

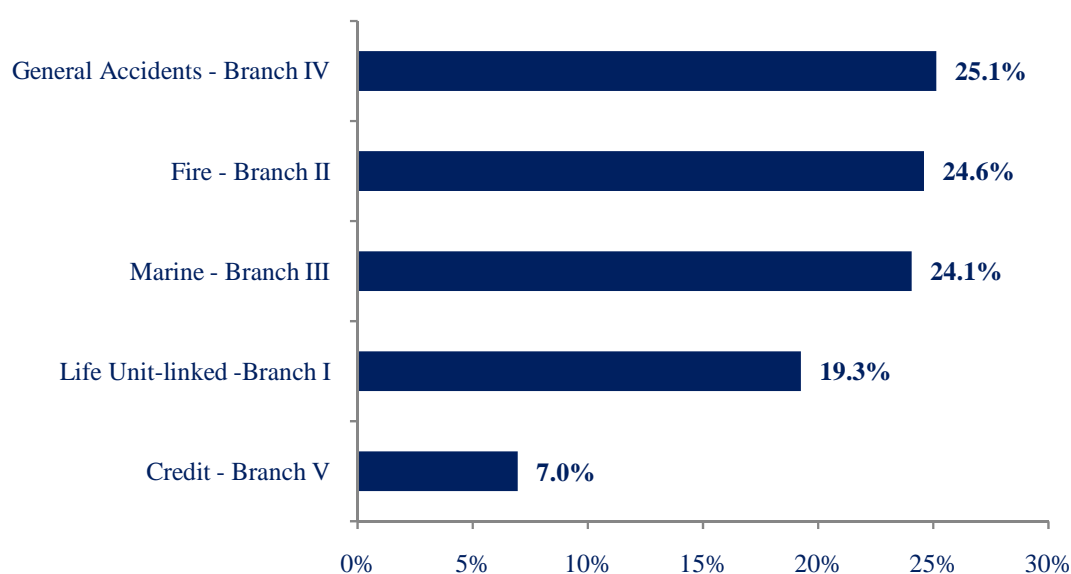
21. INSURANCE AND REINSURANCE

The Ministry of Economy and Trade is the source of insurance statistics which deal with insurance companies, with the sector consolidated progress, balance sheet and profit and loss accounts, with the consolidated income statement, with charges, with taxation on insurance by branch, and finally with insurance portfolio .

Licensed insurance branches by company

In 2008 and in 2009, there are 54 insurance companies in Lebanon having 187 licensed insurance branches.

Graph 21.1 –Licensed insurance branches by company. % in 2008 and in 2009



Graph made by CAS based on the Ministry of Economy and Trade data (2008 and 2009)

Insurance sector consolidated progress report (2001-2009)

Insurance sector grew between 2001 and 2007 as the following table and graph show.

Table 21.1 – Insurance consolidated progress report 2001-2007

Item in USD	2001	2009	Progress 2009/2001. %
Total written premiums	409,420,000	1,024,174,650	150.2
Total claim paid	226,265,500	492,844,441	117.8
Total ceded premiums	113,266,000	183,037,158	61.6
Total net profits	19,602,000	75,095,412	283.1
Total assets	795,534,000	2,685,607,180	237.6
Total technical reserves	309,014,000	1,645,074,952	432.4
Total owners' equity	227,774,000	693,931,476	204.7
Paid up capital	158,100,000	349,791,566	121.2

Table made by CAS based on the Ministry of Economy and Trade data (2009)

Insurance sector consolidated report profit and loss statement (2008-2009)

The consolidated and condensed profit and loss the insurance sector studies five branches:

- Branch I: Protection (life), protection with savings, and Protection w. unit-linked savings.
- Branch II: Fire.
- Branch III: Transportation.
- Branch IV: Motor compulsory, motor non- compulsory, health, accidents, civil liability, engineering, and miscellaneous.
- Branch V: Credit.

