UAE: Insurance executives meet to discuss ways to improve industry

Insurance company executives and officials have proposed 10 ways for the UAE's insurance companies to improve profits or reduce losses at a brainstorming session organised by the Insurance Authority (IA), reported *Emirates Today*.

The 10 suggestions are: stop price war, diversify away from investment in equities and real estate, increase awareness of insurance, diversify and improve documentation, use technology and innovate, appoint independent actuaries, review the qualifications of management executives, IA to hold management of loss-making insurers accountable, analyse financial data, and promote mergers.

Participants called for the creation of a clearing system to facilitate financial settlements between insurance companies, the establishment of a mediation mechanism to resolve disputes, and legislation to cover online insurance sales and the completion of transactions via mobile devices.

They also called for insurance personnel to be trained and qualifications to be reviewed, especially of company chief executives, and the hiring of actuaries.

Others said that one major reason for the profit slump in insurance companies was the concentration of investments in the equity and real estate markets, which witnessed corrections during the last quarter of last year.

Some industry players also urged the IA to ensure that the financial statements of insurance companies as well as their investment portfolios are analysed periodically in order to identify risk. The management of insurance companies should also be held accountable to develop strategies to turn losses around.

Participants also felt that family culture is hampering consolidation in the fragmented insurance industry and the regulator should look into how this situation can be changed.

UAE: Insurers need to start aligning with regulatory changes – Badri

Mr Hatim Maskawala

Insurance companies in the UAE should start aligning themselves with the new financial regulations introduced by the Insurance Authority (IA) even though a grace period has been given, said Mr Hatim Maskawala, Managing Director of Badri Management Consultancy (BMC).

Speaking at a workshop organised by BMC, Mr Maskawala explained that there might be system and operational changes required, apart from changes in investment strategy. Insurers have between one and three years to adopt the various standards imposed by the regulations.

Giving a detailed presentation on the contents and implications of the regulations, Mr Maskawala pointed out that the rules are in line with Solvency II, and place a big emphasis on risk management and governance. Apart from meeting solvency requirements, each insurance company will need to quantify its risk appetite and put in place a risk management function.

A panel discussion debated some areas of the regulations, such as limits on investments (is it a hard cap or only for admissible assets calculation?), how the regulations apply to companies with regional subsidiaries and associates, and the takaful models allowed under the regulations. These areas still require further discussions with the IA, said BMC.

The panel also reiterated Mr Maskawala's message to think of actuaries as business enablers, and the advantages of using them as analytical consultants to grow business profitably.

The event was attended by 110 professionals from 57 companies.