ISSUE 05
OCTOBER 2013

ta'ameen Qatar

Your link to Qatar's insurance industry

Cross-Listing:

Implications on Corporate Governance

OCTOBER 2013/

Contents

ISSUE 05 / OCTOBER 2013

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PUBLISHED BY
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Dubai Office:
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509, X-2 Jumeirah Bay,
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PRINTED AT
UPP, Abu Dhabi, UAE

The growth and expansion that Qatar has experienced over the last few years has been very well executed, managed and documented. Right from infrastructure to the financial and banking sector, Qatar's stories of success and prosperity are being shared and narrated across the Gulf and the rest of the globe.

To aid Qatar achieve its ambitious plans, the Government of Qatar envisioned the importance of having a unified regulator to enhance the quality of banking and financial services. The New QCB Law issued by the Government of Qatar in January 2013 helped the financial services and banking sector to be better regulated, as is evident from Qatar's sound economy. Besides having enhanced transparency, this change would also improve communication channels with financial markets and customers and lend a strong financial base. Q


01

01 Sudesh Shankar/
publisher

Qatar: A resplendent financial hub...

There is no historic parallel to what is currently happening in the banking system in Qatar. Qatar's well capitalised banks have been testament to this proposition. Further, this growth has also been compounded with massive increase of international capital compliance, risk management practices and regulatory updates, which have been introduced as a response to host the FIFA 2022 World Cup. With the New QCB Law being implemented, Qatari banks are still adjusting to the new regulatory environment, besides managing host of other teething challenges such as risk identification, its manifestations and mitigation.

There has been huge progress in the regulatory environment of Qatar. Three regulators namely – the QFMA, the QFCRA and the QCB now fall under the purview of a single regulator the QCB. The new regulation has been designed to encompass all financial institutions, insurance and reinsurance companies, insurance intermediaries and banks. With this new regulation in place, there will be increased co-operation, value added services and greater financial stability as more complex risks would be dealt with appropriately.

According to the Governor, H.E. Abdullah Saud Al-Thani, the figures on balance sheets of Qatar's commercial banks have been very impressive and have doubled in less than five years. Needless to say, this would in turn help the private sector, its financiers, recipients and intermediaries domiciled in the State of Qatar and would set the stage for growing investments in preparation for the FIFA 2022 World Cup, National Vision of 2030 and beyond.

Commenting on this regulatory change, Jason Majid, Partner, Clyde & Co, said: "The transfer of insurance supervision from the Ministry of Business and Trade (now Economy and Trade) to the Qatar Central Bank (QCB) is a positive step for bancassurance in Qatar. This should further facilitate development and growth in the products available through local banks." Q


02

02 Sinchita Mukherjee/
editor

(Ta'ameen Qatar newsletter project is supported by Qatar Financial Centre)

NEWS AND DEALS

News from Qatar

01

QIC group president and CEO joins The Geneva Association

Qatar Insurance Company (QIC) group and The Geneva Association announced that group president and CEO Khalifa Abdulla Turki Al-Subaey has become a member of The Geneva Association.

The Geneva Association is the leading international insurance think tank for strategically important insurance and risk management issues. Its membership comprises a statutory maximum of 90 CEOs from the world's top insurance and reinsurance companies. Michael McGavick, CEO of XL group, chairs the Association.

Khalifa Al-Subaey, QIC group president and CEO, said: "I am delighted and honoured to join The Geneva Association as the first representative of the Arab World. Our region offers significant opportunities to insurers and reinsurers- it exhibits strong GDP growth, is home to more than 300 million mostly young and well-educated people and offers a vast pipeline of infrastructure and construction projects. Yet, insurance premiums still account for as little as one percent of regional GDP, compared with seven percent globally. QIC group is committed to making a contribution towards narrowing this gap. I believe that becoming part of The Geneva Association will support this aspiration. Our involvement also reflects the gradual internationalisation of QIC group's insurance and reinsurance portfolio, with the objective of positioning the firm among the world's Top 50 insurers by 2030."

John H. Fitzpatrick, secretary general and MD of The Geneva Association, commented: "It is a great pleasure to be welcoming Mr. Al-Subaey to The Geneva Association. His membership is a reflection of the pace and scope of economic development in the Arab World and the rapidly increasing development of insurance in the region and internationally. We look forward to Mr. Al-Subaey joining our discussions and the insights and perspectives he will bring to members' discussions."

01 Khalifa Abdulla Turki-Al Subaey/
group president, QIC

02

Q-Re's board of directors appoints an independent member

Q-Re announced the appointment of David J. Forcey, who has joined its board of directors as an independent non-executive member. His vast experience and proven technical expertise will accelerate Q-Re's transformation into a global multi-line reinsurer with a focus on specialty business.

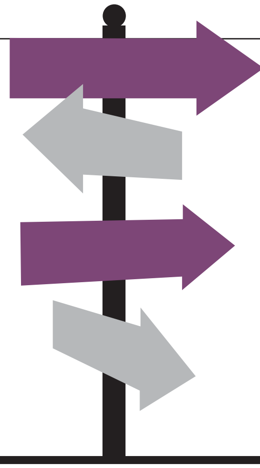
David is a senior market figure in the international insurance and reinsurance broking industry, with more than four decades of professional experience. Prior to his retirement, he held numerous executive positions and directorships at Aon Limited.

Khalifa Al-Subaey, group president and CEO of QIC group and MD of Q-Re, commented: "Q-Re has made great progress since the beginning of this year. The management team led by Gunther Saacke brought outstanding talent on board and established a well-balanced and diversified global portfolio and is set to exceed the business targets for the full year. We are delighted that David is joining the board of Q-Re at this crucial point in time. His extensive executive and board level experience, combined with strong technical skills in insurance, will prove invaluable to Q-Re as we continue to broaden our footprint as an aspiring global multi-line reinsurer."

02 David J. Forcey/
director, Q-Re

QFBA and SEIB sign MoU

Qatar Finance and Business Academy (QFBA) signed a Memorandum of Understanding (MoU) welcoming SEIB Insurance and Reinsurance Company LLC (SEIB) into the academy's highly coveted *Kawader* program as a mentorship partner that will support the QFBA's training schedule with dedicated mentors providing hands-on guidance during scheduled



internships at SEIB that will be part of the candidates' overall training.

QFBA CEO Dr. Abdulaziz Al Horr and SEIB COO Mr. Elias Chedid signed the agreement. Speaking on the occasion, QFBA CEO Dr. Abdulaziz Al Horr said: "We are honoured by the enthusiasm we have received in response to the *Kawader* program and are glad to welcome SEIB as our latest partner. *Kawader* is designed to motivate and empower talented students by providing them with world-class education and training, preparing them for careers in the financial sector. Through partners such as SEIB, they will receive valuable practical training and learn from experienced practitioners, which will prepare them for highly challenging future roles in Qatar's diversified financial services sector."

SEIB COO Mr. Elias Chedid said: "The agreement today with QFBA reiterates our belief in social responsibility, in working with the youth of Qatar and supporting them. As a responsible Qatari company, we offer our unwavering commitment to the Qatar National Vision 2030 in supporting the development of human capital and resources. We are therefore delighted to be teaming up to reach this far-ranging agreement with an organisation as prestigious as QFBA."

03

04

SEIB will accept internship candidates recommended by the QFBA and will provide training in insurance, reinsurance and insurance related activities.

Qatar based Petroserv invests in Australian LNG industry

DLA Piper has represented Brisbane-based Bothar Boring and Tunnelling Pty Limited (Bothar) in a major investment into Australia's Liquefied Natural Gas (LNG) industry. The deal was for a 49 percent shareholding in Bothar by Petroserv group, which is based in Qatar. Bothar will be rebranded as Petroserv International as part of the deal.

Qatar is the world's largest LNG exporter and this deal represents the country's first major investment into Australia's growing LNG sector.

