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The Takaful / Cooperative Dynamic in the GCC

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GCC Insurance overview



GCC total premium volume 2011

- Steady growth: up from \$10.6bn in 2008
- GCC = Thailand or ½ of Hong Kong in GWP
- GCC: 0.3% of global GWP
- GCC: 85% - 90% = non-life premiums
- World average: 42%

Contributions

- UAE 43%
- Saudi 34%

GCC GDP

Kuwait

Total population¹: 2,691,158
Total licensed insurers: 25
GDP²: US\$131.3 billion
Total premiums³: US\$719 million

Bahrain

Total population¹: 727,785
Total licensed insurers⁴: 36
GDP²: US\$22.7 billion
Total premiums³: US\$606 million

Qatar

Total population¹: 833,285
Total licensed insurers⁵: 13
GDP²: US\$129.5 billion
Total premiums: US\$993 million

Saudi Arabia

Total population¹: 28,686,633
Total licensed insurers⁸: 26
GDP²: US\$443.7 billion
Total premiums³: US\$4.68 billion

Oman

Total population¹: 3,418,085
Total licensed insurers⁷: 23
GDP²: US\$55.6 billion
Total premiums³: US\$758 million

UAE

Total population⁶: 4,798,491
Total licensed insurers: 56
GDP²: US\$301.9 billion
Total premiums³: US\$5.88 billion

1. All population figures are from the CIA World Factbook unless otherwise stated and include non-nationals (July 2009 est.)

2. GDP (Purchasing Power Parity) from Alpen Capital GCC Insurance Report 2011

3. Alpen Capital GCC Insurance Report 2011

4. From Central Bank of Bahrain Insurance Market Review 2008

5. From Ministry of Foreign Affairs in Qatar

6. Estimate is based on the results of the 2005 census that included a significantly higher estimate of net immigration of non-citizens than previous estimates (July 2009 est.)

7. From Capital Markets Authority website

8. From Tadawul website

GCC Insurance overview

Around 180 registered insurers

- Top 3 insurers' share of GWP:
 - 21% UAE
 - 53% Saudi Arabia
 - 65% Qatar
- Non-life premiums: 85% - 90%
- Life insurance density: < 0.5% of GDP
- National companies: 75+% of non-life premiums
- Foreign companies 65+% of life premiums

Still Worth It?

- Insurance market growth predicted to grow at CAGR of 20% over next 5 years
- 2015: GWP of US\$34bn (equivalent to Spain or Brazil on current figures)
- Predicted to have 6th largest GDP in world by 2030 = Russia today
- Enormous growth potential
 - Developing market
 - Insurance penetration
 - New product lines
 - Growing sophistication
- But ... important to understand landscape

The Global Takaful Market



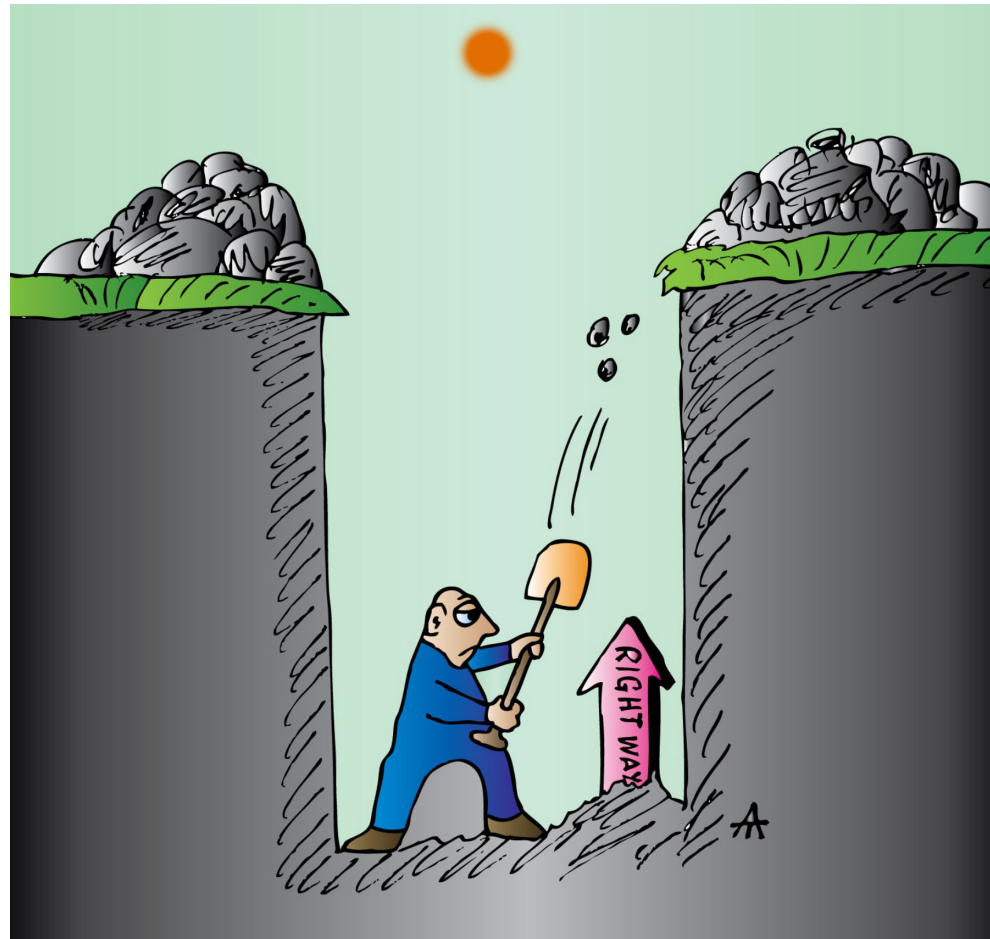
- Global Takaful contributions grew by 19% in 2010, to US\$8.3 billion
- US\$4.3 billion of contributions came from Saudi cooperatives
- Global Takaful contributions are expected to reach US\$12 billion by 2012

Slow Down?



