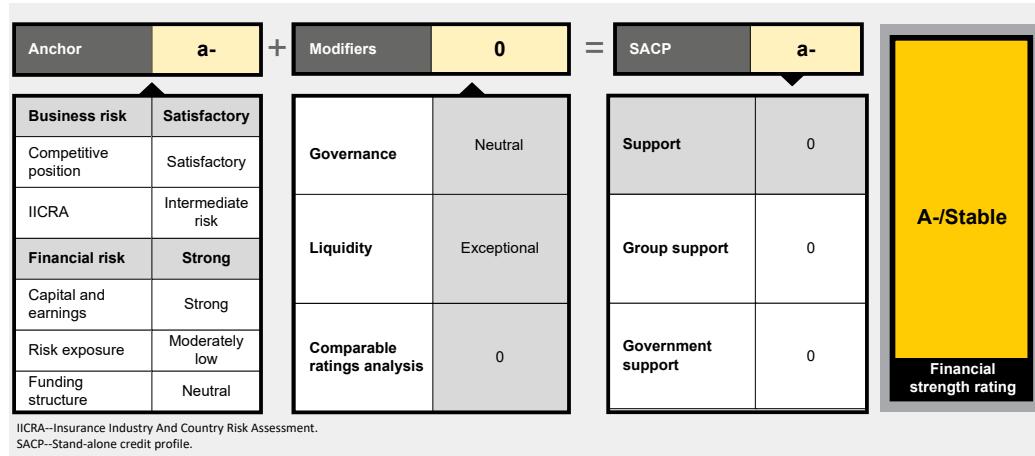


QLM Life & Medical Insurance Co.

December 26, 2025

This report does not constitute a rating action.



Credit Highlights

Overview

Key strengths

A well-capitalized insurer with capital adequacy exceeding the 99.99% confidence level under our risk-based capital model.

Leading medical insurer in Qatar.

Key risks

High concentration in Qatar's competitive medical insurance sector and moderate absolute size compared with global peers, potentially leading to earnings volatility.

We forecast QLM Life & Medical Insurance Co.'s (QLM's) capital position will remain excellent over 2026-2027. We project the company will maintain capital adequacy at the 99.99% confidence level under S&P Global Ratings' internal risk-based capital model. QLM will retain a significant share of its profitable earnings, which will support the company's capital strength, in our view.

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We expect stable revenue growth, with a net combined ratio of 94%-97%. QLM recorded an 18% year-on-year (y-o-y) increase in insurance revenue over the first nine months of 2025, versus 8.8% in 2024. A large inward medical reinsurance contract from the UAE supported the growth. While the contract more than offset the non-renewal of one of its large accounts in 2024, it had a limited effect on QLM's net profit as the company transferred most of this portfolio to outward reinsurance with net retention not exceeding 1%. We expect revenue growth of up to 10%-15% in 2025 and 5%-10% in 2026-2027.

Its net combined ratio slightly deteriorated to 98.3% over the first nine months of 2025 from 97.5% in 2024 owing to increasing medical losses and higher utilization of medical insurance. The ratio remains higher than the market average of about 90% and reflects the business' higher concentration on lower-margin medical insurance than that of more diversified local and regional players. We expect this trend will continue.

QLM will maintain its market position as a leading medical insurer in Qatar. We expect the insurer will continue to expand its business in and outside Qatar, building on its position as one of the five largest insurers in Qatar. We will not incorporate the potential impact of the mandatory health insurance scheme planned by the Qatar government in our base-case growth projection until there is more clarity on its terms, conditions, and time frame.

That said, we believe the scheme can create significant insurance revenue growth potential for the market, and QLM is well placed to capitalize on the scheme once it is introduced.

Our anchor reflects QLM's capital strength and competitive position as one of Qatar's largest insurers. The combination of QLM's satisfactory business risk profile and strong financial risk profile results in an indicative financial strength anchor of 'a-', which is the higher of the two anchors under our criteria.

Outlook

The stable outlook reflects our view that, over the next two years, QLM can maintain its position as the largest medical insurer in Qatar. We also expect QLM's combined ratio will remain between 94% and 97% and capital adequacy above our 99.99% benchmark.

