



# BIA

BAHRAIN  
INSURANCE  
ASSOCIATION

# INSURANCE BRIEF

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For the Insurance Industry in Bahrain



## BIA HELD ITS ORDINARY GENERAL ASSEMBLY MEETING



Bahrain Insurance Association (BIA) held its Ordinary General Assembly Meeting for the fiscal year 2011 on Monday, March 19, 2012 in Awal Ballroom in Gulf Hotel.

The agenda of that General Assembly meeting included a minutes of the previous meeting of the Assembly and approval to that, looking through the chairman's report, as well as discuss closing accounts for the fiscal year ended on December 31, 2011 with approval to that, and review of auditors' reports and approval to that.

During the meeting, Mr. Younis Jamal Al Sayed, the chairman of the Association, highlighted Kingdom of Bahrain's role played in development of insurance sector, which contributes directly in enhancing the important role of the Kingdom in development of the economy at regional and global levels, and the most important activities of BIA, including coordination and discussion with insurance companies operating in the Bahraini market, as well as Central Bank of Bahrain (CBB), and other competent authorities and institutions. In addition to that, carrying out various insurance activities, such as holding workshops, seminars and lectures, in which the association endeavours to propagate culture and awareness of the importance of insurance of all types, and its role that plays in setting up a solid Bahraini community. The association has also been contributing in presenting studies, plans and recommendations for uplifting of the insurance industry in Kingdom of Bahrain.

In addition, the general assembly meeting praised and appreciated the board members for their dedication and devotion to achieve such results in term of insurance industry, and also to central Bank of Bahrain (CBB) for facilities and support given to the insurance sector.



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**BIA AGM  
2011**



**BIA LAUNCHES  
INSURANCE DAY**



**BIA  
DEVELOPMENT**



**ROUND TABLE  
FOR OUTLOOK**



**TAMKEEN  
PRESENTATION**



**GHABGA  
DINNER**

# HOW IT ALL STARTED...

It all started in the 1950s, when a group of taxi drivers gathered to form an insurance society, the first mutual insurance company of its kind, in order to abide by the law to buy Third Party Liability insurance cover for their vehicles. This society was so successful that by 1955 the Co-operative Compensation Society was formed to provide insurance for vehicles and other losses arising from accidents. This society was later renamed as the Vehicle Insurance Fund.

As Bahrain has always been a trade centre, Norwich Union, a leading United Kingdom based insurer, realizing the insurance potential, opened its first office in the Arabian Gulf in 1950. An agency agreement was signed, appointing Messrs. Yusuf bin Ahmed Kanoo as Norwich Union's principal agents in Bahrain. The first-ever policy to be issued by the company's Bahrain office was Marine or all-risks cover for a consignment of Bahraini pearls packed in a rusty old Ovaltine tin, which was being transported by dhow to Aden.

The Zayani Group of Bahrain also ventured into the insurance business way back in 1950's and became Norwich Union's competitors in Bahrain. Presently J.A. Zayani & Sons are the sub-agents for The New India Assurance Co. Ltd.

Shortly after Norwich Union and The New India Assurance Co. Ltd., Abdulla Yousif Fakhro & Sons, another leading business groups in Bahrain, were assigned as the agents for General Accident Insurance, one of the largest insurance companies in the world at that time.

The first organisation to be granted a license to offer long-term insurance products (life and accident insurance) in the Kingdom was American Life Insurance Company (ALICO), which commenced its operations in 1961. ALICO started to launch the first life protection, savings and personnel accident schemes for individuals and corporates in Bahrain.

Bahrain Insurance Company (BIC) was the first public shareholding company and was established on 2nd November 1969, even before the enactment of the Commercial Companies Law promulgated by Decree No. (28) of 1975. The company

was incorporated with a paid up capital of BD 600,000, one third of the Paid up share capital owned by General Organization for Insurance, an Iraqi insurance company. BIC was later merged (in 1999) with National Insurance Company (established in 1982) to form Bahrain National Holding (BNH) Company. BNH has a general insurance and long-term insurance subsidiary called Bahrain National Insurance (BNI) Company and Bahrain National Life Assurance (BNL) Company, respectively.

