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Corneille KAREKEZI
Editor-in-Chief

This issue of the African Reinsurer is my very first edition as Editor in Chief. Indeed, in this capacity, I intend to perpetuate the quest for excellence instilled by the architects of this publication at inception and especially, my predecessor, Mr. Bakary KAMARA.

The 26th Edition of the African Reinsurer features interesting themes and very topical issues. Insurance and reinsurance practitioners did not remain indifferent to the wind of change blowing across the Arab World, which significantly impacted the insurance and reinsurance industry. The Arab Spring inspired a very informative article on the challenges and interpretations with regard to the political risks, riots and civil commotion insurance.

At present, the issue of credit insurance covers is at the forefront inasmuch as the world is encountering a severe economic and financial turbulence. The article on the opportunities and challenges of credit insurance in North Africa suggests some avenues to develop this important class of business.

Risk survey is an indispensable tool in insurance, especially in loss prevention and risk pricing. The write-up on risk surveys sheds light on the types of loss prevention, advantages of risk prevention in a company and the importance of implementing the recommendations made after risk surveys.

One of the contributors to this edition has played a pivotal role in the history of the African Reinsurer. She goes down memory lane to pay glowing tribute to the past Chief Executive Officers of Africa Re, and equally ushers in the new Management team that received the baton of responsibility from the previous Executive.

The 26th African Reinsurer presents the Ivorian and Mozambican insurance markets and ends with the traditional news from the various regions of the continent.

POLITICAL RISKS, RIOTS AND CIVIL COMMOTION INSURANCE: THE AFRICAN DIMENSION

By

Mr. Gamal SAKR

Head of Non Life, Allianz Egypt

1.0 Introduction

This article examines the problems and issues that insurance companies faced in Tunisia and Egypt during the Arab Spring and the lessons learnt. It indentifies the positions and limitations in SRCC market before and after January 2011 in terms of coverage, rates, terms and conditions. Furthermore, it highlights the disputes between insurers and reinsurers on the settlement of the insurance claims that emerged from the Arab Spring and the consensus reached by both parties. The author then proposes the way forward by making some recommendations that, hopefully, would put the insurance industry in a position to manage the SRCC market more effectively.

The Arab Spring, otherwise known as the Arab Awakening, is a revolution characterized by a wave of demonstrations and protests in the Arab world that began on Saturday, 18 December 2010. It led to uprisings, protests, civil war, regime change and revolutions in a number of Arab states. The countries affected are Tunisia, Egypt, Libya, Bahrain, Syria, Yemen and, to a lesser extent, Algeria, Jordan, Morocco and Oman. There were minor protests in Kuwait, Lebanon, Mauritania and Saudi Arabia.

The protests were characterized by civil resistance in sustained campaigns involving strikes, demonstrations, marches and rallies using the social media to resist State attempts at repression and media censorship. The events led to significant changes in the political regimes as well as huge economic losses in North Africa specifically in Tunisia, Egypt and Libya as indicated below.

2.0 Economic Losses in Tunisia, Egypt and Libya

The Tunisian insurance commissioner estimated insured losses at around US$700 million, while the Transitional Government put the initial value of economic losses at about US$2.5 billion. Experts, however, estimate the real size of damages to be double the latter amount.

The Egyptian Insurance Federation (EIF) estimated the insurance losses at US$150 Million while preliminary estimates put economic losses from the upheaval at US$34 billion.

In Libya, the preliminary estimates of insurance losses alone amounted to US$400 million while the economic losses were put at about US$6 billion.

The reactions of insurance markets to the coverage of these losses differed from one country to the other. In Libya for example, many senior insurance executives declined to cover property losses arising from the revolution as these damages are explicitly excluded under the relevant insurance policies. The Insurance Federations in Tunisia and Egypt agreed to cover property losses within 38 days and 35 days of the riots respectively. Indeed, insurance companies, in Egypt, had lengthy discussions with their reinsurers on the mismatch of direct policy wordings and reinsurance contracts and also on the interpretation of events as they affected the Egyptian and Tunisian markets.

As at the end of 2011, most reinsurers in Tunisia and Egypt had agreed to settle insurance losses on ex-gratia basis considering the fact that property damages arising from events in both countries are excluded from reinsurance contracts.

2.1 SRCC Market Prior to January 2011 in Terms of Wording, Rates and Terms.

The Egyptian Insurance Market

The practice in that market is to provide SRCC as an endorsement "Buy- Back Cover" to property policies. Accordingly, the Egyptian Insurance Federation developed an SRCC wording which is similar to the London LPO 437 in terms of SRCC features but excludes Terrorism and Malicious Damage. However Revolution risks were clearly excluded from the SRCC wording in property policies.

The market benchmark for rates, ranges between 0.5 per mille **and 1 per mille for SRCC** cover. However, insurance companies offer SRCC for free in full sum insured as no sub limits were offered without imposing any deductible due to the following:

- Soft Market, characterized by huge underwriting capacity.
- Sustained political stability
- Claims-free record over a period of time.

It is also worth noting that, prior to January 2011, SRCC aggregation management tools were not developed or utilized in the market as a result of which it was difficult to determine levels of accumulation.

The Tunisian Insurance Market

Insurance of property is obligatory in Tunisia (in accordance with law no. 88 of December 1980) in all industries and services such as factories, offices, shops and banks.

The main features of cover for SRCC may be summarized as below:

a. Coverage:

- Riot, strikes, civil commotion and labour disturbances.
- Acts of terrorism (in its wide meaning).
- Civil war (including military acts to overthrow the existing government).

SRCC endorsement in Tunisia is almost close to LPO 437 in terms of coverage.

b. Limits: 20% - 25% of total sum insured.

c. Deductibles: 10% with a minimum monetary limit of Tunisian Dinar 5,000 and maximum up to Tunisian Dinar 100,000 according to occupancy and total sum insured.

Table 1: SRCC insurance rates and conditions in the Tunisian market before 2011

Activity	Deductible	Rate
Dwelling Risks	Min TD 3,000	0.30% of Limit of 25% of TSI
	Max TS 10,000	0.25% of Limit of 20% of TSI
Hospitals, Hotels	TSI Below TD 10M	TSI Below TD 10M
	Min TD 5,000	0.50% of Limit of 25% of TSI
	Max TS 25,000	0.45% of Limit of 20% of TSI
	TSI Above TD 10M	TSI Above TD 10M
	Min TD 5,000	0.45% of Limit of 25% of TSI
	Max TS 50,000	0.35% of Limit of 20% of TSI
Industrial Risks	TSI Below TD 10M	TSI Below TD 10M
	Min TD 5,000	0.60% of Limit of 25% of TSI
	Max TS 50,000	0.55% of Limit of 20% of TSI
	TSI Above TD 10M	TSI Above TD 10M
	Min TD 5,000	0.60% of Limit of 25% of TSI
	Max TS 75,000	0.50% of Limit of 20% of TSI
Other commercial activities	TSI Below TD 10M	TSI Below TD 10M
	Min TD 5,000	0.75% of Limit of 25% of TSI
	Max TS 75,000	0.65% of Limit of 20% of TSI
	TSI Above TD 10M	TSI Above TD 10M
	Min TD 5,000	0.70% of Limit of 25% of TSI
	Max TS 100,000	0.60% of Limit of 20% of TSI

Source: Tunisian Insurance Federation

3.0 Reinsurance Contract wordings for Political risks

3.1 Egyptian Market

Most reinsurance contracts include either war and civil war exclusion or a political risks exclusion clause which excludes war, invasion, act of foreign enemy, hostilities or warlike operations, civil war and "civil commotion assuming the proportions of, or amounting to a popular uprising" .The exclusion in bold characters forms part of the reinsurance contract but was not mentioned in the market SRCC endorsement wording. This discrepancy led to a serious dispute between Egyptian insurers and International Reinsurers.

3.2 Tunisian Market

Reinsurance contracts include either war and civil war exclusion or a political risks exclusion clause but contains an endorsement which includes the coverage of:

a. Acts of Terrorism (in its wide meaning).

b. Civil war (including military acts to overthrow the existing government).

As would be observed later in the article, the interpretation of the events (Arab uprising) as a revolution or SRCC, did create a dispute between Tunisian cedants and their reinsurers.

4.0 Chain of events for the Tunisian and Egyptian Revolutions

The timeline indicated by Aljazeera, puts the events in perspective and enabled cedants and reinsurers to determine their respective liabilities. The relevant details are provided below:

4.1 Timeline of the revolution in Egypt

- **January 25 2011:** On a national holiday to commemorate the police forces, Egyptians take to the streets in large numbers, calling it a "day of rage"; they are fed up with high levels of poverty, corruption and unemployment.

  Thousands march in downtown Cairo, and headed towards the offices of the ruling National Democratic Party, as well as the Foreign ministry and the State television. Similar protests are reported in other towns across the country.

  Protest organizers relied heavily on social media outlets such as Facebook and Twitter.

- **January 28:** Internet and mobile phone text message users in Egypt report major disruption to services as the country prepares for a new wave of protests after Friday prayers. Unrest spreads and Mubarak declares a curfew in Cairo, Alexandria and Suez and the army is deployed. Mubarak also sacks his cabinet and says he understands the protesters' grievances but defends the actions of the security forces. The riots started and continued throughout the night, even as Mubarak announces that he had dismissed his government.

- **January 29:** Mubarak appoints his Intelligence chief Omar Suleiman as Vice-President and Civil Aviation Minister Ahmed Shafiq as Prime Minister. However, riots and looting continued in the morning until 4 p.m. when the curfew started.

- **January 31:** The Egyptian army says it recognizes the "legitimate rights of the people" and will not use force against them.

- **February 3:** Anti-government protesters clash with groups of government loyalists.

- **February 4:** Huge crowds again occupy Tahrir Square in what protest leaders hopefully call "day of departure" for President Mubarak.

- **February 5:** The leadership of the ruling National Democratic Party resigns en masse, including Gamal Mubarak, the son of the president.

- **February 10:** Ruling party officials say Mubarak will step down but then he surprises protesters in another televised speech in which he says he will stay in office until elections in September, though he will transfer some powers to his deputy Omar Suleiman.

- **February 11:** Mubarak resigns on the 18th day of protests and reaches the Red Sea resort of Sharm-el-Sheikh, his favourite holiday destination. Suleiman announces that Mubarak will step down with immediate effect.

As would be observed acts of looting took place on the night of January 28 and in the morning of January 29 before the curfew hours. The looting appears not be directly linked to the demonstrations in the major squares but was caused mainly by the absence of police forces and the inability to enforce the law.

4.2 Timeline of Tunisia Jasmine Revolution

- **December 17, 2010:** A 26-year-old computer-science graduate and fruit vendor Mohamed Bouazizi sets himself on fire after a police woman slaps him and orders him to pack up his street cart in Sidi Bouzid. It was the last straw to his list of grievances (including not finding employment after graduation and having to resort to selling fruit to support his seven siblings).

- **December 24, 2010:** Protests break out in Sidi Bouzid and spread to Menzel Bouzaiene, Kairouan, Sfax, Ben Guerdane and Sousse. Police fire on demonstrators.

- **December 27, 2010:** The protests spread to Tunis, the Nation's capital. Over 1,000 people take to the streets. The protests are kept afloat via social media (similar to Iran's Green Revolution), such as Twitter and Facebook.

- **December 28, 2010:** President Ben Ali condemns protests and warns that those using violence will be punished.

- **January 13, 2011:** At least 66 deaths are reported since protests began. Government estimates only 23. President Ben Ali pledges major reforms and says he will not stand for re-election in 2014.

- **January 14, 2011:** A state of emergency is declared in the country. President Ben Ali dissolves parliament and promises to hold legislative elections within six months. The same evening, he steps down his tainted "throne" and flees to Saudi Arabia.

- **January 15:** The vacuum left by the departure of Ben Ali is exploited by looters and violent gangs who ransack grocery stores and expensive manors belonging to the old regime. Residents in several parts of Tunis say that groups were prowling through neighbourhoods at night setting fire to buildings and attacking people and property, with no police in sight.

- **January 16:** Tension and uncertainty grip Tunisia as military forces attempt to restore order.

It is apparent that looting and riots in Tunisia started after the resignation and flee of President Ben Ali out of Tunisia on January 14. As has already been observed, the timing of the looting and riot created some disagreement between Tunisian insurers and international reinsurers.

5.0 Extent of Damages and Positions Taken by Insurance Federations

5.1 Egyptian Insurance Market

The material damages due to the looting were estimated at EGP 25 Billion (US$ 4.15 billion). This amount includes damages to large malls, shops, banks and motor vehicles etc.

Insurance losses were estimated at EGP 900 million (US$ 150 million) which is quite low, compared to the economic losses. The gap may be attributed to the absence of SRCC coverage for motor vehicles and the fact that few SRCC covers were issued for shops and retail property business.

After 38 days of the looting between January 29 and March 8, the Chairman of Egypt insurance Federation(EIF) declared that insurance companies should settle all claims arising from the revolution in accordance with the terms and conditions of the insurance policies if SRCC coverage was provided. Prior to the Federation's decision of March 8, several meetings took place to discuss the losses and the interpretation of the train of events.

In accordance with the legal opinion provided by the federation, the following stand was taken:

a. EIF differentiated between the destruction, losses, damages, liabilities, expenses or any consequential losses which occurred during the period between January 25 and February 11 and those which occurred after this period.

b. EIF considered that there had been civil commotion and lawlessness, because of the sudden withdrawal of the police and armed forces from their locations on January 28. Therefore, looters and criminals had a field day across the country and many commercial establishments were attacked, leading to losses and damages.

c. EIF was of the opinion that if any insured had an SRCC cover then such an insured could be entitled to claim for losses and/or damages suffered during the period between January 25 and February11, 2011.

d. Any losses and/or damages suffered after February 11, 2011 should not be covered due to the fact that the events should be considered as a revolution because ex-president Mubarak stepped down.

5.2 Tunisian Insurance Market

The material damages arising from the looting were estimated at 1.0 billion Tunisian dinars (US$ 700 million) and as SRCC obligatory limit is 25%, the losses to insurance companies amounted to US$ 175 million. The damages affected 71 factories, 144 shops, 332 bank branches and 33 communication companies.

After the 35 days of looting between January 15 and on February 18, the Chairman of the Tunisian Insurance Federation declared that insurance companies should settle all claims emanating from the Jasmine revolution in accordance with the terms and conditions of the insurance policies.

The Federation made the decision on the understanding that the stepping down of Ben Ali on January 14 does not constitute a revolution and the looting that took place on January 15 was considered as covered under SRCC clauses.

