

Iran's insurance industry,<sup>(2)</sup> making great leap forward, has experienced a favorable growth in recent years, following the establishment of private insurance companies. The record premiums reported by private insurance companies stood at 13.7 percent by the end of 1384. Insurance companies extended their services in various insurance fields, thereby raising the value-added of this industry to Rls. 7,438.0 and 1,624.0 billion,<sup>(3)</sup> up by 30.6 percent at current and 11.6 percent at constant 1376 prices. The upward trend of insurance premiums, as compared to the relatively stable population growth over the recent years, raised per capita insurance premium index as well. Thus, per capita insurance premium increased from Rls. 256.5 thousand in 1383 to Rls. 314.1 thousand in 1384, showing 22.4 percent growth. Of this amount, Rls. 293.3 thousand (93.4 percent) belonged to per capita of non-life and the remainder to per capita of life insurances.<sup>(4)</sup>

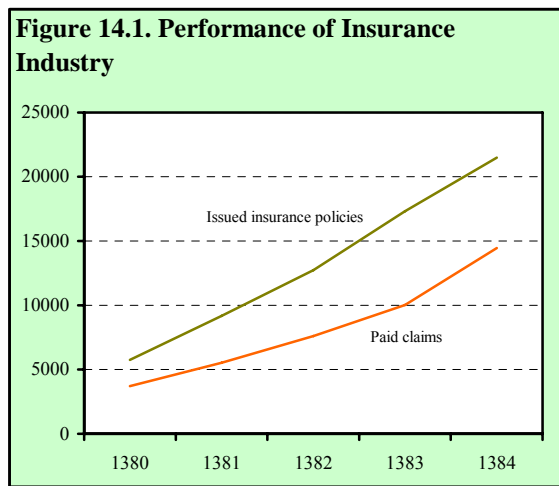
During the recent years, due to the rise in insurance premiums as compared to GDP growth, the ratio of insurance premium to GDP went up from 1.25 percent in 1383 to 1.27 percent in 1384. This ratio was 1.19 percent for non-life and 0.08 percent for life insurances. It is noteworthy that, during the review year, Novin Insurance Company was granted a work permit to provide a wide array of insurance-related services (casualty, health, and life).

**Performance of Insurance Industry**

The activities of insurance companies could be assessed through the study of the number of insurance premiums issued and the amount of compensation paid in each insurance policy.

**Insurance Policy <sup>(5)</sup>**

In 1384, total insurance policies issued by public and private companies amounted to Rls. 21,503.4 billion, up by 24.2



(1) Based on the "Statistical Report on the Performance of Insurance Industry in 1384" published by Central Insurance of Iran.  
 (2) Includes Central Insurance of Iran (government's agent in the insurance market and performer of commercial insurances), public insurance companies (Iran, Asia, Alborz, and Dana) and private insurance companies (Exports and Investment, Parsian, Karafarin, Sina, Razi, Mellat, Omid, Hafez, Development, Dey, Saman, and Novin).  
 (3) Figures related to the value-added of insurance services are preliminary.  
 (4) Per capita insurance premium is the amount of premium which is paid on average for each person's insurance coverage.  
 (5) It includes insurance policies issued in the review year, whether they are valid or not.

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percent, as compared with the previous year. Third party liability, with 43.3 percent, had the highest share in the total direct premiums. Auto property damage, health, fire, life and liability ranked next, respectively.

In the review year, Iran and Asia insurance companies together accounted for 70.1 percent of total issued premiums. The premiums issued by private insurance companies stood at 13.7 percent, 8.2 percent of which was related to Parsian Insurance Company.

### Insurance Coverage

In 1384, a total of 17.7 million insurance policies were issued by public and private insurance companies, up by 11.5 percent as compared with the previous year. Of total insurance policies, 39.4 percent was related to third party liability. Automobile insurance policies (including third party liability, passenger accidents, and auto property damage) accounted for 77.3 percent of total policies. During the review year, insurance policies related to oil and energy enjoyed the highest growth (46.7 percent) among insurance fields.

