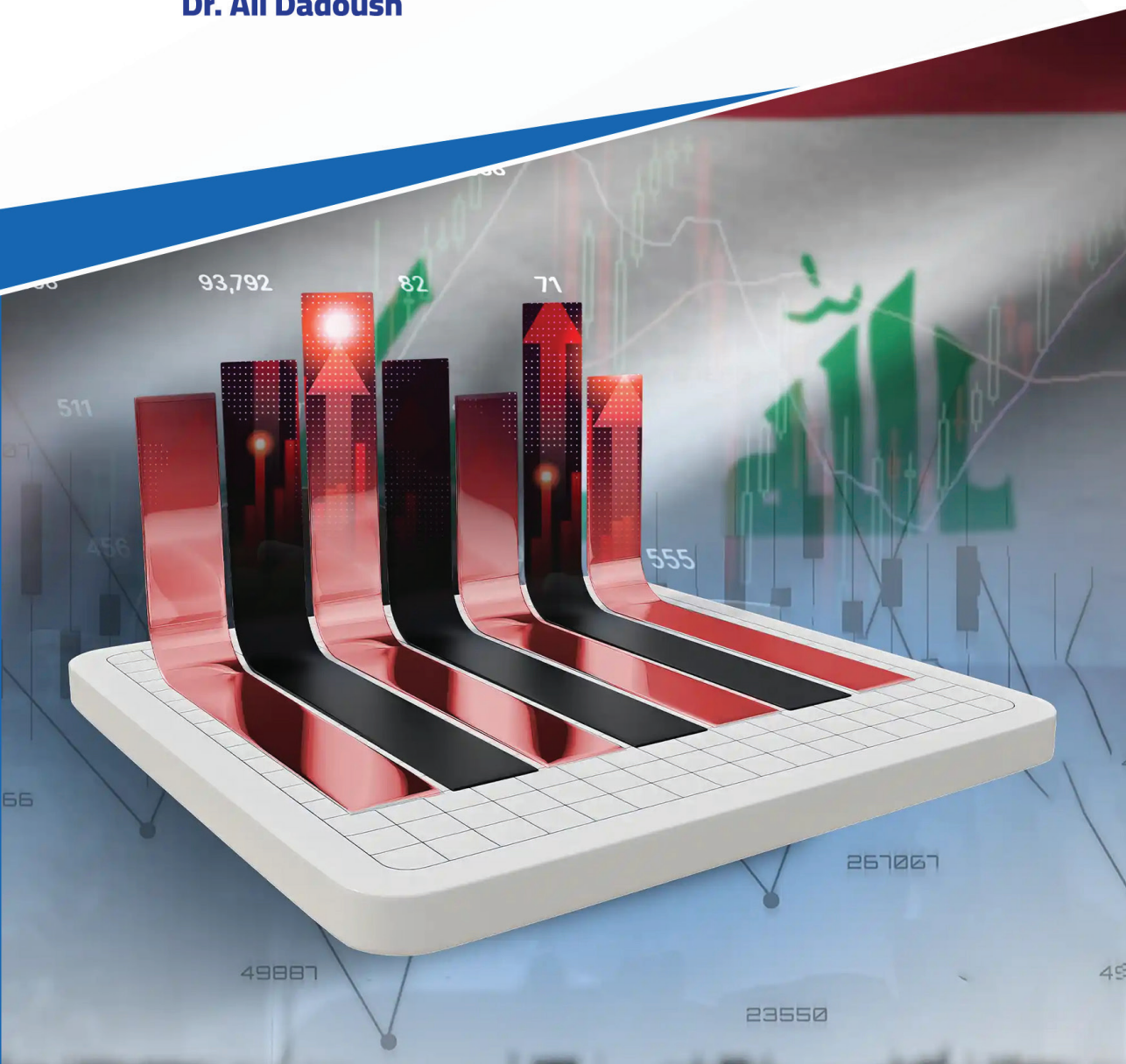




Assessing the Impact of the Fire Insurance Gap on the Vulnerability of Private Economic Enterprises in Iraq

