

Table of Contents

1. EXECUTIVE SUMMARY	3
2. THE MACROECONOMIC ENVIRONMENT	6
2.1 AN OVERVIEW OF THE HASHEMITE KINGDOM OF JORDAN	6
2.2 POPULATION	7
2.3 ECONOMIC INDICATORS IN THE KINGDOM	9
2.4 THE JORDANIAN INVESTMENT ENVIRONMENT	12
2.5 THE ECONOMIC ENVIRONMENT IN THE SHORT AND MEDIUM TERM	15
3. MARKET STUDY	17
3.1 PROJECT DESCRIPTION	17
3.2 EXPECTED SERVICES DESCRIPTION	17
3.3 VEHICLE INSURANCE SECTOR ANALYSIS IN JORDAN	18
3.4 VEHICLES INSURANCE MARKET	22
3.5 MARKETING STRATEGY	31
3.6 THE EXPECTED MARKET SHARE	33
4. TECHNICAL STUDY	34
4.1 THE DESIGNED PROJECT CAPACITY	34
4.2 THE REQUIRED FIXED ASSETS	34
4.3 THE REQUIRED HUMAN RESOURCES	38
4.4 THE REQUIRED LICENSES	42
4.5 PROJECT TIMETABLE	42
5. FINANCIAL STUDY.....	43
5.1 FINANCIAL ASSUMPTIONS	43
5.2 INVESTMENT COST	44
5.3 FINANCING	44
5.4 REVENUES	45
5.5 THE PROJECTED COSTS	45
5.6 PROJECTED FINANCIAL STATEMENTS	47
5.7 FINANCIAL, ECONOMIC AND SOCIAL ANALYSIS	50
6. RISK AND SENSITIVITY ANALYSIS.....	53
6.1 RISK ANALYSIS	53
6.2 SENSITIVITY ANALYSIS	57

Amman Governorate



1. Executive Summary

The study aims at determining the pre-feasibility of establishing an insurance claims management project in the capital Amman Governorate. The company manages the claims and settles them on behalf of the insurance companies with its clients. The company undertakes to follow up the accidents of the customers of the insurance companies (on their behalf) and repair the damaged vehicles in the maintenance workshops and the accredited agencies, and the arrangement of auctions to sell the wreckage of vehicles (scrap) and follow up the payments of repair compensation and payment of injuries health treatment expenses. In addition to the following up all legal issues in the courts of Jordan.

The company's main office will be in the capital Amman. The company will also open 12 branches; one branch in each of the Kingdom's governorates to provide services to the customers of the insurance companies.

Table 1: Initial Indicators of the Project

Project Name	Vehicles Insurance Claims Management Project
Sector	Insurance
Governorate	The Capital
Region	Amman
Products / Services	<p>The project's services include the provision of claims management and settlement services to the customers of the insurance companies, including the following:</p> <ul style="list-style-type: none"> • Management of vehicle insurance claims and settlement for customers of insurance companies with which they are contracted. • Following-up on accidents for customers of the insurance companies contracted with. • Repair of the damaged vehicles in the approval maintenance workshops and agencies. • Compensation of beneficiaries on behalf of insurance companies. • Pulling the vehicles by winch from the scene of the accident • Following up on auctions procedures for the sale of wrecked vehicles (scrap). • Following up on the payment of repair compensation. • Following up on third party compensations. • Following-up on treatment expenses payments. • Following - up on all legal cases and issues of arbitration in Jordanian courts

Pre-Feasibility Study A Vehicles Insurance Claims Management Company-Amman

Project Description	<p>The project is based on the establishment of a vehicle insurance claim management company in the Amman Governorate, so that the company contracts with the insurance companies and works on the management and settlement of its claims on its behalf. The company undertakes to follow up on the accidents of the customers of the insurance companies and repair the damaged vehicles in the approval maintenance workshops and agencies, arranges auctions for selling the scrap, follows-up on the compensation payments and payment of treatment expenses, as well as following up on all legal cases in the Jordanian courts.</p> <p>The company will be established in Amman, where the head office and general administration will be located, and 12 branches will be opened; one branch in each of the Kingdom's governorates to provide services to customers of insurance companies. The company will develop an effective electronic claims management system based on receiving, recording and following up claims, and will interlink the system with the insurance companies to access the results of the insurance portfolio.</p>
Target Market	Jordanian Insurance Companies.
Investment cost	The investment cost of project is JD 1.6 million
The Average Return on Investment	The average return on capital during the five years is about 9.2%
Internal Rate of Return	The Internal Rate of Return (IRR) for the project is about 21%
Average Added Value of the Project	The average added value of the project within five years is about JD 1.526 million.
Risk Assessment	The Sensitivity Analysis indicates a low risk in case of 10% increase in investment cost, or 10% increase in operating costs, or 10% decrease in revenues.
The Project Justifications	<ul style="list-style-type: none"> ● Providing a new service to insurance companies to improve the quality of service (a service provided worldwide) ● Reducing the cost and expenses of managing traffic accidents ● Employment of labor. ● Improving the quality of cars repair workshops. ● Reducing vehicle accidents fraud rates
Partners/ Stakeholders	<ul style="list-style-type: none"> ● Jordan Insurance Federation (JOIF) ● Insurance companies wishing to deal with the companies. ● Jordan Insurance Authority.

2. The Macroeconomic Environment

2.1 An Overview of the Hashemite Kingdom of Jordan

The Hashemite Kingdom of Jordan is a landlocked country surrounded by land except at its southern extremity at the port of Aqaba, where that area is the only sea exit area in Jordan. The Kingdom is bordered at its west side by Palestine and the Mediterranean Sea, at its south and east by the Kingdom of Saudi Arabia, at north east by Iraq and at north by Syria.

Figure 1: Map of the Hashemite Kingdom of Jordan



Jordan is marked by three climatic zones from west to east including the Jordan Valley, most of which lies below sea level and is considered subtropical, and upland areas to the east of the Jordan Valley, ranging in height from 100 to 1500 meters above sea level and this is one of the areas dominated by Mediterranean climate, and the desert areas stretching to the east of the highlands.

The total area of the Kingdom is approximately 89.3 thousand square kilometers, and the semi-desert conditions prevail in over 80% of this area where there are some wet lands settings like Azraq Basin.

The kingdom is divided administratively into twelve governorates distributed into three regions: the Northern Region (includes the governorates of Irbid, Mafrq, Jerash and Ajloun) while the Central Region (includes the governorates of the capital, Zarqa, Balqa, Madaba) and the Southern Region (includes the governorates of Karak, Tafila, Ma'an, Aqaba), and the major cities are Amman (the capital), Zarqa and Irbid.

2.2 Population

Based on the General Census of Population and Housing in 2015, the population in the kingdom amounted to about 9.5 million people with a population density of 107.3 inhabitants per km², where the Capital City knocked off other governorates by population amounting to about 4 million people and a population density of 538.8 inhabitants per km², mainly because Amman is the most attractive governorate for Jordanians and for those coming to Jordan from other countries, followed by Irbid Governorate with a population of 1.8 million people, and then Zarqa Governorate with a population of 1.4 million. Tafila Governorate which is considered to be the least populous governorate whose population is about 96 thousand people.

Table 2: Number of population and population density in the Kingdom for 2015

Governorate	Population (people)	Area (Km ²)	Population density (people/ km ²)
Central Region			
Capital	4007526	7,579	528.8
Zarqa	1364878	4761	286.7
Balqa	491709	1120	439.0
Madaba	189192	940	201.3
North Region			
Irbid	1770158	1572	1126.1
Mafraq	549948	26551	20.7
Jerash	237059	410	578.2
Ajloun	176080	420	419.2
Southern Region			
Karak	316629	3495	90.6
Tafeileh	96291	2209	43.6
Maan	144082	32832	4.4
Aqaba	188160	6905	27.2
Total of Kingdom	9531712	88793.5	107.3

Source: Department of Statistics, Jordan General Population and Housing Census, 2015

On the other hand, the population growth rate has reached about 3% in 2010 and increased to 9% during the years 2013 and 2014 and then dropped a little during 2015 to reach about 8%, according to demographic surveys for the Department of Statistics. The reason for the high growth rates is attributed to the influx of large numbers of refugees from Syria to the Kingdom which resulted in a marked decline in per capita real GDP index by 5.4% to JD 1,197.4, based on the Statements of the Central Bank of Jordan.

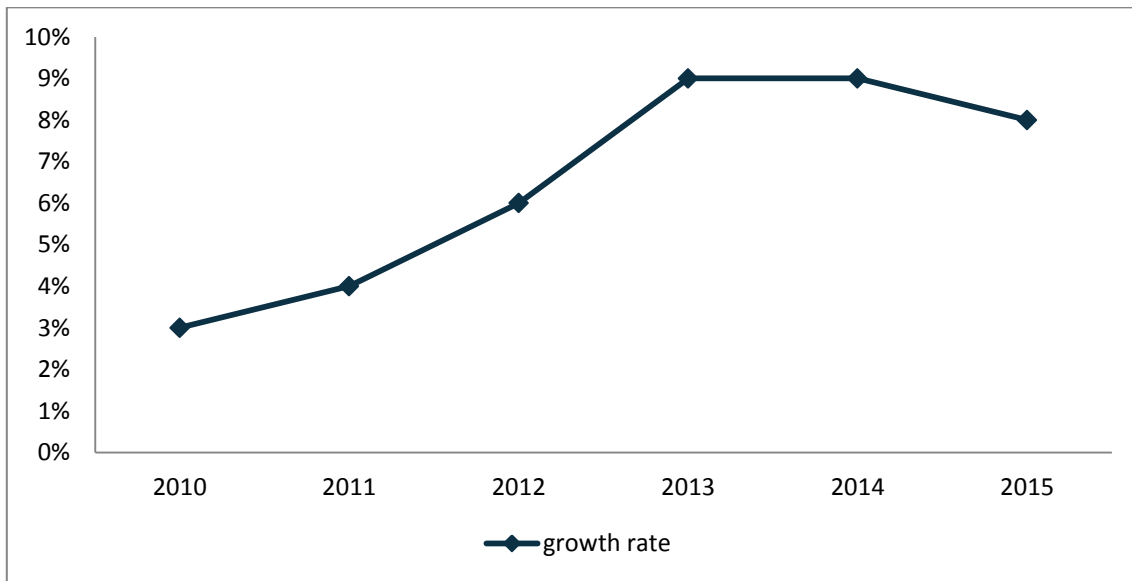
The unemployment rate among Jordanians also witnessed a rise by 1.1 percentage to reach to 13%, due to the structural imbalances that the labor market is suffering from and the acquisition of the low-paid foreign workers on a large number of new jobs in the economy, according to the Central Bank of Jordan.

Table 3: Number of population and population growth in the Kingdom, thousand

	2010	2011	2012	2013	2014	2015
population	6698.0	6993.0	7427.0	8114.0	8804.0	9531.7
growth rate	%3	%4	%6	%9	%9	%8

Source: Department of Statistics

Figure 2: population growth rate in the Kingdom



2.3 Economic Indicators in the Kingdom ¹

Countries across the Middle East are still suffering from instability and closure or partial closure of borders; including the borders of important markets for the Kingdom's products. These factors led to a decline in the performance of many of the economic sectors, including the external sector, national exports, touristic income, and Foreign Direct Investment (FDI), and they contributed to a slowdown in the economic growth to about 2.4% in 2015, compared to 3.1% in 2014. The growth achieved in 2015 came from growth across several economic sectors, especially in the finance, insurance, and real estate services; the transport, storage, and communications services; the mining industry; the manufacturing industry; and the agriculture sector. These sectors contributed a combined 1.8 percentage points (or 75%) of the growth rate achieved during 2015, reflecting the diversity of the economic growth sources in the Kingdom.

Additionally, the general price level registered a decline in the prices of oil, commodities, and other related services in the global markets. Therefore, the general price level, measured by the relative change in the average consumer price index deflated by 0.9% in 2015, compared to the inflation of 2.9% in 2014.

The budget deficit, after aid, increased by 1.2% to a record 3.5% of GDP, compared with 2.3% in the previous year. In addition, the Balance of Payments' Current Account recorded a deficit of 8.9% of GDP, compared with 7.3% in 2014. At the end of 2015, the net public debt amounted to 22,847.5 million Jordanian Dinars (85.8% of the GDP), with an increase of 5.0% of the GDP. However, the total public debt reached 24,876.5 million Jordanian Dinars (93.4% of GDP). This increase resulted from financing both the general budget deficit and the guarantees for loans for the National Electricity Company and the Water Authority, as well as the slowdown of economic growth during 2015. The indebtedness of the National Electricity Company and the Water Authority recorded 6.7 billion Jordanian Dinars at the end of 2015.

On the monetary and banking front, most monetary indicators experienced positive development in performance in 2015, primarily in the Central Bank's foreign reserves, which maintained comfortable levels that amounted to about \$14.2 billion. The dollarisation rate decreased, which reflected positive demand for Jordanian Dinars in comparison to other major foreign currencies. With regards to the activities of licensed banks, the outstanding balance of credit increased by 9.5%, to reach 21,103.5 million Jordanian Dinars at the end of 2015. The total deposits registered with licensed banks increased by 7.7%, to reach 32,598.5 million Jordanian Dinars at the end of 2015. The increase in deposits came as a result of the high dinar deposits, which increased by 2,001.4 million Jordanian Dinars (8.3%), and higher foreign currency deposits, which increased by 336.1 million Jordanian Dinars (5.4%).

