

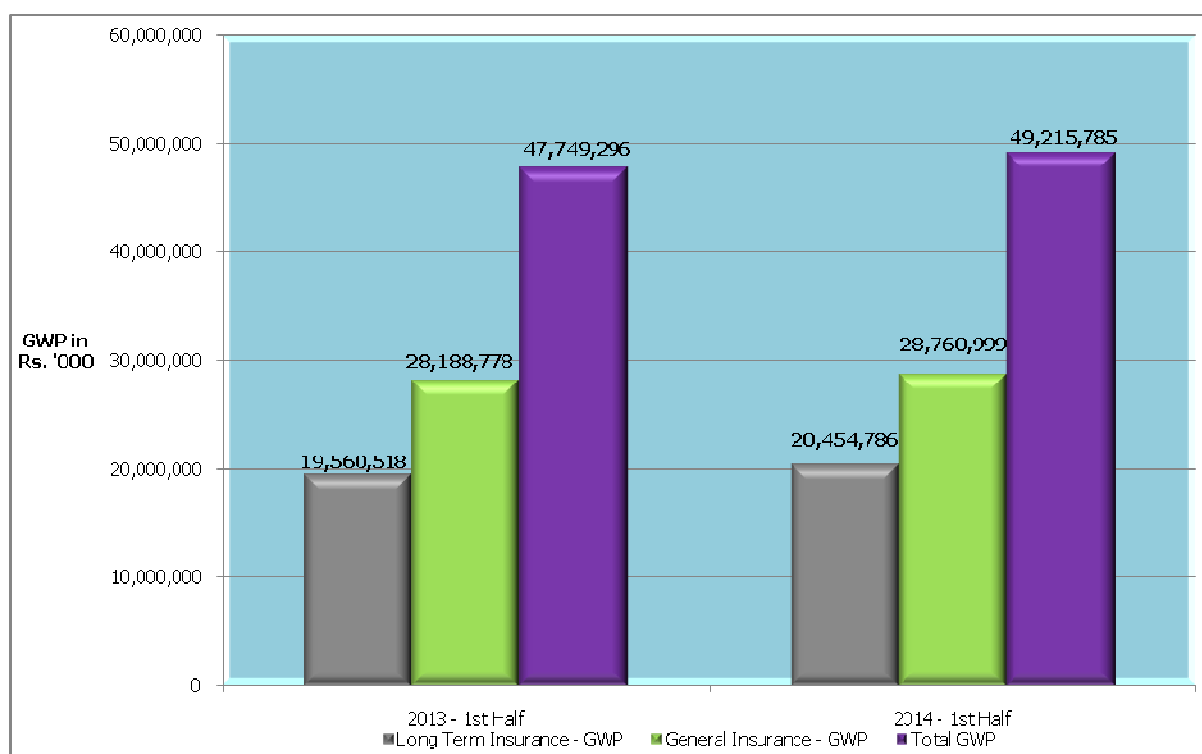
PRESS RELEASE

Insurance Industry Performance – 1st Half of 2014

Gross Written Premium

The insurance industry continued its growth during the first half of year 2014. Gross Written Premium (GWP) grew by 3.07% and total assets increased by 13.0% when compared to the 1st half of year 2013.

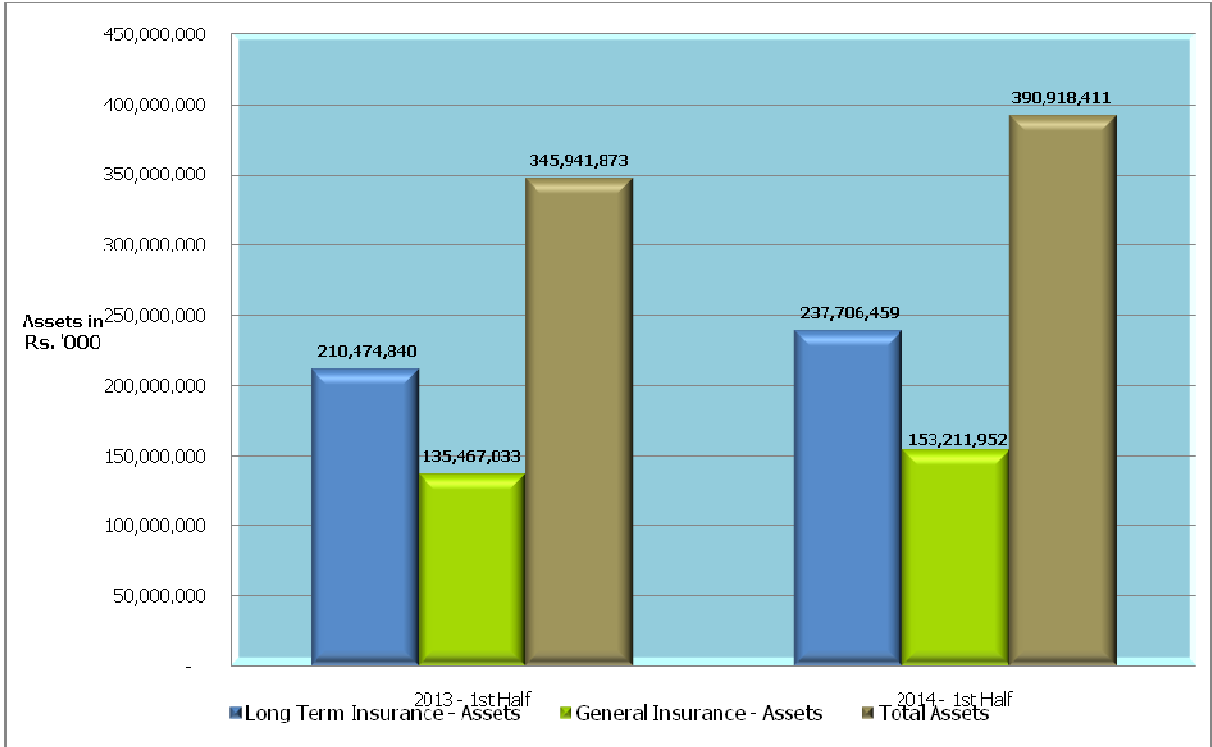
The GWP for Long Term Insurance and General Insurance Businesses for the six (06) months up to 30th June 2014 was Rs. 49,216 million compared to the first six months of 2013 amounting to Rs. 47,749 million, which reflected a growth of 3.07%. The GWP of General Insurance Business amounted to Rs. 28,761 million (1st Half 2013: Rs. 28,189 million) while the GWP of Long Term Insurance Business amounted to Rs. 20,455 million (1st Half 2013: Rs. 19,561 million) during the first half of 2014. Thus, General Insurance Business and Long Term Insurance Business witnessed a GWP growth of 2.03% and 4.57% respectively when compared to the corresponding period of year 2013.



