

Message from the President - Charles Bouloux

Newsletter Sections:

▶ **Market Highlight**

▶ **MEMSA Newsroom**

▶ **AIG World**

-  **BAHRAIN**  **MALTA**
-  **CYPRUS**  **OMAN**
-  **EGYPT**  **PAKISTAN**
-  **GREECE**  **SAUDI ARABIA**
-  **INDIA**  **SRI LANKA**
-  **KUWAIT**  **TURKEY**
-  **LEBANON**  **UAE**



As we close the first half of the year, we are pleased with our performance and continue to gain momentum in achieving strong year end results. We faced several challenges with the effects of a natural disaster in Oman and several catastrophic losses on our portfolio, but with these losses we expect to build greater awareness for insurance in the market place. Our goal is to respond to

the needs of our customers in the most efficient and effective way to return their lives and business to normal with the least amount of friction. We remain true to our philosophy as exemplified in Oman under the leadership of our claims unit.

Our Agency force headed by Neelmani Bhardwaj has been very active in the region expanding the agency model to Cyprus, Bahrain, Saudi Arabia and Sri Lanka. The agency group is responsible for the largest distribution channel within the region and through the leadership to Distribution and Agency we look forward to replicating this successful model throughout MEMSA.

We have recently created a new Corporate Research and Development office for the Middle East. This new R&D office will be headed by Mr. Anzir Nazir who comes to us from Watson Wyatt in London. Mr. Nazir brings a strong background in R&D as well as a very distinguished academic career. We look forward to utilizing Mr. Nazir in his new role as head of R&D for MEMSA and he will be a resource utilized by both AIG and ALICO. This facility addresses a need for research and information services within a dynamic and fast paced region so that we meet the customers needs.

With summer in full effect we want to wish all of you and your family's safe travels during this vacation season.

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 / Service Highlight

AIG MEMSA Customer Service - Accelerating Towards Excellence

AIG MEMSA, Inc. held a four day **Advanced Customer Service Group Management Training Program** at the AIG Regional Training Center in Dubai, UAE which kicked off on July 11, 2007. The training program was organized and chaired by **Walid Sidani** (Regional Operations – Middle East, Mediterranean, and South Asia) and attended by ten Customer Service Managers from across the MEMSA Region.

The program covered key Customer Service Management themes that are at the core of AIG MEMSA's drive to maintain exceptional standards in customer service;

- *Measuring* Key Service Performance Indicators
- *Thriving* for Continuous Quality Improvement
- *Enhancing* the Customer Experience thru Proper & Positive Customer Interactions
- *Documenting* Key Customer Fulfillment Processes
- *Monitoring* Compliance over established Processes and Service Level Agreements
- *Sharing* Best Practices and Lessons Learned.

According to *Walid Sidani*, "Customer Service Excellence is our key insurance deliverable, and this is the only way to guarantee that today's policyholder will be tomorrow's renewal customer. The level of professionalism, timeliness, and accuracy that we portray in every stage of the customer experience with AIG is our key differentiator". A fundamental element of the training program was focused on indoctrinating managers with AIG's **Performance Management Program**, the Six Sigma approach adopted across the firm.

John Hoover (AIG Global Business Operations), a veteran trainer on Organizational Performance Management, was the keynote presenter to the group and covered various important technical topics including AIG's DMAIC (*Define, Measure, Analyze, Improve, Control*) methodology for organizational improvement.

John Hoover tells MEMSA INK "The program was most impressive and more importantly *actionable*. The MEMSA team thoroughly planned a fully integrated program that resulted in both regional and country plan of actions to enhance an already impressive Customer Service focus. I was pleased to participate with such a talented and committed team".



The training program will be an annual venue to ensure that the Customer Service Management Team will continue to accelerate towards excellence.