Al-Ahlia Insurance Company was incorporated in 1976 as the second public shareholding company providing all classes of general insurance in Bahrain. Bahrain Kuwait Insurance Company (B.S.C.) was also established in 1976 with Bahraini and Kuwaiti shareholders. By virtue of its shareholding structure, the company has been allowed to operate as a national insurance company both in Bahrain and Kuwait, the only company to enjoy such a privilege.

Following the inauguration of King Fahad's Causeway in 1986, United Insurance Company (UIC) was formed with the main purpose of providing insurance to all vehicles crossing King Fahad's Causeway. The Company is now owned by six insurance companies viz. Tawuniya, KSA (50%), Bahrain National Holding Company (10%), Bahrain Kuwait Insurance Company (10%), Al-Ahlia Insurance Company (10%), Bahrain National Insurance Company (10%) and AXA Insurance (Gulf) B.S.C.(10%).

Bahrain Islamic Insurance Company (BIIC), now called Takaful International Company, is the first Islamic insurance company to be incorporated in the Kingdom in 1989. As one of the early players in the Islamic financial field, BIIC offered Islamic insurance products and services which were designed to meet the increasing demand for such products. The Takaful industry has grown over the years and there are now seven Takaful and two Retakaful companies operating in Bahrain.

Bahrain is also the home to the Arab Insurance Group (ARIG) which is another example of the significance of Bahrain's position as a regional hub for insurance industry in the Arabian Gulf and wider global market. The ARIG is the representative

body for the insurance industry in the Arabian Gulf and is one of the largest Arab-owned reinsurance organizations in the Middle East and North Africa (MENA) region. Established in 1980 by the governments of Kuwait, Libya and the United Arab Emirates, it has become one of the leading Arab reinsurers with a sound reputation as a dependable partner for the insurance industry in the region. Since the establishment of ARIG in Bahrain, reinsurance market in the Kingdom has been growing steadily and an increasing number of international reinsurers are now using Bahrain as a base of their business throughout the region.

In September 1993, insurance companies and organizations actively involved in the insurance market, set up the Bahrain Insurance Association (BIA). The BIA aims to promote the interests of its members, further develop the insurance industry and enhance insurance awareness in the marketplace.

Starting from 1950 till today, the insurance industry in Bahrain has been growing steadily and strongly and has demonstrated a double-digit growth, mirroring the expansion of Bahrain's financial sector. The Kingdom offers the ideal environment for the insurance industry, and with its forward-looking and business-friendly regulatory regime it hopes to sustain this growth in the long-term. As of 2011, Bahrain is home to more than 170 insurance entities which includes Bahraini firms, overseas firms, brokers, insurance managers, insurance consultants, actuaries, loss adjusters, insurance pools & syndicates, insurance society and appointed representatives.

Bahrain has achieved preeminence as the regional financial services centre, through the Government's wise and far-sighted policy of maintaining an open and diversified economy base and by paying close attention to the legal and regulatory infrastructure. This has provided the framework for the Bahrain insurance industry to flourish and for Bahrain to become the insurance hub of this important region.

Source: CBB Archives

## BIA AGM

THE BIA AGM WAS HELD AT THE GULF HOTEL



The attendees elected Mr. Younis J Al Sayed as the Chairman of the Board, Mr. Waleed Ahmed Mahmood as the Deputy Chairman, Mr. Stephen J. Wagstaff as the Secretary, Mr. Mohamed Radhi as the Treasurer and Mr. Mr. Fouad Abdulla Aziz, Mr. Khalid J. Al Shaikh, Mr. Fadi Khatib, Mr. Jaffar M. Jahromi and Mr. Joseph M. Rizzo as the Directors for 2011 - 2013.

In the meeting the minutes of the previous meeting was approved, the financial statements for the year were reviewed and approved and the external auditors for the year ending were appointed.



After being elected Chairman of the Board of Directors of the Bahrain Insurance Association, Mr. Younis Jamal said: "It is a great honor and privilege to be elected as the chairman by the board members and my colleagues in the insurance sector. I am confident that the growth of the

association and its achievements till date in establishing a highly effective role in society is a result of the efforts of all of the previous members who have contributed in building the association and I would like to take this opportunity to thank them all."

