

# The Landscape of microinsurance in Sri Lanka

Presented by  
Jenny Nasr  
Senior Development Coordinator  
Microinsurance Network



- ✓ **Developed specifically for low-income people and managed on the basis of insurance principles**
- ✓ **Insurers are the risk carriers**  
(government programmes can support)
- ✓ **Modest premium levels** based on the risks insured



# The Insurance Industry

<b>Total industry premiums (2015)</b>	<b>USD 824 million</b>	<b>16% growth rate from 2014</b>
<b>Long term insurance business</b>	USD 360 million	20% growth rate from 2014
<b>General insurance business</b>	USD 465 million	13% growth rate from 2014
<b>Insurance density</b>	USD 39 compared to USD 136 in emerging markets	15% growth rate from 2014
<b>Insurance penetration</b>	1.09% of GDP (2.7% in emerging markets)	8% growth compared to 2014

<b>Population</b>	<b>20 million</b>
<b>Low income population</b>	40%
<b>Microinsurance policies issued (2015) based on the survey</b>	1.46 million policies
<b>MI policies issued as % of total population</b>	7%
<b>Life and PA</b>	Account for 98% of the MI covers

**Primary/secondary research**

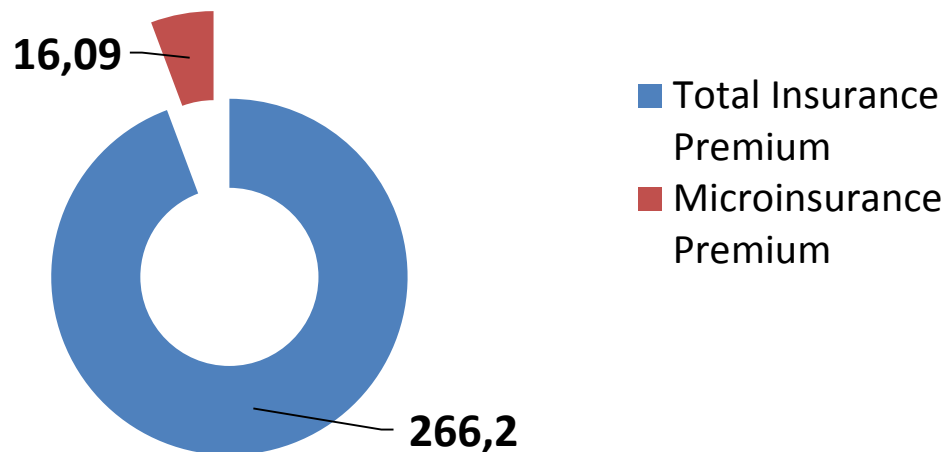
**Interviews & survey**

**Responses received from 9 providers**

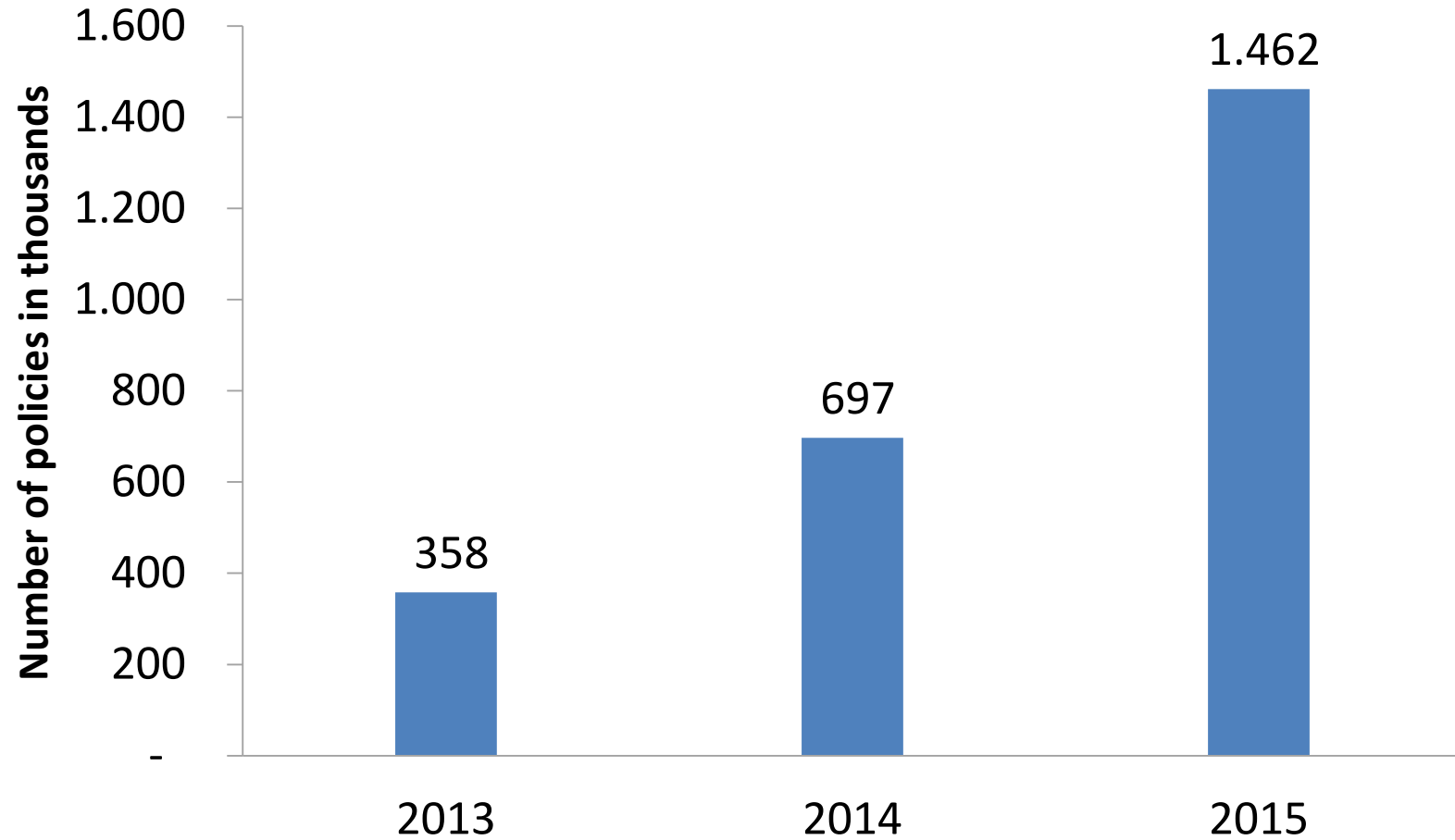
**Data provided voluntarily (agreed anonymity)**



