

SHMACONSULTING

# INSURANCE INDUSTRY QATAR 2023

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## VISION

To nurture the lives of people everywhere and drive success by improving the decisions they make.



## MISSION

To bring the future in favor of people by partnering, simplifying and improving more lives every day.



## VALUES

People First | Learn & Grow | Excel & Innovate  
Integrity & Trust | Belong & Inspire

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## ABOUT US

SHMA is the outcome of an initiative taken by a team of dedicated, young, and dynamic Actuarial professionals aiming to provide specialized and client-focused Actuarial and financial consulting services on insurance, retirement, enterprise risk and investment management matters.

Over time and through continued success, SHMA has grown to cover even more areas of specialty. We now operate through three offices, covering Pakistan, the U.A.E, and KSA.





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 to allow 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.

**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

**Our Services**

- 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**

- 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 the Qatar Stock Exchange (QSE).
- ❖ The data represented in this report was 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.
- ❖ The data represented in this report is based on 4 Conventional Companies (based on IFRS 17) and 2 Takaful Companies (based on IFRS 4).

# 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.
- ❖ 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.
- ❖ Qatar Insurance Company (QIC) has ended the financial year 2023 with an 8% drop in its turnover. The premium volume amounted to QAR 6.3 billion against the QAR 6.9 billion QAR recorded one year earlier.
- ❖ William Malloy has been appointed as Chairman of the Board of Qatar Re. The Appointment will take effect in September 2021.

# IFRS 17 – OVERVIEW

## MEASUREMENT

New Measurement Models Introduced that are largely projected cash flow in nature, considering Time Value of Money Effects, Risk Adjustment and (where applicable) a residual Profit Margin.

## INSURANCE & NON-INSURANCE COMPONENTS

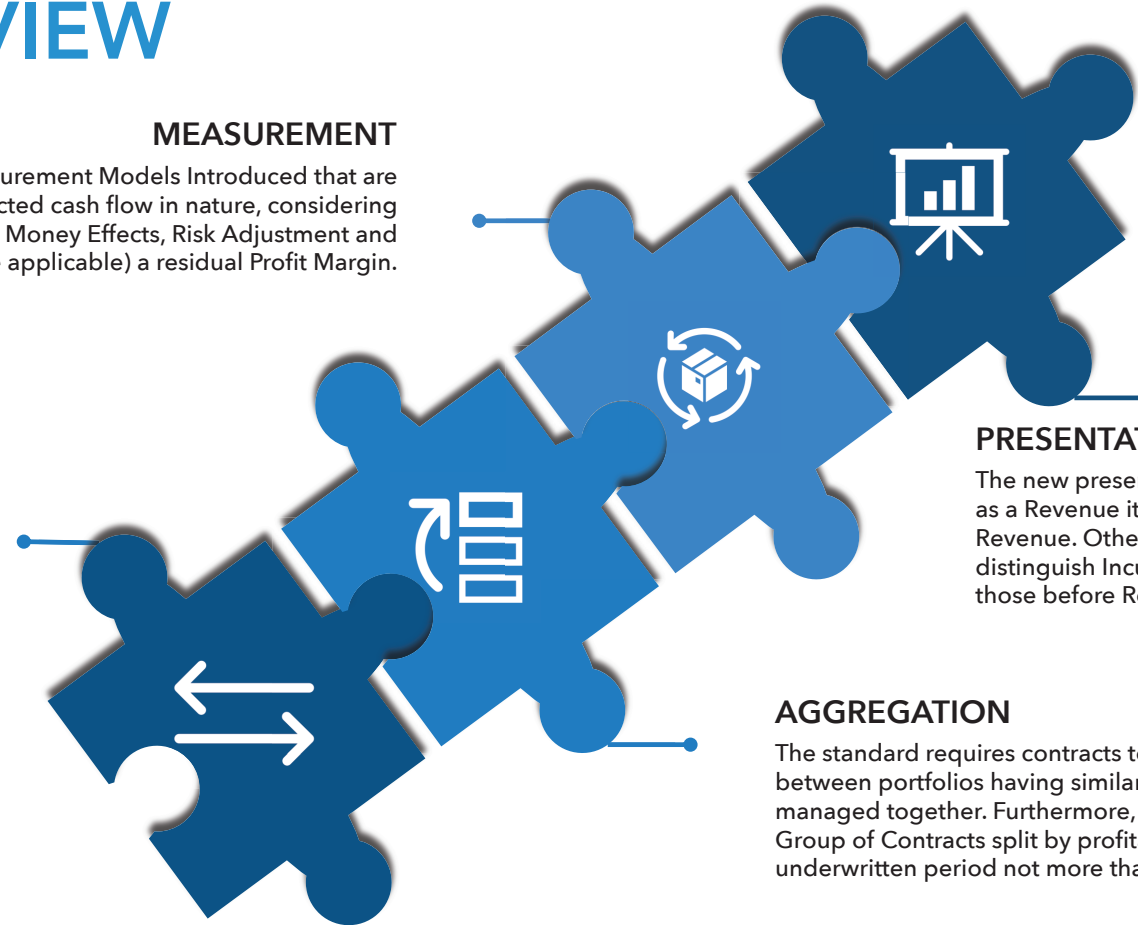
The standard has very specific definitions to segment between insurance and non-insurance components and requires separation in some cases.

## PRESENTATION

The new presentation style removes the Written Premium as a Revenue item and goes with the concept of Earned Revenue. Other items such as Incurred Claims will also distinguish Incurrences during Reporting Period and those before Reporting Period.

## AGGREGATION

The standard requires contracts to be segmented between portfolios having similar risks and managed together. Furthermore, it also requires a Group of Contracts split by profitability and an underwritten period not more than 1 year apart.





# INCOME STATEMENT - ILLUSTRATION

IFRS-4 P&L	AMOUNT
Gross Premium	xx
Premiums Ceded to Reinsurers	(xx)
Change in NET UPR	(xx)
Net Earned Premium	xx
Investment Income	xx
<b>Total Revenue</b>	<b>xx</b>
Net Claims Benefits & Expenses	(xx)
Claims and Expenses Ceded to Reinsurers	(xx)
Acquisition Cost Amortization	(xx)
Change in Insurance Contract Liabilities (Net)	(xx)
<b>Total Expenses</b>	<b>(xx)</b>
<b>Profit Before Tax</b>	<b>xx</b>

IFRS - 17 has revamped the way (Re)insurance results are presented in the income statement. Some of the notable features are the actual vs expected style of presenting claims and expenses as well as separately presenting effects of discount rate unwinding.

IFRS-17 P&L	AMOUNT
<b>Insurance Revenue</b>	<b>xx</b>
Expected Claims & Expenses	xx
Expected Acquisition Cost	xx
CSM Release	xx
Premium Experience Adjustments	xx
Risk Adjustment Release from LFRC	xx
PAA Revenue	xx
<b>Insurance Expense</b>	<b>(xx)</b>
Actual Claims & Expenses	(xx)
Actual Acquisition Cost	(xx)
Changes in Prior Year Estimates	(xx)
Onerous Contracts Impact and Reversal	(xx)
<b>Insurance Service Result</b>	<b>xx</b>
<b>Net Reinsurance Result</b>	<b>xx</b>
Finance Expense from Insurance Contracts	(xx)
Finance Income from Reinsurance Contracts	xx
<b>Total Finance Expense</b>	<b>(xx)</b>
<b>Investment Income</b>	<b>xx</b>
<b>Other Expenses (Income)</b>	<b>xx</b>
<b>Profit Before Tax</b>	<b>xx</b>

GMM LFRC Release

PAA Revenue Only (Earned Premium)

Relating to Claims Incurred in Reporting Period Only

Past Loss Estimate Changes (Loss Date Before Opening)

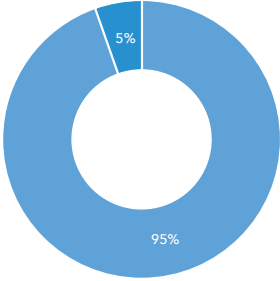

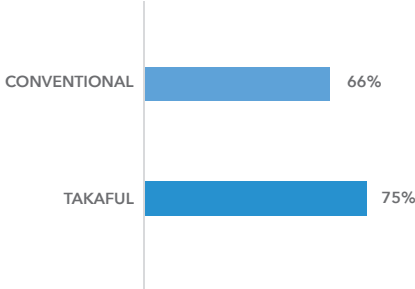

Loss Component Movement

Net Reinsurance Recoveries

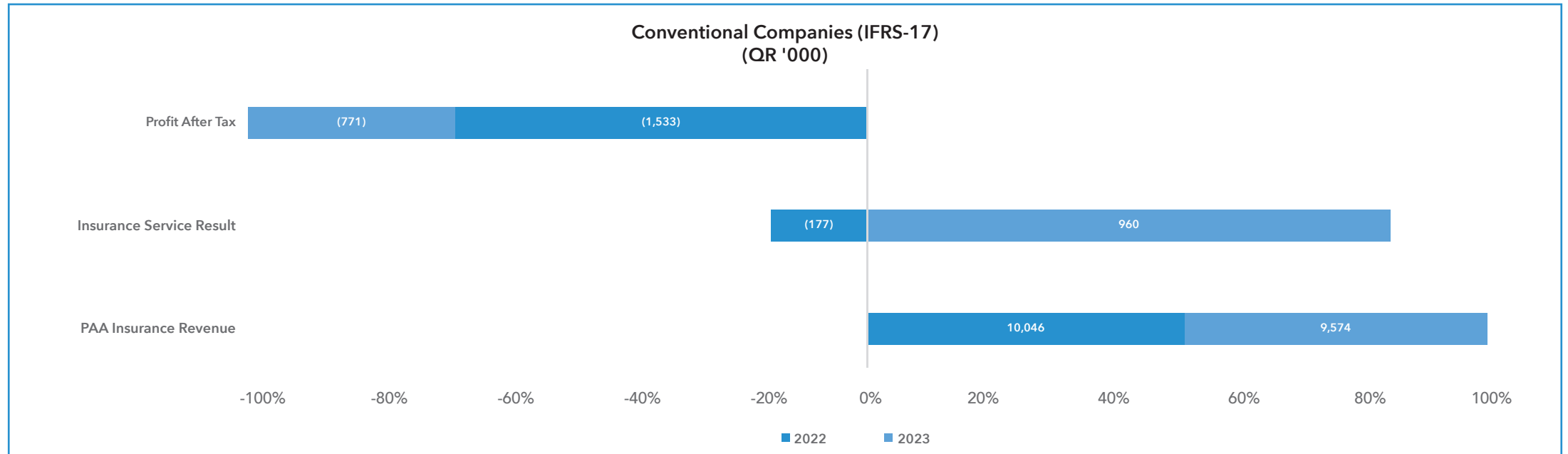
Movement in Liability Due to Discount Rate Roll-forward