Downside scenario

We could consider a negative rating action over the next two years if QLM's:

- Capital, as measured by our capital model, permanently declined below our 99.99% confidence level, for example due to rapid business growth and/or unexpected losses;
- Operating performance permanently deteriorated, such that combined ratios rose higher than 100%; or
- Investment risk appetite increased, resulting in a material rise in riskier assets as a percentage of the group's investment portfolio.

Upside scenario

We view a positive rating action as unlikely over the next two years. However, we could consider raising our rating if QLM materially diversified, either geographically or by product offering, while its technical results outperformed peers'.

Assumptions

- Real GDP growth of about 3% in 2025 and 5% a year on average in 2026-2028 in Qatar (with additional gas production starting in 2026).
- Inflation remaining at about 2% in 2026-2028 in Qatar.
- Premium growth of 5%-10% over the next two years for the Qatari insurance market. However, once the compulsory health insurance scheme is fully implemented, growth could be higher.

QLM Life & Medical Insurance Co.--Key Metrics

	2027f	2026f	2025f	2024	2023
S&P Global Ratings capital adequacy	99.99%	99.99%	99.99%	99.99%	99.99%
Insurance revenue (Mil. QAR)	>1415	>1350	>1300	1223	1124
Net income (Mil. QAR)	70-85	70-85	65-80	65.1	76.3
Net combined ratio (%)	94-97	94-97	94-97	97.5	95.8
Return on shareholders' equity (%)	9-11	9-11	9-11	10.1	12.6
Return on revenue (%)	6-7	6-7	6-7	6.1	7.5
EBITDA	80-95	80-95	80-95	79.9	90.7
EBITDA fixed-charge coverage (x)	5-6	5-6	5-6	4.9	5.0
Financial leverage (%)	~30	~30	~30	29.3	28.8
Financial obligations/EBITDA (x)	~3.5	~3.5	~3.5	3.4	2.8

f--S&P Global Ratings forecast.

All data is based on International Financial Reporting Standard 17 (IFRS 17). Combined ratio under IFRS 17 deviates from IFRS 4 due to a different calculation method.

Business Risk Profile

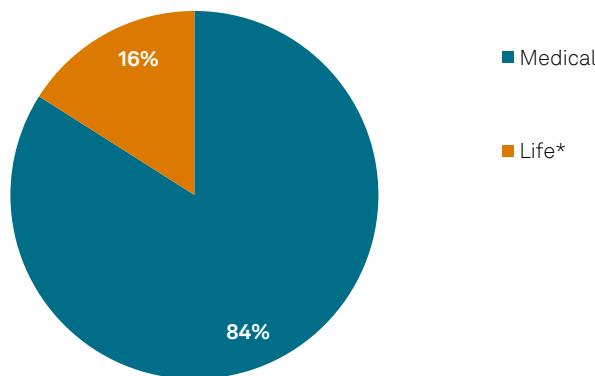
QLM is one of Qatar's largest listed insurers and the country's biggest medical insurance provider. Qatar Insurance Co. Q.P.S.C. (QIC) continues to be QLM's largest shareholder, with a 25% stake. The medical business generates about 84% of the total insurance revenue and the life insurance portfolio, predominantly group and credit life insurance products, about 16%.

In 2024, QLM generated more than 95% of its insurance revenue in Qatar, and the remainder from other Gulf Cooperation Council (GCC) countries, mostly the United Arab Emirates (UAE) and Oman.

Chart 1

Medical insurance dominates QLM's business mix

Insurance revenue split as of Sept. 30, 2025



*Group and credit life, individual, and unit-linked investment products.

Data based on International Financial Reporting Standard 17. Source: S&P Global Ratings.

