

CEYLINCO GENERAL INSURANCE LIMITED

ANNUAL REPORT 2022

Journey

BEYOND OBSTACLES



 Sri Lanka, We Always Believe



Remaining true to our core values of integrity, dedication, professionalism and excellence, Ceylinco General Insurance continues to reach beyond the prevailing obstacles of economic strife and volatility to expand and grow.

Within a significantly volatile economy, we remained a strength to our employees, customers and all stakeholders, as we placed stakeholders before economic priorities. We continued to ensure their well-being, especially amidst debilitating macroeconomic challenges. And despite mounting uncertainties, we did not falter in our responsibilities of protecting people's interests and in making conscious contributions to solve the needs of the society's most vulnerable.

Moreover, we replenished our focus on innovation, change and long-term sustainability. With lessons from weathering a pandemic, economic turbulence and social and political upheaval, we are now prudently equipped to navigate our journey beyond obstacles, with strategies to clamp down on the effects of external volatilities.



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ABOUT THIS REPORT

We warmly present to our readers and stakeholders the 3rd integrated annual report of Ceylinco General Insurance Limited. The report has been prepared with reference to the guiding principles and topics of the International Integrated Reporting Framework (IR) 2021.

We began our integrated reporting journey in 2020 and since then have continued to enhance the report's quality and comprehensiveness based on best practices in reporting and in compliance with both statutory and regulatory frameworks.

Report Scope and Boundary

The report covers the financial year from 1st January 2022 to 31st January 2022 and includes non-financial and financial information on Ceylinco General Insurance. The non-financial reporting segment covers essential factors such as materiality and integrated reporting capitals, which depicts how we create value for our stakeholders.

The report provides a view of our operating environment, including the risks and opportunities that impact our business activities. Furthermore, the annual report includes reporting on governance, compliance and risk management, making it a comprehensive reference point for our performance and operating environment.

The five capital reports provide a dissected analysis of how we enhance the value of our financial capital, human resources, relationships, intellectual assets, and manufactured capital.

Guiding Frameworks and Principles

We adhere to the following regulatory guidelines in remaining compliant with industry best practices and obligatory requirements.

Financial and Operational

- Sri Lanka Accounting Standards (LKAS/SLFRS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
- Companies Act No.7 of 2007
- Regulations and directions of the Insurance Regulatory Commission of Sri Lanka (IRC SL)
- Insurance industry regulations Act No. 43 of 2000 and amendments

Governance

- Corporate governance framework for insurance
- Code of best practice on corporate governance issued by the Institute of Chartered Accountants of Sri Lanka

Sustainability

- United Nation's Sustainable Development Goals (UNSDG)

Reporting Principles

In creating a balanced integrated report, we have adopted the following reporting principles.

Strategic focus	The value creation model demonstrates how we create value for stakeholders.
Information Connectivity	The content page 02 act as an easy reference guide and chapters within the report include icons where necessary for interrelatedness.
Stakeholder Relationships	The section on value creation demonstrates how we fulfil our responsibilities towards our stakeholders and engage through communication methods.
Materiality	Material Topics on pages 36 to 58 provide a list of aspects that impact our business and our stakeholders, and our ability to create value.
Conciseness	Where necessary we have made information succinct and direct.
Reliability and Completeness	The report comes with the assurance of our independent auditor and includes relevant sub-reports that assure proper compliance and governance. Non-financial information for this report has been gathered through comprehensive documentation, alongside interviews.
Consistency and Comparability	Information presented herein enables readers to contrast and compare our report with the industry. Moreover, non-financial information is presented along a similar structure as the 2021 report with value additions that are important for integrated reporting.

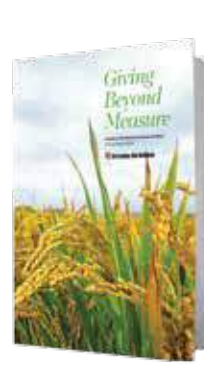
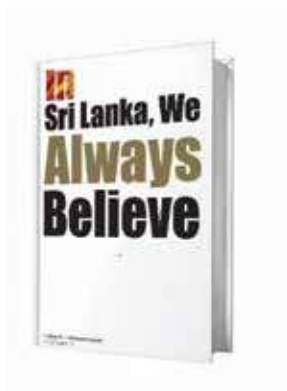
ABOUT THIS REPORT

Report Development

This year's report includes additional segments that correspond to the IR framework's requirements, comparatively further than the 2021 report. We have added these segments to enhance the overall comparability and quality of the integrated report, staying aligned with reporting requirements. Where relevant, we have included information related to our material topics with value additions across the report. Key improvements:

- Material topics
- Value creation model
- Improvements within capital reports (please see 2021 report for comparison)

Our Previous Reports



External Assurance

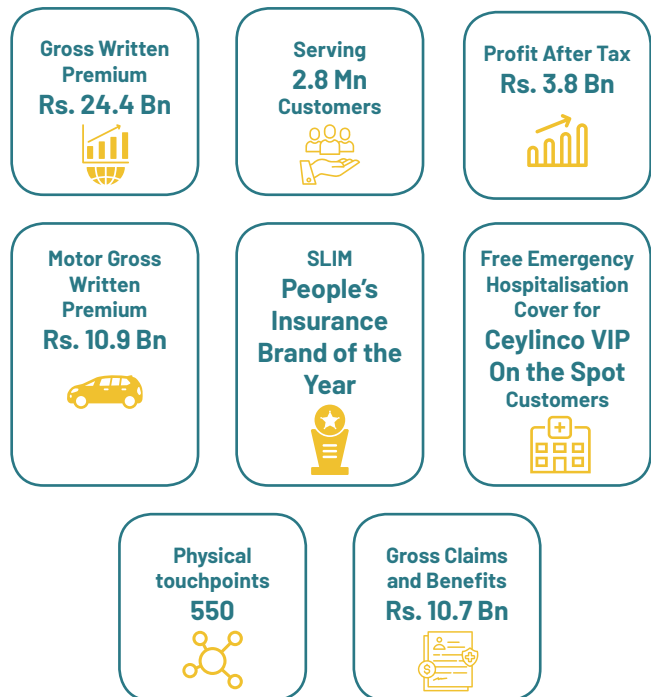
Our financial statements (presented within the financial information segment) have been audited and verified by our independent audit firm, Ernst & Young (Chartered Accountants), for quality and credibility. The auditing firm has also ensured our compliance with statutory and regulatory requirements, as mentioned under the Independent Auditor's Report on page 113.

Reporting Mediums

A printed copy of the Annual report is shared amongst Shareholders and it is also available through our corporate website.

THE VALUE WE DELIVER

2022 has been a year of extreme challenges, but one where our financial gains contrasted with the adversities. In addition to a strong financial performance, we continued to offer exceptional benefits to our clients while delivering value to our stakeholders.



What we do best and how best we do it

With a legacy that spans decades and generations, Ceylinco Insurance has surpassed the test of time to secure the number one position in insurance. Our past dates as far back as 1939, when the company was first registered as 'The Ceylon Insurance Company'. Since then, countless customers have relied on our ability to safeguard their personal and business priorities from the extremities.

It was in 2014 that Ceylinco General Insurance came into existence as a public company with limited liability. This was the result of the Insurance Industry (Amendment) Act No. 3 of 2011, enforced by IRCSL, which established life and general insurance as separate entities. Licensed under the Regulation of Insurance Industry Act No. 43 of 2000, Ceylinco General Insurance Ltd is authorised to provide non-life insurance solutions to customers.

With innovation as the competitive edge that sets us apart, we have kept formidable footprints in the industry and remain unshaken. Dependability and a strong market presence are the strongest assets that we have, which continues to be why our customers have invested their trust in us over the years.

At Ceylinco General Insurance, we are driven by a strong mission and corporate goals, which act as the guidepost to what we do best and how best we do it.

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."

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

Key Financial Indicators		2022	2021	Change %
Revenue and profitability				
Gross written premium	Rs. Bn	24.4	20.2	21 ↑
Net written premium	Rs. Bn	14.6	13.1	12 ↑
Net earned premium	Rs. Bn	14.7	13.3	12 ↑
Investment income and other operating revenue	Rs. Bn	7.5	2.5	200 ↑
Profit before tax (PBT)	Rs. Bn	3.9	1.7	124 ↑
Profit after tax (PAT)	Rs. Bn	3.8	1.5	150 ↑
Other key indicators				
Net claims and benefits	Rs. Bn	7.8	7.1	11 ↑
Financial position				
Total assets	Rs. Bn	43	37	17 ↑
Total liabilities	Rs. Bn	25.5	22.2	13 ↑
Total equity	Rs. Bn	17.2	14.5	19 ↑
Share performance				
Dividend per share	Rs.	190	185	3 ↑
Net asset value per share	Rs.	6,866	5,785	19 ↑
Earnings per share (EPS)	Rs.	1,507	604	150 ↑
Ratios				
ROE	%	22	10	120 ↑

Rs. 24.4 Bn ↑
GWP

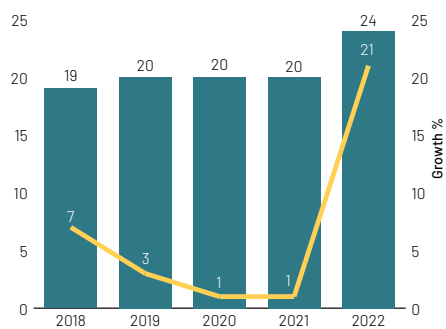
Rs. 3.8 Bn ↑
PAT

21% ↑
Premium Income
Growth

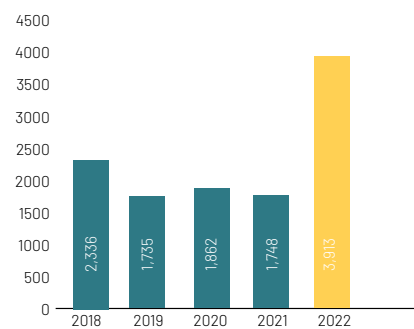
Rs. 42.7 Bn ↑
Total Assets

Rs. 10.7 Bn
Gross Claims

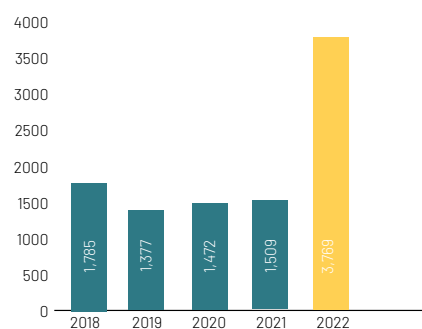
**Gross Written Premium
(Rs.Bn)**



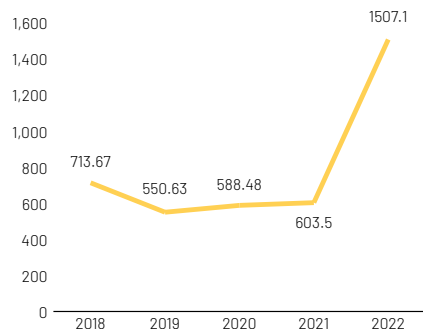
**Profit Before Tax
(Rs. Mn)**



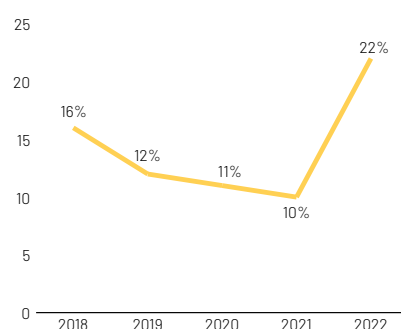
**Profit After Tax
(Rs. Mn)**



**EPS
(Rs.)**



ROE (Profit After Tax/Total Equity)



OUR RECOGNITIONS



Innovation of the year - Asia
Insurance Industry Awards - 2003



Innovation of the year - Asia
Insurance Industry Awards - 2006



The people's Insurance Company of the year for
16 years - 2007, 2008, 2009, 2010, 2011, 2012, 2013,
2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022



Innovative Brand of the Year -
SLIM Brand Excellence Awards
2005



Gold award - World Quality Commitment Awards
2011



Gold award - National Business Excellence Awards
Years: 2008, 2010, 2011, 2012, 2013

MATERIALITY ASSESSMENT

Material topics

We have identified several material topics based on our commitment to stakeholders and based on the priorities of the business. Importantly, these topics address stakeholder expectations and are formed with insights gathered through interactions with stakeholders, such as customer feedback, customer surveys, employee surveys, management discussions, shareholder meetings, regulatory requirements, partner discussions and insights. External factors which can impact our business and stakeholder interests are also part of topics material to us.

Topic	Related stakeholders	Level of importance to stakeholders and us	How we address material topics
Increasing profit margins	Shareholders	High	Robust financial performance - pages 37 to 41
Financial stability	Shareholders Regulators, Customers, Employees	High	Robust financial performance pages 37 to 41
Value generation for stakeholders	All stakeholders	High	How we use capitals to create value pages 30 to 31
Geographical and digital expansion (Channel expansions)	Employees, Customers	High	Bolstering physical and digital presence - pages 43 to 49
Customer convenience and accessibility	Customers	High	Creating value as the People's insurer - pages 43 to 49
Excellence in customer service		High	Reinforcing what makes us unique - pages 51 to 57
Digitalisation and technological advancements	Employees, Customers, Partners	High-Moderate	Bolstering physical and digital presence - pages 43 to 49 and Reinforcing what makes us unique - pages 51 to 57
Brand management	Employees, Customers	High	Reinforcing what makes us unique - pages 51 to 57
Taking care of the community	Community, Employees	Moderate	Creating value as the People's insurer - pages 43 to 49
Talent management	Employees	High	Uncompromising team growth - pages 69 to 73
Diversity, equity and inclusion	Employees	High	
Creating a strong, united culture	Employees	High	
Anti fraudulent practices	Employees, Customers	High	Corporate governance and compliance - pages 89 to 94 Risk management - pages 86 to 88
Responsible business practices	Employees, Customers	High	Corporate governance and compliance - pages 89 to 94 Risk management - pages 86 to 88 Management committee reports - pages 96 to 103
Regulatory and statutory compliance and disclosures	Regulators	Moderate	Corporate governance and compliance - pages 89 to 94 Risk management - pages 86 to 88 Financial disclosures - pages 113 to 190 Management committee reports - pages 96 to 103
Macroeconomic changes*	All	Moderate	Operating environment - pages 32 to 35
Socio-political environment*	All	Moderate	Operating environment - pages 32 to 35

*In 2022, macroeconomic, socio-political environment had a significant impact on the business, due to the economic crisis, political instability and the social unrest that ensued.

The above factors are determined by the management as having the most impact on our potential for value creation over time. We weigh on the concept of materiality described by the IR framework in disclosing all material topics that impact the business and we have also disclosed all information that is material for shareholders and investors to help make informed decisions.

SUSTAINABLE DEVELOPMENT GOALS

As a business operating in a climate of growing economic, social and ecological change, we consider sustainable development with growing intensity. Many of our actions align with the UN's Sustainable Development Goals, initiated in 2015.



How we contribute to the SDGs



Over the years, we have taken measures to help minimise the needs of the underprivileged in our society. Financial contributions, material donations and community development projects are undertaken to make a difference in the lives of those in need. In 2022, the economic crisis increased the country's poverty line, deteriorating social progress for decades.

In 2022:

- Through our CSR arm 'Pihita', we distributed fit for use clothes to those in need throughout the year.
- To ease the burden of living through an economic crisis, we provided a living allowance for 120 families.
- We provided a cost of living allowance to employees, including a monthly allowance to those receiving less than Rs. 75,000/- as salary. We will continue this provision till the cost of living remains high.



Under our CSR banner, we provide lunches for over 1000 children in rural schools. 10 rural schools from four districts were selected. Students at these schools come from impoverished families, where parents' livelihoods are attached to farming and daily wage jobs; two employments, which faced the brunt of the economic crisis.



Through our health insurance policies, we ensure that our clients receive the right treatment at times when it is needed. Moreover, our employees receive health insurance coverage upon joining the company.

In 2022:

- We increased the hospitalisation benefit for our VIP customers from Rs. 4 Mn to Rs. 10 Mn.

To take care of customers financially during illnesses, we have several unique products that take care of hospitalisations, overseas treatment and other medical expenses. Products include:

- Suwa Sampatha, Suwa Sampatha International and related schemes.
- Children's health policy
- Serious illness cover



Each year, we provide needs-based and general training for our employees.

In 2022:

- We invested Rs. 4.7 Mn to train over 2500 employees
- Internal and external training programs
- Technical and customer service training programs

To ensure the academic continuity of children even after parents' demise or disablement, we have introduced Doo Daruwao Rakshanaya, Nuwana and Children's Health Policy.



Female employees represent the company in similar job roles as their male counterparts. They receive benefits of the same pay grades and job roles, based on performance and tenure of service. However, we are also aware that we need to address unconscious biases within the company.

In 2022:

- We established a women-only 200-member sales team under the realisation that our female co-workers have a higher level of accountability and commitment.
- We partnered with SLT-Mobitel exclusively to offer an insurance scheme for female Mobitel subscribers.
- We provide inclusive insurance products for women, such as Celinco Lips and Liya Pawura for homemakers.



Our employees have access to clean water and sanitation at all of our branches and head office. Moreover, no effluents are released to any water source through any one of our Ceylinco branches, VIP counters, rest spots or the head office.



We endorse inclusive and equitable economic growth for all our employees. Opportunities for career growth are open for all employees alongside financial and other benefits that are highly competitive. In total, we have 2,940 employees.

In 2022:

- We recruited a total of 1,218 employees.
- Offered promotions to 353 employees.
- Provided remuneration to a total of Rs. 2.9 Bn, up from last year's total of Rs. 2.6 Bn
- Provided a cost of living allowance that totalled an annual sum of Rs. 160 Mn
- No salary cuts or retrenchments

Furthermore, there are inclusive HR policies that ensure unbiased recruitment, general and targeted training, non-discrimination succession planning, grievance handling, performance appraisal and welfare activities for work-life balance.

SUSTAINABLE DEVELOPMENT GOALS



We continue to introduce new digital infrastructure and tools to enhance accessibility and customer convenience.

We have created digital channels to enable customers with convenient access to policies, such as VIP HUB, VIP customer app etc. Moreover, we have improved our IT infrastructure with security systems and protocols as well as software to enhance customer convenience and employee productivity.



We create and distribute economic value not only for shareholders but for all relevant stakeholders. We do this in the following manner:

- Shareholders – in the form of dividends
- Employees – pay grades and experience-based wages, performance incentives, bonus payments, cost of living allowance and other financial benefits.
- Customers – increased benefits and value additions and reasonable product pricing
- Government – in the form of taxes
- Community – financial assistance and non-financial donations to those with economic hardships

Moreover, our HR policies and practices ensure fairness in remuneration, opportunities and treatment. And at Ceylinco, our culture promotes family-based values, such as empathy, respect and care.

Ensuring inclusive solutions, we offer several products for SMEs and smallholder businesses, such as crop and livestock insurance, Support Line for SMEs, Gowi Pawura for farmers and Guru Pawura for teachers and Dheewara Udana for fishermen and families etc.



Although we do not provide housing for people, we ensure that they can get back on their feet with rebuilding and renovations at a time of unexpected damage to houses. This is done through a range of insurance schemes that customers can choose from. From Home Owners Policy, Gedara Insurance to insuring the contents of homes and businesses, we offer relatively affordable insurance schemes to help homeowners rebuild their homes from various perils.



In reducing the environmental impact of our business and embracing sustainability we have taken measures to introduce digital forms of the insurance cards and certificates.



In 2022, we initiated a beach Cleanup project to clear debris, plastic and polythene and other waste matter from beaches along the southern coastline of Sri Lanka.

Our objective was to clear the waste and to stop it from getting swept into the ocean, which harms the balance and health of the coastal marine ecosystem.



The company's Board of Directors and executive leadership ensure accountability and ethical conduct among employees and the management. Corporate governance procedures and prudent risk management frameworks guide us to ensure that the company operates within regulatory limits and internal controls. Moreover, we actively engage in detecting fraudulent activities both internally and externally.



As a leader in the industry and a leading corporate entity in Sri Lanka, we contribute to goal 17 as follows:

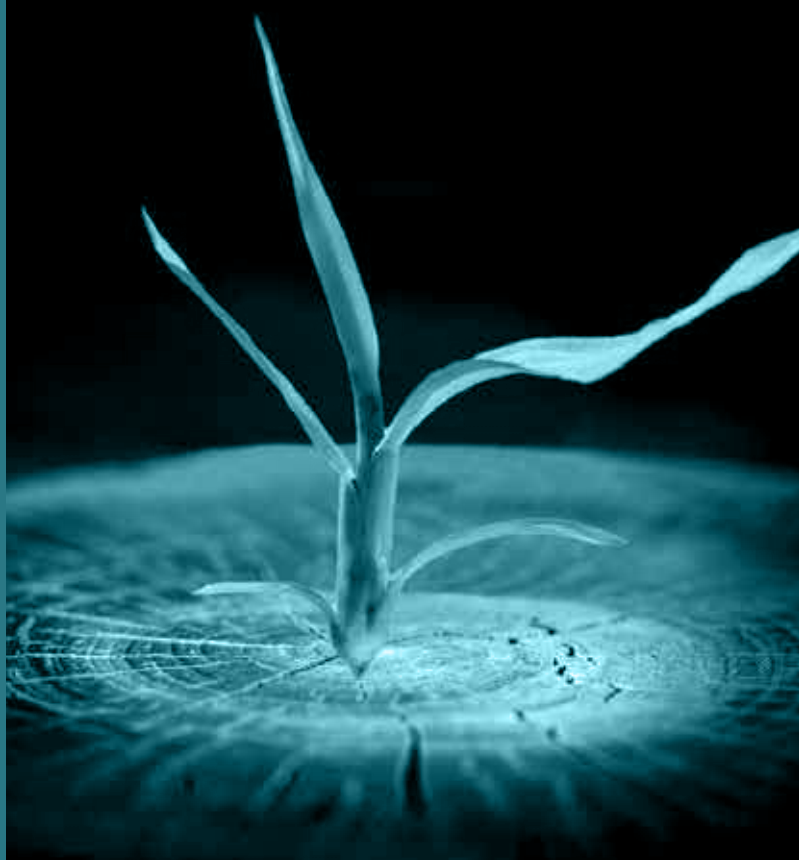
- By submitting taxes, we contribute to the government's efforts in social and economic development.
- We comply with IRCSL regulations to help regulate and develop the industry.
- Partnering with global companies to provide insurance services overseas where necessary.



Journey

BEYOND OBSTACLES

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Management Staff Regional/Area Sales Managers	80
Management Staff	81



LEADERSHIP



COMMENTARY BY THE EXECUTIVE CHAIRMAN/CEO

To our stakeholders,

I present to you our third integrated annual report and audited financial statements for the financial year 2022. The following report is a presentation of how we worked together to overcome a year of unimaginable circumstances. It is a true reflection of the strengths that became instrumental in achieving revenue growth and profitability against the stubborn macroeconomic challenges.

I am pleased to note that the company has achieved a 20.5% overall growth, the highest in a decade. It is a great feat which was achieved despite the drawbacks faced during the year.

Compounding circumstances

Just when the physical constraints of the pandemic were ending for the country, we were thrown into an economic crisis that became flanked by both social and political unrest. The woes of the pandemic coupled with these headwinds, rocked the country's financial stability even further, resulting in unprecedented public discontent.

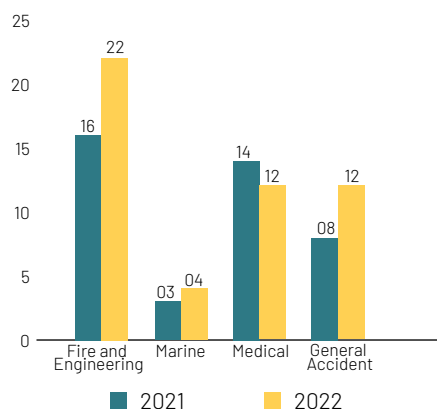
According to expert reports, the country's economic growth was expected to fall by 8% by the end of 2022 and by 4.2% in 2023. The constantly changing political situation, highly concerning fiscal, external and financial sector inequities created immense uncertainty in the country's economic standing. Furthermore, people were burdened by high inflation, tax hikes, significant currency depreciation, and a severe shortage of essentials, worsened by import restrictions. Hence, the growth outlook is subject to a high level of unpredictability and volatility. The pace and success of economic recovery will depend on the positive developments in structural reforms that will enhance growth, apart from debt restructuring and fiscal consolidation.

General insurance industry

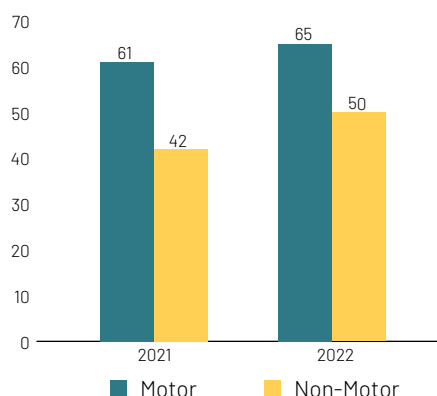
As an industry that knows all too well the risks of market and financial volatility, we weathered the year's hardships with complete determination. The biggest impact on the general insurance industry was the government's decision to ban vehicle imports to conserve foreign exchange. An industry which makes significant earnings on motor premiums faced the challenge of a major headwind. Despite all negativities, the overall insurance industry grew by 12.5%, with Non-Motor growing by 20.3% and the motor segment by 7.3%, owing to the increase in vehicle prices.

The gross written premium of the general insurance industry stood at Rs. 115 Bn, while motor GWP was Rs. 65.2 Bn and Non-Motor GWP was recorded as Rs. 50 Bn. Motor insurance accounts for the highest share of premium income for the general insurance business in Sri Lanka and accounts for 57% of the total non-life Gross Written Premiums.

Industry GWP - Non-Motor Segment (Rs. Bn)



Industry GWP - Motor and Non-Motor (Rs. Bn)



Company performance

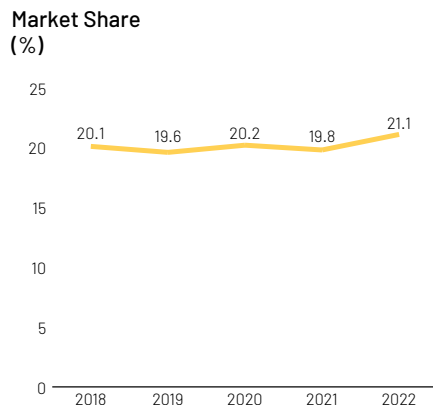
The Company continued to show resilience in premium income and in managing its expenditures while confronting decade-high inflation and Sri Lanka's worst economic crisis in decades.

Notwithstanding the macroeconomic challenges, we continued to retain our market leadership with a gap of over Rs. 4 Bn with the nearest competitor. Despite all obstacles, we recorded a noteworthy performance in Profits and turnover. Profit after tax increased to Rs. 3,769 Mn (Rs. 3.8 Bn), marking a 149% increase and profit before tax stood at Rs. 3,913 Mn (Rs. 3.9 Bn), which is an increase of 123%.

The company earned a premium income of Rs. 24.4 Bn. with an overall growth of 20.5%. Motor premium reached Rs. 10.9 Bn while Non-Motor Premium reached Rs. 13.5 Bn, recording a 34.5% growth.

COMMENTARY OF THE EXECUTIVE CHAIRMAN/CEO

The vehicle import ban made a severe impact on business, as we depend heavily on motor insurance. However, as the vehicle values increased, we too increased the sum insured, resulting in a growth in the motor segment by 7%.



Strategic value creation

As the theme very rightly says, 'A journey beyond obstacles' applies to the 2022 financial year due to the extreme macroeconomic conditions that affected the industry. However, we have overcome them through strong proactive approaches to managing financials and making prudent marketing strategies.

The primary focus of the year was on tackling the challenge surrounding motor insurance, while also focusing on developing channels for non-motor niche products. We also made several strategic moves in innovating our product offering and digital solutions and strengthening channel partnerships. We offered products through channels such as our telecommunication partners. Furthermore, we increased our focus on the health sector, as health became a major concern in the country; consequently, we marketed international health insurance more determinedly, promoting the benefit of receiving health insurance for overseas medical treatment.

Timely value additions

For the benefit of our customers, we took an initiative to stretch the accidental hospitalisation benefit for Ceylinco VIP motor insurance. The new value addition now includes an Rs. 10 Mn benefit over the previous Rs. 4 Mn. This comes at a time when hospital fares and medical expenses rose due to shortages in medicine and medical equipment, with the rupee depreciation adding more financial weight to imported medicine. Ceylinco VIP motor insurance also offers a critical illness cover, which became a source of financial relief for many in terms of covering their medical expenses.

Moving towards sustainable practices

During the year, we began the planning process to issue policies and certificates in digital form. After much deliberation and as a step towards making sustainable business choices, we will be issuing a digital card, replacing any form of paper or plastic insurance cards for policyholders. In making a hassle-free transition, we will continue to educate customers on the benefits of obtaining a digitally produced card, in addition to attaching the relevant section of the digital act to the motor certificate, in ensuring police cooperation.

Taking care of our staff and customers

At Ceylinco General Insurance, our business rests on three pillars – customers, employees and the company. Our employees were a significant contributor to our success and are part of a unique family culture. Honouring their commitment, we created a policy for employees and their dependents based on the years of service; this is in addition to the already provided health insurance.

We ensured the economic security of our staff by providing a cost of living allowance equal to one month's salary. Employees with a salary less than Rs. 75,000/- were provided with a monthly allowance. We will continue to provide this benefit and economic relief as the cost of living continues to soar amongst economic hardships.

Throughout 2022, we continued to deliver on our promise of reliable claim settlements. We made distributions of Rs. 10.7 Bn in gross claims during the year and Net claims amounted to Rs. 7.8 Bn. From this, over Rs. 4.6 Bn was made to motor insurance policyholders and Rs. 3.2 Bn for non-motor insurance policyholders. Our claim settlements are made quickly and efficiently, as it becomes a lifeline for clients who require financial assistance at times of unexpected losses.

An undefeated presence

We take great pride in having the largest industry network, one which is uncontested due to its sheer spread and diversified channel presence. We pursue a strategy of channel development to increase market share while taking our services closer to our 2.9 million strong clientele. In 2022, we opened 10 new VIP counters to serve our motor policyholders, bringing convenience to our massive 'VIP On The Spot' clientele. We attribute our 550 touchpoints in addition to partner channels for the premium growth experienced during the year, despite macroeconomic inhibitors.

Moreover, during the year, in strengthening our distribution network, we established several new service delivery streams for niche market products

Leveraging tech advancements

The company continued to advance its tech infrastructure through major developments including revamps. During the year, we revamped the VIP customer app to allow greater user-friendliness and convenience. Furthermore, the HR system used by the Company Secretary was revamped, in addition to upgrades in the telehealth system shared with SLT-Mobitel. We also migrated to a new payroll solution, making a much-needed improvement within the HRM department.

Existing infrastructure has made several functions more efficient, with the benefits of speed and convenience of service. Our technological adoptions include a Virtual Assessor Solution for digital uploads of proof of accidents and damages, VIP HUB for promotions and policies, mCash integration to facilitate digital payments and improvements on the Online Motor Comprehensive System. Moreover, our digital infrastructure includes all necessary mediums, including our customer app and sales personnel app, which are connected to the core business system.

We incurred new investments in cloud computing and a backup solution to fast-track our disaster recovery processes and to strengthen business continuity during unexpected events. Furthermore, our in-house IT team has given life to digital solutions and IT infrastructure, such as branded point accumulator system, web for third-party motor insurance and digital Suwa Samaptha card. In enhancing data and network security, we upgraded to a state-of-the-art firewall and IT security system during the year under review. Moreover, we have established safety measures and protocols to ensure that access points are not exposed to threats.

Contributing to the community

In the wake of an economic crisis, one of our priorities was to help those in need. Under the company's CSR brand 'Ceylinco VIP Pihita', we organised several projects to this effect. One such initiative was to select 10 schools from rural areas to provide meals for students, who live in dire economic situations. Moreover, we permanently rented selected premises to distribute clothing to people who are in dire need of it. We made requests from employees and patrons of the company to donate but, fit-for-use clothes, which are in good condition. Apart from four main projects, we also conducted several other initiatives with a total investment that exceeded last year's allocations for CSR initiatives.

Future direction

Our core strategy of channel development will be strongly pursued in the coming year and beyond, as it has proven to be our main competitive advantage, time and time again. Apart from innovations, we will continue to accelerate our digitalisation drive, in addition to implementing a new digital marketing team in the year ahead.

Acknowledgements

I take this opportunity to congratulate Dr Jagath Alwis and Mr Rex Gunatileke, for being appointed as the new Chairman and Director/CEO of the company, respectively and hope that the company will take even greater strides under their leadership.

I would like to thank the Board of Directors for taking every pertinent decision, at the right time. Your support and guidance on major company decisions and good governance enabled the continuation of our growth and industry leadership. I wish to thank the Chairman, Director General, Board Members and officials of the Insurance Regulatory Commission of Sri Lanka for continuing to guide and direct insurers to create commendable performances even amidst the adverse circumstances surrounding macroeconomics.

I commend the Insurance Ombudsman, Dr. Ranjith Ranarajah, who supported us within the year. Moreover, my sincere appreciation goes out to our reinsurance partners and reinsurance brokers for their continued support in sustaining our growth. My appreciation also extends to our insurance agents and brokers for their immense contribution to business growth.

My heartfelt gratitude is conveyed to Mr. Ajith Gunawardena, Executive Chairman/CEO of Ceylinco Insurance PLC for being the voice that motivates the entire Ceylinco team and for his leadership in all matters. Further I wish to thank our Managing Director for a well-rounded leadership that enabled me to fulfil my duties in 2022.

I take this opportunity to also thank our employees for achieving another year of great success, especially amidst the unfavourable circumstances of the country. Your commitment headwinds, is greatly appreciated and your pragmatic thinking that braved the economic headwinds. I am grateful to our customers for continuing to trust in our ability to serve you and commend their loyalty that has made us number one in the non-life insurance industry. And to our shareholders, by being key stakeholders of the company, your contributions and support has become a pillar of strength and confidence for us.



MR. PATRICK ALWIS

Executive Chairman/Chief Executive Officer

BOARD OF DIRECTORS



MR. PATRICK ALWIS

*Executive Chairman/
Chief Executive Officer
(retired w.e.f. 01.01.2023)*



MR. U. WITHARANA

*Managing Director
Director (Finance)/Chief Operations Officer
(retired w.e.f. 01.01.2023)*



DR. W.C.J. ALWIS

*Director (Technical)/
Chief Technical Officer
(appointed as Executive Chairman
w.e.f. 01.01.2023)*



MR. R.A. GUNATHILAKE

*Director - Branch Operations
(appointed as Director/Chief Executive
Officer w.e.f. 01.01.2023)*



MR. H.D.A.N. PERERA

Director



MR. ROSHAN RANASINGHE

*Director
(appointed as Director w.e.f. 01.01.2023)*



MR. SATHYAJITH WIJAYAPURA
Director
(appointed as Director w.e.f. 01.01.2023)



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



MR. E.M.M. BOYAGODA
Director



MR. B. SARADA M. DE SILVA
Director



MR. A.R.H. FERNANDO
Director



DR. U.D. DE SILVA
Director

BOARD OF DIRECTORS



MR. S.C.G. GURUGE

Director



MR. TAKASHI KISHI

Director



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

Director



MR. G.S. SUNDARARAJAN

Director



DR. SHAMIL WANIGARATNE

Director



MR. C.P.A. WIJEYESEKERA

Director

MR. PATRICK ALWIS

*Executive Chairman/
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 served as the Managing Director/Chief Executive Officer of Ceylinco General Insurance Limited until February 2021. In March 2021, he was appointed as Executive Chairman/Chief Executive Officer of Ceylinco General Insurance Ltd.

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 sales force 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.

MR. U. WITHARANA

*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. He served in the capacity of Deputy Managing Director/Director Finance/Chief Operations Officer of Ceylinco General Insurance Ltd. until February 2021. He was appointed as Managing Director of Ceylinco General Insurance Ltd. in March 2021.

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.

BOARD OF DIRECTORS

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 also 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.

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.

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 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 Panellist 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.

MR. ROSHAN RANASINGHE

Director

Mr Ranasinghe joined Ceylinco Insurance in 1988 as a Marketing Executive and rapidly rose to the position of AGM – of the Fire Department in 2000. He was subsequently promoted as General Manager of the City Office in 2010, a position he held until his appointment to the Board of Directors in January 2023. He is one of the pioneers to join the company's elite sales reward scheme, the 'Ten Million Circle' and has occupied the top slots since then. He also overlooked several City Office Departments providing much-needed guidance to a large team of Sales Personnel. He played a central role in introducing the first-ever mobile insurance scheme under the Micro Insurance category that benefits a large number of Sri Lankans. Before joining Ceylinco Insurance he was employed at Hatton National Bank and The Finance Co. Ltd. and counts over 40 years of experience in the corporate sector in Sri Lanka. He retains most of the customers he had since the beginning of his career, even up to date.

MR. SATHYAJITH WIJAYAPURA

Director

Mr. Sathyajith Wijayapura joined Ceylinco Insurance PLC in June 1990 to the Sales Division of the company after working for Ceylon Cold Stores from 1982 to 1985 and joining Lever Brothers (Ceylon) Ltd from 1985 until 1990.

Having been promoted progressively to several higher designations and held the post of General Manager at the time he was appointed to the Board from 01st January 2023.

He was instrumental in setting up the operations of Ceylinco Insurance Company (Pvt.) Ltd, Maldives from year 2000 and currently function as the Executive Director of this company.

During his Thirty Two years of service with Ceylinco Insurance, he held the record of continuously holding the highest sales achiever for 25 years and was the first member of "Hall of Fame" category from 1996.

He was successful in affiliating worlds largest insurance companies, namely Chubb and AXA XL for Ceylinco Insurance Sri Lanka and Maldives and act as the country representative for both countries on behalf of Chubb and AXA XL.

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

Director

Mr. Shervin Arsakularatne holds an Honours Degree as a Bachelor of Commerce from the University of Sri Jayewardenepura.

He is a Director of Blue Ocean Heritage Limited. He is also the former Executive Director of Gartex Industries (Pvt) Ltd and Chairman/Managing Director of Ruchi Clothing (Pvt) Ltd.

MR. E.M.M. BOYAGODA

Director

Mr. Boyagoda is a Senior Banker, possessing over 35 years' experience holding key positions in the field of Financial Services. He is the former CEO of Standard Chartered Bank. He is the present Chairman of Wealth Lanka Management (Pvt) Ltd., Director of SAFE Holdings (Pvt) Ltd., Asset Trust Management (Pvt) Ltd., Ceylon Hotels Corporation PLC, Sri Lanka Gateway Industries (Pvt) Ltd., CA Crushing (Pvt) Ltd., Chemanex PLC., Royal Fernwood Porcelain Ltd., Faber Capital Lank (Pvt) Ltd., United Hotels Co. (Pvt) Ltd., Ambeon Holdings PLC., Taprobane Capital Plus (Pvt) Ltd, Asset Holdings (Pvt) Ltd, CIESOT & Dhamma Parami Trust.

He has served as a Consultant to the Asian Development Bank (ADB), the World Bank, the Central Bank of Sri Lanka, the Securities and Exchange Commission of Sri Lanka & the Securities and Exchange Commission of Bangladesh. He is a former President of the FOREX Association of Sri Lanka.

MR. B. SARADA M. DE SILVA

Director

Mr. Sarada De Silva counts over 45 years' experience in the Spice Industry, especially 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 and Chairman of HVA Foods PLC. He is also Director of 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.

He was the former Chairman of Ceylinco General Insurance Ltd and served in the position during the period from 22.04.2014 to 01.03.2021.