**Table 21.2 – Insurance consolidated progress report profit and loss statement.
Comparison (2008-2009)**

2008 - USD						
Item	Branch I	Branch II	Branch III	Branch IV	Branch V	All branches
Premiums and similar revenues	279,870,034	53,970,829	30,705,855	452,555,780	1,697,990	818,800,488
Net investment income (Life and Non-Life)	41,569,667	1,558,383	1,141,334	15,559,468	101,293	59,930,145
Net investment income / Expenses (Unit-linked)	(49,519,697)	0	0	0	0	(49,519,697)
Claims expenses/ benefits	(76,999,801)	(15,740,778)	(8,842,930)	(291,354,518)	(367,106)	(393,305,133)
Change in technical reserves	(74,520,827)	(206,863)	312	(7,810,007)	0	(82,537,385)
Policyholders' dividend	(980,220)	0	0	0	0	(980,220)
Net reinsurance income	(15,636,738)	(14,232,111)	(5,884,294)	(17,589,505)	(325,005)	(53,667,653)
General insurance expense	(59,960,218)	(18,841,377)	(10,940,097)	(162,558,149)	(989,399)	(253,289,240)
Net Income Life, Non-Life, and Unit-linked	43,822,200	6,508,081	6,180,178	(11,196,931)	117,771	45,431,299
Extraordinary net income	580,389	429,534	167,796	2,888,790	9,015	4,075,524
Income tax	(3,989,797)	(1,312,830)	(533,036)	(6,758,696)	(39,591)	(12,633,950)
Net income after tax	40,412,792	5,624,785	5,814,938	(15,066,837)	87,195	36,872,873
2009 - USD						
Item	Branch I	Branch II	Branch III	Branch IV	Branch V	All branches
Premiums and similar revenues	296,434,347	56,360,934	28,019,348	535,309,103	2,835,350	918,959,082
Net investment income (Life and Non-Life)	61,254,357	3,008,810	1,502,065	29,701,056	125,488	95,591,776
Net investment income / Expenses (Unit-linked)	39,257,944	0	0	0	0	39,257,944
Claims expenses/ benefits	(105,820,868)	(16,238,516)	(8,089,652)	(362,160,634)	(534,775)	(492,844,445)
Change in technical reserves	(154,032,102)	(14,720)	(10,715)	(10,061,173)	(55,014)	(164,173,724)
Policyholders' dividend	(1,233,410)	0	0	0	0	(1,233,410)
Net reinsurance income	(11,299,185)	(15,133,331)	(4,581,501)	(10,356,122)	(795,750)	(42,165,889)
General insurance expense	(58,930,232)	(19,058,210)	(9,636,130)	(182,658,685)	(1,382,599)	(271,665,856)
Net Income Life, Non-Life, and Unit-linked	65,988,822	9,148,354	7,258,770	1,897,268	251,974	84,545,188
Extraordinary net income	462,426	439,362	156,414	3,570,817	30,874	4,659,893
Income tax	(4,589,023)	(1,647,406)	(483,915)	(7,369,775)	(19,551)	(14,109,670)
Net income after tax	61,862,225	7,940,310	6,931,269	(1,901,690)	263,297	75,095,411
Change 2009/2008. %						
Item	Branch I	Branch II	Branch III	Branch IV	Branch V	All branches
Premiums and similar revenues	5.9%	4.4%	-8.7%	18.3%	67.0%	12.2%
Net investment income (Life and Non-Life)	47.4%	93.1%	31.6%	90.9%	23.9%	59.5%
Net investment income / Expenses (Unit-linked)	-179.3%					-179.3%
Claims expenses/ benefits	37.4%	3.2%	-8.5%	24.3%	45.7%	25.3%
Change in technical reserves	106.7%	-92.9%	-3534.3%	28.8%		98.9%
Policyholders' dividend	25.8%					25.8%
Net reinsurance income	-27.7%	6.3%	-22.1%	-41.1%	144.8%	-21.4%
General insurance expense	-1.7%	1.2%	-11.9%	12.4%	39.7%	7.3%
Net Income Life, Non-Life, and Unit-linked	50.6%	40.6%	17.5%	-116.9%	114.0%	86.1%
Extraordinary net income	-20.3%	2.3%	-6.8%	23.6%	242.5%	14.3%
Income tax	15.0%	25.5%	-9.2%	9.0%	-50.6%	11.7%
Net income after tax	53.1%	41.2%	19.2%	-87.4%	202.0%	103.7%

Table made by CAS based on the Ministry of Economy and Trade data (2008 and 2009)

A comparison (2008-2009) among all branches and sun-branches is shown in the following table.