Unattributable Expenses

# PERFORMANCE HIGHLIGHTS

<p><b>Conventional Vs Takaful Business by Revenue</b></p> <p>2023</p>  <p>■ CONVENTIONAL ■ TAKAFUL</p>	<p><b>Gross Contribution (Takaful Companies)</b></p> <p><b>QAR 856 Mn</b></p>	<p><b>Insurance Revenue (Conventional Companies)</b></p>  <p><b>QAR 9.6 Bn</b></p> <p>▼ 5%</p>
<p><b>Combined Ratios</b></p> 	<p><b>Net Earned Contribution (Takaful Companies)</b></p> <p><b>QAR 530 Mn</b></p>	<p><b>Total Assets</b></p>  <p><b>QAR 38.5 Bn</b></p> <p>▲ 6%</p>
<p><b>Total Profit/Loss After Tax (Takaful Companies)</b></p> <p><b>QAR 208 Mn</b></p> <p>▲ 32%</p> <p><b>Total Profit/Loss After Tax (Conventional Companies)</b></p> <p><b>QAR (771) Mn</b></p> <p>▼ 50%</p>		

# AGGREGATE PERFORMANCE



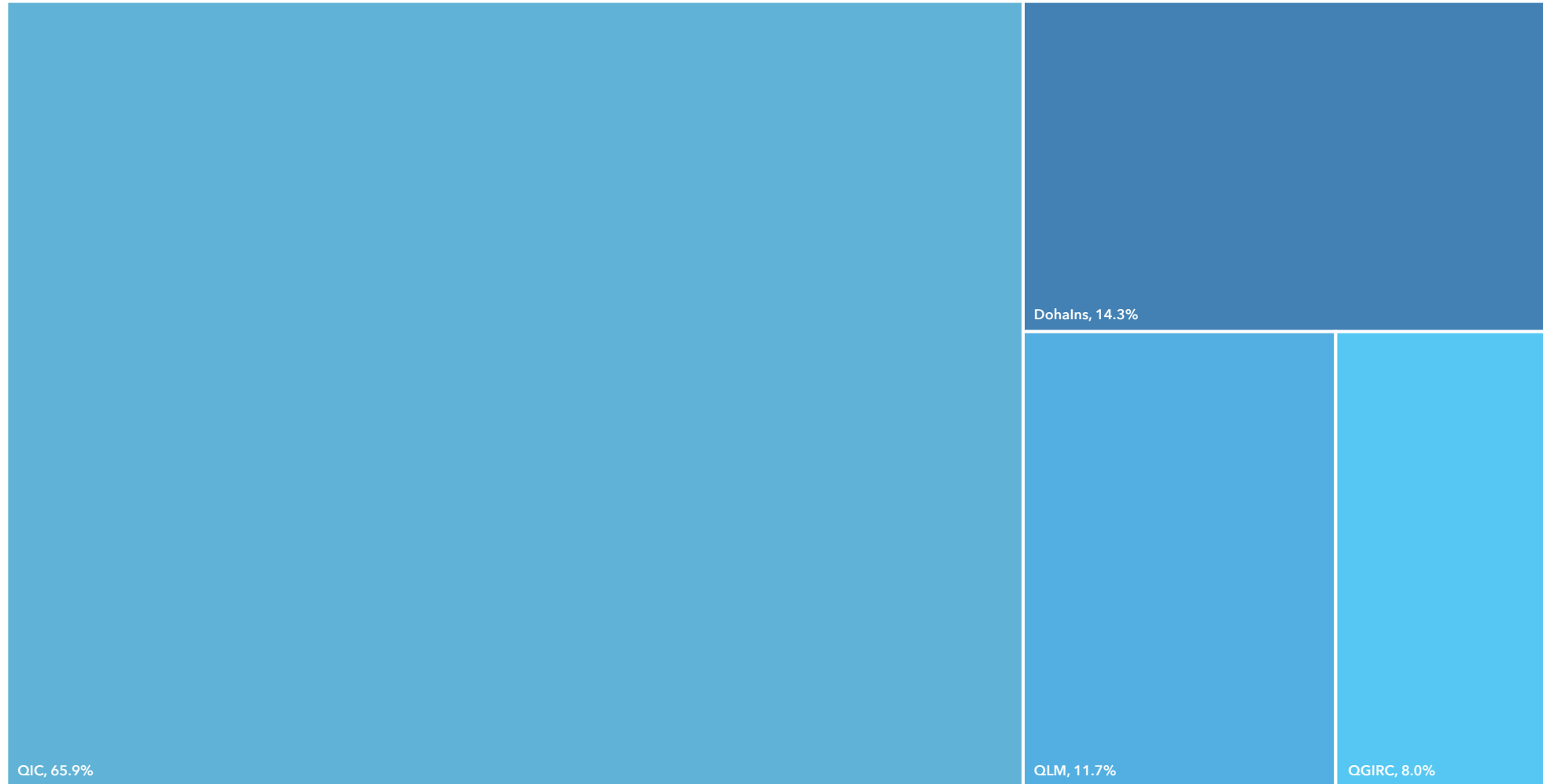
Profit after tax increased from QAR -1.5 billion in 2022 to QAR -771 million in 2023. This indicates the companies' ability to generate income after deducting expenses and taxes, demonstrating financial stability for 2023.

Insurance service results increased by 641% from AED -177 million in 2022 to AED 960 million in 2023, indicating a potential decrease in expenses or claim payouts that impacted their profitability.

Insurance's revenue fell from QAR 10 billion in 2022 to almost QAR 9.6 billion in 2023, a decrease in revenue typically suggests challenges or obstacles that may need to be addressed by the insurance company to maintain or improve its financial performance and market position.

# MARKET SHARE PROPORTION

Conventional Companies (IFRS-17)





# RANKING BY INSURANCE REVENUE AND PROFIT AFTER TAX (IFRS-17)

## By Revenue

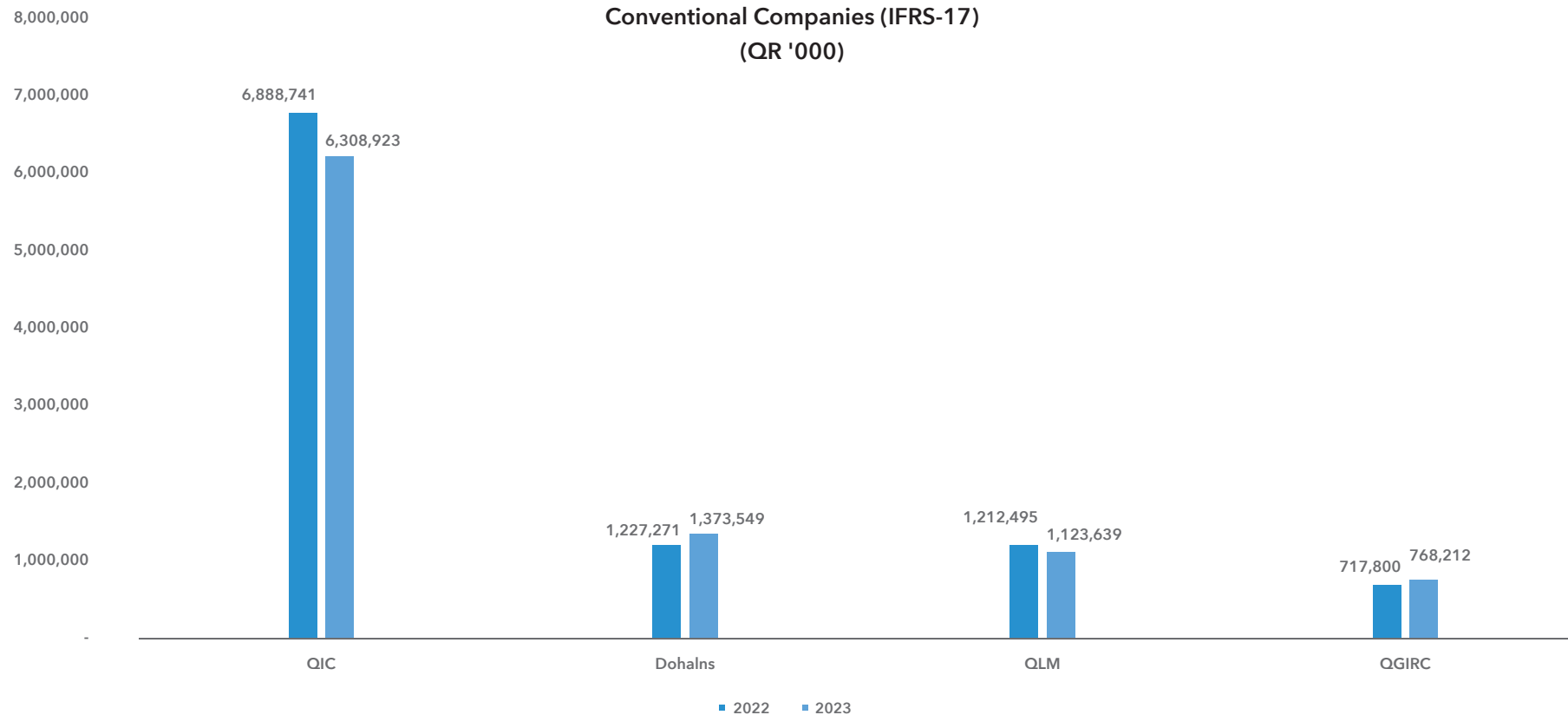
1.	Qatar Insurance Company	—
2.	Doha Insurance Group	—
3.	Qatar Life and Medical Insurance Company	—
4.	Qatar General Insurance and Reinsurance Company	—

## By Profit

1.	Qatar Insurance Company	▲
2.	Doha Insurance Group	▼
3.	Qatar Islamic Insurance Group	▼
4.	Qatar Life and Medical Insurance Company	▼

In terms of revenue, all insurance companies maintained their positions in 2023, with QIC leading the way in both years.  
In terms of profit, QIC Insurance leads the pack with a 152% increase in 2023, reaching from 6th rank in 2022 to 1st rank in 2023.

