

For the Insurance Industry in Bahrain



GALA DINNER



Under the Patronage of HRH Prince Salman bin Hamad Al-Khalifa, Crown Prince and Chairman of the Economic Development Board and Bahrain Insurance Association in cooperation with Bahrain Association of Banks, an Annual Gala Dinner was held on June 6th at Ritz-Carlton, Bahrain Hotel and Spa. The event was attended by Chairman, Deputy Chairman and CEO of both associations and other VIP guests.



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INSURANCE MARKET REVIEW – CBB 2009

The year 2009 has been particularly satisfying for Bahrain's Insurance Industry.

Despite the financial crisis, the industry continued to grow at a brisk pace, registering a growth of almost 8% to touch BD 200.56 million in premium returns over the previous year. Long term insurance (life and savings products) became the most significant class of business, showing a 11% increase in business. The year also saw a net investment income of insurance firms rise to BD 43.02 million, a whopping 677% increase over 2008. These indicators confirm the strong performance generated by Bahrain's domestic and foreign insurance companies and points to higher than average participation from our fledgling community.

Bahrain leads the way in insurance sector liberalisation

Bahrain enjoys a good reputation and prominent position as an international financial and insurance center. The country plays host to many insurance companies carrying on business outside the Kingdom of Bahrain. Most of these companies are conducting insurance operations in the Kingdom of Saudi Arabia. With the promulgation of the insurance law in the Kingdom of Saudi Arabia, several of these companies will be relocating to that country or offering alternate services in Bahrain. As a result, during 2008 and 2009, several companies whose license was restricted to do business outside Bahrain have amended the scope of their license to allow them to operate within the Kingdom of Bahrain. These companies have become part of the locally incorporated companies. On the other hand, companies who obtained license from Saudi's Authorities have transferred their whole insurance portfolio to the newly licensed companies in the Kingdom

of Saudi Arabia during 2009.

Bahrain's insurance sector is now spread across Life and Savings products, Fire & Property, Marine, Motor, Medical, Engineering. With such a wide spectrum of products, the investment portfolio of Bahraini insurance firms was able to recover after the volatility of the global financial markets during 2008. The total investment of Bahraini insurance firms increased by 18% to register BD 422.04 million in 2009 compared to BD 357.03 million in 2008. Other Fixed Income Securities (listed & unlisted) increased significantly by 47% to register BD 167.96 million in 2009. The Real Estate Assets and Equity Shares (listed & unlisted) increased by 32% and 22% respectively. On the other hand, the Unit Trusts or Mutual Fund decreased by 14% during 2009.

On the capital side, eligible paid-up capital of Bahraini insurance firms increased by 14% to reach BD 144.84 million in 2009 (2008: BD 126.63 million), this was mainly due to the newly established firms that entered the market during 2009. It should be noted that Takaful firms represent 42.5% share of the total Eligible paid-up capital of Bahraini insurance firms.

Takaful firms' contributions improve remarkably

At the end of 2009, the number of licensed Takaful Firms totaled 7 locally incorporated companies. The gross contributions of Takaful firms operating in Bahrain have risen significantly over the course of the last five years; the Takaful firms' gross contributions reached BD 32.67 million in 2009 compared to

BD 26.75 million in 2008, a remarkable increase of 22%. This increase is attributed to the increase in General Takaful to register BD 27.01 million (27% increase) and Family Takaful increased from BD 5.47 million in 2008 to BD 5.66 million in 2009 (3.5% increase)

Bahrain Insurance Association (BIA) pledges greater awareness

As early as September 1993, insurance companies and organisations set up the Bahrain Insurance Association (BIA) to promote the interests of its members and further develop the insurance industry and enhance insurance awareness in the marketplace. Together with the Insurance Learning Center (ILC) and Gulf Insurance Institute (GII), the association has contributed immensely in providing training and development support to insurance companies. One of the foremost contributions was the recognition of diploma and certificate courses offered by the ILC and supporting the institute to gain affiliations both in the region and overseas. These initiatives have resulted in an increase in the number of trained personnel in the insurance sector to over 1,566 of which 61% were Bahraini's.

