BEST'S MARKET SEGMENT REPORT

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MENA Reinsurers are Focused on Profitable Growth Opportunities Despite Heightened Geopolitical and Economic Uncertainties

While the MENA markets remain desirable for international reinsurers, their underwriting appetite has become more selective in response to heightened geopolitical tensions.

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Principal Takeaways

- Although geopolitical tensions intensified in the region, MENA markets present good topline growth potential for reinsurers, supported by adequate reinsurance pricing and emerging business opportunities, particularly in specialised risks.
- Given reinsurers' variation in their geographic risk profiles, and the underlying economics of their key markets, the economic impact on reinsurers from the conflict is likely to diverge.
- Reinsurance capacity for the region remains plentiful and dynamic, sourced through large global reinsurers, regionally domiciled reinsurers, and carriers domiciled across Africa and Asia.
- AM Best's credit ratings can vary, in part, due to the economic, political and financial system risks that reinsurers are exposed to.

Market conditions present both challenges and opportunities for reinsurers domiciled in the Middle East and North Africa (MENA) region, with heightened geopolitical tensions being the main hurdle MENA reinsurers are currently navigating.

Geopolitical risk has escalated significantly since early 2025, with intensifying regional security tensions and the outbreak of the US/Israel conflict with Iran increasing uncertainty in the risk assessments of insurers and reinsurers.

AM Best notes that should attempts to de-escalate the US/Israel conflict with Iran prove unsuccessful, or the blockade of the Strait of Hormuz lasts several more months, then the impact on global and regional economies is likely to be significant in terms of oil and gas prices, supply chain disruptions, and inflationary pressures. These multiple points of pressure will affect both global and regional insurance companies.

Thus far, it is expected that direct losses to MENA reinsurers will be limited by war exclusions and narrowly defined policy triggers. Reinsurers remain vigilant and guard against geopolitical volatility where possible through asset and underwriting diversification, maintaining adequate liquidity buffers, and continuously reviewing their respective appetites for high-risk assets.

Despite the turbulent operating landscape, the region remains attractive for reinsurers with new capacity entering the market (start-ups such as Riyadh Re and Reinsurance Intelligence Quotient). Reinsurance opportunities remain plentiful, benefitting from growing primary

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insurance markets, including a higher demand for specialised insurance products, which is emerging from current geopolitical tensions.

Pricing for certain lines of business is showing signs of softening given the abundant capacity available in markets; however, it remains adequate, reflecting the potential increases in claims inflation and recent higher frequency of both large man-made losses and weather-related events. The adequate reinsurance pricing environment, as well as strong underwriting discipline and refined risk appetites, continue to benefit market participants.

Exhibit 1
MENA – Gross Domestic Product (GDP) Growth and Inflation, 2023-2025
(%)

	GDP growth			Inflation		
Countries	**2023**	**2024**	**2025**	**2023**	**2024**	**2025**
Türkiye	5.0	3.3	3.6	53.9	58.5	34.9
Kuwait	-1.6	-1.5	3.5	3.6	2.9	2.4
Bahrain	3.9	2.9	3.1	0.1	0.9	-0.1
Lebanon	-0.7	-7.5	4.0	221.3	45.2	14.6
Oman	1.4	1.6	2.4	1.0	0.6	1.0
Saudi Arabia	0.5	2.6	4.5	2.5	1.5	2.0
Egypt	3.8	2.4	4.4	24.4	33.3	20.4
Algeria	4.1	3.7	3.8	9.3	4.0	1.4
Morocco	3.7	3.8	4.9	6.1	0.9	0.8
Tunisia	0.2	1.6	2.5	9.3	7.0	5.3
Middle East average	-1.7	3.0	1.4	11.9	9.0	11.5
North Africa average	-4.3	3.8	2.4	17.5	20.3	12.4
Emerging markets and developing economies average	4.4	4.5	4.4	8.2	8.0	5.2

Source: International Monetary Fund (IMF) database

Improved Domestic Conditions Under Threat of Geopolitical and Economic Uncertainties

Regional reinsurers benefitted from improved economic conditions in 2025, compared to previous years. Economic pressures, notably in Tunisia, Egypt and Türkiye, had eased with reducing inflation, lower current account deficits, lower debt levels, and improvements in ratings on sovereign debt (see **Exhibit 1**).

With improving economic conditions, reinsurers were expected to benefit from government-led economic reforms aimed at stimulating domestic and foreign investments (particularly government spending on infrastructure megaprojects), that drive premium growth and reinsurance cessions from primary insurers.

