

Insurance Industry

This report reviews and analyzes Iranian listed insurance companies. In the first stage general and macro statistical information about this industry has been presented and after defining some concepts that form the basis for this report, insurance companies are compared in three different perspectives:

- I. Insurance operations
- II. Investment operations
- III. Risk level

Iran insurance industry

Insurance companies in Iran can be categorized to three different groups:

- ❖ Public insurance companies
- ❖ Private insurance companies
- ❖ Insurance companies which are registered in the free zones.

In 2014, Iran insurance industry size was more than 6 billion US dollars. The following table shows amount of issued insurance policies during 2011 to 2014.



	2011		2012		2013		2014	
	Million – USD	Percent	Million - USD	Percent	Million - USD	Percent	Million -USD	Percent
Public insurance companies	3507	55%	2779	54%	2720	53%	2998	48%
Private insurance companies	2837	45%	2332	46%	2404	47%	3295	52%
Registered in the free zones	6344	100%	5,111	100%	5,124	100%	6,293	100%

As can be seen in the above table, the public sector's share of total industry was about 55% in 2012, but this share dropped to 48 percent in 2015.

Review and compare insurance companies' insurance operation

In general, there are 16 different kinds of insurance policies which are currently offered by insurance companies in Iran and each of them has its own profitability and risk level.

To get a true understanding of insurance company's portfolio of policies as well as their risk level, at first we need to check each insurance policy's market share, its profitability and also the possibility of their market share growth in the future.

The following table represents the earned insurance premium and Insurance- Paid compensation related to each kind of policies during last four years.

Insurance Policy	Profit				Insurance- Paid compensation				Earned premium			
	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
Credit	399	202	193	37	92	4	96	83	491	206	289	120
Fire	3,138	3,045	4,370	5,599	946	1,766	1,918	2,612	4,083	4,810	6,287	8,211
Cargo	576	972	2,113	1,552	268	201	254	476	844	1,173	2,367	2,027
Hall Car	2,166	3,136	5,094	5,994	4,148	5,082	6,452	7,604	6,314	8,219	11,546	13,599
Money	64	75	125	140	12	14	22	30	77	89	147	169
Accident	924	1,011	2,080	2,899	371	533	623	735	1,294	1,544	2,703	3,634
Driver Accident	2,300	4,620	4,636	4,819	736	1,901	2,410	4,619	3,036	6,520	7,047	9,439
Health Care	243	3,705	-2,091	7,110	14,936	22,822	32,609	33,410	15,180	26,527	30,518	40,520
Life	4,539	6,701	10,163	14,572	2,330	3,547	4,679	6,953	6,870	10,248	14,841	21,525
Others	18	59	36	81	17	40	25	28	35	99	61	108
Third-Party	6,585	13,296	10,241	15,185	32,252	46,300	58,945	71,304	38,837	59,595	69,186	86,489
Wrestling	522	888	808	1,248	229	284	1,011	368	751	1,172	1,819	1,616
Liability	2,780	3,186	4,252	4,856	1,814	3,592	4,751	6,514	4,594	6,778	9,003	11,370
Engineering	938	1,138	1,608	1,226	560	419	502	1,131	1,498	1,557	2,110	2,357
Oil &Energy	1,328	1,576	2,871	3,115	240	83	143	466	1,569	1,659	3,014	3,581
Airplane	436	763	1,496	930	184	136	125	392	620	899	1,621	1,322
	26,957	44,374	47,994	69,363	53,698	78,380	104,877	124,615	86,092	131,097	162,558	206,087



In the following table each 16 types of insurance policies' profitability during 2012-2015 are presented to make policies' profitability comparison easier.

