general could bring more exposure to those systems — increasing importance of coverage.

Specialization

Agents specializing in the livestock insurance space will stand out in the livestock market as more opportunities for growth emerge.

"Just the diversity and the excitement in the operators, from very niche, small operations that might be doing direct-to-consumer, to large-scale, vertically-integrated operations — it's a great variety," Cumings shared. "It's a great clientele that really relies on an agent for advice and counsel."

She foresees more specialists — and more agents within agencies who specialize in segments of livestock insurance — entering the mix because they have the power to piece together coverage that may not be offered through general P/C carriers.

"And I think we'll see a trend in higher-valued livestock, too," she predicted. "As reproductive technologies advance in livestock, we're going to have some pretty extremely valuable animals, and the need for very specific, top-notch coverage for those animals is going to be very, very important."

Cumings emphasized that industry knowledge is necessary to break into the livestock insurance market. Knowing producers and products is key, and now, understanding direct-to-consumer and livestock contract trends is especially valuable.

She recommended agents connect with local trade associations and industry groups. Cumings also encouraged anyone in the insurance industry to look at the Agribusiness and Farm Insurance Specialist designation.

Cumings says that the livestock sector of the agricultural industry is an exciting space, but she understands the risks can be a little overwhelming. Putting together an insurance package and understanding the three separate product offerings can be complicated, she added. Add in today's challenging weather exposures and rising premium environment can make it even more difficult. ■

Source: My New Markets – 16 March 2023

My New Markets
POWERED BY INSURANCE JOURNAL

• Britain Sets Out Next Steps to 'Green' its Financial System

By Huw Jones

Britain's finance ministry set out plans on Thursday to meet its target of becoming the world's first net-zero aligned financial center, proposing measures to stamp out so-called greenwashing in financial markets and channel cash into sustainable projects.

The ministry said in an update to its Green Finance Strategy "we will ensure market participants have the information and tools they need to align to our climate and nature goals."

In a step the European Union is also due to take, the ministry published a consultation paper on regulating raters of environmental, social and governance (ESG) aspects of companies, used by investors who want to put cash into sustainable assets.

Asset managers oversee assets worth 10 trillion pounds ($12.35 trillion), with nearly half having integrated ESG into the investment process, the paper said.

Regulators want more transparency on ratings to help combat greenwashing, or inflated sustainability credentials. The sector is already developing an ESG Data and Ratings Code of Conduct on best practice.

Later this year, Britain will hold a public consultation on a taxonomy – a guide for investors on what constitutes sustainable investments – after the government paused work earlier this year to learn lessons from the EU's taxonomy.

"This will support the quality of standards, labels and disclosures used in the industry for green finance activity," the ministry said in a statement.

"The government proposes that nuclear – as a key technology within our pathways to reach net zero – will be included within the UK's Green Taxonomy, subject to consultation."

The government has opted for a voluntary taxonomy at least for the first two years, rowing back on a previous commitment to a mandatory system, PwC said.

"We'll need to see the details of what is consulted on later this year, but a voluntary approach could result in some UK companies aligning to the EU taxonomy, or not complying with the taxonomy at all," PwC UK sustainability partner David Croker said.

In the fourth quarter, Britain will also consult on requirements for the largest companies to disclose their transition plans to net zero carbon emissions, if they have one, the ministry said.

Brendan Curry, policy fellow at the Grantham Research Institute on Climate Change, said the updated strategy has "failed to deliver" a clear roadmap for the annual investment needed for net zero.

Regulators will also look at whether the fiduciary duty on investment firms to act in the interests of customers could be clarified to include non-financial factors such as the transition to a net zero economy. "However, despite the volume and detail of today's announcements, there is nothing obvious within these plans which matches the ambition of the US's Inflation Reduction Act," the Institute of Directors said. ■

($1 = 0.8095 pounds)

Source: Insurance Journal - | March 31, 2023

• *Munich Re quits Net-Zero Insurance Alliance membership*

However, CEO underlines "unwavering" climate commitment

By Mia Wallace

The German-headquartered reinsurance giant Munich Re has today announced the discontinuation of its membership in the Net-Zero Insurance Alliance (NZIA).

Commenting on the decision, CEO Joachim Wenning, said: "In our view, the opportunities to pursue decarbonization goals in a collective approach among insurers worldwide without exposing ourselves to material antitrust risks are so limited that it is more effective to pursue our climate ambition to reduce global warming individually."

In a Press release, the reinsurer stressed that it is sticking to its ambitious climate targets, including the reduction of GHG emissions related to its investment portfolio by 29% by the end of 2025, and thereafter successively brought down to net zero by 2050.

In addition, Munich Re noted its ambition to reduce its climate-related industry exposure to the exploration and production of oil and natural gas (primary insurance, direct and facultative reinsurance) in such a way that there will be no associated net GHG emissions by 2050. The reinsurer's first step will be to aim to reduce emissions by 5% by 2025.

As of April 2023, Munich Re has stated that it will not insure projects involving new oil and gas fields or new midstream oil infrastructure. At the same time, it will reduce thermal-coal-related exposure in its direct and facultative insurance business by 35% Group-wide by 2025 - before eliminating this exposure altogether by 2040. The reinsurer also noted that since 2018, it has stopped insuring new coal-fired plants, coal mines and since, 2019 oil sand mines.

Meanwhile, regarding the emissions from its own operations, Munich Re highlighted that it has been carbon-neutral since 2015 and previously reduced CO_2 emissions per employee by 44% from 2009 to 2019. Current GHG emissions are to be reduced by a further 12% per employee by 2025. By 2030, Munich Re expects to achieve net-zero GHG emissions in its operations.

"Our climate commitment is unwavering," Wenning said. "We follow scientific recommendations. To date we are decarbonizing even faster than what is required to reach net zero by 2050." ■

Source: Insurance Business Magazine - 31 March 2023

• *Zurich becomes second company to pull out of UN climate pact*

by Gavin Souter

Zurich Insurance Ltd. said Wednesday it has withdrawn from the United Nation's Net-Zero Insurance Alliance. The announcement came less than a week after Munich Re Ltd. said it had left the group over antitrust concerns.

In a brief statement announcing its withdrawal, the Swiss insurer said: "After establishing a standardized methodology for measuring and disclosing greenhouse gas emissions associated to insurance and reinsurance underwriting portfolios, we want to focus our resources to support our customers with their transition. We continue to remain fully committed to our sustainability ambitions and to supporting the net-zero transition.”

Zurich gave no further reason for its withdrawal.

Members of NZIA, which includes about 30 large European and Asian insurers and reinsurers, pledge to transition greenhouse gas emissions from their underwriting portfolios to “net-zero emissions by 2050 consistent with a maximum temperature rise of 1.5 (degrees Celsius) above pre-industrial levels by 2100 in order to contribute to the implementation of the COP21 Paris Agreement.”

Climate activists, which over the past several years have increased pressure on insurers, have urged regulators to make clear that antitrust laws should not be a barrier to achieving emissions targets. ■

Source: Business Insurance - 5 April 2023

● *Water Risk Insights*

The cost to businesses of inaction is five times higher than the cost of action

The cost to businesses of inaction on water risks is five times higher than the cost of action, yet water security is currently under-represented in the public debate on climate change. This is according to international non-profit CDP.

Suzanne Scatliffe, global sustainability director, AXA XL, said: “Creating a water-secure world requires water resources to be protected and properly managed, which is why it’s more essential than ever that water is at the forefront of corporate climate strategies.

“AXA XL is committed to helping organisations to improve their understanding of water-related risks and how they impact business operations.

The insurer has published a report focusing on seven sectors within AXA XL’s client-base and with high exposure to water risks. These are:

- Food, beverage and agriculture;
- Apparel and textiles;
- Utilities;
- Manufacturing;
- Technology and electronics;
- Healthcare and pharmaceuticals; and
- Transport and logistics

It presents how those sectors may be impacted by three types of water risk:

- **Physical** – including water scarcity; climate change and threats to ecosystems; poor water quality and pollution of water resources; flooding; and poor management of water resources.
- **Regulatory** – including higher water prices; regulation of effluent quantity and quality; statutory water withdrawal limits; and regulatory uncertainty.
- **Reputational** – including negative media coverage and public scrutiny, changes in consumer loyalty and loss of market share due to litigation and damage to brand.

In addition, the report outlines five recommendations – including setting water consumption and pollution reduction targets and carrying out future scenario planning – to help businesses manage key water-related risks.■

Source: Strategic Risk – 23 March 2023

StrategicRISK

• *2022 Cargo Theft Report*

BSI, TT Club & TAPA EMEA Cargo Theft Report 2022

BSI, TT Club and TAPA EMEA co-author this report to educate the transportation and manufacturing sectors about the dynamic cargo theft risks present across the globe.

Global cargo theft trends

In 2022, similar to 2021, BSI, TT Club and TAPA EMEA recorded fewer cargo theft incidents globally.

Despite this year-on-year decline in recorded incidents, we are tracking a steady increase in criminals targeting basic goods like food and beverage, automotives and truck parts, and fuel.

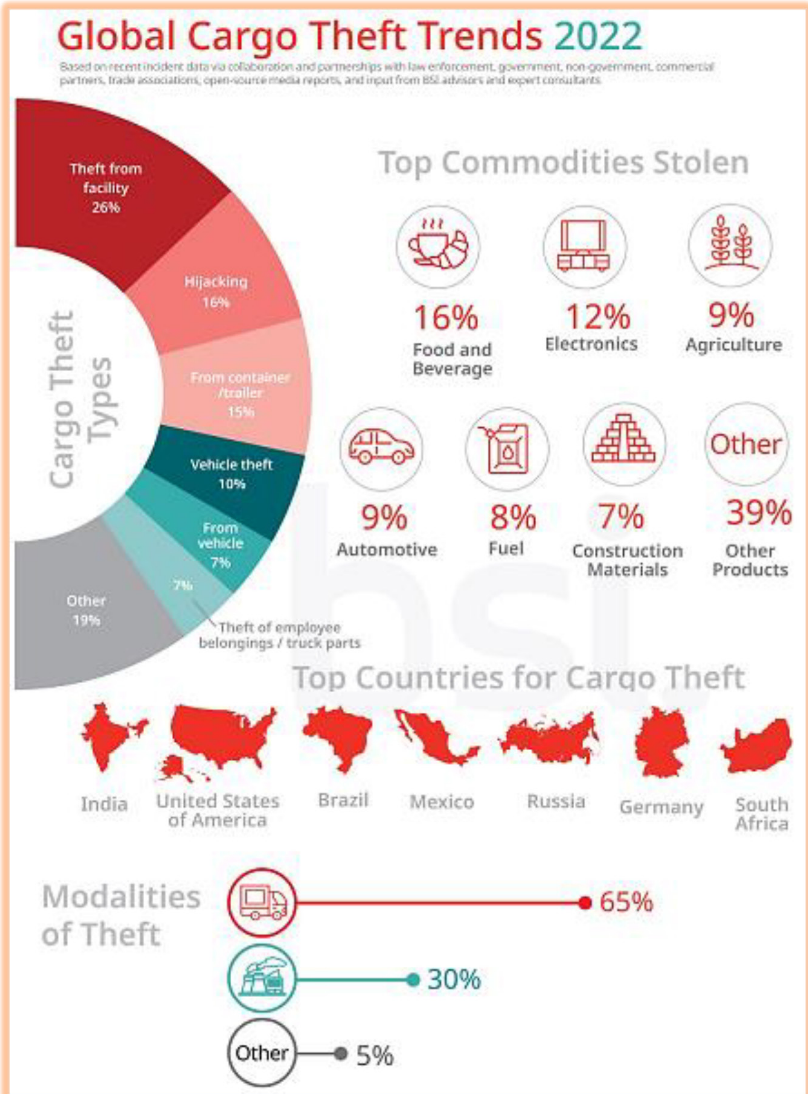
This is in large part due to the macro-economic impact of inflation, or the loss of purchasing power, on criminal patterns. Parallel to this gradual shift in the theft of basic goods, and sustained theft of higher-valued goods like electronics, we are also tracking a shift in theft types.

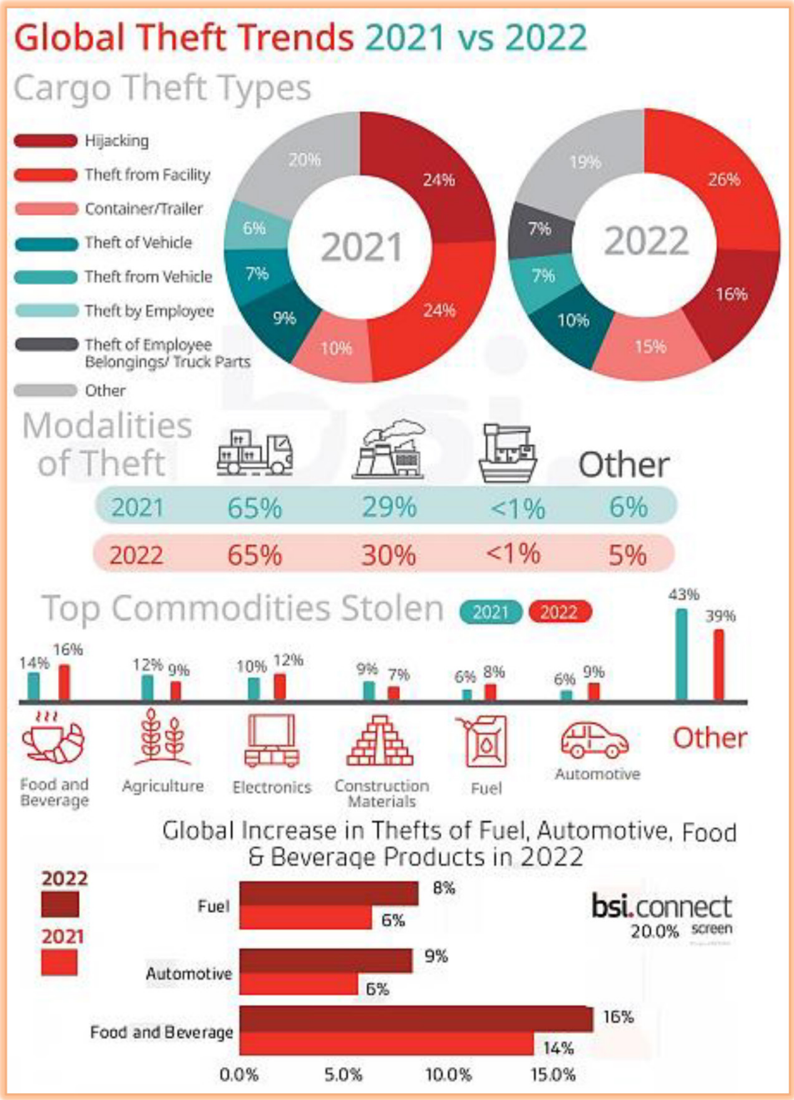
In 2021, cargo crime was characterized by long idle times and cargo at rest, whereas in the second half of 2022, we are tracking a return to pre-pandemic levels as global trade volumes slow. This translates to easing supply chain disruptions that piled up over the pandemic and less cargo waiting at ports and in-transit.

As the volume of goods moving slows down and port congestion eases, there is a consistent trend of thefts from facilities and increases in thefts from container/trailers juxtaposed to global drop offs in hijackings. This is only further exacerbated in countries experiencing serious social unrest, like Peru and Bolivia, where cargo is halted, and we are tracking a subsequent drop-off in hijackings. As the delays that defined 2021 and early 2022 ease, so does theft at unsecured parking lots or container yards near port facilities.

This report highlights the cargo crime trends that characterized 2022 supply chains and simultaneously provides organizations with mitigation recommendations to combat these threats to better anticipate emerging threats in 2023.

BSI and TT Club have identified themes to better capture the 2022 risk environment and define how they will likely manifest in 2023 – how crime patterns have





Click images to read this year report and previous reports for years 2019, 2020 & 2021

shifted as criminals adapt to inflation, lessened port congestion, an evolving logistics landscape, and new fraudulent methods to tamper with and steal cargo.

To explore these themes, we will present several case studies, looking for example at how social unrest in Latin America has shown to be a weakness for companies operating there, particularly in Chile, Peru, and Brazil.

We will also unpack how sophisticated criminal organizations in South Asia are infiltrating supply chains and utilizing fraudulent practices like fictitious pickups to target cargo in-transit. As we look ahead, we provide mitigation recommendations throughout the report for the themes we will dive into.

• *WTW Energy Market Review 2023*

Surviving the storm: optimum risk management strategies for a volatile world

By Robin Somerville | April 4, 2023

The 2023 Energy Market Review focuses on how energy companies can optimise their risk management programmes in a volatile world

Since our last EMR Update in November 2022, the energy insurance markets have experienced a very turbulent reinsurance treaty renewal season, a continuing fallout from the Russia-Ukraine conflict, more inflationary pressures around the world and yet more volatility in the prices of oil and gas. The energy industry focus seems to have shifted from the long-term acceleration of the energy transition towards a more short-term goal of maintaining energy supply.

Our theme this year is: "Surviving the storm: Optimum risk management strategies for a volatile world".

As global economic stability continues to be threatened by the international situation, and as energy insurance market pricing continues to harden for almost all customers, how best should energy companies optimise their risk management programmes, given the pressures that are currently bearing down on them? Our Review contains an analysis of global energy activity in 2023 and where we can expect the industry's direction of travel to develop as the year progresses. This analysis suggests that energy activity in both the upstream and downstream arenas is likely to increase in the immediate future – good news for the industry and maybe good news for insurers as well, as it brings with it the prospect of welcome additional premium income.

Our 2023 Energy Market Review includes commentary in areas such as optimising risk strategies, reviewing insured values, supply chain risk and building competence barriers, as well as providing in depth insights into the global upstream, downstream, liability, construction and terrorism/political violence insurance markets.

Featured articles from the Review

01 : A look into the future: beyond "peak oil"?

In this article we consider the market's renewed focus on maintaining energy supply.

02: Reviewing insured values: how to maximize return on capital

In this article we look at how statement of values can drive optimal business, insurance, and risk management decisions for energy companies.

03: Global upstream: an uncertain outlook as reinsurance costs bite

In this article we focus on the global upstream insurance market in 2023.

04: Global downstream: hardening re-intensifies – for now

In this article we focus on the global downstream insurance market in 2023.

05: International liability: myth or logic?

In this article we look at how the liability market has fared and where it is heading.

06: US casualty: capacity stable but concerns remain

In this article we focus on the US casualty insurance market. ■

- ***Reinsurance Market***

Reinsurance market posts 10-year record for 2022 – report

Sector's capital position "remains robust," says Gallagher Re By Mika Pangilinan

For the first time in a decade, reinsurers' average underlying return on equity (ROE) exceeded the industry's weighted average cost of capital (WACC), according to the latest Reinsurance Market Report by Gallagher Re.

The report found that the total capital dedicated to the global reinsurance sector sat at $638 billion by the end of 2022, indicating a 12% decline from the restated year-end 2021 capital of $725 billion. The drop in capital was largely driven by the decline in the value of investments, Gallagher Re said in its report, as there was no new capacity despite tightened pricing and terms and conditions.

However, this US GAAP / IFRS accounting view of capital does not provide a complete picture of the situation, the report argued, noting that it masks how, in economic terms, solvency remained strong and actually increased during the year.

"Gallagher Re's view is that economic views of capital are more relevant than pure unadjusted accounting measures and that they are more relevant for management decision-making at most (re)insurers," the report said.

"In our view, the global reinsurance industry's capital position remains robust."

Furthermore, premium growth was found to have remained strong at 12%, supported by rate increases and exposure growth driven by inflation.

The report also revealed that the average combined ratio, on both a reported and underlying basis, was healthy, with the reported combined ratio broadly stable at 97.8%, and the underlying combined ratio improving from 99.7% to 98.8%.

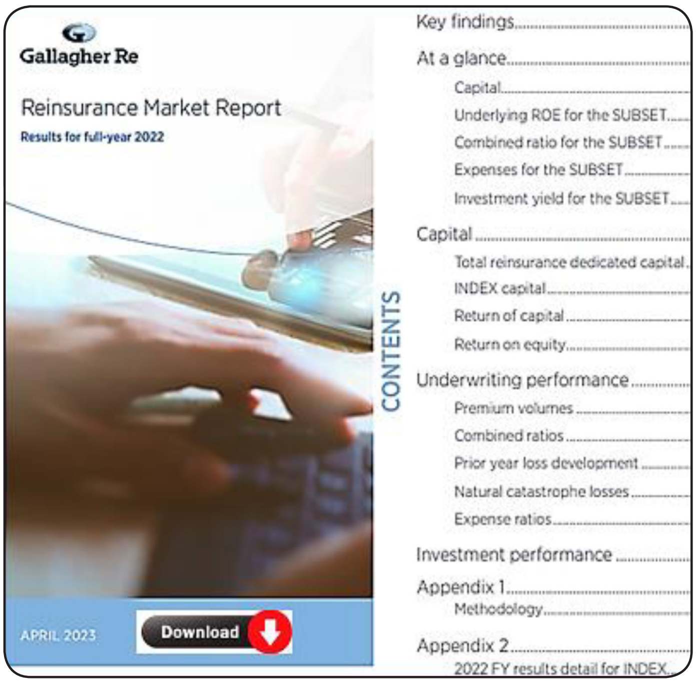
And although the average reported ROE declined from 11.4% to 6.8%, the underlying ROE jumped from 6.3% to 11.2%, driven by better underwriting results, stronger investment income, and more operating leverage.

This improvement marks the first time in the past 10 years that reinsurers' average underlying ROE surpassed the industry's WACC.

"It would be easy to misinterpret 2022, both in terms of reinsurers' capital positions and earnings," said Brian Shea, global head of strategic & financial advisory at Gallagher Re.

"While capital, as measured on an accounting basis, and the average reported ROE both declined materially, economic measures of solvency remain strong, and reinsurers have achieved a strong improvement in underlying performance such that the underlying ROE has finally moved above the industry's cost of capital."

Gallagher Re publishes its Reinsurance Market Report biannually to provide in-depth analysis of the size and performance of the reinsurance market. It is based on the Reinsurance Market Index group of companies, which for 2022 comprised 41 reinsurers from across the globe.