It is expected that the initial equity injection by Petroserv group, which is owned by former Qatar Finance Minister Sheikh Mohamed bin Ahmed bin Jassim Al Thani, will be followed by further significant funding from the company.

03 *QFBA SEIB MoU*

04 *Qatar LNG*

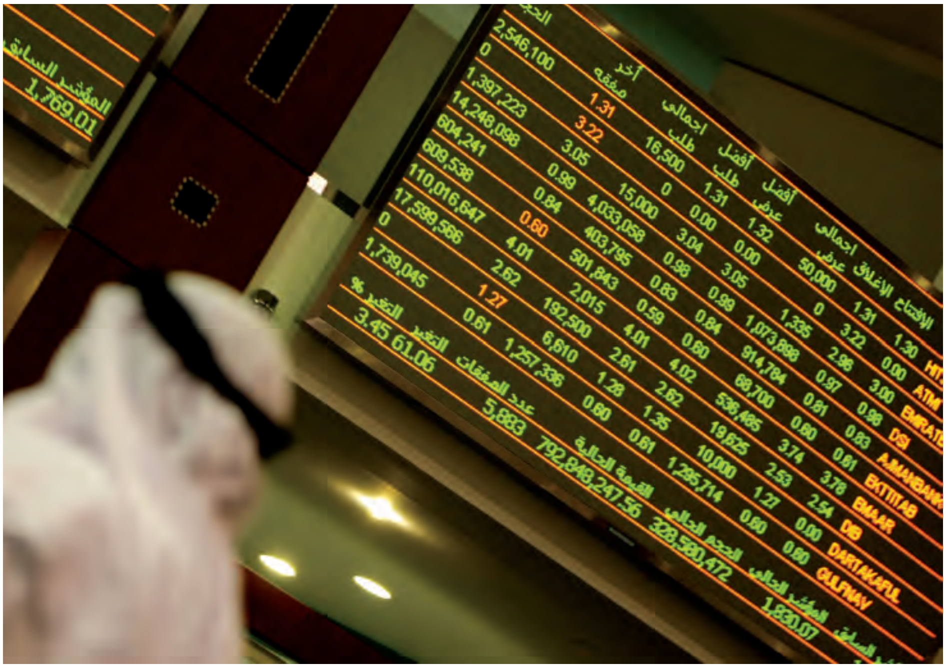
05 *Qatar attracts foreign investments*

05

Qatar and the UAE to attract USD 500 million in investments

MSCI announced that Qatar and the UAE were to be upgraded to "emerging market" status from "frontier market" status with effect from May 2014. According to some commentators, this could result in an influx of up to USD 500 million in investment into the region.

International law firm Simmons & Simmons has hailed this as an exciting time for the two GCC countries. Commenting on the upgrade, Andrew Wingfield, regional head of Simmons & Simmons in the Middle East, said: "This is excellent news for both countries. In the last six months, we have noticed a real uptick in foreign investment into the region and this upgrade will increase the level of interest in both Qatar and the UAE. We have seen considerable change in the region, including in the regulatory regime of stock exchanges. Over the years, they have both produced more advanced and developed regulatory and legal frameworks, which will help encourage foreign investment. This latest upgrade will hopefully attract additional liquidity into the two markets. "



CROSS-LISTING AND IMPLICATIONS ON CORPORATE GOVERNANCE

Ahmed Ibrahim, Head of Equity Capital Markets and Mohamed Youssef, Associate, Corporate Commercial at Al Tamimi & Company shed light on the rationale behind Cross-Listing of shares and its implications on Corporate Governance practices.

01 *Ahmed Ibrahim, Head of Equity Capital Markets, Al Tamimi & Company*

Companies incorporated under emergent local corporate governance regimes may benefit from cross-listing their securities in one or more of the well-developed capital markets in order to enhance their corporate governance practices. In principle, companies with cross-listed shares will have to follow and abide by the corporate governance rules adopted by the well-developed stock markets. Typically, western stock markets (such as London Stock Exchange "LSE" and New York Stock Exchange "NYSE") apply more stringent corporate governance and disclosure requirements compared to the stock markets in the Middle East.

Cross-listing of shares provide a high level of liquidity and expose the companies in question to different pricing and valuation mechanisms.

Why do companies cross-list their shares in foreign stock markets?

By way of introduction, Cross-listing is defined as, "A process by which a firm incorporated in one country elects to list its equity on the public stock exchange of another country"[1].

The principle considerations that drive a company's decision to seek a cross-listing of its shares on one or more foreign stock exchanges are:

Financial Gains: Cross-listing is a principle source of corporate financing. One of the main reasons for a company to cross-list its shares on a foreign stock exchange is to raise capital funds at a lower cost compared to debt financing. This arises because their stocks become available to foreign investors. Their access to these stocks may otherwise be restricted due to international investment barriers, which hinder them from accessing particular markets.

Increased Liquidity: Cross-listing enables companies to trade their shares in numerous time zones and multiple currencies. This increases the liquidity of the issuing company and gives it more ability to raise capital. It has been proven that there is a correlation between share valuation and market liquidity.[2]

Shares Marketability: Cross-listing assists companies to expand their shareholders base, "as it brings foreign securities closer to potential investors". This makes the company's securities visible or recognised in the foreign market, enabling the company to access additional cash, if required, by selling debt in the foreign market.[3]

Marketing and Growth Motivations: Cross-listing in a foreign country will assist the issuing company in its marketing and cross border expansion plan, as the company's brand and its products will be identifiable to investors and consumers of foreign countries, creating new distributing channels and export opportunities.

What are the most common definitions and parameters of Corporate Governance?

Everyone dealing with a company, whether as a shareholder, stakeholder (suppliers, distributors, agents etc.) or as a director wishes it to be well managed, or at least managed for their own benefit. Of these, the only group actually in a position to ensure that the company is managed for their own benefit are the directors. In the meantime, the only group who can control the directors and monitor their performances are the shareholders. By corollary, the relationship between the shareholders and the directors is of great importance. Such relationship is the subject matter of Corporate Governance rules.

The term Corporate Governance has been defined in a number of ways. However, all these definitions describe the issues related to how companies are managed or controlled. These definitions include, inter alia, the following:

Definition of Corporate Governance:

- "Corporate Governance is the process by which companies are directed and controlled".[4]
- "Corporate Governance is the relationship between various participants in determining the direction and performance of corporations. The primary participants are the shareholders, the management and the board of directors".[5]
- "The ways in which the suppliers of finance to corporations assure themselves of getting a return on their investment".[6]

The definitions provided for Corporate Governance vary depending on the perspective from which the same is defined. Some consider Corporate Governance to be concerned mainly with the activities of shareholders and the management. While other perspectives focus on how Corporate Governance is practiced and the role of other players such as external auditors, regulators and financiers.

The widest perspective when defining Corporate Governance takes into account all elements that influence the exercise of power over companies. Accordingly, the scope of Corporate Governance includes the structure of the governing body of the firm, the relationship between the shareholders and the financiers, the effect of listing the company's shares and the company's relationship with the contractual and non-contractual stakeholders.

What are the implications of cross-listing on companies' Corporate Governance practices?

By cross-listing its stock on the exchange of another nation, a company can effectively choose the level of protection and regulation it provides to its investors. In that regard, the cross-listed company will commit itself to the mandatory Corporate Governance requirements applicable at the well-developed foreign stock exchange markets. For example, if a company decides to cross-list its equity on one of the US exchanges, the company in question will enhance its Corporate Governance practices due to the following factors:

a) The company will be subject to the Corporate Governance laws and regulations applicable in the US, which imposes more stringent disclosure requirements.

b) It will be subject to the analysis of financial institutions like underwriters, auditors, valuers and/or debt rating agencies. This will of course be coincided with high level of disclosure requirements.

c) It will be subject to increased securities analysis, which means that future income forecasts will be calculated more accurately.

