Insurance Sector of Jordan
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ABC
Investments

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1.0 EXECUTIVE SUMMARY

The insurance sector in Jordan has gradually emerged to become an important component of the financial services sector. Despite this, however, it still only contributes around 2.4% to Gross Domestic Product (GDP). The total premium income of the sector for 2006 amounted to JD 258.74 million (equivalent to USD 365 million), for branches inside Jordan. These premiums have been growing year-on-year, with a compounded annual growth rate (CAGR) of 16.5% since 2001. While this indicates impressive growth, the premium income generated by the Jordanian insurance market is insignificant compared to those in countries such as the United States, with premiums for 2006 amounting to USD 1,170,101 million, the United Kingdom with premiums of USD 418,366 million, Japan with premiums of USD 460,261 million, and in the region, Saudi Arabia and Lebanon, with premiums amounting to USD 1,590 million and USD 656 million, respectively. This indicates potential for the local insurance market to expand and enhance its contribution to the economy.

Insurance sector contributed around 2.4% to GDP, with premiums written amounting to JD 258 million in 2006

The Jordanian insurance sector is categorised by an arguably unjustifiable large number of companies. The average premiums written per company have been steadily improving during the past five years, rising from JD 4.63 million in 2001 to JD 9.95 million in 2006. Despite this improvement in the premiums, a total of 15 companies comprising 57.7% of the market, had premiums of less than JD 10 million, while 7 companies, or 26.9% of the total, recorded less than JD 5 million in premiums in 2006. This relatively low figure per company highlights a need for consolidation, as small and medium-sized companies are under increasing pressure to have the necessary technological infrastructure and educated work-force to compete on products and market share.

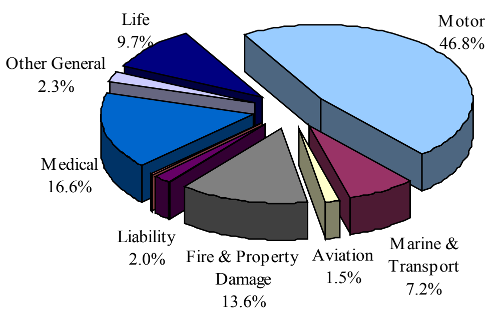
Low premiums written per company suggest a need for consolidation in the sector...

Barriers to entry in the insurance market had been imposed following the economic recession which led to substantial losses being made by insurance companies. In 1984, Act No. 30 was issued preventing the issue of new licenses to insurance companies. This law was abolished in 1995, which led to the entrance of 8 new companies to the market. Due to the high market concentration, the low profitability, and the small market share held by foreign insurers, the structure since then has remained largely unchanged, and it was only during the past year that new entrants to the market emerged.

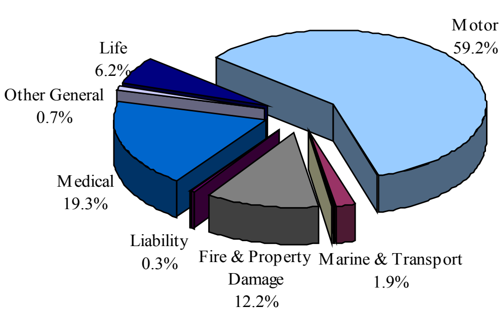
In a bid to consolidate the highly fragmented insurance sector, the Insurance Commission has raised the paid-up capital requirements for existing companies from JD 2 million to JD 4 million. Companies licensed after the law came into effect are required to have a minimum paid-up capital of JD 8 million. In view of the levels of premiums written, it has been argued that the new requirements are too high in relation to the size of the insurance market, and that new companies are being discriminated against, which may deter new entrants.

...causing the sector regulators to raise the required paid up capital for existing companies to JD 4 million and that for new companies to JD 8 million

Premiums Written in 2006



Claims Paid in 2006



Source: Insurance Commission

Motor insurance claimed the lion's share of premiums written and claims paid

Motor insurance comprises the bulk of the premiums written and claims paid, at 46.8% and 59.2%, respectively. Medical insurance ranks second, contributing 16.6% to the total premiums and 19.3% to the claims paid. The consolidated technical profits of the sector for 2006 show these two lines of insurance business to be of the least profitable, with motor insurance making losses of JD 2.77 million and medical insurance profits registering at below JD 1 million.

Technical Profits 2006

Insurance Line	Technical Profits (JD)
Motor	(2,768,134)
Marine & Transport	3,970,084
Aviation	(129,230)
Fire	1,310,134
Liability	561,366
Credit	302,742
Medical	915,731
Other General	1,367,830
Life	5,393,784
Total Technical Profits	10,924,307

Source: Insurance Commission

Motor insurance was the primary loss-maker in 2006, while life insurance was the most profitable

The profitability of motor insurance is impacted by the compulsory third-party liability insurance regulations set by the Insurance Commission. The regulations set a premium price of JD 55 per annum to be used by all insurance companies, and prohibits insurance companies from rejecting any individual requiring third-party liability insurance. Due to the rise in the number of vehicles in the Kingdom, and the corresponding increase in the level of accidents in recent years, the premiums received from third-party liability insurance have been insufficient for many of the companies to cover the claims they pay out. Tensions in the sector are escalating, with many threatening to close down their motor insurance business lines. Other demands are for the floating of the premium price, and set in accordance with individual driver history, in terms of number of accidents and fines.

Problems faced by the medical insurance segment are the rising costs of medical treatment, in addition to insurance fraud, whereby non-insured patients make claims using the names of insured persons.

Life insurance is one of the most highly profitable segments of the insurance business, however, its penetration in the market remains low. Fire, marine and other general accident insurance lines are also highly profitable. These lines rely more on international reinsurance, which benefits the local companies in terms of reduced risk borne by them, and the large commissions received from the reinsurers.

Rising trend in sector net profits, until 2006, where profits declined 80%

Profitability of the sector overall has been rising over the years to reach an outstanding JD 77.44 million in 2005. The growth in the profitability has been significant, reaching 91% and 133% in 2004 and 2005. While a part of the growth is attributed to the rise in core business, a significant portion is attributed to the gains made by the companies from their investments portfolios during the boom in the local and regional stock markets.

	2002	2003	2004	2005	2006
Sector Net Profit	10,104,336	17,394,618	33,230,368	77,436,098	15,606,057
% Growth	55.7%	72.2%	91.0%	133.0%	(79.8%)

The impact of the downturn in the stock market in 2006 is evident in the sector profitability for that year, falling by a substantial 80% to JD 15.61 million, due to the JD 61.90 million decline in gains from investments.

The insurance sector in Jordan has undergone an impressive transformation with the enactment of a new insurance law and the creation of the Insurance Commission, which has set into play an action plan aimed at enhancing the efficiency and performance of the sector.

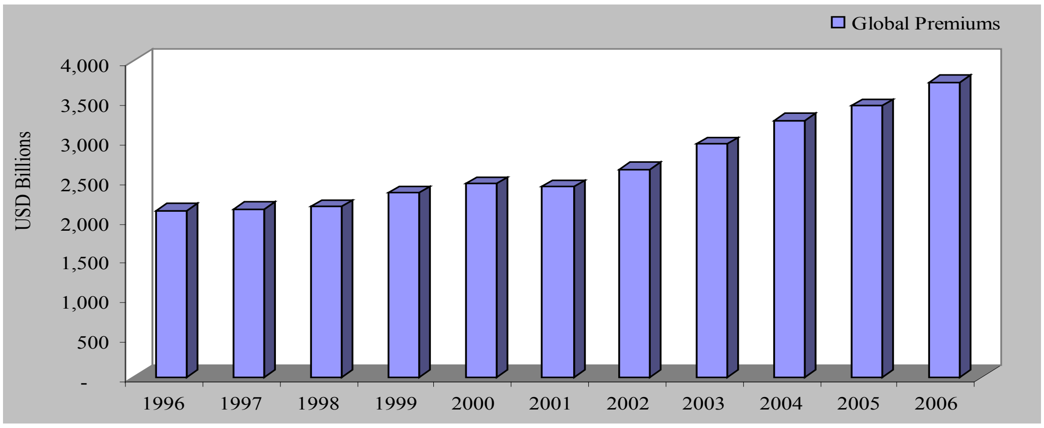
2.0 INSURANCE ACROSS THE GLOBE

2.1 Global Market Characteristics

Global Insurance premiums have been rising substantially year-on-year at a compounded annual growth rate (CAGR) of 9.1% to reach USD 3,723 billion in 2006 compared to USD 2,408 billion in 2001. Prior to that, the premiums had been on the rise, but at a much slower rate, with a CAGR of 2.7% since 1996. In 2006 alone, the insurance premiums increased by USD 297 billion, representing a 5.6% increase on 2005's USD 3,426 billion.

Global insurance premiums have risen at a CAGR of 9.1% since 2001 to reach USD 3.7 trillion in 2006...

Global Premiums (1996 - 2006)

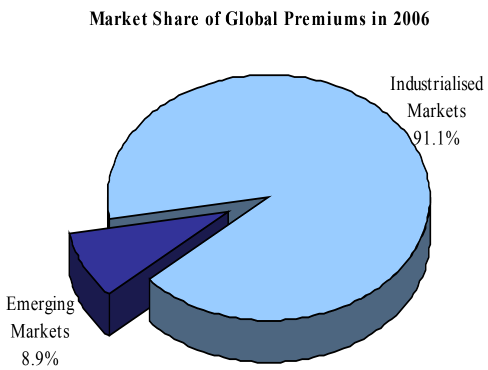


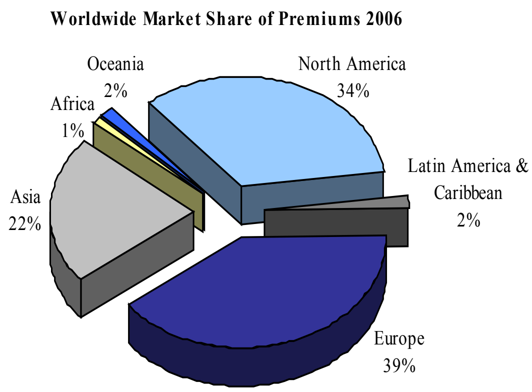
Source: Swiss Re

The proliferation witnessed in the level of premiums worldwide comes given the moderate level of global inflation, the overall economic growth, the recent boom in capital markets, and the low, albeit rising, interest rates. Regulatory changes employed by many countries, coupled with tax incentives offered, have further enhanced the sector's growth.

... driven by regulatory changes, tax incentives, and favourable global economic conditions

Industrialised countries dominated the global insurance markets in 2006, accounting for 91.1% of total premiums generated worldwide. Europe had the largest market share at 39%, followed by North America with a market share of 34%, and Asia with 22%.

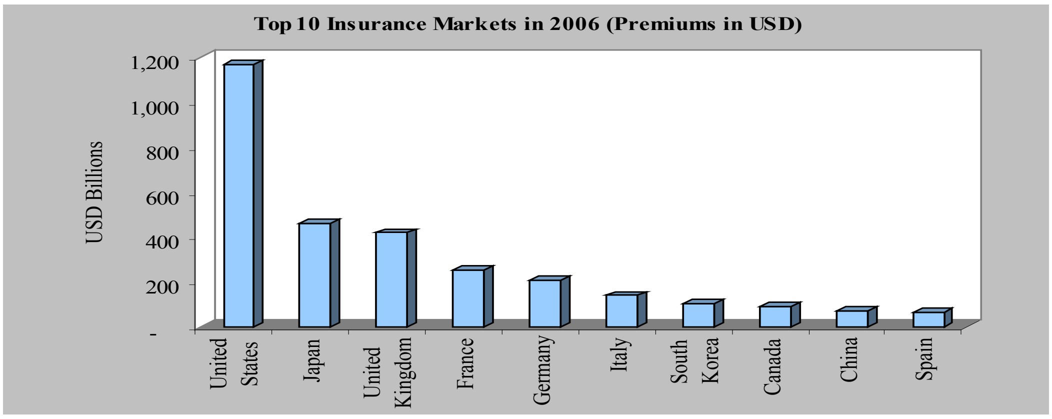




Insurance penetration is highest in North America and Europe and lowest in Latin America and the Caribbean

Source: Swiss Re

The United States ranked first in terms of market share, with premiums amounting to USD 1,170 billion. Following are Japan and the United Kingdom with premiums of USD 460 billion and USD 418 billion, respectively.



Source: Swiss Re

In 2002 and 2003, the rise in premiums tended to be allocated to non-life insurance, while in 2004 onwards, the growth in life insurance premiums overtook that of the non-life. In 2006, the life insurance premiums increased by 11.9% from US 1,974 billion to USD 2,209 billion, while the non-life premiums rose by a mere 4.3% from USD 1,452 billion to USD 1,514 billion.

Globally, life insurance premiums constitute the main part of total premiums, at around 59% in 2006

Composition of Global Insurance Premiums

	2001	2002	2003	2004	2005	2006
Life Insurance Premiums	1,439	1,536	1,673	1,849	1,974	2,209
Non-Life Insurance Premiums	969	1,091	1,268	1,395	1,452	1,514
Total Premiums	**2,408**	**2,627**	**2,941**	**3,244**	**3,426**	**3,723**
% Change	(1.5%)	9.1%	12.0%	10.3%	5.6%	8.7%

Source: Swiss Re

2.2 Market Density

The market density, measured as insurance spending (premiums) per capita, amounted to USD 554.8 globally, up 7.0% from 2005's USD 518.5. Of this amount, USD 330.6 was spent on life insurance, while the remaining USD 224.2 was spent on other non-life segments For emerging markets, the market density of USD 59.8 registered significantly lower than industrialised markets, which have a market density of USD 3,362.2.

Insurance Density by Region in 2006 (USD)

	Life Premiums	Non-Life Premiums	Total Premiums
North America	1,731.8	2,072.2	3,804.0
Oceania	896.3	891.0	1,787.3
Europe	1,119.6	626.0	1,745.7
Asia	154.6	50.4	205.0
Latin America & Caribbean	51.3	75.4	126.7
Africa	38.3	15.3	53.6
Global	**330.6**	**224.2**	**554.8**

Market density was highest in North America and lowest in Africa

Source: Swiss Re

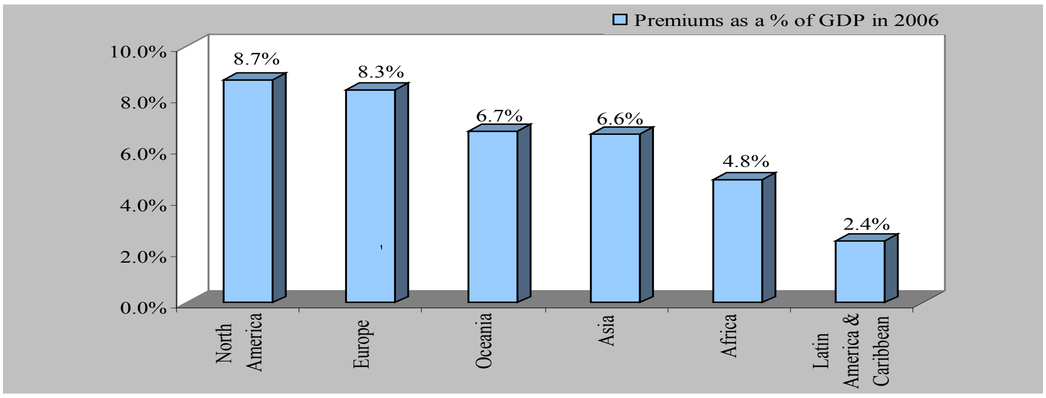
In terms of global region, the insurance density was highest in North America and the Oceania, at USD 3,804.0 and USD 1,787.3 respectively, and lowest in Africa, at USD 53.6.