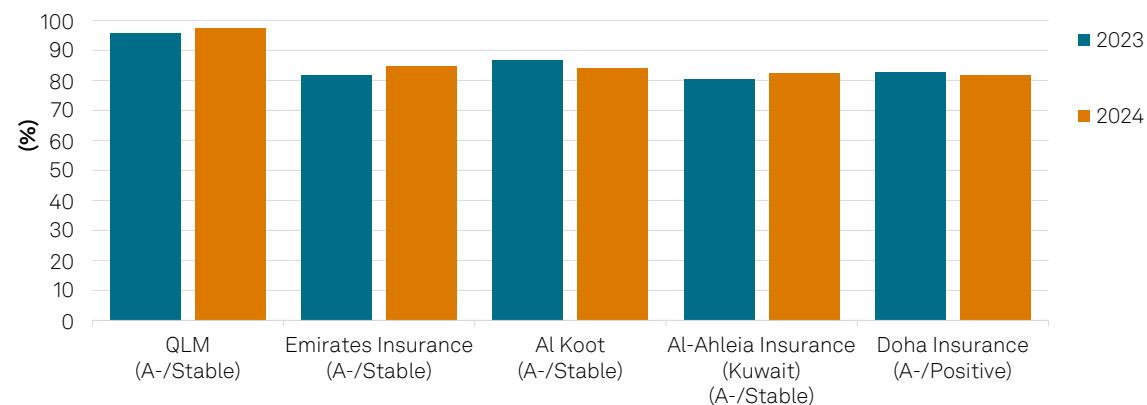
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In 2024, QLM reported insurance revenue of Qatari riyal (QAR)1.22 billion (about \$336 million), an 8.8% increase over QAR1.12 billion a year earlier. The insurer's operating performance slightly deteriorated in 2024, with net combined ratio increasing to 97.5%, versus 95.8% in 2023 due to increased medical losses.

While QLM's net combined ratio was weaker than that of some better diversified local and regional peers (insurers that benefited from fewer claims in other lines in 2024), its operating performance was broadly in line with the market average for the medical line, but weaker than more diversified peers that also write other lines of business.

Chart 2

QLM's net combined ratio versus those of GCC peers



f--Forecast. GCC--Gulf Cooperation Council. Source: S&P Global Ratings.

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QLM Life & Medical Insurance Co.

Over the first nine months of 2025, the reinsurance of QIC's medical business in the UAE (above QAR400 million) underpinned the 18% y-o-y increase in QLM's insurance revenue. QLM further transferred about 99% of this portfolio to reinsurance following a cautious approach. As a result, its reinsurance utilization ratio surged to 23% over the first nine months of 2025 from about 6.3% in 2024. That said, despite an 8% increase in investment income, QLM's net profit declined by 14% y-o-y to QAR47 million in the first nine months of 2025, versus QAR54.9 million as income from insurance services somewhat weakened.

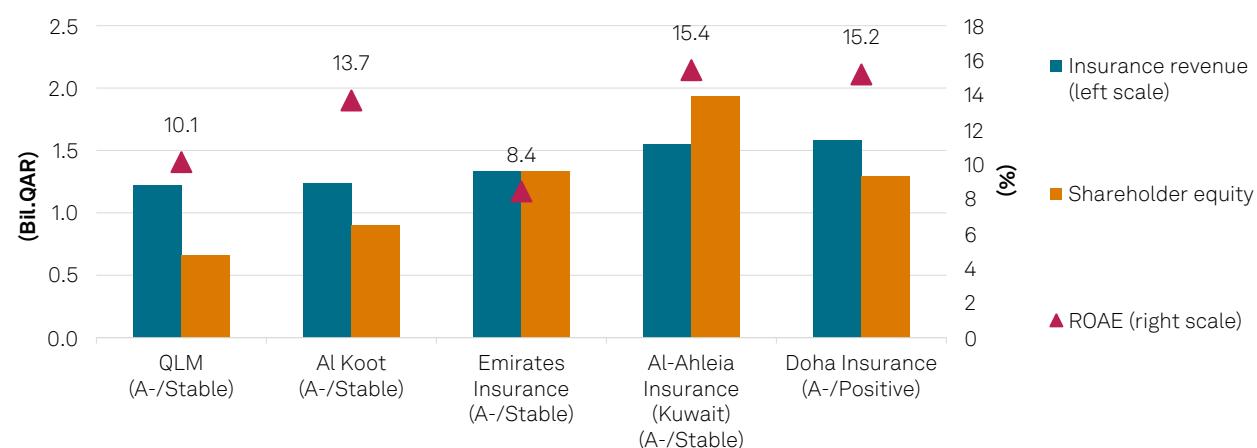
That said, we note the government is working on a mandatory medical insurance scheme, which could be introduced over the next two years and may result in significant growth every year for QLM and the rest of Qatar's insurance sector. We expect the combined ratio to settle at 94%-97% over 2026-2027 (improving from 98.3% over the first nine months of 2025) as the company continues to focus on optimizing underwriting and claims management with the increased use of artificial intelligence (AI) tools. We expect that the company's return on equity (ROE) will remain 9%-11% in 2026-2027, in line with the peer average.