MEMSA Newsroom (see articles below)

[Saudi Arabia: Road mishaps injure 30,000 people a year](#)

[Middle East: SME sector under-insured](#)

[UAE/Middle East: Account surplus to hit US\\$ 3tn in 2007](#)

[Global: Review on domestic banking by 2050](#)

[UAE: Fraudsters target Lloyds TSB](#)

[Jordan: Lafarge gives environmental undertakings](#)

[Oman: Insurance firms face up to US\\$ 1bn losses](#)

[Greece: Sawiris mulls investments in banking and media](#)

[Greece: Government to sell stake of Postal Savings Bank](#)

[Bahrain: CBB announces code of conduct for banks](#)

[Turkey: NBK to finalise acquisition of Turkish Bank](#)

[Egypt: Government to sell 80% Banque du Caire](#)

[Greece: 4,200 hectares burnt at Mount Parnitha](#)

[Egypt: Companies to be rewarded for green initiatives](#)

[Greece: SoGen expanded further within the local market](#)

[Greece: Eurobank to increase its capital by EUR 1.2bn](#)

Commercial General Insurance

[Greece: Groupama to acquire Phoenix Metrolife](#)

Saudi Arabia: Road mishaps injure 30,000 people a year

Trade Arabia, 25 Jun 2007, Online:-

Naif Al-Shammary, a Saudi Arabian researcher has disclosed that those who were injured in road accidents make up 30,000 people each year, while a minimum of 4,000 road accident deaths were recorded every year. In 2006 alone, road accidents claim the lives of around one person every hour in Saudi Arabia. It is expected that road accidents would incur SR 55bn (US\$ 14.66bn EUR 10.99bn) in loss a year before 2020. Material losses of SR 21bn were also reported due to road accidents.

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[Link to original article](#) in English.

[Back to Top](#)

Middle East: SME sector under-insured

AME Info, 27 Jun 2007, Online:-

The SME sector in the Middle East is under-insured. The insurance penetration rate of this sector is lower than 10% across the region. Some 80% of the companies in the region are categorised as SMEs, according to the National Commercial Bank.

Nexus Group of Companies (Nexus) on 27 June 2007 launched a new insurance scheme targeting small businesses. Developed by Zurich International Life, the new small business product provides worker life and disability coverage to companies consisting of more than five employees.

Nexus at the same time has also launched a new program, which is to identify major areas for the development of financial products in the Middle East, cooperating with global financial firms. The small and medium-sized enterprise (SME) sector is the major target of this program, which is set up to offer customised financial products.

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[Link to original article](#) in English.

[Back to Top](#)

UAE/Middle East: Account surplus to hit US\$ 3tn in 2007

Gulf News, 28 Jun 2007, Online:-

In 2007, the account surplus of the Gulf countries are estimated to hit US\$ 3tn (EUR 2,207.51bn), as revealed by the Chairman of Emirates Bank Group, Ahmad Humaid Al Tayer. The GCC states' revenues, on the other hand, were recorded at US\$ 1,600bn in foreign assets. The surplus is said to be affected due to increasing crude oil prices. Meanwhile, the banking sector in the United Arab Emirates (UAE) has registered total assets of US\$ 242bn in the first quarter of 2007. Its economy is also expected to rise with gross development products (GDP) to exceed US\$ 188bn in 2007. In 2006, the country's GDP was recorded at US\$ 163bn, up by 23%.

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[Link to original article](#) in English.

[Back to Top](#)

Global: Review on domestic banking by 2050

The Hindu Business Line, 27 Jun 2007, Online:-

PricewaterhouseCoopers' report named "Banking in 2050: How big will the emerging markets get?" stated that by 2025, total profits generated from domestic banking in Turkey, Mexico, Indonesia, Russia, Brazil, India and China would reach about half of the amount to be posted by the G7 countries (Canada, Italy, France, the UK, Germany, Japan and the US). However, the total profit will exceed G7's by 2050.

Meanwhile, the report projected that by 2040, the world's third biggest domestic banking market would belong to India. Over the long term, India's market would exceed China's.