Source: Insurance Business Magazine - 6 April 2023

APPENDIX 2
2022 FY results detail for INDEX

Group 2022 FY results table (USD millions)

Consolidated data unless otherwise stated	Notes	Total capital				Net written premium				Net income				Combined ratio			
		2020 FY	2021 FY	2022 FY	Δ FY	2020 FY	2021 FY	2022 FY	Δ FY	2020 FY	2021 FY	2022 FY	Δ FY	2020 FY	2021 FY	2022 FY	Δ FY ppts
African Re	(2)	1,017	1,001	1,001													
Arch Capital	(1)	13,929	13,546	12,910	-4.7%	7,438	9,018	11,077	22.8%	1,364	2,093	1,436	-31.4%	99.5%	94.2%	92.2%	-2.0
Aspen	(2)	2,998	2,775	2,775													
AXA XL	(2)	13,222	13,139	13,139													
Axis Capital	(1)	5,716	5,831	5,061	-13.2%	4,336	4,927	5,263	6.8%	-151	588	193	-67.2%	103.8%	99.0%	99.1%	0.1
CCR, France	(2)	3,597	3,545	3,331													
China Re	(2)	15,762	16,149	14,874													
Convex	(2)	2,478	2,400	2,400													
DEVK Re	(2)	2,794	2,717	2,553													
Everest Re	(1)	9,950	10,363	8,659	-16.4%	9,117	11,446	12,344	7.9%	514	1,379	597	-56.7%	103.0%	98.1%	96.4%	-1.7
Fairfax		17,712	21,316	20,336	-4.6%	14,865	18,278	22,272	21.8%	218	3,401	1,147	NM	97.8%	95.0%	94.7%	-0.3
Fidelis	(2)	2,034	2,078	2,078													
General Re	(5)	12,181	13,927	12,739	-8.5%	499	4,974	2,078	-58.2%	399	258	467	81.1%				
GIC India	(3)	7,288	7,903	7,255													
Great West Lifeco		21,280	24,167	23,953	-0.9%	32,078	42,124	40,573	-3.7%	2,194	2,495	2,473	-0.9%				
Hamilton Re	(2)	1,512	1,744	1,744													
Hannover Re	(1)	17,212	17,893	13,331	-25.5%	25,450	29,384	31,489	7.2%	1,007	1,456	1,479	1.6%	101.6%	97.7%	99.8%	2.1
Korean Re	(1)	2,270	2,149	2,305	7.3%	4,972	5,240	5,586	6.6%	128	155	136	-12.8%	100.3%	100.3%	100.4%	0.1
Lancashire		1,736	1,859	1,714	-7.8%	519	816	1,188	45.6%	5	-62	-3	NM	107.8%	107.3%	97.7%	-9.6
MAPFRE		13,406	12,270	10,673	-13.0%	19,192	21,097	20,941	-0.7%	936	905	675	-25.4%	94.8%	97.5%	98.0%	0.5
Markel	(1)	12,815	14,718	13,128	-10.8%	5,932	7,120	8,203	15.2%	816	2,389	-250	NM	104.0%	105.3%	92.1%	-13.2
Milli Re	(1)	491	304	373	22.8%	999	1,058	1,312	24.0%	49	55	52	-4.9%	117.0%	136.0%	144.1%	8.1
Munich Re	(1)	42,864	40,942	27,733	-32.3%	59,453	65,254	66,710	2.2%	1,381	3,467	3,608	4.1%	105.6%	99.6%	96.2%	-3.4
National Indemnity	(5)	187,762	239,470	207,276	-13.4%	30,401	34,348	35,070	2.1%	12,609	10,054	9,185	-8.6%				
Pacific LifeCorp	(2)	17,452	17,005	17,005													
Partner Re	(2)	7,884	8,101	8,101													
Peak Re	(2)	1,487	1,470	1,470													
QBE		11,441	12,144	11,730	-3.4%	12,343	14,474	15,081	4.2%	-1,511	750	770	2.7%	107.4%	93.7%	94.2%	0.5
QIC		3,019	3,081	2,455	-20.3%	2,240	2,336	2,150	-8.0%	35	169	-178	-205.3%				
R&V Versicherung	(2)	2,630	2,445	2,298													
Renaissance Re		7,560	6,624	5,325	-19.6%	4,096	5,939	7,196	21.2%	762	-73	-1,097	NM	101.9%	102.1%	97.7%	-4.4
RGA	(4)	15,471	14,133	5,654	-60.0%	11,694	12,513	13,078	4.5%	415	617	623	1.0%				
RSUI Indemnity	(5)	1,671	1,851	1,510	-18.4%	1,032	1,235	1,435	16.2%	166	191	143	-25.1%				
SCOR		10,661	10,216	8,302	-18.7%	16,622	16,952	16,790	-1.0%	267	539	-316	NM	100.2%	100.6%	113.2%	12.6
Sirius Point Re		1,565	2,503	2,083	-16.8%	548	1,735	2,549	46.9%	144	45	-403	NM	110.3%	116.3%	105.6%	-10.7
Swiss Re	(1)	35,332	31,389	20,520	-34.6%	39,827	43,220	43,917	1.6%	-878	1,437	472	-67.2%	109.0%	97.1%	102.4%	5.3
Toa Re	(3)	1,709	1,741	1,527													
Transatlantic Re	(5)	4,813	5,066	3,875	-23.5%	4,498	5,014	4,734	-5.6%	87	446	-129	-128.8%				
Validus Re	(2)	3,439	3,548	3,548													
WR Berkley	(1)	7,428	7,675	7,777	1.3%	7,262	8,863	10,004	12.9%	531	1,022	1,381	35.1%	93.1%	90.7%	89.7%	-1.0
WMIG Ark			3,891	4,119	5.9%		906	1,195	31.9%		-275	793	NM		87.4%	81.8%	-5.6
Index aggregate	**(6)(7)**	**545,587**	**605,088**	**518,638**	**-14.3%**	**315,415**	**368,268**	**382,235**	**3.8%**	**21,486**	**33,500**	**23,253**	**-30.6%**	**99.4%**	**98.0%**	**98.6%**	**0.6**
Subset aggregate	**(6)(7)**	**203,805**	**205,120**	**166,709**	**-18.7%**	**207,810**	**238,332**	**255,279**	**7.1%**	**4,468**	**18,156**	**9,806**	**-46.0%**	**104.1%**	**97.5%**	**97.8%**	**0.3**

NB : Shaded rows in the above summary denote SUBSET groups. NM = not meaningful.

APPENDIX 2 (CONTINUED)

1. Combined ratios are in respect of the P&C Reinsurance segment only.
2. Due to lack of disclosure at the time of the report, total capital shown for 2022 FY is based on 2021 FY disclosure.
3. Companies which have a March 31 financial year-end. Data for the year ended March 31, 2022 is included in the column headed 2021 FY (and similar for prior years). 2022 FY data is also based on year-end March 31, 2022 disclosure.
4. Figures for net premiums are net earned premiums, not net written premiums.
5. Numbers are sourced from unconsolidated financial statements.
6. Total of numbers reported, converted to USD at exchange rates prevailing at end of reporting period for total capital figures. For net income and NWP figures, we use average exchange rates over the reporting period.
7. Pre 2022 FY aggregates shown in this appendix will not necessarily match the aggregates shown in the body of the report. In the body, prior year figures have generally not been restated for changes in constituents. The figures here have been restated.

Methodology

In our 2019 HY report, we broadened our definition of capital to include subordinated debt and minority interests, and restated 2018 FY capital accordingly. We also introduced the rules below to choose the constituents of our capital calculation for the traditional reinsurance market. As per chart 1 on page 8, these components are the INDEX, major regional and local reinsurers, and pro-rated portion of capital within major groups.
We review and adjust our constituents annually based on year-end data.
The constituents of these components within this report have been selected by applying the rules below to year-end 2022 disclosures.
We also restate the prior year's capital position. The impact on the previous year's capital position from these constituent changes is the USD 4.6 billion 'Change in constituents' shown in Chart 3.

Index
Capital at least USD 1 billion or total group NWP at least USD 1 billion, and reinsurance NWP at least 10% of group NWP.

Major regional and local reinsurers
Capital at least USD 250 million, or total group NWP at least USD 250 million, and reinsurance NWP at least 10% of group NWP.

Pro rata of composites
In the case of large groups whose reinsurance NWP is less than 10% of group NWP, we take a pro-rated portion of capital which must be at least USD 250 million.

Segment versus group data for the SUBSET
In our combined ratio analysis, we use P&C reinsurance segment combined ratios for those SUBSET reinsurers which provide the disclosure. Otherwise, we use group combined ratios. In calculating the SUBSET averages, we weight these combined ratios by the appropriate segment or group net earned premium. In the section on premium volumes, we show the growth rate in this 'relevant NEP'.
In Appendix 2, premium income is on a written basis and relates to the entire group.

Lloyd's market
The treatment of the Lloyd's market is complex given its nature.
Lloyd's syndicates are not explicitly included in this study, in order to avoid double-counting. Many of the companies included in this study have capital backing Lloyd's syndicates, which is included in each company's individual contribution. ■

Further Reinsurance Readings

AON

Aon's Reinsurance Aggregate

Results for the Year to 31 December 2022

April 2023

Contents

CLICK HERE TO READ

TOP Global Reinsurers by Country

TOP 15 Reinsurance Companies in U.K.
TOP 30 Reinsurance Companies in U.S.
TOP 10 Reinsurance Companies in Switzerland
TOP Reinsurance Companies in France
TOP Reinsurance Companies in Germany
TOP Reinsurance Companies in Bermuda
TOP Reinsurance Companies in Canada
TOP Reinsurance Companies in Ireland
TOP 5 Reinsurance Companies in Japan
TOP Reinsurance Companies in Luxembourg
TOP Reinsurance Companies in Australia
TOP Reinsurance Companies in South Africa
TOP Reinsurance Companies in Spain

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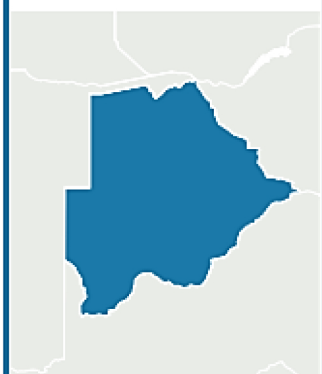
Africa News

BOTSWANA

• *Insurance Market Profile*

111
GLOBAL P/C MARKET RANKING

Botswana is a small market in terms of the number of people with the financial capability to obtain insurance. Its proximity to the much larger and more advanced South African economy affects the market, with insurers from that nation establishing operations and importing their products and practices. Botswana Insurance Co., the market leader in 2022 and the oldest insurer in the market, has seen an ebb and flow of business with the arrival of new competitors. This has led to a highly competitive market with almost all premium rates under pressure. The combined effects of the COVID-19 pandemic and the Russian invasion of Ukraine have resulted in prices generally increasing at the fastest rate in several years.



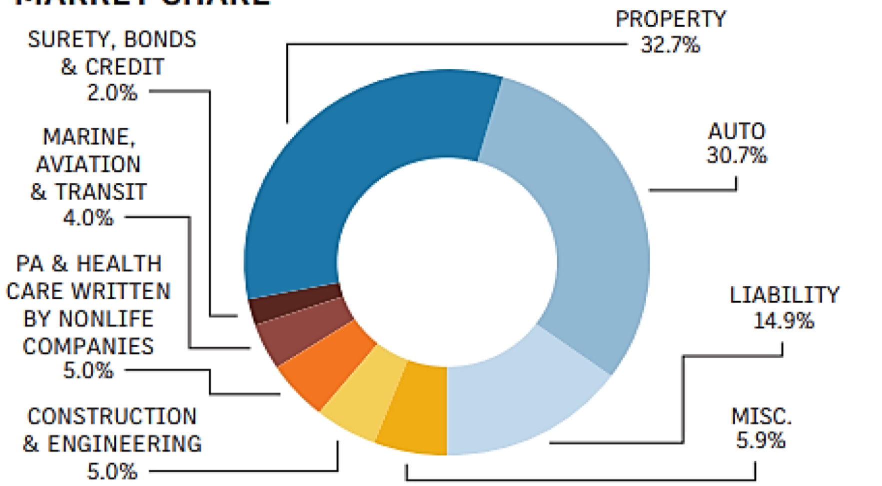
AREA
224,607 square miles

POPULATION
2.38 million

MARKET CONCENTRATION
87.8% market share of top five insurers

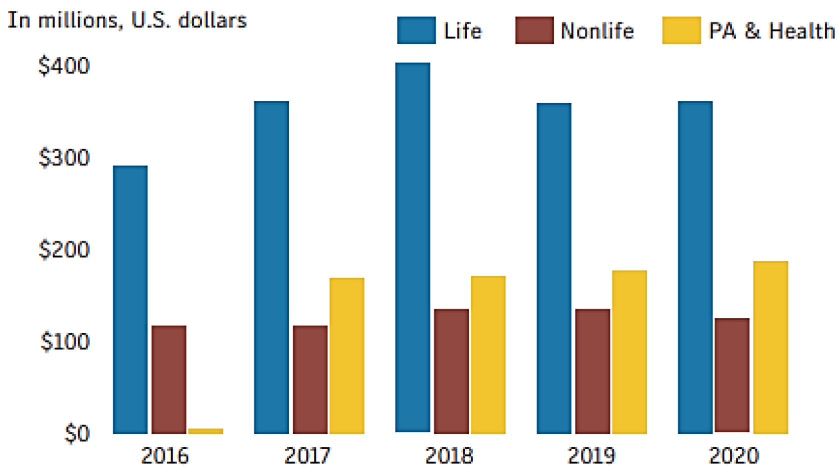
2022 GDP CHANGE (PROJECTED)
4.25%

MARKET SHARE



MARKET GROWTH

In millions, U.S. dollars



Source: Axco Global Statistics/Industry Associations and Regulatory Bodies

MARKET DEVELOPMENTS Updated November 2022

- The Botswana economy was initially hit by COVID-19 restrictions halting mining activity and tourism, but the economy made a strong recovery in 2021 with GDP up over 12% in real terms. Insurers had little business interruption exposure, as policies generally required a physical loss to trigger coverage.
- The two main insurance classes, property and auto, accounted for 63.4% of gross written premium income in the nonlife market in 2020. Liability cover, which includes mandatory workers compensation, is also a significant class, but its growth potential is limited by the low overall formal employment rate.
- Small brokers have noted that increased compliance requirements, together with substantial fines for infringements, are causing problems. Market sources say the Non-Bank Financial Institutions Regulatory Authority has disallowed the operation of corporate sub-agencies in the market. Sub-agents, many of them banks, were previously tied to a broker, which enabled them to be remunerated for insurance lead generation. It is understood that sub-agencies are now required to obtain their own license.
- Aon Botswana, the brokerage market leader in the country, was acquired by Minet Group and Africa Lighthouse Capital on June 1, 2021. The company was subsequently renamed Minet Botswana.

INSURANCE REGULATOR:
The NBFIRA regulates and supervises the Botswanan insurance industry.

COMPULSORY INSURANCE

- Auto third-party bodily injury (state scheme)
- Workers compensation
- Professional indemnity for insurance brokers, insurance agents and auditors
- Security (insurance or bank guarantee) for brokers handling premiums on behalf of insurers
- Fidelity insurance for retirement fund administrators

NONADMITTED

Nonadmitted insurance is not permitted because the law provides that insurance must be purchased from locally licensed insurers. There are no exceptions specified other than that permission may be sought from the regulator to make such a placement.

INTERMEDIARIES

Brokers and agents are required to be authorized to do insurance business in Botswana. They are not permitted to place business with nonadmitted insurers without permission from the Non-Bank Financial Institutions Regulatory Authority.

MARKET PRACTICE

Local expertise and capacity are limited, and certain types of risk — including safari camps, aviation, mining projects and marine hulls — are insured abroad, mainly in the South African market.

Source: Business Insurance Magazine – January 2023

EGYPT

• *Egyptian insurance market statistics in 2022*

Egyptian insurance market Turnover per class of business 2022

Egyptian insurance market Turnover per class of business 2022

Figures in thousands EGP

Class of business	2018	2019	2020	2021	2022	2022 shares
Motor	4322053	4838644	5079850	5880498	6740451	12.02%
Health	2931538	3699416	4332922	4715567	5919232	10.56%
Fire	2902211	3330127	3765608	4149270	4568667	8.15%
Accident	2145503	2386761	2501638	2677510	3585378	6.39%
Engineering	1448125	1616849	2205919	2386732	2510246	4.48%
Energy	1989595	2024008	1733812	1801850	1996631	3.56%
Marine (1)	1624558	1894465	1917138	1794317	1950235	3.48%
Total non-life	**17363583**	**19790270**	**21536887**	**23405744**	**27270840**	**48.64%**
Total life	**12165344**	**15307834**	**18476067**	**23975571**	**28799077**	**51.36%**
Grand total	**29528927**	**35098104**	**40012954**	**47381315**	**56069917**	**100%**

(1) Including land, marine and aviation transportation | Financial year at the end of June

Source : Financial Regulatory Authority. Egypt

Figures in thousands USD

Class of business	2018	2019	2020	2021	2022	2022 shares
Motor	241214	289351	313782	374411	357985	12.02%
Health	163609	221225	267644	300240	314370	10.56%
Fire	161972	199142	232602	264184	242642	8.15%
Accident	119740	142728	154526	170477	190420	6.39%
Engineering	80820	96687	136260	151963	133319	4.48%
Energy	111039	121036	107097	114724	106041	3.56%
Marine (1)	90667	113289	118422	114244	103577	3.48%
Total non-life	**969061**	**1183458**	**1330333**	**1490243**	**1448354**	**48.64%**
Total life	**678948**	**915409**	**1141267**	**1526525**	**1529519**	**51.36%**
Grand total	**1648009**	**2098867**	**2471600**	**3016768**	**2977873**	**100%**

(1) Including land, marine and aviation transportation | Financial year at the end of June

Insurance companies in Egypt 2022: ranking per GWP

Life insurance companies in Egypt

In thousands

Life companies	2022 turnover		2021 turnover		2021-2022 evolution (1)	2022 shares
	EGP	USD	EGP	USD		
Misr Life Insurance Company	9099934	483297	7652574	487239	18.91%	31.60%
Allianz Life Egypt	6118957	324978	5042720	321070	21.34%	21.25%
Metlife Egypt	4992729	265164	4085402	260118	22.21%	17.34%
AXA Life Egypt	3966275	210649	3308188	210632	19.89%	13.77%
GIG Life Egypt (2)	1161084	61665	923045	58770	25.79%	4.03%
QNB Alahli Life Insurance	1113327	59129	933680	59448	19.24%	3.87%
Suez Canal Life Insurance	576236	30604	673136	42859	-14.40%	2.00%
Libano-Suisse Takaful	334205	17750	261861	16673	27.63%	1.16%
Sarwa Life	326587	17345	106508	6781	206.63%	1.13%
Delta Life Assurance	324868	17254	272968	17380	19.01%	1.13%
Chubb Life Egypt	306642	16286	267133	17008	14.79%	1.06%
Mohandes Life Insurance Company	140303	7451	103312	6578	35.81%	0.49%
Misr Emirates Takaful Life Insurance	129705	6889	207151	13189	-37.39%	0.45%
Arope Life Insurance	105563	5606	88483	5634	19.30%	0.37%
KAF Life Takaful Insurance (3)	95373	5065	49410	3146	93.02%	0.33%
Wafa Life Insurance	7289	387	-	-	-	0.02%
Total life	**28799077**	**1529519**	**23975571**	**1526525**	**20.12%**	**100%**

(1) Growth rate in local currency (2) Ex. Egyptian Life Takaful (3) Ex. Tokyo Marine Family Takaful

Financial year at the end of June

Non-life insurance companies in Egypt

In thousands

Non-life companies	2022 turnover		2021 turnover		2021-2022 evolution [1]	2022 shares
	EGP	USD	EGP	USD		
Misr Insurance	10387566	551684	9590554	610631	8.31%	38.09%
GIG Egypt	2002890	106373	1463391	93174	36.87%	7.34%
Orient Takaful Insurance Company	1866164	99112	1283501	81720	45.40%	6.84%
Allianz Insurance Egypt	1848312	98164	1237482	78790	49.36%	6.78%
Bupa Egypt	1346059	71489	1126780	71742	19.46%	4.94%
Suez Canal Insurance	1322940	70261	1114279	70946	18.73%	4.85%
AXA Insurance	1133607	60206	1592756	101411	-28.83%	4.16%
Egyptian Takaful Insurance	1071762	56921	974526	62048	9.98%	3.93%
Royal Insurance	1064754	56549	801402	51025	32.86%	3.90%
Delta Insurance	868667	46135	736954	46922	17.87%	3.19%
Wethaq Takaful Insurance	718527	38161	601330	38287	19.49%	2.63%
Mohandes Insurance Company	718351	38152	545164	34711	31.77%	2.63%
Egyptian Saudi Insurance House	563325	29918	543340	34594	3.68%	2.07%
Sarwa Insurance	440587	23400	300308	19121	46.71%	1.62%
Co. Operative Insurance Society	333901	17733	275059	17513	21.39%	1.22%
Egyptian Takaful Insurance	305007	16199	219620	13983	38.88%	1.12%
Arope Insurance	269024	14288	179125	11405	50.19%	0.99%
Iskan Insurance	262452	13939	231521	14741	13.36%	0.96%
Tokio Marine Egypt General Takaful	236684	12570	220498	14039	7.34%	0.87%
Mada Insurance	180001	9560	70240	4472	156.27%	0.66%
AIG Insurance	147430	7830	203001	12925	-27.37%	0.54%
Al Wataniya Insurance	114623	6088	25945	1652	341.79%	0.42%
Chubb Insurance	68207	3622	68968	4391	-1.10%	0.25%
Total non-life	**27270840**	**1448354**	**23405744**	**1490243**	**16.51%**	**100%**

[1] Growth rate in local currency | Financial year at the end of June

Source: Financial Regulatory Authority. Egypt

Exchange rate as at:
30/06/2022 : 1 EGP = 0.05311 USD ; 30/06/2021 : 1 EGP = 0.06367 USD ;
30/06/2020 : 1 EGP = 0.06177 USD ;
30/06/2019 : 1 EGP = 0.0598 USD ; 30/06/2018 : 1 EGP = 0.05581 USD. ■

