

MULTAQA

QATAR 2013

11-12 March 2013

Ritz Carlton, Doha, Qatar

CONFERENCE REPORT 2013

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in association with





Qatar eyes AAA rating

Insurance sector's contribution 0.5pc of GDP: Minister

BY SATISH KANADY

DOHA: Qatar is striving to raise its credit ratings to "AAA", two levels high on par with a selected few advanced economies. Currently, the country is rated "AA" with stable outlook.

Opening the 7th edition of Multaqa here yesterday, the Minister of Economy and Finance H E Yousef Hussain Kamal said: "The current rating of Qatar is 'AA'. We are working on for 'AAA'. The history of our economy is very strong. Qatar's economy has advanced over the past few years to reach internationally competitive."

He said Qatar would go ahead with the plans to establish the \$1bn Regional Islamic Bank. Qatar will have 30 percent stake in it. Last April, Qatar signed a MoU with the Jeddah-based Islamic Development Bank, a multilateral lender, and Saudi Arabia's Dalilah Albaraka Group to establish the bank with initial capital of \$1bn.

Yousef Hussain also said that Al Kowt would be re-launched as a re-insurance company in which non-Qatari companies would be given opportunities to make stake. Qatar's non-hydrocarbon sector



The Minister of Economy and Finance H E Yousef Hussain Kamal delivering the opening keynote speech at the seventh edition of the annual Multaqa Qatar Conference jointly organised by Qatar Financial Centre Authority and Global Reinsurance at the Ritz-Carlton Hotel in Doha, yesterday. **SALIM MATRAMKOT**

its last year's growth rate of 9 percent. "The growth of Qatar's non-hydrocarbon sector is in line with the National Vision 2030, which aims to create a strong, sustainable and diverse economy based on the reinvestment from state's wealth accumulated from the hydrocarbon sector," he said. The most significant segments of the non-hydrocarbon sector are infrastructure, which is expected to see investment of \$18.5bn between now and 2019. The services sector is expected to contribute 20 percent of GDP.

percent growth. Transport and communications are expected to register a 15 percent growth rate during the current year, he said.

On the insurance sector, Yousef Hussain said the industry's contribution to the country's GDP is just 0.5 percent, which is an indication of the huge opportunities and the possibilities the future holds for this sector. Qatar believes that the insurance sector can greatly contribute to the GDP in the light of the stability of high average per capita income and the volume of planned investments to achieve the National Vision 2030. The fact that the general economic outlook for the next five years is strong is

another positive for the country's economy over the past few ranks of the world to become interregional positive. The country's growth acceleration average 12 percent period from 2008 to high international growth rate of the country's economy.

خالد الفخامة، ممثل قطر 2013... وزير الاقتصاد والمالية.

إنفاق أعلى في الميزانية الجديدة وحسب 65 دولارا البرميل النفط

قال مسؤولون في وزارة المالية، إن الإنفاق في الميزانية الجديدة، والذي تم إقراره في جلسة مجلس الوزراء، قد ارتفع بمعدل 65 دولارا للبرميل النفطي، مقارنة بالميزانية السابقة.

وقال المسؤولون إن هذا الارتفاع يعكس التغيرات في أسعار النفط، والتي شهدت ارتفاعاً ملحوظاً في الفترة الأخيرة.

كما أشاروا إلى أن الميزانية الجديدة تهدف إلى تعزيز النمو الاقتصادي وتحقيق الاستقرار المالي.

في حين أن الإنفاق على البنية التحتية سيستمر، إلا أن التركيز سيكون على المشاريع ذات العائد السريع.

وأخيراً، أكد المسؤولون على التزام الحكومة بالشفافية في إدارة الميزانية.

تقرير جديد: نمو اقتصادي قوي في قطر

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Qatar targets the highest credit rating

Qatar, now rated "AA", is actively working towards achieving the "triple-A" tier

By Santhosh V Perumal Business Reporter

Qatar yesterday held that it deserved to be in the highest credit rating category of "triple-A" due to its inherent economic strengths.

"Our strength deserves triple-A rating," Finance Minister HE Yousef Hussain Kamal told the seventh Multaqa Qatar Conference which is being organised by the Qatar Financial Centre (QFC) and Global Reinsurance magazine.

Qatar, now rated "AA", is actively working towards achieving the "triple-A" tier, according to him.

"Our history has been strong, which gives us confidence to convince companies that we can reach triple-A rating."



HE Yousef Hussain Kamal says Qatar's strength deserves triple-A rating.

robust 13% during 2008-12 when the other economies were facing slowdown.

Although most of the growth came from hydrocarbon production, he said the non-hydrocarbon sector's share in the country's gross domestic product (GDP) was also on the increase.

"The non-hydrocarbon sector is expected to contribute 20 percent of GDP by 2030."

sector would see 10% to 15% growth. According to the updated Qatar Economic Outlook of the General Secretariat for Development Planning, real GDP growth in 2013 is expected to slow somewhat as declining yields from maturing oil fields will clip growth in the hydrocarbon sector. Still, spurred by construction activity and by continued vitality in services, non-oil and gas activity will continue apace.

Elaborating on the growth strategy for the non-hydrocarbon segment, Kamal said the country had laid out a total capital expenditure to the tune of \$140bn until 2019 for infrastructure projects.

