

PRESS RELEASE

Performance of the Insurance Industry – 1st half of 2018

Gross Written Premium

The insurance industry was able to achieve a growth of 12.60% in terms of overall Gross Written Premium (GWP), during the 1st half of 2018 (i.e. for the period from 01.01.2018 to 30.06.2018), recording an increase of Rs. 9,593 million when compared to the same period in the year 2017.

The GWP for Long Term Insurance and General Insurance Businesses for the 1st half of 2018 was Rs. 85,755 million compared to the 1st half of 2017 amounting to Rs. 76,162 million posting a growth of 12.60% (1st half 2017: 13.87%). The GWP of Long Term Insurance Business amounted to Rs. 37,902 million (1st half 2017: Rs. 33,657 million) recording a growth of 12.61% (1st half 2017: 11.06%). The GWP of General Insurance Business amounted to Rs. 47,853 million (1st half 2017: Rs. 42,505 million) recording a growth of 12.58% (1st half 2017: 16.20%).

(Refer chart 1)

Total Assets

The value of total assets of insurance companies has increased to Rs. 581,770 million as at end of 1st half of 2018, when compared to Rs. 533,075 million recorded as at end of 1st half of 2017, reflecting a growth of 9.13% (1st half 2017: 11.42%). The assets of Long Term Insurance Business amounted to Rs. 407,708 million (1st half 2017: Rs. 375,159 million) indicating a growth rate of 8.68% year-on-year. However, the growth of assets of long term insurance business has significantly dropped compared to 15.93% growth recorded during 1st half of 2017. The assets of General Insurance Business amounted to Rs. 174,062 million (1st half 2017: Rs. 157,915 million) depicting a growth rate of 10.23% (1st Half 2017: 2%) at the end of 1st half of 2018. Accordingly, the growth of assets of general insurance business has shown a significant increase compared to the same period of 2017.

(Refer chart 2)

Investment in Government Securities

At the end of 1st half of 2018, investment in Government Debt Securities amounted to Rs. 176,471 million representing 47.48% (1st half 2017: Rs. 175,627; 51.32%) of the total investments of Long Term Insurance Business, while such investment of the total investment of General Insurance Business amounted to Rs. 42,486 million representing 37.98% (1st half 2017: Rs. 35,972; 35.29%). Accordingly, the total investment of both Long Term Insurance Business and General Insurance Business in Government Securities amounted to Rs. 218,957 million (1st half 2017: Rs. 211,599 million). Thus, the investment in Government Securities of Long Term Insurance Business and General Insurance Business has increased by 0.48% and 18.11% respectively.

Claims incurred by Insurance Companies

The claims incurred by insurance companies during the 1st half of 2018 in both Long Term Insurance Business and General Insurance Business was Rs. 38,422 million (1st half 2017: Rs. 32,249 million) showing an increase in total claims amount by 19.14% year-on-year. The Long Term Insurance claims, including maturity and death benefits, amounted to Rs. 16,104 million (1st half 2017: Rs. 11,991 million). The claims incurred in General Insurance Business, including Motor, Fire, Marine and other categories, amounted to Rs. 22,318 million (1st half 2017: Rs. 20,258 million). Hence, during the 1st half of 2018, there is an increase in claims incurred by 34.31% and 10.17% for Long Term Insurance and General Insurance Businesses respectively, when compared to the same period in 2017. The claims incurred in Long Term Insurance as a percentage of GWP of Long Term Business is 42%, whereas the claims incurred in General Insurance as a percentage of GWP of General Insurance Business is 47%.

(Refer chart 3)

Profit (Before Tax) of Insurance Companies

The profit (before tax) of insurance companies as at end of 1st half of 2018 in both Long Term Insurance Business and General Insurance Business amounted to Rs. 21,656 million (1st half, 2017: Rs. 4,660 million) showing an increase in total profit amount by 364.71%. The profit (before tax) of Long Term Insurance Business amounted to Rs. 17,319 million (1st half 2017: Rs. 738 million) while the profit (before tax) of General Insurance Business amounted to Rs. 4,337 million (1st half, 2017: Rs. 3,992 million). Thus, profit (before tax) of Long Term Insurance Business and General Insurance Business has increased by 2,246.57% and 10.57% respectively. The increase of 2,246.57% in profit (before tax) was mainly due to the profit recorded by an insurer from a sale of its subsidiary and the one-off surplus transfer made by two long term insurance companies during the period. Further, a state owned long term insurance company reported a growth in profit (before tax) compared to huge loss recorded in 2nd quarter of 2017.

