

Insurance Industry
QATAR
2020



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About Us

SHMA Consulting first offered actuarial services relating to insurance in Saudi Arabia in 2003, and currently provides actuarial services to 8 companies in Saudi Arabia, 11 insurance companies in the UAE and others insurance companies in the GCC (Kuwait, Oman, Qatar and Bahrain).

SHMA Consulting has been providing actuarial services to insurance companies since 1990 and to companies in the GCC (starting with the UAE) since early 1997. We are currently engaged with one of the biggest names in the UAE Insurance Sector, including, ADNIC, ADNTC, Orient, etc.

We provide a range of services to our valued business partners across the globe including Europe, the Middle East, Southeast Asia and the Far East. Our specialty services include financial reporting, product and business development and enterprise risk management. In addition, our firm provides expert personnel outsourcing for allowing organizations to engage in full-time consulting for long-term cost effectiveness.

Life Insurance

- IFRS, statutory & embedded valuations
- Product development, pricing & reserving
- Experience studies
- Advising on agency & broker compensation structures, reinsurance arrangements, underwriting policies and capital adequacy.

- Actuarial reserving and certifications
- Underwriting and pricing solutions
- Data and predictive analytics
- Advising on reinsurance arrangements, underwriting and claims practices
- Profitability and capital adequacy analysis

General Insurance

Our Services

Retirement Benefits

- Valuations for financial reporting
- Advise on benefit design and cost benefit analysis
- Pension benefits administration
- Benefit communication material
- Provident fund maintenance software and audit of retirement schemes and funds

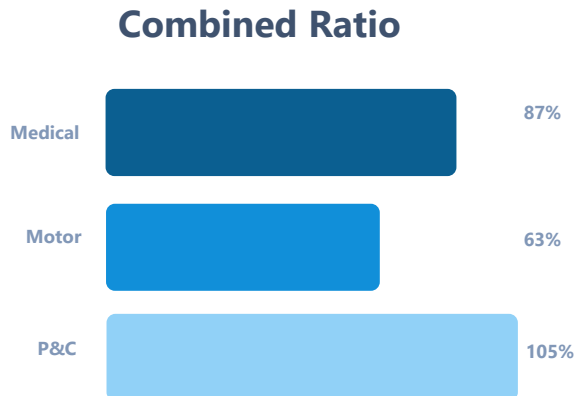
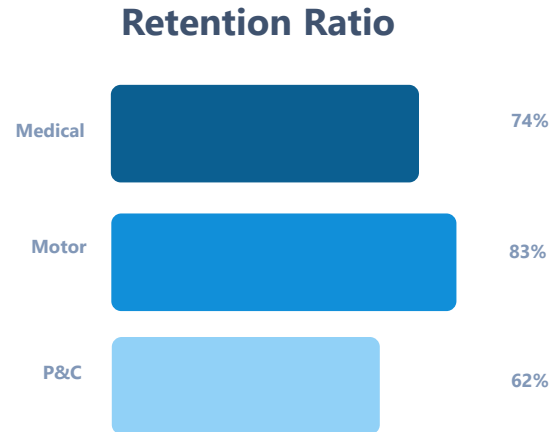
- ERM Framework and risk management policies and procedures
- Risk identification tools and training
- Risk measurement and quantification by using a capital model
- Asset liability management policy
- Advising on risk appetite and controls

ERM and Capital Modeling

Limitations and Disclaimers

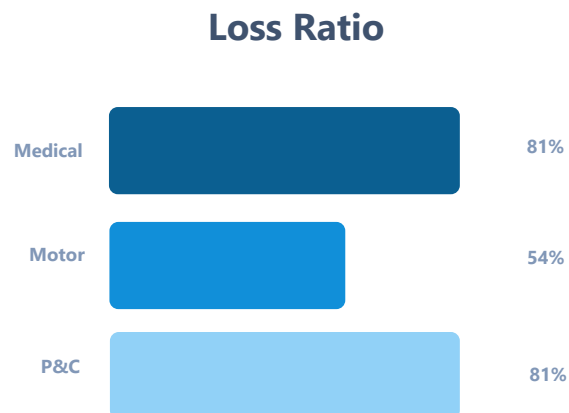
- ❖ The data used for the preparation of this report has been collected from Qatar Stock Exchange (QSE) .
- ❖ The data represented in this report gathered from publicly available information and the financial statement released by the company.
- ❖ The information, materials and opinions presented in this report are for general information purposes only, are not intended to constitute legal or other professional advice and should not be relied on or treated as a substitute for specific advice relevant to particular circumstances. Although we make reasonable efforts to update the information in this report.

Performance Highlight



Highest Line
P&C Insurance
QAR 13.31 Bn
 ▲ +2.35%

Total Profit / Loss
QAR 504 Mn



Total Gross Written Premium
QAR 15.39 Bn
 ▲ +1.69%



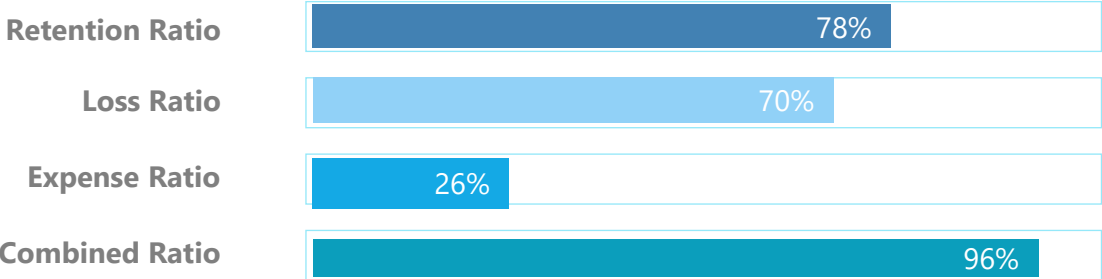
Total Assets
QAR 57.61 Bn
 ▲ +4.12%

Industry Highlights

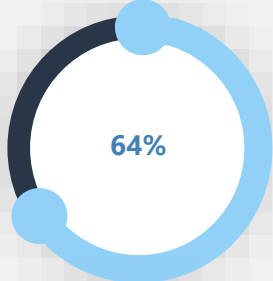
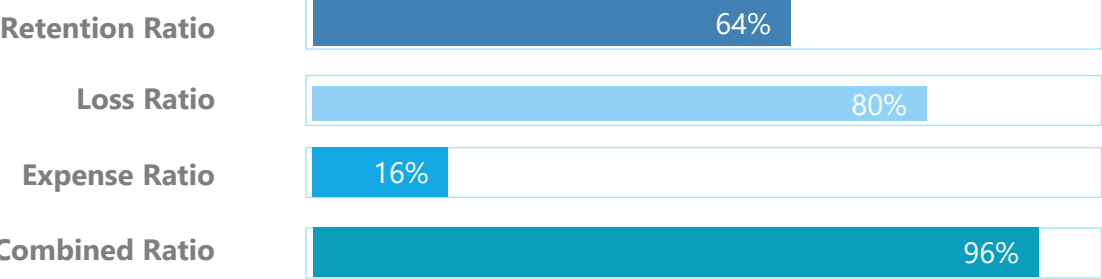
- ❖ QLM Life & Medical Insurance Company QPSC (QLM), the leading life and medical insurance company in Qatar announced that it obtained the required regulatory approvals for the admission of its shares to trading on the Qatar Exchange. Trading in QLM's shares commenced on Wednesday, 13 January 2021, under the ticker (QLMI). QLM's issued share capital is QAR 350,000,000, comprising 350,000,000 shares of a nominal value of QAR 1.00 per share.
- ❖ Oman Reinsurance has been approved by the Qatari authorities to launch its branch at the Qatar Financial Center (QFC) based in Doha. The new entity, which will start operating in Q2 2021, will write facultative and treaty businesses from both local and dedicated international markets.
- ❖ The Qatari government imposes compulsory health insurance on expatriates and visitors. The new law stipulates that health care services in Qatar's public and private facilities shall only be provided upon the presentation of an insurance certificate by all non-nationals. This initiative follows the introduction of compulsory health insurance in the UAE and Kuwait in 2020.
- ❖ AM Best upgrades Qatar Islamic Insurance Group's (QIIG) financial strength rating to 'A-' from 'B++'. The long-term credit rating was raised to "a-" from "bbb+". The outlook for both ratings shifted from positive to stable. The rating agency justifies its decision by the strength of QIIG's balance sheet, its operational performance and its effective enterprise risk management.
- ❖ Doha Bank Assurance Company, a subsidiary of Doha Bank, is now called Sharq Insurance, effective as of 31 August 2020.