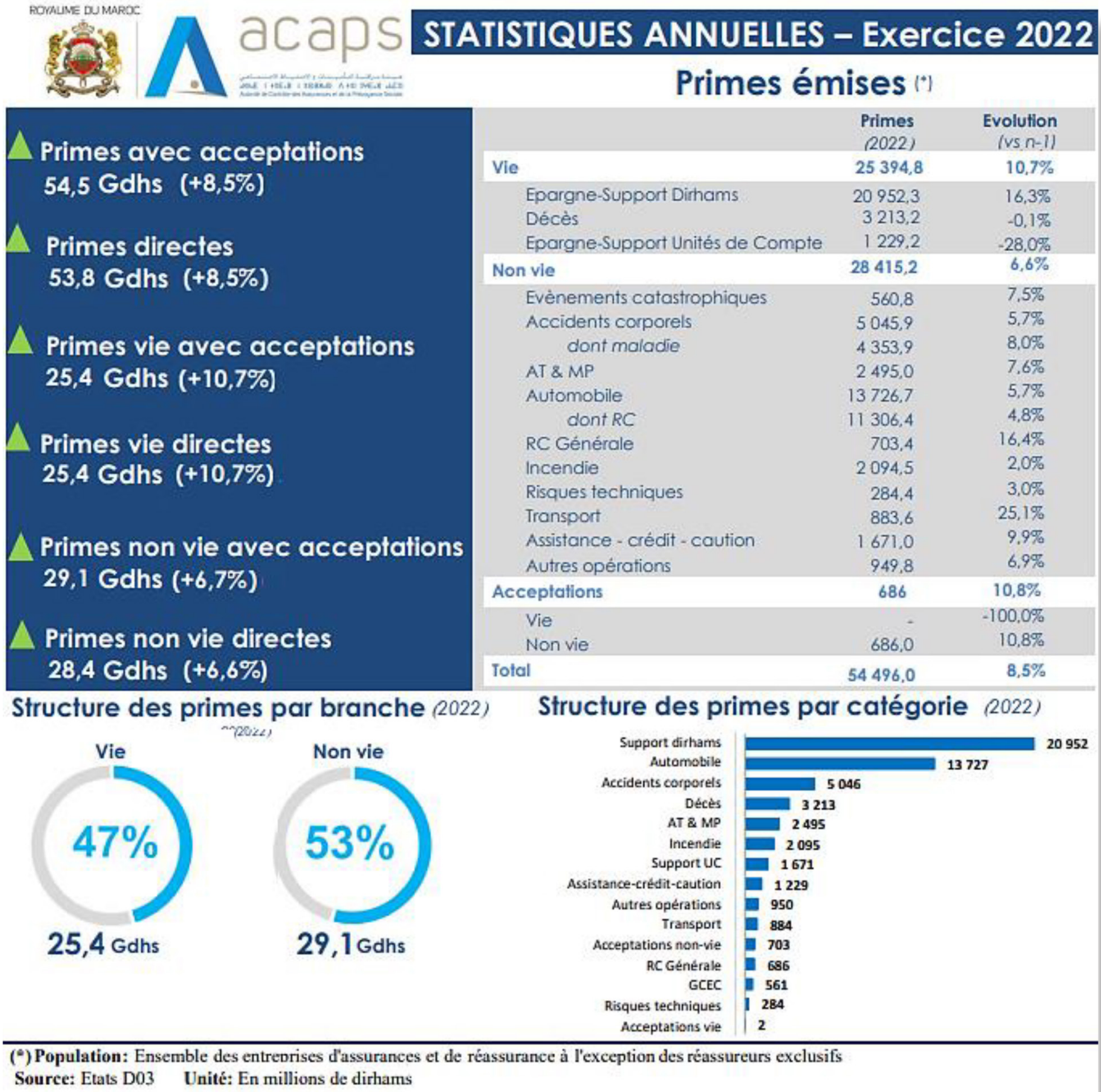
Ref: Atlas Magazine - 26 April 2023

MOROCCO

- ***Total market premium rose 9.3% to $5.3bn in 2022***

The total premium income of insurance and reinsurance companies in Morocco reached MAD54.9bn ($5.3bn) in 2022, increasing by 9.3% in nominal terms compared to 2021, according to the Insurance and Social Welfare Supervisory Authority (ACAPS).

The life insurance sector grew faster than the non-life market, growing at 11.5% to MAD25.6bn versus 7.5% to MAD29.3bn, ACAPS disclosed in its 4Q2022 statistical report. The split between life insurance business and non-life was 47% to 53%.



ROYAUME DU MAROC

acaps

STATISTIQUES ANNUELLES – Exercice 2022

Primes émises (*)

- Primes avec acceptations 54,5 Gdhs (+8,5%)
- Primes directes 53,8 Gdhs (+8,5%)
- Primes vie avec acceptations 25,4 Gdhs (+10,7%)
- Primes vie directes 25,4 Gdhs (+10,7%)
- Primes non vie avec acceptations 29,1 Gdhs (+6,7%)
- Primes non vie directes 28,4 Gdhs (+6,6%)

	Primes (2022)	Evolution (vs n-1)
Vie	**25 394,8**	**10,7%**
Epargne-Support Dirhams	20 952,3	16,3%
Décès	3 213,2	-0,1%
Epargne-Support Unités de Compte	1 229,2	-28,0%
Non vie	**28 415,2**	**6,6%**
Evènements catastrophiques	560,8	7,5%
Accidents corporels	5 045,9	5,7%
dont maladie	4 353,9	8,0%
AT & MP	2 495,0	7,6%
Automobile	13 726,7	5,7%
dont RC	11 306,4	4,8%
RC Générale	703,4	16,4%
Incendie	2 094,5	2,0%
Risques techniques	284,4	3,0%
Transport	883,6	25,1%
Assistance - crédit - caution	1 671,0	9,9%
Autres opérations	949,8	6,9%
Acceptations	**686**	**10,8%**
Vie	-	-100,0%
Non vie	686,0	10,8%
Total	**54 496,0**	**8,5%**

Structure des primes par branche (2022)

Structure des primes par catégorie (2022)

(*) Population: Ensemble des entreprises d'assurances et de réassurance à l'exception des réassureurs exclusifs
Source: Etats D03 **Unité:** En millions de dirhams

Savings plans contributed the biggest share of 82.6% to premium income generated in the life sector. It was also the fastest growing branch of life business, up 17.3% to MAD21.1bn. Investment-link segment plunged 29.7% to MAD1.2bn in 2022.

In the non-life sector, all lines showed growth in 2022. Motor third-party liability insurance was the largest branch, contributing 39% to total non-life premium income in 2022.

On the other hand; In terms of insurance companies (excluding exclusive reinsurers and takaful insurers), the companies closed the 2022 financial year with a year-on-year increase of 8.5% in their overall turnover that reached MAD54.5bn ($5.1bn), according to 2022 full-year statistics published by the Insurance and Social Welfare Supervisory Authority (ACAPS).

Regulator suggests it is time to review 40-year-old auto insurance compensation scale

New technology, the growing importance of AI, autonomous vehicles, and electric scooters are several of the challenges faced by motor insurers that will have to be analysed and quantified in order to continue to insure appropriately. The current motor insurance compensation scale needs to be reviewed, to take inflation into account and allow policyholders to cope with increases in the cost of living.

It is worth to be mentioned that annual socio-economic costs resulting from road accidents in Morocco are estimated at around MAD19.5bn ($1.87bn), according to the National Road Safety Agency (NARSA).

Ranking of Moroccan insurers according to 2022 turnover

Figures in thousands

Companies	2022 turnover (1)		2021 turnover		2021-2022 evolution (2)	2022 shares
	MAD	USD	MAD	USD		
Wafa Assurance	10 425 200	982 888	9 088 900	972 512	14.70%	19.12%
RMA	8 076 100	761 415	7 680 700	821 835	5.15%	14.82%
Mutuelle Taamine Chaabi	7 345 100	692 496	6 308 400	674 999	16.43%	13.47%
Axa Assurance Maroc	6 027 800	568 301	5 567 400	595 712	8.27%	11.06%
Sanlam Assurance	5 954 500	561 390	5 621 100	601 458	5.93%	10.92%
AtlantaSanad	5 403 600	509 451	5 400 800	577 886	0.05%	9.91%
MCMA	2 270 100	214 025	2 067 000	221 169	9.83%	4.16%
Marocaine Vie	2 268 700	213 893	2 339 100	250 284	-3.01%	4.16%
Allianz Assurance Maroc	1 486 100	140 109	1 426 800	152 667	4.16%	2.73%
MAMDA	1 278 000	120 490	1 172 100	125 415	9.04%	2.34%
CAT	1 263 700	119 142	1 177 200	125 960	7.35%	2.32%
MATU	862 700	81 335	714 100	76 409	20.81%	1.58%
Maroc Assistance Internationale	602 700	56 823	620 900	66 436	-2.93%	1.11%
Africa First Assist (3)	373 400	35 204	322 000	34 454	15.96%	0.69%
Wafa Ima Assistance	348 600	32 866	281 600	30 131	23.79%	0.64%
Euler Hermes ACMAR	140 400	13 237	134 200	14 359	4.62%	0.26%
RMA Assistance	140 000	13 199	123 000	13 161	13.82%	0.26%
Coface Maroc	112 300	10 588	71 200	7 618	57.72%	0.21%
Axa Assistance Maroc	74 900	7 062	55 700	5 960	34.47%	0.14%
Smaex	44 800	4 224	34 700	3 713	29.11%	0.08%
Takafulia Assurance	5 800	547	-	-	-	0.01%
Wafa Takaful	3 800	358	-	-	-	0.01%
Al Maghribia Takaful	1 500	141	-	-	-	0%
Taawounyiate Taamine Takafuli	700	66	-	-	-	0%
Grand total	54 510 500	5 139 250	50 206 900	5 372 138	8.57%	100%

(1) Preliminary situation
(2) Growth rate in local currency
(3) SAHAM Assistance becomes Africa First Assist in 2021
Source: Moroccan Federation of Insurance and Reinsurance Companies (FMSAR)
Exchange rate as at 31/12/2022 : 1 MAD = 0.09428 USD ; as at 31/12/2021 : 1 MAD = 0.107 USD

■

Sources: ACAPS Website, Middle East Insurance Review, Apr 2023 & Atlas Magazine 13 April 2023

MOZAMBIQUE

Mozambique Tropical Cyclone Idai's

• *Mozambique gains parametric cyclone solution*

Africa Specialty Risks is lead reinsurer in the $35m placement for Africa's second most disaster prone country

In a first for Africa's second most disaster-prone country, the Mozambique Government, through the National Institute of Disaster Management (INGD), has purchased cyclone insurance in an effort to protect its most vulnerable populations from the increasingly frequent impact of cyclones.

Africa Specialty Risks was the lead reinsurer in the inaugural Mozambique cyclone parametric placement. This wind speed and rainfall cover was structured by PULA in collaboration with the World Bank.

This cover is designed to provide resilience to the Mozambique economy against the destructive effects of cyclones by providing the state insurer with a pay-out when certain triggers are met.
There is $35 million of cover, based on carefully calculated thresholds.
Antonio Jose Beleza, deputy director of the National Emergency Operations Center at INGD, commented: "The cyclone program will provide crucial funding and stability to the Mozambique people and economy.

"The program will help build resilience in the economy, and highlights the importance of building risk mitigation instruments outside of the standard disaster risk insurance specifically designed to meet the increasing cyclone risk to Mozambique."

There are objective measurements of weather events, modelled to map to economic loss. This eliminates the need for a time-consuming and costly claims process and allows for the prompt provision of funds to support recovery efforts.

Closing the protection gap

During 2022, natural disasters caused a $313 billion global economic loss: 4% above the 21st-century average, of which $132 billion was covered by insurance, or 42% of total, according to Aon.

In Africa severe flooding events were 2022's worst natural disasters in Africa. Mozambique is Africa's second most disaster prone country: tropical storms and cyclones in Mozambique have increased in frequency and intensity because of higher ocean temperatures brought on by climate change.

Since January 2022, Mozambique has been affected by three tropical storms or cyclones, affecting over 900,000 people and destroying around 220,425 hectares of crops due to flooding.

Building resilience

While weather risk is routinely parametrised in the US, this programme is the first of its kind for cyclone cover in Africa, designed specifically for the continent, and continuing the growth of parametric disaster cover across the continent.

Dr Raveem Ismail, head of Parametric Underwriting, Africa Specialty Risks, added: "This collaboration brings together the expertise of multiple organisations to provide a comprehensive solution for cyclone risk in Mozambique.

"We are confident that this program will make a real impact in reducing the economic impact of cyclones on the communities and businesses in the region.

"This is an important policy for Mozambique, one which has been designed in Africa, to meet the growing need for cyclone insurance, and is an example of what is possible for insurance products across the continent."■

Source: Global Reinsurance - 28 March 2023

NIGERIA

• *Nigeria's Insurance industry total asset hits high*

The figure is relatively at a lower momentum compared to the prior period

by Joseph Inokotong

The total Assets of Nigeria's Insurance industry stood at N2.328 trillion in the fourth quarter of 2022, sustaining a positive growth that signifies expansion at the rate of two 2.4 per cent, quarter on quarter (QoQ) and at 4.4 per cent, year on year (YoY).

The figure is relatively at a lower momentum compared to the prior period when the progression rate was recorded at about nine per cent (YoY), attributable to the wave of recapitalisation drive recorded in that period.

This is contained in a bulletin of the Insurance Market Performance, a National Insurance Commission (NAICOM) statistics department quarterly report of the insurance market for the fourth quarter, of 2022 made available on Thursday to the Nigerian Tribune Newspaper in Abuja.

However, according to the report, "the outlook of the market growth in terms of Assets remains positive, with the increasing measures of market deepening anddevelopment, recapitalisation drive still ongoing, regulatory Insurance laws and provisions enshrined in the Insurance bill, being reviewed and, digitization of the supervisory wide processes would lead to realising the vast potentials in the insurance industry".

A necessary insight into the Market size distribution concerning Life and Non-Life Insurance businesses during the period under review shows that the Non-Life Insurance business recorded N1.122.1 trillion, while Life Insurance Business had N1.206.6 trillion".

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The gross premium income generated as of the fourth quarter of 2022 stood at N726.2 billion, representing a growing proportion of about 36.3 per cent, QoQ and indeed, about eighteen per cent (17.8%) year on year.

This is a remarkable situation compared to the real growth of 3.5 per cent of Gross Domestic Product (GDP) over the same period and, is attributable to consistent regulatory measures being carried out by the Commission.

The industry continued to post inspiring numbers in business retention, despite the operational challenges posed in domestic and global economies, and reflective of the market resilienceand increasing capacity.

In the period under review, the industry-wide average premium retention capacity ratio stood at 71.3 per cent, although, slightly a point lower than it held in the previous quarter and four points lower in comparison to the same period (YoY).

Persistently, the Life business retained about the same point of 93.3 per cent from its prior position of 93.8 per cent in quarter three.

In the Non-Life segment which also took a similar pattern, Motor Insurance continued its lead as the highest retaining portfolio with a retention ratio of 93.5 per cent also a point higher than its standing in the prior quarter.

Oil & Gas recorded the least at 35.9 per cent. The oil and Gas portfolio lamentably remained a challenging angle in the market owing to its nature of enormous capital and professional requirements.

Consequently, the retention performance in the current period sustained its prior position when compared to the third quarter as evidenced by the overall Non-Life business ratio of 55.0 per cent, slipping from about 56.6 per cent held in the prior period.

The insurance claims reported during the fourth quarter stood at N318.2 billion representing 31.2 per cent QoQ growth, possible attainment as a result of growing awareness and Market expansion as well as consumer confidence.

In a similar pattern, the net claims paid were reported at N244.3 billion, growing at 17.9 per cent QoQ during the same period.

Insights into the Non-life segment show that Motor Insurance led with regards to claims settlement vis-a-vis gross claims reported at 92.3 per cent signifying ninepoints improvement as against its prior position.

Fire Insurance was the least at 46.3 per cent, the only class below average proportion, while all other portfolios of General Accident Insurance at 80.7 per cent, Oil & Gas at 51.6 per cent, Marine & Aviation at 74.4 per cent, miscellaneous Insurances at 86.1 per cent recorded a proportion above the average, of paid claims against gross claimsreported.

Life Insurance business on the other hand reported two points less in comparison to the position held in the prior period of 94.6 per cent of net claims paid comparedto total claims reported during the same period of 2021.

The report states that the "Statistics of the insurance market performance for the fourth quarter 2022 revealed consistent growth in a premium generation, quality improvements in essential indicators including claims settlement and profitability. The market could be ruled as sound and stable whilst, the stance of the market deepening remains optimistic despite operational and macro-economic challenges". ■

Source: Nigerian Tribune – 24 March 2023

NIGERIA

• NAICOM targets N1tr premium, risk-based recapitalisation by 2024

From Uche Usim, Abuja

In a move towards strengthening the insurance sector and the economy in general, the National Insurance Commission (NAICOM) is eyeing to rake in N1 trillion premium by 2024, just as it is working towards implementing the risk-based recapitalisation in the same year.

The recapitalisation galvanises insurance companies to underwrite risks based on their capital.

The Commissioner for Insurance and NAICOM Chief Executive Officer, Sunday Thomas, who made the disclosure in an interview with journalists recently in Abuja, said planned feats empty into his desire to take the agency to the next level.

According to him, the pilot scheme of the risk-based recapitalisation kicked off last year and offered some insurance companies the platform to appreciate a risk-based supervision environment.

He said: "It has been quite revealing about the operations of these institutions. We are taking it to a new level, risk-based capital. If you know the history of capital in this country, it has been an issue and we want to remove that. You can trade, for instance, as a motor third party insurance company, based on your capital.

"Then, if you want to trade in the highly volatile business environment of oil and gas, you also must provide the needed capital to be able to run at that level. That is where we are going now. The one cap fits all, will no longer be the case.

"This year, we will be closing on that and before I finish the first tenure, it will be operational. We are in partnership with the multilateral institutions in our quest to evolve this risk-based capital. Our staff members have gone through a lot of training in this area and it's been quite helpful," he noted.

On attaining the N1 trillion premium mark, Thomas noted that when he was appointed Acting Commissioner, the market production in terms of premium was about N400 billion to N520 billion.

"But by 2022, the market recorded more than N730 billion. But I'm still not satisfied yet, because my target before I finish my first term in office is N1 trillion.

"The total assets moved from about N1.3 trillion in 2018 to about N2.5 trillion in 2022. We are making progress but looking at our economy, these, to me, are small numbers. I will also say that our methodology is also changing. Inspection used to be compliance-based with a checklist. But now, the world has moved to risk-based supervision," he stated. ■

Source: The Sun Nigeria - 1 February 2023

SOUTH AFRICA

• *South African insurance market: provisional 2022 turnover*

South African insurance market-South African insurers have ended the financial year 2022 with a 7.72% growth in their overall turnover.

This figure went from 747.1 billion ZAR (46.8 billion USD) as at 31 December 2021 to 804.739 billion ZAR (47.3 billion USD) a year later.

The market is dominated by the life class of business which accounts for 77.85% of the global portfolio in 2022 with 626.45 billion ZAR (36.8 billion USD) of written premiums. The non-life activity, on the other hand, has a market share of 22.15% with 178.289 billion ZAR (10.5 billion USD)

• *South Africa life and non life insurance industry: 2022 turnover*

Figures in millions ZAR

Class of business	2017	2018	2019	2020	2021	2022 (1)	2021-2022 evolution (2)	2022 shares
Total non life	109000	121200	130800	136500	147100	178289	21.20%	22.15%
Total life	423000	459000	539000	529000	600000	626450	4.41%	77.85%
Grand total	**532000**	**580200**	**669800**	**665500**	**747100**	**804739**	**7.72%**	**100%**

Figures in millions USD

Class of business	2017	2018	2019	2020	2021	2022 (1)	2021-2022 evolution (2)	2022 shares
Total non life	8803	8391	9302	9313	9219	10491	21.20%	22.15%
Total life	34161	31777	38334	36094	37602	36860	4.41%	77.85%
Grand total	**42964**	**40167**	**47636**	**45407**	**46821**	**47351**	**7.72%**	**100%**

(1) Atlas estimate: the sum of the direct insurance premiums realized during the 4 quarters of 2022.
(2) Growth rate in local currency.
Source: South African Reserve Bank. Prudential Authority.

Exchange rate as at
31/12/2022 : 1 ZAR = 0.05884 USD ; 31/12/2021 : 1 ZAR = 0.06267 USD ; 31/12/2020 : 1 ZAR = 0.06823 USD ;
31/12/2019 : 1 ZAR = 0.07112 USD ; 31/12/2018 : 1 ZAR = 0.06923 USD ; 31/12/2017 : 1 ZAR = 0.08076 USD. ■

Ref: Atlas Magazine - 18 April 2023

SUDAN

• London marine insurers add Sudan to high risk list

LONDON (Reuters) - London's marine insurance market added Sudan to its of areas deemed high risk this week amid further fighting in the conflict-ridden African country, according to an advisory note.
The addition of Sudan to the high risk list will mean that any ships sailing into the country will need to pay an additional war risk premium and also seek approval from their insurer.

Advisory notes from the Joint War Committee, which comprises syndicate members from the Lloyd's Market Association and representatives from the London insurance company market, are watched closely and influences underwriters' considerations over insurance premiums.

Fighting in Sudan since April 15 has killed hundreds of people, sparked a humanitarian crisis with thousands fleeing their homes and prompted foreign countries to evacuate their citizens for fear of an all-out civil war.

Port Sudan accounts for the majority of the country's international trade.

"There is an elevated threat of military activity around the port, as such whilst operating in Port Sudan, there is at the least a substantial threat of stray ordnance," insurer Skuld said.

Leading global container lines A.P. Moller Maersk and Hapag Lloyd said this week they had stopped taking new bookings for Sudan for the moment.

Maersk said the ongoing clashes "had a significant impact on logistics operations in the country". "The current political unrest in Sudan is posing supply chain challenges," Hapag Lloyd said separately. ■

Ref: Market Screener | 26 April 2023

TOGO

• Sanlam Assurances Vie Togo becomes NSIA Vie Assurances Togo

Sanlam Assurances Vie Togo has changed its name to NSIA Vie Assurances Togo. This rebranding follows the acquisition of Sanlam's Togolese subsidiary by the Ivorian group.

The transaction, which was finalized in June 2022, involved NSIA taking control of the South African group's life entities in Togo and Gabon as well as its non-life subsidiaries in Congo and Guinea. ■

Ref: Atlas Magazine - 26 April 2023

Asia News

AM Best: Maturing Asia-Pacific Insurance Markets Offer Diversity and Growth Potential

The whole region is developing and creating "exciting" opportunities for insurers, said Rob Curtis, managing director, market development, Asia-Pacific, AM Best.

by John Weber

The diversity of the Asia-Pacific insurance market, specifically regulated mature and emerging regional markets, has produced sophisticated risk and capital management processes, said Rob Curtis, managing director, market development, Asia-Pacific, AM Best. Curtis spoke with AM Best TV about the challenges of regulation in the region.