BOARD OF DIRECTORS

MR. A.R.H. FERNANDO

Director

Mr. Fernando has over 47 years of experience in the tea industry and has been successful in innovating, 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 and expanded the organisation to include several subsidiary companies. Today, he serves as the Chairman of HVA Group of Companies comprising of HVA Lanka Exporters Pvt. Ltd., HVA Farms (Pvt) Ltd., HVA Beverages Pvt. Ltd and HVA Foods PLC. He also 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 in 2015-16.

He was appointed as Independent Director and Non-Executive Chairman of SLT Group in January 2020 which includes Mobitel (Pvt) Ltd., eChanneling PLC, SLT Digital Info Services (Pvt) Ltd., SLT Visioncom (Pvt) Ltd., SLT Property Management (Pvt) Ltd., Sri Lanka Telecom (Services) Limited, Mobit Technologies (Pvt) Ltd., and Director of Galle Submarine Cable Depot (Pvt) Ltd.

Mr. Fernando currently serves as a member of the National Sports Council of Sri Lanka.

He is a former President of the National Chamber of Exporters (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 was the elected president of the Sri Lanka Amateur Rowing Association from 2010 to 2020. He was also a senior member of the National Olympic Committee and Chairman of its finance management committee. 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.

DR. U.D. DE SILVA

Director

Dr. Upendra De Silva as a Dermatologist counts over 28 years of experience in the field of Dermatology in Sri Lanka. Presently he has his own practice at Skin Clinic located in Colombo 04. Dr De Silva was awarded a fellowship in Dermatology from Thomas Jefferson University, Philadelphia USA and a fellowship in Occupational Medicine and Toxicology from the 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.

MR. S.C.G. GURUGE

Director

From his first job as an apprentice of Aitken Spence (Pvt) Ltd subsidiary – the agent of Singapore Airlines to the many Chairmanships posts he holds today, Mr. Sumith Guruge has accumulated over 40 years in business experience in numerous industries.

In 1990, having acquired knowledge and skills inherent to the service and logistics industries, established his own freight forwarding firm, Union Transport. This company was acquired by Fritz Companies Inc. in 1994, and by UPS in 2001. Mr. Guruge continued to be the Managing Director in the local arms of these companies until 2004.

In 1992, Mr. Sumith Guruge became a minority shareholder of industrial and medical gas solutions provider Industrial Gases (Pvt) Ltd (IGL), a subsidiary of Messer Griesheim GmbH of Frankfurt, Germany. In 2007, Mr. Guruge acquired the controlling shareholding of IGL, and subsequently established Gas World (Pvt) Ltd in 2011. Under his leadership, IGL became the first in Sri Lanka to produce dry ice from liquid CO₂ and introduce dry ice blast cleaning. IGL was selected amongst the top 10 award winners at the CNCI Awards 2019/20 and 2020/21.

Mr. Guruge is the Chairman/Managing Director of Industrial Gases (Pvt) Limited, Gas World (Pvt) Limited, Frontier Freight (Pvt) Limited, and Ashiyaki Holdings; 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 also held the post of Chairman, Freight Forwarders Association of Sri Lanka during the period 1998 –2000.

Having represented the National team in badminton during his playing days, he became involved in the administration of badminton and held the post of President of Sri Lanka Badminton Association from 2004 to 2007.

MR. TAKASHI KISHI*Director*

Mr. Takashi Kishi joined Mitsui Sumitomo Insurance Company Limited in 1989 after graduating from Keio University in Japan.

In 1996, he spent half a year at "The College of Insurance" in NY, USA, and after returning to Japan, he was in charge of Business Management of the Asian operations in the International Business Department for 4 years.

After managing a global insurance program for major Japanese manufacturers for 4 years from 2001, he served as Deputy General Manager of Thailand Branch of Mitsui Sumitomo Insurance from 2005 to 2009.

After returning to Japan, he was again in charge of Asian Business Management in the International Business Department.

In 2016, he was dispatched to Chola mandalam MS General Insurance Co., Ltd. in Chennai, India, a joint venture between Murugappa Group and Mitsui Sumitomo Insurance. He served as Executive Vice President for 3 years and whole-time Director for 3 years.

In August 2022, Mr. Kishi was appointed as the second Non-Executive Director of Ceylinco General Insurance Limited from Mitsui Sumitomo Insurance and is working to strengthen the partnership, including the exchange of networks and technologies between the two companies.

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 organisations 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.

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 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.

BOARD OF DIRECTORS

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.

He has worked as a clinical psychologist in the field of Addiction since 1987 and has been involved in teaching and training psychologists and other health professionals, throughout his career. He has conducted research and published widely on psychological aspects of addiction. He was a founding member of the British Psychological Society's Faculty of Addiction and was its Chair from 2000 to 2001. He co-founded the UK-Sri Lanka Trauma Group a British Registered Charity and is currently its Chair. He is a Director of Samutthana the King's College London Center for Trauma, Displacement and Mental Health in Colombo. He is also Honorary Consultant to Mel Medura Addiction Treatment Centre, Colombo, Sri Lanka.

In recognition of his contribution to his field and profession, he was elected as a Fellow of the British Psychological Society in 2011. He was also elected as a Fellow of the British Association of Behavioural and Cognitive Psychotherapists in 2017.

DR. SHAMIL WANIGARATNE **D.Clin.Psych., FBPsS., FBABCP.**

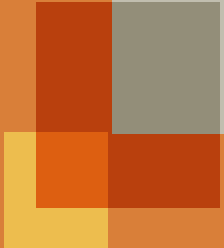
Director

Dr Shamil Wanigaratne is a Consultant Clinical Psychologist, Adjunct Professor of Clinical Psychology at the College of Medicine and Health Sciences, United Arab Emirates University and Visiting Associate, King's College London. Until his retirement in 2022 he was Head of the National Rehabilitation Centre Abu Dhabi Training Institute, Acting Head of Research and Senior Advisor to the Director General. Previously until April 2011 he was Consultant Clinical Psychologist and Head of Clinical Psychology for Addictions at the Maudsley Hospital London and Honorary Senior Lecturer at King's College London.

MR. C.P.A. WIJESEKERA

Director

Mr. Ajith Wijeyesekera 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.



Journey

BEYOND OBSTACLES



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MANAGEMENT DISCUSSION AND ANALYSIS

UNDERSTANDING OUR STAKEHOLDERS

Our stakeholders have a significant potential to change the course of our decisions and actions. Therefore, it becomes essential to understand their expectations and to maintain an established line of communication. Beginning with shareholder financial returns to taking care of the community, the value we create for all our stakeholders is based on our responsibilities towards them.

Our stakeholders



Engaging with stakeholders

Stakeholder engagement is vital to understanding their expectations of us, to communicating our actions and to clearly convey the value that we create for them.

Stakeholders	AGM / EGM	Statutory Communication	Written Communication	In-person Meetings & Discussions	Online Meetings	Formal Agreements	Email	Corporate Website	Events & Projects	Tele and digital communications (including call centre)	Rewards & Recognition	Promotional material
Shareholders	*	*	*					*				
Customers(policyholders)			*	*	*		*	*		*		*
Employees			*	*	*		*		*	*	*	
Strategic partners			*	*	*	*	*			*		
Banks and financial institutions												
Brokers and agents												
Reinsurers			*		*	*	*			*		
Suppliers			*	*	*	*	*			*		
Regulators		*	*	*								
Government		*	*	*	*	*				*		
Community								*	*			*

Responsibilities to our stakeholders

Our responsibilities to our stakeholders are based on their expectations of us.

Stakeholders	Responsibilities to our Stakeholders	Fulfilling responsibilities
Shareholders	<ul style="list-style-type: none"> Ability to provide financial returns on investments 	<ul style="list-style-type: none"> Financial returns in the form of dividends based on annual profit Ensuring sound financial management
Customers (policyholders)	<ul style="list-style-type: none"> Assessment of personal protection needs and providing the right solution Provide diversified product categories, personalised policies, value-added and innovative services and solutions Timely claim settlements Provide a friendly and empathetic service Creating channels that increase accessibility and convenience 	<ul style="list-style-type: none"> A portfolio of diverse insurance solutions Industry's largest channel network A team of experienced, trained and professional employees to ensure service excellence Growing digital and retail touch points Timely claim settlements
Employees	<ul style="list-style-type: none"> Provide remuneration, benefits and opportunities for career growth Training and development to enhance skills required by the company A safe and supportive work environment 	<ul style="list-style-type: none"> Attractive remunerations, performance-based incentives and other benefits Training programs Equal treatment and a culture that welcomes employee diversity
Partners: Strategic global and local partners	<ul style="list-style-type: none"> Maintaining a good rapport Honouring contractual and/or verbal agreements Supporting partner initiatives 	<ul style="list-style-type: none"> Providing services based on requirements Provide unique products
Partners: Suppliers	<ul style="list-style-type: none"> Timely payments and commitment to contractual obligations 	<ul style="list-style-type: none"> Various goods and services obtained across the year
Banks and financial institutions	<ul style="list-style-type: none"> Timely payments Good financial and business conduct 	<ul style="list-style-type: none"> Timely payments for financial obligations Investments in financial instruments
Brokers and agents	<ul style="list-style-type: none"> Attractive commission schemes Timely payments and commitment to contractual obligations 	<ul style="list-style-type: none"> Increased commission rates Timely payments Evaluate performance at regular intervals
Reinsurers	<ul style="list-style-type: none"> Timely payments Ethical and transparent business conduct with accountability Honouring reinsurance contracts 	<ul style="list-style-type: none"> Reinsurance premiums paid during the year Arranging contracts to match exposures
Regulators	<ul style="list-style-type: none"> Ethical and transparent business conduct with accountability Timely financial and regulatory submissions 	<ul style="list-style-type: none"> Timely financial report submissions and disclosures Ensure compliance with statutory and regulatory laws and regulations without violations
Government	<ul style="list-style-type: none"> Ethical and transparent business conduct with accountability Timely tax submissions and statutory payments 	<ul style="list-style-type: none"> Timely tax payments to support domestic revenue mobilisation
Community	<ul style="list-style-type: none"> Financial and non-monetary assistance for underprivileged persons and groups 	<ul style="list-style-type: none"> Programs to support the economically burdened people Donations and investments in supporting those in need

Key features and findings of stakeholder engagement that were used in formulating its strategy and resource allocation plans.

VALUE CREATION MODEL

INPUTS



FINANCIAL CAPITAL

Capital from shareholders
Retained earnings
Investment portfolio
Total assets



MANUFACTURED CAPITAL

City Office
VIP Centre
Branches
VIP counters
Digital and IT infrastructure



HUMAN CAPITAL

Employees
Sales staff
Training



SOCIAL & RELATIONSHIP CAPITAL

Customers
Strategic partners
Other business partners
Bancassurance
Banks and financial institutions
Agents and brokers
Reinsurers
Government
Regulators
Community



INTELLECTUAL CAPITAL

Organisational capital
Brand capital
Culture

(For more details refer pages 98 to 131)



GOVERNANCE

VALUE CREATION PROCESS

Mission and Operational Goals

Core Activities

Policy underwriting
Product value additions
Claim processing and settlement

Value creation measures

Strong financial management
Prudent marketing strategies
Talent management
Enhanced value offering for customers

Maintaining business arrangements with partners
Investing in community development

Marketing and branding
Product and process value additions
Investments in expanding presence and improving IT infrastructure
Investment in IT and digital infrastructure

Other core activities

Corporate governance
Risk management
Regulatory compliance
Financial management
Channel development

OUR OUTPUTS

PRODUCTS

- Insurance solutions for individual clients and their dependents and businesses
- Motor insurance (VIP on the Spot)
- Fire insurance
- Health insurance
- Title insurance
- Engineering insurance
- Marine insurance
- Corporate insurance
- Miscellaneous policies (personal and business)
- Value-added products and services

VALUE DELIVERED

Rs. 475 Mn

As dividends to shareholders

Rs. 7.8 Bn

In net claims and benefits

Rs. 2.9 Bn

In total remuneration

Rs. 144 Mn

In tax payments

VALUE DELIVERED OUTCOMES



SHAREHOLDERS

Attractive dividends and increase in share price

Increased EPS
Premium growth
Increased profit
Investment portfolio growth



CUSTOMERS

Innovative offerings
Convenience
Service excellence

Quick claim settlements
Enhanced policy benefits
Increased accessibility
2.9 Mn customers



EMPLOYEES

Career growth
Financial growth

Increase in revenue per employee
Promoted employees
Cost of living allowance
Increased remuneration



BUSINESS PARTNERS

Business opportunities and strong partnerships

Strong partner links



REGULATOR

Maintaining industry standards and ethical conduct

Compliance to regulations



COMMUNITY

Supporting the financially vulnerable and underprivileged

Increased CSR spending
Helped thousands of lives

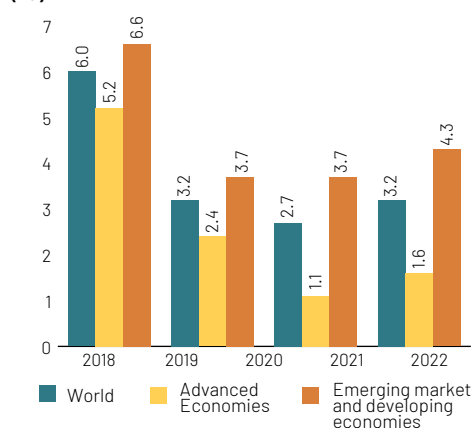
EXTERNAL ENVIRONMENT

Global economic context

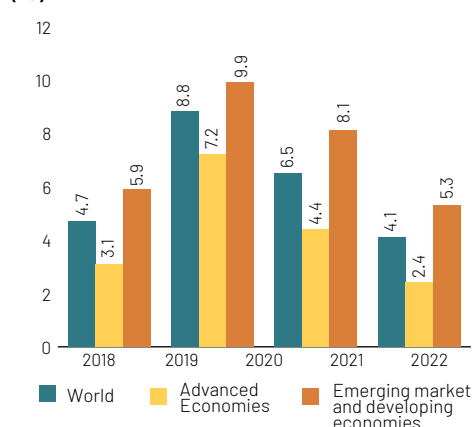
The global economy witnessed a defining downturn in 2022, driven by several factors. Amidst a barrage of adversities, the invasion of Ukraine by Russia was the epic centre that set off reverberating effects. Furthermore, China's zero-COVID policy also impacted the global economy. Consequently, global real GDP fell in 2022 in comparison to 2021, and forecasts predict a somewhat sluggish outlook for the world's gross domestic product. The war in Ukraine has resulted in a European energy crisis with higher price squeezes felt across the world. The best example is Sri Lanka, which felt the brunt of an energy crisis made worse by global price surges.

Fiscal support adopted to ward off the pandemic's economic complications began to wane in 2022 alongside the effects of the pandemic in many nations. As arresting high inflation became a concern, many central banks began tightening monetary policies. Furthermore, the still gnawing effects of the pandemic and supply chain disruptions contributed to 2022's economic outcomes. Emerging markets also bore the weight of external debt, with countries like Pakistan and Sri Lanka facing severe economic crises. According to UN economic analysis, governments' borrowing costs have risen, and so has the balance of payments in developing countries.

GDP Growth Rate (%)



World Inflation Rate (%)



Source: Chapter 1. Global prospects and policies. World Economic Outlook, October 2022. IMF

2022 was a challenging year for insurers on a global scale. The following factors had a direct impact on the global industry.

Factor	The Impact
Inflation	The biggest concern in 2022 with shocks felt severely in property and motor segments
Recession	Concerns for investments and consumer spending. Non-life profitability will likely decline in 2022
New risks	Opportunity to prepare for alternative scenarios
Consumer risk awareness	An opportunity for both non-life and life new business
Investment losses from widening credit spreads and equity market downturn	Declining reinsurance market capacity
Natural disasters	Increase in natural peril losses and inflation-driven reconstruction costs

Local economic context

GDP Growth (%)



Source: Central Bank of Sri Lanka

The Sri Lankan economy was on a recovery path after the narrowing of the COVID-19 pandemic. The culmination of the rooted twin shortfalls in the government budget and external current account muted economic progress. Moreover, fuel shortages, power outages, extensive shortages of key imported raw materials and other essentials, and the rising cost of production further aggravated the economic crisis.

The Russia-Ukraine war aggravated global food lines and drove food and fertilizer prices higher. This alongside the US dollar appreciation put Sri Lanka at risk. However, inflation dropped by January 2023, comparison to the highest NCPI based inflation figure seen at 73.7 in September 2022.

The steady rise in inflation to historically high levels during the year 2022 has diminished household buying power. This irregular rise in inflation resulted from domestic and global supply side interruptions, the sharp decline of the Sri Lanka rupee against the USD, and the release of unexpressed demand pressures originating from the lagged impact of monetary accommodation in the recent past.

2022 quarterly GDPs show a relative deterioration against that of 2021.



Source: Central Bank of Sri Lanka

External sector vulnerabilities deteriorated in 2022 leading to a BOP crisis. However, earning from tourism showed a considerable improvement at the end of the year while workers' remittances, which were modest during the first half of 2022, recorded a substantial rebound at the year's end.

The macroeconomic and regulatory impacts of 2022 directly impacted domestic insurers.

Factor	Impact
Inflation	Increased operational expenditures, denting profit margins
Policy rate hikes	Increase in borrowing costs
Exchange rate increase	Higher rupee value in foreign payments (i.e. reinsurance)
Forex currency shortage	Inability to make timely payments and source imports
Motor import ban	Impact on motor insurance business premiums and motor insurance growth
Social unrest	Damages to property and vehicles. Resistance against decisions for economic recovery

Factor	Impact
Political instability	Uncertainty in policy decisions and delay in making austerity plans to secure IMF bailout. Challenges to correcting fiscal and monetary policies.
Corporate governance -revision to direction #17 of 8th June 2020	<p>IRCSL revised the act, recommending adherence to the code of best practice on corporate governance, 2017 of SEC and CA Sri Lanka, including requirements on;</p> <ul style="list-style-type: none"> Board composition (minimum 2 directors must be Sri Lankan citizens and residents) Service period of a director capped at nine years (excluding executive directors) and an age limit of 75 years No. of maximum companies a board member can hold directorships. Disclosure of compliance in the annual report*

*Our compliance with the governance regulations and directions can be found in pages 92 to 94.

The economy will likely head towards a path of recovery from the latter part of 2023 due to the progress achieved with IMF, debt restructuring discussions and transformations that are already in motion, in addition to those that will be implemented in the period ahead.

The successful implementation of stabilisation measures introduced by the Government and the Central Bank remains vital, despite justifying painful socio-economic alterations by all economic stakeholders. The recently introduced fiscal and monetary policy measures will likely reduce consumer demand while curbing inflation and anchoring inflation outlooks at the cost of economic growth in the near term.

Sri Lanka is now implementing austerity measures as a prologue to securing an IMF bailout of Rs. 2.9 Bn. These include raised taxes, slashed government jobs, and massive hike in electricity tariffs etc.

EXTERNAL ENVIRONMENT

Insurance Industry Review

Companies within the insurance sector are shifting towards disruptive technologies and data sources to harness the efficiency and improve cyber and data security in a bid to improve organisational competencies. Process digitalisation will be key for the industry's sustenance as customer behaviours lean more towards digital interactions with fewer physical interactions and transactions in the consumer world. The way forward for insurers is to provide products that meet specific needs and new wants while enhancing accessibility through non-conventional service channels.

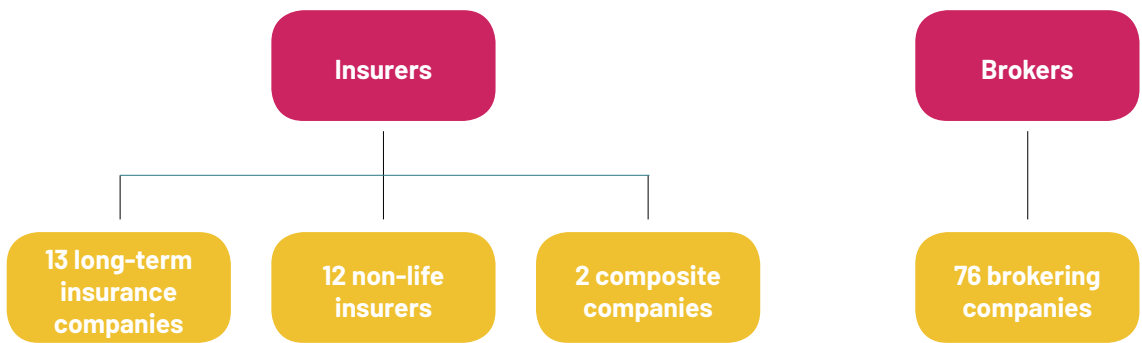
The insurance industry has demonstrated incredible flexibility and adaptability over the last few years. With the maturity of digital technologies, insurers have tapped into new capabilities to drive operational effectiveness and transformation while staying ahead of the competition. Decision-makers can further facilitate this by reducing operating costs with an eye on long-term growth. As a result, insurance companies can maximise profitability and configure systems that scale as needed.

Non-life insurance sectors would typically be worst affected, particularly those with a high proportion of long-tail businesses where higher-than-anticipated claims could lead to reserve deficiencies. High inflation could also lead to margin pressure for short-tail businesses in markets where intense competition limits insurers' ability to increase prices. Non-life insurance companies with weak reserving levels or lack of pricing power are most at risk of adverse impact on profit margins.

We at Ceylinco General Insurance Limited are confident that our predominant strategy of sustainable value creation and nimble business model ideally places us to capitalise on emerging opportunities whilst remaining strong in a challenging macro environment. We will therefore continue to focus on channel diversification for new segments, accelerating and optimising our existing distribution channels while driving product innovation and service excellence.

National sector composition

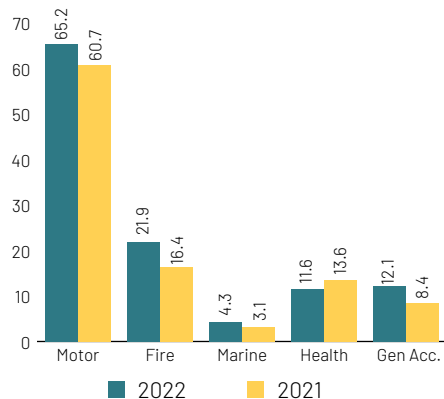
The sector comprises 27 insurance companies, branching to life (long-term) and non-life companies and composites. Insurance brokers form another industry tier.



Local non-life insurance sector

The premium income of the Non-life insurance sector, particularly non-motor insurance, has mainly contributed towards the overall achievement of Gross Written Premium (GWP) representing 20% growth over the year 2021. In addition to the above gross premium income from motor insurance has recorded growth of 7.3% compared to the year 2021. Thus, overall GWP represents a positive growth of 12.6%. Motor GWP constitutes about 56.6% of the non-life insurance premium in 2022, while the balance of 43.4% represents non-motor insurance premiums in 2022.

**Gross Premiums - Non-Life Segments
(Rs. Bn)**



Gross premiums have increased to Rs. 115.2 Bn by end of 2022. Claims by end of 2022 increased to Rs. 61.6 Bn compared to Rs. 48.4 Bn in the end of 2021.

Outlook

The outlook for 2023 remains less than desirable as economies face a recession and tightening of financial conditions alongside increasing inflation, in addition to the economic slowdown in China and the war in Ukraine.

According to IMF, Emerging and Developing Asia's inflation will likely reach 3.6% in 2023 from 4.1% projected in 2022. World output is also projected to drop to 4.4% from 7.2% for the region. Overall, emerging and developing economies will likely face challenging scenarios, especially those that depend on external financing and exports and imports of food and energy.

According to the UN, multilateral cooperation is essential to stimulating growth and supporting vulnerable groups while steering towards sustainable development. International collaborations and development finance are prescribed to tackle poverty and food security.

Based on Swiss Re Institute reporting, inflation will be persistent. Hence, it would be prudent for insurance companies to have solid capital and risk management approaches, reinsurance, and underwriting firmness, in tackling new risks.

FINANCIAL CAPITAL

ROBUST FINANCIAL PERFORMANCE



Prudent management of financial capital is critical to ensuring our financial stability and being accountable for shareholder investments. The macroeconomic environment of 2022 created a highly challenging environment for the company, coupled with the adverse impact of motor import bans, surging cost of goods and services and the social instability of the year. While all these impacted business growth we secured a commendable increase in premium income and profitability.

How value is created



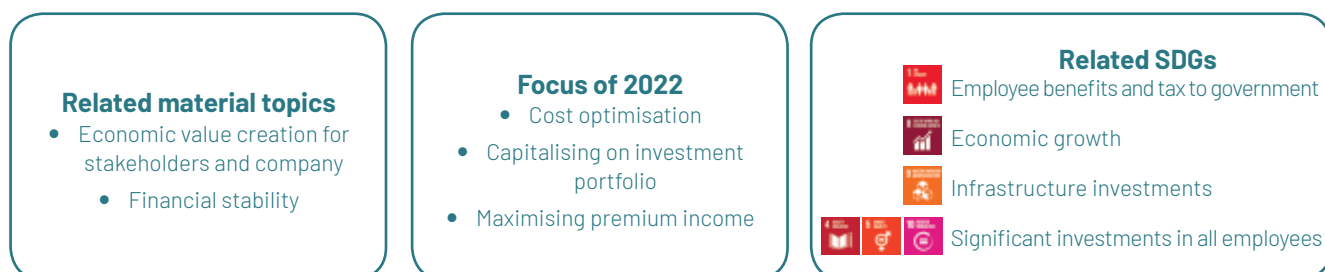
Indicators of financial value creation

PAT	GWP	NEP	Motor GWP
Rs. 3.8 Mn	Rs. 24.4 Mn	Rs. 14.7 Bn	Rs. 10.9 Bn
Non-Motor GWP	Dividends	Investment Income	Gross Claims
Rs. 13.5 Bn	Rs. 475 Mn	Rs. 6.6 Bn	Rs. 10.7 Bn

Comparative financial performance*

Key indicators	2022 Rs. Bn.	2021 Rs. Bn.	% change
GWP motor	Rs. 10.9 Bn	Rs. 10.2 Bn	7
GWP non-motor	Rs. 13.5 Bn	Rs. 10 Bn	35
Net claims and benefits	Rs. 7.8 Bn	Rs. 7.1 Bn	10
Claims motor	Rs. 4.6 Bn	Rs. 4.1 Bn	12
Claims non-motor	Rs. 3.2 Bn	Rs. 3 Bn	7
Investment portfolio	Rs. 20 Bn	Rs. 17.6 Bn	13

*For comparative performance of PAT, PBT, claims and other key indicators please refer page 116)



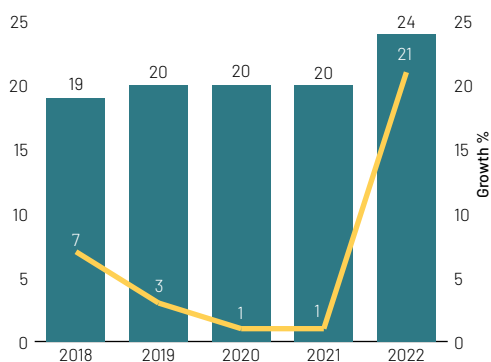
The following highlights the performance of our key financial indicators, which remained strong due to an increase in top-line, prudent financial management including pragmatic decisions on investment management, liquidity buffers, cost control measures and proactive risk mitigation. Prudent financial management was strategic in facilitating higher claims payouts and managing operating costs as Sri Lanka reached decade-high inflation.

FINANCIAL CAPITAL

Premium Income – GWP, NWP and NEP

The company's gross written premium increased during the year, despite macroeconomic adversities, to Rs 24.3 Bn. Net written premium reached Rs. 14.6 Bn after Rs. 9.7 Bn premium ceded to reinsurers. Net earned premium recorded Rs. 14.7 Bn, marking an increase of 10.7% from 2021. We were able to surpass the industry GWP growth rate of 12.6% with an increase of 20.5% in the overall premium income. The net retained premium (NRP) recorded an increase in 2022. The increase was 11.7% of the premium income over the previous year.

Gross Written Premium (Rs.Bn)

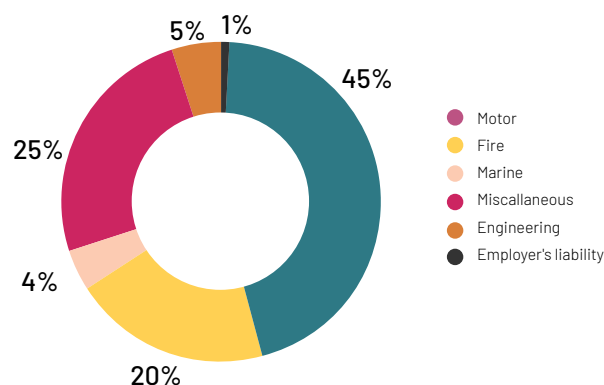


Premium composition

The highest contribution to premiums came from the motor segment at 45% from the total portfolio. The loss of premium income due to the vehicle import ban was offset by a prudently managed channel mix and enhanced service levels, in securing the motor premium growth

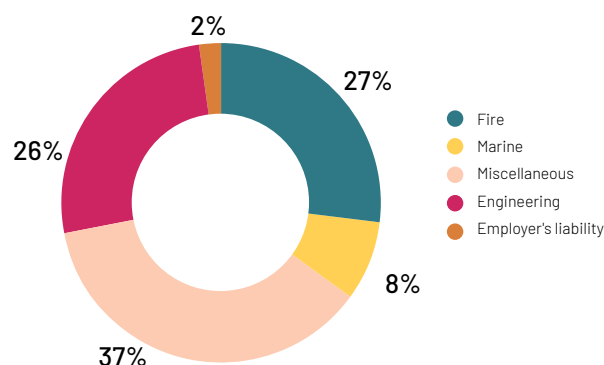
Revenue from VIP motor insurance premium amounted to Rs. 10.9 Bn, with a 7% increase in the year under review, a positive turn from the decline in 2021.

GWP composition 2022



Non-motor premiums

Non-motor GWP compositions



Miscellaneous premium income which surpassed other classes marked a 44% increase, amounting to Rs. 6.1 Bn in GWP while marine insurance segment marked a 24% increase from 2021.

The company witnessed a 44% growth in its fire class insurance premium gains. Fire class represented 20% GWP, making it the second biggest contributor to non-motor premium.

Other revenue

Other revenue including investment income rose steadily and impressively, with an overall 196% increase to Rs. 7.5 Bn. from Rs. 2.5 Bn in 2021.

Investment income

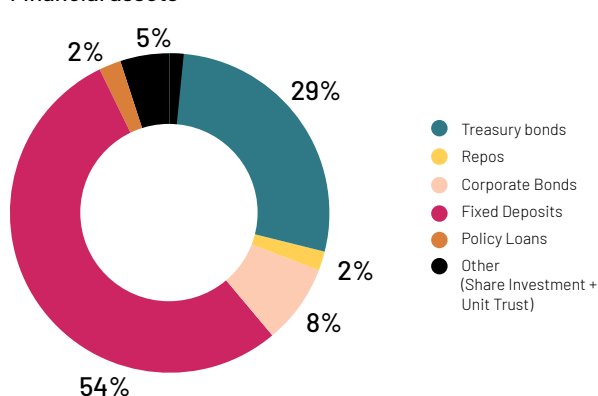
Investment income rose to Rs. 6.6 Bn, a 335.4% increase over the previous financial year, contributing massively to the increase in 'other revenue'. Interest income, dividend income, other operating income and exchange gains all contributed to the increase, with exchange gains making the highest contribution at Rs. 4.8 Bn, increasing 2,653% from 2021's gains of Rs. 175 Mn.

Investment Portfolio

The investment portfolio reached a 13% growth up to Rs. 19.9 Bn in the period under review. Fixed income reached Rs. 1.6 Bn, marking a 22% increase in 2022. Equity investments experienced a 116% decline within the financial year under review. This is a result of negative market sentiments due to macroeconomic conditions.

Financial assets show a 5% increase in treasury bonds, while fixed deposits expanded by 7%. The rise in rates provided an attractive return on fixed deposits. However, corporate bonds declined by 54% owing to a downturn in the equity market.

Financial assets



Premium ceded to reinsurers

Premium ceded to reinsurers increased in 2022 to Rs. 9.7 Bn from Rs. 7.1 Bn in 2021, marking a 37% rise. The overall increase reflects the reinsurance increase in fire segment to Rs. 4.3 Bn, an increase of 34% from 2021. Reinsurance costs for motor insurance declined by 16% and reinsurance of miscellaneous segments rose by 111% to Rs. 3.1 Bn from Rs. 1.48 Bn in 2021.

Expenditure

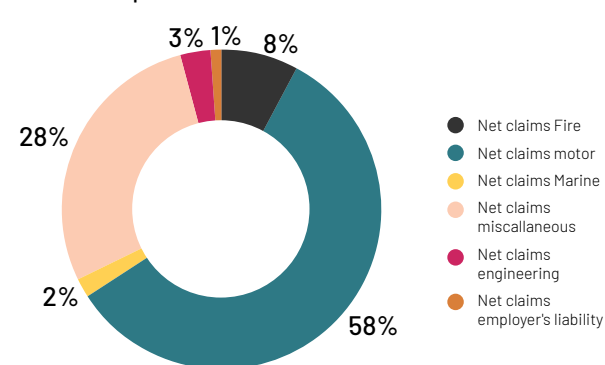
Acquisition costs, which represent commissions increased for the year under review by 10.2% to Rs. 2.16 Bn. Underwriting and net acquisition cost amounted to Rs. 1.2 Bn. Overall underwriting result was recorded as Rs. 5.6 Bn compared to Rs. 5.02 Bn in 2021.

Other operating and administrative expenses increased to Rs. 5.5 Bn in the year by 10% compared to 2021. Impairment provision was recorded as Rs. 2.8 Bn, representing provision for uncertainties over foreign currency investments. Employee benefits expenses were the main contributing factor for total other operating and administrative expenses at nearly Rs. 3 Bn. (54% proportion). Furthermore, finance cost amounted to Rs. 58 Mn and income tax expense amounted to Rs. 144 Mn for the year under review.

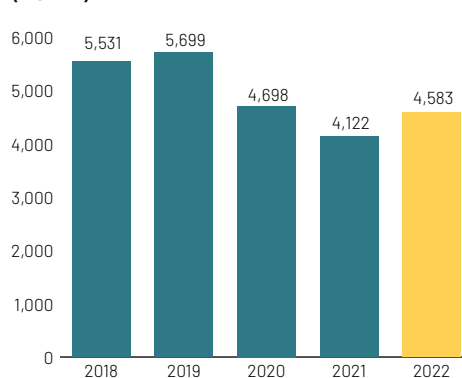
Net benefits and claims

Claims and benefits provided to customers became the main cost component in 2022. Net claims and benefits amounted to Rs. 7.8 Bn, increasing by 11% in 2022. Motor insurance related claims form the largest component, which stood at 58% from total net claims incurred in 2022, at an expense of Rs. 4.6 Bn.

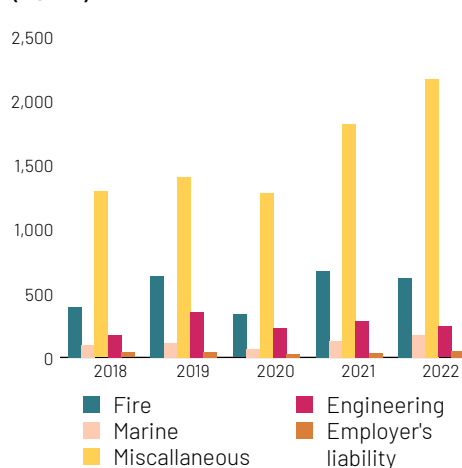
Claims composition



Motor claims (Rs.Mn)



Non-motor claims (Rs.Mn)



FINANCIAL CAPITAL

Non-motor claims amounted to Rs. 3.2 Bn, with miscellaneous categories carrying the highest claims proportion. The highest increase in non-motor claims was reported in marine insurance at 37% but holds a smaller proportion from total claims.

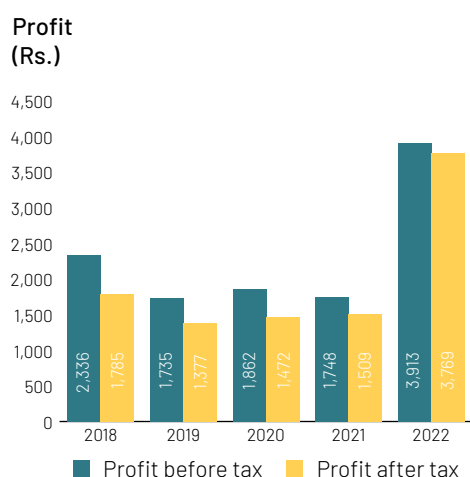
Cash flow and liquidity

We adopted prudent measures to maintain control of cash inflows and outflows, while ensuring that the company could meet its short-term financial obligations. During the year under review, investment growth helped set-off rising costs.

Cash flow generated from operating activities marked a notable increase to Rs. 6.81 Bn from Rs. 3.5 Bn over 2021. It was a considerable 94.6% increase. Premium collection (Rs. 22.7 Bn) played a crucial role in balancing the cash flow, tipping it to a healthy position. Other operational inflows include reinsurance receipts of Rs. 2.8 Bn, Rs. 1.5 Bn in interest and dividends. The sum of these enabled us to fulfil our outflows such as, Rs. 6 Bn in reinsurance costs, Rs. 10.7 Bn in claims and benefits to customers, Rs. 5.3 Bn in other operating payments etc.

	2018	2019	2020	2021	2022
Net cash generated from operating activities	1682	1379	2831	3520	6807
Net cash flows used in investing activities	(1,219)	(1,318)	(2,384)	(3,238)	(5,793)
Net cash used in financing activities	(362)	(495)	(274)	(541)	(475)

Profitability



Showing great resilience amidst various economic challenges, the company's Profit before tax increased to Rs. 3.9 Bn by 124% in 2022, from the Rs. 1.7 Bn 2021. Profit after tax recorded a 150% increase to Rs. 3.8 Bn subsequent to a taxes, which reduced by 39% to Rs. 144 Mn in the year under review.

Net loss ratio

2022 - 53.37
2021 - 53.30

Net expense ratio

2022 - 46.18
2021 - 46.69

Net combined ratio

2022 - 99.55
2021 - 99.98

Total assets

Company's financial position improved in the year under review. Total assets of the company increased by 17% to Rs. 42.7 Bn in 2022 from Rs. 36.6 Bn reported in 2021. The biggest increase of any asset class belongs to Investment Properties, which grew by Rs. 2.3 Bn from Rs. 140 Mn in 2021 to Rs. 2.41 Bn in 2022.

The largest assets is represented by financial assets, mainly loans and receivables at Rs. 9.8 Bn, followed by Rs. 7.7 Bn in Available-for-Sale Financial Assets.

Financial position	2022 Rs. Mn.	2021 Rs. Mn.	% change
Total assets	42,702	36,649	17
Total liabilities	25,530	22,181	15
Total equity	17,172	14,468	18.7

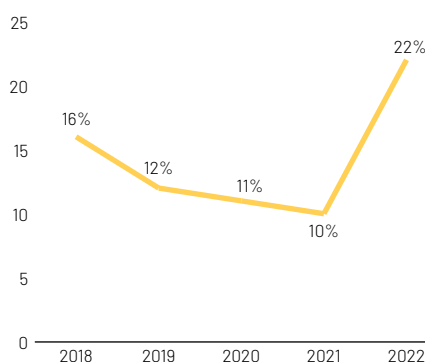
Return on assets

ROA increased by 80% for 2022, reaching 9% compared to 5% from 2021.

Total liabilities

Total liabilities increased by 15% amounting to Rs. 25.5 Bn over Rs. 22.2 Bn reported in the previous year.

ROE (Profit After Tax/Total Equity)



In the year under review, total equity increased to Rs. 17 Bn from Rs. 14.5 Bn in 2021. Retained earnings increased to Rs. 9.3 Bn being the main contributing factor to the equity makeup.

