



JANASHAKTHI  
*Life*

# Janashakthi Insurance PLC

H2 FY 2018 Earnings Update

March 2019



JANASHAKTHI

*Life*

UNWAVERING  
STRENGTH



JANASHAKTHI  
*Life*

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## Company Overview

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# Janashakthi Insurance PLC: continuing to forge ahead with a singular focus on Life Insurance business



## A key driver in formulating Sri Lanka's insurance industry blueprint

Strong foundation and family values inculcated by Mr. Chandra Schaffter, renowned as the "Father of Insurance" in Sri Lanka, has allowed the Company to continuously differentiate and set the industry benchmark for customer services.

## A standalone Life Insurance Company

With the divestment of its general insurance arm, the Company has returned to its roots as a standalone Life Insurance Company, relaunching Janashakthi brand as "**Janashakthi Life**".

## Driven by the purpose to uplift lives of all stakeholders

Committed to become the leader in the Life Insurance industry, by staying true to Company's purpose of "**Uplifting Lives & Empowering your dreams**".

## A robust and a future-ready entity

The company is being repositioned as a sales centric organization with the focus on digitization and a much improved branch outlook that reflects the "**Unwavering Strength**".

# 20.2

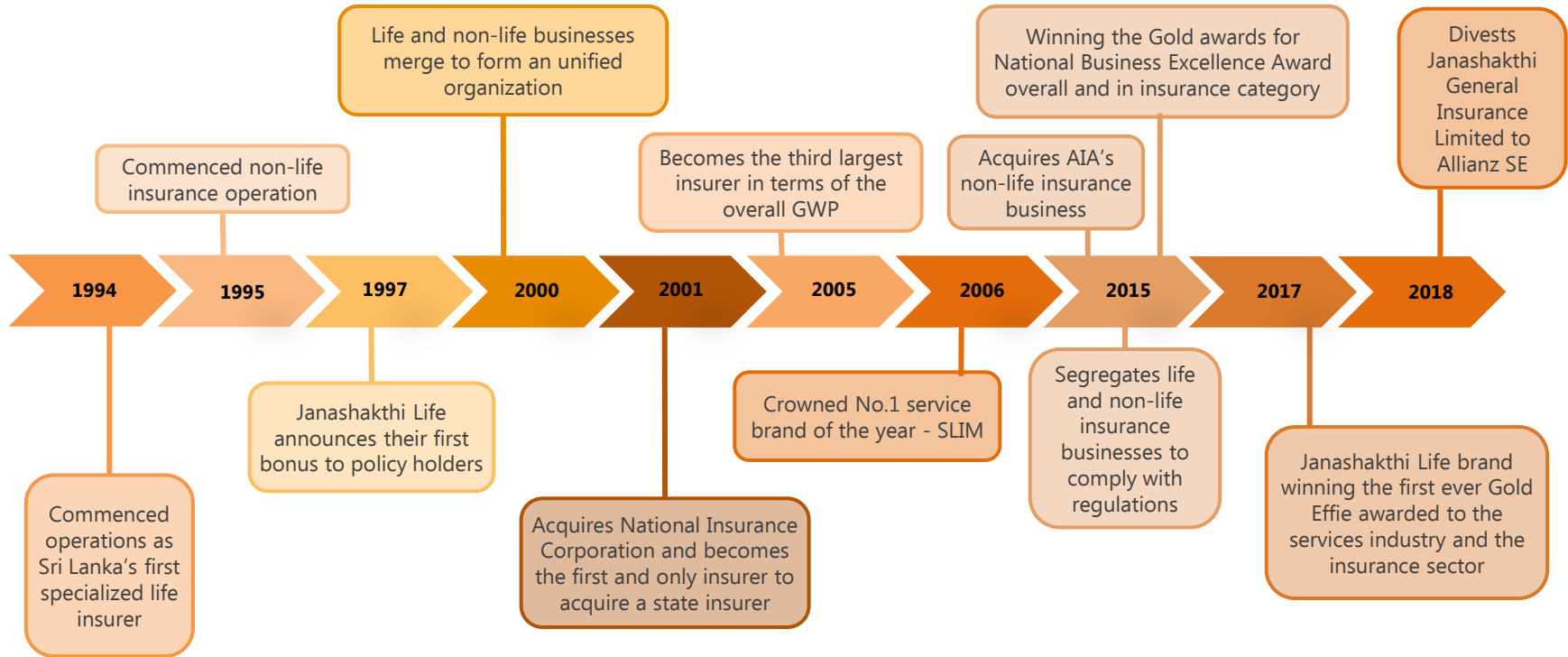
Total Assets (LKR Bn)

