



ADIR

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Adonis Insurance and Reinsurance Co. S.A.L. ADIR





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Gaining Ground

Adonis Insurance and Reinsurance Co. (ADIR) recorded several important achievements in 2009, significantly strengthening its ability to implement the strategy for 2010 and succeeding years. The overriding goal was to be among Lebanon's top 10 insurers in terms of market share while retaining our traditional focus on conservative business practices and profitability.

Special attention was paid to our Direct Sales Force, which received additional tools and resources aimed at maximizing their production in all lines of business. Simultaneously, studies were launched for the implementation of a comprehensive Animation Process aimed at securing another key objective, expanded production of Bancassurance products.

In support of these and other goals, ADIR Insurance took steps in 2009 to increase efficiency, in particular by eliminating unnecessary administrative tasks and improving workflow, including those processes that relate to Byblos Bank. Apart from the measures already taken, work was also undertaken to reorganize internal departments and ensure adequate staffing in core functions.

The end results were highly satisfactory. Among local insurance companies, ADIR finished 2009 in ninth place in terms of production; even more impressively, it remained among the top three in return on equity. And in spite of the global financial crisis, Bancassurance production turned in its best performance since its introduction in 2002.

Likewise, the implementation of process enhancement produced several major achievements in 2009, yielding significant efficiency gains for both ADIR and Byblos Bank. Among the most important of these were the inclusion of the insurance request and declaration within Byblos Bank's personal loan application, and the automation of ADIR's issuance process, which is now handled by batch treatment of Excel files extracted from the Bank's information system. Another key improvement was the launch of single premium issuance for motor coverage related to auto loans, with new policies now covering the entire period of the loan and being mailed directly to the client. The same change was also applied to renewals of previously issued policies.

Other successful undertakings in 2009 included a renovation of ADIR's premises, the creation of a mailing unit, reorganization of our claims and sales departments, and reinforcement of our staff.

For 2010, the company aims to further enhance its institutional structure, for instance by improving the decision-making process and by boosting the role of managers in strategic decisions.

On the sales front, ADIR will continue to account for any possible side-effects of global economic slowdown by following conservative principles in the writing of new business and the collection of premiums. At the same time, our team will maintain its efforts to develop its product line and to maximize sales volume.

ADIR is also committed to implementation of a joint Animation Plan with Byblos Bank which is designed to intensify Bancassurance activity, and 2010 will see efforts to take utmost advantage of the call center for the purposes of cross-selling, up-selling, and general communications. We will also continue to increase the effectiveness of workflow with the Bank by refining all pertinent processes and carrying out more informative reporting to ensure better efficiency at both ends.



Statement of
Financial Position

31 DECEMBER 2009

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ASSETS

2009

2008

LBP		2009	2008
	Intangible assets	49,249,319	41,700,265
	Investments		
	Investment in subsidiaries and associates	8,815,901,817	8,740,673,650
	Fixed-income securities and similar investments	25,761,710,275	33,821,478,247
	Equity and similar investments	787,222,530	266,070,737
	Cash and demand deposits	5,156,076,721	5,282,153,015
	Blocked bank deposits with maturity of more than 3 months	25,056,696,236	5,889,689,567
	Bank deposits blocked in favor of Ministry of Economy and trade guarantees	8,939,395,265	8,939,395,265
	Bank deposits blocked in favor of other parties	548,178,105	542,610,512
		75,065,180,949	63,482,070,993
	Unit-linked contracts investments		
	Fixed-income securities and similar investments	23,415,924,999	18,463,275,832
	Equity and similar investments	8,575,122,305	5,499,411,797
	Cash and similar investments	19,997,928,180	12,751,873,578
		51,988,975,484	36,714,561,207
	Reinsurance share in technical reserve – life		
	Reinsurance share in premium reserves	9,575,657,412	7,343,586,997
	Reinsurance share in claims reserves	330,755,392	348,279,366
		9,906,412,804	7,691,866,363
	Reinsurance share in technical reserve – non-life		
	Reinsurance share in premium reserves	1,422,258,287	1,490,077,078
	Reinsurance share in claims reserves	841,151,591	359,117,307
		2,263,409,878	1,849,194,385
	Receivable under insurance business	2,851,113,702	2,946,735,448
	Receivable under reinsurance contracts	1,149,599,470	342,028,236
	Other assets		
	Non-investment properties	2,398,611,148	1,582,470,615
	Operating fixed assets	1,296,755,473	536,054,085
		3,695,366,621	2,118,524,700
	Other receivables	251,618,932	18,768,940
	Deferred acquisition cost	4,230,476,315	1,929,951,960
	Total assets	151,451,403,474	117,135,402,497



