

PRESS RELEASE

Insurance Industry Performance: A Review from 2019 to 2023 and Q3 2024

Over the period from 2019, Sri Lanka's insurance industry displayed resilience, navigating through the economic downturn caused by the COVID-19 pandemic and the unprecedented economic crisis in 2022. Despite these challenges, the sector managed to maintain stability, demonstrating a strong commitment to protecting policyholders and ensuring business continuity.

In 2023, there were gradual improvements in both the life and general insurance sectors, supported by the proactive regulatory measures implemented by the Insurance Regulatory Commission of Sri Lanka (IRC SL). The third quarter of 2024 further reflects this positive trajectory, with a steady increase in the Gross Written Premium (GWP). These advancements underscore the critical role of the insurance industry in supporting the country's broader economic recovery, while highlighting the need for continued innovation and regulatory support to address challenges and to further expand insurance inclusiveness across all segments of society.

As at 30th September 2024, fifteen (15) insurance companies engaged in Long-Term (Life) Insurance Business and fourteen (14) insurance companies engaged in General Insurance Business.

Gross Written Premium

Chart 1 illustrates the performance of the insurance industry from 2019 to 2023. The total GWP escalated to LKR 280,100 million in 2023, compared to LKR 200,646 million recorded in 2019, displaying a growth of 39.6%. Life insurance GWP rose from LKR 88,787 million in 2019 to LKR 152,652 million in 2023, marking a notable increase. This steady rise reflects the sector's strengthening appeal and demand for long-term financial security. The general insurance sector also experienced growth over this period, with GWP rising from LKR 107,685 million in 2019 to LKR 124,820 million in 2023. This upward trend underscores a growing acceptance of insurance products across Sri Lanka, indicating greater public awareness in both life and general insurance offerings.

As depicted in chart 2, the GWP for Q3 2024 stood at LKR 237,382 million, reflecting 16.5% growth compared to LKR 203,696 million in Q3 2023. This represents a year-on-year increase of LKR 33,686 million. Long-Term Insurance Business reported GWP of LKR 131,184 million, a significant growth of 19.33% from LKR 109,931 million in Q3 2023. Meanwhile, the General Insurance Business recorded GWP of LKR 106,198 million, a moderate growth of 13.26% compared to LKR 93,765 million in the same period in 2023.

