

# INSURANCE INDUSTRY

QATAR

2022

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SHMACONSULTING



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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 other 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

### 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

## Our Services

## LIMITATIONS & 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, and 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 HIGHLIGHTS

## Retention Ratios



## Combined Ratio



## Highest Line

P&C Insurance  
 QAR 11.402 Bn.  
 ▲ +1.00%

## Total Profit / Loss

QAR -813.5 Mn

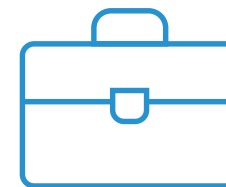
## Loss Ratio



## Total Gross Written Premium

QAR 13.89 Bn.

▲ +2.54%



## Total Assets

QAR 53.78 Bn.

▼ -6.00%

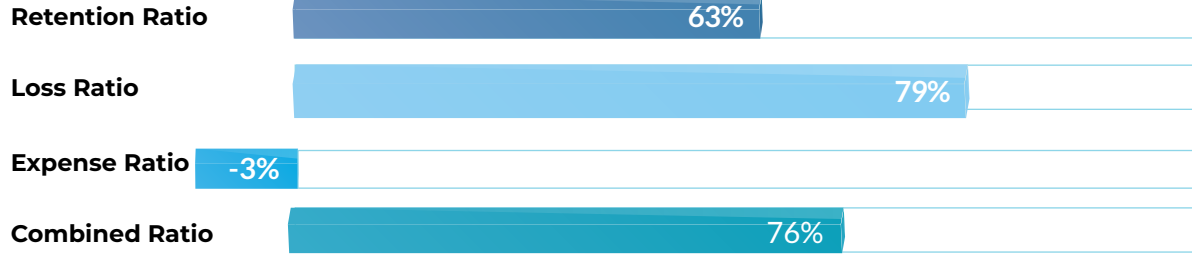


# INDUSTRY HIGHLIGHTS

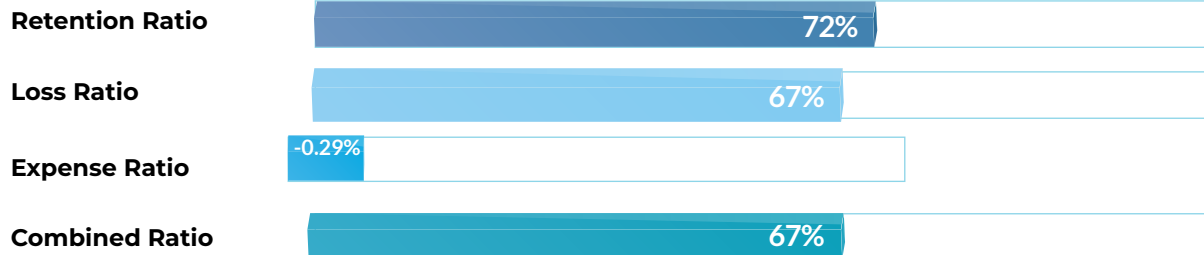
- ❖ QLM Life & Medical Insurance Company QPSC (QLM), the leading life and medical insurance company in Qatar announced that it obtained the required regulatory approvals for the admission of its shares to trading on the Qatar Exchange. Trading in QLM's shares commenced on Wednesday, 13 January 2021, 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.
- ❖ Qatar Insurance Company (QIC) has ended the financial year 2022 with a 1% drop in its turnover. The premium volume amounted to 9.8 billion QAR (2.6 billion USD) against the 9.9 billion QAR (2.7 billion USD) recorded one year earlier. The 25 million QAR (6.8 million USD) underwriting result has fallen by 96% compared to the same period in 2021

# INDUSTRY BENCHMARKS

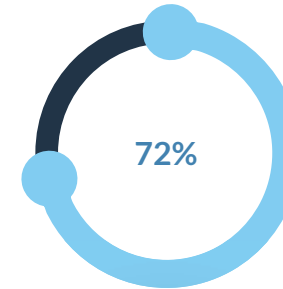
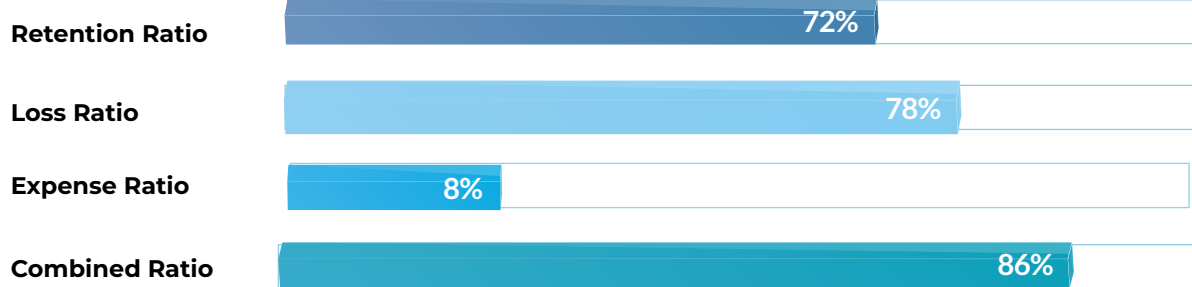
2020



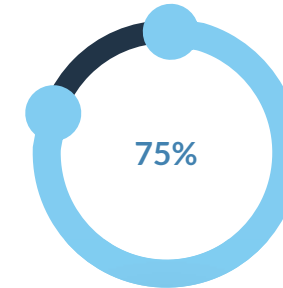
2021



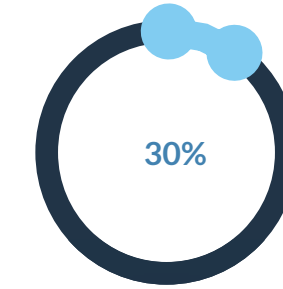
2022



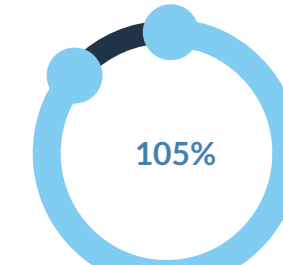
Weighted Average Retention Ratio



Weighted Average Loss Ratio



Weighted Average Expense Ratio

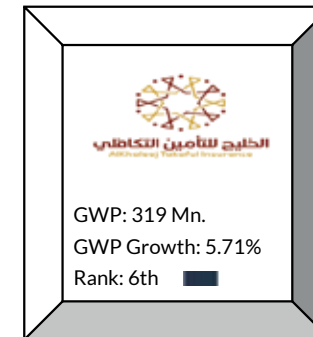
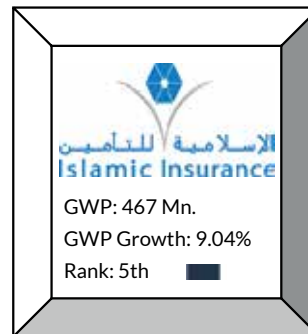


