

INSURANCE INDUSTRY

SRI LANKA

LIFE INSURANCE CLAIMS SETTLEMENT STATISTICS 2022



INSURANCE REGULATORY
COMMISSION OF
SRI LANKA

Claims Settlement Statistics 2022

Long Term Insurance Business

Main purpose of insurance for an insured is to receive fair, equitable and prompt settlement of a claim. A claim means a formal request made to an insurer asking for a payment based on the terms of an insurance policy. The commitment of an insurer towards its policyholders is seen at the time of payment of the claim. It is the situation where an insurer will be judged.

A detailed analysis of claims data captured from the insurance industry in Sri Lanka for the year 2022 is provided in this report, and it endeavors to provide an understanding of the "Claims Settlement Ratio" of the long-term insurance business. The statistics aids in determining the insurer's commitment to settling insurance claims.

However, insurer has obligations towards all its policyholders, who have contributed to the common pool, from which the claims are paid. The claimant also has certain obligations to meet prior to any claims settlement. Claims procedures and basis of settlement may vary from one insurance company to another depending on the type of policy, nature of the claim and the cause of loss.

Claims Settlement Ratio (CSR)

The claims settlement ratio is the percentage of claims an insurer has settled during a financial year against the total claims received, including pending claims carried forward from the previous years.

$$\text{Claims settlement Ratio} = \frac{\text{Total Claims Paid}}{\text{Total Claims}} \times 100$$