Total Assets

Total Assets of insurance companies have increased to Rs. 390,918 million as at 30th June 2014 when compared to Rs. 345,942 million recorded as at 30th June 2013, reflecting a growth of 13.0%. The assets

of Long Term Insurance Business amounted to Rs. 237,706 million (1st Half 2013: Rs. 210,475 million) while the assets of General Insurance Business amounted to Rs. 153,212 million (1st Half 2013: Rs. 135,467 million) indicating a growth rate of 12.94% and 13.10% respectively at the end of first six months of 2014.



Investment in Government Securities

At the end of first six months of 2014, the investment in Government Securities amounted to Rs. 106,192 million representing 44.67% (1st Half 2013: Rs. 97,331; 46.24%) of the total assets of Long Term Insurance Business, while such investment of the total assets of General Insurance Business amounted to Rs. 28,491 million representing 18.60% (1st Half of 2013: Rs. 26,994; 19.93%). Accordingly, the total investment of assets of both Technical Reserve of General Insurance Business and Long Term Insurance Fund of the Life Insurance Business amounted to Rs. 134,683 million representing 34.45% (1st Half of 2013: Rs. 124,326; 35.94%) as at 30th June 2014.

Dispute Resolution and Investigations

The insurance industry is regulated and supervised by the Insurance Board of Sri Lanka (Board) in terms of the Regulation of Insurance Industry Act, No. 43 of 2000 (the Act). The Board, under its overall objective of safeguarding the interests of policyholders, is empowered to investigate into and resolve disputes between insurers and claimants relating to the settlement of claims which are referred to the Board by claimants. Further, the Board also investigates into any other complaint referred to it against any insurer, broker or agent. Out of 268 matters referred to and being reviewed by the Board, 118

(44%) were settled/closed during the period. Out of the matters settled/closed, 95 were disputes relating to claims under insurance policies. Out of this amount, 13 claims were honoured with the intervention of the Board.

Insurers

Out of twenty two (22) Insurance Companies (Insurers) registered with the Board as at 30th June 2014, twelve (12) are composite companies (dealing in both General and Long Term Insurance Businesses), six (07) are registered to carry on General Insurance Business and three (03) companies are registered to carry on only Long Term (Life) Insurance Business. Ceylinco Takaful Limited is prohibited from engaging in insurance business since 5th August 2009. AIG Insurance Limited has informed the Board that it has decided to withdraw its operations from the Sri Lankan market and is on a runoff plan currently.

Insurance Brokers

Fifty seven (57) insurance brokering companies, registered with the Board, currently engage in insurance brokering business concentrating mainly on General Insurance Business. The commission income generated through General Insurance Business amounted to Rs. 788 million (1st Half 2013: Rs. 752 million) while the commission income generated through Long Term Insurance Business amounted to Rs. 08 million (1st Half 2013: Rs. 10 million). The total commission income from both General Insurance Business and Long Term Insurance Business amounted to Rs. 796 million during the 1st half of 2014, compared to Rs. 762 million during the same period in 2013. Thus, the total commission income generated through insurance brokering business has witnessed a growth of 4.46%.

Notes:

- 1) *Unaudited figures.*
- 2) *Strike, Riot, Civil Commotion and Terrorism (SRCC & T) premium income of National Insurance Trust Fund (NITF) was considered for insurance companies' General Insurance Business GWP.*
- 3) *Above analysis does not include NITF information, since required information was not submitted to the Board.*
- 4) *Inter segment balances not eliminated. (i.e. transactions between Long Term Insurance and General Insurance segments)*

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