Following is an edited transcript of the interview.

John Weber is senior associate editor. He can be reached at *john.weber@ambest.com*.

How would you characterize the Asia-Pacific insurance market?

It's diverse. You have a lot of mature markets across the APAC region, and you also have some very immature emerging markets. So you see some very sophisticated risk and capital management processes there, largely driven over the years because of regulation.

Then you have other markets not quite at the same level of sophistication; they're still on their journey, if you like. So I think we're dealing with quite a diverse array of stakeholders. It's an

"There's going to be the rising middle class across Asia-Pacific, and there are some really large markets—for example, India, that by 2032 is predicted to be the sixth largest, bigger than Germany and Italy and some other more-established South Korea markets."

Rob Curtis
AM Best

interesting time. There's still a lot of development, a lot of growth potential across the whole region, and that's exciting.

What are the challenges of regulation in Asia?

There's the International Association of Insurance Supervisors, the IAIS, and they've done a lot of work over the last few decades building those frameworks. Some Asian countries have not kept up with the speed at which some of that development has occurred.

In more mature markets with regulators who are bigger and have more resources, there's the ability to keep pace with some of that. With some of the smaller countries, you just haven't got the same size and ability to keep up. So it varies across the region.

That's reflected in the various solvency and risk frameworks and regimes that are in play. Across Asia-Pacific, you really do have quite a variety of sophistication from a regulatory viewpoint. Then you've got the firms themselves having to manage and deal with some of that. That's why I think there's a lot of potential over the next few years, because those countries that aren't as developed know they have to do work to get to those same standards; that's where the development will proceed.

Are there any other challenges, economic or otherwise, that the region faces?

There's always climate challenges, which are still emerging. That's not just particular to the APAC region, but you've got some clear dynamics in some markets. Australia's got bush fires and drought increasingly, and there's increased storm activity in other parts of Asia-Pacific.

APAC's had a really tough time in the last 2 1/2, three years with COVID. So, the market is just starting to reemerge from the slumber when everything was shut down. As the whole region starts to reopen, people are finally feeling reenergized and hopeful of what getting back to business can bring.

Can you tell us about what you see as the potential opportunities throughout the region?

There's going to be the rising middle class across Asia-Pacific, and there are some really large markets—for example, India, that by 2032 is predicted to be the sixth largest, bigger than Germany and Italy and some other more-established South Korea markets.

This is a sleeping giant. There are tremendous opportunities for insurers. And, of course, that's going to benefit consumers right across the board because they'll have access to new product and be able to insure themselves and their families with a product that they haven't been able to afford.

That's going to be a tremendous area of growth. You've also got the increasing sophistication of risk and capital management processes, which obviously will open up more opportunities for some of those firms in terms of financing or investment and risk management techniques. There's a whole array of opportunity that should arise over the next few years from APAC. ■

Source: Best's Review – April 2023

Best's Rankings

Largest Asia-Pacific Insurers – 2023 Edition

Ranked by 2021 gross premiums written. (US$ Thousands)

Rank	Company	AMB#	Country of Domicile	Gross Premiums Written	Capital & Surplus
1	Ping An Ins (Group) Co of China Ltd	086446	China	$119,437,134	$127,531,337
2	China Life Ins (Group) Co	052446	China	118,623,507	40,979,001
3	People's Ins Co (Group) of China Ltd	085320	China	91,900,017	34,418,807
4	China Pacific Ins (Group) Co Ltd	090598	China	57,577,438	35,593,802
5	Life Ins Corp of India	085485	India	56,683,347	1,378,482
6	Nippon Life Ins Co	090826	Japan	44,182,460	64,781,688
7	Dai-ichi Life Hldgs, Inc.	046417	Japan	43,411,113	36,163,865
8	AIA Group Ltd	052599	Hong Kong	37,123,000	60,467,000
9	Tokio Marine Hldgs Inc	050962	Japan	36,746,292	32,982,409
10	China Taiping Ins Group Ltd.	055742	China	34,145,955	5,990,585
11	MS&AD Ins Group Hldgs, Inc.	052662	Japan	31,348,553	35,821,414
12	Taikang Ins Group Inc.	077638	China	29,929,964	19,049,680
13	SOMPO Hldgs, Inc.	052641	Japan	29,230,955	16,640,724
14	New China Life Ins Co Ltd	091605	China	25,661,521	17,031,859
15	China Reins (Group) Corp	090958	China	25,545,601	14,617,573
16	Meiji Yasuda Life Ins Co	090828	Japan	23,049,663	35,314,817
17	Sumitomo Life Ins Co	091242	Japan	19,785,930	13,331,332
18	Japan Post Hldgs Co. Ltd.	053008	Japan	19,715,464	100,976,396
19	Cathay Finl Hldg Co., Ltd.	059995	Taiwan	19,116,278	32,639,886
20	Prudential Hldgs of Japan, Inc.	058645	Japan	18,942,657	5,829,046
21	QBE Ins Group Ltd	085434	Australia	18,457,000	8,881,000
22	Samsung Fire & Marine Ins Co Ltd	093102	South Korea	16,912,418	13,010,229
23	Fubon Life Ins Co Ltd	093804	Taiwan	15,746,050	21,638,238
24	Samsung Life Ins Co Ltd	093248	South Korea	14,836,663	31,806,194
25	T&D Hldgs Ltd	052951	Japan	14,357,757	11,336,084
26	Hanwha Life Ins Co., Ltd.	092839	South Korea	13,843,745	9,483,110
27	DB Ins Co., Ltd.	094051	South Korea	13,786,158	5,586,256
28	Great Eastern Life Assur Co Ltd	043013	Singapore	13,746,603	3,952,385
29	MetLife Ins K.K.	084748	Japan	13,602,243	4,255,714
30	China Post Life Ins Co Ltd	091551	China	13,470,361	4,412,782

Source: BESTLINK; data as of March 1, 2023. ■

Source: Best's Review – April 2023

GCC

• *Healthcare Industry Report*

Alpen Capital's latest healthcare industry report for the GCC projects the current healthcare expenditure (CHE) in the region to reach US$ 135.5 billion in 2027, implying an annualized growth rate of 5.4% from US$ 104.1 billion in 2022. During the forecast period, CHE in the GCC countries is anticipated to increase at growth rates ranging from 4.4% to 7.4%

UAE-based investment banking advisory firm, Alpen Capital, launched its latest GCC Healthcare Industry report on Monday, March 20th which features forecasts on the sector, recent analysis on trends, growth drivers and challenges facing the segment. It also profiles some of the renowned healthcare companies in the region.

The report was launched over a webinar followed by a panel discussion featuring Krishna Dhanak, Managing Director, Alpen Capital; Dr. Raza Siddiqui, Group CEO, Arabian Healthcare Group & Executive Director, RAK Hospitals; and Vivek Shukla, Senior Growth Advisor for Healthcare Boards and CXOs.

Sameena Ahmad, Managing Director, Alpen Capital (ME) Limited moderated the discussion
"The GCC healthcare industry is expected to grow at a healthy pace owing to a rise in ageing population, improving economic activity, increased focus on preventive care and mandatory health insurance. While digitization and public-private collaborations have made a progressive impact, the resurgence in

demand for elective surgeries, a burgeoning medical tourism industry, and an intrinsic demand for treatment of non-communicable diseases (NCDs) are likely to support growth.

We anticipate that the region will offer an array of investment opportunities on the back of privatization initiatives and increasing adoption of technology to create alternative healthcare models", says Sameena Ahmad, Managing Director, Alpen Capital (ME) Limited.

"The GCC healthcare industry is currently in a phase of transformation moving from a curative care to preventive care model, credited to increased health awareness levels and high incidence of NCDs. It is also undergoing significant digital transformation as it has been a key focus area of the GCC governments. Regulatory authorities, in collaboration with private institutions, are investing in smart technologies to diversify the provision of healthcare services. Organizations are establishing strategic plans to set up integration of data and leverage cross-functional capabilities that will not only strengthen their competitive advantage but also encourage the establishment of integrated healthcare networks. Going forward, the focus is likely to be directed towards value-creating opportunities with larger players targeting small to mid-sized players as well as tech-enabled service providers", says Krishna Dhanak, Managing Director, Alpen Capital (ME) Limited.

According to Alpen Capital, CHE in the GCC is estimated to have grown at a CAGR of 9.5% between 2020 and 2022 to reach US$ 104.1 billion. The two-year period, when the healthcare sector was primarily combating the pandemic, recorded a high growth in inpatient and outpatient levels.

Healthcare expenditure in the GCC is further projected to reach US$ 135.5 billion in 2027, growing at a CAGR of 5.4% from 2022. The region's expanding population base, high incidence of NCDs, rising cost of treatment, rising medical inflation, and increasing penetration of health insurance are expected to augur growth.

Additionally, factors like the anticipated rebound in economic activity, increased health awareness amongst the public, and preventive-care strategies by the regional governments will support the demand for healthcare in the long-term.
Growth rates among the GCC nations varies widely owing to country-specific population projections, economic conditions, cost of healthcare, and prevalence of underlying diseases among other factors.

UAE is likely to witness the highest growth rate of 7.4% compared to its GCC peers in anticipation of a fast-growing population, increased and wider coverage of mandatory health insurance and high medical inflation rate. The market rankings are expected to remain unchanged, with Saudi Arabia and the UAE dominating the region's CHE with a combined share of 79.6% in 2027.

CHE of Qatar, Bahrain, Oman and Kuwait is expected to grow at a CAGR of 5.1%, 6.1%, 4.7% and 4.4% respectively during the forecast period

Between 2020 and 2022, the GCC is estimated to have added 1,846 hospital beds. In view of the anticipated rise in population, the region is likely to require 12,207 new hospital beds by 2027. This translates into an estimated annual average growth of 1.9% since 2022 to reach a collective bed capacity of 133,731.

The report estimates that Saudi Arabia and UAE are likely to witness a demand of over 8197 and 1584 new hospital beds. While most of the GCC countries are likely to experience demand for new beds, the requirement of beds in Qatar is expected to remain flat amid lower than average population growth.
The report highlights that the rapid response to mitigate the dual economic impact of the pandemic has fueled a broad-based recovery in the GCC economies. Increasing life expectancy at birth, improvements in infant mortality rate and an ageing population are the key demographics driving the region's healthcare system. Sizable infrastructure investment programmes by the GCC nations

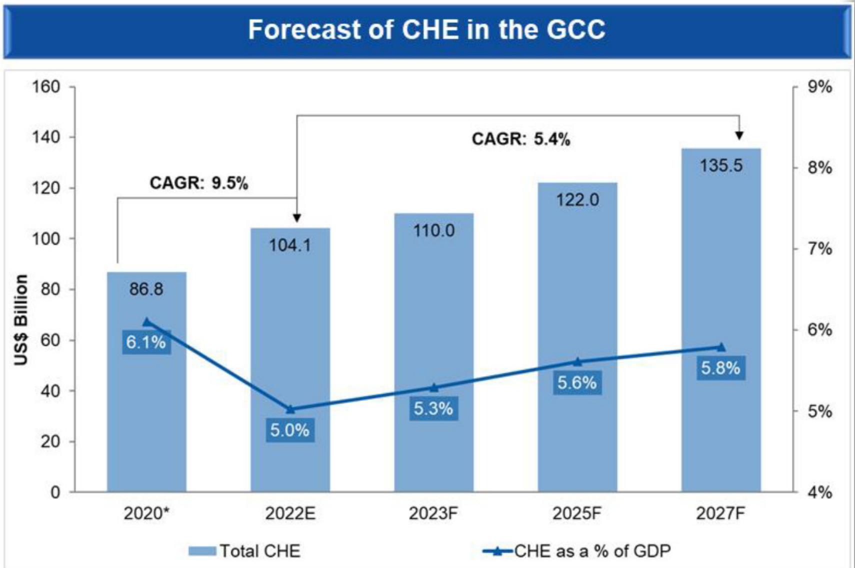
and increased purchasing power are expected to further drive growth. Additionally, promoting the region as a hub for medical tourism and adoption of national health insurance strategies would increase adoption and utilization rates of private hospitals and healthcare services.

However, the healthcare industry is not devoid of challenges. It continues to remain highly reliant on foreign workers for its healthcare personnel needs across medical specialties. The report also notes that the region's high reliance on imports exposes it to global price fluctuations in cases of supply chain disruptions. Furthermore, the cost of healthcare services in the GCC has continued to rise due to increased demand for complex treatments, high dependence on imports, and a lack of specialized treatment centers.

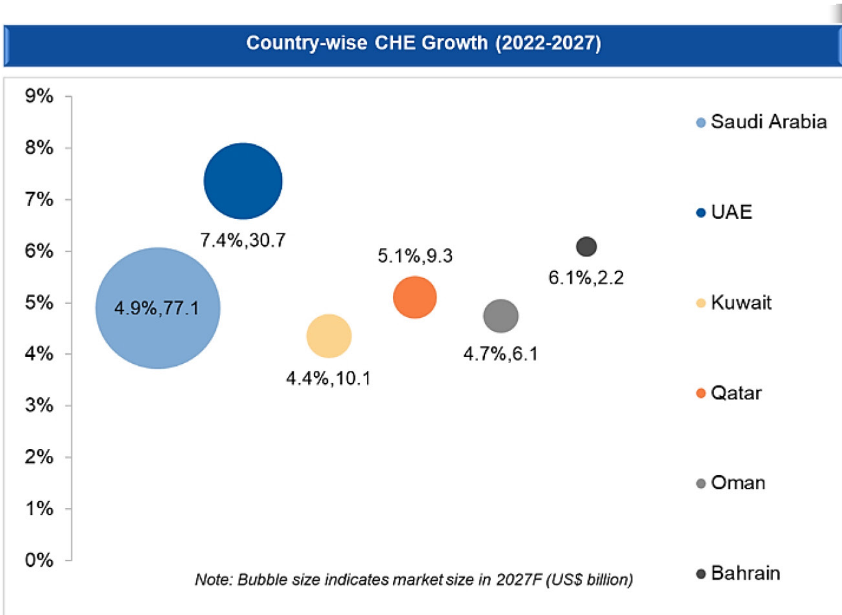
GCC governments are encouraging the involvement of private players through PPP model as part of their long-term strategies aimed at capacity expansion, and enhancing the delivery system. They are also advocating preventive care to help ease the burden on hospitals and existing healthcare resources. The GCC nations have been investing heavily in technology as a key enabler for developments in the healthcare space. The region has started making use of early diagnostic tools and more accurate predictive models for health assessment and management, while innovators continue to harness smart technologies to enhance preventive care.

As the GCC healthcare sector continues to mature, it is moving towards a value-based care model that places patient-centric outcomes at the core of growth strategy. PPPs have brought about a shift in care delivery that is likely to transform the sector and differentiate market participants in their ability to offer services, scalability and sustainability. This is likely to drive competition and require organizations to establish strategic plans for value-creating opportunities, leading to the industry witnessing increased mergers, acquisitions and consolidation. ■

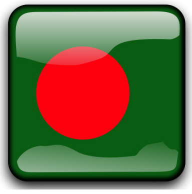
Source: Alpen Capital, March 2023



Source: Alpen Capital, WHO, IMF, WTW, MOH and Statistical organizations in the GCC
*Total CHE for Saudi Arabia is estimated



Source: Alpen Capital, WHO, IMF, WTW, MOH and Statistical organizations
Note: E - Estimate, F – Forecast, Bubble size indicates Market Size



BANGLADESH

• *IDRA proposes changes to solvency rules*

The Insurance Development and Regulatory Authority (IDRA) plans to issue regulations, that among other things, would require non-life insurance companies to maintain a reserve of between 40% and 100% as a solvency margin, depending on the risks they cover.

The proposed Solvency Margin Regulations are to increase the risk-bearing capacity of the insurance sector. The financial base of insurance companies in Bangladesh is very weak at present and no company can pay insurance claims on time, which dents public confidence in the insurance sector, reported The Business Standard.

The draft regulation was published by the Financial Institutions Division of the Finance Ministry on 6 April. Stakeholders were asked to give their views on the proposed rules within the next 15 days.

In the draft, general insurance companies are required to reserve a specified percentage of risk coverage by branch.

IRDA chairman Mr Mohammad Jainul Bari told The Business Standard, “There are such laws all over the world but not in Bangladesh. We have taken the initiative to enact the law to ensure the sustainability of the insurance sector.

“This law is to make insurance companies capable of paying insurance claims against their risk as we have recently noticed such problems in the payment of insurance claims.”

According to the draft, insurers have to maintain reserves of 40% for fire insurance policies; marine insurance, 50%; marine hull, 100%; motor, 40%; aviation, 100%; miscellaneous risks, 50%; and health insurance, 100%.

An IDRA source says that if a general insurer has a risk of BDT10m through a fire insurance policy, then according to the proposed regulation, the company concerned has to keep a 40% reserve for that risk.

The company has to establish the reserve from its profit. If it is not covered by profits, the reserve should be increased by injecting fresh capital.

According to sources, those with low reserves will not be able to sell large policies when the solvency margin regulations come into effect.

Bangladesh now has 81 insurance companies operating in the market. Among them, 35 are life insurance companies and 46 are non-life insurance companies.

A transitional period will be granted for insurers to comply with new solvency requirements when the proposed rules are passed. ■

Source: Asia Insurance Review - 10 April 2023

BELARUS

• *Creation of the Eurasian Reinsurance Company to provide additional insurance capacity of about USD 2 billion*

by Marina MAGNAVAL

The draft law "On Ratification of the Agreement on creation of the Eurasian Reinsurance Company" is being prepared for consideration in the House of Representatives in March.

The company is an international financial organization, the agreement is open for other states to join it, BELTA wrote citing Svetlana Bartosh, a member of the Standing Committee on Budget and Finance of the House of Representatives.

The decision to establish the Eurasian Reinsurance Company was made by the heads of government of the countries of the Eurasian Economic Union in August 2022 at a meeting of the Eurasian Intergovernmental Council. "The agreement on creation of the company was adopted by Belarus, Armenia, Kazakhstan, Kyrgyzstan and Russia. Its main tasks are to promote an increase in the volume of mutual trade and investment, develop economic integration between our countries, increase investment attractiveness and expand trade and economic ties with third countries by carrying out activities in reinsurance of export credits, including all financial instruments to support exports," said Svetlana Bartosh.

"Charter capital of the company consists of the nominal shares of its participants and amounts to RUB 15 billion (~EUR 0.18 billion). The founders of the company become its participants after paying their shares. The share of Belarus is RUB 4.5 billion, which is 30% of the charter capital", the parliamentarian explained. "The government of Belarus has identified authorized insurance organizations to make initial payment of the country's share in the charter capital of the Eurasian Reinsurance Company in 2022-2023 - Beleximgarant, Belgosstrakh and the Belarusian National Reinsurance Organization.

As Svetlana Bartosh noted, creation of the Eurasian Reinsurance Company will provide additional insurance capacity in the amount of about USD 2 billion. "If any contractual obligations are violated or not fulfilled, this reinsurance fund will cover the costs incurred by any of our countries", she added. ■

***EUR 1 = RUB 83.19 (22.03.2023)**

Source: XPRIMM - 23 March 2023

• *BELARUS, FY2022: GWP grew by 6.6%, while assets - by 20%*

In 2022 total GWP of the insurance sector amounted to BYN 1,840.1 million (EUR 631.13 million), which is 6.6% more y-o-y, according to data published by the Ministry of Finance of the Republic.

Mandatory insurance grew to BYN 656.4 million, and in the total portfolio occupied 35.7% (vs 35.8% in 2021). The largest share in the segment belongs to personal insurance - 49.2% of GWP generated by mandatory classes.

Voluntary insurance in 2022 amounted to BYN 1,183.7 million (life and non-life summed). The share of voluntary insurance in the total portfolio reached 64.3% (in 2021 - 64.2%). The largest classes in voluntary insurance are personal insurance (45.1%) and property insurance (47.1%).

Paid claims in 2022 amounted to BYN 1,235.12 million (EUR 423.63 million), which is 16% more y-o-y. Of this total amount, voluntary insurance accounts for 69.1%, mandatory insurance - 30.9%. Compared to 2021, the level of paid claims in total GWP increased to 67.1%

In 2022, 10,178.2 thousand insurance contracts were concluded, which is 4.4% more than in 2021.

Total amount of insurance reserves formed by insurance organizations of the republic, as of December 31, 2022, amounted to BYN 2,984.3 million (+11.9%). Assets amounted to BYN 6,046.6 million (+20.4%). Total equity amounted to BYN 1,982.1 million, charter capital - BYN 1,385.5 million, or 69.9% of total equity.

As of December 31, 2022, 16 insurance companies were operating in the insurance market of the Republic of Belarus (of which 3 provide voluntary life and additional pension insurance, 1 works exclusively in reinsurance), the Ministry of Finance says. ■

Source: XPRIMM – 27 April 2023

BHUTAN

• *Financial Regulation & Supervision*

- Accountibility Rules and Regulations 2022 final amended and circulated
- Fit and Proper Guidelines 2022 Final amended & circulated
- Rules and Regulations for Deposit-taking Microfinance Institutions 2016 (Revised)
- Microloan Regulations 2014 (Revised)
- Rules and Regulations on Loan Restructuring by FSPs 2022
- Rules and Regulations on Foreclosure and write-off of NPLs 2022
- Guidelines on Reclassification of old NPLs 2022
- Directive on Housing (commercial and home) Loans, Vehicle Loans and Personal Loans 2021
- Guidelines on the implementation of National Credit Guarantee Scheme (NCGS)
- FUND MANAGEMENT RULES AND REGULATION 2019
- CORPORATE GOVERNANCE RULES AND REGULATIONS 2020
- Crowdfunding Rules & Regulations 2019
- Risk Management Guidelines 2019
- Macro-Prudential Rules and Regulations 2018
- Abandoned Property Rules & Regulations 2018
- Rules and Regulations for Cottage and Small Industries (CSI) Banks in Bhutan 2018
- Rules and Regulations for Licensing of Insurance Companies in Bhutan 2018
- Rules and Regulations for Insurance and Reinsurance Companies
- Rules and Regulations for Establishment of Commercial Banks in Bhutan 2018
- Prudential Regulations 2017
- CIB Rules & Regulations 2017
- Agent Banking Rules and Regulations 2016
- Macro-Prudential Regulations on Disclosure Requirement
- Credit Rating Agency Regulation, 2014
- Macro-prudential Policy Paper
- Loss Adjuster Regulations, 2012
- Securities Brokers Regulations 2011
- Insurance Broker Regulation 2011
- Financial Services Act of Bhutan,2011
- Regulations for Establishment of Reinsurance Business in Bhutan. ■

ROYAL MONETARY AUTHORITY OF BHUTAN

CAMBODIA

• *Insurance market grows by nearly 11% in 2022*

The Cambodian insurance industry chalked up gross insurance premiums of about $330m in 2022, an increase of 10.68% over 2021.