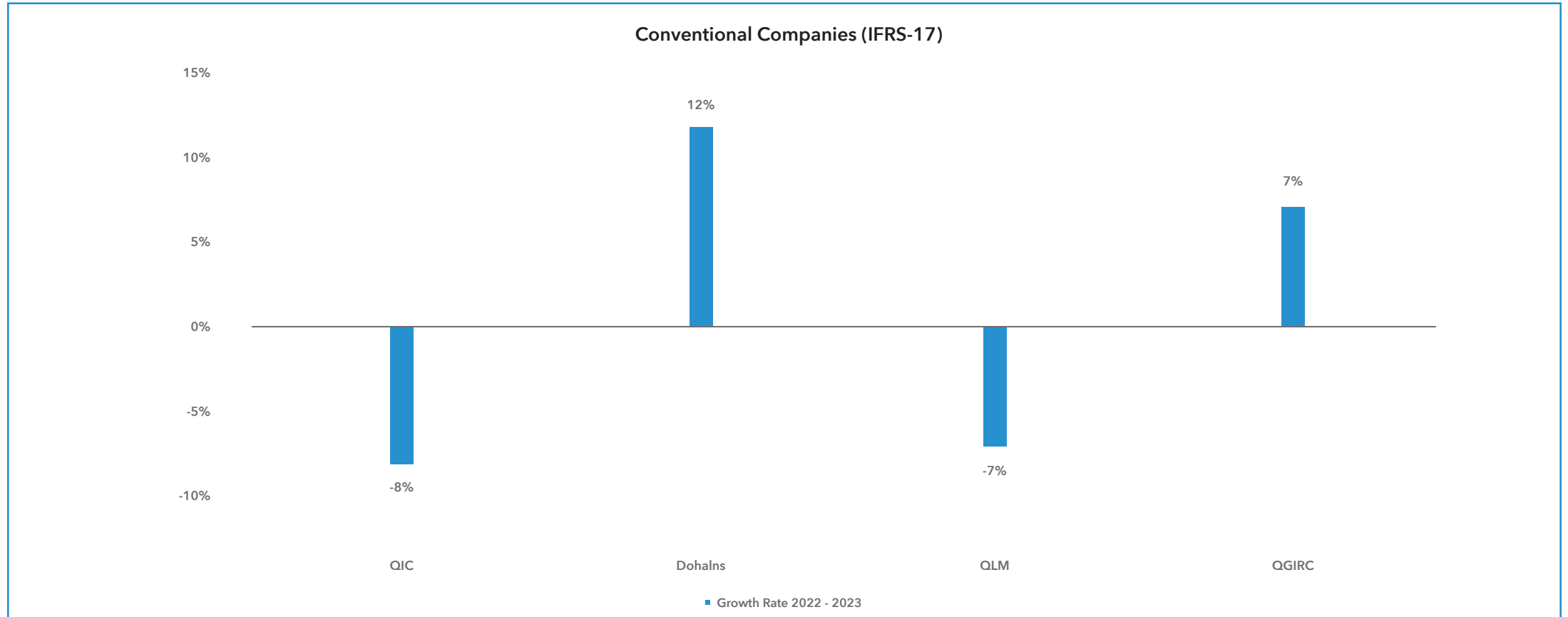
# INSURANCE REVENUE



QIC was able to capture around 66% of the market with QAR 6.3 billion in 2023, whereas QGIRC had only 8%, with the lowest insurance revenue of QAR 768 million. Furthermore, when compared to 2022, Total Insurance Revenue for 4 companies dropped by 5% from QAR 10 billion in 2022 to QAR 9.6 billion in 2023.

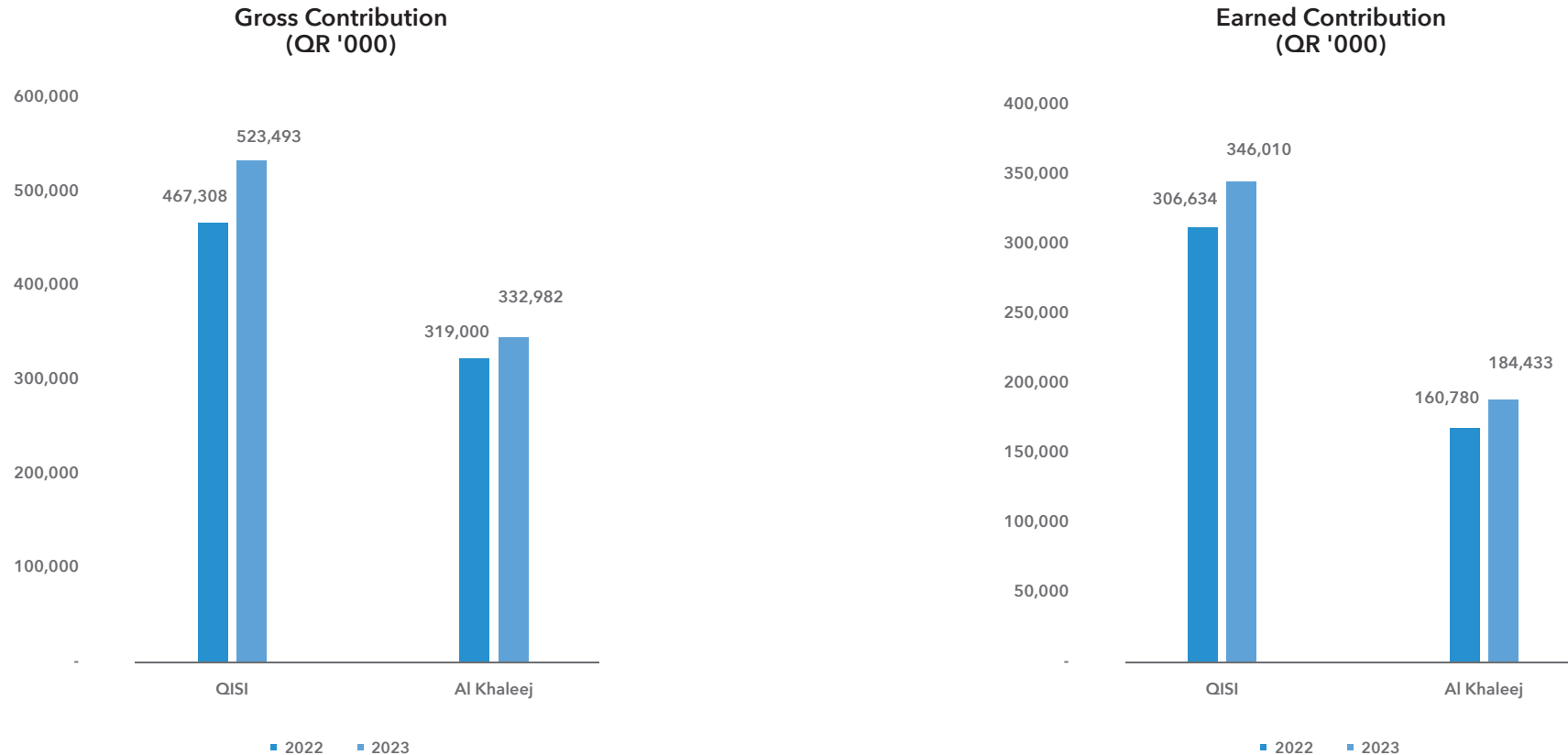
Notably, the reporting landscape has evolved, and the traditional focal point of Gross Written Premiums (GWP) is no longer emphasized. Instead, the new key metric is Insurance Revenue, which can be likened to Earned Premiums. However, it's important to highlight a critical distinction. Insurance Revenue is reported net of any Expected Credit Losses, akin to the provision for doubtful debts, ensuring a more accurate representation of the companies' financial health. This shift reflects a more comprehensive approach to financial reporting and aligns with industry best practices.

# INSURANCE REVENUE – MOVEMENT



Qatar Insurance had the biggest decline in insurance revenue by -8% in 2023. Doha Insurance had the highest growth of 12%, raising its insurance revenue from QAR 1.2 billion in 2022 to QAR 1.4 billion in 2023.

