



## BĪMA

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**BĪMA** (*bīme*), insurance, a word probably of Indian origin that seems to have been used for the first time in written Persian by ‘Abd-al-Laṭīf Šūštārī in his *Toḥfat al-‘ālam* in the sense of “insuring somebody” (Maḥbūbī Ardakānī, II, p. 181). “Insurance” activities are referred to for the first time in 1308/1891, when E’temād-al-Salṭana in his diary entry of 2 Jomādā I/13 December noted, “I have heard that the government of Iran has given a Russian company a concession for life and property insurance, which in French is called “assurances”” (*Rūznāma-ye kāṭerāt*, p. 727). E’temād-al-Salṭana used the word *eṭmīnān* to denote “insurance.” It is unknown whether or not this concession was actually granted. Insurance companies from other countries were also probing the Iranian market at that time. Most of these probes had no commercial result, however.

By 1328/1910, three foreign insurance companies had agents in Tehran: the Russian firm Rossiya and two German companies, German Lloyd and German-Persian Transport Insurance Company, all dealing exclusively with transportation insurance. At that time the term for insurance was the Arabic word *zamāna* (Kuss, pt. 2, p. 106; pt. 3, p. 52). A few years later two other Russian companies, Nadezhda and Kavkaz Merkur, were also active. All the Russian firms went out of business after the Revolution of 1917, however; the Soviet government established Gosstrakh, later Ingosstrakh, which functioned in Iran from 1310 Š./1931 to about 1357 Š./1978 (Maḥbūbī Ardakānī, p. 181; *Iran Almanac*, 1969). In 1924 the British Alliance Insurance Company established a branch in Iran, followed soon after by other foreign companies.



Although there were twenty-nine such companies, the total volume of transactions was limited because of high rates and unresponsiveness among the Iranian public. The total value of premiums in 1314 Š./1935 was almost 8 million rials, most of it from freight and fire insurance. Only one small German company was selling life insurance in Iran before 1315 Š./1936.

In Esfand, 1313 Š./March-April, 1935, the Iranian government founded Šerkat-e Sahāmī-e Bīma-ye Īrān (Iranian insurance company), capitalized at 20 million rials, of which 7.75 million rials were paid up in 1317 Š./1938. Thenceforth it handled insurance for all government institutions; furthermore, it supervised the operations of all foreign insurance companies, which were required to cede to it 25 percent of their transactions. In the first year of operation Bīma-ye Īrān collected 6 million rials in premiums and showed a profit of 893,000 rials. Official introduction of the word *bīma* to denote “insurance” probably reflects the government’s program to “purify” (i.e. de-Arabicize) the Persian language (Maḥbūbī Ardakānī, pp. 181-84; Bharier, p. 253; *Iran Almanac*, 1969; Simmonds, p. 13; Gray, p. 8).

In 1317 Š./1938 Bīma-ye Īrān and the foreign insurance companies formed a syndicate, which led to lower rates, uniform tariffs, and standard policy forms. In 1331 Š./1953 new rules for private Iranian and foreign insurance companies were decreed. In addition to Bīma-ye Īrān, two foreign companies, Yorkshire (British) and Ingosstrakh, were underwriting insurance in Iran. There were also twelve private companies. Six of them had been formed with the participation of foreign insurance companies: Bīma-ye Alborz (British), Bīma-ye Dānā (British), Bīma-ye Ḥāfeẓ (British and American), Bīma-ye Īrān o Amrīkā (American), Bīma-ye Šarq (American), and Bīma-ye Tehrān (French and German). Five companies had been formed by private Iranian investors without foreign capital: Bīma-ye Āryā, Bīma-ye Āsīā, Bīma-ye Omīd, Bīma-ye Pārs, and Bīma-ye Sāktemān o Kār. Finally, Bīma-ye Mellī was established by the Pahlavi Foundation. These twelve companies were liable to Bīma-ye Īrān for 25 percent of their transactions; they reinsured the remaining portions of their portfolios with leading British, Swiss, German, French, and other European and American companies. Bīma-ye Īrān did the same thing with a large portion of its own portfolio.

