

International Finance Solutions Associates

Shabbir J. Razvi BA, MBA, FRSA, FPC
London

Phone: 00 44 (0) 20 8675 3991 Fax: 00 44 (0) 20 8673 8412 Mobile: 00 44 (0) 7900 682 412

E-mail: shabbirr@ifsa.uk.com razvi786_110@hotmail.com Web: www.ifsa.uk.com

43 Old Devonshire Road, London SW12 9RD



By: Syed Shabbir Jafer Razvi , BA, MBA, FRSA, FPC

10th International Takaful Summit 2016 London
The Re-Emerging Insurance Market of Iran

Masterclass

Venue: Norton Rose LLP, 3 More London Riverside, SE1 2AQ
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Iran – A New El Dorado



Sheikh/ Ayatollah Google describes El Dorado as:

A city or country of fabulous riches held by 16th century explorers to exist in South America.
A place of fabulous wealth or opportunity.



Europe's imperialists dreamed—
But their dream soothsayers soon may read a new way!
Asia's Geneva let Tehran be—
Earth's book of fate new statues may see.

Sir Muhammad Iqbal (Allama Iqbal)



Iran an Overview

- 4th producer of crude oil
- 2nd biggest natural gas reserves in the world,
- 18th biggest economy with a GDP of 400 billion dollars in 2014

Demography

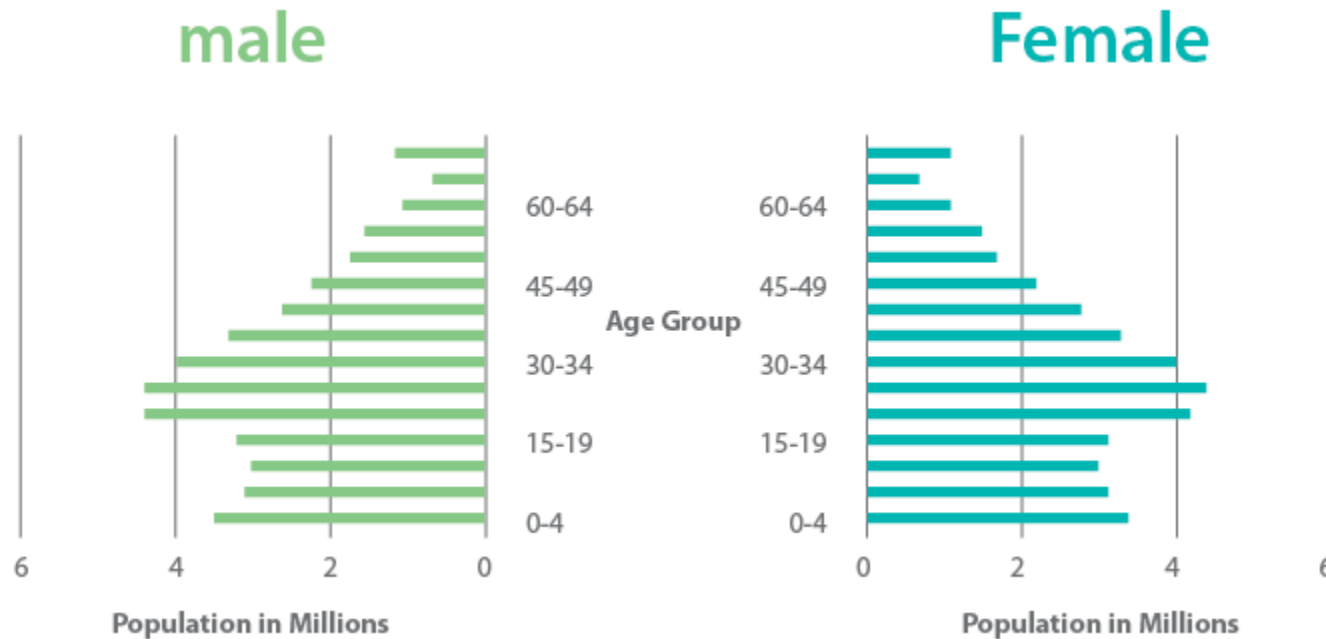


- Iran has a population of 78 million.
- The current population growth rate is 1.3%.
- 64% of the population below 35
- Thanks to the baby boom in early 80s.
- Life expectancy increasing 72 for men and 75 for women



