

# INSURANCE COMPANIES (COMPARATIVE ANALYSIS)

|                           | <b>AINS</b>   | <b>AAIC</b>     | <b>HASU</b>     | <b>JINS</b>     | <b>LGIL</b>   | <b>UAL</b>      | <b>CINS</b>      | <b>PINS</b>   |
|---------------------------|---------------|-----------------|-----------------|-----------------|---------------|-----------------|------------------|---------------|
|                           | Life          | Life            | Life/Gen        | Life            | General       | Life            | Life/Gen         | Life/Gen      |
| <b>Earnings (LKR/mn)</b>  |               |                 |                 |                 |               |                 |                  |               |
| <b>Q1 - March 23</b>      | 42.66         | 501.63          | 255.30          | 442.55          | 68.47         | 444.57          | 2,074.25         | 217.36        |
| <b>Q2 - Jun 23</b>        | 46.89         | 505.41          | 212.46          | 540.22          | 97.39         | 468.68          | 1,967.68         | 149.02        |
| <b>Q3 - Sep 23</b>        | 43.37         | 700.47          | 419.68          | 1,045.10        | 416.85        | 434.88          | 2,264.04         | 146.84        |
| <b>Q4 - Dec 23</b>        | <b>55.00</b>  | 793.37          | 1,180.84        | 281.55          | 193.50        | 2,410.21        | 5,370.81         | 8.36          |
|                           | <b>187.92</b> | <b>2,500.88</b> | <b>2,068.28</b> | <b>2,309.42</b> | <b>776.21</b> | <b>3,758.34</b> | <b>11,676.78</b> | <b>521.58</b> |
| <b>EPS (LKR)</b>          |               |                 |                 |                 |               |                 |                  |               |
| <b>Q1 - March 23</b>      | 0.64          | 1.34            | 1.70            | 1.95            | 0.06          | 0.75            | 103.71           | 1.09          |
| <b>Q2 - Jun 23</b>        | 0.71          | 1.35            | 1.42            | 2.38            | 0.08          | 0.80            | 98.38            | 0.75          |
| <b>Q3 - Sep 23</b>        | 0.65          | 1.87            | 2.80            | 4.61            | 0.35          | 0.74            | 113.20           | 0.73          |
| <b>Q4 - Dec 23</b>        | 0.83          | 2.12            | 7.87            | 1.24            | 0.16          | 4.09            | 268.54           | 0.04          |
|                           | <b>2.84</b>   | <b>6.67</b>     | <b>13.79</b>    | <b>10.19</b>    | <b>0.65</b>   | <b>6.38</b>     | <b>583.84</b>    | <b>2.61</b>   |
| <b>Issued Shares (mn)</b> | 66.23         | 375.00          | 150.00          | 226.53          | 1,200.00      | 589.28          | 20.00            | 200.00        |
| <b>Book Value (mn)</b>    | 2,242.76      | 13,333.00       | 10,276.67       | 13,737.09       | 6,200.57      | 24,161.07       | 91,927.66        | 5,248.00      |
| <b>BV Per Share</b>       | <b>33.86</b>  | <b>35.55</b>    | <b>68.51</b>    | <b>60.64</b>    | <b>5.17</b>   | <b>41.00</b>    | <b>4,596.38</b>  | <b>26.24</b>  |

# INSURANCE COMPANIES (VALUATION)

|                           | <b>AINS</b>     | <b>AAIC</b>      | <b>HASU</b>      | <b>JINS</b>      | <b>LGIL</b>      | <b>UAL</b>       | <b>CINS</b>       | <b>PINS</b>      |
|---------------------------|-----------------|------------------|------------------|------------------|------------------|------------------|-------------------|------------------|
| <b>Issued Shares (mn)</b> | 66.23           | 375.00           | 150.00           | 226.53           | 1,200.00         | 589.28           | 20.00             | 200.00           |
| <b>Net Earnings</b>       | <b>187.92</b>   | <b>2,500.88</b>  | <b>2,068.28</b>  | <b>2,309.42</b>  | <b>776.21</b>    | <b>3,758.34</b>  | <b>11,676.78</b>  | <b>521.58</b>    |
| <b>Book Value (mn)</b>    | 2,242.76        | 13,333.00        | 10,276.67        | 13,737.09        | 6,200.57         | 24,161.07        | 91,927.66         | 5,248.00         |
| <b>Market Cap (mn)</b>    | <b>1,437.19</b> | <b>21,075.00</b> | <b>8,415.00</b>  | <b>8,245.69</b>  | <b>7,440.00</b>  | <b>30,347.92</b> | <b>48,940.00</b>  | <b>4,320.00</b>  |
| <b>BV Per Share</b>       | 33.86           | 35.55            | 68.51            | 60.64            | 5.17             | 41.00            | 4,596.38          | 26.24            |
| <b>Earnings Per Share</b> | 2.84            | 6.67             | 13.79            | 10.19            | 0.65             | 6.38             | 583.84            | 2.61             |
| <b>Market Price</b>       | 21.70           | 56.20            | 56.10            | 36.40            | 6.20             | 51.50            | 2,447.00          | 21.60            |
| <b>PER x</b>              | 7.65            | 8.43             | 4.07             | 3.57             | 9.59             | 8.07             | 4.19              | 8.28             |
| <b>PBV x</b>              | 0.64            | 1.58             | 0.82             | 0.60             | 1.20             | 1.26             | 0.53              | 0.82             |
| <b>Value @PER x10</b>     | <b>1,879.20</b> | <b>25,008.80</b> | <b>20,682.80</b> | <b>23,094.20</b> | <b>7,762.10</b>  | <b>37,583.40</b> | <b>116,767.80</b> | <b>5,215.80</b>  |
| <b>Value @BV x2</b>       | <b>4,485.52</b> | <b>26,666.00</b> | <b>20,553.34</b> | <b>27,474.18</b> | <b>12,401.14</b> | <b>48,322.14</b> | <b>183,855.32</b> | <b>10,496.00</b> |