However, the economic landscape across the MENA region remains mixed, with a material distinction between energy producers and importers. High oil prices resulting from the closure of the Strait of Hormuz are posing a threat to the sustainability of economic improvements in countries which are net energy importers. As a consequence, the International Monetary Fund (IMF) is forecasting regional inflation to rise from 12.9% in 2025 to 13.5% in 2026, and for real GDP growth to decline from 3.2% in 2025 to 1.1% growth in 2026.

The long-term economic effects of the US/Israel conflict with Iran and the ensuing disruption to the Strait of Hormuz remain uncertain. Much will depend on the certainty of safe and free navigation through the Strait as well as how quickly oil and gas facilities can be brought back online to full capacity. Also, given the differences in location, economic profile and exposure to the conflict, the economic impact across the region is expected to vary considerably, resulting in significant intra-regional divergence in both growth and inflation outcomes.

Despite uncertain times, some growth opportunities have emerged for reinsurers in the region. Demand for war, political violence and terrorism covers have notably increased in domestic markets.

Nonetheless, the underwriting of these risks is not likely to impact materially on local reinsurers' profitability and balance sheets, as they are ultimately heavily ceded to international markets.

Addressing the protection gap remains a key priority in MENA markets, which has led to the development of specialised product offerings, such as cyber insurance, parametric insurance and retakaful products. Despite their growing impact, the awareness and coverage of these risks remain relatively limited, highlighting other areas in domestic insurance markets that could drive reinsurance capacity demand over the longer term.

Reinsurance Capacity in the Region Remains Abundant with Greater Growth Opportunities Through Mandatory Cessions

The MENA region continues to attract international interest, supported by its growth prospects and relatively open market structure, resulting in a steady inflow of new capital.

Since the second half of 2025, market conditions have shown signs of softening, driven primarily by excess capacity and increased competition. This competitive trend has been particularly evident through the expansion of Managing General Agents (including those operating from the Dubai International Financial Centre), alongside the growing presence of reinsurance brokers. The MENA region's relatively open and liberal regulatory framework, characterised by limited restrictions on reinsurance provision, has facilitated this influx of participants.

The shape of the reinsurance market is highly varied with capacity available from global reinsurers, MENA reinsurers, direct domestic carriers (through inward facultative business) and reinsurers based across Africa and Asia.

AM Best notes there are greater growth opportunities for domestic reinsurers through mandatory cessions. Since January 1, 2025, insurers in Saudi Arabia are required to offer at least 30% of cessions to domestic reinsurers (this includes domestic insurers holding a reinsurance license). Mandatory cessions create a leading advantage for domestic reinsurers to capture a larger share of their local reinsurance markets. Moreover, while AM Best notes that the experience in many North African markets shows this business can be more profitable than those underwritten by the national reinsurers outside the region, the impact in Saudi Arabia remains to be quantified.

Deployment of capacity by international reinsurers is closely linked to their perception of regional stability, regional performance and broader global market trends.

While MENA markets remain desirable for them, their underwriting appetite has become more selective in response to heightened geopolitical tensions. Consequently, securing optimal terms, pricing, and coverage structure now requires greater engagement with the market, regardless of where the conflict is felt. Historically, access to such capacity was more straightforward.

In recent years, a growing number of the region's primary insurers have sought to participate in the reinsurance market on an inward facultative basis or through more formalised structures such as takaful windows or subsidiaries. It should be noted inward facultative business is intended to diversify underwriting portfolios and grow revenues, and AM Best notes that it has historically introduced underwriting losses and volatility for some insurers. This underscores the need for disciplined risk selection and technical pricing capabilities.

Reinsurers Maintain Underwriting Discipline Despite Rates Softening and Fewer Severe Catastrophe Losses

Natural catastrophe volatility remains among key risks monitored in the region, despite the relatively benign natural catastrophe activity.

Claims related to the February 2023 earthquakes in Türkiye and Syria, as well as the April 2024 pluvial flood event in the United Arab Emirates (UAE) are still developing in some reinsurers' books. These events resulted in significant industry losses and a reassessment of the region's natural catastrophe risk exposures, which for some risks like flood were previously underappreciated in arid climates. The recent recurrence of natural catastrophe events has led to higher reinsurance pricing, particularly for property, engineering, and energy lines of business that are heavily ceded to the reinsurance market.

Despite a softening in reinsurance pricing during the 2026 renewals, reinsurers have largely maintained tightened terms and conditions, including raised attachment points, reduced profit commissions and event limits, and increased retentions to higher return periods implemented during the hard market cycle. These measures reflect a strategic shift towards protecting underwriting margins against heightened catastrophe risk and inflationary loss cost pressures. Improving pricing adequacy, underwriting discipline and benign catastrophe activity have contributed to improved combined ratios and returns on equity for many reinsurers across the region (see **Exhibit 2**).