(Refer chart 4)

No. of Insurance Companies

Out of twenty-six (26) insurance companies in operation as at 30th June 2018, twelve (12) are engaged in Long Term (Life) Insurance Business, twelve (12) companies are carrying out only General Insurance Business and two (02) are composite companies (dealing in both Long Term and General Insurance Businesses).

Insurance Brokering Companies

Fifty-nine (59) insurance brokering companies, registered with the Commission as at 30th June 2018, mainly concentrate in General Insurance Business. The premium income generated through insurance brokering companies in the 1st half of 2018 with respect to General Insurance Business amounted to Rs. 11,560 million, 13.48% of total GWP (1st half 2017: Rs. 9,915 million; 13.01% of total GWP) while the premium income generated with respect to Long Term Insurance Business amounted to Rs. 353 million, 0.41% of total GWP. (1st half 2017: Rs. 140 million; 0.18% of total GWP). The total premium income generated

through insurance brokering companies with respect to both General Insurance and Long Term Insurance Businesses amounted to Rs. 11,913 million, 13.89% of total GWP, during 1st half of 2018, compared to Rs. 10,055 million, 13.20% of total GWP during the 1st half of previous year. Thus, the total premium income generated through insurance brokering companies witnessed a growth of 18.47% during the 1st half of 2018 when compared to 1st half of 2017.

