

## BROKING

# New regulation to support brokers in North Africa

Although regulations were introduced in Egypt to authorise corporate insurance brokers, the number of entrants in the market has been declining, according to Egyptian Insurance Brokers Association's Mr Adel Shaker. Meanwhile, Marsh Morocco's Ms Ghyzlane Mikou believes the insurance brokerage market in Morocco has been thriving.

By Sarah Si



In Egypt, insurers have launched new microinsurance products with the encouragement of the Financial Regulatory Authority. Brokers are expecting the products to boost business, according to Egyptian Insurance Brokers Association (EIBA) president Adel Shaker.



Mr Adel Shaker

## Egypt

Brokers in Egypt were affected by global inflation and local currency devaluation over the past year. According to Mr Shaker, this has forced brokers to “dedicate more effort in reviewing the values of the insured assets of clients”.

Rates for motor insurance also increased due to insurers revisiting rating models – which were reevaluated due to more accidents. He believes that this can be attributed to an increased population and higher vehicle purchase rate. Prices of vehicles and spare parts also increased due to the devaluation of the Egyptian pound.

Inflation has also reduced the population's purchasing power for insurance premiums. However, he believes that insurance brokers can use this as an opportunity to “properly introduce services and presence in the market and invest in efforts to reach out to the population”.

Despite these challenges, awareness of insurance has improved, Mr Shaker said. He believes that this development came from demand to

protect properties, due to the cost of repairing damage and inflation.

“This factor can bring potential growth to brokerage,” he said.

Another opportunity is the size of the Egyptian market and presence of multinational insurance companies that helps “provide new risk coverage developed in the international market and introduced to local brokers”.

However, he said, “Many brokers fear the effect of insurers' digitisation and use of social media.” But he has observed other brokers leveraging digitisation and social media to boost portfolios.

## Decline in brokers

The number of corporate insurance brokers joining the market has been decreasing, according to Mr Shaker.

In 2022 and 2023, he said, only two brokers entered the market each year, down from four each in 2020 and 2021.

According to Insure Egypt’s *Egypt Insurance Market 2016*, the new regulation, Law No 118 of 2008 allows the authorisation of corporate insurance brokers for the first time.

“This decline in corporate insurance brokers is in contrast to the increasing number of individual tied agents and independent individual brokers,” he said.

**Egypt’s table tax**

“Table tax disturbs profit accounts and trying to resolve the impact consumes brokers’ time,” he said. The table tax is a sub-tax under VAT.

According to Mr Shaker, the minister of finance received a delegation from EIBA and “instructed the tax department to submit a request to the legislator to restudy the application of the table

tax on brokers, while taking into consideration that the Egyptian insurance industry is exempted from the VAT by law”.

**Morocco**

The Moroccan insurance sector is the second-largest insurance market in Africa. It has also been maturing, Marsh Morocco deputy general manager Ghyzlane Mikou said.



Ms Ghyzlane Mikou

Morocco is the second-largest insurance market in Africa “in terms of gross premium”, according to *Insurance, from The Report: Morocco 2020*, published by Oxford Business Group.

As the insurance market in Morocco matures, said Ms Mikou, brokerage houses are looking to international markets to grow


business.

There have also been regulatory reforms in Morocco. The Supervisory Authority of Insurance and Social Welfare (ACAPS) was launched in 2016 by Law No. 64-12. According to its website, ACAPS is an independent regulator and works to protect “policyholders, affiliates, members and beneficiaries of rights” and supervise “the solvency of insurance and reinsurance companies”, among others.

“These reforms are helping to broaden the range of obligatory and discretionary insurance products available,” Ms Mikou said.

She also believes that although traditional channels still command Morocco’s insurance sector, “important investments in online and digital platforms suggests that these channels are set to be increasingly important in the future”.

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