In July 2011, the Tunisian Finance Minister declared that the damages from the looting, after January 14, were covered under SRCC. Consequently, insurance companies were obliged to settle the claims brought forward by those clients who had SRCC cover in their property insurance policies. However, the media considered the events as a revolution which is explicitly excluded the relevant insurance policies.

6.0 Dispute between Insurers and Reinsurers on settlement of losses.

In order to appreciate the positions taken by cedants and their reinsurers as regards their respective liabilities, it is instructive to refer to the table below which indicates the four types of political risks and insurance policies commonly used in the market of which European insurers and reinsurers are familiar.

Table 2: Summary of features of political risks under various policies

	SRCC	LPO 437	LMA 3030	Full Political Violence cover
Cover	Physical loss or damage arising directly from strikes (including lock-outs), riots, civil commotion	SRCC Acts of terrorism Malicious Acts	Terrorism only and often requires terrorist organization to 'influence' or 'overthrow' government	Covers physical loss or damage arising from strikes (including lock-outs), riots, civil commotion, looting and malicious damage, mutiny, terrorism and/or sabotage, uprisings, rebellions, coup d'état, insurrection and revolution, war and civil war: (coverage can occasionally be extended to include seizure and capture of goods by persons engaged in political violence with or without physical damage to the goods)
Cancellable	Normally	Normally	Normally	No
Premium	Reviewable	Reviewable	Reviewable	Fixed at inception
Exclusions	Numerous and include: business interruption, confiscation, war, civil war, insurrection, revolution, terrorism, mutiny; civil commotion can be excluded where it is the result of a popular uprising or military uprising	Similar to SRCC but terrorism and malicious acts are removed from exclusions and civil commotion amounting to popular uprising.	Several	Limited: war between the Great Powers/Chem-Bio Attack (although can be included)/ expropriation/ theft

Source: Based on various insurance policy wordings.

6.1 Reactions of Reinsurers

Reinsurers considered the events in Egypt and Tunisia as acts of revolution and consequently denied liability on different grounds in the two countries, as highlighted below.

Egyptian Insurance Market

Major reinsurers such as Hannover Re, SCOR, Munich Re denied liability for the following reasons:

- Although reinsurance agreements cover original policies on original wording, reinsurers usually include in their reinsurance treaties either of the following exclusions:
  - War and civil war exclusion clause.
  - Political risks exclusion clause which is very similar to war and civil war exclusion clause.

Thus, although reinsurance treaties include" follow the fortune clause" whereby reinsurers follow the underwriting of cedants, they are still subject to treaty terms and exclusions.

- Reinsurers' opinion was that on January 28, 2011 the protesters changed their intention and decided to overthrow the government and the protests then became a popular uprising, rebellion, insurrection or revolution.

Tunisian Insurance Market

The situation in Tunisia is quite different as the problem was mainly the interpretation of the events as noted below.

a. Reinsurers considered all the events from December 17 (Mohamed Bouazizi sets himself on fire) to January 14, the date Ben Ali was ousted and decided that these events be covered under the reinsurance treaties.

b. The events that started from January 15 were considered as a revolution as the civil commotion led to the exit of Ben Ali on January 14 and subsequent losses will not be covered.

Major reinsurers initially rejected the claims in the light of the foregoing.

In July 2011, the Finance Minister declared that the damages resulting from the looting, after January 14, were covered under SRCC. The aim of the Minister's declaration was to support local cedants in their dispute with their reinsurers. Lengthy discussions took place between cedants and reinsurers in Egypt and Tunisia on the following issues:

a. Scale of Claims in both countries

b. Relationship with the two markets

Eventually, many reinsurers decided to pay the claims on commercial basis rather than technical considerations.

6.2 Loss Definition under non-marine XL treaties

A further challenge to cedants in respect of their non-proportional treaties is the loss definition clause under non-marine excess of loss treaties which states that any loss event arising from political risks would be subjected to the following conditions:

a. Time limit of 72 hours for riots, civil commotion and malicious damage and 168 hours for other political risks such as lock out, strikes

b. Within the limits of one city, town or village

In the light of the foregoing, the Egyptian revolution, which involved acts of widespread looting across the country with a severe impact in Cairo, Alexandria, Suez and other major cities, would have been considered as multiple events giving rise to losses with multiple priorities. The XL protection would have been exhausted thus leading to multiple reinstatement premiums.

7.0 Dispositions of Reinsurers in Egypt and Tunisia

Reinsurers now apply stringent measures to SRCC coverage in North African Markets. These measures include the modification of treaty wordings, loss limit, additional premium and separate deductible.

As noted earlier, the SRCC market in Egypt is characterized by the following lapses:

a. Gap in coverage between the terms and conditions of the direct SRCC insurance and reinsurance treaties.

b. Absence of sub limits

c. No additional premium for SRCC

d. No separate deductible for SRCC.

e. Lack of accumulation management strategy.

Reinsurers have been discussing the above drawbacks with Egyptian cedants and are considering the following exclusions:

a. New act (on behalf of any organization, body, person or group of persons) in protest against any State, government or authority with force; or any provincial, local or tribal authority with force with the aim of overthrowing any State, government or authority or any provincial, local or tribal authority with force, by means of terrorism or violence and/or the threat thereof.

- Civil commotion assuming the proportions of or amounting to popular uprising.

- Loss or damage directly or indirectly caused by looting, pillage or theft in connection with any act covered per this endorsement.

The new clause will protect cedants from any future events similar to those of January 2011. It is clear that if the Egyptian insurance companies had this new clause in place they would not be liable for the property damages relating to the Revolution.

b. The Egypt Insurance Federation has decided new terms for SRCC coverage where separate rate, deductible and loss limit shall apply, as agreed by reinsurers.

c. Reinsurers are applying a new SRCC event limit to cover their catastrophe exposure in Egypt especially in the light of the absence of accumulation aggregates Management of SRCC exposure in the Egyptian Market. Usually this event limit is a multiple of treaty capacity.

Unlike the Egyptian insurance market, the Tunisian market has a rather clear SRCC clause with separate rates, deductible and loss limits. Reinsurers, however, apply an event limit similar to what obtains in the Egyptian market. It is likely that reinsurers would apply SRCC event limit in all North African markets.

8.0 Way Forward

One of the challenges involves the development of a framework for SRCC modelling which would enable cedants to manage their accumulation in respect of SRCC. The market may find some guidance from the procedure developed by Robert Muir-Wood which is highlighted below.

a. Determination of exposure at Risk - using Geocoding IT Systems, insurance companies would identify all property covered by SRCC by location and occupancy.

b. Quantification of hazards – Identification of riot zones and their epicentre and potential areas to be impacted. These are generally within a radius of 1-2 miles. Usually, levels of destruction within that radius will vary according to the duration of occupation, grievance levels and policing

c. Assessment of vulnerability - Expected levels of arson and looting which should envisage the level of damages to building and contents and business interruption.

d. Probabilistic Analysis – This refers to the relative likelihood of events, probabilities of escalation and contagion.

Riot contagion potential has dramatically increased as a result of social networking tools (e.g. Facebook, Twitter, and Blackberry (BBM) instant messaging).

A further concern has to do with the determination of claims liability and insurance coverage. Again, Muir-wood's thoughts on this issue are quite instructive and do provide some indications as to issues that the cedant may encounter in the search for necessary responses. He observes that:

a. For extreme outbreaks, the escalation of political violence could well make it impossible to identify the specific conditions prevailing at the time of the loss or to adjust claims until sometime after the incident

b. Extreme outbreaks may last beyond the duration of any 'event definition'

c. In most instances, losses from riots or civil unrest are covered even when they eventually escalate into an uprising or other excluded event, unless the excluded event is actually the cause of the riots or the losses in question.

d. There are legal complexities when a riot is classified by the Government as 'terrorism' as in Thailand.

e. Dangers of not knowing the context, and whether such context could reflect exclusion, must be factored into risk analysis.

f. Losses, as a result of the riots and protests, in MENA have already been presented to the insurance market for contingency cover.

9.0 Conclusion

The events accompanying the Arab Spring clearly brought to the fore the limitations of the SRCC insurance in the Egyptian and Tunisian markets. As noted in the article, the main problems in these markets, inter alia, include liberal underwriting, lack of accumulation management schemes and mismatch between policy wordings and reinsurance treaty terms, particularly in the Egyptian market. Following the disputes created by these lapses, cedants and their reinsurers have now taken measures which would pave the way for a more virile SRCC market in the years ahead.

Unfortunately, the prospects of increased political violence and riots appear real in the region which could increase the demand for SRCC insurance. Political violence risks therefore need to be reviewed and updated regularly through in-depth studies and research, if the desired objective of improving the features of this cover to meet the circumstances of the insured is to be achieved.

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CREDIT INSURANCE: OPPORTUNITIES AND CHALLENGES IN NORTH AFRICA

By

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INTRODUCTION

This article presents the opportunities and challenges of credit insurance in North Africa. It makes some suggestions which the industry may reflect on in a bid to develop this important class of insurance, in response to the global economic and financial crisis and the current geopolitical situation in the region.

Scope of credit insurance

Credit insurance involves an insurance cover for a commercial credit with the implied notion of risk. Commercial credit is characterized by the sale on credit between traders. it is established that the credit between companies plays an essential role in financing an economy and that such credits are about four times higher than short-term bank financing. Their importance was underscored during the recent crisis that hit Europe. In France for instance, besides bank financing, credit between companies collapsed particularly because the cover granted by credit insurers reduced sharply. This led to a rapid extension of the mandate of the mediator. Initially appointed to settle disputes between bankers and their customers, the role of the mediator was broadened to encompass the relationship between companies and credit insurers thus underscoring the important function credit insurers play in financing the economy.

North African markets

Credit insurance penetration in North Africa is low. In fact, there is very little competition in the three major markets - Morocco, Tunisia and Algeria. Recent estimates show that the penetration rates in these markets are lower than the global average. It is believed that this global penetration rate could only be attained in 2016, all things being equal. Availability remains insufficient considering the few credit insurers operating in Africa.

It is worth noting that the available expertise in credit insurance is quite appreciable but innovation regarding market needs remains low. Furthermore, while the global practice is to distribute credit insurance products through a network of specialized brokers, in the Maghreb countries (Morocco, Tunisia, Algeria, Libya, Mauritania), distribution is confined to the in-house marketing departments of insurance companies. The market is therefore faced with the problem of limited competition and expansion.

It is important to recall some of the fundamental principles generally applied in traditional credit insurance[1], as indicated below.

- Only short-term trade risk is insurable. Normal trade risk lies in the operations between private industrialists or traders during the supply of goods or provision of services payable in the short term. Transactions with public buyers (except export) and catastrophe risks are thus excluded because they are beyond forecast, compensation and the right to legal recourse.

- Insurance should cover the overall activities of the insured to prevent anti-selection.

- The Insurer should approve all credits except those which can be left at the discretion of the policyholder particularly small amounts.

[1] *How to guarantee credit risk – JA Pietri Editions l'Argus*

- For a loss to be compensated, the insolvency of the debtor should be justified by a legally proven inability to pay or by a payment default at the end of a given deadline (generally 5-6 months for traditional contracts).

- The policyholder should bear responsibility for part of the loss reported according to the principle that the insurer and the policyholder are partners with a common goal to prevent both parties from incurring losses.

In a nutshell, credit insurance helps to prevent trade risk and imposes a culture of sound administrative and financial management on the client. It also allows the pooling of resources for prevention and debt recovery. Furthermore, credit insurance helps in effectively prospecting for new clients by focusing on the most solvent and defining the most appropriate marketing strategy required to manage such clients. The company is thus able to strike a balance between growth in turnover and expected profit margin.

In addition to these concepts, the development of credit insurance should comply with some other economic prerequisite, namely:

Access to economic and financial information

Indeed credit insurance in its principles sells prevention and therefore requires prior investigation before clients are granted guarantees. This entails access to economic and financial information. The credit insurer thus organizes the collation of administrative data to identify the clients of his policyholders as well as their circumstances (in Bonis, RJ, LJ…). The credit insurer also approaches the clients of the policyholder directly in order to gather financial information, thus enabling the insurer to identify and monitor the potential risks of clients.

In this regard, it is worth noting that progress has been made, particularly in the Moroccan and Tunisian markets, in properly structuring economic and financial information and in making it accessible to economic operators. In addition, it is a commonly accepted practice in these markets to comment on the turnover of companies. Operators such as Inforisk[2] in Morocco, have a data base with updated information on over 100 000 companies that can be accessed online. Another Moroccan company was set up in 2010 to consolidate the information held by financial institutions and to make it available to all operators. [3]These initiatives would have to be further developed to ease access to information. Partnerships need also to be encouraged so as to leverage on existing experiences, save time and achieve economies of scale. Indeed, building up a good data base enables the credit insurer to take the most appropriate decisions and to properly manage risk. This adds value and helps to bring claims experience under control.

The legal system and protection of creditors' rights.

The credit insurer includes debt collection in his contracts and thus organizes the management of such collections globally in respect of both the amicable and contentious options. Given their global network, credit insurers do have expertise, skills as well as knowledge of local languages, systems and legal procedures which they place at the disposal of companies.

When the debt is thus entrusted to the insurer, he ensures its recovery and protection of the policyholder's rights. Since the insurer compensates the insured in case of loss, the former substitutes the latter to assert the rights of the policyholder.

The price of the credit insurance contract is also closely linked to this recovery capacity which makes it possible to lower the cost of the risk. Thus, a lower recovery capacity will potentially increase the price because loss, and thus compensation, would be higher.

The judicial procedures in the region are lengthy and when final judgments are made, their execution remains problematic. This weakens trade between companies and often compels creditors to require sureties from their clients.

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[2] *www.inforisk.ma*

[3] *www.experianmaroc.ma*

Product Development and Market Structure

Another challenge that credit insurance faces is the market structure in North Africa which comprises Small and Medium-sized Enterprises, Very Small Undertakings as well as major firms. This market configuration calls for the following:

- An insurance and financial management culture that have to be instilled in company managers. Given the growing importance and sophistication of credit insurance, it is necessary to invest in the training of professionals in credit management. In this regard, establishing a credit Management Professional Association as well as partnering with a training institute would help to achieve the desired objective.

- Adapting products to suit the market structure. It seems important to simplify credit insurance products to make them easily manageable. Maghreb companies are not yet fully organized internally to cope with the complexity in management of sophisticated clients and the efficient handling of credit insurance contracts. The common commercial contract is a traditional contract in Europe and should be simplified to ensure a wider and rapid circulation.

- Providing necessary expertise to the company for it to be aware of the risks involved in its business relationship with customers. Such expertise may involve the review of general marketing conditions, marketing literature, pricing and follow-up process of the client before and after the due date of premium payment. Indeed, if a company has the desired expertise, it would be able to seize emerging opportunities.