The minister said Qatar had evolved several legal frameworks to safeguard the financial industry within the country and to ensure conducive environment for growth and sustainability and be able to face any risks in future.

QFC managing director Abdul-

lay said the Law No.

lays the base for in-

supervisory bodies in-

veloped and applied

perisory policy and

national standards

to deliver the ob-

servational Vision 2030

development strat-

egy.

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Qatar's non-hydrocarbon

QFC releases annual insurance sector to grow faster: QFC

Annual Insurance Barometer released

Qatar Financial Centre (QFC) has released its annual Insurance Barometer, which shows that the insurance sector in Qatar is growing at a faster pace than in other GCC countries.

The report highlights the strong performance of the insurance sector in Qatar, driven by a combination of factors including a robust economy and a growing population.

QFC's Insurance Barometer is a key indicator of the health of the insurance sector in Qatar, and its release provides valuable insights into the industry's performance.

The report also identifies key challenges facing the insurance sector in Qatar, such as increasing competition and rising costs.

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Vibrant insurance sector key to strong economy: QFC chief

Qatar Financial Centre (QFC) chief executive officer (CEO) Dr. Abdulhameed Al-Jarrah said that a vibrant insurance sector is key to a strong economy in Qatar.

Al-Jarrah, who is also the Chairman of the QFC Board, made the statement during a speech at the annual Multaqa Qatar Conference.

He emphasized the importance of the insurance sector in driving economic growth and creating jobs in Qatar.

Al-Jarrah also highlighted the QFC's commitment to supporting the growth of the insurance sector in Qatar.

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MULTAQA
QATAR 2013

INTRODUCTION

from the Qatar Financial Centre (QFC) Authority

Dear Colleague

We are pleased to provide you with a summary report on Multaqa Qatar 2013.

The most recent conference has drawn a record number of 580 registered senior international insurance, reinsurance and risk management professionals from 45 different countries, including the Americas, Europe, Asia and Africa. In its seventh year, Multaqa has attracted more senior executives than ever before, with about one third of participants serving as chief executive officers, managing directors or country managers. Once again, the conference has lived up to Multaqa's reputation as the leading insurance, reinsurance and risk management event in the Middle East.

Organised by the QFC Authority and GR, Multaqa Qatar 2013 shed light on a wide spectrum of strategic developments which shape the global and regional insurance and reinsurance markets. The programme offered 16 speeches, presentations, panel discussions, roundtable debates and break-out sessions. Topics included the main challenges facing the global P&C insurance industry, the prospects for (re)insurance in emerging markets and the QFC Authority's role in the development of Qatar's and the wider region's insurance industry. In addition, the conference explored strategic issues affecting the MENA insurance and reinsurance markets, the latest developments in enterprise risk management and captive insurance, a regional economic outlook and the state and prospects of global reinsurance markets. Furthermore, Multaqa Qatar 2013 saw the launch of the QFC Authority's 1st MENA Insurance Barometer.

High-calibre speakers included H.E. Yousef Hussain Kamal, Minister of Finance and Economy of the State of Qatar, Abdulrahman Al-Shaibi, Managing Director and Board Member of the QFC Authority, Eng. Essa Mohammed Ali Kaldari, CEO, Lusail Real Estate Development Company, Chris O'Kane, CEO of Aspen Group, PK Bhagat, General Manager, GIC Re, Christoph Schwager, Chief Risk Officer, EADS Airbus and Andrew Bradley, Head of Group Risk Services, Nestlé. In addition, senior executives from Arig, Catlin Re, Dubai Holding, Gulf Re, Guy Carpenter, Hannover Re, Munich Re, Oman Insurance, SCOR, Swiss Re and Willis shared their expert views during a number of lively panel debates.

All in all, Multaqa Qatar 2013 was another thought-provoking event and excellent opportunity to build and foster commercial relationships.

We look forward to welcoming you to Multaqa Qatar 2014!

Shashank Srivastava
CEO and Board Member

Akshay Randeva
Director, Strategic Development



ON THE AGENDA

Opening keynote address

His Excellency Yousef Hussain Kamal, Minister of Finance and Economy of the State of Qatar

The crucial role of the insurance sector in developing a vibrant financial services sector in Qatar

Abdulrahman Al-Shaibi, Managing Director and board member, QFC Authority

Contemporary challenges facing the global P&C industry – and how to face them

Chris O'Kane, Chief Executive, Aspen Group

Keynote and PowerTalk Interview | (Re)insurance – its role in emerging economies – PK Bhagat, General Manager, General Insurance Corporation of India

Interviewer: Jack Grocott, Editor, GR

CEO Panel Debate | Overview of key issues facing the MENA (re)insurance markets

Chair: Yassir Albaharna, Chief Executive, Arig

Panel: Mohamed Akoob, Managing Director, Hannover Re Takaful
Cherif Chentir, Regional Chief Underwriting Officer, SCOR

Patrick Choffel, Chief Executive Officer, Oman Insurance Company

Christian Kraut, Chief Executive – Middle East and Africa, Munich Re

Fareed Lutfi, Group Director – Insurance Services, Dubai Holding

Chris Pleasant, Managing Director, MENA region, Guy Carpenter

REPORT AUTHOR

Jack Grocott, Editor, GR

CONFERENCE SUMMARY

Day One – 11 March 2013

KEYNOTE ADDRESS

Qatar's rapid expansion in the non-hydrocarbon sector is expected to open up immense opportunities for the insurance industry, according to Qatar's minister of finance HE Yousef Hussain Kamal. The non-hydrocarbon sector is expected to maintain its previous year's growth rate of 9%, developing into a key driver of overall economic growth.

