

# Egypt

CIA link to demographic/economic data on [Egypt](#)



## List of Contents

- General Information
- Property
- Boiler & Machinery / Machinery Breakdown / Engineering
- Construction
- Bonds / Surety
- General / Public Liability
- Products
- Workers' Compensation / Employer's Liability
- E&O
- D&O
- Automobile / Motor
- Personal Accident
- Medical Expenses
- Disability
- Crime / Fidelity
- Marine / Inland Transit
- Other

## General Information

### Legislation:

Egypt is a republic with a legal system based upon the Napoleonic Code and Islamic principles

The **Egyptian Financial Supervisory Authority** (EFSA, [www.efsa.gov.eg/content/efsa2\\_en/efsa2\\_merge\\_page\\_en/eisa\\_merge\\_page\\_en.htm](http://www.efsa.gov.eg/content/efsa2_en/efsa2_merge_page_en/eisa_merge_page_en.htm)) (**Arabic:** الهيئة العامة للرقابة المالية) is the integrated government agency which regulates the financial service industry in Egypt. The EFSA supervises all non-banking financial transactions and markets including capital markets, derivative markets, commodities, insurance, mortgage finance, financial leasing, factoring and securitisation. With the passing of Law no. 10, 2009, issued on the 25<sup>th</sup> February 2009, the EFSA was established and became operationally effective on the 1<sup>st</sup> July 2009. The new EFSA replaced three major regulating authorities: the Capital Market Authority (CMA), the Egyptian Insurance Supervisory Authority (EISA) and the Mortgage Finance Authority (MFA)

### Major forms of Compulsory Insurance:

- Motor third party bodily injury (purchased along with the annual renewal of the car licence)
- Workers' Compensation (State scheme)
- Professional Indemnity for Insurance and Reinsurance Brokers
- Accidents to railway and metro passengers
- Aviation third party liability
- Decennial liability for architects and contractors
- Third party liability on lifts

### Non-Admitted Insurance:

Non-admitted insurance is not permitted, unless insurance cover is not available and the supervisory authority authorises the arrangement of insurance overseas. Marine Hull, Cargo, Liability, Aviation risks as well as Personal Accident and Medical insurance may be placed abroad

40% of premium reserves of proportional treaties must be retained in the country (25% for marine treaties)

### Types of Insurance Restricted to Government Institutions:

- Social insurance scheme including Public Medical insurance (currently in 2010/2011 new schemes are under discussion as the contribution assessment ceilings and benefits do not correspond with minimum standards). Procedures for medical coverage are very complicated. Patients usually pay on their own if not covered by corporate or private medical insurance
- Workers' Compensation

### State Involvement:

The public sector owns Misr and Al Chark insurance companies

**Insurance Companies:**

Both local and foreign insurance companies operate in Egypt. Most companies are members of the Insurance Federation of Egypt ([www.ifegypt.org/Default.aspx?Page\\_ID=1](http://www.ifegypt.org/Default.aspx?Page_ID=1))

**Distribution Channels:**

Agents and Brokers are common in the Egyptian market and have a 40% share. Brokers must obtain a licence through training and examination at the EFSA. Brokers are organised in the Egyptian Brokers Association (EIBA, [www.eiba.org.eg](http://www.eiba.org.eg))

**Currency Restrictions / Exchange Controls:**

Seeing as Egyptian interests must be insured in Egypt, transfers ex-Egypt are controlled by the National Bank of Egypt, are limited to EGP 50,000 per day and related documentation for each transfer must be submitted and approved (implemented post revolution)

**Policy Wordings & Rates / Tariff Controlled:**

All wordings and rates must be approved by the Insurance Authorities. There is a tariff for Motor third party liability

**Policy Language:**

Any, but the original Arabic version prevails

**Policy Currency:**

Egyptian Pound (EGP) for compulsory classes; Euro, Sterling, U.S. Dollar may be used for other classes

**Policy Period:**

Annual or as per agreement. Premium must be paid before cover incept

**Cancellation Provisions:**

Except Life, policies usually expire automatically after its duration and must be renewed; there is no tacit renewal. If a cancellation provision is agreed on, then notice is usually one or two months. A new policy is automatically cancelled after two months in case of non-payment of premium

