



Sri Lanka, We Always Believe

Sri Lanka, We Always Believe

Always. A simple word that carries a profound meaning. At its very essence, Ceylinco General Insurance stands as a symbol of resilience and endurance; symbolising continuity and consistency both in promise and delivery in the face of an ever-changing world. That's why, throughout our years of industry leadership, we have strived to keep our word and exemplify the true spirit of dedicated service in all we say and do.

We take pride in our reputation of providing a steady corporate assurance that enables Sri Lankans to live life in accordance with their expectations; a life that's the perfect model of happiness and freedom. Our commitment has been, and always will be for the future of the nation and its people.

In Sri Lanka, We Always Believe!



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In
Sri Lanka, We
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Believe

Ceylinco General Insurance Limited
Annual Report 2019



Scan to view the
Annual Report online

Our Mission

Our Mission is to provide protection and financial security of the highest quality to society, whilst adding to shareholders' wealth and recognising, rewarding and valuing the dignity of our staff.

Our Corporate Goals

To provide an attractive return on investment to the shareholders, whilst retaining adequate funds for growth and to achieve a high degree of stability which would enable us to hold true to our mission in all business conditions.

To be a leading provider of protection and financial security in Sri Lanka and selected international markets.

To develop highly satisfied and motivated employees at all levels, who will contribute effectively and efficiently towards achieving the overall objectives of the Company.

To contribute to the economic development of Sri Lanka and enhance the quality of life of its people.

Financial Highlights

	2019	2018	Change
Year ended 31 December 2019	Rs.'000	Rs.'000	%
PROFITABILITY			
Gross Written Premium	19,802,995	19,186,707	3.21
Net Earned Premium	14,386,415	14,192,538	1.37
Investment & Other Income	2,332,061	2,367,828	(1.51)
Insurance Claims & Benefits	(8,253,594)	(7,523,261)	9.71
Profit Before Taxation	1,734,516	2,335,822	(25.74)
Profit After Taxation	1,377,122	1,784,880	(22.85)
FINANCIAL POSITION			
Total Assets	28,586,500	27,899,029	2.46
Total Liabilities	16,888,908	16,753,706	0.81
Total Equity	11,697,592	11,145,323	4.96
PER ORDINARY SHARE			
	Rs.	Rs.	Change %
Earnings	550.63	713.67	(22.85)
Dividends	212	167	26.95
Net Assets	4,677.17	4,456.35	4.96

PROFIT BEFORE TAX
(Rs. Bn.)

1.73

PROFIT AFTER TAX
(Rs. Bn.)

1.38

NET ASSETS PER SHARE
(Rs.)

4,677

DIVIDEND PER SHARE
(Rs.)

212

GROSS WRITTEN PREMIUM
(Rs. Bn.)

19.8

NET CLAIMS
(Rs. Bn.)

8.3

TOTAL ASSETS
(Rs. Bn.)

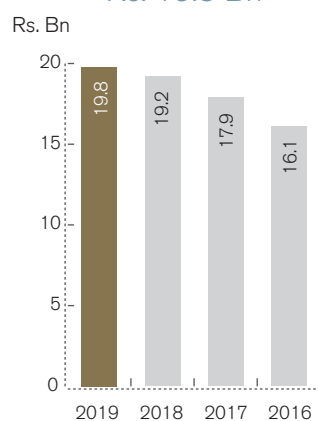
28.6

SHAREHOLDERS' FUNDS
(Rs. Bn.)

11.7

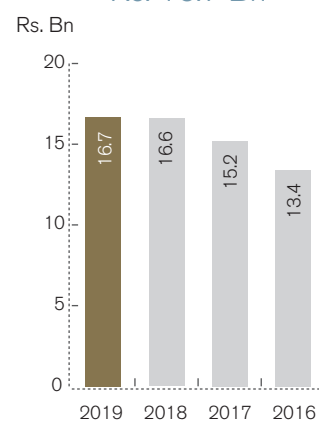
GROSS WRITTEN PREMIUM

Rs. 19.8 Bn



REVENUE

Rs. 16.7 Bn





Chairman's Message

I consider it an absolute privilege to present yet another Annual Report of the Ceylinco General Insurance Company Limited - not as a mere performance analysis but as the unfolding of a great success story through the year 2019.

Our company continues its growth trajectory as we pursue our vision of establishing high growth, future-reflected businesses across all new frontiers-upholding the legacy of over three decades with our holding company. Our new journey has been successful due to innovation, customer-friendly services and speedy claim settlement, which has paved the way for the organisation to grow from strength to strength.

COMPANY PERFORMANCE

Ceylinco General Insurance Ltd has recorded a resilient performance with a Gross Written Premium of Rs. 19.8 Billion with a growth of 3.2% during the period under consideration while Profit after tax reached Rs. 1.38 Billion. Your company has performed exceptionally well in spite of the social, economic and political drawbacks we encountered during the year 2019.

BUSINESS PERSPECTIVE

At the time of writing, Sri Lanka is making a concerted effort to restore normalcy in the aftermath of terrorist attacks on Easter Sunday, which shocked the country and the international community just as we were nearing a decade of peace. Going through the experiences of countries that have been similarly affected in the past and their recovery, we are hopeful that the actions taken by the Government in assistance with international intelligence agencies will see a new norm established with heightened levels of precautions and security measures.

In the meantime, I take this opportunity to extend our condolences to all the family members and loved ones of the deceased and the affected. We wish all of them a speedy recovery to continue their normal life.

The unexpected climatic conditions were another setback, which disturbed agricultural activities and power

generation. Furthermore, the tight monetary policies affected public and private investment spending which resulted in low economic growth. These factors served to increase import expenditure. While export revenues decreased, lowering revenues from all traditional products.

Infrastructure projects and commodity markets made slow progress during the year under review, which further depreciated the stable outlook of local currency. The Rupee depreciation against the US dollar heightened concerns in business circles. However, Sri Lanka is moving steadily towards achieving overall stability in the economy even with these challenges.

GENERAL INSURANCE INDUSTRY

Owing to the slow phase of decision-making and of political instability which prevailed, most of our product lines, which usually contribute to our revenue, were affected. Decline in motor vehicle registration throughout the year and restrictions imposed on finance companies affected our motor insurance market considerably.

Considering the above, we recorded a very moderate growth on the motor insurance business but with our committed marketing force we managed to record relatively better growth level on non-motor business. The liberalization of private insurance companies taking part in the state sector businesses which came into effect from the 3rd quarter paved the way for us to increase our market share in the non-motor segment.

DIVIDENDS

In spite of the challenges faced during the year under consideration, your company remained committed to growing shareholder wealth. I am pleased to announce your Board of Directors has paid a dividend of Rs. 212 per share for the year 2019.

FUTURE OUTLOOK

With the political changes that have taken place during the final quarter of the year, we are confident we are steering towards a better year of operations with a stable governing outlook.

The emphasis put forward by the new leadership provides us hope that we will be able to steer better, taking part more actively with the vision and the vast infrastructure programmes which the Government intends to carry out, immediately providing us more business opportunities in years to come.

The innovative products we formulate to the macro insurance segment will pave the way for wider penetration of the market in order to reach positive results.

CONCLUSION

On behalf of the Board of Directors and all Employees of Ceylinco General Insurance Ltd. I thank all our stakeholders, customers, individual agents, insurance brokers, Chairman and members of the Insurance regulatory committee for the guidance extended to our Company during the year. I also wish to offer my sincere appreciation to the Insurance Ombudsmen for his invaluable support and service in professional manner with complete impartiality.

I wish to thank my colleagues on the Board and the Corporate Management for the guidance and support extended to me during the year.

I am pleased to inform all employees, that your Company has delivered what it promised and even more to every stakeholder in making Ceylinco General Insurance Ltd. an invaluable and a great "Sri Lankan company".

In conclusion, I would like to leave you with a thought by late Mr. Dennis Waitley, "The winners in life think constantly in terms of I can, I will, and I am. Losers, on the other hand, concentrate their waking thoughts on what they should have or would have done, or what they can't do."



B.S.M. De Silva
Chairman



Managing Director/Chief Executive Officer's Review

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In times of great economic volatility and turbulence in global and local markets, organizations that learn to be resilient in the face of adversity are the ones that will remain at the top after the dust has settled. ”

OVERVIEW

In similar vein, 2019 was a year that was fraught with a multitude of challenges, the salient one being the Easter Sunday attacks that left the nation and even the world, devastated. Sri Lanka, which was moving towards economic recovery after a 30-year civil war, had to bear the adverse effects of the bombings. Tourism was the hardest hit and most other sectors too faced serious consequences. Even though recovery would have been possible within a few months, the spectre of presidential elections and the parliamentary elections thereafter in early 2020 caused investors to shift into wait and watch mode. As a result, the year under consideration was vulnerable to shocks, given the high public debt and low external buffers, with higher downside risks since the attacks, amid heightened external and domestic uncertainty. Sustained policy discipline and efforts to rebuild reserve buffers remained critical to address Sri Lanka's vulnerabilities and to strengthen the economy's resilience, while supporting investment and growth. The fact that the International Monetary Fund revised Sri Lanka's GDP growth rate to strengthen to 3.5% in 2020 as opposed to 2.7% in 2019 forecasts a rise in tourism and related activities.

GENERAL INSURANCE INDUSTRY

As for Sri Lanka's General Insurance industry, the sector recorded a moderate year-on-year growth of 5.5% in 2019 in the backdrop of the adverse impact of the Easter Sunday attacks on the overall economy. By year-end 2019, the general insurance industry reached the Rs. 100 Billion milestone with a premium

income of Rs. 100.9 Billion in value in an industry comprising 13 companies, with 11 engaged in General Insurance and the other two being composite companies.

The overall insurance industry recorded Gross Written Premiums valued at Rs. 189.2 billion in 2019, which reflects an increase of 7.3% year-on-year. Of this combined performance, General Insurance accounted for 53.3% of total premiums. As always, Motor Insurance remained the largest contributor, generating 64% of General Insurance premiums, followed by Fire and Engineering (13.8%), Health products (11.8%), General Accident (8%) and Marine (2.4%) as at end 2019.

COMPANY PERFORMANCE

Notwithstanding the turbulent macro conditions that prevailed through the year under review, Ceylinco General Insurance delivered yet another outstanding year with an impressive performance and outstanding financial results. During the period under review, the company's premium income rose to Rs.19.8 Billion (Rs.19,803 Million), recording a growth of 3.2%, which marks an increase of Rs. 616 Million over the previous year. The company's profit after tax stands at Rs. 1.38 Billion, while profit before tax was recorded as Rs. 1.7 Billion.

SPEARHEADING THE INDUSTRY AS MARKET LEADER

As a brand that has endured insurmountable challenges and yet remained invincible, Ceylinco General Insurance once again retained its market leadership in the general insurance industry

in 2019. While market watchers are habituated to the company's positioning at the forefront of the general insurance industry, sustaining this position is an exceptional feat to accomplish in the midst of intense competition by the smaller players in the market. As a principle, Ceylinco General Insurance does not engage in price wars, instead differentiating its value proposition on the basis of true value additions, customer service and reliability in claims payment. Our strategy has been vindicated because Ceylinco VIP On The Spot remains the most popular motor insurance product in the market today. We believe this is because customers have understood that it offers the best value for money - with innovative and superior benefits.

PRODUCT INNOVATION

Although Sri Lanka's healthcare system provides free medical care, there is a tremendous burden on the government hospitals which are not able to meet the rising demand, as a result of which there is a long wait for specialist care and advanced procedures. Even though the country has a quality private health care sector which fill the gap, most citizens cannot afford the high costs especially in the case of serious illness. On the other hand, the ageing population and rise in non-communicable diseases (NCDs) is a further burden on the public healthcare system. In response to these challenges, Ceylinco General Insurance, in July 2019, introduced a cover of up to Rs. 500,000/- per annum that will reimburse medical costs incurred in the treatment of diagnosed serious illnesses, including heart disease, cancer,

Managing Director/Chief Executive Officer's Review

kidney failure, stroke and several others, providing a cover for heart attack and open heart surgery, major organ transplants, chronic lung and liver diseases, deafness, blindness, multiple sclerosis, paralysis etc. The cover has been introduced with five affordable schemes and a small premium as low as Rs. 600/- per annum, where an insured will be entitled to a cover of Rs. 100,000/- whilst the highest cover of Rs. 500,000/- will cost only Rs. 2,350/- per annum. This is also an ideal cover for employers to offer as a benefit to their valued employees to serve as a talent retention tool.

DELIVERING ON OUR PROMISES

The company prides itself on speedy settlement of claims. During the year under review, Rs.10.7 Billion claims were paid, the majority of them On The Spot. Notable amongst these was the claim paid to Shangri-La Hotel in the immediate aftermath of the bombings, where the company paid an advance of US\$ One Million within 3 days after the bomb that devastated the hotel in April 2019. The total claim was estimated to be in the region of US\$ 20 Million (Rs. 3.6 Billion).

BRANCH EXPANSION

Widening the company's geographical footprint, the Company's branch network increased to over 530 branches and sales outlets island-wide during the year, resulting in the largest branch network by far, enabling easy access to our insurance solutions. 11 VIP Counters were opened in 2019, with 7 of them under the City Office and the remaining 18 under the branch network.

ENHANCING CHANNEL DELIVERY

Committed to strengthening our position in the insurance industry and to expand our reach, we have engaged in a continuous drive of developing and managing our Channel network.

Understanding the emerging trends of the market we have partnered with all leading banks of the country to offer their customers our insurance services through the respective bancassurance platforms. Through these partnerships, we have

“As a brand that has endured insurmountable challenges and yet remained invincible, Ceylinco General Insurance once again retained its market leadership in the general insurance industry in 2019.”

introduced many customized products to the benefit of customers of the banks as well as ours.

Adding to the longstanding partnerships we have with many of our corporate clients, during the year under review, we tied up with many mobile, utility, service and transport providers such as Sri Lanka Telecom, Associated Motorways and Mobitel to offer their customers with simple and affordable insurance products. By offering this, our Channel Partners are able to gain more loyalty towards their respective organizations whilst we benefit by way of enhanced reach.

GLOBAL PARTNERSHIPS

Our strategic partnerships with Berkshire Hathaway and AIG of the United States further strengthened our position as the leading insurer in Sri Lanka. We were able to underwrite several of the world's leading companies and through this partnership we have been able to provide our services and insure these multinational companies established in Sri Lanka. Also, we were able to

provide these companies with additional coverage for localised conditions which augurs well for the sustainability of these organizations.

Similarly, our partnership with Mitsui Sumitomo Insurance of Japan gives us a competitive edge in providing reinsurance support to Japanese clients in Sri Lanka. Strengthening the relationship with the Japanese insurance company further, we are in the process of developing a set of unique products coupled with a delivery process to their network.

Our strategic alliances with insurance companies in the Gulf region, including the United Arab Emirates, Bahrain, Oman, Qatar and Kuwait, helps us to cater joint insurance solutions for migrant workers living in these respective countries.

REINSURANCE RELATIONSHIPS

One of the pillars of our success is our enduring partnerships and collaborations with the world's leading Reinsurers, ensuring greater financial stability and reinforcing our position to honour claims for any emergency or catastrophe.

As a major player in the Sri Lankan insurance industry, we are proud that the world's best rated reinsurance companies continue to work with us. We maintained the highest reinsurance coverage during the year, even beyond

GROSS WRITTEN PREMIUM
(Rs. Bn.)

19.8

the norms stipulated by the regulator. Also, due to the ever-increasing natural disasters, our catastrophic risks are comprehensively covered through Natural Catastrophic reinsurance from world-renowned 'A' rated reinsurers.

HUMAN RESOURCES AND STAFF TRAINING

The Company human resources have been its key success pillar, strongly supported by career development, skills enhancement, professionalism of staff and succession planning.

Management Development Programmes are conducted regularly for senior and middle level managers covering leadership training, marketing, HR management, financial management and more. Six outbound programmes and five in-house training sessions covering a wide spectrum of topics and areas were conducted for middle level managers in 2019. In addition, 25 senior staff members were sent for overseas training during the year. Similarly, another set of three outbound training programmes were conducted for senior non-sales staff and over 25 training programmes were conducted for Underwriters, Call centre staff, Automobile engineers staff of IT department etc. covering a range of topics such as customer care, communications, teamwork, personal development etc. 36 training programmes were conducted targeting sales staff and areas such as salesmanship,

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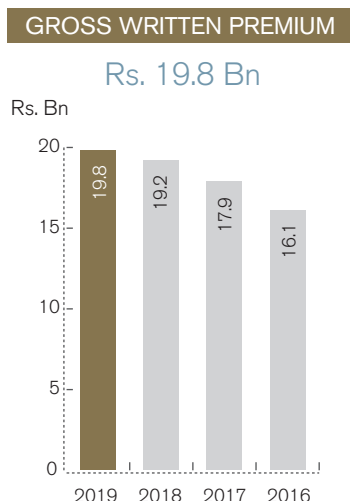
customer handling, motivation etc were covered in these. Further, 12 induction training programmes were conducted for new recruits, giving them an introduction to our business environment and to the corporate world.

Infusing greater transparency, towards the latter part of 2019, we initiated the introduction of an online Staff Performance Evaluation System which is a prudent step to monitor the performance and contribution of over 4000 staff members.

In 2019, we embarked on a new approach to recruit and strengthen our salesforce by building a team of 'Retired Professionals' in the City Office as well as in outstation branches. Their experience and expertise in the field of Sales and Marketing gives them an edge as they already possess the necessary knowledge of handling large corporates.

The much-awaited Annual Sales Conference and Awards Ceremony for 2018, attended by over 1,150 members of the salesforce, was held in April 2019 under the theme, 'An Insurance Guarantee to Delight Customers!'. The glittering event rewarded top performers in sales teams with outstanding performance awards. During the event, over 700 members of the sales force received awards, reflecting their hard work and commitment. The new entrants to the celebrated 'Hall of Fame', receives a brand new Mercedes Benz as a token of recognition from the company for their exceptional contribution.

The company had yet one more reason to celebrate its employees, with General Manager - City Office, Mr. Sathyajith Wijeyapura reaching Rs. 1 Billion in premium income during the year under review. Measured by all standards, this is truly a remarkable achievement by one single person, where some of the companies in the industry have not reached this mark even after several years.



REWARDING EMPLOYEES

Marking the 16th consecutive year of the annual overseas tour, a contingent of 250 deserving staff members took wing to Jakarta, Indonesia, for a five-day long holiday and a half-day 'Brainstorming' session. This is the company's way to recognize and reward employees' outstanding contribution and has become a key motivational incentive. Every staff member dreams of being part of the tour group jetting off for an all-expenses paid overseas holiday.

PROFIT AFTER TAX (Rs. Bn.)

1.38

Managing Director/Chief Executive Officer's Review

STRENGTHENING IT SYSTEMS

The insurance industry landscape is being influenced by advances in IT and the company has remained ahead of the curve in this regard by adopting IT innovations. Its cutting-edge Oracle cloud-based system for disaster recovery will support even in an adverse situation where the continuity of the business will not be interrupted, while the Company explores how it can harness concepts such as artificial intelligence, block chain technology, data science and multiplatform applications for mobile devices etc, to enhance efficiency and improve customer service.

During the year under review, IT staff successfully developed a spare part inventory management system together with a spare part claim allocation system which will be a huge benefit for our large Ceylinco VIP customer base - providing them with easy access to our stocks for replacement of spare parts during accident repairs. Also, a digital signature process for sales management was also developed - updating the core oracle system to benefit all IT processes. The salesforce dashboard, which became fully operational in 2019, has been developed with an option to provide online quotations while efficiently contributing towards customer record maintenance. As the IT spectrum dynamically evolves, we constantly work towards delivering our IT personnel with state of the art training courses as well as expose our IT personnel to new opportunities both globally and locally.

CORPORATE SOCIAL RESPONSIBILITY

The company's Corporate Social Responsibility (CSR) programmes have benefitted many lives over the decades. A CSR programme introduced in the Moneragala district in 2017 provides relief

GROSS CLAIMS PAID

(Rs. Bn.)

10.7

“

We have every reason to be optimistic about the Company's short, medium and long term prospects as it continues to deliver a notable financial performance year after year. Considering that the economic outlook of the nation is looking up, the prospects for the General Insurance industry too seem promising.”

to school children amongst families living under difficult circumstances. Paving the way for 1,000 poor children to dream of a proper education and a brighter future, we granted 1,000 children with Rs. 1,500/- every month until they completed their Advanced Level (A/L) examinations, thereby easing the burden on their parents and giving them a solid platform to remain in school till they complete their A/Ls.

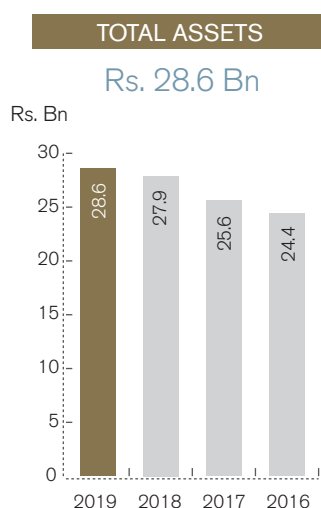
Staff volunteerism is high within the company as employees are actively involved in various religious ceremonies across the island, providing devotees with

much-needed refreshments at places of worship. These refreshment programmes were sustained for the 10th consecutive year and over 15 such programmes were held during the year under review to benefit thousands of devotees.

Blood donation drives are a regular feature in our annual CSR calendar and are organized by our staff. The biggest event took place in the head office premises in February which was organised by the Employees Union, with over 300 pints of blood being collected and donated to the National Blood Bank.

LOOKING AHEAD

We have every reason to be optimistic about the Company's short, medium and long term prospects as it continues to deliver a notable financial performance year after year. Considering that the economic outlook of the nation is looking up, the prospects for the General Insurance industry too seem promising. We are confident that an era of rapid evolution will follow in the days ahead.



A PROFOUND THANK YOU

I would like to take this opportunity to congratulate His Excellency President Gotabhaya Rajapakse for being elected with an overwhelming majority and the newly-elected Prime Minister and the Government. Also, their efforts to steer the Sri Lankan economy to a stable position with a visionary leadership are admirable.

My gratitude to the Chairperson, Director General, members of the board and officials of the Insurance Regulatory Commission of Sri Lanka, for their continued co-operation. Their steadfast support has rendered the journey smooth for the industry. To the Insurance Ombudsman, Dr. Ranjith Ranarajah who was appointed in February 2019, we assure our continued support and corporation in executing his duties.

I would like to express my thanks to all our Reinsurers and Reinsurance Brokers of worldwide fame and repute. They are a pillar of support for us and reinforce our position in the industry. I wish to thank all our insurance agents and brokers, whose integrity has helped us achieve amazing things over the years.

It is with a sense of deep gratitude that I thank Mr. Ajith Gunawardena, Executive Chairman/CEO of Ceylinco Insurance PLC, for his immense contribution towards the success of the company and for his valuable guidance we have come to rely on. I wish to also extend my humble gratitude to all my colleagues on the Board. I am proud to be part of such an eminent group of professionals as together we look forward towards a future of even greater prosperity. I believe members of the board and all staff members will join me in saying a hearty Thank You to Mr. Nihal Peiris, Head of Finance, for the yeoman service rendered over three decades as he retired from the company with effect from 31st December 2019.

I would personally like to thank each and every one of our employees, who I consider members of one large family. Their loyalty, confidence, commitment, courage, determination, resilience and professionalism, especially during this past year, have ensured that we delivered positive results and overcame all obstacles. Most importantly, I would like to offer my sincere thanks to our loyal customers, for placing their trust in us and believing in our company through even the toughest of times. It is their loyalty and trust that keeps our fires burning as we make every possible effort to guide them towards a brighter future.

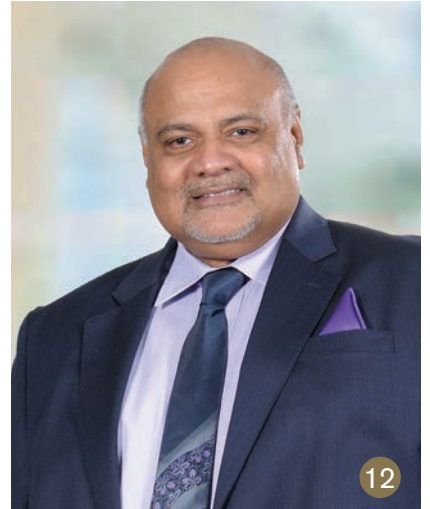


H.D.K.P. Alwis

Managing Director/CEO

Board of Directors





1 Mr. B. Sarada M. De Silva

2 Mr. H.D.K.P. Alwis

3 Mr. U. Witharana

4 Dr. W.C.J. Alwis

5 Mr. R.A. Gunathilake

6 Mr. H.D.A.N. Perera

7 Mr. K.D.A.S.R. Arakularatne

8 Mr. E.M.M. Boyagoda

9 Mr. A.R.H Fernando

10 Mr. S.C.G. Guruge

11 Mr. Yu Kitai

12 Mr. M.D.E.A.G. Saparamadu

13 Dr. U.D. De Silva

14 Mr. G.S. Sundararajan

15 Dr. S.D. Wanigaratne

16 Mr. C.P.A. Wijeyesekera

Board of Directors

1 MR. B. SARADA M. DE SILVA

Chairman

Mr. Sarada De Silva counts over 45 years experience in the Spice Industry, specially in the Cinnamon Industry and is the Founder Chairman of the Spice Council of Sri Lanka.

He has held many positions in the Spice industry including the Chairmanship of the Spices & Allied Products, Producers and Traders Association, the Export Development Board, Advisory Committee on Spices & Allied Products, Trade facilitation and the Ministry of Commerce and Industry Advisory Committee on Spices & Allied Products. He was a Member of the National Council for Economic Development (NCED), Export Cluster and Member of the Steering Committee to form the National Competitiveness Council of the Ministry of Finance. Mr. De Silva is also the Immediate past President of National Chamber of Exporters of Sri Lanka and member of the core team in developing the National Export Strategy.

He is the Chairman and Managing Director of B. Darsin De Silva & Sons (Private) Limited, Intercom Cinnamon Exports (Private) Limited and the Chairman of Cinnamon Training Academy Limited. He is a Director of the Sri Lanka International Arbitration Centre (Guarantee) Limited, HVA Foods PLC, Blue Ocean Heritage Limited and Onicorn Ventures (Private) Limited. He was the Chairman and Managing Director of Intercom Group of Companies until his retirement in 2014.

Mr. De Silva as Founder Chairman of the Ceylon Cinnamon Association was instrumental in highlighting the importance of the Cinnamon Industry over the last three decades. He is also the chairman of Ceylon Cinnamon Geographical Indications Association and leading the effort to obtain Sri Lanka's first Geographical Indications for Ceylon Cinnamon.

Mr. De Silva counts over 30 years experience in the Tourism and Leisure Industry with the Serendib Hotels Group, as Director of Dolphin Hotels PLC, Hotel Sigiriya PLC and several other companies.

He was a Director of the Co-operative Wholesale Establishment (CWE) from 1994 to 2000 and Acting Chairman in 1998 and Chairman of the Committee appointed by the Minister of Trade and Commerce in drafting procurement procedure of the CWE.

He is a consultant on Spices to the world Trade Organisation - International Trade Centre.

2 MR. H.D.K.P. ALWIS

Managing Director/Chief Executive Officer

Commencing his association with Ceylinco Insurance - General Division - on 15th May 1990 as a Regional Manager, Mr. Patrick Alwis blazed a dynamic career, rapidly rising to the position of Deputy General Manager by 1998. He was subsequently appointed to the Board on 10th January 2001 and currently serves as Director of Ceylinco Insurance PLC and Managing Director / Chief Executive Officer of Ceylinco General Insurance Limited.

He was instrumental in spearheading strategic alliances with leading insurance companies in the Middle East (United Arab Emirates, Bahrain, Oman, Qatar, Saudi Arabia and Kuwait), providing valuable management expertise in promoting unique Ceylinco General Insurance solutions to migrant workers of all nationalities residing in the Gulf.

Also, he is credited with setting up the branch network for Ceylinco General Insurance in Sri Lanka, which has become one of the key factors in the Company's exponential growth in a fast-paced economy. Today, Ceylinco General Insurance can claim the largest branch network in the industry.

His initiative and drive resulted in the successful implementation of a unique system for the sales force to accurately prospect for clients. His visionary methodology practiced by the gamut of the sales force at all levels has resulted in stupendous results for individual sales personnel as well as the Company. The system in question has also paved the way to monitor and manage the direct sales force of Ceylinco General Insurance efficiently.

He also spearheaded the setting-up of a 24-hour call centre which facilitates on-the-spot claims settlement process of the company. The nerve centre, which has become the nucleus of the company's claim settlement providing speedy solutions, is another concept initiated by Mr. Alwis. He was also responsible for setting-up an island-wide network of Automobile Engineers and Assessors who play a major role in on-the-spot inspections. To-date, he personally monitors the operations of this unit. His hands-on involvement and able leadership has become the key strength of Ceylinco General Insurance Ltd.

In a proactive approach to career development and enhancement of skills and professionalism of the staff, he initiated the introduction of an online Staff Performance Management System in 2019 which is a methodical process that enables the company to evaluate the performance and contribution of each and every staff member in a fair and a systematic manner - leaving out bias and personal preferences, a prudent step with the growing number of employees.

Under his initiative, a salesforce dashboard was also introduced in 2019 which facilitates the close monitoring of the movement of sales personnel, customer visits etc of the entire sales force by the superiors on a real-time basis. This has also given the opportunity to digitalize areas such as customer information, including renewal details, follow-up info, prospects and monthly sales plans.

Prior to joining the Company, he began his illustrious career in 1978 at M/s. Hatton National Bank and subsequently served at Lever Brothers (Ceylon) Limited and Richard Peiris & Company in the field of Sales and Marketing.

3 MR. U. WITHARANA

*Deputy Managing Director
Director (Finance)/Chief Operations
Officer*

Mr. Upali Witharana joined Ceylinco Insurance PLC as an Assistant General Manager – Finance (General Insurance Division) on 04th January, 1999. He is a Fellow of the Institute of Chartered Accountants of Sri Lanka and a Fellow of the Institute of Certified Management Accountants of Sri Lanka. He also holds a Master of Business Administration Degree from the University of Colombo. Mr. Witharana has over 30 years of management experience in the Insurance industry both in Sri Lanka and overseas.

He is a past Chairman of the Finance Technical Sub-Committee of the Insurance Association of Sri Lanka (IASL).

Mr. Witharana was appointed to the Board of Ceylinco Insurance PLC on the 25th of October, 2005. He also serves as the Finance Director / Director in other Associate and Subsidiary Companies of Ceylinco Insurance PLC. In addition to his contribution to the financial management of the Ceylinco Insurance Group, he extends his capabilities by leading a team of professionals in the capacity of the CEO, to successfully develop and manage a number of hydro power projects within the group.

4 DR. W.C.J. ALWIS

*Director (Technical)/
Chief Technical Officer*

Dr. Jagath Alwis graduated as a Bachelor of Science (B.Sc) majoring in mathematics and Physics and joined the National Insurance Corporation in 1982 as a Trainee. He became an Associate Member of the Chartered Insurance Institute, London (ACII) in 1985 and a Fellow (FCII) in 1990. Also a Fellow of the Indian Insurance Institute (FIII), he is a Chartered Insurer by profession. Dr. Alwis is a Fellow of the Institute of Directors, UK.

Dr. Alwis joined Ceylinco Insurance Company in March 1988 as the Reinsurance Manager and was appointed to the Board as the Director (Technical) in January 1993.

He is also heading the Education Sector of Ceylinco Insurance PLC as the Chairman of CEG Education Holdings which is the largest private education conglomerate in Sri Lanka, in addition to his responsibilities as Director (Technical) / Chief Technical Officer of Ceylinco General Insurance Limited.

He is one of the past Presidents of the Insurance Association of Sri Lanka (IASL) and is presently an Executive Committee Member.

Dr. Alwis was also the President/Chairman of the Executive Board of the Association of Insurers and Reinsurers of Developing Countries (AIRDC) for the years 2012 to 2014 and is presently a member of the Board of Trustees.

He was conferred a Doctorate from the University of Middlesex, United Kingdom in 2013.

Dr. Alwis won the Award for the 'Personality of the Year' at the 18th Asia Insurance Industry Awards Ceremony held in Taipei in November 2014 and also won the Awards for 'Outstanding Contribution for Education' and

'Educational Entrepreneur of the year' at the World Private Universities Awards held in Mumbai, India in 2014.

Dr Alwis has also presented Technical Papers at many International Insurance / Reinsurance Conferences and is a regular contributor to the International Insurance / Reinsurance press.

The International Insurance Society (IIS) USA appointed Dr Alwis in 2015 as an Ambassador for Sri Lanka and SAARC Region.

5 MR. R.A. GUNATHILAKE

Director - Branch Operations

Mr. Rex Gunathilake joined Ceylinco Insurance PLC in August 1994 as a Regional Manager and having been progressively promoted to several higher designations, held the post of General Manager (Branches) at the time that he was appointed to the Board of Ceylinco General Insurance Limited in April 2014.

He played a major role in expanding the branch network of the Company, now considered one of the largest distribution networks in the country.

Mr. Gunathilake started his career in the field of sales at Lever Brothers (Ceylon) Limited in 1985 and was the Area Manager in-charge of Kandy, Katugastota, Gampaha, Kegalle and Matale regions, before joining Ceylinco.

6 MR. H.D.A.N. PERERA

Director

Mr. Perera joined the company on 16th September 1981 as a Trainee of Ceylinco Limited. He was appointed as the Manager-Miscellaneous Department, of Ceylinco Insurance PLC in 1988. He was promoted as the General Manager in 2010. He represents the Company at the General Insurance Forum of the Insurance Association of Sri Lanka to date and represented the Working Committee of the Strike, Riots, Civil Commotion and Terrorism

Board of Directors

Fund (SRCC & TR Fund) till 2016. He represents the Technical Advisory Committee of the SRCC & TR Fund to-date of National Insurance Trust Fund.

Mr. Perera was invited to the Board of Ceylinco General Insurance Ltd., in January 2018.

He is a regular member representing the Company at the Singapore International Reinsurance Conference held annually. He has also represented the Company at many National / International Insurance & Reinsurance Forums and had been a Panelist and presented many papers.

Presently, he serves on the boards of many subsidiaries of Ceylinco Insurance PLC as a Director including Ceylinco Insurance Company (Pvt) Ltd., Maldives.

7 MR. K.D.A.S.R. ARSAKULARATNE

Director

Mr. Shervin Arsakularatne holds a Honors Degree as a Bachelor of Commerce from the University of Sri Jayawardenapura.

He is a Director of Blue Ocean Heritage Limited and Director, International Sourcing of RJV Clothing Sdn Bhd, Malaysia. He is also the former Executive Director of Gartex Industries (Pvt) Ltd and Chairman / Managing Director of Ruchi Clothing (Pvt) Ltd.

8 MR. E.M.M. BOYAGODA

Director

Mr. Mangala Boyagoda has many years of experience in the fields of Banking and Treasury Management having worked at DFCC Bank, Standard Chartered Bank, Union Bank and Bank of Ceylon.

He is the Chairman of Wealth Lanka Management (Pvt) Limited. Director of Wealth Trust Securities Limited, SAFE Holdings (Pvt) Limited, Asset Trust Management (Pvt) Limited, Ceylon

Hotel Corporation PLC, Dankotuwa Porcelain PLC, Ceylinco General Insurance Limited, Sierra Construction (Pvt) Limited, Cargills Bank Limited, Royal Fernwood Porcelain Limited, Faber Capital Lanka (Pvt) Limited, United Hotel (Pvt) Limited, C A Crushing (Pvt) Limited, Sri Lanka Gateway Industries (Pvt) Limited, Chemanex PLC, Asset Holding Pvt Ltd and Dhamma Parami Trust, Ciesot (Pvt) Ltd and Ambeon Holding PLC.

Mr. Boyagoda holds an MBA from Irish University – European Union.

9 MR. A.R.H FERNANDO

Director

Mr. Fernando has over 40 years of experience in the tea industry and has been successful in innovation, promoting and marketing the traditional beverage of tea in many variants. He is the creator of the global tea brand HELADIV registered in 40 countries. He began his career as a Tea Taster at Carson Cumberbatch & Co., Ltd. In 1975 and joined Brooke Bond Ceylon Limited and served as a Manager in the Tea Department from 1979 to 1989 with a secondment of one year as a Tea Trader, at its headquarters in the United Kingdom in 1982. In 1990, he established HVA Lanka Exports as a joint venture with the Dutch agricultural conglomerate HVA Holdings bv. and expanded the organisation to include several subsidiary companies, HVA Foods PLC., HVA Beverages & HVA Holdings. He is also the Chairman and CEO of the HVA Group and Chairman of HVA Farms (Pvt) Ltd., an organic agro-resort in the NWP.

He served on the Colombo Tea Traders Association as a member and also as a Director on the Sri Lanka Tea Board and as an Independent Director of the Sri Lanka Industrial Technology Institute from 2015 to 2016.

