

Performance of insurance market<sup>1,2</sup> in 2018/19 revealed a continued upward trend in the number of insurance companies. Total direct premiums<sup>3</sup> issued by public and private companies amounted to Rls. 454.4 trillion, indicating 33.5 percent increase compared with 2017/18. Comparing the upward trend in direct premiums with the pace of population growth indicated an uptrend in the insurance premium per capita<sup>4</sup>, increasing by 30.9 percent from Rls. 4.2 million in 2017/18 to Rls. 5.5 million in 2018/19. Of this amount, Rls. 4.7 million (85.5 percent) belonged to non-life insurance premium per capita and the remaining, to life insurance premium per capita.

<sup>1</sup> Figures are based on the "Statistical Yearbook of Insurance Market Performance, 2018/19", published by Central Insurance of Iran. Due to revisions made in this statistical yearbook, figures for previous years, referred to in Balance Sheet 2018/19, are not comparable with previous balance sheets.

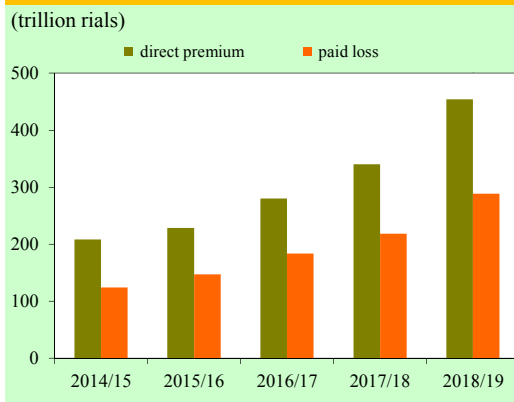
<sup>2</sup> In 2018/19, the insurance market included Iran Insurance Company (public), 23 private insurance companies in the main land (Asia, Alborz, Dana, Moalem, Parsian, Tose, Razi, Karafarin, Sina, Mellat, Day, Saman, Novin, Pasargad, Mihan, Kowsar, Ma, Arman, Taavon, Sarmad, Tejarat, Hekmat Saba, and Middle East Life Insurance), and 6 private companies in Free Economic Zones (Hafez, Omid, Iran Moein, Kish Protection and Indemnity Club, Qeshm, and Asmari). Amin and Iranian Companies rendered reinsurance services, bringing the total number of active insurance companies to 32. The work permit for Tose Insurance Company in life and car insurance (third party liability, driver accidents, and motor property damage) classes was cancelled in February 2015. Tejarat, Hekmat Saba, and Middle East Life Insurance companies received work permits from Central Insurance in 2016/17.

<sup>3</sup> Includes insurance policies issued in 2018/19; figures for life insurance premiums are based on received premiums and for non-life, on issued premiums.

<sup>4</sup> Insurance premium per capita is computed through dividing the direct premiums by the total population.

In 2018/19, insurance penetration ratio<sup>5</sup> increased by 0.1 percentage point compared with the year before to reach 2.4 percent. For non-life insurances, this ratio stood at 2.0 percent and for life insurances, it was 0.4 percent.

**Figure 15.1. Performance of insurance market**



### Performance of Insurance Market

The activities of the insurance companies are evaluated through the study of the value of the direct premiums issued and the amount of compensation paid on each insurance policy. Comparing these indices with the number of insurance policies and paid losses is a good indicator of insurance companies' activities.

<sup>5</sup> 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. 454.4 trillion in 2018/19, showing 33.5 percent growth compared with the year before. As in previous years, third party liability had the highest share in total direct premiums (32.3 percent), followed by health with 26.2 percent, life with 14.5 percent, motor property damage with 6.5 percent, driver accidents with 4.9 percent, liability with 4.3 percent, and fire with 4.3 percent.

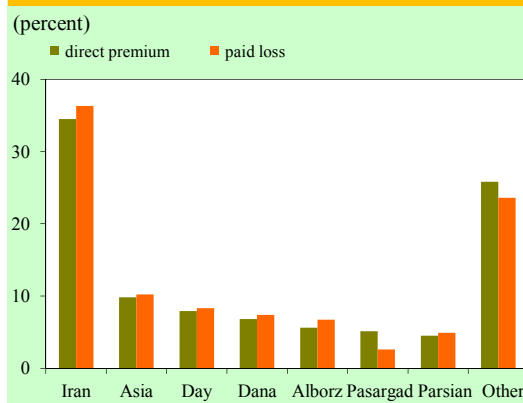
Iran Insurance Company (public) accounted for 34.5 percent of total direct premiums and private insurance companies constituted 65.5 percent of total. The highest share among private companies belonged to Asia Insurance Company by 9.8 percent, followed by Day by 7.9 percent, Dana by 6.8 percent, Alborz by 5.6 percent, Pasargad by 5.1 percent, and Parsian by 4.5 percent.

**Paid Loss**

The amount of paid loss rose by 32.3 percent to Rls. 288.7 trillion. As in previous years, the highest share of the paid loss in 2018/19 was related to the third party liability by 40.8 percent, followed by health, life, motor property damage, driver accidents, and liability with 33.1, 8.3, 5.1, 4.2 and 3.8 percent, respectively. About 50.1 percent of the paid loss was related to

car insurance (third party liability, driver accidents, and motor property damage). Iran Insurance Company covered 36.3 percent of the total value of paid loss in this year.

**Figure 15.2. Share of insurance companies in direct premium and paid loss in 2018/19**



**Loss Ratio**

Loss ratio<sup>1</sup> rose 3.5 percentage points to 88.8 percent in 2018/19. The loss ratio of credit, ship, third party liability, and health at respectively 1,732.6, 151.3, 113.9 and 98.6 percent, were higher than the total loss ratio of the insurance market while for other classes, it was lower (between 18.3 and 67.8 percent). The loss ratio of Iran public insurance company was 89.7 percent, as against 88.4 percent for private companies.