Weighted Average Combined Ratio

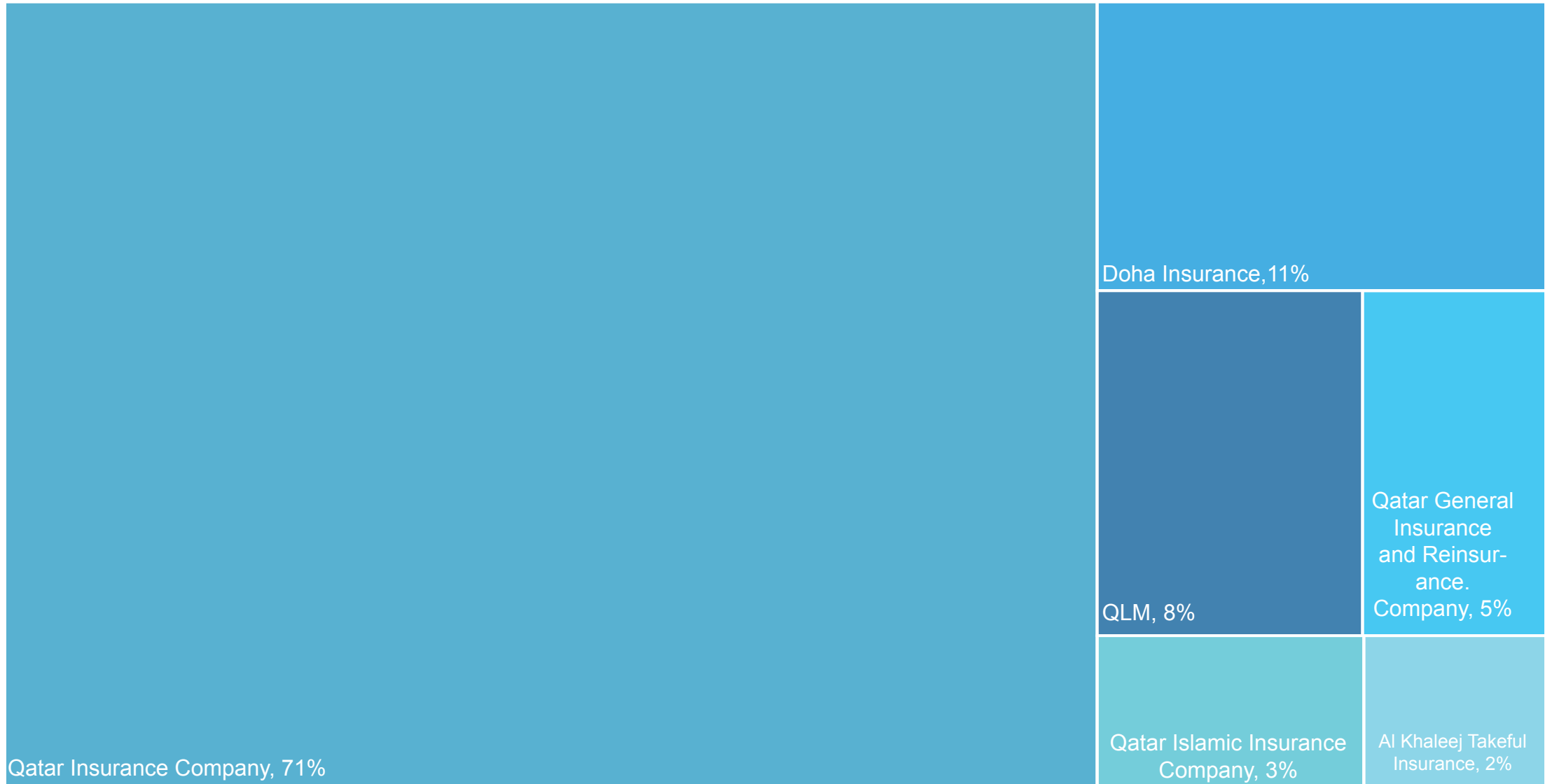


# GROSS PREMIUM AND RANKING

Qatar Insurance Company is maintaining its top rank with the highest gross written premium of about QAR 9.8 billion for the year 2022. Followed by Doha insurance with QAR 1.4 billion in 2022. All companies saw growth except Qatar Insurance Company and Qatar General Insurance and Reinsurance. They both displayed a slight decrease..



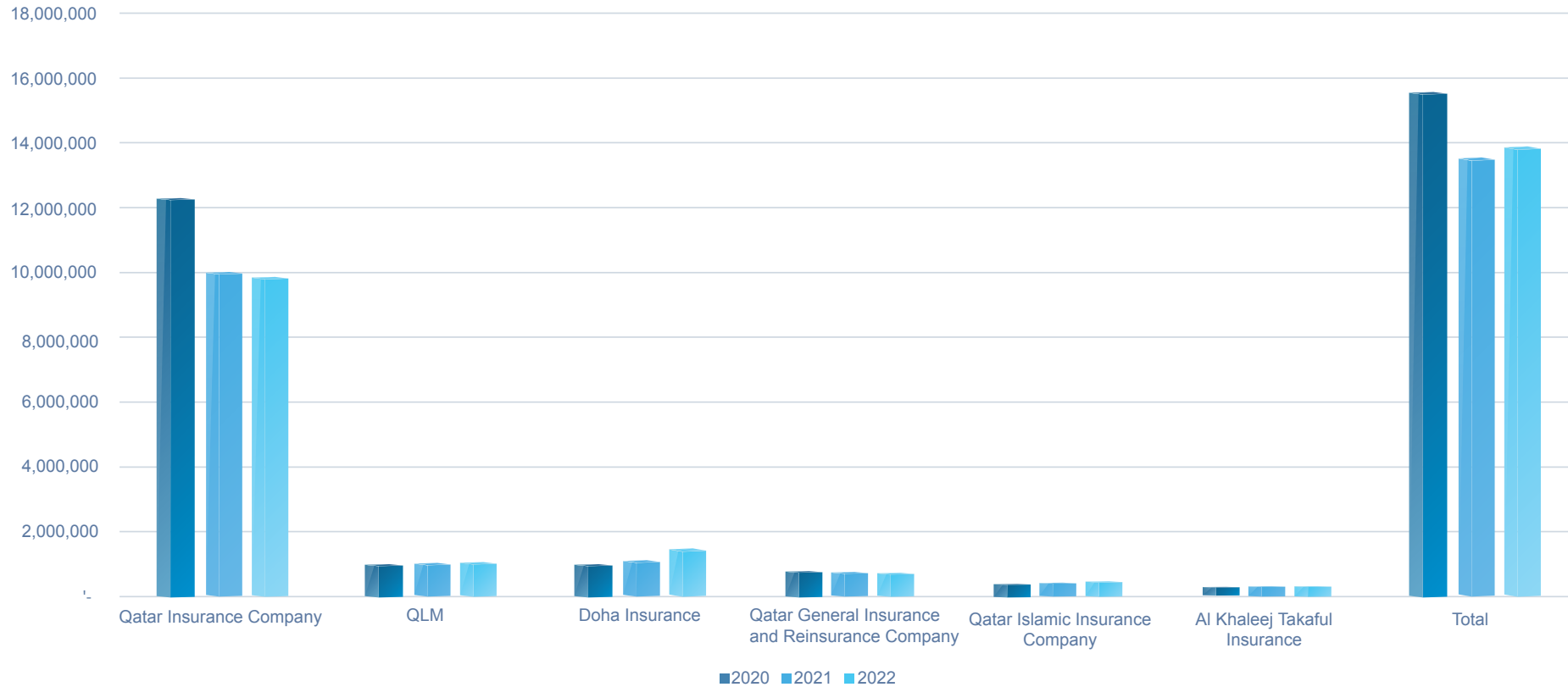
# MARKET SHARE PROPORTION



# GROSS PREMIUM

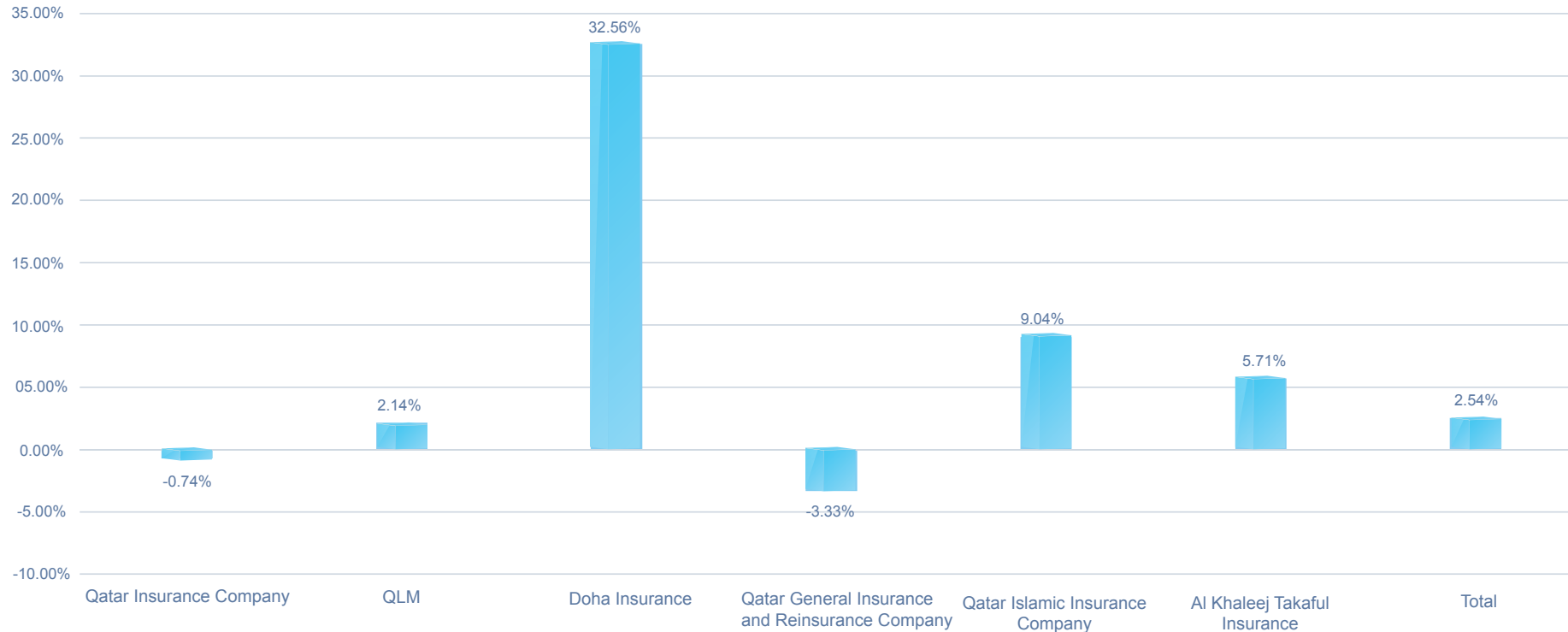
(QAR 000's)

Qatar Insurance Company was able to capture about 71% of the market with QAR 9.8 billion in 2022, while Al Khaleej Takaful Insurance had a share of only 2% with QAR 319 million. In addition to this, Gross Premiums was not significantly different when compared to 2021.