# 4%

Market Share\*

*\*Based on IRCSL industry performance Q3 – 2018*

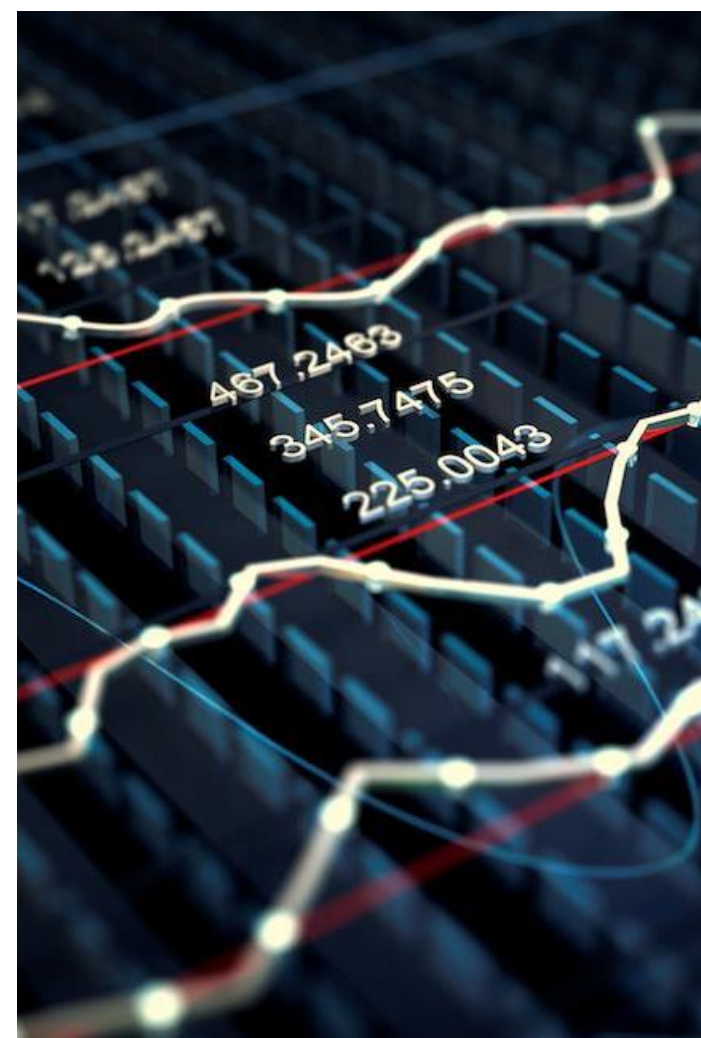
# A brand name synonymous with protection, security and continuity with a history of 25 years



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## Insurance Industry Overview

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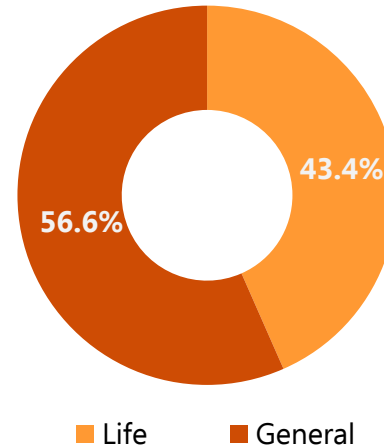
# Industry snapshot

