



Egyptian Insurance Market

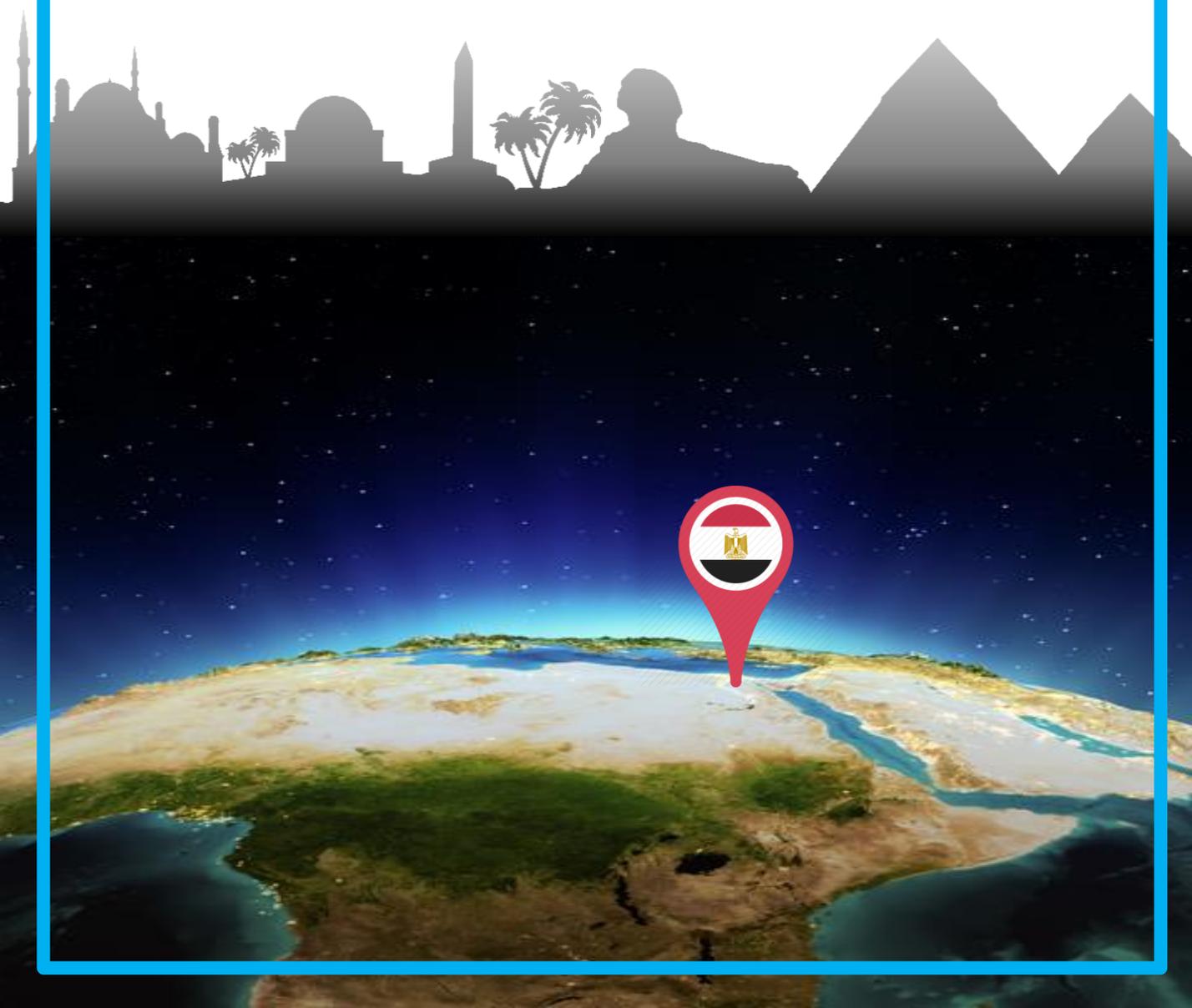




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Chairman Statement

The Egyptian insurance industry witnessed remarkable growth during the last 4 years a remarkable growth as the annual average growth rate was 17 % comparing with 32% growth rate during the year 2017. This is mainly due to the efforts of the management and staff of insurance players for bringing about renewed focus and commitment.