If the year 2009 has been so promising, there is no denying that the coming years is anticipated to be even better for the insurance sector. With increased awareness and a greater participation, Bahrain's insurance industry is poised to realize higher goals and cater to the increased aspirations of the people and community as a whole.

Source: www.cbb.gov.bh

HUSAIN AL-AJMI



BIBF's Head of Insurance Studies, Mr. Husain Al-Ajmi shares his views on an institute that makes all of us proud.

Today's rapidly changing international insurance environment requires human resources that are skilled and responsive to marketplace demands and customer needs. BIBF's Insurance Learning Center offers a wide range of insurance and risk management courses to assist participants in their professional development. BIBF designs its courses to meet a broad spectrum of training needs from entry level through intermediate and advanced professional levels for the more seasoned insurance executive.

Mr. Husain Al-Ajmi reiterates the institutes pioneering role in this exclusive interview.

"By law, every financial institution licensed by the CBB is a member of BIBF", he starts off by saying, to stress the fact that BIBF is firmly committed to serving the needs of the insurance sector and recognizes the industry as leading contributors to Bahrain's economy. The rest of the interview unfolded as under:

How do you rate BIBF's courses with regard to the growth in Bahrain's insurance industry?

BIBF has been at the forefront of providing specialized training courses for a host of knowledge-centric positions across every industry. We work very closely with the BIA in devising and constantly altering course material to match the changing trends, both domestically and internationally so that our study courses are always ahead of the needs of the industry.

What are the profiles of aspiring individuals who come to BIBF?

Most of the candidates who enroll into BIBF's insurance courses are employed individuals who seek to upgrade their skills. Many of them are graduates who bank on BIBF to show them the way to lucrative careers in insurance. We have also received some unemployed Bahraini's, who are either supported by the Ministry of Labour or Tamkeen who may need to begin from the basics, but are excited at the surety of finding employment after

completion of their courses.

What makes the BIBF such a vital force in training for the insurance industry?

BIBF has the experience and the recognition from insurance companies as the leading provider of skilled personnel. Besides, BIBF has successfully run programs of similar nature in countries like Egypt, Yemen, Sudan, Libya, Jordan, Syria and across the GCC, where the insurance industry is at different levels of development and expertise. This achievement gives us the edge in providing training at different levels in different markets. Our accreditation with the Chartered Insurance Institute of UK is a major plus for those who want to reach associateship through the BIA.

What do you think is the reason for so many overseas candidates coming to BIBF?

We are the only institute in the entire region to offer courses in Arabic. Which is why the BIBF enjoys considerable favour from students from all over the Middle East. In fact, about 90% of our candidates are from outside of Bahrain. When it started, the Insurance Learning Centre was the smallest division of the BIBF, now, it is one of the largest.

How does your Insurance course differ from other institutes?

We believe in tailoring our course to individual goals and aspirations. Most of

our courses are contact courses, although our distance learning is equally popular. We offer Diploma, Advanced Diploma and Professional Insurance Certificate courses that are designed in accordance with BIA principles. All courses can be topped with ACII level, so that candidates are geared to meet the demands of today and tomorrow with ease.

What is your proudest moment being a part of BIBF?

There have been many, but I must say that winning the 'Best Education Qualification' award at the International Takaful Awards made me feel proud. Another is the opportunity to put together, for the very first time, a comprehensive insurance regulator's course with a team of international consultants from Canada. I am also proud of the fact that BIBF remains the leader in courses for the insurance industry, both in English and Arabic.

Any thoughts on the future?

Well, right now we are ranked among the top 15 in the world for the excellence and commitment BIBF has garnered. We will work towards improving that. We are also looking forward to the day when BIBF becomes the finest training centers of its kind and expect more and more HR teams to trust and keep the faith in us. I am thankful for having had the privilege of leading the BIBF in its quest to achieve its objectives and proud to place Bahrain on the global stage of excellence and expertise.



CONTRIBUTING TO A BETTER BAHRAIN: ESTABLISHING A HIT AND RUN FUND

The CBB are focused on strengthening industry foundations, and are constantly looking at new initiatives that create a better environment within the insurance industry as well as to local citizens.

