

FAIR Daily

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Celebrating 20 years of serving the insurance industry in Asia

FAIR springs into action

There is revolution in the air, even within the ranks of FAIR to make it more action-oriented. FAIR is one of the few intra-regional bodies that has produced real business exchanges. It has gone beyond just talk of regional co-operation and seen business exchanges under its aegis through the three pools – aviation, non-life reinsurance and oil & gas. The CAT Pool, though launched, is yet to be operational. Though the volume of business under the FAIR pools is still small compared to the size of Asia, Middle East and Africa, it is still significant and most importantly, viable. The political message it sends is phenomenal.

Revvng it up

So how can FAIR step up to be more dynamic and see the exchanges balloon? The revered former Secretary General of FAIR, Mr Ezzat Abdel-Bary, had always called for a clear vision and dynamic action for regional co-operation even when globalisation was the buzzword. He served the cause with a devoted passion and dedication for 20 years, including trying to boost training and talent for the industry and getting a life pool going.

The new head, Mr Hammam Badr, is upbeat and optimistic that this FAIR Conference, which has come in a roundabout way to its head office, will show real results in leading the way forward with greater focus on innovative risk management tools and strategies in the CAT business, and on microinsurance and takaful for the region. He is already talking of drawing from its inner strengths and creating new professional societies within FAIR. But first, he wants to listen to the members to tap on their expertise. So do come forward!

Setting the stage

FAIR comes to Cairo from Kuala Lumpur via a detour in planning for Tripoli, just as it went to Kuala Lumpur after an attempted foray into Abu Dhabi. But today, FAIR in Cairo, with the active involvement of the Egyptian Insurance Federation has an ambitious and determined agenda. This is to be expected, as Cairo is FAIR's head office, and if you look further back in time, the first modern Arab insurance company was born in Alexandria at the turn of the 19th century. By the 1950s, Cairo became the insurance centre of the Middle East before the industry was nationalised. Hence, it is no wonder that despite all that is happening, Cairo has commanded more than 600 delegates with about half being observers.

In 2009, FAIR met at a time of recovery. Now, the world seems to be on the brink of yet another crisis, made worse by a loss of confidence in the global economic leadership. And closer to home, the Arab Spring that started with Tunis and Cairo rages on in several markets with different intensity. So the stage is set for a very interesting discussion and debate on both the impact of the global crisis on the FAIR markets and the need for insurers to address the coverage and claims relating to riots and political risks.

Drilling deep

For FAIR to succeed in this tough environment, it needs to draw from

its inner strengths. Having existed for 47 years, FAIR is rich in history and diversity with almost 200 member companies from more than 50 markets. It also has a huge population base that needs insurance.

Aside from these, the trick for FAIR will be to identify the unique critical strengths and competitive edges of the various regions that comprise it – Asia, Middle East and Africa – and create the right platform for the transfer of these strengths throughout FAIR. So the strategy will be to review the differences and see which market is doing the best in a particular area, and get the leader in that market to help pull the region up in that area.

Here, we have a really long list to choose from. For example, Asia is a runaway success in the life market (life is 70% of the insurance market). Asia is also a powerhouse in microinsurance and bancassurance. All of these imports into Middle East and Africa can substantially revitalise the Arab and Africa markets. Similar unique strengths in Middle East and Africa that can be brought to Asia.

Calling the young

Another inner strength of FAIR is the amazing talent and prowess in the young in Asia, Middle East and Africa. Hence, Mr Badr's plans to tap into the young talent in the market in a region where the young take a back seat modestly until invited forward is a good sign for the future. It is part of the Arab Spring too. May a thousand flowers bloom with that magic touch where the young pick up fast intelligently and be age-friendly to earn from the wisdom of the old.

So FAIR at 47 will be refreshed energetically.



Ahlan wa sahan! (Welcome!)



The FAIR Conference means different things to different people. Some come for regional solidarity, some come to contribute their expertise, some use the conference as a contact centre for their treaty business. Others attend because their clients are here, or because they want to exchange business or grow their business. Many come because they are members of the FAIR Pools and Syndicate.

