

Iranian Reinsurance Company (IRC) convenes Founding General Assembly

(By H. Haghghighian)

Founders of Iranian Reinsurance Company (public joint stock) held their founding general assembly meeting on January 4, 2010 at Shahid Beheshti cultural-sport complex.

About 98 percent of the company's shareholders attended the meeting which was chaired by DR. Majid Ghasemi and supervised by Messrs. Shayestenia and Amintafreshi. Mrs. Na'imian was the secretary of the meeting.

In the beginning of the meeting, Mr. Mohammad Asoudeh, as the representative of founders of Iranian Reinsurance Company, read out the report of the founder shareholders on establishment activities.

The Assembly resulted in the unanimous adoption of all items on the agenda including the confirmation of the five-member Board of Directors and the appointment of the Company's Auditors.

The shareholders approved the company's capital to be at 1535 billion rials and voted for Mr. Majid Qasemi, Mr. Mohammad Asoudeh, Mr. Mohammad Mihanyar, Mr. Hojjat Poostinchi, and Sarmayeh Bank as members of the board of directors.

Iranian Reinsurance Company is set up



to offer reinsurance services to domestic and foreign insurance companies. The company is also authorized to participate in the establishment or running reinsurance funds inside and outside the country, and to invest its funds using capital, reserves, and other financial resources in accordance with approvals of High Council Insurance, offering complementary reinsurance services and carrying out all the related activities necessary to accomplish the abovementioned affairs.

Legal and real persons hold 83.05 percent and 16.95 percent of the company's shares respectively. The company has more than 4500 shareholders.

Iranian Reinsurance Company is the first public joint stock company of Iran in

this field. The company offered its shares on the stock market on December 13, 2009.

1- Establishment Idea

Insurance sector plays a key role in the economic development of nations. During recent years, a fairly large number of private sector entities have established insurance companies. The active presence of the private sector in insurance market have raised the quality of insurance services and boosted the competition environment. The presence of the private sector in this field will be fruitful when the activity is carried out based on principles of economic entrepreneurship and feasibility. Insurance companies provide a significant portion of their services by obtaining reinsurance from inside and outside the country. In 2007, Pasargad Financial Group decided to establish a reinsurance company by utilizing private sector capitals to give a boost to insurance services in domestic and foreign markets. The Group studied some experiences of other international companies as well as reports regarding insurance sector of the country and also analyzed the specialized aspects of reinsurance service and realities of domestic and international markets.

In this line, experts presented results of their studies which were carried out based on reliable domestic and foreign sources and using statistical and financial reports and accounts and with an eye to future plans and economic developments of the country.

Based on the results and considering the vast economic activities and the necessity for domestic private insurance companies to be covered with reinsurance services, the establishment of Iranian Reinsurance Company was approved to be feasible.

After conducting feasibility studies which were approved by Pasargad officials, the Idea of establishment of Iranian Reinsurance Company was proposed to other potential investors and founders.

2- Reinsurance market

During recent decades, and particularly in recent years, domestic insurance companies have faced different challenges in their relations with foreign partners and activities in international markets. Such circumstances on one hand and the increasing number of private insurance companies on the other hand have provided the grounds for the activity

of a powerful reinsurance company at national and international levels.

Iranian Reinsurance Company has placed the top priority on meeting the domestic market benefiting from the cooperation of Iranian insurance companies and establishing a balanced and constructive link with regional and global recognized firms.

Cooperation with domestic companies has been defined in the frame of reinsurance service as the main topic of the company's activity and complementary services as side activities.

Cooperation with international companies in the frame of exchanging reinsurance services at regional level and also selecting an accredited international partner through launching joint investments or setting up joint agencies have been considered.

3- Company's status in domestic insurance market

Iranian Reinsurance Company is the first reinsurance company of the private sector which is established as a public joint stock entity through attracting the public capitals and according to the law for establishment of non-governmental insurance companies. So, the company will cover a large portion of the domestic market's need for reinsurance services. It is anticipated that the company would attain a unique stance in the domestic market through a constructive cooperation with other insurance companies and benefiting from all the existing potentials.

4- Setting up a follow-up committee

Pasargad Financial Group, as the client of feasibility study plan and the entity which proposed the idea of establishing the company, set up a follow-up committee comprised of a group of senior experts of insurance sector in March 2008 to conduct the affairs related to establishment process and to obtain activity permits.

5- Characteristics of Iranian Reinsurance Company

The main activity of Iranian Reinsurance Company is to offer reinsurance services to domestic and foreign insurance companies. The company is also authorized to invest in related fields using its capitals, reserves, and assets. Founders of Iranian reinsurance Company have pledged to observe professional principles in order to offer the best services and establish a robust managerial structure according to its macro policies. Activity based on laws of the Central Insurance of Iran and regulations related to reinsurance services are among the top priorities of the company.

Company's identity:

According to laws of the Central Insurance of Iran, the company is established as a public joint stock entity. In this kind of companies, a portion of the initial capital is provided through the public participation and the capital can be increased through public subscription. The company's stocks can be offered on domestic and regional stock markets.