Table 21.3 – Insurance consolidated progress report profit and loss statement (2008-2009)

Change 2009/2008. %

Item	Life Branch I			Branch II	Branch III		General Accidents Branch IV					Branch V	All Branches	
	Protection (life)	Protection with savings	Protection w. U-L Savings	Fire	Transportation	Motor Compulsory	Motor Non-Compulsory	Health	Accidents	Civil Liability	Engineering	Misc.	Credit	Total
Premiums and similar revenues	5.5	13.6	(1.4)	4.4	-8.7	2.5	30.8	19.0%	6.6	5.2	(14.6)	(4.7)	67.0	12.2
Net investment income (Life and Non-Life)	129.5	68.8	(14.8)	93.1	31.6	68.3	100.8	131.7	33.7	59.9	80.9	17.5	23.9	59.5
Net investment income / Expenses (Unit-linked)			(179.3)											(179.3)
Claims expenses/ benefits	32.4	(0.2)	80.5	3.2	(8.5)	9.6	33.1	23.7	4.7	(41.1)	(64.5)	82.0	45.7	25.3
Change in technical reserves	35.5	15.6	1050.9	(92.9)	(3,534)	(47.6)	64.1	(133.3)	(30.4)	(81.9)	(69.0)	(32.5)		98.9
Policyholders' dividend	(91.2)	(100.0)	803.4											25.8
Net reinsurance income	23.6	(266.9)	(120.6)	6.3	(22.1)	(122.8)	17.5	(153.9)	(22.8)	9.7	170.9	(87.0)	144.8	(21.4)
General insurance expense	18.7	3.7	(24.0)	1.2	(11.9)	0.2	23.3	10.6	12.9	0.9	(1.4)	(20.7)	39.7	7.3
Net Income Life, Non-Life, and Unit-linked	(2.1)	244.1	(1.3%)	40.6	17.5	53.4	3.5	(301.0)	18.3	182.9	4.9	45.1	114.0	86.1
Extraordinary net income	90.7	(154.4)	(100.0)	2.3	(6.8)	(1.0)	(47.7)	205.9	120.2	(23.2)	(13.9)	50.7	242.5	14.3
Income tax	7.6	87.6	(18.5)	25.5	(9.2)	(7.5)	(23.6)	3.5	6.1	(3.1)	31.4	(9.2)	(50.6)	11.7
Net income after tax	(1.4)	250.2	2.4	41.2	19.2	55.3	(8.3)	(174.4)	24.2	188.3	1.7	53.7	202.0	103.7

Table made by CAS based on the Ministry of Economy and Trade data (2008 and 2009)

Insurance sector consolidated balance sheet

Insurance sector balance sheet grew of 24.4% between 2008 and 2009 to reach 2,685,607,177 USD in 2009.

Table 21.4 – Insurance consolidated progress report (2008-2009)

Consolidated assets	USD		Change 2009/2008. %	Consolidated liabilities	USD		Change 2009/2008. %
	2008	2009			2008	2009	
Intangible assets	2,002,349	2,569,060	28.3	Shareholders' equity	482,525,636	693,931,477	43.8
Investments	1,208,497,513	1,442,339,666	19.3	Low priority debts	9,750,340	10,993,324	12.7
Unit-linked contracts investments	380,913,924	485,797,670	27.5	Life Technical reserves	493,544,697	569,777,013	15.4
Reinsurance share in technical reserves (Life)	70,922,722	52,215,674	(26.4)	Unit-linked technical reserves	383,045,511	476,310,230	24.3
Reinsurance share in technical reserves (Non-Life)	90,522,167	105,781,732	16.9	Non-Life Technical reserves	451,273,336	598,987,709	32.7
Receivable under insurance business	166,242,366	186,302,723	12.1	Provision for risks and charges	26,328,581	27,169,872	3.2
				Debt for funds held under reinsurance treaties	16,763,690	18,088,556	7.9
Receivable under reinsurance contracts	17,265,843	19,273,970	11.6	Liabilities under insurance business	28,529,985	19,191,683	(32.7)
				Liabilities under reinsurance contracts	49,795,238	64,586,655	29.7
Other receivables	102,294,005	227,311,856	122.2	Debts	65,752,798	50,186,581	(23.7)
Other assets	55,495,873	63,042,685	13.6	Other liabilities	139,664,004	140,244,919	0.4
Adjustment items	64,318,460	100,972,141	57.0	Adjustment items	11,501,408	16,139,161	40.3
Total assets	2,158,475,222	2,685,607,177	24.4	Total liabilities	2,158,475,224	2,685,607,180	24.4

