

Insurance in Qatar – some key considerations

By Michael Earley



In Qatar there are currently two distinct jurisdictions governing the insurance sector: the laws of the State of Qatar (the State), and the rules and regulations of the Qatar Financial Centre (the QFC).

The State

Perhaps the most significant contributing factor to the status of the insurance market in the State is the insurance legislation currently in place. Law No (1) of 1966 Concerning the Supervision and Control Over Insurance Companies and Agents (Insurance Law) is the primary body of law that governs its insurance market. Among other things, the Insurance Law provides the following:

- Any company intending to carry out insurance operations in Qatar has to be licensed by the relevant government body (currently the Ministry of Business and Trade (MBT));
- It may only take the form of a joint stock company and its capital must be wholly owned by Qatari nationals (this article was subsequently amended in 2008 to remove the requirement that the capital be own only by Qataris);
- An insurance agent must be a Qatari national of good standing or a wholly Qatari owned entity;
- Assets and properties within Qatar may only be insured by a Qatar national insurer; and
- Only insurance 'agents' are recognised by the law.

Additionally, the Insurance Law originally provided that foreign insurers could establish in the State through the registration of a branch. However, in 1971 the Insurance Law was amended to prohibit the issuance of new licenses to foreign insurance companies, effectively barring any new foreign insurers from being licensed in the State.

Furthermore, Law No (13) of 2000 (Foreign Investment Law) generally provides that foreign investors may only conduct business in the State pursuant to specific circumstances, and approval from the Council of Ministers will be required for foreign investment in the banking and insurance sectors.

The Qatar Financial Centre

The QFC was established pursuant to Qatar Law No 7 of 2005 as amended (QFC Law). The QFC has considerable administrative independence from the State, and generally State laws do not apply to QFC licensed entities. This general legislative exemption enables QFC incorporated or registered entities to conduct insurance and insurance intermediary business in or from the QFC free from the provisions of the Insurance Law and the Foreign Investment Law.

Insurance activities conducted in or from the QFC are categorised as 'Regulated Activities' and accordingly are regulated by the QFC Regulatory Authority (QFCRA) which has issued several rule books providing a comprehensive regulatory framework for insurance operations within its jurisdiction. These rule books provide guidelines in respect of risk management, operations, fitness and propriety, market conduct, and other matters.

In addition to conducting activities in the QFC, entities established in the QFC are able to conduct activities in the State, with the QFCRA acting as an independent regulator of financial services in or from the QFC. With regard to retail customers, the nature of the interaction between the QFC and the State is such that appropriately authorised QFC entities are able to provide insurance services to retail customers in the State in accordance with the QFC regulations. However, the QFCRA's desire to adequately protect individuals who enter into contracts with insurers and insurance intermediaries means that insurers with retail customers are subject to the most regulatory scrutiny.

Considering that retail insurers are expected to have very stringent processes underpinning how they deal with their customers, further supported by a strong compliance function, an insurer or insurance intermediary intending to offer products to retail customers will need to consider carefully the way in which its products integrate with the current retail insurance regulatory regime.

Clyde & Co LLP

Qatar Financial Centre, West Bay, Doha, Qatar
 PO Box 31453

Tel: (974) 4496 7434

Email: michael.earley@clydeco.com.qa

www.clydeco.com