

# SCALING UP WITHOUT FALLING SHORT

*The strategic strain of regional expansion is putting insurers at a reinsurance crossroads*

Across MENA and GCC markets, insurers with strong capital positions are venturing into cross-border reinsurance as a strategic pivot to counter stagnant premium growth and unlock regional diversification. It's a bold ambition, but it is far from straightforward.

Strategy alone doesn't deliver. It's the execution on the ground that ultimately dictates success. Teams must adjust to new roles, systems must evolve, and operations must bridge unfamiliar terrain. Far beyond a financial shift, reinsurance entails a transformation in identity and modus operandi. In this transformation, several fundamentals require serious scrutiny: mindset, internal structures, culture, legal frameworks, and economic realities – more so in the one moment of truth that tests them all: claims.

## **Shifting the mindset from carrier to risk bearer**

Becoming a reinsurer means stepping back from frontline control and trusting cedants to manage client relationships and claims. That requires internal realignment and a culture of responsive support rather than direct authority. It's a philosophical and structural dilemma that looks simpler on paper than in practice. This loss of direct control creates real tension, and aligning leadership and frontline teams around that mindset shift can be an uphill battle, especially when balancing growth goals with operational realities.

## **Reevaluating internal reinsurance structures**

As insurers offer cross-border reinsurance, they must also reassess their own inward-facing arrangements. Many existing treaties were not designed to support outward capacity deployment. That means revisiting and strengthening ceding strategies, renegotiating with panels, and tightening coordination with their own reinsurers to manage risk effectively.

## **Reading the room when crossing borders**

Operating outside one's home market means understanding local expectations, cultural sensitivities, and market nuances – whether in terms of communication style, underwriting norms, or handling procedures that are considered standard in certain markets, yet unknown in others. Here, cultural intelligence becomes a core competency.

## **Navigating legal and regulatory diversity**

Regulatory frameworks vary across territories. Insurers must adapt to new compliance structures, possible licensing requirements, and market conduct rules when moving from one jurisdiction to another. Coordination with legal advisors and local partners becomes critical to avoid missteps that could carry reputational or financial burdens – for instance, when handling claims and reporting liabilities that carry different requirements and time limits across various jurisdictions.



## **Getting comfortable with unfamiliar economic realities**

From simple FX (foreign exchange) system configurations to economic instability, volatility can complicate the financial architecture needed to support multi-market operations; pricing, claims settlement, and capital adequacy are anything but plug-and-play components, and they can all be severely disrupted. Finance teams need flexible systems and hedging mechanisms to manage multi-market exposure.

## **Ensuring claims processes travel well**

Teams accustomed to local claims processes may find themselves unprepared for how things work across borders. Differences in documentation, processes, and pace can challenge service delivery and test institutional agility – especially when delivery expectations are high and trust is still being earned.

## **Formulating strategy with substance that holds up under pressure**

Reinsurance expansion isn't a matter of scale, but rather, business rewiring. It demands foundational upgrades, cultural reorientation, and probably, a reimagined operational model. From restructuring their own reinsurance treaties to empowering staff for cross-market agility, it's a journey that tests every facet of the organization. The insurers who will thrive are those who recognize that strategic moves need operational soul; real transformation happens when people, systems, and partnerships align with purpose.