

## **Insurance Board of Sri Lanka safeguards the interests of the policyholders**

The Insurance Board of Sri Lanka (IBSL), the regulator of the insurance sector in Sri Lanka, recently obtained the services of an independent Actuary who is attached to the "Insurance Regulatory and Development Authority of India" (IRDA), to review Actuarial Returns of Insurance Companies.

Insurance Companies require to value their Life Funds and Policy Liabilities with the assistance of the expert knowledge of the Actuaries as per the Regulation of Insurance Industry Act No.43 of 2000. The Actuary needs to certify whether the reserves of the insurer are adequate to meet all the liabilities of its policy holders and determine the surplus and recommend the quantum of bonus that is attributable to policy holders.

Adequacy of Solvency Margin, valuation of Life Fund, adequacy of surplus allocations to the Life policy holders and early warning issues pertaining to Insurance Companies were addressed by the Independent Actuary.

The Insurance Board noted that, in spite of high premium income, certain insurers were suffering from high rate of lapsation of policies. Further, it was revealed that, Expense Ratios of Companies were also comparatively high, which lead to underwriting losses. The Board is taking necessary actions to address the issues identified by the independent review.