

CONFERENCE REPORT – MIDDLE EAST INSURANCE CEO AGENDA

When CEOs were challenged...

Middle East Insurance Review's high-profile summit Middle East Insurance CEO Agenda (MEICA) in Dubai went for the jugular and challenged the quality of insurance CEOs in the market with the theme "Are the CEOs up to the mark with the real challenges facing the insurance industry?" The peer-to-peer platform parleyed pressing priority business, strategic and operational issues of the day.

By Bhaskar Raj



CEO Roundtable on What Keeps CEOs Going in the Day and Awake at Night

The Middle East Insurance CEO Agenda (MEICA), organised by *Middle East Insurance Review* (MEIR) in Dubai on 22 November, was a peer-to-peer platform for insurance CEOs to deliberate pressing priority business, challenges and strategic and operational issues of the day. MEICA challenged CEOs to rise to be counted to lead the companies to make an impact on the market.

Conference Chairperson Mr Safder Jaffer, Managing Director & Consulting Actuary, Middle East & Africa, Milliman, said that with major disruptions in the form of InsurTech, the changing behaviour and attitudes

from the Millennial generation and the fast-changing regulatory landscape, the industry is certainly going through an interesting phase of opportunities and challenges.

In right direction

Mr Omer Hassan Elamin, President, Orient Group, in his keynote address, painted a rosy picture of the UAE insurance industry when he said the market is moving in the right direction and expects a great year. In support of this optimism, he said listed companies have started to show good results, evidenced by the fact that their net profit rose to AED1.13

billion (US\$309 million) for the first nine months of 2017, compared to AED722 million (\$197 million) for the corresponding period last year.

"However, there are a few challenges. To the best of my knowledge, there are very few treaties and there are not many reinsurers and many of them do not want to continue. They are demanding an increase in prices."

The challenges CEOs face include retaining market share in an overcrowded market, intense competition and digitalisation.

Executive hot seat

In the ensuing power-packed ses-

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Panel on CEOs in Dialogue with Regulators

Executive Hot Seat, Mr Vincent Vandendael, Chief Commercial Officer, Lloyd's, was interviewed by Mr Sivam Subramaniam, Editor-in-Chief, *MEIR*.

On Lloyd's performance in Dubai in the past two years, Mr Vandendael said: "We set up the Dubai office in 2015, and since then we have been growing steadily. Today, Lloyd's Dubai is home for 10 service companies and very soon there is an additional service company joining us in the DIFC. We also have five coverholders plus another two coverholders in the region, one in Jordan and one in Bahrain. We have 85 staff members in the DIFC.

"The largest market for Lloyd's in the Middle East is the UAE and the second-largest is Saudi Arabia. I am also encouraged by the number of coverholders."

As for the business potential in the region, he said: "There are many business opportunities in the Middle East. I think these opportunities and growth potential are accelerated by the fast-changing risk landscape. Lloyd's has specialist knowledge to support this growth. We want to work with the local insurance market to build and share our expertise, develop local talents, drive innovation and modernise. We want to work with businesses, government officials, regulators and insurance professionals to drive the next phase of the Middle East economic development and protect its future success."

Mr Vandendael added: "We are interested in Dubai as we are keen to increase our footprint in the GCC and also in the broader region and the North Africa region. Despite many challenges, we think the Middle East is turning the corner economically."

What keeps the CEOs going?

In the CEO Roundtable on "What keeps the CEOs Going in the Day and Awake at night", Mr Yassir Albaharna, CEO, Arig, Bahrain, said: "A day for a typical CEO is always consumed by operational issues. A successful CEO has to segregate these operational issues from the mundane strategic issues. There are regulatory challenges, distribution challenges, client relationship challenges, policy challenges and economic challenges. You should have the confidence that these issues can be addressed."

Dr Michael Bitzer, CEO, National Health Insurance Company (Daman), listed these challenges: to develop and mould future leaders in the company; the ever-changing technology, digitalisation, artificial intelligence; and finding the right ways to invest.

Mr Andrew Smith, CEO, Ras Al Khaimah National Insurance Company, identified the challenges as the continuing pressure on prices, aggressive competition, maintaining the market share and profitability, ever-changing regulations and satisfying the shareholders.

Mr Mohammed Ali Londe, Assistant Vice President-Analyst, EMEA Insurance, Moody's Investors Service, said: "There is pressure on capital and profitability due to technical reserve adjustments, inadmissibility of risky assets in excess of limits,

increased cost of compliance with risk management, governance and reporting requirements."

To the regulators

In the Special Panel on "CEOs in Dialogue with Regulators", Mr Christos Adamantiadis, CEO, Oman Insurance Company, said: "What is lacking in this part of the world is more clarity on what type of regulatory regime we want, whether a light touch regulatory regime or a regulator that sets the guidelines and then they let the companies compete within that space. We want a more inclusive kind of regulator."

On the question of "Why insurers are slow on the digital uptake", panel moderator Mr Xavier Anglada, Managing Director, Digital Lead, Middle East and North Africa, Accenture, said: "The fact is board levels do not attract fresh talents from the digital millennial environment. It's still very traditional and occupied by seniors. You need a transformation of the DNA of the companies through creation and innovation on the product, value chain, offerings and customer experience sides."

Making a presentation on "Current Credit Perspective for Insurers 2018 and Beyond", Mr Antonello Aquino, Associate Managing Director, Financial Institutions Group, Moody's Investors Services, UK, said: "The market remains soft, but it is expected to partially harden following the 2017 hurricanes. There were significant insured losses but no meaningful capital erosion expected."

MEICA was sponsored by MENA Insurance CEO Club (MICC), Oman Insurance Company and Moody's Investors Service, and supported by Dubai International Financial Centre, DIFC Insurance Association, International Insurance Society and Emirates Insurance Association. 



Panel on Digital Disruption Outlook