

Performance of insurance market^{1,2} in 1393 revealed a continued upward trend in the number of insurance companies, especially private insurance companies whose share in total direct premiums³ reached 58.9 percent in 1393 year-end. In this year, total direct premiums issued by public and private companies amounted to Rls. 208.6 trillion, indicating 28.7 percent increase compared with 1392. 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 28.6 percent from Rls. 2.1 million in 1392 to Rls. 2.7 million in 1393. Of this amount, Rls. 2.4 million (89.2 percent) belonged to non-life insurance premium per

capita and the remaining to life insurance premium per capita. In 1393, insurance penetration ratio⁵ increased by 0.2 percentage point compared with 1392, to 1.9 percent. This ratio was 1.7 percent for non-life and 0.2 percent for life insurances.

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 is a good indicator of insurance companies' activities.

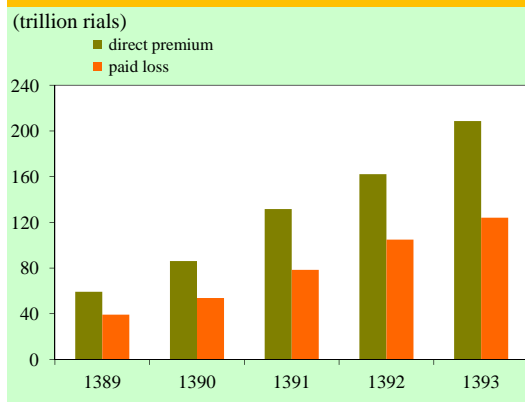
¹ Figures in this chapter are based on the "Statistical Yearbook of Insurance Market Performance, 1394", published by Central Insurance of Iran. Due to revisions made in this statistical yearbook, figures published in Balance Sheet 1393 are not comparable with previous years.

² In 1393, 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, Mihan, 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). It is noteworthy that work permit for Tose Insurance Company in car and life insurance classes was cancelled. Moreover, Amin and Iranian Reinsurance Companies rendered reinsurance services. Therefore, total number of active insurance companies reached 29 at end-1393.

³ Includes insurance policies issued in 1393. Figures for life insurance premiums are based on received premiums and for non-life, on issued premiums.

⁴ Insurance premium 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. 208.6 trillion in 1393, showing 28.7 percent growth compared with the year before. Third party liability had the highest share in total direct premiums by 41.6 percent, followed by health (19.6 percent), life (10.8 percent), motor property damage (6.7 percent), liability (5.5 percent), driver accidents (4.5 percent), and fire (4.5 percent).

In 1393, Iran Insurance Company (public) accounted for 41.1 percent and private insurance companies, 58.9 percent of total direct premiums. The highest share among private insurance companies belonged to Asia Insurance Company by 10.2 percent, followed by Dana (7.3 percent), Alborz (6.9 percent), Parsian (5.4 percent), Kowsar (3.5 percent), and Pasargad (3.4 percent).

Paid Loss

The amount of paid loss rose 18.2 percent to Rls. 124.0 trillion. As in previous years, the highest share of the paid loss in 1393 was related to the third party liability by 46.7 percent, followed by health, motor property damage, life, liability, and driver accidents with 27.0, 6.2, 5.6, 5.3, and 3.3 percent, respectively. In this year, 56.2 percent of total paid loss was related to car insurance (third party liability, driver accidents, and motor property damage). Iran Insurance Company accounted for 49.1 percent of total paid loss in this year.

Table 15.1. Performance of Insurance Market

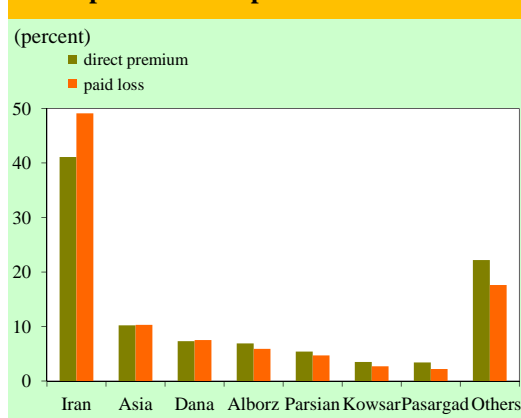
	1392	1393	Percentage change
Direct premiums (trillion rials)	162.1	208.6	28.7
Paid loss (trillion rials)	104.9	124.0	18.2
Loss ratio (percent)	89.3	86.3	-3.0 ¹

Source: Statistical Yearbook of Insurance Market Performance, 1394, Central Insurance of Iran. ¹In percentage points.