The increased insurance premiums last year reflected the strength of the insurance market in Cambodia, which contributed 1.1% to the Southeast Asian country's gross domestic product (GDP), reported The Khmer Times quoting the deputy director-general of the Insurance Regulator of Cambodia (IRC), Dr Hor Sovathana.

"Despite the COVID-19 crisis, the insurance sector has been able to maintain an average growth rate of 8-10% per year, reflecting the strength of the insurance market in Cambodia," she said.

The gross premiums generated in the general insurance market in 2022 was $132.3m, an increase of 7% compared to 2021. Life insurance premiums totalled $193.8m, rising by 12.6%, and microinsurance premiums amounted to $5.7m, up by 35%.

The total amount of claims paid out by insurers was $46.6m last year, rising by 2.1% from $45.6m in the previous year.

The insurance market is served by 18 general insurers, 14 life insurers, seven microinsurance companies, and one reinsurer. ■

Source: Asia Insurance Review - 10 April 2023

KUWAIT

• *Kuwaiti insurance market in 2022*

Kuwaiti insurance market: 2022 turnover

All insurers operating in Kuwait have recorded a 7.9% growth in their overall turnover in 2022. The written premiums went up from 526.928 million KWD (1.8 billion USD) in 2021 to 568.56 million KWD (1.9 billion USD) a year later.

The non-life class of business has seen its turnover increase by 8.12% to 508.441 million KWD (1.7 billion USD), accounting for 89.43% of the market share. The non-life activity is dominated by health insurance which represents 50.64% of the total premium income, followed by the motor and accident activities with respective market shares of 16.81% and 11.33%.

For its part, the life class of business generated 10.57% of the total premiums written in the country in 2022.

Kuwaiti insurers listed on the stock exchange: profits up in 2022

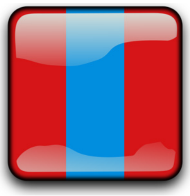
The six insurers listed on the Kuwait Stock Exchange have ended the year 2022 with a slight 0.2% increase in their overall net profit to 100.9 million KWD (328.3 million USD).

Kuwait Insurance Company (KIC) has alone recorded a 268% increase in its net result which reached 42.1 million KWD (137 million USD) in 2022. KIC is followed by Gulf Insurance Group (GIG) and Al Ahleia Insurance Company which have posted respective net profits of 43 million KWD (140 million USD) and 17.9 million KWD (58.6 million USD).

2022

The reinsurer Kuwait Re, also listed on the stock exchange, has recorded a net profit of 8 million KWD (26 million USD), which represents a 26% growth. ■

Ref: Atlas Magazine – 13&18 April 2023



MONGOLIA

• *Insurance Market Regulations*

01 The regulator

The Financial Regulatory Commission (FRC) is the regulatory and supervisory body of the insurance market in Mongolia. The FRC implements and enforces the insurance legislation, including the Law of Mongolia on Insurance (2004) and the Law on Insurance Intermediaries (2004).

Insurers, insurance brokers, insurance agents, intermediaries and loss adjusters must be licensed by the FRC.

Once issued, a license is valid until it is suspended or revoked by FRC.

No person may advertise or promote any insurance business or establish a place of business for that purpose or establish or maintain a representative office or branch without the prior written approval of the FRC.

02 Subsidiary/branch

A license is required to carry on insurance business in or from Mongolia or conduct insurance intermediary activities in Mongolia. Either a company established in Mongolia or in another jurisdiction may apply for a license.

When a foreign legal entity is carrying out reinsurance based on insurance agreement made with an insurer, no license from the FRC is required.

Foreign insurers and insurance intermediaries established outside Mongolia may open a representative office or a branch in Mongolia with the prior written approval of the FRC.

There is a prohibition on cross holdings between insurance brokers and insurance agents and insurers and insurance brokers and their directors.

03 FDI restrictions

Investment, including foreign investment, in Mongolia is regulated primarily through the Law on Investment which was enacted on October 3, 2013. One aim of this law is to support and encourage investors and to attract more investment into Mongolia.

The main objective is to protect the legal rights and interests of investors in Mongolia without any distinction as a foreign investor or as a domestic investor and to stabilize the tax environment by issuing a "Stabilization Certificate" for up to 18 years to a business entity whose project to be carried out meets the legal criteria.

A business entity established in Mongolia where more than 25 percent of the total issued shares are owned by a foreign investor and at least US$100,000 by each foreign investor is considered a foreign invested entity.

Where a foreign state-owned entity proposes to hold 33 per cent or more of the total issued shares of a Mongolian legal entity operating in the banking, finance, media and communication sector, it shall obtain approval from the state central administrative body in charge of investment affairs.

04 Change of control approvals

Prior written approval from the FRC is required for any person to acquire 10 per cent or more of the ordinary shares of an insurer.

Any persons applying to hold 10 per cent or more of the ordinary shares in an insurer, and their controllers (being persons holding 10 per cent or more of the applicant) must be approved by the FRC as fit and proper to carry out an insurance business.

Persons owning or holding 10 per cent or more of the ordinary shares of an insurer solely or collectively shall not transfer, sell or pledge such shares without the prior written approval of the FRC.

05 Minimum capital

The capital of an insurance company may consist only of share capital and may not be accumulated through loans.

Minimum paid-up share capital:

General insurance	MNT5bn
Long term insurance	MNT6bn
Reinsurance	MNT15bn

MNT 3,448.89 = US$1.00 as at January 1, 2023.

06 Risk based capital – insurers

No. The Solvency Requirement (SR) is determined as below, subject to the FRC's discretion.

Ordinary Insurers

- Proper Ratio of Solvency = (admitted assets)/(mandatory assets+debts and payments)*100%
- If the Proper Ratio of Solvency is < 100 per cent the insurer will be considered insolvent.

Long Term Insurers

- Proper Ratio of Solvency = (admitted assets)/(debts and payments)*100%
- The Proper Ratio of Solvency shall be ≥ 110 per cent.
- If the ratio is between 110 per cent – 100 per cent, the insurer will be presumed to become insolvent.
- If the ratio is less than 100 per cent the insurer will be considered insolvent.

Solvency Margin = (admitted assets - debts and payments)*100%

The Solvency Margin shall be ≥ the Minimum Solvency Requirement (MSR).

The MSR = actuarial percentage of the reserve fund + valuation percentage of risk of insurance policies.

If the sum does not reach the mandatory assets, it shall be calculated from the insurer's minimum capital requirement set by the FRC.

07 Group supervision

Where an insurer is a member of a group of companies, the FRC may require it to submit financial statements for any other members of the group and consolidated group accounts.

Each insurer holding a licence to carry out compulsory insurance activity is obliged to join the Union of Compulsory Insurers (the "Union"). The Union shall submit an annual activity report and the FRC shall publish a brief financial statement of the Union to the public press.

08 Policyholder protection

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

09 Portfolio transfers

Transfer or amalgamation of an insurer's business may only take place with the prior written consent of the FRC. The FRC may investigate the desirability of the transfer and require the provision of documents and information from the insurer before granting permission.

Transactions aimed to transfer and amalgamate the insurance business without the prior written consent of the FRC are deemed to be invalid.

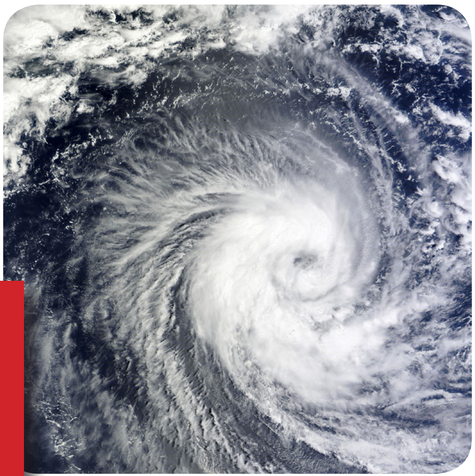
10 Outsourcing

No activities constituting insurance activities may be outsourced except to an entity that has the appropriate authorisation to perform those activities. Outsourcing to an entity outside of Mongolia is only permitted with the prior written consent of the FRC.

Source: Insurance Regulation in Asia Pacific 2023 by Norton Rose Fulbright, February 2023

NORTON ROSE FULBRIGHT

PHILIPPINES



• Typhoon-Prone Philippines to Launch Insurance Plan for Infrastructure Losses

By Manolo Serapio Jr. and Ditas Lopez |

The Philippines is readying an insurance plan that will protect the Southeast Asian nation from infrastructure losses caused by natural disasters, seeking to better respond to climate change risks.

The government will put in place a national indemnity insurance program to provide financial protection for strategically important assets like school buildings, hospitals, roads and bridges, Finance Secretary Benjamin Diokno said in a mobile-phone response to Bloomberg queries. The program will "ensure immediate funding for the rehabilitation and repair of these critical assets," he said.

Diokno said about 2 billion pesos ($37 million) to cover payment of premium is being proposed for inclusion in the 2024 national budget. State pension fund Government Service Insurance System will be the insurer while the Bureau of the Treasury will be the policyholder, he said.

The government is pursuing the indemnity insurance plan instead of another catastrophe bond issue, Diokno said. Manila received a $52.5 million payout, or 35% of the principal, from a World Bank-issued catastrophe bond after Typhoon Rai hit in December 2021. That bond, issued in 2019 and which lapsed last year, was intended to provide the Philippines with up to $75 million to cover losses from earthquakes and $150 million for losses from tropical cyclones.

Hit by an average of 20 typhoons every year, the Philippines is among countries most exposed to more extreme weather events due to climate change. The country is expected to incur $3.5 billion in asset losses, on average, annually from typhoons and earthquakes, according to one estimate from the World Bank.

The government has in the past managed the financial impact of disasters by securing public asset insurance and reinsurance and tapping other financing facilities such as catastrophe contingent credit line from the World Bank. The Philippines is banking on an upgrade of its roads, railways, bridges and other infrastructure to hasten economic development and lift more people out of poverty. It expects to reach upper middle-income status by 2025. ■

Source: Insurance Journal - March 30, 2023

• PH bill encouraging agricultural insurance growth passes final reading

by Kenneth Araullo

A Philippine bill promoting the growth of agricultural insurance has passed its third and final reading in Congress.

Under the bill, the private insurance sector is encouraged to participate and invest in crop insurance, including cooperatives and farmers' organizations. The bill passed with 268 votes, with zero against and no abstentions.

Expanding the Philippine Crop Insurance Corp.

The bill, called House Bill no. 7387, seeks to expand the Philippine Crop Insurance Corp. services to also include livestock, fisheries and aquaculture, agroforestry projects, and forest plantations. It will also expand to non-crop agricultural assets such as farm machinery, equipment, transport facilities, and infrastructure.

Bill 7387 was passed without opposition along with two others – one for reinvestment of real estate investment trusts, and another for establishing a financing program for micro and small enterprises.

The rejuvenation for the country's crop insurance schemes is in stark contrast with its natural catastrophe counterpart. A local insurance boss opined that the delaying of a circular may have resulted in the Philippines becoming the most vulnerable nation to extreme weather events due to the resulting poor insurance coverage. ■

Source: Insurance Business Asia – 23 March 2023

• *Revealed – top Philippine insurers in 2022*

The Insurance Commission (IC) of the Philippines revealed the top insurers in the country for 2022, with Sun Life of Canada topping the life sector and Prudential Guarantee and Insurance (PGAI) dominating the non-life area of the business.

The data comes from IC's annual financial report from life and non-life insurers in the country, as well as mutual benefit associations. The report found that the insurance sector reached PHP308.85 billion last year.
According to the report from the Philippine Star, Sun Life led all life insurers in terms of premium income while the PGAI led its sector in net premiums written (NPW). Sun Life posted a premium income of PHP52.61 billion, while PGAI recorded an NPW of PHP5.73 billion.

Other chart toppers

The rest of the top life insurers in the country include:

- Prudential Life Insurance, with PHP 41.5 billion
- Allianz PNB Life Insurance, with PHP33.43 billion
- Philippine AXA Life Insurance, with PHP24.22 billion
- BDO Life Assurance, with PHP19.17 billion

As for the non-life insurers, the IC listed these firms following PGAI:

- Malayan Insurance, with PHP4.5 billion
- Pioneer Insurance & Surety, with PHP3.47 billion
- BPI/MS Insurance, with PHP2.51 billion
- Mercantile Insurance, with PHP2.5 billion. ■

Source: Insurance Business Asia – 1 April 2023

SINGAPORE

• *Almost 40% of Singapore SMBs not considering, undecided on cyber insurance*

A portion find it unlikely to experience cyber incidents, while more than half do not see the need to be insured

By Kenneth Araullo

Thirty-nine percent of small and midsize businesses in Singapore are not considering or remain undecided about getting cyber insurance, a QBE Insurance Group study found.

Of that figure, around half say that their reasoning stems from the unlikelihood of them experiencing cybersecurity issues. More than half (54%), on the other hand, said that their sensitive or personal data are not stored online, hence foregoing the need for cyber insurance.

Despite the significant percentage of SMBs' lack of eagerness for cyber protection, 97% of the 416 decision-makers polled by the study said that they were aware of potential cyber risks to their business. Of this figure, 21% expressed concerns about data protection and security, with 38% saying that they were affected by cyber incidents last year.

Nine percent said that they operated without any insurance for cyber risks.

Digitalization still of great interest to many

Regardless of the lack of enthusiasm for cyber protection, digitalization efforts still remained of great interest to many, with 66% of respondents embarking on their own digital transformations in 2022. The study further found that 34% said that they would continue to invest in technologies to reach more customers. Two factions of 32% each would digitalize to grow their business and heighten productivity, respectively.

Given their smaller capitals, 29% of SMBs cited the high cost of investment as a ceiling in their efforts to digitalize. Around a quarter (27%) attributed the barrier to a lack of financing, while the lack of digital skills was the cause for 24%. Respondents who were worried about potential disruptions to their business stood at 23%, while complexities in digital technologies were the reason for 21%. Another 21% saw ensuring data protection and security as a barrier in their digital transformation efforts. ■

Source: Insurance Business Magazine - 31 March 2023

TAIWAN

• *Taiwan joins European initiative to relaunch Ukraine's private insurance sector*

Taiwan has joined an initiative led by the European Bank for Reconstruction and Development (EBRD) to help relaunch the private insurance market in Ukraine in the post-war period, according to the Ministry of Foreign Affairs (MOFA).

Taiwan was among the signatories of a statement of intent aimed at facilitating the provision of private-sector insurance against war-related risks in Ukraine, reported Taiwan Focus citing a ministry statement.

Representing Taiwan as a signatory was the Taiwan Business-EBRD Technical Cooperation Fund—a joint fund established by Taiwan's government and the EBRD—which joined the European Commission, Norway, and Switzerland in signing the statement, the EBRD said in a press release.

The agreement was signed at the Ukraine Recovery Conference, which was co-hosted by the United Kingdom and Ukraine in London on 21-22 June to mobilise international support for Ukraine's economic and social recovery from the effects of war waged by Russia since February 2022.

According to MOFA, the signatories agreed that the ongoing war had disrupted the insurance market in Ukraine and thus adversely affected business operations and investment in the country.

Under the agreement, the signatories will explore the possibility of cooperating on establishing a Ukraine Recovery Guarantee Facility to facilitate the provision of private-sector insurance against war-related risks in Ukraine, according to the EBRD.

They will also explore possible measures to re-engage Ukraine's domestic insurance companies with their global counterparts, the agreement said.

According to the EBRD, Taiwan has provided over $273m in funds for its technical cooperation projects and investment co-financing since 1991. ■

Source: Asia Insurance Review 29 June 2023

UKRAINE

• *TOP-30 Largest Non-Life Insurance Companies in Ukraine*

Insurance companies of Ukraine in 9M2022 generated $775 mn of gross insurance premiums and $260 mn insurance claims, which is respectively 25.5% and 29% less than 9M 2021.

Non-life Ukrainian insurers received $680 mn premiums. The assets of UA insurers rose to $2 bn. Insurers' assets grew in Q3 2022 despite the decrease in the number of companies on the market. At the same time, volumes of gross insurance premiums and claims paid on non-life insurance declined in quarterly terms by 10% and 14% respectively.

Total number of insurance companies in Ukraine in the Q3 2022 did not change – 137, of which 124 are non-life insurers.

TOP-30 Non-Life Insurers in Ukraine by net premiums earned in 9M2022 (thousand $)

№	Insurers	Net Premiums Earned	Insurance Premiums Written	Insurance Claims	Assets
1	ARX	60373	53044	21021	124537
2	UNIQA	49131	52143	26574	87946
3	TAS IG	45671	46619	18310	76857
4	USG	37726	61520	14798	115967
5	ARSENAL INSURANCE	34077	30454	14139	56321
6	INGO	29523	32745	13239	74447
7	VUSO	24637	30518	8790	28038
8	ALFA INSURANCE	23017	19494	7004	28227
9	PZU UKRAINE	22574	25087	11603	67375
10	UNIVERSALNA	22155	25635	6520	45876
11	ORANTA	21633	23001	8022	33233
12	PROVIDNA	19911	19883	10077	27634
13	KNYAZHA VIG	15899	23489	7734	47651
14	GARDIAN	14501	17054	3031	17776
15	UPSK	11974	9730	3693	16798
16	EXPRESS INSURANCE	11288	8220	4415	16458
17	KRAYINA	10673	10462	4948	9840
18	PERSHA	8292	11002	4445	23433
19	EUROINS UKRAINE	7966	9055	3612	25349
20	CREDO	7556	10800	3468	15913
21	COLONNADE UKRAINE	6924	7376	2180	17646
22	ALFA-GARANT	6507	6516	2250	7829
23	OBERIG	5372	5703	2325	7453
24	VIDI-INSURANCE	5133	4240	2111	6248
25	BROKBIZINES	5111	5018	1294	8003
26	ETALON	5016	5159	2082	7946
27	PROSTO-INSURANCE	4885	4345	1584	15540
28	ETS	4731	3539	2009	7797
29	UTICO	4535	5680	1412	8556
30	EKTA	3708	3426	257	3753

Source: Beinsure by NBU data

Over 40% of the market premium portfolio is traditionally occupied by motor insurance (MTPL, Motor Hull and Green Card summed). During the period of military aggression, the share of these types of insurance in the portfolio increased. The Green Card segment became the insurance business support driver, while the other segments recorded a drop in volumes. ■

Source: Beinsure

• *Licenses of INGOSSTRAKH and PROVIDNA for insurance activities canceled*

by Marina MAGNAVAL

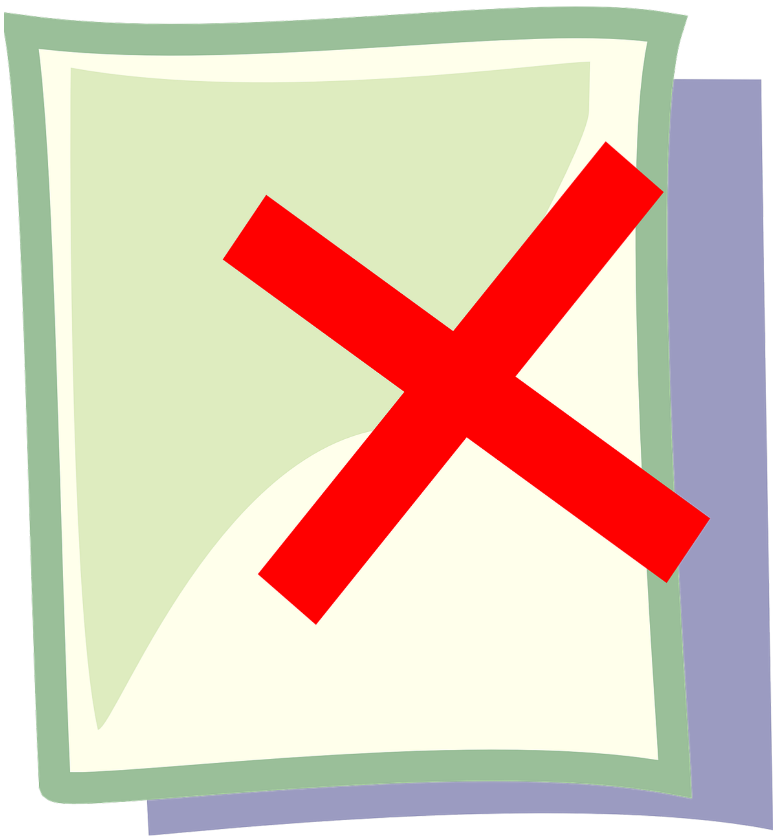
The National Bank of Ukraine (NBU) has canceled the licenses for insurance activities of INGOSSTRAKH and PROVIDNA, Forinsurer writes with reference to the NBU report.

The licenses of INGOSSTRAKH were canceled because the insurer's ownership structure does not meet the requirements of Ukrainian legislation. PROVIDNA did not comply with the requirements of the NBU's decision to eliminate violations of license conditions.

The NBU Board adopted these decisions on March 23, 2023, and they came into force on March 24, 2023.
According to the latest reports submitted by INGOSSTRAKH for 2022, as of December 31, 2022, the company's market share in insurance premiums was 0.4%. According to PROVIDNA's financial statements for 2022, as of December 31, 2022, the company's market share in insurance premiums was 2.7%.

Insurance companies INGOSSTRAKH and PROVIDNA are among the top 50 insurers of Ukraine (based on the official results for Q32022). ■

Source: XPRIMM - 29 March 2023

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QATAR

Insurance Market Overview

by Hussein Elsayed

Official Name:
Dawlat Qatar (State of Qatar)

Location:
The Qatar peninsula shares a border with eastern Saudi Arabia where the peninsula connects to the mainland and is north and west of the United Arab Emirates. The island country of Bahrain lies some 25 miles (40 km) northwest of Qatar.

Income Category:
High income

Government Type:
Absolute monarchy; headed by Emir.

Form Of Government:
Constitutional emirate with one advisory body (Advisory Council) which all seats are appointed by the Emir

Time Zone:
(GMT+3).

