

Eagle Net Profit

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Eagle Insurance recorded a group net profit at a growth of 103% over 2004. The consolidated balance sheet was further strengthened with net assets recording a growth of 36% over the previous year. The Group also maintained its solid track record in delivering impressive shareholder returns with a Return On Net Assets (RONA) of 35% for 2005. The Company paid an interim dividend of Rs 2.50 per share in 2005 and the Directors now propose a final dividend of Rs 5.75 per share. The Consolidated Revenue of Rs 4,277mn recorded a commendable growth of 15%.

Deepal Sooriyaarachchi, Managing Director Eagle Insurance commenting on the performance said, "We are delighted with our performance specially considering that 2005 has been a very challenging year for the industry." The Life business continued to maintain its strong market position by recording Gross Written Premium of Rs 2,833mn, a growth of 13% over the previous year. This achievement was a result of focussed business development activities and strategic allocation of resources into the expansion of distribution. In addition to the top line growth, Eagle was also successful in enhancing its customer retention.

During 2005, the Life fund grew from Rs 7,985mn to Rs 9,238mn recording a 16% growth. This value creation was possible due to the combined contribution of new business, retention and prudent investment strategies. The increase in average policy value further reflected the Company's efforts towards improving its quality of business. Benefits, losses and expenses of the Life business increased by 63% primarily due to policy maturities and gratuity claims. Stretching beyond its insurance liabilities, the Company made a premium grant of three months to the most deserving tsunami affected Life policyholders. The Life surplus transferred to the shareholders increased appreciably by 50% to Rs 375 mn as against Rs 250 mn during the previous year. The Non Life business recorded a Gross Written Premium income of Rs 1,211 mn, a 14% increase over 2004. The growth in Non-life Written Premium was achieved without compromising on the Company's selective underwriting strategy in a highly competitive market. Despite many challenges, the Non-Life business earned a net profit after tax of Rs 125.9mn compared to a loss of Rs 8.9mn in 2004. The Asset Management business recorded a total revenue of Rs 54.8mn in 2005. Compared to 2004, this was a growth of 17%. Asset management fee income grew by 15% to Rs 48.9mn. Focused and timely implementation of cost management strategies adequately reaped benefits the business by positively contributing towards the bottom line of

Rs 14.5mn profit after tax, a growth of 23% over the previous year. Demonstrating its commitment to provide greater security to policy holders the Company continued to maintain the solvency margins well above the regulatory requirements, both in the areas of Life and Non-Life business. The Life Fund maintained a 7.1% solvency margin with an impressive Rs 186mn above the prescribed 5.0% solvency margin. The Company also continued to strengthen its reserve position. The independent Actuary has validated the Company's Non-Life reserves, including the reserve for IBNR claims ahead of the regulatory requirement that will be applicable in 2007. In view of enhancing the risk retention capability of the Company, the Directors have recommended increasing the Special Reserve Fund by Rs 32 mn. The Resilience Reserve, another market first, set up to strengthen the Company's capability to meet temporary variations in asset values, was also strengthened by Rs 70 mn. The new Eagle board consists of Grant Barrans, Chairman, Deepal Sooriyarachchi, Managing Director, Stuart Purdy, Shoumitro Roye, James McKay, S N P Palihena, Sarath Wikramanayake, Nihal Welikala and Lal de Mel.