Chart 1 - Gross Written Premium from 2019 to 2023

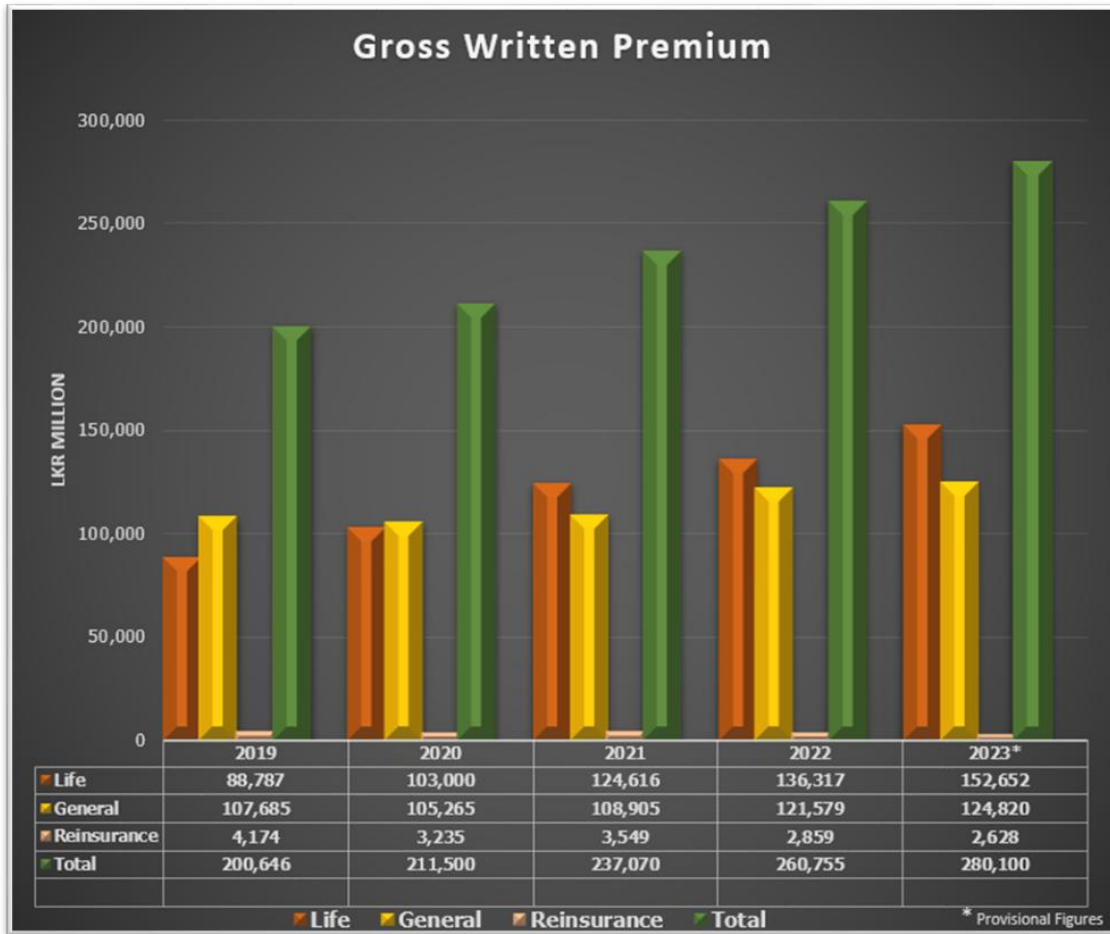
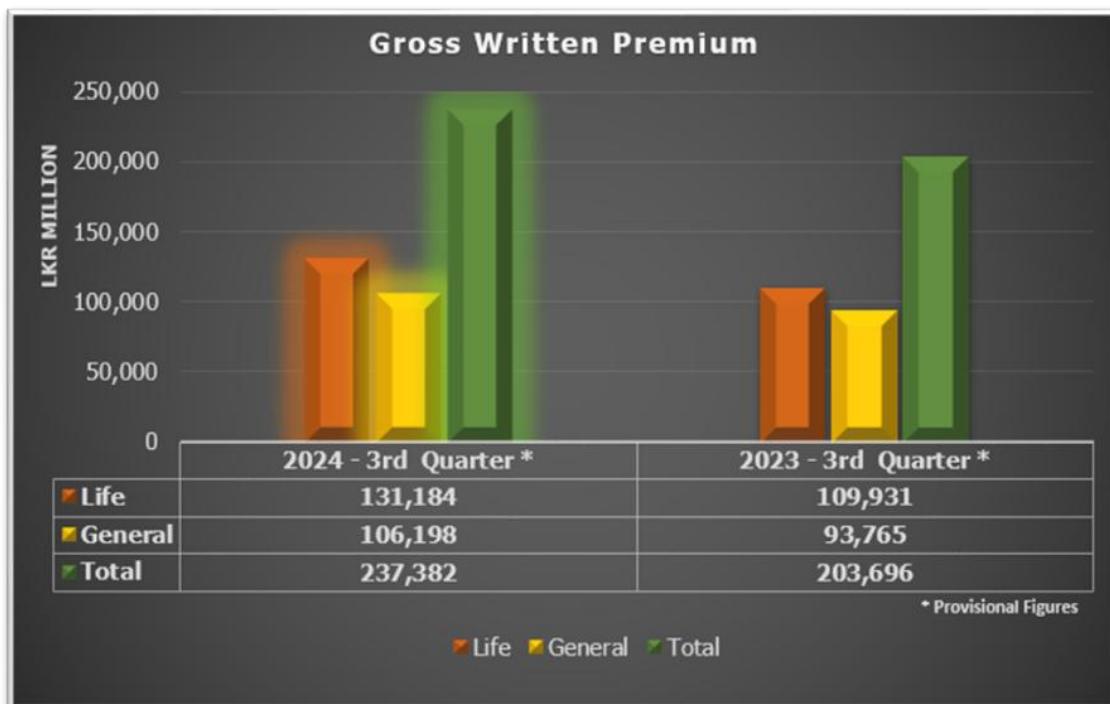


Chart 2 - Gross Written Premium - Q3 2024 vs Q3 2023



Total Assets

Chart 3 depicts the total assets of insurance companies from 2019 to 2023. The total assets surpassed LKR one trillion and reached LKR 1,133,631 million by the end of 2023. Life insurance assets saw substantial growth, from LKR 485,121 million in 2019 to LKR 818,176 million in 2023. General insurance assets showed a more moderate increase, from LKR 205,130 million in 2019 to LKR 305,217 million in 2023.