	2009	2008	LIABILITIES AND SHAREHOLDERS' EQUITY
Shareholders' equity			LBP
Authorized and paid-up capital	5,000,000,000	5,000,000,000	
Legal and general reserves	19,442,000,000	16,762,000,000	
Balance carried forward	2,459,917	4,849,587	
Profit for the year	5,050,812,121	5,427,610,330	
	29,495,272,038	27,194,459,917	
Life technical reserves			
Mathematical reserve	6,344,612,773	5,246,018,399	
Unearned premium reserve	8,389,804,943	5,895,403,060	
Outstanding claims reserve	358,054,862	527,627,153	
Incurred but not reported reserve (IBNR)	144,294,723	28,161,704	
Loss adjustment expenses reserve	15,070,487	6,225,285	
Policyholders' dividend reserve	3,966,696,493	2,587,434,363	
	19,218,534,281	14,290,869,964	
Unit-linked technical reserves			
Mathematical reserve – unit-linked	46,811,680,668	33,482,650,435	
Non-life technical reserves			
Unearned premium reserve	30,988,761,661	9,876,526,326	
Outstanding claims reserve	3,598,039,679	2,688,080,019	
Incurred but not reported reserve (IBNR)	142,747,719	103,202,710	
Loss adjustment expenses reserve	109,295,791	73,055,129	
Premium deficiency reserve	3,146,382,000	851,256,097	
	37,985,226,850	13,592,120,281	
Provision for risks and charges	450,000,000	425,000,000	
Debt for funds held under reinsurance treaties	9,929,377,000	7,816,835,167	
Liabilities under insurance business			
Liabilities under direct business	1,363,038,715	15,721,942,052	
Liabilities under indirect business	971,807,880	829,512,824	
	2,334,846,595	16,551,454,876	
Liabilities under reinsurance contracts	1,684,741,014	870,224,647	
Other liabilities			
Due to personnel	46,291,067	46,051,900	
Tax due	3,209,829,781	2,469,927,628	
Amounts due to related parties	75,600,000	94,403,420	
	3,331,720,848	2,610,382,948	
Adjustment items	210,004,180	301,404,262	
Total liabilities and shareholders' equity	151,451,403,474	117,135,402,497	
Off financial position			
Letters of guarantee	48,986,250	49,740,000	

Sami Haddad
Chairman and General Manager

René Klat
Managing Director and CEO



YEAR ENDED
31 DECEMBER 2009

Income Statement

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	2009	2008
LBP		
NET PREMIUMS		
Written and accepted premiums		
Life contracts	10,946,832,246	8,701,438,684
Other contracts	41,579,474,039	20,920,221,697
Mathematical reserve variation	-1,098,594,374	-2,253,242,927
Unearned premium reserve	-23,606,637,218	-5,683,594,426
	27,821,074,693	21,684,823,028
Ceded premiums		
Life contracts	-6,867,171,798	-5,557,806,489
Other contracts	-5,592,986,412	-5,182,461,242
Mathematical reserve variation	1,024,797,228	1,889,998,662
Unearned premium reserve	1,139,454,396	1,115,296,519
	-10,295,906,586	-7,734,972,550
Net premiums	17,525,168,107	13,949,850,478
Other revenue		
Fee and commission income	5,359,684,768	4,144,097,050
Investment income	6,590,943,021	4,620,855,719
Other revenues	840,257,322	1,307,558,374
Other revenue	12,790,885,111	10,072,511,143
Total revenue	30,316,053,218	24,022,361,621
Net benefits and claims		
Gross benefits and claims paid	-12,560,624,393	-8,656,333,197
Claims ceded to reinsurers	1,438,866,593	1,596,779,639
Gross change in contract liabilities	-3,236,277,164	-1,489,069,368
Change in contract liabilities ceded to reinsurers	464,510,310	-190,357,996
Net benefits and claims	-13,893,524,654	-8,738,980,922
Other expenses		
Other operating and administrative expenses	-6,359,078,981	-6,314,808,324
Commission paid to intermediaries	-2,340,176,698	-1,467,113,345
Finance costs	-2,191,574,939	-1,603,848,700
Other expenses	-10,890,830,618	-9,385,770,369
	-24,784,355,272	-18,124,751,291
Profit before tax	5,531,697,946	5,897,610,330
Income tax expense	-480,885,825	-470,000,000
Profit for the year	5,050,812,121	5,427,610,330



