

Rasheed Mohammed Al Maraj: Development of the insurance business in Bahrain

Address by His Excellency Rasheed Mohammed Al Maraj, Governor of the Central Bank of Bahrain, at the Sixth Annual Gulf Insurance Forum Developing GCC Insurance Markets & Products, Manama, 4 November 2009.

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Distinguished Guest, Ladies and Gentlemen, Good morning.

It is a pleasure for me to be here today to address the Annual Gulf Insurance Forum. Now in its 6th year, the forum is clearly establishing itself as an important event in the Insurance market calendar.

I would like to commend the organizers, the Co-Ordination Commission for Gulf Insurance and Re-insurance Companies and the Bahrain Insurance Association (BIA), for putting together a stimulating program, which will no doubt enrich the ongoing dialogue and debate on addressing key areas in the development of insurance markets and products in the GCC. I would also like to extend a warm welcome to the delegates and the many distinguished speakers for taking the time to contribute to this forum.

I will keep my remarks brief and outline some of the highlights in the development of the insurance business in Bahrain.

Despite the recent financial turmoil in the financial sector, the insurance market in Bahrain has continued its double digit growth in both the conventional and Takaful markets. Following an annual increase of gross premiums of 34% for the 2008 year end, we have seen a continuing growth trend for 2009 with a 9% growth as of the end of June 2009 compared to the same period in the previous year. Gross premiums for the Takaful sector have increased 37% to BD 18 million as of the end of June 2009. Currently, takaful gross premiums account for almost 18% of total premiums, up from 14% a year ago.

Medical insurance as well as life insurance have also contributed significantly to this growth in overall premiums.

However, while underwriting results have continued their positive trends, the insurance firms needs to closely monitor their returns on investment, in order to ensure that they will continue to meet their liquidity and financial obligations towards their policyholders.

We at the CBB believes that sound insurance markets need to have appropriate regulatory framework, adequate accounting standards and a strong supervisory infrastructure, and proper corporate governance that should be long-term oriented focusing not only on shareholders returns, but also on protecting policyholders. There is also a clear and urgent need for better cooperation among supervisors on both a regional and global basis and a coordinated approach in several of supervisory issues.

I hope that the presentations that will take place today and tomorrow will stimulate and provide further ideas for the insurance community in further developing insurance markets and products in the GCC Countries. All that remains is for me to wish you an interesting and productive forum, and to thank the organizers, once again, for putting on a stimulating program.

Thank you.