Insurance Policies	Policies' Profitability to The Industry Total Profitably				Last Four Years Average Profitability
	2011	2012	2013	2014	
Credit	1.5%	0.5%	0.4%	0.1%	1%
Fire	11.6%	6.9%	9.1%	8.1%	9%
Cargo	2.1%	2.2%	4.4%	2.2%	3%
Hall Car	8.0%	7.1%	10.6%	8.6%	9%
Money	0.2%	0.2%	0.3%	0.2%	0%
Accident	3.4%	2.3%	4.3%	4.2%	4%
Driver Accident	8.5%	10.4%	9.7%	6.9%	9%
Health Care	0.9%	8.3%	-4.4%	10.2%	4%
Life	16.8%	15.1%	21.2%	21.0%	19%
Others	0.1%	0.1%	0.1%	0.1%	0%
Third-Party	24.4%	30.0%	21.3%	22%	24%
Wrestling	1.9%	2.0%	1.7%	1.8%	2%
Liability	10.3%	7.2%	8.9%	7.0%	8%
Engineering	3.5%	2.6%	3.4%	1.8%	3%
Oil &Energy	4.9%	3.6%	6.0%	4.5%	5%
Airplane	1.6%	1.7%	3.1%	1.3%	2%
	100%	100%	100%	100%	100%
Industry Gross Profit Margin	31%	34%	30%	34%	

Check the number of issued policies and Insurance- Paid compensation in previous years:

Insurance Policies	Number of Paid Compensation			Number of Issued Policies		
	2012	2013	2014	2012	2013	2014
Credit	236	575	294	47,400	169,306	25,197
Fire	43,021	37,380	33,092	1,954,360	2,331,079	2,341,514
Cargo	4,719	3,724	3,418	217,363	215,504	250,226
Hall Car	649,119	471,823	394,764	2,472,666	2,536,899	2,590,418
Money	173	276	362	4,316	4,201	3,870
Accident	83,923	76,453	72,255	1,455,216	1,670,512	1,626,509
Driver Accident	11,884	17,961	12,650	12,304,868	14,973,441	16,110,619
Health Care	10,624,602	15,472,463	17,533,759	353,432	487,207	775,704
Life & Saving	133,561	159,045	209,046	2,222,383	2,124,504	2,236,029
Others	389	845	473	2,228	130,527	136,790
Third-Party	1,580,525	1,316,530	1,036,058	14,825,992	16,883,419	18,387,977
Wrestling	387	506	358	3,716	3,169	2,898
Liability	95,671	108,721	117,733	986,586	1,168,800	1,149,189
Engineering	5,404	5,347	5,599	30,270	26,185	62,341
Oil & Energy	99	109	231	164	168	325
Airplane	381	380	360	551	900	1,095
	13,234,094	17,672,138	19,420,452	36,881,511	42,725,821	45,700,701

Points which can be inferred from the above tables

1- Profitability of each insurance policy is different. According to above mentioned information in respect to premium earned and also profitability, third_ party insurance is in the best position and life-insurances are the next ones and both of them are colored in green. Those which are colored in blue are rated in the next highest category 3- Second grade insurance fields (Colored in blue) are in common at least in two property:

and it can be concluded that totally more than 86% of industry profitability comes from these two categories.

2- Due to the difference in nature of issued insurance policy, Life and savings insurances (In terms of duration of insurance policies as well as incompatibility of damage compensation and premium production in the short term) should be treated differently in most of analysis.

- ❖ Having low price elasticity
- ❖ Effective profit share in industry



4- Due to lack of regular profitability trend, Health care Insurance are separated from other types. Other insurance types which have a small

portion in industry profitability are ranked in other category and are not colored.

Categorizing of insurance policies:

Policy	Categorizing	Portion of each kind of policy profitability in Total industry profitability				Last Four Years Average Profitability
		1390	1391	1392	1393	
Third-Party	Third-Party	24%	30%	21%	22%	24%
Life	Life	17%	15%	21%	21%	19%
Fire	Second Grade	12%	7%	9%	8%	43%
Hall Car		8%	7%	11%	9%	
Accident		3%	2%	4%	4%	
Driver Accident		9%	10%	10%	7%	
Liability		10%	7%	9%	7%	
Oil & Energy		5%	4%	6%	4%	
Credit	third grade	1%	0%	0%	0%	10%
Cargo		2%	2%	4%	2%	
Money		0%	0%	0%	0%	
Other		0%	0%	0%	0%	
Wrestling		2%	2%	2%	2%	
Engineering		3%	3%	3%	2%	
Airplane		2%	2%	3%	1%	
Health Care	Health Care	0.9%	8.3%	-4.4%	10.2%	4%
Total		100%	100%	100%	100%	100%
Gross Profit Margin		31%	34%	30%	34%	

It should be noted that because of existence of large number of insurance types in the industry which causes hardening of the visual comparison, in the rest of this report, all analyses are based on weighted average of insurance policies which are included in each group.

