

Qatar

Qatar Insurance Company

Strong underwriting growth; attractive valuations... October 2009

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Qatar Insurance Company

Tickers:

QATI QD (Bloomberg)

QINS.QA (Reuters)

Listing:

Qatar Exchange

Fair Value:

QR76.8

CMP:

QR65.1 (as of Oct. 25, 2009)

October, 2009

BUY

Investment Summary

- **Qatar Insurance Company (QIC)** is a pan GCC Property & Casualty insurer with operating history of more than 45 years and underwriting footprints across the Middle East, Africa and Asia. It's the highest rated insurer within the GCC with a rating of "A/Stable" from Standard & Poor's. QIC is headquartered in Qatar with branches in Dubai, Abu Dhabi, Saudi Arabia, Oman and Kuwait. It's a dominant insurer in Qatar with a market share exceeding 50%.
- The stable rating has helped the company in raising the funds at a lower cost ranging between 3.4% to 5.75% having a maturity of less than a year. The company issued 32mn bonus shares which has diluted the equity by 75% in the first quarter of 2009, this has increased the borrowing headroom for the company. QIC has cash of QR2.5bn as at 9M09, and it contributes to 34.5% of total assets. The strong cash position of the company will help the company in capitalizing any opportunities in the insurance market. Since last five years it is a zero debt company. The company has operating cash flow of QR471.5mn and free cash flow of approximately of QR600mn (excluding dividend) in FY08. This indicates that the company has enough liquidity to cushion any risk and capitalize on income generating opportunities.
- QIC has highlighted its expertise in underwriting non-life risk, the improving retention rate is a positive indicator reflecting growth in net underwriting income. The retention rate has improved from 38% in FY06 to 49% in FY08, going ahead the strategy set by the management is to diversify from energy segment to property and casualty segment thereby resulting in lower reinsurance and improving the retention ratio. We expect the retention rate to be around 51-52% during FY09-12E. The retention ratio in the Motor, retail and corporate insurance segment is upto 100% except Medical segment having retention of 65%.
- We expect the investment income to grow from QR371.7mn in FY08 to QR573.7mn in FY12 and investment portfolio growing from QR2722.4mn in FY08 to QR4038.5 in FY12. The growth in investment portfolio will be driven by strong growth in GDP thereby creating investment opportunities.

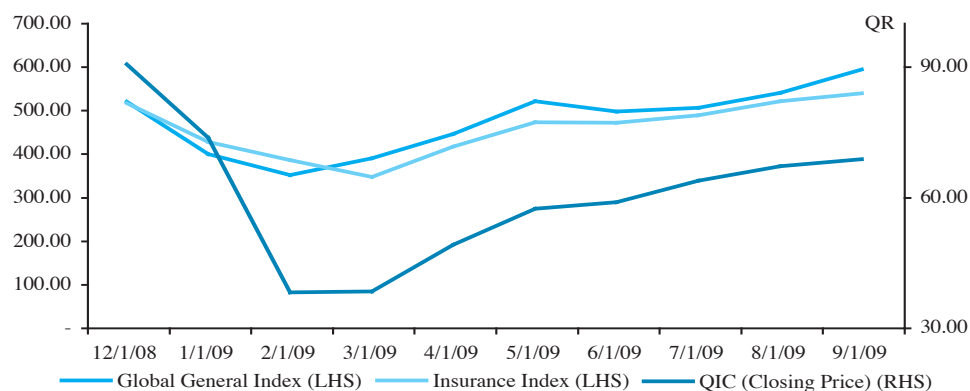
- We expect QIC to report four year CAGR (FY08-12) of 15%, 16%, 12% and 13% for Gross written premiums, net premiums, net underwriting profit and net profit respectively. The growth in gross premiums is driven by growth in Motor, energy and property and casualty segment. The company wants to defocus on energy segment as the retention ratio remains extremely low due to its risky nature and it also affects the overall performance of the company. The retention ratio in the Motor, retail and corporate insurance segment is upto 100% except Medical segment having retention of 65%.
- At the CMP of QR65.1 the stock trades at 8.8x and 1.8x FY09E P/E and P/BV and 7.5x and 1.7x FY10E P/E and P/BV. Using the Embedded Value Method and Price to book method we arrive at a price target of QR76.8 indicating a premium of 17.9% to the current market price. We recommend a “BUY” on the stock.

Table 01: Investment Indicators

	Price as on 25th October'09 (QR)	Shares in Issue (QRmn)	Market Capitalisation (QRmn)	52 Week Hi-Low (QR)	
	65.1	74.3	4838.5	87.2-33.3	
Year	Net Profit (QRmn)	EPS (QR)	BVPS (QR)	P/E (x)	P/BV (x)
2007 (A)	482.8	11.4	80.0	8.5	1.2
2008 (A)	530.1	12.5	60.4	4.1	0.9
2009 (F)	549.0	7.4	36.3	8.8	1.8
2010 (F)	649.1	8.7	38.4	7.5	1.7

Source: Company Reports, **Global Research**

Note: Historical P/E and P/BV multiples pertain to respective year-end prices, while those for future years are based on closing price as at October 25, 2009.

Chart 01: Share Price Performance

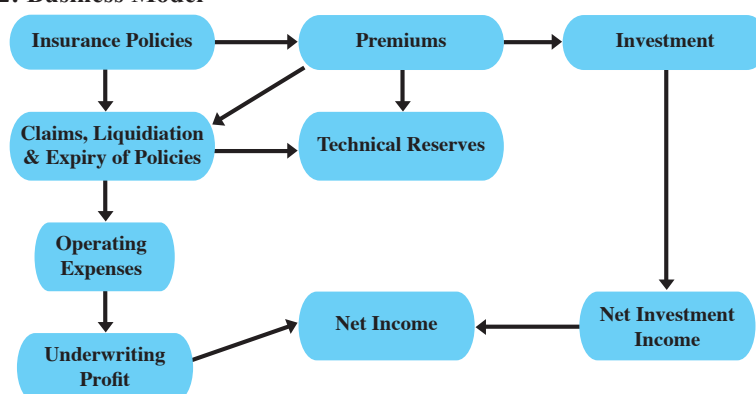
Source: **Global Research**

Company Profile

Qatar Insurance Company (QIC) is a old player with operating history of more than 45 years in the insurance industry in Qatar. It continues to dominate the non-life risk industry primarily Property and Casualty sector.

The company is present across the GCC with footprints in Middle East, Africa and regions throughout Asia. It is headquartered in Qatar with branches in Dubai, Abu Dhabi, Saudi Arabia, Oman and Kuwait.

Chart 02: Business Model



Source: Company Reports, Global Research

QIC is a leader in offering non-life risk products in Qatar, it ranks number one in market share in Qatar. The company offers insurance mainly in three lines Energy, Marine and Aviation, Corporate and Personal Lines. This can be further segmented into more product lines

Table 02: QIC Achievements

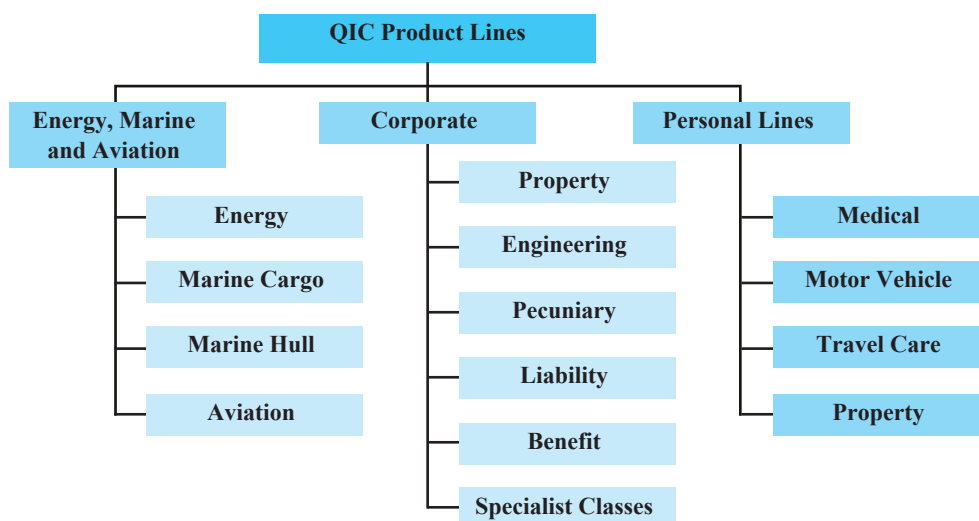
1964	QIC Established (Government of Qatar holding 12%)
1968	Dubai Branch
1979	QIC loses Monopoly Status in Qatar
1986	Current management team takes over
2002	Abu Dhabi Branch
2003	Saudi Arabia Branch
2003	S&P Rating «A-»
2004	OQIC Established
2004	Kuwait Branch
2006	QICI established
2006	S&P Rating «A»

Source: Company Reports

Insurance Products

QIC is a market leader in providing comprehensive Property and casualty insurance services in Qatar over 45 years. The company also covers Energy & Fire sector and Third party liability insurance.

Chart 03 : Insurance Products



Source: Company Reports, **Global Research**

QIC also offers financial risks insurance to the corporate clients, it covers the loss of money due to infidelity risk, loss of cash in transit and cash in premises. It also offers Marine insurance, under which it offers Cargo insurance for shipment by Sea, Air and Land and Marine Hull Insurance.