> **"The scope of Corporate Governance includes the structure of the governing body of the firm, the relationship between the shareholders and the financiers, the effect of listing the company's shares and the company's relationship with the contractual and non-contractual stakeholders."**

In conclusion, companies should consider and take into account all the implications, which are associated with their decision to cross-list their shares on one of the well-developed stock markets. This would include stringent disclosure requirements, abiding by takeover rules, applying well-advanced Corporate Governance rules and the costs that will be associated with the application of these rules, separation between ownership and management etc.

Companies should think ahead before taking a decision to cross-list their shares on a well-developed stock market and prepare themselves to comply with the auditing, reporting and risk management systems which other companies apply in order to be qualified to meet the standards of developed markets. Q

1. *P Stephen, A Kenneth, and N Gregory, 'the effect of cross listing on corporate governance: A review of the international evidence' (2009) 17 corporate governance: an international review.*
2. *A Licht, 'cross listing and corporate governance: Bonding or avoiding' (2003) 4 Chicago Journal of International Law 122.*
3. *A Licht, 'cross listing and corporate governance: Bonding or avoiding' (2003) 4 Chicago Journal of International Law 122.*
4. *The Report of the Committee on the Financial Aspects of Corporate Governance and the Code of Best Practice-Cadbury Report. 1992*
5. *R Monks, and N Mindow, Corporate Governance (4th edn, Wiley1994).*
6. *A Shleifer and R Vishny, 'A survey of corporate governance' (1997) 52 Journal of finance 737-.*

NEW BANKING LAW PAVES WAY FOR A SINGLE FINANCIAL REGULATOR

Michael Kortbawi, Partner and Mamoon Ashraf, Associate at Bin Shabib & Associates LLP discuss Qatar's new Central Bank Law and elaborate on some of the changes that have paved way for the Qatar Central Bank to act as a single financial regulator for Qatar's insurance sector.

A growing insurance marketplace:

The insurance sector in Qatar is a buoyant market and in recent years, has shown signs of positive growth witnessing an impressive annual growth rate of over 11 percent since 2006. The market is expected to grow by more than five percent this year, primarily as a result of government-led infrastructure work.

Regulatory Reform:

Given the remarkable growth shown by the insurance market, the Qatari government is keen to make changes in regulation and is stepping up the pace for implementing a robust regulatory framework for effective regulation of the insurance industry. This change of regulatory environment is expected to eventually result in boosting efficiency and standard throughout the insurance sector.

New Central Bank Law:

Early this year, the Government of Qatar introduced the new Central Bank Law, Law No.13 of 2012 ("Central Bank Law"), which has updated the outgoing legislation, Law No. 33 of 2006.

01 *Michael Kortbawi, Partner, Bin Shabib & Associates LLP*

02 *Mamoon Ashraf, Associate at Bin Shabib & Associates LLP*

What does the Central Bank Law seek to do?

Under the new law, Qatar Central Bank's supervisory reach has effectively been extended to cover the insurance sector and the Qatar financial sector. The Central Bank Law also addresses other commercial activities, which now fall within the QCB's ambit such as Islamic banking, mergers and acquisitions of financial institutions, credit rating agencies, insurers and recovery of banks, which are on the verge of insolvency.

Qatar Central Bank (QCB):

The Qatar Central Bank (QCB) is the main regulator of financial institutions operating within Qatar. Under the Central Bank Law, the QCB is tasked with the regulation and supervision of financial services and businesses that take place within the Qatar Financial Centre (QFC) and the Qatar financial markets. Their respective regulators, which are the Qatar Financial Centre Regulatory Authority and the Qatar Financial Markets Authority, (which will remain independent regulators) will now come under the exclusive authority of the QCB.

Licensing of Insurance firms:

The Central Bank Law provides that the QCB will be responsible for licensing and having regulatory oversight over all insurance companies, reinsurance companies and insurance intermediaries that were previously licensed by The Ministry for Business and Trade.

Insuring risks outside Qatar:

The Central Bank Law prohibits funds and properties located in Qatar from being insured abroad. What this effectively means is that risks in Qatar must be insured by a local insurer or by a representative office of a foreign insurer.

Individual money collection insurance:

Under the Central Bank Law, insurers licensed to provide individual and money collection insurance are required to employ suitably qualified staff and accountant(s) for such operations. An annual special budget must also be prepared and published together with a balance sheet. Further, insurers cannot discriminate between insurance policies of a single type of insurance, whether in regard of insurance prices, cumulative monetary values achieved by the policy every year, the profits distributed among policyholders, or other conditions or requirements. There are certain exemptions, which apply.

Transfer of policies/suspension of operations:

The Central Bank law provides that insurers wishing to transfer their policies with respect to their operations within the State, to one or more companies, or deciding to suspend their operations, in total or in part, in one type of insurance or more, are required to obtain QCB's prior consent.

> "Insurance and reinsurance companies must obtain QCB's approval when publishing insurance policy forms and when making any changes to them. QCB will consider the contents of these policies and may reject any data that contradicts public interest."

Bankruptcy/liquidation of insurance and reinsurance firms:

There are provisions in the Central Bank Law, which provide for the priority of debts in the event of an insurer's insolvency. The policyholders are to have 'privilege' over the company's funds and assets. This privilege will rank second after public treasury debts, judicial fees and the amount of the final judgement. Rights of policyholders of life, personal accidents, death indemnity, physical damages and money collection insurance shall be given priority over the rights of other policyholders.

Technical expertise for estimating claims:

Under the Central Bank Law, insurers may not seek the assistance of experts not employed by them for inspection and damage estimation purposes, unless the experts are mentioned in a special register. This requirement may be waived in the event that suitably qualified experts are needed to assess a claim.

Approval for insurance policy forms:

Insurance and reinsurance companies must obtain QCB's approval when publishing insurance policy forms and when making any changes to them. QCB will consider the contents of these policies and may reject any data that contradicts public interest.

Conclusion:

Qatar's insurance market is well positioned for positive growth and the market has witnessed an annual average growth rate of 11.3 percent. Strong economic progress, heavy investment in infrastructure development and an increasing population of the State have prompted this unprecedented performance.

In addition to bolstering Qatar's insurance regulatory framework with the enactment of the Central Bank Law, the government of Qatar has taken positive steps to promote the development of the country's insurance sector in a bid to secure Qatar's status as the 'key hub' in the region.

Such steps include the Qatar International Court and Dispute Resolution Centre embarking on a pioneering insurance dispute resolution project with a view to developing a specialist dispute resolution scheme for high-value insurance and reinsurance claims – the first of its kind in the Middle East. There is no doubt that Qatar's insurance sector is experiencing a boom period, propelled by factors such as strong economic growth, a substantial focus on infrastructure development and compulsory insurance. Other potential growth drivers stemming from the energy, marine and construction sectors also provide the insurance sector with a significant opportunity to expand in the coming years. Q

DEEPER INSIGHT INTO RISKS

Casting a spotlight on insurance, ***ta'ameen Qatar*** shares Mr. Salim Mansour, Country Manager at AXA Gulf Qatar's views about the Qatari insurance market and its growing sophistication.

01 *Mr. Salim Mansour, Country Manager at AXA Gulf Qatar*

Which are the few areas where insurers would need to concentrate on to penetrate this highly untapped market?

Although the insurance sector in the GCC is cluttered, there is huge potential for growth in the region and especially in the State of Qatar. Insurers should focus on following three elements to penetrate this highly untapped market:

1. Promote education and risk awareness:
In a competitive environment, much emphasis is given on educating businesses of risk management and identifying risks, which can be a complex process. Hence, insurers should promote and educate their customers on risk awareness, rationalise the requirements and strategies to effectively mitigate risks and prevent them. Insurance as an industry has to face larger and technologically more complex risks and all customers need to understand and appreciate the impact of changes in technology and coverage.

2. Be aligned with customers' needs:
Being a very 'service-intensive' and 'service-oriented' industry, insurers need to reinforce their products and services to ensure that they are always aligned with their customers' needs and expectations. They should be committed to their customers' in delivering innovative diversified products with high quality coverage, real value for cover, technical expertise and online e-claims facilities to ensure customers' satisfaction and trust.