Religion:
Islam is official religion; Muslims form 65.5% of the Qatari population, followed by Hindus at 15.4%, Christians at 14.2%, Buddhists at 3.3%

Language: *Arabic (official) | English is commonly used as a second language, especially in commerce.*

Climate: *Qatar has a desert climate, with very mild winters, and very hot and sunny summers.*

Natural Hazards:
Coastal flood: High | Water scarcity: High |
Extreme heat: High | River flood: Low |
Urban flood: Low | Tsunami: low |
Earthquake: Very low | Landslide: Very low |
Cyclone: Very low | Wildfire: Very low |
Volcano: No Data.

ThinkHazard! WORLD BANK GROUP

Country Risk:

(I) QATAR: Socio-Economic Information

Region	Western Asia	UN membership date	21 September 1971
Population (000, 2022)	2 695[a]	Surface area (km2)	11 627[b]
Pop. density (per km2, 2022)	232.6[a]	Sex ratio (m per 100 f)	263.8[a]
Capital city	Doha	National currency	Qatari Rial (QAR)
Capital city pop. (000, 2022)	637.3[c,d]	Exchange rate (per US$)	3.6[e]

Economic indicators	2010	2015	2022
GDP: Gross domestic product (million current US$)	125 122	161 740	146 401[b]
GDP growth rate (annual %, const. 2015 prices)	16.7	4.8	- 3.7[b]
GDP per capita (current US$)	67 403.2	63 039.1	50 814.9[b]
Economy: Agriculture (% of Gross Value Added)[f,g,h]	0.1	0.2	0.3[b]
Economy: Industry (% of Gross Value Added)[f,g,i]	67.5	55.4	48.6[b]
Economy: Services and other activity (% of GVA)[f,g,j]	32.4	44.4	51.1[b]
Employment in agriculture (% of employed)	1.5[k]	1.2	1.2[k,b]
Employment in industry (% of employed)	56.4[k]	54.1	54.4[k,b]
Employment in services & other sectors (% employed)	42.1[k]	44.6	44.5[k,b]
Unemployment rate (% of labour force)	0.4	0.2	0.1[k]
Labour force participation rate (female/male pop. %)	51.1 / 96.1	58.2 / 95.8	57.7 / 95.8[k]
CPI: Consumer Price Index (2010=100)	...	105[l]	99[m,e]
Agricultural production index (2014-2016=100)	76	116	146[b]
International trade: exports (million current US$)	74 964	77 971	87 061[k,e]
International trade: imports (million current US$)	23 240	32 610	28 006[k,e]
International trade: balance (million current US$)	51 725	45 361	59 054[e]
Balance of payments, current account (million US$)	...	13 751	26 288[e]

Major trading partners						2021
Export partners (% of exports)[k]	Japan	15.5	China	15.2	India	14.3
Import partners (% of imports)[k]	United States	15.7	China	14.9	United Kingdom	7.0

Social indicators	2010	2015	2022
Population growth rate (average annual %)	4.7	8.3	0.8[a]
Urban population (% of total population)	98.5	98.9	99.2[d]
Urban population growth rate (average annual %)[n]	14.7	6.7	...
Fertility rate, total (live births per woman)	2.1	1.9	1.8[a]
Life expectancy at birth (females/males, years)	80.5 / 77.4	81.7 / 79.2	83.1 / 80.6[a]
Population age distribution (0-14/60+ years old, %)	13.8 / 1.8	13.9 / 2.2	15.8 / 3.3[a]
International migrant stock (000/% of total pop.)[o]	1 456.4 / 78.5	1 687.6 / 65.8	2 226.2 / 77.3[b]
Refugees and others of concern to the UNHCR (000)	1.3[p]	1.4	1.6[e]
Infant mortality rate (per 1 000 live births)	7.8	6.7	5.0[a]
Health: Current expenditure (% of GDP)[q,r]	1.9	3.0[k]	2.9[k,d]
Health: Physicians (per 1 000 pop.)	3.7	1.7[s]	2.5[t]
Education: Government expenditure (% of GDP)	4.5	3.6[s]	3.2[b]
Education: Primary gross enrol. ratio (f/m per 100 pop.)	104.4 / 100.9	103.0 / 102.2	105.7 / 102.2[b]
Education: Sec. gross enrol. ratio (f/m per 100 pop.)	102.7 / 108.3	... / ...	... / ...
Education: Upr. Sec. gross enrol. ratio (f/m per 100 pop.)	100.9 / 100.3	... / ...	... / ...
Intentional homicide rate (per 100 000 pop.)	0.2	0.2	0.4[b]
Seats held by women in the National Parliament (%)	0.0	0.0	4.4[u]

Environment and infrastructure indicators	2010	2015	2022
Individuals using the Internet (per 100 inhabitants)	69.0[v]	92.9	99.7[b]
Research & Development expenditure (% of GDP)	...	0.5	0.5[t]
Threatened species (number)	32	35	71
Forested area (% of land area)[k]	0.0	0.0	0.0[d]
CO2 emission estimates (million tons/tons per capita)	55.8 / 29.9	80.4 / 31.2	87.3 / 30.7[d]
Energy production, primary (Petajoules)	7 428	9 402	9 363[d]
Energy supply per capita (Gigajoules)	628	603	608[d]
Tourist/visitor arrivals at national borders (000)	1 700	2 941	582[b]
Important sites for terrestrial biodiversity protected (%)	60.0	60.0	60.0[e]

a Projected estimate (medium fertility variant). **b** 2020. **c** Does not include the populations from the industrial area and zone 58. **d** 2019. **e** 2021. **f** At producers' prices. **g** Data classified according to ISIC Rev. 4. **h** Excludes irrigation canals and landscaping care. **i** Excludes publishing activities. Includes irrigation and canals. **j** Includes publishing activities and landscape care. Excludes repair of personal and household goods. **k** Estimate. **l** Index base: 2013=100. **m** Base: 2018=100. **n** Data refers to a 5-year period preceding the reference year. **o** Refers to foreign citizens. **p** Data as at the end of December. **q** Data based on calendar year (January 1 to December 31). **r** Estimates should be viewed with caution as these are derived from scarce data. **s** 2014. **t** 2018. **u** Data are as at 1 January of reporting year. **v** Refers to total population.

World Statistics Pocketbook 2022 edition - by United Nations

(II) QATAR: Insurance Market

Key Highlights

- *The insurance industry of Qatar is regulated by the Qatar Financial Centre Regulatory Authority (QFCRA) and the Qatar Central bank (QCB).*
- *100% foreign direct investment is permitted in the Qatari insurance industry under both QCB regime and QFC regime.*
- *Composite insurance is not permitted; however, life insurers can operate in accident and health insurance business.*
- *Motor-third party liability insurance and health insurance are the key classes of compulsory insurance in Qatar.*
- *Non-admitted insurance is prohibited by the law. However, non-admitted insurance can be issued for risks which are not covered by the local insurers.*

(A) Historical Landmarks and Regulatory Environment

➢ *Historical Landmarks*

The development of Qatar's insurance industry began in the 1960s. In the run-up to declaring independence from the UK in 1971, Qatar's leaders set out to establish a fully-fledged insurance industry, in an effort to protect the state's rapidly expanding assets.

1960s:
- 1964 Qatar Insurance Company, the first Qatari-owned insurance company, was formed. One or two foreign company agencies, some held by the larger trading houses, were already operating in the country.
- 1966 Insurance Decree No 1 was issued and three foreign insurers were authorised. These were either branch or underwriting agency operations (Arabia, Libano-Suisse and Atlas). An Alico life branch was already in existence.
- 1969 Egypt National was licensed.

1970s
- 1971 Decree No 2 prohibited the establishment of other foreign insurers.
- 1978 Two further national companies, Qatar General (QGIRCO) and Al-Khaleej, were established.

1990s
- 1995 Qatar Islamic Insurance, another national company, was set up.
- 1998 Doha Insurance Company was licensed as a national company and commenced trading in 1999.

2000-2005
- 2003 Atlas Insurance Company (part of AXA) sold its portfolio to Libano-Suisse. Qatar Petroleum formed Al Koot Insurance Company as a captive vehicle for insurance of some of its energy business.
- 2005 QFC was established by Law No 7 of 2005 introducing a completely new dynamic to insurance and reinsurance activities in the local market.

2006-2016
- There was a significant entry of new insurance companies and brokers into the market via the QFC, suggesting an increasingly competitive scenario in the local market. Aon Marsh and Nasco were licensed to operate within Qatar by the QFC.
- In 2009 The Ministry of Business and Trade licensed Damaan Islamic Insurance Company (Beema) and Qatar International Broker.
- SEIB Insurance and Reinsurance Company (SEIB) was established in 2009.
- In 2011 branches of Takaful International and Bahrain National Insurance Company BSC were licensed in the QFC. Q Life and Medical Insurance LLC was also licensed in the QFC.

- In 2012 Allianz Worldwide Care Ltd, Daman Health Insurance (Qatar) and Zurich Insurance Company Ltd (QFC branch) were licensed to operate in the QFC.
- 2013 The regulatory situation was clarified by the Law of the Qatar Central Bank and the Regulation of Financial Institutions (Law No 13 of 2012) under which law the existing responsibilities of the Qatar Central Bank (QCB) were extended to include the licensing and supervision of insurers, reinsurers and insurance intermediaries previously licensed by the Ministry of Business and Trade under Insurance Decree No 1 of 1966. QCB was also mandated by the Law of the Qatar Central Bank and the Regulation of Financial Institutions (Law No 13 of 2012) to act as the competent supreme authority in framing the policies for the regulation of all financial services and markets in Qatar.
- 2014 The National Health Insurance Company confirmed in April that the process of extending Seha (national health insurance) to all Qatari nationals had been completed.
- In 2015 the QCB issued a draft of new regulations covering the insurance sector. These were finalised in 2016 and issued in 2017. The new rules are designed to regulate how business should be conducted within the country, and included licensing requirements for insurers, reinsurers and other industry players, as well as reporting and risk management requirements.
- On 31 December 2015, the government terminated the mandatory national health insurance scheme for Qatari citizens, known as Seha and as from 1 January 2016, those who previously benefitted from the scheme were no longer able to use it.
- Qatar Reinsurance Company transfer its current headquarters from the Qatar Financial Centre (Doha, Qatar) to Bermuda.The company intends to maintain its presence in the Qatar Financial Centre through a branch. The London and Singapore representation offices as well as Zurich's branch will remain operational. The reinsurer will also continue to benefit from a financial guarantee of the parent company Qatar Insurance Company.
- In **2016** the regulatory body laid out business requirements for insurers operating in or from Qatar, as well as instructions for intermediaries and services providers.
- **2016** The Qatar Central Bank (QCB) revised the regulation of the brokerage industry in the country. Qatari insurers and reinsurers will henceforth be forced to work with only licensed brokers.

2017-2022

- **2018** The Qatari government has approved the draft bill authorizing foreign ownership of local companies. the shareholding rate of foreigners in the capital of local companies may now be raised from 49% to 100%.
- In **2019** the central bank issued guidelines for managing anti-money laundering and terrorism financing risks.
- Throughout **2020** the QCB issued various pieces of guidance to insurance and reinsurance companies, including direction for compliance with the General Tax Authority’s Common Reporting Standard and requirements regarding the remuneration of board members. The central bank also released its Regulation Instructions and Standards of Reinsurance aimed at both improving reinsurance companies’ risk management procedures and facilitating better coordination of payments, cash flow and assets between insurance and reinsurance companies.
- In 2020 Doha Bank Assurance Company, a subsidiary of Doha Bank, is now called Sharq Insurance, effective as of 31 August 2020

- **2021** Qatar's Ministry of Justice has published in the Official Gazette on 4 November 2021 a new law mandatory healthcare insurance covering health insurance services, including compulsory medical insurance for foreign workers. The law takes effect six months later on 4 May 2022, following its publication in the Official Gazette. In 2023 Qatar has forged ahead with the rollout of its scheme by issuing Executive Regulations, which add to, and form, an integral part of the health insurance law.
- **2022** The authorities in Qatar have set a premium for mandatory health insurance for tourists entering Qatar, according to the Official Gazette published on 2 October 2022. Implementation of the first phase of the mandatory Health Insurance Scheme began on 1 February 2023, with all visitors to the country required to have a health insurance policy.
- Qatar Insurance Company (QIC) and QInvest, Qatar's leading investment bank have announced the successful establishment of Qatar-based Epicure Islamic Investment Management (EIIM).
- Shareholders of Damaan Islamic Insurance Company (Beema) have voted to convert the company from a Qatari private shareholding company into a Qatari public shareholding company.

Regulatory Body:

The Qatari insurance market is regulated by the Qatar Central Bank (QCB) and the Qatar Financial Centre Regulatory Authority (QFCRA) which established in 2005, it mainly focuses on insurers operating from the QFC, in its insurance department. However, the regulatory framework for the insurance industry remains inadequate, and there is no legal framework specifically for the insurance industry, nor a corpus of business regulations that apply to insurance businesses.

The companies operating in this sector have experienced a series of major regulatory changes in recent years. Under Law No.13 of 2012, the QCB became the primary regulator of all financial institutions in Qatar, which might be a reason for the lack of an insurance-specific regulatory regime. It has served as an umbrella regulator over the entire sector since.

Insurance Association:

There is no local insurance association.

Capital Requirements

The minimum capital are QR100m ($27.4m) outside and QR10m ($2.7m) inside the QFC, respectively.

Foreign Ownership

Until recently, 100% foreign ownership of insurance companies was permitted only in firms with operations in the QFC. Banks and insurance companies were excluded from the introduction of measures that permitted full foreign ownership in almost all sectors through a 2019 law regulating foreign investment. However, there have been moves since to allow full foreign ownership in companies listed on the Qatar Stock Exchange – which includes six domestic insurers – a measure that received Cabinet approval in August 2021.

Statutory Tariffs

There are no statutory tariffs but motor third party liability premiums may not exceed maximum levels set by the government.

Compulsory Insurances

- Motor third party liability.
- Professional indemnity for consultants working in the energy field, including architects and technical engineers.
- Liability insurance for aircraft hulls.
- Shipowners' liability against marine oil pollution (financial guarantee or insurance).
- Compulsory health insurance on expatriates and visitors.

Pools / Local Risk Sharing:

There are no insurance pools in Qatar. Some Qatari companies are members of the Arab War Risks Insurance Syndicate (AWRIS).

- **Reinsurers:**
  - There are no state reinsurance companies.
  - It was confirmed in December 2015 that Qatar Re, previously domiciled in Qatar, completed the re-domiciling of its operations to Bermuda, the company having been granted an operating license by the Bermudian authorities. The company has a licence for a service company in Qatar.
  - Direct insurers in Qatar accept inwards facultative reinsurance business in Qatar and from other GCC or Middle Eastern countries.
  - Local facultative reinsurance between companies is significant.
  - The emergence of the QFC since 2006 has increased locally based reinsurance options for the major insurers in the market. The market is currently reported to enjoy plentiful gross capacity and several major local insurers have enjoyed long-standing relationships with the European professional reinsurance market and the London and Bermuda markets.
  - In respect of its large energy, property and construction risks the market is highly dependent upon international reinsurance capacity.

QCB LEGISLATION

QCB LAWS

- QCB Law
- Foreign Capital Investment
- Commercial Companies Law

Supervision And Control of Financial Institutions

- Licensing For Banks And Other Financial Institutions
- Licensing Procedures for Financial Institutions
- Guidance on Licensing of Financial Institutions

QFC LEGISLATION

- The QFC Law (Law No. 7 of 2005)
- QFC Regulations: QFC Regulations establish the legal framework including legal and business infrastructure for those doing business in the QFC.
- QFCA Rules: The QFCA Rules contain the rules made, and guidance issued, by the QFC Authority about companies, data protection, limited liability partnership and tax.
- GUIDES AND ALERTS: Such as; Guide to the Financial Services Regulations, A Guide to the QFC Captive Insurance Regime...etc

(B) Insurance Market Statistics & Performance

➢ *Market Structure:*

14 Insurance Companies:

10 local insurance companies | 4 foreign conventional insurance subsidiaries

9 Conventional ins companies | 5 Takaful ins companies

7 Insurance Brokers

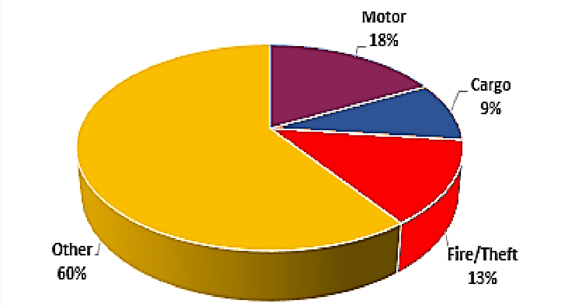
➢ *Insurance Premiums & Claims 2021:*

WRITTEN PREMIUMS BY TYPE 2017 - 2021

(Unit : 000 Q.R)

Year / Type	Motor	Cargo	Fire/Theft	Other	Total
2017	1188715	346866	514607	3254662	5304850
2018	987770	322144	549089	3292357	5151360
2019	972754	494067	600195	4029281	6096297
2020	975682	553079	660512	3430151	5619424
2021	1102520	591995	837222	3787052	6318789

Breakdown of Written Premiums by Type of Insurance 2021 (%)

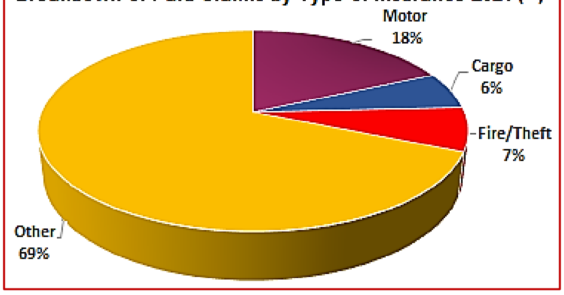


PAID CLAIMS BY TYPE 2017 - 2021

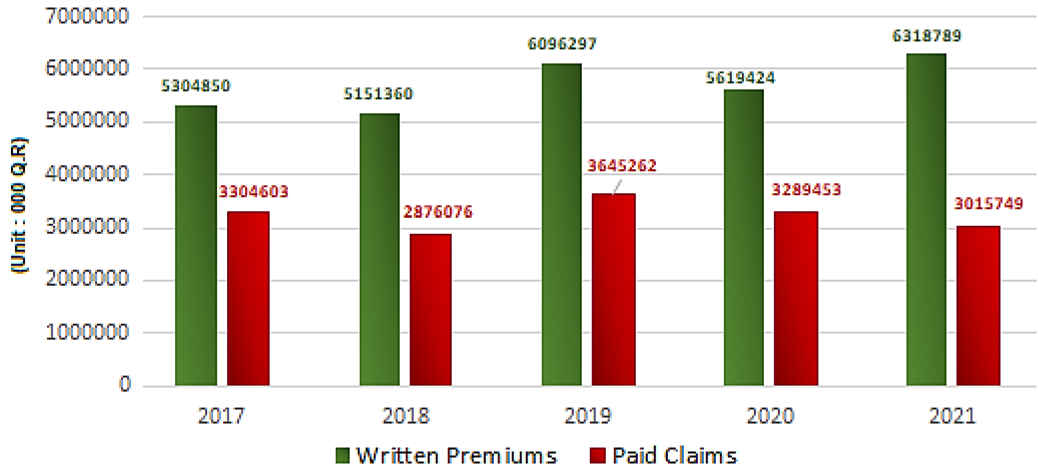
(Unit : 000 Q.R)

Year / Type	Motor	Cargo	Fire/Theft	Other	Total
2017	831150	218081	124043	2131329	**3304603**
2018	621181	100777	108972	2045146	**2876076**
2019	681570	175271	342823	2445598	**3645262**
2020	463468	399823	237102	2189060	**3289453**
2021	551758	179239	211512	2073240	**3015749**

Breakdown of Paid Claims by Type of Insurance 2021 (%)



Total Written Premiums Vs Total Paid Claims 2017-2021



Source: Annual Bulletin of Banks and Insurance 2021 – by Planning and Statistics Authority, June 2023

Insurance companies in Qatar: ranking per 2021 turnover

Figures in US$ (000)

Rank	Company Name	Premium Written 2021	Premium Written 2020	Assets 2021	Assets 2020	Shareholders' Equity 2021	Shareholders' Equity 2020	Net Profit 2021	Net Profit 2020	ROE (%)
001	QATAR INSURANCE	3,470,000	3,351,900	12,003,080	11,698,830	2,340,100	2,278,200	173,160	34,630	7.4
002	DOHA INSURANCE GROUP	307,800	250,000	825,950	720,000	326,570	305,000	20,120	16,500	6.2
003	QLM	282,120	275,090	532,710	479,500	169,830	143,690	29,170	26,940	17.2
004	QATAR GENERAL	206,000	210,000	2,500,000	2,510,000	1,410,410	1,400,000	29,180	27,940	2.1
005	QATAR ISLAMIC INS. GROUP	117,750	111,000	311,000	305,000	116,710	110,000	22,010	20,800	18.9
006	BEEMA	100,990	89,610	394,810	386,500	155,260	137,780	27,560	24,750	17.8
007	KHALEEJ TAKAFUL	83,000	84,000	268,000	282,000	156,000	154,000	11,000	12,700	7.1
008	GENERAL TAKAFUL	55,640	48,530	145,330	110,220	62,110	27,560	6,540	4,060	10.5
009	SEIB	41,000	36,000	93,000	81,000	32,500	32,000	120	1,400	0.4
010	SHARQ	35,100	33,400	80,250	80,250	49,400	49,400	4,800	4,800	9.7
	TOTAL (US$ 000)	4,699,400	4,489,530	17,152,130	16,653,300	4,818,890	4,637,630	323,660	174,520	97

Source: *Albayan Magazine Supplement "MENA Insurers, Reinsurers and Reinsurance Brokers 2021 Ranking", Dec 2022*

Qatari Insurance Industry Growth, Penetration & Density 2019-2021

	2019	2020	2021
TOTAL			
Total real premium growth (%) *inflation-adjusted*	19.4%	-4%	2.4%
Total Insurance Penetration (%)	1%	1.1%	0.9%
Total Insurance Density (US$)	592	556	584
NON-LIFE			
Non-Life real premium growth (%) *inflation-adjusted*	20.3%	-4%	2.4%
Non-Life Insurance Penetration (%)	0.9%	1.1%	0.9%
Non-Life Insurance Density (US$)	573	539	566
LIFE			
Life real premium growth (%) *inflation-adjusted*	-3.2%	-4%	2.4%
Life Insurance Penetration (%)	0.1%		
Life Insurance Density (US$)	19	18	18