The United Kingdom and Ireland had the highest insurance density in 2006 at USD 6,466.7 and USD 5,564.7 respectively. Bangladesh, on the other hand, ranked last with an insurance density of USD 2.6.

2.3 Insurance Penetration

Insurance penetration, calculated as insurance premiums as a percentage of Gross Domestic Product (GDP), globally reached 7.5% in 2006, of which 4.5% related to life insurance and 3.0% related to non-life insurance.

Insurance Penetration - Insurance Premiums as a % of GDP in 2006



Source: Swiss Re

North America ranked first once again in terms of insurance penetration

The insurance penetration was highest in North America with premiums constituting 8.7% of total GDP that year. Following closely behind is the penetration in Europe at 8.3% of GDP. The lowest penetration was for Latin America and the Caribbean, at 2.4%.

For emerging markets at a whole, the market penetration reached 2.69% compared to 9.18% for industrialised markets.

The United Kingdom ranked first once again in terms of penetration at 16.5%, followed, surprisingly by South Africa at 16.0%. The lowest penetration rates were for Saudi Arabia and Algeria, each with a penetration rate of 0.5%.

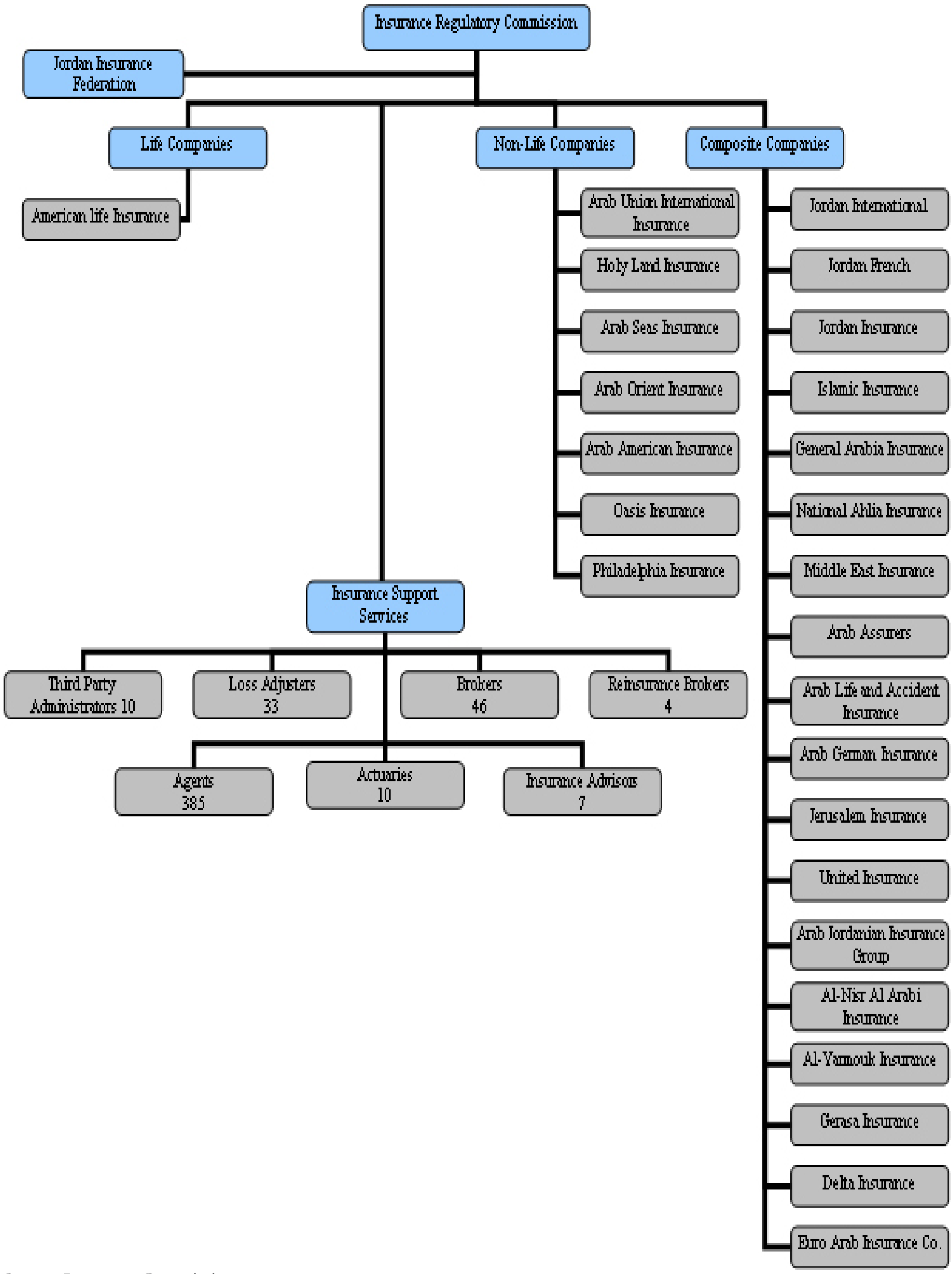
3.0 INSURANCE IN THE KINGDOM

3.1 Sector Background and Overview

The Jordanian insurance sector came into existence primarily in 1946 when an insurance agency affiliated with the Egyptian Orient Insurance Company was established. Prior to that, insurance had been limited to insurance on letters of credit that required cover on land or marine transport. This cover was provided by the Ottoman Bank through Eagle Star Company in London. In 1956, the first Association for Insurance Companies was established as the authority responsible for regulating the sector.

The Jordanian insurance sector has historically been largely private-sector dominated, with little state ownership and intervention, and meagre investment and reinsurance controls. However, many of the insurance companies had been licensed on a political, rather than professional, basis resulting in an under-developed and fragmented market.

The insurance sector in Jordan consists of 26 licensed insurers (as of 2006 year-end), of which one is specialised in life insurance, 7 are specialised in general insurance, and the remaining 18 are engaged in both life and general insurance.



Source: Insurance Commission

Sector contains 26 insurance companies, with one specialising in life insurance, seven offering non-life insurance services, and 18 offering both

The large number of insurance companies in the market coupled with the severely underdevelopment of the sector has led to an overcrowded market, with the leader in terms of market share of premiums written claiming a mere 8.9% of the total, and the average market share for the companies in the sector standing at 3.8% in 2006.

In contrast, the sole insurer specialising in life insurance alone, the American Life Insurance Company, claimed 49.9% of total life premiums written in 2006.

The market contains 33 loss adjusters, 50 brokers, 7 insurance advisors, 10 actuaries and 385 agents.

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3.2 Market Characteristics

The insurance premiums in Jordan registered at JD 258.74 million in 2006, compared to JD 219.27 million the year prior. Of this amount, the life premiums totalled JD 25.15 million, while the non-life premiums reached JD 233.58 million.

Jordan ranked 88th in the world in terms of total insurance premiums, and last amongst the listed Arab Countries in 2006.

Market Size (Premiums) in USD

	World Rank	Life Insurance	Non-Life Insurance	Total
United Arab Emirates	48	418	2,308	2,726
Morocco	53	469	1,206	1,675
Saudi Arabia	54	19	1,571	1,590
Egypt	60	356	487	843
Lebanon	65	209	447	656
Kuwait	66	113	515	628
Algeria	68	39	586	625
Tunisia	70	54	550	604
Qatar	73	26	548	573
Oman	87	37	312	349
Jordan *	88	36	311	347

* Estimate figures by Swiss Re
Source: Swiss Re

Jordan ranked 88th globally in terms of insurance premiums written in 2006

3.2.1 Market Density

Jordan's market density amounted to USD 59.5 in 2006, ranking it 66th worldwide, and seventh amongst the listed Arab countries. In terms of allocation to life insurance and non-life insurance segments, these registered at USD 6.2 and USD 53.2 for Jordan, respectively.

Market Density (Premiums per Capita) in USD

	World Rank	Life Insurance	Non-Life Insurance	Total
Qatar	33	30.9	652.6	683.5
UAE	34	89.8	495.6	585.4
Kuwait	45	40.9	186.3	227.2
Lebanon	47	57.9	123.6	181.5
Oman	56	14.3	119.4	133.7
Saudi Arabia	64	0.8	62.4	63.1
Jordan	66	6.2	53.2	59.5
Tunisia	67	5.3	53.9	59.2
Morocco	71	14.7	37.8	52.4
Algeria	81	1.2	17.6	18.7
Egypt	83	4.7	6.5	11.2

Source: Swiss Re

Jordan's market density amounted to JD 59.5, placing it 66th worldwide, and above Tunisia, Morocco, Algeria and Egypt

3.2.2 Market Penetration

In terms of market penetration, a consideration of the Arab countries highlights Lebanon as the most highly penetrated, with the insurance premiums making up 3.0% of GDP. Following closely behind is Morocco with 2.9%, while Jordan ranked third with 2.4%, and last was Saudi Arabia with 0.5%.

Market Penetration (Premiums in % of GDP)

	World Rank	Life Insurance	Non-Life Insurance	Total
Lebanon	42	0.9	2.0	3.0
Morocco	43	0.8	2.1	2.9
Jordan	54	0.3	2.2	2.4
Tunisia	59	0.2	1.8	2.0
UAE	67	0.3	1.4	1.7
Qatar	77	0.0	1.0	1.1
Oman	79	0.1	0.9	1.0
Egypt	81	0.3	0.5	0.8
Kuwait	83	0.1	0.5	0.7
Algeria	86	0.0	0.5	0.5
Saudi Arabia	87	0.0	0.5	0.5

Source: Swiss Re

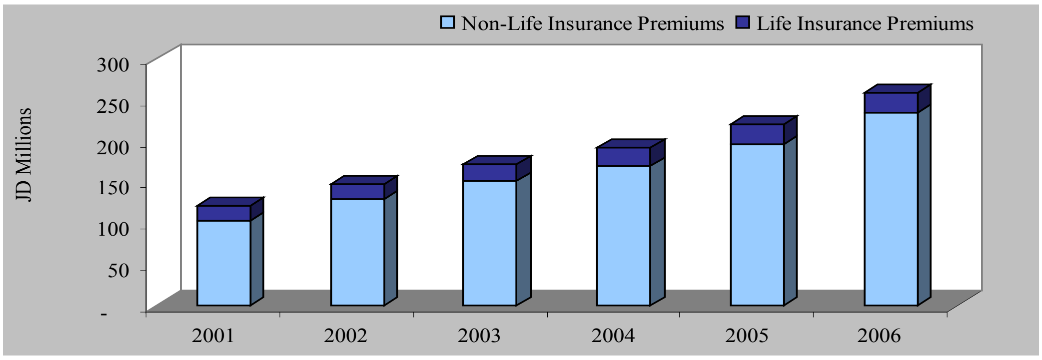
Jordan's market penetration rate of 2.4% placed it in third position amongst the listed Arab countries

While Jordan's life insurance penetration is very low, amounting to a mere 0.3% in 2006, it still ranks higher than the majority of Arab countries. For non-life insurance, Jordan's penetration rate was the highest compared to other Arab countries, at 2.2%.

3.2.3 Market Size

Premiums in 2006 increased by 18% compared to 2005

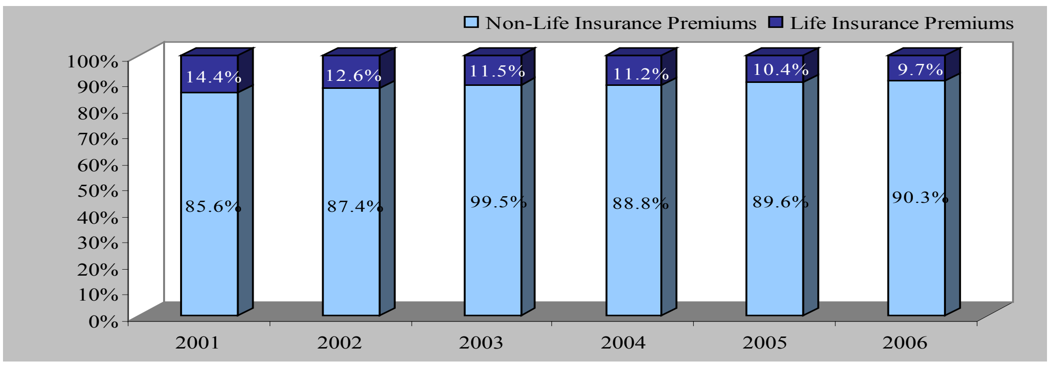
The Jordanian insurance sector has witnessed significant growth over the past five years, registering in 2006 at more than double the JD 120.44 million achieved in 2002. The total premiums for 2006 amounted to JD 258.74 million, up 18% from 2005's JD 219.27 million.



Source: Insurance Commission

The bulk of the growth in premiums comes from the non-life insurance lines

The allocation of premiums between life and non-life insurance shows that the bulk of the increase is attributed to a growth in the non-life insurance premiums, which experienced a CAGR of 17.8%. The non-life insurance premiums increased from JD 103.04 million in 2001 to JD 196.36 million in 2005 and JD 233.58 million in 2006. Life insurance premiums also grew, albeit at a much lower CAGR of 7.6%, from JD 17.40 million in 2001 to JD 25.15 million in 2006.



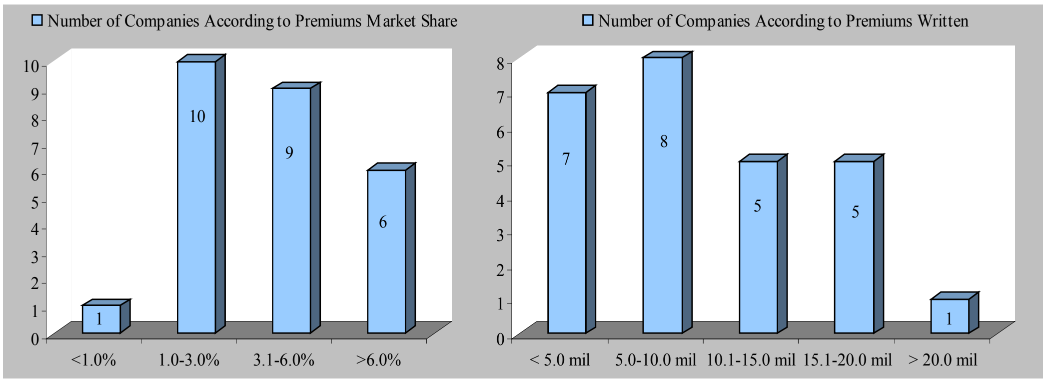
Source: Insurance Commission

Despite the growth in life insurance premiums over the years, however, its contribution to total premiums actually declined, due to its growth being surpassed by the growth in non-life premiums.

