

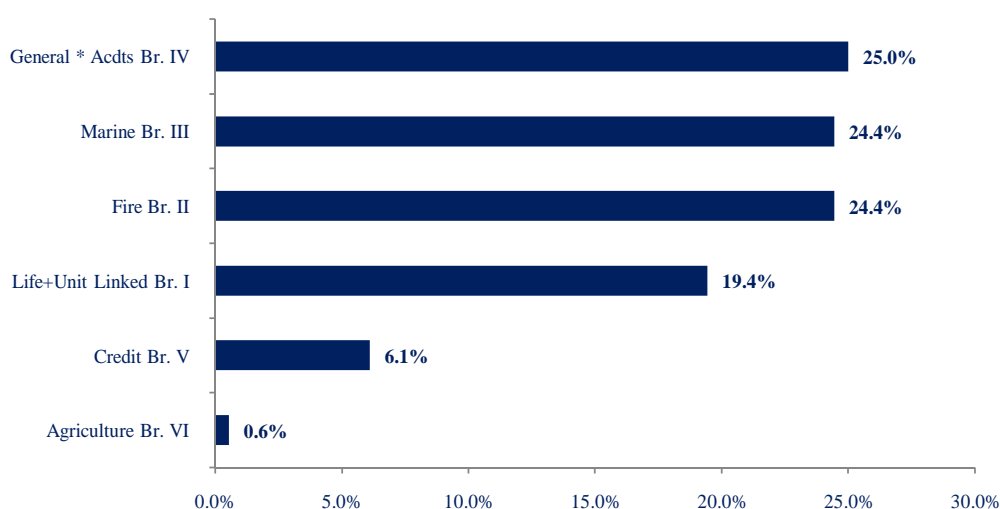
## 21. INSURANCE AND REINSURANCE

*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 2010, there are 52 insurance companies in Lebanon having 180 licensed insurance branches.

**Graph 21.1 – Licensed insurance branches by company. % in 2010**



*Graph made by CAS based on the Ministry of Economy and Trade data (2010)*

### Insurance sector consolidated progress report (2001-2009)

Insurance sector grew between 2001 and 2010 as the following table and graph show.

**Table 21.1 – Insurance consolidated progress report 2001-2010**

Item in USD	2001	2010	Progress 2010/2001. %
Total written premiums	409,420,000	1,151,822,519	181.3
Total claim paid	226,265,500	503,553,266	122.6
Total ceded premiums	113,266,000	216,673,374	91.3
Total net profits	19,602,000	88,713,975	352.6
<b>Total assets</b>	<b>795,534,000</b>	<b>3,079,995,514</b>	<b>287.2</b>
Total technical reserves	309,014,000	1,965,185,324	536.0
Total owners' equity	227,774,000	730,051,325	220.5
Paid up capital	158,100,000	394,051,325	149.2

*Table made by CAS based on the Ministry of Economy and Trade data (2010)*

## 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. USD in 2010**

Item	Branch I	Branch II	Branch III	Branch IV	Branch V	All branches
Premiums and similar revenues	326,049,551	63,438,215	31,400,664	644,607,472	4,408,553	<b>1,069,904,455</b>
Net investment income (Life and Non-Life)	58,115,896	2,766,301	1,417,121	28,898,232	161,835	<b>91,359,385</b>
Net investment income / Expenses (Unit-linked)	12,173,476	0	0	0	0	<b>12,173,476</b>
Claims expenses/ benefits	(78,138,458)	(21,232,570)	(26,106,951)	(411,160,996)	(1,245,758)	<b>(537,884,733)</b>
Change in technical reserves	(168,997,850)	56,932	(223,097)	(274,793)	(259,274)	<b>(169,698,082)</b>
Policyholders' dividend	(2,426,119)	0	0	0		<b>(2,426,119)</b>
Net reinsurance income	(15,568,335)	(13,973,070)	10,551,768	(18,951,985)	(309,457)	<b>(38,251,079)</b>
General insurance expense	(68,629,440)	(21,386,932)	(10,647,569)	(217,405,276)	(2,100,429)	<b>(320,169,646)</b>
Changes in reserves and adjustments items	(251,661)	(429,491)	(35,751)	(5,229,114)	(732)	<b>(5,946,749)</b>
Other non-insurance revenues / expense	714,068	244,296	(40,296)	1,075,151	161,121	<b>2,154,340</b>
Net finance costs	1,315,151	697,689	160,969	3,018,444	0	<b>5,192,253</b>
Net Income Life, Non-Life, and Unit-linked	64,356,285	10,181,371	6,476,861	24,577,089	815,859	<b>106,407,465</b>

*Table made by CAS based on the Ministry of Economy and Trade data (2010)*

## Insurance sector consolidated balance sheet

Insurance sector balance sheet grew of 15.1% between 2009 and 2010 to reach USD 3,079,995,514 in 2010.

