

2nd FAIR Reinsurance Forum  
Beirut 18-19 September 2018

Welcome to our beautiful city of Beirut. Welcome to Lebanon, welcome to the more than 300 distinguished guests from 39 countries attending this forum.

In my capacity of President of the Insurance Association ACAL it is my very great privilege to welcome you and I would like to thank the organizers and in particular our Reinsurance colleagues at Arab Re to have designated Beirut to hold this conference and organize it.

The Lebanese Insurance Market

I have been asked to introduce the Lebanese insurance market. As you all already know our Phoenician ancestors have invented the cuneiform letters which is the basic way of communication between nations. This was mainly a necessity since it was important for our traders to communicate with their clients and suppliers worldwide

This is not our only invention and among others we consider that we have started the concept of insurance.

How and why

Please look at this ex voto of a small ship with two mariners. Before leaving their ports in their frail embarkation, Phoenician mariners were throwing in the sea this offering to the god of the seas Yam to protect them during their journey

Was it not the first form of insurance? With the god Yam being their insurer

Going back to our modern time insurance started with some foreign agencies established in Lebanon in the beginning of the 20<sup>th</sup> century

And the first National Insurance company Al Ittihad El Watani was established in 1947

Along the years a great number of licenses were granted as we are today 49 insurance companies

Since then insurance thrived in Lebanon, but not only and we Lebanese insurers are proud to have introduced Insurance in most of the Mena region where we are still present there with our companies, but also and mainly through our managements

Also, we presided the General Arab Insurance Federation which regroups 360 insurance companies from 20 Arab Countries in 2016-2018

### Where do we stand today

We are: 49 insurance companies. Among them worldwide insurers: AIG, Metlife, Cigna, AXA, Allianz

With total capital and free assets of \$1,1 billion

Our premium income amounts to \$1,6 billion

Which makes of our market the most solvent in the world

The average premium per person is \$400

We develop at a pace of 4 to 7% yearly

We invest in the economy \$4 billion mainly in treasury bonds and banks. In the absence of a strong stock exchange, we are with the banks the second pillar of the financial sector

As such we are the largest clients to banks

We are one of the largest tax payers with about \$250 million

We employ 4000 persons. There is no unemployment in our industry

## Universities

From where do we hire all this human resources?

Most of our 11 universities provide courses in insurance and actuarial science. It is important to mention that:

- One university delivers the renowned Chartered Insurance Institute CII course
- Another one provides insurance university curricula up to the master degree

Moreover our insurance association delivers in-house training courses

## Lebanon at the forefront of innovations

Health insurance was developed as a necessity during our civil war between 1975 to 1990

It has now become a full-fledged line of business with third party administrator, and lately with the introduction of the Guaranteed Renewal G.R, which means that we insure our clients during their whole life time without introducing any new conditions or exclusions or increase in premium. We are the first in the region to provide such compulsory protection to the insured.

Other innovations are also the compulsory of expat insurance, obligation for industries to insure

It is important to mention that compulsory insurances are the best way to create awareness with the public

Of course, we have a compulsory motor insurance institute presided by one of our colleagues Mr. Fateh Bekdache

## The regulatory Authority

Our Insurance Control Commission is linked to the ministry of Economy and Commerce

Although our law goes back to 1968 it has been updated from time to time and our Ministry of Economy along the years has issued several amendments to the law.

The ICC provides on their website all the insurance laws and produce once a year very detailed information relating to our market

The ICC is making sure that the consumer is fully protected. It has been extremely quick to take actions against companies which could fail in future

It has in place 2 arbitration courts which are meant for motor and Health claims under \$50000. These courts are completely free for the claimants and quick

But the ICC is also protecting the insurance sector. It is now in the process of introducing corporate governance as well a Risk Based capital which will help insurance companies to merge

#### Our insurance association

Was established in 1971, it is run by a board of 12 members

With a number of technical committees, it looks after the affairs of the insurance industry

Provides quarterly figures received from the insurance companies

It runs a number of insurance pools

It operates a motor risks center which can be consulted for claims over \$1000

It works on market awareness

It is in very close contact with the regulator

We invite you to visit ACAL website where you will find all the laws relating to insurance: [www.acal.org.lb](http://www.acal.org.lb)

## Reinsurance

Coming back to the theme of this conference

We have 4 international reinsurers operating from Lebanon: Arab re, the French company CCR RE, GenRE, Barents Re

But also 9 international reinsurance brokers covering the whole region. Your sponsor Chedid Re being one of them. But also Willys and Marsh

## What about the future

Of course the great insurance family includes direct brokers, direct agents, Third Party Administrators...

Our insurance market has traditionally been profitable

Lebanon has always been known as a bridge between the east and the west

It is accepted that 20% of large African corporations and 40% of SME are held by Lebanese

The Iranian market will also be a great opportunity when the sanctions are lifted

We should also take into consideration the reconstruction of Arab countries in particular our Syrian neighbors estimated at 2 trillion dollars

Within few years we will have an Oil & Gas industry which insurance we intend to share with the Fair Oil Pool

We need to develop cyber insurance as well as electronic insurance

We strongly encourage worldwide insurers to enter the Lebanese market with its potential by taking a share in one of the Lebanese insurance companies. It will be the safest and cheapest way. We also encourage you, insurance companies, to open your capital to our Lebanese insurance companies.

Finally, I am pleased to inform you that following the invitation of your secretary general Dr. Adel Mounir, our association is joining FAIR. Lebanon is in Asia and it is never too late to join FAIR.

Thank you

Max Zaccar  
President of Insurance Association in Lebanon  
ACAL  
18.9. 2018