### Current Industry PE

Investors are optimistic on the Sri Lankan Insurance industry, and appear confident in long term growth rates.

The industry is trading at a PE ratio of 7.8x which is higher than its 3-year average PE of 7.0x.

The industry is trading close to its 3-year average PS ratio of 0.71x.

### Past Earnings Growth

The earnings for companies in the Insurance industry have grown 7.4% per year over the last three years.

Revenues for these companies have grown 21% per year.

This means that more sales are being generated by these companies overall, and subsequently their profits are increasing

# INDUSTRY HIGHLIGHTS

## Industry Highlights - Q4 of 2023 Vs Q4 of 2022

| No. | Description   |                      | Quarter 04 - 2023 <sup>Note 1</sup>   | Quarter 04 - 2022 <sup>Note 1</sup>   |
|-----|---|----------------------|---|---|
|     |   |                      | Value (Rs.'000)   | Value (Rs.'000)   |
| 1   | Profit of Insurance Companies (Before Tax)                        | 1. Life Insurance    | 30,617,186  | 23,438,504  |
|     |   | 2. General Insurance | 20,019,515  | 26,897,331  |
|     | Profit of Insurance Companies (After Tax)                         | 1. Life Insurance    | Not Available   | Not Available   |
|     |   | 2. General Insurance | Not Available   | Not Available   |
| 2   | Underwriting Profit of Insurance Companies underwriting profit of | 1. Life Insurance    | Not Applicable  | Not Applicable  |
|     |   | 2. General Insurance | 12,782,076  | 16,268,251  |
| 3   | Capital levels of Insurance Companies                             | 1. Life Insurance    | 182,099,561   | 139,000,737   |
|     |   | 2. General Insurance | 130,433,781   | 132,357,210   |
|     | Compliance with Solvency Margin (RBC)                             |                      | All life insurers (TAC & CAR) had complied with the minimum requirement except MBSL and all General Companies comply with minimum capital requirement | All Life Insurance companies except Life insurance Corporation and all General Insurance companies complied with minimum requirement. |
|     |   |                      |   |   |

| Description                      |                                   | Quarter 04 - 2023             |                | Quarter 04 - 2022 |                |      |
|----------------------------------|-----------------------------------|-------------------------------|----------------|-------------------|----------------|------|
|                                  |                                   | General Insurance<br>Note 2   | Life Insurance | General Insurance | Life Insurance |      |
| Aspects of Financial System      | Indicator                         |                               |                |                   |                |      |
|                                  | Capital Adequacy                  | Capital Adequacy Ratio        | 252%           | 358%              | 210%           | 303% |
|                                  |                                   | Capital to Total Assets       | 0.49           | 0.22              | 0.48           | 0.21 |
|                                  |                                   | Capital to Technical Reserves | 1.9            | N/A               | 1.79           | N/A  |
|                                  | Technical Reserve Ratio (%)       | 136.49                        | N/A            | 132.86            | N/A            |      |
| Earnings and Profitability       | Profitability Ratio (%)           | 15.17                         | 20.04          | 20.65             | 17.31          |      |
|                                  | Underwriting Ratio (%)            | 13.48                         | N/A            | 16.94             | N/A            |      |
|                                  | Return on Assets (ROA) (%)        | 7.34                          | 4.11           | 10.24             | 3.6            |      |
|                                  | Return on Equity (ROE) (%)        | 15.24                         | 19.08          | 20.95             | 17.28          |      |
|                                  | Net Combined Operating Ratio (%)  | 111.94                        | 99             | 105.32            | 89.54          |      |
|                                  | Investment Yield Ratio (%)        | 16.28                         | 14.32          | 9.63              | 10.6           |      |
|                                  | Premium Stability Ratio (%)       | 1.29                          | 12.87          | 12.76             | 8.51           |      |
| Liquidity                        | Liquidity Ratio                   | 0.87                          | 0.82           | 0.97              | 0.76           |      |
|                                  | Loss Ratio (%)                    | 63.43                         | 52.42          | 64.03             | 47.1           |      |
| Reinsurance and Actuarial Issues | Retention (Reinsurance) Ratio (%) | 70.99                         | 95.52          | 75.3              | 95.12          |      |
| Costs                            | Management Expense Ratio (%)      | 48.21                         | 46.58          | 41.28             | 42.44          |      |

