

Performance of the insurance industry<sup>(1) (2)</sup> in 1386 was indicative of a continued upward trend in the number of insurance companies, especially private insurance companies. The total premiums reported by private insurance companies reached 22.2 percent. Insurance companies extended their services in various classes of insurance, thereby raising the value-added of this industry to Rls. 7,954.0 and 2,279.0 billion, up by 10.7 percent at current and 6.4 percent at constant 1376 prices. Meanwhile, the upward trend of issued premiums compared with the relatively constant growth of the population increased the per capita insurance premium<sup>(3)</sup> index in the review year. In this respect, per capita insurance premium rose by 25.3 percent from Rls. 376.8 thousand in 1385 to Rls. 472.2 thousand in 1386. Of this amount, Rls. 445.8 thousand (94.4 percent) belonged to per capita of non-life and the remainder to per capita of life insurances.

(1) Based on the "Statistical Yearbook of Insurance Industry Performance, 1386" 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 (Moallem, Parsian, Karafarin, Sina, Razi, Mellat, Omid, Hafez, Toseh-eh, Dey, Saman, Novin, Amin, Iranmoeen, and Pasargad). Iranmoeen, Omid, and Hafez Insurance Companies are authorized to work in the Free Special Economic Zones only.

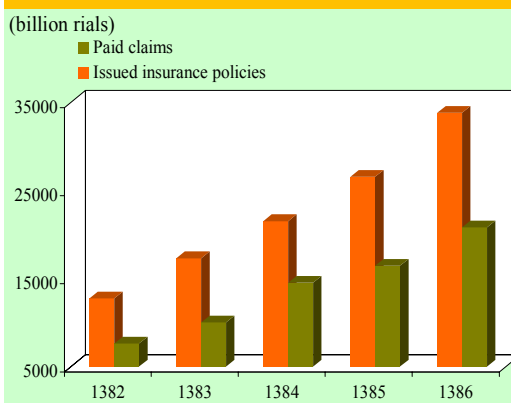
(3) Per capita insurance premium is the amount of premium which is paid on average by each person, and is computed through dividing the issued premium by total population.

In 1386, despite a growth in insurance premiums, insurance penetration coefficient<sup>(4)</sup> stood at 1.17 percent<sup>(5)</sup>. This coefficient was 1.10 percent for non-life insurances and 0.07 percent for life insurances. Of special note is that, in 1386, Export and Investment Insurance Company (EIIC) was renamed as Moallem Insurance Company.

### 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.

**Figure 14.1. Performance of insurance industry**



(4) Insurance penetration index (coefficient), defined as the ratio of the insurance premium receipts to GDP, manifests the degree at which insurance industry grows compared to national economy (indicating whether the industry is growing slower or faster than the national economy).

(5) Based on revised GDP figures.

**Insurance Policy <sup>(1)</sup>**

In 1386, total insurance policies issued by public and private companies grew by 27.4 percent to Rls. 33,829 billion. Third party liability had the lion's share of total direct premiums by 44.4 percent as in previous years, followed by auto property damage (12.3 percent), health (8.4 percent), fire (7.8 percent), life (5.6 percent), and liability (5.4 percent).

In the review year, Iran and Asia insurance companies together accounted for 62.5 percent of total issued premiums. The premiums issued by private insurance companies constituted 22.2 percent of total premiums, with the shares of Parsian and Mellat Insurance Companies at 7.2 and 3.8 percent, respectively.

**Insurance Coverage**

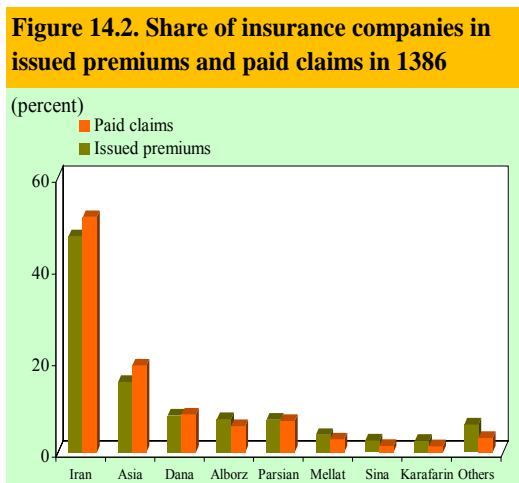
In 1386, a total of 25.6 million insurance policies were issued by public and private insurance companies, showing 18 percent growth compared with the previous year. Of total insurance policies, 45.1 percent was related to third party liability, which together with passenger accidents and auto property damage accounted for 80.3 percent of total insurance policies. Iran and Asia Insurance Companies issued 46 and 16.8 percent of total insurance policies, respectively.

