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Separating Life and Health from Property/Casualty Insurance Operations: An Assessment of Solvency in the Egyptian Insurance Market

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IMPORTANCE

OBJECTIVES

Separating Life and Health from Property/Casualty Insurance Operations: An Assessment of Solvency in the Egyptian Insurance Market

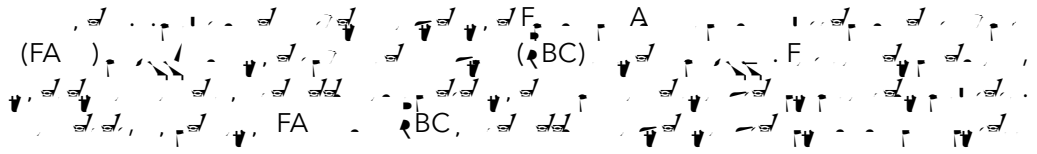
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ABSTRACT

The Egyptian insurance market has experienced significant growth in recent years, with the total premium income increasing from approximately 10 billion Egyptian pounds in 2010 to over 40 billion in 2020. This growth is primarily driven by the expansion of the Property/Casualty (P/C) segment, which now accounts for the majority of the market's premium income. However, the Life and Health segments, which were traditionally the backbone of the market, have shown a decline in their contribution to total premium income. This paper assesses the solvency of Egyptian insurance companies, focusing on the separation of Life and Health operations from P/C operations. The study identifies several key factors affecting solvency, including the high volatility of P/C claims, the low return on investments, and the regulatory challenges faced by the industry. The findings suggest that the current regulatory framework is not adequately addressing the solvency risks associated with the P/C segment, and that a separation of Life and Health operations from P/C operations is necessary to ensure the long-term stability and sustainability of the Egyptian insurance market.

Keywords: Egyptian insurance market, Property/Casualty insurance, Life and Health insurance, Solvency, Risk Management.

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G FA D F A (DFA) BC,
 DFA
 A DFA FA BC /C
 FA
 F B (1 1) (DEA)
 B
 (1 1)
 E (1 1)
 E /C
 A D
 E

3. Data and Methodology

E
 E
 E /C
 E
 E
 /C
 &
 /C

... 5 E ...
 ... 6 F ...

... % ... % ... % ... % ...
 ... % ... % ... % ... % ...
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 ... % ... % ... % ... % ...
 ... % ... % ... % ... % ...

... /C ... E ... & ... /C ...
 ... E ... E ...

Table 1: Direct Premiums, Direct Losses, and Total Profits or Losses /C (\$ 11)

Year	Direct Premiums	Annual Change (%)	Direct Losses	Annual Change (%)	Total Profits or Losses	Annual Change (%)
Pre-Decree Period						
2003/2004	2,311,170	28	2,361,597	5.6	279,520	33.4
2004/2005	2,544,972	10.1	2,541,981	7.6	303,429	8.5
2005/2006	2,955,319	16.9	2,553,879	0.4	314,821	3.8
2006/2007	3,273,802	16.8	2,253,947	(1.1)	365,089	35.2
2007/2008	4,169,950	27.4	2,484,820	10.2	595,794	63.2

... E ... % ... E ...

Table 4: Comparison of ... -Decree ... -Decree

Ratio	Definition	Pre-Decree			Post-Decree			Sig.
		
A1	...	0.938	0.062	0	0.750	0.250	0	***
A2	...	0.954	0.046	0	0.750	0.250	0	***
A3	C, ...	0.744	0.243	0.013	0.648	0.326	0.026	-
A4	A, ...	0.785	0.215	-	0.516	0.484	-	***
A5	...	100	0	-	0.609	0.391	-	***
A6	...	0.703	0.108	0.246	0.215	0.519	0.222	***
A7	C, ...	0.815	0.185	0	0.617	0.321	0.062	***
A9	A, ...	0.975	0.025	-	0.853	0.147	-	***
A14	A, ...	0.754	-	0.246	0.719	-	0.281	-
A15	D, ...	0.969	0.031	-	0.654	0.346	-	***
A16	...	0.523	0.139	0.338	0.125	0.852	0.049	***
A17	C, ...	100	0	-	0.922	0.078	-	**
A18	E, ...	100	0	-	0.828	0.172	-	***

... : 1.784 ... : 4.406

***, ** - * ... % , % - 1 %.

...

A, ...

N MO ... A, ...

Handwritten musical notation on a staff. The notation includes various note values (quarter, eighth, and sixteenth notes), rests, and a slash with a 'C' symbol. The notes are arranged in a sequence across the staff, with some notes beamed together. The overall appearance is that of a musical score or a set of rhythmic instructions.

... A ... N MO ... I E ...
 ... I A E ... 1 % ...
 ... A ... I E ...

Table 6: ... (...)
 ... = ...

Variables	Model 1	Model 2	Model 3	Model 4
...	1.012*** (0.129)		1.031*** (0.167)	
... 2012	-	1.196*** (0.147)	-	1.214*** (0.167)
... 2013	-	0.875*** (0.168)	-	0.889*** (0.179)
... 2014	-	1.042*** (0.154)	-	1.059*** (0.149)
... 2015	-	0.895*** (0.190)	-	0.915*** (0.214)
A ...	-0.003 (0.005)	-0.002 (0.004)	-0.002 (0.008)	-0.002 (0.008)
...	0.013 (0.067)	0.015 (0.059)	-0.009 (0.098)	-0.007 (0.096)
C ...	0.537*** (0.143)	0.529*** (0.143)	0.525*** (0.165)	0.516*** (0.172)
... R ²	15.5	16.4	-----	-----
... Effort?	---	---	E	E

***, ** - ... % ... % ... 1 % ...

A ... O DEC EE ...

... AGE ...

Conclusion

, /E & /C
E
/C
B
&
& /C
& /C
E
& /C

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