Loss Ratio

Loss ratio¹ decreased by 3.0 percentage points to 86.3 percent in 1393. Loss ratio for third party liability increased by 2.2 percentage points to 105.9 percent.

Figure 15.2. Share of insurance companies in direct premium and paid loss in 1393



Issued Insurance Policies

In 1393, about 47.9 million insurance policies were issued, up by 12.0 percent compared with 1392. Of total issued insurance policies, 38.7 percent were related to third party liability. Furthermore, 81.9 percent of the insurance policies were related to car insurance (third party liability, driver accidents, and motor property damage). "Driver (passenger) accidents" insurance policies held the highest share of growth by 7.3 percentage points. Iran Insurance Company issued 38.5 percent of total insurance policies.

Number of Paid Losses

The number of paid losses grew by 6.8 percent to 18.9 million. Health insurance, with 9.7 percent growth compared with 1392, had the highest share in total number of paid losses by 89.9 percent. Third party liability, with 21.6 percent reduction compared with

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

1392, constituted 5.5 percent of total number of paid losses. These two classes, together with motor property damage, accounted for 97.5 percent of total number of paid losses. In 1393, Iran Insurance Company (public) paid 73.9 percent of total losses. Number of losses paid by private insurance companies fell by 20.6 percent to 4.9 million, accounting for 26.1 percent of total number of paid losses.

Insurance Companies

Top insurance companies in terms of share in total direct premiums were Iran, Asia, Dana, Alborz, Parsian, Kowsar, and Pasargad with 41.1, 10.2, 7.3, 6.9, 5.4, 3.5, and 3.4 percent. Shares of Iran, Asia, Dana, Alborz, Parsian, Sina, and Kowsar companies in total paid losses were 49.1, 10.3, 7.5, 5.9, 4.7, 3.1, and 2.7 percent, respectively, in 1393.

Assets and Liabilities of Insurance Companies

Assets and liabilities of insurance companies increased by 41.0 percent to Rls. 300.1

trillion, mainly due to 81.1 percent increase in fixed tangible assets and 44.4 percent rise in claims on insured parties and insurers on the assets side, as well as 42.6 percent rise in premium reserves and 46.7 percent increase in deferred loss reserve on the liabilities side. Long-term investments of insurance companies increased by 17.0 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 1393

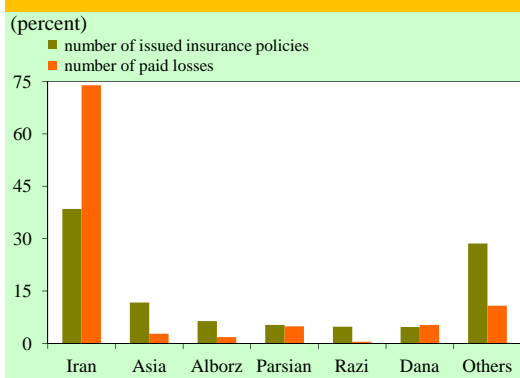


Table 15.2. Assets and Liabilities of Insurance Companies¹

(trillion rials)

	Year-end		Percentage change
	1392	1393	
Assets			
Intangible assets	0.8	0.4	-52.2
Fixed tangible assets	33.3	60.3	81.1
Long-term investments	30.1	35.2	17.0
Long-term claims	5.9	9.0	53.4
Other accounts receivable	14.2	16.8	18.1
Short-term investments	23.8	41.9	76.0
Claims on insured parties and insurers	49.1	70.9	44.4
Claims on insurers and reinsurers	5.6	5.2	-8.3
Reinsurers' contribution to technical reserves	38.7	51.7	33.4
Cash and cash equivalents	9.3	8.7	-7.5
Others	1.9	0.1	-93.1
Total assets = total liabilities	212.8	300.1	41.0
Liabilities			
Insured parties' and insurers' claims	3.5	6.6	87.5
Insurers' and reinsurers' claims	6.1	11.6	91.2
Other accounts payable	24.7	32.9	32.9
Premium reserves	87.4	124.7	42.6
Deferred loss reserve	31.0	45.5	46.7
Reserve for current risks	6.2	8.3	32.6
Other technical reserves	15.6	15.8	0.7
Future premiums	2.3	2.3	1.5 ³
Other liabilities ²	5.8	9.7	68.4
Shareholders' equity	30.2	42.9	42.4

Source: Central Insurance of Iran.

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

¹ Includes public and private insurance companies.

³ Calculated based on unrounded figures.