ISN Country Insurance Information Report

Demographic/economic data on United Arab Emirates





List of Contents

- General Information
- Product Information
  - Property
  - Boiler & Machinery / Machinery Breakdown / Engineering
  - Construction
  - Bonds / Surety
  - General / Public Liability
  - Products Liability
  - Workers' Compensation / Employer's Liability
  - E&O
  - D&O

- Automobile / Motor
- Personal Accident
- Medical Expenses
- Disability
- Crime / Fidelity
- Marine / Inland Transit
- Other

General Information

Legislation & Supervision:
Ever since 2006 the federal government of the United Arab Emirates (UAE) has been in the practice of reviewing and revising laws and regulations concerning the control of the insurance industry.

It passed Federal Law No 6 of 2007 in which the Insurance Supreme Authority (ISA, http://www.ia.gov.ae/en/Pages/default.aspx) was set up. It defined the scope of its activities as well as its managerial and administrative organization. It also ensured that the ISA has independent corporate status, with a separate budget allocated within the state budget enabling it to carry out the work assigned to it by the law, reporting ultimately to the minister of economy and planning.

Federal Law No 6 of 2007 gives the independent ISA a mandate within the provisions of the law to supervise the insurance industry in the UAE, to make any changes permitted to it within its stated scope of authority, and to propose changes which require ministerial approval and/or new legislation.

The ISA supervises all aspects of the insurance industry in the UAE, including insurance and reinsurance companies, foreign branches, brokers, agents, consultants, adjusters and actuaries, all of whom will have to be registered with the authority.

A new law was passed on June 27, 2010 regulating the Islamic insurance industry to provide more transparency to the UAE takaful market.

Major forms of Compulsory Insurance:

- **General Third Party and Automobile Liability:**

  The statutory limits for motor third party liability are unlimited for bodily injury and a maximum of AED 250,000 (USD 68,120) for material damage.

- **Workmen Compensation:**

  Cases are referred in the firstly to the labor department and then should settlement not be agreed they then go to court. All claims fail if they are not brought within one year of the occurrence. Payment of compensation does not prevent an employee or the employee's heirs from seeking civil redress from a third party or from the employer.

- **Professional Liability / Indemnity for Insurance Brokers, Lawyers / Solicitors**
  With regard to professional liability insurance, a primary licensing requirement for insurance brokers as to the arrangement and proof is a minimum limit of AED 1.5mn (USD 408,720).

Non-Admitted Insurance:
Non-admitted insurance is not generally permitted, because the law provides that insurance must be purchased from locally authorized insurers.

Types of Insurance Restricted to Government Institutions:
Federal Labour Law No 12 of 1986 governs workers' compensation, which enforces strict liability on employers to compensate workers for industrial diseases and sickness as well as accidents at work.

Insurance of workers compensation and employers liability is not compulsory but it is customary for employers to insure workers compensation whereas employer's liability is mainly insured by multinational clients. However, companies in certain 'Free zone' areas such as Jebel Ali Free Zone are required to take Property, WC/EL and Public Liability insurance.

The law has requirements for first aid, health and safety and the inspection of pressure vessels and lifting plant. It applies to all expatriate staff and employees working in the UAE; but not to families of employers, domestic staff, agricultural employees, part-time or short term employees, employees of companies with less than five employees or those employed by or on federal or local government projects.

State Involvement:
The new regulations establish new standards and requirements in relation to the supervision of takaful companies by Sharia boards. These requirements considerably reflect the Sharia standards recommended by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI, http://www.aaoifi.com/aaoifi/Members/AAOIFIMembers/tabid/233/language/en-US/Default.aspx) and they reflect an additional layer of corporate governance which takaful operators in UAE must satisfy in future. The standards also feature rules for membership of Sharia committees.

The authorities have recently come up with a draft law imposing stricter entry barriers to brokers as well as increasing the capital requirements. The law is at draft stage and it is expected to come into effect soon.

Insurance Companies:
In 2008 UAE was the 44th largest market in the world in a ranking of world markets.

