Introduction

In a growing economy of any country Financial Administration plays an important role with respect to insurance, industries and areas like agriculture. Administration is a procedure under the insolvency laws of a number of common law jurisdictions which functions as a rescue mechanism for insolvent companies and allows them to carry on running their business. Financial Administration involves critical management of funds. Insurance which is the area of proposed research is defined as the equitable transfer of the risk of a loss, from one entity to another, in exchange for a premium. An insurer is a company selling the insurance. The insurance rate is a factor used to determine the amount, called the premium, to be charged for a certain amount of insurance coverage. Risk management, the practice of appraising and controlling risk, has evolved as a discrete field of study and practice. Financial Administration means putting together the economic resources at hand to make efficient use of them and taking decisions that can successfully culminate in acquiring more assets for the family or business. The whole process is intense and deals with the selection of specific or a combination of assets to deal with a financial issue, if any. The aim of financial administration is to reduce the size of a problem and ensure fiscal growth of the enterprise. Effective financial administration and its management involve calculation of risk, cost and control and maintaining the cost of funds at minimum. This is done with the intent of establishing a proper balance between the involved risk and optimized control.

Significance of the Study

The research investigates changing trends in Financial Administration with respect to Insurance agencies in Iran which will help manage various financial issues in a more meaningful way. The primary responsibility of financial administration looks for the fiscal integrity of an economic system. Such financial administration systems are expected to provide a financial environment that is secure, encourages the accomplishment of a missions that provides timely and accurate information so as to assists all levels of management in making prudent financial decisions. Financial administration also deals with the calculated and predicted cash in-flow and outgoings. The analysis is directed towards the study of the effect of existent funds on managerial objectives. Financial administration handles everything from procuring the funds to effective utilization of the same. Dedicated Financial Management analysis handles procurement of funds from multiple sources and since the funds are from different sources, they naturally need to be addressed considering the difference with regards to the potential risk and control.

So as to meet such responsibilities, the study aims at the new and changing trends of Financial Administration and management of Insurance agencies in Iran with respect to areas like-Budget.
In order to understand the various trends in financial administration it is important to first understand the terms like:
1. Financial planning
2. Financial Forecasting
3. Budgeting,
4. Financial ratio analysis
5. And the role of financial majors related to insurance sector.

Financial planning is a systematic approach whereby the financial planner helps the customer to maximize his existing financial resources by utilizing financial tools to achieve his financial goals. Financial planning is a process that consists of specific steps that help you to take a big-picture look at where you are financially.

In general usage, a financial plan can be a budget, a plan for spending and saving future income. This plan allocates future income to various types of expenses, such as rent or utilities, and also reserves some income for short-term and long-term savings. A financial plan can also be an investment plan, which allocates savings to various assets or projects expected to produce future income, such as a new business or product line, shares in an existing business, or real estate. In business, a financial plan can refer to the three primary financial statements (balance sheet, income statement, and cash flow statement) created within a business plan.

Financial forecast or financial plan can also refer to an annual projection of income and expenses for a company, division or department. A financial plan can also be an estimation of cash needs and a decision on how to raise the cash, such as through borrowing or issuing additional shares in a company.

While a financial plan refers to estimating future income, expenses and assets, a financing plan or finance plan usually refers to the means by which cash will be acquired to cover future expenses, for instance through earning, borrowing or using saved cash.

Budgeting generally refers to a list of all planned expenses and revenues. A budget is an important concept in microeconomics, budget is an organizational plan stated in monetary terms. In summary, the purpose of budgeting is to provide a forecast of revenues and expenditures i.e. construct a model of how our business might perform financially speaking if certain strategies, events and plans are carried out and also enable the actual financial operation of the business to be measured against the forecast.

Financial ratio analysis is the calculation and comparison of ratios which are derived from the information in a company's financial statements. The level and historical trends of these ratios can be used to make inferences about a company's financial condition, its operations and...
attractiveness as an investment. Financial ratios are calculated from one or more pieces of information from a company's financial statements. For example, the "gross margin" is the gross profit from operations divided by the total sales or revenues of a company, expressed in percentage terms. In isolation, a financial ratio is a useless piece of information. In context, however, a financial ratio can give a financial analyst an excellent picture of a company's situation and the trends that are developing.

Review of Literature:

In order to meet the various goals of financial administration of a financial system like Insurance developed countries have implemented various trends that can support the proper functioning of any financial administration. The areas of such development are mostly related to Politico-Economic Systems, Economic policy and Business Environment Operation Research, Organizational Behavior and Banking Law and Practice.

A significant work on the fiscal economy of Iran indicates that the financial administration are based on social classes, foreign trade, transport, agriculture and industry, petroleum and public finance, of which considerable work has been conducted on ‘foreign trade’ indicating a twelve fold increase since c.1800, with a growth in differentiated trading areas within a large economy of Iran (Issawi 1966).

Considerable work has also been conducted on the analysis of the fiscal policies and financial systems prevalent in Persia from the Safavid through the Qajar periods. The work highlights the system by which a state's revenues were determined, collected and disbursed by the government. The study indicates the land management, the status of peasants, waqf administration, mamalek, khasseh, and mawat lands, varieties of taxes, duties and excises, systems of central and provincial taxation, and budgeting procedures (Floor 1998).