Furthermore, many of the external sector indicators registered a drop in performance in 2015 due to the deepening instability in the region and almost full closure of the borders with Iraq and Syria. However, the drop in oil prices in the global markets contributed to the decline in the Kingdom's

¹ The Central Bank of Jordan

Pre-Feasibility Study A Vehicles Insurance Claims Management Company-Amman

imports bill for energy, as it dropped by 40.6%, which in turn contributed to a decline in total imports and the trade deficit by 11.4% and 14.0%, respectively. Thus, the Current Account, excluding aid, declined to 11.9% of GDP, compared to 12.4% in 2014.

The Current Account deficit increased after aid, to reach 2,365.6 million Jordanian Dinars (8.9% of GDP) in 2015, compared with a deficit of 1,851.7 million Jordanian Dinars (7.3% of GDP) in 2014. This decline is due mainly to the decline in total exports by 6.6% and the decline in surplus in the services account by 27.7%, as touristic income decreased by 7.1%, and the decline in the surplus in the current transfers account decreased as a result of reduced foreign aid.

Capital and financial accounts resulted in a net inflow of 1,593.7 million Jordanian Dinars in 2015, compared to 909.0 million Jordanian Dinars in 2014; this was due to the Kingdom's higher net obligations towards the outside world. Foreign Direct Investment registered a net inflow of 909.4 million Jordanian Dinars, and the reserved investment registered an inflow of 918.4 million Jordanian Dinars due to the Kingdom issuing Eurobonds that are worth \$2.0 billion in the global markets. The withdrawal of bank loans on behalf of the Central Bank increased the use of funds from the International and Arab Monetary Funds by 543.3 million Jordanian Dinars. This led to the registration of a surplus in the overall Balance of Payments of 328.7 million Jordanian Dinars during 2015, compared to a surplus of 1,550.7 million Jordanian Dinars during 2014.

According to the Central Bank of Jordan, the increased international investment at the end of 2015 showed an increase in the external net liabilities of the Kingdom, which reached 24,357.5 million Jordanian Dinars, compared with 22,578.8 million Jordanian Dinars at the end of 2014. This was due to an increase in the external balance of assets and financial liabilities for all of the economic sectors in the Kingdom, which reached to 18,657.9 million Jordanian Dinars and 43,015.5 million Jordanian Dinars, respectively, during 2015.

Table 4: main economic indicators 2011 to 2015 in millions of dinars

	2011	2012	2013	2014	2015
Population (millions)	6.993	7.427	8.114	8.804	9.532
Unemployment rate	12.9	12.2	12.6	11.9	13.0
Production and Prices					
GNP at current market prices	20,288.8	21,690.0	23,611.2	25,141.2	26,289.6
GDP at current market prices	20,476.6	21,965.5	23,851.6	25,437.1	26,637.4
The rate of growth in GDP at constant market prices (%)	2.6	2.7	2.8	3.1	2.4
The total national disposable income at current prices	23,743.5	24,774.9	28,424.5	30,302.1	30,234.7
The rate of growth in gross national disposable income at current prices (%)	4.7	-0.2	8.6	3.1	-2.4
Change in the index of consumer prices (%)	4.2	4.5	4.8	2.9	-0.9
The change in the GDP deflator (%)	6.4	4.5	5.6	3.4	2.3
Money and Banking					
Exchange rate of the Jordanian dinar to the US dollar	1.410	1.410	1.410	1.410	1.410
Money supply (P2)	24,118.9	24,945.2	27,363.4	29,240.4	31,605.5

Pre-Feasibility Study A Vehicles Insurance Claims Management Company-Amman

	2011	2012	2013	2014	2015
Net foreign assets of the banking system	9,370.1	6,665.5	6,923.4	7,932.3	8,137.3
Net domestic assets of the banking system	14,748.8	18,279.7	20,440.0	21,308.1	23,468.2
Net debt of the government	6,701.4	9,461.3	10,494.8	10,473.9	11,386.4
Private sector debts (Residents)	14,925.0	15,953.6	17,222.5	17,852.8	18,704.5
Other factors ⁽¹⁾	-6,877.6	-7,135.2	-7,277.3	-7,018.5	-6,622.7
Deposits in dinars at licensed banks	19,119.1	17,711.1	21,003.0	24,013.1	26,014.5
Foreign currency deposits at licensed banks	5,258.8	7,258.6	6,590.2	6,247.9	6,584.0
Rediscount rate (%)	4.50	5.00	4.50	4.25	3.75
Treasury bills interest rate for 6 months (%)	3.232	3.788	-	-	-
Public Finance					
Total revenue and foreign aid	5,413.9	5,054.2	5,758.9	7,267.6	6,796.4
Ratio to GDP (%)	26.4	23.0	24.1	28.6	25.5
Total spending	6,796	6,878.2	7,077.1	7,851.1	7,722.9
Ratio to GDP (%)	33.2	31.3	29.7	30.9	29.0
Overall deficit/savings (on an accrual basis)	-1,382.7	-1,824.0	-1,318.2	-583.5	-926.5
Ratio to GDP (%)	-6.8	-8.3	-5.5	-2.3	-3.5
Net outstanding balance of the domestic public debt	8,915.0	11,648.0	11,863.0	12,525.0	13,457.0
Ratio to GDP (%)	43.5	53.0	49.7	49.2	50.5
Outstanding external public debt ⁽²⁾	4,486.8	4,932.4	7,234.5	8,030.1	9,390.5
Ratio to GDP (%)	21.9	22.5	30.3	31.6	35.3
Foreign Trade and Balance of Payments					
Current account	-2,098.8	-3,344.9	-2,487.7	-1,851.7	-2,365.6
Ratio to GDP (%)	-10.2	-15.2	-10.4	-7.3	-8.9
Trade balance (Deficit)	-6,261.7	-7,486.6	-8,270.1	-8,495.6	-7,249.3
Ratio to GDP (%)	-30.6	-34.1	-34.7	-33.4	-27.2
Commodity exports	5,684.5	5,599.5	5,617.9	5,953.6	5,558.3
Imports of goods (FOB) ⁽³⁾	11,946.2	13,086.1	13,888.0	14,449.2	12,807.6
Balance of services (net)	896.0	1,332.3	1,209.5	1,778.9	1,286.4
Income account (net)	-187.8	-275.5	-240.4	-295.9	-347.8
Current transfers (net)	3,454.7	3,084.9	4,813.3	5,160.9	3,945.1
Capital and financial account (net)	2,298.9	3,808.9	1,811.1	908.9	1,593.7
Direct foreign investment in Jordan (net)	1,055.0	1,074.3	1,281.2	1,426.7	905.1

Source: Monthly Statistical Bulletin, Central Bank of Jordan

1. Includes the debts of public and financial institutions and other factors, as shown in the Monetary Survey Agenda.
2. This represents the total balance of drawn loans, minus total repayments.
3. Does not include imports of non-resident entities.

2.4 The Jordanian Investment Environment

Investment Law No. 30 for 2014

Investment Law no. 30 for 2014 is considered an appropriate legislative framework to attract foreign investments and stimulate local investments. It is considered a competitor to other investment laws in the region because it contains many advantages, incentives, and guarantees, and it offers a range of incentives and benefits in and outside the Development and Free Zones. The law includes a series of public provisions, such as foreign investment guarantees (depositing and withdrawal of capital, investment management, and transfers) and the inadmissibility of the disbarment of investment property. The law offers provisions to settle investment disputes, protection, and encouragement of mutual investment agreements between the Kingdom and other countries.

The following shows the major incentives granted by the law:

❖ Incentives and Benefits outside the Development and Free Zones

- The production inputs for the industrial and crafts sectors are exempted from customs duties.
- The return of the general sales tax on the production inputs for the industrial and crafts sectors within 30 days.
- Production inputs and fixed assets of the industrial and crafts sectors are exempted from customs duties and are granted a reduction in general sales tax to 0%.
- Returning to the sales tax on the services needed to practice economic activity within 30 days.
- The goods that are necessary for the economic activities of the following sectors are exempted from customs duties and are subject to 0% general sales tax:
 - Agriculture and livestock, hospitals and specialised medical centres, hotels and touristic facilities, touristic entertainment and recreation centres, call centres, scientific research centres and laboratories, art and media production, convention centres and exhibitions, transfers and/or distributions and/or extraction of water, gas and oil derivatives, air transport, maritime transport, and railways.

❖ Incentives and Benefits inside the Development and Free Zones

- 5% income tax on the income generated from economic activity within the Development Zone.
- 5% income tax on income generated from economic activity in the industrial sector.
- Tax exemptions that are granted in the Kingdom on goods and services exports.
- Reduction of sales tax to 0% on goods and services that are used by the establishment in order to exercise its activity inside the Development Zone.
- 7% sales tax on specific services provided by a registered company in the zone when these services are consumed in the zone.

- Exemptions from customs duties except for a specified number of goods.

❖ **The Reduction of Income Tax in the Least Developed Areas for Regulation No. 44 for 2016**

- The reduction of income tax in the least developed areas for Regulation No. 44 for 2016 was approved. It aims to create an attractive environment for investments that promote economic development through the reduction of income tax outside the Development Zones and in the least developed areas in the Kingdom. The regulation specified the areas that are considered least developed and identified the activities that are excluded from this reduction.
- Under the provisions of Articles 4 and 5 of this regulation, the areas that were categorised as least developed and enjoy the reduction in income tax are divided into four categories; each category enjoys a reduction in income tax on their activities for a period of 20 years.
- Category A includes the Northern Valley District, Deir Alla District, Shouneh Al-Janoubieh District, the Southern Valley District, Rweished District, the Northern Desert District, the North Western Desert District, Al-Azraq Province, Al-Jiza District except for the borders of the new Al-Jiza municipality, Al-Moakar District except for the borders of Al-Moakar municipality, and the Governorate of Aqaba except for the Aqaba Special Economic Zone. The reduction rate for this category is 100%.
- Category B includes the Governorates of Maan, Tafileh, Karak, and Ajloun. The reduction rate for this category is 80%.
- Category C includes the Governorates of Jarash, Mafraq, and Irbid except the borders of the Greater Irbid Municipality. The reduction rate for this category is 60%.
- Category D includes the Governorates of Madaba, Balqa, Amman except for the Greater Amman Municipality, and Zarqa except for the borders of Zarqa Municipality and Russaifeh Municipality. The reduction rate for this category is 40%.

❖ **Trade and Free Trade Agreements**

The most important agreements are:

- Jordan joining the World Trade Organisation in 2000, which led to the opening of the markets of 150 countries for Jordanian exports in goods and services, and provided new opportunities of access to other countries within a clear and transparent environment of laws, regulations, and procedures.
- A series of regional trade agreements, such as the Jordan Partnership Agreement with the European Union, Agadir Agreement, Free Trade Arab Agreement, the free trade agreement between Jordan and the European Free Trade Association, and the adoption of the Euro-Mediterranean simplification of the rules of the Origin System, which includes the decision to simplify the rules of the origins of Jordanian products between Jordan and the European Union came into effect on July 19, 2016, and will remain in effect until December 31, 2026.

Pre-Feasibility Study A Vehicles Insurance Claims Management Company-Amman

- A series of bilateral trade agreements with many countries, such as the free trade agreement between Jordan and the United States of America, the Qualified Industrial Zones Agreement, the free trade agreement between Jordan and Singapore, the free trade agreement with Turkey, the free trade agreement with Canada, and many other agreements.
- Jordan has signed more than 35 agreements with Arab and foreign countries in order to prevent double taxation between Jordan and these countries, thus protecting investors' rights.
- The Agreement of Promotion and Protection of Investments and the Movement of Capital between the Arab Countries was signed in 2000 with 11 Arab countries who are members of the Arab Economic Unity Council, in order to establish an appropriate environment for investments and economic cooperation between investors in the Arab countries, thus pushing and stimulating investment activities by providing encouragement and mutual protection for Arab investments.

Human Development Report for 2015

The Human Development Report that was issued by the United Nations Development Program in 2015 showed that Jordan fell 3 points to number 80. Please note that Jordan's place on the Human Development Report index value has improved slightly.

Global Competitiveness Report

The Kingdom's rank has improved by one point in the Global Competitiveness Report for the year 2016/2017, at 63 out of 138 countries compared to 64 out of 140 countries in the 2015/2016 report. It is considered an insignificant improvement, especially because of the reduction in the number of countries participating in this year's report. Amongst the Arab countries, Jordan was ranked after the United Arab Emirates, Qatar, the Kingdom of Saudi Arabia, Kuwait, and Bahrain, who were ranked 16, 18, 29, 34, and 39, respectively.

Doing Business Report

In the Doing Business Report that was issued by the World Bank Group, Jordan is still ranked 118, up one rank from the 2016 report, because of the variation in the performance of the different sub-indicators. Jordan ranked ninth among the Arab countries; the United Arab Emirates was ranked first among the Arab countries at 26, followed by Bahrain at 63 and Oman at 66.

2.5 The Economic Environment in the short and medium term

Risks analysis implemented by BMI indicates that the Jordan's political and economic risks in the short and medium term are less than the overall average of the world and the Middle East. The state's risks and the operational risk are estimated to be within the acceptable levels. The international institutions' forecasts point out that the economic and foreign trade indicators are expected to achieve acceptable rates of growth with the exception of the continued increase in internal and external indebtedness.