In 2009 there were 57 registered insurance companies in the market. This was made up of 31 national companies and 26 foreign companies. In 2007 there were 51 insurance companies licensed in the UAE in which 24 were national and 27 were foreign. There were 48 licensed insurers in total in 2006.

Islamic and takaful insurance is growing in UAE but it is not a dominant force in the market. All of the major local insurance companies and groups continue to operate on a conventional basis.

Both Dubai and Abu Dhabi are free competitive markets open to all companies licensed in the UAE without distinction as to the source of business. The non-Life insurance market in the UAE is fully privatised, and there are no state companies.

Insurance companies and brokers are members of the Emirates Insurance Association (http://www.eia.ae/)

Distribution Channels:
The distribution does vary between the emirates especially with major risks in Abu Dhabi being put out to tender on a direct basis. However brokers are increasingly being used for placement and as consultants in a free market environment.

Local insurance companies make use of brokers in the international markets to obtain terms and conditions for such risks. Dubai is a market dominated by brokers at least as far as major risks are concerned, although personal lines business is mainly purchased directly.

Government business in all emirates is put out for tender. The business can be tendered either by insurance companies or intermediaries.

Brokers tend to be the most active on big business such as energy risks, engineering projects and major commercial and industrial property risks, but they are also active in employee benefit group business and motor fleet business.

The big motor dealers have a share of the motor account, and may or may not employ brokers to secure favourable terms for them.

E-commerce is being supported by the government in particular in Dubai but most websites are designed to provide clients and agents with information about the company rather than as a means of distribution. Bancassurance schemes are mainly personal lines business. Shareholdings between banks and insurers are permitted, but no banks are registered as agents of insurance companies.

Insurance brokers and companies are members of the Emirates Insurance Association (http://www.eia.ae/)

Currency Restrictions / Exchange Controls:
The local currency is the UAE dirham (AED). The dirham remains pegged to the dollar at a rate of AED 3.67 to USD 1

There are no exchange control regulations and remittances may be made freely. However, with the recent Anti Money laundering rules, the source and beneficiary identification details are compulsory for deposits and remittances above AED 50,000.

In practice, as there are no exchange controls, there is little to prevent UAE residents from taking out a non-admitted contract.

Policy Wordings & Rates / Tariff Controlled:
Insurance companies are required to file their policy wordings (except the unified motor policy wording) with the Insurance Supreme Authority (ISA) for approval together with rating schedules.

Resolution No 4 of 2010, issued in late 2010 provides comprehensive regulations in respect of Islamic Insurers. The regulations require Islamic Insurers to issue subscribers with two contracts, these being a takaful subscription policy and a takaful policy. In essence the takaful subscription policy details the takaful model being used by the Islamic Insurers and the takaful policy is the insurance policy wording. The takaful subscription policy has to be submitted ab-initio (from the beginning) to the UAE Insurance Authority and when any changes are made to it.

Standard market exclusions are war, nuclear energy and terrorism

Most policies are based on the following international wordings:

- Institute Clauses for hull and cargo
- ABI and LM7 for property
- T3A for terrorism
- Munich Re/Swiss Re and Royal & SunAlliance engineering wordings
- A unified motor third party insurance policy wording is used by the market

Policy Language:
Policy wordings must be in Arabic although English translations are in general use.
In the event a dispute arises Arabic will prevail. While this is the case on Motor, all other policies continue to be issued in English.

Policy Currency:
It is usual for most policies to be issued in UAE dirhams, but policies can be issued in other convertible currencies such as US dollars if necessary

Policy Period:
Annual. Long Term Agreements with discounts are generally available for two to five year terms

Cancellation Provisions:
Standard cancellation provisions vary as detailed below:

Motor
Damage to a vehicle is subject to 30 days notice

Fire
The period is usually 30 days

Public Liability
This class is subject to a minimum period of notice of seven days. However, policies are normally modified by a clause to 30 days.

Personal Accident
This class is subject to 14 days notice. However, policies are normally modified by a clause to 30 days.

Plant & Equipment All Risks
These risks are subject to 30 days notice

Workers' Compensation
WC is subject to seven days notice. However, policies are normally modified by a clause to 30 days.