# TAKAFUL COMPANIES (IFRS-4)

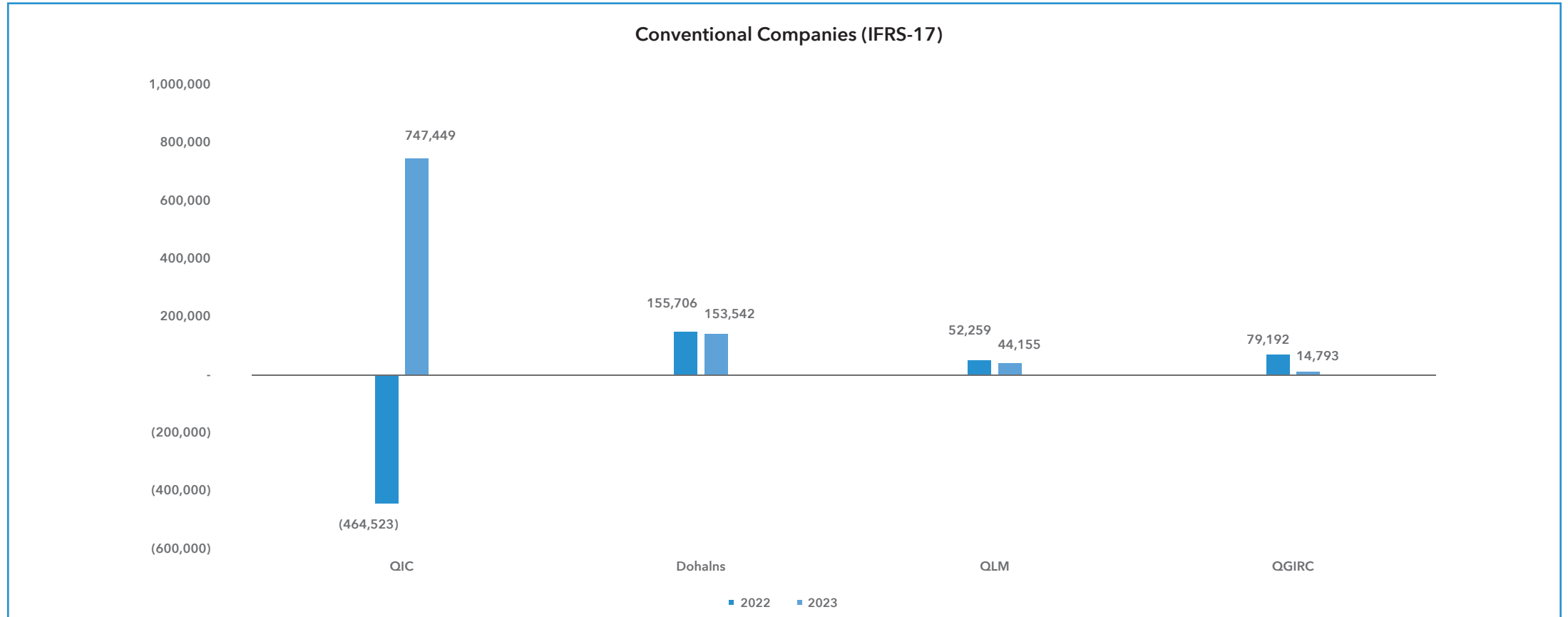


For 2 listed takaful companies based on IFRS 4 the gross contribution increased by 9% from QAR 786 million in 2022 to QAR 856 million in 2023. Earned contribution increased by 13% from QAR 467 million in 2022 to QAR 530 million in 2023.

Notably, the reporting landscape has evolved, and the traditional focal point of Gross Written Premiums (GWP) is no longer emphasized. Instead, the new key metric is Insurance Revenue, which can be likened to Earned Premiums. However, it's important to highlight a critical distinction. Insurance Revenue is reported net of any Expected Credit Losses, akin to the provision for doubtful debts, ensuring a more accurate representation of the companies' financial health. This shift reflects a more comprehensive approach to financial reporting and aligns with industry best practices.

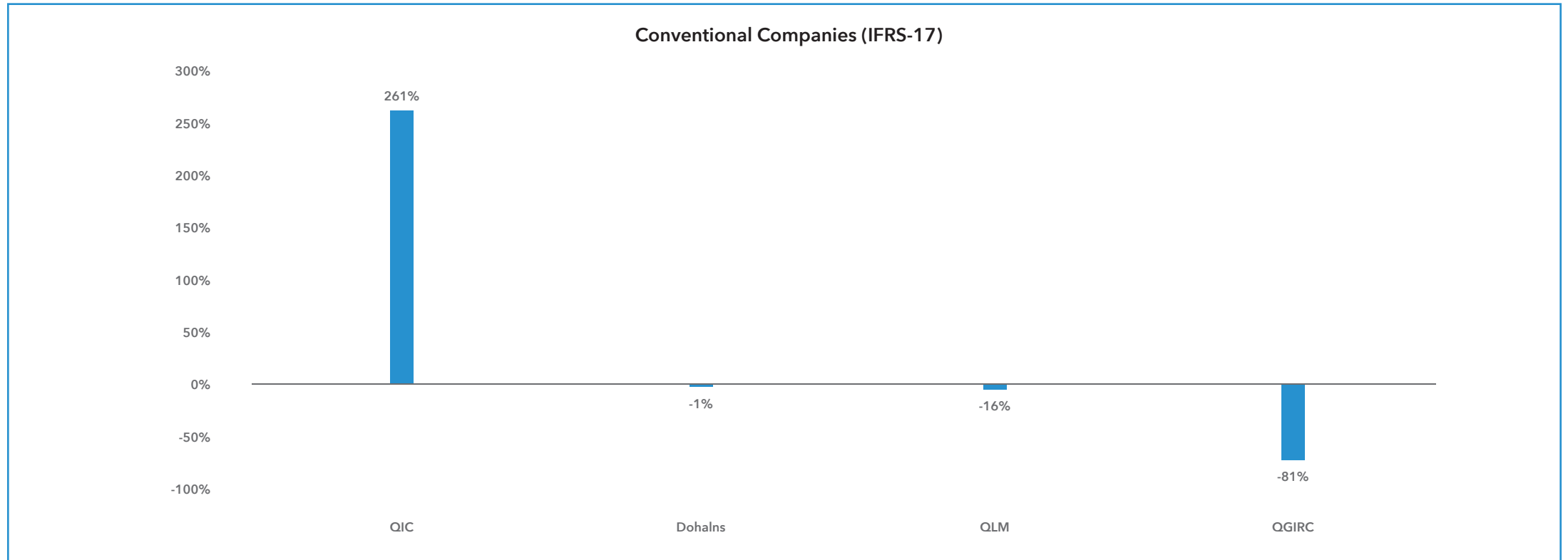


# INSURANCE SERVICE RESULTS



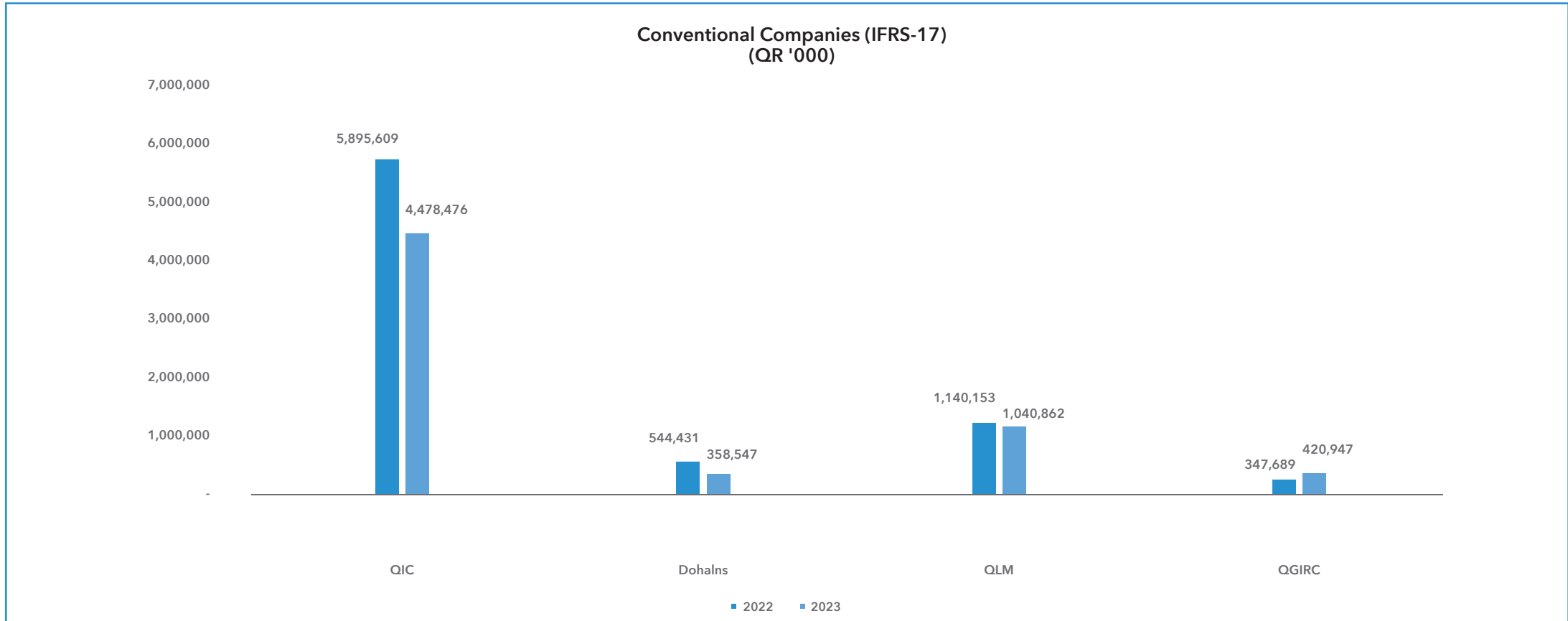
The net insurance service results for Qatar's leading companies witnessed notable shifts from 2022 to 2023. QIC demonstrated a remarkable turnaround, recording a 261% increase in insurance service results, while Doha Insurance remained relatively stable with a slight 1% decrease. Conversely, QLM experienced a 16% decline, and QGIRC faced a significant 81% decrease in service results. Overall, there is a striking improvement, with total insurance service results surging by 641%, suggesting a robust growth trajectory despite individual variations in company performance.