## 6% share of microinsurance premium over total premium reported in 2015 (in million USD)



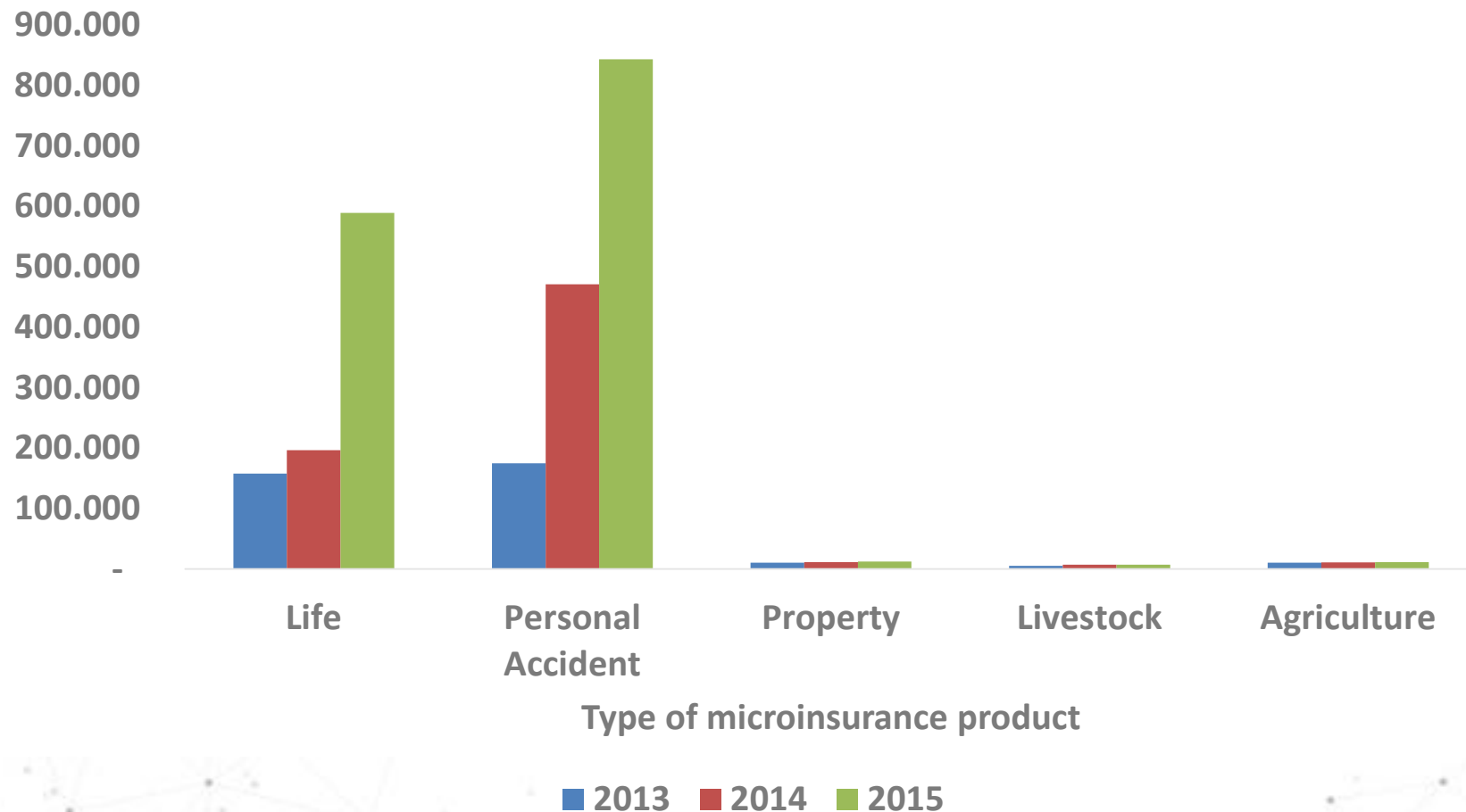
# Total MI policies issued 2013-2015





# Number of MI policies by product

## Number of policies issued by type of microinsurance product (2013-2015)





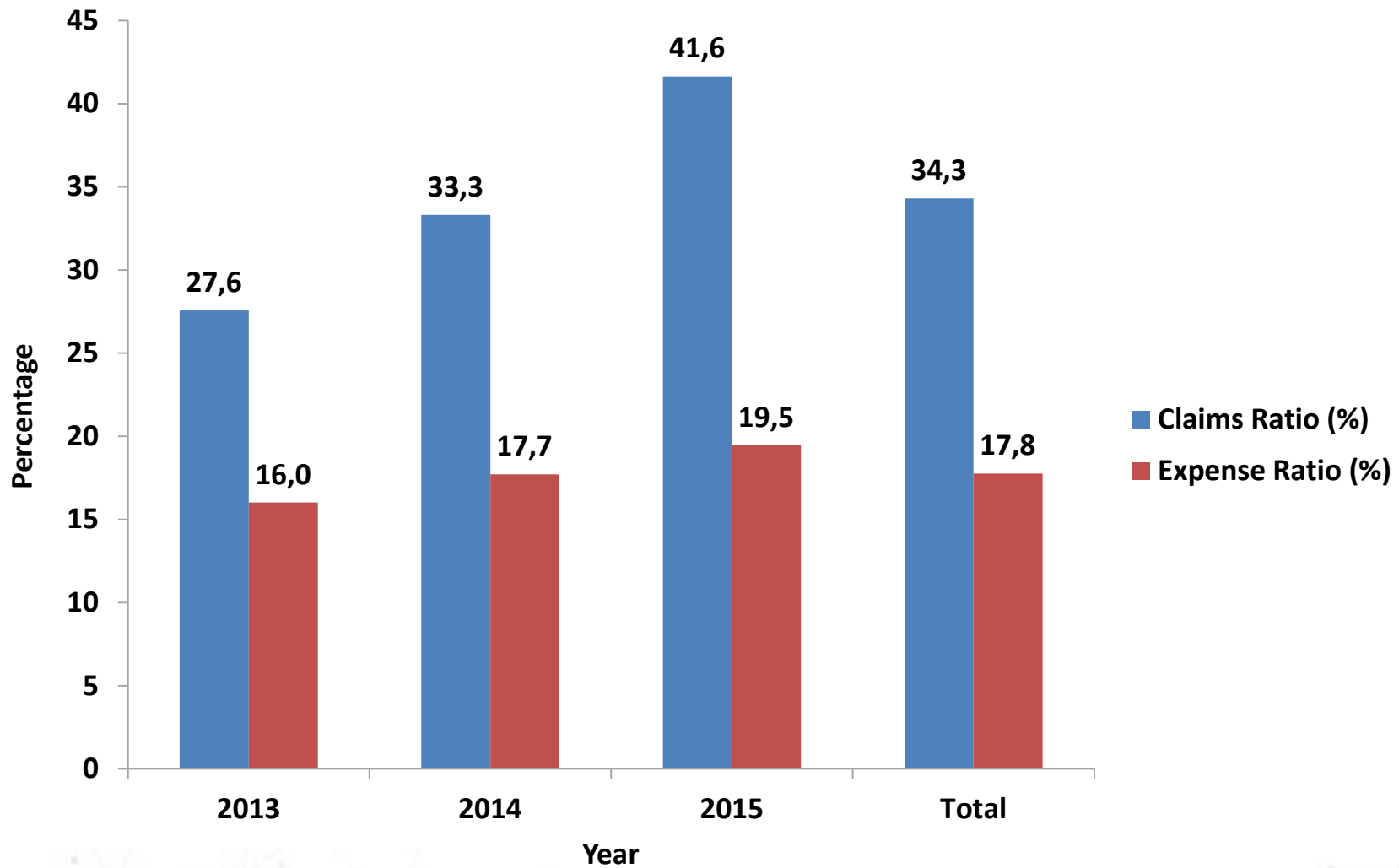
# Increase in lives covered

**Percentage increase in the lives covered by microinsurance product types**  
(in the 2013 - 2015 period)

Product	Percentage increase
Life	<b>275%</b>
Property	20%
Livestock	39%
Personal accident	<b>385%</b>
Agriculture	10%
Health	n.a