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Demography



Gross Domestic Product (GDP)

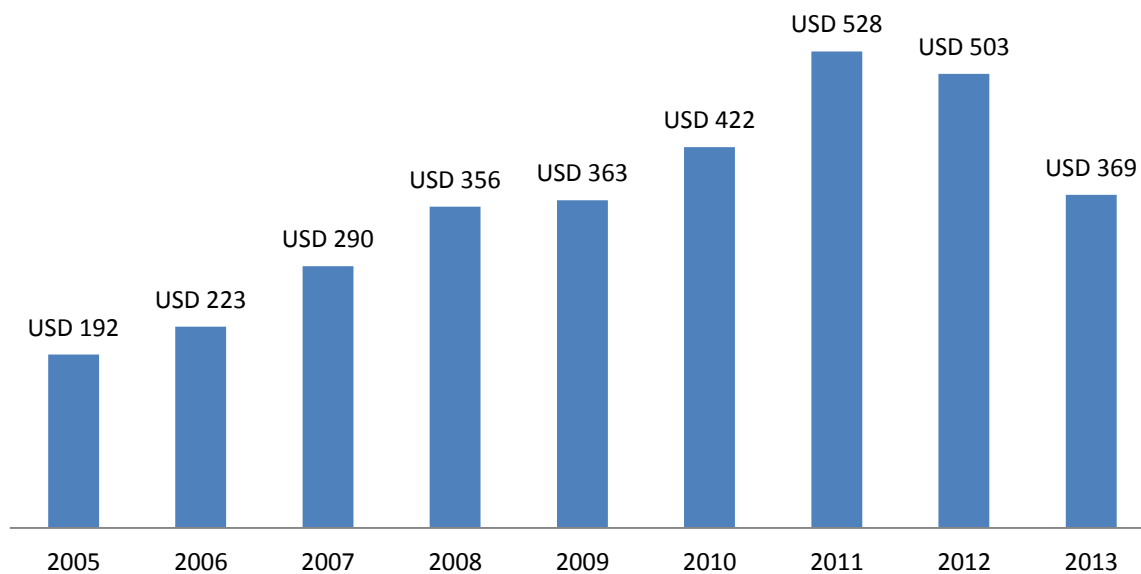


- Iran is the second largest economy in the Middle East and North Africa region after Saudi Arabia
- US\$ 403 billion dollars in 2014
- The dependency of government revenues to oil, from around 63% in 2010 has fallen to 25% in 2015



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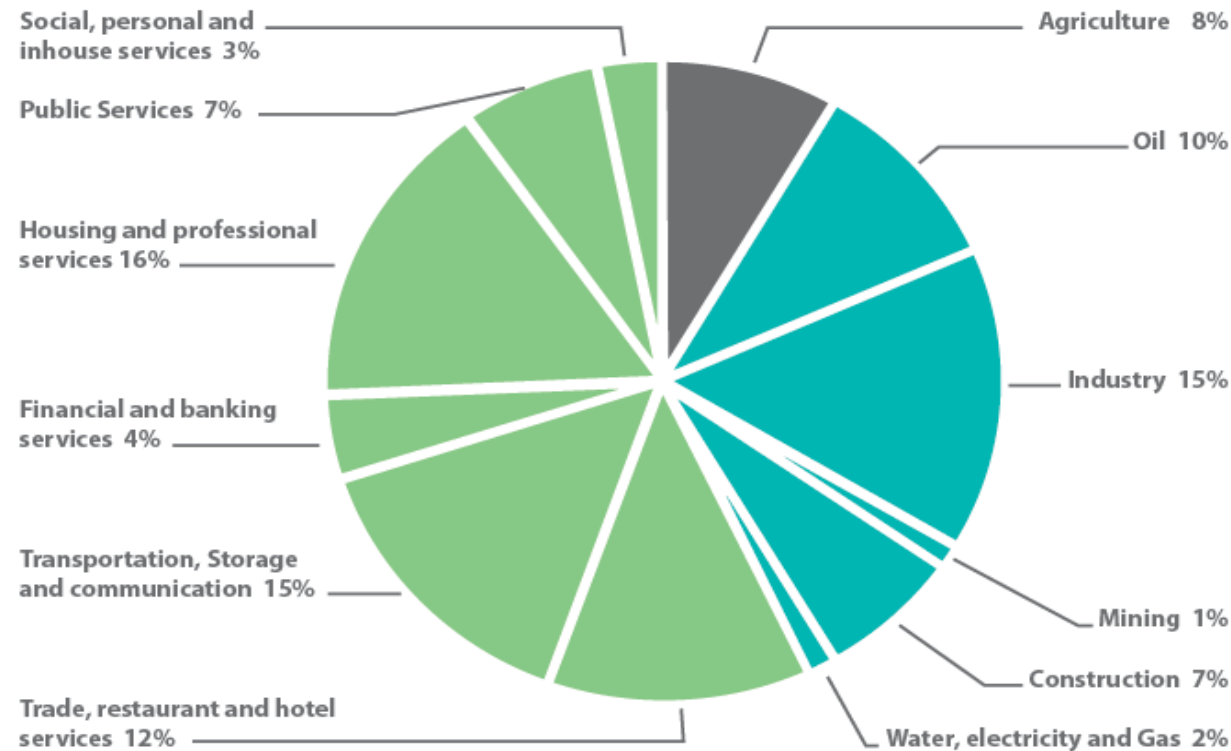
Iran GDP USD Billion Dollar