The growing frequency of natural catastrophe events has underscored the importance of enhanced pricing models and risk assessment tools for regional reinsurers. Companies are increasingly investing in their internal modelling capabilities and leveraging third-party catastrophe models to ensure appropriate risk selection and pricing adequacy. Nevertheless, their ability to compete with global reinsurers remains constrained by their limited scale, narrower access to proprietary modelling tools, and lower levels of geographic diversification.

An opportunity for MENA reinsurers includes government-backed natural catastrophe schemes which have emerged as an important mechanism to address the growing protection gap and to manage market-wide volatility in North Africa and Türkiye, in particular.

Algeria, Morocco and Türkiye have established mandatory catastrophe insurance schemes, with the latter two schemes triggered and functioning effectively in 2023 following severe events. Given the success of the existing schemes, discussions on the rollout of similar schemes in other countries continue to gain momentum, with Oman launching its mandatory natural catastrophe motor scheme in February 2026. These programmes often require mandatory cessions to local reinsurers, boosting premium volumes and helping to stabilise underwriting results by distributing catastrophe risks across a wider pool.

Overall, while the recent hard reinsurance market cycle has benefitted MENA reinsurers by allowing them to re-price business at more adequate levels, the greater awareness of potential losses in what was once thought to be a relatively catastrophe-benign region continues to pose a challenge.

Effective management of pricing adequacy, reserving, and exposure management will remain key determinants of underwriting profitability and balance sheet resilience in the near to medium term, particularly as climate risks and economic inflation evolve across the region.

MENA Reinsurers – Rating Considerations

AM Best's credit ratings of reinsurers domiciled in the region encompass Long-Term Issuer Credit Ratings (ICR) of "bbb-" through to "a". Over the past year, two companies' ICRs have been upgraded

Exhibit 2
MENA Reinsurance – Key Profitability Metrics, 2023-2025
(%)

AMB#	Company Name	Country	Combined Ratio (CoR)			Return on Equity (ROE)		
			2023	2024	2025	2023	2024	2025
89190	Arab Reinsurance Co SAL[1]	Lebanon	96.0	95.9	94.7	2.7	4.7	6.1
90777	Compagnie Centrale de Réassurance	Algeria	78.1	81.5	79.6	14.9	14.7	16.3
78849	Hannover Re Takaful B.S.C. (c) [1]	Bahrain	92.7	97.5	70.3	19.6	10.8	18.8
85585	Kuwait Reinsurance Co K.S.C.P. [1]	Kuwait	93.5	90.4	88.0	14.4	16.5	19.9
85454	Milli Reasurans Turk Anonim Sirketi	Türkiye	173.1	149.7	132.2	44.1	44.9	46.3
93609	Oman Reinsurance Co SAOG[1]	Oman	93.9	96.4	92.5	8.4	8.9	12.0
90005	Saudi Reinsurance Co[1]	Saudi Arabia	85.7	90.6	90.2	11.5	34.4	7.4
84052	Atlantic Re	Morocco	90.6	62.2	77.1	6.7	25.7	16.3
83349	Société Tunisienne de Réassurance	Tunisia	95.7	97.1	82.5	8.5	9.4	11.5
43012	Arab War Risks Insurance Syndicate	Bahrain	69.5	73.9	49.6	7.8	9.3	10.9
94316	FAIR Oil & Energy Insurance Syndicate[1,2]	Bahrain	87.0	65.1	N/A	9.7	11.0	N/A

AMB#	Company Name	Country	CoR	Investment Yield	ROE
			3yr Avg	3yr Avg	3yr Avg
89190	Arab Reinsurance Co SAL[1]	Lebanon	95.5	2.6	4.5
90777	Compagnie Centrale de Réassurance	Algeria	79.7	5.6	15.3
78849	Hannover Re Takaful B.S.C. (c) [1]	Bahrain	86.8	4.1	16.4
85585	Kuwait Reinsurance Co K.S.C.P. [1]	Kuwait	90.6	4.9	16.9
85454	Milli Reasurans Turk Anonim Sirketi	Türkiye	151.7	38.2	45.1
93609	Oman Reinsurance Co SAOG[1]	Oman	94.3	4.4	9.8
90005	Saudi Reinsurance Co[1]	Saudi Arabia	88.8	3.7	17.8
84052	Atlantic Re	Morocco	76.6	3.6	16.3
83349	Société Tunisienne de Réassurance	Tunisia	91.7	8.4	9.8
43012	Arab War Risks Insurance Syndicate	Bahrain	64.3	5.1	9.3
94316	FAIR Oil & Energy Insurance Syndicate[1,2]	Bahrain	70.0	3.0	11.0

N/A: Year-end 2025 financial statements not yet available

1: Ratios are based on IFRS 17 data

2: Three-year average ratios were calculated based on 2022-2024 data

Sources: Best's Financial Suite - Global, AM Best data and research

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(see **Exhibit 3**), and the outlooks of two others have improved from Stable to Positive. The drivers of these actions vary by company, with most reflecting improvements in balance sheet strength, while others reflect improved operating performance trends.