# Claims and expense ratios



## Agriculture and Agrarian Insurance Board

- Established by the **Ministry of Agriculture**
- Set up in **1973**
- Provides crop insurance for more than **700,000 farmers**
- Currently introducing an **index product**
- Extended to offer **pension schemes** and **permanent disability**

## Sri Lanka Social Security Board

- under the **Ministry of Social Empowerment & Welfare**
- Offers **pension** and **social security** schemes for self-employed and **PA covers**
- Is **voluntary**
- Target population includes, migrant workers, artists, tea sector workers, craftsmen, small industrial workers, employees in beauty care and handloom industry.

## Department of Divinaguma Development (Samurdhi Authority)

- established under the Ministry of Social Empowerment & Welfare.
- Financially assist unemployed people below the poverty line
- Benefits around **1.4 million families**
- Offers **life insurance** and **hospital cash**
- **Ex-gratia payments** at marriage, and birth of children

## National Insurance Trust Fund

- Set up in **2006** under the **Ministry of Policy Planning and Economic Affairs**
- Acts as a **reinsurer** to the insurance business
- Reaches > than **2 million clients**
- Health insurance for public servants
- Crop and loan protection for farmers
- Has a national natural disaster coverage

## Death Benevolent Societies:

- **30,000 in existence** across the country
- Operate at the **community level**
- Help families in **funeral arrangements** and **expenditures**

## Yasiru:

- **NGO** involved in grass root level **poverty alleviation**
- Offers **life insurance** to its members **up to 65 years**.
- Cover can be extended for **hospitalisation**.
- Operates in **6 districts**
- Around **10,000 members**



## **Sarvodaya Economic Enterprise Development Services (SEEDS):**

- Mission to **eradicate poverty** by promoting **economic empowerment**
- Comprises **4000 village level societies; 1 million members**
- **Loan protection scheme** to members borrowing up to LKR 100,000.

Regulated private insurers: 21 companies

12 composite insurers, 3 life insurers and 6 in general insurance business

## Companies approached for the study:

Ceylinco General Insurance Ltd.

SANASA Insurance

CoopLife Insurance Limited

Amana Takaful Insurance

Janashakthi General Insurance Limited

LOLC General Insurance

MBSL Insurance Co. Ltd

Asian Alliance Insurance

Sri Lanka Insurance Corporation Ltd

HNB Assurance

Continental Insurer

Union Assurance General Limited

AIA Insurance Lanka PLC



## Dialog Axiata

- **Largest telecommunications provider** in Sri Lanka
- **Partnered with BIMA** in 2013
- Has since covered 1.4 million customers.
- First product launched: **Dialog Accident Cover**
  - Followed by **Dialog Hospital Cover** in May 2014, offering customers a **pay out** in the event of **hospitalisation** resulting from **accident** or **injury**



- The **MICROFINANCE ACT, No. 6 of 2016** was passed for the licensing, regulation and supervision of companies carrying on microfinance business. A licensed microfinance company may partner with an insurance company and offer credit-life covers.
- Move **from solvency margin** regime to **Risk Based Capital** regime since **2016**; requires insurance companies to **determine their capital** based on **risk appetite**.
- The Insurance Board of Sri Lanka has **required** insurance companies to **increase their stated capital** from **LKR 100 million** to **LKR 500 million**



- There is **no common definition of MI among insurers**
- MI is not considered as a **specific category** neither by the regulator nor by providers
- Some insurers consider LKR 20,000 (around USD 120) as a cut-off annual premium for MI
- Data limitations due to **lack of complete financial information from providers**
- The **informal and public sectors** play an important role in reaching to the low-income population.
- There is a need to develop **new MI products**, with **innovative distribution channels** and effective claims responses.



**Microinsurance Network**

39 Rue Glesener  
1631 Luxembourg  
+352 262978

[info@microinsurancenetwork.org](mailto:info@microinsurancenetwork.org)

[www.microinsurancenetwork.org](http://www.microinsurancenetwork.org)

## The global platform for insurance in emerging markets

**300** EXPERTS  
**> 90** INSTITUTIONS  
**> 40** COUNTRIES



**Connect. Participate. Influence**