Insurance gross premium volume amounted to 24 L.E Billion in 2016/2017, representing an increase of 32 % against LE 18.2 billion for the year 2015/2016.

The Financial Regulatory Authority (FRA) confirms its ongoing commitment to provide strategic guidance and introduce regulatory developments that would add value to the market. Upholding good corporate governance

Principles are also one of our key initiatives.

In the meantime, the Insurance federation of Egypt (IFE) has worked ceaselessly in the interest of its members and the insurance sectors have actively worked on clear agendas in the collective interest. We have engaged with FRA and stakeholders where necessary making our position clear and being sure to get this across effectively.

The Insurance federation of Egypt looks forward to embracing the future however this can only be achieved by the serious commitment of its members, with the support and timely feedback of IFE members on all fronts to face the fast-paced evolvement of the Insurance Industry.

Alaa El-Zoheiry

Chairman

Insurance Federation of Egypt



The Development of the Regulatory System for Insurance in Egypt

- Insurance authorities in Egypt have always been controlled by precise legal regulations. Law no. 92/1939, which was issued after the foreign concessions were canceled, is considered the first law regulating insurance. This law was followed by Law no. 156/1950 and then Law no. 23/1957.
- When a unity between Egypt and Syria was created, Law no. 195/1959 was issued, repealing and replacing Law no. 156/1950. This law was regulating the supervision and control over insurance activities in the United Arab Republic (Egypt-Syria). In 1966, the Insurance Authority and the Savings Institution were merged into The Egyptian General Insurance Institution.
- In 1975, Law no. 119/1975 was issued, and The Egyptian General Insurance Institution was wound up and replaced by The Egyptian General Insurance Authority which was established by virtue of Presidential Decree no. 221/1976. The Authority was assigned to exercise supervision and control over insurance in Egypt.
- In the mid of the Nineties, and in accordance with requirements of economic reform policies and market liberalization, Law No. 10 of 1981 was amended to allow 49% of foreign participation, which increased the number of insurance companies to twelve: 4 public sectors, 6 private and two free zones. Then, it was amended per Law No. 156 of 1998 to allow 100% foreign participation. The number of companies working in Egypt became seventeen: 4 public sector companies and 13 foreign capital companies.
- Law No.118/2008 that enforced Insurance Companies that merge between both insurance activities , life and non-life insurance; to detach them within 2 years from the date of issuing the law and this period can be extended but according to the EFSA`s (Egyptian Financial Supervisory Authority) approval, was issued , consequently, the No. of Public Enterprise Companies happened to be 2 , one for life insurance and the other is for non- life insurance, meanwhile the no. of the other insurance companies registered in

The Development of the Regulatory System for Insurance in Egypt



the EFSA turned to be 28 , so that the total no of companies is to be 32 companies ; some are with Egyptian Capital, some are with Foreign and some with Common Capital ; But two Companies has problems with the legal rules.

- In 2009, Egypt Financial Supervisory Authority (EFSA) was established by virtue of Law no. 10/2009 to replace the authorities controlling capital market, insurance, mortgage finance, financial leasing, factoring, securitization and all other non-banking activities.
- Law 54 for 1975 promulgating the Private Insurance Funds and its executive regulations.
- Law no 72 of the year 2007 promulgating the law on compulsory insurance against the civil liability arising from high speed transportation motor vehicle and its executive regulations.
- The legal framework consists of other several legislatives related to the Insurance market, that includes:
 - Company Law No 159 for 1981 and its executive regulations.
 - Anti -money laundering Law.
 - Taxes Law.



Recent Regulatory outlines work ahead in insurance market

Egypt's Financial Regulatory Authority (FRA) has finalized its comprehensive strategy for the insurance market, in order to increase opportunities, generate business and growth, as well as regulate the market.

The Authority is adopting a growth strategy including undertaking comprehensive legislative reform, expanding the scope of insurance coverage, such as to areas like sports and terrorism.