3.3 Market Structure

With 26 insurance companies, the Jordanian insurance sectors is highly fragmented, with the largest market share held amounting to 8.6%, and only six companies claiming a market share greater than 6% each.

Structure of Sector in 2006



Source: Insurance Commission, compiled by ABCI

The bulk of the companies have a market share of less than 5% and premiums written less than JD 10 million

In terms of premiums written in 2006, 15 companies had premiums written less than JD 10 million, and 7 had premiums less than JD 5 million. This concentration of premium revenues is applying pressure on the smaller players in the market to either expand or merge with other companies in the market.

The Regulatory Act No. 73 of 2005 raised the minimum capital requirement of existing companies to JD 4 million, and the requirement for new companies to JD 8 million. With a deadline of December 31st 2006 for those offering either general or life insurance to raise their capital, and a deadline of December 31st 2007 for those offering both segments of insurance, this Act was expected to have a larger impact on consolidating the market. At the end of 2006, only 3 companies in the Jordanian market had yet to raise their capital to the required minimum, and no mergers had taken place.

The life insurance segment is more highly concentrated, with the market leader claiming the lion's share of the premiums at 49.9%, while the top five companies account for 80.3% of the total market share.

4.0 FINANCIAL PERFORMANCE

4.1 Key Sector Statistics

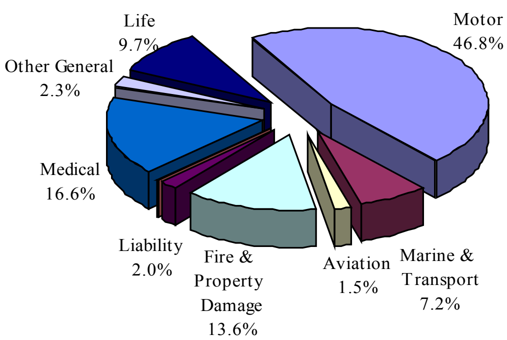
JD Millions	2001	2002	2003	2004	2005	2006
Total Investments	150.6	169.0	214.2	264.9	410.1	409.3
Total Assets	236.6	260.5	308.5	366.1	526.2	547.9
Technical Provisions	109.3	123.4	131.6	143.2	156.2	170.8
Shareholders' Equity	88.6	90.0	124.1	161.4	277.2	285.2
Gross Written Premiums inside Jordan	120.4	146.9	171.5	191.4	219.3	258.7
Net Written Premiums inside Jordan	76.5	94.0	114.2	126.9	139.3	158.1
Gross Claims Paid for Premiums Written inside Jordan	79.8	86.0	107.7	123.9	142.8	174.0
Net Profit before Tax	6.5	12.6	22.0	40.0	90.6	21.5

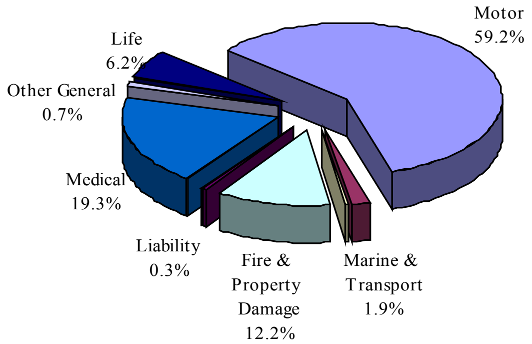
JD Millions	2001	2002	2003	2004	2005	2006
Key Ratios						
Solvency Margin	-	-	204.6%	231.4%	263.2%	289.1%
Retention Ratio	63.5%	64.0%	66.6%	66.3%	63.5%	61.1%
Loss Ratio (Non-Life Insurance)	81.7%	75.8%	78.3%	78.5%	79.5%	81.7%
Expense Ratio (Non-Life Insurance)	24.6%	21.3%	13.3%	12.9%	13.7%	15.1%
Return on Assets	2.7%	4.8%	7.1%	10.9%	17.2%	3.9%
Return on Shareholders' Equity	7.3%	13.9%	17.7%	24.8%	32.7%	7.5%
Technical Provisions / Shareholders' Equity	123.4%	135.7%	106.0%	88.7%	56.4%	59.9%
Total Investments / Total Assets	63.6%	64.9%	69.4%	72.4%	77.9%	74.7%

Source: Insurance Commission

4.2 Technical Performance

Accompanying the increase in premiums is a rising trend in the claims paid, which increased by JD 31.57 million from JD 142.82 million in 2005 to JD 174.39 million in 2006. The 22.1% additional claims paid in 2006, and the overall 102.8% rise since 2002 meant that the claims paid outpaced the premiums written, thereby eating into the sector's gross profit.



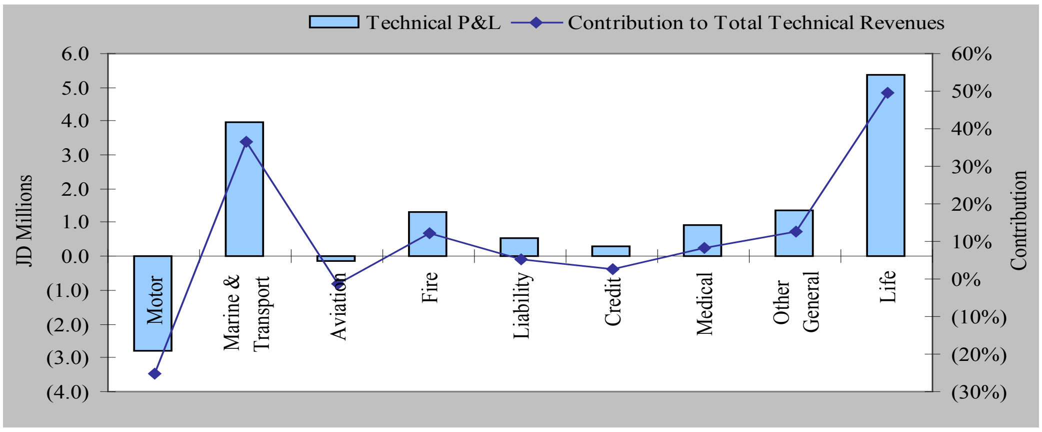


Claims paid in 2006 amounted to JD 174 million compared to JD 143 million in 2005

Source: Insurance Commission

A consideration of the composition of the premiums written shows motor insurance claiming the lion's share of the premiums at 46.8%. Following significantly behind are the health insurance premiums and fire and other property damage premiums at 16.8% and 13.6% respectively.

Motor insurance also comprises the bulk of the claims paid in 2006 at 59.2%, followed by health insurance, at 19.3%.



Source: Insurance Commission

As illustrated above, life insurance was the primary generator of technical profits in 2006. Despite this segment of the sector being the most highly profitable, the life insurance business continues to be severely underdeveloped, with life insurance premiums making up a mere 9.7% of total premiums in 2006. Furthermore, as premiums have been rising, life insurance has been declining as a percentage of total premiums.

Life insurance, with technical profits of JD 5.4 million, was the most significant contributor to the sector's technical profits in 2006...

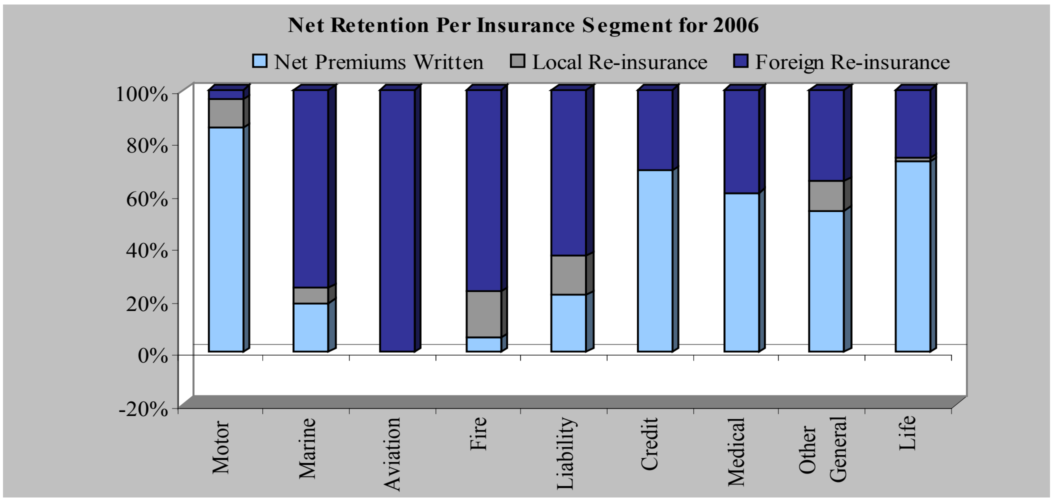
In developed countries, the life insurance premiums tend to represent a much larger portion of the total premiums. In the United Kingdom and France, for example, life insurance premiums make up in excess of 70% of total premiums, while in the United States and Germany, they make up 45.6% and 46.4%, respectively.

A consideration of the life insurance penetration highlights its underdevelopment, with the insurance penetration in Jordan amounting to 0.2%. In developed countries, the average life insurance penetration is in excess of 4%, and for emerging markets the average penetration is greater than 2%. For the middle East, penetration levels of life insurance tend to be extremely low at below 0.5%, primarily due to a cultural resistance to life insurance, and the relative low household income of the population.

The economic boom that Jordan is enjoying generated a large amount of liquidity in the market and boosted the per-household income. Furthermore, the fast growing income of a relatively young population that is increasingly attracted to investment and saving are all drivers of growth in life insurance.

Life insurance accounted for a whopping 49.4% of the sector's technical income at JD 5.39 million. The marine and transport insurance segment also fared well, contributing 36.3% to the profits, at JD 3.97 million. Motor insurance, on the other hand, generated losses of JD 2.77 million, due to losses of JD 9.10 million being made on third-party liability insurance. Third-party insurance coverage is mandatory in Jordan, where premium prices are set and regulated by the Insurance Commission in accordance with the Civil Liability Compulsory Motor Insurance Regulation No. 32 of 2001.

...supplying 49.4% of the sector's total technical income while motor insurance made losses of JD 2.8 million, and marine insurance made profits of JD 4.0 million



Source: Insurance Commission

Insurance coverage of larger industrial and commercial risks tend to place a higher reliance on reinsurance. As shown above, aviation and fire insurance have reinsurance ratios in excess of 90%, thereby transferring the burden of risk to the reinsurer. In contrast, risks related to medical and life insurance, with retention ratios of 14.5% and 27.4% respectively, tend to be borne by the local insurance companies.

Reinsurance rates ranked highly for the fire, aviation and marine lines of insurance

4.3 Life Insurance

Life insurance is mainly a long-term savings business. Profitability from the life-segment is generated either as a portion of the interest spread, or from the fees charged. Life insurance in Jordan is sold in a number of forms; the first is the term life insurance which is a purely life insurance policy without an investment segment, from which a lump sum amount, equivalent to the sum insured, is paid out in the event of death. The second type is a combination of life insurance and an investment or retirement plan. This type of life insurance, in addition to a lump sum amount in the event of death, enables the insured to choose an amount to invest, which has a guaranteed return on investment in the future, used as a pension plan. The third type is group life insurance which tends to be tailored to the needs of companies who offer life insurance to their employees as an incentive.

The Social Security Law No. 19 for the year 2001 provides insurance against old age, disability, death, work injuries and occupational diseases, in addition to health insurance. Its sources of funds come primarily from the monthly contributions paid by the insured and employers, fines and interest on late payment, and proceeds from the Social Security's investments. Old age pension in accordance with the Law becomes due at the age of 60 for males and 55 for females, calculated at a rate of (1/40) of the average monthly wage for the last two years or contribution, up to a maximum of 75% of that average.

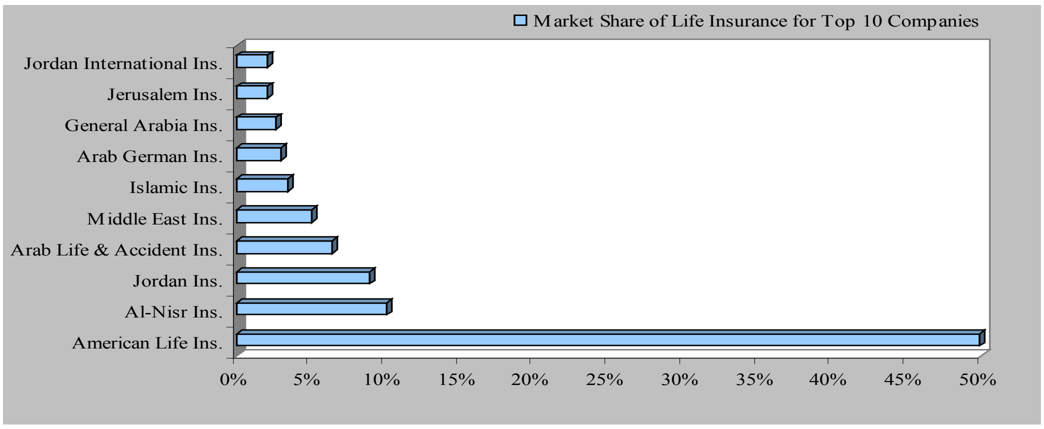
The size and scope of the social security system in Jordan means that very few individuals, including high-salary earners, will want to provide for retirement outside the social security system. The consequence of this is that savings are not diversified, thereby increasing the level of risk for individuals.

A generous pension scheme alongside a lack of incentives have held back the growth of life insurance

Furthermore, the lack of strong incentives have also held back the growth of life insurance, where whole life and endowment policies are subject to income tax, which acts as a disincentive to invest in life insurance.

Currently, there are 19 companies in Jordan that offer life insurance, with the American Life Insurance Company (ALICO) being the sole company specialised in this segment. Consequently, ALICO has managed to capture the bulk of the life business, with its premiums written amounting to JD 12.55 million of a total of JD 25.15 million in 2006.

ALICO is the only company specialised solely in life insurance, and has claimed a 50% market share of the premiums written



Source: Insurance Commission - Compiled by ABCI

Following ALICO, albeit significantly further behind, were the Al-Nisr Insurance Company and the Jordan Insurance Company, each with a market share of 10.1% and 8.9%, respectively.