In his opening address to the conference, HE Hussain Kamal said: "The infrastructure sector will attract investment of \$140bn between now and 2019."

The building and construction sector is expected to grow at 10%, and the transport and communication sector at 15%, during the current year, he added. Qatar's services sector is expected to contribute 60% of the country's future growth.

The minister also used his address to announce that the Qatari government intends to convert former Qatar Petroleum captive Al Koot into a reinsurer and recapitalise it with up to \$1 billion.

The new entity will likely focus on Qatari risks. It will include local insurers as shareholders. At a later stage, international (re)insurers will be invited to become shareholders. This could be a welcome development for the Qatari insurance market in terms of retaining more risk locally.

High average per-capita incomes, the huge volume of planned investments in line with Qatar's National Vision 2030, and low insurance penetration levels provide immense growth opportunities for the insurance sector, the minister said.

Qatar's initiatives to create a vibrant financial sector include improving corporate and legislative frameworks to bring all financial institutions under one supervisory umbrella, provided by the Qatar Central Bank.

Also, Qatar will soon be

establishing the largest Islamic international bank capitalised at \$1 billion to promote the Islamic finance industry in the region.

In an attempt to widen investment options, Qatar issued dollar-denominated Islamic bonds worth \$4bn last year. The AA rating given by international rating agencies confirms the country's economic health, said the minister.

In the second keynote of the day Abdulrahman Al-Shaibi, QFCA Managing Director and board member, said the insurance sector plays a vital role in developing the financial services sector in Qatar.

Al-Shaibi said: "Insurance aids entrepreneurial activity and is important to develop deeper and broader capital markets."

Pointing out that the Gulf Cooperation Council (GCC) is traditionally an underinsured market, he said: "Insurance contributes just 1% of GDP, one-sixth of the global average. By closing this gap, insurers can multiply their current annual premium of around \$15bn for the GCC region and \$40bn for the wider MENA region."

Al-Shaibi outlined the broad initiatives taken by the QFC in developing Qatar as a financial services hub. For example, it launched the MENA Insurance Barometer, a survey that gauges the broad industry trends based on interviews with senior executives across industry leaders.

Pointing to the optimism among industry bosses, he said: "Over two-thirds, 68%, of executives interviewed agreed that premiums continue to exceed GDP growth."

Robust economic growth is anticipated to continue to be the most powerful driver of insurance market growth. The outlook for personal lines especially looks bright, Al-Shaibi added.

Elaborating on the role of insurance, Al-Shaibi said: "Insurance can be viewed as a prerequisite to effective corporate

'Insurance aids entrepreneurial activity and is important to develop deeper and broader capital markets'

Abdulrahman Al-Shaibi,
QFCA Managing Director and
board member

lending through the banking system, because it can prevent businesses from suffering life-threatening liquidity and solvency problems in the case of major insured losses."

The indemnification and risk pooling properties of insurance effectively facilitate commercial transaction and mitigates losses, he added.

Qatar is about to introduce a single financial regulator that brings the Qatar Exchange, banks and all financial institutions under one umbrella. "This important piece of legislation increases the ease of doing business in Qatar," he said.

The QFC also became a signatory to the International Association of Insurance Supervisors' (IAIS) multilateral memorandum of understanding (MMoU), an important regulatory tool that will assist insurance supervision according to global standards.

The IAIS issues global insurance principles, standards and guidance papers for supervisors on insurance supervision, and works closely with other financial sector standard-setting bodies and international organisations to promote financial stability.

The MMoU will provide the QFCA with a formal framework for the secure exchange of supervisory

information with insurance supervisors around the world, Al-Shaibi said.

GLOBAL CHALLENGES

Achieving adequate cost of capital, dealing with a changing regulatory landscape, and managing the shift in growth from developed to developing countries are the key challenges for the industry, according to Aspen Group Chief Executive Chris O'Kane.

The insurance industry's biggest challenge is to meet the cost of capital and generate adequate returns, O'Kane said, as investment income generates 50% of an insurance company's income over time. Finding credible high-yielding investment options is a challenge, as two-year and 10-year treasuries yield close to zero and below 2 % respectively – representing historically low levels.

"The credit crisis has undermined the traditional approach of having a high-quality, low risk investment strategy," O'Kane said. "Asset quality is no longer what it seems." He added that many structured bonds that were once triple-A rated are now no longer investment grade.

As a result, the return on equity for insurance companies has been consistently declining, from about 16% in 1979 to about 7% in 2012, owing to the lack of quality investment options.

Inflation compounds the problem, as traditional monetary policy and record low yields have failed to stimulate economic growth in many major economies. Moreover, pricing mechanisms fail to keep up with actual expenses growth.

"Globally, balance sheets of some major central banks increased by an average of 18% a year, resulting in abundant liquidity," O'Kane said. "Inflation affects both sides of insurers' balance sheets."

