

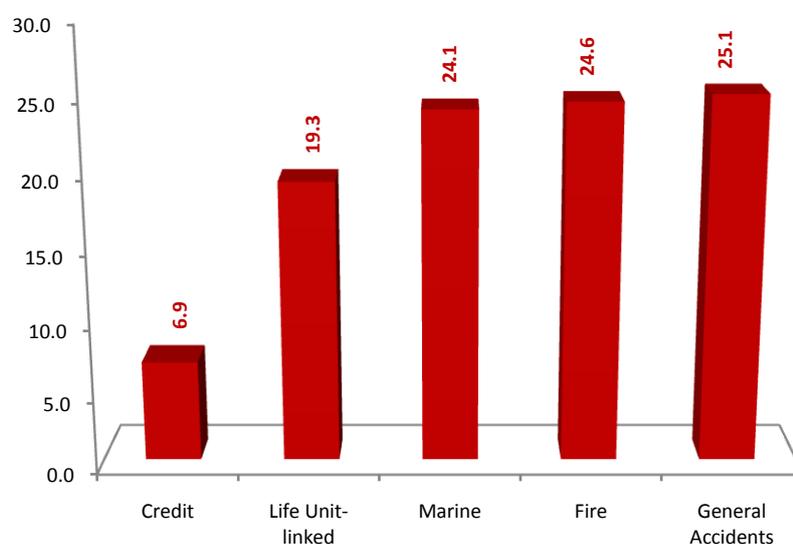
## 14. INSURANCE AND REINSURANCE

*The Ministry of Economy and Trade provide CAS with insurance figures. Insurance deals with insurance companies, with the sector consolidated balance sheet and profit and loss accounts, with the consolidated income statement, with charges since 2001 and with taxation on insurance by branch.*

### Licensed insurance branches by company

In 2007, there are 54 insurance companies in Lebanon having 187 licensed insurance branches.

**Graph 14.1 – Percentage of licensed insurance branches by companies in 2007**



*Graph made by CAS based on the Ministry of Economy and Trade data (2007)*

### Insurance sector consolidated progress report (2001-2007)

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

**Table 14.1 – Insurance consolidated progress report 2001-2007**

Item in USD	2001	2007	Progress 2007/2001
Total written premiums	409,420,000	776,255,000	86.9%
Total claim paid	226,265,500	320,136,000	41.5%
Total ceded premiums	113,266,000	145,744,000	28.7%
Total net profits	19,602,000	47,220,000	140.9%
<b>Total assets</b>	<b>795,534,000</b>	<b>1,901,581,000</b>	<b>13.9%</b>
Total technical reserves	309,014,000	1,153,369,000	273.2%
Total owners' equity	227,774,000	448,742,000	97.0%
Total capitals equity	158,100,000	253,739,000	60.5%

*Table made by CAS based on the Ministry of Economy and Trade data (2007)*

## Insurance sector consolidated balance sheet

Insurance sector balance sheet grew of 20.1% between 2006 and 2007 to reach 1,901,580,667 USD in 2007.

**Table 14.2 – Insurance consolidated progress report 2001-2007**

Assets in USD	2006	2007	% of increase	Liabilities in USD	2006	2007	% of increase
Unpaid capital	0	2,487,562	100.0%	Shareholders' equity	364,659,022	448,741,846	23.1%
Intangible assets	2,059,691	1,395,283	-32.3%	Low priority debts	6,704,376	2,350,652	-64.9%
Investments	911,442,865	1,134,097,881	24.4%	Life technical reserves (on gross basis)	418,914,011	499,176,793	19.2%
Unit-linked contracts investments	230,089,033	309,857,524	34.7%	Non-life technical reserves (on gross basis)	315,420,458	344,977,889	9.4%
Reinsurance share in technical reserves (Life)	67,947,135	68,101,724	0.2%	Unit-linked technical reserve	239,424,557	309,214,102	29.1%
Reinsurance share in technical reserves (Non-Life)	79,591,851	79,105,158	-0.6%	Provision for risks and charges	19,909,085	22,507,667	13.1%
Receivable under direct business	126,564,017	132,038,094	4.3%	Debt for funds held under reinsurance treaties	12,004,447	14,064,950	17.2%
Receivable under reinsurance contracts	24,303,615	26,507,396	9.1%	Liabilities under direct and indirect business	9,967,469	12,944,785	29.9%
Other assets	33,008,676	34,747,964	5.3%	Liabilities under reinsurance contracts	46,164,824	51,420,277	11.4%
Other receivables	72,783,364	68,770,673	-5.5%	Debts	41,635,187	48,274,144	15.9%
Adjustment items	35,563,214	44,471,408	25.0%	Other liabilities	110,405,040	137,080,226	24.2%
				Adjustment items	8,784,762	10,827,800	23.3%
<b>Total assets</b>	<b>1,583,737,798</b>	<b>1,901,580,667</b>	<b>20.1%</b>	<b>Total liabilities</b>	<b>1,583,737,798</b>	<b>1,901,580,667</b>	<b>20.1%</b>