Note: insurance companies are faced to different level of inherent risk according to their size and the amount of their premium production. For instance trend of profitability in small insurance companies is more volatile rather than large ones, so it can be concluded that inherent risks is different between small insurance companies and large ones .

In this report insurance companies are categorized in small, medium and large size companies to facilitate more meaningful comparison between each group. It should be noted that Asia Insurance company as the biggest insurance company in country and its considerable size difference with other companies should be evaluated uniquely in some cases.

I. Reviewing and comparing companies in regard of their insurance Operations.

Insurance operations are evaluated by following indicators:

- A) Companies' current issued insurance policies portfolio composition
- B) Net profit margin from insurance operations in the past four years.
- C) Market share improvement

A) Companies' current issued insurance policies portfolio composition

To evaluating and comparing the quality of Insurance companies' existing issued premium portfolio Composition, at first the weight of each kinds of issue Policy in each insurance company was multiplied by that premium type's average of last four years real profit margin and the result is presented in quality of existing portfolio column.



Company Name	Company Size	Existing Issued Policies Portfolio					Total Number of Issued Policies During Last Four	Quality of Existing Portfolio
		Health Care	Third Grade	Second Grade	Life	Third-Party		
<i>Asia</i>	<i>Large</i>	16%	2%	29%	6%	46%	60,752	26%
<i>Dana</i>	<i>Large</i>	34%	5%	20%	12%	29%	37,406	20%
<i>Alborz</i>	<i>Large</i>	22%	6%	27%	4%	41%	35,836	24%
<i>Parsian</i>	<i>Large</i>	18%	6%	21%	12%	42%	30,636	23%
<i>Karafarin</i>	<i>Medium</i>	7%	4%	24%	43%	22%	17,536	24%
<i>Pasargad</i>	<i>Medium</i>	13%	2%	23%	27%	34%	16,912	24%
<i>Kosar</i>	<i>Medium</i>	11%	2%	19%	14%	54%	14,930	24%
<i>Novin</i>	<i>Medium</i>	15%	4%	28%	18%	35%	10,933	25%
<i>Day</i>	<i>Medium</i>	0%	2%	22%	12%	63%	10,661	28%
<i>Melat</i>	<i>Medium</i>	2%	5%	24%	9%	60%	10,354	27%
<i>Razi</i>	<i>Small</i>	9%	2%	22%	3%	65%	9,491	26%
<i>Mihan</i>	<i>Small</i>	21%	3%	17%	4%	56%	8,570	23%
<i>Saman</i>	<i>Small</i>	19%	7%	24%	39%	12%	7,958	22%
<i>Ma</i>	<i>Small</i>	3%	3%	23%	60%	11%	5,596	24%
<i>Arman</i>	<i>Small</i>	14%	3%	23%	3%	58%	4,931	25%
Portion Of Each Kind Of Policy In Profitability Of Industry	4%	10%	24%	19%	43%			

Saying that in last four years net profit margin of each type of issued policy was different from other ones, so policy composition which leads to a higher profit

Margin can be considered as an important advantage for each insurance company.

B) Net profit margin from insurance operations during the past four years.

In the following table, Insurance companies' last four years average net profit margins are presented.

Because life insurances are long term contracts and their revenue and expenses are generated and spend in different periods, this type of policy was separated from other kinds.

Company Name	Company Size	Last Four years weighted average Gross Profit Margin	Last Four years weighted average Gross Profit Margin of life insurances	Last Four years weighted average Gross Profit Margin (Non-life insurances)
Asia	Large	40%	4%	36%
Dana	Large	39%	7%	33%
Alborz	Large	44%	2%	42%
Parsian	Large	49%	10%	39%
Karafarin	Medium	66%	39%	27%
Pasargad	Medium	63%	24%	39%
Kosar	Medium	61%	14%	48%
Novin	Medium	41%	13%	29%
Day	Medium	-1%	-2%	1%
Melat	Medium	34%	6%	27%
Razi	Small	42%	3%	39%
Mihan	Small	50%	2%	49%
Saman	Small	54%	28%	26%
Ma	Small	82%	40%	42%
Arman	Small	76%	2%	75%



C) Market share improvement

For comparing the quality improvement of each company's issued premium portfolio, at first the percentage share of each insurance company from each kind

of policy in 2012 and 2015 was calculated. In the next stage, weight was given to each premium changes according to that premium types' average of last four years created net profit margin.