# GROSS PREMIUM - MOVEMENT

Doha Insurance experienced the highest growth in its gross written premiums of about 32.56%, while Qatar Insurance Company and Qatar General Insurance and Reinsurance Company experienced decreases in their gross written premiums of -0.74% and -3.33% respectively. For all the other companies, the growth rate showed a slight improvement

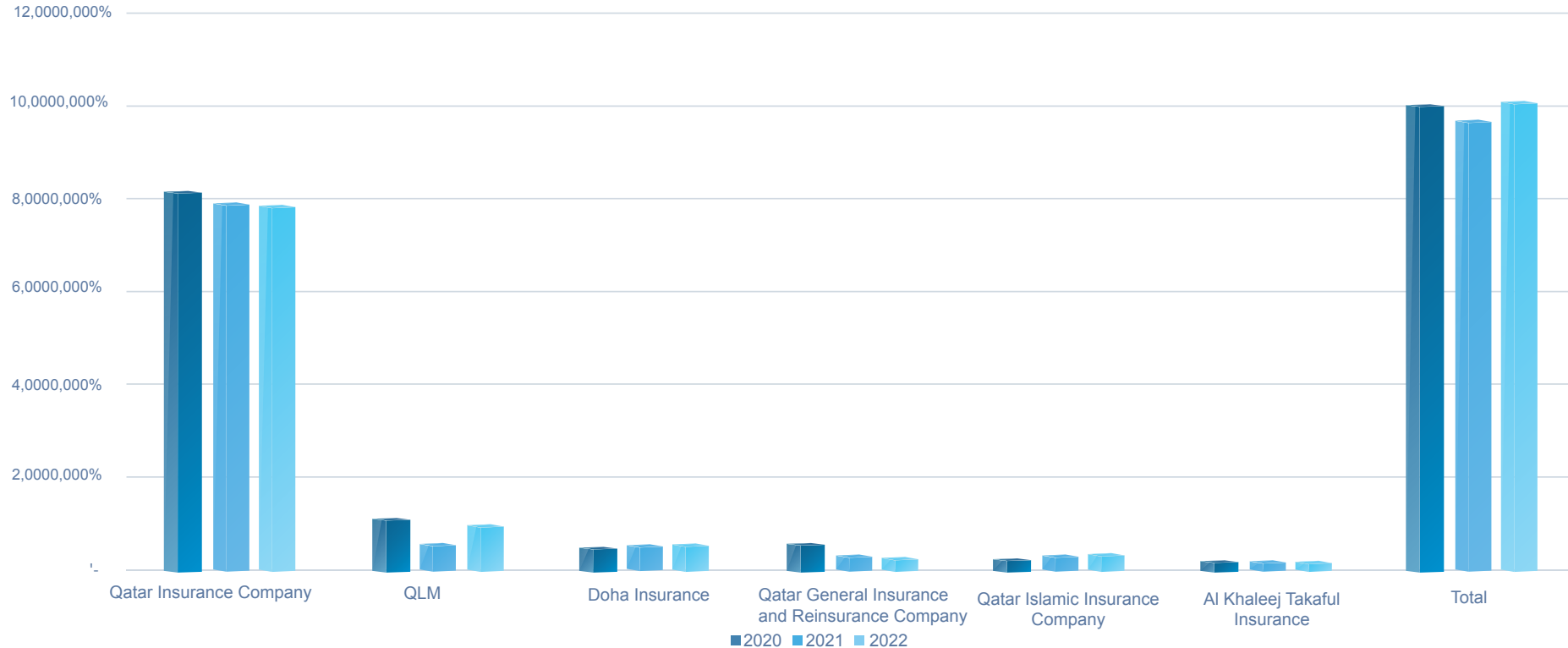




# NET PREMIUM

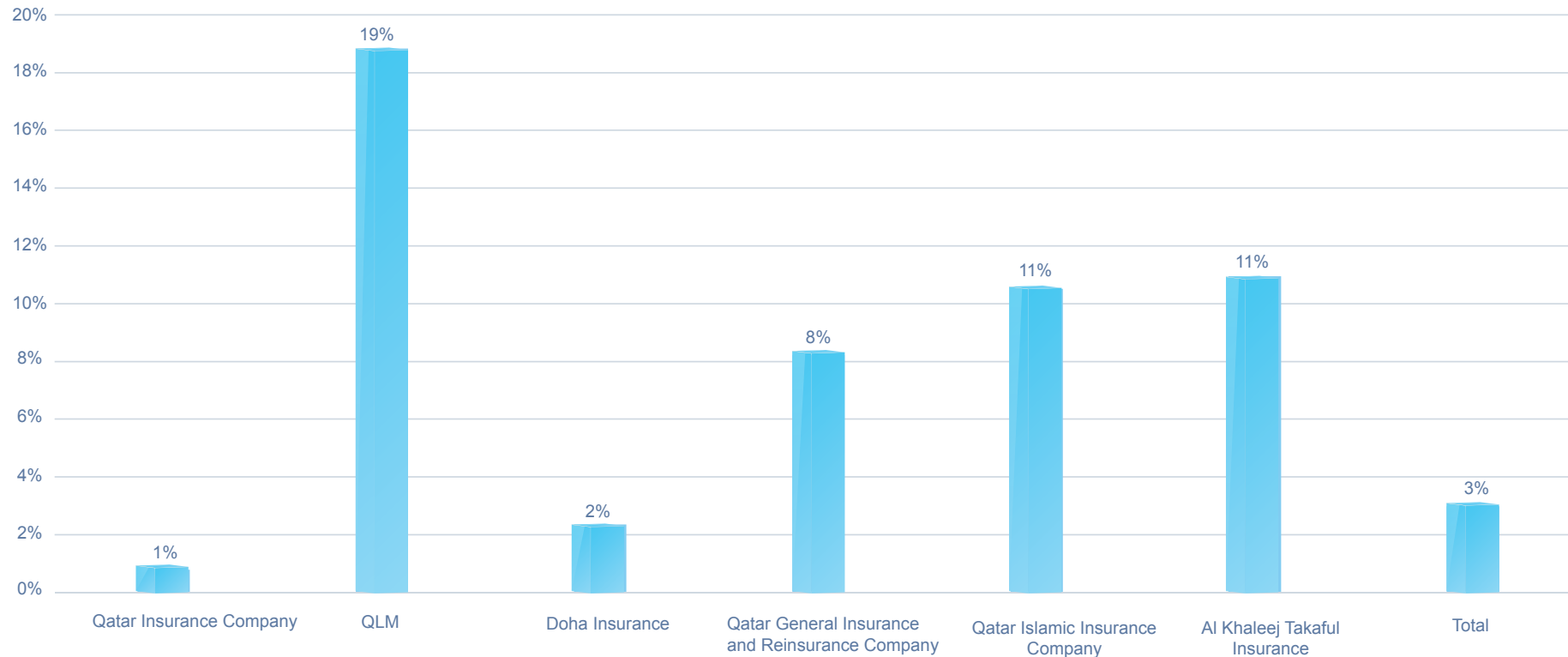
(QAR 000's)

Just as in the case of the gross written premium, the company with the highest net premium was Qatar Insurance Company, with a net premium of QAR 7.8 billion for 2022 and QAR 7.7 billion for 2021. Qatar Insurance Company was able to capture 78% of the market share for the year 2022, while it was 80% in 2021. Followed by QLM, which had a market share of about 8% in 2021 and was able to increase it to 10% in 2022 with a net premium of QAR 959 million. Al Khaleej stayed at last, contributing only 2% of the market share with net premium of QAR 165 million.



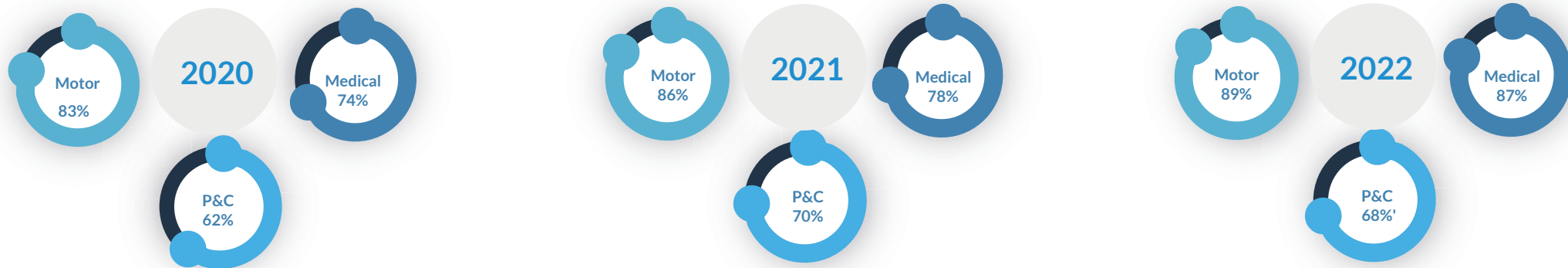
# NET PREMIUM MOVEMENT

QLM showed immense growth of 19% for the year 2022. Followed by Qatar Islamic Insurance and Al Khaleej Insurance, with 11% growth for both. Qatar General Insurance and Reinsurance also displayed significant growth of 8%, while Qatar Insurance and Doha Insurance increased their business with negligible growth.



