

## **GAIF WATCHING THE DANCERS BODY LANGUAGE**

The so called Arab Spring began in 2011 and turned into a destructive wave of events.

Having realized that security in different Arab countries went or is about to go out of control, Reinsurers of the world insurance markets, backed out, and stopped issuing cover against Political Violence. Not having the means to take over, Arab Reinsurers stayed away as well.

In 2012, GAIF was about to hold its 29th General Conference in Marakesh, Morocco. In preparation for that event, Joseph Zakhour published this article in our Magazine, to the attention of the Arab Participants at the Conference.

In reading the article today, one would conclude that the author's comments are still valid . This is why we deemed appropriate to re-publish in our supplements which are devoted to GAIF 31st Conference which is being held in Beirut Lebanon.

Information at hand would verify that US and E.U reinsurers, whose ties with the local Arab markets began over a century ago, have withdrawn or reduced their commitments to the region, thus leaving local insurers in no position to provide investors with the protection they need at this juncture. Statistics compiled by Al Bayan and published in its "Ranking special issue" of October 2011 indicate that insurance capitalization in the Mena region is already beyond US\$ 22 billion.

That capitalization is however fragmented, and must be consolidated if it were to be used as an efficient tool protecting assets enough not to let them flee away. For the Gaif 2012 participants to meet the challenges facing them, they will have to bring together, under the same roof, as many of the Arab Insurers and Reinsurers, as possible, either on a country level, or across the region, so as to form local and/or regional Pool or Pools whose task would be to fill the vacuum resulting from the US and EU reinsurers' loss of interests in the region.

Such Pool or Pools should be able to underwrite and cover risks, including political violence for their own net account, with support from Afro Asian Reinsurers if and when available. Should the participants at GAIF 2012 manage to put such an arrangement(s) in place, that will in effect mean that they finally have resolved to do their job, using their own resources, and knowledge, protecting businesses with or without support from US or EU reinsurers.

We in Lebanon, managed to form a Banking Risks Pool (BBB Pool) when reinsurers decided to abstain from writing those risks, in our country between the 1975-1990 leaving our little insurance companies out in the cold. Had we not done so, the banking system would have had enormous difficulty continuing to service the economy, and we, as insurers would have lost our reason for being. As is the case nowadays, reinsurers attributed their exodus to chaos and violence which were then going on. The BBB Pool was operated by the Association (ACAL) for the Net Account of the Pool's members, with no retrocession made to foreign reinsurers.

The Pool achieved excellent results, and it is only after peace returned to the country that reinsurers came back and offered to support us with abundant capacity.

Arab Insurers and Reinsurers are now much stronger than the Lebanese insurers were back in 1975-1990 and should therefore, have no difficulty forming Pool or Pools which will ably respond to the businesses needs, and help them ensure continuity.

Should the Marrakesh Conference end up with the ritual calls for unity among the Arab insurance family, and stronger support to Arab reinsurers etc... it would then be right to say that Arab Insurers and Reinsurers have not gotten conscious as yet of the impact of the "Arab Spring", over the national economy as a whole, and the insurance industry in particular. Nor do they find it worthwhile to reassess their role, or commit themselves to any drastic change in their excessive dependency on foreign reinsurers..

That said, the Arab Federation General Conferences (GAIF) which are held once every two year, would still have the merit of organizing social events where Insurers Reinsurers Brokers, Lawyers and Accountants from all part of the world meet, socialize, make new friends and enjoy watching belly dancers as they do their body language...