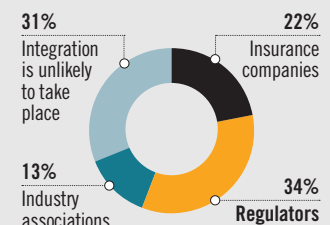
The insurance industry increasingly recognises the need to use risk models. O'Kane pointed out that »



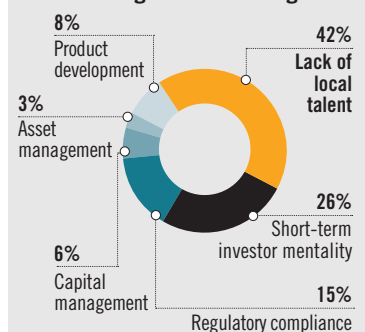
SURVEY

Delegates at Multaqa took part in live voting throughout the event

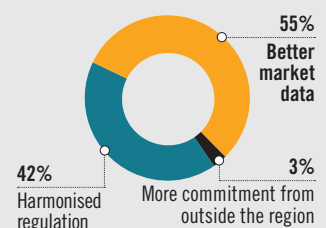
Who should be leading regional market integration over the next five years?



What is the biggest regional management challenge?



What do the region's developing markets require the most?



» models work best when underlying data inputs are relatively consistent and homogenous, and they must be adjusted.

He added: "Models are increasingly deployed where the outcomes are very uncertain and unpredictable.

Risk return is typically more attractive for less predictable, more complex and unused types of risks."

O'Kane then discussed the changing regulatory landscape and its growing burden on the industry. Regulatory demands such as Solvency II have meant increased expense and time. This, plus low investment yields, is a "double whammy" for insurers, he said.

On a favourable note, O'Kane turned to the topic of high-growth areas, with a positive view of energy as a sector and the Middle East as a market. The challenge is to manage growth, he said, as premiums do not yet match the rising economic weight of emerging economies. "Eighty-three per cent of premium is still derived from mature markets," he said. Rounding off his keynote speech, O'Kane said that focusing on the team rather than the individual, understanding the cost of capital, and prioritising profit margin over topline results, should be the primary goals for the industry.

POWERTALK

PK Bhagat, General Manager, GIC delivered a presentation on the role of (re)insurance in emerging markets followed by a 'power interview' with Jack Grocott, Editor, GR. Bhagat explained that insurance premiums grew at an annual 11% in emerging economies in the years 2000-2010 compared to 1.3% for the same period in developed economies. He highlighted better regulation, increased urbanisation and better education standards as just three reasons for this increased growth. Bhagat extolled the virtues of emerging markets by stating that predictions for global economic

'There are too many licences chasing a limited amount of business.'

For the MENA region, 40% to 60% of business is controlled by a small number of companies.'

**Mahomed Akoob,
Managing Director, Hannover
ReTakaful**

growth will be driven by emerging markets who are forecast to grow by approximately 6% p.a. over the next 10 years.

When asked by Grocott what the pitfalls for emerging market insurance growth would be, Bhagat said that products need to be priced right and that data needs to be mined judiciously. Bhagat used the interview to share a word of caution for foreign (re)insurers looking to take advantage of these ripe markets: "Foreign players must learn, adapt and optimise their operations to the local ways of business before they can even consider taking advantage of these markets," said Bhagat.

PANEL DISCUSSION

Regulators in the GCC need to address the number of companies operating in the region, according to the Multaqa CEO panel debate. Too many licences and an excessive number of companies operating within the region rank as the key regulatory issues in the GCC. That was the verdict of the panel debate, chaired by Arig Chief Executive Yassir Albaharna, which put the primary problems of the Middle East and North African (MENA) (re)insurance market in the spotlight.

Hannover ReTakaful Managing Director Mahomed Akoob said over-licencing needed to be brought under control and should be targeted by regulation.

"Licencing requirements need to be tightened in the region," he said.

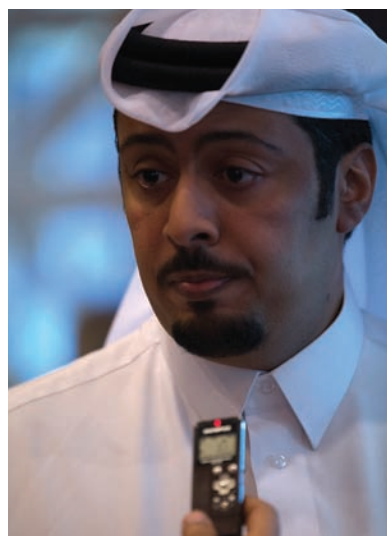
"There are too many licences chasing a limited amount of business. For the MENA region, 40% to 60% of business is controlled by a small number of companies."

Akoob said regulators needed to re-evaluate companies operating in the region because, in many cases, regulation had been introduced long after businesses were established.

Similar concerns were raised by Oman Insurance Company Chief Executive Patrick Choffel.

"If you look at the number of companies operating in the UAE market, it is the same – perhaps one or two more even – than Germany, yet it is not the same gross national product. We should think of that as a major problem," he said.

