

PRESS RELEASE

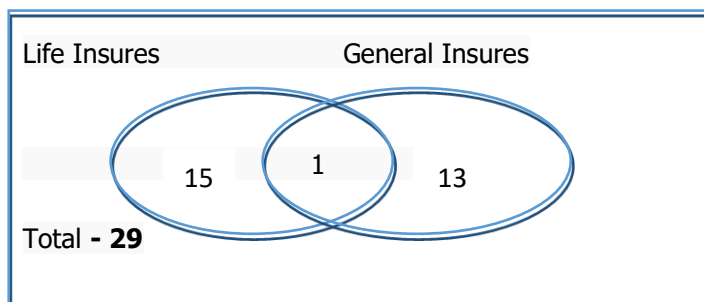
Sri Lanka Insurance Corporation Limited (SLIC) segregates its insurance business into Life and General

In accordance with the regulatory framework established under the Insurance Regulatory Commission of Sri Lanka (IRCSL), SLIC has undergone a legal segregation of its insurance business into two distinct companies, i.e. Sri Lanka Insurance Corporation Life Limited and Sri Lanka Insurance Corporation General Limited. Accordingly, licenses were issued by IRCSL to Sri Lanka Insurance Corporation Life Limited and Sri Lanka Insurance Corporation General Limited to carry on long-term and general insurance business, respectively w.e.f. 01.02.2024. With the two new licenses being issued, the licenses issued to SLIC have been cancelled. This strategic focus is expected to yield clearer financial results, eliminating dependency between the two distinct lines of business.

In 2011, IRCSL amended the Regulation of Insurance Industry Act, No. 43 of 2000 by Act, No. 03 of 2011 paving the way to take significant steps to strengthen Sri Lanka's insurance industry. The amendment, *inter alia*, required composite insurers, which carried on both long term (life) and general (non-life) insurance businesses, to segregate in to two separate companies.

The primary objective of this move is to separate the assets and liabilities of life and general insurance businesses, and to encourage insurers to focus on one line of business and give greater value to policyholders. This strategic move enhances operational efficiency and prevents cross-subsidization, ensuring a more transparent financial landscape and creating a better capitalized and resourced insurance industry.

Industry structure after segregation (present status)



Currently, there are twenty-nine (29) insurers registered with the IRCSL. Fifteen (15) companies engage only in Long Term Insurance Business and another Thirteen (13) companies engage only in General Insurance Business. Notably, MBSL Insurance Company Ltd., a composite insurance company, has ceased underwriting new life business effective from 1st June 2020.

IRCSL expects the insurance industry to be more robust, competitive and manage its business affairs in an efficient and in a professional manner to add greater value to its stakeholders, especially the policyholders.

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