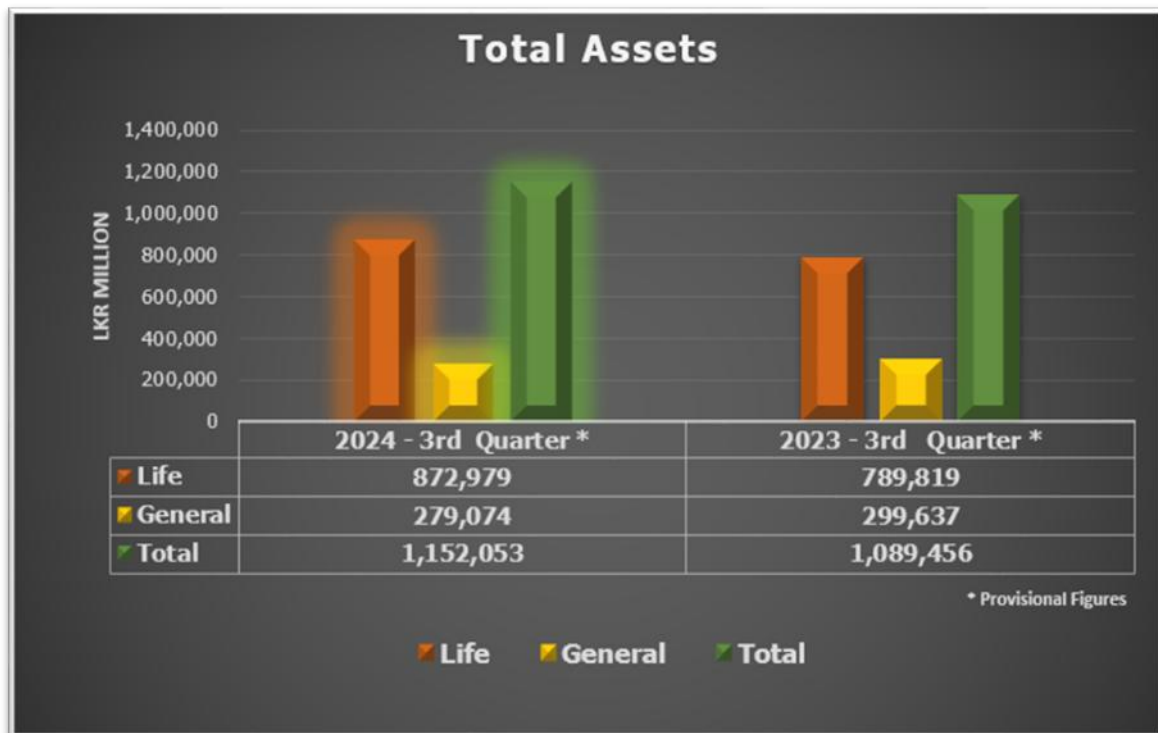
The year-on-year asset growth rates highlight a positive upward trend, with a notable increase of 19.3% in 2023. While asset growth remained modest in 2022, consistent asset accumulation within the insurance sector in previous years with growth rates of 10.5% in 2019, 14.3% in 2020, and 11.7% in 2021 supported sustained overall growth.

As displayed in chart 4, in Q3 2024, the total assets of insurance companies increased to LKR 1,152,053 million, reflecting 5.75% growth compared to LKR 1,089,456 million in Q3 2023. The assets of the Long-Term Insurance Business grew by 10.53% to LKR 872,979 million, up from LKR 789,819 million in the same period in 2023. Conversely, the assets of the General Insurance Business decreased by 6.86%, totaling LKR 279,074 million compared to LKR 299,637 million in Q3 2023.

