

## GAIF Daily

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## CEO Message

Middle East Insurance  
Review and Asia  
Insurance Review CEO  
Sheela Suppiah

Middle East Insurance Review (MEIR) is most honoured and humbled to be engaged as the official publication of the 34th GAIF Conference held in the beautiful Sultanate of Oman. The prestigious gathering coincides with GAIF's diamond jubilee and Muscat is the perfect setting as both the Arab and international insurance markets bestow very high regard and confidence on Oman.

MEIR, launched in 2006, has played an active role in the past 18 years as a media partner of this, the largest regional gathering of insurers and reinsurers, and we look forward to bringing you fresh, comprehensive coverage over the next three days through our daily newsletter. We would like to acknowledge our appreciation of the Capital Market Authority

and the Oman Insurance Association as the organisers, as well as to Oman Re as the official sponsor of MEIR's daily newsletter, for this privilege.

The theme 'Sustainability and Inclusivity in the Arab insurance industry: How Arab insurers leverage the AI revolution' is indeed timely especially as the insurance world redefines itself to keep ahead of the AI revolution and all that it brings. This is a new horizon and a paradigm shift for the Arab insurance world not only to focus on financial and profitability issues but to cast their eyes wider to embrace ESG and broader societal goals. We salute the organising committee's choice of theme as this will surely reshape the industry's ethos. It is time for insurers to align themselves with global developments.

In addition, inclusivity, another focus for the industry, will allow insurers to reach a broader demographic, not only to address the new-age consumer, but also to offer workforce diversity and product offerings accordingly. And technology is an enabler for sustainability and inclusivity as it not only allows insurers to understand new diverse consumer needs better, it facilitates the customisation of new insurance solutions, instead of a one-size-fits-all approach, in a faster, more efficient way.

Oman's significant transformation especially in innovation and the adoption of digital technology has resulted in sophistication in its landscape. It is therefore apt for Oman to be hosting this event focused on the AI revolution where many advancements such as InsurTech solutions are now integral to the operational efficiency and diverse needs of the Omani consumer.

The well-chosen topics on the programme have been designed to address sustainability, resilience and the regulatory framework for AI adoption. We look forward to meeting the leading lights from the industry across the world as they descend on Oman's shores to provide you with on-the-spot coverage on how the insurance sector is embracing the opportunities that AI brings for both local and international stakeholders in facilitating more accurate risk assessments and enhancing the customer experience. Whilst the opportunities are plenty, the industry must also brace itself for the challenges it faces from geopolitical and global unrests, cyber security risks as well as global economic concerns. The year 2024 will be a litmus test and it remains to be seen what the future holds for the industry as a whole.

On behalf of MEIR, we wish all the sponsors, speakers and delegates the very best and look forward to working closely with you in 2024. Enjoy Muscat. 

Oman Reinsurance Company  
CEO Romel Tabaja

“ At Oman Re, we recognise the power of collaboration and the importance of staying abreast of the latest industry developments. It is with immense pride that we align ourselves with Middle East Insurance Review, the region's preeminent insurance publication, to sponsor the GAIF Daily newsletter at the 34th GAIF Conference in Muscat, which is a distinguished gathering of industry luminaries from the region and beyond. ”

# Further cooperation between Arab markets must be promoted



The primary challenge faced by the (re)insurance industry in Arab insurance markets is certainly the low insurance penetration compared to more developed insurance markets. Analysing the contributing factors to low insurance penetration leads to identifying the challenges that the insurance industry in the Arab world needs to navigate. These can be split into endogenous and exogenous factors:

Exogenous factors include cultural non-acceptance of the insurance concept as an important risk mitigation and transfer instrument. Despite the important progress made in past decades on this front, various stakeholders in the Arab insurance industry still have a lot to do to promote the importance of insurance solutions. Other evident exogenous factors are political instability in a growing number of Arab countries, the relative low level of GDP per capita, currency devaluation associated with high interest rates leading to claims inflation. Arab reinsurers are further affected by the low sovereign rating of many Arab countries, penalising them from securing competitive rating of their companies.

The Arab insurance industry's endogenous challenges are various, the most important being non-adherence to best practices of corporate governance by many players in the region. This is a joint responsibility of the insurance

players and the insurance authorities. This translated into fragmented markets with high number of insurance companies that is way beyond market needs, low retention levels of insurance players, non-technical pricing and poor claims services affecting the reputation of the industry.