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I. **Abstract**

- Iraq's economic system does not encourage the development and sustainability of insurance mechanisms; thus, insurance represents the weakest link in project diversification and in motivating small investors to engage in risk-taking activities.
- The absence of protection through insurance constitutes a fundamental obstacle to the creation, diversification, and expansion of new investments, while also threatening the continuity of existing operations.
- Most investment projects do not comply with insurance requirements in general, and fire insurance in particular, due to the weak regulatory framework governing insurance companies operating in Iraq, coupled with limited oversight by the Ministry of Finance, under whose authority the Insurance Bureau operates. Furthermore, there is low public awareness or cultural acceptance of the importance of insurance in its various forms, a situation exacerbated by the lack of state support for this vital sector.
- Establishing a comprehensive insurance system for private economic enterprises, particularly with respect to fire coverage, represents a crucial step toward protecting the national economy, fostering entrepreneurship, and reducing investment risks.
- Transitioning to an integrated and effective system of insurance against fires and disasters in Iraq is an essential economic and financial requirement, especially in light of the rising frequency of incidents and the growing scale of economic and social losses.
- Building trust with both domestic and international investors depends on the existence of a credible insurance system.
- Iraq urgently requires fundamental reforms in its insurance structure—not merely to reduce losses, but also to safeguard economic growth and protect investments.



- Reforming the system could serve as a catalyst for preserving national wealth, enhancing investor confidence, and advancing non-oil economic development.
- The insurance sector in Iraq faces numerous challenges and obstacles, including weak awareness of insurance among business owners, the absence of mandatory insurance against major risks such as fire and explosion, and a lack of institutional cooperation between civil defense authorities and insurance companies. This has led to complex compensation procedures after accidents. Consequently, the absence of coverage for indirect damages (such as loss of profit and operational downtime) and the lack of a disaster compensation fund have adversely affected private-sector enterprises in the country.
- We recommend reforming the insurance system through the launch of a National Economic Security Program, from which we anticipate a substantial improvement in insurance coverage to over 50% once the proposed incentives and legislative measures are implemented. This would result in a sharp decline in economic losses—by more than 60%—which would positively influence the business and investment climate, and lead to a significant improvement in risk management efficiency by reducing the compensation period from 12 months to only two months.

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II. **General Introduction**

The concept of insurance represents a safeguard against unforeseen future events, working to mitigate anticipated material and financial losses resulting from disasters that individuals cannot cover, bear, or determine in scale and consequences. Branches of insurance have expanded according to the types of incidents and risks expected, such as: life insurance, work stoppage coverage for individuals or economic



enterprises, protection against civil liability risks, property insurance, agricultural crop insurance, and other forms depending on the nature of potential risks.

Insurance plays an important role in both economic and social activity. It constitutes one of the largest and most important savings vehicles in any economy, through the collection of premiums, surpluses, accumulated capital, and reserves, and then investing them across various fields and economic activities. Ultimately, insurance achieves its primary purpose: sustainable economic development. The process is carried out through insurance companies, which hold great importance in economic activity as large financial institutions that aim to achieve economic welfare while providing social services to individuals by protecting and insuring them against various risks.

Iraq is heavily dependent on oil rents—indeed, it is a classic rentier economy. This dependence has weakened other sectors and economic activities, including the insurance sector, which has been a marginal concern for Iraqi economists. It has received little attention either before or after 2003, with contributions limited to brief observations and passing references. The neglect of this vital sector was further entrenched by the lack of a genuine private sector capable of boosting productivity in non-oil sectors, as well as by the weak role of insurance institutions and associated culture in public life and financial activity.

The Iraqi insurance sector deserves special attention given its productive role in compensating individuals, families, and enterprises (including investment projects) for material damages and losses, as well as its investment role through the pooling of insurance premiums.

Within this context, the problems of Iraq's insurance sector—particularly in relation to fire insurance—are reflected in two main aspects:



- 1- The magnitude of economic losses resulting from fires (2020–2024), as shown in Table (1):

Table (1): Number of Fires and Sites Damaged in Physical and Financial Terms

Year	Number of Fires Re-reported in Private Enterprises	Estimated Financial Losses ((Billion IQD	Major Damaged Sites
2020	2,870	110	Shorja Market, Al-Alawi Garage
2021	3,120	135	New Baghdad Warehouses, Karrada
2022	3,450	152	Erbil Central Market, Dora
2023	3,980	180	Old Basra Market, Kadhimiya
2024	4,215	196	Al-Nahda Warehouses, Palestine Street

Source: Ministry of Interior / Directorate of Civil Defense + Ministry of Finance estimates in cooperation with Chambers of Commerce.

- 2- Weak insurance coverage, represented by the fact that fewer than 12% of private enterprises are insured against fire, the absence of mandatory insurance requirements from the government or municipalities (the relevant authorities), and the insufficient activation of state-owned insurance companies such as the Iraqi Insurance Company. This is in addition to the limited reach and influence of private insurance firms.