# INSURANCE SERVICE RESULTS – MOVEMENT



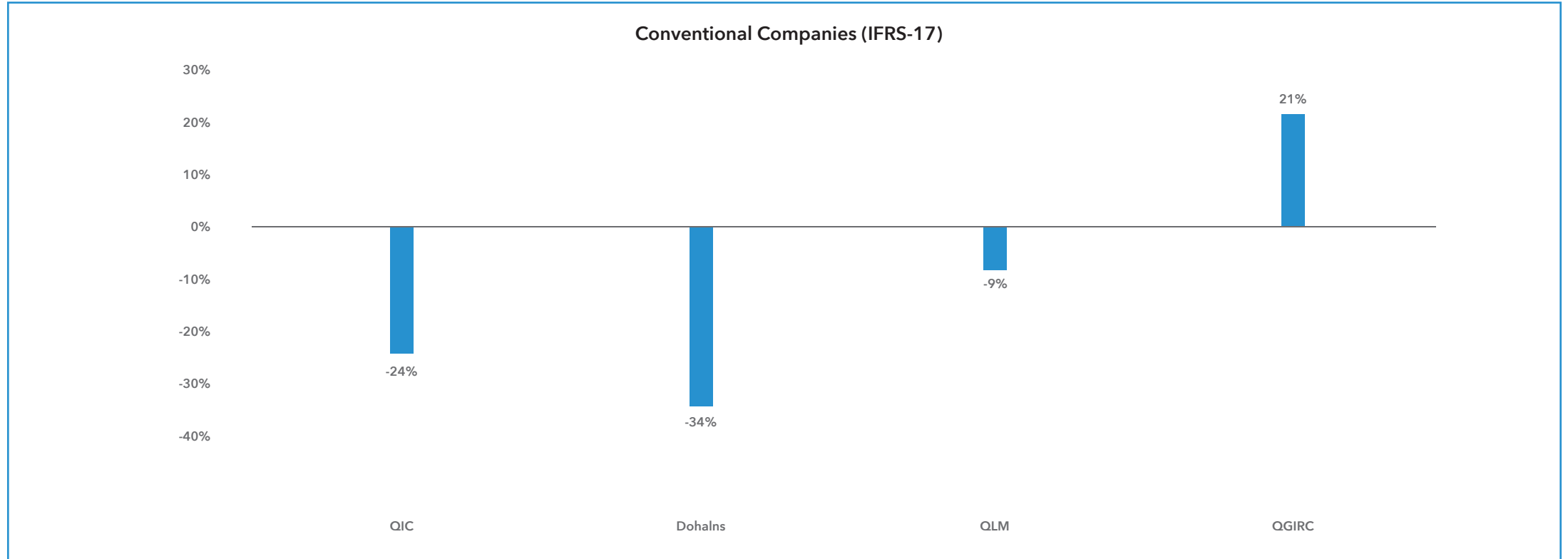
QIC had the strongest growth in 2023, with QAR 283 million, a 261% increase. QGIRC suffered the greatest reduction, with a drop of QAR 64 million. Except for Qatar Insurance Company, all companies saw a decrease in insurance service results during 2023.

# INSURANCE SERVICE EXPENSE



The insurance service expenses of 4 conventional companies went from QAR 8 billion in 2022 to QAR 6 billion in 2023, a 21% drop. With QAR 4.4 billion Qatar Insurance had the highest insurance service expenses during the year 2023. The lowest is for Doha Insurance with insurance service expense QAR 359 million.

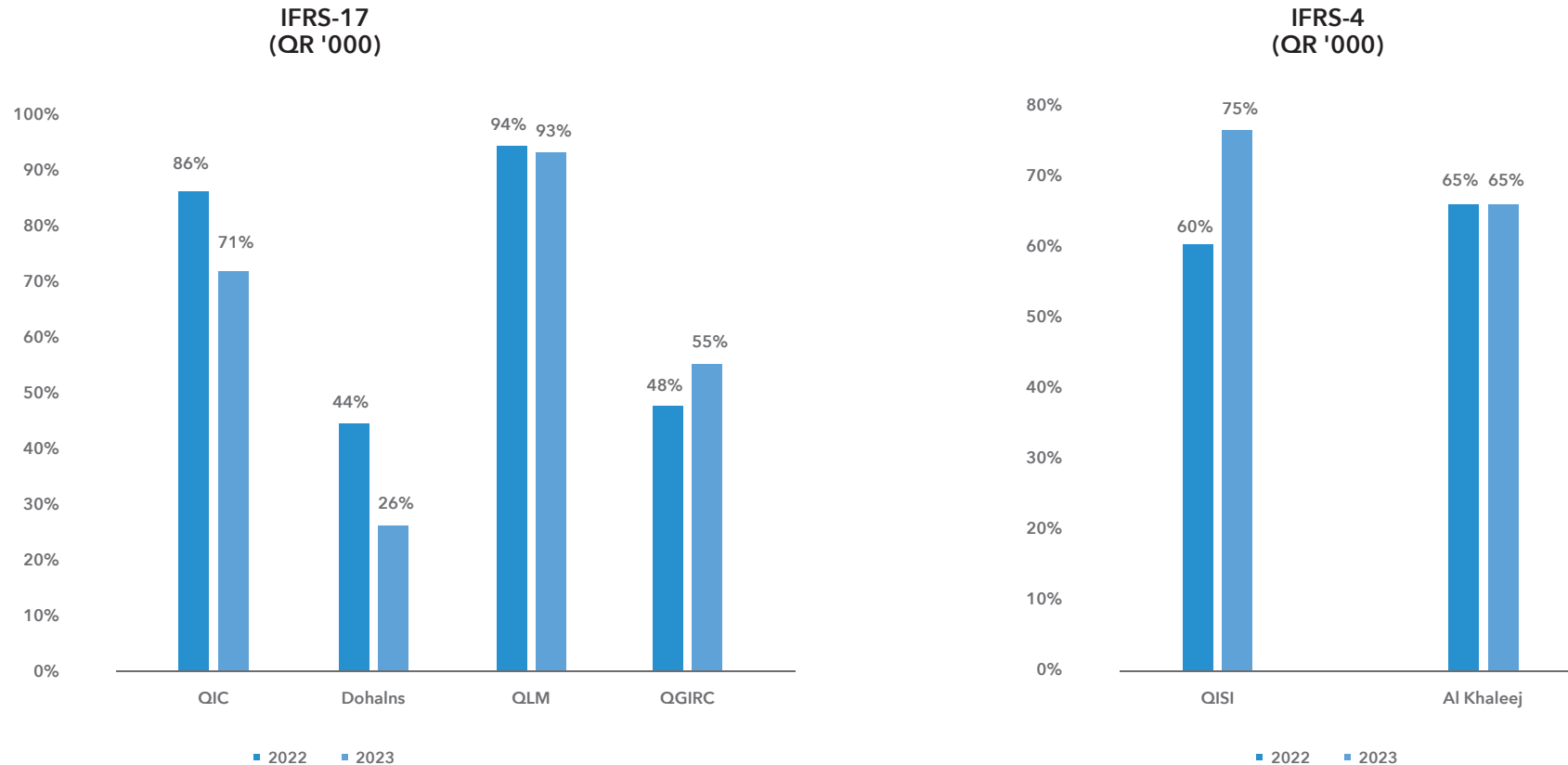
# INSURANCE SERVICE EXPENSE – MOVEMENT



Doha Insurance saw the biggest decrease of QAR 186 million from QAR 544 million in 2022 to QAR 359 million in 2023, while QGIRC is the only company that saw the largest increase of QAR 73 million in its insurance service expenses, rising from QAR 348 million in 2022 to QAR 421 million in 2023.



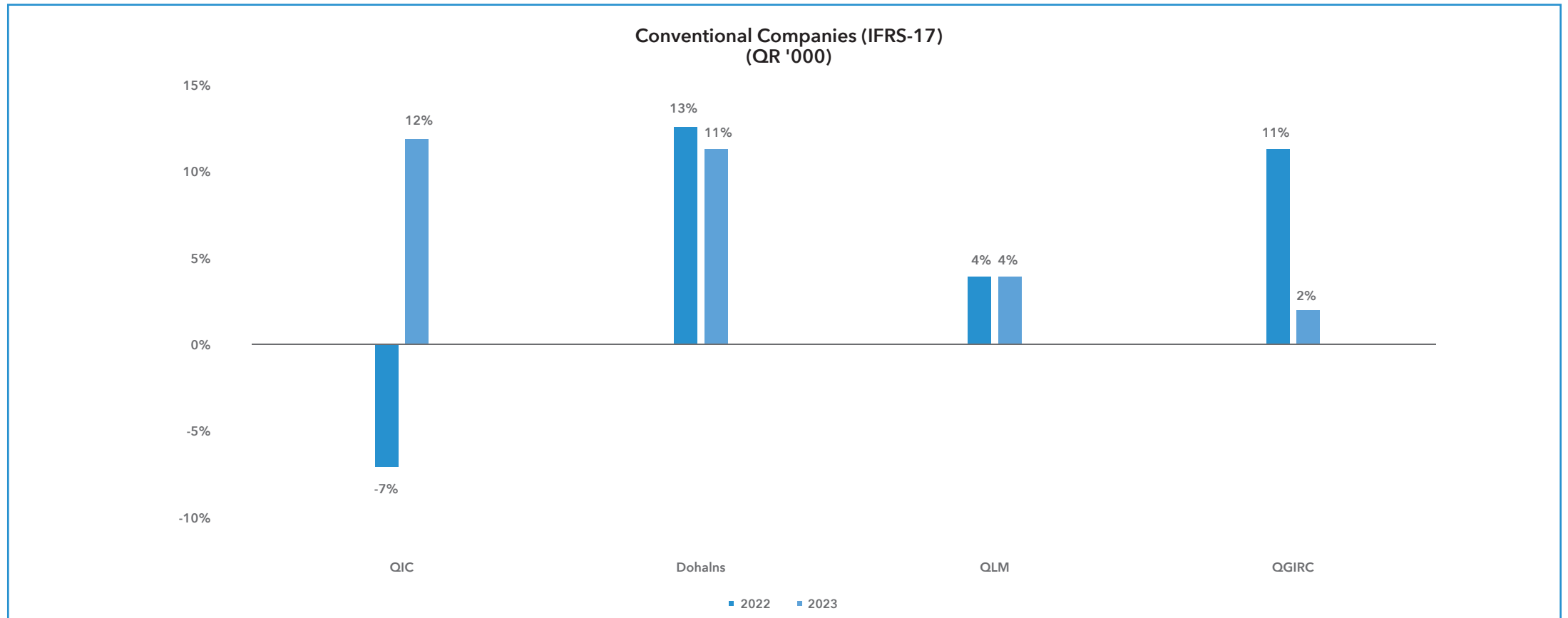
# COMBINED RATIOS



For conventional companies, the weighted average combined ratio was 66%, whereas for takaful companies, it was 75%. The 2023 combined ratio data demonstrates significant swings in performance. Interestingly, QIC and Doha Insurance improved significantly, while QGIRC saw a slight increase. Overall, the combined ratio of conventional companies based on IFRS-17 decreased from 79% in 2022 to 66% in 2023, indicating improved underwriting efficiency and profitability across companies. A combined ratio below 100% indicates that the insurance company is making an underwriting profit. Conversely, a combined ratio above 100% indicates an underwriting loss.

