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Message from the President - Charles Bouloux



The last month has been nothing short of challenging with India facing their April 1st renewal which signifies the highest renewal volume season for the country a significant portion of the country's business generated during this period. This is a make it or break it month for our operations and with the added pressure of de-tariffing we have managed to implement effective strategies and

awareness and training programs that generated successful results.

The April 1st renewal season in India was followed by the announcement of the departure of India's Country Manager who will be on secondment to HSBC in a senior executive role managing their Middle East insurance operations. Dalip Verma was one of the key figures responsible for starting our operations in India and has led the team and company to be one of the leading insurers today. We are excited for Dalip and his new opportunity and wish him all the best in his new role.

We have recently launched our warranty operations in the region and are proud to announce Hayleys AIG will now offer Extended Warranty through the Hayleys Consumer electrical and appliance stores. This additional service will set Hayley's Consumer apart in the market and build customer loyalty. Hayleys AIG will provide the underwriting expertise, sales training, marketing material and ongoing support to ensure the new program is a success. The Sri Lanka program is the first in the MEMSA Region with many more Extended Warranty opportunities in the pipeline.

AIG Cyprus sponsored a dinner on March 25, 2007 hosted by the Manchester United Supporters Club in honor of their 20th anniversary. The attendees included Sir Alex Ferguson the head coach for Manchester United as well as two veteran players and various prominent business figures in Cyprus. The dinner was hosted at the Four Seasons in Limassol. .

The Greek insurance market is going through an unprecedented and fast paced period of change and consolidation. The change was initiated by the closure of two big cash-flow underwriters in December and the actual withdrawal of their license in late January. This triggered an unparalleled "flight-to-quality" momentum. AIG has been one of the main beneficiaries having strategically positioned AIG Greece as a "safe harbor" in the turbulent insurance market. We had already started to see the benefits of our strategy from the third quarter 2006 onwards (in terms of both Agency recruitment tempo as well as new retail business flow) and gained strong momentum in early 07 through today.

It has been an exciting month and we are content with the results of India's April 1st renewals and look forward to continued success throughout the year. Our innovative products and strategies continue to push us to the forefront of the insurance market within the region and we continue to focus on expanding our reach with new operations like Qatar which recently received approval for its insurance license.

Welcome to global insurance with a local perspective "while you keep your eye on the opportunity, we will take care of the risk".

Best regards,

Charles Bouloux
Regional President
AIG MEMSA, Inc.



Project Highlight - Takaful

At AIG Takaful-Enaya, we are building our strength on more than 85 years of AIG's global experience in the insurance industry. The cornerstone of our success is sharing knowledge to create relevant solutions-influencing the best thinkers to reflect the ideas of a new age. We strive to exceed expectations and set new standards of achievement in every market we serve. We are continuously developing innovative solutions to the complex financial challenges of both corporate and individual consumers within the region and beyond. As the needs of our customers evolve, AIG Takaful-Enaya evolves with them.

Takaful has demonstrated remarkable development, expansion and consumer take up in a very short period of time. Nevertheless, there are still many challenges that lie ahead of us for which we as AIG Takaful – Enaya intend to address in this remarkable emerging industry.



Since our launch in October 2006, AIG Takaful – Enaya has been continually striving to attain several critical benchmarks within our industry utilizing the vast array of resources available to us through AIG's network. Some notable successes to those achievements are as follows:

- Brand recognition in the Bahraini market
- Acceptance of Enaya within the Takaful industry as a legitimate Takaful provider
- Launching of our travel Takaful product: the product continues to gain momentum and is expected to lead the market in sales by the end of the summer. Additionally, our travel product now is available among 16 different providers and we expect to double that number by the end of the summer
- Launching of our SBS Product: now available through 10 different providers, and gaining recognition at an accelerated pace in the market.
- Large number of products and policy wordings have been reengineered for the Takaful operation

Another notable point to mention with respect to AIG Takaful – Enaya's aspirations to be a global leader in the Takaful industry is our capability to facilitate Retakaful business on a Regional and global level. Retakaful is a relatively new phenomenon in the Muslim world with only few Retakaful companies operating worldwide. Enaya is becoming more and more the obvious choice of Takaful Companies in the region for Facultative Retakaful, especially for large property / energy risks as well as specialty risks as financial lines. We are currently receiving business from Takaful companies in Bahrain, UAE, KSA, Kuwait, Pakistan, and Syria. The future looks bright.