Hence, the importance of this paper lies in its attempt to evaluate the current state of economic insurance in Iraq, diagnose the gaps in private-sector fire insurance, and present practical proposals for developing an effective and sustainable insurance system. This would



provide policymakers with actionable recommendations to safeguard the national economy.

III. **The Concept of the Insurance Sector: Types and Importance**

Insurance is defined as an agreement under which the first party (the insurer) undertakes to pay the second party (the insured) or the beneficiary designated in the contract a sum of money or other financial compensation (the insured amount) upon the occurrence of an accident or the realization of a specified risk, in return for periodic payments (premiums) made by the insured to the insurer.¹

In modern economies, risk insurance is a multidimensional activity that intersects with many aspects of daily life. Its importance cannot be measured solely by the number of employees it engages, the assets it manages, or its contribution to GDP. In practice, insurance plays a fundamental role in enabling the functioning of modern societies, serving as a prerequisite for many activities that would otherwise be impossible. For example, companies would not undertake large-scale investments if their factories were not insured against fire and other risks. Similarly, major infrastructure projects become viable only through insurance coverage, while shipping and aviation companies are legally prohibited from operating without liability insurance that protects potential accident victims.

1. **Types of Insurance**

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.٢٩ development in Iraq. *Gulf Economist Journal*, Issue



The insurance sector is generally divided into three main categories: personal insurance, property insurance, and liability insurance, as follows:²

1.1 Personal Insurance

This category provides protection against risks that may affect an individual's life, health, or capacity to work. It includes:

- **Life Insurance:** Provides financial support to designated beneficiaries in the event of death.
- **Health Insurance:** Covers the costs of medical treatment and pharmaceuticals.
- **Personal Accident Insurance:** Provides compensation for injury or death caused by accidents.

1.2 Property Insurance

This category covers damage or loss to property, including homes, vehicles, and commercial buildings, whether caused by natural disasters or accidents. It includes:

- **Disability Insurance:** Provides financial compensation in the event of a loss of ability to work.
- **Property Insurance:** Covers damage to property, including homes, vehicles, and commercial buildings. It protects your assets against loss or damage caused by natural disasters or accidents.
- **Theft Insurance:** Protects homes or businesses from loss due to theft.

2. National Insurance Company (Public Company). (n.d.). Life insurance. Retrieved from <https://nic.mof.gov.iq/life> unsupple#:~:text=20%على20%التأمين,20%التأمين*20%الحياة20%مدى20%التأمين*20%الحياة20%الأدخاري=أنواع20%وثائق20%التأمين20%على20%



- **Engineering Insurance:** Covers damage to buildings or structures during construction or operational phases.

1.3 Liability Insurance

This category provides protection against legal liability for damages caused to third parties, and includes:

- **Third-Party Liability Insurance:** Covers damages inflicted on others due to negligence or error.
- **Professional Liability Insurance:** Covers professional mistakes or negligence in the course of work.
- **Product Liability Insurance:** Covers harm caused to others by defective products.

Insurance companies may offer a variety of policies within these categories. In some cases, certain types of insurance are compulsory by law—for example, automobile liability insurance in many countries.

2. Importance of Insurance

In societies where insurance plays a significant role in mitigating risks, disputes over accidents or damages are less likely to escalate into extortion or violence, since the financial burden of risks (such as fire or collision) is transferred to the insurance company. The Iraqi Insurance Corporation has historically played this role. For instance, the risk of fire spreading from one insured house to a neighboring property is addressed through a specific extension of the fire insurance policy, known as liability coverage toward neighbors. Similarly, disputes arising from car collisions have been regulated under the Compulsory Insurance Law on Civil Liability Arising from Car Accidents of 1964, followed by the Compulsory Motor Vehicle Insurance Law of 1980.



These laws represented a significant step forward in regulating an important aspect of social relations beyond the framework of tribal customs. They provided essential protection against the economic and social consequences of car accidents for both perpetrators and victims. In this way, insurance performs a modern social function by transferring responsibility for compensation and dispute resolution from individuals to a third party—the insurance company—thereby replacing reliance on tribal arbitration. While tribal traditions remain deeply rooted, the enactment of modern legislation marked the beginning of a shift away from them. Insurance can play a similar role in addressing professional errors and ensuring compensation for those affected by them.

In recent years, the frequency of fires in private economic enterprises in Iraq—particularly in major markets, commercial centers, and warehouses—has increased, in the absence of an effective and comprehensive insurance system capable of protecting productive and commercial assets. Within the broader context of transitioning toward private-sector development and economic diversification, the lack of insurance coverage has become one of the main obstacles to new investment and poses a direct threat to the continuity of existing operations.

