



## **MIDDLE EAST SITUATION UPDATE – HEALTH COVERAGE AND EMPLOYEE PROTECTION**

Despite ongoing geopolitical tensions in parts of the Middle East, the GCC region continues to demonstrate strong economic resilience and operational stability. Key markets such as the UAE, Saudi Arabia, Qatar, Kuwait and Bahrain remain fully operational, with no material disruption to business continuity observed for international companies.

From MSH MENA's perspective, the current environment is primarily increasing attention to geopolitical risk management, particularly regarding employee mobility, cross-border operations and the reliability of international health and protection coverage.

While certain sectors such as tourism, aviation, logistics and construction may experience indirect sensitivity, most industries across the GCC continue to operate in a stable environment.

MSH MENA continues to closely monitor developments and supports its clients through guidance, contractual analysis and operational coordination to ensure continuity of international health and protection programs.

**Health and Protection programs across the GCC remain fully operational. Medical, life, and disability insurance policies continue to run normally, with no disruptions to claims processing or access to healthcare. The main shift lies not in operations, but in the heightened focus on policy wording, exclusions, and the clarity of coverage under exceptional circumstances.**



## HEALTH INSURANCE

### **Economic and Business Impact**

The current geopolitical environment has led some companies to reassess their regional footprint and workforce exposure. In certain cases, this may result in a reduction of insured populations due to downsizing, office relocations or adjustments in mobility programs.

Rather than cancelling coverage, companies may also adjust benefit structures to better balance cost control with employee protection. In this context, it is recommended to periodically review insurance programs to ensure alignment with actual employee populations and operational exposure, and where relevant consider more flexible or modular coverage structures.

### **Utilization and Claims Trends**

#### **Access to Healthcare**

In periods of geopolitical tension, access to healthcare services may temporarily decline as employees delay routine consultations or elective treatments. While this can lead to a short-term decrease in claims frequency, it may also generate a backlog of unmet medical needs, potentially resulting in more complex and costly treatments later.

#### **Emergency Care Behaviour**

Emergency room visits are currently observed to be slightly lower than usual in certain markets. However, experience shows that once the situation stabilizes, healthcare utilization tends to rebound as delayed medical needs are addressed.

#### **Mental Health**

Demand for mental health support has increased moderately, reflecting the psychological impact of uncertainty and stress in geopolitical environments. While costs remain manageable, mental health utilization is often considered an early indicator of broader workforce wellbeing.

### **Telemedicine and Deferred Care**

In this context, telemedicine solutions play an important role in maintaining continuity of care. Encouraging employees to seek timely medical advice and promoting preventive care can help mitigate long-term health risks and manage claims severity.

### **Regulatory Environment**

Local regulations across the region may impose specific rules regarding coverage in exceptional circumstances. In many jurisdictions, passive exposure to conflict situations may fall under policy exclusions, although life-threatening medical emergencies must typically be treated regardless of the underlying cause.

For this reason, it is important that employers review policy wording carefully and ensure clarity regarding exclusions and emergency coverage provisions.

### **Financial Observations**

Recent observations in certain GCC markets suggest a temporary reduction in outpatient medical claims, which traditionally represent a significant portion of overall healthcare utilization.

While this can produce a short-term improvement in loss ratios, insurers are closely monitoring the situation, as deferred care may translate into increased claim severity in the medium term.

### **Key Recommendations**

In the current environment, several measures can help companies maintain both employee protection and financial stability:

- Regular review of insurance programs to align coverage with workforce exposure
- Close monitoring of claims trends, particularly regarding deferred care
- Strengthening employee communication around healthcare access and preventive care
- Promoting telemedicine and mental health support programs
- Ensuring policy wording remains aligned with local regulatory requirements.



## LIFE INSURANCE

Within the MENA region, the inclusion of Passive War Risk (PWR) in life insurance programs is primarily driven by reinsurance capacity. Given the high sums insured and the potential for accumulation risk, where multiple insured individuals could be affected by the same event, insurers rely heavily on reinsurers to support this coverage.

### Key Market Adjustments

In the current environment, several adjustments are being observed across the life insurance market:

- Lower limits per insured life to control individual exposure
- Reduced aggregate limits to manage portfolio accumulation risk
- More explicit pricing of Passive War Risk, which was previously often embedded within standard death coverage.

As a result, passive war coverage is increasingly structured as a separately priced component rather than an automatic inclusion.

### Market Availability

Reinsurance markets remain willing to provide passive war coverage, although typically at an additional cost. Reinsurers who remain competitive continue to offer this protection, but the pricing and structuring of such coverage have become more disciplined.

This evolution reflects a recalibration of geopolitical risk rather than a withdrawal of capacity from the market.

### Mortality Trends

At this stage, no significant structural changes in mortality assumptions have been observed across the region. Indirect effects related to stress or economic pressure remain limited and do not compare with the large-scale impacts previously observed during events such as the COVID-19 pandemic.

### Key Takeaway

The life insurance market in the region remains stable overall. However, Passive War Risk coverage is evolving, with reinsurers placing greater emphasis on:

- clearer pricing,
- stricter limits,
- and stronger management of accumulation risk.

This represents a technical adjustment to geopolitical exposure rather than a fundamental change in market capacity.

## FAQ

1. **Does health insurance coverage continue to apply during a conflict situation?**

In most international health programs, coverage continues to operate normally. Necessary medical treatment is generally covered, subject to the policy terms and exclusions.

2. **What is the difference between “Active War Risk” and “Passive War Risk”?**

Active War Risk refers to situations where the insured person voluntarily participates in hostilities or military operations. This is typically excluded from insurance coverage.

Passive War Risk refers to unintended exposure to a conflict (for example a civilian injured by an explosion or missile strike). This situation may be covered in some programs, particularly for medical treatment, depending on the policy wording.