Statement of Cash Flows

YEAR ENDED
31 DECEMBER 2009

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	2009	2008
OPERATING ACTIVITIES		
Profit before taxation	5,531,697,946	5,897,610,330
Adjustments for:		
- Depreciation and amortization	627,348,953	420,202,340
- Provisions	31,971,296	517,362,888
- Write-back of provisions	-309,455,050	-1,563,641
- Gain on sale of property and equipment	-14,321,250	-
- Change in technical reserves – net	25,312,746,822	5,402,687,486
- Fair value (gains) losses on investment for trading	-94,274,525	161,320,590
- Deferred policy acquisition costs amortized	2,340,176,698	1,467,113,345
	33,425,890,890	13,864,733,338
- Investments held for trading	-426,877,268	-359,403,077
- Reinsurers' balances	6,945,133	-246,913,325
- Premiums receivable	95,621,746	-651,827,078
- Deferred policy acquisition costs	-4,640,701,053	-3,397,065,305
- Investment contracts liabilities	14,708,292,363	9,167,778,066
- Other liabilities	-13,821,273,438	6,818,970,638
- Other assets	-9,132,842	161,010,476
- Margin for guarantees	-5,567,593	-24,036,582
- Investment held to cover investment contracts liabilities	-15,274,414,277	-9,490,354,049
- Cash from operations	14,058,783,661	15,842,893,102
- Income tax paid	-470,000,000	-692,788,000
- Employees' end-of-service benefits paid	-6,971,296	-
- Net cash from operations activities	13,581,812,365	15,150,105,102
INVESTING ACTIVITIES		
Purchase of property and equipment	-2,142,527,046	-693,096,081
Purchase of intangible assets	-69,212,882	-74,577,533
Proceeds from sale of property and equipment	14,321,250	-
Interest from loan to an associate	-75,228,167	-68,071,675
Increase in investments held to maturity	21,468,907	-5,279,939,004
Term deposits with maturities over three months	-20,689,641,963	6,136,184,000
Net cash (used in) from investing activities	-22,940,819,901	20,499,707
FINANCING ACTIVITIES		
Dividends paid	-2,750,000,000	-2,250,000,000
Reinsurers' deposits in coverage of technical reserves	2,112,541,833	2,594,580,138
Net cash (used in) from financing activities	-637,458,167	344,580,138
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	-9,996,465,703	15,515,184,947
Cash and cash equivalents at 1 January	30,590,712,006	15,075,527,059
CASH AND CASH EQUIVALENT AT 31 DECEMBER	20,594,246,303	30,590,712,006

LBP





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Gross Written Premium

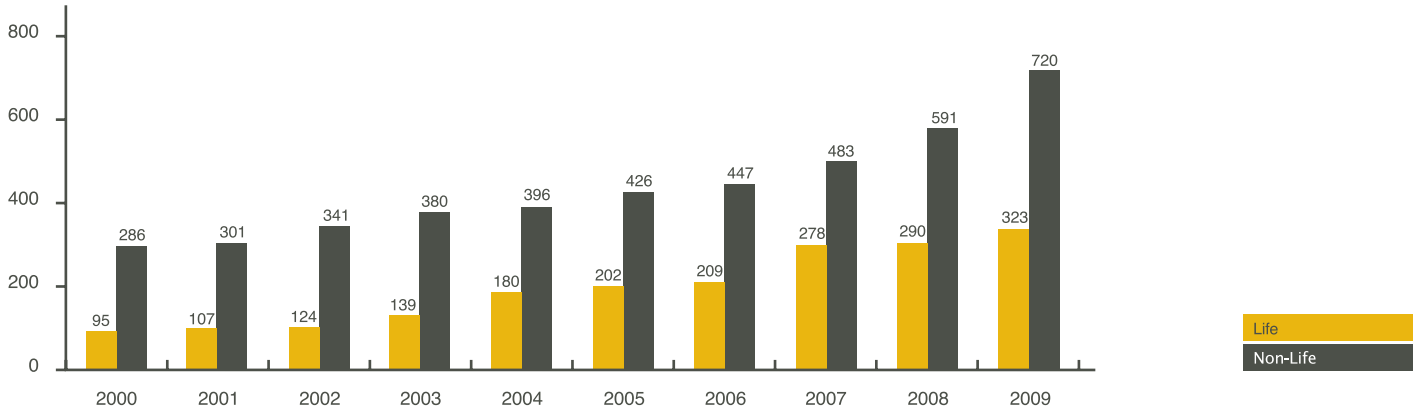
	2009	2008
USD		
Life business:	USD	USD
Retirement and education	12,488,480	10,529,894
Other life business	6,989,169	5,735,931
Total life business	19,477,649	16,265,825
Non-life business:		
Fire	2,031,833	1,902,120
Marine	787,331	971,332
General accident	910,922	1,023,406
Motor	22,143,290	8,771,745
Medical	865,491	549,771
Other	842,873	659,053
Total non-life business	27,581,740	13,877,427
Gross written premiums	47,059,389	30,143,252
Growth	56.12%	30.71%
Number of contracts issued	92,427	84,065