No matter what the reasons for attending the Conference are, and given the continued support for previous FAIR Conferences and meetings, I am confident that FAIR will achieve the members' objectives, and more will join FAIR. I hope that FAIR membership will eventually cover all Afro-Asian insurance industry players.

Mr Abd El-Raouf Kotb

Chairman, Insurance Federation of Egypt and FAIR 2011 Organising Committee

The Egyptian Financial Supervisory Authority (EFSA) has great pleasure of welcoming you to the 22nd Conference of FAIR, held under the sponsorship of many active insurance market dealers. Regardless of whether this is your first time with us, we have great confidence that an exciting programme is waiting for you. We warmly look forward to meeting you in truly rewarding meetings, and we will endeavour to have you come back again in the future.

Dr Adel Moneer Rabeh

Deputy Chairman, EFSA



GAIF and FAIR were established in the same year, 1964. The goals of the two organisations are largely similar and insurance companies in the Arab countries are members of both. This explains or clarifies the nature of the relation and interrelation between FAIR and GAIF. With the global nature of insurance industry, prospects of cooperation between all concerned parties remain open.

For example, companies which are GAIF members contribute to FAIR's pools and some of them even manage these pools. We strongly support this contribution, considering that both federations' goals are to protect the national markets, and find regional insurance markets which can cope with the latest international developments and lead the growth of the insurance industry in this region.

We have previously organised seminars and training courses in cooperation with FAIR. Our coordination is regular.

The 22nd FAIR Conference in Cairo will discuss the latest developments and trends in the international insurance markets. In addition, delegates will have the opportunity to discuss the opportunities in the regional insurance and reinsurance industry which can support the developments of the Asian and African economies. This conference will have a special importance as it provides a unique opportunity for delegates to shed light on their accomplishments and create a framework to discuss the opportunities and the challenges, and how to deal with them.

Mr Abdul Khaliq R Khalil

GAIF Secretary General



I extend my warmest welcome to the delegates of FAIR and their partners to this beautiful city of Cairo.

There are high expectations for this Conference, not only because Egypt is where FAIR's central office is located, but also because this will be the first time that the Conference is held in Egypt after 25 years. Furthermore, the Egyptian Insurance Federation played a pivotal role in conceiving the idea of FAIR.

Given the importance of this year's FAIR Conference, the Organising Committee has been working doubly hard to make it a memorable one. We are optimistic that it will be a worthy forum for participants to interact with each other, and provide a great opportunity to strengthen business ties between members.

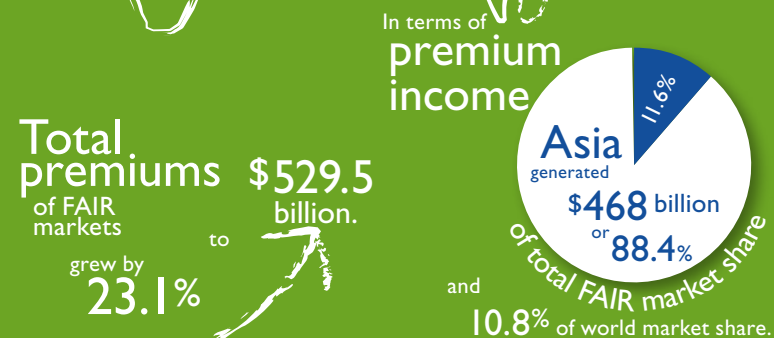
As with all previous FAIR Conferences, I expect that this year's Conference will be a great success and we will conclude with resolutions that are beneficial to all members.

