

### 13. INSURANCE AND REINSURANCE

53 insurance companies are organised in the Association des Compagnies d'assurance au Liban (ACAL). The oldest one was established in 1944 and the newest one in 2002.

#### *HR Breakdown by gender and diploma in 2006*

| Diploma           | Female (%)  | Male (%)     |
|-------------------|-------------|--------------|
| Other             | 28.7        | 20.2         |
| Actuary           | 1.3         | 1.3          |
| Math              | 0.7         | 1.0          |
| Engineering       | 0.3         | 2.6          |
| Law               | 2.5         | 3.7          |
| Economy           | 4.1         | 3.4          |
| Business          | 21.5        | 26.7         |
| Computer Sciences | 4.8         | 6.5          |
| Insurance         | 19.6        | 10.2         |
| Less than Bacc.   | 16.4        | 24.4         |
| <b>Total</b>      | <b>99.9</b> | <b>100.0</b> |

#### *Insurance companies by date of establishment*

| Establishment date | Companies |
|--------------------|-----------|
| Unknown            | 1         |
| [1950-1960[        | 5         |
| [1960-1970[        | 7         |
| [1970-1980[        | 15        |
| [1980-1990[        | 13        |
| [1990-2000[        | 8         |
| [2000- [           | 4         |
| <b>Total</b>       | <b>53</b> |

*Table made by CAS based on ACAL (2005-2006) data*

36% of insurance companies HR have less than 5 years of experience. 60% of HR are under the age of 40. Females represent more than 50% of the industry workforce. 23% of HR are business degree holders, 14% insurance, and 25% other majors.

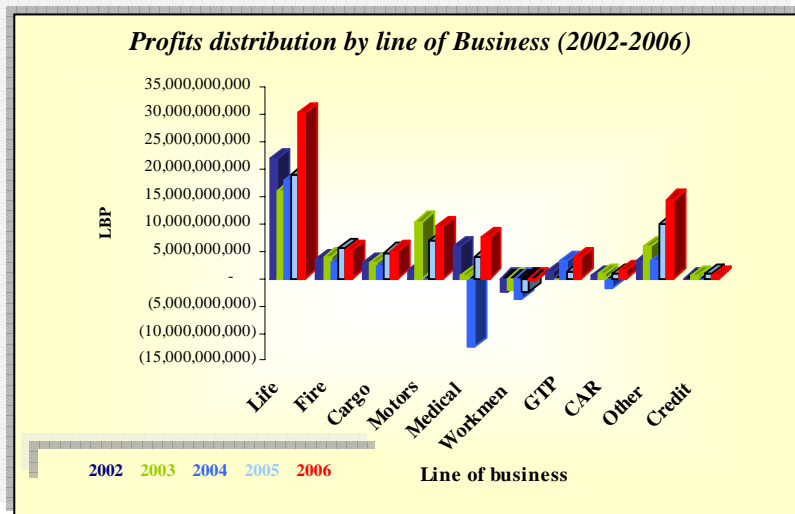
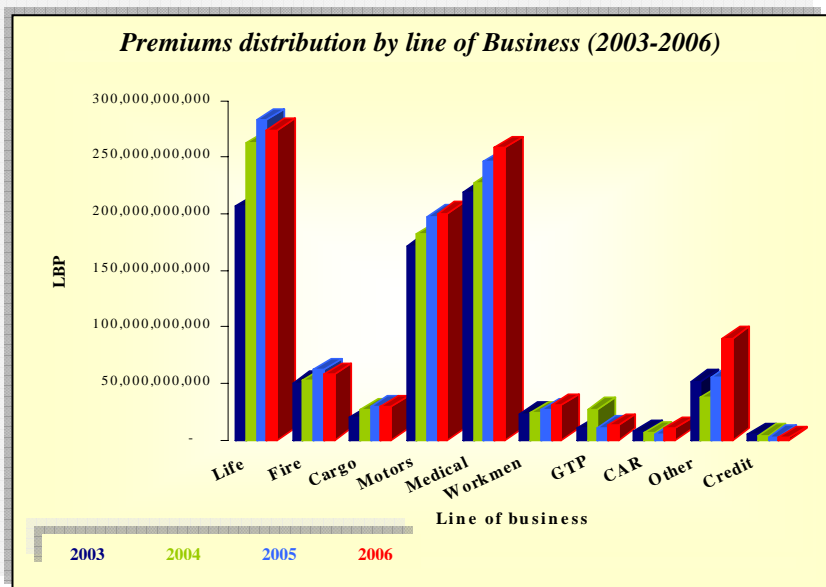
#### *Insurance main figures*