With regard to renewals, insurance companies issue notices where they plan to invite renewal. It is market practice to issue new policies each year.

Premium Taxes and Charges:
Generally there are no premium taxes or charges

Brokers:
Insurance Brokers must be registered and are required to produce evidence of a professional indemnity policy for at least AED 1.5 million (USD 408,719), at the time of licence application or renewal, except in the case of UAE nationals acting only as motor insurance brokers.

To be eligible for entry into the brokers' register, brokers must have a paid-up capital of at least AED 1 million (USD 272,480), of which at least 51% must be owned by a UAE national.

A broker cannot practice business unless entered in the register and insurance companies are not allowed to conduct business with brokers not entered in the register.

Brokers are not allowed to issue insurance policies or contracts with the exception of motor insurance certificates. In addition, brokers are required to agree with the insurance companies on all terms and conditions terms and these contracts must be available for inspection by the Insurance Supreme Authority (ISA).

Brokers are forbidden from acting as insurance and reinsurance brokers at the same time on behalf of the insured. Furthermore they are not allowed to be dependent on one insurance company or to be a partner or agent for any other broker or agent, or to act as a broker and at the same time to work in an insurance company.

With the recent draft law, the above rules are expected to be applied stringently.

Brokerage Commissions:

Class	Commission (%)
Fire	15.0 to 20.0
CAR/ENG	15.0 to 20.0
Misc accident	15.0 to 20.0
Motor TP	5.0

Motor Comp	12.5 to 15.0
Marine cargo	15.0 to 20.0
Marine hull	10.0 to 12.5
PA	15.0 to 20.0
Health	10.0

Broker of Record Letters:
Not mandatory. However, some insurers do insist on a Broker of Record Letter. Where there are multiple brokers, almost all companies insist on a BOR.

Reinsurance:
There are no professional reinsurance companies in the UAE market outside the Dubai International Financial Centre (DIFC) and it is not a major reinsurance market as such.

Many of the leading insurance companies write inward facultative reinsurance locally and from the region, however.

Insurance companies in the UAE buy considerable volumes of proportional treaty and facultative reinsurance in order to cope with the very large exposures that they insure, usually without the primary benefit of coinsurance. The gross inwards facultative reinsurance capacity of the majority of companies, however, is frequently limited by their treaty reinsurers to levels lower (frequently about 50% lower) than those applicable to the direct reinsurance account.

In respect of facultative capacity the UAE market is known in the region for its competitive rates and conditions and is often a first port of call for companies wishing to make such placements in Bahrain, Saudi Arabia, Qatar and Oman, in preference to the European, Bermuda and US markets. It is reported also that facultative reinsurance is locally exchanged and placed widely within the UAE market, in all non-Life classes of business.

Legislation and rules have been introduced within the UAE and in the Emirate of Dubai to facilitate the establishment of the Dubai International Financial Centre (DIFC). This is an onshore capital market designated as a financial free zone. The laws and regulations do not apply to insurance companies operating within the UAE. Some regional reinsurance companies have already been established within the DIFC, however, and it may be that the DIFC will facilitate the development of a UAE-based reinsurance industry as UAE business may only be written in the DIFC as reinsurance.

Pooling Facilities:
None

Local Natural Hazards:
There is no history of earthquake in the UAE except for occasional tremors in the northern emirates emanating from events in Iran. The country is not on any major fault line. No history of local damage has been recorded. As a consequence of the heightened tensions in the region, in 2003 the government approved a federal plan to manage real or imminent disasters and the civic bodies responsible to deal with these disasters. Disasters, according to the plan, are floods, earthquakes, storms and hurricanes.

Strong winds do occur in the UAE but gusts tend not to exceed 60 knots and usually occur during the winter months from November to March. Windstorms between April and May 2003 reached between 100 and 150 miles per hour but little insured damage was reported. There is no history of any significant losses other than from water damage in 1981 and 1982 when there were severe winds accompanied by rain. Details are shown in the Flood section of this report. No significant damage was recorded following the April to May 2003 windstorms.