Key Figures

	2009
Capital	LBP 5,000,000,000
Shareholders' equity	USD 19,565,686
Total assets	USD 100,483,426
Invested assets	USD 34,486,883
Number of clients	73,026
Number of policies in force	134,984
Net profit	USD 3,350,456
Solvency ratio	46.60%

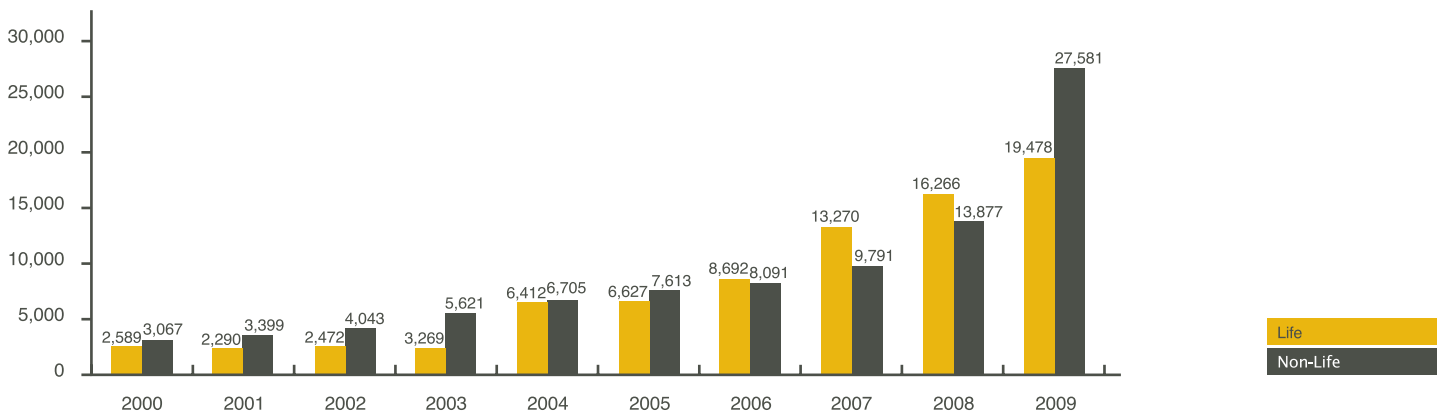
DURING THE LAST TEN YEARS
(IN USD MILLION)

Insurance Market Growth in Lebanon



(IN USD THOUSANDS)

ADIR Premium Growth

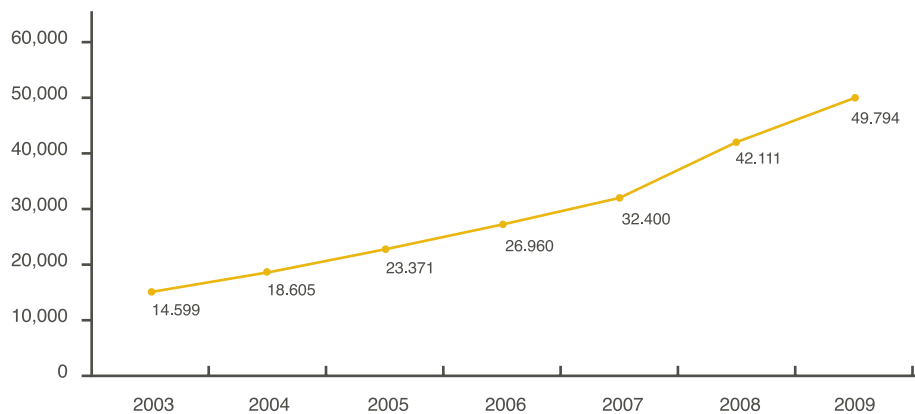




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IN USD THOUSANDS

Invested Assets Evolution



DURING THE LAST SEVEN YEARS
(IN USD THOUSANDS)

Total Assets Evolution