**GDP 2017 – LKR 13,289 Bn**

**Insurance / GDP – 1.24%**

**Life Ins. / GDP – 0.54%**

**Insurance Industry : LKR 164.6Bn<sup>1</sup>**



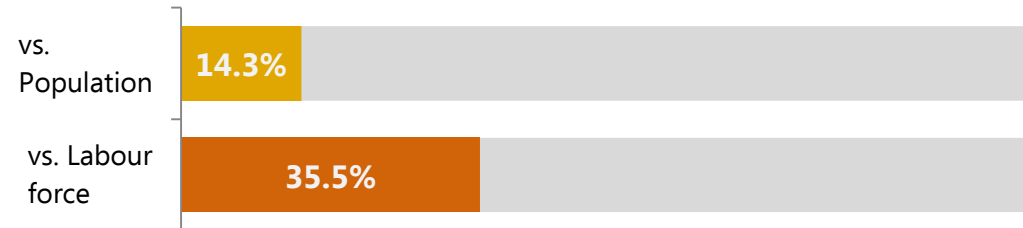
**15**

**Life Insurers**

**14**

**General Insurers**

## Life Insurance Penetration



<sup>1</sup>Sum insured  
\*2017 statistics

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## Performance Update

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# Our key performance highlights

**Gross Written  
Premium**



**LKR 3,009 Mn** +4%



**Total Net  
Income**



**LKR 4,601 Mn** +12%



**Profit After  
Tax\***



**LKR 1,874 Mn** +10%



**Capital to  
Assets Ratio\*\***



**45%**



**Return on  
Equity**



**20%**



*\*Profit from continuing operations*

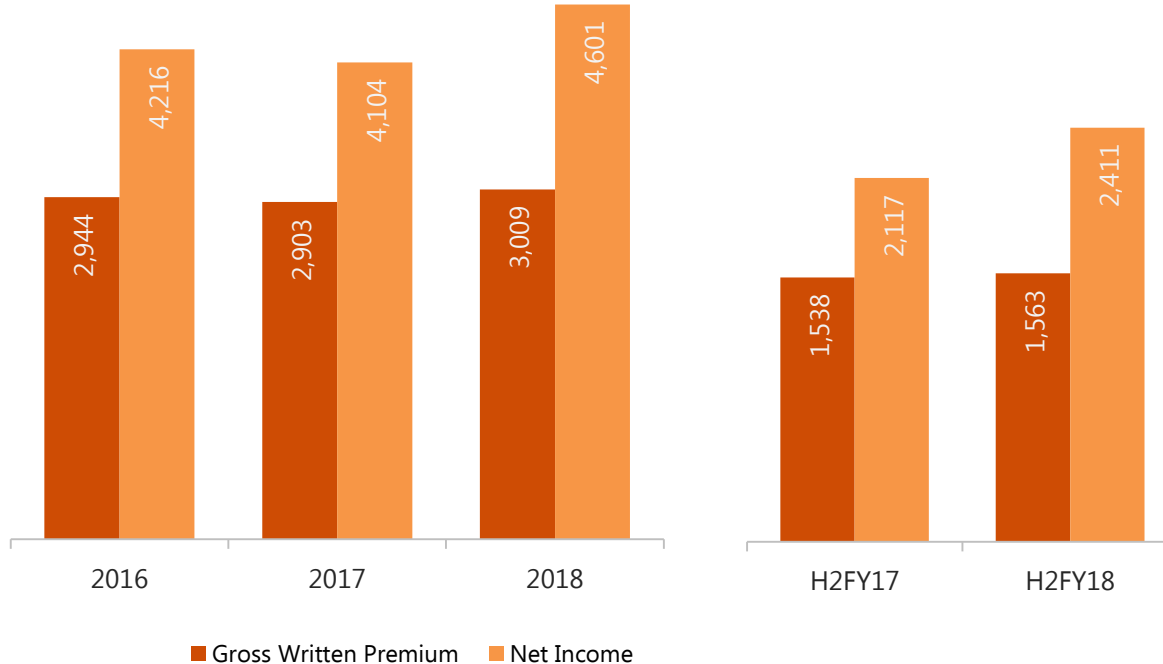
*\*\*Capital to Assets=Shareholders' Funds/Total Assets*



# Gross Written Premium and Net Income



LKR Mn



The core focus of the Company in FY2018 was not to grow the business but to stabilize the business operations and set the foundation for the Company to operate as a pure Life Insurance Company

However, against the backdrop of this restructuring process, the Company expanded the GWP by c.4% in FY2018 compared to the previous year