Some rainfall occurs during the winter but usually does not exceed 5 inches (127 mm) a year. Heavy rainstorms do occur occasionally, however, during which more rain may fall in one day than is usual in an entire year. The principal cause of loss is from poor drainage and the exposure of property to the elements in open-sided buildings rather than from overflowing rivers.

Local insurers issue a standard fire and allied perils cover including all natural occurrences and more than 90% of fire policies include the allied perils extension. Cover is provided on a full-value basis. Most policies these days are issued as Property All Risks (LMT wording) barring low valued / high risk facilities.

Main Classes of Business:

Non-life (P&C) Insurance Market
A new law regulating the Islamic insurance industry was passed on 27 June 2010 to provide more transparency and oversight to the UAE takaful market

Resolution No 4 of 2010, issued in the third quarter of 2010, provides for specific regulations in respect of Islamic Insurers (takaful operators)

Life Insurance Market
All the usual forms of Life insurance are available on competitive terms and conditions

Healthcare
In 2006 the first phase of Law No 23 of 2005 and executive regulations regarding compulsory healthcare insurance for expatriates in Abu Dhabi was implemented

Pensions
UAE nationals are eligible for state benefits including retirement, death and disability benefits and high quality healthcare. Expatriate employees are not eligible for state benefits apart from basic healthcare.

The retirement benefits for UAE nationals are generous and expatriates generally do equally well privately.

Product Information

Property Insurance
Property all risk packages are normal in Dubai and Abu Dhabi for industrial and commercial risks over AED 10 million (USD 2.72 million) sum insured. Heavy industrial risks, such as

textile warehouses and plastic factories, are generally only insured on a fire/allied perils basis, as is stock in warehouses

Since 2008, average industrial and commercial property rates appear to have reduced by about 10% but there is so far no sign of a shortage of reinsurance capacity and competition remains extremely intense. In recent years, there has been a further drop on rates for Commercial High Rise buildings.

Companies continue to provide allied perils extensions at little or no extra cost, and deductibles remain modest.

Named Perils:
Standard fire perils include – fire, lightning, aircraft, explosion, earthquake, flood, storm / tempest, burst water pipe, riot / civil commotion, malicious damage, vehicle impact

Fire:
All Risks: available

Coinsurance:
Available for large risks and complex risks like Perfumes, Plastics, Chemicals, etc. Coinsurance has been disappearing from the Dubai market for some years and this is now becoming the norm in Abu Dhabi as well

Basis of Indemnity:
Replacement cost

Business Interruption:
Business interruption is not in great demand in respect of medium sized and small risks; however it is more common with regard to large risks insured on an all risks basis

Discount for fire protection equipment / systems:
None

Terrorism
Standard market exclusions are war, nuclear energy and terrorism. There do not appear to be any commonly used non-standard exclusions

Boiler & Machinery / Machinery Breakdown / Engineering
Machinery breakdown is undeveloped in UAE and rarely sold as a stand-alone cover but is frequently included in a property all risks cover. Machinery breakdown cover is not something factory owners request but is commonly used for hotels
.
Annual contract plant and machinery policies are common although contractors mainly insure their equipment on a project basis. The average premium rate can range from 0.25% to 0.75% and between 0.75% and 2% for tower cranes subject to a deductible of either 10% of loss, minimum AED 5,000 (USD 1,362) or a deductible of between AED 15,000 and AED 25,000 (USD 4,087 and USD 6,812)

Construction
There are no separate statistics are available construction although it is fairly certain that this class was a key contributor to growth in the non-life market in 2006, 2007 and the first part of 2008.

In 2009 private construction activity drew to a halt with the cancellation or postponement of numerous projects. Furthermore stoppages in existing projects due to lack of credit finance severely affected the private construction sector. Speculative residential and tourism construction was at a virtual standstill in 2009.

Infrastructural construction is less likely to be affected by current economic conditions, as the state and local authorities are using this sector to maintain as much economic growth as possible. The looming privatisation of power companies in Abu Dhabi is thought to be likely to bring some growth to the infrastructural sector.