Return on equity

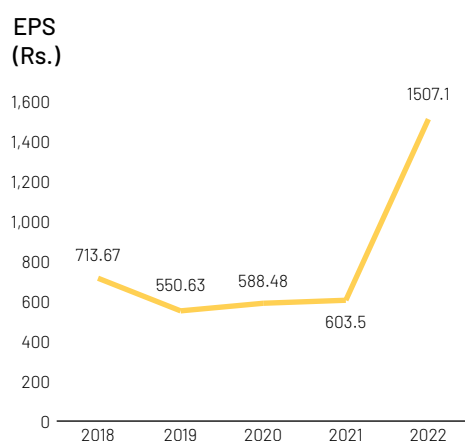
ROE increased to 22% from 10% in the previous year, reflecting increased earnings relative to shareholder equity.

Capital adequacy ratio (CAR)

We maintained the capital adequacy ratio at 193%, well-above the regulatory minimum of 120%. Our CAR has continued to be above the regulatory minimum for the past five years, reflecting a healthy liquidity and financial position. However, CAR declined by 3 points since 2021. Total available capital stood at Rs. 8.9 Bn at the end of the financial year, compared to Rs. 7.8 Bn at the end of 2021. Risk-based capital requirement stood at Rs. 4.6 Bn compared to Rs. 3.9 Bn, the year before.

Earnings per share

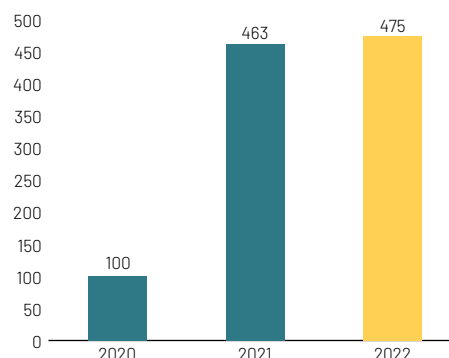
EPS recorded to Rs. 1,507/- during the year, reflecting the increasing value our business brings to shareholders.



Dividends

Dividends per share also increased by Rs. 5 to Rs. 190 during the year under review, showing the increasing value we deliver to our shareholders. Dividend paid increased to Rs. 475 Mn for the year 2022.

Dividends paid (Rs.Mn)



	2019	2020	2021	2022
Dividends per share	212	39.98	185	190

Adopting IFRS 17

The company will adopt IFRS 17 during 2025, subsequent to a review of the requirements in transitioning to the new system. The company's readiness in terms of the switch is currently being assessed.

Tradeoffs and transformations

Utilising financial resources as expenses and investments enables us to transform the value of other capital resources and value-creating activities of the company. Such transformations are essential in reaping increased revenue and enhanced efficiencies that maximise profitability and optimise costs.

	Human Capital	Social and Relationship Capital	Intellectual Capital	Manufactured Capital
Strong financial management and marketing strategies	<p>No direct impact</p> <p>Strong financial management and marketing strategies have resulted in higher premium income and profitability. Which in turn enables us to make the right allocations to enhance resources and deliver financial value to stakeholders, e.g. make cost of living allowances, allocate a good budget for donations and take necessary decisions on expenditures and investments which would otherwise become restrained if premium income and profitability was low.</p>			

■ Decline ■ No direct impact

Moving forward

At the time of compiling this report, the rupee has shown signs of appreciation, inflation has slowed and foreign reserve has marginally improved. As a result, we have renewed optimism on macroeconomic environment to be somewhat conducive for business in the medium to long-term. However, despite anticipated volatilities, we will continue to focus on following the same strategies of enhancing financial capital while navigating challenges.

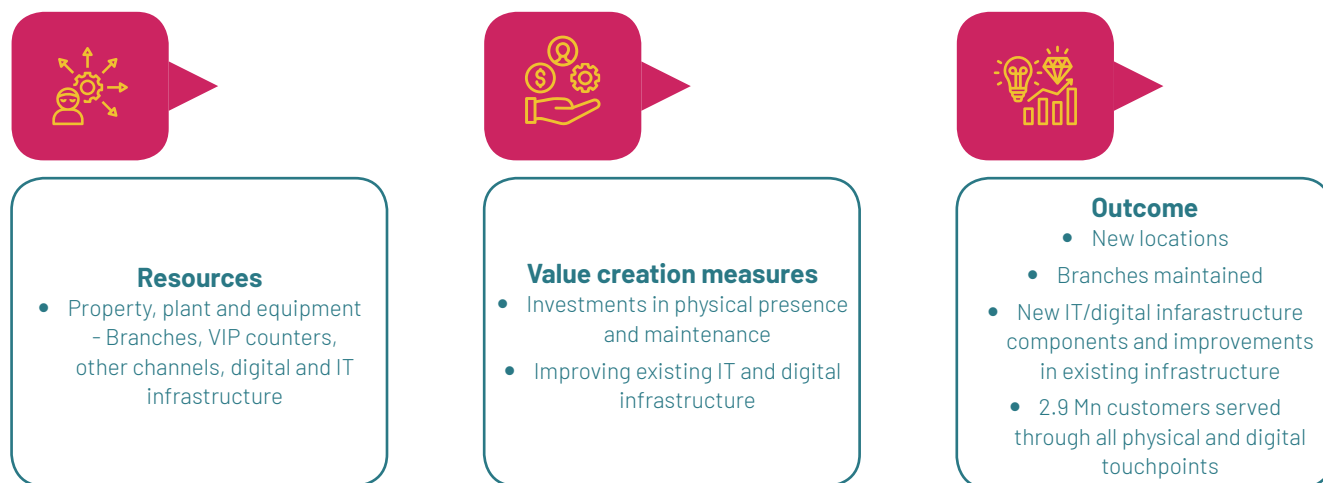
MANUFACTURED CAPITAL

BOLSTERING PHYSICAL & DIGITAL PRESENCE



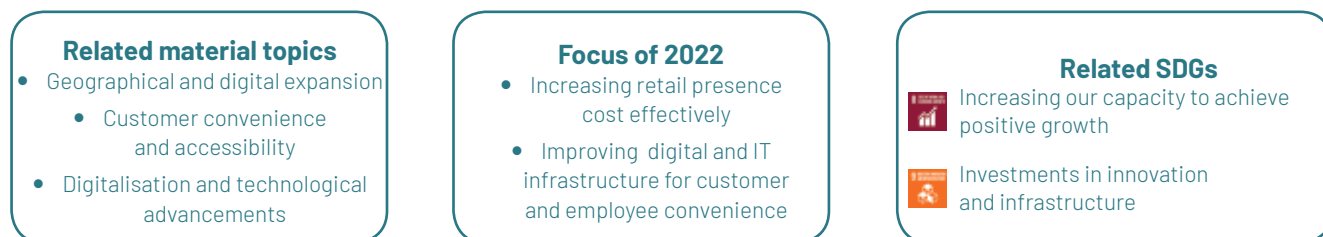
With the largest industry network of customer touch points, our manufactured capital is a power-packed base of valuable resources. Apart from a continuously expanding large physical presence, we have an online presence that delivers our services to all our customers. Moreover, our IT infrastructure is the backbone of how we ensure that our employees can effectively deliver insurance solutions and facilitate stakeholder expectations.

How value is created



Comparative value creation

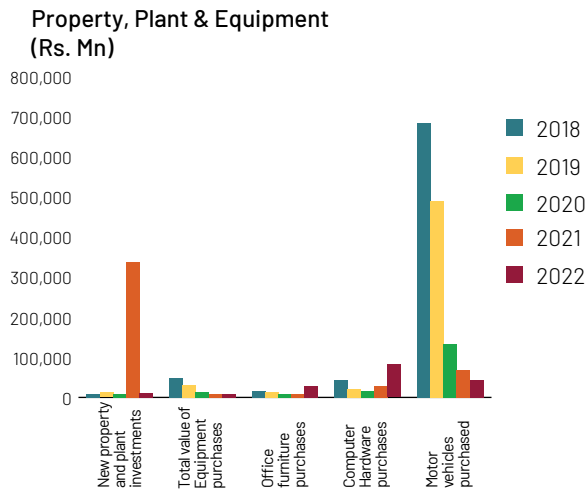
Indicator	2022	2021	Change %
PPE	4,322	4,150	4
Investment properties	2,409	139	1,633



MANUFACTURED CAPITAL

Property, plant and equipment

As at 31st December 2022, our property, plant and equipment stood as Rs. 4.3 Bn from Rs. 4.1 Bn in 2021. During the year under review, the company acquired Property, Plant and Equipment to the total of Rs. 172 Mn compared to Rs. 654 Mn in 2021.

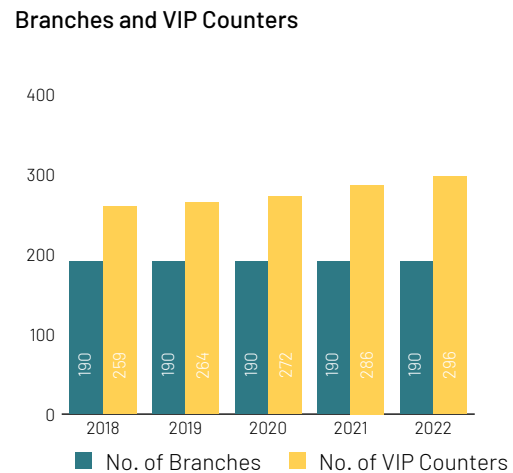


Intangible assets that represent software purchases totalled Rs. 111 Mn growing by 36% from Rs. 82 Mn in 2021.

Assets and PPE	2018	2019	2020	2021	2022
Total Asset base (Rs. Mn)	27,899	28,587	32,061	36,649	42,702
Property, plant and equipment (value as at 31st Dec 2022) (Rs. Mn)	3,775	4,166	3,867	4,150	4,322

Branches and VIP counter network

As an industry leader, our branch network is one of our most competitive strengths. At present, we operate via 550 locations across the island. These include 190 branches that offer the full range of our insurance solutions and 296 VIP Counters dedicated to our VIP On The Spot customers. During the year, ten new counters were established for enhanced customer convenience.

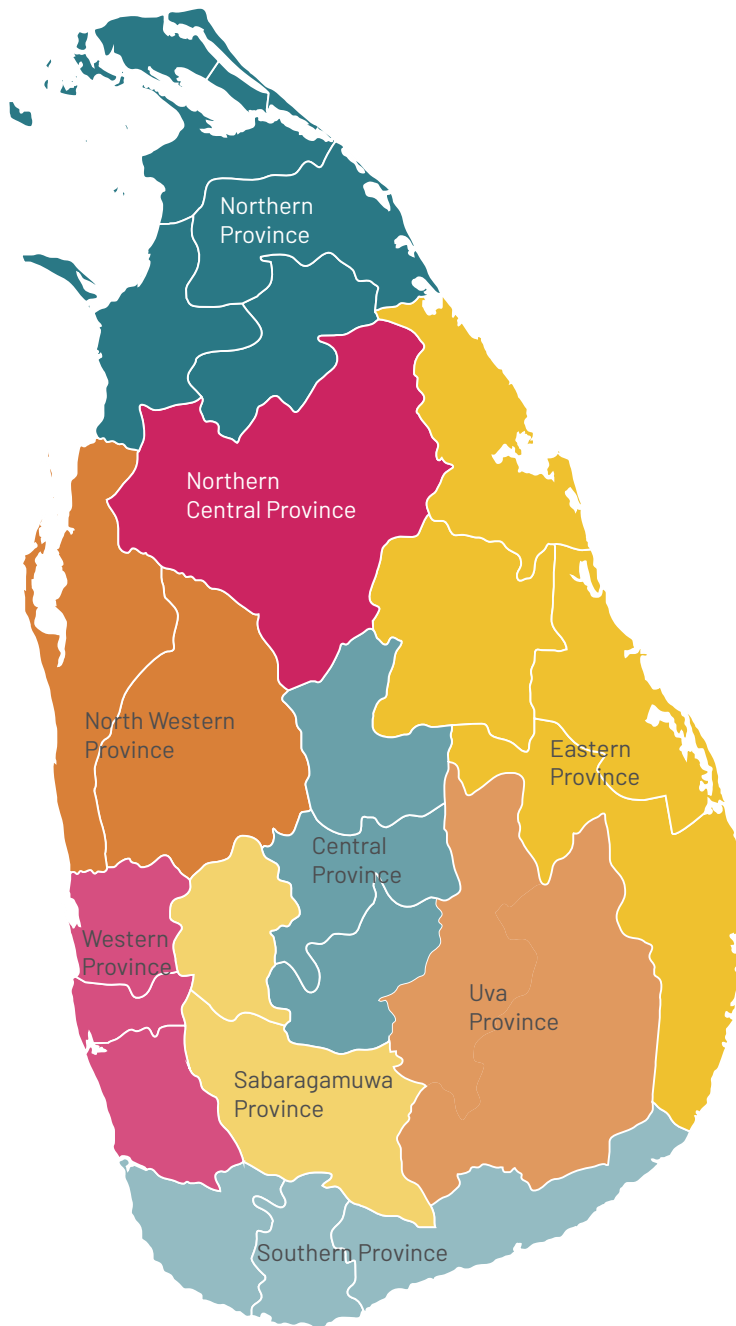


Provinces	Branches	VIP Counters
Central	17	25
Eastern	8	28
North Central	11	18
North Western	23	28
Northern	7	11
Sabaragamuwa	19	19
Southern	23	21
Uva	11	12
Western	71	135




The maintenance cost of branches and head office reached Rs. 106 Mn in 2022, an increase in comparison to 2021. Our branch properties are acquired on rent basis; however, our Head Office and properties in Nawam Mawatha, Gampaha and Kurunegala are owned by the company.




We base our branch locations after careful consideration, to provide customers access to our products and services.

Branch network





 Branches  VIP Counters




 Western Province
 71  135



 North Western Province
 23  28




 Central Province
 17  25




 North Central Province
 11  18

 Southern Province
 23  21

 Eastern Province
 8  28

 Northern Province
 7  11

 Uva Province
 11  12

 Sabaragamuwa Province
 19  19

MANUFACTURED CAPITAL

Other touch points



Other channels/touch points

Apart from branches and VIP counters, our channel network also include 13 mobile propaganda vans, 4,112 posit offices for third party insurance and 5 Ceylinco VIP rest spots.



Channel spread	2018	2019	2020	2021	2022
Number of Branches	190	190	190	190	190
Number of VIP Counters	259	264	272	286	296
Number of new branches (VIP Counters)	7	5	8	14	10
Mobile propaganda vans	12	12	13	13	13
Post offices for 3rd party insurance	3,610	3,810	4,021	4,063	4,112
Ceylinco VIP rest spots	7	7	7	7	5

In widening our service reach and touch points we have also partnered with Sri Lanka Telecom for telehealth services and with Dialog for Personal Accident covers.

Ceylinco VIP Rest Spots

We operate five 'Ceylinco VIP Spots' across long distance routes that enable our VIP On The Spot policyholders to refresh themselves during long distance transits.



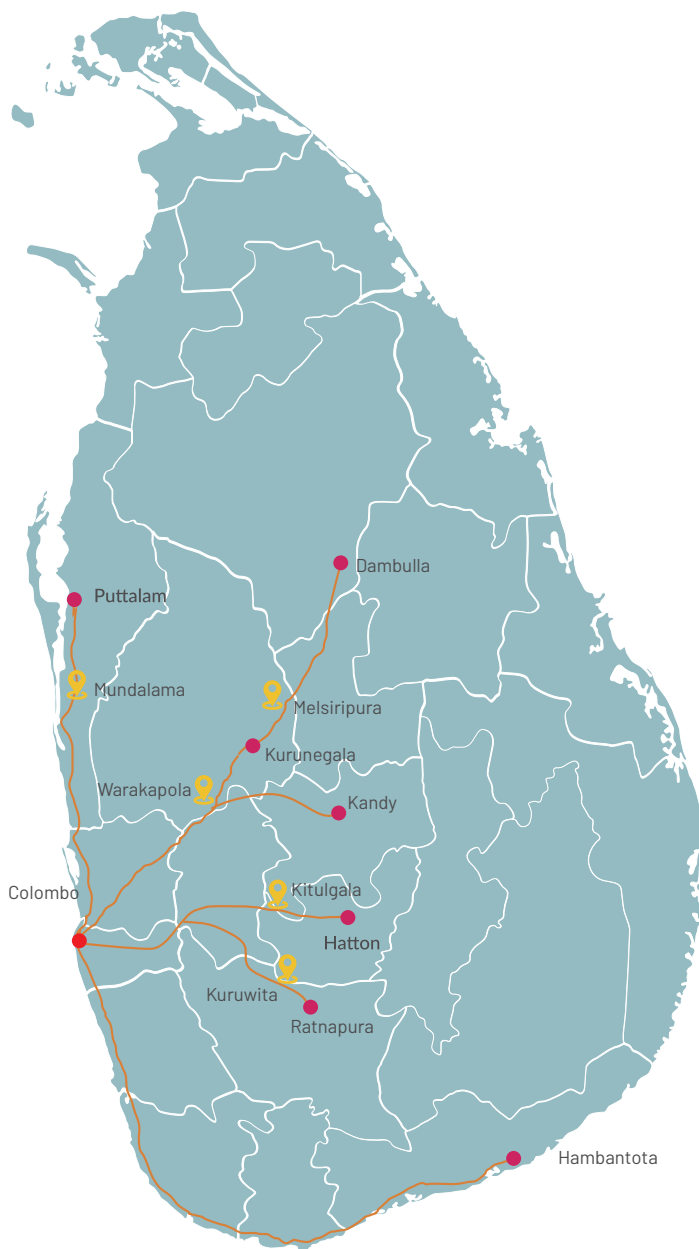
Mundalama



Kuruwita



Warakapola



Kithulgala



Malsiripura

MANUFACTURED CAPITAL

Operations hub (24/7 call-centre)

We consider our call centre as the hub of our operations, as it connects our customers with the right people, swiftly. Staff at the operations hub receives regular training on customer communication and interact with empathy, politeness and professionalism.

We have on-call over 40 tele-operators at any time of the day, answering customer calls and responding to queries, resolving them and facilitating claim intimations. Moreover, the hub also responds to accident reporting, inquiries on branches, payments and products etc. Tele-operators handle over 50 vehicle accident reports and over 100 non-motor claim intimations, daily.

IT and digital infrastructure

As a service provider, our IT and digital infrastructure is what we use to deliver insurance policies and settle claims, much as a manufacturing organisation would use physical objects for production.

This infrastructure is essential for customer onboarding, processing policies and claims amongst a range of customer services and managing internal processes related mainly to HR, finance, marketing and back-office operations.

Furthermore, through tech advancements, we have improved internal efficiencies, making front-end operations smoother to provide faster, more efficient customer service. Moreover, tech infrastructure enables employees to reduce process times, reduce human errors and increase productivity.

During the pandemic, as remote work arrangements became ordinary, we invested in the necessary infrastructure, including hardware, integrated software solutions and standalone solutions, addressing all practical requirements and challenges of remote working. We continue to maintain these approaches, as part of our business continuation strategy, at the event of any such future events.

In the year under review, we invested in a new cloud computing and backup solution. Further, we migrated to a new payroll system, with support to all payroll process requirements. Furthermore, we invested in several revamps to strengthen enhance internal efficiencies and service level requirements to elevate customer service. To ensure network safety and cyber security, we upgraded to a state of the art firewall and IT security system in the year under review.

Digital touch points

At Ceylinco, our digital presence includes our website, online portals and apps, social media platforms, digital insurance card (VIP and Suwa Sampatha) and digital payments.

Online travel insurance

We also offer online travel insurance through our partnership with Galileo. Customers who require travel insurance can pay the premium when purchasing an airline ticket.

Digital payments

In facilitating an imperative service for customer convenience, which enables them to make timely payments, we have partnered with Dialog EzCash and Mobitel mCash for insurance premium payments.

Virtual assessor

The virtual assessor enables customers to send pictures of an incident related to their vehicles by digitally uploading photos of an accident until an assessor arrives at the location or at times when assessors are out of the accident site's range. The solution is a third-party solution designed specifically for our motor insurance policyholders.

Digital and online insurance

In previous years, as part of our digital value proposition, we have developed an online Motor Comprehensive Solution. Furthermore, we have invested in mobile app development to drive sales of products and services, such as a marketing executive/underwriting app to generate quotations for the sales force on customer visits. The app also enables customers to interact with us and become policyholders of third-party motor policy covers and Children's Health Policies.

Our other digital touch points include Ceylinco VIP HUB for products and special offers. Moreover, customers can access our website for any information on products, services and company information, etc. Our social media pages are available for inquiries and information on the latest products and services.

The LED network

Taking our services, product information, promotions and CSR endeavours to the nation, we have deployed a series of LED screens. In 2022, we increased the LED screen-network from 60 to 65 screens, making it the largest outdoor digital network in the country. The network covers all major towns and cities and all screens are positioned in strategic locations enabling maximum visibility.

Back in 2017, we commenced the installation of these LED screens in major cities, enabling us to directly deliver messages to customers in transit. The LED screens are visible to thousands of people and unlike static billboards they engage viewers through attractive attention-grabbing visuals. Furthermore, due to their strategic positioning and bright visibility during after hours, they are highly effective when compared to billboards.

Tradeoffs and value transformations

In enhancing the value of physical, IT and digital infrastructure, we incur investments, while improving the overall value of manufactured capital, and impacting other capitals in the process.

Tradeoffs and value transformations				
	Financial Capital	Human Capital	Social and Relationship Capital	Intellectual capital
Investments in physical presence and maintenance	Decrease in financial resources for investments and operational expenditures	Branch improvements provides a positive work environment	Increased customer reach	
Improving existing IT and digital infrastructure		Makes work efficient and convenient for employees and equips them with training to improve improves their knowledge and capacities	Service improvements Growing partnerships and interactions with IT service providers	New systems and improving existing solutions require new knowledge

■ Increase
 ■ No direct impact
 ■ Decline

Moving forward

In the period ahead, we plan to increase digital touch points through 'Ceylinco SLT Mobitel Ananthaya' for SLT & Mobitel Customers, integrate an online platform for Daraz customers, and create a cover for online lottery purchases. In terms of growing our physical and geographical presence, we will continue to assess the economic environment to make prudent decisions on property investments and new locations.

INTELLECTUAL CAPITAL

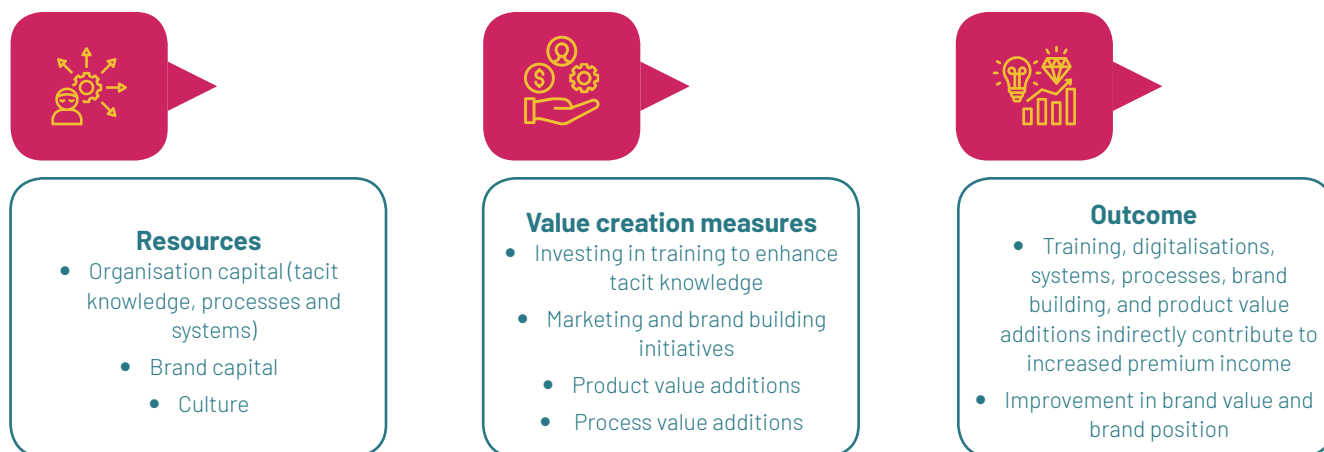
REINFORCING WHAT MAKES US UNIQUE



Reinforcing what makes us unique

At Ceylinco General Insurance, we have nurtured a distinctive and competitive base of organisational capital (tacit knowledge), a culture based on close-knit associations, and an ecosystem of unique products and services. These are supported and enhanced by processes and IT systems that continue to undergo improvements, as we leverage them to be the industry's top general insurance provider. Known for service and product innovations that have become industry benchmarks, we at CGIL protect our intellectual capital and continues to nurture them as one of our most competitive assets.

How value is created



Comparative value creation

	2022	2021
Brand value	Rs. 3,662 Mn	Rs. 3,595 Mn
Brand position (top 100 valued brands)	31	32
Brand recognition	People's General Insurance Brand of the Year 2022 and best in service excellence.	People's General Insurance Brand of the Year 2022 and best in service excellence.
Brand rating	AA+	AA+
Market share	21.1%	19.8%

Tacit knowledge development

Developing organisational capital, including tacit knowledge, is done through training and development initiatives. This is intricately linked with human capital development undertaken by company management and the Training division. Each year we conduct sales, non-sales and technical training based on the needs of the company and staff. We carry out targeted training programs to elevate the competencies of our staff and to advance their skills and knowledge in various technical, business, marketing and operational areas. Moreover, we base these programs on the strategic needs and operational requirements of the company that are unique to what we do and how we do it.

INTELLECTUAL CAPITAL

Processes and systems

With our most innovative brand and product, 'Ceylinco VIP On The Spot', comes the unique process of on the spot claim settlement. At Ceylinco, we pioneered this process which has become the first step towards prompting a quick and efficient customer service. Our underwriters and staff carry both implicit and explicit knowledge of the process, making them invaluable to the company.

In terms of systems, we deploy both in-house built software and third-party system solutions developed to support our unique

services, processes and requirements. Moreover, digitalisation remains a core driver of customer convenience and service level improvements. In 2022, we continued to improve several systems and software solutions, while adopting new ones (Please refer 'Bolstering physical and digital presence').

Our in-house developed software solutions include, a point accumulator system, agents 3rd party web portal, digital motor card and digital Suwa Sampatha card. Out of which, the point accumulator is unique to Ceylinco General Insurance where we offer value added products to end customers of large entities such as telcos, supermarkets etc.

Related material topics

- Talent management
- Digitalisation and technological innovations

Focus of 2022

- Improving selected systems and software
- Branding and marketing activities
- Adding value to CEYLINCO VIP ON THE SPOT

Related SDGs

- Employee training
- Innovations and tech infrastructure

To enhance customer support and service during motor accidents, we have developed a virtual assessor solution. It enables customers to quickly and conveniently upload onsite images without the presence of our assessors.

Product innovations

Our innovative products have captured the interest of an entire industry over the years while retaining our customers due to their unique and unmatched value proposition.

Innovative product portfolio

Our core innovation and trademarked brand, Ceylinco VIP On The Spot, is a product embraced by over 1.5 Mn customers in Sri Lanka. Over the years, the brand has become a household name recognised across the country, which is attributed partly towards robust and continued promotions and branding of the product in various townships and cities across the island.

For a list of all our products, please refer pages 55 to 56.

Value added innovations

In 2022, the company enhanced the value offered through our Accidental Health Insurance Benefit for 'Ceylinco VIP on the Spot' clientele. Motor insurance policyholders now receive an emergency hospitalisation insurance cover free of charge for the sum of Rs. 10 Mn (More information under, 'Creating value as the people's insurer') Moreover, VIP On The Spot equips customers with several trademark offerings, that are unique to our value proposition.



During the year, we introduced a digital card for motor insurance policyholders, to provide a more sustainable alternative to physical insurance cards. (More information under 'Creating value as the people's insurer')

Brand capital

Our brand name 'Ceylinco' carries tremendous weight and precedence within the insurance industry. A brand that resounds in the hearts and minds of people, we continue to be recognised for people's trust and their dependence on us.

Brand acceptance

In 2022, we were again honoured with the 'People's General Insurance Brand of the Year 2022' at the SLIM Nielson Peoples Awards. We received the title for the 16th consecutive year, based on a formal evaluation process that gathers people's perceptions through a survey. It demonstrates how Ceylinco General Insurance has touched the lives of Sri Lankans by being a reliable and trusted provider of insurance coverage. The award is a recognition of our unique solutions, customer-centric culture and unrestrained support for the people we serve, which are the three pillars of our success.

Service excellence

During the year, we were yet again chosen as the most popular general insurance company in service excellence. The selection of companies comes after a 12-week survey carried out amongst the general public. The survey assesses service providers and is conducted by the LMD magazine.

Sri Lanka's most recognised insurance brand

Not only a product, but a brand that redefined innovative insurance solutions, 'Ceylinco VIP On The Spot' continues to gather an increasing level of brand recognition. Due to its steeped presence in the market for over 22 years, the brand has become formidable as an uncontested competitive asset.



Raising brand capital - Marketing and branding in 2022

Rebranding

Over 60 hoardings were rebranded for Ceylinco VIP On The Spot, Rs 10 Million accident hospitalisation cover

Mass media

Campaigns for Ceylinco VIP On The Spot, Suwa Sampatha International - The overseas Medical Cover

Social media

Ceylinco VIP Ceylinco Gedera, Ceylinco Travel Classic, Ceylinco Suwa Sampatha International

E-mail marketing

Ceylinco VIP / Ceylinco Suwa Sampatha International

Mobile campaigns

Ceylinco VIP Motor Bike 3rd Party

Investments in marketing and branding

According to Brand Finance, Ceylinco General Insurance ranks at the 31st position in the Top 100 most valuable Sri Lankan brands.

**Rs. 3.6 Bn
brand value**

**AA+ brand
rating**

INTELLECTUAL CAPITAL

Product Portfolio



CEYLINCO VIP ON THE SPOT

Ceylinco VIP On The Spot is the most comprehensive vehicle insurance policy available in Sri Lanka with a host exclusive benefits and value additions.



CEYLINCO FAMILY GUARDIAN

Ceylinco Family Guardian Insurance is a unique plan which provides a comprehensive cover.



CEYLINCO VIP THREE WHEEL COVER

Ceylinco VIP Three Wheel Cover is the only product available for three wheeler owners in Sri Lanka with the widest coverage.



CEYLINCO HOME OWNER'S DISASTER RELIEF INSURANCE

The New Householders Policy protects the house and its contents with a total security plan



CEYLINCO VIP MOTOR BIKE COVER

Offers a host of benefits for Motorcycles Riders.



CEYLINCO TRADERS' DISASTER RELIEF INSURANCE

This packaged product provides a complete protection plan for businesses



CEYLINCO VIP 3RD PARTY COVER

Ceylinco VIP 3rd Party Motor Cycle Cover is the only 3rd Party insurance that offers benefits to the insured.



CEYLINCO ONE DAY COVER

This unique product covers an individual against road or home accidents.



CEYLINCO CHP PLUS

The Ceylinco Children's Health Policy provides enhanced benefits to school-going children.



CEYLINCO LIPS INSURANCE

This product was specially designed for women.



CEYLINCO SUWA SAMPATHA

The most popular Surgical and Hospitalization Insurance Scheme in Sri Lanka for corporates and individuals



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.



CEYLINCO LEASING COVER

The Ceylinco Leasing Cover relieves the Lessee from paying the monthly lease (up to a maximum of two instalments) when the vehicle is in a garage due to an accident.



CEYLINCO NUWANA

In an unfortunate event such as the demise or disablement of parents, "Ceylinco Nuwana" takes care of the child's education.



CEYLINCO TRAVEL CLASSIC INSURANCE

This policy offers a great assurance to travellers and pays up to a maximum of US\$ 1,000,000.



CEYLINCO HOME & YOU

This affordable product includes covers such as Fire and related perils, cover against natural disasters for the house and its contents.



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 TWENTY FOUR SEVEN

This is the ideal product to protect the employees: the most valuable asset of an organization.



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.



CEYLINCO WARRANTY INSURANCE

Warranty Insurance is a comprehensive cover which offers compensation for manufacturing defects.



CEYLINCO GOVI PAWURA / CEYLINCO GURU PAWURA / CEYLINCO LIYA PAWURA

"Ceylinco Pawura" is a product specially designed to protect Farmers, Teachers and Housewives.



CEYLINCO ONE AND ONLY

Every time a customer purchases goods from any outlet of the Supermarket chains teamed up with Ceylinco, the customer is entitled to an insurance cover.



CEYLINCO DHEEWARA UDANA

This complete protection plan for fishermen and their families covers them for over Rs.580,000/- per annum.



CEYLINCO "A+" INTERNATIONAL STUDENTS' INSURANCE

Another unique policy, which provides cover for Sri Lankan students who have gone overseas for studies.

INTELLECTUAL CAPITAL



CEYLINCO CROP AND LIVESTOCK INSURANCE

The only insurance policy available to the farming community where they can cover their crops, livestock and farming equipment.



CEYLINCO SUWA SAMPATHA MONTHLY

Ceylinco Suwa Sampatha Monthly offers an organisation the unique opportunity to provide a comprehensive hospitalisation cover and a personal accident cover of up to its employees.



CEYLINCO SUWA SAMPATHA NATIONAL HEALTH

Ceylinco Suwa Sampatha National Health offers a hospitalization cover and personal accident cover.



CEYLINCO GEDARA

Yet another unique benefit for all Sri Lankan Home Owners for an affordable premium.



CEYLINCO HIGHER EDUCATION POLICY

A comprehensive cover for students wanting to pursue higher education.



CEYLINCO SUPPORT LINE

Ceylinco Support Line offers a total protection plan to small and medium enterprises.



CEYLINCO SERIOUS ILLNESS COVER

A cover of up to Rs.500,000 per annum that will reimburse medical costs incurred in the treatment of diagnosed serious illnesses.



CEYLINCO NO WORRIES

This is yet another unique insurance solution offered to Corporates to safeguard their valuable employees against loss of income.

Culture

Culture may not directly relate to an intangible intellectual phenomenon; it is certainly a tacit social understanding of a group of people united by the same mission and operational goals. At CGIL, our culture reflects a family and a tight-knit community of colleagues bound by common interests, a mission and operational goals.

Our employees are part of a culture based on values such as trust, care for others, loyalty and sheer determination. The 'Ceylinco' family stands together to protect its identity and to ensure that we grow as a company and as individuals.

Tradeoffs and value transformations

In an effort to reinforce innovations and brand value, we incur several trade-offs and transformations, imperative to enhancing our value proposition and ensuring market growth.

Tradeoffs and value transformations				
	Financial Capital	Human Capital	Social and Relationship Capital	Manufactured Capital
Investing in training	Decrease in financial resources for investments and operational expenditures	Knowledge and skill development	Employee competencies contribute to create strong relational capital	
Marketing and brand building		No direct impact but requires time, employee creative thinking and research	Increases acceptance within the society and brand recall among customers	Increases branding and marcom material. e.g., hoardings. Requires digital promotional tools
Product value additions			Customer retention and context to bolster business relationships.	Additional digital solutions to deliver services

■ Increase
 ■ No direct impact
 ■ Decline

Moving forward

Innovative solutions, digitalisation and product value additions will be our core focus to meet customer requirements and maintain our leading market position. Moreover, in supporting and giving life to innovations and processes that enable these aspects, we will continue to improve, develop and implement new IT systems and solutions unique to our business.

Branding and marketing endeavors will continue at the same pace, with market and media assessments enabling a prudent mix of strategies. As per the norm, we will continue to leverage opportunities on our most popular and highly valued brand name while engaging customers with the brand through conventional mediums and modern channels.

SOCIAL AND RELATIONSHIP CAPITAL

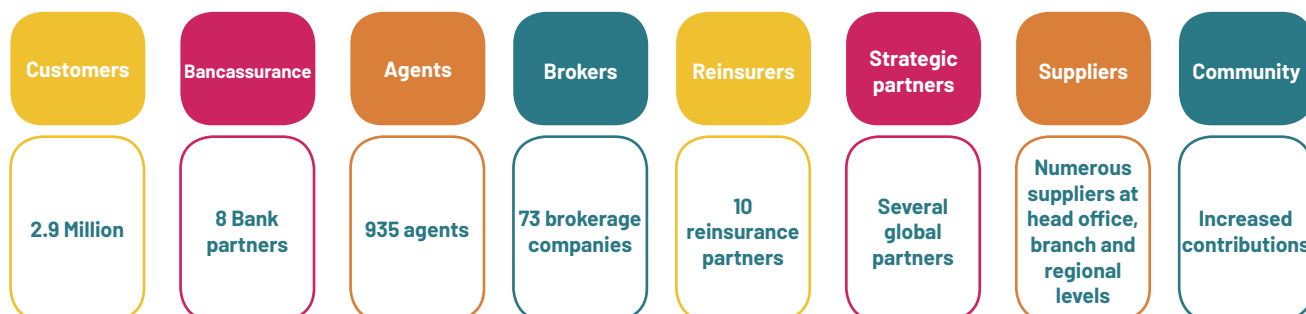
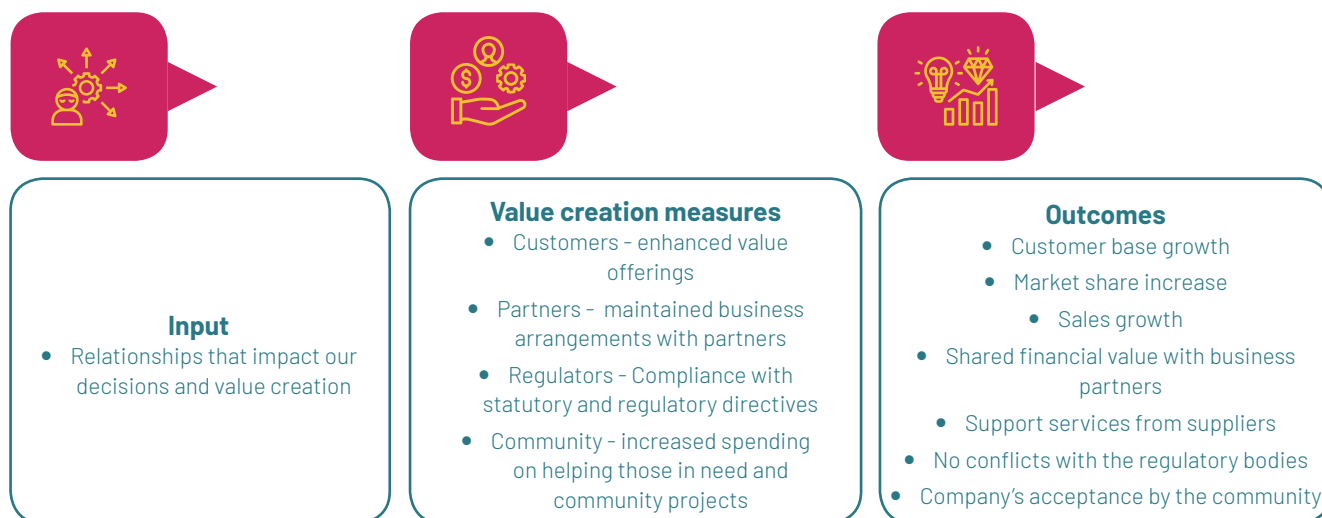
TAKING CARE OF OUR STAKEHOLDERS



Creating value as the people's insurer

Our relationship with stakeholders provides the foundation for creating value through our activities. The relational capital that we have formed with customers, partners, suppliers, regulators/policy-makers, and the community helps us to continually reassess our value propositions and make an effort to improve our offerings.