Source:
https://sigma-explorer.com/

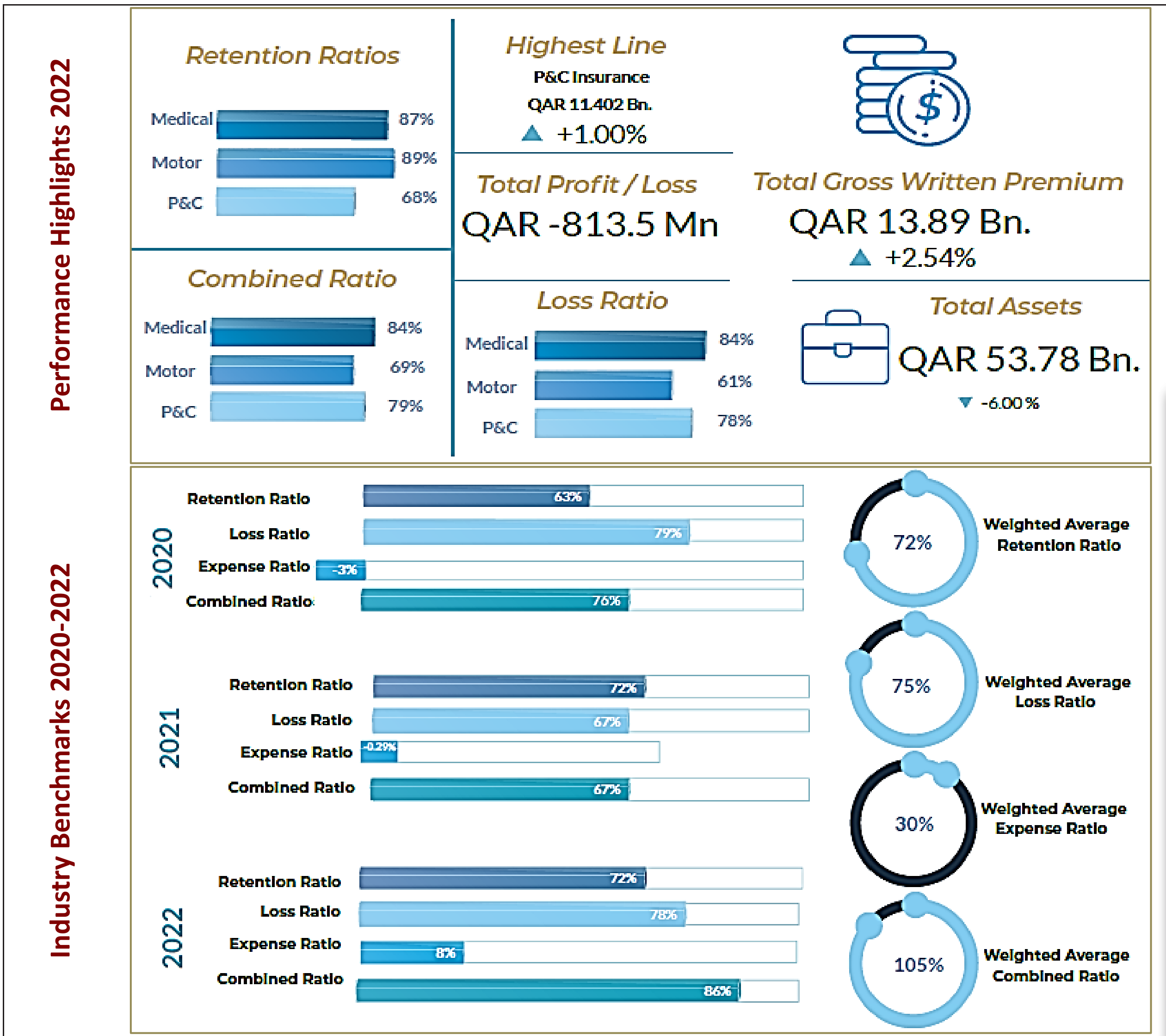
Value of Gross Output & Value Added of Insurance in 2021

(Value QR. 000)

Particulars	Total
A- Gross Output	
1- Net Collected Premiums	3078626
2- Net Claims Paid	1418237
3- Commissions Received	246582
4- Income In Investing Technical Reserves	4996
5- Change In Tehnical Reserves	292205
6- Other Revenues	39756
Total (1-2+3+4-5+6)	1659518
B- Cost Of Production	
1- Goods	20848
2- Services	315352
3- Commission Paid	337806
Total (1+2+3)	674006
C- Gross Value Added (A-B)	985512
D- Depreciation	38348
E- Net Value Added (C-D)	947164
F- Cost Of Employees	291318
G- Operating Surplus (E-F)	655846

Source:
Annual Bulletin of Banks and Insurance 2021 by Planning and Statistics Authority, June 2023

➢ *Qatari Insurance Industry in 2022*



Source: Industry-Report-Qatar-2022 - by SHMA Consulting, April 2023

Insurance companies in Qatar: ranking per 2022 turnover

Figures in million

Rank 2022	Companies	2022 turnover QAR	2022 turnover USD	2021 turnover QAR	2021 turnover USD	2021-2022 evolution (1)
1	**Qatar Insurance Company (2)**	1613622	439777	1333455	364233	21.01%
2	**Doha Insurance QSC**	1486034	405004	1120997	306200	32.56%
3	**QLM Life & Medical Insurance**	1048836	285850	1026895	280496	2.14%
4	**Qatar General Insurance & Reinsurance**	724559	197471	749509	204728	-3.33%
5	**Qatar Islamic Insurance QIIC**	467308	127360	428580	117067	9.04%
6	**Damaan Insurance "BEEMA"**	392565	106990	367594	100408	6.79%
7	**Al Khaleej Takeful Insurance**	319000	86940	301763	82427	5.71%
Rest of the market (3)		-	-	**1314564**	**359074**	-
Total market		**ND**	**ND**	**5974000**	**1631798**	-

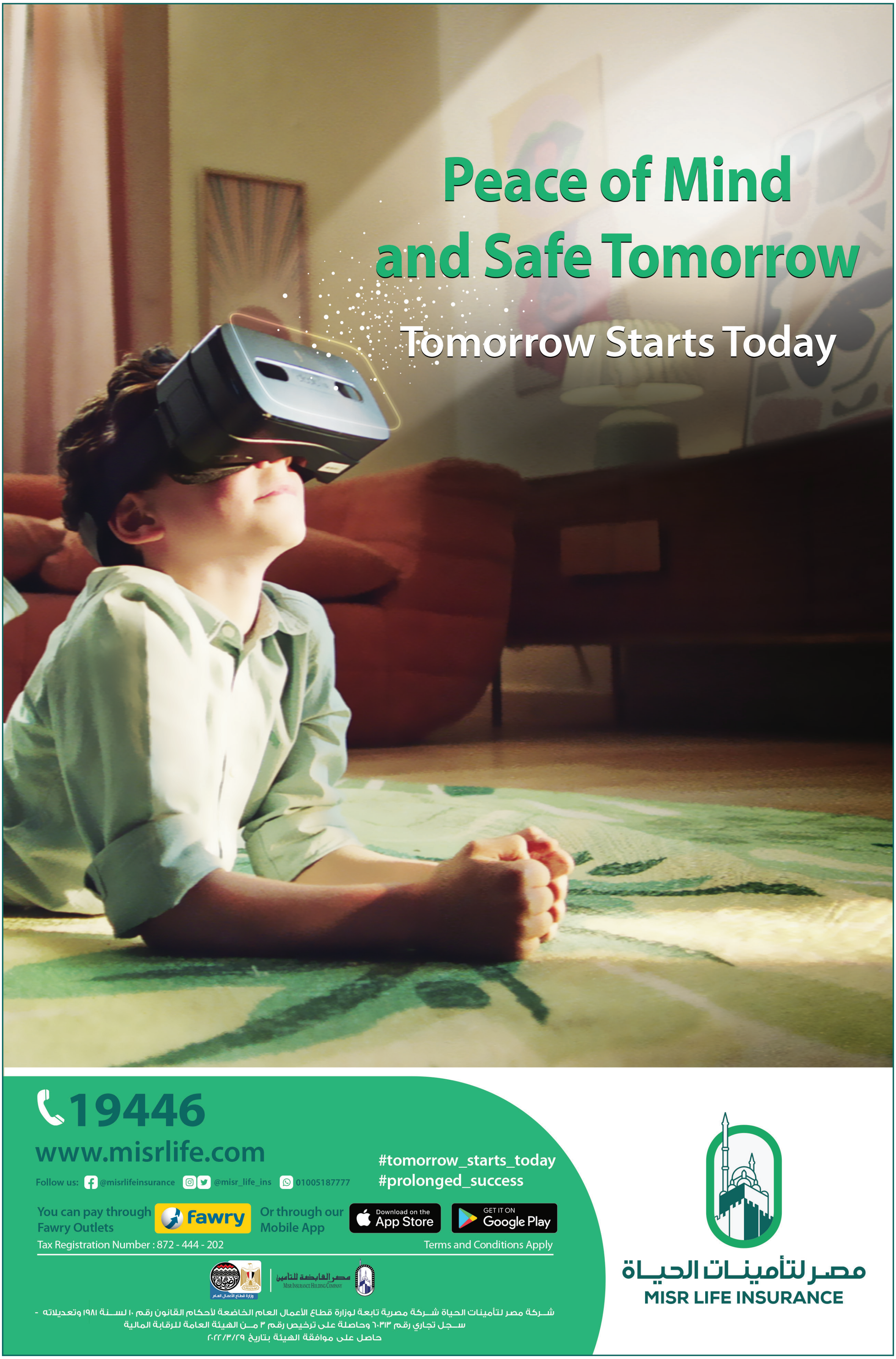
(1) Evolution in local currency (2) Local market turnover (3) 6 companies
Exchange rate as at 31/12/2022: 1 QAR = 0.27254 USD; 31/12/2021: 1 QAR = 0.27315 USD

***Source:** Company reports and Sigma (Swiss Re) by Atlas Magazine 25 May 2023*

(C) QATAR: Insurance Market SWOT Analysis

Strengths	▪ Premium expansion over 2021 was strong and suggests a notable post-pandemic rebound is under way. ▪ Steady growth in premiums driven by strong growth in national GDP and economic diversification. ▪ Indigenous companies have committed shareholders who are closely linked to the local business establishment. ▪ Clear diversification away from basic property and motor vehicle covers bring depth to the market. ▪ Official policies favour development of financial services. ▪ Strong infrastructure and construction development sector backed by a robust sovereign wealth fund.
Weaknesses	▪ Economy remains heavily exposed to oil price volatility. ▪ Underdevelopment of life insurance, given the generous social benefits available to Qataris. ▪ High growth in claims expenses and fluctuating costs indicate limited claims control and possibility of fraud. ▪ Local insurers are not substantial except by local, and perhaps Middle East & North Africa, standards. ▪ The sanctions on Qatar spearheaded by Saudi Arabia continue to dampen trade and economic activity.
Opportunities	▪ Robust oil and commodity price upsurge to support revenues. ▪ Product innovation, especially in the commercial sector, remains a bright spot. ▪ Massive investment in infrastructure due to the 2022 FIFA World Cup will stimulate property and general insurance sectors. ▪ Development of takaful from a low base. ▪ Strong growth in population, which has doubled since 2006. ▪ Robust economic diversification efforts will support non-life sector growth out to 2026 and beyond. Packed infrastructure pipeline will offer upside risks to non-life sector growth.
Threats	▪ Commodity price shocks in the global market and rising interest rates are having an impact on carrier profitability. ▪ Oil prices could face another downtrend in 2023/2024. ▪ Price competition in motor and property insurance lines is fierce. ▪ Regional instability and lower oil prices could cause volatility in financial markets. ▪ The economic reliance on oil prices remains a downside risk, especially in the post-pandemic environment. ▪ The infrastructure and construction pipeline will cool and headline spending levels may face risks.

Source: *Qatar Insurance Report Q2 2023 - by Fitch Solutions, Feb 2023*



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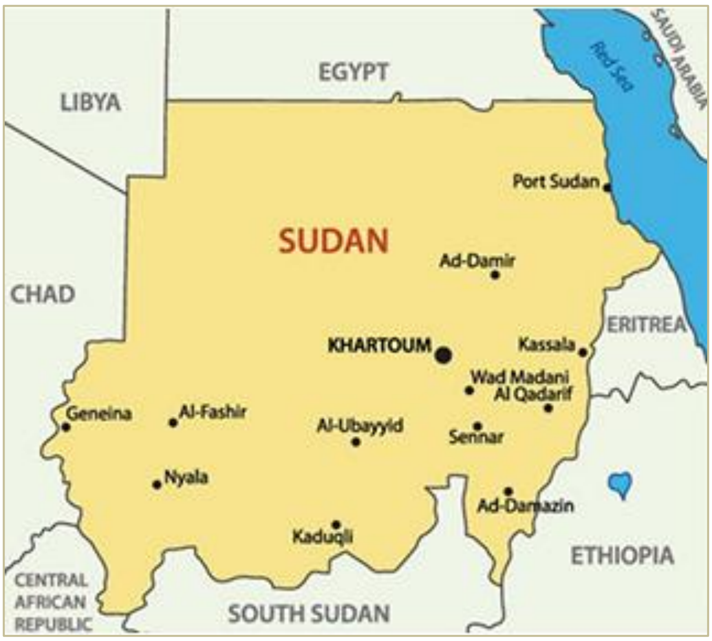
شـركة مصر لتأمينات الحياة شـركة مصرية تابعة لوزارة قطاع الأعمال العام الخاضعة لأحكام القانون رقم ١٠ لسـنة ١٩٨١ وتعديلاته -
سـجل تجاري رقم ٦٠٣١٣ وحاصلة على ترخيص رقم ٣ مـن الهيئة العامة للرقابة المالية
حاصل على موافقة الهيئة بتاريخ ٢٠٢٢/٣/٢٩
مصر لتأمينات الحياة
MISR LIFE INSURANCE

SUDAN

Insurance Market Overview

by Hussein Elsayed



Official Name:
The Republic of Sudan

Location:
North Africa. It is bordered by Egypt to the north, the Red Sea, Eritrea, and Ethiopia to the east, South Sudan to the south, the Central African Republic to the southwest, Chad to the west and Libya to the northwest.

Income Category:
Lower middle income

Government Type:
Presidential Republic.
The government of Sudan was led by the Transitional Military Council or TMC since August 2019. The commander of TMC is Abdel Fattah al-Burhan

Time Zone:
(GMT+2).

Religion:
Islam 97% | African Traditional Religion 1.5% | Christianity 1.5%.

Language: *Arabic (official) | English is commonly used in commerce.*

Climate: *Sudan's climate ranges from hot and dry in the arid north to humid and tropical in the south. In the north the little rain that does fall generally occurs from July to September.*

Natural Hazards:
River flood: High | Urban flood: High | Coastal flood: High | Water scarcity: High | Extreme heat: High
Wildfire: High | Landslide: Medium
Earthquake: Low | Tsunami: Very low
The main catastrophe exposure for Sudan is flood, dust storms and periodic persistent droughts.
The White Nile flows into Sudan from the south and the Blue Nile from the south-east. These major rivers are prone to serious flooding and Khartoum, situated on their confluence, is particularly vulnerable. Sudan also has significant exposure to flash flooding at the start of the rainy season.
Flood: From 2017 to 2021, there were 388,600 people affected by floods annually.

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(I) SUDAN: Socio-Economic Information

Region	Northern Africa	UN membership date	12 November 1956
Population (000, 2022)	46 874[a]	Pop. density (per km2, 2022)	26.6[a]
Sex ratio (m per 100 f)	99.9[a]	Capital city	Khartoum
National currency	Sudanese Pound (SDG)	Capital city pop. (000, 2022)	5 677.9[b]
Exchange rate (per US$)	55.0[c]		

Economic indicators	2010	2015	2022
GDP: Gross domestic product (million current US$)[d]	54 740	83 933	62 057[c]
GDP growth rate (annual %, const. 2015 prices)[d]	8.3	4.0	- 1.6[c]
GDP per capita (current US$)[d]	1 584.6	2 157.5	1 415.2[c]
Economy: Agriculture (% of Gross Value Added)[e]	42.6	32.0	21.5[c]
Economy: Industry (% of Gross Value Added)[e]	14.1	16.3	21.0[c]
Economy: Services and other activity (% of GVA)[e]	43.4	51.8	57.5[c]
Employment in agriculture (% of employed)[f]	45.6	41.5	39.7[c]
Employment in industry (% of employed)[f]	14.7	16.8	15.9[c]
Employment in services & other sectors (% employed)[f]	39.8	41.7	44.4[c]
Unemployment rate (% of labour force)[f]	15.2	17.5	19.5
Labour force participation rate (female/male pop. %)[f]	28.9 / 71.6	29.2 / 70.2	29.1 / 68.3
CPI: Consumer Price Index (2010=100)[f]	100	350	18 895[g]
Agricultural production index (2014-2016=100)	...	92	116[c]
International trade: exports (million current US$)[h]	...	5 588	1 913[f,g]
International trade: imports (million current US$)[h]	...	8 413	9 676[f,g]
International trade: balance (million current US$)[h]	...	- 2 826	- 7 763[g]
Balance of payments, current account (million US$)	- 1 725	- 5 461	- 5 841[c]

Major trading partners						2021
Export partners (% of exports)[f]	United Arab Emirates	50.5	China	15.9	Saudi Arabia	5.5
Import partners (% of imports)[f]	China	19.2	United Arab Emirates	16.7	Saudi Arabia	11.1

Social indicators	2010	2015	2022
Population growth rate (average annual %)	2.0	3.1	2.6[a]
Urban population (% of total population)	33.1	33.9	34.9[b]
Urban population growth rate (average annual %)[i]	2.3	2.8	...
Fertility rate, total (live births per woman)	5.0	4.9	4.4[a]
Life expectancy at birth (females/males, years)	65.5 / 60.7	67.3 / 62.1	68.2 / 63.0[a]
Population age distribution (0-14/60+ years old, %)	42.1 / 4.1	42.0 / 4.9	40.9 / 5.5[a]
International migrant stock (000/% of total pop.)[j]	618.7 / 1.8	620.5 / 1.6	1 379.1 / 3.1[c]
Refugees and others of concern to the UNHCR (000)	1 951.5[k]	2 767.9	3 649.4[g]
Infant mortality rate (per 1 000 live births)	50.7	45.3	37.5[a]
Health: Current expenditure (% of GDP)[m,n]	5.1[l]	7.3	4.6[f,b]
Health: Physicians (per 1 000 pop.)	0.3[o]	0.4	0.3[p]
Education: Government expenditure (% of GDP)	2.2[q]	...	...
Education: Primary gross enrol. ratio (f/m per 100 pop.)	67.8 / 75.6	69.8 / 76.4	76.1 / 81.7[r]
Education: Sec. gross enrol. ratio (f/m per 100 pop.)	39.4 / 45.5	45.3 / 46.0	46.3 / 45.4[r]
Education: Upr. Sec. gross enrol. ratio (f/m per 100 pop.)	31.5 / 34.0	40.3 / 38.2	40.6 / 37.6[r]
Seats held by women in the National Parliament (%)	...	24.3	27.7[b]

Environment and infrastructure indicators	2010	2015	2022
Individuals using the Internet (per 100 inhabitants)	8.7[s]	...	28.4[f,c]
Research & Development expenditure (% of GDP)	0.2[f,t,u]	...	...
Threatened species (number)	112	123	168
Forested area (% of land area)	...	903.7	10.0[b]
CO2 emission estimates (million tons/tons per capita)	17.4 / 0.3	18.7 / 0.4	20.9 / 0.4[b]
Energy production, primary (Petajoules)	...	461	408[b]
Energy supply per capita (Gigajoules)	...	13	12[f,b]
Tourist/visitor arrivals at national borders (000)[v]	495	741	836[r]
Important sites for terrestrial biodiversity protected (%)	9.1	9.1	17.8[g]
Net Official Development Assist. received (% of GNI)	3.12	1.52	9.62[c]

a Projected estimate (medium fertility variant). **b** 2019. **c** 2020. **d** Data compiled in accordance with the System of National Accounts 1968 (1968 SNA). **e** Data classified according to ISIC Rev. 4. **f** Estimate. **g** 2021. **h** Data up to 2011 refer to former Sudan (including South Sudan) and data beginning 2012 is attributed to Sudan without South Sudan. **i** Data refers to a 5-year period preceding the reference year. **j** Including refugees. **k** Data as at the end of December. **l** Including South Sudan. **m** Estimates should be viewed with caution as these are derived from scarce data. **n** Data based on calendar year (January 1 to December 31). **o** 2008. **p** 2017. **q** 2009. **r** 2018. **s** 2007. **t** Overestimated or based on overestimated data. **u** 2005. **v** Including nationals residing abroad.