Industry Benchmark

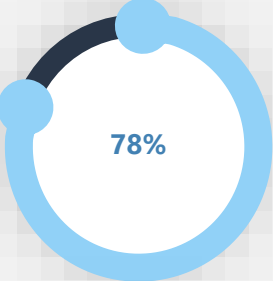
2019



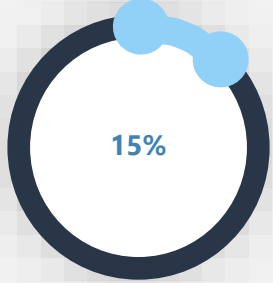
2020



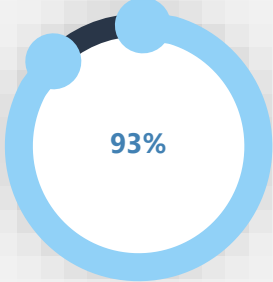
Weighted Average Retention Ratio



Weighted Average Loss Ratio



Weighted Average Expense Ratio



Weighted Average Combined Ratio

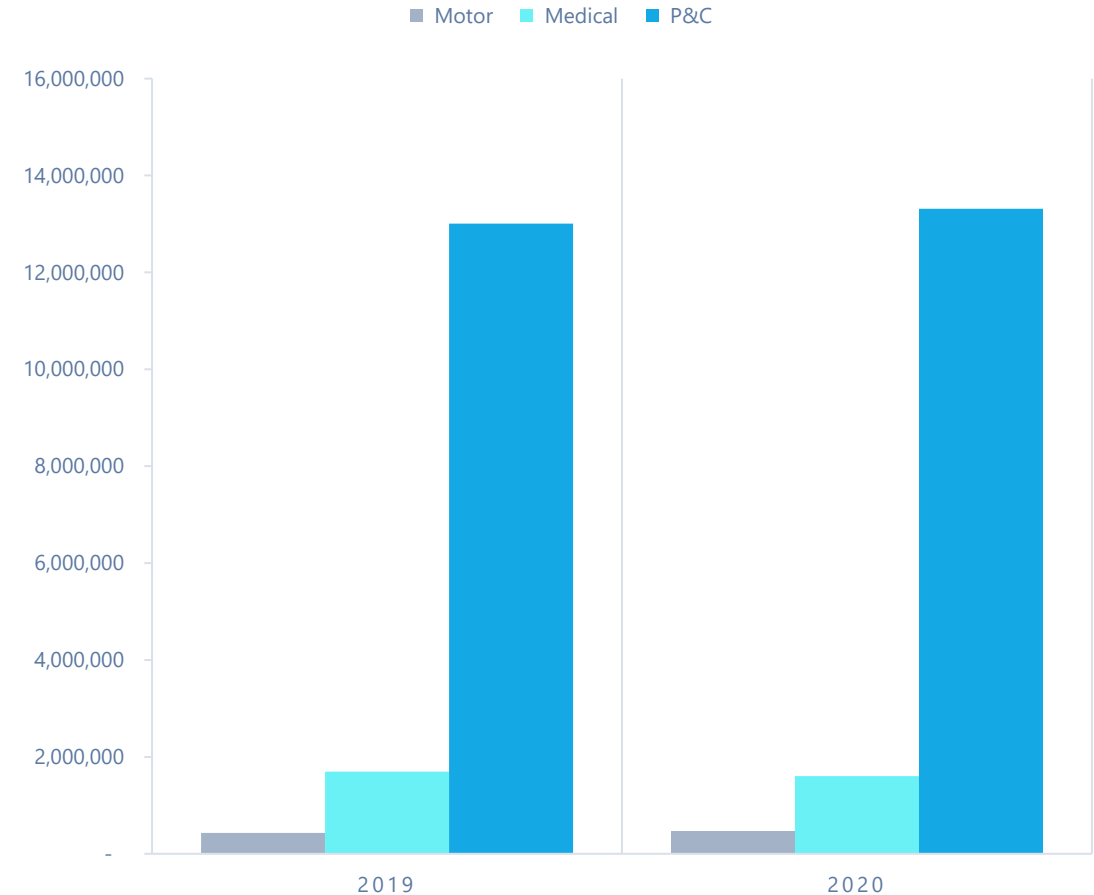
Impact of Covid-19

- ❖ The ongoing COVID-19 Pandemic has had a significant impact on the global economy and the ability of individuals, businesses, and governments to operate. Across the globe, travel, trade, business, working arrangements and consumption have been materially impacted by the pandemic.
- ❖ On March 11, 2020, the World Health Organization (WHO) declared the Coronavirus (COVID-19) outbreak as a pandemic in recognition of its rapid spread across the globe. Governments all over the world took steps to contain the spread of the virus. The insurers are closely monitoring the situation and have activated their business continuity planning and other risk management practices to manage the potential business disruption the COVID-19 outbreak may have on its operations and financial performance.
- ❖ The insurers may be impacted by any policies, practices, laws, or regulations introduced by governments that require or compel insurers to defer insurance premiums, pay claims in relation to COVID-19 losses which would not otherwise be payable under the relevant policy or in the normal course of business. The extent of the impact on our business and results of operations is largely dependent on the evolving future developments and the actions taken globally to address its impact.

Gross Premium and Ranking

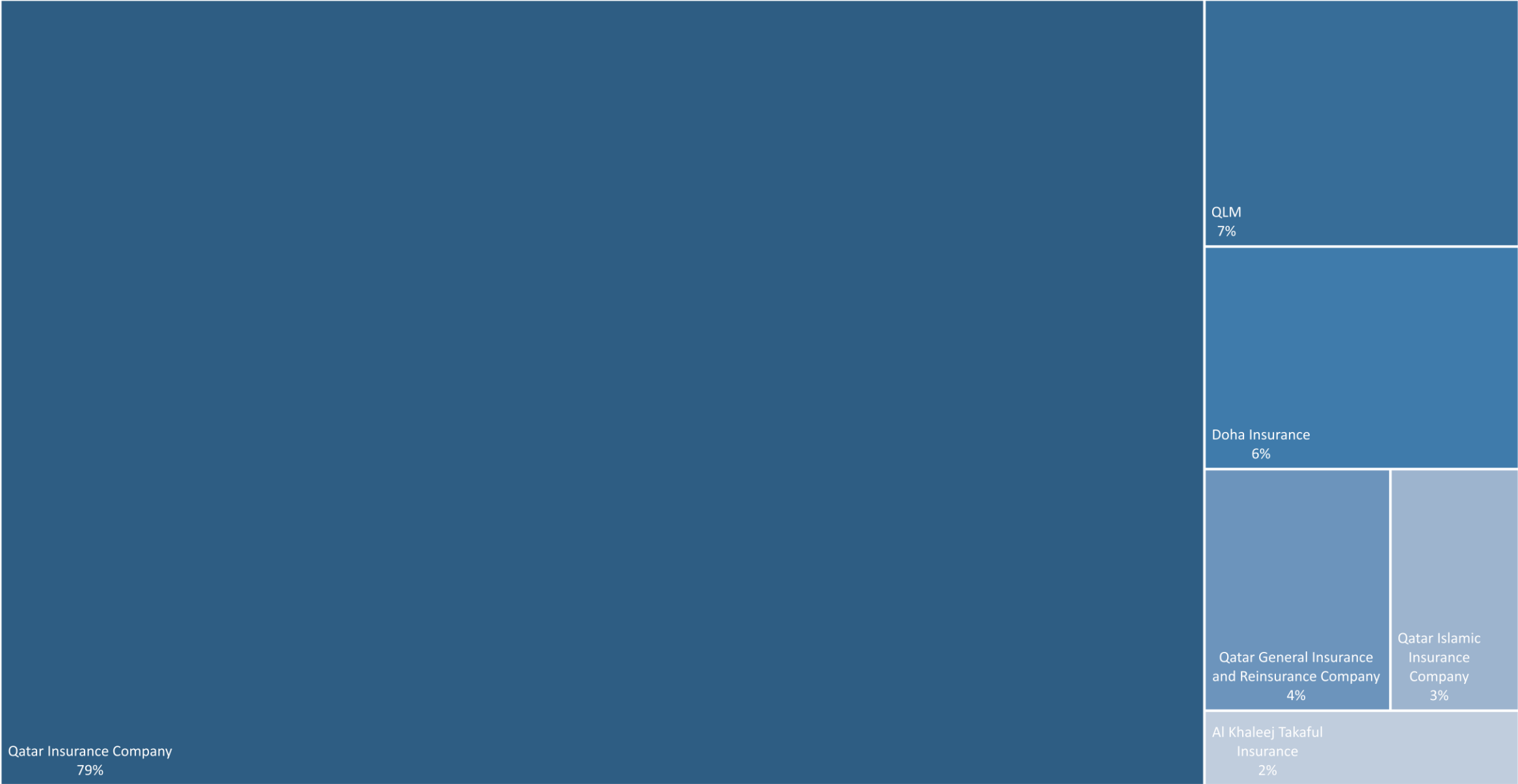
1. Qatar Insurance Company	▬
2. QLM Life & Medical Insurance	▬
3. Doha Insurance	▲
4. Qatar General Insurance and Reinsurance Company	▼
5. Qatar Islamic Insurance Company	▬
6. Al Khaleej Takaful Insurance	▬

GROSS WRITTEN PREMIUM (QAR 000's)



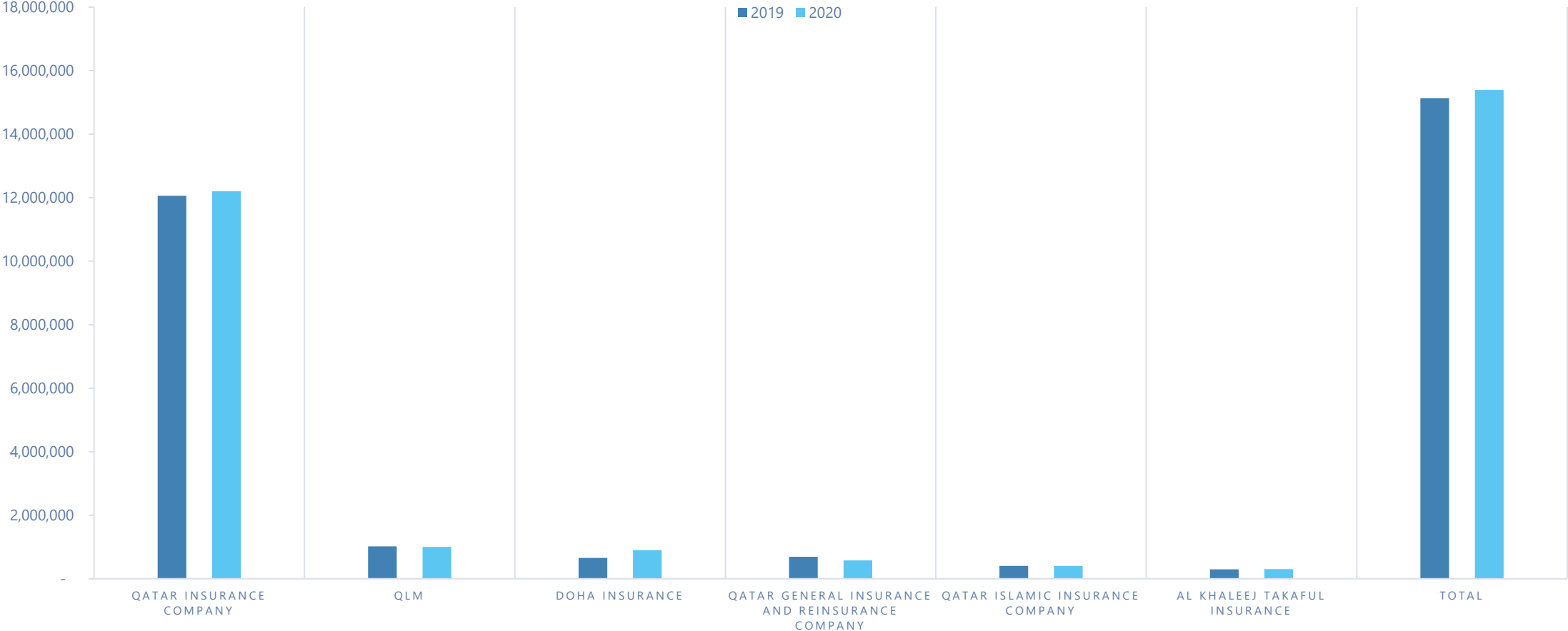
“ Gross Written Premium for P&C was the highest for the years 2019 and 2020, and the lowest for Motor. The difference in the gross written premiums for all lines of business, for both years, is negligible with a minor increase in P&C and Motor, while there is a decrease in premiums for the Medical line of business. ”