QIC's property insurance products are designed to provide the widest possible protection to all the fixed assets like buildings & contents, machinery and stock against unfortunate events like fire or natural perils. The company offers personal line of insurance covering home protection, personal protection division and motor insurance.

Table 03: Liquidity of the stock

Year	Avg. Daily Volumes	Avg Daily Value Traded (mn)	Closing Price (QR)	M.Cap (QRmn)
2006	40858	2.6	63.9	2715.6
2007	53281	5.2	97.2	4128.2
2008	88028	4.5	51.5	2189.0
2009*	74756	4.9	65.1	4838.5

*All Closing prices as at December year end and 2009 closing price as on October 25th 2009.

Source : **Global Research**

QIC currently trades at QR65.1 with a market capitalization of QR4.8bn one of the highest in the Insurance Industry in GCC region. The daily volumes in the stock have reduced post the financial crisis but they have been going up as the company continues to deliver a strong operating performance. We believe despite the crisis the stock has reflected healthy volumes.

Table 04: Shareholding Pattern

Name	Type	Country	Holding
Qatar National Bank	Corporate	Qatar	2.50%
HH Sheikh Khalifa Khaled Bin Mohammed Bin Ali Al Thani	Private	Qatar	4.94%
HH Sheikh Khaled Bin Mohammed Bin Ali Al Thani	Private	Qatar	2.24%
Government of Qatar	Government	Qatar	12.00%
Burooq Trading Company	Corporate	Qatar	5.00%
Public*	-	-	73.32%
Total			100.00%

Source: Zawya

*Note: Public Holding includes 1.08% being held by Foreign Funds.

QIC Management Team

The current management team at QIC has vast experience and expertise in the Insurance Industry. They have successfully supervised the development and implementation of sound risk management practices which have enabled the business to grow in a measured and consistent fashion.

A brief description of the key management personnel is provided below.

Khalifa Abdulla Turki Al-Subaey (Group President & CEO)

Managing Director and Board Member Mr. Khalifa is the President and Chief Executive Officer (“CEO”) of the QIC Group. He joined QIC in 1986, and has been instrumental in leading the Group for the past 20 years. QIC’s growth and current strength is attributable to his experience, foresight and leadership. Under his leadership, QIC has grown from a modestly sized local company to a large well-diversified insurance group and one of the largest in the Middle East and North Africa.

Sunil Talwar (Group CFO & Deputy CEO)

Mr. Sunil Talwar is currently the Chief Financial Officer and Deputy CEO of the QIC Group. He joined QIC in 1986, as part of management team and is credited with elevating QIC to its position as one of the leading insurance groups in the region. Apart from his overall financial and general management responsibilities, Sunil is directly responsible for managing the investment strategy of QIC.

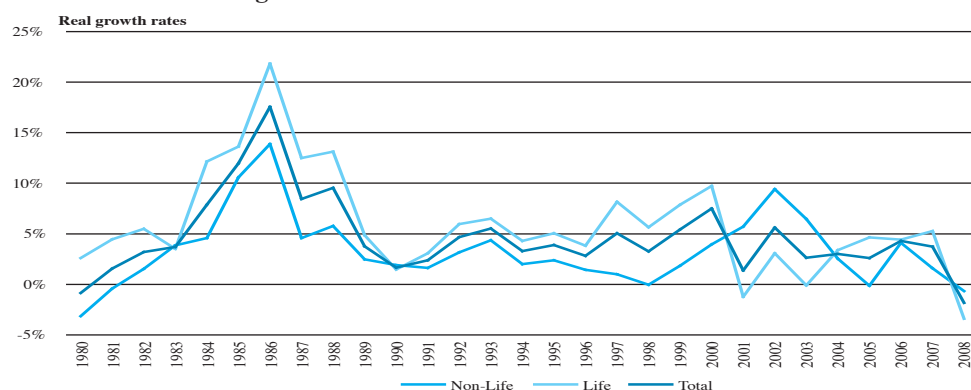
Ewen McRobbie (Group CTO)

Ewen is currently the Chief Technical Officer. Ewen joined QIC in 2008, from Oman United Insurance Company, where he was the Chief Executive Officer. Ewen has over 20 years of experience in the insurance industry and has worked within the London Reinsurance Market with leading brokerage houses such as Sedgwick’s and Willis

Insurance : A Global Perspective

In 2008, worldwide insurance premiums rose to US\$4270.1bn. The life business accounted for US\$2490.1bn and non-life risk accounted for the remaining US\$1779.0bn. For the first time in the last twenty years the premiums have declined in real terms with non-life premiums falling by 0.8% and life premiums falling faster by 3.5%.

Chart 04: Real GWP growth



Source: Swiss Reinsurance

The 3.5% fall in global life insurance premiums can be attributed to a decline in the industrialized countries (-5.3%) and a double digit growth in the emerging markets (+15%). The falling premium volumes in the industrialized countries was mainly due to slowdown in global economy and financial crisis. Majorly the fall in premiums was accounted due to financial crisis, also Unit linked business declined in emerging markets during second half of 2008.

In 2008 the World GDP expanded by 2.3% in real terms. Though the global financial crisis began affecting the demand negatively and fall in price of assets, the impact was felt strongly after the collapse of Lehman Brothers resulting to crash in the equity markets.

Table 05: Total Premium Volumes

	Premium Volume (In bns of US\$)		Change (in%) inflation adjusted		Share of World Market (%)	Premiums in % of GDP	Premiums per capita (in US\$)
	2008	2007	2008	2007	2008	2008	2008
Total businesses							
America	1,450,749.0	1,428,890.0	(2.4)	3.2	34.0	7.3	1,552.7
North America	1,345,816.0	1,338,648.0	(3.1)	2.7	31.5	8.5	3,988.8
Latin America and Carribean	104,933.0	89,642.0	8.4	12.1	2.5	2.5	175.8
Europe	1,753,200.0	1,764,685.0	(6.2)	6.4	41.1	7.5	2,043.9
Western Europe	1,656,281.0	1,689,566.0	(6.9)	6.1	38.8	8.3	3,209.2
Central and Eastern Europe	96,919.0	75,119.0	9.0	13.2	2.3	2.8	299.2
Asia	933,358.0	812,046.0	6.6	(0.8)	21.9	6.0	234.3
Japan and newly industrialised Asain economies	675,109.0	608,007.0	3.8	(5.1)	15.8	10.4	3,173.2
South and East Asia	229,036.0	180,099.0	16.3	17.0	5.4	3.2	65.5
Middle East and Central Asia	29,213.0	23,940.0	4.7	10.9	0.7	1.5	110.3
Oceania	77,716.0	68,882.0	8.6	4.0	1.8	7.0	2,271.9
Africa	54,713.0	53,683.0	4.9	1.0	1.3	3.6	55.6
World	4,269,737.0	4,127,586.0	(2.0)	3.6	100.0	7.1	633.9
Industrialised Countries	3,756,939.0	3,705,676.0	(3.4)	2.7	88.0	8.8	3,655.4
Emerging Markets	512,799.0	421,911.0	11.1	12.6	12.0	2.7	89.4
OECD	3,696,073.0	3,644,916.0	(3.2)	2.4	86.6	8.3	3,015.2
G7	2,925,946.0	2,910,018.0	(4.4)	1.8	68.5	9.0	3,930.2
EU, 15 Countries	1,564,424.0	1,610,393.0	(7.1)	6.3	36.6	8.7	3,726.8
EU, 27 Countries	1,616,461.0	1,650,192.0	(6.7)	6.4	37.9	8.3	3,061.3
Nafta	1,364,839.0	1,356,214.0	(3.0)	2.8	32.0	8.1	3,065.7
ASEAN	45,493.0	41,288.0	0.4	9.8	1.1	3.0	85.1

Source: Swiss Reinsurance

As it can be inferred from the above chart the premiums as a % to GDP is the lowest in the Middle East as compared to the other regions in the world. The insurance market it at its nascent stage and has the potential to grow as compared to other countries in the world.

Table 06: Total Life Business

	Premium Volume (In bns of US\$)	Change (in%) inflation adjusted	Share of World Market (%)	Premiums in % of GDP	Premiums per capita (in US\$)		Premium Volume (In bns of US\$)
Life Business	2008	2007	2008	2007	2008	2008	2008
America	666,954.0	660,579.0	(2.8)	6.2	26.8	3.4	713.8
North America	626,066.0	624,558.0	(3.4)	5.9	25.1	4.0	1,855.6
Latin America and Carribean	40,889.0	36,021.0	7.0	12.3	1.6	1.0	68.5
Europe	1,050,815.0	1,115,147.0	(11.1)	9.5	42.2	4.5	1,244.1
Western Europe	1,025,260.0	1,097,027.0	(11.6)	9.4	41.2	5.3	2,022.4
Central and Eastern Europe	25,554.0	18,120.0	18.7	17.2	1.0	0.7	78.9
Asia	690,951.0	592,644.0	8.2	(2.7)	27.7	4.4	173.9
Japan and newly industrialised Asain economies	519,046.0	459,512.0	5.2	(7.0)	20.8	8.0	2,447.8
South and East Asia	164,228.0	127,127.0	19.0	18.4	6.6	2.3	47.0
Middle East and Central Asia	7,677.0	6,005.0	9.3	12.1	0.3	0.4	29.0
Oceania	43,835.0	35,809.0	17.6	7.9	1.8	4.0	1,281.5
Africa	37,866.0	37,645.0	5.5	(0.9)	1.5	2.5	38.4
World	2,490,421.0	2,441,823.0	(3.5)	5.1	100.0	4.1	369.7
Industrialised Countries	2,218,523.0	2,220,129.0	(5.3)	4.4	89.1	5.2	2,174.4
Emerging Markets	271,898.0	221,695.0	14.6	13.2	10.9	1.4	47.4
OECD	2,147,210.0	2,150,619.0	(5.1)	3.9	86.2	4.9	1,764.4
G7	1,710,983.0	1,725,307.0	(5.7)	3.3	68.7	5.3	2,327.7
EU, 15 Countries	973,700.0	1,054,307.0	(11.9)	9.7	39.1	5.5	2,365.0
EU, 27 Countries	998,452.0	1,071,539.0	(11.4)	9.8	40.1	5.2	1,926.8
Nafta	634,394.0	632,242.0	(3.3)	5.9	25.5	3.8	1,425.0
ASEAN	29,329.0	26,842.0	(0.4)	12.2	1.2	2.0	57.7

