

Performance of insurance market^{1,2} in 1392 revealed a continued upward trend in the number of insurance companies, especially private insurance companies whose share in total direct premiums³ reached 56.5 percent in 1392 year-end. In this year, total direct premiums issued by public and private companies amounted to Rls. 162.1 trillion, indicating 23.2 percent increase compared with 1391. 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 21.7 percent from Rls. 1.7 million in 1391 to Rls. 2.1 million in 1392. Of this amount, Rls. 1.9 million (90.9 percent) belonged to non-life insurance premium per capita and the

remaining to life insurance premium per capita. In 1392, insurance penetration ratio⁵ decreased by 0.2 percentage point compared with the previous year, and reached 1.7 percent. This ratio was 1.6 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.

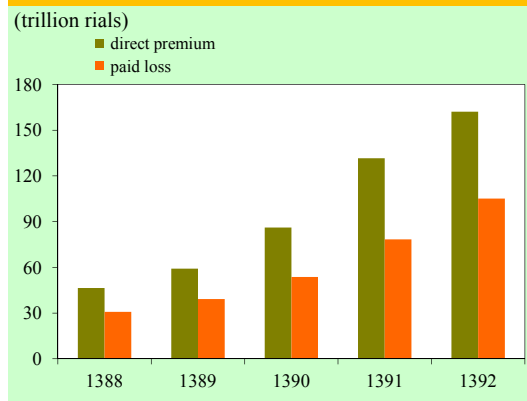
¹ Figures in this chapter are based on the "Statistical Yearbook of Insurance Market Performance, 1393", published by Central Insurance of Iran. Due to revisions made in this statistical yearbook, figures published in Balance Sheet 1392 are not comparable with previous years.

² In 1392, the insurance market included Iran Insurance Company (public), 20 private insurance companies in the main land (Dana, Asia, Alborz, Moallem, Parsian, Tose, Razi, Karafarin, Sina, Mellat, Day, Saman, Novin, Pasargad, Mihaan, Kowsar, Ma, Arman, Taavon, and Sarmad), 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 number of active insurance companies reached 29 at end-1392.

³ Includes insurance policies issued in 1392. 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.

Figure 15.1. Performance of insurance market



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. 162.1 trillion in 1392, showing 23.2 percent growth compared with the year before. Third party liability had the highest share in total direct premiums by 42.8 percent, followed by health (18.9 percent), life (9.1 percent), motor property damage (7.1 percent), liability (5.5 percent), driver accidents (4.4 percent), and fire (3.9 percent).

In 1392, Iran Insurance Company (public) accounted for 43.5 percent and private insurance companies, 56.5 percent of total direct premiums. The highest share among private insurance companies belonged to Asia Insurance Company by 9.7 percent, followed by Dana (6.5 percent), Alborz (5.6 percent), Parsian (5.3 percent), Sina (3.4 percent), and Karafarin (3.2 percent).

Paid Loss

The amount of paid loss rose 33.8 percent to Rls. 104.9 trillion. As in previous years, the highest share of the paid loss in 1392 was related to the third party liability by 47.0 percent, followed by health, motor property damage, liability, life, and driver accidents with 31.1, 6.2, 4.5, 4.5, and 2.3 percent, respectively. In this year, 55.4 percent of total paid loss was related to car insurance (third party liability, driver accidents, and property damage). Iran Insurance Company accounted for 49.1 percent of total paid loss in this year.

Loss Ratio

Loss ratio¹ increased by 6.7 percentage points to 89.3 percent in 1392. Loss ratio for third party liability reached 103.7 percent, indicating 13.6 percentage points rise compared with 1391.

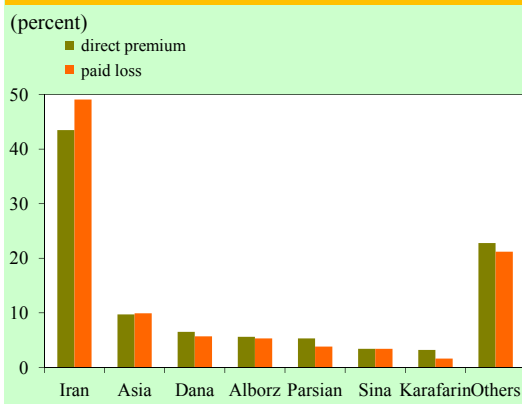
¹ It is the ratio of "incurred loss" to "earned premium".

