

Adapting laws to a growing economy



By David Salt and Michael Earley

As Qatar continues to enjoy unprecedented economic growth, its legislation has become increasingly developed, moving from general principles toward laws that address more specialised topics. Summarised below are two important pieces of recent legislation.

Health, Safety, and Environment (HSE)

Recent developments, particularly the circulation on 5 May 2011 of the “HSE Legal Framework in the Oil & Gas Sector” (HSE Framework), suggest that a more uniformly structured HSE regime may be on the horizon for Qatar.

Cabinet Resolution No (16) of 2011 established the National Committee of Occupational Health and Safety (Committee) at the Ministry of Labour. Its responsibilities consist of:

- proposing a national policy and system for occupational health and safety;
- devising and revising the occupational health and safety rules and regulations; and
- proposing the mechanisms in respect of enforcing compliance with health and safety rules and regulations.

Whilst not specifically stated in the resolution, the formulation of a national policy and system for occupational health and safety suggests the adoption of a more unified approach to occupational health and safety, potentially resulting in a single body of health and safety rules and regulations. Furthermore, the Health, Safety, and Environment Regulatory and Enforcement Directorate on 5 May 2011 issued the HSE Framework. The HSE Framework is 195 pages in length and is issued in dual English and Arabic languages. The HSE Framework is not an independent piece of legislation, but rather takes the relevant HSE provisions of the various Qatari laws and regulations and assembles them into a single document.

The new insurance intermediary regime in the Qatar Financial Centre

The Qatar Financial Centre Regulatory Authority (QFCRA) on 27

June 2011 circulated the new Insurance Mediation Business Rulebook (IMEB). In addition to revising the definition of “insurance mediation business”, the IMEB also introduces significant changes to the client money rules.

Historically the QFCRA has defined insurance mediation as advising on, dealing in, and arranging deals in investments with respect to contracts of insurance. Although this definition was in line with the terms utilised in the QFC Financial Services Regulations, it did not differentiate between general insurance intermediaries and financial advisers. IMEB attempts to address this issue by introducing a revised definition for “insurance mediation”, describing it as:

- giving advice to other persons about the merits of entering into contracts of insurance, whether as principal or agent;
- acting as agent for other persons in relation to the buying or selling of contracts of insurance for them;
- making arrangements with a view to other persons buying contracts of insurance, whether as principal or agent;
- assisting in the administration or performance of contracts of insurance for or on behalf of policyholders.

Furthermore, although the minimum capital requirements for insurance intermediaries have not changed, the IMEB requires firms to ensure that their net asset value is at least 50 percent of the minimum capital requirement. This means that an insurance intermediary not holding client money will be required to have a net asset value of US\$125,000.

The IMEB also increased the minimum threshold in respect of minimum professional indemnity insurance (PII) levels. PII cover for an insurance intermediary will be (i) US\$1 million for a single claim, and (2) with respect to total claims the greater of US\$1.5 million or 10 percent of the firm’s annual income. The previous PII threshold for firms was US\$500,000 for a single claim and the greater of US\$1 million or 10 percent of the firm’s annual income.

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