Table 5: Assessment of short and long-term risks

	Long term		Short term		Operational risks	State risks
	political	Economic	political	economic		
Jordan	63.1	39.2	66.6	46.2	58.7	55.4
Turkey	60.2	49.4	58.4	56.9	55.9	56.1
Egypt	53.3	45	52.4	48.7	42.9	47.5
Lebanon	45.8	54	55.4	53.5	44.2	49.5
West Bank and Gaza	33.1	38.1	32.2	36.5	32.5	34.3
Syria	22.9	24.4	22.4	23.6	29.3	26.1
Regional average	49.4	46.9	51.2	48.7	46.6	48.3
global average	64.1	50.7	61.3	51.9	49.8	54.6

Source: the economy and state risks, IHS, 15/09/2016

Table 6: The most important key economic indicators 2016-2020

Indicator	2016	2017	2018	2019	2020
The growth rate of GDP	2.6	2.7	2.8	3.2	3.1
GDP (in USD billions)	39.6	42.1	44.8	47.8	50.9
Population (In millions)	9.8	10.1	10.4	10.7	11.0
Consumer Price Index (% change)	-0.7	1.8	3.3	4	3.2
Exports (in USD billions)	7.3	7.6	8.2	8.8	9.6
Imports (in USD billions)	18.3	19.2	20.1	21.3	22.8
Foreign direct investment, the net value (in USD billions)	1.5	1.5	1.6	1.6	1.7
Foreign direct investment, the net value (% of GDP)	3.7	3.7	3.6	3.4	3.3
Foreign exchange reserves (in USD billions)	13.9	14.9	15.7	16.8	17.7
Total external debt (in USD billions)	24.4	27.8	30.7	33.7	36
Total external debt (% of GDP)	61.6	66	68.6	70.4	70.6

Pre-Feasibility Study A Vehicles Insurance Claims Management Company-Amman

Total external debt (% of foreign currency earnings)	127.3	138.3	143.6	147.5	147.8
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Source: the economy and state risks, IHS, 15/09/2016

3. Market Study

3.1 Project Description

The project is a vehicle insurance claims management company in the capital Governorate. The company is to manage claims and settle such on behalf of the insurance companies with its clients. The company follows up accidents of the customers of the contracting companies, repairs the damaged vehicles in the maintenance workshops and the agencies accredited to them, in addition to arranging auctions for selling the vehicles scrap, and following -up payments for repair and payments of medical expenses, besides following-up all legal cases in Jordanian courts.

The company will be established in the capital, where the head office and public administration will be located. The company will also open 12 branches; one in each of the Kingdom's governorates to provide services to customers of insurance companies.

The company will develop an effective electronic claims management system based on receiving, recording and following up claims, and will link the system with insurance companies to view the results of the insurance portfolio.

3.2 Expected Services Description

Expected project services include the provision of claims management and settlement services to insurance customers, including the following:

- Managing vehicle insurance claims and settling them for customers contracting with the insurance companies.
- Following-up accidents for customers of the insurance companies they contracted with.
- Repair of damaged vehicles in maintenance workshops and accredited agencies.
- Compensation of beneficiaries on behalf of insurance companies.
- Carrying vehicles from the scene of the accident.
- Following up auctions for the sale of damaged vehicles (scrap).
- Following up payments of repair compensations.
- Following up third party compensations.
- Following-up payment of treatment expenses.
- Following up all legal cases and matters of arbitration in Jordanian courts.

3.3 Vehicle Insurance Sector Analysis in Jordan

The Insurance sector

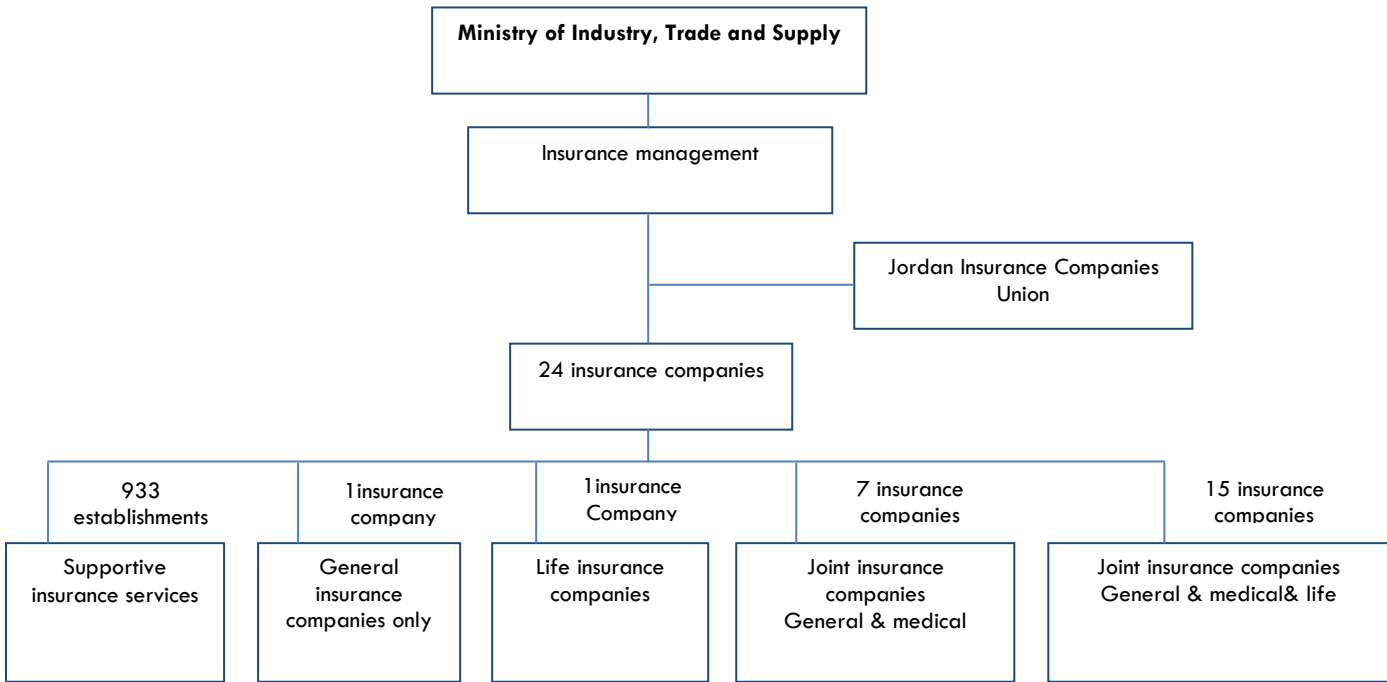
The insurance department at the Ministry of Industry and Trade is currently one of the entities that supervises the insurance sector. There is (24) companies in the Capital Governorate that provide insurance services , out of which (15) companies practice general, medical and life insurance, in addition to 7 companies practicing general and medical insurance, and one foreign agency for life insurance and another for general insurance. These companies provide its services through insuring exported and imported goods (Marine Insurance), cars insurance, besides fire, earthquakes, theft and other dangers, and the issuance of life insurance contracts, personal accidents and health insurances. These companies employ a total of 2,867 employees (as in 2015 numbers) with a growth rate of (1.3%) compared with the previous year.

In addition to the insurance companies working in this sector, there are (933) entities providing supporting insurance services as shown in the table below. Despite this, it can be said that there is no specialized company in Jordan in the field of reinsurance, but the Jordanian insurance companies re-insure its amounts, after the deduction of its amounts, in Arab and/or foreign reinsurance companies. The companies also exchange reinsurance business through joint operations among themselves due to big risks.

Table 7: Entities working in the Insurance Sector

Entity	Number
Insurance agents	585
Local insurance brokers	150
Insurance Experts (Losses claims and Assessors)	58
Insurance business management companies	16
Actuaries	19
Insurance Consultants	31
Reinsurance broker (outside the Kingdom)	23
Banks licensed to practice insurance	11
Subscription Commissioners	1
Reinsurance brokers residing outside the Kingdom	39
Total	933

Figure 3: Structure of the insurance sector:

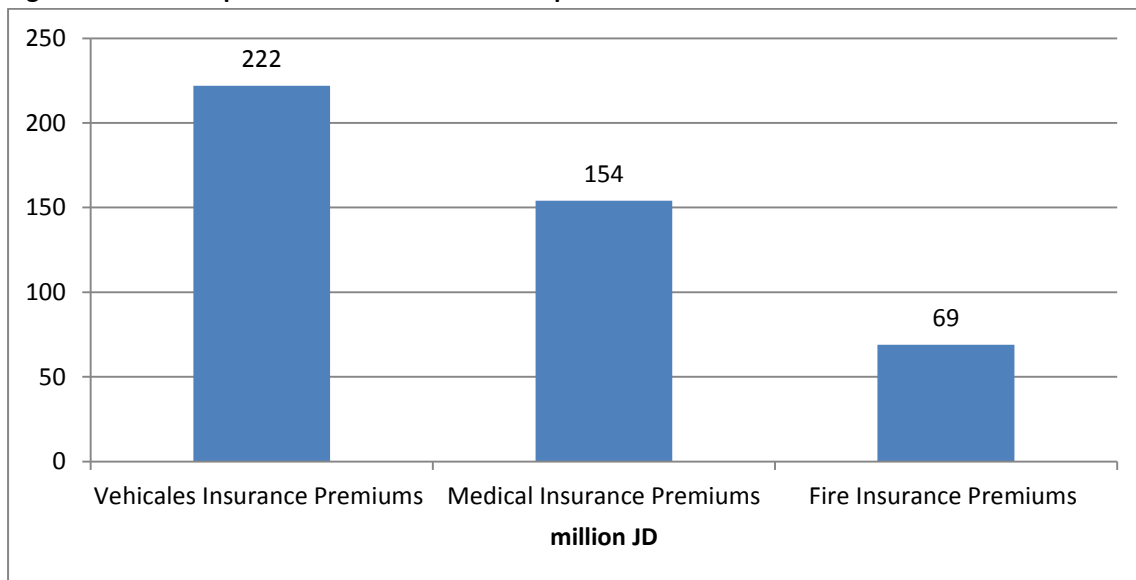


The number of insurance companies working in Jordan at the end of 2013 was 27 companies, one of these companies was a foreign agency, the American Life Insurance Company (MetLife Alico). The capital of 25 insurance companies amounted to JD 281.3 million at the end of 2013, at the beginning of 2014, two insurance companies were excluded of the sector after the insurance authority issued a decision to liquidate two companies (Al Baraka Takaful and Arab German Insurance company) to reduce the number of companies to 25 insurance companies. In 2015 Yarmuke Insurance Company was merged with the First Insurance Company to become 24 companies. These companies according to the licenses granted to them practice Insurance works on vehicles, marine insurance, fire insurance and insurance against accidents and public debt and life and medical insurance.

Insurance Market

The Insurance companies achieved a growth rate of 4.7% in the value of subscription premiums which reached JD 551 million in 2015 compared with the JD526 million in 2014. The Vehicles insurance premiums were in the first place with (JD 222) million, of the total subscribed premiums, and followed by the medical insurance premiums in the second place achieving JD 154 million, and in the third place was fire insurance with more than JD 69 million. These services collectively constituted about 80% of total premiums subscribed in the Kingdom.

Figure 4: Insurance premiums of total subscribed premiums:



Vehicles insurance

Types of vehicles insurance

A. Compulsory insurance (civil liability insurance against third parties)

This type includes liability insurance arising from the use of the vehicle that requires legal accountability of the driver/insured, causing damage to third party of physical injury or material damage. In Jordan, this type is mandatory under the law and is operated under the compulsory civil liability insurance system for the use of vehicles. Each vehicle owner is required to insure when he/she has licenses the vehicle, and its prices and limits of liability are determined by the instructions issued in accordance with the system. Contracts are supervised by The Jordanian Union

of Insurance Companies through its unified office and through its offices in the licensing departments and its border centers spread throughout the Kingdom and it distributes the documents issued by these offices to the local insurance companies.

B. Supplementary insurance

It is an optional insurance and its price is determined by the insurance companies according to the terms of competition among them. This type of insurance provides protection for the vehicle body that caused the accident which is not covered by compulsory insurance. Where the Company undertakes to compensate the Insured for the damage or loss of the vehicle and its accessories and spare parts covered in the cases of collision, overturn, fire, external explosion, ignition, lightning, theft, theft attempt or third party acts, or damages caused during carrying due to malfunction, and the insurance is subject to the conditions and exceptions according to the insurance policies provided by the companies.

C. Comprehensive insurance

This type of insurance combines the types of compulsory and supplementary insurance. This type of insurance is obtained directly from the companies. The contract includes two policies under which the compulsory insurance policy is subject to the terms and conditions of the compulsory insurance system in accordance with the system and the prices determined therein. The supplementary insurance policy is subject to the conditions of the insurance policy issued by the company, and in the prices it decides.

Compensation procedures for vehicle insurance

Compensation measures include implementing the following:

- Informing the company of the accident and submitting the documents including the police report (Crooky sketch of the accident), the driving and vehicle licenses, and valid insurance contract at the time of the accident.
- The amount of the exemption granted to the insured (the owner of the vehicle) is paid for supplementary or comprehensive insurance. In compulsory insurance, there is no exemption.
- The representative of the company shall inspect the damaged vehicle and prepare a list of damages and parts that need to be repaired or replaced.
- Repairing the vehicle in coordination with the company through the agents of spare parts and repair garages that they authorize them and deducting the percentages of exemptions and consumption prescribed in the contract in case of replacement of damaged parts.
- The amount is settled and the expenses are paid and the discharge certificate is signed.