Source: Swiss Reinsurance

In the Middle East region the premiums to per capita income ratio is the lowest as compared to other regions in the world. Although the Life & Health business is gaining its dominance post the takaful launch, which is gaining more importance and awareness for Life & Health insurance. The Life & Health business has gained popularity since the takaful product is launched in GCC countries, which is shariah compliant. As can be inferred from the table above there is potential to tap in the Life & Health insurance segment.

Table 07: Total Non-life business

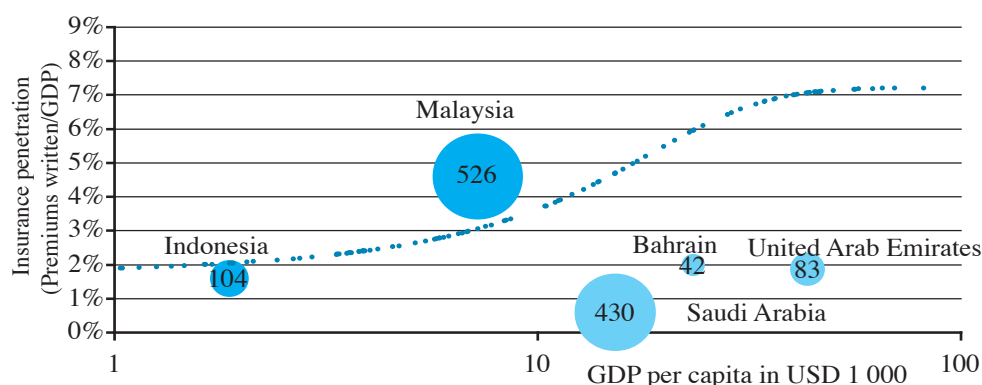
	Premium Volume (In bns of US\$)	Change (in%) inflation adjusted	Share of World Market (%)	Premiums in % of GDP	Premiums per capita (in US\$)		Premium Volume (In bns of US\$)
Non-Life Business	2008	2007	2008	2007	2008	2008	2008
America	783,795.0	767,711.0	(2.0)	0.7	44.1	3.9	838.9
North America	719,751.0	714,090.0	(2.8)	-	40.5	4.6	2,133.2
Latin America and Carribean	64,044.0	53,621.0	9.5	11.9	3.6	1.6	107.3
Europe	702,386.0	649,538.0	(0.5)	1.3	39.5	2.9	799.8
Western Europe	631,021.0	592,539.0	(1.1)	0.4	35.5	3.1	1,186.8
Central and Eastern Europe	71,365.0	56,999.0	5.7	12.0	4.0	2.1	220.3
Asia	242,407.0	219,402.0	2.3	4.5	13.6	1.5	60.4
Japan and newly industrialised Asain economies	156,063.0	148,495.0	(0.4)	1.2	8.8	2.4	725.4
South and East Asia	64,808.0	52,972.0	9.5	13.8	3.6	0.9	18.5
Middle East and Central Asia	21,536.0	17,936.0	3.1	9.5	1.2	1.1	81.3
Oceania	33,881.0	33,074.0	(1.0)	0.1	1.9	3.1	990.5
Africa	16,847.0	16,038.0	3.0	6.8	1.0	1.1	17.1
World	1,779,316.0	1,685,762.0	(0.8)	1.5	100.0	3.0	264.2
Industrialised Countries	1,538,290.0	1,485,547.0	(1.9)	0.3	86.5	3.6	1,481.0
Emerging Markets	240,901.0	200,216.0	7.1	11.8	13.5	1.3	42.0
OECD	1,548,862.0	1,494,297.0	(1.8)	0.3	87.1	3.5	1,250.8
G7	1,214,963.0	1,184,711.0	(2.5)	(0.2)	68.3	3.7	1,602.6
EU, 15 Countries	590,724.0	556,073.0	(1.1)	0.3	33.2	3.2	1,361.9
EU, 27 Countries	618,009.0	578,653.0	(1.0)	0.6	34.7	3.1	1,134.5
Nafta	730,445.0	723,972.0	(2.7)	0.2	41.1	4.3	1,640.7
ASEAN	16,164.0	14,446.0	1.9	5.7	0.9	1.0	27.4

Source: Swiss Reinsurance

GCC Insurance market

Insurance is one of the cornerstones of the modern-day financial services sector. In addition to its traditional role of managing risk, the insurance sector promotes long-term savings and serves as a conduit to channel funds from policyholders to investment opportunities, including mortgage lending.

Chart 05: Insurance Penetration



Source: Company Reports, **Global Research**

GCC Insurance Market potential

The Islamic population is primarily concentrated in the Middle East, Northern Africa and South and East Asia. About 300mn muslims live as minorities in other countries, with the largest number of muslims living in India (157mn :13%), China (40mn:3%) and Ethiopia (40mn). Given their fast-growing economies and insurance sectors, India and China are potential markets for Islamic insurance going forward. Islamic countries accounted for US\$3,462.2bn (22%) of emerging market GDP in 2007. This is equivalent to an average GDP per capita for emerging countries (US\$2,700).

In 2007, 11% of emerging market insurance premiums were written in Islamic countries (US\$45bn), indicating a low level of insurance penetration compared to that of the emerging markets. Insurance penetration, particularly in Life & Health insurance is low in Islamic countries. Premiums written amounted to just 1.3% of GDP in 2007, versus 2.8% of GDP in the emerging markets. While economic growth has been solid in most Islamic countries since the turn of the century, the insurance sector has lagged. One reason for the low penetration is that conventional insurance is not compatible with Islamic faith.

In order to grow the insurance market in Islamic countries, it is important to understand the different Islamic insurance models along with their unique challenges and opportunities.

Insurance under Islam The Quran is the ultimate source of all Islamic principles that were revealed to the prophet Mohammed by Allah, supplemented by the sayings and actions of the prophet (sunnah).

These two sources are the roots of Islamic belief, which lay out general principles on how a Muslim should lead his/her Life & Health, albeit not all aspects of Life & Health.

Muslims conduct their lives according to the Islamic principles laid out in shariah.

Consequently, all transactions must be shariah- compliant, including the type of insurance coverage purchased. The following must be avoided:

1. Riba : Payment/receipt of interest.
2. Maisir : Excessive risk-taking.
3. Gharar: Uncertainty and unclear terms in contracts.
4. Haram: Investment in anything unacceptable- eg pork, alcohol, gambling and pornography.

Given the varying interpretations of Islamic law, different insurance models have emerged. The models considered include non-profit mutual insurance and models that closely resemble conventional insurance, with funds invested in shariah-compliant assets. In this surrounding, a distinction is made between Islamic insurance and takaful. While Islamic insurance refers to all concepts of Islamic insurance, takaful refers specifically to insurance models that use segregated funds for policyholders and shareholders.

Qatar Economy

Qatar's economy is one of the fastest growing economies of the region for the last few years. The Qatari economy continued to report double digit growth rates over the period 2003-08. Nominal Gross Domestic Product (GDP) reported average growth rate of 32.2% over the period while real GDP reported 10.8% average growth. As for the year 2008, preliminary estimates from Qatar Statistics Authority revealed a steep growth of 44% for 2008. The country continued its stellar performance in 2008 on top of 25.1% of growth reported for 2007. Qatar's GDP measured at current prices surged to a new landmark of QR372.4bn (US\$102.3bn) in 2008 as against QR258.6bn (US\$71.04bn) recorded in the previous year. Such increase in GDP lifted GDP per capita to a record level of US\$70,630 in 2008 from US\$57,936 in 2007. Thus, Qatar continued to be one of the top ten wealthiest countries in the world with its GDP per capita exceeding the US\$70,000 level.

It is important to note that, the record growth rate was supported by both the oil boom during first half of the year 2008 as well as the ongoing diversification plans of Qatar away from oil sector. Such diversified economy helped Qatar to face looming recessionary threats due to the financial turmoil accompanied with downturn in oil prices during the second half of 2008.