IV. The Insurance System in Iraq: Reality and Assessment

Over the past two decades, Iraq's private sector has experienced notable growth, particularly in the industrial, commercial, and service sectors. However, this growth faces challenges that threaten its sustainability, foremost among them the weakness of the economic insurance system—especially disaster and fire insurance. Table (2) illustrates the current state of the insurance system in Iraq:



Table (2): The Insurance System in Iraq

Indicator	Value / Current Situation
Number of registered insurance companies (2024)	companies (3 state-owned, 31 private)
Percentage of insured projects	Fewer than 10% of private-sector projects
Fire insurance coverage	Partial and limited – excludes indirect damages
Number of recorded fires in private facilities (2023)	incidents 931
(Estimated fire losses (2023)	Around 1.4 trillion IQD
Compensation paid by insurance companies (2023)	Only 112 billion IQD
Percentage of business owners who received no compensation	89%

Source: Prepared by the researcher based on multiple sources.

It is evident from Table (2) that the private insurance sector plays a limited role. Despite the increase in the number of companies to 34, their actual impact on economic protection remains negligible. This has resulted in structural deficiencies in coverage, as the proportion of insured private-sector projects (including those in the informal economy) remains below 10%—a striking figure that reflects severe shortcomings in both insurance awareness and incentive structures.

There is also a substantial gap between damages and compensation. While losses reached approximately 1.4 trillion IQD in 2023, compensation did not exceed 112 billion IQD—less than 8% of the damages. Consequently, 89% of business owners received no compensation, underscoring the fragility of the insurance system and the deep mistrust between entrepreneurs and insurance providers. Ultimately, this has left the private sector without effective mechanisms for timely compensation.



A general assessment of Iraq's insurance system reveals that most investment projects fail to comply with insurance requirements in general, and fire insurance in particular. This is largely due to the weak legal framework governing insurance companies operating in Iraq, combined with limited oversight by the Ministry of Finance, under which the Insurance Bureau operates. Moreover, public awareness of the importance of insurance remains very low, a situation linked to the absence of state support for this vital sector. Table (3) summarizes these challenges:

Table (3): Evaluation of Insurance Policy in Iraq

Policy Element	Current Reality	Assessment
Legal framework	No obligation for enterprises to insure against risks	Weak regulation
Regulatory body	Insurance Bureau - Ministry of Finance	Limited role and oversight
Insurance awareness	Very low among small and medium-sized enterprises	Negative
State support for insurance	Indirect; no tax exemptions or incentives	Insufficient

Source: Ministry of Finance, National Insurance Company - <https://nic.mof.gov.iq/>

In recent years—particularly in 2025—the frequency of fires in markets, factories, and commercial facilities has escalated, causing losses amounting to billions of dinars. The absence of effective insurance mechanisms has prevented adequate compensation for business owners and hindered the continuity of economic activity. Table (4) provides a breakdown of fires in private investment projects across Iraq's Governorates during the period 2020–2024:



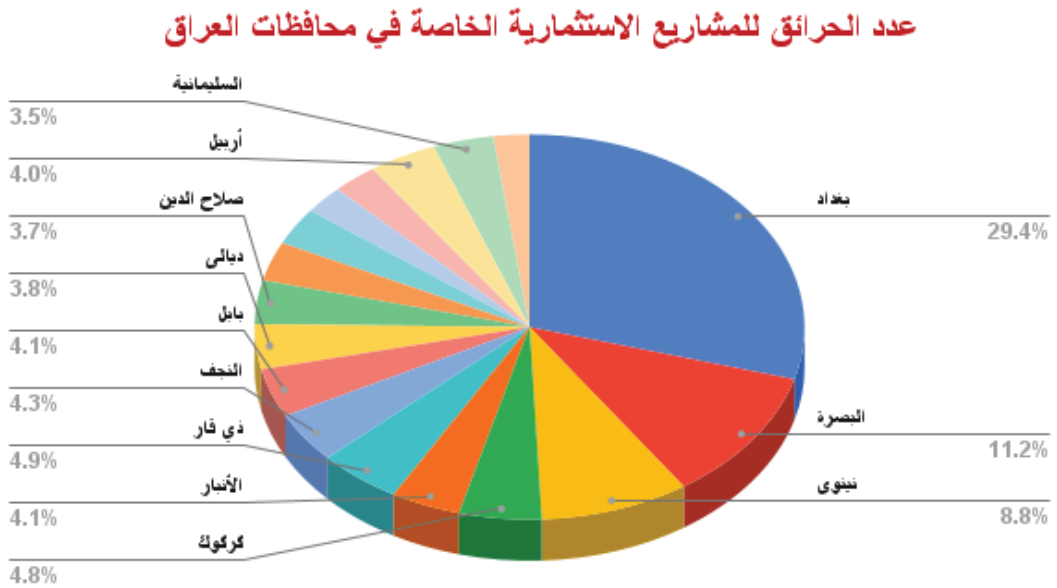
Table (4): Number of Fires in Economic Projects in Iraq by Governorate (2020–2024)*