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(II) SUDAN: Insurance Market

Key Highlights

- *The Sudanese insurance industry is regulated by the National Insurance Regulatory Authority (NIRA).*
- *The Sudanese insurance industry is regulated by the provisions of the Insurance Supervision Act 2001 and the Insurance Act 2003 and its amendments of Insurance Act 2018.*
- *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.*

(A) Historical Landmarks and Regulatory Environment

1950s	*The Sudanese insurance industry was established, consisting almost entirely of agencies of foreign (particularly British) insurers.*
1960s	*The Insurers (Control) Act was introduced.* *Sudanese insurers, some locally owned and others with joint foreign ownership, entered the industry.*
1970	*All foreign-owned insurers and agencies were nationalised.*
1974	*The National Reinsurance Co was established.*
1980s	*A number of locally owned insurers were established.*
1991	*Shiekan Insurance and Reinsurance Co was established to deal with government insurance risks.*
1992	*All conventional insurance and reinsurance companies in Sudan were converted to sharia' compliant insurance and reinsurance companies as mandated by the Ministerial Decree of the Minister of Finance No 219/1992..*
1993	*Sharia was applied to the insurance industry.*
2001	*A revised Insurance Supervision Act was introduced.*
2003	*Implementation of the Insurance and Takaful Act 2003. The act defines the scope, subject and parties of insurance under takaful contracts. (The term Takaful is used in Sudan to refer to life insurance).*
2013-2014	*Market development continued to be inhibited by the political and economic situation within Sudan and internationally. With high inflation caused by the country's economic problems, Sudan's insurance market has shown little growth in real terms. The dispute with South Sudan and international economic sanctions continued to hinder development.*
2015	*As per the Sudanese legal regime, formation and registration of companies is governed by Companies Act 1925 which remained in force till replaced by Companies Act 2015.*
2016-2017	*In March 2016, a new amendment was passed in Sudan that raised the value of blood money by a minimum of 800.0%, and is applicable in the event of accidental death.* *In June 2016, the Sudanese government began working on a new law requiring every Sudanese person to have access to healthcare services.* *On 9 May 2017, the Sudanese parliament approved the 2016 draft bill governing the insurance business in Sudan.*

2018-2021 *The launching and implementation of the new Insurance Act in 2018 which has carried out many reforms and significant changes:*

- *The new law provides for the establishment of an independent legal oversight body and it also introduces restrictive measures against the companies that fail to comply with this regulation.*
- *The composite insurers required to separate their life and medical insurance businesses from their non-life businesses.*
- *The new law enabled foreign insurance companies to obtain licenses to operate on the local market, a practice denied to them since 1992 provided that 30% of the company's shareholders are Sudanese (individuals or companies),*
- *Approving the (double insurance system) so that commercial companies operate, alongside companies operating under the system (Islamic Cooperative), according to the recommendations of the first insurance conference in 2020.*
- *Also, to raise the capabilities of workers in the Sudanese insurance market, ISA have allowed the percentage of administrative expenses to be raised from 15% to 20%, provided that 2/5 percent is spent on training employees in companies.*
- *With regard to the executive departments, ISA is the one who approves managers and directors of departments and branches according to professional and ethical qualifications, as stated in the Insurance Supervision Law of 2018, and the regulating regulations.*

- The Sudanese insurance industry is regulated by the *National Insurance Regulatory Authority (NIRA)* which responsible for the supervision of the Sudanese insurance industry and is instrumental in ensuring the stability and efficient functioning of insurance and reinsurance companies.
- It functions in accordance with the guidelines stipulated in *the Insurance Control Act 2003 and New Insurance Act of 2018*. Some of the primary responsibilities of ISA include protecting the consumers or holders of insurance contracts, licensing companies involved in the insurance business, appointing, or revoking an authorized auditor for any insurance company, and so on.

- *Association of Sudanese Insurance and Reinsurance Companies (ASIRC)*: Founded in 1977; all insurance and reinsurance companies operating in Sudan are members. It represents the common interests of its members relating to insurance activities. Some of its key objectives include fostering relationships with international associations to exchange experiences and ideas which benefit its members, safeguarding members' interests, organizing, and developing the insurance market, etc.

- **License Types:** To underwrite, advertise, and sell insurance products in the country, insurers and reinsurers need to be authorized by the ISA. Insurers are only permitted to operate within those classes for which they have been granted a license, although companies are permitted to operate insurance activities within a single class or group of specific classes. According to Article 27 of the Insurance Control Act the types of insurance licenses provided by the ISA are fire insurance, motor vehicle insurance, personal accident insurance, liability insurance, and marine insurance.

- **Capital Requirement:** [1]
  Minimum capital requirement: SDG 500 mn | Minimum paid-up share capital: SDG 100 mn

- **Product Authorization:** Prior Authorization for insurance and reinsurance products.

- **Compulsory Insurance:**
  - *Motor third-party liability insurance,*
  - *Marine cargo imports*
  - *Aviation third-party liability*
  - *Workers' compensation.*
  - *Professional liability for insurance and reinsurance brokers.*
  - *Medical malpractice for surgeons, doctors, specialists, anaesthetists and public health workers.*

- **Pools:** There are no insurance market pools in the traditional sense but in recent years the Central Bank of Sudan has encouraged the development of microcredit and microinsurance. One product includes credit, business material damage and life insurance cover. A second one is designed for small farmers, and can include life, disability, crops, livestock and property.

- **Reinsurers:** Reinsurers are insurance companies that sell insurance policies to other insurance companies, protecting them from the risk of unexpected financial losses. A reinsurer is not permitted to operate in any type of insurance business in Sudan, without the permission of the NIRA.

  Mandatory Cession:
  - *The Sudanese insurance companies are mandated to cede 40% of their business to National Reinsurance Company (Sudan). This represents a decrease from 50% previously. The reduction was recently made in 2017 to allow insurers more dealings with other reinsurers inside and outside Sudan.*
  - *Africa Re benefits from a compulsory cession of 5% of all Sudanese reinsurance treaties, and 10% to PTA Re (Zep-Re)*

  Fronting
  - *Reinsurance arrangements are scrutinised by the ISA which means that fronting arrangements are required to have prior approval*
  - *Fronting commission levels range broadly between 2.5% and 7.5%.*

- **Solvency Margins:** The solvency margin calculation is set by the ISA. Policyholders' funds plus shareholders' funds must equal or exceed 20% of gross written contributions. This must be substantiated by an auditor's certificate.
  No distinction is made between takaful and non-life business. The same requirements apply to reinsurers.

- **Intermediaries:** Intermediaries act as distributors of insurance or reinsurance products and services. An intermediary sell solicits or negotiates insurance contracts with customers on behalf of firms for compensation. Intermediaries also counsel customers and provide advice on various insurance products. Insurance agents, brokers, risk managers, insurance investigators, and claims-settling agents also operate as intermediaries in the Sudanese insurance industry.

- **Insurance taxation:** Insurance surplus taxation free according to Islamic Insurance.
  There is 10% of premium stamp duty.
  No VAT is applicable to insurance contributions, although the country does have a VAT system. VAT is 17.5% and is charged on intermediary commissions. VAT is also applicable to motor repairs.

[1] - *Africa Re Dashboard* https://www.africa-re.com/dashboards/SD

(B) Insurance Market Statistics & Performance

➢ Market Structure:

		2019	2020
Market Structure 2019-2020	Insurers	14	16
	Reinsurers	2	2
	Insurance Brokers	10	6
	Reinsurance Brokers	2	2
	Agents	283	283
	Producers	439	517
	Loss Adjusters	99	86

Source: National Insurance Regulatory Authority (NIRA)

"In 2022 the Sudanese insurance market consisted of 17 companies" According to Mohamed Sate (General Secretary of National Insurance Regulatory Authority)

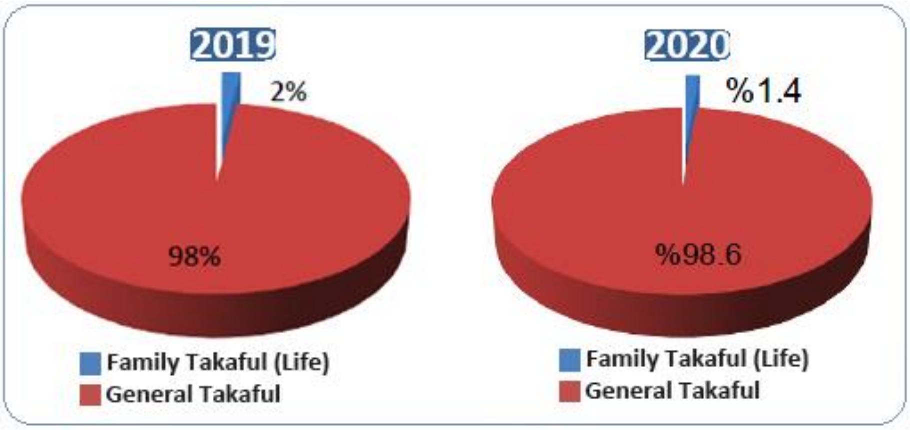
➢ Insurance Premium:

in thousands SDG

Direct Insurance Premium 2019-2020

	2019	Market Share %	2020	Market Share %	2019/2020 Evolution
Family Takaful (Life)	244,756	2.0%	312,557	1.4%	27.7%
General Takaful	12,260,686	98.0%	21,972,131	98.6%	79.2%
Total	**12,505,442**	**100%**	**22,284,688**	**100%**	**78.2%**

Source: National Insurance Regulatory Authority (NIRA)



in thousands SDG

Reinsurance Premium (2019-2020)

	2019	2020	2019/2020 Evolution %
Family Takaful (Life)	535	96,041	79.4%
General Takaful	4,827	8,824,414	82.8%
Total	**4,881**	**8,920,456**	**82.8%**

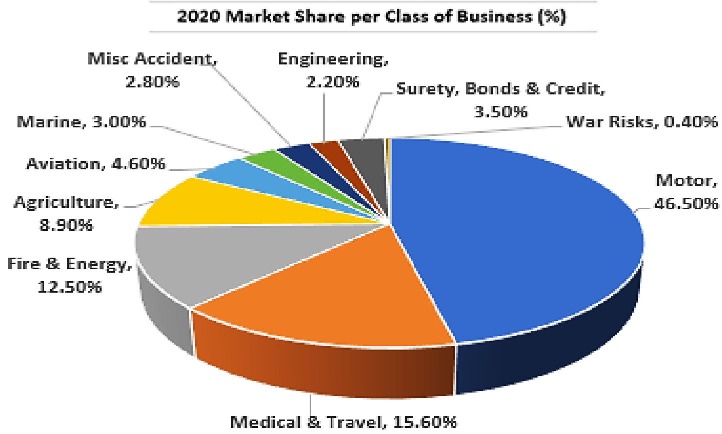
Source: National Insurance Regulatory Authority (NIRA)

Direct Insurance Premium 2019-2020: Market Share per Class of Business

in thousands SDG

Class of Business	2019	2019 Market Share %	2020	2020 Market Share %	19/20 Evolution %
Motor	6,022,264	49.1 %	10,224,472	46.5 %	69.8 %
Medical & Travel	1,583,910	12.9 %	3,426,685	15.6 %	116.3 %
Fire & Energy	1,368,728	11.2 %	2,739,121	12.5 %	100.1 %
Agriculture	1,080,345	8.8 %	1,974,401	8.9 %	82.8 %
Aviation	604,979	4.9 %	1,002,520	4.6 %	65.7 %
Marine	523,193	4.3 %	736,068	3.0 %	40.7 %
Misc Accident	284,222	2.3 %	522,025	2.8 %	83.7 %
Engineering	294,072	2.4 %	480,208	2.2 %	63.3 %
Surety, Bonds & Credit	453,424	3.7 %	780,700	3.5 %	143.6 %
War Risks	45,549	0.4 %	85,930	0.4 %	88.7 %
TOTAL	**12,260,686**	**100%**	**21,972,130**	**100%**	**79.2 %**

Source: National Insurance Regulatory Authority (NIRA)



Direct Insurance Premium 2019-2020: Market Share per Company

in thousands SDG

		2019	2019 Market Share %	2020	2020 Market Share %
1	Shiekan Insurance and Reinsurance Co. Ltd	3,107,746	24.3 %	3,707,346	16.9 %
2	Islamic Insurance Company Ltd	2,250,535	18.4 %	3,503,597	15.9 %
3	The United Insurance Company Ltd.	1,001,790	8.2 %	2,376,395	10.8 %
4	Taawuniya Insurance Co.	927,117	7.6 %	2,821,772	12.8 %
5	EL Baraka Insurance Co.	856,704	7.0 %	1,594,808	7.3 %
6	EL Nelein Insurance Co	853,143	7.0 %	1,975,539	8.9 %
7	The Sudanese Insurance and Reinsurance Company	844,171	6.9 %	1,201,178	5.5 %
8	Alsalama Company for Insurance Ltd	802,003	6.5 %	1,384,655	6.3 %
9	The Middle East Insurance Co.(S) Ltd	650,041	5.3 %	1,263,534	5.8 %
10	Blue Nile Insurance Co Ltd	300,014	2.4 %	459,491	2.1 %
11	Almutakhassisa Medical Ins Co (MMI)	233,975	1.9 %	783,401	3.6 %
12	Juba Insurance Co	229,297	1.9 %	332,199	1.5 %
13	Savanna Insurance Company	161,747	1.3 %	267,449	1.2 %
14	General Insurance Co	42,403	0.3 %	61,237	0.3 %
15	Takaful company	-	0.7 %	153,016	0.7 %
16	Al-Ahlya Medical Ins	-	0.4 %	86,514	0.4 %
	TOTAL	**12,260,686**	**100 %**	**21,972,131**	**100 %**

Source: National Insurance Regulatory Authority (NIRA)

2021 Insurance Cos Ranking by Premium Written

in thousands US$

Rank	Company Name	Premium Written 2021	Premium Written 2020	Assets 2021	Assets 2020	Shareholders Equity 2021	Shareholders Equity 2020	Net Profit 2021	Net Profit 2020	Roe (%)
001	SHIEKAN	61,100	66,700	N/A	N/A	N/A	N/A	N/A	N/A	-
002	ISLAMIC	26,710	48,300	2,170	N/A	10,440	N/A	1,610	N/A	15.4
003	TAAWUNIYA	20,100	19,800	N/A	N/A	N/A	N/A	N/A	N/A	-
004	NILEIN	18,700	18,310	N/A	N/A	N/A	N/A	N/A	N/A	-
005	SUDANESE	18,200	18,120	20,410	20,730	13,800	12,560	4,300	4,210	31.1
006	SALAMA	17,340	17,210	N/A	N/A	N/A	N/A	N/A	N/A	-
007	UNITED	14,460	21,500	11,870	18,200	11,870	18,200	3,180	1,700	26.8
008	MIDDLE EAST	13,100	13,950	N/A	N/A	N/A	N/A	N/A	N/A	-
009	BARAKA	12,850	18,390	11,050	N/A	12,460	N/A	1,810	N/A	14.5
010	BLUE NILE	6,800	6,440	N/A	N/A	N/A	N/A	N/A	N/A	-
011	MMI	5,320	5,020	N/A	N/A	N/A	N/A	N/A	N/A	-
012	JUBA	5,010	4,920	N/A	N/A	N/A	N/A	N/A	N/A	-
013	SAVANNA	3,220	3,470	N/A	N/A	N/A	N/A	N/A	-	-
014	GENERAL	810	910	N/A	N/A	N/A	N/A	N/A	N/A	-
	TOTAL (US$ 000)	**223,720**	**263,040**	**45,500**	**38,930**	**48,570**	**30,760**	**10,900**	**5,910**	**88**

Exchange Rate : As at 2020 = 1 US$ = 441 SDG | As at 2021: 1 US$ = 50 SDG

Source: Albayan Magazine Supplement "MENA Insurers, Reinsurers and Reinsurance Brokers 2021 Ranking", Dec 2022

Distribution Channels: *12% of the subscription in the Sudanese market is done through insurance brokers, while the largest percentage of the subscription in the market is through the executive and marketing departments of the companies.*

➢ *Insurance Claims:*

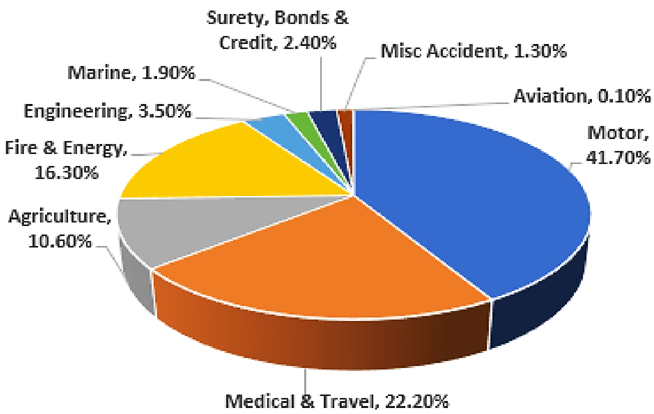
Insurance Claims 2019-2020: Market Share per Class of Business

in thousands SDG

Class of Business	2019	2019 Market Share %	2020	2020 Market Share %
Motor	3,107,721	49.1 %	4,591,188	41.7 %
Medical & Travel	1,305,376	20.6 %	2,440,955	22.2 %
Agriculture	572,531	9.1 %	1,165,732	10.6 %
Fire & Energy	572,531	9.1 %	1,794,310	16.3 %
Engineering	376,939	5.9 %	385,577	3.5 %
Marine	138,310	2.2 %	211,952	1.9 %
Surety, Bonds & Credit	164,741	2.7 %	258,212	2.4 %
Misc Accident	54,430	0.9 %	146,373	1.3 %
Aviation	27,066	0.4 %	15,742	0.1 %
War Risks	-	-	-	-
TOTAL	**6,325,372**	**100%**	**11,010,042**	**100%**

Source: National Insurance Regulatory Authority (NIRA)

2020 Market Share per Class of Business (%)



Insurance Claims 2020: Market Share per Company

in thousands SDG

		2020 Total Claims
1	Shiekan Insurance and Reinsurance Co. Ltd	1,762,337
2	Islamic Insurance Company Ltd	2,214,327
3	The Sudanese Insurance and Reinsurance Company	581,853
4	EL Baraka Insurance Co.	698,881
5	EL Nelein Insurance Co	1,034,684
6	The United Insurance Company Ltd.	1,260,111
7	The Middle East Insurance Co.(S) Ltd	442,782
8	Alsalama Company for Insurance Ltd	563,579
9	Taawuniya Insurance Co.	1,232,436
10	Juba Insurance Co	167,595
11	Blue Nile Insurance Co Ltd	312,999
12	Almutakhassisa Medical Ins Co (MMI)	462,121
13	Savanna Insurance Company	113,815
14	General Insurance Co	22,093
15	Takaful company	125,684
16	Al-Ahlya Medical Ins	14,745
	TOTAL	11,010,042

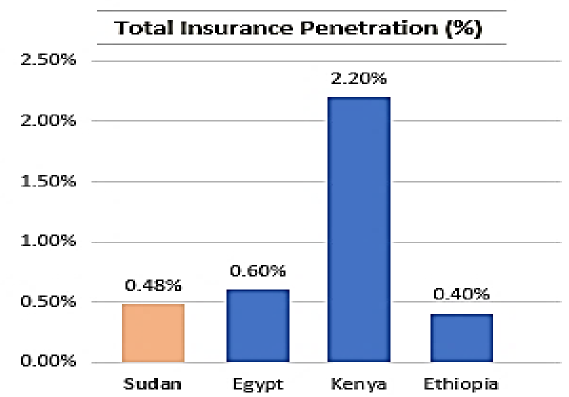
Source: National Insurance Regulatory Authority (NIRA)

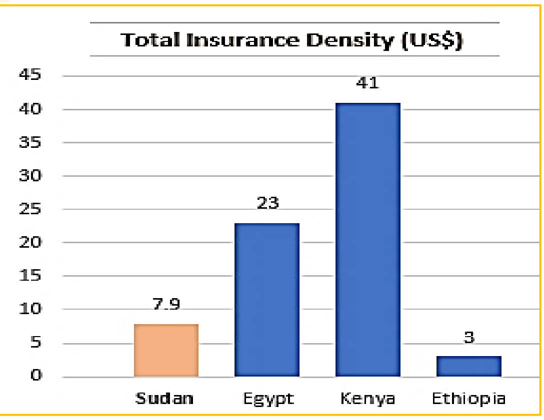
Balance Sheet 2019-2020

in thousands SDG

	2019	%	2020	%
ASSETS				
Cash in Bank	1,343,631	10.1	2,725,157	12.5
Investments	1,770,182	14.2	2,604,530	11.9
Receivables	6,572,399	51.7	11,275,127	51.4
Insurance & Reinsurance Debtors	561,723	3.6	1,195,075	5.5
Other Debtors	860,512	6.6	1,478,850	6.7
Fixed Assets	1,541,099	13.5	2,633,224	12.0
TOTAL ASSETS	**12,649,546**	**100**	**21,938,963**	**100**
LIABILITIES				
Provisions	5,500,145	50.2	6,155,313	28.1
Insurance and Reinsurance Creditors	2,469,971	20.9	4,069,593	18.5
Other Creditors	3,259,446	17.7	9,550,327	43.6
Policyholders' Funds	839,703	7.1	1,104,402	5.0
Shareholders' Funds	580,281	4.1	1,059,328	4.8
TOTAL LIABILITIES	**12,649,546**	**100**	**21,938,963**	**100**

➢ *Regional Comparison:*





(C) Sudan: Insurance Market SWOT Analysis

Strengths	▪ Sudan has untapped mineral and agricultural resources. ▪ Strong trade and investment links with the Gulf and China have limited the impact of volatile Western aid and investment on Sudan's economy. ▪ The launching and implementation of the new Insurance Act in 2018 has improved the regulatory environment substantially ▪ Existing of act of NHIF 2016 beside large coverage of population by NHIF especially the formal sector.
Weaknesses	▪ The weakness of Insurance awareness and so weakness of insurance penetration and density. ▪ widespread protests have swept across the country since a military coup in October 2021, and continue to disrupt economic activity in the main cities. ▪ Sudan has one of the most corrupt public sectors in the world, ranking 164th out of 180 countries in Transparency International's 2021 Corruption Perceptions Index.
Opportunities	▪ Sudan's removal from the US's State Sponsors of Terrorism list in December 2020 could see investor interest in the country pick up somewhat in the long term. ▪ The Investment Encouragement Act 2021 was introduced to improve the legal framework for international investment. ▪ The takaful industry in Sudan remains promising with a huge untapped potential as reflected by the growth rates achieved over the recent period despite the political turmoil and overall instability the country has undergone. ▪ The launching and implementation of the new Insurance Act in 2018 has improved the regulatory environment substantially. - *The government is looking to privatize state-owned companies, which could yield investment opportunities for foreign firms and improve competition in the market, if the process is genuine.* - *Approving the (double insurance system) so that commercial companies operate, alongside companies operating under the system (Islamic Cooperative), and separate their life and medical insurance businesses from their non-life businesses.* ▪ About 46% of the assets are outside the insurance coverage, which means that the insurance activity covers approximately 50%, and this means that the companies are insufficient compared to the size of the state.
Threats	▪ Efforts by the Sudanese army to hold on to power and quell unrest could see the US re-impose sanctions in the coming years, further weighing on the country's economic outlook. ▪ In April 2023, fighting ignited, primarily between the military forces of Gen. Abdel Fattah al-Burhan, the army chief and de facto head of state, and the paramilitary Rapid Support Forces led by his rival, Gen. Mohamed Hamdan Dagalo (At least 1,000 killed and more than 5,100 injured). ▪ London's marine insurance market added Sudan to its of areas deemed high risk amid further fighting in the conflict-ridden African country, according to an advisory note. ▪ Fighting will persist over the coming period, derailing Sudan's protracted democratic transition in the near term. The Sudanese economy expected to slide deeper into recession in 2023.

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I look forward to the pleasure of welcoming you in Abu Dhabi in November 2023,

With our best regards,

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