Policyholder protection fund

A Fund for the Protection of Policyholders will be set up. A proposal on this will be submitted to the Council of Ministers.

Services to insurers to be more efficient

FRA is currently working on developing deadlines for the services it renders to the insurance market, such as product approval, complaint handling and license issuance. This is to expedite the services rendered by the Authority.

the Authority is currently working to set up an Internet platform to receive reports and notifications electronically from insurance companies. The data submitted can form the basis for a market information bank.

FRA is working with the Ministry of Justice on setting up special courts and arbitration centers to handle insurance disputes.

Classes of mandatory insurance to be expanded

FRA's strategy involves expansion of mandatory insurance, especially liability insurance, to those who need licenses to practice a profession, such as doctors, engineers and lawyers. He pointed out that the Authority has already applied this requirement to accountants, auditors and experts in the sectors under its control, including insurance, the money market and mortgage finance. For example, the FRA requires insurance brokers, whether natural or legal persons, to have a professional liability insurance policy when they seek to obtain or renew a license.

The Cabinet has finalized a draft law on compulsory insurance for Egyptian workers abroad. The coverage to be provided by the proposed law includes disability, total or partial death and the repatriation of the worker's body in the event of death.

Recent Regulatory outlines work ahead in insurance market



There is a proposal for coordination among the FRA and the Ministries of Education and Higher Education about providing insurance coverage for students from the time they enter elementary school to when they graduate from university. There are about 24 million students in Egypt.

Sports and terrorism

A committee has been formed by representatives of the IFE to recommend insurance coverage for sports activities. Terms will differ depending on the nature of the sports, or sports facilities, to be insured.

The requirement for insurance coverage will be coordinated with the Ministry of Youth and Sports, and will be activated according to the sports law. Committee to study terrorism insurance that has representatives from the IFE.

Various proposals will be drawn up and the Ministries of Defense and Interior will be consulted.

The required minimum capital of insurance companies will be set at EGP120 million (US\$6.8 million), double the current required minimum of EGP60 million.

The minimum capital of insurance broking firms will be increased by 50% to EGP3 million, compared to EGP2 million in the current law.





Economic development in Egypt



Egypt's economic revival is being done under strong and committed leadership. The current phase presents a historic opportunity for the country, setting the stage for a new cycle of comprehensive growth and socio-political stability. Reasonable macroeconomic policies and structural reforms will create firm foundations for higher growth, higher investment, rising FDI inflows, growing job opportunities and greater productivity. These policies and reforms will be a step to put Egypt on a path leading ultimately to a material improvement in social conditions and to the transformation of its economic landscape.

Egypt economic data

Egypt's GDP Per Capita reached 2,505.12 USD in Jun 2017, compared with 3,699.01 USD in Jun 2016. Egypt GDP Per Capita data is updated yearly, available from Jun 1982 to Jun 2017, with an average number of 1,472.47 USD. The data reached an all-time high of 3,784.50 USD in Jun 2015 and a record low of 750.19 in Jun 1982.

CEIC converts annual GDP per Capita into USD. The Ministry of Planning provides GDP per Capita in local currency.

The Central Bank of Egypt average market exchange rate is used for currency conversions.

GDP per Capita prior to 1988 is calculated from Nominal GDP based on SNA 2008 and Population sourced from Central Agency for Public Mobilization and Statistics. GDP per Capita is in annual frequency, ending in June of each year.

In the latest reports, Egypt's GDP expanded 5.18 % in Sep 2017. Egypt's Nominal GDP reached 64.77 USD bn. in Dec 2017.

Its GDP deflator (implicit price deflator) increased 33.14 % in Sep 2017.

Gross Savings Rate of Egypt was measured at 6.68 % in Jun 2017.



Egyptian Insurance Market Structure



Insurance companies

The total number of companies engaged in insurance business reached 37 companies, including 14 life insurance companies and 23 Non Life insurance companies. Takaful insurance companies Totaled 10 companies representing 27% of the total market.