**Table 21.3 – Insurance consolidated progress report (2010)**

Consolidated assets	USD		Change 2010/2009. %	Consolidated liabilities	USD		Change 2010/2009. %
	2009	2010			USD	Change 2010/2009. %	
Intangible assets	2,571,002	2,276,749	(11.4)	Shareholders' equity	681,688,492	730,287,972	7.1
Investments	1,434,855,295	1,670,194,176	16.4	Low priority debts	10,524,668	13,628,345	29.5
Unit-linked contracts investments	485,373,712	580,918,124	19.7		10,524,668	13,628,345	29.5
Reinsurance share in technical reserves (Life)	52,211,852	69,769,022	33.6	Life Technical reserves	567,956,364	668,439,075	17.7
Reinsurance share in technical reserves (Non-Life)	106,398,373	125,205,842	17.7	Unit-linked technical reserves	477,866,239	577,806,598	20.9
Receivable under insurance business	183,763,135	223,315,401	21.5	Non-Life Technical reserves	609,467,207	718,939,652	18.0
Receivable under reinsurance contracts	15,216,837	17,082,357	12.3	Provision for risks and charges	25,009,324	26,050,479	4.2
Other assets	66,187,010	68,135,103	2.9	Debt for funds held under reinsurance treaties	16,722,226	22,434,704	34.2
Other receivables	226,493,148	195,330,537	(13.8)	Liabilities under insurance business	16,483,479	20,894,752	26.8
Adjustment items	103,989,197	127,768,203	22.9	Liabilities under reinsurance contracts	64,900,222	76,556,799	18.0
				Debts	49,278,539	35,562,371	(27.8)
				Other liabilities	135,738,589	161,601,750	19.1
				Adjustment items	21,424,211	27,792,974	29.7
<b>Total assets</b>	<b>2,677,059,561</b>	<b>3,079,995,514</b>	<b>15.1%</b>	<b>Total liabilities</b>	<b>2,677,059,559</b>	<b>3,079,995,471</b>	<b>15.1%</b>

*Table made by CAS based on the Ministry of Economy and Trade data (2010)*

## 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 21.4 – Taxation on insurance by branch (2010)**

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	
<b>Based on gross written premiums</b>							
Proportional stamps	0%	5%	5%	5%	3%	5%	
Municipal tax	0%	6%	6%	6%	6%	6%	
Income tax (15% of)	<b>0.75%</b>	<b>0.75%</b>	<b>0.90%</b>	<b>1.80%</b>	<b>1.05%</b>	<b>1.50%</b>	
ICC Control fees	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	
<b>Total % on gross written premiums</b>	<b>0.95%</b>	<b>11.95%</b>	<b>12.10%</b>	<b>13.00%</b>	<b>10.25%</b>	<b>12.70%</b>	<b>8.47%</b>
Gross written premiums 2010	342,099,657	291,349,851	411,177,271	65,282,198	31,420,495	4,359,842	<b>1,145,689,314</b>
<b>Paid on gross written premiums 2010</b>	<b>3,249,947</b>	<b>34,816,307</b>	<b>49,752,450</b>	<b>8,486,686</b>	<b>3,220,601</b>	<b>553,700</b>	<b>100,079,690</b>
<b>Based on ceded premiums</b>							
Income tax (15% of 15%)	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	<b>2.25%</b>
Premiums ceded (foreign) in 2010	46,927,940	44,953,897	35,058,405	38,080,627	14,954,805	1,948,292	<b>181,923,966</b>
<b>Tax paid on ceded premiums 2010</b>	<b>1,055,879</b>	<b>1,011,463</b>	<b>788,814</b>	<b>856,814</b>	<b>336,483</b>	<b>43,837</b>	<b>4,093,289</b>
<b>Fixed stamps</b>							
LBP 2000 per policy	1.33	1.33	1.33	1.33	1.33	1.33	<b>1.33</b>
Number of policies 2010	826,015	105,320	1,916,499	133,840	73,296	60	<b>3,055,030</b>
<b>Fixed stamps amount 2010</b>	<b>1,098,600</b>	<b>140,076</b>	<b>2,548,944</b>	<b>178,007</b>	<b>97,484</b>	<b>80</b>	<b>4,063,190</b>
<b>Total taxes and stamps imposed 2010</b>	<b>5,404,425</b>	<b>35,967,845</b>	<b>53,090,208</b>	<b>9,521,507</b>	<b>3,654,568</b>	<b>597,616</b>	<b>108,236,169</b>
<b>% of gross written premiums 2010</b>	<b>1.58%</b>	<b>12.35%</b>	<b>12.91%</b>	<b>14.59%</b>	<b>11.63%</b>	<b>13.71%</b>	<b>9.45%</b>