Appropriate pricing

Finally, credit insurers should develop an appropriate pricing tool particularly for export risks. In the Maghreb markets which are relatively young and small in size historical data, such as claims experience per sector, is relatively hard to come by. It is therefore difficult to design a reliable priority pricing tool. Premium refund mechanisms, such as profit sharing, exist in the event of a good claims experience. This encourages sound risk management by the parties involved in the transaction.

Export pricing

Export pricing is very important in view of the fact that insurers are faced with export companies that are generally small in size. The small export companies have a low spread of turnover and often have two or three major clients. Credit insurers are therefore faced with significant peak risks in small-sized companies. These risks are rare and affect the implementation of the disbursement limit. In order to properly handle such cases, it is necessary to have an appropriate pricing policy. Furthermore, it is important to indicate that in order to increase risk mutualisation in credit insurance, it is necessary to extend the sale of the product, particularly through offers, via professional associations.

Public / private partnership

In order to offer better solutions to exporters, there is a public-private partnership in Morocco, adapted from the European model, which offers additional capacity and thus increases the coverage provided by insurers. Indeed, the State can double the guarantees offered by credit insurance companies by providing counter guarantees. The mechanism, which is managed by Société centrale de réassurance- the Moroccan State reinsurer, provides a solution by developing the country's export capacity. It also helps Maghreb companies to acquire new markets.

Funding

Funding is another area that deserves attention. Medium-sized companies in the Maghreb markets face difficulties in obtaining funds or in providing substantial guarantees. Besides bank financing, credit insurance and financing solutions such as factoring are available, particularly in the Moroccan and Tunisian markets. Their development is often subject to a credit insurance contract, as solutions for trade receivables, factored without recourse. The company is therefore relieved of the burden of invoice management, and can also easily obtain funds. These solutions currently exist and are rapidly developing in the region.

Another solution which could be developed is to cover bank loans such as overdraft facilities, discount credit line with or without recourse with credit insurance. The significance to the client is the access to a bank loan covered by credit insurance contract. Besides the financing solution, the cost of the risk to the bank would be reduced.

Furthermore, it is worth considering the creation of national credit insurance banks in accordance with the Basel II regulation and MacDonough ratio which would lead to a reduction of the need of shareholders funds by banks with regard to their liabilities. This is a real opportunity and an area for development in the coming years.

Credit insurance and period of payment

The development of credit insurance is linked to the period of payment practices in trade credits. In commercial credit, pricing is acceptable by the market when deadlines do not exceed 120 days, or 150 days. A period of payment exceeding 150 days results in increased risk and higher cost. For example, a salesman who grants extended payment deadlines without an increase in the potential margin creates an additional risk of losing the debt. Following the French example, Morocco recently imposed a maximum deadline of 90 days to govern trade between companies. The implementation of this law is not yet effective and its impact is difficult to anticipate.

Conclusion:

The Maghreb markets are at crossroads, exacerbated by the global economic meltdown since the last three years. This has created a slowdown in domestic demand and export, with the result that the export zone is now in a phase that is close to recession. Yet, the region's development depends on growth in domestic demand and exports to Europe. The Maghreb countries are therefore providing necessary funding to support economic growth in the region.

Also, companies in the region are confronted with the challenges of concluding existing transactions and developing new markets to drive growth. The role of credit insurance in supporting the initiatives by the States and companies cannot be overemphasised. It remains a development tool which would continue to provide funding solutions to support the growth and development of business.

Industrial Enterprise: Role of Risk Surveys in Loss Prevention

By

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1. Introduction

The risk prevention plan drafted after risk surveys is a fundamental tool of loss prevention as it identifies risk areas and suggests risk mitigation measures. it enables a company to react effectively and rapidly in the event of an emergency thereby reducing damages. Although risk prevention plan does not eliminate all risks that cause damages, it helps to highlight critical issues that impact on an organization.

2. Risks in industries

There are three categories of industries. While the first group is involved in the production of intermediate goods, the second is concerned with consumer goods and the third group deals with the production of capital goods. The activities of these companies involve risks, the occurrence of which can affect their operations. Accordingly, an industrial enterprise needs a risk prevention programme or, better still, an overall enterprise risk management so as to ensure its viability and enhance its profitability. In order to achieve the desired objective, the programme would have to focus on preventing losses or reducing their incidence. Needless to add that, with regular risk analysis, an organization would be able to manage risks that could possibly undermine its ability to achieve its production targets. Risk prevention is a traditional policy in industries but as has already been indicated, it does not totally remove risks from the business environment.

2.1 CLASSIFICATION OF RISKS

The major risk families that affect a company are generally classified as:

Strategic risks

These are risks linked to the long-term objectives of the enterprise and could result from the application of the wrong strategy, lack of proper monitoring of the activities of the organization and, indeed, all that has to do with the image, brand name and intellectual property of the enterprise.

Operational risks

These are risks linked to the day-to-day activities of the enterprise (economic model, functioning, value chain). A change in these activities can interrupt the operations of the enterprise.

Financial risks

It is largely the outcome of lack of effective management and financial control. It is the most serious of all the risks, particularly the risks linked to financial reporting.

Risk linked to know-how and knowledge

Lack of relevant know-how and in-depth knowledge are major risks that confront an organization which often call for the internal management of competency by managers. This involves an analysis of the knowledge base and relevant skills so as to better redistribute roles and initiate possible training programmes.

Governance and compliance risks

These are linked to the way by which authority is exercised, at all levels, in the organization and also to the emergence of new legislations as well as changes in the statutory framework within which the organization operates.

Apart from the risks that are peculiar to the enterprise, the organization is also exposed to risks that are linked to the work done by third parties, which may involve activities that are different from those of the enterprise. In this category are also natural and anthropogenic risks.

3. From risk to a loss

Risk is characterized by two essential components: an event that is likely to happen in an enterprise (hazard) and the vulnerability or exposure of the enterprise to this hazard. Risk is the interaction between hazard and vulnerability and such interaction may give rise to a loss, characterized by material, economic, environmental damages or loss of human lives. Even with its resources and means, the affected company may not be able to manage the conditions and consequences of such loss and this could lead to the disruption of its activities.

4. Enterprise risk prevention approach

In order to protect the company and ensure its growth and development, the managers have to introduce a culture of prevention. Indeed, prevention remains the best protection against loss, be it natural or man-made. It is based on a coherent set of technical and organizational measures which are introduced and adopted from the design stage of a project. It is the best risk management strategy. It involves the company's own resources and it is the least expensive, compared with the risk management procedures outlined below.

- Elimination of risks which involves the removal of the vulnerability.

- Risk reduction which entails the reduction of the potential impact associated with the risk.

- Risk transfer which involves the transfer of risks to a professional entity, like an insurance company.

Risk prevention actually involves three stages which could vary from one company to the other, namely:

- Identification (recognition of the most significant risks, among risk factor signals),
- Analysis (determining how critical, relevant and serious the dangers are),

- Formulation and implementation of risk control measures

Indeed, the fact that most industries are involved in risk-related occupations and have to apply prevention as a way of managing their risks, makes it possible to implement the global and integrated enterprise security approach.

4.1. PREVENTION PLAN

The risk prevention plan comprises four essential elements, namely:

- Preventive measures: visit to the premises to identify and analyze the risks presented by the enterprise as well as the natural risks on the site.

- Emergency plan: Equipping the organization to cope with a loss. it involves the drafting of an emergency intervention plan which is distributed, revised and simulated.

- Intervention : ensures the follow-up of the emergency intervention procedures, applied when a loss occurs.

- Refurbishment: it consists of the preparation of a programme to return the organization to normalcy. The programme analyses the origin, causes and effects of the loss with a view to improving the loss prevention plan, thereby forestalling future occurrence.

4.2 TYPES OF LOSS PREVENTION

Managers have to be aware of the types of risk to which the enterprise is exposed. Some are obvious while others can only be identified by a specialist who knows what to look for and which questions to ask. The specialist endeavours to detect the relevant risks and further helps to prevent the occurrence of losses by proposing measures to control, reduce or eliminate such risks. Indeed, damages can be considerably reduced through effective prevention techniques and appropriate protection plan.
Prevention or, better still, integrated prevention consists in limiting risks through measures that aim at eliminating or reducing the probability of occurrence of the adverse situation.

Protection constitutes the second level of a good prevention and aims at limiting the scope and/or seriousness of the consequences of the adverse situation, without modifying the probability of occurrence.

As would be appreciated, the demarcation between protection and prevention is very thin, and it is therefore preferable to talk of prevention-protection in the risk management of industrial risks.

4.3 PREVENTION AND RISK

Companies are responsible for their own prevention policies and would have to design an appropriate prevention model for each type of risk and deploy adequate resources to support such an initiative. The risk scale of an enterprise presupposes vigilance of the managers to continuously adapt the prevention plan to the regulatory systems and changes that have taken place in the organization. The enterprise would then have to document its prevention policy within this context, in an overall risk prevention plan.

4.4 ADVANTAGES OF RISK PREVENTION

Risk control indicates the concern of an organization to reduce losses and to enhance its status as an insurable risk. The procedure provides an inventory of risks in a clear and structured manner, enabling a company to clearly appreciate the risks to which it is exposed, assess and classify them in order of priority. To be specific, prevention has the following advantages:

- Protects the reputation and image of the enterprise,
- Improves the capacity of the enterprise to manage difficult situations,
- Helps to determine insurance needs of an organization,
- Contributes to the protection of the environment.

4.5 ROLE OF INSURANCE IN LOSS PREVENTION

Only a few enterprises have the necessary reserves and funds to insure their own risks and bear the total cost of losses. Consequently, most companies have to resort to insurance which is a veritable risk management instrument.

Indeed, insurers bear the burden of losses and have to be extra vigilant in order to better control the risks which they accept. The fact is that underwriting a new risk or a major risk that has not been thoroughly evaluated can strain the portfolio or, worst still, lead to the collapse of an insurer, in the event of a major loss, particularly when the company has an inadequate reinsurance programme.

In the light of the foregoing, an insurer would have to carry out a proper risk survey or ensure that it is done, and should offer premium reductions to the insured to cover part of the cost of prevention and upgrade their equipment. It is also pertinent to add that a reinsurer, who cannot assess the risks covered by the treaties and has to depend on the underwriting practices of the cedant still has to ensure that the risks are surveyed and the relevant recommendations implemented. Indeed, it is preferable to prevent a disaster than to compensate for it « insurance is great but prevention is better ».

5.0 PURPOSE OF RISK SURVEY

The aim of a risk survey or risk analysis survey is to identify the risk to be covered, determine the risk exposure and the probability of occurrence in order to formulate and structure a risk prevention plan to reduce risks to acceptable levels. The survey, which also takes stock of existing prevention means and statutory obligations, focuses on the key considerations that are most often at the origin of losses.

Risk surveys are conducted in three stages, namely:

- A discussion with management and key collaborators to initiate the transversal process,
- Survey of installations,
- Preparation and presentation of a summary of initial observations to the management of the organization.

The summary document is then discussed thoroughly, following which a comprehensive report is prepared and sent to the directors of the company. The report would normally include notes on the strengths and weaknesses of the company and an action plan to move the company forward. Periodic surveys are then conducted with a view to ensuring an effective implementation of previous recommendations and also to detect any changes in the risks.

One must add that Surveys are generally transparent and are conducted in an atmosphere of trust that is characterized by a high level of dialogue, given the growing interest in risk survey and awareness of the importance of good loss prevention in the day-to-day activities of an organization.

5.1 RISK SURVEY AND INSURANCE

The purpose of risk survey is to assist in determining pricing and, in this connection, due consideration is given to the insured for the preventive measures taken to manage the risks that are linked to their activities. The insurer would require relevant information on a risk before it is accepted. Such information would contain notes on previous losses and other indicators that would make it possible to determine the suitability of the risk and also arrive at an appropriate premium rate. In order to achieve this purpose, a survey report may also be required for additional information.

Needless to add that, the survey which can be conducted before or after the inception of the cover ensures a better understanding of the risk by the insurer and provides all that the underwriter requires to form an opinion on the risk. The result of the survey helps to determine the terms, share of the risk to be accepted and placement of facultative reinsurance, where necessary. Once the risk is accepted, the insured is required to declare new circumstances that can either worsen the risk or create new ones that could render the original responses from the insured invalid.

The intervention of the insurer assists a great deal in drawing up a risk and insurance mapping- a tool that enables real time analysis and assessment of risks facing an organization and the frequency and severity of possible losses.

5.2 COST OF SURVEYS AND RECOMMEND-ATIONS

There usually exists a risk prevention plan, monitored by a security service in industrial companies. However, the security service may not be able to play its role properly because of its composition and position in the hierarchy. As a result, risk surveys are often outsourced.

The advantage of an independent external source (generally a prevention engineer) is that he can circumvent hierarchical considerations and political pressure in order to render a truly professional service. He may as well be able to discover risks that have not been detected by the security service of the company or, detected but shelved on account of high cost of preventive measures. For insured risks, the insurer bears the cost of security services which is often charged for either specific services rendered or for a certain number of interventions.

After the survey, recommendations are made but the importance of implementing the relevant recommendations emerges after major losses have affected the company. The decision with regard to the recommendations to be accepted in order to maintain an adequate level of prevention would be influenced by the risk exposure and amount which the enterprise would spend to prevent a risk from becoming a loss. The Engineer has to convince the management of the company on the importance of the recommendations and, in particular, would need to justify all the expenses proposed in the recommendations. In general, in a normal economic environment, industries are prepared to spend up to 2% of direct and indirect damages in prevention while bearing the other risks.

6.0 CONCLUSION

Within the framework of the emerging economic and technological advances, virtually every situation presents some risks. Risk-taking is inherent in the function of an organization. a knowledge of the relevant risks and a culture of prevention would however be necessary as a protection against losses that may threaten the survival of the company. A risk survey is often required to establish an appropriate risk prevention plan. Such a plan may eventually trigger an overall risk policy that could lead to the introduction of risk control and management which would ensure that risks that are not insured do not eventually create hidden costs that could threaten the growth and development of the organization.

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Moving Forward with Change in Management

By

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BACKGROUND

Change is a process of transformation, which could lead to a positive or negative outcome. The history of mankind is replete with notable moments of change that ushered in new and more efficient solutions in different fields of endeavour. Thus the urge to improve pushes mankind to the limits by developing its potentials amidst stiff competition and a desire to excel. As a result, mankind has made hitherto unimaginable advances in areas such as information technology, particularly from the 1990s. Social and professional transformations are vivid examples of the benefits of change.

In an organisation, the consequences of an unintended outcome of any form of change, minor or major, could be far reaching, to the extent of bringing down the organisation. Little wonder the resistance by some who prefer the certainty of the status quo. There is sense in taking such a stance when the realities on the ground suggest that altering the course would add no value, but would rather divert attention from the set objectives.