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GDP Composition



GDP Composition

Source: World Bank (Note: data for 2014 has not been issued yet)

According to IMF Forecasts

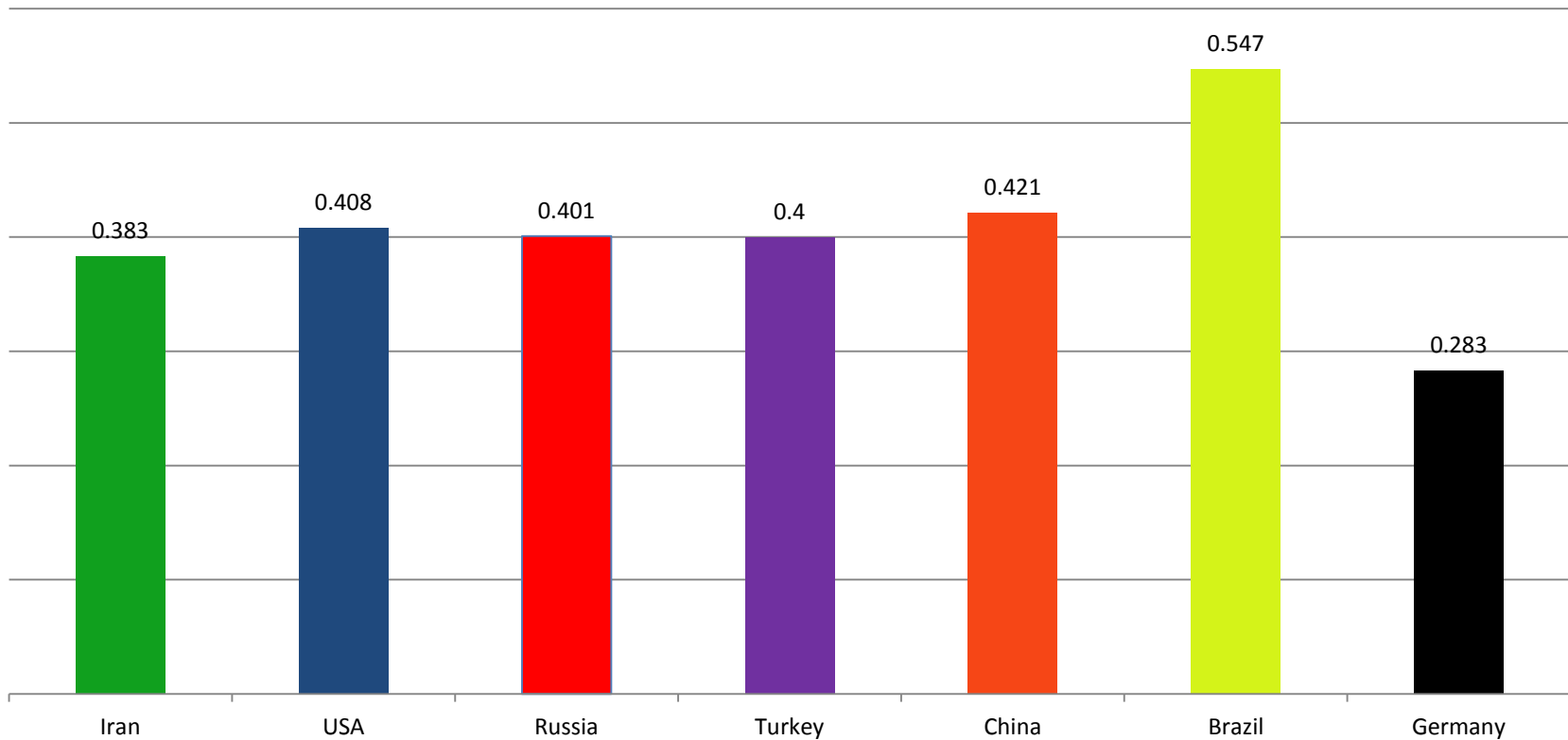
- Iran's economy will have a moderate upward trend for GDP
- GDP per capita and GDP based on purchasing power parity during 2015 to 2019.
- Based on this forecast, the purchasing power parity per capita will increase about 11% through 2019
- This indicates an improving outlook for Iran's economy