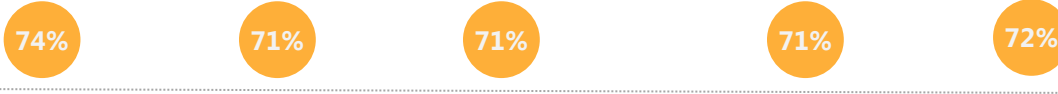
During the year, the Company introduced a specialized team to secure more corporate clients which would drive GWP going forward

Total net income recorded a growth of c.12% YoY in FY2018 mainly due to the increase in investment income by c.13% to LKR 1,503 Mn

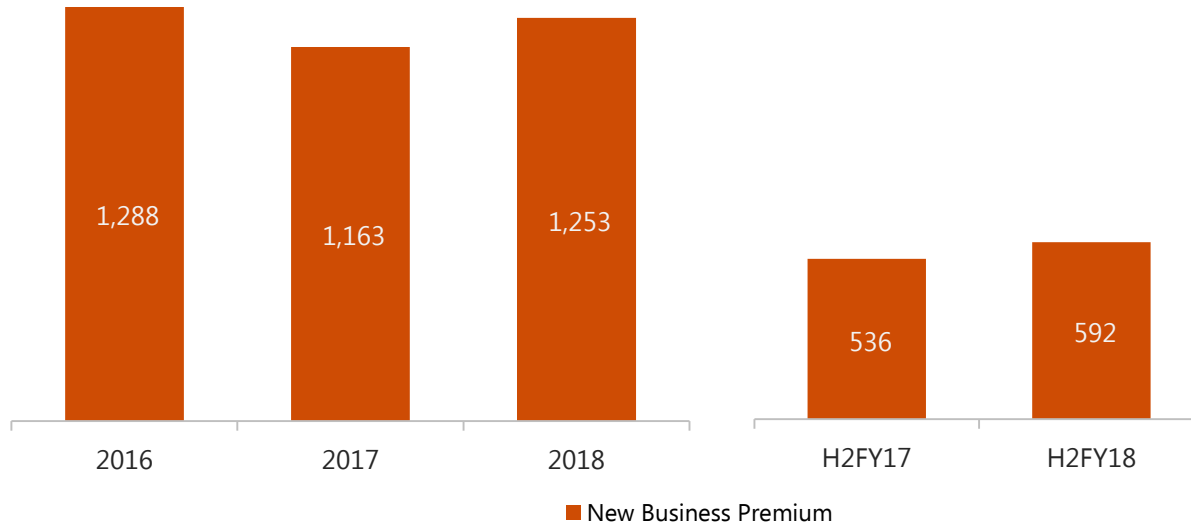
# New business premium and customer retention



## Persistency (13<sup>th</sup> Month)



LKR Mn



The Company has sustained a persistency ratio of c.71% throughout the last couple of years through strong customer service ethos ensuring improved overall customer satisfaction

Customer retention improved in the second half of FY2018 due to new digital initiatives adopted by the Company

FY2018 saw a significant increase in New business premium which grew by c.8% YoY in FY2018

New business premium in the second half of FY2018 recorded a growth of c.10% YoY due to the sales centric approach adopted by the company

