

Performance of insurance market^{1,2} in 1394 revealed a continued upward trend in the number of insurance companies, especially private insurance companies whose share in total direct premiums³ reached 59.9 percent in 1394 year-end. In this year, total direct premiums issued by public and private companies amounted to Rls. 228.4 trillion, indicating 9.5 percent increase compared with 1393. 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 7.4 percent from Rls. 2.7 million in 1393 to Rls. 2.9 million in 1394. Of this amount, Rls. 2.5 million (87.9 percent) belonged to non-life insurance premium per

capita and the remaining to life insurance premium per capita. In 1394, insurance penetration ratio⁵ increased by 0.2 percentage point compared with 1393, to 2.1 percent. This ratio was 1.8 percent for non-life and 0.3 percent for life insurances.

Performance of Insurance Market

The activities of insurance companies could be evaluated through the study of the value of direct premium issued and the 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.

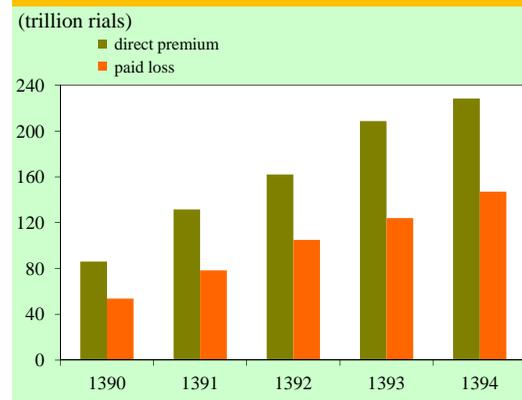
¹ Figures in this Chapter are based on the "Statistical Yearbook of Insurance Market Performance, 1394", published by Central Insurance of Iran. Due to revisions made in this statistical yearbook, figures published in Balance Sheet 1394 are not comparable with previous years.

² In 1394, 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 in 1393. Moreover, Amin and Iranian Reinsurance Companies rendered reinsurance services. Therefore, the total number of active insurance companies reached 29 by end-1394.

³ Includes insurance policies issued in 1394. Figures for life insurance premiums are based on received premiums and for non-life, on issued premiums.

⁴ Insurance premium per capita 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 (base year: 1390).

Direct Premium

Total direct premiums issued by public and private insurance companies reached Rls. 228.4 trillion in 1394, showing 9.5 percent growth compared with the year before. Third party liability had the highest share in total direct premiums by 37.4 percent, followed by health (24.1 percent), life (12.1 percent), motor property damage (6.0 percent), liability (4.9 percent), fire (4.7 percent) and driver accidents (4.4 percent).

In 1394, Iran Insurance Company (public) accounted for 40.1 percent and private insurance companies, 59.9 percent of total direct premiums. The highest share among private insurance companies belonged to Asia Insurance Company by 10.0 percent, followed by Alborz (7.6 percent), Dana (6.5 percent), Parsian (6.2 percent), Pasargad (3.8 percent), and Kowsar (3.5 percent).

Paid Loss

The amount of paid loss rose 18.6 percent to Rls. 147.1 trillion. As in previous years, the highest share of the paid loss in 1394 was related to the third party liability by 43.5 percent, followed by health, life, motor property damage, liability, and driver accidents with 30.8, 6.1, 6.0, 4.6, and 3.5 percent, respectively. In this year, 53.0 percent of total paid loss was related to car insurance (third party liability, driver accidents, and motor property damage). Iran Insurance Company accounted for 44.8 percent of total paid loss in this year.

Loss Ratio

Loss ratio¹ decreased by 6.4 percentage points to 79.9 percent in 1394. Loss ratio for third party liability decreased by 10.7 percentage points to 95.2 percent.

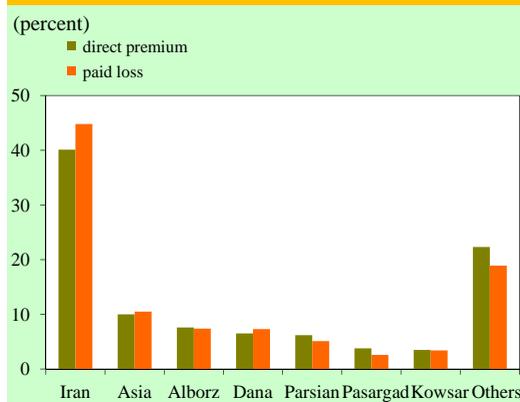
¹ It is the ratio of "incurred loss" to "earned premium".