Market Share Proportion



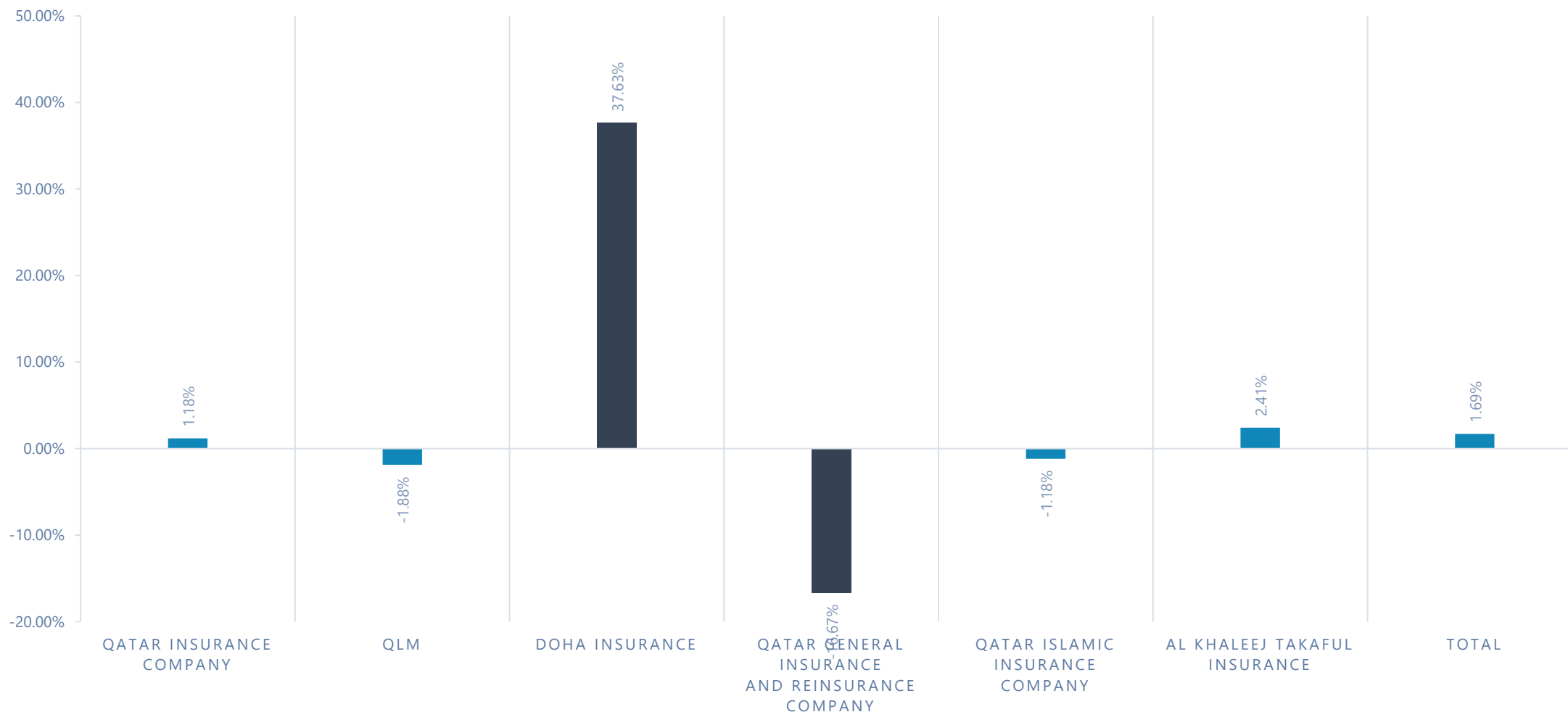
Gross Premium

(QAR 000's)



“ Qatar Insurance Company was able to capture about 80% of the market in 2019 and 2020, while Al Khaleej Takaful Insurance had a share of only 2%. In addition to this, Gross Premium was not significantly different when compared to 2019. ”

Gross Premium – Growth



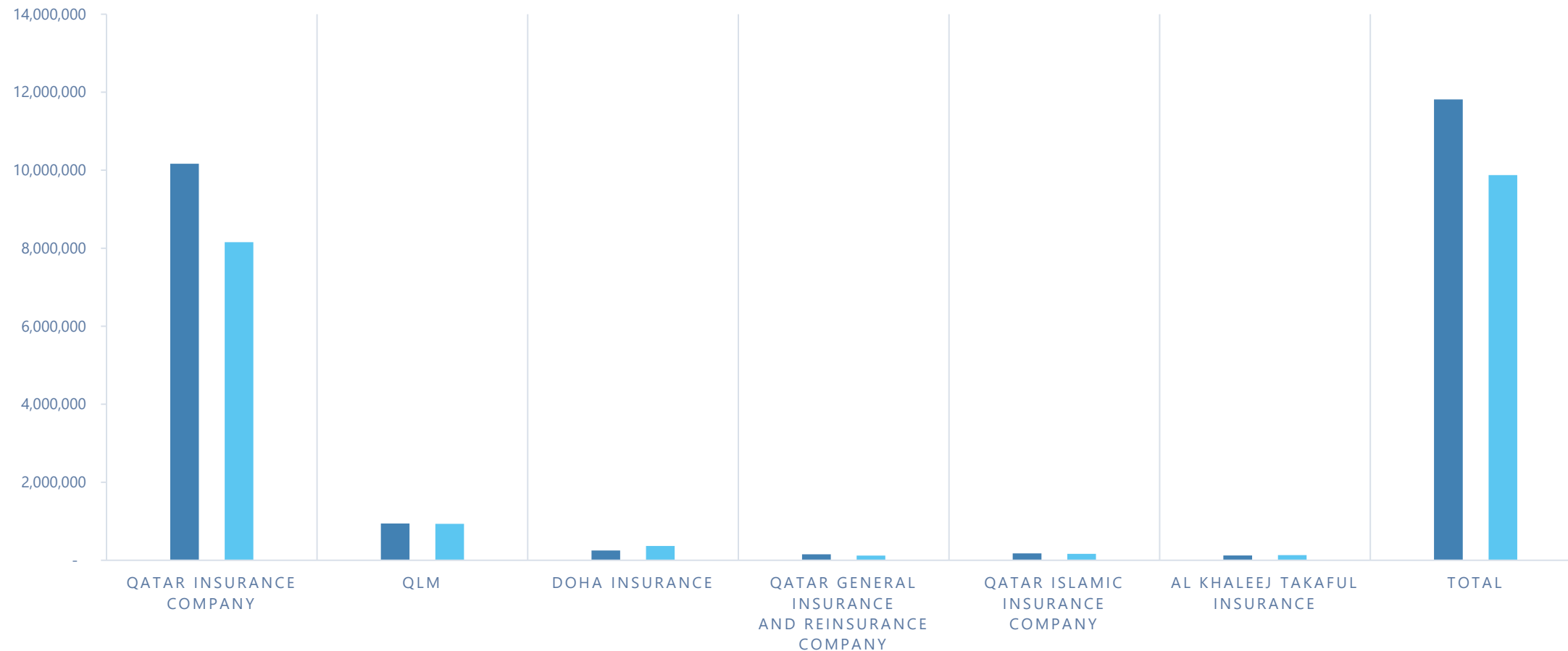
“ Doha Insurance experienced growth in its gross written premiums (37.63%), while Qatar General Insurance and Reinsurance Company experienced the highest decrease in its gross written premiums (-16.67%). For all the other companies, the growth rate was negligible.

”

Net Premium

(QAR 000's)

■ 2019 ■ 2020

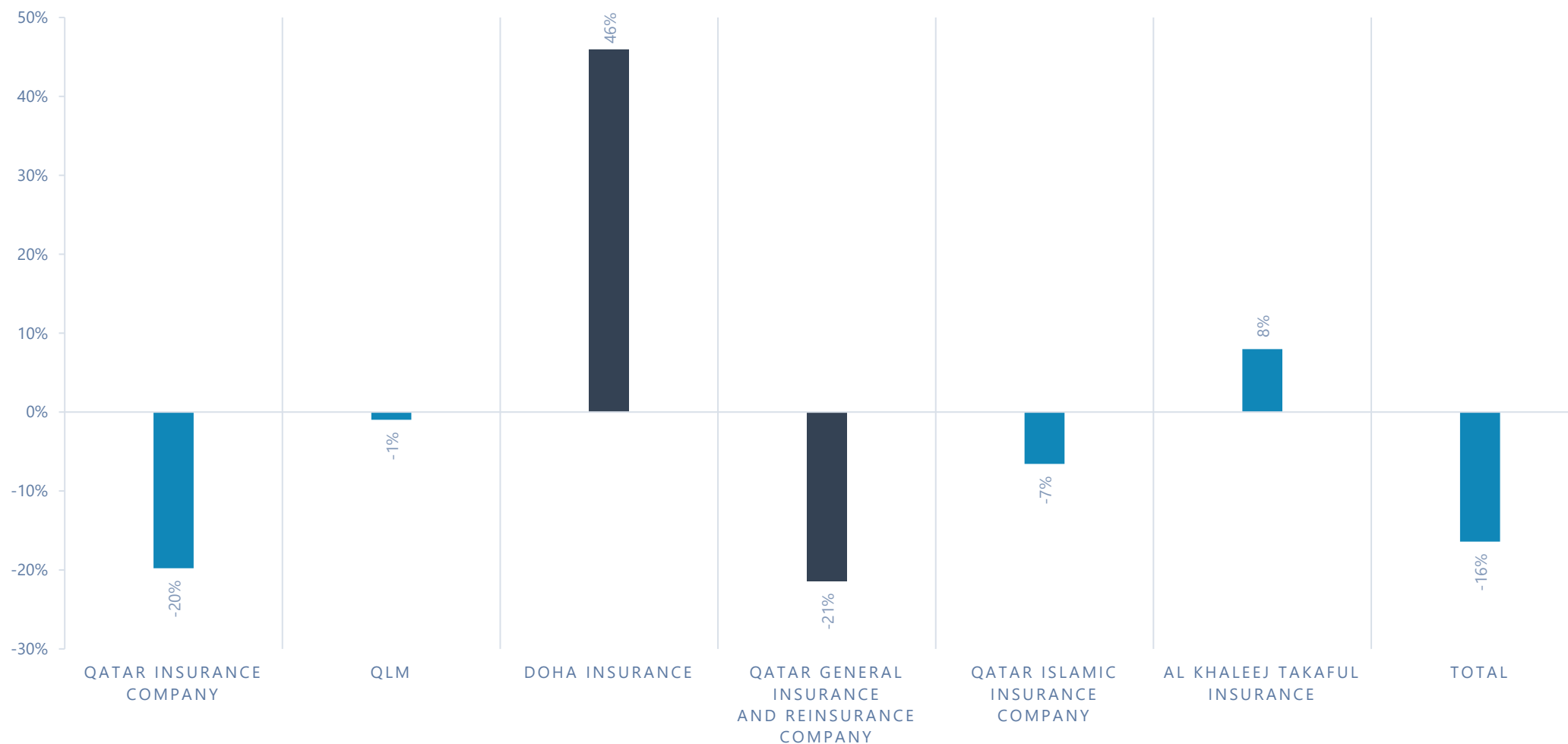


“

Just as in the case of gross written premium, the highest net premium was for Qatar Insurance Company in both 2019 and 2020 with a net premium of 10 Billion and 8 Billion, respectively.