**Premium Taxes and Charges:**

Compulsory classes: 0.5%

Motor: a further 3% payable to the motor guarantee fund

Property: 5% plus a 0.5% supervisory fee and Stamp Duty EGP 0.90 per page

Liability: 5% plus a 0.5% supervisory fee and Stamp Duty EGP 0.90 per page

Marine: 5% plus a 0.5% supervisory fee and Stamp Duty EGP 0.90 per page

CAR/EAR: 5% plus a 0.5% supervisory fee and Stamp Duty EGP 0.90 per page

Accident & Health 0.5% supervisory fee and Stamp Duty EGP 0.90 per page

Sometimes carriers charge a small administration fee

Carriers themselves have to pay a 0.8% regulator levy

**Brokerage Commissions:**

Average commission: 15%

The concept of service fees is not common and is under review at the EFSA. Brokers usually rely on commissions, sometimes consultation fees for international clients

**Broker of Record Letters:**

BORL usually required for quotations but not for general service

**Reinsurance:**

No restrictions known. Compulsory 5% cession to Africa Re

**Pooling Facilities:**

Governed by EFSA

**Local Natural Hazards:**

- Earthquake
- Sandstorms
- Floods
- Agricultural pests

**Other Information:****Non-life (P&C) Insurance Market**

Well developed market with large domestic companies as well as most of the international players. Rating and wordings are competitive. While most of the carriers operate nation-wide, many brokers are regionally oriented. Bancassurance is increasing. Growing demand for Takaful insurance

**Life Insurance Market**

Sophisticated market with a heavy accent on savings for education, Omra & Haj, marriage, schooling and retirement

**Healthcare**

Welfare state covers medical expenses for members of the social insurance or welfare programmes at very low standards and often do not fulfil real medical needs. Application very complicated, availability of benefits only after application and delivered with long delay. Work-related accident and health benefits usually fall under the responsibility of employers, either through corporate medical insurance or in-house system. Many SME purchase medical insurance for their staff as part of the demanded improvements

**Pensions**

State pensions are usually just part of old age benefits which employees are entitled to. Some employers provide facilities for employees to contribute to private schemes or pay end-of-service compensations. Employees of private Egyptian companies must often rely on their own savings

## **Property Insurance**

### **Named Perils:**

Standard fire perils include - fire, lightning, explosion. Aircraft, earthquake, flood, storm / tempest, burst water pipe, riot/civil commotion, windstorm / hurricane, vehicle impact, weight of snow / avalanche are available for an additional premium charge

### **All Risks:**

Available mainly for multinational programmes

### **Coinsurance:**

Rare

### **Basis of Indemnity:**

Buildings & Contents: market value

Machinery & Equipment: replacement value

Stock: production costs

### **Business Interruption:**

U.K. Loss of Profits form most widely used. Calculation method BI sum insured: gross profit (net profit and standing charges)

### **Discount for fire protection equipment / systems:**

Negotiable

## **Terrorism**

No longer widely available

## **Boiler & Machinery / Machinery Breakdown / Engineering**

Full comprehensive coverage available including Business Interruption and Machinery Breakdown. Boiler Explosion can be insured under the Fire (Property) policy. Periodic inspections by Government (or other approved) inspectors are not normally required

## **Construction**

U.K. and U.S. forms available. **Note** that Decennial liability is compulsory for architects and contractors

## **Bonds / Surety**

Limited availability

## **General / Public Liability**

Trigger available in the market: Occurrence Basis

Extended Reporting Period: optional

Stand-alone Public/Product Liability: differs from one insurance company to another

## **Products Liability**

Wordings mainly on Occurrence Basis

Extended Product Liability: available

Product Recall Cover: available on a case by case basis

### **Workers' Compensation / Employers' Liability**

**Note** that Workers' Compensation is part of the state scheme Residual Employers Liability is available, either as stand alone or as an extension to Public liability policy

### **Professional Indemnity (Errors & Omissions)**

Available

### **Directors & Officers Liability**

Available

### **Automobile / Motor**

#### **Compulsory Limits:**

Bodily Injury: EGP 40,000 approximately 5,000 Euro

Property Damage: no limit specified

#### **Comments:**

Coverage applies to the Insured and any licensed individual driving with the Insured's permission. Passengers are deemed to be Third Parties

### **Personal Accident**

Available

### **Medical Expenses**

Increasing availability

### **Disability**

Group schemes are available

### **Crime / Fidelity**

Theft, Burglary, Robbery, Fidelity policies all available

### **Marine / Inland Transit**

The Institute of London Underwriters clauses are best known and most common in the market. War and Strike rates follow London scale. Local forms have been adapted

### **Other Classes of Insurance readily available**

Aviation; Trade Credit; Corporate Travel