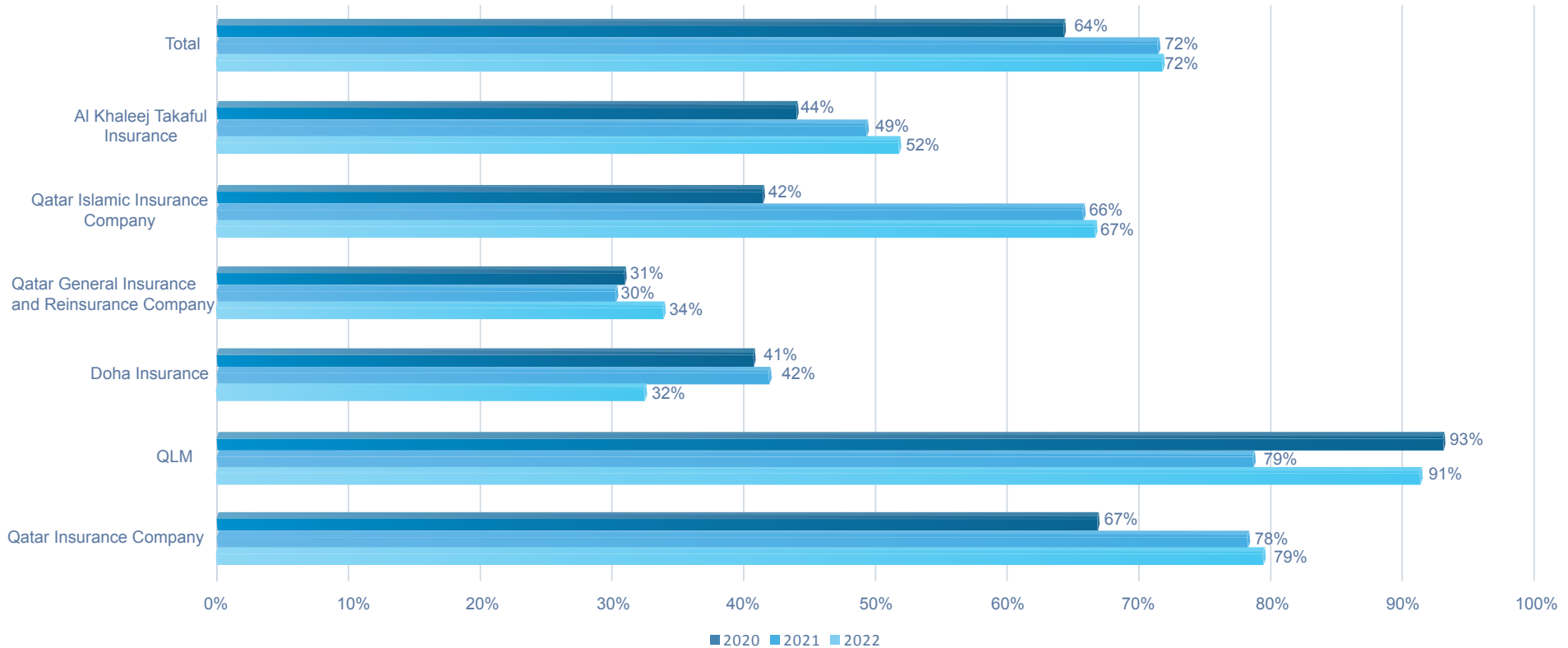
# RETENTION RATIO

The retention ratio for medical significantly increased by 9%, while there was a slight increase and decrease in the retention ratios for motor and P&C, respectively, for the year 2022. The retention ratio for all lines of business is greater than 50%.



# RETENTION RATIOS

QLM retained most of its business for the years 2020, 2021 and 2022 (93%, 79% and 91% respectively), Although Doha Insurance Company's retention percentage significantly dropped from 42% in 2021 to 32% in 2022. For all other insurance businesses, retention rates showed slight rise in 2022.

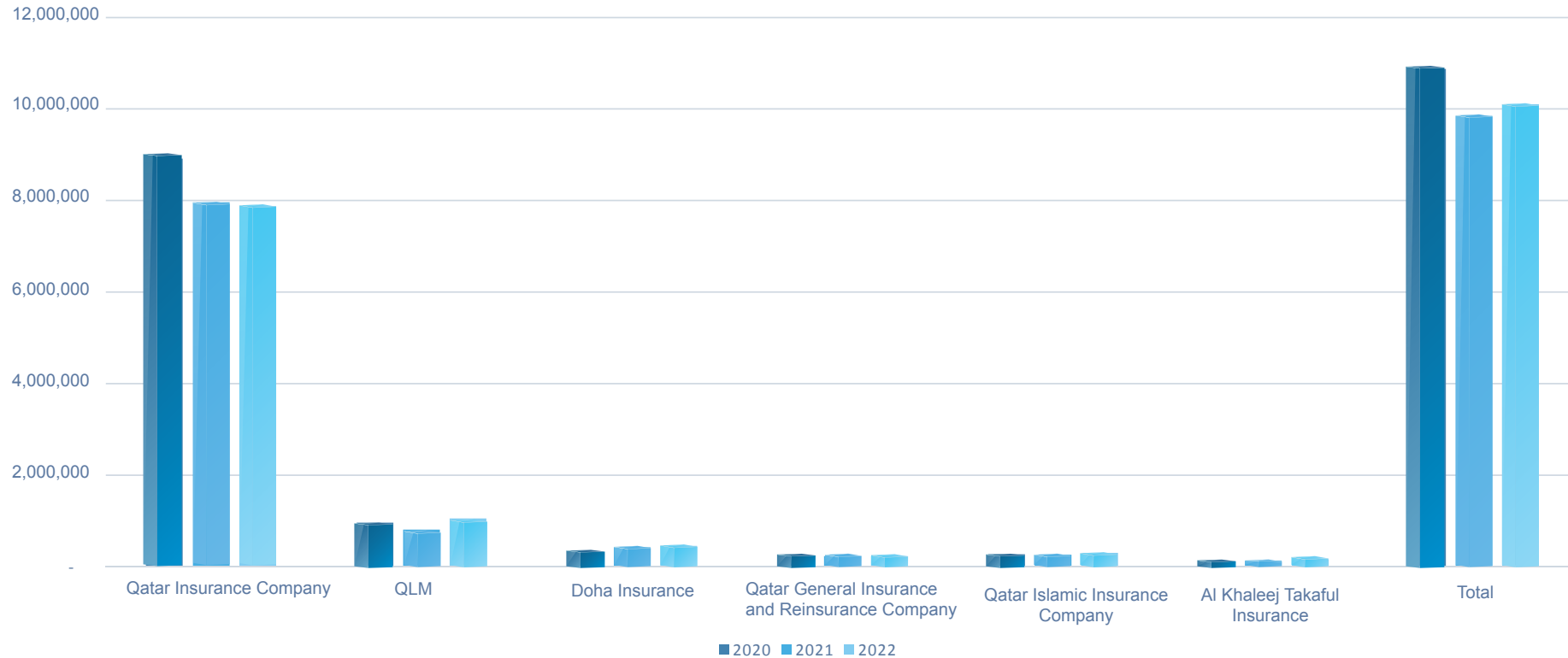




# NET EARNED PREMIUM

(QAR 000's)