For physical injury caused by the accident, compensation for such (medical treatment expenses, temporary total disability, permanent disability) or death (injury/death) is determined according to the type of insurance (compulsory/comprehensive) and according to the conditions and amounts decided by each type.

3.4 Vehicles insurance market

Demand Analysis

The problem of traffic accidents is one of the most serious problems facing societies around the world, as it depletes a great deal of human and material resources. According to the latest statistics issued by the World Health Organization (WHO), the world loses about 1.2 million people every year. 50 -20 million people are injured as a result of traffic accidents in the world, and the annual material losses resulting from these accidents are estimated at (518) billion US\$ for all countries of the world, which constitutes (1% - 3%) of GDP.

Jordan suffers the same problem as the other countries in the world. There is an annual increase in population and vehicles in Jordan as well as the arrival of many visitors and foreign vehicles to the Kingdom. Statistics indicate that at the end of 2015 Jordan's population reached 9.531 million (5.05) million males, and 4.48 million females. Statistics indicate that during 2015, there were 2,918,125 people who entered the Kingdom. The figures indicate that 111,057 traffic accidents occurred in 2015, resulting in 9,712 human injuries, resulting in 608 deaths, 2,021 extreme injuries and 14,118 minor injuries at an estimated cost of JD 275 Million, and the total length of roads was estimated at 18500 km by the end of 2015.

Population and vehicle growth rates in Jordan have increased significantly since 1971, where the vehicle ownership increasing from one vehicle per 58 persons in 1971 to one per seven in 2015.

The following table indicates this increase:

Table 8: Increase in population and vehicles during the years 1971-2015

Year	Registered vehicles	Population in million	Vehicles per 100.000 people	Vehicles ownership
1971	26000	1.5 Million	1733.33	One Vehicle per 58 person
2015	1412817	9.531 Million	14823.38	One Vehicle per 7 person

Source: Annual Report on Traffic Accidents in Jordan, 2015

Pre-Feasibility Study A Vehicles Insurance Claims Management Company-Amman

The annual report on traffic accidents in Jordan for the year 2015 indicates that the annual increase in the number of vehicles during the past 10 years has reached (8.7%). The following table shows the number of vehicles in the Kingdom during the past five years 2010-2015 as well as the annual rate of increase in them, as the number of vehicles is increasing over time.

Table 9: Number of Licensed Vehicles in the Kingdom and Annual Increase Rate during the Period (2010-2015)

Year	Total number of registered Vehicles accumulated	The annual rate of increase in Vehicles numbers
2010	1.075.453	8.1%
2011	1.147.258	6.7%
2012	1.213.882	5.8%
2013	1.263.754	4.1%
2014	1.329.888	5.2%
2015	1.411.666	6.1%

Source: Licensing of drivers and vehicles

The table below shows the number of vehicles working in Jordan during the period 2010-2015 by category and type of use.

Table 10: Number of vehicles working in the Kingdom during the period (2010-2015)

Vehicle type	Type of use	2010	2011	2012	2013	2014	2015
Small passenger cars	Private	709,613	771,824	826,280	862,563	897,066	932,948
	Public	23,221	23,215	23,817	24,158	25,124.3	26,129
Medium Passenger Cars	Private	8,894	8,781	9,396	10,096	10,500	10,920
	Public	10,609	11,016	11,521	11,945	12,423	12,920
Buses	Private	4,914	4,870	4,868	4,897	5,093	5,297
	Public	838	833	844	864	899	935
Common transport	Private	2,572	2,656	2,691	2,701	2,809	2,921
	Public	93,676	97,913	103,620	110,503	114,923	119,520
Small truck	Private	16	14	14	14	15	15
	Public	73,434	70,487	76,141	77,944	81,062	84,304
medium truck (4 - 10) tons	Private	2,407	2,237	2,325	2,362	2,456	2,555
	Public	24,461	27,940	24,390	25,235	26,244	27,294
Large truck more than (10) tons	Private	11,797	11,696	11,732	12,362	12,856	13,371
	Public	3,778	3,638	3,776	3,776	3,927	4,084
petroleum tank truck	Private	13,843	13,694	14,044	14,426	15,003	15,603
	Public	211	190	190	205	213	222
locomotive, trailer and semi-trailer trucks (not separated)	Private	917	533	599	873	908	944
	Public	65	63	61	60	62	65
Locomotive head	Private	1,238	1,235	1,223	1,207	1,255	1,305
	Public	673	618	651	629	654	680

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trailer	453	440	469	482	501	521
Half trailer	20,955	21,389	22,027	23,006	23,926	24,883
Total	1.027.419	1.093.934	1.159.353	1.209.150	1.257.516	1,307,817

Source: Licensing of drivers and vehicles.

The following table shows the number of vehicles working in the Kingdom according to licensing center in each governorate during the period 2010-2015.

Table 11: Number of vehicles working in the Kingdom according to center during 2010-2015

License center	Year					
	2010	2011	2012	2013	2014	2015
Amman	616,281	661,065	670,753	681,953	709,231	737,600
Omomy	89,190	92,600	98,076	104,099	108,263	112,593
South of Amman	142,062	144,940	148,604	153,027	159,148	165,514
Irbid	53,877	54,021	55,037	56,537	58,798	61,150
West of Irbid	24,765	32,466	37,453	38,458	39,996	41,596
Zarqa	23,147	24,787	26,105	26,766	27,837	28,950
Balqa	28,545	29,368	29,982	30,755	31,985	33,265
Maan	9,507	9,654	9,730	9,774	10,165	10,572
Mafraq	19,156	19,724	20,355	20,794	21,626	22,491
Karak	11,041	11,140	11,305	11,467	11,926	12,403
Jerash	11,400	11,842	12,072	12,287	12,778	13,290
Aqaba	8,095	8,368	8,542	8,634	8,979	9,339
Tafileh	3,176	3,264	3,321	3,342	3,476	3,615
Madaba	15,403	15,564	15,742	15,801	16,433	17,090
Ajloun	3,400	3,589	3,714	3,760	3,910	4,067
Ramtha	15,997	16,350	16,817	17,280	17,971	18,690
Northern Shouneh	138	204	249	283	294	306
South Shouna	148	210	247	294	306	318
North of Amman	-	7,292	45,778	68,103	70,827	73,660
Total	1.075.328	1.146.448	1.213.882	1.263.414	1,313,951	1,366,509

Source: Licensing of drivers and vehicles.

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The following table shows the number of traffic accidents in Jordan during the past five years. The table shows the number of actual accidents and the number of accidents recorded according to the classification of the Directorate of Public Security. In 2015, the Directorate reclassified accidents, According to the international standards. Accordingly, the number of accidents in 2015 amounted to 9,712 accidents as shown in the table. The number of actual accidents shows the number of accidents according to the old classification for each year, which amounted to 102,441 accidents in 2014, with a decrease of 5% over 2013.

Table 12: Summary of human injury accidents, results and indicators for the years 2011-2015.

Statement	Year				
	2011	2012	2013	2014	2015
Number of actual accidents	142588	112817	107864	102441	*104000
Number of accidents recorded according to the new classification (Public Security Directorate)	11515	11004	10226	9759	9712
The number of deaths	694	816	768	688	608
Number of injuries	18122	17143	15954	14790	16139
Number of vehicles registered	1147258	1213882	1263754	1331563	1412817
Population in thousand	6249	6388	6530	6675	9531
Accident per day	31.55	30.15	28	26.74	26.6
Death per day	1.9	2.2	2.1	1.9	1.67
Injury per day	49.6	47.0	43.7	40.5	44.22
Number of accidents per 10 thousand vehicles	100.4	90.7	80.9	73.3	68.74
Number of deaths per 10 thousand vehicles	6.0	6.7	6.08	5.2	4.3
Number of injuries per 10 thousand vehicles	158	141.2	126.2	111.1	114.23
Deaths per 100,000 population	11.0	12.8	11.76	10.31	6.37
The number of injuries per 100,000 population	289.9	268.4	244.3	221.6	169.32
Risk rate	0.13	0.16	0.16	0.15	0.15
Financial Cost (JD Million)	314.5	267	259	239	275

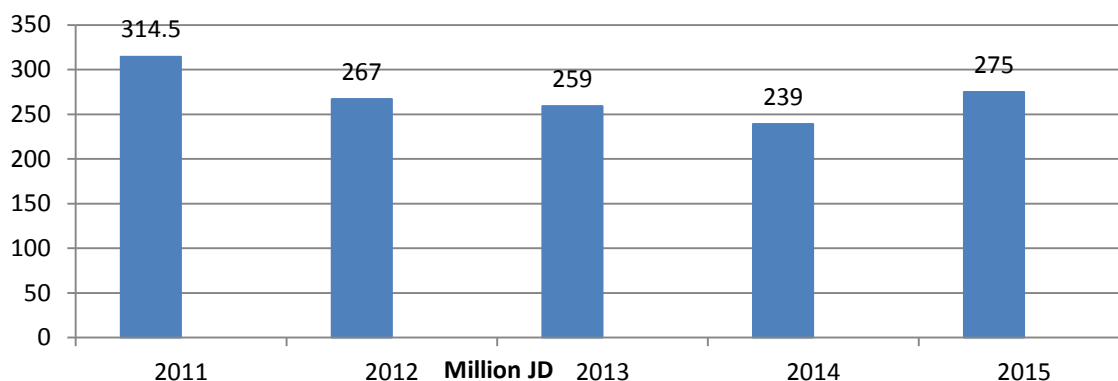
Source: Public Security Directorate, Annual Statistical Report

*This number has been roughly estimated to indicate the number of accidents for 2015 in the case of the calculation of the old classification of accidents.

The following figure indicates the cost of traffic accidents for the previous five years, where Jordan loses more than JD 0.75 million daily due to traffic accidents.

Figure 5: Cost of traffic accidents for 2011-2015

Pre-Feasibility Study A Vehicles Insurance Claims Management Company-Amman



Source: Annual Report of Traffic Accidents in Jordan, 2015

The following are the most important indicator related to traffic accidents and their results:

- The average annual growth rate of vehicles in Jordan was 8.7%.
- The number of people and vehicles increased significantly in Jordan, where the ownership of vehicles increased compared to the number of population from one vehicle per 58 persons in 1971 to one vehicle per 7 persons in 2015.
- Every 54 minutes a traffic accident happens resulting in human casualties, every 2.5 hours a run over accident happens, and approximately every 33 minutes an injury happens due to a traffic accident and every 14 hours a person dies due to a traffic accident.
- Traffic accidents in 2015 recorded a hazard rate estimated at with 0.15, while 2006 recorded a hazard rate of 0.19.
- The rate of decrease in the cost of traffic accidents was 2.5% during the last five years; 2011 - 2015.
- The capital governorate recorded the highest number of traffic accidents, with 37.9% and Tafileh governorate having the lowest number of traffic accidents, constituting 1.2% of total traffic accidents.
- The annual rate of decline in the number of accidents (1.6%) for the last 10 years.

Total vehicle premiums

The following table shows vehicle insurance premiums for each of the existing insurance companies in Jordan for the years 2014 and 2015 and for all types of compulsory and supplementary insurance. The total premiums for vehicles in 2015 amounted to JD 221,882,435, of which compulsory insurance amounted to JD 150,735,667 and supplementary insurance JD 71,146,768. The table also shows the shares of companies of vehicle insurance. The largest share in the market was for the Arab Orient Insurance Company with 11.2% in 2015, followed by Jordan Insurance Company which owns 7.7% of the market., Followed by United Insurance Company (5.6%) and Middle East Insurance 5.5% of the market.