"Regulatory issues are also very different in the GCC: sometimes you have too much, sometimes not enough. This can be confusing and some reunification would be very



welcome. But whether or not that is about to happen I don't know." But Guy Carpenter MENA Managing Director Chris Pleasant said the industry should take a step back from its focus on regulation and allow markets to take care of themselves.

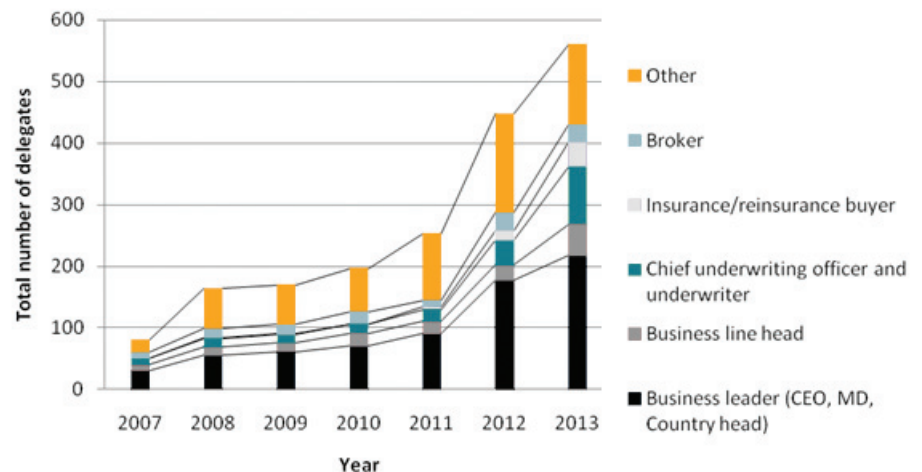
"There is too much emphasis on what regulators can and should do – that is because there is oversupply of capacity in the insurance market and oversupply in the reinsurance market," he said. "But they operate as they should do – as markets.

"The regulator's primary concern is to ensure that policyholders are protected, and to guard against insolvency in the industry.

"It is not the regulator's job to dictate what their reinsurance should be, or to try to control the number of entrants into the market.

"The issue is that the regulator is here to ensure that the market works in a fair way. That is, that there are no anti-trust arrangements going on."

Seven years of growth:
How the delegate profile has changed since the first Multaqa



ON THE AGENDA

The construction of Lusail city – An illustration of the dramatic growth of insurable assets in Qatar

Eng Essa Mohammed Ali Kaldari, Chief Executive,
Lusail Real Estate Development Company

Enterprise risk management: Developing a holistic approach to risk management

Christoph Schwager, Chief Risk Officer, EADS Airbus

Report on findings of the Qatar Financial Centre Authority's 2013 'MENA Insurance Barometer'

Akshay Randeve, Director, Strategic Development, Qatar
Financial Centre Authority, and Dr Kai-Uwe Schanz,
Chairman and Principal partner, Dr. Schanz, Alms & Company

Overview of the current GCC and MENA region economy

Tim Fox, Group Head of Research and Chief Economist,
Emirates NDB

Respecting and understanding risk: A practical demonstration of how to use a captive and an update of the latest developments surrounding captives

Andrew Bradley, Head of Group Risk Services, Nestlé

The business model of global reinsurance – opportunities and challenges

Professor Stefan Materne, Chair for Risk Management and
Reinsurance, the Institute for Insurance Studies of the
Cologne University of Applied Sciences

Global reinsurers panel debate

Chair: Sivam Subramaniam, Editor-in-Chief, Asia
Insurance Review and Middle East Insurance
Review

Opening address: The business model of global reinsurance – Opportunities and challenges

Professor Stefan Materne, Chair for Risk Management and
Reinsurance at Cologne University of Applied Sciences

Panel: Professor Stefan Materne, Chair for Risk
Management and Reinsurance, Cologne
University of Applied Sciences
Robert Wiest, president, Swiss Re China and
member of the Asia Management Team
Peter Schmidt, Chief Executive, Catlin Re
Maurice Williams, Managing Director - Asia
Pacific, Middle East, Turkey and Africa, Willis Re
Michael Gertsch, Chief Executive, Gulf Re

Day Two – 12 March 2013

KEYNOTES

Day two of Multaqa Qatar 2013 was opened by a speech by Eng Essa Mohammed Ali Kaldari, Chief Executive, Lusail Real Estate Development Company.

Kaldari pointed out that more than \$120bn worth of investments are planned for Qatar, ahead of the 2022 FIFA World Cup.

The wave of infrastructure investments planned in Qatar ahead of the 2022 FIFA World Cup will dramatically increase the number of insurable assets in the country.

Kaldari said that Lusail City, Qatar's newest city where more than \$45bn worth of investments have been announced, opens up immense opportunities for insurers.

Kaldari said that the company's contractor selection process focuses on technicality rather than cost.

"We partner with the best project and management consultants," he said. "Our focus is on a model that integrates contractors, risk management and insurance. Previously, insurance was taken by contractors. We are seeing the benefits of taking direct control over insurance."

The Lusail City mixed-use development project is under construction and will be a "self-contained, holistic, all-inclusive" city that will accommodate 200,000 residents, 170,000 workers, and 80,000 visitors, Kaldari said. It will also feature a rail transport system that connects to Doha.