Results of evaluating companies' insurance operations

Company Name	Company Size	Percentage Of Change In Industry					Quality Of Market Share Growth	Market Share Growth
		Health Care	Third Grade	Second Grade	Life	Third-Party		
Asia	Large	3%	-7%	-3%	-6%	-1%	-3.3%	-1.6%
Dana	Large	2%	5%	2%	2%	1%	2.0%	2.0%
Alborz	Large	3%	0%	0%	-1%	1%	0.1%	0.7%
Parsian	Large	4%	6%	1%	1%	-2%	0.7%	0.1%
Karafarin	Medium	-1%	0%	0%	-3%	0%	-0.3%	0.1%
Pasargad	Medium	1%	0%	1%	3%	1%	1.4%	1.4%
Kosar	Medium	2%	1%	2%	2%	4%	2.2%	2.7%
Novin	Medium	0%	-1%	0%	0%	-1%	-0.4%	-0.5%
Day	Medium	-9%	0%	0%	-1%	1%	-0.4%	-1.3%
Melat	Medium	0%	-2%	-3%	0%	1%	-1.4%	-0.6%
Razi	Small	0%	0%	1%	0%	1%	0.7%	0.8%
Mihan	Small	0%	1%	1%	0%	2%	0.9%	1.1%
Saman	Small	0%	-3%	0%	1%	-1%	-0.2%	-0.2%
Ma	Small	0%	1%	1%	9%	0%	2.5%	1.2%
Arman	Small	1%	-3%	1%	0%	0%	0.4%	1.4%
		4%	10%	43%	19%	24%		

As analysis shows, most successful companies in regards of their insurance operations between large, medium and small scale companies are respectively Alborz, kosar and Pasargadae.

II. Companies risk analysis

Insurance companies usually reduce the risks associated with their underwritten policies by transferring portion of their issued policies to other parties which is called reinsurance. Because Insurance companies should spend a considerable amount of money for reinsurance, so covering more underwritten policies covered by reinsurance does not necessary leads to any competitive advantage.

Although In this report amount of insurance companies' reinsurances are compared to each other, but at first, the ratio of considered reserve to issued premium in each company has been investigated. This risk is associated with amount of claims reserve that insurance companies consider in their accounts. Insurance companies often set up the reserves to ensure they have enough set aside to pay out claims in the normal course of business. Undoubtedly companies which consider higher reserve in their accounts are faced to lower level of risk.

Given that usually insurance policies except of life insurance are in the form of one-year contracts, so the balance of non-life insurance portion of

reserves account in each year should be a function of non-life insurance premiums which are issued in same year. In addition to life insurance reserves, reserves of natural disasters policies are deducted from the account of the insurance company reserves to have more suitable scale for comparing companies reserve accounts.

Although amount of issued non-life insurance policies can be considered as an indicator to assess the amount of considered reserves (non-life insurance reserves), but each company's insurance policies portfolio composite can play an import role in amount of reserve ratio.

To have meaningful comparing between companies' amount of reserve accounts, at first, the current composition of insurance companies' insurance policy portfolios have been multiplied by the average of last four years damage coefficient of each type of policy, and then the potential damage payments have been compared by the amount of reserves in their financial statements (other than life insurance reserves and natural disasters). Whatever the proportion of this reserve accounts to potential damage payments be higher, we can conclude that, company is faced to lower level of risk.



Company Name	Total Earned Premium (2014)	Average of Last Four Years Damage Coefficient	Probable Damage Payment	Non-Life Insurance Reserves	Reserve Accounts To Potential Damage Payments
Asia	20,033	65%	13,064	11,498	88%
Dana	13,367	63%	8,477	4,267	50%
Alborz	13,817	59%	8,177	9,606	117%
Parsian	10,057	56%	5,614	5,761	103%
Karafarin	3,361	36%	1,208	2,214	183%
Pasargad	5,255	40%	2,095	3,451	165%
Kosar	6,202	41%	2,545	3,990	157%
Novin	2,716	63%	1,723	1,612	94%
Day	2,266	103%	2,344	1,431	61%
Melat	3,455	74%	2,562	3,323	130%
Razi	4,369	64%	2,782	2,448	88%
Mihan	3,378	52%	1,748	2,475	142%
Saman	1,751	49%	858	1,151	134%
Ma	1,268	19%	235	974	414%
Arman	2,878	25%	714	1,624	227%

Whatever an insurance company' reserve account to potential damage payments ratio is lower, company will be considered more risky. It should be noted that in vacuum this ratio does not have any specific concept and just facilitate comparison between different companies.

