

PRESS RELEASE

Reviewing Sri Lanka's Insurance Sector Performance Q1 – Q3 2025 and Comparative Analysis: Q3 2025 vs Q3 2024

The Insurance Regulatory Commission of Sri Lanka (IRCSL) presents an overview of the performance of Sri Lanka's insurance sector for the period Q1 – Q3 2025, together with a comparative analysis of sector developments during Q3 2025 in comparison with Q3 2024.

The insurance sector remains a key component of Sri Lanka's financial system, particularly in an environment characterized by past economic uncertainty and the increasing impact of recurring natural disasters. By providing financial protection against unexpected losses, insurance plays a vital role in supporting households, businesses, and industries to recover from adverse events, while contributing to overall economic stability through effective risk transfer and mitigation.

A resilient and well-functioning insurance sector is essential to strengthening economic confidence, promoting investment, and safeguarding livelihoods. As Sri Lanka continues its path toward economic recovery and sustainable growth, the performance and stability of the insurance sector remain important to enhancing long-term national resilience.

As at 30 September 2025, the structure of the insurance industry was as follows:

- Fifteen (15) licensed insurers operating in the Long-Term Insurance sector; and
- Fourteen (14) licensed insurers operating in the General Insurance sector.

This review highlights key performance trends observed during the first nine months of 2025 and examines the third quarter of 2025 in comparison with the corresponding period in 2024, reflecting the insurance sector's evolving contribution to Sri Lanka's economic and financial landscape.

Gross Written Premium (GWP)

As illustrated in Chart 1, the insurance industry recorded a consistent and robust growth in Gross Written Premium (GWP) throughout the first three quarters of 2025, reflecting strengthening market activity across both long-term and general insurance segments.

In the first quarter of 2025, total GWP amounted to LKR 92,229 million, comprising LKR 51,056 million from the long-term insurance segment and LKR 41,172 million from general insurance. During the second quarter of 2025, total GWP increased significantly to LKR 184,545 million, with contributions of LKR 107,283 million from long-term insurance and LKR 77,262 million from general insurance, indicating broad-based growth across the sector.

The upward momentum continued into the third quarter of 2025, with a total GWP reaching LKR 283,613 million. This growth was driven by LKR 164,059 million from long-term insurance and LKR 119,554 million from general insurance, marking the highest quarterly premium volume recorded during the period under review.