Our assessment of QLM's business risk profile is comparable to that of regional peers similar in size and operating performance. At the same time, it is moderate compared with the business risk profiles of more diversified and higher-rated players.

Chart 3

QLM's insurance revenue and ROAE versus GCC peers'

Data as of Dec. 31, 2024



QAR--Qatari riyal. ROAE--Return on average equity. Data based on International Financial Reporting Standard 17. Source: S&P Global Ratings.

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Financial Risk Profile

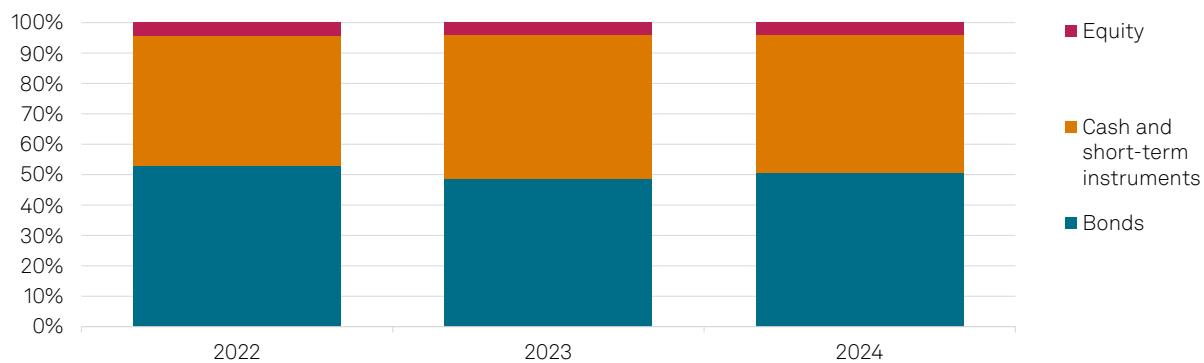
QLM's shareholder equity increased to QAR688 million (about \$189 million) as of Oct.1, 2025, from QAR658 million at year-end 2024. Higher retained earnings and an improved fair value reserve--due to a partial decline in interest rates--supported the increase.

Capital adequacy, according to our risk-based capital model, has consistently exceeded requirements at the 99.99% confidence level in recent years. We forecast that QLM will sustain this level through 2026-2027, supported by profitable earnings and retention of up to 40%-60% of its net income.

The company has an adequate buffer to support potential growth. This, we believe, could result from the implementation of the mandatory medical insurance scheme. We therefore do not expect any change in its dividend policy. The company's regulatory solvency ratio stood at about 220% as of June 30, 2025, indicating a healthy buffer above the required regulatory minimum of 150%. We expect it will remain sufficiently above the regulatory minimum over the next three years.

QLM's investment portfolio mainly comprises highly-rated bank deposits and fixed-income securities and is therefore relatively conservative, in our view. Most of these securities are denominated in Qatari riyals or U.S. dollars, two pegged currencies. The insurer has therefore minimal exposure to foreign exchange risk.

Chart 4

QLM's investment portfolio largely comprises Qatari bonds and deposits

Source: QLM's annual reports.