Thus a period of transition in an institution often creates an atmosphere of anxiety for the stakeholders who may not be sure of the type of genie that could be let loose by the new Management team and the style of leadership to expect. This is an important issue considering that decision-making and the manner of relating with subordinates differ depending on the individual leadership style. Thus a manager can be seen as autocratic, paternalistic, democratic or have a laissez-faire management style amongst others. It might be reasonable to assume that keeping to one management style all the time may be counterproductive and therefore, good leaders often adopt a management approach that suits prevailing circumstances.

The African Reinsurance Corporation was established in 1976, at a time when the continent was experiencing a high level of political and economic difficulties that extended into the next two decades. The Bretton Woods Institutions offered their own brand of solution – the Structural Adjustment Programme (SAP) - as a panacea for the economic woes of Africa. The programme involved economic aid to the developing countries that were ready to take the risk of liberalization and privatisation of their public entities.

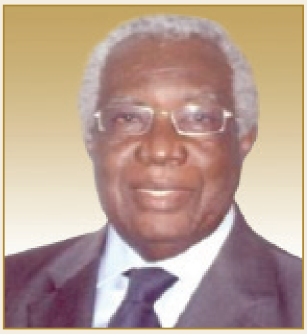
The African Reinsurance Corporation was established out of the need to address a serious deficiency in local African reinsurance capacity. Many however saw the young institution as one of the numerous white elephants created by African Governments.

Notwithstanding the economic climate prevailing at its creation, the leadership provided by the Management of Africa Re had a clear vision of the task ahead. The policies of the period were well adapted to the initial objectives of the fragile institution to enable it build a solid base, bearing in mind that until the 1970s, reinsurance business was controlled by foreign reinsurance companies. The establishment of indigenous reinsurance institutions in the 1970s subsequently began a change in the composition and direction of the African reinsurance markets.

After 35 years of existence, Africa Re has had only four Chief Executive Officers, a fact that underlies the stability of the institution and the culture of shared values amongst the Management and staff. In all these years, the successive Managements have asserted the African character of Africa Re despite its ownership structure.

This write-up does not attempt to tell the history of Africa Re but focuses on the first three Chief Executive Officers and their management approaches to handling challenges. It also introduces the new Management and notes the expectations of stakeholders as they carry Africa Re to the next level.

TRIBUTE TO PREVIOUS MANAGEMENT TEAMS



Mr. Edward Mensah's Tenure (1977-1984)

The mantle fell on the pioneer General Manager, Mr. Edward Mensah (Ghanaian) and his Deputy, Mr Kabisi pene Yemba Milanga (DRC), to lead the organisation in 1977. Mr. Mensah's ability to shoulder this enormous responsibility laid the foundation of the strategy and values that would guide the Management team in the years ahead.

Mr. Mensah assembled a team of hard working and experienced professionals from various African countries to drive the key areas of the organization. A number of these professionals actually resigned from their secure jobs to identify with the untested new organization which they rightly believed would greatly transform the African insurance industry. In 1977, Africa Re commenced operations in Accra, Ghana and moved to Lagos later that year. In order to support the young institution, the African Governments made legal treaty cessions mandatory for companies operating in the markets of Member States. Needless to add that initially, the legal cessions constituted the main source of premium income written by the Corporation. There was however reluctance among some companies, which resisted ceding the requisite 5% legal treaty cession to Africa Re.

Right from its inception, the Corporation decided to be truly African in outlook and yet international in operations. In fact as early as 1979, Africa Re decided to cautiously enter the international market with a view to developing the experience of its staff and establishing an avenue to trade with the rest of the world. In 1980, a decentralization programme started with the opening of the Casablanca office which was followed by the Nairobi office in 1982. This allowed the Corporation to be closer to its Northern and East/Southern African markets.

Mr. Mensah's tenure of office inculcated a sense of prudence, confidence and tenacity among the staff. It is not surprising, therefore, that at the end of his tenure in 1984, the cumulative written premium income and net profit stood at US$225.75 million and US$11.37 million respectively.

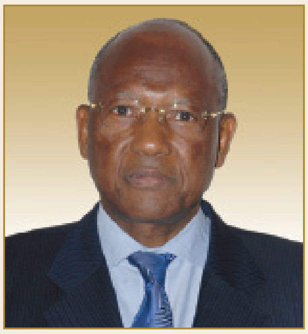
Mr. Eyessus Zafu's Tenure (1984-1993)

Mr. Eyessus Zafu (Ethiopian) and his Deputies, Mr. Ahmed E.A. Elsanusi (Sudanese) and Mr. Bakary Kamara (Mauritanian), took over from Messrs. Mensah and Milanga in 1984 and served as General Manager/Chief Executive Officer, Deputy General Manager and Secretary General respectively till early 1993. The scepticism shown by foreign competitors on the survival of the institution increased the challenge to stay focused in the determination to continue fashioning out strategic plans necessary to sustain the realisation of the aims and objectives of the Corporation.

Mr. Zafu heightened the campaign to get African States that were not members to accede to the membership of the Corporation. Furthermore, his Management identified the importance of regional co-operation and strategic partnership as necessary tools for achieving much of the set objectives of Africa Re. Therefore, during his tenure, Africa Re decided to increase its Authorized capital from US$15 million to US$30 million and opened it mostly to African-owned insurance/reinsurance companies. Mr. Zafu continued with the decentralization programme of his predecessor by creating a third regional office in Abidjan in 1987. This model has been very effective and continues to be employed to the benefit of the Corporation.

Wisdom was clearly demonstrated by the leadership, giving the Management the ability to refine policies and programmes and adapt them to the prevailing circumstances. During Mr Zafu's tenure Africa Re decided to restrict its international operations to only Asia and the Middle East in 1987 as a result of a very poor claims experience in international business. This, of course, led to a reduction in written premium income. This decision indeed helped Africa Re to avoid a potential disaster.

There was no doubt that Management demonstrated the ability to effectively communicate with the Board which gave its support for innovative ideas. At the same time, Management was able to motivate the staff, without whose support the achievements recorded by Africa Re would not have been possible. Between the financial years 1985 and 1993, the total written premium income and net profit amounted to US$318.61 million and US$22.90 million respectively.



Mr. Bakary Kamara's Tenure (1993-2011)

Mr. Bakary Kamara (Mauritanian) was appointed Managing Director/CEO of Africa Re in 1993 and served until his retirement in June 2011.

Having served as Secretary General of the Corporation for 9 years, Mr Kamara inherited the mantle of leadership with a wealth of experience. He also enjoyed the full support of capable and competent Deputies, namely Mr. Ahmed E.A. Elsanusi from Sudan (1984-1994), Mr. James Abban from Ghana (1994-1999), Mr. Haile Michael Kumsa from Ethiopia (1999-2010), Mr. Ganiyu Musa from Nigeria (2006-2011) and Mr. Corneille Karekezi from Rwanda (2009-2011) during different periods of his tenure as the CEO.

Mr. Kamara developed a management style that protected and promoted the laudable values established by his predecessors. At the same time, his approach to management was robust and effective enough to deal with the new challenges of moving the Corporation forward in an era of globalisation and stiff competition in the industry when issues relating to international accounting standards, corporate governance and enterprise risk management also had to be given attention. Thus, he focused on the expansion of the ownership structure of the Corporation to further accommodate non-African strategic partners. Under Mr. Kamara's leadership, equal opportunity was given to professionals within and outside the Corporation.

His tenure witnessed the creation of more regional, local and contact offices to better penetrate the local markets and enhance the Corporation's visibility. The following offices were established - South Africa (1995), Mauritius (1997), Cairo (2002) and Addis Ababa (2011). In addition, two fully owned subsidiaries were set up, namely Africa Re (South Africa) in 2004 and Africa Retakaful (2010), to take advantage of business opportunities in the largest insurance market in Africa (South Africa) and the growing retakaful markets of Africa, Asia and the Middle East.

It is worth noting that Africa Re was one of the first companies to be subjected to rating and assessment of its financial strength by a rating agency in 1995. The exercise culminated in the A- rating by AM Best (2002) and S&P (2009) which were reaffirmed by both agencies in 2011.

Finally, Mr. Kamara's tenure witnessed a significant boost in the fortunes of Africa Re as evidenced by the 2010 financial results which stand out as the best performance of the Corporation to-date. In June 2011, he bowed out of Africa Re with a standing ovation.

In recognition of his immense contribution to the African insurance industry in general and the African Reinsurance Corporation in particular, Mr. Kamara received the distinction of Grand Officer of the Order of the Republic of Sierra Leone on 27 April 2012, awarded by His Excellency Dr Ernest Bai KOROMA, President of the Republic of Sierra Leone.

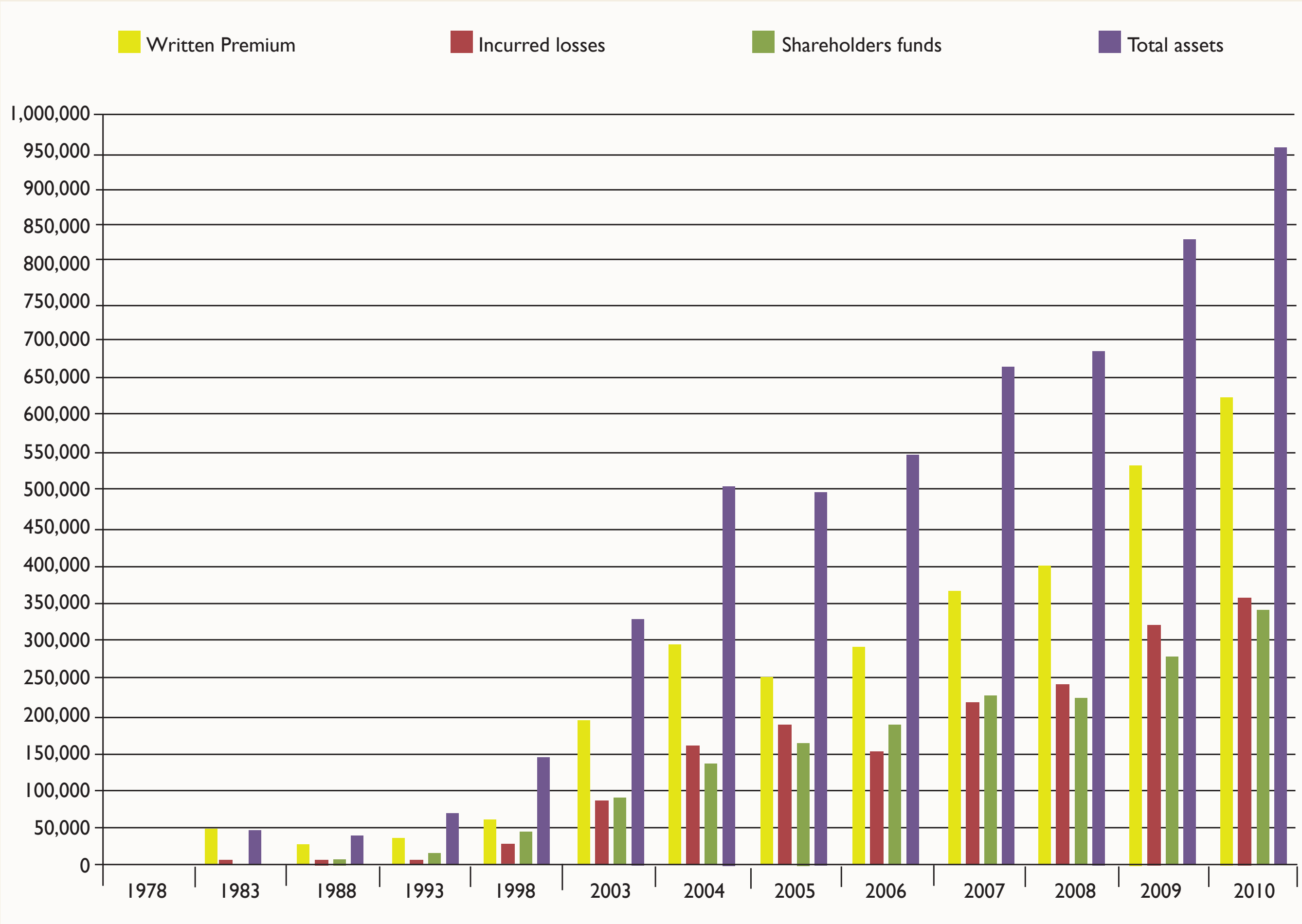
Financial highlights (1977-2010)

In the combined thirty-three years of the leadership of the three former chief executive officers of Africa Re, tremendous growth has been achieved such that at the end of December 2010, the authorised capital stood at US$500 million (US$100 million paid-up) while the cumulative gross written premium income and net profit totalled US$4.16 billion and US$314.64 million respectively. Other indices such as shareholders' funds, total assets and underwriting profit also fared well (Tables 1 & 2).

Table 1

US$ '000	1977/78	1984	1985	1993	1994	2000	2005	2010
Written Premium	3,561	47,089	43,714	38,568	46,910	78,060	255,716	627,532
Retained Premium	2,766	36,534	35,202	31,802	39,207	71,718	295,506	569,700
Net Earned Premium	2,766	36,534	35,202	28,070	40,036	67,121	279,135	563,782
Underwriting Profit	1,414	2,566	2,033	2,136	2,381	1,362	2,922	37,005
Net Profit	-1,443	498	2,149	3,624	3,633	4,281	18,836	64,863
Shareholders' Funds	4,546	4,470	6,620	21,489	26,285	50,049	168,595	343,674
Total Assets	**5,001**	**56,251**	**60,222**	**69,874**	**88,172**	**148,988**	**501,106**	**958,367**

Yellow Mr. Mensah
Blue Mr. Zaffu
Green Mr. Kamara



The new Management team

From the 1 July 2011, Africa Re ushered in a new Management team led by Mr. Corneille Karekezi as the Group Managing Director/ CEO, assisted by Mr. Ken Aghoghovbia as the Group Deputy Managing Director/ COO.

The new team has the advantage of being insiders with extensive knowledge of the Corporation's operations and the Board expectations. They are supported by a strong team of professionals on whom they can rely for the achievement of set goals.

Having inherited an enviable and healthy institution, the new Group Managing Director is expected to take the Corporation to the next level. He will obviously be guided by the mission statement of Africa Re which has as its purpose: "to foster the development of the insurance and reinsurance industry in Africa, to promote the growth of the national, regional and sub-regional underwriting and retention capacities and to support African economic development."