The first Iranian insurance company was established in 1935, by the government as a state-owned insurance company, while there were already 21 foreign companies and agents active in the Iranian Insurance market. Up until 1952, the government of Iran authorized only another Iranian Insurance company while the number of foreign insurers reached 23.

In 1952, the Council of Ministers exerted a decree whereby requiring any one of the foreign insurers to make a security deposit of $250,000 with the government, and gradually increase it by another $250,000 out of their yearly earnings. This total of $500,000 deposit was considered as a guarantee to secure good performance of foreign insurers. Except Yorkshire of England and Ingostrakh of USSR, who acted upon the decree accordingly, the other foreign insurers stopped their activities in Iran.
Until nationalization of insurance in 1979, Iran Insurance Company was the only state-owned company in Iran and 12 other privately owned insurance companies were in operation together with the two foreign agencies.

In June 1979, the Council of Revolution, nationalized the existing 12 private insurance companies and nullified the licenses of the two foreign agencies. In November 1979, the new Constitution of Iran was ratified and, on that basis, nationalization of many industries, including insurance industry, was reaffirmed by the way to keep such activities for the state. Consequently, there (first) remained only three state-owned insurance companies, namely, Iran Insurance Company, Asia Insurance Company and Alborz Insurance Company. Later, among all other inactive insurance companies, Dana Insurance Company was revived to be active only in life, accident and health insurance; the company was permitted later to cover all class of insurance. Subsequently, Export And Investment Insurance Company was formed with participation of the existing insurance companies and a few banks.

Until recent privatization, the insurance industry in Iran was handled by the said companies whose operations were (and still are, like the newly Private Companies) regulated by Bimeh Markazi (Central Insurance) of Iran which was established in 1971 as the regulatory organization with many controlling measures over the industry. The company writes all classes of insurance and reinsurance. In 2001, there was $72 million of life insurance premiums written.

Iran's Insurance Business Environment Rating (IBER) is Relative to other countries in the Middle East and Africa survey region, it is a rather unattractive insurance market for foreign insurers. Within the region, Iran stands out being effectively closed to foreign insurers due to imposed sanctions. Forecasts suggest that the economy shows signs of slowing in the next year or two. Government policies, although not always beneficial for the health of the economy, are, at least, likely to remain constant over the long term. However, the IBER is held back by the underdevelopment of the life segment and the financial infrastructure. It is also held back by the legal framework and bureaucracy in Iran.

Over the forecast period, it is anticipated that non-life premiums will grow by 22% annually in local currency terms and by 20% in US dollar terms. Life premiums are expected to increase by 12% annually in local currency terms and by 10% in US dollar terms. The key drivers of growth in the non-life segment in 2007-2012 are the anticipated rise in nominal GDP from around US$225bn to US$604bn and a near doubling of life density to US$102 per capita by 2012. Overall however, non-life penetration is expected to remain roughly static over the forecast period at approximately 1.3%. The key driver of growth in the life segment is the envisaged rise in life density from a miniscule US$3 per capita in 2007 to US$5 per capita in 2012. Additionally, Iran's growing population will contribute to growth in the life sector. The competitive landscape in Iran is a closed one in which foreign operators is effectively locked out, due to sanctions. At present only one cross border firm is operative, Fortis, servicing the non-life segment.
The insurance industry in Iran can be characterized as follows:

1. Iran is a non-admitted market, so all insurances of property, pecuniary and life are to be purchased from insurance companies being authorized by Central Insurance of Iran.

2. Apart from insurance for motor vehicles Third Party Liability (TPL) which is mandatory, due to certain regulations, there are other mandatory classes of insurance like:
   a. "Traditional Marine" Cargo insurance for consignments imported to Iran for which a Letter of Credit (L/C) is opened in Iran.
   b. Fire (and some allied perils) insurance to be purchased in favor of Iranian Banks which lend money and retain the insured property as collateral.

3. Beside commercial insurance industry which was referred to, the following insurance related organizations are also active, although they are not under control of Central Insurance of Iran.

4. Social Security Organization (SSO) is a state company which provides workman compensation type coverage to those employed, subject to Labor Law.

5. "Medical Services Organization" established with the view to provide medical insurance to any one who selects not to be insured by the Iranian commercial insurance companies or SSO or any of charitable organizations which provide such services.


Although in mid August 2000 Private Insurance were authorized to be established in Iranian Free Trade Zones (FTZs), the first company (Hafez Insurance) was established in mid March 2002, seven months after the Establishment Act of the Non Goverment Insurance Companies was approved in late August 2001. Another insurance company (Omid) started operation in FTZs.

The strengths of Iran's insurance sector are non-life segment that is starting from a reasonable size base, has good growth prospects and a level of penetration that leaves room for expansion. Meanwhile, the miniscule life sector suggests that opportunity exists for an operator with an attractive life insurance offering.

Conclusions
Taking into consideration the importance of financial administration in any economic system new and changing trends are always welcome for a constructive growth of any fiscal system. It is observed that; we can apply the principles standard government rules that govern agreements to work including costing at various stages. It is possible to identity and recognize the various roles
and responsibilities of principal investigators, departmental research administrators and central office research administrator. We can also understand the key financial issues in management, including cost sharing, effort reporting, cost transfers and procurement. Understand the importance of research in administration.

References

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