## Sri Lanka Life & Non-Life Insurance Market Analysis

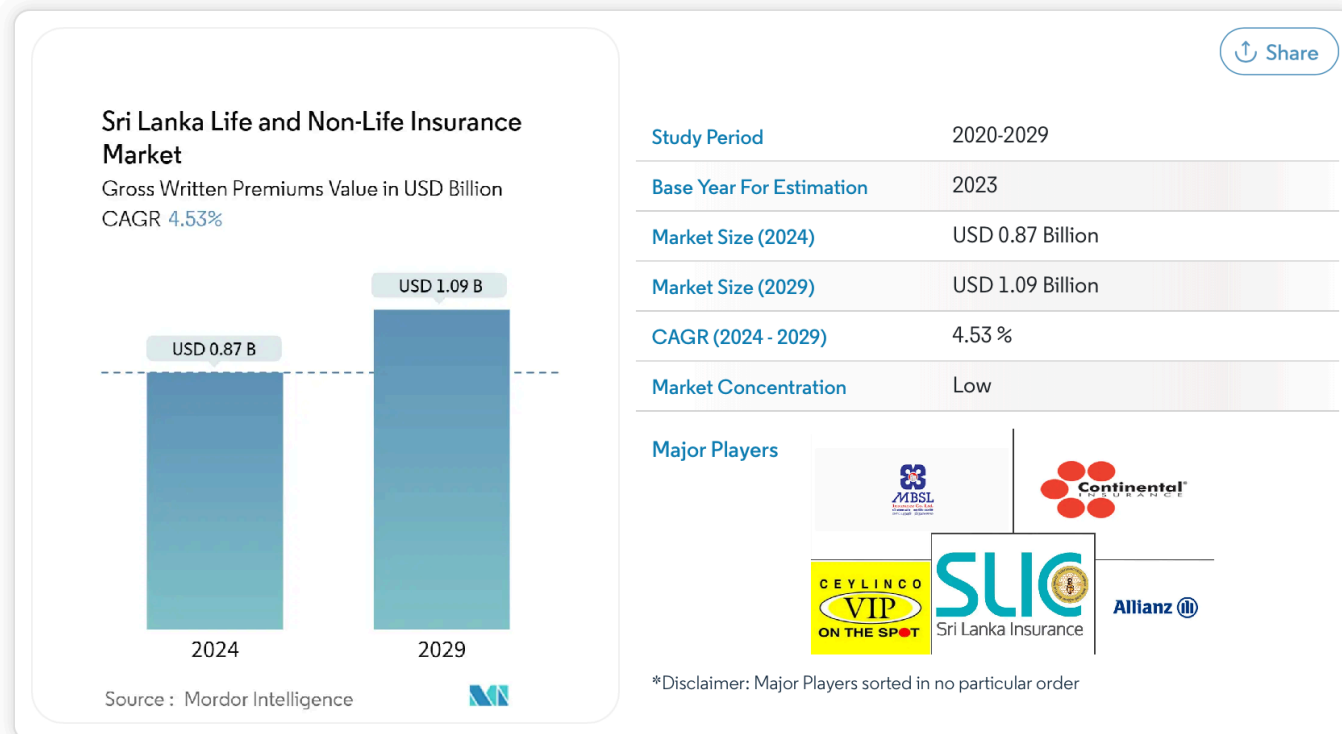
The Sri Lanka Life & Non-Life Insurance Market size in terms of gross written premiums value is expected to grow from USD 0.87 billion in 2024 to USD 1.09 billion by 2029, at a CAGR of 4.53% during the forecast period (2024-2029).

The life and non-life insurance market of Sri Lanka has been growing steadily over the past few years, with several new players entering the market and offering innovative products to meet the changing needs of consumers. The industry is largely dominated by life insurance, although there has been a recent increase in demand for general insurance products such as motor and health insurance.