Table made by CAS based on the Ministry of Economy and Trade data (2008 and 2009)

Taxation on insurance by branch

Taxation is based on gross written premiums, on ceded premiums and on fixed stamps. This taxation is applied on the five insurance branches.

- Branch I: Protection (life), protection with savings, and Protection w. unit-linked savings.
- Branch II: Fire.
- Branch III: Transportation.
- Branch IV: Motor compulsory, motor non- compulsory, health, accidents, civil liability, engineering, and miscellaneous.
- Branch V: Credit.

Table 21.5 – Taxation on insurance by branch (2008-2009)

2008 - Bases, rates, and estimated amounts in USD							
	Branch I	Branch IV (Accidents)		Branch II	Branch III	Branch VI	Total
	Life	Medical	Motors + others	Fire	Marine	Credits	
Based on gross written premiums							
Gross written premiums 2008	286,032,917	208,660,135	298,787,810	51,720,914	29,117,689	2,023,307	876,342,772
Paid on gross written premiums 2008	2,717,313	24,934,886	36,153,325	6,723,719	2,984,563	256,960	73,770,766
Based on ceded premiums							
Premiums ceded (foreign) in 2008	33,043,446	33,164,145	30,289,618	29,395,574	15,165,665	781,670	141,840,118
Tax paid on ceded premiums 2008	743,478	746,193	681,516	661,400	341,227	17,588	3,191,403
Fixed stamps							
LBP 2000 per policy	1.33	1.33	1.33	1.33	1.33	1.33	1.33
Number of policies 2008	568,518	96,983	1,659,074	189,915	72,630	123	2,587,243
Fixed stamps amount 2008	756,129	128,987	2,206,568	252,587	96,598	164	3,441,033
Total taxes and stamps imposed 2008	4,216,919	25,810,067	39,041,410	7,637,706	3,422,388	274,711	80,403,202
2009 - Bases, rates, and estimated amounts in USD							
	Branch I	Branch IV (Accidents)		Branch II	Branch III	Branch VI	Total
	Life	Medical	Motors + others	Fire	Marine	Credits	
Based on gross written premiums							
Gross written premiums 2009	301,219,971	252,208,367	375,628,552	59,885,395	26,391,364	2,835,926	1,018,169,575
Paid on gross written premiums 2009	2,861,590	30,138,900	45,451,055	7,785,101	2,705,115	360,163	89,301,923
Based on ceded premiums							
Premiums ceded (foreign) in 2009	36,097,975	36,852,192	33,019,456	33,038,849	12,684,775	1,329,392	153,022,639
Tax paid on ceded premiums 2009	812,204	829,174	742,938	743,374	285,407	29,911	3,443,009
Fixed stamps							
LBP 2000 per policy	1.33	1.33	1.33	1.33	1.33	1.33	1.33
Number of policies 2009	735,611	109,103	1,769,174	135,431	68,272	68	2,817,659
Fixed stamps amount 2009	978,363	145,107	2,353,001	180,123	90,802	90	3,747,486
Total taxes and stamps imposed 2009	4,652,157	31,113,181	48,546,994	8,708,599	3,081,324	390,164	96,492,419
Change 2009/2008. %							
	Branch I	Branch IV (Accidents)		Branch II	Branch III	Branch VI	Total
	Life	Medical	Motors + others	Fire	Marine	Credits	
Based on gross written premiums							
Gross written premiums 2009/2008	5.3	20.9	25.7	15.8	(9.4)	40.2	16.2
Paid on gross written premiums 2009/2008	5.3	20.9	25.7	15.8	(9.4)	40.2	21.1
Based on ceded premiums							
Premiums ceded (foreign) in 2009/2008	9.2	11.1	9.0	12.4	(16.4)	70.1	7.9
Tax paid on ceded premiums 2009/2008	9.2	11.1	9.0	12.4	(16.4)	70.1	7.9
Fixed stamps							
LBP 2000 per policy	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of policies 2009/2008	29.4	12.5	6.6	(28.7)	(6.0)	(44.7)	8.9
Fixed stamps amount 2009/2008	29.4	12.5	6.6	(28.7)	(6.0)	(44.7)	8.9
Total taxes and stamps imposed 2009/2008	10.3	20.5	24.3	14.0	(10.0)	42.0	20.0