*Table made by CAS based on the Ministry of Economy and Trade data (2010)*

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

Net income after tax in all branches is equal to USD 88,713,975 in 2010.

**Table 21.5 – Consolidated and condensed profit and loss by branch. USD in 2010**

	Protection Life Only	Life with Savings	Life Prot.with Savings &/ U-L	Fire	Transportation	Motor Compulsory	Motor Non- Compulsory	Health	Accidents	Miscellaneous	Others (Eng. Credit, CL)	Total
1 Gross Written premiums (Incl. accepted)	108,555,648	113,738,723	113,747,491	69,216,938	32,696,780	44,766,042	266,736,605	296,644,049	59,611,136	24,544,567	21,564,540	1,151,822,519
2 Ceded Premiums	(46,642,156)	(5,311,259)	(2,565,941)	(43,844,723)	(16,618,680)	(650,066)	(12,118,781)	(57,677,787)	(11,039,108)	(10,722,733)	(9,482,141)	(216,673,374)
3 Claims paid	(19,868,256)	(37,229,763)	(19,761,380)	(15,522,410)	(22,119,328)	(10,085,463)	(141,149,705)	(202,103,282)	(22,313,701)	(8,629,460)	(4,770,519)	(503,553,266)
4 Benefits paid by Reinsurers	9,348,856	2,410,230	318,552	13,357,601	19,479,224	563,291	5,121,108	48,297,171	2,453,135	5,877,204	2,248,889	110,026,867
5 Change in Technical & other reserves *	(14,585,965)	(58,102,336)	(91,550,892)	(3,350,792)	(1,087,203)	(5,568,906)	(41,839,323)	(16,646,327)	(2,424,666)	(1,292,508)	(1,091,484)	(238,092,008)
6 Brokerage & Aquisition costs paid	(14,605,510)	(8,751,607)	(13,186,378)	(12,305,548)	(5,784,250)	(17,291,758)	(68,143,216)	(29,791,046)	(16,490,425)	(5,135,719)	(3,696,020)	(195,181,477)
7 Commissions Paid by Reinsurers	9,320,882	964,953	596,723	8,562,577	3,402,334	0	1,546,488	3,128,478	3,106,651	1,542,087	1,584,563	33,755,736
<b>8 Gross Insurance Profits</b>	<b>31,523,500</b>	<b>7,718,940</b>	<b>(12,401,825)</b>	<b>16,113,643</b>	<b>9,968,878</b>	<b>11,733,140</b>	<b>10,153,175</b>	<b>41,851,256</b>	<b>12,903,022</b>	<b>6,183,438</b>	<b>6,357,827</b>	<b>142,104,996</b>
9 Net Investment & Other Income	15,767,776	31,075,687	23,049,012	3,708,286	1,537,794	2,583,842	15,130,501	9,847,846	3,218,764	1,315,782	1,218,051	108,453,339
10 Fixed Expenses and Overheads	(12,655,276)	(11,240,711)	(8,480,818)	(9,640,558)	(5,029,811)	(7,450,518)	(36,081,088)	(36,591,048)	(8,906,333)	(3,996,712)	(4,077,998)	(144,150,870)
11 Income tax	(1,830,053)	(1,306,180)	(3,548,305)	(1,586,142)	(558,483)	(432,185)	(3,051,959)	(3,190,317)	(1,374,284)	(466,176)	(349,406)	(17,693,489)
<b>12 Net Income After Tax</b>	<b>32,805,946</b>	<b>26,247,736</b>	<b>(1,381,936)</b>	<b>8,595,230</b>	<b>5,918,378</b>	<b>6,434,279</b>	<b>(13,849,371)</b>	<b>11,917,737</b>	<b>5,841,169</b>	<b>3,036,333</b>	<b>3,148,475</b>	<b>88,713,975</b>

*Table made by CAS based on the Ministry of Economy and Trade data (2010)*