- Only South East Asia and the Levant countries enjoyed positive CAGR in 2010
- Growth of 'Pure Takaful' (excluding contributions made to cooperatives) down to 29% in 2010
- Total contributions lower than predicted due to slow down after previous years of high growth.
- Compulsory health insurance in the GCC was not rolled out as predicted

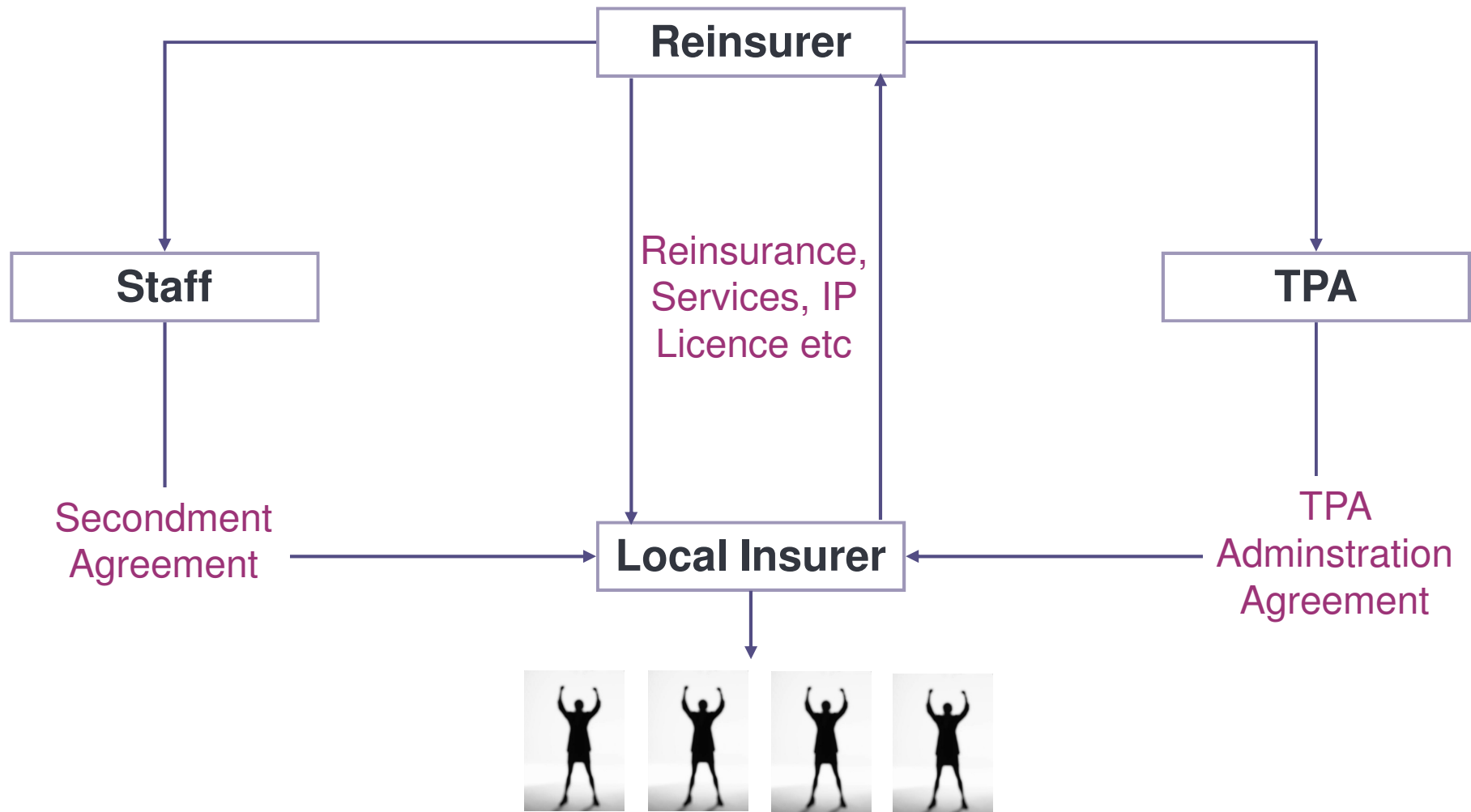
The regulatory landscape?



Entering the GCC market

	UAE (DIFC)	Qatar (QFC)	Saudi Arabia	Bahrain	Oman	Kuwait
Non-admitted insurance permitted	No	Yes subject to exceptions for government entities	Generally no subject to exception for risks that cannot be written locally	Generally no subject to exception for risks that cannot be written locally	Generally no subject to exception for individual life	No
Local reinsurance required	No (No)	No (No)	Yes	No?	Yes	No
Minimum capital for locally licensed company	AED100m (US\$10m)	QR40m (US\$10m)	SR100m	US\$26m	RO2.5m	KW5m
Foreign ownership restrictions?	Yes (No)	Yes (No)	Yes	No	Yes	Varies
Branches of foreign co's permitted	Yes (Yes)	Yes (Yes)	No	Yes	Yes	Yes
Takaful Window	No (No?)	??? (Yes?)	N/A	No	Yes	Yes

Fronting



FInC About It

- Global policies
- Issue with 'non-admitted' insurance
- DIC / DIL provisions
- FInC
 - Subject matter of the insurance
 - Triggers for claim
 - Loss calculation
 - Loss payment



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