## Hopes for reinsurance in 2024

As an Arab reinsurer, our role consists primarily of supporting growth and prosperity of people and businesses in our region. That can be achieved through improved insurance penetration which is a joint responsibility of insurance authorities and insurance players in the Arab world.

We believe that insurance market consolidation is needed. The recent mergers and acquisitions in the GCC are a good development and we hope that further M&A will materialise in the coming years. We believe this will gradually lead to better corporate governance, increased business retention and ultimately will result in improved services and fair insurance products pricing.

Despite the role played by the GAIF since its establishment, we believe that further cooperation between Arab insurance markets needs to be promoted. Focus should be on easing the protectionist policies for Arab (re)insurers introduced in many Arab countries such as:

- Restrictions on foreign investments in the local (re)insurance industry
- Excessively high local compulsory cessions
- Imposing challenging FSR rating requirements
- Solvency advantages for locally registered and capitalised (re)insurance companies
- Imposing a minimum levels of market retentions
- Higher corporate taxes imposed on foreign (re)insurance
- Government assets insured only with national companies

## Moving towards sustainability

Consolidation and cross-border cooperation between Arab (re)insurance companies is the priority, in our opinion, allowing for the creation of well-managed large (re) insurance entities able to compete against international players and capable to meet Arab insurance markets' growing needs.

The role of the Arab insurance authorities is quite important in this process through harmonisation of insurance legislations in the Arab region with focus on corporate governance implementation, ERM standard enforcement, introduction of compulsory insurance products and the encouragement of Arab investments in the Arab (re)insurance sector.

The Arab region is facing risks beyond the capabilities of single (re)insurance companies such as Nat CAT, war, political violence and strikes, riots and civil commotion risks. Currently, most of the portfolios are placed internationally. The establishment of Arab (re)insurance pools, largely placed within the Arab insurance markets and supported by Arab governments, could be an efficient and sustainable model to promote insurance penetration and to meet insurance market's protection needs.

The Arab insurance authorities might also consider easing eligibility criteria for cross-border Arab reinsurers to promote cooperation and contemplate joining forces for the establishment of an Arab financial strength ratings agency. 



# How do you think Arab insurers can use AI to promote sustainability and inclusivity?

“ Insurance companies can optimise resource allocation, automate processes, elevate client experiences and nurture sustainable practices by incorporating AI into many facets of their operations.



- Trust Re CEO Yassir Albaharna ”

“ AI offers various possibilities to promote sustainability and inclusiveness in the Arab insurance industry, which should significantly change the operating way of the insurers.



- CASH Assurances CEO Wided Belhouchet ”

“ AI enables precise risk assessment through data analysis, allowing us to develop insurance products that incentivise environmentally conscious behaviour ... By embracing AI, we not only enhance risk management but also contribute to the development of a sustainable and inclusive insurance industry in the Arab region.



- ACE Gallagher Holding CEO Yolla El Khoury ”

“ AI can solve those limitations, streamline operations and improve the cost of gathering, analysing data, as well as facilitating the development and administration of products that caters for underserved segments and hence improve sustainability and inclusiveness.



- Kuwait Re CEO Dawoud Al Duwaisan ”

“ AI can easily calculate the probability of a risk occurring at the level of the individual and allow the insurance inclusion of such an individual.



- Insurance Federation of Egypt chairman and GIG Egypt CEO Alaa El Zoheiry ”

“ Arab insurers can leverage AI to enhance sustainability by implementing predictive analytics for risk assessment, thus promoting eco-friendly policies.



- Emirates Insurance Association secretary general Fareed Lutfi ”

“ The use of AI in insurance has the potential to yield economic and societal benefits that go beyond insurers and their customers by improving risk pooling and enhancing risk reduction, mitigation and prevention.



- Milli Re international underwriting manager Gokhan Aktas ”

“ AI's risk assessment and pricing utilising capabilities can assist Arab insurers in analysing a vast amount of data to assess risk associated with environmental factors such as climate change better.



- GIG Jordan CEO Ali Al Wazani ”

“ It's important that individuals act diligently to ensure that AI operates sustainably and inclusively when processing data.



