

PRESS RELEASE

Performance of the Insurance Industry during the year 2011

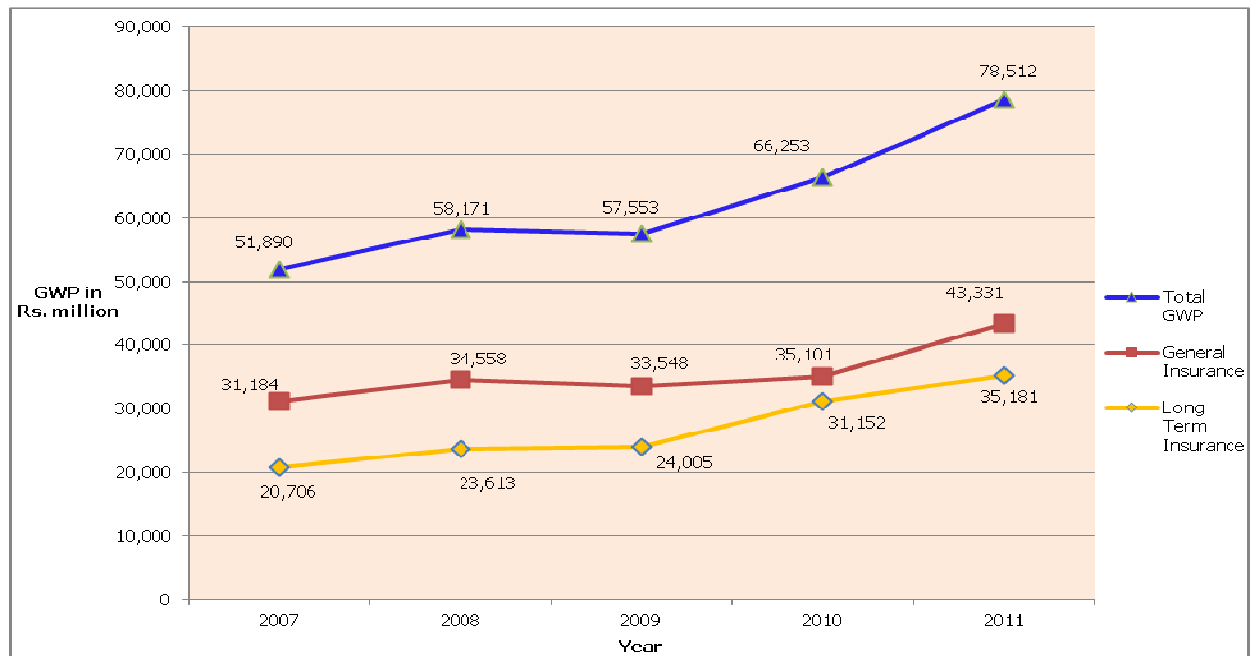
The Insurance Board of Sri Lanka (IBSL), as the prudential regulator of the insurance industry, provides guidance and direction to the Sri Lankan insurance industry. Established under the Regulation of Insurance Industry Act, No.43 of 2000, the IBSL plays a mix of roles: protector, facilitator, supervisor and proactive regulator, for the benefit of policyholders, potential policyholders and the insurance industry. The insurance industry was able to achieve significant growth during the year 2011 when compared with the year 2010.

There were twenty two (22) Insurance Companies (Insurers) registered with IBSL at the end of year 2011, out of which 21 insurance companies are in operation and Ceylinco Takaful Ltd. is suspended from year 2009. Twelve (12) of them are composite companies (dealing in both General and Long Term Insurance businesses), seven (07) of them are registered to carry on General Insurance business and three (03) companies are registered to carry on only Long Term (Life) Insurance business.

The overall Gross Written Premium (GWP) Income for Long Term Insurance and General Insurance businesses was Rs. 78,512 million compared with the previous year amount of Rs. 66,253 million which reflected a growth of 18.50%. The General Insurance Business has demonstrated growth in overall Gross Written Premium Income during 2011 when compared to the year 2010. The Long Term Insurance Business also showed a growth in overall Gross Written Premium Income during 2011 when compared to the year 2010. The overall Gross Written Premium Income of General Insurance Business amounted to Rs. 43,331 million reflecting a growth rate of 23.45% (2010 – Rs. 35,101 million) while the overall Gross Written Premium Income of Long Term Insurance Business amounted to Rs. 35,181 million during the last year reflecting a growth rate of 12.93% (2010 – Rs. 31,152 million).