”

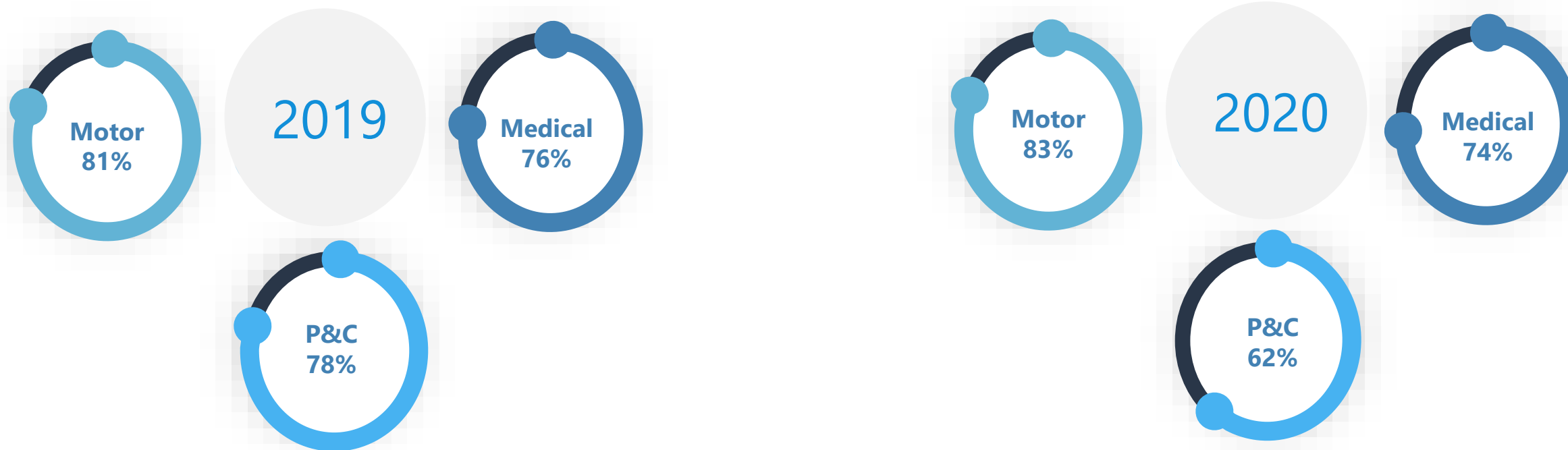
Net Premium – Movement



“ Doha Insurance and Al Khaleej Takaful Insurance were to increase their net business with an increase of 46% and 8%, respectively, while all other companies lost business with Qatar Insurance Company experiencing a decrease of 20%. ”

”

Retention Ratio

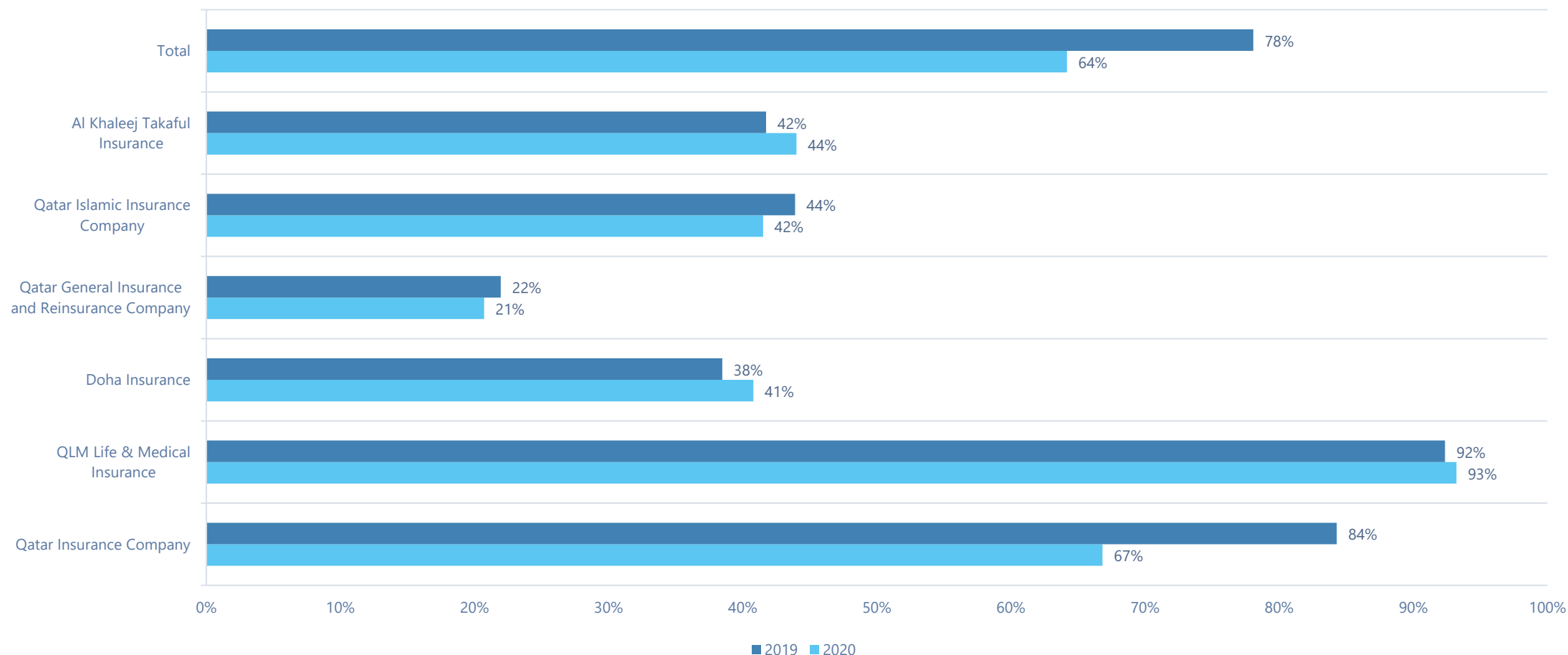


“

The retention Ratio for P&C decreased by 16%, while there was no significant change in the retention ratio of Motor and Medical for the year 2020. The retention ratio for all lines of business is greater than 50%.

”

Retention Ratios



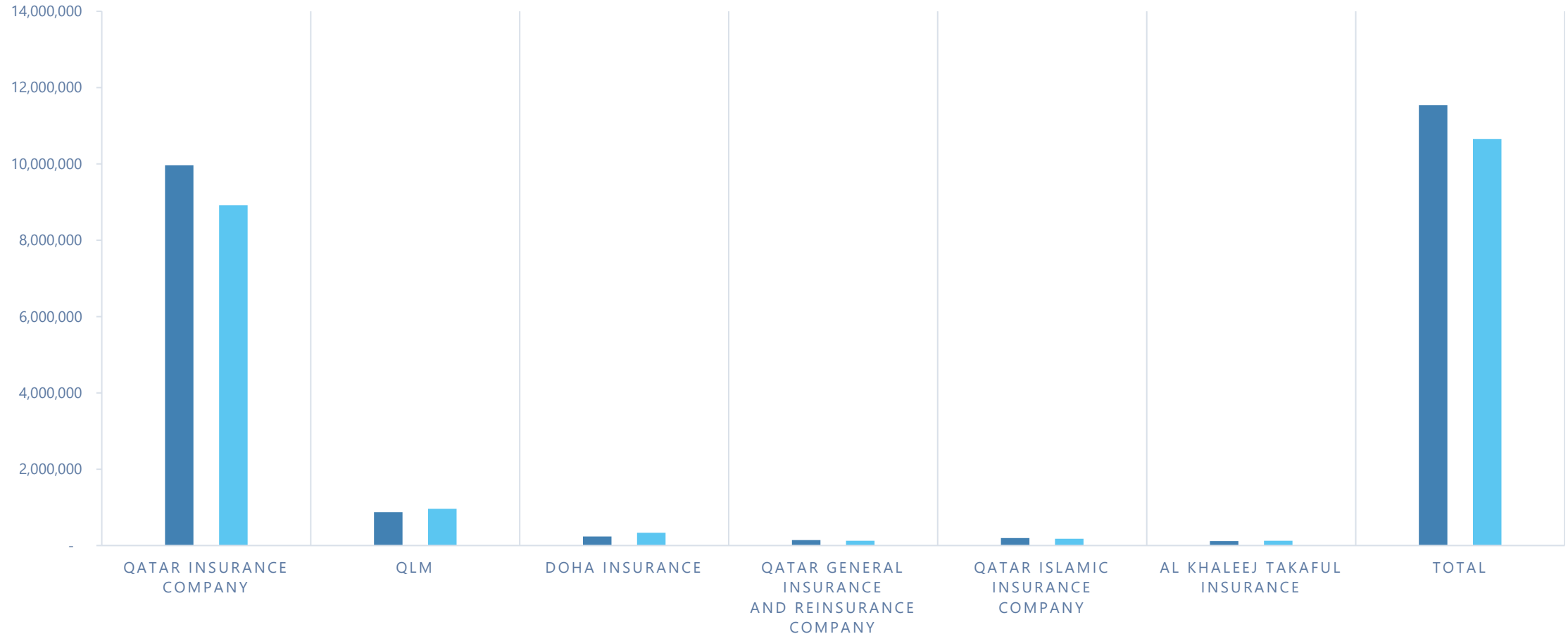
QLM retained most of its business for the years 2019 and 2020 (92% and 93%, respectively), while Qatar General Insurance and Reinsurance Company ceded most of its business with a retention of 22% and 21% for the years 2019 and 2020, respectively. Reinsurance share of premium decreased significantly for Qatar Insurance Company while the share of reinsurance premium remained approximately the same for all other Insurance Companies.



