

Economic / demographic data for [Afghanistan](#)



General Afghanistan Insurance Information Legislation:

According to the new constitution, no law should be "contrary to Islam"; the state is obliged to create a prosperous and progressive society based on social justice, protection of human dignity, protection of human rights, realisation of democracy, and to ensure national unity and equality among all ethnic groups and tribes; the state shall abide by the UN charter, international treaties, international conventions which Afghanistan has signed, and the Universal Declaration of Human Rights.

The Commercial Law of 1955. Chapter IV, sub-chapter M, sections 866 to 942 regulates commercial insurance activity. Updated in 1989 and again in 2005 when ANIC's monopoly was abolished and more detailed *Insurance Procedures* were issued



Major forms of Compulsory Insurance:

Third Party Automobile Liability in the city of Kabul

Non-Admitted Insurance:

In principle, forbidden. Some risks, particularly those that have been funded with loans from international organisations have been insured on a non-admitted basis, primarily because the state insurer has been unable to assist them with their requirements

Types of Insurance Restricted to Government Institutions: None

State Involvement:

The state owns the Afghan National Insurance Company (ANIC)

Insurance Companies:

Since the 1970s, the only company permitted to operate was the Afghan National Insurance Company (ANIC). However ANIC now operates alongside the only privately owned insurer, ICA (Insurance Corporation of Afghanistan, founded 2008). There is no Association of Insurance companies

Distribution Channels:

Distribution is dominated by tied agents and brokers acting as consultants. There is no Brokers' Association

Currency Restrictions / Exchange Controls: None

Policy Wordings & Rates / Tariff Controlled: None

Policy Language: Persian or English

Policy Currency:

Afghanistan Afghani (AFN) and US Dollars

Policy Period:

Annual, although for larger risks multi-year policies are available

Cancellation Provisions:

Any time before renewal date

Premium Taxes and Charges:

No IPT as such but a BRT (business receipts tax) at 2% on premium plus a stamp duty at 1% are applicable. The BRT is payable within ten days at the end of the month (Islamic month, not the western calendar) to the tax authorities. Aviation is treated differently and the tax collected annually

Brokerage Commissions:

Vary greatly

Broker of Record Letters:

Sometimes required

Reinsurance:

As the insurance market is at an early stage of development, only the aviation account is reinsured by the state insurer. As non-life business develops there is expected to be an increase in the demand for reinsurance

Pooling Facilities: None

Local Natural Hazards:

Damaging earthquakes occur in Hindu Kush mountains; flooding; droughts

Other Information:

Non-life (P&C) Insurance Market

The market is extremely small and the products offered are simple. The majority of premium income relates to the insurance of the airline account

Life Insurance Market

There is no life, pensions or healthcare business being transacted in Afghanistan. Poverty and religious beliefs have prevented the development of a life market. The state insurer might begin to write healthcare insurance within the next couple of years

Healthcare

State healthcare provision is minimal with most facilities closed, destroyed or without finance to operate. Staff is often not paid and is obliged to charge patients both for treatment and for medicines

Pensions

The position regarding payment of state pensions in Afghanistan is unclear. The 1987 Labour Code established the principle of state pensions and provided for the payment of both contributions and benefits. The whole system fell into temporary suspension during the Taliban regime as contributions ceased to be collected and as pensions ceased to be paid

Property Insurance**Named Perils:**

Standard fire perils apply and additional coverage can be endorsed or excluded

All Risks:

Available for most accounts and multinational programmes

Coinsurance:

Available for all risks policies, but most common for larger risks

Basis of Indemnity:

Either replacement cost or actual cash value

Business Interruption:

Usually follows U.K. Loss of Profits form but U.S. Gross Earnings forms available for Global Programmes

Discount for fire protection equipment / systems:

Negotiable

Terrorism

No special legislation to be complied with

Boiler & Machinery / Machinery Breakdown / Engineering

Cover follows U.K., German and U.S. forms

Construction

U.K. and U.S. forms available

Bonds / Surety

Very limited availability

General / Public Liability

Very limited availability

Products Liability

Very limited availability

Policies usually written on an occurrence basis

Workers' Compensation / Employers' Liability

Non-existent

Professional Indemnity (Errors & Omissions)

Not available locally

Directors & Officers Liability

Not available locally

Automobile / Motor

Compulsory Limits:

Bodily Injury: AFN

Property Damage: AFN

Comments:

Coverage applies to the Insured and any licensed individual driving with the Insured's permission. Passengers are deemed to be Third Parties

Personal Accident

Some products available

Medical Expenses

Basically the only cover available is for expatriates and is arranged by their employers abroad

Disability

Basically the only cover available is for expatriates and is arranged by their employers abroad

Crime / Fidelity

Very limited availability

Marine / Inland Transit

Usual London Institute Clauses and Institute Hull Clauses

Other Classes of Insurance readily available

Aviation; Trade Credit; Contract Works; Corporate Travel