Year	2007	2008	2009	2010	2011
Long Term Insurance	20,706	23,613	24,005	31,152	35,181
General Insurance	31,184	34,558	33,548	35,101	43,331
Total GWP	51,890	58,171	57,553	66,253	78,512

Gross Written Premium (GWP) Long Term Insurance and General Insurance Business (Rs. millions)



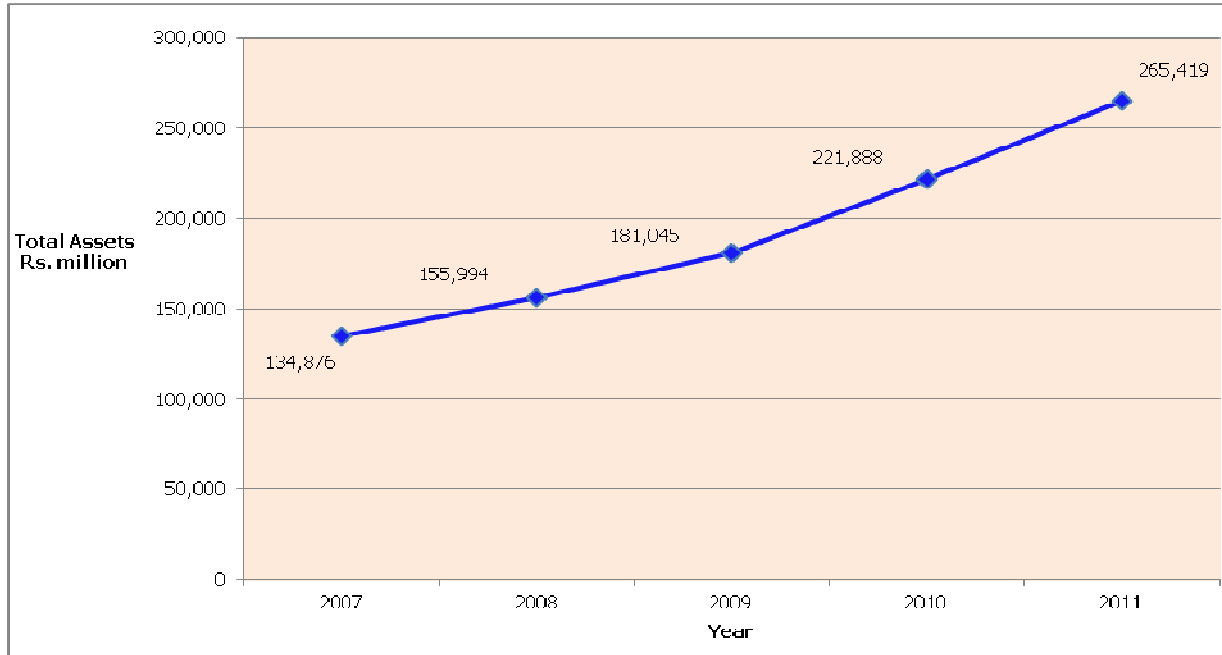
Note:

- 1) The above chart is based on unaudited figures in 2011 and reinstated audited figures in 2007, 2008, 2009 and 2010.
- 2) Strike, Riot, Civil Commotion and Terrorism (SRCC & T) premium income of National Insurance Trust Fund (NITF) not considered for insurance companies general insurance GWP for the years 2010 and 2011.
- 3) The above chart does not include NITF information.

The Total Assets of the insurance companies have increased to Rs. 265,419 million at the end of year 2011. Total Assets valued at the end of year 2010 was Rs. 221,888 million.