Mr. Fernando functioned as the President of the National Chamber of Exporters in 2008 and 2009. He

served as the elected Chairman of the Tea Exporters Association of Sri Lanka from 2014 to 2016. Mr. Fernando is a National award winner since 1997 at the NCE Exports Awards and was selected "Exporter of the Year" winning Gold awards in 4 categories, in 1999. He was also awarded "Sri Lankan Entrepreneur of the year 2015," winning the National Gold award and "Sri Lankan Entrepreneur of the year 2015," with a Provincial Gold award.

He was a multi disciplined sportsman at school and represented and captained Sri Lanka at rowing.

Mr. Fernando currently heads the Sri Lanka Amateur Rowing Association. He is also a senior member of the National Olympic Committee and functioned as the Chairman of its finance management committee from 2012 to 2016. He has represented Sri Lanka as Chef de Mission in 2006 & 2009 at Lusofonia Games in Macau & Portugal and the 2nd Asian Indoor Games in 2007 in Macau.

10 MR. S.C.G. GURUGE

Director

Mr. Sumith Guruge joined Ace Air Cargo, a subsidiary of Aitken Spence Private Limited, as an apprentice at the young age of 20.

Mr. Guruge, having acquired the knowledge and skills of the service and logistics industry, established his own Freight Forwarding Company in 1990. When Industrial Gases (Pvt) Ltd (IGL) was started in 1992 he invested as a minority shareholder. In 2007, Mr. Guruge acquired the controlling shareholding of IGL and he had in place high safety and quality standards strictly adhering to the technological collaboration agreement entered into with Messer Griesheim GmbH of Frankfurt, Germany. IGL was the first in Sri Lanka to produce Dry Ice off liquid CO₂ & Dry Ice Blast Cleaning.

Mr. Guruge is the Managing Director of Industrial Gases (Pvt.) Limited, Gas World (Pvt) Limited, Frontier Freight (Pvt) Limited, Ashyaki Shipping (Pvt) Limited and Energy Team Solutions (Pvt) Limited; and he is also a Director of Lanka Carbonics Industries (Pvt) Limited, Serene Pavilions Limited, Mobile Cash (Pvt) Limited, Ceyaki Shipping (Pvt) Limited and SLFFA Cargo Services Limited.

He was also involved in the administration of Badminton and held the post of President, Sri Lanka Badminton Association from 2004 to 2006.

11 MR. YU KITAI

Director

Mr. Yu Kitai holds a bachelor's degree in Economics from RIKKYO (St. Paul's) University in Japan.

Mr. Kitai joined Mitsui Sumitomo Insurance Company Limited in 1976 immediately after graduated RIKKYO University. For 12 years in Tokyo Commercial Business Division, he was a specialist of Commercial business, especially in Plant engineering business which actively pursued in South East Asian and Middle East Countries at that time. In 1988, Mr. Kitai was dispatched to Former Mitsui Marine Indonesia, and appointed to the youngest Board of Director. After 5 years' tenure, he held various director position at Mitsui Sumitomo Insurance Group Companies. 2001 – 2004, Director Executive Vice President of Mitsui Sumitomo Seguros (Brazil), 2004 - 2007, Director of American Appraisal Japan Inc., 2007 - 2010, Whole-time Director of Chalamandaram MS General Insurance (India), 2011 – 2014, Director of PT. Asuransi Jiwa Sinarmas MSIG (Indonesia). From 2014, he was assigned as an advisor of Mitsui Sumitomo Insurance to develop South Asian markets and started feasibility studies. He visited Ceylinco Insurance PLC in April 2015 to conduct a feasibility study and review the long years' relationship

between Ceylinco Insurance and Mitsui Sumitomo Insurance. He represented Mitsui Sumitomo Insurance had a rare opportunity to acquire a 5% stake in Ceylinco Insurance. It took 4 years of twists and turns to become true to our name as partners. In 2018, the ownership of Mitsui Sumitomo Insurance reached to 15%, and Mr. Kitai was appointed a director Ceylinco General Insurance Limited to encourage development of Japanese customers, to serve as a bridge for successful partnership and harmonious growth between Ceylinco General Insurance and Mitsui Sumitomo Insurance Group.

12 MR. M.D.E.A.G. SAPARAMADU

Director

Mr. Gamini Saparamadu is the founder Chairman and Managing Director of Kent Holdings Ltd. Eight Private Limited Liability companies operate in diverse business disciplines under the umbrella of the Kent Group. Under his leadership, the company that exports high end value added packaging has received several export accolades including The Lanka Star Award, The Asia Star Award and The World Star Award for Packaging Excellence. He is a recipient of The National Gold Award and The National Platinum Award for the Sri Lankan Entrepreneur of the Year, awarded by the Federation of Chambers of Commerce and Industry of Sri Lanka. Recipient of the Global Recognition Medal for Science & Technology In Photography, Nominated as an Honorary Fellow of Earth Space Science Photographers in the World [ESSP]. Member of the National Geographic Society USA. Certified Member in Good Standing of the Awards and Recognition Association of USA (ARA). He is a Board Member of Six private organizations and the Co-founder of Anugaa Boutique Hotels and Chiller Ceylon Tourist Hostels. Mr. Saparamadu is a Committee Member of several Chambers of Commerce. He is a Toast Master and a guest speaker on entrepreneurship. Mr. Saparamadu holds a MPSc. from UK.

13 DR. U.D. DE SILVA

Director

Dr. Upendra De Silva, as a Dermatologist, counts over 25 years of experience in the field of Dermatology in Sri Lanka. Presently, he practices in his own clinic located at Lauries Road, Colombo 04. Dr. De Silva was awarded a fellowship in Occupational Medicine and Toxicology from University of California, San Francisco, USA.

Dr. De Silva was presented with the Samuel J. Zakon award by the History of Dermatology Society, USA. He is a member of the American Academy of Dermatology, member of the Sri Lanka College of Dermatologists, member of the International Academy of Dermatologists and a member of the International Society of Dermatology.

14 MR. G.S. SUNDARARAJAN

Director

Mr. G. S. Sundararajan is presently serving on the Boards of several reputed companies in the Banking and Financial Service Industry. He is also actively involved in the field of Social Entrepreneurship in an advisory capacity.

Mr. Sundararajan was till recently, the Group Director of Shriram Group. He joined Shriram Group as the Managing Director of Shriram Capital Ltd, the Holding Company of Shriram Group's financial services and Insurance businesses across India and overseas. Sundararajan's experience in the Asian market and his understanding of the major countries and the business opportunities therein made Sanlam Emerging Markets induct him into their Board in South Africa in August 2013.

In his capacity as Group Director, Mr. Sundararajan was a director on the Board of these subsidiaries to provide oversight in critical areas of strategic growth opportunities for each of these companies. Specifically, Mr. Sundararajan was responsible for the Retail and

Board of Directors

MSME business housed in Shriram City Union Finance and the life and non-life insurance businesses housed in the two Insurance ventures in collaboration with Sanlam, South Africa.

Prior to his Shriram stint, Mr. Sundararajan was the CEO & Managing Director of Fullerton India Credit Company Ltd., a registered Non Banking Finance Company catering to the financial services needs of the retail and commercial mass markets. He was also the Managing Director of Fullerton Enterprises Private Limited., a KPO, which had formed a strategic alliance with the Centurion Bank of Punjab to jointly drive the SME business.

Mr. Sundararajan was nominated to the Boards of two Financial Services investments of Temasek in China, one in Nanjing for the SME Business and the other in Chengdu in their Village Bank franchise. He was an integral part of Temasek's vision for India in the Banking and Financial Services space that went on to become the fastest growing and largest networked Finance Company in the country.

Earlier to this, he was the Managing Director and Head of Citibank's SME and Asset Based Finance business in India. He had an exceptional stint at Citibank where he built the SME and ABF business of the bank across the country.

He started his career in Sales with Eicher Mitsubishi and went on to head the captive finance arm of this company in India.

Mr. Sundararajan holds a Bachelor of Engineering degree from Coimbatore and a Post Graduate Diploma in Management from the Indian Institute of Management (IIM), Ahmedabad.

15 DR. S.D. WANIGARATNE

Director

Dr. Shamil Wanigaratne is a Consultant Clinical Psychologist and Senior Advisor to H.E. Director General at the National Rehabilitation Centre, Abu Dhabi. He is Adjunct Professor at the United Arab Emirates University and Visiting Associate at King's College London. Until April 2011, he was Consultant Clinical Psychologist and Head of Clinical Psychology for Addictions at the Maudsley Hospital, London and Honorary Senior Lecturer in Psychology at the Institute of Psychiatry, King's College London. He was a founding member of the British Psychological Society's Faculty of Addiction and in 1996, the UK-Sri Lanka Trauma Group. He is currently Chair of the UK-Sri Lanka Trauma Group, a UK registered charity and a Director of Samutthana, the King's College London Resource Centre for Trauma, Displacement and Mental Health in Sri Lanka. He is a Honorary Consultant to Mel Medura in Colombo. In 2011, in recognition of his contribution to his field and profession he was elected as a Fellow of the British Psychological Society.

16 MR. C.P.A. WIJEYSEKERA

Director

Mr. Ajith Wijeysekera is the Founder, Chairman of Union Apparels (Pvt) Ltd which commenced operations in 1983. He was also the President of The National Apparel Exporters Association in 1997. In 1997, he founded Union Resorts (Pvt) Ltd, the owning company of The Blue Water (Wadduwa) and in 2016 he founded the Hotel Water Garden, Sigiriya, a luxury boutique hotel. He is also Chairman / MD of Northstar Holdings (Pvt) Ltd, Union Resorts & Spas (Pvt) Ltd, Union North (Pvt) Ltd and Dilly's Fashions (Pvt) Ltd.

Profile of Head of Finance



T. N. M. PEIRIS

Head of Finance

Mr. Nihal Peiris graduated with Honors from the Sri Jayewardenepura University with a Bachelor of Arts Degree (Economics Special) in 1982. He became an Associate Member of the Institute of Chartered Accountants in 1984 and thereafter became a Fellow of the Institute. He is also a Fellow of the Institute of Certified Management Accountants of Sri Lanka.

Having worked at M/s. Associated Motorways PLC as an Accountant for one and a half years, he joined The Finance Company PLC as the Chief Accountant in 1986 and excelled to become Deputy Chief Executive Director.

He joined Ceylinco Insurance as a Finance Manager in 1989 and was appointed to the Board in August 1990. At present, he heads the Finance Division of the Company. He introduced the profit-center concept where all branches and units are monitored according to performance. He has also introduced the Finance & Administrative Manual of the Company which indicates all procedures, principles and systems adopted by the Company, and the finances are documented in an IT platform. Internal Audit Department was introduced by him and the Department works directly under his supervision as an Independent Unit.

In 2014, Mr. Peiris took over the City Office Departments directly under him and since then they have shown unprecedented growth in all spheres.

Mr. Peiris retired from the Company with effect from 31st December 2019.



Management Discussion & Analysis

We Always Deliver

We have always exceeded expectations in terms of customer focus and national development, delivering value in all we do.



Management Discussion & Analysis

“

For 2019, the Gross Written Premiums of the general insurance sector grew by 5.47%. ”

MACRO-ECONOMIC ENVIRONMENT

The local and global economy faced significant challenges in 2019. The year witnessed an easing in fiscal policies as economies experienced a consistent slowdown, caused by emerging developments in the global trade cycle, rising trade barriers, geopolitical uncertainties and frequent structural challenges. In Sri Lanka, monetary policies put in place to steady balance of payments position and maintain fiscal balance weighed down the Sri Lankan economy and combined with the adverse consequences of the Easter Sunday terrorist attacks and political uncertainties combined to weaken the local economy significantly. Hence, the Sri Lankan economy grew at a slow pace of 2.6% in real terms in the first nine months of 2019 compared to the 3.9% recorded in the corresponding period in 2018.

EXTERNAL SECTOR PERFORMANCE

The external sector recovered to some extent in 2019 from the significant burdens experienced in 2018. Trade deficit contracted as imports declined rapidly in response to measures undertaken in mid-2018 to curb non-essential imports, including personal motor vehicles and gold and along with a marginal increase in earnings from exports. This greatly contributed to offset the negative impact of the Easter Sunday attacks on tourism and the moderation of workers' remittances. Consequently, the current account deficit contracted notably. As far as financial flows are

INDUSTRY GROSS WRITTEN PREMIUM

(Rs. Bn.)

100.8

concerned, Sri Lanka continued to experience low levels of foreign direct investment (FDI). On a cumulative basis, the trade deficit contracted by US dollars 2,428 Million to US dollars 7,214 Million during the first eleven months of 2019 from US dollars 9,642 Million in the corresponding period of 2018.

The ratio of price of exports to the price of imports, deteriorated substantially by 9.0% (year-on-year) in November 2019, as export prices declined at a faster pace than the decline in import prices. Cumulatively, the terms of trade deteriorated by 1.6% during the first eleven months of 2019 in comparison to the corresponding period of 2018.

In cumulative terms, earnings from tourism were provisionally estimated at US\$3,138 Million during the first 11 months of 2019, compared to US\$3,905 Million during the corresponding period of 2018. On a cumulative basis, workers' remittances declined by 5.9% to US\$ 6,052 Million during the first 11 months of 2019, compared to the corresponding period in 2018.

The government securities market recorded a net outflow of US\$ 234 Million during the first 11 months of the year. Foreign investment in the CSE, on a cumulative basis, recorded a net outflow of US\$ 30 Million during the first 11 months of 2019. Gross official reserves stood at US\$ 7.5 Billion at end November 2019, equivalent to 4.5 months of imports.

GOVERNMENT FINANCE AND MONETARY POLICY

The government implemented several fiscal measures primarily aimed at fiscal consolidation during 2019, although the implementation of certain revenue proposals was delayed. During the first seven months of 2019, government revenue as a percentage of estimated GDP declined to 6.7% from 7.5% in the corresponding period of 2018 due to lower tax and non-tax revenue collections. Total revenue, in nominal terms, declined by 4.4% to Rs. 1,031.9 Billion in the first seven months of 2019. The decline in tax revenue from excise duties on motor vehicles and petroleum products, and VAT on domestic goods and services mainly led to the underperformance in the revenue collection. However, revenue from income taxes, Nation Building Tax (NBT), import duties and PAL increased, in nominal terms, during this period.

Total expenditure and net lending increased to 11.1% of estimated GDP during the first seven months of 2019 in comparison to 10.7% reported in the corresponding period of 2018 mainly due to the increase

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As for challenges in the general insurance industry, in addition to macroeconomic, social, and regulatory changes likely to impact the industry, the goal should be cost minimization and operations modernization in line with customer expectations for 24/7 service amid heightening competition.”

in recurrent expenditure. The budget deficit increased to 4.4% of estimated GDP during the first seven months of 2019 from 3.2% in the same period of 2018, while the current account deficit increased to 2.0% of estimated GDP during the first seven months of 2019 from 1.0% of estimated GDP in the corresponding period of 2018,

The overall budget deficit of Rs. 684.1 Billion recorded during the first seven months of 2019 was financed largely through domestic sources. Net domestic financing during this period amounted to Rs. 571.4 Billion compared to Rs. 187.6 Billion recorded in the same period of 2018. Net foreign financing declined to Rs. 112.7 Billion during the period under consideration, in comparison to Rs. 274.1 Billion in the same period of 2018.

The Central Bank of Sri Lanka moved to an accommodative monetary policy stance in 2019 in line with the increasingly accommodative global monetary policy stance. In order to address large and persistent deficit levels in the domestic money market observed since mid-September 2018, The Central Bank reduced the Statutory Reserve Ratio (SRR) applicable on all rupee deposit liabilities of commercial banks by a total of 2.50% points in

November 2018 and March 2019. The Central Bank reduced the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) by 50 basis points to 7.00% and 8.00%, respectively, in August 2019, with a view to inducing a sizable reduction in lending rates amidst favorable inflation outlook.

INSURANCE INDUSTRY REVIEW

As per the provisional data available, for 2019, the Gross Written Premiums (GWP) of the general insurance sector grew by 5.5% in the year 2019, when compared with the increase of 7.87% in the year 2018. The growth in the premium income of the general insurance sector, particularly motor insurance, has largely contributed towards the high growth of overall GWP. The gross premium income from motor insurance, which constitutes about 64% of the general insurance premium in 2019 compared with 66% of the general insurance premium in 2018.

As for challenges in the general insurance industry, in addition to macroeconomic, social, and regulatory changes likely to impact the industry, the goal should be cost minimization and operations modernization in line with customer expectations for 24/7 service amid heightening competition.

Going ahead, insurance companies also need to ensure their product portfolios are diverse and ensure that products are designed in a way that caters to higher, lower, or middle-income segments of the market. Intense price competition and slow growth of respective insured segments of the country hinder the expansion of general insurance business. About 64% of the general insurance market is represented by Motor insurance products. Out of the total motor insurance policies issued, majority is dominated by Third-party policies, which reflects that people are seeking minimum level of protection rather than opting for risk-based products and are willing to only pay a cheaper premium.

However, it is important to have proper training for effective and ethical selling as key to ensure that insurance customers pay exactly for what they need, at the correct price of underwriting for the risk undertaken by the insurer. Therefore, campaigns to promote insurance and to build awareness of the benefits of coverage have been emphasized, contributing to the general insurance sector's improved performance.

In addition to the above, Bancassurance in Sri Lanka is currently underutilized compared to other regions of the world despite strong banking sector due to high dependency on insurance brokers and agents. Since many licensed commercial bank branches are available across the country, insurers can optimize the channel to boost premiums and reduce their acquisition costs. However, insurers find it challenging to provide their products for the low-income segment using traditional channels due to the high administration cost. Thus, insurers increasingly partner with mobile network operators to use their platforms to conveniently approach a large pool of mobile phone subscribers to tap untouched market segments.

Management Discussion & Analysis

GROSS WRITTEN PREMIUM (GWP)

Ceylinco General Insurance Limited delivered healthy financial results for 2019. Despite facing tough conditions in the market, we continued our growth drive across all key financial aspects. Gross Written Premium of the General Insurance business increased by 3.21% to Rs. 19,803 Million compared to Rs. 19,187 Million in year 2018.

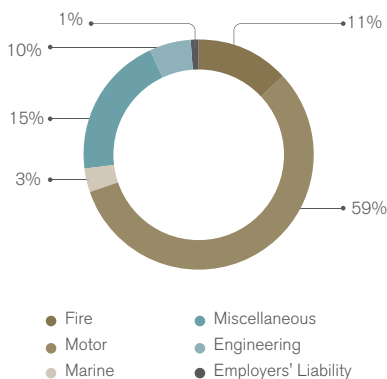
PREMIUM COMPOSITION

The Motor class is considered the main contributor to the premium income. Motor insurance premium (VIP) revenue of Rs. 11,226 Million represented 56.69% of the total premium income. The balance premium income of Rs. 8,577 Million corresponds to 43.31% of total premium income of the company, obtained through all other classes of business such as Fire, Marine, Health and Miscellaneous.

During the year under review, there was no significant change in product composition compared to the previous year. Apart from motor insurance, the Miscellaneous class dominated in the non-motor segment with a premium income of Rs. 3,954 Million, followed by the Fire premium income of Rs. 2,620 Million in 2019.

GROSS PREMIUM COMPOSITION

GROSS PREMIUM 2018

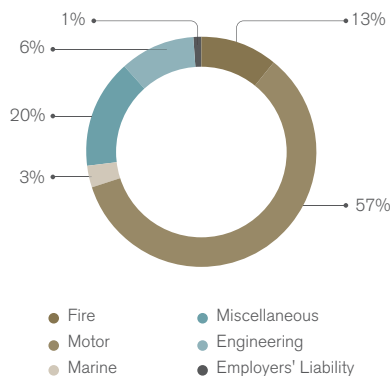


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The Motor class is considered the main contributor to the premium income. Motor insurance premium revenue of Rs. 11,226 Million represented 56.69% of the total premium income.

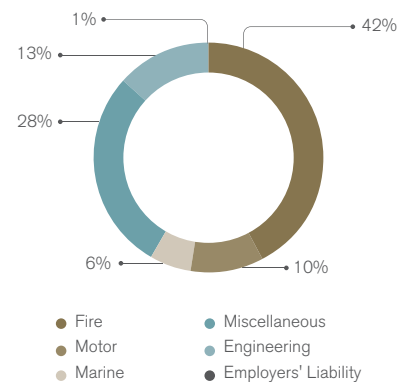
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GROSS PREMIUM 2019

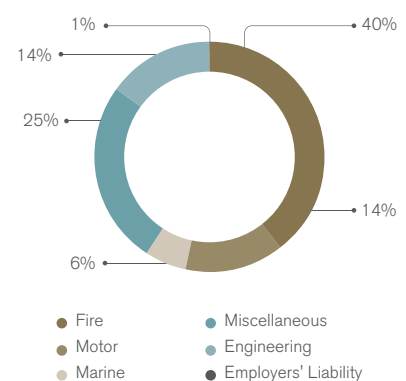


CEDED PREMIUM COMPOSITION

CEDED PREMIUM 2018



CEDED PREMIUM 2019

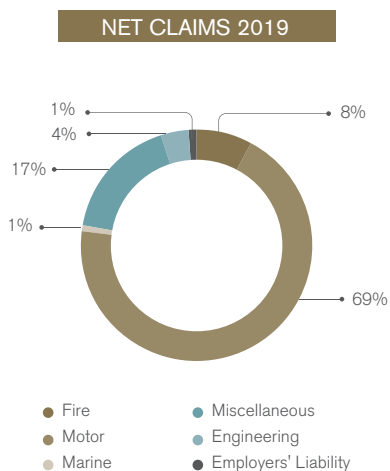
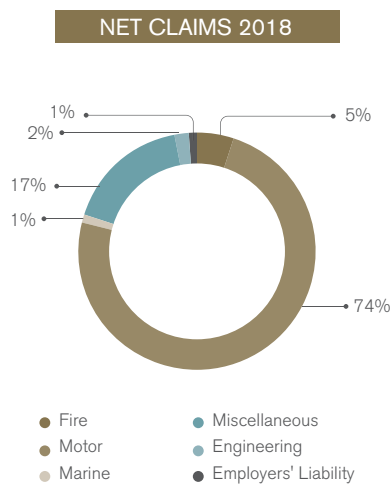


During the year under consideration, reinsurance outgo increased to Rs. 5,477 Million, recording a 16.14% increase from the Rs. 4,716 million ceded in 2018. As a result of this increase, decline in NRP was recorded in 2019. This has resulted to a NRP marginal reduction to 1.0% of the General Insurance in 2019.

One of the main objectives of financial management is managing the combined ratio which affects the underwriting surplus of the Company. The Net Combined ratio for the year has increased by 3.85% over the year 2018. This was mainly due to the increased in Net Loss ratio by 4.36% which was set-off by a decrease in Net Expenses ratio by 0.68% over the year 2018.

The Company recorded Rs. 2,332 Million as Other Revenue, which comprises Interest and Dividend Income, Fee and Commission Income and Realized Gains from Investments.

NET CLAIMS COMPOSITION



NET BENEFITS AND CLAIMS

During the year under review, the Company incurred Rs. 8,254 Million as net claims for customers, marking a 9.72% increase over Rs. 7,523 Million incurred in 2018. The increase is primarily due to claims in motor class, which accounted for 69.04% of total net claims.

OTHER OPERATING, ADMINISTRATIVE EXPENSES

Expense Management is a key area which effects the profitability of the Company. The Company spent 24.2% of its GWP as operational and administration expenses, which amounted to Rs. 4,801 Million. These expenses, consisting of employee benefits, administration expenses, depreciation, amortization, investment-related expenses and all other expenses not included under underwriting and net acquisition costs, decreased by 2.7% over the Rs. 4,934 Million recorded in 2018. This clearly demonstrates the concerted effort and focus on managing the cost base of the Company in an optimum manner.

PROFIT BEFORE TAX

The Company was able to deliver a Profit Before Tax (PBT) of Rs. 1,735 Million in 2019, compared to the Rs. 2,336 Million achieved in 2018.

INCOME TAX EXPENSE

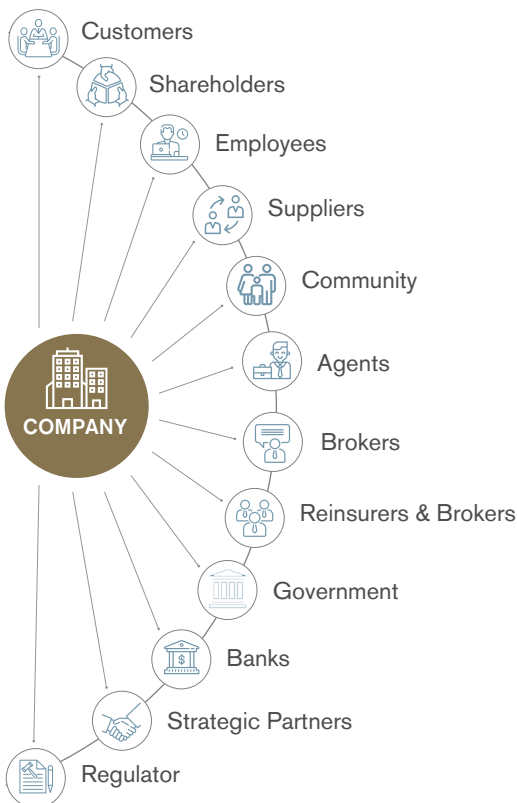
The income tax expense of the Company saw a 35.2% decrease in 2019, amounting to Rs. 357 Million from Rs. 551 Million in 2018.

Sustainability Report

Sustainability management refers to the economic, ecological and social effects of corporate activities and how the company is dealing with sustainable issues which have relevance to the company and its stakeholders. Reporting on sustainability goals and achievements allows the company to demonstrate how it deploys corporate social responsibility amongst its communities and environment.

Ceylinco General Insurance has always aligned its corporate goals and strategies with the values that are upheld by our stakeholders, which has given the company the impetus to strive for success year after year. Our sustainability goals are focused on to what extent we add value to lives of our employees, people and communities in which we operate and in our environment.

Sustainability is embedded in our operations as the nature of our business revolves around sustainability issues - as every claim we pay will result in our policy holders being restored to normalcy and to see that we are giving the necessary support for their sustainability.



ACCOLADES

Ceylinco General Insurance voted as 'People's Insurance Brand' for the 13th consecutive year



Ceylinco General Insurance was anointed 'People's Insurance Brand of The Year' yet again at the 2019 SLIM Nielson People's Awards for an unprecedented 13th consecutive year. This accolade is ample testimony of the company's close relationship with people and the brand's strength and stature for having won this prestigious accolade every consecutive year since the awards were instituted 13 years ago.

The People's Award is the most coveted award for corporates because it reflects the voice of the people and indicates the brand they love and respect. With these awards, The Sri Lanka Institute of Marketing (SLIM), in association with Nielsen Lanka (Pvt) Ltd., are creating a platform where companies can gauge public acceptance of their brands in a fair and transparent manner. In order to select the winner, a nation-wide survey is conducted covering all 9 provinces, with over 5,500 respondents interviewed one-to-one, making it representative, unbiased and relevant. Therefore, the winners of the People's Awards reflect the true voice of Sri Lankans from across communities, regions and social strata.

Ceylinco General Insurance chosen as 'Best in Service Excellence' for General Insurance

In an exclusive and an independent survey carried out amongst the public over a period of 12 weeks by the LMD magazine, Ceylinco General Insurance has the honour of being chosen as the most popular insurer in service excellence. This survey that encompassed 18 sectors was carried out by LMD to identify the most popular service providers in Sri Lanka and marks yet another feather in our cap.



EMPLOYEES

As a company that believes in its employees as being its key success pillar, we leave no stone unturned to look into the well-being of our employees whilst supporting them with well guided career paths. Similarly, we create very conducive working environments for them to perform at their peak and with our accountable and transparent governance, our employees are feel proud to work for the Company. Our strong track record in talent management and employee retention has given us the ability to attract the best and brightest industry professionals. With our prudent measures adopted over the years we have a highly passionate team of employees who contribute immensely towards the long term sustainability of the company. We have a young and dynamic team mentored by some of the most experienced insurance industry veterans.

Number of Years in Services by Gender

	Female	Male	Total
Under 5 Years	329	906	1,235
5 to 10 Years	117	526	643
11 to 15 Years	46	385	431
10 to 20 Years	23	160	183
Over 20 Years	67	212	279
Total	582	2,189	2,771

Age Analysis by Gender

	Female	Male	Total
56 Years	12	55	67
46 to 55 Years	56	266	322
41 to 45 Years	35	289	324
36 to 40 Years	51	384	435
18 to 35 Years	428	1,195	1,623
Total	582	2,189	2,771

RECRUITMENT & SELECTION

Selecting the right people for the right role is key to a happy workforce. The Company has a stringent recruitment process in place. On recruitment, after a careful selection process, the Company offers a structured induction training programme for newly-recruited candidates. These induction programmes are held on a monthly basis. The two-week long induction programme familiarizes candidates in all areas of our operations and in every department after which they undergo extensive soft skills development. The Company has a pool of internal and external trainers to ensure employees are exposed to expert knowledge in their respective areas of expertise.

An equal opportunity employer, the Company is proud of its diverse workforce, spanning across all geographies and ethnicities from across the country. Its expanding network is manned by field staff of over 1,950 taking the Company's insurance solutions to the far corners of the country.

A 'train the trainer' programme is conducted to expand knowledge amongst staff, to create a culture of learning. There is also a management trainee programme in place for recruitment once every three years. The trainees undergo a one-year rotational training programme and are then absorbed into management cadre.

Operating in the services industry, our staff have to be extremely competent in serving customers with the highest levels of service. A critical part of service training is role-playing with senior staff along with allocating a substantial budget for training and bringing their skills up to required standards.

TRAINING

A culture of learning and development pervades the organization. The Company conducts a Training Need Analysis and then designs the training plan and gauge effectiveness through an established evaluation system. Disciplined underwriting has been one of the keys to our success and we hold regular exams for our underwriters to ensure they remain at the cutting-edge of the industry. During the year under review, three Outbound training programmes to Dambulla were conducted for developing team building and leadership skills.

Sustainability Report

PERFORMANCE APPRAISAL

Our employee appraisal process became even more transparent with the introduction of the on-line Staff Performance Evaluation System which is a methodical process and also encourages staff to self-evaluate their standing against expectations as well as weaknesses and strengths to be more engaged in building their strengths. This has streamlined the performance management process which is a prudent step with the growing number of employees.

Senior management are encouraged to play the role of mentors for junior staff and opportunities are provided for them to share ideas and experiences. A powerful reporting system ensures that the Company's employees are monitored for performance to ensure optimal performance.

GRIEVANCE COUNSELLING

The Company has in place a grievance mechanism to resolve any complaints from staff about injustice or unfair treatment of any kind, or even as a whistle-blower. An open-door policy for employees ensures their voice will be heard by the management who take it upon themselves to offer a satisfactory solution to the complainant.

TRANSPARENCY AND ANTI-CORRUPTION PRACTICES

Company advocates a policy of 'Zero tolerance' where corruption and malpractices are concerned. This is applicable to employees of all levels and is strictly enforced where necessary though such instances are remote. Adequate measures are taken in order to have a fair hearing and a comprehensive internal audit is carried out before reprimanding an employee.

Also, as a policy, company does not advocate any underhand payments or transactions whatsoever to any individual or organization.

INCENTIVES

As the market leader, the Company possesses a pool skilled and talented staff and to retain them, provides above industry benefits in addition to comprehensive family health insurance, performance incentives, travel allowances, annual bonuses etc. Going the extra mile, the Company also extends wedding gifts and a month's salary for a family member's funeral. In case of an employee's demise whilst in service, their widow/widower receives the salary until the deceased would have reached the age of 55, with a 10% increment every year. If the deceased has completed 20 years of service, the Company allows the family to keep the car and maintains it at company cost until the youngest child reaches 18 years of age. Keeping in mind the Company's equal opportunity philosophy, these incentives are valid for all cadres.

UNIQUE COMPANY CULTURE

Building a company of excellent performers and high achievers would not have been possible without an enabling culture that allows employees to thrive and prosper, strongly supported by training and development and a culture of equal opportunity for all. A high degree of professionalism differentiates staff of the company from those in the rest of the industry. Sales staff are given smartphones loaded with inhouse apps to enable real-time transactions, which makes insurance an attractive career for the younger generation who look for high-tech industries.

Employee well-being and satisfaction is one of the key drivers to earn loyalty and towards this end the Company offers opportunities to relax and connect after work hours through get-togethers, sports tournaments and coveted overseas trips which are fully paid for by the Company. Every employee gets a fair chance to be part of this annual event.

The corporate culture at Ceylinco General Insurance is of a close-knit family unit and is driven from the top. In case an employee is sick, the CEO calls him/her personally, as also on birthdays to remind him or her how much they are valued by the organization.

REWARDS & RECOGNITION

Our focus includes recognizing and rewarding performance in order to ensure a constant pipeline of exceptional achievements and a feeling of being valued by the organization. Rewards and recognition form a key pillar of talent retention.

Felicitating our Sales Staff



The most important event in the company calendar, the Annual Sales Conference and Awards Ceremony for 2018, was attended by over 1,200 members of the sales force and invitees from subsidiary companies.

The event was held at Shangri-La Hotel in April 2019 under the theme, 'An Insurance Guarantee to Delight Customers'. The glittering event rewarded top performers in the sales team with outstanding performance awards. The selection process for the awards is highly stringent, with candidates being evaluated against various performance criteria. Over 750 members of the sales force received awards, reflecting their hard work and commitment. New entrants into the celebrated 'Hall of Fame' category receive a brand new Mercedes Benz as a token of recognition from the company for their exceptional contribution.



TEAM SPIRIT & FELLOWSHIP

The Company organized several events during the year which afforded opportunities for staff to bond outside the office:

Annual Overseas Tour



The annual overseas tour was arranged for the 16th consecutive year where a contingent of over 250 deserving staff members took wing to Jakarta, Indonesia, for a five-day-long holiday and a half-day "Brainstorming" session. Staff members were treated in a five star facility, Le Grandeur Hotel,

in the heart of Jakarta. This gesture by the company recognizes and rewards their outstanding contribution to the company and has become a key motivational factor. Every staff member desires to be a part of the tour group jetting off for an all-expenses paid overseas holiday!

Inter-Department Cricket Tournament

Staff of Ceylinco General Insurance gathered in large numbers together with family members and displayed their sporting skills at the Annual Inter-Department/Region Cricket Tournament and Annual Family Get-together, organised by the Sports Club in October 2019 at the CH&FC Grounds. 24 teams representing the Branches/Regions and City Office departments participated in the cricket tournament, whilst staff members and their families enjoyed the recreational activities and carnival-like atmosphere to make it another memorable day. Sabaragamuwa and South West teams were announced as joint Champions as the final was abandoned due to rain.



Sustainability Report

Ceylinco VIP Family Carnival 2019



The annual employee family get-together held for the sixth consecutive year in October 2019 comprised of a gala musical show. Thousands gathered at Havelock Grounds braving the heavy rains experienced during the day. Organised by the Employees Union of Ceylinco General Insurance, the show was a grand success.



The famous band, 'Sohan and the Experiments' and several guest artistes played electrifying music at the 'Ceylinco VIP Family Carnival 2019', complete with food stalls and games for children in a carnival-like atmosphere. A unique and a novel feature was the inclusion of several cultural items performed by a group of South Korean youth. All those present had a great time, making it a memory to cherish.



CUSTOMERS



“බඩක් වකට ආලා ගිවිස තරකී පාවි
සෙලින්නේ **VIP** ඉන්සුවර්ත්ස් එකෙන්
වන්ද්ලූකුණ වක ලොකු හයියක්.
සිපරේෂන් එකට දන්න කියන අයගෙන්
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දේශවිත්තු, පී. දිසානායක - මිද්දෙනිය

Customers are the foundation around which we have built a our products and services. The Company's market leadership reflects its strong connect with its customers which involves fulfilling diverse and evolving needs across the customer life cycle. Having won the trust and confidence of a customer base of over two million over 30 years, the Company has developed enduring partnerships with customers.



ආටි එකේ බිලොක් වක තිබුණා ස්ටේන්ට් වකක් දන්නා පුළුවන් තැනක. තැන්ගේ බයිසාස් වකක් කරන්න වෙනවා. මම බය තිබුණා පුළු පුතාගෙ අනාගතේ ගැන. සෙලින්කෝ **VIP** රක්ණයක් වාගේට් තිබ්බ තියා මම වන්දියා ගැබුණා.

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Serving customers efficiently and seeking feedback on customer service standards helps the Company improve further. Product innovation is a key pillar of great customer service and brainstorming sessions are held regularly for staff to conceptualize new ways in which to delight customers. Once every fortnight, development meetings are held to debate and discuss product ideas.

ON THE SPOT



“The pressure was immense when my wife had to undergo a bypass operation. But my Ceylinco **VIP** car insurance immediately offered financial help as she was the beneficiary. And for this, I’m so grateful!”