- CII MEA regional director Gaenor Jones ”

“ AI has the capability to analyse vast amounts of data and provide information that can help insurers to identify, assess and manage emerging risks related to climate change, natural disasters or other sustainability challenges leading to more sustainable underwriting practices.



- FAIR secretary general Mo'men Mukhtar ”

“ Through AI, companies will also be well placed to manage their environmental responsibilities in usage of energy, transport, office air-conditioning and many other areas which enables them to improve their carbon footprint while reducing costs.



- Watania Takaful CEO Gautam Datta ”

“ The increased use of technology to underwrite risks and manage the claims process has led to a shift away from paper-based processes and has helped to promote sustainable practices. The next phase of that transition is to implement AI tools to further accelerate growth and efficiency in a sustainable and inclusive way.



- Norton Rose Fullbright (Middle East) partner Shabnam Karim ”

# The state of Arab insurance markets today

In its 60th year, the General Arab Insurance Federation continues its mission of supporting growth in Arab markets while playing its role in achieving an integrated and developed regional insurance industry.

By Osama Noor

The Arab insurance industry has kept pace with the development witnessed by many countries in the region and it has also formed a pillar of guarantee and protection for other countries where development is moving at a slower pace.

In general, it can be said that the stability and steadfastness of the Arab insurance industry in the face of many economic, social and political challenges is a major achievement for companies, regulatory bodies and other institutions operating in the insurance sectors in the region, said General Arab Insurance Industry (GAIF) secretary general Chakib Abouzaid.

“However, the Arab markets still have a lot to do in order to raise the level of the insurance industry and place it in the ranks of the developed countries, in which insurance contributes to an acceptable extent to their economies; yet, it is fair to say that some Arab markets have made significant strides,” he said.

## Growth factors

Mr Abouzaid said that the Arab insurance industry is evolving in a very positive manner, it is still dependent on factors that include the geopolitical situation, the economy in oil and gas producing countries versus non producers and the insurance legal framework.

“The geopolitical situation in many countries is impacting six economies and their neighbours in the region. The war on Gaza has almost paralysed the Palestinian economy and impacted Jordan and Egypt. Moreover, sanctions on Syria

are preventing any foreign investment or funds transfer,” he said.

As for the insurance legal framework, it has evolved in many countries in the past years, he said. “The regulators are now either independent authorities, such as Egypt, Morocco and KSA recently; or operating under the umbrella of central banks, including Bahrain, Jordan, Qatar and UAE. The takaful framework has been adopted in many countries like Morocco and Algeria; whereas there is a new insurance act being discussed in the parliament in Egypt.”

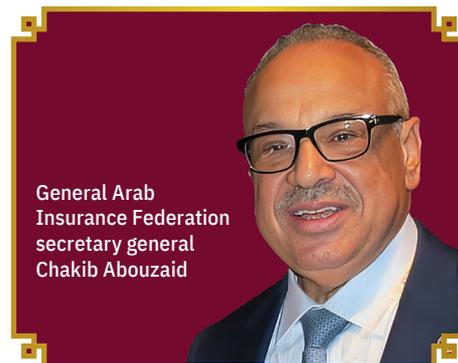
## GAIF keeping pace with progress

GAIF is actively pursuing the digitalisation of its operations and realising the importance of technology in developing and progressing the Arab insurance industry, said Mr Abouzaid.

“We have finalised the digitalisation of the GAIF Orange Card and we are currently working on the claims module, intimation and processing. The long-term objective is to create a body, a pool or syndicate to manage the Orange Card and reduce the delays of payments. This is a strategic project.”

He said that there are other ambitious projects and initiatives that will make a notable contribution to the development of the insurance industry in the region. This includes the Arab Nat CAT initiative.

“We hope for the markets to react positively to our proposal to launch an Arab pool that caters for the needs of protection against the risks emerging from this area, which are increasing in effect



General Arab Insurance Federation secretary general Chakib Abouzaid

and frequency.”

This year, GAIF’s 34th General Conference in Muscat will witness the presentation of a new set of bylaws to strengthen GAIF corporate governance and to align its internal rules with the Arab Unity Economic Council requirements, said Mr Abouzaid.

“More importantly, we will be celebrating GAIF’s 60th anniversary. The Muscat conference, held with the theme ‘Sustainability and Inclusivity in the Arab Insurance Industry: How Arab Insurers Leverage the Artificial Intelligence Revolution’, will be an important milestone and confirms the role this organisation plays in supporting development of the Arab insurance markets which hopefully will see further growth in the future.