Governorates	2020	2021	2022	2023	2024	Total
Baghdad	217	238	253	265	270	1,243
Basra	82	91	94	100	105	472
Nineveh	66	70	74	79	82	371
Kirkuk	34	39	41	44	47	205
Anbar	29	33	35	37	39	173
Dhi Qar	37	39	41	44	46	207
Najaf	31	34	36	38	41	180
Babil	30	32	35	37	39	173
Diyala	28	30	32	34	36	160
Salah al-Din	27	29	31	33	35	155
Wasit	25	26	28	29	31	139
Maysan	24	25	26	28	30	133
Muthanna	18	19	20	21	22	100
Qadisiyyah	20	21	22	23	25	111
Erbil	30	32	34	37	38	170
Sulaymaniyah	26	28	30	32	34	150
Duhok	16	17	18	19	20	90
Total	740	803	850	931	970	4,293

* Includes fires in markets, factories, warehouses, malls, and workshops.

Source: General Directorate of Civil Defense – Annual Reports 2020–2024.

Figure (1): Fires in Private Economic Projects across Selected Iraqi Governorates



Source: Researcher, based on Table (4).

Table (4) and Figure (1) reveal a concerning upward trend in fire incidents, with an increase of roughly 31% over five years—rising from 740 incidents in 2020 to about 970 in 2024. Baghdad recorded the highest number, with approximately 1,243 incidents (29.4% of the total). This reflects both the concentration of commercial and industrial activity in the capital and persistent weaknesses in safety systems and electrical infrastructure. Other major Governorates, including Basra, Nineveh, Erbil, and Sulaymaniyah, also registered high rates, highlighting the growing scale of uninsured economic activity in cities with extensive commercial districts and large markets.



Smaller Governorates such as Muthanna, Duhok, and Qadisiyyah reported fewer incidents but are by no means immune. This underscores the urgent need for a unified national insurance system. On average, Iraq has experienced nearly 900 fires annually over the past five years—equivalent to more than two incidents per day affecting economic establishments.

V. Analysis of the Economic Impact of Fires in the Absence of an Effective Insurance System

1. The Concept of the Economic Impact of Fires

This refers to the total direct and indirect losses borne by the state, society, and private sector as a result of fires in investment or production projects. Direct losses include the destruction of property, infrastructure, equipment, raw materials, inventories, and other assets. Indirect losses refer to the suspension of productive or service activities, loss of income, a rise in temporary unemployment, and consequently, a decline in investor confidence and disruptions in supply chains.

2. The Role of an Effective Insurance System

An effective insurance system alleviates the burden of both direct and indirect losses by compensating project owners for financial damages or by quickly providing financial support to businesses following an incident. It also involves insurance companies in promoting a culture of safety and prevention.





The absence of such a system in Iraq has led to the following outcomes:

- A. Increased financial losses for the state and citizens, as the government bears the burden of emergency compensation outside the budget, while affected households lack financial protection, resulting in sudden financial hardship.
- B. Disruption of local economic growth, since factories, shops, and warehouses affected by fires may not resume operations, leading to job losses and reduced local spending.
- C. Decline in investor confidence, given that an uninsured environment makes investment highly risky. Some industrial and commercial projects in cities with high fire incidence have been suspended.
- D. Strain on government finances, as growing compensation claims place pressure on the public treasury, thereby affecting allocations for development and other sectors.
- E. Lack of incentives for prevention, since without insurance there is no entity monitoring and enforcing preventive safety standards. The recurrence of accidents due to negligence or fraud, including arson committed to fraudulently obtain government compensation, also contributes to this problem and must be addressed by relevant authorities.