Mr. A.D. Amaratunga - Borella

Customer inquiries complaints are handled by one of the largest call centres of any local company, with over 40 customer care agents working at any given time. Customers simply dial 112393939 in case of a motor accident. Every call is recorded

and daily evaluation is done to improve service levels - from the time complaint is made till the time the claim cheque is handed over to the customer.

Most claims are settled on the spot. The Company is proud of its track record of settling claims. During 2019, the company settled claims to the tune of Rs. 10.6 Billion.

Having pioneered on the spot claims settlement, Ceylinco General Insurance customers have come to expect prompt and reliable service from us. Despite being the number one motor insurance brand in the country, we keep improving efficiency and speed for customer convenience. The company remains a pioneering presence in introducing technology backed products and services for a faster and more convenient service.



During the year under review, we introduced value added products that offer more benefits for customers:

Ceylinco General Insurance Introduces an affordable Cover for Serious Illnesses



Ceylinco General Insurance introduced a cover of up to Rs. 500,000/- per annum that will reimburse medical costs incurred in the treatment of diagnosed serious illnesses, including heart disease, cancer, kidney failure, stroke and several others, providing a cover for heart attack and open heart surgery, major organ transplants, chronic lung and liver diseases, deafness, blindness, multiple sclerosis, paralysis etc. Introduced in July 2019, the cover provides an affordable and small premium as low as Rs 600/- per annum, where the insured will be entitled to a cover of Rs 100,000/- whilst the highest cover of Rs 500,000/- will cost only Rs. 2,350/- per annum. Further, a Rs 200,000/- cover is available for Rs.1,050/-, a Rs 300,000/- cover for Rs. 1,450/- and a Rs. 400,000/- cover for Rs. 2,000/- depending on the affordability. One has to only fill a simple proposal form to obtain the cover whilst a health check-up is not required. This is an ideal cover for employers to offer as a benefit to employees.

Detailed descriptions of all products in our portfolio is given on page 36.



COMMUNITY & ENVIRONMENT

Being a responsible corporate citizen is a role we take very seriously. Ceylinco General Insurance offers a wide range of products and services with social value which provide financial inclusiveness, with specific products targeted at various income segments.

Ceylinco General Insurance supports many corporates in the country to hold their events and this year too, the Company stepped forward as Strategic Partner for leading corporate events:

Ceylinco General Insurance partners major events

Ceylinco General Insurance supports many corporates in the country to hold their events and, this year too, the Company stepped forward as Strategic Partner for leading entities.

CNCI Awards of the Ceylon National Chamber of Industries



One of the events supported during 2019 was the Annual Awards Ceremony organised by the Ceylon National Chamber of Industries for manufacturing and service sector organizations covering micro, small & medium enterprises, as well as large and extra-large sectors. Ceylinco General Insurance has been associated with this prestigious awards event for eight years in a row.

National Business Excellence Awards of the National Chamber of Commerce

Yet another event partnered by the Company during 2019 was The National Business Excellence Awards organised by The National Chamber of Commerce of Sri Lanka. This event is widely acknowledged as the premier awards held for corporates in the country and includes a number of categories that celebrate the pinnacle of corporate achievement. Our partnership with the NBEA Awards is now in its seventh year and ensures our brand retains high visibility amongst Sri Lanka's corporate corridors.

Sustainability Report

Cover for Serious Illnesses offered online

Dialog Axiata PLC together with Insureme.lk entered into an agreement with Ceylinco General Insurance to offer a cover for Serious Illnesses for customers of Dialog Axiata to purchase online. This is the first time that a cover of this nature is offered online and as a result Sri Lankans up to the age of 70 years can now obtain this cover without any paperwork.



Ceylinco General Insurance Partners with Payable

Through the new agreement, select PAYable merchants will be converted into Ceylinco VIP third party insurance issuers, enabling customers to make credit and debit card payments on any of their third party insurance services – from purchasing insurance to settling premiums – conveniently and reliably. Ceylinco VIP third party customers are set to gain access to a new level of convenience thro' this partnership between Ceylinco General Insurance, and pioneering mobile commerce platform, PAYable.



CORPORATE SOCIAL RESPONSIBILITY

The Company engages closely with local communities by carrying out CSR projects that have a positive impact on society:

Akurata Sawiya – Scholarship Programme



During 2019, we continued the programme introduced in the Moneragala district in 2017 to provide relief to school-children of families living under the poverty line. Paving the way for 1,000 poor children to dream of a proper education and a brighter future, we granted 1,000 children in grades 5, 6 and 7 with Rs. 1,500/- every month until they complete their Advanced Level (A/L) examinations, thereby easing the burden on their parents and giving them a solid platform to remain in school till they complete their A/Ls. Progress of these children are monitored regularly through their schools.

Refreshments for Pilgrims



As done in the past, our staff was actively involved in various religious ceremonies across the island, providing devotees with much-needed refreshments at places of worship. Some of the key religious events visited by our employees include the Nawam Perahara, Midnight Mass at St. Anne's Cathedral, Kurunegala, Annual Theru Festival in Matale, Water Cutting Festival in Nallur, and several Wesak Dansalas etc. We continued these refreshment programmes for the 11th consecutive year.



Annual Blood Donation



Ceylinco General Insurance staff joined hands with The Employees Union to host a Blood Donation Camp in its Head Office premises in February 2019. The camp witnessed participation from employees and customers, as well as people from surrounding offices, who volunteered to donate blood. The Blood Donation Camp was conducted under the supervision of the doctors of the Blood Bank, with many doctors and nurses in attendance and was a huge success with over 180 pints of blood collected.

Safe Drinking Water Project



We have embarked on another ambitious programme to provide drinking water to train commuters as well as pilgrims who patronize places of worship. Initially, three heavy duty water filters were installed in the Fort Railway Station, Katharagama Temple and Munneshwaran Kovil with a capacity to cater to over 3,000 people in a day. In 2019, a fourth water filter was installed in St. Anne's Shrine in Thalawila and we will continue to maintain all these filters which provide commuters and pilgrims with purified water safe to drink and iced water. Similar machines will be installed in several other locations in time to come.

ENVIRONMENT

Conserving our environment while making sure the Company does not leave any negative impact has inspired us to consider various environmentally-friendly initiatives. In order to reduce our carbon footprint, the Company has automated the claims process which has consequently reduced the volumes of paper used in the past. All photographs taken by our assessors on their smartphones at the site of the accident are uploaded digitally without wasting printing on paper.

Internally, the Company has taken steps to replace bulbs with LED lights, thus reducing electricity consumption by 35%. Besides this, we continue to educate and inculcate good habits amongst employees and customers to conserve natural resources. At the same time, we ensure a clean and hygienic workplace for people.

The Company does not use material that is non-biodegradable such as polythene or plastics in any of its outdoor advertising.

Product Profile



CEYLINCO VIP ON THE SPOT

Ceylinco VIP On The Spot is the most comprehensive vehicle insurance policy available in Sri Lanka. It offers several additional benefits such as On The Spot settlement of claims and a similar replacement vehicle for repairs that exceed four days. It also provides emergency roadside assistance, plastic surgery cover for lady drivers as well as an enhancement of the sum insured by 10% every year for free, entitlement to No Claim bonus irrespective of claims and payment of lease rentals up to two months for repairs that exceed 30 days in the event of an accident, a 10 year warranty against manufacturing defects, Rs 1,000,000 towards covering medical costs for many serious illnesses, up to Rs 1,300,000/- accidental health cover for hospitalization due to road traffic accidents and whilst travelling overseas, Rs 1.3 million for hospitalization due to medical emergencies, Rs 2.6 million for hospitalization due to accidents, Rs 1.3 million personal accident cover in case of total permanent disability or death and a host of other benefits.



CEYLINCO VIP THREE WHEEL COVER

Ceylinco VIP Three Wheel Cover is the most comprehensive product available for three wheeler owners in Sri Lanka. This product provides exclusive benefits to three wheeler owners such as On The Spot claim settlement, Rs. 100,000 to the leasing company for any outstanding lease instalments and Rs. 100,000 to the family of the insured in the event of death or total permanent disablement to the insured due to an accident.



CEYLINCO VIP 3RD PARTY COVER

Ceylinco VIP 3rd Party Motor Cycle Cover is the only 3rd Party insurance that offers benefits to the insured. The benefits include compensation up to the market value of the Motor Cycle in the event it is condemned due to an accident, a personal accident cover of Rs. 50,000 to the insured and a hospitalization cover of Rs. 100,000 in the event the insured is hospitalized due to a road accident. Vehicle user are entitled to a hospitalization cover of Rs. 200,000 in the event the insured is hospitalized due to a road accident.



CEYLINCO VIP MOTOR BIKE COVER

Ceylinco VIP Motor Bike insurance offers a host of benefits such as On The Spot claim settlement, a replacement Motor Cycle up to 7 days in the event an accident repair takes more than 3 days, payment of one months lease rental to the finance company if hospitalized due to any accident for over 2 weeks, six months lease rental up to a maximum of Rs 100,000/- to the leasing / Finance Company for total permanent disability resulting due to a road traffic accident, if a Motor Cycle gets condemned due to an accident, market value of the Motor Cycle paid up to 10 years from the date of registration, personal accident cover of Rs 100,000/- to the insured for death due to a road traffic accident, Rs 100,000 towards covering medical costs for many serious illnesses, up to Rs 300,000/- accidental health cover for hospitalization due to road traffic accidents, third party property damage of Rs 25,000/- and unlimited cover for bodily Injury.



CEYLINCO CHP PLUS

The Ceylinco Children's Health Policy provides enhanced benefits to school-going children on a Hospitalization Cover together with a Personal Accident cover. Should the parent or guardian die or is permanently disabled, the child receives a monthly allowance until he/she completes his/her education; and the hospitalization and Personal Accident cover will also continue without any payment of premium.



CEYLINCO SUWA SAMPATHA

The most popular Surgical and Hospitalization Insurance Scheme in Sri Lanka, which offers reimbursement of hospitalization and surgical expenses including benefits for treatment in government hospitals. Immediate cash settlements are made directly to hospitals paving the way for greater customer convenience.



CEYLINCO FAMILY GUARDIAN

Ceylinco Family Guardian Insurance is a unique plan which provides a comprehensive cover for the House and its contents against Fire, Burglary and a host of related perils. It includes a life cover to the Insured and Spouse, Personal Accident Cover, Critical Illness Cover, Hospitalisation for the entire family including Domestic, Public Liability, Funeral Expenses and Airfare to visit a sick child studying abroad, etc.



CEYLINCO HOME OWNER'S DISASTER RELIEF INSURANCE

The New Householders Policy protects the house and its contents with a total security plan, which includes fire and allied perils, strike, riots and civil commotion, natural disasters, burglary cover, electrical fluctuations and public liability too. The insured and spouse are entitled to a Life and Personal Accident Insurance Cover amounting to Rs.100,000/- each.



CEYLINCO TRADERS' DISASTER RELIEF INSURANCE

This packaged product provides a complete protection plan for businesses which includes fire and related perils, natural disasters, burglary, money in transit, public liability, alternate accommodation for uninterrupted business activity, as well as Life cover for the insured, workmen's compensation for the employees and funeral expenses etc.



CEYLINCO ONE DAY COVER

This unique product covers an individual against road or home accidents, and includes a 24 hour cover priced at Rs.5/=, and a one month cover at Rs.50/= making it affordable to the masses. The insured's family members are compensated with Rs.100,000/= in the event of death or total permanent disablement/partial disablement due to accidents.

Product Profile



CEYLINCO LIPS INSURANCE

This product was specially designed for women and covers hospitalization and surgical expenses for injuries due to accidents, jewellery if burgled at home or snatched, Medical Insurance for cosmetic and plastic surgery, funeral expenses of parents and family members, legal fees to protect fundamental rights against physical abuse and sexual harassment etc.



CEYLINCO DOO DARUWO RAKSHANAYA

Ceylinco Doo Daruwo Rakshanaya is for the entire family and provides cover for children to continue their education in case the breadwinner expires, is injured or contracts a serious illness. It also has a family hospitalization and a funeral expense cover offered at an affordable premium.



CEYLINCO LEASING COVER

The Ceylinco Leasing Cover relieves the Lessee from paying the monthly lease (up to a maximum of 2 installments) when the vehicle is in a garage due to an accident. Also, it includes a free life cover of Rs.100,000/- to the insured.



CEYLINCO TRAVEL CLASSIC INSURANCE

This policy offers a great assurance to travellers and pays up to a maximum of US\$ 200,000 in case one falls ill far from home, and one can make a claim in whichever country one happens to be in. It also offers cover against accidents, emergency medical transportation, loss of bag-gage, trip cancellation, loss of passport as well as for accidents while in the home country valid for one year.



CEYLINCO CHILDREN'S HEALTH POLICY

This policy covers all school going children against Hospitalization and Personal Accident up to Rs.50,000/- throughout the year for a very nominal premium.



CEYLINCO SUWA SAMPATHA INTERNATIONAL

Suwa Sampatha International is designed for the discerning to provide them with optimum medical facilities in case of a serious illness. Three schemes with different benefits entitles them to travel to any part of the world (excluding USA) to obtain treatment for any illness.



CEYLINCO OFFICE 2000

This business insurance scheme meets practically all business needs. The benefits include cover for fire and allied perils, Burglary, Glasses/Name boards/ Neon signs, Computers and other electronic equipment as well as Health/ Personal Accident/Life covers for employees.



CEYLINCO SUPPORT LINE

Ceylinco Support Line offers a total protection plan to small and medium enterprises, covering them for contingencies from loss of income due to an illness or natural disasters, to continuing the education of children in case of the policyholder's death.



CEYLINCO GOVI PAWURA / CEYLINCO GURU PAWURA / CEYLINCO LIYA PAWURA

"Ceylinco Pawura" is a product specially designed to protect Farmers, Teachers and House-wives. It covers Personal accidents, damages to the house due to natural disasters, loss of income, temporary accommodation as well as funeral expenses. It also offers farmers a cover for the harvest, teachers a cover for education of children and housewives a cover for accidental death of spouse.

These products are marketed at affordable premiums



CEYLINCO DHEEWARA UDANA

This complete protection plan for fishermen and their families covers them for over Rs.580,000/- per annum for hospitalization, accidents, disappearances, funeral expenses and educational expenses of children in case of death of insured.



CEYLINCO NUWANA

In an unfortunate event such as the demise or disablement of parents, "Ceylinco Nuwana" takes care of the child's education. It offers monthly allowances to the child until the child completes his/her education and thereafter, a lump sum payment to give the child a secure start in life.



CEYLINCO HOME & YOU

This unique product includes covers such as Fire and related perils, cover against natural disasters for the house and its contents and a free personal accident cover for the insured at a nominal premium. It also offers the insured the flexibility to cover the building together with contents, just the building or just contents only.

Product Profile



CEYLINCO TRAVEL CLASSIC INSURANCE

This policy offers a great assurance to travellers and pays up to a maximum of US\$ 200,000 in case one falls ill far from home, and one can make a claim in whichever country one happens to be in. It also offers cover against accidents, emergency medical transportation, loss of bag-gage, trip cancellation, loss of passport as well as for accidents while in the home country valid for one year.



CEYLINCO WARRANTY INSURANCE

Warranty Insurance is a comprehensive cover which offers compensation for manufacturing defects in the mechanical and electrical parts of brand new and reconditioned vehicles up to a period of four years from the year of manufacture.



CEYLINCO ONE AND ONLY

This is truly a unique concept not known to exist anywhere else in the world, which offers customer convenience, along with affordability and availability. Every time a customer purchases goods from any outlet of the Supermarket chains teamed up with Ceylinco, the customer is en-titled to an insurance cover to the value of goods purchased. Depending on the number of purchases at these supermarkets, the cover will increase up to a maximum of Rs. 1 Million. The benefits include a personal accident cover, natural disaster cover for the house and a plastic surgery cover for corrective surgery due to accidents.



CEYLINCO "A+" INTERNATIONAL STUDENTS' INSURANCE

Another unique policy, which provides cover for Sri Lankan students who have gone overseas for studies. The cover includes Hospitalization, Personal Accident, Personal Liability, Legal Expenses, etc., which could be claimed in whichever country they study.



CEYLINCO NO WORRIES

This is yet another unique insurance solution offered to Corporates to safeguard their valuable employees against loss of income. Cover could be obtained to provide employees, who are unable to perform their regular functions at work, due to an accident or a critical illness, with compensation for loss of income for a period of two to ten years, covering monthly salaries from Rs. 5,000/- to Rs. 50,000/-. Cover could be obtained by the employer or by the employees or through a joint contribution by the employer and the employees.



CEYLINCO MAPIYA THILINA

A unique health Insurance cover available in Sri Lanka for senior citizens between the ages of 60-80 years. In addition to hospitalization, they are also covered for personal accidents and disability.



CEYLINCO TWENTY FOUR SEVEN

This is the ideal product to protect the employees: the most valuable asset of an organization. Ceylinco Twenty Four Seven Insurance offers the facility of obtaining an insurance cover of Rs. 1,500,000/- per employee against all types of accidents, be it at work, when on the move or even at home for as little as Rs. 3/- per day. This cover is valid 24 hours a day and will cover the employee no matter what part of the world he/she is in.



CEYLINCO SUWA SAMPATHA MONTHLY

Ceylinco Suwa Sampatha Monthly offers an organisation the unique opportunity to provide a comprehensive hospitalisation cover up to Rs.50,000/-, and a personal accident cover of up to Rs.200,000/- to its employees, at an affordable premium.

Additionally, the ability to pay the premium monthly makes the product more financially feasible. Further, this product also provides the flexibility of covering even the dependants of employees until the age of 65.



CEYLINCO SUWA SAMPATHA NATIONAL HEALTH

Ceylinco Suwa Sampatha National Health offers a hospitalization cover of Rs. 25,000/- and an-other Rs. 10,000 for hospitalization in a government hospital together with Rs. 15,000 for specialised services that cannot be obtained in a government hospital. This unique product also carries a personal accident cover for Rs. 200,000/- with all these covers given at an affordable premium of only Rs. 100/- per month. This is an ideal product for those who cannot afford the average health insurance products but who want the added protection for the family.



CEYLINCO HIGHER EDUCATION POLICY

A comprehensive cover for students wanting to pursue higher education, covering serious illnesses, accidents, death or disablement of parent or guardians etc., which enables them to continue with their higher studies unhindered, even if an unforeseen event occurs.

CEYLINCO

Serious Illness Cover

CEYLINCO SERIOUS ILLNESS COVER

Announcing yet another unique benefit for all Sri Lankans, Ceylinco General Insurance introduced a cover of up to Rs. 500,000/- per annum that will reimburse medical costs incurred in the treatment of diagnosed serious illnesses, including heart disease, cancer, kidney failure, stroke and several others, providing a cover for heart attack and open heart surgery, major organ transplants, chronic lung and liver diseases, deafness, blindness, multiple sclerosis, paralysis etc. Introduced in July 2019, the cover provides an affordable and small premium as low as Rs. 600/- per annum, where the insured will be entitled to a cover of Rs. 100,000/- whilst the highest cover of Rs. 500,000/- will cost only Rs. 2,350/- per annum. Further, a Rs. 200,000/- cover is available for Rs.1,050/-, a Rs. 300,000/- cover for Rs. 1,450/- and a Rs. 400,000/- cover for Rs. 2,000/- depending on the affordability. One has to only fill a simple proposal form to obtain the cover whilst a health check-up is not required. This is an ideal cover for employers to offer as a benefit to employees.

Branches

A

Achchuvely
Akkaraipattu
Akurana
Akuresa
Alawwa
Aluthgama
Ambalangoda
Ambalantota
Ampara
Angunukolapelessa
Anuradhapura
Athurugiriya
Attidiya
Avisawella

B

Baddegama
Badulla
Bakamuna
Balangoda
Bambalapitiya
Bandaragama
Bandarawela
Battaramulla
Batticaloa
Bibile
Bingiriya
Biyagama
Bopitiya
Boralesgamuwa
Borella

C

Chawacachcheri
Chilaw
Chunnakam

D

Dambulla
Dankotuwa
Dehiattakandiya
Dehiwala
Dematagoda
Deniyaya
Digana
Dikwella
Divulapitiya
Dummalasuriya

E

Eheliyagoda
Elpitiya
Embilipitiya
Embuldeniya
Enderamulla
Eppawala

F

Free Trade Zone

G

Galaha
Galenbindunuwewa
Galewela
Galgamuwa
Galle
Galnewa
Gampaha
Gampola
Ganemulla
Giriulla
Godakawela
Grand Pass

H

Hanwella
Hatton
Hettipola
High Level
Hikkaduwa
Hingurakgoda
Homagama
Horana

I

Imaduwa
Imbulgoda

J

Ja-Ela
Jaffna

K

Kadawatha
Kaduruwela
Kaduwela
Kahawatta
Kalawana
Kalmunai
Kalpitiya
Kalutara
Kamburupitiya
Kandana
Kandy
Kantale
Karapitiya
Kattankudi
Katugastota
Kegalle
Kekirawa
Kelaniya
Kiribathgoda
Kiriella
Kirindiwela
Kochchikade
Kohuwala
Kotahena
Kotikawatta
Kottawa
Kotte
Kuliyapitiya
Kundasale
Kurunegala
Kuruwita

M

Mahabage
Mahaiyawa
Mahara
Maharagama
Mahiyangana
Maho
Malambe
Mannar
Maradagamula
Maradana
Matale
Matara
Mattakkuliya
Matugama
Mawanella
Mawathagam
Medawachchiya

Meerigama
Melsiripura
Messenger Street
Middeniya
Minuwangoda
Monaragala
Moratumulla
Moratuwa
Mount Lavinia

N

Narammala
Nattandiya
Naula
Nawalapitiya
Negombo
Negombo (Sea St.)
Nelliadi
Neluwa
Nikaweratiya
Nittabuwa
Nochchiyagama
Nugegoda
Nuwaraeliya

P

Padaviya
Pallebedda
Panadura
Pannipitiya
Passara
Peliyagoda
Pelmadulla
Pettah
Pilimalawala
Piliyandala
Pitigala
Polgahawela
Polonnaruwa
Puttlam

R

Raddolugama
Ragama
Rambukkana
Rathmalana
Ratnapura
Rikillagaskada
Ruwanwella

S

Seeduwa

T

Talawatugoda
Tangalle
Thalawakele
Thambuttegama
Thanamalwila
Thimbirigasyaya
Tissamaharama
Town Hall
Trincomalee

U

Uragasmanhandiya

V

Vavuniya
Veyangoda

W

Wadduwa
Walasmulla
Warakapola
Wariyapola
Wattala
Wattegama
Welimada
Weliweriya
Wellawatte
Wellawaya
Wennappuwa
Yakkala
Yakkalamulla
Yatiantota

VIP Counters

A

Abanpola
Addalachchenai
Adiambalama
Agalawatha
Aggonna
Ahangama
Ahungalle
Aladeniya
Anamaduwa
Anuradhapura - New Town
Arachchikattuwa
Aralaganwila
Arangala
Arayampathi
Athura

B

Badalgama
Badalkumbura
Baduraliya
Balapitiya
Bandarakoswatata
Bandarawaththa
Baseline Road
Batagama
Batapola
Battaramulla
Beliatta
Bellantara
Bemmulla
Beruwala
Beruwela
BOC- Gampaha
Bollegala
Bombuwala
Bowatta
Bulathkohupitiya
Buttala

C

Chankanai

D

Dalugama
Dalupitiya Road
Dambadeniya
Dehiowita
Deiyandara
Delgoda
Demanhandiya
Depanama
Deraniyagala
Dewalegama

Dharga Town
Dippitiya
Divlapitiya
Diyathalawa
Dodangoda
Dompe
Dunagaha

E

Egodauyana, Moratuwa
Ekala
Elakanda Road,
Eluvila
Embilipitiya New Town
Embulgama
Eraur
Erawwala
Ethiliwewa

G

Galagedera
Galigamuwa
Gelioya
Ginigathhena
Giradurukotte
Giribawa
Godagama
Godigamuwa
Gomarankadawala
Gonahena
Gonapola

H

Habaraduwa
Habarakada
Habarana
Hadirana
Hakmana
Haldumulla
Hali Ela
Hambantota
Hasalaka
Hataraliyadda
Higurana
Hirana
Hiripitiya
Horagasmulla
Horowpathana

I

Ibbagamuwa
IDH
Ihala Karagahamuna,
- Kadawatha
Imaduwa
Ingiriya
Ingiriya (Horana)

J

Jayanthipura
Jubilee Post, Nugegoda

K

Kabithigollawa
Kadugannawa
Kaduruwela (Batticaloa Rd)
Kahatagasdigiliya
Kahathuduwa
Kaleliya
Kalladi
Kaluwanchikudy
Kandana
Kandy -
William Gopallawa Mw
Karandeniya
Karative
Kasbawa
Katana
Katubedda
Katupotha
Katuwana
Kegalle - Main Street
Kerawalapitiya
Kesbewa
Kimbulpitiya
Kilinochchi
Kinnya
Kiribathgoda
Kirillawala
Kobeigane
Kokkadacholei
Kolonna
Kolonnawa
Koswatte
Kotadeniyawa
Kothalawala
Kotiyakumbura
Kotte
Kottramulla
Kotugoda
Kuchchaweli
Kurana
Kurusu Junction

L

Loonuwatta
Lunugala

M

Madampe
Madirigiriya
Madiwela
Madiwela
Madurankuliya
Maggona
Mahaoya
Mahawewa
Main Street Col 11
Makewita
Makola
Maligawatta
Maligawatta - Bodhiraja
Maligawatte
Malwala
Malwana
Manikhinna
Manipai
Marathamunai
Marawila
Maskeliya
Mattegoda
Meegalewa
Meegoda
Meepe
Melagama - Wadduwa
Miriswatta
Miriswatte
Moragahena
Moranthuduwa.
Morawaka
Moronthuduwa
Moutthur
Mulankavil
Mulative
Mulleriyawa
Murunkan

N

Nagoda
Naiwala
Narangodapaluwa
Navinna
Nawagamuwa
Nawagaththegama
Nawala
Nelumdeniya
Nindavur

VIP Counters

Nittambuwa - Veyangoda Rd
Nivithigala
Norochholei

O

Obeysekarapura
Opanayaka
Orugodawatte
Ottamawadi

P

Pabahinna
Padiyathalawa
Padukka
Padukka
Pahala Karagahamuna
- Kadawatha
Palai
Pallepola
Palliyawatte
Pamankada
Pamunuwa
Panagoda
Pannala
Pasyala
Pelawaththa
Pelawattea (Pitigala)
Peradeniya New Town
Peralanda
Piriwena Junction
Pitabadera
Pitipana
Pitipana North
Point Pedro
Polpithigama
Poojapitiya
Pothuhera
Potuvil
Pugoda
Pundaluoya
Pulmude
Pussellawa
Puthukudiruppu
- Puttalam Rd

R

Radawana
Ragala
Ragama - City
Rajagiriya
Rajanganaya
Rakwana
Rambewa
Ranmuthugala
Ranna
Rathgama
Rideegama
Rukmalgama

S

Sainthamaruthu
Saliyawewa
Sammanturai
Sammanturai 1
Sarikkalimulla
Seeduwa
Serunuwara
Sewanagala
Sewanapitiya
Singharamulla
Siyabalanduwa
Siyambalagaskotuwa
Siyambalape
Sooriyawewa
- Sunethra Devi Rd

T

Talgaswala
Thalahena
Thalawa
Thalpitiya
Thambala
Theldeniya
Thirappane
Thoppure
Thorana Junction, Kelaniya
Thulhiriya

U

Udappuwa
Udawalawa
Udubaddawa
Ududumbara
Udugama New
Udugampola
Udumulla
Uhana
Ukuwela
Urapola
Urubokka

V

Valachchenai
Vavunathive
- Vidyala Junction
Vilachchiya

W

Waligamuwa
Wanduramba
Waskaduwa
Wathupitiwala
Wattegedara
Weeraketiya
Welipillewa
Welmilla
Werahera

Y

Yatawatta

Ceylinco Rest Spots



Warakapola



Kitulgala



Tangalle



Kuruwita



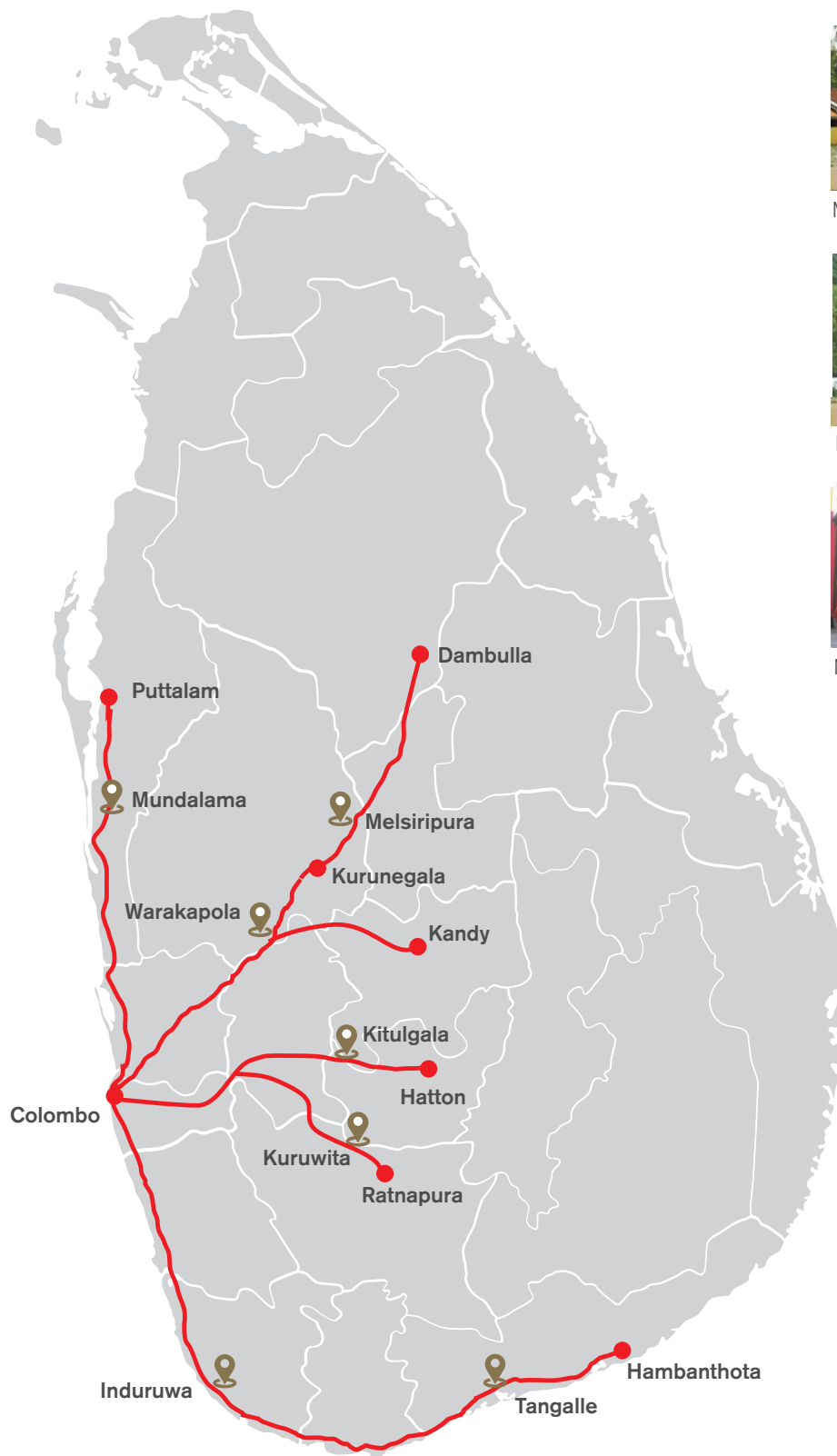
Melsiripura



Induruwa



Mundalama



Corporate Management



Mr. R.A. Ranasinghe
General Manager (City)



Mr. A.R.S. Wijayapura
General Manager (City)



Mr. J.D.S.N. Piyadasa
General Manager Finance
(Branches)



Mr. C. Kotigalage
Head of Legal



Mr. N.S. Rajapakse
Deputy General Manager
(Marketing)



Mr. S. Thilakeshwaran
Deputy General
Manager



Mr. S.H. Panangala
Liyanage
Deputy General Manager



Mr. M. Premaratne
Deputy General Manager
(Financial Services - City)



Mr. C.E. Wimalasuriya
Deputy General
Manager (Technical)



Mr. R.S. Arulanandan
Deputy General
Manager



Mr. V.D.C. Wickramaratne
Actg. Deputy
General Manager



Mr. A.M.D. Alagiyawanna
Senior Assistant
General Manager



Mr. A.B. Wijethunga
Senior Assistant General Manager
(Financial Services -
Head Office)



Mr. I.P. Abeywickrama
Senior Assistant General
Manager (Suwa Sampatha)

Retired w.e.f. 6.1.20



Mr. A.L.J. Atapattu
Senior Assistant
General Manager



Mr. I.A.K.J.P. Ilangakoon
Senior Assistant
General Manager



Mr. S.K. Jayasundara
Senior Assistant General
Manager (Miscellaneous)



Mr. H.J.S. Kumara
Senior Assistant General
Manager



Mr. K. Shankaramoorthy
Senior Assistant General
Manager (Financial Services)



Mr. M.W.T. Pushpakumara
Senior Assistant General
Manager

Retired w.e.f. 28.1.20



Mr. D. Munasinghe
Assistant General
Manager (Marine)



Mrs. R.M. Abeywardena
Assistant General
Manager (Legal)

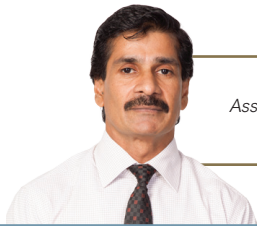


Mr. A.P.R. De Mel
Assistant General Manager
(Risk Management)



Mr. J.A.N.C. Fernando
Assistant General Manager

Retired w.e.f. 25.1.20



Mr. R.S. Joseph
Assistant General Manager



Mr. A.A.U.S.S. Wijeratne
Assistant General Manager
(Financial Services - Branches)



Mr. U.K.U. Wijeratne
Assistant General Manager
(Financial Services - Branches)



Mr. H.A.R. Dharmaratne
Assistant General Manager
(Information Technology)



Mr. S.L.D.C Sisira
Assistant General Manager
(Reinsurance)



Mr. K.S.D. Fernando
Assistant General Manager
(Risk Management)



Mr. I.E. Abeyratne
Assistant General
Manager (Marketing)



Mr. L.P.C. Madhavila
Assistant General Manager
(Legal)



Mr. K.J.N. Perera
Acting Assistant General
Manager



Mr. W.P.S. Pemachandra
Regional Manager



Mr. V. Nissanka
Regional Manager



Mr. M.A.L. Ravindra
Regional Manager



Mr. R.B.R. Wijeratne
Regional Manager



Mr. D.S. Karunaratne
Acting Regional Manager



Mr. L.A.I.A. Jayasena
Acting Regional Manager



Mr. V.K. Gunathilaka
Acting Regional Manager



Mr. L.P.D. Dharmasooriya
Acting Regional Manager

Management Staff - Corporate Sales



Mr. K.K.V.K. Priyasad
Assistant General Manager
(Corporate Accounts)



Mr. B.N.T. Rupasinghe
Assistant General Manager
(Corporate Accounts)



Mr. L.M.R.S. Lansakara
Assistant General Manager
(Corporate Accounts)



Mr. H.C.S. Hemantha
Senior Manager
(Corporate Accounts)



Mr. L.M.M.B. Karaliyadde
Consultant



Mr. S.A. Priyantha
Senior Manager
(Corporate Accounts)



Mr. W.M.A.C. Sanjana
Senior Manager
(Corporate Accounts)



Mr. V.S.D. De Mel
Senior Manager
(Corporate Accounts)



Mr. W.P.N. De Alwis
Senior Manager
(Corporate Accounts)



Mr. M.A.S. Rupathunga
Senior Manager
(Corporate Accounts)



Mr. K. Alikhan
Senior Manager
(Corporate Accounts)



Mr. U.A.R.S. Udawela
Senior Manager
(Corporate Accounts)



Mr. B.D.C. Perera
Senior Manager
(Corporate Accounts)



Mr. M.A.V. Priyadarshana
Senior Manager
(Corporate Accounts)



Mr. M.D.S.R.L. Jayasekara
Senior Manager
(Corporate Accounts)



Mr. W. George
Senior Manager
(Corporate Accounts)



Mr. N. Hettiarachchi
Senior Manager
(Corporate Accounts)



Mr. M.P.S. Divithurugama
Senior Manager
(Corporate Accounts)



Mr. T.M.R.K. Kurukula
Consultant



Mr. M.A.S. Priyadarshana
*Senior Manager
(Corporate Accounts)*



Mr. A.V. Upul
*Senior Manager
(Corporate Accounts)*

Resigned w.e.f. 30.12.19



Mr. W.A.S. Prasanna
*Senior Manager
(Corporate Accounts)*



Mr. P.C.N. Dias
*Senior Manager
(Corporate Accounts)*



Mr. W.M.C.J. Bandara
*Senior Manager
(Corporate Accounts)*



Mr. D.J. Gunewardene
*Senior Manager
(Corporate Accounts)*



Mr. T.S.R. Peiris
*Senior Manager
(Corporate Accounts)*



Mr. W.A.M.L. Soloman
*Senior Manager
(Corporate Accounts)*



Mr. B.G.S. Mendis
*Senior Manager
(Corporate Accounts)*



Mr. M.D.J. Thilina
*Senior Manager
(Corporate Accounts)*



Mr. V. Sivakumar
*Senior Manager
(Corporate Accounts)*



Mr. C.N. Weerasuriya
*Manager (Corporate
Accounts)*



Mr. W.P.G.S.D. De Silva
*Manager
(Corporate Accounts)*



Mr. K.M.P. Rohan
*Manager
(Corporate Accounts)*

Management Staff Regional - Area Sales Managers



Mr. S.K. De Alwis
Regional Sales Manager



Mr. J.S. Rajapaksha
Regional Sales Manager



Mr. K.P.L.A. Balawardena
Area Sales Manager



Mr. D.A.S. De Silva
Area Sales Manager



Mr. P.S.M. Rerukana
Area Sales Manager



Mr. N.P. Wadugodapitiya
Area Sales Manager



Mr. H.D. Madugoda
Area Sales Manager



Mr. T.A. Nanayakara
Area Sales Manager



Mr. S. Gurusinghe
Area Sales Manager



Mr. K.M.R. Ranasinghe
Area Sales Manager



Mr. C.S. Mahalekamgedara
Area Sales Manager



Mr. P.L.N.C. Sampath
Area Sales Manager



Mr. D.S.R. Dissanayake
Area Sales Manager



Mr. L.H.M.L. Dayananda
Area Sales Manager

Management Staff

Head of Finance

T.N.M. Peiris BA (Econ) (Hons), FCA, FCMA, FCIC
Retired w.e.f. 31.12.2019

General Managers (City)

R.A. Ranasinghe
A.R.S. Wijayapura

General Manager – Finance (Branches)

J.D.S.N. Piyadasa BSc (Pub. Admin)(Hons), FCA, MBA (Sri J.)