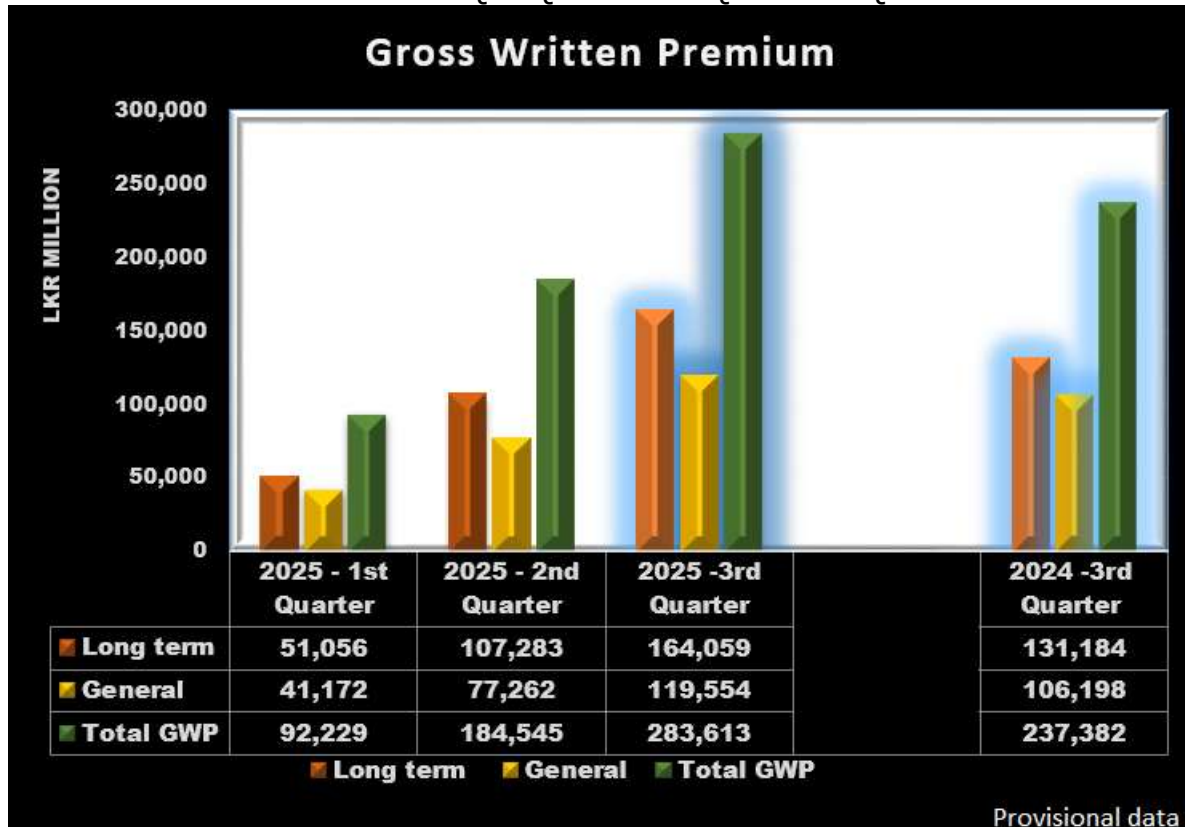
Total GWP in Q3 2025 increased by 19.48% compared to LKR 237,382 million recorded in Q3 2024, representing an absolute increase of LKR 46,231 million.

The long-term insurance sector was the primary contributor to this growth, with GWP rising by 25.06% to LKR 164,059 million in Q3 2025, compared to LKR 131,184 million in the corresponding quarter of 2024. Meanwhile, the general insurance sector recorded a moderate but steady growth,

with GWP increasing by 12.58% to LKR 119,554 million in Q3 2025, up from LKR 106,198 million in Q3 2024.

The sustained growth in GWP across both segments underscores the strengthening role of the insurance sector in supporting financial protection and economic resilience in Sri Lanka.

Chart 1 - Gross Written Premium – Q1 - Q3 2025 and Q3 2025 vs Q3 2024



Total Assets

As illustrated in Chart 2, the insurance sector recorded steady and sustained growth in total assets throughout the first three quarters of 2025, reflecting continued strengthening of the sector’s financial base across all business segments.