# Profitability

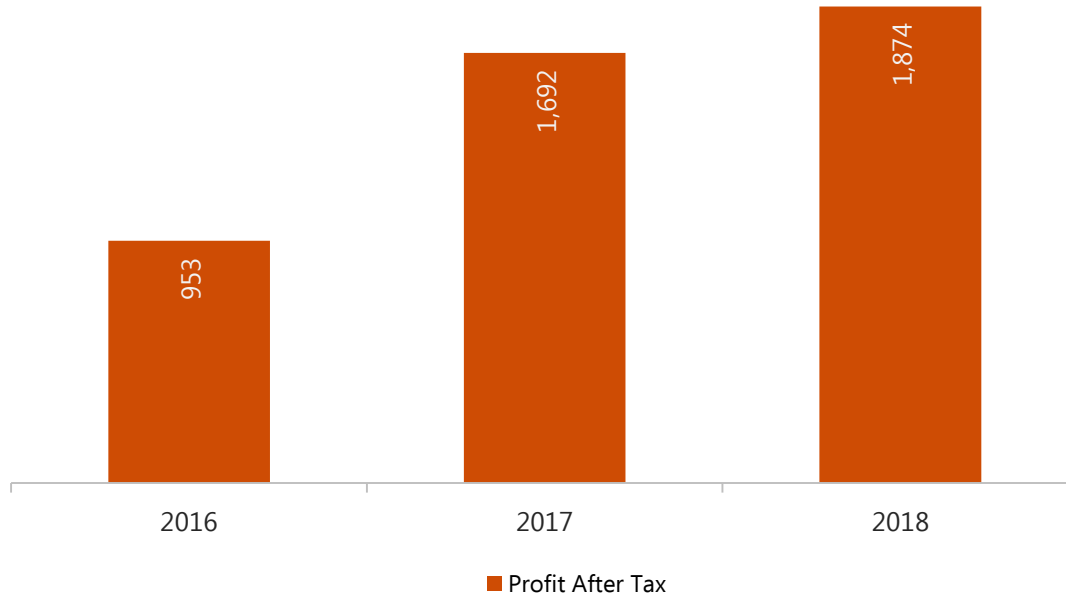
## ROE

12%

18%

20%

## LKR Mn



The profit after tax includes one off surplus transfer of LKR 1,796 in FY2017 Mn

The profit after tax in FY2018 includes a deferred tax reversal of LKR 1,322 Mn

In FY2018, the profit of the Company got impacted by the significant rise in net claims and the administrative expenses by c.35% and c.84% respectively

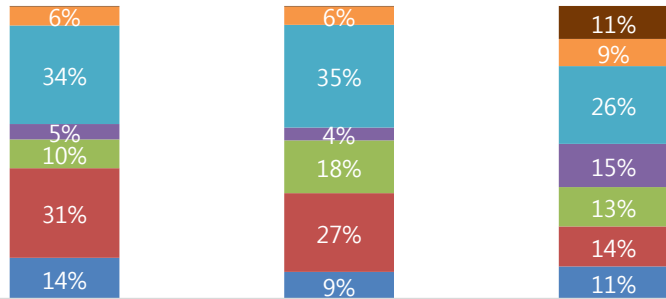
The administrative expenses includes LKR 313 Mn one off expense directly attributable to the divestment of the General business and other one off expenses

# Investment portfolio and yield



## Investment Portfolio including investment property

LKR 11,138 Mn      LKR 12,398 Mn      LKR 17,655 Mn



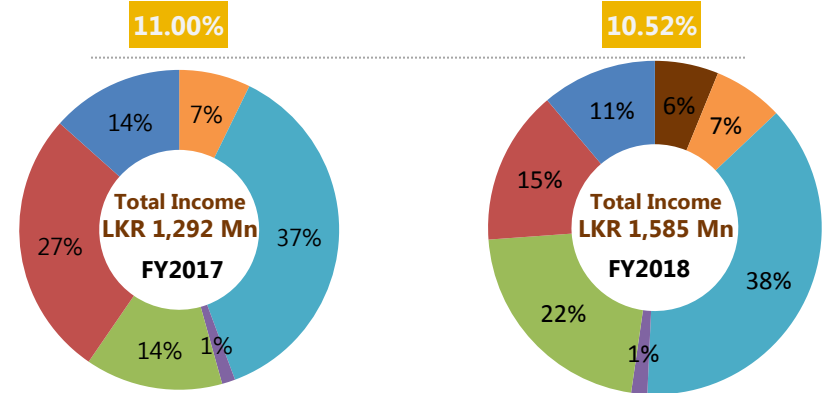
2016

2017

2018

- Investment Property
- Unit Trust
- Corporate Debts
- Investment in Equity Securities
- Reverse Repurchase Agreements
- Investment in Government Securities
- Placements with Banks & Financial Institutions

## Investment Yield<sup>1</sup> and income composition



- Rental Income
- Unit Trust
- Corporate Debts
- Equity Securities\*
- Reverse Repurchase Agreements
- Government Securities\*\*
- Placements with Banks & Financial Institutions