The wide range in ICRs is evidence of the varied nature of the MENA reinsurance markets, with diverging country risk conditions across the region having an important impact on creditworthiness.

AM Best defines country risk as the risk that country-specific factors could adversely affect an insurer's ability to meet its financial obligations. Countries are placed into one of five tiers, ranging from Country Risk Tier 1 (CRT-1), denoting a stable environment with the least amount of

Exhibit 3
MENA Reinsurers – AM Best-Rated Companies
(Ratings as of August 21, 2026)

AMB #	Company Name	Country	Long-Term Issuer Credit Rating (ICR)	Financial Strength Rating (FSR)	ICR & FSR Action	ICR & FSR Outlook	Rating Effective Date
89190	Arab Reinsurance Co SAL	Lebanon	bb	B	Affirmed	Positive[1]	14-Jan-26
90777	Compagnie Centrale de Réassurance	Algeria	bbb-	B+	Affirmed	Stable	16-Oct-25
85585	Kuwait Reinsurance Co K.S.C.P.	Kuwait	a	A	Affirmed	Stable	22-Jul-26
85454	Milli Reasurans Turk Anonim Sirketi	Turkiye	bb-	B-	Upgraded	Positive	21-Aug-26
84052	Atlantic Re	Morocco	bbb	B++	Affirmed	Positive[1]	13-Feb-26
83349	Société Tunisienne de Réassurance	Tunisia	bb	B	Affirmed	Stable	10-Jul-26
43012	Arab War Risks Insurance Syndicate	Bahrain	bbb+	B++	Affirmed	Stable	11-Nov-25
94316	FAIR Oil & Energy Insurance Syndicate	Bahrain	bbb	B++	Affirmed	Stable	8-Apr-26

1: ICR: Positive FSR: Stable

Sources: Best's Financial Suite - Global, AM Best data and research

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Exhibit 4
MENA Reinsurers – AM Best-Rated Companies – Keyword Assessments
As of August 21, 2026

AMB #	Company Name	Country Risk Tier	BCAR @ VaR 99.6	Balance Sheet Strength Assessment	Operating Performance Assessment	Business Profile Assessment	Enterprise Risk Management Assessment
89190	Arab Reinsurance Co SAL	CRT-5	36.6	Strong	Adequate	Limited	Marginal
90777	Compagnie Centrale de Réassurance	CRT-5	59.5	Very Strong	Strong	Neutral	Marginal
85585	Kuwait Reinsurance Co K.S.C.P.	CRT-3	70.6	Very Strong	Strong	Neutral	Appropriate
85454	Milli Reasurans Turk Anonim Sirketi	CRT-4	16.4	Adequate	Adequate	Neutral	Marginal
84052	Atlantic Re	CRT-4	40.2	Strong	Strong	Neutral	Appropriate
83349	Société Tunisienne de Réassurance	CRT-5	31.1	Very Strong	Adequate	Limited	Marginal
43012	Arab War Risks Insurance Syndicate	CRT-4	86.4	Very Strong	Strong	Limited	Appropriate
94316	FAIR Oil & Energy Insurance Syndicate	CRT-4	62.3	Strong	Strong	Limited	Appropriate

Sources: Best's Financial Suite - Global, AM Best data and research

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risks, to Country Risk Tier 5 (CRT-5) for countries that pose the most risks and, therefore, the greatest challenge to an insurer's financial stability, strength, and performance. The MENA region encompasses countries assessed between CRT-3 and CRT-5.

There is a common misconception that country risk is equivalent to sovereign risk. Sovereign risk measures an individual country's ability to service its debts, and does not address the underlying operating environment within a country. Country risk encompasses economic, political and financial system risks, which creates a more accurate analysis of the backdrop for an insurance company operating in that domicile.

AM Best-rated MENA reinsurers tend to demonstrate the strongest levels of risk-adjusted capitalisation, as measured by Best's Capital Adequacy Ratio (BCAR), which are reflective of significant capital buffers relative to their risk exposures (see **Exhibit 4**).

Overall, AM Best expects companies' rating fundamentals to remain resilient against the backdrop of challenging economic and geopolitical conditions.

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