In 1350 Š./1971 Bīma-ye Markazī-e Īrān (central insurance of Iran) was established by the government to supervise and standardize all insurance transactions in Iran, oversee formation of new insurance companies, establish tariff rates, and so on. Practically all the duties formerly assigned to Bīma-ye



Īrān were transferred to Bīma-ye Markazī, including handling of the transactions ceded by private insurance companies. Its board consisted of the chairman and vice-chairman of Bīma-ye Markazī-e Īrān; the deputy ministers of Finance, Economics, and Agriculture; the chairman of Bīma-ye Īrān; a representative of the syndicate of Iranian insurers; and eventually the director of the Madrasa-ye ‘Ālī-e Bīma (higher institute of insurance; see below). All decisions were by vote. Under Bīma-ye Markazī the syndicate became more active and held regular monthly sessions attended by the managing directors of all operating Iranian and foreign insurance companies. The chairman was always from Bīma-ye Īrān, and the secretary was elected from among the managers of private companies. All the participating companies were writing general insurance. Life insurance was handled mainly by Bīma-ye Īrān, Bīma-ye Mellī and Bīma-ye Omīd, in that order. Aviation insurance for the entire fleet of Iranair was the exclusive province of Bīma-ye Mellī.

Before the revolution of 1357 Š./1978-79, Madrasa-ye ‘Ālī-e Bīma was established with the participation of the Regional Cooperation for Development (an organization created by Iran, Turkey, and Pakistan) from Pakistan. Students in the four-year program were trained to the English standard, and the diploma was recognized by the Ministry of Education.

Despite the considerable growth of the insurance industry in Iran, the general public showed little interest. Per capita expenditure on insurance was lower than that of Lebanon in 1974. The main reasons for the growth of the insurance industry were the legal obligation to insure all import and export cargo, compulsory liability insurance for motor cars, and compulsory insurance on leased and mortgaged property. Furthermore, some 35 percent of all insurance transactions originated with the government and were handled by Bīma-ye Īrān, as required by law. This concentration explains why the bulk of insurance was for freight (about 50 percent), fire (about 30 percent), and motor vehicles (about 12 percent). To develop and promote the insurance industry, the government designated 25 Āḍar 1348 Š./6 November 1969 “Insurance Day” (*Iran Almanac*, 1975; Bharier, p. 253; Maḥbūbī Ardakānī, II, p. 192). In the last years before 1979 some of the shares in Bīma-ye Mellī were distributed among the managers and staff of the company on easy-payment terms.

Immediately after the revolution all twelve private Iranian firms were nationalized; ten were liquidated and their portfolios transferred to the remaining two, Bīma-ye Alborz and Bīma-ye Āsīā. The two foreign insurance



companies, Yorkshire and Ingosstrakh, were barred from all activity and went out of business. Negotiations for compensation of foreign investors in the private firms are still going on; the government is in the process of assessing actual value of these firms as a basis for determining compensation. No action has so far been taken to compensate Iranian shareholders. If a law is passed requiring evaluation of the assets of all insurance companies, some action may be possible later on.

Social insurance (*bīma-ye ejtemā'ī*) was introduced in Iran in 1310 Š./1931, though not under that name. On 30 Esfand 1310 Š./21 March 1931 the Ministry of Roads approved regulations for a benefit fund (*ṣandūq-e eḥtiāt*) for road workers. On 19 Mordād 1315 Š./30 August 1933 a relief fund for workers in state industries and mines was established. A workman's compensation law in 1322 Š./1943 replaced the earlier statutes regulating benefit funds, and in 1326 Š./1947 two separate social-security funds (*ṣandūq-e behdāšt* and *ṣandūq-e ta'āwon*) were established under the labor law; they were merged in 1328 Š./1949. In 1331 Š./1953 a law regulating workers' social security (*bīmahā-ye ejtemā'ī-e kārgarān*) was passed; it was reviewed and amended in 1334 Š./1955, 1339 Š./1960 (permitting coverage of nonworkers), 1342 Š./1963 (extending coverage to farm workers), and 1354 Š./1975 (establishing a unified law for all workers, except military personnel and some civil servants, who were regulated separately; Floor, pp. 93-94; Maḥbūbī Ardakānī, pp. 185-91; *Iran Almanac*, 1975; for detailed information on the functioning of the social-security system before 1979, see Mehr).

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