

The Future of Regional Reinsurers: Seizing Opportunities Amid Growing Demand

15 Years
of Reliability

Introduction

Oman Re recently conducted an extensive research study to uncover the driving factors of value for insurers from reinsurer relationships. With insights from over 260 senior market participants, the study also assessed market requirements and evaluated the characteristics of regional reinsurers. This concise summary presents the key findings, examines the demand for new regional reinsurers, and explores the challenges and potential opportunities in the dynamic reinsurance landscape.

We asked them

Is there a demand for the incorporation of new regional reinsurers in the market?



Key Findings



The market demonstrates substantial demand for new regional reinsurers, with the Middle East and North Africa region indicating the highest need.



Market participants highly value regional reinsurers for their diverse knowledge, comprehensive service capability, and unwavering support in fostering market evolution.



Capacity limitations from existing reinsurers stimulate the call for fresh players to bridge the gap.

The Value of Regional Reinsurers

01

Diverse Knowledge and Service Capability

- Regional reinsurers offer international appreciation, providing cutting-edge programs and covers beyond local offerings.
- Collaborating with regional reinsurers empowers emerging sectors like renewable power and revitalizes markets such as Iraq.
- Striking the right balance of local knowledge and regional prowess fosters effective partnerships, driving growth for all stakeholders.

02

Replacing Capacity and Ensuring Reliability

- Regional reinsurers play a pivotal role in filling the capacity void left by exiting reinsurers.
- Insurers and brokers seek enduring and dependable capacity from regional reinsurers to fortify their businesses.

Empowering Market Participants

Stability, Capability, and Impeccable Governance

- To elevate value from reinsurers, market participants require steadfast stability, robust technical resources, and unwavering governance standards.
- Unrestricted insights sharing facilitates a harmonious relationship between reinsurers, insurers, and brokers, bolstering the industry's collective success.

Niche Opportunities for New Entrants

- Fresh regional reinsurers have the unique potential to stimulate risk mutualization and pooling, optimizing capital utilization for the greater good.

Challenges for New Regional Reinsurers

01

Addressing Capacity Constraints

- Establishing a new regional reinsurer demands substantial financial strength, presenting a formidable challenge.
- Ensuring consistent, long-term capacity is pivotal in mitigating supply fluctuations that disrupt the market.

02

The Test of Time and Effort

- Building a reputable and trusted brand necessitates substantial investment, usually spanning five to ten years.
- Demonstrating the full spectrum of required characteristics might prove challenging for nascent regional reinsurers.

03

Key Characteristics of Regional Reinsurers

- Successful regional reinsurers prioritize international exposure diversification and robust lines of business.
- A proven track record of impressive returns, underwriting profitability, and substantial scale is a non-negotiable prerequisite.
- Unraveling the intricacies of individual local markets is the 'sweet spot,' enriching regional reinsurers' value proposition.

Conclusion

The soaring demand for new regional reinsurers in certain regions underscores the significance of unwavering stability, bolstered resources, transparent insights sharing, and impeccable governance. Building these attributes is a process that demands time and effort, urging existing reinsurers to prioritize driving the essential service and resources sought by insurers. Oman Re is committed to its role as a dedicated long-term partner, poised to unlock new opportunities amidst growing demand and shape the future of regional reinsurers.

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.