- Investment portfolio grew by c.27% YoY in FY2018 predominantly due to the increase in investments in equity securities by c.387%. This was due to the transfer of assets held by the General Insurance business to the Company due to the divestment. Similarly, investment property also increased to LKR 1,998 Mn in FY2018 as a result of the divestment
- During FY2018, the Company has reduced investments in government securities to invest further in unit trusts and corporate bonds to improve return. However, the investment yield has come down due to the low yields of equity shares. Investment yield excluding the investments in equity shares was 12.71% in FY2018

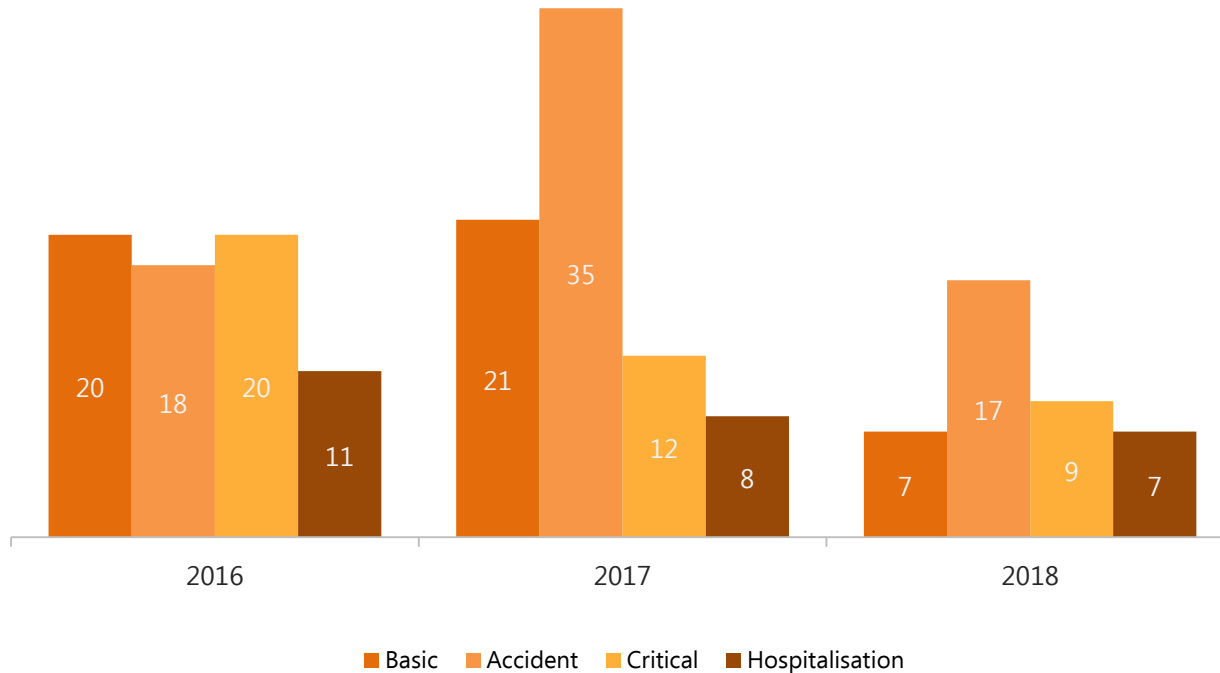
<sup>1</sup>Investment yield excluding rental income

\*Income from Investment in Equity Securities = Dividend Income + Marked to Market gain / (loss) on Shares + Profit on Sale of Shares

\*\*Income from Investment in Government Securities includes Profit on disposal of Government Securities also

# Claims settlement days

## Average claims settlement days



The Company has significantly improved the service delivery during FY2018 through the digital infrastructure

As a result, the average claims settlement days have decreased significantly during the year signifying the Company's commitment towards improving customer service which is in line with the Company's purpose

# Product mix: shift towards universal life insurance products in line with market demand



Product mix based on first year premium	2016	2017	2018	H2FY17	H2FY18
Endowment	34%	28%	19%	25%	17%
Universal Life/Investments	18%	27%	43%	28%	46%
Single	38%	33%	27%	36%	24%
Group	10%	11%	11%	11%	13%