Net Earned Premium

(QAR 000's)

■ 2019 ■ 2020



“

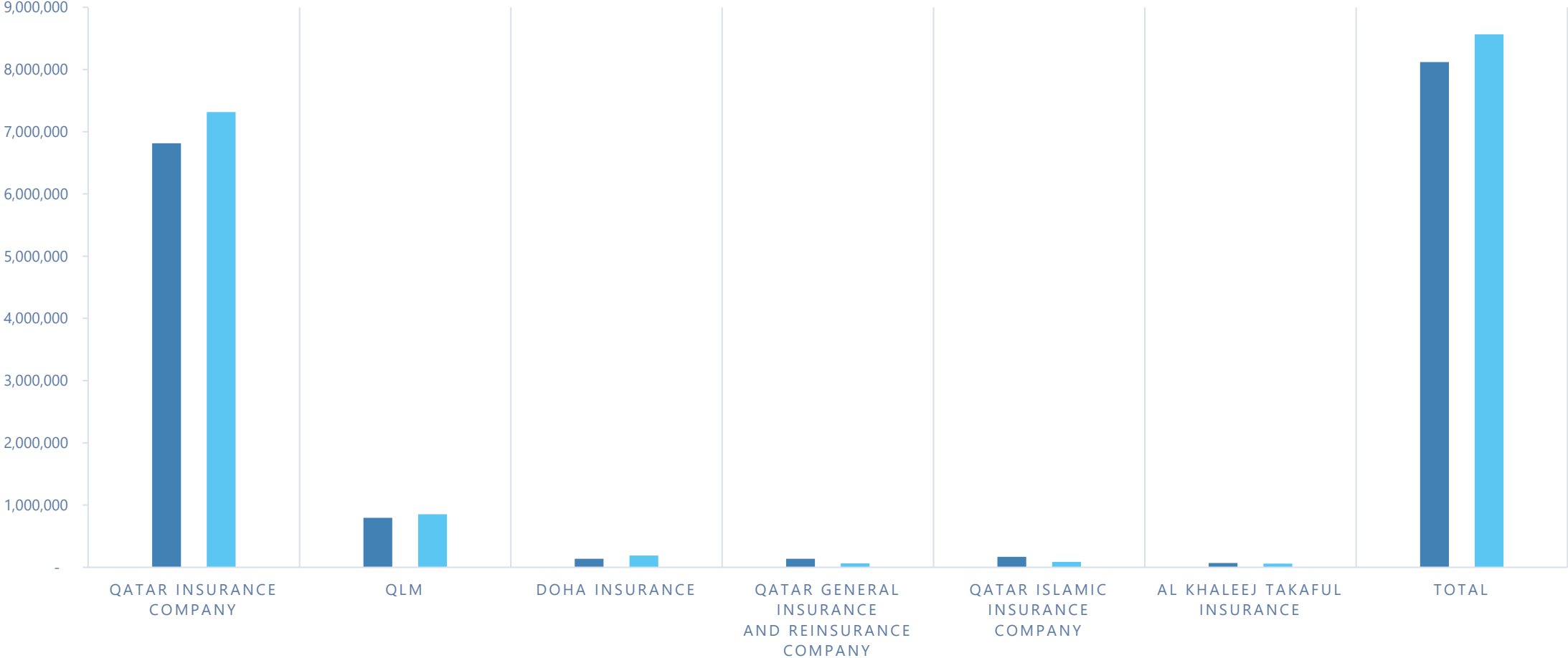
Net Earned Premium was the highest for Qatar Insurance Company and the lowest for Al Khaleej Takaful Insurance for both years. Net Earned Premium did not significantly differ in 2019 compared to 2020, with only Qatar Insurance Company experiencing a decrease of 1 Billion (-10%). Doha Insurance experienced an increase of about 41%.

”

Net Incurred Claims

(QAR 000's)

■ 2019 ■ 2020



“ Net Incurred Claims increased for 03 of the companies and decreased for the remaining 03 companies. Qatar Islamic Insurance Company experienced a decrease of about 51%, while Qatar Insurance Company experienced an increase of 7%. ”

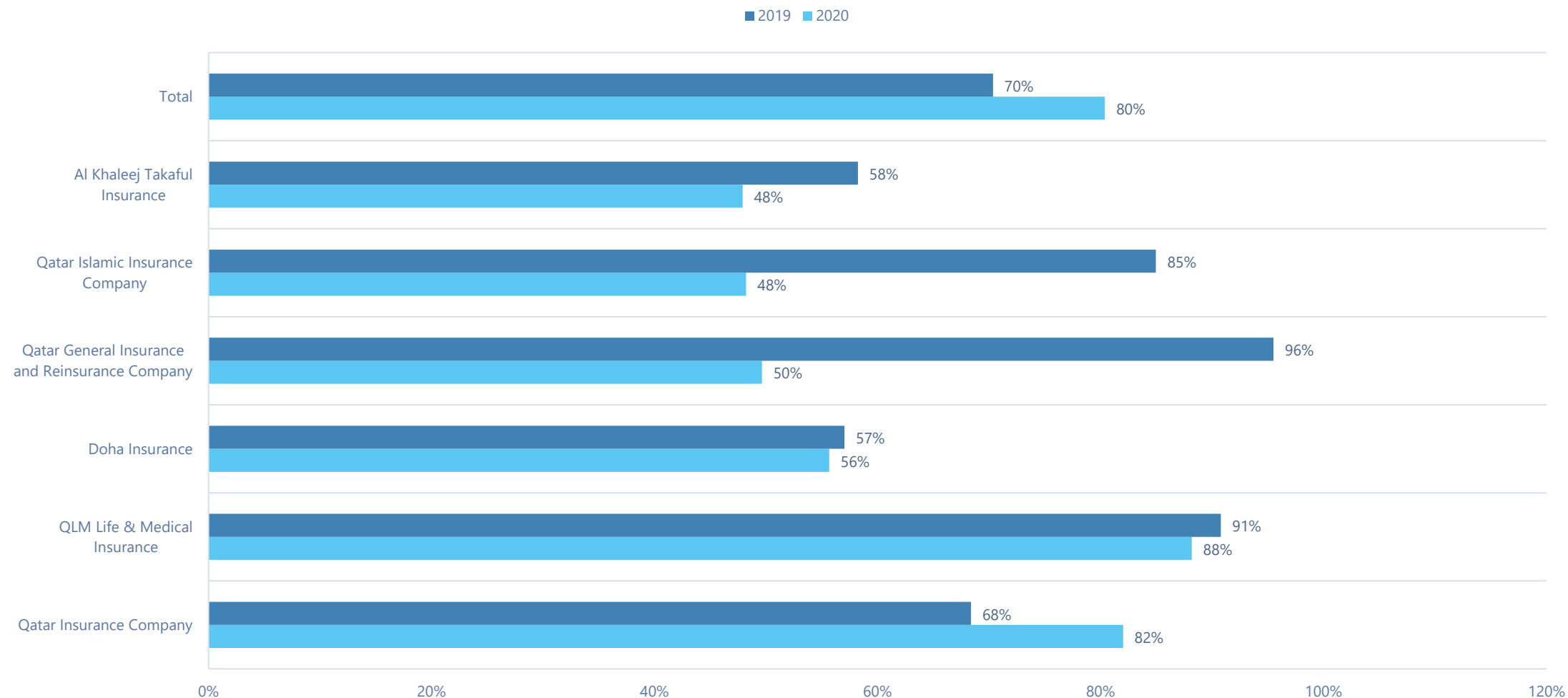
Loss Ratios



Loss ratios changed significantly from 2019 and 2020, with a decrease in the loss ratio for the motor of about 29%, while the loss ratio for P&C increased from 68% to 81%. The decrease in the loss ratio for the Motor line of business may primarily be due to worldwide lockdown, reducing the number of vehicles on the road, and consequently, reducing the number of accidents. The medical line of business experienced a negligible decrease of only 2%.

”

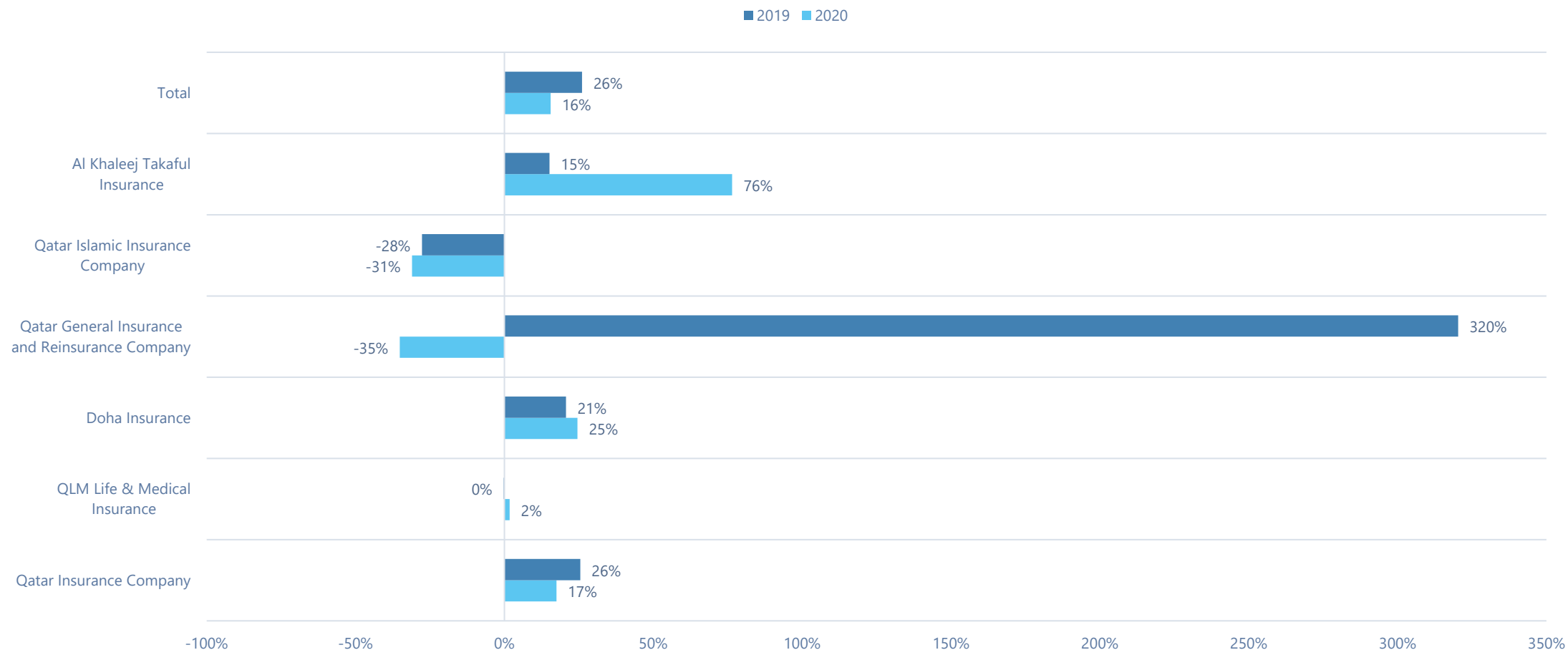
Loss Ratios



“ Loss Ratios changed significantly for all the companies except Doha Insurance. The loss ratio decreased by 46% for Qatar General Insurance and Reinsurance Company, as for Qatar Insurance Company, the loss ratios increased by 14%.