Table 08: Gross Domestic Product

	2003	2004	2005	2006	2007	2008	CAGR 03-08
GDP at Current Prices (QR mn)	85,663	115,512	154,564	206,644	258,591	372,384*	34.2%
GDP at Current Prices (US\$ mn)**	23,534	31,734	42,463	56,770	71,041	102,303	34.2%
Nominal GDP Growth (%)	21.5%	34.8%	33.8%	33.7%	25.1%	44.0%	
Real GDP Growth (%)	3.5%	20.8%	6.1%	12.2%	12.0%	10.4%	
GDP Per Capita (US\$)	32,788	41,703	47,794	54,496	57,936	70,630	16.6%
Production of Crude Oil (mn b/d)	0.75	0.77	0.79	0.82	0.81	0.84	2.3%
OPEC Crude Oil Basket Price (US\$/b)	28.1	36.05	50.64	61.08	69.1	94.45	27.4%

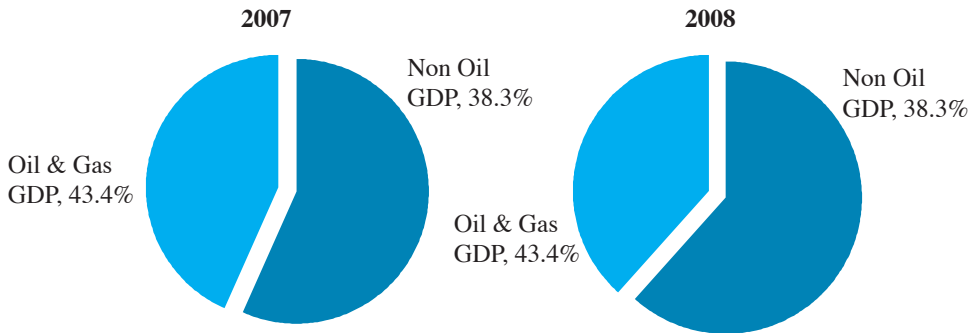
* Preliminary data

** (1 US\$ = 3.64 QR)

Source: Qatar Central Bank, Planning Council, Qatar Statistic Authority, **Global Research**

Analyzing GDP data for 2008 revealed the huge contribution of oil & gas sector to GDP to stand at a record level of QR229.7bn up from QR146.5bn in 2007. As a result, the sector contribution surpassed the 60% mark for the first time to account for 61.7% of the GDP in 2008 up from 56.6% in 2007. However, it is important to note that oil & gas sector contribution to GDP has been declining for 2006 and 2007 in favor of non oil sectors due to the increasing role of diversification. Such trend was reversed in 2008 mainly due to the increasing exports of LNG as well as the huge increase in oil prices during the first half of 2008. On another side, non-oil sector surged to a new landmark of QR142.7bn. Thus, the sector contributed for 38.3% of 2008 GDP down from 43.4% in 2007.

Chart 06 : Oil versus Non Oil GDP



Source: Qatar Central Bank, Planning Council, Qatar Statistic Authority, **Global** Research

Qatar Insurance Market

The Insurance premium for the year 2008 as accounted in the books of the five insurance companies is QR3,492 Bn (US\$957Bn). The major share of premium comes from the Energy business followed by Motor and Engineering. The Qatar gross premium of the country for the year 2008 was QR2,462bn (US\$674bn).

Table 09: Qatar Insurance Market size

Insurance Company	Gross Premium	Premium outside Qatar	Qatar Gross Premium	Net Premium
Qatar Insurance Co	1,972	978	994	443
Qatar General Ins.	719	52	667	242
Al Khaleej	267	0	267	119
Doha Insurance	316	0	316	84
Qatar Islamic	168	0	168	73
Others	50	0	50	50
Total	3,492	1,030	2,462	1,011

Source: Company Annual Reports

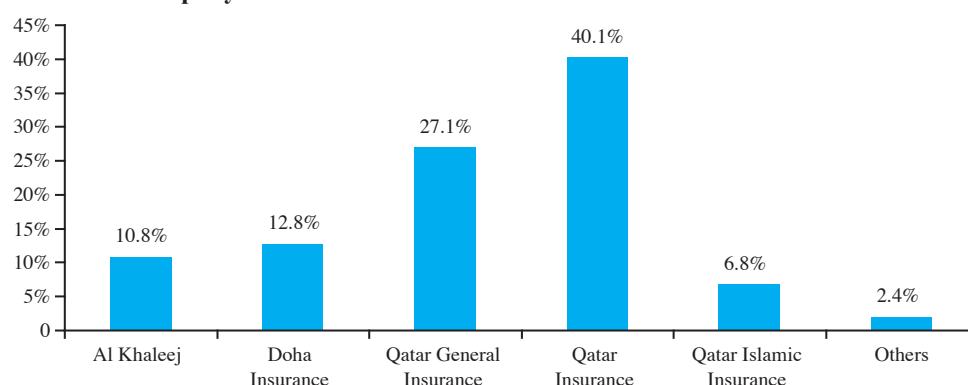
Note: All numbers as at 31st December 2008.

The business underwritten by companies in the market as on 31.12.2008 is shown above and estimated premium from foreign operations in GCC is also shown in order to arrive at the Qatar Market share. The market share is higher as a share of net premium.

Market Share

The top two companies hold two-third of the insurance market in Qatar. The Qatar Insurance Company dominates the insurance industry with a 40.4% market share as a percentage to total gross premium for Qatar and Qatar General Insurance and Reinsurance company on second position with 27.1% market share.

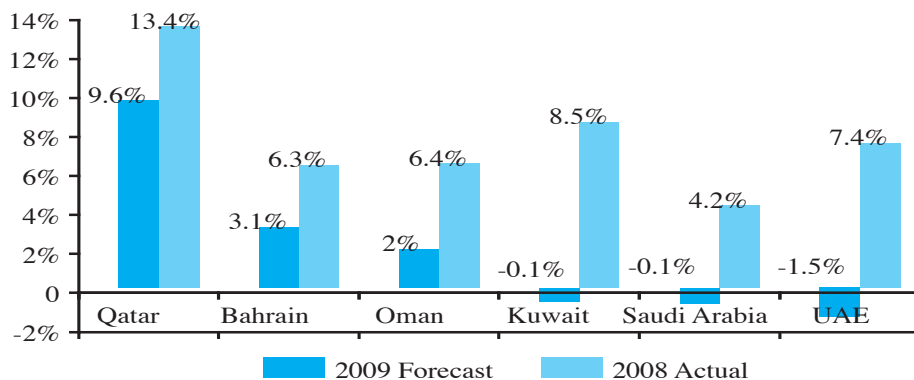
Chart 07: Company wise market share



Source: Company Reports

Note : Market share as on 31st December '08

The total insurance penetration is still very low as a percentage to GDP, it remains at 1.5% as at end of 2008 as compared with other developed nations worldwide. Qatar is the country sustaining high growth rate due to its on-going development of its huge gas reserves.

Chart 08: GCC Economic Growth

Source : International Monetary Fund

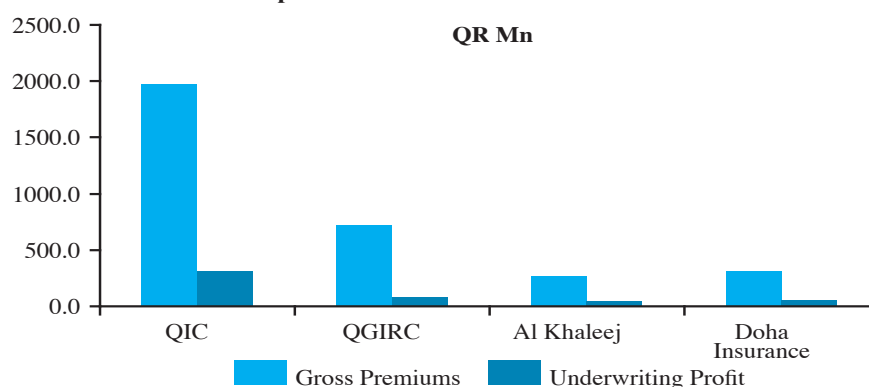
Although the growth rate has come down in Qatar but as compared to other regions in gulf it is well-placed to report a higher growth. It remains an attractive investment destination for the foreign funds to participate in the projects with liberalization of policies and development activities taking place.

Qatar Insurance company has presence in Qatar, Oman, Kuwait, Abu Dhabi, Dubai and Al-Jhobar unlike QGIRC present in Qatar and a branch in Dubai. Although QIC leads in total premiums as compared to QGIRC. QIC's 55% premiums still come from Qatar dominating the Qatar insurance market.

Peer Comparison- 2008

Qatar Insurance Company is an undisputed leader in non-life risk in Qatar. It leads the other insurance players with a significant market share of more than 50% during FY08. The company also highlights the underwriting surplus of more than 15% in FY08 as compared to other players.

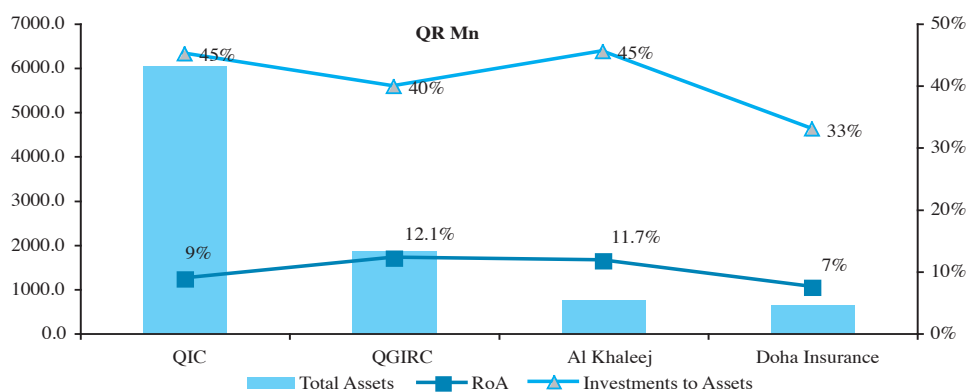
Chart 09: FY08 Profit Comparison



Source: Company Reports & Global Research

The company continues to do well on operational parameters since it delivers better underwriting results as compared to the other insurance players.

