

### 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.

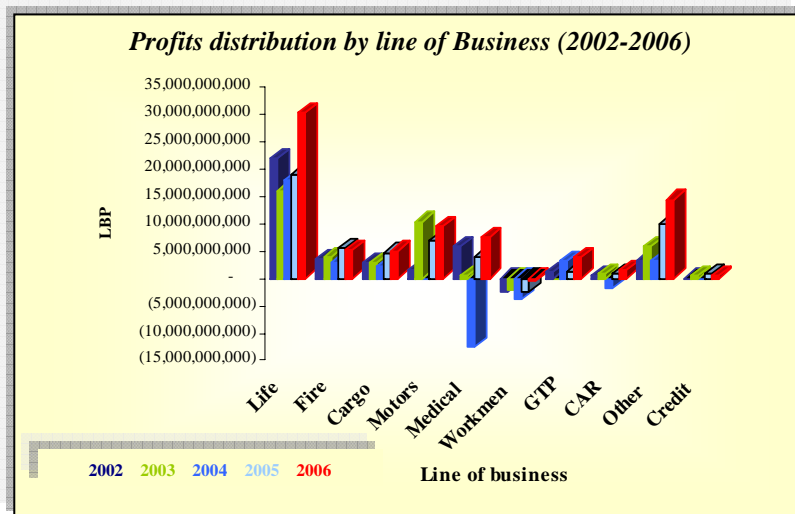
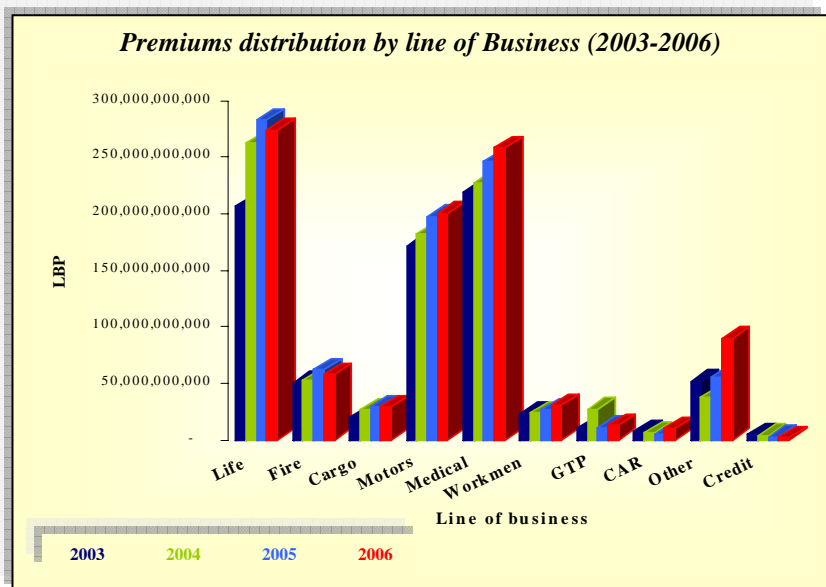
#### *Insurance main figures*

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*

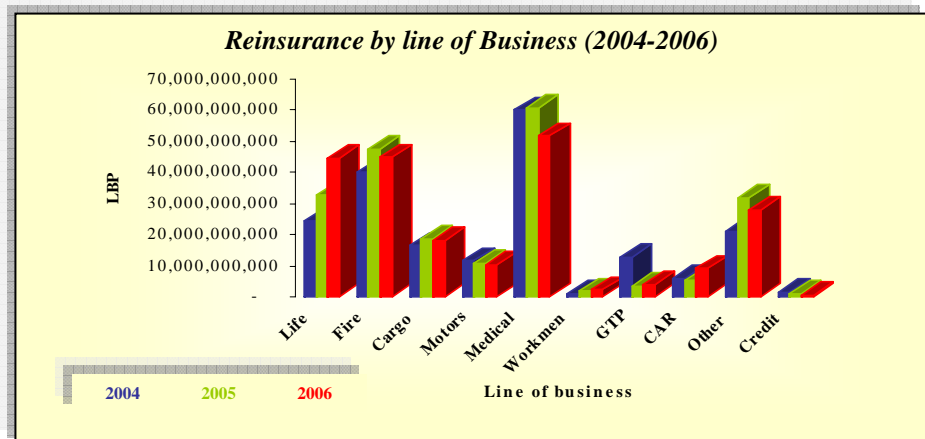
Lebanese insurance companies adjusted their accounting methods to comply with the latest International Financial Reporting Standards. Some categories increased and other decreased between 2004 and 2006, knowing that this period witnessed political and military disturbances. Assets and liabilities (24.78%), 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.**