

A review on the performance of the insurance market^{1,2} in 2021/22 reveals the continued upward trend in the number of insurance companies. Direct premiums³ issued by the public and private companies amounted to Rls. 1,153.4 trillion in the year under study, up by 40.6 percent compared with the previous year. A comparison of the upward trend in direct premiums with the pace of population growth indicates an uptrend in the insurance premium per capita⁴ in 2021/22, increasing by almost 38.8 percent from Rls. 9.8 million in 2020/21 to Rls. 13.6 million in the year under review. Out of the mentioned amount (Rls. 13.6 million), a sum of Rls. 11.4 million (equal to 84.2 percent) belonged to the non-life insurance premiums per capita, and the remaining amount was related to the life insurance premiums per capita.

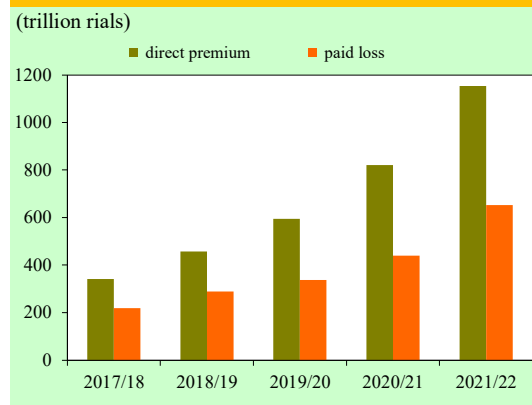
¹ Figures are based on the Statistical Yearbooks of the Insurance Industry for 2020/21 and 2021/22, published by the Central Insurance of Iran.

² In 2021/22, the insurance market included Iran Insurance Company (public), 22 private insurance companies in the main land (Asia, Alborz, Dana, Moallem, Parsian, Tose, Razi, Karafarin, Sina, Mellat, Day, Saman, Novin, Pasargad, Miham, Kowsar, Ma, Arman, Taavon, Sarmad, Tejaratno, and Hekmat Saba), and 6 private companies in Free Economic Zones (Hafez, Omid, Iran Moein, Kish Protection and Indemnity Club, Qeshm, and Asmari). Middle East Life Insurance and Baran Life Insurance operated as specialized life insurance companies. Amin Reinsurance, Iranian Reinsurance, and Saman Reinsurance companies rendered reinsurance services, bringing the total number of active insurance companies to 34.

³ Data on direct premiums include insurance policies issued in 2021/22. 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 premiums by the total population.

Figure 16.1. Performance of the Insurance Market



The insurance penetration ratio decreased from 2.1 percent to 1.8 percent⁵ in 2021/22, when compared with 2020/21. The insurance penetration ratio stood at about 1.5 percent for non-life insurances and 0.3 percent for life insurances.

16.1. Performance of the Insurance Market

The activities of 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. A comparison of these indices with the number of insurance policies and paid losses is a good index of the activities of insurance companies.

⁵ The insurance penetration ratio is calculated through dividing direct premiums by GDP at current prices, multiplied by 100.

16.1.1. Direct Premium

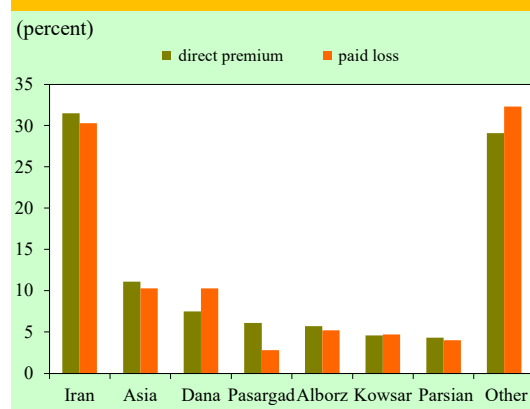
Direct premiums issued by public and private insurance companies amounted to Rls. 1,153.4 trillion in 2021/22, up by 40.6 percent compared with 2020/21. As in previous years, third party liability had the highest share in total direct premiums by 35.1 percent, followed by health with 17.9 percent, life with 15.8 percent, motor property damage with 7.8 percent, liability with 4.7 percent, fire with 4.6 percent, and driver accidents with 4.5 percent (preliminary data). Iran Insurance Company (public) accounted for 31.5 percent of all direct premiums and private insurance companies constituted 68.5 percent of total. The highest share among private companies belonged to Asia Insurance Company by 11.1 percent, followed by Dana with 7.5 percent, Pasargad with 6.1 percent, Alborz with 5.7 percent, Kowsar with 4.6 percent, and Parsian with 4.3 percent.