Table 13: Total Vehicle insurance premiums

Company	Compulsory insurance/licensing centers		Compulsory/comprehensive		Total of Jordanian vehicles		Foreign vehicles Compulsory from borders		Total compulsory insurance supplementary		supplementary		Total vehicles	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
	Jordan Insurance	5,316,494	5,343,338	1,630,418	1,963,724	6,946,912	7,307,062	1,050,791	780,566	7,997,703	8,087,628	7,132,466	9,017,527	15,130,169
Middle East Insurance	5,171,383	5,522,452	1,152,554	1,138,132	6,323,937	6,660,584	1,038,140	820,070	7,362,077	7,480,654	4,516,605	4,625,489	11,878,682	12,106,143
National Insurance	5,057,437	5,589,552	906,099	926,870	5,963,536	6,516,422	1,032,173	710,931	6,995,709	7,227,353	2,697,294	2,885,397	9,693,003	10,112,750
United Insurance Company	5,331,855	5,664,482	1,289,530	1,289,839	6,621,385	6,954,321	2,060,300	1,441,998	8,681,685	8,396,319	4,039,522	4,083,859	12,721,207	12,480,178
Manara Insurance	5,131,746	3,999,282	524,192	442,698	5,655,938	4,441,980	957,505	585,748	6,613,443	5,027,728	2,186,145	1,065,693	8,799,588	6,093,421
Arab Insurance - Jordan	5,380,094	5,778,485	611,992	624,811	5,992,086	6,403,296	2,031,538	1,480,530	8,023,624	7,883,826	2,029,738	2,177,025	10,053,362	10,060,851
Jerusalem Insurance Company	4,893,757	5,458,139	1,360,404	1,316,654	6,254,161	6,774,793	961,112	752,570	7,215,273	7,527,363	4,419,221	4,398,391	11,634,494	11,925,754
Jordanian-French relations	3,948,859	5,399,218	968,754	1,444,901	4,917,613	6,844,119	735,449	696,213	5,653,062	7,540,322	3,071,812	3,820,098	8,724,874	11,360,430
Arab International Insurance Federation	2,917,905	3,320,778	495,798	1,298,722	3,413,703	4,619,500	607,553	506,193	4,021,256	5,125,693	1,426,468	2,672,463	5,447,724	7,798,156
Delta Insurance	5,361,524	5,917,671	476,295	503,549	5,837,819	6,421,220	2,001,988	1,513,545	7,839,807	7,934,765	1,198,969	1,270,084	9,038,776	9,204,849
Jordanian Emirates Insurance Company	1,653,788	2,555,034	1,860,372	1,748,608	3,514,160	4,303,642	573,048	696,084	4,087,208	4,999,726	3,040,420	2,788,538	7,127,628	7,788,264
Holy Land Insurance	450,075	362,202	4,433,818	4,378,942	4,883,893	4,741,144	67,008	43,141	4,950,901	4,784,285	1,608,292	1,193,690	6,559,193	5,977,975
Arab Life and Accident Insurance	5,394,387	5,766,020	1,507,533	1,267,594	6,901,920	7,033,614	2,053,754	1,513,194	8,955,674	8,546,808	3,826,073	3,525,432	12,781,747	12,072,240
Philadelphia Insurance	2,731,808	2,906,819	596,468	520,177	3,328,276	3,426,996	1,137,271	945,120	4,465,547	4,372,116	1,035,410	845,869	5,500,957	5,217,985
Jordan International Insurance Company			322		322				322		1,662		1,984	
Arab European Group	5,080,066	5,757,404	1,246,538	1,488,119	6,326,604	7,245,523	996,046	1,456,886	7,322,650	8,702,409	3,510,643	3,980,462	10,833,293	12,682,871
Islamic Insurance	5,069,738	5,339,165	1,094,830	1,117,635	6,164,568	6,456,800	1,068,350	767,644	7,232,918	7,224,444	2,299,083	2,295,299	9,532,001	9,519,743
Arab guarantors	2,371,702	3,000,513	2,661,900	2,568,465	5,033,602	5,568,978	427,109	448,338	5,460,711	6,017,316	1,672,661	1,866,245	7,133,372	7,883,561
Arab Jordanian Insurance Company	3,156,008	4,201,678	1,516,839	1,273,953	4,672,847	5,475,631	654,617	629,449	5,327,464	6,105,080	1,395,776	1,335,013	6,723,240	7,440,093
Arab Orient Insurance Company	7,308,799	8,344,854	2,973,051	2,649,216	10,281,850	10,994,070	2,029,863	1,512,346	12,311,713	12,506,416	11,113,072	12,288,668	23,424,785	24,795,084
Med & Gulf Insurance (MEDGulf)	5,075,161	4,438,925	725,717	818,024	5,800,878	5,256,949	978,800	645,104	6,779,678	5,902,053	3,015,820	3,362,095	9,795,498	9,264,148
First Insurance	5,075,838	5,721,735	1,569,450	2,004,201	6,645,288	7,725,936	2,029,676	1,617,417	8,674,964	9,343,353	1,318,540	1,649,431	9,993,504	10,992,784
Total	91,878,424	100,387,746	29,602,874	30,784,834	121,481,298	131,172,580	24,492,091	19,563,087	145,973,389	150,735,667	66,555,692	71,146,768	212,529,081	221,882,435

Source: Jordan Insurance Market Report 2015

Total vehicle compensation

The following table shows the total vehicle claims compensation for insurance companies in Jordan for 2014 and 2015 and for all types of compulsory and supplementary insurance. The total claims compensation of vehicles for the year 2015 amounted to JD 188,462,270, of which compulsory insurance amounted to 127,590,797 JD and supplementary insurance 60,871,473 JD.

It is also noted that the largest amount of claims compensation in 2015 was the share of the Arab East Insurance Company, where the total compensation was 19,107,193 JD.

Table 14: Total vehicle claims compensation

Company	Compulsory insurance/licensing centers		Compulsory/comprehensive		Total of Jordanian vehicles		Foreign vehicles Compulsory from borders		Total compulsory insurance supplementary		supplementary		Total vehicles	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
	Jordan Insurance	4,694,576	5,459,002	1,958,965	2,167,711	6,653,541	7,626,713	479,842	310,254	7,133,383	7,936,967	5,886,792	5,600,920	13,020,175
Middle East Insurance	4,126,245	5,216,996	1,136,579	1,102,393	5,262,824	6,319,389	408,856	366,880	5,671,680	6,686,269	3,913,900	3,893,710	9,585,580	10,579,979
National Insurance	4,372,316	5,295,829	1,099,079	1,204,623	5,471,395	6,500,452	447,710	479,160	5,919,105	6,979,612	3,240,453	2,991,327	9,159,558	9,970,939
United Insurance Company	3,672,358	4,333,762	849,500	984,092	4,521,858	5,317,854	490,014	456,158	5,011,872	5,774,012	2,062,319	2,498,712	7,074,191	8,272,724
Manara Insurance	4,105,803	5,365,495	682,409	876,693	4,788,212	6,242,188	214,948	298,669	5,003,160	6,540,857	2,088,099	1,725,464	7,091,259	8,266,321
Arab Insurance - Jordan	4,416,006	5,819,608	608,399	657,575	5,024,405	6,477,183	619,682	436,456	5,644,087	6,913,639	1,966,541	1,772,936	7,610,628	8,686,575
Jerusalem Insurance Company	3,657,197	4,544,869	984,298	1,287,174	4,641,495	5,832,043	209,272	236,280	4,850,767	6,068,323	3,215,833	3,117,133	8,066,600	9,185,456
Eagle Arab Insurance	334,530	158,374	17,348	12,418	351,878	170,792	32,668	16,974	384,546	187,766	27,234	20,783	411,780	208,549
Jordanian-French relations	3,956,949	4,963,814	1,059,203	1,298,017	5,016,152	6,261,831	419,991	372,549	5,436,143	6,634,380	3,454,151	3,242,868	8,890,294	9,877,248
Arab International Insurance Federation	3,807,745	4,144,591	396,696	423,453	4,204,441	4,568,044	194,620	178,100	4,499,061	4,746,144	877,728	1,179,323	5,276,789	5,925,467
Delta Insurance	4,044,569	3,969,985	278,886	464,652	4,323,455	4,434,637	481,912	432,055	4,805,367	4,866,692	1,121,652	1,695,128	5,927,019	6,561,820
Jordanian Emirates Insurance Company	1,664,677	2,048,996	1,929,057	1,912,179	3,593,734	3,961,175	691,847	221,427	4,285,581	4,182,602	4,207,465	3,757,195	8,493,046	7,939,797
Yarmouk Insurance Company	83,529	-	13,645		97,174	0	44,141		141,315	0	13,119		154,434	
Holy Land Insurance	1,978,143	1,348,600	4,182,710	3,259,862	6,160,853	4,608,462	162,250	137,620	6,323,103	4,746,082	1,792,590	2,200,147	8,115,693	6,946,229
Arab Life and Accident Insurance	4,247,223	4,928,834	946,305	1,115,352	5,193,528	6,044,186	499,055	437,024	5,692,583	6,481,210	2,211,465	2,577,587	7,904,048	9,058,797
Philadelphia Insurance	3,915,826	3,216,660	753,941	413,427	4,669,767	3,630,087	282,799	148,421	4,952,566	3,778,508	1,236,483	968,987	6,189,049	4,747,495
Jordan International Insurance Company	1,253,048	120,094			1,253,048	120,094	41,607	58,196	1,294,655	178,290	271,684	506,979	1,566,339	685,269
Arab European Group	4,211,039	5,221,174	1,031,802	1,300,320	5,242,841	6,521,494	406,687	477,451	5,649,528	6,998,945	3,047,785	3,234,866	8,697,313	10,233,811
Islamic Insurance	4,213,323	4,237,427	679,069	710,006	4,892,392	4,947,433	462,300	369,937	5,354,692	5,317,370	1,748,020	1,720,367	7,102,712	7,037,737
Arab guarantors	2,710,230	2,587,835	2,933,541	3,350,115	5,643,771	5,937,950	80,347	9,899	5,724,118	5,947,849	1,415,593	1,683,259	7,139,711	7,631,108
Arab Jordanian Insurance Company	2,629,009	3,132,947	1,698,589	1,984,772	4,327,598	5,117,719	247,762	265,141	4,575,360	5,382,860	1,666,997	1,395,744	6,242,357	6,778,604
Arab Orient Insurance Company	3,949,964	5,124,398	3,332,045	3,250,847	7,282,009	8,375,245	391,602	406,942	7,673,611	8,782,187	10,287,497	10,325,006	17,961,108	19,107,193
Med & Gulf Insurance (MEDGulf)	3,593,947	4,973,234	898,703	1,332,843	4,492,650	6,306,077	352,299	378,874	4,844,949	6,684,951	2,658,045	2,964,655	7,502,994	9,649,606
First Insurance	3,812,585	4,717,003	604,422	654,325	4,417,007	5,371,328	339,199	403,954	4,756,206	5,775,282	1,739,709	1,798,377	6,495,915	7,573,659
Total	79,450,837	90,929,527	28,075,191	29,762,849	107,526,028	120,692,376	8,001,410	6,898,421	115,527,438	127,590,797	60,151,154	60,871,473	175,678,592	188,462,270

Source: Jordan Insurance Market Report 2015.

Supply Analysis

Insurance companies currently manage insurance claims for vehicles through an internal department of the company consisting of a number of employees in addition to a number of lawyers, where the department handles the process of managing claims and settling them for the customers of the company.

There are no companies that offer vehicle claims management services in Jordan, which creates the opportunity for the company to provide this service to the insurance companies as is the case in many countries in the world, especially European countries where there is more than one claim management company on behalf of the insurance companies.

3.5 Marketing Strategy

Target Market

The project targets the following customers:

- Local tourists
- Arab tourists
- Jordanian expatriates, especially in the summer months
- Foreign tourists

The project targets Jordanian insurance companies including

- | | |
|--|--------------------------------------|
| ▪ Jordan French Insurance Co. | ▪ Jordan Insurance Co. |
| ▪ Arab Union International Insurance Co. | ▪ Middle East Insurance Co. |
| ▪ Delta Insurance Co. | ▪ National Insurance Co. |
| ▪ Jordan Emirates Insurance Co. | ▪ United Insurance Co |
| ▪ Yarmouk Insurance and Reinsurance Co. | ▪ Al-Manara Insurance Co. |
| ▪ The Holy Land Insurance Co | ▪ Arabia Insurance Co Jordan |
| ▪ Arab life & Accident Insurance Co | ▪ Jerusalem Insurance Co. Ltd. |
| ▪ Philadelphia Insurance Co | ▪ Al Nisr Al-Arabi Insurance Co |
| ▪ The Arab Assurers Co. | ▪ Jordan International Insurance Co. |
| ▪ Arab Jordanian Insurance Group AJIG | ▪ Euro Arab Insurance Co. |
| ▪ Arab Orient Insurance Co. | ▪ The Islamic Insurance Co. |
| ▪ First Insurance Co. | ▪ Medgulf Insurance Co |

Expected prices

The project's price strategy includes obtaining 5% of the amount of compensation paid to the beneficiaries. The company can also obtain performance returns in case of reducing the cost of losses for insurance companies.

Promotion

The project's promotional strategy includes the following actions which to be taken by the company:

- Designing a website for the company.
- Communicating directly with insurance companies to contract with them.
- Preparing and designing brochures which explain the company's work and all the services it provides to its customers.
- Preparing a CD that contains presentation of the company's work and all the services it provides to its customers.

Selling

The project's sales strategy includes the following actions which to be taken by the company:

- Visiting the insurance companies, offering the services provided by the company and the expected benefits and contracting with the company through the general manager and department managers.

- Focusing on the new company's role in reducing compensation costs.

Dealing with Customers

The strategy developed for dealing with customers includes:

- **Reliability:** Includes the consistency of performance and delivering service properly at the first time, thus the company fulfils its promises.
- **Response:** Includes the willingness and readiness of staff to provide service.
- **Dealing:** Includes decency, morality, respect and friendship shown by staff whose work requires contact with customers such as reception staff and those who answering the incoming phone calls.
- **Adequacy:** possessing the required skills and knowledge necessary to provide the service.
- **Accessibility:** Includes easy access and easy access.
- **Communication:** Informing customers of the information they are looking for in the language they understand and listening to their requests. This may require the company to adapt its language according to the different customers.
- **Reliability or Credibility:** to be a trustworthy, reliable, honest, righteous company which defends the interests of its customers.
- **Safety:** To be free from risk or suspicion.
- **Understanding /knowing the customer's needs:** Making efforts to understand customers' needs.
- **Tangibility:** Material aspects of service.

3.6 The Expected Market Share

The following table shows the marketing share of the project according to the following assumptions:

- Total vehicle claims grow from JD 200 million in the first year of the project to JD 225.1 million in the fifth year at a growth rate of 3% per year.
- The Company's expected share in the first year of the project is estimated at 13%, which grows to reach up to 25% in the fifth year.