Head of Legal

C.Kotigalage Attorney-at-Law/Notary Public Barrister and Solicitor
Former Judge of the High Court of Fiji Islands

Deputy General Manager (Marketing)

N.S. Rajapakse Pg DipM (UK), FCPM, MBA (Wales, UK)

Deputy General Managers

S. Thilakeshwaran
S.H. Panangala Liyanage MBA (UK)
R.S. Arulanandan

Deputy General Manager (Financial Services - City Office)

M. Premaratne ACA, FCMA

Deputy General Manager (Technical)

C.E. Wimalasuriya ACIC

Acting Deputy General Manager

V.D.C. Wickramaratne MBA (UK)

Senior Assistant General Manager

A.M.D. Alagiyawanna BA (Econ)(Hons)

Senior Assistant General Manager (Financial Services – Head Office)

A.B. Wijayatunga MCPM

Senior Assistant General Manager (Financial Services)

K. Sankaramoorthy FCA, ACMA, MBA (Sri J.)

Senior Assistant General Manager (Suwa Sampatha Insurance)

I.P. Abeywickrama – Retired w.e.f. 06.1.2020

Senior Assistant General Manager (North Western Region)

A.L.J. Atapattu ACIC, MBA (UK)

Senior Assistant General Manager (Uva Region)

I.A.K.J.P. Ilangakoon B.Com

Senior Assistant General Managers

H.J.S. Kumara
M.W.T. Pushpakumara – Retired w.e.f. 28.1.2020

Senior Assistant General Manager (Miscellaneous Insurance)

S.K. Jayasundara

Assistant General Manager (Marine Insurance)

D. Munasinghe

Assistant General Managers (Legal)

Mrs. R.M. Abeywardena Attorney-at-Law & Notary Public
L.P.C. Madhavila Attorney-at-Law & Notary Public, Commissioner for Oath

Assistant General Managers (Risk Management)

A.P.R. De Mel AMI Mech. E.
K.S.D. Fernando

Assistant General Manager (Marketing)

I.E. Abeyratne MCIM (UK), DipM (UK), MBA (UK),
Chartered Marketer (UK), MSLIM, Adv. Dip. MA

Assistant General Manager (Reinsurance)

S.L.D.C. Sisira B.Com (Hons)

Assistant General Manager (Western Outer Region)

J.A.N.C. Fernando MBA (India)-Retired w.e.f. 25.1.2020

Assistant General Manager

R.S. Joseph Dip. Mkt (UK)

Assistant General Managers (Corporate Accounts)

L.M.R.S. Lansakara B.Com (Special)
K.K.V.K. Priyasad
B.N.T. Rupasinghe

Assistant General Managers (Financial Services - Branches)

A.A.U.S.S. Wijeratne ACA, ACMA, MBA (Col.)
U.K.U. Wijeratne

Assistant General Manager (Information Technology)

H.A.R. Dharmaratne BIT, Dip. Comp. System Design, MBA (USA)

Acting Assistant General Manager

K.J.N. Perera

Regional Managers

V. Nissanka
W.P.S. Pemachandra
M.A.L. Ravindra
R.B.R. Wijeratne MBA (UK)

Acting Regional Managers

L.P.D. Dharmasooriya
V.K. Gunathilaka
L.A.I.A. Jayasena
D.S. Karunaratne

Management Staff

Chief Manager (Financial Services-Branches)

J. Rambukkana B.Com (Special)

Chief Managers (Financial Services)

Mrs. W.P.S. Jayasinghe BSc (Busi. Admin) (Special)

B.C.P. Kumara

O.B.R. Perera

A.K.M. Wickramasinghe BB Mgt (Sp) (Hons)

Chief Manager (Financial Services/Technical)

Mrs. S.H.S.D. Sumanathilake ACA, ACMA, ACII (Lond.), MBA(Sri J.)

Chief Manager (Internal Audit)

J.M.A.R.P. Jayakody

BSc (Busi. Admin) (Special), ACA, MBA (Col.)

Chief Legal Officers

S.A.K. Haputhanthri Attorney-at-Law, Commissioner for Oath

S.T. Lamabadusooriya LLB, Attorney-at-Law & Notary Public,
Commissioner for Oath, Regd. Co.Sec.

Mrs. H.M. Pethiyagoda LLB, Attorney-at-Law & Notary Public,
Commissioner for Oath

Chief Risk Engineers

B.G.N.I.B. Basnayake BSc (Eng.)

C.C. Ekanayake BSc, MIEE (UK), AMIE (SL)

E.M.N. Lasantha BSc (Eng.)

J.A.T.I. Perera NDT (Mech.Eng.)

N.S. Weerakoon

R.K. Wijeyasinghe BSc (Eng.), AMIE (SL), PG Dip. Elect. Eng.(SL)

Chief Technical Managers (Underwriting)

M.D.R.D. Gunatillake

B.I.U. Kumara

Mrs. N.D.D.J. Serasinghe

Chief Manager (Marine Insurance)

W.R.S. Fernando

Chief Manager (Software Development)

H.A. Dikkumbura

Chief Technical Managers

A.A. Nandana

K.M.C.S. Perera

J.K. Wanigathunga - (Resigned w.e.f. 14/03/2019)

BSc (Mkt. Mgt.) (Special), MBA (Sri J.), AMSLIM, LIII, AII (India)

H.M.T. Herath BSc (Mkt. Mgt.) (Special) Dip CII (UK), Dip SLII, LIII (India)

Chief Technical Managers (Automobile)

B.S.B. Jayasekara AMIAE (SL)

A.R. Pietersz FIAE (SL)

R.B.W.A.M.D.B. Rajaguru

Chief Manager (Training)

W.A.M. Susantha BSc (Busi. Admin) (Special), AMIPM, MSLITAD,
MITD (SL), MBA

Senior Managers (Corporate Accounts)

K. Alikhan

W.M.C.J. Bandara

P.C.N. Dias

W.P.N. De Alwis

V.S.D. De Mel

M.P.S. Divithurugama

W. George

D.J. Gunewardene DipM (UK), ACIM (UK), MBA (Aust.)

H.C.S. Hemantha

N. Hettiarachchi

M.D.S.R.L. Jayasekara

L.M.M.B. Karaliyadde (Consultant w.e.f. 7.3.2019)

T.M.R.K. Kurukula (Consultant w.e.f. 31.12.2018)

B.G.S. Mendis

B.D.C. Perera

W.A.S. Prasanna

M.A.S. Priyadarshana

M.A.V. Priyadarshana

S.A. Priyantha

T.S.R. Peiris

M.A.S. Rupathunga

W.M.A.C. Sanjana

V. Sivakumar

W.A.M.L. Soloman

M.D.J. Thilina

U.A.R.S. Udawela

A.V. Upul - Resigned w.e.f. 30.12.2019

Senior Legal Officer

Mrs. D.R. Wickramasinghe Attorney-at-Law & Notary Public,
Commissioner for Oath

Company Secretary/Senior Manager

Mrs. Nilika Abhayawardhana ACIS (UK) ACCS (SL)

Senior Manager (Company Secretarial)

Mrs. A.L.D.E.H. De Silva

Senior Risk Engineer

H.D.J.K. Perera BSc

Senior Managers (Internal Audit)

J.A.A.K. Jayasinghe B.Com (Special), ACIC, SAT, CBA

P.U.U. Perera B.Com

Senior Managers (Financial Services)

R.M.A. Bandara BSc (Busi. Admin) (Special)

D.R.N. Damsiri BSc (Busi. Admin) (Special)

S.L.W. Fernando

J.S. Liyanarachchi

K.N.N. Madarasinghe

K.L.R.D. Silva

Senior Technical Managers (Underwriting)

V.A.L.C. De Silva
 Mrs. M.W.S.N. Mangalie
 M.A.G. Perera
 P.L. Sumanapala

Senior Technical Managers

A.K.I.K. Ariyaratne ACII (UK), Dip. SLII, ANZIIIF (Snr Assoc) CIP
 H.M.A.P. Abeywardena
 W.R.N. Dep
 Mrs. H.P.R. Dilrukshi

Senior Technical Managers (Claims)

Mrs. T.K.K. Ratnayake
 I.M. Karunasena

Senior Manager (Applications)

M.H.M. Sajeendra

Senior Manager (Data Centre Operations)

D.A.T. Dissanayaka

Senior Manager

R.M.S.P. Rajapaksha MBA (Texas,USA) MMM, BSC (Hons)

Senior Systems Engineer

P.O.N. Perera

Senior Software Systems Engineer

D.A.L. Manchanayake

Senior Applications Engineer

W.M.S.R. Seneviratne

Senior Data Centre Operations Engineer

W.W.A.D.S. Sanjaya

Senior Technical Managers(Automobile)

C.J. Amarakoon
 K.P.U.D. Gunasekara
 A.I. Gunawardana
 S.H. Sanath BSc (Eng.) - Resigned w.e.f. 31/07/2019

Senior Managers (Customer Services)

H.V.C. Dhammika
 T.L.R. Sampath

Managers (Financial Services)

A.M.L.D. Athauda
 R.R.P. Bandara
 S.H.M. Chandrasiri
 M.P.C. Costa
 H.G.N.S. Gunathilake
 Mrs. H.D.U.I. Hettiarachchi ACA, BBA (Special) Fin - Resigned w.e.f. 31/07/2019

H.L.N.C. Nanayakkara
 W.J.J. Perera
 L.P.S. Pemakumara
 S.S.T. Pinnagaspiya
 M.R.P. Peiris
 S. Rambukwella
 S.M.A. Ranith
 W.A. Soysa
 Mrs. R.H.P.R. Silva
 G.D.R. Siriwardena

Managers (Internal Audit)

I.A.S.P. Fernando
 J.A. Handaragama
 R. Munasinghe

Technical Managers (Automobile)

H.C. Heenatigala
 H.A.K. Hemantha
 R.G.C. Priyankara
 M.S.V. Perera
 K.M.I. Rajawatta

Technical Managers (Underwriting)

Mrs. W.M.C.S. Abeywardena
 P.G.S. Chandrasiri
 E.M.J.S. Ekanayake
 A.S. Ranasinghe
 G.E.S. Roshan

Technical Managers (Crop & Livestock Insurance)

D.D.N.T. Dematagoda

Technical Managers

R.P.I.P.T. Amarasekara
 Mrs.W.K.V. Edussuriya
 R.P.D.U. Indrajith-Resigned w.e.f. 31/01/2020
 T.J.A. Perera
 A. Rajapakse Resigned w.e.f. 31/12/2019
 R.J. Rozairo
 Mrs. I.D. Samaranyake

Senior Area Automobile Engineers

E.M.P.B. Ekanayake
 B.I. Moses

Area Automobile Engineers

M.E.V. Fernando
 M.C. Manathunga
 W.A.C. Wijesinghe

Managers (Customer Care)

M.R.K. Makalandawa
 M.S.S.S. Hassim

Management Staff

Manager (Recoveries)

S.F.F. De Silva

Manager

D.S.J. Wickramaratne

Manager (Marine Survey)

W.M.U. Shantha

Manager (Propaganda)

W.D.P. Sanjeewa

Risk Engineers

A.A.A. Balasinghe

P.G.G.D.Chandima

H.L.T.T. Dinuka

S.B. Gamaarachchi

K. Hajananan

S. Jeganesan

H.M.L.R. Jayasundara

H.R. Karunarathna

P.L. Liyanaarachchi – Resigned w.e.f. 6.9.2019

G.R. Siriwardhana

K. Sarujan – Resigned w.e.f. 6.4.2019

J.Thuvarahan

H.D.P.A. Siriwardena

Chief Loss Adjustors / Accountant

L.P.R. De Silva

D.M.A. Gunasekara

C.M. Gunawardana

H.A.R. Kumarasiri

A.A.D.P. Dias

Regional Sales Managers (Branches)

S.K. De Alwis

J.S. Rajapakse

Area Sales Managers (Branches)

K.P.L.A. Balawardena

D.A.S. De Silva

L.H.M.L. Dayananda

D.S.R. Dissanayake

S. Gurusinghe

H.D. Madugoda

C.S. Mahalekamgedara

T.A. Nanayakkara

P.S.M. Rerukana

P.L.N.C. Sampath

K.M.R. Ranasinghe

N.P. Wadugodapitiya

Senior Sales Managers (City)

K.T.G.N. De Silva

Miss. K.A.D. De Silva

L.A.S. Edirisinghe

M.C.A. Fernando

J.K.C. Jayawardana

K.M.S.N. Kumara

P.A.L. Kumara

S.H.N.D. Kumara

K.D.D. Kumara

S.I. Liyanage

D.A.H. Prasad

R.V.N.S. Rajapaksha

K.S. Sanjeewa

R.U. Sampath

S.U. Thalakumbura

R.T.D.W. Tilakaratne

W.M.J. Weerasekara

Senior Sales Managers (Branches)

A.M.W.J. Adikari

D.J.K. Dadigamuwa

D.P.R. Gunasiri

H.M.T. Hemantha

R.K.M.A.P. Jayasundara

P.P.B.W. Jayalath

T.A.B. Peiris

W. Sanjaya

W.L.D.K. Weerasuriya

Y.M.N.A.S. Yapa

Managers (Corporate Accounts)

W.P.G.S.D. De Silva

K.M.P. Rohan

C.N. Weerasuriya

District Manager

S. Arunbabu

Sales Managers (City)

H.G.N.L. Ariyaratne

J.D.C. De Alwis

S. De Alwis - Retired w.e.f. 18.10.2019

H.M.E.G.P.R. Egodage

W.W.M.A.B.P. Fernando

W.M.A.M. Fernando

B.P. Jayawardena

D.C. Jayawardena

U.I. Kodagoda

H.R.T. Perera

B.A.C.S. Sarathchandra

N.J. Thavachchelvam

Sales Managers (Branches)

K.M.K.M.K. Abeyrathna
 S.R.D.D. Abeykoon
 C.I. Abenayaka
 K.A.A.P. Abhaya Wickrama
 D.P. Amarasinghe
 C.P. Abeysekara
 J.M.I.S.J. Bandara
 E.M.C. Bandara
 K.M.C.K. Balawardana
 K.M.U. Chandraratne - Resigned w.e.f. 03/02/2019
 L.H.R.C. Chandrasiri
 R.D.T. Dassanayake
 S.K.D.N. Dayananda
 D.M.M. Deshapriya
 M.C. Dhammika
 G.L.N.C. De Silva
 W.M.D.C.B. Dissanayake
 P.L.S. De Silva
 D.M.R.N.U.B. Dissanayake
 H.G.S.De A. Abesiriwardena
 P.V.S.P.V. De Silva
 N.G.K.H. Dhanapala
 Y.M.D. Dilan
 M.B.I.N. Fernando
 M.C.K. Fernando
 W.M.S.S. Fernando
 W.D.R.S. Fernando
 A.M.A.S. Fernando
 M.N. Fareez
 J.M.R.K.D. Galgamuwa
 S.K.K. Gunarathna
 H.L.J.D.P. Gunaratne
 H.M.S.B. Herath
 R. Ingaran
 S.P. Jagathsiri
 P.H.M.C. Jayalath
 J.M.D.C.P. Jayamanna
 D.T. Jayathilaka
 M.H.M.S. Jayarathna
 M.T. Junaid
 T.N.P. Jayarathna
 W.T. Jayasingha
 T.A.S.C. Kumara
 K.K.S.K. Kumara
 M.G.S. Kumara
 S.S. Kumaradasa
 P.V.P.L. Kumarasiri
 W.S.A. Kumarasiri
 H.L.D.S. Kumara
 M.D.P.S. Karunaratne
 M.R. Kannangara
 A.A. Karunadasa
 I.M. Kalansuriya
 D.T.N. Kulasekara
 H.R. Kumara
 K.W.T. Kellapatha

K.G.C.P.K. Kumara
 M.T.N.A. Kumara
 S.J. Liyanage
 P.D.C. Lakchan
 A.H. Lalith
 S.C. Muhandiramge-resigned w.e.f. 21/09/2019
 M.D.K.G. Munasinghe
 R.P. Marasinghe
 I.G.K.M. Mudannayake
 H.P. Mallawathantrige
 M.A.D. Nishantha
 N.M.C.K. Nawarathne
 A.J.J. Perera
 B.A. Perera
 K.A.S. Piyasena
 M.W.S.S. Piyarathna
 C. Pratheepan
 P.S.S. Peiris
 B.P.K.D. Pathirana
 P.A.M. Pathirathne
 V.G.D.S. Priyadarshana
 P.K.A.K. Priyadarshana
 S.M. Pradeeparathna
 S.M.J.N. Perera
 K.M.N. Perera
 G.A.M. Pereira
 J. Prashanth
 H.M. Pushpakumara
 N.J. Rajapakshe
 R.A.C.R. Ranasinghe
 H.M.N.T. Ranathunge
 L.R. Rathnasiri
 R.T. Ranatunga
 M.H.M. Rizwan
 M.R. Raffel
 B.M.D.C.L. Ranasingha
 M.S.S. Rodrigo
 G.H.U. Roshan
 D.P.S. Rambulwella
 H.A.G. Sathyajith
 S.A.M.A.N.C. Senanayake
 S.J.S. Silva - Resigned w.e.f. 28/02/2019
 G.Y. Shanake
 L.S.A.M.J. Siriwardhana
 S.T. Somatilake
 W.R. Suresh
 A.K.H.M. Somasiri
 K.A.H.K. Sirisoma
 S.A. Sanjeewa
 E.G. Sirimal
 N.A. Sanjaya Siri
 K.J.M.S. Silva
 D.G.R. Saliya
 S. Thavakkumar
 S.D. Thotawattage
 T.G.A.N. Thalawatta
 N.M. Uduweralla

W.P.T. Udugama
 C.H. Vitharana MBA (UK)
 C.S.K. Wickramanayake
 W.M.D.C.C.D. Wijayarathne
 S.M.P.F. Warnakulasuriya
 T.S. Wickramasinghe
 A.S. Wijethunga
 D.G.P.N. Wimalaratne
 D.R.S. Wijeyakulasuriya
 W.K. Wijeratne
 S.C. Warnapura
 M.D. Wijerathna

Branch Managers

I.I. Attanayaka
 A.D.W.I. Anushan
 T. Athithan
 D.M.R.N. Dissanayake
 N.N.R. Diunugala
 K.C.S. Fernando
 M.S.R.M. Fernando
 N.G.C. Gunarathne
 I.D.G. Idirideera
 M.G.A. Jayanath
 M.S. Kosgallana
 P.V. Kumara
 D.D.S.S. Kumar
 T.I. Lanthra
 H.P.V.U. Mahindaratne
 D.S. Menik Kadawara
 W.M.R.B. Naranpanawa
 N.R.C. Perera - Resigned w.e.f. 02/09/2019
 L.T.P. Perera
 D.B.J. Prasad - Deceased w.e.f. 11/10/2019
 B.A.S. Priyadarshana
 H.K.M. Priyanka
 R.P.S.R. Randunu
 D.L.W. Rathnayaka
 P.J. Raweendra
 J.E. Rulach - Resigned w.e.f. 26/09/2019
 A.L.N. Suranga
 S.A.L. Samarasinghe
 N.C. Samarawickrama
 W.A.C.R. Weerasinghe
 W.M.R.B. Wijekoon

Acting Sales Manager (Branches)

W.M.S.K. Wijayasinghe

Acting Branch Manager

M.R.T. Ranganath

Corporate Governance

The Company's corporate governance framework which is built with cornerstones of collaborative culture, independent structure, ethical behaviour and the focused approach continues to ensure good governance within the Company. The strong foundation laid down by the Board of Directors through its governance philosophy is elaborated in this section. Further, it addresses how the Company conducts business by leveraging the numerous opportunities and responding to the threats presented by the business environment whilst maintaining the right balance between rights of and responsibilities to stakeholders.

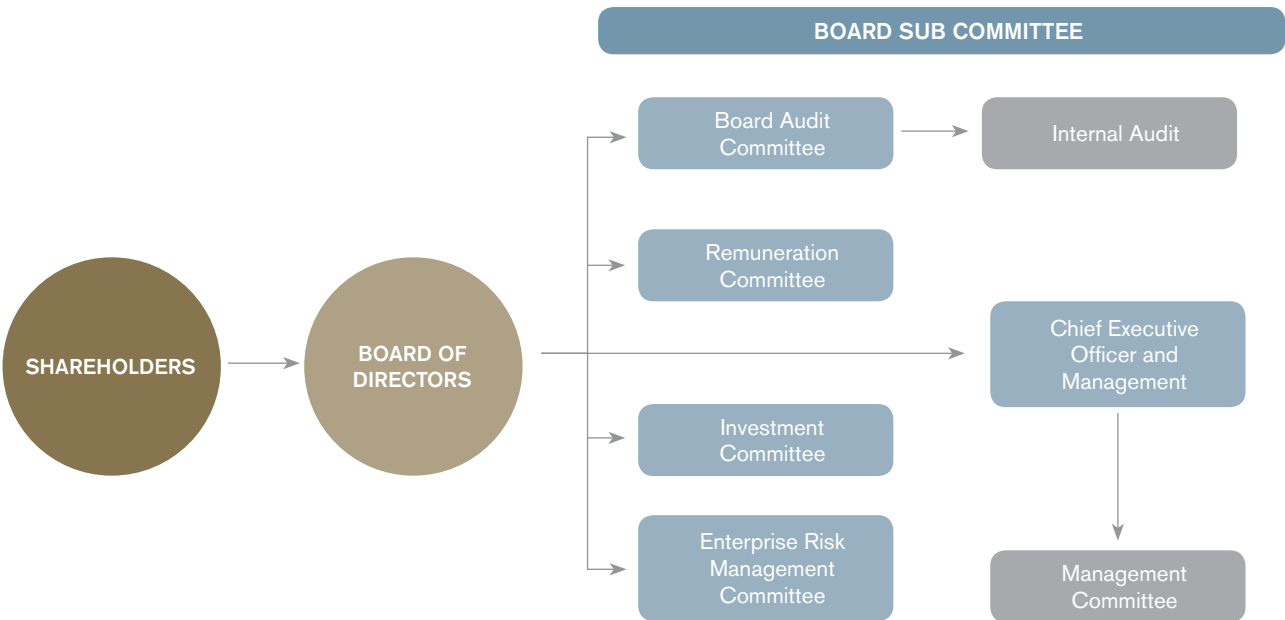
As per the concept of Corporate Governance which has been defined as a system by which companies are directed, managed and controlled, the effective, transparent and accountable governance of affairs of a Company by its Management, including the conduct of the Board, ensures good corporate

governance. Therefore, we at Ceylinco General Insurance limited, place a strong emphasis on adopting and implementing sound principles and practices of good corporate governance derived from its foundation. The Company's policy of employing principles and practices of good governance ensures that its affairs are conducted in an effective and transparent manner and is well communicated to all its branches, service centres and departments within the organization. In governing the operations of the Company, the Board ascertains its core objectives and devises strategic plans in keeping with its corporate vision, mission and corporate values. The Board as part of its duties establishes policies, procedures and practices for smooth conduct of operations while providing financial, human and other resources for the attainment of its corporate objectives. Company continues to excel in the area of financial reporting which enhances transparency, one of the key features of an enterprise practicing sound corporate governance practices.

The framework including policies, procedures, structures and processes is reviewed regularly with the view of identifying gaps and areas for improvement to ensure that all elements of the Company's governance framework are fit for the purpose, up to date enabling value creation and growth. The Company has been initiated by the Board of Directors followed by the Management Committee who takes leadership and a supervisory role in ensuring that the business is conducted in a transparent, sound and prudent manner.

GOVERNANCE STRUCTURE

Governance structure of the company allows effective and efficient decision making since governance framework that combines the right balance of authority and power throughout the organisation. The governance framework comprises the process and structures, which affect the way in which the Company is directed, managed, monitored and its activities are reported



BOARD OF DIRECTORS

The Board of Directors of the Company is responsible to the shareholders to maintain all business activities and to ensure that the other affairs of the Company are carried out to the highest ethical standards, complying with the regulatory and legal requirements, in the best interests of all the stakeholders of the Company.

The Board of Directors of Ceylinco General Insurance Limited comprises of sixteen Directors of whom five are Executive Directors, five are Independent Non-Executive Directors and six are Non-Executive Directors, one being the Chairman of the Board. The Board of Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company. They are well aware of the Company's activities and give direction for long-term strategy; seeking and contributing views and opinions on strategic options proposed by the senior management of the Company. A brief profile of the members of the Board of Directors is given on pages 16 to 20.

BOARD APPOINTMENTS

The Company has established a formal and transparent procedure for new appointments with identifying suitable person, professional qualifications, business experience and personal qualities. The Company gets prior approval from Insurance Regulatory Commission of Sri Lanka, when appointing new Directors to the Board.

ROLE OF THE CHAIRMAN

The Chairman is responsible for the efficient conduct of Board Meetings and ensures the effective participation of both Executive and Non-Executive Directors.

He encourages all Directors to make an effective contribution for the benefit of the Company and maintains a balance of power between Executive and Non-Executive Directors. It is also the responsibility of the Chairman to ensure that views of Directors on issues under consideration are ascertained; and that the Board is in complete control of the Company's affairs and alert to its obligations to all shareholders and other stakeholders.

ROLE OF MANAGING DIRECTOR/ CHIEF EXECUTIVE OFFICER

Managing Director/Chief Executive Officer is responsible to the Board for managing the General Insurance Business and holds executive responsibility for the functioning of the Company's business including implementation of strategies approved by the Board and he develops and recommend to the Board the business plans and budgets that support the Company's strategy.

BOARD MEETINGS AND ATTENDANCE

During the year 2019, the Board has maintained an excellent record of attendance to the meetings.

The number of Board meetings held during 2019, together with individual attendance, is given on page 72.

BOARD INTERACTION WITH SHAREHOLDERS

The Company is committed to maintain good relationship with all shareholders. Shareholders have the opportunity to meet and question the Board of Directors at the Annual General Meeting, (AGM) which will be held on 13th March 2020.

DIRECTORS REMUNERATION

The Board approved the remuneration paid to the Directors during year 2019. No Director is involved in deciding his own remuneration. Directors' remuneration in respect of the company for the year 2019 is given in note 40 to the Financial Statements.

The extent of company adherence to the rules on corporate governance and the mandatory requirements in respect to Board committees as specified in the listing rules of the Colombo stock exchange and also prescribed by the Insurance Regulatory Commission of Sri Lanka (IRCSL) the level of compliance maintained by the company are analysed below.

Corporate Governance

Rule No:	Rule of Corporate Governance	Status of Compliance	Details
7.10.1	Two or one third of Directors, whichever is higher, should be Non- Executive Directors.	Complied	The Board comprises Eleven Non-Executive Directors.
7.10.2 (a)	Two or one third of Non-Executive Directors appointed to the Board of Directors, whichever is higher shall be "independent".	Complied	The Board comprises Five independent Non-Executive Directors.
7.10.2 (b)	Each Non-Executive Director to submit a declaration of his/her independence or non-independence in the prescribed format.	Complied	The Non-Executive Directors have submitted the declaration.
7.10.3 (a)	The names of Directors determined to be independent should be disclosed in the annual report.	Complied	Please refer page 144
7.10.3 (b)	In the event a Director does not qualify as independent as the criteria set out in corporate governance, but if the Board is of the opinion that the Director is nevertheless independent, that shall specify the criteria not met and basis of the determination in the annual report.	Not applicable	No such determination required.
7.10.3 (c)	A brief resume of each Director including the areas of expertise should be published in the annual report.	Complied	Please refer page 16
7.10.5	Company shall have a Remuneration Committee.	Complied	Please refer page 67
7.10.5 (a)	The Remuneration Committee shall comprise a minimum of two independent Non-Executive Directors or Non-Executive Directors majority of whom shall be independent whichever is higher.	Complied	The Remuneration Committee consists of three Non-Executive Directors and two of them are independent
	One Non-Executive Director shall be appointed as Chairman of the Committee by the Board.	Complied	Mr. S.C.G.Guruge Functions as Chairman of the Remuneration Committee.
7.10.5 (b)	The Remuneration Committee shall recommend the Remuneration of the Chief Executive Officer and the Executive Directors.	Complied	Please Refer Page 67
7.10.5 (c)	The annual report should set out: The names of Directors comprising the Remuneration Committee	Complied	Please refer page 67
	A statement of remuneration policy	Complied	Please refer page 67
	The aggregate remuneration paid to Executive and Non-Executive Directors.	Complied	Please refer page 137

Rule No:	Rule of Corporate Governance	Status of Compliance	Details
7.10.6	Company shall have an Audit Committee	Complied	Please refer page 62
7.10.6 (a)	The Audit Committee shall comprise a minimum of two independent Non-Executive Directors or a Non-Executive Directors a majority of whom shall be independent, whichever is higher.	Not Complied	The Audit Committee consists of One independent Non-Executive Director. Another independent Non-Executive director was appointed to the committee on 17.01.2020 resulting in compliance with the requirement.
	One Non-Executive Director shall be appointed as Chairman of the Audit Committee by the Board.	Not Complied	Independent Non-Executive Director of Holding company was appointed as Audit committee Chairman.
	The Chairman or one member of the committee should be a member of a recognised professional accounting body.	Complied	Chairman of the Audit Committee is Fellow Member of the Chartered Institute of Management Accountants (UK)
	The Chief Executive Officers and Chief Financial Officers shall attend Audit Committee meetings.	Complied	Please refer Page 62
7.10.6 (b)	Confirmation of functions of the Audit Committee is in accordance with the rules.	Complied	Please refer page 62
7.10.6 (c)	The annual report should set out: The names of the Directors who comprise the Audit committee.	Complied	Please refer page 73
	The Audit Committee should make a determination of the independence of the auditors and shall disclose the basis for such determination.	Complied	Please refer page 63
	A report by the Audit Committee setting out the manner of compliance of the functions during the period.	Complied	Please refer page 62
7.10.7	In the event a listed entity fails to comply with any of requirement contained in Rule 7.10 of these Rules, such entity shall make an immediate announcement to the Market via the exchange on such non-compliance, not later than one market day from the date of non-compliance.	Not Applicable	

BOARD COMMITTEES

The Board has delegated some of its functions to Board Committees while retaining final decision rights pertaining to matters under the purview of these committees.

DETAILS OF BOARD COMMITTEES

	Audit Committee	Remuneration Committee
Chairman	Mr. D.H.J. Gunawardena	Mr. S.C.G. Guruge
Members (Non-Executive)	Mr. S.C.G. Guruge Mr.Yu. Kitai	Mr. M.D.E.A.G. Saparamadu Mr.K.D.A.S.R. Arakularathne
Secretary	Mrs. Nilika Abhayawardhana	Mrs. Nilika Abhayawardhana
Invitees	Finance Director GM-Finance Head of Internal Audit External Auditors	MD/CEO Finance Director
Agenda	Available	Available
Planned Frequency	Quarterly	Bi-annually
Notice for meeting	As per agreed annual calendar	As per agreed annual calendar
Professional Advice	Available	Available
Terms of Reference	Available	Available
Objectives	<p>Review and make recommendations to the Board for approval of annual accounts of the Company including the quarterly financial statements.</p> <p>Review the effectiveness of the risk management and internal control processes and make recommendations for improvement,</p> <p>Review the compliance with financial reporting requirements and other relevant legislation.</p> <p>Review the corporate compliance with the Regulation of the Insurance Industry Act, Regulation of the Insurance Regulatory Commission of Sri Lanka and other applicable regulations.</p> <p>Review internal and external audit plans and reports of internal and external auditors and follow up on recommendations.</p> <p>Review the scope of annual audit and its fee with the External Auditors and the Management.</p> <p>Determine the External Auditors fee and make recommendations to the Board on their appointment and their ceasing to hold office.</p>	<p>Review and approve remuneration policy applicable to the employees of the company in line with the industry benchmarks</p> <p>Ensure that the company has acceptable performance appraisal systems for all employees</p> <p>Review and recommend to the Board the remunerations to be paid to Directors and Senior Management.</p>

Reinsurance Arrangements

RETENTION OF RISKS UNDER VARIOUS CLASSES OF INSURANCE

Class	Maximum Net Retention per event including catastrophic events	
Fire including Consequential Loss & Engineering	Rs.	40,000,000/-
Personal Accident including Travel Insurance	Rs.	2,000,000/-
All other Miscellaneous Classes	Rs.	5,000,000/-
Marine Cargo & Marine Hull	Rs.	15,000,000/-
Motor Insurance including Third Party Liabilities		
Non-Natural Catastrophic Events	Rs.	10,000,000/-
Natural Catastrophic Events	Rs.	20,000,000/-
International Health	USD	200,000/-p.p
Strike, Riots & Civil Commotion		Nil
Terrorism		Nil

MAJOR TEN REINSURERS

Reinsurer	Credit Rating		Country of Origin
	AM BEST	S&P	
Swiss Reinsurance Company	AA	AA-	Switzerland
Munich Reinsurance Company	AA	AA-	Germany
Hannover Re	AA	AA-	Germany
SCOR Reinsurance	AA-	AA-	France
Lloyd's of London	A+	A+	United Kingdom
Toa Reinsurance Company Limited	A+	A+	Japan
Odyssey Reinsurance Corporation	A+	A-	U.S.A.
Echo Reinsurance Ltd.	A-	A-	Switzerland
China Reinsurance (Group) Corporation	A	A	China
General Insurance Corporation (GIC Re)	A-	-	India

The security rating of all Reinsurers are in compliance with the minimum security guidelines issued by The Insurance Regulatory Commission of Sri Lanka dated 28.10.2016.

Board Audit Committee Report

The Audit Committee Charter, approved by the Board of Directors identifies the scope, composition and responsibilities of the Audit Committee.

COMPOSITION

Mr. E.M.M. Boyagoda who was Chairman of the Audit Committee, resigned on 1st October 2019 and he was replaced by Mr. D.H.J. Gunawardena. Mr. M.D.E.A.G. Saparamadu was appointed to the Audit Committee with effect from 17th January 2020.

The members of the Audit Committee bring a wealth of expertise and knowledge to the committee, enabling its functions to be carried out effectively. The brief profiles of the members are given on page 16 to 20.

The Company Secretary functions as the secretary for the Audit Committee. In addition, Deputy Managing Director, Head of Finance, General Manager – Finance, Chief Internal Auditor of the company and other members of the management are also invited to attend meetings when necessary.

OBJECTIVE AND AUTHORITY

The Audit Committee assists the Board of Directors in exercising its fiduciary responsibilities towards its stakeholders and in its general oversight of financial reporting, internal controls and functions relating to internal and external audits. The objectives of the Audit Committee are as follows;

- To oversee the Company's financial reporting process with a view to ensuring the integrity of the information provided to stakeholders.
- To review the Company's compliance with statutory and regulatory requirements.
- To review the process that assesses the design and

implementation of the internal control systems and take steps to strengthen them as necessary.