Third party liability limits are usually around AED 5 million to AED 10 million (USD 1.36 million to USD 2.72 million), but can be as high as AED 200 million (USD 54.5 million)

Bonds / Surety
There is a limited market for construction, performance and other bonds as these are provided by the commercial banks that have extensive experience of underwriting these risks.

Both export and domestic credit insurance is written by a select number of national companies which act as a front for specialist underwriters such as Atradius, Euler Hermes and Coface. The main underwriting is handled by the specialist underwriters that must use a local front for legal reasons.

The majority of credit business is export credit ranging somewhere between 60% to 70% and 30% to 40% is domestic credit.

Euler Hermes opened an office in 2007 in line with its local partner, Allianz. They are offering a wide range of credit solutions to all countries of the Gulf Cooperation Council (GCC), and the office also manages Euler Hermes credit risks in the region. A team of specialised underwriters familiar with the region is in place.

Coface has established an office too. It offers a local credit rating service in conjunction with the Dubai Chamber of Commerce. Coface also works in partnership with National General Insurance to offer local domestic credit insurance.

In 2008 Dubai Export Development Corporation (EDC) reported that it had joined forces with the Arab Investment and Export Guarantee Corporation (Dhaman) to provide export credit coverage to local exporters. EDC also unveiled an Islamic export credit solution in November 2008, in partnership with the Islamic Corporation for the Insurance of Investments and Export Credit (ICIEC), a subsidiary of the Islamic Development Bank of Jeddah Saudi Arabia.

General / Public Liability
General third party liability is a small portfolio. Claims are uncommon enough and tend to be low, which may persuade potential clients that there is no need to effect insurance. As a result, rates are low but the account is profitable.

International hotels require worldwide jurisdiction including the US and Canada. It is common for such placements to be negotiated with reinsurance support, as many treaty arrangements limit the geographic scope of cover to Gulf Cooperation Council (GCC) countries.

Decennial liability is imposed on the main contractors and design consultants regardless of fault as a result of Article 880, Civil Code (1985) which is a federal law applicable in all emirates. The obligation, which is for the cost of rectifying structural defects which impair the stability of a building or installation, runs for ten years from effective completion of the works.

Decennial liability falls outside the scope of the standard cover provided by contractors all risks and professional indemnity insurance, but can be purchased.

Products Liability
Product liability is generally written on a Claims Made basis with costs inclusive as an extension of a general third party liability policy. The demand itself tends to be mainly limited to exporters of consumer electronics, foodstuffs, garments, textiles and generic pharmaceutical products. The reason for this is because of contractual requirements stipulated by the buyers.

Limits of indemnity are in the region of AED 10 million (USD 2.72 million) and in aggregate

There are no specific discovery periods or extended reporting periods

Territorial scope of cover is Gulf Cooperation Council (GCC) countries and Europe with an incidental US exposure. Where U.S. and Canada are the principal markets, cover is subject to facultative reinsurance support.

The national insurance companies are the major insurers however it is also written by AXA and Royal and Sun Alliance Insurance (Middle East) Ltd.

The demand for this risk may increase as Dubai is promoting the emirate as a centre for health services and pharmaceuticals.

Workers' Compensation / Employer's Liability
Workers' Compensation is governed by Federal Labour Law No 12 of 1986 (an extension to Federal Law No 8 of 1980) which imposes strict liability on employers to compensate workers for industrial diseases and sickness as well as accidents sustained at work.

This type of insurance is not compulsory; however it is common practice for employers to insure workers compensation while employer's liability as a rule is mainly insured by multinational clients.

The law also sets out requirements for health and safety and promotes the inspection of pressure vessels and lifting plant.

The law applies to all expatriate staff and employees working in the UAE; but not to families of employers, domestic staff, agricultural employees, part-time or short term employees, employees of companies with less than five employees or those employed by or on federal or local government projects.

UAE nationals have been covered by a separate social security scheme since 1999 which makes provision for occupational injuries and disease. The scheme permits employees to bring civil actions for damages when negligence of the employer or a third party can be proved.

