

## Iran Insurance Report

*BMI View:* We maintain our positive outlook for the Iranian insurance sector in the latest Q2017 1 report update. Sanctions relief is set to boost the Iranian insurance market overall as household incomes growth will contribute to growth in the life, motor and health lines which dominate the market. Minor lines will also grow, but from a very modestly low base. Sustained growth and market development will require foreign capital and expertise. An end to sanctions - apart from US sanctions, which will continue to cause hurdles for businesses with exposure to US markets - will provide opportunities for tie-ups between local and foreign partners. However, the state will continue to remain a significant player in the market and this could restrict opportunities for competition among privately owned insurers.

	Headline Insurance Forecasts (Iran 2013-2020)							
	2013	2014	2015e	2016f	2017f	2018f	2019f	2020f
Gross life premiums written, IRRbn	14,781.80	21,508.90	21,668.70	23,924.30	28,936.50	34,729.60	41,270.50	48,236.40
Gross life premiums written, IRR, % Y-o-y	44.2	45.5	0.7	10.4	21.0	20.0	18.8	16.9
Gross life premiums written, USDbn	0.80	0.80	0.80	0.80	0.90	0.90	1.10	1.20
Gross life premiums written, USD, % Y-o-y	-2.2	1.3	-6.5	-0.8	11.9	8.7	12.7	11.2
Gross non-life Premiums written, IRRbn	147,274.00	183,890.90	190,250.30	207,149.80	237,353.30	271,308.20	308,961.90	348,760.50
Gross non-life Premiums written, IRR, % Y-o-y	21.9	24.9	3.5	8.9	14.6	14.3	13.9	12.9

E/f = BMI estimate/forecast. Source: BMI, Central Insurance of Iran



	2013	2014	2015e	2016f	2017f	2018f	2019f	2020f
Gross non-life Premiums written, USDbn	8.20	7.10	6.80	6.70	7.10	7.30	7.90	8.50
Gross non-life Premiums written, USD, % Y-o-y	-17.3	-13.1	-4.0	-2.2	6.0	3.5	8.0	7.4

E/f = BMI estimate/forecast. Source: BMI, Central Insurance of Iran

#### Latest Updates and Key Forecasts

- Iran's life gross written premiums are set to grow %51.1 from 2015 in US dollar terms to USD1.27bn in 2020, while the non-life sector will grow just %24.5 over the same period to USD8.5bn.
- Overall claims are likely to rise as a result of a recent Islamic ruling which put women on a parity with men; in the past, women were only allowed half the level of men in the event of injury, disability or death. This will lead to increased accident and motoring insurance claims.
- Rising car purchases will lead overall growth in the Iranian insurance sector with mandatory motoring insurance. The high level of car accidents will also support higher premiums, although improvements in car safety due to foreign investment in the automotive sector could mitigate the situation.
- Foreign investors are cautious about tie-ups with local partners due to the dominance of state insurance - particularly Bimeh Iran's +%50 market share - and the continuation of US sanctions. Washington's unilateral sanctions are a source of confusion among investors who are exposed to US markets and are concerned about potential prosecution.