

MARKET SPOTLIGHT – LEBANON

Lessons from Lebanon on the value of volatility

The Lebanese economy has had its fair share of struggles over the past few years, but the insurance industry managed to stay the course and adapt its business to maintain profitability and growth.

Chedid Insurance Brokers Lebanon's Mr Gilbert Takla elaborates.



It is no secret that Lebanon has been experiencing critical transitions and changes in the past few years. But if there's anything we've learned operating for 40-plus years in this market, it is that here, challenge often brings clarity – and crisis, opportunity. Since 2019, our industry has had to navigate headwinds that affected the market's financial stability, public infrastructure, consumer purchasing power, and fair competition. While circumstances have tested our adaptability, they have also opened up the market to stronger regulation, innovation, collaboration, and consolidation.

In a dollarised economy, a fluctuating Lebanese pound (LBP) has pressured price elasticity. Prior to 2019, the currency peg had allowed policyholders to settle their premiums in either USD or their LBP equivalent. After 2019, insurers and brokers moved to an industry-wide, near-official adoption of the US

dollar as the standard for premium payments, as they looked to hedge against inflation and bring greater pricing stability and predictability.

Needless to say, this shift has impacted both profitability and pricing dynamics – at times benefiting providers, and at others, offering relief to end-consumers. Hospitals in Lebanon were among the first to recalibrate their USD rates in alignment with new currency realities. With premiums now consistently paid in dollars, pricing stability has gradually returned, nearing and often exceeding pre-2019 levels.

Price hikes have been most visible in medical insurance – with premiums rising on the back of growing reinsurance costs, healthcare innovation, and inflation in medical supplies and services. With the NSSF (National Social Security Fund) offering restricted coverage, Lebanese consumers have leaned into a trading-down culture for their insurance purchases. This shift has



allowed us to strategically pivot from value to volume expansion, capturing Lebanon's expanding mid-range insurance market. In this direction, we've adapted our portfolio to price sensitivity, with 'value-for-premium' products that readjusted network breadth, limits, and other components to allow for cost control.

A digital economy

Another positive development born from budget constraints has been the rise in demand for digital insurance products. In October 2023, we launched Lebanon's first insurance aggregator, building on the success of our digital platform that is already well established in the UAE, with over 100,000 policies sold to date. Since then, other players have followed suit, which is always a healthy sign of market traction. With a tech-savvy population across socio-

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economic segments, the opportunity is massive. Digital aggregators are stepping in to meet Lebanese consumers' growing need for price transparency, payment flexibility, and most of all, trust. Small businesses, many of which remain underinsured, now have access to competitively priced protection against political risk and currency swings. Online channels have also allowed us to capture cross-border demand from Lebanon's sizeable diaspora – offering them straightforward products to insure their families and assets back home.

In 2024, the war in Lebanon triggered a spike in both awareness and demand for political risks and SRCC (Strikes, Riots and Civil Commotion) insurance. But Lebanese consumers are nothing if not optimistic, and demand has since self-corrected to pre-conflict levels. While valuable for our business,

political violence insurance is a line we hope will be sustained by risk planning, rather than by response to actual threats and events.

A brighter future

Lebanon is entering a new phase that, beyond recovery and resilience, is about rebuilding institutions, public trust, and fiscal strategy from the ground up. The path forward is paved with top-down reform and accountability that will cascade into the private sector. GRC (Governance, Risk, Compliance) has long been a central priority for our financial holding, Chedid Capital, which has welcomed prominent regional and international (re)insurance and public leaders onto its board. In this direction, CRMI (Corporate Risk Management Institute), our group's educational arm, has also focally targeted GRC expertise and resilience

planning across our industry and markets of operation. This robust network offers us an early mover advantage in areas of governance and compliance – in terms of talent, expertise, and structural readiness.

At the regulatory level, Lebanon's Insurance Control Commission (ICC) is tightening oversight. Existing regulations have set clear terms for licensing processes, founder qualifications, and capital requirements. But stricter enforcement mechanisms are being considered to curb market fragmentation and level the playing field. In parallel, planned reforms to the NSSF promise to create a much-needed social safety net that alleviates the financial burden on both consumers and insurers.

Cyber insurance is also moving up Lebanon's regulatory agenda. The Basic Circular No 144 Addressed to Banks and Financial Institutions, issued by Banque Du Liban (BDL) in 2017, states that these institutions "must prepare insurance contracts that cover cybercrime". It is likely that BDL will introduce expanded regulations in this direction. Outside the financial industry, Lebanon's cyber insurance market is still in its infancy, but that's exactly where the opportunity lies: a clean slate with ample room for structured growth.

Long-term opportunities also emerge in property, marine, and engineering lines, along with FDI in large-scale infrastructure and reconstruction projects expected for Lebanon and neighbouring markets. The engineering line, in particular, is expected to benefit as rebuilding efforts gain pace in both Lebanon and Syria. Cross-border trade is also set to drive demand for marine insurance, given Lebanon's strategic trade position and its role as a regional logistics node.

The Lebanese (re)insurance market offers layered opportunities, balancing the immediate with the long-term, and the tactical with the transformational. There is both momentum and opportunity for our industry to do more than respond to risk. We can shape how it's absorbed, transferred, and as always, overcome. 

Mr Gilbert Takla is general manager at Chedid Insurance Brokers Lebanon.