Capital Adequacy Ratio

Shareholders' equity to required equity ratio (capital adequacy indicator) is declared each year by the central insurance company for all insurance companies and shows to what extent an insurance company is faced to financial distress and subject to bankruptcy.

For giving more information about the solvency of insurance companies, Capital Adequacy Ratio of each insurance company which have been declared by the central insurance company during last 3 years was reflected in the following table:

Company Name	Company Size	2013	2014	2015	Capital Adequacy Level
Asia	Large	104	90	–	1
Dana	Large	111	102	–	1
Alborz	Large	143	101	107	1
Parsian	Large	92	102	108	1
Karafarin	Medium	130	103	–	1
Pasargad	Medium	113	105	115	1
Kosar	Medium	92	63	76	2
Novin	Medium	71	91	78	2
Day	Medium	42	-74	13	4
Melat	Medium	241	204	217	1
Razi	Small	94	166	138	1
Mihan	Small	118	56	43	4
Saman	Small	114	113	132	1
Ma	Small	447	453	339	1
Arman	Small	813	267	130	1



The results of comparisons that we have done by two different indicators which we have used for evaluating companies' level of risk are not completely equal. For example, Dana insurance company' Capital Adequacy Ratio solvency level have been announced greater than 100 which

indicate this company has lower risk but in regard of reserve ratio this company is among high risk level companies. For a comprehensive comparison, the review of above mentioned indicators are presented in the following table:

Company Name	Company Size	Reserve Accounts To Potential Damage Payments	Percentage of Reinsurance	Capital Adequacy 2015	Capital Adequacy Level
Asia	Large	88%	28%	90	1
Dana	Large	50%	27%	102	1
Alborz	Large	117%	24%	107	1
Parsian	Large	103%	29%	108	1
Karafarin	Medium	183%	40%	103	1
Pasargad	Medium	165%	33%	115	1
Kosar	Medium	157%	27%	76	2
Novin	Medium	94%	33%	78	2
Day	Medium	61%	17%	13	4
Melat	Medium	130%	21%	217	1
Razi	Small	88%	23%	138	1
Mihan	Small	142%	21%	43	4
Saman	Small	134%	35%	132	1
Ma	Small	414%	31%	339	1
Arman	Small	227%	23%	130	1

III. Comparing insurance companies in terms of their investment operations and financial structure

In this section we focus on companies' investment management and their capital structures.

As below table shows, insurance companies focus more on investments in fixed-income securities or other low-risk investments and just Parsian, Pasargad and Saman companies have done little investment in real estate.

Company Name	Company Size	Total Asset	Total Liabilities	Equity	Investment (BV)	Investment (PV)	Investment in Real States	Return on Investments
Asia	Large	25,277	22,754	2,523	7,882	7,673		97%
Dana	Large	18,516	17,265	1,251	2,321	2,330		100%
Alborz	Large	18,807	14,169	4,638	2,321	2,330		100%
Parsian	Large	16,594	13,050	3,544	4,184	3,682	496	88%
Karafarin	Medium	14,695	12,953	1,742	4,566	4,566		100%
Pasargad	Medium	11,910	9,902	2,009	6,170	5,453	1,014	88%
Kosar	Medium	9,508	7,553	1,955	565	583		103%
Novin	Medium	4,859	3,987	871	2,231	2,098		94%
Day	Medium	4,304	4,545	-241	1,343	1,295		96%
Melat	Medium	9,657	6,732	2,924	4,072	5,238		129%
Razi	Small	6,682	4,390	2,292	1,227	1,227		100%
Mihan	Small	4,172	3,608	564	1,432	1,432		100%
Saman	Small	4,571	3,879	692	2,037	1,560	477	77%
Ma	Small	5,774	4,326	1,448	3,510	3,498		100%
Arman	Small	4,196	2,674	1,523	910	940		103%



The market value of investments stated in the following table is consistent with the companies' 2014 annual reports. In the following table comparison of the market value and book value of investments as well as an overview of the financial structure of insurance companies are presented.