Mr Hammam Badr

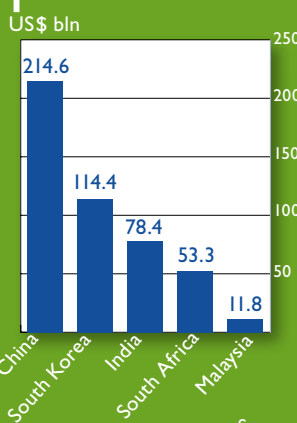
Secretary General, FAIR



FAIR 2010 in numbers



Top 5 FAIR countries in terms of premiums



Top 5 FAIR countries in terms of penetration

South Africa	14.8%
South Korea	11.2%
India	5.1%
Malaysia	4.8%
Cyprus	4.7%

China recorded the highest growth of 31.6% in premium income among all FAIR countries.

Nat CAT losses in 2011 may hit new high

The extraordinary accumulation of several destructive events this year is expected to make 2011 a record year, going by the mounting economic losses in the first half. That has the insurance industry worried, with both Munich Re and Swiss Re predicting that 2011 could become the highest loss year on record.

Munich Re said in a report that global economic losses due to natural disasters amounted to about US\$265 billion up to the end of June. That easily surpasses the total of \$220 billion for all of 2005, which, until now, had been the costliest year for natural disasters. Altogether, the loss total was more than five times higher than the first-half average for the past 10 years. Nat CAT insured losses in the first half – about \$60 billion – were nearly five times greater than the average since 2001.

Swiss Re said natural and man-made disasters reached an estimated \$70 billion in insured losses in the first half of 2011, of which \$67 billion resulted from nat CATs. The total insured losses far exceeded the \$29 billion recorded in the same period in 2010. Total economic

losses for the 2011 disasters were close to \$278 billion, compared to \$166 billion last year.

Swiss Re added that the first half of 2011 alone ranks as the second-worst CAT insured-loss year in its *sigma* records. The most expensive year still on record is 2005 when insured losses caused by Hurricanes Katrina, Wilma and Rita reached over \$90 billion. Swiss Re's report also showed that this year will be the most expensive year for earthquake-insured losses at \$39 billion.

Forecasters predict that the 2011 hurricane season, which runs from June to November, will be more active than last year's, with higher than normal threats to the US coastline. Loss estimates from Irene, the first hurricane to hit the US since Ike ravaged the Texas coast in 2008, range from \$7 billion to \$10 billion. The 2011 hurricane season is certainly proving to be very active, with 16 named storms so far.

With more frequent and extreme weather events expected, the insurance industry cannot afford to be complacent.



Top 5 nat CATs in 1H 2011

(ranked by overall losses)

Date	Country	Event	Fatalities	Overall losses (US\$ bln)	Insured losses (US\$ bln)
11 Mar 2011	Japan	Earthquake, tsunami	15,500	210.0	~30.0
22 Feb 2011	New Zealand	Earthquake	181	20.0	>10.0
22-28 Apr 2011	USA	Severe storms / tornadoes	350	7.5	5.1
Dec 2010/ Jan 2011	Australia	Floods	35	7.3	2.6
20-25 May 2011	USA	Severe storms / tornadoes	170	7.0	4.9

Source: Munich Re

Cairo facts & figures

With a population of around 18 million, Cairo is the most densely populated city in Africa. It has an area of about 453 sq km.

The 14th century Mosque-Madrassa of Sultan Hassan covers an area of 7,905 sq m, and is one of the largest Islamic buildings in the world. It measures 150m in length and

In Arabic, Cairo is known as **Al-Qahirah**, meaning "The Triumphant".

The Egyptian Museum houses the **largest** collection of ancient Egyptian antiquities in the world.

The Great Sphinx of Giza, measures 240 feet (73m) long and 66 feet (20 m) high, and is one of the largest single-stone statues on earth.

The Great Pyramid of Giza took about 20 years to build, and is the largest pyramid in Egypt.

A pictorial lookback @ **FAIR** Kuala Lumpur, Malaysia 2009



FAIR Daily newsletter team



(L-R): Editor-in-Chief: Sivam Subramaniam • Deputy Editor: Wong Mei-Hwen • Journalists: Ridwan Abbas, Osama Noor, Cynthia Ang • Design & Layout: Charles Chau

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