

VOICE NEWSLETTER

October 2021 Issue

The IBG, a non-profit organization under the auspices of Dubai Chamber of Commerce & Industry, is releasing the first publication of its Voice Newsletter. The contents of this release cover thought provoking market risk and insurance issues and the IBG will continue to issue regular Newsletters going forward. This release also contains details of an important IBG event on “Solvency and M&A Opportunities in MENA” being held on 12th October 2021.

CLIMATE CHANGE AND CLIENT EXPECTATIONS

Climate change is real and the present dangers are manifesting themselves worldwide in increased numbers and severity of hurricanes, typhoons, floods and wildfires. Few of us need convincing that extreme weather patterns will only get worse as the rate of ice cap melt keeps accelerating and is predicted to lead to sea level rise affecting low lying coastal areas.

As we help our customers deal with the consequences of some extreme weather events, we as a profession, need to think longer term working with society to increase awareness of the risks associated with carbon emissions and the benefits of moving towards a carbon-neutral economy aimed at reducing the severity of weather events. Insurers have long been managing weather risk but as weather events get more severe and the risks rise globally, costs to insurers will continue to increase leading to higher premiums and restrictions in cover that will increase the protection gap. Climate change is responsible every year for hundreds of billion dollars of uninsured losses worldwide affecting damaged crops, flattened or flooded homes and businesses.

Our clients have needs, wants and expectations from the insurance industry. To stay relevant and engaged when it comes to protection against weather risks, we need to show our green credentials, improve our understanding of the risks and find innovative solutions. The IBG would like to encourage the UAE insurance industry to move in this direction.

RISK POOLING

Risk pooling is the practice of sharing risks among a group of insurance companies. The IBG came to know of a new insurance pool having been set up in KSA by the name of Mahfazat Al Ta’amin Al Sina’i (the Pool). It’s a good example of public private partnership with the government working with the insurance industry to find coverage solutions. Several thousand industrial SMEs financed in part by the Saudi Industrial Development Bank were finding it challenging to find insurance cover against fire and explosion. SAMA worked with Malath Cooperative Insurance Co. to form the Pool to share risk on a first loss basis. Malath underwrites on behalf of pool members and buys excess of loss coverage to full limits as required where available. In this case, securing access to financial resources through insurance backed risk pooling allows many industrial SMEs in KSA to go back into operation quickly following a fire loss reducing the impact on business, people and their livelihoods.

Some risk may be too large for the insurance sector alone to take on which is why joint public and private sector initiatives to manage pools can bear more success as private sector insurance companies already carry a lot of data on aggregation, risk factors and losses with governments providing backstop guarantees.

The Covid pandemic has added a sense of urgency to find insurance solutions for such events based on public private collaboration. There are over 450 backed government pools functioning worldwide covering the risks of drought, floods, earthquake, natural catastrophes, terrorism, environmental liability and multi-perils in addition to agricultural pools and, nuclear pools.

The IBG encourages the formation of pools within the UAE where there are identified market needs as they represent opportunities to build up local expertise and to grow and strengthen our industry.

FIRE SAFETY

With safety in mind to reduce property damage and save lives the UAE Cabinet Resolution No. (24) of 2012 aims to regulate civil defense services in the UAE and Article 4 prohibits insurance companies operating in the country to issue any document to any facility or building unless they have a valid Preventive Fire Safety Requirements Certificate from the Directorate General. The provisions of this Resolution are applicable on all buildings and facilities, built and under construction, with the exception of private homes and independent residences.

Under the resolution, the Directorate General is the authorized authority to license all public facilities in the emirate, in the field of preventive fire safety systems with a view to save lives and prevent property damage. The licensing system puts serious responsibilities on property owners and developers allowing them to rectify any failings after the completion of safety audits before receiving their Preventive Fire Safety Requirements Certificate.

Insurance companies that violate the provision of Article (4) of this Resolution are liable to penalties. Article 4 of Ministerial resolution 505 of 2012 requests that insurance and reinsurance companies operating in the UAE be committed to:

1. *Refraining from insuring any building or facility, or issuing an insurance policy for such building or facility unless the concerned building or facility has a valid preventive safety certificate issued by the Directorate General.*
2. *Provide each Directorate General with a monthly statement of insured buildings and facilities within the Emirate.*

Fire safety is important. It protects people from injury and loss of life. It protects insured parties property, assets and investments which ultimately protects insurers and reinsurers loss ratios.

IBG EVENT ON 12TH OCTOBER

Topic: Solvency and M&A Opportunities in MENA

We are pleased to announce that the IBG is organizing a hybrid speaking event on Solvency and M&A Opportunities in MENA. This event will be webcasted live to registered participants throughout MENA.

THE SPEAKERS



Vasilis Katsipis
General Manager - MENA
AM Best Rating Services



Simon Dodsworth
Head of Specialty, Senior Vice President
Lockton (MENA) Limited

PANEL DISCUSSION MODERATED BY

Peter Englund
Senior Executive Officer, Head of Commercial Insurance
Middle East
Zurich Insurance Company Ltd

PANEL DISCUSSION MODERATED BY

Vasilis Katsipis
General Manager – MENA
AM Best – Rating Services

Simon Dodsworth
Head of Specialty, SVP
Lockton (MENA) Limited

Dr. Abdul Zahra A. Ali
CEO
National General Insurance Co. (NGI)
Chairman – IBG

Rajesh Sethi
CEO
Dar Al Takaful PJSC

VENUE

Swissôtel Al Murooj Dubai, Al Mustaqbal St. Ballroom
name: Al Yasat Grand Ballroom (located G floor).

IBG Chairman: Dr. Abdul Zahra A. Ali

Board Directors: Walid Jishi, Tony Saada, George Kabban, Bilal Adhami, Jihad Faitrouni, Peter Englund, Jean Louis Laurentjosi, Ayman El Hout, Atinc Yilmaz, Rajesh Sethi, Lavanya Murundar

Secretary General: Aftab Hassan