Chart 10: FY08: Return on Assets



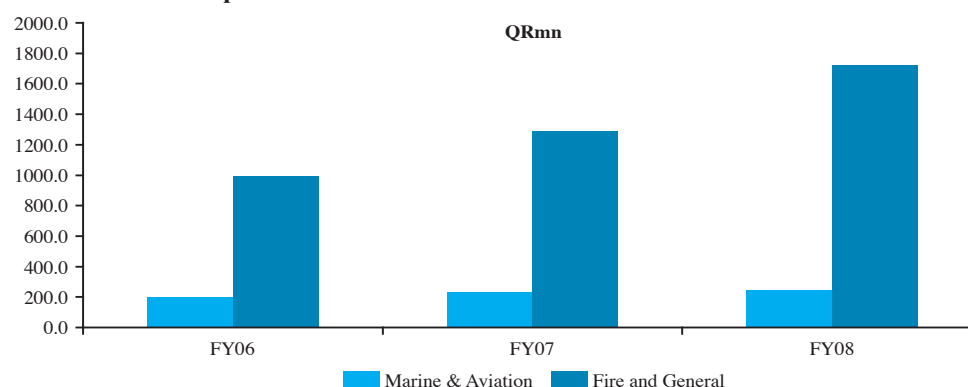
Source: Company Reports & Global Research

Despite the ongoing financial crisis and turmoil in the equity markets the insurance companies in Qatar have been investing in the equities. As it can be seen from the figure above Qatar General Insurance & Reinsurance Company has been able to generate an RoE of more than 12% despite of just 40% of assets invested. QIC has delivered an RoE of 20.1% in FY08, the company does have an headroom to improve its RoE.

Qatar Insurance Company - Analysis of FY08 Results

Qatar Insurance Company being a major underwriter in the property and casual segment it has experience of 45 years with a sound technical expertise. The Marine and Aviation segment has reported a flattish trend in FY06-08. The gross written premiums growth was driven mainly by two year CAGR of 31.9% for Fire and General segment.

Chart 11: Break Up of Gross Premiums



Source: Company Reports & Global Research

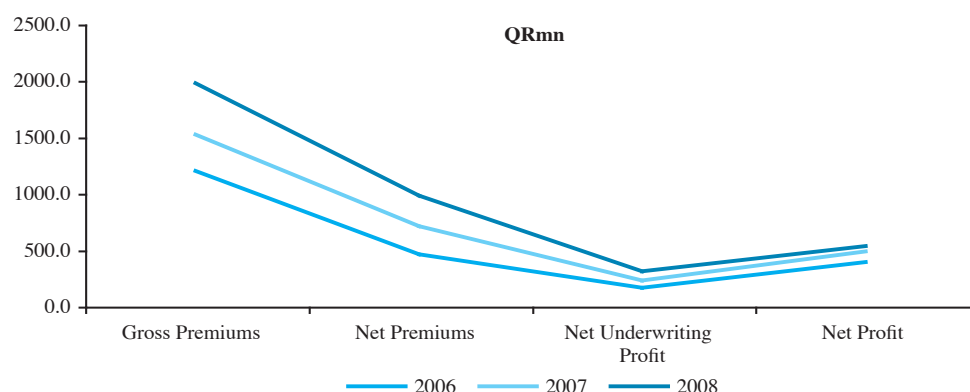
QIC has reported two year CAGR (2006-08) of 29%, 53%, 38% and 17% for Gross Premiums Written, Net Premiums, Net Underwriting Profit and Net Profit. The growth in gross premiums will be driven by non-life growth arising from Fire & General segments. The growth in net premiums is driven by increasing retention ratio from 38.3% in 2006 to 49.4% in 2008, this was mainly due to change in premiums mix from Energy to Fire and General Accident policies facilitating the company to report higher retention ratio and higher growth in net premiums.

General & Administrative Expenses

QIC has reported 30% growth in G&A expenses in FY08 as compared to FY07. The higher growth in expenses was due to addition of employees in FY08, the total employee strength was 330 during at end of FY08. The employee expenses have increased by 49% and contribute to 48% of the total G&A expenses. Other operating expenses have not increased with the same pace of rise in Gross Premiums.

The gross claims have reported a CAGR (2006-2008) of 41%. The gross claims have almost doubled in absolute terms during the last two years from QR337.0mn in 2006 to QR672.1mn in 2008. The gross claims have doubled but the gross premiums has also reported two year CAGR (2006-2008) of 29% and the ratio of gross claims to gross premiums is ranging between 28-34% during 2006-08. The company is adequately cushioned to absorb any hit in any additional claims as it stands at 26% of total network.

The underwriting surplus as a percentage to gross premiums is around 13% in 2006 and has improved to 16% in 2008. This indicates the operational excellence of the company as it has 45 years of expertise to underwrite the non-life contracts yielding better results.

Chart 12: Profit trend

Source: Company Reports & Global Research

The growth in Net Income is driven by higher investment income reported by QIC during 2006-08, despite the tough business environment and a fall in equity markets the company has reported investment income of QR371.7mn in 2008 as compared to QR377.3mn in 2007. The company has reported profit on sale of investment of QR364.7mn in 2008 as compared to QR149.1mn in the same period last year, the company also reported unrealised the losses on the portfolio during 2008 of QR45.7mn.

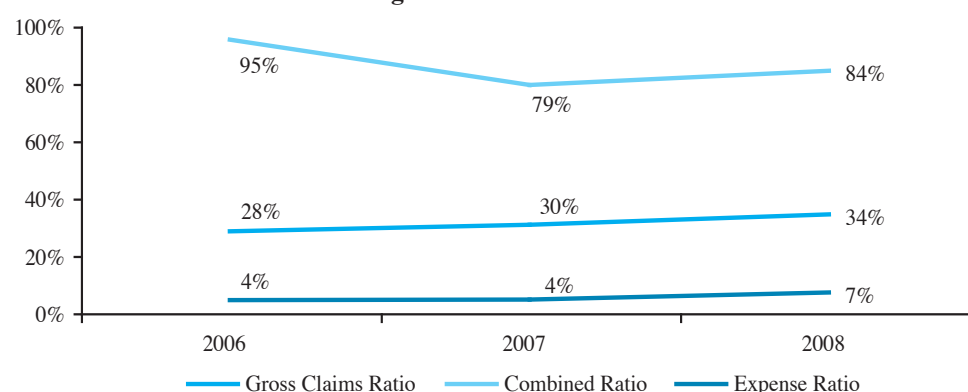
Table 10: Investment Income Break up

QRmn	2007	2008
Interest Income	97.1	107.6
Dividends	64.3	86.8
Profit on sale of investments	149.1	364.7
Impairment loss recognized on investments	-13.2	-156.7
Income from sale of investment properties	35.0	0.0
Unrealised (loss)/gain on investments	20.0	-45.7
Others	25.0	15.1
Total	377.3	371.7

Source: Company Reports

QIC has been an undisputed leader in underwriting non-life risk contracts in Qatar with highest market share in the Qatar region. The non-life risk contracts have lesser maturity but higher risk as compared to life insurance contracts. The companies underwriting non-life policies tend to have higher reinsurance ratios specifically the company underwriting Energy, Marine & Aviation sector.

QIC has also witnessed a high reinsurance ratio, this was due to Energy and Marine & Aviation segment having a lower retention rate due to its unique risks.

Chart 13: Profitable Underwriting Ratios

Source: Company Reports & **Global Research**

The gross claims ratio have been rising on account of increasing number of policies and changing business scenario for most of the sectors. The claims have gone up for fire & general segment, unlike the Marine and Aviation segment.

Analysis of 9M09 Results

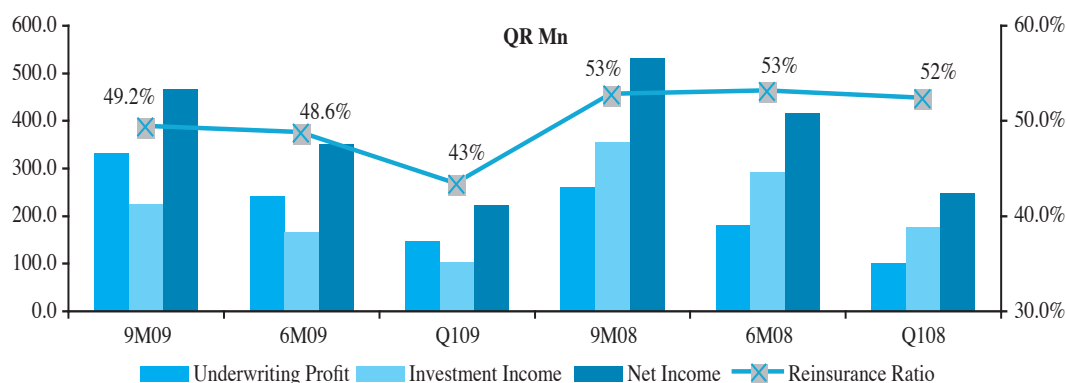
QIC reported 9%, 25% and 28% YoY growth in Gross premiums, net premiums and net underwriting profit during 9M09 as compared to 9M08. The company delivers a strong topline and operating performance as compared to the other players in the industry. QIC's net profit has declined by 12% in 9M09 as compared to 9M08 this was due to 37% decline in investment income due to fall in equity markets, as most of the investments are in the local markets and Qatari markets have posted a lackluster performance as compared to other markets outperforming on yield to date basis.