The combined ratio for conventional companies is computed as net insurance service expenses over insurance revenue and for takaful companies, it is the sum of loss ratio and expense ratio.

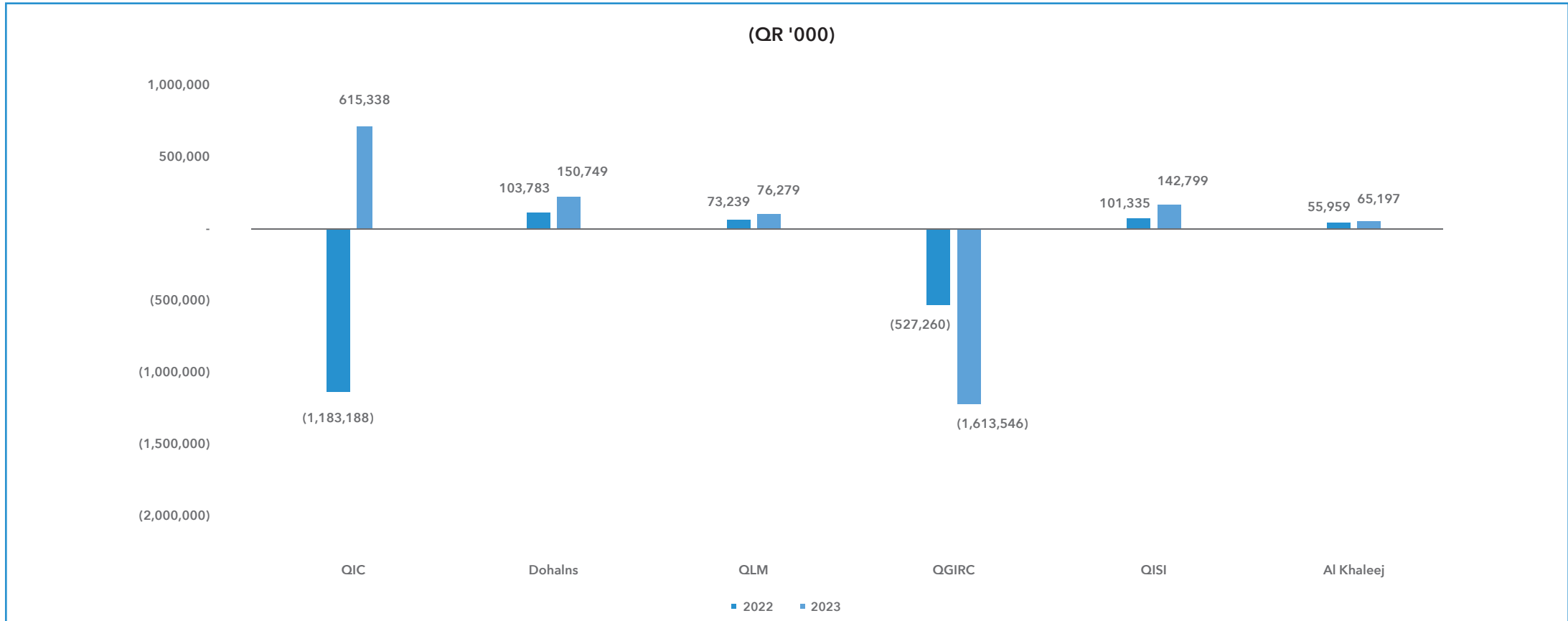
# INSURANCE SERVICE RATIOS



In 2023, the insurance service ratio for 4 conventional companies went up from 21% to 29%. In 2023, QIC has the greatest ratio 12% while QGIRC has the lowest roughly 2%.

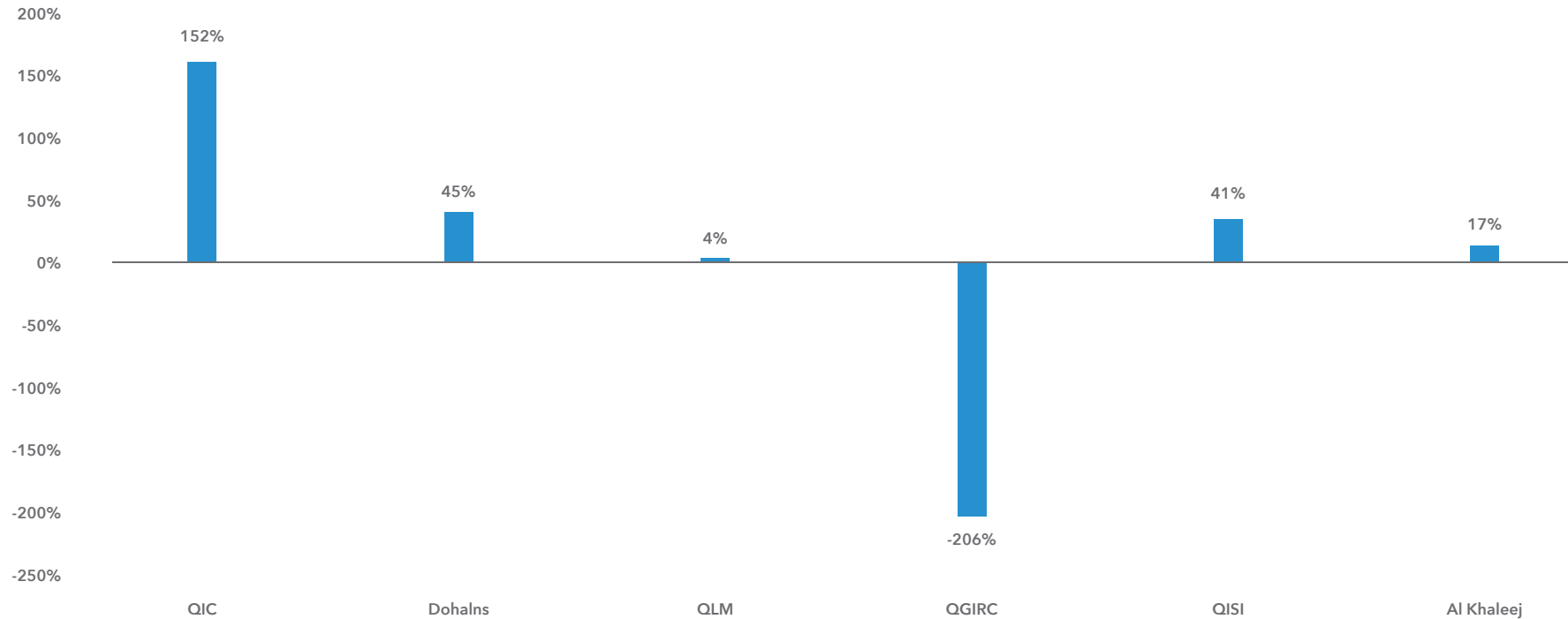
The Insurance Service Ratio is computed as Insurance Service Results over Insurance Revenue.

# NET PROFIT/(LOSS) (AFTER TAX)



QIC is back in profit with a 152% hike in profit, alongside Doha Insurance and QISI, which saw gains of 45% and 41%, respectively. However, QGIRC faced a substantial decline with a 206% change, resulting in a loss of QAR 1.6 billion in 2023. Despite mixed performances across companies, the overall sector showed improvement, with the total profit after tax increasing by 59% from QAR -1.38 billion in 2022 to -563 million in 2023, indicating a positive trend in Qatar's insurance industry. The total profit after tax for takaful companies based on IFRS-4 grew from QAR 157 million to QAR 208 million, a growth of 32%.