- To satisfy itself of the effectiveness of the Company's risk management processes to identify and mitigate risks.
- To assess the independence of the External Auditors and monitor the performance of Internal and External Auditors.

MEETINGS AND ATTENDANCE

The Committee met three times during the financial year under review. The attendance of members at these meetings is recorded in page 73 of this Annual Report. The agendas of the meetings were prepared and distributed to the committee sufficiently in advance of the meetings.

COMPLIANCE WITH FINANCIAL REPORTING, STATUTORY AND REGULATORY REQUIREMENTS

The Committee recommends the quarterly financial statements, annual accounts and connected documents for approval of the Board. It focuses on fair presentation, disclosure, reasonability of estimates, judgmental factors and appropriateness of significant accounting policies adopted in the preparation of financial statements.

The Committee reviews the quarterly regulatory compliance reports submitted and observes that the company's compliance framework provides reasonable assurance that all relevant laws, rules, regulations, code of ethics and standard of conduct have been followed. Instances of non-compliance if any, are included in the Audit Committee's reports to the Board of Directors and followed up to ensure appropriate corrective action. This procedure ensures that compliance with all statutory and regulatory requirements is effectively monitored.

The Committee reviewed the financial reporting system adopted by the Company in the preparation of its quarterly and annual financial statements to ensure reliability of the processes and consistency in the accounting policies and methods adopted and their compliance with the

Sri Lanka Accounting Standards (LKAS) and Sri Lanka Financial Reporting Standards (SLFRS)

INTERNAL AUDIT

The Audit Committee reviewed the independence, objectivity & performance of the internal audit function and the adequacy of its resources. The selected internal audit reports were tabled and reviewed by the Committee and internal audit reports were made available to the independent External Auditors. Progress on implementation of internal audit recommendations were regularly followed up by the Committee to ensure operation of effective internal control and enhancement of the overall control environment.

EXTERNAL AUDIT

The Audit Committee met with the External Auditors to discuss the audit scope and plan prior to their commencement of the audit. The External Auditors were given adequate access to whatever information they needed for the audit.

The Committee perused the Report of the Auditors and the Management letter issued by them with the management responses thereto and reviewed the corrective action taken. The Committee also reviewed the non-audit services provided by the external auditors to ensure that their independence and objectivity were safeguarded.

CONCLUSION

Based on the reports submitted by the External and Internal Auditors, the Committee is satisfied that the internal controls and procedures in place for assessing and managing risks are

adequately designed and operate effectively and is of the view that they provide reasonable assurance that the Company's assets are safeguarded and that the financial statements of the Company are reliable. The company's strong accounting and administrative procedures are supported by a comprehensive accounting and administrative procedures manual. The Audit Committee is satisfied that the financial position of the Company is regularly monitored and that steps are being taken to continuously improve the control environment maintained within the Company.

The Audit Committee having looked into the independence and performance of the External Auditors recommended to the Board of Directors that Messrs. Ernst & Young, Chartered Accountants be re-appointed as Statutory Auditors of the Company for the financial year ending 31st December 2020, subject to approval by the shareholders at the forthcoming Annual General Meeting.



D.H.J. Gunawardena

Chairman, Audit Committee

25th February 2020

Report of the Investment Committee

OBJECTIVE OF THE COMMITTEE

The investment portfolio of Ceylinco General Insurance Ltd; is an important constituent of the overall business and growth strategy of the company. This is because it represents the accumulated wealth of the company that plays an active role in providing income, liquidity and most importantly meeting the regulatory requirements set by the Insurance Regulatory Commission of Sri Lanka.

These tri-functions are aligned with the overall strategy of the board of directors through the Investment committee. The committee includes investment industry expertise through investment professionals and the Treasury and Fund management unit. They bring in the industry and market inputs which is blended with the corporate strategic objectives and corporate strategy. This combination of persons and inputs meet at the Investment Committee where it's objective is drafting out investment strategies which are relevant to both corporate strategy and market realities.

The investment strategy requires this level of attention due to different combinations of risk, return, liquidity and levels of meeting regulatory requirements by each asset type. The returns and the asset market values are extremely sensitive to market interest rates. The portfolios are exposed to macro economic changes and financial market specific factors such as inter-bank liquidity, perceptions and market speculations. The factors affecting the portfolios go beyond the geographical boundaries of our country and are sensitive to macro economic factors in the world as some factors are directly affecting our asset values while others influence the behavior of financial market participants or the policy decisions of our Central Bank.

The investment committee, having looked at the above developments and the ERM framework, drafts the long term and short term portfolio strategies for the company. Based on them, portfolios of government securities, bank deposits, debentures, equity and real estate would have different approaches within the overall strategy.

The committee further ensures that the above drafted strategy is implemented, the yield targets and structural changes achieved by the portfolios or if any amendments are required with the changes in environments. With the periodic reviews the above process is performed up to date by the investment committee.

FUNCTIONING

At the periodic meetings, the committee discusses the macro economic developments of the country which are broadly included in the factors such as inflation, interest rates, exchange rates, GDP, external trade and reserve positions. Further, any other developments such as government policies, major investment projects and tax policy changes are also discussed along with the developments in the world front. The policy decisions of US, European Union and India has an influence on domestic financial markets which deserves a consideration. Equipped with these factors, the committee takes a view on if the investment climate is conducive for long term view or short term.

With the above view and factors in the back drop, the portfolios are looked at by the committee. The committee looks at the asset structure, market values and asset yields to understand as to what level the present asset structure and the asset terms coincide with the desired structure as per the new macro conditions. In the event any new instruments or fresh issues of any financial instrument is available for investment; factors such as the impact of capital charges in RBC framework,

risk to yield combinations, adherence to overall risk preference of the company board of directors and overall exposure to the category of investment being considered are studied. Further, any concerns, necessary approvals or consent is documented along with investment justifications for future reference to ensure transparency, accountability and access to information, following a proper procedure.

The committee also study the cash cycle of the company in the form of cash inflows / originating activities and allocation of it for different uses and the form of assets it is being stored. This is to ensure that optimum quantum is allocated to yielding assets while the requirements for other assets are met. This is a vital aspect for short term liquidity, health of the portfolio and long term strength of the company.

The committee looks at the asset data base records and accounting ledger balances to ensure proper records are maintained. This is because, the starting point in safeguarding assets is having accurate records. The company has a dual control over assets by having a set of records at the finance division in the form of ledgers and schedules and at the treasury and investment unit in the form of data bases. All records are audited daily with balance confirmations from live CDS accounts and physical verifications.

The portfolio yield and investment income of the present year to date is reviewed by the committee in relation to the market yield that prevailed and the benchmarks set. Any deviations are discussed and corrective action if needed are also discussed to ensure that the desired results are achieved. This approach has helped the portfolios achieve the desired yield benchmarks throughout the past.

ECONOMY IN 2019

The economy showed mixed results in 2019 in indicator terms, with somewhat mixed policy decisions, but targeting specific results. The Central Bank had clearly indicated that they will be steering the economy with "inflation targeting" with a target of mid-single levels.

The CCPI measured inflation for 2019 was 4.8% with an annual average of 4.3%, where one could commend the Central bank on its achievement. The figure is higher compared to the 2.8% inflation of 2018. One reason for this increase would be adverse weather and market inefficiencies as the food price inflation was many folds higher than above on certain items.

Interest rate of 01 year Treasury Bill which was at 11.20% at the end of 2018 was 8.45% at the end of 2019. This is a result of the combined effect of policy rate reduction by Central bank by 0.5% in May and another 0.5% in September and the overall reduction of bank deposits by directives in August 2018 and March 2019 where the Maximum 01 year FD rate was capped at 9.83%. This is a total reduction of 2.5%pa in the maximum interest rate allowed to be offered. However in September the Fixed Deposit rate cap was removed and a cap/target on lending rates were introduced. A considerable reduction in Average New FD rates were seen by November at 9.10%pa compared to 10.68%pa a year ago as per Central Bank data. The total government debt stood at Rs.12.9 Trillion (Tr) by October 2019 where Rs.5,386 Tr was Treasury Bills and Bonds which is a part of Rs.6.5Tr domestic debt while the balance Rs.6.4Tr was Foreign debt. The total debt had increased by Rs.1 Trillion in first ten months of 2019 from Rs.11.9 Trillion at the end of 2018.

The Gross Domestic Product (GDP) continued its low growth rate with only 2.8% growth expected for 2019. Two main reasons contributing for this could be identified as the adverse weather

and the effect of security concerns which held back investments and tourism sectors. The employment was distributed as approximately 47% in Services, 28% in Industry and 25% in agriculture. The economy grew by 3.2% in the previous year.

The government took tight measures in 2018 and 2019 to control the foreign exchange outflows. As a result in 2019, the exchange rate improved marginally by about 1% in 2019. The USD was around Rs181/= by the year end. The Trade account deficit contracted on a cumulative basis by November with US dollars 2,428 Million to US dollars 7,214 Million from US Dollars 9,642 million in the corresponding period of 2018. The main reductions of imports were seen in personal vehicles, gold and fuel. Earnings from tourism had taken a considerable blow with the unfortunate security situation, recording USD 3,138 only for the eleven months which is a USD 767 Million or 19.64% drop compared to the same period of 2018. The worker remittances also continued the downward trend with USD 6,052 Million for the period Jan to Nov and this was 5.89% lower than 2018. The issue of International sovereign bonds, net inflows to the local government securities market and IMF and other international loans helped to maintain the reserves at USD 7.6 Billion, up from USD 6.9 billion a year earlier.

The All Share Price Index closed the year at 6,129 up from 6,052 points a year earlier.

INVESTMENT STRATEGIES AND RETURNS

The government securities and the overall interest rates witnessed a downward trend during the year as highlighted. The rate gap between the government securities and bank fixed deposits widened, creating a favorable case for shifting assets to bank fixed deposits. This was even while the ceiling set on FD rates continued. The market lacked attractive debt capital issues

and the company selectively invested in the few that were attractive. The overall strategy was to shift investments from government securities to other FIS which were within the regulatory framework and providing higher returns. The FIS portfolio durations for government securities and other corporate debt were kept at low to mid range which provides flexibility to adjust / adopt to market interest rates, in the event any unexpected situation should arise.

The equity market activities were done carefully and at a cautious pace, with the main objective of securing the values in a market that was weak throughout the year.

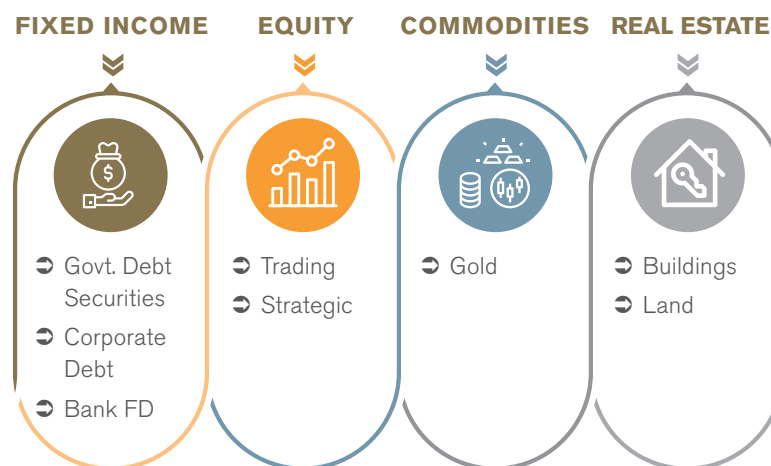
The effective and constant communication with the finance department resulted efficient cash flow planning and daily cash management, which also assisted the smooth functioning of business activities as well as optimum use of funds.

The above approach and strategies provided yields in the government securities portfolio and total portfolio returns which were above that of the market average returns

Report Of the Investment Committee

PORTFOLIOS

The Investment Committee directs the following portfolios:



MEETINGS

The committee met as scheduled during the year. These meetings followed the agenda of discussing the economy, reviewing the business cash flows, review of portfolio returns and assets, discussing the future short and long term strategy and approval of any investments requiring committee approval. Further when common view on any matter was required, ad hoc meetings were called or the information was circulated among the members by the investment unit for comments.

The following members participate at the meetings;

Name	Office Held/Representing
Mr. Mangala Boyagoda	Director /Chairman of Investment Committee (Resigned from committee on 01st October 2019)
Mr. Rohan Fernando	Director / Chairman of Investment Committee from 01st October 2019
Mr. Ajith Wijeyesekera	Director/ Committee member from 01st October 2019
Mr. Nihal Peiris	Head of Finance (retired with effect from 31st December 2019)
Mr. Upali Witharana	Deputy Managing Director, Director (Finance)/Chief Operations Officer
Mr. Nilantha Piyadasa	General Manager –Finance
Mr. Athula Wijethunga	Snr. Assistant General Manager – Financial Services
Mr. K. Shankaramoorthy	Snr. Assistant General Manager – Financial Services
Mr. Manjula Wickramasinghe	Chief Manager – Financial Services
Mr. Kasun Nanayakkara	Director / General Manager – Ceylinco Investcorp (Pvt) Ltd. - (Treasury / Investment Management Unit)

Mangala Boyagoda

Immediate past Chairman of the Investment Committee

25th February 2020

Remuneration Committee Report

The Remuneration Committee was formed by the Board in compliance with Insurance Regulatory Commission of Sri Lanka requirement to comply with Rule 7.10.5 of the Listing Rules of the Colombo Stock Exchange and its composition and functions are in conformity with the provisions of the Listing Rules.

COMPOSITION OF THE COMMITTEE

The Remuneration Committee appointed by the Board of Directors comprised the following members;

Mr. Sumith C.G. Guruge (Independent Non-Executive Director) – Chairman of the Committee w.e.f. 01.10.2019

Mr. M.D.E.A.G. Saparamadu (Independent Non-Executive Director)

Mr. K.D.A.S.R. Arsakularatne (Independent Non-Executive Director) w.e.f. 01.10.2019

The Company Secretary functions as the Secretary to the Remuneration Committee.

MEETINGS

The committee meets as regularly as necessary to make recommendations on compensation structures, bonuses and increments of Executive Directors and also on matters that may involve human resource administration of the Company.

The Chairman & the Board assist the Committee by providing relevant information and participating in its analysis and discussions, except when their own compensation package is reviewed.

The Committee met one time during the year.

THE FUNCTIONS OF THE COMMITTEE

The functions of the Committee include making recommendations to the Board on the compensation and benefits of the Executive Directors of the Company and specially include;

- Approving the Remuneration Policy of the Company.
- Reviewing and making recommendations to the Board on the compensation of the Chairman, Chief Executive Officer, Executive Directors and other Members of the Board.
- Formulate guidelines, policies and parameters for the compensation structures for all Executive staff of the Company.
- Maintaining and developing competitive and attractive remuneration packages for employees at all levels on par with industry standards.
- Review information related to executive pay from time to time to ensure is in par with the industry rates.
- Ensuring that no Director is involved in setting his own remuneration package.

REMUNERATION POLICY

The primary objective of the remuneration policy is to attract and retain a highly qualified and experienced workforce and reward their performance accordingly. In discharging its responsibilities, the Committee has carefully reviewed and made recommendations to the remuneration policy of the Company while ensuring industry norms.

DIRECTORS' REMUNERATION

The total of Directors' remuneration paid during the year under review is set out in note 40 to the Financial Statements.

On behalf of the Remuneration Committee.



Sumith C.G. Guruge

Chairman – Remuneration Committee

25th February 2020

Statement of Directors' Responsibility

The responsibilities of the Directors in relation to the financial statements of the Company differ from the responsibilities of the Auditors, which are set out in their report appearing on page 77.

The Companies Act No. 7 of 2007, requires the Directors to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the Company as at the end of the financial year and of the Profit or Loss of the Company for the financial year. In preparing the financial statements, appropriate accounting policies have been selected and applied consistently, reasonable and prudent judgments and estimates have been made and applicable accounting standards have been followed.

The Directors are responsible for ensuring that the Company keeps sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company and for ensuring that the financial statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards, Regulation of Insurance Industry Act No. 43 of 2000 and provide the information required by the Companies Act No. 7 of 2007. They are also responsible for taking reasonable measures to safeguard the assets of the Company and in that context to have a proper regard to the establishment of appropriate systems of internal control with a view to preventing and detecting fraud and other irregularities.

The Directors continue to adopt the going concern basis in preparing Accounts. The Directors, after making enquiries and following a review of the Company's budget for 2020 to 2021 including cash flows and borrowing facilities, consider that the Company has adequate resources to continue in operation.



BY ORDER OF THE BOARD

Mrs. Nilika Abhayawardhana

Company Secretary

25th February 2020

COMPLIANCE REPORT

In respect of the Financial Year ended 31st December 2019 of Ceylinco General Insurance Limited:

- All documents required by the Companies Act No. 7 of 2007 to be filed with the Registrar of Companies have been duly filed and compliance has been made with all other legal requirements in connection with the said Companies Act.
- Regulatory Reporting requirements in terms of Insurance Regulatory Commission of Sri Lanka have been complied with.
- All Dividend cheques have been dispatched by the due date.



Mrs. Nilika Abhayawardhana

Company Secretary

25th February 2020

Enterprise Risk Management

Enterprise risk management is the process of reducing impact of risks the Company faces. It involves planning, organizing, leading, and controlling the activities of an organisation. By minimizing risks arising from various activities shareholder wealth is protected/created.

The insurance business involves accepting, sharing and managing risks. It is imperative that the company gives sufficient significance in risks management. Functional leaders entrusted with the responsibility of managing the risks relating to respective functions. The experience and skills of the team enable the Company to foresee the risks which challenges the Company's operations and to take corrective actions.

ERM committee monitors the risk management activities of respective processes on a regular basis. Guidance and necessary suggestions for the actions are provided by the committee in implementing best practices in risk management. Effective risk management is maintained throughout the year by the above process. The Company uses following sub committees to manage certain key types of risks.

INVESTMENT COMMITTEE

The committee focuses on risks relating to Investments. It ensures that investment portfolio is managed by considering the liquidity, returns, risk and regulatory compliances. The committee reviews the performance of the portfolio and provides guidance to improve results.

AUDIT COMMITTEE

The committee ensures the risks relating to operations, regulations/statutes compliance is managed appropriately. Continuous reviews on said risks improve the corporate governance of the company.

“

Risk Management is not about future decisions, about the future of decisions that we must take now.”

ERM helps efficient resources utilization, seizing the right opportunities, timely actions, stewardship, reduces waste/losses, increase services levels, improve planning, avoiding surprises, complying with regulatory requirements and achieving organizational objectives.

With implementation of ERM process the Company manages various significant types of risks including Marketing Risk, Regulatory Risk, Reputational Risk, Underwriting Risk, Pricing / Exposure Risk, Re Insurance Risk, Credit Risk, Concentration Risk, Liquidity Risk, Default Risk, Market Risks, Information Technology Risk, People Risk and Systems/control Risk.

Being a large and successful Company, timely risk management techniques are applied to reduce the risks arising from ever-changing business environment, technological changes and regulatory changes.

A few of risk management practices followed by the Company are:

- Underwriting businesses after careful study of business/risk
- Clearly identified structure and delegated authorities to smoothen the operations
- Reinsurance arrangements with well rated Foreign Reinsurance Companies and regular review of same
- Well defined Procedures and controls for processes

- Highly sophisticated IT systems and internal controls and regular improvements
- Regular training and development programs to staffs
- Various sub committees in managing specific types of risks
- Regular audits by Skilled and Trained Internal audit team
- Appropriate compensation packages and incentive schemes
- Timely knowledge sharing among teams
- Frequent meetings by various teams to discuss risks management strategies

Continuous review of risk management practices helps the Company in preparing itself to face any future risks. Further, the established policies and systems are strong foundation for growth of the Company in a very dynamic environment.



Financial Information

We Always Achieve

Over the years we have grown alongside the nation, empowering the people to live their dreams and achieve the impossible.



Report of the Board of Directors on the Affairs of the Company

The Directors are pleased to submit their report together with the Audited Income Statement, Statements of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flow and the Statement of Financial Position of Ceylinco General Insurance for the year ended 31st December 2019, and the Report of the Auditors thereon.

REVIEW OF OPERATIONS

The Chairman's and the Managing Director/Chief Executive Officer's Review on pages 6 to 13 contain a detailed description of Insurance operations carried out in the year under review and projected developments.

PRINCIPAL ACTIVITIES OF THE COMPANY

The principal activities constitute underwriting all classes of General Insurance

RESULTS OF THE FINANCIAL YEAR

	2019 Rs.'000	2018 Rs.'000
Profit After Taxation	1,377,122	1,784,880
Add : Balance Brought Forward	3,497,503	1,904,350
	4,874,625	3,689,230
Other Comprehensive Income for the Period	(244,034)	225,940
Funds Available for Appropriation	4,630,591	3,915,170
Appropriation :		
Dividend Paid	(530,212)	(417,667)
Unappropriated Profit Carried Forward	4,100,379	3,497,503

TRANSFER TO RESERVES AND PROVISIONS

There were no transfers other than those mentioned above to or from reserves or provisions except for normal amounts set aside for items such as depreciation, outstanding claims and unexpired risks as shown in the accounts.

SHARE CAPITAL

The Stated Capital of the Company as at 31st December 2019 was Rs. 500,200,000/- and is represented by issued and fully paid 2,501,000 voting ordinary shares.

DIVIDENDS

The Company has paid two interim dividends for the year ending 2019. The first interim dividend of Rs. 30/- per share was paid on 28.03.2019 and second interim dividend of Rs. 182/- per share was paid on 20.12.2019. The Directors recommend to propose the second interim dividend paid in December 2019 as the final dividend for the year ended 31st December 2019.

DIRECTORS

Messrs. B.S.M. De Silva, H.D.K.P. Alwis, U. Witharana, W.C.J. Alwis, R.A. Gunathilake, K.D.A.S.R. Arsakularatne, E.M.M. Boyagoda, U.D. De Silva, A.R.H. Fernando, S.C.G. Guruge, M.D.E.A.G. Saparamadu, G.S. Sundararajan, S.D. Wanigaratne, C.P.A.

Wijeyesekera, H.D.A.N. Perera and Yu Kitai were the Directors of the Company during the financial year ended 31st December 2019.

In accordance with the Articles of Association of the Company, Mr. Bodahandi Sarada Mohanjith De Silva, Mr. Ekanayake Mudiyansele Mangala Boyagoda and Mr. Gopalasamudram Srinivasa Raghavan Sundararajan retire by rotation and being eligible, offer themselves for re-election.

DIRECTORS' MEETINGS

The number of Board Meetings held during the financial year under review were six meetings and the number of meetings attended by each Director of the Company were as follows

Names of Directors	No. of Board Meetings attended
Mr. B.S.M. De Silva	5/6
Mr. H.D.K.P. Alwis	6/6
Mr. U. Witharana	6/6
Dr. W.C.J. Alwis	5/6
Mr. R.A. Gunathilake	5/6
Mr. K.D.A.S.R. Arsakularatne	5/6
Mr. E.M.M. Boyagoda	5/6
Dr. U.D. De Silva	5/6
Mr. A.R.H. Fernando	5/6
Mr. S.C.G. Guruge	5/6
Mr. M.D.E.A.G. Saparamadu	6/6
Mr. G.S. Sundararajan	0/6
Dr. S.D. Wanigaratne	1/6
Mr. C.P.A. Wijeyesekera	5/6
Mr. H.D.A.N. Perera	6/6
Mr. Yu Kitai	6/6

DIRECTORS' INTEREST IN CONTRACTS

The Directors of the Company have no direct or indirect interest in any contract or proposed contract with the Company except those specified in the annexed schedule, which have been disclosed and declared at meetings of Directors.

DIRECTORS' INTEREST IN SHARES

The Articles of Association of the Company do not stipulate the Directors to hold shares of the Company, as qualifying shares.

COMPANY SECRETARY

Mrs. Nilika Abhayawardhana was the Company Secretary during the Financial Year ended 31st December 2019.

CORPORATE GOVERNANCE

The Audit Committee held three meetings during the year 2019. The Remuneration Committee held one meeting during the year 2019.

The number of meetings attended by each Director (who are members of the committee) are as follows.

Mr. B.S.M De Silva resigned from Remuneration and Enterprise Risk Management Committee of the Company with effect from 17.07.2019 due to personal commitments. Mr. Boyagoda resigned as Chairman of the Audit, Remuneration, Investment and Enterprise Risk Committees of the Company with effect from 01.10.2019 due to personal commitments.

Mr. D.H.J Gunawardena, Independent Non Executive Director of Ceylinco Insurance PLC was appointed as Chairman of Audit Committee of the company in satisfaction of the requirement to appoint a member of a recognised accounting body to the committee with effect from 01.10.2019. Mr. M.D.E.A.G. Saparamadu was appointed to the Audit Committee of the company with effect from 17.01.2020.

Name of Committee Member	Audit Committee	Remuneration Committee
Mr. E.M.M. Boyagoda	2/2	1/1
Mr. S.C.G. Guruge	2/3	0/0
Mr. Yu Kitai	3/3	Not a Member
Mr. B.S.M. De Silva	Not a Member	1/1
Mr. M.D.E.A.G. Saparamadu	0/0	1/1
Mr. K.D.A.S.R. Arsakularatne	Not a Member	0/0
Mr. D.H.J. Gunawardena	1/1	Not a Member

DONATIONS

During the year charitable donations amounting to Rs. 21.5 Million were made by the Company.

TAXATION

The Company is liable for income tax at 28%.

The Income Tax Expense of the Company for the year amounted to Rs. 379.6 Million.

CAPITAL EXPENDITURE & CAPITAL COMMITMENTS

The total expenditure on acquisition of Property, Plant and Equipment during the year amounted to Rs. 569 Million.

PROPERTY, PLANT & EQUIPMENT

The details of Property, Plant and Equipment of the Company are shown in the "Notes to Financial Statements" page 100.

The market value of Property, Plant and Equipment are considered not materially different to the book values as given in "Notes to the Financial Statements". Property, Plant and Equipment are carried in the books at Rs. 4.1 Billion.

CURRENT ASSETS

The Directors of the Company have taken reasonable steps to ascertain that whatever current assets of the Company which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realizable values or adequate provisions have been made for the differences between those values.

POST-BALANCE SHEET EVENTS

Since the end of the financial year, no change in the assets of the Company have arisen which secures the liabilities of any other persons.

In the opinion of the Directors, no item, transaction or event of a material nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially, the results of the operations of the Company for the current financial year.

Report of the Board of Directors on the Affairs of the Company

HUMAN RESOURCES

It is a Company policy to provide equal opportunities in the recruitment and employment of staff. During the year under review, the Company has taken numerous measures to ensure staff contentment at all levels. As at December 2019, there were 2,771 employees in the permanent service of the Company.

ACTUARIAL VALUATION

- IBNR / IBNER

The Company has appointed M/s. K.A. Pandit, Consultant Actuaries to certify the IBNR/IBNER provisions made in the accounts as at 31.12.2019.

After reviewing the relevant information and Actuarial studies the Actuaries have recommended to make a net IBNR/IBNER provision of Rs. 404.71 Million. The Company has already made this provision in the accounts as at 31.12.2019.

AUDITORS

The Accounts for the year have been audited by M/s. Ernst & Young (Chartered Accountants) who expressed their willingness to continue in office. In accordance with the Companies Act No. 7 of 2007, a resolution relating to their re-appointment and authorizing the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

The fees paid to the Auditors are disclosed in Note 30 on page 125 to the Financial Statements.

The Auditors of the Company, Messrs. Ernst & Young do not have any relationship with the Company other than that as the Auditors.

BY ORDER OF THE BOARD



H. D. K. P. Alwis

Managing Director/ Chief Executive Officer



U. Witharana

*Deputy Managing Director
Director (Finance)/Chief Operations Officer*



Mrs. Nilika Abhayawardhana

Company Secretary

Report of the Directors (Annexure)

DIRECTORS' INTERESTS IN CONTRACTS

No Director of the Company is directly or indirectly interested in the contracts of the Company.

The following is a schedule where the Directors of this company held Directorships in other companies during the period 01.01.2019 to 31.12.2019 in which this company has had transactions during the year 2019

Name of Company		Mr. H.D.K.P. Alwis	Dr. W.C.J. Alwis	Mr. Upali Witharana	Mr.S.C.G. Guruge	Mr.R.A. Gunathilake	Mr.E.M. M. Boyagoda	Mr.M.D.E.A.G Saparamadu	Mr. H.D.A.N. Perera	Mr. C.P.A. Wijeyesekera	Mr B.S.M. De Silva	Mr Yu Kitai	Mr A R H Fernando
1	American Education Centre Ltd.	✓	✓	✓									
2	ANC Modern Montessori International (Pvt.) Ltd.		✓	✓									
3	Asset Trust Management (Pvt) Ltd.			✓			✓						
4	CEC Events (Pvt.) Ltd.		✓	✓									
5	CEG Education Holdings (Pvt.) Ltd.	✓	✓	✓									
6	Ceyhydro Developers (Pvt.) Ltd.	✓		✓		✓							
7	Ceylinco Insurance Company (Pvt.) Ltd.Maldives	✓	✓	✓		✓			✓				
8	Ceylinco Insurance PLC	✓	✓	✓								✓	
9	Ceylinco Investcorp (Pvt.) Ltd.	✓	✓	✓					✓				
10	Ceypower Cascades (Pvt.) Ltd.	✓		✓									
11	Dillys Fashions Pvt Ltd									✓			
12	Energy Generators (Pvt.) Ltd.					✓			✓				
13	Gas World (Pvt.) Ltd				✓								
14	HVA Foods PLC										✓		✓
15	Industrial Gases (Pvt) Ltd.				✓								
16	International College of Business & Technology Ltd.	✓	✓	✓									
17	Kavin Polymers (Pvt.) Ltd.							✓					
18	Kent Display (Pvt) Ltd							✓					
19	Kent Display Systems (Pvt) Ltd							✓					
20	Kent Trophies & Awards (Pvt) Ltd							✓					
21	Lanka Carbonics Industries				✓								
22	Netassist International (Pvt) Ltd*			✓									
23	Ultratech Cement Lanka (Pvt.) Ltd.			✓									
24	Union Apparels Pvt Ltd									✓			
25	Union Resorts and Spas Pvt Ltd									✓			
26	Union Resorts Pvt Ltd									✓			
27	Wealth Trust Securities (Pvt) Ltd.						✓						
28	Wycherly International School (Pvt.) Ltd.		✓	✓									

* Mr. U.Witharana Resigned from Netassist International (Pvt) Ltd w.e.f. 21/06/2019

M/S. K. A. PANDIT
CONSULTANTS & ACTUARIES
(ISO 9001:2015 CERTIFIED)
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CERTIFICATE

As Consulting Actuaries to Ceylinco General Insurance Limited, "Ceylinco House", 69, Janadhipathi Mawatha, Colombo 01, Sri Lanka, we are required to estimate and certify the IBNR/IBNER Claims Reserves of the Company as on 31st December, 2019.

IBNR and IBNER Claims Reserves include the following:

- 1) A reserve for claims that have occurred but have not been reported to the insurer. This is referred to as Incurred But Not Reported (IBNR) Claims Reserve. Such reserves should be both in respect of insurer's direct (including coinsurance) business as well as the inward reinsurance business;
- 2) A reserve for future development of known (reported) claims referred to as Incurred But Not Enough Reported (IBNER) Claims Reserve, which may alternatively be described as reserve for Incurred (& Reported) But Not Enough Reserved Claims. This would arise in respect of claims which are settled for amounts higher than the corresponding reserve amounts;
- 3) A reserve for claims that may re-open after they have been closed; and
- 4) Claims administration expenses in respect of the above.

The Company submitted the data, as required, which were analysed product wise. The distinguishing features of the Company's business, procedures and practices were noted; also the considerations impacting the calculations of IBNR/IBNER Claims Reserves were taken into account whilst applying appropriate methods to arrive at a scientific estimate of the IBNR/IBNER Claims Reserves required.

We certify, based on above, that the IBNR and IBNER Claims Reserves as on 31-12-2019 to be provided by the Ceylinco General Insurance Limited in respect of its non-life business are estimated as LKR 404,712,911 equal to 2.81% of the Net Earned Premium of LKR 14,386,416,717 as on 31-12-2019. IBNR Claims Reserves as calculated seem adequate and may be provided accordingly. We also certify that the Ceylinco General Insurance Limited meets the Liability Adequacy Test as required under SLFRS-4 satisfactorily.

N. K. PARIKH

Partner

(F.A.I. (00132))

✉ kap@ka-pandit.com

N. K. Parikh
(N. K. PARIKH)

(PARTNER)

Mumbai, India,

Dated: 10/02/2020

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**** PRINTED ON ECO-FRIENDLY PAPER ****

Independent Auditor's Report



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TO THE SHAREHOLDERS OF CEYLINCO GENERAL INSURANCE LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Ceylinco General Insurance Limited ("Company"), which comprise the statement of financial position as at 31 December 2019, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material

if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ➔ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ➔ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ➔ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ➔ Conclude on the appropriateness of management's use of the going concern basis of

Independent Auditor's Report

accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including

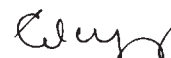
the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

As required by the Section 47(2) of the regulation of Insurance Industry Act, No.43 of 2000, as far as appears from our examination, the accounting records of the company have been maintained in the manner required by the rules issued by the Insurance Regulatory Commission of Sri Lanka, so as to clearly indicate the true and fair view of the financial position of the Company.



25 February 2020
Colombo

Partners: W R H Fernando FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W R H De Silva ACA ACMA W K B S P Fernando FCA FCMA
Ms. K R M Fernando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA Ms. P V K N Sajeewani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA
Principals: G B Goudian ACMA A A J R Perera ACA ACMA T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

Statement of Financial Position

As at 31 December	Page No.	Note	2019 Rs.'000	2018 Rs.'000
ASSETS				
Intangible Assets	99	5	37,971	63,036
Deferred Expenses	99	6	1,019,343	1,008,175
Property, Plant and Equipment	100	7	4,166,169	3,774,829
Right of Use Asset	104	8	256,056	-
Investment Properties	105	9	133,000	133,000
Financial Instruments				
Loans and Receivables	107	10	7,068,065	5,591,576
Available-For-Sale Financial Assets	107	11	5,287,464	6,162,375
Employee Gratuity Benefit Asset	113	12	1,025,277	822,607
Employee Pension Benefit Asset	116	13	1,276,926	1,284,657
Deferred Tax Assets	117	14	-	17,731
Reinsurance Receivables	118	15	2,965,845	3,049,953
Insurance Receivables	118	16	4,862,524	5,132,522
Other Assets	118	17	409,382	467,048
Cash and Cash Equivalents	118	18	78,478	391,520
Total Assets			28,586,500	27,899,029
EQUITY AND LIABILITIES				
EQUITY				
Stated Capital	119	19(a)	500,200	500,200
Retained Earnings			4,100,379	3,497,503
Special Reserves	119	19(b)	6,848,160	6,848,160
Revaluation Reserves			468,226	245,942
Available-for-Sale Reserve			(219,373)	53,518
Total Equity			11,697,592	11,145,323
LIABILITIES				
Non Life Insurance Contract Liabilities	119	20	12,089,210	11,898,662
Deferred Revenue	121	21	339,265	291,593
Reinsurance Payables	121	22	1,994,018	1,539,059
Income Tax Payable			167,201	507,498
Deferred Tax Liability	117	14	15,399	-
Interest Bearing Borrowings			221,342	-
Other Liabilities	121	23	2,062,473	2,516,894
Total Liabilities			16,888,908	16,753,706
Total Equity and Liabilities			28,586,500	27,899,029

These Financial Statements are prepared in compliance with the requirements of the Companies Act No.07 of 2007.



Nilantha Piyadasa

General Manager - Finance

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf of the Board by;



Upali Witharana

Deputy Managing Director/Chief Operations Officer



H.D.K.P. Alwis

Managing Director/Chief Executive Officer

The notes on pages 85 through 140 form an integral part of the Financial Statements.

25 February 2020

Colombo

Income Statement

For the Year ended 31 December	Page No.	Note	2019 Rs.'000	2018 Rs.'000
Net Income	122	24(c)	16,718,476	16,560,366
Gross Written Premiums	122	24(a)	19,802,995	19,186,707
Premiums Ceded to Reinsurers	122	24(b)	(5,477,019)	(4,716,483)
Net Written Premiums			14,325,976	14,470,224
Net Change in Reserve for Unearned Premium			60,439	(277,686)
Net Earned Premium			14,386,415	14,192,538
Fees and Commission Income	123	25	726,094	681,060
Investment Income	123	26	1,390,946	1,535,697
Realised Gains	123	27	215,021	151,071
Other Revenue			2,332,061	2,367,828
Gross Benefits and Claims Paid	124	28(a)	(10,682,651)	(9,454,561)
Claims Ceded to Reinsurers	124	28(b)	2,764,153	2,033,027
Gross Change in Contract Liabilities	124	28(c)	(250,988)	24,526
Change in Contract Liabilities Ceded to Reinsurers	124	28(d)	(84,108)	(126,253)
Net Benefits and Claims			(8,253,594)	(7,523,261)
Acquisition Cost	124	29	(1,838,936)	(1,715,305)
Other Operating and Administrative Expenses	125	30	(4,800,854)	(4,933,854)
Finance Cost	125	31	(90,576)	(52,124)
Total Benefits, Claims and Other Expenses			(14,983,960)	(14,224,544)
Profit Before Tax			1,734,516	2,335,822
Income Tax Expense	125	32	(357,394)	(550,942)
Profit for the Year			1,377,122	1,784,880
Basic/Diluted Earnings Per Share	126	33	550.63	713.67
Dividend Per Share-Paid	126	34	212.00	167.00

The notes on pages 85 through 140 form an integral part of the Financial Statements.

