

**Sanjiv, you have been in the insurance industry for decades. How have the past 2 years impacted the insurance industry and what are the challenges you have faced during this unfortunate time?**

Insurance is a personalised service provided via a company or an insurance broker. This industry is based on the foundation of trust and therefore, with the elimination of in-person meetings due to social distancing measures, people are reluctant to purchase insurance. My MBA research was based on the reluctance of purchasing insurance online and the findings showed that Sri Lankans were only favourable to buying insurance in-person due to the mistrust and fraudulent activity associated with online purchases. Whilst we have adapted to zoom meetings and other digital communication platforms, these have their limitations.

The Government has restricted imports of vehicles and 60-65 per cent of the Sri Lankan insurance market is reliant on motor insurance. Therefore, due to the undersupply of motor vehicles, the market will shrink. Furthermore, the economic downturn indicates that individuals are hesitant to make investments in projects such as construction and this affects the growth of business as the economy is not active and thriving.

Insurance is also dependent on reinsurance and

due to the impact of pandemic claims, Reinsurers are pulling out from the market. This has resulted in reinsurance premiums skyrocketing which invariably affects the premium in the market, sometimes even fivefold. Also due to the various travel restrictions, there were fewer motor accidents and claims made by customers. Similarly, because of the fear of contracting COVID-19, people are reluctant to go to hospitals for medical treatment. This has resulted in a drastic claims outflow reduction for Insurance Companies.

**What are the general challenges that you face in the industry?**

For the professional development of those in the industry, the options are limited. The industry is knowledge-based and there is only one professional institute in the country where training facilities are inadequate. Therefore, this produces a young generation of ill-knowledged professionals who do not have sufficient professional development and exposure to thrive as a salesperson in insurance.

Moreover, there is a brain drain in the industry as there is tremendous demand for Sri Lankan professionals in the Middle East. When individuals gain the required experience and qualifications, they migrate to other countries as the benefits received as an insurance professional abroad are extremely favourable in comparison to Sri Lanka,

Finlays'  
**SANJIV KEERTHIRATNE**  
on Sri Lanka's insurance sector



*Sanjiv Keethiratne is the Managing Director and Chief Executive Officer of Finlay Insurance Brokers (Pvt) Ltd. He has been in the insurance industry in Sri Lanka for over 30 years. He is a Fellow of The Chartered Insurance Institute, UK as well as a Fellow of The Chartered Institute of Marketing, UK and has obtained an MBA. He has also been the President of the Sri Lanka Insurance Institute and Treasurer of the Sri Lanka Insurance Brokers Association.*

where there is a social stigma regarding this profession.

There is an imminent need for a forum where initiatives for improvement are proposed, discussed and then implemented if agreed upon. There must be a line of discourse between the regulator and industry stakeholders to ensure the required advancements are made.

Furthermore, perception of insurance cover is another challenge we face in the industry in Sri Lanka. The market penetration for life insurance is only 6% as a majority of Sri Lankans believe they are exempt from death. Therefore, the regulator, in collaboration with insurance companies, should appeal to the public, similarly to regulators in other countries who educate customers about their insurance options.

**The Government of Sri Lanka has provided aid to many industries during this unfortunate economic slump in the market. Has the Government implemented any initiatives to help your industry during this time? Do you think there are any initiatives the Government can implement to tackle the "brain drain" in the industry?**

Many companies benefited from the loan facilities arranged by the Government during the initial stages of the pandemic. Moreover, they increased the credit period by 30 days which provided some leeway for customers. In insurance,

the annual budget will show that 65% of our profit relies on renewal business in comparison to new business, therefore, the existing economic climate is unfavourable for business activity in the industry.

I do not believe the Government can address the brain drain in the industry. In Sri Lanka, I believe there are no prospects and no comprehensive career progression plans, which would distinctly state one's progress and salary increments. This needs to be formulated in unison with the insurance companies and the regulators, to ensure there is professional growth within the industry. There need to be efforts from stakeholders if we want to ensure the growth and popularity of the industry in the market.

**In light of the challenges faced during this time, have you made any changes to your business activity that might have helped you overcome these obstacles?**

As a company, we did not have an online presence before the pandemic. Therefore, we are now fully active on Facebook and LinkedIn. Furthermore, we are currently in the process of reconditioning our outdated web pages and we are in the initial stages of cultivating an online platform to purchase insurance. There have been improvements in the IT literacy of our staff and we have provided laptops to 60 per cent of them. Due to the unanticipated nature of the pandemic, we have had to digitise our operations at

a rapid rate. However, this has proved efficient as we are now becoming non-reliant on hard copies and ensuring all our operations and services are available in a digitised model.

We are looking for new avenues like Cyber Insurance and other liability classes such as Product Liability and Directors & Officers Liability. Therefore, we have taken the necessary actions to aggressively market these classes of insurance.

We have also ventured into a new business opportunity where we offer consultancy services to carry out a thorough review of the existing policies of a Corporate Client. We have, in some instances, gone the extra mile in carrying out Risk Management Reviews of the Insured's premises, etc., utilising the expertise of a Risk Manager. Thereafter, we provide a comprehensive Risk Review Report which contains a detailed analysis of the current policies and the various gaps, giving particular emphasis to policy exclusions, deductibles, clauses, etc. This exercise has proven to be highly in demand as most of the Corporates are unaware of insurance processes and procedures. It is common knowledge that most of the policies contain a variety of hidden clauses, extensions, etc., which might be disadvantageous to the client. All in all, I would say that the Brokers role today has expanded to being a true professional rather than just arranging an 'Insurance Policy' to safeguard the interest of a client.