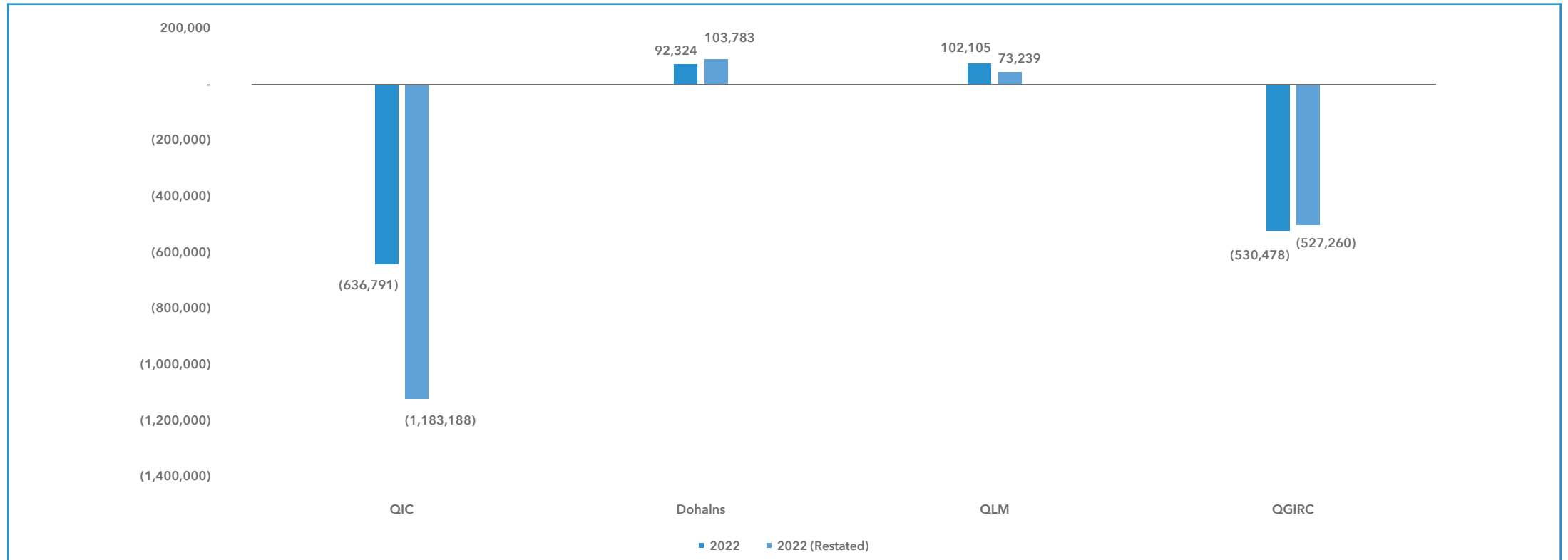
# NET PROFIT/(LOSS) (AFTER TAX) - MOVEMENT



QGIRC performance greatly declined by 206%, compared to other companies. All other companies experienced significant increases in their net profits. The greatest growth exhibited by the QIC growth rate of 152%.

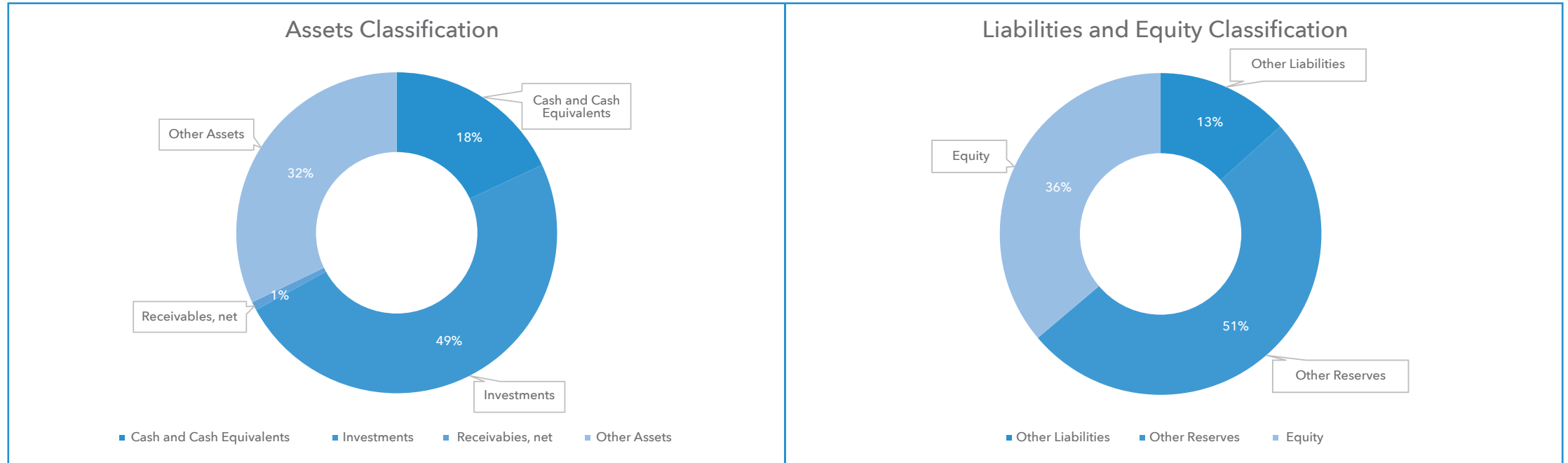


# PROFIT TRANSITION RATIO (2022) CONVENTIONAL COMPANIES IFRS-17



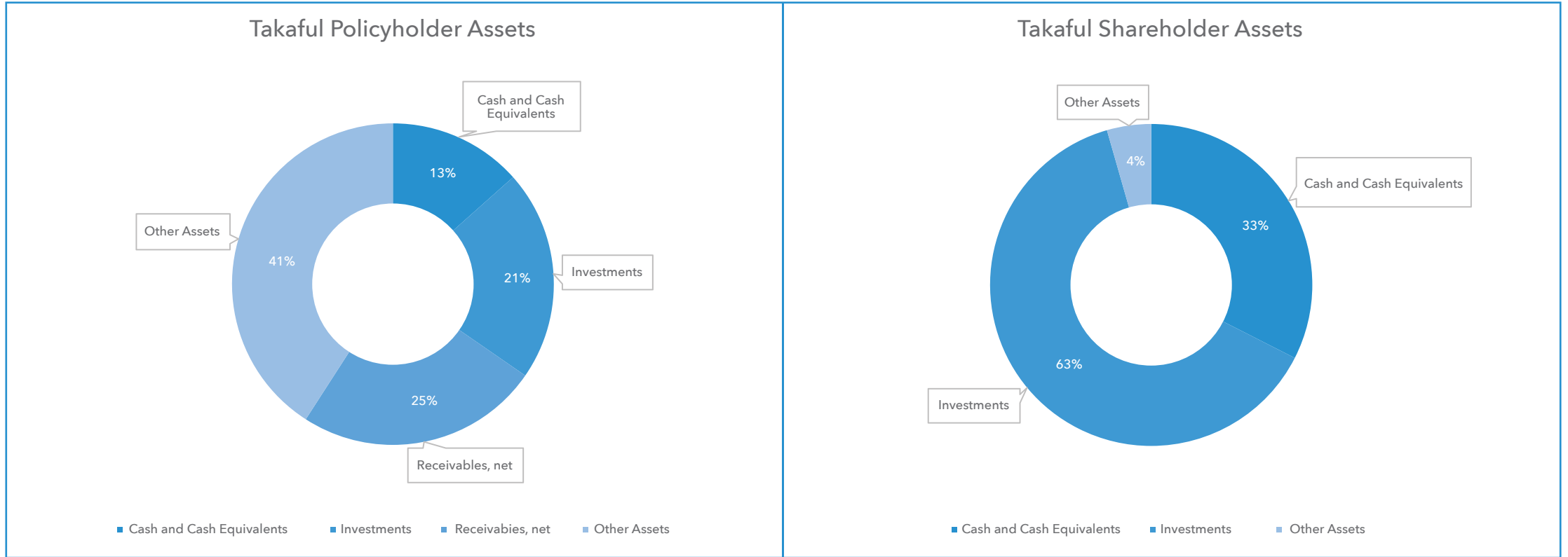
The Profit Transition Ratio contrasts the profit recorded for 2022 under IFRS-4 from a year prior with the profits recorded for 2022 according to the IFRS-17 financials released this year offering insights into the impact of the accounting standard transition on reported profits. The total profits for 4 conventional companies shift from QAR -1.5 billion under IFRS-4 to QAR -771 million under IFRS-17. The overall impact is only 50%, with QIC showing the highest growth under IFRS-17 in 2022 and QGIRC showing the lowest growth under IFRS-17.

# ASSET/LIABILITY AND EQUITY CLASSIFICATION - CONVENTIONAL



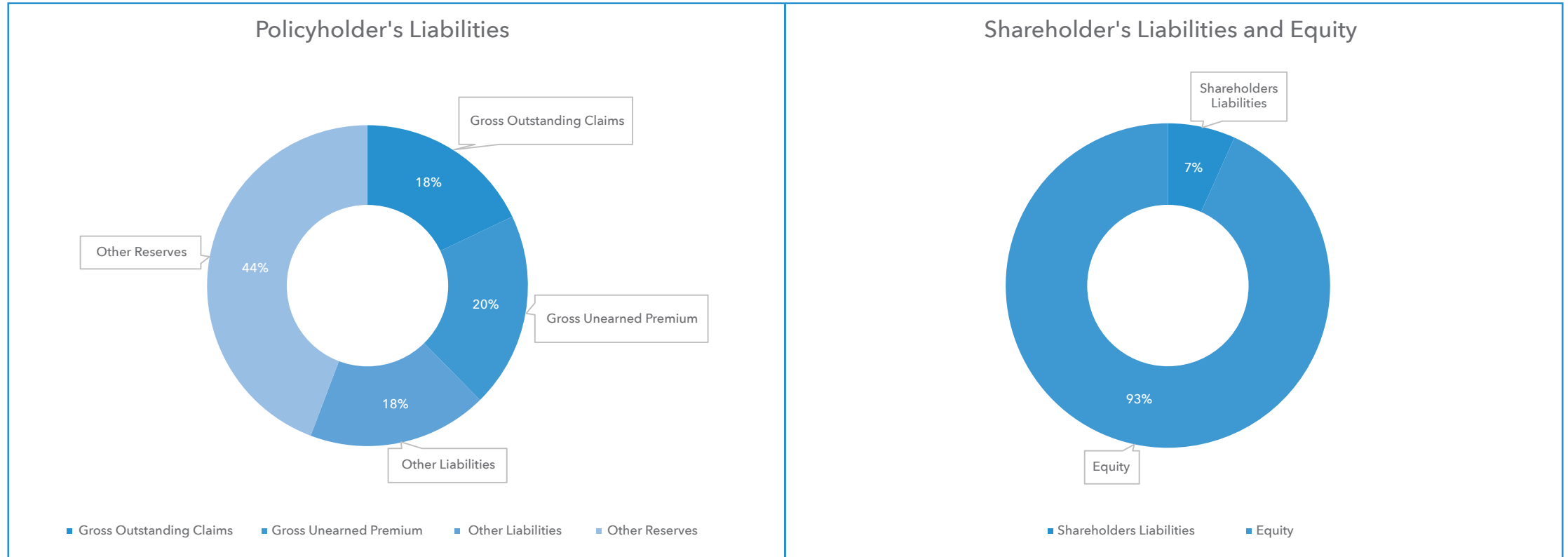
About 49% of conventional assets relate to investments, 18% to Cash and Cash Equivalents, 1% to Receivables, and 32% to Other Assets. liabilities of conventional companies consist of 13% of Other Liabilities, 51% of Other Reserves, and Equity of total conventional business is about 36%.