Ins. Companies conducting (Non-Life)

	Insurance Company	Sector
1	Misr Insurance Company.	Public Sector.
2	Suez Canal Insurance Company.	
3	Mohandes Insurance Company.	
4	Delta Insurance Company.	
5	AIG Egypt Insurance Company.	
6	Arab Misr Insurance Group (GIG).	
7	Chubb Insurance Company – Egypt	
8	Royal Insurance Company.	
9	Allianz Insurance Company – Egypt.	
10	Egyptian Saudi Insurance Home	
11	BUPA Egypt Insurance Company.	
12	Egyptian Takaful Insurance Company	Private Sector.
13	Wethaq for Takaful Insurance Company	
14	Arope Insurance Company (Non-Life)	
15	ISKAN Insurance Company.	
16	Tokyo Marine Insurance Company.	
17	Orient Egypt	
18	AXA Egypt	
19	United Insurance Company (Non-Life)	
20	Egyptian Export Credit Insurance Company	
21	Med Gulf Ins. Co.	
22	Cooperative Insurance Society.	
Total Non Life Ins. Companies 22 CO.		

Reinsurance company : Africa Reinsurance Takaful.



Egyptian Insurance Market Structure

Ins. Companies conducting Life

Insurance Company		
1	Misr Life Insurance Company	Public Sector
2	MetLife Egypt Co.	
3	AXA Egypt – Life	
4	Allianz Life Assurance Company – Egypt.	
5	Chubb life Insurance Company- Egypt.	
6	QNB Life Insurance Company.	
7	Egyptian for Takaful Insurance Company	
8	Arope Insurance Company (Life).	Private Sector
9	Libano – Suisse Takaful Company.	
10	Tokio Marine Nile Family Takaful.	
11	Suez Canal life Insurance Company.	
12	Delta life Insurance Company.	
13	Mohandas life Insurance Company.	
14	Misr Emirates Takaful Insurance Company.	
Total Life Ins. Companies 14 CO.		

Licensing of professionals in the Egyptian Insurance Market

Professionals in the Egyptian Insurance Market	2015		2016		2017	
	individual	corporate	individual	corporate	individual	corporate
Brokers	7887	62	8431	59	8632	68
Actuaries	39	0	39	0	41	0
Ins .Consultants	322	12	328	12	335	12
Surveyors and Loss Adjusters	393	55	379	59	419	70

Traditionally, the licensing period for all insurance brokers is every three years.

Egyptian Insurance Market Structure



The Insurance Federation of Egypt (IFE)

Law No 118 of 2008 requires all regulated life, non-life and reinsurance companies are members of the insurance association, the Insurance Federation of Egypt (IFE). The general assembly of the IFE comprises over 30 members, including the chairman of EFSA. The IFE's published objectives are to: raise the level of the insurance industry in Egypt.

Private Insurance Funds

It is a system applied by an authority, company, syndicate or association comprising of individuals practicing the same profession, involved in the same career or forming social links.

The fund grants members insurance rights in the form of financial benefits to be determined by and between them. The number of Private Insurance Funds in the Market (646) .

Government Insurance Funds

These funds are assigned to cover the risks that unusually unacceptable by insurance companies or the risks believed to be solely covered by the Government.

The number of Government Insurance Funds in the Market (4) .

Insurance Pools

The number of Insurance Pools in the Market (4)

- Personal accident pool for passengers travelling on the railway/metro or roads.
- Decennial risks pool
- Nuclear risks pool.
- Transport of cotton and cargo by rail Pool.



Egyptian Insurance Market Structure

International Relations

Egypt is a member of regional and international insurance associations and organizations, such as:

- General Arab Insurance Federation (GAIF)
- Federation of Afro-Asian Insurers (FAIR)
- International Association of Insurance Supervisors (IAIS)
- Association of Insurance Supervisors in Developing Countries (AISDC)
- African Insurance Organization (AIO)
- International Organization for Pension Supervisors (IOPS)
- D8 countries
- COMESA

Insurance Market Statistics



Non Life Insurance Direct Premiums in the Egyptian insurance Market

In Millions L.E.

