

Performance of the insurance market^{1 2} in 1390 revealed a continued upward trend in the number of insurance companies, especially private insurance companies. Share of private insurance companies in total direct premiums³ reached 53.2 percent in 1390 year-end. In this year, total direct premiums issued by public and private companies rose 45.2 percent to Rls. 85,908.8 billion. Comparing the upward trend of direct premium with the low population growth rate indicates an uptrend in the insurance premium per capita⁴ as well. In 1390, insurance premium per capita went up by 44.4 percent from Rls. 791.6 thousand in 1389 to Rls. 1,143.2 thousand in 1390. Of this amount, Rls. 1,051.8 thousand (92.0 percent) belonged to non-life insurance premium per capita and the remaining to life insurance premium per capita.

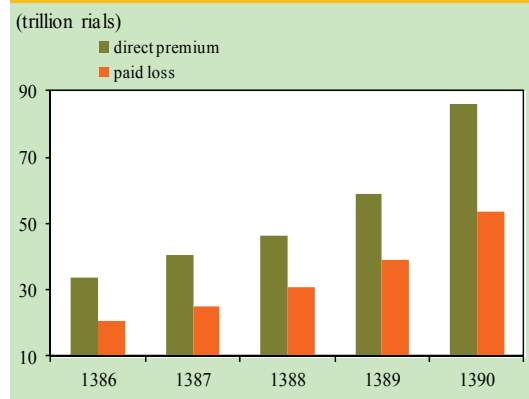
¹Based on the "Statistical Yearbook of Insurance Market Performance, 1390" published by Central Insurance of Iran

²Includes Central Insurance of Iran (government's agent in the insurance market and performer of commercial insurance), Iran Insurance Company (public) and private insurance companies (Dana, Asia, Alborz, Moallem, Parsian, Karafarin, Sina, Razi, Mellat, Omid, Hafez, Tose, Day, Saman, Novin, Iran Moein, Pasargad, Mihan, Arman, Kish Protection and Indemnity Club, Ma, and Kowsar). Iran Moein, Omid, Kish Protection and Indemnity Club, and Hafez Insurance Companies are authorized to work in Free Economic Zones only. Moreover, Amin and Iranian Reinsurance Companies render reinsurance services.

³Includes insurance policies issued in 1390. Figures for life insurance premiums are based on received premiums and for non-life, on issued premiums.

⁴Insurance premium per capita is the amount of premium which is paid on average by each person, and is computed through dividing the direct premium by the total population.

Figure 16.1. Performance of insurance market



In 1390, insurance penetration ratio⁵ slightly increased to 1.4 percent compared with the previous year. This ratio was 1.3 percent for non-life insurance, and 0.1 percent for life insurance.

Performance of Insurance Market

The activities of insurance companies could be assessed through the study of the value of direct premium issued and amount of compensation paid in each insurance policy. Comparing these indices with the number of insurance policies and paid losses could be an indicator of the volume of insurance companies' activities.

⁵Insurance penetration is calculated as the ratio of total direct premiums to GDP.

Direct Premium

Total direct premiums issued by public and private insurance companies reached Rls. 85,908.8 billion in 1390, showing 45.2 percent growth compared with the year before. Third party liability had the highest share in total direct premiums by 45.2 percent, followed by health (17.7 percent), life (8.0 percent), motor property damage (7.3 percent), liability (5.3 percent), and fire (4.8 percent).

In 1390, Iran Insurance Company (public) accounted for 46.8 percent and private insurance companies, 53.2 percent of total direct premiums. The highest share among private insurance companies belonged to Asia Insurance Company by 11.8 percent, followed by Alborz (6.2 percent), Dana (5.3 percent), Parsian (5.3 percent), and Tose (3.7 percent).

Paid Loss

The amount of paid loss rose 36.9 percent to Rls. 53,699.8 billion. As in previous years, the highest share of the paid loss in 1390 was related to the third party liability by 49.9 percent, followed by health, motor property damage, and life, with 27.8, 7.7, and 4.3 percent, respectively. In this year, 59.0 percent of total paid loss was related to motor (third party liability, driver accidents, and property damage).

Loss Ratio

Loss ratio¹ decreased by 2.0 percentage points to 76.6 percent in 1390. Loss ratio for third party liability reached 89.8 percent, indicating 2.1 percentage points decline compared with 1389.

¹ It is the ratio of "incurred loss" to "earned premium".