3. Focus on trust and brand:
Brand plays an important role during the decision making process of purchasing insurance products. Insurers should continue to invest and build their brand to gain trust of their customers.

What are the latest trends in the Qatari insurance market?

The GCC's insurance sector is expected to witness a surge this year, notably in the construction industry as the region sets to invest more than USD 900 billion in infrastructure projects over the next decade. In the next eight years, the GCC states will be spending around USD 100 billion on road and rail projects alone. The regional insurance industry is evolving and there is tremendous potential for the regional insurance market to grow and thrive.

In 2013, Qatar's construction insurance sector is set to witness a flurry of activities. Qatar's rail sector alone would see an investment ranging from USD 25 billion to USD 40 billion. The lowest estimate is expected to be around USD 25 billion.

There will be increased demand for insurance from the infrastructure sector. Different Qatari authorities are looking to optimise the local market capacity. The local market looks very positive and we expect a lot of activities to open up this year.

Undoubtedly, the infrastructure projects and the economic growth will be the key drivers of the acceleration of the insurance market but not the only ones. The growth of the population and the low insurance penetration of the market (when compared with the European and US averages) will also drive the expansion of the insurance market. Currently, the insurance market is essentially supported by three main lines of business – Motor, Health and to a lesser extent Property.

02 *There will be increased demand for insurance from the infrastructure sector*

"Being a very 'service-intensive' and 'service-oriented' industry, insurers need to reinforce their products and services to ensure that they are always aligned with their customers' needs and expectations."

A trend that we currently observe in the market is the growing awareness of insurance benefits. At the same time, customers' are now looking for 'value for money' deals as well as technical expertise. Hence, we have to ensure to fulfill our customers' expectations, which are becoming more with every passing day. Undoubtedly, insurance in Qatar clearly shows strong potential for growth and notably for companies such as AXA, we are glad to be in a 'growing market.'

Please tell us about AXA Gulf Qatar's inception.

We started our operations in Qatar in 2007. Over the years, we have differentiated ourselves through several elements like our international brand, our product portfolio and our quality of service. We stood apart with our quality of service, for which, we invested money and resources to remain close to our customers' and respond to their expectations. Today, we have loyal customers recognising us for our product offerings.

Considering Qatar's dynamism, how does AXA plan to support the SME sector?

As a global company, we aim to stand out in the crowd by becoming the preferred company for our customers, intermediaries and employees alike. One of our key focus areas is the SME segment. The SME segment is already very dominant in our portfolio. Through a diversified product offering to suit various requirements of the SME sector, we are committed to make the lives of our clients convenient and stress-free at all times and more importantly, at the time of any emergency. We also advise our clients and provide risk management services to match their needs. With the 2022 FIFA World Cup on the anvil, we expect this segment to further gain prominence. Going forward, I suppose we are well positioned to capture this growth.

Please provide an overview of the claims ratio at AXA Gulf Qatar. In that respect, how is the market different from the rest of the GCC?

Each market is unique and offers a wide array of opportunities and challenges. The insurance industry in Qatar in general is relatively small compared to other mature markets. It is a fragmented market, with a large number of insurance players, both local and foreign vying for market share. However, there will always be scope for foreign players, for their product innovation, world-class cover and 'know-how'.

On the flipside, increased number of players, soft market conditions, lack of expertise in underwriting skills, portfolio management skills and high dependence on reinsurers has taken a toll on the profitability of insurance companies.

The need of the hour is for insurance companies to innovate and accelerate the development of the sector as well as educate the population towards the need and benefits of insurance.

Our claims ratio in Motor and Health is good and even above AXA Gulf averages. It relies on our segmentation and tariff strategy as well as on good management of expenses, which allows us to be competitive.

Is there a particular demographic segment that you are currently aiming to reach out to?

Our growth strategy revolves around the products that we offer, which are tailored across all sections – corporate, SMEs, individuals and families. We aim to expand strategically by offering new products in order to enable customers to access our insurance solutions across sectors. We have significantly grown in the large corporate sector. Thanks to our diversified offerings and segmented tariff, SME and individuals are picking up as well and we estimate significant growth from the SME segment too.

03 *The need of the hour is for insurance companies to innovate and accelerate the development of the sector as well as educate the population towards the need and benefits of insurance.*

03

In terms of product development, what is AXA doing to encourage insurance purchasing for lines besides motor and medical?

Currently, we are basing our strategy on organic growth leveraging the potential of each market. Qatar is a potential growth market for us. We innovate and build new solutions across SME, health and large complex risks to match our customers' expectations in the country.

Our mission is to protect people when they need us and also educate the population about different risks that they could come across. We communicate a lot with our prospects about buying insurance products and elaborate on the benefits of being protected and ensure we are in line with what the population requires. We have focussed on different lines of business such as accident, liability and property (individual and commercial) insurance and will continue to do so in the near future.

Being an insurer of repute, what do you feel are the growth drivers for insurance in the State of Qatar?

Despite growing fast in all areas and notably in Motor and Health, we will continue to grab market share to become the preferred insurer for our customers in Qatar. Our strategy is to get closer to our customers and to be available whenever they need us – from insuring their health to motor to large complex risks to SMEs. We are constantly putting our efforts on upholding this cause.

In my opinion, property insurance could be an area for further growth.

Qatar boasts of having the third largest natural gas reserve in the world. Please comment on the scope of energy related risks like an oil spill or gas leakage for both onshore and offshore platforms.

As of now, AXA Gulf Qatar does not provide insurance solutions for oil and gas related risks for strategic reasons. Q

Bracing up for something BIG

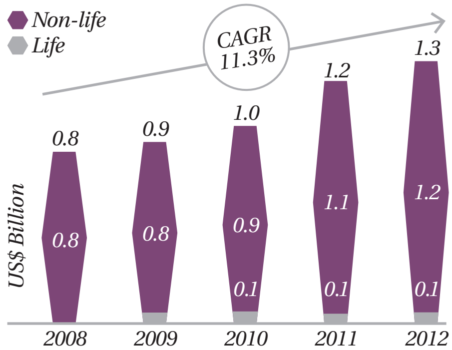
ta'ameen Qatar summarises Alpen Capital's report on Qatar and presents key pointers for its stupendous growth in the insurance space.

The Past & the Present:

Until 2006, Qatar trailed behind Kuwait in terms of total Gross Written Premium (GWP) in the insurance industry. By 2012, Qatar's insurance industry was worth USD 1.3 billion and had outperformed its closest GCC counterpart Kuwait and had expanded at an annual average growth rate of 11.3 percent between 2008 and 2012. This industry growth can be attributed to a combined impact of economic progress, substantial focus on infrastructure development, increasing population and compulsory insurance regulations.

EXHIBIT 1

Growth and composition of insurance industry in Qatar



Source: Swiss Re

Penetration:

Insurance penetration in Qatar was 0.7 percent in 2012, only slightly above that in Kuwait. Since 2009, it had declined significantly as the overall GDP growth outpaced the rate of expansion of the insurance industry. However, insurance density at USD 706.9 was significantly higher than that of Kuwait.

Insurance density: Life & Non-Life:

The life insurance market has evolved to a perceptible size only since 2009, before which, the non-life segment contributed towards almost the entire insurance premium in the country.