Life insurance premiums have been rising steadily reaching JD 25.15 million in 2006 compared to JD 17.40 million in 2001, giving an overall increase of 44.6%. Claims paid also followed a rising

Life insurance premiums in 2006 reached JD 25 million trend overall, reaching JD 10.90 million in 2006, up 12.2% from 2001's JD 9.71 million claims.

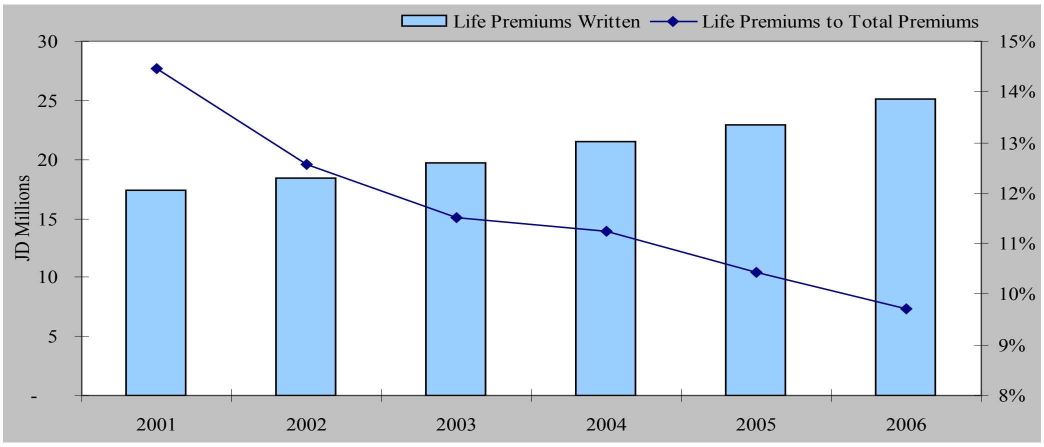
Life Insurance Premiums, Claims and Profits

	2001	2002	2003	2004	2005	2006
Premiums Written	17,399,796	18,471,105	19,737,500	21,523,897	22,905,628	25,153,740
% Change	*6.9%*	*6.2%*	*6.9%*	*9.1%*	*6.4%*	*9.8%*
Claims Paid	9,710,399	9,690,237	10,197,361	11,445,823	10,275,554	10,896,647
% Change	*23.7%*	*(0.2%)*	*5.2%*	*12.2%*	*(10.2%)*	*6.0%*
Profit (Loss)	1,043,433	1,778,161	2,713,175	3,329,548	5,980,418	5,396,784
% Change	*(30.2%)*	*70.4%*	*52.6%*	*22.7%*	*79.6%*	*(9.8%)*

Source: Insurance Regulatory Commission

While the sector profits have increased dramatically over the years, quadrupling since 2001 to reach JD 5.40 million in 2006, the sharp increase took place in 2005, with a JD 2.65 million additional profit, representing a 79.6% increase. This increase comes as a result of a 6.4% increase in premiums written coupled with a 10.2% decline in the claims paid.

Life insurance profitability reached JD 5.4 million in 2006 compared to JD 1.0 million in 2001



The growth in the sector overall over the past few years surpassed the growth in life insurance, leading the contribution played by the life-segment to decline significantly, falling from 14.4% in 2001 to 10.4% in 2005 and 9.7% in 2006.

Life insurance growth is limited by a relatively low household disposable income, meaning that the bulk of the population cannot afford to invest in life insurance policies. Other factors influencing this segment include the underdevelopment in the market of private pension funds, the negative public image of insurance companies, and the lack of overall marketing by insurance companies to educate the population about the benefits of life insurance and the types of insurance policies available.

Compared to other lines of insurance, the level of reinsurance on the life segment is relatively low at 27.4%.

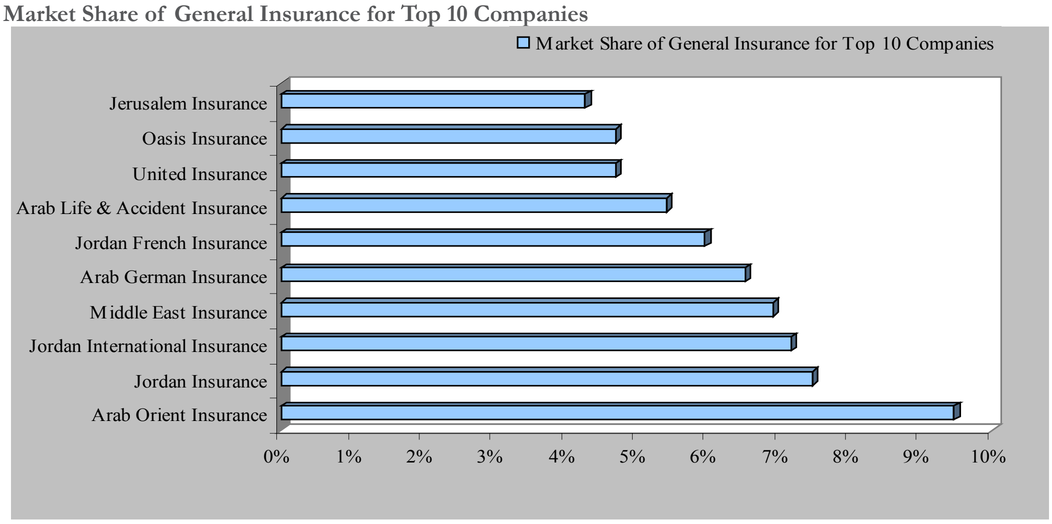
Reinsurance on life insurance business is low, reaching 27% in 2006

4.4 Non-Life or General Insurance

The general insurance sector of Jordan represents all insurance not categorised as life insurance. Such types of insurance include motor insurance, marine & transport, aviation, fire & property damage, liability, credit & suretyship, medical insurance and other general insurance.

There are seven companies in the market that specialise solely in general insurance, while sixteen offer both life insurance and general insurance.

Market Share of General Insurance for Top 10 Companies



The Arab Orient Insurance Company claimed the largest market share of general insurance premiums...

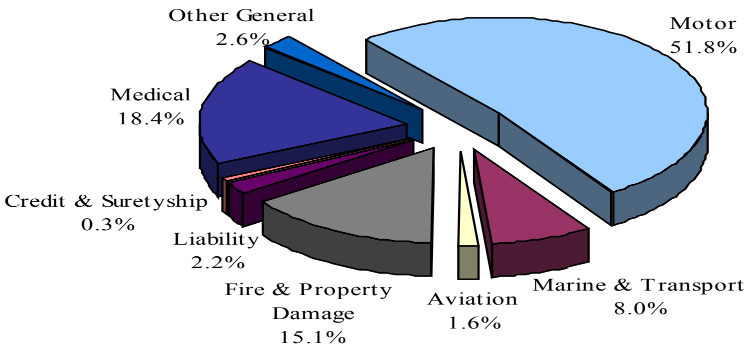
The market leader in terms of share of general insurance is the Arab Orient Insurance Company, with a share of 9.5%. Its lead over the other companies, however, is not substantial, with the Jordan Insurance Company claiming a 7.5% share and the Jordan International Insurance Company a 7.2% share.

...with the top ten companies holding 63% of the market

The top ten companies comprise a total of 62.7% of the market. The remaining 37.3% is divided amongst the other 13 companies. Larger companies tend to focus more on the fire, marine and general accident segments of insurance, which have higher profit margins and a higher proportion of reinsurance. Smaller companies, on the other hand, deal more in motor and medical insurance, where technical profits have traditionally been low, with a much lower reliance on reinsurance.

A consideration of the breakdown of general insurance premiums written in 2006 shows that the bulk of the premiums comprise motor insurance, which claimed the lion's share at 51.8%.

General Insurance Premiums Written



Source: Insurance Commission

Health insurance was the second largest contributor to the general insurance premiums, with a market share of 18.4%, followed by fire & property damage insurance with a share of 15.1%.

4.4.1 Motor Insurance

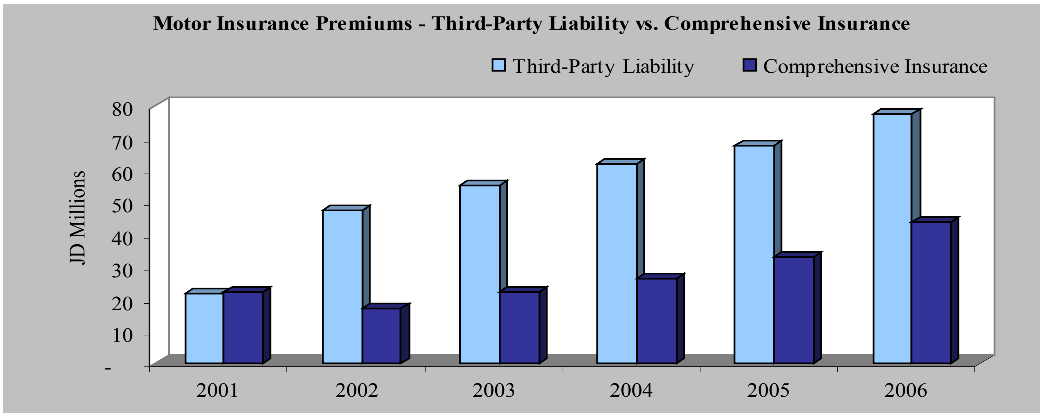
Motor insurance is the dominating insurance segment

Motor insurance is by far the dominating insurance segment in the Jordanian insurance market, comprising almost 47% of the total insurance premiums in 2006. In contrast to other forms of insurance, motor insurance risks are predominantly borne by the local insurers.

Motor insurance in Jordan is categorised as either third-party liability insurance, whereby the insured is covered against injuries and damage caused to third parties, or comprehensive insurance, which, in addition to what is offered by third party liability coverage, provides coverage against the loss or damage to own vehicle due to accidents, fire or theft, and personal accident cover for driver and passengers due to accidents.

The market leader in motor insurance is the Jordan International Insurance Company, with premiums of JD 9.57 million giving it a market share of 7.9% in 2006, followed by Oasis insurance, with a market share of 7.7% and premiums written of JD 9.31 million.

A consideration of the motor insurance premiums shows that third-party liability insurance has, since 2002, been the most common form of motor insurance in Jordan. While this is partly due to third-party insurance being cheaper and therefore more affordable to the average Jordanian than comprehensive insurance, the primary driver of this type of insurance is a change in insurance regulations, whereby third-party liability insurance cover became compulsory, in accordance with the Civil Liability Compulsory Motor Insurance Regulation No. 32 of 2001. The third-party insurance cover was regulated by the Unified Motor Insurance Bureau and the Federation of Insurance Companies, where the third-party liability policies were allocated to insurance companies on a rotational business, and premium prices were set. This had the effect of favouring the smaller, less competitive companies in the market. This regulation was subsequently amended, allowing insurers to select the insurance company with whom they wish to deal with, instead of being allocated to them. However, prices of premiums remained controlled by Federation, standing currently at JD 55 per annum.

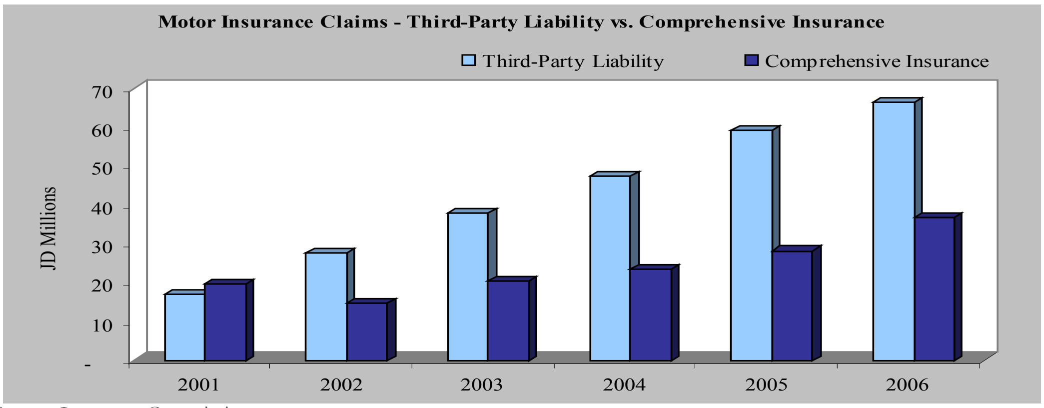


Source: Insurance Commission

From 2001 to 2002, third-party liability insurance premiums leaped 119.9% from JD 21.69 million to JD 47.68 million, as a result of the significant increase in the premium rate for the compulsory third-party insurance, while comprehensive insurance premiums fell by 24.1% to JD 16.88 million.

Since then, third-party liability insurance premiums have been rising steadily to reach JD 77.11 million in 2006. Comprehensive insurance, following the drop in 2002, also assumed a rising trend to reach JD 43.94 million over the same period.

Despite this impressive growth in premiums, a look at the motor insurance claims shows an equally aggressive growth, with the CAGR of the third-party liability insurance claims amounting to 31.2% compared to a CAGR of the premiums of 28.9%, causing an erosion of the gross profit. On the other hand, the comprehensive insurance premiums CAGR amounted to 14.6%, which exceeded the 13.3% CAGR of the claims paid.

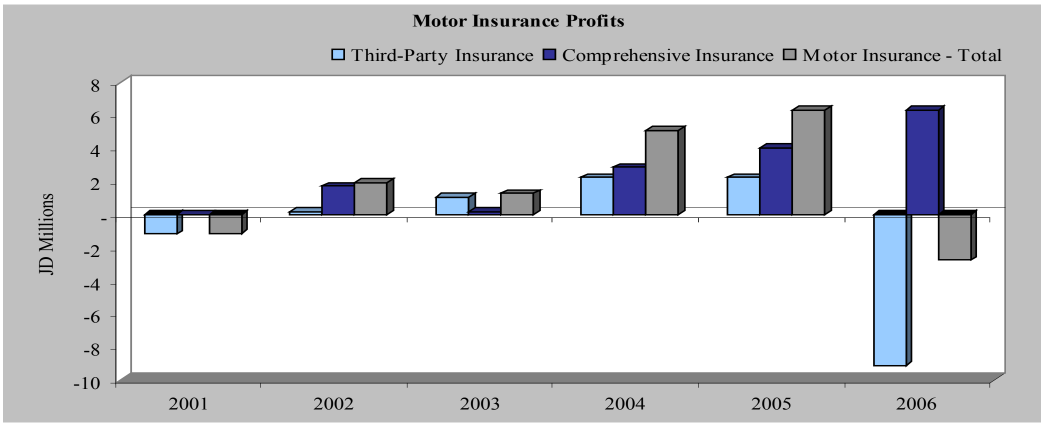


Source: Insurance Commission

Motor insurance claims written have ben rising consistently over the years

The effect of this was constrained profits on third-party liability insurance. The profitability of motor insurance in the Kingdom shows that it became a loss-generating segment of the sector in 2006. Losses reached JD 2.77 million in 2006, despite profits from comprehensive insurance soaring to JD 6.33 million, up 56.0% from the year prior. The JD 9.09 million losses made by the third-party liability insurance segment, due to the 17.9% rise in the number of traffic accidents in 2006 compared to 2005, exceeded the gains from comprehensive insurance, generated an overall loss for the business line.