Statement of Comprehensive Income

		2019	2018
For the Year ended 31 December	Note	Rs.'000	Rs.'000
Profit for the Year		1,377,122	1,784,880
Other Comprehensive Income			
Other Comprehensive Income to be reclassified to Income Statement in subsequent period			
Net Gain/(Loss) on Available-For-Sale Assets	35	(251,967)	(203,493)
Income Tax relating to Components of Other Comprehensive Income	35	(20,924)	(18,792)
Net Other Comprehensive Income to be reclassified to Income Statement in subsequent period		(272,891)	(222,285)
Other Comprehensive Income not to be reclassified to Income Statement in subsequent period			
Revaluation Surplus/ (Deficit) During the Year	35	308,731	-
Actuarial Gain on Defined Benefit Plans	35	(296,011)	255,686
Income Tax relating to Comprehensive Income	35	(34,470)	(29,746)
Net Other Comprehensive Income not to be reclassified to Income Statement in subsequent period		(21,750)	225,940
Other Comprehensive Income for the Year, Net of Tax		(294,641)	3,655
Total Comprehensive Income for the Year, Net of Tax		1,082,481	1,788,535

The notes on pages 85 through 140 form an integral part of the Financial Statements.

Statement of Changes in Equity

	Note	Stated Capital Rs.'000	Special Reserves Rs.'000	Revaluation Reserve Rs.'000	Retained Earnings Rs.'000	Available- for Sale Reserve Rs.'000	Total Ordinary Share- Holders' Equity Rs.'000
Balance As At 1 January 2018		500,200	6,848,160	245,942	1,904,350	275,803	9,774,455
Profit for the Year		-	-	-	1,784,880	-	1,784,880
Other Comprehensive Income for the Year	35	-	-	-	225,940	(222,285)	3,655
Total Comprehensive Income for the Year		-	-	-	2,010,820	(222,285)	1,788,535
Final Dividend Paid		-	-	-	(417,667)	-	(417,667)
Balance As At 31 December 2018		500,200	6,848,160	245,942	3,497,503	53,518	11,145,323
Profit for the Year		-	-	-	1,377,122	-	1,377,122
Other Comprehensive Income for the Year	35	-	-	222,284	(244,034)	(272,891)	(294,641)
Total Comprehensive Income for the Year		-	-	222,284	1,133,088	(272,891)	1,082,481
Final Dividend Paid	34	-	-	-	(530,212)	-	(530,212)
Balance As At 31 December 2019		500,200	6,848,160	468,226	4,100,379	(219,373)	11,697,592

The notes on pages 85 through 140 form an integral part of the Financial Statements.

Statement of Cash Flows

For the Year ended 31 December	Note	2019 Rs.'000	2018 Rs.'000
Cash Flows from Operating Activities			
Premiums/Revenue Received from Customers		19,421,542	18,414,214
Reinsurance Premiums (Net of Commission) Paid		(4,248,293)	(4,033,529)
Commission Paid		(1,821,968)	(1,674,318)
Claims and Benefits Paid		(10,682,651)	(9,454,561)
Reinsurance Receipts in respect of Claims & Benefits		2,764,153	2,033,183
Interest and Dividends Received		1,290,884	1,163,045
Other Operating Cash Payments		(4,469,641)	(4,612,995)
Other Income		235,765	296,916
Contributions to Gratuity Fund/Gratuity Payments	12.2	(336,988)	(143,912)
Income Taxes Paid		(683,591)	(254,291)
Interest Paid		(90,577)	(52,124)
Net Cash Flows from Operating Activities (Note A)		1,378,635	1,681,628
Cash Flows from Investing Activities			
Acquisition of Financial Investments		(112,364,133)	(120,312,689)
Acquisition/Disposal of Other Investments		(1,476,489)	-
Proceeds from Financial Investments		112,975,378	119,732,857
Acquisition of Property, Plant & Equipment	7.4	(569,045)	(802,201)
Acquisition of Intangible Assets	5.1	(51,646)	(45,219)
Proceeds from Disposal of Property, Plant & Equipment		167,737	208,521
Net Cash Flows used in Investing Activities		(1,318,198)	(1,218,731)
Cash Flows from Financing Activities			
Repayment of Lease Liabilities		(64,609)	-
Short Term Borrowings		100,000	-
Dividends Paid to Equity Holders	34	(530,212)	(362,071)
Net Cash Flows from Financing Activities		(494,821)	(362,071)
Increase / (Decrease) in Cash & Cash Equivalents (Note B)		(434,384)	100,826
Note A.			
Reconciliation of Profit Before Tax with Net Cash Flows from Operating Activities			
Profit Before Tax		1,734,516	2,335,822
Adjustments for:			
Depreciation		397,995	354,211
Amortisation of Intangible Assets		76,711	69,096
Change in Trade and Other Receivables		(884,440)	(1,210,523)
Change in Reinsurance Receivable		84,108	126,254
Increase in Non - Life Insurance Provisions		227,053	251,251
Change in Trade and Other Payables		472,052	247,282
Gain on Disposal of Property, Plant & Equipment		(79,337)	(134,723)
Foreign Exchange Gain/Loss		21,869	(102,751)
Impairment of Investments		11,699	-
Income Tax Paid		(683,591)	(254,291)
Net Cash Flows from Operating Activities		1,378,635	1,681,628
Note B.			
Cash and Cash Equivalents at 1st January		391,520	290,694
Cash and Cash Equivalents at 31st December	Note c	(42,864)	391,520
Increase / (Decrease) in Cash and Cash Equivalents		(434,384)	100,826
Note C			
Cash at Bank		44,429	357,630
Cash in Hand		34,049	33,890
Bank Overdraft		(121,342)	-
		(42,864)	391,520

The notes on pages 85 through 140 form an integral part of the Financial Statements.

Insurance Revenue Account

For the Year ended 31 December	Note	2019 Rs.'000	2018 Rs.'000
Non - Life Insurance			
Gross Written Premium	24(a)	19,802,995	19,186,707
Net Earned Premium		14,386,415	14,192,538
Net Claims Incurred	28	(8,253,594)	(7,523,261)
Underwriting and Net Acquisition Costs (Including Reinsurance)		(1,112,842)	(1,034,245)
Underwriting Result		5,019,979	5,635,032
Other Operating, Investments Related and Administrative Expenses	30	(4,800,854)	(4,933,854)
Investment and Other Income		1,605,967	1,686,768
Interest Expense	31	(90,576)	(52,124)
Profits From Operations After Interest Expense		1,734,516	2,335,822
Key Ratios Non - Life Insurance			
Net Loss Ratio		57.37	53.01
Net Expense Ratio		41.74	42.42
Net Combined Ratio		99.11	95.43

The notes on pages 85 through 140 form an integral part of the Financial Statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 General

Ceylinco General Insurance Limited (the Company) is a public limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 69, Janadhipathi Mawatha, Colombo 1. The main place of business of General Insurance Ltd is located at "Ceylinco House", 69, Janadhipathi Mawatha, Colombo 1. The additional corporate information is given on page 144.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Company are underwriting of all classes of general insurance.

1.3 Ultimate Parent Company

The Company's ultimate parent Company is Ceylinco Insurance PLC which is incorporated in Sri Lanka.

1.4 Date of Authorization for Issue

The financial statements of Ceylinco General Insurance Limited for the year ended 31 December 2019 was authorized for issue in accordance with a resolution of the board of directors on 25th February 2020.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Company's Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards comprising SLFRS and LKAS (hereafter referred to as "SLFRS") applicable for periods beginning on or after 1 January 2012, promulgated by the Institute of Chartered Accountants of Sri Lanka (CA-Sri Lanka) and

comply with the requirements of the Companies Act, No. 7 of 2007 and the Regulation of Insurance Industry Act, No. 43 of 2000.

2.2 Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following:

- ➔ Investment property is measured at fair value
- ➔ Available for financial assets have been measured at fair value
- ➔ Land and Buildings are stated at revalued amount
- ➔ The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques
- ➔ Employee Gratuity and Pension Benefit Assets at fair value

Fair value is the price that would be received to sell as asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that transaction to sell the asset or transfer the liability takes place either:

- 1. In the principal market for the asset or liability
- Or
- 2. In the absence of a principle market, in the most advantageous market for the asset or liability

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability.

2.3 Materiality & aggregation

In compliance with the Sri Lanka Accounting Standard - LKAS 01 on 'Presentation of Financial Statements', each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or functions too are presented separately, unless they are immaterial.

2.4 Functional and Presentation Currency

These financial statements are presented in Sri Lankan Rupees, which is the Company's functional currency. All financial information presented in Sri Lankan Rupees rounded to the nearest thousand.

2.5 Comparative Information

The comparative information is consistently applied during the year.

2.6 Going Concern

After considering the financial position, operating conditions, regulatory and other factors, the Directors have a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the Going Concern basis in preparing the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently to all periods presented except for the policy changes raised due to adoption of SLFRS 16 in these financial statements of the Company.

(a) Product Classification

Insurance contracts are those contracts when the Company (the insurer) has accepted significant

Notes to the Financial Statements

insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur.

(b) Deferred Acquisition Costs (DAC)

Those direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts are deferred to the extent that these costs are recoverable out of future premiums.

DAC for general insurance is amortised over the period in which the related revenues are earned. The reinsurers' share of deferred acquisition costs is amortised in the same manner as the underlying asset amortization is recorded in the income statement. An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value an impairment loss is recognized in the income statement. DAC are also considered in the liability adequacy test for each reporting period. DAC are derecognized when the related contracts are either settled or disposed of.

(c) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible

assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or infinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset. The estimated useful lives for the current and comparative periods are as follows:

Item	Useful Life
Computer software	03 - 05 Years
Leasehold rights	15-99 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognized.

(d) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(e) Financial Assets

Initial recognition and measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available-for-sale financial assets, as appropriate.

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs that are attributable to the acquisition of the financial asset.

The classification depends on the purpose for which the investments were acquired or originated. Financial assets are classified as at fair value through profit or loss where the Company's documented investment strategy is to manage financial investments on a fair value basis, because the related liabilities are also managed on this basis. The available-for-sale and held to maturity categories are used when the relevant liability (including shareholders' funds) is passively managed and/or carried at amortised cost.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the settlement date.

The financial assets include cash and short-term deposits, loans and receivables, quoted and unquoted financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Available-for-sale financial assets

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss.

Debt securities in this category are those that are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealized gains or losses recognised as other comprehensive income in the available-for-sale reserve until the asset is derecognized, at which time, the cumulative gain or loss is recognised in other operating income, or determined to be impaired, or the cumulative loss is recognised in the income statement in finance costs and removed from the available-for-sale reserve.

The Company evaluated its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term would still be appropriate. In the case where the Company is unable to trade these

financial assets due to inactive markets and management's intention significantly changes to do so in the foreseeable future, the Company may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and management has the intention and ability to hold these assets for the foreseeable future or until maturity. The reclassification to held to maturity is permitted only when the entity has the ability and intention to hold the financial asset until maturity. For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired then the amount recorded in equity is reclassified to the income statement.

Loans and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment.

After initial measurement, loans and receivables are measured at amortised cost, using the effective interest rate method (EIR) less impairment. Amortised cost is calculated by taking into account any discount or premium on

acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the income statement. Gains and losses are recognised in the income statement when the investments are derecognized or impaired, as well as through the amortisation process.

Derecognition of financial assets

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- ➔ The rights to receive cash flows from the asset have expired
- ➔ The Company retains the right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - (a) The Company has transferred substantially all the risks and rewards of the asset; or
 - (b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

Notes to the Financial Statements

(f) Impairment of Financial Assets

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for

impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of investment income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the 'finance cost' in the income statement.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Company's internal credit grading system, which considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Company. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Company and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Available-for-sale financial investments

For available-for-sale financial investments, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include

a 'significant or prolonged' decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement is removed from other comprehensive income and recognized in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

(g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset derecognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. Income and expense will not be offset in the income statement unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

(h) Fair Value of Financial Instruments

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the reporting date, without any deduction for transaction costs. For units in unit trusts and shares in open ended investment companies, fair value is determined by reference to published net asset values.

For financial instruments where there is not an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, net assets, comparison to similar instruments for which market observable prices exist and other relevant valuation models.

The fair value of repo and call deposits with credit institutions is their carrying value. The carrying value is the cost of the investment and accrued interest. The fair value

of fixed interest bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date.

If the fair value can not be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the investment or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

(i) Reinsurance

Reinsurance assets include the balances due from both insurance and reinsurance companies for paid and unpaid losses and loss adjustment expenses. Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsurance policy.

The Company also assumes reinsurance risk in the normal course of business non-life insurance contracts where applicable. Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Notes to the Financial Statements

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party.

If a reinsurance asset is impaired, the Company reduces the carrying amount accordingly and is recognized in the income statement. A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after the initial recognition of the reinsurance asset, that the Company may not receive all amounts due to it under the terms of the contract, and the event has a reliably measurable impact on the amount that the Company will receive from the reinsurer.

(j) Insurance Receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the income statement.

Insurance receivables are derecognized when the derecognizing criteria for financial assets have been met.

(k) Taxes



Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity or

other comprehensive income, in which case it is recognised in equity or statement of comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The Inland Revenue Act No. 24 of 2017 and amendments thereto are applied in determining the taxable income/loss of the Company.



Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside income statement is recognised outside income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.



Sales Taxes and Premium Taxes



Revenues, expenses and assets are recognised net of the amount of sales taxes and premium taxes except:



Where the sales or premium tax incurred on a purchase of assets or

services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

- Receivables and payables that are stated with the amount of sales or premium tax included.

Outstanding net amounts of sales or premium tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(l) Investment Properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Fair values are evaluated annually by an accredited external, independent valuer, applying a valuation model, when there are indications of fair value changes in investment property.

Investment properties are derecognised either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future

economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party or completion of construction or development. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use.

(m) Property, Plant and Equipment

(i) Recognition and Measurement

Items of property, plant and equipment is stated at cost or valuation less accumulated depreciation.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing

costs related to the acquisition or constructions of qualifying assets are capitalised.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within "other income" in income statement. When revalue assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in income statement as incurred.

(iii) Depreciation

Depreciation is recognised in income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The assets are depreciated from the month it is available for use and cease to depreciate from the month of disposal.

Notes to the Financial Statements

The estimated useful lives for the current and comparative periods are as follows:

Item	Useful Life
Buildings	50 years
Furniture and Fittings	10 Years
Office Equipment	10 Years
Computer Equipment	05 Years
Motor Vehicles	05 Years
Electric Equipment	05 Years
Plant & Machinery	10 Years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(iv) Revaluations

Revaluation is performed on freehold land and building by professionally qualified valuers using the open market value. Land and buildings are revalued in every three years. Fair values of land and buildings are reviewed at each reporting date to ensure that carrying amount does not differ materially from fair value.

The revaluation surplus is recognized on the net carrying value of the asset and is transferred to a revaluation reserve after restating the asset at the revalued amount. The revaluation reserve is transferred to retained earnings at the point of derecognition.

(v) De-recognition

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss

arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in Income Statement in the year the asset is de-recognised.

(n) Leases (Policy applicable as of 1st January 2019)

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:



Buildings 2 - 4 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in note (p) Impairment of non-financial assets.



ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is

increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in other payables.

value. Cost is generally determined by reference to weighted average cost. Net realizable value is the estimated market price in the ordinary course of business less any estimated expense to sell.

The cost incurred in bringing inventories to its present location and condition is accounted using the following cost formulae.

Stationery	}	First in First out Basis
Course Materials		
Books		
Spare Parts		

no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

iii) **Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of building and (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

iv) **Leases (policy applicable before 1 January 2019)**

Lease that do not transfer to the company substantially all of the risks and benefits incidental to ownership of the leases items are operating leases. Operating lease payments are recognised as an expense in the income statement on a straight line basis over lease term.

(o) **Other Assets**

(aa) **Inventories**

Inventories include all consumable items and are measured at the lower of cost and net realizable

(p) **Impairment of Non-Financial Assets**

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in income statement.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or

(q) **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash balances and call deposits.

For cash flow purposes, cash and cash equivalents are presented net of bank overdraft.

(r) **Foreign Currency Transactions**

Transactions in foreign currencies are translated to the functional currency of Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the cost in the functional currency at the beginning of the period adjusted for payments during the period and the cost in foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on retranslation are recognized in income statement.

The Company's financial statements are presented in rupees which is also the parent company's functional currency. The Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Notes to the Financial Statements

i) Transactions and Balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the income statement.

(s) Non-life Insurance Contract Liabilities

Non-life insurance contract liabilities include the outstanding claims provision, the provision for unearned premium and the provision for premium deficiency. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalization or catastrophe reserves is recognised. The liabilities are derecognized when the obligation to pay a claim expires, is discharged or is cancelled.

The provision comprises of reserve for the net unearned premium, reserve for the deferred

acquisition cost (net), reserve for gross outstanding claims and the incurred but not reported (IBNR) provision. Unearned premium, deferred acquisition cost and the reserve for gross outstanding claims are stated according to the industry practices whereas the IBNR reserve is decided by an independent external actuary to estimate the outstanding liabilities as of reporting date.

At each reporting date the Company reviews its unexpired risk and a liability adequacy test is performed as laid out under SLFRS 4 to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency is recognised in the income statement by setting up a provision for premium deficiency.

(t) Financial Liabilities – Initial Recognition and Subsequent Measurement

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, borrowings, and reinsurance payables.

Subsequent measurement

The subsequent measurement of financial liabilities as follows:

Interest bearing loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortization process.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(u) Insurance payables

Insurance payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs.

Derecognition insurance payables

Insurance payables are derecognized when the obligation under the liability is discharged, cancelled or expired.

(v) Provisions-General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(w) Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions (%) into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to a defined contribution pension plan are recognised as an employee benefit expense in income statement when they are due.

(x) Pensions and Other Post-Employment Benefits

The Company operates a defined benefit pension plan, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined separately using the projected unit credit valuation method. Actuarial gains and losses are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to income statement in subsequent periods.

Past service costs are recognised in income statement on the earlier of:

- ➔ The date of the plan amendment or curtailment, and
- ➔ The date that the Company recognises restructuring-related costs

The defined benefit asset or liability comprises the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled directly.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to creditors of the Company nor can they be paid directly to the Company.

Fair value is based on market price information and, in the case of quoted securities, it is the published market price. The value of any defined benefit asset is restricted to the sum of any past service cost and actuarial gains and losses not yet recognised and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The amount recognised as defined benefit liabilities has been netted with the fair value of the plan assets of the reporting period. Any surplus in plan assets has been measured based on the requirements of LKAS 19 - Employee Benefits, Para 58 and IFRIC 14 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

Actuarial gains and losses for the defined benefit plans are recognized in full in the period in which they occur in other comprehensive income.

However, according to the Payment of Gratuity Act No. 12 Of 1983, the liability for gratuity payments to an employee arises on the completion of five years of continued service with the company. The provision is externally funded.

(y) Short-Term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is

provided. A liability is recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(z) Stated Capital

The Company has issued ordinary shares that are classified as equity. Incremental external costs that are directly attributable to the issue of these shares are recognised in equity, net of tax.

(aa) Dividends on Ordinary Share Capital

Interim dividends are deducted from equity when they are paid. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

(bb) Earnings Per Share

Basic earnings per share amounts is calculated by dividing the net profit for the year attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding at the reporting date.

(cc) Gross Written Premium

Gross written premium is generally recognized as written upon inception of the policy. Upon inception of the contract, premiums are recorded as written and are earned primarily on a pro-rata basis over the term of the related policy coverage. However, for those contracts for which the period of risk differs significantly from the contract period, premiums are earned over the period of risk in proportion to the amount of insurance protection provided.

Notes to the Financial Statements

(dd) **Reinsurance Premium**
Reinsurance premium expense is accounted for in the same accounting period as the gross written premium to which it relates.

(ee) **Unearned Premiums**
Unearned premiums reserve represents the portion of the premium written in the year but relating to the unexpired term of coverage. Unearned premiums are calculated on the 1/365 basis except for the marine and title policies in accordance with the control of insurance regulations.

The basis of calculating unearned premiums for marine and title policies are as follows,

Class of the Policy	Basis
Marine	60% in the same month 40% after three months of underwriting the policy
Title	60% in the same year 40% is deferred until the validity of the policy expires

(ff) **Acquisition Costs**
Acquisition costs, representing commissions, which vary with and are directly related to the production of business, are deferred and amortized over the period in which the related written premiums are earned. Reinsurance commission is also treated in the same manner within deferred acquisition costs.

(gg) **Claims**
1.) **Non Life Insurance**
Claims expenses and liabilities for outstanding claims are recognized in respect of direct and inwards reinsurance business. The liability covers claims reported but not yet paid, incurred but not reported claims ("IBNR") and the anticipated direct and indirect costs of settling those claims. Claims outstanding are assessed by review of individual claim files estimating changes in the ultimate cost of settling claim. The provision in respect of IBNR & IBNER (Incurred But Not Enough Reported) are actuarially valued to ensure a more realistic estimation of the future liability based on the past experience and trends.

Actuarial valuation is performed on an annual basis.

While the Directors consider that the provision for claims is fairly stated on the basis of information currently available, the ultimate liability will vary as a result of subsequent information and events. This may result in adjustments to the amounts provided. Such amounts are reflected in the financial statements for estimates of that period. The methods used and the estimates made are reviewed regularly.

2.) **Reinsurance on Claims**
Reinsurance on claims are recognized when the related gross insurance claim is recognized according to the terms of the relevant contract.

(hh) **Other Income**
1.) **Rental Income**
Rental income from property is recognized in income statement on a straight line basis over the term of the lease.

2.) **Fees and Commission Income**
Insurance contract policyholders are charged for policy administration services, surrenders and other contract fees. These fees are recognised as revenue when the related services are performed.

3.) **Investment Income**
Interest income is recognised in the income statement as it accrues and is calculated by using the effective interest rate method.

Investment income also includes dividends when the right to receive payment is established. For listed securities, this is the date the security is listed as ex dividend.

4.) **Realized Gains and Losses**
Realized gains and losses recorded in the income statement on investments include gains and losses on financial assets and investment properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction.

(ii) **Finance Cost**
Finance cost is recognized as expenditure in the period in which they are incurred. However, finance costs are directly attributable to the acquisition, construction or production of assets that take a substantial period of time to get ready for its intended use or sale, are capitalized as part of the assets.

(jj) **Cash Flow Statement**
The cash flow statement has been prepared using the "direct method".

3.1 New and amended standards and interpretations

The Company applied SLFRS 16 Leases for the first time. The

nature and effect of the changes as a result of adoption of this new accounting standard is described below.

a) SLFRS 16 Leases

SLFRS 16 supersedes LKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Company adopted SLFRS 16 using the modified retrospective method of adoption, with the date of initial application of 1 January 2019. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying LKAS 17 and IFRIC 4 at the date of initial application.

The Company recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. (Refer note 8 on Right of use assets)

b) IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of LKAS 12, nor does it

specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- ➔ Whether an entity considers uncertain tax treatments separately
- ➔ The assumptions an entity makes about the examination of tax treatments by taxation authorities
- ➔ How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- ➔ How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgment in identifying uncertainties over income tax treatments. Since the Company operates in a regulated environment, it assessed whether the Interpretation had an impact on its financial statements.

Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions, particularly those relating to exemption claimed by the Company. The Company determined, based on its tax compliance and own study, that it is probable that its tax treatments will be accepted by the taxation authorities. The Interpretation did not have material impact on the financial statements of the Company.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

3.2 Use of Judgments, Estimates and Assumptions

The preparation of financial statements in conformity with Sri Lanka Accounting Standards (LKAS and SLFRS) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Notes to the Financial Statements

Critical Accounting Judgments, Estimates and Assumptions Disclosure Reference

Critical Accounting Judgments, Estimates and Assumptions	Disclosure Reference	
	Note	Page
Impairment of assets (receivables)	16	118
Reserve for gross outstanding claims (IBNR/IBNER)	20	119
Valuation of investment property	09	105
Measurement of defined benefit obligation and pension	12 & 13	113
Unearned Premium and deferred acquisition cost	20 & 06	119 & 99
Leases - Estimating the incremental borrowing rate and determining the lease term of contracts with renewal and termination options	08	104

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

SLFRS 9 Financial Instruments

SLFRS 9 replaces the existing guidance in LKAS 39 Financial Instruments: recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from LKAS 39. SLFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Company meets the eligibility criteria of the temporary exemption from SLFRS 9 and intend to defer the application of SLFRS 9 until annual reporting periods beginning on or after 1 January 2021.

IFRS 17 Insurance Contracts

In 8th January 2020, the Accounting Standard Committee, the Institute of Chartered Accountants of Sri Lanka issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to

all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- ➔ A specific adaptation for contracts with direct participation features (the variable fee approach)
- ➔ A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The Company is currently in the process of evaluating the accounting impact and prevailing system and process will be modified when necessary.

5. INTANGIBLE ASSETS

	Computer Software & License Rs.'000
Cost	
At 1 January 2018	234,553
Cost Capitalised	45,219
At 1 January 2019	279,772
Cost Capitalised	51,646
At 31 December 2019	331,418
Accumulated Amortisation and Impairment	
At 1 January 2018	147,640
Amortisation during the year	69,096
At 1 January 2019	216,736
Amortisation during the year	76,711
At 31 December 2019	293,447
Carrying Amount	
At 1 January 2019	63,036
At 31 December 2019	37,971

5.1 Acquisition of Intangible Assets during the year

During the financial year, the Company acquired/capitalised Intangible Assets (Computer Software & License) to the aggregate value of Rs.51,646,000 (2018 - 45,219,000). Cash payments amounting to Rs.51,646,000 (2018 - 45,219,000) were made during the year for purchase of Intangible assets (Computer Software & License).

5.2 Fully Amortised Intangible Assets in use

Intangible Assets include Rs.136,413,432 fully amortised Computer Software which are in the use of normal business activities (2018 -Rs. 121,698,908).

5.3 Title Restriction on Intangible Assets

There were no restrictions that existed on the title of the Intangible Assets of the Company as at the Reporting date.

5.4 Assessment of impairment of Intangible Assets

The Board of Directors has assessed potential impairment indicators of intangible assets as at 31st December 2019. Based on the assessment, no impairment indicators were identified.

5.5 Capitalisation of Borrowing Costs

There were no capitalised borrowing costs related to the acquisition of Intangible Assets during the year.

6. DEFERRED EXPENSES

	Deferred Acquisition Costs (DAC) Insurance Contracts	
	2019	2018
	Rs.'000	Rs.'000
At 1 January	1,008,175	942,923
Expenses Deferred	1,997,857	1,929,545
Amortisation	(1,986,689)	(1,864,293)
At 31 December	1,019,343	1,008,175

Deferred Acquisition Cost is those direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts and deferred to the extent that these costs are recoverable out of future premiums.

Notes to the Financial Statements

7. PROPERTY, PLANT & EQUIPMENT

	Freehold Land	Building	Plant & Machinery	Motor Vehicles	Office Equipment	Computer Equipment	Furniture & Fittings	Capital Work in Progress	Electrical Equipment	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost/Valuation										
At 1 January 2019	626,045	1,071,618	66,724	2,393,086	134,582	449,122	285,548	30,996	98,417	5,156,138
Additions	-	2,923	9,473	491,103	7,972	20,302	14,279	-	22,993	569,045
Revaluation	240,292	4,284	-	-	-	-	-	-	-	244,576
Disposals/Transfer	-	-	(889)	(108,578)	(7,851)	(3,901)	(166)	(30,996)	-	(152,381)
At 31 December 2019	866,337	1,078,825	75,308	2,775,611	134,703	465,523	299,661	-	121,410	5,817,378
Accumulated Depreciation										
At 1 January 2019	-	42,707	38,581	637,821	99,039	339,755	202,764	-	20,642	1,381,309
Depreciation	-	21,452	4,869	268,646	6,949	41,831	17,026	-	37,248	398,021
Revaluation	-	(64,159)	-	-	-	-	-	-	-	(64,159)
Disposals	-	-	(889)	(53,083)	(6,170)	(3,715)	(105)	-	-	(63,962)
At 31 December 2019	-	-	42,561	853,384	99,818	377,871	219,685	-	57,890	1,651,209
Carrying Amount										
At 1 January 2019	626,045	1,028,911	28,143	1,755,265	35,543	109,367	82,784	30,996	77,775	3,774,829
At 31 December 2019	866,337	1,078,825	32,747	1,922,227	34,885	87,652	79,976	-	63,520	4,166,169

If the land and building were measured using cost model, the carrying value would be as follows.

	Freehold Land Rs.'000	Building Rs.'000
At Cost		
At 1 January 2019	460,254	879,943
Additions	-	2,923
Disposals	-	-
At 31 December 2019	460,254	882,866
At 1 January 2019		
Depreciation	-	87,451
Disposals	-	22,469
At 31 December 2019	-	109,920
Carrying Amount		
At 1 January 2019	460,254	792,492
At 31 December 2019	460,254	772,946

Revaluation of Land & Building

The Company uses the revaluation model of measurement of land and buildings. The Land and Buildings were revalued by independent expert valuers, Mr.W.M.Chandrasena and Mr.W.A.T.I.P.Jayathilake Incorporated valuers, to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence of transaction prices for similar properties. Valuation is based on open market prices, adjusted for any difference in the nature, location or condition of the specific property. Refer note 7.1 for details of revaluations.

7.1 Details of Freehold Land & Building

Addresses	Building Sq. Ft.	Extent	Method of Valuation	Significant Unobservable Inputs	Estimation for Unobservable Inputs	Value of Land		Value of Buildings		Total	Date of the Valuation
						Rs.'000	Rs.'000	Rs.'000	Rs.'000		
282, High Level Road, Kottawa	862	Condominium	Investment Method	Price per Sq ft Price per perch	Rs. 2,500 Rs. 1,750,000	7,875		2,125		10,000	31/12/2019
97, Baudhaloka Mawatha, Gampaha	8360	A-O-R-O-P 16.50	Market Comparable Method	Price per perch	Rs. 4,500,000	74,250		37,250		111,500	31/12/2019
42/1, Mihidu Mawatha, Ku- runegala	8425	A-O-R-O-P 8.2	Market Comparable Method	Price per Sq ft Price per perch	Rs. 1,250-4750 Rs. 7,500,000	62,000		55,000		117,000	31/12/2019
583/ 63 Liyanagemulla , Seeduwa	43080	A-3-R-1-P .3.6	Market Comparable Method	Price per Sq ft Price per perch	Rs. 9000 Rs. 300,000	157,000		42,000		199,000	31/12/2019
60, Yovunpitiya Watte, Gnanaw- imala Mawatha.	11282	A-O-R-1-P 29	Market Comparable Method	Price per Sq ft Price per perch	Rs 660 - 4000 Rs. 450,000	31,000		55,000		86,000	31/12/2019
Kosgoda , Balapitiya				Price per Sq ft	Rs. 6500						
63, Janadhipathi Mawatha, Colombo 1.	-	A-O-R-O-P 13.84	Market Comparable Method	Price per perch	Rs. 12,000,000	154,000		-		154,000	31/12/2019
3 rd 4 th, 7 th & 11 th Floors of Ceylinco House Building	31332	-	Investment Basis	Rent per Sq ft per month	Rs. 190-200	-		749,000		749,000	31/12/2019
69, "Ceylinco House", Janadhip- athi Mawatha, Colombo 1.											
46 / 34, "VIP Centre", Nawam Mawatha, Colombo 2.	18068	A-O-R-O-P 19.00	Market Comparable Method	Price per perch Price per Sq ft	Rs. 16,000,000 Rs. 8500	304,000		115,000		419,000	31/12/2019

Notes to the Financial Statements

7.1 Property, Plant & Equipment Contd.

Addresses	Building Sq. Ft.	Extent	Method of Valuation	Significant Unobservable Inputs	Estimation for Unobservable Inputs	Value of Land	Value of Buildings	Total	Date of the Valuation
						Rs.'000	Rs.'000	Rs.'000	
Madabawita, Warakapola	608	A-O-R-O-P 16.25	Market Comparable Method	Price per perch	Rs. 373,000- Rs.525,000	7,312	1,500	8,812	31/12/2019
				Price per Sq ft	Rs.2353				
Malangama, Kuruwita	650	A-O-R-O-P 15.00	Market Comparable Method	Price per perch	Rs. 1,000,000	15,000	1,500	16,500	31/12/2019
				Price per Sq ft	Rs. 2,750				
Induruwa, Kosgoda	856	A-O-R-O-P 24.30	Market Comparable Method	Price per perch	Rs. 490,000	9,800	1,600	11,400	31/12/2019
				Price per Sq ft	Rs. 1,892				
Ibbagamuwa, Melsiripura	620	A-O-R-1-P 00.00	Market Comparable Method	Price per perch	Rs. 225,000	9,000	1,200	10,200	31/12/2019
				Price per Sq ft	Rs. 1,923				
Unakuruwa , Tangalle	798	A-O-R-1-P 20.00	Market Comparable Method	Price per perch	Rs. 325,000	6,500	1,500	8,000	31/12/2019
				Price per Sq ft	Rs. 2,750				
Bibiliya, Kithulgala	5326	A-O-R-2-P 00.07	Market Comparable Method	Price per perch	Rs. 375,000 & Rs.275,000	25,500	15,250	40,750	31/12/2019
				Price per Sq ft	Rs. 2,875-3,500				
Puttalam -South, Mundel	705	A-O-R-O-P-20.0	Market Comparable Method	Price per perch	Rs. 125,000- Rs. 175,000	3,100	900	4,000	31/12/2019
					Rs. 1,240				
Total						866,337	1,078,825	1,945,162	

- 7.2** Description of the above valuation techniques together with narrative descriptions on sensitivity of the fair value measurement to changes in significant unobservable inputs are tabulated below;

The fair value measurement for all of the Freehold Land and Building has been categorized as a Level 3 based on the inputs to the valuation techniques used.

Valuation Technique	Significant Unobservable Valuation Inputs	Sensitivity of the Fair Value Measurement to Inputs
Market Comparable Method This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property in this process outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.	Price per perch for Land Price per square foot	Estimated fair value would increase (decrease) if; Price per perch increases (decreases) Price per square foot increases (decreases) Depreciation rate for building (decreases)/increases
Investment Method This method involves capitalisation of the expected rental income at an appropriate Rate of years purchase currently characterised by the real estate market.	Gross Monthly Rental Years	Estimated fair value would increase (decrease) if; Gross Annual Rental increases (decreases) Years Purchase increases (decreases) Void Period (decrease) / increases

7.3 Fully Depreciated Property, Plant and Equipment

The initial cost of fully depreciated property, plant and equipment which are still in use as at the reporting date is as follows;

	2019	2018
As at 31 December	Rs.'000	Rs.'000
Plant and Machinery	7,143	7,139
Computer Equipment	86,856	76,571
Office Equipments	22,345	21,173
Furniture and Fittings	42,058	37,611
	158,402	142,494

7.4 Acquisition of Property, Plant and Equipment during the year

During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 569,045,000 (2018 - 888,929,000). Cash payments amounting to Rs.569,045,000 (2018 - 802,201,000) were made during the year to purchase of Property, Plant and Equipment.

7.5 Capital Commitments

There were no capital commitments relating to the acquisition of Property, Plant and Equipment during the year. (2018 - Nil)

7.6 Property, Plant and Equipment Pledged as Security for Liabilities

There were no items of Property, Plant and Equipment pledged as securities for liabilities during the year. (2018 - Nil)

7.7 Title Restriction on Property, Plant and Equipment

There are no restrictions that existed on the title of the Property, Plant and Equipment of the Company as at the reporting date.

Notes to the Financial Statements

7.8 Assessment of Impairment

The Board of Directors has assessed the potential impairment indicators of Property, Plant and Equipment as at 31st December 2019. Based on the assessment, no impairment indicators were identified.

