

## ACE Arabia: Going for Top 5

ACE Arabia Cooperative Insurance Co, with its long-standing operation in the Kingdom and strong professional team, is all set to develop its significant business portfolio, says Managing Director **Syed Umer Ali Shah**.

The company is targeting the higher ranks in the Saudi market with plans to become of the top-five companies in property and casualty business within the next three years. This is in addition to finding new opportunities in other promising lines. "Aside from the development of the corporate sector, where the company is already well-known, the market is offering new opportunities in health insurance and life business connected to developments such as the new mortgage law," said Mr Shah.

In 2007, ACE Arabia had a GWP of around SAR177 million (US\$47 million). Fire accounted for the lion's share with 43% of overall business, followed by motor (23%), engineering (10%), marine (7%), hull and aviation (5%), and group medical (3%). For 2008, the company projects a growth rate of 20% in GWP over 2007.

### Looking Beyond Compulsory Business

Mr Shah said that there will be high demand for the health and motor schemes as their implementation continues, and that even beyond this current stage, these lines will likely grow in pace with the population and economy of the Kingdom.

"For the other lines, especially personal lines, lack of awareness still persists and we believe that the new licensing structure will lead to a greater level of marketing activity from the industry, which should improve customer awareness," he added.

Since the legal status of the companies operating in the kingdom has been "regularised", it is likely that more of them will feel comfortable about investing more significantly for the future, including in terms of building market presence.

Other distribution channels could further improve the insurance business in the Kingdom. He said: "The banks can also play a large role through the marketing of bancassurance products and by encouraging insurance purchasing behind their commercial lending.

"All these, together with the new economic cities coming up in various regions of the Kingdom, are likely to boost the insurance business in the days ahead."

In addition, Mr Shah is optimistic about the role played by SAMA for the progress of the sector: "The regulatory environment is evolving, and we see that SAMA is keen to develop a regulatory framework that will encourage the healthy growth of insurance business."

Pointing to the serious shortage in the human resources which the industry is facing, he said: "There is a shortage of appropriately trained Saudi nationals in the workforce, which presents a significant challenge to the industry and will take time to resolve. However, the liberalisation of the Labour Law to allow women to work in the Kingdom is a positive step towards solving this problem."

### Conversion to Saudi ACE

ACE Arabia is not a new player in the local market. In fact,

it traces its history back to 1970 with the agency operation of INA (Insurance Company of North America), whose property and casualty business eventually was acquired by ACE Limited in 1999.

Prior to that, Elkhareiji Group (EG), a prominent Saudi commercial group and a major shareholder in ACE Arabia, had an agency operation registered in Bahrain as a joint stock company in 1989. In 2006, in order to meet the CBB requirements as a closed stock company, the operation was upgraded as new capital was injected by EG and ACE, and the name was changed to ACE Arabia.

Following the issue of the 2003 Implementing Regulations on Insurance, ACE Arabia applied to SAMA to obtain a licence in the Kingdom. As per the licensing requirements and the Royal Decree, the company was registered under the new name of ACE Arabia Cooperative Insurance Company, with ACE having a 30% share and EG and other Saudi promoters another 30% share. The remaining 40% will be offered to the public through an IPO. The company is currently in the process completing the CMA requirements to launch its IPO.

Today, ACE Arabia has a strong foothold in the Saudi insurance industry with plans to expand beyond its present bases. The company has a network of offices in the Riyadh, Jeddah, and Al Khobar, and taps into global expertise through its regional office in Bahrain. "International expertise is, thus, available locally especially in the sectors like energy (oil & gas), construction and power. Access to this expertise assists us in writing more technical lines and energy business, supported by international experts locally," explained Mr Shah.

"We believe in our future here, and are confident that we will remain as a strong player in the market with the continuing support of our clients and business partners." ■



Mr Syed Umer Ali Shah