Table 15: Market share of the project

Item	Year I	Year II	Year III	Year IV	Year V
Total of Vehicle Claims (in thousand JD)	200,000	206,000	212,180	218,545	225,102
Company's Expected Share	13%	16%	19%	22%	25%
Percentage of Claims Revenue	5%	5%	5%	5%	5%
Claims Management Revenue (in thousand JD)	1,300	1,648	2,016	2,404	2,814

4. Technical Study

4.1 The Designed Project Capacity

The company provides its services to all insurance companies working in the field of vehicle insurance which amount at (23) companies. The company's headquarter will be in the capital, Amman, and will open 12 branches in all governorates of the Kingdom. The company's capacity to serve customers will increase as the demand for its services increases through employing the efficient human resources in order to implement the work in the required manner and quality and as intended by the company.

The total office area allocated to the Company, including the main office and branch offices, is estimated at 2,900 m², as shown in the following table.

Table 16: Office area allocated to the company

Item	Number	Area	Total Area
Main Office	1	500 m ²	500 m ²
Branches	12	200 m ²	2,400 m ²
Total	13		2,900 m²

4.2 The Required Fixed Assets

The following table shows the required fixed assets for the project. The project requires renting buildings to be utilized as a work place, where the works will be carried out.

Table 17: Fixed Assets Required

Item	Unit	Price	Value (in JD)
Building (m ²)	2,900	Rented	
Furniture & Fixtures & Decoration (m ²)	2,900	90	261,000
Means of Transport (car)	15	20,000	300,000
Computerized Claims Management System	1	700,000	700,000
Devices & Equipment & Networks	-	-	109,000
Total		1,370,000	

* Figures were estimated according to the market's current status

* Furniture and fixtures were estimated at 90 dinars per square meter

With regard to equipment, devices and networks, the following table shows all the information related to the equipment required for the work.

Table 18: Information, equipment and devices technique

Item	Number	Price (in JD)	Total Cost
Computers	80	500	40,000
Printers	10	300	3,000
Server	1	25,000	25,000
Photocopiers	3	3,000	9,000
Networks & Internal Systems	1	23,000	23,000
Others	-	9,000	9,000
Total			109,000

Computerized Claims Management System

The project requires a development of a computerized claims management system for vehicle claims. Providing the company with computerized system contributes to the following:

- Increasing productivity by eliminating the need to search for information in multiple information sources.
- Ensuring that tasks are performed on time, using reminders, timers and other means of communication.
- Improving the level of compliance by providing transparency, preparing for audits and abiding by the internal regulations.
- Minimizing the time required for decision-making by providing immediate access to information.

The Vehicle Insurance Claims Management System provides the following advantages:

No	Advantages
1	The ability to develop research through specific and flexible criteria.
2	The ability to issue a claim notice.
3	The ability to check documents by selecting (submitted/non-submitted document) from the list of required documents.
4	Claim registration window which allows the user to enter all the necessary details of the claim, The claim registration includes separate windows for claim details, policy information, stakeholders and vehicle information.
5	Registering the claim of theft, including details of the claim, policy information, information of the vehicle and parts, as these windows provide all details required for the claim.
6	The ability to obtain information about the assessment of repairs and creating reserves/compensation.
7	The ability to obtain information about the status of vehicle repairs, repair cost, repair request, Delivery Note and repair quality.
8	The ability to obtain a total loss table which provides information about the items/parts and their condition and the amount to be paid as well as the ability to create a model.
9	The ability of complete the payment process including total loss settlement and car scrap.
10	The ability to issue a payment order which includes all the details of the payment.

No	Advantages
11	A claim summary which provides information about claim details, financial information, repair dates and details, and models created.
12	The ability to add and save a comment on the claim including date time of the entry and the subject.
13	The ability to search for a claim.

Receipts and Payments

General advantages of the receipts and payments system:

No.	Advantages
1	The ability to issue a payment order which includes all the details of the payment.
2	The ability to add payment item.
3	The ability to add/view attached documents.
4	The ability to add/view supporting documentation attached.
5	The ability to issue a receipt which includes all details about payment.
6	The ability to search for a receipt/payment order.
7	The ability to add a comment.
8	The ability to obtain information about the details of check receipt and payment details.
9	The ability search for a receipt/payment voucher.
10	The ability to cancel the receipt or payment order.
11	The ability to create payment reserve/refund.
12	The ability to upload the invoice to Excel.

Compensation Management System

General characteristics of Compensation Management System

NO.	Characteristics
1	Ability to conduct research policy through flexible and specific standards.
2	Ability to create a claim notification.
3	Ability to materialize from instruments through selection (submitted instrument/ non-submitted) of required instruments list.
4	Claim registration window which permit to user to input all necessary details of claim, whereas claim registration involves separated windows away of claim details, policy information, Interested parties and assembled information.
5	Ability to get supervision agreement on compensation
6	Ability to determine information about compensation details
7	Ability to get information about vehicles repair case, repair cost, repair order, delivery note and repair quality
8	Ability to collect and accept instruments
9	Ability to get information about presenting instruments which include presenting instruments and others of details in addition to information about company correspondence
10	Window of supervision agreement about compensation, which shows claims details and

NO.	Characteristics
	ability to manage it through sub-list concluding orders (agreement, edition, resetting, exhibition, starting exchanging, and Closing compensation).
11	Compensation details which provide all details about compensation, the third party, its insurance and the legal representative.
12	Ability to manage collection and acceptance all instrument through a window having all details about collecting instruments and their case, besides instruments which were received or presented, in addition to ability to materialize and accept all details about this
13	Ability to get information about offering instruments and company correspondence
14	Compensation settlement which involves details about settlement and payment
15	Ability to add details about exchanging and their case
16	Ability to add information about judgment details
17	Ability to add grant or details for settling compensation.
18	Ability to do a research about stolen vehicles
19	Claim registration – damage prices determination/ evaluation which provide information about sort and control of the user to create evaluation and accounting the total sum of damage
20	Ability to add interested parties in claim registration
21	Ability to show the third party
22	Claim registration window which permits the user to input all necessary details about claim, including windows separated of claim details, policy information, interested parties, and vehicle.
23	Theft claim registration which involves claim details, policy information, vehicle information and parties, which these windows provide all required details about claim.
24	Theft claim instrument involves theft administration and theft case.
25	Appreciating reform which permits to get total cost of it
26	Ability to edit/ modify and appreciate reform
27	Ability to offer or agree and add reserve to appreciate reform.
28	Ability to create reserve and compensation reserve.
29	Repairing vehicles and delivering them which give the ability to create repair order and delivery note.
30	Ability to create all losses declaration and total losses reserves of total loss instrument.
31	Total loss table of purchased car By the insured.
32	Ability to get payment order.
33	Claim abstract which provides information about claim in terms of claim details, financial information, dates, reform details and creating models.
34	Ability to add and keep a comment on claim involving data, time, category,
35	Ability to search for claim
36	Ability to watch claim activity record which shows the description of every work done about claim.

4.3 The Required Human Resources

The following table shows required human resources of the project. The required personnel number at main offices and branches reaches about 73 employees with total salaries JD 540,600 annually.

Table 19: Required human resources for the project

Item	Number of Employees	Monthly Salary (JD)	Total Annual Salary (JD)	Operational Salary Annual (JD)	Administrative Salary Annual (JD)
General manager	1	3,000	36,000	36,000	
Department Managers	3	1,500	54,000	54,000	
Branch supervisor	12	700	100,800		100,800
Accountant	3	500	18,000	18,000	
Collector	3	350	12,600	12,600	
Executive	2	300	7,200	7,200	
IT	2	700	16,800	16,800	
Lawyer	3	1,000	36,000		36,000
Engineer	12	800	115,200		115,200
Technician	12	500	72,000		72,000
Others	20	300	72,000		72,000
Total	73		540,600	144,600	396,000

Item (others) includes secretary, security, protection and packing lot.

In addition, the following table shows general job description of required jobs the project needs.

Table 20: General Job description of required jobs the project needs.

Job	Job description
General manager	<p>Planning, organizing, coordinating, and monitoring what is related to company external administration, determining company policy and managing what is related to work. In addition to reviewing reports which send back to administration department, supervising their analysis, surveying appeared problems, putting solutions to them, besides administrative and technical supervising of employees and raising their efficiency.</p>
Department Managers	<p>Department Managers manage and supervise work, planning and putting necessary programs for developing work and employees performance, Submitting periodic reports to the manager in addition to dealing with and following any matters or problems they may have.</p> <ul style="list-style-type: none"> ● Administrative and financial case <ul style="list-style-type: none"> – Financial affairs <p>Financial administration is responsible for putting policies, rules and procedures which control and organize work of company financial activity according to accepted accounting rules and principles and considering laws, besides preparing data and annual financial lists of the company, organizing all financial documents and applying followed accounting policies and system in the company which approved by board of directors, in addition to following transactions with banks, making bank compromises and recommending for their confidence. Developing censorial financial systems which are necessary to materialize of company financial performance, cooperating with external examiner, and supplying it with all data.</p> – Administrative services and human resources <p>Following all administrative services and transport, building, cleanness, and maintenance ones, besides following carrying out contracts of cleanness, guarding, security, hostility in all offices of the company with which companies contracted, also, following proper commitment to signed agreements items. In addition applying accredited employees affairs procedures and system which include (appointment, training, performance evaluating, holidays..etc), human resources planning, and keeping, servicing and modernizing files related to employees regularly, in addition, following daily post coming to the company, keeping it and distributing it to the meant.</p> ● Legal affairs administration <p>Legal affairs administration is responsible for administrating work and legal affairs activities in the company, reviewing and putting final formulas of contracts in addition, company agreements, sharing</p>

Job	Job description
	<p>disagreements solutions related to compensations besides, following laws, systems, governmental instructions related to the company work, discussing them with the administration, representing the company to judiciary and courts, contributing preparing work contrasts and showing the legal opinion of them.</p> <ul style="list-style-type: none"> IT Administration It administration is responsible for supervising devices administration, electronic equipments, networks, servers, data keeping, perpetuating data base, surveying company needs of devices, networks, computers and programming them in addition, upgrading the devices, servers and networks besides, dealing with problems work may have, surveying offers of buying and selling of programs and devices the company needs and choosing the best ones in terms of the technical and administrative case besides, putting mechanisms for getting reserve copies of files and providing the technical supply for network users. In addition, following development and modernization operation on the website of the company by coordinating with interested areas. Besides, developing the data base, increasing its efficiency, putting future plans for applying them in the company, and training the company employees on modern programming.
Branch supervisor	Supervising on management of occupational, financial and administrative work of the branch, the achievement of the specific goals and the sales target of the branch.
Accountant	The application of the accounting system based to the company and to make sure of the validity and accuracy of financial documents, prepare the final accounts and the periodic financial reports, manage, coordinate and follow up the implementation of plans, systems, accounting and financial procedures, check the revenues and expenses of the company, and to make recommendations and submit them to the Director.
Collector	The collection of funds from insurance companies and payment of compensation to the beneficiaries.
Administrator	Providing the assistance in all aspects of the administrative organization and coordination between the departments and units operating in resolving the administrative and occupational problems daily, scheduling and coordinating meetings, interviews, events and other similar activities in addition to sending and receiving mail and packages, also the preparation of correspondence, keeping and updating personnel files.
IT	This directorate will take over the development task of plans and programs of work to achieve the goals established in addition to the implementation of the information, software and database systems, supervision, follow-up of updating and development of information network and to ensure the security and safety of different types of data then follow-up maintenance procedures

Job	Job description
	of used equipment and devices.
Lawyer	Providing specific legal advices to the company to represent it in court, prepare legal notes, provide the written opinions on cases and legal matters to court and prepare legal arguments for using it in courts to represent the company in court and present the case to the judge.
Engineer	Supervision on mechanical works of vehicles.
Technician	Implementation and follow-up of the maintenance work and coordination with the workshops to repair the damaged vehicles, conduct a check on the damaged vehicles and prepare reports of damages and parts that need to be repaired or replaced.

4.4 The Required Licenses

The following table shows necessary licenses from various entities for the implementation of the project.

Table 21: The licenses required for the project

Statement	Analysis
Registration of the company	<ul style="list-style-type: none"> ▪ Ministry of industry and Commerce ▪ Insurance Department
Establishment of the company	<ul style="list-style-type: none"> ▪ Chamber of Commerce ▪ Greater Amman Municipality
Operation of the company	<ul style="list-style-type: none"> ▪ Greater Amman Municipality ▪ Chamber of Commerce ▪ Income and sales tax department. ▪ Social security corporation

4.5 Project Timetable

The following table shows the timeline for the implementation of the project which is distributed through a year for the necessary various stages for the implementation of the projects, as follows:

Phase	Month											
	1	2	3	4	5	6	7	8	9	10	11	12
Studies	█											
Approvals and registration of the company		█	█	█	█							
Rental of the place, and furnishing				█	█	█	█	█				
Processing of information technology related matters							█	█	█	█		
Employment and Commissioning											█	█
Total Duration	12 months											

5. Financial Study

5.1 Financial Assumptions

The following table illustrates the financial assumptions of the project.