“Other than that, GAIF will continue working based on the objectives and roadmap approved by its board of directors and to keep our members and insurance professionals updated on the recent developments on the global and regional markets.”

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## Great achievements for GAIF's 60th anniversary

By Osama Noor

Sixty years of the General Arab Insurance Federation's (GAIF's) existence proves beyond a doubt that the goals for which it was established remain valid. "And we, as professionals and companies, are always requested to strive towards achieving them," said GAIF secretary general Chakib Abouzaid.



Mr Chakib  
Abouzaid

Mr Abouzaid said that financial inclusion and sustainability are no longer an intellectual luxury but rather, a necessity and social responsibility. "This imposes a radical mind change and we must consider providing healthcare coverage for everyone, develop agricultural insurance, enhance microinsurance, work on creating coverage to mitigate Nat CAT and ensure decent retirement pensions through insurance and savings."

GAIF president and Algerian Union of Insurance and Reinsurance Companies chairman Youcef Benmicia said that during the past two years, the GAIF has been active in updating its bylaws and developing comprehensive mechanisms in line with the developments in the regional and international insurance industry.



Mr Youcef  
Benmicia

He added that the GAIF has achieved a lot in the past 60 years and operators

have managed to overcome the various sociopolitical and tough economic challenges, however, there remains a long way ahead for the industry to reach the full potential.

### GAIF Oman making a milestone

The GAIF 34th Conference in Muscat recorded the highest attendance rate in the history of this conference as the number of participants reached 2,200, including 1,900 delegates from outside Oman, said Capital Market Authority executive vice president Ahmed Al Mamari, in his opening speech.



Mr Ahmed  
Al Mamari

Mr Al Mamari said that legislators and regulators, look to providers as substantial partners. "Adopting the principle of partnership in our relationship is the basis for developing the local and Arab insurance sector. Therefore, we need a partnership between Arab and regional regulators and supervisors to develop standards for supervision and regulation, enhance confidence in the sector, and support expansion and development policies."

He also called for strengthening partnerships in adopting modern technology initiatives, which require great effort, expertise and investments.



GAIF members celebrate its 60th anniversary

### Facing challenges

A major challenge facing the regional insurance sector is the current geopolitical tension which the Arab region is witnessing and its impacts on the costs of insurance, said Oman Insurance Association (OIA) chairman Sayyid Nassir Al Busaidi.



Mr Sayyid Nassir  
Al Busaidi

"The unusual climate conditions to which the region is exposed to pose another challenge and represent a burden on direct insurers which is reflected in high reinsurance costs on the one hand, and on the other hand, (seeing) reinsurers imposing harsh conditions which some insurers may not be able to bear. Moreover, reinsurers reduce reinsurance commissions," he said.

This is negatively affecting the financial results of direct insurers, said Mr Al Busaidi. "What makes the matter more complicated is that we have recently witnessed the reluctance of some highly rated international reinsurance institutions to operate in the Arab and regional regions."

He said that to reduce the effects resulting from these challenges, it has become pivotal for the stakeholders to take the responsibility to work together to find innovative solutions under the umbrella of the GAIF and cooperate to reduce the effects of these challenges. 

# Insurance is not ready for AI

The first main session of GAIF 34 addressed one of the big issues head on: How is the sector leveraging AI to disrupt and reshape the Arab insurance landscape?

By Paul McNamara

**M**unich Re CEO India, Middle East and Africa Hitesh Kotak kicked off a lively session by giving an overview of AI deployment in insurance – and focused closely on AI supporting growth and providing a competitive edge to insurers.

Mr Kotak was quite candid about the purpose of leveraging AI in insurance which is “to provide better customer service.”

He went on to make the point that the adoption of analytical data is still emerging – and said that P&C insurers still do not assess themselves as analytics-driven organisations.



Mr Hitesh Kotak

## The whole truth

More poignantly still, he said that “the employment of AI in insurance is still very limited – not because the technology isn’t ready, but because we are not ready.”

Mr Kotak rounded out his presentation by looking at some use cases in life, health and non-life – which he identified as an opportunity to unlock commercial opportunities through data and technology.

## InsurTech and AI

QIC Group chief digital officer Lars

Gehrmann then gave a structured overview of InsurTech innovation trends in which he pointed to generative AI as a “hyped theme with a real business impact on insurance”.



