

# Profit of 700 million sheqels establishes Harel as the second largest insurance company in the market

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>> 2012 was very good for the Harel Insurance Company, which is managed by Michel Siboni and Shimon Alkabetz. In the statements that the company published yesterday, it ended the year with a total profit of 702 million sheqels as compared with a total profit of 45 million sheqels in 2011.

The net profit of the company amounted to 448 million sheqels as compared with a net profit of 218 million sheqels in 2011. The net worth of the group attributed to the shareholders of the company amounted to 4.1 billion sheqels. The company attributes the results, which are close to the record, to the positive capital market in the past year. Following the company's results, the company will distribute a dividend of approximately 53 million sheqels and the share yesterday jumped by 2.75%.

As of the end of December 2012, the company had assets in mutual funds, pension funds, provident funds and insurance in an amount of 119 billion sheqels, an increase of approximately 19% on the previous year. The company's market value is 3.9 billion sheqels, a market value that makes it the

## Jump in all sectors

Contributions of the sectors to Harel's results, in millions of sheqels

	2012	2011
Life insurance	357	35
Health	225	162
General insurance	317	17
Foreign insurance companies	-20	-38
Total profit after tax	703	45

The shaking-up that the insurance sector is undergoing places Harel in a good launching position for the coming year. The big competitor, Migdal, has a new owner, Shlomo Eliahu, and it is still not clear how he will direct the company, something that introduces an element of uncertainty into Migdal's future business focus. Clal Insurance is undergoing a shake-up under the management of Izzy Cohen, which is supposed to restore it as a competitor against the insurance companies (Clal ended 2012 with a profit of 127 million sheqels).

In order to compete effectively against the other companies, Harel chose to focus on three mainly areas. The first is health insurance: the profit in the

sheqels in the corresponding period in 2011, an increase of approximately 39%. The focus for increasing profit is improving insurance sales, mainly in group transactions, and a generous contribution of positive yield from the capital market.

The second area is savings. The total profit in long-term savings activity amounted to approximately 357 million sheqels, as compared with a total profit of approximately 35 million sheqels in 2011. The company said that the focus on the long-terms savings sector can be seen in the purchase of Eliyahu's life insurance portfolio for 210 million sheqels. By contrast, the profit from short-term savings (Harel Finance) amounted to 15.9 million

Finance closed the stock exchange company, the institutional brokerage activity, and bought the mutual funds and portfolio management of Clal Finance for 210 million sheqels. The total assets managed by Harel Finances is 28.4 billion sheqels.

The third area is general insurance. Harel benefits from fruitful cooperation of the insurance agents. According to a survey of the Insurance Agents

Association, approximately 35% of the agents ranked Harel as the first or second company with which they worked. This means more sales and more income for the company. The total profit in general insurance amounted to approximately 317 million sheqels as compared with a profit of approximately 17 million sheqels last year. The increase in sales derived not only from the great efforts of the insurance agents, but also from the capital market.

Harel's loss in the foreign insurance companies decreased to 20 million sheqels last year, as compared with a loss of 38 million sheqels in 2011.

Siboni, joint CEO at Harel Investments for insurance and financial services: 'The group's activity in 2012 and its results reflect Harel's continued strategic focus on areas that allow profitable growth and returns in the capital market.'

second largest insurance company (from the viewpoint of market value) after Migdal and above Clal Insurance.

health insurance sector in 2012 amounted to approximately 225 million sheqels, as compared with a total profit of approximately 162 million

sheqels as compared with 29.1 million sheqels in 2011, a decrease of 39%.

In order to focus solely on activities relating to asset management, Harel