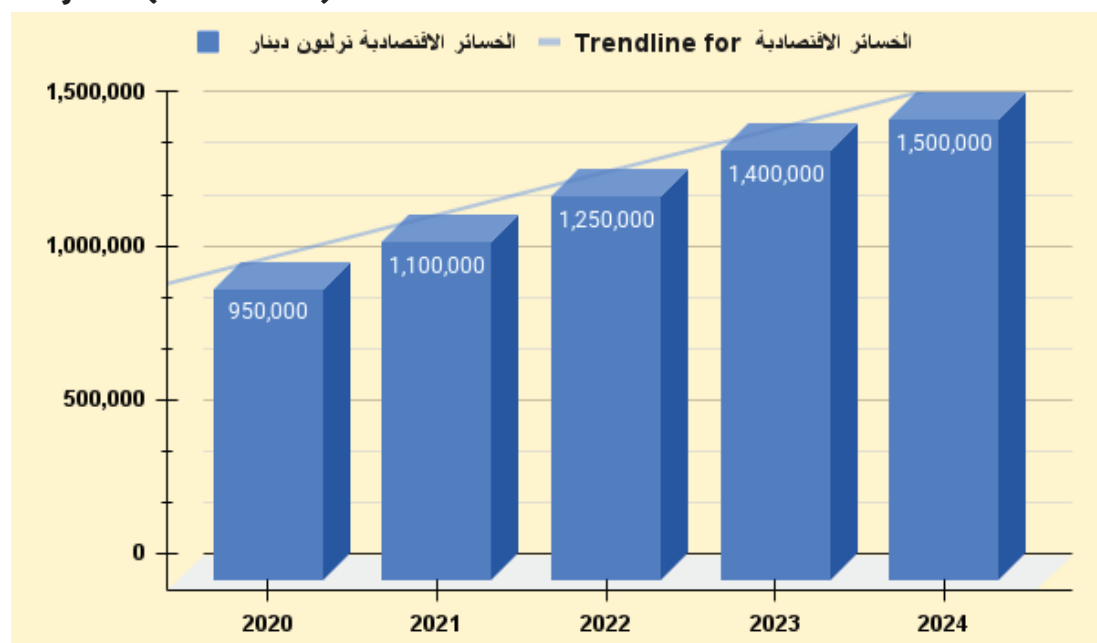


Table (5): Economic Losses of Uninsured Private and Public Sector Projects (2020–2024)

Year	Number of Economic Fires	Economic Losses ((Billion IQD	Percentage of Uninsured Projects Affected	Impact on GDP (%)
2020	740	950,000	87%	0.6%
2021	832	1,100,000	88%	0.7%
2022	945	1,250,000	89%	0.75%
2023	978	1,400,000	89%	0.8%
2024	1,012	1,500,000	90%	0.82%

Sources: Civil Defense Directorate Reports (2021–2024); Iraqi Insurance Authority, Annual Reports (2020–2024); Ministry of Planning, National Accounts (2020–2025).

Figure (2): Economic Losses of Uninsured Private and Public Sector Projects (2020–2024)



Source: Compiled by the researcher based on Table (5).

From Table (5) and Figure (2), a clear upward trend is evident in both the number of incidents—increasing by approximately 44% during the period 2020–2024—and the volume of losses, which rose from 950 billion to nearly 1.5 trillion IQD. Despite this increase, the level of insurance coverage did not improve; rather, the share of uninsured projects grew, confirming the continued weakness of the insurance sector.

The impact on the national economy has also escalated, with the effect on GDP rising from 0.6% to approximately 0.82%. This indicates that the absence of economic protection is gradually transforming into a macroeconomic cost, with adverse repercussions for the Iraqi economy as a whole.

Key Challenges Facing the Iraqi Insurance System:

- ❖ Weak insurance culture among project owners.
- ❖ Lack of a mandatory system for insuring against major risks, such as fire and explosion.
- ❖ Limited institutional cooperation between the Civil Defense Directorate and insurance companies.
- ❖ Complicated claims procedures following accidents.
- ❖ Failure to cover indirect damages, such as loss of profits and operational downtime.
- ❖ Lack of a national disaster compensation fund.



VI. Comparison of the Iraqi Insurance System with Selected International Experiences

After examining the main challenges and obstacles facing Iraq's insurance sector (see Section IV), and in order to propose remedies and strengthen the insurance framework for private economic projects, Table (6) summarizes the characteristics of the insurance sectors in selected countries:

Table (6): Features of the Insurance Sector in Selected Countries

Country	Features of the Business Insurance System
Egypt	Fire insurance is mandatory in certain industrial zones, with government-supported solidarity funds
Turkey	Private insurance companies are highly active, with government support, strict regulatory oversight, and tax exemptions for insurance
Jordan	Government emergency funds are available to compensate for uninsured damages, particularly in markets and commercial sectors

Sources: Arab Republic of Egypt, Major Accident Compensation Fund Report, 2023; IKAMET Turkey, Understanding DASK Insurance in Turkey. <https://www.turkiyesigorta.com.tr/en/help-center/frequently-asked-questions/dask>

Table (6) illustrates the diversity of insurance systems in Egypt, Turkey, and Jordan. Turkey represents a best-practice model through the DASK system—a comprehensive insurance framework covering most disasters, supported by the government, strictly enforced by law, and financed through mandatory contributions. Egypt applies a balanced model that links business licenses to insurance coverage, including direct state support in the event of major disasters.