Table 11: Third Quarter Results..

Amounts (QRmn)	Q309	Q209	Q308	YoY	QoQ
Gross Premiums	525.0	618.9	477.7	10%	-15%
Net Underwriting Income	89.8	94.3	77.9	15%	-5%
PAT	117.6	129.1	114.6	3%	-9%

Source: Company Reports

The company has delivered a strong YoY performance, but on QoQ basis there is decline in core operating performance. The gross premiums have declined by 15% on QoQ mainly due to slow down in economy's growth. The net income has declined on QoQ basis due to 5% decline in investment income in Q309 as compared to Q209.

Chart 14: Quarterly Trends in Revenue

Source: Company Reports & **Global Research**

The investment income has dropped sharply in 9M09 as compared to 9M08, this can be seen from the chart above, but QIC continues to impress on the operational parameters. The underwriting profit has reported growth highlighting a strong positioning of the company in the market. QIC dominates the non-life risk market in Qatar with highest market share of more than 50%.

The gross claims have gone up by 65% in 9M09 as compared to 9M08 raising a concern over the risk management, but considering the cash position of QR2.5bn on the books in the third quarter will cushion it from any volatile movement in claims. We remain positive going ahead with the company's core operating performance, since a rebound in economic growth with global recovery in markets will place QIC as a GCC leader in underwriting non-life risk.

Outlook

Qatar's economy continued to be one of the fastest growing economies of the region for the last few years. Preliminary estimates from Qatar Statistics Authority revealed a nominal GDP growth rate of 44% for 2008 to surge to a new landmark of QR372.4bn (US\$102.3bn). Consequently, GDP per capita was lifted to a record level of US\$70,630 in 2008 from US\$57,936 in 2007. Thus, Qatar continued to be one of the top ten wealthiest countries in the world with its GDP per capita exceeding the US\$70,000 level.

Qatar is set to benefit from over US\$140bn of domestic investment. The energy sector will see just over half of this, with the aim of dramatically developing the huge natural gas reserves and diversifying into the petrochemicals and condensates industries. The construction sector experienced 17.7% growth in 2008 over 2006. With 32 new roads, 19 public buildings, a major highway, six major drainage projects, 800 new tower blocks and a number of significant mixed-use developments either planned or underway, that growth is set to continue. In addition, the telecommunications sector is being liberalised and new multinational corporations (such as Vodafone) have entered the market.

Qatar is set to benefit from massive domestic spending of over US\$140bn, we believe that the non-life risk segment is set to grow at a faster pace as compared to life segment. The major expansions will be in the construction, energy, telecommunications, infrastructure and petrochemicals sector.

The insurance business in Qatar is a direct business, where the companies have relationship with the corporate clients unlike in Kuwait it is through the brokers. The companies develop and nurture this relationship with its clients as life insurance is a small component of premiums and major chunk of premiums comes from non-life.

The non-life segment is further segmented majorly into construction, energy and telecommunications. The risks underlying to this sectors is on the higher side so mostly the insurance companies have a lower retention ratio but a higher underwriting profit as any claims arising in future is to be borne by the reinsurer.

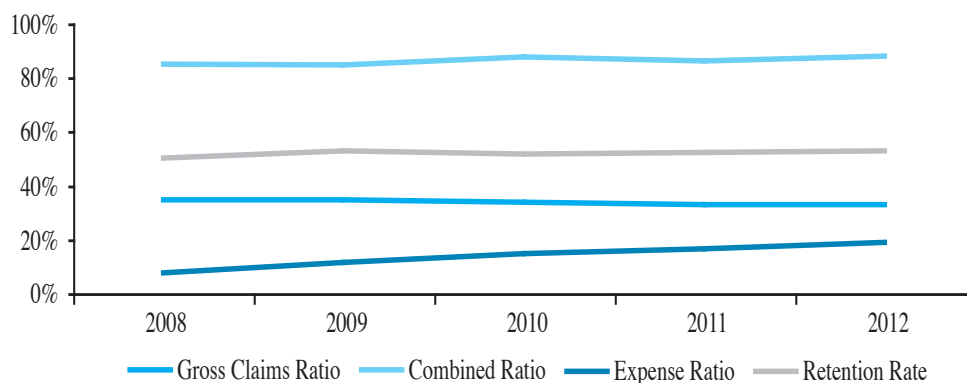
In this tough times, with most of the Engineering and Construction companies delaying or cancelling on the expansion projects to capitalize on reducing costs of construction and lower rates of interest, we expect the insurance penetration to be lower than the earlier years as generating business will be an issue till the companies open up for expansion and start spending.

We expect QIC to report four year CAGR of 15%,16%,12% and 13% for Gross written premiums, net premiums, net underwriting profit and net profit respectively. The growth in gross premiums is driven by growth in Motor, energy and property and casualty segment. The company wants to defocus on energy segment as the retention ratio remains extremely low due to its risky nature and it also affects the overall performance of the company. The retention ratio in the Motor, retail and corporate insurance segment is upto 100% except Medical segment having retention of 65%.

We expect the retention rate to improve going ahead as the company is planning to reduce its exposure to energy segment as it remains risky and is not a profit making segment. We

believe this step will help the company in improving its retention overall as the reinsurance was upto 95% for this segment. As the company diversifies from Energy segment to other segment, the retention ratio will improve.

Chart 15: Profitability Analysis



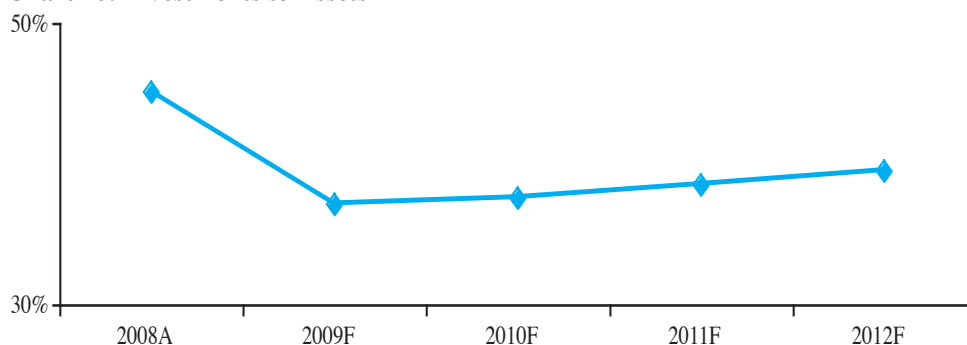
Source: Company Reports, **Global Research**

We also expect an improvement in gross claims ratio and combined ratio, the claims ratio will reduce as the gross premiums grow coupled with an reducing exposure of energy segment will decrease the claims. The combined ratio is an calculation of loss ratio plus expense ratio, we believe that as the claims decrease there will be an improvement in the expense ratio, although in our estimates we have not taken reduction in claims considering the business environment with extreme levels of volatility.

We expect that the company will keep major chunk in the available for sale portfolio. The company has been exploring the earnings opportunities in Qatar and has been actively managing the investment portfolio.

The investments to assets have witnessed a decreasing trend since FY06-08, this was in anticipation of regular profit booking on long-term investments. QIC has reported two year (FY06-08) CAGR of 14% for investment income. We expect investment income to report four year (FY09-12) CAGR of 11%. The growth will be driven by anticipation in growth of investment portfolio, as the global recovery is on the path ahead the company has taken a pro-active step to increase major exposure to equities in Qatar markets.

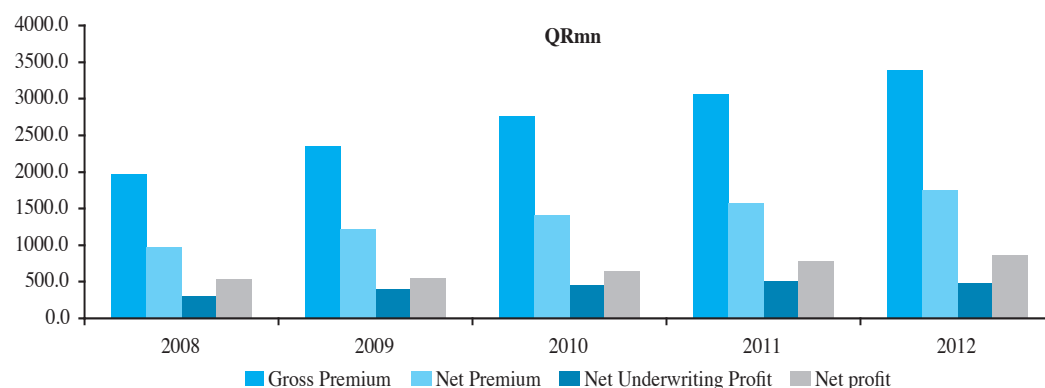
Chart 16: Investments to Assets



Source: Company Reports, **Global Research**

We expect the investment income to grow from QR371.7mn in FY08 to QR573.7mn in FY12 and investment portfolio growing from QR2722.4mn in FY08 to QR4038.5 in FY12. The growth in investment portfolio will be driven by strong growth in GDP thereby creating investment opportunities.