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[Back to Top](#)

UAE: Fraudsters target Lloyds TSB

Financial Times, 02 Jul 2007, p.10:-

Lloyds TSB is to co-operate with the DFSA, the regulator for the Dubai International Financial Centre, after the UK bank was targeted by fraudsters. Individuals representing the Genesis Foundation and Heritage Private Bank, two fictitious institutions, used false guarantee documents from five banks in an attempt to raise as much as US\$ 5bn (EUR 3.68bn) for a real estate scheme in Abu Dhabi. The DFSA described the attempted fraud as unsophisticated and unlikely to have fooled the bank's vetting processes.

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[Back to Top](#)

Jordan: Lafarge gives environmental undertakings

Jordan News Agency, 02 Jul 2007, Online:-

Following a meeting with representatives of Lafarge, Jordan's Environment Minister, Khaled Irani, has said that the French company has undertaken to reduce emissions at its Fuheis and Qadisiyya cement facilities.

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[Link to original article](#) in English.

[Back to Top](#)

Oman: Insurance firms face up to US\$ 1bn losses

Times of Oman, 08 Jul 2007, Online:-

In Oman, insured losses faced by insurance companies due to the Cyclone Gonu are expected to stand at between US\$ 750mn (EUR 0.55bn) and US\$ 1bn. Total losses are projected to be around OR 1.25bn (US\$ 3.25bn EUR 2.54bn) to OR 1.5bn. The figures were published in an article written by a chartered insurer, Murtadha MJ Ibrahim Al Jamalani.

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[Link to original article](#) in English.

[Back to Top](#)

Greece: Sawiris mulls investments in banking and media

Kathimerini, 06 Jul 2007,-:

Egyptian billionaire and chairman of Orascom Telecom, Naguib Sawiris, say he is interested in making additional investments in Greece beyond the telecommunications industry. Sawiris says he is considering investments in Greece's banking and the media sectors. He currently has just over a 50% stake in the Greek telecom company, Tellas, and has apparently offered to buy the rest of the company's shares for EUR 100mn (US\$ 135.9mn) from state-controlled Public Power Corporation. Sawiris said if the deal goes through he would combine Tellas with Wind Hellas, a mobile phone operator. However, more recently Sawiris expressed doubts that the deal for Tellas would be reached.

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[Link to original article](#) in Greek.

[Back to Top](#)

Greece: Government to sell stake of Postal Savings Bank

Kathimerini, 10 Jul 2007, Online:-

According to Greece's Deputy Finance Minister Petros Doukas, Greece will be selling its 65% stake of Postal Savings Bank (TT), by placing at least 15% with investors shortly. The Government's stake will fall below 50%, as part of its privatizations agenda in 2007. The current market value of Postal

Savings Bank is of EUR 2.52bn (US\$ 3.42bn), which means that the price for a 15% will reach some EUR 378mn. The bank operates in Greece only and has 136 branches.

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[Link to original article](#) in Greek

[Back to Top](#)

Bahrain: CBB announces code of conduct for banks

Trade Arabia, 04 Jul 2007, Online:-

In Bahrain, a code of conduct for financing firms and retail banks has been introduced by the Central Bank of Bahrain (CBB). The code of conduct obliges the firms and banks to educate customers and enhance transparency on consumer credit and other consumer products in the country. The CBB has also set minimum standards for the retail banks and financing firms.

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[Link to original article](#) in English.

[Back to Top](#)

Turkey: NBK to finalise acquisition of Turkish Bank

Reporter, 10 Jul 2007, Online:-

National Bank of Kuwait (NBK) is reported to be expected to sign an agreement to buy a 30% stake in Turkish Bank owned by Ozyol Holding. NBK will have the option to acquire an additional 10% share during the next two to three weeks. Turkish bank announced in May that it will sell up to 30% of its shares. Turkish Bank, which currently has 39 branches in three countries, is planning to expand its branch network in Turkey to 20 by the end of July 2007.