Jordan operates special insurance schemes for major accidents, coordinated with the government, covering fires, explosions, and certain other disasters. These schemes are voluntary, though the government provides incentives, particularly for small and medium-sized enterprises.



From this comparison, it is evident that Iraq falls outside the framework of modern insurance systems and performs poorly even compared to countries with similar economies. Iraq lacks all the key components of an effective insurance system: no mandate, insufficient protection, absence of government support, and weak insurance system databases.

The weakness of Iraq's insurance sector is further confirmed by the absence of mandatory insurance, the lack of a national disaster compensation fund, and the absence of institutional coordination between the Civil Defense Directorate and insurance companies. Table (7) presents a comparative analysis of disaster insurance policies in selected neighboring countries relative to Iraq:

Table (7): Comparison of Disaster Insurance Policies in Selected Neighboring Countries

Country	Type of Insurance System	Mandatory / Voluntary	G o v e r n - m e n t I n - t e r v e n t i o n	Key System Advantages
Turkey	Natural Disaster Insurance Fund ((DASK	Mandatory	Yes	Comprehensive coverage for earthquakes and fires; payout within 15 days
Jordan	Private insurance coordinated with government	Voluntary	Partial	Coverage for fires, explosions, human-made disasters
Iran	Government-supported insurance system	Mandatory for factories	Strong	Direct compensation from government companies and national reserve
Egypt	Major Accident Compensation Fund	Partially mandatory	Direct	Rapid compensation mechanism linked to business licensing
Iraq	Traditional system – weak coverage	Voluntary	Absent	Weak response capacity; no disaster management system

Source: Based on preceding discussion.



VII. **Case Study: Failure of Insurance in Protecting the Local Economy**

A fire occurred in central Baghdad, specifically in the Al-Shorja area. The Civil Defense Directorate deployed more than 25 teams from Karkh and Rusafa to extinguish the fire. Table (8) summarizes the incident:

Table (8): Case Study – Al-Shorja Market Fire, Baghdad – October 2022

Element	Value
Date of Incident	October 2022
Location	Al-Kifah Street, Al-Shorja Area, Baghdad
Number of Affected Shops	shops and commercial warehouses 124
Type of Activity	Clothing, household items, electronics
Cause of Fire	Electrical short circuit from an uninsulated generator
Estimated Financial Losses	billion IQD 19.4
Number of Insured Shops	9
Total Compensation Paid	million IQD 410
Insurance Coverage Ratio	of total damages 2.1%
Number of Workers Laid Off	237

Sources: Baghdad Chamber of Commerce, various reports, 2022; Iraqi Insurance Authority, Annual Report 2022.

This fire illustrates the failure of the insurance system in protecting the local economy. Only 9 out of 124 shops were insured, representing less than 7.3%, while compensation covered only 2.1% of total damages, highlighting the complete disconnect between incidents and insurance protection.

The economic impact was multi-dimensional, including the dismissal of approximately 237 workers, which imposed additional social and financial burdens on households and the government. The primary cause—a short circuit—exposed the vulnerability of infrastructure

and the risks associated with reliance on non-standard generators. Furthermore, the complete absence of government support in compensation exacerbated the crisis of confidence among merchants.

This case serves as a microcosm of the daily realities faced by Iraqi cities, reflecting the lack of an insurance culture, insufficient regulatory enforcement, and the significant threat to the sustainability of small and medium-sized enterprises (SMEs).

VIII. **Proposal for Reforming the Insurance System in Iraq**

Establishing a national insurance system for private economic projects against disasters—particularly fires—can provide financial protection, encourage investment, and reduce the fiscal burden, as outlined in Table (9):

Table (9): Proposed Reform of the Insurance System in Iraq

Item	Proposal
Binding Legal Framework	Enact a law requiring economic establishments (warehouses, markets, factories) to obtain fire insurance through accredited insurance companies
National Fire Compensation Fund	Establish a funding pool (initial fund of 100 billion IQD) to cover major uninsured cases, supported by the Ministry of Finance
Tax Incentives for Insurance	Provide a tax deduction of up to 50% of insurance premiums
Unified Regulatory System	Strengthen the Insurance Bureau's role in overseeing all insurance policies for economic projects
Awareness Campaigns	In partnership with Chambers of Commerce and Industry Associations, educate project owners on the importance of insurance
Integration of Insurance into Commercial Licensing	Licenses should be issued or renewed only upon submission of a valid insurance policy

Source: Prepared by the researcher.