Chart 3 – Total Assets of Insurance companies from 2019 to 2023



Chart 4 – Total Assets of Insurance Companies - Q3 2024 vs Q3 2023



Claims incurred by Insurance Companies

Chart 5 displays the analysis of claims incurred by insurance companies from 2019 to 2023. In the life insurance segment, claims incurred have steadily increased each year, rising from LKR 35,139 million in 2019 to LKR 76,207 million in 2023. This growth reflects a substantial 117% increase over the five-year period, indicating an increasing reliance on life insurance products and a corresponding rise in policyholder claims. General insurance claims incurred displayed notable fluctuations, with a decline to LKR 42,520 million in 2020, followed by an increase to LKR 48,276 million in 2021 and a further rise to LKR 61,407 million in 2022. In 2023, general insurance claims incurred experienced a marginal increase, reaching LKR 62,263 million. Overall, total claims incurred by the insurance sector increased from LKR 93,288 million in 2019 to LKR 138,470 million in 2023, marking a growth of approximately 48%.

As shown in chart 6, in Q3 2024, the total claims incurred by both the Long-Term and General Insurance Businesses amounted to LKR 108,969 million, reflecting a 6.15% year-on-year increase compared to LKR 102,656 million in Q3 2023. Claims incurred from the Long-Term Insurance Business, including maturity and death benefits, rose by 11.2% to LKR 62,185 million, up from LKR 55,921 million in the same period in 2023. Meanwhile, claims incurred in the General Insurance Business, covering Motor, Fire, Marine, and other categories, saw a marginal increase of 0.11% to LKR 46,783 million compared to LKR 46,734 million in Q3 2023.

Chart 5 - Claims Incurred by Insurance companies from 2019 to 2023

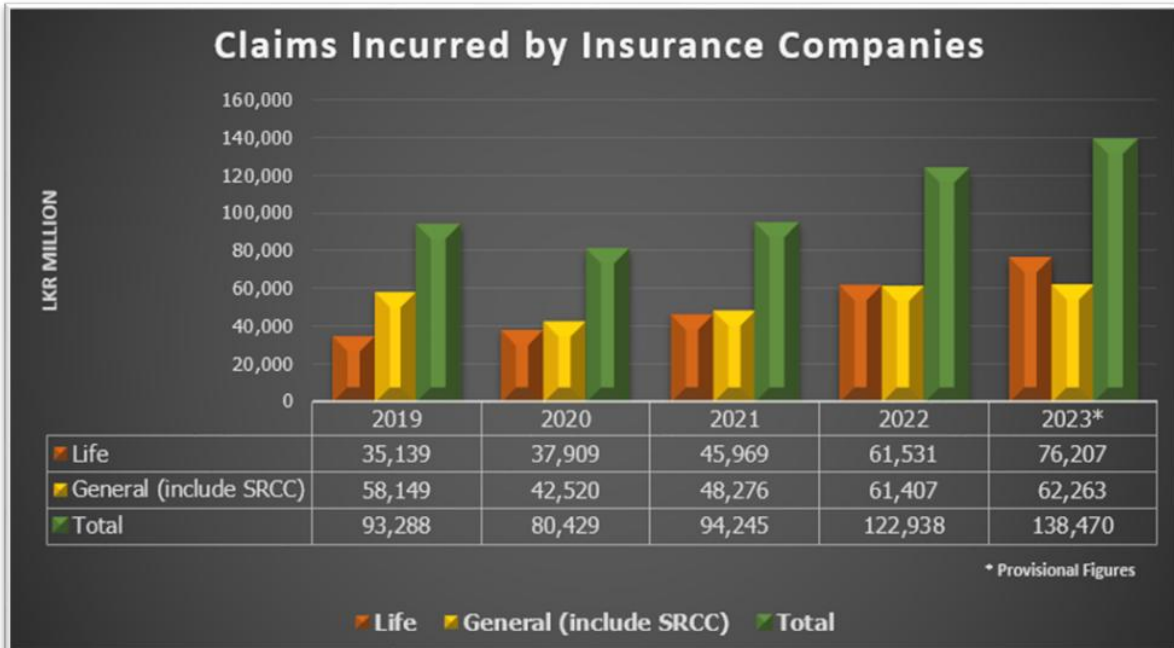
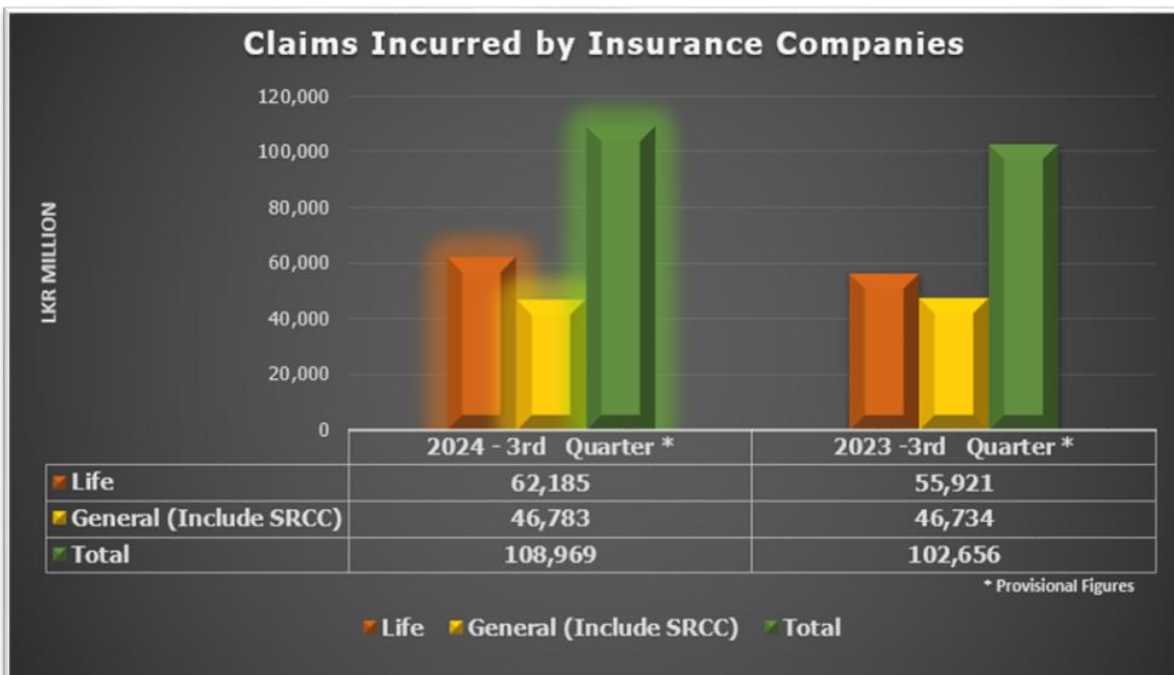