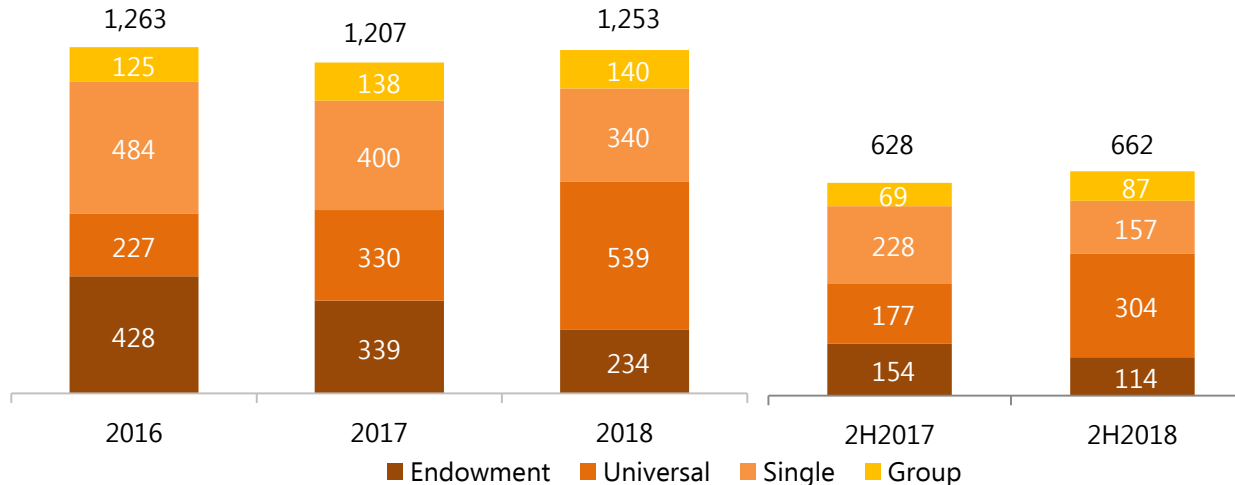
**Launching of the New Health Rider with the Cashless Facility**

**Launching of the Group Cashless Health Cover**

**Development of an array of insurance products to the Partnership Channel on B2B platform coupling wellness benefits**

**Development of a digital product to be sold through digital channels coupling wellness features**

## LKR Mn



# Ratio analysis



Operational ratios	2016	2017	2018	H2FY17	H2FY18
Expense ratio	22%	24%	49%	25%	44%
Net acquisition cost ratio	24%	24%	31%	23%	30%

The expense ratio and the commission ratio of the Company has increased due to the sales centric approach adopted by the Company

	2016	2017	2018
Investment income as a % of GWP	36%	46%	50%
Investment income as a % of Financial Investments*	9%	11%	11%

Excluding the one-off nature expenses the expense ratio is c.33% for FY2018 and c.32% for the second half of FY2018

	2016	2017	2018
Capital adequacy ratio**	267%	241%	332%
Capital to total assets	43%	47%	45%

The main reason for the increase in capital adequacy ratio in FY2018 was the disposal of the General business as the investment in JGIL was considered as an inadmissible asset

\*Investment income/Average financial investments

\*\*CAR=Total Asset to Capital/Risk Coverage Ratio

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## Key Focus Area of FY2018

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# Realigning strategy to fuel growth with the recent divestment



Roll out of  
organizational Strategic  
Plan

The transformation towards  
being a purpose-driven  
entity to create an engaged  
and inspired workforce -  
“Uplifting Lives &  
Empowering your dreams”

The unveiling of  
“Janashakthi Life” a new-  
look brand identity,  
supported by a 360 degree  
communications campaign

Developing new business  
opportunities through  
partnership development by  
establishing a new channel, an  
area that is expected to fuel  
sales growth for the future

**2018**  
A year of  
transformation

Re establishing a new branch  
network specifically designed  
to enable the Janashakthi  
Life sales staff to offer state-  
of-the-art Insurance  
solutions to its customers

Restructuring the sales  
model into a performance-  
based model to drive quality  
of sales

Forging towards digital  
innovation by enabling the sales  
force by launching the Advisor  
Virtual Office (AVO) system

Consolidating the strength of  
the Janashakthi Life team into  
one central location, with the  
new Life Headquarters in  
Colombo 02 housing the entire  
head office team

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## Q&A

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