A 17.9% rise in traffic accidents led to a JD 9.1 million loss from third-party liability insurance



Source: Insurance Commission

Demands by the insurance companies have been for the floating of third-party liability insurance premiums in addition to the enforcement of a traffic points system in which higher premiums are imposed on repeat traffic offenders, and discounts on premiums are given to drivers with no history of accidents or traffic violations. However, issues are being raised regarding what the increase in the liability expected to be borne by the insurance companies would be, in order to reflect any increase in the price of compulsory premiums.

While motor insurance provides a regular in-stream of cashflows for the insurance companies, the sector is characterised by fierce competition for relatively low volumes, in addition to poor claims and risk management. Customers are very price-sensitive, and due to the large number of companies in the market, they can easily change to another company if they can obtain a better premium price, making the motor insurance market very much a buyers market.

Fears have been raised in the market regarding the lack of profitability of third-party liability insurance, suggesting that many companies may soon choose to exit this particular line of insurance, which will reduce the number of companies offering such services, and negatively impacting competition. Already, twelve insurance companies have announced that they are discontinuing their third-party liability insurance lines offerred via insurance agents.

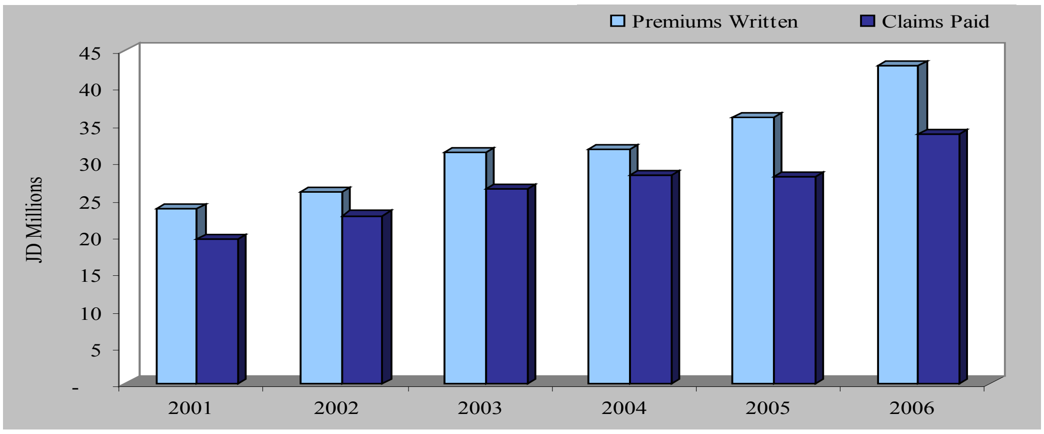
4.4.2 Medical Insurance

Medical insurance is the second largest segment of the insurance sector in terms of premiums, comprising 16.6% of the total in 2006. Estimates by the Ministry of Health state that around 78% of the population are covered by health insurance. The Kingdom of Jordan has committed itself to providing universal coverage of health services with a strategy of providing "health for all". The Government is planning to establish a health insurance commission to develop and expand the health insurance coverage.

Medical insurance ranks second in terms of claiming premiums, at 16.6% of the total premiums written in 2006

Health insurance is divided into two major categories as provided by the public sector and the private sector. The public sector has tended to dominate the provision of health care and coverage, through the Ministry of Health, the Royal Medical Services, and the Jordan University Hospital.

The private health sector, on the other hand, comprises private insurance companies, self-insured companies, and third party administrators. These tend to deal primarily with private sector physicians and hospitals. Private insurers typically determine premiums based on age, sex, and medical history on an individual basis. Their health insurance policies are designed to control costs and risks by excluding many treatments and illnesses from their cover.

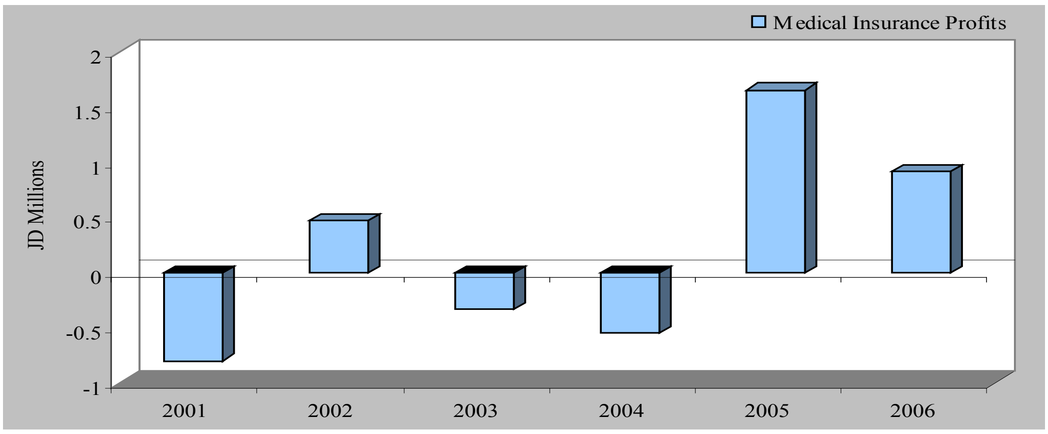


Source: Insurance Commission

Medical insurance has been growing over the years, with premiums written reaching JD 42.90 million in 2006, up 19.7% compared to 2005's JD 35.85 million and 81.6% compared to the JD 23.62 million recorded for 2001.

Premiums written reached JD 42.9 million in 2006, up 19.7% compared to the year prior

Accompanying this rise in premiums is a corresponding rise in claims paid. Claims paid reached JD 33.59 million in 2006 up from JD 27.86 million the year prior. Since 2001, the CAGR for the claims amounted to 11.4%, falling behind the 12.7% CAGR of the premiums.



Source: Insurance Commission

Profitability of the medical insurance business has been turbulent, with losses made in 2001, 2003 and 2004. A sharp recovery occurred in 2005, where the medical insurance segment saw profitability rise from a loss of JD 0.55 million in 2004 to a profit of JD 1.66 million. In 2006, profits declined by 44.9% to JD 0.92 million. The major issues facing the medical insurance segment are that of fraudulent claims where claims are made by uninsured persons under the name of an insured person, and the rise in the medical treatment costs.

Medical insurance profitability has been capricious, with losses made in 2001, 2003 and 2004

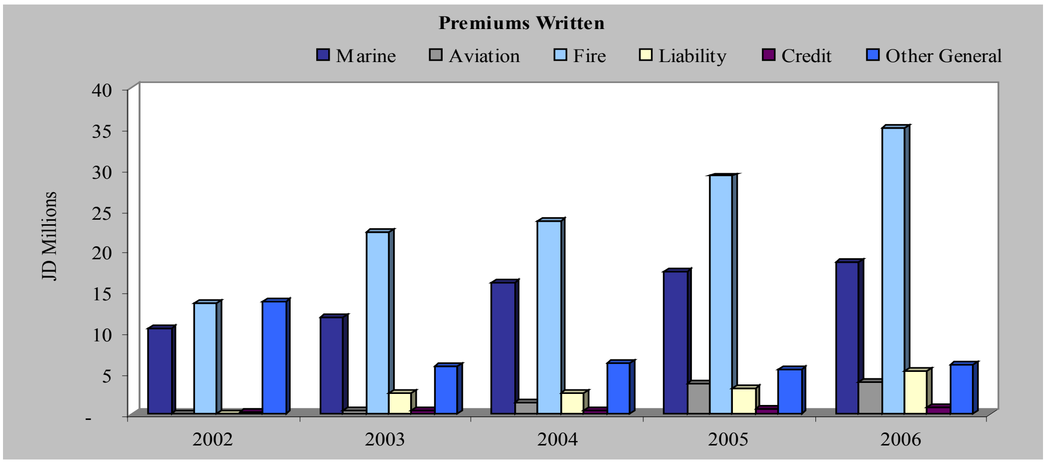
The medical insurance market is categorised as highly competitive, with only four companies of twenty six not offering medical insurance. This segment leans mainly towards group business cover, focusing on large employers, which tend to predominantly be government departments and other public sector organisations. In contrast to the motor insurance, the medical insurance sector is much more concentrated, with the top five companies offering medical insurance claiming 57.3% of the premiums. Furthermore, the top ten companies claim a hefty 80.4% of the medical insurance premiums.

The market leader by far is the Arab Orient Company, with premiums of JD 8.22 million, claiming a 19.2% share of the market. Following significantly behind is the Arab German Insurance Company, with a market share of 13.9% and JD 5.96 million premiums.

Market leader in terms of medical insurance premiums is the Arab Orient Company

4.4.3 Other General Insurance

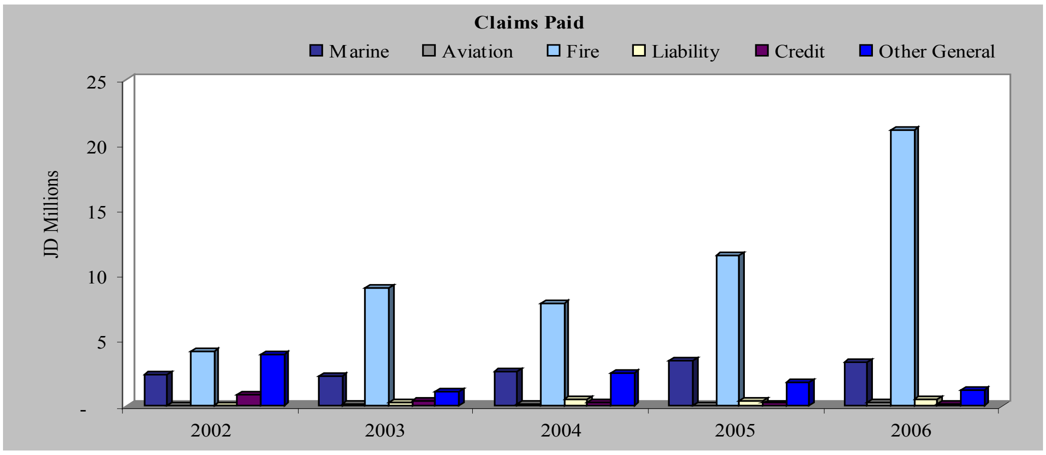
This comprises fire, marine, credit, aviation and other forms of insurance. These forms of insurance make up a mere 26.9% of the total premiums written, and 29.8% of the general insurance premiums.



Source: Insurance Commission, compiled by ABCI

Fire insurance claimed the lion's share of the other general insurance lines premiums, at 50.5% in 2006. The fire insurance premiums have been rising steadily since 2002, reaching JD 29.21 million in 2005 and JD 35.16 million in 2006.

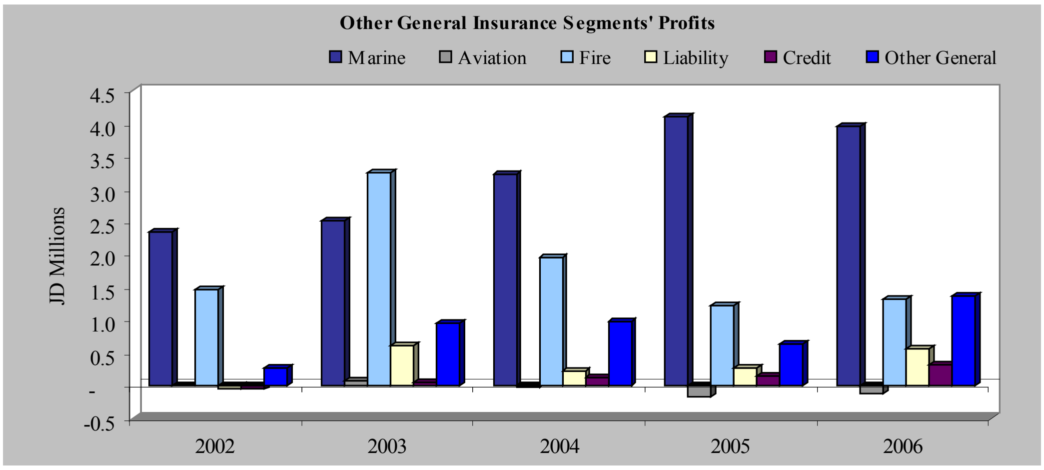
Marine insurance also witnessed a stable growth rising to JD 18.64 million in 2006 from JD 10.48 million in 2002. For the other segments of insurance, there were relatively insignificant changes witnessed in their levels of growth.



Source: Insurance Commission; compiled by ABCI

In terms of claims paid, fire insurance comprised the bulk of the amounts at a whopping 79.8%. Its trend has also been rising over the years, in line with the rise in premiums, reaching JD 21.22 million in 2006. What is particularly striking though, is the level of growth that took place in 2006; In 2005, the claims paid for the fire segment amounted to JD 11.59 million, indicating that the claims paid in 2006 almost doubled.

For only one company do these other general insurance segments generate in excess of 50% of their total premiums, and only 9 companies out of a total of 26 have premiums in excess of 30% generated from these lines of business. This is because insurance companies in the Jordanian market tend to depend more on the motor and medical insurance segments.



Source: Insurance Commission; compiled by ABCI

Marine insurance was the most profitable of the other general insurance segments

The profitability of these segments of insurance highlight the marine segment as the major generator of profits, which amounted to JD 3.97 million in 2006 compared to JD 4.12 million in 2005 and JD 2.33 million back in 2002. Interestingly, despite the substantial growth witnessed in the premiums relating to fire insurance, years 2005 and 2006 have seen a decline in the profitability compared to 2003 and 2004. In 2006, the profits generated from the fire insurance segment amounted to JD 1.31 million.

Aviation has been more or less a consistently loss-generating segment, with only 2003 seeing profits generated, and those at only JD 63,212.

4.5 Sector Balance Sheet Structure

	2001	2002	2003	2004	2005	2006
Total Assets	236,571,235	260,489,400	308,457,182	365,349,550	526,163,012	547,940,845
Total Liabilities	147,950,628	164,270,933	184,035,675	203,974,530	248,737,172	259,243,586
Shareholders' Equity	88,620,607	96,218,467	124,128,619	161,038,999	277,221,711	285,150,568
Paid Up Capital	74,701,865	75,284,000	81,314,000	84,696,000	130,713,554	206,605,477
Deposits & Cash	79,156,955	85,180,023	98,403,741	104,201,844	105,841,166	148,673,365
Investments	77,286,883	89,335,016	117,340,824	165,656,850	308,083,964	270,356,173
Technical Provisions	109,326,689	123,382,137	131,634,354	143,193,344	156,249,967	170,755,732

Source: Insurance Commission

The sector's total assets registered at JD 547.94 million in 2006, equivalent to 5.4% of GDP. This low level of assets reflects the concentration of the local market on general insurance as opposed to life insurance, which gives rise to substantial accumulation of long-term financial assets.