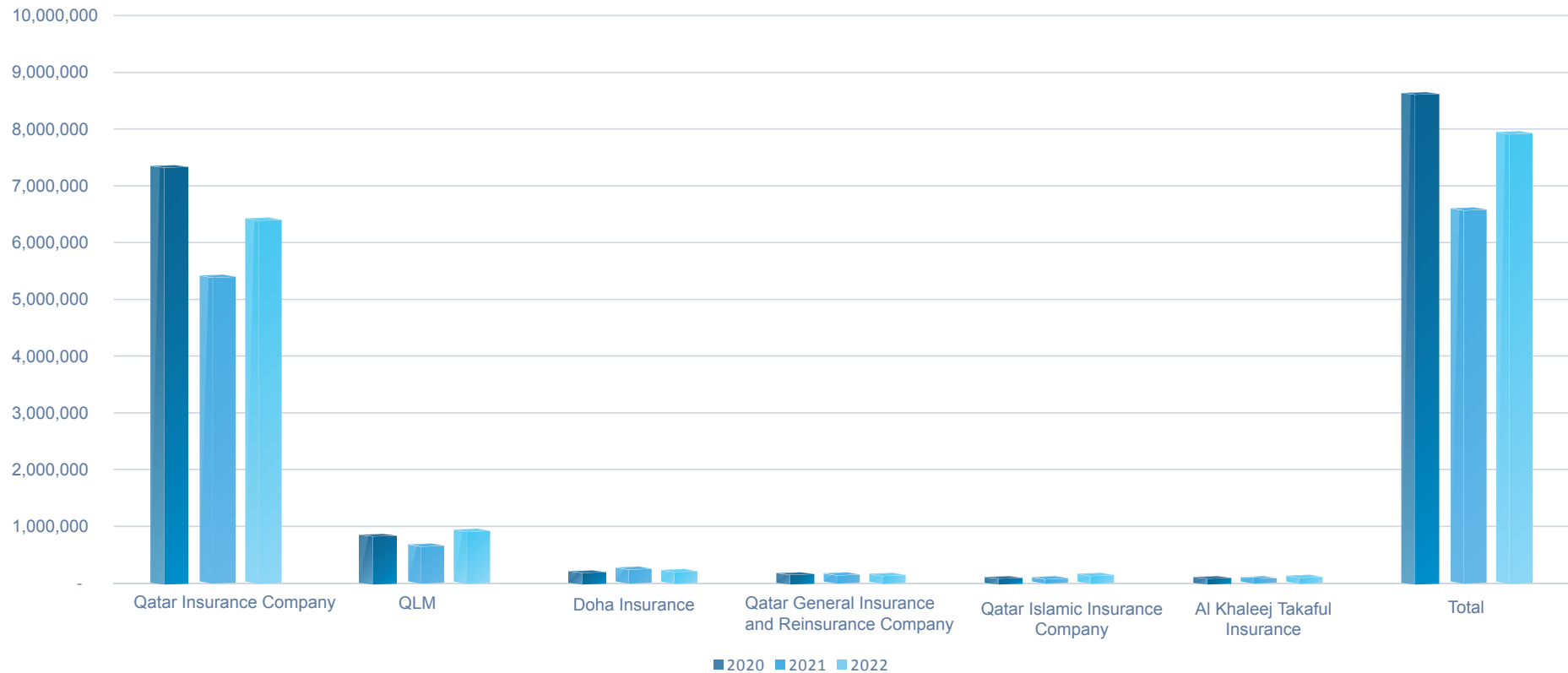
Net Earned Premium was the highest for Qatar Insurance Company with 7.9 billion and 7.8 billion for 2021 and 2022, respectively, and the lowest for Al Khaleej Takaful Insurance with 134 million and 161 million for 2021 and 2022. QLM experienced the highest increase of (31%) from 813 million in 2021 to 1.06 billion in 2022. Doha Insurance, Qatar Islamic Insurance and Al Khaleej Takaful Insurance also experienced significant growth of 7%, 13% and 20% respectively, in 2022.



# NET INCURRED CLAIMS

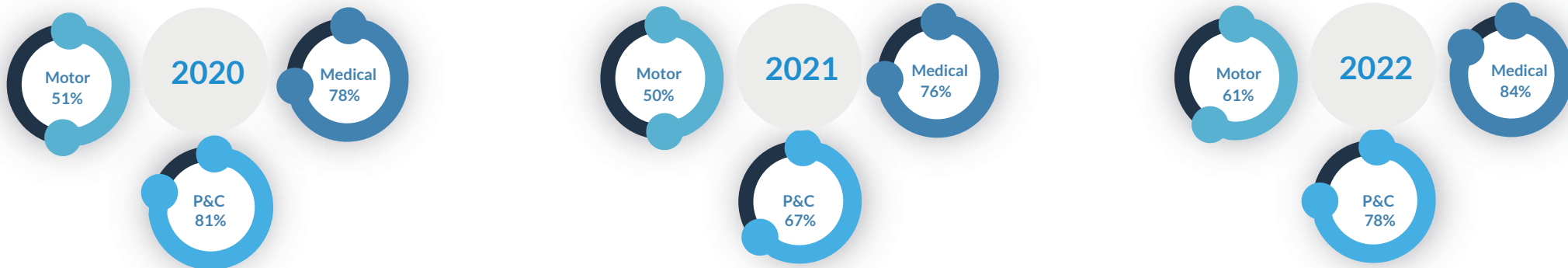
(QAR 000's)

Net Incurred Claims climbed for four of the firms and fell for the other two in 2022. Doha Insurance Company saw a 15% decline, while Qatar General Insurance and Reinsurance Company saw a 17% decrease. Qatar Islamic Insurance Company had the greatest rise of 94%. QLM came second with a 42% rise for the year 2022.



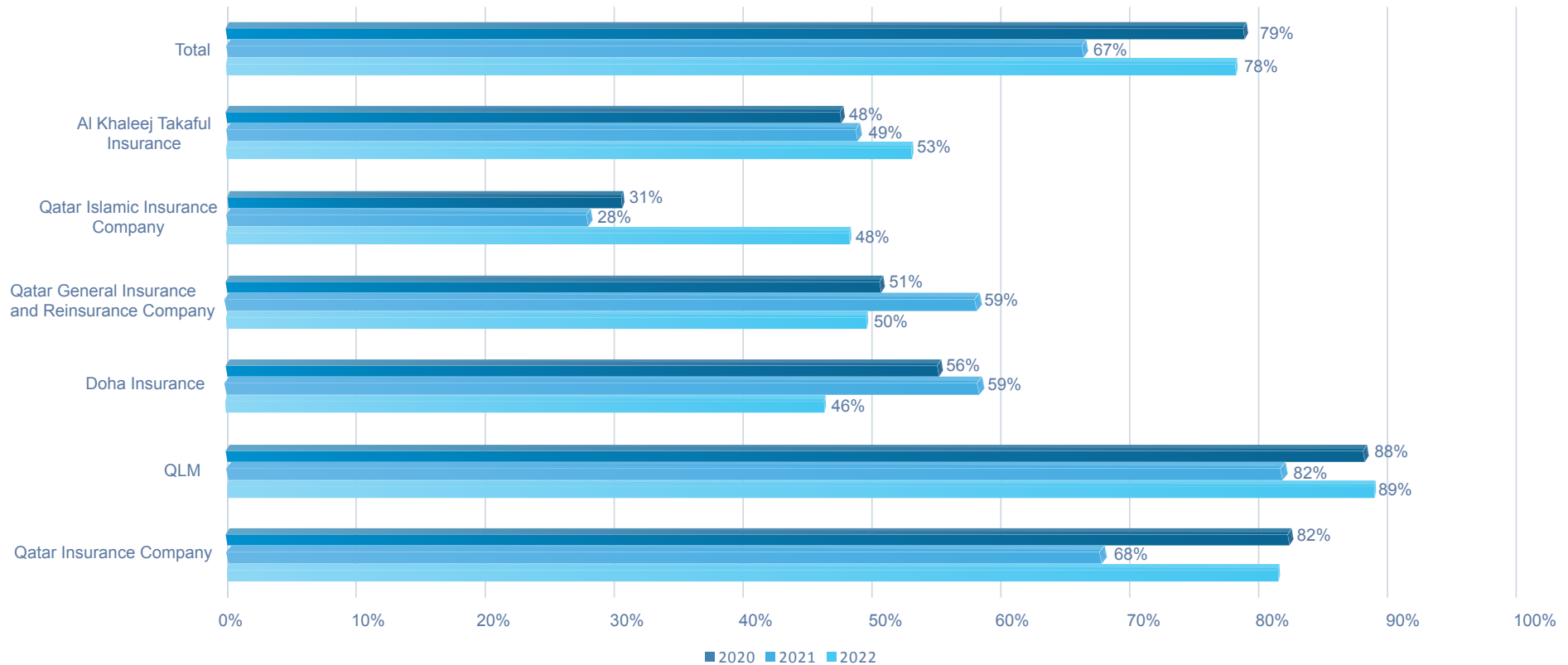
# LOSS RATIO

The Loss Ratio for the motor LOB slightly decreased by 1% in 2021 before jumping up to 61% in 2022. This rise indicates that the Motor LOB encountered more claims or more expensive claims in 2022 compared to the previous two years. It's worth noting that a loss ratio of 61% is still considered low for the motor category, which is usually associated with higher levels of risk and claims. For the medical LOB, the loss ratio slightly decreased to 76% in 2021 before increasing to 84% in 2022. This suggests that the medical LOB experienced a higher loss ratio. However, unlike the motor LOB, a loss ratio of 84% is considered relatively high for the medical LOB, which is typically associated with lower levels of risk and claims. The P&C (property and casualty) LOB experienced a significant improvement in claims experience in 2021, resulting in a lower loss ratio. However, the loss ratio increased to 78% in 2022, suggesting that the claims experience may not have been as favorable as in the previous year.