ENTERPRISE RISK MANAGEMENT

In the first of two risk sessions, Christoph Schwager, Chief Risk Officer, EADS Airbus, provided an overview on developing a holistic approach to risk management.

Schwager said for effective risk management a holistic approach is necessary, which tries to overcome silos and explores organisational risk as big risk driver.

He also said an effective holistic approach to risk management can only work if supported by a good governance model.

MENA BAROMETER

The event was also used to release the findings from the QFCA's inaugural MENA Insurance Barometer. The research was presented by Kai-Uwe Schanz, author of the report and Chairman of Multaqa Qatar. The survey included feedback from 35 senior executives from global and regional (re)insurers and brokers in the region, and builds on the GCC Insurance Barometer, which was first released in 2012.

It concluded that more than two-thirds (68%) of MENA (re) insurers and brokers expect the region's insurance premiums to grow faster than its gross domestic product (GDP).

This is despite the challenges from the Arab Spring and geopolitical tensions and instability.

The MENA Insurance Barometer surveyed the GCC countries, the Levant, North Africa and Turkey.

The region has a population of more than 360 million people and generates a combined GDP of about \$3.3 trillion. Between 2007 and 2011 the region's real GDP grew at 4.2% per year, above the global average of 3.3%.

In 2011, the MENA insurance market wrote about \$42bn in gross premiums, up from \$26bn in 2007. Non-life markets, which accounted for \$35bn in GWP in 2011, grew at an average annual rate of 7.5%, while the life markets, which account for \$6.6bn in GWP, expanded by 10.1% per year, adjusted for inflation.

Of those surveyed, 77% said they expected commercial rates to remain stable or increase and 72% expected personal lines to do the same. Seventy two per cent expect profitability to remain flat or increase in commercial lines and 83% believe the same is true in personal lines.

But the insurance penetration in the region is low, with premiums accounting for 1.3% of GDP, a fifth of the global average. However, this gap is narrowing as MENA insurance markets have outpaced GDP growth recently.

The QFCA said the young, growing and increasingly more affluent population was another key strength for the region, along with its low catastrophe exposure.

In the future, the QFCA said it expected personal lines to benefit most from the population's rising affluence, supported by compulsory schemes, for example in medical insurance.

In terms of weaknesses, the Barometer said the MENA insurance markets were fiercely competitive with an abundance of (re)insurance capacity, putting pressure on financial results and driving up acquisition costs. Furthermore, it said the region's insurance regulations were still perceived as inadequate by the majority of survey participants (56%). A lack of consistent supervisory oversight across the region was the main issue for respondents.

Among the biggest threats, said those surveyed, were political instability and geo-political risks, followed by pressure on rates and a further erosion of profitability.

The Barometer also found that a minority (36%) of respondents expect the MENA insurance market to consolidate over the next 12 months as average levels of capitalisation are solid and family ownership remains a major obstacle to mergers and acquisitions.

Furthermore, about 50% of interviewees expect foreign insurers to gain market share over the next 12 months, on the back of better customer focus, distribution know-how and technical skills.

Only 38% of respondents expect the Takaful insurance market to outgrow total insurance premiums, with business models in need of a thorough review.

QFCA Chief Executive and board member Shashank Srivastava said: "The MENA region exhibits above-average GDP growth, even faster insurance premium growth, a young and rising population, low levels of insurance penetration and, in most countries, a rather limited natural catastrophe exposure.

"In sum, the MENA region is an attractive emerging insurance market, which any aspiring international or regional insurer and reinsurer should have on its strategic agenda."

REGIONAL ECONOMY

Tim Fox, Group Head of Research and Chief Economist, Emirates NDB, told delegates that he predicts the region's growth will drop to 4.6% in 2013, from 6% in 2012. This slowdown comes on the back of strong oil-driven growth in previous years.

Qatar and Saudi Arabia will top the regions' growth at 5.4% and 5.2%, respectively.

Fox said that the GCC/MENA region would be the third-strongest growing economy after developing Asia and Sub-Saharan Africa. Speaking on the growth drivers, Fox said: "Government spending in Saudi Arabia, Qatar and Oman will support both consumption and investment. Saudi Arabia is to spend SAR1.0 trillion (\$266.65bn) in 2013, up 15% from 2012."

Oil prices are expected to decline to an average \$103 per barrel in 2013 from an average of \$109 per barrel in 2012.

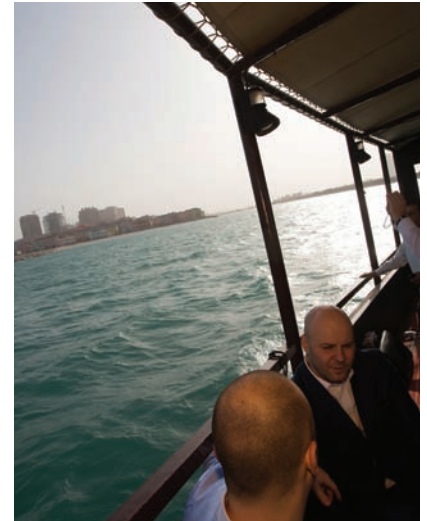
"Lower oil prices will not have a direct impact on real growth but can affect output and influence government spending," Fox said. He also pointed out that budget surpluses are expected to decline as oil prices ease and spending rises in 2013.