Class of business	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
<u>Marine and Aviation Branches</u>					
Marine Cargo	306	334	321	323	462
Marine Hull	171	182	186	192	219
Aviation	194	146	153	164	370
Inland transport	104	124	122	123	156
<u>Branches other than Marine</u>					
Fire	1,048	1,216	1,354	1,448	1,933
Auto Compulsory Ins.	697	783	821	912	1,029
AutoComprehensive Ins.	1,425	1,572	1,796	2,042	2,696
<u>Accident and Other Branches</u>					
Miscellaneous Accidents (including Theft and Burglary)	573	727	745	890	1,263
Engineering	816	736	775	871	1,033
Oil	884	791	664	656	1,094
Medical	735	934	1,182	1,388	2,073
Total	6,954	7,547	8,118	9,009	12,329



Insurance Market Statistics

Non Life Insurance Direct Claims in the Egyptian insurance Market

In Millions L.E.

Class of business	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
<u>Marine and Aviation Branches</u>					
Marine Cargo	35	100	98	101	145
Marine Hull	34	119	69	66	86
Aviation	56	94	93	320	318
Inland transport	26	19	25	21	21
<u>Branches other than Marine</u>					
Fire	506	376	749	843	901
Auto Compulsory Ins.	726	603	558	486	539
Auto Comprehensive Ins.	930	920	1,098	1,166	1,360
<u>Accident and Other Branches</u>					
Miscellaneous Accidents (including theft and Burglary)	125	127	181	208	212
Engineering	140	141	233	113	145
Oil	133	44	143	577	36
Medical	641	666	780	945	1,327
Total	3,353	3,210	4,026	4,848	5,090

Insurance Market Statistics



Non Life Reinsurance Premiums

In Millions L.E.

Branches	Outward					Inward				
	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2012 /2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017
Fire	876	965	984	976	1,326	73	137	176	219	426
Marine	169	187	158	141	203	28	38	47	43	62
Inland Transport	24	34	35	36	41	-	-	10	-	-
Hull	138	146	133	100	100	8	13	23	23	44
Aviation	181	142	143	146	354	72	48	49	37	66
Auto Comprehensive Ins.	80	85	138	189	183	3	4	4	12	24
Auto Compulsory Ins.	200	250	229	216	214	-	-	-	-	-
Engineering	700	598	643	738	882	38	47	72	68	123
Oil	799	701	593	589	970	249	260	266	306	426
Accident	216	244	278	354	498	13	20	27	52	164
Medical	209	464	496	569	874	2	664	7	30	41
Total	3,592	3,816	3,830	4,054	5,645	486	1,231	681	790	1,376



Insurance Market Statistics

Non Life Reinsurance paid up Claims

In Millions L.E.

Branches	Outward					Inward				
	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017
Fire	467	326	664	691	871	48	64	73	69	221
Marine	31	70	58	54	98	22	19	25	21	33
Inland Transport	8	5	6	6	6	0	0	0	0	0
Hull	29	106	61	61	58	9	11	11	18	24
Aviation	70	92	85	306	304	58	41	35	19	61
Auto Comprehensive Ins.	62	59	71	122	128	1	3	1	8	20
Auto Compulsory Ins.	62	69	133	100	119	0	0	0	0	0
Engineering	117	170	183	86	131	22	14	31	45	74
Oil	123	45	128	556	23	37	113	94	206	156
Accident	46	32	55	81	83	7	13	10	15	92
Medical	123	350	327	364	525	4	687	0	16	30
Total	1,138	1,324	1,772	2,428	2,346	208	278	280	416	711

Insurance Market Statistics



Life Insurance

In Millions L.E.

			2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017
In Force Business	Individual	No. of Policies	1,134	1,205	1,282	1,355	1,480
		Assurance SUMS	66,549	75,074	87,141	98,878	128,183
	Group	Assurance SUMS	204,246	235,746	296,410	270,453	346,452
	Total Ins. SUMS		270,795	310,820	383,551	369,332	474,635
Annual commercial Premiums of In Force Business	Individual		3,264	3,789	4,370	4,991	6,295
	Group		1,972	2,402	2,343	2,576	3,006
	Total Premiums		5,235	6,190	6,714	7,567	9,301
New Business	Individual	No. of Policies	190	182	203	234	276
		Assurance SUMS	16,215	18,917	21,934	24,903	38,447
	Group	Term Life Assurance Sums	92,224	10,189	123,523	109,492	174,027
		Mixed Life Assurance SUMS	2,740	1,937	2,902	3,217	2,857
	Total Ins. SUMS		111,179	31,043	148,359	137,612	215,330
Annual commercial Premiums of New Business	Individual		813	1,018	1,101	1,333	1,774
	Group		707	917	876	893	1,049
	Total Premiums		1,520	1,935	1,977	2,225	2,823