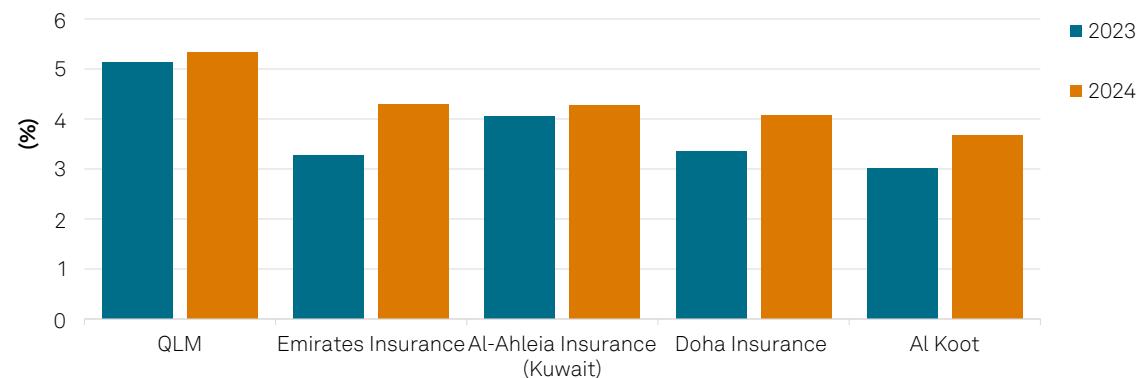
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The company also borrows U.S. dollars and invests them in local banks at higher interest rates in the local currency, which slightly increases its investment yield. QLM pledges its fixed-income instruments as collateral, and its borrowing does not exceed a predetermined limit of these fixed-income holdings (listed as short-term borrowings in the annual report and accounts). As of Sept. 30, 2025, the company's short-term debt stood at QAR169 million, down from QAR273 million at the end of 2024.

QLM does not take on duration risk, and any amount borrowed is placed as cash, with terms of one to three months. We therefore treat these borrowings as operational leverage. This investment strategy helped QLM record an average net investment yield of 5.2% per year in 2023-2024 (excluding realized and unrealized gains)--higher than that of some similar sized local and regional peers. We expect the company will continue to follow this strategy in 2026-2027.

Chart 5

QLM's net investment yield is higher than that of some listed peers in the GCC



GCC--Gulf Cooperation Council. Source: S&P Global Ratings.

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Given its robust capital buffer and adequate reserves, we do not forecast it will need additional external capital and liquidity over the next two years.

Other Credit Considerations

Governance

In our view, governance arrangements at QLM appear effective and are comparable to those at local and regional peers. The insurer has historically benefited from an effectively embedded risk-management culture and framework within the QIC Group and is developing a more independent risk management framework following its spinoff from its former parent in 2021.

Liquidity

QLM's assets comfortably exceeded liabilities by more than 3x at year-end 2024, reflecting an exceptional liquidity profile. We expect the company's liquidity position will remain at these levels over the next two years, thanks to the availability of liquid sources, such as premium income, and a liquid investment portfolio.

Environmental, social, and governance

ESG factors have no material influence on our credit rating analysis of QLM.

Rating Component Scores

Business Risk Profile	--Satisfactory
Competitive position	--Satisfactory
IICRA	--Intermediate risk
Financial Risk Profile	--Strong
Capital and earnings	--Strong
Risk exposure	--Moderately low
Funding structure	--Neutral
Anchor	--a-
Modifiers	
Governance	--Neutral
Liquidity	--Exceptional
Comparable rating analysis	--0
Current Credit Rating	
Local currency financial strength rating	A-/Stable/--
Foreign currency financial strength rating	--
Local currency issuer credit rating	--
Foreign currency issuer credit rating	--

Related Criteria

- [Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions](#), Nov. 15, 2023
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Insurance | General: Insurers Rating Methodology](#), July 1, 2019
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [Qatar Ratings Affirmed At 'AA/A-1+'; Outlook Stable](#), Oct. 31, 2025
- [Insurance Industry And Country Risk Assessment: Qatar Property/Casualty](#), Aug. 12, 2025

Ratings Detail (as of December 26, 2025)***QLM Life & Medical Insurance Co.**

Financial Strength Rating	
Local Currency	A-/Stable/--
Domicile	Qatar
*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.	

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