A. Legislative and Institutional Reform

- Amend Insurance Law No. 10 of 2005 to include mandatory fire insurance for medium and large enterprises.
- Issue joint directives from the Ministries of Finance, Interior (Civil Defense), and Trade to manage insurance files for establishments.

B. Launch of an Emergency Insurance Fund for Private Projects

- Initial fund contribution of 250 billion IQD from the Ministry of Finance.
- Annual contributions from companies at 1.5% of taxable profits.
- Joint management by the Ministry of Finance and insurance companies.

C. Strengthening the Role of the Private Insurance Sector

- Grant tax incentives to companies insuring their assets (5% tax deduction).
- Tie industrial and commercial licensing to active fire insurance coverage.

D. Enhancing Compensation Mechanisms

- Develop a centralized electronic platform for reporting incidents and processing claims.



- Include a Civil Defense representative in damage assessment committees to ensure transparency.

E. Awareness and Education

- Launch a national campaign titled **“Insure Your Project.. Don’t Let Your Dreams Burn”**, sponsored by the Ministry of Finance and the National Insurance Authority.

1. Economic Impacts of Implementing the New Insurance System

The anticipated effects of these reform proposals on Iraq’s insurance system are presented in Table (10):

Table (10): Impacts of Implementing the New Insurance System in Iraq

Indicator	Before Re- form	After System Implementa- tion
Percentage of Insured Projects	Less than 10%	Over 50% within two years
Annual Economic Losses Incurred	trillion IQD 1.4	Over 600 billion IQD
Speed of Compensation Disburse- ment	months 12-6	months 2-1
Insurance Sector Contribution to GDP	0.2%	1.1%

Source: Prepared by the researcher.

Implementing these reforms is expected to produce a significant improvement in insurance coverage, exceeding 50% following the introduction of incentives and legislative measures. Consequently, economic losses could decline sharply by more than 60%, positively impacting the business and investment environment. Risk



management efficiency would also improve, reducing compensation periods from 12 months to just 2 months. Ultimately, the insurance sector could transition from a marginal role to contributing over 1% of GDP, supporting job creation and promoting growth in the financial sector.

2. **Additional Proposals³**

- A. **Inclusion of Agricultural Insurance:** Covering crop production, livestock, and poultry.
- B. **Development of Life Insurance Policies:** Particularly those providing annual pension benefits.
- C. **Conduct Feasibility Studies for Mandatory Insurance:** Consider mandatory coverage for certain risks by law (fire, floods, employer liability, ten-year construction liability) or as a requirement for specific professions (e.g., professional liability for medicine, law, consulting engineering, architecture). Extend insurance coverage to public facilities such as seaports, airports, bridges, buildings, and other infrastructure.
- D. **Establishing a Unified National Insurance Market:** Create a federal market under a single regulatory system, facilitating the establishment of insurance companies or branches in the Kurdistan Region.
- E. **Organizational Reform:** Consider merging the National Insurance Company with the Iraqi Insurance Company and reinstating life insurance specialization within the Iraqi Insurance Company, which was discontinued in 1988.

3. Misbah Al-Kamal. (2019). The Iraqi insurance sector: Issues and development proposals. Paper published on the Iraqi Economists Network. Retrieved from <http://iraqieconomists.net/>





Conclusion

Iraq cannot effectively develop and diversify its economic activities without enacting legislation, accompanied by regulatory and institutional reforms of the insurance system. It is also essential to include emerging economic projects within the scope of insurance coverage, particularly fire insurance. Implementing these measures will encourage and enhance responsible risk-taking in economic projects, replacing the current inadequate framework.

Accordingly, the following technical recommendations are proposed:

1. Enact mandatory insurance legislation for economic projects during the current legislative session.
2. Activate the National Fire Compensation Fund under the joint supervision of the Ministry of Finance and the Insurance Bureau.
3. Launch a national insurance awareness campaign during the remainder of 2025.
4. Develop insurance policies linked to the proposed National Economic Safety Platform.
5. Provide technical and legislative support to public and private insurance companies to expand coverage across regions and sectors.



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