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[Back to Top](#)

Egypt: Government to sell 80% Banque du Caire

Middle East Times, 09 Jul 2007, Online:-

In Egypt, 80% shares of Banque du Caire, the nation's third-biggest public sector bank, will be sold to a strategic investor. The move is part of the privatization program of the government, aiming to consolidate the banking sector by cutting the number of banks to 26 from 60. Of the balance 20% shares, 15% would be sold on the stock market, while the remaining 5% would go to staff, as revealed by a cabinet spokesman Magdy Radi. © Esmerk

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[Link to original article](#) in English

[Back to Top](#)

Greece: 4,200 hectares burnt at Mount Parnitha

Kathimerini, 04 Jul 2007, Online:-

According to official figures, six-day the forest fire in Mount Parnitha forest in Attica (Greece) has destroyed 4,200 hectares, including 2,180 hectares of fir trees and 2,040 hectares of pine trees. The Greek Government is determined to regenerate the forest while a promise was made by Government officials that the national park will be free of building developments.

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[Link to original article](#) in Greek.

[Back to Top](#)

Egypt: Companies to be rewarded for green initiatives

The Daily Star (Egypt), 07 Jul 2007, Online:-

Chairman of the General Authority for Investment and Free Zones of Egypt Ziad Bahaa El-Din said companies would be funded if they strived to lower carbon dioxide emissions, which would protect the environment and encouraged the Clean Development Mechanism initiative. Companies will receive certificates for every tonne of carbon dioxide reduced, revealed representative of World Bank, Maged Hamed. Firms that adopt environmentally-friendly practices will also be rewarded with money.

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[Link to original article](#) in English.

[Back to Top](#)

Greece: SoGen expanded further within the local market

Naftemporiki, 22 Jun 2007,-

The French insurance group Societe Generale (SoGen) has increase its presence in Greece, after the recent establishment of its latest two subsidiaries within the local market. More specifically, SoGen has entered the local car leasing and fleet management industry via its subsidiary Ald Automotive, while has also expanded within the life insurance sector via its recently formed subsidiary Sogecap.

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[Link to original article](#) in Greek.

[Back to Top](#)

Greece: Eurobank to increase its capital by EUR 1.2bn

Naftemporiki, 26 Jun 2007,-

EFG Eurobank Ergasias of Greece has decided to increase its share capital by a further EUR 1.2bn (US\$ 1.61bn) in order to fund its expansion and new acquisitions programme that will take place in

Greece and abroad over the next few years.

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[Back to Top](#)

Commercial General Insurance

Greece: Groupama to acquire Phoenix Metrolife

L'Agefi, 29 Jul 2007, p.9:-

Groupama has finalised its acquisition of Phoenix Metrolife, for EUR 96.3mn (US\$ 130.87mn) from the Emporiki bank. Phoenix Metrolife registered premiums of EUR 206mn (US\$ 279.95mn) in 2006. This operation will enable Groupama to become the second-largest casualty insurance company in Greece, and the eighth-ranking company for life insurance. According to Jean-François Lemoux, Director Groupama International Operations, Phoenix Metrolife will take the name Groupama Phoenix following this acquisition, and its inclusion into Groupama is to begin starting 2 July 2007.

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[Back to Top](#)



Issue 10 | July 2007

AIG World

1. AIG COMPANIES ANNOUNCE CHANGE TO CRISIS MANAGEMENT COVERAGES [Click here](#)
2. AIG TO EXPAND BANKING PRESENCE IN VIETNAM [Click here](#)
3. AMERICAN INTERNATIONAL GROUP, INC. NOTICE OF REQUEST FOR CANCELLATION OF LISTING [Click here](#)
4. AIG SUBSIDIARY REACH AGREEMENT WITH OTS [Click here](#)