The number of losses paid by insurance companies, with 28.8 percent rise, reached 3.0 million. Out of total compensation, the number of third party liability insurances had the highest share of 38.7 percent, up by 61.2 percent as compared with the respective period of the previous year. Health insurance, falling by 2.4 percent and accounting for 36.3 percent of total shares, ranked next. These two fields, together with auto property damage and accidents insurances, had a share of 95.4 percent in the total number of paid losses.

In 1384, the amount of compensation paid by insurance companies increased by 44.1 percent as compared with the previous year to Rls. 14,460.8 billion. More than half of the compensation (57.2 percent) was paid as third party liability in 1384. Auto property damage, health, and life, with respective shares of 13.4, 12.2 and 4.7 percent, had the highest shares of the compensation paid.

Loss ratio,<sup>(1)</sup> which had been fluctuating over the years past, reached 78.2 percent in 1384, up by 2.9 percentage points as compared with the previous year. Loss ratio for third party liability, with 1.9 percentage points reduction compared to the year before, amounted to 100.8 percent.

#### PERFORMANCE OF INSURANCE INDUSTRY

	1383 ▲	1384	Percentage change
Earned premiums (billion rials)	17,317.6	21,503.4	24.2
Compensation (billion rials)	10,032.3	14,460.8	44.1
Loss ratio (percent)	75.3	78.2	2.9 <sup>(1)</sup>

Source: Statistical report on the performance of insurance industry, 1384, Central Insurance of Iran

(1) Change in unit

### Assets and Liabilities of Insurance Companies

Assets and liabilities of insurance companies grew by 21.1 percent in 1384 to Rls. 28,104.0 billion. This was largely due to the growth in the number of the insured parties and insurers in the

(1) It is the ratio of "compensation" to "earned premiums".

assets side. Short-term and long-term bank deposits of insurance companies surged by 27.9 and 13.7 percent to Rls. 1,429.4 and 4,866.8 billion, respectively. Insurance companies' short- and long-term investments rose by 15.2 and 100.5 percent to Rls. 4,676.5 and 1,433.1 billion, respectively. In 1384, insurance companies channeled their investment resources towards long-term investments rather than short-term ones. Current liabilities, non-current liabilities and reserves, and the rights of shareholders increased by 15.1, 27.9, and 12.7 percent, respectively.

<b>ASSETS AND LIABILITIES OF INSURANCE COMPANIES (1)</b>		(billion rials)	
	Year-end		Percentage change
	1383 ▲	1384	
<b>Assets</b>			
<b>Non-current</b>	<b>9,456.3</b>	<b>11,601.8</b>	<b>22.7</b>
Intangible assets	45.6	65.7	44.1
Tangible assets	3,019.2	3,480.3	15.3
Long-term investments (2)	714.8	1,433.1	100.5
Long-term bank deposits	4,280.8	4,866.8	13.7
Governmental and non-governmental Eurobonds	431.2	401.7	-6.8
Long-term claims	101.5	27.1	-73.3
Others (3)	863.2	1,327.1	53.7
<b>Current</b>	<b>13,758.0</b>	<b>16,502.2</b>	<b>19.9</b>
Inventories	10.9	12.1	11.0
Receivables	1,515.4	1,786.9	17.9
Short-term bank deposits	1,118.0	1,429.4	27.9
Short-term investments (4)	4,060.7	4,676.5	15.2
Domestic and foreign insurance companies	349.2	465.6	33.3
The insured parties and insurers	4,465.1	6,397.7	43.3
Cash and cash equivalent	2,150.4	1,414.9	-34.2
Others	88.3	319.1	261.4
<b>Total assets = total liabilities</b>	<b>23,214.3</b>	<b>28,104.0</b>	<b>21.1</b>
<b>Liabilities</b>			
Current	4,504.1	5,182.4	15.1
Non-current and reserves	12,065.8	15,435.4	27.9
Rights of shareholders	6,644.4	7,486.2	12.7

Source: Central Insurance of Iran

(1) Includes private and public insurance companies.

(2) Includes investment in companies' shares, partnership, investment in building projects, and civil partnership.

(3) Includes loans granted to employees and others.

(4) Includes investment in the Stock Exchange and participation papers.