

Summary of Scheme Report

in relation to the proposed transfer of insurance business of

Q Life & Medical Insurance Company LLC

**5th Floor, QIC Building
Tamin Street, West Bay, Doha, Qatar**

to

QLM Life & Medical Insurance W.L.L.

**5th Floor, QIC Building
Tamin Street, West Bay, Doha, Qatar**

1. INTRODUCTION:

Q Life & Medical Insurance Company LLC (“**QLM**” or “**Transferor**”) is proposing to transfer its insurance business to QLM Life and Medical Insurance W.L.L. (“**QLMLM**” or “**Transferee**”) by way of an insurance business transfer scheme (the “**Scheme**”) as defined in Article 94 of the Financial Services Regulations (“**FSR**”) of the Qatar Financial Centre Authority. Article 96 of the FSR requires that an application be made to the QFC Civil and commercial court (the “**Court**”) for an order sanctioning an insurance business transfer scheme. Article 97 of the said regulation requires that such application must be accompanied by a scheme report (“**Report**”) detailing the terms of the transfer. This document is a summary of the said Report prepared by Mr Claude Perret, Head of Group Actuarial for QIC Group who has been approved by the Qatar Financial Centre Regulatory Authority (“**QFCRA**”) for the purpose of preparing the Report.

2. BACKGROUND OF THE TRANSFEROR AND THE TRANSFEEE:

2.1 **QLM/Transferor:** QLM is a limited liability company incorporated on 30 June 2011 under the laws of the Qatar Financial Centre (“**QFC**”) and authorised and regulated by the QFCRA (Licence no. 141) to effect and carry out contracts of insurance and carry out insurance mediation business. The principle activity of QLM is to provide group life and medical insurance cover. The registered office of QLM is 5th Floor, QIC Building, Tamin Street, West Bay, Doha, Qatar. As on the date of this Report, the paid up equity share capital of QLM is QAR 172,800,000 whereas the shareholders’ equity (which represents equity share capital and distributable reserves) as per the audited balance sheet as at December 31, 2017 is QAR 297,126,000. Eighty five percent (85%) shares of the Transferor are held by Qatar Insurance Company (“**QIC**”) whereas the remaining fifteen percent (15%) shares are held by shareholders comprising of prominent Qatari nationals and business houses.

At present, QLM operates an overseas branch office (“**Labuan Branch**”) that is situated in Labuan, Malaysia. The Labuan branch is authorised and regulated by the Labuan Financial Services Authority (“**LFSA**”). The Board of Directors of QLM, in their meeting held in September 2018 approved closure of the Labuan Branch, subject to approval of the LFSA.

2.2 **QLMLM/Transferee:** QLMLM is a company newly incorporated under the laws of the State of Qatar on 30 April 2018 and is authorised and regulated by the QCB to carry out life and medical insurance business (Licence no. M.C/J.M.C./14/2018). The registered office of QLMLM is 5th Floor, QIC Building, Tamin Street, West Bay, Doha, Qatar. The current issued and paid up share capital of QLMLM is QAR 297,100,000 comprising of 29,710,000 shares of QAR 10 each. This amount represents the shareholders equity of QLM as at December 31, 2017 (referred to in para 2.1). At present, Qatar Insurance Company (“**QIC**”) owns 100% shares in QLMLM.

- 2.3 **Proposed shareholding structure of QLM and QLMLM:** It is proposed that the current shareholding structure of QLM (as provided in para 2.1 above) be replicated in QLMLM, i.e. the current shareholders of QLM will become shareholders of QLMLM and the QLM will become a wholly owned subsidiary of QLMLM.

3. **RATIONALE OF THE TRANSFER:**

The Transfer is being proposed by QIC Group for strategic and economic reasons. It is expected that the Transfer, once effected, would simplify QIC Group's structure, improve governance and deliver capital efficiencies. Following the transfer, all QIC Group insurance companies based in the State of Qatar would be regulated by a single insurance regulator, namely Qatar Central Bank, whereas at present QIC is regulated by the QCB and QLM is regulated by the QFCRA.

4. **TRANSFERRING BUSINESS:**

- 4.1 **QLM Portfolio:** The current insurance business portfolio of QLM can broadly be classified into the following classes of insurance business underwritten by QLM from (i) its Head Office in Qatar; and (ii) from the Labuan Branch office;

- a) Life Insurance;
 - (i) Group Life;
 - (ii) Credit Life
 - (iii) Long term life; and
- b) Group medical insurance.
(Collectively referred to as "**QLM Portfolio**").

- 4.2 **Excluded Business:** Excluded Business comprises of all insurance business underwritten by QLM from the Labuan Branch.

- 4.3 The business to be transferred from QLM to QLMLM pursuant to the Scheme comprises of QLM Portfolio (to the exclusion of Excluded Business) and all associated liabilities and assets, including outwards reinsurance contracts ("**Transferring Business**").