Our current Portfolio:

LOB	%
Property	72%
SBS	11%
A&H	10%
Other	7%

Direct	63.44%
Retakaful	36.56%

Our team in Bahrain is headed by Ayman Alajmi – General Manager AIG Takaful Enaya.

Ayman has been instrumental in achieving our success to date. His accomplishments in such a short period of time include:

- Successfully promoting the company as one of the leaders of the Takaful industry
- Inspire the establishment of Bahrain Takaful & ReTakaful Study Group (work in progress)
- Working actively in establishing the (Direct & life source agents) agency as a channel of distribution.
- Aggressively promoting Enaya for ReTakaful business

Jaffar Alakram was hired in February 2007 as CSG manager for AIG Takaful - Enaya. Jaffar In addition to his responsibilities as CSG Manager plays an active role in business development, contributing to a 200% increase in submission receipts over the past three months. Jaffar is also successfully managing over 16 travel agencies and brokers.

We at AIG Takaful – Enaya are extremely pleased with the positive response we have received both from corporate and public customers as well as the regulators in the region.

We will continue to strive to maintain our position as a leader in this segment of the industry, providing socially responsible solutions to an underinsured segment of society through Takaful.

There is a long way to go, nonetheless, we see AIG Takaful as an investment in the future of socially responsible insurance. Launching our flagship headquarters in Bahrain this year is just the start.”

Budy Kubursi

AIG Events in the Region

“DETAILS LEAD TO EXCELLENCE”

For 5th consecutive year, Customer Care Magazine organizes its successful Customer Care Conference that will take place on April 25, 2007 at the Athens Imperial Hotel.

This conference has been established as the most important and prestigious event for senior executives in customer service and constitutes the unique meeting point of those who believe that qualitative customer service is an utmost priority for every organization.

This year’s conference aims to focus on corporations which stand out of the competition for their high quality customer service and provide a dialogue basis between those who have achieved excellence and the conference attendees. AIG Greece will sponsor the event.

Marc Pina, Vice President Marketing of AIG MEMSA, will deliver a presentation entitled: **“Customer Service – A Marketing Opportunity”**. The essence of the presentation would be to show delegates that customer service touch points, while essential for customer satisfaction and administrative purposes are also major marketing opportunities to sell new products or up-sell on existing products.



“Collaborate with the leaders” is the theme of the new advertising campaign of AIG Greece at the Greek insurance magazines.

MEMSA Newsroom (see articles below)

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[UAE: Government endorses convention to stop pollution](#)

Oman: Universal insurance card for vehicles proposed

Oman Observer, 03 Apr 2007,-

An unified agreement on insurance card for automobiles is being proposed by Oman's Capital Market Authority (CMA) throughout Arab nations. Since most of the Arab nations accept the orange card, no premium payment will be required from Omani vehicles under the new system while entering other Arab nations. According to the Executive President of CMA, Yahya bin Said al Jabri, a memorandum and articles of association has been sealed by national insurers in December 2006 to incorporate a new firm for the issuance of the orange card in a bid to expand third party liability insurance cover outside Oman. The new company will help to issue insurance policies for motorcars leaving the country and to settle claims for vehicles holding the card either within or outside Oman. The OR 500,000 (US\$ 1.3mn EUR 0.98mn) Omani Unified Orange Card Firm is jointly set up by seven national insurers.