Mr Lars Gehrmann

Generative AI, he said, is following the innovation S-curve – and predicted that there would be more hype which would be followed by a downturn. But he issued a stark warning to (re)insurers: “If you don’t test AI – don’t work on AI – you will lose out.”

He gave a brief series of forecasts which looked at generative AI infrastructure, foundation models, human-machine interactions and finished with a look at generative AI applications.

This latter group included: Copilots driving massive white-collar productivity gains, AI vs AI – where generative AI fuels a new wave of attack and defence and included a prediction that ‘generative AI takes over journalism’.

## Useful in every application

For the insurance sector, he was quite clear that generative AI could be used along the entire value chain – and suggested that it would be important to find some ‘quick wins’ to show both

the C-suite and investors what might be possible.

Cisco Systems cybersecurity senior director, EMEA Fady Younes switched focus from the preceding presentations and looked at cyber security and cyber threats – in which he made it clear that the focus should be on frustrating attackers and not users – and the opportunity this might present to insurers.



Mr Fady Younes

He made some interesting points about why cyber liability insurance matters and gave data on the rise of demand for cyber liability insurance cover, the number of cyber attacks on small businesses, the increase in claims reported by cyber insurance brokers and the percentage of small businesses that had been victims of a data breach that had to shutter their doors permanently within six months of the attack.

The session ended with a lively debate moderated by Arabia Falcon Insurance company chief executive officer Roland Zaatar that left the audience far better informed about the very real future for AI in insurance – where the real fear is of missing out for those who don’t dip a toe in the water. 



GAIF 34

# What do you think are the most important steps for Arab insurers to take towards sustainability and inclusivity?

“ AI’s ability to analyse vast and complex datasets should enable Arab insurers to structure effective risk solutions beyond the prevalent carbon-based industries: Energy efficient management solutions, recycling and waste reduction programmes, reducing carbon emissions to mitigate climate change impacts and water conservation for sustainable practices.

By offering insurance products that meet the needs of marginalised and low-income sectors, Arab insurers have a unique opportunity and responsibility to promote financial inclusion and social equity while also growing the insurance market (for example, microinsurance).

- Trust Re CEO Yassir Albaharna



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“ Insurers have a role to play in promoting sustainable approaches to climate-resilience, for example, in reducing the impacts of physical, climate change-related events such as flood, wildfires and tropical storms. Insurers can support policyholders in making their homes and businesses more resistant and resilient to environmental perils. Due to climate change, the unpredictability of loss in the insurance industry has reached new heights.

Extreme weather is hitting unexpected locales, urging insurers to recognise their role in protecting the environment. However, the shift toward sustainability is also driven by rapidly evolving societal attitudes and consumer preferences. The policyholders are becoming more environmentally conscious. In particular, the development of eco-friendly insurance products can drive up demand from sustainability-oriented customers while encouraging other consumers to go green.

These products can include electric vehicle insurance and green building insurance, which provides coverage for sustainable construction and energy-efficient buildings. Sustainability incentives for policyholders, like premium discounts for customers who own energy-efficient homes or take public transportation, can also provide the same effect.

Regulatory shifts are another external force driving transformation. Government bodies are imposing stricter environmental standards and disclosure requirements, forcing insurance companies to be more transparent about their sustainability efforts. Finally, the insurers should be more proactive and must rethink their investing strategies and begin to implement ESG standards in their evaluation processes.

- Milli Re international underwriting manager Gokhan Aktas



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“ Climate change presents one of the biggest challenges in sustainability for the insurers, who must adapt their risk modelling, due to increasing uncertainties affecting all lines of business.

Most MENA countries have low insurance penetration levels, with the lowest ratio between insurance premiums written and GDP, compared to the penetration levels registered in countries with same economic characteristics, as Eastern Europe and South America, which limits the contribution of the sector in both economic and financial development of the Arab countries.

That’s why it is necessary to increase consumer awareness of insurance and its role, through public education programs and mechanisms to generate greater trust in the sector.

To let the insurance industry have a positive impact on the financial and economic development of the countries, it is necessary to set up strong regulation and supervision of the markets, in terms of prudential surveillance and solvency systems, with the aim to build trust and permit to the sector contribute to the formation of capital for long-term investment.”