Between 2001 and 2010, the African economy grew by an average of 6%. The growth in 2010 was 5.7%, compared to 3.7% for the G8 and 5.8% for Latin America & the Caribbean. This is an indication of the fact that the African economy has the potential for expansion which would impact the growth and development of the insurance industry. The last decade witnessed significant changes in the African insurance landscape such as deregulation, liberalisation and consolidation including the pressure to update insurance legislation to meet global operating standards. These developments would create the necessary enabling environment for the sustained growth and development of the industry in the years ahead.

The General Assembly has decided to increase the authorised capital of Africa Re from US$100 million to US$ 500 million, to be paid up in two stages in 2011 and 2015. This is to provide the requisite capital to write meaningful shares of business as the African economy grows. The new Management can always draw on the experience and expertise of its Board of Directors and strategic alliances from its unique shareholding of 41 member States, 101 insurance and reinsurance companies and 5 reputable Development Finance Institutions to chart the way forward. In the light of the above, the new Management must be able to manage the expectations of the shareholders, staff and the rating agencies. This is indeed a tall order but not insurmountable.

CONCLUSION

The Africa Re family, while acknowledging the contributions of the former Chief Executive Officers, welcomes Messrs. Corneille Karekezi and Ken Aghoghovbia in whose care the stewardship of the Corporation has been entrusted. Through its Management objectives and leadership style, the voice of Africa Re will be expected to make even greater impact on the insurance industry through the African Insurance Organisation and sub-regional insurance organizations. Finally, the three former Chief Executive Officers and their erstwhile colleagues can look back at their legacy, the African Reinsurance Corporation, with pride and feel a great sense of accomplishment.

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The Ivorian Insurance Market after the Post-Election Crisis

By

Bedi GNAGNE

Director of Insurance, Ministry of the Economy and Finance, Côte d'Ivoire

Introduction

This article highlights the impact of the post-election crisis on economic activities in Côte d'Ivoire particularly, on the insurance sector.

Indeed, since this crisis took place mainly in the first quarter of 2011, its impact on the insurance market in terms of premium income and profitability would only be known after the close of the 2011 financial year accounts in 2012. However, a survey conducted by the Department of Insurance, based on information received from eleven companies out of the twenty nine operating in the Ivorian market, indicated that insurance companies experienced property damage, financial losses and interruptions to their businesses.

It is worthy of note that there was relative calm in the first three quarters of the 2010 financial year. However, the socio-economic environment, including the insurance market, became nervous after the announcement of the presidential election in the beginning of the fourth quarter. The electoral campaign and the ensuing post-election crisis negatively impacted the economy in general and the insurance sector in particular.

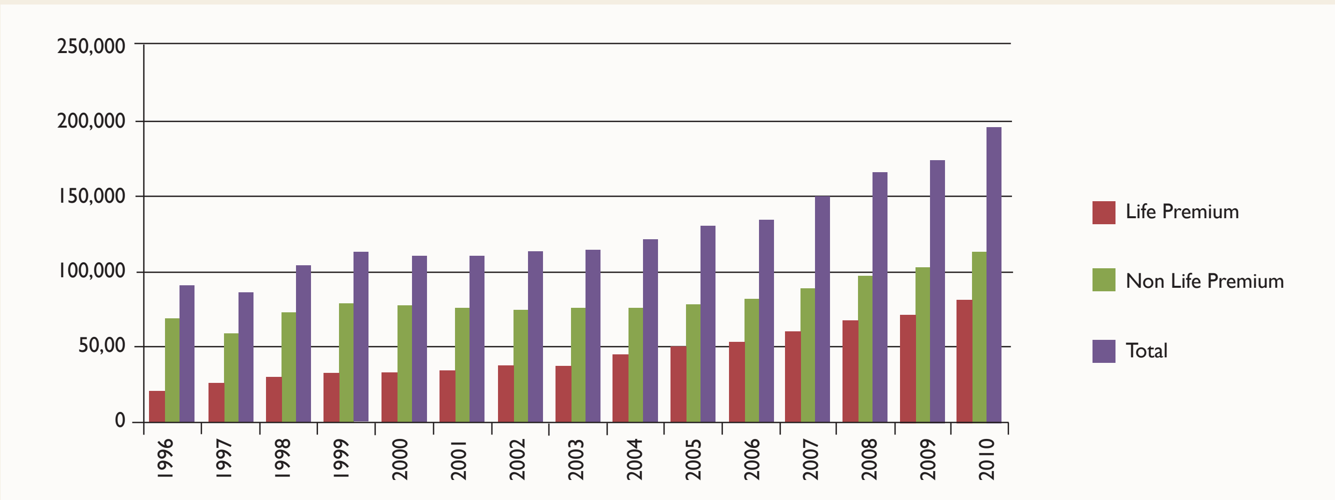
Before discussing the effect of the post-election crisis on the activities of insurance companies and the future of the market, it is necessary to establish the profile of the market, prior to the crisis in 2011.

Characteristics of the market

The Ivorian market, governed by the CIMA Code, comprises twenty- nine insurance companies - eleven life and eighteen non-life. There were one hundred and six brokers, twenty general agents, one hundred and fifty-three authorized agents, four bank agents and two microfinance agents in 2010. Also, four reinsurers, namely Aveni-Re, Africa Re, Cica-Re and Kenya-Re operate in the market.

- **Premium Income**

The graph below illustrates the development of premium income from 1996 to 2010.



Source: Department of Insurance

The total premium income rose from CFA F 90.8 billion in 1996 to CFA F195.35 billion in 2010, representing an average annual growth rate of about 5.6 %. The 2010 premium income is CFA F 82.61 billion for life business and CFA F 112.74 billion for non-life.

The graph supports the following comments:

- premium income for life insurance grew rapidly. Although life premium income was lower than that of non-life, it almost tripled from 1996 to 2008 representing a 200 % growth rate compared to 42 % in non life.
- between 2001 and 2003, the total premium income remained relatively the same as this was the period when the country experienced crises;
- from 2004 however, growth picked up following some stability in the country.

In spite of its problems, the Ivorian insurance market has remained a leading market in the CIMA zone as would be observed from the statistics below.

PREMIUM INCOME-LIFE AND NON-LIFE: CIMA MARKETS

Currency: million CFA

Country	2005	2006	2007	2008	2009	Average growth rate (%)
Benin	19,994.00	22,139.70	25,112.80	29,390.50	30,658.20	11.3
Burkina Faso	19,424.10	20,062.00	25,013.50	25,935.60	29,304.40	10.8
Cameroon	93,202.10	94,658.00	106,908.70	109,928.40	115,468.40	5.5
Central Africa Republic	1,756.40	1,892.70	2,373.20	2,814.00	2,996.60	
Congo Brazzaville	17,250.30	22,069.30	26,099.10	26,348.80	35,689.30	19.9
Côte d'Ivoire	129,530.90	137,535.10	148,975.00	167,319.90	172,015.60	7.3
Equatorial Guinea	na	na	na	na	na	na
Gabon	49,863.10	55,784.00	63,395.00	67,416.50	74,134.40	10.4
Guinea Bissau	na	na	na	na	na	na
Mali	14,846.60	16,199.40	17,479.20	20,433.50	20,517.70	8.4
Niger	10,483.90	11,847.00	13,270.60	14,351.70	16,949.90	12.8
Senegal	61,205.10	64,182.60	70,944.10	78,498.80	79,507.60	6.8
Chad	5,417.00	5,290.00	6,944.10	6,231.80	8,640.80	12.4
Togo	15,060.70	16,338.20	18,854.00	21,317.20	24,008.50	12.4
Total CIMA	**438,034.20**	**467,998.00**	**525,369.30**	**569,986.70**	**609,891.40**	**8.6**

**Source: FANAF*

Insurance Penetration: Life and Non-Life

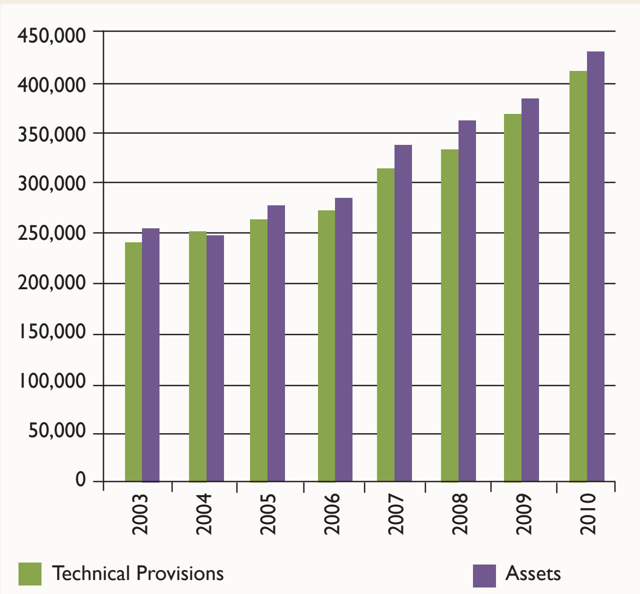
Relative to other CIMA markets, the Ivorian market has a high insurance penetration (1.58%), as would be observed from the table. Compared with Africa's average rate (4.58 %) and the rates for other markets in the continent, such as South Africa (15.3 %), Morocco (2.8%) and Kenya (2.5%), the rate for the Ivorian market may be said to be on the low side.

INSURANCE PENETRATION

Country	2005	2006	2007	2008	2009
Benin	0.86	0.89	0.94	0.98	0.98
Burkina Faso	0.66	0.63	0.77	0.70	0.74
Cameroon	1.07	1.01	1.09	1.03	1.10
Central Africa	0.25	0.25	0.29	0.32	0.32
Congo Brazzaville	0.54	0.55	0.65	0.50	0.80
Côte d'Ivoire	1.50	1.52	1.57	1.60	1.58
Equatorial Guinea					
Gabon	1.09	1.12	1.14	1.04	1.43
Guinea Bissau					
Mali	0.52	0.52	0.51	0.52	0.49
Niger	0.62	0.63	0.65	0.60	0.63
Senegal	1.34	1.34	1.31	1.32	1.33
Chad	0.17	0.16	0.21	0.17	0.27
Togo	1.35	1.41	1.57	1.64	1.78
median	0.66	0.76	0.86	0.84	0.89

- **Technical Provisions and Assets**

The graph below presents the trends of technical provisions and assets from 2003 to 2010.



Source: Department of Insurance of the Ministry of the Economy and Finance, Côte d'Ivoire.

As would be observed from the graph, the technical provisions and assets increased between 2003 and 2010 practically in the same proportions. These values fluctuated between CFA F 250 billion in 2003 to over CFA F 400 billion in 2010.

Apart from the 2004 financial year, marked by under coverage, the market generally covered its provisions. The rate of coverage rose from 103 % in 2009 to 104 % in 2010.

Insurance companies do contribute to the development of the national economy. Indeed, as at 31 December 2010, Ivorian insurance companies held the following investments:

- CFA F 54.78 billion in real property;
- CFA F 113.91 billion in bonds including 94.92 billion in state bonds ;
- CFA F 126.13 billion as bank deposits;
- CFA F 76.3 billion equity in companies

The market however faces some challenges among which are the following:

- slow settlement of claims ;
- high level of overhead costs and commissions;
- significant outstanding premium;
- rate cutting, especially in motor insurance.

Highlights of major events over the last two years

- **Commencement of activities of the motor vehicle guarantee fund - Fonds de Garantie Automobile (FGA)**

The motor vehicle guarantee fund was set up by decree n° 2009-107 of 02 April 2009 and has been operational since January 2010. Its objective is to compensate victims of accidental bodily injury or their beneficiaries when the culprit of the accident is not known or is not insured. As part of its functions, the fund managers also aim at creating the necessary awareness designed to discourage the phenomenon of non-insurance.

- **Obligation of insurance and domiciliation of marine cargo insurance**

The legal instruments implementing the law on compulsory insurance and domiciliation of marine cargo were enacted in 2010, namely the decree to lay down the maximum rate of Free from Particular Average Unless (FPA) and the order to institute a model marine insurance policy.

- **Minimum share capital or initial capital required by CIMA**

The minimum share capital was increased to CFA F 1 billion for limited liability companies and CFA F 800 million for mutual insurance companies with effect from 04 April 2007. This resulted in the withdrawal, in 2010, of SIAC's licence and the automatic transfer of the portfolio of Beneficial Life Insurance. SIAC is a non-life company that specialized in bond business.

Impact of post-election crisis on insurance companies and recommended solutions

The post-election crisis had harmful consequences on the national economy and was particularly prejudicial to the insurance market as most companies experienced material damages, disruption in their activities and financial losses.

- **Material damages**

Looting and other acts of vandalism resulted in damages to the properties of insurance companies (destruction and / or theft of vehicles, motorbikes, office and computer equipment, safes); and company assets (damage to buildings, theft of cash and cheques). In addition, underwriting and claims files were carried away or destroyed.

Reported loss of information affected essentially agencies of some companies which were entirely destroyed or burnt down. Eleven companies forwarded the losses they incurred, estimated at over CFA F 200 million, to the Department of Insurance.

- **Disruptions in the activities of companies**

Disruption in business activities resulted from insecurity and closure of banks which made it difficult to pay staff salaries and carry out insurance services, particularly the settlement of claims and reinsurance premiums.

The security concern led to the review of working hours which, at times, resulted in temporary stoppage of activities thus leading to a drop in productivity.

- **Financial losses**

The crisis resulted in the loss of customers, drop in receipts, difficulties in debt recovery and a deteriorating cash flow. Indeed, some of the enterprises that were looted either reduced or temporarily stopped their operations which, for insurance companies, led to a drop in income between 14% and 32% of their projected turnover for 2011, following the loss of clientele. It is uncertain that debts owed by the affected enterprises could be recovered. In the light of the challenges faced by these companies and individuals, in rebuilding or rehabilitating their destroyed properties, they cannot easily pay premiums thus resulting in a drop in income accruable to insurance companies. Furthermore, the stoppage of activities by industries, enterprises and individuals resulted in requests for termination of insurance policies, which further affected the fortunes of insurers.

- **Reactions from Insurance Companies**

In the light of the foregoing, insurance companies made the following requests:

- an extension of the deadline for submitting financial statements and CIMA reports (to 30 September 2011) and the date of General Assemblies. In fact, the closure of banks in January 2011 and the disruption of the activities of companies made it rather difficult for external auditors to function properly.

- State assistance to companies and tax relief, as well as easy access to loans to reconstruct and rehabilitate production facilities destroyed or damaged.

- postponement to 2012 of the hearing of the cases presented to the Regional Insurance Supervisory Commission - la Commission régionale de contrôle des assurances (CRCA) by the managers of companies under administration or recovery plans.