"Higher budget spending increases the vulnerability to a positive oil price shock. However, accumulated savings will provide cushion," he said.

Inflation in the GCC is also expected to increase - to 3.7% in 2013, from 3% in 2012 - reflecting higher domestic demand.

Fox also said that the eurozone crises may not have a direct impact on the GCC as Europe accounts for a small proportion - less than 20% - of total international trade for the GCC countries.

"Rising geopolitical tensions remain the key risk," he said.



» RISK AND REINSURANCE

In the second of two risk sessions, Andrew Bradley, Head of Group Risk Services at Nestlé, gave delegates a practical demonstration of how to use a captive and provided an update of the latest developments surrounding captives. With more and more companies utilising captives to manage risk and with healthy returns from the investment, Bradley expects a greater focus from leading multinationals on this area of risk management. The next presentation was delivered by Professor Stefan Materne, Chair for Risk Management and Reinsurance, the Institute for Insurance Studies of the Cologne University of Applied Sciences, who discussed the global reinsurance business model. Materne mentioned how volatility in the reinsurance cycle has been decreasing steadily over the past 10-15 years and argued that the global cycle has vanished for the time being with investors not knowing how to invest their funds. He concluded that the continued financial turmoil, low interest rate environment and increased retention from cedants are some of the biggest risks facing reinsurers globally.

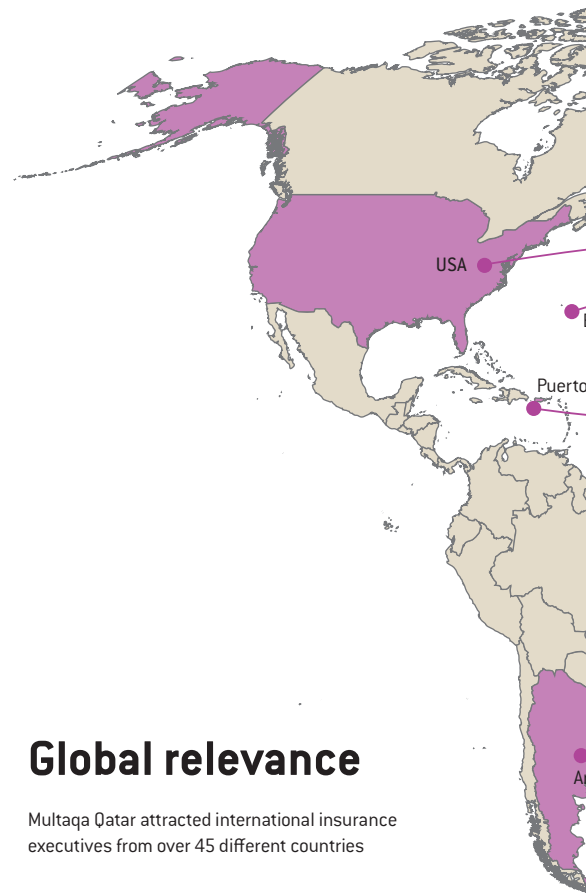
GLOBAL REINSURERS DEBATE

The global reinsurers debate touched on the outlook for the reinsurance market which saw some respite in 2012 following fewer natural catastrophe losses of \$65bn in 2012, compared to \$120bn in 2011. Materne, who joined the panel, noted that the typical reinsurance cycle is dissipating and no longer responding to losses in a traditional way. Despite the historic losses in 2011, the following year only saw a slight hardening in the reinsurance market. Panellists agreed that over-capacity would likely remain for some time, and that more of it would find its way in the emerging markets like the

Middle East. Swiss Re China President Robert Wiest said that “reinsurers have to live with over-capacity and new capacity will find its way into the MENA region”. Gulf Re Chief Executive Michael Gertsch noted that as the primary market diversifies its product range, more reinsurance capacity would be needed in the region.

The panel also explored the many challenges to the global business model of reinsurance. Post financial crisis (re)insurers have to cope with a low interest rate environment, with no relief in sight. In addition, mature economies have yet to return on a trajectory of steady and sustainable growth. In addition, as highlighted by Maurice Williams, Managing Director Asia-Pacific, MEA and Turkey, the regulatory environment presents many challenges, ranging from the uncertain fate of Solvency II to systemic risk regulation. Against this backdrop, reinsurers push ahead with expansion strategies into emerging markets, lured by double-digit premium growth, as Materne pointed out.

Peter Schmidt, Catlin Re Chief Executive, drew the panel's attention to the fact that ‘Western’ reinsurers experience increasing competition from emerging markets-based carriers. “We need to accept that the world is changing. There is a real possibility that the global reinsurance market will be significantly reshaped in the next two decades as the economic balance of power seems to shift towards the emerging markets,” he said. However, the panel agreed that, for the time being, established reinsurers will continue to benefit from their strong franchises, excellent financial strength ratings, well-proven underwriting teams, established risk management processes and, last but not least, lower capital cost as a result of superior geographical diversification.