The assets in 2006 represent a 4.1% rise compared to 2005. Since 2001, the assets have been rising year-on-year at a CAGR of 18.3%. The bulk of the assets constitute investments and deposits and cash balances, making up 76.5% of the total. This large exposure to cash balances and investments, particularly in the form of securities, is typical of insurance sectors that are dominated by non-life segments of insurance, as the more liquid assets are required to settle immediate claims.

The sector's assets rose at a CAGR of 18.3% to reach JD 547.9 million in 2006

The balance of the investments has been rising significantly year-on-year, reaching JD 308.08 million in 2005 compared to JD 77.29 million in 2001. In 2006, the value of the investments declined by 12.2% to JD 270.36 million due primarily to the revaluation of the investments to fair market value, where the value of the investments had to be marked down consequent to the correction that occurred in the stock market, and due to many companies adopting a loss-cutting strategy by downsizing their securities portfolio as a result of the correction.

Investments declined in 2006 due to a reduction in the fair market value of the investment portfolios

The increase in the level of core operations has demanded an increase in technical provisions, which registered at JD 170.76 million in 2006.

Composition of Technical Provisions in 2006

Net Unearned Premium Provision	59,726,489
Unexpired Risks Provision	187,829
Net Outstanding Claims Provision	56,512,554
Net Mathematical Provision	53,358,544
Catastrophic Risks Provision	445,316
Other Technical Provisions	525,000
Total Technical Provisions	170,755,732

Shareholders' Equity rose at a CAGR of 26.3% since 2001 to reach JD 285.15 million in 2006, due mainly to the 22.6% CAGR of the paid-up capital over the same period.

The largest five companies in the sector accounted for 45% of total assets, with the bulk comprising deposits and financial assets, which made up a combined 64.9% of total assets in 2006.

4.6 Sector Income Statement

	2001	2002	2003	2004	2005	2006
Net Profit after Tax	N/A	10,104,336	17,394,618	33,230,368	77,436,098	15,606,057
Net Profit before Tax	6,489,476	12,492,310	17,510,512	39,719,753	90,619,294	21,519,206
Total Revenues	11,709,025	9,872,975	16,703,230	45,791,325	78,328,713	19,995,722
Total Expenses	4,886,718	5,241,313	6,111,401	6,071,572	8,172,567	9,842,355
Technical Profits	1,175,526	7,860,648	11,391,845	16,315,469	20,463,148	11,365,839
Gains from Financial Investments	1,926,699	4,763,707	8,235,259	22,655,271	69,015,168	7,114,135
Interest Income	5,123,301	2,204,213	4,457,783	4,734,763	5,899,463	8,404,396

Source: Insurance Commission

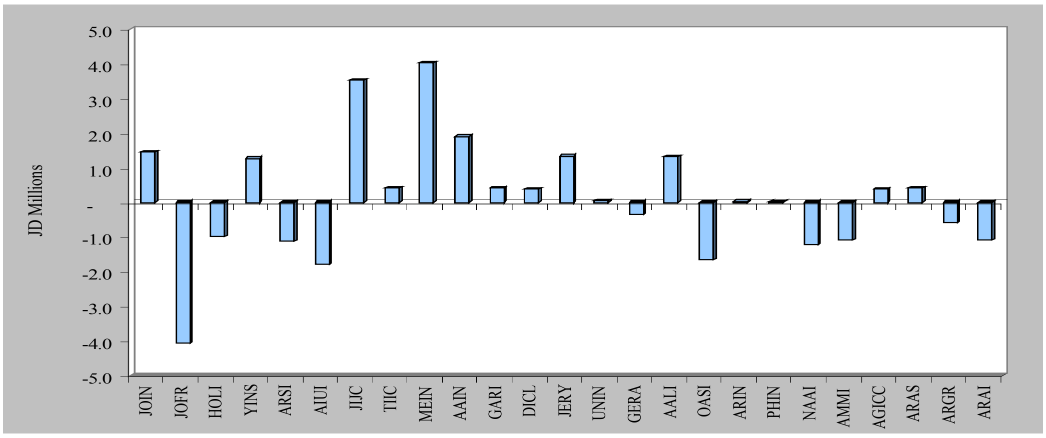
The sector's profitability has been rising over the years to reach JD 77.44 million in 2005 compared to JD 10.10 million in 2002. The sharp increases in profit occurred in 2004 and 2005 with increases of 91.0% and 133.0%, respectively. A consideration of the components of the income statement highlight that although technical profits did increase over the same period, the substantial growth is attributable to the gains made from insurance companies' investment portfolios, which reached JD 22.66 million in 2004 and JD 69.02 million in 2005 compared to JD 4.76 million in 2002.

Sector profitability rising over the years apart from 2006...

In 2006, profitability plummeted to JD 15.61, down a whopping 79.9% compared to 2005. Technical profits played a hand in this drop by declining by JD 9.10 million to JD 11.37 million due to the losses sustained in the motor insurance segment. However, the major driver of the fall in profitability is the JD 61.90 million reduction in gains from financial investments. As mentioned, in order for companies to be able to meet the future claims, they invest their cash inflows from premiums written in investments, which include securities, bonds and real estate. Year 2006 saw the local and regional stock markets undergo a major correction, pulling the prices of securities down sharply. Therefore, their gains from their portfolios declined notably, with many companies incurring losses. The damage attributed to the correction, however, is likely to be even higher, as changes in the fair value of available-for-sale investments, in accordance with the international accounting standards, are recognised in the shareholders' equity and not the income statement. Upon sale or disposal, the cumulative unrealised gains or losses from revaluation are then recognised in the income statement., which means that many companies may have a large amount of losses from investments hidden in their balance sheet.

...due to a decline in technical profits resulting from the losses made on motor insurance, alongside a substantial decline in the gains from financial investments

Net Profit for 2006

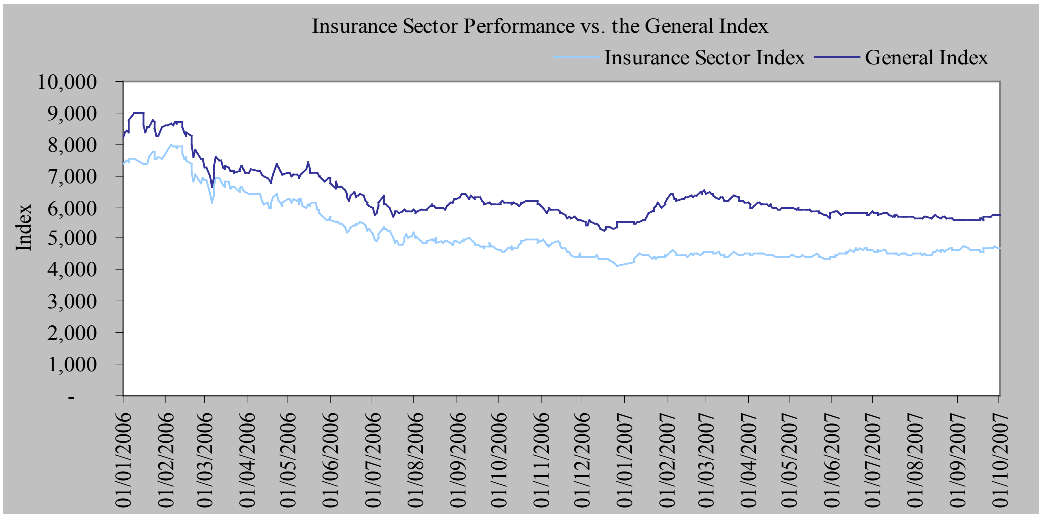


Of the 25 listed companies, ten incurred net losses in 2006, with the most substantial being the Jordan French Insurance Company (JOFR) at JD 4.06 million. The most profitable, on the other hand, were the Middle East Insurance Company (MEIN) and Jordan International Insurance Company (JIJC), with net profits of JD 4.03 million and JD 3.53 million, respectively.

10 of the 25 listed companies recorded losses for 2006

4.7 Stock Market Performance

4.7.1 Performance of the Insurance Sector Index



Source: Amman Stock Exchange

The correction in the stock market following the boom that occurred in 2004 and 2005 led to the insurance sector index falling by a substantial 43.7% from 7,382.4 points at the start of 2006 to 4,156.3 points by year end. While the sector index appeared to closely follow that of the general market index, for 2006 overall, the decline in the insurance index exceeded that of the general index, which registered a drop of 32.6% over the same period.

Year 2006 saw the insurance sector index fall by 44%

Due to the nature of the insurance business, insurance companies need to invest their cash inflows from premiums in stock markets in order to generate the returns needed to meet future cash outflows relating to claims. This makes the companies particularly vulnerable to declines in the equity markets, as a decline has a double effect on their stock; the share price of the stock will drop corresponding to the overall drop in the market during a correction. This is accentuated by an awareness in the market of the negative impact on earnings played from the drop in share prices due to the realised and unrealised losses resulting from revaluation and/or sale of part of their investment portfolios, causing a further decline in the share price.

The stock market performance during the first couple of months of 2007 reflected market anticipation of a recovery, with the General Index rising 18.6% and the Insurance Sector Index reaching 4,588.7 points, 10.4% higher than the start of the year. The following three months ending May 30th saw a major downturn, with the General Index falling 10.9% to 5,831.1 points. Despite the Insurance Sector index dropping to 4,394.9 points over the same period, it managed to outperform the General Index with a 4.2% decline.

In June 2007, the Insurance Sector index rose significantly to reach a peak of 4,701.5 points on the 21st, before declining to end the first half of the year at 4,664.1 points.

The descent continued into July and part of August, reaching a low of 4,452.0 points on August 12th, before commencing on an ascent to reach the high for the year so far of 4,739.7 points on September 6th, before dropping to 4,702.3 points on September 30th, 13.1% higher than the start of the year.

The insurance sector index ended the third quarter of 2007 at 4,702 points, up 13.1% since the start of the year.

4.7.2 Sector Trading Activity

Company Name	Ticker	Value Traded (JD)	Number of Transactions	Number of Shares
Jordan Insurance	JOIN	1,135,990	679	389,262
Jordan French Insurance	JOFR	193,131	349	126,033
Holy Land Insurance	HOLI	244,394	315	196,165
Yarmouk Insurance	YINS	330,991	507	125,264
Arabian Seas Insurance	ARSI	2,380,938	958	1,562,765
Arab International Union Insurance	AIUI	5,961,916	4,608	3,704,121
Jordan International Insurance	JIJC	4,131,088	3,099	2,295,653
Islamic Insurance	TIIC	211,391	356	135,869
Middle East Insurance	MEIN	2,834,701	1,665	1,004,197
Al-Nisr Al-Arabi Insurance	AAIN	417,494	703	61,040
General Arabia Insurance	GARI	59,968	136	33,857
Delta Insurance	DICL	207,717	21	59,157
Jerusalem Insurance	JERY	224,279	113	55,167
United Insurance	UNIN	664,216	632	394,862
Gerasa Insurance	GERA	-	-	-
Arab Orient Insurance	AALI	1,344	4	410
Oasis Insurance	OASI	1,685,955	994	917,224
Arab Life & Accident Insurance	ARIN	1,189,905	107	409,682
Philadelphia Insurance	PHIN	86,382	54	61,295
National Ahlia Insurance	NAAI	1,419,986	599	1,230,646
Euro Arab Insurance Group	AMMI	306,139	423	223,366
Arab German Insurance	AGICC	38,587,819	15,648	21,144,761
Arab Assurers	ARAS	34,826,944	9,824	20,525,107
Arab Jordanian Insurance Group	ARGR	468,813	150	261,306
Al-Baraka Takaful	ARAI	159,421,539	35,135	60,530,289
Mediterranean & Gulf Insurance - Jordan	MDGF	10,980,712	12,541	5,388,086
Housing Loan Insurance (Darkom)	DRKM	30,018,280	22,944	15,097,606
First Insurance	FINS	5,585,334	11,381	4,896,847
Sector Total 2007 *		303,577,366	123,945	140,830,037
Sector Daily Average 2007 *		1,640,959	670	761,243
Sector Daily Average 2006		349,643	108	137,737

* Trading activity is up to September 30th 2007

Year 2007 witnessed a significant increase in the volume of trading of insurance sector company shares compared to 2006. Because of the market correction that commenced at the end of 2005 and continued throughout 2006, the volume of trading overall for the sector in 2006 was very low, amounting to a daily average of 137,737 shares over 108 transactions. In 2007, the average number of shares traded amounted to 761,243, more than five times the average volume of the previous year. The total value traded for 2007 registered at JD 304 million, giving a daily average value of JD 1.64 million compared to JD 0.35 million for 2006.

2007 saw a substantial increase in the volume of trading of insurance sector company shares

Worth mentioning, however, is that the trading activity for 2007 included three new entrants to the insurance sector; the Mediterranean & Gulf Insurance Company, the Housing Loan Insurance Company, and First Insurance, which contributed a combined value traded of JD 46.58 million and a trading volume of JD 25.38 million shares over 46,866 transactions.

4.8 SWOT Analysis

Strengths	Weaknesses
Vast untapped market	Lack of strong regulatory framework
Emergence of compulsory insurance classes, with opportunities for growth in medical insurance	Sector earnings highly dependent on stock market performance
Government focus on increasing health coverage	Low per-household income
Premium rates are increasing and so are commissions	Lack of product awareness
The variety of insurance products is increasing	Underdevelopment of private pension funds and housing finance
Awareness of importance of insurance is increasing	Lack of variety of investment tools available
	Weak marketing efforts by insurance companies
	The continuing sale of loss-making policies
	Impact of Religion
	Insurance companies are often slow to respond to changing needs.
	Increasing trend of financial weakness among many companies
	Highly competitive market leading to weak price-setting power
	Adequate pensions by the Social Security, suppressing the need for private life insurance.
Opportunities	**Threats**
Macroeconomic growth and high liquidity in the market	Economic slowdown
Rising household income	High exposure to turbulence in stock markets
Rising interest rates meaning that life insurers can offer higher returns	Government regulations can significantly impact insurance.
Increasing availability of mortgage financing requiring insurance	Increasing expenses and lower profit margins will hit hard on the smaller agencies and insurance companies.
Growing population	A fall in interest rates will hinder growth in life insurance due to lower returns offered.
Highly educated population with increasing awareness	
Deregulation of compulsory third-party insurance may transform motor insurance into a more profitable line of insurance	

5.0 FACTORS INFLUENCING SECTOR

5.1 Economic Performance

A healthy economy with stability and strong growth are factors which can have a profound impact on insurance sector development. The economic growth in Jordan over the past few years has been strong, with the Gross Domestic Product (GDP) rising by 7.2% in 2005 and 6.4% in 2006. Liquidity in the market has also been high, consequent to the booming economy and rising liquidity in the region due to the high oil prices, which affected the Kingdom both directly and indirectly through remittances and direct foreign investment.