7.9 Capitalisation of Borrowing Costs

There were no capitalised borrowing costs relating to the acquisition of Property, Plant and Equipment during the year. (2018 - Nil)

7.10 Temporarily idle Property, Plant and Equipment

There were no temporarily idle property as at the year ended 31st December 2019. (2018 - Nil)

8. RIGHT OF USE ASSET

	2019
At 31 December	Rs.'000
Buildings	352,809
Depreciation Charged Right of use Assets	(96,754)
	256,055

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Company included the renewal period as part of the lease term for leases of buildings with shorter non-cancellable period (i.e., two to four years). The Company typically exercises its option to renew for these leases because there will be a significant negative effect on operation if a replacement asset is not readily available.

8.1 The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	Rs.'000
Assets	
Operating lease commitments as at 31 December 2018	195,121
Weighted average incremental borrowing rate as at 1 January 2019	12.50%
Discounted operating lease commitments as at 1 January 2019	173,441
Less:	
Commitments relating to short-term leases	(8,198)
Add:	
Lease payments relating to renewal periods not included in operating lease commitments as at 31 December 2018	77,682
Lease liabilities as at 1 January 2019	242,925

Based on the above, as at 1 January 2019:

- ➡ Right-of-use assets of Rs 242,925,000 were recognised and presented in the statement of financial position
- ➡ Additional lease liabilities of Rs 242,925,000 (included in "Other liabilities") were recognised.
- ➡ The adoption of IFRS 16 had no impact on the Company's retained earnings.

9. INVESTMENT PROPERTIES

	2019 Rs.'000	2018 Rs.'000
At 1 January	133,000	133,000
At 31 December	133,000	133,000

Revaluation of Investment Properties

The Investment Properties were revalued on 31st December 2019 by independent expert valuer, Mr.W.M. Chandrasena Incorporated valuer, in determining the fair value, the current condition of the properties, future usability and associated redevelopment requirements have been considered. Also the valuers have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size of location. The appraised fair values are rounded within the range of values. The fair value of investment property reflects the actual market value as at reporting date. Refer note 9.1 for details of revaluations.

9.1 Details of Investment Property

Addresses	Building Sq. Ft.	Extent Perches	Method of Valuation	Significant Unobservable Inputs	Estimation for Unobservable Inputs	Value of Land Rs.'000	Value of Building Rs.'000	Total Rs.'000	Date of Valuation
No,34, Muhandiram ED Dabare Mawatha, Colombo-05 (1 Apartment)	2663	-	Investment Method	Rent per Sq.ft per month	Rs.65/-	-	33,000	33,000	31/12/2019
583/63, Liyanagemulla, Seeduwa	-	A-2-R- 2-P-21.5	Cost Approach	Price per perch	Rs.500,000/-	100,000	-	100,000	31/12/2019
Sub Total						100,000	33,000	133,000	

Notes to the Financial Statements

9. INVESTMENT PROPERTIES CONTD.

9.2 Description of the above valuation techniques together with narrative descriptions on sensitivity of the fair value measurement to changes in significant unobservable inputs are tabulated below;

The fair value measurement for all of the Land and Building held for investment purpose has been categorized as a Level 3 based on the inputs to the valuation techniques used.

Valuation Technique	Significant Unobservable Valuation Inputs	Sensitivity of the Fair Value Measurement to Inputs
Market Comparable Method This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property in this process outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.	Price per perch for Land	Estimated fair value would increase (decrease) if; Price per perch increases (decreases) Price per square foot increases (decreases) Depreciation rate for building (decreases)/increases
Investment Method This method involves capitalisation of the expected rental income at an appropriate Rate of years purchase currently characterised by the real estate market.	Gross Monthly Rental Years	Estimated fair value would increase (decrease) if; Gross Annual Rental increases (decreases) Years Purchase increases (decreases) Void Period (decrease) / increases

10 & 11 FINANCIAL INSTRUMENTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The Company's financial instruments are summarised by categories as follows:

	Note	2019 Rs.'000	2018 Rs.'000
As at 31 December			
Loans and Receivables (L&R)	10	7,068,065	5,591,576
Available-For-Sale Financial Assets (AFS)	11	5,287,464	6,162,375
Total Financial Instruments		12,355,529	11,753,951

The following table compares the fair values of the financial instruments to their carrying values:

Available-For-Sale Financial Assets (AFS) have been valued at fair value and Loans and Receivables (L&R) are valued at amortised cost.

	Note	2019		2018	
		Carrying value Rs.'000	Fair value Rs.'000	Carrying value Rs.'000	Fair value Rs.'000
As at 31 December					
Loans and Receivables (L&R)	10	7,068,065	7,068,065	5,591,576	5,587,422
Available-For-Sale Financial Assets (AFS)	11	5,287,464	5,287,464	6,162,375	6,162,375
Total Financial Instruments		12,355,529	12,355,529	11,753,951	11,749,797

10. LOANS AND RECEIVABLES (L&R)

	Note	2019	2018
		Rs.'000	Rs.'000
As at 31 December			
Staff Loans	10.(a)	102,600	116,412
Term Deposits	10.(b)	6,965,465	5,475,164
Total Loans and Receivables at Amortised Cost		7,068,065	5,591,576

10.(a) Staff Loans

	2019	2018
	Rs.'000	Rs.'000
At 1 January	116,412	91,453
Loans Granted	494,775	395,700
Recoveries	(313,865)	(370,025)
Interest Income	-	10,667
Deferred Staff Benefit Adjustment	-	(11,383)
Loan Portfolio Disposal	(194,722)	-
At 31 December	102,600	116,412

10.(b) Term Deposits

	2019	2018
	Rs.'000	Rs.'000
As at 31 December		
Licensed Commercial Banks & Specialised Banks	6,932,820	5,432,491
Registered Finance Companies	32,645	42,673
	6,965,465	5,475,164

Details on pledged deposits are provided in note number 39.

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS (AFS)

	Note	2019	2018
		Rs.'000	Rs.'000
As at 31 December			
Treasury Bond & Bills		2,124,782	3,335,083
Unquoted Share Investment	11.(a)	300,387	761,781
Quoted Debentures	11.(b)	2,488,236	1,774,915
Quoted Share Investment	11.(c)	236,848	244,734
Unit Trust Investments	11.(d)	137,211	45,862
Total Available-For-Sale Financial Assets at Fair Value		5,287,464	6,162,375

11.(a) Unquoted Share Investment

	2019		2018	
	Number of Shares	Fair Value	Number of Shares	Fair Value
		Rs.'000		Rs.'000
As at 31 December				
Ultratech Cement Lanka (Pvt) Ltd	9,000,000	300,387	9,000,000	761,781
		300,387		761,781

Notes to the Financial Statements

11.(b) Quoted Debentures

		2019	2018
As at 31 December		Rs.'000	Rs.'000
Sampath Bank PLC	12.5% 2,500,000 Debentures redeemable on 20/03/2023	273,205	258,208
Seylan Bank PLC	12.85%, 2,000,000 Debentures redeemable on 29/03/2023	217,292	205,165
Seylan Bank PLC	15% 2,000,000 Debentures redeemable on 10/04/2024	246,373	-
National Savings Bank	11% 350,000 Debentures redeemable on 10/09/2022	377,713	-
Commercial Bank PLC	10.75% 1,500,000 Debentures redeemable on 03/08/2021	156,981	150,627
Seylan Bank PLC	13% 451,600 Debentures redeemable on 15/07/2021	49,645	47,992
Commercial Bank PLC	12% 1,316,100 Debentures redeemable on 27/10/2021	139,204	132,881
People's Leasing & Finance PLC	12.6% 2,000,000 Debentures redeemable on 16/11/2021	210,112	203,297
Bank of Ceylon	13.25% 3,000,000 Debentures Redeemable on 28/12/2021	319,401	305,428
DFCC Bank PLC	12.6% , 1,500,000 Debentures redeemable on 29/03/2023	171,076	164,401
Commercial Bank PLC	12% 2,007,900 Debentures redeemable on 22/07/2023	220,543	206,841
Sampath Bank PLC	12.50% 1,000,000 Debentures Redeemable on 21/12/2022	106,691	100,075
		2,488,236	1,774,915

11.(c) Quoted Share Investment

		2019		2018	
		Number of Shares	Fair Value Rs.'000	Number of Shares	Fair Value Rs.'000
As at 31 December					
Hotels and Travels					
Taj Lanka Hotels PLC		13,000	187	13,000	169
Eden Hotel Lanka PLC		16,158	297	16,158	218
Aitken Spence Hotels Holdings PLC		4,100	111	4,100	111
Renuka City Hotel PLC		1,812	478	1,812	462
Sector Total			1,073		960
Banks, Finance and Insurance					
Amana Takaful PLC		32,500	172	325,000	221
Nation Lanka Finance PLC		67,172	74	67,172	40
Pan Asia Banking Corporation PLC		10,000	128	10,000	148
The Finance Company PLC		1,875,000	2,437	1,875,000	2,063
Citizen Development Business Finance PLC		-	-	1,853,287	152,694
LOLC Finance PLC		150,000	585	100,000	340
Peoples Leasing & Finance PLC		51,514	922	50,000	815
Sector Total			4,318		156,321
Beverage Foods and Tobacco					
Renuka Agri Foods PLC		125,000	375	125,000	263
Sector Total			375		263
Telecommunication					
Sri Lanka Telecom PLC		10,000	319	10,000	235
Sector Total			319		235

11.(c) Quoted Share Investment Contd.

	2019		2018	
	Number of Shares	Fair Value Rs.'000	Number of Shares	Fair Value Rs.'000
As at 31 December				
Manufacturing				
Blue Diamond Jewellery Worldwide PLC	285,100	200	285,100	143
Royal Ceramics Lanka PLC	17,000	1,504	17,000	1,268
Access Engineering PLC	46,000	1,003	46,000	649
Lankem Ceylon PLC	1,500	38	1,500	36
Haycarb PLC	241	46	241	30
Lanka Ceramic PLC	718	99	718	94
Lanka Walltile PLC	91	7	91	6
Dipped Product PLC	4,000	336	4,000	340
Kelani Tyres PLC	11,176	554	11,176	402
Ceylon Grain Elevators PLC	24,000	1,644	24,000	1,428
ACL Cables PLC	24,600	1,414	24,600	910
Lanka Tiles PLC	15,000	1,150	15,000	1,097
Hayleys Management Knitting Mills PLC	30,000	537	30,000	276
Alumex PLC	-	-	15,000	203
Sector Total		8,532		6,882
Diversified Holdings				
Vallibel One PLC	15,000	262	15,000	255
Browns Investments PLC	19,500,000	97,500	20,000,000	38,000
Renuka Holdings PLC	26,222	506	26,222	443
Hayleys PLC	1,000	175	1,000	187
MDT Walkers PLC	62,200	921	62,200	684
Lanka Century Investment PLC	9,443,196	121,818	9,443,196	39,661
Expo Lanka Holdings PLC	75,000	383	75,000	300
Sector Total		221,565		79,530
Investment and Trust				
Ceylon Guardian Investment Trust PLC	1,516	139	1,516	105
Sector Total		139		105
Trading				
Singer Sri Lanka (PLC)	15,000	527	15,000	438
Sector Total		527		438
Total Investment in Quoted Shares		236,848		244,734

Notes to the Financial Statements

11.(d) Unit Trust Investments

	2019		2018	
	Number of Units	Carrying Value Rs.'000	Number of Units	Carrying Value Rs.'000
ASTRU Alpha Fund	15,049,529	137,211	5,683,912	45,862
		137,211		45,862

11.(e) Movement in the Carrying Values of Financial Instruments

	Loans and Receivables Rs.'000	Available- For-Sale Rs.'000	Total Rs.'000
At 1st January 2019	5,591,576	6,162,375	11,753,951
Purchases	2,668,579	112,364,133	115,032,712
Disposals	(1,192,090)	(112,975,378)	(114,167,468)
Fair Value Gains Recorded in Other Comprehensive Income	-	(251,967)	(251,967)
Movement in Impairment Allowance	-	(11,699)	(11,699)
At 31 December 2019	7,068,065	5,287,464	12,355,529

Fair Value of Financial Assets and Liabilities not Carried at Fair Value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements (i.e., loans and receivables).

Assets for which Fair Value Approximates Carrying Value

For financial assets and financial liabilities that have a short-term maturity (less than three months), it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits, and savings accounts without a specific maturity.

Fixed Rate Financial Instruments

The fair value of fixed rate financial assets carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments.

For quoted debt instruments the fair values are determined based on quoted market prices.

For unquoted equity investments have been fair valued using price to book value method.

For unquoted debt instruments, the carrying value approximates the fair value of the investments.

11.(f) Determination of Fair Value and Fair Values Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly and

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	Notes	2019				2018			
		Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value
		Quoted Prices	Significant Observable	Significant Unobservable		Quoted Prices in	Significant Observable	Significant Unobservable	
		in active markets	Inputs	Inputs		active markets	Inputs	Inputs	
As at 31 December		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial Assets									
Available-For-Sale Financial Assets:									
Equity Securities	11 (c)	236,848	-	300,387	537,235	244,734	-	761,781	1,006,515
Unit Trust	11 (d)	-	137,211	-	137,211	-	45,862	-	45,862
Debt Securities		2,124,782	2,488,236	-	4,613,018	3,335,083	1,774,915	-	5,109,998
Total Financial Assets		2,361,630	2,625,447	300,387	5,287,464	3,579,817	1,820,777	761,781	6,162,375
Non Financial Assets									
Land and Buildings	7.1	-	-	1,945,162	1,945,162	-	-	1,654,956	1,654,956
Investment Properties	9.1	-	-	133,000	133,000	-	-	133,000	133,000
Total Non Financial Assets		-	-	2,078,162	2,078,162	-	-	1,787,956	1,787,956
Total Financial and Non Financial Assets									
Financial Assets		2,361,630	2,625,447	2,378,549	7,365,626	3,579,817	1,820,777	2,549,737	7,950,331

Notes to the Financial Statements

11.(g) Reconciliation of Movements in Level 3 Financial Instruments Measured at Fair Value

The following table shows a reconciliation of the opening and closing recorded amount of Level 3 financial assets which are recorded at fair value:

	Note	At 1 January 2019 Rs.'000	Total Gains/ (Loss) recorded in Comprehensive Income Rs.'000	Additions/ Disposals Rs.'000	At 31 December 2019 Rs.'000
Financial Assets					
Available-For-Sale Financial Assets:					
Equity Securities	11 (a)	761,781	(461,394)	-	300,387
Total Level 3 Financial Assets		761,781	(461,394)	-	300,387
Non Financial Assets					
Land and Buildings	7.1	1,654,956	244,576	45,630	1,945,162
Investment Properties	9.1	133,000	-	-	133,000
Total Level 3 Non-Financial Assets		1,787,956	244,576	45,630	2,078,162
Total Level 3 Financial and Non-Financial Assets		2,549,737	(461,394)	45,630	2,378,549

11.(h) In case of change in assumptions having 10% variation in P/E ratios, the effect to Other Comprehensive income could be as follows:

	Amount 31/12/2019 Rs.'000	Effect of Possible Alternate Assumptions Rs.'000	Carrying Amount 31/12/2018 Rs.'000	Effect of Possible Alternate Assumptions Rs.'000
Equity Securities	300,387	30,039	761,781	76,178
	300,387	30,039	761,781	76,178

11.(i) Financial Instruments not under the fair value measurement hierarchy

The following is a list of financial instruments which have not been considered under the fair value measurement hierarchy, because the carrying amount of those financial instruments is a reasonable approximation of fair value since they are short-term in nature or re - prise to current market rates frequently.

Assets

Cash and Cash Equivalents
Term Deposits and Repo
Reinsurance Receivables
Insurance Receivables

Liabilities

Reinsurance Creditors
Other Liabilities (Excluding Government Levies and Accruals)
Interest Bearing Borrowings

12. GRATUITY BENEFIT ASSET

This note indicates the assumptions used and the movement in the employee benefit plan. As at 31 December 2019 the gratuity liability was actuarially valued under the projected unit credit Method (PUC) by M/S.K.A.Pandit Actuarial valuer. The valuation performed annually.

The amounts recognised for insurance business in the Income Statement are as follows:

	2019	2018
	Rs.'000	Rs.'000
Current Service Cost	76,789	86,702
Interest Cost on Benefit Obligation	215,305	184,194
Expected return on Plan Assets	(315,087)	(245,704)
	(22,993)	25,192
Net Actuarial Gain/ (Loss) recognised in the Other Comprehensive Income	(7,311)	118,079

12.1 The amounts recognised in the Statement of Financial Position at the reporting date are as follows:

	Note	2019	2018
		Rs.'000	Rs.'000
Present Value of the Defined Benefit Obligation	12.2	1,915,716	1,774,978
Fair Value of Plan Assets	12.3	(2,940,992)	(2,597,584)
Total Net Defined Benefit Asset		(1,025,277)	(822,607)

12.2 The Movement in the Defined Benefit Liability is as follows:

	2019	2018
	Rs.'000	Rs.'000
At 1 January	1,774,978	1,754,231
Current Service Cost	76,789	86,702
Interest Cost	215,305	184,194
Benefits Paid	(336,988)	(143,912)
Actuarial (Gains)/ Losses	185,632	(106,237)
At 31 December	1,915,716	1,774,978

The Gratuity benefit Liability is valued by M/S. K.A. Pandit Actuarial valuer.

Notes to the Financial Statements

12.3 The movement in the Plan Assets is as follows:

	2019	2018
	Rs.'000	Rs.'000
At 1 January	(2,597,584)	(2,340,038)
Expected Return on Plan Assets	(315,087)	(245,704)
Contribution paid by the employer	150,000	-
Actuarial Gains/Losses	(178,321)	(11,842)
At 31 December	(2,940,992)	(2,597,584)

The distribution of the Plan Assets at the reporting date is as follows:

	2019	2018
	Rs.'000	Rs.'000
Investment in Shares	2,314,360	1,833,719
Short term Investments	11,116	336,520
Other Assets	615,516	427,345
Total Plan Assets	2,940,992	2,597,584

Gratuity funds plan assets include investment in equity shares of Ceylinco Insurance PLC, (the parent entity of the company) market value amounting to Rs. 688,042,806/- (2018 - Rs. 1,428,942,000/-) as at the reporting date

The overall expected rate of return on assets is determined based on market expectations prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal actuarial assumptions used in determining the gratuity benefit obligation for the Company's plan assets are as follows:

	2019	2018
Future salary increases	10.00%	10.00%
Discount rate	10.23%	12.13%
Expected rate of return on plan assets	10.23%	12.13%
Retirement age	55 Years	55 Years

12.4 Changes in the Defined Benefit Obligation and Fair Value of Plant Assets

Amount charged to Profit or Loss					Re-measurement Gains/(Losses) in Other Comprehensive Income							
	1-Jan-19	Service Cost	Net interest	Sub total included in profit or loss	Benefit paid	Assets Transferred	Return on plan assets (Excluding amounts included in net interest expenses)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Subtotal included in OCI	31-Dec-19
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Defined Benefit Obligation	(1,774,978)	(76,789)	(215,305)	(292,094)	336,988	-	-	-	(213,977)	28,345	(185,632)	(1,915,716)
Fair value of Plan Assets	2,597,584	-	-	-	-	(150,000)	315,087	-	-	178,321	178,321	2,940,992
Benefit Assets/(Liability)	822,607	(76,789)	(215,305)	(292,094)	336,988	(150,000)	315,087	-	(213,977)	206,666	(7,311)	1,025,277

Gratuity Benefit Asset has been excess over the Gratuity Benefit Liability due to share investment which has share appreciation annually.

A quantitative sensitivity analysis for significant assumptions as at 31 December 2019 is shown below:

	Discount Rate		Future Salary Increment Rate		Employee Turnover	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Impact on defined benefit obligation	(119,645)	138,201	137,170	(120,901)	1,340	(1,598)

Following payments are expected contributions to the defined benefit plan obligation on the future years.

	2019		2018	
	Rs.'000		Rs.'000	
Within the next 12 Months	597,404	761,504		
Between 2 and 5 Years	364,686	329,703		
Between 5 and 10 Years	808,989	674,846		

The average duration of the defined benefit plan obligation at the end of the reporting period is 9 years.

13 EMPLOYEE PENSION BENEFIT ASSET

	Amount charged to Profit or Loss				Re-measurement Gains/(Losses) in Other Comprehensive Income						Contribution by employers	31-Dec-19
	1-Jan-19	Service Cost	Net interest	Sub total included in profit or loss	Benefit paid	Return on plan assets (Excluding amounts included in net interest expenses)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Subtotal included in OCI		
Defined Benefit Obligation	(1,127,507)	(2,556)	(65,818)	(68,374)	303,795	-	-	(4,255)	(220)	(4,475)	-	(896,561)
Fair value of Plan Assets	2,412,165	290,424	-	290,424	(303,795)	-	(284,224)	-	-	(284,224)	58,918	2,173,488
Total recognised benefit (liability) / Asset	1,284,657	287,868	(65,818)	222,050	-	-	(284,224)	(4,255)	(220)	(288,699)	58,918	1,276,926

Projected pension benefit obligation has been valued based on projected unit cost method.

Actuarial gains and losses have been recognised immediately in the statement of Other Comprehensive Income.

The Pension Benefit Assets is valued by M/S.K.A.Pandit Actuarial valuer.

13.1 The principal assumptions used in determining pension and post-employment medical benefit obligations for the Company's plans are shown below:

	2019	2018
Discount Rate	10.23%	8% - 12.04%
Rate of Return on Plan Assets	10.23%	12.04%
Salary Escalation Rate	0%	0%
	10%	10%
Attrition Rate	1%	0%
Retirement Age	60 Yrs	60 Yrs
	55 Yrs	55 Yrs
Mortality Table	IALM 2006-08	IALM 2006-08

13.2 A quantitative sensitivity analysis for significant assumption as at 31 December 2019 is as shown below

Sensitivity level	Discount Rate	
	Increase 1%	Decrease 1%
Impact on pension benefit obligation	(2,466,943)	2,805,201

13.3 The distribution of the Plan Assets at the reporting date is as follows:

	2019 Rs.'000	2018 Rs.'000
Investment in shares	1,142,139	1,813,504
Others	1,031,349	598,661
	2,173,488	2,412,165

Other investments include fixed deposit, interest receivable and others.

14. DEFERRED TAX ASSET

	Other Comprehensive Income		Income Statement		Statement of Financial Position	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
As at 31 December						
Temporary Difference from Retirement Benefit Liability	51,976	29,746	12,571	(35,556)	536,400	496,994
Temporary Difference from Property Plant and Equipment	-	-	(28,212)	(20,278)	(314,833)	(343,045)
Temporary Difference from Intangible Assets	-	-	7,003	(2,519)	6,627	13,630
Available-for-sale Financial Assets (AFS)	(20,924)	18,792	-	-	(85,713)	(64,789)
Temporary Difference from Allowance for Impairment	-	-	(360)	(301)	10,945	10,585
Temporary Difference from Allowance for Net of ROU & Lease creditors	-	-	(13,266)	-	13,265	-
Revaluation Reserve	(86,446)	-	-	-	(182,090)	(95,644)
Deferred Tax Expense/(Income)	(55,394)	48,538	(22,264)	(58,654)		
Deferred Tax Asset/(Liability)					(15,399)	17,731

14.(a) Total Deferred Tax Assets

	2019 Rs.'000	2018 Rs.'000
At 1 January	17,731	7,615
Amounts recorded in the Income Statement	22,264	58,654
Amounts recorded in other Comprehensive Income	(55,394)	(48,538)
At 31 December	(15,399)	17,731

Notes to the Financial Statements

15. REINSURANCE RECEIVABLES

	2019	2018
As at 31 December	Rs.'000	Rs.'000
Reinsurance receivable on paid claims	531,018	1,045,156
Reinsurance receivable on payable claims	2,434,827	2,004,797
Total Reinsurance Receivables	2,965,845	3,049,953

Reinsurance receivables on paid claims represent dues within 6 months.

The carrying amounts disclosed above is in respect of the reinsurance of insurance contracts approximate fair value at the reporting date.

16. INSURANCE RECEIVABLES

	2019	2018
As at 31 December	Rs.'000	Rs.'000
Due from Policyholders	4,898,246	5,161,278
Due from Related Parties	3,369	9,046
Less : Allowance for impairment on Due from Policyholders	(39,091)	(37,802)
Total Insurance Receivables	4,862,524	5,132,522

16.(a) Credit Quality of Premium Receivables that are neither past due nor impaired is explained below;

	Below 60 days	Above 60 days	Total
As at 31 December	Rs.'000	Rs.'000	Rs.'000
2019	3,697,456	1,165,068	4,862,524
2018	4,000,673	1,131,849	5,132,522

17. OTHER ASSETS

	2019	2018
As at 31 December	Rs.'000	Rs.'000
Inventories	42,703	26,771
Advances, Deposits & Prepayments	321,169	378,481
Deferred Staff Benefits	-	19,045
Other Receivables	45,510	42,751
	409,382	467,048

18. CASH AND CASH EQUIVALENTS

	2019	2018
As at 31 December	Rs.'000	Rs.'000
Favourable Balances		
Cash in Hand	34,049	33,890
Cash at Bank with Licensed Commercial Banks	44,429	357,630
	78,478	391,520
Unfavourable Balances		
Bank Overdrafts included in Interest Bearing Borrowings	(121,342)	-
Total Cash and Cash Equivalents for Cash Flows Purposes	(42,864)	391,520

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

19. STATED CAPITAL

	2019	2018
	Rs.'000	Rs.'000
As at 31 December		
Issued & Fully paid	500,200	500,200
Ordinary Shares -Voting	500,200	500,200

All issued shares are fully paid. There is one class of Ordinary shares. All shares issued carry equal voting rights.

The holders of ordinary shares - voting are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

19.(a) Movement of Stated Capital

	2019	2018
	Rs.'000	Rs.'000
At 1 January	500,200	500,200
Issued during the year	-	-
At 31 December	500,200	500,200

Movement of No.of shares

	2019	2018
At 1 January	2,501,000	2,501,000
Issued during the year	-	-
At 31 December	2,501,000	2,501,000

19.(b) Special Reserves

	2019	2018
	Rs.'000	Rs.'000
Special Reserves *	6,848,160	6,848,160
	6,848,160	6,848,160

* This reserve represents the value (Net Book Value) of net assets transferred from Ceylinco Insurance PLC on 1st June 2015 as a result of segregation.

20. INSURANCE CONTRACT LIABILITIES

	Note	2019	2018
		Rs.'000	Rs.'000
As at 31 December			
Non-Life Insurance Contracts	20.(a)	12,089,210	11,898,662
Total Insurance Contract Liabilities		12,089,210	11,898,662

Unearned premium reserve included in non-life insurance contract liabilities had been presented on net basis.

Ceylinco General Insurance Ltd. performed a Liability Adequacy Test (LAT), as required by SLFRS 4 – Insurance Contracts, in respect of Insurance Contract liabilities as at 31st December 2019 with the assistance of external actuaries and it has been concluded that liabilities recorded in financial statements are adequate..

Notes to the Financial Statements

Key assumptions for valuation of liabilities in Non Life Insurance

The principal assumption underlying the liability estimates is that Ceylinco General Insurance Limited's future claims development may follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgments are also used to assess the extent to which liabilities may arise in the future, but excludes one-off occurrences, changes in market factors such as public attitude to claiming, economic conditions, and internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. The General Insurance claim liabilities are sensitive to the key assumptions. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

20.(a) Non-Life Insurance Contract Liabilities

		2019	2018
	Note	Insurance Contract Liabilities Rs.'000	Insurance Contract Liabilities Rs.'000
Provision for reported claims by Policyholders		4,028,543	3,828,608
Provision for claims IBNR/IBNER		404,712	353,659
Outstanding claims provision	20.(a).i	4,433,255	4,182,267
Provision for Unearned Premiums	20.(a).ii	7,655,955	7,716,395
Total Non Life Insurance Contract Liabilities		12,089,210	11,898,662
Non-Life Technical Reserves		8,974,315	9,436,480

20.(a) i Outstanding Claims Provision

	2019			2018		
	Insurance Contract Liabilities Rs.'000	Reinsurance of Liabilities Rs.'000	Net Rs.'000	Insurance Contract Liabilities Rs.'000	Reinsurance of Liabilities Rs.'000	Net Rs.'000
At 1 January	4,182,267	3,049,953	1,132,314	4,207,538	3,176,207	1,031,331
Claims incurred in the current accident year	10,524,330	2,542,244	7,982,086	9,067,034	1,668,573	7,161,005
Other movements in claims incurred in prior accident years	409,299	137,801	271,498	362,256	238,200	362,256
Claims paid during the year	(10,682,641)	(2,764,153)	(7,918,488)	(9,454,561)	(2,033,027)	(7,422,278)
At 31 December	4,433,255	2,965,845	1,467,410	4,182,267	3,049,953	1,132,314

Reinsurance receivable on paid claims are included under above Reinsurance receivables amounting to Rs.531,018,000 (Rs.1,045,156,000/- in 2018).

Significant delays occur in the notification of claims and a substantial measure of experience and judgment is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty as of the reporting date.

The incurred but not reported (IBNR) and incurred but not enough reported (IBNER) claim reserve have been actuarially computed by M/S K.A.Pandit - Consultants and Actuaries. The valuation is performed on an annual basis.

20.(a).ii Provision for Unearned Premiums

	2019	2018
	Insurance Contract Liabilities Rs.'000	Insurance Contract Liabilities Rs.'000
At 1 January	7,716,395	7,438,709
Premiums written in the year	14,325,954	14,470,223
Premiums earned during the year	(14,386,394)	(14,192,537)
At 31 December	7,655,955	7,716,395

21. DEFERRED REVENUE

	2019	2018
	Rs.'000	Rs.'000
As at 31 December		
SRCC/TC RI Commission Payable	112,847	91,072
Foreign RI Commission Provision	226,418	200,521
	339,265	291,593

21. (a) MOVEMENT OF DEFERRED REVENUE

	2019	2018
	Rs.'000	Rs.'000
At 1 January	291,593	227,504
Revenue Deferred	726,094	681,060
Amortisation	(678,422)	(616,971)
At 31 December	339,265	291,593

22. REINSURANCE PAYABLE

	2019	2018
	Rs.'000	Rs.'000
As at 31 December		
Domestic Reinsurer - National Insurance Trust Fund (NITF)	482,798	208,385
Domestic Reinsurers - Others	3,752	10,823
Foreign Reinsurers	1,507,468	1,319,851
	1,994,018	1,539,059

23. OTHER LIABILITIES

	2019	2018
	Rs.'000	Rs.'000
As at 31 December		
Agency Commission Payable	743,736	715,600
Government Levies	141,178	303,589
Other Creditors	686,911	1,264,177
Lease Creditor	208,681	-
Accrued Expenses	281,967	233,528
	2,062,473	2,516,894

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

All amounts are payable within one year except for lease creditors.

Notes to the Financial Statements

24. NET PREMIUMS

		2019	2018
Year Ended 31 December		Rs.'000	Rs.'000
Gross premiums on Insurance Contracts	24.(a)	19,802,995	19,186,707
		19,802,995	19,186,707
		2019	2018
Year Ended 31 December		Rs.'000	Rs.'000
Premiums Ceded to Reinsurers on Insurance Contracts	24.(b)	5,477,019	4,716,483
		5,477,019	4,716,483

24.(a) Gross Written Premium

The premium income for the year by major classes of business is as follows.

		2019	2018
Year Ended 31 December		Rs.'000	Rs.'000
Fire		2,619,841	2,121,681
Motor		11,225,594	11,314,068
Marine		654,122	627,784
Miscellaneous		3,954,470	2,918,263
Engineering		1,164,945	2,013,984
Employers' Liability		184,023	190,927
		19,802,995	19,186,707

The Gross Written Premium of 2019 includes Rs. 37,330,903 and US\$ 50,445 (2018-Rs.27,715,703 and US\$ 124,315) which are collected on behalf of Co-insurance partners.

24.(b) Premium Ceded to Reinsurers

		2019	2018
Year Ended 31 December		Rs.'000	Rs.'000
Fire		2,178,994	1,969,686
Motor		742,838	481,934
Marine		310,833	286,387
Miscellaneous		1,405,495	1,340,722
Engineering		823,966	622,070
Employers' Liability		14,893	15,684
		5,477,019	4,716,483
National Insurance Trust Fund			
Compulsory Reinsurance Cessions		863,820	737,868
Strike , Riots, Civil Commotion		1,355,345	1,001,372
Foreign Reinsurers		3,211,609	2,929,841
Local Coinsurance Partners		46,245	47,402
		5,477,019	4,716,483

24.(c) Net Income

		2019	2018
Year Ended 31 December		Rs.'000	Rs.'000
Net Earned Premium		14,386,415	14,192,538
Other Revenue		2,332,061	2,367,828
		16,718,476	16,560,366

25. FEES AND COMMISSION INCOME

	2019	2018
Year Ended 31 December	Rs.'000	Rs.'000
Reinsurance Commission Income	726,094	681,060
Total Fees and Commission Income	726,094	681,060

26. INVESTMENT INCOME

	Note	2019	2018
Year Ended 31 December		Rs.'000	Rs.'000
Available-For-Sale Financial Assets			
Interest Income	26.(a)	526,867	675,451
Dividend Income	26.(b)	10,425	55,892
Loans and Receivables - Interest Income		617,908	393,986
Interest Income from Staff Loan		-	10,700
Other operating revenue		235,746	399,668
Total Investment Income		1,390,946	1,535,697

26.(a) Available-for-sale financial assets

	2019	2018
Year Ended 31 December	Rs.'000	Rs.'000
Interest Income		
Debt Interest	249,040	189,338
Repo Income	37,928	55,343
Treasury Bill & Bonds Income	239,899	430,770
	526,867	675,451

26.(b) Dividend Income

	2019	2018
Year Ended 31 December	Rs.'000	Rs.'000
Dividend Income-Quoted Investments	10,425	20,568
Income from Unit Trusts	-	35,324
	10,425	55,892

27. REALISED GAINS

	2019	2018
Year Ended 31 December	Rs.'000	Rs.'000
Property, Plant and Equipment		
Realised Gains	79,337	134,722
Available-For-Sale Financial Assets		
Realised Gains		
Equity Securities	128,329	(11)
Debt Securities	7,355	16,360
Total Realised Gains for Available-For-Sale Financial Assets	135,684	16,349
Total Realised Gains	215,021	151,071

Notes to the Financial Statements

28. NET BENEFITS AND CLAIMS

	2019	2018
Year Ended 31 December	Rs.'000	Rs.'000
(a) Gross Benefits and Claims Paid		
Non-Life Insurance Contracts	10,682,651	9,454,561
Total Gross Benefits and Claims Paid	10,682,651	9,454,561
(b) Claims Ceded to Reinsurers		
Non-Life Insurance Contracts	(2,764,153)	(2,033,027)
Total Claims Ceded to Reinsurers	(2,764,153)	(2,033,027)
(c) Gross Change in Contract Liabilities		
Change in Non-Life Insurance Contract Outstanding Claims Provision	250,988	(24,526)
Total Gross Change in Contract Liabilities	250,988	(24,526)
(d) Change in Contract Liabilities Ceded to Reinsurers		
Change in Non-Life Insurance Contract Outstanding Claims Provision	84,108	126,253
Total Change in Contract Liabilities Ceded to Reinsurers	84,108	126,253
Net Benefits and Claims	8,253,594	7,523,261

Non - Life Net Claims Incurred

	2019	2018
	Rs.'000	Rs.'000
Gross Claims Incurred	10,933,639	9,430,035
Reinsurance Recoveries	(2,680,045)	(1,906,774)
Total Net Claims Incurred	8,253,594	7,523,261

The analysis by major classes of business is as follows-Non Life

	2019	2018
Year Ended 31 December	Rs.'000	Rs.'000
Fire	635,622	390,983
Motor	5,698,550	5,530,800
Marine	114,896	96,167
Miscellaneous	1,405,579	1,294,059
Engineering	355,694	172,649
Employer's Liability	43,253	38,603
	8,253,594	7,523,261

29. ACQUISITION COSTS

	2019	2018
Year Ended 31 December	Rs.'000	Rs.'000
Fees and Commission Expenses	1,850,104	1,780,557
Deferred Expenses	(11,168)	(65,252)
	1,838,936	1,715,305

30. OTHER OPERATING AND ADMINISTRATIVE EXPENSES

	Notes	2019	2018
Year Ended 31 December		Rs.'000	Rs.'000
Amortisation of Intangible Assets	5	76,711	69,096
Depreciation on Property Plant and Equipment	7	398,021	354,211
Other Operating Expenses		1,072,136	976,928
Auditors' Remuneration - Fees		4,200	4,200
Employee Benefits Expense	30(a)	2,396,726	2,735,405
Selling Expenses		807,144	763,313
Legal Expenses		24,428	8,357
Donations		21,488	22,344
Total Other Operating and Administrative Expenses		4,800,854	4,933,854

30(a). Employee Benefits Expense

	2019	2018
Year Ended 31 December	Rs.'000	Rs.'000
Wages and Salaries including Bonus & Incentives	2,106,949	2,320,950
Employees' Provident Fund	209,742	203,498
Employees' Trust Fund	52,397	50,769
Defined Gratuity Benefit & Pension Costs	(242,270)	(100,652)
Other Staff related Cost	269,908	260,840
Total Employee Benefits Expense	2,396,726	2,735,405

31. FINANCE COSTS

	2019	2018
Year Ended 31 December	Rs.'000	Rs.'000
Lease Interest	30,366	-
Other Finance Charges	60,210	52,124
Total Finance Cost	90,576	52,124

32. INCOME TAX EXPENSE

The major components of Income Tax Expense for the years ended 31 December 2019 is:

32(a) Current Year Tax Charge

	Notes	2019	2018
Year Ended 31 December		Rs.'000	Rs.'000
Current Tax			
Income Tax		379,658	610,779
Over/Under provision in respect of previous year		-	(1,183)
Total Current Tax		379,658	609,596
Deferred Tax			
Origination of temporary differences	14(a)	(22,264)	(58,654)
Total Income Tax Expense		357,394	550,942

32(b) Tax recorded in Other Comprehensive Income (see Note 35)

	2019	2018
Year Ended 31 December	Rs.'000	Rs.'000
Deferred Tax	(55,394)	(48,538)
Total Tax charge to Other Comprehensive Income	(55,394)	(48,538)

Notes to the Financial Statements

32.(c) Reconciliation of Tax Charge

Reconciliation of Effective Tax Rate

	2019	2018
	Rs.'000	Rs.'000
Profit for the Period	1,377,122	1,784,880
Total Income Tax Expense	357,394	550,941
Profit liable for Income Tax	1,734,516	2,335,821
Income tax Using the Company's Domestic Tax Rate (28%)	485,664	654,030
Tax exempt income	(61,060)	(65,120)
Net Non-Deductible/(deductible) Expenses	(67,210)	21,869
Over / (Under) Provision of Previous Years	-	(1,183)
	357,394	609,596

32.(d) VAT Assessment on Reinsurance

The Department of Inland Revenue has issued VAT assessments for the taxable period in the years 2003 and 2004 mainly imposing VAT on Reinsurance recoveries and reinsurance discounts. Upon the determination of the Commissioner General of Inland Revenue, holding the position they are chargeable with VAT, Company appealed to the Tax Appeals Commission. The Tax Appeals Commission has given its decision in favour of Inland Revenue. Hence, upon the receipt of the decision of the Tax Appeals Commission, company appealed to the Honourable Court of appeal on the questions of Law. Now the matter is pending before the Honourable court of appeal for their opinion. The amount so assessed by Inland Revenue is Rs. 195.9 Million.