Life Insurance Industry Claims Highlights

Chart 1

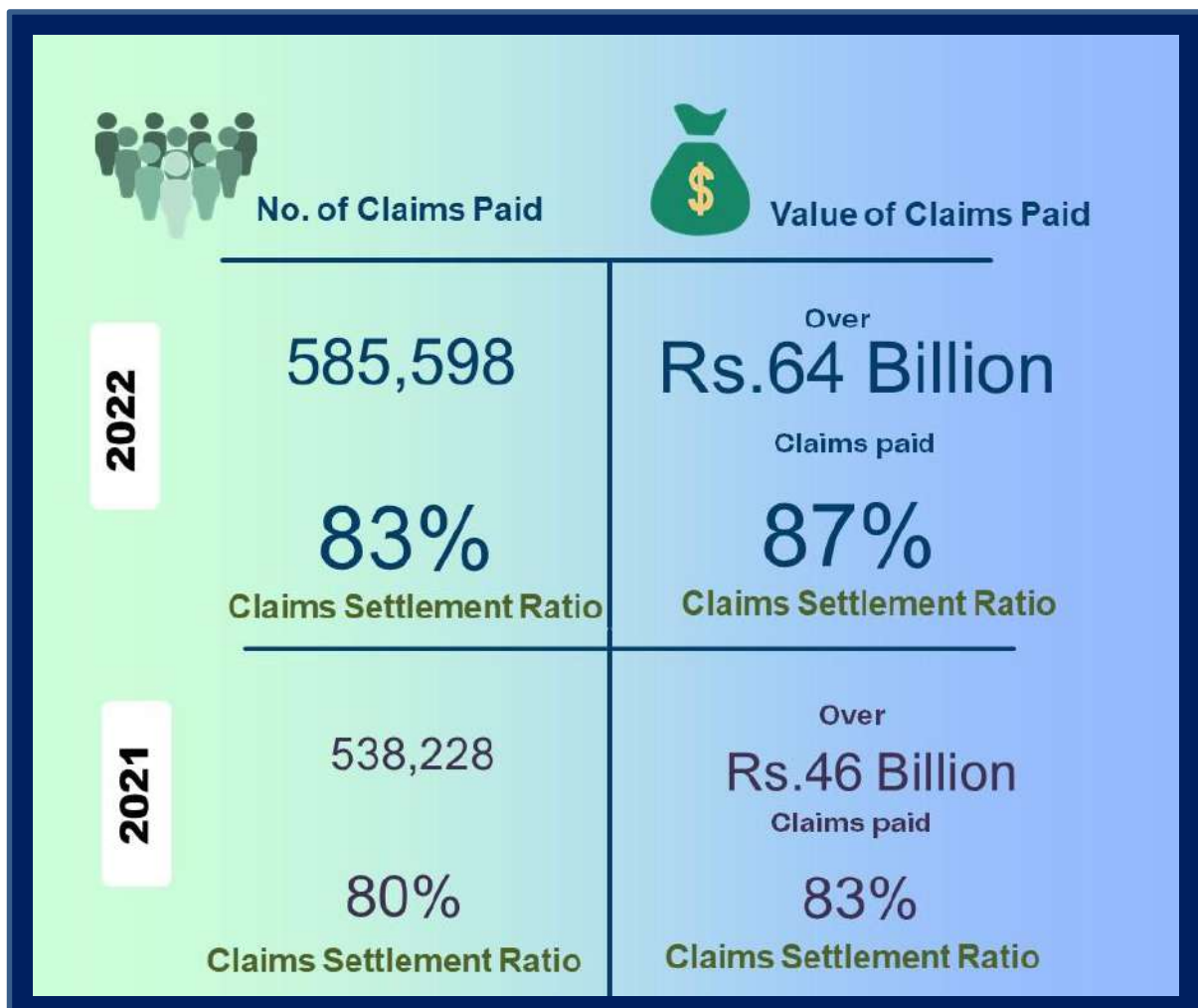


Table 1- Claims Settlement of the Long term Insurance Companies

Year	Total Claims *		Total Claims Settled/Paid During the Year		Claims Settlement Ratio Long term Insurance Industry Average	
	Number	Value	Number	Value	Number	Value
		Rs. 000'		Rs. 000'		
2022	709,125	73,738,611	585,598	64,090,341	83%	87%

**Total claims is the sum of the total claims intimated during the year and the pending claims carried forward from previous years.*

The claims settlement by long-term insurance companies is Rs. 64 billion for the year 2022. In terms of number, total no. of claims paid is 585,598. The average claims settlement ratio (in value) of life insurance companies is 87%, while the total average claims settlement ratio (in number) is 83%.

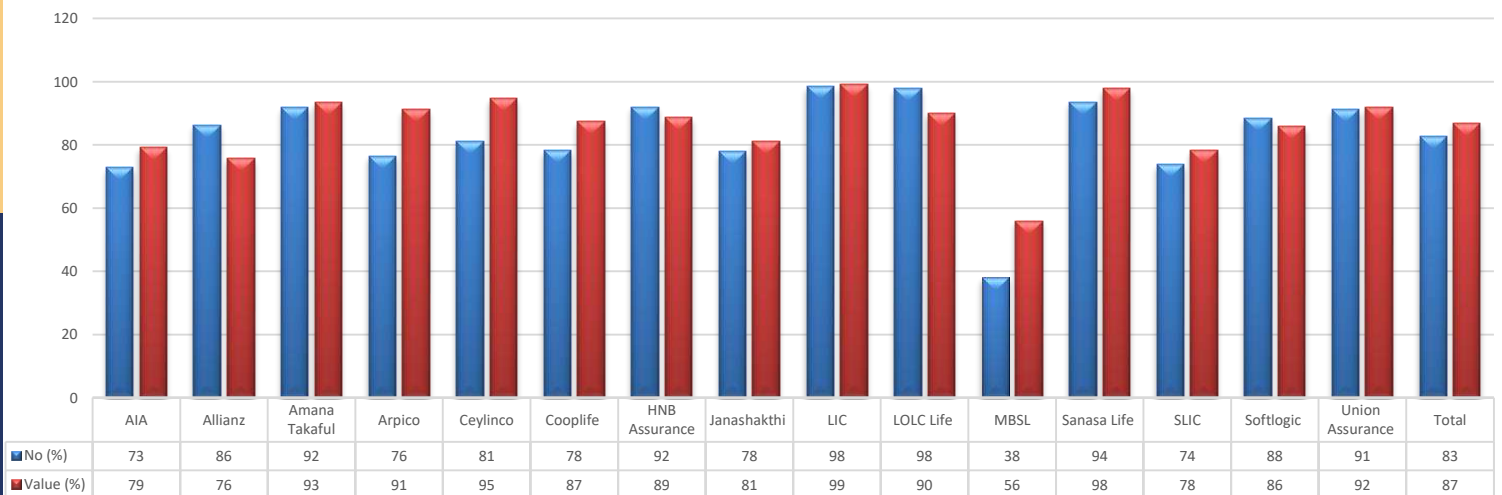
Claims Settlement Ratio - Company wise

Chart 2 showcases the claims settlement ratios of the long term insurance companies in the year 2022. As depicted in chart 2, eight (08) long-term insurance companies maintains a claims settlement ratio above the industry average in terms of number, and nine (09) insurance companies maintains a claims settlement ratio in line with or above the industry average in terms of value.

