

## **PRESS RELEASE**

### **Insurance Industry Performance – First Half of 2010**

The insurance industry is regulated by the Insurance Board of Sri Lanka (IBSL) in terms of the Regulation of Insurance Industry Act, No. 43 of 2000 (the Act). The IBSL was established to develop, supervise & regulate the insurance industry in Sri Lanka.

There are nineteen (19) Insurance Companies (Insurers) registered with the IBSL. Twelve (12) of them are composite companies (dealing in both General and Long Term Insurance businesses), five (05) of them engage in General Insurance business and two (02) companies engage only in Long Term (Life) Insurance business.

The General Insurance Business has demonstrated a progress of its overall Gross Written Premium (GWP) Income during the first half of 2010 when compared to the same period of 2009. The Long Term Insurance Business also showed a progress of its overall Gross Written Premium Income during the first half of 2010 when compared to the same of 2009. The overall Gross Written Premium Income of General Insurance Business amounted to Rs.18.18 billion (2009 – Rs.16.88 billion) while the overall Gross Written Premium Income of Long Term Insurance Business amounted to Rs. 13.12 billion (2009 – Rs.11.31 billion) during the first six months of 2010.

The Total Assets of the insurance companies have increased to Rs. 196.67 billion at the end of the first six months of 2010. Total Assets valued at the end of year 2009 was Rs.181.04 billion.

In terms of Section 25 of the Act, 20% of assets of the Technical Reserves of General Insurance Business should be invested in Government Securities. Similarly, 30% of the assets of Long Term Insurance Fund 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 50.96% of the total assets of Long Term Insurance Business and 24.65% of the total assets of General Insurance Business at the end of second quarter of 2010. This is in excess of the required amount of investment in Government Securities by the Act.

Insurance Broking Companies, as intermediaries, make significant contribution to the insurance industry. Forty One (41) insurance broking companies, registered with the IBSL in terms of Section 82 of the Act, currently engage in insurance broking business. Insurance Broking Companies mainly concentrate on General Insurance Business and their Total Gross Written Premium Income from both General Insurance Business and Long Term Insurance Business amounted to Rs. 5.0 billion during the first half of 2010.

Further, the insurance industry is expected to achieve a significant growth during the year 2010 with the removal of War Risk Level applicable to Sri Lanka in the "Country Risks Evaluation and Assessment Model" (CREAM) performed by Joint Cargo Committee (JCC) London.

**Market Development and External Relations Division  
Insurance Board of Sri Lanka**

**5<sup>th</sup> October 2010**