

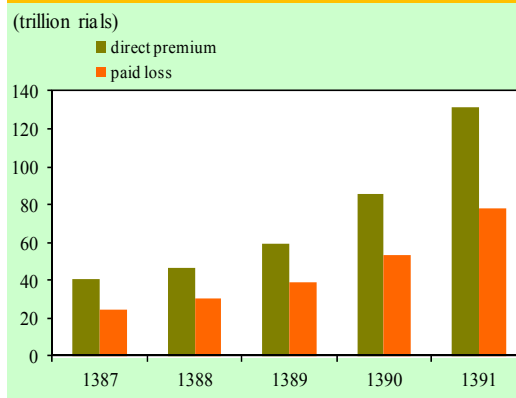
Performance of the insurance market^{1 2} in 1391 revealed a continued upward trend in the number of insurance companies, especially private insurance companies. Share of private insurance companies in total direct premiums³ reached 54.4 percent in 1391 year-end. In this year, total direct premiums issued by public and private companies amounted to Rls. 131,096.7 billion, indicating 52.3 percent increase compared with 1390. Comparing the upward trend of direct premium with the low population growth rate indicates an uptrend in the insurance premium per capita⁴. Insurance premium per capita went up by 50.5 percent from Rls. 1,145.6 thousand in 1390 to Rls. 1,724.1 thousand in 1391. Of this amount, Rls. 1,589.3 thousand (92.2 percent) belonged to non-life insurance premium per

capita and the remaining to life insurance premium per capita. In 1391, insurance penetration ratio⁵ increased by 0.4 percentage point compared with the previous year, and reached 1.8 percent. This ratio was 1.7 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.

Figure 15.1. Performance of insurance market



¹ Figures in this chapter are based on the "Statistical Yearbook of Insurance Market Performance, 1391", published by Central Insurance of Iran. Due to regular revisions in statistical yearbooks of the insurance market, figures for this year are not comparable with previous years.

² In 1391, the insurance market included Iran Insurance Company (public), 18 private insurance companies in the main land (Dana, Asia, Alborz, Moallem, Parsian, Tose, Razi, Karafarin, Sina, Mellat, Day, Saman, Novin, Pasargad, Mihan, Kowsar, Ma, and Arman), and 6 private companies in Free Economic Zones (Hafez, Omid, Iran Moein, Kish Protection and Indemnity Club, Qeshm, and Asmari). Moreover, Amin and Iranian Reinsurance Companies rendered reinsurance services. Therefore, total active insurance companies came to 27 at end-1391.

³ Includes insurance policies issued in 1391. Figures for life insurance premiums are based on received premiums and for non-life, on issued premiums.

⁴ Insurance 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.

⁵ Calculated as the ratio of total direct premiums to GDP at current prices

Direct Premium

Total direct premiums issued by public and private insurance companies reached Rls. 131,096.7 billion in 1391, showing 52.3 percent growth compared with the year before. Third party liability had the highest share in total direct premiums by 45.5 percent, followed by health (20.2 percent), life (7.8 percent), motor property damage (6.3 percent), liability (5.2 percent), driver accidents (5.0 percent), and fire (3.7 percent).

In 1391, Iran Insurance Company (public) accounted for 45.6 percent and private insurance companies, 54.4 percent of total direct premiums. The highest share among private insurance companies belonged to Asia Insurance Company by 10.4 percent, followed by Alborz (5.7 percent), Dana (5.6 percent), Parsian (4.8 percent), and Tose (3.8 percent).

Paid Loss

The amount of paid loss rose 46.0 percent to Rls. 78,379.7 billion. As in previous years, the highest share of the paid loss in 1391 was related to the third party liability by 48.4 percent, followed by health, motor property damage, liability, and life, with 29.1, 6.5, 4.6, and 4.5 percent, respectively. In this year, 57.3 percent of total paid loss was related to car insurance (third party liability, driver accidents, and property damage).

Loss Ratio

Loss ratio¹ increased by 6.6 percentage points to 82.9 percent in 1391. Loss ratio for third party liability reached 90.2 percent, indicating 0.4 percentage point rise compared with 1390.

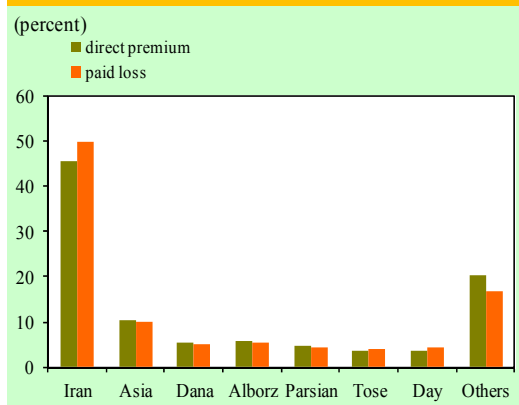
¹ It is the ratio of "incurred loss" to "earned premium".