Table 22: The Financial Assumptions of the Project

Item	Assumption
Inflation Rate	3%
Financing Structure	Equity constitutes 75% of the investment and loans constitute 25%
Interest Rate	9%
Working Capital	3 months of annual cost
Studies Expenses	100 thousand
Pre-Operating Expenses	33 thousand
Tax Rate	20%
Exemptions	-
Staff Benefits	25% of salaries
Annual Salaries Increase	5%
Assets Depreciation Rate	4%-20% of the asset value
Maintenance	10 thousand, with 5% annually increase
Services, Electricity, and Water	12 thousand, with 5% annually increase
Professional fees	5 thousand, with 5% annually increase
Marketing Expenses	10 thousand, with 5% annually increase
Stationery	20 thousand, with 5% annually increase
Hospitality	10 thousand, with 5% annually increase
Other Expenses	5 thousand, with 5% annually increase
IT Cost	15 thousand, with 5% annually increase
Legal expenses	20 thousand, with 5% annually increase
Rents	30 thousand
Renting of 12 branch offices	96 thousand
Accounts Receivable	5% of revenues
Accrued expenses	8% of operation costs
Dividends	70% of annual dividends
Retained earnings	30% of annual dividends

5.2 Investment Cost

The project's Investment cost is estimated at JD 1.6 million distributed among fixed assets of JD 1,370 thousand, working capital and pre-operating expenses of JD 262 thousand.

Table 23: the project's investment cost

Item	Value (in thousand JD)
Fixed assets	1,370
Pre-operating expenses	33
Working capital	229
Total	1,631

The following table shows the annual depreciation of assets:

Table 24: Depreciation of assets

Item	Value (JD)	%	Total
Land	-	0.0%	-
Buildings	-	4.0%	-
Furnishing and Equipment	261,000	20.0%	52,200
Transportation Vehicles	300,000	20.0%	60,000
IT	809,000	20.0%	161,800
Total	1,370,000	0.0%	274,000

5.3 Financing

The project will be financed with the shareholders by 75% which is estimated at about JD 1,223 thousand, while the other 25% of the project investment cost will be financed through bank loans of about JD 407.8 thousand.

The following table shows the financing structure for financing the project, where:

- The interest rate is 9%.
- The loan will be paid during 5 years.

Table 7: Project financing schedule

Item	Value (in thousand JD)	%
Equity	1,223.5	75%
Loan	407.8	25%
Total	1,631	100%

5.4 Revenues

The following table shows the total revenues of the project, where it is noted that the revenues in the first year amounts to about JD 1.3 million, and increased to reach up to JD 2.8 million in the fifth year, Due to the company's growth and increasing market share by 3% annually.

Table 8: The Expected Revenues

Statement	Year 1	Year 2	Year 3	Year 4	Year 5
Total vehicle claims	200,000	206,000	212,180	218,545	225,102
Expected company share	%13.0	%16	%19	%22	%25
Revenue ratio of claims	%5	%5	%5	%5	%5
Claims Management Revenues – Thousand JD	1,300	1,648	2,016	2,404	2,814

5.5 The Projected Costs

Operating Costs

The following table shows the project's operating costs according to the previous assumption over five years. Salaries cost in Year 1 amounted to JD 396 thousand which increase to reach JD 580 thousand in Year 5.

Table 9: Operating Costs

Operating Costs (in thousand JD)					
Item	Year 1	Year 2	Year 3	Year 4	Year 5
Salaries	396	436	479	527	580
Staff Benefits	99	109	120	132	145
IT Cost	15	16	17	17	18
Depreciation	274	274	274	274	274
Maintenance	10	11	11	12	12
Legal Expenses	20	21	22	23	24
Renting of 12 branch offices	96	96	96	96	96
Others	5	5	6	6	6
Total	915	967	1,024	1,087	1,156

Administrative Expenses

The following table shows the projected administrative expenses of the project. Employees' salaries reach JD 245 thousand in the first year and increase to JD 298 thousand in the fifth year. The marketing expenses are about JD 10 thousand in the first year and increase to reach JD 12 thousand in the fifth year.

Table 10: General and Administrative Expenses

General and Administrative Expenses (in thousand JD)					
Item	Year 1	Year 2	Year 3	Year 4	Year 5
Salaries	245	258	271	284	298
Staff Benefits	61	64	68	71	75
Rent	30	30	30	30	30
Stationery	20	21	22	23	24
Hospitality	10	11	11	12	12
Services, Electricity, and Water	12	13	13	14	15
Professional Fees	5	5	6	6	6
Marketing Expenses	10	11	11	12	12
Other Expenses	5	5	6	6	6
Amortization	33				
Total	431	417	437	457	478

5.6 Projected Financial Statements

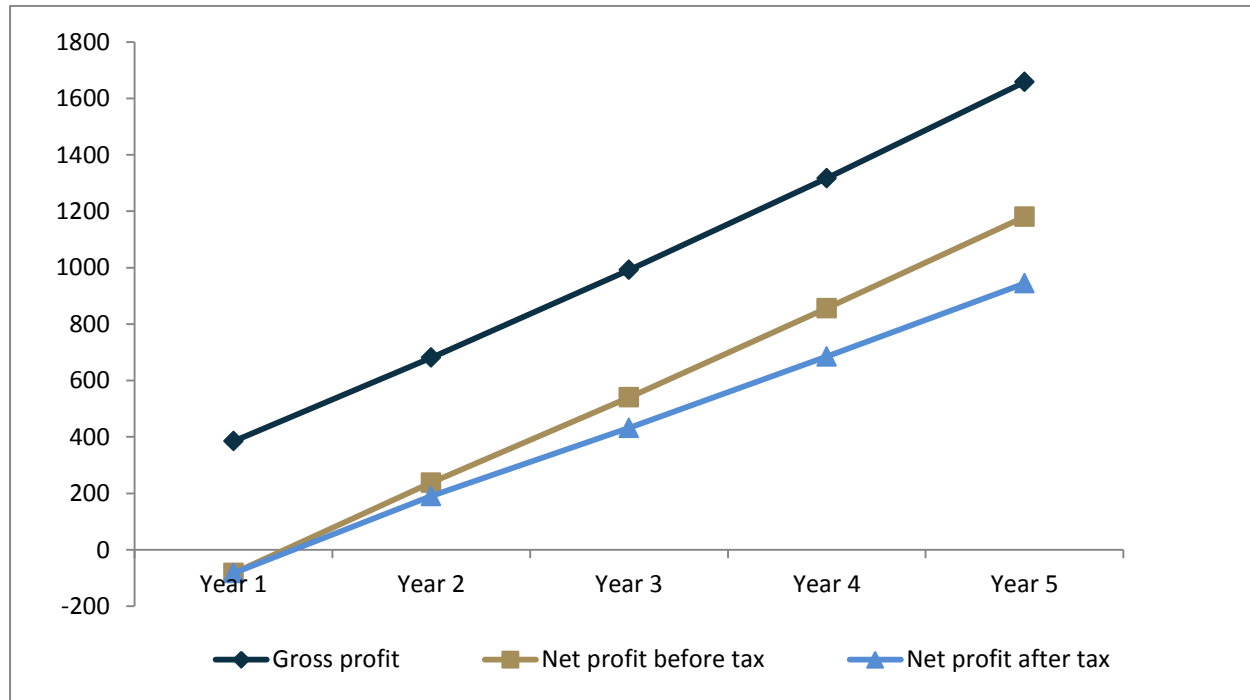
Income Statement

The following table shows the projected income statement of the project. It indicates that gross profit will increase from JD 385 thousand in the first year to JD 1.6 million in the fifth year. The net profit before tax will also increase from the second year to reach JD 1.1 million in the fifth year, and the net profit after tax will increase from JD 190 thousand in the second year to JD 944 thousand in the fifth year.

Table 11: The Projected Income Statement

Income Statement (in thousand JD)					
Item	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues	1,300	1,648	2,016	2,404	2,814
Operating costs	915	967	1,024	1,087	1,156
Gross profit	385	681	992	1,317	1,658
Administrative expenses	431	417	437	457	478
Net profit	(46)	264	555	860	1,180
financial expenses	37	26	15	4	0
Net profit before tax	(83)	238	540	856	1,180
Tax	-	48	108	171	236
Net profit after tax	(83)	190	432	685	944

Figure 6: Projected Income Statement



Projected Balance Sheet

The following table shows the projected balance sheet of the project during the first five years. It indicates that total assets will increase from JD 1.6 million in the year of incorporation to about JD 6 million in the fifth year. The Shareholders Equity will increase from JD 1.2 million in the year of incorporation to about JD 1.3 million in the fifth year

Table 30: Projected Balance Sheet

Projected Balance Sheet (in thousand JD)						
Statement	Year of incorporation	Year 1	Year 2	Year 3	Year 4	Year 5
Assets						
Cash	238	424	593	779	1,057	1,401
Receivables		2,167	2,747	3,360	4,007	4,690
Total Current Assets	238	2,591	3,339	4,139	5,063	6,091
Fixed Assets	1,394	1,394	1,394	1,394	1,394	1,394
Cumulative Depreciation	-	307	581	855	1,129	1,403
Net Fixed Assets	1,394	1,087	813	539	265	(9)
Total Assets	1,631	3,678	4,152	4,678	5,328	6,082
Shareholders Equity and Liabilities						
Accrued Expenses and Payables		2,167	2,747	3,360	4,007	4,690
Long Term Loans	408	288	168	48	-	-
Total Liabilities		2,455	2,915	3,407	4,007	4,690
Shareholders Contributions	1,224	1,224	1,224	1,224	1,224	1,224
Retained Earnings		-	14	47	98	169
Shareholders' Equity	1,224	1,224	1,238	1,270	1,322	1,392
Shareholders Equity and Liabilities	1,631	3,678	4,152	4,678	5,328	6,082

Cash Flow Statement

The following table shows the projected cash flow statement of the project during the first five years. It indicates that the cash flow from operation will increase from JD 307 thousand in the first year to JD 510 thousand in the fifth year; while the Cash at the ending period will increase from JD 238 thousand in the year of incorporation to JD 1.4 million in the fifth year.

Table 31: The Expected Cash Flows Statement

Cash Flow Statement (in thousand JD)						
Statement	Year of incorporation	Year 1	Year 2	Year 3	Year 4	Year 5
Operation Activities						
Net Profit	-	-	48	108	171	236
Depreciation	-	307	274	274	274	274
Change In Working Capital	-	-	-	-	-	-
Cash Flow From Operation	-	307	322	382	445	510
Investing Activities						
Fixed Assets	(1,394)	-	-	-	-	-
Cash From Investing Activities	(1,394)	-	-	-	-	-
Financing Activities						
Capital (Equity)	1,224	-				
Loan	408	(120)	(120)	(120)	(48)	-
Dividends		-	(33)	(76)	(120)	(165)
Cash Flow From Financing Activities	1,631	(120)	(153)	(196)	(168)	(165)
Net Cash Flow	238	187	168	186	278	345
Cash At The Beginning Period	0	238	424	593	779	1,057
Cash At The Ending Period	238	424	593	779	1,057	1,401

5.7 Financial, Economic and Social Analysis

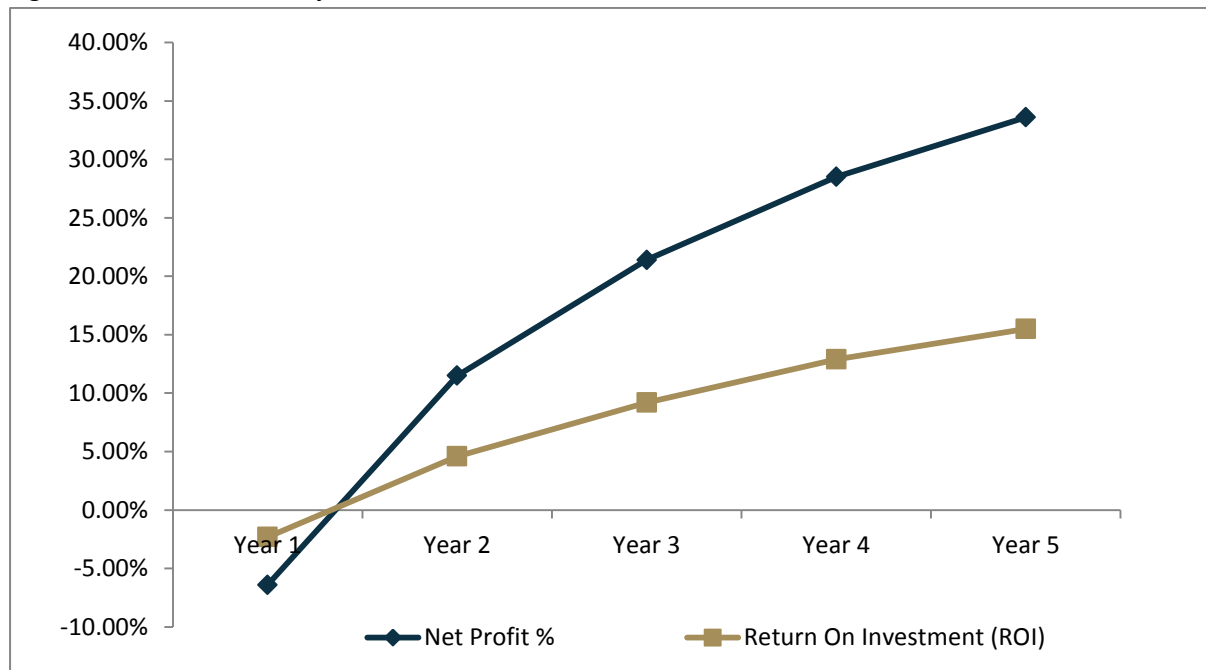
Financial Analysis

The following table shows the financial analysis of the project. It indicates that the net profit ratio during the first five years will increase from 11.5% in the second year to 33.6% in the fifth year, and the return on investment will increase from 4.6% in the second year to 15.5% in the fifth year.