How value is created

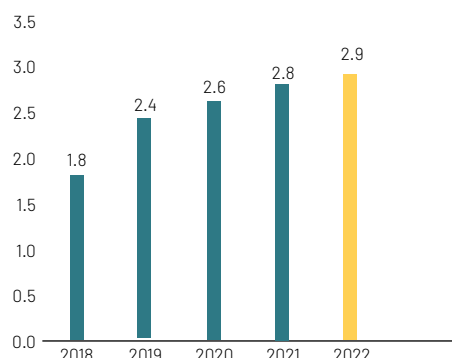


SOCIAL AND RELATIONSHIP CAPITAL

Committed value creation for customers

Fulfilling the expectations of customers drives us to continuously improve our products, services and value additions. Keeping their needs in mind, we have developed a diversified channel network and product portfolio. Over the years, we have witnessed a steady increase in our customer base.

Total Customer Base (Mn)



Customer touch points

There are several ways through which we ensure two-way communication with our customers. These channels enable customers to give feedback, receive product and service information and make inquiries as and when required.

Touch point	Description
Call-centre	One of the largest call centres in Sri Lanka, with over 40 customer care agents working 24/7. Customers can call 112393939 for any inquiry or complaint.
In-person interactions	Branches VIP counters Sales force Bancassurance Through agents and brokers 5 Ceylinco VIP rest spots 13 mobile propaganda vans 4,112 post-offices for third party motor insurance

Touch point	Description
Website	Customers can access Ceylinco-insurance.com for any information, third-party motor insurance, online payments, quotation inquiries,
Social media and digital advertising	FaceBook, YouTube and Google ads
VIP App	For Ceylinco VIP On The Spot customers
VIP HUB	Customers can access latest promotions and avail exclusive offers through the online portal, purchase insurance and make payments
Digital payment channels	Online fund transfers eZcash and mCash can be used by dialling #111#
Other digital points of contact	WhatsApp, Email and SMS Telephone for less important communication LED screen network
Print communications	Proposal forms, brochures and policies (available in all three languages)

Touch points (Physical and digital)

550 service locations

296 VIP counters

190 branches

65 LED screens

13 Mobile Vans

VIP App Over 5000 downloads

We have one of the largest networks, which take our services closer to our customers and potential new clients.

Campaigns to create customer awareness

Each year, we execute carefully planned promotional campaigns and branding activities through both traditional mediums and digital channels. In 2022, we incurred a total spending of Rs. 29.8 Mn for branding and promotions.

Activity	Description	Investment	Duration	Target audience	Results achieved
Branding activities (Ceylinco VIP - Rs. 10 Million Accidental Hospitalization cover and critical illness cover)	<ul style="list-style-type: none"> Over 60 hoardings rebranded Re-branded the 12 Mobile vans 	Over Rs. 11 Mn	Throughout the year	All vehicle users	Excellent top of the mind awareness as well as 24 X 7 visibility throughout the island
Mass communications	Campaign for Suwa Sampatha International - The overseas Medical Cover	Rs. 12 Mn	Throughout the year	Affluent, High end customers	Increased sales by over 50%
Social media campaigns - Ceylinco VIP Ceylinco Gedera, Ceylinco Travel Classic, Ceylinco Suwa Sampatha International	YouTube & Google Ads	Rs. 4.6 Mn	One Month for each product	VIP - All Car Users	
Email marketing	Ceylinco VIP / Ceylinco Suwa Sampatha International	Rs. 120,000	2 months	VIP - All Car Users	Awareness & Sales Growth (no quantitative assessment)
Mobile campaigns - Ceylinco VIP	3rd Party Motor (Bike)	Rs 1.5 Mn	Over 6 Months	Motor Bike users whose Bikes are over 3 yrs old	Sales growth (approximately 4% of all sales)

The name 'Ceylinco General Insurance' has always been closely associated with understanding the pulse of the people and the community. Each year, we make financial and other contributions to support financially-burdened persons and groups from our community. In 2022, we carried out several projects to support the community and the environment.

SOCIAL AND RELATIONSHIP CAPITAL

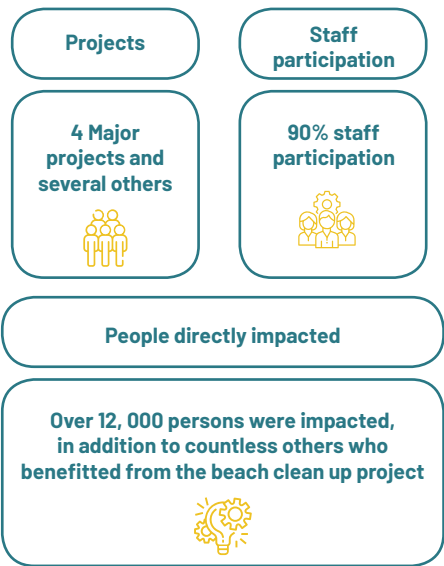
Projects

Ceylinco VIP Pihita



Ceylinco VIP Pihita is our CSR brand, formed to create CSR initiatives to help the country's financially vulnerable persons, groups and communities, with support extendint to religious institutions. Launched in 2020, this unique CSR concept was introduced by Chairman and CEO of Ceylinco Insurance PLC, Mr. Ajith Gunawardena.

Despite the macroeconomic challenges and concerns that affected us, we made impactful contributions to people in the community. We believe, it is our duty to help as many individuals as possible. Hence, in 2022, we increased our contributions compared to 2021.



Distribution of clothing

In 2022, through 'Ceylinco VIP Pihita', we distributed free clothing for people in need, who lack the financial means to obtain them. This initiaitve was imperative as the plight of people became worse, due to the economic crisis.

We established several 'Ceylinco VIP Pihita' centres in selected cities beginning with Bandarawela, Anuradhapura and Matara for the distribution of clothing items. The centres are located in major towns which provides people with easy access. We welcomed everyone with the need to obtain clothing. Those who walked in witnessed something similar to an ordinary shopping experience, but at no cost. Each individual was provided two pieces of clothing according to their preference.



The project commenced with the company requesting used but usable clothing in clean and wearable conditions. Initially, our employees donated their wearable clothes, requesting from well-wishers with over 3,500 employees making contributions.

We then invited customers, close associates and the general public to make donations of their used but wearable clothing.



Lunch for school children

In the year under review, we commenced a program to provide meals for over 1000 students in ten remotely located schools across four districts. We provided each student with a balanced and nutritious lunch on three days of the week; Monday, Wednesday and Friday. The responsibility of organising and distributing meals was undertaken by staff of branches in the respective districts. The project continued across October 2022 with hands-on, dedicated participation.

The schools selected for meal distribution were: Ampara (Saddhatissa Primary Vidyalaya), Polonnaruwa (Kandakadu Primary school, Sooryawewa Primary School, Muthuwella Primary School, Kurulubedda Primary School, Nagasthenna Primary School, Maithreegama Primary school), Hambanthota district (Vevagama Kanishta Vidyalaya) and in the Anuradhapura district (Kadurupitiya Vidyalaya, Ranorawa Primary School).

Students range from 5 to 12 years, from families with severe economic hardships due to the country's financial crisis.

The initiative was greatly appreciated by parents and teachers of the children, expressing that some of them attend school without proper food on most days, which affects their concentration and health.

Parents of most children engage in either farming or make their earnings through daily wage jobs. Those who farm are now affected by fertiliser shortages and lack of water, even for basic needs such as sanitary purposes. Those receiving daily wages are destitute, as they are unable to feed their families.



SOCIAL AND RELATIONSHIP CAPITAL

Beach cleanup project

Beaches in Sri Lanka have become polluted coastlines which makes it our duty to help preserve the natural beauty and cleanliness of our beaches and the ocean surrounding our island. With this in mind, we organised a beach cleanup program along the coastlines in Galle, Negombo and Mount Lavinia.

In organising and conducting the initiative, over 200 of our employees selflessly cleared debris, plastics and polythene waste from the shoreline. It was our wish to see this coastline return to a pristine condition, preserving its beauty and making it tourist-friendly. Through the cleanup, our effort was also to stop more waste from entering the ocean and causing harm to marine life and the ocean's ecosystem, as marine pollution around Sri Lanka is a serious cause for concern.

Waste collected from the areas was handed over to the municipal councils of the respective areas.



Living assistance for 120 families

The Company is closely engaged with the community at large, ensuring that it responds to urgent needs of people in times of crisis and even at other times by initiating projects to uplift the community and ensure its well-being. The Company continued the monthly assistance scheme through out the year that was initiated in 2021 under 'Ceylinco VIP Pihita' with a contribution of Rs. 5,000/- per month for low income earners. A total of 120 persons were covered under this initiative.

Mobile vehicles for the Kandy perahara



Blood donation

We organised a blood donation campaign at our Head Office in February 2022, which helped collect a total of 390 pints of blood. Our employees took time and effort to make their contribution, which is highly commendable, as their generosity could save many lives.



Business partners

The relationships formed with our partners go back a long way. Diverse in nature, each partner comes to us with unique requirements and expectations. By building a good rapport with each business partner we have gained a strong understanding of their expectations, which enables us to honour contractual obligations and maintain cordial relations.

Strategic partners

Our strategic partners include various global companies that enable us to grow financially through new business opportunities. We have entered into strategic global partnerships with Berkshire Hathaway and AIG, USA. These partnerships have become strong links in securing a robust financial position and growth. Due to the nature of our partnerships, we offer underwriting services to some of the world's leading companies while insuring multinational company operations in Sri Lanka.

We have partnered with Japan's Mitsui Sumitomo Insurance to offer reinsurance support to Japanese clients in Sri Lanka. In addressing the unique insurance requirements of the company, we have developed several products. Our strategic partnerships also include gulf-region-based companies, including UAE, Bahrain, Oman, Qatar and Kuwait, to provide joint insurance products to migrant workers employed in these countries.

New business opportunities (2022)

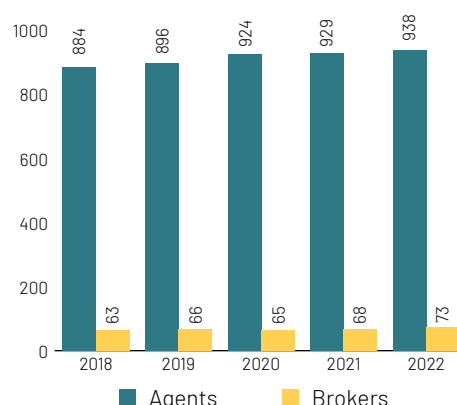
During the year, we entered into a memorandum of understanding with SLT-Mobitel, to offer an exclusive insurance scheme for Sri Lankan women and mothers. Powered by SLT-Mobitel mCash it will be offered exclusively for SLT-Mobitel subscribers and mCash users.

Agents and brokers

Our relationship with our agents and broker companies is one of mutual value creation - one where business transactions create benefits for each party. During the year, we ensured that our commitment to timely payments and cordial communications was fulfilled.

Brokers enable us to access market segments that are inaccessible to us and exclusive to their business model. Our brokering partners have the highest contribution to our income apart from our sales force.

Agents and Brokers



Bancassurance partners

Our bancassurance partners are a vital link in our channel and distribution network. The geographical spread of these partner banks provides us with the potential to reach untapped customer segments and areas. We maintain good partnerships with eight banks, with each providing access to their strong customer network. In providing insurance solutions, we ensure that the needs of the clients of our bank partners are met.

SOCIAL AND RELATIONSHIP CAPITAL

Banks, finance and leasing companies

Our banking and financial institution partners enable us to increase our revenue and funding streams, and the value we receive from them is apart from our premium income.

Reinsurance partners

Our reinsurance partners are some of the world's leading reinsurance companies; their services are strategically important to us and enable us to access best-in-industry coverage levels that are well-above regulatory thresholds. We work with ten world-reputed reinsurance companies with ratings that range from A- to AA. (Please refer to Reinsurance Arrangements on page 95 for more information).

Suppliers

The company works with numerous suppliers who provide goods and services that support our operations. Suppliers interact with the company at Head Office, regional and branch levels and are selected based on proximity to our locations, on price comparisons, quality provisions and credible business practices. In terms of service providers, we select suppliers based on their reputation and work credentials alongside due consideration on service pricing.

Regulators

Our primary regulatory partner is the Insurance Regulatory Commission of Sri Lanka (IRCSL), which sets forth regulations for the industry to follow. Moreover, as part of our compliance with business best practices, we have adopted the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka, the Companies Act No. 07 of 2007 issued by the State and accounting standards issued by CA Sri Lanka.

Our relationship with stakeholders provides the foundation for creating value through our activities. The relational capital that we have formed with customers, partners, suppliers, regulators and the community helps us to continually reassess our value propositions and make an effort to improve our offerings.

Service levels

We monitor service levels at the most critical points of interaction to improve customer service experience. Any gaps within our service levels are remedied through employee training, improving processes and improving or implementing proper systems.

- Call-centre – daily assessment of recorded calls, from inquiries to claim settlements. The average response time is 3 rings, which the agents strictly adhere to. The abandoned call rate is 0.1%.

The average time taken to resolve queries is 24 hours, except when additional information or an investigation is required.

- Underwriting decisions – within 24 hours unless otherwise reinsurers are involved.
- Policy formulation – our staff takes three working days for policy formulation
- Assessors – average visit time has improved to 23 minutes.
- Branch service experience – Branch staff receive training to improve customer service and product delivery.
- Accelerating digitalisation – We have increased digital touch points to facilitate easy access to our products and value-added services. Customers can obtain policies, renew them or simply peruse our products and services digitally.

Claim settlement

Our key strength is our ability to settle most of the claims on the spot, be it Motor or Non-Motor, except on occasions when the customer is not willing to accept on-the-spot claims. Other exceptions include further investigation of an incident or the need for an estimate. We could boldly state that we settle 100% of all genuine claims unless otherwise, the claim is fraudulent.

Digital insurance

The company invested Rs. 9.5 Mn in digital insurance activities in the year under review. Over the past five years, we have increased our budget on digital insurance, investing in the right solutions and tools for customer convenience. With changing customer lifestyles and a preference towards using digital mediums in day-to-day lives (especially with youth), digital insurance is an investment in the right direction for the future.

During the year, we initiated the process of providing digital policies and certificates to ensure enhanced convenience to customers. In addition, it serves the purpose of being a sustainable business practice that reduces the use of plastic insurance cards. It is also a step towards heightening security through a safe digital platform and ensuring data protection and customer privacy. To assist customers with this transition, we attach the relevant section of the electronics transactions act to the digital certificate, which provides legal awareness for authorities to accept digital policies and certificates as valid proof.

Grievance handling

The call centre receives the majority of customer complaints and agents direct queries to the respective department or the regional head in a prompt manner. A senior technical person and department head will then review the matter and respond to the complaint. However, if it falls outside their scope, the matter will be escalated to a Director, which will aid in corrective actions.

Value-added services of 2022

Increased hospitalisation benefit for VIP on the Spot customers

In 2022, we increased the Accidental Health Insurance benefit from Rs. 4 Mn to Rs. 10 Mn, for policyholders of Ceylinco VIP On The Spot Motor Insurance. The move came at a time when customers face hardships due to rising costs. Free of charge, the emergency hospitalisation insurance cover includes several benefits, including:

- A Rs. 2 Mn cover for hospitalisation expenses due to road traffic accidents within Sri Lanka and for follow-up overseas treatments on medical recommendation
- Entitled to a hospitalisation cover for medical emergencies up to Rs 2 Mn when travelling overseas and Rs. 4 Mn for hospitalisation charges for accidents up to 15 days
- Overseas travellers are entitled to Personal Accident Insurance of Rs. 2 Million, which includes Death and Total Permanent Disablement covers with a Permanent Partial Disablement cover of up to Rs. 1 Mn.

SLT-Mobitel and Ceylinco insurance scheme for women

We partnered with SLT Mobitel mCash to provide a unique insurance scheme tailored for female SLT-Mobitel subscribers and mCash users. The policy is offered to honour their role in our society, especially mothers and to help them minimise their financial losses due to unexpected adversities, including, compensation for the loss of income due to illness or injury and hospitalisations. It also offers support for children's education after the demise of a spouse, in addition to a personal accident cover of up to Rs. 1 Mn.

Moving forward

As a company that evolves with the changing needs of our stakeholders, we will continue to improve our value propositions. We will continue to enhance customer experiences of our products, channels and services, providing them with comprehensive solutions that buffer their financial distresses during unexpected events. Furthermore, we will continue to enhance our relationship with partners, regulators and the community by creating additional value that addresses their expectations. Moreover, we will continue to listen to stakeholder needs in improving how we create value over time.

HUMAN CAPITAL

ACHIEVING EXCELLENCE
THROUGH A
**COMPETENT
WORKFORCE**



Steeped in a family-based culture where success and care go hand-in-hand, we at Ceylinco take pride in our hardworking employees. We have ensured that inclusive and comprehensive talent management approaches occur so that no employee gets left behind.

How value is created



Key indicators of human capital

Employees	Retention rate	Promotions	Training programs
2,839	90.1	353	37

Comparative value creation

Key indicators	2022	2021
Employees	2839	2871
Remuneration (Rs. Mn)	2896	2613
Premium per employee (Rs. Mn)	8.57	7.03
Net profit per employee (Mn)	1.33	0.53
Retention	90.1	91.2

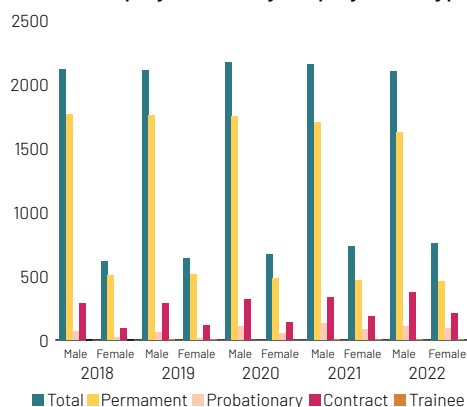


HUMAN CAPITAL

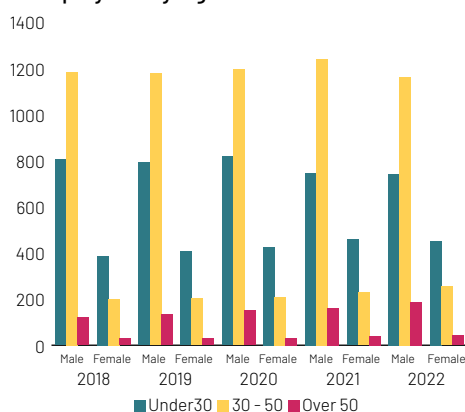
The 'Ceylinco' family

Our employees are the force that drives forward the Ceylinco mission. Our team of 2,839 contributed towards the robust performance of the year as they weathered many adversities.

Total Employees and by Employment Type



Employees by Age



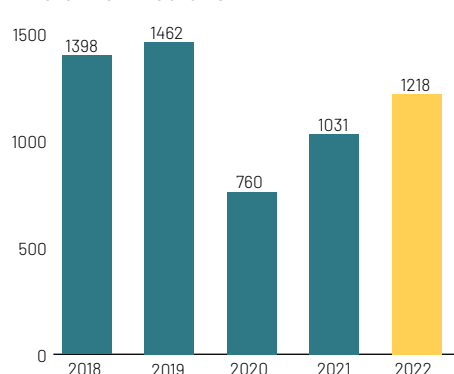
Equality and diversity

As an equal-opportunity employer, we uphold diversity and inclusion, ensuring that no employee receives undue treatment. We respect employees' right to receive proper remuneration, financial and professional growth and a work environment free from harassment. We have zero tolerance for discrimination based on race, ethnicity, sex, religion, complexion, disability or any other factor.

Due to the unbiased selection of employees, our workforce is diverse and unique, with employees from various ethnicities. This is highly evident in our over 1,300 sales staff that is spread throughout the country. Furthermore, we initiated a 200-strong women's sales team, as it was imperative to harness their skills, focus and expertise towards value creation that benefits their growth and that of Ceylinco.

Recruitment and retention

Total New Recruits

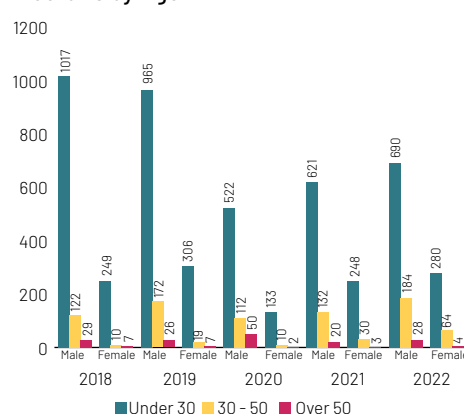


We follow a transparent and formal recruitment process beginning with vacancy postings and an application process, followed by interviews with shortlisted candidates. Subsequently, carefully picked candidates receive a structured induction and training program across two weeks.

During the program, we familiarise new employees in all operational areas and departments, followed by extensive soft skill development.

Newly recruited staff increased in the year under review when compared to 2021. There is a higher number of new recruitments among the Senior Executive, Executive and Junior Executive category while there was also an increase in new staff for clerical work when compared to 2021.

Recruits by Age

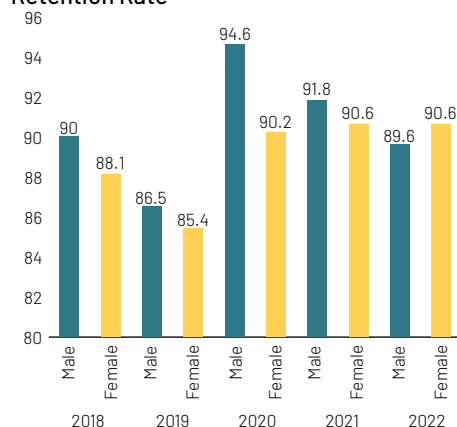


From an age based perspective a majority of new employees belong to the age category of below 30, while there was also a slight increase in the number of new recruits that fell within the category of above 50.

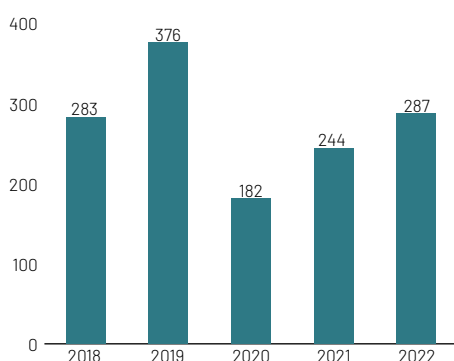
The company takes every approach to ensure employee retention. From remuneration to rewarding employees based on their performance and dedication.

The retention rate amongst male employees reduced for the year, while the retention rate of female co-workers remained the same since 2021. In terms of turnover numbers, there was an increase in 2022 compared to 2021. From an age-based perspective, turnover shows an increase across all age groups compared to 2021.

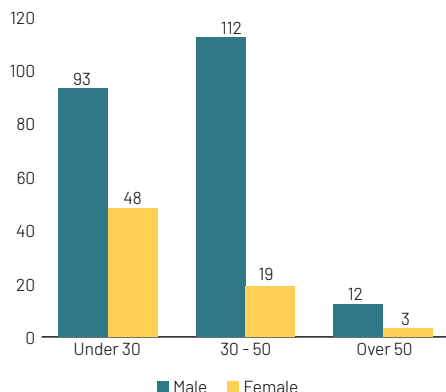
Retention Rate



Turnover by Year



Turnover by Age (2022)



Remuneration and benefits

In remunerating the work of our team, we provide them with four key types of financial incentives; namely, salary, statutory ETF and EPF payments and bonus payments.

During the year under review, total remuneration increased compared to 2021. Higher salary and bonus payments contributed to this overall increase. Despite high inflation, we provided employees with a cost-of-living allowance to match the high living costs and will continue to do so until inflation comes to a tolerable level.

In terms of other benefits, employees receive a health insurance scheme for themselves and their dependents; this is in addition to the annual bonus and profit bonus and profit based on eligibility.

Training and development

During the year under review, our training department engaged employees in various training programs to keep their knowledge and capabilities on par with changing industry requirements and to develop their professional strengths.

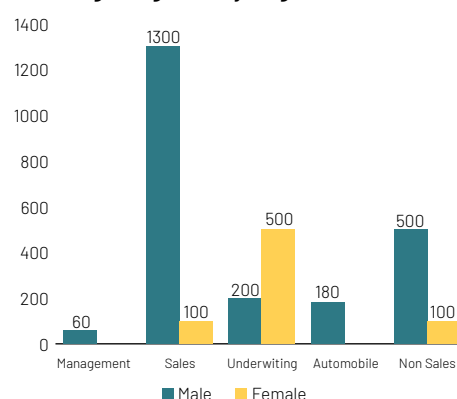
Training programs were conducted for employees in management functions, sales, and underwriting, automobile and non-sales functions. Due to the higher number of sales-based job roles within the cadre, a total of 1400 received training in sales, more than any other function. During the year, we conducted the following programs. Overall there were 101 sessions conducted in 2022, with 88 internal programs and 13 external ones.

HUMAN CAPITAL

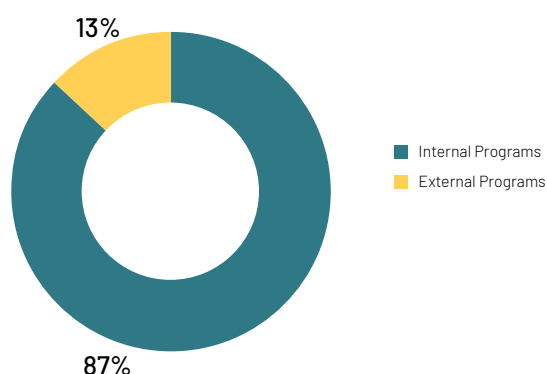
Main program	Participants	Audience by function	Program type
Management development program(MDP)	15 Batch	Senior branch managers	Conducted internal & external
Management development program – conducted training program for middle level managers	32 Batch	Middle managers	Conducted internal & external
Customer care training for all automobile engineers	15 participants per program	Automobile engineers	Conducted internally
Out bound training for senior automobile engineers	70 Participants	Automobile engineers	Conducted externally
Customer care, technical and it training for underwriting staff	100 participants per program	Underwriting staff	Conducted externally
Motivation	150 participants per program	All marketing staff	Conducted externally
Induction training program	40 participants per program - conducting monthly	Newly recruited staff	-



Training Programs by Segment



Type of Program

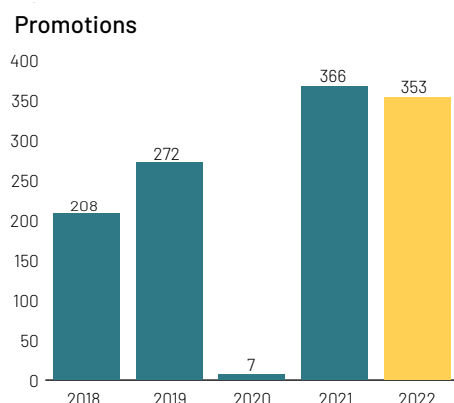


To assess disciplined and focused underwriting, we regularly examine our underwriters to ensure that they grow with the evolving industry trends and underwriting specifications.

Performance appraisal

We have in place a transparent appraisal system that allows employees to assess their performance and capabilities. It ensures that no employee is overlooked and receives a fair chance at growth. The system enables them to identify areas for improvement with an understanding of their performance against peers. Moreover, they receive a clear understanding of how their career is progressing. In essence, it equips employees with 'actionable' feedback upon its conclusion, giving them personalised insights to improve their performance.

Career growth



Through our open-door policy, senior management provides mentorship to junior staff in improving their performance. Employees gain insights and knowledge from senior mentors that benefit them in furthering their tenure at Ceylinco and within the industry. During the year, 353 employees received promotions based on their performances and service time with the company.

Rewarding excellence

The success of Ceylinco and our indomitable brand recognition is a direct result of employees' hard work and competence; therefore, employee recognition is embedded into our organisational culture in championing individuals that achieve commendable results. Our traditional annual sales conference and awards ceremony was held in 2022 to bring honour to our achievers.

Anti corruption

We have a 'zero tolerance' level on matters of fraud and corruption. We expect employees to fulfil their duties with transparency and by adhering to the prescribed company protocols, processes and regulatory requirements, applicable to the insurance industry. On occasions when such incidents are reported, we conduct a formal and fair hearing and an internal audit before taking any punitive action against the employee.

Grievance management

There is a formal grievance management mechanism set in place to ensure swift resolution of employee complaints on unjust treatment and malpractices by others. In addition, we follow an open-door policy in enabling employees to voice their concerns to the management on any matter of concern. The management then resolves the matter based on a confidential hearing with the complainant.

Work-life balance

To ensure that employees maintain a healthy balance in work and life, the Employees' Welfare Society carries out many activities. Such activities include the annual employee outing and family musical show, conducted in 2022, after a hiatus in 2021 due to the pandemic's health concerns.

Similarly, the company's Sports Club fulfils active participation in sporting events to keep our employees physically and mentally fit. They lead our sportsmen and sportswomen to participate in mercantile tournaments while building confidence and team spirit with motivation.

Tradeoffs and value transformations

In enhancing human capital, we also impact other capitals in a unique manner.

Tradeoffs and value transformations				
	Financial Capital	Intellectual Capital	Social and Relationship Capital	Manufactured Capital
Talent management measures	Investments in training, remuneration and other expenditures	With each employee that retains due to satisfaction with the company continues to enhance tacit knowledge. They are instrumental in creating innovations that reflect our customer requirements. Moreover they contribute to advancing IT and digital solutions.	A well-trained and satisfied employee, who sees potential for career and personal growth with Ceylinco, is an asset in securing the company's relationships with customers and other stakeholders. This relationship capital helps us to enhance trust and confidence in stakeholders as a stable company with service excellence.	Skilled employees and growth of the workforce, enables us to expand our retail and digital presence

■ Increase
 ■ No direct impact
 ■ Decline

Moving forward

As inflation continues, we will stand beside our employees by continuing to provide a cost of living allowance, especially for those receiving a salary of less than Rs. 50,000/- and Rs. 75,000/-. In addition, we will continue to honour our duty of providing timely remuneration and allocating statutory payments and bonus payments appropriately. Moreover, training and development will continue with general and needs-based training for all employees.

CORPORATE MANAGEMENT TEAM



J.D.S.N. Piyadasa
General Manager – Finance



C. Kotigalage
Head of Legal



Senaka Rajapakse
Deputy General Manager (Marketing)



S. Thilakeshwaran
Deputy General Manager



S.H. Panangala Liyanage
Deputy General Manager



M. Premaratne
*Deputy General Manager
(Financial Services – City Office)*



C.E. Wimalasuriya
Deputy General Manager (Technical)



R.S. Arulanandan
Deputy General Manager



V.D.C. Wickramaratne
Deputy General Manager



K. Sankaramoorthy
*Deputy General Manager
(Financial Services)*



A.M.D. Alagiyawanna
Senior Assistant General Manager



S.K. Jayasundara
*Senior Assistant General Manager
(Miscellaneous Insurance)*



H.J.S. Kumara
Senior Assistant General Manager



R.S. Joseph
Senior Assistant General Manager



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



K.J.N. Perera
Senior Assistant General Manager



D. Munasinghe
*Assistant General Manager
(Marine Insurance)*



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



A.P.R. De Mel
*(Retired w.e.f. 21.07.2022)
Assistant General Manager
(Risk Management)*



A.A.U.S.S. Wijeratne
*Assistant General Manager
(Internal Audit)*



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



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



I.E. Abeyratne
*(Resigned w.e.f. 03.04.2023)
Assistant General Manager (Marketing)*



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

CORPORATE MANAGEMENT TEAM



W.P.S. Pemachandra
Assistant General Manager



A.A. Nandana
*Assistant General Manager
(Technical)*



B.I.U. Kumara
*Assistant General Manager
(Technical)*



W.R.S. Fernando
*Assistant General Manager
(Marine Insurance)*



J.M.A.R.P. Jayakody
*Assistant General Manager
(Financial Services - Branches)*



W.A.M. Susantha
Assistant General Manager (Training)



A.R. Pietersz
*Assistant General Manager
(Automobile)*



Mrs. Nilika Abhayawardhana
*Company Secretary
/Assistant General Manager*



B.C.P. Kumara
*Assistant General Manager
(Financial Services - City)*



Mrs. S.H.S.D. Sumanathilake
*Assistant General Manager -
Compliance*



A.K.M. Wickramasinghe
*Assistant General Manager
(Financial Services - Head Office)*



Mrs. W.P.S. Jayasinghe
*Assistant General Manager
(Financial Services - Branches)*



V. Nissanka
Regional Manager



M.A.L. Ravindra
Regional Manager



R.B.R. Wijeratne
Regional Manager



D.S. Karunaratne
Regional Manager



L.A.I.A. Jayasena
Regional Manager



V.K. Gunathilaka
Regional Manager



L.P.D. Dharmasooriya
Regional Manager



J.S. Rajapaksha
Acting Regional Manager

MANAGEMENT STAFF

CORPORATE SALES



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



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



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



W.P.N. De Alwis
Assistant General Manager
(Corporate Accounts)



W.A.S. Prasanna
Assistant General Manager
(Corporate Accounts)



D.J. Gunewardene
Assistant General Manager
(Corporate Accounts)



W.M.A.C. Sanjana
Assistant General Manager
(Suwa Sampatha)



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



L.M.M.B. Karaliyadde
(Consultant w.e.f. 7/03/2019)



S.A. Priyantha
Senior Manager
(Corporate Accounts)



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



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



K. Alikhan
Senior Manager
(Corporate Accounts)



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



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



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



M.D.S.R.L. Jayasekara
(Consultant w.e.f. 18/12/22)



W. George
(Consultant w.e.f. 13/4/22)



N. Hettiarachchi
Senior Manager
(Corporate Accounts)



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



T.M.R.K. Kurukula
(Consultant w.e.f.31/12/2018)



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



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



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



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



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



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



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



V. Sivakumar
*Senior Manager
(Corporate Accounts)*



S.A.D.L. Sural
*Senior Manager
(Corporate Accounts)*



M.C.A. Fernando
*Senior Manager
(Corporate Accounts)*



J.K.C. Jayawardana
*Senior Manager
(Corporate Accounts)*



N.P. Wadugodapitiya
*Manager
(Corporate Sales)*



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



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



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

MANAGEMENT STAFF

REGIONAL/ AREA SALES MANAGERS



S.K. De Alwis
(Consultant w.e.f. 12/01/2021)



K.P.L.A. Balawardena
Area Sales Manager (Branches)



P.S.M. Rerukana
Senior Manager
(Corporate Accounts)



H.D. Madugoda
Area Sales Manager (Branches)



T.A. Nanayakkara
Area Sales Manager (Branches)



S. Gurusinghe
Area Sales Manager (Branches)



K.M.R. Ranasinghe
Area Sales Manager (Branches)



C.S. Mahalekamgedara
Area Sales Manager (Branches)



P.L.N.C. Sampath
Area Sales Manager (Branches)



L.H.M.L. Dayananda
Area Sales Manager (Branches)



H.K.M. Priyanka
Area Sales Manager (Branches)



R.P.S.R. Randunu
Area Sales Manager (Branches)



T.I. Lanthra
Area Sales Manager (Branches)



N.G.C. Gunarathna
Area Sales Manager (Branches)



D.L.W. Rathnayaka
Area Sales Manager (Branches)

MANAGEMENT STAFF

General Manager – Finance

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
V.D.C. Wickramaratne MBA(UK)
I.A.K.J.P. Ilangakoon (deceased)

Deputy General Manager (Financial Services)

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

Deputy General Manager (Financial Services – City Office)

M. Premaratne ACA, FCMA

Deputy General Manager (Technical)

C.E. Wimalasuriya ACIC

Senior Assistant General Manager

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

Senior Assistant General Manager

H.J.S. Kumara
R.S. Joseph Dip. Mkt (UK)
K.J.N. Perera

Senior Assistant General Manager (Miscellaneous Insurance)

S.K. Jayasundara

Senior Assistant General Managers (Corporate Accounts)

K.K.V.K. Priyasad
B.N.T. Rupasinghe

Senior Assistant General Manager (Information Technology)

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

Assistant General Manager (Marine Insurance)

D. Munasinghe
W.R.S. Fernando

Assistant General Manager (Suwa Sampatha)

W.M.A.C. Sanjana

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. (retired on 21.07.2022)
K.S.D. Fernando

Assistant General Manager (Marketing)

I.E. Abeyratne
MBA (UK), MCIM DipM (UK), Adv. Dip. MA (UK),
Chartered Marketer (Resigned w.e.f. 03.04.2023)

Assistant General Manager (Reinsurance)

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

Assistant General Managers (Corporate Accounts)

L.M.R.S. Lansakara B.Com (Special)
W.P.N. De Alwis
D.J. Gunewardene
DipM (UK), ACIM (UK), MBA (Aust.)
W.A.S. Prasanna

Assistant General Managers (Financial Services – Branches)

J.M.A.R.P. Jayakody
BSc (Busi. Admin)(Special), ACA, MBA (Col.)
Mrs. W.P.S. Jayasinghe
BSc. (Busi. Admin)(Special)

Assistant General Manager (Financial Services – City)

B.C.P. Kumara

Assistant General Manager (Financial Services– H/O)

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

Assistant General Manager – Compliance

Mrs. S.H.S.D. Sumanathilake
ACA, ACMA, ACII (UK), MBA(Sri J.)
Chartered Insurer

Assistant General Manager (Internal Audit)

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

Assistant General Manager

W.P.S. Pemachandra

Assistant General Manager (Automobile)

A.R. Pietersz FIAE (SL)

Assistant General Managers (Technical)

B.I.U. Kumara
A.A. Nandana

Assistant General Manager (Training)

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

Company Secretary/Assistant General Manager

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

Regional Managers

V.K. Gunathilaka
L.A.I.A. Jayasena
D.S. Karunaratne
V. Nissanka
M.A.L. Ravindra
R.B.R. Wijeratne MBA (UK)
L.P.D. Dharmasooriya

Acting Regional Managers

J.S. Rajapaksha

Chief Managers (Financial Services)

K.L.R.D. Silva
O.B.R. Perera (Resigned w.e.f. 31/12/22)

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.)
E.M.N. Lasantha BSc (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
Mrs. N.D.D.J. Serasinghe

Chief Manager (Claims)

I.M. Karunasena

Chief Manager (Software Development)

H.A. Dikkumbura

MANAGEMENT STAFF

Chief Technical Managers

K.M.C.S. Perera
H.M.T. Herath
BSc (Mkt. Mgt.) (Special), ACII(UK),
Dip SLII, LIII (India) Chartered Insurer
H.M.A.P. Abeywardena
(resigned w.e.f.01.12.2022)
V.A.L.C. De Silva
M.A.G. Perera
A.K.I.K. Ariyaratne ACII (UK), Dip. SLII, ANZIIF
(Snr Assoc) CIP, Chartered Insurer

Chief Technical Managers (Automobile)

B.S.B. Jayasekara AMIAE (SL)
R.B.W.A.M.D.B. Rajaguru

Senior Managers (Corporate Accounts)

K. Alikhan
W.M.C.J. Bandara
M.C.A. Fernando
P.C.N. Dias
V.S.D. De Mel
M.P.S. Divithurugama
W. George (Consultant w.e.f.13.04.2022)
H.C.S. Hemantha
N. Hettiarachchi
M.D.S.R.L. Jayasekara
(Consultant w.e.f. 18.12.2022)
J.K.C. Jayawardana
L.M.M.B. Karaliyadde
(Consultant w.e.f. 07.03.2019)
B.G.S. Mendis
B.D.C. Perera
M.A.S. Priyadarshana
M.A.V. Priyadarshana
S.A. Priyantha
T.M.R.K. Kurukula (Consultant w.e.f.31.12.2018)
T.S.R. Peiris
M.A.S. Rupathunga
S.A.D.L. Sural MBA (Wales), Pg. Dip Mkt (UK), MCIM
V. Sivakumar
W.A.M.L. Soloman
M.D.J. Thilina
U.A.R.S. Udawela
P.S.M. Rerukana

Senior Legal Officer

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

Senior Manager (Company Secretarial)