The number of losses paid by insurance companies declined by 5.5 percent to 3.3 million. Out of total compensation, the number of third party liability insurances had the highest share of 46.7 percent, showing 0.9 percent increase as compared with the respective period of the previous year. Health insurance accounted for 34.2 percent

of total shares, down by 6.2 percent compared with the previous year. These two classes, together with auto property damage, had a share of 92.6 percent in the total number of paid losses. Iran, Asia, and Dana Insurance Companies collectively accounted for 78.5 percent of total paid losses.

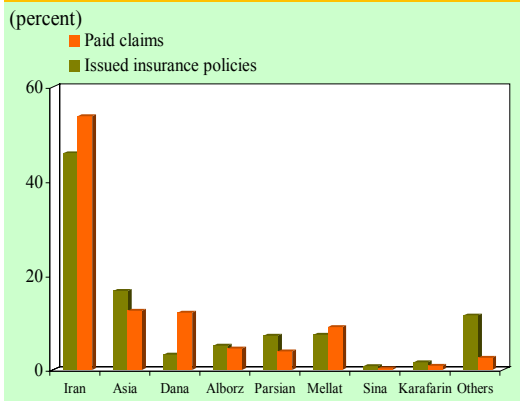
The amount of compensation paid by insurance companies amounted to Rls. 20,824.8 billion in 1386, indicating 26.5 percent growth compared with the previous year. As in previous years, more than half of the compensation (65 percent) was paid as third party liability, followed by auto property damage (12.2 percent), health (9.2 percent), and life (3.5 percent).

Loss ratio <sup>(2)</sup> followed a downward trend in 1386, as in the previous year, and fell by 2.9 percentage points to 72.1 percent in 1386. Loss ratio for third party liability amounted to 100.6 percent, indicating 0.2 percentage point rise compared with the year before.



(1) It includes insurance policies issued in the review year, whether they are valid or not.

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

**Figure 14.3. Share of insurance companies in issued insurance policies & paid claims in 1386****Performance of Insurance Industry**

	1385 ▲	1386	Percentage change
Earned premiums (billion rials)	26,561.1	33,829.0	27.4
Compensation (billion rials)	16,466.7	20,824.8	26.5
Loss ratio (percent) <sup>(1)</sup>	75.0	72.1	-2.9

Source: Statistical Yearbook of Insurance Industry Performance, 1386, Central Insurance of Iran (1) Change in unit

**Assets and Liabilities of Insurance Companies**

In 1386, assets and liabilities of insurance companies grew by 20.3 percent to Rls. 42,186.1 billion. This was mainly attributable to the growth in long-term bank deposits in the assets side. Short-term bank deposits of insurance companies increased by 40.7 percent to Rls. 3,054.9 billion and long-term ones reached Rls. 8,537.5 billion, up by 42.1 percent. Insurance companies' short-term investments amounted to Rls. 4,353.2 billion, indicating 24.5 percent fall compared with the previous year. In 1386, 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 46.7, 13.8, and 19.2 percent, respectively.

**Assets and Liabilities of Insurance Companies <sup>(1)</sup>**

(billion rials)

	Year-end		Percentage change
	1385	1386	
<b>Assets</b>			
<b>Non-current</b>	<b>13,604.7</b>	<b>18,530.3</b>	<b>36.2</b>
Intangible assets	79.4	103.7	30.6
Tangible assets	3,902.7	4,527.9	16.0
Long-term investments <sup>(2)</sup>	1,681.2	3,485.2	107.3
Long-term bank deposits	6,008.6	8,537.5	42.1
Governmental and non-governmental Eurobonds	433.9	401.0	-7.6
Long-term claims	544.1	496.0	-8.8
Others <sup>(3)</sup>	954.8	979.1	2.5
<b>Current</b>	<b>21,474.3</b>	<b>23,655.8</b>	<b>10.2</b>
Inventories	10.6	9.2	-13.2
Receivables	2,228.7	2,812.0	26.2
Short-term bank deposits	2,171.9	3,054.9	40.7
Short-term investments <sup>(4)</sup>	5,764.7	4,353.2	-24.5
Domestic and foreign insurance companies	632.0	509.9	-19.3
Insured parties and insurers	8,257.3	10,175.3	23.2
Cash and cash equivalent	1,854.1	2,105.3	13.5
Others	555.0	636.0	14.6
<b>Total assets = total liabilities</b>	<b>35,079.0</b>	<b>42,186.1</b>	<b>20.3</b>
<b>Liabilities</b>			
Current	5,440.2	7,982.6	46.7
Non-current and reserves	20,867.3	23,751.5	13.8
Rights of shareholders	8,771.5	10,452.0	19.2

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.