

Saturday, 05 April 2008 - 28 Rabi Al-Awaal 1429 H

## BUSINESS

### **Bupa Arabia considers new Projects after IPO Launch**

By Querubin J. Minas

JEDDAH – Health services in Saudi Arabia are on track for further improvement as competition in the sector motivates health care providers and insurers to introduce more programs for the benefits of customers.

Loay Nazer, chairman of Bupa Arabia, a leading health care specialist insurer in the Kingdom, said on Sunday that the presence of a growing number of competitors requires the implementation of new projects for better service.

“We expect the overall insurance market to more than double to SR15 billion over the next five years. In 2007, it was SR 6.8 billion,” he said.

He noted that its customers’ loyalty rating is high, with 90 percent of them preferring to keep their Bupa Arabia health care insurance plans.

Bupa Arabia started on Saturday the initial public offering (IPO) for its 16 million shares worth SR160 million. The subscription is limited to Saudi individuals only and will close on March 15.

The share offer represents 40 percent of the company’s share capital after the IPO.

The minimum subscription is 50 shares and the maximum is 100,000 shares at a price of SR10 each.

Proceeds from the IPO will be used to improve Bupa Arabia’s systems such as operational, risk management and customer service to be able to provide customers with new services such as adding to its pioneering online services, advanced call centers and SMS facilities. The company expects some 1.5 million customers in the near future.

Loay Nazer said: “We hope that using the funds raised in this way will help us to increase our market share to 20 percent. We anticipate this growth because of increased awareness of insurance generally in the last few years and the full implementation of the health insurance regulation, which calls for compulsory health insurance for all expatriate workers.”

“We have been active in the Kingdom for 10 years so we are intimately aware of the health care issues related to the region. We try to make sure we provide information not just about our products and services, but about lifestyle in general to help people understand how to stay fit and healthy to live longer and more rewarding lives”, he added.

Outlining the mechanics of the IPO, he said the allocation to retail subscribers will be performed in two stages. In the first stage, each subscriber will receive a minimum of 50 shares. During the second stage, and in the event there is a sufficient demand by retail subscribers, each subscriber for 50 shares or less will receive the full allocation of what he applied for, provided that total shares allocated do not exceed total shares offered to retail subscribers (16,000,000 shares).

The balance of the offer shares (if available) will be allocated on a pro-rata basis.

Shares may be bought online, through phone banking, ATMs and from branches of any of the five receiving banks - SABB, Riyadh Bank, NCB, Arab National Bank and Samba.

Bupa Arabia started in 1997 as a joint venture between the Nazer Group and Bupa International with a capital of SR400 million.

Today Bupa International has established a customer base of more than 450 businesses in more than 1300 companies. To become one of the largest international private health insurance companies, the Bupa Group operating for more than 60 years, serves more than 8 million members in over 190 countries and employs over 46,000 worldwide. It is the leading health care provider in the UK, Spain, and Hong Kong and is growing rapidly in Australia, Thailand and Saudi Arabia.

The Bupa Group follows a long-term strategy that aims to improve services and health care support by investing all of its profits back into the business to develop and improve the quality of its services.

Asked about the probable outcome of the IPO, Loay Nazer said it is too early to talk about subscription rates but initial indications are very promising.