- CASH Assurances CEO Wided Belhouchet

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“ In my opinion, the Arab Insurance markets should be able to take positive steps towards sustainability and inclusivity by identifying, assessing, monitoring and managing risks and opportunities associated with the environmental, social and governance issues. There should be a way of providing solutions to reduce risks while developing innovative insurance solutions to mitigate such risks.

The Arab insurance market should take steps to build a unified strategy to strengthen climate resilience and amplify sustainable insurance. A unified strategy could also expand to include different aspects of sustainability and inclusivity such as microinsurance plans as well as health insurance schemes. This might need a regulatory frame that allow the insurance companies to work very closely with the micro finance companies and reach the unserved segment of poor people.

- Insurance Federation of Egypt chairman and GIG Egypt CEO Alaa El Zoheiry



“ Prioritising sustainability and inclusivity is imperative ... our firm is dedicated to implementing comprehensive sustainability practices. This commitment is evident in active measures to reduce engage in environmental conservation efforts and integrate eco-friendly policies into daily operations, aligning with the principles of responsible business practices.

Gender equality is a fundamental focus ... Our workplace actively promotes diversity and inclusion through robust mentorship programmes and continuous efforts to ensure equitable representation of both genders.

- ACE Gallagher Holding CEO Yolla El Khoury



“ We believe that companies must invest in their infrastructure (both in technology and human capital) and form partnerships with reinsurers and technology providers to develop products and distribution solutions ... We also need the support of Arab regulators to enable such initiatives.”

- Kuwait Re CEO Dawoud Al Duwaisan



“ - **Green initiatives:** Implement environmentally sustainable practices, from digitising processes to reducing paper usage, to align with global sustainability goals.

- **With AI integration:** Embrace AI technologies for precise risk modelling, enabling insurers to better assess environmental and social factors, contributing to sustainable underwriting practices.

- Inclusively develop insurance products that cater to a diverse customer base, considering cultural, economic, and social differences. This ensures coverage for a broad spectrum of needs.

- **Workforce diversity:** Cultivate a diverse and inclusive work environment, reflecting the communities served. Diverse perspectives can lead to innovative solutions and better understanding of varied customer requirements.

- **Community engagement:** Collaborate with local communities and Authorities to understand their unique challenges and needs. This involvement fosters trust and ensures that insurance solutions are culturally sensitive and relevant.

- **Educational initiatives:** Launch awareness campaigns to educate customers about sustainable practices and the benefits of inclusive insurance, fostering a more informed and engaged clientele.

- **Regulatory compliance:** Stay abreast of evolving sustainability and inclusivity regulations, ensuring adherence to industry standards and demonstrating commitment to responsible business practices.

By taking these comprehensive steps, Arab insurers can contribute significantly to both sustainability and inclusivity in the insurance industry.

- Emirates Insurance Association secretary general Fareed Lutfi





“ The regional industry remains challenged by structural weaknesses that are affecting its progress in that space. A major concern is fragmentation, with too many companies competing in the market. Due to their small size, many lack the financial and professional resources to invest in new ideas and future-proof their business to become truly sustainable in the long run.

More mergers would therefore help industry become more efficient and financially sustainable. Some consolidation has taken place in recent years with considerable success, providing a template for others to follow. Regulation is key. The move to IFRS17 international accounting standards, which began last year was a welcome step as the improvement in transparency makes valuations easier ahead of merger decisions.

Regulators have also taken positive measures to promote insurance inclusion. In the UAE, required medical and motor coverage have been expanded and unemployment insurance has been made mandatory, while in Saudi Arabia insurance for medical negligence has been expanded.

Insurers have an excellent opportunity to further expand inclusivity through public awareness campaigns and education. As AI and other advances enable them to supply more relevant products at competitive prices, uptake will increase across all sections of society and many product types.

- Watania Takaful CEO Gautam Datta



“ Arab insurers, as well as the global insurance industry, were forced to take steps to digitise and accelerate the use of technologies during the COVID-19 pandemic. It is important for the Arab insurance industry to continue to embrace emerging and developing technologies in line with global best practices.

Although the global and regional insurance industries are inherently a people-based business, Arab insurers should continuously keep under assessment their own sustainability targets and goals, for example using video-technology where physical meetings are not always necessary.