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

Senior Risk Engineer

H.D.J.K. Perera BSc
H.M.L.R. Jayasundara
G.R. Siriwardhana (resigned w.e.f 15.09.2022)
H.R. Karunarathna
J.Thuvaharan

Senior Managers (Internal Audit)

P.U.U. Perera B.Com-(Retired on 23.09.2022)
J.A.Handaragama

Senior Managers (Financial Services)

R.M.A. Bandara BSc (Busi. Admin)(Special)
D.R.N. Damsiri BSc (Busi. Admin)(Special)
S.L.W. Fernando
H.L.N.C. Nanayakkara
J.S. Liyanarachchi
K.N.N. Madarasinghe

Senior Technical Managers (Underwriting)

Mrs. M.W.S.N. Mangalie
P.L. Sumanapala
G.E.U. Roshan

Senior Technical Managers

W.R.N. Dep
Mrs. H.P.R. Dilrukshi
R.P.I.P.T. Amarasekara

Senior Technical Managers (Claims)

Mrs. T.K.K. Ratnayake
Mrs. I.D. Samaranayake

Senior Manager (Applications)

M.H.M. Sajeendra

Senior Manager (Data Centre Operations)

D.A.T. Dissanayaka MscIT

Senior Technical Managers (Automobile)

C.J. Amarakoon
K.P.U.D. Gunasekara
A.I. Gunawardana
H.C. Heenatigala
R.G.C. Priyankara
M.S.V. Perera

Senior Managers (Customer Services)

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

Senior Manager

C.R. Gabriel

Senior Manager (Information Technology - Operations)

P.O.N. Perera

Senior Manager (Software Development)

D.A.L. Manchanayake

Senior Applications Engineer

W.M.S.R. Seneviratne

Senior Data Centre Operations

Engineer
W.W.A.D.S. Sanjaya

Senior Manager (Marine Survey)

W.M.U. Shantha

Managers (Financial Services)

A.M.L.D. Athauda (resigned w.e.f 11.03.2023)
R.R.P. Bandara
S.H.M. Chandrasiri
M.P.C. Costa
H.G.N.S. Gunathilake (resigned w.e.f 28.09.2022)
W.J.J. Perera
L.P.S. Pemakumara
S.S.T. Pinnagaspiya
M.R.P. Peiris (resigned w.e.f 31.01.2023)
S. Rambukwella
S.M.A. Ranith
W.A. Soysa
Mrs. R.H.P.R. Silva
G.D.R. Siriwardena
D.R.D. Siriwansha
H.R. Balasooriya
R.H.H. Priyankara
G.A.P.Susantha
S.L.B. Girihagama

Managers (Internal Audit)

I.A.S.P. Fernando
J.D.V. Malan
R. Munasinghe
S.P.P. Sarath Kumara

Technical Managers (Automobile)

H.A.K. Hemantha
K.M.I. Rajawatta
E.M.P.B. Ekanayake
B.I. Moses

Technical Managers (Underwriting)

Mrs. W.M.C. Saman kumari
P.G.S. Chandrasiri
E.M.J.S. Ekanayake
A.S. Ranasinghe
Mrs. A.Y. Sheriff
Mrs.S.N.Wijesooriya
Mrs. G.P.A. Perera

Technical Manager (Crop & Livestock Insurance)

D.D.N.T. Dematagoda B.sc (Agri) Dip.in Agri. MCPM

Technical Managers

Mrs. W.K.V. Edussuriya (Retired w.e.f. 07.01.2023)
T.J.A. Perera (Resigned w.e.f. 24.08.2022)
R.J. Rozairo
H.C.L. Kotigala
B.K.M.T. Rodrigo
G.D.S.D. Thilakarathne
W.V.M.N. Udayarathna

Technical Managers (Claims)

E.A.D.Y.R.C. Gunasekara
(Resigned w.e.f. 10.10.2022)
M.R.K. Makalandawa
N.G.P. Sampath
Mrs. G.S. Subodanie

Senior Area Automobile Engineer

M.C. Manathunga

Area Automobile Engineers

M.E.V. Fernando
W.A.C. Wijesinghe
W.C.C.L. Kumara
K.M.P.G.U.B. Bandara

Managers (Customer Care)

M.S.S.S. Hassim
M.N. Bawa
R.J. Boptiste

Manager (Recoveries)

S.F.F. De Silva

Senior Software Quality Assurance Engineer

U.V.R.L. Wimalasiri

Manager

D.S.J. Wickramaratne
(Resigned w.e.f. 09.09.2022)

Manager (Propaganda)

W.D.P. Sanjeewa

Manager (Claims)

P.A.J.P. Jayawardena

Risk Engineers

A.A.A. Balasinghe
P.G.G.D.Chandima (Resigned w.e.f. 19.4.2022)
R.M.V. Chathuranga
D.M.S.A. Dassanayake
W.A.S. Fernando
S.B. Gamaarachchi
K. Hajananan
S. Jeganesan
M.H.I.P. Kularathne
N.L.D.J. Nanayakkara
H.D.P.A. Siriwardena
(Resigned w.e.f. 03.02.2022)
W.M.A.W.Wickramanayake
G.D.C. Kumara (Resigned w.e.f. 09.06.2022)
W.A.P.D.Wickramasinghe
N.D.R. Hemakumara
C.S. Gregory
W.A.J.M. Weerasekara
T.M.D.T.R. De Alwis

Chief Loss Adjustors / Accountant

L.P.R. De Silva
D.M.A. Gunasekara
C.M. Gunawardana
H.R. Kumarasiri
A.A.D.P. Dias

Chief Loss Adjustor

R.A.A. Prasad

Regional Sales Managers (Branches)

S.K. De Alwis (Consultant w.e.f. 12.01.2021)

Area Sales Managers (Branches)

K.P.L.A. Balawardena
L.H.M.L. Dayananda
S. Gurusinghe
H.D. Madugoda
C.S. Mahalekamgedara
T.A. Nanayakkara
H.K.M. Priyanka
P.L.N.C. Sampath
K.M.R. Ranasinghe
R.P.S.R. Randunu
T.I. Lanthra
N.G.C.Gunarathna
D.L.W. Rathnayaka

Senior Sales Managers (City)

K.T.G.N. De Silva
Miss. K.A.D. De Silva
L.A.S. Edirisinghe (Consultant w.e.f. 16.11.2019)
W.W.M.A.B.P. Fernando
V.P.S. Jayamanna

K.M.S.N. Kumara
P.A.L. Kumara (Consultant w.e.f. 13.07.2020)
S.H.N.D. Kumara
K.D.D. Kumara
U.I. Kodagoda
S.I. Liyanage
D.A.H. Prasad
H.R.T. Perera
N.K.P.R.C. Perera
R.V.N.S. Rajapaksha
K.S. Sanjeewa
R.U. Sampath
S.U. Thalakumbura
R.T.D.W. Tilakaratne
(Consultant w.e.f. 26.02.2021)
W.M.J. Weerasekara
K.D.K. Wijenayake
S.N.D.M.K.M. De Silva
W.K.N.P. Chandrasiri

Senior Sales Managers (Branches)

A.M.W.J. Adikari
H.M.T. Hemantha
R.K.M.A.P. Jayasundara
P.P.B.W. Jayalath
M.H.M.S. Jayarathna
M.G.S. Kumara
T.A.B. Peiris
M.H.M. Rizwan
W. Sanjaya
L.S.A.M.J. Siriwardhana
N.M. Uduweralla
W.L.D.K. Weerasuriya
Y.M.N.A.S. Yapa
T.N.P. Jayarathna
H.L.D.S. Kumara
I.M. Kalansuriya
A.H. Lalith
B.A. Perera
V.G.D.S. Priyadarshana
H.M. Pushpakumara
R.A.C.R. Ranasinghe
R.T. Ranatunga
G.H.U. Roshan
A.K.H.M. Somasiri
E.G. Sirimal
A.M.C. Abaysingha
D.G.P.N. Wimalarathne

Managers (Corporate Accounts)

W.P.G.S.D. De Silva
K.M.P. Rohan
C.N. Weerasuriya

Manager (Corporate Sales)

N.P. Wadugodapitiya

MANAGEMENT STAFF

Sales Managers (City)

H.G.N.L. Ariyaratne
J.D.C. De Alwis
H.M.E.G.P.R. Egodage
W.M.A.M. Fernando
B.P. Jayawardena
D.C. Jayawardena
M.R.M. Ruzaik
B.A.C.S. Sarathchandra
N.J. Thavachchelvam
S.C. Warnapura
W.J. Kavindrakumara
M.A.G.B. Kumarasingha
L.R. Perera
D.J. Nanayakkara
M.R.L. Piyasiri
P.K.K.G. Perera

Sales Managers (Branches)

K.M.K.M.K. Abeyrathna
W.P.A.M. Asanka
S.R.D.D. Abeykoon
C.I. Abenayaka
K.A.A.P. Abhaya Wickrama
A.H.M.W.B. Agalakotuwa
E.M.C. Bandara
K.T.M.S.R. Bandara (resigned w.e.f 06.03.2022)
M.R. Benjamin
K.M.C.K. Balawardana
G.L.P. Bhatthiya
Y.M.A.H. Bandara
P.M.G. Chanaka
L.H.R.C. Chandrasiri
R.D.T. Dassanayake
D.M.M. Deshapriya
D.G.A. De Silva
D.K. Dahanayake
G.K.A. De Silva
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. Vimukthi
A.S.J. De Alwis
M.B.I.N. Fernando
M.C.K. Fernando (resigned w.e.f. 16.01.2023)
W.M.S.S. Fernando
W.D.R.S. Fernando
A.M.A.S. Fernando (resigned w.e.f. 26.09.2022)
K.W.L.P. Fonseka
B.H.F.A.M. Fernando
M.M. Fernando
J.M.R.K.D. Galgamuwa
S.K.K. Gunarathna
G.M.N.K. Gamlath
H.M.S.B. Herath
R. Ingaran
Y.W.S.M. Jayarathna
S.P. Jagathsiri
P.H.M.C. Jayalath
J.M.D.C.P. Jayamanna

D.T. Jayathilaka
W.T. Jayasingha (Resigned w.e.f. 15.11.2022)
R.S. Kaluarachchi
M.G.S. Kumar (resigned w.e.f 25.12.2022)
K.D.C.P. Kumara
T.A.S.C. Kumara
K.K.S.K. Kumara (resigned w.e.f 10.12.2022)
S.S. Kumaradasa (resigned w.e.f 19.01.2023)
P.V.P.L. Kumarasiri
W.S.A. Kumarasiri
M.D.P.S Karunarathne
M.R. Kannangara
A.A. Karunadasa
D.T.N. Kulasekara
H.R. Kumara
K.W.T. Kellapatha
K.G.C.P.K. Kumara
S.A.I.S.K. Karunathilake
N.S.G. Kumara
S.J. Liyanage
P.D.C. Lakchan
M.D.K.G. Munasinghe
R.P. Marasinghe
I.G.K.M. Mudannayake
H.P. Mallawathantrige
H.P.S. Mendis (Resigned w.e.f. 31.05.2022)
K.P.C.K. Namarathna
M.A.D. Nishantha
S. Navaneethan
K.A.S. Piyasena
M.W.S.S. Piyarathna
P.K.A.K. Priyadharshana
S.M. Pradeeparathna
H.A.M.A. Perera
R.I.P.Perera
A.B.M. Prasad
M.L.S. Premathilaka
H.I. Prasanga
S.M.J.N. Perera
K.M.N. Perera (resigned w.e.f 25.02.2022)
G.A.M. Pereira
K.D.U.K. Perera
J. Prashanth
N.J. Rajapakshe
P.H.K. Rupasinghe
H.M.N.T. Ranathunge (Resigned w.e.f. 16.4.2022)
L.R. Rathnasiri
M.R. Raffel
B.M.D.C.L. Ranasingha
M.S.S. Rodrigo
D.M.S.R. Rathnayake
H.A.G. Sathyajith
S.A.M.A.N.C. Senanayake
S.T. Somatilake
W.R. Suresh
K.A.H.K. Sirisoma
S.A. Sanjeewa
A.D.S.U.K. Samaratunga
N.A. Sanjaya Siri
K.J.M.S. Silva
D.G.R. Saliya
Y.G.A.U. Sathyajith

S. Thavakkumar
S.D. Thotawattage
T.M.G.B. Telwadana
T.G.A.N. Thalawatta
W.P.T. Udugama
W.M.D.C.C.D. Wijayarathne
W.M.T.K. Wijemanna
T.A.S.P. Wimalaweera
S.P. Welikada
W.G.S.E. Wemulla
S.M.P.F. Warnakulasuriya (Mrs.)
T.S. Wickramasinghe
A.S. Wijethunga
D.R.S. Wijeyakulasuriya
M.D.Wijerathna
H.N.P. Wickramasekara
(Resigned w.e.f. 31.07.2022)
L.K. Wattegedara
D.G.D.S. Yapa
H.B.M. Dhanendra
S.N. Harischandra
P.R. Jayasena
R.A.S.P.Sanjeewa

Branch Managers

I.I. Attanayaka
A.D.W.I. Anushan
D.P. Amarasinghe
D.M.R.N. Dissanayake
N.N.R. Diunugala
K.C.S. Fernando
M.S.R.M. Fernando
D.P.R. Gunasiri
I.D.G. Idirideera
M.G.A. Jayanath
M.S. Kosgallana
P.V. Kumara
D.D.S.S. Kumara
M.T.N.A. Kumara
H.P.V.U. Mahindaratne
W.M.R.B. Naranpanawa
L.T.P. Perera
B.A.S. Priyadarshana
P.S.S. Peiris
C. Pratheepan
S.A.L. Samarasinghe
N.C. Samarawickrama
C.H. Vitharana MBA (UK)
W.A.C.R. Weerasinghe
W.M.R.B. Wijekoon
D.J.K. Dadigamuwa
C.P. Abeysekara
B.P.K.D. Pathirana
C.S.K. Wickramanayaka
M.R.T. Ranganath
A.L.N. Suranga

Acting Sales Manager

K.T. Kannangara

Corporate Sales Manager

T. Athithan



Journey

BEYOND OBSTACLES

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ENTERPRISE RISK MANAGEMENT

The risk Management Framework established ensures,

(1) Establishment of structure for risk management in functional areas

CGIL ensures that functional teams have a clearly established structure to carry out risk management effectively.

(2) Establishment of framework for executing risk management process

- Improvement of risk management awareness

Foster a corporate culture that emphasizes risk management, and create an environment wherein each and every officer and employee is sensitive to and aware of risks.

- Identification / evaluation of risks

Establish a framework whereby risks can be identified and recognised, in order to carry out the risk management process according to risk characteristics, importance and changes.

- Monitoring

Establish a framework whereby the status of risks and risk management shall be monitored, investigated and analysed by an independent standpoint from the organisation exposed to the risks, and thereby give warning and monitor their preventive activities.

- Organisations and authority, rules and manuals

Establish and define organisations and authority in accordance with the status of risks, and develop and maintain risk management rules and manuals.

- Reporting

Report information on risks and risk management to the management in a timely and appropriate manner, and establish a framework where all related parties can share such information.

Key types of Risks, policies on managing the same and Continuous improvement strategies are tabulated below;

Risk	Management Policy	Continuous improvement strategy
Insurance Underwriting Risk	Considering that insurance underwriting risks follow the Law of Large Numbers, the Company shall analyse the characteristics of its risk, set appropriate premium rate, set up retention policy, secure reserves for losses due to changes in such as socio-economic environment or natural catastrophe, and establish a stable and sound insurance-underwriting and claim-payment framework for the future.	Identification of high risk locations/ vehicles, process improvements, regular training to staff, IT system improvements.
Asset Management Risk	Considering that holding assets are reserves for paying insurance claims to policyholders, etc., the Company shall maintain sufficient assets, which have appropriate characteristics to perform future obligations from liabilities, analysing the characteristics and risk of the assets and liabilities, and establish a system that ensures soundness and profit stability of the assets.	Follow investment guidelines, efficient use of IT systems for analysis, assessment of sufficient assets regularly especially during challenging times, and make timely decisions.
Liquidity Risk	The Company shall prevent a lack of funds required for day-to-day operations and establish a framework for efficiently procuring funds for paying back a large amount of such as claims and refunds resulting from major earthquakes, etc., and analyse the characteristics of its risk.	Strict compliance with Regulatory requirements, Forecasting/Monitoring of cash flows business unit wise with higher supervision, make timely decisions.
Operational Risk	The Company shall establish framework to ensure appropriate operations by the sub-categories below based on its management policies and sufficient analysis of the characteristics of its risk.	

Risk	Management Policy	Continuous improvement strategy
Clerical / Administrative Risk	By recognising that administrative errors, accident or misconduct could occur in any operations, the Company shall establish a framework for preventing these.	Detailed internal audit activities, Training, supervisory controls.
Planning and Development Risk	The Company shall establish a framework for recognising risks and hindrance that is inherent to outcome of business strategy, sales program and planning tangible risk control measures.	Revisit outcomes of strategies and make improvements in planning activities. Aggressive monitoring of plans and make corrections regularly.
Information Asset Risk (Security Policy)	The Company shall ensure confidentiality (protection against unauthorised access), integrity (maintaining in perfect condition) and availability (anytime accessibility) of information and a system for processing and managing "information assets". (Security Policy)	Regular updates/development of systems, Training staff timely, Improve on disaster recovery plans.
Legal Risk	The Company shall acknowledge the fact that there are possibilities to unexpected legal liability, therefore establish a legal checking system.	Analyse any unexpected legal claims experiences and implement systems to recognise such Claims. Make use of sufficient/relevant legal expertise timely.
Accident / Disaster Risk	The Company shall establish procedure for preventing and taking appropriate countermeasures against accidents and disasters.	Revisit disaster management strategies, Continuous update on possible risks. Allocate sufficient resources to prevent risks.
Human Resource Risk	The Company shall acknowledge the fact that unfair and unjust treatment and discriminatory practices may cause obligations to pay reparations, therefore establish procedure for preventing and taking appropriate countermeasures.	Ensure culture of fair treatment is followed by regular audits. Comply with new legal requirements/established procedures.
Reputational Risk	The Company shall establish procedure for preventing and taking appropriate countermeasures against reputational risk.	Regular communication of offerings of services, Ensure customer promises are honored always. Timely actions on incidents which could impact reputation.
Outsourcing Risk	The Company shall establish a framework for management of outsourcing in order to secure soundness in business, to operate outsourced business appropriately, to be compliant and to protect customers.	Audits on outsourced activities are carried out. Guidelines are available to ensure consistency.
Political Risk	The Company shall establish procedure for preventing and taking appropriate measures against Political risk.	Understanding of environment and make necessary plans.
Regulatory Risk	The Company shall establish procedures to reduce the impact of Regulatory Risk.	Internal discussion of regulatory requirements/changes are carried out. Audit checks on compliance. Importance of regulatory requirements are communicated frequently.

ENTERPRISE RISK MANAGEMENT

(3) During year 2022, the Company faced many risks as a result of negative changes at Macro the level. The political and social unrest, Severe Rupee Devaluation, Uncontrollable inflation levels and Interest rates drastic changes were serious issues faced by Businesses in Sri Lanka. Being an Insurance Company following risks were given more focus than earlier. Some of strategies implemented are also discussed below.

- Credit risk – Many small and medium business had to face difficulties in managing businesses with high levels of finance cost and inflation and delaying payments of premiums.
By continuous follow up while maintaining good relationships, the collections were managed.
- Making reinsurance payments – Inability of Banks to facilitate foreign currency payments due to Dollar shortage in the country.
Long relationships with Banks and reinsurers, the reinsurance payments were made within reasonable time.
- Cost escalations in operational costs – Higher inflation made running costs especially Claim costs, electricity and other overheads increase at considerable levels.
Agreements with suppliers, maintaining inventory, cost management strategies were used to address above concerns.
- Increase in Taxes – VAT increase, Social security contribution made insurance premium costly for many customers.
Continuous dialogue with customers and relationships helped to retain customers.
- Retention of staff – With the Country's economic situation, staff are faced with various difficulties especially managing cost of living.
Timely decision in offering financial support to staff was a key strategy in ensuring motivation of staff is intact.

(4) The ERM committee appointed ESG (Environment, Social and Governance) committee in line with Trends in the International Environment. Goals and strategies in respect of ESG aspects were being discussed the Company could achieve Sustainable Development Goals in future.

ESG Management Committee holds discussions to set goals for Medium-Term Sustainability Plan. We will aim to realise a "resilient and sustainable society" by focusing on the priority issues with using the UN Sustainable Development Goals (SDGs) as leading marks. It is indispensable to continue Creating Shared Value (CSV) with society through corporate activities.

The Company has set quantified targets in respect of Paper usage, Fuel consumption for vehicles, Electricity usage from renewable energy sources and Plastic card utilisation to achieve by 2030. The progress in achieving targets will be evaluated and monitored quarterly.

In response to Climate Change:

1. We will not provide insurance for, nor make investments in new coal-fired power plants.
2. With new risk solutions, we support our customers to establish and roll out innovative technologies for a decarbonized society, including things like next-generation energy, such as renewables and hydrogen.
3. We will establish medium- and long-term targets for the CO2 emissions reduction from our business processes and the renewable energy usage ratio, and will be working to reduce CO2 emissions.

Composition of the committee

Mr. Yu Kitai (resigned w.e.f. 03.06.2022)
(Non-Executive Director) – the Chairman of the Committee

Mr. Takashi Kishi (appointed w.e.f. 03.06.2022)
(Non-Executive Director) – the Chairman of the Committee

Mr. S.C.G. Guruge
Non-Executive Director

Mr. A.R.H. Fernando
Non-Executive Director

Mr. U. Witharana
Managing Director / Director (Finance)/COO (Executive Director)

Dr. W.C.J. Alwis
Director (Technical)/Chief Technical Officer (Executive Director)

Mr. K. Sankaramoorthy
Deputy General Manager (Financial Services)

Secretary to the committee

The Company Secretary serves as the secretary to the Enterprise Risk Management Committee.



Mr. Takashi Kishi
Chairman – Enterprise Risk Management Committee

28th February 2023

CORPORATE GOVERNANCE AND INTERNAL CONTROLS

We believe Robust Corporate Governance is the foundation of Ceylinco General Insurance Limited's success. Ceylinco General Insurance Limited's Corporate Governance framework serves as the basis to conduct the Company's affairs to meet the expectations of its stakeholders. The Board of Directors leads the Company towards the achievement of its strategic goals and the delivery of value creation to stakeholders.

The Company's corporate governance philosophy stands that corporate governance is an integral part in improving efficiency and growth as well as enhancing investor confidence. Hence we are dedicated to sound our corporate governance practices based on ethics, honesty, equality, professionalism and responsibility in building confidence of all stakeholders in it thereby leading the way for Company's long-term success.

The Company believes in sustainable corporate growth that originates from the top leadership down through the organisation to the various stakeholders which is reflected in its sound financial system, enhanced market reputation and improved effectiveness. Corporate governance at Ceylinco General Insurance Limited is implemented through robust board governance processes, internal control systems and processes, and strong audit mechanisms. These are articulated through the Company's Process of Business Conduct, Corporate Governance Guidelines, and charters of various Committees of the Board.

Effective corporate governance needs a clear understanding of the respective roles of the Board and of senior management and their relations with others in the corporate structure. Honesty, equality, and commitment to compliance are key characteristics that drive relationships of the Board and senior management with other stakeholders.

Our governance philosophy is based on providing a control framework for the Board and its Committees to execute their fiduciary responsibilities to all stakeholders by guaranteeing transparency, accountability, fairness and independence in their decision making process. However, we believe Corporate Governance is not just limited to creating checks and balances; it is more about creating organisational excellence leading to increasing employee and customer satisfaction and shareholder value creation in the long run.

We believe that our Company shall go beyond adherence to the regulatory framework. Our corporate structure, business, operations and disclosure practices have been strictly aligned to our corporate governance philosophy. Transparency, accountability, fairness and intensive communication with stakeholders are integral to our functioning.

Ceylinco General Insurance Limited operates within a clearly defined governance structure, empowering the Board to provide strategic guidance and risk oversight while adhering to regulatory requirements. The structure also permits for delegation of authority while retaining effective control. The Board delegates authority to the relevant Board sub-committees and the Executive Committee of the Company, with clearly defined mandates and authority levels while maintaining its accountability.

Board of directors

The Board has collective responsibility to promote the long-term success of the Company and is answerable to stakeholders for ensuring that the Company and its affairs are properly managed, while achieving strategic objectives. The Board is also responsible for ensuring that management actions are aligned to strategy and stakeholder interests are safeguarded. The Board governs the strategic direction of the Company, manages risk and sets in place a sound Governance framework. In implementing this, the Board ensures the Company is suitably resourced to deliver on its strategic priorities through a culture which drives the right behaviors. The Board receives updates on key elements of the people strategy which provides insight into a variety of areas including culture, diversity, inclusion, talent management, future capability, succession planning and colleague engagement.

The Board retains effective control through the governance framework and delegates certain functions to its committees according to clearly defined mandates and decision-making rights set by the framework. This allows the Board to allocate sufficient attention to the matters reserved for its decision-making, while ensuring that delegated matters receive in-depth focus. Committee chairmen are accountable for the effective functioning of board committees.

The Board of Directors works proactively to reinforce and improve governance policies and practices in line with the newest regulatory requirements pertinent to the insurance industry as well as best practices for good corporate governance.

CORPORATE GOVERNANCE AND INTERNAL CONTROLS

Board composition

The Board of Ceylinco General Insurance Limited consisted of sixteen Directors as at 31 December 2022. Five Directors are Executive Directors and eleven Directors are Non-Executive Directors and five of them are Independent Directors. The Board is diverse in its experience, expertise and age, contributing varied perspectives to boardroom negotiations while exercising independent judgement to stand on all matters. Brief profiles of the Board members are given on pages 18 to 26 of this report.

The key changes to the Board composition during the year under review are as follows:

Mr. Yu Kitai, resigned from the Company with effect from 03rd June 2022 and Mr. Takashi Kishi appointed to the Board on the same day itself. Mr. H. D. K. P. Alwis and Mr. U. Witharana has retired from the Company with effect from 01st January 2023. Mr. R.A. Ranasinghe and Mr. A.R.S. Wijepura were appointed to the Board with effect from 01st January 2023.

In line with the Company succession plan Dr. W. C. J. Alwis succeeded Mr. H. D. K. P. Alwis as Chairman, post his resignation. As a result of that Dr. W. C. J. Alwis functions as the Executive Chairman of the Company.

Mr. R.A. Gunathilake was appointed as Chief Executive Officer (CEO) with effect from 01st January 2023 in line with the Company succession plan.

Division of the responsibilities between the chairman and CEO

The functions of the Chairman and Chief Executive Officer are vested in one person until 01st January 2023 as the Board is of the opinion that it is the most suitable arrangement for Ceylinco General Insurance Limited. The company has appointed Mr. A.R.H. Fernando as senior independent director w.e.f. 13.01.2022. He added value to the role played by the chairman, ensuring governance within the board.

Going forward with ensuring good governance, with effect from 01st January 2023, the Board of Directors has clearly defined distinction between strategic and operational matters is established in terms of division of responsibility of the Chairman and the Chief Executive Officer (CEO). Thereby the Chairman of the Board is Dr. W. C. J. Alwis - Executive Director and focuses on strategic issues. He ensures that Board procedures are followed and all Board members effectively participate during meetings. The CEO, Mr. R.A. Gunathilake is responsible for day-to-day management of the business and leadership of the executive team, and execution of the Company's strategic and operating plans in consultation with the parent company CEO.

The Board brings in a wealth of varied experience in the fields of management, business administration, insurance, finance, economics and marketing. All Directors possess the skills, expertise and knowledge complemented with a high sense of integrity and independent judgement. The Board leads the Company with the integrity and competence in a manner that is responsible, accountable, fair and transparent, show as to ensure leadership that results in the achievement of the Company's strategic objectives, positive outcomes, and value creation to all stakeholders. Each Director identifies himself with a duty to act in good faith and in the best interest of the Company.

Board appointments

The Board of Directors has the authority to fill vacancies in the Board and appoint additional Directors subject to their re-election at the immediate proceeding Annual General Meeting (AGM). Further the Company has established a formal and transparent procedure for new appointments with identifying suitable person, who possess with the combined knowledge, skill and experience matches the strategic demands facing the Company and is satisfied that it matches the requirements demanded.

The Company gets prior approval from Insurance Regulatory Commission of Sri Lanka, when appointing new Directors to the Board.

Board meetings and attendance

All Board members are anticipated to attend well prepared and engage in healthy discussions on key matters pertaining to the Company. The Chairman of each Board committee will be called upon to provide an update on significant matters discussed at their respective Board sub-committee meetings, which are typically scheduled before the Board meeting.

During the year 2022, there were six Board meetings held. In addition to these Board meetings, the Board of Directors communicate, as appropriate, when strategic issues requiring wide-ranging discussions arise.

The number of Board meetings held during 2022, together with individual attendance, is given on page 106 of this Annual Report.

Board sub-committees

Board Committees of Ceylinco General Insurance Limited plays an important role in supporting the Board of Directors in carrying out its oversight responsibilities. The duties and responsibilities delegated to these Board Committees are formally documented in each Committee's Terms of Reference, which have been formally approved by the Board of Directors. Members of these Sub-Committees focus on their designated areas of accountability and impart knowledge and oversight in areas where they have greater expertise.

Sub Committee and its Duties	Members 2022
Audit Committee The Audit Committee assists the Board in its oversight and monitoring of financial reporting, risk management, internal control aspects, and compliance with financial and regulatory requirements.	<ul style="list-style-type: none"> Mr. D.H.J. Gunawardena – Chairman Mr. S.C.G. Guruge Mr. Yu Kitai – Resigned w.e.f. 03.06.2022 Mr. M.D.E.A.G. Saparamadu Mr. Takashi Kishi – Appointed w.e.f. 03.06.2022
Remuneration Committee The Remuneration Committee activities includes review and recommend compensation to be paid to Directors and senior management and review of remuneration policy.	<ul style="list-style-type: none"> Mr. S.C.G. Guruge – Chairman Mr. M.D.E.A.G. Saparamadu Mr. K.D.A.S.R. Arsakularatne
Nomination Committee The Nomination Committee activities includes nomination, selection and recommendation Non-Executive Directors, CEO and Key senior officers, and succession planning for Key Management Personnel.	<ul style="list-style-type: none"> Mr. C.P.A. Wijeyasekara – Chairman Mr. B.S.M. De Silva Mr. K.D.A.S.R. Arsakularatne

Sub Committee and its Duties	Members 2022
Related Party Transaction Review Committee (RPTRC) RPTRC is in place to ensure that the interest of the shareholders is safeguarded and adhere to the regulatory requirements.	<ul style="list-style-type: none"> Mr. S.C.G. Guruge – Chairman Mr. A.R.H. Fernando Mr. U. Witharana Mr. Yu Kitai – Resigned w.e.f. 03.06.2022 Mr. Takashi Kishi – Appointed w.e.f. 03.06.2022
Enterprise Risk Management Committee The Enterprise Risk Management Committee activities includes establishing structure and framework for risk management, identification of risks and monitoring same and reporting to the management.	<ul style="list-style-type: none"> Mr. Takashi Kishi – Appointed w.e.f. 03.06.2022 – Chairman Mr. Yu Kitai – Resigned w.e.f. 03.06.2022 Mr. S.C.G. Guruge Mr. A.R.H. Fernando Mr. U. Witharana Dr. W.C.J. Alwis Mr. K. Shankaramoorthy
Investment Committee The Investment Committee assists the Board in managing investment income, business liquidity, assessing macro-economic variables and compliance with financial and regulatory requirements.	<ul style="list-style-type: none"> Mr. A.R.H. Fernando – Chairman Mr. C.P.A. Wijeyasekara Mr. U. Witharana Mr. Nilantha Piyadasa Mr. K. Shankaramoorthy Mr. A.K.M. Wickramasinghe Mr. K.C. Nanayakkara (Ceylinco Investcorp)

Directors remuneration

The Board of Directors has established a Remuneration Committee to develop policies and recommend remuneration for the Directors for approval by the Board. No Director is involved in deciding his own remuneration. The Board follows the Board-approved Directors' Remuneration Policy in recommending remuneration for the Directors.

Directors' remuneration in respect of the Company for the year under review is given in note 40 (a) to the Financial Statements.

CORPORATE GOVERNANCE AND INTERNAL CONTROLS

Statement of compliance

The statement represents the Company compliance 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 the level of compliance maintained by the Company.

Rule No:	Subject	Requirement	Complied	Reference within Report
7.10.1	Non-Executive Directors (NED)	At least 2 or 1/3 of Directors, whichever is higher, should be NEDs	Yes	Board Composition
7.10.2 (a)	Independent Directors (ID)	2 or 1/3 of NEDs, whichever is higher, shall be "independent".	Yes	Board Composition
7.10.2.(b)	Independent Directors (ID)	Each NED to submit a declaration of his/her independence or non-independence.	Yes	Board Composition
7.10.3 (a)	Disclosure of Directors	The names of Directors determined to be independent should be disclosed in the Annual Report. (AR)	Yes	Board Profiles
7.10.3 (b)	Disclosure of Directors	The basis for the Board's determination of ID, if criteria for independence not met.	Yes	Not Applicable
7.10.3 (c)	Disclosure of Directors	A brief resume of each Director with the areas of expertise should be included in the AR.	Yes	Board Profiles
7.10.3 (d)	Disclosure of Directors	Provide a brief resume of new Director appointed to the Board.	Yes	Not Applicable
7.10.5	Remuneration Committee (RC)	A company shall have a Remuneration Committee.	Yes	Remuneration Committee Report
7.10.5 (a)	Composition of Remuneration Committee	The Remuneration Committee shall comprise Non-Executive Directors or majority of whom shall be independent.	Yes	Remuneration Committee Report
		One Non-Executive Director shall be appointed as Chairman of the Committee by the Board	Yes	Remuneration Committee Report
7.10.5 (b)	Functions of Remuneration Committee	The Remuneration Committee shall recommend the Remuneration of the Executive Directors.	Yes	Remuneration Committee Report
7.10.5 (c)	Disclosure relating to Remuneration Committee	The annual report should set out: The names of Directors comprising the Remuneration Committee A statement of remuneration policy The aggregate remuneration paid to Executive and Non-Executive Directors.	Yes	Remuneration Committee Report
7.10.6	Audit Committee (AC)	A Company shall have an Audit Committee	Yes	Audit Committee Report

Rule No:	Subject	Requirement	Complied	Reference within Report
7.10.6(a)	Composition of Audit Committee	The Audit Committee shall comprise of Non-Executive Directors, majority of whom shall be independent.	Yes	Audit Committee Report
		One Non-Executive Director shall be appointed as Chairman of the Audit Committee by the Board.	Yes	Audit Committee Report
		The Chairman or one member of the committee should be a member of a recognised professional accounting body.	Yes	Audit Committee Report
		The Chief Executive Officer and Chief Financial Officer shall attend Audit Committee meetings	Yes	Audit Committee Report
7.10.6(b)	Functions of Audit Committee	Confirmation of functions of the Audit Committee is in accordance with the rules.	Yes	Audit Committee Report
7.10.6(c)	Disclosure relating to Audit Committee	The names of the Directors who comprise the Audit committee	Yes	Audit Committee Report
		The Audit Committee should make a determination of the independence of the auditors and shall disclose the basis for such determination.	Yes	Audit Committee Report
		A report by the Audit Committee setting out the manner of compliance of the functions during the period.	Yes	Audit Committee Report
7.10.7	Disclosure relating to Audit Committee	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.	Yes	Not Applicable
9.2.1 & 9.2.3	Related Party Transactions Review Committee (RPTRC)	Related Party Transactions Review Committee	Yes	Related Party Transactions Review Committee Report
9.2.2	Composition of RPTRC	Composition of the Related Party Transactions Review Committee	Yes	Related Party Transactions Review Committee Report
9.2.4	Functions of RPTRC	Related Party Transactions Review Committee Meetings	Yes	Related Party Transactions Review Committee Report
9.3.1	Disclosure relating to RPTRC	Immediate Disclosures	Yes	Not Applicable
9.3.2(a)	Disclosure relating to RPTRC	Disclosure- Non-recurrent Related Party Transactions	Yes	Not Applicable
9.3.2(b)	Disclosure relating to RPTRC	Disclosure- Recurrent Related Party Transactions	Yes	Please refer Annual Report of the Board of Directors for an affirmative statement of compliance with the Rules on Related Party Transactions
9.3.2(c)	Disclosure relating to RPTRC	Report by the Related Party Transactions Review Committee	Yes	Related Party Transactions Review Committee Report
9.3.2(d)	Disclosure relating to RPTRC	A declaration by the Board of Directors	Yes	Related Party Transactions Review Committee Report

CORPORATE GOVERNANCE AND INTERNAL CONTROLS

IRCSL direction 17 on corporate governance framework for insurers

The below statement represents the Company adherence to the Directions 17 issued on 17th December 2018 (as amended) by The Insurance Regulatory Commission of Sri Lanka. (IRCSL)

Requirement under Direction No: 17	Description	Status of Compliance
Code of Best Practice on Corporate Governance	Details each compliance is given under Corporate Governance report on pages 92 to 93.	Yes
Board Composition	The Board must be comprised a minimum of two Directors who are citizens as well as residents of Sri Lanka.	Yes
	The total period of service of a Director, other than Executive Director, shall not exceed nine years.	Yes
Age Limits	A Director having over 75 years of age shall cease to be a Director, subject to exemptions.	Yes
CSE Listing Rules 7.10	Adherence to the CSE Corporate Governance Rules	Yes
Serving in other Boards	A Director of an insurance company cannot be a Director of more than 20 other companies including subsidiaries/associates of the insurance company. Out of such 20 companies, a Director cannot hold more than 10 companies classified under Specified Business Entities under the Sri Lanka Accounting and Auditing Standards Act 15 of 1995.	Yes
Demonstration of level of compliance with disclosure requirements in Annual Report.	The Level of compliance with each direction is provided in the Annual Report will be available in the insurance company official website within 05 months after the Balance Sheet date.	Yes

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. 10,000,000/-
All other Miscellaneous Classes	Rs. 15,000,000/-
Marine Cargo & Marine Hull	Rs. 15,000,000/-
Motor Insurance including Third Party Liabilities	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-	A+	France
Mitsui Sumitomo Insurance Co. Ltd	AA	A+	Japan
Lloyd's of London	A+	A+	United Kingdom
Toa Reinsurance Company Limited	A+	A	Japan
Odyssey Reinsurance Corporation	A+	A	USA
Echo Reinsurance Ltd	-	A-	Switzerland
China Reinsurance (Group) Corporation	A+	A	China

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 specifies the purpose, authority, composition and responsibilities of the Audit Committee and provides guidelines on how meetings of the committee should be conducted. The Board of Directors is responsible for the appointment of the Audit Committee and the effective implementation of the Audit Committee Charter.

Board Audit Committee appointed by the Board, consists of the following directors of the company;

Name of the Member	Directorship Status		
	Independent	Non-Executive	
Mr. D.H.J. Gunawardena	-	-	Chairman (Parent Company Audit Committee Chairman)
Mr. S.C.G. Guruge	Yes	Yes	Member
Mr. M.D.E.A.G. Saparamadu	Yes	Yes	Member
Mr. Yu Kitai	No	Yes	resigned - 03.06.2022
Mr. Takashi Kishi	No	Yes	apointed 03.06.2022

The members infuse a wide range of expertise and knowledge to the audit committee enabling the effective conduct of its operations. The brief profiles of the members are given on page 21.

The company secretary functions as the secretary to the Audit Committee. In addition, the Managing Director, General Manager - Finance, Assistant General Manager - Internal Audit of the Company and other members of the management are also invited to attend these meetings when necessary.