”

Expense Ratio

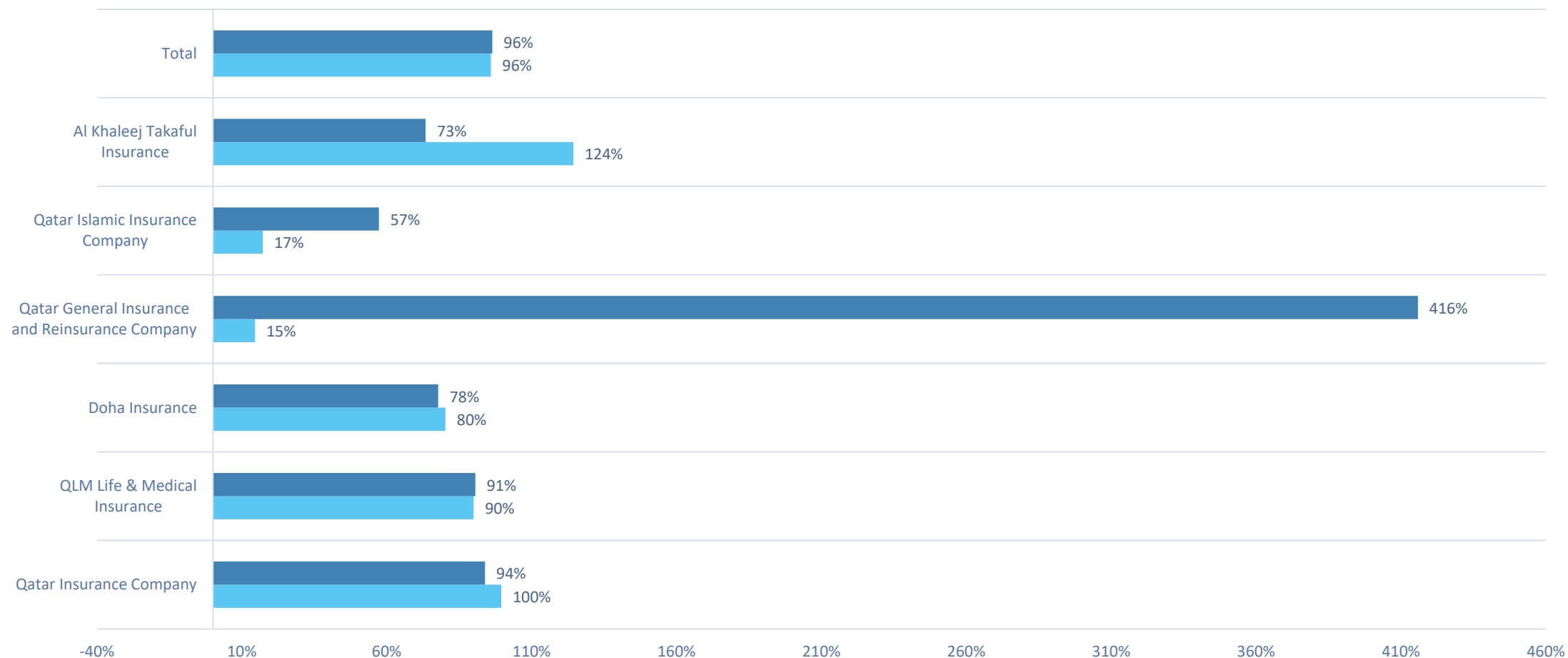


Qatar General Insurance Company had a very high expense ratio of about 361% in 2019, but it was able to reduce it to 11% in 2020. Al Khaleej Takaful experienced a high increase of about 55% in its ratios. For all other companies, the increase in expense ratios is not significant.



Combined Ratios

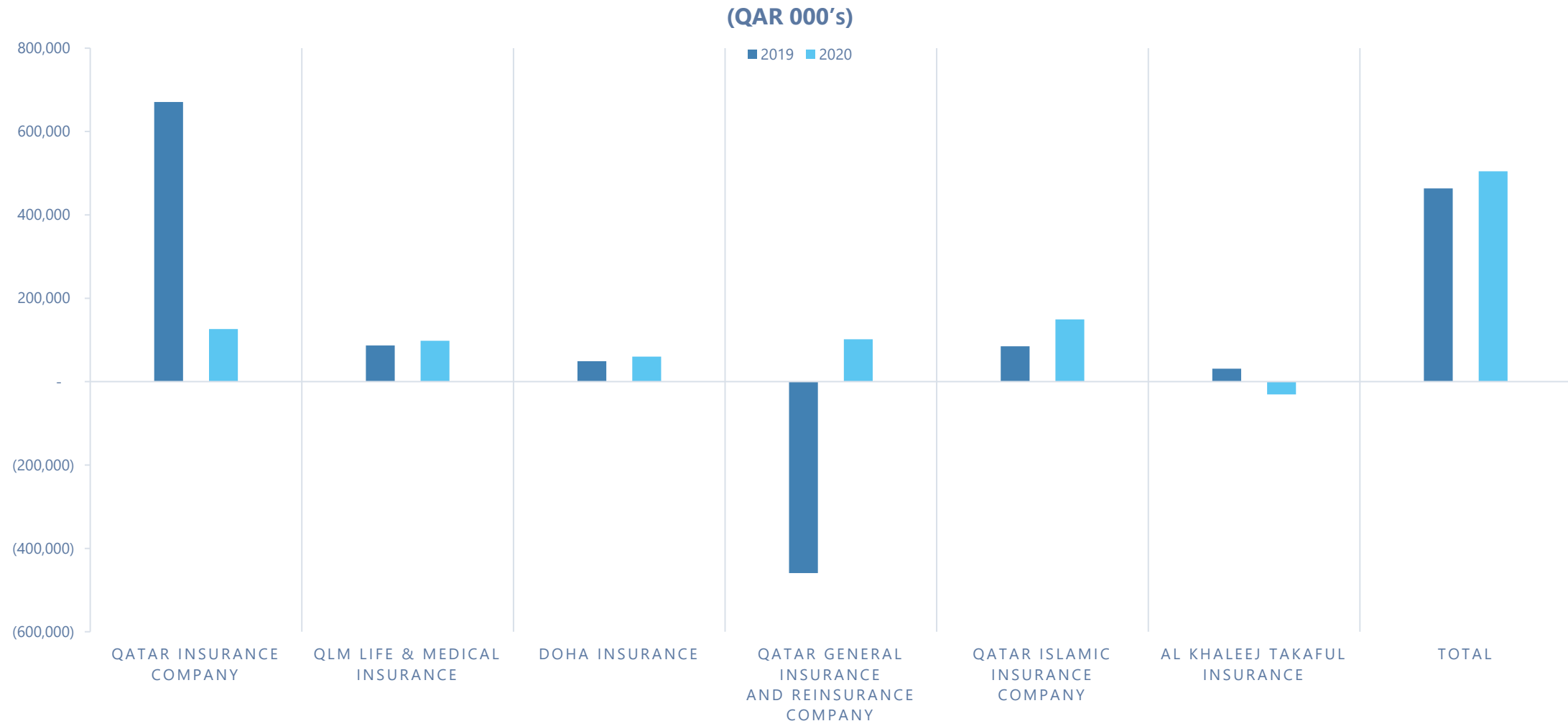
■ 2019 ■ 2020



Qatar General Insurance and Reinsurance Company's combined ratio was very high (457%) in 2019, largely due to the high expense ratio as discussed before. The combined ratio for all the remaining companies for the year 2019 remained below 100%. In 2020, Qatar General Insurance and Reinsurance Company was able to improve its position 2020 while Al Khaleej Takaful Insurance experienced an increase in its combined ratio of about 45%, bringing its combined ratio to 140%. Qatar Islamic Insurance Company reduced its combined ratio by 42%, which shows good performance.



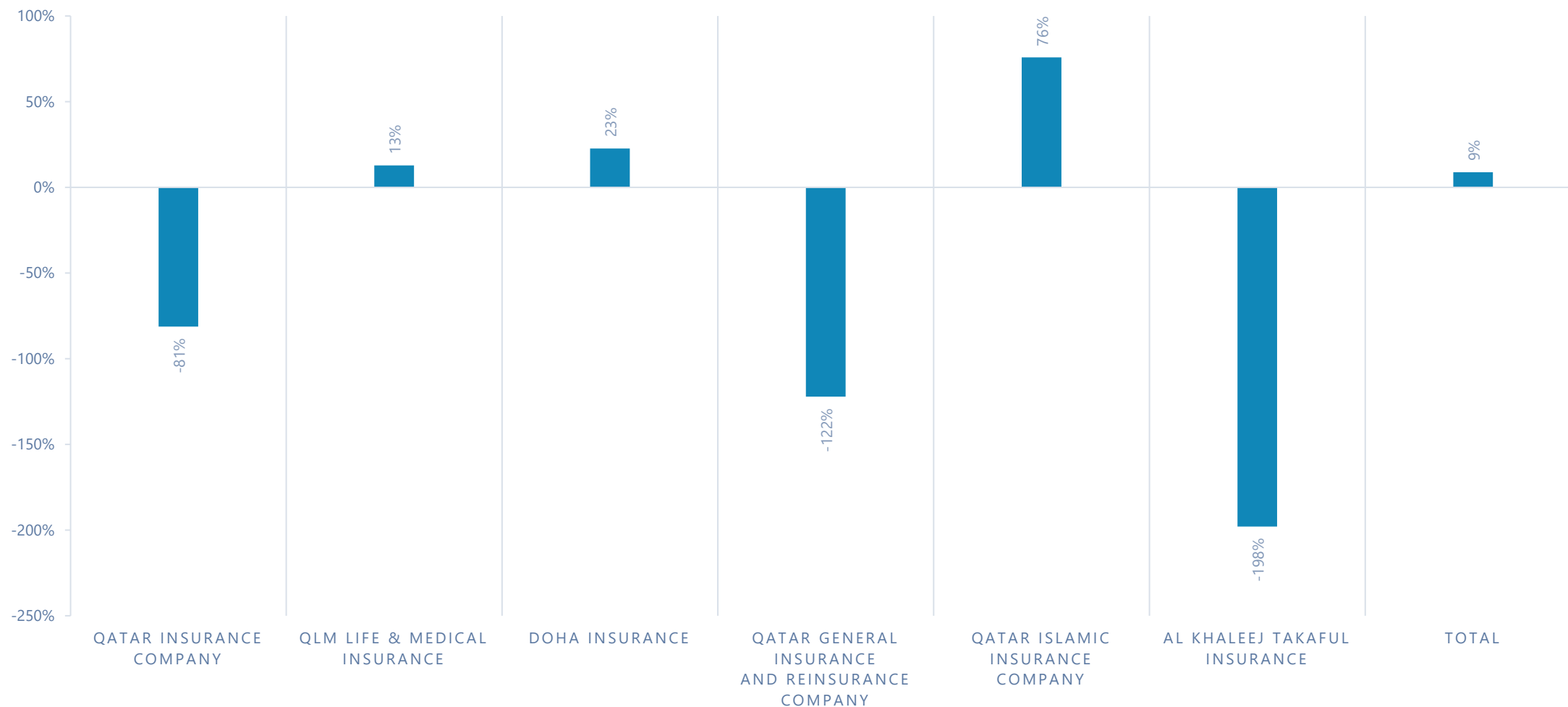
Net Profit/Loss (After Tax)



All the companies had a net profit except Qatar General Insurance and Reinsurance Company in 2019. In 2020, all companies except Al Khaleej Takaful Insurance had a net profit. Qatar Insurance company's position worsened in 2020 as can be seen by a decrease of 550 million. Qatar General Insurance and Reinsurance Company was able to come out of its net loss in 2020 by increasing its net profit by 560 million. The highest net profit was for Qatar Insurance Company in 2019, and the lowest was for Qatar General Insurance and Reinsurance Company. In 2020 the highest net profit was for Qatar Islamic Insurance Company (149 million), and the lowest was for Al Khaleej Takaful Insurance.