## BIA held a market meeting

BIA held a market meeting on 9th April 2012 at 10.00am at the Awal Ballroom (3) - Gulf Hotel.

The agenda of the meeting included Recovery mechanism for motor claims, Rates for Motor and Non Motor & Unknown Motor claims.



## BIA launches Insurance Day



BIA organized a gathering at Gulf Hotel on March 21, 2012 to mark the first ever Insurance Day in the history of Bahrain Insurance. The ceremony was held under the patronage of Mr. Rasheed Al Maraj, Governor of the Central Bank of Bahrain in the presence of dignitaries and specialists in the relevant field.

The ceremony also included an accompanying exhibition documenting the process of the insurance sector in Bahrain, which aims to highlight the culture of the Kingdom of Bahrain as well as to commemorate the achievements and successes of the Bahraini Insurance Market.

This ceremony aimed at commemorating the achievements and success of the Bahrain insurance market, which is due to the merit of building the national economy in light of the current environment and wise policies of the Government of the Kingdom of Bahrain.

The gathering honored the pioneers of the insurance industry in the kingdom; heads of the former associations as well as the holders of the CII and FCII and the sponsors of the event. During the ceremony a documentary video showcased the path and the process for each ex-Presidents of the Assembly for their efforts and their clear marks in the prosperity of Bahrain. BIA chose March 21st, as it coincides with the celebration every year, as an initiative of its own to celebrate the insurance sector in the Arab world.

insurance day 2012  
Kingdom Of Bahrain

BIA hopes that this initiative will strengthen the relations between all the employees in the insurance sector and encourage the highest levels of professional excellence. It will also provide a forum for the members to meet and discuss issues and matters in the insurance industry. This will help in facilitating the exchange of information, statistics and resolve issues related to the development of non-competitiveness that impacts the insurance industry. Not to mention, the awareness of insurance among the various segments of society and promote the spread of insurance business in the Kingdom of Bahrain.

The Insurance Day will also actively accelerate the interests based on constructive cooperation of the competent authorities and highlight Bahrain as a regional hub for insurance.



The prosperity of insurance companies in the Kingdom is due to right atmosphere created by the Government of Bahrain, by promoting open economy and the supervision of Central Bank of Bahrain, which flows in the viens of the Bahraini economy.

On this occasion, BIA affirms the importance of communication with the Central Bank of Bahrain and the other bodies, which helps in the development of the insurance sector and promote awareness in Bahrain. It also promotes ethical standards and professionalism that facilitates the exchange of information and statistics and ensures the advancement the insurance industry in the kingdom.

## “Profiting from Bancassurance”



“Profiting from Bancassurance, a joint-seminar organized by the Bahrain Insurance Association and The Bahrain Association of Banks 17th April 2012 at Gulf Hotel, in order to take a look at the great market opportunities for bancassurance products in the region and how both banks, insurance companies and their potential customers can benefit from this market collaboration,

There was a speakers from both banking and insurance sectors discussing the selling of insurance and banking products through the same channel, most commonly through bank branches selling insurance to their extensive, captive customer base

The seminar was conducted with speakers presentations run by the BBK speaker Mr. Mohammad Zainalabedin, from Legal and General Gulf Takaful Mr. Darrell Stone, from Citibank Mr. Navneet Kampani, from Takaful International Ms. Noor AL Haji and from Zurich International by M. Fathalla Ebrahim.

The business of banking around the globe is changing due to integration of global financial markets, development of new technologies, widening the distribution channels and diversification in non-banking activities.

Due to all these movements, the boundaries that have kept various financial services apart from each other have vanished.

The joining of different financial services has provided synergies in operations and development of new concepts.

This concept is called “Alfinanz” in German which means Universal Banking or Bancassurance as known in French and to us.

The Bancassurance simply means selling insurance products by banks. This helps the banks to earn revenue other than the normal way of sales such as loans, credit cards, deposits, etc.

It also helps the bank to retain its customers especially with competition in the market, since it provides multiple services at one place which means enhanced customer satisfaction.

For insurance companies it provides access to the bank’s clients and to the clients it is a one stop solution for all the financial needs and requirements.

