

## Unleashing the Potential of Regional Reinsurers: Overcoming Historic Handicaps

**15** Years  
of Reliability

### Introduction

Earlier this year, Oman Re conducted a comprehensive research study to gain insights into the value drivers for insurers in their relationships with reinsurers. The study also sought to understand market requirements and the perceptions of regional reinsurers. With input from over 260 senior market participants, we identified the key handicaps that have historically impeded the success of regional reinsurers.

### We asked them

*Which factors have been significant handicaps to the success of regional reinsurers?*



### Key Findings



Inadequate capacity and stability were viewed as the most significant handicap overall, chosen by approximately two-thirds of the survey participants.



Lack of strategy, weak leadership, and corporate governance practices were seen as important factors by over 40% of the participants.



Short-term investors and limited capital base were perceived as barriers to stability and long-term commitment.



Restrictive legal frameworks and weak insurance regulations posed challenges for regional reinsurers.

## Addressing the Handicaps

### 1 Lack of Strategy, Weak Leadership, and Corporate Governance Practices

- Clearly considered and stress-tested strategic choices are crucial for regional reinsurers.
- Prudent and well-diversified investment policies are essential to mitigate conflicts of interest.
- Strong leadership teams with diverse experience and collective decision-making contribute to stakeholder confidence.

### 3 Inadequate Capacity and Stability

- Reliable capacity provision and long-term stability are crucial for being a trusted partner.
- Prudent reserving policies and appropriate catastrophe risk exposure management demonstrate a reinsurer's reliability.
- Technical sophistication, underwriting expertise, and investment in capability development contribute to long-term stability.

### 2 Short-term Investors and Limited Capital Base

- Access to a diverse range of committed long-term investors enhances stability.
- Oversight from rating agencies and compliance with solvency requirements improve confidence in the reinsurer's financial position.
- Maintaining a strong capital position enables regional reinsurers to meet long-term return expectations and support growth.

### 4 Restrictive Legal Framework and Weak Insurance Regulations

- Engaging in dialogue with regulators can help regional reinsurers influence favorable regulatory developments.
- Collaboration with regulators on risk-based solvency requirements and investment regulations promotes flexibility and reflects true capital requirements.
- Embracing international accounting standards, such as IFRS 17, enhances transparency and aligns regional reinsurers with global practices.

## Oman Re's Initiatives

- Oman Re implements risk management best practices and utilizes multiple capital models and Own Risk Solvency Assessment (ORSA) for effective capital management.
- Knowledge-sharing initiatives across multiple markets foster strong partnerships and empower clients to make informed decisions.
- Collaborations with the Oman Insurance Association (OIA) strengthen Oman Re's position as a trusted partner and thought leader within the local market.

Regional reinsurers can address historic handicaps by implementing effective strategies, robust governance practices, and prudent risk management. Partnering with long-term investors, maintaining stability, engaging in regulatory dialogue, and embracing international standards are key steps towards overcoming these handicaps. By incorporating these lessons, regional reinsurers can establish themselves as reliable, long-term partners, a commitment that Oman Re takes seriously.



This research was carried out by an independent specialist research agency, The Thriving Company Limited, UK. More results from the research will be communicated through a series of Oman Re Insights.