# LOSS RATIOS

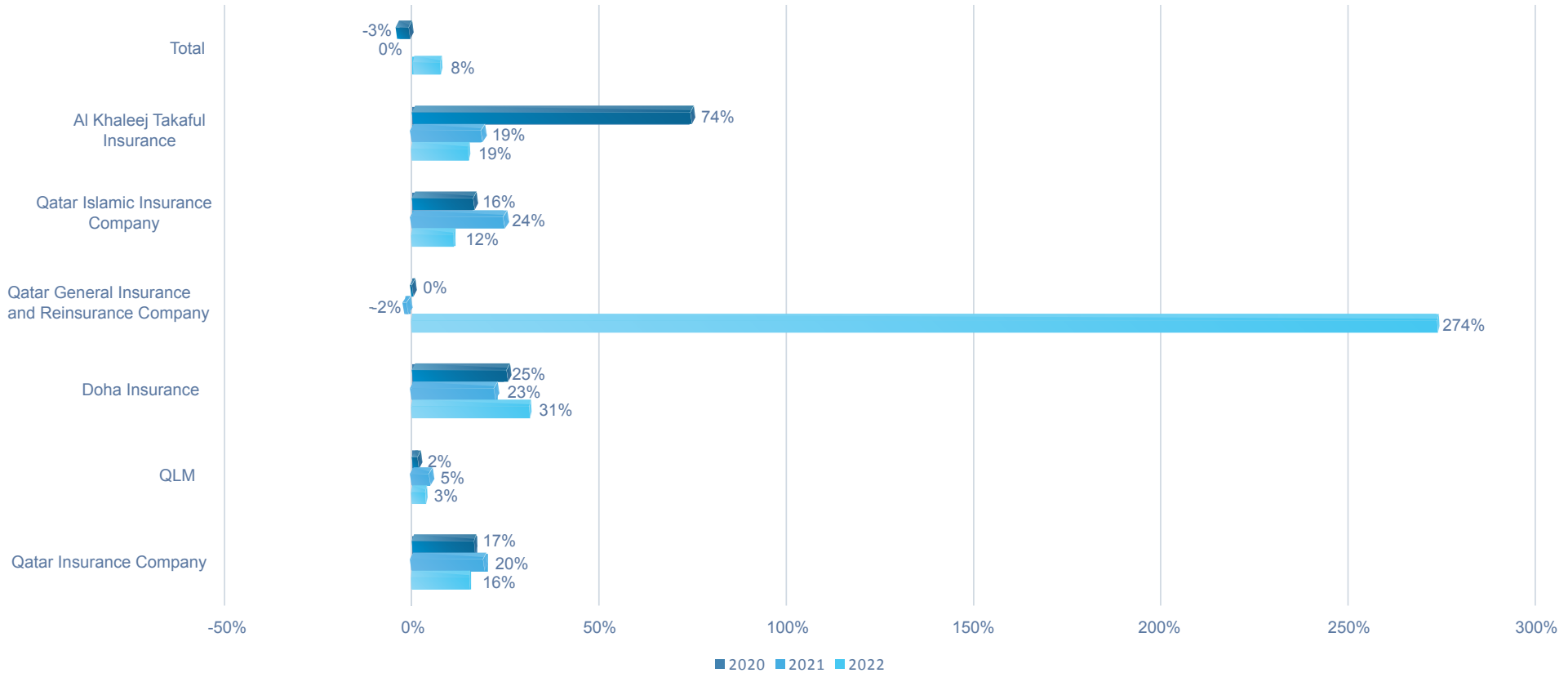
Loss ratios changed significantly for all the companies except for Al Khaleej Insurance. The highest loss ratio increased by 20% for Qatar Islamic Insurance Company, from 28% to 48% in 2022; for Qatar Insurance Company, the loss ratio increased by 14%; and for QLM, the loss ratio increased by 7%. Major decreased by -12% is for Doha insurance in 2022, as for Qatar general insurance and reinsurance loss ratios decreased by 9%.





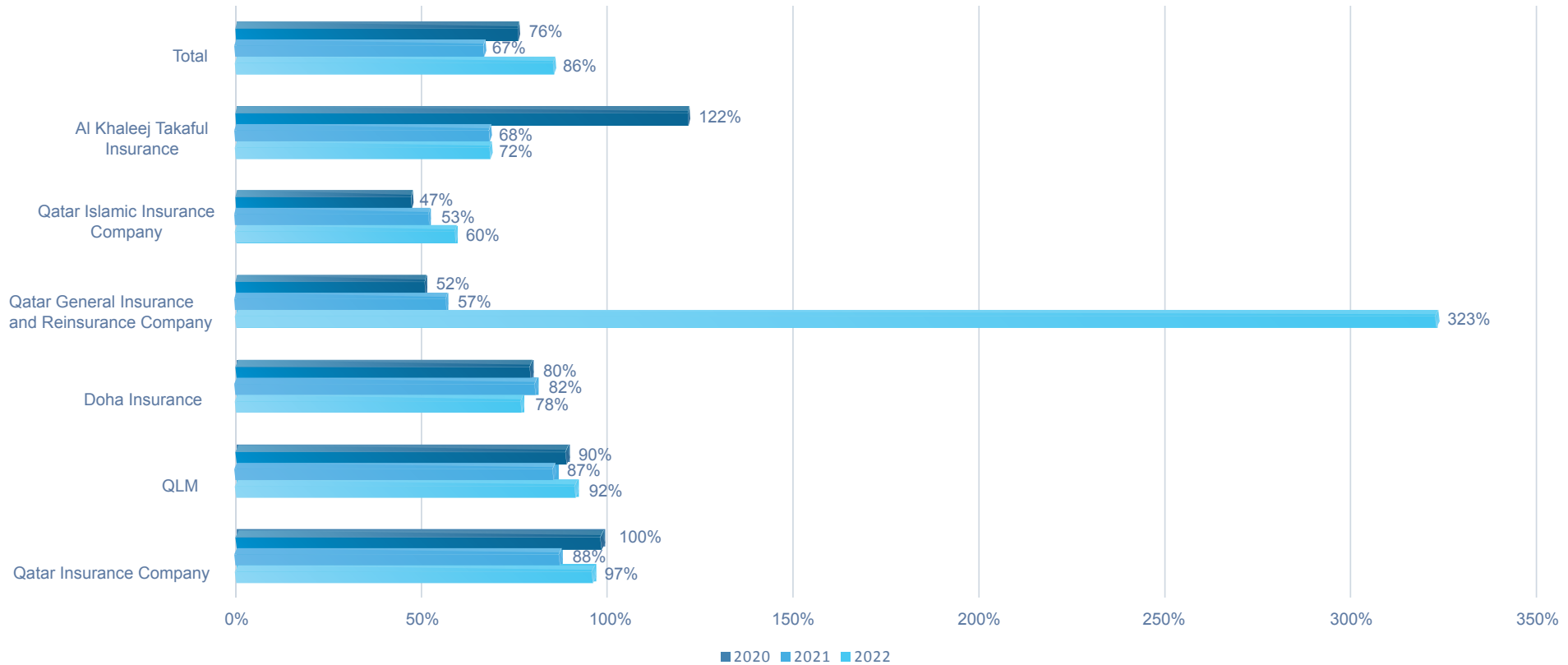
# EXPENSE RATIO

Qatar General Insurance and Reinsurance Company had an expense ratio of about -2% in 2021, but it shot up to 274% in 2022. Qatar Islamic Insurance had a 24% expense ratio in 2021, but it was able to reduce it to 12%. This can be seen as a positive development, as it means the company is becoming more efficient and effective in its operations. Al Khaleej Takaful Insurance stayed stagnant at 19% expense ratio, except for Qatar General Insurance and Reinsurance and Doha Insurance, all companies were able to decrease their expense ratios; they all had their expense ratios below 50%, which shows good performance



# COMBINED RATIOS

Qatar General Insurance and Reinsurance Company's combined ratio was the second lowest (57%) in 2021, but it largely increased by about 323% due to the high expense ratio as discussed before. The combined ratio for all the remaining companies for the year 2022 remained below 100%. Qatar Islamic Insurance Company had the lowest combined ratio of about 53% and 60% in 2021 and 2022, respectively. Except for Doha Insurance, all companies displayed increases in their combined ratios.