Insurance Market Statistics

Technical Reserves in the Egyptian Insurance Market

In Millions L.E.

	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017
<u>Life Insurance</u>					
Mathematical Reserve	26,949	29,995	32,453	24,569	28,003
Outstanding Claim Reserve	368	365	379	440	529
Total Life Reserves	27,317	30,360	32,832	25,009	28,532
<u>Non Life insurance</u>					
Unearned Premiums Reserve	2,287	2,623	2,901	3,231	4,600
Outstanding Claim Reserve	6,233	6,334	6,349	6,324	7,401
Other Reserves	49	82	77	125	-
Total Non-Life Reserves	8,569	9,039	9,326	9,680	12,001
Total Reserves	17,137	18,077	18,652	19,360	40,533

Insurance Federation of Egypt (IFE) Future Outlook



Mr. Alaa El-Zoheiry, Chairman of the Insurance federation of Egypt (IFE) has outlined 12 goals which he plans to accomplish during his term which spans the next four years.

- Activate its technical committees to create practical program to develop insurance business through new technical and marketing methods, in cooperation with major insurance and reinsurance companies.
- Introduce a code of ethics for insurers and lay down the basic rules for a sound insurance process.
- Coordinate its work with that of the (FRA) and cooperate with various government agencies and ministries, which may affect the insurance sector such as those overseeing the interior, housing, business, investment, internal trade and industry, electricity and welfare.
- Form a Coordination Committee with insurance intermediaries in order to set up cooperation frameworks with intermediaries, identifying their expectations for the sector's development and obstacles hindering the latter's work with insurance companies. The IFE will coordinate with intermediaries to form a strong union that includes intermediaries and brokers.
- Work with FRA to promote compulsory insurance, especially liability insurance. This would be to cover the professional liability of doctors, lawyers, accountants and others, in addition to public liability such as for restaurants, cinemas and theatres.
- IFE will act as the voice of insurance companies in Egypt, in dealing with regulators, ministries, government or media organizations, as well as associations and insurance companies outside Egypt. The IFE members will be provided access to a database, which will have statistical market data and information such as commission rates or losses in a particular class of insurance.
- The role of the IFE General Secretariat will be developed to better serve insurance companies. This includes training employees in the General Secretariat and recruiting cadres to achieve the Federation's vision.



Insurance Federation of Egypt (IFE) Future Outlook

- **IFE will develop cooperation with specialized training institutes, whether local or international, to achieve a system of training in all disciplines of the insurance sector. The task includes organizing educational meetings that do not necessarily involve insurance subjects, but topics related to other business sectors.**
- **Cooperate with regional insurance organizations and federations to exchange experiences, and sign protocols with international insurance organizations which can help develop the Egyptian insurance market.**
- **Develop and update its website, to include data on insurance and global reinsurance markets as well as provide a glossary of insurance and reinsurance terms in the English language to assist insurance workers, and provide information to third parties dealing with the Egyptian insurance market. The website will have important data useful in helping customers make insurance decisions.**
- **Hold an annual global conference called Sharm el Sheikh Rendezvous, which will discuss the developments in the Egyptian insurance market and the opportunities that this market can offer in cooperation with international reinsurance and reinsurance companies, which may contribute to the establishment of a global reinsurance company in the Egyptian market the conference will be concerned with various issues that will develop and increase the volume of insurance premiums in Egypt.**
- **Strengthening its social role and carry out some projects that serve society as well as benefit the insurance sector in the long term. Included in this task is cooperation with the Ministry of Education to support the teaching of insurance so as to develop employment opportunities in the industry.**