*Table made by CAS based on the Ministry of Economy and Trade data (2007)*

## Insurance sector consolidated and condensed profit and loss

The consolidated and condensed profit and loss the insurance sector deals with life, unit-linked, fire, general accidents and others. As for general accidents, they consist of transport, motor compulsory, motor non-compulsory, health, accidents and miscellaneous.

**Table 14.3 – Insurance consolidated progress report in 2007**

Item	Life	Unit-Linked	Fire	General Accidents	Others	Total
Gross premiums	180,480,446	92,444,871	50,150,493	434,447,494	18,731,418	776,254,722
Ceded premiums	-31,343,337	-1,688,687	-32,931,345	-71,054,928	-8,725,969	-145,744,266
Claims paid	-38,700,317	-21,123,401	-22,025,549	-233,913,494	-4,373,021	-320,135,782
Reinsurance benefit paid	13,303,905	10,000	20,437,273	36,812,148	1,546,581	72,109,907
Change in technical reserves	-80,496,158	-70,323,252	-329,611	-35,050,000	-342,874	-186,541,895
Acquisition cost	-18,293,683	-12,647,208	-8,494,752	-70,142,550	-2,659,090	-112,237,283
Re-insurance commission income	7,330,479	104,076	7,150,975	10,973,027	1,515,715	27,074,272
Gross insurance profit	32,281,335	-13,223,600	13,957,484	72,071,697	5,692,760	110,779,676
Net investment income	23,227,327	19,199,477	2,594,894	24,080,948	1,219,217	70,321,863
Fixed expenses and overheads	-16,478,846	-5,967,017	-9,455,836	-86,677,567	-4,623,676	132,202,943
Income tax	-2,720,084	-1,256,882	-976,503	-5,464,633	-259,839	-10,677,941
Net income after tax	36,309,731	-1,248,022	6,120,039	4,010,448	2,028,462	47,220,658

*Table made by CAS based on the Ministry of Economy and Trade data (2007)*

## Consolidated income statement for the insurance sector

The consolidated income statement for the insurance sector deals with life, unit-linked, fire, general accidents and credit. As for general accidents, they consist of transport, motor compulsory, motor non-compulsory, health, accidents, civil liability, engineering and miscellaneous.

**Table 14.4 – Consolidated income statement for the insurance sector on 31/12/2007 in USD**

Item	Life	Unit-Linked	Fire	General Accidents	Credit	Total
Premiums and similar revenues	171,821,624	92,444,871	47,530,368	427,030,228	1,554,639	740,381,730
Net investment income (Life and Non-Life)	22,747,326	12,375,144	2,256,028	21,414,956	154,337	58,947,791
Net investment income (Unit-linked) - Unrealized gain/losses	0	6,824,333	0	0	0	6,824,333
Claims expenses/ benefits	-41,330,289	-21,680,023	-11,317,203	-251,312,049	395,447	-325,244,117
Change in technical reserves (on gross basis)	-69,784,140	-69,232,924	-186,480	-3,285,826	0	-142,489,371
Policyholders' dividend	-95,824	-569,175	0	0	0	-664,999
Net reinsurance income	-10,036,353	-1,539,142	-13,574,449	-23,147,764	-668,575	-48,966,284
General insurance expense	-34,772,530	-18,614,225	-17,950,588	-163,131,962	-970,921	-235,440,226
Net Income Life, Non-Life, and Unit-linked	38,549,815	8,860	6,757,676	7,567,579	464,927	53,348,857
Income tax	2,720,084	1,256,882	976,503	5,701,554	22,918	10,677,940
Net income after tax	36,309,731	-1,248,022	6,120,039	5,517,813	521,097	47,220,658