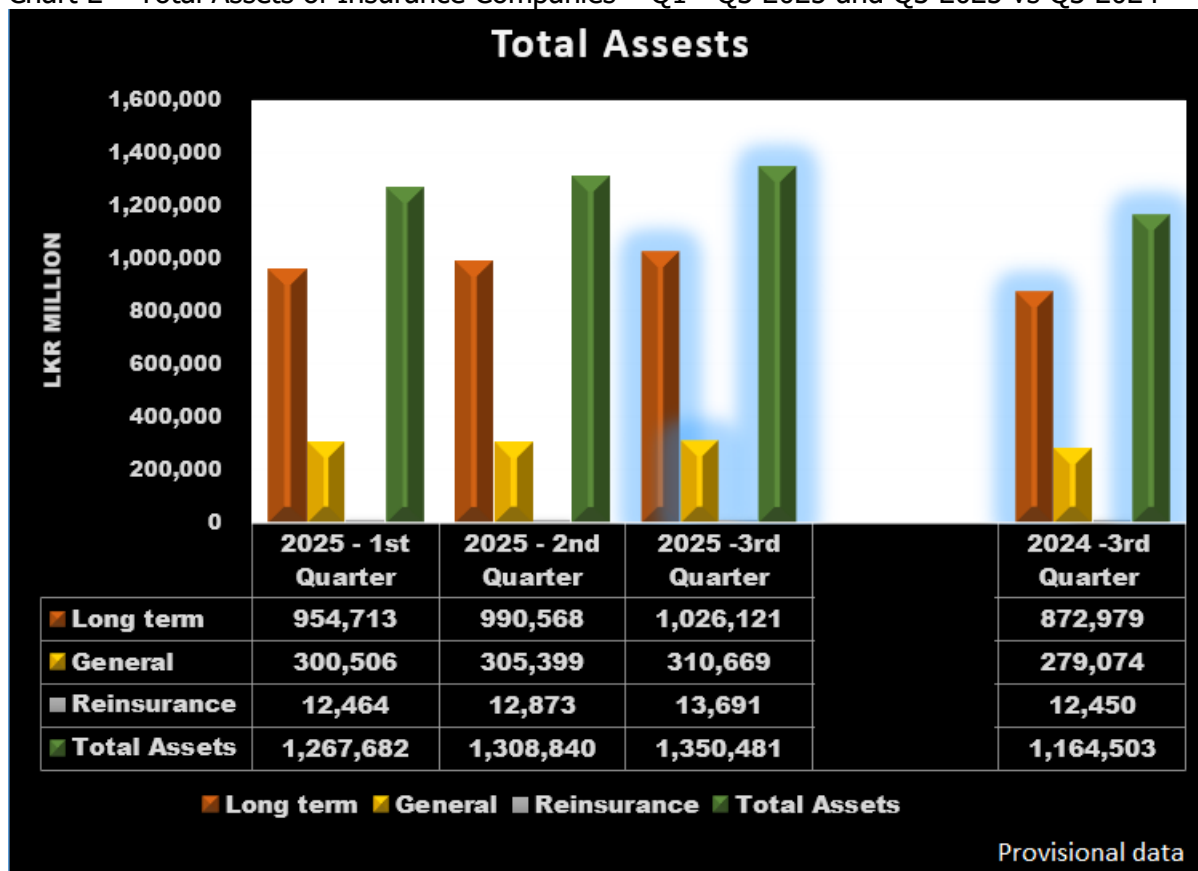
In the first quarter of 2025, total assets amounted to LKR 1,267,682 million, comprising LKR 954,713 million in long-term insurance assets, LKR 300,506 million in general insurance assets, and LKR 12,464 million in reinsurance assets. During the second quarter of 2025, total assets increased to LKR 1,308,840 million, driven by growth in long-term insurance assets to LKR 990,568 million, general insurance assets to LKR 305,399 million, and reinsurance assets to LKR 12,873 million.

The upward trend continued in the third quarter of 2025, with the sector’s total assets expanding to LKR 1,350,481 million. This increase was supported by LKR 1,026,121 million in long-term insurance assets, LKR 310,669 million in general insurance assets, and LKR 13,691 million in reinsurance assets. Total assets in Q3 2025 recorded a notable growth of 15.97%, compared to LKR 1,164,503 million in Q3 2024, reflecting an absolute increase of LKR 185,978 million.

The long-term insurance sector remained the principal contributor to asset growth, with assets increasing by 17.54% to LKR 1,026,121 million in Q3 2025, from LKR 872,979 million in the corresponding quarter of 2024.

The general insurance sector also demonstrated healthy growth, with assets rising by 11.32% to LKR 310,669 million, compared to LKR 279,074 million in Q3 2024. The sustained expansion in total assets underscores the strengthening financial capacity and resilience of Sri Lanka’s insurance sector.