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Jordan: GDP growth stands at 6.4% in 2006

Jordan Times, 02 Apr 2007,-

Ghazi Shubaikat, the Director General of Department of Statistics (DoS) of Jordan, has revealed that the unemployment rate in the country has declined from 14.8% in 2005 to 14% in 2006, while the inflation rate increased from 3.5% in 2005 to 6.3% in 2006. Jordan's gross domestic product (GDP) growth for 2006 was pegged at 6.4%. The construction sector contributed 5% to the GDP in the year. Meanwhile, the construction industry and manufacturing sector grew by 11.1% and 10.6% respectively. The wholesale and retail trade, hotels and restaurants industry also grew by 7.3% and the electricity and water industry expanded by 9.2%. During the said year, insurance, banking, finance and real estate services sector expanded by 5.1%, while the telecommunications and transport industry reported a growth of 6.7%. The food sector recorded a lower growth at 3.6%.

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Saudi Arabia: Sectors to open up to foreign companies

Middle East Economic Digest Online, 10 Apr 2007,-

Foreign investors will be allowed to own up to a 75% stake in local insurance, air and rail companies by the end of 2008. Currently, they can only have up to a 51% stake in the companies in these sectors. Saudi Arabia pledged to increase the range of sectors open to foreign investors when it joined the World Trade Organisation (WTO). The Supreme Economic Council (SEC) will also review upstream real estate investment, recruitment, employment and fisheries sector, which remain closed to foreign investment.

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Kuwait: Kipco to raise stake in existing investments

Middle East Economic Digest Online, 10 Apr 2007,;-

Kuwait Projects Company (Kipco) is reported to be gearing up spend its proceeds from the sale of its stake in Wataniya Telecom to raise holdings in its existing investments. A Kipco-led consortium sold its combined 51% stake in Kuwaiti mobile operator to Qatar Telecom for US\$ 3.7bn in March. The company will raise its 71% stake in United Gulf Bank, its 51% stake in Gulf Insurance Company and its 38% stake in Burgan Bank.

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Greece: MFG to take 100% control in Marfin Bank

Naftemporiki, 05 Apr 2007,;-

Marfin Popular Bank of Greece has announced that its board has decided to go ahead with the 100% takeover of Marfin Bank by the banking and investments group, Marfin Financial Group, in a transaction that is estimated to be worth in the region of EUR 616,533,000 (US\$ 0.83bn).

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Turkey: NBG sells 5% stake in Finansbank to IFC

Turkish Daily News, 09 Apr 2007,;-

National Bank of Greece (NBG), the main shareholder of Finansbank, is reported to have sold a 5% stake in Finansbank to International Finance Corporation (IFC) at call price. The Greek bank bought a 46% stake in Finansbank for EUR 2.3bn (US\$ 3.01bn) in April 2006.

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Insurance Environment/Social Issues

Greece: Syros' residents fed up with DEI pollution

Kathimerini, 04 Apr 2007,;-

According to a Ombudsman report that was released on 3 April 2007, the health of the residents of the Greek island of Syros is in danger from the large amounts of air pollution that is caused by a local electricity plant that belongs to Greece's public utility, Dimosia Epiririsi Ilektrismou (DEI). The pollution is due to the plant's poor management techniques by DEI, and the Ombudsman's investigation took place after several complaints from local residents that date back to 2001. The report has revealed that the plant operated for two years, from 2003 to 2005, without adopting the approved environmental conditions, while its waste disposal standards was not met for many years since DEI did not possess the necessary permits. Meanwhile, Syros' prefectural officials have also revealed that the plant's reserve electricity producing unit operates illegally since it does not have a waste management

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Greece: High levels of pollution found at Asopos river