Table 32: Financial Analysis

Financial Analysis (In Thousand JD)					
Item	Year 1	Year 2	Year 3	Year 4	Year 5
Assets	3,678	4,152	4,678	5,328	6,082
Revenues	1,300	1,648	2,016	2,404	2,814
Profits	(83)	190	432	685	944
Capital (Equity)	1,224	1,224	1,224	1,224	1,224
Net Profit %	-6.4%	11.5%	21.4%	28.5%	33.6%
Return On Investment (ROI)	-2.3%	4.6%	9.2%	12.9%	15.5%
Return On Capital (ROC)	-6.8%	15.6%	35.3%	56.0%	77.2%
Net Profit On Revenues	-6.4%	11.5%	21.4%	28.5%	33.6%
Assets Turnover (Time)	0.35	0.40	0.43	0.45	0.59

Figure 7: The Financial Analysis



Economic Analysis

The following table shows the economic analysis of the project during the first five years, we conclude that:

- The Internal rate of return is 21%. It exceeded five times the return on assets, which means the economic feasibility of the project
- The present value of the project reached about JD 2,094 thousand. It exceeds the investment value with JD 1,632 thousand, which means the economic feasibility of the project.
- The profitability index of the project reached 1.28 times, which means that the expected value of the project 1.28 times the investment value, which proves that the project is feasible.
- The project payback period is 4.5 years.

Table 33: the Economic Analysis

Economic Analysis (in Thousand JD)						
Statement	Year of incorporation	Year 1	Year 2	Year 3	Year 4	Year 5
Net Cash Flow From Operating And Investing Activities	(1,631)	307	322	382	445	510
Terminal Value						1,392
Net Cash Flow	(1,631)	307	322	382	445	1,902
Internal Rate Of Return (IRR)	21%					
Present Value	2,094					
Net Present Value	462					
Profitability Index (Time)	1.28					
Payback Period (Year)	4.5 years					

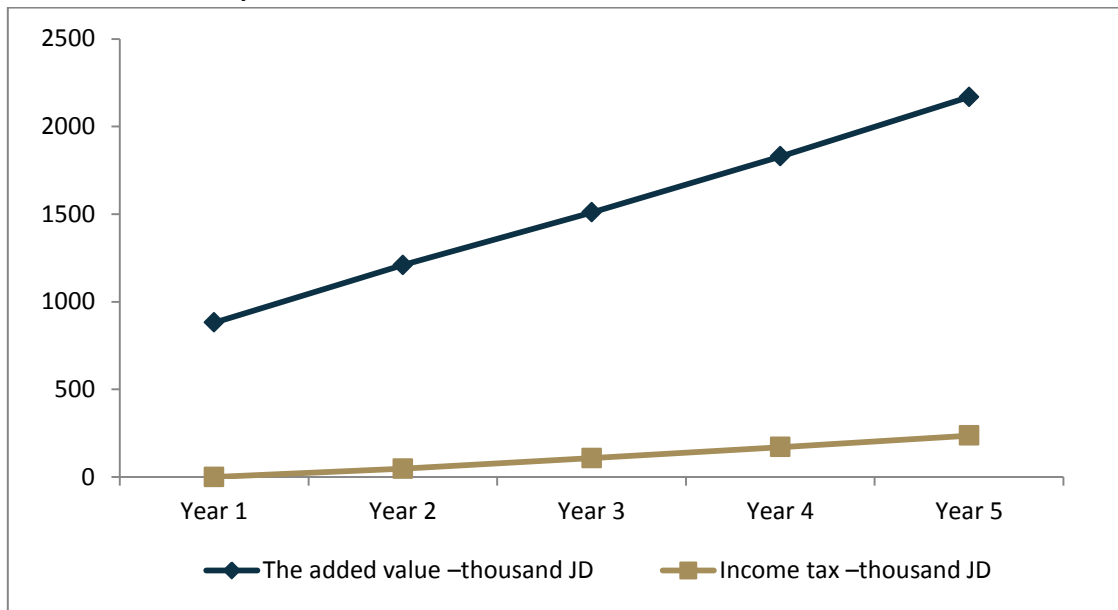
Social Analysis

The following table shows the social analysis of the project. It is noticed that the number of staff required for the project will increase from 73 employees in the first year to 89 employees in the fifth year. The added value of the project will also increase from JD 881 thousand in the first year to JD 2.1 million in the fifth year. The income tax will reach JD 236 thousand in the fifth year.

Table 34: the Social Analysis of the Project

Social Analysis					
Statement	Year 1	Year 2	Year 3	Year 4	Year 5
Number of Employees	73	77	80	85	89
Jordanian employees	73	77	80	85	89
The added value –thousand JD	881	1,209	1,510	1,829	2,168
Income tax –thousand JD	0.0	47.6	108	171	236
sales tax value –thousand JD	208	264	323	385	450

Figure 8: The Social Analysis



6. Risk and Sensitivity Analysis

6.1 Risk Analysis

The following table shows the risk matrix analysis that may face the project.

Table 35: Project Risk Matrix

Risks	Type of Risks	Risk Assessment
Financial Risks	<ul style="list-style-type: none"> ▪ Credit Risk Credit risk represents the risk of the company's financial loss as a result of the customer's default of the contractual obligation or that of the party dealing with the company through a financial instrument. These risks are mainly caused by trade receivables and others. ▪ Liquidity Risk Liquidity risk is the risk resulting from the company's inability to meet its financial obligations at time. The company's liquidity management is to ensure as much as possible that the company always maintain enough liquidity to meet its obligations as they become due and payable in normal and emergency conditions without incurring unacceptable losses or risks that affect the company's reputation. ▪ risk of currency fluctuation Currency risk is the risk of the fluctuation of the value of financial instrument, due to fluctuations in foreign currency exchange rates. 	<ul style="list-style-type: none"> ▪ The financial risks that may face the company are low, Because it deals with Jordanian insurance companies ▪ There is no risk of currency exchange, because the company sales and purchases by local currency ▪ There is no risk of inflation because the company's pricing is based on a periodic basis

Risks	Type of Risks	Risk Assessment
	<ul style="list-style-type: none"> ▪ inflation risk It is the risk associated with the possibility that the inflation or the rise in the cost of living might lead to the decrease the real value of the investment. 	
<p>Business risk (sector risk)</p>	<ul style="list-style-type: none"> ▪ Strategic Risk It is the risk resulting from taking bad decisions by the company's management, or implementing the decisions in a wrong way, or not taking the decisions at the right time; which leads to losses or causes loss of alternative opportunities. ▪ Legal and Regulatory Risks These risks are reflected as a result of non-compliance with laws, guidelines and instructions governing the work. Legal risks are caused by the company's break of the laws governing the work in the state in which the company operates. While regulatory risks arise from the company's violation of laws and standards issued by the regulatory authorities. ▪ Reputation Risk Reputation risk arises from influential negative public views which result in great losses of customers or money. It includes the actions of the company's management or its employees which project a negative image of the 	<ul style="list-style-type: none"> ▪ The risks are considered moderate before the company's establishment, because of getting the approval of the official authorities ▪ Reputational risk is very high, as the company deals with very sensitive issues such as vehicle claims ▪ Market risk in the short term will be low because of the lack competing companies in the same field ▪ The risks of convincing insurance companies is moderate, because the lack of outsourcing culture in Jordan

Risks	Type of Risks	Risk Assessment
	<p>company, its performance and its relationships with customers and other stakeholders. Reputation risk also results from circulating rumors about the company and its activities.</p> <ul style="list-style-type: none"> ▪ Competition Risk Competition risk results from domestic and external competitors and reduces sales and profits. 	
<p>Operational Risk</p>	<p>Operational risk involves losses resulting from the failure of internal operations, human resources and systems. It includes:</p> <ul style="list-style-type: none"> ▪ IT Risks They are losses arising from downtime or systems failure due to the infrastructure, information technology, or the lack of systems, and any failure or malfunction in the systems. They include: the crash of computer systems, breakdowns in communication systems, programming errors, computer viruses and opportunities losses due to breakdown. ▪ Human Resources Risk Losses caused by employees or related to them (intentionally or unintentionally). It also includes acts that are intended as methods of cheating, abusing property or 	<ul style="list-style-type: none"> ▪ Operational risks are very low, for the company will contract with specialized technical bodies to develop the required information systems, in order to manage operations ▪ Competitive salaries will be paid ▪ Information security plan will be put in place to safely keep the company information

Risks	Type of Risks	Risk Assessment
	<p>circumvent the law, regulations or company policy by officials or employees, as well as losses arising from the relationship with the customer, shareholders, regulators and any third party.</p>	
<p>State Risk</p>	<p>State Risk includes politicians' interference, civil unrest, wars, financial and monetary policies and high level of debts.</p>	<ul style="list-style-type: none"> ▪ State Risk is considered to be low, due to security and political stability; international reports indicate that State Risk is low both in medium and long terms

6.2 Sensitivity Analysis

First: Increase of Investment Cost By 10%

The following table shows the results of the sensitivity analysis when investment cost increases by 10%.

Table 36: Investment Increase by 10%

Index	Base	Impact	Change
Internal Rate of Return (IRR)	21.0%	18.7%	2.2%
The Present Value at a discount rate of 13% (in Thousand JD)	2,094	2,162	(69)
Net Present Value at a discount rate of 13% (in Thousand JD)	462	364	98
Profitability Index (Time)	1.3	1.2	0
Payback Period (Year)	4.5	4.8	(0)
The Net Profit Ratio – an average of 5 years	17.7%	17.5%	0.2%
Return on Investment - an average of 5 years	8.0%	7.7%	0.3%
Return on Capital – an average of 5 years	35.4%	31.9%	3.5%
Net Profit On Revenues - an average of 5 years	17.7%	17.5%	0.2%
Assets Turnover (Time) – an average of 5 years	0.4	0.4	0.0
The added value - an average of 5 years (in thousand JD)	1519	1519	0.2
income tax - an average of 5 (in thousand JD)	113	112	0.5
sales tax - an average of 5 years (in thousand JD)	326	326	0.0

The above analysis refers to the feasibility of investment in the project, in light of the high cost of the total investment of the project, which increased by 10%. It is noted that:

- The internal rate of return reaches 18.7%, which is considered high for investment purposes
- The new payback period is 4.8 years, and it is reasonable for recovery purposes
- The return on capital is 31.9%, which is suitable for investment purposes

Second: Reducing Revenues by 10%

The following table shows the results of the sensitivity analysis when reducing revenues by 10%.

Table 37: Reducing Revenues 10%

Index	Base	Impact	Change
Internal Rate of Return (IRR)	21.0%	18.6%	2.3%
The Present Value at a discount rate of 13% (in Thousand JD)	2,094	1,951	143
Net Present Value at a discount rate of 13% (in Thousand JD)	462	319	143
Profitability Index (Time)	1.3	1.2	0
Payback Period (Year)	4.5	4.8	(0.3)
The Net Profit Ratio – an average of 5 years	17.7%	10.4%	7.4%
Return on Investment - an average of 5 years	8.0%	4.5%	3.5%
Return on Capital – an average of 5 years	35.4%	21.7%	13.7%
Net Profit On Revenues - an average of 5 years	17.7%	10.4%	7.4%
Assets Turnover (Time) – an average of 5 years	0.4	0.4	0.0
The added value - an average of 5 years (in thousand JD)	1519	1351	168.1
income tax - an average of 5 (in thousand JD)	113	77	35.5
sales tax - an average of 5 years (in thousand JD)	326	293	32.6

The above analysis shows the low sensitivity of the project in case of reducing the revenues or demand by 10%. It indicates that:

- The internal rate of return is 18.6%, which is considered high for investment purposes
- The new payback period is 4.8 years, and it is reasonable for recovery purposes
- The return on capital reaches 21.7%, which is suitable for investment purposes

Third: Increasing the Operating Costs by 10%

The following table shows the results of the sensitivity analysis when increasing the operating costs by 10%.

Table 38: Increasing the Operating Costs by 10%

Index	Base	Impact	Change
Internal Rate of Return (IRR)	21.0%	19.8%	1.1%
The Present Value at a discount rate of 13% (in Thousand JD)	2,094	2,025	69
Net Present Value at a discount rate of 13% (in Thousand JD)	462	393	69
Profitability Index (Time)	1.3	1.2	0
Payback Period (Year)	4.5	4.6	(0.1)
The Net Profit Ratio – an average of 5 years	17.7%	13.2%	4.5%
Return on Investment - an average of 5 years	8.0%	6.2%	1.8%
Return on Capital – an average of 5 years	35.4%	28.4%	7.0%
Net Profit On Revenues - an average of 5 years	17.7%	13.2%	4.5%
Assets Turnover (Time) – an average of 5 years	0.4	0.4	0.0
The added value - an average of 5 years (in thousand JD)	1519	1433	86.0
income tax - an average of 5 (in thousand JD)	113	96	16.9
sales tax - an average of 5 years (in thousand JD)	326	326	0.0

The above analysis shows the feasibility of the project in light of increasing the operating costs of the project by 10%. It indicates that:

- The internal rate of return is 19.8%, which is considered high for investment purposes
- The new payback period is 4.6 years, and it is reasonable for recovery purposes
- The return on capital is 28.4%, which is suitable for investment purposes