Table 15.1. Performance of Insurance Market

	1391 ▲	1392	Percentage change
Direct premiums (trillion rials)	131.6	162.1	23.2
Paid loss (trillion rials)	78.4	104.9	33.8
Loss ratio (percent)	82.6	89.3	6.7 ¹

Source: Statistical Yearbook of Insurance Market Performance, 1393, Central Insurance of Iran. ¹In percentage points.

Figure 15.2. Share of insurance companies in direct premium and paid loss in 1392



Issued Insurance Policies

In 1392, over 42.8 million insurance policies were issued, showing 8.6 percent growth compared with 1391. Of total issued insurance policies, 39.5 percent were related to third party liability. Furthermore, 80.5 percent of the insurance policies were related to car insurance (third party liability, driver accidents, and property damage). "Driver accidents" insurance policies experienced the highest share of growth by 4.2 percentage points and Iran Insurance Company issued 42.7 percent of total insurance policies.

Number of Paid Losses

The number of paid losses grew by 31.9 percent to 17.7 million. Health insurance, with 44.8 percent growth compared with 1391, had the highest share in total number of paid losses by 87.5 percent. Third party liability, with 20.8 percent negative growth compared

with the year before, constituted 7.5 percent of total paid losses. These two classes, together with motor property damage, accounted for 97.7 percent of total number of paid losses. In 1392, Iran Insurance Company (public) paid 64.9 percent of total losses. Number of losses paid by private insurance companies grew by 28.9 percent to 6.2 million, accounting for 35.1 percent of total number of losses paid.

Insurance Companies

In 1392, top insurance companies in terms of their shares in total direct premiums were Iran, Asia, Dana, Alborz, Parsian, Sina, and Karafarin with 43.5, 9.7, 6.5, 5.6, 5.3, 3.4, and 3.2 percent, respectively. Shares of Iran, Asia, Dana, Alborz, Day, Parsian, and Sina companies in terms of losses paid were 49.1, 9.9, 5.7, 5.3, 4.7, 3.8, and 3.4 percent, respectively.

Assets and Liabilities of Insurance Companies

Assets and liabilities of insurance companies increased by 24.3 percent to Rls. 212.8

trillion, mainly due to 90.7 percent increase in short-term investments and 21.8 percent rise in claims on insured parties and insurers on the assets side, as well as 39.9 percent rise in premium reserves and 67.7 percent increase in deferred loss reserve on the liabilities side. Long-term investments of insurance companies increased by 4.6 percent. 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 1392

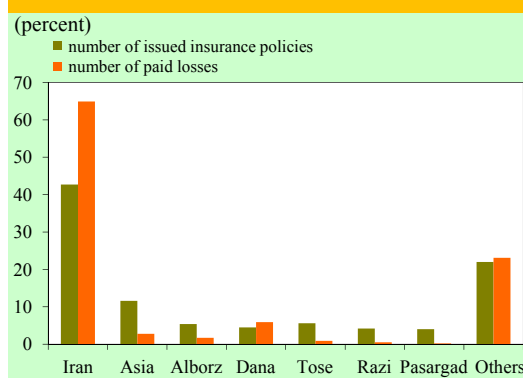


Table 15.2. Assets and Liabilities of Insurance Companies¹

(trillion rials)

	Year-end		Percentage change
	1391	1392	
Assets			
Intangible assets	0.2	0.8	262.1
Fixed tangible assets	28.1	33.3	18.5
Long-term investments	28.8	30.1	4.6
Long-term claims	5.3	5.9	10.6
Accounts receivable	11.3	14.2	25.4
Short-term investments	12.5	23.8	90.7
Claims on insured parties and insurers	45.0	54.8	21.8
Reinsurers' contribution to technical reserves	31.9	38.7	21.3
Cash and cash equivalents	6.4	9.3	45.4
Others	1.7	1.9	12.2
Total assets = total liabilities	171.2	212.8	24.3
Liabilities			
Insured parties' and insurers' claims	2.7	3.5	31.3
Insurers' and reinsurers' claims	4.3	6.1	40.7
Accounts payable	25.3	24.7	-2.2
Premium reserves	62.5	87.4	39.9
Deferred loss reserve	18.5	31.0	67.7
Reserve for current risks	3.3	6.2	89.5
Other technical reserves	10.4	15.6	50.0
Future premiums	1.5	2.3	57.1
Other liabilities ²	7.1	5.8	-20.4
Shareholders' equity	35.6	30.2	-15.3

Source: Central Insurance of Iran.

¹ Includes public and private insurance companies.

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