Most employers are required to arrange workers' compensation insurance with an employer's liability extension however they may from time to time choose to arrange a group personal accident or term life cover covering permanent disability benefits. Employer's liability accounts for 20% to 30% of the total WC/EL account and it's more common for it to be arranged by international clients.

Professional Indemnity (Errors & Omissions)
Professional indemnity is profitable but a small class but has been quite profitable with most of the demand coming from building engineers and architects who are responsible under the UAE Civil Law for loss or damage resulting from their work whether it occurs through wrongful act or default.

Article 881 of the UAE Civil Law specifies that if the designer and/or architect's work does not include supervision of execution of the works, its liability is restricted to any pure design errors. However, under Article 880, the engineers are collectively responsible with contractors for a period of ten years from the completion for any defects that impair the stability of a building. By this, all single project covers require ten year ERP.

Cover is often purchased on a project basis which requires a limit equivalent to 10% of the estimated contract value. A number of annual covers are also purchased and a standard limit appears to be AED 10 million (USD 2.72 million).

Hospital staff and doctors are increasingly buying medical malpractice insurance although it is not yet compulsory it can however be an aid in getting a licence to operate.

Oman Insurance is said to be the leading company in this class of business with the unusual assistance of reinsurance treaty facilities. GPs are normally covered for a standard limit of AED 1 million (USD 272,480).

Directors & Officers Liability
In the past directors' and officers' (D&O) insurance has not been sold in the UAE as the law appears silent on the duties of directors and officers. There has been a reported increase in demand over the last six years due to the influx of lawyers, accountants, financial service companies and other professionals into the market.

A new Commercial Companies Law is in draft form and said to be near completion, but it is not known whether it will include any provisions about corporate governance. Until there is legislation setting out the responsibilities of directors and officers, a market for D&O cover is unlikely to develop.

D&O covers are written by the market in Dubai and Abu Dhabi, most of which are reinsured and rated in the London market.

National insurance companies are the major insurers however it is also written by Chartis (AIG), Zurich and Royal and Sun Alliance Insurance (Middle East) Ltd. Distribution is mainly through brokers.

Automobile / Motor

UAE Federal Law No 21 of 1995 motor third party liability is compulsory in the UAE and subject to a unified policy wording. Policies cannot be cancelled by either the insurance company or the insured as long as the vehicle's licence is valid. A mid-term cancellation can take place if the vehicle's ownership changes.

The majority of insurances on new vehicles are distributed through the motor dealer. Compulsory third party liability for death and bodily injury is unlimited while third party property damage is subject to a minimum of AED 500,000 (USD 136,240). Insurance companies issue policies with limits ranging from AED 500,000 to AED 5 million (USD 136,240 to USD 1.36 million).

The UAE does not have a bad risk pool, and there is no fund for the protection of the victims of uninsured drivers.

Fines are small however in the event of a death or injury a driver is held in custody until blood money is paid. The current amount of blood money is AED 200,000 (USD 54,496). Bail bonds have been considered by the industry but this has yet to be introduced.

Cover is available for third party only, third party fire and theft and comprehensive. A unified market motor wording applies to third party and comprehensive risks.

Comprehensive cover includes accidental damage, fire, theft, malicious damage, transit and third party liability for bodily injury or property damage. Accessories are included, as are reasonable towage and protection costs. The main exclusions relate to flood, storm, earthquake, strike, riot, civil commotion, overloading, driving by an unlicensed person, and while under the influence of drugs and alcohol.

Most clients purchase comprehensive cover as most vehicles on the road are new, or not more than three to four years old. Vehicles are depreciated at a rate of 20% per annum.

Legal expenses cover is not available

There is little long-tail liability in the UAE, and most claims for death and bodily injury can be settled with the minimum delay. Road traffic accidents are the second most significant cause of death and injury in the UAE, and the volume of claims managed by insurers is high.