Gini Index



- Iran is rated 68th in the world according to the Gini Index
- It has a better distribution of wealth compared to the United States, Russia, Turkey, China, Brazil.

GINI Index



Why Iran?

Characteristics and Advantages of Iran's Economy

- 18th Largest Economy in the World
- Economic growth despite sanctions
- Young, educated populace
- Rich in natural resources
- Life insurance premiums to grow by 2.1% y-o-y during 2016 in USD terms
- Non-life premiums will contract by 0.4%
- Both markets will expand at double-digit rates in local currency terms

Active foreign insurers in Iran



- At present, three foreign insurance companies are active in Iran by establishing their contact offices
- Kay International Plc: independent authorized, regulated insurance broker and underwriting agency based in **London** and at Lloyds
- SOS Evasan SA: leading **Swiss**-based Travel Insurance and Assistance Company
- Nasco Karaoglan: Reinsurance Broking Company based in **Lebanon**
- Bimeh Markazi Iran (Central Insurance of IR Iran), announced that the foreign insurance companies willing to operate in Iran are welcome.
- There is enough room for the presence of foreign insurance companies in Iran and the necessary laws and regulations for their operation are at hand. Also, the process of obtaining permit for their operation has been facilitated.
- The companies inclining towards operating mainly in the field of Life Assurance need to have about US\$ 80 million capital
- General Insurance companies require US\$ 200 million capital

Iran and the Islamic Finance Crown



- Iran, the only Muslim country besides Sudan where the entire financial industry is obliged to be consistent with the principles of sharia law, accounts for more than 40 percent of the world's total Islamic banking assets.
- Trailing far behind is Saudi Arabia with 18.5 percent
- Malaysia with 9.56 percent
- UAE with 7.36 percent.
- International insurers will use the easing of sanctions on Iran to penetrate the country's insurance market.
- Reuters reports that eight out of 11 major insurers perceive the Iranian market as an attractive growth opportunity, with a number of these insurers aiming to enter the market as early as 2016.
- In December 2015, *Iran Insurance* was reportedly in negotiation with Iraqi state insurance companies al Araqiyya and al Badiyyah with a view to strengthening cooperation between the companies.
- In the same month, Iran's government participated in a Joint Commission Meeting (JCM) in India, which will see India and Iran pursue trade and investment agreements across a number of industries, including insurance and banking

Low Hanging Fruits



- While still at an early stage, Iran's growing rapprochement with the international community is likely to lead to increasing opportunities for overseas insurers and investors over the coming years.
- Although the Iranian insurance market is relatively developed by regional standards, there is still significant potential for growth, especially in the life segment and most non-compulsory non-life lines.
- Re-insurance
- Life Sector
- Development of Takaful
- Energy Saving Insurance
- Sakuk



Thank You for Your Attention



Any Question