*Table made by CAS based on the Ministry of Economy and Trade data (2007)*

## Changes

Changes between 2001 and 2007 display positive values except for the number of enterprises which decreased of 11.5% between to reach 54 in 2001.

**Table 14.5 – Changes since 2001**

Item	2001	2007	Change %
Number of active companies	61	54	-11.5
Gross written premiums (USD)	409,420,000	776,255,000	89.6
Average company premiums (USD)	6,712,000	14,375,000	114.2
Claims paid (USD)	226,265,000	320,136,000	41.5
Average company claims (USD)	3,709,000	5,928,000	59.8
Total assets (USD)	795,534,000	1,901,581,000	139.0
Average company assets (USD)	13,042,000	35,214,000	170.0
Technical reserves (USD)	309,014,000	1,153,369,000	273.2
Average company technical reserves (USD)	5,066,000	21,359,000	321.6

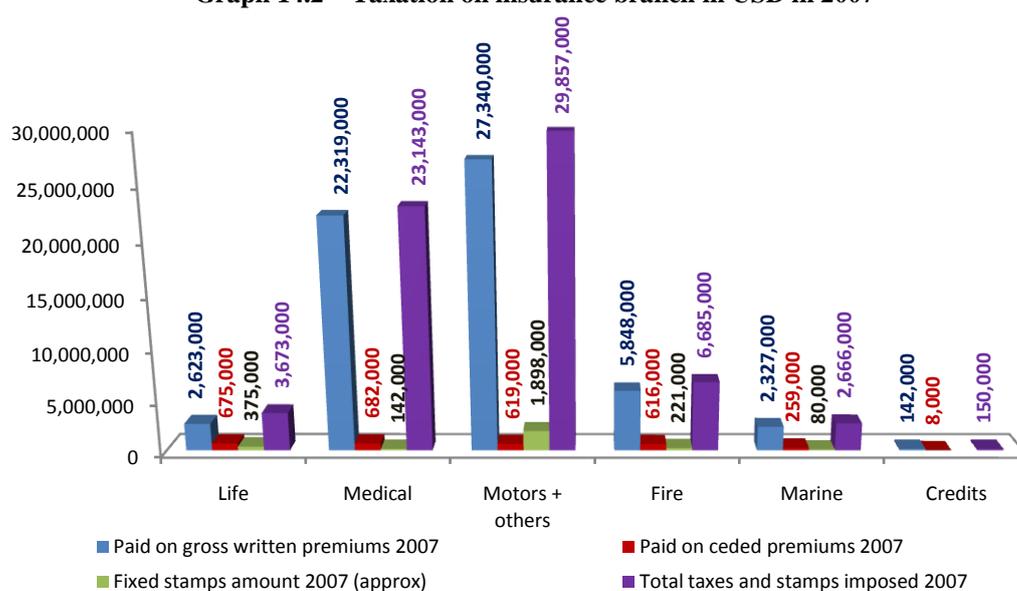
*Table made by the Ministry of Economy and Trade data (2007)*

## Taxation on insurance by branch

Taxation is based on gross written premiums, on ceded premiums and on fixed stamps. This taxation is applied on four branches: life (branch 1), fire (branch 2), marine (branch 3), medical, motor and other accidents (branch 4) and credits (branch 5).

Total taxes paid on gross written premiums in 2007 were equal to 60,599,000 USD. Total taxes paid on ceded premiums were equal to 2,859,000 USD in 2007. Fixed stamps amount was 2,716,000 USD in 2007. Finally, total taxes and stamps imposed in 2007 were equal to 66,174,000 USD.

**Graph 14.2 – Taxation on insurance branch in USD in 2007**



*Graph made by CAS based on the Ministry of Economy and Trade data (2007)*