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## **MENA: COVID-19 piles pressure on reinsurers**

By [Osama Noor](#) | 01 Nov 2020



COVID-19-related losses and the current financial market situation indicate that the pressure on the reinsurance industry is coming from all stakeholders, circumstances which highlight the importance of improving players' performance to cover the cost of capital, according to Mr Hedi Hachicha, Chief Underwriting Officer, Treaty P&C, Middle East & Africa, at SCOR.

Speaking at a virtual conference held last week by the General Arab Insurance Federation (GAIF), Mr Hachicha said that the retrocession market has hardened quite significantly in recent years because of losses caused by Nat CAT events and manmade accidents. "This trend started a few years ago but it is getting massive this year. The reinsurance market globally has been heading in the direction of increasing rates and COVID-19 is playing as a catalyst in changing the market."

Mr Joseph Azar, CEO Nasco Re, noted that the impact of COVID-19 on the MENA region is not in terms of the size of losses. Insurers' exposure to such losses has been mild compared to other

markets. Rather, he said, “the pandemic and weak economic outlook along with the higher asset volatility caused by this economic environment will put stress on the quality of insurance companies”

He added, “Small companies which don’t enjoy sufficient capital buffers will suffer. Reinsurers will be very careful in watching the solvency of most of the players in the region.”

Mr Atish Suri, senior executive officer, Guy Carpenter, said that the role of insurance has been highlighted during the pandemic crisis. He called on insurers to target segments which had been omitted from coverage, especially the SMEs. “This is another chance for the industry to increase penetration.”

The webinar, held with the theme “Reinsurance in the Arab Region: Current Competition & Renewal Outlook,” was organised by GAIF in cooperation with Saudi Re. The virtual event was attended by around 400 participants.

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