Figure 16.2. Share of insurance companies in direct premium and paid loss in 1390

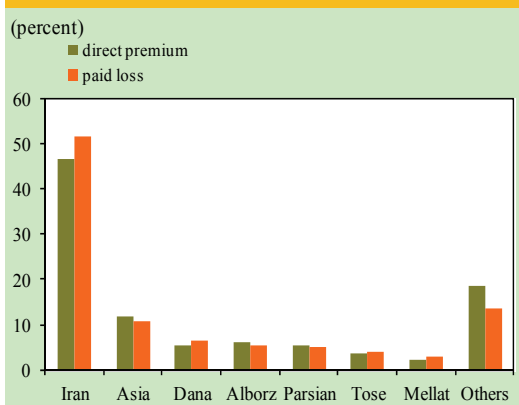


Table 16.1. Performance of Insurance Market

	1389	1390	Percentage change
Direct premiums (billion rials)	59,161.1	85,908.8	45.2
Paid loss (billion rials)	39,223.2	53,699.8	36.9
Loss ratio (percent)	78.6	76.6	-2.0 ¹

Source: Statistical Yearbook of Insurance Market Performance, 1390, Central Insurance of Iran ¹ In percentage points

Issued Insurance Policies

In 1390, over 35.3 million insurance policies were issued, up by 10.5 percent compared with 1389. Of total issued insurance policies, 42.1 percent were related to third party liability. Furthermore, 79.5 percent of the insurance policies were related to motor (third party liability, driver accidents, and property damage). "Credit" insurance policies experienced the highest growth (170.3 percent) and Iran Insurance Company issued 48.1 percent of total insurance policies.

Number of Paid Losses

The number of paid losses grew by 6.7 percent to 7.1 million. Health insurance, with 8.7 percent growth compared with 1389, had the highest share in total number of paid losses by 68.6 percent. Third party liability, with 2.2 percent negative growth compared

with the year before, constituted 20.8 percent of total paid losses. These two classes, together with motor property damage, accounted for 95.7 percent of total number of paid losses. In 1390, Iran Insurance Company (public) paid 47.8 percent of total losses. Number of losses paid by private insurance companies decreased by 1.4 percent to 3.7 million, constituting 52.2 percent of total number of losses paid.

Insurance Companies

In 1390, the top 6 insurance companies in terms of the share in total direct premiums were Iran, Asia, Alborz, Dana, Parsian, and Tose with 46.8, 11.8, 6.2, 5.3, 5.3, and 3.7 percent, respectively. Shares of the mentioned companies in terms of losses paid were 51.7, 10.8, 5.3, 6.5, 5.1, and 3.9 percent, respectively.

Assets and Liabilities of Insurance Companies

In 1390, assets and liabilities of insurance companies totaled Rls. 116,238.8 billion, up by 26.4 percent compared with 1389. This was

mainly attributable to 52.5 percent increase in claims on insured parties and insurers on the assets side, and 36.1 percent rise in premium reserves on the liabilities side. Short- and long-term investments of insurance companies increased by 12.3 and 7.5 percent, respectively. In this year, claims on insured parties and insurers had the highest share in the assets of insurance companies as in the previous year. Shareholders' equity rose by 11.7 percent in 1390 compared with the year before.

Figure 16.3. Share of insurance companies in issued insurance policies & number of paid losses in 1390

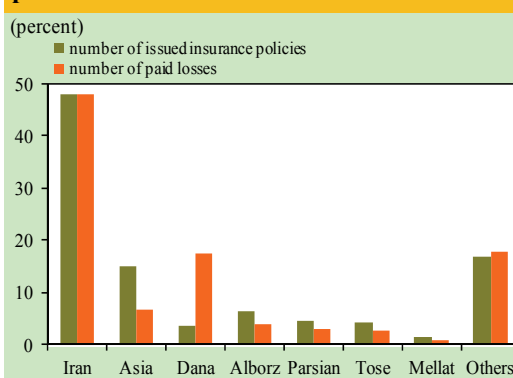


Table 16.2. Assets and Liabilities of Insurance Companies¹

(billion rials)

	Year-end		Percentage change
	1389	1390	
Assets			
Intangible assets	148.6	134.0	-9.9
Fixed tangible assets	7,425.6	9,831.2	32.4
Long-term investments	21,983.8	23,642.0	7.5
Long-term claims	3,963.2	5,098.0	28.6
Accounts receivable	8,065.1	8,803.1	9.2
Short-term investments	9,723.5	10,921.0	12.3
Claims on insured parties and insurers	18,697.7	28,514.4	52.5
Reinsurers' contribution to technical reserves	16,077.9	22,664.1	41.0
Cash and cash equivalents	3,590.4	4,504.4	25.5
Others	2,259.9	2,126.7	-5.9
Total assets = total liabilities	91,935.8	116,238.8	26.4
Liabilities			
Insured parties' and insurers' claims	1,088.8	1,945.6	78.7
Insurers' and reinsurers' claims	5,936.7	6,048.4	1.9
Accounts payable	9,543.5	14,219.1	49.0
Premium reserves	33,764.6	45,969.9	36.1
Deferred loss reserve	10,243.1	11,882.7	16.0
Reserve for current risks	1,375.7	1,697.5	23.4
Other technical reserves	5,536.6	6,981.6	26.1
Future premiums	1,408.3	1,548.2	9.9
Other liabilities ²	5,963.0	6,879.2	15.4
Shareholders' equity	17,075.6	19,066.7	11.7

Source: Central Insurance of Iran ¹ Includes public and private insurance companies.

² Includes income tax allowance, dividend, retirement benefits, and others.