16.1.2. Paid Loss

The amount of paid loss rose by 48.3 percent to Rls. 652.1 trillion. As in previous years, the highest share of the paid loss in 2021/22 was related to the third-party liability by 35.5 percent, followed by health, life, motor property damage, driver accidents, and liability with 33.8, 9.1, 7.6, 4.4 and 4.4 percent, respectively. Car insurance (third party liability, driver accidents, and

motor property damage) accounted for 47.5 percent of total paid loss. Iran Insurance Company covered 30.3 percent of the total value of the paid loss in this year. The share of private insurance companies in the paid loss was 69.7 percent, with the highest shares related to Asia (10.3 percent), Dana (10.3 percent), Day (7.7 percent), Alborz (5.2 percent), Moallem (5.1 percent), and Kowsar (4.7 percent).

Figure 16.2. Share of Insurance Companies in Direct Premium and Paid Loss in 2021/22



16.1.3. Loss Ratio

Loss ratio¹ increased by 0.9 percentage point to 83.2 percent in 2021/22. The loss ratios of health, ship, and third-party liability insurances were 113.3, 112.6 and 90.4 percent, respectively.

Table 16.1. Performance of the Insurance Market

	2020/21 ▲	2021/22 □	Percentage change
Direct premiums (trillion rials)	820.2	1,153.4	40.6
Paid loss (trillion rials)	439.6	652.1	48.3
Loss ratio (percent)	82.3	83.2	0.9 ¹

Source: Statistical Yearbook of the Insurance Industry, Central Insurance of Iran, 2021/22

¹ In percentage points.

¹ Loss ratio is calculated through dividing "incurred loss" to "earned premium" in the same year, multiplied by 100.

The loss ratios of other classes were lower than the total loss ratio of the insurance market, which was between 11.2 to 78.2 percent. The loss ratio of Iran insurance company was 86.0 percent, as against 81.8 percent for private companies.

16.1.4. Number of Issued Insurance Policies

In 2021/22, about 66.7 million insurance policies were issued, indicating an increase of 4.2 percent compared with the year before. It is important to note that 36.9 percent of the issued insurance policies were related to third party liability, with 80.0 percent being related to car insurance as a whole (including third party liability, driver accidents, and motor property damage). Health insurance policies held the highest share of growth by 1.9 percentage points.

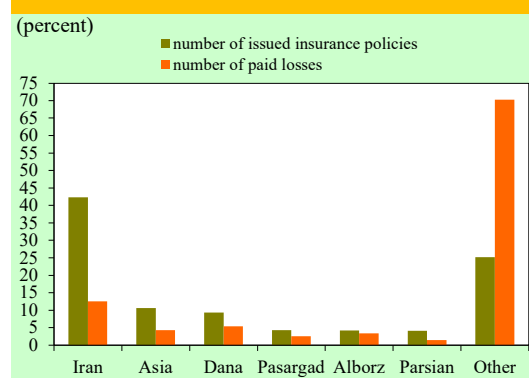
Iran Insurance Company (public) issued 42.3 percent of all insurance policies in 2021/22. The number of insurance policies issued by private companies increased by almost 7.1 percent compared with 2020/21, to reach 38.5 million. This accounted for 57.7 percent of the total insurance policies issued in 2021/22.