Net Profit/(Loss) (After Tax) - Movement

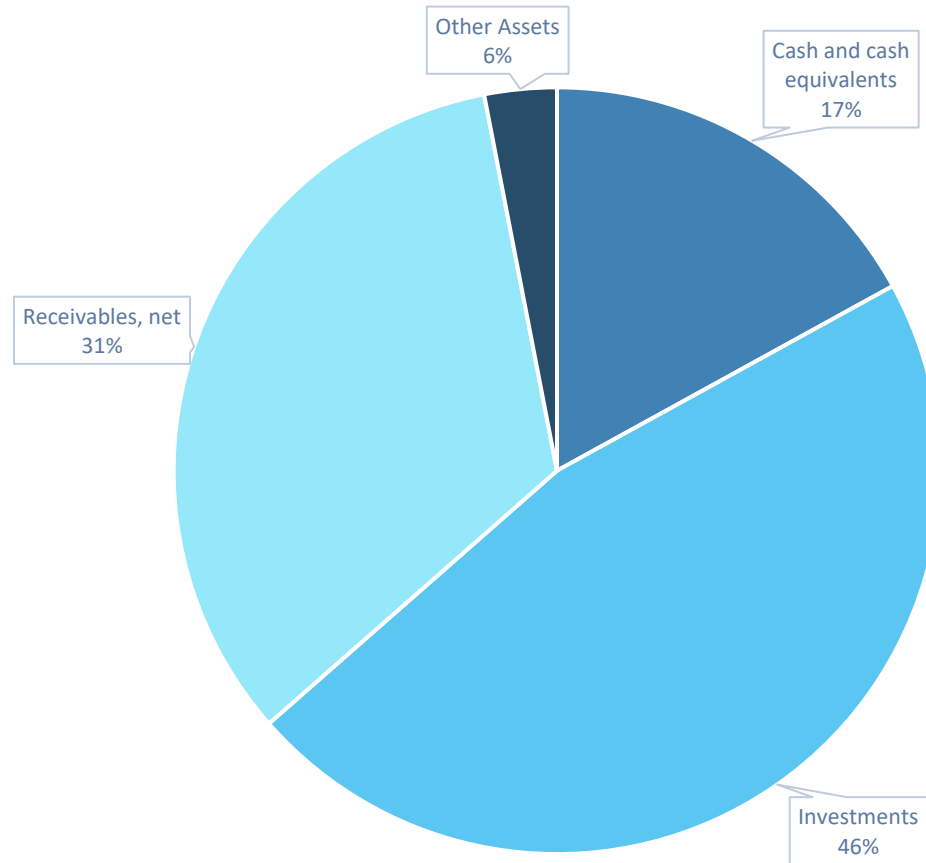


Qatar Islamic Insurance Company's performance greatly increased compared to other companies. Al Khaleej Takaful Insurance, Qatar General Insurance and Reinsurance Company, and Qatar Insurance Company experienced a significant decrease in their net profit.

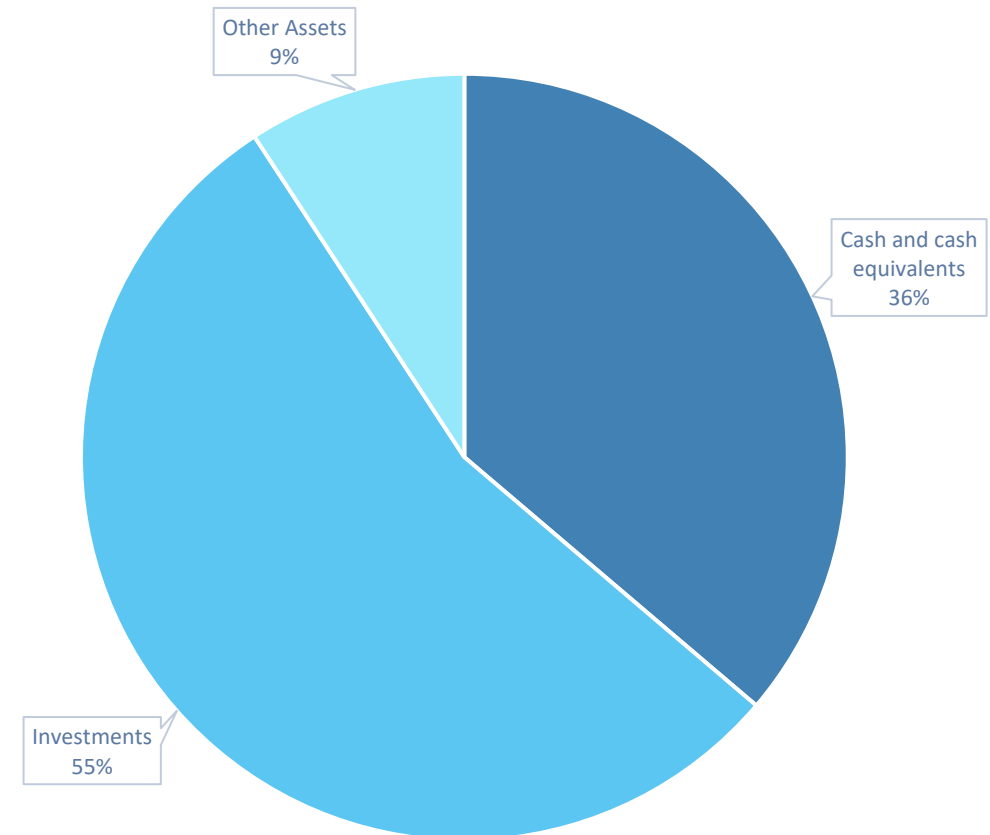


Asset Classification - Aggregate

POLICYHOLDER ASSET CLASSIFICATION



SHAREHOLDER ASSET CLASSIFICATION

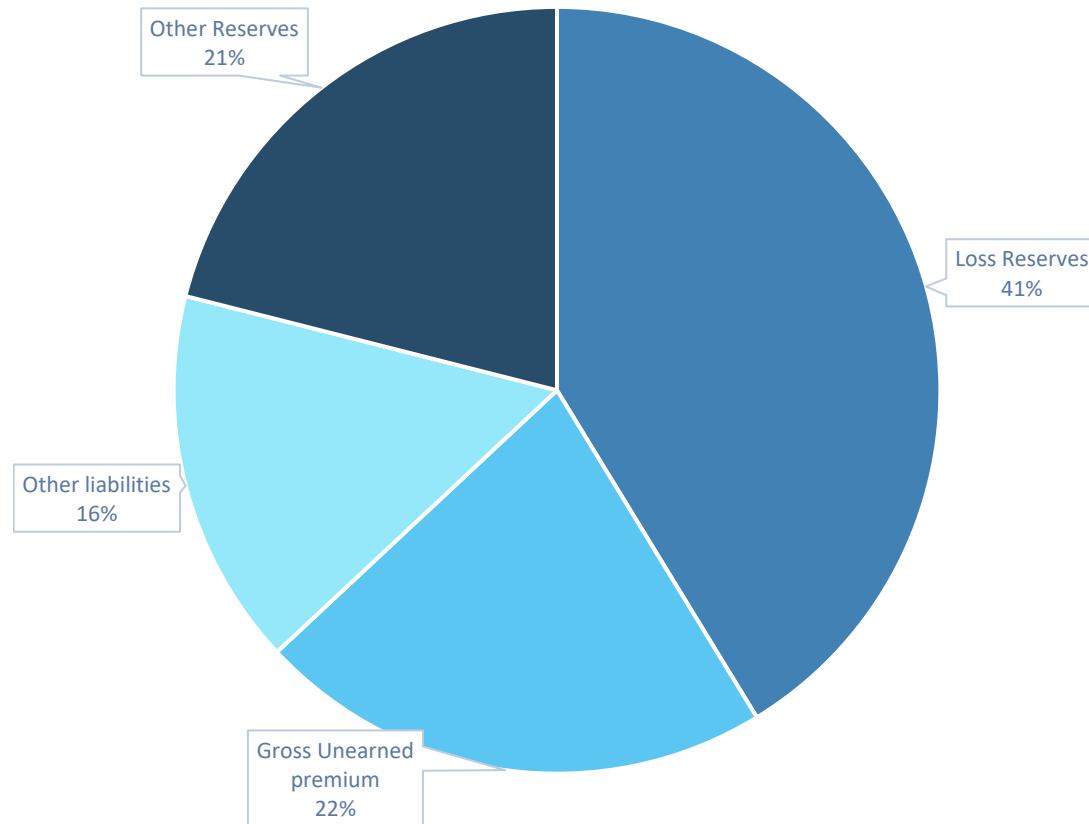


About 46% of policyholder assets relate to investments, 31% to Receivables, 17% to Cash and Cash equivalents and 6% to other assets. For Shareholder assets, 55% of the assets relate to investments, 36% to cash and cash equivalent, and 9% to Other Assets. Investments constitute most of the part of the policyholder and shareholder assets.