- **Responses to the insurers' challenges**

The following decisions were taken with regard to the challenges faced by insurance companies:

- Extension to 30 September 2011 of the deadline for submitting financial statements and CIMA reports as desired by insurers. Some companies sent their financial statements after this deadline.

- various tax incentives were provided by the Government to help companies that incurred damages.

- on the recommendation of the April 2011 Council of Ministers on insurance in the CIMA zone, CRCA decided to support the Ivorian market in the light of the impact of the post-election crisis. Therefore, hearings of the cases of managers whose companies are under administration or recovery plan were postponed to 2012.

Market prospects

A few of the initiatives that are likely to enhance the prospects of the industry are highlighted below. These measures are likely to improve the image of the insurance industry by boosting its financial strength, the quality of services offered by companies and the organisation of the market.

- Measures to reduce outstanding premiums: Measures taken by the State to facilitate the speedy remittance of premiums collected from insured civil servants' salaries and ensure the effective application of the new provisions of article 13 of the insurance code would no doubt contribute to reducing the outstanding premium of insurance companies.

- Introduction of reforms to increase premium income: These reforms consist mainly in:

  - Effectively implementing compulsory insurance by sensitizing professional bodies whose members are subject to one of the obligatory insurances.

  - Improving the legal framework on the control and definition of compulsory insurance policies.

The foregoing envisages the institution of new legal or conventional compulsory insurance, particularly insurance cover for fire incidents in markets as well as insurances for the construction industry.

Studies would be conducted to determine construction standards that would need to be imposed on markets to make them insurable and also enable them meet safety standards. Such studies would encourage the rehabilitation of existing markets.

In addition to the insurance obligation outlined above, other steps to improve the market penetration by insurance companies would be taken, namely:

- Introduction of an insurance culture that enhances an understanding of the need for insurance as a risk management instrument.

- Involvement of insurance companies in the ongoing reforms aimed at making defined contribution retirement plan compulsory.

- Introduction of a retirement savings plan - the Contrat d'Epargne Retraite Populaire (CERP) similar to what exists in countries such as France and Morocco.

- Introduction of strategies to develop unexploited classes such as agricultural insurance, micro-insurance, fire insurance, etc.

- **Creation of a Pool for Public Transport of Passengers**

The establishment of such an insurance pool will prevent the undercutting of motor premium rates and ensure speedy settlement of claims.

To that effect, the Ministry of Economy and Finance recently mandated the establishment of this pool which will benefit from the compulsory membership of all non-life companies, apart from Mutuelle d'Assurance des Taxis Compteurs d'Abidjan (MATCA).

- **Sanitization of the intermediary sector**

Such an initiative would greatly facilitate and strengthen the supervision of insurance intermediaries. In this regard, the Department of Insurance organised a seminar in 2011 to build the necessary capacity required by brokers towards the preparation of CIMA reports.

CONCLUSION

The Ivorian insurance market was hard hit by the post-election crisis which had a great impact on the economy especially the insurance sector.

The lessons have been learnt and one can only hope for a better future for the harmonious development of the insurance market, given the continued support of the insurance supervisory authorities, the business and investment opportunities offered by ongoing reforms and the progress so far recorded by the industry.

The Mozambican Insurance Market

By

Mr. Israel MUCHENA
Technical Director, Hollard Moçambique

Introduction

The development of the insurance market of the Republic of Mozambique is similar to that of most markets in Africa. As in many markets in the continent, some forms of traditional social security mechanisms existed in some of the local communities in Mozambique. These mechanisms have been in existence long before the emergence of the contemporary insurance sector. Indeed the evolution of the underwriting of formal insurance in Mozambique may be traced to the beginning of the 20th Century when as a matter of necessity, formal insurance was introduced to support the business activities of the colonial economy set up by the Portuguese. During that period, the local market relied substantially on the regulatory framework of Portugal. Pieces of the legislation put in place during that period still remain operational to date.

Needless to add that the introduction of the colonial economy in Mozambique was part of a broader historical development, following the controversial partitioning of Africa by European super-powers at the Berlin Conference of 1884. Some of the colonial empires emerging from this conference began to fall apart in the 1960s as one of the key consequences of the Second World War.

The war of independence started in Mozambique in 1960 as part of the developments following the "wind of change" which was blowing across Africa with the awakening of the spirit of African nationalism. Following the attainment of independence in 1975, **the Government** decided to apply Marxist-Leninist principles of a centrally planned economy, which had a direct impact on the insurance sector.

The post-independence market

As part of the reforms carried out to transform the existing capitalist economy, there were major changes in the regulatory framework for insurance business. **A new insurance law** was passed on 13 January 1977[4]. As a result of that law, a State-owned insurance company was formed following the nationalization of the three insurance companies operating in the market at that time: **Nauticus, Lusitana** and **Tranquilidade.** Besides the three companies that were merged, the fourth company, **Mundial e Confiança de Moçambique,** which had stopped operating, was liquidated.

The new insurer, ***Empresa Moçambicana de Seguros,* E.E.**[5] **(EMOSE)** had a monopoly of all insurance and reinsurance business in Mozambique. The company also acted as the regulator of the insurance sector. Furthermore, as part of the market restructuring, insurance brokerage, amongst other commission-based services, was banned.

Unfortunately for the new nation, the war of independence was immediately followed by a protracted, brutal and highly destructive civil war.

Re-emergence of private sector insurers

As part of the strategy to end the civil war, the government of Mozambique initiated a process of political and economic reforms in the early 1990s. The political reforms resulted in a paradigm shift from the socialist one-party system to a multi-party electoral democracy while the economic reforms focused on restructuring and market liberalization. These reforms led to the end of State monopoly[6] in the

[4] *Decree-law no. 3/77 of 13 January*
[5] *EE is abbreviation for Empresa Estatal which means State Enterprise*

insurance industry thus leading to the re-emergence of private sector insurance companies and the lifting of the ban on insurance brokerage services.

Following the termination of the monopoly of the state insurer, the duties of supervision of the insurance sector was shifted from EMOSE to the Ministry of Finance. In 1999, the government passed a legislation[7] paving the way for the establishment of an insurance regulatory body – **Inspecção Geral de Seguros (IGS).** In the most recent reform of the insurance regulatory framework, the mandate **of IGS** was broadened and, in addition, this autonomous institution was renamed **Instituto de Supervisão de Seguros de Moçambique (ISSM).**

Current market structure

Following the termination of the state monopoly, the insurance sector has become more refined. The following are the insurance companies that were operating in Mozambique as at the end of December 2011:

- **EMOSE,** which was established in 1977, is now registered as a public limited company following a restructuring exercise in 1999. It operates as a composite insurance company. Building on the infrastructure which it acquired in the beginning, EMOSE has the most extensive branch-network in Mozambique with representation in all the 11 provinces of the country.

- **Global Alliance (GA)** is a composite insurer. It was formerly known as **Companhia Geral de Seguros de Moçambique (CGSM)** and was formed in 1992 as a subsidiary of a South African insurer called IGI. GA was recently acquired by ABSA Insurance of South Africa.

- **Seguradora Internacional de Moçambique (SIM)** is a composite insurer that is wholly owned by Banco Internacional de Moçambique (BIM), an investment bank of the Portuguese banking group Banco Comercial Português. According to recent financial reports, SIM is now the largest insurer in Mozambique ahead of EMOSE. In 1996, SIM acquired IMPAR, an insurer of Portuguese origin which had been operating in Mozambique since 1992.

- **Moçambique Companhia de Seguros**[8] (MCS) is a non-life company that was established in 2000 by the Portuguese insurer Lusitania and a number of local shareholders.

- **Hollard Moçambique Companhia de Seguros**, set up in 2001,is the short-term insurance subsidiary of Hollard Insurance Company Ltd of South Africa. **Hollard Vida**[9] is the life insurance subsidiary that started operating with a separate licence in 2008. Although the life and non-life businesses of Hollard have separate licences, the businesses are managed by the same management team.

- **Austral Seguros** is a non-life insurance company which was established in 2008 by local investors

- **Real Seguros** is a non-life insurance company which started operating in 2010

Besides the **insurance companies indicated** above, the following companies were granted licences to commence in 2011: **Índico** which is a non-life insurance company and **NICO Life,** a joint-venture of **NICO Malawi** and **SANLAM Life** of South Africa, yet to commence operation.

Furthermore, **Moçambique Re (Moz Re.),** the first reinsurer in Mozambique was granted a licence in 2007. In the insurance intermediary sector, there are more than 40 brokers and a number of insurance agents. The following are the top 10 principal intermediaries in alphabetical order:

- Alexander Forbes de Mocambique which was recently acquired by Marsh
- AON Mocambique which also recently merged with Glenrand MIB Mocambique
- Fides
- Getcor
- Hubertus
- Nacional Brokers

[6] *Law no. 24/91 of 31 December.*
[7] *Decree no. 42/99 of 20 July.*
[8] *Seguros is the Portuguese word for insurance*
[9] *Vida is the Portuguese word for Life*

- MAC Corretores
- Male Seguros
- Poliseguros
- Skyydo Insurance Brokers

There has been little development in most other areas of ancillary services IN the insurance sectors. While there are no actuarial firms based in Mozambique, some of the global companies domiciled in either Portugal or South Africa offer their actuarial services to the local market. There are also no global loss adjusting and risk surveying firms in Mozambique and consequently, the local market relies on in-house adjusters for most claims. In cases involving larger or more complex risks, there is a tendency to rely on foreign firms. The key service providers generally come from South Africa and Portugal. A few local individuals have started to provide independent local loss adjusting services for the simpler and higher volume type of losses such as motor claims.

Market statistics

The Mozambican insurance sector is yet to have a comprehensive, reliable and up-to-date market report. It is expected that as the market develops, the regulatory body or the insurance association would compile and publish relevant statistics and other information on the market. Good examples of such useful market reports are available in countries such as Kenya, South Africa and Zimbabwe.

One of the major challenges in the Mozambican market is to ensure that financial reports are finalized within a reasonable time period after the year-end and that there is a consistent approach in the presentation of financial statements. These problems would be addressed in the near future in view of the fact that the local insurance sector is expected to adopt the International Financial Reporting Standard (IFRS) by 2012. Using the financial reports from each of the insurance companies in the market, a comparative analysis of the financial performance of the insurers as at the end of 2009 has been produced, as per the table below:

FINANCIAL PERFORMANCE AS AT THE END OF 2009 IN US$

	SIM	EMOSE	GA	Hollard	MCS	Austral	Total
Gross Premium Income (GPI)	34,622,504	27,299,639	21,096,516	15,025,746	3,442,394	1,006,635	**102,493,434**
Net Earned Premium	20,706,389	20,279,044	9,557,375	9,143,078	2,289,479	412,284	**63,540,565**
Investment & other income	11,912,248	8,956,223	2,614,013	796,682	231,319	7,241	**24,517,727**
Total Income	32,618,637	29,235,268	12,171,388	9,939,760	2,520,798	419,525	**86,905,376**
Net Claims Incurred	10,348,970	15,710,899	5,780,368	4,390,520	1,311,494	227,269	**36,458,027**
OPERATING EXPENSES	11,215,169	11,686,235	4,946,756	3,364,823	1,833,492	865,887	**33,912,362**
Operating Profit/Loss	11,054,498	1,838,133	1,444,264	2,184,417	-624,188	-673,631	**16,534,987**
Extraordinary Gains/Losses	0	1,634,210	5,744	-556,417	155,046	0	**1,238,583**
Profit Before Tax	11,054,498	3,472,344	1,450,008	1,628,000	-469,142	-673,631	**16,462,077**
Taxation	-3,562,319	-412,497	-480,800	-605,162	0	0	**-5,060,778**
Net Profit	7,492,179	3,059,847	969,208	1,022,838	-469,142	-673,631	**11,401,299**
KEY PERFORMANCE RATIOS:							
Net Incurred Losses/GPI	29.89%	57.55%	27.40%	29.22%	38.10%	22.58%	**35.57%**
Net Incurred Losses/Earned Premium	49.98%	77.47%	60.48%	48.02%	57.28%	55.12%	**57.38%**
Operating Expenses/Earned Premium	54.16%	57.63%	51.76%	36.80%	80.08%	210.02%	**53.37%**
Operating Expenses/Gross Premium	32.39%	42.81%	23.45%	22.39%	53.26%	86.02%	**33.09%**
Combined Ratio*	**109.72%**	**145.47%**	**122.70%**	**99.59%**	**137.37%**	**338.38%**	**120.05%**
Market share	**33.78%**	26.64%	20.58%	14.66%	3.36%	0.98%	
Profit Ratio	**31.93%**	13%	7%	11%	-14%	-67%	**16%**

Insurance Association

The local insurance association (Associação de Seguradores de Moçambique – ASM) was formed in 2002. Although the association has been quite active in recent times, there is still room for improvement especially as:

- Most members believe that there are a number of issues affecting the insurance sector that need to be addressed at the market level.
- The regulator looks forward to the Association to build an effective partnership for critical initiatives such as the ongoing reform of the regulatory framework.
- The association is expected to develop related services and institutions such as Insurance Institute.

As far as professional training is concerned, some of the companies are encouraging their personnel to enrol for professional examinations in institutes of neighbouring countries such as South Africa and Malawi. Given that Portuguese is the official language in Mozambique, most candidates struggle to pass the examinations from these institutes which are in English. There are also a few differences of approach to insurance business in the English and Portuguese-speaking markets.

The insurance industry has the potential for growth and development, given the fact that the economy has been performing well since the end of the civil war in 1992. This has resulted in the implementation of a number of key development projects in the last two decades and there are plans to carry these initiatives to higher levels in the years ahead. One expects that as the insurance market, and in particular, the association develops, it would be possible for the insurance market in Mozambique to host important meetings such as the annual conference of the African insurance organization (AIO). Needless to add that Maputo, the beautiful seaside capital city of Mozambique, is one of the best venues yet to be explored by the AIO. It is indeed one of the top holiday destinations in the region.

ANGLOPHONE WEST AFRICA

A. Economic Environment

Nigeria

Nigeria has pursued structural reforms centered on enhancing management of public finance, improving the entrepreneurial environment, and expanding access to credit through banking and financial reforms. The economy has posted notable economic expansion, achieving an average annual growth rate of around 6 percent over the past five years.

Government continues to put measures in place to address the economic challenges and unemployment. The local content regime in Nigeria enters its second phase of achieving 75% content and has become a new vista of opportunity for enhanced business in the industry and beyond.

Ghana

Prudence in fiscal and monetary management has contributed to the easing of inflationary pressures with declining interest rates. The rise in bank lending and capital inflows suggests increasing investor confidence.

Challenges remain, such as a very weak fiscal stance and fragile external balances. Growing fiscal challenges include large domestic payment arrears.