Investment:

Affairs related to investment and managing financial resources are of highest priority besides underwriting considerations. Experiences in the global insurance industry shows insurance and reinsurance companies gain the major portion of their operating profit through investment activities. The amounts of technical reserves and funds which can



be invested in well established insurance and reinsurance companies are several times higher than the shareholders' equity. In fact, this is the most important economic advantage of insurance and reinsurance activities in generating added values.

Founding shareholders combination:

Activity of the company in the field of finance considering complexities of this sector is considered as a long-term investment. Taking these issues into consideration, the coordination in views and objectives of the shareholders' expectations are of strategic importance in attaining objectives of the company.

Since meeting this requirement will play a key role in changing potentials into capabilities, the combination of founding shareholders was selected so that their points of views regarding strategic issues are met.

■ appointing middle and senior managers in underwriting, investment and information technology sections based on individual capabilities and solidarity in collective efforts

■ Establishing systems based on advanced technologies, especially integrated software systems and allocating budget and resources

■ Cooperating in the establishment of Iranian Reinsurance Company as a plan with long-term investment objectives

Major activities of the founding committee

As it was mentioned earlier, the founding committee was established in March 2008 to carry out affairs related to establishment of the company. The major activities conducted by the committee are as follow:

■ Setting up a temporary office to follow up activities and making coordination for the establishment of the company

■ Taking part in various meetings to introduce specifications of the plan to potential investors and making coordination with founders to determine their participation shares

■ Opening a bank account to deposit revolving funds belonging to the committee and launching an accounting system to support accounting activities

■ Developing a comprehensive business plan considering regulations and stipulations of High Council of Insurance covering the two assumptions of 2,000-billion-rial capital and 1,500-billion-rial capital and submitting the proposals to the Central Insurance of Iran and Stocks and Securities organization

■ Preparing the final Articles of

Associations approved by the founding shareholders, Central Insurance of Iran and the Securities and Exchange Organization

■ Attending the meetings with the officials and experts of the Central Insurance of Iran in terms of preparing the plan of establishment as well as offering explanations and defending "Business Plan" and "Articles of associations" to be approved by the related officials

■ Compiling and completing the records, forms and information about the founders based on the patterns specified in the bylaws enacted by the High Council of Insurance and submitting them to the Central Insurance of Iran in order to complete the documents to be approved by this Company

■ Taking necessary measures for the "Iranian Reinsurance Company establishment plan" to be approved in the High Council of Insurance's meeting held on September 30, 2009, and general assembly of the Central Insurance of Iran on November 14, 2009 and receiving agreement in principle from the Central Insurance of Iran on November 16, 2009

■ Preparing "statement for admitting the company in the stock exchange market" and "shares underwriting notice" as well as completing other forms and documents required by the Securities and Exchange Organization

■ Attending the meetings with the related officials of Securities and Exchange Organization in order to approving "Articles of association" and "shares underwriting notice" as well as other submitted documents by them

■ Opening a bank account with the name of Iranian Reinsurance Company (public joint stock, under establishment) and collecting cash asset of the founders

■ Preparing the company's establishment declaration to be submitted to the Registry of Offices for preparing the company's establishment file and receiving its name approval permit on November 23, 2009 and receiving permit for publishing the company's "shares underwriting notice" on December 5, 2009

■ Designing the logo and launching Iranian Reinsurance Company's website in order to creating an environment for advertisement and information dissemination as well as promote the speed and quality of shares underwriting

■ Successful accomplishment of shares underwriting through Bank Pasargad branches nationwide, completing related documents, preparing list of those, who underwrote shares, preparing all documents required by the Securities and Exchange Organization and Central Insurance of Iran in order to receive their permit for holding the founders' general assembly

■ Publishing notice in Etela'at and Donyay-e Eqtesad daily newspapers for invitation to participate in the company's general assembly and taking necessary measures for holding it properly

Founding shareholders

The following table shows the list of Iranian Reinsurance Company's founders and percentage of their shares in the initial capital of 1500 billion rials.

Row	Name	Shares percentage
1	Bank Sarmayeh	10.00
2	Bank Pasargad Investment Company	5.33
3	Pasargad Insurance Company	5.00
4	Pars Hafez Investment Company	5.00
5	Bank Pasargad	4.00
6	Farhangian Fund Institute	4.00
7	Sam Group Company	4.00
8	Sam Electronic Company	4.00
9	Hamqadam Trade Company	4.00
10	Pasargad Financial Group's Human Resources Providence Company	4.00
11	Parsian Insurance Company	3.00
12	Moallem Insurance Company	3.00
13	Pasargad Leasing Company	2.00
14	Pasargad Machinery and Equipment Leasing Company	2.00
15	Hashtom Civil Engineering Company	1.00
16	Bank Pasargad International Trade Company	0.67
17	Mihan Insurance Company	0.50
	Total	61.50

Combination of Shareholders

The following table specifies number of real and legal entities which hold shares of Iranian Reinsurance Company and percentage of their shares in the initial capital of 1535 billion rials.

Shareholders	Founders		Shares underwriter		Total	
	Quantity	Shares percentage	Quantity	Shares percentage	Quantity	Shares percentage
Real entities	17	60.10	22	22.95	39	83.05
Legal entities	0	0	4469	16.95	4469	16.95
Total	17	60.10	4491	39.90	4508	100.00