Table made by CAS based on the Ministry of Economy and Trade data (2008 and 2009)

Life vs. Non-life condensed Profit and Loss by branch

Net income after tax grew in all branches of 103.7% between 2008 and 2009 to reach 75,095,412 USD in 2009.

Table 21.6 – Life vs. Non-life condensed Profit and Loss (2008-2009)

2008 - USD			
Account	Life + Unit-Linked Branch I	Non-Life Branches II, III, IV, V, and VI	Total All Branches
Gross premiums	284,027,416	614,757,819	898,785,235
Ceded premiums	(36,751,857)	(133,666,684)	(170,418,541)
Claims paid	(74,260,038)	(299,002,228)	(373,262,266)
Reinsurance benefit paid	9,962,875	64,730,584	74,693,459
Change in technical reserves	(80,063,926)	(90,925,018)	(170,988,944)
Incurred acquisition costs	(32,706,122)	(96,048,370)	(128,754,492)
Re-insurance commission income	8,817,977	20,683,172	29,501,149
Gross insurance profits	79,026,326	80,529,275	159,555,601
Net investment income	(7,369,644)	21,855,611	14,485,967
Fixed expenses and overheads	(27,254,095)	(97,280,654)	(124,534,749)
Income tax	(3,989,796)	(8,644,154)	(12,633,950)
Net income after tax	40,412,791	(3,539,921)	36,872,870
2009 - USD			
Account	Life + Unit-Linked Branch I	Non-Life Branches II, III, IV, V, and VI	Total All Branches
Gross premiums	296,858,245	727,316,404	1,024,174,649
Ceded premiums	(40,825,311)	(142,211,846)	(183,037,157)
Claims paid	(106,171,295)	(355,067,501)	(461,238,796)
Reinsurance benefit paid	10,852,451	72,169,010	83,021,461
Change in technical reserves	(143,091,108)	(109,814,405)	(252,905,513)
Incurred acquisition costs	(30,448,396)	(131,292,170)	(161,740,566)
Re-insurance commission income	8,779,695	23,253,897	32,033,592
Gross insurance profits	(4,045,720)	84,353,389	80,307,669
Net investment income	100,101,951	40,934,889	141,036,840
Fixed expenses and overheads	(29,604,983)	(102,534,444)	(132,139,427)
Income tax	(4,589,023)	(9,520,647)	(14,109,670)
Net income after tax	61,862,225	13,233,187	75,095,412
Change 2009/2008. %			
Account	Life + Unit-Linked Branch I	Non-Life Branches II, III, IV, V, and VI	Total All Branches
Gross premiums	4.5	18.3	14.0
Ceded premiums	11.1	6.4	7.4
Claims paid	43.0	18.8	23.6
Reinsurance benefit paid	8.9	11.5	11.1
Change in technical reserves	78.7	20.8	47.9
Incurred acquisition costs	(6.9)	36.7	25.6
Re-insurance commission income	(0.4)	12.4	8.6
Gross insurance profits	(105.1)	4.7	(49.7)
Net investment income	(1,458)	87.3	873.6
Fixed expenses and overheads	8.6	5.4	6.1
Income tax	15.0	10.1	11.7
Net income after tax	53.1	(473.8)	103.7

Table made by CAS based on the Ministry of Economy and Trade data (2008 and 2009)