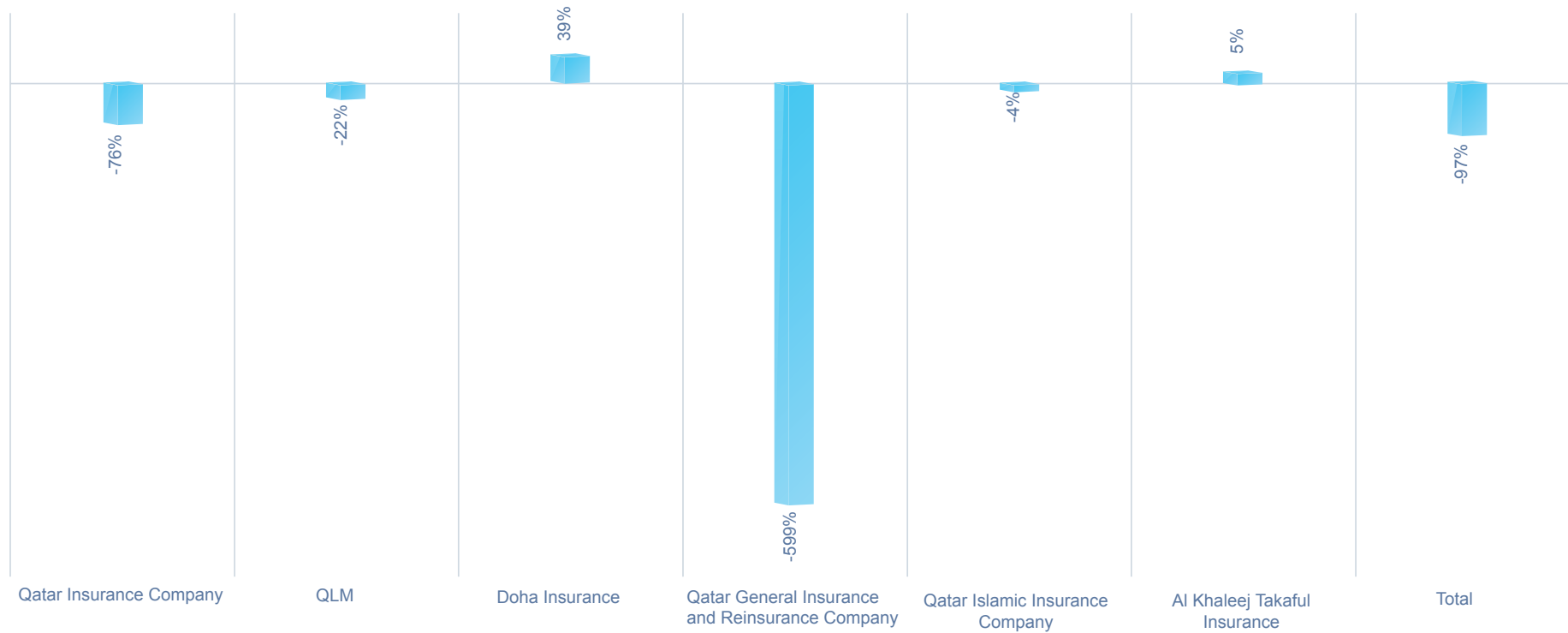
# NET PROFIT / (LOSS) (AFTER TAX)

(QAR 000's)

All the companies had a net profit except Qatar General Insurance and Reinsurance Company in 2022. All companies had net profit in 2021. Qatar Insurance Company's position worsened in 2022 as can be seen by a decrease of about 76%. Qatar General Insurance and Reinsurance Company was also displayed immense decrease from 106 million in 2021 to -530 million in 2022. The highest net profit of 222 million QAR and 921 million QAR was for Qatar Insurance Company in 2022 and 2021 respectively, and the lowest was for Qatar General Insurance and Reinsurance Company with net loss of QAR -530 million in 2022.



In comparison to other companies, Doha Insurance Company's performance significantly improved by 39%. Al Khaleej experienced a 5% gain in 2022 as well. All other companies showed a decline, which was significantly worsened by Qatar General Insurance and Reinsurance Company, and Qatar Insurance Company had a large decline in its net earnings of roughly 599% and 76%, respectively.

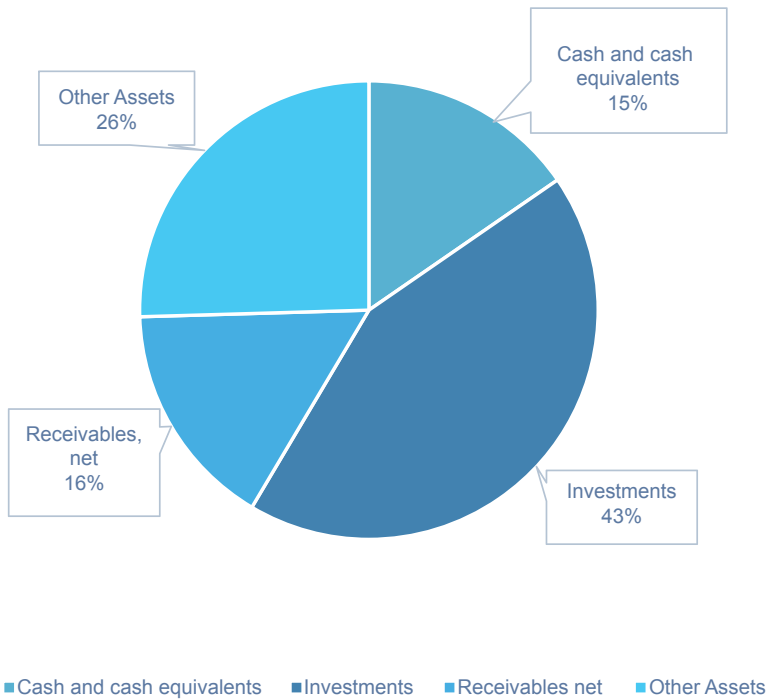




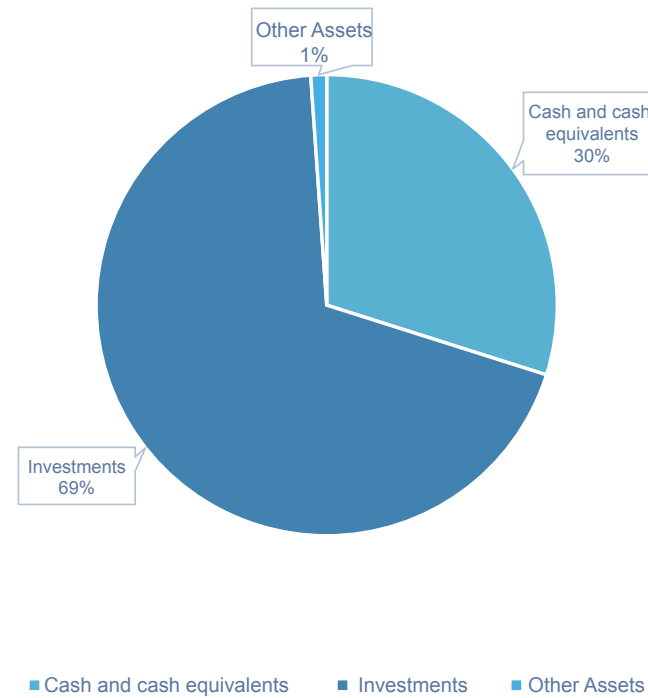
# ASSET CLASSIFICATION - AGGREGATE

About 43% of policyholder assets relate to investments, 16% to receivables, 15% to cash and cash equivalents and 26% to other assets. For Shareholder assets, 69% of the assets relate to investments, 30% to cash and cash equivalent, and 1% to other assets. Investments constitute most of the part of the policyholder and shareholder assets.