# ASSET CLASSIFICATION - TAKAFUL



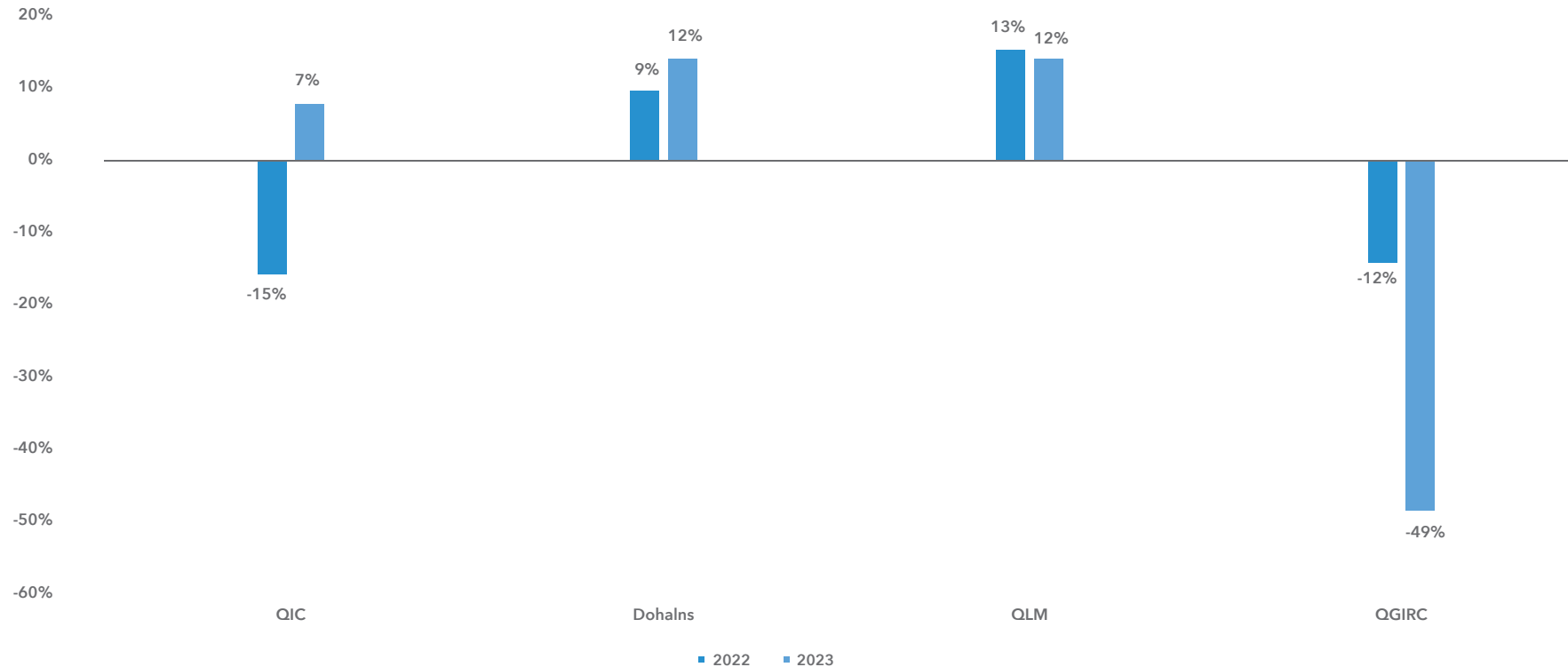
About 21% of policyholder assets relate to Investments, 41% to Other Assets, 13% to Cash and Cash Equivalents and 25% to Receivable. Investments constitute most of the part of the shareholder assets.

# LIABILITY AND EQUITY CLASSIFICATION - TAKAFUL



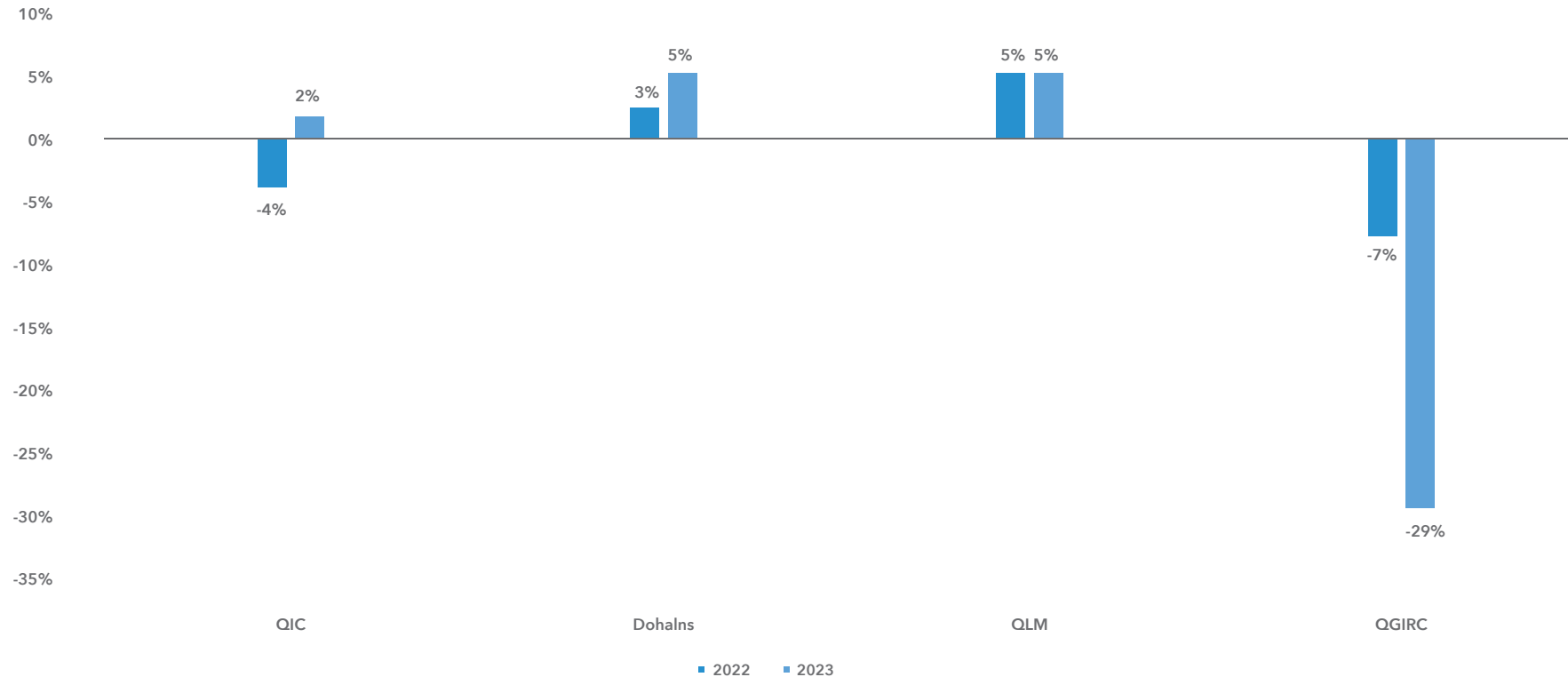
Policyholder liabilities consist of a 18% Gross Outstanding Claims, 20% of Gross Unearned Premium, 18% of Other Liabilities and 44% of Other Reserves. In addition to this, equity as a percentage of total assets is about 93%, while shareholders' liabilities consist of about 7%.

# 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. In 2023, the Return on Equity for QGIRC dipped by 49%. In 2023, Qatar Insurance (QIC) used its Equity more effectively than the other businesses.

# 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. In 2023, the RoA of Qatar Insurance was substantially higher, while QLM has stayed uniform. QGIRC reported the lowest RoA in 2023, at -29%.



# APPENDIX A: LISTED INSURANCE COMPANIES IN QATAR USED IN OUR REPORT

Company Name	Symbol
Qatar Insurance Company	QIC
Qatar Life and Medical Insurance Company	QLM
Doha Insurance Group	Doha Insurance
Qatar Islamic Insurance Group	QISI
Al Khaleej Takaful Insurance Company	Al Khaleej
Qatar General Insurance and Reinsurance Company	QGIRC

# OUR TEAM



**NOMAN USMAN**  
Senior Consultant



**HIBA IBAD**  
Data & Research Analyst

# SHMACONSULTING

## Feedback

SHMA is proud to present Insurance Industry Analysis - Qatar for the year-end 2023. 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.shmaglobal.com](http://www.shmaglobal.com)

## About Us

SHMA 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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+971 56 183 1095, +971 52 831 4612

The image features a blue-tinted cityscape background. A large black circle is centered on the page, containing the text "THANK YOU" in white, bold, uppercase letters. The cityscape includes several skyscrapers, with the most prominent one in the center having a distinctive pointed top. The overall aesthetic is modern and professional.

**THANK YOU**