Kathimerini, 10 Apr 2007,;-

According to evidence seen by the daily Greek newspaper Kathimerini, the river Asopos, in central Greece's Viotia region, is being currently polluted by the waste of more than 750 factories that take advantage of legal loopholes and continue to heavily pollute the river with their dump. Although a total of more than 10,000 local residents are being supplied with drinking water from the river, recent studies have revealed that dangerously high levels of chromium, lead, and nitrate (all potentially carcinogenic's) were found in Asopos' water. The Asopos River also empties into the southern Evia Gulf, which has a number of popular beaches that are used by locals, as well as tourists during the summer season. The local authorities have launched legal proceedings against 13 factories for dumping their unprocessed waste into the river, yet the officials are pessimistic about the outcome since

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Greece: Investigation launched on sunken Sea Diamond

Kathimerini, 10 Apr 2007,;-

The Greek authorities have launched a full investigation over the recent accident of the Sea Diamond

cruise ship that sunk off the Greek island of Sa ntorini on 6 April 2007. The sunken Sea Diamond, which is owned by the Cyprus based shipping company, Louis Hellenic Cruise Lines, carried a total of 1,156 passengers, mostly from the USA, Spain and France, which they were initially all reported to have been rescued and safe. However, two French tourists had not been accounted for and are still missing, with growing fears that they have drowned. According to the Sea Diamond's captain, the cruise ship hit a charted reef (due to a sudden current) at about 4p.m on 5 April 2007 while it was on its way to dock at the port of Athinio, leading to the 143-meter ship's sinking early morning on 6 April. The ship's captain and five crew members have been charged for causing the accident through negligence

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UAE: Government sets up aeCERT to tackle cyber crime

Gulf News, 05 Apr 2007,-:-

The government of United Arab Emirates (UAE) has formed a UAE Computer Emergency Response Team (aeCERT) to tackle Internet crime. The new task force will prevent and detect cyber crime in the country. According to the Telecommunications Regulatory Authority (TRA), the aeCERT will also team up with global cyber crime prevention organisations to address the issue.

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UAE: Royal Focus, Microsoft end pirated software claim

Gulf News, 09 Apr 2007,-:-

In an out-of-court piracy lawsuit settlement, United Arab Emirates (UAE)-based Royal Focus LLC has sealed a declaration to stop selling counterfeit versions of Microsoft computer software and pay compensation to US-based Microsoft. This was revealed by the anti-piracy association Business Software Alliance (BSA). However, a spokesperson of Royal Focus disclosed that no pirated software was ever sold by the company and the lawsuit settlement was done to end the dispute sooner.

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Middle East/Africa: AIG, Amadeus debut travel insurance

Imerisia, 20 Feb 2007-

US-based insurance firm AIG Inc and Spain-based travel industry solutions developer Amadeus have formed a partnership to launch an automated travel insurance system in the Middle East and Africa. The new system enables travel agencies to provide insurance policies automatically to tourists during the travel planning phase.

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Middle East: Takaful needs to meet US\$ 20bn potential

Insurance Day, 12 Apr 2007, p.1:-

According to US ratings agency Standard & Poor's (S&P), the takaful insurance market in the Gulf Co-operation Council (GCC), which has an estimated annual growth rate of 40%, has the potential to grow from the current US\$ 4.6bn (EUR 3.46bn) to US\$ 20bn. However, analysts are warning that the market's ability to fulfil this potential is limited by the nature of takaful investments, which require extensive regulation in accordance with Islamic Sharia law, precluding the economies of scale that traditional companies can take advantage of. S&P also warns that the current growth rate is unlikely to be sustainable in the longer term, and profitability is essential for growth in the future in the GCC region, currently seen as an untapped market opportunity, and beyond.

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UAE: Government endorses convention to stop pollution

Khaleej Times, 15 Apr 2007,-:-

The United Arab Emirates (UAE) has given the nod for the international convention to prevent pollution from vessels. The convention includes six technical annexes, consisting prevention of air pollution from vessels, regulations to prevent pollution by oil, prevention of pollution by waste from vessels, prevention of pollution by hazardous substances and prevention of pollution by ships' sewage. The convention will come into effect on 15 April 2007.

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