Table 15.1. Performance of Insurance Market

	1393	1394	Percentage change
Direct premiums (trillion rials)	208.6	228.4	9.5
Paid loss (trillion rials)	124.0	147.1	18.6
Loss ratio (percent)	86.3	79.9	-6.4 ¹

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

Figure 15.2. Share of insurance companies in direct premium and paid loss in 1394



Issued Insurance Policies

In 1394, about 50.9 million insurance policies were issued, up by 6.1 percent compared with 1393. Of total issued insurance policies, 37.9 percent were related to third party liability and 80.5 percent, to car insurance in general (third party liability, driver accidents, and motor property damage). Driver accidents insurance policies held the highest share of growth by 1.6 percentage points and Iran Insurance Company issued 38.1 percent of total insurance policies.

Number of Paid Losses

The number of paid losses grew by 32.9 percent to 25.1 million. Health insurance, which grew by 35.3 percent compared with 1393, had the highest share in the number of paid losses by 91.6 percent. Third party liability, with 3.6 percent rise, had 4.3

percent share in the total number of paid losses. These two classes, together with motor property damage, enjoyed 97.5 percent share in the total number of paid losses. In 1394, Iran Insurance Company (public) paid 77.0 percent of total losses. The number of losses paid by private insurance companies grew by 16.9 percent to 5.8 million, accounting for 23.0 percent of total number of paid losses.

Insurance Companies

Top insurance companies in terms of share in total direct premiums were Iran, Asia, Alborz, Dana, Parsian, Pasargad, and Kowsar, with 40.1, 10.0, 7.6, 6.5, 6.2, 3.8, and 3.5 percent. Shares of Iran, Asia, Alborz, Dana, Parsian, Kowsar, and Moallem companies in total paid losses were 44.8, 10.5, 7.4, 7.3, 5.1, 3.4, and 2.8 percent, respectively, in 1394.

Assets and Liabilities of Insurance Companies

Assets and liabilities of insurance companies rose 16.8 percent to Rls. 350.7 trillion,

mainly due to 19.4 percent rise in claims on insured parties and insurers and 32.2 percent increase in short-term investments on the assets, and 20.8 percent rise in premium reserves and 32.5 percent increase in deferred loss reserve on the liabilities side. Long-term investments of insurance companies increased by 11.2 percent in 1394. Claims on insured parties and insurers had the highest share in the assets of insurance companies.

Figure 15.3. Share of insurance companies in number of issued insurance policies and paid losses in 1394

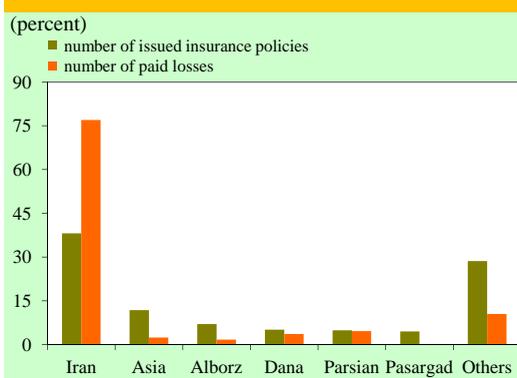


Table 15.2. Assets and Liabilities of Insurance Companies¹

(trillion rials)

	Year-end		Percentage change
	1393	1394	
Assets			
Intangible assets	0.4	0.4	15.0
Fixed tangible assets	60.3	63.8	5.8
Long-term investments	35.2	39.2	11.2
Long-term claims	9.0	12.7	41.0
Other accounts receivable	16.8	24.8	47.8
Short-term investments	41.9	55.4	32.2
Claims on insured parties and insurers	70.9	84.7	19.4
Claims on insurers and reinsurers	5.2	5.9	14.1
Reinsurers' contribution to technical reserves	51.7	57.1	10.4
Cash and cash equivalents	8.7	6.5	-24.6
Others	0.1	0.2	37.8
Total assets = total liabilities	300.1	350.7	16.8
Liabilities and equity			
Insured parties' and insurers' claims	6.6	5.8	-11.9
Insurers' and reinsurers' claims	11.6	10.6	-8.6
Other accounts payable	32.9	34.0	3.2
Premium reserves	124.7	150.6	20.8
Deferred loss reserve	45.5	60.3	32.5
Reserve for current risks	8.3	6.9	-16.3
Other technical reserves	15.8	20.7	31.4
Future premiums	2.3	3.5	51.1
Other liabilities ²	9.7	9.4	-3.3
Shareholders' equity	42.9	48.9	14.0

Source: Central Insurance of Iran.

¹ Includes public and private insurance companies.

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