Chart 2 – Total Assets of Insurance Companies – Q1 - Q3 2025 and Q3 2025 vs Q3 2024



Claims Incurred by Insurance Companies

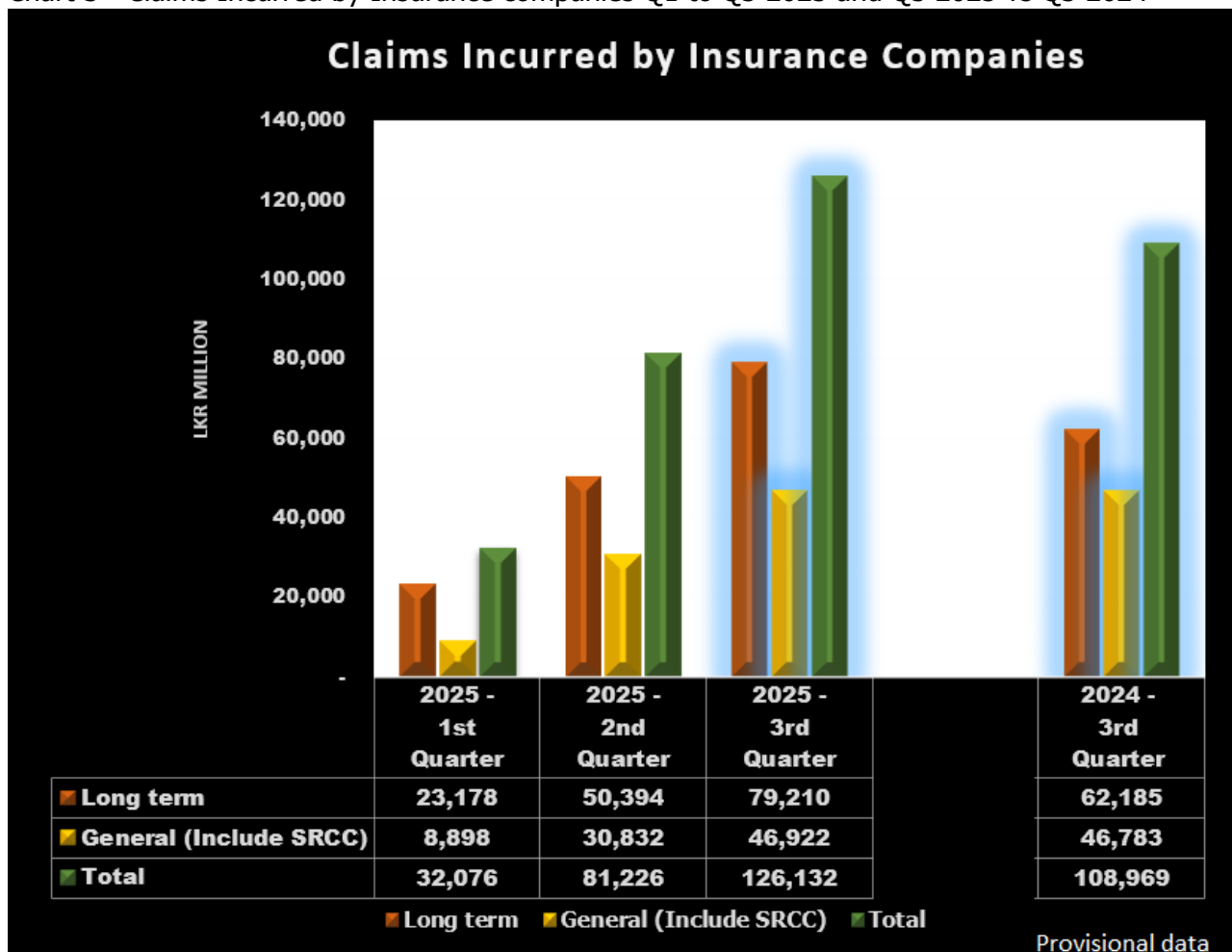
As detailed in Chart 3, the insurance sector recorded a steady increase in claims incurred across both the long-term and general insurance segments during the first three quarters of 2025, reflecting increased benefit payments and claims settlements to policyholders.