Strong economic growth drives insurance sector development

5.2 Rising Household Income

As a consequence to the flourishing Jordanian economy, the disposable personal income has been rising over the years. As measured by the per capital National Disposable Income, this reached JD 1,811 in 2004 compared to JD 1,435 in 2000. A higher disposable income allows for higher expenditure on insurance, particularly in the form of life insurance.

A rising per-household income enables additional spending on insurance

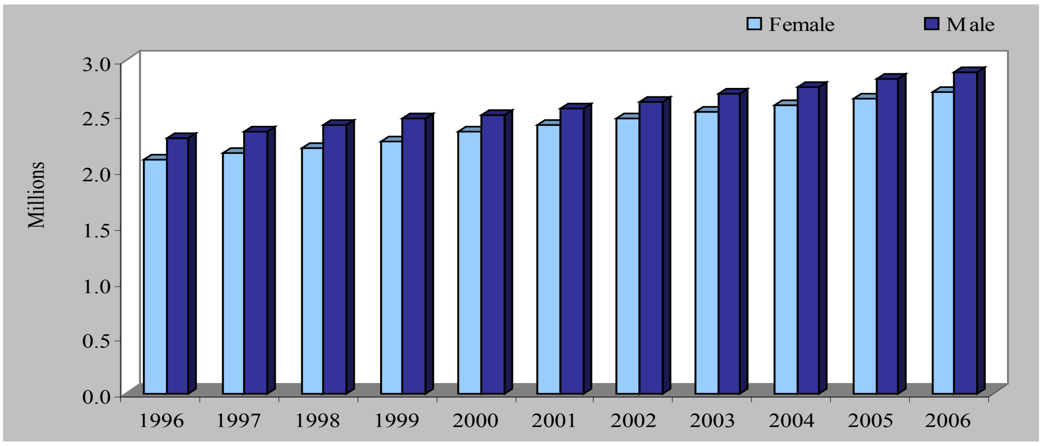
	2000	2001	2002	2003	2004
Per Capita National Disposable Income (JD)	1,435	1,458	1,521	1,686	1,811

Source: Central Bank of Jordan

5.3 Population Demographics

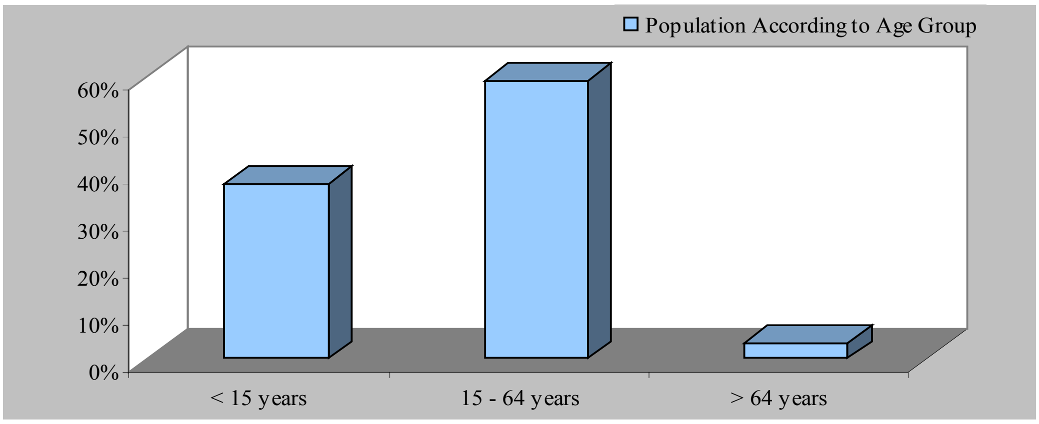
The population in Jordan is characterised as young and growing, rising steadily by 27.8% over the past ten years. Current day estimates of the population by the Department of Statistics stand at 5.68 million, and it is projected to grow at a rate of 2.26%.

A growing population, and an increase in the average life-span tends to drive a need for insurance



Source: Department of Statistics

An important characteristic of the Jordanian population is its youth. The breakdown of the population as of 2005 year-end shows a young population, with 37.3% under 15 years of age, while 59.4% arise in the age group 15-64 years.



Source: Department of Statistics

According to estimates, the population falling within the 15-64 years category is skewed to the left, with the population median age in 2005 amounting to 20.1 years.

A young population signifies that as the population matures, demand for life insurance will rise as the need for savings and life cover will increase. Furthermore, the boom in the stock market in Jordan in 2004 and 2005 sparked an interest in the population to participate in investment, and heightened an interest in saving.

5.4 Risk Awareness and Education

An increase in the level of education and awareness is directly linked to expenditure on insurance. As the population becomes more aware of the risks present, a shift towards increasing the level of coverage will occur.

Higher education levels and awareness of risks and types of insurance drive development

5.5 Liberalisation

Entry barriers have been reduced in Jordan in recent years. Due to the large number of insurance companies that were licensed in the seventies and eighties, and following the economic recession causing a large number of these companies to make losses, Act No. 30 in 1984 was issued, preventing the issue of new licenses for insurance companies. In 1995, law No. 9 was issued allowing the establishment of new insurance companies once more. This led to the entrance of 8 new companies, taking the total number up to 27. Due to the high market concentration, and the low market share held by foreign insurers, there has been little change in the number of companies in the market since, and it wasn't until 2006/7 that new entrants began to emerge.

The entrance of new companies to the market increases competition, and enhances innovation and the emergence of new products

New Entrants to the Market

Company Name	Paid-Up Capital
The Mediterranean & Gulf Insurance Company	JD 10 million
First Insurance Company	JD 24 million
Housing Loan Insurance Company	JD 10 million

5.6 Regulations

In the past, the insurance sector in Jordan had been regulated by the Jordan Association for Insurance Companies. In 1999, the Insurance Act led to the creation of an autonomous and independent regulatory agency, the Insurance Commission. The commission has taken large steps to undertake training programs to develop skills, in addition to developing a plan aimed at modernising the regulatory framework, increase supervision, and enhance efficiency.

The establishment of the Insurance Commission has facilitated in transforming the Jordanian insurance sector to a well-regulated and monitored sector

The major regulations impacting the sector are:

- The raising of the minimum required capital for existing companies from JD 2 million to JD 4 million, and requiring a capital of JD 8 million for new entrants to the market. The raising of capital will deter smaller entrants from entering the market, and is hoped to help consolidate the sector, bringing about mergers and acquisitions of weaker companies.
- Specifying the reserves that insurance companies are required to maintain.
- Rules on accounting and asset valuation
- Rules on risk-based capital and solvency margin
- Rules on reinsurance
- Requiring the separate subsidiaries for general and life segments.

5.7 Restructuring of Government Pensions

Any restructuring of the government pension scheme, or social security, resulting in a reduction of coverage will lead to a growth in demand for life insurance.

5.8 Emergence of Compulsory Insurance Classes

The introduction of compulsory insurance, namely the motor insurance, and with health insurance potentially in the pipeline, will increase the demand for insurance, as is evident from motor insurance, which is the dominant insurance line due to third-party liability insurance being compulsory.

Compulsory insurance classes drive insurance growth

5.9 Growth of Financial Services

The recent boom in the economy has led to a growth and diversity in financial services products, such as housing and auto loans. This positively impacted the demand for insurance, as insurance is

Products that require insurance boost the level of insurance in an economy required on such facilities to mitigate the risks associated with the underlying assets.

The table below highlights the growth in the level of loans and advances granted by licensed banks in Jordan.

Loans & Advances Granted by Licensed Local Banks

	2002	2003	2004	2005	2006	June 2007
Loans & Advances (JD Millions)	3,428.6	3,620.5	4,499.6	5,813.9	7,722.1	8,627.7
% Change	-	5.6%	24.3%	29.2%	32.8%	11.7%

Source: Central Bank of Jordan

5.10 Shari'a Sensitivity

The growth of life insurance is affected by perceptions of whether the insurance products offered are compliant with Shari'a, as Islam prohibits risky investments which are viewed as a form of gambling, in addition to prohibiting interest income from non-Shari'a compliant interest-bearing instruments. The emergence of Takaful Insurance, a types of insurance compliant with Islam, should drive the growth in demand for life insurance.

6.0 KEY SECTOR PLAYERS

6.1 Regulators

The Jordan Authority for Insurance Company was established in 1956 as a regulatory body for insurance affairs. In 1987, the Unified Compulsory Insurance Office was established to control the segment of vehicle insurance. The Regulation of Jordan Insurance Federation No. 30 of 1989 established the Jordan Insurance Federation to act as a regulatory and managing authority for the insurance sector.

The Federation's responsibilities include setting the standards of practice for its members, ensuring professional conduct and ethical behaviour, regulating and coordinating insurance business, setting up technical principles and tariff rates, unifying insurance policies, and enhancing the overall confidence in the sector.

The Insurance Commission was established in 1999 in accordance with the Insurance Regulatory Act No. 33 of 1999 as an administratively and financially independent organisation. The Commission's role is to regulate the insurance sector and enhance its role through improving the efficiency and operations of companies operating within the sector. It is financed from annual fees paid by insurance companies, licensing and registration fees, charges and fines, in addition to other sources of revenues.

In accordance with the Regulatory Act, the Commission must maintain reserves equal to twice the gross value of the expenses included in the balance sheet. Any excess is transferred to the Treasury.

The Commission issues regulations covering solvency requirements, the basis of calculating technical provisions, investment regulations, corporate governance and internal controls. Recent developments include:

- The adoption of international accounting standards for the valuation and reporting of assets.
- The setting of financial reporting requirements.
- The application of risk-based capital requirements, whereby the Commission has set a risk-based solvency margin adopted from a Canadian model.

- Increasing the minimum paid up capital for existing companies at JD 4 million, and setting a minimum of JD 8 million for new companies, and JD 100 million for reinsurance companies.
- Segregating the operations of life and general insurance business for new companies.
- Basing the underwriting policies and technical provisions for large commercial and industrial risks on the practices of international companies, where more than 80% of the risks are covered by reinsurers.
- Specifying the types of technical provisions that the companies are required to maintain, which, for General Insurance include provisions for unearned premiums, unexpired risks, outstanding claims, incurred but not reported claims and catastrophic risks, while for life insurance they include mathematical provisions and provisions for unearned premiums and outstanding claims.
- Setting investment rules for insurance companies.

6.2 Listed Players

Company Name	Ticker	Paid-Up Capital	Total Assets	Equity	Technical Income '06	Net Income '06	ROAA	ROAE
Jordan Insurance	JOIN	30.0 mil	48,843,436	28,501,513	3,121,055	1,468,083	2.4%	4.1%
Jordan French Insurance	JOFR	6.5 mil	23,385,378	6,471,685	-3,221,909	-4,055,862	-17.9%	-46.0%
Holy Land Insurance	HOLI	4.0 mil	6,719,740	2,876,107	-277,604	-997,217	-13.8%	-29.5%
Yarmouk Insurance	YINS	5.0 mil	11,373,067	7,429,611	337,932	1,270,255	10.2%	14.6%
Arabian Seas Insurance	ARSI	21.0 mil	21,519,663	20,259,307	-772,780	-1,126,106	-8.4%	-9.6%
Arab Int'l Union Insurance	AIUI	4.0 mil	8,300,192	3,644,532	-199,517	-1,800,129	-19.1%	-36.4%
Jordan Int'l Insurance	JIJC	16.0 mil	34,319,000	23,069,691	1,073,187	3,528,651	11.3%	17.0%
Islamic Insurance	TIIC	8.0 mil	15,400,636	10,344,726	64,742	421,520	3.3%	5.4%
Middle East Insurance	MEIN	15.0 mil	55,232,066	37,385,011	2,061,494	4,026,156	6.4%	9.5%
Al-Nisr Al-Arabi Insurance	AAIN	5.0 mil	27,348,762	17,682,869	1,185,416	1,909,341	9.1%	16.7%
General Arabia Insurance	GARI	4.0 mil	13,285,017	7,109,277	343,706	420,539	3.0%	5.5%
Delta Insurance	DICL	5.0 mil	10,118,677	6,805,709	262,070	392,701	3.6%	5.4%
Jerusalem Insurance	JERY	5.5 mil	17,384,422	7,679,391	1,048,918	1,341,809	8.0%	18.8%
United Insurance	UNIN	7.0 mil	19,565,543	11,489,012	527,586	60,518	0.3%	0.5%
Gerasa Insurance	GERA	2.8 mil	6,851,763	2,088,812	-534,298	-339,981	-4.7%	-12.7%
Arab Orient Insurance	AALI	10.0 mil	23,744,391	11,952,002	1,426,946	1,313,636	6.6%	14.9%
Oasis Insurance	OASI	5.0 mil	8,774,753	3,468,345	-813,107	-1,666,767	-18.7%	-37.1%
Arab Life& Accident Insurance	ARIN	8.0 mil	24,792,750	9,381,220	916,800	36,614	0.1%	0.4%
Philadelphia Insurance	PHIN	3.8 mil	7,999,302	4,025,434	-194,956	8,474	0.1%	0.2%
National Ahlia Insurance	NAAI	2.0 mil	8,194,976	2,841,255	873,645	-1,213,110	-13.5%	-35.2%
Euro Arab Ins. Group	AMMI	4.0 mil	10,755,882	4,055,783	488,965	-1,079,053	-10.1%	-23.5%
Arab German Insurance *	AGICC	10.4 mil	25,624,109	11,332,500	175,843	374,624	1.5%	3.3%
Arab Assurers	ARAS	5.9 mil	16,410,983	7,054,069	818,132	412,899	2.7%	6.6%
Arab Jordanian Ins. Group	ARGR	8.8 mil	14,041,647	8,871,551	853,446	-582,958	-4.2%	-6.4%
Al-Baraka Takaful	ARAI	6.0 mil	8,277,236	3,968,401	-974,265	-1,076,693	-13.6%	-23.0%
Med-Gulf Insurance **	MDGF	10.0 mil	13,591,488	9,943,498	-162,908	-113,004	-0.8%	-1.1%
Housing Loan Insurance **	DRKM	10.0 mil	9,588,244	9,244,406	-	-1,511,188	-15.8%	-16.3%
First Insurance	FINS	24.0 mil	N/A	N/A	N/A	N/A	N/A	N/A
Total		247.1 mil	491,443,123	278,975,717	8,428,539	1,423,752	0.3%^	0.5%^

* ROA and ROE used instead of ROAA and ROAE as no comparative figures available for 2005
** Figures used are as per June 30th 2007 financials, and net income figure shows annualised income

We have highlighted key information for the top five companies in terms of market capitalisation, excluding First Insurance, due to its lack of financials to date.