The Gambia

The Gambia, though a low-income country with a structural food deficit, has managed to post relatively strong growth rates over the past three years. Growth is expected to pick up to 5.6% at the end of 2011 and 2012 having shown a dip in 2010. Good harvests – especially of rice – and gains in the construction and banking sectors drove economic growth. The newly-launched National Agricultural Investment Plan aims to improve agricultural sector productivity.

Sierra Leone

The medium-term outlook for the Sierra Leonean economy is positive. Growth is being driven by exports of minerals and cash crops due to the global recovery, the expansion of the service sector, increased agricultural productivity, and continued investment in infrastructure.

Liberia

Liberia's economy is recovering from the global economic downturn. It has recorded increase in export and foreign direct investment (FDI). Growth is projected to reach 7.3% in 2011 and 8.9% in 2012. The rise in exports was due to an increase in commodity prices, particularly rubber, palm oil and minerals.

B. New Companies/Mergers/Acquisition / Closures

Nigeria

1. NSIA Group, led by Mr. Béné Lawson, as Group Managing Director, acquires ADIC Insurance.

2. FBN Life, a subsidiary of First Bank, commences a Life Underwriting company in Lagos.

3. The English speaking West African countries formed the WAICA Re as a regional reinsurance outfit with the head office in Freetown, Sierra Leone. WAICA Re has since begun operations.

4. Assure Holdings has also acquired majority stake in Guaranty Trust Assurance from GTBank in compliance with CBN (Central bank of Nigeria) rule on Banks divesting from Insurance companies.

5. Ecobank Nigeria has acquired Oceanic Insurance and has now become a member of the Ecobank group.

6. During the year 2011, Old Mutual Nigeria Life Insurance Company got Approval in Principle to commence life insurance business in Nigeria.

Ghana

1. A Consortium (GOGIC) has been formed by the Ghana Insurers Association (GIA) to help manage the oil and gas portfolio on behalf of stakeholders for the nation.

2. Millennium Insurance Company, a subsidiary of Jospon Group commenced business with a capital base of GHC 3,000,000.

Sierra Leone

WAICA Reinsurance Company (WAICA RE) has been established with Head Office in Freetown

C. Appointments

1. Dr. Femi Oyetunji was appointed Managing Director of Continental Re following the retirement of the former MD, Mr. Adejumo.

2. Mr. Corneille Karekezi has been appointed GMD/ CEO of Africa Re following the retirement of Mr. Bakary KAMARA, and Mr. Ken Aghoghovbia appointed DMD/COO.

3. Toye Odunsi became the MD of Crusader Insurance Plc

4. Roseline Ekeng became the MD of International Energy Insurance

5. Chike Mokwunye became the MD of Royal Exchange Assurance

6. Sallau Hamman was appointed MD of FIN Insurance

7. Kins Ekebuike was appointed MD of UnityKapital Insurance

8. Mr. Siale Gustav became the Acting Managing Director of Ghana Re following the death of the former Managing Director Mr. Williams Agbenyega. Mr. Siale Gustav was confirmed afterwards.

9. Dauda Sarge was appointed MD of Prime Insurance (The Gambia)

D. Retirements/Resignation/ Obituary

1. The former Managing Director/CEO, Mr. Bakary KAMARA, after 18 years of meritorious service to Africa Re, bows out gallantly.

2. Mr. Adejumo retired as the Managing Director of Continental Re.

3. The MD of Ghana Re, Mr. William Agbenyega, passed on.

4. Mr. Paa Alhassan Jagne of Prime Insurance Company of the Gambia passed on.

E. Legislation/Regulatory Changes

Nigeria

1. NAICOM has given a directive to all insurance companies to embrace IFRS reporting from 2012 which it has issued guidelines and organised trainings and workshops on its preparation.

2. The Employees' Compensation Act was enacted in Nigeria which made it compulsory for employers to insure their employees against the risk of death, injury and sickness sustained in the ordinary course of the employment. The law however took away the implementation from insurance companies and placed it on a government agency, NSITF.

Ghana

The National Insurance Commission (NIC) is pushing for a new solvency law which, when adopted, will deny insurance companies with weak financial standing the opportunity to undertake bigger business transactions.

F. Major Losses

Nigeria

Flood Damage to Wampco Friesland/Royal Exchange Assurance: DOL – 10/07/2011. Estimated Loss amount USD21 million

Ghana

Massive Flood Damage occurred in Accra involving various companies: DOL – 26/10/2011. Primary estimation of loss put at about USD5 million

AFRICAN INDIAN OCEAN ISLANDS

A. Appointments:

Mauritius

- Appointment of Mr. VENKATE Balantrapu, as MD of Lamco Insurance after the death in June 2011 of Mr. ADIA.

- Mrs Clairette AH-HEN, was appointed in August 2011 as CEO of Financial Service Commission – (the insurance supervisory body) to replace Mr. Milan Mitharban, called up for other duties.

Seychelles

- Mr. Pierre Laporte, former Governor of the Central Bank (in charge of insurance supervision) was appointed in March 2012 as Minister of finances.

- Mrs Caroline Abel, previously vice-governor of the Central Bank, has been promoted Governor of the same Bank to replace Mr. Laporte.

Madagascar

- Mrs Christelle Chesnes was appointed MD Colina SA in October 2011 to replace Mr. Didier Buon, called up for other duties.

Comores

- Mrs MOHAMED Binti was appointed MD of Alamana Company in June 2011 to replace late Ali Swahili.

B. Legislation:

The Government of Seychelles has amended the law on insurance making domiciliation of all insurance contracts in Seychelles compulsory from March 2012.

C. Future Training/Conference

- Reinsurance Forum from 29 September to 2 November 2012 in Mauritius to celebrate the 40th anniversary of the AIO whose establishment agreement was ratified in Mauritius 40 years ago.

- Africa Re Training in Transport Insurance in Antanarivo Madagascar, from 2 to 4 July 2012 to be facilitated by CESAM.

D. Claims Experience

There were 2 major claims in Mauritius in 2011: Compagnie Mauricienne de Textile on 14/2/2011, 100% amounting to US$ 15,000,000. We paid our 13% facultative share which stood at US$ 1,900,000

The second biggest loss to have occurred in Mauritius is that of the Mauritian Hotel that occurred on 9 October 2011 estimated at US$ 33,000,000. Our share amounts to US$ 7 million.

Our own share of the Thailand floods stands at US$ 3.5 million.

E. Other news from the market

- The merger/absorption of the Life and Non life entities of SWAN Insurance/Anglo Mauritius and CIM Insurance/Rogers Group, with effect from 1 May 2012

- The India- Mauritius Agreement on the Non Double taxation of investments in India from offshore Mauritius has been challenged with the direct consequence of the relocation of some major groups to Singapore.

- Introduction of the event limit in the proportional treaties from the April 2012 renewals and the obligation to be registered with the supervisory body of the of all reinsurers that not domiciled in India like Africa Re. it is also worth noting the cancellation of the Pool Public Transport of Passengers and Public Transport of Goods from the 2012 renewal in India.

MAGHREB

A. Economic Environment

Due to globalization of the economy, development of communication means, internationalization of trade and financial flows, the major cities and regions surrounding the Mediterranean are competing to develop their attractiveness and affirm their roles in the major economic groupings being set up.

Algeria

The economic and financial environment is benefitting from the booming petroleum sector. Economic growth is between 3% and 4% and the economy is largely State-controlled. There is a vast public expenditure plan intended to stimulate economic growth and improve infrastructure. Algeria was shielded from the fallouts of the economic and financial downturn thanks to the proactive debt reduction policy, accumulation of foreign exchange reserves and the relatively closed Algerian financial system. Important elections are planned for 2012.

Morocco

Reforms undertaken by the Kingdom have been judicious and promising. The interest of foreign investors is testimony to the vast opportunities offered by the Kingdom. The new Government expects a 4.2% GDP growth for 2012 despite the negative impact of the delayed rainfall on the agricultural sector.

Mauritania

After a 1.2% drop in GDP growth in 2009, the Mauritanian economy experienced renewed growth in 2010 and 2011 with rates estimated at 5% and 5.3% respectively. Growth for 2012 is expected to be 5.5%.

This performance results from the combined effect of the implementation of the public finance reform programme agreed with the IMF and the significant increase in the world prices of minerals.

Libya

The economic activity was seriously disrupted by the sad events the country experienced between February and October 2011.

Many projects were started in November 2011 and especially in 2012 (economic reform, liberalization of the services sector including insurance, reconstruction programmes...), that will lead to a forceful return of foreign investors. There is reason to be optimistic considering the vast present and future opportunities.

Tunisia

The economic situation is still difficult and the premise that recovery would follow the elections is yet to be realized.
The budget deficit is expected to rise due to the impact of the revolution on tourism and foreign investment.
Growth is expected to slow down sharply in 2011 and will not exceed 1.1% as against 3.7% in 2010 but is projected to pick up to 3.3% in 2012.

B. New Companies/Mergers/Acquisition/ Closures

Algeria

1. AXA ASSURANCES Algérie Dommages

2. AXA ASSURANCES Algérie Vie.

3. MACIR VIE

4. TAAMINE LIFE ALGERIE "TALA".

5. S.A.P.S

6. CAARAMA

7. CARDIFF

Morocco

Two prestigious international institutions: IFC and IFC ALAC (the World Bank Group) and Abraaj Capital (leader of private equity in emerging countries) have invested in the equity of the Saham Group. These equity participations amount to US$250 million (2 x 125) and each representing 18.75% of the capital of Saham Finances holding which has majority shares in 3 subsidiaries (51.8% of CNIA Saada Assurance, 67% of Isaaf Assistance and 100% of Colina).

The aim of this partnership is to strengthen the financial base of Saham to continue its development on the African continent and to consolidate its position of pan-African leader of the insurance industry.

Mauritania

1. DAMANE Assurances
2. WAVA
3. C.A.R
4. GAMA

Libya

TIBISTY Insurance Company started operations on 01/01/2012 with a capital of LYD 10 million.

C. Appointments

Morocco

Mr Raymond Farhat, former boss of Colina has been appointed to head the insurance pool of Saham Group and will therefore lead the continental growth of the Group.

D. Legislation/Regulatory Changes

Algeria

1. Effective separation since 01/07/2011 of personal insurance and property and casualty insurance ;
2. Publication of reinsurance brokers authorized to write business in the Algerian market.

Mauritania

New decree to adjust the compensation of bodily injury from UM1.2 million to UM2.5 million (amicably) and UM3 million (legally).

E. Major Losses

Tunisia

Fire loss in Pharmacie Centrale deTunisie on 09/02/2012.
Fire in the drug warehouse of Pharmacie Centrale de Tunisie in Ben Arous.
Initial estimate is US$30 million.

Libya

3 cargo losses on 21/02/2011 with Africa Re's share amounting to US$3.5 million US$ 9.5 million and Us$ 4.6 million.

CENTRAL AFRICA (Francophone West and Central Africa)

A- Economic Environment

WAEMU: Due to the economic importance of Côte d'Ivoire, the post-election crisis impacted the entire WAEMU zone, especially landlocked countries like Burkina Faso, Mali and Niger.

In 2011, Côte d'Ivoire witnessed a 5.8% (*) recession which slowed down growth to 1.9% (*) as against the target of 4.6%. Mining was the most dynamic sector in 2011 with the mining operations in Côte d'Ivoire, Mali, Burkina and Niger. It is also worth noting that Niger is on track to become a petroleum exporting country with significant investments having been made in this sector.

CEMAC: The 4.70% (*) economic growth in CEMAC in 2011 was driven by the oil sector. Indeed, except the Central African Republic, all the other countries of the region are petroleum exporting countries. Public works was also a dynamic sector in the zone with, inter alia, the Kribi deep seaport project and various road construction projects in Cameroon (Mengong-Sangmelima road), Gabon (Akiéni-Okondja, Lalara-Koumameyong roads), Congo Brazzaville (Pointe-Noire/Brazzaville highway).

The problem of insufficient diversification of the economies persists.

(*)IMF, information from Africa Department (16 September 2011)

B- New companies/Mergers/Acquisitions/Closures

New companies

- CORIS Assurances in Burkina Faso, Managing Director : Mrs Solange KERE,
- Société Gabonaise de Réassurance (SCG-Ré) : the company started operations on 01/01/2012. It benefits from a legal cession of 15% for non life premiums (excluding petroleum, aviation and health) and 10% for life insurance premium.
- COLINA Benin
- AMAB (Assurance Mutuelle Agricole du Benin), Managing Director: Tiburce KOUTON
- GLOBUS-RE (Captive of the insurance companies of the GLOBUS network). Headquarters is in Burkina Faso. Managing Director: Jean KWIMAN
- CICA-RE has opened a West Africa Regional Office in Abidjan headed by Jean-Baptiste AIZAN.
- UA Mali (Union des Assurances du Mali) - SUNU Group
- COLINA Guinée. Managing Director: Théophile MOULONG.
- KENYA-RE has set up a Regional Office in Abidjan for French-speaking African countries headed by Arthur LEVRY.
- GHANA-RE has opened a Regional Office for French-speaking African countries in Douala.
- The ALLIANZ Group has set up a subsidiary in Congo Brazzaville.

C- Appointments

Mr Théophile MOULONG has been appointed Managing Director of COLINA GUINEE;

Mr Roland OUEDRAOGO, former Technical Director of COLINA-RE, has been appointed Managing Director of COLINA Burkina, to replace Mr. Christophe STREEFKERK.

Mr Patte NDIAYE has been appointed Managing Director of SALAMA Assurances Senegal, to replace Mamadou FAYE.

Mr BOURAIMA Amadou has been appointed Général Manager of SNAR LEYMA, to replace Mr Aboudramane GARBA.

D- Legislations

Articles 13 and 541 of the CIMA code have been amended. These articles deal with the payment and receipt respectively of the non-life insurance premium and entered into force since October 2011. Article 13 provides that the contract shall take effect subject to the payment of the premium by the policyholder. For motor, health and goods in transit a maximum deadline can be granted when the premium does not exceed 80 times the minimum guaranteed wage. These provisions do not apply to State risks which have a maximum deadline of 180 days.

E- Major Losses

	Country	Insure/Risk Insured	Activities	Class of Risks	Date of loss	Amount 100% (US$)
1	CONGO	TOTAL YANGA	Oil	OIL OFFSHORE	20/02/2011	23,000,000
2	CONGO	ILOGS	Cargo handling	Machine breakdown	02/04/2011	1,897,588
3	SENEGAL	LAMENTIN	Hotel Complex	Fire	14/01/2011	7,557,493
4	SENEGAL	SALY	Hotel Complex	Fire	30/11/2011	3,795,260

EAST AFRICA

A. Economic Environment

Kenya

The World Bank says that high food and fuel prices, the drought and the Euro crisis weakened Kenya's already fragile external position and hence lowered growth to an estimated 4.3 percent in 2011. For 2012, the World Bank projects growth to recover slightly and reach 5.0 percent, if Kenya succeeds in managing the risks.