EXHIBIT 2

Insurance penetration in Qatar

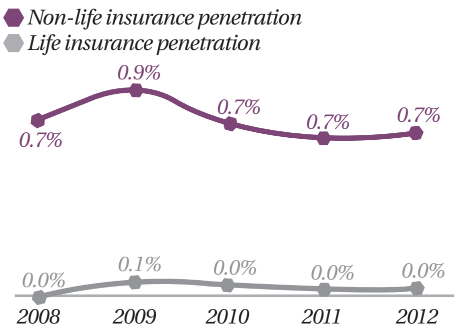
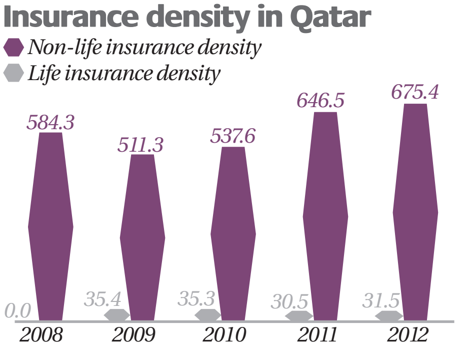


EXHIBIT 3

Insurance density in Qatar



Source: Swiss Re, International Monetary Fund, Alpen Capital

Even as the life insurance market accounted for less than five percent of the total industry in 2012, Qatar stood favourably in terms of overall insurance density as compared to the GCC average due to a sizeable non-life insurance sector. In fact, the country presents a contrasting picture of insurance density between the life and non-life segments at the regional level.

While it had the second-lowest density in the life insurance segment in 2012, it ranked second from the top in non-life insurance density.

Growth drivers:

Demography:

Population in Qatar is expected to expand at 4.0 percent annually between 2012 and 2017, making it the fastest growing resident community in the GCC. A largely expatriate workforce and increasing age profile of residents also bodes well for the insurance sector.

01

Affluence:

Qatar is one of the wealthiest countries in the world in terms of GDP per capita. High personal wealth and healthy economic growth suggest strong prospects of people and businesses to invest in insurance products.

Construction activities:

Pursuant to its long-term vision and in preparation for the 2022 FIFA World Cup, infrastructure spending in Qatar is projected to reach USD 150 billion. The swift face of construction being undertaken in the country is providing a major boost to the non-life insurance segment.

Health insurance:

Imminent introduction of the compulsory medical insurance law covering nationals, expatriates and visitors is expected to fuel substantial growth of the segment.

Business environment:

The QFC has become a base for international insurance companies due to its favourable business environment. Liberal government policies, ease of doing business and opportunities for underwriting large commercial risks have attracted many primary insurers and reinsurers to the country.

Regulatory Amendments:

Until recently, the Qatari insurance sector was regulated by the insurance law of 1966, which imposed a number of restrictions such as permitting only a national insurer to insure properties within Qatar, restricting foreigners from operating as insurance agents or owning such entities and requiring all Qatari insurance companies to be established as joint stock companies completely owned by nationals.

In December 2012, the Emir of Qatar passed the Law of the Qatar Central Bank and the Regulation of Financial Institutions. Although the new law fell short of creating a single regulator for monitoring all banks, insurance and financial services companies located within the geographical boundaries of Qatar, it paved the way for such a possibility in the future. The law also transferred the responsibility of licensing and supervision of all insurance companies, reinsurance companies and insurance intermediaries from the Ministry of Business and Trade onto Qatar Central Bank.

01 *Qatar Central Bank*

EXHIBIT 4

Macro-Economic Indicators

Indicators	Unit	2012E	2013F	2017F
Total GDP, constant prices	QAR bn	342.2	360.0	458.6
Real GDP growth	%	6.6	5.2	7.1
GDP per capita, current prices	US$	99,731	98,737	107,099
Population	mn	1.8	1.9	2.2
Insurance penetration	%	0.7	0.8	0.9
Insurance density	US$	707	750	1,015

Source: International Monetary Fund (WEO Database, April 2013), Alpen Capital Note: E-Estimated, F-Forecast

Takaful:

QFC has introduced regulations specifically for the Takaful market. In contrast, Qatar (excluding QFC) does not have an explicit rulebook for governing the Takaful operators market yet.

QFC: The financial service hub:

The government had established the Qatar Financial Centre (QFC) in 2005 to boost growth of the financial services industry and foreign investments in the country. By offering an investment friendly environment, the zone provides a conduit to foreign insurance companies for establishing a footprint in the country. Many of these players are active in the reinsurance business. However, unlike the DIFC-based companies, entities based within QFC are permitted to seek direct insurance business throughout Qatar. Insurance companies operating out of QFC continue to be independently regulated by the Qatar Financial Centre Authority, outside the purview of Qatar Central Bank.

By permitting 100 percent foreign ownership and imposing no currency restrictions, the QFC has become an ideal destination for companies looking to establish their presence in the expanding GCC insurance industry. The QFC has significantly contributed to the growth of the regional insurance industry and is home to a number of insurance, reinsurance and insurance intermediaries.

02

02 *Qatar Financial Centre*

For example, global giants such as AXA, Marsh and Zurich operate alongside major domestic companies including Q-Re, SEIB Insurance and Reinsurance, Qatar General Insurance and Reinsurance and Qatar Islamic Insurance.

QFC has paved the way for bringing international expertise and best practices into the regional market and has contributed immensely to the structural progress of the industry.

Main lines of business:

Energy, marine and construction are the major lines of insurance in Qatar given its robust hydrocarbons sector and are likely to remain prominent in the foreseeable future.

Compulsory lines of business:

Needless to say, third- party motor insurance is compulsory and the segment accounts for a large portion of the personal non-life insurance market. It is the most competitive business line, generating low margins for the service providers.

Currently, health insurance does not constitute a large slice of the industry as it does in some of the other GCC markets. Government benefits through provision of free and subsidised healthcare for nationals and expatriates have curtailed growth of this segment.

Nevertheless, with the Supreme Council of Health expected to implement a compulsory medical insurance program for all nationals, expatriates and visitors in Qatar starting 2014, the health insurance segment is likely to see a higher industry representation in the future.

Life:

The life insurance segment remains highly underdeveloped and the principal market for conventional life products is still the large composition of expatriate residents in Qatar.

Other personal lines of insurance like property have also experienced a slow progress due to high social spending and influence of cultural beliefs.

Key players:

Qatar's insurance industry consists of relatively fewer players than the other GCC countries, thus making the market more concentrated particularly at the top. Currently, there are 27 licensed insurance and reinsurance companies in the country.

Government sponsored projects are mainly covered by domestic companies. Subsequently, the market is largely controlled by these companies, with Qatar

Insurance Company (QIC) holding a dominant position and representing over 50 percent of GWP in the country.

EXHIBIT 4

Key Players

Company	Type
Qatar General Insurance and Reinsurance Company	Non-life
Qatar Insurance Company	Non-life
Qatar Islamic Insurance Company	Life & non-life

Retention levels:

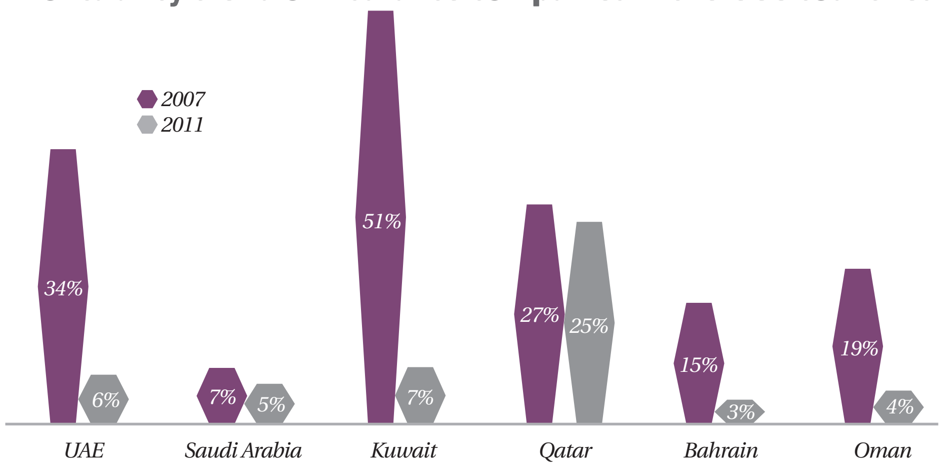
Given the majority contribution of commercial lines in the overall insurance premium and lack of necessary expertise, the primary insurance players in Qatar rely heavily on reinsurance companies to cover risks.