To compare level of insurance companies' investment activities, we

should also pay attention to their size. Comparing the amount of investment which was spend by a companies could not be a good indicator for the level of companies' investment activities because the larger insurance companies are expected to invest more. To facilitate this comparison, each company's investment to its earned premium was calculated and presented in the following table.

Company Name	Company Size	Total Issued Policies (2014)	Total investment to Earned premium	Investment Earning to Earned premium	Investment Earning To Operational Earning	Return on Investments
Asia	Large	21,317	36%	5%	70%	15%
Dana	Large	15,235	15%	2%	25%	14%
Alborz	Large	14,391	16%	5%	52%	30%
Parsian	Large	11,360	32%	3%	26%	9%
Karafarin	Medium	6,058	75%	12%	134%	16%
Pasargad	Medium	7,162	76%	8%	69%	11%
Kosar	Medium	7,189	8%	3%	42%	42%
Novin	Medium	3,322	63%	8%	140%	12%
Day	Medium	2,537	51%	6%	61%	13%
Melat	Medium	3,762	139%	11%	102%	8%
Razi	Small	4,495	27%	4%	42%	14%
Mihan	Small	3,516	41%	5%	129%	12%
Saman	Small	2,840	55%	3%	38%	5%
Ma	Small	3,345	105%	3%	25%	3%
Arman	Small	2,967	32%	4%	23%	14%

Notes inferred from the above table

- ❖ Among large insurance companies, Asia and Persian have been the most willing to do investment, although they did not get very good returns.
- ❖ Melat, Kosar and Pasargad insurance companies respectively have the highest level

of investment activities between medium size companies.

- ❖ Between small companies Ma insurance company has the highest level of investment activities.

RESULTS:

In order to compare Iran insurance companies and choose the most appropriate one to invest, in the following table, the factors and parameters which already have been examined in this report are presented. For selecting the best insurance companies for investment, among different indicators, the highest weight was given to gross profit margin from issued non-life insurance policies during the past four years. Companies with high profit margin naturally have more capability to allocate higher amount to their reserve account so are face to lower level of risk.

Other parameters such as increase in companies' issued life and savings insurance policies as well as market share expansion are used in comparing close choices.

The next important indicator in this comparison is related to companies' investments activities.

Company Name	Insurance Operation				Risk Level				Investment Operation			
	Quality Of MarketShareGrowth	Last Four yearsweightedaverageGrossProfitMargin	Last Four yearsweightedaverageGrossProfitMarginoflifeinsurances	Last Four yearsweightedaverageGrossProfitMargin(Non-life insurances)	Quality of Existing Portfolio	Capital Adequacy Level	Capital Adequacy 2015	Percentage of Reinsurance	Reserve Accounts ToPotentialDamagePayments	Return on Investments	Investment Earning ToOperationalEarning	Total investment toEarnedpremium
Asia	-3%	40%	4%	36%	26%	1	90	28%	88%	15%	70%	36%
Dana	2%	39%	7%	33%	20%	1	102	27%	50%	14%	25%	15%
Alborz	0%	44%	2%	42%	24%	1	107	24%	117%	30%	52%	16%
Parsian	1%	49%	10%	39%	23%	1	108	29%	103%	9%	26%	32%
Karafarin	0%	66%	39%	27%	24%	1	103	40%	183%	16%	134%	75%
Pasargad	1%	63%	24%	39%	24%	1	115	33%	165%	11%	69%	76%
Kosar	2%	61%	14%	48%	24%	2	76	27%	157%	42%	42%	8%
Novin	0%	41%	13%	29%	25%	2	78	33%	94%	12%	140%	63%
Day	0%	-1%	-2%	1%	28%	4	13	17%	61%	13%	61%	51%
Melat	-1%	34%	6%	27%	27%	1	217	21%	130%	8%	102%	139%
Razi	1%	42%	3%	39%	26%	1	138	23%	88%	14%	42%	27%
Mihani	1%	50%	2%	49%	23%	4	43	21%	142%	12%	129%	41%
Samam	0%	54%	28%	26%	22%	1	132	35%	134%	5%	38%	55%
Ma	2%	82%	40%	42%	24%	1	339	31%	414%	3%	25%	105%
Arman	0%	76%	2%	75%	25%	1	130	23%	227%	14%	23%	32%