Jordan Insurance Company PLC (JOIN)

Jordan Insurance Company was established in 1951 as a public shareholding company with a paid up capital of JD 100,000. In 1958, JOIN began branching out into Kuwait, Saudi Arabia and the United Arab Emirates, and currently operates seven branches in the region. JOIN owns the Arab Mashriq Company for Insurance, which was established in Bahrain for the purpose of managing the Company's branches in the Gulf states. However, this company has not performed any commercial activities to date.

JOIN's operations include all branches of insurance. In 2005, it raised its paid up capital to reach JD 20 million, and once again in 2006 to JD 30 million.

Key Highlights

Net Income 2006	JD 1,468,083
Net Income (30/06/2007)	JD 1,752,080
Share Price (30/09/2007)	JD 2.75
Market Capitalisation (30/09/2007)	JD 82,500,000
Earnings per Share 2006	JD 0.049
Earnings per Share (30/06/2007)	JD 0.058
Forward P/E (times)	23.54x
Trailing P/E (times) *	56.12x
Trailing P/BV (times) *	2.89x

* Based on 2006 year-end figures and price as of September 30th 2007

Al-Nisr Al-Arabi Insurance (AAIN)

Al-Nisr Al-Arabi Insurance Company was established as a public shareholding company on September 28th 1989. The Company's operations include all forms of insurance and reinsurance following its merger with Rifco Life Insurance Company.

In 2006, the Arab Bank became a strategic partner in AAIN, with a holding in excess of 50%.

Key Highlights

Net Income 2006	JD 1,909,341
Net Income (30/06/2007)	JD 935,998
Share Price (30/09/2007)	JD 5.79
Market Capitalisation (30/09/2007)	JD 57,900,000
Earnings per Share 2006	JD 0.458
Earnings per Share (30/06/2007)	JD 0.094
Forward P/E (times)	30.93x
Trailing P/E (times) *	12.64x
Trailing P/BV (times) *	1.64x

* Based on 2006 year-end figures and price as of September 30th 2007

Middle East Insurance (MEIN)

Middle East Insurance was established in 1963 as a public shareholding company. The company raised its capital several times over the years, with the latest increase occurring in April 2007 through capitalising a portion of the retained earnings to increase the capital from JD 15 million to JD 18 million. The Company offers all forms of insurance and reinsurance.

Key Highlights

Net Income 2006	JD 4,026,156
Net Income (30/06/2007)	JD 734,073
Share Price (30/09/2007)	JD 2.57
Market Capitalisation (30/09/2007)	JD 46,260,000
Earnings per Share 2006	JD 0.268
Earnings per Share (30/06/2007)	JD 0.041
Forward P/E (times)	31.51x
Trailing P/E (times) *	9.59x
Trailing P/BV (times) *	1.03x

* Based on 2006 year-end figures and price as of September 30th 2007

Arab Orient Insurance (AALI)

Arab Orient Insurance Company was established as a public shareholding company in 1996, with an initial paid up capital of JD 2 million. This was increased over the years to reach JD 10 million. The Company offers all types of general insurance services.

AALI is a subsidiary of the Jordan Kuwait Bank, which has a 65.7% ownership in the Company.

Key Highlights

Net Income 2006	JD 1,313,636
Net Income (30/06/2007)	JD 1,223,564
Share Price (30/09/2007)	JD 3.50
Market Capitalisation (30/09/2007)	JD 35,000,000
Earnings per Share 2006	JD 0.156
Earnings per Share (30/06/2007)	JD 0.123
Forward P/E (times)	14.30x
Trailing P/E (times) *	22.44x
Trailing P/BV (times) *	2.93x

* Based on 2006 year-end figures and price as of September 30th 2007

Jordan International Insurance (JIJC)

Jordan International Insurance (JIJC) was established as a public shareholding company on January 7th 1996. The Company's operations include all forms of insurance and reinsurance. JIJC has two subsidiaries; The Jordan International Investment Company and Ibda' for Financial Investment, a Jordanian brokerage company.

The Company's paid-up capital amounts to JD 20 million.

Key Highlights

Net Income 2006	JD 3,528,651
Net Income (30/06/2007)	JD 1,135,526
Share Price (30/09/2007)	JD 1.60
Market Capitalisation (30/09/2007)	JD 32,000,000
Earnings per Share 2006	JD 0.250
Earnings per Share (30/06/2007)	JD 0.057
Forward P/E (times)	14.09x
Trailing P/E (times) *	6.40x
Trailing P/BV (times) *	1.14x

* Based on 2006 year-end figures and price as of September 30th 2007

7.0 OUR PERSPECTIVE ON THE MARKET

The dynamic growth in the economy in recent years and large inflow of foreign investment to Jordan has led to an increased demand for insurance. The continuing growth in the economy, sustained by levels of high liquidity and soaring oil prices, has helped to draw in international organisations to set up business in the Kingdom, bringing with them an international perspective on the importance of insurance. Furthermore, the underdevelopment of the insurance sector, the profitability of some of the players, and the opening up of markets, has helped to attract new entrants, with three insurance companies listed in 2007 alone, offering a variety of products, helping to further sustain insurance demand.

Relative to GDP, Jordan is extremely under-insured compared to other regions in the world. Reforms in areas such as health and pensions, good corporate governance, aggressive marketing strategies, human resources development, and the adoption of best-practice reporting, have the ability to positively transform the insurance sector.

Pensions and health insurance pose great potential for growth. While the Social Security Department of Jordan already provides coverage for pensions, death and work-related injuries, insurance companies have the capability to expand the options available. This is particularly vital for the sector as life insurance in Jordan is the most profitable of the insurance business lines, and has a very low penetration rate. Health insurance also has room for improvement, as although public sector insurance is provided for government entities and the armed forces, a large percentage of the private sector are not included in health insurance cover by their employees.

With 26 companies serving a population of less than 6 million, and the emergence of three new companies this year, it is argued that the insurance sector is over-provided for, despite its under-development. However, the entry of new companies to the sector may yield a healthy competitive environment promoting competitive prices. It will also help the development of innovative products, which will sustain insurance demand, and will force the adoption of best practices.

The main factors holding back the development of insurance are the lack of tax incentives, a low public image of the sector, rising interest rates and inflation, and religion. The public image of insurance companies is, overall, negative, due mainly to the slow claims pay-out history of these companies, which hinders individuals' incentives to purchase further insurance. Rising interest rates divert attention to other financial savings products, while inflation has a negative effect on demand, due to the increasing cost of living. Religion plays a negative role with regards life insurance, as it is viewed in the region as being non-Shari'a compliant.

The ever-expanding population of Jordan has a double effect on the sector; the growing population translates into a increasing number of individuals requiring insurance. Furthermore, the growth leads to investment in infrastructure, construction and other services, creating additional demand for insurance.

The increasing per capita income for the population, alongside high liquidity levels, has a positive impact on insurance, as insurance becomes more affordable.

To achieve the overall level of development for the sector requires further upgrade of the existing legal and regulatory frameworks, in addition to empowering the regulators. Furthermore, risk management requirements must be mandated, in addition to addressing the problem of skills shortage. The sector would also benefit from an enhancement of data collected and the use of industry associations.

The establishment of the Insurance Commission (IC) as the regulator of the sector in 1999 sparked the beginning of improvement and development. It has actively concentrated its effort in the last couple of years on strengthening and modernising the sector, and is working on introducing new products to the market.

Currently, the bulk of the insurance services provided are based on traditional insurance business as opposed to targeting the market's specific needs. Professional indemnity and export liability insurance are both relatively untouched branches of insurance. Other products are beginning to emerge, however, such as Bancassurance and Takaful insurance. Bancassurance is the selling of insurance and banking products through the same channel, most commonly through bank branches selling insurance. Many banks require customers obtaining credit facilities such as mortgages and car loans, to take out a life insurance policy, which guarantees the repayment of the loan in the event of death of the borrower. Bancassurance is slowly increasing, with banks becoming an important distribution channel for insurers.

Demand for Takaful insurance is expected to surge in the coming few years concurrently with the growth in Islamic banking and investment services. Estimates for Takaful insurance premiums reach in excess of USD 2 billion by 2010, taking its global market share of insurance to almost 10%. In Jordan, however, while growth in Takaful insurance is expected, we expect it to be surpassed significantly by the rate of growth in surrounding countries, particularly the Gulf states.

The future development potential of the insurance sector will be influenced by a number of factors, which include growth of GDP, privatisation of medical insurance, the evolution of Takaful, and further reforms in insurance legislation.

Consolidation of insurance companies within the market is expected to further enhance growth and competition by driving a need for diversification of products offered. The expected outcome regarding consolidation from raising the minimum paid-up capital for insurance companies was disappointing. It has also been argued that the required capital is too high for Jordan's market size, and that, by requiring a higher capital for new companies, discriminates against them, deterring new entrants. However, the entry of new competitors to the market may necessitate the merger of smaller companies together in order to maintain a share of the market.

In the short term, we expect little consolidation, however, in the medium to long term, we would expect to see smaller companies merging with other companies in the market.

In terms of profitability, motor insurance is expected to continue to generate losses, until new regulations are set out regarding the premiums charged on third-party liability insurance, or the points system is enforced, whereby premiums are charged based on the driving history of the insured. Gains from investment portfolios should continue to be modest in the short term, as the stock markets in the region stabilise. We would expect to see a diversion of investment by the insurance companies to more stable equities that have a steady stream of dividends. In the longer term, companies that have rebuilt their positions following the market correction should begin to see appreciation in the value of their portfolios, which will therefore have a positive impact on their bottom line.

Sector Consolidated Balance Sheet

	2003	2004	2005	2006
Cash on Hand & at Banks	10,695,076	12,411,090	12,949,656	15,842,895
Accounts Receivable, net	44,966,510	46,899,388	52,758,197	61,858,132
Due from Reinsurers	12,373,168	14,478,815	17,567,968	18,348,494
Notes Receivable & Post-dated Cheques	5,965,336	6,484,547	8,359,223	11,406,374
Premiums Receivable	1,189,455	1,215,838	1,533,997	1,497,890
Deposits at Banks	87,708,665	91,790,754	92,891,510	132,830,470
Financial Assets Held-for-Trading	14,678,703	30,146,419	80,128,879	66,946,067
Financial Assets Available-for-Sale	45,320,715	70,312,711	142,611,060	100,764,126
Held-to-Maturity Investments	35,190,602	43,811,000	51,937,594	55,111,202
Loans	6,639,377	6,334,240	6,280,494	5,958,325
Investments in Subsidiaries & Associates	2,547,083	1,244,695	2,812,259	112,164
Property Investments	22,136,123	21,383,717	33,404,897	44,293,731
Other Investments	14,681	3,003	1,534	3,241,047
Deferred Tax Assets	-	-	-	296,985
Intangible Assets	-	-	195,397	155,397
Other Assets	6,961,649	5,919,309	8,243,411	8,582,956
Fixed Assets, net	12,070,039	12,914,024	14,486,936	20,694,590
Total Assets	**308,457,182**	**365,349,550**	**526,163,012**	**547,940,845**
Bank Loans	1,797,594	2,831,009	12,813,555	7,389,447
Accounts Payable	10,097,763	12,001,500	13,013,308	18,406,113
Due to Other Reinsurers	16,828,357	18,591,878	21,931,773	26,145,767
Loans	1,514,037	1,424,926	5,617,835	5,941,133
Provisions	6,987,200	8,909,622	14,515,692	12,145,153
Deferred Tax Liabilities	-	35,000	6,829,705	2,044,203
Other Liabilities	15,176,370	16,987,251	17,765,337	16,416,038
Net Unearned Premium Provisions	44,026,187	47,847,343	52,473,142	59,726,489
Unexpired Risks Provisions	196,133	300,311	168,829	187,829
Net Outstanding Claims Provisions	39,235,114	44,952,063	50,861,273	56,512,554
Net Mathematical Provisions	47,204,280	49,028,350	51,902,432	53,358,544
Catastrophic Risks Provisions	169,965	275,277	329,886	445,136
Other Technical Provisions	802,675	790,000	515,000	525,000
Total Liabilities	**184,035,675**	**203,974,530**	**248,737,172**	**259,243,586**
Minority Interest	292,888	336,021	204,129	3,546,695
Shareholders' Equity				
Paid-Up Capital	81,314,000	84,696,000	130,713,554	206,605,477
Net Premiums	75,853	75,853	274,017	10,394,459
Statutory Reserve	12,594,948	14,459,464	21,886,124	23,941,967
Voluntary Reserve	3,547,427	4,159,376	7,359,609	7,289,076
Other Reserves	718,398	718,400	207,758	309,983
Change in Fair Value	10,467,265	17,448,936	42,269,058	(1,684,131)
Foreign Currency Transactions	-	(102,787)	(133,077)	54,718
Proposed Dividends	10,283,645	7,732,047	15,127,084	6,350,000
Retained Earnings	1,651,288	22,683,659	49,487,713	12,745,901
Others	3,475,795	9,168,051	10,037,749	22,701,762
Treasury Stocks	-	-	(7,878)	(3,558,644)
Total Shareholders' Equity	124,128,619	161,038,999	277,221,711	285,150,564
Total Liabilities and Shareholders' Equity	**308,457,182**	**365,349,550**	**526,163,012**	**547,940,845**

ABC Investments

Sector Consolidated Income Statement

	2003	2004	2005	2006
Underwriting Profit / (Loss) - Inside Jordan	11,042,860	14,455,762	20,047,903	10,325,085
Underwriting Profit / (Loss) - Outside Jordan	348,985	1,859,707	415,245	1,040,754
Net Technical Profit	11,391,845	16,315,469	20,463,148	11,365,839
Interest Revenue	4,457,783	4,734,763	5,899,463	8,404,396
Gains/(Losses) from Financial Assets & Instruments	8,235,259	22,655,271	69,015,168	7,114,135
Other Revenues	4,010,188	2,085,822	3,414,082	4,477,191
Total Revenues	28,095,078	45,791,325	98,791,861	31,361,561
Less:				
Unallocated Administrative & General Expenses	2,293,128	2,181,590	3,542,664	4,962,591
Doubtful Debts Expenses	1,218,451	1,103,893	1,579,130	1,764,511
Depreciation	1,413,530	1,378,689	1,443,851	1,598,639
Other Provisions	575,050	492,289	304,384	505,276
Other Expenses	611,242	915,111	1,302,538	1,011,338
Total Expenses	6,111,401	6,071,572	8,172,567	9,842,355
Net Profit before Tax	21,983,674	39,719,753	90,619,294	21,519,206
Income Tax	3,359,289	4,629,870	9,378,623	5,040,449
Fees	528,882	1,100,801	2,884,715	547,801
BOD Remuneration	585,101	706,919	740,578	387,586
Profit after Tax and Fees	17,510,512	33,282,163	77,615,378	15,543,370
Minority Interest	115,894	51,795	179,280	(62,687)
Net Profit	**17,394,618**	**33,230,368**	**77,436,098**	**15,606,057**

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