Ethiopia

The International Monetary Fund and the World Bank state that the country registered 8.7 percent GDP growth in 2011. The country is the second-fastest growing economy in Africa for 2011, after Ghana. The Growth is driven by the service, industrial and agricultural sectors.

Tanzania

Tanzania has been performing well over the past few years due to effective demand policies and the relative isolation from global markets has helped it to survive recent external and regional shocks. The economy is estimated to have grown at 6.5% in 2010/2011. It is predicted that the economy could grow at around 6 percent in 2011/12.

Uganda

The estimated growth rate of the economy of Uganda in 2011 is 6.4% compared to 5.2% in 2010. Uganda has substantial natural resources, including fertile soils, regular rainfall, small deposits of copper, gold, and other minerals, and recently discovered oil. Real GDP increase is estimate to slow slightly to 5.1% in 2012, owing to lower public spending and weak external request.

B. New Companies/Mergers/Acquisition/ Closures

Kenya

1. Ghana Re opened a regional office in Nairobi.
2. AAR has applied to register as an Insurance Company
3. Resolution health has also applied to register as an insurance company
4. ICEA and Lion Insurance merged to become one entity known as ICEA-Lion Group

Uganda

A new company by the name 'Nova Insurance Company' was established in Uganda. The Managing Director is George Ngumbi

Zimbabwe

PTA ZEP Re has established an office in Zimbabwe.

Kenya

1. The Insurance Regulatory Authority of Kenya appointed a statutory management committee to oversee Blue Shield Insurance.
2. Citizen Insurance of Malawi was closed down.

C. Appointments

Kenya

1. Mr. Godfrey Kioi has been appointed CEO and Principal Officer of Gateway Insurance Company Limited.
2. Mr. George Maraga has been appointed Managing Director of The Monarch Insurance Limited.

Rwanda

Mr. Obi McDonald has been appointed the Managing Director of Société Nouvelle d'Assurances du Rwanda (SONARWA)

Uganda

1. Alhaji Kaddunabi Lubega is the new CEO of IRA Uganda
2. Mr. Bayo Folayan has been appointed the Managing Director of NIC Uganda

Burundi

Jubilee Insurance Company Burundi SA has appointed Mr. Denis Huyberechts as its Managing Director.

Ethiopia

1. Mr. Tesfaye Desta has been appointed as the Chief Executive Officer of Oromia Insurance Company effective December 12, 2011.

2. Mrs. Meseret Bezabih has been appointed as the Managing Director/CEO of United Insurance Company, effective November 01, 2011.

3. Mr. Yahya Mohammed has been appointed as Acting Managing Director of Global Insurance Company (S.C.), effective February 01, 2012.

4. Mr. Negassi Yosseph has been appointed as Acting President of Lion Insurance Company (S.C.). (Photo is not provided)

5. Mr. Eyob Meherette has been appointed as Chief Executive Officer of Nyala Insurance Company (S.C.) effective January 01, 2011.

D. Retirements/Resignation

Kenya

1. Mr. Geoffrey Njenga, CEO of Invesco, retired from the company in December 2011.

2. The Reinsurance Manager of Gateway Insurance, Mr. Ephantus Gachere, has retired.

3. Mr. Charles Makone retired from Monarch Insurance.

Uganda

1. Mr. S.K. Njoroge resigned as the MD/CEO of National Insurance Corporation Limited, Uganda.

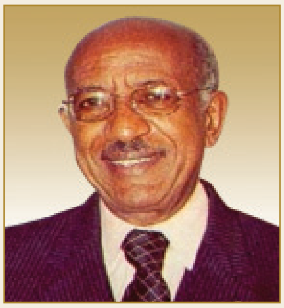
Ethiopia

1. Mr. Ahmed Ibrahim resigned as the Managing Director of Global Insurance Company (S.C.) effective December 29, 2011.

2. Mr. Eyesuswork Zafu resigned as the Managing Director/CEO of United Insurance Company (S.C.) effective October 31, 2011. He is currently serving as a Technical Advisor. Furthermore, it is worth noting that Mr. Eyesuswork Zafu was Managing Director of Africa Re from 1984 to 1993.

3. Mr. Hadush Hintsay resigned as the President of Lion Insurance Company effective May 31, 2011. As of July 01, 2011 he is serving as theSecretary General of the Association of Ethiopian Insurers.

4. Mr. Nahu-Senaye Araya resigned as the Chief Executive Officer of Nyala Insurance Company effective December 31, 2010. Currently he is serving as a Board Director.



E. Legislation

Uganda

1. The new minimum required capital in Uganda was fixed at Ugsh4 billion and Ugsh3 billion for General Insurance and Life Insurance respectively. Existing companies have 3 years to meet up with the new capital.

2. The Ugandan Insurance Commission was renamed Insurance Regulatory Authority (IRA)

3. The Amendment Act also established the Policyholders Compensation Fund. It will be funded from levies on insurance companies.

4. The Act also scrapped the position of Insurance commissioner and replaced it with 'Chief Executive Officer'

Djibouti

The Insurance industry got new prudential standards for its operations. The standards affect areas such as organization and operation of insurance companies, corporate governance, quality of information contained in life insurance contracts, approval of auditors and directors of insurance companies, building safeguard measures, compensation scheme for victims of traffic accidents, regulation for operation of Islamic insurance or Takaful.

F. Major Losses

Kenya

1. Mombasa Cement Limited: Date of Loss – 01/08/2011. Estimated Loss Amount USD 17.6 million

2. Fire Damage to Osho Chemicals: Date of Loss – 14/4/2011. Estimated Loss Amount USD 1.3 million

Eritrea

Red Sea Company: Date of Loss - 18/06/2011 Estimated Loss Amount USD 1.6 million

Uganda

Mukwano Industries: Date of Loss: 22/04/2011. Estimated Loss Amount USD 1.3 million

Ethiopia

The Parliament passed proclamation on Vehicle Insurance against Third Party risks, which is compulsory as from December 2011.

NORTH EAST AFRICA

A. Economic Environment

Egypt

Egypt is characterized by partnerships with emerging economies, mainly in non-Arab Asia and the Arab world; however these partnerships are still marginal compared to those with the European Union (EU) and the United States of America. Although economic relations with emerging partners have been on an upward trend, the political unrest in Egypt and the wider region hindered trade, particularly with Arab countries as well as FDI inflows and remittances originating from Arab countries. The Egyptian government already allocated 100 million Egyptian pounds (EGP), targeted at addressing employment issues of returning labour from Arab countries, especially Libya.

Sudan

Sudan witnessed a separation of the country into two - Sudan and South Sudan. This peaceful separation ended the war between the two countries though there was still instability in other parts, such as Dar Fur, Blue Nile and Northern Kordofan.

Sudan's economy picked up slightly in 2010 to grow 5%, after 4.5% in 2009 but this was one percentage point lower than expected. The economy is projected to grow 5.1% in 2011 and then 5.3% in 2012 largely due to increased oil production and sustained gains in the non-oil sector.

South Sudan

South Sudan is a newly created country after the separation of the Sudan into two countries. The country has a potential of oil and gas and other natural resources, which if directed properly can boost the development of its economy. South Sudan has other assets that can reduce its dependence on oil, namely: large livestock as well as fishery, and forestry resources. Developing agriculture in the country could also reduce the country's dependence on oil which currently accounts for 98% (percent) of the government's revenue. Revenue from oil provides an opportunity to invest in social and infrastructure development and to set aside savings for the future.

B. New Companies/Mergers/Acquisition/ Closures

1. Egypt:

Solidarity -Life has decided to divest its operations in Egypt and has closed its branch in the country.

2. Sudan:

Red Sea Insurance Company in Sudan has been liquidated; a liquidator has been appointed for the process.

C. Appointments

1. Dr. Mohamed Youssef was appointed as Vice Chairman and Managing Director of Insurance in Insurance Holding Company-Egypt. Dr. Youseef was appointed after the former Managing Director passed away.

2. Mr. Udo Kruger, has been appointed as Chairman of Allianz-Egypt

3. Mr. Salah Eldin Mousa was appointed as Managing Director of Sheikan Insurance and Reinsurance Company-Sudan,

4. Dr. Sayed Hamid was appointed as GM for Ta'awuniya Insurance Company "Former Watannia Cooperative"- Sudan

D. Retirements/Resignation

1. Mr. Osman El Hadi Ibrahim, Managing Director of Shiekan Insurance and Reinsurance Co -Sudan

2. Mr. Raymond Cham, CEO of Allianz Egypt.

3. Mr. Mohamed Ahmed El Nour, General Manager of Watannia Cooperative insurance Co-Sudan.

4. Miss Amna Ali Mohamed, General Manager, Insurance supervision Authority-Sudan.

Others:

1. FAIR - 22nd Conference was held from 2-6 October 2011 in Egypt. The conference attracted CEO's, Managing Directors, General Managers as well as many other key persons in insurance/reinsurance industry in Africa and Asia. Broking companies and other institutions interested in insurance/reinsurance equally attended the conference. Africa Re was represented by the Group Managing Director.

2. The 39th AIO Conference will be held in Khartoum from 27 to 30 May 2012.

SOUTHERN AFRICA

A. Economic Environment

South Africa

Events in the international economic arena directly affected South Africa's economy by virtue of its position as an active player in the international commodity trade and also due to its strong economic link with the rest of the world in general and Europe in particular. The year 2011 witnessed a spate of upward/downward movements in the exchange rates of the Rand relative to the major currencies and in the price of crude oil mainly in reaction to the debt crises in the Euro-Zone and the political instability across the Arab world.

Within South Africa, the wave of strikes that characterized 2011, the increases in the costs of petrol and electricity, coupled with the uncertainty created as a result of speculations surrounding nationalization of the mines contributed to the slow growth of 3.1% of the economy for 2011. Analysts are predicting a growth rate of 3.00% for 2012.

Swaziland

Swaziland has also had its own fair share of economic problems in the past few months; however the government of that country is doing everything in its power to turn things around. It is hoped that if all the government initiatives are fruitful, there would be some light at the end of the tunnel.

Mozambique

With the recent discovery of large coal and gas deposits in Mozambique, and the granting of licences for exploitation/ extraction and with proper management of these resources, it is hoped that a lot of opportunities would be thrown up in the areas of job creation, infrastructural development, social amenities such as hospitals and schools and general improvement in overall standard of living.

B. New Companies/Mergers/Acquisitions

Angola

A new company called Tranquidade Corporacao Angolana De Seguros, SA Luanda with its parent company in Portugal started operations in Angola in 2011.

South Africa

Absa Insurance Co Ltd South Africa has acquired the Global Alliance Seguros Mozambique. This acquisition was consummated in the course of 2011.

C. Appointments

South Africa

Daryl De Vos was appointed the Managing Director of African Reinsurance Corporation (South Africa) Limited (ARCSA) with effect from 1st July 2011, following the retirement of Paul Ray, the former Managing Director, who has been retained as a Consultant at ARCSA for a period of two years.

John C Izegbu was promoted to the position of General Manager Operations at ARCSA with effect from 1st January 2011.

Michael Dash has resigned from Renasa Insurance Co South Africa and joined African Reinsurance Corporation (SA) Ltd as Facultative Manager.

Mike Durek has resigned from ACE Insurance Co South Africa and will be taking on the role of CEO at Chartis Insurance Co South Africa.

Edwyn O'Neil leaves Absa Insurance to join Zurich Insurance as the Managing Director.

D. Legislation

South Africa

The Financial Services Board (FSB) is in the process of introducing the Solvency Assessment and Management (SAM) regulatory regime, which is South Africa's equivalent of Europe's Solvency II. It is expected to take effect on the 1st of January 2014.

E. Major Losses

South Africa

Other than the Eskom Loss in the early part of 2011, there has been no other major losse. This loss which was initially estimated for R1.5billion has been reviewed downward to about R1.2billion.

A spate of flood losses recorded in early 2011 mostly fell within the retention capacities of the direct insurers.

AFRICA RE MANAGERIAL STAFF

HEADQUARTERS

Executive Management

	Managing Director/ Chief Executive Officer	Corneille KAREKEZI
	Deputy Managing Director/Chief Operating Officer	K. AGHOGHOVBIA

Central Departments

Administration and HR	Director	Muhammed ALI-KOTE
	Assistant Director, Administration & Human Resources	Alexis-Marie ATANGANA EFFILA
Corporate Secretariat	Assistant Director, Corporate Secretariat & Languages	Roger BONG BEKONDO
Finance & Accounts	Director	Seydou KONE
	Assistant Director, Treasury and Investments	George MENSAH
	Assistant Director, Financial Reporting	Janet KIUNGA
Central Operations	Director	Elizabeth AMADIUME
	Assistant Director, Retrocession, Research, Statistics and Development	Adewale ADEWUSI
	Assistant Director, Underwriting, Special Risks and Actuarial Methods	Léonidas BARAGUNZWA
Department of Information and Communication Technology	Director	Mohamed KANTE
Internal Audit	Director	Ike O. UDUMA
Technical Inspection & ERM	Director	Sere Mady KABA

AFRICA RE MANAGERIAL STAFF

REGIONAL OFFICES

Casablanca	Regional Director	Mohammed KANNOU
	Deputy Regional Director	Mohamed BELAZIZ
	Assistant Director, Fin. & Accounts	Jean-Paul TANKEU
	Assistant Director, IT Operations	Mohamed SADRAOUI
Nairobi	Regional Director	Eunice MBOGO
	Deputy Director, Internal Audit	Ousmane SARR
	Assistant Director, Fin. & Accounts	Silifat AKINWALE
Abidjan	Regional Director	Olivier N'GUESSAN
	Assistant Director, Fin. & Accounts	Assemian O. ASSEMIAN
Mauritius	Regional Director	Marie-Agnès SANON
	Assistant Director, Fin. & Accounts	Eshan GAFFAR
Cairo	Regional Director	Omar A. H. GOUDA
West Africa	Ag. Deputy Director, Technical Operations	Nasser MAHMOUD
	Assistant Director, Finance and Accounts	Moussa BAKAYOKO
	Ag. Assistant Director, Marketing and Underwriting	Funmi OMOKHODION

SUBSIDIARIES

South Africa

	Managing Director	Daryl De VOS
	General Manager, Finance & Admin	Ibrahim IBISOMI
	General Manager, Operations	John IZEGBU
Africa Retakaful	Managing Director	Omar A. H. GOUDA

LOCAL OFFICE

Addis Ababa	Local Representative	Shimelis BELAY