

Sri Lanka's Takaful industry



SRI LANKA

By Shiraz Refai

As the prolonged effects of the COVID-19 pandemic threatened economic activities and the normality of society, the Sri Lankan insurance (including Takaful) industry quickly responded and sustained its business progress with innovations and digital capabilities that have gained positive returns for the overall insurance industry and remained strong in 2022.

Sri Lanka's insurance (including Takaful) industry remains intensely competitive with 27 insurers, out of which 13 are long-term insurers and 14 offer general insurance services. Under the 27 insurance companies, one is fully-fledged Takaful insurer Amana Takaful and there are three window operators, namely LOLC Al-Falaah General-Takaful, LOLC Al-Falaah Life-Takaful and HNB Takaful.

The state-owned Sri Lanka Insurance Corporation, established in 1962, is the largest insurer in Sri Lanka anchored to a pioneering legacy and today manages an asset base of over LKR268 billion (US\$902.78 million), making it one of the most secure and reliable insurance solution providers in Sri Lanka.

Some of the other key players contributing to the local insurance industry are AIA Insurance Lankae, Ceylinco Insurance and HNB Assurance. LOLC Insurance companies, offering insurance portfolios of life and general

products, are subsidiaries of the LOLC Group.

The newest addition to LOLC Group's Takaful portfolio is the Family First plan which offers complete protection for the entire family with benefits in cases of permanent disability, critical illness, children's critical illness and accidental death.

As at the close of 2022, the insurance asset base is estimated at LKR900 billion (US\$3.03 billion) and the overall gross written premium portfolio of the industry reached LKR135 billion (US\$461.31 million) with a growth of 9%. Likewise, life Takaful demonstrated a solid growth rate of 14% and ended the financial year with an impressive LKR1.1 billion (US\$3.76 million) portfolio. It is estimated that over 2,500 employees are directly involved in the insurance sector while over 500 employees are in the Takaful sector to service an estimated customer base exceeding 700,000 across the island nation.

The insurance industry is regulated by the Insurance Regulatory Commission of Sri Lanka which ensures that Takaful and conventional insurance businesses are conducted professionally and prudently with integrity. (2)

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