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Global capital, risks and tech reboot MENA reinsurance market

By Elie Abi Rached

Over the past two years, global reinsurance has experienced a sharp upward cycle. At the same time, alternative capital, particularly CAT bonds, reached new highs, with issuance surpassing $16bn in 2024 and alternative capital now representing over $100bn in global capacity.

This wave of capital is finding its way into the MENA region, where new reinsurance entities and managing general agents (MGAs) are emerging across key markets.

Of course, growth does not come without volatility. Nat CAT losses have placed upward pressure on pricing across the region, particularly in property, energy and engineering lines. Recent events in the Gulf and Eastern Mediterranean have triggered a re-evaluation of exposure assumptions and pushed reinsurers to reassess pricing, limits and attachment points.

In response, many regional reinsurers have taken steps to limit exposure and protect margins. These include raising retentions, tightening terms, reducing profit commissions and improving internal CAT modelling.

Yet even these challenges present opportunity. Several governments have introduced or expanded Nat CAT schemes, mandating local cessions that stabilise underwriting results and boost domestic capacity. These frameworks, already active in Morocco and Turkiye, are under discussion elsewhere in the region, signalling greater institutional support for risk pooling and retention.

The result is a regional market that is not merely reacting to global cycles, but structurally aligning itself to long-term global benchmarks. For example, regulatory authorities across the GCC have taken proactive steps, with the Insurance Authority in Saudi Arabia and the Central Bank of the UAE both introducing reforms to foster market development, capital adequacy and scale.

The divergence in global macroeconomic cycles is also accelerating regional differentiation. While developed markets are beginning to stabilise after inflationary shocks, many emerging economies are still expanding, offering opportunities for scale and consolidation. In MENA and parts of Asia and Africa, this environment has led to greater M&A activity, tax incentives and the emergence of well-capitalised reinsurance firms that are better positioned to invest in infrastructure and innovation.

Market composition

These structural shifts are not limited to economics. They are also reflected in market composition.The insurance sector across the Middle East remains heavily concentrated in motor and medical lines, which account for approximately 75% of written premiums. General insurance follows with an estimated 20%, while life and savings represent roughly just 5%. This imbalance signals the untapped potential for retirement, pension and long-term savings products, especially as regional demographics shift and intergenerational wealth transfer accelerates.

Technology is playing a critical role in bridging this maturity gap. Globally, reinsurers are investing in advanced analytics, automation and AI to enhance underwriting, pricing, claims and portfolio management. Regionally, the same momentum is underway, driven in part by consolidation that has produced larger entities with the capital to fund digital transformation. Regional reinsurers are already leveraging AI tools to build resilience, not only in analytics but also in strategic decision-making.

As more players adopt AI-powered platforms, the technical capability of the regional market will become more competitive, and more compatible with international standards.

Next wave of opportunity

The next wave of opportunity lies in geographical diversification. In our case, while the Middle East remains the operational anchor, strategic expansion into Sub-Saharan Africa is underway–where demand is rising, regulation is evolving and local risk capital is still limited. For reinsurers with the technical depth and long-term vision to operate in these markets, the opportunity is significant.

More players are seeking to enter the MENA reinsurance space. Competition will increase. But so will innovation, specialisation and capital efficiency.

The challenge for established players will be to remain agile while staying grounded in regional roots and aligned with international best practices. The gap between global and regional is closing, and much faster than many have expected.

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