Recent Industry developments:

- In May 2013, the insurance industry in Qatar was forecast to expand by over five percent year-on-year in 2013 and outperform most of the other GCC markets. Robust infrastructure spending in the country was seen as one of the major growth drivers.
- Qatari insurance companies experienced a 25.5 percent year-on-year increase in net profit in the first quarter of 2013. The profit growth of most of the companies was substantially better than that in the same period of last year.
- In March 2013, the chief executive of Lusail Real Estate Development Company stated that the number of insurable assets is likely to increase at a high rate in Qatar with several mega projects being planned in preparation of the 2022 FIFA World Cup, which sets the stage for increasing awareness towards insurance and risk management practices.

EXHIBIT 5

Profitability trend of insurance companies in the GCC countries



Source: A.T Kearney, 2012
Note: Profitability is measured in terms of net profit and calculated as a per centage of GWP

Most of the insurance companies either cede their entire premium or retain less than 10 percent of the risk. The country has one of the highest cession rates in the region and large international companies have emerged as key players in the reinsurance market. Motor and medical insurance are the two businesses retained to the highest extent in Qatar. Qatar has a relatively low retention rate given the high share of premium coming from high-risk engineering, energy and other commercial projects.

Nevertheless, over the years, retention rates of primary insurers have increased due to change in product mix in favour of health insurance products and improvement in the level of expertise.

Distribution Channels:

Distribution of insurance products in Qatar is primarily through the direct channel and intermediaries account for approximately 25 percent of total premium written, especially in the personal business lines. The use of bancassurance as a distribution medium has so far been low, but is gradually gaining momentum. Not only are insurance companies collaborating with banks for selling insurance products, but banks are also starting to use insurance companies as a sales medium. About 75 percent of market participants surveyed by the Qatar Financial Centre Authority in 2012 mentioned 'bancassurance' to be one of the fastest growing distribution channels in the GCC over the next couple of years.

In April 2013, Qatar National Bank was reported to be launching a new bancassurance product, which integrates a savings plan and insurance cover, to be distributed through MetLife Alico.

Valuation of Qatari insurance market:

QFC offers a regulatory, operating and tax framework, which makes it appealing as a market to foreign investors. The multiple of Qatar-based insurance companies was higher than the regional average reflecting high potential growth of these companies, as perceived by investors.

Challenges:

1. Intensive Competition:

Most of the market participants who were part of the survey by the Qatar Financial Centre Authority in 2012 did not foresee a market consolidation over the coming 12-24 months.

2. Inadequate Regulation:

In the State of Qatar, two different sets of regulations co-exist, one within the financial centre and the other applicable to domestic market outside the financial centre. Q

TAKING OVER THE REINS

Tarun Khanna, CEO, Nexus Group speaks to ***ta'ameen Qatar*** about Nexus Financial Services in Qatar, his observations about the Qatari market and what he intends to implement to minimise risks.

Please give us a brief about the core products, which are handled by Nexus Financial Services in Qatar.

Our core services in Qatar include regular savings, lump sum investments and life/critical illness insurance. We also provide all personal lines General Insurance (such as motor, homeowners contents, travel and medical), as well as employee benefits and products related to corporate lines.

Do you feel the market is yet to realise its full potential? If so, what is Nexus doing to educate the market in the insurance space?

The new healthcare reforms that are being phased in will provide a platform on which we can build strong awareness of our services. Educating the market on insurance products related to directors and officers, cyber crime and professional indemnity is an evolving and an ongoing process that will take time. It is the collective responsibility of both Nexus and other brokers to deliver awareness-raising campaigns through media and educational seminars. We have been extremely active in this space. For example, we recently hosted a session in Doha for the Institute of Auditors on risk management and employee benefits.

Besides oil and energy, what are the other sectors, which can be tapped for more commercial risks?

The hospitality sector requires a certain understanding of risks, exposures and appropriate coverage. The entertainment sector, including sporting events is also interesting. To exemplify, golf, tennis and football require bespoke coverage such as liability, cancellation and abandonment and loss of revenue.

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How have the financial results been during H1 of 2013? What are the strategies that you wish to implement for the rest of 2013?

Our growth figures have been very encouraging. Moving forward, our aim is to further expand our reach and influence across the State of Qatar. We are deeply committed to protecting businesses and individuals and helping them to become more financially astute and sustainable. Based on an in-depth consultation process, we advise our clients with complete independence on the products they choose to pick. Our ability to continually deliver is based on a long history of attracting and retaining some of the most talented consultants in the industry.

Considering the current upsurge in infrastructure, how is the demand for Professional Indemnity (PI) in the State of Qatar?

The civil code imposes a 10-year liability for faults or defects in design on contractors and consultants. Therefore, it would be logical to assume that the PI sector should be growing. Unfortunately, the cost of such cover for Extended Reporting Periods (ERP) can be onerous. Furthermore, many international entities have global programs in place, which dilutes demand for local coverage. Q

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01 *Tarun Khanna, CEO, Nexus Group*

AT THE HELM OF AFFAIRS

Gunther Saacke, CEO of Q-Re, is one of the heavy-hitters of the reinsurance industry. ***ta'ameen Qatar*** spoke to the homegrown reinsurer, to understand how it has positioned itself differently to underwrite global complex risks, which are outside the State of Qatar.

01

Q-Re had been a regional reinsurer primarily targeting the Middle East and Africa. Since the beginning of 2013, Q-Re has transformed into a global reinsurer, aspiring to reach the top ten league by 2025. How do you attempt to accomplish this objective?

We have clearly outlined our strategic approach, which is founded on a distinct positioning of becoming a global multi-line reinsurer with a focus on specialty lines. To put this approach into action, Q-Re has built up a highly experienced management and underwriting team, which pursues an integrated portfolio management approach as a key differentiator. We measure the impact of each risk that is underwritten on the overall portfolio. We focus on specialist lines of business, based on superior underwriting skills, while generating lead quotations based on our proprietary pricing capabilities. Founded in Qatar and drawing on our capital strength therefrom, we offer highly rated security to our clients, which provides an instant diversification to their reinsurance panel and is distinct from traditional sources of reinsurance capacity. Going forward, we want to establish Q-Re in key reinsurance centres, such as London, Zurich and Bermuda to maximise the showing of business.

01 *Gunther Saacke, CEO of Q-Re*

Based on your global approach, you would be in direct competition with the established reinsurers, who are based across the globe? In that respect, what sets Q-Re apart?

Right from the start, Q-Re has positioned itself as a global multi-line reinsurer with a focus on specialist lines, aiming for price leadership. First, our capital base is distinct due to its rooting in the Middle East and thus is not exposed to the same fluctuation as the capital base of the traditional reinsurers. Second, our specialist approach, coupled with our underwriting expertise and in-house pricing capacity puts Q-Re in a position to hand in our quotes and price the business according to our portfolio requirements. Third, we are a nimble, lean organisation, which has been set-up in key reinsurance centres, allowing for client proximity, first hand market expertise and short response times.

Please tell us about your achievements since the beginning of 2013.

Over the past eight months, we have put a number of key measures in place. First, we have built up a well-balanced portfolio, which is diversified on a worldwide basis across all lines. Second, we have recruited a team of underwriting professionals with an acknowledged track record in the market. Over the year, we have significantly increased our headcount in Doha, Zurich and London. Third, we have put reliable underwriting and risk management systems in place. All in all, we have outperformed our financial objectives against our business targets for the first half of 2013.

"We want to build our recognition for outstanding service, industry-thought leadership and customer focus. Further, we will support our clients with lead capacity based on technical and product expertise."

02 *West Bay, Doha*

02

Being the CEO of a reputed reinsurer, what are your objectives for the coming year-end renewals?