Purpose

The purpose of the Audit Committee is to;

- Assist the Board of Directors in fulfilling its overall responsibilities for the Financial Reporting Process.
- Review the system of internal control and risk management procedures.
- Monitor the effectiveness of internal audit function.
- Review the Company's process for monitoring compliance with laws and regulations.
- Assess the independence and performance of the Company's external auditors.
- Make recommendations to the Board on the appointment of external auditors, their remuneration and terms of appointment.

Meetings and Attendance

The Committee met four times during the financial year under review. The attendance of the members at these meetings is recorded in page 107 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 is charged with the responsibility of reviewing the quarterly financial statements, annual accounts and connected documents prior to recommending them for the approval of the Board. The committee focuses on fair presentation and disclosure, reasonability of estimates and judgmental factors and the 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, codes 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, consistency of 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 and risk management

The Audit Committee is responsible for the effective functioning of the internal audit programme to ensure the efficiency of the critical operational aspects. The Audit Committee evaluated the internal audit programme for effectiveness, reviewed the internal audit findings, the management responses, the suggested corrective actions if any and monitored the implementation of remedial measures.

Internal controls

The Audit Committee reviewed the Company's internal control system and its approach to managing the business and financial risks in its endeavor to identify potential inefficiencies in order to recommend appropriate measures to reduce such risks. The Audit Committee review ensured that the necessary tools are in place to safeguard the company's assets.

External audit

Audited financial statements, results of the external audit, letter of representation issued to the External Auditors and recommendations contained in the Management Letter and management response thereto are reviewed by the Committee, while ensuring that appropriate follow-up action is taken.

The Board Audit Committee also holds meetings with the External Auditors to understand any gaps and dissent experienced by the Auditors during the course of the audits. The Committee also reviews the other services provided by the outsourced External Auditors to ensure that their independence as Auditors has not been compromised.

Conclusion

The Audit Committee is satisfied that the internal controls and procedures in place for assessing and managing the risks and provide reasonable assurance regarding the reliability of financial reporting of the Company; the safeguarding of the Company's assets and compliance with all relevant laws, rules, regulations, codes of ethics and standards of conduct.

The Audit Committee having looked into the independence and performance of the External Auditors recommended to the Board that Messrs. Ernst & Young, Chartered Accountants be re-appointed as Statutory Auditors of the Company for the financial year ending 31st December 2023, subject to approval by the shareholders at the forthcoming Annual General Meeting.



Mr. D.H.J. Gunawardena
Chairman - Audit Committee

28th February 2023

REPORT OF THE INVESTMENT COMMITTEE

Objective of the committee

In addition to the main contribution by the insurance business income of the company; the company's investment portfolio makes that income and wealth generated by past income, get employed for further enhancing the corporate returns. Apart from income, this portfolio brings in liquidity for the business operation and strength required by the regulatory guidelines of the Insurance Regulatory Commission of Sri Lanka. The investment related guidelines covers the assets as well as the quality of the assets that constitute the portfolio. While the regulator provide the externally required guidelines, the internal management strategy and risk appetite is formulated through the internal policies and guidelines, which are drafted taking in to consideration the income, liquidity and regulatory requirements.

These internal policies and guidelines for the investment portfolio is drafted by the Investment Committee and the Treasury / Investment Management Unit. The Investment Committee of the company incorporate the corporate strategy and risk preference of the company board of directors in to investment guidelines and policies which are implemented by the Treasury Management unit in execution of overall investment strategy and asset allocations.

The constituent of the Investment committee is well balanced with members of the CGIL board of directors and professionals in Treasury and Investment/Portfolio management and Finance. The combination provides the environment to bring in both the internal strategy and external market factors in formulating investment strategy.

Financial markets in Sri Lanka are highly sensitive and quick to react to most market developments. As a result our portfolios are also affected by this feature, making the value and quality of the portfolio sensitive to market factors. Most relevant factors is Inflation, which in turn affect the interest rates and the resulting monetary policy decisions of the Central Bank. Further, the fiscal policy measures of the Government has a major impact in overall market developments.

While above influencers has a fundamental reasoning, it can be observed that the portfolio values are also influenced by the perceptions and speculative decisions of market participants. In addition, Some factors are originated beyond our shores. These include; crude oil prices, economic policy decisions of regional and powerful Central Banks and International portfolio manager's decisions on Asia -Pacific and South Asian markets.

The above factors are taken in to consideration in relation to the ERM framework in developing investment strategy, policies and objectives. The strategy to be followed for each portfolios of government securities, bank deposits, debentures, equity and real estate are arrived at separately.

While The needs for any alternate approaches are also identified in relation to macro economic, market and company asset composition changes; The committee does the necessary follow ups to ensure the implementation of strategy is as discussed and in line with the market and environmental developments.

Functioning

At the periodic meetings, the investment committee evaluates the macro economic factors that affect the income level and quality of portfolios. The factors include, but not limited to; the inflation, interest rates, exchange rates, GDP growth and reserve position. In addition the budget proposals and the infrastructure projects and fund raising policies of the government are also considered. The policy decisions by US, Euro zone, Singapore, India and other Asia Pacific countries attract the attention at these meetings, as they have an impact on the financial markets of Sri Lanka. With due consideration of these factors and the overall economic outlook, the committee formulates the broad investment parameters and guidelines.

With the above guidelines, views and overall investment and economic climate, the committee assess the portfolios. The committee looks at the asset structure, market values of them and asset yields to establish as to what level the present asset structure and asset quality match with the desired structure and it's features as per the new macro conditions prevailing and as well as expected. As and if any new instruments or primary issue of instruments are available; the committee assesses the acceptability of them by way of looking at 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. If any concerns raised by any member on any instrument, justification of investment decision, necessary approvals or consent if required are documented. This is done for future reference to ensure transparency, accountability and access to information, following a proper procedure and internal controls.

While the business generation is the key growth and wealth creator of the company, the business cash cycle is an important element for the health of the company and income realization. This aspect is covered through treasury management. The committee studies the cash cycle of the company in the form of cash inflows and allocation of it for different uses and the assets it is being invested in. These figures are reconciled to the changes in investment volumes to ensure cash are converted to yielding forms effectively. This is to ensure that funds are efficiently allocated to yielding assets while the requirements for other assets and business related cash outflows are met. This is a treasury management aspect is important for short term liquidity, health of the portfolio and long-term strength and growth of the company.

The committee reviews the investment records and physical evidence of investments in script form and in CDS statements in the event securities are in script less form.

In evaluating the effectiveness of investment policies and the implementation, the committee benchmarks the required yields to the average market and required markups or factoring opportunity returns of alternate investments. In the event any deviations are seen from benchmarks, the causes are discussed and corrective action if needed, are also discussed to ensure that the portfolio yield targets remain relevant to the markets and desired results are achieved.

Operation and controls

The company has many control measures and transaction recording procedures to ensure accurate record keeping for safety of investments and all assets. These systems also improve and assist in monitoring the efficiency of investments.

All investments are duly recorded independently, with one set of records at the investment system at Finance division and one at the Treasury and Investment Management unit. Further, all investments are reflected and reconciled with the accounting records in the company general ledger. In addition, physical verifications are done Daily and Monthly based on the asset type and script or script less nature of assets, by the Internal Audit division.

In addition to ensuring the safety of assets; the infrastructure for optimum use of funds are also designed and monitored. The island wide branch network's cash collections and payments are well coordinated through a linked bank accounts network to ensure effective use of cash resources. This allows for optimum and early cash allocations for investments as well as optimum cash reservations for payments. Further, this system allows very fast claim settlements and customer experience at bank interaction phase of a claim, increasing customer satisfaction.

Meetings

The committee held periodic meetings as scheduled. Total of 04 meetings were held during the year. At these meetings, constructive discussions were held on steering the asset portfolios in the challenging socio economic environment of 2022. Further, in the event a discussion or an opinion was required in between scheduled meetings, the committee members discussed them and shared views on telecommunication / ICT platforms.

Economy in 2022

Year 2022 was one of the most challenging years for investments as well as the whole economy. Post Covid economic shocks were coupled with monetary policy related impacts. Policy decisions which are sought as solutions for the very high inflation. Further, the political developments and national debt management decisions added further weight on the investment climate. The country announced halting of external debt repayment and pursued an IMF funding facility which includes a debt restructuring program. The features of such program is yet unannounced. Sri Lanka is now on "Default" categories as per all main International Rating Agencies.

Interest rates

The economy witnessed a sharp increase in interest rates across the board with a total shift in the yield curve to almost threefold interest rates from the beginning of the year. This was mainly due to the unexpected 7% increase in the Policy Interest rates in April where the Central Bank decided to increase the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) of the Central Bank by 700 basis points to 13.50 per cent and 14.50 per cent, respectively. The total increase during the year was 950 basis points (9.5%)

By which the SDFR and SLFR increased from 5.00% and 6.00% to 14.5% and 15.5% respectively. Following the precedent, but with higher elasticity, the Treasury bill rates which were 7% to 8% range and T'bonds with a range of maturities which were around 9% to 11%, all, including 3 months T'bills, increased to 30% to 33% levels during the year and by year end.

External trade

The country witnessed a continuation of the improvement in the export sector which started in 2021. The total exports of the year to October 2022 saw a 9% growth to USD 11bn from USD 10.1 bn for same period in 2021. The strict controls on imports coupled with the high exchange rate, made the imports reduce by 7.3% for the year to October 2022, compared to same period of last year. The imports were USD 15.4 bn compared to 16.6 bn of last year 1st ten months. With these developments, the trade balance also reduced to USD 4.4 bn from USD 6.5 bn for the same period in 2022 and 2021 respectively.

Tourism

The tourism income saw a recovery in 2022, amidst a downturn in arrivals for few months from April, which recovered again by September. The arrivals up to November stood at 628,000 tourists earning USD 1.1bn which is much better than the 104,000 numbers which arrived in 2021 and USD 273 Mn for the same period. However this is no comparison for the 2.3 Mn arrivals and the USD 4.3 Mn earned during the year 2018.

Reserves and other external items

The worker remittances continued a 36% drop compared to 2021, where the figure in 2022 was USD 3.3 bn compared to USD 5.2 bn in 2021 during the comparable period of 1st eleven months. However in year 2018 the same figure stood at 6.4 Mn USD.

The exchange rate was allowed to free float in March after a period of controlling. This saw the exchange rate which was at Rs. 200/- per USD depreciating to RS. 365/- per USD levels by the year end.

The Gross Official Reserves which were USD 3.1 bn at the beginning of the year recorded USD 1.8 bn by end of November.

REPORT OF THE INVESTMENT COMMITTEE

Inflation

The CCPI measured inflation for 2022 (up to Nov) was 61% with an annual average of 43%. Sharply up from 10% and 5.35% recorded last year respectively. The CCPI reached almost 70% during the year.

The reasons for this high inflation was mainly attributed to supply side issues ranging from drop in agricultural output, import controls, shipping charges and exchange rate devaluation.

Government debt

The total government debt stood at Rs. 17.6 Trillion (Tr) by end 2021. This included Rs.11 Tr of domestic and Rs. 6.5 Tr of Foreign Debt. The landscape has changed by end of September 2022 with Total debt reaching Rs. 25 Tr where Rs. 13.4 Tr is domestic and Rs. 11.6 Tr is Foreign debt. This 78% increase in foreign debt is in an environment where we had not obtained any fresh loans, where by this increase is purely due to the exchange rate devaluation.

Economic growth

The Gross Domestic Product (GDP) having recorded a low 3.3% growth for 2021, is expected to record approximately (-9%) negative growth / contraction. By the 3rd quarter it had already experienced a 7% contraction. The present economic climate is not supportive to see an improvement in GDP growth with pressure on exchange rate and inflation.

Stock market

With a renewed interest at the stock market, The All Share Price Index closed as at 23rd December stood at 8,380 down from 12,226 points at beginning of year.

Investment strategies and returns

The investment strategies and forward views were challenged constantly, throughout the year with the policy decisions of central bank, behavior of the overall markets and speculation and uncertainty on debt restructure plans. The sharp increase of interest rates mentioned earlier, opened a window of opportunity to increase the yield of new cash flows from business as well as maturities. Further, where wealth enhancement was available, existing investments were shifted to new investments after analysis of impact on wealth and P&L.

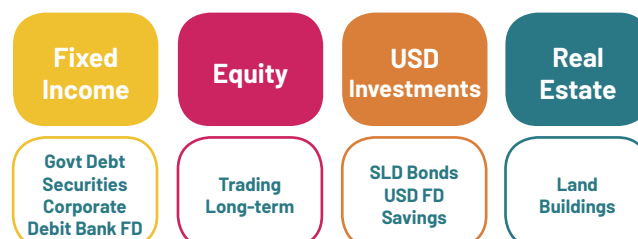
The equity markets went through a tough patch during the year. The market lost almost 30% of its value during the year, with interest rates being high, many industries becoming a victim of economic down turn and political and social developments. Selling away of fundamentally strong shares to cut loss or speculation was avoided and they were held to realize dividends as that expected income would be higher than the adjustment benefits.

The investment function had a constant communication with the finance department that resulted in an efficient cash flow planning and daily cash management activity. The result was, smooth functioning of business activities as well as optimum use of funds.

The above strategies and market conditions provided the company yields from the portfolios which were better than the yields experienced in the recent past few years.

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. Rohan Fernando	Director/Chairman of the Committee
Mr. Ajith Wijeyesekera	Director/Committee Member
Mr. Upali Witharana	Managing Director
Mr. Nihal Peiris (By Invitation)	Director – Finance Ceylinco Insurance PLC
Mr. Nilantha Piyadasa	General Manager – Finance
Mr. K. Shankaramoorthy	Deputy General Manager – Financial Services
Mr. Manjula Wickramasinghe	Assistant General Manager – Financial Services – HO
Mr. Kasun Nanayakkara	Director/General Manager – Treasury/Investment Management

Rohan Fernando
Chairman - Investment Committee

28th February 2023

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee (RPTRC) was formed by the Board on 13th January 2022 to assist the Board in reviewing all related party transactions of the Company. In accordance with the Code of Best Practices on Related Party Transactions, issued by the Colombo Stock Exchange, the Board appointed 04 Non-Executive Directors and 01 Executive Director.

Composition

The Committee's composition during the year 2022 was as follows;

Mr. S.C.G. Guruge (Chairman)	- Independent Non-Executive Director
Mr. A.R.H. Fernando	- Independent Non-Executive Director
Mr. U. Witharana	- Executive Director
Mr. Yu Kitai	- Non-Executive Director - Resigned w.e.f. 03.06.2022
Mr. Takashi Kishi	- Non-Executive Director - Appointed w.e.f. 03.06.2022

The Company Secretary functioned as the Secretary to the Committee during the year under review.

Objective

The main objective of the Committee is to exercise oversight on behalf of the Board to ensure compliance with the Code on Related Party Transactions, as issued by the Securities and Exchange Commission of Sri Lanka and with the Section 9 of the Listing Rules of the Colombo Stock Exchange.

Methodology

Monitoring systems are in place to obtain declarations from all Directors (at the time of appointing to the Board and annually thereafter) informing the Company Secretary. Based on the information furnished in these declarations, the Company retrieves data on related party transactions from the database of the Company.

The Committee will continue to assist the Board of Directors by reviewing all Related Party Transactions, to ensure,

- that there is compliance with the Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka and with Section 9 of the Listing Rules of the Colombo Stock Exchange.
- that the shareholder interests are safeguarded and
- that fairness and transparency are maintained.

Meetings

During the year 2022, three Committee meetings were held. The Managing Director and other Key Management Personnel attended meetings by invitation to assist the Committee's discussions.

Declaration

The process of identifying Related Parties of the Company was reviewed during the year and made recommendations to strengthen and maintain the industry standards.

During the year under review, there were no non-recurrent or recurrent related party transactions that exceeded the respective thresholds mentioned in the Listing Rules requiring disclosure in the Annual Report. Details of other related party transactions done by the Company during the year is disclosed in Note 40 (b) to the Financial Statements.

A statement by the Board of Directors in the Annual report as a negative statement that no related party transactions falling within the domain of the Listing Rules was entered into by the Company during the financial year 2022, is given in page 107 of the Annual Report.



Mr. S.C.G. Guruge
Chairman - Related Party Transactions Review Committee

28th February 2023

REMUNERATION COMMITTEE REPORT

Composition of the committee

The Remuneration Committee ("the Committee") comprises of three Directors appointed by the Board of Directors of the Company out of whom two are Independent Non-Executive Directors.

The present Committee consists with;

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

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

Mr. K.D.A.S.R. Arsakularatne (Non-Executive Director)

Specified the importance of the Committee towards the strategic objectives of investing and developing employees, the Chief Executive Officer attended and participated in meetings of the Committee by invitation.

The Committee reported directly to the Board of Directors of the Company.

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

The committee's composition met the requirements of the Rule 7.10.5 of the Listing Rules of the Colombo Stock Exchange.

The duties of the committee

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

- Review and approve of Remuneration Policy of the Company including policies and practices of the Company.
- To support the recruitment and retention of Executive Directors of the caliber required to develop and deliver the strategy.
- Make recommendations to the Board in formal and transparent procedure, on deciding the compensation of Chief Executive Officer, Executive Directors and other Members of the Board.
- To provide a market-competitive level of benefits for Executive Directors/employees and to assist them in the performance of their roles.
- Maintaining and developing competitive and attractive remuneration packages for employees at all levels on par with industry standards.

Meetings

The Committee held two meetings during the year 2022.

The minutes of these meetings reflecting the decisions of the Committee including recommendations were presented at subsequent monthly meetings of the Board of Directors.

Remuneration policy

The remuneration policy is designed to reward, motivate and retain the Company's executive team, with market based competitive remuneration and benefits, to support the continual business growth and shareholder value creation.

The remuneration packages which are linked to individual performances are aligned with the Company's short-term and long-term strategies. The Committee makes every endeavor to maintain remuneration levels that are sufficient to attract and retain members of the senior management team.



Sumith C.G. Guruge

Chairman – Remuneration Committee

28th February 2023

NOMINATION COMMITTEE REPORT

Purpose of the committee

The Nomination Committee ("the Committee") of the Company comprises three Non-Executive Directors appointed by the Board of the Company. The following Directors currently serve on the Committee.

Mr. C.P.A. Wijeyasekara - Chairman (Independent
Non-Executive Director)
Mr. B.S.M. De Silva - Non-Executive Director
Mr. K.D.A.S.R. Arsakularatne - Non-Executive Director

The Committee reports directly to the Board of Directors and the Company Secretary serves as the secretary to the Nomination Committee.

Terms of reference

Terms of Reference is governed by the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and recommended best practices.

Key responsibilities of the committee

The key responsibilities of the Committee includes;

- Implementing a procedure to select and appoint new Directors/CEO and Key Management Personnel according to the applicable laws and regulations.
- Considering and recommending of re-election of current Directors based on their performance and contribution made to the Company.
- Ensuring each Director, CEO and Key Management Personnel are fit and proper persons to hold office as specified in the applicable rules and regulations.
- Recommending succession arrangements for retiring Directors and Key Management Personnel.

Meetings

The committee held one meeting during the year under review.



Mr. C.P.A. Wijeyasekara
Chairman - Nominations Committee

28th February 2023

STATEMENT OF DIRECTORS' RESPONSIBILITY ON FINANCIAL REPORTING

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 113.

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 2023 to 2024 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

28th February 2023

Compliance report

In respect of the Financial Year ended 31st December 2022 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

28th February 2023



Journey

BEYOND OBSTACLES

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FINANCIAL REPORTS

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 2022, and the Report of the Auditors thereon.

Review of operations

The Chairman / Chief Executive Officer's Review on pages 14 to 17 contain a detailed description of Insurance operations carried out in the year under review and projected developments.

Principal activities of the company

Results of the Financial Year

	2022	2021
	Rs. '000	Rs'000
Profit After Taxation	3,769,319	1,509,346
Add : Balance Brought Forward	6,449,176	4,864,246
Less: Surcharge Tax	(419,644)	-
	9,798,851	6,373,592
Other Comprehensive Income for the year	(34,058)	538,269
Funds Available for Appropriation	9,764,793	6,911,861
Appropriation :		
Dividend Paid	(475,190)	(462,685)
Unappropriated Profit Carried Forward	9,283,603	6,449,176

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 2022 was Rs. 500,200,000/- and is represented by issued and fully paid 2,501,000 voting ordinary shares.

Dividends

The Directors declared Rs. 228/- per share as final dividend subject to regulatory approval from Insurance Regulatory Commission of Sri Lanka.

Directors

Messrs. H.D.K.P. Alwis, U. Witharana, W.C.J. Alwis, R.A. Gunathilake, H.D.A.N. Perera, K.D.A.S.R. Arsakularatne, E.M.M. Boyagoda, B.S.M. De Silva, A.R.H. Fernando, S.C.G. Guruge, Yu Kitai, M.D.E.A.G. Saparamadu, U.D. De Silva, G.S. Sundararajan, S.D. Wanigaratne, C.P.A. Wijeyesekera and Mr. T. Kishi were the Directors of the Company during the financial year ended 31st December 2022.

In accordance with the Articles of Association of the Company, Mr. T. Kishi, Mr. Sathy Wijayapura, Mr. Roshan Ranasinghe will seek re-election at the forthcoming AGM. Mr. S.C.G. Guruge, Mr. C.P.A. Wijeyesekera and Dr. S.D. Wanigaratne are subjected to retire by rotation and would offer themselves for re-election.

Mr. Ekanayake Mudiyansele Mangala Boyagoda and Mr. Mahabalage Don Emmanuel Anony Gamini Saparamadu both Directors being over 70 years of age would not seek re-election at the next AGM.

Mr. Sembukutti Arachchilage Wimalanath Senaka Silva, proposed Director being over 70 years of age would seek shareholder approval to be appointed to the Board as per section 211 of the Companies Act No. 07 of 2007. A special notice has been received from the shareholder to move an ordinary resolution at the next Annual General Meeting that Mr. S.A.W.S. Silva be appointed as a Director and that the age limit specified in Section 210 of the Companies Act No. 07 of 2007 shall not apply to him.

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. H.D.K.P. Alwis	6/6
Mr. U. Witharana	6/6
Dr. W.C.J. Alwis	5/6
Mr. R.A. Gunathilake	6/6
Mr. H.D.A.N. Perera	6/6
Mr. K.D.A.S.R. Arsakularatne	4/6
Mr. E.M.M. Boyagoda	6/6
Mr. B.S.M. De Silva	6/6
Mr. A.R.H. Fernando	5/6
Mr. S.C.G. Guruge	6/6
Mr. Yu Kitai	3/3

Names of Directors	No. of Board Meetings attended
Mr. M.D.E.A.G. Saparamadu	6/6
Dr. U.D. De Silva	5/6
Mr. G.S. Sundararajan	4/6
Dr. S.D. Wanigaratne	3/6
Mr. C.P.A. Wijeyesekera	6/6
Mr. Takashi Kishi	3/3

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 2022.

Corporate governance

The Audit Committee held four meetings during the year 2022. The Remuneration Committee held two meetings during the year 2022.

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

Name of Committee Member	Audit Committee	Remuneration Committee
Mr. D.H.J. Gunawardena	4/4	Not a Member
Mr. S.C.G. Guruge	3/4	2/2
Mr. Yu Kitai	2/2	Not a Member
Mr. M.D.E.A.G. Saparamadu	3/4	1/2
Mr. K.D.A.S.R. Arsakularatne	Not a Member	1/2
Mr. Takashi Kishi	2/2	Not a Member

Donations

During the year charitable donations amounting to Rs. 1.9 Mn were made by the Company.

Taxation

The Company is liable for income tax at 24%.

The Income Tax Expense of the Company for the year amounted to Rs. 208.8 Mn.

Capital expenditure & capital commitments

The total expenditure on acquisition of Property, Plant and Equipment during the year amounted to Rs. 172.3 Mn.

Property, plant & equipment

The details of Property, Plant and Equipment of the Company are shown in the "Notes to Financial Statements" page 128.

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. 4.3 Bn.

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 2022, there were 2,839 employees in the 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 31.12.2022.

After reviewing the relevant information and Actuarial studies the Actuaries have recommended to make a net IBNR/IBNER provision of Rs. 561.79 Mn. The Company has already made this provision in the accounts as at 31.12.2022.

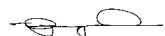
Auditors

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 171 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



Dr. W.C.J. Alwis
Executive Chairman



Mr. R.A. Gunathilake
Director/Chief Executive Officer



Mrs. Nilika Abhayawardhana
Company Secretary

28th February 2023

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 01.01.2022 to 31.12.2022 in which this company has had transactions during the year 2022

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. K.D.A.S.R. Arsakularatne	Mr. C.P.A. Wijeyesekera	Dr. S.D. Wanigaratne	Mr. B.S.M. De Silva	Mr. G.S. Sundararajan	Mr. Takashi Kishi	Mr. A.R.H. Fernando	Mr. U.D. De Silva
1 Ambeon Holdings PLC						✓										
2 American Education Centre Ltd.	✓	✓	✓													
3 ANC Modern Montessori International (Pvt.) Ltd.		✓	✓													
4 Ashyaki Holdings (Pvt) Ltd.				✓												
5 Asset Holdings (Pvt) Ltd						✓										
6 Asset Trust Management (Pvt) Ltd.			✓			✓										
7 C A Crushing (Pvt) Ltd						✓										
8 Cargills Bank PLC																
9 CEC Events (Pvt.) Ltd.		✓														
10 CEG Education Holdings (Pvt.) Ltd.	✓	✓	✓													
11 Ceyhydro Developers (Pvt.) Ltd.	✓		✓		✓											
12 Ceylinco Insurance Company (Pvt.) Ltd. Maldives	✓	✓	✓		✓			✓								
13 Ceylinco Insurance PLC	✓	✓	✓											✓		
14 Ceylinco Investcorp (Pvt.) Ltd.	✓	✓	✓					✓								
15 Ceypower Cascades (Pvt.) Ltd.	✓		✓													
16 Chemanex PLC						✓										
17 Dankotuwa Porcelain PLC																
18 Dillys Fashions Pvt Ltd											✓					
19 E G H L Solar Galle (Pvt) Ltd	✓		✓					✓								
20 E G H L Solar Mathugama (Pvt) Ltd	✓		✓		✓											
21 Energy Generators (Pvt.) Ltd.					✓			✓								
22 Enviro Engineering Solutions (Pvt) Ltd	✓															
23 Frontire Freight Lanka Ltd				✓												
24 Galle Submarine Cable Depot (Pvt) Ltd															✓	
25 Gas World (Pvt.) Ltd				✓												

REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

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. K.D.A.S.R. Arsakularatne	Mr. C.P.A. Wijeyesekera	Dr. S.D. Wanigaratne	Mr. B.S.M. De Silva	Mr. G.S. Sundararajan	Mr. Takashi Kishi	Mr. A.R.H. Fernando	Mr. U.D. De Silva
26	HVA Foods PLC												✓				
27	Industrial Gases (Pvt) Ltd.				✓												
28	International College of Business & Technology Ltd.	✓	✓	✓													
29	Kavin Polymers (Pvt) Ltd.							✓									
30	Kent Display (Pvt) Ltd.							✓									
31	Kent Display Systems (Pvt) Ltd.							✓									
32	Kent Trophies & Awards (Pvt) Ltd.							✓									
33	Lanka Carbonics Industries				✓												
34	Mobitel (Pvt) Ltd.															✓	
35	Northstar Holdings (Pvt) Ltd.										✓						
36	Royal Fernwood Porcelain Ltd.						✓										
37	S L A F F A Cargo				✓												
38	SAFE Holdings (Pvt) Ltd.						✓										
39	Sierra Construction (Pvt) Ltd.						✓										
40	SLT Digital Services (Pvt) Ltd.															✓	
41	SLT Human Capital Solutions (PVT) LTD.															✓	
42	SLT Visioncom (PVT) LTD.															✓	
43	Sri Lanka Telecom PLC															✓	
44	Ultratech Cement Lanka (Pvt) Ltd.			✓													
45	Union Apparels (Pvt) Ltd										✓						
46	Union Resorts and Spas (Pvt) Ltd.										✓						
47	Union Resorts (Pvt) Ltd.										✓						
48	Wealth Trust Securities (Pvt) Ltd.																
49	Wycherly International Management Company Limited	✓	✓	✓													
50	Wycherly International School (Pvt) Ltd.	✓	✓	✓													

ACTUARIAL REPORT



K.A. PANDIT

Introduction

I, Kulin Patel, as signing actuary to Ceylinco General Insurance Limited and as Partner of K.A. Pandit Consultants & Actuaries (KAP), have been appointed to estimate and certify the Incurred but Not Reported (IBNR) Reserves of the Company and assess the need to maintain a Premium Deficiency Reserve (PDR) by the Company. If PDR is required, recommend the appropriate amount for the same.

The valuation date for the recommended reserves stated in this report is 31-12-2022.

IBNR Reserves

IBNR Claims Reserves estimate recommended includes a consideration for the below:

- A reserve for claims that have occurred but have not been reported to the insurer. This is referred to as Incurred But Not Yet Reported (IBNYR) Claims Reserve
- A reserve for possible future upward or downward development of reported claims and provided for as case estimates by the Company, referred as Incurred But Not Enough Reported (IBNER) Claims Reserve
- A reserve for claims that may re-open after they have been closed and a consideration for direct claims related expenses.

The IBNR recommended to be booked by Ceylinco General Insurance Limited as at 31-12-2022 is as under:

IBNR Reserves	Figures in LKR
Gross IBNR	1,026,569,506
Net IBNR	561,784,774

ACTUARIAL REPORT



K.A. PANDIT

PDR Reserves

Unexpired Risk Reserve (URR) was assessed for the Company across lines of businesses, using historical experience on losses, expenses, and commissions to estimate the expected future outgo on unexpired risks. The amount is compared to the Unearned Premium Reserve (UPR) provided by the Company to check the need for maintenance of a Premium Deficiency Reserve (PDR). The summary of the premium reserves maintained by the Company is as under:

Premium Reserves	Figures in LKR
Unearned Premium Reserve (UPR)	7,260,187,000
Premium Deficiency Reserve (PDR)	0

Overall Comments

The reserves recommended above are based on the data provided to me by the Company and take into consideration the existing claims and premium reserves, business profile, current claims reporting and settlement practices, local market practices, any major changes in underwriting and changes in reinsurance programme over the previous year.

In my opinion, subject to the above comments, the reserves recommended:

- are computed in accordance with the generally accepted actuarial principles
- are based on sound actuarial methods
- meet the requirements of the Liability Adequacy Test as required under SLFRS-4 satisfactorily
- make a reasonable provision for the IBNR of the Company as at 31-12-2022

Dated: 28-02-2023

Actuary: Kulin Patel (FIAI - #10235, FIA)

Place: Mumbai, India

✉ www.ka-pandit.com 🌐 kap@ka-pandit.com

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INDEPENDENT AUDITOR'S REPORT



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Chartered Accountants
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P.O. Box 101
Colombo 10
Sri Lanka

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Tax : +94 11 5578180
eysi@ik.ey.com
ey.com

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 2022, 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 2022 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.

Partners: H M A Jayasinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, K Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekera FCA FCMA, A Herath FCA FCMA, D K Hulangamuwa FCA FCMA LLB (London), Ms. G G S Manatunga FCA, A A J R Perera ACA ACMA, Ms. P V K N Sajeewani FCA, N M Sulaiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

Principals: W S J De Silva BSc (Hons)-MIS MSc-IT, G B Goudan ACMA, D L B Karunathilaka ACMA, Ms. P S Paranavilane ACA ACMA LLB (Colombo), T P M Ruteru FCA FCMA

A member firm of Ernst & Young Global Limited

INDEPENDENT AUDITOR'S REPORT

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 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.



28 February 2023
Colombo

STATEMENT OF FINANCIAL POSITION

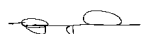
As at 31 December	Page	Note	2022 Rs.'000	2021 Rs.'000
ASSETS				
Intangible Assets	126	5	44,986	22,861
Deferred Expenses	127	6	1,140,051	1,048,559
Property, Plant and Equipment	128	7	4,322,298	4,149,976
Right of Use Asset	132	8	239,943	205,634
Investment Properties	134	9	2,409,500	139,500
Financial Instruments				
Loans & Receivables	139	10	9,832,652	8,979,677
Available-For-Sale Financial Assets	141	11	7,665,836	8,448,089
Employee Gratuity Benefit Asset	147	12	1,914,165	1,654,395
Employee Pension Benefit Asset	152	13	1,799,952	1,461,261
Reinsurance Receivables	156	15	5,279,902	4,821,855
Insurance Receivables	156	16	6,843,368	5,190,204
Other Assets	157	17	799,027	413,352
Cash and Cash Equivalents	158	18	410,294	113,305
Total Assets			42,701,974	36,648,668
EQUITY AND LIABILITIES				
EQUITY				
Stated Capital	158	19	500,200	500,200
Retained Earnings			9,289,603	6,449,176
Special Reserves	159	19 (b)	6,848,160	6,848,160
Revaluation Reserves			727,580	494,239
Available-for-Sale Reserve			(193,993)	176,329
Total Equity			17,171,550	14,468,104
LIABILITIES				
Non Life Insurance Contract Liabilities	160	20	14,633,114	14,231,847
Deferred Revenue	162	21	520,032	389,419
Deferred Tax Liability	154	14	77,087	94,152
Reinsurance Payables	163	22	6,821,626	4,263,222
Income Tax Payable			192,907	99,963
Interest Bearing Borrowings	158	18	-	241,240
Other Liabilities	163	23	3,285,658	2,860,721
Total Liabilities			25,530,424	22,180,564
Total Equity and Liabilities			42,701,974	36,648,668

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;



Dr. W.C.J. Alwis
Executive Chairman



Mr. R.A. Gunathilake
Director/Chief Executive Officer

The notes on pages 122 through 190 form an integral part of the Financial Statements.

28th February 2023
Colombo

INCOME STATEMENT

For the Year ended 31 December	Page	Note	2022 Rs.'000	2021 Rs.'000	Change %
Net Income	167	24 (c)	22,187,313	15,788,437	41
Gross Written Premiums	166	24 (a)	24,351,536	20,206,104	21
Premiums Ceded to Reinsurers	166	24 (b)	(9,742,670)	(7,127,694)	37
Net Written Premiums			14,608,866	13,078,410	12
Net Change in Reserve for Unearned Premium			63,060	175,112	(64)
Net Earned Premium			14,671,926	13,253,522	11
Fees and Commission Income	167	25	909,249	789,772	15
Investment Income	167	26	6,601,122	1,516,177	335
Realised Gains/(Losses)	169	27	(20,986)	222,466	(109)
Fair Value Gains			26,002	6,500	300
Other Revenue			7,515,387	2,534,915	196
Gross Benefits and Claims Paid	170	28 (a)	(10,670,025)	(13,670,162)	(22)
Claims Ceded to Reinsurers	170	28 (b)	2,846,023	7,162,136	(60)
Gross Change in Contract Liabilities	170	28 (c)	(464,328)	(1,957,620)	(76)
Change in Contract Liabilities Ceded to Reinsurers	170	28 (d)	458,047	1,402,105	(67)
Net Benefits and Claims			(7,830,283)	(7,063,541)	11
Acquisition Cost	171	29	(2,158,313)	(1,959,377)	10
Other Operating and Administrative Expenses	171	30	(5,469,259)	(4,966,757)	10
Impairment Provision	140	10 (c) & 11	(2,758,529)	-	
Finance Cost	172	31	(57,509)	(51,239)	12
Total Benefits, Claims and Other Expenses			(18,273,893)	(14,040,914)	30
Profit Before Tax			3,913,420	1,747,523	124
Income Tax Expense	173	32 (a)	(144,101)	(238,177)	(39)
Profit for the Year			3,769,319	1,509,346	150
Basic/Diluted Earnings Per Share	174	33	1,507.12	603.50	
Dividend Per Share - Paid	175	34	190.00	185.00	

The notes on pages 122 through 190 form an integral part of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

For the Year ended 31 December	Note	2022 Rs.'000	2021 Rs.'000
Profit for the Year		3,769,319	1,509,346
Other Comprehensive Income			
Other Comprehensive Income to be reclassified to Income Statement in subsequent period			
Net Gain/(Loss) on Available-For-Sale Assets	35	(479,778)	(119,153)
Income Tax relating to Components of Other Comprehensive Income	35	109,456	3,668
Net Other Comprehensive Income to be reclassified to Income Statement in subsequent period		(370,322)	(115,485)
Other Comprehensive Income not to be reclassified to Income Statement in subsequent period			
Revaluation Surplus/ (Deficit) During the Year	35	389,084	-
Actuarial Gain on Defined Benefit Plans	35	(32,667)	678,353
Income Tax relating to Comprehensive Income	35	(157,134)	(114,071)
Net Other Comprehensive Income not to be reclassified to Income Statement in subsequent period		199,283	564,282
Other Comprehensive Income for the Year, Net of Tax		(171,039)	448,797
Total Comprehensive Income for the Year, Net of Tax		3,598,280	1,958,143

The notes on pages 122 through 190 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

	Note	Stated Capital	Special Reserves	Revaluation Reserve	Retained Earnings	Available-for Sale Reserve	Total Ordinary Shareholders' Equity
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance As At 1 January 2021		500,200	6,848,160	468,226	4,864,246	291,814	12,972,646
Profit for the Year		-	-	-	1,509,346	-	1,509,346
Other Comprehensive Income for the Year	35	-	-	26,013	538,269	(115,485)	448,797
Total Comprehensive Income for the Year		-	-	26,013	2,047,615	(115,485)	1,958,143
Final Dividend Paid	34	-	-	-	(462,685)	-	(462,685)
Balance As At 31 December 2021		500,200	6,848,160	494,239	6,449,176	176,329	14,468,104
Adjustment for Surcharge Tax Levied under the Surcharge Tax Act No. 14 of 2022		-	-	-	(419,644)	-	(419,644)
Adjusted Balance as at 1st January 2022		500,200	6,848,160	494,239	6,029,532	176,329	14,048,460
Profit for the Year		-	-	-	3,769,319	-	3,769,319
Other Comprehensive Income for the Year	35	-	-	233,341	(34,058)	(370,322)	(171,039)
Total Comprehensive Income for the Year		-	-	233,341	3,735,261	(370,322)	3,598,280
Final Dividend Paid	34	-	-	-	(475,190)	-	(475,190)
Balance As At 31 December 2022		500,200	6,848,160	727,580	9,289,603	(193,993)	17,171,550

The notes on pages 122 through 190 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

For the Year ended 31 December	Note	2022 Rs.'000	2021 Rs.'000
Cash Flows from Operating Activities			
Premiums/Revenue Received from Customers		22,698,372	20,476,448
Reinsurance Premiums (Net of Commission) Paid		(6,144,405)	(5,280,383)
Commission Paid		(2,240,471)	(2,012,901)
Claims and Benefits Paid		(10,670,026)	(13,670,162)
Reinsurance Receipts in respect of Claims & Benefits		2,846,025	7,162,136
Interest and Dividends Received		1,522,149	1,316,047
Other Operating Cash Payments		(5,247,164)	(4,400,531)
Other Income		1,460,628	413,060
Contributions to Gratuity Fund/Gratuity Payments	12.2	(342,503)	(107,245)
Income Tax & Surcharge Tax Paid		(535,544)	(350,472)
Interest Paid		(57,509)	(26,432)
Net Cash Flows from Operating Activities (Note A)		3,289,552	3,519,565
Cash Flows from Investing Activities			
Purchase of investment property		(2,243,998)	-
Acquisition of Financial Investments	11(e)	(33,396,063)	(139,330,525)
Acquisition of Other Investments	11(e)	(15,721,340)	(3,739,848)
Disposal of Other Investments	11(e)	15,380,964	2,496,274
Proceeds from Financial Investments	11(e)	34,006,467	138,045,560
Acquisition of Property, Plant & Equipment	7.4	(172,295)	(654,121)
Acquisition of Intangible Assets	5.1	(111,425)	(81,899)
Proceeds from Disposal of Property, Plant & Equipment		42,831	27,065
Net Cash Flows used in Investing Activities		(2,214,859)	(3,237,494)
Cash Flows from Financing Activities			
Repayment of Lease Liabilities		(61,274)	(78,173)
Dividends Paid to Equity Holders	34	(475,190)	(462,685)
Net Cash Flows from Financing Activities		(536,464)	(540,858)
Increase / (Decrease) in Cash & Cash Equivalents (Note B)		538,218	(258,787)

STATEMENT OF CASH FLOWS

For the Year ended 31 December	Note	2022 Rs.'000	2021 Rs.'000
Note A			
Reconciliation of Profit Before Tax with Net Cash Flows from Operating Activities			
Profit Before Tax		3,913,420	1,747,523
Adjustments for:			
Depreciation	7	364,524	359,648
Amortisation of Intangible Assets	5	89,300	79,860
Amortisation of Right of Use Assets	8	93,901	105,574
Change in Trade and Other Receivables		(2,846,197)	(161,548)
Change in Reinsurance Receivable		(458,047)	(1,402,105)
Increase in Non-Life Insurance Provisions		440,388	1,789,330
Change in Trade and Other Payables		3,092,640	1,438,903
Gain on Disposal of Property, Plant & Equipment		(18,298)	(16,037)
Foreign Exchange (Gain)/Loss		(3,579,062)	(175,132)
Impairment of Investments		2,758,529	110,521
Revaluation of Investment Property		(26,002)	(6,500)
Income Tax & Surcharge Tax Paid		(535,544)	(350,472)
Net Cash Flows from Operating Activities		3,289,552	3,519,565
Note B			
Cash and Cash Equivalents at 1st January		(127,935)	130,852
Cash and Cash Equivalents at 31st December	Note C	410,294	(127,935)
Increase/(Decrease) in Cash and Cash Equivalents		538,229	(258,787)
Note C			
Cash at Bank		375,758	78,642
Cash in Hand		34,536	34,663
Bank Overdraft		-	(241,240)
		410,294	(127,935)

The notes on pages 122 through 190 form an integral part of the Financial Statements.

