

Cunningham Lindsey Qatar
Regional Head of Business Interruption – Carl Roberts
BI Claims Issues in Qatar, the Middle East (and Beyond)



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BI Claims in Qatar, the Middle East and Beyond - Background



Carl Roberts

Regional Head of Business Interruption Claims and part of the Major and Complex loss team.

Qualified with a Bachelors of Commerce Degree with Specialisation in Risk Management through the University of South Africa.

Obtained Fellowships with the Institute of Loss Adjusters in South Africa, International Federation of Adjusting Associations as well as the Institute of Risk Managers in South Africa.

Started adjusting in 1994 after 4 years National Service in SA.

Worked at 2 International Adjusting firms in Cape Town, sat on the ILASA and IISA regional committees.

Decided to travel in 2004 - First posting was in the Caribbean – Hurricane Ivan response – part of a small dedicated team that dealt with the claim for the Cayman Islands Government – settled by negotiation at US\$ 100 million.

Based in London from 2005 to 2009 – Headed up a property team of 10 adjusters covering North and East London before moving to a Major and Complex Loss Team.

In 2010 took an offer to move to Qatar to take up a Country Manager role with a Regional practice.

Moved to Cunningham Lindsey in 2012 and was assigned to Major and Complex Loss.

Qatar- Business & Economic Environment



The State of Qatar is a sovereign Arab country located in Western Asia occupying a small Peninsula on the northeastern coast of the Arabian peninsula. Its sole land border is with Saudi Arabia to the south, with the rest of its territory surrounded by the Persian Gulf. As of end of 2015, Qatar's total population was 2.3 million of which only 278,000 are Qatari citizens, with the balance representing temporary expatriates employed primarily in Construction.

Demographic highlights:

- Indian, Nepali, Filipino, Bangladeshi, Sudanese, Pakistani and Indonesians comprise some 1.5 Million, employed predominantly in low paying construction jobs.
- Europeans and Americans comprise less than 55,000 persons.

The population of Qatar quadrupled in the period 2001-2013 and was forecast to rise by 10% in 2016 due to the high number of new construction projects slated to start, this has however slowed down and mix of population has changed significantly.

The State of Qatar generates its wealth from its reserves of natural gas, and is the largest exporter of LNG in the World – current known reserves have a production life of 160 years at present level.

Following the award of the FIFA World Cup 2022 in 2011, Qatar initially invested heavily in its infrastructure projects ahead of the actual stadia and hotel developments, which were anticipated to start in 2015, which were then delayed until 2016, and which are now largely on hold.

Qatar- Business & Economic Environment



The World Cup alone is calculated to contribute some US\$200 Billion in construction projects.

GDP is projected to grow at 6.6% in 2016 despite fluctuations in gas and oil prices however in Q4 2015 and ongoing there are clear indications of a major slowdown in all sectors of construction with projects being quietly sidelined or trimmed back as a result of falling gas and oil prices.

Many of the state owned entities have made significant cut backs in European expatriate staff and continue to do so.

Inflation in Qatar is estimated at 4% for 2016, however the Rent, Fuel and Energy sectors are expected to peak at 7.6%, examples below:

- Furniture, textiles & home appliances +5.4%
- Garments and footwear +2.2%
- Transport and communication +1.8%
- Miscellaneous goods & services +1.3%
- Entertainment, recreation & culture +0.8%
- Rent +10%

Environmental Factors



Extremes of the physical environment can increase likelihood of incidents

Plant and equipment often not designed to operate under such conditions

Electrical platform can be erratic leading to an inception hazard through electrical overloads

Over Summer permanent Air Conditioning leads to increased fire risk – Fire season



Insurance Literacy

New Market with a diverse workforce from all over the world

Insurance with clients generally a function of Financial Managers with emphasis on the bottom line

Often limited exposure to the construction of coverage

Shortage of Professional Brokers to advise and guide

Often business written directly with Insurers

Case Study – Policy Extensions : Shopping Mall Fire











Size of the Market / Influence of Clients

Market consists of large Groups of companies whose interests are often intertwined

Risk retention often quite low and risks placed in the reinsurance market

Group companies throughout the supply chain – mindful of profiteering following losses

Local groups carry a lot of influence – sometimes even own the Insurers and can exercise significant influence

Merits of claims sometimes managed as a business imperative rather than on a technical basis



Short Term Approaches

Often Managers/Staff assigned for a limited term

Leads to a loss of information required to move claims forward

Short Term Profits for the term of the Manager often the driver of a business

Can lead to pushing plant and equipment to breaking point rather than instilling a robust maintenance regime

Lack of long term consequences can lead to short cutting on materials and practices

Management of the Authorities / Lack of Independent Verification Resources



No central body against which to check financial data

Generally rely on a combination of audited accounts plus local market knowledge

Smaller companies have no audited accounts so easy to erroneously produce data that supports a claim

Civil Defence Authority actions can be unpredictable

Case Study : Mall Fire



Legal Framework / Licensing

Prevailing Laws governing business are :

- Qatar Commercial Code
- Qatar Civil Code
- Policy Terms and Conditions
- Business Custom

Qatar Commercial Code and Civil Code supercede terms of the policy

Provisions relating to Insurance can lead to the application of warranties being questions

Can lead to problems where different jurisdictions apply to Insurance and Reinsurance contracts

Case Study : Mall under Construction

Court process – Appointment of Specialists by the court – Evidence heard by the courts from licensed practitioners only



Competency of Business Managers

Often lack of experience in Risk Management and the claims environment

No Business Continuity Planning

Managers / Staff can be released quickly with little process – leads to a culture of fear to make decisions

Difficult to break down rigid thinking to seek solutions outside of the comfort zone

Lack of Urgency

Case studies – hotel fire and residential apartment block fire



Supply Chains / Suppliers

Manufacturing often done overseas – leads to difficulties in stock replenishment

Lack of influence with large suppliers – difficult to prioritise critical orders

Costs associated with acceleration needs to be factored in

Lack of local technical support staff



Now for the Positives

Brand new country filled with an appetite of optimism

Country leadership committed to making Qatar a strong regional player

Growth opportunities abound

Exciting place to do business



Discussion

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