In the first quarter of 2025, total claims incurred amounted to LKR 32,076 million, comprising LKR 23,178 million from the long-term insurance segment and LKR 8,898 million from the general insurance segment (including SRCC). During the second quarter of 2025, total claims increased significantly to LKR 81,226 million, supported by LKR 50,394 million in long-term insurance claims and LKR 30,832 million in general insurance claims. The upward trend continued into the third quarter of 2025, with total claims incurred reaching LKR 126,132 million. This comprised LKR 79,210 million from long-term insurance and LKR 46,922 million from general insurance. Total claims incurred in Q3 2025 increased by 15.75%, compared to LKR 108,969 million recorded in Q3 2024.

Claims arising from the long-term insurance business, which primarily include maturity and death benefits, recorded a significant increase of 27.38%, rising to LKR 79,210 million in Q3 2025 from LKR 62,185 million in the corresponding quarter of the previous year. In contrast, claims incurred by the general insurance sector, covering Motor, Fire, Marine, and other classes of business (including SRCC), recorded a marginal increase of 0.3%, amounting to LKR 46,922 million in Q3 2025, compared to LKR 46,783 million in Q3 2024. The increase in claims incurred highlights the insurance sector’s

growing financial commitments in meeting policyholder obligations and underscores the importance of maintaining strong operational capacity and financial resilience to support the sector’s long-term stability.

Chart 3 - Claims Incurred by Insurance companies Q1 to Q3 2025 and Q3 2025 vs Q3 2024