INSURANCE REVENUE ACCOUNT

For the Year ended 31 December	Note	2022 Rs. '000	2021 Rs. '000
Non-Life Insurance			
Gross Written Premium	24 (a)	24,351,536	20,206,104
Net Earned Premium		14,671,926	13,253,522
Net Claims Incurred	28	(7,830,283)	(7,063,541)
Underwriting and Net Acquisition Costs (Including Reinsurance)		(1,249,064)	(1,169,605)
Underwriting Result		5,592,579	5,020,376
Other Operating, Investments Related and Administrative Expenses	30	(5,469,259)	(4,966,757)
Investment and Other Income		6,606,138	1,745,143
Interest Expense	31	(57,509)	(51,239)
Profits From Operations After Interest Expense		6,671,949	1,747,523
Key Ratios Non-Life Insurance			
Net Loss Ratio		53.37	53.30
Net Expense Ratio		46.18	46.69
Net Combined Ratio		99.55	99.98

The notes on pages 122 through 190 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", No 69, Janadhipathi Mawatha, Colombo 1. The additional corporate information is given on page 194.

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 Parent Entity and Ultimate Parent Company

The Company's immediate and 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 2022 was authorized for issue in accordance with a resolution of the board of directors on 28th February 2023.

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 and amendments thereon.

Further, the tax liability arising from the Surcharge Tax No. 14 of 2022 has been accounted as recommended by the Statement of Alternative Treatment (SoAT) issued by the Institute of Chartered Accountants of Sri Lanka as disclosed under the note 32 on Income Taxes.

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 an 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 principal 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 in these financial statements of the Company.

(a) Product Classification

Insurance contracts are those contracts when the Company (the insurer) has accepted significant 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) Impairment of Non-Financial Assets

The carrying amounts of the Company's nonfinancial 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 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.

(c) 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.

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.

3.1 New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(a) Amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Costs of Fulfilling a Contract

In 25 March 2021, the Institute of Chartered Accountant of Sri Lanka (CA Sri Lanka) issued amendments to LKAS 37 Provisions, Contingent Liabilities, and Contingent Assets (LKAS 37).

The Amendment specifies the costs that an entity need to include when assessing whether a contract is onerous or loss making.

(b) Amendments to LKAS 16 Property, Plant & Equipment: Proceeds before Intended Use

In 25 March 2021, the Institute of Chartered Accountant of Sri Lanka (CA Sri Lanka) issued LKAS 16 property, Plant and Equipment-Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The Amendment prohibits entities from deducting any proceeds from selling items produced, while bringing that asset to the location and condition necessary for it be capable of operation in the manner intended by management, from the cost of an item of property, plant, and equipment.

There is not any material impact on the Financial Statements of the Company from above new and amended standards and interpretations.

NOTES TO THE FINANCIAL STATEMENTS

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:

Critical Accounting Judgments, Estimates and Assumptions Disclosure Reference

Critical Accounting Judgments, Estimates and Assumptions	Disclosure Reference	
	Note	Page
Impairment of assets (receivables)	16	157
Reserve for gross outstanding claims (IBNR/IBNER)	20 (a)	161
Valuation of investment property	09	134
Measurement of defined benefit obligation and pension	12 & 13	147 & 152
Unearned Premium and deferred acquisition cost	20 & 06	161 & 127
Leases - Estimating the incremental borrowing rate and determining the lease term of contracts with renewal and termination options	08	132
Income Tax - Uncertainty over Income Tax Treatment	38(a)	185

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued up to the date of issuance of the Company's financial statements but are not effective for the current annual reporting period, are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 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 SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SLFRS 4, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 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

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2025, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

Definition of Accounting Estimates - Amendments to LKAS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to LKAS 12

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Also, under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Disclosure of Accounting Policies – Amendments to LKAS 1 and IFRS Practice Statement 2

Amendments to LKAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

SLFRS 9 Financial Instruments

SLFRS 9 replaces the existing guidance in LKAS 39 Financial Instruments: recognition and Measurement. SLFRS 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 2025.

NOTES TO THE FINANCIAL STATEMENTS

5. INTANGIBLE ASSETS

ACCOUNTING POLICY

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

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 derecognised.

	Computer Software & License
	Rs.'000
Cost	
At 1 January 2021	386,367
Cost Capitalised	81,899
At 1 January 2022	468,266
Cost Capitalised	111,425
At 31 December 2022	579,691
Accumulated Amortisation and Impairment	
At 1 January 2021	365,545
Amortisation during the year	79,860
At 1 January 2022	445,405
Amortisation during the year	89,300
At 31 December 2022	534,705
Carrying Amount	
At 1 January 2022	22,861
At 31 December 2022	44,986

5.1 Acquisition of Intangible Assets during the year 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. 111,425,000 (2021 - 81,899,000). Cash payments amounting to Rs. 111,425,000. (2021 - 81,899,000) 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.80,816,020 fully amortised Computer Software which are in the use of normal business activities (2021 - Rs. 80,256,934)

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 2022. 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 (2021 - Nil)

6. DEFERRED EXPENSES

ACCOUNTING POLICY

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 derecognised when the related contracts are either settled or disposed of.

	Deferred Acquisition Costs (DAC) Insurance Contracts	
	2022	2021
	Rs.'000	Rs.'000
At 1 January	1,048,559	1,030,182
Expenses Deferred	2,386,646	2,117,311
Amortisation	(2,295,154)	(2,098,934)
At 31 December	1,140,051	1,048,559

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

ACCOUNTING POLICY

(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.

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.

	Freehold Land	Building	Plant & Machinery	Motor Vehicles	Office Equipment	Computer Equipment	Furniture & Fittings	Electrical Equipment	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost/Valuation									
At 1 January 2022	866,337	1,412,500	57,974	2,813,397	79,094	250,904	178,955	332,882	5,992,043
Additions	-	-	11,733	42,574	7,725	82,029	27,971	263	172,295
Revaluation	183,900	132,296	-	-	-	-	-	-	316,196
Disposals/Transfer	(6,500)	(1,500)	(324)	(38,302)	(247)	(174)	(1,358)	-	(48,405)
At 31 December 2022	1,043,737	1,543,296	69,383	2,817,669	86,572	332,759	205,568	333,145	6,432,129
Accumulated Depreciation									
At 1 January 2022	-	45,124	29,112	1,298,193	46,627	188,496	115,409	119,106	1,842,067
Depreciation	-	27,852	5,963	199,415	8,723	33,897	15,089	73,585	364,524
Disposals	-	(88)	(294)	(22,045)	(237)	(166)	(1,042)	-	(23,872)
Revaluation Adjustment	-	(72,888)	-	-	-	-	-	-	(72,888)
At 31 December 2022	-	-	34,781	1,475,563	55,113	222,227	129,456	192,691	2,109,831
Carrying Amount									
At 1 January 2022	866,337	1,367,376	28,862	1,515,204	32,467	62,408	63,546	213,776	4,149,976
At 31 December 2022	1,043,737	1,543,296	34,602	1,342,106	31,459	110,532	76,112	140,454	4,322,298

If the land and building were measured using cost model, the carrying value would be as follows.

At Cost	Freehold Land	Building	Total
	Rs.'000	Rs.'000	Rs.'000
Cost			
At 1 January 2022	460,254	1,216,541	1,676,795
Disposals	(1,800)	(1,860)	(3,660)
At 31 December 2022	458,454	1,214,681	1,673,135
Accumulated Depreciation			
At 1 January 2022	-	156,411	156,411
Depreciation	-	24,295	24,295
Disposals	-	(595)	(595)
At 31 December 2022	-	180,111	180,111
Carrying Amount			
At 1 January 2022	460,254	1,060,130	1,520,384
At 31 December 2022	458,454	1,034,570	1,493,024

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 Incorporated valuer, 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.

NOTES TO THE FINANCIAL STATEMENTS

7. PROPERTY, PLANT & EQUIPMENT (Contd.)

7.1 Details of Freehold Land & Building

Addresses	Building Sq. Ft.	Land Extent	Method of Valuation	Significant Unobservable Inputs	Estimation for Unobservable Inputs	Value of Land	Value of Buildings	Total	Date of the Valuation
					Rs.	Rs.'000	Rs.'000	Rs.'000	
282, High Level Road, Kottawa	862	Condominium	Investment Method	Price per Sq ft	100	10,237	2,763	13,000	31/12/2022
				Price per perch	2,275,000				
97, Bauddhaloka Mawatha, 8360 Gampaha		A-0-R-0-P 16.50	Contractors Method	Price per perch	4,500,000	74,000	68,000	142,000	31/12/2022
				Price per Sq ft	10,000				
42/1, Mihidu Mawatha, Kurunegala	8425	A-0-R-0-P 8.2	Contractors Method	Price per perch	8,000,000	65,500	68,500	134,000	31/12/2022
				Price per Sq ft	12,000				
583/ 63 Liyanagemulla, Seeduwa	43080	A-3-R-1-P 3.6	Cost Approach	Price per perch	300,000	157,000	81,000	238,000	31/12/2022
				Price per Sq ft	800 - 4500				
60, Yovunpitiya Watte, Gnanawimala Mawatha, Kosgoda, Balapitiya	11282	A-0-R-1-P 29	Contractors Method	Price per perch	600,000	41,000	63,000	104,000	31/12/2022
				Price per Sq ft	7500				
63, Janadhipathi Mawatha, Colombo 1.	-	A-0-R-0-P 13.84	Market Comparable Method	Price per perch	22,000,000	304,000	-	304,000	31/12/2022
3rd, 4th, 7th, 5th & 11th Floors of Ceylinco House Building	42656	-	Investment Basis	Rent per Sq.ft per month	200-215	-	1,092,000	1,092,000	31/12/2022
69, "Ceylinco House", Janadhipathi Mawatha, Colombo 1.									
46 / 34, "VIP Centre", Nawam Mawatha, Colombo 2.	18068	A-0-R-0-P 19.00	Contractors Method	Price per perch	16,500,000	313,500	135,500	449,000	31/12/2022
				Price per Sq ft	12,500				
Madabawita, Warakapola	608	A-0-R-0-P 16.25	Contractors Method	Price per perch	600,000	9,000	2,000	11,000	31/12/2022
				Price per Sq ft	5,000				
Malangama, Kuruwita	650	A-0-R-0-P 15.00	Contractors Method	Price per perch	600,000	9,000	2,500	11,500	31/12/2022
				Price per Sq ft	5,000				
Induruwa, Kosgoda	856	A-0-R-0-P 24.30	Market Comparable Method	Price per perch	650,000	15,500	-	15,500	31/12/2022
Ibbagamuwa, Melsiripura	620	A-0-R-1-P 00.00	Contractors Method	Price per perch	350,000	14,000	2,500	16,500	31/12/2022
				Price per Sq ft	5,000				
Bibiliyoia, Kithulgala	5326	A-0-R-2-P 00.07	Contractors Method	Price per perch	350,000	28,000	23,033	51,033	31/12/2022
				Price per Sq ft	5,000-6,000				
Puttalam - South, Mundel	705	A-0-R-0-P 20.0	Contractors Method	Price per perch	150,000	3,000	2,500	5,500	31/12/2022
				Price per Sq ft	5,000				
Total						1,043,737	1,543,296	2,587,033	

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 for Building	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
Cost Method The cost approach is a real estate valuation method that estimates the price a buyer should pay for a piece of property is equal the cost to build an equivalent building. In the cost approach, the property's value is equal to the cost of land, plus total costs of construction, less depreciation.	Current replacement cost	Cost of land, plus costs of construction, less depreciation
Contractor's Method This method consists of estimating the "Effective Capital Value" of the property and applying to this a rate percent in order to estimate the rental value	Gross Monthly Rental Years	Estimated fair value would increase/ (decrease) if; Effective Capital Value increases/(decreases)

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;

At 31 December	2022 Rs.'000	2021 Rs.'000
Plant and Machinery	3,145	1,156
Computer Equipment	47,287	37,624
Office Equipments	43,571	4,150
Furniture and Fittings	15,225	10,697
	109,228	53,627

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.172,295,000 (2021 - 653,709,000). Cash payments amounting to Rs. 172,295,000 (2021 - 653,709,000) 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. (2021 - 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. (2021 - 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.

7.8 Assessment of Impairment

The Board of Directors has assessed the potential impairment indicators of Property, Plant and Equipment as at 31st December 2022. Based on the assessment, no impairment indicators were identified.

NOTES TO THE FINANCIAL STATEMENTS

7. PROPERTY, PLANT & EQUIPMENT (Contd.)

7.9 Capitalisation of Borrowing Costs

There were no capitalised borrowing costs relating to the acquisition of Property, Plant and Equipment during the year. (2021 - Nil)

7.10 Temporarily idle Property, Plant and Equipment

There were no temporarily idle property as at the year ended 31st December 2022. (2021 - Nil)

8. RIGHT OF USE ASSET

ACCOUNTING POLICY

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 2-10 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 (b) 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 liabilities.

(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.

	2022	2021
	Rs.000	Rs.000
Cost		
As at 01 January	482,500	467,880
Additions During the Year	128,210	103,312
Dereognition	-	(88,692)
As at 31 December	610,710	482,500
Accumulated Depreciation		
As at 01 January	276,866	203,812
Depreciation on Right-of-Use Assets	93,901	105,574
Dereognition	-	(32,520)
As at 31 December	370,767	276,866
Carrying Value as at 31 December	239,943	205,634

The following are the amounts recognised in Profit or Loss:

As at 31st December	2022	2021
	Rs.000	Rs.000
Depreciation expense of Right-of-Use Assets	93,901	105,574
Impact of Derecognition	-	(19,110)
Interest expense on Lease Liabilities	17,767	24,807
	111,668	111,271

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

Judgements

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:

NOTES TO THE FINANCIAL STATEMENTS

8. RIGHT OF USE ASSET (Contd.)

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 judgement 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., three to ten 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.

9. INVESTMENT PROPERTIES

ACCOUNTING POLICY

“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.

	2022 Rs.'000	2021 Rs.'000
At 1 January	139,500	133,000
Fair Value Gains	26,002	6,500
Addition	2,243,998	-
At 31 December	2,409,500	139,500

Revaluation of Investment Properties

The Investment Properties were revalued on 31st December 2022 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.	Land Extent	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/-	-	37,500	37,500	31/12/2022
583/63, Liyanagemulla, Seeduwa		A-2- R-2- P-21.5	Cost Approach	Price per perch & Price per Sq ft	Rs. 500,000/-	106,000	-	106,000	31/12/2022
232, Baudhhaloka Mawatha Colombo-7	28948	A-1- R-0- P-0	Sales Comparison Approach	Price per perch & Price per Sq ft	Rs. 11,000,000/-	1,760,000	56,000	1,816,000	31/12/2022
Level 6 West and Level 7 East 69, "Ceylinco House", Janadhipathi Mawatha, Colombo 1.	16988	-	Investment Method	Rent per Sq.ft per month	Rs. 215-Rs. 220	-	450,000	450,000	31/12/2022
Sub Total						1,866,000	543,500	2,409,500	

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 investment property 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 for building	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
Cost Method The cost approach is a real estate valuation method that estimates the price a buyer should pay for a piece of property is equal the cost to build an equivalent building. In the cost approach, the property's value is equal to the cost of land, plus total costs of construction, less depreciation.	Current replacement cost	Cost of land, plus costs of construction, less depreciation

NOTES TO THE FINANCIAL STATEMENTS

10 & 11 FINANCIAL INSTRUMENTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS

ACCOUNTING POLICY

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 derecognised, 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 amortisation is included in finance income in the income statement. Gains and losses are recognised in the income statement when the investments are derecognised 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 derecognised 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:

- (i) The Company has transferred substantially all the risks and rewards of the asset; or
- (ii) 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

10 & 11 FINANCIAL INSTRUMENTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Contd.)

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 derecognised 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. "

The Company's Financial Instruments are summarised by categories as follows:

As at 31 December	Note	2022	2021
		Rs.'000	Rs.'000
Loans and Receivables (L&R)	10	9,832,652	8,979,677
Available-For-Sale Financial Assets (AFS)	11	7,665,836	8,448,089
Total Financial Instruments		17,498,488	17,427,766

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 amortized cost.

As at 31 December	Note	2022		2021	
		Carrying Value	Fair Value	Carrying Value	Fair Value
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Loans and Receivables (L&R)	10	9,832,652	9,832,652	8,979,677	8,979,677
Available-For-Sale Financial Assets (AFS)	11	7,665,836	7,665,836	8,448,089	8,448,089
Total Financial Instruments		17,498,488	17,498,488	17,427,766	17,427,766

10. Loans and Receivables (L&R)

As at 31 December	Note	2022	2021
		Rs.'000	Rs.'000
Staff Loans	10.(a)	369,296	218,169
Term Deposits	10.(b)	9,463,356	8,761,508
Total Loans and Receivables at Amortised Cost		9,832,652	8,979,677

NOTES TO THE FINANCIAL STATEMENTS

10. Loans and Receivables (L&R) (Contd.)

10.(a) Staff Loans

	2022	2021
	Rs.'000	Rs.'000
At 1 January	218,169	99,286
Loans Granted	181,715	364,372
Recoveries	(30,588)	(171,653)
Loan Portfolio Disposal	-	(73,836)
At 31 December	369,296	218,169

10.(b) Term Deposits

As at 31 December	Note	2022	2021
		Rs.'000	Rs.'000
Licensed Commercial Banks & Specialised Banks	10 (c)	9,392,422	8,725,444
Registered Finance Companies		70,934	36,064
		9,463,356	8,761,508

10.(c) Impairment Provision

	2022	2021
	Rs.'000	Rs.'000
Licensed Commercial Banks & Specialised Banks Deposits in USD	7,996,696	4,811,834
Provision for impairment for USD	(1,759,273)	-
	6,237,423	4,811,834
Licensed Commercial Banks & Specialised Banks Deposits in LKR	3,154,999	3,913,610
	9,392,422	8,725,444

The Company has evaluated the current economic conditions such as Banks' repayment ability for Dollar Deposit, liquidity issues in dollars in the market. Accordingly, provisions has been made in the Financial Statements.

Details on pledged deposits are provided in note 39.

11. Available-For-Sale Financial Assets (AFS)

As at 31 December	Note	2022 Rs.'000	2021 Rs.'000
Treasury Bond & Bills		5,482,765	5,429,675
Unquoted Share & Debenture Investment	11(a)	543,158	911,211
Quoted Debenture Investment	11(b)	1,356,616	1,717,561
Quoted Share Investment	11(c)	59,191	113,356
Unit Trust Investments	11(d)	224,106	276,286
Total Available-For-Sale Financial Assets at Fair Value		7,665,836	8,448,089

Impairment Provision

As at 31 December	2022 Rs.'000	2021 Rs.'000
Development Bonds in USD	2,855,017	1,530,790
Provision for Impairment	(999,256)	-
	1,855,761	1,530,790
Treasury Bills and Bonds in LKR	3,627,004	3,898,885
	5,482,785	5,429,675

The Company has evaluated the current economic conditions such as Governments' repayment ability for Dollar Bonds. Accordingly, provisions has been made in the Financial Statements.

11.(a) Unquoted Share and Debenture Investment

As at 31 December		2022		2021	
		Number of Shares	Fair Value Rs.'000	Number of Shares/ Debentures	Fair Value Rs.'000
Ultratech Cement Lanka (Pvt) Ltd.	Shares	9,000,000	543,158	9,000,000	543,158
National Savings Bank	Debentures	-	-	350,000	368,053
			543,158		911,211

NOTES TO THE FINANCIAL STATEMENTS

11. Available-For-Sale Financial Assets (AFS)(Contd.)

11.(b) Quoted Debenture Investment

As at 31 December		2022	2021
		Rs.'000	Rs.'000
Sampath Bank PLC	12.5% 2,500,000 Debentures redeemable on 20/03/2023	252,510	270,497
Seylan Bank PLC	12.85%, 2,000,000 Debentures redeemable on 29/03/2023	201,209	216,947
Seylan Bank PLC	15% 2,000,000 Debentures redeemable on 10/04/2024	189,628	244,899
DFCC Bank PLC	12.6% , 1,500,000 Debentures redeemable on 29/03/2023	159,734	171,428
Commercial Bank PLC	12% 2,007,900 Debentures redeemable on 22/07/2023	197,951	221,587
Sampath Bank PLC	12.50% 1,000,000 Debentures redeemable on 21/12/2022	-	104,303
Asia Asset Finance PLC	12.28% 500,000 Debentures redeemable on 9/10/2023	45,546	52,416
Commercial Credit & Finance PLC	9.00% 1,000,000 Debentures redeemable on 4/3/2026	71,630	101,998
Seylan Bank PLC	9.75% 175,700 Debentures redeemable on 12/4/2026	12,623	18,242
National Development Bank PLC	11.90% 3,000,000 Debentures redeemable on 24/11/2026	197,427	315,244
Commercial Bank PLC	28%, 272,100 Debentures redeemable 13/12/2027	28,358	-
		1,356,616	1,717,561

11.(c) Quoted Share Investment

As at 31 December	2022		2021	
	Number of Shares	Fair Value	Number of Shares	Fair Value
		Rs.'000		Rs.'000
Hotels and Travels				
Anilana Hotels & Properties PLC	1,053,561	948	1,053,561	1,370
Aitken Spence Hotels Holdings PLC	4,100	208	4,100	175
Citrus Leisure PLC	100,000	600	100,000	880
John keels Hotels PLC	100,000	1,650	100,000	1,470
Dolphin Hotel PLC	20,351	645	-	-
The Lighthouse Hotel PLC	25,627	769	-	-
Hikkaduwa Beach Resorts PLC	109,652	548	-	-
Sector Total		5,368		3,895
Banks, Finance and Insurance				
Hatton National Bank PLC	16,006	1,262	15,723	2,123
Sampath Bank PLC	51,500	1,761	51,500	2,683
The Finance Company PLC	1,875,000	-	1,875,000	-
Commercial Bank of Ceylon PLC	7,431	373	7,159	567
National Development Bank PLC	28,736	919	27,000	1,860
Sector Total		4,315		7,233

As at 31 December

	2022		2021	
	Number of Shares	Fair Value	Number of Shares	Fair Value
		Rs.'000		Rs.'000
Beverage Foods and Tobacco				
Renuka Agri Foods PLC	125,000	700	125,000	688
Sector Total		700		688
Telecommunication				
Sri Lanka Telecom PLC	10,234	696	10,234	403
Sector Total		696		403
Manufacturing				
Blue Diamond Jewellery Worldwide PLC	285,100	257	285,100	257
Access Engineering PLC	46,000	492	46,000	1,472
Lanka Ceramic PLC	718	71	718	107
Lanka Walltile PLC	455	23	455	57
Ceylon Grain Elevators PLC	-	-	14,000	1,708
Diesel & Motor Engineering PLC	-	-	1,560	969
Sector Total		843		4,570
Diversified Holdings				
Renuka Holdings PLC	10,593	146	10,222	202
MDT Walkers PLC	62,200	921	62,200	952
Sector Total		1,067		1,154
Investment and Trust				
Ceylon Guardian Investment Trust PLC	1,511	95	1,511	157
Sector Total		95		157
Trading				
Singer Sri Lanka PLC	40,000	336	40,000	796
Sector Total		336		796
Plantations/Property				
Kelani Valley Plantations PLC	-	-	22,160	1,970
Watawala Plantations PLC	10,000	740	10,000	1,313
Namukula Plantations PLC	3,028	1,105	3,500	1,365
Prime Land Residencies PLC	6,700,000	43,552	7,200,000	89,280
Commercial Development Company PLC	3,915	374	3,915	532
		45,771		94,460
Total Investment in Quoted Shares		59,191		113,356

NOTES TO THE FINANCIAL STATEMENTS

11. Available-For-Sale Financial Assets (AFS)(Contd.)

11.(d) Unit Trust Investments

	2022		2021	
	Number of Units	Fair Value	Number of Units	Fair Value
		Rs.'000		Rs.'000
ASTURE Alpha Fund	8,101,069	140,147	8,101,069	203,062
ASTRUE Active Income Fund	497,754	59,966	497,754	52,902
SENFIN Money Market Fund	1,273,699	23,993	1,273,699	20,322
		224,106		276,286

11.(e) Movement in the Carrying Values of Financial Instruments

	Loans and Receivables	Available-For-Sale	Total
	Rs.'000	Rs.'000	Rs.'000
At 1st January 2022	8,979,677	8,448,089	17,427,766
Purchases	15,721,340	33,396,063	49,117,403
Maturities	(15,380,964)	(34,006,467)	(49,387,431)
Fair Value Gains Recorded in Other Comprehensive Income	-	(479,778)	(479,778)
Foreign Exchange Adjustment	2,271,871	1,307,188	3,579,059
Amortisation Adjustment	(1,759,272)	(999,256)	(2,758,529)
At 31 December 2022	9,832,652	7,665,836	17,498,488

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 dividend growth 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:

As at 31 December	Notes	2022				2021			
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
		Quoted Prices in active markets	Significant Observable Inputs	Significant Unobservable Inputs	Total Fair Value	Quoted Prices in active markets	Significant Observable Inputs	Significant Unobservable Inputs	Total Fair Value
		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(a)/11(c)	59,191	-	543,158	602,349	113,356	-	543,158	656,514
Unit Trust	11(d)	-	224,106	-	224,106	-	276,286	-	276,286
Debt Securities	11(b)	5,482,765	1,356,616	-	6,839,381	5,429,675	2,085,614	-	7,515,289
Total Financial Assets		5,541,956	1,580,722	543,158	7,665,836	5,543,031	2,361,900	543,158	8,448,089
Non-Financial Assets									
Land and Buildings	7.1	-	-	2,587,033	2,587,033	-	-	2,233,713	2,233,713
Investment Properties	9.1	-	-	2,409,500	2,409,500	-	-	139,500	139,500
Total Non-Financial Assets		-	-	4,996,533	4,996,533	-	-	2,373,213	2,373,213
Total Financial and Non-Financial Assets		5,541,956	1,580,723	5,539,691	12,662,369	5,543,031	2,361,900	2,916,371	10,821,302

NOTES TO THE FINANCIAL STATEMENTS

11. Available-For-Sale Financial Assets (AFS)(Contd.)

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 2022	Total Gains/(Loss) recorded in Comprehensive Income	Additions/ Disposals	Accumulated Depreciation	At 31 December 2022
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial Assets						
Available-For-Sale Financial Assets:						
Equity Securities	11(a)	543,158	-	-	-	543,158
Total Level 3 Financial Assets		543,158	-	-	-	543,158
Non Financial Asstes						
Land and Buildings	7.1	2,233,713	389,084	(8,000)	(27,764)	2,587,033
Investment Properties	9.1	139,500	26,002	2,243,998	-	2,409,500
Total Level 3 Non-Financial Assets		2,373,213	415,086	2,235,998	(27,764)	4,996,533
Tota Level 3 Financial and Non-Financial Assets		2,916,371	415,086	2,235,998	(27,764)	5,539,691

Significant unobservable inputs used to valuation of unquoted investment is as follows.

	2022	2021
1. Growth rate	2.3%	3%
2. Discount rate	20%	12.50%

A quantitative sensitivity analysis for significant assumption as at 31 December 2022 as shown below.

Sensitivity Analysis	10% Increase	10% Decrease
1. Revenue growth at terminal value	Rs. 13 Mn	(Rs. 11 Mn)
2. Weighted average cost of capital	(Rs. 11 Mn)	Rs. 11 Mn

The Company has used Discounting Cash Flow (DCF) method for valuation.

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
Premium Receivables

Liabilities

Reinsurance Creditors
Other Liabilities (Excluding Government Levies and Accruals)
Interest Bearing Borrowings

12. GRATUITY BENEFIT ASSET

ACCOUNTING POLICY

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.

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.

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.

This note indicates the assumptions used and the movement in the employee benefit plan. As at 31 December 2022 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.

NOTES TO THE FINANCIAL STATEMENTS

12. GRATUITY BENEFIT ASSET (Contd.)

The amounts recognised in the Income Statement are as follows:

	2022	2021
	Rs.'000	Rs.'000
Current Service Cost	88,968	(22,995)
Interest Cost on Benefit Obligation	199,839	172,950
Expected return on Plan Assets	(404,488)	(241,183)
	(115,681)	(91,228)
Net Actuarial Gain/(Loss) recognised in the Other Comprehensive Income	(198,413)	605,139

12.1 The amounts recognised in the Statement of Financial Position at the reporting date are as follows:

	Note	2022	2021
		Rs.'000	Rs.'000
Present Value of the Defined Benefit Obligation	12.2	1,556,023	1,615,516
Fair Value of Plan Assets	12.3	(3,470,188)	(3,269,910)
Total Net Defined Benefit Asset		(1,914,165)	(1,654,395)

12.2 The Movement in the Defined Benefit Liability is as follows:

	2022	2021
	Rs.'000	Rs.'000
At 1 January	1,615,516	2,156,488
Current Service Cost	88,968	139,209
Interest Cost	199,839	172,950
Past Service Cost	-	(162,204)
Benefits Paid	(342,503)	(107,245)
Actuarial (Gains)/Losses	(5,797)	(583,682)
At 31 December	1,556,023	1,615,516

The Gratuity Benefit Liability is valued by M/S.K.A.Pandit Actuarial valuer.

12.3 The movement in the Plan Assets is as follows:

	2022	2021
	Rs.'000	Rs.'000
At 1 January	(3,269,910)	(3,007,270)
Expected Return on Plan Assets	(404,488)	(241,183)
Actuarial Gains/Losses	204,210	(21,457)
At 31 December	(3,470,188)	(3,269,910)

The distribution of the Plan Assets at the reporting date is as follows:

	2022	2021
	Rs.'000	Rs.'000
Investment in Shares	2,364,763	2,276,971
Other Assets	1,105,425	992,939
Total Plan Assets	3,470,188	3,269,910

Gratuity funds plan assets include investment in equity shares of Ceylinco Insurance PLC, (the parent entity of the company) market value amounting to Rs. 657,437,847 /- (2021 - Rs. 682,166,354/-) 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:

	2022	2021
	Rs.'000	Rs.'000
Future salary increases	15.00%	10.00%
Discount rate	17.80%	12.37%
Expected rate of return on plan assets	17.80%	12.37%
Retirement age	60 Years	60 Years

The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) has issued guidance [via Frequently Asked Questions (FAQs) on use of discount rate under the uncertain economic conditions] to consider an adjusted treasury bond rate as the discount rate for the purpose of the actuarial valuations as at 31st December 2022, on the basis that the current treasury bond rates do not reflect only the time value of money. Accordingly, an adjusted discount rate was derived by removing a credit spread from the current treasury bond rate, as per the guidance issued by CA Sri Lanka.

NOTES TO THE FINANCIAL STATEMENTS

12. GRATUITY BENEFIT ASSET (Contd.)

12.4 Changes in the Defined Benefit Obligation and Fair Value of Plan Assets

	1-Jan-22	Amount charges to Profit or Loss			Benefit paid
		Service Cost	Net Interest	Sub Total included in Profit or Loss	
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Defined Benefit Obligation	(1,615,516)	(88,968)	(199,839)	(288,807)	342,503
Fair value of Plan Assets	3,269,910	-	-	-	-
Benefit Assets/(Liability)	1,654,395	(88,968)	(199,839)	(288,807)	342,503

	1-Jan-21	Amount charges to Profit or Loss			Benefit paid
		Service Cost	Net Interest	Sub Total included in Profit or Loss	
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Defined Benefit Obligation	(2,156,488)	22,995	(172,950)	(149,955)	107,245
Fair value of Plan Assets	3,007,270	-	-	-	-
Benefit Assets/ (Liability)	850,783	22,995	(172,950)	(149,955)	107,245

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 2022 is shown below:

	Discount Rate		Future Salary Increment Rate		Employee Turnover	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Sensitivity level	1%	1%	1%	1%	1%	1%
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Impact on Defined Benefit Obligation - 2021	(127,627)	148,525	150,507	(131,281)	30,009	(34,029)
Impact on Defined Benefit Obligation - 2022	(130,947)	150,842	153,358	(135,008)	36,404	(41,121)

Remeasurement Gains/(Losses) in Other Comprehensive Income					
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-22
Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
-	-	116,119	(110,322)	5,797	(1,556,023)
404,488	-	-	(204,210)	(204,210)	3,470,188
404,488	-	116,119	(314,532)	(198,413)	1,914,165

Remeasurement Gains/(Losses) in Other Comprehensive Income					
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-21
Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
-	(2,158)	866,335	(280,494)	583,683	(1,615,516)
241,183	-	-	21,457	21,457	3,269,910
241,183	(2,158)	866,335	(259,037)	605,140	1,654,395

Following payments are expected contributions to the Defined Benefit Plan Obligation on the future years.

	2022	2021
	Rs.'000	Rs.'000
Within the next 12 Months	37,203	216,876
Between 2 and 5 Years	467,552	536,049
Between 6 and 10 Years	1,374,487	666,479
Above 10 Years	20,366,160	6,768,264
Total	22,245,402	8,187,668

The average duration of the defined benefit plan obligation at the end of the reporting period is 21 years.

NOTES TO THE FINANCIAL STATEMENTS

13. Employee Pension Benefit Asset

The Company has two Defined Benefit Pension Plans, both of which require contributions to be made to separately administered funds namely Pension Trust Fund of Ceylinco Insurance PLC and Pension Fund of Ceylinco Insurance PLC.

	Amount Charges to Profit or Loss				Benefit Paid	Return on Plan Assets (excluding amounts in net interest expenses)
	1/1/22	Service Cost	Net Interest	Sub Total Included in Profit/Loss		
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Defined Benefit Obligation	(754,937)	(1,610)	(47,887)	(49,497)	215,306	-
Fair Value of Plan Assets	2,216,199	177,295	-	177,295	(215,306)	-
Total recognised benefit (Liability) / Asset	1,461,261	175,685	(47,887)	127,798	-	-

	Amount Charges to Profit or Loss				Benefit Paid	Return on Plan Assets (excluding amounts in net interest expenses)
	1/1/21	Service Cost	Net Interest	Sub Total Included in Profit/Loss		
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Defined Benefit Obligation	(752,728)	(2,304)	(64,463)	(66,767)	12,715	-
Fair Value of Plan Assets	1,993,525	159,880	-	159,880	(12,715)	-
Total recognised benefit (Liability) / Asset	1,240,794	157,576	(64,463)	93,113	-	-

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:

	2022	2021
Discount Rate	17.80%	11.93%
Rate of Return on Plan Assets	Current	17.80%
Salary Escalation Rate	Scheme A & B	0%
	Scheme C	15%
Attrition Rate	1%	1%
Retirement Age	Scheme A & B	60 Yrs
	Scheme C	60 Yrs
Mortality Table	AMT 2012-15	IALM 2012-14

Remeasurement Gains/(Losses) in Other Comprehensive Income				Experience adjustments	Sub Total included in OCI	Contributions by Employer	31/12/2022
Past Service costs recognised	Recognised in Income Statement Note	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions				
Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
-	-	(3,072)	265,047	-	261,975	-	(327,155)
-	-	(96,229)	-	-	(96,229)	45,146	2,127,107
-	-	(99,301)	265,047	-	165,746	45,146	1,799,952

Remeasurement Gains/(Losses) in Other Comprehensive Income				Experience adjustments	Sub Total included in OCI	Contributions by Employer	31/12/2021
Past Service costs recognised	Recognised in Income Statement Note	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions				
Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
-	-	-	-	51,843	51,843	-	(754,937)
-	-	21,371	-	-	21,371	54,138	2,216,199
-	-	21,371	-	51,843	73,214	54,138	1,461,261

13.2 A quantitative sensitivity analysis for significant assumption as at 31 December 2022 as shown below

Sensitivity Level	Discount Rate	
	Increase	Decrease
	1%	1%
Impact on Pension Benefit Obligation - 2022	(8,397,000)	9,139,000
Impact on Pension Benefit Obligation - 2021	(6,891,502)	7,940,037

13.3 The distribution of the Plan Assets at the reporting date is as follows:

	2022	2021
	Rs.000	Rs.000
Investment in Shares	1,173,438	1,220,937
Others	953,669	995,262
	2,127,107	2,216,199

NOTES TO THE FINANCIAL STATEMENTS

14. Deferred Tax Asset

ACCOUNTING POLICY

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. Unrecognised 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.

	Other Comprehensive Income		Income Statement		Statement of Financial Position	
	2022	2021	2022	2021	2022	2021
As at 31 December	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Temporary Difference from Retirement Benefit Liability	(1,391)	(140,084)	(80,474)	76,009	466,807	387,724
Temporary Difference from Property, Plant and Equipment	-	-	1,101	63,327	(301,796)	(300,694)
Temporary Difference from Intangible Assets	-	-	9,662	5,311	(11,251)	(1,589)
Available-for-sale Financial Assets (AFS)	109,456	3,668	-	-	60,927	(48,529)
Temporary Difference from Allowance for Impairment	-	26,013	(5,425)	(8,186)	45,711	40,285
Temporary difference for unrealised exchange gain	-	-	-	(13,648)	-	-
Temporary Difference from Allowance for Net of ROU & Lease Creditors	-	-	10,393	1,582	(25,666)	(15,272)
Revaluation Reserve	(155,743)	-	-	-	(311,820)	(156,077)
Deferred Tax Expense/(Income)	(47,678)	(110,403)	(64,743)	124,395		
Deferred Tax Asset/(Liability)					(77,087)	(94,152)

14.(a) Total Deferred Tax Assets

	2022	2021
	Rs.'000	Rs.'000
At 1 January	(94,152)	140,646
Amounts recorded in the Income Statement		
Amount of deferred tax expense relating to the origination and reversal of temporary differences	88,281	124,395
Amount of deferred tax expense (Income) relating to changes in tax rates	(23,538)	-
Amounts recorded in Other Comprehensive Income	(47,678)	(110,403)
At 31 December	(77,087)	(94,152)

NOTES TO THE FINANCIAL STATEMENTS

15. REINSURANCE RECEIVABLES

ACCOUNTING POLICY

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.