| Items in LBP              | 2004              | 2005/2004 | 2005              | 2006/2005 | 2006              | 2006/2004 |
|---------------------------|-------------------|-----------|-------------------|-----------|-------------------|-----------|
| Assets = Liabilities      | 1,878,865,119,483 | 13        | 2,131,483,729,856 | 10        | 2,344,440,245,155 | 24.78     |
| Total investment          | 880,414,724,127   | 20        | 1,058,202,426,067 | 18        | 1,250,190,513,401 | 42.00     |
| Total income              | 1,410,222,524,251 | 15        | 1,625,415,120,701 | 15        | 1,872,533,389,798 | 32.78     |
| Total expenses            | 1,399,877,390,915 | 13        | 1,575,354,458,285 | 14        | 1,795,326,458,100 | 28.25     |
| Profits                   | 10,345,143,336    | 384       | 50,060,662,416    | 54        | 77,206,931,168    | 646.31    |
| Premiums                  | 849,819,190,231   | 8         | 918,157,196,330   | 5         | 965,824,033,980   | 13.65     |
| Reinsurance               | 195,090,762,446   | 10        | 213,811,015,997   | (0)       | 213,624,848,736   | 9.50      |
| Losses ratio              | 55.26             | (2)       | 54.21             | (5)       | 51.44             | (6.91)    |
| Expense ratio             | 26.69             | (15)      | 22.69             | (8)       | 20.87             | (21.81)   |
| Commission ratio          | 18.26             | 10        | 20.00             | (0)       | 19.95             | 9.26      |
| Reinsurance ratio         | 7.23              | 5         | 7.62              | 10        | 8.35              | 15.49     |
| Net accounting loss ratio | 62.49             | (4)       | 60.03             | (0)       | 59.79             | (4.32)    |
| Combined ratio            | 107.44            | (4)       | 102.72            | (2)       | 100.61            | (6.36)    |
| Financial Income ratio    | 11.02             | 5         | 11.61             | 3         | 11.96             | 8.53      |

*Table made by CAS based on ACAL (2005-2006) data*

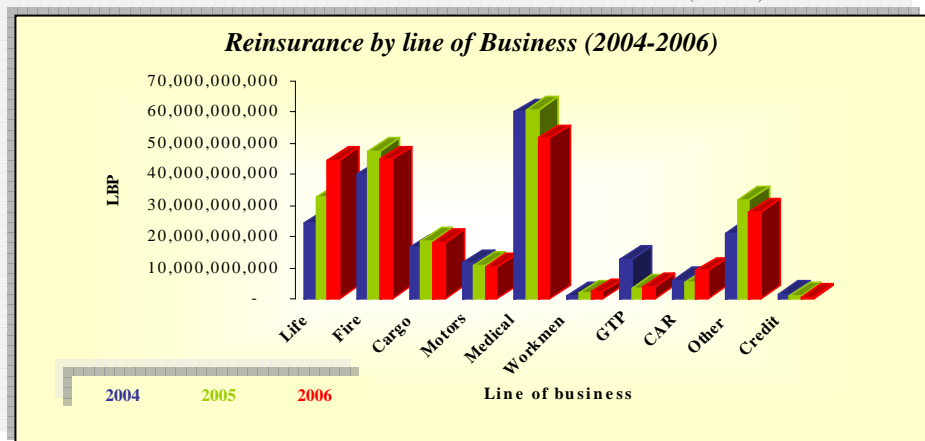
Lebanese insurance companies adjusted their accounting methods to comply with the latest International Financial Reporting Standards. Some categories increased and other decreased between 2004 and 2006, knowing that this period witnessed political and military disturbances. Assets and liabilities (24.78%), total investment (42.00%), total income (32.78%), total expenses (28.25%), profits (646.31%), premiums (13.65%), reinsurance (9.50%), commission ratio (9.26%), reinsurance ratio (15.49%), and financial income ratio grew. While loss ratio (-6.91%), expense ratio (-21.81%), net accounting loss ratio (-4.32%) and combined ratio (-6.36%) decreased.

Regarding premiums distribution by line of business, life premiums have the highest ratio (30.9% in 2004, 30.8% in 2005 and 28.4% in 2006 of total premiums). It is followed by medical premiums which were stable between 2004 and 2006 (26.8% of total premiums). Credit premiums contribute the least in total premiums (0.4% in 2004, 0.3% in 2005 and 0.2% in 2006). It is also remarkable that the contractors all risks category grew the most (73.6%) between 2004 and 2006, while it was registering a decrease between 2004 and 2005 (-18%).



As for profit distribution by line of business, life premiums constitutes the highest ratio (57.2% in 2002, 41.7% in 2003, 17.3% in 2004, 38.0% in 2005, and 39.2% in 2006 of total profits). Workmen reduces always the profits of insurance companies because it always displays a loss. The highest loss was registered in 2004 (-36%). Medical premiums displayed also a high loss in 2004 (-122%). Contractors all risks showed also a loss in 2004 (-18%).

Medical reinsurance is the most frequent (30.7% in 2004, 28.4% in 2005, and 24.1% in 2006 of total premium reinsurance). Fire reinsurance was second (20.5% in 2004, 22.2% in 2005 and 21.0% in 2006).



Finally, as for market Key insurance, losses ratio decreased (55.26% in 2004, 52.41% in 2005 and 51.44% in 2006), expenses ratio decreased (26.69% in 2004, 22.69% in 2005 and 20.87% in 2006), commission ratio increased (18.26% in 2004, 20.00% in 2005 and 19.95% in 2006), reinsurance ratio increased (7.23% in 2004, 7.62% in 2005 and 8.35% in 2006), net accounting loss ratio decreased (62.49% in 2004, 60.03% in 2005 and 59.79% in 2006), combined ratio decreased (107.44% in 2004, 102.72% in 2005 and 100.61% in 2006), and financial income ratio slightly increased (11.02% in 2004, 11.61% in 2005 and 11.96% in 2006).

**Data Source:** Association des Compagnies d'Assurance au Liban (ACAL) (2005-2006).  
**All graphs and tables are made by CAS and based on ACAL (2004-2005-2006) data.**