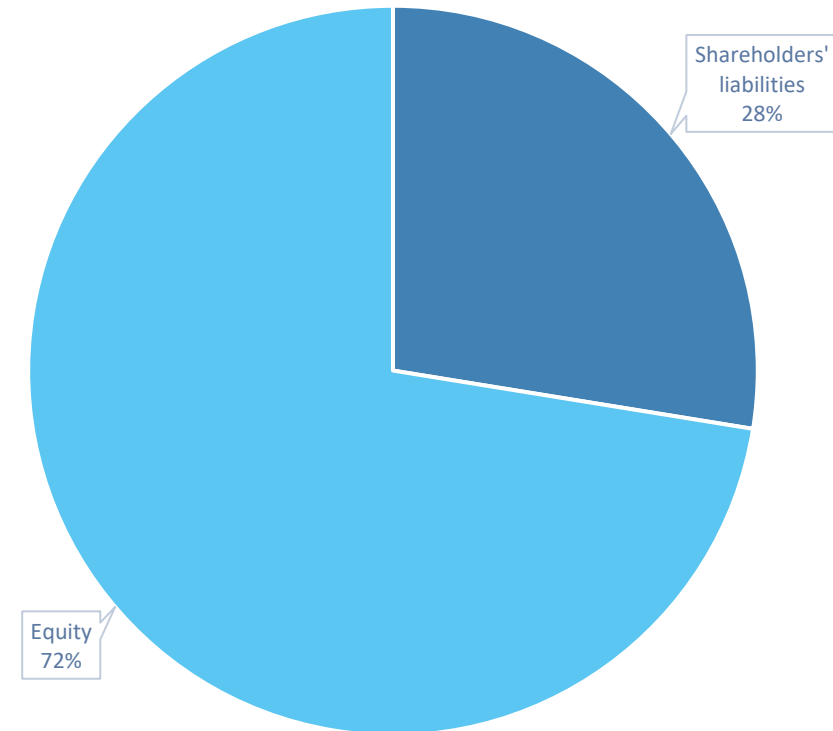


Liability and Equity Classification - Aggregate

POLICYHOLDER LIABILITY CLASSIFICATION



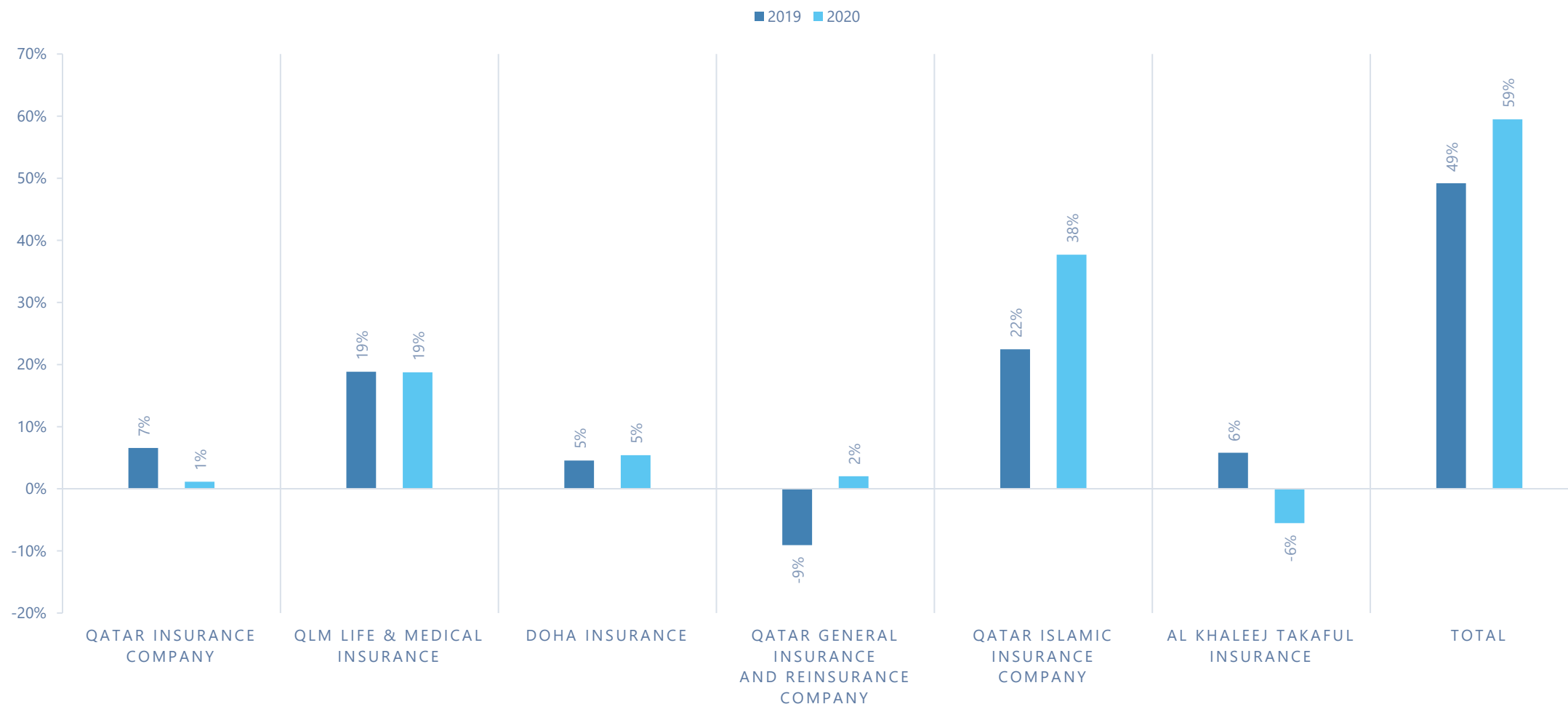
SHAREHOLDER LIABILITY & EQUITY CLASSIFICATION



About 68% of the assets are financed by liabilities and about 32% are financed by equity. Moreover, reserves constitute more than half (62%) of the total liabilities.



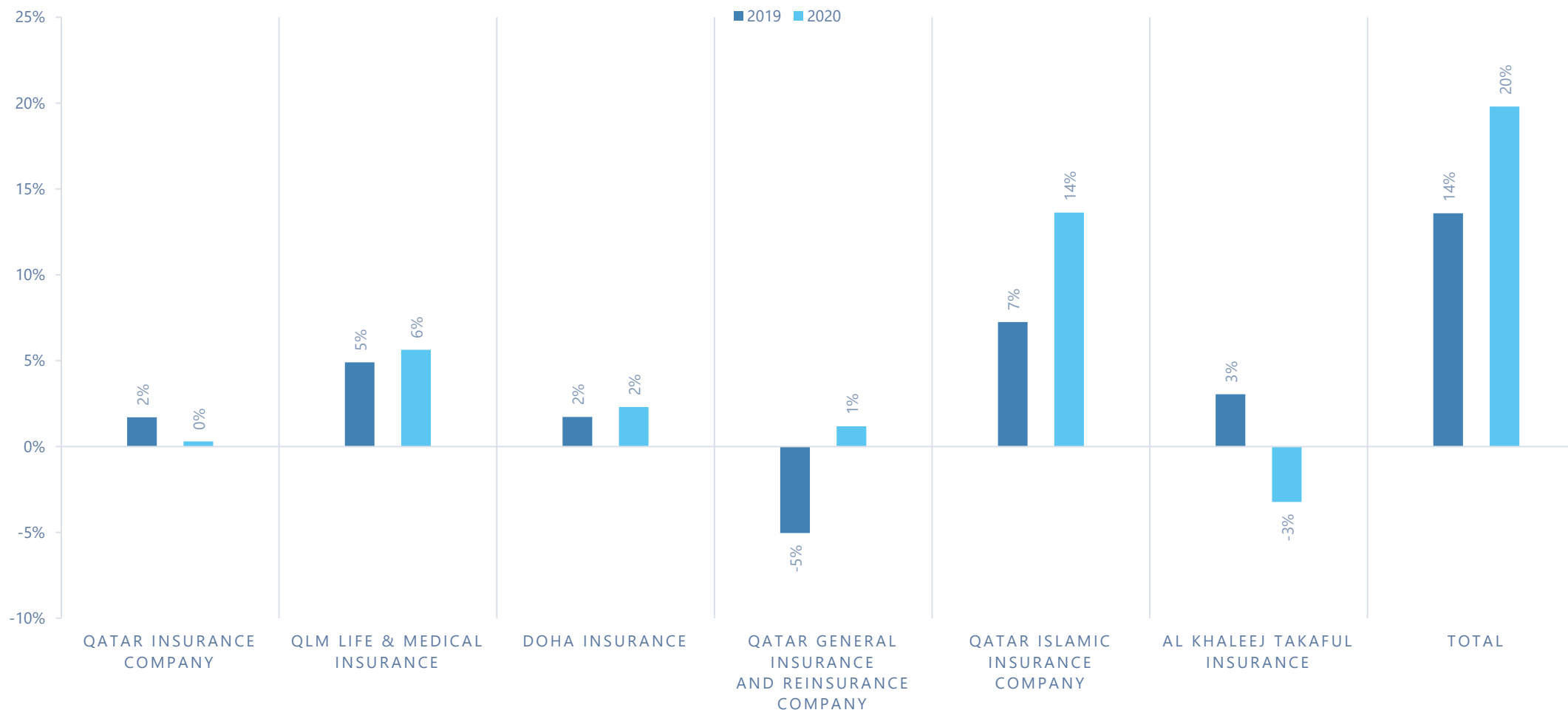
Return on Equity (ROE)



The Return On Equity ratio essentially measures the rate of return that the owners of common stock of a company receive on their shareholdings. Return on Equity signifies how good the company is in generating returns on the investment it received from its shareholders. Return on Equity for QLM Life & Medical Insurance and Doha Insurance remained constant (19% and 5%, respectively). Qatar Islamic Insurance company was able to utilize its equity better than the remaining companies in 2019 and further improved its performance in 2020 by increasing ROE by 16%. Al Khaleej Takaful Insurance was having a positive ROE in 2019, however, ROE decreased by 12% in 2020.



Return on Asset (ROA)



Return on Assets (ROA) is an indicator of how profitable a company is relative to its total assets. Comparing profits to revenue is a useful operational metric but comparing them to the resources a company used to earn them cuts to the very feasibility of that company's existence. The highest return on assets was for Qatar Islamic Insurance Company (7% in 2019 and 14% in 2020). The lowest ROA for 2019 was for Qatar General Insurance and Reinsurance Company (-5%), while the lowest ROA for 2020 was for Al Khaleej Takaful Insurance (-3%).





Meet the Team

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Assistant Manager

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Actuarial Analyst

Muhammad Umar
Actuarial Analyst

Priyam Jain
Actuarial Internee

SHMACONSULTING

Feedback

SHMA Consulting is proud to present Insurance Industry Analysis – Qatar for the Year-End 2020. We have a dedicated and talented pool of individuals to bring you industry insights in the form of this report.

We welcome your feedback on the analysis presented in this report.



<https://www.linkedin.com/company/shma-consulting/>



www.shmaconsulting.com

About Us

SHMA Consulting has been providing actuarial services to insurance companies since 1990 and to companies in the GCC (starting with the UAE) since early 1997.



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