Reinsurance assets or liabilities are derecognised 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 re-insurer.

As at 31 December	2022	2021
	Rs.'000	Rs.'000
Reinsurance Receivable on paid claims	885,236	922,829
Reinsurance Receivable on payable claims	4,394,666	3,899,026
Total Reinsurance Receivables	5,279,902	4,821,855

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

ACCOUNTING POLICY

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 derecognised when the derecognising criteria for financial assets have been met. The Company recognizes an allowance for incurred losses method.

As at 31 December	2022	2021
	Rs.'000	Rs.'000
Due from Policyholders	7,018,191	5,357,335
Due from Related Parties	8,520	725
Less : Allowance for impairment on Due from Policyholders	(183,343)	(167,856)
Total Insurance Receivables	6,843,368	5,190,204

16.(a) Credit Quality of Premium Receivables that are neither past due nor impaired is explained below;

	Below 60 days	Above 60 days	Total
	Rs.'000	Rs.'000	Rs.'000
As at 31 December 2022	5,522,422	1,320,946	6,843,368
As at 31 December 2021	3,679,445	1,510,769	5,190,214

17. OTHER ASSETS

ACCOUNTING POLICY

Inventories

Inventories include all consumable items and are measured at the lower of cost and net realizable 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, Course Materials	}	First in First Out Basis
Course Materials		
Spare Parts		

	2022	2021
	Rs.'000	Rs.'000
Inventories	261,862	161,824
Advances, Deposits & Prepayments	289,199	187,814
Other Receivables	247,966	63,714
	799,027	413,352

NOTES TO THE FINANCIAL STATEMENTS

18. CASH AND CASH EQUIVALENTS

ACCOUNTING POLICY

Cash and cash equivalents comprise cash balances and call deposits.

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

As at 31 December	2022	2021
	Rs.'000	Rs.'000
Favourable Balances		
Cash in Hand	34,536	34,663
Cash at Bank with Licenced Commercial Banks	375,758	78,642
	410,294	113,305
Unfavourable Balances		
Bank Overdrafts included in Interest Bearing Borrowings	-	(241,240)
Total Cash and Cash Equivalents for Cash Flows purposes	410,294	(127,935)

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

19. STATED CAPITAL

ACCOUNTING POLICY

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.

As at 31 December	2022	2021
	Rs.'000	Rs.'000
Issued & Fully Paid		
Ordinary Shares - Voting	500,200	500,200
	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

	2022	2021
	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

	2022	2021
	Rs.'000	Rs.'000
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

As at 31 December

	2022	2021
	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.

This is a restricted reserve to distribute dividends.

NOTES TO THE FINANCIAL STATEMENTS

20. INSURANCE CONTRACT LIABILITIES

ACCOUNTING POLICY

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 derecognised 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.

As at 31 December	Note	2022 Rs.'000	2021 Rs.'000
Non-Life Insurance Contracts	20.(a)	14,633,114	14,231,847
Total Insurance Contract Liabilities		14,633,114	14,231,847

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 2022 with the assistance of external actuaries and it has been concluded that liabilities recorded in financial statements are adequate.

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

As at 31 December	Note	2022	2021
		Insurance Contract Liabilities	Insurance Contract Liabilities
		Rs.'000	Rs.'000
Provision for reported claims by Policyholders		6,811,142	6,460,482
Provision for claims IBNR/IBNER		561,785	448,118
Outstanding claims provision	20.(a).i	7,372,927	6,908,600
Provision for Unearned Premiums	20.(a).ii	7,260,187	7,323,247
Total Non Life Insurance Contract Liabilities		14,633,114	14,231,847
Non-life Technical Reserves		9,454,479	9,673,679

20.(a) i Outstanding Claims Provision

	2022			2021		
	Insurance Contract Liabilities	Reinsurance of Liabilities	Net	Insurance Contract Liabilities	Reinsurance of Liabilities	Net
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At 1 January	6,908,600	4,821,855	2,086,745	4,950,980	3,419,750	1,531,230
Claims incurred in the current accident year	11,134,352	3,304,070	7,830,282	15,627,782	8,564,241	7,063,541
Claims paid during the year	(10,670,025)	(2,846,023)	(7,824,001)	(13,670,162)	(7,162,136)	(6,508,026)
At 31 December	7,372,927	5,279,902	2,093,026	6,908,600	4,821,855	2,086,745

Reinsurance receivable on paid claims are included under above Reinsurance receivables are amounting to Rs. 885,236,000 (Rs. 922,829,000/- in 2021).

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.

The reserves are determined based on the information currently available. However, it is inherent to the nature of the business written that the ultimate liability may vary as a result of subsequent developments.

NOTES TO THE FINANCIAL STATEMENTS

20. INSURANCE CONTRACT LIABILITIES (Contd.)

Outstanding Claims Provisions Class Wise

As at 31 December	2022	2021
	Rs.000	Rs 000
Fire	1,734,427	1,486,403
Motor	2,200,722	2,190,996
Marine	48,626	34,336
Miscellaneous	2,897,586	2,703,375
Engineering	491,566	493,490
	7,372,927	6,908,600

20.(a).ii Provision for Unearned Premiums

	2022	2021
	Insurance Contract Liabilities	Insurance Contract Liabilities
	Rs.'000	Rs.'000
At 1 January	7,323,247	7,498,360
Premiums written in the year	14,608,866	13,078,410
Premiums earned during the year	(14,671,926)	(13,253,523)
At 31 December	7,260,187	7,323,247
Net changes in reserve for unearned premium	63,060	175,112

21. DEFERRED REVENUE

As at 31 December	2022	2021
	Rs.'000	Rs.'000
SRCC/TC RI Commission Payable	185,146	147,074
Foreign RI Commission Provision	334,886	242,345
	520,032	389,419

21. (a) MOVEMENT OF DEFERRED REVENUE

	2022	2021
	Rs.'000	Rs.'000
At 1 January	389,419	364,219
Revenue Deferred	1,039,862	814,972
Amortisation	(909,249)	(789,772)
At 31 December	520,032	389,419

22. REINSURANCE PAYABLE

As at 31 December	2022	2021
	Rs.'000	Rs.'000
Domestic Reinsurer - National Insurance Trust Fund (NITF)	849,506	793,467
Domestic Reinsurers - Others	152,233	71,255
Foreign Reinsurers	5,819,887	3,398,500
	6,821,626	4,263,222

23. OTHER LIABILITIES

ACCOUNTING POLICY

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 amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Derecognition of financial liabilities

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

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 derecognised when the obligation under the liability is discharged, cancelled or expired.

Provisions-General

Provisions are recognised 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.

NOTES TO THE FINANCIAL STATEMENTS

23. OTHER LIABILITIES (Contd.)

As at 31 December	Note	2022 Rs.'000	2021 Rs.'000
Agency Commission Payable		911,978	902,645
Government Levies		417,825	230,504
Other Creditors		992,050	914,681
Lease creditor	23 (a)	154,390	141,996
Accrued Expenses		809,415	670,895
		3,285,658	2,860,721

23.(a) Lease creditor

	2022 Rs.'000	2021 Rs.'000
As at 31 January	141,996	215,172
Addition	55,901	55,472
Accretion of interest	17,767	24,807
Derecognition	-	(75,282)
Payments	(61,274)	(78,173)
As at 31 December	154,390	141,996

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

All amounts are payable within one year except lease creditors.

23. (a) i Maturity analysis for lease creditors are as follows,

As at 31 December	Within One Year Rs.'000	1-3 Year Rs.'000	Above 3 Years Rs.'000	Total Rs.'000
2022	44,170	86,881	23,339	154,390
2021	41,681	62,602	37,713	141,996

24. NET PREMIUMS

ACCOUNTING POLICY

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.

Reinsurance Premium

Reinsurance premium expense is accounted for in the same accounting period as the gross written premium to which it relates.

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

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.

	Note	2022 Rs.'000	2021 Rs.'000
Year Ended 31 December			
Gross premiums on Insurance Contracts	24.(a)	24,351,536	20,206,104
Premiums Ceded to Reinsurers on Insurance Contracts	24.(b)	9,742,670	7,127,694

NOTES TO THE FINANCIAL STATEMENTS

24. NET PREMIUMS (Contd.)

24.(a) Gross Written Premium

The premium income for the year by major classes of business is as follows.

	2022	2021
Year Ended 31 December	Rs.'000	Rs.'000
Fire	4,873,156	3,384,913
Motor	10,866,911	10,179,681
Marine	947,234	762,733
Miscellaneous	6,094,982	4,223,545
Engineering	1,345,074	1,467,892
Employers' Liability	224,179	187,340
	24,351,536	20,206,104

The Gross written Premium of 2022 includes Rs. 70,431,862 and US\$ 71,353 (2021 - Rs. 71,418,361 and US\$ 93,018) which are collected on behalf of Co-insurance partners.

24.(b) Premium Ceded to Reinsurers

	2022	2021
Year Ended 31 December	Rs.'000	Rs.'000
Fire	4,278,327	3,183,028
Motor	776,862	920,636
Marine	506,061	389,735
Miscellaneous	3,130,113	1,484,144
Engineering	1,037,241	1,136,629
Employers' Liability	14,066	13,522
	9,742,670	7,127,694
National Insurance Trust Fund		
Compulsory Reinsurance Cessions	730,679	630,399
Strike , Riots, Civil Commotion	2,112,345	1,646,210
Foreign Reinsurers	6,675,050	4,761,467
Local Coinsurance Partners	224,596	89,618
	9,742,670	7,127,694

24.(c) Net Income

	2022	2021
Year Ended 31 December	Rs.'000	Rs.'000
Net Earned Premium	14,671,926	13,253,522
Other Revenue	7,515,387	2,534,915
	22,187,313	15,788,437

25. FEES AND COMMISSION INCOME

ACCOUNTING POLICY

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.

	2022	2021
Year Ended 31 December	Rs.'000	Rs.'000
Reinsurance Commission Income	909,249	789,772
Total Fees and Commission Income	909,249	789,772

26. INVESTMENT INCOME

ACCOUNTING POLICY

Rental Income

Rental income from property is recognised in income statement on a straight line basis over the term of the relevant contract.

Interest Income

Interest income is recognised in the income statement as it accrues and is calculated by using the effective interest rate method.

Investment Income

Investment Income 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.

NOTES TO THE FINANCIAL STATEMENTS

26. INVESTMENT INCOME (Contd.)

Year Ended 31 December		2022	2021
	Note	Rs.'000	Rs.'000
Available-For-Sale Financial Assets			
Interest Income	26.(a)	772,103	615,882
Dividend Income	26.(b)	5,391	3,806
Loans and Receivables - Interest Income		783,858	661,712
Other Operating Revenue		222,145	59,645
Exchange Gain		4,817,625	175,132
Total Investment Income		6,601,122	1,516,177

26.(a) Available-for-sale Financial Assets

Year Ended 31 December		2022	2021
		Rs.'000	Rs.'000
Interest Income			
Interest Income		221,092	277,821
Debt Interest		54,945	22,506
Repo Income		496,066	315,555
Treasury Bill & Bonds Income		772,103	615,882

26.(b) Dividend Income

Year Ended 31 December		2022	2021
		Rs.'000	Rs.'000
Dividend Income-Quoted Investment			
Dividend Income-Quoted Investment		5,391	3,806
		5,391	3,806

27. REALISED GAINS

ACCOUNTING POLICY

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.

Year Ended 31 December	2022	2021
	Rs.'000	Rs.'000
Property, Plant and Equipment		
Realised Gains	18,298	16,037
Available-For-Sale Financial Assets		
Realised Gains		
Equity Securities	4,408	133,279
Unit Trust	-	72,294
Debt Securities	(43,692)	856
Total Realised Gains for Available-For-Sale Financial Assets	(39,284)	206,429
Total Realised Gains	(20,986)	222,466

28. NET BENEFITS AND CLAIMS

ACCOUNTING POLICY

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 recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

NOTES TO THE FINANCIAL STATEMENTS

28. NET BENEFITS AND CLAIMS (Contd.)

Year Ended 31 December	2022	2021
	Rs.'000	Rs.'000
(a) Gross Benefits and Claims Paid		
Non-Life Insurance Contracts	10,670,025	13,670,162
Total Gross Benefits and Claims Paid	10,670,025	13,670,162
(b) Claims Ceded to Reinsurers		
Non-Life Insurance Contracts	(2,846,023)	(7,162,136)
Total Claims Ceded to Reinsurers	(2,846,023)	(7,162,136)
(c) Gross Change in Contract Liabilities		
Change in Non-Life Insurance Contract Outstanding Claims Provision	464,328	1,957,620
Total Gross Change in Contract Liabilities	464,328	1,957,620
(d) Change in Contract Liabilities Ceded to Reinsurers		
Change in Non-Life Insurance Contract Outstanding Claims Provision	(458,047)	(1,402,105)
Total Change in Contract Liabilities Ceded to Reinsurers	(458,047)	(1,402,105)
Net Benefits and Claims	7,830,283	7,063,541

	2022	2021
	Rs.'000	Rs.'000
Non-Life Net Claims Incurred		
Gross Claims Incurred	11,134,353	15,627,782
Reinsurance Recoveries	(3,304,070)	(8,564,241)
Total Net Claims Incurred	7,830,283	7,063,541

28. (e) The analysis by major classes of business is as follows - Non-Life

Year Ended 31 December	2022	2021
	Rs.'000	Rs.'000
Fire	617,940	673,930
Motor	4,613,632	4,121,503
Marine	171,966	125,820
Miscellaneous	2,138,192	1,820,514
Engineering	241,133	285,984
Employer's Liability	47,420	35,790
	7,830,283	7,063,541

29. ACQUISITION COSTS

ACCOUNTING POLICY

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.

Year Ended 31 December	2022	2021
	Rs.'000	Rs.'000
Fees and Commission Expenses	2,249,805	1,977,754
Deferred Expenses	(91,492)	(18,377)
	2,158,313	1,959,377

30. OTHER OPERATING AND ADMINISTRATIVE EXPENSES

Year Ended 31 December	Notes	2022	2021
		Rs.'000	Rs.'000
Amortisation of Intangible Assets	5	89,300	79,860
Depreciation on Property, Plant and Equipment	7	364,524	359,648
Depreciation on Right of Use Assets	8	93,901	105,574
Other Operating Expenses		1,110,540	982,303
Auditors' Remuneration - Fees		5,044	4,800
Employee Benefits Expense	30(a)	2,970,795	2,736,237
Selling Expenses		828,980	691,080
Legal Expenses		4,230	2,739
Donations		1,945	4,516
Total Other Operating and Administrative Expenses		5,469,259	4,966,757

30.(a). Employee Benefits Expense

Year Ended 31 December	2022	2021
	Rs.'000	Rs.'000
Wages and Salaries including Bonus & Incentives	2,604,557	2,346,046
Employees' Provident Fund	232,671	213,545
Employees' Trust Fund	58,576	53,478
Defined Gratuity Benefit & Pension Costs	(236,010)	(177,351)
Other Staff related Cost	311,001	300,519
Total Employee Benefits Expense	2,970,795	2,736,237

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCE COSTS

ACCOUNTING POLICY

Finance cost is recognised 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.

	2022	2021
Year Ended 31 December	Rs.'000	Rs.'000
Lease Interest	17,767	24,807
Other Finance Charges	39,742	26,432
Total Finance Cost	57,509	51,239

32. INCOME TAX EXPENSE

ACCOUNTING POLICY

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.

Other Taxes

Surcharge Tax

As per the Surcharge Tax Act No.14 of 2022 which was certified on 8th April 2022, the Company is liable for the Surcharge tax of Rs. 419 Mn pertaining to the year of assessment 2020/21. According to the said act, the Surcharge tax shall be deemed to be an expenditure in the financial statements relating to the year of assessment which commenced on 1 April 2020. Since the Act supersedes the requirements of the Sri Lanka accounting for surcharge Tax issued by the institute of Chartered Accountants of Sri Lanka, in April 2022. This a newly imposed one-off tax.

Social Security Contribution Levy

Social Security Contribution Levy shall be paid by any person carrying on the business of supplying financial services, on the liable turnover specified in the second schedule of the Social security contribution levy Act No. 25 of 2022, at the rate of 2.5%, with effect from 1st October 2022. SSCL is payable on 100% of the value addition attributable to Insurance services.

As per the Social security Contribution Levy Act No. 25 of 2022, the Company is liable for the Social Security Contribution Levy tax of Rs. 261 Mn pertaining to the year of assessment 2021/22.

Crop Insurance Levy

In terms of the Finance Act No. 12 of 2013, all institutions under the purview of Banking Act No. 30 of 1988, Finance Business Act No. 42 of 2011 and Regulation of Insurance Industry Act No. 43 of 2000 are required to pay 1% of the profit after tax as crop Insurance Levy to the National Insurance Trust Fund effective from 1st April 2013. The company is liable for the Crop Insurance Levy tax of Rs. 10.7 Mn pertaining to the year of assessment 2021/22.

The major components of Income Tax Expense for the years ended 31 December 2022 is:

32.(a) Current Year Tax Charge

	Note	2022	2021
Year Ended 31 December		Rs.'000	Rs.'000
Current Tax			
Income Tax		208,844	113,782
Over/Under provision in respect of previous year		-	-
Total Current Tax		208,844	113,782
Amount of deferred tax expense relating to the origination and reversal of temporary differences	14 (a)	(88,281)	124,395
Amount of deferred tax expense (Income) relating to changes in tax rates	14 (a)	23,538	-
Total Income Tax Expense		144,101	238,177

32.(b) Tax recorded in Other Comprehensive Income (see Note 35)

	Note	2022	2021
Year Ended 31 December		Rs.'000	Rs.'000
Deferred Tax	14 (a)	(47,678)	(110,403)
Total Tax charge to Other Comprehensive Income		(47,678)	(110,403)

32.(c) Reconciliation of Tax Charge

Reconciliation of Effective Tax Rate	2022	2021
Year Ended 31 December	Rs.000	Rs.000
Profit for the Period	3,704,578	1,633,741
Total Income Tax Expense	208,844	113,782
Profit liable for Income Tax	3,913,422	1,747,523
Income Tax using the Company's Domestic Tax Rate (2022 - 24%/30%, 2021 - 24%)	1,056,624	419,406
Tax Exempt Income	(1,445,345)	(136,559)
Net non-Deductible/(Deductible) Expenses	597,565	(169,065)
Deferred Tax (Reversal)/Expenses		
Amount of deferred tax expense relating to the origination and reversal of temporary differences	(88,281)	124,395
Amount of deferred tax expense (Income) relating to changes in tax rates	23,538	-
	144,101	232,177

NOTES TO THE FINANCIAL STATEMENTS

32.(d) Statutory income tax rate applicable for each period

Reconciliation of Effective Tax Rate	2022	2021
Year Ended 31 December	Rs.000	Rs.000
First Six months of the Y/A 2021/22 @ 24% p.a.	92,484	113,249
Secound Six months of the Y/A 2021/22 @ 30% p.a.	115,605	-
Tax on Dividend Income @ 14%	755	533
Tax effect on accounting Profit Before Tax	208,844	113,782
Amount of deferred tax expense relating to the origination and reversal of temporary differences	(88,281)	124,395
Amount of deferred tax expense (Income) relating to changes in tax rates	23,538	-
Total Income Tax Expense	144,101	238,177

32.(e) 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

ACCOUNTING POLICY

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.

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.

	2022	2021
Profit for the year (Rs.'000)	3,769,319	1,509,346
Weighted Average Number of Ordinary Shares	2,501,000	2,501,000
Basic/Diluted Earnings Per Ordinary Share (Rs.)	1,507.12	603.50

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

ACCOUNTING POLICY

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.

Year Ended 31 December	2022	2021
Final Dividend Paid (Rs.'000)	475,190	462,685
No. of Shares in issue for the year	2,501,000	2,501,000
Dividend per share (Rs.)	190.00	185.00

35. INCOME TAX EFFECTS RELATING TO OTHER COMPREHENSIVE INCOME

Year Ended 31 December	2022			2021		
	Before tax amount	Tax (expense) benefit	Net of tax amount	Before tax amount	Tax (expense) benefit	Net of tax amount
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Net Gain/(Loss) on Available-For-Sale Financial Assets	(479,778)	109,456	(370,322)	(119,153)	3,668	(115,485)
Actuarial Gain on Defined Benefit Plans	(32,667)	(1,391)	(34,058)	678,353	(140,084)	538,269
Revaluation Surplus/(Deficit) during the year	389,084	(155,743)	233,341	-	26,013	26,013
Total	(123,361)	(47,678)	(171,039)	559,200	(110,403)	448,797

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

36. RISK MANAGEMENT FRAMEWORK (Contd.)

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.

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.

Available Capital Resources	2022	2021
As at 31 December	Rs.'000	Rs.'000
Total Equity	17,171,550	14,468,104
Adjustments onto a regulatory basis	(8,293,393)	(6,675,902)
Available Capital Resources	8,878,157	7,792,202

The adjustments onto a regulatory basis represent assets inadmissible for regulatory reporting purposes.

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 (IRCSL) of Sri Lanka 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 2022 and 2021 are as follows.

	Total Available Capital (TAC)	Risk based Capital Requirement	Risk-based Capital Adequacy Ratio (CAR)	Regulatory Minimum CAR
	Rs.000	Rs.000	%	%
31st December 2022	8,878,157	4,595,747	193	120
31st December 2021	7,792,202	3,918,202	199	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 organization's financial objectives, given the organization'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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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.

Key assumptions

The principal assumption underlying the liability estimates is that the Company's future claims development will 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 judgements are used to assess the extent to which past trends may not apply in the future, for example: one-off occurrence; changes in market factors such as public attitude to claiming; economic conditions; as well as internal factors such as portfolio mix, policy conditions and claims handling procedures.

Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

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 Liability as at 31/12/2022	Outstanding Claims reserves based on Bf with a 5% increase in the initial Estimated Ultimate Loss ratio (IEULR)
Impact of the best estimated liability (Rs'000)	(485,223)

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	4
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	(1,000)
2017	1,024,084,173	(364,476,124)	495,972	758,285,869	-
2018	988,889,167	20,145,932	12,012,341	991,526,647	-
2019	952,207,050	30,712,276	19,286,206	934,237,682	-
2020	323,652,514	83,737,967	33,338,721	-	-
2021	992,194,186	152,937,696	-	-	-
2022	972,512,044	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

37. INSURANCE AND FINANCIAL RISK (Contd.)

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.

		2022	2021
	Notes	Rs.'000	Rs.'000
Financial Instruments			
Loans and Receivables			
Debt Securities	10 (b)	9,463,356	8,761,508
Other	10 (a)	369,296	218,169
		9,832,652	8,979,677
Available-For-Sale Financial Assets			
Equity Securities	11	602,349	656,514
Unit Trust	11	224,106	276,286
Debt Securities	11	6,839,381	7,515,289
		7,665,836	8,448,089
Other Assets			
Reinsurance Receivables	15	5,279,902	4,821,855
Insurance Receivables	16	6,843,368	5,190,204
Cash and Cash Equivalents	18	410,294	113,305
		12,533,564	10,125,364
Total Credit Risk Exposure		30,032,052	27,553,130

Industry Analysis

31 December 2022	Financial Services	Government	Services	Manufacturing and Power	Others	Total
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.'000
Assets						
Loans and Receivables						
Term Deposits	9,463,356	-	-	-	-	9,463,356
Staff and Vehicle Loans	-	-	-	-	369,296	369,296
	9,463,356	-	-	-	369,296	9,832,652
Available-For-Sale Financial Assets						
Equity Securities	4,410	-	6,064	546,920	44,955	602,349
Debt Securities	1,356,616	5,482,765	-	-	-	6,839,381
Unit Trust	224,106	-	-	-	-	224,106
	1,585,134	5,482,763	6,065	546,921	44,953	7,665,836
	11,048,490	5,482,763	6,065	546,921	414,249	17,498,488

Industry Analysis

31 December 2021	Financial Services	Government	Services	Manufacturing and Power	Others	Total
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Assets						
Loans and Receivables						
Term Deposits	8,761,508	-	-	-	-	8,761,508
Staff and Vehicle Loans	-	-	-	-	218,169	218,169
	8,761,508	-	-	-	218,169	8,979,677
Available-For-Sale Financial Assets						
Equity Securities	7,390	-	4,300	546,927	97,897	656,514
Debt Securities	2,085,614	5,429,675	-	-	-	7,515,289
Unit Trust	276,286	-	-	-	-	276,286
	2,364,290	5,429,675	4,300	546,927	97,897	8,448,089
	11,130,798	5,429,675	4,300	546,927	316,066	17,427,766

NOTES TO THE FINANCIAL STATEMENTS

37. INSURANCE AND FINANCIAL RISK (Contd.)

The below table indicates the rating of investments as at 31st December 2022 & 2021

31 December 2022	AAA	AA+	AA	AA-	A+	A
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Financial Instruments						
Loans and Receivables	1,703,481	-	-	-	-	2,451,935
Available-For-Sale Financial Assets						
Equity Securities	-	-	-	-	-	-
Debt Securities	5,482,765	-	-	-	-	478,819
Unit Trust	-	-	-	-	-	-
Total	7,186,245	-	-	-	-	2,930,754
31 December 2021	AAA	AA+	AA	AA-	A+	A
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Financial Instruments						
Loans and Receivables	3,273,961	-	-	2,193,826	-	2,434,904
Available-For-Sale Financial Assets						
Equity Securities	-	-	-	-	-	-
Debt Securities	5,797,727	-	-	596,387	-	651,516
Unit Trust	-	-	-	-	-	-
Total	9,071,688	-	-	2,790,213	-	3,086,420

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 IBSL 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.

A-	BBB+	BBB	BBB-	BB+	BB	B	Not rated	Total
Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
4,769,052	-	-	-			-	908,184	9,832,652
								-
-	-	-	-	-	-	-	602,349	602,349
600,887	-	-	-			-	276,911	6,839,381
-	-	-	-	-	-	-	224,106	224,106
5,369,939	-	-	-	-	-	-	2,011,550	17,498,488

A-	BBB+	BBB	BBB-	BB+	BB	B	Not rated	Total
Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
803,693	19,026	31,064	-			5,034	218,170	8,979,678
								-
-	-	-	-	-	-	-	656,514	656,514
315,244	-	101,998	-			52,416	-	7,515,287
-	-	-	-	-	-	-	276,287	276,287
1,118,937	19,026	133,062	-	-	-	57,450	1,150,971	17,427,766

NOTES TO THE FINANCIAL STATEMENTS

37. INSURANCE AND FINANCIAL RISK (Contd.)

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 2022	Within one year	After one year not more than three years	Above 3 years	Total
Financial Assets				
Financial Instrument				
Measured at Fair Value	4,344,496	2,184,845	1,136,495	7,665,836
Measured at Amortized Cost	9,832,652	-	-	9,832,652
Reinsurance Receivable	5,279,902	-	-	5,279,902
Insurance Receivable	6,843,368	-	-	6,843,368
Other Assets	799,027	-	-	799,027
Cash and Cash Equivalents	410,294	-	-	410,294
Total Financial Assets	27,509,739	2,184,845	1,136,495	30,831,079
Financial Liabilities				
Reinsurance Payable	6,821,626	-	-	6,821,626
Lease Creditors	44,170	86,881	23,339	154,390
Other Liabilities	2,713,443	-	-	2,713,443
Total Financial Liabilities	9,579,239	86,881	23,339	9,689,459
Total Excess Liquidity	17,930,500	2,097,964	1,113,156	21,141,620

As at December 2021	Within one year	After one year not more than three years	Above 3 years	Total
Financial Assets				
Financial Instrument				
Measured at Fair Value	5,515,432	1,850,840	1,081,816	8,448,088
Measured at Amortized Cost	8,979,677	-	-	8,979,677
Reinsurance Receivable	4,821,855	-	-	4,821,855
Insurance Receivable	5,190,204	-	-	5,190,204
Other Assets	413,352	-	-	413,352
Cash and Cash Equivalents	113,305	-	-	113,305
Total Financial Assets	25,033,825	1,850,840	1,081,816	27,966,481
Financial Liabilities				
Reinsurance Payable	4,263,222	-	-	4,263,222
Lease Creditors	41,681	62,602	37,713	141,996
Interest Bearing Borrowings	241,240	-	-	241,240
Other Liabilities	2,488,221	-	-	2,488,221
Total Financial Liabilities	7,034,364	62,602	37,713	7,134,679
Total Excess Liquidity	17,999,461	1,788,238	1,044,103	20,831,802

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.

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency.

Year	Change in USD Rate	Effect on profit before tax Rs.000	Effect on Pre Tax Equity Rs.000
2022	10%	887,021	887,021
	(10%)	(887,021)	(887,021)

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.

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 (e))

NOTES TO THE FINANCIAL STATEMENTS

38. CONTINGENCIES AND COMMITMENTS (Contd.)

The Dept 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.

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.	474,715	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.

	2022 Rs.'000	2021 Rs.'000
Year Ended 31 December		
Short-Term Employee Benefits received from the Company (Salaries, Bonus, Medical expenses etc.)	205,979	185,120
Other Long term/Post Employment/Statutory Benefits (EPF, ETF, Gratuity & Pension)	85,332	89,874

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.

	2022	2021
Year Ended 31 December	Rs.'000	Rs.'000
Aggregate amounts of premium received from the companies under normal terms of insurance contracts	203,913,000	188,688,336
Aggregate amounts of claim paid to the companies under normal terms of Insurance Contracts	75,826,689	71,000,275

40.(b).i Other Transactions with Related Parties

40.(b).i.a Transactions with Parent

Name of the Company	Nature of Transaction	2022	2021
		Rs.	Rs.
Ceylinco Insurance PLC	Dividends paid	475,190,000	462,685,000

40.(b).i.b Transactions with Affiliates

Name of the Company	Nature of Transaction	2022	2021
		Rs.	Rs.
Ceylinco Investcorp (Pvt) Ltd.	Premium Income	143,033	109,448
	Fund Management Fees	2,400,000	2,600,000
	Loan Portfolio Disposal	-	73,835,764
Ceylinco Life Insurance Limited	Premium Income	64,020,221	61,306,549
	Claims Paid	21,970,247	21,863,687
	Rent Expenses	-	17,372,279
	Premium Receivable	5,352,562	-
	Life Insurance Premium Expenses	12,915,747	12,136,342
	Purchase of floors of Ceylinco House	467,999,000	300,000,000
CEG Education Holdings (Pvt) Ltd.	Premium Income	614,486	467,750
	Claims Paid	30,000	-
American Education Center Ltd.	Premium Income	8,964,875	7,742,228
	Claims Paid	2,245,010	1,971,980

NOTES TO THE FINANCIAL STATEMENTS

40. RELATED PARTY DISCLOSURES (Contd.)

Name of the Company	Nature of Transaction	2022	2021
		Rs.	Rs.
Ceyhydro Developers (Pvt) Ltd.	Premium Income	3,063,357	2,854,518
	Claims Paid	272,534	949,350
Ceypower Cascades (Pvt) Ltd.	Premium Income	1,449,711	1,330,606
International College of Business & Technology Ltd.	Premium Income	25,010,369	21,485,342
	Claims Paid	9,132,303	5,632,767
Energy Generators (Pvt) Ltd.	Premium Income	5,643,526	4,928,257
	Premium Receivable	43,435	-
	Claims Paid	248,497	10,267
Citizen Development Business Finance PLC	Premium Income	68,397,461	61,739,857
	Claims Paid	31,552,631	24,228,984
Whcherley International School (Pvt) Ltd.	Premium Income	5,426,082	3,571,499
	Claims paid	681,278	552,129
	Lease Rental Recieved	7,702,116	-
CEC Events (Pvt) Ltd.	Premium Income	963,998	644,151
	Claims paid	45,636	-
Gasworld (Pvt) Ltd.	Premium Income	2,372,249	2,536,484
	Claims paid	287,984	1,414,180
ANC Modern Motessori	Premium Income	1,008,463	1,136,156
	Claims paid	552,407	-
Ceylinco Insurance (Pvt) Ltd. - Maldives	Management Fees	-	24,144,568

40.(b).i.c Transactions with Related Companies

Name of the Company	Nature of Transaction	2022	2021
		Rs.	Rs.
Ashyaki Holdings (Pvt) Ltd.	Premium Income	65,335	-
Asset Trust Management (Pvt) Ltd.	Premium Income	160,360	180,405
	Investments in Units	-	72,294,142
	Claim Paid	9,750	6,700
Industrial Gases (Pvt) Ltd.	Premium Income	3,210,348	2,869,067
	Claims paid	2,250,624	1,521,216
	Premium Receivable	1,727,918	-
Ultratech Cement Lanka (Pvt) Ltd.	Premium Income	8,122,453	6,875,022
	Claims paid	3,902,760	7,366,632
Kavin Polymers (Pvt) Ltd.	Premium Income	1,064,951	1,064,487
	Claims paid	17,150	42,940
	Premium Receivables	72,816	77,262

Name of the Company	Nature of Transaction	2022	2021
		Rs.	Rs.
Wealthtrust Securities (Pvt) Ltd.	Premium Income	613,466	572,500
Kent Group	Premium Income	3,753,116	2,725,653
	Claims paid	941,264	2,795,285
	Premium Receivables	461,558	-
Union Apparels Group	Premium Income	3,997,307	3,719,155
	Claims paid	1,686,614	2,277,984
	Premium Receivables	865,876	647,812
EGL Solar Goup	Premium Income	1,273,915	829,202
	Claims paid	-	366,174

NOTES TO THE FINANCIAL STATEMENTS

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 2025.

As at balance sheet date % of insurance related liabilities	91%
As required by SLFRS 9 the minimum % to be eligible for the exemption	90%

42. Disclosure Guidance and Other Considerations on the Recent Economic Conditions and its Impact on the Financial Statements

As at 31st December of 2022, inflation rate was 57.2%. However, it has been decremented up to 50.6% at March month of the 2022. Exchange rates also observed a notable fluctuation after the balance sheet date and has not adjusted in the current year financial statements since the conditions that gave rise to the gain/(loss) did not exist as of 31st December 2022.

The Company has taken the measures to ensure it continues its operations as a going concern. The management of the entity/group continues to monitor the potential impact to the continuity of the business. Accordingly, macroeconomic variables are evaluated while making assumptions and judgments when preparing financial statements.

GLOSSARY OF 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

GLOSSARY OF INSURANCE TERMS

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.

20. Net Written Premium

Gross Written Premium less reinsurance premium

21. Net Claims Incurred

Claims incurred less reinsurance recoveries.

22. Non Life Insurance

Non Life Insurance and General Insurance have the identical meaning.

23. Policy

The printed document issued to the policyholder by the Company stating the terms of the insurance contract.

24. Premium

The payment of one of the regular periodic payments that a policyholder makes to own an insurance policy.

25. Reinsurance

A method of insurance arranged by insurers to share the exposure of risks accepted.

26. Reinsurance Commission

Commission received or receivable in respect of premium paid or payable to a reinsurer.

27. Reinsurance Premium

The premium payable to the reinsurer.

28. Return on Shareholders' Equity

Profits after tax divided by the Capital employed as at Balance Sheet date.

29. Return on Total Assets

Profits after Tax divided by Total assets attributable to Shareholders.

30. Risk Based Capital (RBC)

An amount of capital based on an assessment of risks that company should hold to protect policy holders against adverse developments.

31. Underwriting Result

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.

32. Unearned Premium / Unearned Premium Reserve

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.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Ninth Annual General Meeting of the Shareholders of the Company will be held on 31st March 2023 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. To receive, consider and adopt the Report of the Directors and the Financial Statements for the year ended 31st December 2022 and the Report of the Auditors thereon.
3. To declare a Dividend for the year ended 31st December 2022.
4. To re-elect Mr. Sumith Chandrasiri Galmangoda Guruge who retires by rotation at the Annual General Meeting in terms of Article 34(i), as a Director.
5. To re-elect Mr. Chithrupa Premalal Ajith Wijeyesekera who retires by rotation at the Annual General Meeting in terms of Article 34(i), as a Director.
6. To re-elect Dr. Shamil David Wanigaratne who retires by rotation at the Annual General Meeting in terms of Article 34(i), as a Director.
7. To re-appoint Mr. Takashi Kishi as a Director, who was appointed to the Board as per Article E.21. (ii).
8. To re-appoint Mr. Anananda Rihena Sathyajith Wijayapura as a Director, who was appointed to the Board as per Article E.21. (ii) subject to the approval of the Insurance Regulatory Commission of Sri Lanka
9. To re-appoint Mr. Roshan Aloysius Ranasinghe as a Director, who was appointed to the Board as per Article E.21. (ii) subject to the approval of the Insurance Regulatory Commission of Sri Lanka
10. To propose election of Mr. Sembukutti Arachchilage Wimalanath Senaka Silva as a Director subject to the approval of the Insurance Regulatory Commission of Sri Lanka, in terms of Section 211 of the Companies Act No. 07 of 2007. Special Notice have been given pursuant to Sections 210 and 211 of the Companies Act No. 07 of 2007 of the intention to propose the following resolution as an ordinary resolution :
"Resolved that Mr. Sembukutti Arachchilage Wimalanath Senaka Silva who will be 71 years in December, 2023 be elected as a Director of the Company and it is specifically declared that the age limit specified in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. Sembukutti Arachchilage Wimalanath Senaka Silva"

11. To authorize the Directors to determine payments for charitable purposes for the year 2023.
12. To re-appoint Auditors and authorize the Board of Directors to determine their remuneration.
13. To transact any other business of which due notice shall be given.

By order of the Board of
Ceylinco General Insurance Ltd.

sgd
(Mrs.) Nilika Abhayawardhana
Company Secretary

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 29th March 2023.

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 : 0112 485 757-9
Call Centre : 0112 393 939
Fax : 0112 485 701
E-mail : ceylincoinsurance@ceyins.lk
Website : www.cejlinco-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. H.D.K.P. Alwis FCIC
Executive Chairman / Chief Executive Officer
(Executive Director) - Retired w.e.f. 01.01.2023

Mr. U. Witharana FCA, MBA, FCMA
Managing Director / Director (Finance) /
Chief Operations Officer
(Executive Director) - Retired w.e.f. 01.01.2023

Dr. W.C.J. Alwis BSc., FIII, FCII (Lond.), FIOD (UK)
Executive Chairman - w.e.f. 01.01.2023

Mr. R.A. Gunathilake
Director/Chief Executive Officer - Appointed w.e.f. 01.01.2023

Mr. H.D.A.N. Perera
(Executive Director)

Mr. K.D.A.S.R. Arakularatne BCom. (Hons.)
(Non-Executive Director)

Mr. E.M.M. Boyagoda MBA
(Non-Executive Director)

Mr. B.S.M. De Silva
Director - (Non-Executive Director)

Mr. A.R.H. Fernando
(Independent Non-Executive Director)

Mr. S.C.G. Guruge
(Independent Non-Executive Director)

Mr. Yu Kitai
(Non-Executive Director) - Resigned w.e.f. 03.06.2022

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

Dr. U.D. De Silva MBBS, FD (USA), FOM & T (USA), FAAD
(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. Takashi Kishi
(Non-Executive Director)

Mr. A.R.S. Wijayapura
(Executive Director) - Appointed w.e.f. 01.01.2023

Mr. R.A. Ranasinghe
(Executive Director) - Appointed w.e.f. 01.01.2023

COMPANY SECRETARY

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

BANKERS

Bank of China Limited - Colombo Branch
Bank of Ceylon PLC
DFCC Bank PLC
Hatton National Bank PLC
Nations Trust Bank PLC
National Savings Bank
NDB Bank PLC
Pan Asia Banking Corporation PLC
People's Bank
Regional Development Bank
Sampath Bank PLC
Seylan Bank PLC