In terms of inclusivity, the Arab insurance industry needs to continue to build processes and policies to not only recruit with diversity in mind, but to retain a diverse workforce which is also multi-generational. For example, the boards of the insurance industry should set goals and targets on promoting women to leadership positions with accountability if those targets are not met. To support meeting these ambitions, the industry needs to ensure that it offers mentoring, training and support to retain top talent and support the development and promotion of a diverse and inclusive workplace.

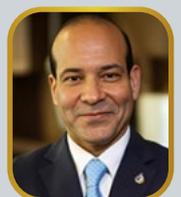
- Norton Rose Fullbright (Middle East) partner Shabnam Karim



“ • Defining clear goals and objectives for sustainability and inclusivity, such as reduction of carbon emission and improving the level of accessibility to insurance products.

- Data collection and analysis which involves the role of AI where huge amount of data and advance analysis can help insurers understand the status quo and take insight from predictive analysis of data.
- Stakeholders' involvement and integrating of sustainability into operation by embedding its principles in every aspect of the operation and as such encouraging diversity, sustainability, and inclusion.
- Product innovation to cater for the diverse needs of community segments and address emerging challenges. Green insurance offering can be a considered in future product development.
- Reporting in a transparent way encouraging other players to follow, collaborate with different industries and partnership with different organisations from government to non-government to support the mission and objective. By this, insurers in the Arab world can demonstrate their commitment to sustainability and inclusivity while also contributing to positive social and environmental outcomes.

- GIG Jordan CEO Ali Al Wazani



“ It is possible for insurers to combine their mission of managing risk with an active and responsible approach to environmental change. Areas in the insurance value chain where insurers and brokers can make a significant difference include:



- Brokers and underwriters offering holistic advice to clients, covering risk as well as insights about the impact of environmental change and potential mitigations.
- Advising policymakers when specific activities in certain regions will become uninsurable. As an Institute and Faculty of Actuaries report said, ‘descriptions can be helpful for decision-makers to understand the potential impacts of a hot-house world for companies ... insurance leaders have unequivocally stated that if climate change raises average temperatures to 4 degrees C above pre-industrial levels, most assets will be uninsurable’.
- Brokers may offer transactional advice about products that have a sustainable element, such as ‘building back greener’, explaining the dynamics around issues such as cost and sustainability.
- One significant growth area is sustainable claims – building in resilience (for example, building in flood mitigations by redesigning damaged properties to make them more resistant to flood – raising them off the ground, installing electrical sockets higher off the ground etc); rebuilding using more sustainable materials; or rebuilding using existing structures, where they are sound, rather than rebuilding from scratch. The challenge here is to persuade clients to contribute to the cost of more sustainable options where it is significantly greater than a more traditional approach.

- CII MEA regional director Gaenor Jones

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“ Arab insurers face several challenges in embracing sustainability and inclusivity. Here are some of the most important challenges:



1. **Data availability and quality**

Lack of comprehensive and adequate data on ESG factors makes it challenging for insurers to assess and integrate sustainability considerations into their risk models and underwriting practices.

2. **Regulatory environment**

Inconsistent or unclear regulations related to sustainable practices may create uncertainty for insurers. Another challenge is the cost involved in adhering to evolving sustainability regulations which may require significant investments in technology and training.

3. **Risk modelling and assessment**

Integrating environmental and social factors into risk models can be complex and requires advanced analytics and modelling capabilities. The insurance industry traditionally operates on shorter-term perspectives, and incorporating long-term sustainability considerations require a shift in mindset.

4. **Product innovation and affordability**

Developing innovative insurance products that address specific sustainability challenges, requires investment in research and development to ensure that sustainable insurance products are accessible to a broad population, including economically disadvantaged individuals.

5. **Technology integration**

Many insurers in the Arab region have legacy systems that are not easily adaptable to new sustainability-focused technologies. The integration of AI and other technologies requires investments and a strategic approach.

Overcoming these challenges will require collaborative efforts among insurers, regulators, industry associations and other stakeholders. The development of a supportive regulatory framework, investment in technology and education, and fostering a culture of sustainability are essential steps toward achieving greater sustainability and inclusivity in the Arab insurance industry.

- FAIR secretary general Mo'men Mukhtar

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# A Delightful evening in Muscat

Delegates and guests of the 34th GAIF Conference mingle and revel at the welcome reception hosted by the Oman Insurance Association.



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