To this effect, the CBB has recently started a new initiative, which is now in its final stages and is aimed at reimbursing injured parties who are not liable for claims. This new 'Hit and Run Fund' is being reviewed by the BIA and circulated to all insurance companies for feedback and comments. It has been introduced in several other jurisdictions and the CBB believes that it will provide added security to policyholders, in line with its key objectives, while also benefitting the society and the insurance industry as a whole.

The Hit and Run Fund is being established for cases where there has been bodily injury or death and the perpetrator has run away from the scene of accident. Under conventional motor insurance policies, since there is no identified third party causing the accident, insurance

companies are not legally liable; thus, the Fund has been created. Laws relating to motor accidents or insurance cannot be amended, so it has been worked around it to accommodate such claims.

There has been a steady rise of deaths, fatal injuries and minor injuries in hit and run cases over the last few years. The Fund therefore will include a contribution from insurance companies licensed by CBB at 1% of the gross motor premium income of all insured vehicles. The Fund will include a minimum amount of BD5,000 to be paid annually by insurance companies, and will also accept donations to help victims of hit and run accidents.

The Fund will compensate victims within a one month period, as long as the claim has been submitted with supporting

documents such as traffic police report, medical report and death certificate. The maximum pay-out will be BD15,000 (in case of death) and will be scaled down for non-fatal bodily injuries.

An independent Board of Trustees will be appointed by the CBB Governor to run the Fund, whose term will be renewed every three years. This will include representatives from the CBB (as Chairman), BIA, Ministry of Traffic and three independent members who are experienced in finance or insurance.

This Fund is set to not only contribute to the Bahrain society, but also let insurance companies add to their social responsibility when such tragic accidents happen, strengthening ties within the industry and society at large.

WALEED AHMED MAHMOOD



The Motor Claims Recovery Market Agreement has been a subject of much discussion and deliberations. How does it help consumers and insurance companies and why is it so important to have such an agreement in place. Are you aware of your rights, the procedures and why is there much apprehension of living up to fulfilling this vital legislature. BIA has called in an expert to answer some pertinent questions with regard to this agreement. Mr. Waleed represents BKIC and presents his candid assessments of the issues at large.

How was this agreement instigated? Is it a new agreement or just a lost cause?

The Motor Claims Recovery Market Agreement (MCR) has been in place for a long time. A few companies are signatories to it, while some are not. I believe, that since this agreement has not been reviewed for a while, many new companies in Bahrain are simply

unaware of the existence of such an agreement. Now the BIA is in the process of revamping the agreement that aims to protect industry, insurance companies and its stakeholders and must be taken advantage of.

What is this agreement all about?

There are 2 parts to this agreement. One pertains to recovery and the other

concerns control on claim procedures between insurance companies. With BIAs help, we have segregated the two to ensure that care is taken while insurance companies settle claims among themselves and exercising caution on the process of preparing claim procedures. We are pleased with BIAs involvement and the fact that the BIA has taken a leading role in implementing this agreement.

How does the agreement help consumers and insurance companies?

One of the biggest advantage to consumers is that they can enjoy faster claims disbursements. The agreement also ensures that the processes of filing claims are controlled and genuine. It will also give a sense of pride to insurance companies, making them more transparent and improving on their image. The cost of processing claims will reduce and the relationship between insurance companies will improve.

Is it mandatory for all insurance companies to sign this agreement? Why have some companies abstained from signing until now?

It is not mandatory for insurance companies to sign this agreement, but it will certainly be advisable for them to do so. The old agreement was acceptable to almost every insurance company and I don't see any reason why they shouldn't accept the revised one.

It is quite possible that some companies did not sign it because the conditions were very stringent and perhaps these did not go well with their guidelines. However, the new agreement drafted by BIA plans to narrow this gap and reduce the differences companies may have in this regard.

Are there similar agreements in place in other countries in the region?

As far as I know, there is no such agreement in force in any country in the region.

How does this agreement propose to bridge the gap between insurance companies, since the rates for motor insurance vary from one company to another?

