

Asia's one-stop financial centre



LABUAN

The year is coming to a close, and while the insurance industry is at its busiest with the year-end closings and reinsurance renewals, it is also time for reflection. **Mr David Kinloch** of **Labuan IBFC Inc Sdn Bhd** looks back at 2011 and looks forward enthusiastically to 2012, another year which holds much promise.

Good Grief – December already! Where has this year a gone? I remember Grannie saying that time goes past more quickly as one gets older but this is ridiculous. What happened to summer and autumn? Obviously 2011 has been a hectic time here in Labuan, with my team and I completing more than 88 global events. While we kept up our coverage of the other sectors in our portfolio – shipping, banking, leasing, wealth management and holding companies – our Captive and Insurance Division was particularly busy with events and seminars in over 40 different countries around the globe.

Our third quarter results were good with a “rate on rate” increase in reinsurance premiums in the conventional market and a real rate growth of over 25% in the Retakaful sector. Captive growth was comparatively quiet at 10% but our new Protected Cell product is inspiring much interest.

Reaching out to the world

Over the year, we reached a total audience of over 30,000 in more than 20 countries! My team and I travelled over a million miles and I can tell you – when you get to KLIA and the Immigration Officer greets you by name BEFORE looking at your passport – you’re travelling too much!

Clearly our aim for 2012 is to better 2011’s performance by maintaining our attendance at key events

whilst at the same time expanding our range of bespoke events highlighting Labuan’s unique proposition. In addition, we are continuing to upgrade the quality of our website in order to share the latest developments within the jurisdiction and the insurance market.

Labuan IBFC is now more fully accepted as one of Asia’s leading international business and financial centres and we are fortunate to have the budget and the products to maintain our momentum.

Earthquake in Bali did not hamper interest in Labuan

It has been an insurance filled final quarter for me, with a fruitful Indonesian Rendezvous. We hope many of the contacts made and once again renewed in Bali, will result in more insurance-related business onto our sunny Labuan shores. Fortunately, no one was hurt when the earthquake shook but I’ll tell you what, folks, I was down four flights of stairs in the Westin Hotel like a six-year-old down a water-slide at Disney World!!

My thanks to Richard Austen for maintaining sanity and a semblance of dignity in the evacuation. Fortunately this minor inconvenience did nothing to hamper the interest Labuan received from delegates, especially those from Indonesia, Russia, Hong Kong, the UK and the Philippines.

Salute to Personality of the Year – David Fried

It was an honour to address the Asia Insurance Industry Awards Dinner in Singapore at the end October, which was a night filled with fun, fellowship and merry making. Clearly the first, second, third and fourth choices refused. Judging such an esteemed collection of companies and personalities is never easy and I have to say this year's judging was made even more difficult with the high level of quality entries.

It is a great pleasure to be part of the judging panel. The quality of the submissions being made overall and the sheer volume of them makes judging an arduous task but the enthusiasm and expertise of the other judges is infectious.

A special mention must be made of David Fried, who was chosen as the Insurance Personality of the Year 2011. David, who recently retired as HSBC's Global Head of Insurance, spent close to three decades with the HSBC, devoting this time to growing HSBC as a key insurance player worldwide. This award was a fitting tribute to the time he has spent developing the Asian insurance and risk management industry. We shall miss his presence and thoughtful leadership. It was fitting that the presentation of this award was witnessed by his beloved wife Julie, who was on hand to see him honoured by his peers.

Captive conference a success; look out for 26th EAIC!

Back in Malaysia, Labuan IBFC was the main sponsor of the first Asian Captive Conference which was also a tremendous success, enjoying the attendance of close to 100 delegates from more than 10 countries. Labuan received unparalleled attention from delegates allowing our products to enjoy a "captive" audience! It was also nice to hear the good words said by other speakers about the captive offerings from Labuan. Clearly, we are looking forward to participating in its second edition next year.

On the subject of major conferences, please remember to keep your diaries free for the 26th East Asia Insurance Congress (EAIC) 2012, which will be held in Kuala Lumpur from 29 October to 2 November 2012. Labuan is looking forward to taking a key role. This conference is particularly special as it marks the 50th year of the EAIC itself, founded in 1962 with the aim of furthering and developing international collaboration in insurance.

With the congress coming to our neighbourhood, we have an excellent opportunity to highlight Labuan's unique offering as a regional insurance hub and our evolution into Asia's most complete international business and financial centre.

Labuan – One-stop financial centre

There are very far and few international financial centres

which are able to offer a comprehensive range of products within one legal and fiscal structure like Labuan IBFC does, effectively providing a one-stop solution to the potentially varied needs of the end client.

This is where Labuan IBFC stands out as we are able to offer ourselves as a one-stop financial centre, with one of the region's fastest developing risk and insurance industry.

Thoughts on Indonesia, Thailand and Japan

We are also pleased to note the growth in the Indonesian insurance underwriting sector especially over the last couple of years. Clearly such growth only leads to further stability in the reinsurance market for the forthcoming year and bodes well for Indonesia's risk management industry generally.

Our thoughts and deepest sympathy are with another neighbour; Thailand, as they continue to battle the devastating aftermath of the floods which have claimed so many lives and caused so much destruction. One of the major side effects of the floods has been a very significant increase in reinsurance rates and an equally significant reduction in capacity. Clearly this will put yet further strain on the Thai economy at a time of global uncertainty.

The situation is almost the reverse in Japan where years of good loss records and a large government participation seems to have led to a comparatively stable situation in the purchase of international reinsurance.

Welcoming the new Director General

We sincerely hope that new year will bring more stability, growth and development across the region and globally. We at Labuan IBFC are looking forward to continue the path we have enjoyed in 2011 and if our results for the first half of 2011 are an indication, we should be looking at a strong showing going into 2012.

I would also like to take this opportunity to welcome the new Director General of Labuan Financial Services Authority, Ahmad Hizzad Baharuddin. Mr Ahmad Hizzad is not new to the workings of Labuan IBFC and the international financial markets, having served as a Director at the then Labuan Offshore Financial Services Authority from 1996 to 1999.

My team and I are looking forward to working with him in the coming year and beyond, with the hope of tapping into his reservoir of knowledge in Islamic financial services especially in takaful and retakaful.

Last but not least, as the year comes to a close, may I offer my Seasons Greetings to all and here's hoping everyone enjoys their well deserved break with family and friends, eager to embrace 2012; the Chinese year of the auspicious Water Dragon. 🐉

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