Year	2007	2008	2009	2010	2011
Total Assets (Rs. millions)	134,876	155,994	181,045	221,888	265,419

Total Assets of the Insurance Companies at the end of each year



In terms of Section 25 of the Act, 20% of assets of the Technical Reserves of General Insurance Business should be invested in Government Securities. Similarly, 30% of the assets of Long Term Insurance Fund should be invested in Government Securities. This is a mandatory requirement that all insurance companies have to comply with, which is monitored by the IBSL. The investment in Government Securities represents 50.67% (Rs. 83,944 million) of the total assets of Long Term Insurance Business and 24.87% (Rs. 24,804 million) of the total assets of General Insurance Business at the end of year 2011. This is in excess of the required amount of investment in Government Securities by the Act.

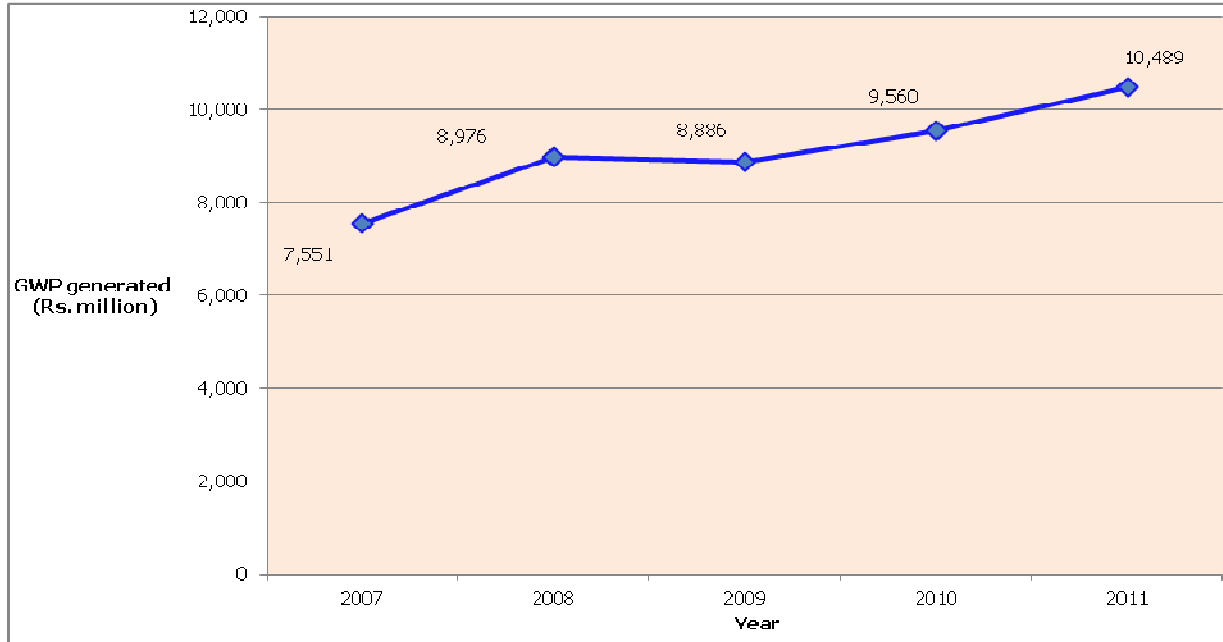
Note:

- 1) The above chart does not include NITF information.
- 2) With reference to Assets, Inter Segment Balances not considered (transactions between Long Term Insurance and General Insurance segments).

Forty Six (46) insurance brokering companies, registered with the IBSL in terms of Section 82 of the Act, were engaged in insurance brokering business. Insurance Brokering Companies mainly concentrated on General Insurance Business and their Total Gross Written Premium generated from both General Insurance Business and Long Term Insurance Business amounted to Rs. 10,489 million during the year 2011, compared with the previous year amount of Rs. 9,560 million, which reflected a growth of 9.72% (2010 – Growth Rate 7.58%).

Year	2007	2008	2009	2010	2011
Total Gross Written Premium generated from both General and Long Term Insurance Businesses (Rs. millions)	7,551	8,976	8,886	9,560	10,489

Gross Written Premium generated by Insurance Broking Companies



Insurance Board of Sri Lanka

05th June 2012