Global relevance

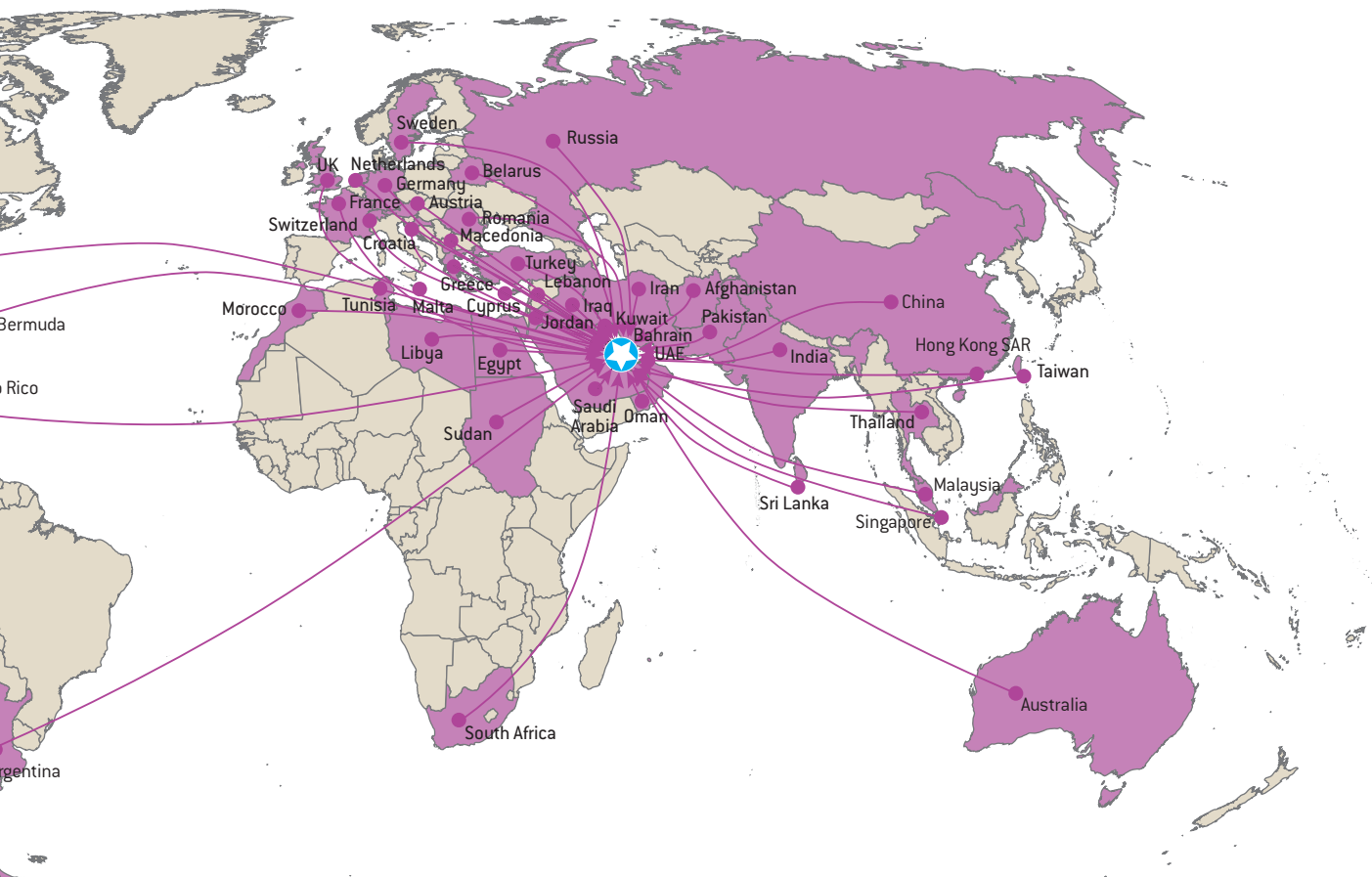
Multaqa Qatar attracted international insurance executives from over 45 different countries

Total registered attendees

580

Now in its seventh year, Multaqa Qatar attracted a record audience of over five hundred senior international insurance professionals

MULTAQA
QATAR 2013



Number of meetings

800

The GR Meeting Zone facility allowed delegates to arrange meetings with other attendees while at the event

Attendees by company type

213

Reinsurance companies and reinsurance brokers

172

Primary insurers and brokers

42

Government and regulators

65

Advisors and rating agencies

Attendees by job function

196

Chief executive officers, managing directors, country managers

51

Heads of insurance lines/ business heads

93

Chief underwriters and underwriters

27

Risk managers

MULTAQA

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The Qatar Financial Centre Authority wishes to thank all delegates of this year's MultaQa Qatar Conference in Doha, 11 - 12 March 2013, for their attendance.

Our special gratitude goes to all our speakers and panelists for their remarkable and most inspiring contributions. During Multaqa Qatar 2013 speakers from the State of Qatar such as His Excellency Yousef Hussain Kamal, Minister of Finance and Economy, Abdulrahman Al-Shaibi, Managing Director and Board Member of the QFC Authority, as well as CEOs, senior executives and risk managers from leading insurers, reinsurers, brokers and multinational corporations examined the key regional and global trends and drivers that affect the MENA (re)insurance industry.

We are particularly proud of the record number of more than 500 senior executives from the risk and (re)insurance industry who joined us for this year's Multaqa Qatar.

The Qatar Financial Centre Authority wishes all delegates a most delightful continuation of 2013 and looks forward to welcoming you again at next year's Multaqa Qatar.

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