Analysis of group 'A' companies (Large size):

Company name	Insurance Operation				Risk Level	Investment Operation			P/E	Ranking
	Quality Of Market Growth	Profit Margin	Profit Margin	Quality of Existing Portfolio	Reserve Accounts To Potential Damage Payments	Return on Investments	Investment Earning to Operational Earning	Total Investment to Earned Premium		
Asia	-3%	4%	36%	26%	88%	15%	70%	36%	10.12	Third
Dana	2%	7%	33%	20%	50%	14%	25%	15%	14.61	Fourth
Alborz	0%	2%	42%	24%	117%	30%	52%	16%	8.73	First
Parsian	1%	10%	39%	23%	103%	9%	26%	32%	3.35	Second

Alborz Company has the best situation among group 'A' companies. The gross profit margin of 42% in non-life insurance which let this company to consider higher reserve account and have highest reserve

accounts to potential damage payments ratio among group 'A' companies. In addition, Alborz has the highest rate of return in its investments.



Analysis of group 'B' companies (Medium size):

Company Name	Insurance Operation				Risk Level	Investment Operation			P/E	Ranking
	OMarketGrowthSh	LastYearYtdAverageGrossProfitMarginOfLifedurances	LastYearYtdAverageGrossProfitMarginOfNon-Lifedurances	QualityOfReservingRatio	ReserveAccountsToOperationalRequirements	ReturnInvestments	InvestmentEarningToOperationalZarabi	TotalIncomeAttributedByCompany		
Karafarin	0%	39%	27%	24%	183%	16%	134%	75%		4
Pasargad	1%	24%	39%	24%	165%	11%	69%	76%	8.77	2
Kosar	2%	14%	48%	24%	157%	42%	42%	8%	5.91	1
Novin	0%	13%	29%	25%	94%	12%	140%	63%		5
Day	0%	-2%	1%	28%	61%	13%	61%	51%	5.33	6
Melat	-1%	6%	27%	27%	130%	8%	102%	139%	5.96	3

In terms of operational and insurance risk as well as return on investment, **Kosar** insurance company has the best overall scores and then Pasargad is located in the second stage with a slightly lower scores.

In terms of insurance operation **Melat** insurance company has not satisfactory report, but on the other hand, from the perspective of investment activities and investment returns, it can be said that, among all other insurance companies, Melat

Company has been more dynamic and successful.

Karafarin Insurance Company has been focusing more on life insurance which without disclosing the quality of the life insurance contract it is not possible to have any comment about them, but in terms of investment and hedging risk activities this company has an acceptable performance.

Comparing to other companies in this group **Novin and Day** have the weakest performance among others.

Analysis of group 'B' companies (Small size):

Company Name	Insurance Operation				Risk Level	Investment Operation			P/E	Ranking
	Quality of Insurance Services			Quality of Insurance Products		Return on Investments	Investment in Insurance	Investment in Other Areas		
Razi	1%	3%	39%	26%	88%	14%	42%	27%		
Mihan	1%	2%	49%	23%	142%	12%	129%	41%	4.95	
Saman	0%	28%	26%	22%	134%	5%	38%	55%	7.15	
Ma	2%	40%	42%	24%	414%	3%	25%	105%		1
Arman	0%	2%	75%	25%	227%	14%	23%	32%		

It is not surprising that each investor, according to his investment time horizon and risk appetite would consider different weights for each previously mentioned variables for ranking companies, but it seems more meaningful to give more importance to insurance operation variables, because firstly, most of insurance companies' income comes from their insurance activities and, secondly, appropriate and profitable insurance operations spontaneously will be followed by appropriate risk coverage and sufficient resources to invest in other areas .

In the end, it should be mentioned that since the insurance industry average gross profit margin is about 30-35 percent, and after deducting SG&A and other cost related to hedging risks (20%), it can be concluded that the profitability of this industry compare to other industries in Iran, is not satisfactory. Moreover, reduction in bank deposits interest rate which have started and will continue in midterm future, will reduce the profitability of companies which are active in this industry, because banks deposit is a large portion of their investments.