Chart 17: Forecast in Profits



Source: Company Reports, **Global Research**

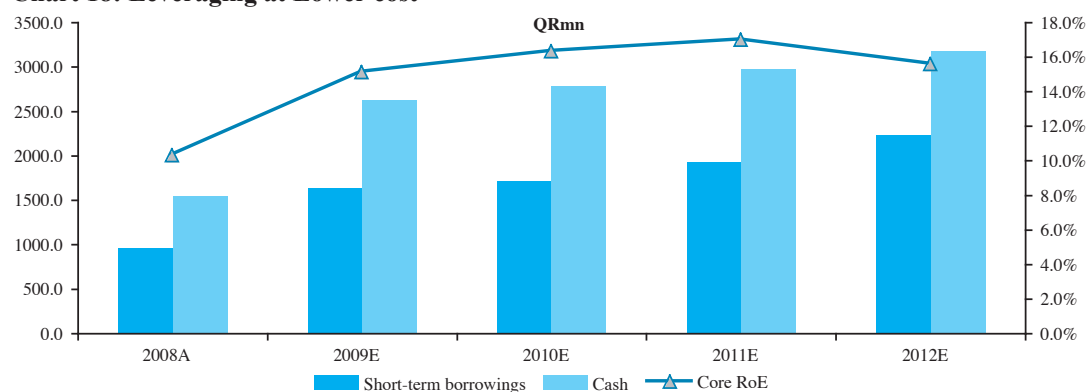
The Gross written premiums have grown consistently in the last two years at a CAGR of 29%. This indicates the strong positioning of the company dominating the Qatar insurance market. Despite the tough business scenario in 2009 and post third quarter of 2008 the company has been able to maintain growth in gross written premiums.

Zero debt and strong operating cash flows...

QIC has short-term borrowings of QR1.4n during 9M09 as compared to 0.9bn, the borrowings have tenures ranging from one to three months with an interest rate ranging between 4.7%-5.6%. Since the interest rates are lower, it helps QIC in bringing down the cost and raising at over 400-450bps on LIBOR.

QIC has cash of QR2.5bn as at 9M09, and it contributes to 34.5% of total assets. The strong cash position of the company will help the company in capitalizing any opportunities in the insurance market. The company has operating cash flow of QR471.5mn and free cash flow of approximately of QR600mn (excluding dividend) in FY08. This indicates that the company has enough liquidity to cushion any risk and capitalize on income generating opportunities.

QIC has short-term borrowings of QR1.4bn during 9M09 as compared to 0.9bn as on FY08. These borrowings are used to bridge the short term liquidity gaps and have tenures ranging from one to three months. They are typically raised @ 300-400bps on LIBOR.

Chart 18: Leveraging at Lower cost

Source: Company Reports, **Global Research**

The company is cash rich and well placed to capitalize on any opportunities in the insurance sector. We expect the company to deliver core RoE of around 16% by 2012E, the core RoE highlights net underwriting profit performance excluding the dependence of investment income. In this volatile market we have displayed a forecast of core business indicators.

Valuations

We believe that statutory cash flow accounting does little to show how an insurance company's management creates economic value. It looks at the past performance rather than the future potential. For valuation purposes past performance is just one of the indicators, as the insurance company would have to work in a very dynamic and ever changing scenarios.

Various research houses use different methodologies to value an insurance company, as its operations assume significant difference from other brick & mortar or services sector.

We use Embedded Value method recognized worldwide to value insurance companies. Embedded Value (EV) comprises net asset value, and the estimated value of current in-force business only for the Life & Health insurance segment, because it is relatively too low for the non-life insurance companies. Life & Health companies sell long-term contracts from which the company will derive profits in the future, in turn building up a profitable book of in-force business.

The fair value is based on comparing the company's Return on Equity with its cost of capital to generate an appropriate embedded value projected forward by twelve months. Fair value per share = (Embedded Value Method)*(Return on Equity/Cost of Capital).

We have also used the P/BV valuation method, the industry has historical P/BV of 1.49x so we have assigned a industry multiple for the insurance companies at 1.5x to the 2009E book value. We assign EVM 80% weight and P/BV 20% weight and the target price is arrived.

Table 12: Embedded Value Method

Amounts in QRmn	Dec-09	Cost of capital	
Stated shareholders' funds	2695	Cost of Equity	12.3%
Dividend	(396)	Justified RoE	23.3%
Goodwill	0		
Net Asset Value	2299		
Inforce value	925		
Net asset plus in-force value	3224		
Number of shares (mn)	74.3		
Embedded Value per share (fils)	43		
Fair value per share using EVM (fils)	82.4		

Source : Global Research

Table 13: Price to Book Method

Amounts in QR	2009	2010	2011	2012
BVPS	36.3	38.4	40.9	43.7
Industry P/BV (x)	1.5			
Target price based on Industry P/BV	54.4			

Source : Global Research

As per P/BV method the target price is QR54.4 indicating 16.0% discount to the current market price. The target price is arrived by calculating the weighted average sector P/BV as at 25th October'09. The weighted average sector P/BV comes to 1.49 which we have taken for our calculations for P/BV method.

Table 14: Average Industry P/BV

Insurance Sector	P/BV (x)
Al Khaleej Insurance	0.95
Doha Insurance	1.4
Qatar Insurance Company	1.78
Qatar General Insurance	1.60
Qatar Islamic Insurance	1.71
Average P/BV	1.50

Source : *Global Research***Table 15: Fair Value**

Valuation Summary	Amount in QR	Premium to CMP (%)	Weight (%)	Weighted Fair Value per share (QR)
Fair value based on Embedded Value method	82.4	26.5%	80%	65.9
Fair value based on P/BV valuation	54.4	-16.4%	20%	10.9
Total Weighted Average Fair Value per share		17.9%		76.8

Source : *Global Research*

At the CMP of QR65.1 the stock trades at 8.8x and 1.8x FY09E P/E and P/BV and 7.5x and 1.7x FY10E P/E and P/BV. Using the Embedded Value Method and Price to book method we arrive at a price target of QR76.8 indicating a premium of 17.9% to the current market price. We recommend a “**BUY**” on the stock.

BALANCE SHEET

<i>Amounts in QRmn</i>	Qatar Insurance Company					
	2006	2007	2008	2009	2010	2011
Assets						
Cash and cash equivalents	767.2	1387.1	1541.9	2630.6	2779.1	2975.0
Insurance and other receivables	217.0	404.7	439.9	588.8	688.8	765.8
Reinsurance contract assets	650.0	717.8	900.7	1085.1	1282.6	1426.3
Investments	2209.9	3059.3	2722.4	2803.5	3141.8	3556.3
Investment in associate company	25.2	-	-	-	-	-
Investment properties	122.9	261.0	401.1	421.2	442.2	486.4
Property and equipment	27.2	30.8	33.2	33.7	34.3	34.9
Total Assets	4019.4	5860.7	6039.2	7562.8	8368.8	9244.8
Liabilities						
Short term borrowings	0.0	486.2	956.6	1635.1	1709.5	1932.4
Provisions, reinsurance and other payables	997.1	579.2	661.1	777.2	936.8	1041.6
Insurance contract liabilities	380.6	1299.6	1732.1	2307.9	2700.2	3032.8
Total Liabilities	1377.6	2365.0	3349.8	4720.2	5346.5	6006.7
Equity						
Share capital	424.7	424.7	424.7	743.2	743.2	743.2
Legal reserve	512.4	565.5	601.9	604.6	607.8	616.1
General reserve	287.0	287.0	287.0	287.0	287.0	287.0
Fair value reserve	1012.6	1564.0	612.3	612.3	612.3	612.3
Retained earnings	382.2	556.0	637.3	448.0	601.2	787.3
Equity attributable to equity holders of the parent	2618.9	3397.2	2563.2	2695.1	2851.6	3041.6
Minority interests	22.9	98.5	126.2	147.4	170.7	196.4
Total Equity	2641.8	3495.7	2689.4	2842.5	3022.3	3238.1
Total Liabilities and equity	4019.4	5860.7	6039.2	7562.8	8368.8	9244.8
Total Liabilities and equity	4019.4	5860.7	6039.2	7562.8	8368.8	10233.5