**Table 15.1. Performance of Insurance Market**

	2017/18 ▲	2018/19 □	Percentage change
Direct premiums (trillion rials)	340.5	454.4	33.5
Paid loss (trillion rials)	218.2	288.7	32.3
Loss ratio (percent)	85.4	88.8	3.5 <sup>1</sup>

Source: Statistical Yearbook of Insurance Market Performance for 2018/19, Central Insurance of Iran.

<sup>1</sup> In percentage points.

<sup>1</sup> It is the ratio of "incurred loss" to "earned premium in the same year".

### Number of Issued Insurance Policies

In 2018/19, about 61.4 million insurance policies were issued, up by 4.6 percent compared with 2017/18. Of total issued insurance policies, 36.4 percent were related to third party liability, with 78.7 percent being related to car insurance in general (third party liability, driver accidents, and motor property damage). Third party liability insurance policies held the highest share of growth by 1.6 percentage points.

Iran Insurance Company issued 44.8 percent of total insurance policies in 2018/19. The number of insurance policies issued by private companies increased by 2.8 percent to 33.9 million, accounting for 55.2 percent of total issued insurance policies.

### Number of Paid Losses

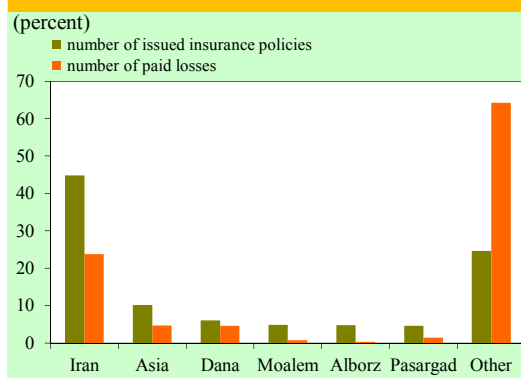
The number of paid losses decreased by 3.2 percent to 57.4 million in 2018/19. Health insurance, which declined by 3.4 percent compared with the year before, had the highest share in the number of paid losses by 96.1 percent. Third party liability, with 25.7 percent increase, had 1.7 percent share in the total number of paid losses. These two classes, together with life insurance, enjoyed 98.7 percent share in the total number of paid losses. In 2018/19, Iran Insurance Company (public) paid 23.8 percent of total losses. Furthermore, the number of losses paid by private insurance companies grew by 84.1 percent compared with 2017/18 to reach 43.8 million, which accounted for 76.2 percent of the total number of paid losses.

### Insurance Companies

Given the change in the rating of insurance companies in 2018/19 in terms of the issued direct premium, top insurance companies in

this regard included Iran, Asia, Day, Dana, Alborz, Pasargad, and Parsian with shares of respectively 34.5, 9.8, 7.9, 6.8, 5.6, 5.1 and 4.5 percent. Shares of Iran, Asia, Day, Dana, Alborz, Parsian, and Moalem companies in total paid losses were 36.3, 10.2, 8.3, 7.4, 6.7, 4.9 and 3.3 percent, respectively.

**Figure 15.3. Share of insurance companies in number of issued insurance policies and paid losses in 2018/19**



### Assets and Liabilities of Insurance Companies

Assets and liabilities of insurance companies increased by 35.1 percent compared with the year before to reach Rls. 734.0 trillion in 2018/19. This was mainly due to 52.5 percent rise in short-term investments and 38.9 percent increase in reinsurers' contribution to technical reserves on the assets side. Meanwhile, 37.8 percent rise in premium reserves and 48.7 percent increase in shareholders' equity contributed to the rise of liabilities.

Long-term investments of insurance companies increased by 54.0 percent in 2018/19. Claims on insured parties and insurers had the highest share in the assets of insurance companies.

## Chapter 15 INSURANCE

**Table 15.2. Assets and Liabilities of Insurance Companies<sup>1</sup>** (trillion rials)

	Year-end		Percentage change
	2017/18 ▲	2018/19	
<b>Assets</b>			
Intangible assets	0.6	0.8	33.3
Fixed tangible assets	70.9	73.3	3.4
Long-term investments	56.3	86.7	54.0
Long-term claims	20.5	22.6	10.2
Other accounts receivable	32.3	40.3	24.8
Short-term investments	99.0	151.0	52.5
Claims on insured parties and insurers	147.4	183.9	24.8
Claims on insurers and reinsurers	9.9	20.9	111.1
Reinsurers' contribution to technical reserves	97.5	135.4	38.9
Cash and cash equivalents	8.5	18.4	116.5
Other	0.3	0.7	133.3
<b>Total assets = total liabilities and shareholders' equity</b>	<b>543.2</b>	<b>734.0</b>	<b>35.1</b>
<b>Liabilities and shareholders' equity</b>			
Insured parties' and insurers' claims	8.7	17.5	101.1
Insurers' and reinsurers' claims	30.8	48.3	56.8
Other accounts payable	62.2	66.8	7.4
Premium reserves	252.1	347.3	37.8
Deferred loss reserve	84.2	105.3	25.1
Reserve for current risks	9.1	17.8	95.6
Other technical reserves	33.5	41.2	23.0
Future premiums	5.8	9.5	63.8
Other liabilities <sup>2</sup>	12.2	14.0	14.8
Shareholders' equity	44.6	66.3	48.7

Source: Central Insurance of Iran.

<sup>1</sup> Includes public and private insurance companies.

<sup>2</sup> Includes income tax allowance, dividend, retirement benefits, and other liabilities.