5. **EFFECT OF TRANSFER ON THE POLICYHOLDERS:**

- 5.1 The Transfer will have no material effect on the terms and conditions of the policies, the amount of premium, duration of the policy or the claim which the policyholder have made or may make under the policies. The proposed transfer will not prejudice any rights of the policyholders. Once approved, the Transfer will automatically move all rights, benefits, obligations, liabilities and any pending or current claims and legal disputes under each insurance policy issued by QLM, to QLMLM. Following the Transfer, QLMLM will replace QLM as the insurer of the policies and the rights of Policyholders and other interested parties against QLMLM will be equivalent to their existing rights against QLM.

- 5.3 Legal proceedings or litigation (or any relevant part thereof) which have been issued, served, commenced, pending by or against QLM as at the Effective Date in connection with the Transferring Business will be continued by or against QLMLM.
- 5.4 The insurance business transferred to QLMLM will continue to be administered by the same employees albeit as employees of QLMLM. The customers can continue to contact the existing call centres of QLM and/or can continue to contact QLM using the existing QLM mobile application or contact their usual points of contact at the Transferor. The aforesaid will ensure that insurance claims continue to be administered in the same manner as before the transfer.
- 5.5 The obligations of QLMLM towards Policyholders will be backed by a parent guarantee from QIC which will ensure that policyholders will benefit from the same level of security as is enjoyed by them as policyholders of QLM. QLMLM expects to obtain a credit rating (A/Stable) from Standard & Poor's which is equivalent to the current rating of QLM.
- 5.6 **No adverse effect of change in insurance regulator and governing law:** The change in the insurance regulator having oversight over the transferring business from the QFCRA to the QCB and the change in governing law from the QFC laws to the laws of the QCB and the State of Qatar are not expected to have any material adverse effect on the rights of the policyholders. QLM has obtained an independent legal opinion obtained from Clyde & Co. affirming the aforesaid position. A copy of the legal opinion is available at the registered office of QLM in accordance with per para 9.
- 5.7 **Customer dispute resolution mechanism:** The insurance policies issued by QLM provides for resolution of customer disputes through the customer dispute resolution scheme of the QFCRA. After the Transfer has become effective, the customers will be guided to make use of the customer dispute resolution mechanism of the QCB. According to the legal opinion referred to in para 5.6, both the mechanisms provide equivalent protection to the policyholders.

6. ACTION REQUIRED TO BE TAKEN BY THE POLICYHOLDERS:

The policyholders will have to make minor internal arrangements to ensure that all premium payments after the Effective Date are made to QLMLM's bank account which will be communicated to the policyholders. The policyholders will also have to make appropriate changes in their books of account to reflect that the insurer is shown as QLMLM instead of QLM. Since the physical address of QLM and QLMLM remains the same, it will cause minimum inconvenience to the Policyholders.

7. ACTUARIAL REPORT:

An actuarial report has been prepared Mr Claude Perret, Head of Group Actuarial for QIC Group pursuant to the provisions of Part 11.2.1(2) of the Insurance Business rules of the

QFCRA confirming that **a)** the proposed transfer will not have any material adverse effect on the policyholders of the Transferor and the Transferee; and **b)** the Transferee shall continue to meet the test of adequate financial resources required under Part 16 of the FSR and minimum capital requirement after taking the proposed transfer into account. A copy of the actuarial report is available at the registered office of QLM in accordance with para 9.

8. EFFECTIVE DATE:

The Transfer will come into effect on the later of the following dates;

- (i) Approval of the Transfer by the Court; and
- (ii) Approval of the Transfer by the QCB
(collectively referred to as **“Approvals”**).

9. PUBLICITY REQUIREMENTS:

QLM is in the process of making necessary arrangements for notifying policyholders, broking partners and other interested parties about the proposed Transfer. A formal notice will also be placed in newspapers in English and Arabic language circulating in the State of Qatar. Information about the proposed Transfer will also be made available to policyholders and other interested parties on QLM’s website (www.qlm.com.qa). All updates and details about the progress of the Transfer will also be posted on the website.

A copy of the full Report and other Transfer related documents are available for viewing during normal working hours (i.e. Sunday to Thursday between 7.00 a.m. and 3.00 p.m.) at the following address;

Mr Alfred Chiwaka, SVP - Group Compliance
Q Life & Medical Insurance Company LLC
5th Floor, QIC Building, Al Tameen Street, West Bay Area, Doha, Qatar
Tel: +974 4496 2322; E-mail: alfred.chiwaka@qicgroup.com.qa

Every policyholder and every other person who believes that the Transfer will adversely affect any of its rights under the policies issued by the Transferor is entitled to make a written representation to the QFC Court at the following address within a period of 30 days from the date of publication of the notice referred to in para 9;

Qatar International Court Doha, Qatar
Tel: +974 4496 8220; E-mail: c.grout@qicdrc.com.qa