Barring a few minor exceptions, Q-Re aims to grow its portfolio across all lines and geographies. In addition, we want to build our recognition for outstanding service, industry-thought leadership and customer focus. Further, we will support our clients with lead capacity based on our technical and product expertise. More specifically, we expect to grow our motor lines, further diversify our agriculture book and significantly extend our foothold in the Marine and Aviation sector.

We are still seeing good margins in the Credit and Surety lines. Therefore, we are open to further expanding our book in this line of business. For the US Catastrophe business, we foresee significant price erosion when compared to previous year's level of renewal. However, we are keen to further build and diversify our book in areas where prices are reasonable.

Going forward, both from an operational standpoint and a market perspective, what role does the MENA region play in your strategy?

Q-Re's head office is in Doha. Since the beginning of this year, we have grown our home base by 20 percent and have increased our strength to 35 employees. Also, our Doha office is the liaison to our mother company, Qatar Insurance Company (QIC), which is our underwriting centre for facultative risks in energy and engineering.

From a market perspective, the MENA region is currently characterised by significant available capacity and fierce price competition. Since Q-Re already maintains a strong foothold in this market, it has been only natural to focus our attention on other geographies in the first eight months of 2013 – also with the intent to quickly diversify our book on a global basis. **Q**

NEW REGULATORY AND SUPERVISORY APPROACHES OF QFCRA

ta'ameen Qatar was present at the Qatar Banking Summit, organised by MEEDS. Keynote speaker Michael Ryan, CEO, Qatar Financial Centre Regulatory Authority (QFCRA) highlights the latest in the regulatory landscape for institutions under QFCRA and talks about the pipeline initiatives adopted to promote Qatar as 'a resplendent financial hub.'

The global financial crisis prompted an in-depth review of financial supervision and regulation across the world. Much of QFCRA's work during 2012-2013, revolved around working towards meeting these international standards. During 2011 and 2012, the Basel community and the International Association of Insurance Supervisors (IAIS) revised their principles that captured the lessons from the crisis and laid a foundation for better regulation of banking and insurance worldwide. Driven by these developments and underlining our commitment towards transparency, the regulatory authority commissioned an independent purview during 2012, to identify the issues and align and incorporate best practices in our regulatory regime and to revise the Basel core principles.

As part of the process, we approached the Australian Prudential Regulatory Authority, who provided us with comprehensive recommendations to allow us to move forward and be better aligned with the Basel core principles. In 2012, we also concluded self-assessment of our clients with the revised Insurance Core Principles (ICP) and these benchmarking processes led us to take some important initiatives.

During 2012 and 2013, we also increased our collaboration on key issues and ensured that the financial sector in the State of Qatar remained well regulated, as it needs to be in a rapidly growing economy. This collaboration was focussed with the Qatar Central Bank (QCB), the Qatar Financial Markets Authority (QFMA) and more broadly, with the national Anti Money Laundering (AML) committee, the financial information unit and all state agencies to develop a strong regulatory regime.

01

The QCB, the QFMA and the QFCRA issued a joint statement outlining the key provisions of the New QCB law. The enactment of the New QCB law was an important step in building the framework for the financial regulation in the state, maintaining and promoting financial stability and expanding the scope of regulation to include areas required for new and enhanced financial regulation in the state. Not only that, it also lays the foundation for increased cooperation between the regulatory bodies.

The New QCB Law also brings with it new developments in the financial sector regulation, which would create robust foundation for financial services in Qatar.

01 *Michael Ryan, CEO, Qatar Financial Centre Regulatory Authority (QFCRA)*

The QCB, QFMA and the QFCRA remain independent regulators under their respective laws but the new law creates a formal structure for coordination through establishment of financial stability and a risk control committee. By creating this institutional structure, the New QCB Law makes a firm grounding for present and future cooperation between the regulatory bodies in Qatar as we look to develop policies, implement and share best practices to achieve the overall goals of Qatar National Development Strategy 2011-2016 and Qatar National Vision 2030.

The three regulators would be supported by a common strategy, which is to commence on 22nd September that would underpin the coordinated approach and the strength of the financial sector.

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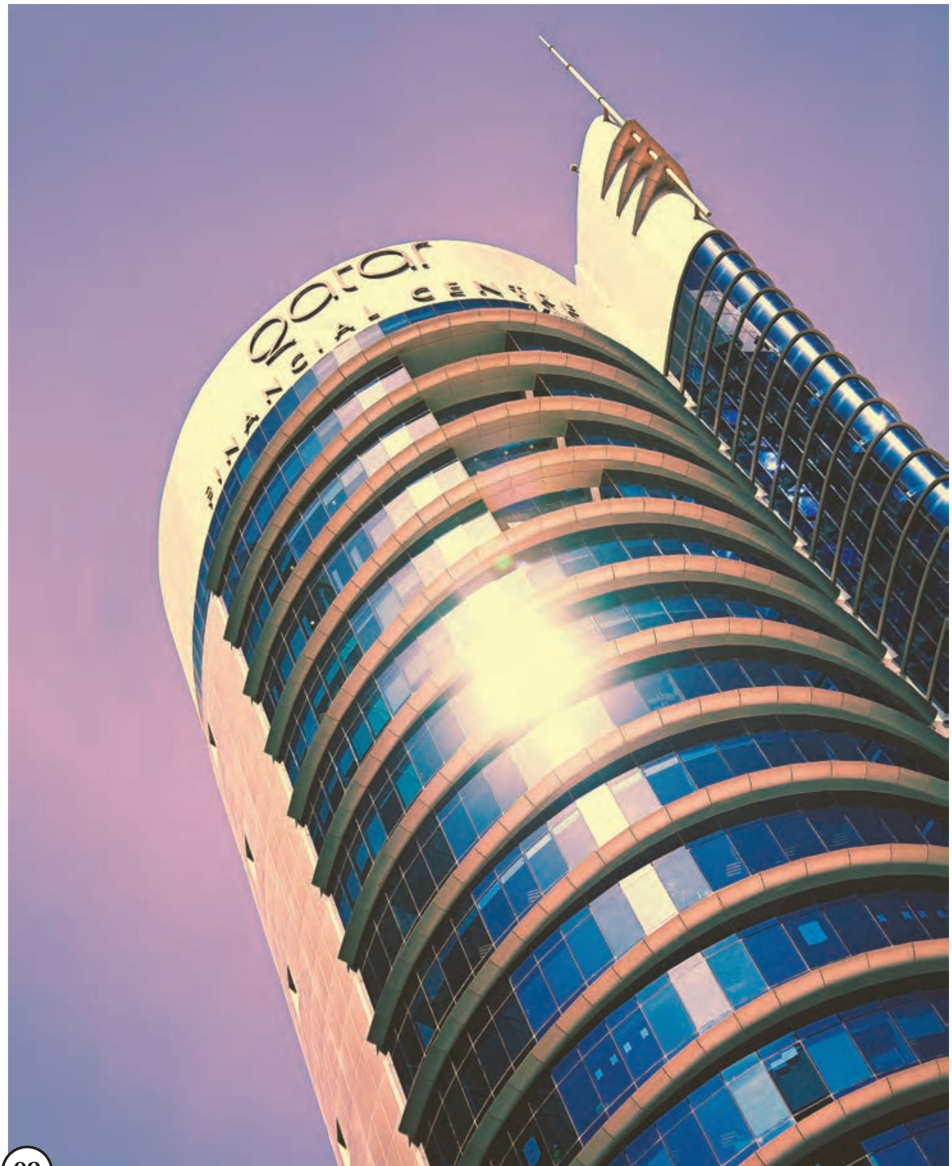
Besides regulation and supervision of insurance, the New QCB Law also introduces important provisions dealing with consumer protection, customer confidentiality, protection of credit information, regulation of Islamic financial institutions, mergers and acquisitions, settlement of disputes and importantly, stronger provisions dealing with unauthorized financial services in the State of Qatar.

“The New QCB Law also brings with it new developments in the financial sector regulation, which would create robust foundation for financial services in Qatar.”