The new agreement proposes to have a single universal guideline for the entire industry which will augur well



for the insurance companies. We have received feedback from some companies and based on their views, we plan to streamline the process of claims to become more efficient.

How is the CBB viewing this agreement?

CBB Executives have played a major role in reviewing certain internal procedures of this agreement. The CBB regulatory body has stressed on the need to improving the standards of the insurance companies and are supportive of the agreement.

BIA MEMBERS VISIT KHALIFA BIN SALMAN PORT



When the BIA Property & Casualty Committee was reformed in April 2010, the members had agreed for various objectives to be achieved during the term of the Committee. One of the objectives was to provide an opportunity to all the BIA Members for site visits of major risks written in the Kingdom of Bahrain.

As part of this objective, BIA members were provided an opportunity to visit Khalifa Bin Salman Port on 30th June, 2010 and thanks to the APM Team who kindly agreed and made the necessary arrangements for the visit.

There was a delegation of 26 BIA members from various insurance and reinsurance Companies. The visit started at 10 am and was lead by Mr. Yousif Sanad, Commercial Manager of APMT. The delegates were taken to have a closer view of the Passenger Terminal with Yousif explaining the normal procedures that would be undertaken at the Terminal. From there, the delegates were taken to Bulk Cargo Handling Area with Yousif explaining in detail how the Cargoes would be handled. The members had a chance to see loading of Sulphur Cargo (which is a hazardous cargo and therefore is loaded using dedicated handling equipment designed for the purpose) which was undergoing at that point of time. Subsequently, the

delegates were taken to Container Freight Station, storage area where stuffing and unstuffing of Cargoes are done. The delegates also had an opportunity to visit the "Control Tower – Harbor Master Tower" which controls the navigational waters of Bahrain – not only for the Port but also for other interested parties.

Following all these close visits, the delegates were introduced to Mr. Steen Davidsen (Managing Director of APMT)

and Mr. Steen Larsen (Chief Financial Officer of AMPT) and had 30 minutes presentation done by Steen Davidsen. A mixture of questions were raised by the delegates and answered by Steen Davidsen. The visit came to an end at 12.30 pm.

BIA has committed to provide similar visits in future to give an opportunity to their Members to comprehend major risks in Bahrain better.

A few facts on Khalifa Bin Salman Port

Container Terminal Area/General Cargo Area	900,000 sq. meters
Warehouses	23,600 sq. meters
Terminal Storage Capacity	10,800 Ground Slots
Berths (Length)	1,800 meters
Type of Berths	900m Container, 600m Conventional/ Ro-Ro Cargo, 300m Passenger
Maximum Depth at Quayside	15 m
Electric Reefer Points	840 Plugs

BAHRAIN/BERMUDA SEMINAR



The Bahrain Association of Banks and The Ministry of Finance, Bermuda and BIA organized a Bahrain/Bermuda Seminar on Global Financial and Insurance Services held on July 6th at Ritz-Carlton, Bahrain Hotel & Spa.



GHABGA



MIDDLE EAST INSURANCE MEDICINE FORUM (MEIMF)

The Medical Committee of the Bahrain Insurance Association (BIA) organized the 2nd session of the Middle East Insurance Medicine Forum held on July 18th at the BIBF.

EVENT CALENDAR

■ MOROCCO

16TH AFRICAN REINSURANCE FORUM
3-6 October 2010, Casablanca

■ QATAR

7TH GCC GULF INSURANCE FORUM
13-14 October 2010, Doha

■ INDONESIA

EAST ASIAN INSURANCE CONGRESS
18-23 October 2010, Bali

■ UAE

IAIS ANNUAL MEETING
27-29 October 2010, Dubai

■ QATAR

7TH GCC GULF INSURANCE FORUM
13-14 October 2010, Doha

■ LEBANON

4TH MIDDLE EAST HEALTHCARE
INSURANCE CONFERENCE,
1-2 November 2010, Beirut

■ BAHRAIN

7TH MIDDLE EAST INSURANCE FORUM
15-16 February 2011, Manama