

PRESS RELEASE.

INSURANCE INDUSTRY PERFORMANCE – 2008

The Insurance Industry of Sri Lanka is regulated by the **Insurance Board of Sri Lanka (IBSL)** in terms of the **Regulation of Insurance Industry Act, No. 43 of 2000.**

The Insurance Board of Sri Lanka (IBSL) was established to develop, supervise & regulate the Insurance Industry of Sri Lanka. Under the guidance of the IBSL, the Sri Lankan Insurance Industry has demonstrated a steady progress of its **Overall Gross Written Premium Income** for the year 2008. There were 16 Insurance Companies registered with the IBSL during the year 2008. Out of which 11 were engaged in long term and general insurance business and 2 in long term insurance business and 3 in general insurance business. The overall Gross Written Premium Income for long term insurance business and general insurance business was Rs. 58,166 Million compared with the previous year amount of Rs. 51,885 Million which reflected a growth of 12.11%. However, witness a decline in the growth rate which is 12.11% in the year 2008 compared with the year 2007 growth rate of 20.56%

The total **Assets** of the 16 insurance companies have increased at the year end of 2008 which is valued at Rs.154,752 Million when compared with the year 2007 value of Rs.134,876 million.

In terms of Section (25) of the said Act, 20% of assets of the technical reserves of the general insurance business should be invested in **Government Securities**. In the same manner 30% of the assets of long term insurance fund should invest in Government Securities. This is a mandatory requirement that all Insurance Companies have to comply with which is monitored by the IBSL. It is witness that 49.53% of the total assets of life insurance business is invested in Government Securities and 28.26% of the total assets of general insurance business is invested in Government Securities which shows that the Insurance Companies have invested in the Government securities even a higher percentage than the statutory minimum requirement.

During the year 2008, total number of 555,886 life insurance policies have been issued, giving a penetration rate of 10.4%. This shows an improvement when compared with the year 2007 rate of penetration which was 9.6% with 527,385 life insurance policies issued during the year 2007.

In 2008, the Motor Insurance has made the highest contribution of 54.17% to the gross written premium income. Miscellaneous insurance accounted for 21.79% of the total premium, Whilst Fire insurance contributed 18.75% and Marine insurance accounted for 5.28% of the gross written premium.

Insurance Broking Companies which are registered with IBSL and Insurance Agents as **Intermediaries** have made a significant contribution to the industry. In total 54 insurance broking companies engaging in general & life business operated during the year 2008. Insurance brokers mainly concentrate in general insurance business and their contribution to total gross written premium amounted to Rs. 8,781 Million (In the year 2007: Rs. 7,393 million). Insurance broker's contribution towards long term insurance business continued to be low as in the previous year. Their premium contribution was Rs. 195 Million (2007: Rs. 158 Million).

A copy of the Detailed analysis of industry performance is attached herewith.