33. BASIC/DILUTED EARNINGS PER SHARE

Basic/Diluted Earnings per Share has been calculated by dividing profit after taxation attributable to ordinary shareholders of the parent by the weighted average Ordinary Shares in issue at the year end.

Year Ended 31 December	2019	2018
Profit for the year (Rs.'000)	1,377,122	1,784,880
Weighted Average Number of Ordinary Shares	2,501,000	2,501,000
Basic/Diluted Earnings Per Ordinary Share (Rs.)	550.63	713.67

There were no potential dilutive Ordinary Shares outstanding at any time during the year. Therefore, Diluted Earnings Per Share is same as Basic Earnings Per Share shown above.

34. DIVIDENDS PAID AND PROPOSED

Year Ended 31 December	2019	2018
Interim Dividend Paid (Rs.000)	530,212	-
Final Dividend Paid (Rs.'000)	-	417,667
	530,212	417,667
No. of Shares in issue for the year	2,501,000	2,501,000
Dividend per share (Rs.)	212.00	167.00

The Board of Directors has paid dividend of Rs.212.00 per share for the year ended 31st December, 2019 which is to be approved by the shareholders at the Annual General Meeting to be held on 13 March 2020 .

35. INCOME TAX EFFECTS RELATING TO OTHER COMPREHENSIVE INCOME

	2019			2018		
	Before tax amount Rs.'000	Tax (expense) benefit Rs.'000	Net of tax amount Rs.'000	Before tax amount Rs.'000	Tax (expense) benefit Rs.'000	Net of tax amount Rs.'000
Year Ended 31 December						
Net Gain/(Loss) on Available-For-Sale Financial Assets	(251,967)	(20,924)	(272,891)	(203,493)	(18,792)	(222,285)
Actuarial Gain on Defined Benefit Plans	(296,011)	51,977	(244,034)	255,686	(29,746)	225,940
Revaluation Surplus/(Deficit) during the year	308,731	(86,447)	222,284	-	-	-
Total	(239,247)	(55,394)	(294,641)	52,193	(48,538)	3,655

36. RISK MANAGEMENT FRAMEWORK

36.(a) Governance framework

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The Company has established a risk management process with specified objectives with clear tasks.

The board of directors and senior management manages the risks through various committees and delegated authorities. The reviews of risks on regular basis and the strategies adopted timely ensures the risk management function an important activity within the organisation.

36.(b) Capital management objectives, policies and approach

The Company has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- ➔ To maintain the required level of stability of the Company thereby providing a degree of security to policyholders
- ➔ To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders
- ➔ To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets
- ➔ To align the profile of assets and liabilities taking account of risks inherent in the business
- ➔ To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders

Operations of the Company are also subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., capital adequacy) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

The Company maintains capital, investments and solvency as per the regulations prescribed by Insurance Regulatory Commission of Sri Lanka. (IRCSL). Further, under the parallel run requirements of IRCSL the Company maintains required Capital Adequacy Ratio (CAR) under the Risk Based Capital (RBC) Regime. New changes in regulations are timely adopted and necessary changes are made to internal processes.

Notes to the Financial Statements

Approach to capital management

The Company allocates capital to businesses as required and ensures the sufficient returns to shareholders and policyholders. The assets and liabilities management establishes the required level of liquidity and reduces the risks of the company and achieves the required capital levels of the company.

The primary source of capital used by the Company is equity shareholders' funds. The Company also utilises, where efficient to do so, sources of capital such as reinsurance.

The returns expectations are regularly forecast and comparisons are made in order to ensure the requirements of stakeholders are achieved.

The risks are identified with clear understanding of market environment, regulatory environment and macro economic changes. The company has well experienced and skilled directors who could assess the risks and execute appropriate strategies and achieve the targets with less negative effect to shareholders.

Available capital resources

	2019 Rs.'000	2018 Rs.'000
Total equity	11,697,592	11,145,323
Adjustments onto a regulatory basis	(6,047,021)	(5,249,211)
Available capital resources	5,650,571	5,896,112

36.(c) Regulatory framework

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the Company is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The Company is regulated by Insurance Regulatory Commission of Sri Lanka (IRCSL) with the objective of protecting shareholders and policyholders. There are various regulations and directive the company is expected to adhere in order to achieve the expected norms, which leads the company to maintain required solvency and maintain sufficient capital.

Financial risks arise due to movements in market rates. The risks mainly involve interest rates risks, share price changes etc. The company manages these risks through various strategies adopted at asset liability committee, investment committee and risk management committees.

IRCSL ensures that the Company maintains required solvency position to meet future liabilities. The Company successfully implemented the Risk Based Capital (RBC) framework on solvency margin as required by IRCSL.

The capital positions of the Company as of 31st December 2019 and 2018 are as follows.

	Total Available Capital (TAC) Rs.000	Risk based Capital Requirement Rs.000	Risk-based Capital Adequacy Ratio (CAR)	Regulatory Minimum CAR
31st December 2019	5,650,571	3,168,954	178	120
31st December 2018	5,896,112	3,026,609	195	120

36.(d) Asset Liability Management (ALM) Framework

ALM is the ongoing process of formulating, implementing, monitoring and revising strategies related to assets and liabilities to achieve an organisation's financial objectives, given the organisation's risk tolerance and other constraints. ALM deals with the optimal investment of assets in view of meeting current goals and future liabilities.

Various financial risks arise from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements. The main risk that the Company faces, due to the nature of its investments and liabilities, is interest rate risk.

The Investment committee identifies the nature of the liabilities arising from the product portfolio and evaluates the investment options that best suit to hedge the liability. The Company manages these selected positions within a strategically crafted ALM framework that has been developed considering the cyclical nature of the domestic interest rates to achieve investment returns in excess of its obligations in the long term.

37. INSURANCE AND FINANCIAL RISK

37.(a) Insurance risk

The principal insurance risk the Company faces is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. The Company has entered into reinsurance treaties with world's leading reinsurers as a part of its risks mitigation programme. All reinsurance is designed to mitigate the Company's net exposure to a single claim as well as to catastrophe losses.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is not dependent on a single reinsurer. The Company has all reinsurance arrangements with many leading reinsurance companies.

The main risk faced by insurance business is that the actual claims are varying from the expected claims from different types of policies. The company minimises the risks by evaluating the business in detail and charges the correct premiums so that the company has sufficient reserves to meet any unforeseen claims.

There are other types of risks such as reinsurance, default risk, credit risk, concentration risk, liquidity risks and market risks. The company's risk management policies and processes mitigate the impact of these risks and also benefits the organisation by accepting some calculated risks at appropriate times.

Notes to the Financial Statements

37.(a) i Insurance contracts

The non-life insurance principally issues the following types of general insurance contracts: motor, marine, engineering, fire, suwa sampatha and miscellaneous products. Risks under non-life insurance policies usually cover twelve months duration. For general insurance contracts, the most significant risks arise from accidents, climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk.

These risks do not vary significantly in relation to the location of the risk insured by the Company, type of risk insured and by industry.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the non-life. Further on the spot claims settlement procedures also helps to reduce the exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The non-life has also limited its exposure by arranging reinsurance contracts with rated Reinsurers internationally.

Sensitivities

The non-life insurance claim liabilities are sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

Sensitivity of the value of insurance Liabilities as at 31/12/2019	Outstanding claims reserves based on BF with a 5% increase in the initial Estimated Ultimate Loss Ratio (IEULR)	Outstanding claims reserves based on BF with a 5% Decrease in the initial Estimated Ultimate Loss Ratio (IEULR)
Impact on the best estimate liability (Rs.000)	959,442	869,136

Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. (Net claims payable)

Year	0	1	2	3
2012	-	-	4,118,362	-
2013	-	5,227,313	(8,690,169)	499,999
2014	939,339,988	(5,564,745)	(5,564,745)	-
2015	570,867,852	(103,140,094)	(38,064,835)	91,881,814
2016	(359,345,658)	(201,260,832)	60,691,997	128,184,503
2017	1,024,084,173	(364,476,124)	495,972	-
2018	988,889,167	82,953,932	-	-
2019	851,064,144	-	-	-

37.(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The following processes/activities of the Company reduces the credit risk of financial instruments.

- ➡ Credit risk policy is based on the IRCSL determination. The maximum exposures to each type of financial instrument is limited based on the policy.
- ➡ The investment committee evaluates the exposure and the new investments in instruments in order to reduce the risks.
- ➡ The regular review by the Board also minimises the credit risks.

Credit exposure

The table below shows the maximum exposure to credit risk for the components of the statement of financial position and items such as future commitments.

	Notes	2019 Rs.'000	2018 Rs.'000
Financial Instruments			
Loans and Receivables			
Debt Securities	10 (b)	6,965,465	5,475,164
Other	10 (a)	102,600	116,412
		7,068,065	5,591,576
Available-For-Sale Financial Assets			
Equity Securities	11	537,235	1,006,515
Unit Trust	11	137,211	45,862
Debt Securities	11	4,613,018	5,109,998
		5,287,464	6,162,375
Other Assets			
Reinsurance Receivables	15	2,965,845	3,049,953
Insurance Receivables	16	4,862,524	5,132,522
Cash and Cash Equivalents	18	78,478	391,520
		7,906,847	8,573,995
Total Credit Risk Exposure		20,262,376	20,282,084

Notes to the Financial Statements

Industry Analysis

31 December 2019	Financial Services Rs.'000	Government Rs.'000	Services Rs.'000	Manufacturing and Power Rs.'000	Others Rs.'000	Total Rs.'000
Assets						
Loans and Receivables						
Term Deposits	6,965,465	-	-	-	-	6,965,465
Unquoted Debentures	-	-	-	-	-	-
Staff and Vehicle Loans	-	-	-	-	102,600	102,600
	6,965,465	-	-	-	102,600	7,068,065
Available-For-Sale Financial Assets						
Equity Securities	224,037	-	2,313	308,919	1,966	537,235
Debt Securities	2,488,236	2,124,782	-	-	-	4,613,018
Unit Trust	137,211	-	-	-	-	137,211
	2,849,484	2,124,782	2,313	308,919	1,966	5,287,464
Total Credit Risk Exposure	9,677,738	2,124,782	2,313	308,919	104,566	12,355,529
31 December 2018	Financial Services Rs.'000	Government Rs.'000	Services Rs.'000	Manufacturing and Power Rs.'000	Others Rs.'000	Total Rs.'000
Assets						
Loans and Receivables						
Term Deposits	5,475,164	-	-	-	-	5,475,164
Staff and Vehicle Loans	-	-	-	-	116,412	116,412
	5,475,164	-	-	-	116,412	5,591,576
Available-For-Sale Financial Assets						
Equity Securities	234,342	-	1,879	768,663	1,631	1,006,515
Debt Securities	1,774,915	3,335,083	-	-	-	5,109,998
Unit Trust	45,862	-	-	-	-	45,862
	2,055,119	3,335,083	1,879	768,663	1,631	6,162,375
Total Credit Risk Exposure	7,484,421	3,335,083	1,879	768,663	118,043	11,753,951

37. INSURANCE AND FINANCIAL RISK (CONTD...)

The below table indicates the rating of investments as at 31st December 2019 & 2018.

31 December 2019	AAA Rs.'000	AA+ Rs.'000	AA Rs.'000	AA- Rs.'000	A+ Rs.'000	A Rs.'000	A- Rs.'000	BBB+ Rs.'000	BBB Rs.'000	BBB- Rs.'000	BB+ Rs.'000	BB Rs.'000	B Rs.'000	Not rated Rs.'000	Total Rs.'000
Financial Instruments															
Loans and Receivables	1,214,059	773,596	1,505,844	-	900,232	-	2,527,455	-	-	146,879	-	-	-	-	7,068,065
Available-for-sale Financial Assets															
Equity securities	-	-	-	-	-	-	-	-	-	-	-	-	-	300,387	300,387
Debt securities	2,453,556	-	836,130	381,188	382,478	-	513,837	-	-	713	-	-	-	281,964	4,849,866
Unit trust	-	-	-	-	-	-	-	-	-	-	-	-	-	137,211	137,211
Total	3,667,615	773,596	2,341,974	381,188	1,282,710	-	3,041,292	147,592	-	147,592	-	-	-	719,562	12,355,529

31 December 2018	AAA Rs.'000	AA+ Rs.'000	AA Rs.'000	AA- Rs.'000	A+ Rs.'000	A Rs.'000	A- Rs.'000	BBB+ Rs.'000	BBB Rs.'000	BBB- Rs.'000	BB+ Rs.'000	BB Rs.'000	B Rs.'000	Not rated Rs.'000	Total Rs.'000
Financial Instruments															
Loans and Receivables	507,123	1,411,247	-	627,575	579,293	-	2,307,253	-	-	31,644	-	-	-	127,441	5,591,576
Available-for-sale Financial Assets															
Equity securities	-	1,488	-	-	-	-	-	152,842	-	-	-	-	-	852,185	1,006,515
Debt securities	3,335,083	305,430	-	858,047	358,326	-	253,157	-	-	-	-	-	-	-	5,110,043
Unit trust	-	-	-	-	-	-	-	-	-	-	-	-	-	45,662	45,662
Total	3,842,206	1,718,165	-	1,485,622	937,619	-	2,560,410	152,842	-	31,644	-	-	-	1,025,488	11,753,996

Notes to the Financial Statements

37.(c) Liquidity risk

The liquidity risks in Company is where the company does not have enough cash/arrangements to meet payments./commitments as they fall due. Following processes/activities are in place to minimise the liquidity risk.

- The regular maintenance of investments in accordance with the IRCSL guidelines.
- The investment committee reviews the liquidity levels and take appropriate actions to improve the liquidity
- Efficient forecasting of future commitments and making investments to meet the pay-outs, mitigate any possible liquidity concerns.

37.(c) i Maturity analysis for Financial Assets and Financial Liabilities

Table below represent the maturity profiles of Financial Assets and Financial Liabilities

As at December 2019	Within one year Rs.'000	After one year not more than three years Rs.'000	Above 3 years Rs.'000	Total Rs.'000
Financial Assets				
Financial Instrument				
Measured at Fair Value	1,441,032	2,043,496	1,802,936	5,287,464
Measured at Amortized Cost	7,068,065	-	-	7,068,065
Reinsurance Receivable	2,965,845	-	-	2,965,845
Insurance Receivable	4,862,524	-	-	4,862,524
Other Assets	409,382	-	-	409,382
Cash and Cash Equivalents	78,478	-	-	78,478
Total Financial Assets	16,825,326	2,043,496	1,802,936	20,671,758
Financial Liabilities				
Reinsurance Payable	1,994,018	-	-	1,994,018
Other Liabilities	1,853,792	-	-	1,853,792
Lease Creditors	39,150	169,531	-	208,681
Total Financial Liabilities	3,886,960	169,531	-	4,056,491
Total Excess Liquidity	12,938,366	1,873,965	1,802,936	16,615,267

As at December 2018	Within one year Rs.'000	After one year not more than three years Rs.'000	Above 3 years Rs.'000	Total Rs.'000
Financial Assets				
Financial Instrument				
Measured at Fair Value	2,693,587	1,502,784	1,966,004	6,162,375
Measured at Amortised Cost	5,591,576	-	-	5,587,422
Reinsurance Receivable	3,049,953	-	-	3,049,953
Insurance Receivable	5,132,522	-	-	5,132,522
Other Assets	467,048	-	-	467,048
Cash and Cash Equivalents	391,520	-	-	391,520
Total Financial Assets	17,326,206	1,502,784	1,966,004	20,794,994
Financial Liabilities				
Reinsurance Payable	1,539,059	-	-	1,539,059
Other Liabilities	2,516,894	-	-	2,516,894
Total Financial Liabilities	4,055,953	-	-	4,055,953
Total Excess Liquidity	13,270,253	1,502,784	1,966,004	16,739,041

37.(d) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and equity price risk and commodity prices (price risk).

The investment committee reviews the impact of market risks and corrective actions are suggested regularly.

37.(d) i Currency risk

The Company has no significant concentration of currency risk.

However, the investments in foreign currency deposit is subject to currency risks. Since the company makes some payments in foreign currency the impact of risk is minimised.

37.(d) ii Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

Floating rate instruments expose the company to cash flow interest risk, whereas fixed interest rate instruments expose the company to fair value interest risk.

The company's interest risk policy identifies the volatile nature of Sri Lankan interest rate environment. Therefore the company closely monitors the re-investment calendar of the investment fund and obtains internal and external expert opinion on the behaviour of interest rate environment in taking re-investment decisions.

Company maintains mix of short term and long term asset mix and also maintains interest rate sensitive and Inflation rate sensitive asset classes in managing the interest rate risk. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities.

37.(e) Operational risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events.

The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

Business risks such as changes in environment, technology and the industry are monitored through the strategic management and budgeting process. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

Notes to the Financial Statements

38. CONTINGENCIES AND COMMITMENTS

38.(a) Legal proceedings and regulations

The Company operates in the insurance industry and is subject to legal proceeding in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position. However, there is a tax appeal relating on VAT on reinsurance recoveries. (Note 32 (d))

The Department of Inland Revenue has issued a Notice of Assessment on the Income Tax Return submitted by the Company for the Year of Assessment 2016/17 disputing some exemptions claimed by the company under Inland Revenue Act, No.10 of 2016. The Company has made an appeal against the said Notice of Assessment. However the Company is of the opinion that such Assessment will not have material impact to the financial position of the Company.

38.(b) Capital commitments

There are no capital commitments as at year end.

The Company has entered into commercial leases on certain property and equipment. These leases have an average life of between three and five years, with no renewal option included in the contracts. There are no restrictions placed upon the Company by entering into the leases.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	2019 Rs.'000
Within one year	90,320
After one year but not more than five years	172,384
Total operating lease rentals payable	262,704

39. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of Liability	Carrying Amount Pledged Rs.'000	Included under
Fixed Deposits	Pledged to Seylan Bank PLC to obtain bank overdraft facilities.	202,887	Loans & Receivables

40. RELATED PARTY DISCLOSURES

40.(a) Transactions with Key Management Personnel

According to Sri Lanka Accounting Standard (LKAS) 24 Related Party Disclosure, Key Management Personnel (KMP) are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Directors (including Executive and Non-Executive Directors) of the Company and their immediate family members have been classified as Key Management Personnel of the Company. In addition, Chief Executive Officer together with their immediate family members have also been classified as Key Management Personnel of the Company.

Immediate family member is defined as spouse or dependent. A dependent is defined as anyone who depends on the respective KMP for his/her financial needs. As the Ceylinco Insurance PLC (CIPLC) is the ultimate parent of the Company, and the Board of Directors of the CIPLC have the authority and responsibility of planning, directing and controlling the activities of the Company, the Directors of the CIPLC and their immediate family members have also been identified as Key Management Personnel of the Company.

	2019	2018
Year Ended 31 December	Rs.'000	Rs.'000
Short-Term Employee Benefits received from the Company (Salaries, Bonus, Medical expenses etc.)	224,517	309,141
Other Long term/Post Employment/Statutory Benefits (EPF, ETF, Gratuity & Pension)	100,486	122,174

40.(b) Transactions with Related Parties

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard (LKAS) - 24, Related Party Disclosures.

Transactions with related parties were made on the basis of the price lists in force with non-related parties, but subject to approved discounts. Outstanding balances with related parties other than balances relating to investment related transactions as at the reporting date are unsecured and interest free. Settlement will take place in cash. Such outstanding balances have been included under respective assets and liabilities together with balances arising from transactions with non-related parties.

Details of related party transactions are reported below.

	2019	2018
Year Ended 31 December	Rs.	Rs.
Aggregate amounts of premium received from the companies under normal terms of insurance contracts	162,447,864	152,852,941
Aggregate amounts of claim paid to the companies under normal terms of insurance contracts	70,267,092	62,435,723

40.(b).i Other Transactions with Related Parties

40.(b).i.a Transactions with Parent

	2019	2018
Year Ended 31 December	Rs.	Rs.
Ceylinco Insurance PLC Nature of Transaction Dividends paid	530,212,000	417,667,000

Notes to the Financial Statements

40.(b).i.b Transactions with Affiliates

	2019 Rs.	2018 Rs.
a) Ceylinco Investcorp (Pvt) Ltd		
Nature of Transaction		
Premium Income	114,363	119,278
Fund Management Fees	2,400,000	1,755,000
Loan portfolio disposal	194,722,761	-
b) Ceylinco Life Insurance Limited		
Nature of Transaction		
Premium Income	60,683,374	50,480,209
Claims paid	26,957,874	25,403,064
Rent Expenses	18,818,086	19,993,490
Premium Receivable	-	871,899
Life Insurance Premium Expenses	11,745,393	10,174,510
c) CEG Education Holdings (Pvt) Ltd		
Nature of Transaction		
Premium Income	489,650	443,227
d) American Education Center Ltd		
Nature of Transaction		
Premium Income	9,835,274	7,434,673
Claims paid	4,017,156	2,755,817
e) Ceyhydro Developers (Pvt) Ltd		
Nature of Transaction		
Premium Income	3,089,287	4,372,542
Claims paid	705,694	252,128
Premium Receivable	-	35,523
f) Ceypower Cascades (Pvt) Ltd		
Nature of Transaction		
Premium Income	1,781,394	1,759,344
Claims paid	439,667	-
g) International College of Business & Technology Ltd		
Nature of Transaction		
Premium Income	19,781,320	18,922,500
Claims paid	7,892,758	3,792,517
h) Energy Generators (Pvt) Ltd		
Nature of Transaction		
Premium Income	5,096,585	5,533,823
Premium Receivable	-	25,921
Claims Paid	61,736	59,670

	2019 Rs.	2018 Rs.
i) Citizen Development Business Finance PLC		
Nature of Transaction		
Commission	30,313,428	53,172,097
Premium Income	41,478,068	42,152,948
Claims Paid	23,908,961	20,570,816
Premium Receivables	-	2,523,391
Disposal of Shares to Ceylinco Insurance PLC	200,524,183	-
j) Ceylinco Healthcare Services Ltd.		
Nature of Transaction		
Premium Income	4,209,350	3,524,960
Claims Paid	9,894	-
Premium Receivables	1,785,951	1,822,125
k) Whycherley International School (Pvt) Ltd.		
Nature of Transaction		
Premium Income	1,535,634	735,300
Claims Paid	826,111	678,512
l) CEC Events (Pvt) Ltd.		
Nature of Transaction		
Premium Income	466,025	498,665
m) Gasworld (Pvt) Ltd.		
Nature of Transaction		
Premium Income	894,619	720,393
Claims Paid	218,659	463,182
Premium Receivables	-	742,066
n) ANC Modern Montessori		
Nature of Transaction		
Premium Income	1,064,188	-
Claims Paid	872,993	-

Notes to the Financial Statements

40.(b).i.c Transactions with Related Companies

Name of the Company	Nature of Transaction	2019 Rs.	2018 Rs.
Ashyaki Holdings (Pvt) Ltd	Premium Income	-	66,305
	Claims paid	-	-
Asset Trust Management (Pvt) Ltd	Premium Income	120,270	107,700
	Investments in Units	125,000,000	45,861,214
	Income from Unit Trust	-	32,541,554
	Claim Paid	103,460	105,376
Industrial Gases (Pvt) Ltd	Premium Income	2,756,039	2,762,972
	Claims paid	1,283,522	1,466,297
	Premium Receivable	999,054	1,511,156
Ultratech Cement Lanka (Pvt) Ltd	Premium Income	7,033,256	11,524,409
	Claims paid	2,181,545	6,130,158
	Premium Receivable	-	1,267,664
Wealth Lanka Management (Pvt) Ltd	Premium Income	-	53,850
Kavin Polymers (Pvt) Ltd.	Premium Income	1,513,251	1,639,843
	Claims paid	144,835	609,231
	Premium Receivables	571,944	246,442
Wealthtrust Securities (Pvt) Ltd.	Premium Income	505,917	-
	Claims paid	642,227	254,331
	Premium Receivables	12,258	-

41. TEMPORARY EXEMPTION FROM SLFRS 9 -FINANCIAL INSTRUMENTS

The Company's activities are predominately connected with Insurance and therefore its permitted by SLFRS 9 temporary exemption to defer SLFRS 9 until adoption of IFRS 17 which is expected to be adopted in 2021.

As at balance sheet date % of insurance related liabilities	95%
As required by SLFRS 9 the minimum % to be eligible for the exemption	90%

42. EVENTS AFTER THE REPORTING PERIOD

No circumstances have arisen since the reporting date which would require adjustment to or disclosure in the Financial Statements except for the followings ,

Subsequent Changes in Income Tax Rates

As per the notice (PN/IT/2020-03) issued by Inland Revenue Department on 18th February 2020 "Implementation of proposed changes to the Inland Revenue Act , No. 24 of 2017 "the income tax rates of companies will be reduced from 28% to 24% with effect from 1st January 2020. However the proposed amendments are yet to be formally approved in the parliament. Accordingly, no adjustments are made in the financial statements as at the reporting date. However resulting financial impact of this amendment is not material to the Company.

Glossary of Financial & Insurance Terms

1. ACQUISITION EXPENSES

All expenses which vary with and are primarily related to the acquisition of new insurance contracts and the renewal of existing insurance contracts.

2. ACTUARY

An expert concerned with the application of probability and statistical theory to problems of insurance, investment, financial management and demography.

3. ADMISSIBLE ASSETS

Assets that are included in determining an insurer's statutory solvency margin, specified under the rules made by the Insurance Regulatory Commission of Sri Lanka under the Regulation of Insurance Industry Act No. 43 of 2000.

4. CLAIMS

The amount payable under a contract of insurance arising from occurrence of an insured event such as destruction or damage of property and related death or injuries, the incurring of hospital or medical bills, death or disability of the insured.

5. CLAIMS INCURRED

The aggregate of all claims paid during the accounting period together with attributable claims handling expenses, where appropriate, adjusted by the gross claims reserve at the beginning and end of the accounting period.

6. CLAIMS INCURRED BUT NOT REPORTED (IBNR)

A Reserve to cover the expected cost of losses that have occurred by the Balance Sheet date but have not yet been reported to the insurer.

7. COMMISSION

Remuneration to an intermediary for services such as selling and servicing an insurer's products. This is one component of acquisition expenses.

8. DEFERRED ACQUISITION EXPENSES / DEFERRED ACQUISITION EXPENSE RESERVE

Expenses which vary with and are primarily related to the acquisition of new insurance contracts and renewal of existing contracts, which are deferred as they relate to a period of risk subsequent to the Balance Sheet date.

9. EARNED PREMIUM

Written premium adjusted by the unearned premium reserve at the beginning and end of the accounting period.

10. EARNINGS PER SHARE

Net Profits of the Company after tax divided by the Number of Ordinary shares in issue.

11. GROSS CLAIMS RESERVE

The amount provided, including claims incurred but not reported and claims handling expenses, to cover the estimated ultimate cost, arising out of events occurred by the end of the accounting period, less amounts already paid in respect of those claims.

12. GROSS WRITTEN PREMIUM

Premium which an insurer is contractually entitled to receive from the insured in relation to contracts of insurance.

13. INSURANCE

Insurance is a contract whereby one party the insurer, in return for a consideration i.e, the premium, undertakes to pay to the other

party - the insured, a sum of money or its equivalent in kind, upon the happening of a specified event that is contrary to the interest of the insured.

14. INSURANCE PROVISION

This comprises of the gross claims reserve unearned premium reserve net of re-insurance and the deferred acquisition expenses

15. NET COMBINED RATIO

This ratio indicates the profitability of the insurer's operations by combining the net loss ratio with net expense ratio.

16. NET EARNED PREMIUM

Gross Written Premium adjusted for the reinsurance incurred and for the increase or decrease in Unearned Premium.

17. NET EXPENSE RATIO

A formula used by insurance companies to relate acquisition and other operating and administrative expenses to net earned premium.

Formula :

Acquisition and other operating and administrative expenses

Net Earned Premium

18. NET LOSS RATIO

A formula used by insurers to relate net claims incurred to net earned premium (i.e. after deducting relevant reinsurance)

Formula:

Net claims incurred

Net earned Premium

19. NET ASSETS PER SHARE

Net assets attributable to Shareholders' equity divided by the number of Ordinary shares issued.

Glossary of Financial & Insurance Terms

20. NET WRITTEN PREMIUM	27 REINSURANCE PREMIUM
Gross Written Premium less reinsurance premium	The premium payable to the reinsurer.
21 NET CLAIMS INCURRED	28 RETURN ON SHAREHOLDERS' EQUITY
Claims incurred less reinsurance recoveries.	Profits after tax divided by the Capital employed as at Balance Sheet date.
22 NON LIFE INSURANCE	29 RETURN ON TOTAL ASSETS
Non Life Insurance and General Insurance have the identical meaning.	Profits after Tax divided by Total assets attributable to Shareholders.
23 POLICY	30 RISK BASED CAPITAL (RBC)
The printed document issued to the policyholder by the Company stating the terms of the insurance contract.	An amount of capital based on an assessment of risks that company should hold to protect policy holders against adverse developments.
24 PREMIUM	31 UNDERWRITING RESULT
The payment of one of the regular periodic payments that a policyholder makes to own an insurance policy.	This is the profit generated purely from the Non life Insurance business without taking into account the investment income and other non- technical income and expenses.
25 REINSURANCE	32 UNEARNED PREMIUM / UNEARNED PREMIUM RESERVE
A method of insurance arranged by insurers to share the exposure of risks accepted.	It represents the portion of premium already entered in the accounts as due but which relates to a period of risk subsequent to the Balance Sheet date.
26 REINSURANCE COMMISSION	
Commission received or receivable in respect of premium paid or payable to a reinsurer.	

Notice of Meeting

Notice is hereby given that the Sixth Annual General Meeting of the Shareholders of the Company will be held on Friday 13th March 2020 at 10.30 a.m. at the "West Wing" Level 03, "Ceylinco House", No. 69, Janadhipathi Mawatha, Colombo 01 and the business to be brought before the meeting will be :

1. To read the Notice convening the Meeting.
2. Chairman's Address.
3. To receive, consider and adopt the Report of the Directors and the Financial Statements for the year ended 31st December 2019 and the Report of the Auditors thereon.
4. To declare a Dividend for the year ended 31st December 2019.
5. To re-elect Mr. Bodahandi Sarada Mohanjith De Silva who retires by rotation at the Annual General Meeting in terms of Article 34(i), as a Director.
6. To re-elect Mr. Ekanayake Mudiyanseelage Mangala Boyagoda who retires by rotation at the Annual General Meeting in terms of Article 34(i), as a Director.
7. To re-elect Mr. Gopalamudram Srinivasa Raghavan Sundararajan who retires by rotation at the Annual General Meeting in terms of Article 34(i), as a Director.
8. To authorise the Directors to determine payments for charitable purposes for the year 2020.
9. To re-appoint Auditors and authorise the Board of Directors to determine their remuneration.
10. To transact any other business of which due notice shall be given.

By order of the Board of

Ceylinco General Insurance Ltd.



(Mrs.) Nilika Abhayawardhana
Company Secretary

25th February 2020

Note :

Any shareholder unable to attend the Meeting may appoint another to attend and vote for him and such proxy need not be a shareholder of the Company.

A Form of Proxy is attached to the Report. The completed Form of Proxy should be deposited at the Head Office of the Company at 5th Floor - "Ceylinco House", 69, Janadhipathi Mawatha, Colombo 1, before 10.30 a.m. on 11th March 2020.

Shareholders/Proxyholders should bring with them their National Identity Card or any form of valid identification when attending the meeting.

Corporate Information

Registered Office

"Ceylinco House"
3rd Floor
No. 69, Janadhipathi Mawatha,
Colombo 1, Sri Lanka.

Company Registration Number

PB 5184

Legal Form

A Public Company with limited liability, incorporated in Sri Lanka on 22nd April 2014. Licensed as a Company authorized to carry on General Insurance business, under the Regulation of Insurance Industry Act No. 43 of 2000.

Main Place of Business

"Ceylinco House",
No. 69, Janadhipathi Mawatha,
Colombo 1, Sri Lanka.
Telephone : 2485757-9
Call Centre : 2393939
Fax : 2485701
E-mail : ceylincoinsurance@ceyins.lk
Website : www.ceylinco-insurance.com

Principal Activities

Underwriting of all classes of General Insurance

Auditors

Ernst & Young,
Chartered Accountants,
No. 201, De Saram Place,
Colombo 10.

Consulting Actuaries

M/s. K. A. Pandit
Consultants & Actuaries,
2nd Floor - "Churchgate House",
Veer Nariman Road,
Fort, Mumbai - 400 001, India.

Board of Directors

Mr. B.S.M. De Silva
Chairman - (Non-Executive Director)

Mr. H.D.K.P. Alwis FCIC
*Managing Director / Chief Executive Officer
(Executive Director)*

Mr. U. Witharana FCA, MBA, FCMA

*Deputy Managing Director / Director (Finance) / Chief
Operations Officer - (Executive Director)*

Dr. W.C.J. Alwis BSc., FIII, FCII (Lond.), FloD (UK)
*Director (Technical) / Chief Technical Officer - (Executive
Director)*

Mr. R.A. Gunathilake
Director-Branch Operations - (Executive Director)

Mr. K.D.A.S.R. Arsakularatne BCom. (Hons.)
(Non-Executive Director)

Mr. E.M.M. Boyagoda MBA
(Non-Executive Director)

Dr. U.D. De Silva MBBS, FD (USA), FOM & T (USA), FAAD
("Independent" Non-Executive Director)

Mr. A.R.H. Fernando
("Independent" Non-Executive Director)

Mr. S.C.G. Guruge
("Independent" Non-Executive Director)

Mr. M.D.E.A.G. Saparamadu MPSc.
("Independent" Non-Executive Director)

Mr. G.S. Sundararajan BEng. (Agri.)
(Non-Executive Director)

Dr. S.D. Wanigaratne D.Clin.Psych., FBPSS.
(Non-Executive Director)

Mr. C.P.A. Wijeyesekera
("Independent" Non-Executive Director)

Mr. H.D.A.N. Perera
(Executive Director)

Mr. Yu Kitai
(Non-Executive Director)

Company Secretary

Mrs. Nilika Abhayawardhana ACIS (UK), ACCS (SL)

Bankers

Bank of China Limited - Colombo Branch
Commercial Bank of Ceylon PLC
DFCC Bank PLC
Hatton National Bank PLC
Nations Trust Bank PLC
NDB Bank PLC
Pan Asia Banking Corporation PLC
People's Bank
Sampath Bank PLC
Seylan Bank PLC

Designed & produced by



Digital Plates & Printing by Gunaratne Offset Ltd
Photography by Taprobane Street