Bancassurance has grown successful in Europe in recent years, especially in France where it started, and also in Italy, Belgium and Luxemburg.

In Asia, it is expected that Bancassurance would contribute almost 25% of the insurance income for insurance companies especially in India and China.

Back in 2000, the first Bancassurance concept was born in the region in Bahrain, when BBK and BKIC joined hands and introduced SECURA which provides motor, home and travel insurance.

In UAE, particularly Dubai has seen the biggest growth in Bancassurance with almost all the banks having tie-ups with insurance companies offering various products such as Life, Home, Travel and Motor.

Saudi and Oman are growing as well with Qatar and Kuwait following up. Though Bahrain has been the pioneers in starting this concept, however we have not taken the lead in the region for the growth and inspiration of this concept.

### IN BRIEF

#### “Profiting from Bancassurance”

Bancassurance is the selling of insurance and banking products through the same channel, most commonly through bank branches selling insurance to their extensive, captive customer base.

Bancassurance, also known as the Bank Insurance Model (BIM) allows the insurance company to maintain smaller direct sales teams as their products are sold through the bank to bank customers by bank staff, who are advised and supported by the insurance company through product information, marketing campaigns and sales training.

Life insurance for mortgage borrowers, credit cards and personal loans create opportunities for banks to sell protection insurance and the knowledge a bank has of its customers’ finances creates opportunities to sell other products. Both the bank and insurance company share the commission, but the actual insurance policies are processed and administered by the insurance company

Bancassurance has become significant. Banks are now a major distribution channel for insurers and insurance sales can be a significant source of profits for banks. This is partly because banks can often sell insurance at better prices than many other channels as they have low costs and can use their infrastructure, such as branches and online presence, to cross-sell insurance products.

## BIA DEVELOPMENT IN THE INSURANCE INDUSTRY

Bahrain Insurance Association, as part of its endeavor to further develop the Insurance sector, organized a proactive meeting in association with Trust Re Corporation, pertaining to the project of "BIA development in the Insurance industry". The main objectives of organizing this meeting was to find out ways to develop human capital in the insurance sector, study the possibilities of development and training at all levels. Human resource managers and representatives of various insurance companies attended this meeting.

The meeting focused on answering the needs and the present challenges faced by the insurance market of Bahrain. Some of the issues which were brought under the spotlight by the panel were; the lack of human resources, the urgent need for the disciplines of administrative and technical in the field of insurance to coincide with the increasing number of companies operating in the market, and expand its portfolio of insurance and despite some attempts modest training and rehabilitation in these companies, but the output is still below the required level. BIA invited the Assembly to organize a meeting to activate the project of gathering human resource managers under one roof, and give them a platform to discuss solutions for these challenges and plan to ensure the development of national cadres in various areas of insurance.



## ROUNDTABLE FOR OUTLOOK FOR FOREIGN BANKS AND INSURANCE COMPANIES



The Bahrain Association of Banks (BAB) together with the Bahrain Insurance Association(BIA) held the roundtable for Outlook for



foreign banks and insurance companies in Bahrain at The Ritz Carlton Hotel Bahrain on the 28th of June, 2011.

## 3RD RAMADHAN FOOTBALL TOURNAMENT



Bahrain Insurance Association is proud to be the bronze sponsor of the 3rd annual Insurance Companies Ramadan football tournament. The event comes under gold sponsorship from Trust Re whilst Takaful International has been supervising the organization of the matches for the three years in a row. In 2011's championship, sixteen teams which were divided into four groups took part. The tournament began on August 1st and the final was held on August 16th. All games were organized and played indoors at the Al Itihad Club.

## TAMKEEN PRESENTATION HELD IN CROWN PLAZA

BIA held a seminar on the 14th September at crown plaza (professional Development in the Insurance Industry seminar) Mr. Younis J Alsayed BIA chairman welcomed the BIA members and invited guests followed by five presentations held by Tamkeen, Bahrain Qualifications Framework, HRD fund, Bahrain Institute of Banking & finance and Gulf Insurance Institute, each presentation was followed by an open discussion session, lunch was hosted at the end of the seminar.

