

POLICY

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The Voice of Middle East Insurance

INTERVIEW

Scottish Re are already a recognised name in the Middle East region, but the company still sees plenty of room for development. Ian Donachie spoke with group president, **Scott Willkomm** on his recent trip to Dubai.



Scottish Re Group Ltd, the Bermuda-based global life reinsurance specialist, was the main sponsor at the recent inaugural INSUREX 2004 conference in Dubai. With the life market within the Middle East showing obvious signs of potential, the Group's involvement with the event was a clear signal of intent as to how it wishes to increase its presence in the region in this expanding line.

Subsidiary company, UK-based Scottish Re Limited—a reinsurer of group life insurance, individual life insurance and airline pilot 'loss of license' insurance—is already enjoying a particularly strong presence in the Middle East, but the company is not one to stand still. The Group has shown tremendous levels of growth since its inception in 1998 and this success has not come from attacking markets half-heartedly.

Moving forward

Group president, Scott Willkomm, is confident that the same commitment and ideals that saw the Group soar to a US\$1 billion company will hold it in good stead as it continues to move forward.

"Our major influences today are the same that have helped shape our growth over the past five years," says Willkomm. "These influences are, a focus on risk management, relationship management and people management. We can tie all of our successes back to adherence to these core principles and all of our failures to losing sight of them." The failures that have occurred however, have all been taken in the company's stride. For example, the

slump that was witnessed in the third quarter of 2003 was certainly a set back—but it was overcome, and by the end of the year the grey cloud that appeared momentarily had blown over.

"In general, the results [for 2003] favourably reflect the continued growth of the Scottish Re Group and the successful execution of our business strategy. We did have a disappointing third quarter however, specifically related to a non-recurring reporting issue with one ceding company. This issue, however, allowed us to focus even more on certain elements of our business and we emerged from the third quarter stronger than ever before," says Willkomm.

Willkomm puts this strength down to several factors. "We continue to add depth to our management team throughout the world. This allows us to accommodate growth while delivering a high calibre of service and expertise to our clients. Also, we have gone through a number of significant computing systems upgrades during 2003 that have given us more quality information to better run our business."

Market analysis

The IT input and the information it has enabled the company to access is obviously paying dividends. Technical improvements do not only help companies streamline what is already onboard but also provide the resources to analyse other markets and the scope for development that may be available. And Scottish Re has seen growth in many regions so far.

"In terms of our own business, we have seen and expect to continue to see significant growth in the UK, Europe, the Middle East and Asia," says Willkomm. "We have seen a decrease—but this is by our own choice—in business coming from Latin America in particular as that region of the world, once again, goes through a period of high economic volatility."

The Middle East is a region that is often mentioned when the topic of markets showing strong potential and growth opportunities is discussed. Levels of business along all lines have tended to see an steady increase with solid grounding, and Scottish Re is aware of this continuous up-turn.

"We obviously welcome it [potential of increased business] and celebrate the opportunities to grow our Middle

Eastern business. The markets are quite vibrant, and we hope to deliver the products and services that this dynamic market demands," says Willkomm

Enhancing life

However, the life market is one of the few lines that has not witnessed the same dramatic increase as others. Life products currently provide a very small percentage of premium in the market but that is not to say situations along with attitudes will not change.

"I think that the growth of life insurance in the Middle East is driven, in large part, by population flows, as well as economic prosperity," says Willkomm. "These things are evident in the region, but we all must be patient as life insurance products become more widely accepted. We have been in the market for a very long time and expect to continue and enhance that commitment to the region," continues Willkomm.

Despite the company's obvious intent within the region it is also aware of the area's detractions and subtleties that make it a unique environment.

"Without drawing undue criticism, a reasonable level of financial transparency is critical to enhancing the industry's standing in the global insurance markets. Once financial transparency—such as periodic financial reporting that is widely disseminated—is achieved, the general increase in capital levels would be welcome," says Willkomm.

International involvement

And then there are the opportunities that the region's biggest financial projects bring with them. There is no doubt that DIFC and BFH are being viewed by the biggest and the best around the world to see just what they can offer the international markets. "I think they are fantastic concepts that have the potential to elevate the region's industry quite substantially and we have been talking within our organisation about how we could participate in the development of these facilities in the near future," says Willkomm.

But both these projects are works in progress and in the interim Willkomm and Scottish Re do not intend to stop capitalising on what has so far been an excellent five years. With plans to create a presence in Continental Europe, expand their UK operations and explore Asia, they will certainly remain busy ■

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