A considerable amount of claims not settled during the year is carried over to 2023. According to the statistics submitted, the percentage of claims carried forward for 2023 is 13% in number and 11% in value.

Chart 2- Claims settlement ratios of the long term insurance industry

Long Term Insurance Claims Settlement Ratio



Claims Settlements- Sub Category wise

Chart 3-Sub Category wise claims settlements against total claims

Sub category wise claims settlements as a percentage of total claims

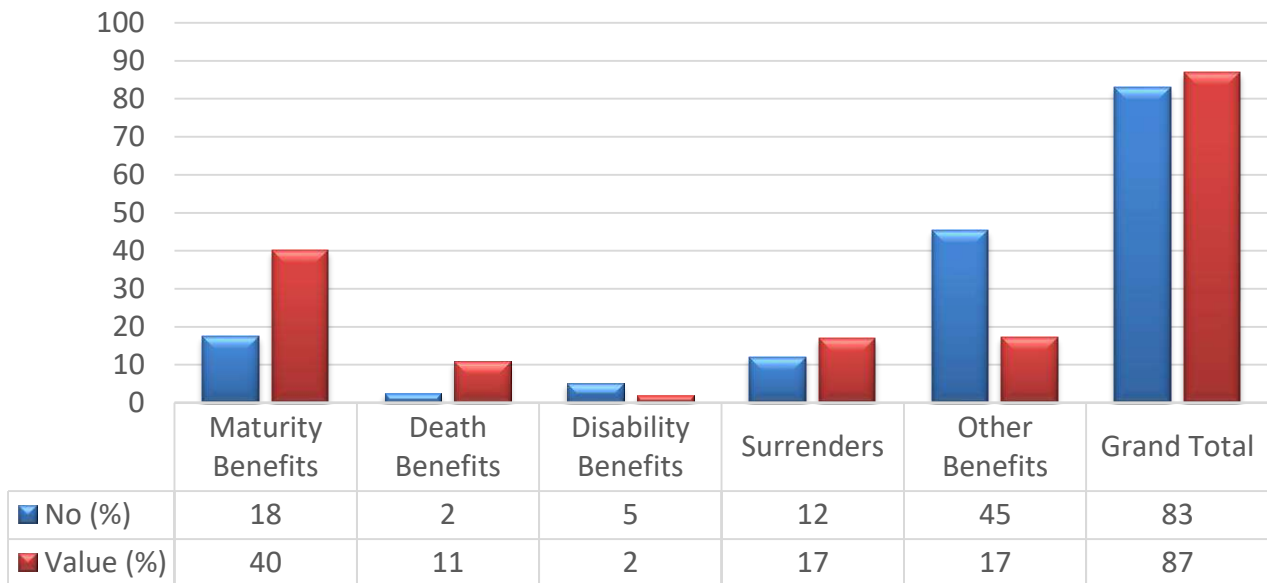


Chart 3 illustrates the sub category wise claims settlements, which includes maturity benefits, death benefits, disability benefits, surrenders and other benefits paid to policyholders. The data depicts the percentage of claims settled in terms of each sub category against the total claims for the year 2022.

The Claim Settlements for the “Other Benefits” category is reported as 45% and 17% in terms of number and value respectively. Maturity benefits consists of 18% and 40% of the claim settlements in terms of number and value respectively. The remaining three categories namely, death benefits, disability benefits and surrenders collectively accounted for 19% in terms of number and 30% in terms of value.

Table 2- Sub Category wise claims settlements against the total claims of each sub category

Sub Category	Total Claims		Total claims paid during the year		Claims settlement percentage (each sub category)	
	Number	Value Rs. 000'	Number	Value Rs. 000'	Number (%)	Value (%)
Maturity Benefits	174,316	32,864,282	124,370	29,491,698	71	90
Death Benefits	22,155	11,000,621	17,262	7,958,681	78	72
Disability Benefits	38,789	2,284,768	36,500	1,371,962	94	60
Surrenders	86,899	12,547,917	85,273	12,515,507	98	100
Other Benefits	386,966	15,041,023	322,193	12,752,490	83	85
Total	709,125	73,738,611	585,598	64,090,341	83	87

The table 2 depicts the percentage of claims settlement of each subcategory against the total claims for the year in terms of the same sub category for the year 2022.

Note - Tables and Charts depicted in this report are based on the statistics provided by the Insurance Companies and any specific notes provided along with the statistics.