16.1.5. Number of Paid Losses

The number of paid losses increased by about 1.2 percent to 51.1 million in 2021/22. The number of losses paid on health insurance, which rose by 1.4 percent compared with 2020/21, enjoyed the highest share in the number of paid losses by 93.8 percent. Third party liability, with an increase of 16.4 percent, had a share of 2.8 percent in the number of paid losses. These two classes, together with life insurance, enjoyed a share of 98.8 percent in the total number of paid losses. In 2021/22, Iran

Insurance Company (public) paid 12.5 percent of all losses. Meanwhile, the number of losses paid by private insurance companies increased by about 3.5 percent compared with 2020/21 to reach 44.8 million, which accounted for 87.5 percent of the total number of paid losses.

Figure 16.3. Share of Insurance Companies in Number of Issued Insurance Policies and Paid Losses in 2021/22



16.2. Insurance Companies

In 2021/22, the ratings of insurance companies in terms of the issued direct premiums underwent revision compared with the year before. Consequently, top insurance companies in this regard included Iran, Asia, Dana, Pasargad, Alborz, Kowsar, and Parsian with shares of respectively 31.5, 11.1, 7.5, 6.1, 5.7, 4.6 and 4.3 percent in total direct premiums. Shares of Iran, Asia, Dana, Day, Alborz, Moallem, and Kowsar companies in paid losses were 30.3, 10.3, 10.3, 7.7, 5.2, 5.1 and 4.7 percent, respectively. Comparing insurance companies in terms of the loss ratio indicates that the loss ratios of Qeshm, Mihan, Omid, Day, Sina, Dana, and Iran companies were higher than the loss ratio of the whole insurance market in 2021/22.

16.3. Assets and Liabilities of Insurance Companies

The assets and liabilities of insurance companies rose by 33.2 percent compared with March 2021 to reach Rls. 2,248.4 trillion in March 2022. This was mainly due to an increase of 36.4 percent in "investment in securities and banking deposits" and a rise

of 26.0 percent in "fixed tangible assets" on the assets side. Meanwhile, an increase of 42.1 percent in "unearned premium reserves" and a growth rate of 24.8 percent in "shareholders' equity" contributed to the rise of liabilities.

Table 16.2. Assets and Liabilities of Insurance Companies¹ (trillion rials)

	March		Percentage change
	2021	2022□	
Assets			
Cash and cash equivalents	57.7	91.9	59.2
Claims on insured parties and representatives	317.0	414.8	30.8
Claims on insurers and reinsurers	39.5	36.6	-7.4
Share of reinsurers in technical reserves	244.3	322.1	31.8
Premiums receivable and prepayment of premiums	59.4	94.8	59.7
Facilities extended to natural and legal persons	45.9	66.8	45.6
Investment in securities and banking deposits	590.7	806.0	36.4
Investment in real estate and property	14.4	17.0	17.8
Other investment	3.5	2.0	-44.2
Non-current assets held for sale	2.9	3.0	3.1
Fixed tangible assets	307.4	387.2	26.0
Intangible assets	1.6	2.3	42.2
Other	3.1	4.2	32.6
Assets = Liabilities + Equity	1,687.4	2,248.4	33.2
Liabilities and shareholders' equity			
Debt to insured parties and representatives	34.7	63.2	83.2
Debt to insurers and reinsurers	83.8	69.7	-16.9
Accrued taxes	18.6	18.3	-1.7
Dividends payable	3.5	13.1	274.7
Facilities	6.4	7.7	20.4
Other payables	108.1	144.7	33.9
Deferred loss reserves	232.0	307.2	32.4
Reserve for current risks	15.9	34.7	118.4
Unearned premium reserves	657.5	934.1	42.1
Mathematical reserve, life insurance, and capital formation	0.0	0.0	0
Other technical reserves	105.7	128.5	21.5
Pension reserve funds	12.4	16.9	36.2
Shareholders' equity	408.8	510.2	24.8

Source: Central Insurance of Iran

¹ Includes public and private insurance companies.