Chart 6 - Claims Incurred by Insurance companies Q3 2024 vs Q3 2023



Profit (Before Tax) of Insurance Companies

As reflected in Table 1, the profitability of Sri Lanka's insurance industry has experienced significant fluctuations over the past five years. In 2019, the industry saw a sharp decline in profit before tax of 18.7%, mainly due to tough economic conditions, including the impact of

the Easter Sunday attacks. However, 2020 saw a strong recovery, with a 37.6% increase in profit, driven by strong performance in the General Insurance sector due to the outcome of declined claim experience, specially in motor class, as the mobility was restricted by the lockdown measures imposed in the country.

In 2021, the growth slowed to 6.1%, as the industry continued to recover, though long-term insurers showed resilience. In 2022, the industry marked a solid rebound with a 16.0% increase in profit before tax, despite weaker premium growth and high interest rates affecting long-term insurers. In 2023, growth was modest at 5.1%, supported mainly by the Long-Term Insurance business. The profit in the reinsurance business has been negative in the years 2019, 2021 and in 2023.

Table 1 - Total Profitability of Insurance Industry

Insurance Business	2019	2020	2021	2022	2023	Trend
Long Term Insurance Business (LKR '000)	21,119,627	19,143,355	27,360,477	28,946,552	33,254,834	
General Insurance Business (LKR '000)*	11,317,738	23,360,482	19,548,732	23,815,307	24,669,742	
Reinsurance Business (LKR '000)**	(662,402)	1,230,524	(525,548)	1,052,236	(1,374,735)	
Total (LKR '000)	31,774,964	43,734,361	46,383,660	53,814,095	56,549,841	
Growth (%)	(18.7)	37.6	6.1	16.0	5.1	

*Includes SRCC & T business and General Insurance business of NITF

**Represent NITF Reinsurance business

In comparing the profitability for Q3 2023 and Q3 2024 as indicated in chart 7, a noticeable decline in Profit Before Tax (PBT) is observed across both Long-Term Insurance and General Insurance businesses.

