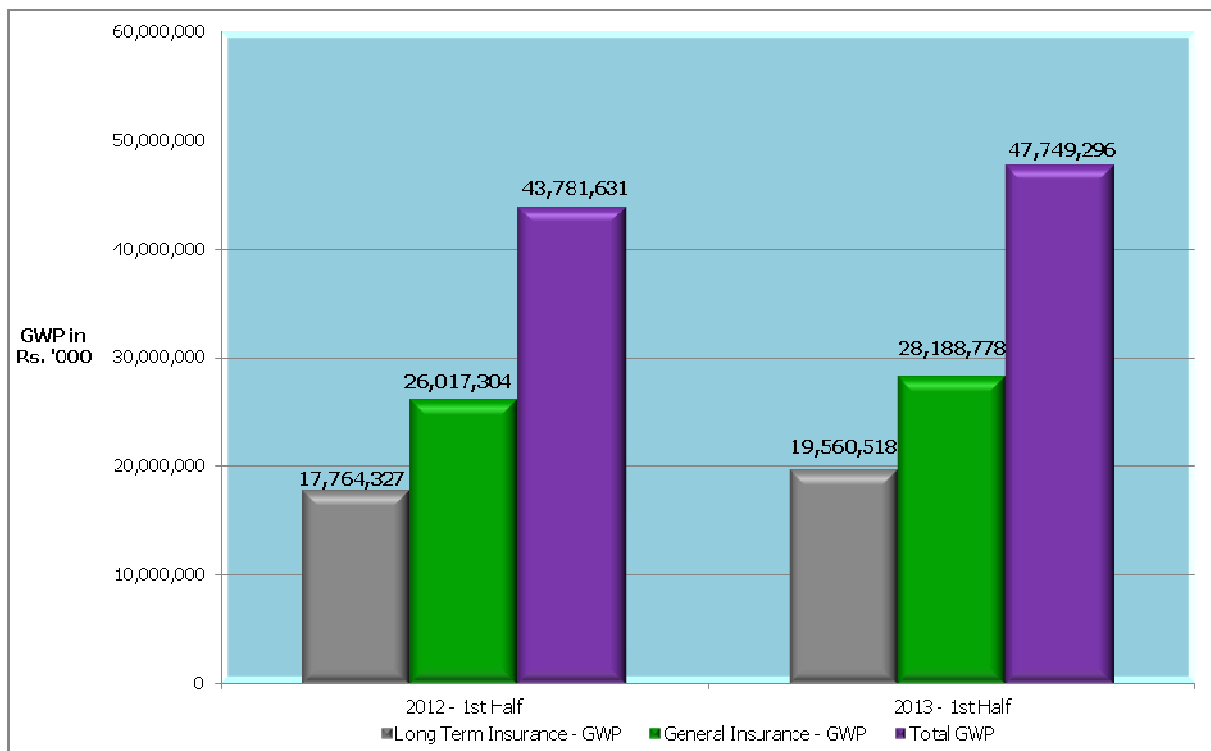


PRESS RELEASE

Insurance Industry Performance – 1st Half of 2013

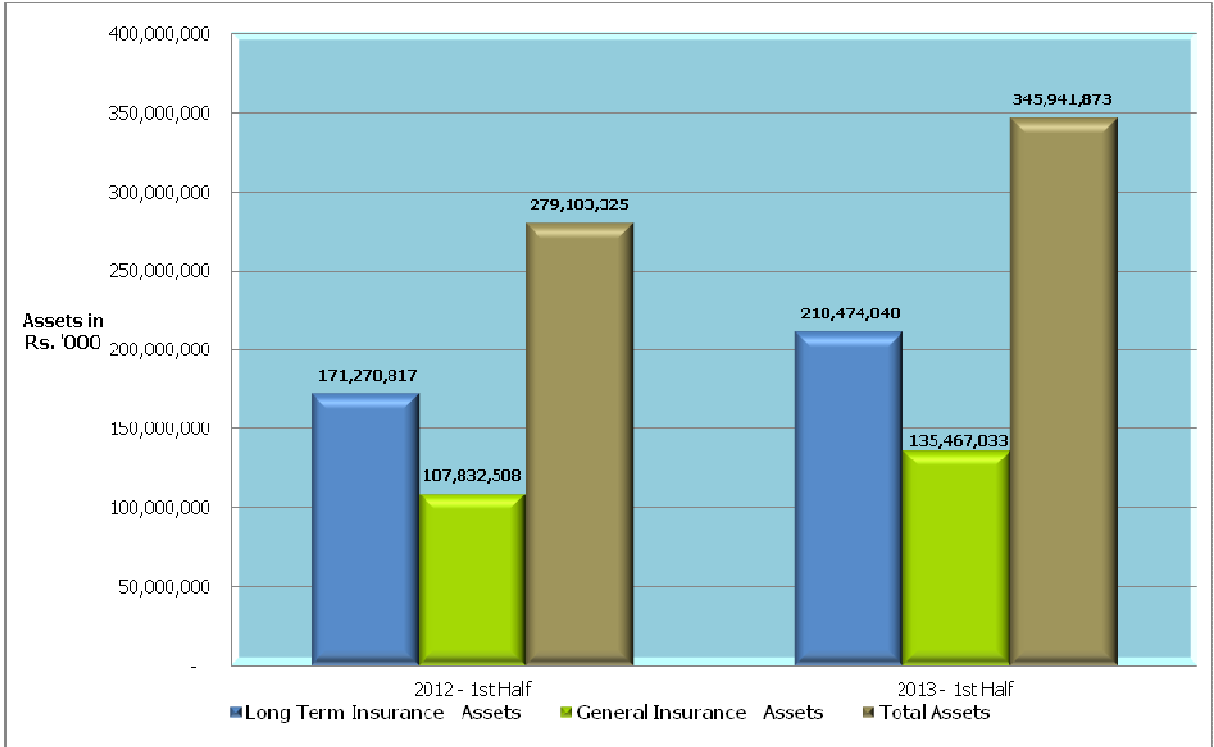
The insurance industry continued its growth during the first half of 2013. Overall Gross Written Premium (GWP) grew by 9.06% and total assets increased by 23.95% when compared with the same period of 2012.