In terms of financial stability, the risk control committee was established to have a statutory mandate of addressing emerging risks in financial services and markets, coordinating between regulatory authorities, enhancing cooperation and exchange of information and creating a consistent regulatory environment. The policies were mainly related to regulation, control and supervision, which were in line with the QCB's overall mandate for financial stability. The committee would submit its recommendations to the board of the QCB for approval. Once the recommendations are approved, they would be forwarded to the board of the QCB, QFMA and the QFCRA for further course of action.

The committee comprises senior executives of the QCB, QFMA and the QFCRA. Additionally, we have also signed a triparty Memorandum of Understanding (MoU). The work of the committee mainly entailed working groups comprising senior executives of each of the three regulatory authorities.



02

02 *Qatar Financial Centre*

One of the working groups referred to as college of supervisors, links the supervisory functions between the three regulatory authorities, sharing expertise, best in class practices and information as appropriate to ensure robust regulation.

Changes in the regulatory framework:

We have just concluded a consultation of changes to our prudential rules for insurance firms. These proposed changes were undertaken following the benchmark to align more with the revised IAIS and the ICP. The changes were mainly related to capital adequacy, seeking to expand to include insurance concentration risks and operational risks capital charges, Enterprise Risk Management (ERM), for conducting and improving annual own risk and solvency assessments, valuations dealing with guidelines for actuarial techniques, methods and assumptions and investments to strengthen the overall framework for investment decisions by setting asset liabilities as one of the requirements.

With this recent consultation, we observed very constructive feedback from the insurance sector. In 2012, following benchmarking exercises, there were proposed amendments made in corporate governance and risk management to align with the IAIS and Basel committee changes. Both these revised sets of principles gave increased prominence to the role of effective corporate governance and risk management by financial institutions. Further, these amendments became new rules, which were effective from 1st July 2013 and played significant emphasis on QFC's firm status on establishing corporate governance, risk management and internal patrols and remuneration frameworks.

Besides this, we are committed to ensure strong regime on Anti-Money Laundering (AML) and combating financial terrorism. On 1st of February, we implemented amendments to our AML Certified Fraud Examiners (CFE) roles, which were previously revised in 2010. These amendments follow from the revised AML Cat standards issued by the financial action task force in February of 2012. We also took the opportunity during that review to look at the applications of the rules to general insurance and after in-depth internal analyses and consultation with the industry, we adopted a revised and more flexible regime for general insurance business.

Following consultation during October and November of 2012, we also proposed new rules related to Islamic finance windows offered by conventional banking firms, which align our regime with the rule changes adopted earlier by the QCB. These changes took effect on 1st February 2013. The rule changes followed the assessment by the regulatory authority of the advantages and the disadvantages of mingling conventional and Islamic finance in the same institution. On reviewing, we concluded with significant challenges in regulating and supervising banks that co-mingle conventional and Islamic banking. The change also eliminated the possibility of regulatory arbitrage in Qatar on this point.

We also adopted new rules on captive insurance, which became effective mid July 2013. To elaborate, the amendments were made to adopt a design to facilitate the Qatar Financial Centre (QFC) hub strategy, in positioning Qatar as a 'preferred location' for insurance risk management and captive insurance in particular. Further, we have also developed an enhanced training and comprehensive new regime in a phased in 12 month period beginning January 2012 that provides for requirements for professional standards, examinations and continued professional development.

"The regulators need to take a more holistic view of risks in the financial sector that goes beyond the level of each individual firm and to position themselves better to identify the financial trends that can affect the sector before it builds momentum."

Connecting in 2011 as well, we also adopted new standards for asset management in the QFC, which contained a number of key changes including capacity for firms to operate non-QFC schemes, the opportunity to launch retail funds, marketing of non-QFC retail schemes and introduction of separate private placement rules dealing with specialists on private equity.

The most important lesson learnt from the global financial crisis is the need for regulators to take a more holistic view of risks in the financial sector that goes beyond the level of each individual firm and to position themselves better to identify the financial trends that can affect the sector before it builds momentum.

The critical objective is that we need to be smart about the information we collect, ensure that the data is targeted and identify risks and trends. Not only that, but we should be thorough with our discipline and our analyses. Our application should be fact taken, where it allows for preemptive policies and supervisory strategies that are truly risk based. It is not enough to ensure that each individual is safe and sound; you need to understand that the system itself is safe and sound. Q

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PUBLISHED BY:
Niche Publishers FZE (Registered at Fujairah Creative City)
Dubai Office:
Niche Publishers fze (JLT Branch)
PO Box 334155, 509, X-2, Jumeirah Bay, Jumeirah Lake Towers, Dubai, UAE. Tel: +971 4 4232 877 Fax: +971 4 4232 689

(ta'ameen Qatar newsletter project is sponsored by Qatar Financial Centre)

TURNING TO TECHNOLOGY...

Owing to Qatar's massive infrastructure ambition, many companies are now turning to Tech Innovation. ***ta'ameen Qatar*** shares the innovative strategy behind this move and discusses key indicators, which are propelling Qatar to embrace technology to move to the top.

01

Some of the sectors that are set to grow exponentially because of the impetus of the 2022 FIFA World Cup include transportation, energy and construction.

According to *IMF*, Qatar will invest about USD 100 billion by 2016. Ahead of the 2022 FIFA World Cup and in line with the country's National Vision 2030, infrastructure spend is estimated to reach USD 150 billion up until 2017. A study by *Oxford Economics and Global Construction Perspectives* states that the Qatari construction market is expected to grow by an average of 12.5 percent over the next decade, compared with growth in European countries averaging at 1.7 percent to 2020.

One such Qatari company Qatar Primary Materials Company (QPMC), is one of Qatar's advanced primary materials companies, which has assets including the world's largest sand washing plant, the vast Gabbro aggregate cargo port terminal in Mesaieed and a jetty project in Lusail Cement Silos project.

01 *Gergi Abboud, managing director, SAP Gulf*

Being at the forefront of facilitating the construction boom in Qatar, QPMC turned to embrace Technology devised by SAP Qatar to bring Innovation in its operation. QPMC has undergone major digital overhaul of key business systems in a bid to achieve faster and more efficient growth.

"The sheer scale and complexity of the country's construction agenda cannot be underestimated and that is how SAP would help construction companies to think ahead to ensure it has the systems in place to deliver the best possible outcome."

To help meet intense demand for world-class primary materials and logistics, supply chain and port management, SAP devised advanced set of business solutions, which would significantly automate and improve the efficiency of the company's operational backbone.

The project entails running a highly customised port operation management system, which is directly linked to SAP's material management solution. In addition, SAP will provide solutions for Sahara washed sand plant maintenance, production planning, finance and controlling, human capital management, quality management, project systems and funds management.

According to Mr. Khalid Al Rabban, chairman of QPMC, "Qatar's landscape is changing in a profound way and we are honoured to be a part of it. The immense, game-changing nature of our infrastructure and construction ambitions cannot be fully realised if we are not able to optimise our operations in every conceivable sense. SAP will help to make our way of work more agile, transparent and ultimately, more effective."

Gergi Abboud, managing director, SAP Gulf stated: "SAP is proud to work alongside QPMC as it seeks to fundamentally and sustainably forge a new future for the people of Qatar. The sheer scale and complexity of the country's construction agenda cannot be underestimated and that is how SAP would help construction companies to think ahead to ensure it has the systems in place to deliver the best possible outcome." **Q**


SEIB
As a Seib, the sea brings countless memories,
The many breathless divers I pulled to safety.
SEIB Insurance and Reinsurance Company
The name of SEIB Insurance and Re-insurance is derived from the old Qatari profession of SEIB, who used to be a member in the pearl diving crew. His job was to hold one end of a rope, tied to the ankle of the diver collecting oysters from the sea-bed, waiting a signal to pull him up to safety. The word SEIB denotes trust and credibility in protecting life and insuring security.
www.seibinsurance.com
Authorized by the QFC Regulatory Authority