Theft or hijacking is uncommon

It is estimated that about 20% of the business is distributed through banks and motor dealers acting as agents, 30% through brokers and 50% direct

Personal Accident
The personal accident portfolio is mainly made up of group business arranged with group life as opposed to a separate cover

Most insurance companies will try to sell PA cover for the entire family as an extension to motor policies. This is because family members are not regarded as third parties in the UAE. Indications are that this account has produced good results.

Group personal accident limits are based on numerous earnings and standard cover is usually the equivalent of two or three annual salaries. Age at entry is normally between 18 and 64 years.

Most insurance companies write personal accident business however the market leaders are the national companies which dominate group business.

Distribution is a mix of direct and intermediaries. Individual is direct, except when sold as a promotion with credit cards or banking arrangements.

Medical Expenses
Medical insurance is compulsory for all expatriates in Abu Dhabi by law. For the last few years, Dubai is considering a similar law. While it is still not compulsory, most large companies do provide Medical Insurance as a perk to their employees.

Disability
A number of employers in the UAE have arranged a group personal accident or term life cover covering permanent disability benefits.

Sums insured are based on multiples of earnings and the standard cover is usually the equivalent of two or three times annual salary.

Death, permanent total disablement (PTD), permanent partial disablement (PPD), temporary total disability (TTD) and temporary partial disability (TPD) are all available, including medical expenses as a result of an accident and repatriation costs for expatriates.

Crime / Fidelity
The level of crime in the UAE is low and mainly relates to minor theft as opposed to organized crime. However reports indicate that crime is on the increase in the UAE. Security levels have improved in banks and residential areas.

The rates for this particular cover are low and cover is often included in fire programs at no extra cost. TV and radio shops attract a rate of 0.07% to 0.1% but less hazardous risks are often written from as little as 0.01% Jeweller's block rates are in a range of 1.0% to 1.5%.

Burglary cover is given on shops as an extension to the fire policy or part of a package but private houses are insured under a comprehensive home insurance policy. Industrial and commercial risks in general have an extension to their IAR or fire policy and it is rare for burglary to be written as a separate cover except for specific risks such as jewellers.

Fidelity insurance is an insignificant class which is heavily reinsured however it has been reported to be expanding over the last three tears. This may be a result of federal ruling that an expatriate's passport is his or her personal property and should not be held by the employer. This in turn could make it easier for employees who may have been misappropriating funds to leave the country before they can be detected.

Marine / Inland Transit
As a class of business MAT is profitable. It is made up mainly of marine cargo and hull business as all the principal aviation fleets are insured on a non-admitted basis.

The market also writes port operators' liability, stevedores and hauliers liability risks as well as carriers liability. However carriers' liability is written on standard cargo terms rather than on a legal liability basis which is distinct from some of the other countries of the Gulf Cooperation Council (GCC).

Bulk oil and gas shipments generate substantial turnover, and make up a large proportion of the transit premiums. Imports consist of machinery, vehicles, clothing, foodstuffs, construction materials and capital goods.

Aviation
The local market has limited capacity and arranges insurance on a facultative basis with London market reinsurance support. One national company in Dubai now actively writes direct and facultative reinsurance aviation business. It can issue policies locally or front upon request.

There are three aviation fleets in UAE – Emirates, Etihad and Arabia – all of which are insured overseas on a non-admitted basis

Liability cover for the local airlines is placed with the hull insurance in international markets

Third party war liabilities over USD 50 million and up to USD 2 billion are guaranteed by the state shareholders of Etihad Airways and Emirates Airlines

Dubai airport requires a minimum liability cover of USD 600 million for incoming wide-bodied aircraft and of USD 1 billion in respect of the Airbus A380

ADNOC has the contract for aircraft refuelling at all airports in the UAE, is said to have liability cover for up to USD 250 million on a claims made basis

The loss records of Emirates and Etihad have been good

Distribution is both direct and through brokers

Note: Information contained in this report has been obtained from a number of sources. As legislation, regulation, market practice and characteristics are constantly changing, we cannot accept responsibility for any inaccuracies in this report or any decisions or action taken on the basis of such information. We recommend local advice be sought before any action or decisions are taken.

© 2020 Insurance Services Network, Inc. All Rights Reserved.