For Long-Term Insurance Business, the PBT decreased from LKR 19,630 million in Q3 2023 to LKR 18,390 million in Q3 2024, reflecting a decline of 6.31%. The General Insurance Business experienced a substantial decline, with the PBT dropping from LKR 16,836 million in Q3 2023 to LKR 15,044 million in Q3 2024, marking a significant decrease of 10.64%. Overall, the total PBT for both sectors combined showed a decline from LKR 36,465 million in Q3 2023 to LKR 33,434 million in Q3 2024, a decrease of 8.31%.

Chart 7 – Profitability of Insurance Companies Q3 2024 vs Q3 2023

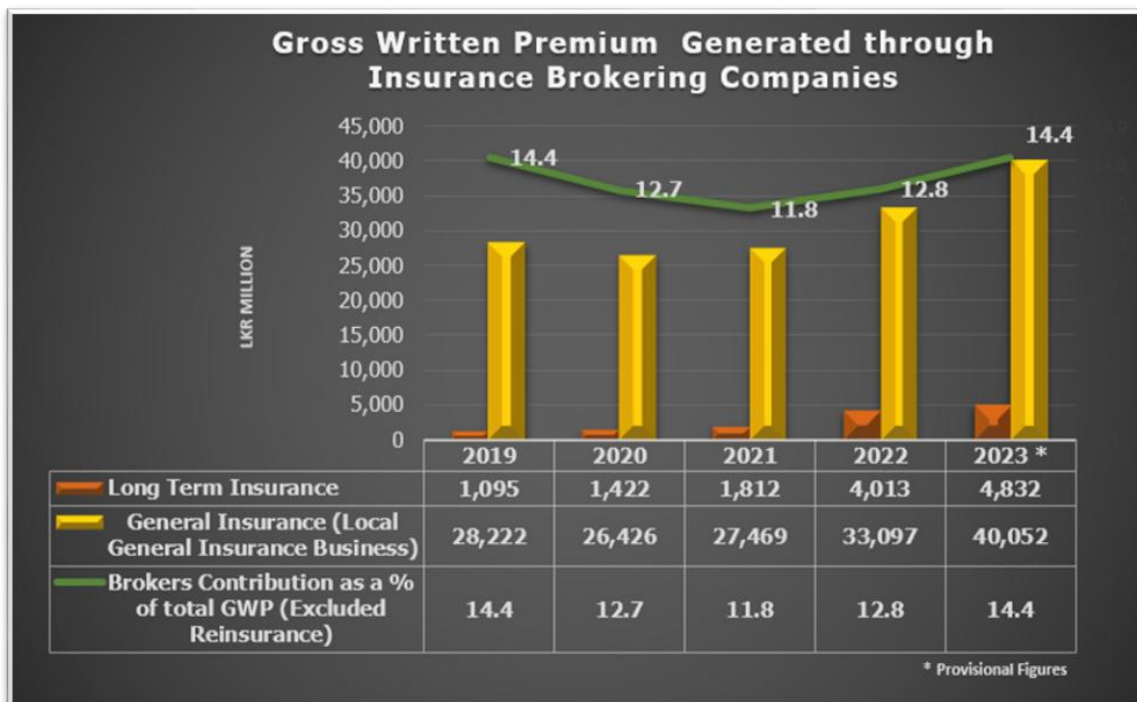


Insurance Brokers

Eighty-two (82) insurance brokering companies were registered with the Commission as at 30th September 2024.

Chart 8 outlines the Gross Written Premium generated through insurance brokering companies over the last five years from 2019 to 2023.

Chart 8 - Gross Written Premium generated through insurance brokering companies



The GWP of insurance brokers in Sri Lanka has shown a steady increase, reflecting their growing role in the overall insurance market. In 2023, the total GWP of both General and Long-Term Insurance business generated by brokers reached LKR 44,884 million, a significant increase from LKR 37,110 million in 2022, marking a growth of 20.9%. Brokers' contribution to the total GWP also grew, rising from 12.8% in 2022 to 14.4% in 2023. This indicates that brokers are capturing a substantial share of the market, particularly in General Insurance.

Director General

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

20/01/2025