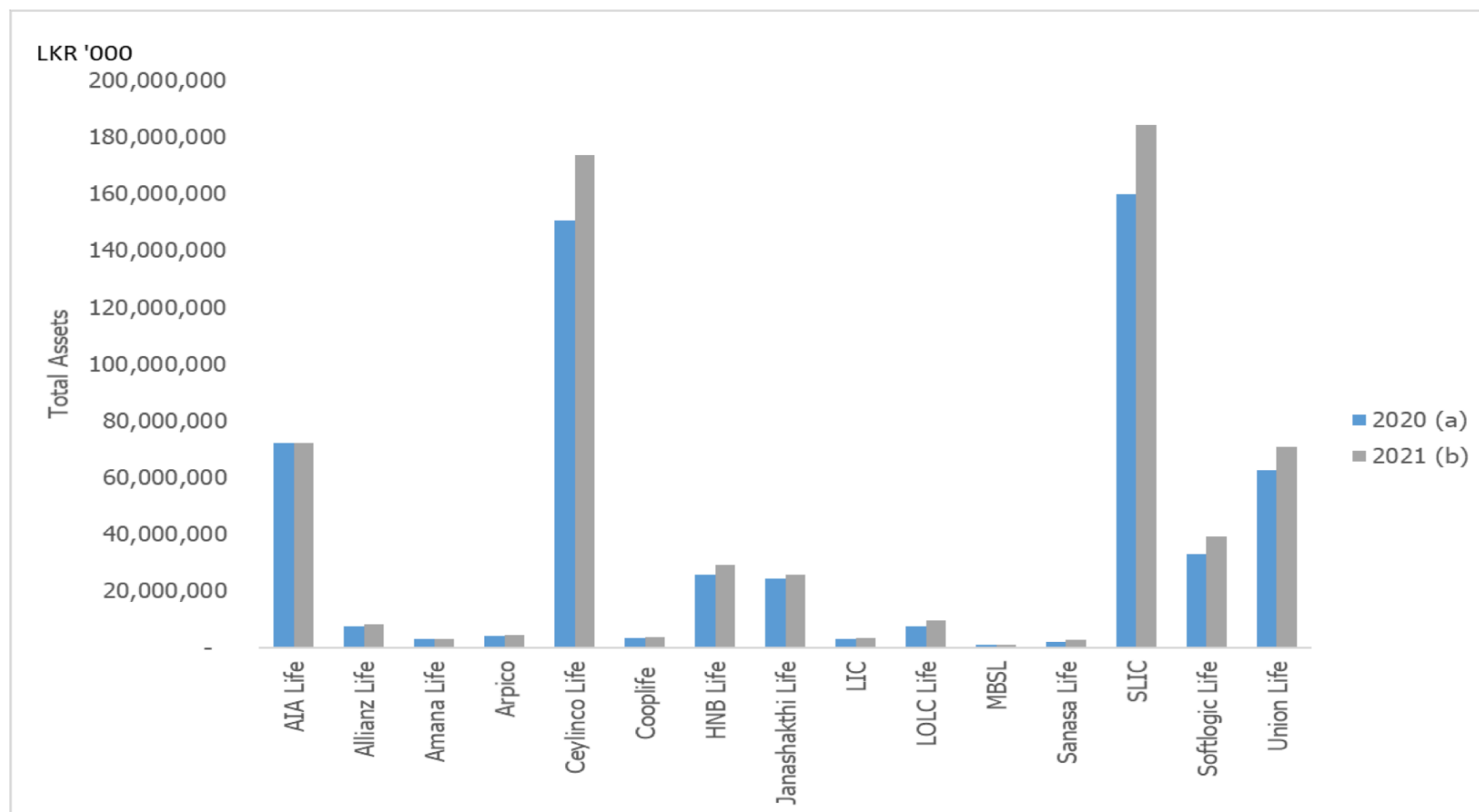
One of the key challenges facing the insurance industry in Sri Lanka is a low level of awareness among consumers about the benefits of insurance and the various products available. This has resulted in a relatively low penetration rate for insurance products in the country, with many people still relying on traditional forms of savings and investment.

Despite these challenges, the industry is poised for growth, driven by rising incomes, urbanization, and the increasing importance of the middle class. The government has also been supportive of the industry, with a number of initiatives aimed at increasing access to insurance and improving the regulatory framework.

### Market Size Of Sri Lanka Life & Non-Life Insurance Industry



## Company-wise Analysis of Total Assets as at 31st December 2020 & 2021 - Long Term Insurance Business



## Top Five Contributors and Other Insurers for the years 2017 to 2021 - Long Term Insurance Business

