# 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 |
| **Total assets** | **795,534,000** |  **3,079,995,514**  | 287.2 |
| 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-lonked 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  | **1,069,904,455**  |
| Net investment income (Life and Non-Life) | 58,115,896  | 2,766,301  | 1,417,121  | 28,898,232  | 161,835  | **91,359,385**  |
| Net investment income / Expenses (Unit-linked) | 12,173,476  | 0  | 0  | 0  | 0  | **12,173,476**  |
| Claims expenses/ benefits | (78,138,458) | (21,232,570) | (26,106,951) | (411,160,996) | (1,245,758) | **(537,884,733)** |
| Change in technical reserves | (168,997,850) | 56,932  | (223,097) | (274,793) | (259,274) | **(169,698,082)** |
| Policyholders' dividend | (2,426,119) | 0  | 0  | 0  |   | **(2,426,119)** |
| Net reinsurance income | (15,568,335) | (13,973,070) | 10,551,768  | (18,951,985) | (309,457) | **(38,251,079)** |
| General insurance expense | (68,629,440) | (21,386,932) | (10,647,569) | (217,405,276) | (2,100,429) | **(320,169,646)** |
| Changes in reserves and adjustments items | (251,661) | (429,491) | (35,751) | (5,229,114) | (732) | **(5,946,749)** |
| Other non-insurance revenues / expense | 714,068  | 244,296  | (40,296) | 1,075,151  | 161,121  | **2,154,340**  |
| Net finance costs | 1,315,151  | 697,689  | 160,969  | 3,018,444  | 0  | **5,192,253**  |
| Net Income Life, Non-Life, and Unit-linked | 64,356,285  | 10,181,371  | 6,476,861  | 24,577,089  | 815,859  | **106,407,465**  |

*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)**

|  |  |  |  |
| --- | --- | --- | --- |
| **USD** | **Change 2010/2009. %** | **USD** | **Change 2010/2009. %** |
| **Consolidated assets** | **2009** | **2010** | **Consolidated liabilities** | **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 |
| **Total assets** |  **2,677,059,561**  |  **3,079,995,514**  | **15.1%** | **Total liabilities** | **2,677,059,559**  | **3,079,995,471**  | **15.1%** |

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

*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  |
|  **8 Gross Insurance Profits**  | **31,523,500**  | **7,718,940**  | **(12,401,825)** | **16,113,643**  | **9,968,878**  | **11,733,140**  | **10,153,175**  | **41,851,256**  | **12,903,022**  | **6,183,438**  | **6,357,827**  | **142,104,996**  |
|  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) |
|  **12 Net Income After Tax**  | **32,805,946**  | **26,247,736**  | **(1,381,936)** | **8,595,230**  | **5,918,378**  | **6,434,279**  | **(13,849,371)** | **11,917,737**  | **5,841,169**  | **3,036,333**  | **3,148,475**  | **88,713,975**  |

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