The overall Gross Written Premium (GWP) Income for Long Term Insurance and General Insurance businesses for the six (06) months up to 30th June 2013 was Rs. 47,749 million compared with the first six months of 2012 amounting to Rs. 43,782 million which reflected a growth of 9.06%. The GWP Income of General Insurance Business amounted to Rs. 28,189 million (1st Half 2012: Rs. 26,017 million) while the GWP Income of Long Term Insurance Business amounted to Rs. 19,560 million (1st Half 2012: Rs. 17,764 million) during the first half of 2013. Thus, General Insurance Business and Long Term Insurance Business witnessed a growth of 8.35% and 10.11% respectively in GWP Income during the first half of 2013 when compared to the corresponding period of the previous year.



The Total Assets of the insurance companies have increased to Rs. 345,942 million as at 30th June 2013 when compared with Rs. 279,103 million recorded as at 30th June 2012, reflecting a growth of

23.95%. The assets of Long Term Insurance Business amounted to Rs. 210,475 million (1st Half 2012: Rs. 171,271 million) while the assets of General Insurance Business amounted to Rs. 135,467 million (1st Half 2012: Rs. 107,832 million) indicating a growth rate of 22.89% and 25.63% respectively at the end of first six months of 2013.



In terms of Section 25 of the Act, 20% of assets of the Technical Reserve of General Insurance Business and 30% of the assets of Long Term Insurance Fund of the Life Insurance Business should be invested in Government Securities. This is a mandatory requirement that all insurance companies have to comply with. At the end of first six months of 2013, the investment in Government Securities amounted to Rs. 97,331 million representing 46.24% (1st Half 2012: Rs. 85,988; 50.21%) of the total assets of Long Term Insurance Business, while such investment of the total assets of General Insurance Business amounted to Rs. 26,994 million representing 19.93% (1st Half of 2012: Rs. 31,916; 29.60%). Accordingly, the total investment of assets of both Technical Reserve of General Insurance Business and Long Term Insurance Fund of the Life Insurance Business amounted to Rs. 124,325 million representing 35.94% (1st Half of 2012: Rs. 117,904; 42.24%) as at 30th June 2013. This is in excess of the required amount of investment in Government Securities by the Act.

In terms of Section 98 of the Act, the Board inquires into policyholders' grievances in connection with repudiation of claims by insurance companies. During the period, IBSL inquired into a total of 122 such complaints.

Out of twenty two (22) Insurance Companies (Insurers) registered with IBSL as at 30th June 2013, twelve (12) are composite companies (dealing in both General and Long Term Insurance businesses), seven (07) are registered to carry on General Insurance business and three (03) companies are registered to carry on only Long Term (Life) Insurance business. Ceylinco Takaful Limited is prohibited from engaging in insurance business since 5th August 2009.

Fifty seven (57) insurance brokering companies, registered with IBSL in terms of Section 82 of the Act, currently engage in insurance brokering business concentrating mainly on General Insurance Business. The premium income generated through General Insurance Business amounted to Rs. 6,580 million (1st Half 2012: Rs. 6,193 million) while the premium income generated through Long Term Insurance Business amounted to Rs. 89 million (1st Half 2012: Rs. 120 million). The total premium income from both General Insurance Business and Long Term Insurance Business generated through insurance brokering companies amounted to Rs. 6,670 million during the 1st half of 2013, compared to Rs. 6,313 million during the same period in 2012. Thus, the total premium income generated through insurance brokering business witnessed a growth of 5.64% during the first half of 2013 when compared to the corresponding period of the previous year.

The insurance industry is regulated and supervised by the Insurance Board of Sri Lanka (IBSL) in terms of the Regulation of Insurance Industry Act, No. 43 of 2000 (the Act). IBSL, as the prudential regulator, provides guidance and direction to the Sri Lankan insurance industry, in terms of provisions of the Act.

Note: The public is hereby informed that no person should carry on insurance business or insurance brokering business in Sri Lanka, except under the authority of a certificate of registration issued by the Insurance Board of Sri Lanka (IBSL) under the provisions of the Regulation of Insurance Industry Act, No.43 of 2000. Therefore, the general public is advised to enter into insurance transactions only with authorized insurance companies and insurance brokering companies. For information on authorized insurance companies and insurance brokering companies contact the Market Development and External Relations Division, IBSL, Level # 11, East Tower, World Trade Centre, Colombo 01 or visit our website as given below:

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