

Growing number of insurance companies, especially private companies, is an indicator of continued growth of the insurance industry ⁽²⁾ in 1385. The total premiums reported by private insurance companies reached 16.3 percent. Insurance companies extended their services in various classes of insurance, thereby raising the value-added of this industry to Rls. 8,808 and 1,685 billion, up by 18.4 percent at current and 3.8 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 index in the review year. In this respect, per capita insurance premium rose by 19.8 percent from Rls. 314.5 thousand in 1384 to Rls. 376.9 thousand in 1385. Of this amount, Rls. 353.8 thousand (93.9 percent) belonged to per capita of non-life and the remainder to per capita of life insurances ⁽³⁾.

Due to the higher growth of insurance premiums as compared with GDP growth, the ratio of insurance premium to GDP has

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- (1) Based on the “Statistical Yearbook of Insurance Industry Performance, 1385” 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, Tose-eh, Dey, Saman, Novin, Amin, Iran Moin, and Pasargad).
- (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.

followed an upward trend during the recent years, reaching 1.46 percent in 1385 as against 1.27 percent in 1384. This ratio was 0.09 percent for life and 1.37 percent for non-life insurances. It is to be noted that, in 1385, Pasargad Insurance Company was granted a work permit to provide a wide array of insurance-related services in this industry.

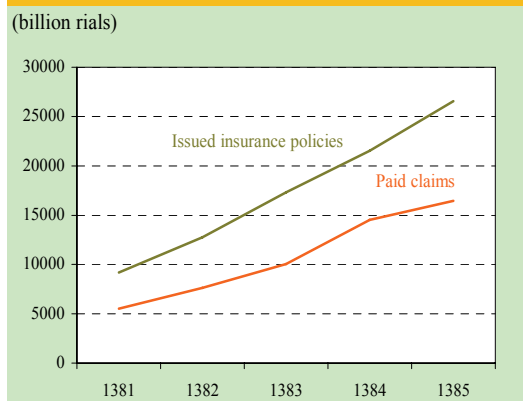
Performance of Insurance Industry

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 ⁽⁴⁾

In 1385, total insurance policies issued by public and private companies increased

Figure 14.1. Performance of insurance industry



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

by 23.4 percent to Rls. 26,563.4 billion. As in previous years, third party liability had the highest share in total direct premiums by 43.9 percent. Auto property damage (13.4 percent), health (8.8 percent), fire (7.1 percent), life (6.1 percent), and liability (4.4 percent) ranked next, respectively.

In the review year, Iran and Asia insurance companies together accounted for 68.3 percent of total issued premiums. The premiums issued by private insurance companies stood at 16.3 percent, of which 5.6 and 4.1 percent were related to Parsian and Mellat Insurance Companies, respectively.

Insurance Coverage

In 1385, a total of 20.8 million insurance policies were issued by public and private insurance companies, up by 18.3 percent as compared with the previous year. Of total insurance policies, 38.6 percent was related to third party liability and 79.5 percent to automobile insurance (including third party liability, passenger accidents, and auto property damage). During the review year, engineering insurance policies enjoyed the highest growth (1,095.3 percent) among insurance classes.

The number of losses paid by insurance companies rose by 14.6 percent to 3.4 million. Out of total compensation, the number of third party liability insurances had the

highest share of 42.9 percent, showing 25 percent increase as compared with the respective period of the previous year. Health insurance, rising by 17.3 percent and accounting for 36.4 percent of total shares, ranked next. These two classes, together with auto property damage, had a share of 94.3 percent in the total number of paid losses.

The amount of compensation paid by insurance companies increased by 13.3 percent as compared with the previous year to Rls. 16,466.1 billion. More than half of the compensation (58 percent) was paid as third party liability. Auto property damage, health, and life, with respective shares of 15.5, 8.5 and 4.4 percent, had the highest shares of the compensation paid.

Loss ratio⁽¹⁾, which had been fluctuating over the years past, fell by 3.5 percentage points as compared with the previous year and reached 75 percent in 1385. Loss ratio for third party liability amounted to 100.4 percent, down by 0.4 percentage point.

Assets and Liabilities of Insurance Companies

Assets and liabilities of insurance companies grew by 24.8 percent in 1385 to Rls. 35,079.0 billion. This was mainly attributable to the growth in the number of the insured parties and insurers in the assets side. Short-term and long-term bank deposits of

PERFORMANCE OF INSURANCE INDUSTRY

| | 1384▲ | 1385 | Percentage change |
|---------------------------------|----------|----------|---------------------|
| Earned premiums (billion rials) | 21,529.9 | 26,563.4 | 23.4 |
| Compensation (billion rials) | 14,535.0 | 16,466.1 | 13.3 |
| Loss ratio (percent) | 78.5 | 75.0 | -3.5 ⁽¹⁾ |

Source: Statistical Yearbook of Insurance Industry Performance, 1385, Central Insurance of Iran

(1) Change in unit

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

insurance companies increased by 52.9 and 23.2 percent to Rls. 2,171.9 and 6,008.6 billion, respectively. Insurance companies' short- and long-term investments amounted to Rls. 5,764.7 and 1,681.2 billion, up by 23.3 and 17.3 percent, respectively. In 1385,

insurance companies channeled their investment resources towards short-term investments rather than long-term ones. Current liabilities, non-current liabilities and reserves, and the rights of shareholders increased by 4.1, 35.3, and 17.7 percent, respectively.

ASSETS AND LIABILITIES OF INSURANCE COMPANIES ⁽¹⁾ (billion rials)

| | Year-end | | Percentage change |
|---|-----------------|-----------------|-------------------|
| | 1384▲ | 1385 | |
| Assets | | | |
| Non-current | 11,610.9 | 13,604.7 | 17.2 |
| Intangible assets | 65.7 | 79.4 | 20.9 |
| Tangible assets | 3,480.1 | 3,902.7 | 12.1 |
| Long-term investments ⁽²⁾ | 1,433.1 | 1,681.2 | 17.3 |
| Long-term bank deposits | 4,875.6 | 6,008.6 | 23.2 |
| Governmental and non-governmental Eurobonds | 401.7 | 433.9 | 8.0 |
| Long-term claims | 27.1 | 544.1 | ⊠ |
| Others ⁽³⁾ | 1,327.6 | 954.8 | -28.1 |
| Current | 16,495.3 | 21,474.3 | 30.2 |
| Inventories | 12.1 | 10.6 | -12.4 |
| Receivables | 1,788.7 | 2,228.7 | 24.6 |
| Short-term bank deposits | 1,420.7 | 2,171.9 | 52.9 |
| Short-term investments ⁽⁴⁾ | 4,676.5 | 5,764.7 | 23.3 |
| Domestic and foreign insurance companies | 465.6 | 632.0 | 35.7 |
| Insured parties and insurers | 6,397.7 | 8,257.3 | 29.1 |
| Cash and cash equivalent | 1,414.9 | 1,854.1 | 31.0 |
| Others | 319.1 | 555.0 | 73.9 |
| Total assets = total liabilities | 28,106.2 | 35,079.0 | 24.8 |
| Liabilities | | | |
| Current | 5,224.5 | 5,440.2 | 4.1 |
| Non-current and reserves | 15,428.1 | 20,867.3 | 35.3 |
| Rights of shareholders | 7,453.6 | 8,771.5 | 17.7 |

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.