Table 15.1. Performance of Insurance Market

| | 1390▲ | 1391 | Percentage change |
|---------------------------------|----------|-----------|-------------------|
| Direct premiums (billion rials) | 86,092.0 | 131,096.7 | 52.3 |
| Paid loss (billion rials) | 53,698.3 | 78,379.7 | 46.0 |
| Loss ratio (percent) | 76.3 | 82.9 | 6.6 ¹ |

Source: Statistical Yearbook of Insurance Market Performance, 1391, Central Insurance of Iran ¹In percentage points

Figure 15.2. Share of insurance companies in direct premium and paid loss in 1391



Issued Insurance Policies

In 1391, over 38.5 million insurance policies were issued, showing 7.4 percent growth compared with 1390. Of total issued insurance policies, 41.6 percent were related to third party liability. Furthermore, 80.0 percent of the insurance policies were related to car insurance (third party liability, driver accidents, and property damage). "Credit" insurance policies experienced the highest growth (1,783.3 percent) and Iran Insurance Company issued 46.2 percent of total insurance policies.

Number of Paid Losses

The number of paid losses grew by 48.0 percent to 13.1 million. Health insurance, with 70.6 percent growth compared with 1390, had the highest share in total number of paid losses by 79.7 percent. Third party liability, with 9.4 percent negative growth

compared with the year before, constituted 12.4 percent of total paid losses. These two classes, together with motor property damage, accounted for 97.1 percent of total number of paid losses. In 1391, Iran Insurance Company (public) paid 65.3 percent of total losses. Number of losses paid by private insurance companies grew by 11.6 percent to 4.6 million, accounting for 34.7 percent of total number of losses paid.

Insurance Companies

In 1391, top insurance companies in terms of their shares in total direct premiums were Iran, Asia, Alborz, Dana, Parsian, and Tose with 45.6, 10.4, 5.7, 5.6, 4.8, and 3.8 percent, respectively. Shares of the mentioned companies in terms of losses paid were 49.9, 10.2, 5.3, 5.1, 4.3, and 4.0 percent, respectively.

Assets and Liabilities of Insurance Companies

In 1391, assets and liabilities of insurance companies totaled Rls. 171,245.4 billion, up by 47.3 percent compared with 1390. This was

mainly attributable to 185.9 percent increase in fixed tangible assets and 57.7 percent rise in claims on insured parties and insurers on the assets side, as well as 86.7 percent rise in shareholders' equity and 35.9 percent increase in premium reserves on the liabilities side. Short- and long-term investments of insurance companies increased by 14.3 and 21.7 percent, respectively. In this year, claims on insured parties and insurers had the highest share in the assets of insurance companies.

Figure 15.3. Share of insurance companies in issued insurance policies & number of paid losses in 1391

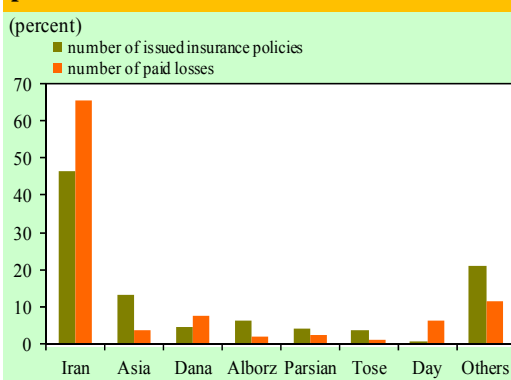


Table 15.2. Assets and Liabilities of Insurance Companies¹

(billion rials)

| | Year-end | | Percentage change |
|------------------------------------------------|------------------|------------------|-------------------|
| | 1390 | 1391 | |
| Assets | | | |
| Intangible assets | 134.0 | 212.7 | 58.7 |
| Fixed tangible assets | 9,831.2 | 28,106.4 | 185.9 |
| Long-term investments | 23,642.0 | 28,769.0 | 21.7 |
| Long-term claims | 5,098.0 | 5,310.5 | 4.2 |
| Accounts receivable | 8,803.1 | 11,345.8 | 28.9 |
| Short-term investments | 10,921.0 | 12,486.4 | 14.3 |
| Claims on insured parties and insurers | 28,514.4 | 44,969.4 | 57.7 |
| Reinsurers' contribution to technical reserves | 22,664.1 | 31,923.0 | 40.9 |
| Cash and cash equivalents | 4,504.4 | 6,427.3 | 42.7 |
| Others | 2,126.7 | 1,694.9 | -20.3 |
| Total assets = total liabilities | 116,238.8 | 171,245.4 | 47.3 |
| Liabilities | | | |
| Insured parties' and insurers' claims | 1,945.6 | 2,661.3 | 36.8 |
| Insurers' and reinsurers' claims | 6,048.4 | 4,307.6 | -28.8 |
| Accounts payable | 14,219.1 | 25,305.3 | 78.0 |
| Premium reserves | 45,969.9 | 62,492.7 | 35.9 |
| Deferred loss reserve | 11,882.7 | 18,487.4 | 55.6 |
| Reserve for current risks | 1,697.5 | 3,289.5 | 93.8 |
| Other technical reserves | 6,981.6 | 10,423.1 | 49.3 |
| Future premiums | 1,548.2 | 1,453.2 | -6.1 |
| Other liabilities ² | 6,879.2 | 7,226.6 | 5.1 |
| Shareholders' equity | 19,066.7 | 35,598.7 | 86.7 |

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

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