



QFC Regulatory Authority issues proposals to develop captive insurance sector

- **Captive insurers can be used as a risk management vehicle for the benefit of companies in Qatar and the GCC**
- **Qatar to become the regional hub for captive insurance**

Doha, Qatar, 11 of April 2011: The QFC **Regulatory Authority** has released two Consultation Papers that describe changes to the regulatory environment for captive insurers, captive managers and insurance intermediaries operating in and from the Qatar Financial Centre (the "QFC").

The proposals are designed to underpin the development of a regional hub for captive insurance and captive managers that is centred in Qatar. In undertaking this development, the Regulatory Authority will continue to provide a robust and risk-based regulatory regime for captive insurers and captive managers that promotes best-practice international standards. The proposed regime provides an opportunity for industry and commercial enterprises in Qatar, the GCC and the international community to establish captive insurers in the QFC and to use these entities as an efficient risk management tool.

The new insurance regime of the Regulatory Authority will include a dedicated rulebook for captive insurers, the "Captive Insurance Business Rules", and a dedicated rulebook for captive managers and insurance intermediaries, the "Insurance Mediation Business Rules". These drafts rules are also being made available today for public consultation.

The two Consultation Papers follow a preliminary Consultation paper that was sent out for comment in June last year to all authorised firms, captive insurers, and captive managers. The responses from the industry greatly assisted the Regulatory Authority in developing draft rules that create the appropriate regulatory regime for the QFC.

The Regulatory Authority Deputy CEO, Michael Ryan welcomed these latest Consultation Papers saying: *"Qatar's insurance market is expected to see substantial growth over the coming years and the Regulatory Authority's proposed rules are designed to ensure that the appropriate regulatory structure is in place to support the growth of a stable and world-class insurance sector."*

Feedback on these proposals will assist the Regulatory Authority in the further development of these regimes, its regulatory approach and the preparation of final rules.



The consultation period for responses is open until 5 May 2011.

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About the QFC Regulatory Authority

The QFC Regulatory Authority is an independent regulatory body established by Article 8 of the QFC Law. It regulates firms that conduct financial services in or from the QFC. It has a broad range of regulatory powers to authorise, supervise and, when necessary, discipline firms and individuals. The QFC Regulatory Authority regulates firms using principle-based legislation of international standard, modelled closely on that used in major financial centres. Further details are available on the website www.qfcra.com

About the Qatar Financial Centre

The Qatar Financial Centre (QFC) is a financial and business centre established by the Government of Qatar and located in Doha. It has been designed to attract international financial services institutions and major multi-national corporations and to encourage participation in the growing market for financial services in Qatar and elsewhere in the region. The QFC operates to international standards and provides a first class legal and business infrastructure for those doing business within the QFC. The QFC was created by QFC Law No.(7) of Qatar and has been open for business since 1 May 2005.

Captive Insurance

A 'captive' is an insurance business created or owned by an industrial, commercial or financial group, the purpose of which is to insure risks emanating from its parent company or group. As such, captives are part of the wider 'self insurance' industry and are one of many financial vehicles in the risk management sector.

Captives present a number of benefits by compensating for coverage gaps in the insurance market, reduction of risk financing costs, retention of underwriting profits and direct access to the professional reinsurance market.

Gulf based organisations, often involved in major capital projects, have a significant focus on their risk financing strategy and, in that connection, are becoming more interested in risk transfer and the use of captives as a way of better controlling

insurance costs whilst at the same time focusing on their risk management strategy.