Policyholder Assets Classification

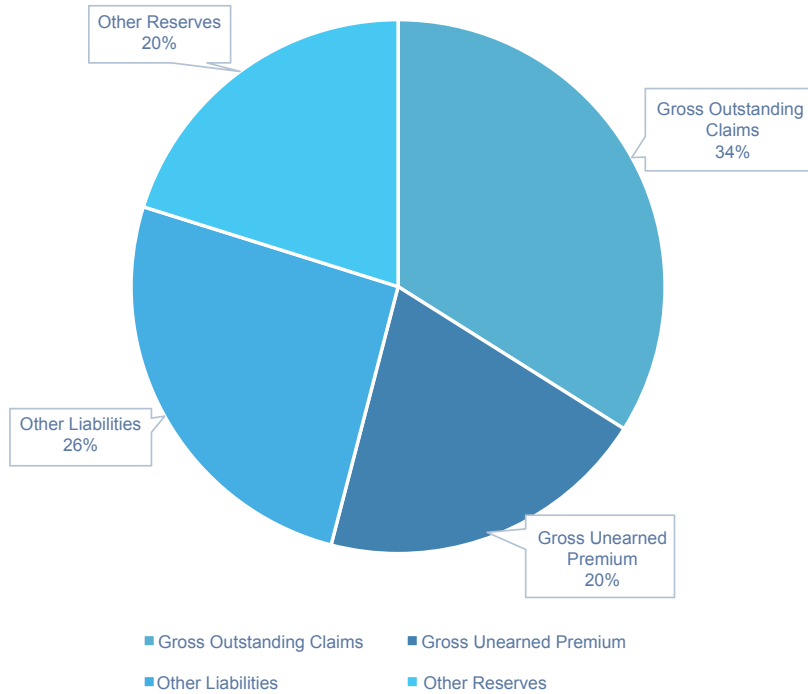


Shareholder Assets Classification

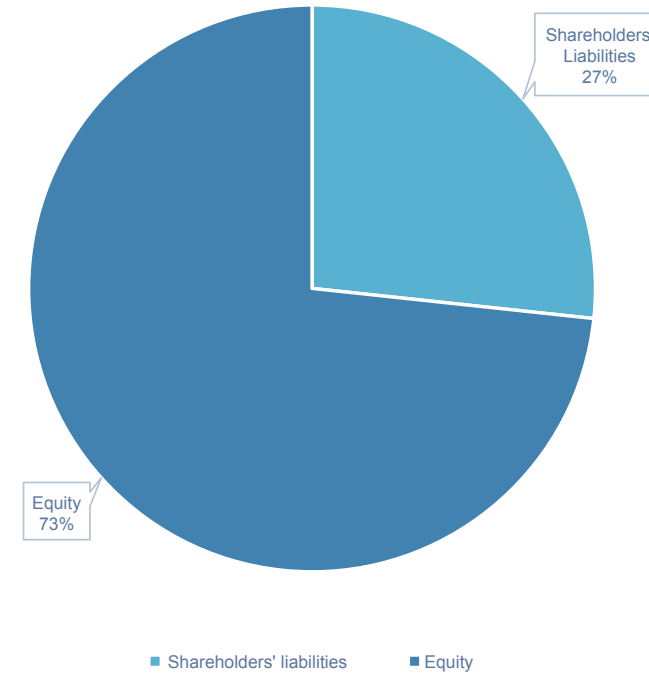


About 27% of the assets are financed by liabilities and about 73% are financed by equity. Moreover, gross outstanding claims constitute (34%) of the total liabilities.

Policyholders' Liabilities

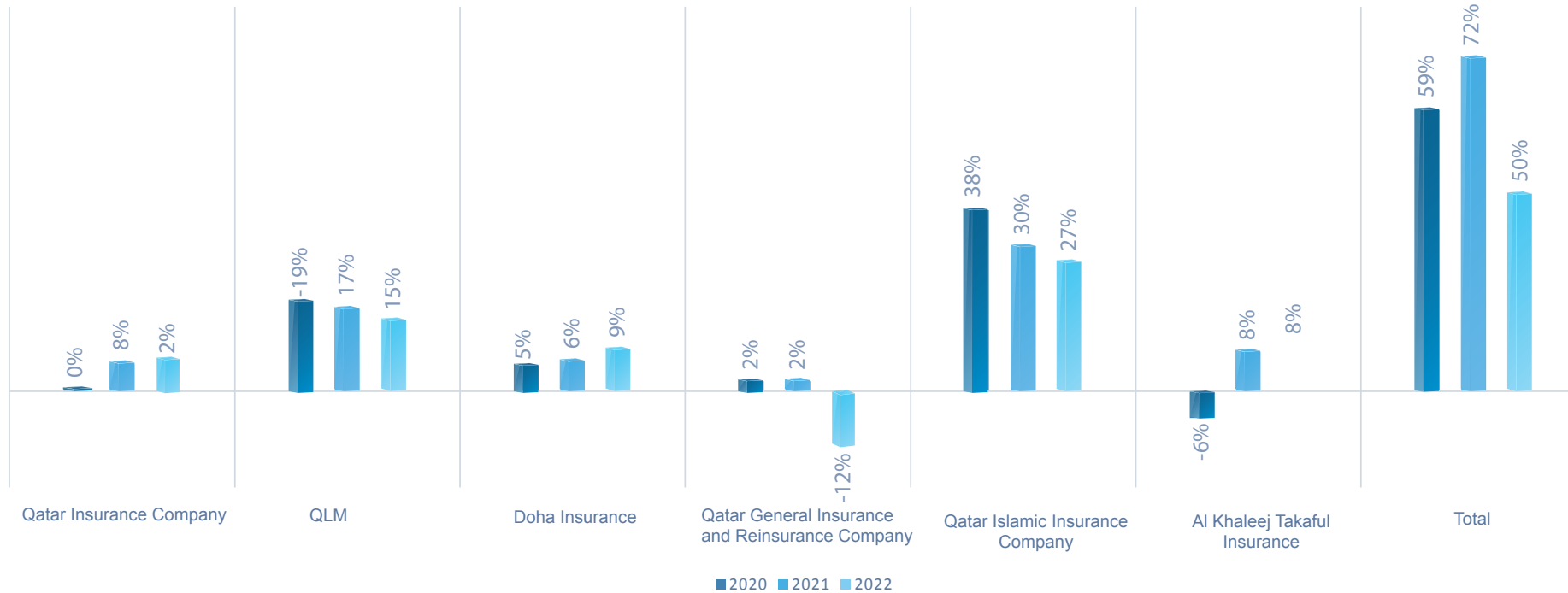


Shareholders' Liabilities and Equity



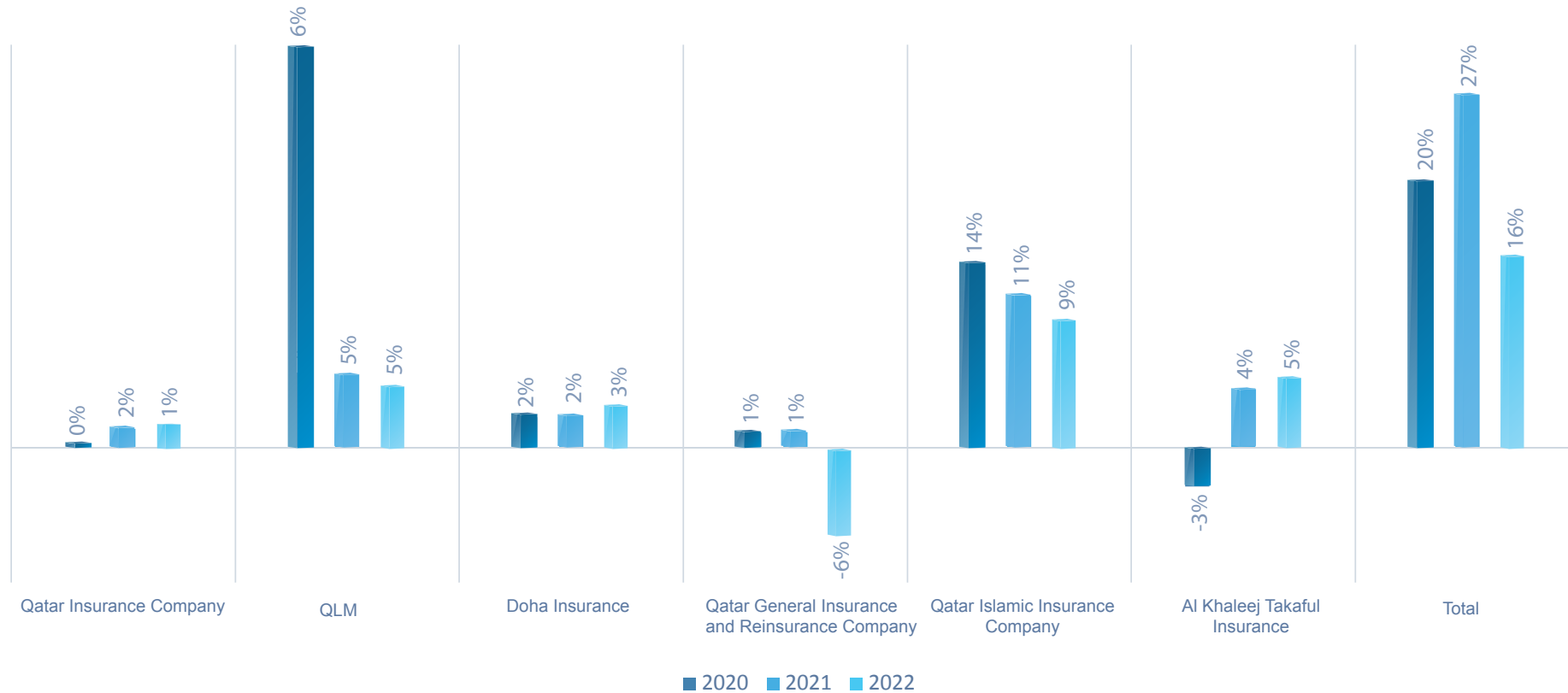
# RETURN ON EQUITY (ROE)

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. Both Qatar General Insurance and Reinsurance Company and Qatar Insurance Company had significant drops in their returns on equity in 2022 (14% and 6%, respectively). In 2022, Doha Insurance was able to use its equity more effectively than the other firms. At roughly 27%, Qatar Islamic Insurance Company had the best return on equity.



# 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 (11% in 2021, 9% in 2022). The lowest ROA for 2022 was recorded for Qatar General Insurance and Reinsurance Company (-6%).





## MEET THE TEAM

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Actuarial Trainee

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Data and Research Trainee

# 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](http://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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