



PRESS RELEASE

Insurance Industry Performance – 1st Half of 2012

The insurance industry is regulated and supervised by the Insurance Board of Sri Lanka (IBSL) in terms of the Regulation of Insurance Industry Act, No. 43 of 2000 (the Act).

Out of the twenty two (22) insurers registered with the IBSL, twelve (12) are composite companies (dealing in both General and Long Term Insurance Businesses), seven (07) are registered to carry on General Insurance Business and three (03) companies engage only in Long Term (Life) Insurance Business. However, one company registered to carry on General Insurance Business was prohibited from engaging in insurance business since 05th August 2009.

The total Gross Written Premium (GWP) Income for General Insurance and Long Term Insurance Businesses for the six (06) months up to 30th June 2012 was Rs. 43.78 billion which reflected a growth of 13.45% compared with the 1st six months of 2011. General Insurance Business and Long Term Insurance Business witnessed a growth of 20.70% and 4.28% respectively in GWP Income during the 1st half of 2012 when compared to the same period in 2011. The GWP Income of General Insurance Business amounted to Rs. 26.02 billion (1st Half 2011: Rs. 21.56 billion) while the GWP Income of Long Term Insurance Business amounted to Rs. 17.76 billion (1st Half 2011: Rs. 17.04 billion) during the 1st six months of 2012.

The Total Assets of the insurance companies have increased to Rs. 279.10 billion as at 30th June 2012 when compared with Rs. 265.41 billion recorded as at 31st December 2011.

In terms of Section 25 of the Act, 20% of assets of the Technical Reserve of General Insurance Business and 30% of the assets of Long Term Insurance Fund of the Life Insurance Business should be invested in Government Securities. This is a mandatory requirement that all insurance companies have to comply with. The investment in Government Securities represents 50.21% (1st Half 2011: 56.06%) of the total assets of Long Term Insurance Business and 29.60% (1st Half 2011: 26.50%) of the total assets of General Insurance Business at the end of 2nd quarter of 2012.

In terms of Section 98 of the Act, the Board inquires into policyholders' grievances in connection with repudiation of claims by insurance companies. During the period, IBSL inquired into a total of 195 such complaints.

Fifty (50) insurance brokering companies, registered with the IBSL in terms of Section 82 of the Act, currently engage in insurance brokering business, mainly concentrating on General Insurance Business. The total premium income from both General Insurance Business and Long Term Insurance Business generated through insurance brokering companies amounted to Rs. 6.31 billion during the 1st half of 2012, compared to Rs. 4.94 billion during the same period in 2011.

Insurance Board of Sri Lanka
18th October 2012