



REPUBLIC OF LEBANON
MINISTRY OF ECONOMY & TRADE

Insurance Control Commission

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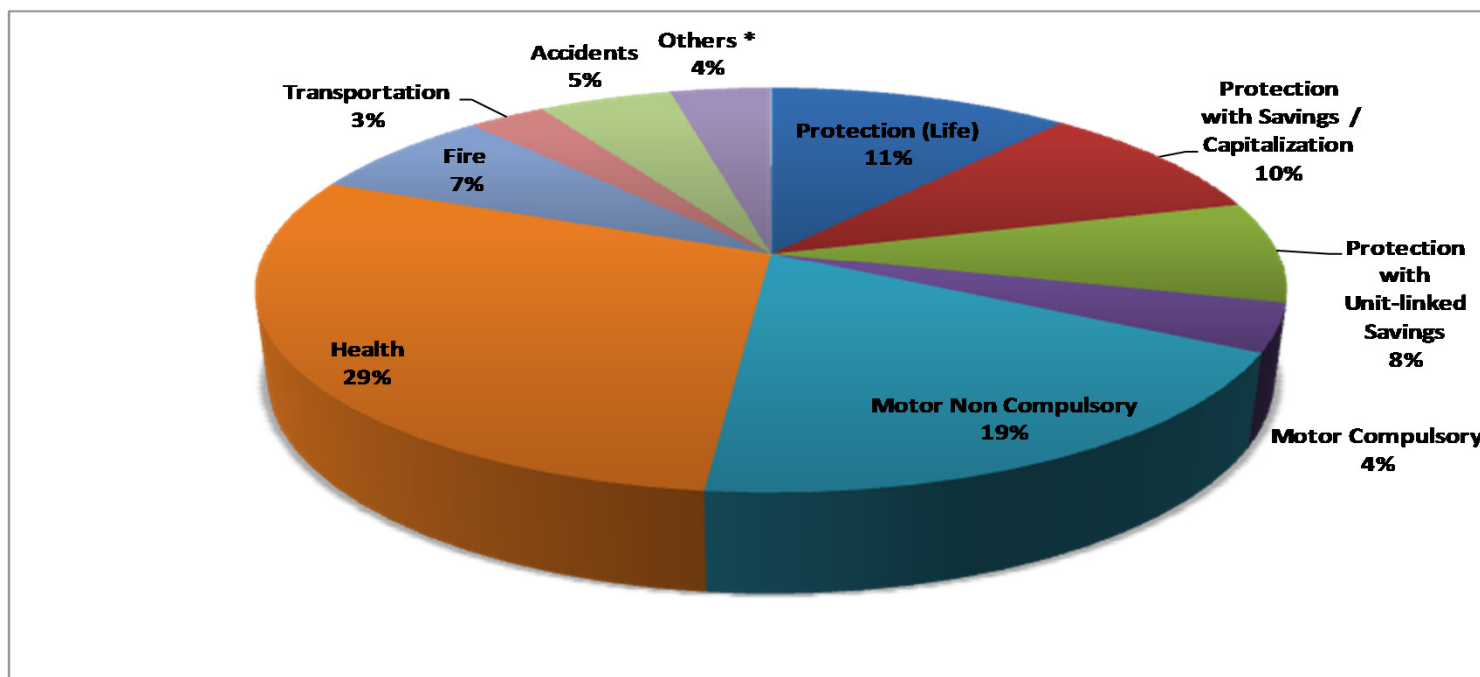
MAIN POINTS

- Sector Highlights
- ICC Mission
- Local Insurance Regulations vs. IFRS
- Challenges in IFRS 4 Implementation
- ICC Perspective
- Role of External Auditors and Actuaries

SECTOR HIGHLIGHTS 2014

- 51 insurance companies
- 6 specialized reinsurance companies
- 49 Lebanese and 2 foreign branches
- Life 5 , Non-life 15, Composite 31
- 1,964 licensed brokers
- 2,221 billion LBP in Insurance Gross Premium.
- 11 companies = Lion's share (around 69% of the market)

Gross Written Premiums 2014



ICC MISSION

1st Mission: Protection of Policyholders

Through company control at:

- Solvency and financial stability,
- Proper management and governance
- Market Conduct

ICC MISSION

2nd Mission: Promote Sector Development

Credible Control Commission = Credible Insurance Sector

- Increased Customer and Investor Confidence
- Increase in Premium volume (local + foreign)

Local Insurance Regulations vs. IFRS

- Articles 22, 23 & 24 – insurance liabilities
- Decree 10109 – assessment of other insurance liabilities
- Circular 1450 – Dues to hospitals, medical labs and garages
- Decision 248 – assessment of doubtful receivables provision

Challenges in IFRS 4 Implementation

- Quality of preparers of financial statements
- BOD members knowledge
- Quality of external auditors
- Lack of sufficient actuarial expertise
- Quality and availability of data

ICC Perspective

- Encourage:
 - Disallowing off-setting
 - Impairment of reinsurance assets
 - Liability adequacy testing
 - Additional disclosure requirements
- Discourage:
 - Unbundling
 - Prohibiting CAT reserve
 - Expected recoveries is prohibited

Role of External Auditors and Actuaries

- Article 18 of the Insurance Law:
 - External auditors inform ICC of their appointment or discharge within one month indicating the reasons.
 - Actuary is required for life insurers only. ICC encourages the use of actuaries in non-life reserving, pricing and business planning.

- Article 19 of the Insurance Law and circular 1018 issued in 2015:
 - Inform ICC at once of any irregularities or infringements committed by the insurance company.
 - Auditors have to review expense apportionment. Use of actuaries is also recommended.
 - Provide ICC with management letters.
 - Provide ICC with a special report annually listing all the irregularities or infringements committed.
 - Reply to ICC requests within a max. period of 15 days.

THANK YOU