Chart 1- Gross Written Premium Income

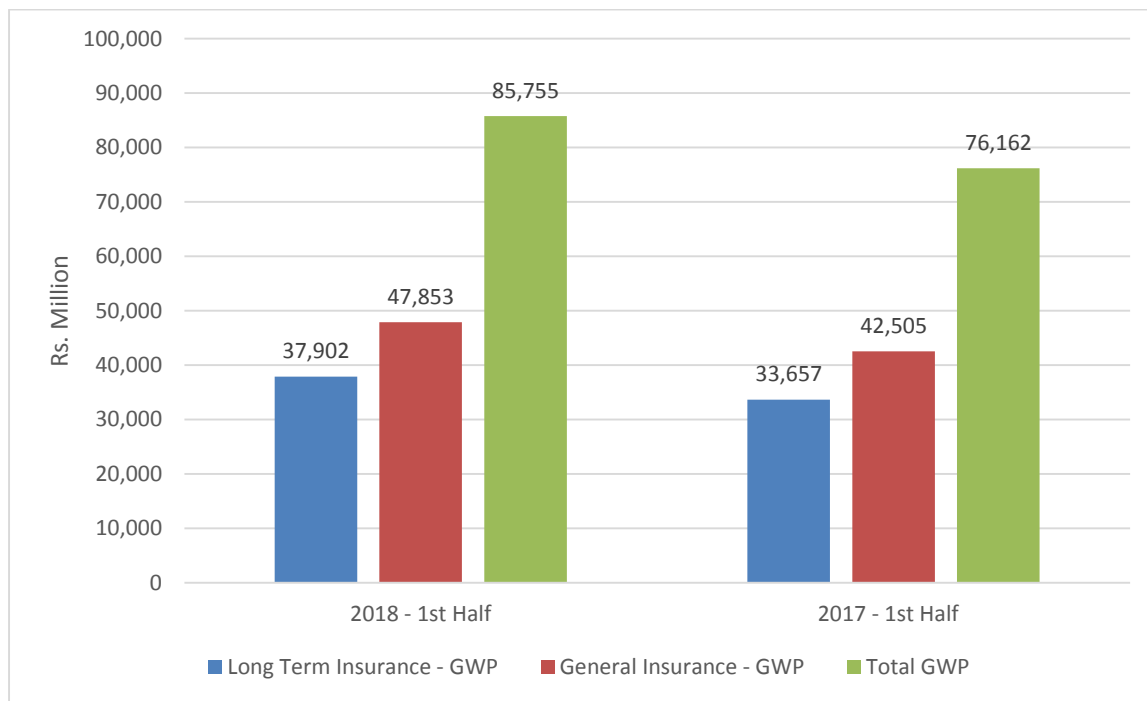


Chart 2- Total Assets

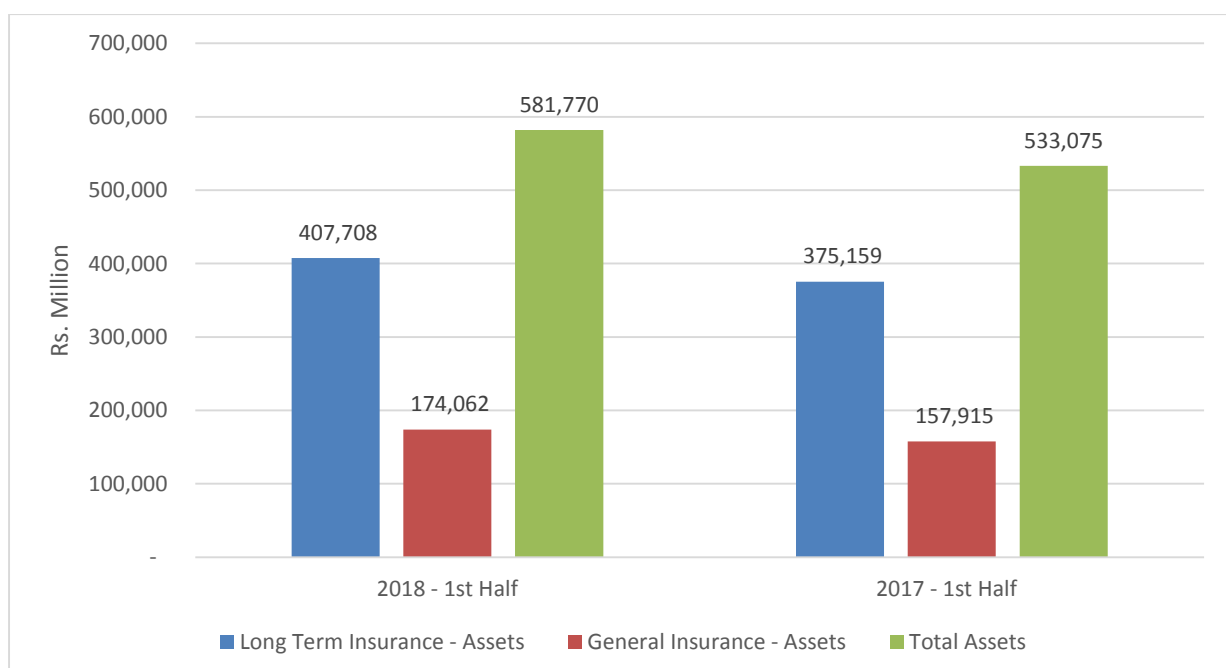


Chart 3- Claims incurred by Insurance Companies

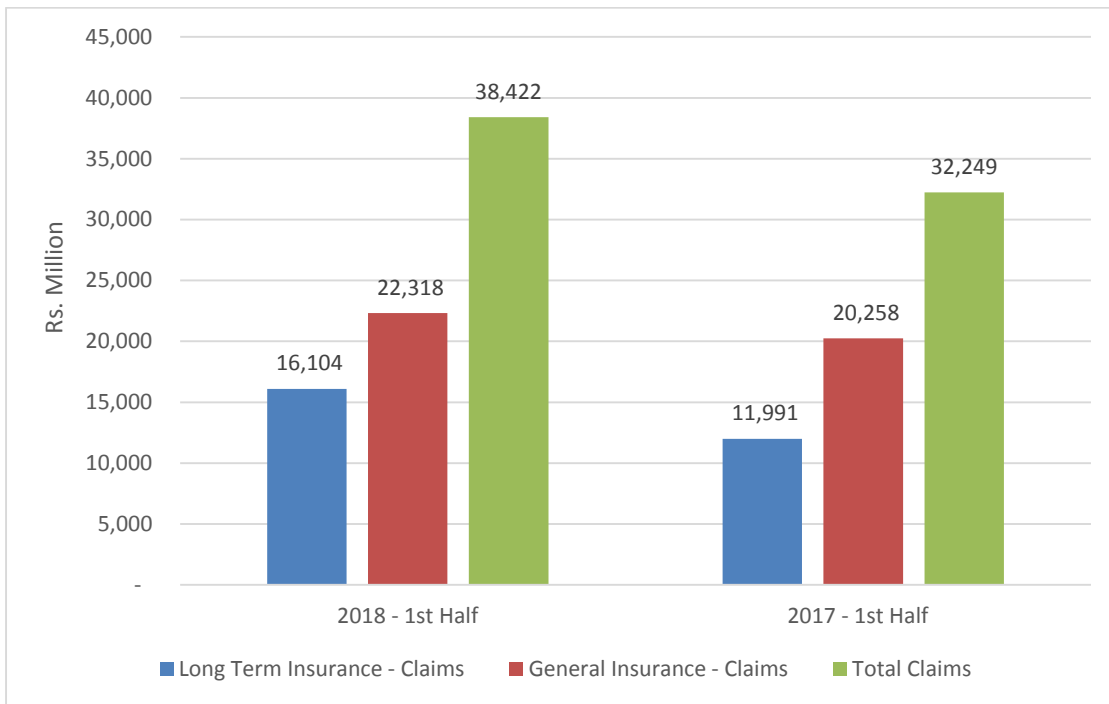
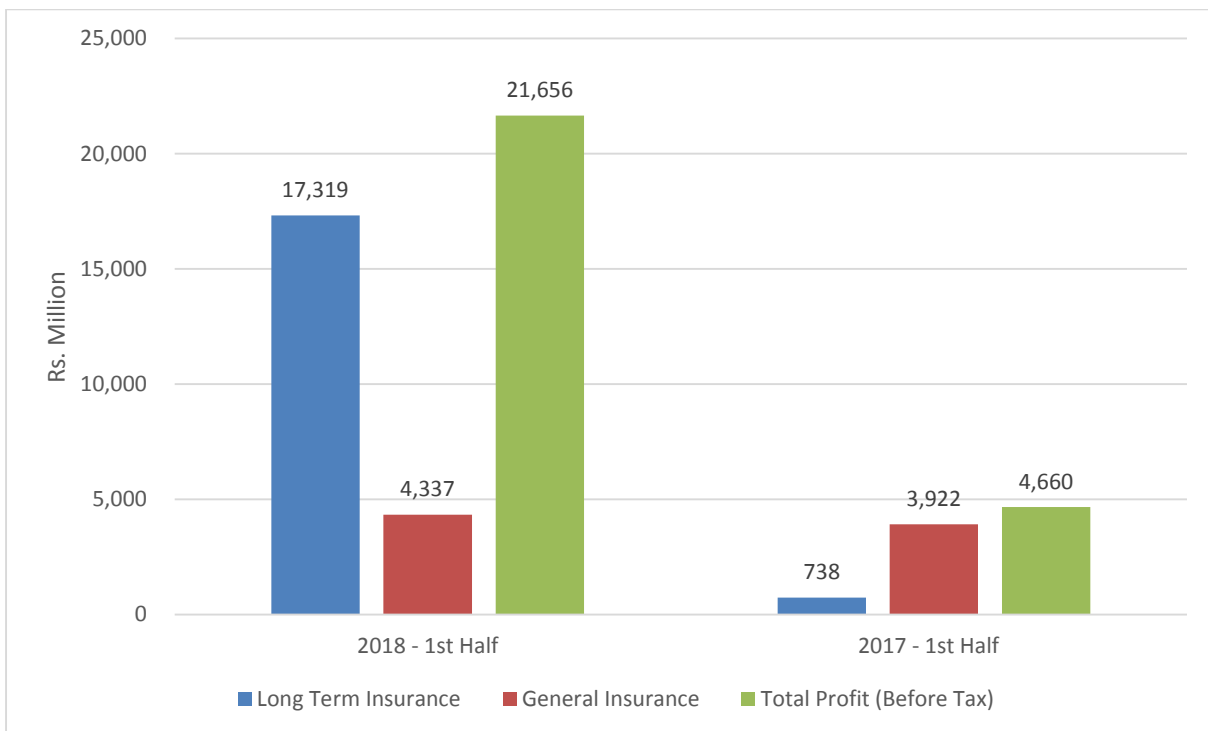


Chart 4- Profitability of Insurance Companies



Notes:

- 1) *Figures published for 2nd quarter of 2017 were revised due to the classification differences and rectifying errors noted.*
- 2) *Above analysis does not include information in respect of NITF.*
- 3) *Inter segment transactions (i.e. transactions between Long Term and General Insurance segments) have not been considered.*

Insurance Regulatory Commission of Sri Lanka

Level 11, East Tower

World Trade Centre

Colombo 01

Website: www.ircsl.gov.lk	Email: info@ircsl.gov.lk
Telephone: 011 2396184 - 9	Fax: 011 2396190

18/10/2018