Source : Company Reports & Global Research

PROFIT & LOSS STATEMENT

<i>Amounts in QRmn</i>	Qatar Insurance Company					
	2006	2007	2008	2009	2010	2011
Gross premiums	1192.6	1518.4	1972.3	2355.0	2755.3	3063.4
Premiums ceded to reinsurers	(735.6)	(814.9)	(997.9)	(1142.2)	(1350.1)	(1485.7)
Net premiums	456.9	703.5	974.4	1212.8	1405.2	1577.6
Movement in unexpired premium	(86.1)	(86.7)	(107.0)	(129.5)	(154.3)	(171.5)
Net earned premiums	370.9	616.8	867.4	1083.3	1250.9	1406.1
Gross claims paid	(337.0)	(462.1)	(672.1)	(800.7)	(909.3)	(1010.9)
Reinsurance and other receivables	213.4	242.4	312.5	376.8	446.4	505.5
Movement in outstanding claims	(71.8)	(148.2)	(142.5)	(145.4)	(159.9)	(180.7)
Net commission	(15.5)	(26.5)	(58.7)	(117.5)	(176.2)	(220.2)
Net underwriting profit	160.0	222.5	306.6	396.6	451.9	499.7
Investment income	286.0	377.3	371.7	289.2	357.1	464.9
Rental income	14.6	27.6	34.1	40.9	49.0	58.9
Other income	0.9	1.9	2.1	2.4	2.9	3.4
Total income	461.5	629.3	714.5	729.1	860.9	1026.9
General and administrative expenses	(63.8)	(118.8)	(154.4)	(141.3)	(168.1)	(189.9)
Impairment losses on doubtful receivables	(2.2)	(2.7)	(4.2)	(5.7)	(2.3)	0.0
Depreciation	(7.2)	(12.2)	(16.5)	(22.6)	(29.0)	(35.9)
Profit before contribution to social fund	388.2	495.6	539.4	559.5	661.5	801.0
Contribution to social fund	-	(12.8)	(9.3)	(10.5)	(12.4)	(15.1)
Profit for the year	388.2	482.8	530.1	549.0	649.1	786.0
Attributable to :						
Equityholders of the parent	387.9	472.7	510.8	527.7	625.8	760.3
Minority interest	0.4	10.2	19.3	21.2	23.3	25.7
Profit for the year	388.2	482.8	530.1	549.0	649.1	786.0
Opening Balance of Retained Earnings	234.9	382.2	556.0	637.3	448.0	601.2
Profit for the year	387.9	472.0	510.8	527.7	625.8	760.3
Contribution to social fund	(9.7)	0.0	-	-	-	-
Board of Director's remuneration	(17.9)	0.0	-	-	-	-
Final Dividends	(84.9)	(297.3)	(424.7)	(395.8)	(469.3)	(570.2)
Interim Dividend	(127.4)	0.0	-	-	-	-
Effect of acquisition of stake in subsidiary by minority	0.0	(0.1)	(2.0)	-	-	-
Bonus Shares	0.0	0.0	0.0	(318.5)	-	-
Transfer to legal reserve	(0.6)	(0.8)	(2.7)	(2.7)	(3.2)	(3.9)
Closing Balance of Retained Earnings	382.2	556.0	637.3	448.0	601.2	787.3
						992.0

Source : Company Reports & Global Research

CASH FLOW STATEMENT

Amounts in QRmn	Qatar Insurance Company					
	2006	2007	2008	2009	2010	2011
Operating Activities	106.4	128.7	183.2	527.7	625.8	760.3
Net profit for the year	388.2	522.4	530.1	527.7	625.8	760.3
Adjustment for:						
Depreciation for property and equipment and investment	7.2	12.3	16.5	-	-	-
Interest and investment income	(265.4)	(370.5)	(574.1)	-	-	-
Impairment loss on investments	0.0	13.2	156.7	-	-	-
Unrealised gain on investments	(28.4)	(20.0)	45.7	-	-	-
Provision for employee terminal benefits	2.7	3.5	3.9	-	-	-
Provision for doubtful debts	2.2	2.7	4.2	-	-	-
Profit on sale of property and equipment	(0.2)	(35.0)	0.2	-	-	-
Insurance and other receivables	(89.8)	(190.4)	(39.5)	(148.8)	(100.1)	(77.0)
Increase in insurance reserve net	157.9	234.8	249.7	-	-	-
Reinsurance Contract Assets	0.0	0.0	0.0	(184.4)	(197.5)	(143.7)
Increase in provisions, reinsurance and other payables	139.9	186.6	78.1	116.1	159.6	104.7
Insurance Contract Liabilities	0.0	0.0	0.0	575.9	392.3	332.5
Cash generated from operations	314.3	359.7	471.5	886.5	880.1	976.8
Contributions to the social fund paid	(7.1)	(12.8)	-	-	-	-
Board of directors> remuneration paid	(3.2)	(17.9)	-	-	-	-
Employee end of service benefits paid	(1.8)	(0.4)	(0.3)	-	-	-
Net cash from operating activities	302.1	328.6	471.2	886.5	880.1	976.8
Investing Activities						
Net cash movements in investments	(111.7)	(0.6)	(660.4)	(81.1)	(338.3)	(414.5)
Purchase of property and equipment	(7.1)	(9.0)	(9.9)	(0.5)	(0.6)	(0.7)
Purchase of investment properties	(54.7)	(187.6)	(149.2)	(20.1)	(21.1)	(44.2)
Interest and dividends income received	112.9	161.5	574.1	-	-	-
Proceeds from sale of property and equipment	0.2	77.7	0.1	-	-	-
Provision for impairment on investments	-	-	(156.7)	-	-	-
Cash flows from investing activities	(60.4)	42.0	(402.1)	(101.7)	(359.9)	(459.3)
Financing activities						
Minority interest	0.4	60.5	3.7	21.2	23.3	25.7
Proceed from short term borrowings	0.0	486.1	470.4	678.5	74.3	223.0
Dividends paid	(212.4)	(297.3)	(424.7)	(395.8)	(469.3)	(570.2)
Subsidiary share premium	-	-	36.3	-	-	-
Cash flows used in financing activities	(212.0)	249.3	85.7	303.9	(371.7)	(321.6)
Increase in cash and cash equivalents	29.7	619.8	154.8	1088.7	148.5	195.9
Cash and cash equivalents at the beginning of the year	737.5	767.2	1387.1	1541.9	2630.6	2779.1
Cash and cash equivalents at the end of the year	767.2	1387.1	1541.9	2630.6	2779.1	2975.0
						3180.5

Source: Company Reports & Global Research

FACT SHEET

Amounts in QRmn		Qatar Insurance Company					
	2006	2007	2008	2009	2010	2011	2012
Company Fundamentals							
- Gross premiums written (GPW)	1,193	1,518	1,972	2,355	2,755	3,063	3,392
- Net premiums written (NPW)	457	703	974	1,213	1,405	1,578	1,747
- Net premium earned (NPE)	371	617	867	1,083	1,251	1,406	1,554
- Net commission earned/ (paid)	(16)	(26)	(59)	(117)	(176)	(220)	(286)
- Gross Claims Paid	(337)	(462)	(672)	(801)	(909)	(1,011)	(1,119)
- Invested Assets	2,210	3,059	2,722	2,803	3,142	3,556	4,038
- Cash & Invested assets	2,977	4,446	4,264	5,434	5,921	6,531	7,219
- Insurance Contract Liabilities	381	1,300	1,732	2,308	2,700	3,033	3,375
- Total Assets	4,019	5,861	6,039	7,563	8,369	9,245	10,233
- Shareholders' funds	2,619	3,397	2,563	2,695	2,852	3,042	3,251
- Net Income	388	483	530	549	649	786	864
Investment type as a % of invested assets (excl. assoctd cos.)							
- Available for sale	87.5%	90.7%	90.0%	89.4%	89.5%	90.0%	90.3%
- Held for Maturity	0.0%	2.7%	3.9%	4.1%	4.1%	3.8%	3.6%
- Held for Trading	12.5%	6.5%	6.1%	6.4%	6.4%	6.3%	6.1%
Liquidity Ratio's							
- Invested Assets as a % of Assets	55.0%	52.2%	45.1%	37.1%	37.5%	38.5%	39.5%
Profitability Analysis							
- Combined Ratio	95.0%	79.2%	84.3%	84.8%	86.8%	87.6%	90.5%
- Retention rate	38.3%	46.3%	49.4%	51.5%	51.0%	51.5%	51.5%
- Loss Ratio	90.9%	74.9%	77.5%	73.9%	72.7%	71.9%	72.1%
- Expense Ratio	4.2%	4.3%	6.8%	10.8%	14.1%	15.7%	18.4%
- Return on avg. Shareholders' equity (ROE)	12.9%	16.2%	20.2%	19.8%	22.0%	25.0%	26.6%
Capitalisation/ Leverage Tests							
- GPW to Policyholders' Surplus (PHS)	0.46	0.45	0.77	0.87	0.97	1.01	1.04
- NPW to PHS	0.17	0.21	0.38	0.45	0.49	0.52	0.54
- Technical Reserves to PHS	0.15	0.38	0.68	0.86	0.95	1.00	1.04
- Technical Reserves to GPW	0.32	0.86	0.88	0.98	0.98	0.99	1.00
- Technical Reserves & PHS/ NPW	6.56	6.68	4.41	4.13	3.95	3.85	3.79
Ratio's Used for Valuation							
- EPS (QR)	9.1	11.4	12.5	7.4	8.7	10.6	11.6
- Book Value Per Share (QR)	61.7	80.0	60.4	36.3	38.4	40.9	43.7
- Dividend Payout	22%	62%	80%	75%	75%	75%	75%
-P/E	7.0	8.5	4.1	8.8	7.5	6.2	5.6
-P/BV	1.0	1.2	0.9	1.8	1.7	1.6	1.5
Market Capitalisation (QR Millions)	2715.6	4128.2	2189.0	4838.5	4838.5	4838.5	4838.5
Current Market Price (QR)	63.9	97.2	51.5	65.1	65.1	65.1	65.1

Source : Company Reports & Global Research

Note: P/E and P/BV for 2006-2008 are based on historical prices as on year end while those for future years are based on closing price as at October 25, 2009.

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Disclosure Checklist				
Company	Recommendation	Tickers	Price	Disclosure
Qatar Insurance Company	BUY	QATI QD (Bloomberg) QINS.QA (Reuters)	QR65.1	1,10

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