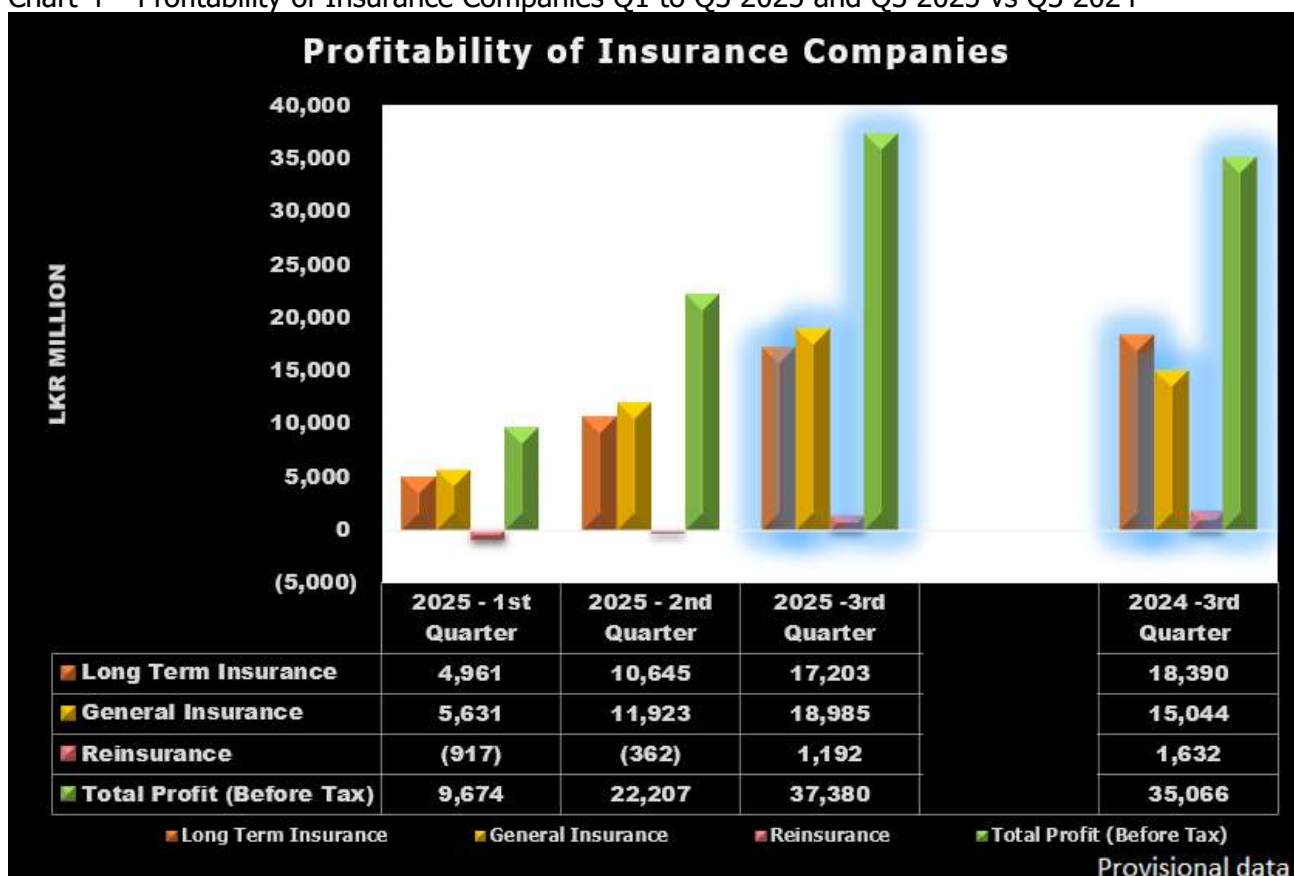


Profit (Before Tax) of Insurance Companies

The insurance industry exhibited a steady improvement in profitability across the first three quarters of 2025. The sector recorded a total Profit Before Tax (PBT) of LKR 9,674 million in Q1, primarily supported by Long-Term Insurance (LKR 4,961 million) and General Insurance (LKR 5,631 million), despite a loss of LKR 917 million in Reinsurance. Profitability strengthened in Q2, with total PBT rising to LKR 22,207 million, and the Reinsurance loss significantly narrowed to LKR 362 million. By Q3, sector performance increase, achieving a total PBT of LKR 37,380 million, driven by strong figures from Long-Term (LKR 17,203 million) and General Insurance (LKR 18,985 million), alongside a positive turnaround in Reinsurance, which posted a profit of LKR 1,192 million.

The combined PBT for the insurance industry increased from LKR 35,066 million in Q3 2024 to LKR 37,380 million in Q3 2025, reflecting a modest increase of 6.6% (LKR 2,314 million). However, segmental performance was mixed. The Long-Term Insurance business reported a reduction in PBT, falling by 6.46% from LKR 18,390 million in Q3 2024 to LKR 17,203 million in Q3 2025. Conversely, the General Insurance business experienced significant growth, with its PBT rising by 26.2% from LKR 15,044 million to LKR 18,985 million over the same period.

Chart 4 – Profitability of Insurance Companies Q1 to Q3 2025 and Q3 2025 vs Q3 2024



Investment in Government Securities

In terms of asset allocation, industry-wide investments in Government Debt Securities showed a consistent increase throughout the first three quarters of 2025. Total investments by both Long-term and General insurance sectors were recorded at LKR 611,017 million in the first quarter (Q1), rose to LKR 628,407 million in the second quarter (Q2), and further increased to LKR 672,203 million in the third quarter (Q3).

As at the end of Q3 2025, the total value of investments in Government Debt Securities amounted to LKR 672,203 million, representing a significant overall increase of 13.47% compared to the LKR 592,396 million recorded in the corresponding period of Q3 2024. A segmental analysis indicates that the Long-Term Insurance business was the primary driver of this growth, with its investments increasing by 16.15% to LKR 562,044 million, accounting for 60.01% of its total investments. In contrast, the General Insurance business recorded a relatively marginal increase of 1.53% in its investments in Government Debt Securities, amounting to LKR 110,159 million, which represented 54.47% of its total investments.

Insurance Brokers

The insurance brokering segment demonstrated robust growth. As of September 30, 2025, eighty two (82) insurance brokering companies were registered with the Commission. The total assets of

these brokers increased substantially to LKR 19,550 million by the end of Q3 2025, compared to LKR 14,774 million in Q3 2024, signifying a strong growth rate of 32.32%.

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